



September 12, 2007

**VIA OVERNIGHT MAIL**

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O Box 2319  
2300 Yonge Street  
Toronto, Ontario, Canada  
M4P 1E4

Re: *North American Electric Reliability Corporation*

Dear Ms. Walli:

The North American Electric Reliability Corporation (“NERC”) hereby submits a Notice of Filing of the 2008 Business Plan and Budget of the North American Electric Reliability Corporation and the 2008 Business Plans and Budgets of Regional Entities. In addition to the paper copy of this filing, NERC is also submitting one CD containing a copy of the filing. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to the filing of this notice.

Please contact the undersigned if you have any questions.

Respectfully submitted,

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Enclosures

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**BEFORE THE  
ONTARIO ENERGY BOARD  
OF THE PROVINCE OF ONTARIO**

**NORTH AMERICAN ELECTRIC                    )  
RELIABILITY CORPORATION                 )**

**NOTICE OF FILING OF THE 2008 BUSINESS PLAN AND BUDGET OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION AND  
THE 2008 BUSINESS PLANS AND BUDGETS OF REGIONAL ENTITIES**

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## **ATTACHMENTS**

**Attachment 1:** Summary tables showing NERC's proposed 2008 budget and funding requirement by program; the proposed 2008 budget for statutory activities of each regional entity; the 2008 funding requirement for Section 215(j) activities requested by WIRAB; and the aggregate 2008 Canadian ERO funding requirement of NERC, the regional entities and WIRAB for which approval is requested.

**Attachment 2:** NERC's proposed business plan and budget for 2008; proposed assessments to load-serving entities and designees to recover the ERO funding requirement; and proposed business plans and budgets of the regional entities and WIRAB.

**Attachment 3:** Resolution of the NERC Board of Trustees adopted August 1, 2007 approving the proposed 2008 NERC and regional entity business plans and budgets and WIRAB's 2008 budget for submission to the Commission.

**Attachment 4:** A status report on the achievement of NERC's 2007 goals and objectives, by program.

**Attachment 5:** NERC's statement of policy regarding the allocation of certain costs to entities outside the United States, a letter from the Ontario Independent System Operator regarding its acceptance of that allocation for 2008, and the calculation of the adjustment for NERC and NPCC.

**Attachment 6:** NERC's records retention policy and its system of accounts.

**Attachment 7:** The metrics development to compare regional entity operations.

## I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) submits the following in this filing<sup>1</sup>:

- (1) NERC’s proposed business plan and budget as the electric reliability organization (“ERO”), for the year ending December 31, 2008;
- (2) the proposed business plans and budgets for the year ending December 31, 2008, for statutory activities of the eight regional entities:
  - Florida Reliability Coordinating Council (“FRCC”),
  - Midwest Reliability Organization (“MRO”),
  - Northeast Power Coordinating Council (“NPCC”),<sup>2</sup>
  - ReliabilityFirst Corporation (“RFC”),
  - SERC Reliability Corporation (“SERC”),
  - Southwest Power Pool, Inc. (“SPP”),
  - Texas Regional Entity, a division of the Electric Reliability Council of Texas (“TRE”), and
  - Western Electricity Coordinating Council (“WECC”);
- (3) the proposed budget of the Western Interconnection Regional Advisory Body (“WIRAB”) for activities under Section 215(j) of the U.S. Federal Power Act (“FPA”); and
- (4) NERC’s proposed allocation of assessments among regional entities and load serving entities (“LSE”) within each region to collect the proposed NERC, regional entity and WIRAB funding requirements.

This filing includes the following attachments (each of which is discussed in greater detail below):

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<sup>1</sup> NERC filed its 2008 Business Plans and Budgets with the Federal Energy Regulatory Commission (“FERC” or “Commission”) for acceptance and approval on August 24, 2007.

<sup>2</sup> NPCC and the NPCC: Cross Border Regional Entity have merged.

**Attachment 1** is a set of summary tables showing (i) NERC's proposed 2008 budget by program and its proposed funding requirement, (ii) the proposed 2008 budget for statutory activities of each regional entity, (iii) the budget for Section 215(j) activities requested by WIRAB, and (iv) the aggregate ERO funding requirement of NERC, the regional entities and WIRAB, allocated to Canada.

**Attachment 2** contains NERC's detailed 2008 business plan and budget, the detailed 2008 business plans and budgets of the regional entities (for both statutory and non-statutory activities), WIRAB's 2008 budget, and the allocation of assessments by region and LSE to recover the resulting funding requirements for 2008. (Note, **Attachment 2** consists of Sections A, B, D and E – there is no Section C.)

**Attachment 3** is the resolution of the NERC Board of Trustees, adopted at its August 1, 2007, meeting, approving the proposed 2008 business plans and budgets of NERC and the regional entities and the proposed budget of WIRAB for submission to the Commission.

**Attachment 4** is a status report on progress in achieving NERC's 2007 goals and objectives.

**Attachment 5** contains NERC's statement of policy regarding the allocation of certain costs to entities outside the United States, a letter from the Ontario Independent System Operator regarding its acceptance of that allocation for 2008, and the calculation of the adjustment for NERC and NPCC.

**Attachment 6** contains NERC's current records retention policy and system of accounts.

**Attachment 7** contains the metrics development to compare regional entity operations.

FERC's regulations require the ERO to file its proposed entire annual budget for statutory and non-statutory activities with the Commission 130 days before the beginning of its fiscal year.<sup>3</sup> NERC's 2008 fiscal year will begin January 1, 2008. The filing must also contain the entire annual budget of each regional entity for statutory and non-statutory activities and include supporting materials, including the ERO's and each regional entity's complete business plan and organization chart, and explanation of the proposed collection of all dues, fees and charges and the proposed expenditure of funds collected. NERC expects billings to be issued to

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<sup>3</sup> NERC filed its 2008 business plan and budget with FERC on August 24, 2007.

the LSEs or their designees for assessments with initial payment dates commencing on or about January 1, 2008, to support the activities of NERC and the regional entities during 2008.<sup>4</sup>

## II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

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## III. OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS

### A. NERC's Proposed Business Plan, Budget and Funding Requirement

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<sup>4</sup> NERC will calculate and bill assessments to certain entities, referred to herein as “designees”, based on Net Energy for Load (“NEL”) values that include the NEL for other LSEs served by the designee, or for which the designee has otherwise agreed to accept responsibility for assessments. The calculation and billing of assessments to designees is not a departure from the principle that the ERO funding requirement should be recovered through assessments to LSEs based on NEL, but rather is a matter of administrative convenience and efficiency (*e.g.*, a generation and transmission (“G&T”) cooperative and its member distribution cooperatives may find it more efficient for the assessment to be calculated and billed to the G&T cooperative rather than to the individual distribution cooperatives). For example, the assessments for the NPCC region will be billed to ISO New England and the New York ISO (and to similar entities in Ontario, Quebec, New Brunswick and Nova Scotia), each of which will be responsible for billing and collecting assessments from the LSEs within their respective footprints. The lists of LSEs and designees for which assessments will be calculated and billed have been provided to NERC by the regional entities. NERC has had no involvement in developing the lists of LSEs or in arrangements between LSEs and designees pursuant to which a designee agrees to accept responsibility for an assessment that would otherwise be calculated for and billed to the LSE and the LSE agrees to be financially responsible to reimburse the designee for the assessment.



Section A of **Attachment 2** is NERC's business plan for 2008. The business plan provides detailed program descriptions and program objectives for 2008 for each of NERC's programs. Section B of **Attachment 2** is NERC's detailed proposed budget for 2008. The budget contains personnel requirements by program, organization charts, line item budget detail for each program, and comparisons of 2007 budget amounts, 2007 projected expenditures and 2008 budget amounts by NERC program and by cost category within each program, among other information.

The detailed information in Sections A and B of **Attachment 2** demonstrates that the programs included in NERC's 2008 business plan and budget are necessary and appropriate to carry out NERC's responsibilities as the ERO and that the specific resource requirements budgeted meet the Commission's objectives for affordability, sustainability and efficiency and effectiveness of the ERO's expenditures. The discussion in Sections A and B of **Attachment 2**, as well as in this filing, demonstrates how the activities and expenditures included in NERC's 2008 business plan and budget lend themselves to the accomplishment of NERC's objectives as the ERO.

NERC prepared its 2008 business plan and budget by first conducting a detailed review of the relevant U.S. statutory and regulatory requirements for the ERO, as well as NERC's commitments in its ERO filing, and the provisions of its By-laws and Rules of Procedure. With this background, NERC conducted a strategic review of both long-term objectives and near-term requirements. Based on this review, NERC developed its 2008 business plan.

With the business plan developed, NERC proceeded to determine the resources required to carry out the plan. The budget was developed from a zero base, but also taking into account the prior year's (2007) budget, the expenditures that are now projected to be incurred in 2007,

and the sufficiency of the resources budgeted for 2007 in light of experience. Senior NERC staff initially developed and proposed resource requirements for 2008 by program, and NERC's CEO along with the NERC program managers prioritized the resource requests. The first draft of the proposed budget as developed by NERC staff was then reviewed and modified by the Finance and Audit Committee of the NERC Board of Trustees and was posted on NERC's web site for public comment on April 13, 2007. The first draft of the proposed budget was also presented for discussion at a meeting of NERC's Member Representatives Committee on May 1, 2007. NERC held a public workshop on the first draft of the proposed budget in Washington, D.C. on May 15, 2007. Based upon the comments received in response to the posting and the input from the Member Representatives Committee meeting and the public workshop, the Finance and Audit Committee posted a second draft of the proposed budget on NERC's web site from June 14 to July 6, 2007, for further comment. Comments received on the second posting were taken into account in further modifications to the budget. A third draft of the proposed budget, including the proposed budgets of the regional entities as approved by the board of each regional entity, was posted on NERC's web site on July 18, 2007. Finally, the third draft of the proposed budget was presented for discussion at a meeting of NERC's Member Representatives Committee on July 31, 2007. As part of the process to develop its final recommendation to the NERC Board of Trustees, the Finance and Audit Committee reviewed the table of regional entity metrics that is discussed in Section V.B below and provided as **Attachment 7**.

The proposed NERC and regional entity 2008 business plans and budgets and the 2008 budget for WIRAB were then submitted to the NERC Board for its consideration and approval at its August 1, 2007, meeting. At that meeting, the NERC Board approved the 2008 business

plans and budgets of NERC and the regional entities, the 2008 budget submitted by WIRAB, and the proposed assessments to recover the related funding requirements.

In summary, the processes followed by NERC to develop its proposed 2008 business plan and budget were thorough and comprehensive, and provided significant opportunity for stakeholder input. The process was open and inclusive at all steps.

NERC's proposed budget for 2008 is \$26,531,995. This total encompasses U.S., Canadian and Mexican activities. A portion of NERC's budget will be funded through fees charged to participants and users in certain NERC programs, including the Operator Certification Program, the Continuing Education Program, the Transmission Owners and Operators Forum, and by interest earned on bank balances and short-term investments, resulting in a preliminary net funding requirement of \$24,938,994. In addition, as a contingency reserve and source of working capital, NERC seeks to increase its cash reserves balance to a level representing 10% of the projected 2008 net funding requirement (before provision for cash reserves), which requires an additional assessment component (taking into account NERC's projected cash reserves balance as of December 31, 2007) of \$755,037. As a result, NERC's proposed net funding requirement for 2008 is \$25,694,031, of which \$2,852,512 is allocated to Canada. Based on the aggregate NEL of Canada for 2006 on which the allocation of assessments is based<sup>5</sup>, the proposed Canadian net funding requirement is equivalent to \$0.000006 per kilowatt-hour.

NERC's business plan and budget were developed and are organized based on the following major program elements:

<b><u>Program</u></b>	<b><u>2008 Budget</u></b>
Reliability Standards	\$4,990,523
Compliance Enforcement and	

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<sup>5</sup> See Table 6 on page 45 of Section B of **Attachment 2**.

Organization Registration and Certification	\$7,914,174
Reliability Readiness Evaluation and Improvement	\$3,355,606
Training, Education and Operator Certification	\$2,149,068
Reliability Assessment and Performance Analysis	\$4,254,186
Situation Awareness and Infrastructure Security	\$3,868,438

The budgeted amounts for each program incorporate a total budget for Administrative Services of \$9,359,657 which has been allocated to the budgets for the programs listed above based on the numbers of full-time equivalent (“FTE”) personnel budgeted for each program. The discussion in Section IV below as well as the detailed discussion in **Attachment 2** demonstrates that each of these programs is necessary and appropriate to the execution of NERC’s responsibilities as the ERO. Sections A and B of **Attachment 2** describe the activities encompassed in each program and provide the line item components of the budget for each program.<sup>6</sup>

NERC proposes an allocation of its net funding requirement of \$25,694,031 to the regional entities as follows<sup>7</sup>:

• FRCC	\$1,351,106
• MRO	\$1,734,061 <sup>8</sup>
• NPCC	\$3,595,019 <sup>9</sup>
• RFC	\$5,475,002

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<sup>6</sup> The functions, internal and external resources and budget for Administrative Services are also discussed in Sections A and B of **Attachment 2**.

<sup>7</sup>As described in Section III.D below, the aggregate NERC funding requirement has been allocated to the regions on the basis of (i) 8-Region NEL, (ii) 8-Region NEL (excluding certain entities outside the U.S. from compliance and enforcement costs), and (iii) IDC Defined Shares (based on usage of the NERC interchange distribution calculator (“IDC”)).

<sup>8</sup> The total allocation to MRO consists of \$1,456,333 allocated to the U.S. and \$277,729 allocated to Canada.

<sup>9</sup> The total allocation to NPCC consists of \$1,673,102 allocated to the U.S. and \$1,921,917 allocated to Canada.

- SERC \$5,930,268
- SPP \$1,281,787
- TRE \$1,673,872
- WECC \$4,652,916<sup>10</sup>

Appendices C-1 through C-4 of **Attachment 2** contain tables showing the development of the NEL-based allocation factors used to allocate the NERC and regional entity funding requirements by country and among the regional entities, and the allocation of the NERC and regional entity funding requirements by country and by regional entity. Appendices C-1 through C-4 also contain tables showing the allocation of the NERC and regional entity funding requirements to the LSEs within the footprint of each regional entity. These allocations are discussed in greater detail in Section III.D below.

Other than user-related fees for certain specific programs and services (which have been fully taken into account in the development of NERC’s proposed net funding requirement), NERC will have no sources of funding for its planned programs and operations other than the assessments to owners, operators and users of the bulk-power system in the U.S. and equivalent collections from entities in Canada and Mexico.

**B. Regional Entity Proposed Budgets**

Information relating to statutory and non-statutory activities, as well as the line item budgets for delegated activities, for 2008 is provided in Sections D and E of **Attachment 2**. Section D provides a set of high-level regional entity budget summaries and comparisons prepared by NERC staff for use by NERC’s Member Representatives Committee, the Finance and Audit Committee of the NERC Board, and the full NERC Board of Trustees in reviewing the

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<sup>10</sup> The total allocation to WECC consists of \$3,939,023 allocated to the U.S., \$652,866 allocated to Canada and \$61,027 allocated to Mexico.

proposed regional entity budgets. Section E contains the detailed business plans, organization charts and budgets of each regional entity for 2008.

The regional entity budgets for statutory activities that are to be funded through NERC are the budgets for the functions and activities relating to development of reliability standards; compliance enforcement and organization registration and certification; reliability readiness evaluation and improvement; training, education and operator certification; reliability assessment and performance analysis (including necessary data gathering activities); and situational awareness and infrastructure security, that have been delegated by NERC to the regional entity pursuant to the Commission-approved delegation agreements; as well as each regional entity's budgeted costs for administrative services.<sup>11</sup> Funding the regional entities will enable them to carry out the activities necessary in 2008 to meet their responsibilities under the approved delegation agreements.

NERC has provided guidance and worked closely with the regional entities throughout the preparation of their 2008 business plans and budgets. NERC staff provided guidance to the regional entities on the expected scope and content of their budget submissions, and provided a template to be used in supplying budget information. Budgets submitted by the regional entities were reviewed by NERC's finance and accounting staff; where appropriate, additional information was requested. NERC staff also reviewed the internal processes used by each regional entity to develop its budget, in order to verify that these processes were rigorous. However, in reviewing the regional entity budgets, NERC afforded the proposed regional entity

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<sup>11</sup> WECC's proposed budget for statutory functions includes the cost of WECC's reliability coordinator function.

budgets no presumption of reasonableness due to having been approved by the regional entities' governing bodies.<sup>12</sup>

The regional budgets were then submitted to the Finance and Audit Committee of the NERC Board of Trustees, which requested additional information. Two particular foci of NERC's review were (1) verifying that the regional entity's business plan and budget provided for sufficient resources to adequately carry out the functions expected to be delegated to the regional entity under its delegation agreement, and (2) understanding the bases for any significant differences in amounts budgeted by different regional entities for the same function. Throughout this process, NERC staff held regular meetings with the regional entity managers and numerous one-on-one meetings with regional entity staff on budget preparation matters. This consultation with the regional entities began in March 2007 and continued through July 2007. As part of its review, NERC worked with the regional entities to develop a series of metrics to enable both NERC and the regional entities to better understand and compare the operations of the regional entities in meeting their obligations under the delegation agreements. The table of metrics is included in **Attachment 7**. Additional discussion of these metrics is provided in Section V.B below.

Through this process, NERC has been able to satisfy itself that each regional entity's business plan and budget provide for necessary and adequate resources to carry out the regional entity's delegated functions. The regional entity budgets were submitted to and approved by the NERC Board of Trustees at its August 1, 2007 meeting.

The table below shows the total budget amounts for statutory and (where applicable) non-statutory functions for each regional entity as reflected in the detailed submissions in Section E

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<sup>12</sup> The governing bodies of the regional entities have approved the regional entity budgets submitted to NERC and included in **Attachment 2**.

of **Attachment 2**.<sup>13</sup> In addition, because several regional entities have other sources of income (e.g., attendance fees for workshops and interest on bank deposits) that will be used to offset the costs of performing delegated functions, the requested ERO funding for these regional entities is less than their budgets for statutory activities. The fourth column shows the ERO funding requested for each regional entity, taking into account other regional entity sources of income.

<b>Regional Entity</b>	<b>Budget for Statutory Functions</b>	<b>Budget for Non-Statutory Functions</b>	<b>Requested ERO Funding</b>
<b>FRCC</b>	\$ 3,989,948	\$ 2,607,778	\$ 3,989,948
<b>MRO</b>	\$ 5,331,487	\$ 491,308	\$ 5,331,487 <sup>14</sup>
<b>NPCC</b>	\$ 7,648,718	\$ 672,056	\$ 7,648,718 <sup>15</sup>
<b>RFC</b>	\$ 9,664,256	-----	\$ 9,584,256
<b>SERC</b>	\$ 7,991,021	-----	\$ 7,775,521
<b>SPP</b>	\$ 4,609,083	\$ 81,900,000 <sup>16</sup>	\$ 4,609,083
<b>TRE</b>	\$ 3,296,066	\$165,736,000 <sup>17</sup>	\$ 3,226,066
<b>WECC</b>	\$27,940,402	\$ 480,710	\$26,596,512 <sup>18</sup>

<sup>13</sup> RFC and SERC do not plan to perform any non-statutory activities.

<sup>14</sup> The requested ERO funding for MRO consists of \$4,477,592 allocated to the U.S. and \$853,895 allocated to Canada.

<sup>15</sup> The requested ERO funding for NPCC consists of \$3,628,338 allocated to the U.S. and \$4,020,380 allocated to Canada. The requested funding includes NPCC's request to increase its fund balance by \$143,811 (see Table 5 on page 31 of NPCC's detailed business plan).

<sup>16</sup> Fiscal Year 2007 budget. SPP's budget for non-statutory activities is substantially larger than the budgets for non-statutory activities of most other regional entities because SPP's budget includes amounts necessary to support its activities as a regional transmission organization.

<sup>17</sup> Fiscal Year 2007 budget. TRE's budget for non-statutory activities is substantially larger than the budgets for non-statutory activities of most other regional entities because the combined TRE/ERCOT budget includes amounts necessary to support ERCOT's activities as an independent system operator under Texas law.

<sup>18</sup> The requested ERO funding for WECC consists of \$22,515,832 allocated to the U.S., \$3,731,845 allocated to Canada and \$348,835 allocated to Mexico. As previously approved by the Commission, WECC's budget for statutory activities includes approximately \$13.7 million for WECC's reliability coordinator function, which is an activity that the other regional entities have not included in their budgets for statutory activities.



### **C. Western Interconnection Regional Advisory Board Funding Request**

In its Order issued July 20, 2006, in Docket No. RR06-02-000 (the “WIRAB Order”), the Commission concluded that reasonable costs incurred by WIRAB for activities under Section 215(j) of the FPA can be funded through the overall ERO funding process.<sup>19</sup> WIRAB submitted to NERC an organization chart and a proposed 2008 budget for Section 215(j) activities, which are included in Section E of **Attachment 2**. NERC has reviewed WIRAB’s submission and believes it complies with the FERC Order. WIRAB’s overall funding request of \$477,261 consists of \$404,035 allocated to the U.S., \$66,966 allocated to Canada and \$6,260 allocated to Mexico.

### **D. Overall Funding Requirement and Allocations by Region and by LSE**

The total ERO funding requirement for 2008 (net of other NERC and regional entity income sources) is \$94,455,622, consisting of \$25,694,031 for funding of NERC’s programs, \$68,284,330 for funding of regional entity statutory activities, and \$477,261 to fund the WIRAB. NERC has allocated its total funding requirement of \$25,694,031 to the regions primarily on the basis of NEL. An allocation based on the 8-Region NEL was used to allocate most (\$20,208,084) of the total NERC funding requirement (including the adjustment to increase NERC’s cash reserves balance) to the regions. NERC has made a special adjustment to that allocation for 2008 to recognize that one entity outside the U.S. expends resources to perform compliance and enforcement activities outside the U.S. that otherwise would be performed by NERC or a regional entity.<sup>20</sup> Finally, the costs of operating and maintaining NERC’s IDC, which is used only in the Eastern Interconnection, were allocated to the six regions in the Eastern

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<sup>19</sup>*Order on Petition to Establish a Regional Advisory Body for the Western Interconnection*, Docket No. RR06-2-000, 116 FERC ¶61,061 (2006), P 33-37.

<sup>20</sup> See discussion and details in Section VII.A below.

Interconnection based on usage levels of the IDC (“IDC Defined Share”). The IDC Defined Share allocation approach is reasonable and equitable because it allocates the cost of this function based on its actual use by region, and does not assess the costs of the IDC to entities in TRE and WECC.

The total ERO funding requirement includes costs attributable to maintaining bulk-power system reliability in the U.S., Canada and Mexico. NERC expects to receive funding from end-users in each country based on the proportion of aggregate NEL by country. Accordingly, to determine the portions of the total ERO funding requirement allocable to Canadian end users, NERC allocated the NERC, regional entity and WIRAB funding requirements among the U.S., Canada and Mexico based on 2006 NEL for each country.<sup>21</sup> After allocating the appropriate portions of the NERC, regional entity and WIRAB funding requirements to Canada and Mexico, the total ERO funding requirement for 2008 allocable to Canadian end users is \$11,525,598, consisting of:

NERC Funding:	\$ 2,852,512
Regional Entity Funding:	\$ 8,606,120
WIRAB Funding:	\$ 66,966

The funding requirement of each regional entity for statutory activities is of course allocated 100% to that regional entity. The funding requirement for the WIRAB is allocated 100% to WECC. The following table shows the allocation to each regional entity of the total 2008 ERO funding requirement of \$11,525,598 for Canadian activities of NERC, the regional

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<sup>21</sup>See Table 6 on page 45 in Section B of **Attachment 2** for the NEL data by regional entity and calculation of the country allocation factors for each regional entity. MRO, NPCC and WECC are the only regional entities whose footprints encompass Canada (and in the case of WECC, Mexico). The year 2006 is the most recent calendar year for which NEL data is available. (For the same reason, NERC’s allocations of the 2007 NERC and regional entity funding requirements were based on 2005 NEL data.)

entities and WIRAB. The table also shows the funding requirements per kWh based on 2006 Canadian NEL of each regional entity.

<b>2008 Funding Allocated to Canada</b>					
<b>Regional Entity</b>	<b>NERC Funding</b>	<b>Regional Entity Funding</b>	<b>WIRAB Funding</b>	<b>Total Allocation to Canada</b>	<b>Allocation per kWh (2006 NEL)</b>
<b>MRO</b>	\$ 277,729	\$ 853,895	--	\$ 1,131,624	\$0.000026
<b>NPCC</b>	\$ 1,921,917	\$ 4,020,380	--	\$ 5,942,297	\$0.000016
<b>WECC</b>	\$ 652,866	\$ 3,731,845	\$ 66,966	\$ 4,451,677	\$0.000037
<b>Total</b>	\$ 2,852,512	\$ 8,606,120	\$ 66,966	\$11,525,598	\$0.000022

NERC obtained from each regional entity a listing of the LSEs or their designees in the region and a breakdown of the regional entity's NEL by LSE or designee. NERC used this information to further allocate the total ERO funding requirement allocated to each regional entity among the LSEs or their designees in that regional entity's footprint. The amount of the NERC and regional entity funding requirement allocated to each LSE or designee in each regional entity's footprint is shown in Appendix C-2 of Section B of **Attachment 2**.<sup>22</sup>

NERC intends to directly invoice assessments to LSEs or designees in all regions except WECC. WECC will invoice LSEs or designees within the WECC footprint, collect the assessments and remit the funds to NERC. These arrangements have been provided for in Exhibit E to the delegation agreement with each regional entity.

#### **E. Budget Surpluses**

The proposed assessments shown in Appendix C-2 of **Attachment 2** reflect a one-year suspension of NERC's policy of taking account of anticipated year-end budget surpluses in calculating the assessments required for the following year. During the process of preparing this year's budget, NERC's Finance and Audit Committee became aware of two factors that caused

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<sup>22</sup> For reasons of administrative convenience payment by LSEs of annual assessments less than \$100 will not be required.

the Committee to recommend this course of action. First, the magnitude of the compliance and enforcement workload going forward may be larger than had previously been anticipated. The NERC compliance registry includes over 1700 registered entities that are responsible for compliance with one or more reliability standards. In addition, registered entities self-reported a large number of violations in advance of the June 18, 2007 effective date for mandatory and enforceable standards. As a consequence, the regional entities and NERC will be reviewing, approving and monitoring mitigation plans for some 3400 violations that pre-date June 18. Activities to ensure effective implementation of those mitigation plans will carry over into 2008.

Second, because mandatory reliability standards in the U.S. did not take effect until June 18, 2007, several of the regional entities hired additional staff for their compliance programs later than was anticipated at the time the 2007 budgets were developed. As a consequence, several of the regional entities are likely to under-spend relative to what they had budgeted in 2007.

Because 2008 will be the first full year in which NERC and the regional entities will be carrying out the compliance and enforcement program, and because it is difficult at this point to estimate how many violations of reliability standards may be identified and what percentage of those violations may be contested, the Finance and Audit Committee believed it prudent to retain any year-end budget surpluses that may exist at the end of 2007 for use in 2008 if the compliance and enforcement workload should turn out to be greater than anticipated. Given the uncertainties associated with the first full year of operations in enforcing mandatory reliability standards, the Finance and Audit Committee recommended this one-time suspension of the normal policy in order to make additional resources available to the compliance and enforcement program should the need arise. This proposal was discussed with the Member Representatives Committee on

July 31, 2007, and no objections were raised. The NERC Board of Trustees approved this recommendation from the Finance and Audit Committee as part of its approval of the overall 2008 business plan and budget on August 1, 2007.

In its 2009 budget filing, NERC will include an accounting and true-up for under-collections or over-collections in 2007. The anticipated amounts of year-end 2007 under-spending for NERC and each regional entity are as follows:



**F. Projected Costs for 2009 and 2010**

Included for the first time in NERC’s 2008 business plan is a projection of the following two years (2009 and 2010) of expected revenues and expenses.<sup>25</sup> NERC is providing these projections for informational purposes only. The NERC Board of Trustees has not approved these projections, and NERC is not seeking approval of the projections. Based on the

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<sup>23</sup> NPCC anticipates overspending its 2007 assessment and is seeking to recover the overspending in 2008.

<sup>24</sup> WECC also anticipates overspending its 2007 assessment. WECC already increased its 2008 budget, in light of the larger workload (pre-June18 mitigation plans), from the budget its board had initially approved in April.

<sup>25</sup> See pages 46-48 of Section B of **Attachment 2**.

assumptions detailed in Section B of **Attachment 2**, the 2009 projected assessments to LSEs (or designees) for NERC funding are estimated to increase by just under \$1.86M (7.0% increase over 2008). The 2010 assessments for NERC funding are estimated to increase by \$1.26M over 2009 (4.4% increase).

#### **IV. DISCUSSION OF NERC BUDGET**

This section summarizes NERC's proposed business plan and budget for 2008 by program area.

##### **A. Organization of NERC's 2008 Business Plan and Budget**

Pages 2-4 of **Attachment 2** provide an Introduction to NERC's 2008 business plan and budget, including comparisons of total budgeted FTE personnel and the total funding requirement for 2008 to the 2007 budgeted amounts and 2007 projected amounts.<sup>26</sup> These pages provide an overview of NERC's planned activities for 2008; a description of NERC's strategic planning, operational planning and business planning cycle; and discussions of NERC's 2008 primary objectives in operations excellence and communications. Complete, detailed discussions of the business plan and budget by program are provided in Sections A and B of **Attachment 2**, which are NERC's 2008 business plan and budget as approved by its Board of Trustees. The detailed NERC business plan in Section A includes, for each program:

- Description of the program including overview of activities planned for 2008;

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<sup>26</sup> Throughout Sections A and B of **Attachment 2** and the discussion in this Section IV, the budgeted 2007 amounts of FTE staff personnel and expenditures refer to the amounts included in NERC's 2007 budget; and the projected 2007 amounts of FTE staff personnel and expenditures refers to the amounts of personnel that NERC currently expects to have on staff, and the amounts of expenditures NERC currently expects to incur in 2007, based on activities to date and anticipated for the remainder of 2007.

- Specific objectives of the program for 2008, detailed by sub-category within the program where appropriate;<sup>27</sup>
- Total FTE NERC staff personnel budgeted for the program for 2008 and comparison to 2007 FTE budgeted and 2007 actual FTE personnel in the program; and
- Total 2008 budget amount (direct funding, indirect funding and total funding<sup>28</sup>) for the program and comparison to the amount included in the 2007 budget for the program and the amount of program expenditures currently projected for 2007.

The detailed NERC budget in Section B includes the following information:

- 2008 budget amounts by revenue and expense category and comparisons to 2007 budgeted and 2007 projected expenditures for corresponding activities;<sup>29</sup>
- Explanation of funding and expense categories used in the budget;
- Comparison of FTE personnel budgeted by NERC for each program in 2008 to 2007 budgeted and 2007 projected FTE personnel for the program in 2007;<sup>30</sup>

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<sup>27</sup> **Attachment 4** is a status report on NERC's progress in achieving its goals and objectives for 2007. NERC intends that business plan submissions in future years will include a discussion of whether and to what extent the objectives of each program in the previous year were achieved, factors that may have contributed to the inability to achieve all objectives, and actions NERC plans to take in the upcoming year to meet unfulfilled objectives from the previous year and to provide greater assurance that objectives for the upcoming year will be met. Similarly, NERC's budget submissions in future years will include a variance analysis and reconciliation of the prior year's budget against actual expenditures with explanations of reasons for variances between budgeted and actual expenditures. **Attachment 2** includes numerous tables showing the variances among expenses in the 2007 budget, in the projected 2007 expenses and in the 2008 budget, by program area and by expense category within each program.

<sup>28</sup> Indirect funding refers to the amount of Administrative Services expenditures that have been allocated to each of the programs on the basis of numbers of FTE personnel in each program. NERC is allocating Administrative Services expenditures to the individual programs in this manner for the first time in its 2008 budget; however, to facilitate comparisons to the 2008 budget figures, in this filing NERC has also allocated Administrative Services expenditures in the 2007 budget, and the current projected 2007 Administrative Services expenditures, among the programs in the same manner.

<sup>29</sup> See Table 1 on page 37 in Section B of **Attachment 2**.

<sup>30</sup> See Table 2 on page 40 in Section B of **Attachment 2**.

- 2008 and 2007 organization charts for NERC;<sup>31</sup>
- Analysis of NERC's cash reserves balance and calculation of the funding requirement for 2008 needed to bring the cash reserves balance to the targeted level of 10% of the projected NERC 2008 assessment;<sup>32</sup>
- Description of the methods used by NERC to allocate its 2008 funding requirement among the regional entities.
- Development of the NEL-based factors used to allocate NERC's proposed 2008 funding requirement by regional entity and by country (U.S., Canada and Mexico);<sup>33</sup>
- For each program, the proposed 2008 budgeted amounts by funding and expense category and a comparison to the budgeted 2007 expenditures and projected 2007 expenditures for the programs;<sup>34</sup>
- For each program, a discussion of the major funding and expense categories for the program including identification of the budgeted FTE personnel included in the program for 2008;<sup>35</sup> and
- Detailed variance analysis by major funding and expense categories and by sub-categories within the major categories, comparing the 2008 budgeted amounts to the 2007 budgeted amounts and 2007 projected expenditures.<sup>36</sup>

## **B. 2008 Business Plans and Budgets by Program**

### **1. Reliability Standards Program**

In this program NERC will accept and evaluate proposals for, and develop and approve, technically sound, fair and balanced bulk-power system reliability standards to be submitted to

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<sup>31</sup> See Tables 3 and 4 on pages 41-42 in Section B of **Attachment 2**.

<sup>32</sup> See Table 5 on page 43 in Section B of **Attachment 2**.

<sup>33</sup> See Table 6 on page 45 in Section B of **Attachment 2**.

<sup>34</sup> See Appendix A, pages 1-24, in **Attachment 2**.

<sup>35</sup> See *id.*

<sup>36</sup> See Tables B-1 through B-10 at pages 1-5 of Appendix B in **Attachment 2**.



FERC and to appropriate government authorities in Canada. NERC will use its *Reliability Standards Development Process* (Appendix 3A to the NERC Rules of Procedure), which has been accredited by the American National Standards Institute. The goals and objectives of the Reliability Standards Program for 2008 are presented in detail at pages 8-10 in Section A of **Attachment 2**.

Although much of the work in the reliability standards development process is performed by committees and task groups comprised of volunteer technical experts from the electric industry, government and academia (including the Standards Committee, which oversees the standards development process with the objective of seeing that all stakeholder interests are fairly represented in the development of standards), significant NERC professional staff resources are needed to facilitate and coordinate the work of industry volunteers and to administer the standards development process. NERC has budgeted 15 FTE personnel for the Reliability Standards Program for 2008, which is an increase of three FTE staff over the budgeted 2007 staffing and an increase of one FTE staff over the projected 2007 staffing. The budgeted expenses for this program for 2008 are \$4,990,523, which is an increase of \$1,206,492 over the 2007 budgeted expenses, and an increase of \$962,313 over the 2007 projected expenses, for this program.<sup>37</sup> The principal components of the 2008 budget are personnel expenses (\$2,653,392), meetings and travel expense (\$365,200), contracts and consultants (\$100,000), and the allocation of Administrative Services expenses (\$1,871,931).

## **2. Compliance Enforcement and Organization Registration and Certification Program**

Under the Compliance Enforcement and Organization Registration and Certification Program, NERC will monitor, audit, investigate and enforce compliance with approved

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<sup>37</sup> See table on page 6 in Section A of **Attachment 2**.

reliability standards by owners, operators and users of the bulk-power system. This program also includes registering owners, operators and users of the bulk-power system for each region in which an entity owns, operates or uses bulk-power system facilities, and maintaining a compliance registry (provided for in Section 500 of the NERC Rules of Procedure), to facilitate NERC's compliance enforcement activities. The compliance registry lists just over 1700 entities that NERC and regional entities have registered as having responsibilities for complying with mandatory reliability standards.<sup>38</sup> The principal objective of this program is to maintain a high level of reliable operation of the bulk-power system by owners, operators and users.

The year 2008 will be the first year of full operations for this program following NERC's certification as the ERO in the U.S. and FERC's approval of mandatory and enforceable reliability standards in Order No. 693 issued in March 2007, which became effective in June 2007. NERC has put in place, and will continue to enhance in 2008, the infrastructure including processes, procedures, software and tools to implement the Compliance Monitoring and Enforcement Program. NERC will also continue its efforts to assist and oversee the regional entities in implementing and carrying out their delegated compliance enforcement, registration and certification activities including providing supplemental staffing to assist the regional entities as needed as they develop their own programs; establish training for compliance auditors to assure there is a sufficient body of competent auditors at NERC and the regional entities; and continue registration and begin certification of organizations responsible for complying with reliability standards. Additionally, NERC will continue to carry out the activities detailed in the *Reliability Standards Development Plan 2007-2009*; and will take full ownership of the

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<sup>38</sup> [ftp://www.nerc.com/pub/sys/all\\_updl/compliance/org/NERC\\_Compliance\\_Registry\\_List.pdf](ftp://www.nerc.com/pub/sys/all_updl/compliance/org/NERC_Compliance_Registry_List.pdf)

Compliance Data Management System (“CDMS”) in 2008.<sup>39</sup> The detailed 2008 objectives for Compliance Monitoring and Enforcement and for Organization Registration and Certification are provided at pages 12-14 in Section A of **Attachment 2**.

Reflecting the significant increase in compliance, enforcement, registration and certification activities in 2008 as NERC moves into the first full year performing its responsibilities as the ERO with mandatory and enforceable reliability standards in place, NERC has budgeted for 26 FTE staff for the Compliance Enforcement and Organization Registration and Certification Program in 2008, an increase of six FTE personnel over NERC’s staffing for this function in 2007.

The budgeted expenses for this program for 2008 total \$7,914,174, which is an increase of \$1,934,843 over the 2007 budgeted expenses, and an increase of \$1,949,253 over the 2007 projected expenses, for this program.<sup>40</sup> The major budget components for the Compliance Enforcement and Organization Registration and Certification Program are personnel expenses (\$3,930,593); meetings and travel expenses (\$408,900); consultants (\$330,000); and the allocation of Administrative Services expenses (\$3,244,681).

### **3. Reliability Readiness Evaluation and Improvement Program<sup>41</sup>**

Under this program NERC will conduct evaluations to assess the readiness of operators of the bulk power system, including reliability coordinators, transmission operators and

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<sup>39</sup> The CDMS contains a regional module used by some regional entities to collect compliance information from registered entities.

<sup>40</sup> See Table on page 11 in Section A of **Attachment 2**.

<sup>41</sup> This program began in 2004 as the Reliability Readiness Audit Program. In 2007, NERC changed the name of this program to the Reliability Readiness Evaluation and Improvement Program to more sharply distinguish the program from the Compliance and Enforcement program.

balancing authorities and other entities that provide support to them, to execute their designated responsibilities for maintaining the reliable operation of the bulk-power system. The functions performed by these entities are particularly critical to achieving reliable operation of the bulk-power system. Readiness evaluations will be specifically focused on addressing the capabilities of entities to identify and respond to conditions that could impact reliable operation of the bulk-power system. Readiness evaluations are conducted on a three-year cycle for each evaluated entity.<sup>42</sup> The functions of this program also include assisting evaluated entities in implementing the recommendations of the evaluation teams. The principal objective of this program is to promote excellence in operations by the evaluated entities, and thereby to improve compliance with reliability standards and enhance the overall reliability of the bulk-power system, by identifying opportunities for improvement and identifying examples of excellence in operations.

During 2008, program staff will work with industry committees and member forums, through identified examples of excellence and reliability readiness evaluation experiences, to create useful best practice guidelines for industry participants. The program staff will also continue to analyze the collection of readiness evaluation findings, refine and expand benchmarking activities, and provide meaningful guidance to the industry committees and NERC's other program areas on topics that merit additional focus toward the goal of continuous improvement. Detailed objectives of the Reliability Readiness Evaluation and Improvement Program for 2008 are provided at pages 16-17 in Section A of **Attachment 2**.

NERC has budgeted \$3,355,606 for the Reliability Readiness Evaluation and Improvement Program for 2008, which is an increase of \$306,371 over the budgeted 2007 expenses, and an increase of \$187,883 over the projected 2007 expenses, for this program. The

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<sup>42</sup> In 2007, NERC began the first year of its second three-year cycle of readiness evaluations.

2008 budget reflects a FTE staff of 12 for this program in 2008, an increase of one FTE position over NERC's budgeted staffing for this function in 2007.<sup>43</sup> The 2008 budget for this program consists of personnel-related expenses (\$1,700,561), meeting expenses (\$157,500), and the allocation of Administrative Services expenses (\$1,497,545).

#### **4. Training, Education and Operator Certification Program**

This program encompasses (i) the System Operator Certification Program, (ii) NERC's Continuing Education Program ("CEP"), and (iii) the development of additional training and education requirements and related materials and activities.

The System Operator Certification Program provides a certification credential for operating personnel of owners, operators and users of the bulk-power system. Initial certification is obtained through examinations, and periodic recertification will be obtained through accumulating continuing education hours. The System Operator Certification Program is, and will continue to be, overseen by the Personnel Certification Governance Committee, which is a standing committee of NERC reporting to the Board of Trustees. Objectives for 2008 include completing a transition to recertification based solely on continuing education hours rather than on re-examinations, and making improvements to the database for users.

The objective of the NERC CEP is to foster improvement of and promote quality in the training programs used and implemented by owners, operators and users of the bulk-power system. Through the CEP, NERC approves or accredits training programs of owners, operators and users of the bulk-power system. Among other functions, the CEP conducts periodic audits of continuing education providers and training activities to ensure that approved and accredited providers and training activities satisfy NERC's continuing education

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<sup>43</sup> See table on page 15 in Section A of **Attachment 2**.

requirements. Through these activities, the CEP helps to ensure that continuing education and training programs offered by owners, operators and users of the bulk-power system are designed and implemented to promote knowledge of and compliance with bulk-power system reliability standards.

In addition to the System Operator Certification Program and the CEP, NERC also develops and maintains training and education programs for the purpose of establishing training requirements and developing training materials and activities. The primary targets of these programs are bulk-power system operating personnel including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, training personnel, and other personnel directly responsible for complying with reliability standards whose actions or inactions may impact the reliability of the bulk-power systems. NERC also develops and provides educational and training resources designed to help industry participants understand the content of reliability standards, particularly newly-adopted reliability standards, and what is required for compliance. These continuing education resources and activities help to promote understanding of and compliance with reliability standards among owners, operators and users of the bulk-power system and their operating personnel.

In 2007, this program initiated development and delivery of training for compliance audit team leaders. Additional learning activities that will continue to improve compliance auditor skills will be developed and delivered in 2008. Reliability readiness evaluator training is also being developed in 2007 and will continue to be delivered through 2008. Detailed 2008 objectives for Operator Certification, Continuing Education and Training and Education are provided at page 21 in Section A of **Attachment 2**.

NERC has budgeted six FTE personnel for these programs in 2008, the same level of staffing as in 2007. The budgeted expense for this program in 2008 totals \$2,149,068, which is an increase of less than \$7,000 over the budgeted 2007 expense, and a decrease of approximately \$149,000 from the projected 2007 expense, for this program.<sup>44</sup> Of this amount, \$926,495 is for personnel-related expenses, \$109,800 is for meetings and travel, \$364,000 is for contracts and consultants and \$748,773 is the allocation of Administrative Services expenses. The amount budgeted for contracts and consultants includes budgeted expense of \$264,000 for contracts to support system operator testing, test development and data base development.

NERC charges fees for system operator certification examinations and continuing education providers. The fee structure is established to fully cover the costs of the System Operator Certification Program and the CEP. NERC's 2008 budget and funding requirement for this program reflects projected revenues from testing fees of \$963,000.

## **5. Reliability Assessment and Performance Analysis Program**

The Reliability Assessment and Performance Analysis Program is intended to enable NERC to meet its responsibility as the ERO to "conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America."<sup>45</sup> NERC prepares three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports analyze electricity demand and adequacy of supply throughout the North American bulk-power system and examine the adequacy of the

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<sup>44</sup> See table on page 18 in Section A of **Attachment 2**.

<sup>45</sup> Section 215(g) of the FPA and 18 C.F.R. §39.11.

transmission system. NERC also prepares special reliability assessment reports as conditions warrant or as directed by the NERC Board.

This program also includes collecting reports and information on, and investigating and analyzing, off-normal events on the bulk-power system; identifying the root causes of events that may be precursors of potentially more serious events impacting the reliable operation of the bulk-power system; disseminating findings and lessons learned to the electric industry to improve reliability performance; and developing reliability performance benchmarks and monitoring performance against those benchmarks. This program includes maintenance of NERC's *Blackout and Disturbance Response Procedure* (Appendix 8 to the NERC Rules of Procedure). These activities are intended to help prevent future abnormal system events and thereby to promote and improve reliable operation of the bulk-power systems.

The Reliability Assessment and Performance Analysis Program is responsible for maintaining the Generating Availability Data System ("GADS") and the Event Analysis and Information Exchange. GADS provides performance benchmarks for improving individual unit reliability and availability and statistics for tracking generating unit availability. The Event Analysis and Information Exchange has been established to implement one of NERC's recommendations following the August 2003 blackout, to establish a reliability performance monitoring function to evaluate and report bulk power system reliability performance. The 2008 budget includes increased resources for this activity. Finally, in 2008 the Reliability Assessment and Performance Analysis Program will begin start-up of the Transmission Availability Data System for quantifying and measuring transmission system performance and reliability.

Detailed 2008 objectives for the Reliability Assessment and Performance Analysis Program, including objectives in the areas of reliability and adequacy assessment, Events



Analysis and Information Exchange, benchmarking, TADS and GADS, are provided at pages 24-28 in Section A of **Attachment 2**.

NERC's budgeted expense for this program is \$4,254,186, which represents an increase of \$490,860 over the budgeted 2007 expenses, and an increase of \$497,344 over the projected 2007 expenditures, for these activities. The 2008 budget reflects eleven FTE staff dedicated to this program, which is an increase of two FTE staff from the staffing in 2007.<sup>46</sup> The 2008 budget for this program includes personnel-related expenses (\$2,100,536), travel expenses (\$295,900), contracts and consultants (\$485,000), and the allocation of Administrative Services expenses (\$1,372,750). Budgeted contract expenses (approximately \$410,000) include costs for support of GADS software development, event analysis software, and resource adequacy studies. Consultant expenses (\$75,000) reflect budgeted costs for consultants to support NERC staff in event analysis. The 2008 budget for this program also reflects projected revenues of \$150,000 from sales of services and software (*e.g.*, GADS software).

## **6. Situation Awareness and Infrastructure Security**

Under this program, NERC monitors conditions on the bulk-power system and provides leadership coordination, technical expertise and assistance to the electric industry in responding to abnormal events on the bulk-power system. To perform these functions, NERC:

- Maintains real-time situation awareness of conditions on the bulk-power system;
- Notifies the industry of significant bulk-power system events that have occurred in one area and have the potential to impact reliability in other areas of the bulk-power system;
- Maintains and strengthens high-level communication, coordination and cooperation with governmental authorities regarding real-time conditions on the bulk-power systems; and

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<sup>46</sup> See table on page 23 in Section A of **Attachment 2**.

- Facilitates information exchange and coordination among reliability service organizations.

As part of this program, NERC provides tools and other support services for the use and benefit of reliability coordinators and other bulk-power system operators, including:

- Area Control Error (“ACE”) and Abnormal Frequency System Monitoring;
- NERC Hotline;
- Real-Time System Power Flows;
- System Data eXchange (“SDX”);
- Reliability Coordinator Information System (“RCIS”);
- Transmission Services Information Network (“TSIN”);
- Interchange Distribution Calculator (“IDC”);
- Interregional Security Network (“ISN”); and
- Central Repository of Curtailment Events (“CRC”).<sup>47</sup>

As part of the above activities, NERC facilitates real-time voice (via the NERC Hotline) and data (via NERCnet) exchanges among bulk-power system reliability coordinators.

The tools and support services NERC provides to the industry under this program, as listed above, are important to promoting and maintaining reliable operation of the bulk-power systems. Further, to the best of NERC’s knowledge, it is the only organization making tools and support services with these functionalities available to owners, operators and users of the bulk-power system and other bulk-power system participants.

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<sup>47</sup> These tools and support services are described on pages 32-33 in Section A of **Attachment 2**.

As an additional component of this program, NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk-power systems by taking a leadership role in the critical infrastructure protection of the electricity sector so as to reduce the vulnerability and improve the mitigation and protection of the critical infrastructure of the sector. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within and among the sector, U.S. and Canadian governmental authorities, and other critical infrastructure sectors. Finally, NERC performs security planning activities focused on the critical infrastructure protection of the electricity sector.

Detailed 2008 objectives for the Situation Awareness and Infrastructure Security Program, including objectives in the areas of situation awareness and infrastructure security, the Electricity Sector Information Sharing and Analysis Center, security planning, and operating reliability support services, are provided at pages 30-33 in Section A of **Attachment 2**.

NERC has budgeted \$3,868,438 for the Situation Awareness and Infrastructure Security Program for 2008. This is an increase of \$40,695 over the budgeted 2007 expenses, and an increase of \$64,645 over the projected 2007 expenditures, for these activities. The 2008 budget reflects five FTE staff dedicated to this program in 2008, an increase of 0.5 FTE position over the budgeted staffing and of 1 FTE position over the actual staffing in 2007.<sup>48</sup> The components of the 2008 budget are personnel expenses (\$859,501), meetings and travel expense (\$182,100), contracts and consultants (\$2,202,860), and allocation of Administrative Services expenses (\$623,977). The contract and consultants expense of \$2,202,860 in the 2008 budget consists of: (i) contracts and maintenance for the IDC and SDX (\$1,528,860); (ii) NERCnet support

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<sup>48</sup> See table on page 29 in Section A of **Attachment 2**.

(\$75,000);<sup>49</sup> (iii) contracts for the Inter-Control Center Communications Protocol (“ICCP”) (\$30,000)<sup>50</sup>; (iv) RCIS contracts and general maintenance (\$30,000); (v) frequency monitoring tools (ACE and Abnormal Frequency System Monitoring) (\$289,000); and (vi) costs for consultants to support the North American Synchro Phasor Initiative (“NASPI”) (\$250,000).<sup>51</sup>

## **7. Administrative Services**

The Administrative Services program supports each of the other NERC programs. The Administrative Services program comprises the following functions: (i) Technical Committees and Members’ Forums; (ii) Information Technology (“IT”); (iii) Legal and Regulatory; (iv) Human Resources; and (v) Finance and Accounting.

Technical Committees and Members’ Forums – NERC has established and facilitates members’ forums that serve the interests of stakeholders within specific NERC sectors and general, technical committees. The members’ forums are intended to serve as a vehicle for exchanges of information and expertise among participants in particular areas of interest. NERC’s 2008 budget reflects 2 FTE staff members in this function.

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<sup>49</sup>NERCnet is the facility provided by NERC for real-time data exchanges among bulk-power system reliability coordinators.

<sup>50</sup>The ICCP is the protocol that provides for a secure method of transferring information over wide-area networks (“WANs”), and allows NERC to communicate over NERCnet with all of the control centers. The budgeted software and maintenance contracts support ICCP’s operations and functionality.

<sup>51</sup>The NASPI is the successor to the Eastern Interconnection Phasor Project and to the phasor development work done in the Western Interconnection. NASPI will be the international project to advance the application of phasor measurement technology in all interconnections in North America. The objective of NASPI is to use phasor measurement technology to provide grid operators with expanded interconnection visibility and improved situational awareness and to supplement the tools available to operators to monitor and control the bulk-power system.

IT – NERC’s IT team performs typical IT development and maintenance functions needed for organizational support.<sup>52</sup> IT also maintains a co-located disaster recovery site for NERC’s mission- and business-critical IT systems and a backup site for continuity of essential operations in the event NERC’s primary location becomes uninhabitable. Additionally, NERC’s IT team develops and maintains systems used by the electric industry to monitor system conditions in real time. NERC’s 2008 budget reflects 8 FTE staff members in this function.

Legal and Regulatory – The Legal and Regulatory function provides a chief legal advisor to the NERC CEO, Board of Trustees, staff and committees on legal and regulatory matters affecting NERC; provides a manager of Canadian affairs; is responsible for preparing or overseeing filings with governmental entities; reviews contracts entered into by NERC; and retains and oversees outside counsel. Effective June 1, 2007, NERC opened an office in Washington, D.C., and added an attorney with regulatory and compliance experience based in the Washington office. NERC’s 2008 budget reflects 5 FTE staff members in this function.

Human Resources – Human Resources designs, plans and implements human resources policies and procedures for staffing, compensation, benefits, employee relations and training and development. NERC’s 2008 budget reflects 3.5 FTE staff members in this function.

Finance and Accounting – Finance and Accounting directs the overall financial and accounting practices of NERC; oversees treasury, accounting, budgeting, tax and audit activities; and oversees financial and accounting system controls and standards. Finance and Accounting has principal responsibility for preparation of NERC’s annual budget packages (including those

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<sup>52</sup>These functions include ensuring all information systems are functional and secure; ensuring all applications running on those systems meet business requirements for performance, availability and security; and planning and implementing organization-wide information systems, services and network facilities including local-area networks, WANS and peripheral systems.

of the regional entities) for filing with the Commission and appropriate governmental authorities in Canada. NERC's 2008 budget reflects 5 FTE staff members in this function.

In addition to the numbers of personnel budgeted for the functions described above, the Administrative Services staffing includes the CEO and the CEO's two assistants, resulting in total Administrative Services staffing in the 2008 budget of 26.5 FTE personnel. This represents an increase of 4 FTE personnel over the budgeted 2007 staffing and an increase of 1 FTE personnel over the projected 2007 staffing.<sup>53</sup>

Detailed 2008 objectives for each of the functions included in Administrative Services are provided at pages 34-36 in Section A of **Attachment 2**.

The total proposed 2008 budget for Administrative Services is \$9,359,657, which is an increase of \$1,413,836 over the budgeted 2007 expenses, and an increase of \$1,142,836 over the projected 2007 expenses, for Administrative Services.<sup>54</sup> Of the total 2008 budgeted amount, \$4,743,857 is budgeted for personnel-related expenses. An additional \$686,800 is budgeted for meetings, travel and conference call costs. Office-related expenses, totaling \$3,929,000, consist of costs for office rent (\$680,000), other office costs (\$745,000), computer purchases and maintenance (\$600,000) and furniture and equipment (\$59,000). The budget for office-related expenses includes rent and other expenses for operation of NERC's main office in Princeton, New Jersey, and its office in Washington, D.C.. Finally, the Administrative Services budget includes \$1,420,000 for outside professional services, which include legal and audit fees, compensation of the Trustees, and directors and officers insurance coverage.

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<sup>53</sup> See table on page 34 in Section A of **Attachment 2**.

<sup>54</sup> See *id.*

In the 2008 budget, NERC has made a change in the presentation of the Administrative Services costs. Specifically, the costs for Administrative Services have been allocated to each of the six substantive programs as “indirect costs”, rather than being treated solely as a separate standalone program as presented in the 2007 budget. The Administrative Services expenses were allocated to the six substantive programs based on the numbers of FTE staff members budgeted for each of the six programs.

## **8. Cash Reserves Balance**

In addition to the budgeted expenditures described above, NERC is requesting additional funding sufficient to enable it to build its cash reserves balance to 10% of requested 2008 assessments (before the adjustment to increase the cash reserves balance). Funding to establish a cash reserves balance equal to 10% of projected 2007 assessments was approved by FERC for inclusion in NERC’s 2007 budget.<sup>55</sup> The cash reserves balance is a source of short-term working capital that provides flexibility to accommodate periodic variations during the year between receipts and expenditures<sup>56</sup>, and represents a more economical approach than relying on bank lines of credit or similar facilities for this purpose. Additionally, the cash reserves balance provides a source of contingency funds should some expenses exceed budgeted levels or should unbudgeted costs occur.

The additional 2008 funding requirement in order to establish a cash reserves balance at December 31, 2008 equal to 10% of 2008 assessments is \$755,037. Table 5 on page 43 in Section B of **Attachment 2** shows the development of this figure. NERC’s projected cash balance at December 31, 2007 is \$1,738,862.

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<sup>55</sup> 2007 Budget Order at P 81.

<sup>56</sup> As in 2007, NERC intends to bill annual assessments to LSEs and designees to be paid in four quarterly installments that will be due on or about January 1, April 1, July 1 and October 1.

## **V. REGIONAL ENTITY BUDGETS**

### **A. Consistency Among Regional Entity Budgets**

NERC and the regional entities have worked diligently to achieve consistency in the content and presentation of the regional entity budgets. The work that NERC and the regional entities did to achieve consistency in the delegation agreements laid the groundwork for achieving consistency in the regional entity business plans and budget. Beginning in March 2007, NERC provided the regional entities with templates for their business plans and templates for the schedules that comprise their budgets. Those templates follow the same format that NERC used for its business plan and budget. NERC's Chief Financial Officer held two meetings with financial personnel from the regional entities to discuss the templates and the 2008 budget process. He also visited or held a teleconference with each regional entity prior to the submission of their business plans and budgets to their respective boards for approval.

As a result of that effort, the business plan and budget for each regional entity follows the same format, is organized in the same way and provides the same items of information. The schedules in each regional entity budget are labeled the same and are presented in the same order. Further, all the regional entities have included statutory programs in their budgets in a manner consistent with NERC's programs. This consistency of organization and presentation facilitates review and comparison of the regional business plans and budgets.

Two regional entities have reported that they will have budgets for non-statutory activities in substantially larger amounts than their statutory activities. SPP is a regional transmission organization under FERC's jurisdiction. SPP states that the budget cycle for its RTO activities is later than for its regional entity activities, such that it is unable at this time to provide an approved 2008 budget for its non-statutory activities. SPP's 2008 business plan does explain the nature of its non-statutory activities, and states that its 2007 budget for non-statutory



activities was \$81.9 million.<sup>57</sup> SPP submitted its 2007 budget for its RTO activities to FERC in December 2007 in Docket No. ER04-48.

TRE is a division of ERCOT. ERCOT is an independent system operator under the jurisdiction of the Public Utilities Commission of Texas. TRE has included a description of the non-statutory activities of TRE and ERCOT as part of its 2008 business plan and budget.<sup>58</sup> TRE is responsible for monitoring and compliance with the ERCOT-specific reliability-related protocols and planning guides. TRE estimates that 25% of TRE staff time will be spent on that monitoring and compliance activity. TRE states that funding for those activities will be provided through the ERCOT System Administration fee. The ERCOT 2007 budget is \$165,736,000.

The non-statutory activities of the other regional entities are much smaller in magnitude (and in the case of RFC and SERC, there are none), and NERC believes they will not impede those regional entities from carrying out their obligations under the delegation agreements. Further discussion of each regional entity's non-statutory activities (if any) are included in their respective business plans in Section E of **Attachment 2**.

## **B. Metrics Related to Regional Entity Budgets**

As a further aid to understanding where differences do exist among the regional entities' activities and budgets, NERC and the regional entities have developed a series of metrics that provide, by regional entity, detailed information about how the entity is organized, how it does its business, and the relative sizes of the organizations and the amount of work they have to do. These metrics are provided in **Attachment 7** to this filing. The metrics take the form of a series of responses to a number of specific questions, first with respect to the general structure and

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<sup>57</sup> See SPP Business Plan and Budget, at pp. 3-4, included in Section E of **Attachment 2**.

<sup>58</sup> See TRE Business Plan and Budget at page 5 in Section E of **Attachment 2**.

makeup of each regional entity, followed by responses for each program area in the business plan. These metrics help to identify and explain the differences that do exist among the regional entities' activities and budgets.

These metrics provide a baseline to use in making these evaluations on a going-forward basis. While 2008 will be the first full year of operation for the regional entities pursuant to delegated authority under Section 215 of the U.S. Federal Power Act, in future years these metrics will enable NERC, the regional entities, and the relevant governmental authorities to make comparisons and develop trending analyses.

## **VI. ISSUES REGARDING ASSESSMENTS AND COLLECTIONS**

### **A. Mid-Year Adjustments in LSE Allocations**

As noted earlier, NERC developed the proposed assessments to recover the ERO funding requirement using lists of LSEs and designees and their NELs provided to NERC by each regional entity. The data used to calculate the allocations and assessments for 2008 is 2006 NEL, which is the most recent calendar year NEL data available at the time of preparation of this submission. For this reason, on an ongoing basis, the proposed assessments for a year that NERC submits in August of the preceding year will be based on NEL data for the second preceding year.

As a general matter, NERC believes the assessments to each LSE or designee should be based on the NEL data NERC receives from the regional entities and uses to develop the assessments submitted in the annual budget filings, and the assessments should not be thereafter modified to reflect subsequent changes in an LSE's NEL. NERC also believes the regional entities should be responsible for identifying to NERC the LSEs and designees to be billed for

assessments and their NEL data that is to be used to calculate the assessments, and NERC should be entitled to rely on the information it receives from the regional entities.

Consistent with these principles, if changes in an LSE's NEL from the Year 1 amount (due to, for example, the loss or gain of customers during Year 2 or the upcoming loss or gain of customers in Year 3 based on contractual arrangements) are communicated to the relevant regional entity and established to the satisfaction of the regional entity, then the regional entity may reflect the post-Year 1 change in NEL in the data it submits to NERC for use in calculating the Year 3 assessments. In short, it would be appropriate for the regional entity to adjust Year 1 NEL data consistent with the recognized public utility ratemaking principle of "known and measurable changes" to "test year" (*i.e.*, Year 1) data occurring or recognized after the end of Year 1 (but before NERC, during Year 2, must submit the proposed Year 3 assessments). In other circumstances in which, for example, an LSE's NEL declines materially during Year 3 due to loss of a major end use customer, NERC believes the LSE should continue to be responsible for the full assessment, at least from the perspective of NERC's billing and collection activities. On a going forward basis, LSEs can begin to address the possibility of such situations occurring through appropriate contractual arrangements with their customers.

During 2007, an LSE, Green Mountain Power, informed NERC that it was no longer serving load within RFC. NERC learned that the load formerly served by Green Mountain within RFC had been transferred to First Energy. First Energy confirmed that it was now serving the load in question and paid the related assessment that had been allocated to Green Mountain.

#### **B. General Lack of Collection Problems**

To date, NERC has had no material problems in collecting the assessments it has billed for 2007. Excluding the California ISO issue noted below, NERC's collections are running at the rate of over 99% of the assessment amounts it has billed. Only one entity has not paid the

amounts it has been assessed each quarter. The quarterly amount of that unpaid assessment is \$369. NERC intends to initiate actions to collect that amount. In addition, NERC sent out invoices for the third quarter on July 1, 2007. Some invoices to certain entities remain unpaid as of the preparation of this filing, but based on experience with those entities in the first two quarters, NERC expects to collect the assessments. NERC will not consider any amounts to be uncollectible until after year end. If any amounts assessed for 2007 are determined to be uncollectible, NERC will include provision to recover those amounts in the 2009 budget, as provided for in Section 1106.8 of NERC's Rules of Procedure..

### **C. California Independent System Operator Issue**

In the 2007 Budget Order, FERC authorized WECC to invoice the California Independent System Operator ("CAISO") for both NERC and WECC assessments. In an order issued June 25, 2007, the Commission conditionally approved a tariff change proposed by the CAISO to collect the NERC and WECC assessments from Scheduling Coordinators within its balancing area.<sup>59</sup> CAISO must make a compliance filing, and certain parties have sought rehearing. Because the tariff issue has not yet been resolved, WECC has not received payment from CAISO, and WECC in turn has not remitted NERC's portion of the CAISO assessment to NERC. This has not been a problem yet, because WECC invoices, collects, and remits to NERC on an annual basis instead of quarterly. However, the 2007 assessment to CAISO is \$5.76 million for NERC, WECC, and WIRAB costs, and non-payment by CAISO would represent a serious undercollection for the year.

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<sup>59</sup> *California Independent System Operator Corp*, 119 FERC ¶61,316 (2007), *reh'g pending*.

## VII. QUESTIONS RAISED IN COMMENTS ON THE PROPOSED 2008 BUDGET

Throughout the budget process, NERC received valuable input from stakeholders that assisted NERC in refining its budget proposal. NERC believes that the adjustments it made to the proposed budget during the development process addressed most, if not all, of the significant comments that stakeholders raised. Two matters raised in comments filed with NERC on the proposed 2008 budget merit further discussion.

### A. Policy Statement on Allocation of Certain Compliance and Enforcement Costs

Because of issues regarding cost allocation that were raised by certain Canadian entities during the preparation of the 2007 budget, NERC requested comment on the nature and scope of those cost allocation issues and convened a public workshop on March 12, 2007, in Chicago to discuss the issues. Based on the comments received and input from this public workshop, NERC's Finance and Audit Committee adopted a policy statement on allocation of certain compliance and enforcement costs. The policy statement is provided in **Attachment 5**. The policy statement applies to entities outside the United States that are carrying out an active compliance monitoring and enforcement program and thereby incur costs that would otherwise be incurred by NERC or a regional entity.<sup>60</sup>

The policy statement describes five conditions that must be met:

1. The special allocation adjustment will be available only for jurisdictions outside the United States, consistent with applicable agreements or memoranda of understanding with provincial regulatory and/or governmental authorities.
2. The special allocation adjustment will be available only for activities associated with a Compliance Monitoring and Enforcement Program. Other program areas will be subject to NERC's normal allocation policies.

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<sup>60</sup> Comments received by NERC on the proposed cost allocation policy statement may be reviewed at the following link: [http://www.nerc.com/~bot/allocation\\_policy.html](http://www.nerc.com/~bot/allocation_policy.html).

3. The special allocation adjustment will be available only where the provincial government, by statute or regulation, has designated an entity other than a regional entity to have primary responsibility for reliability services such as compliance monitoring and enforcement and where NERC and the designated entity have entered into an agreement or memorandum of understanding recognizing the respective responsibilities of the various organizations.
4. The designated entity must actually be conducting an effective compliance monitoring and enforcement program.
5. The special allocation adjustment will be applied to the costs of the regional entity, and where appropriate, costs of NERC.

Based on the cost allocation policy statement, NERC and NPCC have negotiated an arrangement with the Ontario Independent Electric System Operator (“IESO”) that recognizes the IESO performs compliance monitoring and enforcement activities with respect to reliability standards pursuant to legislation and regulations adopted within Ontario designating the IESO as principally responsible for compliance monitoring. NERC and the Ontario Energy Board have executed a memorandum of understanding recognizing the IESO’s role. Because the IESO is performing that activity, it is incurring costs that would otherwise be incurred by NERC and NPCC. The effect of the arrangement excludes certain NERC and NPCC costs in calculating the NERC and NPCC assessment that the IESO will be asked to pay in 2008.<sup>61</sup> The excluded amounts are allocated to all other entities under the general allocation methodology used in developing the assessments.

The details of the adjustments for NERC and NPCC are contained in **Attachment 5**. The effect of the adjustment is shown in Appendices C-3 and C-4 of **Attachment 2**. Pursuant to the arrangement, \$134,357 of NERC’s costs and \$346,414 of NPCC’s costs are excluded from

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<sup>61</sup> **Attachment 5** contains a letter from Bruce Campbell, Vice President of the IESO, stating the IESO’s acceptance of the arrangement worked out for 2008.

IESO's assessment and allocated to the remaining entities under the general allocation methodologies.<sup>62</sup>

**B. Comments by TransEnergie**

During preparation of the 2008 business plan and budget, TransEnergie also raised certain cost allocations questions regarding both the NERC and NPCC assessments. TransEnergie has informed NERC and NPCC that it will not contest the 2008 allocations for either NERC or NPCC, so long as NERC and NPCC continue to work on those issues for the 2009 budget. NERC and NPCC have committed to do so.

**VIII. MISCELLANEOUS ISSUES**

**A. Activities Covered by the NERC 2008 Budget and Business Plan**

NERC has organized and presented its business plan and budget based on six specific program areas. Each of these program areas carries out or supports implementation of one or more of the statutory activities required by Section 215 of the U.S. Federal Power Act. Specifically: (1) the Reliability Standards Program implements the statutory activity of development of reliability standards. (2) The Compliance Enforcement and Organization Registration and Certification Program implements the statutory activity of enforcement of compliance with reliability standards, including imposition of penalties and sanctions for violations of standards. (3) The Reliability Readiness Evaluation and Improvements Program supports the statutory activity of enforcing and achieving compliance with reliability standards and the statutory activity of conducting assessments of the reliability of the bulk power system. This program also provides information and feedback that supports the statutory activity of

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<sup>62</sup> That is, the NERC-related costs are allocated among all remaining entities, and the NPCC-related costs are allocated within remaining entities within NPCC.

development of reliability standards. (4) The Training, Education and Operator Certification Program supports the statutory activity of enforcing and achieving compliance with reliability standards, and also provides information and feedback that supports the statutory activity of development of reliability standards. (5) The Reliability Assessment and Performance Analysis Program implements the statutory activity of conducting periodic assessments of the reliability and adequacy of the bulk power system in North America. This program also provides information and feedback that supports the statutory activities of development of reliability standards and achieving compliance with reliability standards. (6) The Situation Awareness and Infrastructure Security Program supports the statutory activity of enforcing and achieving compliance with reliability standards, and also provides information and feedback that supports the statutory activities of development of reliability standards and conducting assessments of the reliability and adequacy of the bulk power system.

## **B. Consistency In Regional Entity Budgets**

As discussed in Sections III.B and V.A above, NERC and the regional entities expended considerable effort in the preparation of the 2008 business plans and budgets to achieve consistency in format, presentation and definition of programs and activities. As shown in Section E of **Attachment 2**, each regional entity's 2008 business plan and budget for statutory activities is organized based on the same six program areas on which the NERC budget is based.<sup>63</sup> As indicated below, for reporting purposes each regional entity is using the income statement accounts in the NERC system of accounts (provided in **Attachment 6**). Through its oversight of the preparation of the regional entity business plans and budgets, NERC has been

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<sup>63</sup> As previously noted, the one exception is the inclusion in WECC's budget of the reliability coordinator function as a statutory activity for which funding is provided through the ERO assessment mechanism.



able to verify that the regional entities assigned or allocated costs to the respective program areas on a consistent basis. As further shown in Section E of **Attachment 2**, each regional entity's 2008 business plan and budget for statutory activities is presented in the same manner, with consistent use and format of tables and charts.

In addition, in terms of minimizing differences between Regional Entity business plans, NERC and the regional entities have developed a set of metrics for use in making comparisons among the regional entities' activities, resources, business plans and budgets (*see Attachment 7*). As noted in Section V.B, the initial set of data and information that has been collected will provide a baseline that can be used in future years for making comparisons among the regional entities and conducting trend analyses. Of course, differences among regional entities with respect to the levels of activities, resources, business plans or budget requirements should not be considered *per se* unacceptable. Rather, such differences may be the result of different, equally appropriate approaches to implementing a delegated statutory responsibility. Therefore, analysis of differences among regional entities will require substantive evaluation of the underlying causes and approaches.

### **C. NERC Staff Involvement in Compliance Enforcement and Audit Activities**

In terms of compliance enforcement activities at the Regional Entity level, Section IV.B.2, above, and Sections A and B of **Attachment 2**, contain detailed discussion of and information on NERC's planned compliance enforcement activities for 2008. Additionally, pages 9-11 of **Attachment 4** list the 2007 objectives of the Compliance Enforcement and Organization Registration and Certification Program (as set forth in NERC's 2007 business plan and budget filing), and describe the progress to date in 2007 on each objective. With respect to involvement in compliance audits, in 2008 NERC will have 13 FTE personnel from its

Compliance Enforcement Program staff available to assist regional entities in compliance enforcement activities including by participating on audit teams for compliance audits conducted by the regional entities. With respect to items (3) and (4), NERC's objective is to have one NERC staff member participate in each compliance audit conducted by a regional entity. NERC projects that it will be able in fact to have a NERC staff member participate in 90% of the compliance audits conducted by regional entities during 2008. NERC does not intend to "select" 90% of the regional entity compliance audits in which to participate (or 10% in which not to participate). Rather, the 90% projection is a reflection of the fact that circumstances will inevitably arise which prevent NERC from having a staff member participate in every regional compliance audit, such as scheduling conflicts between or among audits or audit team members, or a regional entity's need to conduct a compliance audit on an expedited basis due to receipt of information indicating an existing or imminent violation of one or more reliability standards that poses a serious threat to the reliability of the bulk power system.

**D. Total Number of Activities, Registered Entities, and Audits**

(1) The total budgets for statutory activities and non-statutory activities of the regional entities are shown in the table on page 13, above. (As noted earlier, RFC and SERC do not plan to engage in any non-statutory activities and thus have no budget for non-statutory activities.)

(2) The total number of registered entities for each regional entity as of July 18, 2007, is reported in **Attachment 7**, in response to item 4, "Number of Registered Entities," under "Organization-Wide."

(3) The number of audits and type to be conducted by each regional entity is reported in **Attachment 7**, in response to item 4, "Number of Audits," under "Compliance Enforcement and Organization Registration."

**E. NERC System of Accounts and Record Keeping Requirements**

**Attachment 6** sets forth NERC's current records retention policy and its system of accounts. NERC believes its system of accounts and record-keeping requirements provide a level of detail that is comparable, in light of NERC's programs and operations, to the Uniform System of Accounts and are sufficient to allow the relevant governmental authorities to compare each fiscal year budget with the actual results at the NERC and regional entity level. These accounting practices and procedures comply with generally accepted accounting principles. For reporting purposes, the regional entities are using income statement accounts from Section E of the NERC system of accounts. Because of the differences in corporate structures, NERC has not required the regional entities to use the balance sheet portion of the NERC system of accounts.

Respectfully submitted,

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# Attachment 1

## NERC's proposed budget and funding requirement by program

<b>NERC Program</b>	<b>Budget for Statutory Functions 2007<sup>1</sup></b>	<b>Budget for Statutory Functions 2008</b>
<b>Reliability Standards</b>	\$ 3,784,031	\$ 4,990,523
<b>Compliance Enforcement and Organization Registration and Certification</b>	\$ 5,979,331	\$ 7,914,174
<b>Reliability Readiness Audits and Improvement</b>	\$ 3,049,235	\$ 3,355,606
<b>Training, Education and Operator Certification</b>	\$ 2,142,886	\$ 2,149,068
<b>Reliability Assessment and Performance Analysis</b>	\$ 3,763,326	\$ 4,254,186
<b>Situation Awareness and Infrastructure Security</b>	\$ 3,827,743	\$ 3,868,438
<b>Total Budget</b>	\$ 22,546,552	\$ 26,531,995
<b>Less: Non-Assessment Revenues</b>	\$ 864,000	\$ 1,593,000
<b>Plus: Provision for Cash Reserves</b>	\$ 804,779	\$ 755,036
<b>Total Funding Requirement</b>	\$ 22,487,331	\$ 25,694,031
<b>Allocation of Funding to Canadian Entities</b>	\$ 2,684,976	\$ 2,852,512
<i>Administrative Services (allocated to program areas)</i>	\$ 7,945,821	\$9,359,657

<sup>1</sup> 2007 restated to show indirect costs (Administrative Services) allocated to each program area based on budgeted FTEs.

**Proposed budget for statutory activities of each regional entity**

<b>Regional Entity</b>	<b>Budget for Statutory Functions 2007</b>	<b>Allocation to Canada 2007</b>	<b>Budget for Statutory Functions 2008</b>	<b>Allocation to Canada 2008</b>
<b>FRCC</b>	\$ 2,450,294	\$ -0-	\$ 3,989,948	\$ -0-
<b>MRO</b>	\$ 5,021,588	\$ 831,007	\$ 5,331,487	\$ 853,895
<b>NPCC</b>	\$ 5,214,361	\$ 2,872,446	\$ 7,648,718	\$ 4,020,380
<b>RFC</b>	\$ 9,443,972	\$ -0-	\$ 9,664,256	\$ -0-
<b>SERC</b>	\$ 5,702,055	\$ -0-	\$ 7,991,021	\$ -0-
<b>SPP</b>	\$ 3,181,026	\$ -0-	\$ 4,609,083	\$ -0-
<b>TRE</b>	\$ 4,870,755	\$ -0-	\$ 3,296,066	\$ -0-
<b>WECC</b>	\$17,832,369	\$ 2,684,504	\$ 27,940,402	\$ 3,731,844
<b>Total</b>	\$53,716,420	\$ 6,387,957	\$ 68,761,591	\$ 8,606,119

**Funding requirement for Section 215(j) activities requested by WIRAB**

<b>2007 Funding</b>				
<b>Regional Advisory Body Funding</b>	<b>U.S. Funding</b>	<b>Canadian Funding</b>	<b>Mexico Funding</b>	<b>Total Allocation</b>
<b>WIRAB</b>	\$ 397,875	\$ 73,546	\$ 5,839	\$ 477,260

<b>2008 Funding</b>				
<b>Regional Advisory Body Funding</b>	<b>U.S. Funding</b>	<b>Canadian Funding</b>	<b>Mexico Funding</b>	<b>Total Allocation</b>
<b>WIRAB</b>	\$ 404,035	\$ 66,966	\$ 6,260	\$ 477,261

**Aggregate Canadian ERO funding requirement of NERC, the regional entities and WIRAB**

<b>2007 Funding</b>					
<b>Regional Entity</b>	<b>NERC Funding</b>	<b>Regional Entity Funding</b>	<b>WIRAB Funding</b>	<b>Total Allocation</b>	<b>Allocation per kWh (2005 NEL)</b>
<b>FRCC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>MRO</b>	\$ 245,635	\$ 831,007	--	\$ 1,076,642	\$0.000025
<b>NPCC</b>	\$ 1,845,076	\$ 2,872,446	--	\$ 4,717,522	\$0.000013
<b>RFC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>SERC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>SPP</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>TRE</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>WECC</b>	\$ 594,266	\$ 2,610,958	\$ 73,546	\$ 3,278,770	\$0.000027
<b>Total</b>	\$ 2,684,977	\$ 6,314,411	\$ 73,546	\$ 9,072,934	\$0.000017

<b>2008 Funding</b>					
<b>Regional Entity</b>	<b>NERC Funding</b>	<b>Regional Entity Funding</b>	<b>WIRAB Funding</b>	<b>Total Allocation</b>	<b>Allocation per kWh (2006 NEL)</b>
<b>FRCC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>MRO</b>	\$ 277,729	\$ 853,894	--	\$ 1,131,623	\$0.000026
<b>NPCC</b>	\$ 1,921,917	\$ 4,020,380	--	\$ 5,942,297	\$0.000016
<b>RFC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>SERC</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>SPP</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>TRE</b>	\$ -0-	\$ -0-	--	\$ -0-	\$ -0-
<b>WECC</b>	\$ 652,866	\$ 3,664,879	\$ 66,966	\$ 4,384,711	\$0.000037
<b>Total</b>	\$ 2,852,512	\$ 8,539,153	\$ 66,966	\$11,458,631	\$0.000022

**ATTACHMENT 2**  
**2008 BUSINESS PLANS AND BUDGETS**



## **2008 Business Plan and Budget**

**North American Electric Reliability Corporation**

**Approved by Board of Trustees**

**August 1, 2007**



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## Introduction

<b>Total NERC Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	85.0	90.5	101.5
Total Funding <sup>1</sup>	\$22,546,552	\$23,020,052	\$26,531,995

The North American Electric Reliability Corporation (NERC) has been certified as the Electric Reliability Organization (ERO) within the United States. The ERO is defined in Section 215(a)(2) of the Federal Power Act (FPA) as the self-regulatory organization certified by the Federal Energy Regulatory Commission (FERC) under Section 215(c) to establish and enforce reliability standards for the bulk power system, subject to review by FERC. NERC is seeking recognition in Canada that is comparable to certification as the ERO in the United States, under the laws of the respective Canadian jurisdictions. NERC has entered into memorandums of understanding with the Ontario Energy Board, the Régie de l'énergie du Québec, the Nova Scotia Utilities and Review Board, and the National Energy Board. NERC has received formal recognition as the ERO from the Ontario Ministry of Energy. NERC is working with the other governmental authorities in Canada to achieve equivalent recognition.

NERC is a not-for-profit membership corporation organized under the New Jersey Nonprofit Corporation Act. Membership in NERC is open to any person or entity that has an interest in the reliable operation of the North American bulk power system.

In the 2007 business plan, NERC's primary objectives were: 1) to establish the corporation; 2) to be certified as the ERO in the United States; 3) to seek similar recognition in Canada; and 4) to take the necessary steps to begin operations. In this 2008 business plan, NERC extends the operation of the ERO into its first full year. The primary focus is to achieve excellence in operations at a record-setting pace while assuring the building blocks are in place to improve the reliability of the bulk power system in North America in both the short and long term.

NERC's principal activities will be the development, improvement (per FERC Order 693), and adoption of reliability standards to ensure the reliable operation of the bulk power system of North America and the monitoring, evaluating, and enforcement (where authorized) of compliance with those reliability standards by owners, operators, and users of the bulk power system. NERC will perform additional functions in support and furtherance of these principal responsibilities, such as training and certification of bulk power system operators, performing reliability readiness evaluations, and conducting assessments of the adequacy and reliability of the North American bulk power system. All of these activities will serve a broad public purpose of helping to improve reliability.

On March 16, 2007 FERC approved 83 reliability standards. These standards became effective for enforcement purposes in the United States on June 18, 2007. In addition, FERC recommended changes to 56 of the approved standards and is holding 24 more standards,

<sup>1</sup> Total Funding does not include funding for the delegated activities of the regional entities.

pending receipt of additional information. The new cyber security standards and new facilities rating standards also are pending approval at FERC. In addition, NERC standards are already mandatory and enforceable in Ontario and New Brunswick. The substantial body of standards approved for enforcement in the United States and two Canadian provinces provides a solid start to the standards development and enforcement cycle upon which additional work will be based.

## Planning Cycle

Beginning in 2007 NERC will formalize its strategic planning, operational planning, and annual business planning cycle to provide alignment of activities to a set of long-term objectives while providing consistency in near-term plans and operations. This cycle will be repeated each year. A five-year strategic plan, scheduled to be completed in the last half of 2007, will form the basis for development of three-year operational plans for each of the program areas in early 2008. This will be followed by the annual business plan later in the year. An example of a three-year operational plan can be found in the standards program area where the *Reliability Standards Development Plan 2007–2009* has been developed. The standards program will concentrate efforts toward improvements to the highest priority standards during 2008 and obtaining approval of the standards currently pending before FERC. NERC will file a revised work plan within 90 days, as FERC directed in its final rule on the reliability standards. In addition, the program will advance newly submitted standards. The 2008 goals and specific action plans for the standards program, drawn from this three-year plan, are detailed in Section A. All program areas will eventually follow this planning approach with the strategic plan providing guidance and alignment to a consistent set of long-term objectives.

## 2008 Primary Objective — Operations Excellence

NERC will excel in the execution of the plans laid out by each program area in 2008 through organized scheduling and tracking of activities within the program areas. As an example, a key milestone in the initiation of ERO activities was the completion of a compliance registry for all owners, operators, and users of the bulk power system in the United States. Canadian entities have been identified (but will not be given notice of registration until there is agreement with the appropriate jurisdictional authorities in Canada) on how the standards will become enforceable in those relevant jurisdictions. Registration and certification of the organizations responsible for complying with the standards will be an ongoing activity requiring accurate tracking and record keeping. In addition, 2008 will represent the first full year for the Compliance Monitoring and Enforcement Program with mandatory compliance to approved reliability standards including the delegated regional compliance enforcement programs. Vital elements of this program are tracking the mitigation of identified violations of standards and the management of enforcement action appeals. The resources necessary to complete these efforts have been identified and assigned to the compliance program area, including ongoing development of the Compliance Data Management System.

Operational excellence will advance through the system operator certification program, which successfully expanded certification renewal beyond retesting to using continuing education. The continuing education program will grow as more operators use continuing education instead of retesting. The system operator certification and continuing education programs, along with related tools and expenses, will be funded through user fees.

NERC will emphasize the forward-looking nature of its activities to assist in the identification of changes that can be made now to improve reliable operations tomorrow. As an example, the

Reliability Readiness Evaluation and Improvement Program performs readiness evaluations of registered reliability entities across North America and assists them in implementing the evaluation team's recommendations. These evaluations provide a forward view of the challenges ahead. The program also gathers information on the way those challenges can be addressed and communicates those approaches to the industry through the documentation of examples of excellence as determined by peer review. In 2007, NERC began the fourth year of reliability readiness evaluations. This work continues in 2008.

The forward-looking nature of NERC activities is also apparent in the Reliability Assessment and Performance Analysis Program. In 2008, this program will conduct independent assessments of the reliability and adequacy of the interconnected North American bulk power system for 2008 summer, 2008/2009 winter, and for the ten-year horizon 2008–2017. The development of appropriate reliability benchmarks will continue along with the identification and tracking of key reliability indicators as a means of benchmarking reliability performance and measuring reliability improvements. These benchmarks will ultimately be incorporated in the cycle of annual seasonal and long-term assessments.

## **2008 Primary Objective — Communication**

NERC will communicate with the industry, regulators, government agencies, and other stakeholders by application of protocols developed for each program area. This is a key element toward building cooperative relationships with all segments of the industry through consistent messages. A notable example is the close working relationship between NERC and the North American Energy Standards Board (NAESB). This effort receives additional focus and resources in this plan. NERC will also continue to provide a liaison to the Transmission Owners and Operators Forum to assure understanding of activities which are mutually beneficial. The cost for this liaison is recovered from the forum membership and does not impact the NERC budget.

NERC will continue to operate the Electricity Sector Information Sharing and Analysis Center (ESISAC) to gather information and share situational awareness analyses with appropriate governmental authorities in the United States and Canada. Improvements will be made to the capability of the ESISAC to analyze security threats, incident information, and to provide situational assessments as necessary.

The 2008 plan calls for enhancements to the NERC website with increased attention to ease of use and user preferences. Timely information that is easily found will ultimately improve not only the efficiency of operations, it will provide an improved platform for providing critical information to the industry and the public.

Finally, the established links between the regional entities and NERC must continue to thrive and improve. Not only will 2008 be the first full year for enforcement activities by NERC as the ERO in the United States, it will be the first full year of operation in the context of approved delegation agreements. The 2008 plan calls for continued efforts to assist the regional entities in carrying out their delegated compliance enforcement, registration, and certification activities. Additional resources are provided to assure the working partnership between NERC and the regional entities not only succeeds, but achieves the excellence envisioned by FERC in approving NERC as the ERO.

## **Delegated Authority and the Regional Entities**

As part of its responsibilities, NERC, as the international ERO, delegates its authority to regional entities (including cross-border regional entities) to perform certain functions through delegation agreements. On April 19, 2007, FERC, in the United States, approved delegation agreements between NERC and eight regional entities (Florida Reliability Coordinating Council, Midwest Reliability Organization, Northeast Power Coordinating Council (CBRE), Reliability*First*, SERC Reliability Corporation, Southwest Power Pool, Texas Regional Entity, and the Western Electricity Coordinating Council). The funding for regional entities is approved separately with each regional entity submitting its own business plan and budget for consideration by NERC and the regulatory authorities.

## **Detailed Business Plans and Budgets by Program**

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B.

## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	12.0	14.0	15.0
Total Direct Funding	\$2,258,433	\$2,258,433	\$3,118,592
Total Indirect Funding <sup>2</sup>	\$1,525,598	\$1,769,777	\$1,871,931
Total Funding	\$3,784,031	\$4,028,210	\$4,990,523

#### Background

NERC will accept and evaluate proposals for, and will develop and approve, technically sound, fair, and balanced reliability standards designed to ensure the reliability of the bulk power systems in North America. NERC will submit such standards to FERC and the appropriate Canadian governmental authorities for adoption as mandatory for bulk power system owners, operators, and users in the United States, and to the applicable governmental authorities in Canada for similar status. NERC has established, and will utilize, a reliability standards development process that has been accredited by the American National Standards Institute (“ANSI”) as meeting ANSI’s essential requirements for standards development: fair, balanced, open and inclusive, and conducted with due process. Volunteer technical experts and stakeholders from the electric utility industry will develop the standards under the facilitation of NERC’s professional staff, including NERC’s standards development coordinators and process manager.

The foregoing activities of persons engaged in the reliability standards development process will be conducted, to the extent possible, by conference calls, use of e-mail, Web site postings, and other means of electronic communications. In the event face-to-face meetings of participants are needed, those meetings will take place at NERC’s headquarters in Princeton, New Jersey, or at other locations in various cities within the United States and Canada, as selected from time to time for the convenience of the meeting attendees.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Reliability Standards Program, NERC estimates it will spend 20 percent of its resources on this activity.

#### Standards Process

NERC’s reliability standards development process will be overseen by a Standards Committee whose purpose is to see that all stakeholder interests are fairly represented in the development of reliability standards. The Standards Committee will be a broad-based, representative committee consisting of two representatives from each segment of the Registered Ballot Body (“RBB”).

<sup>2</sup> Indirect funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

Participation in the RBB, which consists of multiple, defined segments, is open to any person or entity with an interest in the reliability of the North American bulk power system.

Among other responsibilities, the Standards Committee will review each proposal for development of a new reliability standard, or modification of an existing reliability standard, to determine if the proposal should be pursued. If it so determines, the Standards Committee will appoint a reliability standard drafting team that has the necessary technical expertise, competencies, and diversity of views needed to develop the proposed standard. Development of each reliability standard will include at least one time period for receipt of public comment before the proposed standard is submitted for an approval vote. For the purpose of adopting each proposed reliability standard, a separate “ballot pool” will be established comprising the members of the RBB that have an interest in voting on that particular standard. After receiving an affirmative vote by the ballot pool, a reliability standard will be submitted to NERC’s Board of Trustees for approval. Finally, if approved by the Board of Trustees, the reliability standard will be filed with FERC for its approval in accordance with Section 215(d) of the FPA and 16 C.F.R. § 39.5, and to the applicable governmental authorities in Canada.

As noted earlier, FERC must find that a proposed reliability standard is just and reasonable, not unduly discriminatory or preferential, and in the public interest. Once FERC approves a standard and the effective date reached, compliance with the standard is legally binding on all applicable owners, operators, and users of the bulk power system in the United States. NERC is working with the governmental authorities in eight Canadian provinces, along with the National Energy Board of Canada, to achieve mandatory reliability standards in those jurisdictions.

The standards development process is designed to build and verify consensus for each standard. The open, inclusive, balanced, and transparent process ensures the resulting standards are just, reasonable, and nondiscriminatory. Participation by industry experts and compliance personnel ensures that the standards are technically sound, unambiguous, and measurable.

NERC coordinates its reliability standards development activities with business practices developed by NAESB.

### **Transition to the Electric Reliability Organization**

On March 16, 2007 FERC approved 83 reliability standards that become mandatory and enforceable as of June 18, 2007. In addition, FERC directed modifications to 56 of the approved standards and is holding an additional 24 standards pending receipt of additional information. FERC is also considering 11 additional standards for approval.

The principle focus of the 2008 standards work plan is to complete the work necessary to ensure all NERC’s existing standards meet statutory and regulatory requirements as ERO standards. The focus is to make identified improvements to the highest priority standards and obtain approval of standards identified as “pending” in accordance with the *Standards Development Work Plan 2007–2009*. NERC will review its standards work plan with FERC and the appropriate governmental authorities in Canada at least annually, or as requested, to coordinate work priorities and expectations. In September 2007, NERC is required to file an updated work plan with FERC and the applicable governmental authorities in Canada that incorporates FERC Order 693 directives.

## Standards Program Goals

The goals of the standards program for 2008 are to:

- Meet all directives of ERO governmental authorities with regard to standards development and procedures, specifically FERC Order 693.
- Meet the milestones in the three-year standards work plan that includes targets for the “fill-in-the-blank” regional standards.
- Ensure consistency and quality of regional reliability standards.
- Streamline and improve the standards process and associated tools.
- Work closely with NAESB in coordinating business practices and reliability standards.
- Communicate with stakeholders and regulators regarding standards development.
- Establish long-term vision for standards improvement and initiate implementation of the strategy.
- Ensure the topics addressed by the reliability standards keep pace with changing industry needs.
- Strengthen the relationship with the industry’s technical committees to ensure adequate input to standards development.

## Standards Program Objectives

The standards program objectives for 2008 are grouped into six categories: standards development; regional reliability standards development; standards improvement; business practice interface; process improvement; and communications.

## Standards Development

- Develop and revise standards as directed by FERC and other governmental authorities.
- Complete process for developing new standards on operator/situation awareness tools.
- Complete process for developing new standards on undervoltage load shedding.
- Complete process for developing new standards on reactive power reserves.
- Meet the deliverables outlined in the current version of the *Standards Development Work Plan 2007–2009*. New projects are expected to be initiated in the following areas:
  - Review of the INT family of standards;
  - Modeling load/demand data modifications;
  - Protection system standard improvements; and
  - Review of disturbance and sabotage reporting requirements.
- Propose new standards resulting from lessons learned by other NERC programs (e.g., reliability performance assessment, compliance enforcement, readiness evaluations, training, and situation awareness and infrastructure protection).

## Regional Standards Development

- Complete development of remaining regional “fill-in-the-blank” standards.



- Process regional standards submitted for approval and make recommendations to the NERC Board of Trustees.

### **Standards Improvement**

- As appropriate, incorporate changes to the *Reliability Standards Development Plan 2007–2009* based on the needs and priorities identified by the industry in a technical review/assessment of reliability standards, while addressing FERC Order 693 directives.
- Evaluate and determine a method to incorporate, as approved by the industry through the standards development process, proposed changes to planning and operating criteria and to the definition of adequate level of reliability.

### **Business Practice Interface**

- Develop one joint NERC–NAESB standard.
- Ensure NERC standards development and NAESB business practice development processes are aligned to meet agreed-upon expectations.

### **Standards Process Improvement**

- Revise standards development rules and procedures in response to governmental agency directives.
- Evaluate alternatives and improvements that ensure consensus is being achieved in an efficient manner.
- For high priority standards, shorten average development time of a standard to 12 months through stakeholder ballot (exclusive of field testing).
- Perform a time-management study of use of staff and industry resources to determine areas for improvement.
- Establish targets for staffing and tools to support the standards process:
  - Develop a relational database for standards management, including an online tool for managing stakeholder comments.
  - Identify areas for greatest opportunity for process improvement
  - Rethink the process for achieving consensus on standards.
  - “Flatten” the standards process by increasing the number of conference calls, Web casts, and e-mail actions to greater than 50 percent of all committee and drafting team meetings.
  - Survey stakeholders and drafting team chairs for input into the process with a goal of identifying opportunities for improvement.
  - Evaluate and improve ballot performance (quorums and balance).
  - Formalize a feedback loop for continuous improvement.
  - Track adherence to the standards procedure.
  - Improve the training of drafting teams and drafting team guidelines

## **Communications**

- Educate and inform industry stakeholders through highly effective standards workshops.
- Update and inform governmental regulators on the standards development work plan and processes through individual project discussions and annual meetings/conferences.
- Develop standards program communications that support NERC's overall communications platform.

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b>			
<small>(in whole dollars)</small>			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	20.0	20.0	26.0
Total Direct Funding	\$3,436,668	\$3,436,668	\$4,669,493
Total Indirect Funding	\$2,542,663	\$2,528,253	\$3,244,681
Total Funding	\$5,979,331	\$5,964,921	\$7,914,174

### Background

As the ERO, NERC monitors and enforces compliance with approved reliability standards by owners, operators, and users of the bulk power systems throughout North America. To facilitate NERC's compliance monitoring and enforcement activities, all owners, operators, and users of the bulk power system are identified and included on the compliance registry through the registration process described in NERC's Rules of Procedure.

There are eight sources for identifying an alleged violation, according to the Compliance Monitoring and Enforcement Program: self report; self certification; audit report; investigation; exception report; spot check; complaint; or a data submittal.

Monitoring for compliance with and investigations of alleged violations of reliability standards will be conducted by NERC and regional entities professional staff, with assistance from time to time by volunteers from the electric industry, government, and academia. Volunteers will be utilized primarily to provide industry expertise to compliance audit teams, technical advice, and recommendations to compliance staff.

NERC's compliance enforcement activities will be conducted at its headquarters in Princeton, New Jersey, at regional entity offices, at the locations of owners, operators, and users of the bulk power system, and at such other field locations throughout North America as are necessary to the performance of these activities, including the organization of enforcement and appeal hearings at locations by the regional entities.

Monitoring, auditing, investigating, and enforcing compliance with reliability standards by owners, operators, and users of the bulk power system, like the development and adoption of the reliability standards themselves, is at the core of NERC's mission. Through a rigorous program of monitoring, audits, and investigations, mitigation activities, and the imposition of penalties and sanctions for noncompliance with reliability standards, NERC will strive to maintain a high level of reliable operation of the bulk power system by its owners, operators, and users. Ensuring the reliable operation of the bulk power systems will benefit all owners, operators, and users of the bulk power systems and, ultimately, all users and consumers of electric power in North America, will provide a broad-based benefit to the public and will be in the public interest.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the reliability standards compliance enforcement process, NERC estimates that it will spend 34.7 percent of its resources on this activity.

2008 is the first full year the Compliance Monitoring and Enforcement Program will be responsible for mandatory compliance to approved reliability standards, including the delegated regional compliance enforcement programs. NERC has put in place (and will continue to enhance in 2008) the infrastructure including processes, procedures, software, and tools to implement the Compliance Monitoring and Enforcement Program.

To achieve maximum efficiency and provide direct assistance and oversight of the regional entity programs, NERC has provided staff available to the regional entities for conducting compliance audits or other activities. The NERC staff may be utilized to supplement regional staff should a region find itself short on resources or the ability to effectively implement its program. Three regional program coordinators are included in the 2008 program to participate on compliance audits of registered entities in order to provide expertise, and achieve a high level of consistency among the regional entities.

NERC will continue its efforts to assist and oversee the regional entities in carrying out their delegated compliance enforcement, registration, and certification activities. Compliance data collection, analysis, and reporting to the regulatory authorities in the United States and Canada will be enhanced based on the regulators requests and data collection, analysis, and reporting tools developed. NERC's Training, Education, and Operator Certification Program will continue to train compliance auditors, assuring there are competent and trained personnel at NERC and in the regional entities.

Registration and, in some cases, certification of the organizations responsible for complying with the standards will be an ongoing activity.

NERC compliance program staff also supports the development of compliance administration elements. NERC has developed the *Reliability Standards Development Plan 2007–2009* to review and revise all of its reliability standards. This undertaking requires a significant amount of work and coordination with the standards program and regional entities to review and update the compliance administration elements of all standards. NERC and regional entity staff will develop effective compliance violation severity levels, data retention requirements, and monitoring methods that work in concert with the requirements and measures within the standards.

NERC has implemented a Compliance Data Management System (CDMS) and will take full ownership of the system in 2008. The CDMS contains a regional module used by some regional entities to collect compliance information from registered entities. The regional module will become NERC's full responsibility in 2009.

### **Compliance Monitoring and Enforcement Program Objectives**

- Direct and oversee the regional entities implementation of their delegated compliance enforcement program responsibilities.
  - Maintain working relationships between NERC and the regional entities in order to achieve maximum effectiveness and consistency of monitoring, reporting, enforcement actions, and appeals by direct observation of program implementation.

- Assure timely mitigation of all violations of standards and requirements.
- Provide oversight of regional entity compliance programs and conduct formal audits of at least three regional entity programs.
- Participate in settlement processes with the regional entities for violations of standards as required, and review all settlements for consistent application of settlement principles.
- Review all enforcement actions for consistent application in all violations of standards.
- Assess the effectiveness of enforcement actions in mitigating violations of standards.
- Maintain the training program for compliance auditors.
  - Work with the Training, Education, and Operator Certification and Reliability Readiness Evaluation and Improvement Programs to review and maintain auditor training requirements.
  - Assure the training program requirements are delivered to all NERC and regional entity compliance auditors.
  - Deliver a training module for industry technical experts and audit volunteers.
- Enhance processes, databases, and reporting tools to allow for seamless, uniform reporting of alleged and confirmed violations of standards, proposed penalty and sanction actions, and disposition of all violations.
- Maintain reporting relationships with appropriate governmental authorities in the United States, Canada, and Mexico and establish processes and procedures to report violations, levy penalties and sanctions, and remedy the violations.
  - Confidentially report all alleged violations of standards to FERC and the appropriate governmental authorities in the United States, Canada, and Mexico through established processes.
  - Make notice of penalty filings for all penalties and sanctions applied to compliance violations.
  - Provide other informational updates and filings as required by the NERC Rules of Procedure and governmental authorities.
- Maintain and enhance the reporting of violations of standards to the NERC Board of Trustees Compliance Committee.
  - Report quarterly all confirmed violations of NERC or approved regional standards for which investigatory, decisional, and appeal processes have been completed, including the identity of the organizations involved in those violations.
  - Track the mitigation of identified violations of standards.
- Develop, on a coordinated basis with the Reliability Standards Program, the compliance elements for approximately 100 new or revised standards.
- Manage all enforcement action appeals (resources based on approximately 25–30).

- Maintain a compliance reporting process.

### **Organization Registration and Certification Objectives**

- Maintain an accurate registration list of all owners, operators, and users of the bulk power system for compliance monitoring purposes.
  - Oversee the regional entities' implementation of the registration process.
  - Update and confirm the registration list as needed (at least annually)
  - Provide necessary registration information to FERC and other appropriate governmental authorities.
  - Review the completeness of the organization registration list and determine if additional efforts are necessary to identify other entities or collect more information from bulk power system owners, operators, and users.
  - Develop and maintain a process for appealing a decision to include an entity on the registration list.
- Implement organization certification within the regional entities.
  - Maintain processes and procedures, used by NERC and the regional entities, for carrying out the delegated certification activities that are required by the certification standards.
  - Provide auditors for certification audits scheduled by the regional entities (resources based on approximately 20 in 2007).

## Reliability Readiness Evaluation and Improvement Program

<b>Reliability Readiness Evaluation and Improvement Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	11.0	12.0	12.0
Total Direct Funding	\$1,650,771	\$1,650,771	\$1,858,061
Total Indirect Funding	\$1,398,464	\$1,516,952	\$1,497,545
Total Funding	\$3,049,235	\$3,167,723	\$3,355,606

### Background

NERC will continue to carry out a Reliability Readiness Evaluation and Improvement Program designed to assess the readiness of operators of the bulk power system to execute their designated responsibilities for maintaining the reliable operation of the bulk power system. Readiness evaluations, for each evaluated entity that includes reliability coordinators, balancing authorities, transmission operators, and other entities that provide support to them, are conducted on a three-year cycle. NERC's reliability readiness evaluations promote excellence in operations by identifying opportunities for improvement and examples of excellence that help the evaluated entity, and other entities, improve their ability to operate the bulk power system.

Reliability readiness evaluation teams consist of industry volunteers with appropriate technical expertise. A member of NERC's professional/technical staff leads each evaluation team. Reliability readiness evaluation activities largely take place at the locations of the evaluated entities while the associated administrative support and report preparation takes place at NERC's headquarters in Princeton, New Jersey. Evaluation teams prepare and publicly publish a report of the team's findings on the NERC Web site.

The Reliability Readiness Evaluation and Improvement Program is an important component to support NERC accomplishing its mission. The activities and functions of the operators of the bulk power systems of North America that are subject to readiness evaluations are particularly critical to achieving the reliable operation of the bulk power systems. By implementing a continuous program of evaluating the activities of these entities, as well as sharing among them best practices and examples of excellence disclosed by the evaluations, NERC seeks to promote an ongoing superior standard of performance by these operators in their reliability-related functions, and thereby further ensuring the reliable operation of the bulk power systems of North America. Ensuring the reliable operation of the bulk power systems will benefit all owners, operators, and users of the bulk power systems and, ultimately, all users and consumers of electric power in North America. Thus, the Reliability Readiness Evaluation and Improvement Program provides a broad-based benefit to the public and is in the public interest.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Reliability Readiness Evaluation and Improvement Program, NERC estimates that it will spend 16 percent of its resources on this activity.

In 2007, NERC will begin the first year of its second three-year cycle of reliability readiness evaluations of reliability coordinators, balancing authorities, and transmission operators. The

second three-year cycle program has been rewritten based on industry feedback, recommendation analysis, and other information sources to begin to migrate to an Institute of Nuclear Power Operations (INPO)-type program. Continual work throughout the year will focus on program performance, criteria, and metrics. NERC will continue to expand the coverage of its program to include transmission owners (local control centers) that have been delegated reliability functions in support of other reliability entities. Program staff will be working with the University of Delaware to jointly develop and implement a project that will focus on program automation to allow industry and staff ease of access to various program documents and volunteerism. In addition, program staff will continue to analyze the information and recommendations collected during the first cycle. Communication efforts will be expanded to provide to the industry additional program metrics as well as gaining additional industry feedback. NERC continues to promote the examples of excellence identified through the readiness evaluation program in its quarterly *Examples of Excellence* bulletin.

In 2008 the Reliability Readiness Evaluation and Improvement Program staff will continue to pursue its primary mission: to perform readiness evaluations of the registered entities across North America and assist them in implementing the evaluation team's recommendations. Program metrics will be expanded and the results shared with the industry. The collaborative project effort commenced in 2007 with the University of Delaware will be completed. Program staff will work with industry committees and member forums, through identified examples of excellence and reliability readiness evaluation experiences, to create useful best practice guidelines for industry participants. In addition, program staff will continue to implement the projects commenced in 2007 that streamline the process and potentially have the ability to reduce the entity evaluation preparation process. Also in 2008, the program staff will continue to analyze the collection of readiness evaluation findings, refine and expand benchmarking activities, and provide meaningful guidance to the industry committees and NERC's other program areas on topics that merit additional focus toward the goal of continuous improvement. NERC will also focus on evaluating and improving the effectiveness of the reliability readiness program and staff through a self-audit of its program, by additional training of evaluation team members, and potential certification of evaluation team leads.

### **Reliability Readiness Evaluation and Improvement Objectives**

- Evaluate one-third of the reliability coordinators, balancing authorities, and transmission operators in 2007, independent of regional compliance audits. In 2008, 60 evaluations are expected to be performed.
- Continue to expand the program to include evaluations of the large transmission owners (local control centers) that have been delegated functions or provide significant support to registered reliability entities. In 2008, approximately 12 evaluations of transmission owners will be conducted.
- Work with industry and member forum groups to continue to migrate the Reliability Readiness Evaluation and Improvement Program into an INPO-type program that contains objective metrics.
- Work with the Operating Committee and the Transmission Owners and Operators Forum to develop and implement a comprehensive assistance program.
- Implement a training program for reliability readiness evaluators.



- Work with the Training, Education, and Operator Certification and Compliance Monitoring and Enforcement Programs to develop and implement evaluator training requirements.
- Assure the program is delivered to all NERC reliability readiness evaluators.
- Deliver a training module for industry technical experts and evaluation volunteers.
- Communicate to the industry examples of excellence identified through the Reliability Readiness Evaluation and Improvement Program and other means.
- Develop enhanced tools and processes to track the implementation status of reliability readiness evaluation recommendations.
  - Coordinate with the Compliance Monitoring and Enforcement Program on the development of an enhanced reporting tool for violations of standards and readiness audit recommendations.
  - In conjunction with the regional entities, develop a process for verifying the implementations of the readiness evaluation recommendations.
- Maintain and enhance reporting of readiness evaluation recommendations to the NERC Board of Trustees.
  - Report quarterly the status and mitigation of each recommendation identified in the reliability readiness evaluation process.
  - Perform a critical analysis of evaluation recommendations and findings to determine meaningful trends, and communicate this information to the industry and the NERC board, as a mechanism for improvement.
- Assure reporting of all probable violations of standards and requirements to the regional compliance officers within two weeks of the conclusion of the readiness evaluations, unless the probable violation falls under the 48-hour reporting requirements.
- Provide routine feedback to the standards program on deficient areas in existing reliability standards determined during the execution of the readiness evaluation process.
- Coordinate with the industry's technical groups on the development of industry best practices and work with the training and education program to develop meaningful educational materials.
- Perform a self-assessment of the Reliability Readiness Evaluation and Improvement Program to evaluate the success and effectiveness of the program in achieving its mission.

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	6.0	6.0	6.0
Total Direct Funding	\$1,380,087	\$1,540,087	\$1,400,295
Total Indirect Funding	\$762,799	\$758,476	\$748,773
Total Funding	\$2,142,886	\$2,298,563	\$2,149,068

### Background

#### System Operator Certification Program

The System Operator Certification Program provides a certification credential for the operating personnel of the owners, operators, and users of the bulk power system. The program initially certifies the competency of operating personnel through examinations. Operation of the program is overseen by the Personnel Certification Governance Committee (PCGC), which is a standing committee of NERC reporting to the Board of Trustees. The PCGC provides oversight to the policies and processes used to implement and maintain the integrity and independence of the System Operator Certification Program. The PCGC reports to the Board of Trustees, but has autonomy in developing and implementing system operator certification eligibility requirements (the development, administration and scoring of the system operator assessment instruments, and operational processes for the System Operator Certification Program).

Operating personnel seeking certification or wishing to maintain certification through the System Operator Certification Program pay fees for examinations and other continuing education activities. The program also includes periodic recertification of system operators through the accumulation of continuing education hours. The fees are structured to recover the costs of operating the System Operator Certification Program. NERC's professional/technical staff administers the System Operator Certification Program on behalf of the PCGC on a fee-for-service basis designed to compensate NERC for its costs incurred in administering the program. In addition, NERC uses the services of a professional examination proctoring service to administer certification examinations at various locations around the United States and Canada.

The System Operator Certification Program is an important component of NERC's mission. Providing a system of certification of the basic competencies of operating personnel of owners, operators, and users of the bulk power systems of North America helps achieve a high level of competence among these operating personnel in the performance of their reliability-related functions. This further ensures the reliable operation of the bulk power systems of North America. Ensuring the reliable operation of the bulk power systems benefits all owners, operators, and users of the bulk power systems and, ultimately, all users and consumers of electric power in North America. Reliable operation provides a broad-based benefit to the public and is in the public interest.

In 2007, the System Operator Certification Program successfully expanded beyond the testing and retesting that had been the basis of the program. Certified system operators are now able to

submit qualifying continuing education hours to maintain their credential in lieu of recertifying via an exam.

To accommodate the recordkeeping requirements for continuing education, the program developed and implemented a new portal and database. The second phase of this project, also implemented in 2007, improved the features of the portal and database beyond the basic design. The fully allocated costs of this project were recovered through fees collected by the System Operator Certification Program and the Continuing Education Program.

Improvements to the database for users are expected in 2008. The cost of these improvements will continue to be recovered through the System Operator Certification Program and the Continuing Education Program.

### **Continuing Education Program**

NERC maintains a Continuing Education Program to foster the improvement of, and promote quality in, the training programs used by and implemented by owners, operators, and users of the bulk power system. The program approves those activities and entities meeting NERC's continuing education requirements.

Specifically, the NERC Continuing Education Program: promotes excellence in training programs, and advances improved performance for, bulk power system operating personnel identified in the preceding paragraph; develops and maintains a process to approve or accredit continuing education providers and activities seeking approval or accreditation and meeting continuing education requirements approved by NERC; periodically audits continuing education providers and training activities to ensure that the approved providers and training activities satisfy NERC's continuing education requirements; and develops and maintains an appeals process for disputed application reviews, interpretations of guidelines and standards, probation or suspension of approved provider status, or continuing education hour disputes.

In mid-2007 the Continuing Education Program increased fees to fully cover the costs of administering the program. This program is expected to maintain its growth in 2008 as more system operators use continuing education hours to maintain their credential instead of retesting. Records for this program are integrated with the portal and database used by the System Operator Certification Program. Costs for this tool are equally divided between the two programs.

### **Training and Education**

NERC also develops and maintains a training and education program to establish training requirements and develop learning materials and activities. The primary target audience of the training and education program is bulk power system operating personnel including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, training personnel, and others directly responsible for complying with reliability standards who, through their actions or inactions, may impact the real-time, or day-ahead reliability of the bulk power system.

Additionally, NERC develops and provides educational and training resources to industry participants and regulators affected by new or changed reliability standards or compliance requirements. These resources are designed to help industry participants and regulators understand the content of the reliability standards and what is needed for compliance. The influx

of new and modified reliability standards and requirements has the industry looking to NERC for training and educational materials and activities.

NERC's activities to carry out these functions include: conducting job task analyses for targeted bulk power system personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel; developing and maintaining training program curriculum requirements based on valid job-task analysis; periodically conducting performance surveys to determine the effectiveness of the training program and identify areas for further training development and improvement; developing training and education materials and activities to assist bulk power system entities in implementing new or revised reliability standard requirements; and developing and providing auditor training to persons who participate in audits and investigations conducted by NERC and its regional entities for NERC's Compliance Monitoring and Enforcement, Organization Registration and Certification, Reliability Readiness Evaluation and Improvement, and Continuing Education Programs.

The training and education program activities are carried out by NERC's professional/technical staff and contractors with the assistance of volunteers from the electric industry, government, and academia possessing the appropriate technical knowledge and competencies. The training and education program activities are carried out at its headquarters in Princeton, New Jersey, through conferences calls, exchanges of information through e-mail, Web site postings, other means of electronic communications, and in meetings and conferences at locations around the United States and Canada.

Training was developed and delivered for compliance audit team leaders in 2007. Additional learning activities, that will continue to improve compliance auditor skills, will be developed and delivered in 2008 and beyond. Reliability readiness evaluator training is also being developed in 2007 and will continue to be delivered through 2008.

NERC is planning to implement a limited number of on-demand internet-based learning activities in 2008. To accomplish this, a learning management system with the necessary bandwidth and features to host these activities will be secured. The targeted audiences for initial activities are compliance auditors and readiness evaluators. This system will allow for more convenient training for users, with far less travel. The assessment and tracking features in the system will catalog successful activities and verify users are learning the material.

Developing and maintaining training and education programs for bulk power system operating personnel and the other targeted audiences of these programs is an important component of NERC's accomplishment of its mission. Providing a training and education program for the operating personnel of owners, operators, and users of the bulk power systems of North America, relating to their compliance with reliability standards and other reliability-related job functions, will help to achieve a high level of knowledge and competence among these operating personnel in the performance of their reliability-related functions. It also helps to promote a culture of compliance within the industry, and thereby will help to further ensure the reliable operation of the bulk power systems of North America.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Training, Education, and Operator Certification Program, NERC estimates that it will spend 8 percent of its resources on this activity.

## Training, Education, and Operator Certification Objectives

### Operator Certification

- Administer the current System Operator Certification Program.
- Continue the three-year transition to the exclusive use of continuing education hours for maintaining system operator certification in lieu of reexamination.
- Identify and implement additional interface improvements to the portal and database that personnel use to register for the system operator certification examinations and track continuing education activities.

### Continuing Education

- Assess and improve the training provider requirements.
- Raise the quality and levels of training for system operators throughout North America to ensure that delivered training meets the needs of the System Personnel Certification Program.
- Define and implement the processes to review and audit training activities being delivered by providers in order to ensure quality training for system personnel.
- Establish relationships with training vendors and consultants to improve the training products used by industry trainers to augment utility training programs.
- Analyze and improve training activity application and assessment processes.
- Define and implement improvements to the portal and database used by providers to track delivered continuing education activities.

### Training and Education

- Develop and implement the learning management system to electronically host learning activities and materials for the training and education function.
- Prioritize and develop learning materials and activities for the reliability standards that will be reviewed in 2008 based on the *Reliability Standards Development Plan 2007–2009* (currently 17 standards for 2008 and 5 from 2007).
- Develop and deliver training for compliance auditors.
  - Deliver fundamental training for new NERC staff, regional entity staff, and contractors who act as team leaders on a quarterly basis.
  - Develop and deliver learning activities to further improve compliance auditor skills (4 sessions).
  - Deliver fundamental training for industry technical experts and volunteers who participate on compliance audits (internet-based).
  - Implement a process and database to verify and track compliance auditor training.
- Develop and deliver learning activities and materials on lessons learned from the analysis of system events and system performance.
- Develop and deliver training for reliability readiness evaluators.

- Develop and deliver fundamental and skills-based training for NERC, regional entity staff, and contractors who act as team leaders.
- Deliver training for industry technical experts and volunteers who participate on reliability readiness evaluations (internet-based).
- Perform a follow-up job task analysis for the compliance auditor function to capture the maturation of the process.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	9.0	9.0	11.0
Total Direct Funding	\$2,619,128	\$2,619,128	\$2,881,436
Total Indirect Funding	\$1,144,198	\$1,137,714	\$1,372,750
Total Funding	\$3,763,326	\$3,756,842	\$4,254,186

### Background

In the United States, the ERO is required to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.” (FPA, § 215(g); 18 C.F.R. § 39.11.) In accordance with this responsibility and NERC’s responsibility to support the reliability of the North American bulk power system, NERC intends to prepare three reliability assessments each year: a long-term reliability assessment report; a summer assessment report; and a winter assessment report. These reports will analyze electricity demand and the adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. NERC will also prepare special reliability assessment reports as conditions warrant or as directed by the Board of Trustees. Copies of all reliability assessment reports will be submitted to FERC, the U.S. Department of Energy (DOE), the applicable governmental authorities in Canada, regional advisory boards, and be made publicly available. Further, NERC will analyze significant system events that occur on the bulk power systems, identify the causes of such events, assess past reliability performance, disseminate its findings to the electric industry, and develop reliability performance benchmarks.

Reliability and adequacy assessments and analyses of significant system events occurring on the bulk power system will be conducted by teams comprising members of NERC’s and regional entity professional/technical staff along with volunteers from the electric industry, government, and academia possessing appropriate technical competencies. Except to the extent that site visits are necessary in conducting analyses and investigations, the work of these teams will be carried out through conference calls, exchanges of information through e-mail, Web site postings, other means of electronic communications, and, to the extent necessary, in meetings at NERC’s headquarters in Princeton, New Jersey or at meeting locations around the United States and Canada selected for proximity to and ease of access by the team members.

The purposes of NERC’s reliability assessment and performance analysis activities (in addition to fulfilling its obligations under the FPA and the FERC Rule) are to: conduct, and report the results of, independent assessments of the overall reliability and adequacy of the interconnected North American bulk power systems, both as existing and as planned; analyze off-normal events on the bulk power system; identify the root causes of events that may be precursors of potentially more serious events impacting the reliable operation of the bulk power systems; assess past reliability performance for lessons learned; disseminate findings and lessons learned to the electric industry to improve reliability performance on the bulk power systems; and develop, and monitor performance against, reliability performance benchmarks. These objectives, and the performance of reliability and adequacy assessments, are important components of NERC’s

accomplishment of its mission. By performing reliability and adequacy assessments of the bulk power systems as well as analyzing and determining the root causes of significant system events occurring on the bulk power systems, NERC seeks to disseminate to owners, operators, and users of the bulk power system, as well as to FERC and other applicable governmental authorities, information that can help prevent future significant system events and improve reliable operation of the bulk power systems of North America. Improvements in the reliable operation of the bulk power systems will benefit all owners, operators, and users of the bulk power systems, all users of electricity in North America, and will provide a broad-based benefit to the public and will be in the public interest.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the performance of reliability and adequacy assessments, the analysis of significant system events on the bulk power system, and to the development of reliability metrics and benchmarks, NERC estimates that it will spend 14.7 percent of its resources on this activity.

### **Reliability and Adequacy Assessment Objectives**

- Conduct and report the results of independent assessments of the overall reliability and adequacy of the interconnected North American bulk power systems for 2008 summer, 2008/2009 winter, and 2008–2017.
- Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission (supply shortages, generating unit shutdowns, fuel supply and transportation disruptions, droughts, floods, strikes, extreme weather, etc).
- Address potentially negative impacts on bulk power system reliability or adequacy due to concerns arising from the operation and planning of gas supply, transportation, and storage, and the operation and planning of electric systems.
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, demand response initiatives, introduction of renewable energy sources, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power systems.
- Establish and maintain relationships with industry, regulatory, and governmental organizations involved with or having an interest in bulk power system reliability (e.g., DOE, FERC, EIA, RTOs/ISOs, Canadian provincial governmental agencies, etc.).
- Review international best practices on emerging issues and incorporate into annual reliability and adequacy assessment reports.
- Review regional reliability assessment processes, regional criteria, and methodologies for consistency and their interdependency and impact on neighboring regions.
- Sponsor forums for sharing best practices for reliability and planning assessments; review and recommend enhancements to current interregional and interconnection-wide reliability assessments.
- Complete studies of reliability issues initiated under the NERC Reliability Issues Study Program (initiated in 2007.)
- Develop white papers on key emerging issues with associated metrics and industry action plans.



- Review the impact of potential fuel supply or transportation infrastructure interruptions in reliability assessments.
- Maintain a continuing working dialog on bulk power system reliability and adequacy issues with natural gas supply and transportation industry representatives.
- Develop and submit standards authorization requests (SARs), as required, for any deficiencies or needs revealed by reliability assessments, and solicit industry subject matter experts to serve on standards drafting teams.
- Maintain a library of solved power flow models, a system dynamics database, and dynamics simulation cases for the Eastern Interconnection for use by the regional reliability organizations and their members in planning and evaluating future systems and current operating conditions.

### **Events Analysis and Information Exchange Objectives**

- Record all significant system events in the NERC Events Database, created in 2006 (in conjunction with the Situation Awareness and Infrastructure Security Program).
- Conduct NERC-level analyses, as needed, of significant system events to determine root causes and lessons learned.
- Participate in regional analyses as determined by NERC.
- Maintain and enhance *NERC's Blackout and Disturbance Response Procedures* (in conjunction with the Situation Awareness and Infrastructure Security Program).
- Direct teams in the analysis of significant system events.
- Analyze the frequency performance of the interconnections using data from appropriate measurement systems.
- Establish a clear set of criteria for sorting reported system events into categories, deciding what level of analysis is needed, and who will undertake such analyses (triage function).
- Communicate to the industry root causes of events that may be precursors of potentially more serious events and other “lessons learned” from all analyses.
- Analyze and identify improvements to the interaction of the transmission system with nuclear power plants, especially related to minimum voltages required by the plants for the safe shutdown of reactors.
- Develop and submit SARs, as required, for any deficiencies or needs revealed by event analyses.
- Advise the Reliability Readiness Evaluation and Improvement Program of specific issues identified through analyses that should be included in future readiness evaluations.
- Advise the Compliance Monitoring and Enforcement Program of any potential reliability standards violations identified through significant system event analyses.
- Assess and report quarterly to NERC technical committees, and the board, on past reliability performance of the bulk power system.
- Assess and report annually to NERC technical committees and the board on past reliability performance for the previous five years, including recommendations to improve reliability.

- Improve understanding of dynamic system behavior by: promoting understanding of inter-area oscillations and their importance to system integrity; and promoting application of Phasor Measurement Unit-based technology to operations situational awareness.
- Improve performance of system protection by promoting generator/transmission protection and controls coordination.
- Improve system modeling by sponsoring model validation/dynamics symposiums; assist interconnection-wide reliability assessment groups in improving the quality of their base cases being developed; promote development of standard file formats for exchanging real-time powerflow data (power system “snapshots”); and standardize the mapping of power system elements (generators, transmission lines, etc.) in databases and power system models.

### **Benchmarking Objectives**

- Maintain a performance metrics “dashboard” on the NERC Web site, and develop appropriate reliability performance benchmarks (initiated in 2006).
- Identify and track key reliability indicators (such as system control performance, TLRs, disturbances, etc.) as a means of benchmarking reliability performance and measuring reliability improvements (initiated in 2006).
- Incorporate the results of the latest reliability threats survey into the Reliability Dashboard.
- Report on changes in reliability performance compared to established benchmarks for each reliability performance indicator (initiated in 2006).
- Identify and continuously monitor performance indices to detect emerging trends and signs of a decline in reliability performance (initiated in 2006).
- Develop and submit SARs, as required, for any deficiencies or needs revealed by the benchmarking program.
- Maintain a Generating Availability Data System (GADS) on the performance of electric generating equipment; provide assistance to those researching information on power plant availability; support equipment reliability and availability analyses and other decision-making processes; facilitate the use of GADS data in conducting assessments of generation resource adequacy; and report on trends in generating equipment performance.
- Communicate performance results, trends, recommendations, and initiatives to those responsible to take actions; follow with confirmation of actions to correct any deficiencies identified.
- Establish and maintain a Transmission Availability Data System (TADS) and report on trends in transmission equipment performance.

### **Summary of 2008 Additions**

The proposed *2008 NERC Business Plan and Budget* for the Reliability Assessment and Performance Analysis program includes the following proposed additions in personnel and operating expenses:

### **Transmission Availability Data System (TADS)**

The NERC Planning Committee (PC) formed a task force in October 2006 to develop a proposal for quantifying and measuring transmission system performance and reliability. This proposal was to identify the type of transmission availability data that transmission owners should report to NERC; a single process for collecting such data that avoids duplication of effort; the transmission availability statistics that could be calculated from the reported availability data; and guidelines for release of such data and statistics. The PC approved the final report of the task force at its June 2007 meeting.

NERC is targeting to start up TADS in 2008. Prior to start up, NERC will undertake the development of custom software and conduct training for data reporters, and have budgeted \$150,000 for this work. In addition, NERC plans to hire a full-time manager for this new program to oversee software development, training, data collection, etc. In addition, there will be a need for part-time technical support.

With TADS in place, NERC will request the Energy Information Administration eliminate its requirement for transmission owners to report transmission availability data as part of Form EIA-411, Schedule 7.

### **Event Analysis and Information Exchange**

One of the NERC recommendations following the August 2003 blackout was to establish a reliability performance monitoring function to evaluate and report bulk power system reliability performance. The Event Analysis and Information Exchange Program has made significant progress in implementing this blackout recommendation, but more resources are needed for its full implementation.

Six analyses of significant system events have been completed since the end of 2005 and nine more events are under review or investigation, five of which have been delayed awaiting the availability of staff resources.

In addition to analysis of specific events, the staff is:

- Developing a procedure for issuing NERC Alerts;
- Establishing an information release policy and an secure industry Web site for the Alerts needed due to critical infrastructure concerns;
- Developing “Triage Team” plans and an industry support committee structure for event analysis;
- Redesigning the events tracking database;
- Providing technical support to the North American Synchro-Phasor Initiative; and
- Fostering improved system powerflow and dynamics modeling through technical symposiums.

The 2008 budget includes the addition of a second senior engineer to assist in events analysis plus funds to purchase powerflow and dynamics software necessary for event analysis.

### **Generating Availability Data System (GADS)**

GADS is used extensively throughout the industry to support resource adequacy studies and improve the availability performance of generating equipment. The 2008 budget for this program includes the following:

- Continued upgrades and improvements to pc-GAR plus maintenance and upgrades to other GADS-related programs, such as edit and entry programs.
- Completion of work with Canadian Electricity Association (CEA) on conversion from the CEA-format to GADS.
- Create translation tables to convert INPO data to the GADS format for collecting all nuclear data to reduce the reporting burden on data reporters (i.e., report once to both databases).

Our objective is to continue to pursue opportunities to make GADS more financially self-sufficient. Efforts to achieve this objective include:

- Sales of pc-GAR to non utilities.
- Sales of Manufacturers Support Services to equipment manufacturers.
- Charging for workshops.
- Receiving travel compensation for special assistance visits.

## Situation Awareness and Infrastructure Security Program

<b>Situation Analysis and Infrastructure Security Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	4.5	4.0	5.0
Total Direct Funding	\$3,255,644	\$3,298,144	\$3,244,461
Total Indirect Funding	\$572,099	\$505,649	\$623,977
Total Funding	\$3,827,743	\$3,803,793	\$3,868,438

### Background

On an ongoing basis, NERC will monitor conditions on the bulk power system and provide leadership coordination, technical expertise, and assistance to the electric industry in responding to abnormal events on the bulk power system. To perform these functions, NERC will: maintain real-time situational awareness of conditions on the bulk power system; notify the industry of significant bulk power system events that have occurred in one area, and which have the potential to impact reliability in other areas; maintain and strengthen high-level communication, coordination, and cooperation with governments and governmental authorities regarding real-time conditions on the bulk power system; and enable the reliable operation of interconnected bulk power systems by facilitating information exchange and coordination among reliability service organizations.

Additionally, NERC will provide tools and other support services for the use and benefit of bulk power system operators including reliability coordinators. Tools and support services to be provided and maintained by NERC will include: the Area Control Error (ACE) and Frequency Monitoring System; the NERC Hotline; Real-time Flows; the System Data Exchange (SDX); the Reliability Coordinator Information System (RCIS); the Transmission Services Information Network (TSIN); the Interchange Distribution Calculator (IDC); the Interregional Security Network (ISN); and the Central Repository for Security Events (CRC). As part of these activities, NERC will facilitate real-time voice and data exchange among bulk power system reliability coordinators.

Further, NERC will take a leadership role and coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America so as to reduce the vulnerability and improve the protection of the critical infrastructure of the electricity sector. NERC will act as the Electricity Sector Information Sharing and Analysis Center (ESISAC) to gather and communicate information about security-related threats within the sector to the United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC will also perform security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information on critical infrastructure protection matters with federal, state, and provincial governmental authorities.

NERC's situation awareness and infrastructure security activities will be carried out primarily by NERC's professional/technical staff at its headquarters in Princeton, New Jersey and through meetings and conferences with governmental and other entities at other locations as necessary.

Maintaining real-time awareness of conditions on the interconnected bulk power systems of North America (including awareness of abnormal events, communicating information concerning system conditions and abnormal events to, and facilitating real-time communications among, system operators responsible for the reliable operation of the bulk power systems) is critical to maintaining reliable operation of the bulk power systems, as is promoting and planning for protection of the electricity sector's critical infrastructure. It also assists NERC in identifying areas where new or revised reliability standards may be required. Ensuring the reliable operation and integrity of the bulk power systems will benefit all owners, operators, and users of the bulk power systems and, ultimately, all users and consumers of electric power in North America.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Situation Awareness and Infrastructure Security Program activities and functions, NERC estimates that it will spend 6.6 percent of its resources on this activity.

The Situation Awareness and Infrastructure Security Program is the combination of near real-time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure. This includes the operation and maintenance of tools and other support services for the benefit of reliability coordinators and other system operators.

### **Situation Awareness and Infrastructure Security Program Objectives**

- Using risk management principles, take actions to enhance the security and resilience of the bulk power system and address the threats and hazards.
- Establishing a robust situation awareness capability to monitor the bulk power system and the industry's response to cyber and physical incidents affecting the reliable operation of the system.

### **Electricity Sector Information Sharing and Analysis Center (ESISAC) Objectives**

- Operate the ESISAC to gather information and communicate security-related threats and operating incidents within the sector, to the United States and the appropriate governmental authorities in Canada, and to other critical infrastructure sectors.
- Improve the capability of the ESISAC to analyze security threats and incident information and provide situational assessments for the electricity sector and governmental authorities and departments.
- Strengthen relationships with FERC, the U.S. Department of Homeland Security (DHS), DOE, Public Safety Canada (PSC), and other authorities of national, state, and provincial governments on infrastructure security matters.
  - Fill the role of the Electricity Sector Coordinating Council and coordinate with the Government Coordinating Council.
  - Coordinate with other infrastructure sectors through active participation with their respective Sector Coordinating Councils, the other ISACs, and the National Infrastructure Advisory Committee.
  - Encourage and participate in coordinated critical infrastructure security exercises, including interdependencies with other critical infrastructure sectors.

- Improve mechanisms for the sharing of sensitive or classified information with federal, state, and provincial governmental authorities on critical infrastructure protection matters. Likewise, work more closely with other sector ISACs to accomplish increased information sharing.
- Work with DOE and DHS to implement the National Infrastructure Protection Plan, as applicable to the electricity sector, and coordinate this work with PSC.

### **Security Planning Objectives**

- Execute a risk management approach to critical infrastructure protection, considering probability and severity, and utilize mitigation, recovery, and network resilience as practical alternatives to prevention. Keep abreast of the changing threat environment through collaboration with governmental authorities.
  - Develop criteria to identify critical physical and cyber assets, assess security threats, identify risk assessment methodologies, and assess the effectiveness of physical and cyber protection measures.
- Enhance the bulk power system critical spare transformer program, and encourage increased participation by asset owners. Continue to assess the need to expand this program to include other critical bulk power system equipment.
- Lead the implementation of the cyber security standards.
- Actively manage the Infrastructure Security Guideline Program.
  - Review and improve existing security guidelines.
  - Develop new security guidelines to meet the needs of the electricity sector.
  - Consider whether any guidelines should be developed into standards.

### **Operating Reliability Support Services Objectives**

- Maintain the reliability and effectiveness of all mission-critical operating reliability support systems and services.
- Review and approve changes in the IDC as required to address changing market structures and seams between markets.
- Continue to support maintenance of a transmission provider curtailment report on the CRC site in response to FERC Order 605.
- Review the E-Tag functional requirements and specifications to ensure alignment with the IDC and other applications.
- Investigate and analyze the use of high-speed real-time system measurements, including phasors, in predicting the behavior and performance of the interconnections.
- Facilitate real-time voice and data exchange services among reliability coordinators (e.g., Hotline, Interregional Security Network, NERCnet, System Data Exchange, etc.).
- Conduct a business analysis of the operating reliability support systems listed below to achieve lower costs and higher effectiveness. Increased use of outsourcing and off-the-shelf packages will be considered for the development and maintenance of operating reliability support services.

- Review and revise the functional requirements and specification for the TSIN Registry in coordination with NAESB; recommend funding process and allocations.
- Transition Frequency and ACE Monitoring System to include the Electric Reliability Council of Texas.
- Integrate hourly area interchange error functionality into the Frequency and ACE monitoring tool.
- Implement the Transmission Monitoring System as defined by the feasibility study included in the DOE and FERC report to Congress, as required by section 1839 of the EPCRA of 2005.

NERC currently provides a number of operating reliability support services to the industry, which are listed below along with the respective NERC groups that sponsor each service.

**Transmission Services Information Network** (TSIN) — integrates three registration processes: Open Access Same-time Information System (OASIS), E-Tag, and transmission service attributes. Registering with TSIN is the first step to conducting business on OASIS and completing E-Tags, and is a FERC requirement.

**Interchange Distribution Calculator** (IDC) — used primarily as an implementation tool for the NERC Transmission Loading Relief Procedure (TLR). Each NERC reliability coordinator in the Eastern Interconnection has the option of invoking the NERC TLR or other agreed-upon local procedures to relieve network congestion.

**Interregional Security Network** (ISN) — provides an electronic network for timely and accurate data and information exchange among reliability coordinators and other system operators. The ISN, which operates over the frame relay NERCnet system, is a private Intranet that is also capable of handling additional applications between participants.

**Real-Time System Power Flows** — a system that provides market participants with a model of real-time power flows over the North American grid.

**System Data eXchange** (SDX) — a system that allows for exchange of electric system data between control areas and reliability coordinators. The SDX is used to exchange information related to generation and transmission outages, system load, and reserve data. Data from the SDX is used within the IDC, and by various operating entities to update calculations of available transfer capability.

**Central Repository of Curtailment Events** (CRC) — a limited-access Web site that provides transmission system curtailment information to transmission customers in accordance with FERC Order 605, at the request of the Market Interface Committee in August 2000. Many transmission providers use the site to comply with Order 605, with references or direct links to the CRC site from their OASIS sites.

**Reliability Coordinator Information System** (RCIS) — an on-line, real-time, messaging system that connects all reliability coordinators and many control areas, which permits reliability coordinators to share emergency alerts. RCIS also displays information related to ACE, frequency, and selected outages.



**Area Control Error (ACE) and Abnormal Frequency System Monitoring** — allows reliability coordinators and control areas to monitor one-minute area control error (ACE) and alerts system operators when abnormal frequency excursions occur. Such monitoring allows better compliance with NERC reliability standards and facilitates the investigation of system disturbances reflected in frequency excursions.

**NERC Hotline** — a conference line bridge used by reliability coordinators to quickly share critical information.

**OASIS II and Electronic Scheduling** — Since March 2000, NERC has supported two industry-wide collaborative efforts to address OASIS II and electronic scheduling. The Electronic Scheduling Collaborative and the OASIS Standards Collaborative completed their work at the end of 2003. The groups provided their deliverables to NERC and NAESB for further work. NERC and NAESB continue to work together to define the interrelated business practices and reliability standards needed to implement OASIS II, which will define the electronic communication interfaces between market participants, support reliability entity communications, ensure data is collected to support reliability analysis, and facilitate the operational management of the electric grid.

## Administrative Services

<b>Administrative Services Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	22.5	25.5	26.5
Total Direct Funding	\$7,945,821	\$8,216,821	\$9,359,657

### Technical Committees and Members' Forums

The success of the NERC programs will depend on the active and direct participation of industry stakeholders, including its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence.

NERC has established and facilitates a Members' Forum that serves the interests of stakeholders within a specific NERC sector, and general, technical committees that integrate the "deliverables" of NERC programs. NERC and its committees and forums follow four guiding principles: provide expertise; have a clear purpose; promote efficiency; and participate for the community good.

### Members' Forum Objectives

- Reevaluate the structure, role, and deliverables of the technical integration committee(s) to ensure the industry is able to effectively and efficiently provide its expertise in support of NERC's mission as the ERO.
- Utilize the NERC technical integration committee(s) and its subject matter expert subgroups: for technical advice and support for all NERC programs with specific advice and support to the Reliability Assessment and Performance Analysis Program (Planning Committee) and the Reliability Readiness Evaluation and Improvement Program (Operating Committee); to serve as forums for technical discussion and integration of the outputs of each NERC program; and to provide expert technical opinions on all reliability matters to the NERC programs and the board.

### Information Technology

NERC's Information Technology (IT) team ensures information assets and the environment in which they operate are secure. IT develops and maintains systems used by the electric industry to monitor system conditions in near-real time. NERC maintains a co-located disaster recovery site for its mission- and business-critical IT systems and a backup site for continuity of essential operations in the event that its primary location becomes uninhabitable.

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of IT systems. IT goals include, but are not limited to:

- Establishing and directing the strategic long-term goals, policies, and procedures of NERC's IT department.
- Creating an information security program aimed at reducing risk to acceptable levels.

- Determining long-term systems needs and hardware acquisitions.
- Developing and implementing information security standards and procedures.
- Ensuring all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security.
- Planning and implementing organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems.

### **Information Technology Objectives**

- Implement work plans to achieve substantial compliance with NERC's Cyber Security Standards CIP-002 — CIP-009 by December 31, 2008.
- Redesign NERC's Web site, incorporating the information availability, access, and navigation requirements identified in the communications plan.
- Deliver tools to enhance situation awareness.
- Deliver tools to support the information exchange and confidentiality requirements of the readiness evaluation program.
- Manage the transition of CDMS to NERC.
- Enhance IT infrastructure to better support a growing staff in multiple locations.

### **Legal and Regulatory**

The legal department will provide legal advice to the CEO, Board of Trustees, staff, and stakeholders on all legal and regulatory matters affecting NERC; review items filed with governmental units for legal sufficiency; maintain relationships with the United States, Canadian, and Mexican jurisdictions; review all contracts; and retain and oversee work of outside counsel.

### **Legal and Regulatory Objectives**

- Obtain recognition of NERC as the electric reliability organization in all nine Canadian jurisdictions.
- Obtain regulatory approvals for new and revised reliability standards on a timely basis.
- Process all appeals of compliance actions in an effective and efficient manner.

### **Human Resources**

NERC has assembled a highly qualified team of 70 employees to lead its activities as the ERO. NERC expects to increase its resources to 101.5 FTE by year end. The human resources department designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

### **Human Resources Objectives**

- Recruit stellar employees.
- Provide training programs.
- Review employee benefits.

### **Finance and Accounting**

In the United States, NERC will file its proposed annual budget for statutory and nonstatutory activities, including the statutory and nonstatutory activities of each regional entity, with FERC. In Canada, NERC will file its proposed annual budget with each of the relevant governmental authorities. This includes supporting materials such as each regional entity's complete business plan and organizational chart, explaining the proposed collection of all dues, fees, and charges, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

The Finance and Accounting department will: direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, tax, and audit activities; and oversee financial and accounting system controls and standards.

### **Finance and Accounting Objectives**

- Evaluate the institution of budgeting software across NERC and the regional entities to achieve greater consistency in the annual budget development.
- Institute an internal audit function.
- Develop procedures for the application of penalties to future assessment requests.
- Provide advice from the financial perspective on contracts into which the organization may enter.

## Section B — 2008 Budget

## 2007 Budget &amp; Projection and 2008 Budget Comparisons

Table 1

Statement of Activities 2007 Budget & Projection, and 2008 Budget						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 21,682,552	\$ 21,682,552	\$ -	\$ 24,938,994	\$ 3,256,442
	Membership Dues	-	175,000	175,000	175,000	-
	Testing Fees	570,000	730,000	160,000	963,000	233,000
	Services & Software	210,000	252,500	42,500	255,000	2,500
	Interest	84,000	180,000	96,000	200,000	20,000
<b>Total Funding</b>		<b>\$ 22,546,552</b>	<b>\$ 23,020,052</b>	<b>\$ 473,500</b>	<b>\$ 26,531,994</b>	<b>\$ 3,511,942</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 10,133,182	\$ 10,397,185	\$ 264,003	\$ 13,187,575	\$ 2,790,390
	Payroll Taxes	609,545	631,998	22,453	773,557	141,560
	Benefits	1,492,584	1,370,690	(121,894)	1,692,608	321,917
	Retirement Costs	1,118,891	990,570	(128,321)	1,261,195	270,625
<b>Total Personnel Expenses</b>		<b>\$ 13,354,202</b>	<b>\$ 13,390,442</b>	<b>\$ 36,240</b>	<b>\$ 16,914,934</b>	<b>\$ 3,524,492</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 713,000	\$ 715,500	\$ 2,500	\$ 720,500	\$ 5,000
	Travel	1,316,000	1,215,000	(101,000)	1,372,700	157,700
	Conference Calls	113,000	113,000	-	113,000	-
<b>Total Meeting Expenses</b>		<b>\$ 2,142,000</b>	<b>\$ 2,043,500</b>	<b>\$ (98,500)</b>	<b>\$ 2,206,200</b>	<b>\$ 162,700</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 1,405,000	\$ 1,395,000	\$ (10,000)	\$ 1,280,000	\$ (115,000)
	Contracts	2,751,160	2,672,560	(78,600)	2,626,860	(45,700)
	Office Rent	647,200	650,000	2,800	680,000	30,000
	Office Costs	646,690	657,000	10,310	745,000	88,000
	Professional Services	1,189,800	1,240,000	50,200	1,420,000	180,000
	Computer Purchase & Maint.	350,000	350,000	-	600,000	250,000
	Furniture & Equipment	60,500	89,000	28,500	59,000	(30,000)
<b>Total Operating Expenses</b>		<b>\$ 7,050,350</b>	<b>\$ 7,053,560</b>	<b>\$ 3,210</b>	<b>\$ 7,410,860</b>	<b>\$ 357,300</b>
<b>Total Expenses</b>		<b>\$ 22,546,552</b>	<b>\$ 22,487,502</b>	<b>\$ (59,050)</b>	<b>\$ 26,531,994</b>	<b>\$ 4,044,492</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 532,550</b>	<b>\$ 532,550</b>	<b>\$ -</b>	<b>\$ (532,550)</b>

## Summary Explanation

### Funding

- **ERO Funding** — New mandatory funding mechanism. Funding required through the Load Serving Entities (LSEs) (or designee) is the net of total expenses less funding from all other sources detailed below. Does not include additional funding to return reserve balances to approved levels.
- **Membership Dues** — Dues charged to members of the Transmission Owners and Operators Forum.
- **Testing Fees** — Fees charged to system operators for administration of System Operator Certification Program and fees charged to training providers for the administration of the Continuing Education Program.
- **Services and Software** — Fees charged to support the maintenance of various services and software programs (see **Appendices A** and **B** for details)
- **Interest** — Interest earned on bank balances.

### Expenses

- **Salaries** — Expenses to support 90.5 FTEs in 2007 and 101.5 FTEs in 2008.
- **Payroll Taxes** — Applicable company-paid payroll taxes (social security, medicare, state disability, etc.)
- **Benefits** — Health, dental, life, and long-term care insurances.
- **Savings and Retirement** — 401(k) and supplemental executive retirement contributions.
- **Meetings** — Expenses for support of meetings.
- **Travel** — NERC staff travel in support of NERC or industry related meetings.
- **Contracts and Consultants** — Contracts with third parties to support various programs and tools maintained by NERC for the industry (see **Appendices A** and **B** for details).
- **Office Rent** — Office space in Princeton, New Jersey and Washington, D.C.
- **Office Costs** — Administrative costs to support operations (telephone, copying, office supplies, etc).
- **Professional Services** — Fees paid to trustees, expenses for legal and accounting services.
- **Computer Purchases and Maintenance** — Purchase of new and replacement computer-related equipment (servers, desktops, laptops, and peripherals).
- **Furniture and Equipment** — Furniture and equipment for expanded operations.

Detailed analysis of income and expenses are contained in the following appendices:

- **Appendix A** — 2007 projection and 2008 budget by program category. Each program's sources of funding and related expenses are analyzed.
- **Appendix B** — 2007 projection and 2008 budget by statement of activity section. An expanded view of each line item on the statement of activities is shown.
- **Appendix C** — 2008 ERO assessments by load-serving entity (LSE) (or designee)
  - **Appendix C-1** — 2006 NEL calculations and funding allocations to LSEs (or designee)
  - **Appendix C-2** — Allocations to LSEs (or designee) for 2008 NERC and regional entity assessments
  - **Appendix C-3** — Allocations to LSEs (or designee) for 2008 NERC assessments — detailed by allocation methodology
  - **Appendix C-4** — Allocations to LSEs (or designee) for 2008 regional entity assessments — detailed by allocation methodology
- **Appendix D** — Analysis of change in assessments from 2007 to 2008 with explanatory comments

## Personnel Analysis

By far, NERC largest expense is its staff. Personnel related costs make up over 64 percent of NERC's total funding needs. Table 2 shows staffing by program area for both 2007 budget and projection and 2008 budget. 2008 budget levels show an increase of 11.0 FTE compared to the 2007 projection.

