



2015 Business Plan and Budget

Western Electricity Coordinating Council

Approved by:

| WECC Board of Directors

Date:

June ~~XX~~25, 2014

Table of Contents

| | |
|--|-----------|
| Introduction | 3 |
| Organizational Overview..... | 3 |
| Membership and Governance | 4 |
| Statutory Functional Scope..... | 6 |
| 2015 Key Assumptions | 6 |
| 2015 WECC Business Objectives | 6 |
| 2015 Overview of Cost Impacts | 7 |
| Personnel Analysis | 9 |
| 2014 Budget and Projection and 2015 Budget Comparisons | 10 |
| Section A — 2015 Business Plan | 12 |
| Reliability Standards Program..... | 12 |
| Compliance Monitoring and Enforcement and Organization Registration and Certification Program..... | 16 |
| Reliability Assessment and Performance Analysis Program | 21 |
| Training, Education, and Operator Certification Program | 25 |
| Situation Awareness and Infrastructure Security Program | 29 |
| Administrative Services..... | 32 |
| Technical Committees and Member Forums..... | 33 |
| General and Administrative | 36 |
| Legal and Regulatory..... | 39 |
| Information Technology..... | 42 |
| Human Resources | 45 |
| Finance and Accounting..... | 48 |
| Section B — Supplemental Financial Information | 52 |
| Reserve Balance | 52 |
| Penalty Sanctions | 54 |
| Supplemental Funding | 55 |
| Personnel Expenses | 57 |
| Consultants and Contracts | 59 |
| Office Rent | 61 |
| Office Costs | 62 |
| Professional Services..... | 63 |
| Other Non-Operating..... | 64 |
| Section C — 2015 Non-Statutory Business Plan and Budget | 66 |
| Western Renewable Energy Generation Information System (WREGIS) | 66 |
| Personnel Analysis | 69 |
| Reserve Analysis — 2014–2015 | 70 |
| Section D — Additional Consolidated Financial Statements..... | 72 |
| 2015 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory | 72 |
| Statement of Financial Position | 73 |
| Appendix A: Organizational Chart | 74 |
| Appendix B: 2015 Budget & Projected 2015 and 2016 Budgets | 75 |
| Appendix C: Adjustment to the AESO 2015 Assessment..... | 76 |

Introduction

| | TOTAL RESOURCES (in whole dollars) | | | |
|---|---------------------------------------|--------------|-------------|------------|
| | 2015 Budget | U.S. | Canada | Mexico |
| Statutory FTEs* | 137.5 | | | |
| Non-statutory FTEs | 5.0 | | | |
| Total FTEs | 142.5 | | | |
| Statutory Expenses | \$ 25,699,428 | | | |
| Non-Statutory Expenses | \$ 1,669,241 | | | |
| Total Expenses | \$ 27,368,669 | | | |
| Statutory Inc(Dec) in Fixed Assets | \$ 600,607 | | | |
| Non-Statutory Inc(Dec) in Fixed Assets | \$ 8,607 | | | |
| Total Inc(Dec) in Fixed Assets | \$ 609,214 | | | |
| Statutory Working Capital Requirement** | 3,074,583 | | | |
| Non-Statutory Working Capital Requirement | 2,199,681 | | | |
| Total Working Capital Requirement | 5,274,264 | | | |
| Total Statutory Funding Requirement | \$ 26,300,035 | | | |
| Total Non-Statutory Funding Requirement | \$ 1,630,875 | | | |
| Total Funding Requirement | \$ 27,930,910 | | | |
| Statutory Funding Assessments | \$ 25,055,135 | | | |
| Non-Statutory Fees | \$ 1,630,875 | \$ 1,630,875 | \$ - | \$ - |
| NEL**** | 758,616,490 | 627,414,723 | 119,586,872 | 11,614,895 |
| NEL% | 100.00% | 82.71% | 15.76% | 1.53% |

*An FTE is defined as a full-time equivalent employee.

**Refer to the Statutory Reserve Analysis on page 52 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 70 in Section C.

****NEL is defined as Net Energy for Load.

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a 501(c)(4) entity operating in the “best interest of the public welfare.” WECC’s mission is to foster and promote reliability and efficient coordination in the Western Interconnection. WECC’s website is <http://www.wecc.biz>.

The Western Interconnection is a geographic area in which the use and generation of electricity is synchronized. This area includes all or part of 14 Western states in the United States, two Canadian provinces, and a portion of Baja California Norte, Mexico. WECC will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing:

- 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection;

- 2) development of electric reliability standards incorporating Western Interconnection experience and knowledge;
- 3) consistent and fair monitoring and enforcement activities for compliance with reliability standards;
- 4) event analysis and lessons-learned from system events; and
- 5) value for its membership through cost effective and efficient services and practices through:
 - a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System (BES) in the Western Interconnection;
 - b) coordinating system planning and modeling;
 - c) sharing of, and providing comment on adherence to, recognized industry best practices;
 - d) facilitating resolution of market seams and coordination issues;
 - e) secure sharing of critical reliability data; and
 - f) providing a robust stakeholder forum.

WECC's business philosophy is guided by the following core values:

Integrity – We are honest, ethical, and trustworthy. We honor our commitments. We take personal responsibility for our actions. We treat everyone fairly and with respect.

Teamwork – We recognize our strength is derived from collaborative efforts. We continually learn, and share ideas and knowledge. We encourage cooperative efforts across all activities in the Western Interconnection.

Excellence – We strive for continuous quality improvement in all that we do.

Inclusiveness – We foster an open and participatory environment that encourages innovative ideas and diverse perspectives from all stakeholders.

Professionalism – We conduct ourselves with skill, good judgment, and polite behavior across all committees, forums, and stakeholder interactions.

Membership and Governance

WECC has ~~368~~341 members¹ divided into the following five membership classes:

1. Large Transmission Owners
2. Small Transmission Owners
3. Transmission Dependent Energy Service Providers
4. End Users
5. Representatives of State and Provincial Governments

¹ As of ~~April XX~~June 10, 2014

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BES. WECC membership is not a requirement for participation in the WECC standards development process.²

WECC is governed by a nine-member Independent Board of Directors and a Chief Executive Officer. The WECC Board is elected by the WECC membership and the Directors are compensated for their time. The nine Independent Directors are not:

- full-time employees of any Registered Entity;
- affiliated with any member or Registered Entity operating in the Western Interconnection; or
- Directors of an entity performing the function of Reliability Coordinator in the Western Interconnection.

WECC has ~~eight~~ seven Board Committees that provide additional oversight of WECC operations:

- Finance and Audit Committee
- Governance Committee
- Human Resources and Compensation Committee
- Nominating Committee
- RMS Reliability Compliance Committee
- WECC Standards Committee
- ~~Transmission Expansion Planning and Policy Committee~~
- ~~Western Renewable Energy Generation Information System Committee~~

Under the direction of the WECC Board, five Standing Committees provide the Board with technical work and policy recommendations. ~~All member organizations are eligible for representation on the Standing Committees, described below:~~

1. **The Member Advisory Committee (MAC)** – advises the Board on any matters the Board requests the committee to evaluate or consider, and advises the Board on matters as the MAC deems appropriate. The MAC Chair attends WECC Board meetings to provide advice, clarifications or respond to Directors’ questions. The Board gives serious consideration to the MAC’s recommendations and responds to MAC recommendations through a means that the Board determines appropriate. The MAC is comprised of three representatives from each of the five Member Classes, for a total of 15 members. MAC representatives communicate and obtain input from their respective class membership.
2. **WECC Standards Committee (WSC)** – oversees the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability

² Non-WECC members may participate in standards drafting teams and Participating Stakeholders may vote on Regional Reliability Standards. A Participating Stakeholder is defined in Section 3.23 of the WECC Bylaws and the Participating Stakeholder Application Process is described in Section 8.7.4. WECC’s Reliability Standards Voting Procedures are detailed in the Reliability Standards Development Procedures.

Standards Development Procedures. The WECC Standards Committee consists of one member from each of the WECC Standards Voting Sectors and a member of the WECC Board who shall act as chair of the committee.

- 3 **Planning Coordination Committee (PCC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of the BES within the Western Interconnection. [All member organizations are eligible for representation on the committee.](#)
- 4 **Operating Committee (OC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the BES in the Western Interconnection. [All member organizations are eligible for representation on the committee.](#)
- 5 **Market Interface Committee (MIC)** – advises the Board and makes recommendations on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It considers matters pertaining to the impact of North American Electric Reliability Corporation (NERC) Reliability Standards and WECC’s Regional Reliability Standards, Regional Criteria, procedures on the commercial electricity market in the Western Interconnection, and facilitates analysis of the impact of electricity market practices on electric system reliability. [All member organizations are eligible for representation on the committee.](#)

Statutory Functional Scope

WECC has been approved by the Federal Energy Regulatory Commission (FERC) as a Regional Entity, with authority — pursuant to the WECC /NERC Delegation Agreement — to create, monitor, and enforce standards for the reliability of the BES in the Western Interconnection.

2015 Key Assumptions

NERC and the eight Regional Entities collaborated in the development of a common operating model with complementary roles and responsibilities, an ERO Enterprise Strategic Plan, and a set of business planning assumptions, goals, metrics and key deliverables for the 2014 through 2017 period. NERC and the Regional Entities’ business plans and budgets reflect the work mentioned above. The entire set of Common Assumptions is provided in Exhibit A to the NERC 2015 Business Plan and Budget. WECC supports these Common Assumptions as well as assumptions specific to WECC, which are described in each statutory program area in [Section A](#) of this document.

2015 WECC Business Objectives

WECC’s business objectives for 2015 are as follows:

1. [Continue to develop and track Bulk Electric System performance metrics to measure the impact of WECC programs and initiatives.](#)
2. Deliver efficiencies while ensuring a high degree of excellence in the Compliance, Monitoring and Enforcement Program.

3. Enhance the website to facilitate the distribution of information and user interface.
4. Strengthen the ~~Develop an~~ employee value proposition to enhance employee engagement.
5. Review WECC's existing organizational structure and identify areas for synergies and efficiencies.
6. Improve policy documentation and training to create well-defined boundaries and manager tools.
7. Publicize the value of WECC products to ensure their use by industry, policy makers and opinion leaders.
8. Engage senior leadership in the Western Interconnection to develop a shared vision of WECC's mission and value.
9. Engage policy makers and opinion leaders to develop a shared vision of WECC's mission and value.
10. Provide cross-training opportunities to strengthen and deepen bench strength.
11. Refine the employee performance measures to enhance professionalism.
12. Develop a greater sense of business acumen to ensure financial stewardship over the budget.
13. Develop problem-solving and decision-making models that drive value-added expenditures.

2015 Overview of Cost Impacts

WECC's proposed 2015 statutory budget is \$~~26.226.3~~ million, a \$~~606,000~~662,000 (~~2.362.58~~ percent) increase from the 2014 statutory budget. The increase is mainly attributable to Remedial Action Scheme (RAS) modeling software enhancements, labor float assumption changes, and the end of the Regional Transmission Expansion Program (RTEP) U.S. Department of Energy (DOE) grant. Expenses associated with the RTEP grant decrease by \$3.6 million. Non-grant expenditures increase by \$4.2 million.

Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount represents either vacant or filled positions. Significant changes to the 2015 statutory budget from the 2014 statutory budget are as follows:

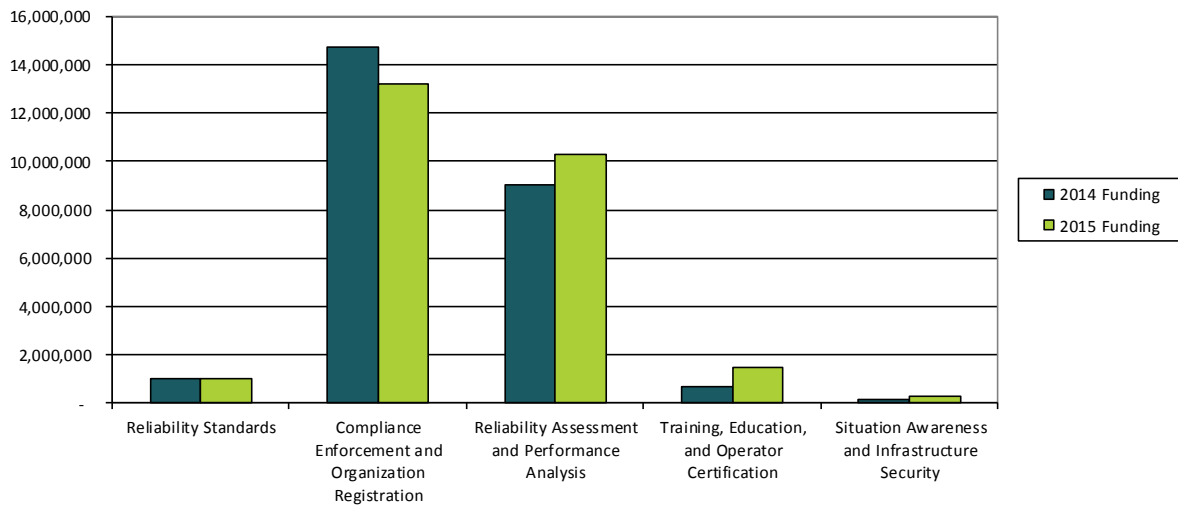
- Personnel Expenses increase by \$1.5 million primarily due to a change in labor float percentages and the net addition of three positions. In 2014, WECC budgeted for a 15 percent labor float adjustment across every department. In 2015, the labor float reductions were specific to more recent turnover rates in each department, ranging from zero to 10 percent, and averaging out to approximately an 8 percent rate. However, Benefits expense is decreasing to better reflect actual experience.
- Consultants and Contracts decrease by \$2.3 million, mainly due to the conclusion of the RTEP grant.
- Office costs increase by \$222,000 primarily due to increases in software license fees, which include rate increases as well as new user licenses.

- Professional Fees increase by a net of \$230,000 primarily due to recent changes in WECC’s Independent Director compensation structure.
- Fixed Assets increase by \$1.0 million mainly due to enhanced RAS modeling as a result of findings in the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report.

A summary of funding requirements for WECC’s primary statutory functional areas is shown in the following table and graphs:

| Program | Budget 2014 | Projection 2014 | Budget 2015 | 2014 Budget v 2015 Budget | |
|--|-------------------|-------------------|-------------------|---------------------------|------------|
| | | | | Variance | Variance % |
| Reliability Standards | 1,023,001 | 1,006,560 | 1,026,818 | 3,817 | 0.4% |
| Compliance Enforcement and Organization Registration | 14,763,348 | 14,917,479 | 13,178,512 | (1,584,836) | -10.7% |
| Reliability Assessment and Performance Analysis | 9,054,046 | 9,695,690 | 10,301,986 | 1,247,940 | 13.8% |
| Training, Education, and Operator Certification | 689,277 | 489,442 | 1,497,717 | 808,440 | 117.3% |
| Situation Awareness and Infrastructure Security | 108,410 | 208,604 | 295,002 | 186,593 | 172.1% |
| Total By Program | 25,638,082 | 26,317,775 | 26,300,035 | 661,954 | |

Comparison of 2015 to 2014 Budgeted Funding Requirements



*This graphical representation does not include an allocation of working capital requirements among the program areas.

Personnel Analysis

In 2015, there is a net increase of 2.5 FTEs (three positions). Four new auditors are being added in 2015 and one position in General and Administrative is being eliminated. Additionally, WECC realigned and shifted some positions between program areas in 2015 to more appropriately classify costs based on the scope of work. Those shifts account for the balance of the changes in FTEs between 2014 and 2015.

| Total FTEs by Program Area | Budget | Projection | Direct FTEs | Shared | Total FTEs | Change |
|--|--------------|--------------|----------------|-------------------------|----------------|---------------------|
| | 2014 | 2014 | 2015 Budget | FTEs* 2015 Budget | 2015 Budget | from 2014 Budget |
| STATUTORY | | | | | | |
| Operational Programs | | | | | | |
| Reliability Standards | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | - |
| Compliance and Organization Registration and Certification | 58.0 | 52.0 | 53.5 | 0.0 | 53.5 | (4.5) |
| Training and Education | 2.0 | 2.0 | 3.1 | 0.0 | 3.1 | 1.1 |
| Reliability Assessment and Performance Analysis | 23.6 | 31.9 | 30.8 | 0.0 | 30.8 | 7.2 |
| Situation Awareness and Infrastructure Security | 0.5 | 1.2 | 1.2 | 0.0 | 1.2 | 0.7 |
| Total FTEs Operational Programs | 88.1 | 91.1 | 92.6 | 0.0 | 92.6 | 4.5 |
| Administrative Programs | | | | | | |
| Technical Committees and Member Forums | 9.0 | 0.0 | 0.0 | 0.0 | 0.0 | (9.0) |
| General & Administrative | 15.2 | 21.2 | 20.9 | 0.0 | 20.9 | 5.7 |
| Information Technology | 9.0 | 8.0 | 10.0 | 0.0 | 10.0 | 1.0 |
| Legal and Regulatory | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | - |
| Human Resources | 3.0 | 2.5 | 3.0 | 0.0 | 3.0 | - |
| Finance and Accounting | 4.7 | 4.2 | 5.0 | 0.0 | 5.0 | 0.3 |
| Total FTEs Administrative Programs | 46.9 | 41.9 | 44.9 | 0.0 | 44.9 | (2.0) |
| Total FTEs | 135.0 | 133.0 | 137.5 | 0.0 | 137.5 | 2.5 |

*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

WECC's budgeted percentages for labor float (turnover, hiring delays, etc.) changed in 2015 to better reflect actual conditions. In 2014, a flat 15 percent was removed from salaries, payroll taxes, retirement contributions, and insurance across the organization. For 2015, WECC tailored the labor float percentage to each department based on the most recent turnover information available. The percentages range from zero to 10 percent in 2015.

2014 Budget and Projection and 2015 Budget Comparisons

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|-----------------------|-----------------------|---|----------------------|---|
| STATUTORY | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 15,630,852 | \$ 15,630,852 | \$ - | \$ 25,055,135 | \$ 9,424,283 |
| Penalty Sanctions | 2,933,050 | 2,933,050 | - | 120,000 | (2,813,050) |
| Total WECC Funding | \$ 18,563,902 | \$ 18,563,902 | \$ - | \$ 25,175,135 | \$ 6,611,233 |
| Membership Dues | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Grants | 3,628,308 | 3,628,308 | - | (0) | (3,628,308) |
| Services & Software | - | - | - | - | - |
| Workshops | 957,929 | 957,929 | - | 1,055,900 | 97,971 |
| Interest | 69,000 | 69,000 | - | 69,000 | - |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 23,219,139 | \$ 23,219,139 | \$ - | \$ 26,300,035 | \$ 3,080,896 |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 12,096,225 | \$ 12,818,786 | \$ 722,561 | \$ 13,095,525 | \$ 999,300 |
| Payroll Taxes | 774,001 | 1,056,193 | \$ 282,192 | 960,685 | 186,684 |
| Benefits | 2,129,744 | 1,901,464 | \$ (228,280) | 2,100,312 | (29,432) |
| Retirement Costs | 774,001 | 1,216,606 | \$ 442,605 | 1,122,028 | 348,027 |
| Total Personnel Expenses | \$ 15,773,971 | \$ 16,993,049 | \$ 1,219,078 | \$ 17,278,551 | \$ 1,504,580 |
| Meeting Expenses | | | | | |
| Meetings | \$ 873,476 | \$ 753,197 | \$ (120,279) | \$ 813,548 | \$ (59,928) |
| Travel | 1,484,456 | 1,427,068 | (57,388) | 1,422,823 | (61,633) |
| Conference Calls | 114,222 | 65,434 | (48,788) | 75,239 | (38,983) |
| Total Meeting Expenses | \$ 2,472,154 | \$ 2,245,699 | \$ (226,455) | \$ 2,311,610 | \$ (160,544) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 4,387,302 | \$ 3,951,028 | \$ (436,274) | \$ 2,123,220 | \$ (2,264,082) |
| Office Rent | 936,072 | 933,160 | (2,912) | 987,136 | 51,064 |
| Office Costs | 1,405,454 | 1,229,373 | (176,081) | 1,627,611 | 222,157 |
| Professional Services | 758,756 | 991,530 | 232,774 | 988,350 | 229,594 |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 580,000 | 580,000 | - | 875,000 | 295,000 |
| Total Operating Expenses | \$ 8,067,584 | \$ 7,685,091 | \$ (382,493) | \$ 6,601,317 | \$ (1,466,267) |
| Total Direct Expenses | \$ 26,313,709 | \$ 26,923,839 | \$ 610,130 | \$ 26,191,478 | \$ (122,231) |
| Indirect Expenses | \$ (541,111) | \$ (1,165,799) | \$ (624,688) | \$ (492,049) | \$ 49,062 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 25,772,598 | \$ 25,758,040 | \$ (14,558) | \$ 25,699,428 | \$ (73,170) |
| Change in Assets | \$ (2,553,459) | \$ (2,538,901) | \$ 14,558 | \$ 600,607 | \$ 3,154,066 |
| Fixed Assets | | | | | |
| Depreciation | \$ (580,000) | \$ (580,000) | \$ - | \$ (875,000) | \$ (295,000) |
| Computer & Software CapEx | 309,487 | 309,487 | - | 1,319,000 | 1,009,513 |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | 136,000 | 136,000 | - | 148,000 | 12,000 |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ - | \$ 251 | \$ 251 | \$ 8,607 | \$ 8,607 |
| Incr(Dec) in Fixed Assets (C) | \$ (134,513) | \$ (134,262) | \$ 251 | \$ 600,607 | \$ 735,120 |
| TOTAL BUDGET (B+C) | 25,638,085 | 25,623,778 | (14,307) | 26,300,035 | 661,951 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (2,418,946) | \$ (2,404,639) | \$ 14,307 | \$ - | \$ 2,418,945 |
| FTEs | 135.0 | 133.0 | (2.0) | 137.5 | 2.5 |
| HC | 135.0 | 134.0 | (1.0) | 138.0 | 3.0 |

Section A – Statutory Programs

2015 Business Plan and Budget

Section A — 2015 Business Plan

Reliability Standards Program

| Reliability Standards Program (in whole dollars) | | | |
|--|--------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 4.0 | 4.0 | - |
| Direct Expenses | \$ 597,739 | \$ 640,064 | \$ 42,325 |
| Indirect Expenses | \$ 432,890 | \$ 393,639 | \$ (39,251) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - |
| Inc(Dec) in Fixed Assets | \$ (7,628) | \$ (6,885) | \$ 743 |
| Total Funding Requirement | \$ 1,023,001 | \$ 1,026,818 | \$ 3,817 |

Program Scope and Functional Description

WECC's standards development activities are divided into two categories:

1. Participation in the NERC Reliability Standards Development Procedure.
2. Development of Western Interconnection Regional Reliability Standards (RRS) and Regional Criteria.

WECC's standards development process is overseen by the WECC Standards Committee and is open to participation by all parties interested in providing input during the drafting, comment, and approval processes. Each standard is recommended by vote of a ballot pool formed from the WECC Ballot Body. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees (BOT) for adoption. Upon NERC BOT adoption, WECC staff works with NERC to file these reliability standards with FERC for approval. The WECC Reliability Standards Development Procedures are also used for the development of WECC Regional Criteria.

2015 Key Assumptions

- WECC expects that a significant proportion of the work required to develop regional standards and regional criteria will continue to be performed by voluntary stakeholder participation.
- WECC will continue to rely on stakeholder volunteers for the staffing of the majority of NERC Standards drafting teams. WECC staff may, at times, participate as drafting team members or observers.
- WECC Standards staff will take an active role in the coordination and communication of NERC Standards drafting teams' activities to the Western stakeholders.
- Depending on the final treatment of the NERC Fill-in-the-Blank Standards, it may be necessary to develop one or more RRSs to address any regional obligations in this area.
- Completion of several current WECC RRS and Regional Criteria projects will allow for the development work on unforeseen future projects.
- Integration of renewable resources may require new or modified NERC Reliability Standards.

2015 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC continent-wide Reliability Standards.
- Ensure that the RRSs and Regional Criteria developed by the WECC Standards Department meet the needs of the Western stakeholders.
- Ensure that WECC members and stakeholders are informed and engaged in the NERC Standards development efforts.
- Provide leadership and guidance to encourage Western Interconnection stakeholder awareness and participation in the development of NERC Results-Based Standards.
- Undertake regular outreach to keep stakeholders informed about standards development and the NERC Results-Based Standards initiative.
- Provide support to NERC's informal outreach efforts.
- Provide support to the NERC Cost Effective Analysis Process.
- Ensure that WECC's procedures are developed and updated as necessary to comply with the requirements of any remaining NERC Fill-in-the-Blank Standards.
- Monitor NERC Standards development projects and provide timely analyses to Western Stakeholders.
- Post updates and provide enhancements to the WECC Standards Outreach Web page.
- Facilitate and support the activities of the WECC Standards Committee.
- Continue support of the NERC Standards Committee and its subcommittees.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than Electric Reliability Organization (ERO) Assessments)

- Assessments are offset by the allocation of \$~~xxx,000~~5,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by \$42,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- ~~De minimis increase of \$3,000~~No material changes.

