

and planning data. This data will be analyzed to identify trends and potential system vulnerabilities and will be compiled in the annual WECC State of the Interconnection report.

Reliability Assessments' deliverables are:

- NERC Long-Term Reliability Assessment.
- Seasonal Assessments (summer and winter).
- NERC Probabilistic Reliability Assessment.
- WECC Power Supply Assessment.
- Support of the LRS.
- Annual State of the Interconnection Report.
- NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filing verification and submittal.
- Monitor and support the activities of the NERC Reliability Assessment Subcommittee, the Performance Analysis Subcommittee, and associated work groups.

2014 New Initiatives and Goals

The PCC began implementing the Base Case Coordination System (BCCS) in 2013 and implementation efforts will continue into 2014.⁹ Efforts will be focused on populating the database and ensuring that it produces credible base cases. Extensive WECC member outreach and training associated with the BCCS is also planned. Ongoing costs related to database management and software updates are expected to begin in 2015, and are expected to total approximately \$85,000 annually.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$703,000 in penalty sanctions received by WECC on or prior to June 30, 2013.
- WECC will receive \$3.6 million in DOE grant funding for the RTEP project. The funds directly offset expenditures related to the RTEP project.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Salaries increase by \$86,000 primarily due to an increase of four FTEs.
- Benefits increase by a \$59,000 due to an estimated 20 percent increase in insurance premiums.

⁹ The BCCS will be a Web-accessible, centralized database that automates existing processes. It will provide a central location for maintaining base-case information.

General and Administrative

General and Administrative (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	18.8	15.2	(3.6)
Direct Expenses	\$ 4,941,753	\$ 3,695,570	\$ (1,246,183)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The General and Administrative Program provides executive leadership, communications, and administrative support for WECC staff, committees, members, and management, as well as logistics support of the Salt Lake office and meeting facilities. In addition, indirect costs such as Office Rent that benefit multiple functional areas are accounted for in this budget.

2014 Key Assumptions

- WECC will receive an exemption from Washington State income tax.

2014 Goals and Key Deliverables

- WECC will continue to conduct its annual “Measures of Success” and stakeholder surveys.
- Provide executive leadership and strategic guidance for the activities undertaken by WECC.
- Improve the quality and efficiency of administrative support provided to staff and members.
- Redesign the WECC Intranet and Internet websites.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries decrease by \$393,000 primarily due to a net reduction of 3.6 FTEs and a 15 percent reduction of personnel expenses for labor float.
- Payroll Taxes decrease by \$50,000 with Salaries.
- Benefits decrease by \$27,000 with Salaries.
- Retirement Costs decrease by \$61,000 with Salaries.

Travel Expense

- Travel decreases by \$47,000 primarily due to decreased attendance at external meetings.

Operating Expenses

- Consulting & Contracts decrease by \$20,000 primarily because the WECC stakeholder survey was conducted in 2013 and is only performed every other year.
- Office Rent decreases by \$271,000 due to the transfer of two office facilities to the RCCo as a result of the bifurcation of WECC.
- Office Costs decrease by \$80,000 partially due to the bifurcation of WECC, and also due to bank charges and property taxes being accounted for in the Finance and Accounting function in 2014.

Indirect Expenses

- General and Administrative expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2014 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