**Table 2**

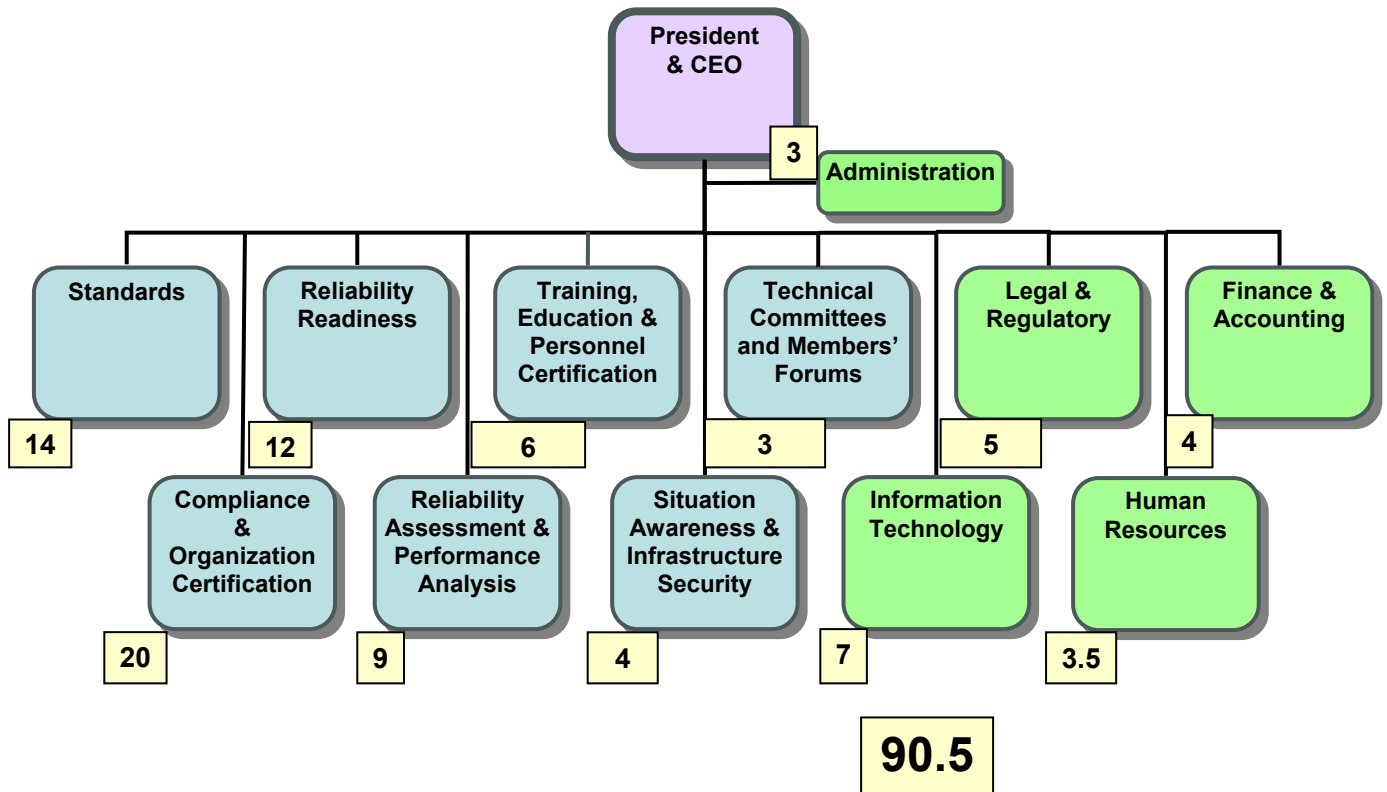
<b>Total FTE's by Program Area</b>	<b>Budget 2007</b>	<b>Projection 2007</b>	<b>Budget 2008</b>	<b>Change</b>
<b>Operational Programs</b>				
Reliability Standards	12.0	14.0	15.0	1.0
Compliance and Organization Registration and Certification	20.0	20.0	26.0	6.0
Reliability Readiness Audit and Improvement	11.0	12.0	12.0	0.0
Training and Education	6.0	6.0	6.0	0.0
Reliability Assessment and Performance Analysis	9.0	9.0	11.0	2.0
Situational Awareness and Infrastructure Security	4.5	4.0	5.0	1.0
<b>Total FTEs Operational Programs</b>	<b>62.5</b>	<b>65.0</b>	<b>75.0</b>	<b>10.0</b>
<b>Administrative Programs</b>				
Member Forums	3.0	3.0	2.0	-1.0
General & Administrative	2.0	3.0	3.0	0.0
Information Technology	7.0	7.0	8.0	1.0
Legal and Regulatory	4.0	5.0	5.0	0.0
Human Resources	2.5	3.5	3.5	0.0
Accounting	4.0	4.0	5.0	1.0
<b>Total FTEs Administrative Programs</b>	<b>22.5</b>	<b>25.5</b>	<b>26.5</b>	<b>1.0</b>
<b>Total FTEs</b>	<b>85.0</b>	<b>90.5</b>	<b>101.5</b>	<b>11.0</b>



## 2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be hired in each program area by the end of 2007.

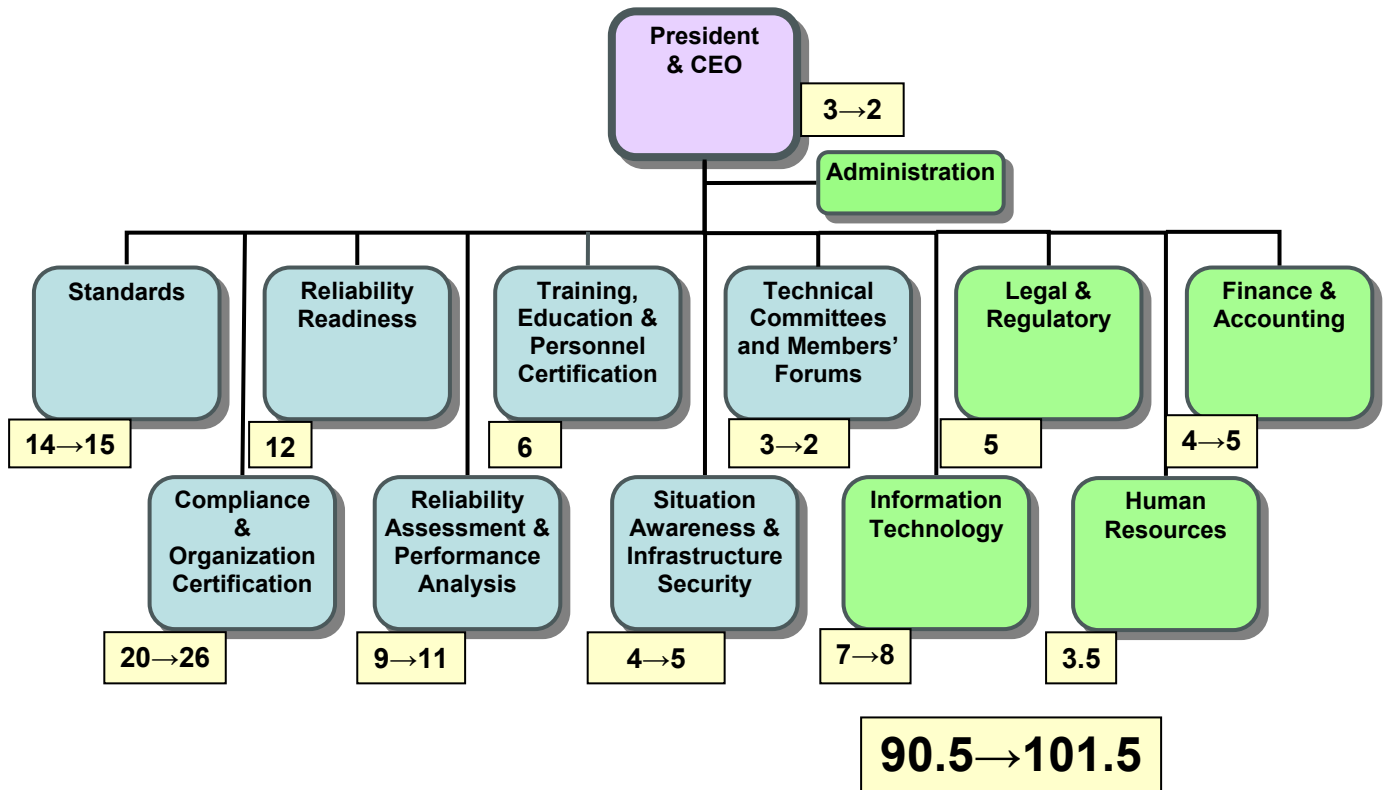
**Table 3**



## 2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.

**Table 4**



## Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 2008 budgeted expenses and return the cash reserves to 10 percent by the the end of 2008. The cash balance at December 31, 2006 represents the cash position of the NERC-Council at the time of the merger. All assets and liabilities of NERC-Council were transferred to NERC-Corporation as of January 1, 2007.

The 2008 assessment (the funding needed to run NERC in 2008) and the reserve adjustment will be combined and the total amount will be invoiced to the LSEs (or designee).

**Table 5**

Reserve Analysis 2007-08	
Cash Available 2006:	
Cash Balance @ 12/31/06	401,533
2007 ERO Funding (from LSEs or designees)	22,487,331
2006 other funding sources (Cash basis)	1,337,500
Change in assets <sup>1</sup>	-
Total Cash Available 2007	24,226,364
Cash Needed 2007:	
Projected Expenses 2007 (Cash basis)	(22,487,502)
Change in liabilities <sup>2</sup>	-
Total Cash Needed 2006	(22,487,502)
Projected Ending Cash Balance @ 12/31/07	1,738,862
Desired Cash Balance @ 12/31/08 (10% of Assessments)	2,493,899
Less:	
Projected Cash Balance @ 12/31/07	1,738,862
Increase in assessments needed to raise cash balance	755,037
2008 Assessment	24,938,994
Adjustment to increase cash balance	755,037
2008 Assessment and reserve adjustment	\$ 25,694,031

<sup>1</sup> Assumes all other assets remain at same levels as 12/31/07

<sup>2</sup> Assumes all other liabilities remain at same levels as 12/31/07

## ERO and Regional Entity Assessment Analysis

NERC uses three different funding allocations to equitably allocate costs to LSEs (or designee). The three methods are: eight regions — 100 percent Net Energy for Load (NEL) (default method); compliance and enforcement program allocations excluding certain entities; and IDC defined shares. The basis for each assessment is explained below.

Basis for each method of assessment:

- Eight region 100 percent NEL — this method is the default method of funding and will be used to allocate all expenses except those noted in the other two methods. Each region is asked to compile a list of all LSEs (or designee) and their 2005 NEL within each regional footprint. This list is combined to determine the proportional share of each entity's portion of ERO funding. For 2007 this method will also be used to return the cash reserves to board-approved levels.
- Compliance Monitoring and Enforcement Program allocations excluding certain entities — Special allocation to acknowledge certain entities' (outside the United States) performance of compliance and enforcement activities that otherwise would be performed by the ERO or regional entity. The Independent Electricity System Operator (IESO) is currently the only entity receiving this special allocation.
- IDC defined shares — to support expenses benefiting the users of the interchange distribution calculator (IDC), a formula has been developed to allocate the costs to users based on a usage level. This formula takes into account the number of tags entered in to the system, the number of transmission loading relief (TLRs) called, and a pro-rata share.

The detailed calculations of allocations by LSE (or designee) are detailed in **Appendix C**.

## Assessments by Country

NERC will request authorization of its funding from each governmental authority in proportion to the NEL by country. Table 6 shows the 2006 NEL proportional share by country. Detailed calculations by LSE (or designee) are detailed in **Appendix C**.

**Table 6**

Data Year	Regional Entity	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of ERO total	US Total	Canada total	Mexico total
Summary by Regional Entity									
2006	FRCC	230,011,200	230,011,200	-	-	5.182%	5.182%	0.000%	0.000%
2006	MRO	270,914,040	227,524,255	43,389,785	-	6.103%	5.126%	0.977%	0.000%
2006	NPCC	656,920,967	294,315,000	362,605,967	-	14.799%	6.630%	8.169%	0.000%
2006	RFC	913,947,607	913,947,607	-	-	20.589%	20.589%	0.000%	0.000%
2006	SERC	1,014,688,656	1,014,688,656	-	-	22.859%	22.859%	0.000%	0.000%
2006	SPP	196,967,139	196,967,139	-	-	4.437%	4.437%	0.000%	0.000%
2006	TRE	305,714,769	305,714,769	-	-	6.887%	6.887%	0.000%	0.000%
2006	WECC	849,805,285	719,420,391	119,238,999	11,145,895	19.144%	16.207%	2.686%	0.251%
	Total	4,438,969,662	3,902,589,016	525,234,751	11,145,895	100.000%	87.917%	11.832%	0.251%

## 2009 and 2010 Projected Costs

Included for the first time in an annual business plan is a projection of the following two years of expected revenues and expenses. NERC is providing this analysis for informational purposes only and is not seeking approval of these projections by the NERC Board of Trustees or any governmental authorities. Based on the assumptions detailed below, the 2009 projected assessments to LSEs (or designees) are estimated to increase by just under \$1.86M (7.5 percent increase over 2008). The 2010 assessments are estimated to increase by \$1.26M over 2009 (4.7 percent increase).

**Table 7**

<b>Statement of Activities 2009 and 2010 Projections</b>								
	2008	2009	\$ Change	%	2010	\$ Change	%	
	Budget	Projection	08 v 09	Change 08 v 09	Projection	09 v 10	Change 09 v 10	
<b>Funding</b>								
ERO Funding	\$ 24,938,994	\$ 26,798,000	\$ 1,859,006	7.5%	\$ 28,060,000	\$ 1,262,000	4.7%	
Membership Dues	175,000	175,000	-	0.0%	175,000	-	0.0%	
Testing Fees	963,000	963,000	-	0.0%	963,000	-	0.0%	
Services & Software	255,000	255,000	-	0.0%	255,000	-	0.0%	
Interest	200,000	200,000	-	0.0%	200,000	-	0.0%	
<b>Total Funding</b>	<b>\$ 26,531,994</b>	<b>\$ 28,391,000</b>	<b>\$ 1,859,006</b>	<b>7.0%</b>	<b>\$ 29,653,000</b>	<b>\$ 1,262,000</b>	<b>4.4%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 13,187,575	\$ 13,935,000	\$ 747,425	5.7%	\$ 14,495,000	\$ 560,000	4.0%	
Payroll Taxes	773,557	820,000	46,443	6.0%	853,000	33,000	4.0%	
Benefits	1,692,608	1,905,000	212,392	12.5%	2,057,000	152,000	8.0%	
Retirement Costs	1,261,195	1,595,000	333,805	26.5%	1,651,000	56,000	3.5%	
<b>Total Personnel Expenses</b>	<b>\$ 16,914,934</b>	<b>\$ 18,255,000</b>	<b>\$ 1,340,066</b>	<b>7.9%</b>	<b>\$ 19,056,000</b>	<b>\$ 801,000</b>	<b>4.4%</b>	
<b>Meeting Expenses</b>								
Meetings	\$ 720,500	\$ 757,000	\$ 36,500	5.1%	\$ 795,000	\$ 38,000	5.0%	
Travel	1,372,700	1,525,000	152,300	11.1%	1,601,000	76,000	5.0%	
Conference Calls	113,000	113,000	-	0.0%	113,000	-	0.0%	
<b>Total Meeting Expenses</b>	<b>\$ 2,206,200</b>	<b>\$ 2,395,000</b>	<b>\$ 188,800</b>	<b>8.6%</b>	<b>\$ 2,509,000</b>	<b>\$ 114,000</b>	<b>4.8%</b>	
<b>Operating Expenses</b>								
Consultants	\$ 1,280,000	\$ 1,331,000	51,000	4.0%	\$ 1,384,000	53,000	4.0%	
Contracts	2,626,860	2,732,000	105,140	4.0%	2,841,000	109,000	4.0%	
Office Rent	680,000	700,000	20,000	2.9%	721,000	21,000	3.0%	
Office Costs	745,000	782,000	37,000	5.0%	821,000	39,000	5.0%	
Professional Services	1,420,000	1,477,000	57,000	4.0%	1,536,000	59,000	4.0%	
Computer Purchase & Maint.	600,000	660,000	60,000	10.0%	726,000	66,000	10.0%	
Furniture & Equipment	59,000	59,000	-	0.0%	59,000	-	0.0%	
<b>Total Operating Expenses</b>	<b>\$ 7,410,860</b>	<b>\$ 7,741,000</b>	<b>\$ 330,140</b>	<b>4.5%</b>	<b>\$ 8,088,000</b>	<b>\$ 347,000</b>	<b>4.5%</b>	
<b>Total Expenses</b>	<b>\$ 26,531,994</b>	<b>\$ 28,391,000</b>	<b>\$ 1,859,006</b>	<b>7.0%</b>	<b>\$ 29,653,000</b>	<b>\$ 1,262,000</b>	<b>4.4%</b>	
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		

### 2009 Funding Assumptions

- All funding sources (other than assessments to LSEs or designees) are estimated to remain at the same levels as the 2008 budget.

### 2009 Expense Assumptions

- **Salaries** — 4 FTEs added (2 in the Reliability Assessments and Performance Analysis Program, 1 each in the Training, Education, and Operator Certification and Compliance

Monitoring and Enforcement Programs). Additional performance bonus projections for employees hired in 2008 (no bonuses paid in year of hire) and merit increases of 3.5 percent for the entire staff.

- **Payroll Taxes** — Proportional increase based on salary projection
- **Benefits** — Projected 10% increase in health insurance and 5 percent increase for all other employer paid insurances. 4 additional FTEs covered under health insurance.
- **Savings and Retirement** — Proportional increase based on salary increase plus additional 10 percent contributions for employees hired in 2008 (not paid in year of hire).
- **Meetings** — Meeting levels expected to remain constant with a 5 percent inflation factor.
- **Travel** — Travel levels for existing staff expected to remain at 2008 levels, 5 percent inflation factor, plus additional travel costs for 4 additional FTEs.
- **Contracts and Consultants** — All contractual and consultant work expected to continue at 2008 levels with an overall 4 percent inflation factor.
- **Office Rent** — Escalation clauses averaging 2.9 percent in lease agreements.
- **Office Costs** — Administrative costs expected to remain constant with a 5 percent inflation factor.
- **Professional Services** — Professional services expected to remain constant with a 4 percent inflation factor.
- **Computer Purchases and Maintenance** — Overall increase of 10 percent from 2008 to account for expected build out of IT infrastructure over next three years.
- **Furniture and Equipment** — No change from 2008 levels.

### 2010 Funding Assumptions

- All funding sources (other than assessments to LSEs or designees) are estimated to remain at the same levels as the 2008 budget.

### 2010 Expense Assumptions

- **Salaries** — No additional FTEs. Additional performance bonus projections for employees hired in 2009 (no bonuses paid in year of hire) and merit increases of 3.5 percent for entire staff.
- **Payroll Taxes** — Proportional increase based on salary projection
- **Benefits** — Projected 10 percent increase in health insurance and 5 percent increase for all other employer paid insurances.
- **Savings and Retirement** — Proportional increase based on salary increase plus additional 10 percent contributions for employees hired in 2009 (not paid in year of hire).
- **Meetings** — Meeting levels expected to remain constant with a 5 percent inflation factor over 2009 costs.
- **Travel** — Travel levels for existing staff expected to remain constant, 5 percent inflation factor over 2009 costs.

- **Contracts and Consultants** — All contractual and consultant work expected to continue at 2009 levels with an overall 4 percent inflation factor.
- **Office Rent** — Escalation clauses averaging 2.9 percent in lease agreements.
- **Office Costs** — Administrative costs expected to remain constant with a 5 percent inflation factor.
- **Professional Services** — Professional services expected to remain constant with a 4 percent inflation factor.
- **Computer Purchases and Maintenance** — Overall increase of 10 percent from 2009 to account for expected build out of IT infrastructure over next three years.
- **Furniture and Equipment** — No change from 2008 levels.



## Breakdown by Program Category

### Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2008 business plan are shown in Table A-1.

**Table A-1**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Reliability Standards</b>						
		<b>2007</b>	<b>2007</b>	<b>Variance</b>	<b>2008</b>	<b>Variance</b>
<b>Funding</b>		<b>Budget</b>	<b>Projection</b>		<b>Budget</b>	
	ERO Funding	\$ 2,258,433	\$ 2,258,433	\$ -	\$ 3,118,592	\$ 860,159
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ 2,258,433</b>	<b>\$ 2,258,433</b>	<b>\$ -</b>	<b>\$ 3,118,592</b>	<b>\$ 860,159</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 1,281,833	\$ 1,627,950	\$ 346,117	\$ 2,129,315	\$ 501,365
	Payroll Taxes	82,276	102,375	20,099	121,612	19,237
	Benefits	179,635	230,121	50,487	257,778	27,656
	Retirement Costs	137,689	108,769	(28,919)	144,687	35,918
<b>Total Personnel Expenses</b>		<b>\$ 1,681,433</b>	<b>\$ 2,069,216</b>	<b>\$ 387,782</b>	<b>\$ 2,653,392</b>	<b>\$ 584,176</b>
<b>Meeting Expenses</b>						
	Meetings	\$ 149,000	\$ 153,000	\$ 4,000	\$ 160,000	\$ 7,000
	Travel	188,000	198,000	10,000	205,200	7,200
	Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>		<b>\$ 337,000</b>	<b>\$ 351,000</b>	<b>\$ 14,000</b>	<b>\$ 365,200</b>	<b>\$ 14,200</b>
<b>Operating Expenses</b>						
	Consultants	\$ 240,000	\$ 55,000	\$ (185,000)	\$ 100,000	\$ 45,000
	Contracts	-	-	-	-	-
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	-	-	-	-	-
	Furniture & Equipment	-	-	-	-	-
<b>Total Operating Expenses</b>		<b>\$ 240,000</b>	<b>\$ 55,000</b>	<b>\$ (185,000)</b>	<b>\$ 100,000</b>	<b>\$ 45,000</b>
<b>Total Expenses</b>		<b>\$ 2,258,433</b>	<b>\$ 2,475,216</b>	<b>\$ 216,782</b>	<b>\$ 3,118,592</b>	<b>\$ 643,376</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ (216,782)</b>	<b>\$ (216,782)</b>	<b>\$ -</b>	<b>\$ 216,782</b>

## **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 14.0 FTEs for the 2007 projection and 15.0 FTEs for the 2008 budget. The 15.0 FTEs requested for 2008 include: a program director; four manager positions (process, development, business practice interface, and regional standards); six standards coordinators; one technical writer; and two administrative positions. Staff resources are used to support the administration of the standards process, interface with development of business practices, and to facilitate the Standard Authorization Request Drafting Teams (SAR DT) and Standard Drafting Teams (SDT).

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses in support of the SAR DTs, the SDTs, and the Standards committee.

### **Operating Expenses**

- Consultant expenses:
  - Consultant expenses to assist in the standards administration process and facilitation of SAR DTs and SDTs. (\$100,000)

## Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2008 business plan are shown in Table A-2.

**Table A-2**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Compliance and Organization Registration and Certification					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding	\$ 3,436,668	\$ 3,436,668	\$ -	\$ 4,669,493	\$ 1,232,826
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Interest			-		-
<b>Total Funding</b>	<b>\$ 3,436,668</b>	<b>\$ 3,436,668</b>	<b>\$ -</b>	<b>\$ 4,669,493</b>	<b>\$ 1,232,826</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,947,805	\$ 1,913,700	\$ (34,105)	\$ 3,090,959	\$ 1,177,259
Payroll Taxes	130,726	126,547	(4,179)	202,423	75,875
Benefits	352,169	284,225	(67,944)	403,403	119,179
Retirement Costs	144,968	108,338	(36,630)	233,809	125,471
<b>Total Personnel Expenses</b>	<b>\$ 2,575,668</b>	<b>\$ 2,432,810</b>	<b>\$ (142,858)</b>	<b>\$ 3,930,593</b>	<b>\$ 1,497,783</b>
<b>Meeting Expenses</b>					
Meetings	\$ 54,000	\$ 30,000	\$ (24,000)	\$ 30,000	\$ -
Travel	317,000	260,000	(57,000)	378,900	118,900
Conference Calls			-		-
<b>Total Meeting Expenses</b>	<b>\$ 371,000</b>	<b>\$ 290,000</b>	<b>\$ (81,000)</b>	<b>\$ 408,900</b>	<b>\$ 118,900</b>
<b>Operating Expenses</b>					
Consultants	\$ 490,000	\$ 490,000	\$ -	\$ 330,000	\$ (160,000)
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services			-		-
Computer Purchase & Maint.			-		-
Furniture & Equipment			-		-
<b>Total Operating Expenses</b>	<b>\$ 490,000</b>	<b>\$ 490,000</b>	<b>\$ -</b>	<b>\$ 330,000</b>	<b>\$ (160,000)</b>
<b>Total Expenses</b>	<b>\$ 3,436,668</b>	<b>\$ 3,212,810</b>	<b>\$ (223,858)</b>	<b>\$ 4,669,493</b>	<b>\$ 1,456,683</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 223,858</b>	<b>\$ 223,858</b>	<b>\$ -</b>	<b>\$ (223,858)</b>

## **Summary of 2007 projection and 2008 budgeted funding and expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 20.0 FTEs the 2007 projection and 26.0 FTE for the 2008 budget. The 26.0 FTEs requested for 2008 include: one program director; four manager positions (reporting, enforcement and mitigation, regional oversight, and organization registration); twelve regional compliance coordinators; three compliance enforcement coordinators; two certification coordinators; two technical analysts; and two administrative positions. Staff resources are used to support the objectives of the compliance enforcement program as defined in the business plan.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the committees, subcommittees, and working groups in place to support the Compliance Enforcement and Organization Registration and Certification Program.

### **Operating Expenses**

- Software costs to support the transition of the Compliance Data Management System from the Midwest Reliability Organization. (\$330,000)

## Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the reliability readiness audits and improvement section of the 2008 business plan are shown in Table A-3.

**Table A-3**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Reliability Readiness Evaluation and Improvement						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 1,650,771	\$ 1,650,771	\$ -	\$ 1,858,061	\$ 207,290
	Membership Dues			-		-
	Testing Fees			-		-
	Services & Software			-		-
	Interest			-		-
<b>Total Funding</b>		<b>\$ 1,650,771</b>	<b>\$ 1,650,771</b>	<b>\$ -</b>	<b>\$ 1,858,061</b>	<b>\$ 207,290</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 1,124,482	\$ 1,172,900	\$ 48,418	\$ 1,340,884	\$ 167,984
	Payroll Taxes	79,854	86,494	6,640	88,799	2,305
	Benefits	163,999	164,509	510	173,945	9,436
	Retirement Costs	123,436	93,594	(29,842)	96,933	3,339
<b>Total Personnel Expenses</b>		<b>\$ 1,491,771</b>	<b>\$ 1,517,496</b>	<b>\$ 25,725</b>	<b>\$ 1,700,561</b>	<b>\$ 183,065</b>
	<b>Meeting Expenses</b>					
	Meetings			\$ -		\$ -
	Travel	159,000	160,000	1,000	157,500	(2,500)
	Conference Calls			-		-
<b>Total Meeting Expenses</b>		<b>\$ 159,000</b>	<b>\$ 160,000</b>	<b>\$ 1,000</b>	<b>\$ 157,500</b>	<b>\$ (2,500)</b>
	<b>Operating Expenses</b>					
	Consultants			\$ -		\$ -
	Contracts			-		-
	Office Rent			-		-
	Office Costs			-		-
	Professional Services			-		-
	Computer Purchase & Maint.			-		-
	Furniture & Equipment			-		-
<b>Total Operating Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>		<b>\$ 1,650,771</b>	<b>\$ 1,677,496</b>	<b>\$ 26,725</b>	<b>\$ 1,858,061</b>	<b>\$ 180,565</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ (26,725)</b>	<b>\$ (26,725)</b>	<b>\$ -</b>	<b>\$ 26,725</b>

## **Summary of 2007 projection and 2008 budgeted funding and expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 12.00 FTE for the 2007 projection and 12.0 FTE for the 2008 budget. The 12.0 FTEs requested for 2008 include: one program director; seven readiness auditor positions; one technical writer; one technical analyst; and two administrative positions. Staff resources are used to support the objectives of the Reliability Readiness Evaluation and Improvement Program as defined in the business plan.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the facilitation of readiness evaluations of reliability coordinators, balancing authorities, and transmission operators.

### **Operating Expenses**

- No direct operating expenses are charged to this program.

## Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2008 business plan are shown in Table A-4.

**Table A-4**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Training and Education						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 810,087	\$ 810,087	\$ -	\$ 437,295	\$ (372,792)
	Membership Dues	-	-	-	-	-
	Testing Fees	570,000	730,000	160,000	963,000	233,000
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ 1,380,087</b>	<b>\$ 1,540,087</b>	<b>\$ 160,000</b>	<b>\$ 1,400,295</b>	<b>\$ (139,792)</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 647,789	\$ 611,633	\$ (36,156)	\$ 714,461	\$ 102,827
	Payroll Taxes	37,148	40,335	3,187	43,554	3,219
	Benefits	78,384	74,710	(3,675)	78,916	4,206
	Retirement Costs	71,965	74,844	2,879	89,564	14,720
	<b>Total Personnel Expenses</b>	<b>\$ 835,287</b>	<b>\$ 801,522</b>	<b>\$ (33,766)</b>	<b>\$ 926,495</b>	<b>\$ 124,973</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 50,000	\$ 54,000	\$ 4,000	\$ 54,000	\$ -
	Travel	70,000	48,000	(22,000)	55,800	7,800
	Conference Calls	-	-	-	-	-
	<b>Total Meeting Expenses</b>	<b>\$ 120,000</b>	<b>\$ 102,000</b>	<b>\$ (18,000)</b>	<b>\$ 109,800</b>	<b>\$ 7,800</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
	Contracts	\$ 324,800	\$ 264,000	(60,800)	\$ 264,000	-
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	-	-	-	-	-
	Furniture & Equipment	-	-	-	-	-
	<b>Total Operating Expenses</b>	<b>\$ 424,800</b>	<b>\$ 364,000</b>	<b>\$ (60,800)</b>	<b>\$ 364,000</b>	<b>\$ -</b>
	<b>Total Expenses</b>	<b>\$ 1,380,087</b>	<b>\$ 1,267,522</b>	<b>\$ (112,566)</b>	<b>\$ 1,400,295</b>	<b>\$ 132,773</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 272,566</b>	<b>\$ 272,566</b>	<b>\$ -</b>	<b>\$ (272,566)</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### **Funding Sources**

- Partial funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States) Testing fees collected for the system operator certification examination fully support the System Operator Certification Program and fees collected from training providers fully support the Continuing Education Program.

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 6.0 FTEs for the 2007 projection and the 2008 budget. The 6.0 FTEs requested for 2008 include: one program director; three manager positions (personnel certification, continuing education, and education and information exchange); and two administrative positions. Staff resources are used to support the objectives of the Training, Education, and Operator Certification Program as defined in the business plan.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the committees, subcommittees, and working groups in place to support the Training, Education, and Operator Certification Program.

### **Operating Expenses**

- Consultants to support staff in education materials development. (\$100,000)
- Contracts to support system operator testing administration, test development, database development. (\$264,000)



## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2008 business plan are shown in Table A-5.

**Table A-5**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Reliability Assessment and Performance Analysis						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 2,469,128	\$ 2,469,128	\$ -	\$ 2,731,436	\$ 262,309
	Membership Dues			-		-
	Testing Fees			-		-
	Services & Software	150,000	150,000	-	150,000	-
	Interest			-		-
<b>Total Funding</b>		<b>\$ 2,619,128</b>	<b>\$ 2,619,128</b>	<b>\$ -</b>	<b>\$ 2,881,436</b>	<b>\$ 262,309</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 1,421,976	\$ 1,289,133	\$ (132,843)	\$ 1,597,025	\$ 307,892
	Payroll Taxes	78,158	69,928	(8,231)	87,313	17,386
	Benefits	165,159	151,938	(13,221)	212,587	60,649
	Retirement Costs	210,134	184,527	(25,607)	203,611	19,084
<b>Total Personnel Expenses</b>		<b>\$ 1,875,428</b>	<b>\$ 1,695,526</b>	<b>\$ (179,901)</b>	<b>\$ 2,100,536</b>	<b>\$ 405,010</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 80,000	\$ 94,500	\$ 14,500	\$ 92,500	\$ (2,000)
	Travel	200,000	191,000	(9,000)	203,400	12,400
	Conference Calls			-		-
<b>Total Meeting Expenses</b>		<b>\$ 280,000</b>	<b>\$ 285,500</b>	<b>\$ 5,500</b>	<b>\$ 295,900</b>	<b>\$ 10,400</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -
	Contracts	388,700	388,700	-	410,000	21,300
	Office Rent			-		-
	Office Costs			-		-
	Professional Services			-		-
	Computer Purchase & Maint.			-		-
	Furniture & Equipment			-		-
<b>Total Operating Expenses</b>		<b>\$ 463,700</b>	<b>\$ 463,700</b>	<b>\$ -</b>	<b>\$ 485,000</b>	<b>\$ 21,300</b>
<b>Total Expenses</b>		<b>\$ 2,619,128</b>	<b>\$ 2,444,726</b>	<b>\$ (174,401)</b>	<b>\$ 2,881,436</b>	<b>\$ 436,710</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 174,401</b>	<b>\$ 174,401</b>	<b>\$ -</b>	<b>\$ (174,401)</b>

## Summary of 2007 and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### Funding Sources

- Partial funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States) Additional funding is obtained through the sale of the Generating Availability Data System (GADS) and Electricity Supply and Demand (ES&D) software.

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 9.0 FTEs for the 2007 projection and 11.0 FTE for the 2008 budget. The 11.0 FTEs requested for 2008 include: one program director; four manager positions (events analysis, assessments, benchmarking, and GADS); three senior engineers; two technical analysts; and one administrative position. Staff resources are used to support the objectives of the Reliability Assessment and Performance Analysis Program as defined in the business plan.

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses to support the committees, subcommittees, working group, and task forces, currently in place to assess and report on the adequacy of the bulk power system.

### Operating Expenses

- Consultants to support staff in event analysis. (\$75,000)
- Contractual expenses
  - TADS development (\$150,000) (**NEW in 2008**)
  - GADS software development and expansion (\$135,000)
  - Event analysis software (\$115,000)

## Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2008 business plan are shown in Table A-6.

**Table A-6**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Situational Awareness and Infrastructure Security						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 3,195,644	\$ 3,195,644	\$ -	\$ 3,139,461	\$ (56,183)
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	60,000	102,500	42,500	105,000	2,500
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ 3,255,644</b>	<b>\$ 3,298,144</b>	<b>\$ 42,500</b>	<b>\$ 3,244,461</b>	<b>\$ (53,683)</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 624,384	\$ 584,007	\$ (40,377)	\$ 693,952	\$ 109,945
	Payroll Taxes	37,404	34,400	(3,004)	40,030	5,630
	Benefits	46,802	29,839	(16,963)	45,866	16,026
	Retirement Costs	57,394	65,995	8,601	79,654	13,658
	<b>Total Personnel Expenses</b>	<b>\$ 765,984</b>	<b>\$ 714,242</b>	<b>\$ (51,743)</b>	<b>\$ 859,501</b>	<b>\$ 145,259</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 121,000	\$ 102,000	\$ (19,000)	\$ 102,000	\$ -
	Travel	81,000	83,000	2,000	80,100	(2,900)
	Conference Calls	-	-	-	-	-
	<b>Total Meeting Expenses</b>	<b>\$ 202,000</b>	<b>\$ 185,000</b>	<b>\$ (17,000)</b>	<b>\$ 182,100</b>	<b>\$ (2,900)</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
	Contracts	2,037,660	2,019,860	(17,800)	1,952,860	(67,000)
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	-	-	-	-	-
	Furniture & Equipment	-	-	-	-	-
	<b>Total Operating Expenses</b>	<b>\$ 2,287,660</b>	<b>\$ 2,269,860</b>	<b>\$ (17,800)</b>	<b>\$ 2,202,860</b>	<b>\$ (67,000)</b>
	<b>Total Expenses</b>	<b>\$ 3,255,644</b>	<b>\$ 3,169,102</b>	<b>\$ (86,543)</b>	<b>\$ 3,244,461</b>	<b>\$ 75,359</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 129,043</b>	<b>\$ 129,043</b>	<b>\$ -</b>	<b>\$ (129,043)</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Partial funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States) Additional funding is obtained through the fees charged to TSIN users and royalties collected on the FIST software.

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 4.5 FTEs for the 2007 projection and 5.0 FTEs for the 2008 budget. The 5.0 FTEs requested for 2008 include: one program director; three manager positions (situation awareness, emergency response, and reliability support services); and help desk administrator. Staff resources are used to support the objectives of the Situational Awareness and Infrastructure Security Program as defined in the business plan.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the committees, subcommittees, and working groups in place to support the Situational Awareness and Infrastructure Security Program.

### **Operating Expenses**

- Consultants to support North American Synchro-Phasor Project (\$250,000)
- Contractual expenses
  - IDC and SDX contracts and maintenance (\$1,528,860)
  - NERCnet support (NERC office only) (\$75,000)
  - ICCP contracts (\$30,000)
  - RCIS contracts (\$20,000)
  - Frequency monitoring tools (\$289,000)

## Technical Committees and Member Forums

Funding sources and related expenses for the Members' Forums section of the 2008 business plan are shown in Table A-7.

**Table A-7**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Technical Committees and Member Forums					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding	\$ 777,394	\$ 777,394	\$ -	\$ 713,288	\$ (64,106)
Membership Dues		175,000	175,000	175,000	-
Testing Fees			-		-
Services & Software			-		-
Interest			-		-
<b>Total Funding</b>	<b>\$ 777,394</b>	<b>\$ 952,394</b>	<b>\$ 175,000</b>	<b>\$ 888,288</b>	<b>\$ (64,106)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 474,610	\$ 455,133	\$ (19,477)	\$ 435,171	\$ (19,962)
Payroll Taxes	26,022	24,590	(1,432)	19,582	(5,008)
Benefits	73,912	60,751	(13,161)	46,731	(14,020)
Retirement Costs	36,850	37,250	400	39,403	2,153
<b>Total Personnel Expenses</b>	<b>\$ 611,394</b>	<b>\$ 577,725</b>	<b>\$ (33,670)</b>	<b>\$ 540,888</b>	<b>\$ (36,837)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 104,000	\$ 140,000	\$ 36,000	\$ 140,000	\$ -
Travel	62,000	33,000	(29,000)	32,400	(600)
Conference Calls			-		-
<b>Total Meeting Expenses</b>	<b>\$ 166,000</b>	<b>\$ 173,000</b>	<b>\$ 7,000</b>	<b>\$ 172,400</b>	<b>\$ (600)</b>
<b>Operating Expenses</b>					
Consultants		175,000	\$ 175,000	175,000	\$ -
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services			-		-
Computer Purchase & Maint.			-		-
Furniture & Equipment			-		-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 777,394</b>	<b>\$ 925,725</b>	<b>\$ 148,330</b>	<b>\$ 888,288</b>	<b>\$ (37,437)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 26,670</b>	<b>\$ 26,670</b>	<b>\$ -</b>	<b>\$ (26,670)</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Partial funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States) Dues charged to the Transmission Owners and Operators Forum (TOOF) members fully support their activities.

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.0 FTE for the 2007 projection and 2.0 FTE for the 2008 budget. The 2.0 FTEs requested for 2008 include: two program directors. Staff resources are used to support the objectives of the Technical Committees and Members' Forum Program as defined in the business plan.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the technical committees (Operating Committee and Planning Committee) and member forums.

### **Operating Expenses**

- Consultant, meetings, and staff expenses in support of TOOF activities. (\$175,000)

## Information Technology

Funding sources and related expenses for the information technology section of the 2008 business plan are shown in Table A-8.

**Table A-8**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Information Technology						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 1,864,056	\$ 1,864,056	\$ -	\$ 2,303,735	\$ 439,678
	Membership Dues			-		-
	Testing Fees			-		-
	Services & Software			-		-
	Interest			-		-
<b>Total Funding</b>		<b>\$ 1,864,056</b>	<b>\$ 1,864,056</b>	<b>\$ -</b>	<b>\$ 2,303,735</b>	<b>\$ 439,678</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 703,231	\$ 715,840	\$ 12,609	\$ 843,695	\$ 127,856
	Payroll Taxes	48,802	49,010	208	57,439	8,429
	Benefits	146,055	107,747	(38,308)	131,470	23,722
	Retirement Costs	101,968	103,493	1,524	115,531	12,038
<b>Total Personnel Expenses</b>		<b>\$ 1,000,056</b>	<b>\$ 976,090</b>	<b>\$ (23,966)</b>	<b>\$ 1,148,135</b>	<b>\$ 172,045</b>
	<b>Meeting Expenses</b>					
	Meetings			\$ -		\$ -
	Travel	29,000	31,000	2,000	30,600	(400)
	Conference Calls			-		-
<b>Total Meeting Expenses</b>		<b>\$ 29,000</b>	<b>\$ 31,000</b>	<b>\$ 2,000</b>	<b>\$ 30,600</b>	<b>\$ (400)</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
	Contracts			-		-
	Office Rent			-		-
	Office Costs	235,000	240,000	5,000	275,000	35,000
	Professional Services			-		-
	Computer Purchase & Maint.	350,000	350,000	-	600,000	250,000
	Furniture & Equipment			-		-
<b>Total Operating Expenses</b>		<b>\$ 835,000</b>	<b>\$ 840,000</b>	<b>\$ 5,000</b>	<b>\$ 1,125,000</b>	<b>\$ 285,000</b>
<b>Total Expenses</b>		<b>\$ 1,864,056</b>	<b>\$ 1,847,090</b>	<b>\$ (16,966)</b>	<b>\$ 2,303,735</b>	<b>\$ 456,645</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 16,966</b>	<b>\$ 16,966</b>	<b>\$ -</b>	<b>\$ (16,966)</b>

## Summary of 2007 and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### Funding Sources

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 7.0 FTE for the 2007 projection and 8.0 FTEs for the 2008 budget. The 8.0 FTEs requested for 2008 include: one program director; one manager position (projects); one software developer; two network administrators; and three technology specialists.

### Meeting Expenses

- Expenses in this area are mainly for staff travel in support of business plan objectives.

### Operating Expenses

- Consultants - applications development (Standards, Compliance, and Human Resources) (\$250,000)
- Office costs — internet expenses and computer maintenance (\$275,000)
- Computer purchases (desktops, laptops, and servers) (\$425,000)
- New conference bridge (\$125,000) (**NEW in 2008**)
- Fire suppression for computer room (\$50,000) (**NEW in 2008**)



## Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2008 business plan are shown in Table A-9.

**Table A-9**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
Legal and Regulatory						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 1,452,039	\$ 1,452,039	\$ -	\$ 1,601,283	\$ 149,244
	Membership Dues			-		-
	Testing Fees			-		-
	Services & Software			-		-
	Interest			-		-
<b>Total Funding</b>		<b>\$ 1,452,039</b>	<b>\$ 1,452,039</b>	<b>\$ -</b>	<b>\$ 1,601,283</b>	<b>\$ 149,244</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 691,323	\$ 644,300	\$ (47,023)	\$ 848,599	\$ 204,299
	Payroll Taxes	32,548	32,689	141	39,344	6,655
	Benefits	92,164	61,333	(30,832)	84,142	22,809
	Retirement Costs	72,004	63,475	(8,529)	74,898	11,423
<b>Total Personnel Expenses</b>		<b>\$ 888,039</b>	<b>\$ 801,797</b>	<b>\$ (86,242)</b>	<b>\$ 1,046,983</b>	<b>\$ 245,186</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 3,000	\$ 3,000	\$ -	\$ 3,000	\$ -
	Travel	61,000	43,000	(18,000)	51,300	8,300
	Conference Calls			-		-
<b>Total Meeting Expenses</b>		<b>\$ 64,000</b>	<b>\$ 46,000</b>	<b>\$ (18,000)</b>	<b>\$ 54,300</b>	<b>\$ 8,300</b>
	<b>Operating Expenses</b>					
	Consultants			\$ -		\$ -
	Contracts			-		-
	Office Rent			-		-
	Office Costs			-		-
	Professional Services	500,000	500,000	-	500,000	-
	Computer Purchase & Maint.			-		-
	Furniture & Equipment			-		-
<b>Total Operating Expenses</b>		<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>
<b>Total Expenses</b>		<b>\$ 1,452,039</b>	<b>\$ 1,347,797</b>	<b>\$ (104,242)</b>	<b>\$ 1,601,283</b>	<b>\$ 253,486</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 104,242</b>	<b>\$ 104,242</b>	<b>\$ -</b>	<b>\$ (104,242)</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 4.0 FTE for the 2007 projection and 5.0 FTEs for the 2008 budget. The 5.0 FTEs requested for 2008 include: one general counsel; one manager (Canadian affairs); one attorney; one communications specialist; and one administrative position (D.C. office).

### **Meeting Expenses**

- Expenses in this area are mainly for staff travel in support of business plan objectives.

### **Operating Expenses**

- Legal fees (\$500,000)

## Human Resources

Funding sources and related expenses for the human resources section of the 2008 business plan are shown in Table A-10.

**Table A-10**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Human Resources					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding	\$ 351,363	\$ 351,363	\$ -	\$ 473,958	\$ 122,594
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Interest			-		-
<b>Total Funding</b>	<b>\$ 351,363</b>	<b>\$ 351,363</b>	<b>\$ -</b>	<b>\$ 473,958</b>	<b>\$ 122,594</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 224,088	\$ 272,446	\$ 48,358	\$ 289,910	\$ 17,464
Payroll Taxes	13,605	17,282	3,677	18,125	843
Benefits	80,848	102,694	21,846	124,437	21,743
Retirement Costs	25,823	28,742	2,919	32,486	3,744
<b>Total Personnel Expenses</b>	<b>\$ 344,363</b>	<b>\$ 421,163</b>	<b>\$ 76,800</b>	<b>\$ 464,958</b>	<b>\$ 43,794</b>
<b>Meeting Expenses</b>					
Meetings			\$ -		\$ -
Travel	7,000	10,000	3,000	9,000	(1,000)
Conference Calls			-		-
<b>Total Meeting Expenses</b>	<b>\$ 7,000</b>	<b>\$ 10,000</b>	<b>\$ 3,000</b>	<b>\$ 9,000</b>	<b>\$ (1,000)</b>
<b>Operating Expenses</b>					
Consultants			\$ -		\$ -
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services			-		-
Computer Purchase & Maint.			-		-
Furniture & Equipment			-		-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 351,363</b>	<b>\$ 431,163</b>	<b>\$ 79,800</b>	<b>\$ 473,958</b>	<b>\$ 42,794</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ (79,800)</b>	<b>\$ (79,800)</b>	<b>\$ -</b>	<b>\$ 79,800</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.5 FTE for the 2007 projection and for the 2008 budget. The 3.5 FTEs requested for 2008 include: one program manager; one meeting planner; one receptionist and one-half of an administrative position.
- Educational expenses for the entire staff (\$100,000)

### **Meeting Expenses**

- Expenses in this area are mainly for staff travel in support of business plan objectives.

### **Operating Expenses**

- No direct operating expenses are charged to this program.

## Accounting and Finance

Funding sources and related expenses for the accounting and finance section of the 2008 business plan are shown in Table A-11.

**Table A-11**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Accounting					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding	\$ 612,787	\$ 612,787	\$ -	\$ 885,574	\$ 272,787
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Interest			-		-
<b>Total Funding</b>	<b>\$ 612,787</b>	<b>\$ 612,787</b>	<b>\$ -</b>	<b>\$ 885,574</b>	<b>\$ 272,787</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 402,498	\$ 427,950	\$ 25,452	\$ 498,523	\$ 70,573
Payroll Taxes	24,709	24,826	117	30,988	6,161
Benefits	76,272	63,155	(13,117)	82,954	19,798
Retirement Costs	54,807	52,145	(2,662)	60,509	8,363
<b>Total Personnel Expenses</b>	<b>\$ 558,287</b>	<b>\$ 568,077</b>	<b>\$ 9,791</b>	<b>\$ 672,974</b>	<b>\$ 104,896</b>
<b>Meeting Expenses</b>					
Meetings			\$ -		\$ -
Travel	5,000	12,000	7,000	12,600	600
Conference Calls			-		-
<b>Total Meeting Expenses</b>	<b>\$ 5,000</b>	<b>\$ 12,000</b>	<b>\$ 7,000</b>	<b>\$ 12,600</b>	<b>\$ 600</b>
<b>Operating Expenses</b>					
Consultants			\$ -		\$ -
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services	49,500	100,000	50,500	200,000	100,000
Computer Purchase & Maint.			-		-
Furniture & Equipment			-		-
<b>Total Operating Expenses</b>	<b>\$ 49,500</b>	<b>\$ 100,000</b>	<b>\$ 50,500</b>	<b>\$ 200,000</b>	<b>\$ 100,000</b>
<b>Total Expenses</b>	<b>\$ 612,787</b>	<b>\$ 680,077</b>	<b>\$ 67,291</b>	<b>\$ 885,574</b>	<b>\$ 205,496</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ (67,291)</b>	<b>\$ (67,291)</b>	<b>\$ -</b>	<b>\$ 67,291</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States)

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 4.0 FTE for the 2007 projection and 5.0 FTE for the 2008 budget. The 5.0 FTEs requested for 2008 include: one program director; one financial analyst; one administrative services coordinator; one accounts receivable clerk; and one bookkeeper.

### **Meeting Expenses**

- Expenses in this area are mainly for staff travel in support of business plan objectives.

### **Operating Expenses**

- Professional services:
  - financial audit and payroll services (\$50,000)
  - Internal audit function (\$50,000)
  - SAS 70 audit (\$100,000)

## General and Administrative

Funding sources and related expenses for the administrative section of the 2008 business plan are shown in Table A-12.

**Table A-12**

Statement of Activities						
2007 Budget & Projection, and 2008 Budget						
General & Administrative						
		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 2,804,181	\$ 2,804,181	\$ -	\$ 3,006,820	\$ 202,639
	Membership Dues			-		-
	Testing Fees			-		-
	Services & Software			-		-
	Interest	84,000	180,000	96,000	200,000	20,000
<b>Total Funding</b>		<b>\$ 2,888,181</b>	<b>\$ 2,984,181</b>	<b>\$ 96,000</b>	<b>\$ 3,206,820</b>	<b>\$ 222,639</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 589,163	\$ 682,192	\$ 93,029	\$ 705,082	\$ 22,890
	Payroll Taxes	18,291	23,522	5,230	24,349	828
	Benefits	37,184	39,668	2,484	50,380	10,711
	Retirement Costs	81,853	69,397	(12,455)	90,110	20,712
<b>Total Personnel Expenses</b>		<b>\$ 726,491</b>	<b>\$ 814,779</b>	<b>\$ 88,288</b>	<b>\$ 869,920</b>	<b>\$ 55,141</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 152,000	\$ 139,000	\$ (13,000)	\$ 139,000	\$ -
	Travel	137,000	146,000	9,000	155,900	9,900
	Conference Calls	113,000	113,000	-	113,000	-
<b>Total Meeting Expenses</b>		<b>\$ 402,000</b>	<b>\$ 398,000</b>	<b>\$ (4,000)</b>	<b>\$ 407,900</b>	<b>\$ 9,900</b>
	<b>Operating Expenses</b>					
	Consultants			\$ -		\$ -
	Contracts			-		-
	Office Rent	647,200	650,000	2,800	680,000	30,000
	Office Costs	411,690	417,000	5,310	470,000	53,000
	Professional Services	640,300	640,000	(300)	720,000	80,000
	Computer Purchase & Maint.			-		-
	Furniture & Equipment	60,500	89,000	28,500	59,000	(30,000)
<b>Total Operating Expenses</b>		<b>\$ 1,759,690</b>	<b>\$ 1,796,000</b>	<b>\$ 36,310</b>	<b>\$ 1,929,000</b>	<b>\$ 133,000</b>
<b>Total Expenses</b>		<b>\$ 2,888,181</b>	<b>\$ 3,008,779</b>	<b>\$ 120,598</b>	<b>\$ 3,206,820</b>	<b>\$ 198,041</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ (24,598)</b>	<b>\$ (24,598)</b>	<b>\$ -</b>	<b>\$ 24,598</b>

## **Summary of 2007 and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

### **Funding Sources**

- Partial funding for this program in 2008 is provided through assessments to LSEs or designees. (mandatory in the United States) Additional funding from the interest on cash balances.

### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.0 FTE for the 2007 projection and 3.0 FTEs for the 2008 budget. The 3.0 FTEs requested for 2008 include: one senior executive; and two administrative positions.

### **Meeting Expenses**

- Meeting, staff and consultant travel, and conference call expenses to support the board of trustees and members representative committee.

### **Operating Expenses**

All office related expenses are charged to this program area including:

- Office Rent — office space in both Princeton, N.J. and Washington, D.C. (\$680,000)
- Office costs (\$470,000)
- Professional Services (trustee fees and insurance) (\$720,000)
- Furniture and Equipment (\$59,000)



## Breakdown by Statement of Activity Sections

This appendix provides detailed schedules in support of Table 1 in Section B of the 2007 NERC Business Plan and Budget. All significant variances have been disclosed as detailed in Appendix A.

### Supplemental Funding

**Table B-1**

Outside Funding Breakdown By Program (excluding ERO Assessments)	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Reliability Assessment and Performance Analysis</b>					
pc-GAR Software	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	0.0%
GADS Services	90,000	90,000	90,000	-	0.0%
<b>Total</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Training and Education</b>					
SO Test Fees	\$ 540,000	\$ 490,000	\$ 490,000	\$ -	0.0%
PJM Test Fees	-	-	-	-	0.0%
CEH Fees	30,000	240,000	473,000	233,000	97.1%
<b>Total</b>	<b>\$ 570,000</b>	<b>\$ 730,000</b>	<b>\$ 963,000</b>	<b>\$ 233,000</b>	<b>31.9%</b>
<b>Situational Awareness and Infrastructure Security</b>					
ESD Software	\$ 15,000	\$ 12,500	\$ 15,000	\$ 2,500	20.0%
FIST Royalties	20,000	15,000	15,000	-	0.0%
TSIN Fees	25,000	75,000	75,000	-	0.0%
<b>Total</b>	<b>\$ 60,000</b>	<b>\$ 102,500</b>	<b>\$ 105,000</b>	<b>\$ 2,500</b>	<b>2.4%</b>
<b>Technical Committees and Member Forums</b>					
Transmission Owners and Operators Forum Dues		\$ 175,000	\$ 175,000	\$ -	0.0%
<b>Total</b>	<b>\$ -</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>General and Administrative</b>					
Interest Income	\$ 84,000	\$ 180,000	\$ 200,000	\$ 20,000	11.1%
<b>Total</b>	<b>\$ 84,000</b>	<b>\$ 180,000</b>	<b>\$ 200,000</b>	<b>\$ 20,000</b>	<b>11.1%</b>
<b>Total Outside Funding</b>	<b>\$ 864,000</b>	<b>\$ 1,337,500</b>	<b>\$ 1,593,000</b>	<b>\$ 255,500</b>	<b>19.1%</b>

## Personnel Expenses

**Table B-2**

Personnel Expenses	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
<b>Salaries</b>					
Salary	10,087,182	10,351,185	13,141,575	2,790,390	27.0%
Employment Agency Fees	16,000	16,000	16,000	-	0.0%
Temporary Office Services	30,000	30,000	30,000	-	0.0%
<b>Total Salaries</b>	<b>10,133,182</b>	<b>10,397,185</b>	<b>13,187,575</b>	<b>2,790,390</b>	<b>26.8%</b>
<b>Payroll Taxes</b>					
FICA	426,948	439,796	535,073	95,277	21.7%
Medicare	143,222	146,327	187,357	41,029	28.0%
SUI	34,672	40,722	45,416	4,694	11.5%
FUI	4,704	5,152	5,712	560	10.9%
<b>Total Payroll Taxes</b>	<b>609,545</b>	<b>631,998</b>	<b>773,557</b>	<b>141,560</b>	<b>22.4%</b>
<b>Benefits</b>					
Workers Compensation	36,000	37,240	47,880	10,640	28.6%
Medical Insurance	1,083,663	999,005	1,347,724	348,720	34.9%
Life-LTD Insurance	128,922	164,445	189,503	25,058	15.2%
Education	60,000	80,000	100,000	20,000	25.0%
Relocation	184,000	90,000	7,500	(82,500)	-91.7%
<b>Total Benefits</b>	<b>1,492,584</b>	<b>1,370,690</b>	<b>1,692,608</b>	<b>321,917</b>	<b>23.5%</b>
<b>Retirement</b>					
Profit Sharing Plan / SERP	735,753	583,439	733,188	149,749	25.7%
Savings Plan	383,138	407,130	528,007	120,876	29.7%
<b>Total Retirement</b>	<b>1,118,891</b>	<b>990,570</b>	<b>1,261,195</b>	<b>270,625</b>	<b>27.3%</b>
<b>Total Personnel Costs</b>	<b>13,354,202</b>	<b>13,390,442</b>	<b>16,914,934</b>	<b>3,524,492</b>	<b>26.3%</b>

## Meeting Expenses

Table B-3

Meeting Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 149,000	\$ 153,000	\$ 160,000	\$ 7,000	4.6%
Compliance and Organization Registration and Certification	54,000	30,000	30,000	-	0.0%
Reliability Assessment and Performance Analysis	80,000	94,500	92,500	(2,000)	-2.1%
Training and Education	50,000	54,000	54,000	-	0.0%
Situational Awareness and Infrastructure Security	121,000	102,000	102,000	-	0.0%
Committee and Member Forums	104,000	140,000	140,000	-	0.0%
General and Administrative	152,000	139,000	139,000	-	0.0%
Legal and Regulatory	3,000	3,000	3,000	-	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 713,000</b>	<b>\$ 715,500</b>	<b>\$ 720,500</b>	<b>\$ 5,000</b>	<b>0.7%</b>

Travel Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 188,000	\$ 198,000	\$ 205,200	\$ 7,200	3.6%
Compliance and Organization Registration and Certification	317,000	260,000	378,900	118,900	45.7%
Reliability Readiness Audit and Improvement	159,000	160,000	157,500	(2,500)	-1.6%
Reliability Assessment and Performance Analysis	200,000	191,000	203,400	12,400	6.5%
Training and Education	70,000	48,000	55,800	7,800	16.3%
Situational Awareness and Infrastructure Security	81,000	83,000	80,100	(2,900)	-3.5%
Committee and Member Forums	62,000	33,000	32,400	(600)	-1.8%
General and Administrative	137,000	146,000	155,900	9,900	6.8%
Legal and Regulatory	61,000	43,000	51,300	8,300	19.3%
Information Technology	29,000	31,000	30,600	(400)	-1.3%
Human Resources	7,000	10,000	9,000	(1,000)	-10.0%
Accounting and Finance	5,000	12,000	12,600	600	5.0%
<b>Total Travel Expenses</b>	<b>\$ 1,316,000</b>	<b>\$ 1,215,000</b>	<b>\$ 1,372,700</b>	<b>\$ 157,700</b>	<b>13.0%</b>

Conference Call Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
General and Administrative	\$ 113,000	\$ 113,000	\$ 113,000	\$ -	0.0%
<b>Total Conference Calls</b>	<b>\$ 113,000</b>	<b>\$ 113,000</b>	<b>\$ 113,000</b>	<b>\$ -</b>	<b>0.0%</b>

## Operating Expenses

### Table B-4

Consultants	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Consultants</b>					
Reliability Standards	\$ 240,000	\$ 55,000	\$ 100,000	\$ 45,000	81.8%
Compliance and Org. Registration and Cert.	490,000	490,000	330,000	(160,000)	-32.7%
Reliability Assessment and Performance Analysis	75,000	75,000	75,000	-	0.0%
Training and Education	100,000	100,000	100,000	-	0.0%
Situational Awareness and Infrastructure Security	250,000	250,000	250,000	-	0.0%
Information Technology	250,000	250,000	250,000	-	0.0%
Member Forum Consultants		175,000	175,000	-	0.0%
<b>Consultants Total</b>	<b>\$ 1,405,000</b>	<b>\$ 1,395,000</b>	<b>\$ 1,280,000</b>	<b>\$ (115,000)</b>	<b>-8.2%</b>

### Table B-5

Contracts	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Contracts - Software</b>					
GADS Programming Support	\$ 50,000	\$ 50,000	\$ 135,000	\$ 85,000	170.0%
Analysis Software	125,000	125,000	115,000	(10,000)	-8.0%
MMWG Powerflow Contractor	85,500	85,500	-	(85,500)	-100.0%
MMWG Dynamics Contractor	118,200	118,200	-	(118,200)	-100.0%
Resource Adequacy Studies	10,000			-	0.0%
General Maintenance	10,000	10,000	10,000	-	0.0%
NERCnet Maintenance	20,000	-	-	-	0.0%
NERCnet (NERC Office)	38,000	45,000	45,000	-	0.0%
NERCnet (IDC Support)	22,800	30,000	30,000	-	0.0%
Data Services Maintenance	30,000	30,000	30,000	-	0.0%
NERC ICCP Maintenance Contract	6,000	-	-	-	0.0%
NERC ICCP Backup Node	6,000	-	-	-	0.0%
RCIS Support	20,000	20,000	20,000	-	0.0%
Real-Time TagNet Displays	3,000	-	-	-	0.0%
Area Control Error (ACE) Project	106,000	106,000	106,000	-	0.0%
Inadvertent Interchange	58,000	58,000	58,000	-	0.0%
AIE Monitoring	80,000	80,000	50,000	(30,000)	-37.5%
CPS1-Balancing Authority ACE Limit Monitoring	50,000	50,000	20,000	(30,000)	-60.0%
Frequency Monitoring	105,000	105,000	55,000	(50,000)	-47.6%
Assessment Studies		10,000	10,000	-	0.0%
TADS Development		-	150,000	150,000	100.0%
<b>Contracts - Software Total</b>	<b>\$ 943,500</b>	<b>\$ 922,700</b>	<b>\$ 834,000</b>	<b>\$ (88,700)</b>	<b>-9.6%</b>
<b>Contract - IDC</b>					
SDX Support	\$ 74,000	\$ 77,000	\$ 80,000	\$ 3,000	3.9%
IDC Maintenance	50,000	50,000	50,000	-	0.0%
DF Support Services Contract	19,200	19,200	19,200	-	0.0%
IDC Client Contracts	202,000	200,000	200,000	-	0.0%
IDC Client Billing	(202,000)	(200,000)	(200,000)	-	0.0%
IDC Base Contract	1,289,660	1,289,660	1,329,660	40,000	3.1%
E-Tag Maintenance	50,000	50,000	50,000	-	0.0%
<b>Contracts - IDC Total</b>	<b>\$ 1,482,860</b>	<b>\$ 1,485,860</b>	<b>\$ 1,528,860</b>	<b>\$ 43,000</b>	<b>2.9%</b>
<b>Education and Training</b>					
System Operator Testing Expenses	\$ 75,900	\$ 73,000	\$ 60,000	\$ (13,000)	-17.8%
System Operator Examination Development	94,400	91,000	104,000	13,000	14.3%
Database Development	150,000	100,000	100,000	-	0.0%
Registration Costs	4,500	-	-	-	0.0%
<b>Education and Training Total</b>	<b>\$ 324,800</b>	<b>\$ 264,000</b>	<b>\$ 264,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Contracts Total</b>	<b>\$ 2,751,160</b>	<b>\$ 2,672,560</b>	<b>\$ 2,626,860</b>	<b>\$ (45,700)</b>	<b>-1.7%</b>

**Table B-6**

Office Rent	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Office Rent	\$ 647,200	\$ 650,000	\$ 680,000	\$ 30,000	4%
<b>Total Office Rent</b>	<b>\$ 647,200</b>	<b>\$ 650,000</b>	<b>\$ 680,000</b>	<b>\$ 165,900</b>	<b>34%</b>

**Table B-7**

Office Costs	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Telephone	\$ 150,000	\$ 140,000	\$ 160,000	\$ 20,000	13%
Internet	125,000	130,000	165,000	35,000	21%
Office Supplies	62,700	70,000	80,000	10,000	13%
Computer Supplies and Maintenance	110,000	110,000	110,000	-	0%
Publications & Subscriptions	44,000	25,000	30,000	5,000	17%
Dues	29,700	30,000	35,000	5,000	14%
Postage	10,560	10,000	12,000	2,000	17%
UPS, Express Mail, etc.	21,340	22,000	24,000	2,000	8%
Copying	31,350	33,000	36,000	3,000	8%
Reports - Graphics	2,200	3,000	3,000	-	0%
Stationary Forms	5,500	10,000	10,000	-	0%
Equipment Repair/Service Contracts	13,200	24,000	27,000	3,000	11%
Bank Charges	7,700	7,000	8,000	1,000	13%
Sales & Use Taxes	5,060	3,000	3,000	-	0%
Merchant Card Fees	28,380	40,000	42,000	2,000	5%
<b>Total Office Costs</b>	<b>\$ 646,690</b>	<b>\$ 657,000</b>	<b>\$ 745,000</b>	<b>\$ 88,000</b>	<b>12%</b>

**Table B-8**

Professional Services	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Independent Trustee Fees	\$ 593,000	\$ 593,000	\$ 660,000	\$ 67,000	10%
Outside Legal	500,000	500,000	500,000	-	0%
Accounting & Auditing Fees	49,500	100,000	200,000	100,000	50%
Insurance Commercial	47,300	47,000	60,000	13,000	22%
<b>Total Services</b>	<b>\$ 1,189,800</b>	<b>\$ 1,240,000</b>	<b>\$ 1,420,000</b>	<b>\$ 180,000</b>	<b>13%</b>

**Table B-9**

Computer	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Purchase and Lease	\$ 350,000	\$ 350,000	\$ 600,000	\$ 250,000	42%
<b>Total Computer</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 600,000</b>	<b>\$ 250,000</b>	<b>42%</b>

**Table B-10**

Furniture & Equipment	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Furniture	\$ 44,000	\$ 70,000	\$ 40,000	\$ (30,000)	-75%
Equipment	12,100	15,000	15,000	-	0%
Miscellaneous	4,400	4,000	4,000	-	0%
<b>Total Furniture &amp; Fixtures</b>	<b>\$ 60,500</b>	<b>\$ 89,000</b>	<b>\$ 59,000</b>	<b>\$ (30,000)</b>	<b>-51%</b>

**2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments**

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	FRCC	Alachua, City of	U.S.	111,000	111,000			0.048%	0.048%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	FRCC	Bartow, City of	U.S.	311,000	311,000			0.135%	0.135%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	FRCC	Chattahoochee, City of	U.S.	45,000	45,000			0.020%	0.020%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	FRCC	Florida Keys Electric Cooperative Assn	U.S.	704,000	704,000			0.306%	0.306%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%
2006	FRCC	Florida Power & Light Co.	U.S.	111,621,000	111,621,000			48.529%	48.529%	0.000%	0.000%	2.515%	2.515%	0.000%	0.000%
2006	FRCC	Florida Public Utilities Company	U.S.	522,000	522,000			0.227%	0.227%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%
2006	FRCC	Gainesville Regional Utilities	U.S.	2,098,500	2,098,500			0.912%	0.912%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%
2006	FRCC	Homestead, City of	U.S.	457,000	457,000			0.199%	0.199%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	FRCC	JEA	U.S.	13,289,000	13,289,000			5.778%	5.778%	0.000%	0.000%	0.299%	0.299%	0.000%	0.000%
2006	FRCC	Lakeland Electric	U.S.	2,984,000	2,984,000			1.297%	1.297%	0.000%	0.000%	0.067%	0.067%	0.000%	0.000%
2006	FRCC	Mount Dora, City of	U.S.	105,000	105,000			0.046%	0.046%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	FRCC	New Smyrna Beach, Utilities Commission of	U.S.	399,700	399,700			0.174%	0.174%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	FRCC	Orlando Utilities Commission	U.S.	5,674,000	5,674,000			2.467%	2.467%	0.000%	0.000%	0.128%	0.128%	0.000%	0.000%
2006	FRCC	Progress Energy Florida	U.S.	42,073,000	42,073,000			18.292%	18.292%	0.000%	0.000%	0.948%	0.948%	0.000%	0.000%
2006	FRCC	Quincy, City of	U.S.	166,000	166,000			0.072%	0.072%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	FRCC	Reedy Creek Improvement District	U.S.	1,256,000	1,256,000			0.546%	0.546%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%
2006	FRCC	St. Cloud, City of (OUC)	U.S.	557,000	557,000			0.242%	0.242%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%
2006	FRCC	Tallahassee, City of	U.S.	2,868,000	2,868,000			1.247%	1.247%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%
2006	FRCC	Tampa Electric Company	U.S.	20,025,000	20,025,000			8.706%	8.706%	0.000%	0.000%	0.451%	0.451%	0.000%	0.000%
2006	FRCC	Wauchula, City of	U.S.	69,000	69,000			0.030%	0.030%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	FRCC	Williston, City of	U.S.	36,000	36,000			0.016%	0.016%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	FRCC	Winter Park, City of	U.S.	475,000	475,000			0.207%	0.207%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%
2006	FRCC	Florida Municipal Power Agency	U.S.	7,257,700	7,257,700			3.155%	3.155%	0.000%	0.000%	0.163%	0.163%	0.000%	0.000%
2006	FRCC	Seminole Electric Cooperative	U.S.	16,907,300	16,907,300			7.351%	7.351%	0.000%	0.000%	0.381%	0.381%	0.000%	0.000%
				230,011,200	230,011,200	-	-	100.000%	100.000%	0.000%	0.000%	5.182%	5.182%	0.000%	0.000%
2006	MRO	Basin Electric Power Cooperative	US	8,435,200	8,435,200	-	-	3.114%	3.114%	0.000%	0.000%	0.190%	0.190%	0.000%	0.000%
2006	MRO	Central Iowa Power Cooperative (CIPCO)	US	2,518,061	2,518,061	-	-	0.929%	0.929%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%
2006	MRO	Corn Belt Power Cooperative	US	1,565,402	1,565,402	-	-	0.578%	0.578%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%
2006	MRO	Dairyland Power Cooperative	US	4,831,797	4,831,797	-	-	1.784%	1.784%	0.000%	0.000%	0.109%	0.109%	0.000%	0.000%
2006	MRO	Great River Energy	US	12,687,742	12,687,742	-	-	4.683%	4.683%	0.000%	0.000%	0.286%	0.286%	0.000%	0.000%
2006	MRO	Minnkota Power Cooperative, Inc.	US	3,712,164	3,712,164	-	-	1.370%	1.370%	0.000%	0.000%	0.084%	0.084%	0.000%	0.000%
2006	MRO	Nebraska Public Power District	US	11,833,882	11,833,882	-	-	4.368%	4.368%	0.000%	0.000%	0.267%	0.267%	0.000%	0.000%
2006	MRO	Omaha Public Power District	US	10,119,574	10,119,574	-	-	3.735%	3.735%	0.000%	0.000%	0.228%	0.228%	0.000%	0.000%
2006	MRO	Southern Montana Generation and Transmission	US	17,986	17,986	-	-	0.007%	0.007%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	MRO	Western Area Power Administration (UM)	US	7,683,216	7,683,216	-	-	2.836%	2.836%	0.000%	0.000%	0.173%	0.173%	0.000%	0.000%
2006	MRO	Western Area Power Administration (LM)	US	33,383	33,383	-	-	0.012%	0.012%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	MRO	Manitoba Hydro	CAN	24,089,785	-	24,089,785	-	8.892%	0.000%	8.892%	0.000%	0.543%	0.000%	0.543%	0.000%
2006	MRO	SaskPower	CAN	19,300,000	-	19,300,000	-	7.124%	0.000%	7.124%	0.000%	0.435%	0.000%	0.435%	0.000%
2006	MRO	Alliant Energy (Alliant East - WPL & Alliant West IPL)	US	29,732,785	29,732,785	-	-	10.975%	10.975%	0.000%	0.000%	0.670%	0.670%	0.000%	0.000%
2006	MRO	Madison, Gas and Electric	US	3,391,224	3,391,224	-	-	1.252%	1.252%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%
2006	MRO	MidAmerican Energy Company	US	21,013,853	21,013,853	-	-	7.757%	7.757%	0.000%	0.000%	0.473%	0.473%	0.000%	0.000%
2006	MRO	Minnesota Power	US	11,888,666	11,888,666	-	-	4.388%	4.388%	0.000%	0.000%	0.268%	0.268%	0.000%	0.000%
2006	MRO	Montana-Dakota Utilities Co.	US	2,397,793	2,397,793	-	-	0.885%	0.885%	0.000%	0.000%	0.054%	0.054%	0.000%	0.000%
2006	MRO	Northwestern Public Service Company	US	1,348,200	1,348,200	-	-	0.498%	0.498%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%
2006	MRO	Otter Tail Power Company	US	3,884,999	3,884,999	-	-	1.434%	1.434%	0.000%	0.000%	0.088%	0.088%	0.000%	0.000%
2006	MRO	Integrus Energy Group (WPS and UPSCO)	US	15,953,606	15,953,606	-	-	5.889%	5.889%	0.000%	0.000%	0.359%	0.359%	0.000%	0.000%
2006	MRO	Xcel Energy Company (NSP)	US	46,460,000	46,460,000	-	-	17.149%	17.149%	0.000%	0.000%	1.047%	1.047%	0.000%	0.000%
2006	MRO	Ames Municipal Electric System	US	570,607	570,607	-	-	0.211%	0.211%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%
2006	MRO	Badger Power Marketing Authority of Wisconsin, Inc.	US	368,437	368,437	-	-	0.136%	0.136%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	MRO	Cedar Falls Municipal Utilities	US	490,457	490,457	-	-	0.181%	0.181%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%
2006	MRO	Central Minnesota Municipal Power Agency (CMMPA)	US	519,399	519,399	-	-	0.192%	0.192%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%
2006	MRO	City of Escanaba Electric Department	US	161,176	161,176	-	-	0.059%	0.059%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	MRO	Falls City Water & Light Department	US	52,715	52,715	-	-	0.019%	0.019%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	MRO	Fremont Department of Utilities	US	434,360	434,360	-	-	0.160%	0.160%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	MRO	Geneseo Municipal Utilities	US	68,030	68,030	-	-	0.025%	0.025%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%

**2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments**

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	MRO	Grand Island Utilities Department	US	694,593	694,593	-	-	0.256%	0.256%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%
2006	MRO	Hastings Utilities	US	469,771	469,771	-	-	0.173%	0.173%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%
2006	MRO	Heartland Consumers Power District	US	654,003	654,003	-	-	0.241%	0.241%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%
2006	MRO	Hutchinson Utilities Commission	US	319,887	319,887	-	-	0.118%	0.118%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	MRO	Iowa Association of Municipal Utilities	US	487,000	487,000	-	-	0.180%	0.180%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%
2006	MRO	Lincoln Electric System	US	3,415,422	3,415,422	-	-	1.261%	1.261%	0.000%	0.000%	0.077%	0.077%	0.000%	0.000%
2006	MRO	Manitowoc Public Utilities	US	567,857	567,857	-	-	0.210%	0.210%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%
2006	MRO	McGregor and St. Charles Municipal (GEN-SYS Energy)	US	39,028	39,028	-	-	0.014%	0.014%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	MRO	Missouri River Energy Services	US	2,040,500	2,040,500	-	-	0.753%	0.753%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%
2006	MRO	MN Municipal Power Agency (MMPA)	US	1,339,498	1,339,498	-	-	0.494%	0.494%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%
2006	MRO	Municipal Energy Agency of Nebraska	US	564,672	564,672	-	-	0.208%	0.208%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%
2006	MRO	Muscatine Power and Water	US	898,917	898,917	-	-	0.332%	0.332%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%
2006	MRO	Nebraska City Utilities	US	163,604	163,604	-	-	0.060%	0.060%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	MRO	Rochester Public Utilities	US	20,000	20,000	-	-	0.007%	0.007%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	MRO	Southern Minnesota Municipal Power Agency	US	2,865,113	2,865,113	-	-	1.058%	1.058%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%
2006	MRO	Willmar Municipal Utilities	US	294,516	294,516	-	-	0.109%	0.109%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	MRO	Wisconsin Public Power, Inc. (East and West regions)	US	10,515,160	10,515,160	-	-	3.881%	3.881%	0.000%	0.000%	0.237%	0.237%	0.000%	0.000%
				<b>270,914,040</b>	<b>227,524,255</b>	<b>43,389,785</b>	<b>-</b>	<b>100.000%</b>	<b>83.984%</b>	<b>16.016%</b>	<b>0.000%</b>	<b>6.103%</b>	<b>5.126%</b>	<b>0.977%</b>	<b>0.000%</b>
2006	NPCC	New England	U.S.	132,077,000	132,077,000	-	-	20.105%	20.105%	0.000%	0.000%	2.975%	2.975%	0.000%	0.000%
2006	NPCC	New York	U.S.	162,238,000	162,238,000	-	-	24.697%	24.697%	0.000%	0.000%	3.655%	3.655%	0.000%	0.000%
2006	NPCC	Ontario	Canada	151,054,660	-	151,054,660	-	22.994%	0.000%	22.994%	0.000%	3.403%	0.000%	3.403%	0.000%
2006	NPCC	Quebec	Canada	185,828,928	-	185,828,928	-	28.288%	0.000%	28.288%	0.000%	4.186%	0.000%	4.186%	0.000%
2006	NPCC	New Brunswick	Canada	14,755,379	-	14,755,379	-	2.246%	0.000%	2.246%	0.000%	0.332%	0.000%	0.332%	0.000%
2006	NPCC	Nova Scotia	Canada	10,967,000	-	10,967,000	-	1.669%	0.000%	1.669%	0.000%	0.247%	0.000%	0.247%	0.000%
				<b>656,920,967</b>	<b>294,315,000</b>	<b>362,605,967</b>	<b>-</b>	<b>100.000%</b>	<b>44.802%</b>	<b>55.198%</b>	<b>0.000%</b>	<b>14.799%</b>	<b>6.630%</b>	<b>8.169%</b>	<b>0.000%</b>
2006	RFC	Hoosier Energy	U.S.	6,636,137	6,636,137	-	-	0.726%	0.726%	0.000%	0.000%	0.149%	0.149%	0.000%	0.000%
2006	RFC	Indianapolis Power & Light Co.	U.S.	15,602,799	15,602,799	-	-	1.707%	1.707%	0.000%	0.000%	0.351%	0.351%	0.000%	0.000%
2006	RFC	PJM Interconnection, LLC	U.S.	603,422,089	603,422,089	-	-	66.024%	66.024%	0.000%	0.000%	13.594%	13.594%	0.000%	0.000%
2006	RFC	American Municipal Power	U.S.	3,277,728	3,277,728	-	-	0.359%	0.359%	0.000%	0.000%	0.074%	0.074%	0.000%	0.000%
2006	RFC	Buckeye Power Inc.	U.S.	926,220	926,220	-	-	0.101%	0.101%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%
2006	RFC	City of Painesville	U.S.	55,972	55,972	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Cleveland Public Power	U.S.	1,672,347	1,672,347	-	-	0.183%	0.183%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%
2006	RFC	Constellation New Energy Inc.	U.S.	732	732	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Dominion Retail	U.S.	6,297	6,297	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	FirstEnergy Solutions	U.S.	9,308,419	9,308,419	-	-	1.018%	1.018%	0.000%	0.000%	0.210%	0.210%	0.000%	0.000%
2006	RFC	FirstEnergy	U.S.	54,602,835	54,602,835	-	-	5.974%	5.974%	0.000%	0.000%	1.230%	1.230%	0.000%	0.000%
2006	RFC	Strategic Energy	U.S.	41,777	41,777	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Zelienople	U.S.	32,875	32,875	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Bethel	U.S.	29,581	29,581	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Buckeye Power Inc.	U.S.	265,242	265,242	-	-	0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%
2006	RFC	City of Hamilton	U.S.	328,529	328,529	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	RFC	City of Williamstown KY	U.S.	62,289	62,289	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Constellation New Energy Inc.	U.S.	381,586	381,586	-	-	0.042%	0.042%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	RFC	Dominion Retail Inc.	U.S.	158,914	158,914	-	-	0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	RFC	Duke Energy Indiana	U.S.	31,107,237	31,107,237	-	-	3.404%	3.404%	0.000%	0.000%	0.701%	0.701%	0.000%	0.000%
2006	RFC	Duke Energy Kentucky	U.S.	4,224,210	4,224,210	-	-	0.462%	0.462%	0.000%	0.000%	0.095%	0.095%	0.000%	0.000%
2006	RFC	Duke Energy Ohio	U.S.	21,350,775	21,350,775	-	-	2.336%	2.336%	0.000%	0.000%	0.481%	0.481%	0.000%	0.000%
2006	RFC	FirstEnergy Solutions	U.S.	12,853	12,853	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Georgetown	U.S.	54,104	54,104	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Hamersville	U.S.	5,672	5,672	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Indiana Municipal Power Agency	U.S.	3,015,476	3,015,476	-	-	0.330%	0.330%	0.000%	0.000%	0.068%	0.068%	0.000%	0.000%
2006	RFC	Lebanon	U.S.	181,465	181,465	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	RFC	Mid American Energy Company Retail	U.S.	1,664	1,664	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Ripley	U.S.	20,852	20,852	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Strategic Energy LLC	U.S.	217,763	217,763	-	-	0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%
2006	RFC	Village of Blanchester	U.S.	82,667	82,667	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	Wabash Valley Power Association Inc.	U.S.	2,359,408	2,359,408	-	-	0.258%	0.258%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%
2006	RFC	Bay City	U.S.	336,283	336,283	-	-	0.037%	0.037%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%

2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	RFC	City of Chelsea	U.S.	86,598	86,598			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	City of Eaton Rapids	U.S.	95,316	95,316			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	City of Hart	U.S.	38,193	38,193			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	City of Portland	U.S.	34,835	34,835			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	City of St. Louis	U.S.	40,599	40,599			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	CMS Energy Resource Management Company	U.S.	7,618	7,618			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Constellation New Energy	U.S.	338,168	338,168			0.037%	0.037%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	RFC	Consumers Energy Company	U.S.	36,534,836	36,534,836			3.997%	3.997%	0.000%	0.000%	0.823%	0.823%	0.000%	0.000%
2006	RFC	Holland Board of Public Works	U.S.	848,218	848,218			0.093%	0.093%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%
2006	RFC	Michigan Public Power Agency	U.S.	615,071	615,071			0.067%	0.067%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%
2006	RFC	Michigan South Central Power Agency	U.S.	619,222	619,222			0.068%	0.068%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%
2006	RFC	MidAmerican Energy Company Retail	U.S.	1,709	1,709			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Quest Energy	U.S.	216,724	216,724			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%
2006	RFC	Sempra Energy Solutions	U.S.	189,429	189,429			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	RFC	Strategic Energy LLC	U.S.	60,353	60,353			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Wabash Valley Power Association Inc.	U.S.	78,940	78,940			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	Wolverine Power Marketing Cooperative	U.S.	768,519	768,519			0.084%	0.084%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%
2006	RFC	Wolverine Power Supply Cooperative	U.S.	2,365,202	2,365,202			0.259%	0.259%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%
2006	RFC	WPS Energy Services Inc	U.S.	3,596	3,596			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	City of Croswell	U.S.	46,647	46,647			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	City of Wyandotte	U.S.	30,592	30,592			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	CMS ERM Michigan LLC	U.S.	1,254,217	1,254,217			0.137%	0.137%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%
2006	RFC	Constellation New Energy	U.S.	1,387,290	1,387,290			0.152%	0.152%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%
2006	RFC	Detroit Edison Company	U.S.	47,353,822	47,353,822			5.181%	5.181%	0.000%	0.000%	1.067%	1.067%	0.000%	0.000%
2006	RFC	DTE Energy Trading	U.S.	259,811	259,811			0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%
2006	RFC	Energy International Power Marketing	U.S.	20,901	20,901			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Exelon Energy Company	U.S.	17,002	17,002			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	FirstEnergy Solutions	U.S.	326,212	326,212			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	RFC	MidAmerican Energy Company Retail	U.S.	78,980	78,980			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	Public Lighting Department of Detroit	U.S.	628,177	628,177			0.069%	0.069%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%
2006	RFC	Quest Energy	U.S.	210,364	210,364			0.023%	0.023%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%
2006	RFC	Sempra Energy Solutions	U.S.	6,957	6,957			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Strategic Energy LLC	U.S.	419,370	419,370			0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	RFC	Thumb Electric Cooperative	U.S.	158,344	158,344			0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	RFC	Village of Sebewaing	U.S.	45,088	45,088			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	WPS Energy Services Inc	U.S.	115,429	115,429			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	RFC	Wolverine Power Supply Cooperative	U.S.	96,870	96,870			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	Northern Indiana Public Service Co.	U.S.	17,444,275	17,444,275			1.909%	1.909%	0.000%	0.000%	0.393%	0.393%	0.000%	0.000%
2006	RFC	Wabash Valley Power Association Inc.	U.S.	1,455,330	1,455,330			0.159%	0.159%	0.000%	0.000%	0.033%	0.033%	0.000%	0.000%
2006	RFC	Indiana Municipal Power Agency	U.S.	380,520	380,520			0.042%	0.042%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	RFC	Cannelton Utilities	U.S.	18,910	18,910			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	Ferdinand Municipal Light & Water	U.S.	42,905	42,905			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Indiana Municipal Power Agency	U.S.	277,872	277,872			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%
2006	RFC	Jasper Municipal Electric	U.S.	320,372	320,372			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	RFC	Vectren Energy Delivery of IN	U.S.	5,729,963	5,729,963			0.627%	0.627%	0.000%	0.000%	0.129%	0.129%	0.000%	0.000%
2006	RFC	Alger Delta Cooperative Electric Association	U.S.	68,317	68,317			0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	RFC	City of Crystal Falls	U.S.	13,697	13,697			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	RFC	City of Marquette Board of Light & Power	U.S.	336,509	336,509			0.037%	0.037%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	RFC	Cloverland Electric Cooperative	U.S.	241,642	241,642			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%
2006	RFC	Edison Sault Electric Co.	U.S.	666,276	666,276			0.073%	0.073%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%
2006	RFC	Ontonagon County Rural Electrification Assoc.	U.S.	29,350	29,350			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	RFC	Wisconsin Electric Power Co.	U.S.	29,407,032	29,407,032			3.218%	3.218%	0.000%	0.000%	0.662%	0.662%	0.000%	0.000%
2006	RFC	City of Lansing	U.S.	2,332,623	2,332,623			0.255%	0.255%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%
				913,947,607	913,947,607	-	-	100.000%	100.000%	0.000%	0.000%	20.589%	20.589%	0.000%	0.000%
2006	SERC	Alabama Electric Cooperative Inc.	US	8,861,000	8,861,000	-	-	0.873%	0.873%	0.000%	0.000%	0.200%	0.200%	0.000%	0.000%
2006	SERC	Alabama Municipal Electric Authority	US	3,501,530	3,501,530	-	-	0.345%	0.345%	0.000%	0.000%	0.079%	0.079%	0.000%	0.000%
2006	SERC	Alabama Power Company	US	59,971,004	59,971,004	-	-	5.910%	5.910%	0.000%	0.000%	1.351%	1.351%	0.000%	0.000%
2006	SERC	Ameren - Illinois	US	44,323,000	44,323,000	-	-	4.368%	4.368%	0.000%	0.000%	0.998%	0.998%	0.000%	0.000%
2006	SERC	Ameren - Missouri	US	42,260,000	42,260,000	-	-	4.165%	4.165%	0.000%	0.000%	0.952%	0.952%	0.000%	0.000%



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2006	SERC	APGI - Yadkin Division	US	36,640	36,640	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	Associated Electric Cooperative Inc.	US	18,589,000	18,589,000	-	-	1.832%	1.832%	0.000%	0.000%	0.419%	0.419%	0.000%	0.000%
2006	SERC	Benton Utility District	US	273,525	273,525	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%
2006	SERC	Big Rivers Electric Corporation	US	10,655,529	10,655,529	-	-	1.050%	1.050%	0.000%	0.000%	0.240%	0.240%	0.000%	0.000%
2006	SERC	Black Warrior EMC	US	458,308	458,308	-	-	0.045%	0.045%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	SERC	Blue Ridge EMC	US	1,130,000	1,130,000	-	-	0.111%	0.111%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%
2006	SERC	Canton, MS	US	141,795	141,795	-	-	0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	SERC	Central Electric Power Cooperative Inc.	US	143,525	143,525	-	-	0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	SERC	City of Blountstown FL	US	39,592	39,592	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	City of Camden SC	US	198,000	198,000	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	SERC	City of Campbell, MO	US	18,215	18,215	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	SERC	City of Collins MS	US	43,848	43,848	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	City of Columbia MO	US	1,392,000	1,392,000	-	-	0.137%	0.137%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%
2006	SERC	City of Conway AR (Conway Corporation)	US	960,434	960,434	-	-	0.095%	0.095%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%
2006	SERC	City of Evergreen AL	US	62,156	62,156	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	City of Hampton GA	US	27,943	27,943	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	City of Hartford AL	US	32,229	32,229	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	City of Henderson (KY) Municipal Power & Light	US	670,358	670,358	-	-	0.066%	0.066%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%
2006	SERC	City of North Little Rock AR (DENL)	US	1,041,151	1,041,151	-	-	0.103%	0.103%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%
2006	SERC	City of Orangeburg SC Department of Public Utilities	US	929,705	929,705	-	-	0.092%	0.092%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%
2006	SERC	City of Robertsdale AL	US	71,218	71,218	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	SERC	City of Ruston LA (DERS)	US	284,898	284,898	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%
2006	SERC	City of Seneca SC	US	171,000	171,000	-	-	0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	SERC	City of Springfield (CWLP)	US	1,854,266	1,854,266	-	-	0.183%	0.183%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%
2006	SERC	City of Thayer, MO	US	16,788	16,788	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	SERC	City of Troy AL	US	350,944	350,944	-	-	0.035%	0.035%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	SERC	City of West Memphis AR (West Memphis Utilities)	US	419,439	419,439	-	-	0.041%	0.041%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	SERC	Dalton Utilities	US	1,615,457	1,615,457	-	-	0.159%	0.159%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%
2006	SERC	Dominion Virginia Power	US	82,981,000	82,981,000	-	-	8.178%	8.178%	0.000%	0.000%	1.869%	1.869%	0.000%	0.000%
2006	SERC	Duke Energy Carolinas, LLC	US	83,756,000	83,756,000	-	-	8.254%	8.254%	0.000%	0.000%	1.887%	1.887%	0.000%	0.000%
2006	SERC	Durant, MS	US	37,584	37,584	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	E.ON U.S. Services Inc.	US	34,739,822	34,739,822	-	-	3.424%	3.424%	0.000%	0.000%	0.783%	0.783%	0.000%	0.000%
2006	SERC	East Kentucky Power Cooperative	US	12,331,280	12,331,280	-	-	1.215%	1.215%	0.000%	0.000%	0.278%	0.278%	0.000%	0.000%
2006	SERC	East Mississippi Electric Power Association	US	432,533	432,533	-	-	0.043%	0.043%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	SERC	EnergyUnited EMC	US	2,336,000	2,336,000	-	-	0.230%	0.230%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%
2006	SERC	Entergy	US	109,366,018	109,366,018	-	-	10.778%	10.778%	0.000%	0.000%	2.464%	2.464%	0.000%	0.000%
2006	SERC	Fayetteville (NC) Public Works Commission	US	2,116,700	2,116,700	-	-	0.209%	0.209%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%
2006	SERC	Florida Public Utilities (FL Panhandle Load)	US	361,909	361,909	-	-	0.036%	0.036%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	SERC	French Broad EMC	US	466,091	466,091	-	-	0.046%	0.046%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	SERC	Georgia Power Company	US	88,003,829	88,003,829	-	-	8.673%	8.673%	0.000%	0.000%	1.983%	1.983%	0.000%	0.000%
2006	SERC	Georgia System Optns Corporation	US	37,750,000	37,750,000	-	-	3.720%	3.720%	0.000%	0.000%	0.850%	0.850%	0.000%	0.000%
2006	SERC	Greenwood (SC) Commissioners of Public Works	US	317,503	317,503	-	-	0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	SERC	Greenwood (MS) Utilities Commission	US	313,421	313,421	-	-	0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	SERC	Gulf Power Company	US	12,171,643	12,171,643	-	-	1.200%	1.200%	0.000%	0.000%	0.274%	0.274%	0.000%	0.000%
2006	SERC	Illinois Municipal Electric Agency	US	1,846,200	1,846,200	-	-	0.182%	0.182%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%
2006	SERC	Itta Bena, MS	US	17,387	17,387	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	SERC	Kosciusko, MS	US	75,000	75,000	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	SERC	Leland, MS	US	36,541	36,541	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	Louisiana Generating LLC	US	9,030,000	9,030,000	-	-	0.890%	0.890%	0.000%	0.000%	0.203%	0.203%	0.000%	0.000%
2006	SERC	McCormick Commission of Public Works	US	21,891	21,891	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	SERC	Mississippi Power Company	US	9,537,761	9,537,761	-	-	0.940%	0.940%	0.000%	0.000%	0.215%	0.215%	0.000%	0.000%
2006	SERC	Municipal Electric Authority of Georgia	US	10,834,000	10,834,000	-	-	1.068%	1.068%	0.000%	0.000%	0.244%	0.244%	0.000%	0.000%
2006	SERC	N.C. Electric Membership Corp.	US	11,594,000	11,594,000	-	-	1.143%	1.143%	0.000%	0.000%	0.261%	0.261%	0.000%	0.000%
2006	SERC	North Carolina Eastern Municipal Power Agency	US	7,289,000	7,289,000	-	-	0.718%	0.718%	0.000%	0.000%	0.164%	0.164%	0.000%	0.000%
2006	SERC	North Carolina Municipal Power Agency #1	US	5,123,000	5,123,000	-	-	0.505%	0.505%	0.000%	0.000%	0.115%	0.115%	0.000%	0.000%
2006	SERC	Old Dominion Electric Cooperative	US	8,637,000	8,637,000	-	-	0.851%	0.851%	0.000%	0.000%	0.195%	0.195%	0.000%	0.000%

**2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments**

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	SERC	Owensboro (KY) Municipal Utilities	US	916,000	916,000	-	-	0.090%	0.090%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%
2006	SERC	Piedmont EMC in Progress Area	US	113,000	113,000	-	-	0.011%	0.011%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	SERC	Piedmont EMC-Duke	US	370,000	370,000	-	-	0.036%	0.036%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	SERC	Piedmont Municipal Power Agency (PMPA)	US	2,173,200	2,173,200	-	-	0.214%	0.214%	0.000%	0.000%	0.049%	0.049%	0.000%	0.000%
2006	SERC	Progress Energy Carolinas	US	45,529,000	45,529,000	-	-	4.487%	4.487%	0.000%	0.000%	1.026%	1.026%	0.000%	0.000%
2006	SERC	Rutherford EMC	US	1,208,000	1,208,000	-	-	0.119%	0.119%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%
2006	SERC	South Carolina Electric & Gas Company	US	22,702,210	22,702,210	-	-	2.237%	2.237%	0.000%	0.000%	0.511%	0.511%	0.000%	0.000%
2006	SERC	South Carolina Public Service Authority	US	25,041,000	25,041,000	-	-	2.468%	2.468%	0.000%	0.000%	0.564%	0.564%	0.000%	0.000%
2006	SERC	South Mississippi Electric Power Association	US	6,444,136	6,444,136	-	-	0.635%	0.635%	0.000%	0.000%	0.145%	0.145%	0.000%	0.000%
2006	SERC	Southern Illinois Power Cooperative	US	1,404,000	1,404,000	-	-	0.138%	0.138%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%
2006	SERC	Soyland Power Cooperative Inc.	US	1,509,000	1,509,000	-	-	0.149%	0.149%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%
2006	SERC	Tennessee Valley Authority	US	174,812,000	174,812,000	-	-	17.228%	17.228%	0.000%	0.000%	3.938%	3.938%	0.000%	0.000%
2006	SERC	Tombigbee Electric Cooperative Inc.	US	138,246	138,246	-	-	0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	SERC	Town of Waynesville NC	US	99,000	99,000	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	SERC	Town of Winnsboro SC	US	88,551	88,551	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	SERC	Town of Winterville NC	US	52,000	52,000	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	SERC	Village of Riverton IL	US	21,702	21,702	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
				<b>1,014,688,656</b>	<b>1,014,688,656</b>	<b>-</b>	<b>-</b>	<b>100.000%</b>	<b>100.000%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>22.859%</b>	<b>22.859%</b>	<b>0.000%</b>	<b>0.000%</b>
2006	SPP	American Electric Power	U.S.	38,079,749	38,079,749	-	-	19.333%	19.333%	0.000%	0.000%	0.858%	0.858%	0.000%	0.000%
2006	SPP	Aquila Inc. - (Missouri Public Service & St Joseph)	U.S.	8,300,118	8,300,118	-	-	4.214%	4.214%	0.000%	0.000%	0.187%	0.187%	0.000%	0.000%
2006	SPP	Arkansas Electric Cooperative Corporation (AEP)	U.S.	3,345,055	3,345,055	-	-	1.698%	1.698%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%
2006	SPP	Board of Public Utilities (Kansas City KS)	U.S.	2,639,233	2,639,233	-	-	1.340%	1.340%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%
2006	SPP	Cap Rock Energy	U.S.	637,212	637,212	-	-	0.324%	0.324%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%
2006	SPP	Central Valley Coop	U.S.	736,830	736,830	-	-	0.374%	0.374%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%
2006	SPP	City Power & Light, Independence, MO	U.S.	1,149,693	1,149,693	-	-	0.584%	0.584%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%
2006	SPP	City Utilities of Springfield, MO	U.S.	3,206,657	3,206,657	-	-	1.628%	1.628%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%
2006	SPP	Cleco Power LLC	U.S.	10,945,598	10,945,598	-	-	5.557%	5.557%	0.000%	0.000%	0.247%	0.247%	0.000%	0.000%
2006	SPP	East Texas Electric Coop, Inc.	U.S.	318,447	318,447	-	-	0.162%	0.162%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%
2006	SPP	The Empire District Electric Company	U.S.	5,330,214	5,330,214	-	-	2.706%	2.706%	0.000%	0.000%	0.120%	0.120%	0.000%	0.000%
2006	SPP	Farmers' Electric Coop	U.S.	352,290	352,290	-	-	0.179%	0.179%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	SPP	Golden Spread Electric Coop (Greenbelt,Lighthouse, Lyntegar, SPS load)	U.S.	3,952,475	3,952,475	-	-	2.007%	2.007%	0.000%	0.000%	0.089%	0.089%	0.000%	0.000%
2006	SPP	Grand River Dam Authority	U.S.	4,315,796	4,315,796	-	-	2.191%	2.191%	0.000%	0.000%	0.097%	0.097%	0.000%	0.000%
2006	SPP	Kansas City Power & Light (KCPL)	U.S.	16,029,061	16,029,061	-	-	8.138%	8.138%	0.000%	0.000%	0.361%	0.361%	0.000%	0.000%
2006	SPP	Kansas Electric Power Coop., Inc	U.S.	1,862,757	1,862,757	-	-	0.946%	0.946%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%
2006	SPP	Kansas Municipal Energy Agency (KCPL)	U.S.	342,750	342,750	-	-	0.174%	0.174%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%
2006	SPP	Lafayette Utilities System	U.S.	1,982,529	1,982,529	-	-	1.007%	1.007%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%
2006	SPP	Lea County Electric Coop	U.S.	950,559	950,559	-	-	0.483%	0.483%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%
2006	SPP	Louisiana Energy & Power Authority (LEPA)	U.S.	962,948	962,948	-	-	0.489%	0.489%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%
2006	SPP	Midwest Energy Inc.	U.S.	1,546,934	1,546,934	-	-	0.785%	0.785%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%
2006	SPP	MOPEP	U.S.	1,962,615	1,962,615	-	-	0.996%	0.996%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%
2006	SPP	Northeast Texas Electric Cooperative, Inc.	U.S.	3,021,439	3,021,439	-	-	1.534%	1.534%	0.000%	0.000%	0.068%	0.068%	0.000%	0.000%
2006	SPP	Oklahoma Gas and Electric Co.	U.S.	28,222,370	28,222,370	-	-	14.328%	14.328%	0.000%	0.000%	0.636%	0.636%	0.000%	0.000%
2006	SPP	Oklahoma Municipal Power Authority (AEP and non-AEP loads)	U.S.	2,527,990	2,527,990	-	-	1.283%	1.283%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%
2006	SPP	Roosevelt County Electric Coop	U.S.	168,497	168,497	-	-	0.086%	0.086%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	SPP	Southwestern Power Administration (SPA)	U.S.	4,167,453	4,167,453	-	-	2.116%	2.116%	0.000%	0.000%	0.094%	0.094%	0.000%	0.000%
2006	SPP	Southwestern Public Service Co. (SPS-XCEL)	U.S.	19,249,716	19,249,716	-	-	9.773%	9.773%	0.000%	0.000%	0.434%	0.434%	0.000%	0.000%
2006	SPP	Sunflower Electric Cooperative (SECI)	U.S.	4,872,660	4,872,660	-	-	2.474%	2.474%	0.000%	0.000%	0.110%	0.110%	0.000%	0.000%
2006	SPP	Tex - La Electric Cooperative of Texas	U.S.	440,840	440,840	-	-	0.224%	0.224%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%
2006	SPP	Tri County Electric Coop	U.S.	150,077	150,077	-	-	0.076%	0.076%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	SPP	Westar Energy, Inc.	U.S.	18,400,481	18,400,481	-	-	9.342%	9.342%	0.000%	0.000%	0.415%	0.415%	0.000%	0.000%
2006	SPP	Western Farmers Electric Cooperative	U.S.	6,796,095	6,796,095	-	-	3.450%	3.450%	0.000%	0.000%	0.153%	0.153%	0.000%	0.000%
				<b>196,967,139</b>	<b>196,967,139</b>	<b>-</b>	<b>-</b>	<b>100.000%</b>	<b>100.000%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>4.437%</b>	<b>4.437%</b>	<b>0.000%</b>	<b>0.000%</b>

2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	TRE	ERCOT	U.S.	305,714,769	305,714,769			100.000%	100.000%	0.000%	0.000%	6.887%	6.887%	0.000%	0.000%
				305,714,769	305,714,769	-	-	100.000%	100.000%	0.000%	0.000%	6.887%	6.887%	0.000%	0.000%
2006	WECC	Alberta Electric System Operator	Canada	57,547,499		57,547,499		6.772%	0.000%	6.772%	0.000%	1.296%	0.000%	1.296%	0.000%
2006	WECC	Arizona Public Service Company - APS	U.S.	29,183,151	29,183,151			3.434%	3.434%	0.000%	0.000%	0.657%	0.657%	0.000%	0.000%
2006	WECC	Aquila Irrigation District - APS	U.S.	34,389	34,389			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Buckeye Water Conservation and Drainage District - APS	U.S.	20,003	20,003			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Electrical District No. 6 of Pinal County - APS	U.S.	2,446	2,446			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Electrical District No. 7 of Mariopa County - APS	U.S.	23,431	23,431			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Electrical District No. 8 of Mariopa County - APS	U.S.	235,497	235,497			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%
2006	WECC	Harquahala Valley Power District - APS	U.S.	19,220	19,220			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Maricopa County Municipal Water Conservation District No. 1 - APS	U.S.	52,104	52,104			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	McMullen Valley Water Conservation & Drainage District - APS	U.S.	52,498	52,498			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Roosevelt Irrigation District - APS	U.S.	31,940	31,940			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Tonopah Irrigation District - APS	U.S.	23,094	23,094			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Town of Wickenburg - APS	U.S.	32,540	32,540			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Tohono O'Odham Utility Authority - APS	U.S.	77,311	77,311			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	WECC	City of Williams - APS	U.S.	38,929	38,929			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Electrical Districts 1 & 3 - APS	U.S.	387,395	387,395			0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	WECC	Ajo Improvement District - APS	U.S.	14,685	14,685			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Ak-Chin - APS	U.S.	30,334	30,334			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	Yuma Irrigation District - APS	U.S.	3,214	3,214			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Yuma-Mesa Irrigation District - APS	U.S.	182	182			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Navajo Tribal Utility Authority - APS	U.S.	38,683	38,683			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
2006	WECC	San Carlos Indian Irrigation Project - APS	U.S.	155	155			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Unit B Irrigation District - APS	U.S.	20	20			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Unisource Electric - APS	U.S.	1,816,344	1,816,344			0.214%	0.214%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%
2006	WECC	Central Arizona Water Conservation District - APS	U.S.	134,643	134,643			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	WECC	Avista Corp.	U.S.	12,131,036	12,131,036			1.428%	1.428%	0.000%	0.000%	0.273%	0.273%	0.000%	0.000%
2006	WECC	Bonneville Power Administration – Transmission Business Line	U.S.	47,913,403	47,913,403			5.638%	5.638%	0.000%	0.000%	1.079%	1.079%	0.000%	0.000%
2006	WECC	British Columbia Transmission Corporation	Canada	61,691,500		61,691,500		7.259%	0.000%	7.259%	0.000%	1.390%	0.000%	1.390%	0.000%
2006	WECC	California Independent System Operator	U.S.	235,424,006	235,424,006			27.703%	27.703%	0.000%	0.000%	5.304%	5.304%	0.000%	0.000%
2006	WECC	Comision Federal de Electricidad	Mexico	11,145,895			11,145,895	1.312%	0.000%	0.000%	1.312%	0.251%	0.000%	0.000%	0.251%
2006	WECC	El Paso Electric Company	U.S.	7,481,260	7,481,260			0.880%	0.880%	0.000%	0.000%	0.169%	0.169%	0.000%	0.000%
2006	WECC	Idaho Power Company	U.S.	16,649,094	16,649,094			1.959%	1.959%	0.000%	0.000%	0.375%	0.375%	0.000%	0.000%
2006	WECC	Imperial Irrigation District	U.S.	3,771,650	3,771,650			0.444%	0.444%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%
2006	WECC	Los Angeles Department of Water and Power - LDWP	U.S.	27,514,298	27,514,298			3.238%	3.238%	0.000%	0.000%	0.620%	0.620%	0.000%	0.000%
2006	WECC	The City of Burbank - LDWP	U.S.	1,180,000	1,180,000			0.139%	0.139%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%
2006	WECC	The City of Glendale - LDWP	U.S.	1,215,065	1,215,065			0.143%	0.143%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%
2006	WECC	Nevada Power	U.S.	25,025,951	25,025,951			2.945%	2.945%	0.000%	0.000%	0.564%	0.564%	0.000%	0.000%
2006	WECC	City of Boulder City - NEVP	U.S.	78	78			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Colorado River Commission of Nevada - NEVP	U.S.	245	245			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Las Vegas Valley Water District - NEVP	U.S.	40	40			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Lincoln County Power District No. 1 - NEVP	U.S.	26	26			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	City of Needles - NEVP	U.S.	29	29			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Overton Power District #5 - NEVP	U.S.	150	150			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Southern Nevada Water Authority - NEVP	U.S.	59	59			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Valley Electric Association, Inc. - NEVP	U.S.	128	128			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	NorthWestern Energy	U.S.	10,201,324	10,201,324			1.200%	1.200%	0.000%	0.000%	0.230%	0.230%	0.000%	0.000%
2006	WECC	PacifiCorp	U.S.	43,164,163	43,164,163			5.079%	5.079%	0.000%	0.000%	0.972%	0.972%	0.000%	0.000%
2006	WECC	PacifiCorp – Merchant Function	U.S.	26,467,096	26,467,096			3.114%	3.114%	0.000%	0.000%	0.596%	0.596%	0.000%	0.000%

**2006 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments**

Data Year	Regional Entity	Entity	Country	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada total	Mexico total	% of ERO total	US Total	Canada total	Mexico total
2006	WECC	Portland General Electric Company - PGE	U.S.	19,045,832	19,045,832			2.241%	2.241%	0.000%	0.000%	0.429%	0.429%	0.000%	0.000%
2006	WECC	Bonneville Power Administration - Power Business Line - PGE	U.S.	90,993	90,993			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%
2006	WECC	Constellation New Energy, Inc. - PGE	U.S.	189,290	189,290			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%
2006	WECC	EPCOR Merchant and Capital (US) Inc. - PGE	U.S.	118,349	118,349			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%
2006	WECC	Sempra Energy Solutions - PGE	U.S.	1,534,109	1,534,109			0.181%	0.181%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%
2006	WECC	Public Service Company of Colorado (Xcel)	U.S.	41,103,725	41,103,725			4.837%	4.837%	0.000%	0.000%	0.926%	0.926%	0.000%	0.000%
2006	WECC	Public Service Company of New Mexico	U.S.	14,587,239	14,587,239			1.717%	1.717%	0.000%	0.000%	0.329%	0.329%	0.000%	0.000%
2006	WECC	Public Utility District No. 1 of Chelan County	U.S.	3,200,947	3,200,947			0.377%	0.377%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%
2006	WECC	Public Utility District No. 1 of Douglas County	U.S.	1,339,300	1,339,300			0.158%	0.158%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%
2006	WECC	Public Utility District No. 2 of Grant County	U.S.	3,344,265	3,344,265			0.394%	0.394%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%
2006	WECC	Puget Sound Energy	U.S.	24,774,863	24,774,863			2.915%	2.915%	0.000%	0.000%	0.558%	0.558%	0.000%	0.000%
2006	WECC	Salt River Project	U.S.	24,856,220	24,856,220			2.925%	2.925%	0.000%	0.000%	0.560%	0.560%	0.000%	0.000%
2006	WECC	Central Arizona Water Conservation District - SRP	U.S.	2,792,192	2,792,192			0.329%	0.329%	0.000%	0.000%	0.063%	0.063%	0.000%	0.000%
2006	WECC	Seattle City Light	U.S.	10,055,493	10,055,493			1.183%	1.183%	0.000%	0.000%	0.227%	0.227%	0.000%	0.000%
2006	WECC	Sierra Pacific Resource Transmission	U.S.	11,825,916	11,825,916			1.392%	1.392%	0.000%	0.000%	0.266%	0.266%	0.000%	0.000%
2006	WECC	Barrick Goldstrike Mines Inc. - SPP	U.S.	262	262			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	City of Fallon - SPP	U.S.	46	46			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Harney Electric Cooperative, Inc. - SPP	U.S.	25	25			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Mt. Wheeler Power Company - SPP	U.S.	98	98			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Truckee Donner Public Utility District - SPP	U.S.	46	46			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	Wells Rural Electric Cooperative - SPP	U.S.	151	151			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2006	WECC	SMUD Utility - SMUD	U.S.	11,687,251	11,687,251			1.375%	1.375%	0.000%	0.000%	0.263%	0.263%	0.000%	0.000%
2006	WECC	Western (WAPA-Sierra Nevada Region) - SMUD	U.S.	1,388,526	1,388,526			0.163%	0.163%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%
2006	WECC	City of Roseville - SMUD	U.S.	1,257,415	1,257,415			0.148%	0.148%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%
2006	WECC	Modesto Irrigation District - SMUD	U.S.	2,642,741	2,642,741			0.311%	0.311%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%
2006	WECC	City of Redding - SMUD	U.S.	1,040,527	1,040,527			0.122%	0.122%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%
2006	WECC	Tacoma Power	U.S.	4,950,380	4,950,380			0.583%	0.583%	0.000%	0.000%	0.112%	0.112%	0.000%	0.000%
2006	WECC	Tucson Electric Power Company	U.S.	12,129,815	12,129,815			1.427%	1.427%	0.000%	0.000%	0.273%	0.273%	0.000%	0.000%
2006	WECC	Turlock Irrigation District	U.S.	1,975,195	1,975,195			0.232%	0.232%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%
2006	WECC	Merced Irrigation District - TIDC	U.S.	398,820	398,820			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%
2006	WECC	Western Area Power Administration - Billings, MT	U.S.	601,092	601,092			0.071%	0.071%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%
2006	WECC	Western Area Power Administration - Loveland, CO	U.S.	20,336,595	20,336,595			2.393%	2.393%	0.000%	0.000%	0.458%	0.458%	0.000%	0.000%
2006	WECC	Western Area Power Administration - Phoenix, AZ	U.S.	11,761,364	11,761,364			1.384%	1.384%	0.000%	0.000%	0.265%	0.265%	0.000%	0.000%
				<b>849,805,285</b>	<b>719,420,391</b>	<b>119,238,999</b>	<b>11,145,895</b>	<b>100.000%</b>	<b>84.657%</b>	<b>14.031%</b>	<b>1.312%</b>	<b>19.144%</b>	<b>16.207%</b>	<b>2.686%</b>	<b>0.251%</b>
<b>Total</b>				<b>4,438,969,662</b>	<b>3,902,589,016</b>	<b>525,234,751</b>	<b>11,145,895</b>	<b>800.000%</b>	<b>713.443%</b>	<b>85.245%</b>	<b>1.312%</b>	<b>100.000%</b>	<b>87.917%</b>	<b>11.832%</b>	<b>0.251%</b>
<b>Summary by Regional Entity</b>															
2006	FRCC			230,011,200	230,011,200	-	-	100.000%	100.000%	0.000%	0.000%	5.182%	5.182%	0.000%	0.000%
2006	MRO			270,914,040	227,524,255	43,389,785	-	100.000%	83.984%	16.016%	0.000%	6.103%	5.126%	0.977%	0.000%
2006	NPCC			656,920,967	294,315,000	362,605,967	-	100.000%	44.802%	55.198%	0.000%	14.799%	6.630%	8.169%	0.000%
2006	RFC			913,947,607	913,947,607	-	-	100.000%	100.000%	0.000%	0.000%	20.589%	20.589%	0.000%	0.000%
2006	SERC			1,014,688,656	1,014,688,656	-	-	100.000%	100.000%	0.000%	0.000%	22.859%	22.859%	0.000%	0.000%
2006	SPP			196,967,139	196,967,139	-	-	100.000%	100.000%	0.000%	0.000%	4.437%	4.437%	0.000%	0.000%
2006	TRE			305,714,769	305,714,769	-	-	100.000%	100.000%	0.000%	0.000%	6.887%	6.887%	0.000%	0.000%
2006	WECC			849,805,285	719,420,391	119,238,999	11,145,895	100.000%	84.657%	14.031%	1.312%	19.144%	16.207%	2.686%	0.251%
<b>Total</b>				<b>4,438,969,662</b>	<b>3,902,589,016</b>	<b>525,234,751</b>	<b>11,145,895</b>	<b>800.000%</b>	<b>713.443%</b>	<b>85.245%</b>	<b>1.312%</b>	<b>100.000%</b>	<b>87.917%</b>	<b>11.832%</b>	<b>0.251%</b>

**Allocations to Load Serving Entities (or Designee) for the 2008 NERC and Regional Entity Assessments**

Data Year	Regional Entity	Entity	Country	Total ERO Funding (w/ RE & WIRAB Costs)				Total NERC Funding				Total Regional Entity Funding (Including WIRAB Funding)			
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	FRCC	Alachua, City of	U.S.	2,578	2,578	-	-	652	652	-	-	1,925	1,925	-	-
2006	FRCC	Bartow, City of	U.S.	7,222	7,222	-	-	1,827	1,827	-	-	5,395	5,395	-	-
2006	FRCC	Chattahoochee, City of	U.S.	1,045	1,045	-	-	264	264	-	-	781	781	-	-
2006	FRCC	Florida Keys Electric Cooperative Assn	U.S.	16,347	16,347	-	-	4,135	4,135	-	-	12,212	12,212	-	-
2006	FRCC	Florida Power & Light Co.	U.S.	2,591,934	2,591,934	-	-	655,671	655,671	-	-	1,936,262	1,936,262	-	-
2006	FRCC	Florida Public Utilities Company	U.S.	12,121	12,121	-	-	3,066	3,066	-	-	9,055	9,055	-	-
2006	FRCC	Gainesville Regional Utilities	U.S.	48,729	48,729	-	-	12,327	12,327	-	-	36,402	36,402	-	-
2006	FRCC	Homestead, City of	U.S.	10,612	10,612	-	-	2,684	2,684	-	-	7,927	7,927	-	-
2006	FRCC	JEA	U.S.	308,582	308,582	-	-	78,061	78,061	-	-	230,521	230,521	-	-
2006	FRCC	Lakeland Electric	U.S.	69,291	69,291	-	-	17,528	17,528	-	-	51,763	51,763	-	-
2006	FRCC	Mount Dora, City of	U.S.	2,438	2,438	-	-	617	617	-	-	1,821	1,821	-	-
2006	FRCC	New Smyrna Beach, Utilities Commission of	U.S.	9,281	9,281	-	-	2,348	2,348	-	-	6,933	6,933	-	-
2006	FRCC	Orlando Utilities Commission	U.S.	131,755	131,755	-	-	33,330	33,330	-	-	98,425	98,425	-	-
2006	FRCC	Progress Energy Florida	U.S.	976,970	976,970	-	-	247,140	247,140	-	-	729,830	729,830	-	-
2006	FRCC	Quincy, City of	U.S.	3,855	3,855	-	-	975	975	-	-	2,880	2,880	-	-
2006	FRCC	Reedy Creek Improvement District	U.S.	29,165	29,165	-	-	7,378	7,378	-	-	21,788	21,788	-	-
2006	FRCC	St. Cloud, City of (OUC)	U.S.	12,934	12,934	-	-	3,272	3,272	-	-	9,662	9,662	-	-
2006	FRCC	Tallahassee, City of	U.S.	66,597	66,597	-	-	16,847	16,847	-	-	49,750	49,750	-	-
2006	FRCC	Tampa Electric Company	U.S.	464,997	464,997	-	-	117,629	117,629	-	-	347,369	347,369	-	-
2006	FRCC	Wauchula, City of	U.S.	1,602	1,602	-	-	405	405	-	-	1,197	1,197	-	-
2006	FRCC	Williston, City of	U.S.	836	836	-	-	211	211	-	-	624	624	-	-
2006	FRCC	Winter Park, City of	U.S.	11,030	11,030	-	-	2,790	2,790	-	-	8,240	8,240	-	-
2006	FRCC	Florida Municipal Power Agency	U.S.	168,530	168,530	-	-	42,632	42,632	-	-	125,898	125,898	-	-
2006	FRCC	Seminole Electric Cooperative	U.S.	392,602	392,602	-	-	99,315	99,315	-	-	293,287	293,287	-	-
				<b>5,341,054</b>	<b>5,341,054</b>	<b>-</b>	<b>-</b>	<b>1,351,106</b>	<b>1,351,106</b>	<b>-</b>	<b>-</b>	<b>3,989,948</b>	<b>3,989,948</b>	<b>-</b>	<b>-</b>
2006	MRO	Basin Electric Power Cooperative	US	219,993	219,993	-	-	53,992	53,992	-	-	166,002	166,002	-	-
2006	MRO	Central Iowa Power Cooperative (CIPCO)	US	65,672	65,672	-	-	16,118	16,118	-	-	49,554	49,554	-	-
2006	MRO	Corn Belt Power Cooperative	US	40,826	40,826	-	-	10,020	10,020	-	-	30,807	30,807	-	-
2006	MRO	Dairyland Power Cooperative	US	126,015	126,015	-	-	30,927	30,927	-	-	95,088	95,088	-	-
2006	MRO	Great River Energy	US	330,901	330,901	-	-	81,211	81,211	-	-	249,690	249,690	-	-
2006	MRO	Minnkota Power Cooperative, Inc.	US	96,815	96,815	-	-	23,761	23,761	-	-	73,054	73,054	-	-
2006	MRO	Nebraska Public Power District	US	308,632	308,632	-	-	75,746	75,746	-	-	232,886	232,886	-	-
2006	MRO	Omaha Public Power District	US	263,923	263,923	-	-	64,773	64,773	-	-	199,149	199,149	-	-
2006	MRO	Southern Montana Generation and Transmission	US	469	469	-	-	115	115	-	-	354	354	-	-
2006	MRO	Western Area Power Administration (UM)	US	200,381	200,381	-	-	49,179	49,179	-	-	151,203	151,203	-	-
2006	MRO	Western Area Power Administration (LM)	US	871	871	-	-	214	214	-	-	657	657	-	-
2006	MRO	Manitoba Hydro	CAN	628,271	-	628,271	-	154,193	-	154,193	-	474,078	-	474,078	-
2006	MRO	SaskPower	CAN	503,352	-	503,352	-	123,535	-	123,535	-	379,817	-	379,817	-
2006	MRO	Alliant Energy (Alliant East - WPL & Alliant West IPL)	US	775,443	775,443	-	-	190,313	190,313	-	-	585,130	585,130	-	-
2006	MRO	Madison, Gas and Electric	US	88,445	88,445	-	-	21,706	21,706	-	-	66,738	66,738	-	-
2006	MRO	MidAmerican Energy Company	US	548,050	548,050	-	-	134,505	134,505	-	-	413,545	413,545	-	-
2006	MRO	Minnesota Power	US	310,061	310,061	-	-	76,097	76,097	-	-	233,965	233,965	-	-
2006	MRO	Montana-Dakota Utilities Co.	US	62,535	62,535	-	-	15,348	15,348	-	-	47,188	47,188	-	-
2006	MRO	Northwestern Public Service Company	US	35,162	35,162	-	-	8,630	8,630	-	-	26,532	26,532	-	-
2006	MRO	Otter Tail Power Company	US	101,322	101,322	-	-	24,867	24,867	-	-	76,455	76,455	-	-
2006	MRO	Integrus Energy Group (WPS and UPPCO)	US	416,077	416,077	-	-	102,116	102,116	-	-	313,961	313,961	-	-
2006	MRO	Xcel Energy Company (NSP)	US	1,211,696	1,211,696	-	-	297,380	297,380	-	-	914,315	914,315	-	-
2006	MRO	Ames Municipal Electric System	US	14,882	14,882	-	-	3,652	3,652	-	-	11,229	11,229	-	-
2006	MRO	Badger Power Marketing Authority of Wisconsin, Inc.	US	9,609	9,609	-	-	2,358	2,358	-	-	7,251	7,251	-	-
2006	MRO	Cedar Falls Municipal Utilities	US	12,791	12,791	-	-	3,139	3,139	-	-	9,652	9,652	-	-
2006	MRO	Central Minnesota Municipal Power Agency (CMMPA)	US	13,546	13,546	-	-	3,325	3,325	-	-	10,222	10,222	-	-
2006	MRO	City of Escanaba Electric Department	US	4,204	4,204	-	-	1,032	1,032	-	-	3,172	3,172	-	-
2006	MRO	Falls City Water & Light Department	US	1,375	1,375	-	-	337	337	-	-	1,037	1,037	-	-
2006	MRO	Fremont Department of Utilities	US	11,328	11,328	-	-	2,780	2,780	-	-	8,548	8,548	-	-
2006	MRO	Geneseo Municipal Utilities	US	1,774	1,774	-	-	435	435	-	-	1,339	1,339	-	-

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Data Year	Regional Entity	Entity	Country	Total ERO Funding (w/ RE & WIRAB Costs)				Total NERC Funding				Total Regional Entity Funding (Including WIRAB Funding)			
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	MRO	Grand Island Utilities Department	US	18,115	18,115	-	-	4,446	4,446	-	-	13,669	13,669	-	-
2006	MRO	Hastings Utilities	US	12,252	12,252	-	-	3,007	3,007	-	-	9,245	9,245	-	-
2006	MRO	Heartland Consumers Power District	US	17,057	17,057	-	-	4,186	4,186	-	-	12,871	12,871	-	-
2006	MRO	Hutchinson Utilities Commission	US	8,343	8,343	-	-	2,048	2,048	-	-	6,295	6,295	-	-
2006	MRO	Iowa Association of Municipal Utilities	US	12,701	12,701	-	-	3,117	3,117	-	-	9,584	9,584	-	-
2006	MRO	Lincoln Electric System	US	89,076	89,076	-	-	21,861	21,861	-	-	67,214	67,214	-	-
2006	MRO	Manitowoc Public Utilities	US	14,810	14,810	-	-	3,635	3,635	-	-	11,175	11,175	-	-
2006	MRO	McGregor and St. Charles Municipal (GEN-SYS Energy)	US	1,018	1,018	-	-	250	250	-	-	768	768	-	-
2006	MRO	Missouri River Energy Services	US	53,217	53,217	-	-	13,061	13,061	-	-	40,156	40,156	-	-
2006	MRO	MN Municipal Power Agency (MMPA)	US	34,935	34,935	-	-	8,574	8,574	-	-	26,361	26,361	-	-
2006	MRO	Municipal Energy Agency of Nebraska	US	14,727	14,727	-	-	3,614	3,614	-	-	11,113	11,113	-	-
2006	MRO	Muscatine Power and Water	US	23,444	23,444	-	-	5,754	5,754	-	-	17,690	17,690	-	-
2006	MRO	Nebraska City Utilities	US	4,267	4,267	-	-	1,047	1,047	-	-	3,220	3,220	-	-
2006	MRO	Rochester Public Utilities	US	522	522	-	-	128	128	-	-	394	394	-	-
2006	MRO	Southern Minnesota Municipal Power Agency	US	74,723	74,723	-	-	18,339	18,339	-	-	56,384	56,384	-	-
2006	MRO	Willmar Municipal Utilities	US	7,681	7,681	-	-	1,885	1,885	-	-	5,796	5,796	-	-
2006	MRO	Wisconsin Public Power, Inc. (East and West regions)	US	274,240	274,240	-	-	67,305	67,305	-	-	206,934	206,934	-	-
				<b>7,065,548</b>	<b>5,933,925</b>	<b>1,131,623</b>	<b>-</b>	<b>1,734,061</b>	<b>1,456,333</b>	<b>277,729</b>	<b>-</b>	<b>5,331,487</b>	<b>4,477,592</b>	<b>853,895</b>	<b>-</b>
2006	NPCC	New England	U.S.	2,379,078	2,379,078	-	-	750,822	750,822	-	-	1,628,256	1,628,256	-	-
2006	NPCC	New York	U.S.	2,922,362	2,922,362	-	-	922,279	922,279	-	-	2,000,083	2,000,083	-	-
2006	NPCC	Ontario	Canada	2,131,663	-	2,131,663	-	719,305	-	719,305	-	1,412,358	-	1,412,358	-
2006	NPCC	Quebec	Canada	3,347,301	-	3,347,301	-	1,056,388	-	1,056,388	-	2,290,914	-	2,290,914	-
2006	NPCC	New Brunswick	Canada	265,786	-	265,786	-	83,880	-	83,880	-	181,905	-	181,905	-
2006	NPCC	Nova Scotia	Canada	197,546	-	197,546	-	62,344	-	62,344	-	135,202	-	135,202	-
				<b>11,243,737</b>	<b>5,301,440</b>	<b>5,942,297</b>	<b>-</b>	<b>3,595,019</b>	<b>1,673,102</b>	<b>1,921,917</b>	<b>-</b>	<b>7,648,718</b>	<b>3,628,338</b>	<b>4,020,380</b>	<b>-</b>
2006	RFC	Hoosier Energy	U.S.	109,345	109,345	-	-	39,754	39,754	-	-	69,591	69,591	-	-
2006	RFC	Indianapolis Power & Light Co.	U.S.	257,090	257,090	-	-	93,469	93,469	-	-	163,621	163,621	-	-
2006	RFC	PJM Interconnection, LLC	U.S.	9,942,680	9,942,680	-	-	3,614,799	3,614,799	-	-	6,327,881	6,327,881	-	-
2006	RFC	American Municipal Power	U.S.	54,008	54,008	-	-	19,635	19,635	-	-	34,372	34,372	-	-
2006	RFC	Buckeye Power Inc.	U.S.	15,261	15,261	-	-	5,549	5,549	-	-	9,713	9,713	-	-
2006	RFC	City of Painesville	U.S.	922	922	-	-	335	335	-	-	587	587	-	-
2006	RFC	Cleveland Public Power	U.S.	27,556	27,556	-	-	10,018	10,018	-	-	17,537	17,537	-	-
2006	RFC	Constellation New Energy Inc.	U.S.	12	12	-	-	4	4	-	-	8	8	-	-
2006	RFC	Dominion Retail	U.S.	104	104	-	-	38	38	-	-	66	66	-	-
2006	RFC	FirstEnergy Solutions	U.S.	153,376	153,376	-	-	55,762	55,762	-	-	97,614	97,614	-	-
2006	RFC	FirstEnergy	U.S.	899,699	899,699	-	-	327,098	327,098	-	-	572,601	572,601	-	-
2006	RFC	Strategic Energy	U.S.	688	688	-	-	250	250	-	-	438	438	-	-
2006	RFC	Zelienople	U.S.	542	542	-	-	197	197	-	-	345	345	-	-
2006	RFC	Bethel	U.S.	487	487	-	-	177	177	-	-	310	310	-	-
2006	RFC	Buckeye Power Inc.	U.S.	4,370	4,370	-	-	1,589	1,589	-	-	2,782	2,782	-	-
2006	RFC	City of Hamilton	U.S.	5,413	5,413	-	-	1,968	1,968	-	-	3,445	3,445	-	-
2006	RFC	City of Williamstown KY	U.S.	1,026	1,026	-	-	373	373	-	-	653	653	-	-
2006	RFC	Constellation New Energy Inc.	U.S.	6,287	6,287	-	-	2,286	2,286	-	-	4,002	4,002	-	-
2006	RFC	Dominion Retail Inc.	U.S.	2,618	2,618	-	-	952	952	-	-	1,666	1,666	-	-
2006	RFC	Duke Energy Indiana	U.S.	512,559	512,559	-	-	186,348	186,348	-	-	326,211	326,211	-	-
2006	RFC	Duke Energy Kentucky	U.S.	69,603	69,603	-	-	25,305	25,305	-	-	44,298	44,298	-	-
2006	RFC	Duke Energy Ohio	U.S.	351,800	351,800	-	-	127,902	127,902	-	-	223,898	223,898	-	-
2006	RFC	FirstEnergy Solutions	U.S.	212	212	-	-	77	77	-	-	135	135	-	-
2006	RFC	Georgetown	U.S.	891	891	-	-	324	324	-	-	567	567	-	-
2006	RFC	Hammersville	U.S.	93	93	-	-	34	34	-	-	59	59	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	49,686	49,686	-	-	18,064	18,064	-	-	31,622	31,622	-	-
2006	RFC	Lebanon	U.S.	2,990	2,990	-	-	1,087	1,087	-	-	1,903	1,903	-	-
2006	RFC	Mid American Energy Company Retail	U.S.	27	27	-	-	10	10	-	-	17	17	-	-
2006	RFC	Ripley	U.S.	344	344	-	-	125	125	-	-	219	219	-	-
2006	RFC	Strategic Energy LLC	U.S.	3,588	3,588	-	-	1,305	1,305	-	-	2,284	2,284	-	-
2006	RFC	Village of Blanchester	U.S.	1,362	1,362	-	-	495	495	-	-	867	867	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	38,876	38,876	-	-	14,134	14,134	-	-	24,742	24,742	-	-
2006	RFC	Bay City	U.S.	5,541	5,541	-	-	2,015	2,015	-	-	3,526	3,526	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	RFC	City of Chelsea	U.S.	1,427	1,427	-	-	519	519	-	-	908	908	-	-
2006	RFC	City of Eaton Rapids	U.S.	1,571	1,571	-	-	571	571	-	-	1,000	1,000	-	-
2006	RFC	City of Hart	U.S.	629	629	-	-	229	229	-	-	401	401	-	-
2006	RFC	City of Portland	U.S.	574	574	-	-	209	209	-	-	365	365	-	-
2006	RFC	City of St. Louis	U.S.	669	669	-	-	243	243	-	-	426	426	-	-
2006	RFC	CMS Energy Resource Management Company	U.S.	126	126	-	-	46	46	-	-	80	80	-	-
2006	RFC	Constellation New Energy	U.S.	5,572	5,572	-	-	2,026	2,026	-	-	3,546	3,546	-	-
2006	RFC	Consumers Energy Company	U.S.	601,990	601,990	-	-	218,862	218,862	-	-	383,128	383,128	-	-
2006	RFC	Holland Board of Public Works	U.S.	13,976	13,976	-	-	5,081	5,081	-	-	8,895	8,895	-	-
2006	RFC	Michigan Public Power Agency	U.S.	10,135	10,135	-	-	3,685	3,685	-	-	6,450	6,450	-	-
2006	RFC	Michigan South Central Power Agency	U.S.	10,203	10,203	-	-	3,709	3,709	-	-	6,494	6,494	-	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	28	28	-	-	10	10	-	-	18	18	-	-
2006	RFC	Quest Energy	U.S.	3,571	3,571	-	-	1,298	1,298	-	-	2,273	2,273	-	-
2006	RFC	Sempra Energy Solutions	U.S.	3,121	3,121	-	-	1,135	1,135	-	-	1,986	1,986	-	-
2006	RFC	Strategic Energy LLC	U.S.	994	994	-	-	362	362	-	-	633	633	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	1,301	1,301	-	-	473	473	-	-	828	828	-	-
2006	RFC	Wolverine Power Marketing Cooperative	U.S.	12,663	12,663	-	-	4,604	4,604	-	-	8,059	8,059	-	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	38,972	38,972	-	-	14,169	14,169	-	-	24,803	24,803	-	-
2006	RFC	WPS Energy Services Inc	U.S.	59	59	-	-	22	22	-	-	38	38	-	-
2006	RFC	City of Croswell	U.S.	769	769	-	-	279	279	-	-	489	489	-	-
2006	RFC	City of Wyandotte	U.S.	504	504	-	-	183	183	-	-	321	321	-	-
2006	RFC	CMS ERM Michigan LLC	U.S.	20,666	20,666	-	-	7,513	7,513	-	-	13,153	13,153	-	-
2006	RFC	Constellation New Energy	U.S.	22,859	22,859	-	-	8,311	8,311	-	-	14,548	14,548	-	-
2006	RFC	Detroit Edison Company	U.S.	780,256	780,256	-	-	283,673	283,673	-	-	496,583	496,583	-	-
2006	RFC	DTE Energy Trading	U.S.	4,281	4,281	-	-	1,556	1,556	-	-	2,725	2,725	-	-
2006	RFC	Energy International Power Marketing	U.S.	344	344	-	-	125	125	-	-	219	219	-	-
2006	RFC	Exelon Energy Company	U.S.	280	280	-	-	102	102	-	-	178	178	-	-
2006	RFC	FirstEnergy Solutions	U.S.	5,375	5,375	-	-	1,954	1,954	-	-	3,421	3,421	-	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	1,301	1,301	-	-	473	473	-	-	828	828	-	-
2006	RFC	Public Lighting Department of Detroit	U.S.	10,351	10,351	-	-	3,763	3,763	-	-	6,587	6,587	-	-
2006	RFC	Quest Energy	U.S.	3,466	3,466	-	-	1,260	1,260	-	-	2,206	2,206	-	-
2006	RFC	Sempra Energy Solutions	U.S.	115	115	-	-	42	42	-	-	73	73	-	-
2006	RFC	Strategic Energy LLC	U.S.	6,910	6,910	-	-	2,512	2,512	-	-	4,398	4,398	-	-
2006	RFC	Thumb Electric Cooperative	U.S.	2,609	2,609	-	-	949	949	-	-	1,660	1,660	-	-
2006	RFC	Village of Sebewaing	U.S.	743	743	-	-	270	270	-	-	473	473	-	-
2006	RFC	WPS Energy Services Inc	U.S.	1,902	1,902	-	-	691	691	-	-	1,210	1,210	-	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	1,596	1,596	-	-	580	580	-	-	1,016	1,016	-	-
2006	RFC	Northern Indiana Public Service Co.	U.S.	287,432	287,432	-	-	104,500	104,500	-	-	182,932	182,932	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	23,980	23,980	-	-	8,718	8,718	-	-	15,262	15,262	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	6,270	6,270	-	-	2,280	2,280	-	-	3,990	3,990	-	-
2006	RFC	Cannelton Utilities	U.S.	312	312	-	-	113	113	-	-	198	198	-	-
2006	RFC	Ferdinand Municipal Light & Water	U.S.	707	707	-	-	257	257	-	-	450	450	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	4,579	4,579	-	-	1,665	1,665	-	-	2,914	2,914	-	-
2006	RFC	Jasper Municipal Electric	U.S.	5,279	5,279	-	-	1,919	1,919	-	-	3,360	3,360	-	-
2006	RFC	Vectren Energy Delivery of IN	U.S.	94,413	94,413	-	-	34,325	34,325	-	-	60,088	60,088	-	-
2006	RFC	Alger Delta Cooperative Electric Association	U.S.	1,126	1,126	-	-	409	409	-	-	716	716	-	-
2006	RFC	City of Crystal Falls	U.S.	226	226	-	-	82	82	-	-	144	144	-	-
2006	RFC	City of Marquette Board of Light & Power	U.S.	5,545	5,545	-	-	2,016	2,016	-	-	3,529	3,529	-	-
2006	RFC	Cloverland Electric Cooperative	U.S.	3,982	3,982	-	-	1,448	1,448	-	-	2,534	2,534	-	-
2006	RFC	Edison Sault Electric Co.	U.S.	10,978	10,978	-	-	3,991	3,991	-	-	6,987	6,987	-	-
2006	RFC	Ontonagon County Rural Electrification Assoc.	U.S.	484	484	-	-	176	176	-	-	308	308	-	-
2006	RFC	Wisconsin Electric Power Co.	U.S.	484,544	484,544	-	-	176,163	176,163	-	-	308,381	308,381	-	-
2006	RFC	City of Lansing	U.S.	38,435	38,435	-	-	13,974	13,974	-	-	24,461	24,461	-	-
				<b>15,059,258</b>	<b>15,059,258</b>	<b>-</b>	<b>-</b>	<b>5,475,002</b>	<b>5,475,002</b>	<b>-</b>	<b>-</b>	<b>9,584,256</b>	<b>9,584,256</b>	<b>-</b>	<b>-</b>
2006	SERC	Alabama Electric Cooperative Inc.	US	119,689	119,689	-	-	51,787	51,787	-	-	67,902	67,902	-	-
2006	SERC	Alabama Municipal Electric Authority	US	47,297	47,297	-	-	20,464	20,464	-	-	26,832	26,832	-	-
2006	SERC	Alabama Power Company	US	810,051	810,051	-	-	350,496	350,496	-	-	459,556	459,556	-	-
2006	SERC	Ameren - Illinois	US	598,688	598,688	-	-	259,042	259,042	-	-	339,645	339,645	-	-
2006	SERC	Ameren - Missouri	US	570,822	570,822	-	-	246,985	246,985	-	-	323,837	323,837	-	-

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2006	SERC	APGI - Yadkin Division	US	495	495	-	-	214	214	-	-	281	281	-	-
2006	SERC	Associated Electric Cooperative Inc.	US	251,089	251,089	-	-	108,642	108,642	-	-	142,447	142,447	-	-
2006	SERC	Benton Utility District	US	3,695	3,695	-	-	1,599	1,599	-	-	2,096	2,096	-	-
2006	SERC	Big Rivers Electric Corporation	US	143,928	143,928	-	-	62,275	62,275	-	-	81,653	81,653	-	-
2006	SERC	Black Warrior EMC	US	6,191	6,191	-	-	2,679	2,679	-	-	3,512	3,512	-	-
2006	SERC	Blue Ridge EMC	US	15,263	15,263	-	-	6,604	6,604	-	-	8,659	8,659	-	-
2006	SERC	Canton, MS	US	1,915	1,915	-	-	829	829	-	-	1,087	1,087	-	-
2006	SERC	Central Electric Power Cooperative Inc.	US	1,939	1,939	-	-	839	839	-	-	1,100	1,100	-	-
2006	SERC	City of Blountstown FL	US	535	535	-	-	231	231	-	-	303	303	-	-
2006	SERC	City of Camden SC	US	2,674	2,674	-	-	1,157	1,157	-	-	1,517	1,517	-	-
2006	SERC	City of Campbell, MO	US	246	246	-	-	106	106	-	-	140	140	-	-
2006	SERC	City of Collins MS	US	592	592	-	-	256	256	-	-	336	336	-	-
2006	SERC	City of Columbia MO	US	18,802	18,802	-	-	8,135	8,135	-	-	10,667	10,667	-	-
2006	SERC	City of Conway AR (Conway Corporation)	US	12,973	12,973	-	-	5,613	5,613	-	-	7,360	7,360	-	-
2006	SERC	City of Evergreen AL	US	840	840	-	-	363	363	-	-	476	476	-	-
2006	SERC	City of Hampton GA	US	377	377	-	-	163	163	-	-	214	214	-	-
2006	SERC	City of Hartford AL	US	435	435	-	-	188	188	-	-	247	247	-	-
2006	SERC	City of Henderson (KY) Municipal Power & Light	US	9,055	9,055	-	-	3,918	3,918	-	-	5,137	5,137	-	-
2006	SERC	City of North Little Rock AR (DENL)	US	14,063	14,063	-	-	6,085	6,085	-	-	7,978	7,978	-	-
2006	SERC	City of Orangeburg SC Department of Public Utilities	US	12,558	12,558	-	-	5,434	5,434	-	-	7,124	7,124	-	-
2006	SERC	City of Robertsdale AL	US	962	962	-	-	416	416	-	-	546	546	-	-
2006	SERC	City of Ruston LA (DERS)	US	3,848	3,848	-	-	1,665	1,665	-	-	2,183	2,183	-	-
2006	SERC	City of Seneca SC	US	2,310	2,310	-	-	999	999	-	-	1,310	1,310	-	-
2006	SERC	City of Springfield (CWLP)	US	25,046	25,046	-	-	10,837	10,837	-	-	14,209	14,209	-	-
2006	SERC	City of Thayer, MO	US	227	227	-	-	98	98	-	-	129	129	-	-
2006	SERC	City of Troy AL	US	4,740	4,740	-	-	2,051	2,051	-	-	2,689	2,689	-	-
2006	SERC	City of West Memphis AR (West Memphis Utilities)	US	5,666	5,666	-	-	2,451	2,451	-	-	3,214	3,214	-	-
2006	SERC	Dalton Utilities	US	21,821	21,821	-	-	9,441	9,441	-	-	12,379	12,379	-	-
2006	SERC	Dominion Virginia Power	US	1,120,856	1,120,856	-	-	484,976	484,976	-	-	635,880	635,880	-	-
2006	SERC	Duke Energy Carolinas, LLC	US	1,131,324	1,131,324	-	-	489,505	489,505	-	-	641,819	641,819	-	-
2006	SERC	Durant, MS	US	508	508	-	-	220	220	-	-	288	288	-	-
2006	SERC	E.ON U.S. Services Inc.	US	469,244	469,244	-	-	203,034	203,034	-	-	266,210	266,210	-	-
2006	SERC	East Kentucky Power Cooperative	US	166,563	166,563	-	-	72,069	72,069	-	-	94,494	94,494	-	-
2006	SERC	East Mississippi Electric Power Association	US	5,842	5,842	-	-	2,528	2,528	-	-	3,314	3,314	-	-
2006	SERC	EnergyUnited EMC	US	31,553	31,553	-	-	13,653	13,653	-	-	17,901	17,901	-	-
2006	SERC	Entergy	US	1,477,249	1,477,249	-	-	639,181	639,181	-	-	838,068	838,068	-	-
2006	SERC	Fayetteville (NC) Public Works Commission	US	28,591	28,591	-	-	12,371	12,371	-	-	16,220	16,220	-	-
2006	SERC	Florida Public Utilities (FL Panhandle Load)	US	4,888	4,888	-	-	2,115	2,115	-	-	2,773	2,773	-	-
2006	SERC	French Broad EMC	US	6,296	6,296	-	-	2,724	2,724	-	-	3,572	3,572	-	-
2006	SERC	Georgia Power Company	US	1,188,702	1,188,702	-	-	514,331	514,331	-	-	674,370	674,370	-	-
2006	SERC	Georgia System Optns Corporation	US	509,904	509,904	-	-	220,627	220,627	-	-	289,277	289,277	-	-
2006	SERC	Greenwood (SC) Commissioners of Public Works	US	4,289	4,289	-	-	1,856	1,856	-	-	2,433	2,433	-	-
2006	SERC	Greenwood (MS) Utilities Commission	US	4,233	4,233	-	-	1,832	1,832	-	-	2,402	2,402	-	-
2006	SERC	Gulf Power Company	US	164,407	164,407	-	-	71,136	71,136	-	-	93,271	93,271	-	-
2006	SERC	Illinois Municipal Electric Agency	US	24,937	24,937	-	-	10,790	10,790	-	-	14,147	14,147	-	-
2006	SERC	Itta Bena, MS	US	235	235	-	-	102	102	-	-	133	133	-	-
2006	SERC	Kosciusko, MS	US	1,013	1,013	-	-	438	438	-	-	575	575	-	-
2006	SERC	Leland, MS	US	494	494	-	-	214	214	-	-	280	280	-	-
2006	SERC	Louisiana Generating LLC	US	121,972	121,972	-	-	52,775	52,775	-	-	69,197	69,197	-	-
2006	SERC	McCormick Commission of Public Works	US	296	296	-	-	128	128	-	-	168	168	-	-
2006	SERC	Mississippi Power Company	US	128,830	128,830	-	-	55,743	55,743	-	-	73,088	73,088	-	-
2006	SERC	Municipal Electric Authority of Georgia	US	146,339	146,339	-	-	63,318	63,318	-	-	83,021	83,021	-	-
2006	SERC	N.C. Electric Membership Corp.	US	156,605	156,605	-	-	67,760	67,760	-	-	88,844	88,844	-	-
2006	SERC	North Carolina Eastern Municipal Power Agency	US	98,455	98,455	-	-	42,600	42,600	-	-	55,855	55,855	-	-
2006	SERC	North Carolina Municipal Power Agency #1	US	69,198	69,198	-	-	29,941	29,941	-	-	39,257	39,257	-	-
2006	SERC	Old Dominion Electric Cooperative	US	116,663	116,663	-	-	50,478	50,478	-	-	66,185	66,185	-	-



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Data Year	Regional Entity	Entity	Country	Total ERO Funding (w/ RE & WIRAB Costs)				Total NERC Funding				Total Regional Entity Funding (Including WIRAB Funding)			
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	SERC	Owensboro (KY) Municipal Utilities	US	12,373	12,373	-	-	5,353	5,353	-	-	7,019	7,019	-	-
2006	SERC	Piedmont EMC in Progress Area	US	1,526	1,526	-	-	660	660	-	-	866	866	-	-
2006	SERC	Piedmont EMC-Duke	US	4,998	4,998	-	-	2,162	2,162	-	-	2,835	2,835	-	-
2006	SERC	Piedmont Municipal Power Agency (PMPA)	US	29,354	29,354	-	-	12,701	12,701	-	-	16,653	16,653	-	-
2006	SERC	Progress Energy Carolinas	US	614,978	614,978	-	-	266,091	266,091	-	-	348,887	348,887	-	-
2006	SERC	Rutherford EMC	US	16,317	16,317	-	-	7,060	7,060	-	-	9,257	9,257	-	-
2006	SERC	South Carolina Electric & Gas Company	US	306,647	306,647	-	-	132,681	132,681	-	-	173,966	173,966	-	-
2006	SERC	South Carolina Public Service Authority	US	338,238	338,238	-	-	146,350	146,350	-	-	191,888	191,888	-	-
2006	SERC	South Mississippi Electric Power Association	US	87,043	87,043	-	-	37,662	37,662	-	-	49,381	49,381	-	-
2006	SERC	Southern Illinois Power Cooperative	US	18,964	18,964	-	-	8,206	8,206	-	-	10,759	10,759	-	-
2006	SERC	Soyland Power Cooperative Inc.	US	20,383	20,383	-	-	8,819	8,819	-	-	11,563	11,563	-	-
2006	SERC	Tennessee Valley Authority	US	2,361,253	2,361,253	-	-	1,021,675	1,021,675	-	-	1,339,578	1,339,578	-	-
2006	SERC	Tombigbee Electric Cooperative Inc.	US	1,867	1,867	-	-	808	808	-	-	1,059	1,059	-	-
2006	SERC	Town of Waynesville NC	US	1,337	1,337	-	-	579	579	-	-	759	759	-	-
2006	SERC	Town of Winnsboro SC	US	1,196	1,196	-	-	518	518	-	-	679	679	-	-
2006	SERC	Town of Winterville NC	US	702	702	-	-	304	304	-	-	398	398	-	-
2006	SERC	Village of Riverton IL	US	293	293	-	-	127	127	-	-	166	166	-	-
				<b>13,705,789</b>	<b>13,705,789</b>	<b>-</b>	<b>-</b>	<b>5,930,268</b>	<b>5,930,268</b>	<b>-</b>	<b>-</b>	<b>7,775,521</b>	<b>7,775,521</b>	<b>-</b>	<b>-</b>
2006	SPP	American Electric Power	U.S.	1,138,885	1,138,885	-	-	247,809	247,809	-	-	891,076	891,076	-	-
2006	SPP	Aquila Inc. - (Missouri Public Service & St Joseph)	U.S.	248,239	248,239	-	-	54,014	54,014	-	-	194,225	194,225	-	-
2006	SPP	Arkansas Electric Cooperative Corporation (AEP)	U.S.	100,044	100,044	-	-	21,768	21,768	-	-	78,275	78,275	-	-
2006	SPP	Board of Public Utilities (Kansas City KS)	U.S.	78,934	78,934	-	-	17,175	17,175	-	-	61,759	61,759	-	-
2006	SPP	Cap Rock Energy	U.S.	19,058	19,058	-	-	4,147	4,147	-	-	14,911	14,911	-	-
2006	SPP	Central Valley Coop	U.S.	22,037	22,037	-	-	4,795	4,795	-	-	17,242	17,242	-	-
2006	SPP	City Power & Light, Independence, MO	U.S.	34,385	34,385	-	-	7,482	7,482	-	-	26,903	26,903	-	-
2006	SPP	City Utilities of Springfield, MO	U.S.	95,904	95,904	-	-	20,868	20,868	-	-	75,037	75,037	-	-
2006	SPP	Cleco Power LLC	U.S.	327,360	327,360	-	-	71,230	71,230	-	-	256,130	256,130	-	-
2006	SPP	East Texas Electric Coop, Inc.	U.S.	9,524	9,524	-	-	2,072	2,072	-	-	7,452	7,452	-	-
2006	SPP	The Empire District Electric Company	U.S.	159,415	159,415	-	-	34,687	34,687	-	-	124,728	124,728	-	-
2006	SPP	Farmers' Electric Coop	U.S.	10,536	10,536	-	-	2,293	2,293	-	-	8,244	8,244	-	-
2006	SPP	Golden Spread Electric Coop (Greenbelt,Lighthouse, Lyntegar, SPS load)	U.S.	118,210	118,210	-	-	25,721	25,721	-	-	92,489	92,489	-	-
2006	SPP	Grand River Dam Authority	U.S.	129,076	129,076	-	-	28,086	28,086	-	-	100,991	100,991	-	-
2006	SPP	Kansas City Power & Light (KCPL)	U.S.	479,395	479,395	-	-	104,311	104,311	-	-	375,084	375,084	-	-
2006	SPP	Kansas Electric Power Coop., Inc	U.S.	55,711	55,711	-	-	12,122	12,122	-	-	43,589	43,589	-	-
2006	SPP	Kansas Municipal Energy Agency (KCPL)	U.S.	10,251	10,251	-	-	2,230	2,230	-	-	8,020	8,020	-	-
2006	SPP	Lafayette Utilities System	U.S.	59,293	59,293	-	-	12,902	12,902	-	-	46,392	46,392	-	-
2006	SPP	Lea County Electric Coop	U.S.	28,429	28,429	-	-	6,186	6,186	-	-	22,243	22,243	-	-
2006	SPP	Louisiana Energy & Power Authority (LEPA)	U.S.	28,800	28,800	-	-	6,267	6,267	-	-	22,533	22,533	-	-
2006	SPP	Midwest Energy Inc.	U.S.	46,266	46,266	-	-	10,067	10,067	-	-	36,199	36,199	-	-
2006	SPP	MOPEP	U.S.	58,698	58,698	-	-	12,772	12,772	-	-	45,926	45,926	-	-
2006	SPP	Northeast Texas Electric Cooperative, Inc.	U.S.	90,365	90,365	-	-	19,662	19,662	-	-	70,702	70,702	-	-
2006	SPP	Oklahoma Gas and Electric Co.	U.S.	844,071	844,071	-	-	183,660	183,660	-	-	660,411	660,411	-	-
2006	SPP	Oklahoma Municipal Power Authority (AEP and non-AEP loads)	U.S.	75,607	75,607	-	-	16,451	16,451	-	-	59,156	59,156	-	-
2006	SPP	Roosevelt County Electric Coop	U.S.	5,039	5,039	-	-	1,097	1,097	-	-	3,943	3,943	-	-
2006	SPP	Southwestern Power Administration (SPA)	U.S.	124,640	124,640	-	-	27,120	27,120	-	-	97,519	97,519	-	-
2006	SPP	Southwestern Public Service Co. (SPS-XCEL)	U.S.	575,718	575,718	-	-	125,270	125,270	-	-	450,448	450,448	-	-
2006	SPP	Sunflower Electric Cooperative (SECI)	U.S.	145,731	145,731	-	-	31,709	31,709	-	-	114,022	114,022	-	-
2006	SPP	Tex - La Electric Cooperative of Texas	U.S.	13,185	13,185	-	-	2,869	2,869	-	-	10,316	10,316	-	-
2006	SPP	Tri County Electric Coop	U.S.	4,488	4,488	-	-	977	977	-	-	3,512	3,512	-	-
2006	SPP	Westar Energy, Inc.	U.S.	550,319	550,319	-	-	119,743	119,743	-	-	430,576	430,576	-	-
2006	SPP	Western Farmers Electric Cooperative	U.S.	203,257	203,257	-	-	44,226	44,226	-	-	159,030	159,030	-	-
				<b>5,890,870</b>	<b>5,890,870</b>	<b>-</b>	<b>-</b>	<b>1,281,787</b>	<b>1,281,787</b>	<b>-</b>	<b>-</b>	<b>4,609,083</b>	<b>4,609,083</b>	<b>-</b>	<b>-</b>