Operating Expenses

- ~~De minimis decrease of \$2,000~~No material changes.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The reliability standards allocation decrease is primarily due to an overall reduction of costs in the Administrative Services areas and the increase in FTEs in other Statutory Program Areas. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to more appropriately classify costs based on the scope of work.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2015 Business Plan and Budget are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|---------------------|---------------------|---|---------------------|---|
| RELIABILITY STANDARDS | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 790,180 | \$ 790,180 | \$ - | \$ 1,018,653 | \$ 228,473 |
| Penalty Sanctions | 133,169 | 133,169 | - | 5,184 | (127,985) |
| Total WECC Funding | \$ 923,349 | \$ 923,349 | \$ - | \$ 1,023,837 | \$ 100,488 |
| Membership Dues | - | - | - | - | - |
| Federal Grants | - | - | - | - | - |
| Services & Software | - | - | - | - | - |
| Workshops | - | - | - | - | - |
| Interest | 3,133 | 3,133 | - | 2,981 | (152) |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 926,482 | \$ 926,482 | \$ - | \$ 1,026,818 | \$ 100,336 |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 447,768 | \$ 428,527 | \$ (19,241) | \$ 477,416 | \$ 29,648 |
| Payroll Taxes | 30,138 | 34,224 | 4,086 | 34,358 | 4,220 |
| Benefits | 48,499 | 29,421 | (19,078) | 44,967 | (3,532) |
| Retirement Costs | 30,138 | 49,508 | 19,370 | 41,514 | 11,376 |
| Total Personnel Expenses | \$ 556,543 | \$ 541,680 | \$ (14,863) | \$ 598,255 | \$ 41,712 |
| Meeting Expenses | | | | | |
| Meetings | \$ 528 | \$ 528 | \$ - | \$ 528 | \$ - |
| Travel | 28,360 | 28,360 | - | 32,175 | 3,815 |
| Conference Calls | 4,188 | 4,188 | - | 3,027 | (1,161) |
| Total Meeting Expenses | \$ 33,076 | \$ 33,076 | \$ - | \$ 35,730 | \$ 2,654 |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Rent | - | - | - | - | - |
| Office Costs | 8,120 | 6,291 | (1,829) | 6,079 | (2,041) |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total Operating Expenses | \$ 8,120 | \$ 6,291 | \$ (1,829) | \$ 6,079 | \$ (2,041) |
| Total Direct Expenses | \$ 597,739 | \$ 581,047 | \$ (16,692) | \$ 640,064 | \$ 42,325 |
| Indirect Expenses | \$ 432,890 | \$ 432,890 | \$ - | \$ 393,639 | \$ (39,251) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 1,030,629 | \$ 1,013,937 | \$ (16,692) | \$ 1,033,703 | \$ 3,074 |
| Change in Assets | \$ (104,147) | \$ (87,455) | \$ 16,692 | \$ (6,885) | \$ 97,262 |
| Fixed Assets | | | | | |
| Depreciation | - | - | - | - | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (7,628) | \$ (7,377) | \$ 251 | \$ (6,885) | \$ 743 |
| Incr(Dec) in Fixed Assets (C) | \$ (7,628) | \$ (7,377) | \$ 251 | \$ (6,885) | \$ 743 |
| TOTAL BUDGET (B+C) | 1,023,001 | 1,006,560 | (16,441) | 1,026,818 | 3,817 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (96,519) | \$ (80,078) | \$ 16,441 | \$ - | \$ 96,519 |
| FTEs | 4.0 | 4.0 | - | 4.0 | - |
| HC | 4.0 | 4.0 | - | 4.0 | - |

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

| Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars) | | | |
|--|--------------------|--------------------|--------------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 58.0 | 53.5 | (4.5) |
| Direct Expenses | \$ 8,592,053 | \$ 8,025,682 | \$ (566,371) |
| Indirect Expenses | \$ 6,276,897 | \$ 5,264,920 | \$ (1,011,977) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - |
| Inc(Dec) in Fixed Assets | \$ (105,602) | \$ (112,090) | \$ (6,488) |
| Total Funding Requirement | \$ 14,763,348 | \$ 13,178,512 | \$ (1,584,836) |

Program Scope and Functional Description

WECC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area (CMEP) is implemented by WECC Compliance staff members who are independent of all users, owners, and operators of the BES. All approved and effective mandatory reliability standards are monitored and enforced under the CMEP, including standards made mandatory pursuant to FERC Order 693 and the Critical Infrastructure Protection (CIP) standards under FERC Order 706. To accomplish its objectives, Compliance staff is divided into three areas: 1) Audits and Investigations for both Operations and Planning (O&P) and Critical Infrastructure Protection (CIP) Standards, 2) Enforcement, and 3) Registration.

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada; and Baja California Norte, Mexico are all part of the WECC footprint, and have adopted or are adopting mandatory reliability standards based on FERC-approved standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Federal de Electricidad (CFE) under which WECC performs compliance monitoring activities to help assure reliability across international borders within the Western Interconnection.

2015 Key Assumptions

- An increase in the number of audits and other monitoring activities scheduled for 2015 and beyond drives the addition of four auditors (two CIP and two O&P).
- WECC will provide support for activities undertaken subject to NERC's Strategic Plan, and in fulfilling WECC's role as noted above.
- WECC Compliance may be expected to respond to FERC directives and orders as well as to significant new initiatives not currently identified that may be generated by NERC or by NERC and the Regional Entities.
- WECC expects that activities relating to the transition from CIP Version 3 standards to CIP Version 5 as well as the transition to activities under the Reliability Assurance

Initiative may cause additional workload; however, due to the uncertainty of the impact on staffing, no additional resources have been added related to these initiatives, need for increased outreach and training, and the actual transition and associated guidance that may be issued by NERC.

- WECC does not anticipate any hearings in 2015.
- WECC will move Compliance Outreach and Stakeholder Relations revenues and expenses to the Training and Education Program Area in 2015 to more closely align the budget with the scope of work.
- ~~WECC does not anticipate any hearings in 2015.~~ WECC will move the Program Administration expenses to the General and Administrative Program Area to more closely align the budget with the scope of work.

2015 Goals and Key Deliverables

- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. and, with respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved memoranda of understanding with Canadian and Mexican authorities.
- Work with Registered Entities within the WECC Region to promote a strong culture of compliance and reliability improvement.
 - Identify key areas needing improvement and implement educational efforts to improve compliance in those areas, based on Compliance program results and system events.
 - Identify where existing NERC Reliability Standards can be improved or clarified.
- Participate in and represent the Western Interconnection on issues that will impact WECC in NERC and regional initiatives, for example: refining risk-based monitoring, participating in the Reliability Assurance Initiative (RAI), streamlining enforcement processing, increasing consistency across the Regions, and reviewing information technology needs.
- Monitor and manage enforcement measures and metrics in support of NERC's Strategic Plan including caseload index, violation aging, and mitigation plan aging or other measures as implemented by NERC.
- Work toward implementing RAI in enforcement processes; continue to process minimal and moderate risk noncompliance through all available CMEP-approved processes such as the Find, Fix and Track, Spreadsheet Notice of Penalty, and Notice of Alleged Violation processes, or other processes that may develop as part of the RAI initiative; including for example, discretion not to pursue violations.
- Implement the BES exception process.

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments)**

- Assessments are offset by the allocation of ~~\$XX million~~69,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Workshop Revenue decreases by \$438,000 due to the shift of stakeholder outreach to the Training and Education Program Area.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- FTEs decrease by a net of 4.5. Seven FTEs are being transferred to the new Business Services Department in the General and Administrative Program Area, one FTE is being transferred to the Training and Education Program Area and four new auditors (3.5 FTEs) are being added due to a 40 percent increase in the 2015 audit schedule.
- Personnel Expenses increase by a net of \$324,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Meetings decrease by \$456,000 due to the shift of stakeholder outreach to the Training and Education Program Area.
- Travel decreases by \$116,000 due to the shift of positions to other program areas as well as budget assumption refinement.

Operating Expenses

- Consultants and Contracts increase by \$43,000 due to an increase in the use of contractors for specific expertise and the increased audit schedule, net of the effect of shifting some Consultants and Contracts expense to General and Administrative.
- Office Costs decrease by \$318,000 primarily due to the shift of the Program Administration Department to General and Administrative.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Compliance allocation decreases by \$1.2 million due to the reduction of FTEs in Compliance and reduced expenses in the Administrative Services areas. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Compliance Enforcement and Organization and Registration and Certification Program

Funding sources and related expenses for the Compliance Enforcement and Organization and Registration and Certification section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital | | | | | |
|---|-----------------------|-----------------------|---|----------------------|---|
| 2014 Budget & Projection, and 2015 Budget | | | | | |
| COMPLIANCE AND ORGANIZATION REGISTRATION AND CERTIFICATION | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2013 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 10,955,928 | \$ 10,955,928 | \$ - | \$ 13,069,317 | \$ 2,113,389 |
| Penalty Sanctions | 1,930,952 | 1,930,952 | - | 69,330 | (1,861,622) |
| Total WECC Funding | \$ 12,886,880 | \$ 12,886,880 | \$ - | \$ 13,138,647 | \$ 251,767 |
| Membership Dues | - | - | - | - | - |
| Federal Grants | - | - | - | - | - |
| Services & Software | - | - | - | - | - |
| Workshops | 438,125 | 438,125 | - | - | (438,125) |
| Interest | 45,426 | 45,426 | - | 39,865 | (5,561) |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 13,370,431 | \$ 13,370,431 | \$ - | \$ 13,178,512 | \$ (191,919) |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 4,769,767 | \$ 5,038,714 | \$ 268,947 | \$ 5,032,890 | \$ 263,123 |
| Payroll Taxes | 322,315 | 418,103 | 95,788 | 387,555 | 65,240 |
| Benefits | 795,563 | 614,384 | (181,179) | 675,026 | (120,537) |
| Retirement Costs | 322,315 | 471,089 | 148,774 | 438,745 | 116,430 |
| Total Personnel Expenses | \$ 6,209,960 | \$ 6,542,290 | \$ 332,330 | \$ 6,534,216 | \$ 324,256 |
| Meeting Expenses | | | | | |
| Meetings | \$ 462,503 | \$ 545,456 | \$ 82,953 | \$ 6,685 | \$ (455,818) |
| Travel | 966,340 | 918,730 | (47,610) | 849,896 | (116,444) |
| Conference Calls | 41,780 | 23,697 | (18,083) | 13,152 | (28,628) |
| Total Meeting Expenses | \$ 1,470,623 | \$ 1,487,883 | \$ 17,260 | \$ 869,733 | \$ (600,890) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 424,800 | \$ 487,131 | \$ 62,331 | \$ 467,920 | \$ 43,120 |
| Office Rent | - | 180 | 180 | 1,600 | 1,600 |
| Office Costs | 450,670 | 192,700 | (257,970) | 132,213 | (318,457) |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 36,000 | 36,000 | - | 20,000 | (16,000) |
| Total Operating Expenses | \$ 911,470 | \$ 716,011 | \$ (195,459) | \$ 621,733 | \$ (289,737) |
| Total Direct Expenses | \$ 8,592,053 | \$ 8,746,184 | \$ 154,131 | \$ 8,025,682 | \$ (566,371) |
| Indirect Expenses | \$ 6,276,897 | \$ 6,276,897 | \$ - | \$ 5,264,920 | \$ (1,011,977) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 14,868,950 | \$ 15,023,081 | \$ 154,131 | \$ 13,290,602 | \$ (1,578,348) |
| Change in Assets | \$ (1,498,519) | \$ (1,652,650) | \$ (154,131) | \$ (112,090) | \$ 1,386,429 |
| Fixed Assets | | | | | |
| Depreciation | (36,000) | (36,000) | - | (20,000) | 16,000 |
| Computer & Software CapEx | 10,000 | 10,000 | - | - | (10,000) |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | 31,000 | 31,000 | - | - | (31,000) |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (110,602) | (110,602) | \$ - | \$ (92,090) | \$ 18,512 |
| Incr(Dec) in Fixed Assets (C) | \$ (105,602) | \$ (105,602) | \$ - | \$ (112,090) | \$ (6,488) |
| TOTAL BUDGET (B+C) | 14,763,348 | 14,917,479 | 154,131 | 13,178,512 | (1,584,836) |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (1,392,917) | \$ (1,547,048) | \$ (154,131) | \$ - | \$ 1,392,917 |
| FTEs | 58.0 | 52.0 | (6.0) | 53.5 | (4.5) |
| HC | 58.0 | 52.0 | (6.0) | 54.0 | (4.0) |

Reliability Assessment and Performance Analysis Program

| Reliability Assessment and Performance Analysis (in whole dollars) | | | |
|--|--------------|---------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 23.6 | 30.8 | 7.2 |
| Direct Expenses | \$ 6,516,514 | \$ 6,543,983 | \$ 27,469 |
| Indirect Expenses | \$ 2,554,048 | \$ 3,031,019 | \$ 476,971 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - |
| Inc(Dec) in Fixed Assets | \$ (16,516) | \$ 726,984 | \$ 743,500 |
| Total Funding Requirement | \$ 9,054,046 | \$ 10,301,986 | \$ 1,247,940 |

Program Scope and Functional Description

WECC conducts a variety of studies and assessments essential to the reliable planning and operation of the BES in the Western Interconnection. In addition, WECC compiles and distributes planning data and information that is used by WECC stakeholders to aid in local planning studies. These integrated planning efforts enhance WECC's overall ability to participate in, and respond to, the major planning and public policy issues emerging both in the Western Interconnection and nationally.