GENERAL AND ADMINISTRATIVE

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 2,194,293	\$ 2,194,293	\$ -	\$ 1,801,127	\$ (393,166)
Payroll Taxes	141,861	141,861	-	92,319	(49,542)
Benefits	214,991	214,991	-	188,224	(26,767)
Retirement Costs	153,600	153,600	-	92,319	(61,281)
Total Personnel Expenses	\$ 2,704,745	\$ 2,704,745	\$ -	\$ 2,173,989	\$ (530,756)
Meeting Expenses					
Meetings	\$ 13,665	\$ 13,665	\$ -	\$ 11,250	\$ (2,415)
Travel	168,700	168,700	-	121,750	(46,950)
Conference Calls	6,200	6,200	-	8,100	1,900
Total Meeting Expenses	\$ 188,565	\$ 188,565	\$ -	\$ 141,100	\$ (47,465)
Operating Expenses					
Consultants & Contracts	\$ 110,000	\$ 110,000	\$ -	\$ 90,000	\$ (20,000)
Office Rent	1,159,764	1,159,764	-	888,600	(271,164)
Office Costs	276,500	276,500	-	196,881	(79,619)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	502,179	502,179	-	205,000	(297,179)
Total Operating Expenses	\$ 2,048,443	\$ 2,048,443	\$ -	\$ 1,380,481	\$ (667,962)
Total Direct Expenses	\$ 4,941,753	\$ 4,941,753	\$ -	\$ 3,695,570	\$ (1,246,183)
Indirect Expenses	\$ (4,941,753)	\$ (4,941,753)	\$ -	\$ (3,695,570)	\$ 1,246,183
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	(502,179)	(502,179)	-	(205,000)	297,179
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	5,000	5,000	-	-	(5,000)
Equipment CapEx	6,000	6,000	-	-	(6,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 491,179	\$ 491,179	\$ -	\$ 205,000	\$ (286,179)
Incr(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	18.8	18.8	-	15.2	(3.6)
HC	19.0	19.0	-	16.0	(3.0)

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	12.1	6.0	(6.1)
Direct Expenses	\$ 2,447,593	\$ 1,099,606	\$ (1,347,987)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Legal program area provides coordinated legal services to the WECC Board, committees, and staff. In addition, the program area provides consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The Legal program area also develops specific subject matter expertise to further assist WECC with its legal needs. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the General Counsel and Legal program area.

WECC's international operations and its broad scope of activities require significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

2014 Key Assumptions

- WECC will maintain the scope of its current operations. However, the operating environment may change in the event of unanticipated direction from FERC, NERC, or both.
- The bifurcation of WECC will result in the creation of an independent company responsible for the Reliability Coordination and Interchange Authority registered functions; provision of legal services in support of this company will be the responsibility of that company's Legal department.

2014 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the WECC Board, committees, and staff through a combination of in-house and outside resources.
- Update and advise the WECC Board and CEO on pending legal issues.
- Advise WECC departments on specified legal matters and general matters relating to WECC business.
- Provide legal support to the WECC Compliance Department and facilitate the processing of possible and alleged violations.
- Represent WECC in legal and regulatory proceedings.
- Review and advise WECC business units on draft agreements.
- Improve tracking for development of WECC regulatory policies.

- Implement a corporate records management system.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries decrease by \$1.07 million due to the bifurcation of WECC and the transfer of seven positions to the RCCo as well as a 15 percent reduction in personnel expenses for labor float.
- Payroll Taxes decrease by \$82,000 with Salaries.
- Benefits decrease by \$77,000 with Salaries.
- Retirement Costs decrease by \$76,000 with Salaries.

Meeting Expenses

- Travel decreases by \$32,000 due to the reduction of legal staff.

Operating Expenses

- Office Costs decrease by \$21,000 due to reduced number of cell phones, legal subscriptions, and membership dues as a result of the bifurcation of WECC.

Indirect Expenses

- Legal and Regulatory expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2014 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