**Allocations to Load Serving Entities (or Designee) for the 2008 NERC and Regional Entity Assessments**

Data Year	Regional Entity	Entity	Country	Total ERO Funding (w/ RE & WIRAB Costs)				Total NERC Funding				Total Regional Entity Funding (Including WIRAB Funding)			
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	TRE	ERCOT	U.S.	4,899,938	4,899,938	-	-	1,673,872	1,673,872	-	-	3,226,066	3,226,066	-	-
				4,899,938	4,899,938	-	-	1,673,872	1,673,872	-	-	3,226,066	3,226,066	-	-
2006	WECC	Alberta Electric System Operator	Canada	2,116,163	-	2,116,163	-	315,088	-	315,088	-	1,801,075	-	1,801,075	-
2006	WECC	Arizona Public Service Company - APS	U.S.	1,073,136	1,073,136	-	-	159,786	159,786	-	-	913,350	913,350	-	-
2006	WECC	Aquila Irrigation District - APS	U.S.	1,265	1,265	-	-	188	188	-	-	1,076	1,076	-	-
2006	WECC	Buckeye Water Conservation and Drainage District - APS	U.S.	736	736	-	-	110	110	-	-	626	626	-	-
2006	WECC	Electrical District No. 6 of Pinal County - APS	U.S.	90	90	-	-	13	13	-	-	77	77	-	-
2006	WECC	Electrical District No. 7 of Mariopa County - APS	U.S.	862	862	-	-	128	128	-	-	733	733	-	-
2006	WECC	Electrical District No. 8 of Mariopa County - APS	U.S.	8,660	8,660	-	-	1,289	1,289	-	-	7,370	7,370	-	-
2006	WECC	Harquahala Valley Power District - APS	U.S.	707	707	-	-	105	105	-	-	602	602	-	-
2006	WECC	Maricopa County Municipal Water Conservation District No. 1 - APS	U.S.	1,916	1,916	-	-	285	285	-	-	1,631	1,631	-	-
2006	WECC	McMullen Valley Water Conservation & Drainage District - APS	U.S.	1,930	1,930	-	-	287	287	-	-	1,643	1,643	-	-
2006	WECC	Roosevelt Irrigation District - APS	U.S.	1,175	1,175	-	-	175	175	-	-	1,000	1,000	-	-
2006	WECC	Tonopah Irrigation District - APS	U.S.	849	849	-	-	126	126	-	-	723	723	-	-
2006	WECC	Town of Wickenburg - APS	U.S.	1,197	1,197	-	-	178	178	-	-	1,018	1,018	-	-
2006	WECC	Tohono O'Odham Utility Authority - APS	U.S.	2,843	2,843	-	-	423	423	-	-	2,420	2,420	-	-
2006	WECC	City of Williams - APS	U.S.	1,432	1,432	-	-	213	213	-	-	1,218	1,218	-	-
2006	WECC	Electrical Districts 1 & 3 - APS	U.S.	14,245	14,245	-	-	2,121	2,121	-	-	12,124	12,124	-	-
2006	WECC	Ajo Improvement District - APS	U.S.	540	540	-	-	80	80	-	-	460	460	-	-
2006	WECC	Ak-Chin - APS	U.S.	1,115	1,115	-	-	166	166	-	-	949	949	-	-
2006	WECC	Yuma Irrigation District - APS	U.S.	118	118	-	-	18	18	-	-	101	101	-	-
2006	WECC	Yuma-Mesa Irrigation District - APS	U.S.	7	7	-	-	1	1	-	-	6	6	-	-
2006	WECC	Navajo Tribal Utility Authority - APS	U.S.	1,422	1,422	-	-	212	212	-	-	1,211	1,211	-	-
2006	WECC	San Carlos Indian Irrigation Project - APS	U.S.	6	6	-	-	1	1	-	-	5	5	-	-
2006	WECC	Unit B Irrigation District - APS	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2006	WECC	Unisource Electric - APS	U.S.	66,791	66,791	-	-	9,945	9,945	-	-	56,846	56,846	-	-
2006	WECC	Central Arizona Water Conservation District - APS	U.S.	4,951	4,951	-	-	737	737	-	-	4,214	4,214	-	-
2006	WECC	Avista Corp.	U.S.	446,088	446,088	-	-	66,421	66,421	-	-	379,667	379,667	-	-
2006	WECC	Bonneville Power Administration – Transmission Business Line	U.S.	1,761,894	1,761,894	-	-	262,339	262,339	-	-	1,499,555	1,499,555	-	-
2006	WECC	British Columbia Transmission Corporation	Canada	2,268,548	-	2,268,548	-	337,778	-	337,778	-	1,930,770	-	1,930,770	-
2006	WECC	California Independent System Operator	U.S.	8,657,119	8,657,119	-	-	1,289,011	1,289,011	-	-	7,368,108	7,368,108	-	-
2006	WECC	Comision Federal de Electricidad	Mexico	409,862	-	-	409,862	61,027	-	-	61,027	348,835	-	-	348,835
2006	WECC	El Paso Electric Company	U.S.	275,104	275,104	-	-	40,962	40,962	-	-	234,142	234,142	-	-
2006	WECC	Idaho Power Company	U.S.	612,228	612,228	-	-	91,158	91,158	-	-	521,070	521,070	-	-
2006	WECC	Imperial Irrigation District	U.S.	138,693	138,693	-	-	20,651	20,651	-	-	118,042	118,042	-	-
2006	WECC	Los Angeles Department of Water and Power - LDWP	U.S.	1,011,768	1,011,768	-	-	150,648	150,648	-	-	861,120	861,120	-	-
2006	WECC	The City of Burbank - LDWP	U.S.	43,391	43,391	-	-	6,461	6,461	-	-	36,931	36,931	-	-
2006	WECC	The City of Glendale - LDWP	U.S.	44,681	44,681	-	-	6,653	6,653	-	-	38,028	38,028	-	-
2006	WECC	Nevada Power	U.S.	920,266	920,266	-	-	137,024	137,024	-	-	783,242	783,242	-	-
2006	WECC	City of Boulder City - NEVP	U.S.	3	3	-	-	0	0	-	-	2	2	-	-
2006	WECC	Colorado River Commission of Nevada - NEVP	U.S.	9	9	-	-	1	1	-	-	8	8	-	-
2006	WECC	Las Vegas Valley Water District - NEVP	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2006	WECC	Lincoln County Power District No. 1 - NEVP	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2006	WECC	City of Needles - NEVP	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2006	WECC	Overton Power District #5 - NEVP	U.S.	6	6	-	-	1	1	-	-	5	5	-	-
2006	WECC	Southern Nevada Water Authority - NEVP	U.S.	2	2	-	-	0	0	-	-	2	2	-	-
2006	WECC	Valley Electric Association, Inc. - NEVP	U.S.	5	5	-	-	1	1	-	-	4	4	-	-
2006	WECC	NorthWestern Energy	U.S.	375,128	375,128	-	-	55,855	55,855	-	-	319,273	319,273	-	-
2006	WECC	PacifiCorp	U.S.	1,587,252	1,587,252	-	-	236,336	236,336	-	-	1,350,917	1,350,917	-	-
2006	WECC	PacifiCorp – Merchant Function	U.S.	973,260	973,260	-	-	144,915	144,915	-	-	828,346	828,346	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total
2006	WECC	Portland General Electric Company - PGE	U.S.	700,362	700,362	-	-	104,281	104,281	-	-	596,081	596,081	-	-
2006	WECC	Bonneville Power Administration - Power Business Line - PGE	U.S.	3,346	3,346	-	-	498	498	-	-	2,848	2,848	-	-
2006	WECC	Constellation New Energy, Inc. - PGE	U.S.	6,961	6,961	-	-	1,036	1,036	-	-	5,924	5,924	-	-
2006	WECC	EPCOR Merchant and Capital (US) Inc. - PGE	U.S.	4,352	4,352	-	-	648	648	-	-	3,704	3,704	-	-
2006	WECC	Sempra Energy Solutions - PGE	U.S.	56,413	56,413	-	-	8,400	8,400	-	-	48,013	48,013	-	-
2006	WECC	Public Service Company of Colorado (Xcel)	U.S.	1,511,485	1,511,485	-	-	225,054	225,054	-	-	1,286,431	1,286,431	-	-
2006	WECC	Public Service Company of New Mexico	U.S.	536,409	536,409	-	-	79,869	79,869	-	-	456,539	456,539	-	-
2006	WECC	Public Utility District No. 1 of Chelan County	U.S.	117,707	117,707	-	-	17,526	17,526	-	-	100,181	100,181	-	-
2006	WECC	Public Utility District No. 1 of Douglas County	U.S.	49,249	49,249	-	-	7,333	7,333	-	-	41,916	41,916	-	-
2006	WECC	Public Utility District No. 2 of Grant County	U.S.	122,977	122,977	-	-	18,311	18,311	-	-	104,666	104,666	-	-
2006	WECC	Puget Sound Energy	U.S.	911,033	911,033	-	-	135,649	135,649	-	-	775,383	775,383	-	-
2006	WECC	Salt River Project	U.S.	914,024	914,024	-	-	136,095	136,095	-	-	777,930	777,930	-	-
2006	WECC	Central Arizona Water Conservation District - SRP	U.S.	102,676	102,676	-	-	15,288	15,288	-	-	87,388	87,388	-	-
2006	WECC	Seattle City Light	U.S.	369,765	369,765	-	-	55,057	55,057	-	-	314,709	314,709	-	-
2006	WECC	Sierra Pacific Resource Transmission	U.S.	434,868	434,868	-	-	64,750	64,750	-	-	370,118	370,118	-	-
2006	WECC	Barrick Goldstrike Mines Inc. - SPP	U.S.	10	10	-	-	1	1	-	-	8	8	-	-
2006	WECC	City of Fallon - SPP	U.S.	2	2	-	-	0	0	-	-	1	1	-	-
2006	WECC	Harney Electric Cooperative, Inc. - SPP	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2006	WECC	Mt. Wheeler Power Company - SPP	U.S.	4	4	-	-	1	1	-	-	3	3	-	-
2006	WECC	Truckee Donner Public Utility District - SPP	U.S.	2	2	-	-	0	0	-	-	1	1	-	-
2006	WECC	Wells Rural Electric Cooperative - SPP	U.S.	6	6	-	-	1	1	-	-	5	5	-	-
2006	WECC	SMUD Utility - SMUD	U.S.	429,769	429,769	-	-	63,991	63,991	-	-	365,778	365,778	-	-
2006	WECC	Western (WAPA-Sierra Nevada Region) - SMUD	U.S.	51,060	51,060	-	-	7,603	7,603	-	-	43,457	43,457	-	-
2006	WECC	City of Roseville - SMUD	U.S.	46,238	46,238	-	-	6,885	6,885	-	-	39,354	39,354	-	-
2006	WECC	Modesto Irrigation District - SMUD	U.S.	97,180	97,180	-	-	14,470	14,470	-	-	82,710	82,710	-	-
2006	WECC	City of Redding - SMUD	U.S.	38,263	38,263	-	-	5,697	5,697	-	-	32,566	32,566	-	-
2006	WECC	Tacoma Power	U.S.	182,038	182,038	-	-	27,105	27,105	-	-	154,933	154,933	-	-
2006	WECC	Tucson Electric Power Company	U.S.	446,043	446,043	-	-	66,414	66,414	-	-	379,629	379,629	-	-
2006	WECC	Turlock Irrigation District	U.S.	72,633	72,633	-	-	10,815	10,815	-	-	61,818	61,818	-	-
2006	WECC	Merced Irrigation District - TIDC	U.S.	14,666	14,666	-	-	2,184	2,184	-	-	12,482	12,482	-	-
2006	WECC	Western Area Power Administration - Billings, MT	U.S.	22,104	22,104	-	-	3,291	3,291	-	-	18,812	18,812	-	-
2006	WECC	Western Area Power Administration - Loveland, CO	U.S.	747,827	747,827	-	-	111,348	111,348	-	-	636,478	636,478	-	-
2006	WECC	Western Area Power Administration - Phoenix, AZ	U.S.	432,494	432,494	-	-	64,397	64,397	-	-	368,098	368,098	-	-
				<b>31,249,428</b>	<b>26,454,855</b>	<b>4,384,711</b>	<b>409,862</b>	<b>4,652,916</b>	<b>3,939,023</b>	<b>652,866</b>	<b>61,027</b>	<b>26,596,512</b>	<b>22,515,832</b>	<b>3,731,845</b>	<b>348,835</b>
<b>Total</b>				<b>94,455,622</b>	<b>82,587,129</b>	<b>11,458,631</b>	<b>409,862</b>	<b>25,694,031</b>	<b>22,780,492</b>	<b>2,852,512</b>	<b>61,027</b>	<b>68,761,591</b>	<b>59,806,637</b>	<b>8,606,119</b>	<b>348,835</b>
<b>Summary by Regional Entity</b>															
2006	FRCC			5,341,054	5,341,054	-	-	1,351,106	1,351,106	-	-	3,989,948	3,989,948	-	-
2006	MRO			7,065,548	5,933,925	1,131,623	-	1,734,061	1,456,333	277,729	-	5,331,487	4,477,592	853,895	-
2006	NPCC			11,243,737	5,301,440	5,942,297	-	3,595,019	1,673,102	1,921,917	-	7,648,718	3,628,338	4,020,380	-
2006	RFC			15,059,258	15,059,258	-	-	5,475,002	5,475,002	-	-	9,584,256	9,584,256	-	-
2006	SERC			13,705,789	13,705,789	-	-	5,930,268	5,930,268	-	-	7,775,521	7,775,521	-	-
2006	SPP			5,890,870	5,890,870	-	-	1,281,787	1,281,787	-	-	4,609,083	4,609,083	-	-
2006	TRE			4,899,938	4,899,938	-	-	1,673,872	1,673,872	-	-	3,226,066	3,226,066	-	-
2006	WECC			31,249,428	26,454,855	4,384,711	409,862	4,652,916	3,939,023	652,866	61,027	26,596,512	22,515,832	3,731,845	348,835
<b>Total</b>				<b>94,455,622</b>	<b>82,587,129</b>	<b>11,458,631</b>	<b>409,862</b>	<b>25,694,031</b>	<b>22,780,492</b>	<b>2,852,512</b>	<b>61,027</b>	<b>68,761,591</b>	<b>59,806,637</b>	<b>8,606,119</b>	<b>348,835</b>

**Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments - Detailed by Allocation Methodology**

Data Year	Regional Entity	Entity	Country	Total NERC Funding				NERC NEL Funding				NERC Compliance Funding (ex. IESO)				NERC IDC Funding		
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	FRCC	Alachua, City of	U.S.	652	652	-	-	505	505	-	-	102	102	-	-	44	44	-
2006	FRCC	Bartow, City of	U.S.	1,827	1,827	-	-	1,416	1,416	-	-	287	287	-	-	124	124	-
2006	FRCC	Chattahoochee, City of	U.S.	264	264	-	-	205	205	-	-	42	42	-	-	18	18	-
2006	FRCC	Florida Keys Electric Cooperative Assn	U.S.	4,135	4,135	-	-	3,205	3,205	-	-	650	650	-	-	281	281	-
2006	FRCC	Florida Power & Light Co.	U.S.	655,671	655,671	-	-	508,146	508,146	-	-	103,009	103,009	-	-	44,516	44,516	-
2006	FRCC	Florida Public Utilities Company	U.S.	3,066	3,066	-	-	2,376	2,376	-	-	482	482	-	-	208	208	-
2006	FRCC	Gainesville Regional Utilities	U.S.	12,327	12,327	-	-	9,553	9,553	-	-	1,937	1,937	-	-	837	837	-
2006	FRCC	Homestead, City of	U.S.	2,684	2,684	-	-	2,080	2,080	-	-	422	422	-	-	182	182	-
2006	FRCC	JEA	U.S.	78,061	78,061	-	-	60,497	60,497	-	-	12,264	12,264	-	-	5,300	5,300	-
2006	FRCC	Lakeland Electric	U.S.	17,528	17,528	-	-	13,584	13,584	-	-	2,754	2,754	-	-	1,190	1,190	-
2006	FRCC	Mount Dora, City of	U.S.	617	617	-	-	478	478	-	-	97	97	-	-	42	42	-
2006	FRCC	New Smyrna Beach, Utilities Commission of	U.S.	2,348	2,348	-	-	1,820	1,820	-	-	369	369	-	-	159	159	-
2006	FRCC	Orlando Utilities Commission	U.S.	33,330	33,330	-	-	25,830	25,830	-	-	5,236	5,236	-	-	2,263	2,263	-
2006	FRCC	Progress Energy Florida	U.S.	247,140	247,140	-	-	191,534	191,534	-	-	38,827	38,827	-	-	16,779	16,779	-
2006	FRCC	Quincy, City of	U.S.	975	975	-	-	756	756	-	-	153	153	-	-	66	66	-
2006	FRCC	Reedy Creek Improvement District	U.S.	7,378	7,378	-	-	5,718	5,718	-	-	1,159	1,159	-	-	501	501	-
2006	FRCC	St. Cloud, City of (OUC)	U.S.	3,272	3,272	-	-	2,536	2,536	-	-	514	514	-	-	222	222	-
2006	FRCC	Tallahassee, City of	U.S.	16,847	16,847	-	-	13,056	13,056	-	-	2,647	2,647	-	-	1,144	1,144	-
2006	FRCC	Tampa Electric Company	U.S.	117,629	117,629	-	-	91,162	91,162	-	-	18,480	18,480	-	-	7,986	7,986	-
2006	FRCC	Wauchula, City of	U.S.	405	405	-	-	314	314	-	-	64	64	-	-	28	28	-
2006	FRCC	Williston, City of	U.S.	211	211	-	-	164	164	-	-	33	33	-	-	14	14	-
2006	FRCC	Winter Park, City of	U.S.	2,790	2,790	-	-	2,162	2,162	-	-	438	438	-	-	189	189	-
2006	FRCC	Florida Municipal Power Agency	U.S.	42,632	42,632	-	-	33,040	33,040	-	-	6,698	6,698	-	-	2,894	2,894	-
2006	FRCC	Seminole Electric Cooperative	U.S.	99,315	99,315	-	-	76,969	76,969	-	-	15,603	15,603	-	-	6,743	6,743	-
				<u>1,351,106</u>	<u>1,351,106</u>	<u>-</u>	<u>-</u>	<u>1,047,109</u>	<u>1,047,109</u>	<u>-</u>	<u>-</u>	<u>212,265</u>	<u>212,265</u>	<u>-</u>	<u>-</u>	<u>91,732</u>	<u>91,732</u>	<u>-</u>
2006	MRO	Basin Electric Power Cooperative	US	53,992	53,992	-	-	38,401	38,401	-	-	7,784	7,784	-	-	7,807	7,807	-
2006	MRO	Central Iowa Power Cooperative (CIPCO)	US	16,118	16,118	-	-	11,463	11,463	-	-	2,324	2,324	-	-	2,330	2,330	-
2006	MRO	Corn Belt Power Cooperative	US	10,020	10,020	-	-	7,126	7,126	-	-	1,445	1,445	-	-	1,449	1,449	-
2006	MRO	Dairyland Power Cooperative	US	30,927	30,927	-	-	21,996	21,996	-	-	4,459	4,459	-	-	4,472	4,472	-
2006	MRO	Great River Energy	US	81,211	81,211	-	-	57,760	57,760	-	-	11,709	11,709	-	-	11,743	11,743	-
2006	MRO	Minnkota Power Cooperative, Inc.	US	23,761	23,761	-	-	16,899	16,899	-	-	3,426	3,426	-	-	3,436	3,436	-
2006	MRO	Nebraska Public Power District	US	75,746	75,746	-	-	53,873	53,873	-	-	10,921	10,921	-	-	10,952	10,952	-
2006	MRO	Omaha Public Power District	US	64,773	64,773	-	-	46,069	46,069	-	-	9,339	9,339	-	-	9,366	9,366	-
2006	MRO	Southern Montana Generation and Transmission	US	115	115	-	-	82	82	-	-	17	17	-	-	17	17	-
2006	MRO	Western Area Power Administration (UM)	US	49,179	49,179	-	-	34,977	34,977	-	-	7,090	7,090	-	-	7,111	7,111	-
2006	MRO	Western Area Power Administration (LM)	US	214	214	-	-	152	152	-	-	31	31	-	-	31	31	-
2006	MRO	Manitoba Hydro	CAN	154,193	-	154,193	-	109,667	-	109,667	-	22,231	-	22,231	-	22,295	-	22,295
2006	MRO	SaskPower	CAN	123,535	-	123,535	-	87,862	-	87,862	-	17,811	-	17,811	-	17,862	-	17,862
2006	MRO	Alliant Energy (Alliant East - WPL & Alliant West IPL)	US	190,313	190,313	-	-	135,356	135,356	-	-	27,439	27,439	-	-	27,518	27,518	-
2006	MRO	Madison, Gas and Electric	US	21,706	21,706	-	-	15,438	15,438	-	-	3,130	3,130	-	-	3,139	3,139	-
2006	MRO	MidAmerican Energy Company	US	134,505	134,505	-	-	95,664	95,664	-	-	19,393	19,393	-	-	19,448	19,448	-
2006	MRO	Minnesota Power	US	76,097	76,097	-	-	54,122	54,122	-	-	10,971	10,971	-	-	11,003	11,003	-
2006	MRO	Montana-Dakota Utilities Co.	US	15,348	15,348	-	-	10,916	10,916	-	-	2,213	2,213	-	-	2,219	2,219	-
2006	MRO	Northwestern Public Service Company	US	8,630	8,630	-	-	6,138	6,138	-	-	1,244	1,244	-	-	1,248	1,248	-
2006	MRO	Otter Tail Power Company	US	24,867	24,867	-	-	17,686	17,686	-	-	3,585	3,585	-	-	3,596	3,596	-
2006	MRO	Integrus Energy Group (WPS and UPSCO)	US	102,116	102,116	-	-	72,628	72,628	-	-	14,723	14,723	-	-	14,765	14,765	-
2006	MRO	Xcel Energy Company (NSP)	US	297,380	297,380	-	-	211,506	211,506	-	-	42,875	42,875	-	-	42,999	42,999	-
2006	MRO	Ames Municipal Electric System	US	3,652	3,652	-	-	2,598	2,598	-	-	527	527	-	-	528	528	-
2006	MRO	Badger Power Marketing Authority of Wisconsin, Inc.	US	2,358	2,358	-	-	1,677	1,677	-	-	340	340	-	-	341	341	-
2006	MRO	Cedar Falls Municipal Utilities	US	3,139	3,139	-	-	2,233	2,233	-	-	453	453	-	-	454	454	-
2006	MRO	Central Minnesota Municipal Power Agency (CMMPA)	US	3,325	3,325	-	-	2,365	2,365	-	-	479	479	-	-	481	481	-
2006	MRO	City of Escanaba Electric Department	US	1,032	1,032	-	-	734	734	-	-	149	149	-	-	149	149	-
2006	MRO	Falls City Water & Light Department	US	337	337	-	-	240	240	-	-	49	49	-	-	49	49	-
2006	MRO	Fremont Department of Utilities	US	2,780	2,780	-	-	1,977	1,977	-	-	401	401	-	-	402	402	-
2006	MRO	Geneseo Municipal Utilities	US	435	435	-	-	310	310	-	-	63	63	-	-	63	63	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	MRO	Grand Island Utilities Department	US	4,446	4,446	-	-	3,162	3,162	-	-	641	641	-	-	643	643	-
2006	MRO	Hastings Utilities	US	3,007	3,007	-	-	2,139	2,139	-	-	434	434	-	-	435	435	-
2006	MRO	Heartland Consumers Power District	US	4,186	4,186	-	-	2,977	2,977	-	-	604	604	-	-	605	605	-
2006	MRO	Hutchinson Utilities Commission	US	2,048	2,048	-	-	1,456	1,456	-	-	295	295	-	-	296	296	-
2006	MRO	Iowa Association of Municipal Utilities	US	3,117	3,117	-	-	2,217	2,217	-	-	449	449	-	-	451	451	-
2006	MRO	Lincoln Electric System	US	21,861	21,861	-	-	15,548	15,548	-	-	3,152	3,152	-	-	3,161	3,161	-
2006	MRO	Manitowoc Public Utilities	US	3,635	3,635	-	-	2,585	2,585	-	-	524	524	-	-	526	526	-
2006	MRO	McGregor and St. Charles Municipal (GEN-SYS Energy)	US	250	250	-	-	178	178	-	-	36	36	-	-	36	36	-
2006	MRO	Missouri River Energy Services	US	13,061	13,061	-	-	9,289	9,289	-	-	1,883	1,883	-	-	1,888	1,888	-
2006	MRO	MN Municipal Power Agency (MMPA)	US	8,574	8,574	-	-	6,098	6,098	-	-	1,236	1,236	-	-	1,240	1,240	-
2006	MRO	Municipal Energy Agency of Nebraska	US	3,614	3,614	-	-	2,571	2,571	-	-	521	521	-	-	523	523	-
2006	MRO	Muscatine Power and Water	US	5,754	5,754	-	-	4,092	4,092	-	-	830	830	-	-	832	832	-
2006	MRO	Nebraska City Utilities	US	1,047	1,047	-	-	745	745	-	-	151	151	-	-	151	151	-
2006	MRO	Rochester Public Utilities	US	128	128	-	-	91	91	-	-	18	18	-	-	19	19	-
2006	MRO	Southern Minnesota Municipal Power Agency	US	18,339	18,339	-	-	13,043	13,043	-	-	2,644	2,644	-	-	2,652	2,652	-
2006	MRO	Willmar Municipal Utilities	US	1,885	1,885	-	-	1,341	1,341	-	-	272	272	-	-	273	273	-
2006	MRO	Wisconsin Public Power, Inc. (East and West regions)	US	67,305	67,305	-	-	47,869	47,869	-	-	9,704	9,704	-	-	9,732	9,732	-
				<b>1,734,061</b>	<b>1,456,333</b>	<b>277,729</b>	<b>-</b>	<b>1,233,316</b>	<b>1,035,787</b>	<b>197,529</b>	<b>-</b>	<b>250,012</b>	<b>209,970</b>	<b>40,042</b>	<b>-</b>	<b>250,733</b>	<b>210,575</b>	<b>40,158</b>
2006	NPCC	New England	U.S.	750,822	750,822	-	-	601,271	601,271	-	-	121,887	121,887	-	-	27,665	27,665	-
2006	NPCC	New York	U.S.	922,279	922,279	-	-	738,577	738,577	-	-	149,721	149,721	-	-	33,982	33,982	-
2006	NPCC	Ontario	Canada	719,305	-	719,305	-	687,665	-	687,665	-	-	-	-	31,640	-	31,640	
2006	NPCC	Quebec	Canada	1,056,388	-	1,056,388	-	845,973	-	845,973	-	171,492	-	171,492	-	38,923	-	38,923
2006	NPCC	New Brunswick	Canada	83,880	-	83,880	-	67,173	-	67,173	-	13,617	-	13,617	-	3,091	-	3,091
2006	NPCC	Nova Scotia	Canada	62,344	-	62,344	-	49,926	-	49,926	-	10,121	-	10,121	-	2,297	-	2,297
				<b>3,595,019</b>	<b>1,673,102</b>	<b>1,921,917</b>	<b>-</b>	<b>2,990,585</b>	<b>1,339,847</b>	<b>1,650,737</b>	<b>-</b>	<b>466,837</b>	<b>271,608</b>	<b>195,229</b>	<b>-</b>	<b>137,597</b>	<b>61,647</b>	<b>75,951</b>
2006	RFC	Hoosier Energy	U.S.	39,754	39,754	-	-	30,211	30,211	-	-	6,124	6,124	-	-	3,419	3,419	-
2006	RFC	Indianapolis Power & Light Co.	U.S.	93,469	93,469	-	-	71,031	71,031	-	-	14,399	14,399	-	-	8,039	8,039	-
2006	RFC	PJM Interconnection, LLC	U.S.	3,614,799	3,614,799	-	-	2,747,035	2,747,035	-	-	556,866	556,866	-	-	310,898	310,898	-
2006	RFC	American Municipal Power	U.S.	19,635	19,635	-	-	14,922	14,922	-	-	3,025	3,025	-	-	1,689	1,689	-
2006	RFC	Buckeye Power Inc.	U.S.	5,549	5,549	-	-	4,217	4,217	-	-	855	855	-	-	477	477	-
2006	RFC	City of Painesville	U.S.	335	335	-	-	255	255	-	-	52	52	-	-	29	29	-
2006	RFC	Cleveland Public Power	U.S.	10,018	10,018	-	-	7,613	7,613	-	-	1,543	1,543	-	-	862	862	-
2006	RFC	Constellation New Energy Inc.	U.S.	4	4	-	-	3	3	-	-	1	1	-	-	0	0	-
2006	RFC	Dominion Retail	U.S.	38	38	-	-	29	29	-	-	6	6	-	-	3	3	-
2006	RFC	FirstEnergy Solutions	U.S.	55,762	55,762	-	-	42,376	42,376	-	-	8,590	8,590	-	-	4,796	4,796	-
2006	RFC	FirstEnergy	U.S.	327,098	327,098	-	-	248,575	248,575	-	-	50,390	50,390	-	-	28,133	28,133	-
2006	RFC	Strategic Energy	U.S.	250	250	-	-	190	190	-	-	39	39	-	-	22	22	-
2006	RFC	Zelienople	U.S.	197	197	-	-	150	150	-	-	30	30	-	-	17	17	-
2006	RFC	Bethel	U.S.	177	177	-	-	135	135	-	-	27	27	-	-	15	15	-
2006	RFC	Buckeye Power Inc.	U.S.	1,589	1,589	-	-	1,207	1,207	-	-	245	245	-	-	137	137	-
2006	RFC	City of Hamilton	U.S.	1,968	1,968	-	-	1,496	1,496	-	-	303	303	-	-	169	169	-
2006	RFC	City of Williamstown KY	U.S.	373	373	-	-	284	284	-	-	57	57	-	-	32	32	-
2006	RFC	Constellation New Energy Inc.	U.S.	2,286	2,286	-	-	1,737	1,737	-	-	352	352	-	-	197	197	-
2006	RFC	Dominion Retail Inc.	U.S.	952	952	-	-	723	723	-	-	147	147	-	-	82	82	-
2006	RFC	Duke Energy Indiana	U.S.	186,348	186,348	-	-	141,613	141,613	-	-	28,707	28,707	-	-	16,027	16,027	-
2006	RFC	Duke Energy Kentucky	U.S.	25,305	25,305	-	-	19,230	19,230	-	-	3,898	3,898	-	-	2,176	2,176	-
2006	RFC	Duke Energy Ohio	U.S.	127,902	127,902	-	-	97,198	97,198	-	-	19,703	19,703	-	-	11,000	11,000	-
2006	RFC	FirstEnergy Solutions	U.S.	77	77	-	-	59	59	-	-	12	12	-	-	7	7	-
2006	RFC	Georgetown	U.S.	324	324	-	-	246	246	-	-	50	50	-	-	28	28	-
2006	RFC	Hammersville	U.S.	34	34	-	-	26	26	-	-	5	5	-	-	3	3	-
2006	RFC	Indiana Municipal Power Agency	U.S.	18,064	18,064	-	-	13,728	13,728	-	-	2,783	2,783	-	-	1,554	1,554	-
2006	RFC	Lebanon	U.S.	1,087	1,087	-	-	826	826	-	-	167	167	-	-	93	93	-
2006	RFC	Mid American Energy Company Retail	U.S.	10	10	-	-	8	8	-	-	2	2	-	-	1	1	-
2006	RFC	Ripley	U.S.	125	125	-	-	95	95	-	-	19	19	-	-	11	11	-
2006	RFC	Strategic Energy LLC	U.S.	1,305	1,305	-	-	991	991	-	-	201	201	-	-	112	112	-
2006	RFC	Village of Blanchester	U.S.	495	495	-	-	376	376	-	-	76	76	-	-	43	43	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	14,134	14,134	-	-	10,741	10,741	-	-	2,177	2,177	-	-	1,216	1,216	-
2006	RFC	Bay City	U.S.	2,015	2,015	-	-	1,531	1,531	-	-	310	310	-	-	173	173	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	RFC	City of Chelsea	U.S.	519	519	-	-	394	394	-	-	80	80	-	-	45	45	-
2006	RFC	City of Eaton Rapids	U.S.	571	571	-	-	434	434	-	-	88	88	-	-	49	49	-
2006	RFC	City of Hart	U.S.	229	229	-	-	174	174	-	-	35	35	-	-	20	20	-
2006	RFC	City of Portland	U.S.	209	209	-	-	159	159	-	-	32	32	-	-	18	18	-
2006	RFC	City of St. Louis	U.S.	243	243	-	-	185	185	-	-	37	37	-	-	21	21	-
2006	RFC	CMS Energy Resource Management Company	U.S.	46	46	-	-	35	35	-	-	7	7	-	-	4	4	-
2006	RFC	Constellation New Energy	U.S.	2,026	2,026	-	-	1,539	1,539	-	-	312	312	-	-	174	174	-
2006	RFC	Consumers Energy Company	U.S.	218,862	218,862	-	-	166,322	166,322	-	-	33,716	33,716	-	-	18,824	18,824	-
2006	RFC	Holland Board of Public Works	U.S.	5,081	5,081	-	-	3,861	3,861	-	-	783	783	-	-	437	437	-
2006	RFC	Michigan Public Power Agency	U.S.	3,685	3,685	-	-	2,800	2,800	-	-	568	568	-	-	317	317	-
2006	RFC	Michigan South Central Power Agency	U.S.	3,709	3,709	-	-	2,819	2,819	-	-	571	571	-	-	319	319	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	10	10	-	-	8	8	-	-	2	2	-	-	1	1	-
2006	RFC	Quest Energy	U.S.	1,298	1,298	-	-	987	987	-	-	200	200	-	-	112	112	-
2006	RFC	Sempra Energy Solutions	U.S.	1,135	1,135	-	-	862	862	-	-	175	175	-	-	98	98	-
2006	RFC	Strategic Energy LLC	U.S.	362	362	-	-	275	275	-	-	56	56	-	-	31	31	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	473	473	-	-	359	359	-	-	73	73	-	-	41	41	-
2006	RFC	Wolverine Power Marketing Cooperative	U.S.	4,604	4,604	-	-	3,499	3,499	-	-	709	709	-	-	396	396	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	14,169	14,169	-	-	10,767	10,767	-	-	2,183	2,183	-	-	1,219	1,219	-
2006	RFC	WPS Energy Services Inc	U.S.	22	22	-	-	16	16	-	-	3	3	-	-	2	2	-
2006	RFC	City of Crosswell	U.S.	279	279	-	-	212	212	-	-	43	43	-	-	24	24	-
2006	RFC	City of Wyandotte	U.S.	183	183	-	-	139	139	-	-	28	28	-	-	16	16	-
2006	RFC	CMS ERM Michigan LLC	U.S.	7,513	7,513	-	-	5,710	5,710	-	-	1,157	1,157	-	-	646	646	-
2006	RFC	Constellation New Energy	U.S.	8,311	8,311	-	-	6,316	6,316	-	-	1,280	1,280	-	-	715	715	-
2006	RFC	Detroit Edison Company	U.S.	283,673	283,673	-	-	215,575	215,575	-	-	43,700	43,700	-	-	24,398	24,398	-
2006	RFC	DTE Energy Trading	U.S.	1,556	1,556	-	-	1,183	1,183	-	-	240	240	-	-	134	134	-
2006	RFC	Energy International Power Marketing	U.S.	125	125	-	-	95	95	-	-	19	19	-	-	11	11	-
2006	RFC	Exelon Energy Company	U.S.	102	102	-	-	77	77	-	-	16	16	-	-	9	9	-
2006	RFC	FirstEnergy Solutions	U.S.	1,954	1,954	-	-	1,485	1,485	-	-	301	301	-	-	168	168	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	473	473	-	-	360	360	-	-	73	73	-	-	41	41	-
2006	RFC	Public Lighting Department of Detroit	U.S.	3,763	3,763	-	-	2,860	2,860	-	-	580	580	-	-	324	324	-
2006	RFC	Quest Energy	U.S.	1,260	1,260	-	-	958	958	-	-	194	194	-	-	108	108	-
2006	RFC	Sempra Energy Solutions	U.S.	42	42	-	-	32	32	-	-	6	6	-	-	4	4	-
2006	RFC	Strategic Energy LLC	U.S.	2,512	2,512	-	-	1,909	1,909	-	-	387	387	-	-	216	216	-
2006	RFC	Thumb Electric Cooperative	U.S.	949	949	-	-	721	721	-	-	146	146	-	-	82	82	-
2006	RFC	Village of Sebewaing	U.S.	270	270	-	-	205	205	-	-	42	42	-	-	23	23	-
2006	RFC	WPS Energy Services Inc	U.S.	691	691	-	-	525	525	-	-	107	107	-	-	59	59	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	580	580	-	-	441	441	-	-	89	89	-	-	50	50	-
2006	RFC	Northern Indiana Public Service Co.	U.S.	104,500	104,500	-	-	79,414	79,414	-	-	16,098	16,098	-	-	8,988	8,988	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	8,718	8,718	-	-	6,625	6,625	-	-	1,343	1,343	-	-	750	750	-
2006	RFC	Indiana Municipal Power Agency	U.S.	2,280	2,280	-	-	1,732	1,732	-	-	351	351	-	-	196	196	-
2006	RFC	Cannelton Utilities	U.S.	113	113	-	-	86	86	-	-	17	17	-	-	10	10	-
2006	RFC	Ferdinand Municipal Light & Water	U.S.	257	257	-	-	195	195	-	-	40	40	-	-	22	22	-
2006	RFC	Indiana Municipal Power Agency	U.S.	1,665	1,665	-	-	1,265	1,265	-	-	256	256	-	-	143	143	-
2006	RFC	Jasper Municipal Electric	U.S.	1,919	1,919	-	-	1,458	1,458	-	-	296	296	-	-	165	165	-
2006	RFC	Vectren Energy Delivery of IN	U.S.	34,325	34,325	-	-	26,085	26,085	-	-	5,288	5,288	-	-	2,952	2,952	-
2006	RFC	Alger Delta Cooperative Electric Association	U.S.	409	409	-	-	311	311	-	-	63	63	-	-	35	35	-
2006	RFC	City of Crystal Falls	U.S.	82	82	-	-	62	62	-	-	13	13	-	-	7	7	-
2006	RFC	City of Marquette Board of Light & Power	U.S.	2,016	2,016	-	-	1,532	1,532	-	-	311	311	-	-	173	173	-
2006	RFC	Cloverland Electric Cooperative	U.S.	1,448	1,448	-	-	1,100	1,100	-	-	223	223	-	-	125	125	-
2006	RFC	Edison Sault Electric Co.	U.S.	3,991	3,991	-	-	3,033	3,033	-	-	615	615	-	-	343	343	-
2006	RFC	Ontonagon County Rural Electrification Assoc.	U.S.	176	176	-	-	134	134	-	-	27	27	-	-	15	15	-
2006	RFC	Wisconsin Electric Power Co.	U.S.	176,163	176,163	-	-	133,873	133,873	-	-	27,138	27,138	-	-	15,151	15,151	-
2006	RFC	City of Lansing	U.S.	13,974	13,974	-	-	10,619	10,619	-	-	2,153	2,153	-	-	1,202	1,202	-
				<b>5,475,002</b>	<b>5,475,002</b>	<b>-</b>	<b>-</b>	<b>4,160,679</b>	<b>4,160,679</b>	<b>-</b>	<b>-</b>	<b>843,433</b>	<b>843,433</b>	<b>-</b>	<b>-</b>	<b>470,889</b>	<b>470,889</b>	<b>-</b>
2006	SERC	Alabama Electric Cooperative Inc.	US	51,787	51,787	-	-	40,339	40,339	-	-	8,177	8,177	-	-	3,271	3,271	-
2006	SERC	Alabama Municipal Electric Authority	US	20,464	20,464	-	-	15,940	15,940	-	-	3,231	3,231	-	-	1,293	1,293	-
2006	SERC	Alabama Power Company	US	350,496	350,496	-	-	273,014	273,014	-	-	55,344	55,344	-	-	22,138	22,138	-
2006	SERC	Ameren - Illinois	US	259,042	259,042	-	-	201,777	201,777	-	-	40,903	40,903	-	-	16,362	16,362	-
2006	SERC	Ameren - Missouri	US	246,985	246,985	-	-	192,386	192,386	-	-	38,999	38,999	-	-	15,600	15,600	-

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2006	SERC	APGI - Yadkin Division	US	214	214	-	-	167	167	-	-	34	34	-	-	14	14	-
2006	SERC	Associated Electric Cooperative Inc.	US	108,642	108,642	-	-	84,625	84,625	-	-	17,155	17,155	-	-	6,862	6,862	-
2006	SERC	Benton Utility District	US	1,599	1,599	-	-	1,245	1,245	-	-	252	252	-	-	101	101	-
2006	SERC	Big Rivers Electric Corporation	US	62,275	62,275	-	-	48,509	48,509	-	-	9,833	9,833	-	-	3,933	3,933	-
2006	SERC	Black Warrior EMC	US	2,679	2,679	-	-	2,086	2,086	-	-	423	423	-	-	169	169	-
2006	SERC	Blue Ridge EMC	US	6,604	6,604	-	-	5,144	5,144	-	-	1,043	1,043	-	-	417	417	-
2006	SERC	Canton, MS	US	829	829	-	-	646	646	-	-	131	131	-	-	52	52	-
2006	SERC	Central Electric Power Cooperative Inc.	US	839	839	-	-	653	653	-	-	132	132	-	-	53	53	-
2006	SERC	City of Blountstown FL	US	231	231	-	-	180	180	-	-	37	37	-	-	15	15	-
2006	SERC	City of Camden SC	US	1,157	1,157	-	-	901	901	-	-	183	183	-	-	73	73	-
2006	SERC	City of Campbell, MO	US	106	106	-	-	83	83	-	-	17	17	-	-	7	7	-
2006	SERC	City of Collins MS	US	256	256	-	-	200	200	-	-	40	40	-	-	16	16	-
2006	SERC	City of Columbia MO	US	8,135	8,135	-	-	6,337	6,337	-	-	1,285	1,285	-	-	514	514	-
2006	SERC	City of Conway AR (Conway Corporation)	US	5,613	5,613	-	-	4,372	4,372	-	-	886	886	-	-	355	355	-
2006	SERC	City of Evergreen AL	US	363	363	-	-	283	283	-	-	57	57	-	-	23	23	-
2006	SERC	City of Hampton GA	US	163	163	-	-	127	127	-	-	26	26	-	-	10	10	-
2006	SERC	City of Hartford AL	US	188	188	-	-	147	147	-	-	30	30	-	-	12	12	-
2006	SERC	City of Henderson (KY) Municipal Power & Light	US	3,918	3,918	-	-	3,052	3,052	-	-	619	619	-	-	247	247	-
2006	SERC	City of North Little Rock AR (DENL)	US	6,085	6,085	-	-	4,740	4,740	-	-	961	961	-	-	384	384	-
2006	SERC	City of Orangeburg SC Department of Public Utilities	US	5,434	5,434	-	-	4,232	4,232	-	-	858	858	-	-	343	343	-
2006	SERC	City of Robertsdale AL	US	416	416	-	-	324	324	-	-	66	66	-	-	26	26	-
2006	SERC	City of Ruston LA (DERS)	US	1,665	1,665	-	-	1,297	1,297	-	-	263	263	-	-	105	105	-
2006	SERC	City of Seneca SC	US	999	999	-	-	778	778	-	-	158	158	-	-	63	63	-
2006	SERC	City of Springfield (CWLP)	US	10,837	10,837	-	-	8,441	8,441	-	-	1,711	1,711	-	-	684	684	-
2006	SERC	City of Thayer, MO	US	98	98	-	-	76	76	-	-	15	15	-	-	6	6	-
2006	SERC	City of Troy AL	US	2,051	2,051	-	-	1,598	1,598	-	-	324	324	-	-	130	130	-
2006	SERC	City of West Memphis AR (West Memphis Utilities)	US	2,451	2,451	-	-	1,909	1,909	-	-	387	387	-	-	155	155	-
2006	SERC	Dalton Utilities	US	9,441	9,441	-	-	7,354	7,354	-	-	1,491	1,491	-	-	596	596	-
2006	SERC	Dominion Virginia Power	US	484,976	484,976	-	-	377,765	377,765	-	-	76,579	76,579	-	-	30,632	30,632	-
2006	SERC	Duke Energy Carolinas, LLC	US	489,505	489,505	-	-	381,293	381,293	-	-	77,294	77,294	-	-	30,918	30,918	-
2006	SERC	Durant, MS	US	220	220	-	-	171	171	-	-	35	35	-	-	14	14	-
2006	SERC	E.ON U.S. Services Inc.	US	203,034	203,034	-	-	158,150	158,150	-	-	32,060	32,060	-	-	12,824	12,824	-
2006	SERC	East Kentucky Power Cooperative	US	72,069	72,069	-	-	56,137	56,137	-	-	11,380	11,380	-	-	4,552	4,552	-
2006	SERC	East Mississippi Electric Power Association	US	2,528	2,528	-	-	1,969	1,969	-	-	399	399	-	-	160	160	-
2006	SERC	EnergyUnited EMC	US	13,653	13,653	-	-	10,634	10,634	-	-	2,156	2,156	-	-	862	862	-
2006	SERC	Entergy	US	639,181	639,181	-	-	497,881	497,881	-	-	100,928	100,928	-	-	40,372	40,372	-
2006	SERC	Fayetteville (NC) Public Works Commission	US	12,371	12,371	-	-	9,636	9,636	-	-	1,953	1,953	-	-	781	781	-
2006	SERC	Florida Public Utilities (FL Panhandle Load)	US	2,115	2,115	-	-	1,648	1,648	-	-	334	334	-	-	134	134	-
2006	SERC	French Broad EMC	US	2,724	2,724	-	-	2,122	2,122	-	-	430	430	-	-	172	172	-
2006	SERC	Georgia Power Company	US	514,331	514,331	-	-	400,631	400,631	-	-	81,214	81,214	-	-	32,486	32,486	-
2006	SERC	Georgia System Optns Corporation	US	220,627	220,627	-	-	171,854	171,854	-	-	34,837	34,837	-	-	13,935	13,935	-
2006	SERC	Greenwood (SC) Commissioners of Public Works	US	1,856	1,856	-	-	1,445	1,445	-	-	293	293	-	-	117	117	-
2006	SERC	Greenwood (MS) Utilities Commission	US	1,832	1,832	-	-	1,427	1,427	-	-	289	289	-	-	116	116	-
2006	SERC	Gulf Power Company	US	71,136	71,136	-	-	55,411	55,411	-	-	11,233	11,233	-	-	4,493	4,493	-
2006	SERC	Illinois Municipal Electric Agency	US	10,790	10,790	-	-	8,405	8,405	-	-	1,704	1,704	-	-	682	682	-
2006	SERC	Itta Bena, MS	US	102	102	-	-	79	79	-	-	16	16	-	-	6	6	-
2006	SERC	Kosciusko, MS	US	438	438	-	-	341	341	-	-	69	69	-	-	28	28	-
2006	SERC	Leland, MS	US	214	214	-	-	166	166	-	-	34	34	-	-	13	13	-
2006	SERC	Louisiana Generating LLC	US	52,775	52,775	-	-	41,108	41,108	-	-	8,333	8,333	-	-	3,333	3,333	-
2006	SERC	McCormick Commission of Public Works	US	128	128	-	-	100	100	-	-	20	20	-	-	8	8	-
2006	SERC	Mississippi Power Company	US	55,743	55,743	-	-	43,420	43,420	-	-	8,802	8,802	-	-	3,521	3,521	-
2006	SERC	Municipal Electric Authority of Georgia	US	63,318	63,318	-	-	49,321	49,321	-	-	9,998	9,998	-	-	3,999	3,999	-
2006	SERC	N.C. Electric Membership Corp.	US	67,760	67,760	-	-	52,781	52,781	-	-	10,699	10,699	-	-	4,280	4,280	-
2006	SERC	North Carolina Eastern Municipal Power Agency	US	42,600	42,600	-	-	33,183	33,183	-	-	6,727	6,727	-	-	2,691	2,691	-
2006	SERC	North Carolina Municipal Power Agency #1	US	29,941	29,941	-	-	23,322	23,322	-	-	4,728	4,728	-	-	1,891	1,891	-
2006	SERC	Old Dominion Electric Cooperative	US	50,478	50,478	-	-	39,319	39,319	-	-	7,971	7,971	-	-	3,188	3,188	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	SERC	Owensboro (KY) Municipal Utilities	US	5,353	5,353	-	-	4,170	4,170	-	-	845	845	-	-	338	338	-
2006	SERC	Piedmont EMC in Progress Area	US	660	660	-	-	514	514	-	-	104	104	-	-	42	42	-
2006	SERC	Piedmont EMC-Duke	US	2,162	2,162	-	-	1,684	1,684	-	-	341	341	-	-	137	137	-
2006	SERC	Piedmont Municipal Power Agency (PMPA)	US	12,701	12,701	-	-	9,893	9,893	-	-	2,006	2,006	-	-	802	802	-
2006	SERC	Progress Energy Carolinas	US	266,091	266,091	-	-	207,267	207,267	-	-	42,016	42,016	-	-	16,807	16,807	-
2006	SERC	Rutherford EMC	US	7,060	7,060	-	-	5,499	5,499	-	-	1,115	1,115	-	-	446	446	-
2006	SERC	South Carolina Electric & Gas Company	US	132,681	132,681	-	-	103,350	103,350	-	-	20,951	20,951	-	-	8,380	8,380	-
2006	SERC	South Carolina Public Service Authority	US	146,350	146,350	-	-	113,997	113,997	-	-	23,109	23,109	-	-	9,244	9,244	-
2006	SERC	South Mississippi Electric Power Association	US	37,662	37,662	-	-	29,336	29,336	-	-	5,947	5,947	-	-	2,379	2,379	-
2006	SERC	Southern Illinois Power Cooperative	US	8,206	8,206	-	-	6,392	6,392	-	-	1,296	1,296	-	-	518	518	-
2006	SERC	Soyland Power Cooperative Inc.	US	8,819	8,819	-	-	6,870	6,870	-	-	1,393	1,393	-	-	557	557	-
2006	SERC	Tennessee Valley Authority	US	1,021,675	1,021,675	-	-	795,819	795,819	-	-	161,325	161,325	-	-	64,532	64,532	-
2006	SERC	Tombigbee Electric Cooperative Inc.	US	808	808	-	-	629	629	-	-	128	128	-	-	51	51	-
2006	SERC	Town of Waynesville NC	US	579	579	-	-	451	451	-	-	91	91	-	-	37	37	-
2006	SERC	Town of Winnsboro SC	US	518	518	-	-	403	403	-	-	82	82	-	-	33	33	-
2006	SERC	Town of Winterville NC	US	304	304	-	-	237	237	-	-	48	48	-	-	19	19	-
2006	SERC	Village of Riverton IL	US	127	127	-	-	99	99	-	-	20	20	-	-	8	8	-
				<b>5,930,268</b>	<b>5,930,268</b>	<b>-</b>	<b>-</b>	<b>4,619,296</b>	<b>4,619,296</b>	<b>-</b>	<b>-</b>	<b>936,402</b>	<b>936,402</b>	<b>-</b>	<b>-</b>	<b>374,571</b>	<b>374,571</b>	<b>-</b>
2006	SPP	American Electric Power	U.S.	247,809	247,809	-	-	173,355	173,355	-	-	35,142	35,142	-	-	39,312	39,312	-
2006	SPP	Aquila Inc. - (Missouri Public Service & St Joseph)	U.S.	54,014	54,014	-	-	37,786	37,786	-	-	7,660	7,660	-	-	8,569	8,569	-
2006	SPP	Arkansas Electric Cooperative Corporation (AEP)	U.S.	21,768	21,768	-	-	15,228	15,228	-	-	3,087	3,087	-	-	3,453	3,453	-
2006	SPP	Board of Public Utilities (Kansas City KS)	U.S.	17,175	17,175	-	-	12,015	12,015	-	-	2,436	2,436	-	-	2,725	2,725	-
2006	SPP	Cap Rock Energy	U.S.	4,147	4,147	-	-	2,901	2,901	-	-	588	588	-	-	658	658	-
2006	SPP	Central Valley Coop	U.S.	4,795	4,795	-	-	3,354	3,354	-	-	680	680	-	-	761	761	-
2006	SPP	City Power & Light, Independence, MO	U.S.	7,482	7,482	-	-	5,234	5,234	-	-	1,061	1,061	-	-	1,187	1,187	-
2006	SPP	City Utilities of Springfield, MO	U.S.	20,868	20,868	-	-	14,598	14,598	-	-	2,959	2,959	-	-	3,310	3,310	-
2006	SPP	Cleco Power LLC	U.S.	71,230	71,230	-	-	49,829	49,829	-	-	10,101	10,101	-	-	11,300	11,300	-
2006	SPP	East Texas Electric Coop, Inc.	U.S.	2,072	2,072	-	-	1,450	1,450	-	-	294	294	-	-	329	329	-
2006	SPP	The Empire District Electric Company	U.S.	34,687	34,687	-	-	24,265	24,265	-	-	4,919	4,919	-	-	5,503	5,503	-
2006	SPP	Farmers' Electric Coop	U.S.	2,293	2,293	-	-	1,604	1,604	-	-	325	325	-	-	364	364	-
2006	SPP	Golden Spread Electric Coop (Greenbelt,Lighthouse, Lyntegar, SPS load)	U.S.	25,721	25,721	-	-	17,993	17,993	-	-	3,648	3,648	-	-	4,080	4,080	-
2006	SPP	Grand River Dam Authority	U.S.	28,086	28,086	-	-	19,647	19,647	-	-	3,983	3,983	-	-	4,455	4,455	-
2006	SPP	Kansas City Power & Light (KCPL)	U.S.	104,311	104,311	-	-	72,971	72,971	-	-	14,792	14,792	-	-	16,548	16,548	-
2006	SPP	Kansas Electric Power Coop., Inc	U.S.	12,122	12,122	-	-	8,480	8,480	-	-	1,719	1,719	-	-	1,923	1,923	-
2006	SPP	Kansas Municipal Energy Agency (KCPL)	U.S.	2,230	2,230	-	-	1,560	1,560	-	-	316	316	-	-	354	354	-
2006	SPP	Lafayette Utilities System	U.S.	12,902	12,902	-	-	9,025	9,025	-	-	1,830	1,830	-	-	2,047	2,047	-
2006	SPP	Lea County Electric Coop	U.S.	6,186	6,186	-	-	4,327	4,327	-	-	877	877	-	-	981	981	-
2006	SPP	Louisiana Energy & Power Authority (LEPA)	U.S.	6,267	6,267	-	-	4,384	4,384	-	-	889	889	-	-	994	994	-
2006	SPP	Midwest Energy Inc.	U.S.	10,067	10,067	-	-	7,042	7,042	-	-	1,428	1,428	-	-	1,597	1,597	-
2006	SPP	MOPEP	U.S.	12,772	12,772	-	-	8,935	8,935	-	-	1,811	1,811	-	-	2,026	2,026	-
2006	SPP	Northeast Texas Electric Cooperative, Inc.	U.S.	19,662	19,662	-	-	13,755	13,755	-	-	2,788	2,788	-	-	3,119	3,119	-
2006	SPP	Oklahoma Gas and Electric Co.	U.S.	183,660	183,660	-	-	128,480	128,480	-	-	26,045	26,045	-	-	29,135	29,135	-
2006	SPP	Oklahoma Municipal Power Authority (AEP and non-AEP loads)	U.S.	16,451	16,451	-	-	11,508	11,508	-	-	2,333	2,333	-	-	2,610	2,610	-
2006	SPP	Roosevelt County Electric Coop	U.S.	1,097	1,097	-	-	767	767	-	-	155	155	-	-	174	174	-
2006	SPP	Southwestern Power Administration (SPA)	U.S.	27,120	27,120	-	-	18,972	18,972	-	-	3,846	3,846	-	-	4,302	4,302	-
2006	SPP	Southwestern Public Service Co. (SPS-XCEL)	U.S.	125,270	125,270	-	-	87,633	87,633	-	-	17,765	17,765	-	-	19,872	19,872	-
2006	SPP	Sunflower Electric Cooperative (SECI)	U.S.	31,709	31,709	-	-	22,182	22,182	-	-	4,497	4,497	-	-	5,030	5,030	-
2006	SPP	Tex - La Electric Cooperative of Texas	U.S.	2,869	2,869	-	-	2,007	2,007	-	-	407	407	-	-	455	455	-
2006	SPP	Tri County Electric Coop	U.S.	977	977	-	-	683	683	-	-	138	138	-	-	155	155	-
2006	SPP	Westar Energy, Inc.	U.S.	119,743	119,743	-	-	83,767	83,767	-	-	16,981	16,981	-	-	18,996	18,996	-
2006	SPP	Western Farmers Electric Cooperative	U.S.	44,226	44,226	-	-	30,939	30,939	-	-	6,272	6,272	-	-	7,016	7,016	-
				<b>1,281,787</b>	<b>1,281,787</b>	<b>-</b>	<b>-</b>	<b>896,678</b>	<b>896,678</b>	<b>-</b>	<b>-</b>	<b>181,770</b>	<b>181,770</b>	<b>-</b>	<b>-</b>	<b>203,338</b>	<b>203,338</b>	<b>-</b>



**Allocations to Load Serving Entities (or Designee) for the 2008 NERC Assessments - Detailed by Allocation Methodology**

Data Year	Regional Entity	Entity	Country	Total NERC Funding				NERC NEL Funding				NERC Compliance Funding (ex. IESO)				NERC IDC Funding		
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	TRE	ERCOT	U.S.	1,673,872	1,673,872	-	-	1,391,744	1,391,744	-	-	282,128	282,128	-	-	-	-	-
				1,673,872	1,673,872	-	-	1,391,744	1,391,744	-	-	282,128	282,128	-	-	-	-	-
2006	WECC	Alberta Electric System Operator	Canada	315,088	-	315,088	-	261,981	-	261,981	-	53,108	-	53,108	-	-	-	-
2006	WECC	Arizona Public Service Company - APS	U.S.	159,786	159,786	-	-	132,854	132,854	-	-	26,932	26,932	-	-	-	-	-
2006	WECC	Aquila Irrigation District - APS	U.S.	188	188	-	-	157	157	-	-	32	32	-	-	-	-	-
2006	WECC	Buckeye Water Conservation and Drainage District - APS	U.S.	110	110	-	-	91	91	-	-	18	18	-	-	-	-	-
2006	WECC	Electrical District No. 6 of Pinal County - APS	U.S.	13	13	-	-	11	11	-	-	2	2	-	-	-	-	-
2006	WECC	Electrical District No. 7 of Mariopa County - APS	U.S.	128	128	-	-	107	107	-	-	22	22	-	-	-	-	-
2006	WECC	Electrical District No. 8 of Mariopa County - APS	U.S.	1,289	1,289	-	-	1,072	1,072	-	-	217	217	-	-	-	-	-
2006	WECC	Harquahala Valley Power District - APS	U.S.	105	105	-	-	87	87	-	-	18	18	-	-	-	-	-
2006	WECC	Maricopa County Municipal Water Conservation District No. 1 - APS	U.S.	285	285	-	-	237	237	-	-	48	48	-	-	-	-	-
2006	WECC	McMullen Valley Water Conservation & Drainage District - APS	U.S.	287	287	-	-	239	239	-	-	48	48	-	-	-	-	-
2006	WECC	Roosevelt Irrigation District - APS	U.S.	175	175	-	-	145	145	-	-	29	29	-	-	-	-	-
2006	WECC	Tonopah Irrigation District - APS	U.S.	126	126	-	-	105	105	-	-	21	21	-	-	-	-	-
2006	WECC	Town of Wickenburg - APS	U.S.	178	178	-	-	148	148	-	-	30	30	-	-	-	-	-
2006	WECC	Tohono O'odham Utility Authority - APS	U.S.	423	423	-	-	352	352	-	-	71	71	-	-	-	-	-
2006	WECC	City of Williams - APS	U.S.	213	213	-	-	177	177	-	-	36	36	-	-	-	-	-
2006	WECC	Electrical Districts 1 & 3 - APS	U.S.	2,121	2,121	-	-	1,764	1,764	-	-	358	358	-	-	-	-	-
2006	WECC	Ajo Improvement District - APS	U.S.	80	80	-	-	67	67	-	-	14	14	-	-	-	-	-
2006	WECC	Ak-Chin - APS	U.S.	166	166	-	-	138	138	-	-	28	28	-	-	-	-	-
2006	WECC	Yuma Irrigation District - APS	U.S.	18	18	-	-	15	15	-	-	3	3	-	-	-	-	-
2006	WECC	Yuma-Mesa Irrigation District - APS	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	Navajo Tribal Utility Authority - APS	U.S.	212	212	-	-	176	176	-	-	36	36	-	-	-	-	-
2006	WECC	San Carlos Indian Irrigation Project - APS	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	Unit B Irrigation District - APS	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Unisource Electric - APS	U.S.	9,945	9,945	-	-	8,269	8,269	-	-	1,676	1,676	-	-	-	-	-
2006	WECC	Central Arizona Water Conservation District - APS	U.S.	737	737	-	-	613	613	-	-	124	124	-	-	-	-	-
2006	WECC	Avista Corp.	U.S.	66,421	66,421	-	-	55,226	55,226	-	-	11,195	11,195	-	-	-	-	-
2006	WECC	Bonneville Power Administration – Transmission Business Line	U.S.	262,339	262,339	-	-	218,122	218,122	-	-	44,217	44,217	-	-	-	-	-
2006	WECC	British Columbia Transmission Corporation	Canada	337,778	-	337,778	-	280,846	-	280,846	-	56,932	-	56,932	-	-	-	-
2006	WECC	California Independent System Operator	U.S.	1,289,011	1,289,011	-	-	1,071,751	1,071,751	-	-	217,260	217,260	-	-	-	-	-
2006	WECC	Comision Federal de Electricidad	Mexico	61,027	-	-	61,027	50,741	-	50,741	-	10,286	-	-	10,286	-	-	-
2006	WECC	El Paso Electric Company	U.S.	40,962	40,962	-	-	34,058	34,058	-	-	6,904	6,904	-	-	-	-	-
2006	WECC	Idaho Power Company	U.S.	91,158	91,158	-	-	75,794	75,794	-	-	15,365	15,365	-	-	-	-	-
2006	WECC	Imperial Irrigation District	U.S.	20,651	20,651	-	-	17,170	17,170	-	-	3,481	3,481	-	-	-	-	-
2006	WECC	Los Angeles Department of Water and Power - LDWP	U.S.	150,648	150,648	-	-	125,257	125,257	-	-	25,391	25,391	-	-	-	-	-
2006	WECC	The City of Burbank - LDWP	U.S.	6,461	6,461	-	-	5,372	5,372	-	-	1,089	1,089	-	-	-	-	-
2006	WECC	The City of Glendale - LDWP	U.S.	6,653	6,653	-	-	5,531	5,531	-	-	1,121	1,121	-	-	-	-	-
2006	WECC	Nevada Power	U.S.	137,024	137,024	-	-	113,929	113,929	-	-	23,095	23,095	-	-	-	-	-
2006	WECC	City of Boulder City - NEVP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Colorado River Commission of Nevada - NEVP	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	Las Vegas Valley Water District - NEVP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Lincoln County Power District No. 1 - NEVP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	City of Needles - NEVP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Overton Power District #5 - NEVP	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	Southern Nevada Water Authority - NEVP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Valley Electric Association, Inc. - NEVP	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	NorthWestern Energy	U.S.	55,855	55,855	-	-	46,441	46,441	-	-	9,414	9,414	-	-	-	-	-
2006	WECC	PacifiCorp	U.S.	236,336	236,336	-	-	196,502	196,502	-	-	39,834	39,834	-	-	-	-	-
2006	WECC	PacifiCorp – Merchant Function	U.S.	144,915	144,915	-	-	120,490	120,490	-	-	24,425	24,425	-	-	-	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	WECC	Portland General Electric Company - PGE	U.S.	104,281	104,281	-	-	86,705	86,705	-	-	17,576	17,576	-	-	-	-	-
2006	WECC	Bonneville Power Administration - Power Business Line - PGE	U.S.	498	498	-	-	414	414	-	-	84	84	-	-	-	-	-
2006	WECC	Constellation New Energy, Inc. - PGE	U.S.	1,036	1,036	-	-	862	862	-	-	175	175	-	-	-	-	-
2006	WECC	EPCOR Merchant and Capital (US) Inc. - PGE	U.S.	648	648	-	-	539	539	-	-	109	109	-	-	-	-	-
2006	WECC	Sempra Energy Solutions - PGE	U.S.	8,400	8,400	-	-	6,984	6,984	-	-	1,416	1,416	-	-	-	-	-
2006	WECC	Public Service Company of Colorado (Xcel)	U.S.	225,054	225,054	-	-	187,122	187,122	-	-	37,932	37,932	-	-	-	-	-
2006	WECC	Public Service Company of New Mexico	U.S.	79,869	79,869	-	-	66,407	66,407	-	-	13,462	13,462	-	-	-	-	-
2006	WECC	Public Utility District No. 1 of Chelan County	U.S.	17,526	17,526	-	-	14,572	14,572	-	-	2,954	2,954	-	-	-	-	-
2006	WECC	Public Utility District No. 1 of Douglas County	U.S.	7,333	7,333	-	-	6,097	6,097	-	-	1,236	1,236	-	-	-	-	-
2006	WECC	Public Utility District No. 2 of Grant County	U.S.	18,311	18,311	-	-	15,225	15,225	-	-	3,086	3,086	-	-	-	-	-
2006	WECC	Puget Sound Energy	U.S.	135,649	135,649	-	-	112,786	112,786	-	-	22,863	22,863	-	-	-	-	-
2006	WECC	Salt River Project	U.S.	136,095	136,095	-	-	113,156	113,156	-	-	22,938	22,938	-	-	-	-	-
2006	WECC	Central Arizona Water Conservation District - SRP	U.S.	15,288	15,288	-	-	12,711	12,711	-	-	2,577	2,577	-	-	-	-	-
2006	WECC	Seattle City Light	U.S.	55,057	55,057	-	-	45,777	45,777	-	-	9,280	9,280	-	-	-	-	-
2006	WECC	Sierra Pacific Resource Transmission	U.S.	64,750	64,750	-	-	53,837	53,837	-	-	10,914	10,914	-	-	-	-	-
2006	WECC	Barrick Goldstrike Mines Inc. - SPP	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	City of Fallon - SPP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Harney Electric Cooperative, Inc. - SPP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Mt. Wheeler Power Company - SPP	U.S.	1	1	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Truckee Donner Public Utility District - SPP	U.S.	0	0	-	-	0	0	-	-	0	0	-	-	-	-	-
2006	WECC	Wells Rural Electric Cooperative - SPP	U.S.	1	1	-	-	1	1	-	-	0	0	-	-	-	-	-
2006	WECC	SMUD Utility - SMUD	U.S.	63,991	63,991	-	-	53,205	53,205	-	-	10,786	10,786	-	-	-	-	-
2006	WECC	Western (WAPA-Sierra Nevada Region) - SMUD	U.S.	7,603	7,603	-	-	6,321	6,321	-	-	1,281	1,281	-	-	-	-	-
2006	WECC	City of Roseville - SMUD	U.S.	6,885	6,885	-	-	5,724	5,724	-	-	1,160	1,160	-	-	-	-	-
2006	WECC	Modesto Irrigation District - SMUD	U.S.	14,470	14,470	-	-	12,031	12,031	-	-	2,439	2,439	-	-	-	-	-
2006	WECC	City of Redding - SMUD	U.S.	5,697	5,697	-	-	4,737	4,737	-	-	960	960	-	-	-	-	-
2006	WECC	Tacoma Power	U.S.	27,105	27,105	-	-	22,536	22,536	-	-	4,568	4,568	-	-	-	-	-
2006	WECC	Tucson Electric Power Company	U.S.	66,414	66,414	-	-	55,220	55,220	-	-	11,194	11,194	-	-	-	-	-
2006	WECC	Turlock Irrigation District	U.S.	10,815	10,815	-	-	8,992	8,992	-	-	1,823	1,823	-	-	-	-	-
2006	WECC	Merced Irrigation District - TIDC	U.S.	2,184	2,184	-	-	1,816	1,816	-	-	368	368	-	-	-	-	-
2006	WECC	Western Area Power Administration - Billings, MT	U.S.	3,291	3,291	-	-	2,736	2,736	-	-	555	555	-	-	-	-	-
2006	WECC	Western Area Power Administration - Loveland, CO	U.S.	111,348	111,348	-	-	92,581	92,581	-	-	18,768	18,768	-	-	-	-	-
2006	WECC	Western Area Power Administration - Phoenix, AZ	U.S.	64,397	64,397	-	-	53,543	53,543	-	-	10,854	10,854	-	-	-	-	-
				<b>4,652,916</b>	<b>3,939,023</b>	<b>652,866</b>	<b>61,027</b>	<b>3,868,676</b>	<b>3,275,109</b>	<b>542,827</b>	<b>50,741</b>	<b>784,240</b>	<b>663,915</b>	<b>110,039</b>	<b>10,286</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>				<b>25,694,031</b>	<b>22,780,492</b>	<b>2,852,512</b>	<b>61,027</b>	<b>20,208,084</b>	<b>17,766,250</b>	<b>2,391,093</b>	<b>50,741</b>	<b>3,957,087</b>	<b>3,601,490</b>	<b>345,311</b>	<b>10,286</b>	<b>1,528,860</b>	<b>1,412,752</b>	<b>116,108</b>
Summary by Regional Entity																		
2006	FRCC			1,351,106	1,351,106	-	-	1,047,109	1,047,109	-	-	212,265	212,265	-	-	91,732	91,732	-
2006	MRO			1,734,061	1,456,333	277,729	-	1,233,316	1,035,787	197,529	-	250,012	209,970	40,042	-	250,733	210,575	40,158
2006	NPCC			3,595,019	1,673,102	1,921,917	-	2,990,585	1,339,847	1,650,737	-	466,837	271,608	195,229	-	137,597	61,647	75,951
2006	RFC			5,475,002	5,475,002	-	-	4,160,679	4,160,679	-	-	843,433	843,433	-	-	470,889	470,889	-
2006	SERC			5,930,268	5,930,268	-	-	4,619,296	4,619,296	-	-	936,402	936,402	-	-	374,571	374,571	-
2006	SPP			1,281,787	1,281,787	-	-	896,678	896,678	-	-	181,770	181,770	-	-	203,338	203,338	-
2006	TRE			1,673,872	1,673,872	-	-	1,391,744	1,391,744	-	-	282,128	282,128	-	-	-	-	-
2006	WECC			4,652,916	3,939,023	652,866	61,027	3,868,676	3,275,109	542,827	50,741	784,240	663,915	110,039	10,286	-	-	-
<b>Total</b>				<b>25,694,031</b>	<b>22,780,492</b>	<b>2,852,512</b>	<b>61,027</b>	<b>20,208,084</b>	<b>17,766,250</b>	<b>2,391,093</b>	<b>50,741</b>	<b>3,957,087</b>	<b>3,601,490</b>	<b>345,311</b>	<b>10,286</b>	<b>1,528,860</b>	<b>1,412,752</b>	<b>116,108</b>

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	FRCC	Alachua, City of	U.S.	1,925	1,925	-	-	1,925	1,925	-	-	-	-	-
2006	FRCC	Bartow, City of	U.S.	5,395	5,395	-	-	5,395	5,395	-	-	-	-	-
2006	FRCC	Chattahoochee, City of	U.S.	781	781	-	-	781	781	-	-	-	-	-
2006	FRCC	Florida Keys Electric Cooperative Assn	U.S.	12,212	12,212	-	-	12,212	12,212	-	-	-	-	-
2006	FRCC	Florida Power & Light Co.	U.S.	1,936,262	1,936,262	-	-	1,936,262	1,936,262	-	-	-	-	-
2006	FRCC	Florida Public Utilities Company	U.S.	9,055	9,055	-	-	9,055	9,055	-	-	-	-	-
2006	FRCC	Gainesville Regional Utilities	U.S.	36,402	36,402	-	-	36,402	36,402	-	-	-	-	-
2006	FRCC	Homestead, City of	U.S.	7,927	7,927	-	-	7,927	7,927	-	-	-	-	-
2006	FRCC	JEA	U.S.	230,521	230,521	-	-	230,521	230,521	-	-	-	-	-
2006	FRCC	Lakeland Electric	U.S.	51,763	51,763	-	-	51,763	51,763	-	-	-	-	-
2006	FRCC	Mount Dora, City of	U.S.	1,821	1,821	-	-	1,821	1,821	-	-	-	-	-
2006	FRCC	New Smyrna Beach, Utilities Commission of	U.S.	6,933	6,933	-	-	6,933	6,933	-	-	-	-	-
2006	FRCC	Orlando Utilities Commission	U.S.	98,425	98,425	-	-	98,425	98,425	-	-	-	-	-
2006	FRCC	Progress Energy Florida	U.S.	729,830	729,830	-	-	729,830	729,830	-	-	-	-	-
2006	FRCC	Quincy, City of	U.S.	2,880	2,880	-	-	2,880	2,880	-	-	-	-	-
2006	FRCC	Reedy Creek Improvement District	U.S.	21,788	21,788	-	-	21,788	21,788	-	-	-	-	-
2006	FRCC	St. Cloud, City of (OUC)	U.S.	9,662	9,662	-	-	9,662	9,662	-	-	-	-	-
2006	FRCC	Tallahassee, City of	U.S.	49,750	49,750	-	-	49,750	49,750	-	-	-	-	-
2006	FRCC	Tampa Electric Company	U.S.	347,369	347,369	-	-	347,369	347,369	-	-	-	-	-
2006	FRCC	Wauchula, City of	U.S.	1,197	1,197	-	-	1,197	1,197	-	-	-	-	-
2006	FRCC	Williston, City of	U.S.	624	624	-	-	624	624	-	-	-	-	-
2006	FRCC	Winter Park, City of	U.S.	8,240	8,240	-	-	8,240	8,240	-	-	-	-	-
2006	FRCC	Florida Municipal Power Agency	U.S.	125,898	125,898	-	-	125,898	125,898	-	-	-	-	-
2006	FRCC	Seminole Electric Cooperative	U.S.	293,287	293,287	-	-	293,287	293,287	-	-	-	-	-
				<b>3,989,948</b>	<b>3,989,948</b>	<b>-</b>	<b>-</b>	<b>3,989,948</b>	<b>3,989,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2006	MRO	Basin Electric Power Cooperative	US	166,002	166,002	-	-	166,002	166,002	-	-	-	-	-
2006	MRO	Central Iowa Power Cooperative (CIPCO)	US	49,554	49,554	-	-	49,554	49,554	-	-	-	-	-
2006	MRO	Corn Belt Power Cooperative	US	30,807	30,807	-	-	30,807	30,807	-	-	-	-	-
2006	MRO	Dairyland Power Cooperative	US	95,088	95,088	-	-	95,088	95,088	-	-	-	-	-
2006	MRO	Great River Energy	US	249,690	249,690	-	-	249,690	249,690	-	-	-	-	-
2006	MRO	Minnkota Power Cooperative, Inc.	US	73,054	73,054	-	-	73,054	73,054	-	-	-	-	-
2006	MRO	Nebraska Public Power District	US	232,886	232,886	-	-	232,886	232,886	-	-	-	-	-
2006	MRO	Omaha Public Power District	US	199,149	199,149	-	-	199,149	199,149	-	-	-	-	-
2006	MRO	Southern Montana Generation and Transmission	US	354	354	-	-	354	354	-	-	-	-	-
2006	MRO	Western Area Power Administration (UM)	US	151,203	151,203	-	-	151,203	151,203	-	-	-	-	-
2006	MRO	Western Area Power Administration (LM)	US	657	657	-	-	657	657	-	-	-	-	-
2006	MRO	Manitoba Hydro	CAN	474,078	-	474,078	-	474,078	-	474,078	-	-	-	-
2006	MRO	SaskPower	CAN	379,817	-	379,817	-	379,817	-	379,817	-	-	-	-
2006	MRO	Alliant Energy (Alliant East - WPL & Alliant West IPL)	US	585,130	585,130	-	-	585,130	585,130	-	-	-	-	-
2006	MRO	Madison, Gas and Electric	US	66,738	66,738	-	-	66,738	66,738	-	-	-	-	-
2006	MRO	MidAmerican Energy Company	US	413,545	413,545	-	-	413,545	413,545	-	-	-	-	-
2006	MRO	Minnesota Power	US	233,965	233,965	-	-	233,965	233,965	-	-	-	-	-
2006	MRO	Montana-Dakota Utilities Co.	US	47,188	47,188	-	-	47,188	47,188	-	-	-	-	-
2006	MRO	Northwestern Public Service Company	US	26,532	26,532	-	-	26,532	26,532	-	-	-	-	-
2006	MRO	Otter Tail Power Company	US	76,455	76,455	-	-	76,455	76,455	-	-	-	-	-
2006	MRO	Integrus Energy Group (WPS and UPPCO)	US	313,961	313,961	-	-	313,961	313,961	-	-	-	-	-
2006	MRO	Xcel Energy Company (NSP)	US	914,315	914,315	-	-	914,315	914,315	-	-	-	-	-
2006	MRO	Ames Municipal Electric System	US	11,229	11,229	-	-	11,229	11,229	-	-	-	-	-
2006	MRO	Badger Power Marketing Authority of Wisconsin, Inc.	US	7,251	7,251	-	-	7,251	7,251	-	-	-	-	-
2006	MRO	Cedar Falls Municipal Utilities	US	9,652	9,652	-	-	9,652	9,652	-	-	-	-	-
2006	MRO	Central Minnesota Municipal Power Agency (CMMPA)	US	10,222	10,222	-	-	10,222	10,222	-	-	-	-	-
2006	MRO	City of Escanaba Electric Department	US	3,172	3,172	-	-	3,172	3,172	-	-	-	-	-
2006	MRO	Falls City Water & Light Department	US	1,037	1,037	-	-	1,037	1,037	-	-	-	-	-
2006	MRO	Fremont Department of Utilities	US	8,548	8,548	-	-	8,548	8,548	-	-	-	-	-
2006	MRO	Geneseo Municipal Utilities	US	1,339	1,339	-	-	1,339	1,339	-	-	-	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	MRO	Grand Island Utilities Department	US	13,669	13,669	-	-	13,669	13,669	-	-	-	-	-
2006	MRO	Hastings Utilities	US	9,245	9,245	-	-	9,245	9,245	-	-	-	-	-
2006	MRO	Heartland Consumers Power District	US	12,871	12,871	-	-	12,871	12,871	-	-	-	-	-
2006	MRO	Hutchinson Utilities Commission	US	6,295	6,295	-	-	6,295	6,295	-	-	-	-	-
2006	MRO	Iowa Association of Municipal Utilities	US	9,584	9,584	-	-	9,584	9,584	-	-	-	-	-
2006	MRO	Lincoln Electric System	US	67,214	67,214	-	-	67,214	67,214	-	-	-	-	-
2006	MRO	Manitowoc Public Utilities	US	11,175	11,175	-	-	11,175	11,175	-	-	-	-	-
2006	MRO	McGregor and St. Charles Municipal (GEN-SYS Energy)	US	768	768	-	-	768	768	-	-	-	-	-
2006	MRO	Missouri River Energy Services	US	40,156	40,156	-	-	40,156	40,156	-	-	-	-	-
2006	MRO	MN Municipal Power Agency (MMPA)	US	26,361	26,361	-	-	26,361	26,361	-	-	-	-	-
2006	MRO	Municipal Energy Agency of Nebraska	US	11,113	11,113	-	-	11,113	11,113	-	-	-	-	-
2006	MRO	Muscatine Power and Water	US	17,690	17,690	-	-	17,690	17,690	-	-	-	-	-
2006	MRO	Nebraska City Utilities	US	3,220	3,220	-	-	3,220	3,220	-	-	-	-	-
2006	MRO	Rochester Public Utilities	US	394	394	-	-	394	394	-	-	-	-	-
2006	MRO	Southern Minnesota Municipal Power Agency	US	56,384	56,384	-	-	56,384	56,384	-	-	-	-	-
2006	MRO	Willmar Municipal Utilities	US	5,796	5,796	-	-	5,796	5,796	-	-	-	-	-
2006	MRO	Wisconsin Public Power, Inc. (East and West regions)	US	206,934	206,934	-	-	206,934	206,934	-	-	-	-	-
				<b>5,331,487</b>	<b>4,477,592</b>	<b>853,895</b>	<b>-</b>	<b>5,331,487</b>	<b>4,477,592</b>	<b>853,895</b>	<b>-</b>			
2006	NPCC	New England	U.S.	1,628,256	1,628,256	-	-	1,537,810	1,537,810	-	-	90,445	90,445	-
2006	NPCC	New York	U.S.	2,000,083	2,000,083	-	-	1,888,983	1,888,983	-	-	111,100	111,100	-
2006	NPCC	Ontario	Canada	1,412,358	-	1,412,358	-	1,758,772	-	1,758,772	-	(346,414)	-	(346,414)
2006	NPCC	Quebec	Canada	2,290,914	-	2,290,914	-	2,163,659	-	2,163,659	-	127,254	-	127,254
2006	NPCC	New Brunswick	Canada	181,905	-	181,905	-	171,801	-	171,801	-	10,104	-	10,104
2006	NPCC	Nova Scotia	Canada	135,202	-	135,202	-	127,692	-	127,692	-	7,510	-	7,510
				<b>7,648,718</b>	<b>3,628,338</b>	<b>4,020,380</b>	<b>-</b>	<b>7,648,718</b>	<b>3,426,793</b>	<b>4,221,925</b>	<b>-</b>	<b>(0)</b>	<b>201,545</b>	<b>(201,545)</b>
2006	RFC	Hoosier Energy	U.S.	69,591	69,591	-	-	69,591	69,591	-	-	-	-	-
2006	RFC	Indianapolis Power & Light Co.	U.S.	163,621	163,621	-	-	163,621	163,621	-	-	-	-	-
2006	RFC	PJM Interconnection, LLC	U.S.	6,327,881	6,327,881	-	-	6,327,881	6,327,881	-	-	-	-	-
2006	RFC	American Municipal Power	U.S.	34,372	34,372	-	-	34,372	34,372	-	-	-	-	-
2006	RFC	Buckeye Power Inc.	U.S.	9,713	9,713	-	-	9,713	9,713	-	-	-	-	-
2006	RFC	City of Painesville	U.S.	587	587	-	-	587	587	-	-	-	-	-
2006	RFC	Cleveland Public Power	U.S.	17,537	17,537	-	-	17,537	17,537	-	-	-	-	-
2006	RFC	Constellation New Energy Inc.	U.S.	8	8	-	-	8	8	-	-	-	-	-
2006	RFC	Dominion Retail	U.S.	66	66	-	-	66	66	-	-	-	-	-
2006	RFC	FirstEnergy Solutions	U.S.	97,614	97,614	-	-	97,614	97,614	-	-	-	-	-
2006	RFC	FirstEnergy	U.S.	572,601	572,601	-	-	572,601	572,601	-	-	-	-	-
2006	RFC	Strategic Energy	U.S.	438	438	-	-	438	438	-	-	-	-	-
2006	RFC	Zelenople	U.S.	345	345	-	-	345	345	-	-	-	-	-
2006	RFC	Bethel	U.S.	310	310	-	-	310	310	-	-	-	-	-
2006	RFC	Buckeye Power Inc.	U.S.	2,782	2,782	-	-	2,782	2,782	-	-	-	-	-
2006	RFC	City of Hamilton	U.S.	3,445	3,445	-	-	3,445	3,445	-	-	-	-	-
2006	RFC	City of Williamstown KY	U.S.	653	653	-	-	653	653	-	-	-	-	-
2006	RFC	Constellation New Energy Inc.	U.S.	4,002	4,002	-	-	4,002	4,002	-	-	-	-	-
2006	RFC	Dominion Retail Inc.	U.S.	1,666	1,666	-	-	1,666	1,666	-	-	-	-	-
2006	RFC	Duke Energy Indiana	U.S.	326,211	326,211	-	-	326,211	326,211	-	-	-	-	-
2006	RFC	Duke Energy Kentucky	U.S.	44,298	44,298	-	-	44,298	44,298	-	-	-	-	-
2006	RFC	Duke Energy Ohio	U.S.	223,898	223,898	-	-	223,898	223,898	-	-	-	-	-
2006	RFC	FirstEnergy Solutions	U.S.	135	135	-	-	135	135	-	-	-	-	-
2006	RFC	Georgetown	U.S.	567	567	-	-	567	567	-	-	-	-	-
2006	RFC	Hamersville	U.S.	59	59	-	-	59	59	-	-	-	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	31,622	31,622	-	-	31,622	31,622	-	-	-	-	-
2006	RFC	Lebanon	U.S.	1,903	1,903	-	-	1,903	1,903	-	-	-	-	-
2006	RFC	Mid American Energy Company Retail	U.S.	17	17	-	-	17	17	-	-	-	-	-
2006	RFC	Ripley	U.S.	219	219	-	-	219	219	-	-	-	-	-
2006	RFC	Strategic Energy LLC	U.S.	2,284	2,284	-	-	2,284	2,284	-	-	-	-	-
2006	RFC	Village of Blanchester	U.S.	867	867	-	-	867	867	-	-	-	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	24,742	24,742	-	-	24,742	24,742	-	-	-	-	-
2006	RFC	Bay City	U.S.	3,526	3,526	-	-	3,526	3,526	-	-	-	-	-

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2006	RFC	City of Chelsea	U.S.	908	908	-	-	908	908	-	-	-	-	-
2006	RFC	City of Eaton Rapids	U.S.	1,000	1,000	-	-	1,000	1,000	-	-	-	-	-
2006	RFC	City of Hart	U.S.	401	401	-	-	401	401	-	-	-	-	-
2006	RFC	City of Portland	U.S.	365	365	-	-	365	365	-	-	-	-	-
2006	RFC	City of St. Louis	U.S.	426	426	-	-	426	426	-	-	-	-	-
2006	RFC	CMS Energy Resource Management Company	U.S.	80	80	-	-	80	80	-	-	-	-	-
2006	RFC	Constellation New Energy	U.S.	3,546	3,546	-	-	3,546	3,546	-	-	-	-	-
2006	RFC	Consumers Energy Company	U.S.	383,128	383,128	-	-	383,128	383,128	-	-	-	-	-
2006	RFC	Holland Board of Public Works	U.S.	8,895	8,895	-	-	8,895	8,895	-	-	-	-	-
2006	RFC	Michigan Public Power Agency	U.S.	6,450	6,450	-	-	6,450	6,450	-	-	-	-	-
2006	RFC	Michigan South Central Power Agency	U.S.	6,494	6,494	-	-	6,494	6,494	-	-	-	-	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	18	18	-	-	18	18	-	-	-	-	-
2006	RFC	Quest Energy	U.S.	2,273	2,273	-	-	2,273	2,273	-	-	-	-	-
2006	RFC	Sempra Energy Solutions	U.S.	1,986	1,986	-	-	1,986	1,986	-	-	-	-	-
2006	RFC	Strategic Energy LLC	U.S.	633	633	-	-	633	633	-	-	-	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	828	828	-	-	828	828	-	-	-	-	-
2006	RFC	Wolverine Power Marketing Cooperative	U.S.	8,059	8,059	-	-	8,059	8,059	-	-	-	-	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	24,803	24,803	-	-	24,803	24,803	-	-	-	-	-
2006	RFC	WPS Energy Services Inc	U.S.	38	38	-	-	38	38	-	-	-	-	-
2006	RFC	City of Crosswell	U.S.	489	489	-	-	489	489	-	-	-	-	-
2006	RFC	City of Wyandotte	U.S.	321	321	-	-	321	321	-	-	-	-	-
2006	RFC	CMS ERM Michigan LLC	U.S.	13,153	13,153	-	-	13,153	13,153	-	-	-	-	-
2006	RFC	Constellation New Energy	U.S.	14,548	14,548	-	-	14,548	14,548	-	-	-	-	-
2006	RFC	Detroit Edison Company	U.S.	496,583	496,583	-	-	496,583	496,583	-	-	-	-	-
2006	RFC	DTE Energy Trading	U.S.	2,725	2,725	-	-	2,725	2,725	-	-	-	-	-
2006	RFC	Energy International Power Marketing	U.S.	219	219	-	-	219	219	-	-	-	-	-
2006	RFC	Exelon Energy Company	U.S.	178	178	-	-	178	178	-	-	-	-	-
2006	RFC	FirstEnergy Solutions	U.S.	3,421	3,421	-	-	3,421	3,421	-	-	-	-	-
2006	RFC	MidAmerican Energy Company Retail	U.S.	828	828	-	-	828	828	-	-	-	-	-
2006	RFC	Public Lighting Department of Detroit	U.S.	6,587	6,587	-	-	6,587	6,587	-	-	-	-	-
2006	RFC	Quest Energy	U.S.	2,206	2,206	-	-	2,206	2,206	-	-	-	-	-
2006	RFC	Sempra Energy Solutions	U.S.	73	73	-	-	73	73	-	-	-	-	-
2006	RFC	Strategic Energy LLC	U.S.	4,398	4,398	-	-	4,398	4,398	-	-	-	-	-
2006	RFC	Thumb Electric Cooperative	U.S.	1,660	1,660	-	-	1,660	1,660	-	-	-	-	-
2006	RFC	Village of Sebewaing	U.S.	473	473	-	-	473	473	-	-	-	-	-
2006	RFC	WPS Energy Services Inc	U.S.	1,210	1,210	-	-	1,210	1,210	-	-	-	-	-
2006	RFC	Wolverine Power Supply Cooperative	U.S.	1,016	1,016	-	-	1,016	1,016	-	-	-	-	-
2006	RFC	Northern Indiana Public Service Co.	U.S.	182,932	182,932	-	-	182,932	182,932	-	-	-	-	-
2006	RFC	Wabash Valley Power Association Inc.	U.S.	15,262	15,262	-	-	15,262	15,262	-	-	-	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	3,990	3,990	-	-	3,990	3,990	-	-	-	-	-
2006	RFC	Cannelton Utilities	U.S.	198	198	-	-	198	198	-	-	-	-	-
2006	RFC	Ferdinand Municipal Light & Water	U.S.	450	450	-	-	450	450	-	-	-	-	-
2006	RFC	Indiana Municipal Power Agency	U.S.	2,914	2,914	-	-	2,914	2,914	-	-	-	-	-
2006	RFC	Jasper Municipal Electric	U.S.	3,360	3,360	-	-	3,360	3,360	-	-	-	-	-
2006	RFC	Vectren Energy Delivery of IN	U.S.	60,088	60,088	-	-	60,088	60,088	-	-	-	-	-
2006	RFC	Alger Delta Cooperative Electric Association	U.S.	716	716	-	-	716	716	-	-	-	-	-
2006	RFC	City of Crystal Falls	U.S.	144	144	-	-	144	144	-	-	-	-	-
2006	RFC	City of Marquette Board of Light & Power	U.S.	3,529	3,529	-	-	3,529	3,529	-	-	-	-	-
2006	RFC	Cloverland Electric Cooperative	U.S.	2,534	2,534	-	-	2,534	2,534	-	-	-	-	-
2006	RFC	Edison Sault Electric Co.	U.S.	6,987	6,987	-	-	6,987	6,987	-	-	-	-	-
2006	RFC	Ontonagon County Rural Electrification Assoc.	U.S.	308	308	-	-	308	308	-	-	-	-	-
2006	RFC	Wisconsin Electric Power Co.	U.S.	308,381	308,381	-	-	308,381	308,381	-	-	-	-	-
2006	RFC	City of Lansing	U.S.	24,461	24,461	-	-	24,461	24,461	-	-	-	-	-
				<b>9,584,256</b>	<b>9,584,256</b>	<b>-</b>	<b>-</b>	<b>9,584,256</b>	<b>9,584,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2006	SERC	Alabama Electric Cooperative Inc.	US	67,902	67,902	-	-	67,902	67,902	-	-	-	-	-
2006	SERC	Alabama Municipal Electric Authority	US	26,832	26,832	-	-	26,832	26,832	-	-	-	-	-
2006	SERC	Alabama Power Company	US	459,556	459,556	-	-	459,556	459,556	-	-	-	-	-
2006	SERC	Ameren - Illinois	US	339,645	339,645	-	-	339,645	339,645	-	-	-	-	-
2006	SERC	Ameren - Missouri	US	323,837	323,837	-	-	323,837	323,837	-	-	-	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	SERC	APGI - Yadkin Division	US	281	281	-	-	281	281	-	-	-	-	-
2006	SERC	Associated Electric Cooperative Inc.	US	142,447	142,447	-	-	142,447	142,447	-	-	-	-	-
2006	SERC	Benton Utility District	US	2,096	2,096	-	-	2,096	2,096	-	-	-	-	-
2006	SERC	Big Rivers Electric Corporation	US	81,653	81,653	-	-	81,653	81,653	-	-	-	-	-
2006	SERC	Black Warrior EMC	US	3,512	3,512	-	-	3,512	3,512	-	-	-	-	-
2006	SERC	Blue Ridge EMC	US	8,659	8,659	-	-	8,659	8,659	-	-	-	-	-
2006	SERC	Canton, MS	US	1,087	1,087	-	-	1,087	1,087	-	-	-	-	-
2006	SERC	Central Electric Power Cooperative Inc.	US	1,100	1,100	-	-	1,100	1,100	-	-	-	-	-
2006	SERC	City of Blountstown FL	US	303	303	-	-	303	303	-	-	-	-	-
2006	SERC	City of Camden SC	US	1,517	1,517	-	-	1,517	1,517	-	-	-	-	-
2006	SERC	City of Campbell, MO	US	140	140	-	-	140	140	-	-	-	-	-
2006	SERC	City of Collins MS	US	336	336	-	-	336	336	-	-	-	-	-
2006	SERC	City of Columbia MO	US	10,667	10,667	-	-	10,667	10,667	-	-	-	-	-
2006	SERC	City of Conway AR (Conway Corporation)	US	7,360	7,360	-	-	7,360	7,360	-	-	-	-	-
2006	SERC	City of Evergreen AL	US	476	476	-	-	476	476	-	-	-	-	-
2006	SERC	City of Hampton GA	US	214	214	-	-	214	214	-	-	-	-	-
2006	SERC	City of Hartford AL	US	247	247	-	-	247	247	-	-	-	-	-
2006	SERC	City of Henderson (KY) Municipal Power & Light	US	5,137	5,137	-	-	5,137	5,137	-	-	-	-	-
2006	SERC	City of North Little Rock AR (DENL)	US	7,978	7,978	-	-	7,978	7,978	-	-	-	-	-
2006	SERC	City of Orangeburg SC Department of Public Utilities	US	7,124	7,124	-	-	7,124	7,124	-	-	-	-	-
2006	SERC	City of Robertsdale AL	US	546	546	-	-	546	546	-	-	-	-	-
2006	SERC	City of Ruston LA (DERS)	US	2,183	2,183	-	-	2,183	2,183	-	-	-	-	-
2006	SERC	City of Seneca SC	US	1,310	1,310	-	-	1,310	1,310	-	-	-	-	-
2006	SERC	City of Springfield (CWLP)	US	14,209	14,209	-	-	14,209	14,209	-	-	-	-	-
2006	SERC	City of Thayer, MO	US	129	129	-	-	129	129	-	-	-	-	-
2006	SERC	City of Troy AL	US	2,689	2,689	-	-	2,689	2,689	-	-	-	-	-
2006	SERC	City of West Memphis AR (West Memphis Utilities)	US	3,214	3,214	-	-	3,214	3,214	-	-	-	-	-
2006	SERC	Dalton Utilities	US	12,379	12,379	-	-	12,379	12,379	-	-	-	-	-
2006	SERC	Dominion Virginia Power	US	635,880	635,880	-	-	635,880	635,880	-	-	-	-	-
2006	SERC	Duke Energy Carolinas, LLC	US	641,819	641,819	-	-	641,819	641,819	-	-	-	-	-
2006	SERC	Durant, MS	US	288	288	-	-	288	288	-	-	-	-	-
2006	SERC	E.ON U.S. Services Inc.	US	266,210	266,210	-	-	266,210	266,210	-	-	-	-	-
2006	SERC	East Kentucky Power Cooperative	US	94,494	94,494	-	-	94,494	94,494	-	-	-	-	-
2006	SERC	East Mississippi Electric Power Association	US	3,314	3,314	-	-	3,314	3,314	-	-	-	-	-
2006	SERC	EnergyUnited EMC	US	17,901	17,901	-	-	17,901	17,901	-	-	-	-	-
2006	SERC	Entergy	US	838,068	838,068	-	-	838,068	838,068	-	-	-	-	-
2006	SERC	Fayetteville (NC) Public Works Commission	US	16,220	16,220	-	-	16,220	16,220	-	-	-	-	-
2006	SERC	Florida Public Utilities (FL Panhandle Load)	US	2,773	2,773	-	-	2,773	2,773	-	-	-	-	-
2006	SERC	French Broad EMC	US	3,572	3,572	-	-	3,572	3,572	-	-	-	-	-
2006	SERC	Georgia Power Company	US	674,370	674,370	-	-	674,370	674,370	-	-	-	-	-
2006	SERC	Georgia System Optns Corporation	US	289,277	289,277	-	-	289,277	289,277	-	-	-	-	-
2006	SERC	Greenwood (SC) Commissioners of Public Works	US	2,433	2,433	-	-	2,433	2,433	-	-	-	-	-
2006	SERC	Greenwood (MS) Utilities Commission	US	2,402	2,402	-	-	2,402	2,402	-	-	-	-	-
2006	SERC	Gulf Power Company	US	93,271	93,271	-	-	93,271	93,271	-	-	-	-	-
2006	SERC	Illinois Municipal Electric Agency	US	14,147	14,147	-	-	14,147	14,147	-	-	-	-	-
2006	SERC	Itta Bena, MS	US	133	133	-	-	133	133	-	-	-	-	-
2006	SERC	Kosciusko, MS	US	575	575	-	-	575	575	-	-	-	-	-
2006	SERC	Leland, MS	US	280	280	-	-	280	280	-	-	-	-	-
2006	SERC	Louisiana Generating LLC	US	69,197	69,197	-	-	69,197	69,197	-	-	-	-	-
2006	SERC	McCormick Commission of Public Works	US	168	168	-	-	168	168	-	-	-	-	-
2006	SERC	Mississippi Power Company	US	73,088	73,088	-	-	73,088	73,088	-	-	-	-	-
2006	SERC	Municipal Electric Authority of Georgia	US	83,021	83,021	-	-	83,021	83,021	-	-	-	-	-
2006	SERC	N.C. Electric Membership Corp.	US	88,844	88,844	-	-	88,844	88,844	-	-	-	-	-
2006	SERC	North Carolina Eastern Municipal Power Agency	US	55,855	55,855	-	-	55,855	55,855	-	-	-	-	-
2006	SERC	North Carolina Municipal Power Agency #1	US	39,257	39,257	-	-	39,257	39,257	-	-	-	-	-
2006	SERC	Old Dominion Electric Cooperative	US	66,185	66,185	-	-	66,185	66,185	-	-	-	-	-

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	SERC	Owensboro (KY) Municipal Utilities	US	7,019	7,019	-	-	7,019	7,019	-	-	-	-	-
2006	SERC	Piedmont EMC in Progress Area	US	866	866	-	-	866	866	-	-	-	-	-
2006	SERC	Piedmont EMC-Duke	US	2,835	2,835	-	-	2,835	2,835	-	-	-	-	-
2006	SERC	Piedmont Municipal Power Agency (PMPA)	US	16,653	16,653	-	-	16,653	16,653	-	-	-	-	-
2006	SERC	Progress Energy Carolinas	US	348,887	348,887	-	-	348,887	348,887	-	-	-	-	-
2006	SERC	Rutherford EMC	US	9,257	9,257	-	-	9,257	9,257	-	-	-	-	-
2006	SERC	South Carolina Electric & Gas Company	US	173,966	173,966	-	-	173,966	173,966	-	-	-	-	-
2006	SERC	South Carolina Public Service Authority	US	191,888	191,888	-	-	191,888	191,888	-	-	-	-	-
2006	SERC	South Mississippi Electric Power Association	US	49,381	49,381	-	-	49,381	49,381	-	-	-	-	-
2006	SERC	Southern Illinois Power Cooperative	US	10,759	10,759	-	-	10,759	10,759	-	-	-	-	-
2006	SERC	Soyland Power Cooperative Inc.	US	11,563	11,563	-	-	11,563	11,563	-	-	-	-	-
2006	SERC	Tennessee Valley Authority	US	1,339,578	1,339,578	-	-	1,339,578	1,339,578	-	-	-	-	-
2006	SERC	Tombigbee Electric Cooperative Inc.	US	1,059	1,059	-	-	1,059	1,059	-	-	-	-	-
2006	SERC	Town of Waynesville NC	US	759	759	-	-	759	759	-	-	-	-	-
2006	SERC	Town of Winnsboro SC	US	679	679	-	-	679	679	-	-	-	-	-
2006	SERC	Town of Winterville NC	US	398	398	-	-	398	398	-	-	-	-	-
2006	SERC	Village of Riverton IL	US	166	166	-	-	166	166	-	-	-	-	-
				<b>7,775,521</b>	<b>7,775,521</b>	<b>-</b>	<b>-</b>	<b>7,775,521</b>	<b>7,775,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2006	SPP	American Electric Power	U.S.	891,076	891,076	-	-	891,076	891,076	-	-	-	-	-
2006	SPP	Aquila Inc. - (Missouri Public Service & St Joseph)	U.S.	194,225	194,225	-	-	194,225	194,225	-	-	-	-	-
2006	SPP	Arkansas Electric Cooperative Corporation (AEP)	U.S.	78,275	78,275	-	-	78,275	78,275	-	-	-	-	-
2006	SPP	Board of Public Utilities (Kansas City KS)	U.S.	61,759	61,759	-	-	61,759	61,759	-	-	-	-	-
2006	SPP	Cap Rock Energy	U.S.	14,911	14,911	-	-	14,911	14,911	-	-	-	-	-
2006	SPP	Central Valley Coop	U.S.	17,242	17,242	-	-	17,242	17,242	-	-	-	-	-
2006	SPP	City Power & Light, Independence, MO	U.S.	26,903	26,903	-	-	26,903	26,903	-	-	-	-	-
2006	SPP	City Utilities of Springfield, MO	U.S.	75,037	75,037	-	-	75,037	75,037	-	-	-	-	-
2006	SPP	Cleco Power LLC	U.S.	256,130	256,130	-	-	256,130	256,130	-	-	-	-	-
2006	SPP	East Texas Electric Coop, Inc.	U.S.	7,452	7,452	-	-	7,452	7,452	-	-	-	-	-
2006	SPP	The Empire District Electric Company	U.S.	124,728	124,728	-	-	124,728	124,728	-	-	-	-	-
2006	SPP	Farmers' Electric Coop	U.S.	8,244	8,244	-	-	8,244	8,244	-	-	-	-	-
2006	SPP	Golden Spread Electric Coop (Greenbelt,Lighthouse, Lyntegar, SPS load)	U.S.	92,489	92,489	-	-	92,489	92,489	-	-	-	-	-
2006	SPP	Grand River Dam Authority	U.S.	100,991	100,991	-	-	100,991	100,991	-	-	-	-	-
2006	SPP	Kansas City Power & Light (KCPL)	U.S.	375,084	375,084	-	-	375,084	375,084	-	-	-	-	-
2006	SPP	Kansas Electric Power Coop., Inc	U.S.	43,589	43,589	-	-	43,589	43,589	-	-	-	-	-
2006	SPP	Kansas Municipal Energy Agency (KCPL)	U.S.	8,020	8,020	-	-	8,020	8,020	-	-	-	-	-
2006	SPP	Lafayette Utilities System	U.S.	46,392	46,392	-	-	46,392	46,392	-	-	-	-	-
2006	SPP	Lea County Electric Coop	U.S.	22,243	22,243	-	-	22,243	22,243	-	-	-	-	-
2006	SPP	Louisiana Energy & Power Authority (LEPA)	U.S.	22,533	22,533	-	-	22,533	22,533	-	-	-	-	-
2006	SPP	Midwest Energy Inc.	U.S.	36,199	36,199	-	-	36,199	36,199	-	-	-	-	-
2006	SPP	MOPEP	U.S.	45,926	45,926	-	-	45,926	45,926	-	-	-	-	-
2006	SPP	Northeast Texas Electric Cooperative, Inc.	U.S.	70,702	70,702	-	-	70,702	70,702	-	-	-	-	-
2006	SPP	Oklahoma Gas and Electric Co.	U.S.	660,411	660,411	-	-	660,411	660,411	-	-	-	-	-
2006	SPP	Oklahoma Municipal Power Authority (AEP and non-AEP loads)	U.S.	59,156	59,156	-	-	59,156	59,156	-	-	-	-	-
2006	SPP	Roosevelt County Electric Coop	U.S.	3,943	3,943	-	-	3,943	3,943	-	-	-	-	-
2006	SPP	Southwestern Power Administration (SPA)	U.S.	97,519	97,519	-	-	97,519	97,519	-	-	-	-	-
2006	SPP	Southwestern Public Service Co. (SPS-XCEL)	U.S.	450,448	450,448	-	-	450,448	450,448	-	-	-	-	-
2006	SPP	Sunflower Electric Cooperative (SECI)	U.S.	114,022	114,022	-	-	114,022	114,022	-	-	-	-	-
2006	SPP	Tex - La Electric Cooperative of Texas	U.S.	10,316	10,316	-	-	10,316	10,316	-	-	-	-	-
2006	SPP	Tri County Electric Coop	U.S.	3,512	3,512	-	-	3,512	3,512	-	-	-	-	-
2006	SPP	Westar Energy, Inc.	U.S.	430,576	430,576	-	-	430,576	430,576	-	-	-	-	-
2006	SPP	Western Farmers Electric Cooperative	U.S.	159,030	159,030	-	-	159,030	159,030	-	-	-	-	-
				<b>4,609,083</b>	<b>4,609,083</b>	<b>-</b>	<b>-</b>	<b>4,609,083</b>	<b>4,609,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	TRE	ERCOT	U.S.	3,226,066	3,226,066	-	-	3,226,066	3,226,066	-	-	-	-	-
				3,226,066	3,226,066	-	-	3,226,066	3,226,066	-	-	-	-	-
2006	WECC	Alberta Electric System Operator	Canada	1,801,075	-	1,801,075	-	1,801,075	-	1,801,075	-	-	-	-
2006	WECC	Arizona Public Service Company - APS	U.S.	913,350	913,350	-	-	913,350	913,350	-	-	-	-	-
2006	WECC	Aquila Irrigation District - APS	U.S.	1,076	1,076	-	-	1,076	1,076	-	-	-	-	-
2006	WECC	Buckeye Water Conservation and Drainage District - APS	U.S.	626	626	-	-	626	626	-	-	-	-	-
2006	WECC	Electrical District No. 6 of Pinal County - APS	U.S.	77	77	-	-	77	77	-	-	-	-	-
2006	WECC	Electrical District No. 7 of Mariopa County - APS	U.S.	733	733	-	-	733	733	-	-	-	-	-
2006	WECC	Electrical District No. 8 of Mariopa County - APS	U.S.	7,370	7,370	-	-	7,370	7,370	-	-	-	-	-
2006	WECC	Harquahala Valley Power District - APS	U.S.	602	602	-	-	602	602	-	-	-	-	-
2006	WECC	Maricopa County Municipal Water Conservation District No. 1 - APS	U.S.	1,631	1,631	-	-	1,631	1,631	-	-	-	-	-
2006	WECC	McMullen Valley Water Conservation & Drainage District - APS	U.S.	1,643	1,643	-	-	1,643	1,643	-	-	-	-	-
2006	WECC	Roosevelt Irrigation District - APS	U.S.	1,000	1,000	-	-	1,000	1,000	-	-	-	-	-
2006	WECC	Tonopah Irrigation District - APS	U.S.	723	723	-	-	723	723	-	-	-	-	-
2006	WECC	Town of Wickenburg - APS	U.S.	1,018	1,018	-	-	1,018	1,018	-	-	-	-	-
2006	WECC	Tohono O'Odham Utility Authority - APS	U.S.	2,420	2,420	-	-	2,420	2,420	-	-	-	-	-
2006	WECC	City of Williams - APS	U.S.	1,218	1,218	-	-	1,218	1,218	-	-	-	-	-
2006	WECC	Electrical Districts 1 & 3 - APS	U.S.	12,124	12,124	-	-	12,124	12,124	-	-	-	-	-
2006	WECC	Ajo Improvement District - APS	U.S.	460	460	-	-	460	460	-	-	-	-	-
2006	WECC	Ak-Chin - APS	U.S.	949	949	-	-	949	949	-	-	-	-	-
2006	WECC	Yuma Irrigation District - APS	U.S.	101	101	-	-	101	101	-	-	-	-	-
2006	WECC	Yuma-Mesa Irrigation District - APS	U.S.	6	6	-	-	6	6	-	-	-	-	-
2006	WECC	Navajo Tribal Utility Authority - APS	U.S.	1,211	1,211	-	-	1,211	1,211	-	-	-	-	-
2006	WECC	San Carlos Indian Irrigation Project - APS	U.S.	5	5	-	-	5	5	-	-	-	-	-
2006	WECC	Unit B Irrigation District - APS	U.S.	1	1	-	-	1	1	-	-	-	-	-
2006	WECC	Unisource Electric - APS	U.S.	56,846	56,846	-	-	56,846	56,846	-	-	-	-	-
2006	WECC	Central Arizona Water Conservation District - APS	U.S.	4,214	4,214	-	-	4,214	4,214	-	-	-	-	-
2006	WECC	Avista Corp.	U.S.	379,667	379,667	-	-	379,667	379,667	-	-	-	-	-
2006	WECC	Bonneville Power Administration – Transmission Business Line	U.S.	1,499,555	1,499,555	-	-	1,499,555	1,499,555	-	-	-	-	-
2006	WECC	British Columbia Transmission Corporation	Canada	1,930,770	-	1,930,770	-	1,930,770	-	1,930,770	-	-	-	-
2006	WECC	California Independent System Operator	U.S.	7,368,108	7,368,108	-	-	7,368,108	7,368,108	-	-	-	-	-
2006	WECC	Comision Federal de Electricidad	Mexico	348,835	-	-	348,835	-	-	-	348,835	-	-	-
2006	WECC	El Paso Electric Company	U.S.	234,142	234,142	-	-	234,142	234,142	-	-	-	-	-
2006	WECC	Idaho Power Company	U.S.	521,070	521,070	-	-	521,070	521,070	-	-	-	-	-
2006	WECC	Imperial Irrigation District	U.S.	118,042	118,042	-	-	118,042	118,042	-	-	-	-	-
2006	WECC	Los Angeles Department of Water and Power - LDWP	U.S.	861,120	861,120	-	-	861,120	861,120	-	-	-	-	-
2006	WECC	The City of Burbank - LDWP	U.S.	36,931	36,931	-	-	36,931	36,931	-	-	-	-	-
2006	WECC	The City of Glendale - LDWP	U.S.	38,028	38,028	-	-	38,028	38,028	-	-	-	-	-
2006	WECC	Nevada Power	U.S.	783,242	783,242	-	-	783,242	783,242	-	-	-	-	-
2006	WECC	City of Boulder City - NEVP	U.S.	2	2	-	-	2	2	-	-	-	-	-
2006	WECC	Colorado River Commission of Nevada - NEVP	U.S.	8	8	-	-	8	8	-	-	-	-	-
2006	WECC	Las Vegas Valley Water District - NEVP	U.S.	1	1	-	-	1	1	-	-	-	-	-
2006	WECC	Lincoln County Power District No. 1 - NEVP	U.S.	1	1	-	-	1	1	-	-	-	-	-
2006	WECC	City of Needles - NEVP	U.S.	1	1	-	-	1	1	-	-	-	-	-
2006	WECC	Overton Power District #5 - NEVP	U.S.	5	5	-	-	5	5	-	-	-	-	-
2006	WECC	Southern Nevada Water Authority - NEVP	U.S.	2	2	-	-	2	2	-	-	-	-	-
2006	WECC	Valley Electric Association, Inc. - NEVP	U.S.	4	4	-	-	4	4	-	-	-	-	-
2006	WECC	NorthWestern Energy	U.S.	319,273	319,273	-	-	319,273	319,273	-	-	-	-	-
2006	WECC	PacifiCorp	U.S.	1,350,917	1,350,917	-	-	1,350,917	1,350,917	-	-	-	-	-
2006	WECC	PacifiCorp – Merchant Function	U.S.	828,346	828,346	-	-	828,346	828,346	-	-	-	-	-



**Allocations to Load Serving Entities (or Designee) for the 2008 Regional Entity Assessments - Detailed by Allocation Methodology**

Data Year	Regional Entity	Entity	Country	Total Regional Entity Funding (Including WIRAB Funding)				Regional Entity NEL Funding				NPCC Compliance Funding - IESO Adjustment		
				Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total	Mexico Total	Total	US Total	Canada total
2006	WECC	Portland General Electric Company - PGE	U.S.	596,081	596,081	-	-	596,081	596,081	-	-			
2006	WECC	Bonneville Power Administration - Power Business Line - PGE	U.S.	2,848	2,848	-	-	2,848	2,848	-	-			
2006	WECC	Constellation New Energy, Inc. - PGE	U.S.	5,924	5,924	-	-	5,924	5,924	-	-			
2006	WECC	EPCOR Merchant and Capital (US) Inc. - PGE	U.S.	3,704	3,704	-	-	3,704	3,704	-	-			
2006	WECC	Sempra Energy Solutions - PGE	U.S.	48,013	48,013	-	-	48,013	48,013	-	-			
2006	WECC	Public Service Company of Colorado (Xcel)	U.S.	1,286,431	1,286,431	-	-	1,286,431	1,286,431	-	-			
2006	WECC	Public Service Company of New Mexico	U.S.	456,539	456,539	-	-	456,539	456,539	-	-			
2006	WECC	Public Utility District No. 1 of Chelan County	U.S.	100,181	100,181	-	-	100,181	100,181	-	-			
2006	WECC	Public Utility District No. 1 of Douglas County	U.S.	41,916	41,916	-	-	41,916	41,916	-	-			
2006	WECC	Public Utility District No. 2 of Grant County	U.S.	104,666	104,666	-	-	104,666	104,666	-	-			
2006	WECC	Puget Sound Energy	U.S.	775,383	775,383	-	-	775,383	775,383	-	-			
2006	WECC	Salt River Project	U.S.	777,930	777,930	-	-	777,930	777,930	-	-			
2006	WECC	Central Arizona Water Conservation District - SRP	U.S.	87,388	87,388	-	-	87,388	87,388	-	-			
2006	WECC	Seattle City Light	U.S.	314,709	314,709	-	-	314,709	314,709	-	-			
2006	WECC	Sierra Pacific Resource Transmission	U.S.	370,118	370,118	-	-	370,118	370,118	-	-			
2006	WECC	Barrick Goldstrike Mines Inc. - SPP	U.S.	8	8	-	-	8	8	-	-			
2006	WECC	City of Fallon - SPP	U.S.	1	1	-	-	1	1	-	-			
2006	WECC	Harney Electric Cooperative, Inc. - SPP	U.S.	1	1	-	-	1	1	-	-			
2006	WECC	Mt. Wheeler Power Company - SPP	U.S.	3	3	-	-	3	3	-	-			
2006	WECC	Truckee Donner Public Utility District - SPP	U.S.	1	1	-	-	1	1	-	-			
2006	WECC	Wells Rural Electric Cooperative - SPP	U.S.	5	5	-	-	5	5	-	-			
2006	WECC	SMUD Utility - SMUD	U.S.	365,778	365,778	-	-	365,778	365,778	-	-			
2006	WECC	Western (WAPA-Sierra Nevada Region) - SMUD	U.S.	43,457	43,457	-	-	43,457	43,457	-	-			
2006	WECC	City of Roseville - SMUD	U.S.	39,354	39,354	-	-	39,354	39,354	-	-			
2006	WECC	Modesto Irrigation District - SMUD	U.S.	82,710	82,710	-	-	82,710	82,710	-	-			
2006	WECC	City of Redding - SMUD	U.S.	32,566	32,566	-	-	32,566	32,566	-	-			
2006	WECC	Tacoma Power	U.S.	154,933	154,933	-	-	154,933	154,933	-	-			
2006	WECC	Tucson Electric Power Company	U.S.	379,629	379,629	-	-	379,629	379,629	-	-			
2006	WECC	Turlock Irrigation District	U.S.	61,818	61,818	-	-	61,818	61,818	-	-			
2006	WECC	Merced Irrigation District - TIDC	U.S.	12,482	12,482	-	-	12,482	12,482	-	-			
2006	WECC	Western Area Power Administration - Billings, MT	U.S.	18,812	18,812	-	-	18,812	18,812	-	-			
2006	WECC	Western Area Power Administration - Loveland, CO	U.S.	636,478	636,478	-	-	636,478	636,478	-	-			
2006	WECC	Western Area Power Administration - Phoenix, AZ	U.S.	368,098	368,098	-	-	368,098	368,098	-	-			
				<b>26,596,512</b>	<b>22,515,832</b>	<b>3,731,845</b>	<b>348,835</b>	<b>26,596,512</b>	<b>22,515,832</b>	<b>3,731,845</b>	<b>348,835</b>			
Total				<b>68,761,591</b>	<b>59,806,637</b>	<b>8,606,119</b>	<b>348,835</b>	<b>68,761,591</b>	<b>59,605,092</b>	<b>8,807,664</b>	<b>348,835</b>	<b>(0)</b>	<b>201,545</b>	<b>(201,545)</b>
Summary by Regional Entity														
2006	FRCC			3,989,948	3,989,948	-	-	3,989,948	3,989,948	-	-	-	-	-
2006	MRO			5,331,487	4,477,592	853,895	-	5,331,487	4,477,592	853,895	-	-	-	-
2006	NPCC			7,648,718	3,628,338	4,020,380	-	7,648,718	3,426,793	4,221,925	-	(0)	201,545	(201,545)
2006	RFC			9,584,256	9,584,256	-	-	9,584,256	9,584,256	-	-	-	-	-
2006	SERC			7,775,521	7,775,521	-	-	7,775,521	7,775,521	-	-	-	-	-
2006	SPP			4,609,083	4,609,083	-	-	4,609,083	4,609,083	-	-	-	-	-
2006	TRE			3,226,066	3,226,066	-	-	3,226,066	3,226,066	-	-	-	-	-
2006	WECC			<b>26,596,512</b>	<b>22,515,832</b>	<b>3,731,845</b>	<b>348,835</b>	<b>26,596,512</b>	<b>22,515,832</b>	<b>3,731,845</b>	<b>348,835</b>	<b>(0)</b>	<b>201,545</b>	<b>(201,545)</b>
Total				<b>68,761,591</b>	<b>59,806,637</b>	<b>8,606,119</b>	<b>348,835</b>	<b>68,761,591</b>	<b>59,605,092</b>	<b>8,807,664</b>	<b>348,835</b>	<b>(0)</b>	<b>201,545</b>	<b>(201,545)</b>

## **APPENDIX D**

Analysis of Change in Assessments - 2007 Projection to 2008 Budget

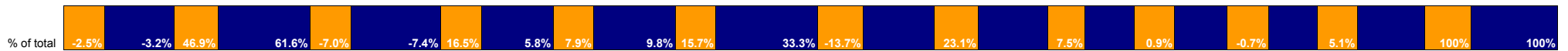
Breakdown of Increase	Comments	DRAFT #3 (July 2007)		DRAFT #1 (May 2007)	
		% Increase over 2007	\$ Increase over 2007	% Increase over 2007	\$ Increase over 2007
<b>INCREMENTAL GROWTH</b>					
Existing staff - hired prior to 2007	Increase in cost of employees hired prior to Jan 2007	3.4%	728,377	3.4%	728,377
Existing staff - hired during 2007	Full-year inclusion - additional incentive compensation and retirement costs in year two of employment	6.8%	1,484,573	6.8%	1,484,573
Additional supplemental sources of funding	Increased funding from Continuing Education Program and interest income	-1.2%	(255,500)	-1.2%	(255,500)
Reduction in travel expenses	10% reduction in overall travel costs	-0.7%	(150,000)		
All other changes	Net changes in meetings and overhead expenses	-0.7%	(157,075)	-0.2%	(43,849)
<b>TOTAL INCREMENTAL GROWTH</b>		<b>7.6%</b>	<b>1,650,375</b>	<b>8.8%</b>	<b>1,913,601</b>
<b>MANAGEMENT DECISIONS IN 2007 AFFECTING 2008</b>					
Additional staffing	Three and a half additional positions authorized in 2007 to support communications and administrative needs	0.4%	93,467	0.4%	95,467
<b>TOTAL MANAGEMENT DECISIONS IN 2007 AFFECTING 2008</b>		<b>0.4%</b>	<b>93,467</b>	<b>0.4%</b>	<b>95,467</b>
<b>NEW HIRES REQUESTED FOR 2008 (11 FTEs)</b>					
Reliability Standards Program	One additional FTE to support the standard drafting teams.	0.6%	138,000	0.6%	140,000
Compliance Enforcement and Organization Registration and Certification Program	Six additional FTEs - three FTE for regional audit participation; one FTE for enforcement; one FTE for registration; and one FTE for database administration	3.2%	687,600	3.3%	707,600
Training, Education, and Operator Certification Program	See Expansion of Programs		see below		see below
Reliability Assessment and Performance Analysis Program	See Expansion of Programs		see below		see below
Situational Awareness and Infrastructure Security Program	One additional FTE to support a help desk function for software tools maintained internally	0.3%	67,000	0.3%	67,000
Technical Committees and Members Forum	Reduction of one FTE	-0.5%	(100,000)	-0.5%	(100,000)
Information Technology	One additional FTE to support increasing staff personal computing needs	0.3%	72,000	0.3%	72,000
Accounting and Finance	One additional FTE to support increased billings and collections	0.4%	84,000	0.4%	84,000
<b>TOTAL NEW HIRES REQUESTED FOR 2008</b>		<b>4.4%</b>	<b>948,600</b>	<b>4.5%</b>	<b>970,600</b>
<b>EXPANSION OF PROGRAMS</b>					
<i>Reliability Assessment and Performance Analysis Program</i>					
Emerging Issues Studies	Studies proposed based on finding in the 2007 NERC Long Term Assessment (bulk transmission system rejuvenation, interdependencies of fuel transportation and power generation, and aging workforce strategies and plans) Resources are for consultants	0.0%	REMOVED From Draft #2	4.9%	1,065,000
Transmission Availability Data System Development	Gives NERC the ability to report on trends in transmission equipment performance. Resources include one FTE and software	1.6%	353,000	1.6%	353,000
Generation Availability Data System Expansion	Added resources need to support program if data submittal is made mandatory. Resources include one FTE and software	0.0%	REMOVED From Draft #2	1.1%	246,000
Reliability Assessment Tool Development	Tool to support the collection of data for the annual reliability assessments. Resources include one FTE and software.	0.0%	REMOVED From Draft #2	1.1%	242,000
Event Analysis	Expand NERC ability to perform event analysis by adding one additional FTE	0.7%	161,000	0.7%	161,000
<b>Total Reliability Assessment and Performance Analysis Program</b>		<b>2.4%</b>	<b>514,000</b>	<b>9.5%</b>	<b>2,067,000</b>
<i>Training, Education, and Operator Certification Program</i>					
Education Delivery	Expand NERC ability to deliver training programs by adding on additional FTE	0.0%	REMOVED From Draft #2	0.5%	108,000
<b>Total Training, Education, and Operator Certification Program</b>		<b>0.0%</b>	<b>-</b>	<b>0.5%</b>	<b>108,000</b>
<i>Information Technology</i>					
Fire Suppression	Add non-water fire suppression to NERC's computer room	0.2%	50,000	0.2%	50,000
<b>Total Information Technology</b>		<b>0.2%</b>	<b>50,000</b>	<b>0.2%</b>	<b>50,000</b>
<b>TOTAL EXPANSION OF PROGRAMS</b>		<b>2.6%</b>	<b>564,000</b>	<b>10.3%</b>	<b>2,225,000</b>
<b>Total Increase - 2007 Projection to 2008 Budget</b>	(See Table 1 on Page 37)	<b>15.0%</b>	<b>3,256,442</b>	<b>24.0%</b>	<b>5,204,668</b>

## **SECTION D**

Section D - Regional Entity Budgets by Program - Variance Analysis

Regional Entity Budgets by Program- Variance 2008 v 2007

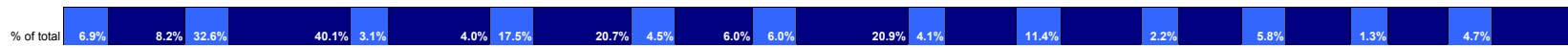
	Program Costs												Administrative Costs <sup>1</sup>										FTE	Total			
	FTE	Reliability Standards (Section 300)	FTE	Compliance and Organization Registration and Certification (Section 400 & 500)	FTE	Reliability Readiness Audit and Improvement (Section 700)	FTE	Reliability Assessment and Performance Analysis (Section 800)	FTE	Training and Education (Section 900)	FTE	Situational Awareness and Infrastructure Security (Section 1000)	FTE	Committee and Member Forums	FTE	General and Administrative	FTE	Legal and Regulatory	FTE	Information Technology	FTE	Human Resources			FTE	Accounting and Finance	
	Increase(Decrease)																										
<b>ERCOT</b>	-	(280,303)	(2.50)	(1,605,825)	0.50	94,258	4.00	238,286	0.50	179,416	(0.50)	(200,520)	-	-	-	-	1.00	-	-	-	-	-	-	-	-	3.00	\$ (1,574,688)
<b>FRCC</b>	0.65	312,049	4.00	970,254	-	55,062	1.20	523,734	0.10	38,883	-	(360,324)	-	-	(0.20)	-	-	-	-	-	-	-	-	-	-	5.80	\$ 1,539,658
<b>MRO</b>	(0.10)	100,994	4.40	1,252,266	(0.85)	(291,952)	(0.05)	(442,814)	(0.20)	(71,437)	(0.30)	(237,024)	0.45	-	(0.60)	-	0.65	-	(0.50)	-	-	-	-	-	-	2.90	\$ 310,033
<b>NPCC</b>	1.00	371,024	2.00	1,052,946	0.20	79,460	0.50	424,438	0.30	127,513	0.50	235,167	(0.20)	-	1.40	-	1.60	-	0.30	-	(0.10)	-	0.70	-	8.20	\$ 2,290,548	
<b>RFC</b>	(1.00)	(495,856)	1.50	985,027	(0.50)	(309,901)	0.50	23,533	-	28,684	-	(11,203)	(1.00)	-	-	-	-	-	-	-	-	-	0.50	-	-	\$ 220,284	
<b>SERC</b>	(2.33)	(569,438)	3.60	2,310,619	(1.07)	76,914	0.31	116,020	(0.77)	33,980	1.10	320,872	(0.57)	-	1.00	-	-	-	(0.40)	-	(0.20)	-	1.00	-	1.70	\$ 2,288,966	
<b>SPP</b>	-	(24,330)	0.90	743,052	0.20	97,589	(0.30)	(126,465)	2.00	716,209	-	22,000	-	-	(1.60)	-	-	-	-	-	-	-	-	-	1.20	\$ 1,428,055	
<b>WECC</b>	0.70	169,612	6.40	2,270,709	(1.50)	(755,485)	1.00	(2,262)	1.50	221,330	6.00	4,544,865	(4.60)	-	10.00	-	-	-	1.00	-	-	-	-	-	20.50	\$ 6,448,769	
<b>Total</b>	<b>(1.08)</b>	<b>\$ (416,248)</b>	<b>20.30</b>	<b>\$ 7,979,048</b>	<b>(3.02)</b>	<b>\$ (954,055)</b>	<b>7.16</b>	<b>\$ 754,470</b>	<b>3.43</b>	<b>\$ 1,274,577</b>	<b>6.80</b>	<b>\$ 4,313,833</b>	<b>(5.92)</b>	<b>\$ -</b>	<b>10.00</b>	<b>\$ -</b>	<b>3.25</b>	<b>\$ -</b>	<b>0.40</b>	<b>\$ -</b>	<b>(0.30)</b>	<b>\$ -</b>	<b>2.20</b>	<b>\$ -</b>	<b>43.30</b>	<b>\$ 12,951,625</b>	



<sup>1</sup> Administrative costs allocated to program areas based on FTEs

**2008 Regional Entity Budgets by Program**

	Program Costs												Administrative Costs								FTE	Total	Registered Entities	Total Budget per Registered Entity						
	FTE	Reliability Standards (Section 300)	FTE	Compliance and Organization Registration and Certification (Section 400 & 500)	FTE	Reliability Readiness Audit and Improvement (Section 700)	FTE	Reliability Assessment and Performance Analysis (Section 800)	FTE	Training and Education (Section 900)	FTE	Situational Awareness and Infrastructure Security (Section 1000)	FTE	Committee and Member Forums	FTE	General and Administrative	FTE	Legal and Regulatory	FTE	Information Technology					FTE	Human Resources	FTE	Accounting and Finance		
<b>ERCOT</b>	2.00	359,107	8.50	1,503,421	0.50	94,258	7.00	1,077,026	0.50	179,416	0.50	82,838	-	2.00	2.00	1.00	-	1.00									25.00	\$ 3,296,066	161	\$ 20,472
<b>FRCC</b>	1.55	480,615	7.20	2,003,574	0.14	90,215	3.90	1,206,314	0.30	80,386	0.10	128,845		3.30	-	-	-	-									16.50	\$ 3,989,949	81	\$ 49,259
<b>MRO</b>	2.15	695,125	9.65	3,061,326	1.10	391,736	2.20	908,230	0.45	155,926	0.35	119,145	0.45	1.65	1.40	1.50	-	2.00									22.90	\$ 5,331,488	112	\$ 47,603
<b>NPCC</b>	3.50	1,415,688	7.50	3,348,450	1.00	412,650	3.50	1,673,899	0.50	210,811	1.00	443,410	0.30	1.90	1.80	1.80	0.30	2.10									25.20	\$ 7,504,908	235	\$ 31,936
<b>RFC</b>	2.00	959,203	12.00	5,390,256	1.00	372,691	6.00	2,442,376	0.25	131,342	0.75	368,387	2.50	2.00	-	4.00	1.50	2.00									34.00	\$ 9,664,255	315	\$ 30,680
<b>SERC</b>	1.33	472,387	14.20	5,051,925	0.93	549,225	2.63	835,770	1.33	660,466	1.13	421,248	2.33	3.00	-	2.10	0.30	2.70									32.00	\$ 7,991,021	225	\$ 35,516
<b>SPP</b>	0.50	177,412	3.50	1,854,915	0.50	202,844	2.40	851,581	4.00	1,500,330	-	22,000		1.50													12.40	\$ 4,609,082	125	\$ 36,873
<b>WECC</b>	3.00	929,587	13.00	4,539,018	2.00	578,617	13.00	4,822,732	3.00	1,080,205	10.00	12,319,279	4.00	-	11.00	-	3.00	1.00	1.00								64.00	\$ 24,269,438	537	\$ 45,194
<b>Total</b>	<b>16.03</b>	<b>\$ 5,489,124</b>	<b>75.55</b>	<b>\$ 26,752,885</b>	<b>7.17</b>	<b>\$ 2,692,236</b>	<b>40.63</b>	<b>\$ 13,817,928</b>	<b>10.33</b>	<b>\$ 3,998,882</b>	<b>13.83</b>	<b>\$ 13,905,152</b>	<b>9.58</b>	<b>\$ -</b>	<b>26.35</b>	<b>\$ -</b>	<b>5.20</b>	<b>\$ -</b>	<b>13.40</b>	<b>\$ -</b>	<b>3.10</b>	<b>\$ -</b>	<b>10.80</b>	<b>\$ -</b>	<b>\$ -</b>	<b>232.00</b>	<b>\$ 66,656,207</b>	<b>1,791</b>	<b>\$ 37,217</b>	

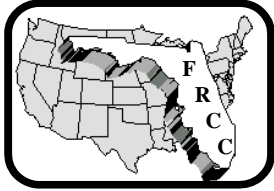


**2007 Regional Entity Budgets by Program**

	Program Costs													Administrative Costs							FTE	Total				
	FTE	Reliability Standards (Section 300)	FTE	Compliance and Organization Registration and Certification (Section 400 & 500)	FTE	Reliability Readiness Audit and Improvement (Section 700)	FTE	Reliability Assessment and Performance Analysis (Section 800)	FTE	Training and Education (Section 900)	FTE	Situational Awareness and Infrastructure Security (Section 1000)	FTE	Committee and Member Forums	FTE	General and Admin	FTE	Legal and Regulatory	FTE	Information Technology			FTE	Human Resources	FTE	Accounting and Finance
ERCOT	2.00	639,410	11.00	3,109,246	-	-	3.00	838,740	-	-	1.00	283,358	-	2.00	1.00	1.00	-	1.00	-	-	-	-	-	22.00	\$ 4,870,754	
FRCC	0.90	168,566	3.20	1,033,320	0.14	35,153	2.70	682,580	0.20	41,503	0.10	489,169	-	3.50	-	-	-	-	-	-	-	-	-	10.70	\$ 2,450,291	
MRO	2.25	594,131	5.25	1,809,060	1.95	683,688	2.25	1,351,044	0.65	227,363	0.65	356,169	-	2.25	0.75	2.00	-	-	-	-	-	-	2.00	20.00	\$ 5,021,455	
NPCC	2.50	1,044,664	5.50	2,295,504	0.80	333,190	3.00	1,249,461	0.20	83,298	0.50	208,243	0.50	0.50	0.20	1.50	0.40	1.40	-	-	-	-	-	17.00	\$ 5,214,360	
RFC	3.00	1,455,059	10.50	4,405,229	1.50	682,592	5.50	2,418,843	0.25	102,658	0.75	379,590	3.50	2.00	-	4.00	1.50	1.50	-	-	-	-	-	34.00	\$ 9,443,971	
SERC	3.66	1,041,825	10.60	2,741,306	2.00	472,311	2.32	719,750	2.10	626,486	0.03	100,376	2.90	2.00	-	2.50	0.50	1.70	-	-	-	-	-	30.30	\$ 5,702,055	
SPP	0.50	201,742	2.60	1,111,863	0.30	105,255	2.70	978,046	2.00	784,121	-	-	-	3.10	-	-	-	-	-	-	-	-	-	11.20	\$ 3,181,027	
WECC	2.30	759,975	6.60	2,268,309	3.50	1,334,102	12.00	4,824,994	1.50	858,875	4.00	7,774,414	8.60	-	1.00	-	2.00	1.00	1.00	-	-	-	-	43.50	\$ 17,820,669	
<b>Total</b>	<b>17.11</b>	<b>\$ 5,905,372</b>	<b>55.25</b>	<b>\$ 18,773,837</b>	<b>10.19</b>	<b>\$ 3,646,291</b>	<b>33.47</b>	<b>\$ 13,063,458</b>	<b>6.90</b>	<b>\$ 2,724,305</b>	<b>7.03</b>	<b>\$ 9,591,319</b>	<b>15.50</b>	<b>\$ -</b>	<b>16.35</b>	<b>\$ -</b>	<b>1.95</b>	<b>\$ -</b>	<b>13.00</b>	<b>\$ -</b>	<b>3.40</b>	<b>\$ -</b>	<b>8.60</b>	<b>\$ -</b>	<b>188.70</b>	<b>\$ 53,704,582</b>

## **SECTION E**





**FLORIDA RELIABILITY COORDINATING COUNCIL, INC.**

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**2008 Business Plan and Budget**

**Florida Reliability Coordinating Council**

**Final – Approved by the Board of Directors  
June 29, 2007**

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## Introduction

<b>Total FRCC Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	16.4	17.4	24.4
Statutory FTEs	10.74	10.74	16.5
Non-Statutory FTEs	5.66	6.66	7.9
Total Funding	\$4,936,922	\$4,936,922	\$6,597,726

The Florida Reliability Coordinating Council (FRCC) was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes its activities through standing committees which have balanced stakeholder governance.

Historically, the FRCC's budget consists of the following:

- Administrative Budget
- Planning Committee Budget
- Operating Committee Budget

The budgets of the standing committees reflect activities of each committee's responsibilities, such as, resource adequacy, stability studies, transmission studies, reliability assessments, operations tools, system operator training, telecommunications infrastructure and tools.

The standing committees actively participate in the development and approval of such committee's budget. The FRCC staff is responsible for the preparation of the administrative budget. Starting in 2007, the total FRCC budget is to be presented to the FRCC Board of Directors in April of each year for informational purposes. The purpose of this is to give all FRCC members advanced indication of the funding level which will be required for the coming fiscal year (January 1 – December 31). This allows for a timely inclusion of each member's funding responsibility to be included in their individual budgeting process. The final budget will be presented to the FRCC Board of Directors in July of each year and will then be submitted to NERC upon approval by the FRCC Board of Directors.

The FRCC's first full calendar year as a FERC-approved Regional Entity will be in 2008. This business plan presents FRCC's functions and services as well as financial requirements for meeting its responsibilities under the Delegation Agreement.

The FRCC will provide the statutory functions and services for the FRCC Region through a Regional Entity Division, as well as non-statutory services for the FRCC Region through a Member Services Division. This divisional separation will not only enhance efficiency, but also allows for distinct funding with regard to activities determined to be statutory and in the

furtherance of NERC's mission, and for member services particular and essential to the reliability of the bulk-power system in the FRCC Region.

Through its Regional Entity Division, the FRCC will work to enhance the reliability of the bulk power system in the FRCC Region through the development of regional reliability standards, reliability assessment, and compliance assessment and enforcement of reliability standards pursuant to the Regional Delegation Agreement with the NERC under the authority of the Federal Energy Regulatory Commission ("FERC").

Through its Member Services Division, FRCC will also promote the reliable and efficient operation of the bulk power system in the FRCC Region through the Reliability Coordinator function, coordinated planning, design and operations, and resource adequacy assessment.

<b>Total FRCC Resources Consistent with Current Statutory and Non-Statutory Definitions</b>			
(in whole dollars)			
	<b>Statutory</b>	<b>Non-Statutory</b>	<b>Total Region</b>
2007 Direct Funding	\$1,376,144	\$1,396,551	\$2,772,695
2007 Indirect Funding	\$1,074,152	\$1,090,075	\$2,164,227
<b>2007 Total Funding</b>	<b>\$2,450,296</b>	<b>\$2,486,626</b>	<b>\$4,936,922</b>
2008 Direct Funding	\$2,551,879	\$1,792,961	\$4,344,840
2008 Indirect Funding	\$1,438,069	\$ 814,817	\$2,252,886
<b>2008 Total Funding</b>	<b>\$3,989,948</b>	<b>\$2,607,778</b>	<b>\$6,597,726</b>

### **Executive Summary**

The FRCC 2008 Budget utilizes the template that NERC provided in order for the budgets to be uniform in all regions. The funding for these statutory functions utilizes a uniform system of accounts as prescribed by NERC. The 2008 budget includes:

- (1) Statutory functions performed under a Delegation Agreement with NERC, and
- (2) Non-statutory functions which the FRCC will perform as a Regional Reliability Organization.

The statutory functions, which the FRCC listed in this budget, are those functions delineated in Section 215 of the Federal Power Act, which include:

- Functions associated with the development of Reliability Standards
- Functions associated with compliance and enforcement of Reliability Standards, and
- Functions associated with conducting periodic assessments of the reliability and adequacy of the Bulk Power System in North America

The cost increase for 2008 over 2007 is due primarily to staffing increases. The FRCC Staff will increase by seven positions:

- 4 Compliance Engineers (statutory)
- 1 Manager of Reliability Standards (statutory)
- 1 Planning Engineer (non-statutory)
- 1 Planning Administrative Assistant (non-statutory)

## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.9	.9	1.55
Total Direct Funding	\$105,201	\$105,201	\$311,623
Total Indirect Funding	\$63,365	\$63,365	\$168,992
Total Funding	\$168,566	\$168,566	\$480,615

#### Background

The FRCC Regional Reliability Standard Development Process establishes the process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards. FRCC Regional Reliability Standards apply to the reliable planning and operation of the Bulk Power System in the FRCC Region. In 2007, the activities associated with the development of Reliability Standards was split among four FRCC staff, since FRCC did not have any staff dedicated solely to the development of Reliability Standards. In the 2008 budget, FRCC has received approval by the Board of FRCC to add a position of Manager of Reliability Standards.

#### Standards Process

In March 2006, the FRCC Board of Directors approved FRCC's process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region. This new process was developed to meet the requirements and needs of the region as we transition to become a Regional Entity of NERC with delegated responsibilities and authorities under the Energy Policy Act. The FRCC Regional Reliability Standard Development Process is based on providing an open and fair process that ensures all interested parties have an opportunity to participate in the development of FRCC Regional Reliability Standards. Any entity (person, organization, company, governmental agency, individual, etc) with a direct and material interest in the reliability of the FRCC Bulk Power System has a right to participate by: (a) expressing a position and its basis, (b) having that position considered, and (c) having the right to appeal.

The FRCC currently has under development the following Reliability Standards:

- Regional Generator Performance During Frequency and Voltage Excursions
- Automatic Under Frequency Load Shedding Program
- Generator Gross and Net Reactive Power Capability Verification
- Generator Gross and Net Real Power Capability Verification
- Analysis of Misoperations of Transmission and Generation Protection System
- Disturbance Monitoring and Reporting Requirements

In 2008, FRCC intends to continue to follow and participate in NERC's revision and development of standards which contain requirements for Regional Reliability Organizations and will develop any needed regional reliability standards as appropriate.

The FRCC Operating Committee and the FRCC Planning Committee, both of which are balanced stakeholder committees, have the primary responsibility for the development, modification or withdrawal of FRCC Regional Reliability Standards through standard drafting teams.

The FRCC Board of Directors considers for adoption as FRCC Regional Reliability Standards, those Standards that have been developed and approved by this process. Upon adoption by the Board of Directors, such Standard is submitted to NERC for approval. When approved by NERC, it will be submitted to FERC for approval.

The FRCC Standard Process Manager (currently a role performed by the Vice President and Executive Director-Standards and Compliance) administers the FRCC Regional Reliability Standards Development Process. The FRCC Standard Process Manager ensures the integrity of the process and the consistency of quality and completeness of the FRCC Regional Reliability Standards. The FRCC Standard Process Manager facilitates all steps in this process, and coordinates with NERC to ensure required information is posted on both NERC and FRCC websites.

In the 2008 budget, a new staff position is being included to manage FRCC standards development activities and manage FRCC's responses and input to the NERC standards development process on behalf of FRCC's members, and perform the role of the FRCC Standards Process Manager.

### **Reliability Standards Program Goals**

The standards program goals of the FRCC for 2008 are to:

- (1) Continue the development of Regional Reliability Standards that are required by NERC standards or are needed for reliability within the FRCC region.
- (2) Participate in the development and approval of NERC Reliability Standards.

### **Reliability Standards Program Objectives**

The FRCC Regional Reliability Standards Development Process is based on providing an open and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards. FRCC Regional Reliability Standards go beyond, add detail to, implement NERC Reliability Standards, or cover matters not addressed in NERC Reliability Standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC Reliability Standards.

FRCC Regional Reliability Standards are based on NERC's Reliability Principles and Market Interface Principles. Each FRCC Regional Reliability Standard shall enable or support one or more of NERC's Reliability Principles and must accommodate competitive electricity markets by being consistent with NERC's Market Interface Principles.

### **NERC Reliability Standards Development**

An important function that FRCC provides for its members is participation and support of the NERC Reliability Standards development process. FRCC will continue to provide participation on the NERC Standards Committee and on various standard drafting teams. FRCC staff will continue to follow NERC development of reliability standards and work to determine FRCC views and support. FRCC staff will manage and coordinate FRCC comments on proposed NERC Reliability Standards to help achieve consensus in the region and in the industry as a whole.

### **Regional Reliability Standards Development**

A FRCC Regional Reliability Standard defines certain obligations or requirements of all owners, operators and users of the FRCC Bulk Power System regardless of membership in the FRCC. The obligations or requirements must be material to reliability and measurable. Each obligation and requirement shall support one or more of the NERC reliability principles and shall be consistent with all of the NERC reliability and market interface principles.

Any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn. Additionally, any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn.

The FRCC standards staff will continue to work closely with NERC standards staff to ensure NERC's awareness of all FRCC Regional Reliability Standard development activity and to meet all aspects of the attributes of the NERC pro forma.

### **Standards Process Improvement**

In July, 2006, the FRCC Board of Directors approved proposed revisions in the FRCC Regional Reliability Standards Development Process which allowed for the public posting of all standards development activity. Additional changes were made in order to meet NERC's requirement for the Delegation Agreement.

In October, 2006, subsequent improvements were made in the FRCC Regional Standards Development Process to comply with NERC's "pro forma" standards development process which identified common attributes that each regional process must meet.

In April 2007, FERC directed the FRCC to modify the provisions in its Reliability Standards Development Process such that all interested stakeholders, including those who are not FRCC members, may participate and vote on reliability standards.

In 2008, the FRCC will continue to assess and improve the Standards Development Process with the compliance and enforcement of mandatory and enforceable reliability standards. The FRCC is fully committed to providing support to NERC in its standard development activities.



## Compliance Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3.2	3.2	7.2
Total Direct Funding	\$669,653	\$669,653	\$1,218,578
Total Indirect Funding	\$363,667	\$363,667	\$784,996
Total Funding	\$1,033,320	\$1,033,320	\$2,003,574

### Background

The 2007 staffing of the compliance function consists of: Manager of Compliance, Compliance Program Administrator, and a Compliance Engineer and a portion of other FRCC employees. Due to the significant increase in workload resulting from the additional monitoring and enforcement activities necessary to meet the obligations under the delegation agreement, FRCC requested additional positions to perform the compliance program functions. The 2008 budget includes a total of 4 additional positions, with the expectation of filling two positions in early 2008 and holding two vacancies until they are needed as approved by the FRCC Board of Directors.

In 2008, FRCC expects to complete 5 on-site compliance audits, 10 table top compliance audits, 77 self-certifications, 72 spot checks, and 204 periodic data submittals.

### Compliance Enforcement Program Objectives

- (1) Implement the FRCC Compliance Monitoring and Enforcement Program as approved by the FRCC Board of Directors and by FERC as part of the FRCC Delegation Agreement. Work with NERC Compliance staff and other Regional Entity Compliance staff to ensure consistency with other regional compliance programs.
- (2) Report alleged violations to NERC as described in the FRCC Compliance Monitoring and Enforcement Program.
- (3) Conduct periodic audits as required by the NERC Compliance Monitoring and Enforcement Program.
- (4) Develop and enhance processes, databases, and reporting tools to allow for seamless, uniform reporting of alleged and confirmed violations of standards, proposed penalty and sanctions actions, and disposition of all violations.
- (5) Review, approve and track the mitigation of identified violations of standards.

## **Organization Registration and Certification Objectives**

In 2007, the FRCC submitted a compliance registry list to NERC in preparation for mandatory enforcement of reliability standards. The FRCC registration of owners, operators and users of the FRCC bulk electric system is comprehensive but is also dynamic and will change as entities modify ownership of facilities, operating practices, contractual arrangements and other responsibilities with respect to reliability standards.

In 2008, the FRCC will continue to assess and update entity registration and certification. The FRCC will provide timely updates to NERC as changes are made. The FRCC will maintain an accurate registration of all owners, operators, and users of the bulk power system in the FRCC Region for compliance monitoring purposes.

## Reliability Readiness Evaluation and Improvement Program

<b>Reliability Readiness Evaluation and Improvement Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.14	.14	.14
Total Direct Funding	\$12,712	\$12,712	\$74,951
Total Indirect Funding	\$22,441	\$22,441	\$15,264
Total Funding	\$35,153	\$35,153	\$90,215

### Background

The NERC Reliability Readiness Evaluation and Improvement Program independently reviews the operations of all balancing authorities, transmission operators, reliability coordinators, and other entities that support the reliable operation of the bulk power system in North America and assesses their readiness to maintain safe and reliable operations. The Program also serves as an important industry forum for sharing industry operating and planning experience and practices. Evaluations typically result in recommendations on potential improvements to evaluated participants along with recognition of positive observations or examples of excellence relating to an entity's processes and procedures that support interconnected system reliability in an exemplary fashion. The Readiness Program, which is now under the oversight of the NERC Operating Committee, along with the associated evaluations are distinctly separate from NERC compliance audits, which specifically measure performance minimums against established metrics (NERC Reliability Standards).

### Reliability Readiness Evaluation and Improvement Objectives

The NERC Readiness Program, which was initiated to ensure balancing authorities, transmission operators, and reliability coordinators were ready to perform under emergency conditions, has had evolving goals since its original inception. The program focus has shifted to promoting organizational excellence in performing assigned reliability functions and responsibilities. The current program goals are based on the recognition that reliability standards may lag behind the current developments in reliable operations and that historically, NERC standards have presented a threshold, not necessarily a target, for performance to the industry.

The NERC Readiness Program evaluations are designed to ensure that operators of the bulk power system have the tools, processes, and procedures in place to operate reliably and ensure that operating entities recognize and assess their reliability responsibilities and evaluate how their operations support those responsibilities.

Finally, the resulting evaluations along with the Regional tracking process foster and enable organizational focus on continuous improvement of established operations and continued organizational focus on reliable interconnected operations.

In previous years, the FRCC has supported all facets of the NERC Readiness Program implementation and will continue to do so in 2008. In 2008, the FRCC will host five Readiness

Evaluations. To date, most FRCC entities (balancing authorities, transmission operators, reliability coordinator) have been evaluated for readiness at least once, and the FRCC staff actively tracks implementation of the resulting recommendations, on a quarterly basis. The FRCC will continue to provide staff support to both coordinate and participate in, future evaluations of entities within the Region. It is anticipated that the Readiness Evaluation schedule of FRCC entities will remain on the current three year cycle and seamlessly transition through full implementation of the ERO and resulting Regional Entities.

Each Readiness Evaluation requires two FRCC staff and two volunteer auditors for four days.

The FRCC will also continue to encourage and facilitate participation in out-of-Region Readiness Evaluations by FRCC volunteers in support of the Readiness Program goals.

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.2	.2	.3
Total Direct Funding	\$20,493	\$20,493	\$47,677
Total Indirect Funding	\$21,010	\$21,010	\$32,708
Total Funding	\$41,503	\$41,503	\$80,386

### Background

Maintaining the reliability of the bulk power system requires informed and trained personnel. The FRCC supports training activities through its staff and its System Operator Subcommittee which reports to the FRCC Operating Committee. There are no dedicated staff positions to support the training activities.

### System Operator Certification Program

The FRCC System Operator Subcommittee (SOS) identifies and manages annual training activities for the FRCC System Operators, and provides assistance to FRCC members for compliance with NERC training standards and any issues they may have related to system operators obtaining/retaining required NERC Certification.