In addition, the Reliability Assessment and Performance Analysis (RAPA) Program Area performs Events Analysis (EA) activities, consistent with the NERC EA process, with the objective that system conditions that impact or have the potential to impact reliable operations are recognized and analyzed in detail to ensure a full understanding of the events. The process supports the identification of specific findings, the development of recommendations, and the creation and distribution of lessons learned. This ensures a high level of reliability within the BES while minimizing the possibility of ~~major~~-significant events and preventing reoccurrence of similar type events.

The RAPA budget supports the efforts of the Transmission Expansion Planning function, the Planning Services function, the Reliability Assessments function, and the Operations Performance Analysis function.

2015 Key Assumptions

- The Operations Performance Analysis group will move from Technical Committees and Member Forums to RAPA in 2015.
- Planning Services is proposing a one-time capital expenditure to develop RAS and contingency definition models for use in power flow and stability simulation programs.
- The RAPA Program Area will not have any Department of Energy grants in 2015.
- The RAPA Program Area will support the 2014-2017 NERC and Regional Entity Shared Business Plan and Budget Assumptions.

2015 Goals and Key Deliverables

- Continue development of enhanced RAS and contingency file models to address recommendations from the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report and work toward incorporating these models into the primary power flow and stability software programs used in the Western Interconnection.
- Gather necessary RAS data for inclusion in WECC base cases. This will promote reliable planning of the system by enabling the sharing of RAS models so that their effects can be studied by Transmission Planners and Planning Coordinators through various system impact studies. ~~Ask RAS owners to provide data to WECC so that RAS can be included in WECC base cases, which will promote reliable planning of the system by enabling the sharing of RAS models so that their effects can be studied by Transmission Planners and Planning Coordinators through various system impact studies.~~
- Develop, validate and maintain a library of Interconnection-wide models and datasets for use in near- and long-term power flow, stability, production cost and capital expansion studies.
- Conduct independent studies and assessments to determine near- and long-term system adequacy, operability and reliability.
- Collect, review and analyze system performance data to identify reliability vulnerabilities and trends to assure root cause, corrective actions and lessons learned are identified.
- Continue to implement the NERC Events Analysis EA process within the Interconnection. Conduct follow up on recommendations from events.
- Publish WECC Transmission Maps of the existing and planned system.
- Contribute to the implementation of the BES Definition exception process by providing technical review of exception requests and coordination internally and with other Regions for consistent application.
- Verify and submit data for various NERC data collection efforts, including Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filings.
- Facilitate coordination of various stakeholder activities through technical committees to assure that the Western Interconnection is planned and operated in a reliable manner.
- Ensure the Western Interconnection is represented in reliability matters by participating in the NERC Operating Committee, NERC Integration of Variable Generation Taskforce, NERC Planning Committee, and other NERC and industry forums.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$~~xxx,000~~40,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Grant Funding decreases \$3.6 million due to the completion of the RTEP project.

- Interest revenue is allocated based on FTEs.

Personnel Expenses

- FTEs increase by a net of 7.2 FTEs (nine positions). Nine positions are being transferred to RAPA from Technical Committees and Member forums, one position is being transferred from General and Administrative and one position is being transferred from RAPA to General and Administrative. No new positions are being added.
- Personnel Expenses increase \$1.4 million primarily due to the shift of positions from Administrative Services to RAPA and the refinement of the labor float percentage.

Meeting Expenses

- Meeting Expenses increase by \$144,000 due to the shift of positions and expenses from Administrative Services to RAPA.

Operating Expenses

- Consultants and Contracts decrease by a net of \$2.0 million due to the completion of the RTEP grant (\$2.0 million), an increase for Wind and Solar Plant Model Validation (\$100,000), an increase due to the transfer of some costs from Technical Committees and Member Forums to RAPA related to voltage stability software enhancements and phasor measurement unit data validation (\$260,000), and a decrease related to 2014 one-time projects undertaken for the development of additional RAS models and phase two of the composite load model implementation (\$400,000).
- Office Costs increase by \$247,000 primarily due to increases in software license and maintenance fees that include first-year fees after implementation and rate increases as well as new licenses.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Reliability Assessment and Performance Analysis Program allocation increases by \$371,000 due to the increase in FTEs and expenditures as discussed earlier in this section. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- CapEx increases by a net \$1.1 million, primarily due to enhanced RAS modeling as a result of findings in the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|---------------------|-----------------------|---|----------------------|---|
| RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 3,767,309 | \$ 3,767,309 | \$ - | \$ 10,239,122 | \$ 6,471,813 |
| Penalty Sanctions | 785,698 | 785,698 | - | 39,914 | (745,784) |
| Total WECC Funding | \$ 4,553,007 | \$ 4,553,007 | \$ - | \$ 10,279,036 | \$ 5,726,029 |
| Membership Dues | - | - | - | - | - |
| Federal Grants | 3,628,308 | 3,628,308 | - | - | (3,628,308) |
| Services & Software | - | - | - | - | - |
| Workshops | - | - | - | - | - |
| Interest | 18,484 | 18,484 | - | 22,950 | 4,466 |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 8,199,799 | \$ 8,199,799 | \$ - | \$ 10,301,986 | \$ 2,102,187 |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 2,014,830 | \$ 2,621,739 | \$ 606,909 | \$ 3,062,768 | \$ 1,047,938 |
| Payroll Taxes | 134,116 | 239,519 | 105,403 | 238,217 | 104,101 |
| Benefits | 296,187 | 337,189 | 41,002 | 375,438 | 79,251 |
| Retirement Costs | 134,116 | 319,981 | 185,865 | 266,328 | 132,212 |
| Total Personnel Expenses | \$ 2,579,249 | \$ 3,518,428 | \$ 939,179 | \$ 3,942,751 | \$ 1,363,502 |
| Meeting Expenses | | | | | |
| Meetings | \$ 65,065 | \$ 58,496 | \$ (6,569) | \$ 137,430 | \$ 72,365 |
| Travel | 148,800 | 167,349 | 18,549 | 221,552 | 72,752 |
| Conference Calls | 30,750 | 13,037 | (17,713) | 29,600 | (1,150) |
| Total Meeting Expenses | \$ 244,615 | \$ 238,882 | \$ (5,733) | \$ 388,582 | \$ 143,967 |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 3,368,000 | \$ 3,070,768 | \$ (297,232) | \$ 1,332,000 | \$ (2,036,000) |
| Office Rent | - | - | - | - | - |
| Office Costs | 113,650 | 119,080 | 5,430 | 360,650 | 247,000 |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 211,000 | 211,000 | - | 520,000 | 309,000 |
| Total Operating Expenses | \$ 3,692,650 | \$ 3,400,848 | \$ (291,802) | \$ 2,212,650 | \$ (1,480,000) |
| Total Direct Expenses | \$ 6,516,514 | \$ 7,158,158 | \$ 641,644 | \$ 6,543,983 | \$ 27,469 |
| Indirect Expenses | \$ 2,554,048 | \$ 2,554,048 | \$ - | \$ 3,031,019 | \$ 476,971 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 9,070,562 | \$ 9,712,206 | \$ 641,644 | \$ 9,575,002 | \$ 504,440 |
| Change in Assets | \$ (870,763) | \$ (1,512,407) | \$ (641,644) | \$ 726,984 | \$ 1,597,747 |
| Fixed Assets | | | | | |
| Depreciation | (211,000) | (211,000) | - | (520,000) | (309,000) |
| Computer & Software CapEx | 239,487 | 239,487 | - | 1,300,000 | 1,060,513 |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (45,003) | \$ (45,003) | \$ - | \$ (53,016) | \$ (8,013) |
| Incr(Dec) in Fixed Assets (C) | \$ (16,516) | \$ (16,516) | \$ - | \$ 726,984 | \$ 743,500 |
| TOTAL BUDGET (B+C) | 9,054,046 | 9,695,690 | 641,644 | 10,301,986 | 1,247,940 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (854,247) | \$ (1,495,891) | \$ (641,644) | \$ - | \$ 854,247 |
| FTEs | 23.6 | 31.9 | 8.3 | 30.8 | 7.2 |
| HC | 23.0 | 32.0 | 9.0 | 32.0 | 9.0 |

Training, Education, and Operator Certification Program

| Training, Education, and Operator Certification (in whole dollars) | | | |
|--|-------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 2.0 | 3.1 | 1.1 |
| Direct Expenses | \$ 496,262 | \$ 1,197,983 | \$ 701,721 |
| Indirect Expenses | \$ 196,829 | \$ 305,070 | \$ 108,241 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - |
| Inc(Dec) in Fixed Assets | \$ (3,814) | \$ (5,336) | \$ (1,522) |
| Total Funding Requirement | \$ 689,277 | \$ 1,497,717 | \$ 808,440 |

Program Scope and Functional Description

The Training, Education, and Operator Certification Program Area provides education and training on the application of standards, compliance issues, improvement of compliance programs, and technical training for system operators and schedulers.

2015 Key Assumptions

- Attendance will continue to trend upward for 2015.
- There will be no significant changes in operator certification continuing education unit requirements for 2015.
- The Training, Education, and Operator Certification Program Area will remain primarily self-funded in 2015.
- Operator training sessions will mostly be held at the Salt Lake City Training Center, with the balance hosted by WECC members.
- Compliance Outreach and Stakeholder Relations will move to this area in 2015 from Compliance to more closely align with other Regional Entities.
- Stakeholder outreach activities and initiatives will increase in 2015.

2015 Goals and Key Deliverables

- Facilitate sound decision making to improve reliability by providing high-quality operator training through the WECC-sponsored Training Program, to include:
 - Review and revise curriculum as needed;
 - Support the Continuing Education Program for System Operators requiring NERC Certification;
 - Continue to enhance and expand the use of the simulator and practical Western Interconnection-specific training. This will include creation and implementation of simulator cases that are specific to the Western Interconnection coupled with the Real-time Tools Training Module; and

- Evaluate member feedback and concerns, and address through training program improvements.
- Deliver three Compliance User Group and three CIP User Group meetings.
- Create and deliver additional outreach for CIP Version 5.
- Provide 12 monthly “Compliance Open-webs.”

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$~~xxx,000~~4,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Workshop revenue increases by \$536,000 primarily due to the transfer of Compliance Outreach and Stakeholder Relations from Compliance to Training and Education. Additionally, there is a small increase in the preliminary estimate of attendees scheduled to attend operator training sessions, which has increased that revenue stream slightly over 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by \$254,000 due to the realignment of staff between program areas, which increases FTEs by 1.1, and the refinement of the labor float percentage.

Meeting Expenses

- Meetings increase by \$450,000 primarily due to the shift of stakeholder outreach to the Training and Education Program Area.