LEGAL AND REGULATORY

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 1,730,245	\$ 1,730,245	\$ -	\$ 657,788	\$ (1,072,457)
Payroll Taxes	126,811	126,811	-	44,388	(82,423)
Benefits	154,547	154,547	-	77,152	(77,395)
Retirement Costs	120,661	120,661	-	44,388	(76,273)
Total Personnel Expenses	\$ 2,132,264	\$ 2,132,264	\$ -	\$ 823,716	\$ (1,308,548)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	80,000	80,000	-	48,000	(32,000)
Conference Calls	2,500	2,500	-	1,200	(1,300)
Total Meeting Expenses	\$ 82,500	\$ 82,500	\$ -	\$ 49,200	\$ (33,300)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	50,000	50,000	-	28,690	(21,310)
Professional Services	182,829	182,829	-	190,000	7,171
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	8,000	8,000
Total Operating Expenses	\$ 232,829	\$ 232,829	\$ -	\$ 226,690	\$ (6,139)
Total Direct Expenses	\$ 2,447,593	\$ 2,447,593	\$ -	\$ 1,099,606	\$ (1,347,987)
Indirect Expenses	\$ (2,447,593)	\$ (2,447,593)	\$ -	\$ (1,099,606)	\$ 1,347,987
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	-	-	-	(8,000)	(8,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000
Incr(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	12.1	12.1	-	6.0	(6.1)
HC	13.0	13.0	-	6.0	(7.0)

Information Technology

Information Technology (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	9.0	9.0	(0.0)
Direct Expenses	\$ 1,826,228	\$ 1,365,441	\$ (460,787)
Inc(Dec) in Fixed Assets	\$ (21,026)	\$ -	\$ 21,026
Working Capital Requirement	\$ 21,026	\$ -	\$ (21,026)

Program Scope and Functional Description

WECC's Information Technology (IT) program area provides systems support including: servers, data, email, telephone systems, and Internet and Intranet website maintenance. In addition, IT includes development of new technology solutions using both internal staff and working with external service providers. The IT program area provides resources and tools to enable the organization to meet the evolving requirements to support activities and responsibilities as directed by NERC and FERC.

The IT budget includes costs associated with the refresh of all corporate desktop computers, laptops, and servers that is based on either a four-year cycle or on an as-needed basis.

2014 Key Assumptions

- WECC will maintain compliance with industry best practices on security and data protection, as well as the evolving NERC Standards and audit practices. As a result, WECC will require increased storage management, processes, and network infrastructure.
- Technology will be a key focus in developing new, more efficient business processes that will support collaboration, elimination of duplicate work, and streamlining information flow.
- Entities required to exchange data with WECC will demand greater ease of use, clearer communication, and the latest in security assurances.

2014 Goals and Key Deliverables

- Provide systems support and technology solutions that ensure reliability and security of critical IT infrastructure.
- Develop and implement Policies and Procedures to enforce best practices across the organization.
- Align IT as a strategic partner in accomplishing business goals and objectives.
- Provide a significant increase in data support, analysis, and communication. Create centralized databases, automated processes, and tools to organize a growing volume of electronic data that will be in high demand.
- Provide custom solutions to enable secure, reliable, and efficient transmission of a growing number of data types.

- Launch a redesigned website to improve usability and accommodate features critical to promoting WECC initiatives and collaboration with entities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses decrease by \$202,000 primarily due to a 15 percent reduction for labor float.

Meeting Expenses

- Not applicable.

Operating Expenses

- Consultants & Contracts increase by \$24,000 primarily due to a project to expand WECCs reporting and analytics capabilities.
- Office Costs decrease by \$247,000 due to a reduction of software licenses and expensed equipment as a result of the bifurcation of WECC and the reduction in FTEs.