### Continuing Education Program

FRCC is a NERC-approved Continuing Education Provider. The FRCC System Operator Subcommittee develops and delivers training in which FRCC grants NERC Continuing Education (CE) hours to those individuals who successfully complete a course. FRCC will develop a new database to accommodate the recordkeeping requirements for the continuing education program.

### Training and Education

The FRCC System Operator Subcommittee provides annual training seminars for the bulk power system operating personnel, operations support personnel (engineering and information technology), supervisors and managers, training personnel and any others that are responsible for compliance with NERC and FRCC Reliability Standards. In 2008, the FRCC expects to conduct the annual training seminars over a 4 week period, with 2 days each for the training. The training seminars involve from 2 – 4 FRCC staff members, as well as industry volunteers who participate as presenters. However, this activity is funded through registration fees and is not included above.

The training and education program activities are carried out by FRCC's professional/technical staff and SOS members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training are also used. Providing the FRCC training and education programs will help to achieve a high level of knowledge and competence among the operating personnel in the performance of their reliability-related functions.

## **Training, Education, and Operator Certification Objectives**

### **Operator Certification**

The objective of the FRCC SOS is to provide assistance to our members in any issues they may have related to System Operator Certification.

### **Continuing Education**

It is the objective of the FRCC SOS to provide continuing education credits during any FRCC System Operator Seminar and/or workshop to assist the operators in obtaining the required number of hours needed for certification renewals.

The SOS will identify FRCC operator personnel training issues and develop appropriate learning activities for presentation at annual system operator training seminars.

### **Training and Education**

- The FRCC SOS identifies and manages annual training activities for FRCC system operators. Operating personnel training issues are identified and the SOS determines the best and most cost-effective methods for meeting those needs.
- Feedback is provided to the FRCC Operating Committee members on industry-related training initiatives and associated requirements.
- The SOS provides general assistance to FRCC members for compliance with NERC training standards and any issues related to obtaining/retaining a required NERC System Operator Certification certificate.
- The FRCC SOS will develop and deliver training for system operator seminar presenters.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.7	2.7	3.9
Total Direct Funding	\$420,804	\$420,804	\$781,107
Total Indirect Funding	\$261,776	\$261,776	\$425,206
Total Funding	\$682,580	\$682,580	\$1,206,314

### Background

The FRCC performs transmission reliability studies in order to provide an assessment to NERC for their periodic NERC Reliability Assessment. These studies include regional and inter-regional studies. The FRCC prepares three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports analyze electricity demand, the adequacy of supply and the adequacy of the transmission system within the FRCC. The FRCC will also prepare special reliability assessment reports as conditions warrant. Further, FRCC will analyze unusual events that occur on the bulk power systems, identify the causes of such events, assess past reliability performance and disseminate the findings. The FRCC is an active participant in the Eastern Interconnection Reliability Assessment Group (ERAG) which is responsible for the Eastern Interconnection transmission models and inter-regional studies. The FRCC is active on the NERC Reliability Assessment Subcommittee which is responsible for performing and independent review of reliability assessments. The data bank used to perform these assessments is maintained by FRCC and is developed through coordination with the facility owners within FRCC.

### Reliability and Adequacy Assessment Objectives

- Conduct inter-regional studies with SERC (Southern sub-region) to ensure that there are not any ‘seams’ issues that could adversely impact system reliability.
- Conduct and report the results of assessments of the overall reliability and adequacy of the FRCC bulk power system for 2008 summer, 2008/09 winter, and 2008–2017.
- Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission — supply shortages, generating unit shutdowns, fuel supply and transportation disruptions, droughts, floods, strikes, extreme weather, etc.
- Investigate and analyze off-normal events on the FRCC bulk power system.
- Identify the root causes of events that may be precursors of potentially more serious events.
- Assess past reliability performance for lessons learned.
- Establish and maintain relationships with NERC, regulatory, and governmental organizations involved with bulk power system reliability (e.g., FPSC, DOE, FERC, EIA, etc.).

- Develop new and enhance existing regional reliability assessment processes, regional criteria, and methodologies to ensure bulk power system reliability.
- Maintain a databank of power flow models, including dynamic models, to use in planning and evaluating future systems and current operating conditions.
- Coordinate with ERAG Multi-Area Modeling Working Group (MMWG) to develop Eastern Interconnection steady-state and dynamics models.

### **Events Analysis and Information Exchange Objectives**

For events analysis and information exchange, the FRCC Operating Committee (OC) relies on the FRCC Operating Reliability Subcommittee (ORS) and the FRCC System Protection and Control Subcommittee (SPCS), along with their underlying agents and working groups. These subcommittees are critical forums that ensure the FRCC has adequate regional tools and information exchange capabilities to analyze events as they are occurring and after the system has been restored to a stable state.

The ORS is the lead subcommittee for initial event analysis while the SPCS would be the lead for more in-depth post-event analysis. The ORS and its functions will be discussed in more detail in the Member Services section. The SPCS was established as a subcommittee in 2006 to provide a more formal regional coordination of interconnected system protection and consistent analysis and review of protective system misoperations. The subcommittee is also relied upon as a coordinator for quick and efficient post-event information exchange and analysis to ensure regional disturbances are quickly and efficiently analyzed to prevent recurrence.



## Situation Awareness and Infrastructure Security Program

<b>Situation Analysis and Infrastructure Security Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.1	.1	.1
Total Direct Funding	\$147,281	\$147,281	\$117,942
Total Indirect Funding	\$341,888	\$341,888	\$ 10,903
Total Funding	\$489,169	\$489,169	\$128,845

### Background

The FRCC re-evaluated its tools and processes supporting the Reliability Coordinator function. In 2007, the FRCC incorrectly included the associated costs of these services in the statutory category. Upon more detailed analysis, these functions were moved to the Member Services Division because the functions support the non-statutory Reliability Coordinator function, not the Regional Entity Situation Awareness function. The FRCC Regional Entity Division does have a limited set of tools for use that have been included in the 2008 statutory budget (i.e. satellite phone for FRCC).

The FRCC Regional Entity Division supports the NERC Critical Infrastructure Protection Committee (CIPC) and has a staff member serving on that committee. The FRCC will continue to follow and support the CIPC activities in 2008.

## Administrative Services

<b>Administrative Services Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3.5	3.5	3.3
Total Funding	0	0	\$1,438,069

FRCC has and will continue to make internal changes to enhance its organizational effectiveness and efficiency including modifying its internal structure, reorganizing existing staff, and proposing increases to staff resources. With these changes, FRCC will be best positioned to perform the responsibilities as the Regional Entity under the Delegation Agreement with NERC. The functions listed below contain both statutory and non-statutory resources, however, the figures in the table above reflect only the allocated costs to support the statutory functions. Costs are allocated based on the FTEs assigned to perform these functions.

### Information Technology

The FRCC maintains a number of tools and other support services for the benefit of its staff, members, Reliability Coordinator agent(s), and other system operators. These services include the FRCC Hotline, Florida Transaction Management System (FTMS), Reliability Data Link (RDL), FRCCNet, FRCC satellite phone, and multiple databases. The FRCC Website provides information to the public as well as its members.

### Information Technology Objectives

- Provide I.T. and telecommunications resources for additional FRCC personnel.
- Expand current co-located remote backup capability to include all FRCC hosted I.T. Services, including all websites and SQL databases.
- Develop tools to automate and improve FRCC data collection and analysis processes.
- Re-evaluate tools and services for enabling the FRCC mobile workforce.

### Legal and Regulatory

The FRCC has retained outside counsel in Washington DC to assist the FRCC in carrying out its delegated responsibilities. These attorneys will serve as chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. Outside counsel may review items filed with governmental agencies for legal sufficiency and impact to FRCC.

### Legal and Regulatory Objectives

- Assist the FRCC in carrying out its delegated responsibilities for mandatory compliance and enforcement of reliability standards.
- Assist the FRCC in carrying out its delegated responsibilities for development of reliability standards.
- Serve as legal counsel to the FRCC on FERC-related matters.

## **Human Resources**

The FRCC has retained a human resource professional to assist the FRCC in the design, plan, and implementation of human resource policies and procedures, including staffing, compensation, benefits, employee relations, training and development.

### **Human Resources Objectives**

- Employ successful employees
- Conduct member satisfaction surveys
- Provide management and training programs
- Revise the FRCC Personnel Policy Manual
- Review employee compensation and benefits
- Implement Success Evaluation Plan

## **Finance and Accounting**

FRCC will submit its annual budget for statutory and non-statutory activities to the FRCC Board of Directors for approval and then file the approved annual budget for statutory and non-statutory activities to NERC. This includes supporting materials such as a complete business plan and organizational chart, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

The Finance and Accounting department will: direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, tax, and audit activities; and oversee financial and accounting system controls and standards.

### **Finance and Accounting Objectives**

- Implement the new chart of accounts as set up by NERC.
- Evaluate and advise on the financial and accounting impacts of future activities based on long-range planning.

## FRCC NON-STATUTORY FUNCTIONS – MEMBER SERVICES

<b>Total Non-Statutory Functions</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.66	6.66	7.9
Total Direct Funding	\$1,396,551	\$1,396,551	\$1,792,961
Total Indirect Funding	\$1,090,075	\$1,090,075	\$ 814,817
Total Funding	\$2,486,626	\$2,486,626	\$2,607,778

The FRCC has and will continue to make internal changes to enhance its organizational effectiveness and efficiency including modifying its internal structure, reorganizing existing staff, and proposing increases to staff resources. The functions listed below contain both statutory and non-statutory resources, however, the figures in the table above are only direct non-statutory funding and the allocated Administrative and General costs. The Administrative and General costs are allocated base on the labor associated to the non-statutory functions. Timesheets are used to make this determination of allocated costs.

### FRCC Regional Transmission Planning Process

The FRCC Regional Transmission Planning Process is a coordinated transmission planning process that facilitates meeting the needs of all market participants. The objective of the process supports the development of a robust transmission network within the FRCC Region utilizing the applicable reliability standards and criteria of the FRCC and NERC. This process also utilizes the specific design, operating and planning criteria used by FRCC Transmission Owners to the extent these specific design, operating and planning criteria meet or are more stringent than FRCC and NERC reliability standards and criteria.

### Members' Forums

The success of the FRCC activities and program will depend on the active and direct participation of industry stakeholders, including its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence.

The FRCC Board of Directors and standing committees supported by their subcommittees and working groups actively serve the interests of stakeholders within FRCC specific sectors, and general and technical committees integrate the “deliverables” of FRCC programs and activities.

### Members' Forums Objectives

- Ensure the reliability of the Bulk Power System in the FRCC region.
- Coordinate the planning, operation and maintenance of reliable bulk electricity supply in the FRCC region.
- Provide input and support for the NERC and FRCC reliability standards development process

The FRCC Operating Committee (OC) and Planning Committee (PC) develops and monitors their budget, made up of both statutory and non-statutory functions, and relies on a hierarchy of subordinate committees, working groups and agents to achieve their regional reliability goals.

### **Operating Committee (OC)**

The various reliability roles and functions of the OC are coordinated through established FRCC organizational processes and procedures. Two of the primary reliability goals of the FRCC OC are continuous improvement of the situational awareness of the operators interconnected within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions shared communications networks. The FRCC OC ensures reliable operations are maintained through the development and implementation of the FRCC Security Process.

The primary groups and agents reporting to the FRCC OC that assess FRCC situational awareness tools and applications along with Regional communications networks are as follows:

### **Operating Reliability Subcommittee (ORS)**

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides formal oversight and implementation of the Security Process which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agents responsible for performing the Reliability Coordinator (RC) and Operations Planning Coordinator (OPC) functions.

### **Data Exchange Working Group (DEWG)**

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other entities identified by the FRCC ORS, and for developing methodologies to facilitate the exchange of real-time, modeling, and other operational data to help assure reliable electric power system operations. Accurate modeling of the FRCC bulk power system is essential to maintaining situational awareness and ensuring reliability. Within the FRCC, entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives all substation topology information, line flows, voltage levels, unit parameters, etc. from the operating entities on a real-time basis. This data is made available to all participants.

### **FRCC Reliability Coordinator (RC)**

The FRCC performs the function of the RC through the use of Agents. The FRCC Reliability Coordinator function is a non-statutory function. Currently, the FRCC has two Agents to perform the RC functions. The RC Agents performance is monitored and oversight is provided by the FRCC ORS and OC. The budget for the RC function is included in the OC Budget. The

RC is relied on to coordinate Regional responses to events in real-time and support post-event analysis and information exchange.

### **FRCC Telecommunications Subcommittee (TS)**

The TS provides formal oversight over the TS budget which is included in the OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities and RC within the FRCC. The TS administers the FRCC hotline program, Satellite phone program, Reliability Data Link program and also ensures that reliable and redundant communications are maintained with NERCNet, from the Regional communications perspective. In 2007, all TS programs had been deemed “statutory” in that they are all part of the overall situational awareness infrastructure being used in the FRCC. However, upon further review, the TS programs are more truly in support of the Reliability Coordinator function and, thus, have been moved to non-statutory with the exception of the FRCC satellite phone which is clearly a tool used by the Regional Entity to perform situation awareness.

### **Operating Reliability Support Services Objectives**

The FRCC maintains a number of tools and support services for the purpose of meeting the Region’s reliability objectives. These tools and communications applications are used by the FRCC Reliability Coordinator and other interconnected system operators to maintain operational and situational awareness of the FRCC system state at all times. These tools include the FRCC Hotline, Florida Transaction Management System (FTMS), Reliability Data Link (RDL), FRCCNet, NERCNet, satellite phones, multiple databases and a real-time model of the FRCC’s interconnected system. These tools and application are continuously improved to enhance not only real-time reliability but to ensure that adequate Regional capabilities exist for dissemination and exchange of information at all times.

### **Planning Committee (PC)**

The FRCC Planning Committee (PC) promotes the reliability of the Bulk Power System in FRCC, and assesses and encourages generation and transmission adequacy. The PC through the FRCC Regional Transmission Planning Process provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The Regional Transmission Planning Process is a coordinated transmission planning process that facilitates meeting the needs of all market participants. The objective of the process supports the development of a robust transmission network within the FRCC Region utilizing the applicable reliability standards and criteria of the FRCC and NERC. This process also utilizes the specific design, operating and planning criteria used by FRCC Transmission Owners to the extent these specific design, operating and planning criteria meet or are more stringent than FRCC and NERC reliability standards and criteria. The primary groups and agents that support these assessment and studies are as follows:

### **Transmission Working Group (TWG)**

The TWG performs and coordinates the steady state transmission planning within the FRCC Region. They maintain and update the FRCC database cases that are used to assess the Bulk Power System. In addition, FRCC staff conducts the screening studies and reports the results to the TWG members. The TWG also coordinates the FRCC review of all interconnection requests and long term transmission service requests. The TWG produces the long term transmission reliability assessment.

### **Stability Working Group (SWG)**

The Stability Working Group (SWG) assesses stability of the FRCC bulk electric system under various conditions, and provides support to the other FRCC working groups as needed. The SWG maintains and updates the dynamics data base for the FRCC Region. This data base coordinates the power flow cases as required by NERC MMWG and other FRCC study needs. The SWG assesses the performance, coordination and reliability of Special Protection Systems and the effectiveness of the FRCC Under Frequency Load Shedding program and coordination with other protection and control systems. In addition, the SWG assesses oscillatory stability of the FRCC Bulk Power System for various operating and contingency scenarios and makes recommendations to mitigate identified transmission grid instabilities as necessary. The SWG also analyzes disturbances involving separation, under frequency load shedding or other dynamic response of interest in order to validate or improve the accuracy of the models used for dynamic simulation studies.

### **Resource Working Group (RWG)**

The Resource Working Group (RWG) performs reliability assessments of FRCC resource adequacy for the future 10-year period for peninsular Florida based on individual utility information that was the basis of their respective EIA-411 and Ten Year Site Plan filings with the Florida Public Service Commission. Assessments are based upon the FRCC resource adequacy criteria and include, at a minimum, an analysis that demonstrates that the regional planning standard satisfies the FRCC resource adequacy criteria and specific issues identified by the Planning Committee. Any period not meeting the regional planning standard shall be thoroughly assessed and such assessment shall be forwarded to the FRCC Planning Committee. The FRCC Planning Committee shall review and approve any assessments or studies by the RWG prior to submitting the assessments or studies to the FPSC staff. The RWG activities include data collection, analysis and reporting and the determination and review of the assessment methodology.

### **Available Transfer Capability Working Group (ATCWG)**

The Available Transfer Capability Working Group (ATCWG) provides a forum to facilitate procedures for intra-regional and inter-regional coordination of ATC, and to ensure commercial viability of ATC postings. In addition, the TWG evaluates and reports as required on the ATC calculation procedures of FRCC Transmission Providers to determine compliance with FRCC procedures and NERC standards and develops and monitors data sharing procedures among FRCC Transmission Providers. All of the functions performed by the ATCWG are non-statutory functions.

## Section B — 2008 Budget

## 2007 Projection and 2008 Budget Comparison

## Statutory and Non-Statutory Functions

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
Funding	2007 Budget	2007 Projected	Variance	2008 Budget	Variance
<b>ERO Funding</b>	\$ 2,450,291	\$ 2,450,291	\$ -	\$ 3,989,948	\$ 1,539,657
<b>Membership Dues</b>	2,494,753	2,494,753	-	2,607,778	113,025
<b>Testing Fees</b>	-	-	-	-	-
<b>Services &amp; Software</b>	-	-	-	-	-
<b>Interest</b>	-	-	-	-	-
<b>Total Funding</b>	<u>\$ 4,945,044</u>	<u>\$ 4,945,044</u>	<u>\$ -</u>	<u>\$ 6,597,726</u>	<u>\$ 1,652,682</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
<b>Salaries</b>	\$ 1,763,866	\$ 1,777,820	\$ 13,954	\$ 2,768,600	\$ 1,004,734
<b>Payroll Taxes</b>	111,682	126,714	15,032	193,802	82,120
<b>Benefits</b>	292,808	220,517	(72,291)	491,541	198,733
<b>Retirement Costs</b>	218,100	52,022	(166,078)	367,268	149,168
<b>Total Personnel Expenses</b>	<u>\$ 2,386,456</u>	<u>\$ 2,177,073</u>	<u>\$ (209,383)</u>	<u>\$ 3,821,211</u>	<u>\$ 1,434,755</u>
<b>Meeting Expenses</b>					
<b>Meetings</b>	\$ 59,073	\$ 48,328	\$ (10,745)	\$ 67,610	\$ 8,537
<b>Travel</b>	104,903	95,000	(9,903)	201,916	97,013
<b>Conference Calls</b>	13,602	3,818	(9,784)	21,233	7,631
<b>Total Meeting Expenses</b>	<u>\$ 177,578</u>	<u>\$ 147,146</u>	<u>\$ (30,432)</u>	<u>\$ 290,759</u>	<u>\$ 113,181</u>
<b>Operating Expenses</b>					
<b>Consultants</b>	\$ 1,253,320	\$ 1,250,000	\$ (3,320)	\$ 1,512,722	\$ 259,402
<b>Contracts</b>	239,176	200,000	(39,176)	-	(239,176)
<b>Office Rent</b>	238,933	264,386	25,453	367,350	128,417
<b>Office Costs</b>	267,368	325,134	57,766	337,440	70,072
<b>Professional Services</b>	55,864	50,000	(5,864)	142,750	86,886
<b>Computer Purchase &amp; Maint.</b>	85,000	25,000	(60,000)	119,994	34,994
<b>Furniture &amp; Equipment</b>	67,100	94,004	26,904	-	(67,100)
<b>Miscellaneous</b>	5,000	5,000	-	5,500	500
<b>Total Operating Expenses</b>	<u>\$ 2,211,761</u>	<u>\$ 2,213,524</u>	<u>\$ 1,763</u>	<u>\$ 2,485,756</u>	<u>\$ 273,995</u>
<b>Total Expenses</b>	<u>\$ 4,775,795</u>	<u>\$ 4,537,743</u>	<u>\$ (238,052)</u>	<u>\$ 6,597,726</u>	<u>\$ 1,821,931</u>
	169,249	169,249			
<b>Grand Total</b>	<u>\$ 4,945,044</u>	<u>\$ 4,706,992</u>	<u>\$ (238,052)</u>	<u>\$ 6,597,726</u>	<u>\$ 1,652,682</u>



## Summary Explanation

### Funding

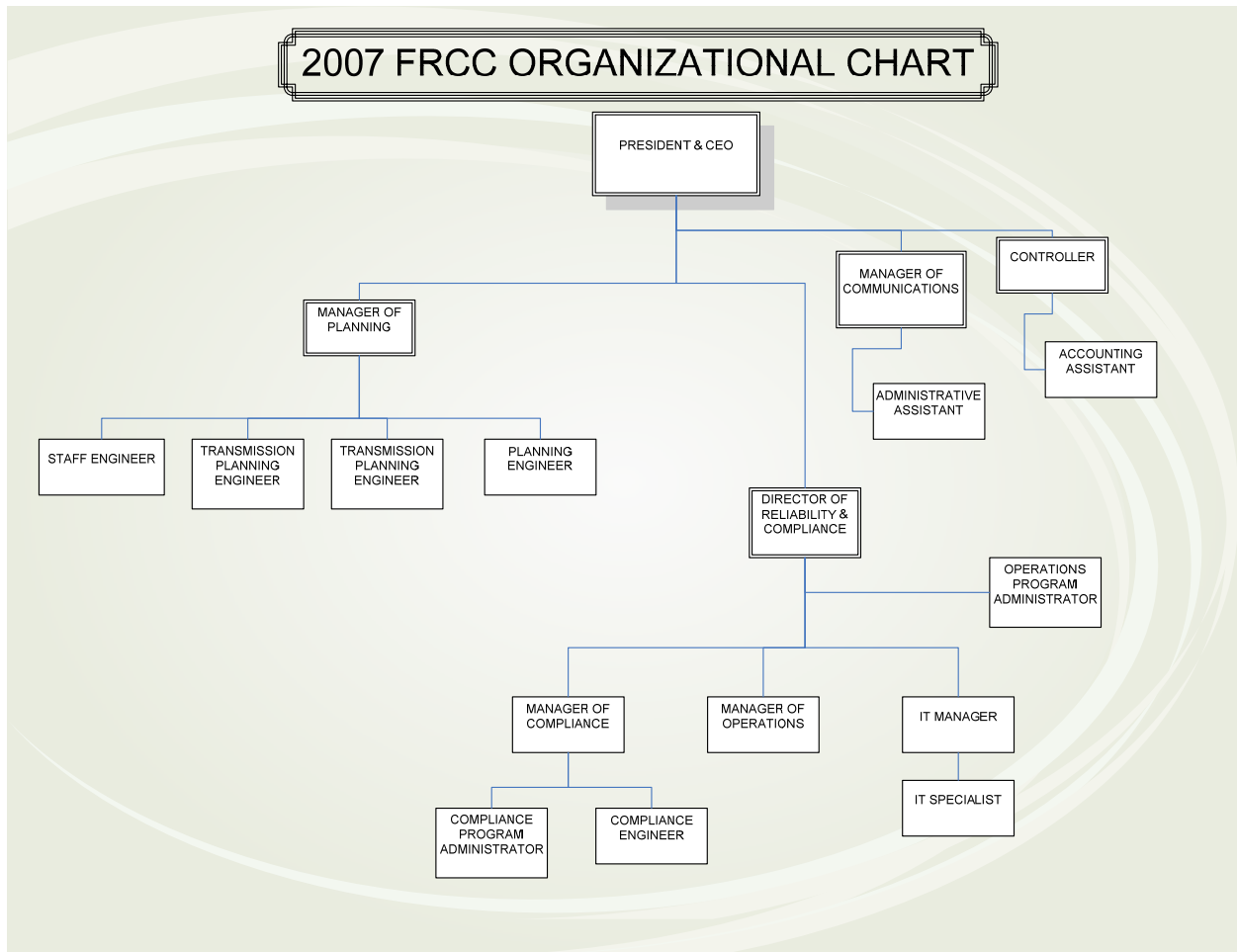
- **ERO Funding** — New mandatory funding mechanism. Funding required through the LSEs (or designee) is the net of total expenses less funding from all other sources detailed below. Does not include additional funding to return reserve balances to approved levels.
- **Membership Dues** — Funding from regional reliability organizations under voluntary membership agreements.
- **Testing Fees** — Fees charged to system operators for administration of system operator certification program. These fees are not shown because they cost and fees balance.
- **Services and Software** — Fees charged to support the maintenance of various services and software programs (Not Applicable)
- **Interest** — Interest earned on bank balances. Not shown.

### Expenses

- **Salaries** — Increase due to addition of 4 Compliance Engineers, 1 Planning Engineer, 1 Manager of Reliability Standards, 1 Planning Administrative Assistant.
- **Payroll Taxes** — Increase due to addition of 4 Compliance Engineers, 1 Planning Engineer, 1 Manager of Reliability Standards, 1 Planning Administrative Assistant.
- **Benefits** — Increase due to addition of 4 Compliance Engineers, 1 Planning Engineer, 1 Manager of Reliability Standards, 1 Planning Administrative Assistant.
- **Savings & Retirement** — Increase due to addition of 4 Compliance Engineers, 1 Planning Engineer, 1 Manager of Reliability Standards, 1 Planning Administrative Assistant.
- **Meetings** — Increase due to increases in committee meetings held at FRCC offices and Website enabled meetings.
- **Travel** — Increase due to addition of 4 Compliance Engineers, 1 Planning Engineer, 1 Manager of Reliability Standards, 1 Planning Administrative Assistant.
- **Conference Calls** — Increase due to additional conference calls projected due to compliance audits and hearings
- **Office Rent** — Increased as per the lease agreement and the need for additional space due to increases in staff as indicated above.
- **Office Costs** — Increased due to reclassification of costs from computers and additional staff.
- **Professional Services** — Increase due to expense of possible Compliance hearings. Included are legal fees, accounting services and office insurance.
- **Computer Purchases and Maintenance & Furniture** — Increase due to replacement of outdated equipment and computer needs for additional employees as indicated above and decreased due to reclassification of costs to Office Costs.

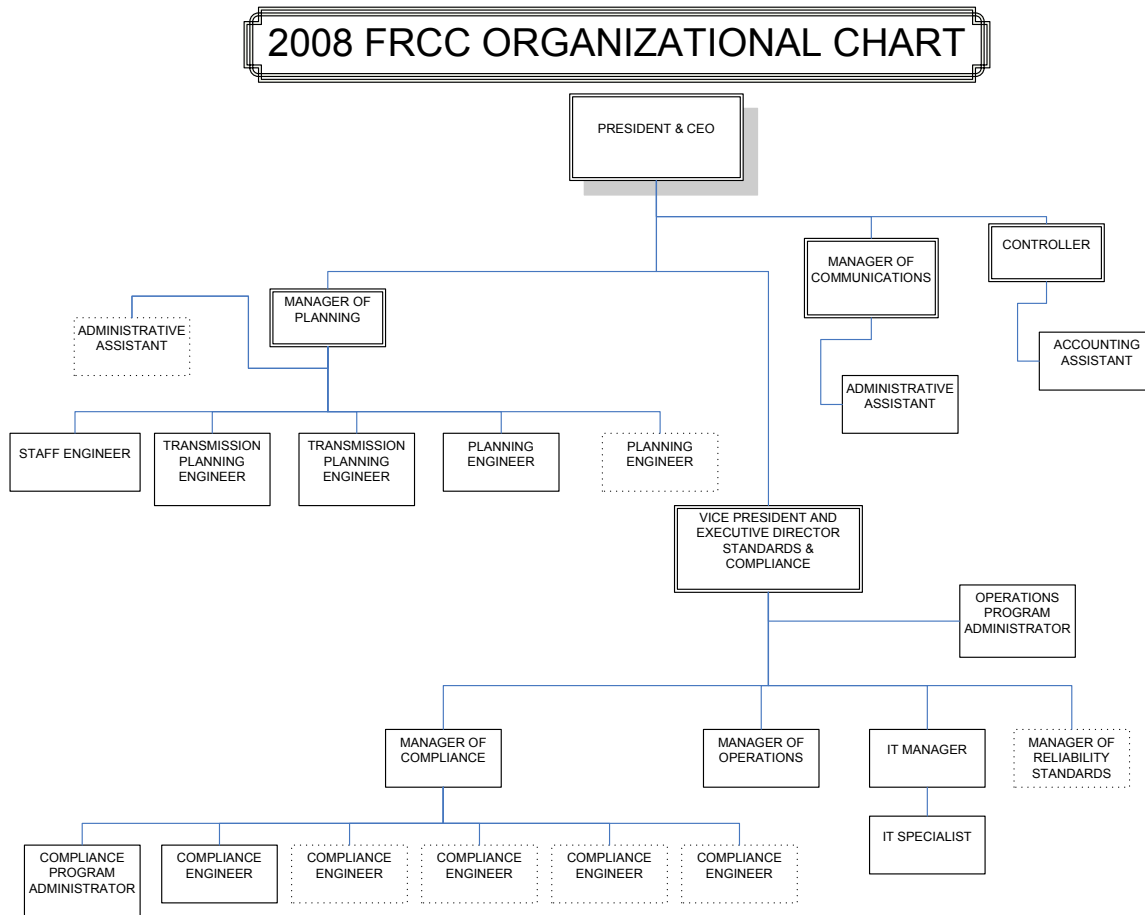
## 2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be hired in each program area by the end of 2007.



## 2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.



## Appendix A - Breakdown by Program Category

### Reliability Standards

#### Statement of Activities 2007 Budget & Projection, and 2008 Budget Reliability Standards

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 168,568	\$ 168,568	\$ -	\$ 480,615	\$ 312,047
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ 168,568</b>	<b>\$ 168,568</b>	<b>\$ -</b>	<b>\$ 480,615</b>	<b>\$ 312,047</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 77,005	\$ 145,535	\$ 68,530	\$ 286,908	\$ 141,374
	Payroll Taxes	5,390	\$ 10,187	4,797	\$ 20,084	9,896
	Benefits	12,026	\$ 26,196	14,170	\$ 50,840	24,644
	Retirement Costs	10,780	\$ 18,920	8,140	\$ 38,166	19,246
	<b>Total Personnel Expenses</b>	<b>\$ 105,201</b>	<b>\$ 200,838</b>	<b>\$ 95,637</b>	<b>\$ 395,998</b>	<b>\$ 195,160</b>
<b>Meeting Expenses</b>						
	Meetings	\$ 990	\$ 3,956	\$ 2,966	\$ 1,797	\$ (2,159)
	Travel	5,000	\$ 7,777	2,777	8,627	851
	Conference Calls	5,855	\$ 313	(5,542)	1,797	1,485
	<b>Total Meeting Expenses</b>	<b>\$ 11,845</b>	<b>\$ 12,046</b>	<b>\$ 201</b>	<b>\$ 12,222</b>	<b>\$ 177</b>
<b>Operating Expenses</b>						
	Consultants	\$ 10,000	\$ 102,327	\$ 92,327	\$ 10,036	\$ (92,290)
	Contracts	-	-	-	-	-
	Office Rent	12,915	\$ 21,643	8,728	26,410	4,767
	Office Costs	5,273	\$ 21,887	16,614	23,259	1,372
	Professional Services	1,128	\$ 91	(1,037)	3,954	3,863
	Computer Purchase & Maint.	-	\$ 2,047	2,047	8,376	6,329
	Furniture & Equipment	-	\$ 5,649	5,649	-	(5,649)
	Miscellaneous	-	-	-	359	359
	<b>Total Operating Expenses</b>	<b>\$ 29,316</b>	<b>\$ 153,643</b>	<b>\$ 124,327</b>	<b>\$ 72,396</b>	<b>\$ (81,607)</b>
	<b>Total Expenses</b>	<b>\$ 146,362</b>	<b>\$ 366,527</b>	<b>\$ 220,165</b>	<b>\$ 480,615</b>	<b>\$ 113,729</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Compliance and Organization Registration and Certification

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

## Compliance and Organization Registration and Certification

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 1,033,321	\$ 1,033,321	\$ -	\$ 2,003,574	\$ 970,253
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ 1,033,321</b>	<b>\$ 1,033,321</b>	<b>\$ -</b>	<b>\$ 2,003,574</b>	<b>\$ 970,253</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 518,927	\$ 265,628	\$ (253,299)	\$ 1,049,077	\$ 783,449
	Payroll Taxes	27,575	18,594	(8,981)	73,435	54,841
	Benefits	64,938	47,813	(17,125)	185,896	138,083
	Retirement Costs	58,212	34,532	(23,680)	139,552	105,020
<b>Total Personnel Expenses</b>		<b>\$ 669,652</b>	<b>\$ 366,567</b>	<b>\$ (303,085)</b>	<b>\$ 1,447,961</b>	<b>\$ 1,081,394</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ 13,564	\$ 7,221	\$ (6,343)	\$ 28,349	\$ 21,128
	Travel	7,144	14,194	7,050	90,075	75,881
	Conference Calls	3,077	570	(2,507)	8,349	7,779
<b>Total Meeting Expenses</b>		<b>\$ 23,785</b>	<b>\$ 21,985</b>	<b>\$ (1,800)</b>	<b>\$ 126,774</b>	<b>\$ 104,788</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 60,000	\$ 186,765	\$ 126,765	\$ 46,621	\$ (140,144)
	Contracts	-	-	-	-	-
	Office Rent	46,494	39,503	(6,991)	122,681	83,178
	Office Costs	18,979	39,948	20,969	112,843	72,895
	Professional Services	18,841	166	(18,675)	106,118	105,952
	Computer Purchase & Maint.	60,000	3,735	(56,265)	38,907	35,171
	Furniture & Equipment	-	10,310	10,310	-	(10,310)
	Miscellaneous	-	-	-	1,670	1,670
<b>Total Operating Expenses</b>		<b>\$ 204,314</b>	<b>\$ 280,427</b>	<b>\$ 76,113</b>	<b>\$ 428,840</b>	<b>\$ 146,743</b>
<b>Total Expenses</b>		<b>\$ 897,751</b>	<b>\$ 668,980</b>	<b>\$ (228,771)</b>	<b>\$ 2,003,574</b>	<b>\$ 1,332,925</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Reliability Readiness Evaluation and Improvement

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

Reliability Readiness Evaluation and Improvement

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 35,153	\$ 35,153	\$ -	\$ 90,215	\$ 55,062
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ 35,153</b>	<b>\$ 35,153</b>	<b>\$ -</b>	<b>\$ 90,215</b>	<b>\$ 55,062</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 11,880	\$ 11,113	\$ (767)	\$ 23,599	\$ 12,486
	Payroll Taxes	832	778	(54)	1,652	874
	Benefits	-	2,000	2,000	4,182	2,181
	Retirement Costs	-	1,445	1,445	3,139	1,695
	<b>Total Personnel Expenses</b>	<b>\$ 12,712</b>	<b>\$ 15,336</b>	<b>\$ 2,624</b>	<b>\$ 32,572</b>	<b>\$ 17,236</b>
<b>Meeting Expenses</b>						
	Meetings	\$ -	\$ 302	\$ 302	\$ 162	\$ (140)
	Travel	17,856	3,793	(14,063)	50,779	46,987
	Conference Calls	-	152	152	162	10
	<b>Total Meeting Expenses</b>	<b>\$ 17,856</b>	<b>\$ 4,247</b>	<b>\$ (13,609)</b>	<b>\$ 51,104</b>	<b>\$ 46,857</b>
<b>Operating Expenses</b>						
	Consultants	\$ -	\$ 7,814	\$ 7,814	\$ 907	\$ (6,907)
	Contracts	-	-	-	-	-
	Office Rent	-	1,653	1,653	2,385	733
	Office Costs	-	1,671	1,671	2,101	430
	Professional Services	-	7	7	357	350
	Computer Purchase & Maint.	-	156	156	757	600
	Furniture & Equipment	-	431	431	-	(431)
	Miscellaneous	-	-	-	32	32
	<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 11,732</b>	<b>\$ 11,732</b>	<b>\$ 6,539</b>	<b>\$ (5,226)</b>
	<b>Total Expenses</b>	<b>\$ 30,568</b>	<b>\$ 31,315</b>	<b>\$ 747</b>	<b>\$ 90,215</b>	<b>\$ 58,867</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Training and Education

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

#### Training and Education

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ -	\$ -	\$ -	\$ 80,386	\$ 80,386
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,386</b>	<b>\$ 80,386</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ -	\$ 70,976	\$ 70,976	\$ 38,587	\$ (32,390)
	Payroll Taxes	-	4,968	4,968	2,701	(2,267)
	Benefits	-	12,776	12,776	6,838	(5,938)
	Retirement Costs	-	9,227	9,227	5,133	(4,094)
	<b>Total Personnel Expenses</b>	<b>\$ -</b>	<b>\$ 97,947</b>	<b>\$ 97,947</b>	<b>\$ 53,258</b>	<b>\$ (44,689)</b>
<b>Meeting Expenses</b>						
	Meetings	\$ -	\$ 1,929	\$ 1,929	\$ 11,098	\$ 9,168
	Travel	-	3,793	3,793	1,670	(2,123)
	Conference Calls	-	152	152	348	195
	<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ 5,875</b>	<b>\$ 5,875</b>	<b>\$ 13,116</b>	<b>\$ 7,241</b>
<b>Operating Expenses</b>						
	Consultants	\$ -	\$ 49,904	\$ 49,904	\$ 1,943	\$ (47,962)
	Contracts	-	-	-	-	-
	Office Rent	-	10,555	10,555	5,112	(5,443)
	Office Costs	-	10,674	10,674	4,502	(6,172)
	Professional Services	-	44	44	765	721
	Computer Purchase & Maint.	-	998	998	1,621	623
	Furniture & Equipment	-	2,755	2,755	-	(2,755)
	Miscellaneous	-	-	-	70	70
	<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 74,931</b>	<b>\$ 74,931</b>	<b>\$ 14,012</b>	<b>\$ (60,988)</b>
	<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ 178,753</b>	<b>\$ 178,753</b>	<b>\$ 80,386</b>	<b>\$ (98,437)</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Reliability Assessment and Performance Analysis

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

Reliability Assessment and Performance Analysis

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ 60,526	\$ 60,526	\$ -	\$ 1,206,314	\$ 1,145,788
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ 60,526</b>	<b>\$ 60,526</b>	<b>\$ -</b>	<b>\$ 1,206,314</b>	<b>\$ 1,145,788</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 30,802	\$ 336,554	\$ 305,752	\$ 618,742	\$ 282,188
	Payroll Taxes	2,156	23,559	21,403	43,312	19,753
	Benefits	4,810	60,580	55,770	109,641	49,061
	Retirement Costs	4,312	43,752	39,440	82,307	38,555
	<b>Total Personnel Expenses</b>	<b>\$ 42,080</b>	<b>\$ 464,445</b>	<b>\$ 422,365</b>	<b>\$ 854,002</b>	<b>\$ 389,557</b>
<b>Meeting Expenses</b>						
	Meetings	\$ 396	\$ 9,149	\$ 8,753	\$ 13,802	\$ 4,654
	Travel	2,000	17,984	15,984	21,708	3,723
	Conference Calls	342	723	381	4,522	3,800
	<b>Total Meeting Expenses</b>	<b>\$ 2,738</b>	<b>\$ 27,856</b>	<b>\$ 25,118</b>	<b>\$ 40,032</b>	<b>\$ 12,177</b>
<b>Operating Expenses</b>						
	Consultants	\$ -	\$ 236,634	\$ 236,634	\$ 147,755	\$ (88,879)
	Contracts	-	-	-	-	-
	Office Rent	5,166	50,050	44,884	66,452	16,402
	Office Costs	2,109	50,615	48,506	66,144	15,529
	Professional Services	451	210	(241)	9,949	9,739
	Computer Purchase & Maint.	-	4,733	4,733	21,074	16,342
	Furniture & Equipment	-	13,063	13,063	-	(13,063)
	Miscellaneous	-	-	-	904	904
	<b>Total Operating Expenses</b>	<b>\$ 7,726</b>	<b>\$ 355,305</b>	<b>\$ 347,579</b>	<b>\$ 312,279</b>	<b>\$ (43,931)</b>
	<b>Total Expenses</b>	<b>\$ 52,544</b>	<b>\$ 847,606</b>	<b>\$ 795,062</b>	<b>\$ 1,206,314</b>	<b>\$ 357,803</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## Situational Awareness and Infrastructure Security

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

## Situational Awareness and Infrastructure Security

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ -	\$ -	\$ -	\$ 128,845	\$ 128,845
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 128,845</b>	<b>\$ 128,845</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ -	\$ 3,249	\$ 3,249	\$ 83,944	\$ 80,695
	Payroll Taxes	-	227	227	5,876	5,649
	Benefits	-	585	585	14,875	14,290
	Retirement Costs	-	422	422	11,167	10,744
<b>Total Personnel Expenses</b>		<b>\$ -</b>	<b>\$ 4,484</b>	<b>\$ 4,484</b>	<b>\$ 115,861</b>	<b>\$ 111,378</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ 88	\$ 88	\$ 116	\$ 28
	Travel	-	174	174	557	383
	Conference Calls	-	7	7	116	109
<b>Total Meeting Expenses</b>		<b>\$ -</b>	<b>\$ 269</b>	<b>\$ 269</b>	<b>\$ 789</b>	<b>\$ 520</b>
	<b>Operating Expenses</b>					
	Consultants	\$ -	\$ 2,284	\$ 2,284	\$ 8,172	\$ 5,887
	Contracts	-	-	-	-	-
	Office Rent	-	483	483	1,704	1,221
	Office Costs	-	489	489	1,501	1,012
	Professional Services	-	2	2	255	253
	Computer Purchase & Maint.	-	46	46	540	495
	Furniture & Equipment	-	126	126	-	(126)
	Miscellaneous	-	-	-	23	23
<b>Total Operating Expenses</b>		<b>\$ -</b>	<b>\$ 3,430</b>	<b>\$ 3,430</b>	<b>\$ 12,195</b>	<b>\$ 8,742</b>
<b>Total Expenses</b>		<b>\$ -</b>	<b>\$ 8,182</b>	<b>\$ 8,182</b>	<b>\$ 128,845</b>	<b>\$ 120,639</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## General &amp; Administrative

### Statement of Activities 2007 Budget & Projection, and 2008 Budget

#### General & Administrative

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	ERO Funding	\$ -	\$ -	\$ -	\$ 1,438,069	\$ 1,438,069
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,438,069</b>	<b>\$ 1,438,069</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ -	\$ -	\$ -	\$ 520,205	\$ 520,205
	Payroll Taxes	-	-	-	\$ 36,414	36,414
	Benefits	-	-	-	\$ 92,180	92,180
	Retirement Costs	-	-	-	\$ 69,199	69,199
<b>Total Personnel Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 717,999</b>	<b>\$ 717,999</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	\$ 15,295	\$ 15,295
	Travel	-	-	-	\$ 73,416	73,416
	Conference Calls	-	-	-	\$ 15,295	15,295
<b>Total Meeting Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,006</b>	<b>\$ 104,006</b>
	<b>Operating Expenses</b>					
	Consultants	\$ -	\$ -	\$ -	\$ 85,407	\$ 85,407
	Contracts	-	-	-	-	-
	Office Rent	-	-	-	224,745	224,745
	Office Costs	-	-	-	197,930	197,930
	Professional Services	-	-	-	33,649	33,649
	Computer Purchase & Maint.	-	-	-	71,275	71,275
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous	-	\$ -	-	3,059	3,059
<b>Total Operating Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 616,064</b>	<b>\$ 613,005</b>
<b>Total Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,438,069</b>	<b>\$ 1,435,010</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Appendix B - Breakdown by Statement of Activity Section**

**Personnel Expenses**

	2008 Budget Account Number	NECA Account Number	Total	Functions in Delegation Agreement		Functions in Delegation Agreement											Non-Statutory Functions		
				Functions in Delegation Agreement Total	Non-Statutory Total	Reliability Standards (Section 350)	Reliability Organization Registration and Certification (Section 402 & 350)	Reliability Readiness Audit and Improvement (Section 102)	Reliability Assessment and Performance Analysis (Section 350)	Training and Education (Section 350)	Structural Assessment and Infrastructure Security (Section 350)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	Member Services
<b>Salary (51000 Series)</b>			2,788,600	2,100,857	667,743	2,100,857	765,114	10,078	464,929	26,795	80,000	520,205	80,000	520,205			667,743	337,662	330,081
Direct Salaries	51000																		
Salaries & Benefits	51100																		
Temporary Office Services	51200																		
Employment Agency Fee	51300																		
Temporary Personnel Costs	51900		2,788,600	2,100,857	667,743	2,100,857	765,114	10,078	464,929	26,795	80,000	520,205	80,000	520,205			667,743	337,662	330,081
<b>Payroll Taxes (52000 Series)</b>																			
Payroll Taxes-FCRA	52000																		
Payroll Taxes-FCR	52100																		
Payroll Taxes-SUI	52200																		
Payroll Taxes-FUI	52300																		
Total Payroll Taxes			152,802	147,260	46,542	147,260	53,668	1,265	32,545	1,873	3,650	36,144	3,650	36,144			46,542	23,638	22,902
<b>Employee Benefits (54000 Series)</b>																			
Benefit Administration Reimbursement	54000																		
Benefits-Medical	54100																		
Benefits-Life	54200																		
Benefits-Disability	54300																		
Voluntary Expense	54400																		
Voluntary Expense	54500																		
Benefits-Relocation	54600																		
Total Employee Benefits			481,541	372,272	109,270	372,272	135,978	3,203	82,385	4,741	14,176	92,180	14,176	92,180			109,270	60,779	58,490
<b>Retirement Costs (55000 Series)</b>																			
Pension Contribution	55000																		
401(k) Plan	55100																		
Pension & Savings Admin	55200																		
Total Retirement Costs			307,208	279,463	27,745	279,463	101,778	2,405	61,846	3,559	10,642	68,199	10,642	68,199			27,745	43,886	43,906
<b>Total Personnel Costs</b>			3,821,211	2,898,652	921,959	2,898,652	311,623	1,066,028	24,951	84,126	38,927	110,418	38,927	110,418			921,959	463,974	455,881
Miscellaneous Contr.																			
<b>Check</b>																			

Appendix B

**Meeting Expense**

Meeting Expense (by Fund)	2008 Budget Meeting Schedule	NSAA Account Number	Total	Functions in Delegation Agreement Total	Non-Statutory Total
Meeting Expense (6000)		6100	47,610	35,325	12,285
Workshop Exp		6100	20,000	20,000	-
Total Meeting Expenses			67,610	55,325	12,285
Travel Expenses (6200 Series)		6200	201,916	173,416	28,500
Travel Expense		6200	201,916	173,416	28,500
Total Travel Expenses			201,916	173,416	28,500
Communications (6300 Series)		6300	21,233	15,295	5,938
Conference Calls		6300	21,233	15,295	5,938
Online Meetings			-	-	-
Total Communications Expense			200,759	144,038	46,723
Total Meeting Costs			869,284	772,779	129,008

Check

Functions in Delegation Agreement											Non-Statutory Functions			
Functions in Delegation Agreement Total	Reliability Standards (Section 300)	Consensus and Organization Registration (499 & 500)	Reliability and Performance Analysis (Section 500)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	Member Services	General and Administrative
35,325	-	-	9,280	10,750	-	-	15,295	-	-	-	-	12,285	2,580	9,705
20,000	20,000	20,000	9,280	10,750	-	-	15,295	-	-	-	-	12,285	2,580	9,705
173,416	-	50,000	-	-	-	-	73,416	-	-	-	-	28,500	-	28,500
173,416	-	50,000	-	-	-	-	73,416	-	-	-	-	28,500	-	28,500
15,295	-	-	-	-	-	-	15,295	-	-	-	-	5,938	-	5,938
15,295	-	-	-	-	-	-	15,295	-	-	-	-	5,938	-	5,938
244,038	-	70,000	9,280	10,750	-	-	194,008	-	-	-	-	46,723	2,580	44,143
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Operating Expense

2008 Budget Operating Expense Schedule	NSOA Account Number	Functions in Delegation Agreement Total	Non-Statutory Total	Functions in Delegation Agreement										Non-Statutory Functions																						
				For Delegation Agreement Total	Reliability Standards Section (300)	Compliance and Oversight Section (400 & 500)	Reliability Readiness Assessment and Performance Improvement Section (700)	Reliability Assessment and Performance Analysis Section (800)	Education (900)	Training and Safety (Section 1000)	Awareness and Situational (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	Member Services	General and Administrative																
Contracts & Consultants (8000 Series)		1,512,722	215,433	215,433	-	-	-	122,502	-	-	7,524	-	-	-	-	-	-	-	-	1,297,289	1,297,289	-	-	-	142,605	-	-	142,605								
Office Rent (7000 Series)		387,350	224,745	224,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	224,745	224,745	-	-	-	-	-	-	-	-							
Office Costs (7100 and 7200 Series)		48,367	26,872	26,872	-	4,800	-	-	-	-	-	-	-	-	-	-	-	-	-	21,072	21,072	-	-	-	-	-	-	-	-							
Interest Expense		6,470	3,959	3,959	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,959	3,959	-	-	-	-	-	-	-	-	-						
Office Supplies		65,854	43,247	43,247	-	-	-	7,620	-	-	-	-	-	-	-	-	-	-	-	38,627	38,627	-	-	-	-	-	-	-	-	-						
Computer Supplies & Maintenance		13,800	8,151	8,151	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,696	22,696	-	-	-	-	-	-	-	-	-	-					
Computer Repairs & Replacements		39,653	25,096	25,096	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,492	51,492	-	-	-	-	-	-	-	-	-	-	-				
Dues		11,500	2,512	2,512	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,071	16,071	-	-	-	-	-	-	-	-	-	-	-				
Postage		6,470	3,959	3,959	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,512	2,512	-	-	-	-	-	-	-	-	-	-	-	-			
Shipping		12,841	7,917	7,917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,024	5,024	-	-	-	-	-	-	-	-	-	-	-	-			
Reports		27,382	15,834	15,834	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,547	11,547	-	-	-	-	-	-	-	-	-	-	-	-	-		
Office, Furniture & Equipment		6,470	3,959	3,959	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,512	2,512	-	-	-	-	-	-	-	-	-	-	-	-	-		
Equipment Repair/Shop Contracts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Bank Charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Travel		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Merchant Credit Card Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Office Costs		337,440	210,350	210,350	-	4,800	-	7,620	-	-	-	-	-	-	-	-	-	-	-	197,930	197,930	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Services (7500 Series)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BOT Search Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Fees - Other		16,884	12,236	12,236	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,236	12,236	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting and Auditing Fees		102,866	95,092	95,092	-	87,750	-	-	-	-	-	-	-	-	-	-	-	-	-	7,342	7,342	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Fees - Other		42,750	121,399	121,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,649	33,649	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Professional Services		139,640	127,327	127,327	-	87,750	-	-	-	-	-	-	-	-	-	-	-	-	-	47,926	47,926	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenses (8000 Series) (Cash projections only - to be capitalized)		41,500	26,613	26,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,613	26,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Purchase		38,500	22,331	22,331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,331	22,331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Purchase and Lease		3,000	4,282	4,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,282	4,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures		41,500	26,613	26,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,613	26,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense (9000 Series) (Actual only)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Computers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Software		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation - Furniture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense - LI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation Expense		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses (9900 Series)		5,500	3,059	3,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,059	3,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous/Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Miscellaneous Expenses		5,500	3,059	3,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,059	3,059	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses		2,485,756	846,290	846,290	-	92,550	-	130,122	-	-	7,524	-	-	-	-	-	-	-	-	619,064	619,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Check		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Billing received directly from NERC for the FRCC portion of the NERC Budget and the Statutory portion of the FRCC Budget

### 2008 NERC ASSESSMENT

LOAD SERVING ENTITY	FRCC PORTION OF NERC BUDGET <sup>4</sup>	FRCC STATUTORY FUNCTIONS BUDGET	TOTAL ASSESSMENT
Florida Municipal Power Agency <sup>1</sup>	\$41,945	\$125,898	\$167,843
Florida Power & Light Company	636,952	1,936,322	2,573,274
Gainesville Regional Utilities	11,481	36,309	47,790
City of Homestead	2,358	7,980	10,338
JEA	76,657	230,619	307,276
Kissimmee Utility Authority <sup>1</sup>	0	0	0
City of Lakeland	17,190	51,869	69,059
City of Lake Worth Utilities <sup>1</sup>	0	0	0
Utilities Commission of New Smyrna Beach	2,306	6,783	9,089
Ocala Electric Utility <sup>1</sup>	0	0	0
OUC	39,345	98,552	137,897
Progress Energy-Florida	252,179	729,761	981,940
Reedy Creek Improvement District	7,306	21,945	29,251
Seminole Electric Cooperative, Inc.	95,272	293,287	388,559
City of Tallahassee	16,766	49,874	66,640
Tampa Electric Company	118,807	347,524	466,331
City of Vero Beach <sup>1</sup>	0	0	0
Clay Electric Cooperative, Inc. <sup>2</sup>	0	0	0
Lee County Electric Cooperative, Inc. <sup>2</sup>	0	0	0
Florida Keys Electric Cooperative Association, Inc.	4,187	12,369	16,556
Non-Member LSE'S	19,241	40,857	60,098
Southeastern Power Administration <sup>3</sup>	0	0	0
Reliant Energy <sup>3</sup>	0	0	0
Morgan Stanley Capital Group, Inc. <sup>3</sup>	0	0	0
Constellation Power Source <sup>3</sup>	0	0	0
Indiantown Cogeneration LP <sup>3</sup>	0	0	0
Northern Star Generation Services Company <sup>3</sup>	0	0	0
Gulf Power Company <sup>3</sup>	0	0	0
The Energy Authority <sup>3</sup>	0	0	0
<b>TOTAL</b>	<b>\$1,341,992</b>	<b>\$3,989,948</b>	<b>\$5,331,940</b>

<sup>1</sup>Included in FMPA's assessment; FMPA will receive the bill for these entities

<sup>2</sup>Included in Seminole Electric Cooperative's assessment; SEC will receive the bill for these entities

<sup>3</sup>These companies are non-LSE's; therefore, they are not responsible for the NERC or FRCC Statutory Functions budgets

<sup>4</sup>The FRCC portion of NERC budget is an estimate at this time. NERC has not finalized it's 2008 budget.

Billing received directly from FRCC for the Non-Statutory portion of the FRCC Budget

**2008 FRCC NON-STATUTORY BUDGET ASSESSMENT<sup>1</sup>**

<b>VOTING MEMBER</b>	<b>ALLOCATION PERCENTAGE</b>	<b>FRCC NON-STATUTORY FUNCTIONS BUDGET</b>
Florida Municipal Power Agency	1.97%	\$51,176
Florida Power & Light Company	37.69%	979,103
Gainesville Regional Utilities	1.66%	43,123
City of Homestead	1.04%	27,017
JEA	5.44%	141,319
Kissimmee Utility Authority	1.28%	33,252
City of Lakeland	1.90%	49,358
City of Lake Worth Utilities	1.06%	27,536
Utilities Commission of New Smyrna Beach	1.06%	27,536
Ocala Electric Utility	1.18%	30,654
OUC	2.82%	73,257
Progress Energy-Florida	16.36%	424,996
Reedy Creek Improvement District	1.15%	29,874
Seminole Electric Cooperative, Inc.	4.12%	107,028
Southeastern Power Administration	0.99%	25,718
City of Tallahassee	1.91%	49,618
Tampa Electric Company	6.79%	176,389
City of Vero Beach	1.13%	29,355
Reliant Energy	1.53%	39,746
Morgan Stanley Capital Group, Inc.	0.96%	24,939
Constellation Power Source	1.30%	33,771
Indiantown Cogeneration LP	1.14%	29,615
Clay Electric Cooperative, Inc.	1.48%	38,447
Lee County Electric Cooperative, Inc.	1.57%	40,785
Florida Keys Electric Cooperative Association, Inc.	1.10%	28,576
Northern Star Generation Services Company	1.39%	36,109
<b>SUBTOTAL</b>	<b>100%</b>	<b>\$2,597,778</b>
<b>ADJUNCT MEMBER</b>		
Gulf Power Company	N/A	5,000
<b>AFFILIATE MEMBER</b>		
The Energy Authority	N/A	5,000
<b>TOTAL</b>	<b>100%</b>	<b>\$2,607,778</b>

<sup>1</sup> The percentages are estimated at this time. Awaiting data confirmation for several entities. Final percentages are expected to be very close to these estimates.

Income Statement

FLORIDA RELIABILITY COORDINATING COUNCIL

Statement of Activities 2008 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delagation Agreement								Non-Statutory Functions						
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Non-Statutory Total	Member Services	General and Administrative			
<b>Funding</b>																		
ERO Funding	3,989,948	3,989,948	-	3,989,948	311,623	1,218,578	74,951	781,107	47,677	117,942	-	1,438,069	-	-	-	-	-	-
Membership Dues	2,717,778	-	2,717,778	-	-	-	-	-	-	-	-	-	2,717,778	1,902,961	814,817	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous - FCG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>6,707,726</b>	<b>3,989,948</b>	<b>2,717,778</b>	<b>3,989,948</b>	<b>311,623</b>	<b>1,218,578</b>	<b>74,951</b>	<b>781,107</b>	<b>47,677</b>	<b>117,942</b>	<b>-</b>	<b>1,438,069</b>	<b>2,717,778</b>	<b>1,902,961</b>	<b>814,817</b>			
<b>Expenses</b>																		
<b>Personnel Expenses</b>																		
Salaries	2,768,600	2,100,857	667,743	2,100,857	225,777	765,114	18,078	464,929	26,755	80,000	-	520,205	667,743	337,662	330,081	-	-	-
Payroll Taxes	193,802	147,060	46,742	147,060	15,804	53,558	1,265	32,545	1,873	5,600	-	36,414	46,742	23,636	23,106	-	-	-
Benefits	491,541	372,272	119,270	372,272	40,008	135,578	3,203	82,385	4,741	14,176	-	92,180	119,270	60,779	58,490	-	-	-
Retirement Costs	367,268	279,463	87,805	279,463	30,034	101,778	2,405	61,846	3,559	10,642	-	69,199	87,805	43,896	43,908	-	-	-
<b>Total Personnel Expenses</b>	<b>3,821,211</b>	<b>2,899,652</b>	<b>921,559</b>	<b>2,899,652</b>	<b>311,623</b>	<b>1,056,028</b>	<b>24,951</b>	<b>641,705</b>	<b>36,927</b>	<b>110,418</b>	<b>-</b>	<b>717,999</b>	<b>921,559</b>	<b>465,974</b>	<b>455,586</b>			
<b>Meeting Expenses</b>																		
Meetings	67,610	55,325	12,285	55,325	-	20,000	-	9,280	10,750	-	-	15,295	12,285	2,580	9,705	-	-	-
Travel	201,916	173,416	28,500	173,416	-	50,000	50,000	-	-	-	-	73,416	28,500	-	28,500	-	-	-
Conference Calls	21,233	15,295	5,938	15,295	-	-	-	-	-	-	-	15,295	5,938	-	5,938	-	-	-
<b>Total Meeting Expenses</b>	<b>290,759</b>	<b>244,036</b>	<b>46,723</b>	<b>244,036</b>	<b>-</b>	<b>70,000</b>	<b>50,000</b>	<b>9,280</b>	<b>10,750</b>	<b>-</b>	<b>-</b>	<b>104,006</b>	<b>46,723</b>	<b>2,580</b>	<b>44,143</b>			
<b>Operating Expenses</b>																		
Contracts & Consultants	1,612,722	215,433	1,397,289	215,433	-	-	-	122,502	-	7,524	-	85,407	1,397,289	1,397,289	-	-	-	-
Office Rent	367,350	224,745	142,605	224,745	-	-	-	-	-	-	-	224,745	142,605	-	142,605	-	-	-
Office Costs	347,440	210,350	137,090	210,350	-	4,800	-	7,620	-	-	-	197,930	137,090	36,618	100,472	-	-	-
Professional Services	142,750	121,399	21,351	121,399	-	87,750	-	-	-	-	-	33,649	21,351	-	21,351	-	-	-
Capital Expenditures	119,994	71,275	48,719	71,275	-	-	-	-	-	-	-	71,275	48,719	-	48,719	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous/ Contingency	5,500	3,059	2,441	3,059	-	-	-	-	-	-	-	3,059	2,441	500	1,941	-	-	-
<b>Total Operating Expenses</b>	<b>2,595,756</b>	<b>846,260</b>	<b>1,749,496</b>	<b>846,260</b>	<b>-</b>	<b>92,550</b>	<b>-</b>	<b>130,122</b>	<b>-</b>	<b>7,524</b>	<b>-</b>	<b>616,064</b>	<b>1,749,496</b>	<b>1,434,407</b>	<b>315,089</b>			
<b>Total Direct Costs</b>	<b>4,454,839</b>	<b>2,551,879</b>	<b>1,902,961</b>	<b>2,551,879</b>	<b>311,623</b>	<b>1,218,578</b>	<b>74,951</b>	<b>781,107</b>	<b>47,677</b>	<b>117,942</b>	<b>-</b>	<b>1,438,069</b>	<b>1,902,961</b>	<b>1,902,961</b>	<b>814,817</b>			
<b>Total Indirect Costs</b>	<b>2,252,886</b>	<b>1,438,069</b>	<b>814,817</b>	<b>1,438,069</b>	<b>135,173</b>	<b>627,902</b>	<b>12,209</b>	<b>340,113</b>	<b>26,163</b>	<b>8,721</b>	<b>-</b>	<b>1,438,069</b>	<b>814,817</b>	<b>814,817</b>	<b>814,817</b>			
<b>Total Costs</b>	<b>6,707,726</b>	<b>3,989,948</b>	<b>2,717,778</b>	<b>3,989,948</b>	<b>446,796</b>	<b>1,846,480</b>	<b>87,160</b>	<b>1,121,221</b>	<b>73,840</b>	<b>126,663</b>	<b>0</b>	<b>1,438,069</b>	<b>2,717,778</b>	<b>1,902,961</b>	<b>814,817</b>			
<b>FTE</b>				<b>16.49</b>	<b>1.55</b>	<b>7.20</b>	<b>0.14</b>	<b>3.90</b>	<b>0.30</b>	<b>0.10</b>		<b>3.30</b>	<b>7.90</b>	<b>5.80</b>	<b>2.10</b>			





**2008 Business Plan and Budget**

**Midwest Reliability Organization**

**June 19, 2007 (Revised)**

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## Introduction

<b>Total Midwest Reliability Organization Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	20.0	19.0	23.5
Total Funding	\$5,480,588	\$4,798,363	\$5,822,795

The Midwest Reliability Organization (“MRO”) *2008 Business Plan and Budget* has been developed by MRO staff. The plan and budget are subject to Board of Directors (“BOD”) approval and stakeholder review.

The MRO has an approved Delegation Agreement with North American Electric Reliability Corporation (“NERC”) as a Cross-Border Regional Entity (“CBRE”). The MRO operates under the delegated authority of the Federal Energy Regulatory Commission (“FERC”) in the United States and through similar arrangements in Manitoba and Saskatchewan.

The MRO is a non-profit corporation registered in Delaware and has a 501 (c) 6 designation by the Internal Revenue Service. The MRO is licensed and registered to conduct business and operate in all the states and two Canadian provinces within its region. The MRO region is comprised of municipal utilities, cooperatives, investor-owned utilities, a federal power marketing agency, Canadian Crown Corporations, large and small end use load organizations and independent power producers. The MRO region spans eight states and two Canadian provinces covering roughly one million square miles.

The MRO development began in 1999 when two former regions, MAPP and MAIN, discussed the formation of a new reliability organization which met the requirements of then proposed legislation (later enacted under “EPAct 2005”). The result of the MRO development efforts was a reliability region that encompasses the entire former MAPP region, most of northern MAIN, and Saskatchewan. MRO works closely with its sister regional entities and has a coordination agreement with ReliabilityFirst Corporation (“RFC”).



**Figure 1 - Midwest Reliability Organization Region Map**

Committees of the MRO provide recommendations, advice and counsel to the Board and are balanced in their representation. The Board has the decision-making authority. The sectors for the Board are:

- Canadian Utility (2)
- Cooperative (2)
- Federal Power Marketing Agency (1)
- Generator/Power Marketer (2)
- Investor Owned Utility Large (3)
- Investor Owned Utility Small (2)
- Large End-Use Load (1)
- Municipal Utility (2)
- Small End-Use Load (1)
- Transmission System operator (3)

Regulators are registered members in the MRO and share the same rights as members but have no vote. All meetings, except those designated as closed, are open.

The central purposes of the MRO are:

1. Developing, proposing, and/or adopting regional and NERC Reliability Standards.
2. Determining compliance with those standards, including enforcement mechanisms in a non-discriminatory manner, regardless of membership status, via delegated authorities.
3. Other services consistent with its reliability charter such as assessments and studies.

The MRO provides a transparent, effective and efficient reliability organization across a broad geographic region with open meetings and an inclusive standard setting process:

1. The MRO is an effective reliability organization for a region which has a long tradition of managing within and across complex, multiple seams including an interconnection seam, structured markets (MISO and PJM) to bi-lateral market seams, and an international border.
2. The MRO creates a common forum for the region regardless of transmission allegiance. Nearly half of the regional load is not in a Regional Transmission Organization (“RTO”) and approximately two-thirds of the transmission is not in a RTO.
3. The MRO region has a tradition of working successfully on reliability matters despite the complexities in seams, diverse constituencies, and jurisdictions. Approximately half of the load in the MRO is public power, including Canada. The MRO is a vital link to maintain and expand existing “reliability” relationships among regulators, bulk power users, owners, and operators.
4. Because of the seams, unique power system technical configurations, such as very long distances between loads and generation, stability-limited transmission, the large percentage of hydro generation, and the diversity of its constituency, the region must have the ability and means to represent its own regional reliability interests for the benefit of the users, owners, and operators of the bulk power system and the public it serves as a CBRE under the final reliability rule.

Statistics (approximations)

Net Energy to Load (MWh)	270,939,040(U.S. – 227,549,255; Canada – 43,389,785)
Number of people served	Over 20,000,000
Number of square miles	~1,000,000

The budget and business plan fulfills MRO’s commitments related to the delegated functions from NERC, consistent with the Federal Energy Regulatory Commission (“FERC”) and Canadian authorities:

- Implementation of compliance and enforcement programs to those subject to Reliability Standards.
- Non-discriminatory, consistent enforcement process to those subject to Reliability Standards.
- Adoption of Reliability Standards to ensure enforceability. Canadian enforceability will be sought through agreements with Saskatchewan and Manitoba.
- Ability to propose standards to benefit the reliability of the MRO region; using an open, technically valid process.
- Provide education and resources for system operators, users, and owners of the bulk electric system.
- Assess and report on regional bulk power system reliability and adequacy.
- Investigate and report on regional bulk power system events and evaluate those events for enforcement action or improvements.

Budget Summary

The total cost to implement the business plan is \$5,822,795. The 2008 budget includes a contingency of approximately three percent or \$157,947 to recognize the risk of unexpected costs.

The 2008 budget includes 23.5 full-time equivalents in the following areas:

<b>Description</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>Change</b>
Standards	2.25	2.15	-.10
Compliance/Enforcement	5.25	9.65	4.40
Reliability Readiness	1.95	1.10	-.85
Assessment/Studies	2.25	2.20	-.05
Training	.65	.45	-.20
Situational Awareness	.65	.35	-.30
NERC Forums	0.00	.45	.45
General and Administrative	2.25	1.65	-.60
Legal and Regulatory	0.75	1.40	.65
IT	2.00	1.50	-.50
Finance	2.00	2.00	.00
Non-Statutory	<u>0.00</u>	<u>.60</u>	<u>.60</u>
<b>Total</b>	<u>20.00</u>	<u>23.50</u>	<u>3.50</u>

MRO considered the budgeted areas statutorily required or aligned as “enablers” to fulfill the requirements of the delegation agreement.

In addition, the MRO budget was segregated between statutory and non-statutory functions and U.S. and Canada. The non-statutory functions related to the services provided to others. These services do not conflict with statutory functions under the delegation agreement.

	Total Budget	Statutory	Non-Statutory	United States	Canada
U.S. \$	5,822,795	5,331,487	491,308	4,478,449	853,038
NEL (Net Energy to Load)				84%	16%

Note: Statutory and Non-Statutory costs relate to U.S. costs only. Statutory costs are those which fall under the final reliability rule in the U.S. Non-Statutory are for costs which fall outside the final reliability rule in the U.S.

## Section A – 2008 Business Plan

MRO has organized its staff and its balanced stakeholder committee structure (including its Board) around the statutory functions of the delegation agreement. Stakeholder involvement through the committee structure is vital in carrying out the staff functions for advice, technical counsel, and policy guidance. Public participation is welcomed in the MRO as all meetings are public and its standards setting process is open.

### *Reliability Standards Program*

<b>Reliability Standards Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.25	2.25	2.15
Total Direct Funding	\$284,623	\$316,472	\$336,965
Total Indirect Funding <sup>1</sup>	\$257,140	\$342,588	\$358,160
Total Funding	\$541,763	\$659,060	\$695,125

MRO plans to propose five regional Reliability Standards through its approved standards process. In addition, MRO participates in NERC and MRO standards drafting teams, holds meetings and conferences to discuss standards, and is actively working with NERC on the standards development plan which includes revising NERC standards to be enforceable under Section 215 of the Federal Power Act and provincial authorities.

The five proposed regional Reliability Standards working their way through the MRO standards development process are:

1. Operating Reserve – Spinning
2. Power System Stabilizer
3. Generation Planning Reserves (Adequacy)
4. System Performance
5. Sub synchronous Resonance

<sup>1</sup> Indirect funding is calculated by allocating all administrative services to the operational program areas on a proportional FTE basis.



The proposed MRO standards are consistent with existing NERC standards but provide greater specificity for the unique technical aspects of our region (e.g. stability constraints). Once the MRO standards have been adopted by the Board (using the aforementioned process), the MRO will submit the standards to the NERC Board for approval and eventual enforceability under FERC. Upon submission to the NERC Board for approval, the MRO expects that NERC will utilize an abbreviated, condensed comment period, since MRO already uses a process similar to NERC. Upon NERC's approval, the standard would be filed with FERC for the U.S. For Saskatchewan and Manitoba, MRO will seek similar approvals from the provincial authorities.

The MRO utilizes a balanced stakeholder Standards Committee to administer the regional standards program and is charged with the following responsibilities:

- Assuring MRO regional Reliability Standards are consistent with NERC Reliability Standards.
- Processing all requests for new or modifications to MRO Reliability Standards using the MRO standards process.
- Maintaining MRO Reliability Standards process documentation.
- Presenting new or modifications to MRO Reliability Standards for adoption by the Board upon recommendation from the Standards Committee.
- Promoting coordination of the MRO efforts with RFC, other Regional Entities ("REs"), and NERC, including periodic review of Reliability Standards and their applicability to those subject to the Reliability Standards.
- Recommending to the Board representatives to the NERC standing committees or other working groups as required.
- Assigning the development of a standard to a standard drafting team.
- Certifying Balancing Authority ("BA"), Reliability Coordinator ("RC"), Transmission Operator ("TOP"), and other entities subject to Reliability Standards, as required.

Additionally, the MRO uses a web-based standard voting system called Reliability Standards Voting Process ("RSVP") which maintains the records of the comments, votes, etc. of each proposed standard. This system permits easy administration and convenience for those who participate in the standards process.

The MRO standards work plan for 2008 includes the following:

- Completion of the “fill-in-the-blanks” project.
- Develop and propose MRO Reliability Standards as appropriate.
- Submit MRO Reliability Standards to NERC (as the ERO) to be recognized as enforceable under the final reliability rule (in the U.S./ via FERC).
- Establish necessary supporting documentation (“the audit trail”).
- File, as required, MRO Reliability Standards with appropriate regulatory agencies.
- Continue to enhance existing standards software (RSVP) as required.
- Provide comments and support to other NERC and MRO Standards Committee activities.

*Reliability Assessments and Studies*

<b>Reliability Assessments and Studies Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.25	2.25	2.20
Total Direct Funding	\$1,085,805	\$962,345	\$541,741
Total Indirect Funding	\$257,140	\$342,588	\$366,489
Total Funding	\$1,342,945	\$1,304,933	\$908,230

The MRO analyzes, assesses, and reports on reliability and adequacy in the past, present, and future. This includes the long-term and seasonal assessments developed by the Reliability Assessment Committee (“RAC”) and its subcommittees as required by the delegation agreement. The RAC has balanced stakeholder representation and like all committees, reports to the Board. The RAC reviews and consolidates the reports of the overall reliability (adequacy and security) of the MRO region, both existing and planned. The RAC verifies that assessments performed within the MRO region conform to MRO and NERC Reliability Standards.

In 2008, increased attention will be focused on system protection, voltage/reactive, studies, reviews of regional reliability criteria and assessment procedures, and system modeling and include the following:

- Evaluate the bulk electric systems using the MRO and NERC Reliability Standards and provide assessments on those evaluations to the MRO and NERC.
- Annually evaluate the assessments of the overall reliability of the MRO region and interregional bulk electric system plans over a ten-year horizon and report such results to the Board and to NERC.

- Seasonally (summer and winter) evaluate the assessment of the overall reliability of the MRO region and interregional bulk electric systems from an operational planning perspective and report results to the Board and NERC.
- Request special reliability assessments on a Regional, Interregional, and Interconnection basis as conditions warrant, or as directed by the Board or NERC and report results to the Board and NERC, as appropriate.

*Compliance and Enforcement*

<b>Compliance and Enforcement Program Resources</b>			
<i>(in whole dollars)</i>			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.25	5.25	9.65
Total Direct Funding	\$1,278,901	\$1,019,948	\$1,453,770
Total Indirect Funding	\$599,994	\$799,373	\$1,607,556
Total Funding	\$1,878,895	\$1,819,321	\$3,061,326

The Compliance Monitoring and Enforcement Program (“CMEP”) is designed to monitor, assess and enforce compliance with Reliability Standards duly approved by NERC and the regulatory authorities in the U.S. and Canada. The MRO approved the CMEP without exception in the delegation agreement with NERC.

The entities responsible for compliance to the Reliability Standards are referred to as REs. REs are owners, operators, and users of the bulk-power system that have at least one functional responsibility defined in any of the approved NERC or MRO Reliability Standards.

The MRO staff will monitor, assess and enforce compliance with Reliability Standards for each RE that has compliance responsibilities as defined in the MRO Registry. Registration criteria and requirements are provided by NERC, and the MRO staff will carry out those responsibilities. In 2007, the MRO staff registered all known entities subject to the Reliability Standards and will provide NERC and other applicable authority’s revisions to the list as appropriate.

The MRO compliance monitoring and enforcement program is designed to be executed in a fair and non-discriminatory manner with due process. MRO staff shall make all initial assessments of non-compliance and enforcement actions. The MRO Compliance Committee (“CC”), and MRO staff as needed, shall present all findings of non-compliance to the Board. The Board is the hearing body for the MRO. These procedures permit a hearing officer.

In 2008, the MRO compliance monitoring and enforcement program plan and associated workload includes assessing compliance on 112 Registered Entities. There are 25 BAs, TOPs, and RCs and 87 other entities that perform functions subject to Reliability Standards. All Registered Entities will participate in the compliance program which includes various types of data submittal, monthly reporting, exception reporting, self-reporting, self-certification, and random spot checking. The BA, TOP, and RC entities are scheduled to receive an audit at least once every three years. There are seven BA, TOP, and RC compliance audits scheduled in 2008. The 87 other Registered Entities are scheduled to receive an audit at least once every six years. There are fourteen additional compliance audits scheduled, for a total of twenty-one compliance audits in 2008.

The 2008 Annual Implementation Plan will include the Reliability Standards that were “actively monitored” in 2007, plus additional Reliability Standards that will be identified in the 2008 program. Therefore, the 2008 program for MRO will include assessing compliance on 112 Registered Entities performing 587 functions, and estimating that there will be 195 requirements (50 additional requirements are projected compared to the 2007 program) in the defined set of “actively monitored” Reliability Standards for 2008.

The following compliance activities will be performed in 2008:

- Revise the MRO CMEP Manual as needed.
- Develop, implement, and administer the 2008 regional CMEP (annual plan) program that will include all Registered Entities in the MRO region.
- Continue to update and administer the entity registration program.
- Continue to administer the MRO Registry.
- Provide CMEP workshops and training to Registered Entities.
- Perform compliance assessment for Registered Entities.
- Perform compliance audits including pre-audit planning, field work, and post audit reporting.
- Participate in coordinated audits where the operation of an entity crosses regional boundaries.
- Continue to implement enhancements to programs and tools.
- Support Compliance Committee activities.
- Participate on various NERC groups and committees related to compliance.

- Receive special auditor training and MRO staff training.
- Conduct investigations, as required.
- Participate in hearings, as required.

2008 Program Summary:

Total Number of Entities Participating in the CMEP	112
Total Number of Functions Performed	587
Projected Number of Reliability Standard “Requirements” to be assessed in the CMEP	195
Total Number of Audits Scheduled	21

*Training and Education*

<b>Training and Education Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.65	.65	.45
Total Direct Funding	\$147,760	\$105,433	\$80,962
Total Indirect Funding	\$74,285	\$98,970	\$74,964
Total Funding	\$222,045	\$204,403	\$155,926

The MRO has identified areas for training in order to ensure staff has the knowledge and capabilities to carry out its functions, particularly in the area of compliance audits and enforcement. For members and those subject to the standards, MRO will rely on NERC and others to develop the training materials. MRO will lead training efforts in its region related to those entities subject to the standards. This is an area which MRO will closely coordinate with RFC to share resources on training.

The MRO RE Work Plan for 2008 details the personnel education, training and operator certification plan approved by the Board in 2007. Based on the proposed plan, the following activities are expected to be completed in 2008:

- Develop training for staff, including enforcement and auditor training.
- Coordinate and present training to support the ERO transition for those entities subject to the standards.

*Reliability Readiness*

<b>Reliability Readiness Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	1.95	.95	1.1
Total Direct Funding	\$443,279	\$366,035	\$208,491
Total Indirect Funding	\$222,855	\$144,648	\$183,245
Total Funding	\$666,134	\$510,684	\$391,736

Reliability readiness has been an important NERC program which resulted from the 2001 blackout. Since its inception, MRO has provided technical resources to support reliability readiness and will continue to support the program as specified in its delegation agreement.

*Situational Awareness and Critical Infrastructure*

<b>Situational Awareness and Critical Infrastructure Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.65	.65	.35
Total Direct Funding	\$295,520	\$200,992	\$60,840
Total Indirect Funding	\$74,285	\$98,970	\$58,305
Total Funding	\$369,805	\$299,962	\$119,145

Critical infrastructure is growing in importance and visibility with both the industry and governments, especially since NERC has adopted permanent cyber-security standards. MRO, in conjunction with its stakeholders, has initially taken steps to recognize its importance.

The MRO CBRE work plan for 2008 details the plan approved by the Board in 2007. Based on the proposed plan, the following activities are expected to be completed in 2008:

- Collaborate with the U.S. Department of Homeland Security, U.S. Department of Energy, Public Safety and Emergency Preparedness Canada, NERC and other agencies of national, state, and provincial governments on critical infrastructure protection matters.
- Participate in coordinated critical infrastructure protection exercises, including interdependencies with other critical infrastructure sectors.
- Enforce the Reliability Standards related to critical infrastructure.
- Conduct education and outreach initiatives to increase awareness and understanding of the requirements of CIP Reliability Standards.

*General and Administrative*

<b>General and Administrative Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.25	2.25	1.65
Total Funding	\$504,002	\$742,645	\$612,894

The administrative functions of the MRO will be performed by a full-time President and administrative personnel.

The MRO work plan for 2008 details the plan approved by the Board in 2008. Based on the proposed plan, the following activities are expected to be completed in 2008:

- Maintain and evaluate work plans that meet the business plan objectives with clear deliverables and milestones, and implement these plans according to schedule; revise as required.
- Maintain adequate insurance.
- Develop and maintain dispute resolution procedures.
- Lead member, Registered Entities, and Board activities resulting in policy for the MRO region.

*Finance/IT*

<b>Finance and IT Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	4.0	4.0	3.5
Total Funding	\$688,697	\$798,691	\$1,194,414

MRO will maintain finance and Information Technology (“IT”) functions. The finance function will maintain the integrity of the financials and assure proper accounting. In addition, this function will be the primary interface on budget and financial inquiries, payments, etc. Indirect funding is derived from the non-statutory functions.

The IT function will maintain systems communications and related computer equipment.

*Legal and Regulatory*

<b>Legal and Regulatory Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.75	.75	1.4
Total Funding	\$293,001	\$257,464	\$512,576

In 2007, MRO became responsible for conducting hearings, delivering regulatory proceeding and other regulatory affairs. As a result, MRO will be adding additional resources in this area to assure that proceedings, notices, and related due processes are carried out in accordance with MRO and NERC rules.

In 2008, MRO, NERC, and the other regions will continue with communication efforts and work to establish joint communication plans. MRO's emphasis will be with those entities in the region which will be subject to Reliability Standards, in the past, were not subject to the standards either because they were not "members" of a region or because the "net of mandatory enforcement" now includes them. State and provincial regulators are an important part of the communication plan. Additionally, MRO will continue to reach out to U.S. and Canadian trade associations and maintain its existing good relations with these groups. MRO is already a member of the Canadian - U.S. business council and regularly participates in meetings with the Canadian consulate in Minneapolis.

Based on the proposed plan, the following activities are expected to be completed in 2008:

- Meet regularly with commissioners and senior staff of federal and state regulators (U.S. and Canada) to keep them apprised of key MRO programs and activities.
- Solicit greater attendance of federal, provincial, and state government agencies to attend and participate in MRO meetings.
- Provide easy, low cost, responsive means of participation in the MRO by maintaining an easy to use website, up to date e-mail addresses, web casts and conference calls.
- Monitor activities of, and maintain contacts with, appropriate congressional offices and committees that deal with electricity reliability and security; closely coordinate MRO activities with NERC.
- Participate in public policy forums to provide MRO expertise and policy perspectives on reliability-related matters.
- Conduct drills, as needed, of MRO's crisis communications plan and improve, as needed.



*NERC Forums*

<b>NERC Forums Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.00	0.00	.45
Total Funding	\$0	\$28,338	\$328,835

The success of the NERC programs will depend on the active and direct participation of industry stakeholders, including its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence. NERC has established and facilitates the Planning and Operating Committees that serves the interests of stakeholders within a specific NERC sector, and general, technical committees that integrate the “deliverables” of NERC programs. The 2008 budget supports MRO’s participation on NERC standing committees and subcommittees.

The MRO has adopted a policy to reimburse travel costs for participants in NERC and MRO Committee and related work groups. The costs for these reimbursements were budgeted for \$170,000 and \$169,200 in 2007 and 2008, respectively.

*Non-Statutory Functions*

<b>Non-Statutory Functions</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.00	0.00	.60
Total Funding	\$459,132	\$459,132	\$491,308

Contracts for CDMS Software	\$149,000
Contract for IT Services	\$342,308

The non-statutory funding is offset by corresponding expenses and therefore, the net revenues and expenses is \$0. CDMS services are provided to NERC, Southwest Power Pool, and ReliabilityFirst. The contract with MAPPCOR is for IT services.

## Section B - 2008 Budget (refer to attached Appendix I for the detailed 2008 budget)

**MIDWEST RELIABILITY ORGANIZATION**  
**2008 Draft Budget Comparison**

	2007 Budget	2007 YE Estimate	2008 Budget	Budget to Budget Variance
<b>Funding</b>				
NERC Delegation Agreement	\$5,021,588	\$5,021,588	\$5,331,487	\$309,899
Other Services <sup>1</sup>	<u>459,132</u>	<u>703,245</u>	<u>491,308</u>	<u>32,176</u>
<b>Total Funding</b>	<b>\$5,480,720</b>	<b>\$5,724,833</b>	<b>\$5,822,795</b>	<b>\$342,075</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$2,059,121	\$1,879,375	\$2,421,636	\$362,515
Employee Benefits	<u>968,170</u>	<u>835,060</u>	<u>1,097,044</u>	<u>128,874</u>
<b>Total Personnel Expenses</b>	<b>\$3,027,291</b>	<b>\$2,714,435</b>	<b>\$3,518,680</b>	<b>\$491,389</b>
<b>Meeting Expense</b>				
Conference Calls	\$47,700	\$56,329	\$38,684	(\$9,016)
Meetings	39,149	50,856	55,000	15,851
Travel <sup>2</sup>	<u>401,621</u>	<u>335,082</u>	<u>334,995</u>	<u>(66,626)</u>
<b>Total Meeting Expense</b>	<b>\$488,470</b>	<b>\$442,267</b>	<b>\$428,679</b>	<b>(\$59,791)</b>
<b>Operating Expenses</b>				
Building Rent & Improvements	\$167,200	\$166,058	\$180,000	\$12,800
Consulting	607,386	501,090	901,282	293,896
Office Costs	180,259	186,877	215,771	35,512
Professional Services	125,000	113,118	100,000	(25,000)
Computer purchase & maintenance <sup>3</sup>	660,991	524,804	320,436	(340,555)
Contingency	<u>224,123</u>	<u>149,714</u>	<u>157,947</u>	<u>(66,176)</u>
<b>Total Operating Expenses</b>	<b>\$1,964,959</b>	<b>\$1,641,661</b>	<b>\$1,875,436</b>	<b>(\$89,523)</b>
<b>Total Expense</b>	<b><u>\$5,480,720</u></b>	<b><u>\$4,798,363</u></b>	<b><u>\$5,822,795</u></b>	<b><u>\$342,075</u></b>
<b>Funding net of expense</b>	<b><u>\$0</u></b>	<b><u>\$926,470</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<sup>1</sup> In 2008, Other Services reflects the Service contract with MAPPCOR and CDMS contracts. In 2008 only IT services will be provided to MAPPCOR. Other Services in 2007 were budgeted as contra-expense; however they have been changed here to be consistent with GAAP reporting and for comparison purposes with the 2008 budget. Please refer to Department 2700 "Non-Statutory Functions."

<sup>2</sup> MRO has adopted a travel reimbursement policy for NERC and MRO committee related work groups. In 2007 the amount budgeted was \$170,000; in 2008 it is budgeted at \$169,200. Please refer to Department 1100 - "NERC Forums."

<sup>3</sup> Capital Expenditures are budgeted to equal depreciation to minimize a GAAP to funding difference.

*Statutory Functions*

- MRO's functions are designed around the explicit statutory functions of the final reliability rule: Standards, Assessments, and Compliance.
- The aligned functions of Reliability Readiness, Situational Awareness, and Training will be supported via allocated resources from the MRO's primary functions.

*Non-Statutory Functions*

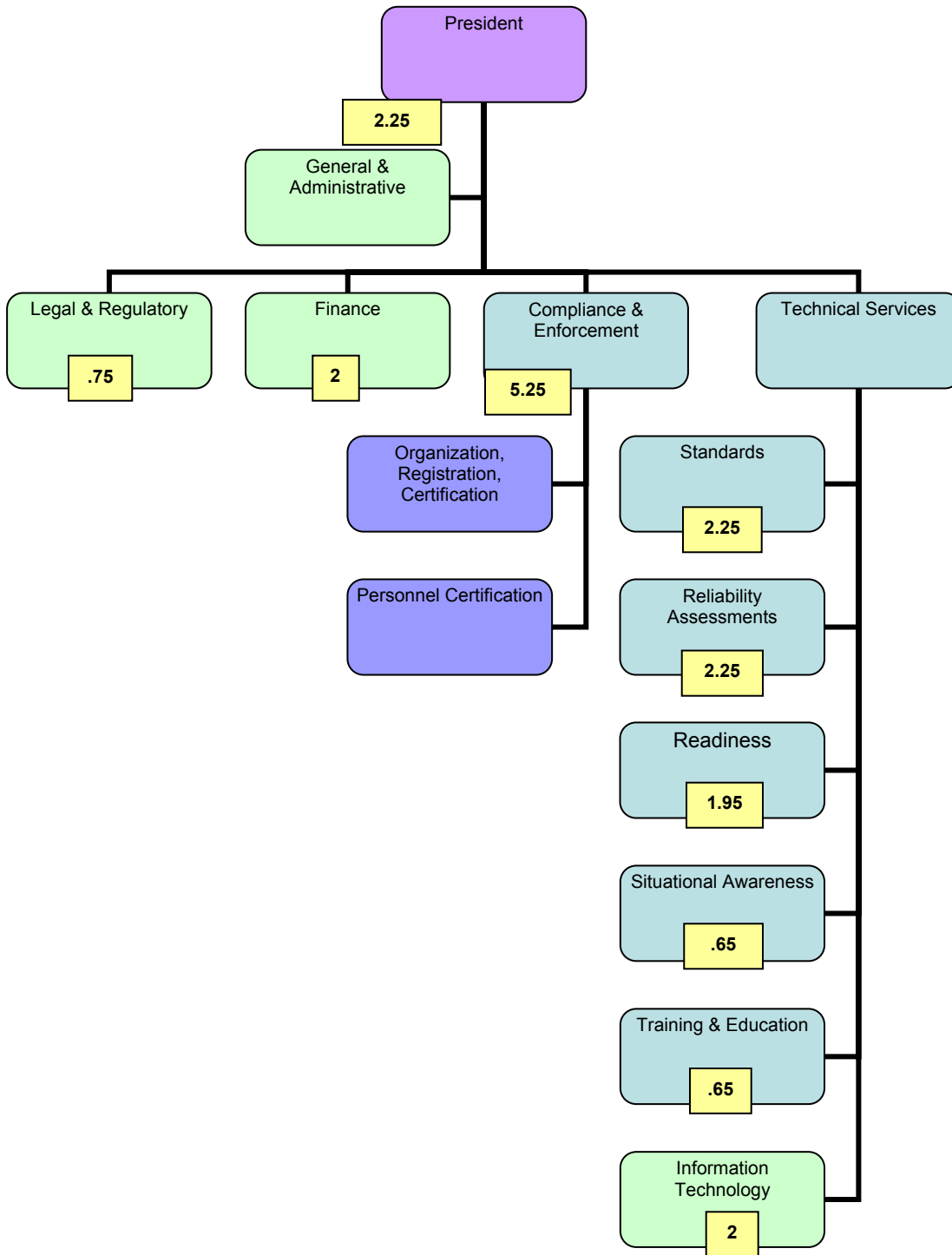
- Service agreement with MAPPCOR for IT services.
- Contracts for CDMS software.

*Canada and U.S. Budgets*

- Canadian budget is based on net-energy-to-load at 16.3% (U.S. 83.7%). MRO only seeks approval from FERC on the U.S. portion of its budget with a coordinated approval from Canadian provincial authorities for Manitoba and Saskatchewan.

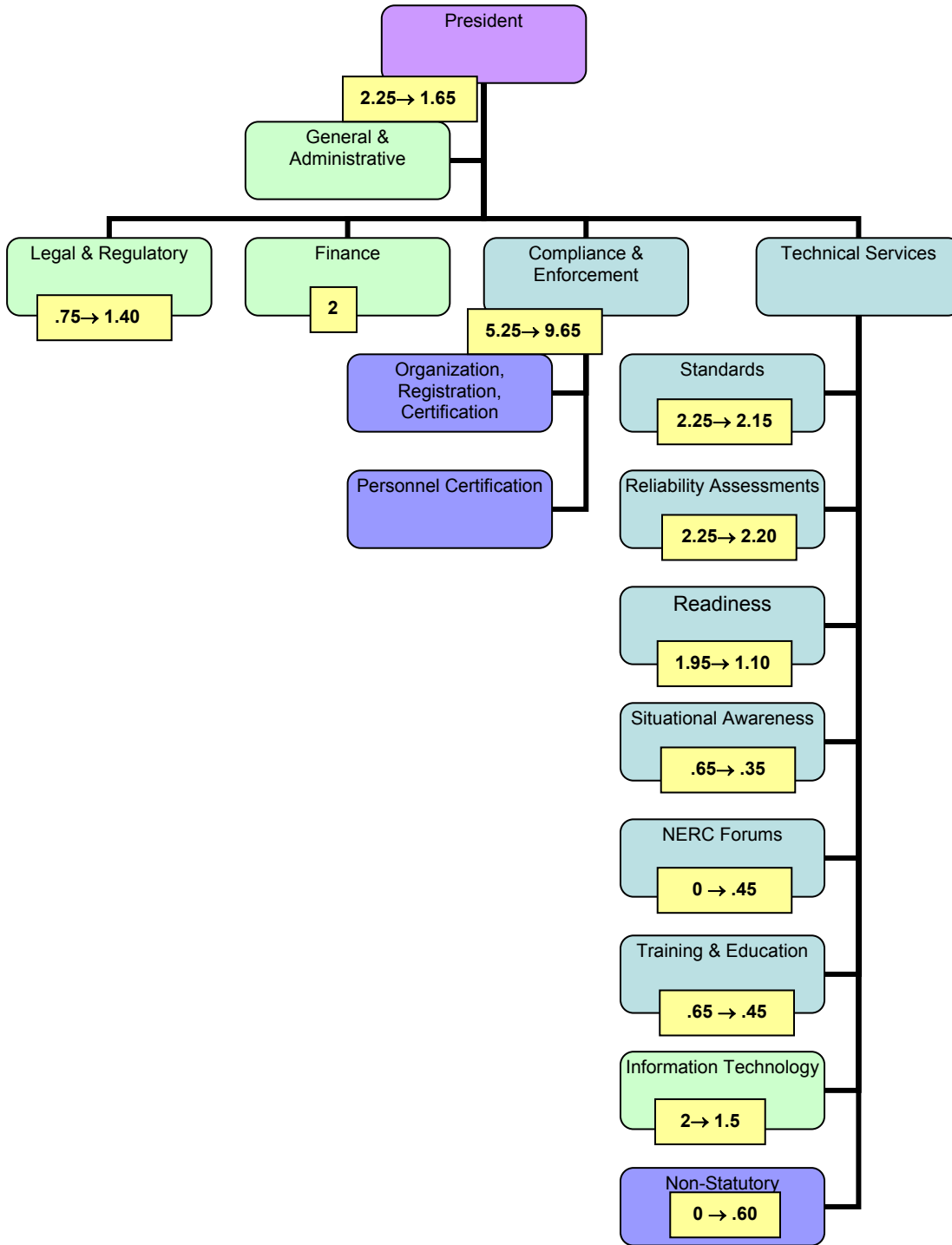
### 2007 Organizational Chart

The organizational chart shown below is for 2007, including the staff expected to be hired in each program area by the end of 2007.



### 2008 Organizational Chart

The organizational chart shown below is for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.



**Reserve Balance**

Table 5 shows the analysis of cash needed to fund the 2008 budgeted expenses for functions and services performed by MRO and to maintain a 60 day operating cash balance for 2008.

**Table 5**

<b>Reserve Analysis 2007-08</b>	
Cash Available Balance 2006:	
Cash Balance @12/31/06	112,114
2007 Assessment Funding (from ERO-NERC)	5,021,587
Other funding sources	754,132
Change in assets <sup>1</sup>	-
Total Cash available 2007	<u>5,887,833</u>
Cash Needed 2007:	
Projected Expenses 2007 (cash basis)	4,798,363
Change in liabilities <sup>2</sup>	-
Total Cash Needed 2007	<u>4,798,363</u>
Projected Ending Cash Balance @ 12/31/07	<u>1,089,470</u>
Desired Cash Balance @ 12/31/08 (60 days of operating expense) <sup>3</sup>	970,466
Less:	
Projected Cash Balance @ 12/31/07	1,089,470
Decrease in assessments needed to attain desired cash balance	<u>(119,004)</u>
2008 Assessment & other funding	5,822,795
Adjustment to decrease cash balance	(119,004)
2008 Assessment and reserve adjustment	<u>5,703,791</u>

<sup>1</sup>Assumes all other assets remain at same levels as 12/31/06

<sup>2</sup>Assumes all other assets remain at same levels as 12/31/07

<sup>3</sup>Assumes Board of Directors approves cash reserve policy equal to 60 days of budget at their September, 2007 meeting

Midwest Reliability Organization

Statement of Activities 2008 Budget	Total	Statutory Total	Non-Statutory Total
<b>Funding</b>			
ERO Funding	5,331,488	5,331,488	-
Membership Dues	-	-	-
Testing Fees	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	491,308	-	491,308
<b>Total Funding</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	2,523,636	2,461,000	62,636
Payroll Taxes	-	-	-
Benefits	1,097,044	1,068,655	28,389
Retirement Costs	-	-	-
<b>Total Personnel Expenses</b>	<b>3,620,680</b>	<b>3,529,655</b>	<b>91,025</b>
<b>Meeting Expenses</b>			
Meetings	71,500	71,500	-
Travel	370,945	370,945	-
Conference Calls	38,684	38,684	-
<b>Total Meeting Expenses</b>	<b>481,129</b>	<b>481,129</b>	<b>-</b>
<b>Operating Expenses</b>			
Contracts & Consultants	799,283	399,000	400,283
Office Rent	206,100	206,100	-
Office Costs	158,207	158,207	-
Professional Services	142,000	142,000	-
Computer Purchase & Maint.	257,450	257,450	-
Depreciation	-	-	-
Miscellaneous/ Cotigency	157,947	157,947	-
<b>Total Operating Expenses</b>	<b>1,720,987</b>	<b>1,320,704</b>	<b>400,283</b>
<b>Total Direct Costs</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>
<b>Total Indirect Costs</b>	<b>2,648,719</b>	<b>2,648,719</b>	<b>-</b>
<b>Total Costs</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>
<b>FTE</b>			

Functions in Delagation Agreement													
Statutory Total	Reliability Standards (Section 300)	Compliance and Organization and Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums (Section 1100)	General and Administrative (Section 2000)	Legal and Regulatory (Section 2200)	Information Technology (Section 2300)	Human Resources	Accounting and Finance (Section 2500)	
5,331,488	336,965	1,453,770	208,491	541,741	80,962	60,840	328,835	612,894	512,576	517,274	-	677,140	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
5,331,488	336,965	1,453,770	208,491	541,741	80,962	60,840	328,835	612,894	512,576	517,274	-	677,140	
<b>Expenses</b>													
<b>Personnel Expenses</b>													
Salaries	2,461,000	204,850	931,758	122,052	188,664	51,122	38,539	81,920	256,753	297,875	124,617	162,850	
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	-	
Benefits	1,068,655	83,587	421,039	55,439	84,822	23,240	17,501	37,715	114,026	102,301	55,945	73,040	
Retirement Costs	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Personnel Expenses</b>	<b>3,529,655</b>	<b>288,437</b>	<b>1,352,797</b>	<b>177,491</b>	<b>273,486</b>	<b>74,362</b>	<b>56,040</b>	<b>119,635</b>	<b>370,779</b>	<b>400,176</b>	<b>180,562</b>	<b>235,890</b>	
<b>Meeting Expenses</b>													
Meetings	71,500	5,000	12,000	1,200	15,000	600	1,200	-	36,500	-	-	-	
Travel	370,945	16,465	64,535	21,000	19,545	2,400	2,400	209,200	20,400	3,600	4,200	7,200	
Conference Calls	38,684	12,528	4,278	1,200	14,278	1,200	1,200	-	4,000	-	-	-	
<b>Total Meeting Expenses</b>	<b>481,129</b>	<b>33,993</b>	<b>80,813</b>	<b>23,400</b>	<b>48,823</b>	<b>4,200</b>	<b>4,800</b>	<b>209,200</b>	<b>56,900</b>	<b>7,600</b>	<b>4,200</b>	<b>7,200</b>	
<b>Operating Expenses</b>													
Contracts & Consultants	399,000	11,000	15,000	4,000	215,000	2,400	-	-	-	63,600	-	88,000	
Office Rent	206,100	-	-	-	-	-	-	-	-	-	-	206,100	
Office Costs	158,207	3,535	5,160	3,600	4,432	-	-	-	27,268	4,800	94,012	15,400	
Professional Services	142,000	-	-	-	-	-	-	-	-	100,000	-	42,000	
Computer Purchase & Maint.	257,450	-	-	-	-	-	-	-	-	-	174,900	82,550	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous/ Cotigency	157,947	-	-	-	-	-	-	-	157,947	-	-	-	
<b>Total Operating Expenses</b>	<b>1,320,704</b>	<b>14,535</b>	<b>20,160</b>	<b>7,600</b>	<b>219,432</b>	<b>2,400</b>	<b>-</b>	<b>-</b>	<b>185,215</b>	<b>104,800</b>	<b>332,512</b>	<b>434,050</b>	
<b>Total Direct Costs</b>	<b>5,331,488</b>	<b>336,965</b>	<b>1,453,770</b>	<b>208,491</b>	<b>541,741</b>	<b>80,962</b>	<b>60,840</b>	<b>328,835</b>	<b>612,894</b>	<b>512,576</b>	<b>517,274</b>	<b>-</b>	<b>677,140</b>
<b>Total Indirect Costs</b>	<b>2,648,719</b>	<b>358,160</b>	<b>1,607,556</b>	<b>183,245</b>	<b>366,489</b>	<b>74,964</b>	<b>58,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Costs</b>	<b>5,331,488</b>	<b>695,125</b>	<b>3,061,326</b>	<b>391,736</b>	<b>908,230</b>	<b>155,926</b>	<b>119,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>FTE</b>	<b>15.9</b>	<b>2.15</b>	<b>9.65</b>	<b>1.1</b>	<b>2.2</b>	<b>0.45</b>	<b>0.35</b>	<b>0.45</b>	<b>1.65</b>	<b>1.4</b>	<b>1.5</b>	<b>2</b>	

Statement of Activities 2008 Budget				Non-Statutory Functions		
	Total	Statutory Total	Non-Statutory Total	Non-Statutory Total	Reliability Standards (Section 300)	Information Technology
<b>Funding</b>						
ERO Funding	5,331,488	5,331,488	-	-	-	-
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	491,308	-	491,308	491,308	-	-
<b>Total Funding</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>	<b>491,308</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	2,523,636	2,461,000	62,636	62,636	11,311	51,325
Payroll Taxes	-	-	-	-	-	-
Benefits	1,097,044	1,068,655	28,389	28,389	5,124	23,265
Retirement Costs	-	-	-	-	-	-
<b>Total Personnel Expenses</b>	<b>3,620,680</b>	<b>3,529,655</b>	<b>91,025</b>	<b>91,025</b>	<b>16,435</b>	<b>74,590</b>
<b>Meeting Expenses</b>						
Meetings	71,500	71,500	-	-	-	-
Travel	370,945	370,945	-	-	-	-
Conference Calls	38,684	38,684	-	-	-	-
<b>Total Meeting Expenses</b>	<b>481,129</b>	<b>481,129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Expenses</b>						
Contracts & Consultants	799,283	399,000	400,283	400,283	-	400,283
Office Rent	206,100	206,100	-	-	-	-
Office Costs	158,207	158,207	-	-	-	-
Professional Services	142,000	142,000	-	-	-	-
Computer Purchase & Maint.	257,450	257,450	-	-	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous/ Contingency	157,947	157,947	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,720,987</b>	<b>1,320,704</b>	<b>400,283</b>	<b>400,283</b>	<b>-</b>	<b>400,283</b>
<b>Total Direct Costs</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>	<b>491,308</b>	<b>16,435</b>	<b>474,873</b>
<b>Total Indirect Costs</b>	<b>2,648,719</b>	<b>2,648,719</b>				
<b>Total Costs</b>	<b>5,822,796</b>	<b>5,331,488</b>	<b>491,308</b>			
<b>FTE</b>						0.6





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## **2008 Business Plan and Budget**

### **Northeast Power Coordinating Council, Inc. (NPCC)**

**(The cross-border regional entity and criteria services  
corporation for Northeastern North America)**

**Approved by NPCC Inc. and NPCC CBRE BODs  
July 9, 2007  
For submission to NERC**

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**2008 NPCC Business Plan and Budget**

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## Introduction

<b>Total NPCC Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	24	24	28
Statutory	17	19	25.2
Non-Statutory	7	5*	2.8
Total Funding	\$7,356,910	\$7,356,910	\$8,176,962

*\*Based on current definitions, several 2007 services included as non-statutory in the 2007 NPCC Business Plan and Budget would have been included as statutory. Utilizing available definitional clarity, 2.4 FTEs would have been allocated in 2007 to non-statutory. Therefore, for 2007, some statutory services are being funded by the NPCC non-statutory member funding mechanism rather than the ERO statutory funding mechanism due to last year's conservative definitions of statutory and non-statutory within the Region.*

Funding for 2007 was based on the mid-2006 regional assumptions of what would likely constitute statutory and non-statutory programs and services. Based upon subsequent information provided through several FERC rulings during the last sixteen months, including definitions of statutory and non-statutory that differed from NPCC's conservative 2006 assumptions, NPCC would have reallocated approximately \$1.4 million of what had been allotted to the regional reliability organization section of its 2007 budget for consistent year to year comparisons.

Based on current definitions, several 2007 services included as non-statutory would have been included as statutory efforts. For the 2008 Business Plan and Budget those efforts have been included in the statutory sections and are:

- Support for the Reliability Readiness Evaluation Program
- Operator Training Workshops
- Resource Adequacy and Transmission Reliability Assessments
- Operational Coordination

For 2007, 90% of NPCC functions and services would have been determined to be statutory rather than the 71% submitted by NERC as activities in support and furtherance of NERC's mission and funded through the statutory mechanism. 10% of NPCC 2007 functions (*those relating exclusively to criteria development and criteria enforcement and administrative support of regionally-specific criteria*) would have been determined to be non-statutory by the NPCC region rather than the 29% used last year to develop the 2007 non-statutory funding needs.

For 2008 budget development, NPCC regional entity (statutory) services comprise 90% of total requirements and NPCC criteria services (non-statutory) comprise 10% of total requirements. NPCC has applied the current definitions to the 2007 budget for consistency and comparisons with regard to growth. Approximately two-thirds of the apparent year to year budget increase can be attributed to implementation of consistent statutory and non-statutory definitions.

<b>Total NPCC Resources Consistent with Current Statutory and Non-Statutory Definitions</b> (in whole dollars)			
	Statutory	Non-Statutory	Total Region
2007 Budget as Submitted	5,214,361	2,142,549	7,356,910
2007 with Consistent Definitions	6,621,219	735,691	7,356,910
Variance	1,406,858	(1,406,858)	0
2008 with Consistent Definitions	7,504,907	672,056	8,176,963
2008 Increase w/ Consistent Definitions	883,688	(63,635)	820,053

## Executive Summary

**Restructuring:** Beginning in 2006, the voluntary international regional reliability organization for Northeastern North America, the Northeast Power Coordinating Council initiated its restructuring efforts. In 2007, with the clear definitions of statutory and non-statutory in place and FERC rulings which allow for divisional separation within regional entities, the Northeast Power Coordinating Council, Inc. (“NPCC, Inc.”), developed a plan of merger to combine with its independent affiliate corporation; Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (NPCC CBRE) which had been created as a fluid interim step in restructuring.

On May 23, 2007 the respective Boards of Directors of NPCC CBRE and NPCC, Inc. unanimously approved and adopted the Agreement and Plan of Merger of NPCC CBRE with and into NPCC, Inc. with NPCC, Inc. surviving the merger and continuing in existence under the Not-for-Profit Corporation Law of the State of New York. Additionally, the NPCC CBRE Members at the May 23<sup>rd</sup>, 2007 First Annual Meeting of the Members, also unanimously approved said Agreement and Plan of Merger. On June 4<sup>th</sup>, 2007, at a special meeting of the Members of NPCC, Inc., the NPCC, Inc. Members also unanimously approved the Agreement and Plan of Merger. NPCC, Inc. and NPCC CBRE believe that the merger will enhance efficiencies in the performance of the surviving corporation that will provide (i) certain functions and services currently being provided by NPCC CBRE with respect to regional reliability standards (*i.e.*, statutory activities) and (ii) non-statutory reliability criteria related services currently being provided by NPCC, Inc. On June 28<sup>th</sup>, 2007, the Supreme Court of the State of New York issued an order approving the plan of merger and in early July, the Certificate of Merger was filed with the anticipation of an August 1, 2007 effective date of merger.

The resultant Northeast Power Coordinating Council, Inc. (to be referred to as NPCC) will provide the statutory functions and services for Northeastern North America of a cross-border regional entity through a regional entity division, as well as non-statutory criteria services for Northeastern North America through a criteria services division. This divisional separation allows for distinct funding with regard to activities determined to be statutory and in the furtherance of NERC’s mission and for criteria services particular and essential to reliability in Northeastern North America.

The merged NPCC, through its regional entity division will work to enhance the reliability of the international, interconnected bulk power system in Northeastern North America through the development of regional reliability standards, coordination of system planning, design and

operations, assessment of reliability, and compliance assessment and enforcement of reliability standards pursuant to the execution and implementation of a Regional Delegation Agreement with the Electric Reliability Organization ("ERO") under the authority of the Federal Energy Regulatory Commission ("FERC") in the U.S. and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities. Through its criteria services division, NPCC will also promote the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria. In the development of reliability criteria, NPCC, to the extent possible, facilitates attainment of fair, effective and efficient competitive electric markets.

### Regulatory Actions

On March 16, 2007 FERC approved 83 reliability standards as mandatory for all users, owners and operators of the interconnected bulk power systems in the United States of America. The approved standards became effective for enforcement purposes in the U.S. on June 18, 2007. NERC standards are already mandatory and enforceable in the provinces of Ontario and New Brunswick in the NPCC region. The Provinces of Québec and Nova Scotia are drafting Memoranda of Understanding with regard to compliance and enforcement in the post Energy Policy Act of 2005 era. The NPCC region has completed its submission to the NERC compliance registry identifying the users, owners, and operators of the international, interconnected bulk power system in Northeastern North America.

The Northeast Power Coordinating Council: Cross-Border Regional Entity (NPCC CBRE) was recognized as the regional entity for Northeastern North America through the FERC April 19th, 2007 approval of the NERC Uniform Compliance Monitoring and Enforcement Program and the delegation agreements NERC had proposed with the eight regional entities in North America. Under authority delegated by NERC, through the delegation agreement, the cross-border regional entity has the primary responsibility for the day-to-day compliance monitoring and enforcement of reliability standards that became effective June 18, 2007. Upon conclusion of the *Agreement and Plan of Merger between Northeast Power Coordinating Council, Inc. and Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc.* including all filings and reviews with the New York State (NYS) Department of State, NYS Attorney General, NYS Supreme Court and associated governmental approvals and consents, the merged NPCC, anticipated for August 1, 2007, will assume NPCC CBRE delegated authorities and incorporate necessary changes into a revised regional delegation agreement to be executed between NERC and NPCC.

FERC stipulated in its April 19<sup>th</sup>, 2007 ruling on the Regional Delegation Agreements that by October 16<sup>th</sup>, 2007 (a 180 day period), regional entities will take such actions as required to meet the mandates in that order. Information and guidance that have been provided in the past year allow for the region to conclude its restructuring to capture organizational efficiencies, provide divisional separation for non-statutory functions and comply with FERC directives.

## **Business Plan Overview**

In 2007 NPCC moved from an annual scope of activities to multiyear formalized task force and working group work plans to maintain a forward outlook, identify challenges and opportunities and to align with the NERC annual business planning cycle. Work plans for the years 2007/2008 were submitted and reviewed by the region's Reliability Coordinating Committee.

The Northeast Power Coordinating Council, Inc.'s (NPCC) first full calendar year as a FERC certified Regional Entity will be 2008. This business plan presents NPCC's functions and services as well as financial requirements for meeting its responsibilities under the Delegation Agreement, and in anticipation of executed Canadian Memoranda of Understanding, so that reliability of the international, interconnected systems of Northeastern North America may be assured.

In the Business Plan section of this document, NPCC demonstrates that the majority of its programs, including Reliability Standards Development; Compliance Monitoring and Enforcement and Organization Registration; Reliability Readiness Evaluations and Improvement; Reliability Assessments, Performance Analysis and Studies; and most committee, task force and working group activities, are required to maintain reliability as intended under Section 215 of the Federal Power Act. NPCC considers its workshops and training activities to be statutory.

Activities that are non-statutory are criteria services in the areas of regionally-specific reliability criteria development and criteria compliance.

***Significant Business Plan and Budget drivers for 2008 include:***

- Increases in the Reliability Standards program area to support NERC's aggressive schedule for standards development, to lead the development of regional reliability standards, and to establish regional reliability directories
- Expansion of the Compliance and Enforcement program area to manage functional entity registration, to incorporate the monitoring and assessment of additional reliability requirements and measures, and to enhance program processes
- Reallocation and additions in the Administrative Services program area to address NERC and FERC budgetary and audit requirements, and to support increased staffing and consultancies in other program areas

## **Detailed Program Business Plan and Budget**

Details of the planning, operation, and review for each program area are included in Section A. The corresponding budget details are shown in Section B. NPCC has provided a Section C for its member funded, non-statutory, criteria services which account for 10% of the total regional resources required.

Funding for the statutory program areas identified in the NPCC 2008 Business Plan and Budget is through NERC, which assesses all load serving entities in Northeastern North America, or their designees, on an NEL basis, consistent with NERC's Rules of Procedure. In addition, the NERC Finance and Audit Committee approved on May 1, 2007 a "Policy on Allocation of Certain Compliance and Enforcement Costs", which allows for a special adjustment for jurisdictions outside of the United States, consistent with applicable, executed agreements or Memoranda of Understanding with provincial regulatory and/or governmental authorities. The application of this policy within NPCC is to provide monetary recognition to an entity, such as the IESO, for the costs of compliance monitoring and enforcement activities conducted by that entity that would otherwise have been conducted and assessed by NPCC.

In this way, those NPCC expenses that are included in the budget for the direct monitoring of enforcement are allocated to those LSEs receiving that service and the balance of the costs of the

Compliance Program are categorized as mutually beneficial or in NERC's characterization in "the public good" and are assessed universally on the bases of net energy for load.



## Section A — 2008 NPCC Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.5	2	3.5
Total Direct Funding	\$768,642	\$580,985	\$785,399
Total Indirect Funding [1]	\$276,022	\$302,112	\$630,289
Total Funding	\$1,044,664	\$883,098	\$1,415,688

[1] Direct funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

### Background

In order to enhance the quality of reliability standards as well as educate and inform users, owners and operators of the international, interconnected bulk power system in Northeastern North America of the reliability standard's requirements and track the progress and implementation plans of these standards, NPCC has a number of task forces and working groups engaged in the coordination of reliability related activities. These groups provide a coordinated review of all ERO Reliability Standards and serve to develop the NPCC Regional Reliability Standards.

The activities of the reliability standards program will be conducted, to the extent possible, by conference calls, use of e-mail, Web site postings, and other means of electronic communications. In the event face-to-face meetings of participants are needed, those meetings will take place at NPCC's headquarters in New York City, or at other locations in various cities within the Northeastern United States and Canada, as selected from time to time for the convenience of the meeting attendees.

The majority of the proposed reliability standards activities for the NPCC region for 2008 will be directly related to development of ERO Reliability Standards, which will be submitted to FERC and applicable Canadian Provincial regulatory and/or governmental authorities for approval, as well as the implementation of the NPCC Regional Reliability Standard Development Procedure. In addition, FERC staff has referred to some of the NERC standards that assign to regional reliability organizations the responsibility of establishing reliability requirements for regional members as "fill in the blank" standards, because Section 215 of the U.S. Federal Power Act does not allow enforcement of an ERO reliability standard upon a Bulk Power System owner, operator or user, including the setting of financial penalties and sanctions, to the extent a portion of the requirements exists outside the standard. NPCC is working closely with NERC in the Regional Reliability Standards Working Group (RRSWG) to address all of the "fill in the blank" standards. The results of the RRSWG effort appear in the NERC 3 year work plan to revise standards. NPCC regional standards development will be fully coordinated with the development of the standards appearing in the NERC work plan.

Based on the portion of professional/technical staff time, and other resources devoted to reliability standards development, NPCC estimates that it will spend 19 percent of its resources on this activity.

### **ERO Standards Process**

During 2008 NPCC will be refining and revising its Regional Reliability Standards Development Procedure, enhancing the web based tools to increase functionality and promulgating information regarding all ERO and NPCC standards and standards development activities and procedures to those registered entities within the NPCC geographic footprint. NPCC will have mechanisms in place to assist the ERO in development of standards as well as refine ERO procedure through the active involvement of NPCC staff and membership in the NERC committee process. The NPCC Regional Standards Committee (RSC) will manage the regional reliability standards development procedure and also be responsible for development of any transitional activities associated with the ERO standards development.

### **Standards Program Goals and Objectives**

The standards program goals and objectives for 2008 are grouped into six categories: participation in ERO standards development; regional reliability standards development; standards improvement; business practice interface; process improvement, and communications. The goals and objectives of the standards program for 2008 are to:

#### 1) Participate in the ERO Standards Development

- Coordinate the development of ERO reliability standards within NERC work plan
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America
- Solicit technically qualified candidates from Northeastern North America to participate on each of the NERC drafting teams
- Review and develop comments on FERC preliminary staff assessments as appropriate
- Participate in ballots for ERO standards and provide recommendations to the NPCC Members of the NERC Registered Ballot Body
- Review and develop comments on FERC Notice of Proposed Rulemaking (NOPR) for any and all standards related issues as appropriate
- Evaluate proposed standards utilizing regional technical committees
- Educate and notify stakeholders and regulators about issues related to standards development
- Provide a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC) and NPCC Task Force on Infrastructure Security and Technology (TFIST)

#### 2) Regional Standards Development

- Develop four regional standards utilizing the NPCC Regional Reliability Standard Development Procedure
- Identify additional future regional standard opportunities by developing a set of Regional Reliability Directories incorporating the ERO Reliability Standards, Regional Standards and regionally-specific more stringent Criteria
- Draft proposed standards utilizing regional technical committees
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to regional standards development and procedures

- Adhere to and surpass the ERO work plan milestones as they pertain to targets for the regional standards

3) Standards Improvement

- Achieve NPCC reliability goals and objectives by initiating and efficiently completing standards activities
- Leverage internet and web based tools functionality to ensure inter-regional consistency and quality of regional reliability standards
- Establish long-term strategy for standards improvement and initiate implementation
- Ensure the topics addressed by the reliability standards parallel changing industry needs

4) Business Practices Interface

- Coordinate the review of standards with NPCC members of the North American Electric Standards Review Board
- Identify potential market issues for Regional Standards through NPCC Reliability Coordinating Committee (RCC) reviews

5) Process Improvement

- Identify efficiencies for a coordinated NERC standards development process and NPCC Regional Standards Development Procedure and recommend revisions as applicable
- Participate in the revision and redrafting of the NERC procedure
- Establish targets for NERC and NPCC standards procedure improvement and initiate implementation of the strategy
- Streamline and improve the regional standards process and enhance program tools

6) Communications

- Automate notifications process to assure awareness of dates and proceedings of all standard development activities
- Strengthen the relationship with the industry's technical committees to ensure adequate input to standards development
- Sponsor NPCC Workshops and participate in NERC/ERO to promote awareness and educate the industry
- Promote the reliability objectives of the NERC standards as appropriate to the NPCC members of the NERC Registered Ballot Body

### **ERO Standards Development**

Technically excellent standards that enhance reliability require the full participation of industry experts from all regional entities as well as experts from different stakeholder segments to provide diverse yet helpful perspectives when developing reliability standards. The NPCC RSC will promote the drafting team process and solicit drafting team members from appropriate NPCC technical bodies.

NPCC RSC will also provide notifications to Northeastern North America NERC Registered Ballot Body members of applicable deadlines for ballot pool registration and for casting ballots thereby promoting achievement of quorum requirements. This support will enhance efficiency of the NERC procedure.

NPCC will also participate in the development and revision of standards as directed by FERC and other governmental and/or regulatory authorities. FERC has identified 56 NERC Reliability Standards needing “further work”. These 56 standards, along with 28 additional standards delineated in the NERC three-year work plan as needing revision, will be ready to be reviewed and revised in 2007 into 2008 and are all included as follows.

NPCC will provide support and coordination of NERC standards development activities for the following;

2007 Standards Scheduled for Revision (56 total standards) include:

- 2007-01 Under-frequency Load Shedding (PRC-006 to PRC-009)
- 2007-02 Operating Personnel Communications Protocols (COM-002)
- 2007-03 Real-time Transmission Operations and Balancing of Load and Generation (TOP-001 to TOP-008, ORG-001 to ORG-018, and COM-001 and COM-002)
- 2007-04 Certifying System Operators (PER-003)
- 2007-05 Balancing Authority Controls (BAL-002 and BAL-004 to BAL-006)
- 2007-06 System Protection (PRC-001)
- 2007-07 Vegetation Management (FAC-003)
- 2007-08 Emergency Operations (EOP-001 to EOP-003)
- 2007-09 Generator Verification (MOD-024 and MOD-025)
- 2007-10 Modeling Data (MOD-010 to MOD-015, PRC-013, PRC-015, PRC-020 and PRC-021)
- 2007-11 Disturbance Monitoring (PRC-002, PRC-018)

2008 Standards Scheduled for Revision (28 total standards) include:

- 2008-01 Voltage and Reactive Control (VAR-001 and VAR-002)
- 2008-02 Under Voltage Load Shedding (PRC-010, PRC-011 and PRC-022)
- 2008-03 Demand Data (MOD-016 to MOD-021)
- 2008-04 Protection Systems (PRC-003 to PRC-005, PRC-012, PRC-014, PRC-016 and PRC-017)
- 2008-05 Cyber Security (CIP-002 to CIP-009)
- 2008-06 Phasor Measurement Units (new)
- 2008-07 Resource Adequacy Assessments (new)

The above standards, taken from the NERC three-year work plan account for 84 total standards that will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the NPCC membership. NPCC will also participate in the development of new standards resulting from lessons learned through NPCC and NERC programs (e.g., reliability performance assessment, compliance enforcement, readiness evaluations, training, and situation awareness and infrastructure protection).

**Regional Standards Development**

The NPCC Regional Standards Development Procedure will develop a minimum of four regional reliability standards as noted below and in accordance with the timelines in the NERC three-year standards work plan. These regional standards will include, but not be restricted to the following:

- Underfrequency Load Shedding (UFLS)
- Disturbance Monitoring Equipment
- Special Protection Systems

- Balancing Resource and Demand, reserve sharing and requirements

All regional entities will develop these four standards to support the corresponding NERC ERO standards outlined in the work plan. These four standards, along with the associated ERO standards address the “fill in the blank” standards which FERC currently is “holding” for future action. In addition, NPCC is participating in the NERC Regional Reliability Standards Working Group to strive to achieve uniformity and coordination between the regional entities’ standards.

### **Standards Improvement**

Improvement in the quality of a standard can be quantified in a number of ways. The standards should identify an achievable, technically excellent reliability goal or objective. This goal should be measurable and have specific and concise requirements associated with it. How the reliability goal or objective is achieved will not be the focus of the process. Full participation from industry experts to provide proper technical guidance as well as multiple segments to provide diverse viewpoints is critical to the quality of the resultant standard. These attributes, along with open postings and notifications to allow the industry opportunities to participate are the key components to a successful process and achieving quality standards.

NPCC is committed to providing support to the ERO in its standard development activities. Process improvements resulting from conducting a thorough review of standards and the procedure itself will result in technically superior and excellent standards.

### **Business Practice Interface**

NPCC is an open organization that includes within its membership market participants as well as individuals involved with the North American Electricity Standards Board. During open process review of regional standards and the posting for comment on the NERC website, effective interface with those entities familiar with the business practices is achieved.

### **Standards Process Improvement**

NPCC RSC and staff regularly participate in the NERC Standards Committee activities and contribute to develop revisions of the standards procedure manual. The RSC also seeks efficiencies in the regional standards procedure and utilizes and refines web based tools for easier user interface and to provide effective and timely notifications of standards activities.

### **Communications**

- Educate and inform industry stakeholders through web based tools and participation in NERC Reliability Standards Workshops
- Update and inform governmental regulators and/or authorities on the standards development work plan and processes through individual project discussions and annual meetings/conferences
- Develop standards program communications that support NERC’s overall communications platform
- Develop and maintain NPCC Reliability Directories that will enable users, owners and operators of the international bulk power system in the Region the ability to apply reliability requirements in NERC and NPCC as well as the more stringent NPCC regionally-specific criteria

## Compliance Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.5	6	7.5
Total Direct Funding	\$1,382,177	\$1,742,956	\$1,997,831
Total Indirect Funding	\$607,248	\$906,337	\$1,350,618
Total Funding	\$1,989,425	\$2,649,293	\$3,348,450

### Background

In 2008 NPCC will engage in the first full year implementation of the Compliance Monitoring and Enforcement Program (CMEP) to meet its statutory requirements of NERC Program #400 – Compliance Enforcement. This program, initiated June 18, 2007, monitors, assesses and enforces compliance to ERO Reliability Standards and Regional Reliability Standards of those entities contained in the Compliance Registry for entities in the United States.

In Canada, NPCC will monitor, assess and enforce compliance to ERO Reliability Standards and Regional Reliability Standards in accordance with approved Memoranda of Understanding and Implementation Agreements that are in place with each Canadian province within the Region. An agreement has been executed with Ontario and implementation agreements are still being reviewed in the Québec, New Brunswick and Nova Scotia provinces. Each agreement should describe the particular process that will be utilized, by NPCC, to conduct the monitoring and assessment of compliance requirements in the associated province. Penalties and sanctions will be administered by the defined provincial governmental and/or regulatory authorities as described in each discreet agreement.

The CMEP identifies eight sources of an alleged violation: self report, self certification, compliance audit, spot check, investigation, exception reporting, complaint or data submittal. Each alleged violation will be reviewed and processed by NPCC and if confirmed will have an appropriate sanction recommended to NERC and FERC or the appropriate Canadian governmental and/or regulatory entity.

The NPCC Compliance Committee (CC), a Committee of the NPCC Board of Directors (BOD), will provide policy input and final approval of compliance assessments, including sanction recommendations for the CMEP. This balanced stakeholder committee consists of representatives of the eight voting sectors as described in the NPCC *Bylaws* and is chaired by the Assistant Vice President - Compliance. The CC is also responsible for impaneling a Hearing Body to resolve contested compliance and/or sanction or penalty determinations. Hearings will be conducted by an independent Hearing Officer. The CC is also responsible for the implementation of a settlement process. The CC will also have working groups reporting to it as deemed necessary.

NPCC is utilizing its web-based CMEP Data Administration Application (CDAA) to receive, review and analyze all data associated with the CMEP. NPCC will enhance the CDAA to

address the recommendations of its membership. The CDAA Users Group will be the forum for member input and recommendations for the evolving application.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the reliability standards compliance enforcement process, NPCC estimates that it will spend 45 percent of its resources on this activity.

In 2008 NPCC, under NERC Program #500 - Organization Registration and Certification, will continue to maintain and revise the Compliance Registry to assure that the Registry contains the most current and accurate information. It will also assure that the necessary certification processes are implemented keeping Organization Certification current.

In 2008 there is an increase in the manpower requirements in the Compliance Monitoring and Enforcement and Organization Registration and Certification Programs of an additional 1.5 FTE. This increase is based on the full year implementation of the CMEP including an expanded Compliance Audit and Spot Check Program, continued monitoring, maintenance and revision of the NPCC Compliance Registry and further enhancements and development of the CMEP Data Administration Application (CDAA).

### **Compliance Enforcement Program Objectives**

- Conduct 2008 Compliance Monitoring and Enforcement Program incorporating all NERC Reliability Standards contained in the NERC monitored list for 2008 and any approved and applicable Regional Reliability Standards
  - Implement settlement process when applicable and send proper notifications to NERC and FERC
  - Conduct necessary Hearings related to resolution of outstanding disputes regarding violations and/or sanctions. Send results of hearings to NERC and FERC
- Implement compliance responsibilities identified in the approved Canadian Memoranda of Understanding and Implementation Agreements
- Provide NPCC Regional input, through participation in appropriate NERC compliance committees, on policy and implementation issues related to compliance, including the development of compliance elements for all new or revised NERC Reliability Standards
- Provide required information to NERC on a timely basis including reporting of alleged violations and quarterly reporting of confirmed violations
- Track the progress and report status of all outstanding mitigation plans
- Conduct a full year Compliance Audit Schedule or an estimated total of 100 Compliance Audits, which represents a significant increase over the 2007 Compliance Audit Program. The 2008 Audits can be categorized by the scope of the audit based on the number of requirements for each registered entity contained on the monitored list of reliability Standards for 2007 and 2008. Three categories have been established based on the above criteria. In 2008 there are projected to be nine “large” audits, 40 “medium” audits and 51 “small” audits. The estimates for the number of Compliance Audits are also based on the projected total number of registered entities for each type and the established three-year cycle for RC, BA, TOP Compliance Audits and the established six-year cycle for all other registered entity types

- Conduct an increased number of spot checks during the year. The spot checking process is part of the Compliance Audit Program. A spot check can be viewed as a limited unscheduled off-site compliance audit that will be utilized to verify self certification submittals that have been done earlier in the year. In 2007, NPCC will conduct approximately 125 spot checks. In 2008 the number of spot checks is estimated to be 200
- Assure that NPCC Staff is trained to conduct Compliance Audits
  - Maintain Regional Compliance Auditor Training Program, including the implementation of the “train- the- trainer” function envisioned by the Region. This function is contingent upon the development, by NERC, of the proper training module. Absent of this available module Compliance Auditor Training will be done at the NERC level
  - Work with the Training, Education and Operator certification and Reliability Readiness Evaluation and Improvement Programs to review and maintain compliance auditor training requirements
- Enhance the CDAA to expand its capabilities from both the registered entity perspective and the NPCC Compliance Staff perspective. Use established CDAA Users Group to seek input from the user community as to ways to enhance the application. Provide applicable training to staff personnel to allow for the development of enhanced compliance program reporting
- Conduct 2008 Compliance Workshop(s)

### **Organization Registration and Certification Objectives**

- Maintain and Update Compliance Registry to assure that an accurate listing of registered entities is available
  - Review current Compliance Registry on a regular basis
  - Provide latest Registration Criteria to current or potential registrants
  - Identify new registrants throughout the year
  - Maintain appeal process for entity registration
- Certify necessary Functional Model entities
  - Review certification requirements contained in latest version of Functional Model
  - Assure that certification processes and procedures are current
  - Assure availability of appropriately trained individuals for certification activities (audits)



## Reliability Readiness Evaluation and Improvement Program

<b>Reliability Readiness Evaluation and Improvement Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.8	0.8	1
Total Direct Funding	\$244,863	\$232,394	\$232,567
Total Indirect Funding	\$88,327	\$120,845	\$180,082
Total Funding	\$333,190	\$353,239	\$412,650

### Background

The Reliability Readiness Evaluation and Improvement Program, a collaborative program conducted by the Regional Entities and NERC, assesses the readiness of the operational entities to continue to oversee the reliable operation of the bulk power system. Readiness evaluations are conducted on a three-year cycle for the Reliability Coordinator, the Transmission Operator and the Balancing Authority. The Transmission Owner, which supports the operation of the RC, TOP and BA, is also to be reviewed on a cycle of three years. The NERC Reliability Readiness Evaluation and Improvement Program promotes excellence in operations by establishing a dialogue between the review team and the entity being reviewed and by providing a forum for the exchange of ideas. Opportunities for improvement and examples of excellence are identified in the review process that will assist not only the audited entity, but all entities of the North American bulk power system improve their ability to operate the power system.

The Reliability Readiness Evaluation team itself consists of industry volunteers with the necessary technical expertise, with a member of the NERC staff assuming the lead for each evaluation team. Reliability Readiness Evaluation activities are conducted on-site at the locations of the evaluated entities. The full evaluation team prepares, and concurs in the preparation of, a final report summarizing the conclusions and observations of the team, and, when finalized, it is made publicly available on the NERC website.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Reliability Readiness Evaluation and Improvement program, NPCC estimates that it will spend 6% of its resources on this activity.

The calendar year 2007 commenced the first year of the second three-year cycle of reliability Readiness Evaluations of Reliability Coordinators, Balancing Authorities and Transmission Operators.

The program is expanding to accommodate the Transmission Owner (formerly referred to as the local control center) that has been delegated authority to conduct reliability functions in support of supervising reliability entities. In 2008, NPCC will provide the team co-lead and ensure the completion of the NERC Reliability Readiness Evaluation and Improvement Program review team for the evaluation of one Reliability Coordinator and six Transmission Owners. NPCC will further assist the Reliability Readiness Evaluation and Improvement Program by participating in the evaluation of approximately ten entity evaluations external to the NPCC region.

Communication efforts will be expanded to provide additional program metrics as well as to gain additional industry feedback. When identified in a Readiness Evaluation, examples of excellence are published by the NERC in its quarterly bulletin, “Examples of Excellence.”

**Reliability Readiness Evaluation and Improvement Objectives**

- Serve as the team co-lead and ensure the completion of the NERC Reliability Readiness Evaluation and Improvement Program review team for the Readiness Evaluation of one Reliability Coordinator and six Transmission Owners
- Participate in ten Reliability Evaluations of entities outside of the NPCC region
- Monitor and report quarterly the status and mitigation of each recommendation directed to an NPCC entity in the Readiness Evaluation process
- Track the status of progress to completion of those recommendations directed to the NPCC entities through the NERC Reliability Readiness Evaluation and Improvement Program

**Regional Standards Development**

- Identify possible enhancements to reliability standards identified during the Readiness Evaluation process

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.2	0.2	0.5
Total Direct Funding	\$61,216	\$58,099	\$120,770
Total Indirect Funding	\$22,082	\$30,211	\$90,041
Total Funding	\$83,298	\$88,310	\$210,811

### Background

#### System Operator Certification Program

To ensure the basic competencies of operating personnel of the owners, operators and users of the bulk power systems of North America, the System Operator Certification Program has, for several years, provided a certification credential for the operating personnel of the owners, operators and users of the bulk power system, initially certifying the competency of operating personnel through class room administered examinations. Operating personnel seeking certification, or wishing to maintain certification through the System Operator Certification Program, support the program through fees covering the expenses of the examinations and other continuing education activities. Beginning in 2007, the program was expanded to include periodic recertification of system operators through the accumulation of Continuing Education Hours administered in accredited training content, permitting the system operator to submit qualifying Continuing Education Hours to maintain his or her credential in lieu of recertifying via an examination. In this way the system operator maintains his or her credentials through ongoing training as opposed to a rote examination process, and, at the same time, continues to enhance his or her skills and remains current in a changing industry.

#### Continuing Education Program

The NERC Continuing Education Program fosters the improvement of, and promotes quality in, the training programs implemented by owners, operators and users of the bulk power system. The program approves those activities and entities meeting NERC's continuing education requirements. Specifically, the NERC Continuing Education Program: promotes excellence in training programs, and advances improved performance for, bulk power system operating personnel identified in the preceding paragraph; develops and maintains a process to approve or accredit continuing education providers and activities seeking approval or accreditation and meeting continuing education requirements approved by NERC; periodically audits continuing education providers and training activities to ensure that the approved providers and training activities satisfy NERC's continuing education requirements; and develops and maintains an appeals process for disputed application reviews, interpretations of guidelines and standards, probation or suspension of approved provider status, or continuing education hour disputes.

#### Continuing Education Program Objectives

- Integrate the NERC Continuing Education program into the respective training programs of the NPCC Balancing Authority Areas (BAAs)
- Where achievable, consolidate training among the NPCC BAAs in the development of course work accredited for Continuing Education Hours

- Enhance the semiannual NPCC System Operators Training Seminar to permit accredited Continuing Education Hours for its participants
- Identify and establish any necessary training requirements which may result from the entity certification process

### **Training Background**

NPCC establishes and coordinates programs for system dispatcher and scheduler training relating to inter-Area matters, criteria, terminology, policies and operating instructions. It develops training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, internal training methods are exchanged, the implementation of NPCC policies are discussed, significant disturbances are reviewed for lessons to be learned and “table-top” drills and event simulations are conducted to replicate selected operational problems. NPCC also evaluates and proposes new techniques and training aids as they become available.

### **Training Background Objectives**

- Develop topics for use in system operator and dispatcher training addressing NPCC wide-area operations, ERO Reliability Standards, regionally-specific Criteria, Procedures, and operating instructions and terminology
- Establish agendas for seminars in NPCC on a semiannual basis
- Achieve discussion of, and an opportunity for the exchange of, information on and consolidation of internal methods of system operator and dispatcher selection, training and training material

### **Reliability Standards and Regionally-Specific Criteria Feedback**

- Identify training deficiencies and review ERO Reliability Standards – Regional Standards and NPCC Procedures and Criteria to identify areas for enhancement

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Training, Education, and Operator Certification Program, NPCC estimates that it will spend 3 percent of its resources on this activity.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3	3	3.5
Total Direct Funding	\$1,071,275	\$871,478	\$1,043,610
Total Indirect Funding	\$331,226	\$453,169	\$630,289
Total Funding	\$1,402,501	\$1,324,646	\$1,673,899

### Background

NPCC coordinates operation and planning among the NPCC Areas and NERC Regions to enhance the reliability of the interconnected bulk power system, and coordinates the development of operating criteria, Regional Standards and procedures affecting the reliability and operability of interconnected power systems in coordination with the NERC. NPCC has established the Reliability Coordinating Committee as the top technical committee to integrate the “deliverables” of NPCC’s programs.

Seasonal reviews of the overall NPCC resource adequacy assessments of the operational readiness of NPCC and identification of possible actions to mitigate any potential problems identified are performed. NPCC reviews operations and disturbances both internal and external to the Region in order to identify any lessons to be learned and recommends the necessary follow-up, including the recommendation of remedial or mitigating actions.

If appropriate, enhancements to Regional Criteria are also recommended. NPCC promotes and conducts both inter-Area and interregional studies to enhance reliability and operational effectiveness, and provides a forum for the discussion and coordination of operating issues within the NPCC Areas and with other Regions.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the performance of reliability and adequacy assessments, the analysis of significant system events on the bulk power system, and to the development of reliability metrics and benchmarks, NPCC estimates that it will spend 22 percent of its resources on this activity.

### Resource Adequacy Assessments Objectives

NPCC, through its Reliability Coordinating Committee, Task Forces and Working Groups performs assessments of the future resource adequacy of the Region. These efforts are summarized below:

- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with *Guidelines for Area Review of Resource Adequacy* (NPCC Document B-8) and *Basic Criteria for the Design and Operation of Interconnected Power Systems* (Document A-2)
- Performing pre-seasonal (summer/winter) multi-Area probabilistic reliability assessments of the NPCC area
- Periodically performing an overall interregional resource adequacy overview of the NPCC areas and its neighboring Regions

- Identifying potential reliability impacts associated with existing and proposed NPCC Area and neighboring Regions market mechanisms, and providing Regional liaison with NERC/NAESB goals, objectives and activities

### **Operations Reliability Objectives**

NPCC enhances operational reliability by:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC.
- Reviewing the operational readiness of NPCC and recommending actions to mitigate any potential problems identified for the coming operating period
- Acting upon NERC Standards, actions, motions and recommendations.
- Track to completion the completion of NERC Recommendations.
- Ensuring the effectiveness of NPCC operations through the continual analysis of operational issues and disturbances, and by conducting any identified follow-up, including the recommendation of remedial or mitigating actions
- Coordinating wide-area and interregional studies to enhance reliability and operational effectiveness through the development of common operating criteria, standards and procedures.
- Assisting in the compliance efforts of the NPCC members
- Leading the Eastern Interconnection Reliability Assessment Group (ERAG) in its development of the Multi-regional Modeling Group (MMWG) annual base case development work and the seasonal interregional seasonal system assessment studies for the Eastern Interconnection
- Develop tools to ensure wide-area coordination in evaluating interchange schedules

### **Planning Reliability Objectives**

The ongoing activities are defined within the scope of the NPCC Task Force on Coordination of Planning include, but are not confined to:

#### 2003 Blackout Recommendations

- Completing any outstanding 2003 Blackout Recommendation follow-up analyses, including any further Blackout Recommendation activities as they are developed by the NERC Blackout Recommendation Task Force (BRTF) or NPCC
- Coordinating all activities related to the “TFCP Whitepaper on NERC Recommendation 7a Reactive Power and Voltage Control Practices” with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC Planning Committee and its Subcommittees are addressed
- Evaluating Under Voltage Load Shedding (UVLS) applicability and capability within NPCC. Coordinate to ensure that further UVLS analysis beyond the initial feasibility/screening study is completed according to schedules

#### System Protection

- Evaluating system protection and control to address the limiting propagation of a cascading failure
- Defining and determining the requirements for synchronized reserve

- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems

#### Facilitating Wide-Area Planning

- Supporting the Joint ISO/RTO Planning Committee Activities, including implementation of the Northeast Planning Protocol, and performing interconnection reliability analyses, as required
- Following the U.S. Department of Energy (DOE) Eastern Interconnect Phasor Project
- Participating in the DOE Congestion Study and designation of National Interest Electric Transmission Corridors

#### Standards Activities

- Reviewing the NERC Planning Standards that have been placed into final NERC due process. Recommend changes to those NERC Planning Standards that are scheduled for implementation in latter phases of the NERC Compliance Program. Reviewing the Standards Authorization Requests and Reliability Standards as well as participating in the NERC process
- Educating and informing NPCC members of standards related developments
- Identifying the need and developing potential new regional planning standards
- Identifying the elements of the NPCC Bulk Power System

#### Resource Adequacy

- On a consistent basis, periodically estimating the amount of interconnection as NPCC assistance available to the NPCC Areas for today's system and for the near term
- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with *Guidelines for Area Review of Resource Adequacy* (Document B-8)
- Ensuring coordination and submittal of data and assumptions for conducting NPCC and NERC reliability assessments (e.g. load forecasts, reserve requirements, EIA 411 data, NERC transmission availability data, new facilities)

#### Compliance Related Activities

- Coordinating the review of the compliance of future Area plans with the NPCC Basic Criteria, including an analysis of resource and transmission system additions, the potential inter-Area effects of special protection systems, and review of specific projects, which could have an impact on the reliability of the NPCC bulk power system
- Assisting in addressing any identified compliance issues

### **System Protection Reliability Objectives**

The ongoing activities are defined within the scope of the NPCC Task Force on System Protection include, but are not confined to:

#### System Protection Assessments

- Reviewing and analyzing the performance of protection systems following selected major power system disturbances and events, inside as well as outside NPCC in accordance with Procedures for Task Force on *System Protection Review of Disturbances* (Document C-30)

- Reviewing and assessing regulatory and industry based documents as they relate to system protection. Providing technical representation to working groups for review of such documents
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee, and performing special assignments and studies as directed or authorized
- Assessing proposed protection systems and special protection systems in accordance with NPCC Procedure for Reporting and Reviewing Proposed Protection Systems for the Bulk Power System

#### Information Exchange

- Maintaining an effective liaison with North American groups working in the protection areas, for example the NERC System Protection & Control Task Force
- Exchanging information with Independent System Operators, power pools, Regional Entities, Regional Reliability Organizations, Regional Transmission Organizations and other industry groups on matters concerned with system protection
- Providing technical advice on protection issues to NPCC and coordinating with other Task Forces on the application of Intelligent Electronic Devices (IEDs) that include functions related to energy management systems in addition to their protective functions, in order to safeguard the integrity of the protective functions
- Reviewing and assessing significant protection issues of common interest or informational value

#### Maintenance Evaluation

- Collecting data relative to Bulk Power System maintenance practices to evaluate protection system maintenance costs and the impact on Bulk Power System performance. This data will be used to optimize protection system maintenance requirements

### **System Studies Reliability Objectives**

The ongoing activities are defined within the scope of the NPCC Task Force on System Studies and include, but are not confined to:

#### Reliability Assessments

- Conducting Area Reviews, in accordance with the *Guidelines for NPCC AREA Transmission Reviews* (Document B-4) based on material presented by the Areas. These reviews will assess the impact of planned transmission and resource additions or modifications on system reliability, and determine each Area's conformance with the Basic Criteria
- Reviewing and classifying new and modified Special Protection Systems (SPS), in accordance with the *Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems* (Document C-16). Annually review and update the NPCC SPS list and present it to the RCC
- Conducting annual reviews and updates of the NPCC library of power flow base cases and associated dynamics data, for use in and support of planning studies, operating studies, and reliability assessments, and coordinating this effort with the NERC inter-regional base case development process. Conducting such load flow, transient stability, and other studies as required analyzing the overall reliability of the planned bulk power transmission systems of NPCC and the interconnections between NPCC and other



regional entities. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.

### **Blackout 2003 Follow-up Reliability Objectives**

- Investigating specific protection system changes on NPCC interfaces whose performance proved to be critical during the Blackout sequence of events
- Investigating the coordination between generating unit (generator, excitation system, and prime mover) protections and the Under Frequency Load Shedding (UFLS) program by participation on the NERC System Protection and Control Task Force. Cases where generating unit protection cannot be coordinated with the UFLS program without compromising unit protection in future assessments of the UFLS program will be identified. Reviewing NPCC Criteria to ensure that any required coordination between the UFLS program and generators is included
- Ensuring that future assessments of the Under Frequency Load Shedding (UFLS) program include: sensitivity studies to examine: the impact of unexpected load or generation loss near the electrical center of unstable swings during island formation; simulation of island formation across Area and regional boundaries and modeling more severe conditions including modeling of initiating disturbances and non-coincident tripping of circuits across the island boundary; the impact of low voltages on UFLS relay performance including under voltage supervision and accuracy of frequency measurements; and identification of large load areas within NPCC that are frequently deficient in generation by more than 25% and that are susceptible to islanding and assessment of the performance of such islands
- Making improvements in modeling tools and data: validate the reactive power, load power factor, and voltage profile data in the NPCC library power flow cases. Surveying methods available now to create accurate power flow models based on actual operating data, what initiatives are underway by NERC, how much effort it would take to develop a common approach within NPCC and identify associated costs
- Reviewing past industry efforts to study dynamic load behavior, and contact technical experts within the industry to benefit from their research. Focusing on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommending whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance

## Situation Awareness and Infrastructure Security Program

<b>Situation Awareness and Infrastructure Security Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.5	0.5	1
Total Direct Funding	\$306,078	\$145,246	\$263,328
Total Indirect Funding	\$55,204	\$75,528	\$180,082
Total Funding	\$361,282	\$220,774	\$443,410

### Background

The Situation Awareness and Infrastructure Security Program is the combination of near real-time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure. This includes the operation and maintenance of tools and other support services for the benefit of reliability coordinators and other system operators. Maintaining the real-time awareness of conditions on the interconnected bulk power systems of the NPCC Areas (including awareness of abnormal events, communicating information concerning system conditions and abnormal events to, and facilitating real-time communications among, system operators responsible for the reliable operation of the bulk power systems) is critical to maintaining reliable operation within NPCC.

On an ongoing basis, NPCC monitors the operational status of the bulk power system and coordinates normal and pre-emergency communication, awareness and assistance in addition to the same during an emergency among the Areas. The industry is notified of significant bulk power system events that have occurred in one Area, and which have the potential to impact reliability in other NPCC Areas or Regions external to NPCC. These events include contingencies on the bulk power system, potential shortfalls of operating reserve, operating problems, potential security threats and potential threats or disruptions to the cyber systems of the Areas.

To assist in the evaluation of emerging tools to better identify evolving system conditions, NPCC actively coordinates the implementation of new operational aids, including the Area Control Error (ACE) and Frequency Monitoring System; the NERC Hotline; Real-time Flows; the System Data Exchange (SDX); the Reliability Coordinator Information System (RCIS); the Transmission Services Information Network (TSIN); the Interchange Distribution Calculator (IDC); the interregional Security Network (ISN); and the Central Repository for Security Events (CRC).

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Situation Awareness and Infrastructure Security Program activities and functions, NPCC estimates that it will spend 6 percent of its resources on this activity.

### System Operations Security Objectives

Coordinate interregional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system. Assist in the development of real time operating tools that assures cyber security concerns are addressed. Assess and implement NERC Real-Time Tools Best Practices Task Force recommendations applicable to NPCC members.

## **Critical Infrastructure Objectives**

The ongoing activities are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) include:

### Standards Activities

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Providing recommendations to the RCC regarding NPCC's position concerning proposed NERC security guidelines/standards
- Annually reviewing infrastructure security & technologies and provide recommendations, when appropriate, to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of Physical and Cyber Security. TFIST will focus on the activities of the NERC CIPC

### Reliability Criteria Development

- Formulating and recommending Criteria, Guidelines and Procedures to monitor and report conformance pertaining to the reliability, Cyber Security, Physical Security, availability and performance of member systems Energy Management Systems, SCADA, the Telecommunications Networks and Substation automation technology which serve and interconnect them

## **Operational Situation Awareness Objectives**

Coordinate communications within NPCC and, as required, with neighboring regional entities to rapidly exchange critical information and facilitate the procurement of assistance during emergency conditions by:

- Area Coordination Conference Calls  
Conference calls of the operations management personnel are initiated by NPCC to discuss operations expected during the forthcoming ten-day period (weekend and week following)
- Emergency Preparedness Coordination Conference Call  
The NPCC Emergency Preparedness Coordination Conference Call augments the Area coordination conference call process to enable the Operations Managers in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions and facilitate the procurement of assistance during emergency conditions.
- Area Control Room Coordination Conference Calls  
The senior shift supervisor of each of the NPCC Balancing Authority Area control rooms also takes part in a regularly scheduled conference call. The goal of this call is to alert all neighboring Balancing Authority Areas of any potential emerging problems. Subjects for discussion are limited to credible events which could impact the ability of a Balancing Authority Area to serve its load and meet its operating reserve obligations, or which would impose a burden to the Interconnection.

## Administrative Services

<b>Administrative Services Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	4.5	6.5	8.2
<sup>1</sup> Total Direct Funding	\$1,380,110	\$1,888,202	\$3,061,402

<sup>1</sup> Represents the sum of the indirect costs associated with all of the previously identified program areas

## Members' Forums

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC to identify and discuss emerging issues related to the reliability of the NPCC Region.

The annual NPCC General Meeting provides an opportunity for NPCC Members to meet and discuss topics related to the reliable planning and operation of the power system, including related critical infrastructure and environmental issues. The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, and disseminate appropriate information to the media, as well as respond to related requests for information.

## Information Technology

NPCC's Information Technology staff ensures information assets and the environment in which they operate are secure. IT develops and maintains systems used by the electric industry to monitor system conditions in near-real time. NPCC maintains a backup site for continuity of essential operations in the event that its primary location becomes uninhabitable.