Operating Expenses

- Consultants and Contracts decrease by \$15,000 due to a reduction in the use of consultants to conduct training sessions.
- Office Costs increase by \$12,000 due to the shift of Stakeholder Outreach from Compliance to Training. This mainly relates to merchant credit card processing fees for the CUG/CIPUG transactions.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Training and Education Program allocation increases by \$98,000 due to the increase in FTEs and expenditures as discussed earlier in this section. As noted in the Introduction, WECC realigned and

shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|--------------------|--------------------|---|---------------------|---|
| TRAINING AND EDUCATION | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 36,290 | \$ 36,290 | \$ - | \$ 435,490 | \$ 399,200 |
| Penalty Sanctions | 66,585 | 66,585 | - | 4,017 | (62,568) |
| Total WECC Funding | \$ 102,875 | \$ 102,875 | \$ - | \$ 439,507 | \$ 336,632 |
| Membership Dues | - | - | - | - | - |
| Federal Grants | - | - | - | - | - |
| Services & Software | - | - | - | - | - |
| Workshops | 519,804 | 519,804 | - | 1,055,900 | 536,096 |
| Interest | 1,566 | 1,566 | - | 2,310 | 744 |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 624,245 | \$ 624,245 | \$ - | \$ 1,497,717 | \$ 873,472 |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 146,942 | \$ 76,958 | \$ (69,984) | \$ 351,089 | \$ 204,147 |
| Payroll Taxes | 10,136 | 6,507 | (3,629) | 25,665 | 15,529 |
| Benefits | 22,654 | 8,058 | (14,596) | 36,173 | 13,519 |
| Retirement Costs | 10,136 | 6,661 | (3,475) | 30,530 | 20,394 |
| Total Personnel Expenses | \$ 189,868 | \$ 98,184 | \$ (91,684) | \$ 443,457 | \$ 253,589 |
| Meeting Expenses | | | | | |
| Meetings | \$ 56,040 | \$ 16,318 | \$ (39,722) | \$ 489,300 | \$ 433,260 |
| Travel | 7,836 | 1,617 | (6,219) | 16,850 | 9,014 |
| Conference Calls | 804 | - | (804) | 8,750 | 7,946 |
| Total Meeting Expenses | \$ 64,680 | \$ 17,935 | \$ (46,745) | \$ 514,900 | \$ 450,220 |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 106,502 | \$ 56,540 | \$ (49,962) | \$ 92,000 | \$ (14,502) |
| Office Rent | 47,472 | 44,867 | (2,605) | 47,676 | 204 |
| Office Costs | 87,740 | 78,901 | (8,839) | 99,950 | 12,210 |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total Operating Expenses | \$ 241,714 | \$ 180,308 | \$ (61,406) | \$ 239,626 | \$ (2,088) |
| Total Direct Expenses | \$ 496,262 | \$ 296,427 | \$ (199,835) | \$ 1,197,983 | \$ 701,721 |
| Indirect Expenses | \$ 196,829 | \$ 196,829 | \$ - | \$ 305,070 | \$ 108,241 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 693,091 | \$ 493,256 | \$ (199,835) | \$ 1,503,053 | \$ 809,962 |
| Change in Assets | \$ (68,846) | \$ 130,989 | \$ 199,835 | \$ (5,336) | \$ 63,510 |
| Fixed Assets | | | | | |
| Depreciation | - | - | - | - | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (3,814) | \$ (3,814) | \$ - | \$ (5,336) | \$ (1,522) |
| Incr(Dec) in Fixed Assets (C) | \$ (3,814) | \$ (3,814) | \$ - | \$ (5,336) | \$ (1,522) |
| TOTAL BUDGET (B+C) | 689,277 | 489,442 | (199,835) | 1,497,717 | 808,440 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (65,032) | \$ 134,803 | \$ 199,835 | \$ - | \$ 65,032 |
| FTEs | 2.0 | 2.0 | - | 3.1 | 1.1 |
| HC | 2.0 | 2.0 | - | 3.0 | 1.0 |

Situation Awareness and Infrastructure Security Program

| Situation Awareness and Infrastructure Security (in whole dollars) | | | |
|--|-------------|-------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 0.5 | 1.2 | 0.7 |
| Direct Expenses | \$ 60,156 | \$ 178,977 | \$ 118,821 |
| Indirect Expenses | \$ 49,207 | \$ 118,092 | \$ 68,884 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - |
| Inc(Dec) in Fixed Assets | \$ (953) | \$ (2,066) | \$ (1,113) |
| Total Funding Requirement | \$ 108,410 | \$ 295,002 | \$ 186,593 |

Program Scope and Functional Description

WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area maintains real-time awareness about the conditions of the BES in the Western Interconnection and responds to events by providing coordination, assistance and communications with Peak Reliability (Peak), stakeholders, WECC management, and the NERC SAIS personnel.

2015 Key Assumptions

- The Situation Awareness – FERC, NERC, and Regions (SAFNR) tool will provide additional situation awareness capabilities at both NERC and Regional Entity levels.
- The WECC Situation Awareness process will be used to support NERC and FERC's efforts for situation awareness of current system conditions.
- Staff time is allocated to better reflect actual time spent on SAIS activities. There is a corresponding decrease of staff time in other areas.

2015 Goals and Key Deliverables

- Monitor System Events, collect information and coordinate the distribution of timely updates on System Events to WECC Management, industry stakeholders and NERC SAIS staff.
- Continue to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Participate on daily NERC SAIS calls to coordinate, report, and receive any critical information
- Continue to develop and enhance ways to improve on the use of SAFNR data to further support SAIS.

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments)**

- Assessments are offset by the allocation of \$~~xx,000~~2,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by \$119,000 primarily due to the incremental .7 FTE allocation which more appropriately reflects actual time spent on SAIS activities.

Meeting Expenses

- Not applicable

Operating Expenses

- Not applicable.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The SAIS allocation increases by \$65,000 due to the increase in FTEs allocated to the Program Area.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital | | | | | |
|---|--------------------|---------------------|---|-------------------|---|
| 2014 Budget & Projection, and 2015 Budget | | | | | |
| SITUATION AWARENESS AND INFRASTRUCTURE SECURITY | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ 81,145 | \$ 81,145 | \$ - | \$ 292,553 | \$ 211,409 |
| Penalty Sanctions | 16,646 | 16,646 | - | 1,555 | (15,091) |
| Total WECC Funding | \$ 97,791 | \$ 97,791 | \$ - | \$ 294,108 | \$ 196,318 |
| Membership Dues | \$ - | \$ - | \$ - | - | - |
| Federal Grants | - | - | - | - | - |
| Services & Software | - | - | - | - | - |
| Workshops | - | - | - | - | - |
| Interest | 391 | 391 | - | 894 | 503 |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 98,182 | \$ 98,182 | \$ - | \$ 295,002 | \$ 196,821 |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 47,976 | \$ 130,656 | \$ 82,680 | \$ 141,605 | \$ 93,629 |
| Payroll Taxes | 3,228 | 10,670 | 7,442 | 11,010 | 7,782 |
| Benefits | 5,724 | 5,724 | - | 14,048 | 8,324 |
| Retirement Costs | 3,228 | 13,300 | 10,072 | 12,313 | 9,085 |
| Total Personnel Expenses | \$ 60,156 | \$ 160,350 | \$ 100,194 | \$ 178,977 | \$ 118,821 |
| Meeting Expenses | | | | | |
| Meetings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel | - | - | - | - | - |
| Conference Calls | - | - | - | - | - |
| Total Meeting Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Rent | - | - | - | - | - |
| Office Costs | - | - | - | - | - |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Direct Expenses | \$ 60,156 | \$ 160,350 | \$ 100,194 | \$ 178,977 | \$ 118,821 |
| Indirect Expenses | \$ 49,207 | \$ 49,207 | \$ - | \$ 118,092 | \$ 68,884 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 109,363 | \$ 209,557 | \$ 100,194 | \$ 297,068 | \$ 187,705 |
| Change in Assets | \$ (11,181) | \$ (111,375) | \$ (100,194) | \$ (2,066) | \$ 9,115 |
| Fixed Assets | | | | | |
| Depreciation | - | - | - | - | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (953) | \$ (953) | \$ - | \$ (2,066) | \$ (1,113) |
| Incr(Dec) in Fixed Assets (C) | \$ (953) | \$ (953) | \$ - | \$ (2,066) | \$ (1,113) |
| TOTAL BUDGET (B+C) | 108,410 | 208,604 | 100,194 | 295,002 | 186,593 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ (10,228) | \$ (110,422) | \$ (100,194) | \$ - | \$ 10,228 |
| FTEs | 0.5 | 1.2 | 0.7 | 1.2 | 0.7 |
| HC | - | - | - | - | - |

Administrative Services

| Administrative Services (in whole dollars) | | | |
|--|---------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 46.9 | 44.9 | (2.0) |
| Direct Expenses | \$ 10,050,982 | \$ 9,604,789 | \$ (446,193) |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

WECC's Administrative Services consists of Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The budgets for these programs are addressed in the subsequent sections of the Business Plan and Budget.

Methodology for Allocation of Administrative Services Expenses to Programs

Administrative Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

Technical Committees and Member Forums

| Technical Committees and Member Forums (in whole dollars) | | | |
|---|--------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 9.0 | - | (9.0) |
| Total Direct Expenses | \$ 2,246,509 | \$ 1,122,427 | \$ (1,124,082) |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

WECC provides forums for members and other interested stakeholders within its footprint to discuss and share reliability, compliance, and operating concerns. These forums also include the Board of Directors, Board committees and Joint Guidance committee in 2015.

2015 Key Assumptions

- The same level of meetings and meeting support will carry forward into 2015.
- Board members will be compensated for meeting participation in accordance with the Board Compensation Schedule.
- WECC budgets for meeting space, meals, and logistics associated with Board activities and assumes that one meeting will be held at an offsite hotel location and three meetings will be held at the Salt Lake City meeting facilities. Any additional meetings are expected to be held by teleconference.
- The Nominating Committee will engage a search firm to identify candidates for any open Independent Director positions in 2015. Expenses include consulting fees and consultant travel.
- Several committees will be moved to RAPA in 2015 to more closely align with the staff work being performed.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses decrease by \$1.1 million and are zero in 2015 due to the shift of positions from Technical Committees and Member Forums to RAPA.

Meeting Expenses

- Meetings decrease by \$136,000 due to the shift of personnel and expenses from Technical Committees and Member Forums to RAPA.

Operating Expenses

- Consultants and Contracts decrease by a net \$132,000 primarily due to one-time costs related to 2014 projects for the validation and incorporation of synchrophasor data into operations.
- Professional Services increase \$283,000 due to WECC's revised Board compensation structure.

Indirect Expenses

- Technical Committees and Member Forums expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital | | | | | |
|---|-----------------------|-----------------------|---|-----------------------|---|
| 2014 Budget & Projection, and 2015 Budget | | | | | |
| TECHNICAL COMMITTEES AND MEMBER FORUMS | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 874,612 | \$ 70,916 | \$ (803,696) | \$ - | \$ (874,612) |
| Payroll Taxes | 59,075 | 6,573 | (52,502) | - | (59,075) |
| Benefits | 115,178 | 16,326 | (98,852) | - | (115,178) |
| Retirement Costs | 59,075 | 6,698 | (52,377) | - | (59,075) |
| Total Personnel Expenses | \$ 1,107,940 | \$ 100,513 | \$ (1,007,427) | \$ - | \$ (1,107,940) |
| Meeting Expenses | | | | | |
| Meetings | \$ 278,090 | \$ 119,016 | \$ (159,074) | \$ 165,705 | \$ (112,385) |
| Travel | 128,720 | 75,811 | (52,909) | 121,500 | (7,220) |
| Conference Calls | 18,800 | 6,947 | (11,853) | 2,552 | (16,248) |
| Total Meeting Expenses | \$ 425,610 | \$ 201,774 | \$ (223,836) | \$ 289,757 | \$ (135,853) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 212,000 | \$ - | \$ (212,000) | \$ 80,000 | \$ (132,000) |
| Office Rent | - | - | - | - | - |
| Office Costs | 35,203 | 9,278 | (25,925) | 3,420 | (31,783) |
| Professional Services | 465,756 | 663,556 | 197,800 | 749,250 | 283,494 |
| Miscellaneous | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total Operating Expenses | \$ 712,959 | \$ 672,834 | \$ (40,125) | \$ 832,670 | \$ 119,711 |
| Total Direct Expenses | \$ 2,246,509 | \$ 975,121 | \$ (1,271,388) | \$ 1,122,427 | \$ (1,124,082) |
| Indirect Expenses | \$ (2,246,509) | \$ (2,246,509) | \$ - | \$ (1,122,427) | \$ 1,124,082 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ (1,271,388) | \$ (1,271,388) | \$ - | \$ - |
| Change in Assets | \$ - | \$ 1,271,388 | \$ 1,271,388 | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | - | - | - | - | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | (1,271,388) | (1,271,388) | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ 1,271,388 | \$ 1,271,388 | \$ - | \$ - |
| FTEs | 9.0 | - | (9.0) | - | (9.0) |
| HC | 9.0 | - | (9.0) | - | (9.0) |

General and Administrative

| General and Administrative (in whole dollars) | | | |
|---|--------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 15.2 | 20.9 | 5.7 |
| Direct Expenses | \$ 3,695,570 | \$ 4,192,980 | \$ 497,410 |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

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

2015 Key Assumptions

- One position is eliminated in 2015.
- One position is transferred to RAPA and one is transferred from RAPA in 2015 to more closely align costs with scope of work.
- Six positions are transferred from Compliance Program Administration to more closely align costs with scope of work.