Indirect Expenses

- Information Technology expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer & Software CapEx decreases by \$15,000 due to scheduled refreshes of corporate servers in prior year.
- Equipment CapEx increases by \$111,000 due to hardware purchases to accommodate the current rate of increase in storage requirements and for managed security services.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2014 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
INFORMATION TECHNOLOGY					
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 829,213	\$ 829,213	\$ -	\$ 670,107	\$ (159,106)
Payroll Taxes	62,286	62,286	-	45,103	(17,183)
Benefits	114,786	114,786	-	101,928	(12,858)
Retirement Costs	58,045	58,045	-	45,103	(12,942)
Total Personnel Expenses	\$ 1,064,330	\$ 1,064,330	\$ -	\$ 862,241	\$ (202,089)
Meeting Expenses					
Meetings	\$ 900	\$ 900	\$ -	\$ -	\$ (900)
Travel	13,000	13,000	-	13,200	200
Conference Calls	6,572	6,572	-	7,200	628
Total Meeting Expenses	\$ 20,472	\$ 20,472	\$ -	\$ 20,400	\$ (72)
Operating Expenses					
Consultants & Contracts	\$ 12,000	\$ 12,000	\$ -	\$ 36,000	\$ 24,000
Office Rent	-	-	-	-	-
Office Costs	587,500	587,500	-	340,800	(246,700)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	141,926	141,926	-	106,000	(35,926)
Total Operating Expenses	\$ 741,426	\$ 741,426	\$ -	\$ 482,800	\$ (258,626)
Total Direct Expenses	\$ 1,826,228	\$ 1,826,228	\$ -	\$ 1,365,441	\$ (460,787)
Indirect Expenses	\$ (1,826,228)	\$ (1,826,228)	\$ -	\$ (1,365,441)	\$ 460,787
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	(141,926)	(141,926)	-	(106,000)	35,926
Computer & Software CapEx	75,000	75,000	-	60,000	(15,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	(6,000)	(6,000)	-	105,000	111,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 51,900	\$ 51,900	\$ -	\$ (59,000)	\$ (110,900)
Incr(Dec) in Fixed Assets (C)	\$ (21,026)	\$ (21,026)	\$ -	\$ -	\$ 21,026
TOTAL BUDGET (B+C)	(21,026)	(21,026)	-	-	21,026
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 21,026	\$ 21,026	\$ -	\$ -	\$ (21,026)
FTEs	9.0	9.0	-	9.0	(0.0)
HC	10.0	10.0	-	9.0	(1.0)

Human Resources

Human Resources (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.1	3.0	(0.1)
Direct Expenses	\$ 1,134,800	\$ 1,072,064	\$ (62,736)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Human Resources (HR) program area is responsible for the delivery of all HR functions to WECC, including: recruitment, staffing, compensation, benefits, safety and health, employee relations, performance management, and employee training and development.

2014 Key Assumptions

- WECC's staffing level will continue to increase during 2014.
- Competition for talent will increase due to the economic recovery and an increasing percentage of the utility talent pool being eligible for retirement. Consequently, as the talent pool compresses, salary and benefit pressures increase.
- Increase to benefit programs due to the Health Care Reform Act.
- Retention and competitive compensation of key individuals will continue to be critical.
- Succession planning, employee development, and training are vital to ensuring that WECC maintains a skilled, qualified workforce.

2014 Goals and Key Deliverables

- Continue to enhance the recruiting program in 2014 that targets power engineering and cyber security programs to increase visibility of WECC to broaden the applicant pool for hard-to-fill positions and increase bench strength for key roles within Compliance.
- Manage health and welfare benefits to deliver an attractive benefit package to employees while managing overall costs to the organization.
- Conduct a salary and benefits survey to ensure the overall compensation package is competitive to recruit and retain top talent. Educate management on compensation philosophies to enhance recruitment efforts, and retain skilled and talented employees.
- Track and monitor turnover rates, gather feedback to determine cause of turnover, and when appropriate, take action to improve (lessen) the turnover rate.

- Identify training needs and develop and deliver programs to enhance employee development.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries increase by a net \$101,000 primarily due to retention and severance plan expenses related to the bifurcation of WECC.
- Benefits decrease by a net \$211,000 due to the bifurcation of WECC. Health Reimbursement Arrangement benefits for the company are accounted for in HR and decrease by \$184,000. Also the workers compensation insurance estimate went down by \$10,000.

Meeting Expenses

- Travel decreases by \$16,000 due to a reduction in recruiting and career fair travel due to the bifurcation of WECC.

Operating Expenses

- Consultants increase by \$120,000 due to a new compensation and benefits survey.
- Office Costs decrease by \$29,000 due to decreases in job posting, drug testing, and background checks, which had been ramped up prior to the bifurcation of WECC.

Indirect Expenses

- Human Resource expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