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Establish and direct the strategic long-term goals, policies, and procedures of NPCC's information technology department
- Create an information security program aimed at reducing breach of security risks
- Determine long-term software and systems needs and hardware acquisitions
- Develop and implement information security standards and procedures
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security
- Plan and implement organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems

## **Legal and Regulatory**

The NPCC legal consultants provide counsel to the President and CEO, Board of Directors, Vice President and COO, Treasurer and staff on legal and regulatory matters including corporate law, code of conduct, confidentiality, governance, employment law and other areas affecting NPCC; counsel reviews items filed with governmental agencies for legal sufficiency; maintains relationships with U.S. and Canadian jurisdictions; and provides contract review.

Legal and regulatory had been allocated as a part of direct program costs for the 2007 Business Plan and Budget and have been reallocated in 2007 projections and 2008 estimates to the administrative, indirect costs associated with operations.

## **Legal and Regulatory Objectives**

- Assure continuing recognition of NPCC as a cross-border regional entity
- Obtain regulatory approvals for new and revised regional reliability standards on a timely basis
- Process all appeals of compliance actions in an effective and efficient manner
- Liaison with the appropriate U.S. and Canadian regulatory and/or governmental authorities regarding responses/filings to related governmental and/or regulatory directives/orders
- Liaison with federal, State and Provincial governmental and/or regulatory authorities

## **Human Resources Objectives**

- Recruit exceptional employees
- Conduct surveys on competitive salaries
- Provide for employee training programs
- Update employee policies
- Develop employee manual
- Review employee benefits

## **Finance and Accounting Objectives**

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements through:

- Conversion to the NERC System of Accounts for Consistency
- Conversion to an accrual method of accounting from a modified cash basis of accounting for consistency with NERC in methodology
- Cash Management
- Budget Development using the NERC budget template formats
- Forecasts and Projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the statutory program areas
- Payroll and expense administration
- Preparation of Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity
- NERC Audit

## Section B – 2008 NPCC Budget

### 2007 Total Budget & Projection, and 2008 Budget Comparisons

**Table 1**

**Statement of Activities  
2007 Budget & Projection, and 2008 Budget**

	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
Assessments - ERO	\$ 5,214,362	\$ 5,214,362	\$ -	\$ 7,504,907	\$ 2,290,545
Membership Dues*	-	304,998	304,998	-	(304,998)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 5,214,362</b>	<b>\$ 5,519,360</b>	<b>\$ 304,998</b>	<b>\$ 7,504,907</b>	<b>\$ 1,985,547</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,806,305	\$ 2,056,305	\$ 250,000	\$ 2,702,620	\$ 646,315
Payroll Taxes	121,697	133,012	11,315	165,893	32,881
Benefits	426,371	445,054	18,683	608,774	163,720
Retirement Costs	232,995	257,995	25,000	315,000	57,005
<b><sup>1</sup>Total Personnel Expenses</b>	<b>\$ 2,587,368</b>	<b>\$ 2,892,366</b>	<b>\$ 304,998</b>	<b>\$ 3,792,287</b>	<b>\$ 899,921</b>
<b>Meeting Expenses</b>					
Meetings	\$ 110,612	\$ 110,612	\$ -	\$ 145,800	\$ 35,188
Travel	434,722	434,722	-	585,000	150,278
Conference Calls	31,875	31,875	-	40,500	8,625
<b>Total Meeting Expenses</b>	<b>\$ 577,209</b>	<b>\$ 577,209</b>	<b>\$ -</b>	<b>\$ 771,300</b>	<b>\$ 194,091</b>
<b>Operating Expenses</b>					
<sup>2</sup> Consultants	\$ 848,159	\$ 790,206	\$ (57,953)	\$ 1,028,000	\$ 237,794
Contracts	85,045	124,000	38,955	268,300	144,300
Office Rent	178,571	187,571	9,000	297,000	109,429
Office Costs	280,611	290,611	10,000	336,870	46,259
Professional Services	295,072	295,072	-	686,700	391,628
Computer Purch. & Maint.	-	-	-	9,000	9,000
Furniture & Equipment	40,000	40,000	-	4,500	(35,500)
Depreciation	-	-	-	21,150	-
<sup>3</sup> Miscellaneous & Contingency	322,325	322,325	-	289,800	-
<b>Total Operating Expenses</b>	<b>\$ 2,049,785</b>	<b>\$ 2,049,785</b>	<b>\$ 0</b>	<b>\$ 2,941,320</b>	<b>\$ 902,910</b>
<b>Total Expenses</b>	<b>\$ 5,214,362</b>	<b>\$ 5,519,360</b>	<b>\$ 304,998</b>	<b>\$ 7,504,907</b>	<b>\$ 1,996,922</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (11,375)</b>

\*Represents non-statutory NPCC member funding of certain services re-defined as statutory functions

<sup>1</sup> Represents increase of 2 FTEs due to redefinition of statutory functions

<sup>2</sup> Industry Support of \$378,000 used for flat rate reimbursements to members for working group participation

<sup>3</sup> Miscellaneous Expenses including contingency account projected at \$322,325 for 2007 and \$289,800 for 2008

## Personnel Analysis

Table 2 shows staffing by program area for both 2007 budget and projection and 2008 budget. 2008 Budget levels show an increase of 4 FTEs compared to the 2007 projection.

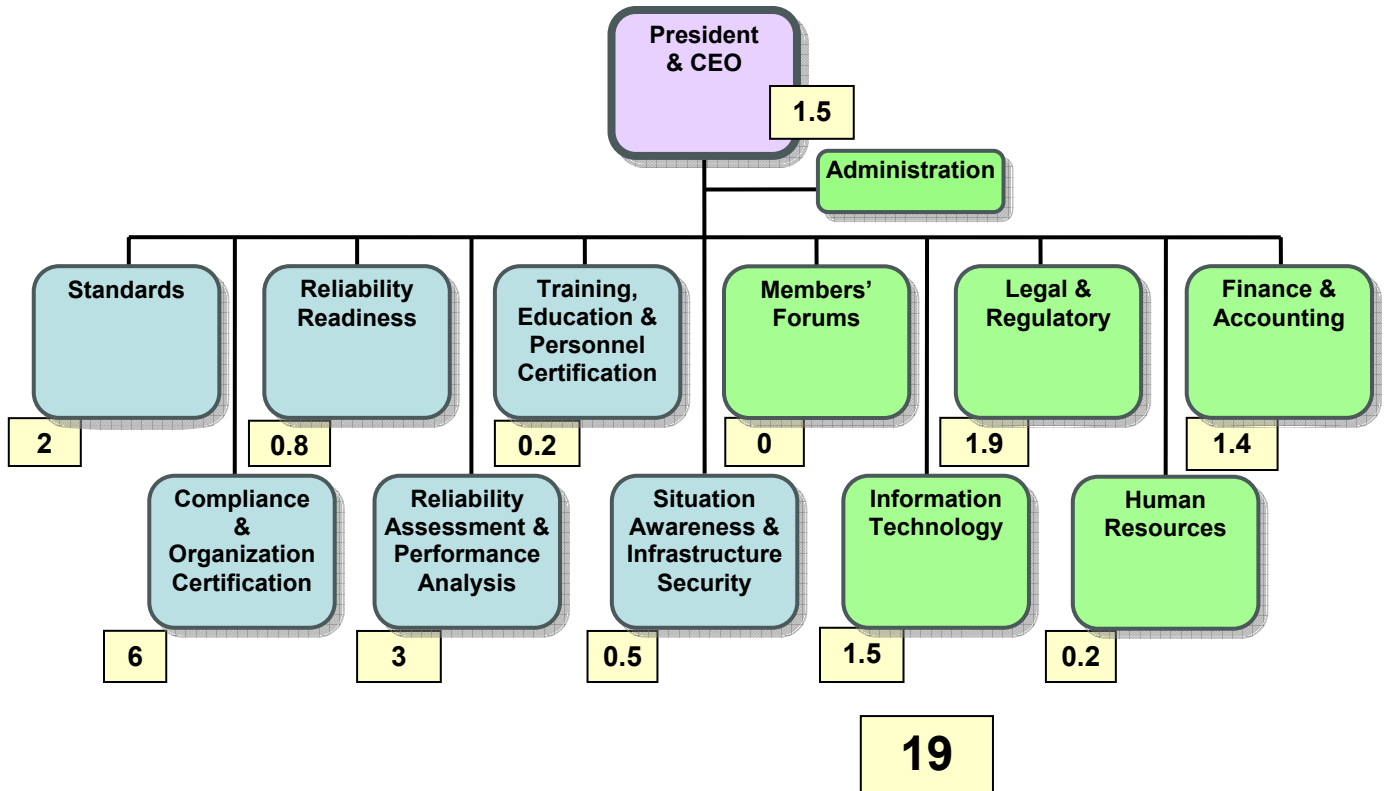
**Table 2**

<b>FTE's by Program Area</b>	<b>Budget 2007</b>	<b>Projection 2007</b>	<b>Budget 2008</b>	<b>Change</b>
<b>Operational Programs</b>				
Reliability Standards	2.5	2.0	3.5	1.5
Compliance and Organization Registration and Certification	5.5	6.0	7.5	1.5
Reliability Readiness Audit and Improvement	0.8	0.8	1.0	0.2
Training and Education	0.2	0.2	0.5	0.3
Reliability Assessment and Performance Analysis	3.0	3.0	3.5	0.5
Situational Awareness and Infrastructure Security	0.5	0.5	1.0	0.5
<b>FTEs Operational Programs</b>	<b>12.5</b>	<b>12.5</b>	<b>17.0</b>	<b>4.5</b>
<b>Administrative Programs</b>				
Member Forums	0.5	0.0	0.3	0.3
General & Administrative	0.5	1.5	1.9	0.4
Information Technology	1.5	1.5	1.8	0.3
Legal and Regulatory	0.2	1.9	1.8	-0.1
Human Resources	0.4	0.2	0.3	0.1
Accounting	1.4	1.4	2.1	0.7
<b>FTEs Administrative Programs</b>	<b>4.5</b>	<b>6.5</b>	<b>8.2</b>	<b>1.7</b>
<b>FTEs</b>	<b>17.0</b>	<b>19.0</b>	<b>25.2</b>	<b>6.2</b>

## 2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be hired in each program area by the end of 2007.

Table 3

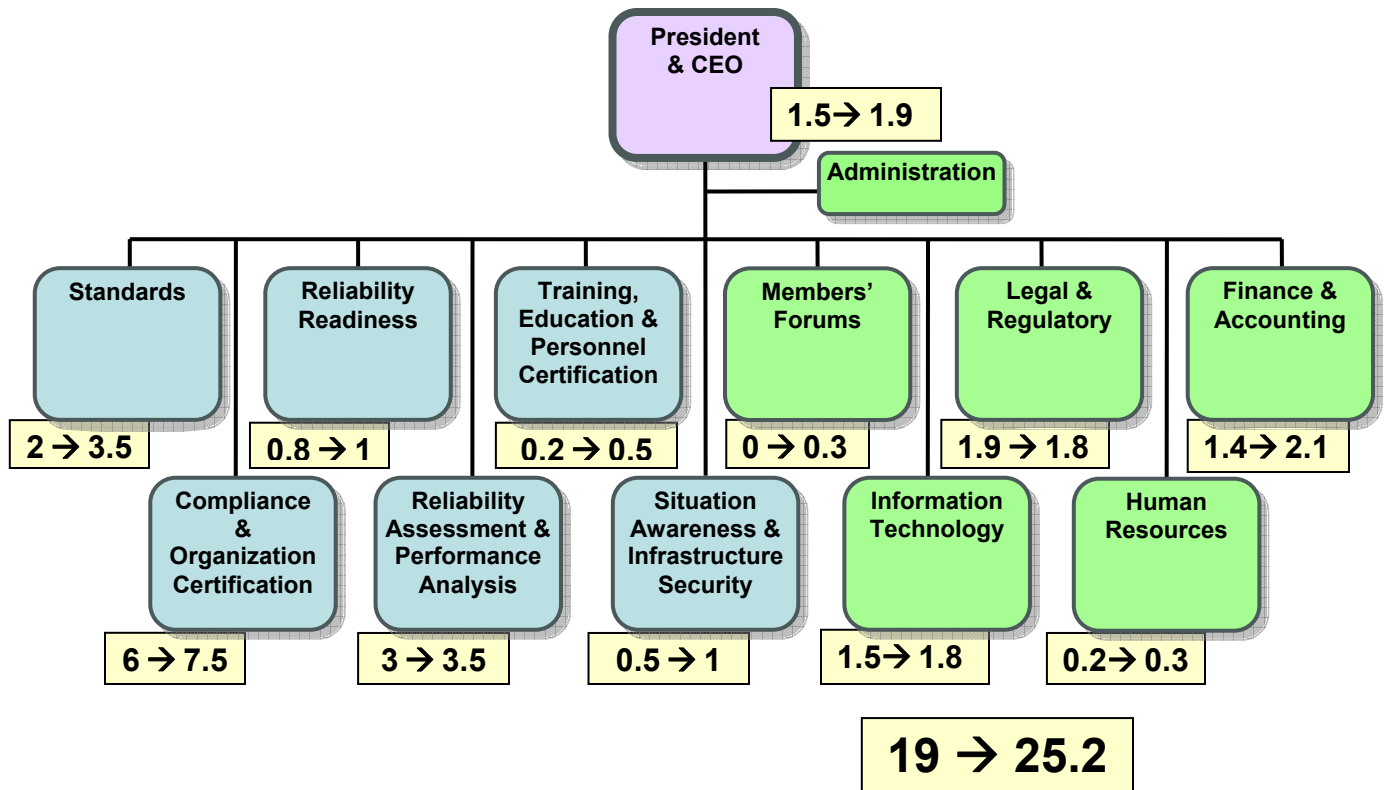




## 2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.

Table 4



## Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 2008 budgeted expenses for functions and services performed by NPCC as the cross-border regional entity and criteria services corporation for Northeastern North America and to maintain a 20% operating cash balance for 2008. The cash balance at December 31<sup>st</sup>, 2006 represents the cash portion of the NPCC Council which had no statutory funding component prior to restructuring to two independent, affiliate corporations: NPCC, Inc., the criteria services corporation providing non-statutory services within Northeastern North America and NPCC CBRE, the cross-border regional entity performing delegated statutory functions and services effective in 2007. All assets and liabilities of NPCC (Council) were transferred to NPCC, Inc. by year end 2006 and are now held by the merged corporation, NPCC.

**Table 5**

Reserve Analysis 2007-08	
Cash Available Balance 2006:	
Cash Balance @ 12/31/06	1,357,170
2007 Assessment Funding (from ERO - NERC)	5,214,360
2006 other funding sources (Cash basis)	-
Change in assets <sup>1</sup>	-
Total Cash Available 2007	6,571,530
Cash Needed 2007:	
Projected Expenses 2007 (Cash basis)	(5,214,360)
Change in liabilities <sup>2</sup>	-
Total Cash Needed 2007	(5,214,360)
Projected Ending Cash Balance @ 12/31/07	1,357,170
Desired Cash Balance @ 12/31/08 (20% of Total NPCC)	1,500,981
Less:	
Projected Cash Balance @ 12/31/07	1,357,170
Increase in assessments needed to raise cash balance	143,811
2008 Assessment	-
Adjustment to increase cash balance	143,811
2008 Assessment and reserve adjustment	143,811

<sup>1</sup>Assumes all other assets remain at same levels as 12/31/06

<sup>2</sup>Assumes all other assets remain at same levels as 12/31/07

## Assessments by Balancing Authority Area



**Draft 2 - NPCC 2008 Business Plan and Budget**  
**NEL Based Assessment Information**



<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
NPCC ISO and/or Balancing Authority Area	2006 Net Energy for Load (GWh)	2006 % of NPCC Total	2008 NPCC Regional Entity Division	2008 NPCC Criteria Services Division	2008 NPCC Regional Assessment	2007 NPCC Inc. & CBRE Regional Assessment	2008 Projected Regional Increase
New England	132,077	20.10546%	1,508,896	135,120	1,644,016	1,484,159	159,857
New York	162,238	24.69673%	1,853,467	165,976	2,019,442	1,820,036	199,407
Ontario	151,055	22.99434%	1,725,704	154,535	1,880,239	1,708,302	171,937
Quebec	185,829	28.28787%	2,122,978	190,110	2,313,088	2,046,312	266,777
New Brunswick	14,755	2.24614%	168,571	15,095	183,666	163,743	19,923
Nova Scotia	<u>10,967</u>	<u>1.66946%</u>	<u>125,291</u>	<u>11,220</u>	<u>136,511</u>	<u>134,360</u>	<u>2,151</u>
<i>Total</i>	656,921	100.00000%	\$7,504,907	\$672,056	\$8,176,962	\$7,356,912	\$820,050

## \* IESO - NPCC 6/6/07 Proposal for Compliance and Enforcement Adjustment

NPCC ISO and/or Balancing Authority Area	2006 Net Energy for Load (GWh)	2006 % of NPCC w/o Ontario	2008 Assessment of IESO Adjustment	2008 NPCC Regional Assessment	2008 Total Assessment w/ IESO Adj.	2007 NPCC Inc. & CBRE Regional Assessment	2008 Projected Assessment Inc/(Dec)
New England	132,077	26.10907%	90,445	1,644,016	1,734,462	1,484,159	250,303
New York	162,238	32.07132%	111,100	2,019,442	2,130,542	1,820,036	310,506
Quebec	185,829	36.73479%	127,254	2,313,088	2,440,343	2,046,312	394,031
New Brunswick	14,755	2.91685%	10,104	183,666	193,771	163,743	30,027
Nova Scotia	<u>10,967</u>	<u>2.16796%</u>	<u>7,510</u>	<u>136,511</u>	<u>144,021</u>	<u>134,360</u>	<u>9,661</u>
<i>Sub-total w/o Ontario</i>	505,866	100.00000%	\$346,414	\$6,296,724	\$6,643,138	\$5,648,609	\$994,528
Ontario	151,055	22.99434%	\$346,414	\$1,880,239	\$1,533,825	\$1,708,302	(\$174,477)
<i>Total w/ Ontario</i>	656,921			8,176,962	8,176,962	7,356,911	820,051

\* Proposal of 6/6/07 identifies \$346,414 of NPCC CMEP Costs as duplicative of Ontario Compliance and Enforcement Programs  
2008 Total Northeast Assessment to be available mid August, 2007

## Appendix A - Breakdown by Program Category

### Reliability Standards Program

Funding sources and related expenses for the NPCC reliability standards section of the 2008 business plan are shown in Table A-1.

**Table A-1**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Standards</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 768,642	\$ 580,985	\$ (187,657)	\$ 785,399	\$ 204,414
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 768,642</b>	<b>\$ 580,985</b>	<b>\$ (187,657)</b>	<b>\$ 785,399</b>	<b>\$ 204,414</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 266,265	\$ 216,453	\$ (49,812)	\$ 301,206	\$ 84,753
Payroll Taxes	17,939	14,001	(3,938)	20,942	6,941
Benefits	62,851	46,848	(16,003)	84,552	37,704
Retirement Costs	34,345	27,157	(7,188)	43,750	16,593
<b>Total Personnel Expenses</b>	<b>\$ 381,401</b>	<b>\$ 304,460</b>	<b>\$ (76,941)</b>	<b>\$ 450,451</b>	<b>\$ 145,991</b>
<b>Meeting Expenses</b>					
Meetings	\$ 16,305	\$ 11,643	\$ (4,662)	\$ 20,250	\$ 8,607
Travel	64,082	45,760	(18,322)	81,250	35,490
Conference Calls	4,699	3,355	(1,343)	5,625	2,270
<b>Total Meeting Expenses</b>	<b>\$ 85,086</b>	<b>\$ 60,759</b>	<b>\$ (24,327)</b>	<b>\$ 107,125</b>	<b>\$ 46,366</b>
<b>Operating Expenses</b>					
Consultants	\$ 125,026	83,180	\$ (41,846)	\$ 227,824	\$ 144,644
Contracts	12,536	13,053	516	-	(13,053)
Office Rent	26,323	19,744	(6,579)	-	(19,744)
Office Costs	41,365	30,591	(10,774)	-	(30,591)
Professional Services	43,496	31,060	(12,436)	-	(31,060)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	5,896	4,211	(1,686)	-	(4,211)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	47,514	33,929	(13,585)	-	(33,929)
<b>Total Operating Expenses</b>	<b>\$ 302,156</b>	<b>\$ 215,767</b>	<b>\$ (86,389)</b>	<b>\$ 227,824</b>	<b>\$ 12,057</b>
<b>Total Expenses</b>	<b>\$ 768,642</b>	<b>\$ 580,985</b>	<b>\$ (187,657)</b>	<b>\$ 785,399</b>	<b>\$ 204,414</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 2 FTEs for the 2007 projection and 3.5 FTEs for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the NERC Standards Committee and the NPCC Regional Standards Committee

### Operating Expenses

- Consultant expenses:
  - Consultant expenses to assist in the regional standards development process and facilitation of SARs

## Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the NPCC compliance enforcement and organization registration and certification section of the 2008 business plan are shown in Table A-2.

**Table A-2**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Compliance Enforcement and Organization Registration and Certification</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 1,688,256	\$ 1,742,956	\$ 54,700	\$ 1,997,831	\$ 254,876
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 1,688,256</b>	<b>\$ 1,742,956</b>	<b>\$ 54,700</b>	<b>\$ 1,997,831</b>	<b>\$ 254,876</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 584,828	\$ 649,359	\$ 64,531	\$ 679,505	\$ 30,145
Payroll Taxes	39,402	42,004	2,602	47,076	5,072
Benefits	138,046	140,543	2,497	181,183	40,639
Retirement Costs	75,437	81,472	6,035	93,750	12,278
<b>Total Personnel Expenses</b>	<b>\$ 837,713</b>	<b>\$ 913,379</b>	<b>\$ 75,665</b>	<b>\$ 1,001,513</b>	<b>\$ 88,134</b>
<b>Meeting Expenses</b>					
Meetings	\$ 35,813	\$ 34,930	\$ (883)	\$ 43,393	\$ 8,463
Travel	140,750	137,281	(3,469)	174,107	36,827
Conference Calls	10,320	10,066	(254)	12,054	1,988
<b>Total Meeting Expenses</b>	<b>\$ 186,883</b>	<b>\$ 182,277</b>	<b>\$ (4,606)</b>	<b>\$ 229,554</b>	<b>\$ 47,277</b>
<b>Operating Expenses</b>					
Consultants	\$ 274,609	249,539	\$ (25,070)	\$ 406,765	\$ 157,226
Contracts	27,535	39,158	11,623	90,000	50,842
Office Rent	57,816	59,233	1,417	-	(59,233)
Office Costs	90,854	91,772	918	-	(91,772)
Professional Services	95,536	93,181	(2,355)	-	(93,181)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	12,951	12,632	(319)	-	(12,632)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	104,359	101,787	(2,573)	270,000	168,213
<b>Total Operating Expenses</b>	<b>\$ 663,659</b>	<b>\$ 647,301</b>	<b>\$ (16,359)</b>	<b>\$ 766,765</b>	<b>\$ 119,464</b>
<b>Total Expenses</b>	<b>\$ 1,688,256</b>	<b>\$ 1,742,956</b>	<b>\$ 54,700</b>	<b>\$ 1,997,831</b>	<b>\$ 254,876</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 6 FTEs for the 2007 projection and 7.5 FTEs for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Compliance Enforcement and Organization Registration and Certification Program

### Operating Expenses

- Consultant expenses to assist in the compliance audit programs for mandatory reliability standards
- Software costs to support the transition to the NPCC Compliance Monitoring and Enforcement Program Data Administration Application

## Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the NPCC reliability readiness evaluations and improvement section of the 2008 business plan are shown in Table A-3.

**Table A-3**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Reliability Readiness Evaluation and Improvement					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 244,863	\$ 232,394	\$ (12,469)	\$ 232,567	\$ 173
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 244,863</b>	<b>\$ 232,394</b>	<b>\$ (12,469)</b>	<b>\$ 232,567</b>	<b>\$ 173</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 84,823	\$ 86,581	\$ 1,758	\$ 134,448	\$ 47,867
Payroll Taxes	5,715	5,601	(114)	8,619	3,018
Benefits	20,022	18,739	(1,283)	24,158	5,419
Retirement Costs	10,941	10,863	(78)	12,500	1,637
<b>Total Personnel Expenses</b>	<b>\$ 121,501</b>	<b>\$ 121,784</b>	<b>\$ 283</b>	<b>\$ 179,725</b>	<b>\$ 57,941</b>
<b>Meeting Expenses</b>					
Meetings	\$ 5,194	\$ 4,657	\$ (537)	\$ 5,786	\$ 1,128
Travel	20,414	18,304	(2,110)	23,214	4,910
Conference Calls	1,497	1,342	(155)	1,607	265
<b>Total Meeting Expenses</b>	<b>\$ 27,105</b>	<b>\$ 24,304</b>	<b>\$ (2,802)</b>	<b>\$ 30,607</b>	<b>\$ 6,304</b>
<b>Operating Expenses</b>					
Consultants	\$ 39,829	\$ 33,272	\$ (6,557)	\$ 22,235	\$ (11,037)
Contracts	3,994	5,221	1,227	-	(5,221)
Office Rent	8,386	7,898	(488)	-	(7,898)
Office Costs	13,177	12,236	(941)	-	(12,236)
Professional Services	13,856	12,424	(1,432)	-	(12,424)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,878	1,684	(194)	-	(1,684)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	15,136	13,572	(1,565)	-	(13,572)
<b>Total Operating Expenses</b>	<b>\$ 96,256</b>	<b>\$ 86,307</b>	<b>\$ (9,950)</b>	<b>\$ 22,235</b>	<b>\$ (64,071)</b>
<b>Total Expenses</b>	<b>\$ 244,863</b>	<b>\$ 232,394</b>	<b>\$ (12,469)</b>	<b>\$ 232,567</b>	<b>\$ 173</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ (0)</b>



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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.8 FTEs for the 2007 projection and 1 FTE for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the participation in and facilitation of readiness evaluations of reliability coordinators, balancing authorities and transmission operators both internal and external to the NPCC region

## Training, Education, and Operator Certification Program

Funding sources and related expenses for the NPCC training, education, and operator certification section of the 2008 business plan are shown in Table A-4.

**Table A-4**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Training, Education, and Operator Certification					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 61,216	\$ 58,099	\$ (3,117)	\$ 120,770	\$ 62,671
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 61,216</b>	<b>\$ 58,099</b>	<b>\$ (3,117)</b>	<b>\$ 120,770</b>	<b>\$ 62,671</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 21,206	\$ 21,645	\$ 440	\$ 71,641	\$ 49,995
Payroll Taxes	1,429	1,400	(29)	4,379	2,979
Benefits	5,006	4,685	(321)	12,079	7,394
Retirement Costs	2,735	2,716	(20)	6,250	3,534
<b>Total Personnel Expenses</b>	<b>\$ 30,375</b>	<b>\$ 30,446</b>	<b>\$ 71</b>	<b>\$ 94,348</b>	<b>\$ 63,902</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,299	\$ 1,164	\$ (134)	\$ 2,893	\$ 1,729
Travel	5,104	4,576	(528)	11,607	7,031
Conference Calls	374	336	(39)	804	468
<b>Total Meeting Expenses</b>	<b>\$ 6,776</b>	<b>\$ 6,076</b>	<b>\$ (700)</b>	<b>\$ 15,304</b>	<b>\$ 9,228</b>
<b>Operating Expenses</b>					
Consultants	\$ 9,957	\$ 8,318	\$ (1,639)	\$ 11,118	\$ 2,800
Contracts	998	1,305	307	-	(1,305)
Office Rent	2,096	1,974	(122)	-	(1,974)
Office Costs	3,294	3,059	(235)	-	(3,059)
Professional Services	3,464	3,106	(358)	-	(3,106)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	470	421	(49)	-	(421)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	3,784	3,393	(391)	-	(3,393)
<b>Total Operating Expenses</b>	<b>\$ 24,064</b>	<b>\$ 21,577</b>	<b>\$ (2,487)</b>	<b>\$ 11,118</b>	<b>\$ (10,459)</b>
<b>Total Expenses</b>	<b>\$ 61,216</b>	<b>\$ 58,099</b>	<b>\$ (3,117)</b>	<b>\$ 120,770</b>	<b>\$ 62,671</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.2 FTEs for the 2007 projection and 0.5 FTEs for the 2008 budget

### Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Training, Education, and Operator Certification Program

## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the NPCC reliability assessment and performance analysis section of the 2008 business plan are shown in Table A-5.

**Table A-5**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Assessment and Performance Analysis</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 918,235	\$ 871,478	\$ (46,757)	\$ 1,043,610	\$ 172,132
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 918,235</b>	<b>\$ 871,478</b>	<b>\$ (46,757)</b>	<b>\$ 1,043,610</b>	<b>\$ 172,132</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 318,086	\$ 324,680	\$ 6,594	\$ 432,523	\$ 107,843
Payroll Taxes	21,431	21,002	(429)	27,836	6,835
Benefits	75,083	70,272	(4,811)	84,552	14,280
Retirement Costs	41,030	40,736	(294)	43,750	3,014
<b>Total Personnel Expenses</b>	<b>\$ 455,629</b>	<b>\$ 456,689</b>	<b>\$ 1,061</b>	<b>\$ 588,661</b>	<b>\$ 131,972</b>
<b>Meeting Expenses</b>					
Meetings	\$ 19,478	\$ 17,465	\$ (2,013)	\$ 20,250	\$ 2,785
Travel	76,553	68,640	(7,913)	81,250	12,610
Conference Calls	5,613	5,033	(580)	5,625	592
<b>Total Meeting Expenses</b>	<b>\$ 101,645</b>	<b>\$ 91,138</b>	<b>\$ (10,507)</b>	<b>\$ 107,125</b>	<b>\$ 15,987</b>
<b>Operating Expenses</b>					
Consultants	\$ 149,359	\$ 124,769	\$ (24,589)	\$ 247,824	\$ 123,054
Contracts	14,976	19,579	4,603	100,000	80,421
Office Rent	31,446	29,616	(1,829)	-	(29,616)
Office Costs	49,415	45,886	(3,529)	-	(45,886)
Professional Services	51,961	46,590	(5,371)	-	(46,590)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	7,044	6,316	(728)	-	(6,316)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	56,761	50,893	(5,867)	-	(50,893)
<b>Total Operating Expenses</b>	<b>\$ 360,962</b>	<b>\$ 323,650</b>	<b>\$ (37,311)</b>	<b>\$ 347,824</b>	<b>\$ 24,173</b>
<b>Total Expenses</b>	<b>\$ 918,235</b>	<b>\$ 871,478</b>	<b>\$ (46,757)</b>	<b>\$ 1,043,610</b>	<b>\$ 172,132</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for three FTEs for the 2007 projection and 3.5 FTEs for the 2008 budget

### Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Reliability Assessment and Performance Analysis Program

### Operating Expenses

- Contracts expenses to support transmission reliability and resource adequacy assessments
- Consultant expenses to support probabilistic assessment of resource adequacy

## Situational Awareness and Infrastructure Program

Funding sources and related expenses for the NPCC situational awareness and infrastructure section of the 2008 business plan are shown in Table A-6.

**Table A-6**

Statement of Activities 2007 Budget & Projection, and 2008 Budget Situational Awareness and Infrastructure					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 153,039	\$ 145,246	\$ (7,793)	\$ 263,328	\$ 118,081
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 153,039</b>	<b>\$ 145,246</b>	<b>\$ (7,793)</b>	<b>\$ 263,328</b>	<b>\$ 118,081</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 53,014	\$ 54,113	\$ 1,099	\$ 142,582	\$ 88,468
Payroll Taxes	3,572	3,500	(71)	8,746	5,246
Benefits	12,514	11,712	(802)	24,158	12,446
Retirement Costs	6,838	6,789	(49)	12,500	5,711
<b>Total Personnel Expenses</b>	<b>\$ 75,938</b>	<b>\$ 76,115</b>	<b>\$ 177</b>	<b>\$ 187,985</b>	<b>\$ 111,870</b>
<b>Meeting Expenses</b>					
Meetings	\$ 3,246	\$ 2,911	\$ (336)	\$ 5,786	\$ 2,875
Travel	12,759	11,440	(1,319)	23,214	11,774
Conference Calls	936	839	(97)	1,607	768
<b>Total Meeting Expenses</b>	<b>\$ 16,941</b>	<b>\$ 15,190</b>	<b>\$ (1,751)</b>	<b>\$ 30,607</b>	<b>\$ 15,417</b>
<b>Operating Expenses</b>					
Consultants	\$ 24,893	\$ 20,795	\$ (4,098)	\$ 22,235	\$ 1,440
Contracts	2,496	3,263	767	22,500	19,237
Office Rent	5,241	4,936	(305)	-	(4,936)
Office Costs	8,236	7,648	(588)	-	(7,648)
Professional Services	8,660	7,765	(895)	-	(7,765)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,174	1,053	(121)	-	(1,053)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	9,460	8,482	(978)	-	(8,482)
<b>Total Operating Expenses</b>	<b>\$ 60,160</b>	<b>\$ 53,942</b>	<b>\$ (6,219)</b>	<b>\$ 44,735</b>	<b>\$ (9,206)</b>
<b>Total Expenses</b>	<b>\$ 153,039</b>	<b>\$ 145,246</b>	<b>\$ (7,793)</b>	<b>\$ 263,328</b>	<b>\$ 118,081</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.5 FTEs for the 2007 projection and one FTE for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Situational Awareness and Infrastructure Security Program

### Operating Expenses

- Contract expenses to support solar terrestrial dispatch information available to the operator during solar alerts and suggesting measures that may be taken to mitigate the impact of a solar magnetic disturbance.

## Technical Committees and Member Forums Program

Funding sources and related expenses for the NPCC technical committees and member forums section of the 2008 business plan are shown in Table A-7.

**Table A-7**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Technical Committees and Member Forums					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 153,039	\$ -	\$ (153,039)	\$ 71,417	\$ 71,417
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 153,039</b>	<b>\$ -</b>	<b>\$ (153,039)</b>	<b>\$ 71,417</b>	<b>\$ 71,417</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 53,014	\$ -	\$ (53,014)	\$ 57,563	\$ 57,563
Payroll Taxes	3,572	-	(3,572)	2,856	2,856
Benefits	12,514	-	(12,514)	7,247	7,247
Retirement Costs	6,838	-	(6,838)	3,750	3,750
<b>Total Personnel Expenses</b>	<b>\$ 75,938</b>	<b>\$ -</b>	<b>\$ (75,938)</b>	<b>\$ 71,417</b>	<b>\$ 71,417</b>
<b>Meeting Expenses</b>					
Meetings	\$ 3,246	\$ -	\$ (3,246)	\$ -	\$ -
Travel	12,759	-	(12,759)	-	-
Conference Calls	936	-	(936)	-	-
<b>Total Meeting Expenses</b>	<b>\$ 16,941</b>	<b>\$ -</b>	<b>\$ (16,941)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses</b>					
Consultants	\$ 24,893	\$ -	\$ (24,893)	\$ -	\$ -
Contracts	2,496	-	(2,496)	-	-
Office Rent	5,241	-	(5,241)	-	-
Office Costs	8,236	-	(8,236)	-	-
Professional Services	8,660	-	(8,660)	-	-
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,174	-	(1,174)	-	-
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	9,460	-	(9,460)	-	-
<b>Total Operating Expenses</b>	<b>\$ 60,160</b>	<b>\$ -</b>	<b>\$ (60,160)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 153,039</b>	<b>\$ -</b>	<b>\$ (153,039)</b>	<b>\$ 71,417</b>	<b>\$ 71,417</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0 FTEs for the 2007 projection and 0.3 FTEs for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Technical Committees and Member Forums Program

## Information Technology Program

Funding sources and related expenses for the NPCC information technology section of the 2008 business plan are shown in Table A-8.

**Table A-8**

Statement of Activities 2007 Budget & Projection, and 2008 Budget Information Technology					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 459,807	\$ 435,739	\$ (24,068)	\$ 264,368	\$ (171,371)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 459,807</b>	<b>\$ 435,739</b>	<b>\$ (24,068)</b>	<b>\$ 264,368</b>	<b>\$ (171,371)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 159,282	\$ 162,340	\$ 3,058	\$ 184,410	\$ 22,071
Payroll Taxes	10,731	10,501	(230)	13,974	3,473
Benefits	37,598	35,136	(2,462)	43,484	8,348
Retirement Costs	20,546	20,368	(178)	22,500	2,132
<b>Total Personnel Expenses</b>	<b>\$ 228,156</b>	<b>\$ 228,345</b>	<b>\$ 188</b>	<b>\$ 264,368</b>	<b>\$ 36,024</b>
<b>Meeting Expenses</b>					
Meetings	\$ 9,754	\$ 8,733	\$ (1,021)	\$ -	\$ (8,733)
Travel	38,334	34,320	(4,014)	-	(34,320)
Conference Calls	2,811	2,516	(294)	-	(2,516)
<b>Total Meeting Expenses</b>	<b>\$ 50,899</b>	<b>\$ 45,569</b>	<b>\$ (5,330)</b>	<b>\$ -</b>	<b>\$ (45,569)</b>
<b>Operating Expenses</b>					
Consultants	\$ 74,791	\$ 62,385	\$ (12,407)	\$ -	\$ (62,385)
Contracts	7,499	9,789	2,290	-	(9,789)
Office Rent	15,747	14,808	(938)	-	(14,808)
Office Costs	24,745	22,943	(1,802)	-	(22,943)
Professional Services	26,020	23,295	(2,725)	-	(23,295)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	3,527	3,158	(369)	-	(3,158)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	28,423	25,447	(2,976)	-	(25,447)
<b>Total Operating Expenses</b>	<b>\$ 180,752</b>	<b>\$ 161,825</b>	<b>\$ (18,927)</b>	<b>\$ -</b>	<b>\$ (161,825)</b>
<b>Total Expenses</b>	<b>\$ 459,807</b>	<b>\$ 435,739</b>	<b>\$ (24,068)</b>	<b>\$ 264,368</b>	<b>\$ (171,371)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.5 FTEs for the 2007 projection and 1.8 FTEs for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Information Technology Program

## Legal and Regulatory Program

Funding sources and related expenses for the NPCC legal and regulatory section of the 2008 business plan are shown in Table A-9.

**Table A-9**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Legal and Regulatory</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 61,354	\$ 551,936	\$ 490,582	\$ -	\$ (551,936)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 61,354</b>	<b>\$ 551,936</b>	<b>\$ 490,582</b>	<b>\$ -</b>	<b>\$ (551,936)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 21,253	\$ 205,631	\$ 184,377	\$ -	\$ (205,631)
Payroll Taxes	1,432	13,301	11,869	-	(13,301)
Benefits	5,017	44,505	39,489	-	(44,505)
Retirement Costs	2,741	25,800	23,058	-	(25,800)
<b>Total Personnel Expenses</b>	<b>\$ 30,444</b>	<b>\$ 289,237</b>	<b>\$ 258,793</b>	<b>\$ -</b>	<b>\$ (289,237)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,301	\$ 11,061	\$ 9,760	\$ -	\$ (11,061)
Travel	5,115	43,472	38,357	-	(43,472)
Conference Calls	375	3,188	2,812	-	(3,188)
<b>Total Meeting Expenses</b>	<b>\$ 6,792</b>	<b>\$ 57,721</b>	<b>\$ 50,929</b>	<b>\$ -</b>	<b>\$ (57,721)</b>
<b>Operating Expenses</b>					
Consultants	\$ 9,980	\$ 79,021	\$ 69,041	\$ -	\$ (79,021)
Contracts	1,001	12,400	11,399	-	(12,400)
Office Rent	2,101	18,757	16,656	-	(18,757)
Office Costs	3,302	29,061	25,759	-	(29,061)
Professional Services	3,472	29,507	26,035	-	(29,507)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	471	4,000	3,529	-	(4,000)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	3,793	32,233	28,440	-	(32,233)
<b>Total Operating Expenses</b>	<b>\$ 24,118</b>	<b>\$ 204,979</b>	<b>\$ 180,860</b>	<b>\$ -</b>	<b>\$ (204,979)</b>
<b>Total Expenses</b>	<b>\$ 61,354</b>	<b>\$ 551,936</b>	<b>\$ 490,582</b>	<b>\$ -</b>	<b>\$ (551,936)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.9 FTEs for the 2007 projection and 1.8 FTEs for the 2008 budget

### Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the Legal and Regulatory Program

## Human Resources Program

Funding sources and related expenses for the NPCC human resources section of the 2008 business plan are shown in Table A-10.

**Table A-10**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Human Resources					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 122,983	\$ 58,099	\$ (64,884)	\$ 34,428	\$ (23,671)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 122,983</b>	<b>\$ 58,099</b>	<b>\$ (64,884)</b>	<b>\$ 34,428</b>	<b>\$ (23,671)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 42,602	\$ 21,645	\$ (20,957)	\$ 21,510	\$ (135)
Payroll Taxes	2,870	1,400	(1,470)	1,920	520
Benefits	10,056	4,685	(5,371)	7,247	2,563
Retirement Costs	5,495	2,716	(2,780)	3,750	1,034
<b>Total Personnel Expenses</b>	<b>\$ 61,024</b>	<b>\$ 30,446</b>	<b>\$ (30,578)</b>	<b>\$ 34,428</b>	<b>\$ 3,982</b>
<b>Meeting Expenses</b>					
Meetings	\$ 2,609	\$ 1,164	\$ (1,444)	\$ -	\$ (1,164)
Travel	10,253	4,576	(5,677)	-	(4,576)
Conference Calls	752	336	(416)	-	(336)
<b>Total Meeting Expenses</b>	<b>\$ 13,614</b>	<b>\$ 6,076</b>	<b>\$ (7,538)</b>	<b>\$ -</b>	<b>\$ (6,076)</b>
<b>Operating Expenses</b>					
Consultants	\$ 20,004	\$ 8,318	\$ (11,686)	\$ -	\$ (8,318)
Contracts	2,006	1,305	(701)	-	(1,305)
Office Rent	4,212	1,974	(2,237)	-	(1,974)
Office Costs	6,618	3,059	(3,559)	-	(3,059)
Professional Services	6,959	3,106	(3,853)	-	(3,106)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	943	421	(522)	-	(421)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	7,602	3,393	(4,209)	-	(3,393)
<b>Total Operating Expenses</b>	<b>\$ 48,345</b>	<b>\$ 21,577</b>	<b>\$ (26,768)</b>	<b>\$ -</b>	<b>\$ (21,577)</b>
<b>Total Expenses</b>	<b>\$ 122,983</b>	<b>\$ 58,099</b>	<b>\$ (64,884)</b>	<b>\$ 34,428</b>	<b>\$ (23,671)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.2 FTEs for the 2007 projection and 0.3 FTEs for the 2008 budget

### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Human Resources Program

## Accounting Program

Funding sources and related expenses for the NPCC accounting section of the 2008 business plan are shown in Table A-11.

**Table A-11**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Accounting					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 429,888	\$ 406,690	\$ (23,199)	\$ 167,990	\$ (238,699)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 429,888</b>	<b>\$ 406,690</b>	<b>\$ (23,199)</b>	<b>\$ 167,990</b>	<b>\$ (238,699)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 148,917	\$ 151,517	\$ 2,600	\$ 83,159	\$ (68,358)
Payroll Taxes	10,033	9,801	(232)	7,850	(1,951)
Benefits	35,151	32,793	(2,358)	50,731	17,938
Retirement Costs	19,209	19,010	(199)	26,250	7,240
<b>Total Personnel Expenses</b>	<b>\$ 213,311</b>	<b>\$ 213,122</b>	<b>\$ (189)</b>	<b>\$ 167,990</b>	<b>\$ (45,131)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 9,119	\$ 8,150	\$ (969)	\$ -	\$ (8,150)
Travel	35,840	32,032	(3,808)	-	(32,032)
Conference Calls	2,628	2,349	(279)	-	(2,349)
<b>Total Meeting Expenses</b>	<b>\$ 47,587</b>	<b>\$ 42,531</b>	<b>\$ (5,056)</b>	<b>\$ -</b>	<b>\$ (42,531)</b>
<b>Operating Expenses</b>					
Consultants	\$ 69,925	\$ 58,226	\$ (11,699)	\$ -	\$ (58,226)
Contracts	7,011	9,137	2,125	-	(9,137)
Office Rent	14,722	13,821	(901)	-	(13,821)
Office Costs	23,134	21,413	(1,721)	-	(21,413)
Professional Services	24,327	21,742	(2,585)	-	(21,742)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	3,298	2,947	(350)	-	(2,947)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	26,574	23,750	(2,823)	-	(23,750)
<b>Total Operating Expenses</b>	<b>\$ 168,991</b>	<b>\$ 151,037</b>	<b>\$ (17,954)</b>	<b>\$ -</b>	<b>\$ (151,037)</b>
<b>Total Expenses</b>	<b>\$ 429,888</b>	<b>\$ 406,690</b>	<b>\$ (23,199)</b>	<b>\$ 167,990</b>	<b>\$ (238,699)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ -</b>



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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.4 FTEs for the 2007 projection and 2.1 FTEs for the 2008 budget

### Meeting Expenses

- Meeting and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Finance and Accounting Program

## General and Administrative Program

Funding sources and related expenses for the NPCC general and administrative section of the 2008 business plan are shown in Table A-12.

**Table A-12**

Statement of Activities 2007 Budget & Projection, and 2008 Budget General & Administrative					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>					
ERO Funding	\$ 153,039	\$ 435,739	\$ 282,700	\$ 2,523,199	\$ 2,087,460
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 153,039</b>	<b>\$ 435,739</b>	<b>\$ 282,700</b>	<b>\$ 2,523,199</b>	<b>\$ 2,087,460</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 53,014	\$ 162,340	\$ 109,326	\$ 594,072	\$ 431,732
Payroll Taxes	3,572	10,501	6,929	21,694	11,193
Benefits	12,514	35,136	22,622	89,383	54,248
Retirement Costs	6,838	20,368	13,530	46,250	25,882
<b>Total Personnel Expenses</b>	<b>\$ 75,938</b>	<b>\$ 228,345</b>	<b>\$ 152,407</b>	<b>\$ 751,400</b>	<b>\$ 523,055</b>
<b>Meeting Expenses</b>					
Meetings	\$ 3,246	\$ 8,733	\$ 5,486	\$ 47,443	\$ 38,710
Travel	12,759	34,320	21,561	190,357	156,037
Conference Calls	936	2,516	1,581	13,179	10,662
<b>Total Meeting Expenses</b>	<b>\$ 16,941</b>	<b>\$ 45,569</b>	<b>\$ 28,628</b>	<b>\$ 250,979</b>	<b>\$ 205,409</b>
<b>Operating Expenses</b>					
Consultants	\$ 24,893	\$ 62,385	\$ 37,492	\$ 90,000	\$ 27,615
Contracts	2,496	9,789	7,293	55,800	46,011
Office Rent	5,241	14,808	9,567	297,000	282,192
Office Costs	8,236	22,943	14,707	336,870	313,927
Professional Services	8,660	23,295	14,635	686,700	663,405
Computer Purch. & Maint.	-	-	-	9,000	9,000
Furniture & Equipment	1,174	3,158	1,984	4,500	1,342
Depreciation	-	-	-	21,150	21,150
Miscellaneous/Contingency	9,460	25,447	15,987	19,800	(5,647)
<b>Total Operating Expenses</b>	<b>\$ 60,160</b>	<b>\$ 161,825</b>	<b>\$ 101,665</b>	<b>\$ 1,520,820</b>	<b>\$ 1,358,995</b>
<b>Total Expenses</b>	<b>\$ 153,039</b>	<b>\$ 435,739</b>	<b>\$ 282,700</b>	<b>\$ 2,523,199</b>	<b>\$ 2,087,460</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

### Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.5 FTEs for the 2007 projection and 1.9 FTEs for the 2008 budget

### Meeting Expenses

- Meeting and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the General and Administrative Program

## Appendix B - Breakdown by Statement of Activity Sections

This appendix provides detailed schedules in support of Table 1 in Section B of the 2007 NPCC Business Plan and Budget. All significant variances have been disclosed as detailed in **Appendix A**.

### Supplemental Funding

**Table B-1**

Outside Funding Breakdown By Program (excluding ERO Assessments)	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
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No supplemental funding is identified for statutory activities.

### Personnel Expenses

**Table B-2**

Personnel Expenses	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Salaries	1,806,305	2,056,305	2,702,620	\$ 646,315	31.4%
<b>Total Salaries</b>	<b>\$ 1,806,305</b>	<b>\$ 2,056,305</b>	<b>\$ 2,702,620</b>	<b>\$ 646,315</b>	<b>31.4%</b>
Payroll Taxes	\$ 121,697	\$ 133,012	\$ 165,893	\$ 32,881	24.7%
<b>Total Payroll Taxes</b>	<b>\$ 121,697</b>	<b>\$ 133,012</b>	<b>\$ 165,893</b>	<b>\$ 32,881</b>	<b>24.7%</b>
Benefits	\$ 426,371	\$ 445,054	\$ 608,774	\$ 163,720	36.8%
<b>Total Benefits</b>	<b>\$ 426,371</b>	<b>\$ 445,054</b>	<b>\$ 608,774</b>	<b>\$ 163,720</b>	<b>36.8%</b>
Retirements	\$ 232,995	\$ 257,995	\$ 315,000	\$ 57,005	(257,995)
<b>Total Retirement</b>	<b>\$ 232,995</b>	<b>\$ 257,995</b>	<b>\$ 315,000</b>	<b>\$ 57,005</b>	<b>22.1%</b>
<b>Total Personnel Costs</b>	<b>\$ 2,587,368</b>	<b>\$ 2,892,366</b>	<b>\$ 3,792,287</b>	<b>\$ 899,921</b>	<b>31.1%</b>

## Meeting Expenses

Table B-3

Meeting Expenses by Business Plan Category	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 16,305	\$ 11,643	\$ 20,250	\$ 8,607	73.9%
Compliance and Organization Registration and Certification	35,813	34,930	43,393	8,463	24.2%
Reliability Readiness Audit and Improvement	5,194	4,657	5,786	1,128	24.2%
Reliability Assessment and Performance Analysis	19,478	17,465	20,250	2,785	15.9%
Training and Education	1,299	1,164	2,893	1,729	148.5%
Situational Awareness and Infrastructure Security	3,246	2,911	5,786	2,875	98.8%
Committee and Member Forums	3,246	-	-	-	-
General and Administrative	3,246	8,733	47,443	38,710	443.3%
Legal and Regulatory	1,301	11,061	-	(11,061)	-100.0%
Information Technology	9,754	8,733	-	(8,733)	-100.0%
Human Resources	2,609	1,164	-	(1,164)	-100.0%
Accounting and Finance	9,119	8,150	-	(8,150)	-100.0%
<b>Total Meeting Expenses</b>	<b>\$ 110,612</b>	<b>\$ 110,612</b>	<b>\$ 145,800</b>	<b>\$ 35,188</b>	<b>31.8%</b>

Travel Expenses by Business Plan Category	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 64,082	\$ 45,760	\$ 81,250	\$ 35,490	77.6%
Compliance and Organization Registration and Certification	140,750	137,281	174,107	36,827	26.8%
Reliability Readiness Audit and Improvement	20,414	18,304	23,214	4,910	26.8%
Reliability Assessment and Performance Analysis	76,553	68,640	81,250	12,610	18.4%
Training and Education	5,104	4,576	11,607	7,031	153.7%
Situational Awareness and Infrastructure Security	12,759	11,440	23,214	11,774	102.9%
Committee and Member Forums	12,759	-	-	-	-
General and Administrative	12,759	34,320	190,357	156,037	454.7%
Legal and Regulatory	5,115	43,472	-	(43,472)	-100.0%
Information Technology	38,334	34,320	-	(34,320)	-100.0%
Human Resources	10,253	4,576	-	(4,576)	-100.0%
Accounting and Finance	35,840	32,032	-	(32,032)	-100.0%
<b>Total Travel Expenses</b>	<b>\$ 434,722</b>	<b>\$ 434,722</b>	<b>\$ 585,000</b>	<b>\$ 150,278</b>	<b>34.6%</b>

Conference Call Expenses	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 4,699	\$ 3,355	\$ 5,625	\$ 2,270	67.6%
Compliance and Organization Registration and Certification	10,320	10,066	12,054	1,988	19.7%
Reliability Readiness Audit and Improvement	1,497	1,342	1,607	265	19.7%
Reliability Assessment and Performance Analysis	5,613	5,033	5,625	592	11.8%
Training and Education	374	336	804	468	139.5%
Situational Awareness and Infrastructure Security	936	839	1,607	768	91.6%
Committee and Member Forums	936	-	-	-	-
General and Administrative	936	2,516	13,179	10,662	423.7%
Legal and Regulatory	375	3,188	-	(3,188)	-100.0%
Information Technology	2,811	2,516	-	(2,516)	-100.0%
Human Resources	752	336	-	(336)	-100.0%
Accounting and Finance	2,628	2,349	-	(2,349)	-100.0%
<b>Total Conference Calls</b>	<b>\$ 31,875</b>	<b>\$ 31,875</b>	<b>\$ 40,500</b>	<b>\$ 8,625</b>	<b>27.1%</b>

## Operating Expenses

### Table B-4

Consultants	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Consultants</b>					
Reliability Standards	\$ 125,026	\$ 83,180	\$ 227,824	\$ 144,644	173.9%
Compliance and Organization Registration and Certification	274,609	249,539	406,765	157,226	63.0%
Reliability Readiness Audit and Improvement	39,829	33,272	22,235	(11,037)	-33.2%
Reliability Assessment and Performance Analysis	149,359	124,769	247,824	123,054	98.6%
Training and Education	9,957	8,318	11,118	2,800	33.7%
Situational Awareness and Infrastructure Security	24,893	20,795	22,235	1,440	6.9%
Committee and Member Forums	24,893	-	-	-	-
General and Administrative	24,893	62,385	90,000	27,615	44.3%
Legal and Regulatory	9,980	79,021	-	(79,021)	-100.0%
Information Technology	74,791	62,385	-	(62,385)	-100.0%
Human Resources	20,004	8,318	-	(8,318)	-100.0%
Accounting and Finance	69,925	58,226	-	(58,226)	-100.0%
<b>Consultants Total</b>	<b>\$ 848,159</b>	<b>\$ 790,206</b>	<b>\$ 1,028,000</b>	<b>\$ 237,794</b>	<b>30.1%</b>
<b>Total Consultants and Contracts</b>	<b>\$ 933,204</b>	<b>\$ 914,706</b>	<b>\$ 1,296,300</b>	<b>\$ 381,594</b>	<b>145.6%</b>

### Table B-5

Contracts	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Contracts - Software</b>					
GE Mars	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.0%
Power World	15,000	15,000	15,000	-	0.0%
PSSE Maintenance	10,000	10,000	10,000	-	0.0%
Veritech Web Maintenance	545	40,000	45,000	5,000	12.5%
PC and Server Licenses	12,000	12,000	10,800	(1,200)	-10.0%
Eastern Interconnection Reliability (ERAG)	-	-	50,000	50,000	-
Solar Terrestrial Dispatch	22,500	22,500	22,500	-	0.0%
Guidance Compliance Database	-	-	90,000	90,000	-
<b>Contracts - Software Total</b>	<b>\$ 85,045</b>	<b>\$ 124,500</b>	<b>\$ 268,300</b>	<b>\$ 143,800</b>	<b>115.5%</b>
<b>Contracts Total</b>	<b>\$ 85,045</b>	<b>\$ 124,500</b>	<b>\$ 268,300</b>	<b>\$ 143,800</b>	<b>115.5%</b>

### Table B-6

Office Rent	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Office Rent	178,571	187,571	297,000	109,429	58.3%
<b>Total Office Rent</b>	<b>\$ 178,571</b>	<b>\$ 187,571</b>	<b>\$ 297,000</b>	<b>\$ 109,429</b>	<b>58.3%</b>

Total statutory and non-statutory rent for 2008 is \$330,000, a projected increase of 4% over the total 2007 total rent of \$317,460.

### Table B-7

Office Costs	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Office Costs	280,611	290,613	336,870	46,257	15.9%
<b>Total Office Costs</b>	<b>\$ 280,611</b>	<b>\$ 290,613</b>	<b>\$ 336,870</b>	<b>\$ 46,257</b>	<b>15.9%</b>

### Table B-8

Professional Services	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Professional Services	295,072	295,072	686,700	391,628	(295,072)
<b>Total Professional Services</b>	<b>\$ 295,072</b>	<b>\$ 295,072</b>	<b>\$ 686,700</b>	<b>\$ 391,628</b>	<b>1.327228609</b>

Table B-9

Computer	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Purchase and Lease	-	-	9,000	9,000	-
<b>Total Computer</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,000</b>	<b>\$ 9,000</b>	<b>-</b>

Table B-10

Furniture & Equipment	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Furniture	40,000	40,000	4,500	(35,500)	-88.7%
Equipment	-	-	-	-	-
Depreciation	-	-	21,150	21,150	-
Miscellaneous & Contingency	322,325	-	289,800	289,800	-
<b>Total Services</b>	<b>\$ 362,325</b>	<b>\$ 40,000</b>	<b>\$ 315,450</b>	<b>\$ 275,450</b>	<b>688.6%</b>

## Section C — 2008 NPCC Non-Statutory Business Plan and Budget

### Full Member Criteria Services

(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	7	5*	2.8
Total Direct Funding	\$1,377,353	*	\$440,172
Total Indirect Funding	\$765,196	*	\$231,884
Total Funding	\$2,142,549	\$1,837,557	\$672,056

*\*Based on current definitions, several 2007 services included as non-statutory in the 2007 NPCC Business Plan and Budget would have been included as statutory. Utilizing available definitional clarity, 2.4 FTEs would have been allocated in 2007 to non-statutory. Therefore, for 2007, some statutory services are being funded by the NPCC non-statutory member funding mechanism rather than the ERO statutory funding mechanism due to last year's conservative definitions of statutory and non-statutory within the Region.*

### NPCC Regionally-Specific Criteria Services

#### Background

NPCC regional non-statutory activities are in the development, maintenance and promulgation of regionally-specific more stringent Criteria and Criteria establishing resource adequacy requirements within the Region.

#### Planning and Design Objectives

- Initiate reviews of the Basic Criteria for the Design and Operation of Interconnected Power Systems (Document A-2), of other NPCC criteria, guidelines, and procedures related to planning, and of those documents which provide for the uniform implementation, interpretation and monitoring of compliance with criteria, guidelines and procedures related to planning, system studies and system protection. These reviews will be coordinated with the Task Force on Coordination of Operation, based on a schedule set forth in the Reliability Assessment Program
- Initiate and coordinate with designated Task Forces, review of NPCC protection related criteria, guidelines and procedures

#### Operations Objectives

- Coordinate the development of operating criteria, guidelines and procedures affecting the reliability and operability of interconnected power systems in coordination with, and as directed by, NERC and NPCC
- Recommend revisions to NPCC Criteria and Procedures regarding control performance and conducts investigations of control performance problems

#### Critical Infrastructure Objectives

- Formulate and recommend Criteria, Guidelines and Procedures to monitor and report conformance pertaining to the reliability, Cyber Security, Physical Security, availability and performance of member systems Energy Management Systems, SCADA, the Telecommunications Networks and Substation automation technology which serve and interconnect them



## Criteria Compliance Enforcement Program Objectives

To meet its non-statutory requirements in the compliance area, specifically the monitoring and assessment of compliance with its more stringent NPCC regional criteria, NPCC will continue to conduct its Reliability Assessment Program (RCEP). RCEP will continue to be administered through the Areas and focus on the more stringent and specific NPCC criteria and resource adequacy requirements. Sanctions associated with the requirements of the RCEP will continue to be non-monetary in nature.

- Conduct 2008 NPCC Reliability Compliance and Enforcement Program (RCEP)
  - Assess NPCC Area compliance with NPCC more stringent or specific criteria including requirements in the NPCC RCEP, NPCC Reliability Assessment Program
  - Documenting results and providing appropriate reports to RCC
  - For instances of identified non-compliance, providing a report fully explaining the reason for the non-compliance and recommend to the RCC the appropriate sanction and reviewing any mitigation plan or action proposed to achieve compliance
  - Developing and implementing the necessary processes and procedures to efficiently execute the NPCC Compliance Program
  - Providing information and feedback on compliance program to NPCC Members, RCC, Task Forces and participants in the program
  - Conducting workshops as necessary to communicate NPCC Compliance Program requirements and obtain feedback from the program participants
  - Conducting compliance surveys as required
  - Managing the Review Process for the NPCC RCEP
  - Providing oversight review of NPCC Area compliance programs.
  - Reviewing and proposing changes to existing documents as required for the NPCC Compliance Program, and propose new documents as required

## Members Forums

### Background

To promote NPCC interaction and coordination with Federal/State/Provincial governmental and/or regulatory agencies on a coordinated regional basis, and identify and develop policy input for NPCC and Northeast Regional governmental and/or regulatory bodies.

### NPCC Regulatory/Governmental Affairs Advisory Group

The NPCC Governmental/Regulatory Affairs Advisory Group provides a forum where industry and governmental and/or regulatory representatives can exchange views and strive to develop consensus policy recommendations on reliability issues specific to the NPCC Region (Northeastern United States and Eastern Canada) and share actionable information among NPCC, NERC (ERO) and other related governmental and/or regulatory agencies related to regional energy and reliability matters.

## 2007 Total Budget & Projection, and 2008 Budget Comparisons

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
	<b>2007</b>	<b>2007</b>	<b>Variance</b>	<b>2008</b>	<b>Variance</b>
	<b>Budget</b>	<b>Projection</b>		<b>Budget</b>	
<b>Funding</b>					
Assessments - NPCC	\$ 2,142,549	\$ 2,142,549	\$ -	\$ 672,056	\$ (1,165,501)
Membership Dues*	12,500	(304,992)	(317,492)	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	140,000	140,000	-	(140,000)
<b>Total Funding</b>	<b>\$ 2,155,049</b>	<b>\$ 1,977,557</b>	<b>\$ (177,492)</b>	<b>\$ 672,056</b>	<b>\$ (1,305,501)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 899,348	\$ 649,348	\$ (250,000)	\$ 219,717	\$ (429,631)
Payroll Taxes	66,080	51,080	(15,000)	13,017	(38,063)
Benefits	227,701	167,702	(59,999)	67,642	(100,060)
Retirement Costs	124,490	144,490	20,000	35,000	(109,490)
<b><sup>1</sup>Total Personnel Expenses</b>	<b>\$ 1,317,618</b>	<b>\$ 1,012,620</b>	<b>\$ (304,998)</b>	<b>\$ 335,376</b>	<b>\$ (677,244)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 45,546	\$ 55,000	\$ 9,454	\$ 16,200	\$ (38,800)
Travel	179,003	169,549	(9,454)	65,000	(104,549)
Conference Calls	13,125	13,125	0	4,500	(8,625)
<b>Total Meeting Expenses</b>	<b>\$ 237,674</b>	<b>\$ 237,674</b>	<b>\$ (0)</b>	<b>\$ 85,700</b>	<b>\$ (151,974)</b>
<b>Operating Expenses</b>					
<sup>2</sup> Consultants	\$ 161,902	\$ 132,500	\$ (29,402)	\$ 52,000	\$ (80,500)
Contracts	19,480	19,480	0	16,200	(3,280)
Office Rent	138,889	138,889	0	33,000	(105,889)
Office Costs	112,149	112,151	2	37,430	(74,721)
Professional Services	142,918	178,118	35,200	76,300	(101,818)
Computer Purch. & Maint.	-	-	-	1,000	1,000
Furniture & Equipment	-	-	-	500	500
Depreciation	-	-	-	2,350	2,350
<sup>3</sup> Miscellaneous & Contingency	11,920	6,125	(5,795)	32,200	26,075
<b>Total Operating Expenses</b>	<b>\$ 587,256</b>	<b>\$ 587,263</b>	<b>\$ 7</b>	<b>\$ 250,980</b>	<b>\$ (336,283)</b>
<b>Total Expenses</b>	<b>\$ 2,142,549</b>	<b>\$ 1,837,557</b>	<b>\$ (304,992)</b>	<b>\$ 672,056</b>	<b>\$ (1,165,501)</b>
<b>Change in Assets</b>	<b>\$ 12,500</b>	<b>\$ 140,000</b>	<b>\$ 127,500</b>	<b>\$ -</b>	<b>\$ (140,000)</b>

\* Represents membership fees and ISO/BAA membership funding applied to re-defined statutory services

<sup>1</sup> Represents decrease of 2 FTEs due to redefinition of statutory functions

<sup>2</sup> Industry Support of \$378,000 for statutory and \$42,000 for non-statutory used for flat rate reimbursements to members for working group participation

<sup>3</sup> Miscellaneous Expenses including contingency account projected at \$322,325 for 2007 statutory, \$11,922 for 2007 nonstatutory, \$289,800 for 2008 statutory, and \$32,200 for 2008 nonstatutory

## Personnel Analysis

Table 2 shows staffing by what had originally been assumed to be non-statutory, regional reliability organization program areas for both 2007 budget and projection and 2008 budget. 2008 Budget levels show a decrease of 2.2 FTEs compared to the 2007 projection. FTEs would have increased from 2.4 in 2007 to 2.8 in 2008 using the current definition of non-statutory for consistency.

**Table 2**

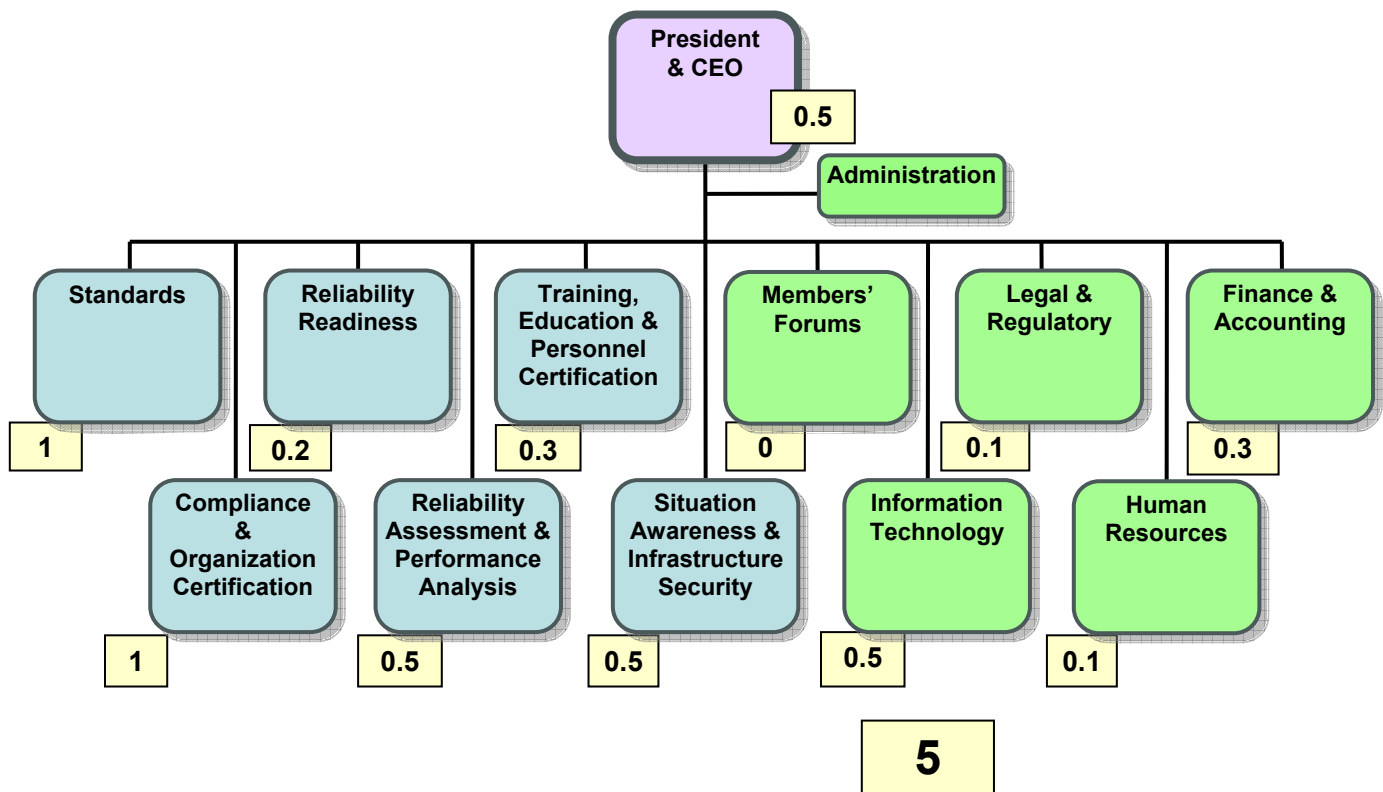
<b>FTE's by Program Area</b>	<b>Budget 2007</b>	<b>Projection 2007</b>	<b>Budget 2008</b>	<b>Change</b>
<b>Operational Programs</b>				
Reliability Standards	1.0	1.0	1.0	0.0
Compliance and Organization Registration and Certification	2.0	1.0	1.0	0.0
Reliability Readiness Audit and Improvement	0.2	0.2	0.0	-0.2
Training and Education	0.3	0.3	0.0	-0.3
Reliability Assessment and Performance Analysis	0.5	0.5	0.0	-0.5
Situational Awareness and Infrastructure Security	0.5	0.5	0.0	-0.5
<b>FTEs Operational Programs</b>	<b>4.5</b>	<b>3.5</b>	<b>2.0</b>	<b>-1.5</b>
<b>Administrative Programs</b>				
Member Forums	1.0	0.0	0.2	0.2
General & Administrative	0.5	0.5	0.1	-0.4
Information Technology	0.5	0.5	0.2	-0.3
Legal and Regulatory	0.1	0.1	0.2	0.1
Human Resources	0.1	0.1	0.0	-0.1
Accounting	0.3	0.3	0.1	-0.2
<b>FTEs Administrative Programs</b>	<b>2.5</b>	<b>1.5</b>	<b>0.8</b>	<b>-0.7</b>
<b>FTEs</b>	<b>7.0</b>	<b>5.0</b>	<b>2.8</b>	<b>-2.2</b>

## 2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be in each program area by the end of 2007. NPCC non-statutory support would have totaled 2.4 FTEs or 10% of the total regional FTEs if the current definitions of statutory and non-statutory had been applied last year.

### Full Member Criteria Services

Table 3

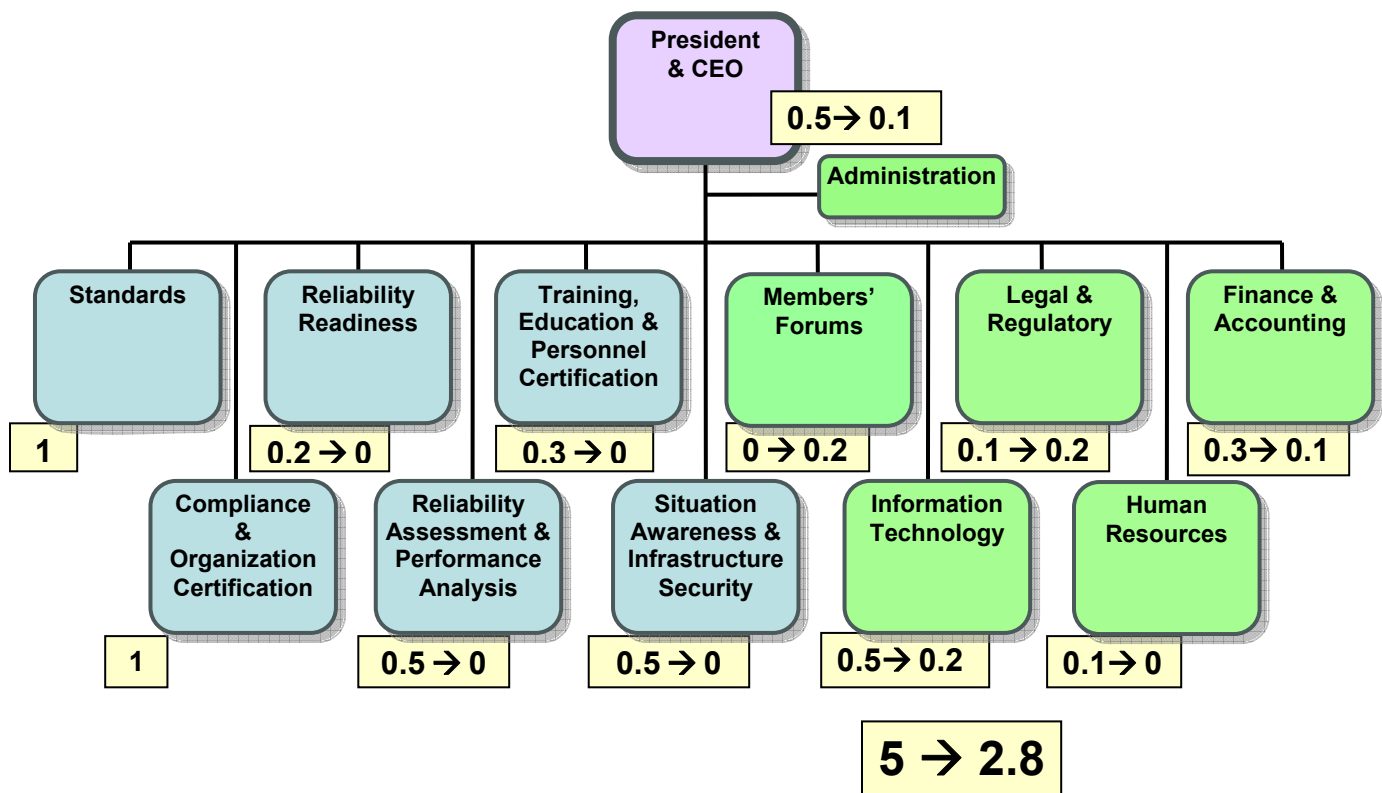


## 2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels allocated to non-statutory functions to support the regional criteria related activities for 2008. NPCC non-statutory support would have grown from 2.4 FTEs to 2.8 FTEs if consistent statutory and non-statutory definitions were applied.

### Full Member Criteria Services

Table 4



## Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 2008 budgeted expenses for functions and services performed by the merged NPCC as the cross-border regional entity and criteria services corporation for Northeastern North America and to maintain a 20% operating cash balance for 2008. The cash balance at December 31<sup>st</sup>, 2006 represented the cash portion of the NPCC Council prior to restructuring to two independent, affiliate corporations: NPCC, Inc., the member reliability services corporation providing non-statutory criteria services within Northeastern North America and NPCC CBRE, the cross-border regional entity performing delegated statutory functions and services effective in 2007. All assets and liabilities of NPCC (Council) were transferred to NPCC, Inc. by year end 2006 and are now held by the merged corporation, NPCC. Reserves were member funded from Council. Allocated 10% of 12/31/06 total reserves of \$1,507,967 and 90% on statutory Table 5.

**Table 5**

Reserve Analysis 2007-08	
Cash Available Balance 2006:	
Cash Balance @ 12/31/06	150,797
2007 Assessment Funding (from ERO - NERC)	2,142,549
2006 other funding sources (Cash basis)	-
Change in assets <sup>1</sup>	-
Total Cash Available 2007	2,293,346
Cash Needed 2007:	
Projected Expenses 2007 (Cash basis)	2,142,549
Change in liabilities <sup>2</sup>	-
Total Cash Needed 2007	(2,142,549)
Projected Ending Cash Balance @ 12/31/07	150,797
Desired Cash Balance @ 12/31/08 (20% of Total NPCC)	134,411
Less:	
Projected Cash Balance @ 12/31/07	150,797
Increase in assessments needed to raise cash balance	(16,386)
2008 Assessment	-
Adjustment to increase cash balance	(16,386)
2008 Assessment and reserve adjustment	(16,386)

<sup>1</sup>Assumes all other assets remain at same levels as 12/31/06

<sup>2</sup>Assumes all other assets remain at same levels as 12/31/07

				Functions in Delegation Agreement											Non-Statutory Functions						
Statement of Activities 2008 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	Criteria Development	Criteria Compliance	General and Administrative	
<b>Funding</b>																					
ERO Funding	7,504,907	7,504,907	-	7,504,907	785,399	1,997,831	232,567	1,043,610	120,770	263,328	71,417	2,523,199	-	264,368	34,428	167,990	-	-	-	-	-
Membership Dues	672,056	-	672,056	-	-	-	-	-	-	-	-	-	-	-	-	-	672,056	168,345	271,826	231,884	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>8,176,962</b>	<b>7,504,907</b>	<b>672,056</b>	<b>7,504,907</b>	<b>785,399</b>	<b>1,997,831</b>	<b>232,567</b>	<b>1,043,610</b>	<b>120,770</b>	<b>263,328</b>	<b>71,417</b>	<b>2,523,199</b>	<b>-</b>	<b>264,368</b>	<b>34,428</b>	<b>167,990</b>	<b>672,056</b>	<b>168,345</b>	<b>271,826</b>	<b>231,884</b>	<b>-</b>
<b>Expenses</b>																					
<b>Personnel Expenses</b>																					
Salaries	2,922,337	2,702,620	219,717	2,702,620	301,206	679,505	134,448	432,523	71,641	142,582	57,563	594,072	-	184,410	21,510	83,159	219,717	16,596	110,078	93,043	-
Payroll Taxes	178,910	165,893	13,017	165,893	20,942	47,076	8,619	27,836	4,379	8,746	2,856	21,694	-	13,974	1,920	7,850	13,017	4,205	4,205	4,607	-
Benefits	676,416	608,774	67,642	608,774	84,552	181,183	24,158	84,552	12,079	24,158	7,247	89,383	-	43,484	7,247	50,731	67,642	24,158	24,158	19,326	-
Retirement Costs	350,000	315,000	35,000	315,000	43,750	93,750	12,500	43,750	6,250	12,500	3,750	46,250	-	22,500	3,750	26,250	35,000	12,500	12,500	10,000	-
<b>Total Personnel Expenses</b>	<b>4,127,662</b>	<b>3,792,287</b>	<b>335,376</b>	<b>3,792,287</b>	<b>450,451</b>	<b>1,001,513</b>	<b>179,725</b>	<b>588,661</b>	<b>94,348</b>	<b>187,985</b>	<b>71,417</b>	<b>751,400</b>	<b>-</b>	<b>264,368</b>	<b>34,428</b>	<b>167,990</b>	<b>335,376</b>	<b>57,459</b>	<b>150,941</b>	<b>126,976</b>	<b>-</b>
<b>Meeting Expenses</b>																					
Meetings	162,000	145,800	16,200	145,800	20,250	43,393	5,786	20,250	2,893	5,786	-	47,443	-	-	-	-	16,200	5,786	5,786	4,629	-
Travel	650,000	585,000	65,000	585,000	81,250	174,107	23,214	81,250	11,607	23,214	-	190,357	-	-	-	-	65,000	23,214	23,214	18,571	-
Conference Calls	45,000	40,500	4,500	40,500	5,625	12,054	1,607	5,625	804	1,607	-	13,179	-	-	-	-	4,500	1,607	1,607	1,286	-
<b>Total Meeting Expenses</b>	<b>857,000</b>	<b>771,300</b>	<b>85,700</b>	<b>771,300</b>	<b>107,125</b>	<b>229,554</b>	<b>30,607</b>	<b>107,125</b>	<b>15,304</b>	<b>30,607</b>	<b>-</b>	<b>250,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,700</b>	<b>30,607</b>	<b>30,607</b>	<b>24,486</b>	<b>-</b>
<b>Operating Expenses</b>																					
Contracts & Consultants	1,364,500	1,296,300	68,200	1,296,300	227,824	496,765	22,235	347,824	11,118	44,735	-	145,800	-	-	-	-	68,200	15,000	25,000	28,200	-
Office Rent	330,000	297,000	33,000	297,000	-	-	-	-	-	-	-	297,000	-	-	-	-	33,000	11,786	11,786	9,429	-
Office Costs	374,300	336,870	37,430	336,870	-	-	-	-	-	-	-	336,870	-	-	-	-	37,430	13,368	13,368	10,694	-
Professional Services	763,000	686,700	76,300	686,700	-	-	-	-	-	-	-	686,700	-	-	-	-	76,300	27,250	27,250	21,800	-
Computer Purchase & Maint.	15,000	13,500	1,500	13,500	-	-	-	-	-	-	-	13,500	-	-	-	-	1,500	536	536	429	-
Depreciation	23,500	21,150	2,350	21,150	-	-	-	-	-	-	-	21,150	-	-	-	-	2,350	839	839	671	-
Miscellaneous/ Contingency	322,000	289,800	32,200	289,800	-	270,000	-	-	-	-	-	19,800	-	-	-	-	32,200	11,500	11,500	9,200	-
<b>Total Operating Expenses</b>	<b>3,192,300</b>	<b>2,941,320</b>	<b>250,980</b>	<b>2,941,320</b>	<b>227,824</b>	<b>766,765</b>	<b>22,235</b>	<b>347,824</b>	<b>11,118</b>	<b>44,735</b>	<b>-</b>	<b>1,520,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,980</b>	<b>80,279</b>	<b>90,279</b>	<b>80,423</b>	<b>-</b>
<b>Total Direct Costs</b>	<b>4,883,677</b>	<b>4,443,505</b>	<b>440,172</b>	<b>4,443,505</b>	<b>785,399</b>	<b>1,997,831</b>	<b>232,567</b>	<b>1,043,610</b>	<b>120,770</b>	<b>263,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264,368</b>	<b>34,428</b>	<b>167,990</b>	<b>440,172</b>	<b>168,345</b>	<b>271,826</b>	<b>231,884</b>	<b>-</b>
<b>Total Indirect Costs</b>	<b>3,293,286</b>	<b>3,061,402</b>	<b>231,884</b>	<b>3,061,402</b>	<b>630,289</b>	<b>1,350,618</b>	<b>180,082</b>	<b>630,289</b>	<b>90,041</b>	<b>180,082</b>	<b>71,417</b>	<b>2,523,199</b>	<b>-</b>	<b>264,368</b>	<b>34,428</b>	<b>167,990</b>	<b>231,884</b>	<b>-</b>	<b>-</b>	<b>231,884</b>	<b>-</b>
<b>Total Costs</b>	<b>8,176,962</b>	<b>7,504,907</b>	<b>672,056</b>	<b>7,504,907</b>	<b>1,415,688</b>	<b>3,348,450</b>	<b>412,650</b>	<b>1,673,899</b>	<b>210,811</b>	<b>443,410</b>	<b>71,417</b>	<b>2,523,199</b>	<b>0</b>	<b>264,368</b>	<b>34,428</b>	<b>167,990</b>	<b>672,056</b>	<b>168,345</b>	<b>271,826</b>	<b>231,884</b>	<b>-</b>
<b>FTE</b>				<b>17.0</b>	<b>3.5</b>	<b>7.5</b>	<b>1.0</b>	<b>3.5</b>	<b>0.5</b>	<b>1.0</b>	<b>0.0</b>	<b>1.5</b>	<b>1.9</b>	<b>1.5</b>	<b>0.2</b>	<b>1.4</b>					



## **2008 Business Plan and Budget**

**Reliability*First* Corporation**

**Revised Version  
July 25, 2007**



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<b>Total ReliabilityFirst Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	34	34	34
Staffing levels have remained the same in total from 2007 to 2008, but a few FTEs listed under various statutory functions for 2007 have been reallocated to Compliance for 2008.			
Total Direct Funding	\$6,283,457	\$5,028,397	\$5,993,228
Total Indirect Funding	\$3,160,514	\$2,649,540	\$3,671,028
Total Funding	\$9,443,972	\$7,677,937	\$9,664,256

## Introduction

ReliabilityFirst Corporation (“ReliabilityFirst”) is a non-profit company incorporated in the state of Delaware and is the successor organization to three former NERC Regional Reliability Councils: the Mid-Atlantic Area Council (MAAC), the East Central Area Coordination Agreement (ECAR), and the Mid-American Interconnected Network (MAIN). ReliabilityFirst Corporation began operations on January 1, 2006 as a Regional Reliability Council within the North American Electric Reliability Council (“NERC”) structure for the purposes of preserving and enhancing bulk electric service reliability in the Corporate Region and other interconnected regions; to assess the adequacy and ensure the reliability of the interconnected bulk electric system; and to assess and preserve the security of critical infrastructure associated with the bulk electric system for the benefit of all end-users of electricity and all entities engaged in providing electric services in the Corporate Region, with due regard for safety, environmental protection and economy of service, and in accordance with any Reliability Standards adopted by the Corporation and all NERC Reliability Standards and policies.

The *Energy Policy Act of 2005* authorized the creation of a self-regulatory Electric Reliability Organization (ERO) that spans North America, with Federal Energy Regulatory Commission (FERC) oversight in the United States. This legislation makes compliance with Reliability Standards mandatory and enforceable, whereas previously compliance was voluntary in the United States. In accordance with the Act, FERC certified NERC as the ERO on July 20, 2006, creating an independent, international Electric Reliability Organization with the authority to develop and enforce Reliability Standards for the entire North American bulk electric system, assuming similar certification by the proper Canadian authorities. ReliabilityFirst Corporation is in complete support of NERC in its role as the ERO and assisted in the development of its application to FERC. To assist the ERO in the performance of its responsibilities, ReliabilityFirst worked in conjunction with NERC and the other Regions to develop its Regional Delegation Agreement (RDA) that lays out the terms and conditions under which it will support the ERO and carry out its ERO delegated functions. This RDA was approved by FERC on April 19, 2007, and was executed, filed, and approved by FERC for implementation on June 5, 2007.

As outlined in ReliabilityFirst’s *Bylaws*, as a Regional Entity, ReliabilityFirst intends “. . . in support and furtherance of its purpose, and in accordance with and at all times subject to the

NERC Rules and the Delegation Agreement, the Corporation's responsibilities shall include, but are not limited to, the following:

- a. Reliability Standards. The Corporation shall:
  - (1) propose Reliability Standards, Regional Variances or modifications thereof to NERC; and
  - (2) develop Regional Reliability Standards through the Corporation's standards development procedure.
- b. Enforcement. The Corporation shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the Region through the Corporation's compliance enforcement program.
- c. Delegation-Related Services. The Corporation, on behalf of NERC, shall carry out certain of NERC's activities that are in furtherance of NERC's responsibilities as the ERO under the Act or in support of delegated functions, including:
  - (1) Organization registration and certification.
  - (2) Reliability readiness audit and improvement.
  - (3) Reliability assessment and performance analysis.
  - (4) Training and education.
  - (5) Situational awareness and infrastructure security.

The Bylaws also provide for the Corporation to conduct other activities outside the ERO delegated functions that would be funded separately by those who would benefit from them. No such activities are planned for 2008.

There is no annual fee for ongoing membership in ReliabilityFirst. As new members join, they are required to pay a nominal one-time fee to cover the costs of processing their membership application. This one-time fee currently ranges from \$250 for associate and adjunct members to \$1,000 for regular members.

In order to properly carry out its ERO delegated functions, the proposed ReliabilityFirst 2008 Business Plan and Budget, has been submitted to NERC for approval. This Business Plan and Budget reflect ReliabilityFirst's best estimate of the costs it will incur in carrying out its delegated functions in support of the ERO in 2008.

## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3	3	2
Total Direct Funding	\$1,014,057	\$756,204	\$625,473
Total Indirect Funding	\$441,002	\$240,867	\$333,730
Total Funding	\$1,455,059	\$997,071	\$959,203

#### Background

Many of the proposed ReliabilityFirst standards development activities, focus and priorities for 2007 / 2008, are directly related to the NERC three-year Work Plan for NERC Reliability Standards development as the ERO and the continuing effort of ReliabilityFirst to consolidate prior documents associated with the merged regions - ECAR, MAAC, and portions of MAIN. On day one of 2006, ReliabilityFirst began operation with six approved “standards”, as they were referred to at the time, developed by the Corporation’s development teams and a ReliabilityFirst Board approved Standards Development Manual. In addition the Corporation needed to continue with the “legacy” regional documents as “organization standards”, as stated in the By-laws, which had been deemed compliant for all NERC Standards as they were in effect at that time. During 2006, ReliabilityFirst had six standard drafting teams in place working on additional standards or revisions. The ReliabilityFirst Board approved Underfrequency Load Shedding (UFLS) standard was rescinded because of a technical omission, but a new Resource Adequacy standard was approved by the ReliabilityFirst Board. A permanent, balanced Stakeholder Standards Committee replaced the Interim Standards Committee, which was responsible for a revised Standards Development Manual mid-2006 that included an enhanced interpretation process.

#### Effect of NERC’s Transition to the Electric Reliability Organization

The evolution of NERC as the ERO at the end of 2006 caused a major shift in the ReliabilityFirst standards development focus and effort. The ReliabilityFirst Standards Development Manual needed to be updated to align with NERC and FERC objectives and was approved by Members and the Board in February 2007. The results of this effort were attached to the region’s Delegation Agreement and submitted to NERC for submittal to FERC. As the ERO, NERC needed to respond to FERC as to the disposition of the “fill-in-the-blank” standards. This was another issue that provided a different direction in the development of ReliabilityFirst standards.

## Standards Process

Although the ReliabilityFirst Board approved the Standards Development Manual mid-2006, it was enhanced considerably to align with the NERC pro-forma. The regional Standards Development Procedure was approved February 2007 and submitted to NERC. The draft Procedure, which was regionally-approved without change, was attached to the region's Delegation Agreement, which was approved by FERC on April 19, 2007. The Procedure will continue to be revised to meet any changes in NERC and/or FERC requirements.

## Standards Program Goals

The goals of the standards program for 2008 are to:

- Submit to NERC any regional standards that are needed to support revised NERC Reliability Standards
- Submit to NERC any regional standards that are not covered by NERC Reliability Standards
- Submit to NERC any regional standards that will be needed to provide an “interim” solution to reliability needs until replaced by revised NERC Reliability Standards

## Standards Program Objectives

The objectives of the standards program for 2008 are to:

- Prioritize the regional standards drafting effort to align with the timing of NERC Reliability Standards revisions
- Modify the regional Standards Development Procedure to align with changing NERC and FERC requirements
- Initiate and coordinate revisions to regional Standards in any stage of development to align with NERC and FERC requirements
- Systematically extract requirements from “legacy” documents for developing regional standards and retire the documents or use portions of them in regional criteria and/or procedures

## Regional Standards Development

The revised Procedure and NERC Standards Development Work Plan were and will be the basis for regional standards work throughout 2007. Of the four NERC Reliability Standards that are expected to require regional standards for support, ReliabilityFirst expects the Operating Reserve and Disturbance Monitoring regional standards to be in place by the end of 2007 with the UFLS and SPS Review regional standards to be completed in 2008. Although these regional standards will be in place prior to the rewrite of the corresponding NERC standards, they will provide interim direction for ReliabilityFirst stakeholders. Since staff are on the associated NERC drafting teams, it is expected that the regional standards in place will influence the direction of the NERC effort. Any modifications needed in the regional standards will be initiated prior to final development of the NERC standards, expected during 2007 – 2009, employing the first-hand knowledge of the ReliabilityFirst members on the NERC drafting teams.

In 2007 there will also be regional drafting efforts related to the NERC “fill in the blanks” standards that NERC may not complete for the next couple of years. Regional standards will be developed and implemented during the interim period pending the completion of these NERC

standards. For example, six interim regional standards related to generator data verification and reporting that had begun in 2007 will be completed in 2008 – in advance of any associated drafting by NERC. ReliabilityFirst will continue to develop standards that are not addressed by NERC, such as a Sub-Regional Transmission Adequacy standard that will be started in 2007 and completed in 2008. In addition, with the 2007 year end target of retiring or having a planned retirement for all legacy documents, it is expected that additional standards work will evolve in 2007 and continue into 2008.

- a. Standards underway in 2007 with continued or additional effort expected in 2008:
  - 1) **Operating Reserves** – This standard is a revision of an existing approved ReliabilityFirst Standard aimed at adding further detail to the existing standard, retiring related legacy documents, and ensuring all legacy directives are properly incorporated. Although expected to be approved May 2007, associated work on NERC BAL-002 (Project 2007-05) may require modification of the regional standard during 2008.
  - 2) **Under Frequency Load Shed Program** – Drafting of this standard parallels the ReliabilityFirst regional assessment of its underfrequency load shedding program, to be completed in 2007. Approval of the standard is expected at the end of 2007 or the beginning of 2008. Since the Standards Authorization Request (SAR) for the related NERC standard (Project 2007-01) has just been initiated, it is expected any revisions to the regional standard required by NERC’s work will be initiated as early as the end of 2008.
  - 3) **Disturbance Monitoring Equipment** – This regional standard is expected to be approved in 2007; however, related NERC standards drafting (Project 2007-11) will not start on the standard until mid-2007. It is expected revisions to the regional standard required by NERC’s effort will be initiated as early as the end of 2008.
  - 4) **Special Protection Systems Review** – This regional standard will begin with a SAR developed early in 2007 and is not expected to be approved until mid to late 2008. It is related to NERC standards work (Project 2008-04). It is expected revisions to the regional standard will be initiated as early as the end of 2009.
  - 5) **Generator Data Verification and Reporting** – Drafting of this subject matter began in 2007 and will require up to six regional standards. This effort is related to a number of NERC Reliability Standards - MOD-024 through MOD-027, PRC-019 and PRC-024 (Projects 2006-05 and 2007-09). Although the subject matter is specifically for generators, the content is fairly broad and will be worked on piece meal. Approval for the regional standards will be staggered from the end of 2007 to the end of 2008. Revisions related to NERC work will be staggered accordingly.
  - 6) **Capacity Benefit Margin** – Although a regional standard drafting team is in place, its work is on hold until work on the related NERC Transfer Capability Standards

(Project 2006-05) moves forward. Regional efforts may or may not be needed in 2007, continuing into 2008.

- 7) **Sub-Regional Adequacy** – This *transmission* related adequacy standard is unique to ReliabilityFirst and not related to any existing NERC standards. This standard is based upon pre-existing requirements in one of the legacy regions. The SAR has been written and work will begin in 2007 extending into 2008.
- 8) **Blackstart Capability** – Although a SAR has been developed for this subject matter, work on retirement of legacy documents may result in a “procedure” as opposed to a regional standard.

### Standards Improvement

The ReliabilityFirst standards staff will continue to provide the best direction and prioritization of ReliabilityFirst initiated Reliability Standards and the associated regional standards procedures by participation in NERC and other regional standard drafting efforts and related working groups, task forces, etc., such as the NERC Regional Reliability Standards Working Group (RRSWG) and the Functional Model Working Group (FMWG), efforts.

- 1) ReliabilityFirst Standards staff will continue to volunteer to serve as members of NERC SAR Drafting Teams. Currently a staff member is the requestor of four NERC SARs.
- 2) ReliabilityFirst Standards staff will continue to volunteer to serve as members of NERC Standard Drafting Teams. Currently a staff member is either chairman or vice-chairman of two NERC SDTs.
- 2) ReliabilityFirst Standards staff will continue to volunteer to participate on special NERC teams to develop plans and programs related to regional tasks. This will include special teams such as the RRSWG which deals with the NERC “fill-in the blanks” work plan and established task forces such as the FMWG.

The ReliabilityFirst Standards Program relies on technical support from both the ReliabilityFirst staff and stakeholder volunteers for drafting teams. The teams are facilitated by the Standards staff. Even though more than six standards can be in development at one time, realistically only the six highest priority standards will be in the active drafting step at one time so as not to exhaust stakeholder and staff resources. Even with this restricted workload, additional standards staff assistance will be needed from time to time to provide the proper support for the fluctuating standards work. This will allow staff to effectively facilitate ReliabilityFirst Standard Drafting Teams (SDTs) and participate on NERC teams. This will also allow staff to develop their own skills and provide technical resources for ReliabilityFirst and NERC audits.

The ReliabilityFirst Standards staff will continue to keep the Board of Directors and all stakeholders informed of the progress in the development of ReliabilityFirst and NERC standards via public announcements, the corporate newsletter, and website postings.



### **Standards Process Improvement**

Participation in the NERC Standards Development Process and other regional standards procedures may give rise to improvements for the ReliabilityFirst's regional Procedure. In addition to gaining experience from other regional procedures, the ReliabilityFirst standards staff will continually monitor and evaluate voting trends, get feedback from stakeholders and suggest improvements to related tools as necessary, as well as collect suggested improvements for the regional procedure. The standards staff will also ensure voters are participating in ballot actions by direct communication and/or training regarding the associated software and/or subject matter. ReliabilityFirst's goal is to achieve at least 90% voter participation in all standards ballots.

## Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	10.5	10.5	12
Total Direct Funding	\$2,861,722	\$2,309,215	\$3,387,878
Total Indirect Funding	\$1,543,507	\$1,445,204	\$2,002,379
Total Funding	\$4,405,229	\$3,754,419	\$5,390,256

### Background

2008 represents a major transition for the ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). It will be the first full year that ReliabilityFirst will implement the compliance program requirements as a Regional Entity under the ERO, including the expectations set forth in the regional delegation agreement. It is also the first full year for the CMEP with mandatory compliance to approved Reliability Standards. Under the ERO, ReliabilityFirst will have the authority to enforce compliance with approved Reliability Standards on all owners, operators, and users of the bulk power system. Personnel will be prepared and tools will be put in place to fully implement the compliance program functions under the new ERO. The ReliabilityFirst compliance staff will support and/or participate in the ERO designated compliance and organization certification committees and working groups as requested.

In its second year of operation, ReliabilityFirst will be expanding its efforts to effectively carry out its ERO delegated compliance monitoring, enforcement, and organization registration and certification activities. Compliance related information/data collection, analysis, audits, investigations, assessments, and reporting to the ERO will be used to satisfy all monitoring and enforcement requirements of FERC and other regulatory authorities. Established processes will be used for the collection of compliance-related information. Training will be required for all compliance auditors through the ERO Training and Education function, which is intended to assure consistent assessments with competent and unbiased compliance auditors to support regional and ERO audit activities.

ReliabilityFirst will monitor and identify alleged violations of Reliability Standards through a variety of processes including:

- Self-certification and self-reporting by owners, operators, and users of the bulk power system, including both reports of specific incidents and events.
- Investigations and complaints received from other owners, operators, and users of the bulk power system and other persons and entities interested in the reliable operation of the bulk power system, including governmental entities.

- Compliance audits of the Reliability Standard requirements applicable to the functions of the registered owners, operators, and users of the bulk power systems. Spot checking individual standard requirements will also be performed as validation to self certifications and follow up activities.
- Data submittals for detailed evaluations and assessments.
- Exception reporting to assess compliance to a Reliability Standard.

To facilitate ReliabilityFirst compliance monitoring and enforcement activities, all owners, operators, and users of the bulk power system will be required to register with ReliabilityFirst for the functions that are applicable to the organizations. ReliabilityFirst will update organization registration information on a regular basis and submit it to NERC, who will maintain the official compliance registry. Registration of organizations responsible to comply with the standards will be reviewed on a regular basis. Certification of organizations performing primary reliability responsibilities is expected to begin with the completion of the organization certification standards.

### **Compliance Enforcement Program Objectives**

- a. Implementation of ReliabilityFirst delegated Compliance Monitoring and Enforcement Program (CMEP) responsibilities, which will include but are not limited to the following:
  - 1) Establish and prepare staff to achieve maximum effectiveness and consistency in monitoring, assessment, reporting, enforcement actions, settlements, and hearings relative to activities associated with compliance to Reliability Standards.
  - 2) Assure timely mitigation of all violations of Reliability Standards. Mitigation plans will be assessed for effectiveness and reasonableness of implementation (including the time to complete). Mitigation plans will be tracked to closure.
  - 3) Conduct thorough and formal compliance audits on a three-year cycle of the RC/BA/TOP/TO functional entities and local control centers (LCCs) within the region. Spot-checks, as a form of audit, will also be performed to confirm self certifications, self reports, and the status of mitigation plans. Audit teams will consist of staff, contractors, and NERC personnel with FERC oversight. These audits will review 10 to 12 entities per year with 60 to 70 functions evaluated.
    - RC – Reliability Coordinator
    - BA – Balancing Authority
    - TOP – Transmission Operator
    - TO – Transmission Owner

- 4) Establish and implement an audit/verification process to be used for small entities on a six-year cycle, which will include the following registered functions: GO/GOP/LSE/PSE/DP/RP/PA/TP/TSP. These audits will range from site visits to table-top reviews. Approximately 50 entities will be reviewed annually with 100 to 120 functions evaluated.
    - GO – Generator Owner
    - GOP Generator Operator
    - LSE – Load Serving Entity
    - PSE – Purchasing-Selling Entity
    - DP – Distribution Provider
    - RP – Resource Planner
    - PA – Planning Authority
    - TP – Transmission Planner
    - TSP – Transmission Service Provider
  - 5) Conduct initial dispute resolution activities, the ReliabilityFirst settlement and hearing process, and participate as necessary in any appeals to the ERO or regulatory agencies for violations that are challenged.
  - 6) Review all enforcement actions for consistent application of penalties for violations of Reliability Standards.
  - 7) Manage all compliance activities in an unbiased, fair, and consistent manner, affording all parties appropriate due process.
- b. Provide training for compliance auditors:
- 1) Work with the ERO to implement auditor training requirements.
  - 2) Assure that the program is delivered to all ReliabilityFirst staff, contractors, and stakeholders participating in compliance audits and readiness evaluations.
- c. Develop and enhance processes, data bases, and reporting tools for accurate tracking and reporting of alleged and confirmed violations of reliability standards, penalty and sanction actions, disposition of all violations, and mitigation plans.
- d. Maintain reporting relationship with the ERO and establish processes and procedures to report violations, levy penalties and sanctions, and track the mitigation plan for the violations.
- 1) Report all alleged violations of Reliability Standards to the ERO.
  - 2) Prepare and distribute notices of penalty findings associated with compliance violations.

- e. Enhance reporting of violations of Reliability Standards to the ReliabilityFirst Board Compliance Committee and the ERO.
  - 1) Report quarterly all violations of Reliability Standards for which investigation, decision, and hearing processes have been completed, including the identity of the organizations involved in those violations.
  - 2) Identify trends pertaining to problem areas, entities that may require additional follow-up review, and communicate any lessons learned with other stakeholders while protecting confidentiality as required by the ERO rules of procedure.
- f. Monitor and assess that ReliabilityFirst has adequately addressed and can satisfy the requirements for compliance with those NERC standards for which ReliabilityFirst is currently accountable.
- g. Support the development of the compliance elements for all new or revised Reliability Standards within the ReliabilityFirst and ERO Standards Program. Support ERO standards drafting teams as resources are available.
- h. Provide the necessary information regarding all financial penalties to support the collection and disbursement of the penalty funds.
- i. Develop a plan for an independent audit or self assessment of the ReliabilityFirst CMEP in 2008 to evaluate the success and effectiveness of the program in achieving its mission.

### **Organization Registration and Certification Objectives**

- a. Maintain a Compliance Registry of all registered owners, operators, and users of the bulk power system as prescribed by the ERO within the ReliabilityFirst footprint for compliance monitoring purposes.
  - 1) Continue to enhance the development, oversight, and implementation of the organization registration process.
  - 2) Review for completeness and update the entity registration information as needed and confirm the registration status with the regional entities annually.
  - 3) Provide necessary updated organization registration information to the ERO.
- b. Implement organization certification for functions designated by the ERO standards for certification.
  - 1) Develop processes and procedures for use by ReliabilityFirst in carrying out delegated certification activities required by the certification standards.
  - 2) Provide auditors for organization certification reviews.

- 3) Re-certify organizations previously certified as directed by the ERO. Re-certification of entities will be a modified process, but will not simply grant a fully “grandfathered” approval. The process, procedures, and recordkeeping used for recertification of existing entities will be maintained and subject to audit by the ERO. Re-certification will be required when a certified organization undergoes a significant functional/organizational change.

### **Compliance Staffing Needs**

With the uncertainty of the workload associated with implementing the CMEP, a personnel contingency plan of up to an additional five staff is proposed for after July 2008 as the workload impact is better understood. If this contingency is required during 2008, its funding will be provided from the ReliabilityFirst reserve fund and adjusted in the following year’s budget.

## Reliability Readiness Evaluations and Improvement Program

<b>Reliability Readiness Evaluations and Improvement Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	1.5	1.5	1
Total Direct Funding	\$462,091	\$383,128	\$205,826
Total Indirect Funding	\$220,501	\$120,434	\$166,865
Total Funding	\$682,592	\$503,562	\$372,691

### Background

ReliabilityFirst will continue to support NERC in implementing the Reliability Readiness Evaluation and Improvement Program designed to assess the readiness of operators of the bulk power system to execute their designated responsibilities for maintaining the reliable operation of the bulk power system. Readiness evaluations are conducted on a three-year cycle for each entity that is registered as a reliability coordinator, balancing authority, transmission operator, and other entities that provide support to them. NERC's reliability readiness evaluations promote excellence in operations by identifying opportunities for improvement and examples of excellence that will help the audited entity and other entities improve their ability to operate the bulk power system.

ReliabilityFirst, in concert with NERC, has expanded the coverage of its Readiness Evaluation Program to include transmission owners and local control centers. 2008 will be the second year of the three year cycle of evaluations. During 2008, NERC is evaluating the expansion of the coverage of its readiness evaluations to include all entities that perform bulk power system reliability functions as prescribed by the ERO. ReliabilityFirst will aggressively manage and support the Readiness Evaluation review process within the ReliabilityFirst footprint. ReliabilityFirst personnel and stakeholder volunteers will also support the ERO in the implementation of the Readiness Evaluation process in other regions throughout the ERO.

### Reliability Readiness Evaluation and Improvement Objectives

- a. Continue to support the Readiness Evaluation Program and work with the ERO to make the process robust with an objective of adding value to the overall reliability of the bulk power system.
  - 1) Support performance of Readiness Evaluations of one-third of the reliability coordinators, balancing authorities, transmission operators, local control centers, and transmission owners in 2008.
  - 2) Communicate to the ReliabilityFirst members "examples of excellence" identified through the Readiness Evaluation Program and any identified industry best practices.

- 3) Monitor and communicate any trends with the potential to develop into performance problems in certain functional areas of responsibility.
- 4) Track recommended areas for improvement identified through the readiness evaluation program.
- 5) Report quarterly the status of each recommendation identified in the readiness evaluation process.
- 6) Perform a critical analysis of recommendations and findings to determine meaningful trends and communicate this information to the membership and to the Board Compliance Committee as a mechanism for improvement.
- 7) Manage readiness evaluation issues such as identified alleged violations in accordance with the Reliability*First* CMEP.
- 8) Collect feedback from stakeholders regarding the readiness evaluation process and work with NERC to improve the program as necessary.



## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.25	.25	.25
Total Direct Funding	\$65,908	\$51,925	\$89,626
Total Indirect Funding	\$36,750	\$30,108	\$41,716
Total Funding	\$102,658	\$82,033	\$131,342

### Background

The ReliabilityFirst Training and Education Program will address several areas including staff training, ReliabilityFirst Board of Director's training, and industry workshops for membership covering topics such as ReliabilityFirst Standards and Compliance Monitoring and Enforcement Program. Training needs within ReliabilityFirst are identified by the separate functional areas and coordinated under the ReliabilityFirst Training and Education Program.

### Staff Training

- a. Staff training includes identification of continuing education requirements for the ReliabilityFirst staff. These requirements include the need to identify and obtain new professional credentials that support the activities of ReliabilityFirst as well as the need to update and maintain existing professional certifications and NERC operator certifications. Several ReliabilityFirst staff members have completed NERC Operator Certification and maintenance of these credentials will be necessary as a function of the Compliance Monitoring and Enforcement Program.

Steps to address maintenance of professional credentials include identification of existing staff professional credentials, identification of continuing education units (CEU) maintenance requirements for those credentials, and implementation and scheduling of training required to maintain them.

- b. Other staff training will address skills needed to perform the functions of the ReliabilityFirst staff. These include skills in computer software applications necessary to accomplish staff work as well as leadership and management training to continue the professional development of the ReliabilityFirst leadership.
- c. Staff training will be budgeted in the respective cost centers but is coordinated through the ReliabilityFirst Personnel Education and Training program.

### **Board of Directors Training**

- a. Per the Bylaws of ReliabilityFirst, The Board of Directors of ReliabilityFirst will receive ongoing training to keep current with activities within the ReliabilityFirst footprint and to stay abreast of changes affecting the industry. This training will be conducted at times convenient to the members of the Board and will be prepared and presented primarily by ReliabilityFirst staff.

### **Industry Workshops**

- a. In 2008, ReliabilityFirst will continue to offer workshops focused on keeping members abreast of the activities of ReliabilityFirst and other activities that may affect ReliabilityFirst members. The workshops will be geared toward enhancing understanding of the evolution of the industry and of ReliabilityFirst programs such as Standards Development and the Compliance Monitoring and Enforcement Program. Some of these workshops may require a registration fee from attendees to minimize the budgetary impact to ReliabilityFirst. Workshops to be conducted in 2008 will include:
  - 1) Compliance Monitoring and Enforcement Program workshops to promote an understanding of the program as it continues to evolve under the ERO.
  - 2) Standards Development workshops to promote an understanding of the Standards Development process and to provide insight into new standards developed and approved by the industry, both NERC and ReliabilityFirst.
  - 3) Updates on ReliabilityFirst to inform the members and others on the evolution of ReliabilityFirst and its programs.
  - 4) Situational Awareness workshops to alert the members of issues related to Critical Infrastructure Protection.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.5	6	6
Total Direct Funding	\$1,610,340	\$1,293,762	\$1,441,187
Total Indirect Funding	\$808,504	\$722,602	\$1,001,189
Total Funding	\$2,418,843	\$2,016,364	\$2,442,376

### Background

In support of the ERO, ReliabilityFirst staff will independently analyze, assess, and report on the reliability and adequacy of the bulk electric system within its footprint in the past, present, and future. This includes performance of seasonal, near-term and long-term resource and transmission assessments, special investigations as warranted, analysis of system disturbances, and collection and dissemination of data.

### Reliability and Adequacy Assessment Objectives

#### Assessments of Reliability Performance

- a. Perform short-term resource adequacy assessments per NERC Standards MOD-016, TPL-005, and TPL-006.
- b. Perform long-term resource adequacy assessments per NERC Standards MOD-016, TPL-005, and TPL-006.
- c. Perform seasonal (summer and winter) transmission assessments for the region per NERC Standards TPL-005, and TPL-006.
- d. Perform near-term (1 through 5 years into the future) transmission assessments for the region per NERC Standards TPL-005, and TPL-006.
- e. Perform long-term (5 through 10 years into the future) transmission assessments for the region per NERC Standards TPL-005, and TPL-006.
- f. Produce RFC assessments for the NERC Reliability Assessment Subcommittee's seasonal and long-term reports.
- g. Perform dynamic assessments for the region per NERC Standards PRC-006, PRC-012, TPL-005, and TPL-006.

- h. Work with neighboring regional entities to perform seasonal, near-term, and long-term transmission assessments for the region per NERC Standards TPL-005, and TPL-006.

### ***Model Development to Conduct Assessments***

- a. Develop power flow base case models for the region per NERC Standards MOD-011 and MOD-014 -- Eastern Interconnection Reliability Assessment Group (ERAG) – Multiregional Modeling Working Group (MMWG) effort.
- b. Develop power flow base case models for the region per NERC Standards MOD-011 and MOD-014 (regional and interregional efforts).
- c. Develop dynamic base case models for the region per NERC Standards MOD-013 and MOD-015 (ERAG MMWG effort).
- d. Develop dynamic base case models for the region per NERC Standards MOD-013 and MOD-015 (regional and interregional efforts).

### ***Reporting Requirements***

- a. Collect vegetation related transmission line outage information and report it quarterly to NERC per NERC Standard FAC-003.
- b. Submit regional load, capacity, and transmission data and power flow base cases annually for the DOE EIA-411 report.
- c. Submit regional power flow data annually for the FERC 715 report.
- d. Report to the Public Utilities Commission of Ohio.

### ***Other Requirements and Activities***

- a. Continue to chair the Eastern Interconnection Reliability Assessment Group.
- b. Collect and analyze protective relay misoperation information as required in NERC Standard PRC-003.
- c. Conduct initial and periodic Special Protection System (SPS) reviews as required in NERC Standards PRC-012, PRC-013, and PRC-014.
- d. Conduct initial and periodic Under Frequency Load Shed (UFLS) reviews as required in NERC Standard PRC-006.
- e. Conduct initial and periodic Under Voltage Load Shed (UVLS) reviews.
- f. Conduct initial and periodic zone 3 protective relay exception reviews.

- g. Conduct system disturbance and post-mortem analyses.
- h. Coordinate disturbance reporting as required in NERC Standard EOP-004.
- i. Coordinate disturbance monitoring equipment placement as required in NERC Standard PRC-002.
- j. Develop and maintain a regional black start plan as required in NERC Standard EOP-007.
- k. Develop and maintain a regional generator testing program as required in NERC Standard Mod-012.
- l. Conduct methodology reviews (ATC/TTC/CBM/TRM) as required in NERC Standards MOD-001 through MOD-009.
- m. Develop and maintain a regional bulk electric system facilities map.
- a. Develop and maintain a linear contingency database for transmission assessment studies.

### **Events Analysis and Information Exchange Objectives**

The Reliability*First* Major Disturbance Analysis Task Force (MDATF) has the responsibility to analyze any disturbances as directed by the Reliability Committee.

### **Benchmarking Objectives**

The Reliability*First* Power Flow Model Contact Group (PFMCG) and Dynamic Model Contact Group (DMCG) have the responsibility to address any benchmarking objectives as directed by the Reliability Committee.

### **Technical Integration Committee Objectives**

The Reliability*First* Reliability Committee provides the forum to review and discuss technical developments in the region and assign activities to any of the subcommittees, contact groups, and task forces for further analysis as necessary.

## Situation Awareness and Infrastructure Security Program

<b>Situation Analysis and Infrastructure Security Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	.75	.75	.75
Total Direct Funding	\$269,340	\$234,163	\$243,239
Total Indirect Funding	\$110,250	\$90,325	\$125,149
Total Funding	\$379,590	\$324,488	\$368,387

### Background

With the finalization of the Department of Homeland Security (DHS) National Infrastructure Protection Plan and the Sector Specific Plan for the Energy Sector in early 2007, situation awareness and infrastructure security (SAIS) continue to receive more focus. The ReliabilityFirst SAIS activity continues to evolve to provide the tools and information required by the ReliabilityFirst staff and stakeholders to promote infrastructure protection.

### Situation Analysis and Infrastructure Security Objectives

- a. Support the activities of the ReliabilityFirst Critical Infrastructure Protection Subcommittee (CIPS). This is a subcommittee of the ReliabilityFirst Reliability Committee populated by volunteers from stakeholders. These volunteers represent expertise in the disciplines of cyber security, physical security, and operations. The CIPS maintains liaison with the NERC Critical Infrastructure Protection Committee. The CIPS provides a forum for exchange of information and current events concerning Infrastructure Protection.
- b. Provide information to the members of ReliabilityFirst on issues related to Critical Infrastructure Protection.
- c. Provide the tools and data necessary for ReliabilityFirst staff to monitor the health of the bulk electric system as directed by the ReliabilityFirst Board of Directors.
- d. Maintain and test business continuity/disaster recovery and pandemic plans for the ReliabilityFirst office and staff.
- e. Assist stakeholders with implementing measures to comply with Reliability Standards dealing with critical infrastructure protection.
- f. Support the ReliabilityFirst Compliance Monitoring and Enforcement Program by participating in audits that include assessment of compliance to the NERC Cyber Security Standards (CIP-002 – 009.)

### ***Support the ReliabilityFirst Critical Infrastructure Protection Subcommittee***

In late 2006, ReliabilityFirst stakeholders formed the regional Critical Infrastructure Protection Subcommittee (CIPS). This subcommittee reports to the ReliabilityFirst Reliability Committee. The purpose of the CIPS is to share information concerning critical infrastructure protection (CIP) and to promote CIP within the ReliabilityFirst footprint. During 2008, SAIS will support the CIPS through scheduling of subcommittee meetings and dissemination of messages, alerts, and warnings from NERC and DHS.

### ***Provide information on CIP-related Issues***

This involves dissemination of information from agencies such as the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), the U.S. Department of Homeland Security, and others containing information on events or suspected events representing potential threats to the electricity sector.

To accomplish this objective, ReliabilityFirst staff must be identified to the U.S. Department of Homeland Security and the ES-ISAC as individuals authorized to receive these communications. The communications can then be forwarded to selected representatives of ReliabilityFirst member companies.

### ***Monitor the health of the Bulk Electric System (BES)***

The use of situational awareness tools is at the discretion of the ReliabilityFirst Board of Directors. If the Board directs the ReliabilityFirst staff to employ these tools, this task involves gaining access to several NERC Operating Reliability Data support services that provide real-time or near-real-time status of the Bulk Electric System. These services include the Reliability Coordinator Information System (RCIS), System Data eXchange (SDX), and Area Control Error (ACE) and Abnormal Frequency System Monitoring. These tools allow the ReliabilityFirst staff to monitor the health of the BES and to review data at the time of a system event.

Implementation of these tools requires authorization from NERC to gain access to the services. The RCIS and SDX services are available via Internet connected computers. ACE/Abnormal Frequency data requires a dedicated system to receive information from the NERC service. In addition to use for monitoring the health of the BES, these tools also provide information useful to the ReliabilityFirst compliance enforcement staff in ensuring compliance to reliability standards.

***Maintain and Test Business Continuity/Disaster Recovery and Pandemic Plans for the ReliabilityFirst office***

During 2007, the ReliabilityFirst staff formalized plans for business continuity/disaster recovery and for response to a pandemic.

A business continuity plan deals with the ability to continue business functions in a degraded situation such as the loss of corporate assets including office space or computer assets. Disaster recovery deals with a more complete loss of access to corporate assets due to a large-scale event such as a tornado or blackout. A pandemic plan focuses on business continuity in the face of a declared pandemic. Due to the potential nature of a pandemic, special steps must be taken to permit continued operation with reduced staff availability.

To ensure staff understanding and the adequacy of these plans, it is necessary to periodically test them. During 2008, tabletop exercises will be used to test the effectiveness and adequacy of these plans. Lessons learned during these tabletop exercises will then be used to improve the plans and address deficiencies.

***Assist members to comply with NERC and ReliabilityFirst standards dealing with Critical Infrastructure Protection***

In 2008, ReliabilityFirst members will continue progress toward compliance with the NERC Cyber Security Standards (CIP-002 – 009). ReliabilityFirst SAIS staff will be available to answer questions concerning these standards and will sponsor regional workshops as needed to foster the exchange of ideas and solutions developed by the member companies.

***Support the ReliabilityFirst Compliance Monitoring and Enforcement Program***

As compliance to the NERC Cyber Security Standards approaches, the ReliabilityFirst Compliance Monitoring and Enforcement staff will begin incorporating these standards into the program. Staff with cyber expertise will be needed to assist in compliance audits of these standards. The SAIS staff will participate as needed/as available to complete these audits.



## Administrative Services

<b>Administrative Services Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	12.5	12	12
Total Direct Funding	\$3,160,514	\$2,649,540	\$3,671,029

## Technical Committees and Members' Forums

The 2007 ReliabilityFirst Business Plan and Budget presented the Technical Committees and Members' Forums as a separate cost center. To provide continued consistency with NERC's 2008 Business Plan and Budget format, the ReliabilityFirst's 2008 Business Plan and Budget will integrate Technical Committees and Members' Forums into Administrative Services.

### **ReliabilityFirst Reliability Committee and Support**

The ReliabilityFirst Reliability Committee (RC) was established to provide the general advice and guidance for all of the regional technical activities. This Committee has a substructure of subcommittees, contact groups, and task forces to carry out its responsibilities.

The organizational groups listed below provide necessary technical advice and assistance to the Committee and ReliabilityFirst staff. The groups also act as a point of contact for stakeholders for the collection and dissemination of specific technical information and data.

### **Members' Forums Objectives**

- a. **Critical Infrastructure Protection Subcommittee (CIPS)** – provides a forum to address cyber security, physical security, and operations security. More information is contained in the Situational Awareness section of this document.
- b. **Generator Subcommittee (GS)** – provides a generator owner/operator forum to addresses generator issues.
- c. **Operations Subcommittee (OS)** – provides a bulk electric systems operations related forum to address operator and/or system operations related issues.
- d. **Protection Subcommittee (PS)** – provides a system protection forum to address protective relay and control issues including both generator and transmission protection.

- e. **Transmission Performance Subcommittee (TPS)** – provides a transmission owner/planner forum to address any transmission planning and/or performance issues. This would include transmission assessments, outages, maps, notification, etc.
- f. **Vegetation Management Subcommittee (VMS)** – provides a vegetation management forum to address related issues.
- g. **Power Flow Model Contact Group (PFMCG)** – provides power flow model data for ERAG MMWG and other regional base case model building efforts.
- h. **Dynamic Model Contact Group (DMCG)** – provides dynamic model data for ERAG MMWG and other regional dynamic base case model building efforts.
- i. **Major Disturbance Analysis Task Force (MDATF)** – assists ReliabilityFirst staff to analyze major system disturbances in a timely manner.

## Information Technology

The mission of the Information Technology (IT) department is to support the basic functions and needs of our organization. With the functional requirements and general workflow documented in 2007, the IT department will develop a formal strategic plan incorporating all department requirements in 2008. This plan will be proactive in identifying business directions including technology requirements and capabilities, and optimizing processes (manual or automated).

Cyber Security is a growing concern for all members. ReliabilityFirst Corporation will take the lead by implementing the NERC Critical Infrastructure Protection standards (CIP-002 – CIP009). For additional information regarding related training and situation awareness/infrastructure security activities, please see the ReliabilityFirst 2008 Training and Education Program and 2008 Situation Awareness and Infrastructure Security Program Business Plans, respectively.

## Human Resources

ReliabilityFirst realizes that talented, experienced employees are its greatest resource, and that finding, nurturing, and developing that talent is one of our most important tasks. By 2008, ReliabilityFirst will have assembled a staff of 34 qualified management, professional, and technical employees with the expertise necessary to serve our stakeholders and to support the ERO by properly carrying out our delegated functions.

The Human Resources department will, in adherence with all applicable federal and state laws, design, plan, and implement human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development. Human resource policies are made available to all employees through an easily accessible employee intranet.

## Finance and Accounting

The Finance and Accounting department will work with the ERO and all ReliabilityFirst cost centers to produce an annual Regional Entity budget that adequately supports its delegated functions. This budget includes supporting materials such as the complete business plan and organizational chart, with proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

In support of the ERO's new funding/collection mechanism, which provides for the financial budgets of the ERO and all Regional Entities, ReliabilityFirst will annually collect and supply the ERO with a listing of load serving entities (LSE) within the ReliabilityFirst corporate footprint and their associated net energy to load (NEL) data as mandated by the Federal Energy Regulatory Commission.

ReliabilityFirst will work with all Regional Entities through the Regional Entity Budget Group (REBG) to provide consistency in budget submittals to the ERO and to FERC and to coordinate LSE/NEL collection efforts to alleviate any potential double counting of LSE/NEL information.

This department will provide all ReliabilityFirst cost centers, the Board of Directors, and the ERO with financial clarity and understanding of ReliabilityFirst's financial position.

The Finance and Accounting department will direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, tax, audit activities, and financial and accounting system controls and standards.

## 2007 Budget &amp; Projection, and 2008 Budget Comparisons

Table 1

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 9,372,472	\$ 9,372,472	\$ -	\$ 9,584,256	\$ 211,784
Membership Dues	-	2,000	2,000	-	(2,000)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	71,500	88,057	16,557	80,000	(8,057)
<b>Total Funding</b>	<b>\$ 9,443,972</b>	<b>\$ 9,462,529</b>	<b>\$ 18,557</b>	<b>\$ 9,664,256</b>	<b>\$ 201,727</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 3,661,633	\$ 3,305,780	\$ (355,853)	\$ 4,152,536	\$ 846,756
Payroll Taxes	279,115	286,884	7,769	286,747	(137)
Benefits	751,975	312,597	(439,378)	642,444	329,847
Retirement Costs	555,245	520,863	(34,382)	638,597	117,734
<b>Total Personnel Expenses</b>	<b>\$ 5,247,968</b>	<b>\$ 4,426,124</b>	<b>\$ (821,844)</b>	<b>\$ 5,720,324</b>	<b>\$ 1,294,200</b>
<b>Meeting Expenses</b>					
Meetings	\$ 307,440	\$ 219,524	\$ (87,916)	\$ 367,685	\$ 148,161
Travel	1,016,250	436,494	(579,756)	990,800	554,306
Conference Calls	128,114	96,326	(31,788)	52,232	(44,094)
<b>Total Meeting Expenses</b>	<b>\$ 1,451,804</b>	<b>\$ 752,344</b>	<b>\$ (699,460)</b>	<b>\$ 1,410,717</b>	<b>\$ 658,373</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 361,600	\$ 252,976	\$ (108,624)	\$ 527,530	\$ 274,554
Office Rent	250,000	251,133	1,133	270,000	18,867
Office Costs	249,600	240,024	(9,576)	246,970	6,946
Professional Services	608,000	608,000	-	1,104,350	496,350
Computer Purchase & Maint.	320,000	283,751	(36,249)	319,365	35,614
Furniture & Equipment	100,000	83,585	(16,415)	50,000	(33,585)
Miscellaneous	855,000	780,000	(75,000)	15,000	(765,000)
<b>Total Operating Expenses</b>	<b>\$ 2,744,200</b>	<b>\$ 2,499,469</b>	<b>\$ (244,731)</b>	<b>\$ 2,533,215</b>	<b>\$ 33,746</b>
<b>Total Expenses</b>	<b>\$ 9,443,972</b>	<b>\$ 7,677,937</b>	<b>\$ (1,766,035)</b>	<b>\$ 9,664,256</b>	<b>\$ 1,986,319</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 1,784,592</b>	<b>\$ 1,784,592</b>	<b>\$ (0)</b>	<b>\$ (1,784,592)</b>

## Summary Explanation

### Funding

- **ERO Funding** – New mandatory funding mechanism. Funding required through the LSEs (or designee) is the net of total expenses less funding from all other sources detailed below.
- **Interest** – Interest earned on bank balances.

### Expenses

- **Salaries** – Expenses to support 34 FTEs in 2007 and in 2008.
- **Payroll Taxes** – Applicable company-paid payroll taxes (social security, Medicare, federal and state unemployment).
- **Benefits** – Health, dental, vision, life and long-term care insurances, training, education assistance, and accruing of possible banked vacation.
- **Savings & Retirement** – 401(k) Match and Defined Contribution Programs.
- **Meetings** – Expenses for support of meetings.
- **Travel** – Staff travel in support of Regional Entity or industry-related meetings.
- **Conference Calls** – xxx
- **Contracts & Consultants** – Contracts with third parties to support various programs.
- **Office Rent** – Office space including utilities.
- **Office Costs** – Administrative costs to support operations, (telephone, internet, office & computer supplies, publications, professional dues, postage & shipping, reproduction, reports, office equipment maintenance/service contracts, etc.)
- **Professional Services** – Fees paid for Independent Board of Directors, legal and accounting services, and all commercial insurances (D&O, property, etc.).
- **Computer Purchases & Maintenance** – Purchase of new and replacement computer-related equipment (servers, desktops, laptops, and peripherals), software, associated hardware and software maintenance and service agreements, and network services.
- **Furniture & Equipment** – Purchase of new furniture or equipment as required.

- **Depreciation** – Depreciation of capitalized assets.
- **Miscellaneous** – Miscellaneous costs for 2007 included one-time move costs to the new Akron, Ohio location.

Detailed analysis of income and expenses are contained in the following appendices:

- **Appendix A** – 2007 Budget & Projection and 2008 Budget by Program Category. Each program's sources of funding and related expenses are analyzed.
- **Appendix B** – 2007 Budget & Projection by Statement of Activity. Shown are detailed schedules by funding, personnel, meetings, and operations.

## Personnel Analysis

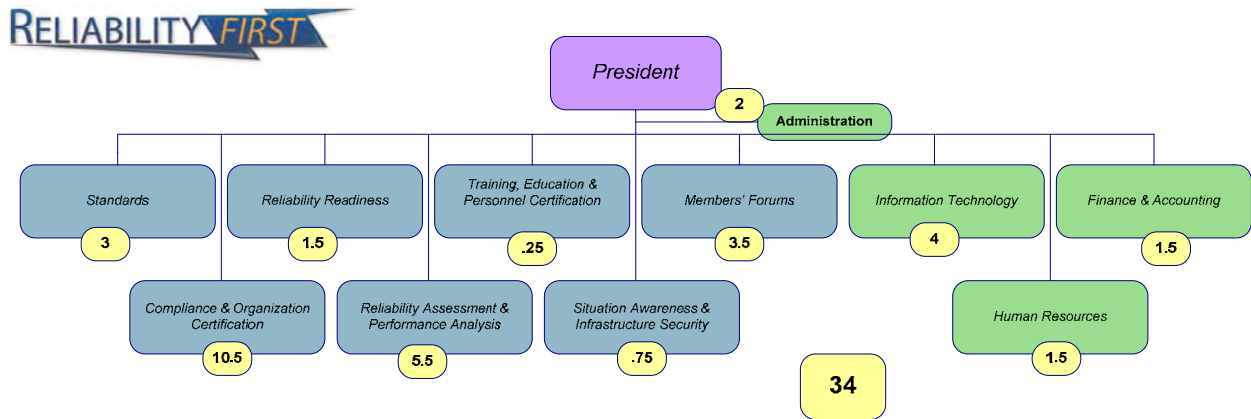
**Table 2**

<b>Total FTE's by Program Area</b>	<b>Budget 2007</b>	<b>Projection 2007</b>	<b>Budget 2008</b>	<b>Change</b>
<b>Operational Programs</b>				
Reliability Standards	3.0	3.0	2.0	-1.0
Compliance and Organization Registration and Certification	10.5	10.5	12.0	1.5
Reliability Readiness Audit and Improvement	1.5	1.5	1.0	-0.5
Training and Education	0.25	0.25	0.25	0.0
Reliability Assessment and Performance Analysis	5.5	6.0	6.0	0.0
Situational Awareness and Infrastructure Security	0.75	0.75	0.75	0.0
<b>Total FTEs Operational Programs</b>	<b>21.5</b>	<b>22.0</b>	<b>22.0</b>	<b>0.0</b>
<b>Administrative Programs</b>				
Member Forums	3.5	2.5	2.5	0.0
General & Administrative	2.0	2.0	2.0	0.0
Information Technology	4.0	4.0	4.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	1.5	1.5	1.5	0.0
Accounting	1.5	2.0	2.0	0.0
<b>Total FTEs Administrative Programs</b>	<b>12.5</b>	<b>12.0</b>	<b>12.0</b>	<b>0.0</b>
<b>Total FTEs</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>	<b>0.0</b>

## 2007 Organizational Chart

Shown below in Table 3 is the organization chart for 2007 as approved by the ReliabilityFirst Board of Directors.

**Table 3**

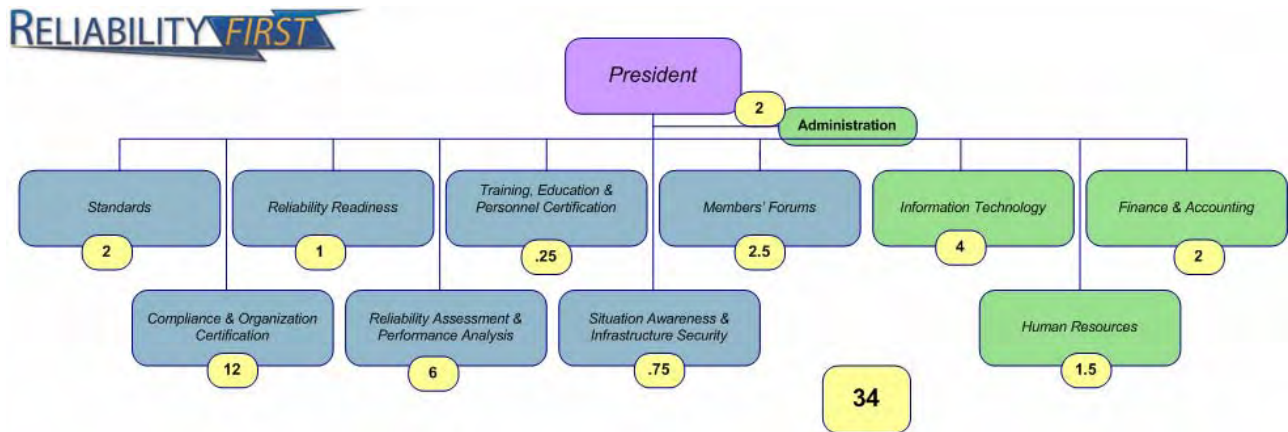




## 2008 Organizational Chart

Shown below in Table 4 is the organization chart projected for 2008. The staffing levels are the same as 2007 with some reallocation of FTEs to the Compliance function. As the Compliance function workload becomes more defined, the staffing levels for that function will be reevaluated mid-year 2008.

**Table 4**



## Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 208 budgeted expenses. In 2007 a \$1M Reserve Fund was established as approved by the ReliabilityFirst Corporation Board of Directors.

**Table 5**

Reserve Analysis 2007-08		
Cash Available 2006:		
Cash Balance @ 12/31/06		3,658,719
2006 Nonrepetitive Commitments:		
2006 Refund to Member Companies	(1,725,097)	
2006 Payables & Accruals net of Receivables & Prepaids	(620,947)	
2006 Contractual Commitments	(288,954)	
Board Restricted Cash for Establishment of Reserve Fund	(1,000,000)	(3,634,998)
2007 ReliabilityFirst Funding (from ERO)	9,372,472	
2007 other funding sources (Cash basis - Projected)	90,057	9,462,529
<b>Total Cash Available 2007</b>		<b>9,486,250</b>
Cash Needed 2007:		
Projected Expenses 2007 (Cash basis)		7,677,937
<b>Total Cash Needed 2007</b>		<b>7,677,937</b>
<b>Projected Ending Cash Balance @12/31/07</b>		<b>\$1,808,313</b>
2008 Assessment		9,664,256
Adjustment to increase cash balance		(1,808,313)
<b>2008 Assessment and reserve adjustment</b>		<b>7,855,943</b>

## Breakdown by Program Category

### Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2008 Business Plan are shown in Table A-1.

**Table A-1**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Standards</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 1,445,083	\$ 1,445,083	\$ -	\$ 951,930	\$ (493,153)
Membership Dues	-	182	182	-	(182)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	9,977	8,005	(1,972)	7,273	(732)
<b>Total Funding</b>	<b>\$ 1,455,060</b>	<b>\$ 1,453,270</b>	<b>\$ (1,790)</b>	<b>\$ 959,203</b>	<b>\$ (494,067)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 349,102	\$ 282,702	\$ (66,400)	\$ 278,026	\$ (4,676)
Payroll Taxes	24,938	22,602	(2,336)	17,361	(5,241)
Benefits	59,514	25,392	(34,122)	32,018	6,626
Retirement Costs	52,365	44,555	(7,810)	42,636	(1,919)
<b>Total Personnel Expenses</b>	<b>\$ 485,919</b>	<b>\$ 375,251</b>	<b>\$ (110,668)</b>	<b>\$ 370,041</b>	<b>\$ (5,210)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 115,200	\$ 82,257	\$ (32,943)	\$ 115,200	\$ 32,943
Travel	173,045	78,171	(94,874)	124,860	46,689
Conference Calls	29,664	22,304	(7,360)	15,372	(6,932)
<b>Total Meeting Expenses</b>	<b>\$ 317,909</b>	<b>\$ 182,732</b>	<b>\$ (135,177)</b>	<b>\$ 255,432</b>	<b>\$ 72,700</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	22,059	22,159	100	-	(22,159)
Office Costs	22,024	21,179	(845)	-	(21,179)
Professional Services	53,647	53,647	-	-	(53,647)
Computer Purchase & Maint.	28,235	25,037	(3,198)	-	(25,037)
Furniture & Equipment	8,824	7,376	(1,448)	-	(7,376)
Miscellaneous	75,441	68,823	(6,618)	-	(68,823)
<b>Total Operating Expenses</b>	<b>\$ 210,230</b>	<b>\$ 198,221</b>	<b>\$ (12,009)</b>	<b>\$ -</b>	<b>\$ (198,221)</b>
<b>Indirect Costs</b>	\$ 441,002	\$ 240,867	\$ (200,135)	\$ 333,730	92,863
<b>Total Expenses</b>	<b>\$ 1,455,060</b>	<b>\$ 997,071</b>	<b>\$ (457,989)</b>	<b>\$ 959,203</b>	<b>\$ (37,868)</b>
<b>Change in Assets</b>	<b>\$ 0</b>	<b>\$ 456,199</b>	<b>\$ 456,199</b>	<b>\$ 0</b>	<b>\$ (456,199)</b>

## Reliability Standards Program

### Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### Funding Sources

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3 FTEs for the 2007 projection and 2 FTEs for the 2008 budget. The FTE difference from 2007 projection to 2008 budget includes 1 FTE being transferred and utilized in the Compliance Enforcement and Organization Registration and Certification Program. Staff resources are used to direct the Reliability*First* drafting teams and support the NERC drafting and development teams as defined in the business plan.

#### Meeting Expenses

- Meeting, staff travel, and conference call expenses in support of the Reliability*First* and NERC drafting teams.

#### Operating Expenses

- No contract or consultant expenses are charged to this program..

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the Compliance Enforcement and Organization Registration and Certification section of the 2008 Business Plan are shown in Table A-2.

**Table A-2**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Compliance and Organization Registration and Certification</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 4,370,310	\$ 4,370,310	\$ -	\$ 5,346,620	\$ 976,310
Membership Dues	-	1,091	1,091	-	(1,091)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	34,919	48,031	13,112	43,636	(4,395)
<b>Total Funding</b>	<b>\$ 4,405,229</b>	<b>\$ 4,419,432</b>	<b>\$ 14,203</b>	<b>\$ 5,390,256</b>	<b>\$ 970,824</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,089,395	\$ 1,004,335	\$ (85,060)	\$ 1,506,984	\$ 502,649
Payroll Taxes	81,960	86,162	4,202	101,825	15,663
Benefits	214,164	86,842	(127,322)	216,555	129,713
Retirement Costs	163,409	155,422	(7,987)	231,642	76,220
<b>Total Personnel Expenses</b>	<b>\$ 1,548,928</b>	<b>\$ 1,332,760</b>	<b>\$ (216,168)</b>	<b>\$ 2,057,006</b>	<b>\$ 724,246</b>
<b>Meeting Expenses</b>					
Meetings	\$ 39,000	\$ 27,848	\$ (11,152)	\$ 41,600	\$ 13,752
Travel	411,405	167,779	(243,626)	452,502	284,723
Conference Calls	30,000	22,556	(7,444)	9,540	(13,016)
<b>Total Meeting Expenses</b>	<b>\$ 480,405</b>	<b>\$ 218,182</b>	<b>\$ (262,223)</b>	<b>\$ 503,642</b>	<b>\$ 285,460</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 109,200	\$ 76,397	\$ (32,803)	\$ 313,529	\$ 237,132
Office Rent	75,882	76,226	344	-	(76,226)
Office Costs	75,761	72,854	(2,907)	13,700	(59,154)
Professional Services	184,546	184,546	-	500,000	315,454
Computer Purchase & Maint.	97,129	86,126	(11,003)	-	(86,126)
Furniture & Equipment	30,353	25,371	(4,982)	-	(25,371)
Miscellaneous	259,518	236,753	(22,765)	-	(236,753)
<b>Total Operating Expenses</b>	<b>\$ 832,389</b>	<b>\$ 758,273</b>	<b>\$ (74,116)</b>	<b>\$ 827,229</b>	<b>\$ 68,956</b>
<b>Indirect Costs</b>	\$ 1,543,507	\$ 1,445,204	\$ (98,303)	\$ 2,002,379	557,176
<b>Total Expenses</b>	<b>\$ 4,405,229</b>	<b>\$ 3,754,419</b>	<b>\$ (650,810)</b>	<b>\$ 5,390,256</b>	<b>\$ 1,635,837</b>
<b>Change in Assets</b>	<b>\$ 0</b>	<b>\$ 665,013</b>	<b>\$ 665,013</b>	<b>\$ (0)</b>	<b>\$ (665,013)</b>

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## Compliance Enforcement and Organization Registration and Certification Program

### Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### Funding Sources

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 10.5 FTEs for the 2007 projection and 12 FTEs for the 2008 budget. The FTE difference from 2007 projection to 2008 budget includes 1 FTE being transferred from Reliability Standards Program and .5 FTE being transferred from Reliability Readiness Audits and Improvement Program to be utilized in the Compliance Enforcement and Organization Registration and Certification Program. Staff resources are used to support the objectives of the Compliance Enforcement Program as defined in the business plan.

#### Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the Compliance Enforcement and Organization Registration and Certification Program.

#### Operating Expenses

- ReliabilityFirst utilizes staff and independent contractors to perform compliance audits. Increased costs in this area are directly related to the increased number of audits required to be performed.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the Reliability Readiness Audits and Improvement section of the 2008 Business Plan are shown in Table A-3.

**Table A-3**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Readiness Evaluation and Improvement</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 677,604	\$ 677,604	\$ -	\$ 369,055	\$ (308,549)
Membership Dues	-	91	91	-	(91)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	4,988	4,003	(985)	3,636	(367)
<b>Total Funding</b>	<b>\$ 682,592</b>	<b>\$ 681,698</b>	<b>\$ (895)</b>	<b>\$ 372,691</b>	<b>\$ (309,007)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 177,343	\$ 166,418	\$ (10,925)	\$ 125,583	\$ (40,835)
Payroll Taxes	11,491	12,303	812	8,485	(3,818)
Benefits	31,787	13,626	(18,161)	14,746	1,120
Retirement Costs	26,602	26,230	(372)	19,303	(6,927)
<b>Total Personnel Expenses</b>	<b>\$ 247,223</b>	<b>\$ 218,577</b>	<b>\$ (28,646)</b>	<b>\$ 168,117</b>	<b>\$ (50,460)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	58,140	26,264	(31,876)	37,708	11,444
Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 58,140</b>	<b>\$ 26,264</b>	<b>\$ (31,876)</b>	<b>\$ 37,708</b>	<b>\$ 11,444</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 39,000	\$ 27,284	\$ (11,716)	\$ -	\$ (27,284)
Office Rent	12,353	12,409	56	-	(12,409)
Office Costs	12,333	11,860	(473)	-	(11,860)
Professional Services	30,042	30,042	-	-	(30,042)
Computer Purchase & Maint.	15,813	14,022	(1,791)	-	(14,022)
Furniture & Equipment	4,940	4,129	(811)	-	(4,129)
Miscellaneous	42,247	38,541	(3,706)	-	(38,541)
<b>Total Operating Expenses</b>	<b>\$ 156,728</b>	<b>\$ 138,287</b>	<b>\$ (18,441)</b>	<b>\$ -</b>	<b>\$ (138,287)</b>
<b>Indirect Costs</b>	\$ 220,501	\$ 120,434	\$ (100,067)	\$ 166,866	46,432
<b>Total Expenses</b>	<b>\$ 682,592</b>	<b>\$ 503,562</b>	<b>\$ (179,030)</b>	<b>\$ 372,691</b>	<b>\$ (130,871)</b>
<b>Change in Assets</b>	<b>\$ 0</b>	<b>\$ 178,136</b>	<b>\$ 178,136</b>	<b>\$ 0</b>	<b>\$ (178,136)</b>

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## Reliability Readiness Evaluations and Improvement Program

### Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### Funding Sources

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.5 FTEs for the 2007 projection and 1 FTE for the 2008 budget. The FTE difference from 2007 projection to 2008 budget includes 1 FTE being transferred and utilized in the Compliance Enforcement and Organization Registration and Certification Program. Staff resources are used to support NERC (ERO) in fulfilling the objectives of the Reliability Readiness Evaluation and Improvement Program as defined in the business plan.

#### Meeting Expenses

- Meeting, staff travel, and conference call expenses in support of the facilitation of readiness evaluations of reliability coordinators, balancing authorities, and transmission operators.

#### Operating Expenses

- No contract or consultant expenses are charged to this program..

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.



## Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2008 Business Plan are shown in Table A-4.

**Table A-4**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Training and Education</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 101,826	\$ 101,826	\$ -	\$ 130,433	\$ 28,607
Membership Dues	-	23	23	-	(23)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	832	1,001	169	909	(92)
<b>Total Funding</b>	<b>\$ 102,658</b>	<b>\$ 102,849</b>	<b>\$ 191</b>	<b>\$ 131,342</b>	<b>\$ 28,493</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 18,746	\$ 17,591	\$ (1,155)	\$ 41,326	\$ 23,735
Payroll Taxes	1,006	1,077	71	2,265	1,188
Benefits	2,524	921	(1,603)	3,725	2,804
Retirement Costs	2,812	2,773	(39)	6,315	3,542
<b>Total Personnel Expenses</b>	<b>\$ 25,088</b>	<b>\$ 22,362</b>	<b>\$ (2,726)</b>	<b>\$ 53,631</b>	<b>\$ 31,269</b>
<b>Meeting Expenses</b>					
Meetings	\$ 26,000	\$ 18,565	\$ (7,435)	\$ 31,900	\$ 13,335
Travel	6,060	2,738	(3,322)	4,095	1,357
Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 32,060</b>	<b>\$ 21,303</b>	<b>\$ (10,757)</b>	<b>\$ 35,995</b>	<b>\$ 14,692</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	919	923	4	-	(923)
Office Costs	918	883	(35)	-	(883)
Professional Services	2,235	2,235	-	-	(2,235)
Computer Purchase & Maint.	1,177	1,044	(133)	-	(1,044)
Furniture & Equipment	368	308	(60)	-	(308)
Miscellaneous	3,143	2,867	(276)	-	(2,867)
<b>Total Operating Expenses</b>	<b>\$ 8,760</b>	<b>\$ 8,260</b>	<b>\$ (500)</b>	<b>\$ -</b>	<b>\$ (8,260)</b>
<b>Indirect Costs</b>	\$ 36,750	\$ 30,108	\$ (6,642)	\$ 41,716	11,608
<b>Total Expenses</b>	<b>\$ 102,658</b>	<b>\$ 82,033</b>	<b>\$ (20,626)</b>	<b>\$ 131,342</b>	<b>\$ 49,310</b>
<b>Change in Assets</b>	<b>\$ (0)</b>	<b>\$ 20,817</b>	<b>\$ 20,817</b>	<b>\$ (0)</b>	<b>\$ (20,817)</b>

## **Training, Education, and Operator Certification Program**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for .25 FTE for the 2007 projection and 2008 budget. Staff resources are used to support the objectives of the Training, Education, and Operator Certification Program as defined in the business plan.

#### **Meeting Expenses**

- Staff travel and conference call expenses in support of the regional training activities. Meeting expenses are in support of regional workshops.

#### **Operating Expenses**

- No contract or consultant expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2008 Business Plan are shown in Table A-5.

**Table A-5**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Assessment and Performance Analysis</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 2,400,552	\$ 2,400,552	\$ -	\$ 2,420,558	\$ 20,006
Membership Dues	-	545	545	-	(545)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	18,291	24,016	5,725	21,818	(2,198)
<b>Total Funding</b>	<b>\$ 2,418,843</b>	<b>\$ 2,425,113</b>	<b>\$ 6,270</b>	<b>\$ 2,442,376</b>	<b>\$ 17,263</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 601,858	\$ 536,315	\$ (65,543)	\$ 738,772	\$ 202,457
Payroll Taxes	45,167	44,975	(192)	50,699	5,724
Benefits	115,611	47,330	(68,281)	98,559	51,229
Retirement Costs	90,279	83,163	(7,116)	113,777	30,614
<b>Total Personnel Expenses</b>	<b>\$ 852,915</b>	<b>\$ 711,783</b>	<b>\$ (141,132)</b>	<b>\$ 1,001,807</b>	<b>\$ 290,024</b>
<b>Meeting Expenses</b>					
Meetings	\$ 48,889	\$ 34,909	\$ (13,980)	\$ 62,612	\$ 27,703
Travel	158,929	67,277	(91,652)	165,653	98,376
Conference Calls	29,187	21,945	(7,242)	14,739	(7,206)
<b>Total Meeting Expenses</b>	<b>\$ 237,005</b>	<b>\$ 124,131</b>	<b>\$ (112,874)</b>	<b>\$ 243,004</b>	<b>\$ 118,873</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 135,000	\$ 94,446	\$ (40,554)	\$ 175,000	\$ 80,554
Office Rent	40,441	40,624	183	-	(40,624)
Office Costs	40,376	38,827	(1,549)	21,376	(17,451)
Professional Services	98,353	98,353	-	-	(98,353)
Computer Purchase & Maint.	51,764	45,900	(5,864)	-	(45,900)
Furniture & Equipment	16,176	13,521	(2,655)	-	(13,521)
Miscellaneous	138,309	126,177	(12,132)	-	(126,177)
<b>Total Operating Expenses</b>	<b>\$ 520,419</b>	<b>\$ 457,848</b>	<b>\$ (62,571)</b>	<b>\$ 196,376</b>	<b>\$ (261,472)</b>
<b>Indirect Costs</b>	\$ 808,504	\$ 722,602	\$ (85,902)	\$ 1,001,189	278,587
<b>Total Expenses</b>	<b>\$ 2,418,843</b>	<b>\$ 2,016,364</b>	<b>\$ (402,479)</b>	<b>\$ 2,442,376</b>	<b>\$ 426,012</b>
<b>Change in Assets</b>	<b>\$ 0</b>	<b>\$ 408,749</b>	<b>\$ 408,749</b>	<b>\$ 0</b>	<b>\$ (408,749)</b>

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## Reliability Assessment and Performance Analysis Program

### Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### Funding Sources

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 6 FTEs for the 2007 projection and 2008 budget. Staff resources are used to support the objectives of the Reliability Assessment and Performance Analysis Program as defined in the business plan.

#### Meeting Expenses

- Meeting, staff travel, and conference call expenses in support the committees, subcommittees, working group, and task forces, currently in place to assess and report on the adequacy of the bulk power system.

#### Operating Expenses

- Expenses associated with the Multiregional Modeling Working Group (MMWG) and Eastern Interconnection Reliability Assessment Group (ERAG), previously in the NERC budget, have been shifted to the involved Regional Entities. The Regional Entities will pay their prorata share of MMWG/ERAG expenses.

Contractual expenses (prorata share):

MMWG/ERAG Study Work (\$125,000)

Consultants to support in event analysis (\$50,000)

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2008 Business Plan are shown in Table A-6.