2015 Goals and Key Deliverables

- Continue to enhance stakeholder relations program.
- 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.
- Enhance the Business Services group to continue to drive efficiencies and effective services throughout the company.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by a net of \$305,000 primarily due to the net addition of 5.7 FTEs as previously mentioned.

Meeting Expenses

- Travel expenses decrease by a net \$24,000 primarily due to the elimination of one position that traveled extensively and the transfer of one position to RAPA, which involves regular travel.

Operating Expenses

- Rent increases by \$47,000 due to estimated maintenance charges and to align the budget with the straight-lined actual expense over the lease term.
- Office Costs increase by \$173,000 primarily due to the transfer of some license and maintenance fees from Compliance to General and Administrative.

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 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital | | | | | |
|---|-----------------------|-----------------------|---|-----------------------|---|
| 2014 Budget & Projection, and 2015 Budget | | | | | |
| GENERAL AND ADMINISTRATIVE | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 1,801,127 | \$ 2,101,742 | \$ 300,615 | \$ 1,990,286 | \$ 189,159 |
| Payroll Taxes | 92,319 | 155,151 | 62,832 | 109,878 | 17,559 |
| Benefits | 188,224 | 216,360 | 28,136 | 238,323 | 50,099 |
| Retirement Costs | 92,319 | 143,703 | 51,384 | 140,513 | 48,194 |
| Total Personnel Expenses | \$ 2,173,989 | \$ 2,616,956 | \$ 442,967 | \$ 2,479,000 | \$ 305,011 |
| Meeting Expenses | | | | | |
| Meetings | \$ 11,250 | \$ 13,553 | \$ 2,303 | \$ 13,900 | \$ 2,650 |
| Travel | 121,750 | 154,532 | 32,782 | 97,750 | (24,000) |
| Conference Calls | 8,100 | 7,950 | (150) | 10,000 | 1,900 |
| Total Meeting Expenses | \$ 141,100 | \$ 176,035 | \$ 34,935 | \$ 121,650 | \$ (19,450) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 90,000 | \$ 139,145 | \$ 49,145 | \$ 86,300 | \$ (3,700) |
| Office Rent | 888,600 | 888,113 | (487) | 935,650 | 47,050 |
| Office Costs | 196,881 | 295,009 | 98,128 | 370,380 | 173,499 |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 205,000 | 205,000 | - | 200,000 | (5,000) |
| Total Operating Expenses | \$ 1,380,481 | \$ 1,527,267 | \$ 146,786 | \$ 1,592,330 | \$ 211,849 |
| Total Direct Expenses | \$ 3,695,570 | \$ 4,320,258 | \$ 624,688 | \$ 4,192,980 | \$ 497,410 |
| Indirect Expenses | \$ (3,695,570) | \$ (4,320,258) | \$ (624,688) | \$ (4,192,980) | \$ (497,410) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Change in Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | (205,000) | (205,000) | - | (200,000) | 5,000 |
| Computer & Software CapEx | - | - | - | 9,000 | 9,000 |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | 27,000 | 27,000 |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ 205,000 | \$ 205,000 | \$ - | \$ 164,000 | \$ (41,000) |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | - | - | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| FTEs | 15.2 | 21.2 | 6.0 | 20.9 | 5.7 |
| HC | 16.0 | 22.0 | 6.0 | 21.0 | 5.0 |

Legal and Regulatory

| Legal and Regulatory (in whole dollars) | | | |
|---|--------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 6.0 | 6.0 | - |
| Direct Expenses | \$ 1,099,606 | \$ 1,098,349 | \$ (1,257) |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

The Legal and Regulatory Department provides coordinated legal services to the WECC Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The department 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 Legal and Regulatory Department.

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.

2015 Key Assumptions

- WECC will maintain the scope of its current operations.
- The operating environment may change in the event of unanticipated direction from FERC, NERC, or both.

2015 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.

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments)**

- Not applicable.

Personnel Expenses

- Personnel Expenses increase \$50,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel decreases by \$6,000 due to lower anticipated travel to external meetings.

Operating Expenses

- Professional Services decrease by \$46,000 due to lower actual business insurance premiums than the 2014 estimate.

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 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|-----------------------|-----------------------|---|-----------------------|---|
| LEGAL AND REGULATORY | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 657,788 | \$ 845,414 | \$ 187,626 | \$ 695,671 | \$ 37,883 |
| Payroll Taxes | 44,388 | 67,225 | 22,837 | 46,009 | 1,621 |
| Benefits | 77,152 | 91,528 | 14,376 | 71,186 | (5,966) |
| Retirement Costs | 44,388 | 73,514 | 29,126 | 60,493 | 16,105 |
| Total Personnel Expenses | \$ 823,716 | \$ 1,077,681 | \$ 253,965 | \$ 873,359 | \$ 49,643 |
| Meeting Expenses | | | | | |
| Meetings | \$ - | \$ (317) | \$ (317) | \$ - | \$ - |
| Travel | 48,000 | 48,000 | - | 42,000 | (6,000) |
| Conference Calls | 1,200 | 1,200 | - | 1,200 | - |
| Total Meeting Expenses | \$ 49,200 | \$ 48,883 | \$ (317) | \$ 43,200 | \$ (6,000) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ - | \$ 675 | \$ 675 | \$ - | \$ - |
| Office Rent | - | - | - | - | - |
| Office Costs | 28,690 | 28,400 | (290) | 29,790 | 1,100 |
| Professional Services | 190,000 | 226,602 | 36,602 | 144,000 | (46,000) |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 8,000 | 8,000 | - | 8,000 | - |
| Total Operating Expenses | \$ 226,690 | \$ 263,677 | \$ 36,987 | \$ 181,790 | \$ (44,900) |
| Total Direct Expenses | \$ 1,099,606 | \$ 1,390,241 | \$ 290,635 | \$ 1,098,349 | \$ (1,257) |
| Indirect Expenses | \$ (1,099,606) | \$ (1,099,606) | \$ - | \$ (1,098,349) | \$ 1,257 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ 290,635 | \$ 290,635 | \$ - | \$ - |
| Change in Assets | \$ - | \$ (290,635) | \$ (290,635) | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | (8,000) | (8,000) | - | (8,000) | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ 8,000 | \$ 8,000 | \$ - | \$ 8,000 | \$ - |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | 290,635 | 290,635 | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ (290,635) | \$ (290,635) | \$ - | \$ - |
| FTEs | 6.0 | 6.0 | - | 6.0 | - |
| HC | 6.0 | 6.0 | - | 6.0 | - |

Information Technology

| Information Technology (in whole dollars) | | | |
|---|--------------|--------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 9.0 | 10.0 | 1.0 |
| Direct Expenses | \$ 1,365,441 | \$ 1,646,668 | \$ 281,227 |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

WECC's Information Technology (IT) Department 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. IT provides resources and tools to enable the organization to meet the evolving requirements to support activities and responsibilities as directed by NERC and FERC.

2015 Key Assumptions

- Personal computer equipment is replaced on a four-year refresh cycle, servers are refreshed every five years, and network equipment is replaced every seven-to-10 years. WECC will replace approximately 25 percent of employee laptops in 2015.
- To maintain compliance with industry best practices for security and data protection, WECC will incur additional costs to engage third-party network management and security monitoring services.
- New technology solutions will be required to accommodate the secure transfer of a growing amount of data, as well as to provide data storage and analytic capabilities to the organization.
- One position is transferred from Compliance Program Administration to more closely align costs with scope of work.

2015 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 solutions to enable secure, reliable, and efficient transmission of a growing number of data types.

- Increase redundancy and reduce support burdens by shifting email services to an externally hosted provider.
- Support a modern website that enhances stakeholder communications, promotes WECC initiatives, and encourages confidence in WECC’s capabilities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by \$167,000 due to the transfer of one FTE to IT and the refinement of the labor float percentage.

Meeting Expenses

- ~~De minimis decrease of \$300~~ No material changes.

Operating Expenses

- Office Costs increase by \$94,000 primarily due to scheduled laptop and desktop refreshes and fees for moving WECC’s mail server to a cloud-hosted service.

Indirect Expenses

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

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software CapEx decreases by \$50,000 due to one-time projects budgeted in 2014.
- Equipment CapEx increases by \$16,000 due to a scheduled server refresh.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital | | | | | |
|---|-----------------------|-----------------------|---|-----------------------|---|
| 2014 Budget & Projection, and 2015 Budget | | | | | |
| INFORMATION TECHNOLOGY | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 670,107 | \$ 740,941 | \$ 70,834 | \$ 780,760 | \$ 110,653 |
| Payroll Taxes | 45,103 | 69,133 | 24,030 | 63,536 | 18,433 |
| Benefits | 101,928 | 98,814 | (3,114) | 117,503 | 15,575 |
| Retirement Costs | 45,103 | 58,566 | 13,463 | 67,892 | 22,789 |
| Total Personnel Expenses | \$ 862,241 | \$ 967,454 | \$ 105,213 | \$ 1,029,691 | \$ 167,450 |
| Meeting Expenses | | | | | |
| Meetings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel | 13,200 | 13,515 | 315 | 13,500 | 300 |
| Conference Calls | 7,200 | 7,200 | - | 6,600 | (600) |
| Total Meeting Expenses | \$ 20,400 | \$ 20,715 | \$ 315 | \$ 20,100 | \$ (300) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 36,000 | \$ 46,769 | \$ 10,769 | \$ 40,000 | \$ 4,000 |
| Office Rent | - | - | - | 1,960 | 1,960 |
| Office Costs | 340,800 | 320,691 | (20,109) | 434,917 | 94,117 |
| Professional Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 106,000 | 106,000 | - | 120,000 | 14,000 |
| Total Operating Expenses | \$ 482,800 | \$ 473,460 | \$ (9,340) | \$ 596,877 | \$ 114,077 |
| Total Direct Expenses | \$ 1,365,441 | \$ 1,461,629 | \$ 96,188 | \$ 1,646,668 | \$ 281,227 |
| Indirect Expenses | \$ (1,365,441) | \$ (1,365,441) | \$ - | \$ (1,646,668) | \$ (281,227) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ 96,188 | \$ 96,188 | \$ - | \$ - |
| Change in Assets | \$ - | \$ (96,188) | \$ (96,188) | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | (106,000) | (106,000) | - | (120,000) | (14,000) |
| Computer & Software CapEx | 60,000 | 60,000 | - | 10,000 | (50,000) |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | 105,000 | 105,000 | - | 121,000 | 16,000 |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ (59,000) | \$ (59,000) | \$ - | \$ (11,000) | \$ 48,000 |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | 96,188 | 96,188 | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ (96,188) | \$ (96,188) | \$ - | \$ - |
| FTEs | 9.0 | 8.0 | (1.0) | 10.0 | 1.0 |
| HC | 9.0 | 8.0 | (1.0) | 10.0 | 1.0 |

Human Resources

| Human Resources (in whole dollars) | | | |
|--|--------------|-------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 3.0 | 3.0 | - |
| Direct Expenses | \$ 1,072,064 | \$ 874,047 | \$ (198,017) |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

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

2015 Key Assumptions

- WECC's staffing levels will increase slightly from 2014 to 2015.
- Competition for talent will increase due to the economic recovery and a shrinking talent pool.
- Enhanced scope of succession planning, employee development, and training are vital to ensuring that WECC maintains a skilled, qualified workforce.

2015 Goals and Key Deliverables

- Continue to enhance the recruiting program in 2015 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 and in [Operations and Planning RAPA](#).
- Build strong network relationships with area universities to promote WECC as a viable employer in the community.
- Manage all employee benefits to deliver an attractive benefit package to employees and to attract potential employees while managing overall costs to the organization.
- Continue to educate management on compensation as well as other employee engagement philosophies to enhance recruitment efforts and retain skilled and talented employees.
- Identify training needs and develop and deliver programs to enhance employee development.
- Track and monitor turnover rates, gather feedback to determine cause of turnover, and when appropriate, take action to reduce the turnover rate.

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments)**

- Not applicable.

Personnel Expenses

- Salaries Expense decreases due to the elimination of budgeted severance/retention payments that were included in the 2014 budget as potential costs related to bifurcation.
- Benefits and Retirement Costs increase \$53,000 and \$22,000 respectively primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel increases by \$11,000 primarily due the transfer of employee appreciation events from General and Administrative to HR.

Operating Expenses

- Consultants decrease by \$125,000 due to the completion of a compensation and benefits survey in 2014.
- Office Costs decrease by \$13,000 due to decreases in job postings, drug testing, and background checks.
- Professional Services decrease by \$6,000 due to an estimated reduction in ERISA audit and legal fees.

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.

Human Resources

Funding sources and related expenses for the Human Resources section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|-----------------------|-----------------------|---|---------------------|---|
| HUMAN RESOURCES | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 384,508 | \$ 423,438 | \$ 38,930 | \$ 245,335 | \$ (139,173) |
| Payroll Taxes | 14,190 | 21,463 | 7,273 | 19,451 | 5,261 |
| Benefits | 414,876 | 428,261 | 13,385 | 468,014 | 53,138 |
| Retirement Costs | 14,190 | 44,181 | 29,991 | 36,334 | 22,144 |
| Total Personnel Expenses | \$ 827,764 | \$ 917,343 | \$ 89,579 | \$ 769,134 | \$ (58,630) |
| Meeting Expenses | | | | | |
| Meetings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel | 10,200 | 9,636 | (564) | 21,600 | 11,400 |
| Conference Calls | 1,000 | 958 | (42) | 108 | (892) |
| Total Meeting Expenses | \$ 11,200 | \$ 10,594 | \$ (606) | \$ 21,708 | \$ 10,508 |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 150,000 | \$ 150,000 | \$ - | \$ 25,000 | \$ (125,000) |
| Office Rent | - | - | - | 250 | 250 |
| Office Costs | 59,100 | 66,665 | 7,565 | 46,355 | (12,745) |
| Professional Services | 17,000 | 15,372 | (1,628) | 10,600 | (6,400) |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 7,000 | 7,000 | - | 1,000 | (6,000) |
| Total Operating Expenses | \$ 233,100 | \$ 239,037 | \$ 5,937 | \$ 83,205 | \$ (149,895) |
| Total Direct Expenses | \$ 1,072,064 | \$ 1,166,974 | \$ 94,910 | \$ 874,047 | \$ (198,017) |
| Indirect Expenses | \$ (1,072,064) | \$ (1,072,064) | \$ - | \$ (874,047) | \$ 198,017 |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ 94,910 | \$ 94,910 | \$ - | \$ - |
| Change in Assets | \$ - | \$ (94,910) | \$ (94,910) | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | (7,000) | (7,000) | - | (1,000) | 6,000 |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ 7,000 | \$ 7,000 | \$ - | \$ 1,000 | \$ (6,000) |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | 94,910 | 94,910 | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ (94,910) | \$ (94,910) | \$ - | \$ - |
| FTEs | 3.0 | 2.5 | (0.5) | 3.0 | - |
| HC | 3.0 | 3.0 | - | 3.0 | - |

Finance and Accounting

| Finance and Accounting (in whole dollars) | | | |
|---|-------------|-------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 4.7 | 5.0 | 0.3 |
| Direct Expenses | \$ 571,792 | \$ 670,318 | \$ 98,526 |
| Inc(Dec) in Fixed Assets | \$ - | \$ - | \$ - |
| Working Capital Requirement | \$ - | \$ - | \$ - |

Program Scope and Functional Description

The Finance and Accounting Department provides accounting and financial analysis support to WECC. Finance is responsible for accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, cash management, payroll, and financial reporting.

2015 Key Assumptions

- WECC ~~becomes-is~~ subject to Washington Business and Occupancy Tax, which is based on Washington source revenue.
- WECC will not have any grant activity in 2015.
- Efficiencies are gained in the Accounting Department.

2015 Goals and Key Deliverables

- Review financial policies and update as necessary.
- Identify and implement efficiencies in financial processes.
- Ensure WECC has strong internal controls designed to protect the organization's assets and ensure accurate financial reporting.
- Provide improved reporting and financial analysis to WECC managers, the Finance and Audit Committee, and the WECC Board.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by a net of \$47,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel decreases by \$5,000 due to an anticipated reduction in travel requirements.

Operating Expenses

- Office Costs increase by \$59,000 due to the State of Washington Business and Occupation Tax that WECC is now subject to, which is based on Washington source income.

Indirect Expenses

- Finance and Accounting expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Finance and Accounting

Funding sources and related expenses for the Finance and Accounting section of the 2015 Business Plan are shown in the table below.

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|---------------------|---------------------|---|---------------------|---|
| FINANCE AND ACCOUNTING | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 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 | \$ 280,800 | \$ 339,741 | \$ 58,941 | \$ 317,705 | \$ 36,905 |
| Payroll Taxes | 18,992 | 27,625 | 8,633 | 25,006 | 6,014 |
| Benefits | 63,758 | 55,399 | (8,359) | 59,634 | (4,124) |
| Retirement Costs | 18,992 | 29,405 | 10,413 | 27,366 | 8,374 |
| Total Personnel Expenses | \$ 382,542 | \$ 452,170 | \$ 69,628 | \$ 429,711 | \$ 47,169 |
| Meeting Expenses | | | | | |
| Meetings | \$ - | \$ 147 | \$ 147 | \$ - | \$ - |
| Travel | 11,250 | 9,518 | (1,732) | 6,000 | (5,250) |
| Conference Calls | 400 | 257 | (143) | 250 | (150) |
| Total Meeting Expenses | \$ 11,650 | \$ 9,922 | \$ (1,728) | \$ 6,250 | \$ (5,400) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Rent | - | - | - | - | - |
| Office Costs | 84,600 | 112,358 | 27,758 | 143,857 | 59,257 |
| Professional Services | 86,000 | 86,000 | - | 84,500 | (1,500) |
| Miscellaneous | - | - | - | - | - |
| Depreciation | 7,000 | 7,000 | - | 6,000 | (1,000) |
| Total Operating Expenses | \$ 177,600 | \$ 205,358 | \$ 27,758 | \$ 234,357 | \$ 56,757 |
| Total Direct Expenses | \$ 571,792 | \$ 667,450 | \$ 95,658 | \$ 670,318 | \$ 98,526 |
| Indirect Expenses | \$ (571,792) | \$ (571,792) | \$ - | \$ (670,318) | \$ (98,526) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ - | \$ 95,658 | \$ 95,658 | \$ - | \$ - |
| Change in Assets | \$ - | \$ (95,658) | \$ (95,658) | \$ - | \$ - |
| Fixed Assets | | | | | |
| Depreciation | (7,000) | (7,000) | - | (6,000) | 1,000 |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ 7,000 | \$ 7,000 | \$ - | \$ 6,000 | \$ (1,000) |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL BUDGET (B+C) | - | 95,658 | 95,658 | - | - |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ - | \$ (95,658) | \$ (95,658) | \$ - | \$ - |
| FTEs | 4.7 | 4.2 | (0.5) | 5.0 | 0.3 |
| HC | 5.0 | 5.0 | - | 5.0 | - |

Section B – Supplemental Financial Information

2015 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

| Working Capital Reserve Analysis 2014-2015 | |
|---|---------------------------|
| STATUTORY | |
| Beginning Working Capital Reserve (Deficit), December 31, 2013 | \$ 5,416,545 |
| Plus: 2014 WECC Funding (from Load Serving Entities (LSE) or designees) | 18,563,902 |
| Plus: 2014 Other funding sources | 4,655,237 |
| Plus: Convert Non-statutory Reserves to Statutory | 5,874,245 |
| Less: 2014 Projected expenses & capital expenditures | (25,623,778) |
| Less: Transfer of Reserves to Peak Reliability | (5,811,568) |
| Projected Working Capital Reserve (Deficit), December 31, 2014 | \$ 3,074,583 |
| | |
| Desired Working Capital Reserve, December 31, 2015 | ² \$ 3,074,583 |
| Less: Projected Working Capital Reserve, December 31, 2014 | (3,074,583) |
| Increase(decrease) in assessments to achieve desired Working Capital Reserve | \$ - |
| | |
| 2015 Expenses and Capital Expenditures | \$ 26,300,035 |
| Less: Penalty Sanctions ¹ | (120,000) |
| Less: Other Funding Sources | (1,124,900) |
| Adjustment to achieve desired Working Capital Reserve | 0 |
| | |
| 2015 WECC Assessment | \$ 25,055,136 |

1 – Represents collections between July, 1 2013 and June 30, 2014. See page 54 for full disclosure.

2 – On June ~~XX~~25, 2014, the WECC Board of Directors approved this reserve level.

WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses. In 2014, WECC transferred \$5.87 million of Non-statutory Working Capital Reserves, which were on-hand when WECC originally signed its Delegation Agreement in 2006, to Statutory Working Capital Reserves. Those funds are exclusive of the Non-statutory Reserves related to the Western Renewable Energy Generation Information System and have not been used for any purpose in the past seven years. WECC Management and the WECC Board believed it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014. The total working capital reserves were used to offset the impact of the creation of Peak and other increases on Assessments for both WECC and Peak in 2014.

As a result of the creation of Peak, WECC's working capital reserves were split between WECC and Peak to provide reserves for both entities. The same population of entities provides funding for both companies and WECC management as well as WECC's Finance and Audit Committee believed reserves should be split equitably as a result. The calculation used to split the reserves was based on each entity's percent-to-total ratio of operating expenses. Peak's portion was \$5.8 million.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 10. All significant variances have been disclosed by program area in the preceding pages.

Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or prior to June 30, 2013 will be used to offset assessments in the 2014 WECC Budget. Penalty monies received from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2015 Budget.

All penalty monies received on or prior to June 30, 2014 are detailed below, including the amount and the date received.

Allocation Method: Penalty monies received have been allocated to the following Statutory Programs to reduce assessments:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training, Education, and Operator Certification; and
- Situation Awareness and Infrastructure Security.

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.

As outlined in WECC's 2012 Business Plan and Budget, WECC uses penalty monies collected from U.S. registered entities within the Western Interconnection to pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards. This ensures that only U.S. entities contribute to the payment of WECC registered-function penalties paid to NERC and/or FERC under Section 215 of the Federal Power Act.