**Table A-6**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Situational Awareness and Infrastructure Security					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding	\$ 377,096	\$ 377,096	\$ -	\$ 365,660	\$ (11,436)
Membership Dues	-	68	68	-	(68)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	2,494	3,002	508	2,727	(275)
<b>Total Funding</b>	<b>\$ 379,590</b>	<b>\$ 380,166</b>	<b>\$ 576</b>	<b>\$ 368,387</b>	<b>\$ (11,779)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 131,222	\$ 123,138	\$ (8,084)	\$ 123,977	\$ 839
Payroll Taxes	7,041	7,539	498	6,796	(743)
Benefits	17,877	7,487	(10,390)	20,425	12,938
Retirement Costs	19,683	19,408	(275)	18,946	(462)
<b>Total Personnel Expenses</b>	<b>\$ 175,823</b>	<b>\$ 157,571</b>	<b>\$ (18,252)</b>	<b>\$ 170,144</b>	<b>\$ 12,573</b>
<b>Meeting Expenses</b>					
Meetings	\$ 11,500	\$ 8,211	\$ (3,289)	\$ 48,600	\$ 40,389
Travel	16,650	7,521	(9,129)	24,015	16,494
Conference Calls	4,050	3,045	(1,005)	479	(2,566)
<b>Total Meeting Expenses</b>	<b>\$ 32,200</b>	<b>\$ 18,778</b>	<b>\$ (13,422)</b>	<b>\$ 73,094</b>	<b>\$ 54,316</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	6,434	6,463	29	-	(6,463)
Office Costs	6,424	6,178	(246)	-	(6,178)
Professional Services	15,647	15,647	-	-	(15,647)
Computer Purchase & Maint.	8,234	7,301	(933)	-	(7,301)
Furniture & Equipment	2,574	2,151	(423)	-	(2,151)
Miscellaneous	22,004	20,074	(1,930)	-	(20,074)
<b>Total Operating Expenses</b>	<b>\$ 61,317</b>	<b>\$ 57,814</b>	<b>\$ (3,503)</b>	<b>\$ -</b>	<b>\$ (57,814)</b>
<b>Indirect Costs</b>	<b>\$ 110,250</b>	<b>\$ 90,325</b>	<b>\$ (19,925)</b>	<b>\$ 125,149</b>	<b>\$ 34,823</b>
<b>Total Expenses</b>	<b>\$ 379,590</b>	<b>\$ 324,488</b>	<b>\$ (55,102)</b>	<b>\$ 368,387</b>	<b>\$ 43,899</b>
<b>Change in Assets</b>	<b>\$ (0)</b>	<b>\$ 55,678</b>	<b>\$ 55,679</b>	<b>\$ 0</b>	<b>\$ (55,678)</b>

## **Situation Awareness and Infrastructure Security Program**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for .75 FTE for the 2007 projection and 2008 budget. Staff resources are used to support the objectives of the Situation Awareness and Infrastructure Security Program as defined in the business plan.

#### **Meeting Expenses**

- Meeting, staff travel and conference call expenses in support of Regional subcommittee and NERC committees and working groups in place to support the Situational Awareness and Infrastructure Security Program.

#### **Operating Expenses**

- No contract or consultant expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Technical Committees and Member Forums

Funding sources and related expenses for the Members' Forums section of the 2008 Business Plan are shown in Table A-7.

**Table A-7**

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Technical Committees and Member Forums					
(2008 Budget Included as Indirect Costs under Delegated Functions)					
Funding	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
ERO Funding					
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 383,000	\$ 359,405	\$ (23,595)	\$ 307,822	\$ (51,583)
Payroll Taxes	28,743	30,774	2,031	21,125	(9,649)
Benefits	73,571	31,364	(42,207)	41,066	9,702
Retirement Costs	57,450	56,646	(804)	47,407	(9,239)
<b>Total Personnel Expenses</b>	<b>\$ 542,764</b>	<b>\$ 478,188</b>	<b>\$ (64,576)</b>	<b>\$ 417,420</b>	<b>\$ (60,768)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 31,111	\$ 22,214	\$ (8,897)	\$ 26,088	\$ 3,874
Travel	101,137	45,687	(55,450)	69,022	23,335
Conference Calls	18,573	13,965	(4,608)	6,141	(7,824)
<b>Total Meeting Expenses</b>	<b>\$ 150,821</b>	<b>\$ 81,866</b>	<b>\$ (68,955)</b>	<b>\$ 101,251</b>	<b>\$ 19,385</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	25,735	25,852	117	-	(25,852)
Office Costs	25,694	24,708	(986)	4,824	(19,884)
Professional Services	62,588	62,588	-	-	(62,588)
Computer Purchase & Maint.	32,941	29,210	(3,731)	-	(29,210)
Furniture & Equipment	10,294	8,604	(1,690)	-	(8,604)
Miscellaneous	88,015	80,294	(7,721)	-	(80,294)
<b>Total Operating Expenses</b>	<b>\$ 245,267</b>	<b>\$ 231,256</b>	<b>\$ (14,011)</b>	<b>\$ 4,824</b>	<b>\$ (226,432)</b>
<b>Total Expenses</b>	<b>\$ 938,852</b>	<b>\$ 791,311</b>	<b>\$ (147,541)</b>	<b>\$ 523,495</b>	<b>\$ (267,816)</b>

## **Technical Committees and Member Forums**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 2.5 FTEs for the 2007 projection and 2008 budget. Staff resources are used to support the objectives of the Technical Committees and Member Forums as defined in the business plan.

#### **Meeting Expenses**

- Meetings, staff travel and conference call expenses in support of the Technical Committees and Member Forums.

#### **Operating Expenses**

- No contract or consultant expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.



## Information Technology

Funding sources and related expenses for the Information Technology section of the 2008 Business Plan are shown in Table A-8.

**Table A-8**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Information Technology</b>					
<b>(2008 Budget Included as Indirect Costs under Delegated Functions)</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding					
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 388,226	\$ 325,340	\$ (62,886)	\$ 381,507	\$ 56,167
Payroll Taxes	32,187	31,579	(608)	32,190	611
Benefits	87,934	36,532	(51,402)	71,244	34,712
Retirement Costs	58,234	49,438	(8,796)	59,092	9,654
<b>Total Personnel Expenses</b>	<b>\$ 566,581</b>	<b>\$ 442,889</b>	<b>\$ (123,692)</b>	<b>\$ 544,033</b>	<b>\$ 101,144</b>
<b>Meeting Expenses</b>					
Meetings	\$ 2,640	\$ 1,885	\$ (755)	\$ -	\$ (1,885)
Travel	33,170	14,984	(18,186)	31,355	16,371
Conference Calls	8,640	6,496	(2,144)	240	(6,256)
<b>Total Meeting Expenses</b>	<b>\$ 44,450</b>	<b>\$ 23,366</b>	<b>\$ (21,084)</b>	<b>\$ 31,595</b>	<b>\$ 8,229</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 53,600	\$ 37,499	\$ (16,101)	\$ -	\$ (37,499)
Office Rent	29,412	29,545	133	-	(29,545)
Office Costs	29,365	28,238	(1,127)	157,900	129,662
Professional Services	71,529	71,529	-	-	(71,529)
Computer Purchase & Maint.	37,646	33,382	(4,264)	319,365	285,983
Furniture & Equipment	11,765	9,834	(1,931)	-	(9,834)
Miscellaneous	100,588	91,764	(8,824)	-	(91,764)
<b>Total Operating Expenses</b>	<b>\$ 333,905</b>	<b>\$ 301,791</b>	<b>\$ (32,114)</b>	<b>\$ 477,265</b>	<b>\$ 175,474</b>
<b>Total Expenses</b>	<b>\$ 944,936</b>	<b>\$ 768,046</b>	<b>\$ (176,890)</b>	<b>\$ 1,052,893</b>	<b>\$ 284,847</b>

## **Information Technology**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 4 FTEs for the 2007 projection and 2008 budget.

#### **Meeting Expenses**

- Expenses in this area are mainly for staff travel in support of business plan objectives.

#### **Operating Expenses**

- No contract or consultant expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Accounting and Finance

Funding sources and related expenses for the Accounting and Finance section of the 2008 Business Plan are shown in Table A-9.

**Table A-9**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Accounting</b>					
<b>(2008 Budget Included as Indirect Costs under Delegated Functions)</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding					
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 94,760	\$ 88,922	\$ (5,838)	\$ 173,727	\$ 84,805
Payroll Taxes	7,249	7,761	512	15,848	8,087
Benefits	28,288	11,079	(17,209)	33,661	22,582
Retirement Costs	14,214	14,015	(199)	27,224	13,209
<b>Total Personnel Expenses</b>	<b>\$ 144,511</b>	<b>\$ 121,777</b>	<b>\$ (22,734)</b>	<b>\$ 250,460</b>	<b>\$ 128,683</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	1,900	858	(1,042)	5,695	4,837
Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 1,900</b>	<b>\$ 858</b>	<b>\$ (1,042)</b>	<b>\$ 5,695</b>	<b>\$ 4,837</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	11,029	11,079	50	-	(11,079)
Office Costs	11,012	10,590	(422)	-	(10,590)
Professional Services	26,824	26,824	-	-	(26,824)
Computer Purchase & Maint.	14,117	12,518	(1,599)	-	(12,518)
Furniture & Equipment	4,412	3,688	(724)	-	(3,688)
Miscellaneous	37,721	34,412	(3,309)	-	(34,412)
<b>Total Operating Expenses</b>	<b>\$ 105,115</b>	<b>\$ 99,110</b>	<b>\$ (6,005)</b>	<b>\$ -</b>	<b>\$ (99,110)</b>
<b>Total Expenses</b>	<b>\$ 251,526</b>	<b>\$ 221,746</b>	<b>\$ (29,780)</b>	<b>\$ 256,155</b>	<b>\$ 34,409</b>

## **Accounting and Finance**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 2 FTEs for the 2007 projection and 2008 budget.

#### **Meeting Expenses**

- Expenses in this area are for staff travel in support of business plan objectives.

#### **Operating Expenses**

- No contract or consultant expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## Administrative Services

Funding sources and related expenses for the Administrative Services section of the 2008 Business Plan are shown in Table A-10.

**Table A-10**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>General &amp; Administrative</b>					
<b>(Contains Administrative, Executive, &amp; Human Resources)</b>					
<b>(2008 Budget Included as Indirect Costs under Delegated Functions)</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding					
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 427,982	\$ 401,615	\$ (26,367)	\$ 474,815	\$ 73,200
Payroll Taxes	39,333	42,112	2,779	30,153	(11,959)
Benefits	120,705	52,025	(68,680)	110,444	58,419
Retirement Costs	70,197	69,215	(982)	72,254	3,039
<b>Total Personnel Expenses</b>	<b>\$ 658,217</b>	<b>\$ 564,966</b>	<b>\$ (93,251)</b>	<b>\$ 687,666</b>	<b>\$ 122,700</b>
<b>Meeting Expenses</b>					
Meetings	\$ 33,100	\$ 23,635	\$ (9,465)	\$ 41,685	\$ 18,050
Travel	55,815	25,214	(30,601)	75,895	50,681
Conference Calls	8,000	6,015	(1,985)	5,720	(295)
<b>Total Meeting Expenses</b>	<b>\$ 96,915</b>	<b>\$ 54,864</b>	<b>\$ (42,051)</b>	<b>\$ 123,300</b>	<b>\$ 68,436</b>
<b>Operating Expenses</b>					
Contracts & Consultants	\$ 24,800	\$ 17,350	\$ (7,450)	\$ 39,000	\$ 21,650
Office Rent	25,735	25,852	117	270,000	244,148
Office Costs	25,694	24,708	(986)	49,170	24,462
Professional Services	62,588	62,588	-	604,350	541,762
Computer Purchase & Maint.	32,942	29,210	(3,732)	-	(29,210)
Furniture & Equipment	10,294	8,604	(1,690)	50,000	41,396
Miscellaneous	88,015	80,294	(7,721)	15,000	(65,294)
<b>Total Operating Expenses</b>	<b>\$ 270,068</b>	<b>\$ 248,607</b>	<b>\$ (21,461)</b>	<b>\$ 1,027,520</b>	<b>\$ 778,913</b>
<b>Total Expenses</b>	<b>\$ 1,025,200</b>	<b>\$ 868,437</b>	<b>\$ (156,763)</b>	<b>\$ 1,838,486</b>	<b>\$ 970,049</b>

## **Administrative Services**

### **Summary of 2007 Projection and 2008 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document.

#### **Funding Sources**

- Funding for this program in 2008 is provided through assessments to LSEs or designees (mandatory in the United States).

#### **Personnel Expenses**

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.5 FTEs for the 2007 projection and 2008 budget.

#### **Meeting Expenses**

- Meetings, executive staff travel, and conference call expenses to support the Board of Directors and Annual Meeting of Members.

#### **Operating Expenses**

- All office related expenses are charged to this program.

In 2007, operating expenses were allocated across functional areas by FTEs for all functions including administration. In comparison, indirect costs in 2008, comprised of all costs for the administrative functions including salary expenses, meetings expenses, and operating expenses, are allocated across the statutory functions only by FTEs.

## **Breakdown by Statement of Activity Sections**

This appendix provides detailed schedules in support of Table 1 in Section B of the 2008 ReliabilityFirst Business Plan and Budget. All significant variances have been disclosed as detailed in **Appendix A**.

### **Supplemental Funding**

Supplemental funding for ReliabilityFirst consists only of interest earned on checking account and reserve fund.

## Personnel Expenses

Table B-2

## Personnel Expenses

Salary Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Budget to Projection Variance	Variance %
Reliability Standards	\$ 349,102	\$ 282,702	\$ 278,026	\$ (4,676)	-1.7%
Compliance and Organization Registration and Certification	1,089,395	1,004,335	1,506,984	502,649	50.0%
Reliability Readiness Audit and Improvement	177,343	166,418	125,583	(40,835)	-24.5%
Reliability Assessment and Performance Analysis	601,858	536,315	738,772	202,457	37.7%
Training and Education	18,746	17,591	41,326	23,735	134.9%
Situational Awareness and Infrastructure Security	131,222	123,138	123,977	839	0.7%
Committee and Member Forums	383,000	359,405	307,822	(51,583)	-14.4%
General and Administrative (Includes Human Resources)	427,982	401,615	474,815	73,200	18.2%
Information Technology	388,226	325,340	381,507	56,167	17.3%
Accounting and Finance	94,760	88,922	173,727	84,805	95.4%
<b>Total Salary Expenses</b>	<b>\$ 3,661,634</b>	<b>\$ 3,305,780</b>	<b>\$ 4,152,539</b>	<b>\$ 846,759</b>	<b>25.6%</b>

Payroll Tax Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 24,938	\$ 22,602	\$ 17,361	\$ (5,241)	-23.2%
Compliance and Organization Registration and Certification	81,960	86,162	101,825	15,663	18.2%
Reliability Readiness Audit and Improvement	11,491	12,303	8,485	(3,818)	-31.0%
Reliability Assessment and Performance Analysis	45,167	44,975	50,699	5,724	12.7%
Training and Education	1,006	1,077	2,265	1,188	110.3%
Situational Awareness and Infrastructure Security	7,041	7,539	6,796	(743)	-9.8%
Committee and Member Forums	28,743	30,774	21,125	(9,649)	-31.4%
General and Administrative (Includes Human Resources)	39,333	42,112	30,153	(11,959)	-28.4%
Information Technology	32,187	31,579	32,190	611	1.9%
Accounting and Finance	7,249	7,761	15,848	8,087	104.2%
<b>Total Payroll Tax Expenses</b>	<b>\$ 279,115</b>	<b>\$ 286,884</b>	<b>\$ 286,747</b>	<b>\$ (137)</b>	<b>0.0%</b>

Benefit Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 59,514	\$ 25,392	\$ 32,018	\$ 6,626	26.1%
Compliance and Organization Registration and Certification	214,164	86,842	216,555	129,713	149.4%
Reliability Readiness Audit and Improvement	31,787	13,626	14,746	1,120	8.2%
Reliability Assessment and Performance Analysis	115,611	47,330	98,559	51,229	108.2%
Training and Education	2,524	921	3,725	2,804	304.3%
Situational Awareness and Infrastructure Security	17,877	7,487	20,425	12,938	172.8%
Committee and Member Forums	73,571	31,364	41,066	9,702	30.9%
General and Administrative (Includes Human Resources)	120,705	52,025	110,444	58,419	112.3%
Information Technology	87,934	36,532	71,244	34,712	95.0%
Accounting and Finance	28,288	11,079	33,661	22,582	203.8%
<b>Total Benefit Expenses</b>	<b>\$ 751,975</b>	<b>\$ 312,597</b>	<b>\$ 642,443</b>	<b>\$ 329,846</b>	<b>105.5%</b>

Retirement Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 52,365	\$ 44,555	\$ 42,636	\$ (1,919)	-4.3%
Compliance and Organization Registration and Certification	163,409	155,422	231,642	76,220	49.0%
Reliability Readiness Audit and Improvement	26,602	26,230	19,303	(6,927)	-26.4%
Reliability Assessment and Performance Analysis	90,279	83,163	113,777	30,614	36.8%
Training and Education	2,812	2,773	6,315	3,542	127.8%
Situational Awareness and Infrastructure Security	19,683	19,408	18,946	(462)	-2.4%
Committee and Member Forums	57,450	56,646	47,407	(9,239)	-16.3%
General and Administrative (Includes Human Resources)	70,197	69,215	72,254	3,039	4.4%
Information Technology	58,234	49,438	59,092	9,654	19.5%
Accounting and Finance	14,214	14,015	27,224	13,209	94.2%
<b>Total Retirement Expenses</b>	<b>\$ 555,245</b>	<b>\$ 520,863</b>	<b>\$ 638,596</b>	<b>\$ 117,733</b>	<b>22.6%</b>



## Meeting Expenses

Table B-3

## Meeting Expenses

Meeting Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 115,200	\$ 82,257	\$ 115,200	\$ 32,943	40.0%
Compliance and Organization Registration and Certification	39,000	27,848	41,600	13,752	49.4%
Reliability Readiness Audit and Improvement	-	-	-	-	-
Reliability Assessment and Performance Analysis	48,889	34,909	62,612	27,703	79.4%
Training and Education	26,000	18,565	31,900	13,335	71.8%
Situational Awareness and Infrastructure Security	11,500	8,211	48,600	40,389	491.9%
Committee and Member Forums	31,111	22,214	26,088	3,874	17.4%
General and Administrative (Includes Human Resources)	33,100	23,635	41,685	18,050	76.4%
Information Technology	2,640	1,885	-	(1,885)	-100.0%
Accounting and Finance	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 307,440</b>	<b>\$ 219,524</b>	<b>\$ 367,685</b>	<b>\$ 148,161</b>	<b>67.5%</b>

Travel Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 173,045	\$ 78,171	\$ 124,860	\$ 46,689	59.7%
Compliance and Organization Registration and Certification	411,405	167,779	452,502	284,723	169.7%
Reliability Readiness Audit and Improvement	58,140	26,264	37,708	11,444	43.6%
Reliability Assessment and Performance Analysis	158,929	67,277	165,653	98,376	146.2%
Training and Education	6,060	2,738	4,095	1,357	49.6%
Situational Awareness and Infrastructure Security	16,650	7,521	24,015	16,494	219.3%
Committee and Member Forums	101,137	45,687	69,022	23,335	51.1%
General and Administrative (Includes Human Resources)	55,815	25,214	75,895	50,681	201.0%
Information Technology	33,170	14,984	31,355	16,371	109.3%
Accounting and Finance	1,900	858	5,695	4,837	563.5%
<b>Total Travel Expenses</b>	<b>\$ 1,016,251</b>	<b>\$ 436,494</b>	<b>\$ 990,800</b>	<b>\$ 554,306</b>	<b>127.0%</b>

Conference Call Expenses by Business Plan Category	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Reliability Standards	\$ 29,664	\$ 22,304	\$ 15,372	\$ (6,932)	-31.1%
Compliance and Organization Registration and Certification	30,000	22,556	9,540	(13,016)	-57.7%
Reliability Readiness Audit and Improvement	-	-	-	-	-
Reliability Assessment and Performance Analysis	29,187	21,945	14,739	(7,206)	-32.8%
Training and Education	-	-	-	-	-
Situational Awareness and Infrastructure Security	4,050	3,045	479	(2,566)	-84.3%
Committee and Member Forums	18,573	13,965	6,141	(7,824)	-56.0%
General and Administrative (Includes Human Resources)	8,000	6,015	5,720	(295)	-4.9%
Information Technology	8,640	6,496	240	(6,256)	-96.3%
Accounting and Finance	-	-	-	-	-
<b>Total Conference Calls</b>	<b>\$ 128,114</b>	<b>\$ 96,326</b>	<b>\$ 52,231</b>	<b>\$ (44,095)</b>	<b>-45.8%</b>

## Operating Expenses

Table B-4

Operating Expenses					
Consultants	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance and Org. Registration and Cert.	109,200	76,397	313,529	237,132	310.4%
Reliability Readiness Evaluation and Improvement	39,000	27,284	-	(27,284)	-100.0%
Reliability Assessment and Performance Analysis	135,000	94,446	175,000	80,554	85.3%
Training and Education	-	-	-	-	-
Situational Awareness and Infrastructure Security Committee and Member Forums	-	-	-	-	-
General and Administrative (Includes Human Resources)	24,800	17,350	39,000	21,650	124.8%
Human Resources	-	-	-	-	-
Information Technology	53,600	37,499	-	(37,499)	-100.0%
Accounting and Finance	-	-	-	-	-
<b>Total Consultants and Contracts</b>	<b>\$ 361,600</b>	<b>\$ 252,976</b>	<b>\$ 527,529</b>	<b>\$ 274,553</b>	<b>108.5%</b>
Office Rent	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Office Rent	\$ 250,000	\$ 251,133	\$ 270,000	\$ 18,867	7.5%
<b>Total Office Rent</b>	<b>\$ 250,000</b>	<b>\$ 251,133</b>	<b>\$ 270,000</b>	<b>\$ 18,867</b>	<b>7.5%</b>
Office Costs	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Telephone	\$ 100,000	\$ 96,163	\$ 70,400	\$ (25,763)	-26.8%
Internet	34,500	33,176	41,700	8,524	25.7%
Office Supplies	22,000	21,156	22,000	844	4.0%
Computer Supplies and Maintenance	16,500	15,867	16,500	633	4.0%
Publications & Subscriptions	6,000	5,770	8,000	2,230	38.7%
Dues	10,000	9,616	27,270	17,654	183.6%
Postage	3,000	2,885	3,000	115	4.0%
Express Shipping	9,000	8,655	9,000	345	4.0%
Copying	6,000	5,770	6,000	230	4.0%
Reports - Graphics	6,000	5,770	12,800	7,030	121.8%
Stationary Forms	4,000	3,847	2,000	(1,847)	-48.0%
Equipment Repair/Service Contracts	31,600	30,388	27,300	(3,088)	-10.2%
Bank Charges	1,000	962	1,000	38	4.0%
Sales & Use Taxes	-	-	-	-	-
Merchant Card Fees	-	-	-	-	-
<b>Total Office Costs</b>	<b>\$ 249,600</b>	<b>\$ 240,024</b>	<b>\$ 246,970</b>	<b>\$ 6,946</b>	<b>2.9%</b>
Professional Services	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Independent Trustee Fees	\$ 247,500	\$ 247,500	\$ 247,500	\$ -	0.0%
Outside Legal	240,000	240,000	740,000	500,000	208.3%
Accounting & Auditing Fees	38,500	38,500	35,000	(3,500)	-9.1%
Insurance Commercial	82,000	82,000	81,850	(150)	-0.2%
<b>Total Services</b>	<b>\$ 608,000</b>	<b>\$ 608,000</b>	<b>\$ 1,104,350</b>	<b>\$ 496,350</b>	<b>81.6%</b>
Computer	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Purchase and Lease	\$ 320,000	\$ 283,751	\$ 319,365	\$ 35,614	12.6%
<b>Total Computer</b>	<b>\$ 320,000</b>	<b>\$ 283,751</b>	<b>\$ 319,365</b>	<b>\$ 35,614</b>	<b>12.6%</b>
Furniture & Equipment	Budget 2007	Projection 2007	Budget 2008	Variance	Variance %
Furniture & Equipment	\$ 100,000	\$ 83,585	\$ 50,000	\$ (33,585)	-40.2%
Miscellaneous	855,000	780,000	15,000	(765,000)	-98.1%
<b>Total Furniture &amp; Fixtures</b>	<b>\$ 955,000</b>	<b>\$ 863,585</b>	<b>\$ 65,000</b>	<b>\$ (798,585)</b>	<b>-92.5%</b>
<b>Total Operating Expenses</b>	<b>\$ 2,744,200</b>	<b>\$ 2,499,469</b>	<b>\$ 2,533,214</b>	<b>\$ 33,745</b>	<b>1%</b>

2008 RFC Budget - Detailed Schedules

ReliabilityFirst

				Functions in Delegation Agreement													
Statement of Activities 2008 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	
<b>Funding</b>																	
ERO Funding	9,584,256	9,584,256	-	9,584,256	951,930	5,346,620	369,055	2,420,558	130,433	365,660	-	-	-	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	80,000	80,000	-	80,000	7,273	43,636	3,636	21,818	909	2,727	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>9,664,256</b>	<b>9,664,256</b>	<b>-</b>	<b>9,664,256</b>	<b>959,203</b>	<b>5,390,256</b>	<b>372,691</b>	<b>2,442,376</b>	<b>131,342</b>	<b>368,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	4,152,536	4,152,536	-	4,152,536	278,026	1,506,984	125,582	738,771	41,326	123,977	307,821	357,355	-	381,507	117,460	173,726	
Payroll Taxes	286,747	286,747	-	286,747	17,360	101,825	8,485	50,699	2,265	6,796	21,125	18,453	-	32,190	11,700	15,848	
Benefits	642,444	642,444	-	642,444	32,018	216,555	14,746	98,559	3,725	20,425	41,066	89,302	-	71,244	21,142	33,661	
Retirement Costs	638,597	638,597	-	638,597	42,636	231,642	19,303	113,777	6,315	18,946	47,407	53,936	-	59,091	18,318	27,224	
<b>Total Personnel Expenses</b>	<b>5,720,324</b>	<b>5,720,324</b>	<b>-</b>	<b>5,720,324</b>	<b>370,041</b>	<b>2,057,006</b>	<b>168,117</b>	<b>1,001,807</b>	<b>53,631</b>	<b>170,144</b>	<b>417,420</b>	<b>519,046</b>	<b>-</b>	<b>544,033</b>	<b>168,620</b>	<b>250,460</b>	
<b>Meeting Expenses</b>																	
Meetings	367,685	367,685	-	367,685	115,200	41,600	-	62,612	31,900	48,600	26,088	41,685	-	-	-	-	
Travel	990,800	990,800	-	990,800	124,860	452,502	37,708	165,653	4,095	24,015	69,022	73,755	-	31,355	2,140	5,695	
Conference Calls	52,232	52,232	-	52,232	15,372	9,540	-	14,739	-	480	6,141	5,720	-	240	-	-	
<b>Total Meeting Expenses</b>	<b>1,410,717</b>	<b>1,410,717</b>	<b>-</b>	<b>1,410,717</b>	<b>255,432</b>	<b>503,642</b>	<b>37,708</b>	<b>243,004</b>	<b>35,995</b>	<b>73,095</b>	<b>101,251</b>	<b>121,160</b>	<b>-</b>	<b>31,595</b>	<b>2,140</b>	<b>5,695</b>	
<b>Operating Expenses</b>																	
Contracts & Consultants	527,530	527,530	-	527,530	-	313,530	-	175,000	-	-	-	39,000	-	-	-	-	
Office Rent	270,000	270,000	-	270,000	-	-	-	-	-	-	-	270,000	-	-	-	-	
Office Costs	246,970	246,970	-	246,970	-	13,700	-	21,376	-	-	4,824	49,170	-	157,900	-	-	
Professional Services	1,104,350	1,104,350	-	1,104,350	-	500,000	-	-	-	-	-	604,350	-	-	-	-	
Computer Purchase & Maint.	369,365	369,365	-	369,365	-	-	-	-	-	-	-	50,000	-	319,365	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous/ Contingency	15,000	15,000	-	15,000	-	-	-	-	-	-	-	15,000	-	-	-	-	
<b>Total Operating Expenses</b>	<b>2,533,215</b>	<b>2,533,215</b>	<b>-</b>	<b>2,533,215</b>	<b>-</b>	<b>827,230</b>	<b>-</b>	<b>196,376</b>	<b>-</b>	<b>-</b>	<b>4,824</b>	<b>1,027,520</b>	<b>-</b>	<b>477,265</b>	<b>-</b>	<b>-</b>	
<b>Total Direct Costs</b>	<b>5,993,228</b>	<b>5,993,228</b>	<b>-</b>	<b>5,993,228</b>	<b>625,473</b>	<b>3,387,878</b>	<b>205,826</b>	<b>1,441,187</b>	<b>89,626</b>	<b>243,239</b>	<b>523,495</b>	<b>1,667,726</b>	<b>-</b>	<b>1,052,893</b>	<b>170,760</b>	<b>256,155</b>	
<b>Total Indirect Costs</b>	<b>3,671,028</b>	<b>3,671,028</b>	<b>-</b>	<b>3,671,028</b>	<b>333,730</b>	<b>2,002,379</b>	<b>166,865</b>	<b>1,001,189</b>	<b>41,716</b>	<b>125,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Costs</b>	<b>9,664,256</b>	<b>9,664,256</b>	<b>-</b>	<b>9,664,256</b>	<b>959,203</b>	<b>5,390,256</b>	<b>372,691</b>	<b>2,442,376</b>	<b>131,342</b>	<b>368,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>FTE</b>					<b>22</b>	<b>2</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>0.25</b>	<b>0.75</b>	<b>2.5</b>	<b>2</b>	<b>4</b>	<b>1.5</b>	<b>2</b>	



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# SERC Reliability Corporation

## 2008 Business Plan and Budget

July 12, 2007

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SERC Chairman  
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Southern Company Services, Inc.

**Terry Blackwell**  
SERC Secretary-Treasurer  
South Carolina Public Service Authority

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## Introduction

<b>Total SERC Resources (in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	30.3	32	32.0
Total Funding	\$5,702,055	\$5,247,407	\$7,991,021

### SERC Background

SERC Reliability Corporation (SERC) executed an agreement with the North American Electric Reliability Corporation (NERC) on May 2, 2007, for the purpose of delegating to SERC certain responsibilities and authorities of a regional entity as defined by Section 215 of the Federal Power Act; Chapter I, Title 18, Code of Federal Regulations, Part 39; other directives of the Federal Energy Regulatory Commission (FERC); and NERC's FERC-approved rules of procedure.

SERC, initially called the Southeastern Electric Reliability Council, was formed in 1970 as a voluntary association of members comprising electric industry reliability stakeholders in the southeast. Throughout its history, SERC has been successful in promoting reliability of the bulk-power system using an industry self-regulatory model, relying on reciprocity, peer influence, and the mutual reliability focus of owners, operators and users of the bulk-power system to ensure that the system remained reliable, adequate and secure.

SERC was incorporated as a non-profit corporation in the state of Alabama on April 29, 2005 to position SERC to become a regional entity with an appropriate stakeholder governance structure. In April 2006 SERC changed its name to SERC Reliability Corporation.

The SERC Region includes portions of 16 states in the southeastern and central United States, and covers an area of approximately 560,000 square miles. Electric systems in the SERC Region serve approximately 22% of the net energy for load (NEL) in North America. There are approximately 210 entities registered in the region to be monitored for compliance with mandatory reliability standards.

SERC is divided geographically into five electrically diverse sub-regions – identified as Entergy, Gateway, Southern, TVA, and VACAR – for the purpose of closely coordinating the reliable operation, planning, and design of the bulk-power system within the respective sub-regions.

### SERC Membership and Governance

SERC membership continues to be voluntary and is open to all bulk-power system owners, operators, and users in the SERC Region who must comply with approved reliability standards (all registered entities) and other reliability stakeholders. Membership is grouped into seven sectors for the purpose of voting: 1) investor-owned

utilities; 2) federal/state systems; 3) cooperatives; 4) municipals; 5) marketers; 6) merchant electricity generators; and 7) ISOs/RTOs and end-use customers. There are currently 64 members of SERC.

SERC's foundation has been and continues to be the broad, active participation of technical and policy experts representing electricity industry stakeholders within the Region who are committed to the reliability of the bulk-power system. SERC believes that extensive use of industry expert resources, combined with a competent and independent SERC staff, provides a strong approach to reliability that is consistent with the industry self-regulatory model envisioned by Congress in the Energy Policy Act of 2005.

### **SERC Functional Scope**

SERC provides statutory functions in support of the electric reliability organization, in accordance with the executed delegation agreement between SERC and NERC. These functions are:

- Active participation in the development of North American reliability standards for the bulk-power system, and as needed development of reliability standards applicable within the SERC Region.
- Monitoring and enforcement of approved reliability standards, including the registration of responsible entities, and as needed certification of such entities.
- Assessment of the present and future reliability, adequacy, and security of the bulk-power system.
- Assisting NERC in the readiness evaluation of certain responsible entities within the SERC Region, as well as other regions.
- Promoting effective training and education of reliability personnel, and assisting in the certification of operating personnel.
- Promoting situation awareness and the protection of critical infrastructure.

SERC does not provide any non-statutory functions at this time, although SERC may in the future consider providing non-statutory functions from time to time as appropriate and as permitted by applicable statutes and regulations.

In recognition of the importance of the compliance role of regional entities, SERC has dedicated approximately half of its staff resources to compliance monitoring and enforcement. The compliance staff is further divided into two groups, one conducting compliance audits and the second performing compliance investigations and enforcement. SERC has developed and deployed a robust set of online tools for the gathering, analysis, and tracking of compliance information.

SERC has organized the remaining technical staff into a reliability services group to address the other statutory functions listed above. These experts in planning, engineering, and operations assist registered entities in assessing and improving reliability. It is in support of this area that SERC engages the majority of industry experts on its technical committees.

## **SERC Strategic Goals**

In 2007, SERC is projecting to accomplish the following in its first partial year as a formally recognized regional entity:

- Execute a FERC-approved regional entity delegation agreement with NERC.
- Begin operating as a regional entity and fulfill all scheduled regional entity activities in compliance with Section 215 of the Federal Power Act; Chapter I, Title 18, Code of Federal Regulations, Part 39; FERC-approved ERO Rules of Procedure; and the SERC regional entity delegation agreement.
- Initiate compliance monitoring and enforcement of FERC-approved mandatory reliability standards applicable to bulk-power system owners, operators, and users in the SERC Region.
- Add staff, within budget constraints, and reorganize staff responsibilities as needed to effectively perform SERC's statutory functions under the delegation agreement and other activities as directed by the board.
- Determine the location of a permanent new SERC office and transfer corporate operations to the new location.
- Build and improve cooperative working relationships with SERC members, NERC, other regional entities, and other reliability stakeholders to achieve high credibility of SERC as a regional entity.

In addition to continuing the efforts from 2007 to establish SERC as an effective regional entity, the SERC 2008 business plan and budget are driven by the following strategic goals for 2008:

- A. Continuously improve reliability in the SERC Region – with a goal of extending SERC's record of zero cascading failures – by facilitating stakeholders working together to resolve challenges to reliability and to seek opportunities to cost-effectively improve reliability; and by vigorously monitoring and enforcing compliance with approved reliability standards.
- B. Continue to actively engage volunteer stakeholder expertise on technical committees, compliance audit teams and compliance advisory groups, readiness evaluations, and reliability assessments, with an added focus on engaging newly registered entities.
- C. Increase the transparency of SERC's operations, while continuing to safeguard critical infrastructure protection information and other proprietary or sensitive information.
- D. Continue to build and retain a talented team of professionals on the SERC staff through an effective compensation and benefits program and by maintaining an exciting, challenging, and desirable work environment.
- E. Enhance the situation awareness of SERC reliability coordinators, balancing authorities, and transmission operators and assist NERC as the Electricity Sector – Information Sharing and Analysis Center.



- F. Continue to develop and improve electronic tools for the submittal, management, reporting, and record-keeping of compliance information, system study data, and recommendations/mitigation plan tracking.
- G. Effectively communicate SERC's performance and results, and that of its members and registered entities, in maintaining and improving the reliability of the bulk-power system.
- H. Establish a central office with easy access near the Charlotte – Douglas International Airport, to be occupied by a large majority of SERC staff, thereby enhancing staff and member communications, facilitating effective response to compliance and significant system situations, and promoting a positive corporate image.

### **SERC Major Cost Impacts in 2008**

SERC proposes to increase its operating budget from \$5,702,055 in 2007 to \$7,991,021 in 2008, an increase of \$2,288,966 or 40.1%. Even with this increase, SERC believes it is able to realize material efficiencies that allow the region to remain a low-cost provider of statutory functions. SERC's culture centers on consistent delivery of excellent results at a cost that is considerate of the longstanding tradition in the Southeast of affordable and reliable electricity.

The following is a list of targeted budget increases to allow SERC to accomplish the specific objectives shown (dollars are stated as an increase in 2008 compared to 2007):

- Account for the difference in payroll between 2007 estimated costs of hiring professional staff labor compared to actual costs of hiring 21 new staff in 2007 (\$343,564).
- Add 1.7 FTEs to enable SERC to create a new principal compliance engineer position and convert a part-time support position to full-time (\$221,428).
- Establish performance-based compensation incentives to enable SERC to recruit and retain highly talented professionals necessary to achieve the organization's mission and to be comparable with industry averages (\$312,249).
- Increase corporate contributions to 401k plan to enable SERC to recruit and retain highly talented professionals necessary to achieve the organization's mission and to be comparable with industry averages (\$271,526).
- Furnish and equip a new central office capable of housing 25 to 30 employees and accommodating meetings; relocate approximately 20 staff to the office (\$426,119 one-time cost in 2008).
- Increase in office rent due to new central office (\$134,739).
- Increase in projected legal expenses for compliance enforcement (\$233,500).
- Increased use of contractors for analysis in support of compliance investigations (\$150,000).

## SERC 2008 Business Plan and Budget

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- Increase in development of electronic tools for the submittal, management, reporting, and record-keeping of compliance information, system study data, and recommendations/mitigation plan tracking (\$48,280).

The remaining budget increase of \$147,561 can be attributed to ordinary cost increases approximating 2.6%.

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## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	3.66	1.33	1.33
Direct Funding	\$638,500	\$211,536	\$317,071
Indirect Funding	\$398,135	\$98,445	\$155,316
Total Funding	\$1,036,635	\$309,981	\$472,387

### Reliability Standards Background

The members of SERC have a strong tradition of participating extensively in the development and implementation North American bulk electric system reliability standards and their predecessor operating policies and planning standards. In addition, SERC has developed a series of SERC Supplements to clarify and refine the requirements of the NERC reliability standards, as they are applied within the SERC region. These guides ensure consistent interpretation and implementation of reliability standards among the entities within the region, and further enhance reliability.

SERC has developed a Regional Reliability Standards Development Procedure that meets the NERC requirements outlined Section 311 of the ERO rules of procedure and the pro forma regional standards development procedure. SERC's procedure was approved on April 19, 2007 by the Federal Energy Regulatory Commission (FERC), subject to several modifications to be completed within 180 days of the order. SERC has formed a Standards Committee, comprising executives of the SERC standing committees, to facilitate standards activities within SERC.

### Reliability Standards Program Description/Functions Performed

As a proponent of uniform North American reliability standards, SERC focuses on the development of standards at NERC and does not currently envision active development of regional standards, except as required by NERC's Reliability Standards Three-Year Work Plan. The reliability standards program ensures SERC members are informed of standards activities and encourages SERC member participation in the NERC and SERC standards development processes. The program facilitates implementation of the SERC Regional Reliability Standards Development Procedure for the development of SERC regional reliability standards as required to supplement NERC standards. The program also supports development of SERC guidelines, procedures, reference documents, and white papers to enhance reliability and support the implementation of reliability standards.

### **Reliability Standards 2008 Goals**

- Enhance the technical quality and clarity of NERC reliability standards by facilitating active participation of SERC members on drafting teams, in commenting on standards, and in ballot pools; and support development of quality standards in accordance with NERC's Reliability Standards Three-Year Work Plan.
- Complete SERC regional reliability standards as scheduled in the NERC Reliability Standards Three-Year Work Plan.
- Educate and inform users, owners and operators of the bulk power system in the SERC region regarding emerging standards and revisions.
- Assist SERC members in effective and consistent implementation of reliability standards by providing support documents.
- Promote consistency and uniformity of reliability standards at NERC and among the regions.

### **Reliability Standards 2008 Objectives and Deliverables**

- Facilitate active SERC stakeholder participation on standard drafting teams; ensure appropriate SERC experts are involved.
- Work with SERC technical committees to facilitate the development of SERC stakeholder comments on proposed standards.
- Review ballot opportunities and ensure there is active participation in the ballot pools by SERC stakeholders across all sectors.
- Submit to NERC for approval four regional standards in accordance with NERC's Reliability Standards Three-Year Work Plan: 1) Under-Frequency Load Shedding (PRC-006); 2) Disturbance Monitoring Equipment (PRC-002); 3) Special Protection System Review Procedure (PRC-012); and 4) Disturbance Control Performance (BAL-002).
- Educate registered entities regarding emerging standards and accepted practices by participating in operator training workshops, compliance seminars, and NERC standards workshops.
- Establish a procedure for handling requests for interpretations of standards, including the submittal of formal requests to NERC when appropriate. Maintain a published record of requests for interpretations and responses.
- Initiate an assistance program targeted at engaging smaller, more remote entities in awareness of standards and compliance requirements. Collaborate with the American Public Power Association, National Rural Electric Cooperative Association, and other industry associations as appropriate to cost-effectively deliver this assistance.
- Actively participate in the NERC Standards Committee and Regional Standards Working Group, as well as other forums facilitating the development of reliability standards.

- Review and comment on proposed reliability standards in other regions that may have an impact on entities within SERC.
- Update all SERC guidelines, procedures, reference documents, and/or white papers as required to remain consistent with evolving NERC standards and to assist registered entities in implementing the standards.
- Participate in the development of new standards resulting from lessons learned in other programs (e.g., reliability performance assessment, compliance enforcement, readiness evaluations, training, and situation awareness and infrastructure protection).
- Facilitate the activities of the SERC Standards Committee, and other stakeholder groups involved in standards development, and implementation of the SERC Regional Reliability Standards Development Procedure.

## Compliance Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement Program Resources</b>			
<b>(in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	10.6	14.2	14.2
Direct Funding	\$1,573,205	\$2,264,106	\$3,393,665
Indirect Funding	\$1,153,068	\$1,051,064	\$1,658,260
Total Funding	\$2,726,273	\$3,315,170	\$5,051,925

### Compliance Background

FERC's Order No 693 issued in March 16, 2007 set in motion a new regime of mandatory compliance with Commission-approved reliability standards, with penalties and sanctions for non-compliance, beginning June 18, 2007. The Commission took the final major step in transitioning to mandatory and enforceable reliability standards on April 19, 2007 by approving the delegation agreements of the Regional Entities, including SERC, and the Compliance Monitoring and Enforcement Program to be used by NERC and regional entities to monitor, assess and enforce compliance with Commission-approved mandatory reliability standards.

As a regional entity, SERC implements the NERC Compliance Monitoring and Enforcement Program (Appendix 4C to the NERC Rules of Procedure) to monitor, assess, and enforce compliance with reliability standards by the owners, operators, and users in SERC. SERC's Compliance Monitoring and Enforcement Program is responsible for conducting all compliance investigations and recommending confirmation or dismissal of violations and recommending penalties and sanctions.

The NERC Compliance Monitoring and Enforcement Program defines eight monitoring methods to identify alleged violations: self reporting, self certification, compliance audits, spot checks, investigations, exception reporting, complaints or data submittal. Each alleged violation will be evaluated by SERC and, if confirmed, will have an appropriate sanction and penalty recommended to NERC and FERC.

To augment the NERC Compliance Monitoring and Enforcement Program, SERC developed an extensive set of Implementing Procedures during 2007. These procedures detail the actions and processes that SERC will utilize to conduct its compliance monitoring and enforcement responsibilities. SERC also significantly expanded and developed the competencies of its compliance staff in 2007, while continuing to extensively engage the technical expertise and active participation of industry volunteers on advisory committees and as supporting members of audit teams.

SERC's compliance staff continues to develop improved processes and practices to enhance its ability to efficiently and effectively implement and administer the

Compliance Monitoring and Enforcement Program and promote a culture of reliability excellence across the region.

### **Compliance Program Description/Functions Performed**

The SERC Board Compliance Committee, a balanced stakeholder committee of the SERC Board of Directors, is responsible for oversight of the SERC Compliance Monitoring and Enforcement Program. The Board Compliance Committee approves all alleged violations and sanctions or settlements recommended by the SERC compliance staff for submittal to NERC and FERC for final approval. The Board Compliance Committee also acts as the hearing body responsible for resolving any disputes related to either a finding of violation or a sanction administered for a confirmed violation. Compliance Advisory Groups, consisting of stakeholder technical experts across all sectors, for each of the major disciplinary areas (operations, planning/engineering, and cyber security) are available to assist the compliance staff and the Board Compliance Committee as needed, but do not have an approval role in compliance actions.

The SERC Portal, one of the more significant improvements enhancing SERC's ability to effectively and efficiently administer its Compliance Monitoring and Enforcement Program, is a secure central database that provides registered entities within the SERC Region a systematic way to file compliance certifications and data with SERC, and for SERC to track non-compliances and mitigation plans to completion. With the increase in the number of entities registering as users, owners and operators of the bulk-power system in the SERC Region, the SERC Portal has been indispensable in expanding the Compliance Monitoring Enforcement Program to those entities. Based on each entity's registration information, the SERC Portal applications ensure registered entities are properly assigned within the Compliance Enforcement Program. The database also provides a basis for auditing SERC's Compliance Monitoring and Enforcement Program.

The SERC Compliance Monitoring and Enforcement Program is implemented by the SERC compliance staff, which is independent of the SERC reliability services staff. The SERC compliance staff makes the initial determination of alleged violations and proposes appropriate penalties and sanctions in accordance with the NERC Compliance Monitoring and Enforcement Program and the Penalties and Sanctions Guidelines. To accomplish this objective, SERC's compliance staff is further divided into an enforcement branch and an audit branch.

### **Compliance Audits**

SERC audit staff is charged with monitoring compliance of all registered entities and identifying potential violations. In essence this is the compliance "discovery" process.

The group maintains a long-range compliance audit plan that ensures compliance audits are conducted for each applicable registered entity within the SERC Region in accordance with a predefined frequency. Qualified senior SERC staff leads each on-site compliance audit team, composed of a combination of SERC auditors and expert volunteers. The teams prepare audit reports with their findings and recommendations, including the identification of any potential violations. Specific lessons learned from

each audit will be factored into the audit program to promote continuous improvement. Additionally, audit staff has a lead role in the spot-checking compliance. They also provide technical expertise in support of the compliance enforcement staff.

### **Compliance Enforcement**

SERC's compliance enforcement group evaluates all potential violations of reliability standards, whether identified in an audit, a self-report, complaint, or other source, and determines whether the facts and circumstances warrant further investigation as an alleged violation.

If so, the staff creates a docket to record the investigation and completes a thorough investigation of the alleged violation. The staff informs the affected entity of the investigation of an alleged violation. Once the investigation is completed, the staff will notify the entity of its findings regarding the violation and any applicable penalties or sanctions. The enforcement staff may also engage in settlement negotiations with the entity.

Once a final determination of a confirmed violation is made by the enforcement staff, it is submitted to the Board Compliance Committee for approval, along with any proposed penalty or sanctions. If the entity challenges the findings, the enforcement staff would prosecute its case before the Board Compliance Committee, who would then become the hearing body. Hearings are conducted at SERC under the supervision of a qualified, independent hearing officer hired by SERC.

The enforcement staff is also responsible for evaluating mitigation plans and may seek the advice of technical committees in doing so. Ultimately, all mitigation plans must be approved by the Board Compliance Committee. The enforcement staff also monitors progress of the entity in achieving the mitigation plan.

Once all proceedings have been completed, the compliance enforcement staff would file the case with NERC for review and approval, subject to final approval by FERC.

Finally, compliance enforcement staff is responsible for maintaining the current list of registered entities within SERC.

### **Compliance 2008 Goals**

- Continuously improve compliance with reliability standards through active monitoring of registered entities and thorough investigation of potential violations. Focus on enabling registered entities to achieve and document compliance for the purpose of ensuring the reliability of the bulk power system.
- Stay focused on ensuring reliability by having entities fix any identified compliance issues in a timely manner through an approved mitigation plan.
- Enhance reliability by informing registered entities of compliance requirements and procedures.
- Establish SERC's reputation on compliance matters as one of integrity, fairness, independence, impartiality, balanced decision-making, and expedition.



- Strive for consistency of compliance actions and penalties and sanctions between SERC and other regions.
- Identify and implement innovative approaches to achieve productivity gains in compliance monitoring and auditing approaches to provide the greatest positive impact to reliability while making the most effective use of SERC staff, expert volunteers, and registered entity resources.
- Design and test concepts for a compliance document management system that is trusted by compliance staff and bulk power system owners, operators, and users (deployment in 2009).
- Evaluate compliance program results and recommend process improvements.

### **Compliance 2008 Objectives and Deliverables**

- Implement the 2008 Annual Compliance Monitoring and Enforcement Plan (CMEP) as scheduled.
- Conduct approximately 50 compliance audits in 2008, in accordance with FERC regulations, ERO rules of procedure, and the delegation agreement. Compliance audits will be a combination of on-site and table-top reviews and will vary in team size and scope based on the registered entity and functions under audit.
- Proactively review and update the registry of bulk power system owners, operators, and users within the SERC footprint to be monitored for compliance with reliability standards, including the basis for inclusion.
- Educate and inform registered entities of compliance requirements through three compliance seminars and direct dissemination of information about lessons learned from compliance monitoring and enforcement and how to improve reliability/compliance and documentation.
- Perform all enforcement activities on schedule (penalty calculation, notifications, reports written, hearings scheduled and held, etc.) in accordance with the CMEP. Promptly report to NERC all compliance actions in accordance with CMEP requirements.
- Promptly enter all potential non-compliances / alleged violations into a tracking database. Provide rigorous record keeping of compliance documents.
- Provide a comprehensive review of all compliance mitigation plans to ensure they are appropriate to resolve the compliance issue and are timely.
- Collaborate with NERC and other regions through joint compliance activities to achieve a high degree of consistency of procedures, compliance actions, and penalties and sanctions. Apply feedback from NERC and FERC to address causes of any inconsistencies to ensure they do not continue.
- Resolve all seams issues that arise with regard to monitoring the compliance of registered entities that operate in two or more regions.
- Ensure a fair and procedurally correct hearing process for disputed violations; procure any special services necessary for conducting hearings, such as hearing administrators and transcription services.

- Complete the integration of compliance forms into the SERC portal.
- Support other regions choosing to use the SERC portal for management of compliance information.
- Develop the 2009 CMEP factoring in feedback from lessons learned and continuous improvement efforts.
- Identify and implement innovative approaches to achieve productivity gains in compliance monitoring and auditing approaches to provide the greatest positive impact to reliability while making the most effective use of SERC staff, volunteer resources, and registered entity resources.
- Continue to improve the level of training and qualifications of the staff and volunteer audit personnel. Expand the pool of auditors available.
- Promote continuous improvement through a variety of techniques including benchmarking to other regions, “best practices” exchanges, and consistent capture of lessons learned following compliance activities including audits, alleged violation determinations, and seminars.

## Reliability Readiness Evaluation and Improvement Program

<b>Readiness Evaluation and Improvement Program Resources</b> (in whole dollars)			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	2.0	0.93	0.93
Direct Funding	\$251,915	\$293,963	\$440,620
Indirect Funding	\$217,560	\$68,837	\$108,604
Total Funding	\$469,475	\$362,800	\$549,224

### Readiness Evaluation Background

The Reliability Readiness Evaluation and Improvement Program, a collaborative program conducted by the regional entities and NERC, assesses the readiness of operating entities to oversee the reliable operation of the bulk-power system. Readiness evaluations are conducted on a three-year cycle for the reliability coordinators, transmission operators, and balancing authorities.

The NERC Reliability program promotes excellence in operations by establishing a dialogue between the review team and the entity being reviewed and by providing a forum for the exchange of ideas. Opportunities for improvement and examples of excellence are identified in the review process that will assist not only the reviewed entity, but all bulk-power system owners, operators, and users improve their ability to reliably operate the power system.

### Readiness Evaluation Program Description and Functions Performed

SERC has been an active participant and SERC members have provided a significant number of personnel for reliability readiness evaluations both within the SERC Region and in other regions. In providing this support, SERC continues to promote the highest levels of operational excellence in the reliability readiness, capabilities, and performance. SERC has implemented a Recommendations Tracking Program to address the recommendations from the readiness evaluations as well as from other sources. SERC uses the Recommendations Tracking Program to ensure that a path for continuous improvement is clear for its entities.

### Readiness Evaluation 2008 Goals

- Support the NERC readiness evaluation program.
- Leverage the work done in the NERC readiness evaluation program into useable information for SERC and its members to enhance reliability, such as through expanding and enhancing the operating guides.
- Identify and document best practices and examples of excellence that can be shared among entities to improve overall reliability.

- Utilize the Recommendations Tracking Program for input and tracking of continuous improvement opportunities from sources other than Readiness evaluations.

**Readiness Evaluation 2008 Objectives and Deliverables**

- Provide the team co-lead and ensure the completion of the NERC readiness evaluation of one reliability coordinator and six transmission operators in SERC.
- Report quarterly the status and mitigation of each recommendation directed to a SERC entity in the readiness evaluation process.
- Track the status of progress to completion of those recommendations directed to the SERC entities through the NERC Reliability Readiness Evaluation and Improvement Program.
- Identify possible enhancements to SERC supplements identified during the readiness evaluation process.

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources (in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	2.1	1.33	1.33
Direct Funding	\$395,070	\$352,687	\$505,150
Indirect Funding	\$228,438	\$98,445	\$155,316
Total Funding	\$623,508	\$451,132	\$660,466

### Training Background

The major North American blackouts of 1996 and 2003 identified shortfalls in operator situational awareness and response to emergency conditions as major contributing factors. As a result, the focus of NERC and the industry has turned to developing competency through a systematic approach to training and formal certification for all real-time system operators in North America.

The mandatory, enforceable set of planning and operating reliability standards under development by NERC underscores the need for effective training of other technical personnel, such as system planners, compliance engineers and auditors, and reliability readiness evaluators.

Historically, SERC has taken a proactive role in the advancement of technical personnel training and development. Through its annual program of seminars and workshops, SERC has promoted improved performance in the planning and operation of the bulk-power system. SERC has a reputation for facilitating and providing forums for member interaction and exchange of continuing education activities, such as “lessons learned”, emergency drills, and inter-area event simulation.

### Training Program Description/Functions Performed

SERC’s training services staff works closely with the appropriate SERC and NERC committees to develop and manage effective technical personnel training programs for SERC members and SERC staff in the areas of system operation and operator certification, planning, audits, and compliance. The program methods include needs analyses, identification of performance gaps, design of behavioral learning objectives, development of training materials, program implementation, and evaluation.

In addition, the training function will assure that all SERC member company instructors are qualified and prepared to deliver the training programs, in accordance with systematic instructional design procedures.

To perform its functions and meet its goals, the SERC training program will rely heavily on the technical expertise and training experience of SERC committee members. The specific continuing education requirements of the members will form the basis of current

topics, agendas, and venues for SERC-sponsored training seminars and workshops. It is expected that these volunteer members will continue to make a significant contribution to both the development and delivery of SERC training activities, as they have done in the past. The SERC training program will facilitate and coordinate such training efforts.

In 2008 SERC will explore the effectiveness of different presentation methods, such as computer-based training and/or distance learning. All programs and participants will be electronically tracked, and programs will be periodically evaluated to assure that the needs of the industry and regulatory requirements are being met.

### **Training 2008 Goals**

- Assist SERC members and registered entities in assuring real-time operating personnel have the skills and knowledge to operate the bulk-power system with the highest degree of reliability.
- Assist SERC members and registered entities in assuring real-time operating personnel meet NERC training and certification standards.
- Improve the compliance of SERC members and registered entities with NERC reliability standards by providing training to understand reliability issues, standards in effect, the SERC compliance monitoring and enforcement program, and required compliance documentation.
- Assure SERC staff and industry contractors/volunteers have the skills and knowledge to perform effective reliability analyses, compliance monitoring and enforcement of operating and planning reliability standards.
- Explore new/alternative methods of instructional delivery with the goal of expanding the reach and effectiveness of SERC's training programs.

### **Training 2008 Objectives and Deliverables**

- Plan a 2008 System Operator Seminar and arrange its facilitators and presentation in five (5) separate locations. Ensure the seminar is developed in accordance with the NERC Continuing Education Program, and is qualified to award continuing education (CE) hours for successful completion.
- Plan a 2008 Train-the-Trainer Seminar, arrange facilitators/speakers, and deliver the seminar twice during 2008. The objective is to create "SERC-Certified Instructors". Ensure the seminar is developed in accordance with the NERC Continuing Education Program, and is qualified to award CE hours for successful completion.
- Plan a 2008 Compliance Auditor Training Seminar, arrange facilitators/speakers, and deliver the seminar four times during 2008.
- Plan a 2008 Compliance Monitoring & Enforcement Program Seminar, arrange facilitators/speakers, and deliver the seminar four times during 2008.
- Develop and maintain a database for tracking seminar/conference participants, continuing education hours awarded, and participant feedback.

- Assist SERC members as needed in meeting requirements for system operator certification. This may include assistance with NERC Certification Exam preparation (for new operators) and with accumulation of NERC-approved CE hours (for recertifying incumbent operators).
- Assist SERC members and SERC staff as needed in staying current with SERC functions and services.
- Evaluate the feasibility of multi-modal presentations, such as computer-based training and distance learning. Develop a report with recommendations for alternative training delivery methods.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b>			
<b>(in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	2.32	2.63	2.63
Direct Funding	\$464,090	\$337,014	\$528,642
Indirect Funding	\$252,370	\$194,669	\$307,128
Total Funding	\$716,460	\$531,683	\$835,770

### Reliability Assessment Background

Section 39.11 of the Commission's regulations requires the ERO to assess the reliability and adequacy of the bulk-power system, and to report its findings. Section 800 of NERC's Rules of Procedure describes the manner in which the assessments will be conducted and the reports prepared, and specifies the requirements for regional entities to provide data and information for purposes of the assessments. As a regional entity, SERC collects and compiles data from users, owners and operators of the bulk-power system in the region, and submits that data to NERC. In addition, SERC conducts its own assessments of reliability and adequacy of the region's bulk-power system and report its findings to NERC.

NERC also prepares special reliability assessment reports on regional, interregional, or interconnection bases as conditions warrant or as requested by the NERC board. Such special assessments typically require input and participation by regional entities. Finally, NERC's Rules of Procedure require NERC to analyze unusual events that occur on the bulk-power system, identify the causes of those events, assess past reliability performance, disseminate its findings to the industry, and develop reliability performance benchmarks. To the extent such unusual events involve SERC's region, SERC will be involved in such analyses.

SERC has included a Reliability Assessment Program in its organization structure, business plan, and budget to perform this element of its delegated activities. This program is coordinated by SERC staff and makes extensive use of stakeholder volunteer experts in SERC's Reliability Review Subcommittee (RRS), Dynamics Review Subcommittee (DRS), and Data Collection Task Force (DCTF). The supporting studies for the reliability assessments are performed by SERC's regional studies groups (Long-Term Power Flow Study Group, Near-Term Power Flow Study Group, Dynamics Study Group, Short Circuit Database Working Group).

### Reliability Assessment Program Description/Functions Performed

One of the primary charges of the SERC RRS is to annually perform reliability assessments: seasonal assessments of the SERC Region in support of the NERC Reliability Assessment Subcommittee's Summer and Winter Reliability Assessments



and a ten-year reliability assessment of the SERC region, from which a condensed version is also created in support of the NERC Long-term Reliability Assessment. The RRS has prepared an annual 10-year reliability assessment report since 1979. The report includes (both on a regional and sub-regional basis) a resource adequacy assessment, a transmission assessment, and a discussion of significant reliability issues impacting the SERC region. The DRS provides input to the RRS for this report on pertinent stability-related reliability issues and develops stability-related reliability assessments for the sub-regions and region. While the report has evolved over the years, it has generally had a format similar to the NERC Reliability Assessment Subcommittee Long-term Reliability Assessment report, but focused on the SERC region. This report is presented annually to both the SERC Engineering Committee and the SERC Executive Committee. This had led to a variety of SERC Board initiatives over the years addressing reliability in the SERC region.

These reliability assessments are based upon transmission planning studies performed by the SERC Regional Studies Groups and data collected by the SERC DCTF, augmented by the industry expertise of the RRS and DRS. Bulk electric transmission planning is the process by which future system changes and additions are identified, analyzed, and developed for implementation. The process strives to develop systems that will provide desired capability and performance in a cost-effective manner, while reliably supplying the electrical demands of customers and satisfying the business needs of electric system owners and other stakeholders involved in the planning process. Coordination in planning is required because the plans and planning activities of each interconnected system can affect, to varying degrees, the other systems to which it is connected. The SERC regional studies groups are responsible for the myriad coordinated study efforts within the region.

The SERC DCTF's primary function is to provide reporting parties' required data per the NERC reliability assessment requests. Data collection activities are carried out on the SERC Portal. The SERC Portal is used to specify data requirements and due dates for each data collection effort. The SERC staff maintains and manages areas of the SERC Portal containing reliability data requirements. Additional communication from the SERC staff to the DCTF is accomplished via announcements on the Portal, email, phone conferences, and SERC Data Collection Task Force meetings. The SERC staff aggregates the data, performs data checks and analyses, and compiles the data for the Region's reliability assessments data submittals.

### **Reliability Assessment 2008 Goals**

- Meet all requirements for submittal of reliability assessment reports and data to NERC and FERC.
- Improve and further automate the collection and reconciliation of system study and forecast data to enable greater ease and productivity of participating stakeholders and SERC staff.
- Evaluate the reliability assessment roles, processes, tools, and results in SERC, in light of SERC's responsibilities as a regional entity, and recommend improvements for consideration by the SERC board. Include in the evaluation changes required by recent FERC orders on reliability standards and regional entities.

### **Reliability Assessment 2008 Objectives and Deliverables**

- Complete quality and on-time submittals for NERC reliability assessments (summer; winter; long-term; and special, as requested).
  - Complete a 10-year reliability assessment report for the SERC Region by June 30, 2008.
  - Complete an information summary brochure for the SERC Region by July 31, 2008.
  - Complete quality and on-time SERC submittals for the EIA-411 and publish final data by July 31.
  - Create SERC regional power flow base cases and provide SERC data for NERC-MMWG.
  - Prepare SERC regional dynamics base cases for submission to NERC-MMWG.
  - Review dynamics studies and perform other dynamics related tasks as necessary to assess reliability and in support of compliance with applicable Reliability Standards.
  - Compile short-circuit data supplied by member companies into a SERC short circuit data base.
- Improve and further automate the collection and reconciliation of system study and forecast data to enable greater ease and productivity of participating stakeholders and SERC staff.
- Implement the modifications to the EIA411 and EIA860 forms changes in the data collection process, including a new transmission availability data collection process and incorporation of new demand response data elements.
- Evaluate the reliability assessment roles, processes, tools, and results in SERC, in light of SERC's responsibilities as a regional entity, and recommend improvements for consideration by the SERC board.
- Evaluate reliability assessment changes required by recent FERC orders on reliability standards and regional entities.
- Coordinate (as needed) investigations and studies of system events in the SERC Region.
- Develop and apply trend analysis to promptly identify and communicate adverse compliance trends within and outside the SERC region.

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**Situation Awareness and Infrastructure Security Program**

<b>Situation Awareness and Infrastructure Security Program Resources (in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	.03	1.13	1.13
Direct Funding	\$97,070	\$193,000	\$289,288
Indirect Funding	\$32,634	\$83,641	\$131,960
Total Funding	\$129,704	\$276,641	\$421,248

**Situation Awareness and CIP Background**

For the purpose of consistency with the NERC budget and business planning process and to facilitate comparison with other regional entities, SERC has lumped situation awareness and critical infrastructure protection in this section of the business plan. However, in practice SERC implements these functions separately. The situation awareness role is more closely tied to bulk-power system operations and SERC uses staff and groups expert in operations for this function, including the SERC Reliability Coordinator Subcommittee. Critical infrastructure protection is aligned in practice with SERC's information technology group.

**Situation Awareness Description and Functions**

In 2008 SERC is improving its capability to maintain awareness during significant events or adverse conditions on the interconnected bulk power system. SERC does not and will not have a real-time monitoring capability. However, SERC will maintain effective situation awareness and help ensure that all reliability coordinators, balancing authorities, and transmission operators are aware of situations as needed. SERC will accomplish the effective awareness by working closely with reliability coordinators in the region and through use of the SERC Hotline during significant events or adverse conditions. SERC also achieves situation awareness in the region through effective use of NERC situational awareness tools, such as the Area Control Error (ACE) and Frequency Monitoring System, the NERC Hotline, the System Data Exchange (SDX), the Reliability Coordinator Information System (RCIS), the Transmission Services Information Network (TSIN), the Interchange Distribution Calculator (IDC), the interregional Security Network (ISN), and the Central Repository for Security Events (CRC).

The purpose of heightened awareness of bulk-power system conditions and events is to ensure effective communication of situational information among reliability entities within the region and to ensure SERC is able to provide accurate and timely information to NERC, applicable government authorities, and others as appropriate.

### **Situation Awareness 2008 Goals**

- Assist reliability coordinators, balancing authorities, and transmission operators within the SERC Region in situation awareness and preparedness to ensure reliability and security of the bulk-power system.
- Assist NERC in fulfilling its role as the Electricity Sector's Information Sharing and Analysis Center (ES-ISAC).
- Ensure all tools used for the timely exchange of situational information are available and effective.

### **Situation Awareness 2008 Objectives and Deliverables**

- Maintain awareness of operational situations and reportable events within the SERC Region.
- Communicate situation awareness information to NERC, applicable government authorities, and others as appropriate.
- Assist in the investigation of system events from an operations perspective.
- Attend and facilitate the SERC Reliability Coordinator Subcommittee meetings.
- Assist operator training seminars by presenting best practices and lessons learned.
- Maintain, test and exercise the SERC Hotline as needed to ensure availability for use by reliability coordinators, balancing authorities, and transmission operators.
- Review EIA reports to evaluate lessons learned and recommend reliability improvements.
- Prepare reliability standards EOP-004 and PRC-004 required reports and lessons learned.

### **Critical Infrastructure Protection Program Description and Functions**

SERC's Critical Infrastructure Protection Program mirrors that of NERC, with a focus on regional issues. The program is supported by the SERC Critical Infrastructure Protection Committee, whose responsibility is to advance the security of the critical electricity infrastructure within SERC. The SERC Cyber Security Compliance Review Subcommittee actively supports registered entities within the region meeting the proposed CIP reliability standards, including SERC office cyber systems. This group leads 'how to' workshops within the region. SERC staff and stakeholder representatives also actively participate in the NERC CIP program and CIPC.

### **Critical Infrastructure Protection 2008 Goals**

- Support and assist registered entities within the SERC region staying on schedule for compliance with proposed CIP reliability standards.
- Assist NERC in improving reliability standards in accordance with FERC directives.

- Promote sharing of information and collaborative solutions to effective infrastructure protection in the SERC Region.

### **Critical Infrastructure Protection 2008 Objectives and Deliverables**

- Develop cyber security program activities and schedule.
- Hold outreach workshops and visits to disseminate information and educate members about their roles and requirements in meeting the CIP standards. And conduct pre-audits/reviews for volunteer members to develop and refine the audit process, as well as to obtain a preliminary understanding of where SERC members are compliance wise.
- Participate in four NERC CIPC meetings and associated activities.
- Support NERC-sponsored CIP workshops.
- Maintain SERC office systems compliant with applicable reliability standards.

## SERC Committees and Member Forums

<b>Committees and Member Forums Resources</b>			
<b>(in whole dollars)</b>			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	2.9	2.33	2.33
Total Costs	\$391,620	\$433,023	\$649,057

### Technical Committees Background

A hallmark of SERC's mission since its formation in 1970 has been its member-driven focus, relying on the technical expertise of volunteers from its member organizations to lead its technical committees. Participants in SERC committees and subgroups total more than 300 individuals, many of whom also provide volunteer technical support at the NERC level. As the regional entity, SERC will continue to promote a high level of participation and effort by the best technical experts the region's industry has to offer.

The SERC Operating Committee (OC) provides a forum for the discussion and resolution of operating reliability issues within the SERC Region and provides a mechanism for the coordination of activities in the area of operations. The purpose of the OC is to promote the reliability and security of the bulk-power system, through the development of SERC regional reliability standards and other engineering/planning documents (e.g., guidelines, procedures, white papers). The committee coordinates activities in the area of operations and, as may be required pursuant to the Electric Reliability Organization Rules of Procedure, verifies that operating entities (Balancing Authorities, Transmission Operators, and Reliability Coordinators) within the Region meet all of the requirements for certification as set forth in the ERO certification procedures. The Operating Committee has created several subcommittees to provide technical assistance and advice on a continuing basis in specific area of operations.

The purpose of the Engineering Committee and its associated subgroups is to promote the reliability and adequacy of the bulk-power system, as related to the planning and engineering of electric systems, through the development of SERC regional reliability standards and other engineering/planning documents (e.g., guidelines, procedures, reference documents, white papers). The committee provides a mechanism for the coordination of activities in the areas of planning and engineering.

### Technical Committees Description and Functions Performed

The success of the SERC programs depends on the active and direct participation of its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence. The SERC Operating Committee and Engineering Committee each hold three (3) scheduled meetings each year and, as necessary, Executive Committee and conference call meetings. These meetings provide an opportunity for SERC members to address topics

related to the reliable planning and operation of the power system, including related critical infrastructure and environmental issues. The goal of these meetings is to:

- Participate in the establishment of reliability policies and standards;
- Participate in the measurement of performance relative to these policies and standards;
- Develop and exchange information with respect to operating matters relating to the reliability and adequacy of bulk power supplies;
- Review as necessary reliability and adequacy activities within the region in order to meet expected standards and measurements;
- Support the application of the NERC readiness evaluation program for improving the overall reliability and efficiency of operations within the SERC Region; and
- Perform technical functions through assignment of specific tasks to subcommittees and working groups as follows:
  - OC NAESB Working Group (NWG) is responsible for developing and maintaining a forum for discussing, reviewing and commenting on any regional reliability issues that may arise from NAESB standards development.
  - OC Operations Planning Subcommittee (OPS) ensures that operations planning information is shared and coordinated (typically a time frame from the current hour through 13 months into the future). This subcommittee addresses issues from the SERC Operating and Engineering Committees. In addition, the OPS facilitates the sharing of data and information with other entities outside of the SERC Region who have the responsibility for improving security and reliability in the Eastern Interconnection.
  - OC SERC Available Transfer Capability Working Group (ATCWG) is responsible for developing and maintaining SERC procedures for determining transfer capabilities and reliability margins that are in compliance with the NERC Reliability Standards MOD-001 through 009.
  - OC Real Time Modeling Working Group (RMWG) provides overall direction for the exchange of real-time system modeling information to ensure that real-time models used by SERC reliability coordinators have consistent, accurate, and timely system representations to support wide-area real-time system analyses.
  - OC Reliability Coordinator Subcommittee (RCS) is responsible for reviewing operational events associated with the performance and/or actions of the SERC reliability coordinators; reviewing proposed NERC/SERC policy/standards concerning the duties of the reliability coordinator; facilitating coordination of practices among the SERC reliability coordinators; and addressing reliability coordinator related issues assigned to it by the SERC Operating Committee or as deemed relevant by the RCS.
  - OC System Operator Subcommittee (SOS) promotes the development of the knowledge and skills of system operations personnel responsible for the bulk electric system reliability within the SERC Region. The SOS also defines and addresses training and operational issues at the regional level. The

- subcommittee will provide system operators throughout SERC with specific information and training on topics related to important industry issues. (Note: The SOS is being moved to the SERC Training Manager for staff support).
- OC Telecommunications Subcommittee (TSC) has a primary function to keep the SERC OC informed on communication matters and developments which are of interest and concern to electric power system operations.
  - EC Generation Subcommittee (GS) advises the SERC EC concerning generation issues. The GS reviews and develops comments on NERC reliability standards that impact generating stations, and recommends development of SERC regional standards and/or SERC standing committee documents (guidelines, procedures, etc.) as appropriate.
  - EC Protection and Control Subcommittee (PCS) advises the SERC EC concerning protection and control issues. The PCS reviews and develops comments on NERC reliability standards that impact protection and control, and recommends development of SERC regional standards and/or SERC standing committee documents (guidelines, procedures, etc.) as appropriate.
  - EC Vegetation Management Subcommittee (VMS) - advises the SERC EC concerning vegetation management issues. The VMS reviews and develops comments on NERC reliability standards that impact right of way maintenance and vegetation management, and recommends development of SERC regional standards and/or SERC standing committee documents (guidelines, procedures, etc.) as appropriate.

### **Technical Committees 2008 Goals**

- Through the SERC standing committees, continuously evaluate regional and/or Interconnection-wide events or practices that pose a potential threat to reliable operation of the interconnected system.
- Effectively utilize the technical expertise and talents of the SERC members to meet the goals of the SERC and support NAESB and NERC functions. Reorganize the committee subgroups as needed to maximize the productivity and efficiency of the use of volunteer resources.
- Provide input to the SERC Standards Committee on emerging NERC and regional standards.
- Provide effective communications to SERC members regarding industry changes and activities through member participation on NERC and SERC committees, subcommittees, and technical groups.
- Provide more effective coordination and integration of work by the SERC sub-regions.

### **Technical Committees 2008 Objectives and Deliverables**

- Engage the standing committee executive committees to identify relevant operating and planning issues for discussion and resolution by the standing committees or to be assigned to a specific technical subcommittee to recommend a solution.



- Form “lessons learned” investigation teams, as required, to conduct reviews of unusual events, develop data requests and studies of events, and develop reports of investigation findings and conclusions.
- Establish procedures for exchanging real-time model data (ICCP object ID’s) through the SERC OC Real-Time Modeling Working Group.
- Develop a Regional Trainer Certification Program through the SERC OC System Operator Sub-committee.
- Expand the SERC System Operator Conference to five (5) offerings to support the NERC Continuing Education Program requirements.
- Report on re-alignment of SERC sub-groups between the Standing Committees to better reflect SERC’s statutory functions.

## Information Technology

<b>Information Technology Resources</b> (in whole dollars)			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	2.5	2.1	2.1
Total Costs	\$700,270	\$428,462	\$692,966

### Information Technology Background

SERC manages all of its data collection, compliance filings, and recommendation tracking information in an extensive relational data base (the "Portal"). The Portal was inaugurated in 2004 and was funded by SERC members. This secure web-based system allows SERC members to submit all required data from their workplace to SERC with increased efficiency.

The Portal is a dynamic tool that requires regular modifications to account for changes in reliability standards, compliance reporting requirements, system study data requirements, and the granularity of the requested data. It has been updated over the past year to accept survey information as well as provide recommendation tracking.

### Information Technology Program Description/Functions Performed

The Information Technology area of SERC offers project and vendor management for all current technology related contracts. The technology group at SERC supports other staff and SERC members with the portal system and core technology infrastructure. Current SERC projects include:

- Guidance (hosting and development for Portal and SERC web site)
- Indosoft (OC hot line equipment vendor)
- BellSouth Circuits (Spectel Conference Bridge, OC hotline service)
- OATI Checkout Tool (OC project for region wide scheduling checkout tool)
- Spectel Conference Bridge ( SERC-owned conference call bridge)

### Information Technology 2008 Goals

- Reevaluate which SERC documents and information should be publicly available and which should be protected on a secure site. Improve the SERC Portal System's handling of confidential information and increase the useful content on the public web pages.
- Improve the navigation tools to make SERC information more easily accessible by authorized users.
- Introduce policies, tools, and procedures for electronic document management, retention, filing, and organization.

- Provide effective IT Support for SERC's new office and reliability tools such as the hotline.
- Broaden the use of the SERC Portal System to other regions.
- Improve staff productivity by optimizing use of electronic tools such as Outlook and shared drives.
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security, as well as applicable standards.

### **Information Technology 2008 Objectives and Deliverables**

- Develop, implement, and maintain the SERC Transmission Availability Data System (TADS).
- Develop, implement, and maintain the Regional Functional Model Mapping in the Portal system. Develop functional responsibility mapping to support entity registration.
- Develop, implement, and maintain the Joint Registration Entity Tables for the compliance registration process.
- Integrate the CMEP module into the SERC Portal System.
- Successfully reconfigure and relocate the SERC Spectel Conferencing System to the new SERC office.
- Maintain compliance 24X7 call line and on call notification system.
- Successfully implement new office network and technical infrastructure in central office location.
- Revise Operating Compliance Reporting Forms.
- Revise Planning Compliance Reporting Forms.
- Revise Cyber Security Compliance Reporting Forms.
- Manage and maintain survey forms.
- Manage and maintain an area on the SERC public website for posting SERC regional standards for comment and review.
- Manage and maintain the data collection screens which have adopted the compliance workflow with submission and signoff process.
- Manage and maintain reports to allow members access to information in the system and to aid SERC in meeting reporting requirements.
- Aid with training efforts for new and existing users of the portal system.
- Support other regional entities using the SERC Portal System.
- Develop improve password management and other security measures.

## Administrative Services

<b>Administrative Services Resources</b> (in whole dollars)			
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>
Total FTEs	4.2	6.0	6.0
Total Costs	\$1,190,315	\$733,616	\$1,174,561

### General and Administrative

SERC general and administrative function provides executive management of the corporation, management of the SERC office, and other administrative support programs.

### Legal and Regulatory

SERC legal consultants provide legal advice to the CEO, Board of Directors, and staff on legal and regulatory matters affecting SERC; review items filed with governmental agencies for legal sufficiency; and review all contracts.

- Assure continuing recognition of SERC as a regional entity.
- Obtain regulatory approvals for new and revised regional reliability standards on a timely basis.
- Provide hearing officer services for all contested compliance actions, and other services as needed, such as transcription.
- Provide legal counsel as needed for SERC during compliance proceedings.
- Process all appeals of compliance actions in an effective and efficient manner.
- Liaison with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders.
- Review all contracts and changes to personnel policies.

### Human Resources

- Recruit stellar employees.
- Maintain appropriate salaries and benefits based on industry data.
- Provide for employee training programs.
- Update the employee handbook.

### Finance and Accounting

The objectives are to provide the financial and accounting services for SERC, and coordinate with NERC requirements through:

- Provide payroll and expense administration.

## Section A — SERC 2008 Business Plan

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- Prepare quarterly financial statements.
- File federal and state tax and other forms required of non-profit corporations.
- Review and improve fiscal controls and complete a year-end external audit.

## Section B — 2008 Budget

### 2007 Budget and Projection and 2008 Budget Comparisons

**Table 1**  
**Statement of Activities**  
**2007 Budget & Projection and 2008 Budget**

		2007 Budget	2007 Projection	Variance	2008 Budget	Variance
<b>Funding</b>						
	<b>ERO Funding</b>	\$5,518,555	\$5,518,555		\$7,775,521	\$2,256,966
	Penalties					\$0
	Membership Dues					\$0
	Testing Fees					\$0
	Services & Software					\$0
	Workshops	\$173,500	\$173,500		\$173,500	\$0
	Interest	\$10,000	\$21,000	\$11,000	\$42,000	\$32,000
	Miscellaneous		\$3,764	\$3,764		
	<b>Total Funding</b>	\$5,702,055	\$5,716,819	\$14,764	\$7,991,021	\$2,288,966
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$2,938,370	\$2,294,220	(\$644,150)	\$3,962,529	\$1,024,159
	Payroll Taxes	\$199,990	\$199,990		\$247,417	\$47,427
	Benefits	\$407,130	\$427,130	\$20,000	\$761,086	\$353,956
	Retirement Costs	\$84,595	\$84,595		\$356,121	\$271,526
	<b>Total Personnel Expenses</b>	\$3,630,085	\$3,005,935	(\$624,150)	\$5,327,154	\$1,697,068
	<b>Meeting Expenses</b>					
	Meetings	\$375,000	\$375,000		\$378,465	\$3,465
	Travel	\$318,700	\$318,700		\$409,044	\$90,344
	Conference Calls	\$44,450	\$44,450		\$0	(\$44,450)
	<b>Total Meeting Expenses</b>	\$738,150	\$738,150		\$787,509	\$49,359
	<b>Operating Expenses</b>					
	Contracts & Consultants	\$703,320	\$1,119,222	\$415,902	\$751,600	\$48,280
	Office Rent	\$43,200	\$46,800	\$3,600	\$177,939	\$134,739
	Office Costs	\$130,100	\$130,100		\$331,319	\$201,319
	Professional Services	\$71,500	\$71,500		\$305,000	\$233,500
	Computer Purchase & Maint.	\$85,700	\$85,700		\$310,500	\$224,800
	Depreciation					
	Miscellaneous/Contingency	\$300,000	\$50,000	(\$250,000)	\$0	(\$300,000)
	<b>Total Operating Expenses</b>	\$1,333,820	\$1,503,322	\$169,502	\$1,876,358	\$542,638
	<b>Total Direct Costs</b>	\$3,419,850	\$3,147,172	(\$272,678)	\$6,123,494	\$2,703,644
	<b>Total Indirect Costs</b>	\$2,282,205	\$2,100,235	(\$181,970)	\$1,867,527	(\$414,678)
	<b>Total Costs</b>	\$5,702,055	\$5,247,407	(\$454,648)	\$7,991,021	\$2,288,966

## Summary Explanation

### Funding

1. All SERC activities are statutory – SERC does not anticipate performing non-statutory activities in 2008.
2. SERC revenues are primarily assessments totaling \$7,775,521 allocated to Load-serving Entities within the SERC Region, prorated based on Net Energy for Load (NEL) using 2006 data.
3. SERC anticipates revenues from workshop fees to be \$173,500.
4. SERC anticipates revenues from interest on bank balances to be \$42,000.
5. SERC does not anticipate charging dues or fees for membership in 2008.

### Payroll and Benefits

6. Approximately half of SERC's operating costs are direct salaries, including incentive pay, in the amount of \$3,962,529 for 32 FTEs.
7. Payroll taxes include applicable company-paid payroll taxes (social security, medicare, state disability, etc.)
8. Benefits include the company-paid portions of health, dental, life, and short-term and long-term care insurances.
9. Savings and retirement consists of company-paid 401(k) retirement contributions.

### Meeting Expenses

10. Meeting expenses include SERC costs to arrange meeting facilities for meetings of stakeholders in the conduct of SERC business. 2008 will be a transition year as SERC opens a new central office that provides facilities for the conduct of a portion of the SERC meetings. SERC is anticipating approximately 190 meetings or conference calls in 2008, excluding internal staff meetings and calls.
11. Travel is the cost of travel by SERC staff for the purpose of audits, meeting with registered entities and stakeholders, committee meetings, NERC meetings, and for other purposes associated with SERC's delegated functions. SERC contemplates 50 onsite audits in the year and 14 tabletop audits.

### Operating Expenses

12. Contracts and consultants includes contracts with third parties to support various programs and tools maintained by NERC for the industry.
13. Office rent is rent for newly leased space in Charlotte, NC.
14. Office costs are administrative costs to support operations (telephone, copying, office supplies, etc).
15. Professional services are for legal and accounting services. The vast majority of this cost is in the provision of legal support for the compliance program.
16. Computer purchases and maintenance includes purchase of new and replacement computer-related equipment (servers, desktops, laptops, and peripherals).
17. Furniture and equipment includes furniture and equipment for startup of new office in Charlotte. This cost is anticipated to be substantially lower in future years.

## Section B — SERC 2008 Budget

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Detailed analysis of income and expenses are contained in the following appendices:

Appendix A — 2008 Summary Financial Statement.

Appendix B — 2008 Funding Plan.

Appendix C — 2008 Personnel Expenses.

Appendix D — 2008 Meeting and Travel Expenses and Basis

Appendix E — 2008 Other Operating Costs



## Personnel Analysis

By far, SERC's largest expense is its staff. Personnel related costs make up over 67 percent of SERC's total funding needs. Table 2 shows staffing by program area for both 2007 budget and projection and 2008 budget. 2008 budget levels show an increase of 4.0 FTE compared to the 2007 projection.

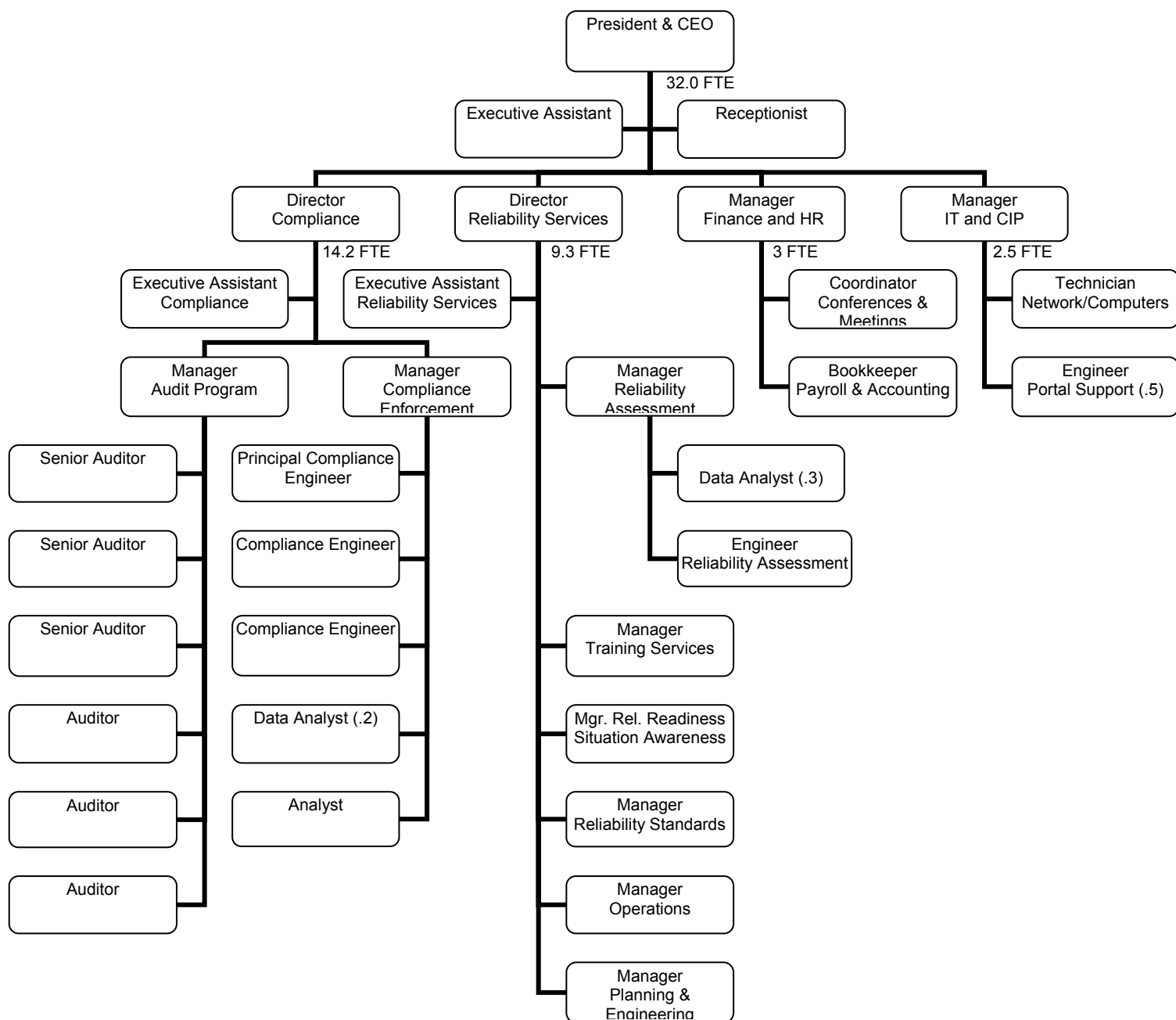
**Table 2**  
**Personnel Analysis**

<b>Total Full Time Equivalents by Program</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>Change</b>
Reliability Standards	3.66	1.33	-2.33
Compliance and Organization Registration and Certification	10.60	14.20	3.60
Reliability Readiness Audit and Improvement	2.00	0.93	-1.07
Training and Education	2.10	1.33	-0.77
Reliability Assessment and Performance Analysis	2.32	2.63	0.31
Situational Awareness and Infrastructure Security	0.03	1.13	1.10
Member Forums	2.90	2.33	-0.57
General & Administrative	2.00	3.00	1.00
Information Technology	2.50	2.10	-0.40
Legal and Regulatory	0.00	0.00	0.00
Human Resources	.5	0.30	-0.20
Accounting	1.7	2.70	1.00
<b>TOTAL</b>	<b>30.30</b>	<b>32.00</b>	<b>1.70</b>

**Organizational Chart**

Shown below in Table 3 is the organizational chart for SERC, serving as both the target organization for the end of 2007 and the beginning organization for 2008. In other words, SERC expects to be at its full 2008 staffing level on January 1, 2008 and this is reflected in the budget as well. As of June 1, 2007, 23 positions are filled, including all critical positions. Hiring of new administrative staff has been deferred until SERC identified its new office location, which is to become Charlotte, North Carolina by October 2007.

**Table 3  
2008 SERC Organization Chart**



**Reserve Balance**

Table 4 shows the analysis of the cash needed to fund the 2008 budgeted expenses and to maintain a cash reserve of 10%. SERC is projecting that it will end 2007 with sufficient reserves for 2008 and that no additional assessment is required to build reserves. This is true because the 30.3 FTEs were not on board at the beginning of 2007 as budgeted. The staffing level increased from 13 to 23 in the period March to May 2007, with the remaining nine staff to be integrated more gradually in the remaining months of 2007.

Table 5  
Reserve Balance Analysis for 2007-2008

<b>Cash Available 2007</b>	
Cash Balance 12/31/06	<b>\$422,550</b>
Statutory Revenue 2007	<b>\$5,518,555</b>
Other Revenue 2007 (Projected)	<b>\$198,264</b>
Change in Assets	
Total Cash Available 2007	<b>\$6,139,369</b>
<b>Cash Needed 2007</b>	
Operating Expenses (Projected)	<b>\$5,247,407</b>
Change in Liabilities	<b>\$0</b>
Total Cash Needed 2007	<b>\$5,247,407</b>
<b>Projected Cash Balance 12/31/07</b>	<b>\$891,962</b>
<b>Desired Cash Balance (10% of Statutory Revenue)</b>	<b>\$551,855</b>
<b>Projected Deficit/Surplus Cash Reserve 12/31/07</b>	<b>\$340,107</b>
2008 Assessment	<b>\$7,775,521</b>
2008 Target Reserve	<b>\$891,962</b>
2008 Reserve Adjustment	<b>\$0</b>
<b>2008 Total Assessment and Reserve Adjustment</b>	<b>\$7,775,521</b>

2008 SERC Income Statement

				Functions in Delegation Agreement													
Statement of Activities 2008 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Evaluation and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	
<b>Funding</b>																	
ERO Funding	7,775,521	7,775,521	-	7,775,521	317,071	3,393,665	440,620	528,642	331,650	289,288	649,057	666,759	27,200	692,966	43,814	394,788	
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Workshops	173,500	173,500	-	173,500	-	-	-	-	173,500	-	-	-	-	-	-	-	
Interest	42,000	42,000	-	42,000	-	-	-	-	-	-	-	42,000	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Funding</b>	<b>7,991,021</b>	<b>7,991,021</b>	<b>-</b>	<b>7,991,021</b>	<b>317,071</b>	<b>3,393,665</b>	<b>440,620</b>	<b>528,642</b>	<b>505,150</b>	<b>289,288</b>	<b>649,057</b>	<b>708,759</b>	<b>27,200</b>	<b>692,966</b>	<b>43,814</b>	<b>394,788</b>	
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	3,962,529	3,962,529	-	3,962,529	184,021	1,866,097	118,197	289,034	172,431	146,351	312,832	456,421	-	196,509	27,043	193,594	
Payroll Taxes	247,417	247,417	-	247,417	11,260	111,474	9,167	19,960	11,094	11,346	19,385	20,962	-	15,367	2,117	15,284	
Benefits	761,086	761,086	-	761,086	25,644	355,829	24,796	56,731	39,497	35,660	44,811	70,367	-	45,875	5,603	56,272	
Retirement Costs	356,121	356,121	-	356,121	19,140	169,006	8,753	21,501	15,195	12,871	27,978	39,389	-	17,830	1,874	22,586	
<b>Total Personnel Expenses</b>	<b>5,327,154</b>	<b>5,327,154</b>	<b>-</b>	<b>5,327,154</b>	<b>240,066</b>	<b>2,502,406</b>	<b>160,913</b>	<b>387,225</b>	<b>238,217</b>	<b>206,227</b>	<b>405,006</b>	<b>587,138</b>	<b>-</b>	<b>275,581</b>	<b>36,637</b>	<b>287,736</b>	
<b>Meeting Expenses</b>																	
Meetings	378,465	378,465	-	378,465	14,340	30,275	2,640	34,615	142,340	11,550	134,355	8,350	-	-	-	-	
Travel	409,044	409,044	-	409,044	10,770	166,098	43,740	28,808	60,073	7,200	48,879	40,506	-	-	-	2,970	
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Meeting Expenses</b>	<b>787,509</b>	<b>787,509</b>	<b>-</b>	<b>787,509</b>	<b>25,110</b>	<b>196,373</b>	<b>46,380</b>	<b>63,423</b>	<b>202,413</b>	<b>18,750</b>	<b>183,234</b>	<b>48,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,970</b>	
<b>Operating Expenses</b>																	
Contracts & Consultants	751,600	751,600	-	751,600	-	150,000	206,000	-	-	32,200	-	-	-	363,400	-	-	
Office Rent	177,939	177,939	-	177,939	7,414	78,960	5,190	14,643	7,414	6,302	12,975	16,682	-	11,677	1,668	15,014	
Office Costs	331,319	331,319	-	331,319	11,544	128,141	8,081	22,799	39,169	9,812	20,202	26,973	2,200	21,931	2,597	37,870	
Professional Services	305,000	305,000	-	305,000	20,000	200,000	5,000	15,000	5,000	5,000	5,000	-	25,000	-	-	25,000	
Computer Purchase & Maint	310,500	310,500	-	310,500	12,938	137,784	9,056	25,552	12,938	10,997	22,641	29,109	-	20,377	2,911	26,198	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous/ Cotigency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>1,876,358</b>	<b>1,876,358</b>	<b>-</b>	<b>1,876,358</b>	<b>51,895</b>	<b>694,886</b>	<b>233,327</b>	<b>77,993</b>	<b>64,520</b>	<b>64,311</b>	<b>60,817</b>	<b>72,765</b>	<b>27,200</b>	<b>417,385</b>	<b>7,176</b>	<b>104,082</b>	
<b>Total Direct Costs</b>	<b>5,474,436</b>	<b>5,474,436</b>	<b>-</b>	<b>5,474,436</b>	<b>317,071</b>	<b>3,393,665</b>	<b>440,620</b>	<b>528,642</b>	<b>505,150</b>	<b>289,288</b>							
<b>Total Indirect Costs</b>	<b>2,516,584</b>	<b>2,516,584</b>	<b>-</b>	<b>2,516,584</b>	<b>155,316</b>	<b>1,658,260</b>	<b>108,604</b>	<b>307,128</b>	<b>155,316</b>	<b>131,960</b>	649,057	708,759	27,200	692,966	43,814	394,788	
<b>Total Costs</b>	<b>7,991,021</b>	<b>7,991,021</b>	<b>-</b>	<b>7,991,021</b>	<b>472,387</b>	<b>5,051,925</b>	<b>549,225</b>	<b>835,770</b>	<b>660,466</b>	<b>421,248</b>							
<b>FTE</b>					<b>21.55</b>	<b>1.33</b>	<b>14.2</b>	<b>0.93</b>	<b>2.63</b>	<b>1.33</b>	<b>1.13</b>						



# **2008 Business Plan and Budget**

for the

## **Southwest Power Pool Regional Entity**

**July 11, 2007**

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## Introduction

<b>Total SPP Regional Entity Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	11.2 FTE	9.0 FTE	12.4 FTE
Total Direct Funding	\$3,181,026	\$2,679,100	\$2,251,124
Total Indirect Funding		\$413,980	\$2,357,959
Total Funding	\$3,181,026	\$3,093,080	\$4,609,083

Southwest Power Pool, Inc. (SPP) operates as the NERC Regional Entity (RE) over an eight state area within the Eastern Interconnection. This business plan outlines the tasks that SPP performs to fulfill its duties as an RE as per the FERC approved Regional Entity Delegation Agreement<sup>1</sup>. SPP also provides non-RE related functions for entities operating within the SPP footprint; those activities and related funding amounts are not included as part of this Business Plan.

A significant portion of the increase in total funding results from the identification of shared services (Human Resources, Information Technology, etc.) and allocation methodology. Shared services in the 2008 budget are allocated for each direct RE resource. The 2007 budget identified three specific resources to support RE functions. The remainder of the overall increase results from three additional direct RE resources (see Table 2), based on historical experience. Appropriate separation of staff functions ensures that the SPP RE will meet the independence requirements set forth in the April FERC Order.

### Actions following Certification/Recognition as the Regional Entity

In addition to the services it presently provides for its member entities, SPP will provide services to fulfill its obligations under the NERC SPP Regional Entity Delegation Agreement. SPP will assess the directives issued in the April FERC Order and implement changes to ensure appropriate separations from non-RE activities to meet the independence requirements for the RE function.

SPP is working with NERC to revise the funding of the ERO and RE budget from a Balancing Area basis to a Load Serving Entity basis for entities within the SPP footprint.

SPP has installed the new governing body for the SPP RE. Three new independent RE Trustees oversee the implementation of the elements of the 2008 SPP Regional Entity Business Plan. The RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE Budget.

<sup>1</sup> FERC Order R07-6-000 - April 19, 2007

SPP staff for the Compliance Enforcement and Readiness Evaluation functions are dedicated staff who are responsible only to the RE Trustees and do not perform any functions that are non-RE related. Other functions under the 2008 Business Plan are performed by shared SPP staff. Training of applicable SPP shared staff in the duties and responsibilities under the SPP RE will ensure the obligations of the RE Delegation Agreement and the April FERC Order are met.

## **SPP Non-Statutory Budget**

As noted above SPP's 2008 non-statutory budget amounts are not included with this Business Plan. SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process, SPP is unable to provide an accurate 2008 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October.

Excluding SPP's Regional Entity annual budget, SPP, Inc.'s 2007 annual budget was \$81.9 million.

As a RTO, SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: Independent administration of the Open Access Transmission Tariff that provides one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP administers an Energy Imbalance Marketplace, monitors resource/load balance and ensures that less expensive power is used to serve load before expensive power, all while ensuring system reliability is met.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.



Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's RTO activities and has ordered that SPP's budgets be filed with the Commission.<sup>1</sup>

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<sup>1</sup> See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).

## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	0.5 FTE	0.5 FTE
Total Direct Funding	\$120,647	Salary \$50,694
Total Indirect Funding		\$103,419
Total Funding	\$120,647	\$154,113

### Background

SPP will coordinate with NERC to develop and approve technically sound, fair, and balanced reliability standards to ensure the reliability of the bulk power systems in North America. SPP will also develop any regional reliability standards per the guideline as defined in the delegation agreement. NERC will submit such standards to FERC and to the appropriate Canadian governmental authorities for adoption as mandatory for bulk power system owners, operators, and users in the United States, and to applicable authorities in Canada for similar status.

The foregoing activities of persons engaged in the reliability standards development process will be conducted, to the extent possible, by conference calls and e-mail, website postings and other means of electronic communications. If face-to-face meetings of participants are needed, those meetings will be announced on the SPP website calendar.

In addition, SPP staff will coordinate any reliability standards work through their working groups such as the Transmission Working Group for TPL standards, System Protection and Control Working Group for PRC standards, etc.

Based on the portion of professional/technical staff time and other resources devoted to reliability standards development, SPP estimates 0.5 FTE on this activity.

## Regional Standards Process

SPP will follow the standards process as defined in their delegation agreement for any new regional standards or any update in the existing regional standard. SPP's reliability standards development process will be overseen by the Markets and Operations Policy Committee (MOPC), which will be responsible for ensuring that all stakeholder interests are fairly represented in the development of standards. The MOPC has broad representation. Standards will be voted on through a ballot body. The ballot body consists of multiple, defined segments, and no entity may have more than one vote.

The SPP Regional Standards Development Procedure provides the basis for SPP to propose and develop regional reliability standards. That Procedure is consistent with a NERC standard format for all RE standards procedures and has been approved by FERC in the SPP RE Order.

The SPP Standards Process will provide an open, balanced, and inclusive stakeholder process in which any interested party may provide input and vote on any proposed regional reliability standard.

As SPP performs other functions, the SPP Regional Standards Development Procedure is utilized only for those standards that are proposed to be part of the NERC reliability standards. SPP may utilize alternative standards procedures for stakeholder input on non-RE related requirements, such as SPP RTO Market Protocols.

## Transition to Electric Reliability Organization

No new functionality or staffing changes are anticipated in 2008 to implement the SPP Standards Program. SPP continues to utilize shared SPP staff to facilitate the development of standards. SPP will continue training applicable staff to implement the SPP RE Standards Procedure Manual.

## Standards Program Goals

- Meet directives of ERO governmental authorities regarding standards development and procedures
- Assist NERC on 2007 high priority standards
- Meet stated targets in the regional "fill-in-the-blank" standards work plan
- Maintain consistency and quality of regional reliability standards
- Communicate with stakeholders and regulators regarding standards development
- Complete and assist NERC with first 10 highest priority regional "fill-in-the-blank" standards

## **Standards Program Objectives**

- Develop regional reliability standards to fulfill the NERC reliability standards that require a region to develop region specific requirements.
- Develop regional reliability standards as needed for SPP to meet NERC standards requirements. Primary emphasis for 2008 in the area of regional “fill-in-the-blank” standards.
- Also development of any regional differences to NERC standards as required

## Compliance, Enforcement, Organization Registration, and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	2.6 FTE	3.5 FTE
Total Direct Funding	\$690,171	<ul style="list-style-type: none"> <li>• Travel \$69,000</li> <li>• Continuing Education \$15,000</li> <li>• SPP Meetings \$10,000</li> <li>• Outside Services \$296,000</li> <li>• Salary \$427,884</li> <li>• Hearings \$150,000</li> </ul>
Total Indirect Funding		\$723,935
Total Funding	\$690,171	\$1,691,819

### Background

As a Regional Entity, SPP has the delegated authority and responsibility to enforce compliance with approved reliability standards by users, owners, and operators of bulk power systems throughout the SPP footprint. To facilitate SPP's compliance enforcement activities, all users, owners, and operators of the bulk power system that operate in the SPP footprint are identified and registered in the NERC Compliance Registry.

According to the SPP Compliance Monitoring and Enforcement Program, there are eight sources of an alleged violation: self report, self certification, audit report, investigation, exception report, spot check, complaint, or data submittal.

SPP Compliance staff will conduct compliance monitoring and investigate alleged violations of reliability standards, with the assistance of certified independent auditors and occasional volunteers from the electric industry. Volunteers may be utilized primarily to provide industry expertise to compliance audit teams, provide technical advice, and make recommendations to compliance staff. Outside Services represents the equivalent of approximately 3 full time employees.

SPP compliance enforcement activities will be conducted at its headquarters in Little Rock, Arkansas, and at the locations of owners, operators, and users of the bulk power system registered in the SPP portion of the NERC Compliance Registry.

SPP will strive to maintain a high level of reliable bulk power system operation through a program of monitoring, audits, and investigations; mitigation activities; and the imposition of penalties and sanctions for noncompliance with reliability standards.

2008 is the first full year that the SPP Compliance Monitoring and Enforcement Program will be responsible for mandatory compliance with approved NERC and SPP reliability standards. SPP has implemented the infrastructure for the SPP Compliance Monitoring and Enforcement Program, including processes, procedures, software, and tools. The infrastructure will receive continued enhancements in 2008.

### **Planned 2008 Compliance Activities for 2008**

- Seven to nine on-site compliance audits of registered RC, BA, and TOP entities
- Seven to nine on-site (or other approved methods) of compliance audits of other registered entities
- Compliance reviews of SPP's modeling processes and regional planning processes
- Quarterly compliance surveys of specific reliability standards
- Annual self-certification program
- Monitoring of periodic data submittals
- Investigations, as necessary
- Calculations and imposition of financial penalties or non-monetary sanctions for non-compliance findings
- Participate in Regional Hearing Process, as necessary
- One or two compliance workshops for registered entities

## **Organization Registration and Certification**

The SPP registration program is expected to enter a maintenance mode by early 2008. Approximately 125 entities have been registered in the SPP footprint for the Regional Entity program. The bulk of the investigation, education, and registration of the users, owners and operators of the bulk electric system in the SPP footprint will be complete by the summer of 2007.

SPP Compliance staff will make additions, removals, and changes to the existing registry. Challenges to entries in the registry by either registrants or SPP Compliance staff will be conducted through the approved Regional Entity hearing process.

SPP will follow the certification procedures approved by NERC. It is anticipated that Reliability Coordinators, Transmission Operators, and Balancing Authorities will require organizational certification. A timetable to complete this item has yet to be established.

## Reliability Readiness Evaluation and Improvement Program

<b>Reliability Readiness Evaluation and Improvement Program</b> <b>Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	0.3 FTE	0.5 FTE
Total Direct Funding	\$56,598	<ul style="list-style-type: none"> <li>• Salary \$61,126</li> <li>• Travel \$15,000</li> </ul>
Total Indirect Funding		\$103,419
Total Funding	\$56,598	\$179,545

### Background

SPP staff supports the NERC Reliability Readiness Evaluation and Improvement Program by acting as the Regional Co-Lead on all Readiness Evaluations performed in the SPP footprint. SPP staff also schedules SPP evaluations and solicits internal volunteers. Staff monitors the progress of recommendations that evolve from the final Readiness Evaluation reports and updates this progress to NERC at least quarterly.

In 2008, SPP staff members expect to schedule and participate in seven to nine SPP Readiness Evaluations. SPP staff members participate in one or two non-SPP Readiness Evaluations annually as team volunteers.



## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	2.0 FTE	4.0 FTE
Total Direct Funding	\$459,742	<ul style="list-style-type: none"> <li>• Travel \$21,000</li> <li>• Meeting Expenses \$54,670</li> <li>• Online Testing Services \$13,400</li> <li>• CEH Application Fees \$6,100</li> <li>• Salaries \$391,410</li> </ul>
Total Indirect Funding		\$827,354
Total Funding	\$459,742	\$1,313,934

### Background Information

The SPP Training Department designs, develops, implements, assesses, and maintains a training and education program to provide continuing education (i.e., emergency operations, simulations, and standards) for system operating personnel. Personnel who participate in the SPP training program include system operations, operations support (EMS engineering, Ops engineering, and information technology), supervisors and managers, and others directly responsible for complying with reliability standards who, through their actions or inactions, may impact the real-time or day-ahead reliability of the bulk power system. The SPP Training Department:

- Conducts job task analyses for system operations personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel
- Develops and maintains training program curriculum requirements based on valid job-task analyses
- Periodically conducts performance needs assessments to identify areas for further training development and improvement
- Administers individual assessments for both knowledge and performance evaluations
- Administers course, trainer, and program evaluations

The SPP Training Department anticipates that the majority of the training and education will take place onsite at the SPP offices in Little Rock and via net conferencing. It is also estimated that approximately forty percent of its resources will be dedicated to RE training activities in 2008.

### **System Operator Training Program**

In 2007, the SPP training program expanded beyond internal continuing education to include regional emergency operations, system operations training, blackstart training/drills, and system restoration training. The expansion of the training program required the addition of two FTE whose primary function is regional training. The expansion also necessitated additional FTE hours of support for the regional training program.

### **Continuing Education Program**

Certified system operators are now able to submit qualifying continuing education hours to maintain their credential in lieu of recertifying via an exam. To accommodate the recordkeeping requirements for continuing education, SPP will utilize the Quality Training Systems (QTS) database.

### **Training and Education Objectives**

- Assess current and future training needs
- Maintain accurate job task documents
- Assess and improve the training offered as a part of the SPP RE function
- Develop and submit Individual Learning Applications for all training events
- Maintain training database to track and report all continuing education activities sponsored by SPP
- Develop online and computer-based learning activities and materials for the training and education function
- Develop and maintain seamless online registration, assessment, and reporting functions
- Develop authentic assessments to accurately measure knowledge and performance gains achieved from training events
- Develop and deliver training for system operations personnel
  - Regional and Subregional Blackstart and System Restoration
  - Regional Emergency Operations and Systems Operations
  - Continuing Education Emergency Operations

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b>		
(in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	2.7 FTE	2.4 FTE
Total Direct Funding	\$540,135	Salary \$243,331
Total Indirect Funding		\$496,413
Total Funding	\$540,135	\$739,744

### Background

In the United States, SPP as a NERC RE is required to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.” (FPA, § 215(g); 16 C.F.R. § 39.11.) In accordance with this responsibility and SPP’s responsibility to support the reliability of the North American bulk power system, SPP intends to support NERC’s three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports will analyze electricity demand and the Reliability and Adequacy Assessment Objectives adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP will also conduct inter-regional studies and other planning studies to comply with NERC’s various TPL standards.

Reliability and adequacy assessments of the bulk power system will be conducted by teams comprised NERC’s and RE professional/technical staff, along with volunteers from the electric industry, government, and academia who possess appropriate technical competencies. Except when site visits are necessary to conduct analyses, these teams’ work will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings. Meetings may be held at NERC’s headquarters or at meeting locations around the United States and Canada selected for proximity to and ease of access by team members.

SPP staff will conduct inter-regional studies or other planning studies in coordination with its members. The work of these teams will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings at SPP’s headquarters or at locations around the United States selected for proximity to and ease of access by team members. SPP estimates that it will spend 2.4 FTEs of its resources on this activity.

Based on the portion of its professional/technical staff time and other resources that it expects to devote to the performance of reliability and adequacy assessments and other planning studies, SPP estimates 2.4 FTE on this activity.

## Reliability and Adequacy Assessment Objectives

- Maintain a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their members to assist with planning and evaluating future systems and current operating conditions
- Provide regional input to NERC's three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report
- Participate in NERC meetings to discuss reliability assessment, investigation analysis, etc.
- Conduct inter-regional and other planning studies to comply with NERC's TPL standards, including participation in the Eastern Interconnection Reliability Assessment Group
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members

## Events Analysis and Information Exchange Objectives

- Provide NERC with information on disturbances and other bulk power system off-normal events for their Events Database, that was created in 2006 (in conjunction with Situational Awareness and Infrastructure Security Program). Participate in NERC-level investigations, as needed, of large-scale outages, disturbances, and near misses to determine root causes and lessons learned.
- Provide regional investigations, evaluations, and analyses, as determined by NERC
- Maintain and enhance NERC's Blackout and Disturbance Response Procedures (in conjunction with Situation Awareness and Infrastructure Security Program)
- Analyze frequency performance of the interconnections using data from appropriate measurement systems
- Coordinate with NERC to establish a clear set of criteria for sorting reported disturbances and other bulk power system off-normal events into categories; decide what level of investigation, evaluation, or analysis is needed; and determine who will undertake such investigations, evaluations, or analyses (triage function)
- Communicate to the industry root causes of events that may be precursors of potentially more serious events and other "lessons learned" from investigations, evaluations, and analyses
- Analyze and identify improvements to the interaction of the transmission system with nuclear power plants, especially related to minimum voltages required by the plants

## Situation Awareness and Infrastructure Security Program

<b>Situation Analysis and Infrastructure Security Program Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs		**
Total Direct Funding	\$2,000	CIPC rep travel expense reimbursement \$18,000 CIPWG Secretary travel expense \$4,000
Total Indirect Funding		
Total Funding		\$22,000

*\*\* CIPWG secretary and man hours of other SPP staff attending the CIPWG meetings are included in indirect funding rate.*

### Background

NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members.

## Infrastructure Security Program

SPP sponsors a Critical Infrastructure Protection Working Group (CIPWG). The CIPWG:

- Serves as an expert advisory panel to the SPP Board of Directors, committees, and members
- Provides a forum for discussion of physical and cyber security issues within the SPP Region
- Serves as the interface between the NERC Critical Information Protection Committee (CIPC) and the SPP membership, including:
  - Serving as a conduit for information flow between the CIPC and SPP members
  - Developing guidance and recommendations to CIPC members representing the SPP
- Develops policies and procedures for SPP-managed resources, including:
  - Security of SPP Frame Relay Network (SPPNET) member connections
  - Acceptable use policies for SPP-managed wide area networks (SPPNET, Internet, etc.)
  - Security of SPP-managed systems and applications
  - Incident reporting and dissemination
- Assists the SPP Compliance Manager with the conduct and evaluation of compliance self-certification and field audits of NERC security standards

The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002-1 through CIP-009-1) and is facilitated by an SPP staff member. The working group meets quarterly at a member location. Additional meetings and conference calls are scheduled as required.

SPP is represented on the CIPC by three SPP member company representatives who represent the physical, cyber, and operations disciplines. Per the SPP Bylaws, SPP reimburses the member representatives for travel expenses incurred while performing CIPC responsibilities.

## Administrative Services

<b>Administrative Services Resources</b> (in whole dollars)		
	2007 Budget	2008 Budget
Total FTEs	3.1 FTE	1.5 FTE
Total Direct Funding	\$1,313,733	<ul style="list-style-type: none"> <li>• Salaries \$244,509</li> <li>• SPP Travel \$15,000</li> <li>• Trustees \$135,000</li> <li>• Trustee Travel \$10,000</li> </ul>
Total Indirect Funding		\$103,419
Total Funding	\$1,313,733	\$507,928

### Members' Forums

SPP provides forums for entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas.

### Members' Forums Objectives

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees
- Provide technical forums to act as standards-drafting teams in development of SPP regional reliability standards.

### Information Technology

SPP will provide computer and technology resources for the SPP Regional Entity, including computer equipment, software, modeling data, and databases.

### **Information Technology Objective**

To provide adequate information technology resources for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

### **Legal and Regulatory**

SPP will provide legal and regulatory support for the SPP Regional Entity, including SPP legal and regulatory staff and any required outside counsel

### **Legal and Regulatory Objective**

To provide adequate legal and regulatory resources for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

### **Human Resources**

SPP will provide Human Resources support for the SPP Regional Entity, include the hiring of any needed staff and the administration of payroll and benefits

### **Human Resources Objective**

To provide adequate human resources services for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

### **Finance and Accounting**

The Finance and Accounting department will direct the overall financial plans and accounting practices for SPP's RE functions.



## Section B — 2008 Budget

### 2007 Projection and 2008 Budget Comparison

**Table 1**

<i>(In Whole Dollars)</i>	<b>2007 Full Year Projection</b>	<b>2008 Full Year Budget</b>	<b>Variance</b>
Funding			
ERO Funding	3,176,026	2,251,124	924,902
Miscellaneous			-
Total Funding	3,176,026	2,251,124	924,902
Expenses			
Personnel Expenses	1,546,138	1,433,954	112,184
Meeting Expenses			
Meetings	344,211	64,670	279,541
Travel	98,351	152,000	(53,649)
Conference Calls	15,000	-	15,000
Total Meeting Expenses	457,562	216,670	240,892
Operating Expenses			
Contracts & Consultants	62,500	296,000	(233,500)
Office Rent	25,088	-	25,088
Office Costs	63,138	-	63,138
Administrative Costs	1,935		1,935
Professional Services	272,640	169,500	103,140
Computer Purchase & Maint.	37,500	-	37,500
Board of Trustees	195,000	135,000	60,000
Depreciation	10,100	-	10,100
Miscellaneous/ Contingency	7,500	-	7,500
Total Operating Expenses	675,400	600,500	74,900
Total Direct Costs	2,679,100	2,251,124	427,976
Total Indirect Costs	413,980	2,357,959	(1,943,979)
Total Costs	3,093,080	4,609,083	(1,516,003)

## Summary Explanation

### Direct Costs

Delay in approval of delegation agreement from FERC has slowed RE activity, resulting in lower than anticipated direct personnel and operating expenses in 2007. The 2008 budget reflects a full year of activity.

### Indirect Costs

Indirect costs include identifiable infrastructure and overhead resources associated with SPP's current business model. These shared services and costs are allocated to the RE based on direct resources engaged to perform specific statutory functions. These costs are intended to replace previously budgeted overhead items such as office rent, depreciation, communications, technology support, etc.

Indirect costs exceed original budgeted costs due to additional items identified needed to support direct resources. Examples of these additional costs include support functions such as accounts payable, payroll, human resources, communications, general office administration, and other support costs.

## Direct Personnel Analysis

Table 2 shows staffing by program area for both the 2007 budget and projection and the 2008 budget. The 2008 budget levels show an increase of 1.9 FTE compared to the 2007 projection.

**Table 2**

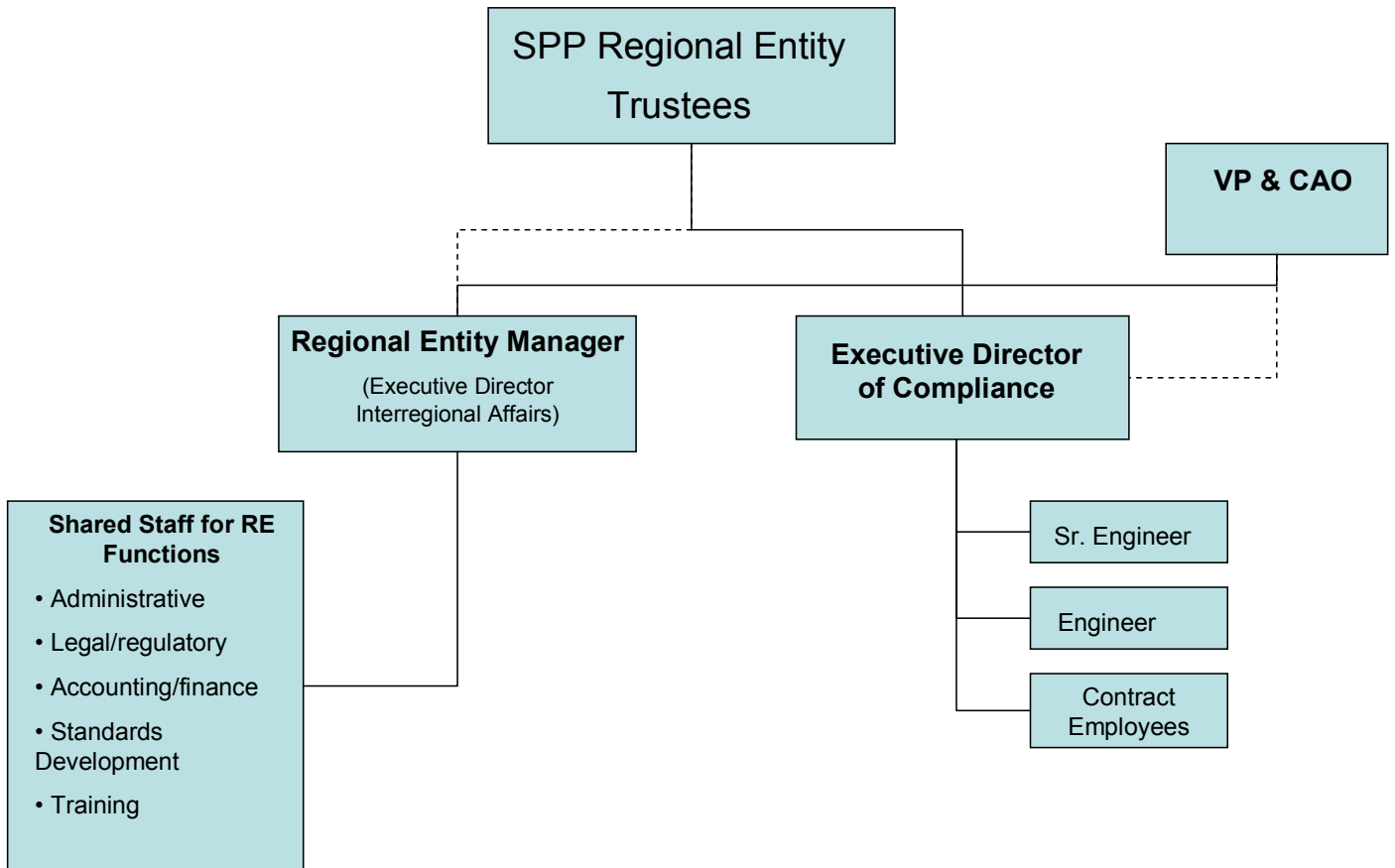
	<b>Budget 2007</b>	<b>Projected 2007</b>	<b>Budget 2008</b>
Reliability Standards	0.5	0.5	0.5
Compliance and Organization Registration and Certification	2.6	3.0	3.5
Reliability Readiness Audit and Improvement	0.3	0.5	0.5
Training and Education	2.0	3.0	4.0
Reliability Assessment and Performance Analysis	2.7	2.0	2.4
Situational Awareness and Infrastructure Security	0.0	0.0	0.0
<b>Total FTEs Operational Programs</b>	<b>8.1</b>	<b>9.0</b>	<b>10.9</b>

**Table 3: 2007 Organizational Chart**

The chart includes staff expected to be hired in each program area by the end of 2007

**Southwest Power Pool  
Regional Entity Organization**

January 2007

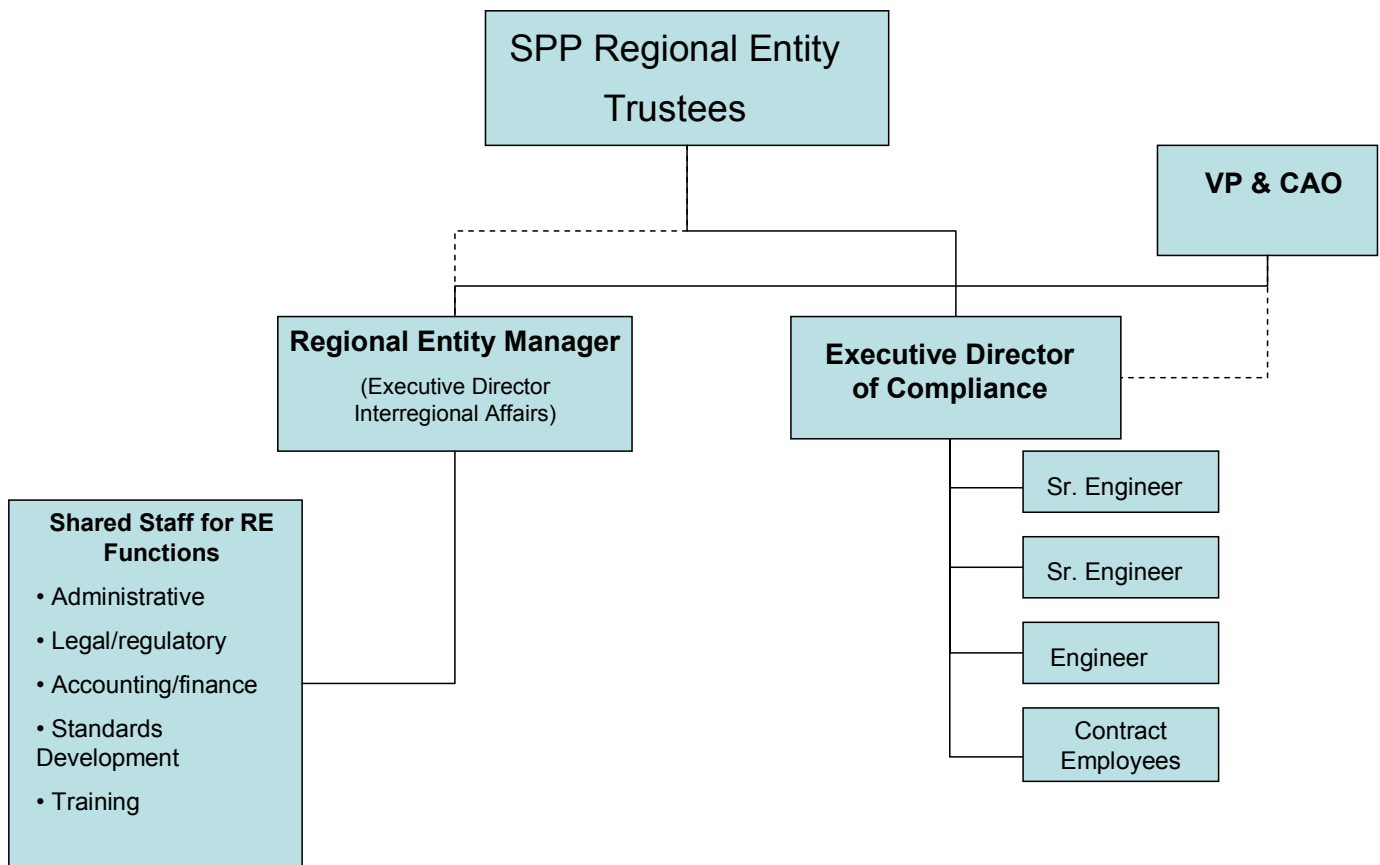


**Table 4: 2008 Organizational Chart**

The chart includes 2007 staffing levels, plus additional staff that will be hired to support the increased ERO activities in 2008

**Southwest Power Pool  
Regional Entity Organization**

January 2008



2008 BUDGET - Functions in Delagation Agreement									
Southwest Power Pool Statement of Activities 2008 Budget	2008 Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative
<b>Funding</b>									
<b>ERO Funding</b>	4,609,083	154,113	1,691,819	179,545	739,744	1,313,934	22,000	145,000	362,928
Membership Dues	-								
Testing Fees	-								
Services & Software	-								
Workshops	-								
Interest	-								
Miscellaneous	-								
<b>Total Funding</b>	<b>4,609,083</b>	<b>154,113</b>	<b>1,691,819</b>	<b>179,545</b>	<b>739,744</b>	<b>1,313,934</b>	<b>22,000</b>	<b>145,000</b>	<b>362,928</b>
<b>Expenses</b>									
<b>Personnel Expenses</b>									
Salaries	1,418,954	50,694	427,884	61,126	243,331	391,410	0	0	244,509
Payroll Taxes	-								
Benefits	-								
Retirement Costs	-								
Continuing Education	15,000		15,000						
<b>Total Personnel Expenses</b>	<b>1,433,954</b>	<b>50,694</b>	<b>442,884</b>	<b>61,126</b>	<b>243,331</b>	<b>391,410</b>	<b>-</b>	<b>-</b>	<b>244,509</b>
<b>Meeting Expenses</b>									
Meetings	64,670		10,000			54,670			
Travel	152,000		69,000	15,000		21,000	22,000	10,000	15,000
Conference Calls	-								
<b>Total Meeting Expenses</b>	<b>216,670</b>	<b>-</b>	<b>79,000</b>	<b>15,000</b>	<b>-</b>	<b>75,670</b>	<b>22,000</b>	<b>10,000</b>	<b>15,000</b>
<b>Operating Expenses</b>									
Contracts & Consultants	-								
Office Rent	-								
Office Costs	6,100					6,100			
Professional Services	459,400		446,000			13,400			
Computer Purchase & Maint.	-								
Board of Trustees	135,000							135,000	
Furniture & Equipment	-								
<b>Total Operating Expenses</b>	<b>600,500</b>	<b>-</b>	<b>446,000</b>	<b>-</b>	<b>-</b>	<b>19,500</b>	<b>-</b>	<b>135,000</b>	<b>-</b>
<b>Indirect Costs</b>	2,357,959	103,419	723,935	103,419	496,413	827,354	0	0	103,419
<b>Total Expenses</b>	<b>4,609,083</b>	<b>154,113</b>	<b>1,691,819</b>	<b>179,545</b>	<b>739,744</b>	<b>1,313,934</b>	<b>22,000</b>	<b>145,000</b>	<b>362,928</b>

**Texas Regional Entity**  
An Independent Division of the  
Electric Reliability Council of Texas

**Texas Regional Entity (RE)**  
**2008 Business Plan and Budget**

**June 19, 2007**

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## Introduction

<b>Total Texas RE Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	22.0	22.0	25.0
Total Direct Funding	1,890,205	1,323,895	1,931,368
Total Indirect Funding	2,980,550	900,545	1,364,698
Total Funding	4,870,755	2,224,440	3,296,066

The Federal Power Act (FPA) and FERC Regulations establish requirements for the formation of an Electric Reliability Organization (ERO). The ERO's primary mandate is to develop, implement, and verify compliance to a uniform set of standards designed to ensure and, over time, enhance the ongoing reliability of the bulk power system. The voluntary system of standards will be replaced with a mandatory system that a single ERO will administer, under the oversight of the Federal Energy Regulatory Commission (FERC) in the United States.

The Federal Power Act and FERC's regulations recognize the role of regional entities in monitoring and enforcing compliance within the regional area, along with strong ERO oversight. Regional entities will perform many of the activities necessary to support NERC's statutory obligations as the ERO. NERC has proposed detailed requirements for the Regional Compliance Programs in its rules of procedure. NERC and the regional entities are modifying their existing programs and procedures to meet these requirements.

Under the new system of mandatory reliability standards, regional entities will, after entering into a FERC-approved delegation agreement, fulfill certain functions currently performed by the Regional Reliability Councils. In anticipation of meeting the criteria in the Federal Power Act for becoming a regional entity, an independent reliability entity is being established in ERCOT to develop and enforce reliability standards within the ERCOT Region. As proposed, the new entity, the Texas Regional Entity (RE), will consist of the following functional areas:

- Compliance
- Reliability Standards
- Legal/Regulatory/Enforcement
- Corporate Operations

The Texas RE must maintain clear independence and not be unduly influenced by the owners, operators, and users of the bulk power system being monitored. The Texas RE will be functionally unbundled from the ERCOT ISO and will report to the ERCOT Board of Directors for administrative purposes. All possible compliance actions for violations of NERC and ERCOT-Specific Standards and ERCOT reliability-based Protocols and Operating Guides requirements will be referred to the Public Utility Commission of Texas (PUCT) for action as follows:



- Possible compliance actions for violation of a NERC or ERCOT-Specific Standard – The PUCT will review the report from the Texas RE, decide whether some form of sanction is appropriate, hear any additional information and arguments pertaining to the reported violation, and issue a recommended decision. The Texas RE Chief Compliance Officer (CCO) will then make a final decision with respect to enforcement, and the issue will be forwarded to the ERO and FERC. Due process will be provided to any entity that is reported to have violated a standard, in accordance with requirements developed by FERC or NERC.
- Possible compliance actions for violation of an ERCOT reliability-based Protocol or Operating Guide requirement – The PUCT will review the report from the Texas RE, decide whether some form of sanction is appropriate, hear any additional information and arguments pertaining to the reported violation, and render a final decision. Due process will be provided to any entity that is reported to have violated a standard, in accordance with requirements of State law.

The ERO and Texas RE shall determine and may levy monetary penalties and non-monetary sanctions and remedial actions against owners, operators and users of the bulk power system for violations of the requirements of NERC and ERCOT-Specific Reliability Standards. NERC has developed processes and principles for determining penalties, sanctions, and remedial actions. Adjustment factors can be used to allow some degree of discretion and flexibility needed to address each violation on its merits.

The Texas RE will follow these key principles in carrying out its delegated functions:

Regional Entity Resources – The Texas RE shall have sufficient resources to meet delegated compliance enforcement responsibilities, including the necessary professional staff, to manage and implement the Texas RE Compliance Monitoring and Enforcement Program (CMEP).

Regional Entity Staff Independence – Texas RE Staff must maintain clear independence from the ERCOT ISO and all ERCOT Market Participants that are expected to comply with the reliability standards and will not be unduly influenced by the owners, operators, and users of the bulk power system being monitored. The independence of the Texas RE staff is a critical element to ensure that the CMEP is carried out in a fair and consistent manner. The Texas PUCT will monitor the independence of the Texas RE from the ERCOT ISO and stakeholder operations.

Regional Entity CMEP Content – All approved reliability standards shall be included in the Texas RE CMEP for all owners, operators, and users within the defined boundaries of the Texas RE.

Compliance Audits – The Texas RE will maintain a program of proactive enforcement audits. Each owner, operator, and user of the bulk power system responsible for complying with NERC and applicable regional reliability standards shall be audited by the Texas RE in carrying out the CMEP.

Processes – All regional programs must contain processes for data reporting, auditing, assessing, penalizing and sanctioning violators, and mitigating non-compliance.

In accordance with Section 215(b) of the FPA, FERC has certified NERC as the ERO. The functions of the ERO are to develop and adopt reliability standards for the bulk power systems and to file such reliability standards, and any modifications to such standards, with FERC for approval; to enforce approved reliability standards by imposing a penalty on an owner, operator, or user of the bulk power system for violation of an approved reliability standard if the ERO finds, after notice and opportunity for hearing, that the owner, operator, or user of the bulk power system has violated a reliability standard; and to conduct periodic assessments of the reliability and adequacy of the bulk power systems in North America. The FERC Rule also requires the ERO to have “an audit program that provides for rigorous audits of compliance with reliability standards by users, owners and operators of the bulk power system” and to report its assessments of the reliability and adequacy of the bulk power system to FERC and the Secretary of Energy on a periodic basis. As the ERO, NERC will perform all of the above described functions.

To facilitate the ERO’s performance of the responsibilities described in the preceding paragraph, the FERC Rule requires each owner, operator, and user of the bulk power system within the continental United States to register with the ERO in accordance with the rules of the ERO. In addition, the ERO may, with approval of FERC, enter into agreements with regional entities by which the ERO delegates its authority to the regional entity to develop, propose, and enforce reliability standards for specific geographic regions. In its ruling issued on April 19, 2007, the FERC accepted the Texas RE Delegation Agreement.

### **Communication**

The Texas RE will communicate with the industry, regulators, and other stakeholders by application of protocols that will be developed for each program area. This is a key element in the direction to continue building cooperative relationships with all segments of the industry through consistent messages. A notable example is the close working relationship the Texas RE will continue to have with ERCOT Stakeholder Groups such as the Technical Advisory Committee and the Reliability and Operations Subcommittee and its working groups to assure understanding of where activities can be mutually beneficial.

The Texas RE will continue to enhance its website with increased attention to ease of use and user preferences. More timely information that can be more easily found will ultimately improve not only the efficiency of operations, it will provide an improved platform for providing critical information to the industry and the public.

Finally, the established links between the regional entities and NERC must continue to thrive and improve. Not only will 2008 be the first full year for enforcement activities by NERC as the ERO in the United States, it will be the first full year of operation in the context of approved delegation agreements with Regional Entities. The 2008 plan calls for continued efforts to assist the regional entities in carrying out their delegated compliance enforcement, registration, and certification activities.

### **Actions following Certification/Recognition as the Regional Entity**

The Texas RE will conduct the activities described in the following sections within the boundaries of the ERCOT Region. The Texas RE will excel in the execution of the plans laid out by each program area in 2008 through organized scheduling and tracking of activities within the program areas. As an example, a key milestone in the initiation of ERO and Texas RE activities is the completion of a compliance registry for all users, owners, and operators of the

bulk power system in the United States. Registration and certification of the organizations responsible for complying with the standards will be an ongoing activity requiring accurate tracking and record keeping. In addition, 2008 will represent the first full year for the compliance monitoring and enforcement program with mandatory compliance to approved reliability standards including the delegated regional compliance enforcement programs. Vital elements of this program are tracking the mitigation of identified violations of standards and the management of enforcement action appeals.

### **Non-Statutory Requirements**

The Texas RE also monitors compliance with the ERCOT Protocols and Operating Guides needed to safely and reliably operate the electric transmission system and support wholesale and retail markets. The ERCOT Protocols and Operating Guides contain the Regional criteria for planning and operating reliable interconnected bulk electric systems in the ERCOT Region. To ensure that the reliability of the interconnected bulk electric systems is maintained, all market participants involved in planning, operating, or using these systems must understand and comply with these requirements. The PUCT plays a key role in the enforcement process.

In accordance with P.U.C. SUBST. R. 25.503(j), ERCOT Compliance developed and submitted for PUCT approval a process to monitor material occurrences of non-compliance with ERCOT procedures, which shall mean occurrences that have the potential to impede ERCOT operations, or represent a risk to system reliability. ERCOT Compliance (Texas RE):

- (1) Maintains a record of all such material occurrences of non-compliance with ERCOT procedures and tracks recurrence of such material occurrences of non-compliance.
- (2) Promptly provides information to and responds to questions from market participants to allow the market participant to understand and respond to alleged material occurrences of non-compliance with ERCOT procedures.
- (3) Maintains a record of the resolution of such material occurrences of non-compliance and of corrective actions taken by the market participant in each instance.
- (4) Informs the PUCT Staff immediately if the material occurrence of non-compliance is not resolved.

This Compliance Process document outlines ERCOT's and market participants' responsibilities pursuant to P.U.C. SUBST. R. 25.503. The process describes ERCOT Compliance's (Texas RE's) role in monitoring compliance with the ERCOT Protocols and Operating Guides as related to the planning and operation of the ERCOT electric power system. The Compliance Process does not preclude the PUCT from taking action authorized under the Public Utility Regulatory Act ("PURA") or Commission rules.

It is estimated that twenty-five (25) percent of Texas RE Staff time will be dedicated to monitoring compliance with the ERCOT Protocols and Operating Guides. Funding will be provided through the ERCOT System Administration Fee which is based upon the fee factor approved by the ERCOT Board and the PUCT to support ERCOT activities subject to PUCT oversight.

## Section A — 2008 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.0	2.0	2.0
Total Direct Funding	288,757	158,434	215,455
Total Indirect Funding	350,653	105,947	143,652
Total Funding	639,410	264,381	359,107

#### Background

The Texas RE may develop, through its own processes, separate Standards that go beyond, add detail to, or implement NERC Reliability Standards; obtain a Regional Variance; or that cover matters not addressed in NERC Reliability Standards. Regional Criteria may be developed and exist in ERCOT Protocols, Operating Guides, and/or Procedures separately from NERC Reliability Standards, or may be proposed as NERC Reliability Standards. Regional Criteria that exist separately from NERC Reliability Standards shall not be inconsistent with or less stringent than NERC Reliability Standards.

ERCOT-Specific Standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. An ERCOT-Specific Standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. An ERCOT-Specific Standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

#### Standards Process

The Texas RE Reliability Standards Development Process will be overseen by a Reliability Standards Committee (RSC) whose purpose is to see that all stakeholder interests are fairly represented in the development of regional reliability standards. The RSC will be a broad-based, representative committee consisting of representatives from each of the seven ERCOT Market Participant segments. Participation is open to any person or entity with an interest in the reliability of the ERCOT Bulk Power System.

Among other responsibilities, the RSC will review each proposal for development of a new regional reliability standard, or modification of an existing regional reliability standard, to determine if the proposal should be pursued. If it so determined, the RSC will forward to the ERCOT Reliability and Operations Subcommittee (ROS) to appoint a reliability standard drafting team that has the necessary technical expertise, competencies, and diversity of views needed to develop the proposed standard. Development of each regional reliability standard will include at least one time period for receipt of public comment before the proposed standard is

submitted for an approval vote. For the purpose of adopting each proposed reliability standard, a separate “ballot pool” will be established comprised of ERCOT Member Representatives from the seven Market Participant Segments that have an interest in voting on that particular standard. After receiving an affirmative vote by the ballot pool, a regional reliability standard will be submitted to ERCOT’s Board for approval. Finally, if approved by the Board, the regional reliability standard will be forwarded to NERC for approval and filed with FERC for its approval. Once FERC approves a standard and the effective date reached, compliance with the standard is legally binding on all applicable owners, operators, and users of the ERCOT Bulk Power System.

The Texas RE Reliability Standards Development Process is designed to build and verify consensus for each Regional Standard. The open, inclusive, balanced and transparent process ensures that the resulting standards are just, reasonable, and nondiscriminatory. Participation by industry experts and compliance personnel ensures that the standards are technically sound, unambiguous, and measurable.

The Texas RE Reliability Standards Group will be responsible for coordinating and facilitating all aspects of the regional reliability standards development process. Staff will be actively involved in the NERC Reliability Standards Program, participate on Standards Drafting Teams and participate on NERC Readiness Audits. The Reliability Standards Group will review each reliability standard and notify impacted entities of any new requirements as well as communicate all reliability standards-related information to stakeholders. The group will also be responsible for reviewing all proposed ERCOT Protocol and Operating Guides Revisions to ensure there are no conflicts with Regional-Specific and NERC Reliability Standards, and coordinating the Texas RE review of all proposed Protocol and Operating Guides Revisions. Staff will also identify any possible training needed by responsible entity personnel to promote understanding and compliance with the new or revised reliability standards.

### **Transition to the Texas Regional Entity**

On March 15, 2007 FERC approved 83 reliability standards that were proposed by the ERO. Until implementation and enforcement of mandatory reliability standards begins, the Texas RE will continue to actively monitor compliance with a subset of the reliability standards now approved by FERC. The mandatory reliability standards approved by FERC apply to users, owners and operators of the bulk power system designated by NERC through its compliance registry procedures. While the approved reliability standards are immediately enforceable, FERC’s Final Rule directs the ERO and the future regional entities to focus resources on the most serious violations during an initial period through December 31, 2007. Enforcement discretion will also be used with regard to all applicable users, owners, and operators of the bulk power system, and not just to those new to the reliability scheme. This approach will help allow the Texas RE to ensure that the compliance monitoring and enforcement processes work as intended and all entities have time to implement the new processes. The Texas RE will also continue to make changes to and refine its organization registration list to help ensure that compliance monitoring and enforcement applies to the correct entities.

Following the approval of the delegation agreement between NERC and the Texas RE, ERCOT Board approval of ERCOT Bylaws changes will be sought to address the formation of the Texas RE. Additional staff will also be added, in accordance with the approved Texas RE Budget which will allow the Texas RE to be ready to implement and enforce reliability standards.

## Standards Program Goals and Objectives

The goals of the Regional Reliability Standards Program for 2008 are to:

- Meet all FERC and NERC directives with regard to regional reliability standards development and procedures.
- Work closely with the ERO and ERCOT Market Participants to develop separate regional reliability standards that go beyond, add detail to, or implement NERC Reliability Standards; obtain a Regional Variance; or otherwise address issues that are not addressed in NERC Reliability Standards.
- Develop regional reliability standards such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.
- Ensure consistency and quality of regional reliability standards.
- Communicate with stakeholders and regulators regarding standards development – both NERC and regional reliability standards.
- Streamline and improve the Texas RE Reliability Standards Development Process and associated tools.
- Ensure the topics addressed by the regional reliability standards keep pace with changing industry needs
- Develop and revise standards directed by FERC and NERC.
- Be actively involved in the NERC Reliability Standards Program and participate on Standards Drafting Teams.
- Administer and facilitate a comprehensive program to develop new regional reliability standards and improve existing regional standards that meet the quality characteristics in the Texas RE Standards Development Process.
- Coordinate the Texas RE review of all proposed ERCOT Protocol and Operating Guides Revisions to ensure there are no conflicts with region-specific and NERC Reliability Standards.
- Actively participate on the NERC Regional Reliability Standards Working Group.
- Complete development of remaining regional “fill-in-the-blank” standards.
- Ensure Texas RE Standards Development Process is aligned to meet agreed-upon expectations.
- Revise standards development rules and procedures in response to FERC directives.
- Evaluate alternatives and improvements that ensure consensus is being achieved in an efficient manner.
- Evaluate and improve ballot performance (quorums and balance).
- Formalize a feedback loop for continuous improvement.
- Improve drafting team guidelines.
- Develop standards program communications that educate and inform stakeholders and support the Texas RE Standards Development Program objectives.

## Compliance Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b>			
<small>(in whole dollars)</small>			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	11.0	7.0	8.5
Total Direct Funding	1,180,655	657,647	892,898
Total Indirect Funding	1,928,591	370,813	610,523
Total Funding	3,109,246	1,028,460	1,503,421

### Background

The purpose of the Texas RE Compliance Monitoring and Enforcement Program (CMEP) is to maintain the reliability of the ERCOT Bulk Power System. NERC oversees each Region's Compliance Program and each region is responsible for reviewing the compliance of its members with NERC and regional reliability standards and requirements. Going forward, this will be accomplished by:

- Monitoring and enforcing compliance with the NERC and regional reliability standards and requirements for all entities within ERCOT, including the ERCOT ISO.
- Reporting all violations of all standards, including regional standards, to NERC.
- Maintaining processes for data gathering, reporting, investigating, auditing, assessing, penalizing and sanctioning violators, and mitigating non-compliance.
- Performing the compliance and enforcement functions of the NERC CMEP by exercising the authority delegated to the Texas RE by NERC in its delegation agreement.

There are eight sources of an alleged violation, according to the Compliance Monitoring and Enforcement Program: self report, self certification, audit report, investigation, exception report, spot check, complaint, or a data submittal.

Monitoring, auditing, investigating, and enforcing compliance with reliability standards by owners, operators, and users of the bulk power system, like the development and adoption of the regional reliability standards, is at the core of the Texas RE's mission. Through a rigorous program of monitoring, audits, and investigations; mitigation activities; and the imposition of penalties and sanctions for non-compliance with reliability standards, the Texas RE will strive to maintain a high level of reliable operation of the ERCOT Bulk Power System by its owners, operators, and users. Ensuring the reliable operation of the bulk power system will benefit all owners, operators, and users of the ERCOT Bulk Power System and, ultimately, all users and consumers of electric power in the ERCOT Region which will provide a broad-based benefit to the public and will be in the public interest.

The current CMEP has focused on the ERCOT ISO and those ERCOT Entities that are performing delegated Balancing Authority (BA) and Transmission Operator (TOP) Tasks. This

includes 30 Qualified Scheduling Entities (QSEs) with resources and 16 Transmission Operator Sub-Entities. There have been a few selected standards and requirements that have applied to other entities such as Transmission and Generator Owners.

Currently, there are 83 FERC-approved NERC Reliability Standards and more are in the standards development and approval process. These 83 approved standards have nearly 350 requirements and nearly 400 sub-requirements.

A key component of the CMEP is conducting compliance audits of all responsible entities, which are expected to significantly increase as a result of the increased number of entities being registered as users, owners, and operators of the bulk power system. The Texas RE will maintain a program of proactive enforcement audits. Each owner, operator, or user of the bulk power system responsible for complying with NERC and regional reliability standards and requirements shall be audited by the Texas RE. A Compliance Audit is a process in which a detailed review of an owner, operator, or user of the bulk power system is performed to determine if that owner, operator, or user of the bulk power system is complying with approved reliability standards. Compliance Audits are currently conducted on a three-year cycle and an audit report is issued for each audit. Currently, the Texas RE does not utilize industry volunteers and experts on Compliance Audit Teams. However, going forward, industry volunteers may be utilized primarily to provide industry expertise to compliance audit teams, as well as provide technical advice and recommendations to Texas RE Staff.

In years when an entity does not receive a Compliance Audit, the Texas RE may request compliance self-certification from the entity using electronic forms developed and distributed by the Texas RE. The entity must certify that it is in compliance with each designated measure or disclose any non-compliance and submit the self-certification to the Texas RE by the date specified in the request by the Texas RE. Spot checks may be performed by the Texas RE on a sample of these self-certifications by telephone or site visit. Deficiencies found in self-certifications and spot checks will be treated as if they were audit findings.

### **Compliance Enforcement Program Objectives**

The Compliance Review and Verification Group will focus on the following:

- Compliance Audits
- Readiness Audits
- Organization Certification Audits
- Self-certifications
- Spot checks
- Investigations
- Critical infrastructure Protection Standards compliance

a. Audits

- i. Through 2006, ERCOT Compliance has been conducting Compliance Audits on 16 ERCOT Transmission Operator Sub-Entities and 30 Qualified Scheduling Entities (QSE) with Resources on a three-year cycle – approximately 15 each year. In accordance with ERO requirements, the Texas RE will audit all entities responsible for complying with NERC and regional reliability standards. Audits will be performed on a three-year cycle for the following registered entities: Transmission Owners/Planners (29), including those with Transmission Operator Sub-Entities;



- Distribution Providers (2); Generator Operators (30); and the ERCOT ISO (TOP, PA, RC, TSP, BA, & RP). It is proposed that the following registered entities be audited on a 6-year cycle: Generator Owners (107). This will increase the number of audits to 169 (~39 each year). The Texas RE is currently reviewing the need to expand the list of Registered Entities to include Purchasing-Selling Entities (PSE) and Load Serving Entities (LSE). There are currently approximately 103 PSEs (~34 additional audits each year) and 34 LSEs (~11 additional audits each year). If these entities are registered, the Texas RE proposes that they be audited on a 6-year cycle. This would increase the number of audits by 137 (23 each year).
- ii. Although not yet clearly defined, ERCOT's 16 Transmission Operator Sub-Entities and 30 QSEs with Resources (Local Control Centers) may also receive Reliability Readiness Audits on a three-year cycle (~15 each year).
  - iii. Organization Certification Audits of TOPs, RCs, and BAs may also be performed. It has not yet been determined if those entities performing delegated TOP (16 ERCOT Transmission Operator Sub-Entities) and BA (30 QSEs with Resources) tasks will need to be certified or which additional entities will require certification, or whether Reliability Readiness Audits will be used in place of Organization Certification Audits.
  - iv. Regional Compliance Staffs will also participate on NERC Reliability Readiness Audit Teams (entities outside ERCOT). Texas RE Staff will plan to participate on six (6) NERC Reliability Readiness Audits.
  - v. As the number of entities being NERC-certified increases, the number of responsible entities in ERCOT will increase and a larger number of annual Self-Certifications will be required (~130 each year – TO/TP, DP, GO, & GOP Functions + ERCOT ISO). Spot checks will be performed as needed (~15 to 25 each year). Additional annual self-certifications will be required for PSEs and LSEs (~114 each year). Spot checks will be performed as needed (~10 to 20 each year).
- b. Investigations of significant events that jeopardize the reliability of all or part of the ERCOT system will be required. The Texas RE will investigate events using the data gathered from the ERCOT ISO and involved entities. From the data gathered, the Texas RE will develop a report that includes findings, observations, and recommendations. In 2006, 52 events were reported to ERCOT Compliance. Of those 52 events, 10 events met requirements that required closer review by ERCOT Compliance. Of those 10 events, 3 required a detailed investigation and report.
  - c. Currently penalties and sanctions are not enforced for non-compliance with NERC Reliability Standards (simulated penalties are calculated and reported to NERC). Careful consideration will be required when determining penalties and sanctions for non-compliance to ensure consistency and comparability. This is because of the number of mitigating (potential to reduce the penalty) and aggravating (potential to increase the penalty) factors that can be considered when determining the seriousness of the violation.
  - d. Because penalties and sanctions will be enforced, appeals of violations as well as penalties and sanctions will likely occur. These appeals will need to be addressed.

### **Organization Registration and Certification Objectives**

Organization registration identifies those entities that are responsible for compliance with reliability standards. The Organization Registration and Certification Function is the direct responsibility of REs. Owners, operators, and users of the bulk power system shall provide to their respective RE such information as is necessary to complete the registration. All information is forwarded to NERC.

Some entities that are registered as responsible reliability entities will have to meet certain criteria to demonstrate that they are able to perform the tasks required by the standards. The Texas RE will administer an Organization Registration and Certification Program to meet NERC's program goals and requirements. The program goals will be accomplished by audits and periodic reviews.

The Texas RE is leading an effort to register all entities that are users, owners, and operators of the bulk power system that will be responsible for complying with NERC Reliability Standards. The latest draft list includes:

- 107 Generator Owners
- 30 Generator Operators
- 29 Transmission Planners
- 31 Transmission Owners
- 2 Distribution Providers with responsibility for complying with the requirements of the under-frequency load shedding program
- ERCOT ISO (Reliability Coordinator, Transmission Operator, Balancing Authority, Planning Authority, Resource Planner, Transmission Service Provider, and Purchasing Selling Entity)

The Texas RE will maintain an accurate registration list of all owners, operators, and users of the bulk power system for compliance monitoring purposes.

- Update and confirm the registration list as needed (at least annually).
- Provide necessary registration information to NERC and appropriate government authorities.
- Review the completeness of the organization registration list and determine if additional efforts are necessary to identify other entities or collect more information from bulk power system owners, operators, and users.

The Texas RE will also implement organization certification.

- Maintain processes and procedures for carrying out the delegated certification activities that are required by the certification standards.
- Conduct certification audits scheduled in 2008.

Registration and, in some cases, certification of the organizations responsible for complying with the standards will be an ongoing activity.

### **Proposed Additional Staff for 2008**

Senior Compliance Engineer – Additional staff is required to provide high level technical support to review and interpret information and data received in the course of conducting compliance activities. The Senior Compliance Engineer will provide a resource with extensive technical experience to assist other compliance staff and perform technical assessments and other duties as determined to meet the needs of reliability functions.

## Reliability Readiness Evaluation and Improvement Program

<b>Reliability Readiness Evaluation and Improvement Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.0	0.5	0.5
Total Direct Funding	0	23,342	58,345
Total Indirect Funding	0	26,487	35,913
Total Funding	0	49,829	94,258

### Background

The NERC Reliability Readiness Evaluation and Improvement Program was developed in response to the August 2003 blackout in the Northeastern United States and Canada. Readiness evaluations are comprehensive reviews of entities operating the bulk power system and are conducted to ensure that operators of the bulk power system have facilities, tools, processes, and procedures in place to operate reliably under future conditions. NERC's reliability readiness evaluations identify opportunities for improvement and examples of excellence that help the evaluated entity, and other entities, improve their ability to operate the bulk power system. These reviews help Balancing Authorities, Transmission Operators, and Reliability Coordinators recognize and assess their reliability responsibilities and evaluate how their operations support those responsibilities.

In 2005, NERC expanded the coverage of its Reliability Readiness Evaluation and Improvement Program to include local control centers – those local control centers performing delegated tasks. In ERCOT, these entities might include Transmission Operator Sub-Entities and QSEs with Resources. In 2006, NERC continued to expand the coverage of its readiness evaluations to include additional local control centers with the objective to review all entities that perform bulk power system reliability functions. Readiness evaluations are conducted on a three-year cycle. Reliability readiness evaluation teams consist of industry volunteers with appropriate technical expertise. Evaluation teams prepare and publicly publish a report of the team's findings on the NERC Web Site.

### Reliability Readiness Evaluation and Improvement Objectives

- Before additional NERC Reliability Readiness Evaluations of ERCOT Transmission Owner and Qualified Scheduling Entity Local Control Centers (LCC) are conducted, development of criteria to determine which, if any, LCCs will be subject to readiness evaluations must be completed. A determination on what frequency they will be conducted should also be made (i.e., 3-year cycle, 5-year cycle, etc.).
- Once criteria are established, Texas RE Staff will work with NERC Staff to schedule appropriate readiness evaluations – including co-leading the evaluation team, assisting audited entities in developing mitigation plans for implementing recommendations from the reliability readiness audits, and tracking those mitigation plans to completion.
- In conjunction with NERC, develop a process for verifying the implementations of the readiness evaluation recommendations.

- Report quarterly the status and mitigation of each recommendation identified in the reliability readiness evaluation process.
- Texas RE Staff is expected to participate on six NERC Reliability Readiness Evaluations in 2008.
- Perform an assessment of the Reliability Readiness Audit and Improvement Program to evaluate the success and effectiveness of the program in achieving its mission as it relates to LCCs.

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.0	0.5	0.5
Total Direct Funding	0	88,149	143,503
Total Indirect Funding	0	26,487	35,913
Total Funding	0	114,636	179,416

### Background

The Texas RE will continue to play a key role in System Operator training activities. Texas RE Staff chairs and actively participates on the Operations Training Seminar Oversight Working Group which is responsible for developing, planning, arranging, and monitoring the annual ERCOT Operations Training Seminar. The working group is responsible for measuring how the Seminar is meeting its objectives which are to provide training on power system fundamentals, current events, issues related to marketing, and other timely issues determined by the working group. Despite including subjects on various issues, emphasis is placed on topics that focus on enhancing the performance of bulk power system operating personnel. The target audience for the seminar is ERCOT ISO System Operators, Qualified Scheduling Entity (QSE) Operators, and Transmission/Distribution System Provider (TDSP) Operators and those who provide management, supervision, and support for the operators. The seminar is also open to Power Generation Company (PGC) Operators, Wholesale Power Marketers, Retail Electric Providers, and others associated with the bulk power system.

### Training, Education, and Operator Certification Objectives

Participating in the development of training and education programs for bulk power system operating personnel and the other targeted audiences of these programs will be an important component of the Texas RE. Providing a training and education program for the operating personnel of owners, operators, and users of the bulk power systems of North America relating to their compliance with regional reliability standards and other reliability-related job functions will help to achieve a high level of knowledge and competence among these operating personnel in the performance of their reliability-related functions. It also helps to promote a culture of compliance within the industry, and thereby will help to further ensure the reliable operation of the ERCOT Bulk Power System.

Beginning in 2007, NERC Continuous Education Hours (CEH) were offered for attending the ERCOT Training Seminar. System Operators attending the seminar received up to 19 CEHs. Many of these hours can also be used to satisfy NERC and ERCOT requirements for system emergency training.

Auditor training for Texas RE Staff who participate in audits and investigations conducted by the Texas RE will also be developed and maintained.

Texas RE Staff will also continue to coordinate and facilitate the ERCOT Operator Certification Test given to System Operators and operations support personnel. Texas RE Staff will continue to maintain and update the ERCOT Fundamentals Training Manual which was designed and written to serve as a study tool for System Operator Certification Tests and to serve as a readily available reference document. The Manual contains descriptions of fundamental topics in electrical power and ERCOT power system operations.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b> (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3.0	6.5	7.0
Total Direct Funding	312,761	374,768	574,242
Total Indirect Funding	525,979	344,326	502,784
Total Funding	838,740	719,094	1,077,026

### Background

As described earlier, the purpose of the Texas RE Compliance Monitoring and Enforcement Program (CMEP) is to maintain the reliability of the ERCOT Bulk Power System. NERC oversees each Region's Compliance Program and each region is responsible for reviewing the compliance of its members with NERC and regional reliability standards and requirements. Going forward, this will be accomplished by:

- Monitoring and enforcing compliance with the NERC and regional reliability standards and requirements for all entities within ERCOT, including the ERCOT ISO.
- Reporting all violations of all standards, including regional standards, to NERC.
- Maintaining processes for data gathering, reporting, investigating, auditing, assessing, penalizing and sanctioning violators, and mitigating non-compliance.
- Performing the compliance and enforcement functions of the NERC CMEP by exercising the authority delegated to the ERCOT Regional Entity (RE) by NERC in its delegation agreement.

There are eight sources of an alleged violation, according to the Compliance Monitoring and Enforcement Program: self report, self certification, audit report, investigation, exception report, spot check, complaint, or a data submittal.

Monitoring, auditing, investigating, and enforcing compliance with reliability standards by owners, operators, and users of the bulk power system, like the development and adoption of the regional reliability standards, is at the core of the Texas RE's mission. Through a rigorous program of monitoring, audits, and investigations, mitigation activities, and the imposition of penalties and sanctions for non-compliance with reliability standards, the Texas RE will strive to maintain a high level of reliable operation of the ERCOT Bulk Power System by its owners, operators, and users. Ensuring the reliable operation of the bulk power system will benefit all owners, operators, and users of the ERCOT Bulk Power System and, ultimately, all users and consumers of electric power in the ERCOT Region, will provide a broad-based benefit to the public and will be in the public interest.

2008 is the first full year the Compliance Monitoring and Enforcement Program will be responsible for mandatory compliance to approved reliability standards, including the delegated regional compliance enforcement programs. Texas RE Staff will work closely with NERC Staff to achieve maximum efficiency. Compliance data collection, analysis, and reporting to the

regulatory authorities will be enhanced based on the regulators requests and data collection, analysis, and reporting tools developed.

Texas RE Staff also supports the development of compliance administration elements. This undertaking requires a significant amount of work and coordination with the standards program and Regional Entities to review and update the compliance administration elements of all standards. NERC and Regional Entity Staff will develop effective compliance violation security levels, data retention requirements, and monitoring methods that work in concert with the requirements and measures within the standards.

The Texas RE plans to implement a Compliance Data Management System that will be used by the Texas RE beginning in late 2007 and into 2008. The Compliance Data Management System contains a module to collect compliance information from Registered Entities.

### **Reliability Assessment and Performance Analysis Objectives**

The Texas RE must maintain clear independence and not be unduly influenced by the owners, operators, and users of the bulk power system being monitored. The Reliability Assessment and Performance Analysis Group which will focus on the following:

- Selectively monitor system operations and extract data at various intervals to meet reporting requirements and assess performance and compliance with NERC and ERCOT-Specific Standards.
- Periodic data submittal review and analysis
- Data and document management
- Compliance issue management and tracking
- Compliance procedure development and management
- Impact assessment of new/revised NERC Standards on ERCOT Protocol and Operating Guides requirements.
- Address issues as a result of self-reporting, exception reporting, and complaints (incident report)
- Compliance reporting to the PUCT, NERC, and stakeholders
- Audit training
- Capital project development, tracking, and oversight of projects in support of the Texas RE to fulfill its delegated functions

The Reliability Assessment and Performance Analysis Group will also have the following objectives:

- Maintain working relationships between NERC and the Texas RE in order to achieve maximum effectiveness and consistency of monitoring, reporting, enforcement actions, and appeals.
- Assure timely mitigation of all violations of standards and requirements.
- Assess the effectiveness of enforcement actions in mitigating violations of standards.
- Enhance processes, databases, and reporting tools to allow for seamless, uniform reporting of alleged and confirmed violations of standards, proposed penalty and sanction actions, and disposition of all violations.



- Report all alleged violations of standards and penalties and sanctions applied to compliance violations to NERC and the appropriate governmental authorities through established processes.
- Report quarterly all confirmed violations of NERC or approved regional standards for which investigatory, decisional, and appeal processes have been completed, including the identity of the organizations involved in these violations.
- Track the mitigation of identified violations of standards.

The ERCOT Region is required to conduct periodic assessments of the reliability and adequacy of the ERCOT Bulk Power System. In accordance with this responsibility the ERCOT Region prepares three reliability assessments each year: a long-term reliability assessment report; a summer assessment report; and a winter assessment report. These reports analyze electricity demand and the adequacy of supply in the ERCOT Region as well as examine the adequacy of the transmission system. The Texas RE will review these assessments as required. Reliability assessment reports will also be prepared as conditions warrant. Results of independent assessments of the overall reliability and adequacy of the ERCOT Bulk Power System will be reviewed and reported for 2008 summer, 2008/2009 winter, and 2008-2017.

Further, the Texas RE will analyze significant events that occur on the ERCOT Bulk Power System. Significant events occasionally occur involving the ERCOT Transmission System and Generation Resources. Often, these events require investigation to determine the root cause and to identify lessons learned and whether the event was an isolated occurrence or one that requires further analysis. This analysis is needed to determine if the system(s) and equipment involved are operating correctly and are being properly applied, maintained, and/or tested.

Compliance Report Generation – It is anticipated that 50 to 60 Compliance Reports will be written each year as a result of audits and investigations conducted by Texas RE Compliance Staff. It is most efficient and effective to have staff available that has specific expertise in writing reports. This would allow the Texas RE Compliance Staff to monitor and enforce compliance with NERC Standards and ERCOT-Specific Standards.

### **Proposed Additional Staff for 2008**

Records/Document Coordinator – The Texas RE will have a high volume of documents that will be created, received, used, stored, or maintained in the course of business as evidence of business activity. It is essential that the Texas RE manage this information and these records. The current draft ERCOT Compliance Registry contains 169 Registered Entities that will be engaged in one or more compliance activities (Compliance Audits, Readiness Audits, Organization Certification Audits, Self-certifications, Spot checks, Investigations, & Critical infrastructure Protection Standards compliance) each year. Each activity can potentially produce numerous documents that must be retained and managed.

## Situation Awareness and Infrastructure Security Program

<b>Situation Analysis and Infrastructure Security Program Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	1.0	0.5	0.5
Total Direct Funding	108,032	21,552	46,925
Total Indirect Funding	175,326	26,487	35,913
Total Funding	283,358	48,039	82,838

### Background

This function will monitor and enforce compliance with the Critical Infrastructure Protection (CIP-001 thru 009) Standards, report any non-compliance to the ERO, and determine and assess penalties and sanctions. The intent of the NERC Cyber Security Standards is to ensure that all entities responsible for the reliability of the bulk power system identify and protect critical cyber assets that control or could impact the reliability of the bulk power system. The CIP Standard Requirements are being communicated to all responsible entities to ensure compliance in accordance with the Cyber Security Standards Implementation Plan. This requires a significant amount of communication with the ERCOT Security Department and entities responsible for complying with the CIP Standards. Compliance Audits, self-certifications, and spot checks will be required to verify compliance.

Responsible Entities must begin work to become compliant with a requirement, substantially compliant with a requirement, compliant with a requirement, and auditably compliant with a requirement in accordance with the CIP Standards Implementation Schedule. The implementation plan specifies a compliance schedule for NERC Functional Model Entities. Each Functional Model Entity is required to demonstrate progress towards compliance in accordance with the compliance schedule. The ERCOT ISO is the only designated Balancing Authority (BA), Transmission Operator (TOP), and Reliability Coordinator (RC) in the ERCOT Region and was required to self-certify compliance to NERC's Urgent Action Cyber Security Standard 1200. As such, the ERCOT ISO must be either compliant or substantially compliant with all CIP Standards Requirements by the end of the second quarter 2008; either auditably compliant or compliant with all of the CIP Standards Requirements by the end of the second quarter 2009; and auditably compliant with all CIP Standards Requirements by the end of the second quarter 2010.

Entities registered in ERCOT as Transmission Owners, Generator Owners, Generator Operators, or Load-Serving Entities should begin work on being compliant with all CIP Standards Requirements during the second quarter 2007. These entities must also be substantially compliant or compliant with all CIP Standards Requirements within twelve months after registration is completed; compliant or auditably compliant with all CIP Standards Requirements within twenty-four months after registration is completed; and auditably compliant with all CIP Standards Requirements within thirty-six months after registration is completed. All new Responsible Entities must also become compliant with all CIP Standards Requirements in accordance with the compliance schedule.

The Texas RE will continue to play an active role during the implementation of the CIP Standards Requirements. To provide time for Responsible Entities to examine their policies and procedures, to assemble the necessary documentation, and to meet the requirements of the CIP Standards, compliance assessment will begin in 2007. Status reports will also be requested from Responsible Entities that are not required to be auditably compliant until 2010 to verify that entities are on schedule and meeting the implementation plan.

## Administrative Services

<b>Administrative Services Resources</b>			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.0	5.0	6.0
Total Direct Funding	2,980,550	900,548	1,364,698
Total Funding	2,980,550	900,548	1,364,698

### General and Administrative

The Chief Compliance Officer (CCO) shall carry on the general affairs of the Texas RE as the chief executive officer. The CCO will be independent of any market participant, and will be an independent member of the staff of ERCOT, reporting exclusively to the ERCOT Board. The CCO shall be responsible for:

- Overseeing and managing the activities of the Texas RE
- Retaining or terminating outside counsel or other advisors as deemed appropriate
- Making an annual report and periodic reports to the ERCOT Board concerning the activities and expenditures of the Texas RE
- Ensuring that the Texas RE files all required reports with NERC
- Monitoring the expenditures of the monies received by the Texas RE to ensure that such are deployed in accordance with the approved Texas RE Budget (in cooperation with the Finance Staff)
- Making employment-related decisions for all employees of the Texas RE
- Performing such other duties as may be determined from time to time by the ERCOT Board, for the benefit of the Texas RE

An Executive Assistant will be responsible for providing executive-level administrative support to the Texas Regional Entity (RE) Chief Compliance Officer (CCO). The Executive Assistant will also perform general office manager activities and provide support to other Texas RE Staff as needed.

### Members' Forums

N/A

### Information Technology

IT Staff will provide a broad range of Information Technology support to the Texas RE. IT Staff will perform a variety of technical and administrative tasks in the development, deployment, and ongoing support of computer applications and systems and provide training and technical support to users on them. IT Staff will assist in the design, implementation, and management of the Texas RE Website to support the communication of information to the market and will participate in the design and development of database models, web-enabled applications, data extraction and delivery methods, and data presentation. Other IT objectives include:

- Determining long-term system needs.

- Assist with Critical Infrastructure Protection Standards compliance enforcement as needed.
- Assist in determining system and hardware needs for the Texas RE.
- Liaison with ERCOT IT Staff related to IT systems and tools.
- Assist in ensuring all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security.

2007 Budgeted Positions – 1

2007 Projection – 1

2008 Budgeted Positions – 1

### **Legal and Regulatory**

Legal staff is required to provide legal assistance and counsel to Texas RE Staff on all corporate legal matters with primary emphasis on regulatory enforcement proceedings and related legislative matters involving the Texas Legislature, PUCT, FERC, and NERC. The Texas RE Legal Staff will represent the Texas RE in its quasi-prosecutorial role in PUCT, FERC, and NERC enforcement and rulemaking proceedings and supervise outside counsel responsible for larger enforcement matters. Additional objectives include:

- Participate in all settlement processes and review all settlements for consistent application of settlement principles.
- Review all enforcement actions for consistent application in all violations of standards.
- Manage all enforcement action appeals.

2007 Budgeted Positions – 1

2007 Projection – 1

2008 Budgeted Positions – 2

### **Proposed Additional Staff for 2008**

Sr. Paralegal – Oversees and coordinates the preparation of Texas RE filings with the PUCT, FERC, Texas Legislature, and other governmental and regulatory entities; monitors and notifies appropriate Texas RE personnel of PUCT, FERC, legislative, and other governmental matters; and performs research and file management of governmental and regulatory matters for the Texas RE. The Sr. Paralegal will manage complex procedural requirements including interpretation of legal procedure, case file management, protecting confidential information, and ensuring timely compliance with legal filing requirements. This position will also assist with preparation of ERCOT Board Packet and agenda, as needed.

### **Human Resources**

Human Resources support will be provided by ERCOT, Inc. The Texas RE Executive Assistant will liaise with the ERCOT Human Resources Department to ensure that human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development are communicated to Texas RE Staff.

## **Finance and Accounting**

Finance Staff is required to formulate and monitor the Texas RE budget for controlling funds to implement the Texas RE's objectives and will also review and evaluate the performance of key processes for maintaining tight financial controls in a cost-effective and efficient manner. Finance Staff will guide the annual budget process for the Texas RE and measure performance of all key aspects of the Texas RE to ensure performance matches or exceeds expectations, including the analysis of trends affecting budget needs and developing periodic financial reports. Finance Staff will liaise with ERCOT Finance Staff to ensure all finance and budget-related requirements are communicated, met, and adhered to.

2007 Budgeted Positions – 1

2007 Projection – 1

2008 Budgeted Positions – 1

## Section B — 2008 Budget

Comparison - 2007 Budget and Projection  
 Comparison - 2007 Projection and 2008 Budget

Table 1

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
		<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>						
	ERO Funding	\$ 4,870,755	\$ 4,870,755	\$ -	\$ 3,226,066	\$ (1,644,689)
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshop	-	-	-	70,000	70,000
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ 4,870,755</b>	<b>\$ 4,870,755</b>	<b>\$ -</b>	<b>\$ 3,296,066</b>	<b>\$ (1,574,689)</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 1,481,500	\$ 1,216,626	\$ (264,874)	\$ 1,718,288	\$ 501,662
	Payroll Taxes	127,557	106,999	(20,558)	142,618	35,619
	Benefits	330,198	150,748	(179,450)	206,195	55,447
	Retirement Costs	225,631	124,742	(100,889)	201,040	76,298
<b>Total Personnel Expenses</b>		<b>\$ 2,164,886</b>	<b>\$ 1,599,115</b>	<b>\$ (565,771)</b>	<b>\$ 2,268,141</b>	<b>\$ 669,026</b>
<b>Meeting Expenses</b>						
	Meetings	\$ 2,400	\$ 1,500	\$ (900)	\$ 73,240	\$ 71,740
	Travel	66,269	49,470	(16,799)	93,235	43,765
	Conference Calls	9,400	250	(9,150)	1,000	750
<b>Total Meeting Expenses</b>		<b>\$ 78,069</b>	<b>\$ 51,220</b>	<b>\$ (26,849)</b>	<b>\$ 167,475</b>	<b>\$ 116,255</b>
<b>Operating Expenses</b>						
	Consultants	\$ 110,000	\$ 110,000	\$ -	\$ -	\$ (110,000)
	Contracts	-	-	-	89,000	89,000
	Office Rent	77,500	145,205	67,705	203,000	57,795
	Office Costs	65,900	5,000	(60,900)	17,450	12,450
	Professional Services	220,000	60,000	(160,000)	256,000	196,000
	Computer Purchase & Maint.	1,804,400	253,900	(1,550,500)	-	(253,900)
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	350,000	-	(350,000)	295,000	295,000
<b>Total Operating Expenses</b>		<b>\$ 2,627,800</b>	<b>\$ 574,105</b>	<b>\$ (2,053,695)</b>	<b>\$ 860,450</b>	<b>\$ 286,345</b>
<b>Total Expenses</b>		<b>\$ 4,870,755</b>	<b>\$ 2,224,440</b>	<b>\$ (2,646,315)</b>	<b>\$ 3,296,066</b>	<b>\$ 1,071,626</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 2,646,315</b>	<b>\$ 2,646,315</b>	<b>\$ -</b>	<b>\$ (2,646,315)</b>

Detailed analysis of income and expenses are contained in the following appendices:

- **Appendix A** — 2007 projection and 2008 budget by program category. An expanded view of each delegated function is shown.
- **Appendix B** — 2007 projection and 2008 budget by statement of activity section. An expanded view of each line item on the statement of activities is shown.

## Personnel Analysis

**Table 2**

<b>Total FTE's by Program Area</b>	<b>Budget 2007</b>	<b>Projection 2007</b>	<b>Budget 2008</b>	<b>Change</b>
<b>Operational Programs</b>				
Reliability Standards	2.0	2.0	2.0	0.0
Compliance and Organization Registration and Certification	11.0	7.0	8.5	1.5
Reliability Readiness Audit and Improvement	0.0	0.5	0.5	0.0
Training and Education	0.0	0.5	0.5	0.0
Reliability Assessment and Performance Analysis	3.0	6.5	7.0	0.5
Situational Awareness and Infrastructure Security	1.0	0.5	0.5	0.0
<b>Total FTEs Operational Programs</b>	<b>17.0</b>	<b>17.0</b>	<b>19.0</b>	<b>2.0</b>
<b>Administrative Programs</b>				
Member Forums	0.0	0.0	0.0	0.0
General & Administrative	2.0	2.0	2.0	0.0
Information Technology	1.0	1.0	1.0	0.0
Legal and Regulatory	1.0	1.0	2.0	1.0
Human Resources	0.0	0.0	0.0	0.0
Accounting	1.0	1.0	1.0	0.0
<b>Total FTEs Administrative Programs</b>	<b>5.0</b>	<b>5.0</b>	<b>6.0</b>	<b>1.0</b>
<b>Total FTEs</b>	<b>22.0</b>	<b>22.0</b>	<b>25.0</b>	<b>3.0</b>

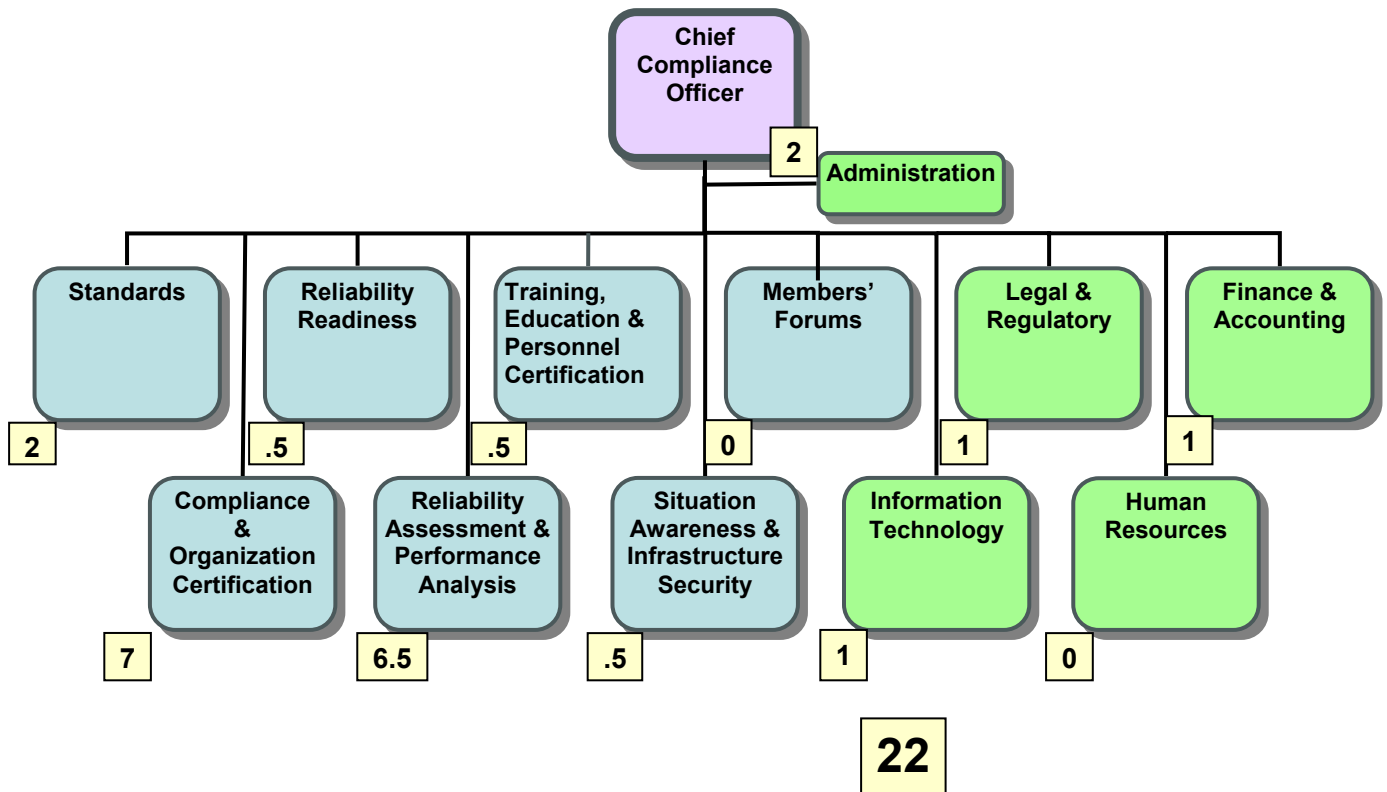
Note: FTE's reflected in Table are based on headcount. Generally, resources dedicate approximately 75% of their time to Statutory functions and 25% of their time to Non-Statutory functions.



## 2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be hired in each program area by the end of 2007.

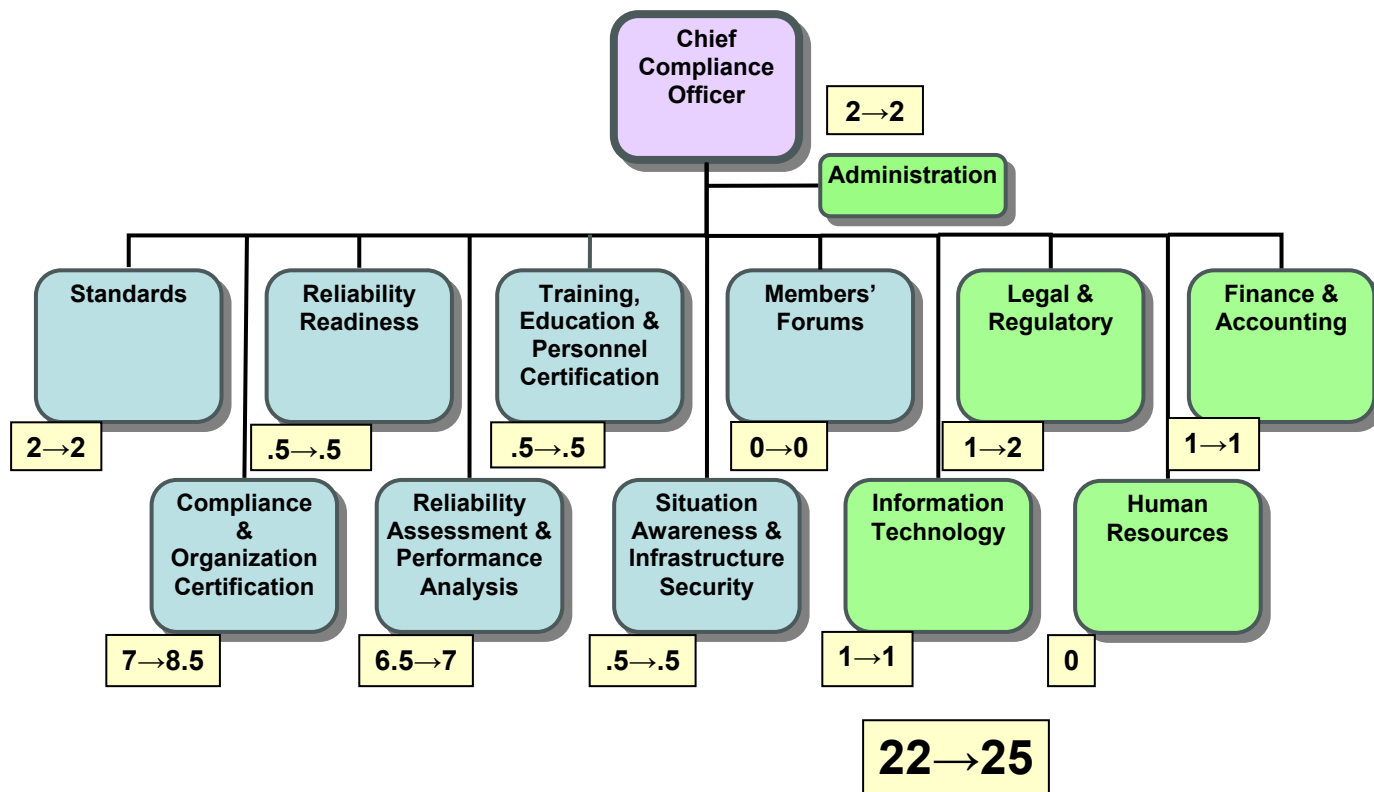
**Table 3**



## 2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.

**Table 4**



## Reserve Analysis

**Table 5**

<b>Reserve Analysis 2007 - 2008</b>	
Cash Available 2007:	
Cash Balance @ 12/31/06	\$ -
2007 ERO Funding	4,870,755
Change in Assets	-
<b>Total Cash Available 2007</b>	<b>\$ 4,870,755</b>
Cash Needed 2007:	
Projected Expenses	\$ 2,224,440
Change in Liabilities	-
<b>Total Cash Needed 2007</b>	<b>\$ 2,224,440</b>
<b>Projected Ending Cash Balance @ 12/31/07</b>	<b>\$ 2,646,315</b>
2008 ERO Funding	\$ 3,296,066
Less: Projected Ending Cash Balance @ 12/31/07	2,646,315
<b>Net 2008 ERO Funding Requirement</b>	<b>\$ 649,751</b>

## Appendix A – Breakdown by Program Category

### Reliability Standards

Funding sources and related expenses for the reliability standards section of the 2008 Business Plan are reflected in Table A-1.

**Table A-1**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Reliability Standards</b>						
		<u>2007</u>				
		<u>Budget</u>	<u>2007</u>	<u>Variance</u>	<u>2008</u>	<u>Variance</u>
<b>Funding</b>			<u>Projection</u>		<u>Budget</u>	
	ERO Funding	\$ 288,757	\$ 288,757	\$ -	\$ 215,455	\$ (73,302)
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<u>\$ 288,757</u>	<u>\$ 288,757</u>	<u>\$ -</u>	<u>\$ 215,455</u>	<u>\$ (73,302)</u>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
	Salaries	\$ 160,000	\$ 117,072	\$ (42,928)	\$ 144,805	\$ 27,733
	Payroll Taxes	13,776	10,311	(3,465)	12,019	1,708
	Benefits	44,286	14,500	(29,786)	17,378	2,878
	Retirement Costs	24,368	12,028	(12,340)	16,943	4,915
<b>Total Personnel Expenses</b>		<u>\$ 242,430</u>	<u>\$ 153,911</u>	<u>\$ (88,519)</u>	<u>\$ 191,145</u>	<u>\$ 37,234</u>
<b>Meeting Expenses</b>						
	Meetings	\$ 600	\$ 300	\$ (300)	\$ 810	\$ 510
	Travel	7,927	3,670	(4,257)	8,500	4,830
	Conference Calls	800	50	(750)	-	(50)
<b>Total Meeting Expenses</b>		<u>\$ 9,327</u>	<u>\$ 4,020</u>	<u>\$ (5,307)</u>	<u>\$ 9,310</u>	<u>\$ 5,290</u>
<b>Operating Expenses</b>						
	Consultants	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -
	Contracts	-	-	-	-	-
	Office Rent	8,000	-	(8,000)	-	-
	Office Costs	6,500	503	(5,997)	-	(503)
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	12,500	-	(12,500)	-	-
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	-	-	-	15,000	15,000
<b>Total Operating Expenses</b>		<u>\$ 37,000</u>	<u>\$ 503</u>	<u>\$ (36,497)</u>	<u>\$ 15,000</u>	<u>\$ 14,497</u>
<b>Total Expenses</b>		<u>\$ 288,757</u>	<u>\$ 158,434</u>	<u>\$ (130,323)</u>	<u>\$ 215,455</u>	<u>\$ 57,021</u>
<b>Change in Assets</b>		<u>\$ -</u>	<u>\$ 130,323</u>	<u>\$ 130,323</u>	<u>\$ -</u>	<u>\$ (130,323)</u>

## Compliance Enforcement and Organization Registration and Certification

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2008 Business Plan are reflected in Table A-2.

**Table A-2**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Compliance Enforcement and Organization Registration and Certification</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 1,180,655	\$ 1,180,655	\$ -	\$ 892,898	\$ (287,757)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 1,180,655</b>	<b>\$ 1,180,655</b>	<b>\$ -</b>	<b>\$ 892,898</b>	<b>\$ (287,757)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 646,500	\$ 484,797	\$ (161,703)	\$ 584,760	\$ 99,963
Payroll Taxes	55,664	41,859	(13,805)	48,535	6,676
Benefits	159,431	57,737	(101,694)	70,171	12,434
Retirement Costs	98,462	50,659	(47,803)	68,417	17,758
<b>Total Personnel Expenses</b>	<b>\$ 960,057</b>	<b>\$ 635,052</b>	<b>\$ (325,005)</b>	<b>\$ 771,883</b>	<b>\$ 136,831</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,800	\$ 1,200	\$ (600)	\$ 810	\$ (390)
Travel	40,848	18,940	(21,908)	46,205	27,265
Conference Calls	6,000	150	(5,850)	-	(150)
<b>Total Meeting Expenses</b>	<b>\$ 48,648</b>	<b>\$ 20,290</b>	<b>\$ (28,358)</b>	<b>\$ 47,015</b>	<b>\$ 26,725</b>
<b>Operating Expenses</b>					
Consultants	\$ 50,000	\$ -	\$ (50,000)	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	35,000	-	(35,000)	-	-
Office Costs	28,950	2,305	(26,645)	-	(2,305)
Professional Services	-	-	-	-	-
Computer Purchase & Maint.	58,000	-	(58,000)	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous/Contingency	-	-	-	74,000	74,000
<b>Total Operating Expenses</b>	<b>\$ 171,950</b>	<b>\$ 2,305</b>	<b>\$ (169,645)</b>	<b>\$ 74,000</b>	<b>\$ 71,695</b>
<b>Total Expenses</b>	<b>\$ 1,180,655</b>	<b>\$ 657,647</b>	<b>\$ (523,008)</b>	<b>\$ 892,898</b>	<b>\$ 235,251</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 523,008</b>	<b>\$ 523,008</b>	<b>\$ -</b>	<b>\$ (523,008)</b>

## Reliability Readiness Evaluation and Improvement

Funding sources and related expenses for the reliability readiness evaluation and improvement section of the 2008 Business Plan are reflected in Table A-3.

**Table A-3**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Reliability Readiness Evaluation and Improvement</b>						
		<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>						
	ERO Funding	\$ -	\$ -	\$ -	\$ 58,345	\$ 58,345
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,345</b>	<b>\$ 58,345</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ -	\$ 15,714	\$ 15,714	\$ 32,367	\$ 16,653
	Payroll Taxes	-	1,416	1,416	2,687	1,271
	Benefits	-	2,040	2,040	3,884	1,844
	Retirement Costs	-	1,572	1,572	3,787	2,215
	<b>Total Personnel Expenses</b>	<b>\$ -</b>	<b>\$ 20,742</b>	<b>\$ 20,742</b>	<b>\$ 42,725</b>	<b>\$ 21,983</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
	Travel	-	2,600	2,600	10,620	8,020
	Conference Calls	-	-	-	-	-
	<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ 2,600</b>	<b>\$ 2,600</b>	<b>\$ 10,620</b>	<b>\$ 8,020</b>
	<b>Operating Expenses</b>					
	Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts	-	-	-	-	-
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	-	-	-	-	-
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	-	-	-	5,000	5,000
	<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
	<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ 23,342</b>	<b>\$ 23,342</b>	<b>\$ 58,345</b>	<b>\$ 35,003</b>
	<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ (23,342)</b>	<b>\$ (23,342)</b>	<b>\$ -</b>	<b>\$ 23,342</b>

## Training, Education, and Operator Certification

Funding sources and related expenses for the training, education, and operator certification section of the 2008 Business Plan are reflected in Table A-4.

**Table A-4**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Training, Education, and Operator Certification</b>						
		<u>2007</u>				
		<u>Budget</u>	<u>2007</u>	<u>Variance</u>	<u>2008</u>	<u>Variance</u>
			<u>Projection</u>		<u>Budget</u>	
<b>Funding</b>						
	ERO Funding	\$ -	\$ -	\$ -	\$ 73,503	\$ 73,503
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshop	-	-	-	70,000	70,000
	Interest	-	-	-	-	-
	<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,503</u>	<u>\$ 143,503</u>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ -	\$ 62,477	\$ 62,477	\$ 38,154	\$ (24,323)
	Payroll Taxes	-	5,174	5,174	3,167	(2,007)
	Benefits	-	7,282	7,282	4,578	(2,704)
	Retirement Costs	-	6,434	6,434	4,464	(1,970)
	<b>Total Personnel Expenses</b>	<u>\$ -</u>	<u>\$ 81,367</u>	<u>\$ 81,367</u>	<u>\$ 50,363</u>	<u>\$ (31,004)</u>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000
	Travel	-	6,620	6,620	10,140	3,520
	Conference Calls	-	-	-	-	-
	<b>Total Meeting Expenses</b>	<u>\$ -</u>	<u>\$ 6,620</u>	<u>\$ 6,620</u>	<u>\$ 80,140</u>	<u>\$ 73,520</u>
	<b>Operating Expenses</b>					
	Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts	-	-	-	-	-
	Office Rent	-	-	-	-	-
	Office Costs	-	162	162	-	(162)
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	-	-	-	-	-
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	-	-	-	13,000	13,000
	<b>Total Operating Expenses</b>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 162</u>	<u>\$ 13,000</u>	<u>\$ 12,838</u>
	<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ 88,149</u>	<u>\$ 88,149</u>	<u>\$ 143,503</u>	<u>\$ 55,354</u>
	<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ (88,149)</u>	<u>\$ (88,149)</u>	<u>\$ -</u>	<u>\$ 88,149</u>

## Reliability Assessment and Performance Analysis

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2008 Business Plan are reflected in Table A-5.

**Table A-5**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Reliability Assessment and Performance Analysis</b>					
	<u>2007</u>	<u>2007</u>		<u>2008</u>	
<b>Funding</b>	<b>Budget</b>	<b>Projection</b>	<b>Variance</b>	<b>Budget</b>	<b>Variance</b>
ERO Funding	\$ 312,761	\$ 312,761	\$ -	\$ 574,242	\$ 261,481
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 312,761</b>	<b>\$ 312,761</b>	<b>\$ -</b>	<b>\$ 574,242</b>	<b>\$ 261,481</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 168,750	\$ 281,310	\$ 112,560	\$ 385,676	\$ 104,366
Payroll Taxes	14,529	25,320	10,791	32,011	6,691
Benefits	45,683	36,568	(9,115)	46,281	9,713
Retirement Costs	25,700	28,130	2,430	45,124	16,994
<b>Total Personnel Expenses</b>	<b>\$ 254,662</b>	<b>\$ 371,328</b>	<b>\$ 116,666</b>	<b>\$ 509,092</b>	<b>\$ 137,764</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ 810	\$ 810
Travel	3,774	3,440	(334)	4,340	900
Conference Calls	800	-	(800)	-	-
<b>Total Meeting Expenses</b>	<b>\$ 4,574</b>	<b>\$ 3,440</b>	<b>\$ (1,134)</b>	<b>\$ 5,150</b>	<b>\$ 1,710</b>
<b>Operating Expenses</b>					
Consultants	\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	12,000	-	(12,000)	-	-
Office Costs	8,775	-	(8,775)	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maint.	17,750	-	(17,750)	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous/Contingency	-	-	-	60,000	60,000
<b>Total Operating Expenses</b>	<b>\$ 53,525</b>	<b>\$ -</b>	<b>\$ (53,525)</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>
<b>Total Expenses</b>	<b>\$ 312,761</b>	<b>\$ 374,768</b>	<b>\$ 62,007</b>	<b>\$ 574,242</b>	<b>\$ 199,474</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ (62,007)</b>	<b>\$ (62,007)</b>	<b>\$ -</b>	<b>\$ 62,007</b>



## Situational Awareness and Infrastructure Security

Funding sources and related expenses for the situational awareness and infrastructure security section of the 2008 Business Plan are reflected in Table A-6.

**Table A-6**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Situational Awareness and Infrastructure Security</b>						
		<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>						
	ERO Funding	\$ 108,032	\$ 108,032	\$ -	\$ 46,925	\$ (61,107)
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<b>\$ 108,032</b>	<b>\$ 108,032</b>	<b>\$ -</b>	<b>\$ 46,925</b>	<b>\$ (61,107)</b>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 56,250	\$ 15,714	\$ (40,536)	\$ 32,367	\$ 16,653
	Payroll Taxes	4,843	1,416	(3,427)	2,687	1,271
	Benefits	8,978	2,040	(6,938)	3,884	1,844
	Retirement Costs	8,566	1,572	(6,994)	3,787	2,215
<b>Total Personnel Expenses</b>		<b>\$ 78,637</b>	<b>\$ 20,742</b>	<b>\$ (57,895)</b>	<b>\$ 42,725</b>	<b>\$ 21,983</b>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
	Travel	4,070	810	(3,260)	200	(610)
	Conference Calls	800	-	(800)	-	-
<b>Total Meeting Expenses</b>		<b>\$ 4,870</b>	<b>\$ 810</b>	<b>\$ (4,060)</b>	<b>\$ 200</b>	<b>\$ (610)</b>
	<b>Operating Expenses</b>					
	Consultants	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -
	Contracts	-	-	-	-	-
	Office Rent	3,500	-	(3,500)	-	-
	Office Costs	3,775	-	(3,775)	-	-
	Professional Services	-	-	-	-	-
	Computer Purchase & Maint.	7,250	-	(7,250)	-	-
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	-	-	-	4,000	4,000
<b>Total Operating Expenses</b>		<b>\$ 24,525</b>	<b>\$ -</b>	<b>\$ (24,525)</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>
<b>Total Expenses</b>		<b>\$ 108,032</b>	<b>\$ 21,552</b>	<b>\$ (86,480)</b>	<b>\$ 46,925</b>	<b>\$ 25,373</b>
<b>Change in Assets</b>		<b>\$ -</b>	<b>\$ 86,480</b>	<b>\$ 86,480</b>	<b>\$ -</b>	<b>\$ (86,480)</b>

## Information Technology

Funding sources and related expenses for the information technology section of the 2008 Business Plan are reflected in Table A-7.

**Table A-7**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Information Technology</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ 1,799,400	\$ 1,799,400	\$ -	\$ 124,735	\$ (1,674,665)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 1,799,400</b>	<b>\$ 1,799,400</b>	<b>\$ -</b>	<b>\$ 124,735</b>	<b>\$ (1,674,665)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 67,500	\$ 42,963	\$ (24,537)	\$ 85,671	\$ 42,708
Payroll Taxes	5,812	3,836	(1,976)	7,111	3,275
Benefits	10,773	5,560	(5,213)	10,280	4,720
Retirement Costs	10,280	4,235	(6,045)	10,023	5,788
<b>Total Personnel Expenses</b>	<b>\$ 94,365</b>	<b>\$ 56,594</b>	<b>\$ (37,771)</b>	<b>\$ 113,085</b>	<b>\$ 56,491</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	160	180	20	150	(30)
Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 160</b>	<b>\$ 180</b>	<b>\$ 20</b>	<b>\$ 150</b>	<b>\$ (30)</b>
<b>Operating Expenses</b>					
Consultants	\$ 25,000	\$ 110,000	\$ 85,000	\$ -	\$ (110,000)
Contracts	-	-	-	-	-
Office Rent	3,500	-	(3,500)	-	-
Office Costs	3,125	-	(3,125)	500	500
Professional Services	-	-	-	-	-
Computer Purchase & Maint.	1,673,250	253,900	(1,419,350)	-	(253,900)
Furniture & Equipment	-	-	-	-	-
Miscellaneous/Contingency	-	-	-	11,000	11,000
<b>Total Operating Expenses</b>	<b>\$ 1,704,875</b>	<b>\$ 363,900</b>	<b>\$ (1,340,975)</b>	<b>\$ 11,500</b>	<b>\$ (352,400)</b>
<b>Total Expenses</b>	<b>\$ 1,799,400</b>	<b>\$ 420,674</b>	<b>\$ (1,378,726)</b>	<b>\$ 124,735</b>	<b>\$ (295,939)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 1,378,726</b>	<b>\$ 1,378,726</b>	<b>\$ -</b>	<b>\$ (1,378,726)</b>

## Legal and Regulatory

Funding sources and related expenses for the legal and regulatory section of the 2008 Business Plan are reflected in Table A-8.

**Table A-8**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Legal and Regulatory</b>					
	<u>2007</u>	<u>2007</u>		<u>2008</u>	
<b>Funding</b>	<b>Budget</b>	<b>Projection</b>	<b>Variance</b>	<b>Budget</b>	<b>Variance</b>
ERO Funding	\$ 241,430	\$ 241,430	\$ -	\$ 308,281	\$ 66,851
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 241,430</b>	<b>\$ 241,430</b>	<b>\$ -</b>	<b>\$ 308,281</b>	<b>\$ 66,851</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 90,000	\$ 56,442	\$ (33,558)	\$ 163,812	\$ 107,370
Payroll Taxes	7,749	5,082	(2,667)	13,596	8,514
Benefits	14,364	7,338	(7,026)	19,657	12,319
Retirement Costs	13,707	5,646	(8,061)	19,166	13,520
<b>Total Personnel Expenses</b>	<b>\$ 125,820</b>	<b>\$ 74,508</b>	<b>\$ (51,312)</b>	<b>\$ 216,231</b>	<b>\$ 141,723</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ 810	\$ 810
Travel	2,035	2,540	505	2,740	200
Conference Calls	500	-	(500)	-	-
<b>Total Meeting Expenses</b>	<b>\$ 2,535</b>	<b>\$ 2,540</b>	<b>\$ 5</b>	<b>\$ 3,550</b>	<b>\$ 1,010</b>
<b>Operating Expenses</b>					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	3,500	-	(3,500)	-	-
Office Costs	3,325	250	(3,075)	500	250
Professional Services	100,000	-	(100,000)	60,000	60,000
Computer Purchase & Maint.	6,250	-	(6,250)	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous/Contingency	-	-	-	28,000	28,000
<b>Total Operating Expenses</b>	<b>\$ 113,075</b>	<b>\$ 250</b>	<b>\$ (112,825)</b>	<b>\$ 88,500</b>	<b>\$ 88,250</b>
<b>Total Expenses</b>	<b>\$ 241,430</b>	<b>\$ 77,298</b>	<b>\$ (164,132)</b>	<b>\$ 308,281</b>	<b>\$ 230,983</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 164,132</b>	<b>\$ 164,132</b>	<b>\$ -</b>	<b>\$ (164,132)</b>

## Human Resources

Funding sources and related expenses for the human resources section of the 2008 Business Plan are reflected in Table A-9.

**Table A-9**

<b>Statement of Activities</b>					
<b>2007 Budget &amp; Projection, and 2008 Budget</b>					
<b>Human Resources</b>					
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>
<b>Funding</b>					
ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ -	\$ 1,426	\$ 1,426	\$ -	\$ (1,426)
Payroll Taxes	-	136	136	-	(136)
Benefits	-	158	158	-	(158)
Retirement Costs	-	177	177	-	(177)
<b>Total Personnel Expenses</b>	<b>\$ -</b>	<b>\$ 1,897</b>	<b>\$ 1,897</b>	<b>\$ -</b>	<b>\$ (1,897)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses</b>					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maint.	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous/Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ 1,897</b>	<b>\$ 1,897</b>	<b>\$ -</b>	<b>\$ (1,897)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ (1,897)</b>	<b>\$ (1,897)</b>	<b>\$ -</b>	<b>\$ 1,897</b>

## Finance and Accounting

Funding sources and related expenses for the finance and accounting section of the 2008 Business Plan are reflected in Table A-10.

**Table A-10**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>Finance and Accounting</b>						
	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>Variance</b>	<b>2008 Budget</b>	<b>Variance</b>	
<b>Funding</b>						
ERO Funding	\$ 239,607	\$ 239,607	\$ -	\$ 152,659	\$ (86,948)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Interest	-	-	-	-	-	
<b>Total Funding</b>	<b>\$ 239,607</b>	<b>\$ 239,607</b>	<b>\$ -</b>	<b>\$ 152,659</b>	<b>\$ (86,948)</b>	
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 67,500	\$ 43,253	\$ (24,247)	\$ 74,469	\$ 31,216	
Payroll Taxes	5,812	3,791	(2,021)	6,181	2,390	
Benefits	10,773	5,321	(5,452)	8,936	3,615	
Retirement Costs	10,280	4,546	(5,734)	8,713	4,167	
<b>Total Personnel Expenses</b>	<b>\$ 94,365</b>	<b>\$ 56,911</b>	<b>\$ (37,454)</b>	<b>\$ 98,299</b>	<b>\$ 41,388</b>	
<b>Meeting Expenses</b>						
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel	192	3,810	3,618	3,860	50	
Conference Calls	-	-	-	-	-	
<b>Total Meeting Expenses</b>	<b>\$ 192</b>	<b>\$ 3,810</b>	<b>\$ 3,618</b>	<b>\$ 3,860</b>	<b>\$ 50</b>	
<b>Operating Expenses</b>						
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	
Contracts	-	-	-	-	-	
Office Rent	4,000	-	(4,000)	-	-	
Office Costs	5,250	12	(5,238)	500	488	
Professional Services	120,000	-	(120,000)	36,000	36,000	
Computer Purchase & Maint.	15,800	-	(15,800)	-	-	
Furniture & Equipment	-	-	-	-	-	
Miscellaneous/Contingency	-	-	-	14,000	14,000	
<b>Total Operating Expenses</b>	<b>\$ 145,050</b>	<b>\$ 12</b>	<b>\$ (145,038)</b>	<b>\$ 50,500</b>	<b>\$ 50,488</b>	
<b>Total Expenses</b>	<b>\$ 239,607</b>	<b>\$ 60,733</b>	<b>\$ (178,874)</b>	<b>\$ 152,659</b>	<b>\$ 91,926</b>	
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 178,874</b>	<b>\$ 178,874</b>	<b>\$ -</b>	<b>\$ (178,874)</b>	

## General and Administrative

Funding sources and related expenses for the general and administrative section of the 2008 Business Plan are reflected in Table A-11.

**Table A-11**

<b>Statement of Activities</b>						
<b>2007 Budget &amp; Projection, and 2008 Budget</b>						
<b>General and Administrative</b>						
		<u>2007</u>	<u>2007</u>	<u>Variance</u>	<u>2008</u>	<u>Variance</u>
		<u>Budget</u>	<u>Projection</u>		<u>Budget</u>	
<b>Funding</b>						
	ERO Funding	\$ 700,113	\$ 700,113	\$ -	\$ 779,023	\$ 78,910
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Interest	-	-	-	-	-
<b>Total Funding</b>		<u>\$ 700,113</u>	<u>\$ 700,113</u>	<u>\$ -</u>	<u>\$ 779,023</u>	<u>\$ 78,910</u>
<b>Expenses</b>						
	<b>Personnel Expenses</b>					
	Salaries	\$ 225,000	\$ 95,459	\$ (129,541)	\$ 176,207	\$ 80,748
	Payroll Taxes	19,372	8,657	(10,715)	14,625	5,968
	Benefits	35,910	12,205	(23,705)	21,145	8,940
	Retirement Costs	34,268	9,743	(24,525)	20,616	10,873
<b>Total Personnel Expenses</b>		<u>\$ 314,550</u>	<u>\$ 126,064</u>	<u>\$ (188,486)</u>	<u>\$ 232,593</u>	<u>\$ 106,529</u>
	<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
	Travel	7,263	6,860	(403)	6,480	(380)
	Conference Calls	500	50	(450)	1,000	950
<b>Total Meeting Expenses</b>		<u>\$ 7,763</u>	<u>\$ 6,910</u>	<u>\$ (853)</u>	<u>\$ 7,480</u>	<u>\$ 570</u>
	<b>Operating Expenses</b>					
	Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
	Contracts	-	-	-	89,000	89,000
	Office Rent	8,000	145,205	137,205	203,000	57,795
	Office Costs	6,200	1,767	(4,433)	15,950	14,183
	Professional Services	-	60,000	60,000	160,000	100,000
	Computer Purchase & Maint.	13,600	-	(13,600)	-	-
	Furniture & Equipment	-	-	-	-	-
	Miscellaneous/Contingency	350,000	-	(350,000)	71,000	71,000
<b>Total Operating Expenses</b>		<u>\$ 377,800</u>	<u>\$ 206,972</u>	<u>\$ (170,828)</u>	<u>\$ 538,950</u>	<u>\$ 331,978</u>
<b>Total Expenses</b>		<u>\$ 700,113</u>	<u>\$ 339,946</u>	<u>\$ (360,167)</u>	<u>\$ 779,023</u>	<u>\$ 439,077</u>
<b>Change in Assets</b>		<u>\$ -</u>	<u>\$ 360,167</u>	<u>\$ 360,167</u>	<u>\$ -</u>	<u>\$ (360,167)</u>

## Appendix B - Breakdown by Statement of Activity Section

This appendix provides detailed schedules in support of Table 1 in Section B of the 2008 Business Plan and Budget.

### Supplemental Funding

Table B-1

Outside Funding Breakdown by Program (excluding ERO Assessments)	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Training, Education, and Operator Training</b>					
Workshop Fees	\$ -	\$ -	\$ 70,000	\$ 70,000	NA
<b>Total Workshop Fees</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>	<b>NA</b>

### Personnel Expenses

Table B-2

Personnel Expenses	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
<b>Salaries</b>					
Salary	\$ 1,481,500	\$ 1,216,626	\$ 1,718,288	\$ 501,662	41.2%
Employment Agency Fees	-	-	-	-	NA
Temporary Office Services	-	-	-	-	NA
<b>Total Salaries</b>	<b>\$ 1,481,500</b>	<b>\$ 1,216,626</b>	<b>\$ 1,718,288</b>	<b>\$ 501,662</b>	<b>41.2%</b>
<b>Payroll Taxes</b>					
FICA	\$ 93,631	\$ 75,122	\$ 106,533	\$ 31,411	41.8%
Medicare	23,704	17,271	24,916	7,645	44.3%
SUI	3,407	11,560	4,296	(7,264)	-62.8%
FUI	6,815	3,046	6,873	3,827	125.6%
<b>Total Payroll Taxes</b>	<b>\$ 127,557</b>	<b>\$ 106,999</b>	<b>\$ 142,618</b>	<b>\$ 35,619</b>	<b>33.3%</b>
<b>Benefits</b>					
Workers Compensation	\$ 8,890	\$ -	\$ -	\$ -	NA
Medical Insurance	148,150	143,123	197,604	54,481	38.1%
Life-LTD Insurance	7,260	7,625	8,591	966	12.7%
Education	23,703	-	-	-	NA
Vacation Expense	48,445	-	-	-	NA
Relocation	93,750	-	-	-	NA
<b>Total Benefits</b>	<b>\$ 330,198</b>	<b>\$ 150,748</b>	<b>\$ 206,195</b>	<b>\$ 55,447</b>	<b>36.8%</b>
<b>Retirement</b>					
Pension Contribution	\$ 161,039	\$ 93,478	\$ 41,239	\$ (52,239)	-55.9%
Savings Plan	64,592	31,264	159,801	128,537	411.1%
<b>Total Retirement</b>	<b>\$ 225,631</b>	<b>\$ 124,742</b>	<b>\$ 201,040</b>	<b>\$ 76,298</b>	<b>61.2%</b>
<b>Total Personnel Costs</b>	<b>\$ 2,164,886</b>	<b>\$ 1,599,115</b>	<b>\$ 2,268,141</b>	<b>\$ 669,026</b>	<b>41.8%</b>

## Meeting Expenses

Table B-3

<b>Meeting Expenses by Business Plan Category</b>	<b>Budget 2007</b>	<b>2007 Projection</b>	<b>Budget 2008</b>	<b>Variance</b>	<b>Variance %</b>
Reliability Standards	\$ 600	\$ 300	\$ 810	\$ 510	170.0%
Compliance and Organization Registration and Certification	1,800	1,200	810	(390)	-32.5%
Reliability Readiness Audit and Improvement	-	-	-	-	NA
Reliability Assessment and Performance Analysis	-	-	810	810	NA
Training and Education	-	-	70,000	70,000	NA
Situational Awareness and Infrastructure Security	-	-	-	-	NA
Committee and Member Forums	-	-	-	-	NA
General and Administrative	-	-	-	-	NA
Legal and Regulatory	-	-	810	810	NA
Information Technology	-	-	-	-	NA
Human Resources	-	-	-	-	NA
Accounting and Finance	-	-	-	-	NA
<b>Total Meeting Expenses</b>	<b>\$ 2,400</b>	<b>\$ 1,500</b>	<b>\$ 73,240</b>	<b>\$ 71,740</b>	<b>4782.7%</b>
<b>Travel Expenses by Business Plan Category</b>	<b>Budget 2007</b>	<b>2007 Projection</b>	<b>Budget 2008</b>	<b>Variance</b>	<b>Variance %</b>
Reliability Standards	\$ 7,927	\$ 3,670	\$ 8,500	\$ 4,830	131.6%
Compliance and Organization Registration and Certification	40,848	18,940	46,205	27,265	144.0%
Reliability Readiness Audit and Improvement	-	2,600	10,620	8,020	308.5%
Reliability Assessment and Performance Analysis	3,774	3,440	4,340	900	26.2%
Training and Education	-	6,620	10,140	3,520	53.2%
Situational Awareness and Infrastructure Security	4,070	810	200	(610)	-75.3%
Committee and Member Forums	-	-	-	-	NA
General and Administrative	7,263	6,860	6,480	(380)	-5.5%
Legal and Regulatory	2,035	2,540	2,740	200	7.9%
Information Technology	160	180	150	(30)	-16.7%
Human Resources	-	-	-	-	NA
Accounting and Finance	192	3,810	3,860	50	1.3%
<b>Total Travel Expenses</b>	<b>\$ 66,269</b>	<b>\$ 49,470</b>	<b>\$ 93,235</b>	<b>\$ 43,765</b>	<b>88.5%</b>
<b>Conference Call Expenses by Business Plan Category</b>	<b>Budget 2007</b>	<b>2007 Projection</b>	<b>Budget 2008</b>	<b>Variance</b>	<b>Variance %</b>
Reliability Standards	\$ 800	\$ 50	\$ -	\$ (50)	-100.0%
Compliance and Organization Registration and Certification	6,000	150	-	(150)	-100.0%
Reliability Readiness Audit and Improvement	-	-	-	-	NA
Reliability Assessment and Performance Analysis	800	-	-	-	NA
Training and Education	-	-	-	-	NA
Situational Awareness and Infrastructure Security	800	-	-	-	NA
Committee and Member Forums	-	-	-	-	NA
General and Administrative	500	50	1,000	950	1900.0%
Legal and Regulatory	500	-	-	-	NA
Information Technology	-	-	-	-	NA
Human Resources	-	-	-	-	NA
Accounting and Finance	-	-	-	-	NA
<b>Total Conference Calls</b>	<b>\$ 9,400</b>	<b>\$ 250</b>	<b>\$ 1,000</b>	<b>\$ 750</b>	<b>300.0%</b>
<b>Total Meeting Expenses</b>	<b>\$ 78,069</b>	<b>\$ 51,220</b>	<b>\$ 167,475</b>	<b>\$ 116,255</b>	<b>227.0%</b>



## Operating Expenses

**Table B-4**

<b>Consultants</b>	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>	<b>Variance</b>	<b>Variance %</b>
<b>Consultants</b>					
Reliability Standards	\$ 10,000	\$ -	\$ -	\$ -	NA
Compliance and Org. Registration and Cert.	50,000	-	-	-	NA
Reliability Assessment and Performance Analysis	15,000	-	-	-	NA
Training and Education	-	-	-	-	NA
Situational Awareness and Infrastructure Security	10,000	-	-	-	NA
Information Technology	25,000	110,000	-	(110,000)	-100.0%
Member Forum Consultants	-	-	-	-	NA
<b>Total Consultants</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ -</b>	<b>\$ (110,000)</b>	<b>-100.0%</b>

**Table B-5**

<b>Contracts</b>	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>	<b>Variance</b>	<b>Variance %</b>
<b>Contracts - Software</b>					
General Maintenance	\$ -	\$ -	\$ 89,000	\$ 89,000	NA
<b>Total Contracts - Software</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,000</b>	<b>\$ 89,000</b>	<b>NA</b>

**Table B-6**

<b>Office Rent</b>	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>	<b>Variance</b>	<b>Variance %</b>
Office Rent	\$ 77,500	\$ 145,205	\$ 203,000	\$ 57,795	39.8%
<b>Total Office Rent</b>	<b>\$ 77,500</b>	<b>\$ 145,205</b>	<b>\$ 203,000</b>	<b>\$ 57,795</b>	<b>39.8%</b>

Operating Expenses (continued)

Table B-7

Office Costs	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Telephone	\$ 19,800	\$ 2,531	\$ 3,900	\$ 1,369	54.1%
Internet	2,800	-	-	-	NA
Office Supplies	5,250	1,000	5,400	4,400	440.0%
Computer Supplies and Maintenance	18,550	750	2,700	1,950	260.0%
Publications & Subscriptions	1,250	350	-	(350)	-100.0%
Dues	-	-	500	500	NA
Postage	5,700	96	1,800	1,704	1775.0%
Express Shipping	-	123	900	777	631.7%
Copying	1,300	-	900	900	NA
Reports - Graphics	-	-	-	-	NA
Stationary Forms	4,450	150	450	300	200.0%
Equipment Repair/Service Contracts	4,300	-	900	900	NA
Bank Charges	-	-	-	-	NA
Sales & Use Taxes	2,500	-	-	-	NA
Merchant Card Fees	-	-	-	-	NA
<b>Total Office Costs</b>	<b>\$ 65,900</b>	<b>\$ 5,000</b>	<b>\$ 17,450</b>	<b>\$ 12,450</b>	<b>249.0%</b>

Table B-8

Professional Services	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Independent Trustee Fees	\$ -	\$ -	\$ 18,000	\$ 18,000	NA
Outside Legal	100,000	-	60,000	60,000	NA
Accounting & Auditing Fees	45,000	35,000	125,000	90,000	257.1%
Insurance Commercial	75,000	25,000	53,000	28,000	112.0%
<b>Total Services</b>	<b>\$ 220,000</b>	<b>\$ 60,000</b>	<b>\$ 256,000</b>	<b>\$ 196,000</b>	<b>326.7%</b>

Table B-9

Computer	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Computer Purchase & Maint.	\$ 1,751,800	\$ 253,900	\$ -	\$ (253,900)	-100.0%
<b>Total Computer</b>	<b>\$ 1,751,800</b>	<b>\$ 253,900</b>	<b>\$ -</b>	<b>\$ (253,900)</b>	<b>-100.0%</b>

**Table B-10**

<b>Furniture &amp; Equipment</b>	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>	<b>Variance</b>	<b>Variance %</b>
Furniture	\$ 52,600	\$ -	\$ -	\$ -	NA
Equipment	-	-	-	-	NA
<b>Total Furniture &amp; Equipment</b>	<b>\$ 52,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NA</b>

**Table B-11**

<b>Miscellaneous</b>	<b>2007 Budget</b>	<b>2007 Projection</b>	<b>2008 Budget</b>	<b>Variance</b>	<b>Variance %</b>
Contingency	\$ 350,000	\$ -	\$ 295,000	\$ 295,000	NA
<b>Total Miscellaneous</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>\$ 295,000</b>	<b>\$ 295,000</b>	<b>NA</b>

Statement of Activities 2008 Budget	Total	Statutory Total	Non- Statutory Total
<b>Funding</b>			
<b>ERO Funding</b>	3,226,066	3,226,066	-
<b>Membership Dues</b>	-	-	-
<b>Testing Fees</b>	-	-	-
<b>Services &amp; Software</b>	-	-	-
<b>Workshops</b>	70,000	70,000	-
<b>Interest</b>	-	-	-
<b>Miscellaneous</b>	848,782	-	848,782
<b>Total Funding</b>	<b>4,144,849</b>	<b>3,296,066</b>	<b>848,782</b>

<b>Expenses</b>			
<b>Personnel Expenses</b>			
<b>Salaries</b>	2,242,783	1,718,289	524,494
<b>Payroll Tax</b>	186,151	142,618	43,533
<b>Benefits</b>	269,134	206,195	62,939
<b>Retirement</b>	262,406	201,040	61,366
<b>Total Personnel Expen</b>	<b>2,960,474</b>	<b>2,268,141</b>	<b>692,332</b>
<b>Meeting Expenses</b>			
<b>Meetings</b>	73,240	73,240	-
<b>Travel</b>	97,135	93,235	3,900
<b>Conference</b>	1,000	1,000	-
<b>Total Meeting Expense</b>	<b>171,375</b>	<b>167,475</b>	<b>3,900</b>
<b>Operating Expenses</b>			
<b>Contracts &amp;</b>	89,000	89,000	-
<b>Office Rent</b>	271,000	203,000	68,000
<b>Office Cost</b>	20,000	17,450	2,550
<b>Profession</b>	338,000	256,000	82,000
<b>Computer I</b>	-	-	-
<b>Depreciat</b>	-	-	-
<b>Miscellane</b>	295,000	295,000	-
<b>Total Operating Expen</b>	<b>1,013,000</b>	<b>860,450</b>	<b>152,550</b>

<b>Total Direct Costs</b>	<b>4,144,849</b>	<b>3,296,066</b>	<b>848,782</b>
<b>Total Indirect Costs</b>			
<b>Total Costs</b>			

FTE

Functions in Delegation Agreement

Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
3,226,066	215,454	892,898	58,345	574,242	73,503	46,925	-	779,024	308,281	124,735	-	152,659
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
70,000	-	-	-	-	70,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
848,782	-	-	-	-	-	-	-	-	-	-	-	-
<b>3,296,066</b>	<b>215,454</b>	<b>892,898</b>	<b>58,345</b>	<b>574,242</b>	<b>143,503</b>	<b>46,925</b>	<b>-</b>	<b>779,024</b>	<b>308,281</b>	<b>124,735</b>	<b>-</b>	<b>152,659</b>
<b>Expenses</b>												
<b>Personnel Expenses</b>												
1,718,289	144,806	584,760	32,368	385,676	38,154	32,368	-	176,207	163,811	85,670	-	74,469
142,618	12,019	48,535	2,687	32,011	3,167	2,687	-	14,625	13,596	7,111	-	6,181
206,195	17,377	70,171	3,884	46,281	4,578	3,884	-	21,145	19,657	10,280	-	8,936
201,040	16,942	68,417	3,787	45,124	4,464	3,787	-	20,616	19,166	10,023	-	8,713
<b>2,268,141</b>	<b>191,144</b>	<b>771,883</b>	<b>42,725</b>	<b>509,092</b>	<b>50,363</b>	<b>42,725</b>	<b>-</b>	<b>232,594</b>	<b>216,231</b>	<b>113,085</b>	<b>-</b>	<b>98,299</b>
<b>Meeting Expenses</b>												
73,240	810	810	-	810	70,000	-	-	-	810	-	-	-
93,235	8,500	46,205	10,620	4,340	10,140	200	-	6,480	2,740	150	-	3,860
1,000	-	-	-	-	-	-	-	1,000	-	-	-	-
<b>167,475</b>	<b>9,310</b>	<b>47,015</b>	<b>10,620</b>	<b>5,150</b>	<b>80,140</b>	<b>200</b>	<b>-</b>	<b>7,480</b>	<b>3,550</b>	<b>150</b>	<b>-</b>	<b>3,860</b>
<b>Operating Expenses</b>												
89,000	-	-	-	-	-	-	-	89,000	-	-	-	-
203,000	-	-	-	-	-	-	-	203,000	-	-	-	-
17,450	-	-	-	-	-	-	-	15,950	500	500	-	500
256,000	-	-	-	-	-	-	-	160,000	60,000	-	-	36,000
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
295,000	15,000	74,000	5,000	60,000	13,000	4,000	-	71,000	28,000	11,000	-	14,000
<b>860,450</b>	<b>15,000</b>	<b>74,000</b>	<b>5,000</b>	<b>60,000</b>	<b>13,000</b>	<b>4,000</b>	<b>-</b>	<b>538,950</b>	<b>88,500</b>	<b>11,500</b>	<b>-</b>	<b>50,500</b>
<b>3,296,066</b>	<b>215,454</b>	<b>892,898</b>	<b>58,345</b>	<b>574,242</b>	<b>143,503</b>	<b>46,925</b>	<b>-</b>	<b>779,024</b>	<b>308,281</b>	<b>124,735</b>	<b>-</b>	<b>152,659</b>
<b>1,364,698</b>	<b>143,652</b>	<b>610,523</b>	<b>35,913</b>	<b>502,784</b>	<b>35,913</b>	<b>35,913</b>						
<b>3,296,066</b>	<b>359,106</b>	<b>1,503,421</b>	<b>94,259</b>	<b>1,077,026</b>	<b>179,416</b>	<b>82,839</b>						
FTE	19.0	2.0	8.5	0.5	7.0	0.5	0.5					

Statement of Activities 2008 Budget	Total	Statutory Total	Non- Statutory Total
<b>Funding</b>			
ERO Funding	3,226,066	3,226,066	-
Membership Dues	-	-	-
Testing Fees	-	-	-
Services & Software	-	-	-
Workshops	70,000	70,000	-
Interest	-	-	-
Miscellaneous	848,782	-	848,782
<b>Total Funding</b>	<b>4,144,849</b>	<b>3,296,066</b>	<b>848,782</b>

Non-Statutory Functions					
Non- Statutory Total	Protocol & Operating Compliance	General and Administrative	Legal and Regulatory	Information Technology	Accounting and Finance
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
848,782	475,763	201,081	90,277	37,845	43,816
<b>848,782</b>	<b>475,763</b>	<b>201,081</b>	<b>90,277</b>	<b>37,845</b>	<b>43,816</b>

Expenses			
<b>Personnel Expenses</b>			
Salaries	2,242,783	1,718,289	524,494
Payroll Tax	186,151	142,618	43,533
Benefits	269,134	206,195	62,939
Retirement	262,406	201,040	61,366
<b>Total Personnel Expen</b>	<b>2,960,474</b>	<b>2,268,141</b>	<b>692,332</b>
<b>Meeting Expenses</b>			
Meetings	73,240	73,240	-
Travel	97,135	93,235	3,900
Conference	1,000	1,000	-
<b>Total Meeting Expense</b>	<b>171,375</b>	<b>167,475</b>	<b>3,900</b>
<b>Operating Expenses</b>			
Contracts	89,000	89,000	-
Office Rent	271,000	203,000	68,000
Office Cost	20,000	17,450	2,550
Profession	338,000	256,000	82,000
Computer	-	-	-
Depreciat	-	-	-
Miscellane	295,000	295,000	-
<b>Total Operating Expen</b>	<b>1,013,000</b>	<b>860,450</b>	<b>152,550</b>
<b>Total Direct Costs</b>	<b>4,144,849</b>	<b>3,296,066</b>	<b>848,782</b>

524,494	357,775	58,736	54,604	28,557	24,823
43,533	29,695	4,875	4,532	2,370	2,060
62,939	42,933	7,048	6,552	3,427	2,979
61,366	41,860	6,872	6,389	3,341	2,904
<b>692,332</b>	<b>472,263</b>	<b>77,531</b>	<b>72,077</b>	<b>37,695</b>	<b>32,766</b>
-	-	-	-	-	-
3,900	3,500	-	200	150	50
-	-	-	-	-	-
<b>3,900</b>	<b>3,500</b>	<b>-</b>	<b>200</b>	<b>150</b>	<b>50</b>
-	-	-	-	-	-
68,000	-	68,000	-	-	-
2,550	-	2,550	-	-	-
82,000	-	53,000	18,000	-	11,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>152,550</b>	<b>-</b>	<b>123,550</b>	<b>18,000</b>	<b>-</b>	<b>11,000</b>
<b>848,782</b>	<b>475,763</b>	<b>201,081</b>	<b>90,277</b>	<b>37,845</b>	<b>43,816</b>

Total Indirect Costs

Total Costs

FTE



## **2008 Business Plan and Budget**

**Western Electricity Coordinating Council  
Approved by Board of Directors  
April 27, 2007  
Approved Revised Budget July 26, 2007**



*Western Electricity Coordinating Council*



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## Executive Summary

### 2008 Business Plan and Budget

2008 will be the Western Electricity Coordinating Council’s (WECC) first full calendar year as a United States Federal Energy Regulatory Commission (FERC)-certified Regional Entity. This document is a review of WECC’s objectives, plans and fiscal requirements for meeting its responsibilities under its Delegation Agreement and ensuring reliability of the Western Interconnection in 2008.

### Business Plan

Section A of this document provides details of WECC programs and objectives. For FERC and North American Electric Reliability Corporation (NERC) budgeting purposes, these programs can be divided into two general categories – those that are WECC’s reliability responsibility under Section 215 of the Federal Power Act (statutory) and those that fall outside the Act (non-statutory).

In this Business Plan, WECC demonstrates that its programs—including Compliance Monitoring and Enforcement, Reliability Coordination, Standards Development, Readiness Evaluations, Studies and Assessments, Training, and Standing Committee activities—are needed to maintain reliability as intended under Section 215 of the Federal Power Act.

The Western Renewable Energy Generation Information System (WREGIS) is a non-statutory activity that is self-funded.

### 2008 Budget

Section B contains the 2008 budget for WECC and supporting appendices. The budget for 2008 compared with 2007 is:

	2007 Budget		2008 Budget	
	Statutory	Non-Statutory	Statutory	Non-Statutory
Total Funding	\$17,820,668	\$645,985	27,940,402	\$480,710
Total FTEs *	43.5	4	81	3

\* Full Time Equivalents



## 2008 NERC Assessment

The NERC Assessment for 2008 is expected to be \$5,329,407. This number represents monies collected by WECC for NERC, and is for informational purposes only. It is not a budget item.

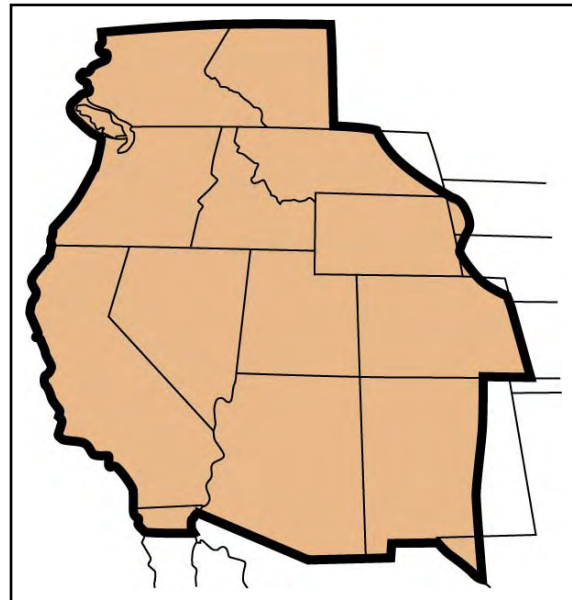
	2007 Budget	2008 Budget
NERC Assessment	\$3,856,338	\$5,329,407

## Introduction

### Nature, Location and Scope

WECC is a Utah Nonprofit Corporation whose mission is to 1) maintain a reliable electric power system in the Western Interconnection that supports efficient competitive power markets (“Reliability Mission”) and 2) assure open and non-discriminatory transmission access among members while providing a forum for resolving transmission access disputes between members (“Transmission Access Mission”). WECC’s website is [www.wecc.biz](http://www.wecc.biz).

WECC’s geographic area is the Western Interconnection – an area in which the use and generation of electricity is synchronized. This area includes all or part of 14 U.S. states, 2 Canadian provinces and a portion of Baja California Norte, Mexico.



WECC has 182 members divided into the following 5 membership classes:<sup>1</sup>

- Large Transmission Owners
- Small Transmission Owners
- Transmission Dependent Energy Service Providers
- End Users
- Representatives of State and Provincial Governments

Each class is represented on the WECC Board and on each of WECC’s three member Standing Committees. Membership in WECC is open to any person or entity that has an interest in the reliable operation of the Western Interconnection bulk power system.

WECC is approved by FERC as a Regional Entity, with authority to create and enforce standards for the reliability of the Western Interconnection.

### Governance and Structure

WECC is governed by an independent and balanced stakeholder board<sup>2</sup> consisting of 32 directors. Each of the five member classes listed above elects four directors. The Canadian

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<sup>1</sup> For purposes of voting for Board representation, all Canadian members of WECC form a sixth class. This is a separate class and is not a member class. See Section 6.2.1 of the WECC Bylaws.



delegation elects four directors. One director is elected by the Mexican delegation.<sup>3</sup> Seven directors with no member affiliation are elected by the WECC membership.

Six Board committees recommend policy on various reliability issues, or handle governance or administrative matters. These committees are described in the Board and Committee Activities section on page 22.

Public input comes to the Board from the member organizations, from other interested parties, and through recommendations of the WECC Standing Committees.

Under the direction of the Board, the three Standing Committees of members — the Planning Coordination Committee (PCC), the Operating Committee (OC) and the Market Interface Committee (MIC) — provide technical work and policy recommendations to the WECC Board (see Table 3: 2008 WECC Organization Chart). All member organizations are eligible for representation on the three Standing Committees.

Compliance and enforcement activities are carried out by the WECC Compliance Staff, independent of all users, owners and operators of the bulk power system. Compliance activities are governed by the Delegation Agreement and FERC orders.

## History and Milestones

In August 1967, a group of large Western electric utilities created the Western Systems Coordinating Council (WSCC) to ensure the reliable operation of the several interconnected electric systems in the West. WSCC became a member of the North American Electric Reliability Council, which promoted the reliability of the bulk power system across North America.

WSCC was operated by and for the West's public and private vertically-integrated electric utility industry. With the introduction of electricity restructuring in the 1990s, a change was made to reflect a broader stakeholder base. In 2002, the WSCC merged with the Southwest Regional Transmission Association and the Western Regional Transmission Association to create WECC.

The Energy Policy Act of 2005 (EPAAct) established mandatory reliability standards and compliance in the United States. FERC delegated authority to enforce compliance with approved Reliability Standards to NERC as the North American Electric Reliability Organization (ERO) and to Regional Entities – including WECC.

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<sup>2</sup> As provided in Section 215 of the Federal Power Act (e)(4)(A)(iii).

<sup>3</sup> The Mexican delegation currently consists of one member.

## **Recent/Future Milestones**

- April 2006 — The WECC Board created the Transmission Expansion Planning Policy Committee (TEPPC) to develop and manage a planning database and coordinate transmission planning in the Western Interconnection.
- May 2006 — WECC provided its first study of congestion to the U.S. Department of Energy (DOE) under Section 1221 of the EPAct.
- July 2006 — FERC certified NERC as the ERO.
- July 2006 — The WECC Board adopted principles that launched a process of significant improvements to WECC's Reliability Centers (the Reliability Center Strategic Initiative).
- July 2006 — The WECC Board created the Western Renewable Energy Generation Information System (WREGIS) as a department of WECC.
- October 2006 — WECC adopted a sixth amendment to the Reliability Management System (RMS) that allows the RMS to sunset with the implementation of mandatory standards.
- November 2006 — WECC engaged a vendor to create the West-wide System Model (WSM).
- November 2006 — WECC concluded negotiations with NERC for a Delegation Agreement that was filed with FERC.
- November 2006 — WECC revised its process for developing and approving WECC Standards (standards process) that was subsequently included in the Delegation Agreement.
- January 2007 — WECC activated the Western Interchange Tool (WIT).
- February 2007 — WECC held a series of workshops to roll out its Compliance Monitoring and Enforcement Program (CMEP) for mandatory standards and registration of entities subject to the standards.
- March 2007 — FERC approved a set of Reliability Standards to be mandatory and enforceable in the United States in June 2007.
- March 2007 — The NERC Board of Trustees approved eight WECC Regional Standards and NERC filed them with FERC for approval.
- March 2007 — WECC reorganized its Compliance Department to make it independent from other WECC functions.
- April 2007 — WECC held a workshop to begin drafting a "strawman" Transmission Planning Proposal as required by FERC Order 890.
- April 2007 — WECC's Delegation Agreement was accepted by FERC.
- May 2007 — WECC will conduct its first Compliance Audit as a Regional Entity.

## WECC Services

WECC ensures the reliability of the Western Interconnection through a variety of activities including:

- **Standards Development** — Providing a forum and support for the development of both NERC and WECC Reliability Standards.
- **Readiness Evaluations** — Participating in the NERC Readiness Evaluation program to help ensure that users, owners and operators of the bulk power system are prepared to operate the system reliably.
- **Reliability Coordination** — Operating three Reliability Coordination Centers that provide situational awareness and real-time supervision of the entire Western Interconnection.
- **Transmission Expansion Planning** — Overseeing management of a comprehensive planning database, providing policy and management of the planning process, and guiding the analyses and modeling for Western Interconnection transmission expansion planning to ensure reliability.
- **Studies** — Modeling the system and performing studies of the Western Interconnection under a variety of scenarios to set reliable operating policies and limits.
- **Market-Operations Interface** — Ensuring that effective competitive power markets do not negatively impact Western Interconnection reliability activities.
- **Loads and Resources Assessments** — Performing an annual assessment of 10-year loads and resources in the Western Interconnection, creating a 10-year coordinated plan of system growth and providing information to NERC for their summer and winter assessments of the reliability and adequacy of the bulk-power system.<sup>4</sup>
- **Training of Operations Personnel** — Continuing, as it has for over 20 years, a series of training sessions for operators, schedulers and dispatchers.
- **WREGIS** — Hosting WREGIS, which creates and tracks renewable energy certificates.

## International Considerations

WECC is a Cross-Border Regional Entity with members in three countries, including the Canadian provinces of Alberta and British Columbia and a portion of the Mexican state of Baja California Norte. The authority of FERC under U.S. law, and the powers delegated to WECC by NERC and approved by FERC, do not extend to Canada or Mexico. WECC will continue to work with Alberta, British Columbia and Mexico to establish relationships with these jurisdictions with respect to standards setting and compliance mechanisms.

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<sup>4</sup> As required by the Federal Power Act Section 215 (g).





## **Actions in Canada**

The Canadian provinces account for approximately 15 percent of the Western Interconnection's load. Canadian entities play a vital role in the function of WECC and in the reliability of the system. Alberta and British Columbia are separate jurisdictions with different regulatory structures.

WECC is working with the Alberta Electric System Operator (AESO) and the government of Alberta, as well as the government of British Columbia and the British Columbia Transmission Corporation (BCTC), to provide assistance as they consider whether and how to develop and enforce reliability standards.

WECC's contract-based enforcement tool, the RMS, has been signed by entities in Alberta and British Columbia and continues in force. WECC does not have authority under U.S. law to impose penalties in Canada. WECC has performed compliance audits of the AESO and BCTC.

## **Actions in Mexico**

The Mexican national utility, Comisión Federal de Electricidad (CFE), has a seat on the WECC Board. As the regulatory systems common in the United States and Canada are not present in Mexico (CFE is a department of the Mexican federal government), WECC's standards and compliance efforts in Mexico rely on the RMS, to which CFE is a signatory.

## **Funding Sources**

As a Regional Entity, the greatest portion of WECC's funding comes from payments assessed in the United States under the authority of Section 215 of the Federal Power Act. These funds are collected pursuant to a FERC funding order and are billed to all Load Serving Entities (LSEs) and/or Balancing Authorities (BAs) in the Western Interconnection on a net-energy-for-load (NEL) basis.

Additional funding comes from voluntary dues paid by WECC members. These dues include NEL shares of the costs for WECC and NERC activities in Canada and Mexico.

A third funding source is billing for certain services such as WREGIS and training classes. These programs are self-supporting and have no effect on the WECC budget.

## **2008 Budget**

For 2008, WECC has a budget of \$28,421,112. This is an increase of \$9,954,459 dollars from the 2007 budget of \$18,466,653. The WECC Finance and Audit Committee (FAC), which is composed of WECC Board members, has developed the 2008 budget. The WECC Board approved this budget in April 2007, and approved revisions in July 2007, and recommends approval by the NERC Board, and by FERC. The following pages detail this budget and the activities the budget supports.



## **About This Plan**

WECC is a member-driven organization. Volunteers provided by WECC member companies or members accomplish a large percentage of WECC's work. With the exception of its compliance activities, this work is organized and performed by WECC's Standing Committees, their subgroups and by the Board.

In an effort to standardize WECC's Business Plan with those of NERC and the other Regional Entities, this document is organized by function rather than by responsible position or group.

A table at the beginning of each function indicates direct costs, indirect costs (overhead; for example, benefits, taxes and rent), and total costs and FTEs assigned to that function.

This Business Plan and Budget includes all WECC activities, including those associated with operations in Canada and Mexico. In its funding request to FERC, WECC will include separate lines for funding for U.S. and international activities.



## Section A – 2008 Business Plan

### Reliability Standards Program

The cost of WECC's Standards Development activities in 2008 is \$1,025,146. The increase in cost from 2007 is driven by the need to support NERC's aggressive standards development program in 2008. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
Total FTEs	2.3	4
Total Direct Funding	\$290,040	\$687,812
Total Indirect Funding	\$469,935	\$337,334
Total Funding	\$759,975	\$1,025,146

### Background

WECC's standards development efforts are divided into two categories – the development of NERC standards and the development of Western Interconnection standards. In 2008, WECC will work to organize the West for participation in the development of NERC Reliability Standards. WECC may also develop Regional Reliability Standards (RRS) for use only in the Western Interconnection. In addition, WECC will provide support, as requested, to Alberta and British Columbia in the development of standards. Until those standards are completed, the RMS and its 15 Reliability Standards will continue in the CFE portion of WECC.

WECC's standards process is overseen by the Director of Standards. The bulk of the work of developing standards is performed by voluntary member participation through the WECC Standing Committee structure. These volunteers are provided by WECC members, who pay their salaries and expenses while engaged in this activity.

### WECC Standards Process

WECC's standards process was revised in 2006 and accepted by FERC as part of the Delegation Agreement between NERC and WECC.

The WECC standards process begins with a standards request form that is reviewed for scope and applicability by WECC's Standards Request Routing Committee. The process is open and provides for the input of interested parties throughout the drafting and approval process. Standards are recommended by vote of the appropriate WECC Standing



Committee(s). Standards are generally considered three times per year at WECC Standing Committee meetings, but can also be voted by email. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees for approval. NERC then sends these approved Reliability Standards to FERC.

The WECC standards process is also used for Business Practices and Regional Requirements. These regional criteria do not require either NERC or FERC approval.

## **Standards Program Objectives**

### **North American Standards**

On March 16, 2007, FERC approved 83 Reliability Standards that will become mandatory and enforceable in the United States as of June 4, 2007. In its order approving these standards, FERC directed modifications to 56 of the approved standards and is holding an additional 24 standards pending receipt of additional information.

NERC has published, and filed with FERC, a Reliability Standards Work Plan that includes a schedule for the development and revision of Reliability Standards for use within the United States. WECC's active participation in the NERC standards development process helps to ensure the needs and concerns of Western entities are incorporated into the standards. WECC actively communicates information on standards activities with its members and encourages participation in the NERC standards development process.

In 2008, WECC staff and members will work with NERC on approximately 128 standards, as identified in NERC's Reliability Standards Work Plan. Work on some of these standards began in 2007 and will conclude in 2008, while others will begin in 2008.

### **Regional Standards Development**

WECC focuses on ensuring that NERC standards meet Western needs, but also has the authority to develop necessary RRS. The RRS are expected to be more stringent than NERC Reliability Standards or address areas not covered in NERC Reliability Standards. In 2006, a WECC task force identified criteria in use by WECC as being both "unique and essential" for the reliable operation of the Western Interconnection. In 2008, RRS may be developed, including standards on Seasonal Operating Limits, Coordinated Underfrequency Load Shedding and Restoration, and Designation of Most Severe Single Contingency.

### **Regional Criteria**

WECC Regional Criteria are developed by the WECC Standing Committees. Regional Criteria are those that are mandatory for all WECC members. An example of Regional Criteria is WECC's Business Practices, which are developed by the MIC and by the Interchange Scheduling and Accounting Subcommittee (ISAS).



The ISAS (a subcommittee of the OC) develops business practices for WECC that are tied to the coordination of the scheduling of electricity. In 2007, ISAS developed business practices covering tagging and reserve issues. In 2008, the ISAS will develop business practices that support the West-wide System Model and Reliability Coordination.

The MIC is WECC's interface with the North American Energy Standards Board (NAESB), and participates in the NAESB standards development process. In 2008, the MIC will help coordinate WECC member involvement in the activities of NAESB. The MIC has not identified any Western Interconnection-specific business practices for development in 2008.

Other examples of Regional Criteria are WECC's Reliability Information Sharing Policy, which details requirements for sharing data, and WECC's Transmission Planning Criteria. In 2008, additional Regional Criteria will be developed as needed to supplement approved Reliability Standards.

## Compliance Enforcement Program

The cost of WECC's compliance activities in 2008 is \$6,379,118. 2008 will be WECC's first full year enforcing FERC-mandated compliance. The increase in cost is attributable to an additional six months of compliance activities, an increase of 9.4 FTE over 2007, and an overrun of the 2007 budget of \$1,120,941 which was taken from the WECC reserve account. The additional WECC staff included in 2008 includes positions to support the review of compliance documentation. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
FTEs	6.6	16
Total Direct Funding	\$919,800	\$5,029,781
Total Indirect Funding	\$1,348,509	\$1,349,337
Total Funding	\$2,268,309	\$6,379,118

## Background

Compliance enforcement is essential to WECC's mission as a Regional Entity. WECC's CMEP has two major components:

- Compliance enforcement, violation mitigation and settlement negotiations.
- Representing WECC in any hearing or appeal process.



Both components are overseen by the Director of Compliance, who reports to the WECC Chief Operating Officer.

As a recognized Regional Entity, and pursuant to the terms of the NERC/WECC Delegation Agreement, WECC is required to monitor and enforce compliance with Reliability Standards by users, owners and operators of the bulk power system in the United States.

WECC has been supplying NERC with regular updates to its list of registered entities—users, owners and operators of the bulk power system who have been registered as being subject to Reliability Standards. Only users, owners and operators of the bulk power system in the United States are required to register and be included in the compliance registry.

In its March 16, 2007 Order 693, FERC noted that it would revisit the definition of bulk power system. Changes made to this definition by FERC in 2008 may require additional outreach and education as well as modifications to the registry.

In 1996, the WSCC created a contract-based compliance enforcement mechanism—the RMS—that has grown to encompass 15 standards. WECC will maintain the RMS until all standards included in the RMS program are incorporated into the NERC program for the United States and the provincial programs for Alberta and British Columbia. Compliance in Mexico will rely on the RMS for the foreseeable future.

### **Compliance Enforcement Program Objectives**

In Order 693, FERC directed Regional Entities to focus their enforcement resources on violations that pose the greatest risk to system reliability, and to use prosecutorial discretion in assessing penalties through the end of 2007. In 2008 WECC is adding resources to ensure compliance with FERC’s orders.

WECC will identify alleged violations of Reliability Standards through a variety of means including:

- **Compliance Audits** – On-site and table-top audits.
- **Self-Certification** – The Registered Entity attesting to compliance or non-compliance with standards on an annual basis.
- **Spot Checking** – The Compliance Staff checking compliance with a specific standard. Spot Checking is normally used to verify Self-Certification.
- **Compliance Violation Investigations** – Conducting investigations of complaints or other alleged violations.
- **Self-Reporting** – A new monitoring process that is specifically designed to work in conjunction with a Registered Entities’ continuous monitoring efforts by their internal compliance programs.



- **Periodic Data Submittals** – Monthly and quarterly reports that are submitted regarding compliance with certain standards.
- **Exception Reporting** – Reporting required on a small set of standards when a violation occurs.
- **Complaints** – Alerting the Compliance Staff to a potential violation that is then investigated.

A Readiness Evaluation (discussed in a subsequent section) may also identify potential violations that the WECC Compliance Staff may investigate subsequent to the issuance of the Readiness Evaluation report.

WECC's Compliance Staff will conduct investigations of alleged violations of Reliability Standards, with assistance at times by NERC. To ensure the independence of the CMEP, industry volunteers will not participate directly in compliance audits or activities. WECC staff from outside the Compliance Department may provide technical advice to Compliance Staff.

WECC will implement a Compliance Advisory Group (CAG) in 2008. All Registered Entities will be eligible for and encouraged to participate in this group. The CAG will serve two functions. First, the WECC Compliance Staff will use the CAG to keep Registered Entities informed regarding changes to the compliance program and reporting requirements. Second, the CAG will provide a forum for the Registered Entities to give feedback to the WECC Compliance Staff on the implementation of the compliance program.

Compliance Audits will be performed for all Registered Entities. On-site audits will be conducted for BAs, Transmission Operators and Reliability Coordinators at least once every three years. WECC will conduct 14 on-site audits in 2008.

For all other Registered Entities, table-top audits will be conducted beginning in 2008 pursuant to a negotiated schedule between NERC and WECC. Table-top audits will utilize the same audit methods and formality as the on-site audits. However, in a table-top audit, the compliance documentation will be reviewed in the WECC compliance office instead of on-site at the Registered Entity's facility.

In 2008, WECC will require the support of four to five contractors to perform audits and assist with the workload while maintaining the independence of the CMEP from the users, owners and operators of the bulk power system.

## Hearings and Review

The cost of WECC Hearings and Reviews in 2008 is \$996,610. The cost and associated staffing are required to meet WECC's obligation under its Delegation Agreement to provide a fair hearing process. In 2007, the Hearings and Review process was included in





the CMEP costs. One Hearing Officer came on staff in 2007. In 2008, WECC will add a second Hearing Officer, a Legal Secretary and a technical and support person. Costs are shown in the following table.

Category	2007 Budget	2008 Budget
Total FTEs	0	4
Total Direct Funding	\$0	\$659,276
Total Indirect Funding	\$0	\$337,334
Total Funding	\$0	\$996,610

## Background

WECC has proposed a process for conducting hearings and rendering decisions when a Registered Entity contests alleged violations, sanctions, penalties or mitigation plans. These decisions will be reviewed by the Compliance Hearing Body (CHB). The WECC Board approved the CHB Charter in April 2007. This charter describes the responsibilities, makeup and processes for selecting the CHB pool and for selecting CHB panels for individual cases.

WECC's hearing process will be conducted pursuant to Exhibit D, Attachment 2, "Compliance Enforcement Authority Hearing Process" of the Delegation Agreement. WECC's Hearing Officer will conduct the evidentiary hearings in the majority of cases and issue proposed decisions. The proposed decisions, along with exceptions by the parties, will be submitted to a CHB panel for consideration and final decision on behalf of the WECC region. In cases of particular complexity or significant regional interest, a CHB panel may conduct or participate in the evidentiary hearing. WECC Hearing Staff will support the CHB.

Appeals of regional decisions will take place at NERC. While no new evidence may be introduced on appeal, NERC may remand decisions to WECC with comments. Subsequent appeals may also be taken to FERC and to the U.S. Circuit Court of Appeals. WECC's Hearing Officer will work with the Chair of the CHB and will report to WECC's Chief Executive Officer. The Hearing Staff is independent from the Compliance Enforcement Staff.

## Hearings and Review Program Objective

Establish a CHB pool to ensure balance, technical expertise, diverse experience, and independence to fill hearing panels.





## Situational Awareness/Reliability Coordination

The cost of WECC's Situational Awareness and Reliability Coordination activities in 2008 is \$13,673,432. The two main drivers of this cost are an increase in staff and the implementation of the Reliability Coordination Strategic Initiative, which includes the WSM.

The 2007 Budget included funding for 32 FTEs, 4 of which are direct WECC employees. The 2008 Budget includes funding for 14 additional WECC employees as Reliability Coordinators, WSM engineers, etc. for a total of 46 FTEs. The relationship between WECC and the Reliability Coordinators is covered below. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
FTEs	32 <sup>5</sup>	50 <sup>6</sup>
Total Direct Funding	\$6,957,136	\$12,155,428
Total Indirect Funding	\$817,278	\$1,518,004
Total Funding	\$7,774,414	\$13,673,432

## Background

Beginning in 1996, as a response to restructuring and open access to the transmission system, WSCC established Security Coordinators. These Reliability Coordinators (as they were subsequently designated) monitor real-time conditions on the bulk power system and provide leadership coordination, technical expertise and assistance to the BAs.

WECC currently has three Reliability Coordination Centers. Collectively, the Reliability Coordinators have a real-time, wide-area view of the bulk power system. Through contractual agreements and the existence of mandatory standards, Reliability Coordinators have the ability to give directives to the BAs to protect system reliability. WECC's Reliability Coordinators are subject to applicable NERC standards.

The Reliability Centers are hosted by major transmission operators who charge WECC for overhead and other costs associated with the centers. Reliability Coordinators at those centers are employees of the host organization, WECC or are independent contractors. All compensation is paid by WECC. Compensation constitutes the largest portion of the Reliability Coordination budget.

<sup>5</sup> Four of the 2007 FTEs are direct WECC employees

<sup>6</sup> Eighteen of the 2008 FTEs are direct WECC Employees



WECC's Reliability Coordinators are overseen by the Director of Reliability Coordination (a WECC employee). The Reliability Coordination Subcommittee, a subgroup of the OC, assists the Director of Reliability Coordination with the management of the Reliability Coordinators.

In 2006, the WECC Board approved a strategy designed to make reliability coordination in the Western Interconnection more effective and efficient. This strategy will be implemented during 2008 - 2009, resulting in a consolidation of Reliability Centers from three to two, the development and use of a common model—the WSM—and tools, and increased independence of the Reliability Coordinators.

In addition to the Reliability Centers, WECC operates the WECC Operations Network, which provides notification to all operators of equipment outages or changes to the system.

### **Reliability Coordination Objective**

WECC's Reliability Coordinators' only objective is the reliability and protection of the bulk power system. Goals in 2008 include the completion of the WSM and tools, and the completion of the first of two new Reliability Centers.

### **West-wide System Model**

The WSM will provide a common view of the entire Western Interconnection to WECC's Reliability Coordinators. This will allow each Reliability Center to serve as backup for the other. The WSM will be a platform on which advanced applications and common tools will be built. Through the use of these tools, real-time stability and other studies can be performed.

The WSM host site, which may be at a different location than the Reliability Centers, will be operational with business-hours support in April of 2008. Testing, and the creation and integration of advanced applications, will continue through the remainder of the year. It is expected that by January 1, 2009, the WSM will be fully operational and continuously supported.

### **Western Interchange Tool**

The WIT was implemented in January 2007 and uses existing e-Tag systems and protocols to ensure balanced interchange between BAs. The WIT will eliminate the possibility of BAs controlling to different Net Scheduled Interchange values, resulting in reduced Primary Inadvertent Interchange.

The WIT also provides Interchange Scheduling information to Reliability Centers, allowing them to comply with the new NERC IRO standards.

The OC is responsible for the use and funding of the WIT and the costs of the WIT in this plan and in the WECC budget are allocated to the OC. The cost of this tool in 2008 is \$619,000.



## Reliability Centers

The first of two new WECC Reliability Coordination Centers is planned to be operational by January 1, 2009. This timeline will dictate Reliability Coordination actions for 2008. New hosting arrangements and staffing for the two Reliability Centers will be finalized in 2008. The training of Reliability Coordinators under the new Reliability Center arrangement will also begin in 2008.

## Transition and Retention

The security of the bulk power system during the transition to new centers and tools will require the retention of WECC's highly skilled Reliability Coordinators. In 2008, WECC will devote special attention to the retention of its existing coordinators and the maintenance of its current systems and relationships.

## Readiness Evaluation

The cost of WECC's Readiness Evaluation activities in 2008 is \$511,208. The decrease in cost is accompanied by a 1.5 FTE realignment. Resources previously assigned to this function have been absorbed by the Compliance Department. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
Total FTEs	3.5	2
Total Direct Funding	\$618,984	\$342,541
Total Indirect Funding	\$715,118	\$168,667
Total Funding	\$1,334,102	\$511,208

## Background

Readiness Evaluation is a NERC program designed to assess an entity's ability to operate reliably in the future as well as operating contingencies. Readiness Evaluations also generate examples of excellence that are circulated to the industry to improve operations. A team of industry conducts readiness Evaluations on-site. This team reviews documentation and conducts interviews with employees. At the close of the evaluation, the team gives a presentation citing good operating practices and making recommendations for improvement. Any recommendations generated in evaluations are tracked for resolution by the Compliance Monitoring and Operating Practices Subcommittee, a subgroup of the OC.

Readiness Evaluation teams consist of six members: a WECC and a NERC co-lead and four industry volunteers drawn from both inside and outside of the Western Interconnection. In some evaluations, a FERC staff person may participate. Readiness



Evaluation programs in WECC are under the direction of an Assistant Director of Operations. As originally conducted in the West, Readiness Evaluations were also part of the CMEP.

### **Readiness Evaluation Program Objective**

WECC participates in Readiness Evaluations to assure that the Western Interconnection stands at the highest degree of readiness. This program enables participants to exchange best practices.

The WECC Readiness Evaluation Staff will work to ensure that the evaluation team understands operating practices and that WECC members are prepared for the evaluations. WECC will conduct 17 Readiness Evaluations in 2008.

### **Reliability Assessments and Studies**

The cost of WECC's Reliability Assessments and Technical Studies in 2008 is \$4,375,796. The decrease in cost for this function is driven primarily by reallocation method of overhead and direct assigning of project costs to particular area. The funding will also support the improvement of the WECC Transmission Expansion Planning Database. Costs and comparison to 2007 are shown in the table below.

<b>Category</b>	<b>2007 Budget</b>	<b>2008 Budget</b>
Total FTEs	12	13
Total Direct Funding	\$2,373,160	\$3,279,459
Total Indirect Funding	\$2,451,834	\$1,096,337
Total Funding	\$4,824,994	\$4,375,796

### **Background**

WECC conducts a variety of studies and assessments required for the reliable planning and operation of the system, including the WECC Power Supply Assessment. This work is overseen by the Director of Technical Services.

The WECC Power Supply Assessment studies the resource capacity margins on a WECC-wide basis. These studies identify sub-regions within WECC that have the potential for electricity supply shortages based on reported demand and resource data and transmission constraints.

The WECC Power Supply Assessment presents the results of a set of resource capacity margin scenarios for the Western Interconnection. This Assessment uses a deterministic



load-resource model to examine the effect of various design criteria relative to the load forecast requirements. The studies are done annually and cover a future ten-year period. Different scenarios are defined for each year's assessment. The assessment is based on the physical ability of the Western Interconnection to supply all loads regardless of contractual obligations.

Improvements are made each year to both the energy and capacity assessments. Recent improvements include scenario inputs (for example, extreme weather) and improved modeling and data quality. This work is performed by WECC staff under the direction of the PCC and the Loads and Resources Subcommittee (LRS).

WECC provides energy and capacity information to NERC for seasonal and long-term reliability assessments each year. This allows NERC to complete the assessments required under Section 215 of the Federal Power Act.

### **Transmission Expansion Planning**

The Transmission Expansion Planning Policy Committee (TEPPC) operates under a charter approved by the Board and has 17 members representing all classes of stakeholders with representation from all geographic sub-regions of WECC. This function was initiated in 2007.

WECC has a role in meeting the region's needs for regional transmission planning and analyses. WECC accomplishes this by providing impartial and reliable data, public process leadership and analytic tools and services. The TEPPC charter directs three primary functions:

- Overseeing transmission database management.
- Providing policy and management of the planning process.
- Guiding the analysis and modeling for Western Interconnection transmission expansion planning.

TEPPC and its subgroups work closely and coordinate with Western state, provincial and federal government entities.

### **Reliability Assessments and Studies Program Objectives**

In 2008, WECC staff, with the assistance of the Technical Advisory Subcommittee (TAS) of TEPPC, will complete an update of the Transmission Expansion Planning Database. This database will include information regarding load, transmission, fuel price, existing generation and planned generation. WECC staff will use this database to simulate Western regional production costs under various loads, gas prices, hydro and other scenarios. The goal is a comprehensive, current and well-validated database that can be readily used to identify where transmission expansion may be needed. The database can be used to



evaluate the ability of transmission, generation and demand-side resources to satisfy needs across the Western Interconnection.

TEPPC will perform studies on congestion in the Western Interconnection for members and for the Department of Energy (DOE). This congestion work will allow the DOE to meet its requirements under the EPCAct.

### **Loads and Resources**

In 2008, WECC will continue to improve its loads and resources data gathering and analysis. The WECC staff, assisting the LRS, will provide analysis of resource adequacy in the Western Interconnection.

### **Studies**

Each year, under the direction of the Technical Studies Subcommittee (TSS), the WECC Technical Staff compiles a ten-year data bank of power flow base cases and associated stability data. TSS designates the case scenarios, specifying system configurations and operating conditions. These base cases are included in the WECC data bank.

WECC conducts annual Loads and Resources assessments using base cases of near-term and longer-term system performance. WECC staff, following guidance from the TSS, develops a study report covering operating and transfer conditions. WECC staff prepares study results for TSS and PCC approval. Additionally, these studies are used in determining stability limits required in NERC Reliability Standards.

### **Training**

The cost of the WECC operations training in 2008 is \$979,092. This cost is completely offset by the revenue generated from registration fees. The increase over 2007 comes from the hiring of a trainer and additional support staff. Costs and comparison to 2007 are shown in the following table.



Category	2007 Budget	2008 Budget
Total FTEs	1.5	3
Total Direct Funding	\$552,396	\$726,090
Total Indirect Funding	\$306,479	\$253,002
Total Funding	\$858,875	\$979,092

### Background

WECC is a provider of continuing education conducting training for operators, schedulers and dispatchers. WECC conducts training classes 24 to 26 weeks per year in Salt Lake City. Curriculum is developed with the assistance of the Operations Training Subcommittee of the OC.

The Training Department currently includes one full-time trainer and one support staff person. In 2008, WECC will hire an additional trainer and will continue to use contractors to accomplish the program.

### Training Objective

WECC will continue to provide high-quality continuing education for operators, schedulers and dispatchers. It will review and revise the curriculum as needed, and will provide training on NERC standards and on WECC standards and practices.

### Administrative Services

The cost of WECC's Administrative Services activities in 2008 is \$3,385,804. The decrease in cost is largely a result of realignment of WECC staffing and functions. The remaining new FTEs are two Administrative Assistants, and Communications and Information Technology positions. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
FTEs	5	17
Total Funding	\$3,986,503	\$3,385,804

### Background

WECC's Administrative Staff is responsible for the areas of human resources, communications, information technology and programming, accounting and finance, and





executive oversight. Both the Chief Executive Officer and the Chief Operating Officer have their time allocated to this category.

The FAC of the WECC Board works with the Chief Administrator, who is responsible for developing the budget and supporting material.

### **Human Resources**

WECC's Human Resources (HR) activities are carried out by the Director of Human Resources, who reports to the Chief Operating Officer. The labor market for electricity industry professionals is highly competitive. An area WECC's HR will focus on is staffing, recruiting and retention. The HR Department will improve the systems used in administering compensation and benefits to achieve cost efficiencies.

In 2008, the HR department's objective is to handle all human resource issues needed to allow WECC to achieve its goals.

### **Information Technology**

WECC's Information Technology Staff includes a network administrator, a programmer and a webmaster. These positions report to the Chief Operating Officer.

Major improvements in both hardware and software were implemented in 2007.

In 2008, the Information Technology department's objective is to make refinements and improvements to its administrative database and website. Examples of planned improvements are: improved handling of loads and resources data, online workshops, meeting registration, tracking of attendance and voting, and improved and more efficient communications with members.

### **Legal and Regulatory**

As the industry has negotiated the path to mandatory standards in the United States, WECC has worked to ensure that its positions were understood and its rights under the legislation defended. This will continue in 2008.

WECC retains legal counsel for internal and external issues. These attorneys interface with the Chief Executive Officer.

The WECC Board approved a charter for a Regulatory Committee in April 2007. This committee will provide assistance in responding to and corresponding with various regulatory authorities. This committee will be made up of regulatory experts who are volunteered by their employers to provide timely advice to WECC's Chief Executive Officer.

In 2008, WECC expects to amend its Bylaws to reflect the fundamental changes required by the EPAct and FERC orders.





## Finance and Accounting

WECC has a full-time accountant on staff and half of the Chief Administrator's time is allocated to finance and accounting. The Chief Administrator supports the FAC.

In accordance with its Delegation Agreement, WECC bills LSEs and/or BAs in the United States for costs approved by FERC as statutory. WECC also bills BAs in Alberta, British Columbia and Baja California Norte for support of NERC and for WECC costs approved by the WECC Board.

In 2008, the objectives of the Finance and Accounting Staff are to openly communicate with WECC members about the costs of projects, to meet all budgeting and reporting deadlines and to refine financial controls.

## Board and Committee Activities

The cost of WECC's Board and the Standing Committees in 2008 is \$1,674,211. The reduction in cost, along with the 4.6 FTE reduction in staffing, reflects the reallocation of personnel to the Administrative Services section. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
FTEs	8.6	4
Total Funding	\$2,122,650	\$1,674,211

## Background

### Board of Directors

As noted in the introduction, WECC is governed by a 32-member Board. 25 of the directors represent member classes. 7 directors are not affiliated with any WECC member or potential member. These Non-affiliated Directors are compensated for their time on the Board and on Board Committees.

Six Board Committees are responsible for governance, policy development and administration. They are:

- *Operating Transfer Capability Policy Committee* – provides coordinated standards development and determination of seasonal operating transfer capabilities within the Western Interconnection.
- *Transmission Expansion Planning Policy Committee* – oversees database management, provides policy and management of the planning process, and guides



the analyses and modeling for the Western Interconnection's transmission expansion planning.

- *Governance and Nominating Committee* – nominates candidates for the Board and makes recommendations for Bylaws and other governance changes.
- *Human Resources and Compensation Committee* – administers all matters of human resources and compensation for WECC employees.
- *Reliability Policy Issues Committee* – assists the Board in reviewing policy-level reliability issues and develops appropriate recommendations for Board consideration.
- *Finance and Audit Committee* – assists the Board in the discharge of its responsibility to monitor the component parts of the audit process and the integrity of WECC's financial reporting.

### **Standing Committees**

WECC has three Standing Committees of members:

- *Operating Committee* – The OC advises and makes recommendations to the Board on all matters within the jurisdiction of WECC that apply to maintaining reliability through the operation and security of the interconnected bulk power systems in the Western Interconnection. The OC has nine subcommittees.
- *Planning Coordination Committee* – The PCC recommends criteria for the adequacy of power supply and for elements of system design that affect the reliability of the interconnected bulk power systems. The PCC collects data and studies the operation of the interconnected systems necessary to determine the reliability of the Western regional bulk power system. The PCC evaluates proposed additions or alterations in facilities in relation to established reliability criteria. The PCC has four subcommittees.
- *Market Interface Committee* – The MIC considers matters pertaining to the impact of reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection and facilitates analysis of the impact of electricity market practices on electric system reliability. The MIC has two subcommittees.

The *Joint Guidance Committee* ensures that the Standing Committees and their respective subcommittees coordinate and communicate regarding electric system reliability and market issues of mutual applicability.

### **Western Renewable Energy Generation Information System (WREGIS) – A Non-Statutory Activity**

The cost of WREGIS in 2008 is \$480,710. This is a reduction from 2007 and reflects the end of costs associated with WREGIS' startup. WREGIS costs fall outside of Section 215 of the Federal Power Act and are funded through user subscriptions to the program.



Backstop cost coverage comes from the California Energy Commission. Costs and comparison to 2007 are shown in the following table.

Category	2007 Budget	2008 Budget
FTEs	3	3
Direct Costs	\$370,473	\$331,266
Indirect Costs	\$153,206	\$149,444
Total Costs	\$523,679	\$480,710

### Background

State and provincial governments in the Western Interconnection are developing renewable portfolio standards. WREGIS has been created to track the ownership of Renewable Energy Certificates (RECs).

WECC is the institutional home of WREGIS and the WREGIS Administrator reports to the WECC Chief Executive Officer. WREGIS is governed by a seven-member committee composed of industry representatives, state and provincial government representatives, and an appointee of the WECC Board.

WREGIS will become operational in July 2007.



## **Acronyms Used in this Business Plan**

AESO – Alberta Electric System Operator  
BA – Balancing Authority  
BCTC – British Columbia Transmission Corporation  
CAG – Compliance Advisory Group  
CFE – Comisión Federal de Electricidad  
CHB – Compliance Hearing Body  
CMEP – Compliance Monitoring and Enforcement Program  
DOE – U.S. Department of Energy  
EPAAct – Energy Policy Act of 2005  
ERO – Electric Reliability Organization  
FAC – Finance and Audit Committee  
FERC – Federal Energy Regulatory Commission  
FTE – Full-time Equivalent  
HR – Human Resources  
ISAS – Interchange Scheduling and Accounting Subcommittee  
LRS – Loads and Resources Subcommittee  
LSE – Load Serving Entity  
MIC – Market Interface Committee  
MIS – Market Issues Subcommittee  
NAESB – North American Energy Standards Board  
NEL – Net Energy for Load  
NERC – North American Electric Reliability Corporation  
OC – Operating Committee  
PCC – Planning Coordination Committee  
REC – Renewable Energy Certificate  
RMS – Reliability Management System  
RRS – Regional Reliability Standard  
SIS – Seams Issues Subcommittee  
TAS – Technical Advisory Subcommittee  
TEPPC – Transmission Expansion Planning Policy Subcommittee  
TSS – Technical Studies Subcommittee  
WECC – Western Electricity Coordinating Council  
WIT – Western Interchange Tool  
WREGIS – Western Renewable Energy Generation Information System  
WSCC – Western Systems Coordinating Council  
WSM – West-wide System Model



## Section B – 2008 Budget

### Personnel Analysis

Table 1 shows staffing by program area for the 2007 and 2008 budgets. These staffing numbers include only actual WECC employees. Reliability Coordinators who are not employees of WECC are not included.

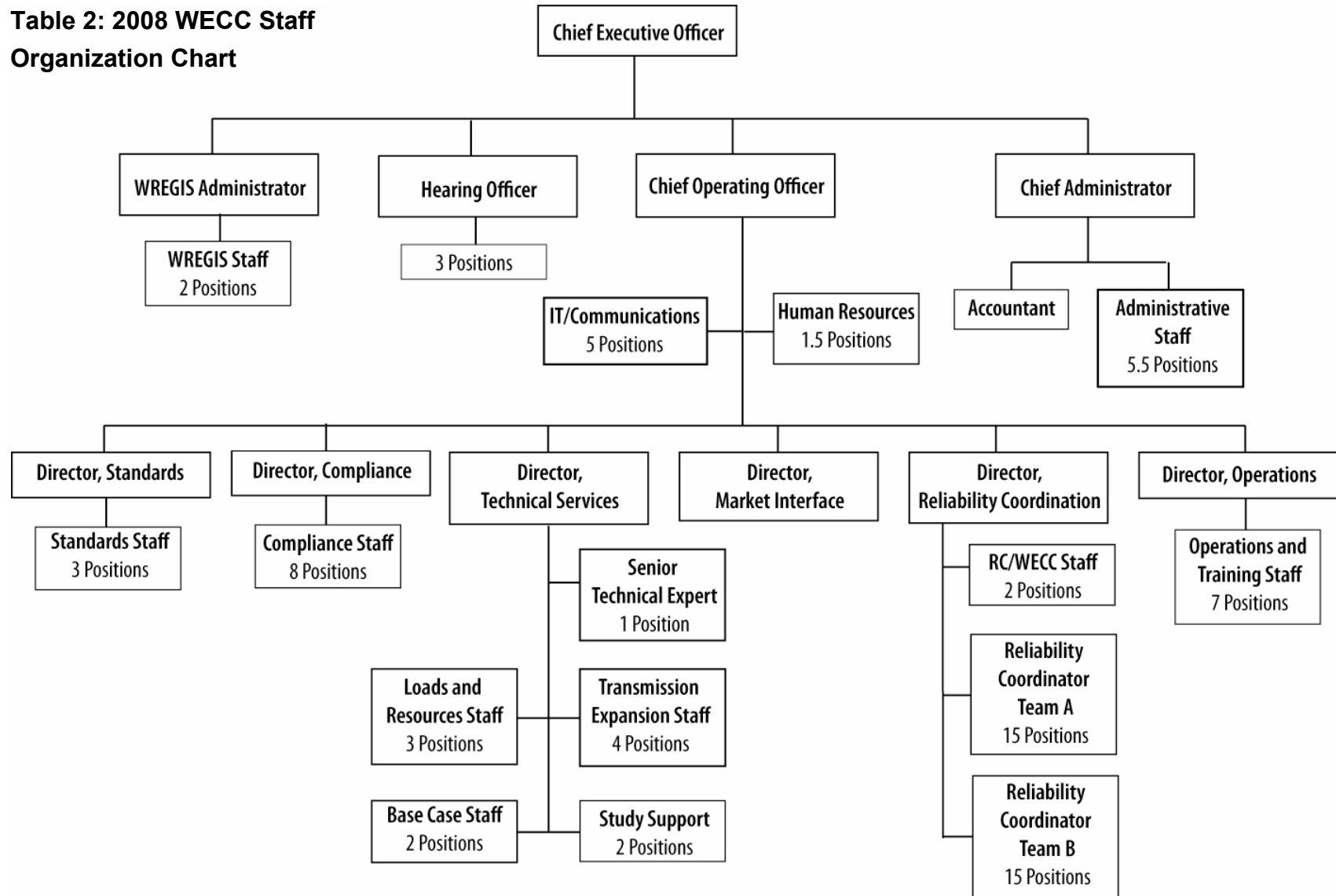
**Table 1: Staffing by Program Area**

Table 1

Total FTEs by Program Area	Budget 2007	Budget 2008	Change
<b>Operational Programs</b>			
Reliability Standards	2.3	4	1.7
Compliance Monitoring and Enforcement	6.6	16	9.4
Hearings	0	4	4
Situational Awareness	4	18	14
Readiness Evaluation	3.5	2	-1.5
Reliability Assessments and Studies	12	13	1
Training	1.5	3	1.5
Board and Committees	8.6	4	-4.6
<b>Administrative Programs</b>			
Administrative Services	1	12	11.5
Communications and IT	2	3	1
Human Resources	1	1	0
Legal and Regulatory	0	0	0
Accounting	1	1	0
<b>Other Program</b>			
WREGIS	3	3	0

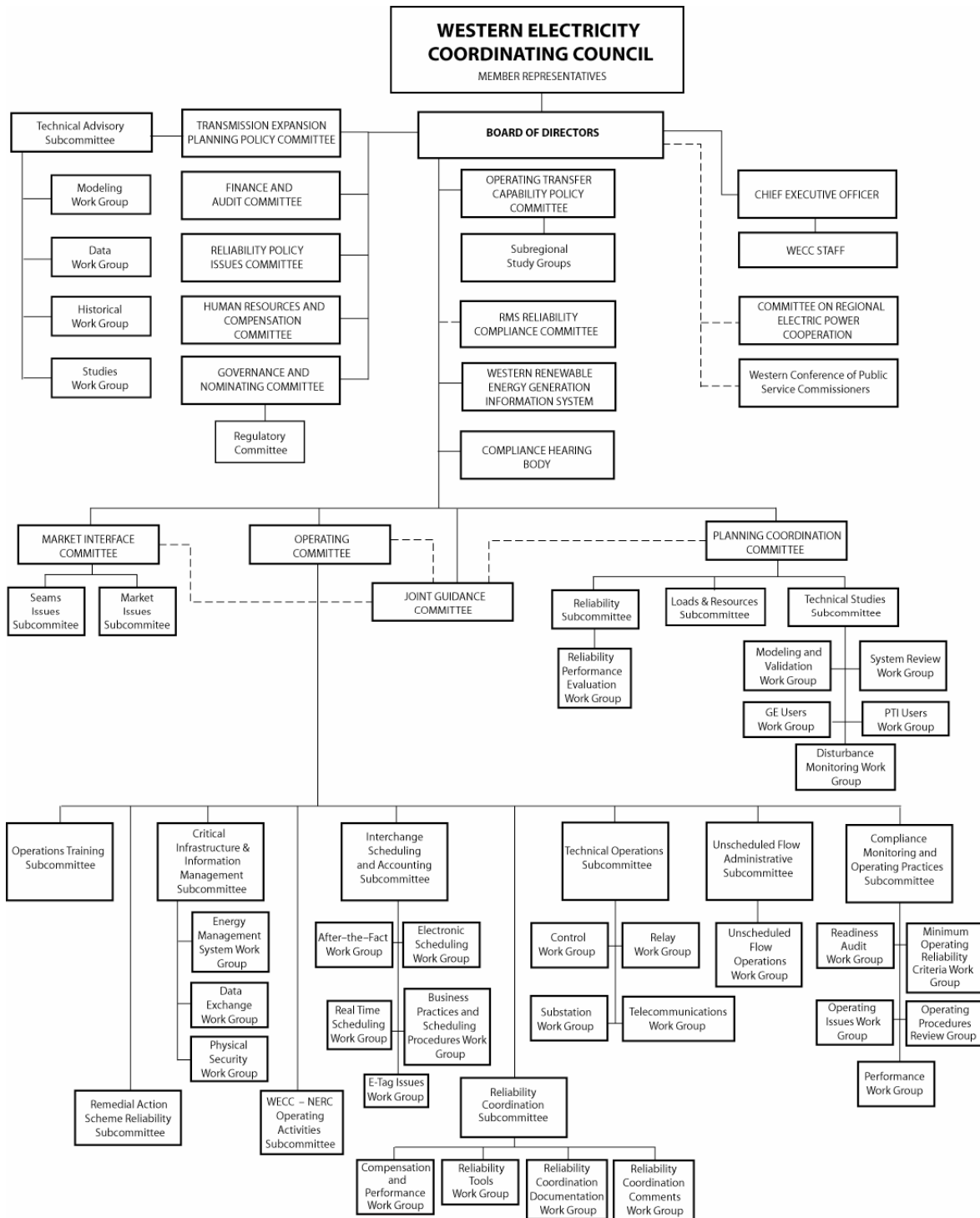


**Table 2: 2008 WECC Staff Organization Chart**





**Table 3: 2008 WECC Organization Chart**



WECC Statement of Activities 2008 Budget	Total	Statutory Total	Non- Statutory Total	Statutory Total	Reliability Standards	Compliance & Organization Registration & Certification	Reliability Readiness Audit and Improvement	Reliability Assessment & Performance Analysis	Training & Education	Situational Awareness & Infrastructure Security	Committee & Member Forums	General & Admin	Legal and Regulatory	Information & Technology	Human Resources	Accounting & Finance	
																	810
<b>Funding</b>																	
ERO Funding	26,596,512	26,596,512	-	26,596,512	687,812	5,689,057	342,541	3,279,459	0	12,155,428	1,674,211	1,636,089	381,000	406,067	201,571	143,277	
Membership Dues	480,710	-	480,710	0	0	0	0	0	0	0	0	0	0	0	0	0	
Testing Fees	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	
Services & Software	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	
Workshops	726,090	726,090	-	726,090	0	0	0	0	726,090	0	0	0	0	0	0	0	
Interest	609,400	609,400	-	609,400	0	0	0	0	0	0	0	609,400	0	0	0	0	
Miscellaneous	8,400	8,400	-	8,400	0	0	0	0	0	0	0	8,400	0	0	0	0	
<b>Total Funding</b>	<b>28,421,112</b>	<b>27,940,402</b>	<b>480,710</b>	<b>27,940,402</b>	<b>687,812</b>	<b>5,689,057</b>	<b>342,541</b>	<b>3,279,459</b>	<b>726,090</b>	<b>12,155,428</b>	<b>1,674,211</b>	<b>2,253,889</b>	<b>381,000</b>	<b>406,067</b>	<b>201,571</b>	<b>143,277</b>	
Average Salary	84,119	84,519	73,312	84,519	99,290	96,371	77,961	77,813	76,141	71,575	112,193	85,233		58,296	124,510	66,216	
FTE's	84.00	81.00	3.00	81	4.00	20.00	2.00	13.00	3.00	18.00	4.00	12.00	0.00	3.00	1.00	1.00	
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	7,065,969	6,846,033	219,936	6,846,033	397,160	1,927,416	155,922	1,011,574	228,423	1,288,351	448,773	1,022,801	0	174,888	124,510	66,216	
Payroll Taxes	432,871	412,679	20,192	412,679	26,796	133,980	14,745	87,087	21,853	120,582	29,496	(58,731)	0	22,123	7,374	7,374	
Benefits	1,919,331	1,790,013	129,318	1,790,013	68,667	318,554	45,781	297,552	53,942	547,737	91,556	251,777	0	68,667	22,890	22,890	
Retirement Costs	388,938	388,938	-	388,938	20,837	90,293	13,891	90,293	20,837	13,892	27,778	76,388	0	20,837	6,946	6,946	
<b>Total Personnel Expenses</b>	<b>9,807,109</b>	<b>9,437,663</b>	<b>369,446</b>	<b>9,437,663</b>	<b>513,460</b>	<b>2,470,243</b>	<b>230,339</b>	<b>1,486,506</b>	<b>325,055</b>	<b>1,970,562</b>	<b>597,603</b>	<b>1,292,235</b>	<b>0</b>	<b>286,515</b>	<b>161,720</b>	<b>103,426</b>	
<b>Meeting Expenses</b>																	
Meetings	739,797	738,597	1,200	738,597	32,826	121,447	18,684	121,447	263,546	28,026	37,368	68,543	0	28,026	9,342	9,342	
Travel	950,986	930,982	20,004	930,982	34,211	252,244	22,807	148,246	51,611	193,791	45,614	125,439	0	34,211	11,404	11,404	
Conference Calls	116,497	116,497	-	116,497	868	103,763	579	3,763	868	868	1,158	3,184	0	868	289	289	
<b>Total Meeting Expenses</b>	<b>1,807,280</b>	<b>1,786,076</b>	<b>21,204</b>	<b>1,786,076</b>	<b>67,905</b>	<b>477,454</b>	<b>42,070</b>	<b>273,456</b>	<b>316,025</b>	<b>222,685</b>	<b>84,140</b>	<b>197,166</b>	<b>0</b>	<b>63,105</b>	<b>21,035</b>	<b>21,035</b>	
<b>Operating Expenses</b>																	
Contracts & Consultants	9,892,181	9,852,317	39,864	9,852,317	0	946,000	32,500	842,568	26,800	7,217,449	247,000	540,000	0	0	0	0	
Office Rent	498,271	498,271	-	498,271	18,508	226,825	12,338	80,200	18,508	18,508	24,677	67,861	0	18,508	6,169	6,169	
Office Costs	1,567,764	1,549,808	17,956	1,549,808	11,937	76,736	7,960	474,053	16,595	228,225	653,120	61,285	0	11,937	3,980	3,980	
Professional Services	1,679,985	1,650,221	29,764	1,650,221	73,107	340,314	15,404	100,132	23,107	563,107	30,811	84,728	381,000	23,107	7,702	7,702	
Computer Purchase & Maint.	2,047,580	2,045,104	2,476	2,045,104	2,895	30,544	1,930	22,544	0	1,934,892	36,860	10,614	0	2,895	965	965	
Services	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	
Furniture & Equipment	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Operating Expenses</b>	<b>15,685,781</b>	<b>15,595,721</b>	<b>90,060</b>	<b>15,595,721</b>	<b>106,447</b>	<b>1,620,419</b>	<b>70,132</b>	<b>1,519,497</b>	<b>85,010</b>	<b>9,962,181</b>	<b>992,468</b>	<b>764,488</b>	<b>381,000</b>	<b>56,447</b>	<b>18,816</b>	<b>18,816</b>	
<b>Total Expenses</b>	<b>27,300,171</b>	<b>26,819,461</b>	<b>480,710</b>	<b>26,819,461</b>	<b>687,812</b>	<b>4,568,116</b>	<b>342,541</b>	<b>3,279,459</b>	<b>726,090</b>	<b>12,155,428</b>	<b>1,674,211</b>	<b>2,253,889</b>	<b>381,000</b>	<b>406,067</b>	<b>201,571</b>	<b>143,277</b>	
<b>Change in Assets</b>	<b>1,120,941</b>	<b>1,120,941</b>	<b>-</b>	<b>1,120,941</b>	<b>0</b>	<b>1,120,941</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	



WECC Statement of Activities 2008 Budget								
	Total	Statutory Total	Non- Statutory Total	Non- Statutory Total	401	730	620	950 WREGIS
<b>Funding</b>								
ERO Funding	26,596,512	26,596,512	-	0	0	0	0	0
Membership Dues	480,710	-	480,710	480,710	0	0	0	480,710
Testing Fees	-	-	-	0	0	0	0	0
Services & Software	-	-	-	0	0	0	0	0
Workshops	726,090	726,090	-	0	0	0	0	0
Interest	609,400	609,400	-	0	0	0	0	0
Miscellaneous	8,400	8,400	-	0	0	0	0	0
<b>Total Funding</b>	<b>28,421,112</b>	<b>27,940,402</b>	<b>480,710</b>	<b>480,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>480,710</b>
Average Salary	84,119	84,519	73,312	73,312		#DIV/0!		73,312
FTE's	84.00	81.00	3.00	3.00	0.00	0.00	0.00	3.00
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	7,065,969	6,846,033	219,936	219,936	0	0	0	219,936
Payroll Taxes	432,871	412,679	20,192	20,192	0	0	0	20,192
Benefits	1,919,331	1,790,013	129,318	129,318	0	0	0	129,318
Retirement Costs	388,938	388,938	-	0	0	0	0	0
<b>Total Personnel Expenses</b>	<b>9,807,109</b>	<b>9,437,663</b>	<b>369,446</b>	<b>369,446</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369,446</b>
<b>Meeting Expenses</b>								
Meetings	739,797	738,597	1,200	1,200	0	0	0	1,200
Travel	950,986	930,982	20,004	20,004	0	0	0	20,004
Conference Calls	116,497	116,497	-	0	0	0	0	0
<b>Total Meeting Expenses</b>	<b>1,807,280</b>	<b>1,786,076</b>	<b>21,204</b>	<b>21,204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,204</b>
<b>Operating Expenses</b>								
Contracts & Consultants	9,892,181	9,852,317	39,864	39,864	0	0	0	39,864
Office Rent	498,271	498,271	-	0	0	0	0	0
Office Costs	1,567,764	1,549,808	17,956	17,956	0	0	0	17,956
Professional Services	1,679,985	1,650,221	29,764	29,764	0	0	0	29,764
Computer Purchase & Maint.	2,047,580	2,045,104	2,476	2,476	0	0	0	2,476
Services	-	-	-	0	0	0	0	0
Furniture & Equipment	-	-	-	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>15,685,781</b>	<b>15,595,721</b>	<b>90,060</b>	<b>90,060</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90,060</b>
<b>Total Expenses</b>	<b>27,300,171</b>	<b>26,819,461</b>	<b>480,710</b>	<b>480,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>480,710</b>
<b>Change in Assets</b>	<b>1,120,941</b>	<b>1,120,941</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# **Western Interconnection Regional Advisory Body Proposed Budget for Calendar Year 2008: Submission to the North American Electric Reliability Corporation**

## *Contents*

- FERC Order
- WIRAB Organizational Overview
- WIRAB Proposed Calendar Year 2008 Budget
- Appendices –
  1. WIRAB Membership
  2. Bylaws
  3. Accounting and audit procedures
  4. NERC spreadsheet

## **FERC Order**

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued July 20, 2006 (the “Order”)<sup>1</sup>, the FERC:

- Granted the Western Governors’ petition to establish the Western Interconnection Regional Advisory Body (WIRAB) under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the ERO for review by the ERO and submission through the ERO budget approval process.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the Electric Reliability Organization (ERO). The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.<sup>2</sup> The July 20 Order specified that the WIRAB

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<sup>1</sup> Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

<sup>2</sup> Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. “Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States.”

should annually develop and submit to the ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The WIRAB submission also needs to identify the portion of its costs for 215(j) activities that will be funded from Canada and Mexico, and the basis for this allocation. FERC believes that expenses incurred by a regional advisory body should be recovered from end users within the same region to the extent practicable. On October 24, 2006, FERC approved the 2007 budget for WIRAB.<sup>3</sup>

FERC believes that making WIRAB funding a part of the overall ERO budget process provides for stakeholder input. It also provides the ERO and any relevant regional entity with an opportunity to comment on the Regional Advisory Body's proposed budget. The WIRAB will consider any recommendations of the ERO and the Western Electricity Coordinating Council.

In conformance with FERC's Order of July 20, 2006, the WIRAB submits to the North American Electric Reliability Corporation (NERC) the following Calendar Year 2008 budget. This information is also being provided to the Western Electricity Coordinating Council (WECC).

## **Organizational Overview**

Section 215(j) of the Federal Power Act sets forth the statutory authority for creation of Regional Advisory Bodies.<sup>4</sup> On April 19, 2006, Western Governors with at least one-half of their states' electrical load in the Western Interconnection filed a petition with the FERC to establish WIRAB as the Regional Advisory Body for the Western Interconnection.<sup>5</sup> As noted above, the Commission granted the Governors' petition on July 20, 2006.

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate

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<sup>3</sup> Order Conditionally Accepting 2007 Business Plan and Budget of the North American Electric Reliability Corporation Approving Assessment to Fund Budgets and Ordering Compliance Filings, Docket No. RR06-3-000, P. 39.

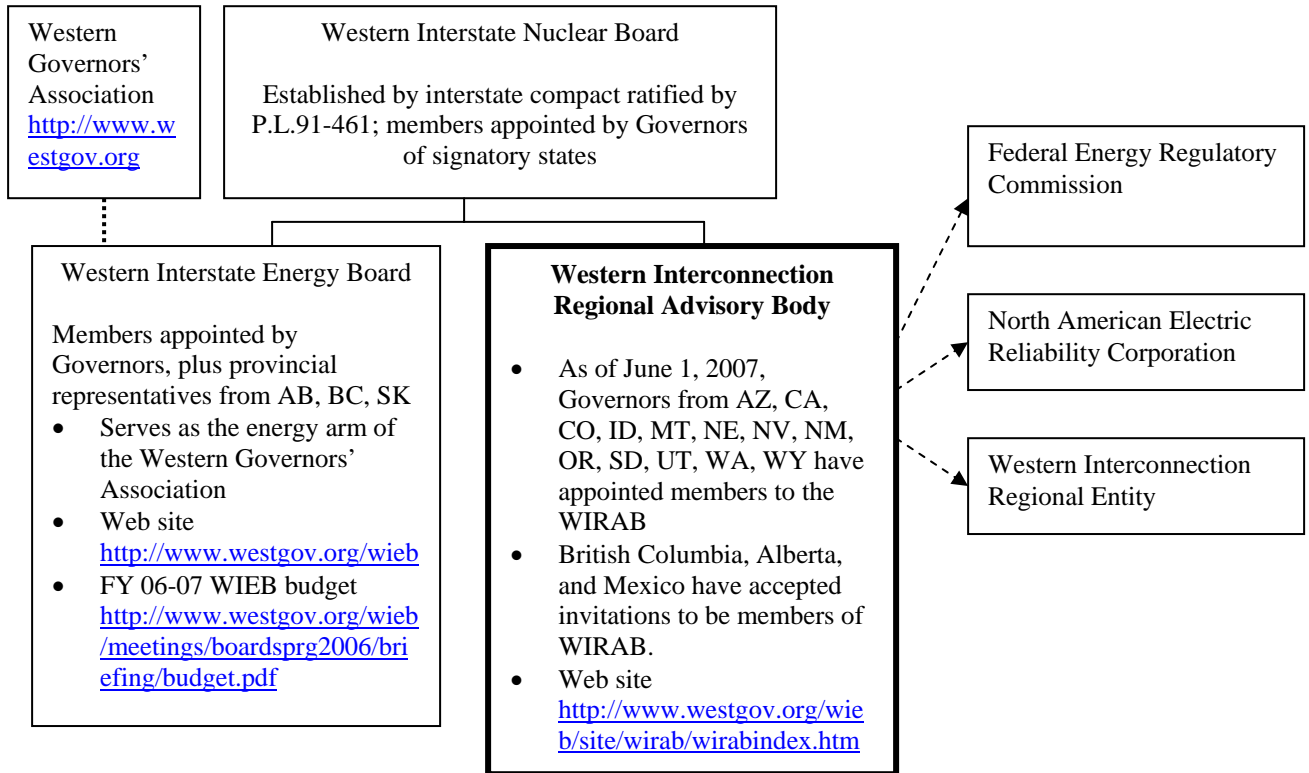
<sup>4</sup>215(j) "Regional Advisory Bodies- The Commission shall establish a regional advisory body on the petition of at least two-thirds of the States within a region that have more than one-half of their electric load served within the region. A regional advisory body shall be composed of one member from each participating State in the region, appointed by the Governor of each State, and may include representatives of agencies, States, and provinces outside the United States. A regional advisory body may provide advice to the Electric Reliability Organization, a regional entity, or the Commission regarding the governance of an existing or proposed regional entity within the same region, whether a standard proposed to apply within the region is just, reasonable, not unduly discriminatory or preferential, and in the public interest, whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest and any other responsibilities requested by the Commission. The Commission may give deference to the advice of any such regional advisory body if that body is organized on an Interconnection-wide basis."

<sup>5</sup> The Western Governors acted to create WIRAB pursuant to [Resolution 05-29](#) of the Western Governors' Association, dated November 8, 2005.

Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors or their alternates. WIRAB will have the same status under the compact as the Western Interstate Energy Board (WIEB), which serves as the energy policy advisory body to the Western Governors Association. WIRAB operates under bylaws of WINB as revised on April 4, 2006. (See Appendix 2).

As of June 1, 2007, WIRAB members consisted of Governor appointees from Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, Utah, South Dakota, Washington, and Wyoming, appointees from the Provinces of Alberta and British Columbia, and the government of Mexico. See Appendix 1 for current members of the WIRAB.

### WIRAB Organizational Chart



## WIRAB Proposed Calendar Year 2008 Budget

The budget for WIRAB in Calendar Year 2008 is \$477,261, which is the same budget level as the 2007 budget. No expenditures will be made for activities outside of those provided in Section 215(j) of the Federal Power Act. An estimated 15 percent of the budget, or \$71,589, will be funded by entities in Canada and Mexico. The remaining 85 percent of the WIRAB budget is funded by U.S. entities. This allocation of costs is based on the net energy for load in the U.S., Canadian and Mexican portions of the Western Interconnection, which is the same allocation methodology currently used by WECC and NERC and is allowable under FERC's July 20 Order Certifying the North American Electric Reliability Corporation as the ERO.<sup>6</sup>

	Percentage of net energy for load in the Western Interconnection	Share of the CY 2007 WIRAB budget
United States	84.52%	\$403,381
Canada	14.16%	67,580
Mexico	1.32%	6,300
Total	100%	\$477,261

The budget covers the operation of the WIRAB from January 1, 2008 through December 31, 2008.

**Cost Sharing:** The WIRAB budget reflects only the cost incurred by the WIRAB central staff and travel by WIRAB members and their designees. It does not include the substantial in-kind contribution from participating state and provincial agencies reflected in the salaries of members of the WIRAB, overhead and any support staff for such members. Those costs are borne by the states, provinces, and Mexico.

**Budget Assumptions.** The budget reflects that the focus of the WIRAB in CY 08 will be on developing advice to WECC, NERC, and FERC on whether the WECC and NERC budgets and proposed reliability standards are just, reasonable, and in the public interest. These are core Regional Advisory Body functions under Section 215(j). The budget does not reflect developing additional advice in response to requests from FERC for advice on other issues, as authorized in Section 215(j).

**Budget Synopsis.** The budget will support the salaries of 2 full-time equivalent employees, and associated overhead, technical consulting services, and travel for the WIRAB staff and WIRAB members, or their designees, to meetings with WECC, NERC and FERC. Overhead includes office expenses, 0.5 FTE support staff and personnel expenses such as medical insurance, retirement plan costs, required taxes (social security, medicare and state unemployment) and the vacation, holiday, and sick leave of each employee. The overhead rate (102 percent) is shown in the table below. This is the same

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<sup>6</sup> Order Certifying the North American Electric Reliability Corporation as the ERO, July 20, 2006, P 168.

**overhead rate** as used by the Western Interstate Energy Board and **accepted by the Department of Energy.**

Independent technical consulting services are anticipated to be needed in the evaluation of proposed reliability standards. Such services will be procured using procedures similar to those used by the Department of Energy. **All travel will be reimbursed according to Federal Government travel and per diem rules.** Air travel costs are reimbursed based on economy fares.

All WIRAB **expenditures will be annually audited by an independent auditor.** Audit results will be posted on the public WIRAB web site.

The following table presents a summary of the proposed line-item budget for the WIRAB in CY 08. See Appendix 4 for budget presentation in the form NERC prescribed for Regional Entities.

	Approved <u>2007 Budget</u>	Proposed <u>2008 Budget</u>
Salaries	\$138,000	\$151,664
Meeting Expense	6,000	6,000
WIRAB Members Travel	67,200	67,200
Staff Travel	19,200	19,200
Conference calls and long distance	3,500	3,500
Overhead (as accepted by DOE)	<u>168,360</u>	<u>154,697</u>
Subtotal	402,260	402,261
Technical consultants	75,000	<u>75,000</u>
TOTAL	477,260	477,261

Difference between 2007 and 2008 budget

WIRAB is in the process of hiring a full-time electrical engineer. This will lead to an increase in salary expense and a decrease in overhead expense. (Overhead is allocated based on program salaries, since overhead is projected to increase only slightly while salaries will increase at a much higher rate, the percentage will change from 122 percent to 102 percent.)

## Appendix 1.

### Members of the Western Interconnection Regional Advisory Body

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## Appendix 2:

### WIRAB Bylaws

(Excerpt from the bylaws of the Western Interstate Nuclear Board, as amended on February 21 and April 4, 2006. The complete bylaws can be found at <http://www.westgov.org/wieb/site/boardpage/bylawsAPR06.pdf> )

#### ARTICLE V – Western Interconnection Regional Advisory Body

- A. As provided in Section 215 of the Federal Power Act, the Western Interconnection Regional Advisory Body (WIRAB) is established by the Governors of States that have at least one-half of their electric load in the Western Interconnection through the adoption of Resolution 05-29 of the Western Governors' Association. The WIRAB shall be a standing advisory committee to the Board. The following parties are eligible to appoint a representative to serve on the WIRAB:
  - a. The eligible petitioning States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming;
  - b. The Western Interconnection Canadian Provinces of Alberta and British Columbia;
  - c. The State of Baja Norte or an agency of the government of Mexico representing the portion of Mexico in the Western Interconnection; and
  - d. The States of Nebraska, South Dakota and Texas which have less than one-half of their load in the Western Interconnection.
- B. The state and provincial appointees to the Western Interstate Energy Board from the states and provinces listed above shall be the respective state provincial representatives on the WIRAB. The governor of any non-WIEB member state listed above in V.A.d. may appoint a representative to WIRAB.
- C. A member of the WIRAB may designate an alternate.
- D. Members of the WIRAB shall elect from their membership a Chair and Vice-Chair.
- E. The Chair, with the concurrence of the WIRAB, may appoint committees.
- F. The purpose of the WIRAB is to provide advice to the Electric Reliability Organization, a regional entity (i.e., the Western Electricity Coordinating Council), and the Federal Energy Regulatory Commission regarding the governance of an existing or proposed regional entity within the Western Interconnection, whether a standard proposed to apply within the Western Interconnection is just, reasonable, not unduly discriminatory or preferential, and in the public interest, whether fees proposed to be assessed within the Western Interconnection are just, reasonable, not unduly discriminatory or preferential, and in the public interest, and any other responsibilities requested by the Commission.<sup>7</sup> The WIRAB shall also consult with the U.S.

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<sup>7</sup> Paraphrase of Section 215(j) of the Federal Power Act.

Department of Energy on the designation of national electric transmission lines pursuant to Section 216 of the Federal Power Act.

- G. Official actions of the WIRAB shall be taken only upon the affirmative vote of at least one-half of the members of the WIRAB and those members casting affirmative votes must represent at least one-half of the electric energy consumed among the states and provinces participating in the WIRAB. For WIRAB voting purposes, the amount of electric energy consumed shall be defined as the amount of electricity consumed in that portion of state or province that is located in the Western Interconnection. The amount of electricity consumed shall be derived from official sources and shall be posted on the WIEB website and updated no less often than once a year. WIRAB actions do not require approval of the Board.
- H. The WIRAB shall adopt an annual budget that balances expected revenues and expenditures. As provided in Article I.F., separate financial records for the Western Interconnection Regional Advisory Body shall be maintained. Expenditures shall be subject to an annual audit. Funds for WIRAB shall be for activities authorized under the Federal Power Act.
- I. The WIRAB shall provide advanced public notice and written records of its meetings, including conference calls, on a publicly-accessible Internet web site. All meetings of the WIRAB shall be open to the public, except the WIRAB may meet in closed session: 1) to discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and 2) to receive and discuss any information that is privileged, trade secret, critical energy infrastructure information (as defined by the Federal Energy Regulatory Commission), protected from public disclosure by law or that WIRAB determines should be confidential in order to protect a legitimate public interest.
- J. The WIRAB shall meet in person at least once a year. It may hold additional meetings via conference call or in person as needed.
- K. The WIRAB shall make reports as necessary to the Governors on its operation and shall alert Western Governors of issues that may warrant the Governors' direct involvement.

### **Appendix 3: WIRAB Accounting and Auditing Procedures**

For accounting purposes, WIRAB will function as a project of the Western Interstate Energy Board (WIEB). All income and direct expenses (labor, travel, meeting costs, conference calls) for WIRAB will be separated from all other WIEB expenses and income. Indirect expenses will be allocated at the same rate as all WIEB indirect expenses. Indirect expenses include office expenses such as rent, office supplies, and personnel expenses such as medical insurance, social security, medicare, retirement, unemployment insurance, workers compensation, and holiday, vacation and sick leave. Indirect expenses are allocated based on direct labor costs.

The Western Interstate Energy Board is audited at the end of each fiscal year (June 30) using generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The audit is conducted by an independent accounting firm and is available on request.

### **Appendix 4: NERC Spreadsheet**

The following table was provided by NERC to Regional Entities. WIRAB has used this format to present the income and expenses in the proposed WIRAB Calendar Year 2007 budget.

**RESOLUTION ON 2008 BUSINESS PLANS AND BUDGETS**

RESOLVED,

- (1) that the board approves the following, substantially in the form presented:
  - (a) the proposed NERC 2008 business plan and budget;
  - (b) the proposed business plans and budgets of the eight regional entities, including the adjustments to the WECC 2008 budget distributed on July 31, 2007;
  - (c) the proposed 2008 budget request of the Western Interconnection Regional Advisory Body;
  - (d) the proposed 2008 assessments to recover the costs of the approved 2008 budgets; and
  - (e) the proposal from the Finance and Audit Committee to suspend, for one year, NERC's normal practice of taking account of anticipated budget surpluses from the current year in calculating the following year's assessments.
  
- (2) that management is directed to file the 2008 business plans and budgets with FERC and governmental authorities in Canada, together with such additional explanatory material as is appropriate.

Approved by NERC Board of Trustees  
August 1, 2007

## Standards

Standards Program Goals	Status
<ul style="list-style-type: none"> <li>Meet all directives of ERO governmental authorities with regard to standards development and procedures.</li> </ul>	<p>NERC has been responsive to all directives and timelines issued by FERC regarding standards development and processes.</p>
<ul style="list-style-type: none"> <li>Develop and approve all 2007 high priority standards.</li> </ul>	<p>NERC standards staff is coordinating the development of high priority projects identified by FERC in its Standards NOPR. Due to their importance, these projects were included in the 2006 and 2007 work plan activities and are actively being implemented. The exception to this statement is the work plan project relating the emergency plans (2007-08). This project has not yet started as it would benefit from being informed by the drafted standard for the operating communications protocol project (2007-02). Project 2007-02 has just entered standard drafting phase. As such, project 2007-08 will not begin until 4Q2007. Additionally, projects relating to reactive power reserves (2008-01) and undervoltage load shedding (2008-02) are slated for 2008 to respect the need for development of a technical foundation upon which to develop these standards.</p>
<ul style="list-style-type: none"> <li>Initiate a comprehensive program to review and improve existing reliability standards to meet the quality characteristics stated in the Reliability Standards Development Procedure.</li> </ul>	<p>The Reliability Standards Three-Year Work Plan incorporates the activities that support this goal. Each reliability standard will be reviewed through use of the full standards development process. SARs for each project include the list of improvements needed and are aimed at supporting the ten characteristics of excellent standards.</p>
<ul style="list-style-type: none"> <li>Meet stated targets in the regional “fill-in-the-blank” standards work plan.</li> </ul>	<p>All of the recommendations made by the Regional Reliability Standards Working Group (RRSWG) regarding the removal of fill-in-the-blank characteristics from NERC’s reliability standards have been incorporated into NERC’s overall three-year reliability standards work plan. Most notable are the reliability standards the RRSWG identified in the fill-in-the-blank work plan as high priority:</p> <ul style="list-style-type: none"> <li>EOP-005 - System Restoration Plans (Project 2006-03)</li> </ul>



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	<ul style="list-style-type: none"> <li>• EOP-006 - Reliability Coordination — System Restoration (Project 2006-03)</li> <li>• EOP-007 - Establish, Maintain, and Document a Regional Black start Capability Plan (Project 2006-03)</li> <li>• EOP-009 - Documentation of Black start Generating Unit Test Results (Project 2006-03)</li> <li>• PRC-003 - Regional Procedure for Analysis of Misoperations of Transmission and Generation Protection Systems (Project 2008-04)</li> <li>• PRC-004 - Analysis and Mitigation of Transmission and Generation Protection System Misoperations (Project 2008-04)</li> <li>• PRC-007 - Assuring Consistency with Regional UFLS Program Requirements (Project 2007-01)</li> <li>• PRC-009 - UFLS Performance Following an Under frequency Event (Project 2007-01)</li> <li>• PRC-012 - Special Protection System Review Procedure (Project 2008-04)</li> <li>• PRC-013 - Special Protection System Database (Project 2007-10)</li> <li>• PRC-015 - Special Protection System Data and Documentation (Project 2007-10)</li> <li>• PRC-016 - Special Protection System Misoperations (Project 2008-04)</li> <li>• TOP-002 - Normal Operations Planning (Project 2007-03)</li> </ul> <p>The projects as noted above covering each of these standards have already been initiated except for project 2008-04 that is expected to be initiated by the end of the first quarter of 2008.</p>
<ul style="list-style-type: none"> <li>• Establish a baseline for consistency and quality of regional reliability standards.</li> </ul>	<p>NERC staff worked with the regional entities in developing a Pro Forma Regional Standards Development Procedure. The pro forma procedure requires regional reliability standards to be consistent in form and quality to NERC reliability standards. Each of the regional entity's stated uniformity to the NERC Pro Forma Regional Standards Development Procedure was filed with FERC as Appendix C in their respective delegation agreements. As a result, the region will be required to develop regional reliability</p>

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	<p>standards consistent in form and quality to NERC reliability standards.</p> <p>In addition, the NERC Manager of Regional Standards is working with representatives of each of the NERC regional entities through the Regional Reliability Standards Working Group (RRSWG) to ensure consistency and quality of regional reliability standards. The RRSWG has discussed the NERC Standards Drafting Team Guidelines and each region has been requested to adopt the concepts identified in the guidelines into their respective regional standards development processes. It is the responsibility of the NERC Manager of Regional Standards to ensure regional reliability standards are developed consistent in form and quality to NERC reliability standards.</p>
<ul style="list-style-type: none"> <li>Streamline and improve the standards process and associated tools.</li> </ul>	<p>The NERC Standards Committee has authorized a process subcommittee to recommend improvements to the standards process. NERC is also developing enhanced tools to facilitate comment handling for standards development projects and has a longer term project to develop an interactive relational database for its reliability standards.</p>
<ul style="list-style-type: none"> <li>Work closely with NAESB in coordinating business practices and reliability standards.</li> </ul>	<p>NERC and NAESB are actively working on several ATC-related standards in 2007 as well as the NERC-NAESB split of the IRO-006-3 (TLR) reliability standard. Key NERC and NAESB staff conference at least monthly to discuss issues of common importance to each organization.</p>
<ul style="list-style-type: none"> <li>Communicate with stakeholders and regulators regarding standards development.</li> </ul>	<p>NERC staff conducted three standards workshops.</p> <p>NERC staff routinely communicates with stakeholders through its Standard Committee and through the transactional business for standards development activities. NERC also discusses standards related issues with its technical committees and by request, with its Member Representative Committee.</p> <p>NERC has also engaged in frequent discussions with FERC staff regarding individual standard development activities, standards process issues, and overall</p>

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	<p>standards program support and progress on its work plan. NERC has also participated in a NERC-FERC-Canadian regulator tri-lateral meeting in May and is slated to support a September trilateral meeting as well.</p> <p>The Standards staff has begun conducting web casts that are open to all stakeholders to explain the content of standards proposed for ballot.</p>
<b>Standards Development</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Develop and revise standards as directed by FERC and other governmental authorities.</li> </ul>	<p>NERC has been responsive to the directives of FERC regarding changes to reliability standards. The current version of the Reliability Standards Three-Year Work Plan incorporated the issues and topics identified in the FERC staff assessment and NOPR on standards. These have been further clarified and refined by Order 693. Each active drafting team has been instructed to incorporate these Order 693 directives into its scope. Further, NERC has been responsive to providing violation risk factors in the timeframe required by FERC and in response to FERC’s ruling on the initial submissions.</p>
<ul style="list-style-type: none"> <li>Approve standards for the training of system operating personnel.</li> </ul>	<p>Drafting team is actively working to complete this project. Balloting for this standard is expected late 2007 or early 2008.</p>
<ul style="list-style-type: none"> <li>Approve standards for certifying entities as reliability coordinators, transmission operators, and/or balancing authorities.</li> </ul>	<p>This project is on hold. The topic of entity certification is thought to be best handled through a process versus development of standards. The Compliance and Certification Committee is actively engaged in developing a framework to support this process development at which point the draft certification standards are expected to be withdrawn.</p>
<ul style="list-style-type: none"> <li>Complete field tests and approve four Phase III-IV planning standards.</li> </ul>	<p>Phase III &amp; IV field testing was completed in June 2007. The standards covered by the Phase III &amp; IV project (PRC-019, PRC-024, MOD-026 and MOD-027) were incorporated into Project 2007-09 – Generator Verification.. This project is currently in the initial standard drafting phase of the project and anticipates posting drafts of the standards in the first quarter of 2008.</p>
<ul style="list-style-type: none"> <li>Propose new standards on operator/situation</li> </ul>	<p>These new proposals are expected to result</p>

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awareness tools.	from the issuance of the recommendations of the real-time tools best practices task force report. This report has not yet been finalized and no standards authorization requests have been submitted as a result.
<ul style="list-style-type: none"> <li>Propose new standards on undervoltage load shedding.</li> </ul>	This project has not yet begun and requires a study to support requirements identifying where to locate UVLS. It is a 2008 work plan project.
<ul style="list-style-type: none"> <li>Propose new standards on reactive power reserves.</li> </ul>	This project has not yet begun officially although NERC staff has begun to accumulate technical resources and references to support its development. It is a 2008 work plan project.
<ul style="list-style-type: none"> <li>Propose new standards on phasor measurements.</li> </ul>	The phasor project is being managed by the technology committee of the NERC Board of Trustees. It is a 2008 work plan project.
<ul style="list-style-type: none"> <li>Propose new standards resulting from lessons learned by other NERC programs (e.g., reliability performance assessment, compliance enforcement, readiness audits, training, situation awareness and infrastructure protection).</li> </ul>	These ideas and topics will be considered and incorporated into the standards work plan update due in September.
<b>Regional Standards Development</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Complete first 10 highest priority regional “fill-in-the-blank” standards.</li> </ul>	<p>At the time the 2007 Business Plan was drafted it was unknown how many regional fill-in-the-blank standards would ultimately be required. The Regional Reliability Standards Working Group (RRSWG) identified a total of only four continent-wide standards requiring support by the development of regional standards:</p> <ul style="list-style-type: none"> <li>BAL-002 - Disturbance Control Performance (included in Project 2007-05)</li> <li>PRC-002 - Define and Document Disturbance Monitoring Equipment Requirements (included in Project 2007-11)</li> <li>PRC-006 - Development and Documentation of Regional UFLS Programs (included in Project 2007-01)</li> <li>PRC-012 - Special Protection System Review Procedure (included in Project 2008-04)</li> </ul> <p>Development of the eight regional standards</p>

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	<p>in support of each the corresponding continent-wide standard is being coordinated with the development of the continent-wide standard. It is anticipated that completion of the regional standards associated with Projects 2007-01, 2007-05, and 2007-11 will be completed in 2009. It is anticipated that completion of the regional standards associated with Projects 2008-04 will be completed in 2010.</p>
<ul style="list-style-type: none"> <li>Review and approve three regional standards development procedures.</li> </ul>	<p>NERC reviewed and commented on all eight regional entity standards development procedures during the first quarter of 2007. The procedures were subsequently filed with FERC as Appendix C to the respective delegation agreement for each regional entity. FERC accepted three of the regional standards development procedures (MRO, NPCC, and TRE) and directed changes to five of the regional standards development procedures (FRCC, RFC, SERC, SPP, and WECC) in their April 19, 2007 Order. These revised procedures will be reviewed prior to being filed with FERC on or about October 19, 2007. NERC anticipates that all eight regional standards development procedures will be approved by the end of 2007.</p>
<ul style="list-style-type: none"> <li>Review and approve 40 regional standards.</li> </ul>	<p>At the time the 2007 Business Plan was drafted it was unknown how many regional reliability standards would ultimately be filed in 2007 with NERC for approval. To date, eight regional standards have been submitted to NERC for approval. All eight of these standards were conditionally approved by the NERC Board of Trustees and forwarded to the appropriate regulatory authorities for further approval. NERC anticipates that up to five more regional standards may be submitted to NERC for approval by the end of 2007.</p>
<p><b>Standards Improvement</b></p>	<p align="center"><b>Status</b></p>
<ul style="list-style-type: none"> <li>Initiate a program to review and, as needed, update existing standards to meet the 10 quality characteristics of standards: applicability; purpose; performance requirements; measurability; technical</li> </ul>	<p>The Reliability Standards Three-Year Work Plan incorporates the activities that support this goal. Each reliability standard will be reviewed through use of the full standards development process with specific focus on these characteristics. NERC is on target to</p>

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<p>basis; completeness; known consequences; clear language; practicality; and consistent terminology. One-third of existing standards are to be reviewed in 2007 and proposed revisions will be developed.</p>	<p>review approximately one-third of its reliability standards in 2007. The scope of this activity was expanded to focus not only on the 10 quality characteristics identified by NERC but also to focus on the factors FERC considers when determining whether to approve a reliability standard as found in Order 672.</p>
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<b>Business Practice Interface</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Develop three joint NERC-NAESB standards.</li> </ul>	<p>NERC and NAESB are actively working on several ATC-related standards in 2007 as well as the NERC-NAESB split of the IRO-006-3 (TLR) reliability standard.</p>
<b>Standards Process Improvement</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Revise standards development rules and procedures in response to governmental agency directives.</li> </ul>	<p>NERC has modified its Section 300 rules of procedure to respond to FERC's directives in its January 18, 2007 Order on Compliance Filing. NERC is actively working with the regional standards development efforts to ensure the modifications directed in FERC's order on delegation agreements are incorporated as required.</p>
<ul style="list-style-type: none"> <li>Timeliness — for high priority standards, shortens average development time of a standard to 12 months through stakeholder ballot.</li> </ul>	<p>NERC standards development coordinators are instructed to develop standards without undue delay. Given the above to be true, the ability to meet this goal is then driven by the technical complexity of the projects and the impact to the industry. This goal is not likely to be met due to the scope changes that occurred relative to Order 693, the introduction of new staff coordinators to support the standards development process, and the technical complexity of several of the projects in that they cover topics or address additional applicable entities not included in the existing version of the reliability standards. In some cases, technical studies are required to develop the framework upon which to base a new reliability standard.</p>
<ul style="list-style-type: none"> <li>Develop a relational database for standards management, including an online tool for managing stakeholder comments.</li> </ul>	<p>The comment handling portion of this project is in the development phase with expected delivery in 2008. The subsequent phase of this project is the relational database development slated to begin next year.</p>

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<ul style="list-style-type: none"><li>• “Flatten” the standards process by increasing the number of conference calls, Web casts, and e-mail actions to greater than 50 percent of all committee and drafting team meetings.</li></ul>	<p>To the extent practical, the NERC standard development coordinators are instructed to employ this practice and have done so to a large degree. The ATC team is the exception where face-to-face meetings are the most beneficial toward completing its mission within the FERC-imposed deadline. Coordinators reserve face-to-face meetings for those activities requiring group discussion and use conference calls and web casts for editing documents.</p>
<ul style="list-style-type: none"><li>• Evaluate and improve ballot performance (quorums and balance.)</li></ul>	<p>NERC has implemented a new ballot handling application that allows it to administer the balloting process more effectively. The application administrator can track in real-time ballot pool participation toward the 75% quorum and can generate email reminders to those who have yet to vote.</p>

## Compliance Monitoring and Enforcement

<b>Compliance Enforcement Program Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Direct and oversee the regional entities implementation of their delegated compliance enforcement program responsibilities</li> </ul>	<p>NERC conducts weekly conference calls and periodic meetings with the regional entity compliance managers to facilitate this effort.</p>
<ul style="list-style-type: none"> <li>▪ Establish working relationships between NERC and the regional entities in order to achieve maximum effectiveness and consistency of monitoring, reporting, enforcement actions, and appeals by direct observation of program implementation and participation in at least 20 compliance audits conducted by each regional entity.</li> </ul>	<p>NERC has assigned a lead regional coordinator to work directly with each region and in several cases provided direct assistance to a regional entity to process self-reported violations or process mitigation plans.</p>
<ul style="list-style-type: none"> <li>▪ Assure timely mitigation of all violations of standards and requirements. For 2007 the number of violations to be tracked and mitigated is expected to increase from approximately 350 in 2006 to 700 in 2007, due to the increase in number of entities monitored from 250 to at least 1,000.</li> </ul>	<p>NERC has developed a process to collect, review, and approve all mitigation plans submitted by registered entities and accepted by the regional entities. The process to review the mitigation plans establishes a priority based on the violation risk factor in the standard and the reliability risk reported by the regional entity.</p>
<ul style="list-style-type: none"> <li>▪ Provide oversight of regional entity compliance programs and conduct formal audits of at least three regional entity programs.</li> </ul>	<p>NERC provides oversight of the regional entity compliance program through direct participation by the regional coordinators. Audits will begin in 2008 since audits conducted in 2007 would be of the 2006 program. The 2006 program did not include enforceable provisions.</p>
<ul style="list-style-type: none"> <li>▪ Participate in all settlement processes with regions for violations of standards as required and review all settlements for consistent application of settlement principles.</li> </ul>	<p>NERC is prepared to participate in any settlements. To date, regional entities have not notified NERC of any settlement proceedings.</p>
<ul style="list-style-type: none"> <li>▪ Review all enforcement actions for consistent application in all violations of standards.</li> </ul>	<p>NERC has noticed FERC of just over 350 enforceable violations of FERC approved reliability standards. To date, these violations have not reached the point of including any enforcement actions. NERC compliance staff is prepared to review all enforcement actions based on the FERC approved Sanction Guidelines and the penalty calculation guidance tool.</p>



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<ul style="list-style-type: none"> <li>▪ Assess the effectiveness of enforcement actions in mitigating violations of standards.</li> </ul>	<p>NERC compliance staff is monitoring the completion of approved mitigation plans.</p>
<ul style="list-style-type: none"> <li>• Implement a training program for compliance auditors.</li> </ul>	<p>NERC has conducted the initial training sessions for all regional entity staff expected to participate on compliance audits. Additional training is schedule for new employees in the next few weeks.</p>
<ul style="list-style-type: none"> <li>▪ Work with the Training, Education, and Operator Certification and Reliability Readiness Audit and Improvement Programs to implement auditor training requirements.</li> </ul>	<p>The Training and Education department in conjunction with the Compliance Monitoring and Enforcement Department developed and delivered the initial training. FERC staff attended one session and additional sessions are scheduled.</p>
<ul style="list-style-type: none"> <li>▪ Assure that the training program requirements are delivered to all NERC compliance auditors, and all regional entity staff compliance auditors.</li> </ul>	<p>NERC conducted a number of training sessions to assure the training was delivered to all NERC and regional entity compliance auditors. Additional training sessions are scheduled for new staff personnel.</p>
<ul style="list-style-type: none"> <li>▪ Deliver a training module for industry technical experts and audit volunteers.</li> </ul>	<p>NERC Training and Education is preparing a training module for industry experts and volunteers to be provided via a web based training portal or on CD.</p>
<ul style="list-style-type: none"> <li>• Develop and enhance processes, data bases, and reporting tools to allow for seamless, uniform reporting of alleged and confirmed violations of standards, proposed penalty and sanction actions, and disposition of all violations.</li> </ul>	<p>NERC has developed the linear reporting tool as well as an enhanced reporting workbook to provide the necessary information to NERC and to the appropriate governmental authority.</p>
<ul style="list-style-type: none"> <li>• Establish and maintain reporting relationships with appropriate governmental authorities in the United States, Canada, and Mexico and establish processes and procedures to report violations, levy penalties and sanctions, and remedy the violations.</li> </ul>	<p>NERC has established reporting procedures and protocols with FERC for reporting all alleged violations, mitigation plans, and status of violations. Agreements continue to be developed with the Canadian Provincial Authorities.</p>
<ul style="list-style-type: none"> <li>▪ Report all alleged violations of standards to FERC and the appropriate governmental authorities in the United States, Canada, and Mexico through established processes.</li> </ul>	<p>NERC has successfully reported all alleged violations of reliability standards for U.S. entities to FERC as required by FERC orders and the NERC Rules of Procedure. Agreements continue to be developed with the Canadian Provincial Authorities.</p>
<ul style="list-style-type: none"> <li>▪ Make notice of penalty filings for all penalties and sanctions applied to compliance violations.</li> </ul>	<p>NERC has established the process by which notices of penalties will be provided to FERC. To date, no violations have reached the point of a Notice of Penalty.</p>
<ul style="list-style-type: none"> <li>• Maintain and enhance the reporting of</li> </ul>	<p>NERC reports monthly to the Board</p>

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<p>violations of standards to the board compliance committee.</p>	<p>Compliance Committee regarding all violations of NERC approved reliability standards. These reports include status updates on all alleged violations and mitigation activities.</p>
<ul style="list-style-type: none"> <li>▪ Report quarterly all confirmed violations of NERC or approved regional standards for which investigatory, decisional, and appeal processes have been completed, including the identity of the organizations involved in those violations.</li> </ul>	<p>NERC provides quarterly reports of all confirmed violations on its public website with the identity of the organization involved in those violations.</p>
<ul style="list-style-type: none"> <li>▪ Track the mitigation of identified violations of standards — expected to be approximately 700.</li> </ul>	<p>NERC tracks the mitigation of all violations of standards. The total number of alleged violations is nearly 4400.</p>
<ul style="list-style-type: none"> <li>• Assess regional reliability organizations for compliance with those NERC standards for which they are accountable. Include a representative number of these standards in the annual compliance program.</li> </ul>	<p>These standards were determined by FERC to not be enforceable (fill-in-the-blank standards). As such, NERC is not monitoring these standards for compliance.</p>
<ul style="list-style-type: none"> <li>• Develop, on a coordinated basis, the compliance elements for approximately 100 new or revised standards with the Reliability Standards Program.</li> </ul>	<p>The NERC CCC and compliance staff have coordinated the development of the missing compliance elements as required by FERC. NERC compliance and standard department staff will jointly develop a straw man set of compliance elements to provide to a standard drafting team organized for the purpose of developing the compliance elements in accordance with the FERC order.</p>
<ul style="list-style-type: none"> <li>• Manage all enforcement action appeals — estimated to be approximately 25 to 30.</li> </ul>	<p>No violations have reached the point of appeal at this time. NERC is prepared through the BOT CC to manage any appeals as has been demonstrated through the appeals of registration.</p>
<ul style="list-style-type: none"> <li>• Maintain a compliance reporting process.</li> </ul>	<p>NERC maintains a process whereby the regions report to NERC’s Compliance Data Management System all alleged violations of NERC reliability standards and all associated actions including hearings, mitigation, settlements, etc.</p>

## Reliability Readiness Evaluation and Improvement

Reliability Readiness Evaluation and Improvement Objectives	Status
<ul style="list-style-type: none"> <li>• Audit one-third of the reliability coordinators, balancing authorities, and transmission operators in 2007, independent of regional compliance audits. In 2007, 70 audits are expected to be performed.</li> </ul>	<p>As of July 31, 2007 twenty-three on-site reliability readiness evaluations have been conducted. Fifty reliability readiness evaluations are scheduled for 2007</p>
<ul style="list-style-type: none"> <li>• Audit one-third of the large local control centers that have been delegated functions or provide significant support to registered reliability entities. In 2007, 12 local control center audits are planned.</li> </ul>	<p>Reliability readiness evaluations of two transmission owners (local control centers) have been conducted as of July 31, 2007. Three additional evaluations are scheduled for 2007.</p>
<ul style="list-style-type: none"> <li>• Implement a training program for reliability readiness auditors.</li> </ul>	<p>Underway – due to resource limitations, the completion date may slip.</p>
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>▪ Work with the Training, Education, and Operator Certification and Compliance Enforcement Programs to implement auditor training requirements.</li> </ul> </li> </ul>	<p>Meetings have been held with the NERC training group, and a job task analysis is underway. The training will be similar to that developed for the Compliance auditors.</p>
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>▪ Assure that the program is delivered to all NERC reliability readiness auditors.</li> </ul> </li> </ul>	<p>Once developed, training will commence for NERC staff and contractors as appropriate. First quarter of 2008 is expected target for completion.</p>
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>▪ Deliver a training module for industry technical experts and audit volunteers.</li> </ul> </li> </ul>	<p>The existing training CD for volunteers is being reviewed for updating, tentatively planned for the 4<sup>th</sup> quarter.</p>
<ul style="list-style-type: none"> <li>• Assist 10 audited entities develop mitigation plans for implementing recommendations from the reliability readiness audits.</li> </ul>	<p>Not yet implemented. Reliability Readiness is currently working with the Operating Committee and the Operating Reliability Subcommittee on determining ways in which the readiness program can work with the industry.</p>
<ul style="list-style-type: none"> <li>• Communicate to the industry 30 examples of excellence identified through the Reliability Readiness Audit and Improvement Program and other means.</li> </ul>	<p>As of July, 31, 2007 twenty-three examples of excellence have been communicated to the industry.</p>
<ul style="list-style-type: none"> <li>• Develop enhanced tools and processes to track the implementation status of reliability readiness audit recommendations.</li> </ul>	<p>An Access database has been developed to track the status of reliability readiness recommendations.</p>
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>▪ Coordinate with the Compliance Enforcement Program in the</li> </ul> </li> </ul>	<p>Compliance enforcement is assessing the feasibility of using the Readiness</p>

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<p>development of an enhanced reporting tool for violations of standards and readiness audit recommendations.</p>	<p>Recommendation Database for use in tracking violations.</p>
<ul style="list-style-type: none"> <li>▪ In conjunction with the regional entities, perform a detailed review of two regional entities per quarter to determine the implementation status of the readiness audit recommendations of its members.</li> </ul>	<p>A review of the implementation status of the entities has deemed this to be unnecessary. NERC will continue to monitor the recommendation implementation of the entities and will implement this practice if necessary.</p>
<ul style="list-style-type: none"> <li>• Maintain and enhance reporting of readiness audit recommendations to the NERC Board of Trustees.</li> </ul>	<p>A detailed report on the readiness evaluation recommendations is given to the BOT at each of its quarterly meetings.</p>
<ul style="list-style-type: none"> <li>▪ Report quarterly the status and mitigation of each recommendation identified in the reliability readiness audit process.</li> </ul>	<p>A detailed report on the status of each readiness evaluation recommendation is prepared quarterly in preparation for the BOT quarterly meeting.</p>
<ul style="list-style-type: none"> <li>▪ Perform a critical analysis of audit recommendations and findings to determine meaningful trends and communicate this information to the industry and to the NERC board as a mechanism for improvement.</li> </ul>	<p>A critical analysis of audit recommendations and findings has been conducted. The results of that analysis have been communicated to the BOT and the Members Representative Committee.</p>
<ul style="list-style-type: none"> <li>• Assure reporting of all probable violations of standards and requirements to the regional compliance officers within two weeks of the conclusion of the readiness audits.</li> </ul>	<p>This practice is currently in effect.</p>
<ul style="list-style-type: none"> <li>• Provide routine feedback to the standards program on deficient areas in existing reliability standards determined during the execution of the readiness audit process.</li> </ul>	<p>A list of deficient areas in existing reliability standards determined during the execution of the readiness audit process is currently being prepared.</p>
<ul style="list-style-type: none"> <li>• Coordinate with the industry’s technical groups on the development of industry best practices and work with the training and education program to develop meaningful educational materials.</li> </ul>	<p>NERC is currently working with the Operating Committee and the Operating Reliability Subcommittee on the process for determining Examples of Excellence. Reliability Readiness is also working with Training and Education on the development of training materials.</p>
<ul style="list-style-type: none"> <li>• Perform a self-assessment of the Reliability Readiness Audit and Improvement Program to evaluate the success and effectiveness of the program in achieving its mission.</li> </ul>	<p>This activity is planned for later this year.</p>

## Training, Education, and Operator Certification Objectives

Operator Certification	Status
<ul style="list-style-type: none"> <li>Administer the current system operator certification program.</li> </ul>	<p>This is an ongoing objective and is currently being implemented using the new System Operator Certification and Continuing Education Database (SOCCED). This was placed into service on May 1, 2007.</p>
<ul style="list-style-type: none"> <li>Implement the three-year transition to the exclusive use of continuing education hours for maintaining system operator certification in lieu of reexamination.</li> </ul>	<p>The transition began in October of 2006. As of August 1, 2007, 60 people have used continuing education hours to maintain their certification credential. Many more are expected to use this method before the end of the year.</p>
<ul style="list-style-type: none"> <li>Implement improvements to the system operator certification program by surveying and defining the knowledge and skills required to control the bulk power system.</li> </ul>	<p>The knowledge and skills from the survey tasks were defined and completed in the spring of 2007. Work on creating new examinations based on the revised knowledge/skills is underway. New exams are scheduled to be released in late summer of 2008.</p>
<ul style="list-style-type: none"> <li>Complete phase two of the portal and database personnel use to register for the system operator certification examinations.</li> </ul>	<p>Phase one is almost complete. Phase two improvements have been identified and will be addressed by the vendor in 3Q and 4Q 2007.</p>
Continuing Education	Status
<ul style="list-style-type: none"> <li>Assess and improve the training provider requirements.</li> </ul>	<p>Several criteria modifications were made to the Continuing Education Program Administrative Manual in July 2007 to address the new system operator credential maintenance using Continuing Education (CE) hours.</p> <p>We are adding requirements in the manual addressing on-the-job training, proctoring of computer delivered courses, and on-line testing. These should be complete December 31, 2007.</p>
<ul style="list-style-type: none"> <li>Raise the quality and levels of training for system operators throughout North America to ensure that delivered training meets the needs of the System Personnel Certification Program.</li> </ul>	<p>This goal is tied to the expanded use of CE hours for system operators to maintain their credential in lieu of retesting. Since January 2007, the demand for training has resulted in approved continuing education providers increasing the level of approved activities from 2000 to over 3800. Continued enhancements make the program more robust.</p>
<ul style="list-style-type: none"> <li>Define and implement the processes to</li> </ul>	<p>The new process used to review and audit the</p>

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review and audit training activities being delivered by providers in order to ensure quality training for system personnel.	training activities being delivered by providers was approved as part of the Continuing Education Program Administrative Manual in 2006. Actual audits of provider activities are scheduled to begin 3Q this year.
<ul style="list-style-type: none"> <li>Establish relationships with training vendors and consultants to improve training products used by industry trainers to augment utility training programs.</li> </ul>	This is an ongoing objective. We are currently developing an RFP soliciting training providers to take over a Train-the-Trainer workshop for system operation trainers previously hosted by NERC.
<ul style="list-style-type: none"> <li>Analyze and improve training activity application and assessment processes.</li> </ul>	Streamlined process improvements are being applied as part of the SOCCED implementation. Providers are now able to upload activities via internet instead of manual input by NERC staff.
<ul style="list-style-type: none"> <li>Define and implement improvements in the database used to track continuing education activities delivered by providers.</li> </ul>	The SOCCED is operational as part of Phase 1. Improvements have been identified for Phase 2 implementation to improve the functionality of the tool for program administrators.
<b>Training and Education</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Develop training and education materials and activities for existing and new reliability standards.</li> </ul>	Development of education materials based on the NERC standards will begin in 4Q. Priority training has focused on the compliance auditors.
<ul style="list-style-type: none"> <li>Deliver training for compliance and reliability readiness auditors.</li> </ul>	This is in various stages. See the sub-bullets below for details.
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Deliver training for NERC, regional entity staff, and industry technical experts who act as team leaders.</li> </ul> </li> </ul>	<p>The first round of two-day introductory training was delivered to compliance audit team leaders in May and June 2007. Additional sessions will be offered quarterly to new staff. More comprehensive training courses have been identified from an auditor job task analysis and will be developed in the future.</p> <p>Training for readiness evaluation team leaders is under development and scheduled for late-year release.</p>
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Deliver training for industry technical experts and volunteers who participate on compliance and reliability readiness audits.</li> </ul> </li> </ul>	<p>This is currently under development for compliance auditors. This course will be delivered via e-learning and is scheduled to be released in October 2007.</p> <p>A readiness evaluator introductory course for industry volunteers will be developed once the course for readiness team leaders is complete.</p>

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<ul style="list-style-type: none"><li>▪ Implement a process to verify and track the auditor training qualifications for those who are trained.</li></ul>	A database has been established to track the auditors and the training they receive from NERC.
<ul style="list-style-type: none"><li>• Develop and deliver training activities and materials on lessons learned from the analysis of system events and system performance.</li></ul>	This goal has not been addressed yet due to the focus on compliance auditor training. This will be addressed more closely in 2008.
<ul style="list-style-type: none"><li>• Complete work on an operator excellence study to create a competency model that can be used for operator hiring and training across North America.</li></ul>	<p>This goal is consists of three parts: a job-task analysis by NERC, a US government training study, and a competency model to be funded by NERC.</p> <p>The job task analysis was performed in 2006 by NERC, but the competency survey was not funded by NERC due to ERO transition priorities. The government training study was completed but never released.</p> <p>This goal will not be finished since two of the three parts are not available to NERC for completion.</p>

## Reliability and Adequacy Assessment

Reliability and Adequacy Assessment Objectives	Status
<ul style="list-style-type: none"> <li>Conduct and report the results of independent assessments of the overall reliability and adequacy of the interconnected North American bulk power systems for 2007 summer, 2007/08 winter, and 2007–2016.</li> </ul>	<ul style="list-style-type: none"> <li>2007 Summer Assessment Complete.</li> <li>2007-2016: 1<sup>st</sup> Draft complete; industry input being sought; meeting with FERC on July 24; public workshop on Aug 16; planned release mid-Oct.</li> <li>2007/2008 Winter Assessment data request being developed.</li> </ul>
<ul style="list-style-type: none"> <li>Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission — supply shortages, generating unit shutdowns, fuel supply and transportation disruptions, droughts, floods, strikes, extreme weather, etc (initiated in 2006.)</li> </ul>	<p>Draft 2007 Long-Term Reliability Assessment explores three high-level scenarios: significant penetration of wind energy; high integration of demand response; and natural gas unavailability. Regional self-assessments address potential reliability impacts of supply shortages, generating unit shutdowns, fuel supply and transportation disruptions, droughts, floods, strikes, extreme weather, etc.</p>
<ul style="list-style-type: none"> <li>Address potentially negative impacts on bulk power system reliability or adequacy due to concerns arising from the operation and planning of gas supply, transportation, and storage, and the operation and planning of electric systems.</li> </ul>	<ul style="list-style-type: none"> <li>2007 Emerging Reliability Issues document addresses these issues; document drafted and under review; planned for release with 2007-2016 Long-Term Reliability Assessment.</li> <li>2007-2016 Long-Term Reliability Assessment Report will address and report on these impacts.</li> </ul>
<ul style="list-style-type: none"> <li>Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power systems.</li> </ul>	<ul style="list-style-type: none"> <li>2007 Emerging Reliability Issues document, a companion to the 2007 Long-Term Reliability Assessment will address a number of regulatory/business, demand, supply, and transmission issues, including: greenhouse gas regulations and renewable mandates; aging workforce; extreme weather impacts on demand and equipment; introduction of large new nuclear units; bulk transmission system modernization; etc.</li> </ul>
<ul style="list-style-type: none"> <li>Establish and maintain relationships with industry, regulatory, and governmental organizations involved with bulk power system reliability (e.g., DOE, FERC, EIA,</li> </ul>	<ul style="list-style-type: none"> <li>Relationships with all organizations established; meetings held to discuss status and future developments.</li> </ul>



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<p>RTOs/ISO, etc.)</p>	<ul style="list-style-type: none"> <li>• EPRI relationship re-initiated; 2<sup>nd</sup> meeting planned for Aug 27.</li> <li>• Specific contacts established with IEEE and PSERC.</li> <li>• Have met with EIA and FERC regarding EIA Forms 860, 411. Met separately with EIA on TADS.</li> </ul>
<ul style="list-style-type: none"> <li>• Review regional reliability assessment processes, regional criteria, and methodologies for consistency and their interdependency and impact on neighboring regions.</li> </ul>	<ul style="list-style-type: none"> <li>• Resource Issues Subcommittee reviewed and summarized these for the Reliability Assessment Subcommittee</li> <li>• Reliability Assessment Improvement Task Force and the Adequacy Assessment Task Force are investigating common assessment approaches and metrics development.</li> </ul>
<ul style="list-style-type: none"> <li>• Sponsor forums for sharing best practices for reliability and planning assessments; review and recommend enhancements to current interregional and interconnection-wide reliability assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating this area into Reliability Readiness Evaluation questions and peer review interviews.</li> <li>• Aug 16 workshop on Long-Term Reliability Assessment will also inform this issue.</li> <li>• Eastern Interconnection Reliability Assessment Group formed; NERC has established liaison.</li> </ul>
<ul style="list-style-type: none"> <li>• Review the impact of potential fuel supply or transportation infrastructure interruptions in reliability assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• High Level Scenario Analysis performed as part of the 2007 Long-Term Reliability Assessment.</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain a continuing working dialog on bulk power system reliability and adequacy issues with natural gas supply and transportation industry representatives.</li> </ul>	<ul style="list-style-type: none"> <li>• A number of our stakeholders have dual roles.</li> <li>• Discussion with several regions on interdependency studies is ongoing, especially New England and Florida.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop and submit Standards Authorization Requests, as required, for any deficiencies or needs revealed by reliability assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability Assessment SAR is now to be re-posted to include industry comments.</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain a library of solved power flow models, a system dynamics database, and dynamics simulation cases for the Eastern Interconnection for use by the regional reliability organizations and their members in planning and evaluating future systems and current operating conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• This is now the responsibility of the Eastern Interconnection Reliability Assessment Group. NERC maintains liaison with ERAG.</li> </ul>

<b>Events Analysis and Information Exchange Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Record all disturbances and other bulk power system off-normal events in the NERC Events Database, created in 2006 (in conjunction with Situational Awareness and Infrastructure Security Program.)</li> </ul>	<ul style="list-style-type: none"> <li>On-going activity.</li> </ul>
<ul style="list-style-type: none"> <li>Conduct NERC-level investigations, as needed, of large-scale outages, disturbances, and near misses to determine root causes and lessons learned.</li> </ul>	<ul style="list-style-type: none"> <li>NERC will lead the analysis of any interregional events that occur. For example, NERC led an investigation of the May 25, 2996 Amtrak Northeast Corridor Electric Power Supply Outage and is leading an investigation of the August 4, 2007 event in which 4,000 MW of generation spanning two Regional Entities tripped following a single line to ground fault on a 765 kV transmission line.</li> </ul>
<ul style="list-style-type: none"> <li>Participate in regional investigations, evaluations, and analyses as determined by NERC.</li> </ul>	<ul style="list-style-type: none"> <li>NERC has participated in all regional analyses of intra-regional events that have occurred, beginning with the Sept 2005 outage in Los Angeles, and including: February 18, 2006 Denver Rolling Blackouts; May 26, 2006 Catawba Nuclear Plant Outage; February 15, 2007 Oconee Nuclear two-unit trip; and June 27, 2007 New York City disturbance.</li> </ul>
<ul style="list-style-type: none"> <li>Maintain and enhance NERC's Blackout and Disturbance Response Procedures (in conjunction with Situation Awareness and Infrastructure Security Program.)</li> </ul>	<ul style="list-style-type: none"> <li>Procedures updated and included as an appendix to NERC's Rules of Procedure.</li> </ul>
<ul style="list-style-type: none"> <li>Direct investigation teams in the evaluation and analysis of system disturbances and other off-normal system events.</li> </ul>	<ul style="list-style-type: none"> <li>NERC will lead the analysis of any interregional events that occur, and participate in all regional analyses of intra-regional events.</li> </ul>
<ul style="list-style-type: none"> <li>Analyze the frequency performance of the interconnections using data from appropriate measurement systems.</li> </ul>	<ul style="list-style-type: none"> <li>Frequency performance of the Interconnections is monitored and analyzed by NERC's Resources Subcommittee using information gathered by the ACE-Frequency Monitoring System.</li> </ul>
<ul style="list-style-type: none"> <li>Establish a clear set of criteria for sorting reported disturbances and other bulk power system off-normal events into categories and deciding what level of investigation, evaluation, or analysis is needed, and who will undertake such investigations,</li> </ul>	<ul style="list-style-type: none"> <li>Triage function described in NERC Blackout and Disturbance Response Procedures (Appendix 8 of Rules of Procedure.)</li> </ul>

evaluations, or analyses (triage function.)	
<ul style="list-style-type: none"> <li>Communicate to the industry root causes of events that may be precursors of potentially more serious events and other “lessons learned” from all investigations, evaluations, and analyses.</li> </ul>	<ul style="list-style-type: none"> <li>Events Analysis and Information Exchange program reports regularly to NERC Planning, Operating, and Member Representatives Committee, as well as to the Transmission Owners and Operators Forum and IEEE technical committees.</li> </ul>
<ul style="list-style-type: none"> <li>Analyze and identify improvements to the interaction of the transmission system with nuclear power plants, especially related to minimum voltages required by the plants.</li> </ul>	<ul style="list-style-type: none"> <li>Nuclear Plant Interface Coordination Standard approved by NERC board and in the process of being filed with FERC for approval.</li> </ul>
<ul style="list-style-type: none"> <li>Develop and submit Standards Authorization Requests, as required, for any deficiencies or needs revealed by event investigations, evaluations, or analyses.</li> </ul>	<ul style="list-style-type: none"> <li>Several standards under development that were initiated as a result of the August 2003 blackout – system protection, under voltage load shedding, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Advise the Reliability Readiness Audit and Improvement Program of specific issues identified through investigations, evaluations, or analyses that should be included in future readiness audits.</li> </ul>	<ul style="list-style-type: none"> <li>On-going.</li> </ul>
<ul style="list-style-type: none"> <li>Advise the Compliance Enforcement Program of any potential reliability standards violations identified through disturbance investigations, evaluations, or analyses.</li> </ul>	<ul style="list-style-type: none"> <li>On-going.</li> </ul>
<ul style="list-style-type: none"> <li>Assess and report quarterly to NERC technical committees and the board on past reliability performance of the bulk power system.</li> </ul>	<ul style="list-style-type: none"> <li>On-going.</li> </ul>
<ul style="list-style-type: none"> <li>Assess and report annually to NERC technical committees and the board on past reliability performance for the previous five years.</li> </ul>	<ul style="list-style-type: none"> <li>First annual report of this type will be made to the committees and board at the end of 2007.</li> </ul>
<b>Benchmarking Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Maintain a performance metrics “dashboard” on the NERC Web site, and develop appropriate reliability performance benchmarks (initiated in 2006.)</li> </ul>	<ul style="list-style-type: none"> <li>Reliability Dashboard being redesigned. The previous reliability dashboard will be revised and published in 2007 based on final approved metrics.</li> <li>Reliability Threats survey was conducted in July 2007 to identify key business and technical issues that have the potential to affect the reliability. 390 responses were received as of 8/6/07. The survey results will be posted on NERC website by the end</li> </ul>

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	<p>of Aug, 2007. They will assist NERC in developing guidelines for appropriate reliability metrics for display on a Reliability Dashboard and for improving the Reliability Metrics and Benchmarking Program.</p> <ul style="list-style-type: none"> <li>• An internal NERC Task Force has proposed and developed a set of reliability performance metrics. The next step is to seek comments and approval from industry stakeholders and regulatory authorities.</li> </ul>
<ul style="list-style-type: none"> <li>• Identify and track key reliability indicators (such as system control performance, TLRs, disturbances, etc.) as a means of benchmarking reliability performance and measuring reliability improvements (initiated in 2006.)</li> </ul>	<ul style="list-style-type: none"> <li>• On-going.</li> <li>• The reliability metrics will be defined to reflect program performance related to the reliability, including Situational Awareness, Training, Readiness Evaluations, Compliance and Assessment.</li> </ul>
<ul style="list-style-type: none"> <li>• Report on changes in reliability performance compared to established benchmarks for each reliability performance indicator (initiated in 2006.)</li> </ul>	<ul style="list-style-type: none"> <li>• On-going.</li> <li>• The dashboard will be updated periodically and report changes in reliability performance.</li> </ul>
<ul style="list-style-type: none"> <li>• Identify and continuously monitor performance indices to detect emerging trends and signs of a decline in reliability performance (initiated in 2006.)</li> </ul>	<ul style="list-style-type: none"> <li>• On-going.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop and submit Standards Authorization Requests, as required, for any deficiencies or needs revealed by the benchmarking program.</li> </ul>	<ul style="list-style-type: none"> <li>• A procedure will be developed to incorporate deficiencies and needs identified by the benchmarking program into Standards development process.</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain a Generating Availability Data System (GADS) on the performance of electric generating equipment; provide assistance to those researching information on power plant availability; support equipment reliability and availability analyses and other decision-making processes; facilitate the use of GADS data in conducting assessments of generation resource adequacy; and report on trends in generating equipment performance.</li> </ul>	<ul style="list-style-type: none"> <li>• On-going.</li> </ul>
<ul style="list-style-type: none"> <li>• Communicate performance results, trends, recommendations, and initiatives to those responsible to take actions; follow with confirmation of actions to correct any</li> </ul>	<ul style="list-style-type: none"> <li>• Survey prepared and issued that identifies key industry reliability threats. Analysis will identify key indicators for tracking.</li> <li>• A procedure will be developed to provide</li> </ul>

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deficiencies identified.	recommendations and follow-up plans to those responsible to take actions.
<ul style="list-style-type: none"> <li>Establish and maintain a Transmission Availability Data System (TADS) and report on trends in transmission equipment performance.</li> </ul>	<ul style="list-style-type: none"> <li>Included in 2008 Business Plan and Budget approved by NERC board on August 1.</li> <li>Detailed data request forms to be approved in October.</li> <li>Plan to initiate TADS in early 2008.</li> </ul>
<p><b>Technical Integration Committee Objectives</b></p>	<p align="center"><b>Status</b></p>
<ul style="list-style-type: none"> <li>Reevaluate the structure, role, and deliverables of the technical integration committee(s) to ensure that the industry is able to effectively and efficiently provide its expertise in support of NERC’s mission as the ERO.</li> </ul>	<ul style="list-style-type: none"> <li>The PC has added three new task forces in 2007 (Adequacy Assessment Task Force, Reliability Assessment Improvement Task Force, and Demand-Side Management Task Force) to focus on issues related to NERC’s mission as an ERO. In addition, the PC developed a 3-year work plan to support its mission.</li> <li>Committee charters revised and approved by NERC board.</li> </ul>
<ul style="list-style-type: none"> <li>Utilize the NERC technical integration committee(s) and its subject matter expert subgroups: for technical advice and support for the Reliability Assessment and Performance Analysis Program; to serve as forums for technical discussion and integration of the outputs of each NERC program; and to provide expert technical opinions on all reliability matters to the NERC programs and the board.</li> </ul>	<ul style="list-style-type: none"> <li>On-going.</li> <li>Planning Committee identified in its revised charter as program support committee for Reliability Assessment and Performance Analysis program.</li> <li>The PC and OC have led an effort to define an “adequate level of reliability” in response to a FERC order. In addition, PC subgroups have authored numerous technical reports.</li> </ul>

## Situation Awareness and Infrastructure Security

<b>Situation Awareness and Infrastructure Security Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Using risk management principles, take actions to enhance the security and resilience of the bulk electric system to address the threats and hazards.</li> </ul>	<p>The SAIS group has worked on this as a continuing objective and will continue to do so.</p>
<ul style="list-style-type: none"> <li>Establishing a robust situation awareness capability to monitor the bulk electric system and the industry’s response to cyber and physical incidents affecting the reliable operation of the system.</li> </ul>	<p>Work has begun on a pilot with PJM (in support of section 1839 of the EPAct of 2005 – see below) to provide high-level situational awareness of the bulk electric system. No progress on incident response monitoring.</p>
<b>Electricity Sector Information Sharing and Analysis Center (ESISAC) Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Operate the ESISAC to gather information and communicate security-related threats and operating incidents within the sector, to United States and Canadian governmental authorities, and to other critical infrastructure sectors.</li> </ul>	<p>The ESISAC has been operational all year and has been fulfilling its role for the industry and government partners.</p>
<ul style="list-style-type: none"> <li>Improve the capability of the ESISAC to analyze security threats and incident information and provide situational assessments for the electricity sector and governmental authorities and departments.</li> </ul>	<p>The ES ISAC continues to develop its capabilities in this area. A new “Concept of Operations” has been drafted that defines processes and procedures for the collection and dissemination of incident reports as well as information sharing with government and industry partners. Ties to internal NERC programs such as events analysis and performance benchmarking are being strengthened and formalized. Finally, tools to augment situational awareness are in development and a pilot program is underway.</p>
<ul style="list-style-type: none"> <li>Collaborate and strengthen relationships with FERC, the U.S. Department of Homeland Security (DHS), the U.S. Department of Energy (DOE), Public Safety and Emergency Preparedness Canada (PSEPC), and other authorities of national, state, and provincial governments on infrastructure security matters.</li> </ul>	<p>The ES ISAC has worked closely with FERC, DHS, DOE and PSEPC so far this year on issues ranging from actual events to possible vulnerabilities.</p> <p>The ES ISAC has taken advantage of opportunities to build and strengthen working relationships with government partners this year. ES ISAC representatives actively participate on the Electricity Sector Coordinating Council (ESCC). The ESCC</p>

	<p>meets regularly with the its complement, the Government Coordinating Council, whose membership includes FERC, DOE, and DHS. Similarly, ES ISAC leadership participates on the Partnership for Critical Infrastructure Security as well as the Critical Infrastructure Partnership Advisory Council on matters relating to critical infrastructure protection.</p> <p>Further, the ES ISAC worked with DHS, FERC, DOE and PSC to assess CIP-related vulnerabilities in the energy sector and prepare mitigation strategies for industry consideration.</p>
<ul style="list-style-type: none"> <li>▪ Fill the role of the Electricity Sector Coordinating Council and coordinate with the Government Coordinating Council.</li> </ul>	<p>The ESCC has met with the Government Coordinating Council twice year to date. This partnership has yielded the approval of the Energy Sector Specific Plan, a key component to implementing the U.S. government’s National Infrastructure Protection Plan.</p>
<ul style="list-style-type: none"> <li>▪ Coordinate with other infrastructure sectors through active participation with the other Sector Coordinating Councils, the other ISACs, and the National Infrastructure Advisory Committee.</li> </ul>	<p>The ES ISAC actively participates in the ISAC Council to ensure coordination of information sharing protocols and other operational objectives pertinent to cross-sector infrastructure protection issues. The ES ISAC has worked closely with the Oil and Natural Gas sector to develop the Energy Sector Specific Plan. It is also working with Nuclear sector to develop possible threat scenarios to be used in strategic infrastructure protection planning.</p>
<ul style="list-style-type: none"> <li>▪ Encourage and participate in coordinated critical infrastructure security exercises, including interdependencies with other critical infrastructure sectors.</li> </ul>	<p>ES-ISAC personnel have participated in several regional exercises (Blue Cascade, NE power shortage) and will be involved in the planning for cyber storm 08 and Top off 4.</p>
<ul style="list-style-type: none"> <li>• Improve mechanisms for the sharing of sensitive or classified information with federal, state, and provincial governmental authorities on critical infrastructure protection matters. Likewise, work more closely with other sector ISACs to accomplish increased information sharing.</li> </ul>	<p>With NERC’s Critical Infrastructure Protection Committee, ES ISAC personnel have been working with the U.S Department of Homeland Security to integrate provisions of DHS’s Protected Critical Infrastructure Information program into existing incident reporting tools used within the electricity sector.</p> <p>Information sharing with other critical infrastructures continues to improve. The ES ISAC routinely shares information with the following sectors: Financial, Surface</p>

	Transportation, Information Technology, Highway, and Emergency Services. The ES ISAC also works closely with the telecommunications sector.
<ul style="list-style-type: none"> <li>• Work with DOE and DHS to implement the National Infrastructure Protection Plan, as applicable to the electricity sector, and coordinate this work with PSEPC.</li> </ul>	NERC’s Board of Trustees endorsed the Energy Sector Specific Plan on August 1, 2007.
<b>Security Planning Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Execute a risk management approach to critical infrastructure protection, considering probability and severity, and utilize mitigation, recovery, and network resilience as practical alternatives to prevention. Keep abreast of the changing threat environment through collaboration with governmental authorities.</li> </ul>	Ongoing progress collaborating with government authorities.
<ul style="list-style-type: none"> <li>▪ Develop criteria to identify critical physical and cyber assets, assess security threats, identify risk assessment methodologies, and assess effectiveness of physical and cyber protection measures.</li> </ul>	A working group under NERC’s Critical Infrastructure Protection Committee is reconstituting to pursue this activity. The Risk Analysis Working Group, under new leadership, will complete a work plan by the end of the year.
<ul style="list-style-type: none"> <li>• Enhance the bulk power system critical spare transformer program, and encourage increased participation by asset owners. Continue to assess the need to expand this program to include other critical bulk power system equipment.</li> </ul>	ES ISAC personnel are closely following work underway within the Edison Electric Institute to develop an inventory of spare transmission parts. EEI’s focus is on restoration from a terrorist attack; however, its work will be valuable as plans to extend NERC’s spare transformer database to other critical spares are developed later this year.
<ul style="list-style-type: none"> <li>• Lead the implementation of the cyber security standards through an education program.</li> </ul>	Education program completed in last half of 2006. If a need exists, NERC will sponsor additional workshops this year to support industry’s implementation of these standards.
<ul style="list-style-type: none"> <li>• Actively manage the Infrastructure Security Guideline Program.</li> </ul>	A plan established last year called for the review of specific guidelines over a two-year period. Mid-way into the second year of that plan, all but two of the identified guidelines have been reviewed and approved by NERC’s Critical Infrastructure Protection Committee. The review of the remaining guidelines will be complete by the end of this year.
<ul style="list-style-type: none"> <li>▪ Review and improve existing security</li> </ul>	Good progress



guidelines.	
<ul style="list-style-type: none"> <li>▪ Develop new security guidelines to meet the needs of the electricity sector.</li> </ul>	One new guideline has been approved by NERC’s Critical Infrastructure Protection Committee. Two other new guidelines are in development. At least one, Incident Reporting, is slated for completion this year.
<ul style="list-style-type: none"> <li>▪ Consider whether any guidelines should be developed into standards.</li> </ul>	A review of existing CIP-related guidelines is in progress. Recommendations will be made to CIPC before the end of 2007.
<ul style="list-style-type: none"> <li>• Improve methods to better assess the impact of a possible physical attack on the bulk power system and means to deter, mitigate, and respond following an attack.</li> </ul>	SAIS leadership is pursuing formation of a working group sponsored by NERC’s Critical Infrastructure Protection Committee for this purpose.
<ul style="list-style-type: none"> <li>• Complete guidelines for use by electricity sector to identify critical cyber and physical assets.</li> </ul>	CIPC’s Risk Analysis Working Group (see above) will address the issue of critical asset identification as part of its scope of work.
<ul style="list-style-type: none"> <li>• Assess the results of vulnerability assessments and enhance the security of SCADA and process control systems by developing methods to detect an emerging cyber attack and the means to mitigate impacts on the bulk electric systems.</li> </ul>	SAIS personnel are engaged in activities sponsored by DOE’s national laboratories
<ul style="list-style-type: none"> <li>▪ Work with the National SCADA Test Bed and the Process Control Systems Forum to accelerate the development of technology that will enhance the security, safety, and reliability of process control and SCADA systems.</li> </ul>	Visits made to PNNL and INL. Focus is on Cyber standards and their implementation.
<ul style="list-style-type: none"> <li>• Initiate a NERC standard for conducting a risk assessment of critical assets in the electricity infrastructure.</li> </ul>	CIPC’s Risk Assessment Working Group will consider this avenue as it defines its work plan.
<b>Operating Reliability Support Services Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Maintain the reliability and effectiveness of all mission-critical operating reliability support systems and services.</li> </ul>	Good performance for year to date.
<ul style="list-style-type: none"> <li>• Review and approve changes in the IDC as required to address changing market</li> </ul>	Completed

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structures and seams between markets.	
<ul style="list-style-type: none"> <li>Continue to support maintenance of a transmission provider curtailment report on the CRC site in response to FERC Order 605.</li> </ul>	Good performance for year to date
<ul style="list-style-type: none"> <li>Review the E-Tag functional requirements and specifications to ensure alignment with the IDC and other applications.</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Investigate and analyze the use of high-speed real-time system measurements, including phasors, in predicting the behavior and performance of the Eastern Interconnection.</li> </ul>	Work on the phasor initiative continues with good progress year to date.
<ul style="list-style-type: none"> <li>Facilitate real-time voice and data exchange services among reliability coordinators (e.g., Hotline, Interregional Security Network, NERCnet, System Data Exchange, etc.)</li> </ul>	NERC continues to support tools that allow for the rapid exchange of operational information, including the Reliability Coordinator Hotline, NERCnet, and system monitoring tools such as the ACE and Frequency Monitoring tool.
<ul style="list-style-type: none"> <li>Conduct a business analysis of the operating reliability support systems listed below to achieve lower costs and higher effectiveness. Increased use of outsourcing and off-the-shelf packages will be considered for the development and maintenance of operating reliability support services.</li> </ul>	NERC's Board of Trustee's new Technology Committee (TC) has created decision support criteria for use in evaluating NERC's role with respect to existing and new reliability tools. SAIS personnel, together with NERC's Information Technology specialists, will prepare plans to effectively carry out the TC's strategic directives.
<ul style="list-style-type: none"> <li>Review and revise the functional requirements and specification for the TSIN Registry in coordination with NAESB; recommend funding process and allocations.</li> </ul>	A new functional specification has been prepared by the NERC/NAESB Joint Interchange Scheduling Working Group. NERC and NAESB will work cooperatively to determine application development, implementation, and ongoing production requirements. A plan addressing those issues will be available by year-end.
<ul style="list-style-type: none"> <li>Transition Frequency and ACE Monitoring System to include the Electric Reliability Council of Texas.</li> </ul>	Work to meet this goal continues. .
<ul style="list-style-type: none"> <li>Integrate hourly area interchange error functionality into the Frequency and ACE monitoring tool.</li> </ul>	Work continues. Expected during second half of the year.
<ul style="list-style-type: none"> <li>Implement the Transmission</li> </ul>	Work has begun on a pilot with PJM and work

<p>Monitoring System as defined by the feasibility study included in the DOE and FERC report to Congress, as required by section 1839 of the EPAct of 2005.</p>	<p>continues on the NASPI initiative.</p>
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**Members' Forums**

<p><b>Members' Forums Objectives</b></p>	<p><b>Status</b></p>
<ul style="list-style-type: none"> <li>• Prepare forums and general technical committee charters.</li> </ul>	<p>Done</p>
<ul style="list-style-type: none"> <li>• Assist forum and committee officers in their leadership responsibilities.</li> </ul>	<p>Done</p>

## Information Technology

Information Technology Goals	Status
<ul style="list-style-type: none"> <li>Establishing and directing the strategic long-term goals, policies, and procedures of NERC's information technology department.</li> </ul>	<p>Activities that support this objective include network and system infrastructure development to support a growing staff and changing business needs. New hardware and software have been introduced to address secure remote access to accommodate a growing telecommuter population. Additional telecommunications have been added to integrate a satellite office in Washington DC. New web-based help desk tools are being developed to support internal and external audiences.</p>
<ul style="list-style-type: none"> <li>Creating an information security program aimed at reducing risk to acceptable levels.</li> </ul>	<p>NERC has had a formal information security program in place for a number of years. Current activities include analyzing the new requirements introduced in CIP-002 through CIP-009 against NERC's existing program and implementing new process, procedures, and tools to meet those requirements. We have already introduced enhanced monitoring tools and vulnerability assessment tools for this purpose.</p>
<ul style="list-style-type: none"> <li>Determining long-term systems needs and hardware acquisitions.</li> </ul>	<p>Developed three-year long range plan for system needs, including a document management system and other program-specific tools to support day-to-day business needs.</p>
<ul style="list-style-type: none"> <li>Developing and implementing information security standards and procedures.</li> </ul>	<p>Activities underway in this area include the preparation of documentation necessary to meet the requirements of CIP-002 through CIP-009. The current focus is on documenting our vulnerability assessment methods, for perimeter and internal systems.</p>
<ul style="list-style-type: none"> <li>Ensuring all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security.</li> </ul>	<p>IT has implemented additional tools to augment the real-time monitoring of NERC's hardware and software infrastructure to ensure system availability, reliability and data integrity. The IT staff has also received additional training in the areas of business requirements gathering and documentation, applications development, and cyber security in support of this goal.</p>
<ul style="list-style-type: none"> <li>Planning and implementing organization-</li> </ul>	<p>In addition to the above-noted activities,</p>

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wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems.	NERC is reconstructing its web site to enhance the user experience and is developing a new service-oriented data infrastructure to facilitate the dynamic presentation of web site content.
<b>Information Technology Objectives</b>	<b>Status</b>
<ul style="list-style-type: none"><li>• Develop the second phase of the Standards Information Management System (comment and response handling).</li></ul>	Two options have been identified and the decision is pending – expected completion date of December 31, 2007.
<ul style="list-style-type: none"><li>• Rewrite information security policies and procedures to meet the requirements of CIP-002–009.</li></ul>	Documentation is in final stages for CIP-004, 005, 007, and 009. Next step will be to document risk assessment methodology as required by CIP-002. On target for auditable compliance per the approved implementation plan.

## Legal and Regulatory

Legal and Regulatory Objectives	Status
<ul style="list-style-type: none"> <li>Implement its electric reliability organization functions.</li> </ul>	Ongoing.
<ul style="list-style-type: none"> <li>Reorganize the North American Electric Reliability Council and the North American Electric Reliability Corporation.</li> </ul>	Completed – NERC Council and NERC Corporation were merged, effective January 1, 2007, with NERC Corporation as the surviving corporation.
<ul style="list-style-type: none"> <li>Implement all delegation agreements with regional entities.</li> </ul>	Completed – NERC has executed delegation agreements with eight regional entities, FERC has approved those agreements, and the agreements became effective May 18, 2007. NERC and the regional entities must also file modifications to the delegation agreements by October 16, 2007, and that work is underway.
<ul style="list-style-type: none"> <li>Obtain recognition of NERC as the electric reliability organization in all nine Canadian jurisdictions.</li> </ul>	Ongoing. NERC has entered into memorandums of understanding with the Ontario Energy Board, the Régie de l'énergie in Québec, the Nova Scotia Utilities and Review Board, and the National Energy Board. Work is continuing in the remaining provinces.

**Human Resources**

<b>Human Resources Objectives</b>	<b>Status</b>
• Recruit stellar employees.	Ongoing
• Conduct surveys on competitive salaries.	Done — recommendations will be made to management by year end.
• Provide management training programs.	Ongoing
• Revamp employee manual.	Done
• Review employee benefits.	Done

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**NERC STATEMENT OF POLICY**

**REGARDING CERTAIN COST ALLOCATIONS**



## **Policy on Allocation of Certain Compliance and Enforcement Costs**

A reliable North American bulk power system benefits all those who live, work, and do business in North America. Reliability of the bulk power system also has the characteristics of a public good. Because of the interconnected nature of the international bulk power system, reliability problems in one location can lead to serious consequences across the grid. For that reason, each entity with reliability responsibilities has a strong interest that each other entity with reliability responsibilities operate in a reliable fashion. NERC's programs to improve the reliability of the bulk power system benefit all. For that reason, NERC's general policy (for example, see Section 1102 of the Rules of Procedure) is that all load should bear a fair share of the costs of the applicable programs, on the basis of net energy for load, equitably allocated between countries and respectful of jurisdictional responsibilities, consistent with executed agreements or memoranda of understanding between provincial and/or regulatory governmental authorities.

For example, the annual budget for NERC and the regional entities includes the costs of the Compliance Monitoring and Enforcement Program that the regions conduct under NERC oversight. In its implementation of the "Electricity Act" 1998 (Ontario), the government for the Province identified that the Ontario Independent Electric System Operator ("IESO"), should have primary responsibility for compliance monitoring and enforcement within Ontario. NERC and NPCC: Cross-Border Regional Entity ("NPCC CBRE") entered into a memorandum of understanding with the IESO in 2006 that recognizes the relative responsibilities of the three organizations. Because the IESO has primary responsibility for compliance, it is incurring costs that would otherwise have been incurred by NPCC CBRE.

In situations such as this, NERC believes it appropriate to give recognition to the compliance monitoring and enforcement activities conducted by an entity such as the IESO when NERC allocates its costs among those responsible for supporting NERC's annual budget. This special allocation will be available only in the following circumstances:

1. The special allocation adjustment will be available only for jurisdictions outside the United States, consistent with applicable agreements or memoranda of understanding with provincial regulatory and/or governmental authorities.
2. The special allocation adjustment will be available only for activities associated with a Compliance Monitoring and Enforcement Program. Other program areas will be subject to NERC's normal allocation policies.<sup>1</sup>
3. The special allocation adjustment will be available only where the provincial government, by statute or regulation, has designated an entity other than a regional entity to have primary responsibility for reliability services such as compliance monitoring and enforcement and where NERC and the designated entity have entered into an agreement or memorandum of understanding recognizing the respective responsibilities of the various organizations.

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<sup>1</sup> Certain commenters requested that NERC also adopt a policy here that particular items be assigned only to those who benefit from that particular item. Section 1102.4 of NERC's Rules of Procedure already includes that policy.

4. The designated entity must actually be conducting an effective compliance monitoring and enforcement program.
5. The special allocation adjustment will be applied to the costs of the regional entity, and where appropriate, costs of NERC.

Where all these criteria are satisfied, NERC, the appropriate regional entity, and the designated entity will develop a special allocation adjustment that takes account of all the facts and circumstances of the particular situation and is equitable to both the designated entity as well as all other entities. The special allocation adjustment is subject to approval of the NERC Board of Trustees.

Approved by the NERC Finance and Audit Committee: May 1, 2007



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June 27, 2007

Mr. Joe Conner  
Chief Financial Officer  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ  
U.S.A. 08540-5721

Dear Mr. Conner:

Re: NERC 2008 Compliance and Enforcement Costs

This note concerns the allocation to Ontario of NERC's 2008 compliance and enforcement costs. The IESO agrees with the proposed exclusion of those costs in NERC's compliance, monitoring and enforcement program which are duplicative of IESO programs. This proposed exclusion is in accordance with NERC's May 1, 2007 policy on certain compliance and enforcement costs.

As you know Ontario's contribution to NERC's funding is included in the IESO's revenue requirements which are filed with, and subject to, the approval of our regulator, the Ontario Energy Board. This filing takes place in the fall of each year. I appreciate your efforts in bringing this matter to a conclusion.

Bruce B. Campbell

c: David Cook  
Kim Warren

**Bruce B. Campbell**  
Vice President  
Corporate Relations &  
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## **NERC Proposal Adjustment to the IESO NERC Assessment**

### **Background**

The allocation policy adopted May 1, 2007 by the NERC Finance and Audit Committee explicitly states that “*NERC believes it appropriate to give recognition to the compliance monitoring and enforcement activities conducted by an entity such as the IESO when NERC allocates its costs among those responsible for supporting NERC’s annual budget.*” The policy identifies five conditions that need to be met to consider an adjustment to the standard method of allocation (proportional net energy for load).

NERC believes that IESO has met all of the conditions identified in the policy in order to consider an adjustment to the NERC assessment.

### **Specific Compliance Monitoring and Enforcement Program Costs Not Applicable to the IESO**

NERC has stated in the allocation policy that because IESO has primary responsibility for compliance, IESO is incurring the costs that would otherwise have been incurred by NERC. With that in mind, NERC reviewed the costs to be incurred in its Compliance Monitoring and Enforcement Program to identify and exclude the costs NERC believes do not apply to the arrangement that exists between IESO and NERC. In performing this review, NERC identified 13 staff positions (one manager of regional compliance program oversight and twelve regional compliance program coordinators). These positions will support the regional monitoring activities of the entities on the compliance registry list. Since IESO will be performing this direct monitoring function within its footprint, any costs that NERC would assess to IESO would be duplicative and should be excluded from the overall IESO assessment.

NERC believes that the balance of the costs to be incurred in its Compliance Monitoring and Enforcement Program are expenses that fall in the category of the “public good” and that all load, including IESO’s, should bear a fair share of the costs of the applicable program on the basis of net energy for load.

## Adjustment Proposal

The adjustment would take into account all of the direct costs associated with the activities identified above as well as a proportional share of all of NERC's overhead costs based on net energy for load.

<b>NERC Credit - 2008</b>	<b>Preliminary (Draft 1)</b>	<b>Final</b>
Staff (13 FTEs - 50% of comp staff)	2,387,327	2,334,747
IESO NEL Share (2006)	3.546%	3.403%
IESO Credit - NERC Direct Costs	84,655	79,450
Total Overheads	9,386,007	9,359,657
Overhead (13 FTE / 75 FTEs)	16.7%	17.3%
Total Applicable Overheads	1,564,335	1,622,341
IESO NEL Share (2006)	3.546%	3.403%
IESO Credit - NERC Overhead costs	55,471	55,207
Total Credit - (non-applicable)	140,126	134,657

To effectuate this adjustment, NERC would exclude the IESO from the allocation of these costs.



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## **Proposed Adjustment to the NPCC 2008 Assessment of the IESO**

### **Background:**

In its implementation of the “Electricity Act” 1998 (Ontario), the government for the Province identified that the Ontario Independent Electric System Operator (IESO) should have primary responsibility for compliance monitoring and enforcement within Ontario. NERC and NPCC entered into a Memorandum of Understanding with the IESO in 2006 that recognizes the relative responsibilities of the three organizations. Because the IESO has primary responsibility for compliance, it is incurring costs that would otherwise have been incurred by NPCC.

The allocation policy adopted by the NERC Finance and Audit Committee on May 1, 2007 explicitly states that “*NERC believes it appropriate to give recognition to the compliance monitoring and enforcement activities conducted by an entity such as the IESO when NERC allocates its costs among those responsible for supporting NERC’s annual budget.*” The policy identifies five conditions that need to be met to consider an adjustment to the standard method of allocation (proportional net energy for load).

NPCC has applied this allocation policy to determine a proposed IESO adjustment for direct and indirect costs associated with the NPCC Compliance Monitoring and Enforcement Program (CMEP).

### **Specific Compliance Monitoring and Enforcement Program Costs Not Applicable to the IESO**

NERC has stated in its allocation policy that because the IESO has primary responsibility for compliance, it is incurring costs that would otherwise have been incurred by NERC and a regional entity. Using NERC’s premise, NPCC has reviewed the costs to be incurred in its regional CMEP, by IESO, to calculate an adjustment consistent with the Memorandum of Understanding that exists between the IESO and NPCC. In performing this review for the 2008 budget, NPCC identified 45% of its CMEP costs as duplicative to IESO activities, and therefore appropriate for an adjustment to the IESO 2008 assessment. These duplicative activities are in three areas: entity registration, CMEP administration, and the compliance audit/spot check program.

NPCC recognizes that its compliance monitoring and enforcement program and the IESO’s corresponding program are complementary and constitute a joint “public good”.

## **Proposed Adjustment of IESO 2008 Assessment for NPCC CMEP Costs**

The adjustment would take into account all of the direct costs associated with the activities identified above as well as the indirect costs associated with the activities.

### **Proposed IESO Adjustment – 2008**

Total Direct Costs	1,997,831
Allocated Cost Factor	45 %
Total Applicable Direct Costs	899,024
IESO NEL Share (2006)	22.99%
IESO Adjustment – NPCC Direct Costs	206,686
Total Indirect Costs	1,350,618
Allocated Cost Factor	45 %
Total Applicable Indirect Costs	607,778
IESO NEL Share (2006)	22.99%
IESO Adjustment - NPCC Indirect Costs	139,728
Total Proposed IESO Adjustment	346,414

### **Estimates Used**

1) The costs identified in the 2008 NPCC Draft 2 Budget (dated June 8, 2007) were used to estimate the 2008 adjustment. The 2008 NPCC Draft 2 Budget, with total Compliance Monitoring and Enforcement Program costs, as well as the proposed IESO adjustment, will be distributed for comment to the NPCC CBRE Board. Final costs will be shown when the budget is approved.

## IESO Allocated Funding of NPCC in 2008

### Introduction

This note provides further background on the basis for the proposed IESO funding allocation for NPCC CBRE compliance and enforcement activities in 2008. This adjustment is a reduction of \$346,414 US, corresponding to 45% of NPCC CBRE's compliance and enforcement costs to the IESO that are duplicative of existing Ontario programs.

The proposed adjustment is consistent with the approved NERC allocation policy ("Policy on Allocation of Certain Compliance and Enforcement Costs", dated May 1, 2007). The IESO fully meets the conditions of this allocation policy, and is thereby eligible to receive an allocation adjustment to the compliance and enforcement costs of NERC NPCC. The outstanding matter then becomes determining the appropriate amount of such an adjustment for Ontario. The proposal does not affect Ontario's allocation in any other NPCC program area.

The process for arriving at the proposal is grounded in legislation, agreements and NERC-NPCC policies that were developed with full opportunity for industry comment prior to approval. In summary, that context includes the following:

- Ontario legislation in 1998 and the Ontario market rules (which came into force on market opening in 2002) that assign authority for reliability and enforcement of standards to the IESO;
- An established compliance and enforcement program in Ontario administered by the IESO and its Market Assessment and Compliance Division (MACD) that has been fully functional since market opening - significantly in advance of the new ERO related processes now coming into effect.
- NERC discussions with the Ontario Ministry of Energy in the fall of 2005 where NERC accepted the existing Ontario framework as the basis for compliance and enforcement in Ontario – and as the basis for the subsequent Ontario recognition of NERC as the ERO
- The MOUs in 2006, between the OEB and NERC, and between the IESO, NERC, NPCC-CBRE and NPCC Inc., that specified roles in compliance and enforcement and funding principles;
- Submissions to NERC and its Finance and Audit Committee (FAC) respecting the need to reflect the Ontario compliance and enforcement framework in Ontario's allocation of NPCC and NERC costs;
- Participation in the open NERC budgeting and ensuing allocation policy processes that included posting of, and industry submissions to the FAC on its resulting draft allocation policy and business plan and budget;
- Discussions with NERC that concluded with agreement on the level of the Ontario adjustment for 2008 NERC costs under the approved allocation policy. This adjustment was based on the portion of NERC's compliance and enforcement costs judged duplicative of existing Ontario program activities and thus inapplicable to Ontario. This approach was subsequently adopted for developing the present proposal for the allocation adjustment respecting NPCC CBRE's costs;



- Subsequent discussions on the NPCC allocation adjustment with NPCC, where the allocation methodology was a direct extension of that process used with NERC; and
- Recognition by NERC that the proposed NPCC CBRE budget was appropriate in recognizing an allocation adjustment for the IESO to reflect NERC's allocation policy.

The resulting proposed adjustment is 45% of NPCC's compliance and enforcement costs to the IESO. That is, Ontario's 22.99% NEL rate would be applied to 55% of NPCC's compliance and enforcement costs (100 - 45), not the full amount of these costs. This results in an adjustment of \$346,414 US.

The proposed allocation adjustment was agreed by NPCC and IESO to reasonably reflect the NPCC costs duplicative of existing Ontario program activities and therefore not applicable to Ontario under the NERC allocation policy. The objective of both parties was to recognize the established Ontario reliability framework and avoid unfairly double-charging Ontario customers for program activities already being paid for in the province.

#### Applicability of NPCC Compliance Enforcement Costs to Ontario

The applicability adjustment is based on the reduced role of NPCC in Ontario that results from the IESO, including MACD, having the ongoing responsibility for compliance and enforcement within Ontario.

NPCC undertakes a number of work activity components in its "Compliance Enforcement and Organization Registration and Certification Program" as defined in the 2008 NPCC Business Plan. These activities include Registration and Certification, Compliance Monitoring and Enforcement Program (CMEP) and the CMEP Data Administration Application (CDAA).

The IESO, either as a function of its operations group or through MACD, performs and funds a number of these tasks on behalf of Ontario – consistent with its statutory mandate.

The result is that for the most part, the NPCC deals only with the IESO, which in turn deals with the large number of Ontario owners, users and operators that are subject to reliability standards. Under the Ontario framework, their accountability is solely to the IESO, and not to NPCC or NERC.

In particular, the IESO is the sole Ontario entity that is required to register with NPCC; provide reports to NPCC; subject to NPCC compliance audits; accountable for complying with NERC and NPCC standards; and subject to non-monetary sanction by NPCC for non-compliance. This contrasts with other jurisdictions within NPCC where NPCC has a direct enforcement role with individual owners, users and operators.

Consistent with the Ontario framework, the IESO maintains - and Ontario customers fund - a full compliance and enforcement program that has achieved high compliance with NERC reliability standards, NPCC criteria, and relevant IESO reliability criteria.

In short, a portion of NPCC activities are aimed solely at jurisdictions outside Ontario and should not be charged to Ontario consumers who are funding equivalent programs directly through the IESO.

Both the IESO and NPCC believe that the existing draft NPCC budget is the appropriate basis for determining the allocation adjustment. The approach also provides consistency with the methodology used to arrive at the NERC adjustment.

In the result, the majority of NPCC compliance related program costs have very limited applicability to Ontario, while some programs have limited applicability, and a small portion have full applicability. The 45% adjustment in the joint proposal is based on comprehensive reviews by both the IESO and NPCC of the programs to be carried out by each organization – ensuring fairness to all parties while avoiding double-charging Ontario customers for work already being paid for through the IESO. At the same time both the IESO and NPCC recognized and support the mutual benefits of the IESO and NPCC compliance programs.

Both the IESO and NPCC are requesting approval of this proposal for 2008 at the upcoming Board meeting. Both organizations are nearing the completion of the business planning and budgeting process. In the IESO's case, management must complete its recommendations in August as the first step in its fee approvals, which culminate in an Ontario Energy Board application in the fall. NPCC is required to submit its figure to NERC for consideration at the July 31<sup>st</sup> FAC, with approval by the Board of Trustees scheduled for the following day.

July 16, 2007

**ATTACHMENT 6**  
**NERC RECORDS RETENTION POLICY**  
**AND SYSTEM OF ACCOUNTS**

**North American Electricity Reliability Corporation  
Record Retention Policy**

<b>Types of Records</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>7 Years</b>	<b>Perm</b>
Accounts payable ledgers & schedules				Y	
Accounts receivable ledgers & schedules				Y	
Company policy & practice manuals					Y
Audit reports					Y
Bank statements			Y		
Bank reconciliations			Y		
Canceled checks			Y		
Chart of accounts					Y
Contrats & leases:					
Expired				Y	
Current					Y
Correspondence:					
Contributions			Y		
General			Y		
Legal & important matters only					Y
Routine vendor	Y				
Depreciation schedules					Y
Election records					Y
Employee personnel records (after termination)				Y	
Employee W-2 and payroll tax returns				Y	
Employment applications		Y			
Financial records/schedules used in preparation of tax returns (from date return filed)					Y
Financial statements (year-end; other months optional)					Y
General ledgers: year-end trial balances			Y		
Insurance policies (including expired policies)					Y
Inventories			Y		
Invoices:					
From vendors			Y		
To customers			Y		
Minutes of director & committee meetings (incl bylaws & charter)					Y
Ownership of property, real estate, patents, trademarks, copyrighted documents (from date ownership ends)				Y	
Payroll records & summaries				Y	
Pension documents & records					Y
Petty cash vouchers			Y		
Purchase orders			Y		
Receipt records (sales, etc.)			Y		
Sales records and journals			Y		
Subsidiary ledgers			Y		
Tax returns					Y
Time sheets				Y	
Vouchers for payments to employees for reimbursements, allowances, etc.				Y	

**North American Electric Reliability Corporation**  
**System of Accounts (NSOA)**  
**(07/27/07 DRAFT)**

**A. FUNCTIONAL CATEGORIES**

Functional categories are to be used to segregate income and expenses into the appropriate categories to provide a meaningful comparison between the budgeted and actual amounts.

*Rules of Procedure Categories*

- 0300 Reliability Standard Development  
Includes income and expenses for activities as defined as functions required to be performed under Section 300 of NERC's Rules of Procedure
- 0400 Compliance Enforcement  
Includes income and expenses for activities as defined as functions required to be performed under Section 400 of NERC's Rules of Procedure
- 0500 Organization Registration and Certification  
Includes income and expenses for activities as defined as functions required to be performed under Section 500 of NERC's Rules of Procedure
- 0600 Personnel Certification  
Includes income and expenses for activities as defined as functions required to be performed under Section 600 of NERC's Rules of Procedure
- 0700 Reliability Readiness Audit and Improvement  
Includes income and expenses for activities as defined as functions required to be performed under Section 700 of NERC's Rules of Procedure
- 0800 Reliability Assessment and Performance Analysis  
Includes income and expenses for activities as defined as functions required to be performed under Section 800 of NERC's Rules of Procedure
- 0900 Training and Education  
Includes income and expenses for activities as defined as functions required to be performed under Section 900 of NERC's Rules of Procedure
- 1000 Situational Awareness and Infrastructure Security  
Includes income and expenses for activities as defined as functions required to be performed under Section 1000 of NERC's Rules of Procedure
- 1100 Members Forum  
Includes income and expenses for activities as defined as functions required to be performed under Section 1100 of NERC's Rules of Procedure

## ***Other Functions***

2000 General and Administrative

2100 Executive

2200 Legal and Regulatory

2300 Information Technology

2400 Human Resources

2500 Accounting and Finance

xxxx – *As Needed*

Regional Entities can add additional functions in support of non-statutory functions as needed.

## **B. ASSET ACCOUNTS**

### **Cash and Cash Equivalents (11000 Series)**

11100 Checking

This account is the operating cash account.

11200 Other Cash Accounts

This account shall be any additional checking or sweep accounts deemed necessary.

11900 Petty Cash Accounts

This account is for petty cash transactions.

### **Accounts Receivables (13000 Series)**

13100 Accounts Receivables

This account is the operating accounts receivables account.

13200 Accounts Receivables - Other

This account shall be any additional accounts receivables deemed necessary (mainly for accruals).

13300 Allowances for A/R

This account is an allowance account for uncollectible accounts receivables.

### **Notes Receivables (13000 Series)**

13500 Employee Loans

This account is used to track activity for all outstanding employee loans.

13600 Due from - Other

Account used to track transactions related to merger with NERC-Council (account was deactivated after merger)

### **Deposits (14000 Series)**

14100 Security Deposits

This account is used to track activity for all outstanding security deposits (mainly lease deposits).

### **Investments (15000 Series)**

15100 Investments

This account is used to track the balances of investments.

**Prepaid Expenses (16000 Series)**

## 16100 Advances

This account is used to track the balances of advances paid to vendors (mainly hotels for meeting advances).

## 16200 Prepaid Insurances

This account is used to track the balances of prepaid insurance premiums.

## 16300 Prepaid Expenses - Other

This account is used to track the balances of all other prepaid expenses.

## 16800 CSV Life Insurance

This account is used to track the cash surrender values of insurance policies on company officers.

**Fixed Asset (17000 Series)**

## 17100 Fixed Assets Equipment

This account is used to track the gross value of the purchases of all capitalized equipment (minimum of \$2,000 purchase price to capitalize).

## 17200 Fixed Assets Computer

This account is used to track the gross value of the purchases of all capitalized computer equipment (minimum of \$2,000 purchase price to capitalize).

## 17300 Fixed Assets Furniture

This account is used to track the gross value of the purchases of all capitalized furniture (minimum of \$2,000 purchase price to capitalize).

## 17400 Fixed Assets Leasehold Improvements

This account is used to track the gross value of the purchases of all capitalized leasehold improvements (minimum of \$2,000 purchase price to capitalize).

## 17500 Fixed Assets Software Development

This account is used to track the gross value of the purchases of all capitalized software (minimum of \$2,000 purchase price to capitalize).

**Accumulated Depreciation (18000 Series)**

## 18100 A/D Equipment

This account is used to track the accumulated depreciation of the purchases of all capitalized equipment. (Useful life of three years – half year convention)

## 18200 A/D Computer

This account is used to track the accumulated depreciation of the purchases of all capitalized computer equipment. (Useful life of three years – half year convention)

## 18300 A/D Furniture

This account is used to track the accumulated depreciation of the purchases of all capitalized furniture. (Useful life of seven years – half year convention)

18400 A/D leasehold Improvements

This account is used to track the accumulated depreciation of the purchases of all capitalized leasehold improvements. (Useful life of remainder of lease at time of capitalization)

18500 A/D Software

This account is used to track the accumulated depreciation of the purchases of all capitalized software. (Useful life of three years – half year convention)

**C. LIABILITY ACCOUNTS**

**Accounts Payable (21000 Series)**

21000 Accounts Payable

This account is the operating accounts payable account.

21100 Accounts Payable - Other

This account shall be any additional accounts payables deemed necessary (mainly for accruals).

**Accrued Expenses (22000 Series)**

22000 Accrued Expenses

22100 Accrued Vacation

22200 Accrued Rent

22300 Accrued Employee Savings Contribution (401k Plan)

22400 Accrued Discretionary Contribution (401k Plan)

22500 Deferred Compensation

These accounts are for accrued expenses.

**Payroll Withholdings (23000 and 24000 Series)**

23100 Fed Tax Withholdings

23200 FICA Tax Withholdings

23300 Medicare Tax Withholdings

23400 State & Local Tax Withholdings

23500 SUTA/DSI Withholdings

23600 FUTA Withholdings

23700 401k Savings Plan Withholdings – Employee Contributions

23800 401k Loan Withholdings

23900 Medical Spending Account Withholdings

24000

These accounts are for the various payroll withholdings

**Deferred Income (25000 Series)**

25100 Deferred NERC Testing Fees

This account is used to track all NERC testing fee collections until the fees are earned for GAAP purposes.

25200 Deferred PJM Testing Fees

This account is used to track all PJM testing fee collections until the fees are earned for GAAP purposes.

25300 Deferred Assessments

This account is used to track all assessment collections until earned for GAAP purposes.



25400 Deferred Workshop Fees

This account is used to track all workshop fees collections until the fees are earned for GAAP purposes.

**D. NET ASSET ACCOUNTS**

**Fund Balance (30000 Series)**

30100 Fund Balance

This account is used to track the net value (deficit) of the corporation.

**E. FUND BALANCE ACCOUNTS**

**ERO Funding (41000 Series)**

41000 Assessments

This account shall include assessments to the ERO (from the REs) and to Load Serving Entities or designees (from NERC).

41100 Penalty Sanctions

This account shall include penalties and/or settlements levied upon any entities in violation of NERC standards.

**Membership Dues (42000) - REs Only**

42000 Membership Dues

This account shall include the collection of dues from members for non-statutory functions

**Testing Fees (45000 Series) - ERO Only**

45000 SO Test Fees

This account shall include the collection of fees from individuals taking the NERC System Operator Certification Examination.

45100 PJM Test Fees

This account shall include fees collected for the administration of the PJM Operator Certification Exam

45200 Continuing Education Hours (CEH) Fees

This account shall include fees collected from individuals and organizations seeking NERC certification of learning activities.

**Services & Software (46000 Series) - REs may have more categories under this section**

46000 IDC – Subscriptions

This account shall include fees collected from companies with subscriptions to the IDC.

46100 Frame Relay Fees

This account shall include fees collected from organizations with nodes on NERCnet.

46200 ESD Software

This account shall include fees collected from organizations requesting Energy Supply and Demand data.

46300 pc-GAR Software

This account shall include fees collected from organizations requesting software for Generation Availability Data.

46400 GADS Services

This account shall include fees collected from organizations seeking specialized data from the GADS system.

46500 FIST Royalties

This account shall include royalties collected for the Flow Impact Study Tool (FIST)

46600 TSIN Fees

This account shall include fees collected from users of the Transmission System Information Networks (TSIN) system.

**Workshops (47000 Series)**

47000 Workshops

This account shall include workshop fees collected from workshop attendees.

**Interest Income (49000 Series)**

49000 Interest Income

This account shall include income derived from interest received on bank balances and investments.

**Miscellaneous**

49900 Misc. Income

This account shall include miscellaneous income not readily categorized to other income accounts.

**EXPENSE ACCOUNTS**

**Salary Costs (51000 Series)**

51000 Direct Salaries

This account shall include charges for salaries paid to full and part-time employees.

51100 Allocated Salaries & Benefits

This account shall include allocations for charge outs of salaries to functions based on a percentage of work performed in each function.

51200 Employment Agency Fee

This account shall include charges for recruitment fees paid to employment agencies.

51300 Temporary Office Services

This account shall include charges for fees paid for temporary office help.

**Payroll Taxes (52000 Series)**

52000 Payroll Taxes-FICA

This account shall include charges for payment of the employer portion of Social Security taxes.

52100 Payroll Taxes-Medicare

This account shall include charges for payment of the employer portion of Medicare taxes.

52200 Payroll Taxes-SUI

This account shall include charges for the employer portion of state unemployment taxes.

52300 Payroll Taxes-FUI

This account shall include charges for the employer portion of federal unemployment taxes.

**Employee Benefits (54000 Series)**

54000 Benefits-Education Reimbursement

This account shall include charges for payment or reimbursement of employee participation in employer-sanctioned training and education (including: tuition and seminars).

54100 Benefits-Medical

This account shall include charges for payment of health, dental, and vision insurance.

54200 Benefits-Life

This account shall include payments for life insurance and disability insurance for employees where the company is the beneficiary (net premiums less increase in cash surrender value of policies).

54250 Officers - Life

This account shall include payments for life insurance and disability insurance for company officers where the company is the beneficiary (net premiums less increase in cash surrender value of policies).

54300 Insurance -WC

This account shall include charges for payment of worker's compensation insurance.

54400 Vacation Expense

This account shall include an accrual for value of unused employee vacation. (Non-cash)

54600 Benefits-Relocation

This account shall include charges for reimbursement of employee relocation costs. This account should include those items that are considered taxable to the employee (i.e. temporary house allowance)

54650 Benefits-Relocation (non-taxable)

This account shall include the reimbursement of relocation costs that are non-taxable to the employee (i.e. the direct cost of moving from point A to point B).

**Savings Plans (55000)**

55000 Pension Contribution

This account shall include charges for payments to an employer-sponsored defined benefit pension plans. This account shall also include charges for discretionary (profit sharing) payments to a defined contribution plan. (401(k), 403(b), 457)

55100 Employee Savings Plan

This account shall include charges for employer matching payments to a defined contribution plan (401(k), 403(b), or 457 plans)

55200 Pension & Savings Admin

This account shall include charges for the administrative costs of maintaining a defined benefit and/or defined contribution plan.

55300 Deferred Compensation Exp

This account shall include charges for payments into a deferred compensation or supplemental executive retirement plan (SERP).

**Meeting Expenses (61000 Series)**

61000 Meeting Expense

This account shall include charges for payments for organization-sponsored meetings.

61100 Workshop Exp

This account shall include charges incurred for workshops. (NERC and most of the regional entities charge fees to offset these charges – see acct #47000).

**Travel Expenses (62000 Series)**

62000 Travel

This account shall include charges for expenses for employees, trustees, and contractors to travel to meetings and workshops in support of functional

62100 Auto Expense

This account shall include charges for payments for company owned vehicles.

**Communications (63000 Series)**

63000 Conference Calls

This account shall include charges for conference calls (Conference Bridge, sprint conferencing, dedicated phone lines for conferencing (T1 lines)).

63100 Online Meetings

This account shall include charges for services that provide the ability to perform online meetings (WebEx services).

**Contracts & Consultants (65000 Series)**

65000 Contracts - Consultants

This account shall include charges for contractual services secured to support any of the functional or administrative categories.

65100 Contracts - Software

This account shall include charges for fees to contractors providing software services (development, hosting, and maintenance).

65200 Contract - IDC

This account shall include charges for fee paid to the IDC contractor.

65300 Contract - Frame Relay

This account shall include charges for fees incurred on behalf of all entities that have nodes on NERCnet (NERC only).

65400 Industry Support

This account shall include charges for industry participation in NERC and Regional level meeting.

**Office Rent (70000 Series)**

70000 Office Rent

This account shall include charges for lease of office space.

**Office Costs (71000 and 72000 Series)**

71000 Telephone

This account shall include charges for telephone services (land lines and cellular)

71100 Internet Expense

This account shall include charges for fees paid for internet connectivity (communications) and/or service (outsourcing of website).

71200 Office Supplies

This account shall include charges for office supplies.

71300 Computer Supplies & Maintenance

This account shall include charges for computer supplies (items that fall below the capitalized threshold of \$2,000) and maintenance (software programs and upgrades).

71400 Subscriptions & Publications

This account shall include charges for subscriptions and publications (both electronic and hard copy).

71500 Dues

This account shall include charges for professional dues of the company or reimbursement of dues of employees relevant to their position.

71600 Postage

This account shall include charges for regular U.S.P.S. expenses.

71700 Express Shipping

This account shall include charges for express shipping (Fed-Ex, UPS).

71800 Copying

This account shall include charges for leasing of copying equipment and per page charges for copier usage.

71900 Reports

This account shall include charges for the production of annual reports, promotional materials, training manuals, etc.

72000 Stationary & Office Forms

This account shall include charges for company stationary, brochures, SERC pig roasts, business cards, etc.

72100 Equipment Repair/Srv. Contracts

This account shall include charges for office equipment repair services and service contracts on office and computer equipment.

72200 Bank Charges

This account shall include charged for fees paid from banking institutions (wire transfer fees, check fees, line of credit fees, interest paid on line of credit, etc).

72300 Sales & Use Tax

This account shall include charges for taxes paid on items where sales tax was not charged by the purchasing vendor.

72400 Merchant Credit Card Fee

This account shall include charges for fees paid for credit card payments.

**Professional Services (75000 Series)**

75000 BOT Fee

This account shall include charges for fees paid to independent trustees.

75100 BOT Search fee

This account shall include charges to fees incurred to search for replacement board members.

75200 Legal - Reorganization

This account shall include charges for legal fees paid to outside law firms in support of necessary filing with governmental authorities.

75300 Accounting and Auditing Fees

This account shall include charges for fees paid to outsource payroll services and to perform financial audits.

75400 Legal Fees - Other

This account shall include charges for legal fees for all other legal matters (personnel, etc).

75500 Insurance - Commercial

This account shall include charges for payments of property, business, & Directors and Officers insurance.

**Capital Expenditures (90000 Series) (Cash projections only - to be capitalized)**

90100 Furniture Purchase

This account shall include charges for purchases or leases of furniture – (charges may be capitalized but shown here for budget comparison).

90200 Equipment Purchase

This account shall include charges for purchases or leases of equipment – (charges may be capitalized but shown here for budget comparison).

90300 Computer Purchase and Lease

This account shall include charges for purchases or leases of computer equipment – (charges may be capitalized but shown here for budget comparison).

**Depreciation Expenses (95000 Series)**

95100 Depreciation Expense-Equipment

This account shall include depreciation charges for capitalized equipment.

95200 Depreciation Expense-Computers

This account shall include depreciation charges for capitalized computer equipment.

95250 Depreciation - Software

This account shall include depreciation charges for capitalized software.

95300 Depreciation Expenses-Furniture

This account shall include depreciation charges capitalized furniture.

95400 Depreciation Expense - L.I.

This account shall include depreciation charges for leasehold improvements.

**Miscellaneous Expenses (99000 Series)**

99000 Miscellaneous Expense

This account shall include miscellaneous expenses not readily categorized to other expense accounts.

99100 Provision for Allowance

This account shall include an annual charge to sufficient to provide for losses from uncollectible accounts.

99200 Proceeds / Loss from Sale of Assets

This account shall include a credit or a charge for the sale of property to another.

99900 Contingencies

This account shall be used for budget purposes to provide a contingent fund – no actual charges should be booked to this account.

**ATTACHMENT 7**

**METRICS RELATING TO  
REGIONAL ENTITY BUSINESS PLANS AND BUDGETS**



## 2008 Metrics Development by Program (FRCC-RFC)

Organization-Wide	FRCC	MRO	NPCC	RFC
<p><b>1. RE Organization Structure</b></p>	<p>1. The FRCC will provide the statutory functions and services for the FRCC Region through a Regional Entity Division, as well as non-statutory services for the FRCC Region through a Member Services Division. The FRCC is a non-profit corporation.</p>	<p>1. Separate non-profit corporation incorporated in Delaware</p>	<p>1. Effective 8/1/07 through a unanimously approved plan of merger, and New York State Supreme Court ruling merging Northeast Power Coordinating Council, Inc. and Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc., NPCC, as the surviving entity, will be the cross-border regional entity and criteria services corporation for Northeastern North America.</p> <p>NPCC is a New York State not for profit corporation which has two divisions: 1) the Regional Entity Division (statutory activities delegated through a Regional Delegation Agreement with NERC) and 2) the Criteria Services Division (non-statutory, full member funded regionally-specific criteria development and criteria compliance and enforcement services.</p> <p>Ninety (90) percent of NPCC functions and services have been determined to be statutory based upon FERC definitions and ten (10) percent of NPCC functions and services relate exclusively to criteria development, criteria enforcement and administrative support of regionally-specific criteria.</p>	<p>1. RFC is a stand-alone, not for profit corporation. We engage in only those activities delegated to us by the ERO.</p>
<p><b>2. RE Staff: Distinct, shared, loaned</b></p>	<p>2. The FRCC will accomplish this divisional separation with a combination of shared staff, loaned staff and distinct staff.</p>	<p>2. MRO has a separate and distinct staff</p>	<p>2. NPCC has a distinct staff. The corporation also retains independent contractors with specific areas of expertise. The NPCC culture of more than 40 years of enlightened self interest, cooperation and compliance is further strengthened by extensive volunteerism from industry technical experts, within its international membership, who work tirelessly in all of the program areas through various NPCC and NERC committees, subcommittees, task forces and working groups.</p>	<p>2. We have distinct staff, dedicated to the tasks above. No shared or loaned employees or services.</p>
<p><b>3. Describe RE Shared Services Arrangements</b></p>	<p>3. Each employee of the FRCC will report the number of hours spent daily on each function and division. Their costs and those of the staff will be split accordingly. Any costs that can be directly linked solely as either divisional and/or functional will be charged directly to those divisions.</p>	<p>3. MRO has no shared services arrangements. MRO does provide non-statutory functions which are separated and accounted for in the budget and business plan.</p>	<p>3. There are no such arrangements for 2008.</p>	<p>3. No such arrangements currently exist.</p>
<p><b>4. Number of Registered Entities</b></p>	<p>4. The FRCC has 81 Registered Entities</p>	<p>4. MRO has 112 registered entities at the time of this submittal.</p> <p>MRO includes two Canadian provinces.</p>	<p>4. NPCC had 235 registered entities providing 512 functions at the time of this submittal.</p>	<p>4. 315, at time of this submittal</p>

Standards	FRCC	MRO	NPCC	RFC
<p><b>1. Headcount (FTE's)</b></p>	<p>1. 1.55</p>	<p>1. 2.15 FTEs, consisting of MRO staff.</p>	<p>1. 3.5 FTEs, consisting of both NPCC Staff and Independent Contractors.</p>	<p>1. 2, although we also have some compliance and engineering staff who support from time to time.</p>
<p><b>2. Develop regional standards? (Y/N)</b></p>	<p>2. Yes, and they will add detail to, or implement NERC Reliability Standards as well.</p>	<p>2. Yes, through a Standards Committee (SC). The SC, utilizing the <a href="#">MRO Regional Reliability Standards Process Manual</a>, will manage the standards development process and ensure that regional standards will be developed, fully coordinated and consistent with the ERO standards and conform to all schedules appearing in the NERC standards development three-year work plan.</p>	<p>2. Yes - through a Regional Standards Committee (RSC). The RSC, utilizing the NPCC Regional Reliability Standards Development Procedure, will manage the standards development process and ensure that regional standards will be developed, fully coordinated and consistent with the ERO standards and conform to all schedules appearing in the NERC standards development three-year work plan.</p>	<p>2. Yes, but only in support of NERC standards or to fill gaps until NERC standards are in place</p>
<p><b>3. How many?</b></p>	<p>3. Currently the FRCC has under development 6 Standards: Regional Generator Performance During Frequency and Voltage Excursions; Automatic Under Frequency Load Shedding Program; Generator Gross and Net Reactive Power Capability Verification; Generator Gross and Net Real Power Capability Verification; Analysis of Misoperations of Transmission and Generation Protection System; and Disturbance Monitoring and Reporting Requirements.</p>	<p>3. A minimum of four regional reliability standards will initially be developed. These MRO regional standards will include, but not be restricted to:</p> <ul style="list-style-type: none"> <li>• Power System Stabilizer</li> <li>• Subsynchronous Resonance</li> <li>• System Performance</li> <li>• Generation Planning Reserve</li> </ul>	<p>3. A minimum of four regional reliability standards will initially be developed. These NPCC regional standards will include, but not be restricted to:</p> <ul style="list-style-type: none"> <li>• Underfrequency Load Shedding (UFLS)</li> <li>• Disturbance Monitoring Equipment</li> <li>• Special Protection Systems</li> <li>• Balancing Resource and Demand, reserve sharing and requirements</li> </ul>	<p>3. One is currently being prepared to submit to NERC in support of a NERC standard, as required.</p> <p>Two are in drafting stage and we expect to submit them end of year to NERC.</p> <p>One is in SAR stage and expected to be submitted to NERC in 2008.</p> <p>Two more are in drafting stage and are temporary until NERC standards are complete</p>

Standards	FRCC	MRO	NPCC	RFC
<p><b>4. How many NERC standards processes (drafting teams, coordinate, review standards, comments, remind to vote) do regional employees participate in?</b></p>	<p>4. The FRCC participates in all standards processes. Linda Campbell is the current Chair (4<sup>th</sup> term) of the NERC Standards Committee. John Odom is Chair of the Standard Drafting Team and Eric Senkowicz has participated on numerous standard drafting teams.</p>	<p>4. 1) drafting teams 2) coordinate meetings and conferences to discuss standards 3) review standards 4) comments</p> <p>FERC has identified 56 NERC Reliability Standards needing "further work". These 56 standards, along with 28 additional standards delineated in the NERC three-year work plan as needing revision, will be reviewed and revised accordingly. Therefore, 84 total standards will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the MRO Registered Entities.</p> <p>MRO staff and Registered Entity volunteers are heavily involved in the support of NERC standards drafting, development of constructive comments to <u>all</u> SARs and draft standards so as to gain industry support. Standards Drafting Teams that the MRO staff is currently involved with are the Under Frequency Load Shedding UFLS and Disturbance Monitoring. MRO has coordinated and provided nomination of Registered Entity representatives and/or MRO staff on all standards drafting teams past and present.</p>	<p>4. FERC has identified 56 NERC Reliability Standards needing "further work". These 56 standards, along with 28 additional standards delineated in the NERC three-year work plan as needing revision, will be reviewed and revised in 2007 and 2008. Therefore, 84 total standards will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the NPCC membership.</p> <p>NPCC staff and member volunteers are heavily involved in the support of NERC standards drafting, development of constructive comments and gaining industry support. Currently NPCC staff directly supports the Under Frequency Load Shedding UFLS, and has participated in the Assess Future Transmission Needs Drafting Team AFTNDT, the Cyber Security Standards and Facility Ratings Standards. NPCC has coordinated and provided member company representatives on all standards drafting teams past and present.</p>	<p>4. RFC staff is heavily involved in support of NERC standards drafting. Examples: We chair the Phase 3&amp;4 standard drafting teams and are sole coordinators for Phase 3&amp;4 field tests.</p> <p>a. We are the supplemental SAR requestor and vice chair of Transmission Assessment and Plans standard drafting team</p> <p>b. We are the SAR requestor and chair of the SAR drafting team for generator verifications</p> <p>c. We are the SAR requestor and member for UFLS standard drafting team</p> <p>d. We have a member on the Facility Ratings standard drafting team</p> <p>e. We are SAR requestor and member of SAR drafting team for Disturbance Monitoring</p> <p>f. We support the RRSWG with two of our staff</p> <p>g. We have supported NERC at DC FERC meetings, as requested by NERC staff</p> <p>h. We are involved in numerous SDTs, including the version 0 and missing compliance elements</p>
<p><b>5. Staff vs. paid consultants?</b></p>	<p>5. Staff</p>	<p>5. MRO staff. MRO industry volunteers are active on the Standards Committee and the standard drafting teams.</p>	<p>5. NPCC staff provides the majority of standards efforts as well as the use of an independent contractor. NPCC industry volunteers are active on the Standards Committee and the standard drafting teams.</p>	<p>5. We do not use contractors or consultants for standards work. We do use industry volunteers on the Standards Committee and the standard drafting teams.</p>

Compliance Enforcement & Organization Registration	FRCC	MRO	NPCC	RFC
<p><b>1. Headcount (FTE's)</b></p> <p><b>2. How many registered entities?</b></p> <p><b>3. Number of functions per each registered entity?</b></p> <p><b>4. Number of Audits? Cost per audit? (Different registrants require different audit schedules and timeframes necessary for audits.)</b></p>	<p>1. 7.2</p> <p>2. 81</p> <p>3. It varies, but on average 2.6 per registered entity.</p> <p>4. 5 On-Site Compliance Audits; 10 Table Top Compliance Audits; 77 Self-Certifications; 72 Spot checks and 204 Periodic Data Submissions are anticipated in 2008. The cost per audit, depends on the complexity of the type of audit. There is no benchmark amount per audit established.</p>	<p>1. 9.65 FTE</p> <p>2. MRO has 112 registered entities; MRO did not register all PSE's in its region at this time, since a standardized approach needs to be developed across the U.S. and they were registered elsewhere by other RE's.</p> <p>3. On average, there are 5.2 functions per registered entity (total of 587 functions). However, the larger entities on a 3 year cycle average 8-10 functions and the smaller 6 year cycle entities average 2 to 3.</p> <p>4. 9 on-site audits for 2008. Cost per audit is approximately \$2,150 per person per audit (assuming 3 staff on an audit; different registrants require different audit schedules and timeframes necessary for audits; MRO has included two hearings, two investigations, and two system event investigations in its budget for 2008.)</p>	<p>1. 7.5 FTEs, consisting of both NPCC Staff and Independent Contractors.</p> <p>2. 235</p> <p>3. Of the 512 functions, the number of functions per registered entity ranges from 1 to 11 functions.</p> <p>4. The NPCC Compliance Audit Schedule for 2008 estimates a total of 100 compliance audits. The 2008 audits are categorized by the scope of the audit based on the number of requirements for each registered entity contained on the monitored list of reliability standards. Three categories have been established such that there are projected to be nine (9) "large" audits, forty (40) "medium" audits and fifty-one (51) "small" audits. The estimates for the number of Compliance Audits are also based on the projected total number of registered entities for each type and the established three-year cycle for RC, BA, TOP Compliance Audits and the established six-year cycle for all other registered entity types. In 2008, NPCC will also conduct what can be viewed as a limited unscheduled off-site compliance audit by performing an estimated 200 spot checks to verify self-certification. Cost Per Large Audit ~ \$6,000 per audit Cost Per Medium Audit ~ \$3,000 per audit Cost Per Small Audit ~ \$400 per audit</p>	<p>1. Currently 8. Budgeted for 10.5 in 2007 and 12 in 2008, with a contingency for up to 5 more staff once we have evaluated the workload post June 18</p> <p>2. 315</p> <p>3. On average, this is 4 functions per registered entity. However, the larger 3 year audit cycle entities average 10 functions, while the smaller, 6 yr cycle ones average 3.</p> <p>4. 11 larger entities, per 3 yr cycle. 45 smaller entity audits per 6 yr cycle. Of the 11, all will be on-site. Of the 45, some will be on-site, some will be table top type audits.  Cost/Audit – 3 year audit estimates are \$18000 for travel (these audits are 4-5 days) and 1 contractor support. Does not include staff labor costs. For 6 yr audits, we figure to do 20 on-site at cost of \$6,000 per audit (these are anticipated as 1-2 day audits). The remaining audits would have no cost above labor, as these will be table top.</p>

## 2008 Metrics Development by Program (FRCC – RFC)

Compliance Enforcement & Organization Registration	FRCC	MRO	NPCC	RFC
<p>5. Staff vs. paid consultants?</p>	<p>5. Staff</p>	<p>5. MRO audits are done with the regional staff.</p>	<p>5. NPCC staff and 1 independent contractor per audit</p>	<p>5. We do supplement our compliance auditors with contractors. We currently pay 165 per hour and 100 per hour travel up to max 12 hours per audit. This information should be treated as privileged and confidential.</p>
<p>6. Volunteer support?</p>	<p>6. Typically there are 2 volunteers per audit.</p>	<p>6. None at this time.</p>	<p>6. No - not with regard to Audits. NPCC industry volunteers are active on the Compliance Committee</p>	<p>6. RFC does not permit stakeholders to participate in compliance audits. Only the independent staff of RFC or independent contractors can participate.</p>

2008 Metrics Development by Program (FRCC – RFC)

Readiness Evaluations	FRCC	MRO	NPCC	RFC
1. Headcount (FTE's)	1. .14	1. 1.1 FTE	1. 1 FTE, consisting of NPCC Staff	1. 1.5 budgeted for 2007 and 1 for 2008 (this is pieces of several staff members' time)
2. Number of evaluations in each region (NERC)? – NERC to provide	2. 9	2. 6	2. 4	2. 5
3. Within Region? (Staff vs. volunteers)	3. Each Readiness Evaluation requires two FRCC staff and two volunteer auditors for four (4) days	3. Each evaluation team within the region includes one MRO staff person along with 2 volunteers from within the region.	3. NERC Staff assumes a co-lead position for each evaluation team. NPCC will provide a team co-lead through Staff and industry volunteer technical experts and ensure the completion of the NERC Reliability Readiness and Improvement Program review team for the evaluation of one Reliability Coordinator and six Transmission Owners.	3. We assign one compliance staff member to every readiness evaluation in the region. In future, we may use other staff.
4. Outside Region? What amount of support from Regional Entity? (Staff vs. volunteers)	4. The FRCC will also continue to encourage and facilitate participation in out-of-Region Readiness Evaluations by FRCC volunteers in support of the Readiness Program goals.	4. In 2007, MRO staff participated in one evaluation outside the region, and reimburses MRO registered entities who volunteer personnel both within and outside the region.	4. NPCC staff and industry volunteers will participate in the evaluation of approximately ten entity evaluations external to the NPCC region.	4. We assign each technical staff member with one outside region readiness evaluation. RFC spends significant time finding volunteers for NERC, too, as evidenced by the bar charts shown at each Board meeting.
5. Utilizing consultants?	5. No	5. No	5. No	5. None

Reliability Assessments and Performance Analysis	FRCC	MRO	NPCC	RFC
<p><b>1. Headcount (FTE's)</b></p> <p><b>2. Member vs. staff support of the assessment development? (Winter, summer, long-term)</b></p> <p><b>3. Any other assessments being done within the region? (Statutory only – Y/N)</b></p>	<p>1. 3.9</p> <p>2. The FRCC staff prepares three reliability assessments each year: a long-term assessment report, a summer assessment report and a winter assessment report using Member data. These assessment reports analyze electricity demand, the adequacy of supply and the adequacy of the transmission system with the FRCC. Members are also involved in the development of the FRCC databank and in reviewing the results.</p> <p>3. The FRCC will also prepare special reliability assessment reports as conditions warrant. Further, FRCC will analyze unusual events that occur on the bulk power systems, identify the causes of such events, assess past reliability performance and disseminate the findings.</p>	<p>1. 2.20 FTE</p> <p>2. MRO Reliability Assessment Committee produces the assessment write-ups that are submitted to NERC. Study results from stakeholders are also included in the assessments.</p> <p>3. Yes. Completion of the MRO Underfrequency load shedding study.</p> <p>Periodic assessments as required by the Eastern Interconnection Reliability Assessment Group (ERAG), formed to oversee all Eastern Interconnection study activities and other interregional matters of interest. . ERAG also has assumed responsibility for the Multi-regional Modeling Working Group (MMWG) and the inter-regional assessments. Base case development now comes under the MMWG. MRO contracts the development of the power flow base cases using the member data. The transmission assessments are conducted by the Planning Coordinators within the MRO footprint.</p>	<p>1. 3.5 FTEs, consisting of NPCC Staff</p> <p>2. NPCC staff and volunteer industry experts critically review the Triennial Reviews of Resource Adequacy and the Transmissions Reliability Review prepared by the Areas (members). These Triennial Reliability reviews are also reviewed and approved by the stakeholders (Reliability Coordinating Committee).</p> <p>NPCC Staff reviews the operational readiness of NPCC and recommends possible actions to mitigate any potential problems identified for the coming operating period.</p> <p>3. Yes.</p> <p>August 14, 2003 Blackout follow-up activities – completion of Underfrequency Load Shedding recommendations and related “NPCC Blackout Recommendation Task 5” activities.</p> <p>Continued evaluation of recommendations included in the report “August 14, 2003 Blackout: NERC Actions to Prevent Mitigate the Impacts of Future Cascading Blackouts” for applicability within NPCC.</p> <p>Periodic assessments as required by the Eastern Interconnection Reliability Assessment Group (ERAG), formed to oversee all Eastern Interconnection study activities and other interregional matters of interest. . ERAG also has assumed responsibility for the Multi-regional Modeling Working Group (MMWG) and the inter-regional assessments. Base case development now comes under the MMWG. NPCC staff develops the power flow cases using the member data, and conducts the transmission assessments in-house.</p>	<p>1. 6 budgeted for 2008</p> <p>2. RFC staff develops the power flow cases using the member data, and conducts the transmission assessments in-house. Stakeholders are involved in developing the transmission study assumptions and reviewing the results. We have the power flow assessment tools in house. Resource assessments are conducted by RFC staff using member data. Stakeholders are involved in reviewing the results.</p> <p>3. Periodic assessments as required by former NERC standards applicable to regions (stability, under-frequency, under-voltage, etc).</p>

Reliability Assessments and Performance Analysis	FRCC	MRO	NPCC	RFC
<p><b>4. Does the region perform the analysis of critical assumptions of member assessments or does the region rely on the members for this analysis?</b></p>	<p>4. The data bank used to perform these assessments is maintained by FRCC and is developed through coordination with the Members within FRCC. Additionally, FRCC performs analysis of several critical parameters while relying on member systems for others in which case FRCC would review the analysis. FRCC consolidates the plans and runs an analysis to ensure there are no violations within the region.</p>	<p>4. MRO relies on the planning coordinators, industry technical expert volunteers and consultants to perform this analysis.</p>	<p>4. Yes. Critical assumptions used in the pre-seasonal (summer/winter) resource adequacy and transmission reliability assessments are jointly developed by NPCC staff and the industry technical expert volunteers, reviewed by the stakeholders (Reliability Coordinating Committee) and presented to the NPCC Inc./CBRE BOD(s). NPCC staff (with the help of a consultant (GE Energy)) and industry technical expert volunteers (the CP-8 Working Group) independently reviews, on a consistent basis, NPCC Area (Members') assumptions used in their interconnection assistance reliability benefits, for the near term (5 year horizon). On a periodic basis, NPCC staff (with the help of a consultant (GE Energy)) and industry technical expert volunteers (the CP-8 Working Group) independently evaluates the long-range (5-year horizon) resource adequacy of NPCC Area (Members') and neighboring regions. On a periodic basis, NPCC staff (with the help of industry technical expert volunteers (the Task Force on System Studies) performs an overall transmission system assessment to evaluate the thermal and dynamic performance of the NPCC Region, including the calculation of Inter-Area transfer capabilities and Extreme contingency performance. NPCC has the PSS/e power flow/dynamics assessment tools in house.</p>	<p>4. RFC performs the analysis and prepares the reports using independent staff. Critical assumptions used in both resource and transmission assessments are jointly developed by RFC staff and stakeholders.</p>
<p><b>5. Who supports the NERC RAS effort and ERAG (in the Eastern Interconnection)?</b></p>	<p>5. The FRCC Transmission Planning Staff</p>	<p>5. MRO staff and MRO industry technical expert volunteers.</p>	<p>5. NPCC staff and NPCC volunteer industry technical experts.</p>	<p>5. We do this with Staff.</p>
<p><b>6. Who supports the NERC Planning Committee and Operating Committee?</b></p>	<p>6. The FRCC appoints Stakeholder Members to the NERC Operating Committee and the NERC Planning Committee. In addition, FRCC staff attend meetings and provide backup and support for our Stakeholder Representatives.</p>	<p>6. MRO staff and MRO industry technical expert volunteers.</p>	<p>6. NPCC staff and NPCC volunteer industry technical experts</p>	<p>6. We do this with Staff.</p>



## 2008 Metrics Development by Program (FRCC-RFC)

Training and Education	FRCC	MRO	NPCC	RFC
<p><b>1. Internal (Compliance/Readiness) job responsibility training.</b></p> <p><b>2. External workshops for members or Board training.</b></p>	<p>1. The FRCC Compliance Staff participates in all NERC Training and will provide training to all of our volunteer audit team members.</p> <p>2. FRCC is a NERC-approved Continuing Education Provider and conducts annual seminars both here and at external locations. The FRCC System Operator Subcommittee (SOS) identifies and manages annual training activities for the FRCC System Operators, and provides assistance to FRCC members for compliance with NERC training standards and any issues that may have related to system operators obtaining/retaining required NERC Certification.</p>	<p>1. MRO Staff participates in external and internal conferences, seminars, workshops and training programs in many job responsibility areas including compliance audits and enforcement.</p> <p>2. Using NERC developed training materials, MRO coordinates with RFC to share training resources and implement training for Regional Entities.</p>	<p>1. NPCC Staff participates in external and internal conferences, seminars and training programs in many job responsibility areas.</p> <p>2. NPCC Staff and NPCC industry volunteer technical experts provide a program for system dispatcher and scheduler training relating to NPCC inter-Area matters, criteria, terminology, policies and operating instructions. NPCC develops training seminars, held twice yearly, at which internal training methods are exchanged, the implementation of NPCC policies are discussed, significant disturbances are reviewed for lessons to be learned and "table-top" drills are conducted to simulate selected operational problems. NPCC also evaluates and proposes new techniques and training aids as they become available.</p> <p>Board Training is provided by outside Counsel.</p>	<p>1. ReliabilityFirst budgets for individual training. For 2007, we have approximately \$65K budgeted for individual enhancement training.</p> <p>2. RFC Bylaws require at least one day of training for Board Directors annually. We also conduct compliance workshops annually (due to size of footprint and number of entities, we repeat the workshop in two locations) and other training as necessary.</p>

Situational Awareness and Infrastructure Security	FRCC	MRO	NPCC	RFC
<p><b>1. Support of NERC's CIPC</b></p>	<p>1. The FRCC has a staff member serving on that committee.</p>	<p>1. Yes</p>	<p>1. NPCC Staff and NPCC volunteer industry experts</p>	<p>1. We have our own CIP Subcommittee, facilitated by staff. In addition, we dedicate a great deal of time to aiding NERC in the CIPC area – standards writing, training, outreach, information dissemination, and the NERC CIP Committee</p>
<p><b>2. Hotline (Y/N)</b></p>	<p>2. The FRCC has a satellite phone to provide situational awareness information to staff in the event of an emergency situation. It also operates a hot line phone system to support the Reliability Coordinator function.</p>	<p>2. No</p>	<p>2. No, the NPCC office is not connected to the NERC hotline. However, NPCC maintains a supplementary regional hotline.</p> <p>Situational awareness among the Reliability Coordinators of NPCC is achieved and maintained through a layered series of conference calls.</p> <p><u>Weekly Conference Call</u> A conference call is initiated every Thursday by the NPCC Staff to discuss, with management personnel from the NPCC Reliability Coordinators, the operational conditions expected during the forthcoming ten-day period (weekend and following week). Items of particular concern that may be discussed during the weekly conference call can include, but are not limited to, anticipated weather, maximum peak load expected during the ten-day period, the largest first and second contingencies expected for the period, operating reserve obligations for the period, capacity deficiencies, potential fuel shortages or potential supply disruptions which could lead to energy shortfalls, generator or transmission outages that could impact a neighboring system, a change in the status of a special protection system which could impact a neighboring system and the potential for light load concerns.</p> <p><u>Daily Area Control Room Conference Call</u> The senior shift supervisor of the NPCC Reliability Coordinator control rooms of NPCC take part in a daily conference call to serve as a complement to the Weekly Conference Call. The participants of the call are staff from the control rooms of the New Brunswick System Operator, ISO New England, Inc., the New York ISO, Hydro-Québec TransÉnergie, the Independent Electricity System Operator and NPCC Staff. The conference call is implemented through a bridge, the initiation of the call quickly ringing all pre-selected control room telephones simultaneously. The goal of the call is to alert all neighboring Reliability Coordinators of emerging operational problems. Subjects for discussion are limited to credible events which could impact the ability of a Reliability Coordinator to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection.</p>	<p>2. No hotline</p>

2008 Metrics Development by Program (FRCC-RFC)

Situational Awareness and Infrastructure Security	FRCC	MRO	NPCC	RFC
			<p><u><a href="#">Pre-Emergency/Emergency Preparedness Conference Call</a></u>                      The NPCC pre-emergency/emergency preparedness conference call establishes communications among the Operations Managers of the NPCC Reliability Coordinators, and their counterparts in PJM and the MISO, in the event of a possible capacity shortfall or a physical threat to the security of the interconnected bulk power supply system of the NPCC systems. The conference call is initiated by NPCC Staff, or through the control rooms, and provides a process which permits a timely assessment of the overall system conditions by each Reliability Coordinator and which facilitates the procurement of assistance during emergency conditions. During the course of an emergency, the Operations Managers will conduct the emergency preparedness conference call as frequently as deemed necessary to assess and monitor system conditions.</p>	

General	FRCC	MRO	NPCC	RFC
<p><b>1. Meetings:</b>  <b>a. Host/off-site/Member sites</b></p> <p><b>b. # of meetings</b></p> <p><b>c. Average size</b></p>	<p>a. The FRCC hosts and facilitates numerous meetings for its Board Committees, subcommittees, working groups and task forces at our corporate offices. Our meeting facilities include state-of-the-art telephone conferencing capability to meet the needs for conference calls and Webex. FRCC regularly makes its facilities available to other industry groups at no charge.</p> <p>b. The compliance committee meets monthly and the Board of Directors typically meets 5 times a year. The rest of the meetings are non-statutory.</p> <p>c. 20</p>	<p>a. Yes to all, plus numerous conference calls and webex.</p> <p>b. Four (4) Board meetings per year; all Standing Committees meet at least quarterly; 6 subcommittees which meet 3 to 6 times a year; one (1) annual meeting.</p> <p>c. Board meetings range from 30-35; Standing Committees range from 10-20 people; annual meeting averages 100 people.</p> <p>d. Meeting reimbursements – MRO reimburses travel related costs for its stakeholders at the Board, Committee, Subcommittee, and NERC sector members. In 2008, these costs are budgeted at \$209,200.</p>	<p>a. NPCC hosts a large number of meetings onsite. Additionally, for a few larger meetings (40 or greater) NPCC hosts at Counsel’s Board Room or at a member site. An additional large number of meetings are held at member sites (catering only costs) or hotels (meeting room and catering costs) in a rotational fashion within the region at NPCC’s cost.</p> <p>b. 6 Board meetings per year, annual member meeting, General Meeting, 12 Compliance Committee meetings, 12 Standards Committee meetings, 2 Public Information Committee Meetings (Media teleconference) , 2 Governmental/Regulatory Affairs Advisory Group Meetings, 4 Reliability Coordinating Committee meetings, 20-30 or so drafting team meetings per year, 2 compliance workshops, 4-5 Task Force on Infrastructure &amp; Security meetings, 4 Task Force on Coordination of Planning meetings, 10 Task Force on Coordination of Operation meetings, 6 Task Force on System Protection meetings, plus other task force and working group meetings totaling another 80+ meetings per year.</p> <p>c. Ranges from 10 (standards drafting) to 15-20 (task forces and working groups) to 50 (Reliability Coordinating Committee) to over 100 participants for the General Meeting</p>	<p>a. We do not plan to host meetings at member sites. We will host some meetings at our offices. The majority will be spread around the footprint, at neutral sites at our cost.</p> <p>b. 4 Board meetings per year, annual member meeting, 4-5 Reliability Committee meetings per year, 20-30 or so drafting team meetings per year, 2 compliance workshops per year, 4-5 CIP committee meetings per year, plus other working groups and subcommittees totaling another 10-15 meetings per year.</p> <p>c. Ranges from 10 (standards drafting) to 40-50 (Reliability Committee)</p>

2008 Metrics Development by Program (FRCC-RFC)

Administrative	FRCC	MRO	NPCC	RFC
<p><b>1. Rent (\$ per sq. ft.)</b></p>	<p>1. \$27.24/square foot</p>	<p>1. \$15.43 average, includes improvements, utilities, maintenance and taxes</p>	<p>1. ~ \$37 with real estate tax escalations</p>	<p>1. Our office space is \$17.50 per square foot in 2007.</p>
<p><b>2. Total Square Feet</b></p>	<p>2. 9,684 sq ft</p>	<p>2. 13,100</p>	<p>2. ~ 9,000</p>	<p>2. Approx 14,000</p>
<p><b>3. Do you have a telecommuter policy?</b></p>	<p>3. The FRCC does not allow it's employees to Tele-commute. It does however, allow its employees to take their lap tops home and to be able to dial into the servers maintained at FRCC in order to work (on occasion) from home.</p>	<p>3. Yes. If arranged in advance, MRO allows for up to two days per week on a continuous basis or until business requirements or employee personal requirements cause the termination of the arrangement.</p>	<p>3. Yes – As part of a temporal diversity approach to business continuity, NPCC attempts to avoid all hands on-site much of the time.</p>	<p>3. Yes</p>

## 2008 Metrics Development by Program (FRCC-RFC)

Professional Services	FRCC	MRO	NPCC	RFC
1. Independent trustee fees? (Y/N- If yes, annual per trustee.)	1. The FRCC does not pay its directors and does not have any independent directors.	1. No	1. No independent trustees or fees other than the Independent Consultant Chairman – Retainer \$45,000 plus per diem and travel reimbursed	1. We do pay our independent directors
2. Staff legal vs. outside counsel	2. All legal counsel is outside counsel.	2. Outside Counsel	2. Outside Counsel	2. We currently use outside counsel, no in-house counsel.
3. Are there any one-time costs in this year's budget, i.e. reorganization, severance, moving?	3. Yes, the FRCC has budget for 6 "seasoned" professionals to be hired, which in the estimation of the FRCC's management will require moving costs to be expended and costs associated with the build out of additional offices.	3. No	3. No for 2008, but there will be for 2009 associated with sub-lease expiration and an office relocation by Spring, 2009. NPCC seeks guidance from NERC with regard to presentation of one time costs in the 2009 Business Plan and Budget as these costs may approximate \$1MM.	3. No move costs beyond 2007
4. D&O Insurance? Coverage levels.	4. Currently the FRCC maintains coverage of \$5,000,000	4. \$3,000,000	4. \$5,000,000	4. We have \$15 million coverage

## 2008 Metrics Development by Program (SERC – WECC)

Organization-Wide	SERC	SPP	TRE	WECC
<b>1. RE Organization Structure</b>	1. SERC is a separate nonprofit corporation that performs only statutory functions delegated by the ERO. SERC has a stakeholder board.	1. SPP RE is a division of SPP, Inc., a non-profit organization. The SPP RE performs only those functions and programs as specified in the SPP RE Delegation Agreement with NERC. SPP, Inc. provides various services and functions related to the bulk power system over an eight state region in the south central United States.	1. TRE is a division of a non-profit corporation.	1. WECC is a stand-alone Utah Nonprofit Corporation.
<b>2. RE Staff: Distinct, shared, loaned</b>	2. SERC has its own staff that is not shared or loaned from stakeholders. The majority of staff is on the SERC payroll. Four full-time "contract employees" in the compliance area will become payroll employees prior to 2008.	2. SPP RE utilizes a combination of dedicated and shared staff to perform the functions and programs under the Delegation Agreement. For the SPP Compliance Monitoring and Enforcement Program, SPP RE has dedicated staff of four full time employees and contracted services for up to three employees. The shared staff includes engineers, managers, administrative support, and attorneys, and provides additional support for the RE functions.	2. We have distinct staffing in addition to support services budgeted from ERCOT. See #3 below.	2. WECC has distinct staff dedicated to WECC's mission. WECC does not have shared staff or loaned employees.
<b>3. Describe RE Shared Services Arrangements</b>	3. SERC has no shared service arrangements or financial relationships with any stakeholders, except the funding mechanism controlled by the delegation agreement and the ERO budget process. SERC vacated the Southern Company/Alabama Power building on June 22, 2007.	3. SPP shares staff to support RE functions. The support groups consist of Information Technology, Accounting/Payroll, Human Resources, Communications and other indirect functions. Currently, SPP charges the RE \$110 per hour for each hour worked by a shared staff member.	3. We have \$90k budgeted for support services from ERCOT.	3. WECC does not currently have any shared services arrangements.
<b>4. Number of Registered Entities</b>	4. 225	4. Approximately 125, at time of this submittal.	4. At the time of submittal, we have 161 entities performing 206 functions	4. As of July 17, 2007 WECC has 537 Registered Entities.

2008 Metrics Development by Program (SERC – WECC)

Standards	SERC	SPP	TRE	WECC
<p><b>1. Headcount (FTE's)</b></p>	<p>1. 1.33</p>	<p>1. 0.5 for budget year 2008.</p>	<p>1. 2 FTEs budgeted for 2008.</p>	<p>1. For 2008 WECC has 3 FTEs dedicated to our Standards department.</p>
<p><b>2. Develop regional standards? (Y/N)</b></p>	<p>2. Yes</p>	<p>2. Yes, but only in support of NERC standards or to fill gaps until NERC standards are in place</p>	<p>2. Yes, in support of NERC and FERC standards.</p>	<p>2. Yes</p>
<p><b>3. How many?</b></p>	<p>3. Only as essential or directed by NERC to address fill-in-the-blank standards. SERC's main focus is supporting development of excellent North American standards at NERC. Currently SERC is developing four regional standards identified in the NERC Three-Year Reliability Standards Work Plan.</p>	<p>3. One will begin scoping and drafting in third quarter of 2007 and expected to be submitted to NERC in 2008</p>	<p>3. We have no regional standards currently in development.</p>	<p>3. 11+</p> <ul style="list-style-type: none"> <li>a. ATEC Standard is scheduled to go to the WECC Board in July 2007 and then forwarded to NERC.</li> <li>b. Tier 1 Standards – includes 8 standards – is currently undergoing work and should be approved by the WECC Board and to NERC by April 2008.</li> <li>c. Planned for 2008 is work on an FRR Standard – this work is not scheduled to be completed until 2009.</li> <li>d. Planned for 2008 is work on a Voltage Ride-Through Standard.</li> <li>e. Any efforts required by WECC for supporting the NERC Fill-in-the-Blank standards.</li> </ul>



Standards	SERC	SPP	TRE	WECC
<p><b>4. How many NERC standards processes (drafting teams, coordinate, review standards, comments, remind to vote) do regional employees participate in?</b></p>	<p>4. SERC staff and volunteers are actively engaged in nearly all NERC drafting teams, and commenting and voting on nearly all NERC SARs and standards. SERC staff actively promotes and facilitates participation of SERC stakeholders. There are 20 or more technical groups facilitated by SERC that actively participate in standards development at NERC.</p>	<p>4. There is currently one shared employee participating on the Underfrequency Load Shedding Drafting Team at NERC. Other shared employees are engaged in communicating progress of NERC standards under development to entities within the SPP footprint. Additional staff participate in the ISO RTO Council which reviews all NERC standards posted for comments.</p>	<p>4. We participate in all of the above.</p>	<p>4. WECC staff is involved in support of the following NERC standards drafting activities:</p> <ul style="list-style-type: none"> <li>a). One WECC staff member is a member of the NERC Standards Committee.</li> <li>b). One WECC staff member is a member of the NERC Regional Reliability Standards Work Group</li> <li>c). Two WECC staff members try to be involved in the comment process for all NERC standards activities.</li> <li>d). One potential WECC staff member and 2 potential member volunteer nominees for the Generator Verification Standard Drafting Team.</li> <li>e). At least 2 and potentially 3 WECC staff members will participate on each of the six drafting teams for the redrafting of the 8 NERC Regional Reliability Standards applicable in the Western Interconnection. These standards were approved by FERC in June of 2007 and WECC was directed to make necessary improvements to the 8 standards within one year.</li> </ul>
<p><b>5. Staff vs. paid consultants?</b></p>	<p>5. The standards staff is entirely SERC payroll employees.</p>	<p>5. SPP does not use contractors or consultants for standards work. Shared staff facilitates SPP subcommittees and working groups that are utilized to perform the SPP Regional Standards Process. Stakeholders comprise the SPP subcommittees and working groups that are assigned as the regional standard drafting team.</p>	<p>5. We have not specifically budgeted for paid consultants.</p>	<p>5. WECC uses only staff for the Standards area.</p>

Compliance Enforcement & Organization Registration	SERC	SPP	TRE	WECC
<p><b>1. Headcount (FTE's)</b></p> <p><b>2. How many registered entities?</b></p> <p><b>3. Number of functions per each registered entity?</b></p> <p><b>4. Number of Audits? Cost per audit? (Different registrants require different audit schedules and timeframes necessary for audits.)</b></p>	<p>1. 14.2</p> <p>2. 225</p> <p>3. SERC has registered approximately 617 functions, or an average of 2.8 per entity.</p> <p>4. SERC plans 50 total audits in 2008, as broken down below by size:</p> <ul style="list-style-type: none"> <li>• 12 large audits (5 days onsite for 3 staff plus additional volunteers)</li> <li>• 16 medium audits (4 days onsite for 2 staff plus additional volunteers)</li> <li>• 16 small audits (2 days onsite for 1 staff plus additional volunteers)</li> <li>• 6 cyber security audits (days onsite for 2 staff plus additional volunteers)</li> </ul> <p>These audits are per entity, with the assumption that all registered functions will be addressed during the audit. The total cost of the audit program is approximately \$1,718, 215, which averages \$34,364 per audit.</p>	<p>1. Currently 3.5. Contractor services have been budgeted equivalent to 3 FTEs.</p> <p>2. Approximately 125</p> <p>3. On average, this is 4 functions per registered entity. However, the larger 3 year audit cycle entities average 10 functions, while the smaller, 6 yr cycle ones average 3.</p> <p>4. SPP plans seven to nine on-site compliance audits of registered RC, BA and TOP entities. SPP also plans seven to nine on-site compliance audits of other registered entities. Costs of the audits will vary depending on length of travel and resources used to complete.</p>	<p>1. We have 8.5 FTEs budgeted for 2008.</p> <p>2. 161</p> <p>3. 206 functions being performed by 161 entities- average approx. 1.27 functions per entity.</p> <p>4. We tentatively have 39 audits and 15 spot checks planned for FY2008. Audit expense consists of the following:                  Drive: 34 audits x 2 people x \$360 per person for a total of \$ 24,480                  Fly: 5 audits x 2 people x \$595 per person for a total of \$5,950                  Spot Checks: 15 audist x 2 people x \$360 per person for a total of \$10,800</p> <p>Total Cost of 54 audits \$41,230</p> <p>Total expense per person includes meals, lodging, travel, and other expenses.</p>	<p>1. 9 + 4 in "Hearings"</p> <p>2. As of July 17, 2007 WECC has 537 Registered Entities.</p> <p>3. The average per registered entity is 2.62 functions. The TOPs, BAs, and RCs average 8.22 functions.</p> <p>4. 16 on-site audits in 2008 are scheduled. The number of table-top audits are dependent upon our final count of registered entities; however, based on the 537 entities currently registered the number of table-top audits would be 107. TOPs, BAs and RCs are audited on a three-year cycle. All others are audited on a six-year cycle. An audit may visit some or all of the functions of a registered entity.</p> <p>Cost/Audit – WECC has based costs on using 2 contractors based on \$xxx an hour, estimating 16 pre-audit hours, 16 audit hours, and 8 post audit hours; travel expenses of \$xxx; and \$xxx for travel hours. <b>THIS INFORMATION IS CONFIDENTIAL AND SHOULD BE TREATED AS SUCH.</b></p>

## 2008 Metrics Development by Program (SERC – WECC)

Compliance Enforcement & Organization Registration	SERC	SPP	TRE	WECC
<p><b>5. Staff vs. paid consultants?</b></p>	<p>5. Auditors are all payroll staff in 2008. Four current full time contract employees will be payroll employees prior to 2008.</p>	<p>5. We do supplement our compliance auditors with contractors.</p>	<p>5. We do not have amounts specifically budgeted for paid consultants.</p>	<p>5. WECC will continue to utilize 2 consultants to assist WECC Compliance Staff with the auditing processes described above. .</p>
<p><b>6. Volunteer support?</b></p>	<p>6. Yes, SERC uses volunteer experts to round out audit teams.</p>	<p>6. SPP does not permit stakeholders to participate in compliance audits. Only the independent staff of SPP or independent contractors can participate. NERC staff and FERC staff may provide participants with limited authority.</p>	<p>6. Staff only planned for FY2008.</p>	<p>6. WECC does not utilize volunteer support for this area.</p>

2008 Metrics Development by Program (SERC – WECC)

Readiness Evaluations	SERC	SPP	TRE	WECC
1. Headcount (FTE's)	1. .93	1. 0.5 FTE	1. We have 0.5 FTEs budgeted for 2008.	1. 2
2. Number of evaluations in each region (NERC)? – NERC to provide	2. 9	2. 8	2. 3	2. 15
3. Within Region? (Staff vs. volunteers)	3. The staff person facilitates volunteers and participates in the reviews himself. SERC has separated this function from compliance within the region.	3. SPP staff supports the NERC Reliability Readiness Evaluation and Improvement Program by acting as the Regional Co-Lead on all Readiness Evaluations performed in the SPP footprint. SPP staff also schedules SPP evaluations and solicits internal volunteers. Staff monitors the progress of recommendations that evolve from the final Readiness Evaluation reports and updates this progress to NERC at least quarterly.	3. We will utilize staff and volunteers in 2008.	3. Readiness Evaluation teams consist of six members: a WECC and a NERC co-lead and four (4) industry volunteers drawn from both inside and outside of the Western Interconnection. In some evaluations, a FERC staff person may participate.
4. Outside Region? What amount of support from Regional Entity? (Staff vs. volunteers)	4. SERC provides staff support to cover one outside review and facilitates getting volunteers for 3-4 others.	4. The SPP Compliance Staff participates in Readiness Evaluations outside of the SPP footprint as requested by NERC or other Regional Entities. This amount of time and travel expense is included in the budget. Registered Entities within SPP may provide volunteers at their discretion. SPP coordinates with NERC to seek volunteers to participate.	4. We will utilize staff only in FY2008.	4. WECC has not provided a staff person to assist in outside region evaluations. WECC does spend time finding volunteers from the Western Interconnection to participate in outside region evaluations.
5. Utilizing consultants?	5. None	5. None	5. None	5. WECC utilizes 1 consultant to participate in approximately 2 evaluations a year.

Reliability Assessments and Performance Analysis	SERC	SPP	TRE	WECC
<p><b>1. Headcount (FTE's)</b></p> <p><b>2. Member vs. staff support of the assessment development? (Winter, summer, long-term)</b></p> <p><b>3. Any other assessments being done within the region? (Statutory only – Y/N)</b></p>	<p>1. 2.63</p> <p>2. SERC member volunteers develop the models and perform the studies. SERC staff facilitates the study groups and reviews the results.</p> <p>3. SERC facilitates a dozen or more additional reliability studies to coordinate among systems and the five sub-regions, in addition to the NERC reliability assessments.</p>	<p>1. 2.4 FTE</p> <p>2. SPP staff develops the power flow cases using the member data, and conducts the transmission assessments in-house. Stakeholders are involved in developing the transmission study assumptions and reviewing the results. We have most of the power flow assessment tools in house. Resource assessments are conducted by SPP staff using data from registered entities.</p> <p>3. Periodic assessments as required by former NERC standards applicable to regions (stability, under-frequency, under-voltage, etc).</p>	<p>1. We have 7 FTEs budgeted for 2008.</p> <p>2. ERCOT ISO supports this function; however, TRE does review their assessments after they are completed.</p> <p>3. Periodic assessments as required by former NERC standards applicable to regions (stability, under-frequency, under-voltage, etc).</p>	<p>1. 13</p> <p>2. WECC staff develops these assessments using member data and conducts the assessments in-house. WECC's Loads and Resources Subcommittee reviews the information and accepts the assessments prior to providing them to NERC. These reports are provided to our Board of Directors for information only.</p> <p>3. No - There are no other assessments being done within our region.</p>

Reliability Assessments and Performance Analysis	SERC	SPP	TRE	WECC
<p>4. Does the region perform the analysis of critical assumptions of member assessments or does the region rely on the members for this analysis?</p>	<p>4. Staff reviews the critical assumptions, validity and accuracy of the data, and the reasonableness of the results and conclusions.</p>	<p>4. SPP performs the analysis and prepares the reports using shared staff. Critical assumptions used in both resource and transmission assessments are jointly developed by SPP staff and stakeholders.</p>	<p>4. TRE primarily performs the analysis of critical assumptions of member assessment, but occasionally relies on the members to a limited extent (i.e. "trust, but verify").</p>	<p>4. Yes - WECC staff performs the analysis of critical assumptions of member assessments. Then the Loads and Resources Subcommittee reviews and gives final okay.</p>
<p>5. Who supports the NERC RAS effort and ERAG (in the Eastern Interconnection)?</p>	<p>5. A combination of staff and volunteers.</p>	<p>5. SPP shared staff.</p>	<p>5. 1 TRE staff supports NERC RAS and we are not a member of the Eastern Interconnection.</p>	<p>5. WECC has 2 staff personnel and one member volunteer which supports the NERC RAS. Also our Loads and Resources Subcommittee is involved with NERC RAS efforts.</p>
<p>6. Who supports the NERC Planning Committee and Operating Committee?</p>	<p>6. Stakeholders are members, while SERC staff participates and attends both committees.</p>	<p>6. SPP Registered Entities provide volunteers on these committees. These costs may be allocated to Sec 1100 Committee and Member forums if requested by the volunteer.</p>	<p>6. TRE staff will support this.</p>	<p>6. WECC has 2 industry volunteers for the NERC Planning Committee and the Operating Committee.</p>

## 2008 Metrics Development by Program (SERC-WECC)

Training and Education	SERC	SPP	TRE	WECC
<p><b>1. Internal (Compliance/Readiness) job responsibility training.</b></p> <p><b>2. External workshops for members or Board training.</b></p>	<p>1. SERC has a full time trainer whose responsibilities include both staff training and performance improvement, as well as facilitating excellent training and personnel certification among stakeholders within the region.</p> <p>2. SERC conducts approximately 10 large training conferences per year, including three system operator training sessions and three compliance workshops.</p>	<p>1. The SPP Training Department designs, develops, implements, assesses, and maintains a training and education program to provide continuing education (i.e., emergency operations, simulations, and standards) for system operating personnel. Personnel who participate in the SPP training program include system operations, operations support (EMS engineering, Ops engineering, and information technology), supervisors and managers, and others directly responsible for complying with reliability standards who, through their actions or inactions, may impact the real-time or day-ahead reliability of the bulk power system.</p> <p>2. SPP conducts at least 2 compliance workshops each year for SPP members, Registered Entities or any other interested participant. SPP also provides a host of NERC related training courses available for NERC Operator Certification CEUs. Fees may be assessed for participants who are not employed by a Load Serving Entity that is invoiced for the NERC/SPP fees. SPP also provides an annual training session for the SPP Board and SPP RE Trustees.</p>	<p>1. For 2008, TRE has 7,600 budgeted specifically for training.</p> <p>2. No training is budgeted for ERCOT members. Any training that is provided by the Texas RE is offset by fees. See below (under General: Meetings) for further discussion.</p>	<p>1. WECC provides individual staff training each year. For 2008 WECC has budgeted \$176,400 for appropriate training for each staff member. For just the Compliance and Readiness staff areas their portion of the budget for training equals \$50,000.</p> <p>2. WECC provides continuing education training for operators, schedulers and dispatchers. 24-26 weeks per year in Salt Lake City training classes are conducted. Once a year a Leadership Training session is held for Board members and Committee, Subcommittee, Work Group and Task Force chairs.</p>

Situational Awareness and Infrastructure Security	SERC	SPP	TRE	WECC
<p><b>1. Support of NERC's CIPC</b></p>	<p>1. SERC operates its own CIPC. SERC volunteers actively participate as members of the NERC CIPC and SERC has a staff person who participates in the NERC CIPC meetings.</p>	<p>1. SPP actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members. SPP sponsors a Critical Infrastructure Protection Working Group (CIPWG). The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002-1 through CIP-009-1) and is facilitated by an SPP staff member.</p>	<p>1 TRE members will attend some meetings, but do not make decisions. ERCOT ISO provides the support for this.</p>	<p>1. 1. WECC has three (3) primary representatives and three (3) alternate representatives on the NERC CIPC. WECC has a Critical Infrastructure and Information Management Subcommittee which also assist in the happenings of the NERC CIPC.</p>
<p><b>2. Hotline (Y/N)</b></p>	<p>2. Yes, SERC maintains, operates, and tests a secure, dedicated hotline among all the reliability coordinators, transmission operators, and balancing authorities in the region.</p>	<p>2. No hotline</p>	<p>2. We do not have a hotline.</p>	<p>2. Yes</p>



2008 Metrics Development by Program (SERC - WECC)

General	SERC	SPP	TRE	WECC
<p><b>1. Meetings:</b>  <b>a. Host/off-site/Member sites</b></p> <p><b>b. # of meetings</b></p> <p><b>c. Average size</b></p>	<p>a. SERC hosts a majority of its meetings offsite, although in 2008 the goal is to shift toward approximately half of the meetings will be onsite at SERC's new facility in Charlotte.</p> <p>b. SERC facilitates approximately 160 meetings per year, excluding in house staff meetings.</p> <p>c. Average size is approximately 12 people, although the larger workshops run up to 125 to 150.</p>	<p>a. SPP holds compliance workshops twice annually either onsite at SPP or an alternative venue. SPP hosts subcommittee and working group meetings that may be engaged in regional standards development at various cities around the footprint.</p> <p>b. Minimum of 3 RE Trustees meetings per year; 2 compliance workshops per year; 4-5 CIP committee meetings per year; other working groups and subcommittees meetings averaging 10-15 per year. Subcommittees and working groups engaged in regional standards development will meet as necessary in person or via teleconference. The Market Operations and Policy Committee, which the subcommittees report to, meet 4 times per year and hold special meetings/teleconferences as needed.</p> <p>c. Ranges from 10 (subcommittees for standards drafting) to 40-50 (Market Operations and Policy Committee). All meetings are open; attendance is not limited.</p>	<p>a. We will attend 4 scheduled off-site workshops. The Texas RE plans to host one meeting (see part b. below)</p> <p>b. We only have 4 scheduled workshops scheduled for the TRE staff, budgeted for \$3,240 total. We have one other meeting which is entirely offset by fees.</p> <p>c. We assume 1 employee per workshop.</p>	<p>a. WECC utilizes members facilities, hotels and WECC facilities for WECC specific as well as NERC Committee meetings (RECM). WECC completed their meeting facility in 2007 and hope to utilize this space more in 2008.</p> <p>b. WECC holds 4 Board Meetings a year (one of these includes our Annual Membership Meeting). There are six Board level Committees that meet either in conjunction with a Board meeting and/or meet individually approximately 3 times a year. Three Joint Standing Committee meetings are held a year (Planning, Operating and Market). Four Joint Guidance Committee meetings are held a year. Each of our Subcommittees (we have approximately 15 currently) meet between 3 and 4 times a year. Work Groups and Task Forces (approximately 40-45) meet approximately 3 times a year. We also hold approximately 30 drafting team meetings a year.</p> <p>c. Drafting Team meetings and most task force meetings are approximately 10 people. Work Group and some smaller subcommittees are between 15 and 35. Other subcommittees are between 40 and 70. For our Joint Standing Committee meetings we average 170 people. For Board of Directors meetings they average 60-70 people.</p>

2008 Metrics Development by Program (SERC - WECC)

Administrative	SERC	SPP	TRE	WECC
<p><b>1. Rent (\$ per sq. ft.)</b></p>	<p>1. \$17.00 in 2008</p>	<p>1. Rent costs are bundled in the hourly support charge.</p>	<p>1. The TRE facility rent by itself is 19.32/ft<sup>2</sup>. However, the submitted budget also includes computer hardware leases, internal user support, and other expenses (as these items did not fit into other expense categories on our NERC provided template); therefore the submitted budget is 6.44/ ft<sup>2</sup></p>	<p>1. \$24.40 per sq. ft including cam costs.</p>
<p><b>2. Total Square Feet</b></p>	<p>2. 10,570</p>	<p>2. N/A</p>	<p>2. approximately 2,625</p>	<p>2. 16,042 sq. ft. planned for 2008 – in 2007 WECC has 11,042 sq. ft.</p>
<p><b>3. Do you have a telecommuter policy?</b></p>	<p>3. Yes, initiating one on January 1, 2008.</p>	<p>3. No</p>	<p>3. We do not have an official policy, nevertheless; employees are able to log into the ERCOT system from remote locations to check email, etc.</p>	<p>3. Yes</p>

## 2008 Metrics Development by Program (SERC - WECC)

Professional Services	SERC	SPP	TRE	WECC
<p><b>1. Independent trustee fees? (Y/N- If yes, annual per trustee.)</b></p>	<p>1. No – all directors are stakeholders compensated by the members, including travel.</p>	<p>1. Yes, SPP pays three independent trustees an annual retainer, per meeting fees, and travel expenses.</p>	<p>1. We have \$18,000 budgeted for 5 independent trustees.</p>	<p>1. We do have independent trustee fees. They receive a \$30,000 annual retainer fee plus \$1,500 for in person meetings, \$750 for telephone meeting, and \$500 if an in person meeting is in conjunction with another meeting for which they are being paid.</p>
<p><b>2. Staff legal vs. outside counsel</b></p>	<p>2. SERC utilizes outside counsel and does not have a legal staff.</p>	<p>2. SPP uses both in-house and outside counsel</p>	<p>2. We plan to use some outside counsel (\$60k budgeted) in addition to 2 FTEs budgeted to legal for FY2008.</p>	<p>2. WECC utilizes outside counsel only.</p>
<p><b>3. Are there any one-time costs in this year's budget, i.e. reorganization, severance, moving?</b></p>	<p>3. Yes, approximately \$426,119 associated with relocation and startup of a new central office in Charlotte, NC.</p>	<p>3. None</p>	<p>3. We do not have any one time costs in the FY2008 budget</p>	<p>3. No one-time costs associated with this year's budget</p>
<p><b>4. D&amp;O Insurance? Coverage levels.</b></p>	<p>4. Currently have \$1M coverage and have budgeted for \$5 M to \$7M in 2008.</p>	<p>4. We have \$15 million coverage</p>	<p>4. We have \$60 million coverage.</p>	<p>4. \$15,000,000 in coverage</p>