Penalty Sanctions

Table B-2

| Penalty Sanctions Received on or Prior to June 30, 2014 | | | | | |
|--|--------------------|---------------|--------------------|------------------|---------------------|
| Date Received | Amount Received | Date Received | Amount Received | Date Received | Amount Received |
| 7/8/2013 | \$ 53,000 | 12/18/2013 | \$ 9,000 | 5/14/2014 | \$ 8,000 |
| 7/8/2013 | 58,000 | 12/18/2013 | 92,000 | 5/20/2014 | 465,000 |
| 7/15/2013 | 60,000 | 12/27/2013 | 8,000 | 5/20/2014 | 45,000 |
| 7/18/2013 | 291,000 | 1/2/2014 | 50,000 | 6/2/2014 | 40,000 |
| 7/25/2013 | 62,500 | 1/21/2014 | 20,000 | 6/2/2014 | 40,000 |
| 8/1/2013 | 7,000 | 1/21/2014 | 55,000 | | |
| 8/6/2013 | 20,000 | 1/27/2014 | 215,000 | | |
| 8/12/2013 | 10,000 | 2/6/2014 | 40,000 | | |
| 8/14/2013 | 60,000 | 2/6/2014 | 6,000 | | |
| 8/16/2013 | 81,000 | 2/7/2014 | 70,000 | | |
| 8/29/2013 | 10,000 | 2/11/2014 | 45,000 | | |
| 8/30/2013 | 10,000 | 2/18/2014 | 15,000 | | |
| 9/5/2013 | 65,000 | 2/24/2014 | 60,000 | | |
| 9/5/2013 | 130,000 | 2/27/2014 | 144,000 | | |
| 9/9/2013 | 36,000 | 3/10/2014 | 35,000 | | |
| 9/11/2013 | 10,000 | 3/19/2014 | 12,000 | | |
| 9/12/2013 | 15,000 | 3/25/2014 | 150,000 | | |
| 9/20/2013 | 10,000 | 3/25/2014 | 7,000 | | |
| 9/23/2013 | 17,000 | 3/25/2014 | 25,000 | | |
| 10/2/2013 | 55,000 | 3/25/2014 | 16,000 | | |
| 10/4/2013 | 198,000 | 3/31/2014 | 36,000 | | |
| 10/15/2013 | 22,000 | 3/31/2014 | 5,000 | | |
| 10/28/2013 | 20,000 | 3/31/2014 | 185,000 | | |
| 11/19/2013 | 10,000 | 4/4/2014 | 30,000 | | |
| 11/25/2013 | 25,000 | 4/4/2014 | 9,500 | | |
| 12/6/2013 | 150,000 | 4/14/2014 | 15,000 | | |
| 12/6/2013 | 20,000 | 4/22/2014 | 7,000 | | |
| 12/17/2013 | 35,000 | 5/1/2014 | 20,000 | | |
| Total Penalties Received | | | | | \$ 3,520,000 |
| Recognized in 2013 to offset registered function penalties expense* | | | | | (1,400,000) |
| Withheld for estimated registered function penalties to be recognized in 2014* | | | | | (2,000,000) |
| Net Penalties to Offset Assessments | | | | | \$ 120,000 |

*To pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards.

Supplemental Funding

Table B-3

| Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions) | Budget 2014 | Projection 2014 | Budget 2015 | Variance 2015 Budget v 2014 Budget |
|--|---------------------|---------------------|---------------------|--|
| Reliability Standards | | | | |
| Interest | \$ 3,133 | \$ 3,133 | \$ 2,981 | \$ (152) |
| Miscellaneous | - | - | - | - |
| Total | \$ 3,133 | \$ 3,133 | \$ 2,981 | \$ (152) |
| Compliance Monitoring, Enforcement & Org. Registration | | | | |
| Workshops | \$ 438,125 | \$ 438,125 | - | \$ (438,125) |
| Interest | 45,426 | 45,426 | 39,865 | (5,561) |
| Miscellaneous | - | - | - | - |
| Total | \$ 483,551 | \$ 483,551 | \$ 39,865 | \$ (443,686) |
| Reliability Assessment and Performance Analysis | | | | |
| Federal Grants | \$ 3,628,308 | \$ 3,628,308 | - | \$ (3,628,308) |
| Interest | 18,484 | 18,484 | 22,950 | 4,466 |
| Miscellaneous | - | - | - | - |
| Total | \$ 3,646,792 | \$ 3,646,792 | \$ 22,950 | \$ (3,623,842) |
| Training and Education | | | | |
| Workshops | \$ 519,804 | \$ 519,804 | 1,055,900 | 536,096 |
| Interest | 1,566 | 1,566 | 2,310 | 744 |
| Miscellaneous | - | - | - | - |
| Total | \$ 521,370 | \$ 521,370 | \$ 1,058,210 | \$ 536,840 |
| Situation Awareness and Infrastructure Security | | | | |
| Federal Grants | \$ - | \$ - | \$ - | \$ - |
| Interest | 391 | 391 | 894 | 503 |
| Miscellaneous | - | - | - | - |
| Total | \$ 391 | \$ 391 | \$ 894 | \$ 503 |
| Technical Committees and Member Forms | | | | |
| Federal Grants | \$ - | \$ - | \$ - | \$ - |
| Total | \$ - | \$ - | \$ - | \$ - |
| Total Outside Funding | \$ 4,655,237 | \$ 4,655,237 | \$ 1,124,900 | \$ (3,530,337) |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

WECC anticipates its investments will earn interest of approximately \$69,000 in 2015. This revenue is allocated to the Statutory and Non-Statutory Programs based on FTEs.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- A decrease of \$438,000 in workshop revenue is related to the shift of Outreach and Stakeholder Relations out of Compliance to Training and Education in 2015. The workshop revenue is related to the Compliance User Group and Critical Infrastructure Protection User Group meetings.

Reliability Assessment and Performance Analysis

- The RTEP grant ends in 2014 and Grant revenue is zero in 2015 as a result.

Training and Education

- Workshop revenue increases by \$536,000 due to an increase in the estimated training session attendance as well as the shift of Outreach and Stakeholder Relations out of Compliance to Training and Education in 2015. WECC's [System Operator](#) Training program continues to be self-funded.

Situation Awareness and Infrastructure Security

- Not applicable.

Technical Committees and Member Forums

- Not applicable.

Personnel Expenses

Table B-4

| Personnel Expenses | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|---------------------------------|----------------------|----------------------|----------------------|------------------------------|--------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Salaries | | | | | |
| Salaries | \$ 12,092,325 | \$ 12,092,325 | \$ 13,095,525 | \$ 1,003,200 | 8.3% |
| Employment Agency Fees | - | - | - | - | - |
| Temporary Office Services | 3,900 | 3,900 | - | (3,900) | -100.0% |
| Total Salaries | \$ 12,096,225 | \$ 12,096,225 | \$ 13,095,525 | \$ 999,300 | 8.3% |
| Total Payroll Taxes | \$ 774,001 | \$ 774,001 | \$ 960,685 | \$ 186,684 | 24.1% |
| Benefits | | | | | |
| Workers Compensation | \$ 12,000 | \$ 12,000 | \$ 19,000 | \$ 7,000 | 58.3% |
| Medical Insurance | 1,753,689 | 1,753,689 | \$ 1,658,341 | (95,348) | -5.4% |
| Life-LTD-STD Insurance | 64,708 | 64,708 | \$ 74,911 | 10,203 | 15.8% |
| Education | 286,375 | 286,375 | \$ 286,878 | 503 | 0.2% |
| Relocation | 16,200 | 16,200 | \$ 50,000 | 33,800 | 208.6% |
| Other | - | - | \$ 11,182 | 11,182 | |
| Total Benefits | \$ 2,132,972 | \$ 2,132,972 | \$ 2,100,312 | \$ (32,660) | -1.5% |
| Retirement | | | | | |
| Discretionary 401k Contribution | \$ 770,774 | \$ 770,774 | \$ 1,107,028 | \$ 336,254 | 43.6% |
| Retirement Administration Fees | - | - | 15,000 | 15,000 | |
| Total Retirement | \$ 770,774 | \$ 770,774 | \$ 1,122,028 | \$ 351,254 | 45.6% |
| Total Personnel Costs | \$ 15,773,972 | \$ 15,773,972 | \$ 17,278,550 | \$ 1,504,578 | 9.5% |
| FTEs | 135.0 | 135.0 | 137.5 | 2.5 | 1.9% |
| Cost per FTE | | | | | |
| Salaries | \$ 89,602 | \$ 89,602 | \$ 95,240 | 5,639 | 6.3% |
| Payroll Taxes | 5,733 | 5,733 | 6,987 | 1,253 | 21.9% |
| Benefits | 15,800 | 15,800 | 15,275 | (525) | -3.3% |
| Retirement | 5,709 | 5,709 | 8,160 | 2,451 | 42.9% |
| Total Cost per FTE | \$ 116,844 | \$ 116,844 | \$ 125,662 | \$ 8,818 | 7.5% |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Salaries

- Salaries increase by a net \$1.0 million primarily due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs. In 2014, WECC budgeted for \$175,000 of severance and retention, which is zero in the 2015 budget.

Payroll Taxes

- Payroll Taxes increase by \$190,000 primarily due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs.

Benefits

- Medical Insurance decreases by \$87,000 to reflect a more accurate estimate of actual employee usage.
- Life, Long-Term Disability, and Short-Term Disability Insurance increases by \$11,000 due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs.
- Relocation decreases by \$13,000 to reflect estimated actual expenses.

Retirement

- Contributions to 401k plans increase by \$351,000 due to a 2 percent increase in WECC's defined contribution percentage as well as the refinement of WECC's labor float percentage and the net addition of 2.5 FTEs.

Consultants and Contracts

Table B-5

| Consultants | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|--|---------------------|---------------------|---------------------|------------------------------|---------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Consultants | | | | | |
| Reliability Standards | \$ - | \$ - | \$ - | \$ - | - |
| Compliance and Organization Registration and Certification | 64,000 | 64,000 | \$ 35,640 | (28,360) | -44.3% |
| Reliability Assessment and Performance Analysis | 2,968,000 | 2,968,000 | \$ 1,332,000 | (1,636,000) | -55.1% |
| Training and Education | 106,502 | 106,502 | \$ 92,000 | (14,502) | -13.6% |
| Situation Awareness and Infrastructure Security | - | - | \$ - | - | - |
| Committee and Member Forums | 12,000 | 12,000 | \$ 80,000 | 68,000 | 566.7% |
| General and Administrative | 90,000 | 90,000 | \$ 81,500 | (8,500) | -9.4% |
| Legal and Regulatory | - | - | \$ - | - | - |
| Information Technology | 36,000 | 36,000 | \$ 40,000 | 4,000 | 11.1% |
| Human Resources | 150,000 | 150,000 | \$ 25,000 | (125,000) | -83.3% |
| Accounting and Finance | - | - | \$ - | - | - |
| Consultants Total | \$ 3,426,502 | \$ 3,426,502 | \$ 1,686,140 | \$ (1,740,362) | -50.8% |
| Contracts | | | | | |
| Reliability Standards | \$ - | \$ - | \$ - | \$ - | - |
| Compliance and Organization Registration and Certification | 360,800 | 360,800 | \$ 432,280 | 71,480 | 19.8% |
| Reliability Assessment and Performance Analysis | 400,000 | 400,000 | \$ - | (400,000) | -100.0% |
| Training and Education | - | - | \$ - | - | - |
| Situation Awareness and Infrastructure Security | - | - | \$ - | - | - |
| Committee and Member Forums | 200,000 | 200,000 | \$ - | (200,000) | -100.0% |
| General and Administrative | - | - | \$ 4,800 | 4,800 | - |
| Legal and Regulatory | - | - | \$ - | - | - |
| Information Technology | - | - | \$ - | - | - |
| Human Resources | - | - | \$ - | - | - |
| Accounting and Finance | - | - | \$ - | - | - |
| Contracts Total | \$ 960,800 | \$ 960,800 | \$ 437,080 | \$ (523,720) | -54.5% |
| Total Consulting and Contracts | \$ 4,387,302 | \$ 4,387,302 | \$ 2,123,220 | \$ (2,264,082) | -51.6% |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Consultants

- Compliance and Organization Registration and Certification decreases by \$28,000 primarily due to the shift of some costs to General and Administrative based on scope of work.
- RAPA decreases by a net \$1.6 million due to the following:
 - A decrease of \$2.0 million is due to the completion of the RTEP grant
 - An increase of \$100,000 in Planning Services for Wind and Solar Plant Model Validation.
 - An increase of \$260,000 due to the transfer of some costs from Technical Committees and Member Forums to RAPA. These costs are related to voltage stability software enhancements and phasor measurement unit data validation.

-
- Training and Education consultants decrease by \$15,000 due to a decrease in use of consultants to conduct training sessions.
 - Committee and Member Forums consultants increase by \$68,000 primarily due to Board Director search fees.
 - Human Resources decreases \$125,000 due to a one-time cost for a compensation and benefits survey in 2014.

Contracts

- Compliance and Organization Registration and Certification contracts increase by \$71,000 due to an increase in the use of contractors for specific expertise and the increased audit schedule in 2015.
- RAPA Contracts decrease by \$400,000 due to one-time costs in Planning Services related to 2014 projects undertaken for the development of additional RAS models and phase two of the composite load model implementation.
- Committee and Member Forums decrease by \$200,000 due to one-time costs related to 2014 projects for the validation and incorporation of synchrophasor data into operations.

Office Rent

Table B-6

| Office Rent | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|--------------------------|-------------------|--------------------|-------------------|------------------------------|---------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Office Rent | \$ 926,196 | \$ 926,196 | \$ 969,480 | 43,284 | 4.7% |
| Utilities | - | - | - | - | 0.0% |
| Maintenance | 9,876 | 9,876 | 17,656 | 7,780 | 78.8% |
| Security | - | - | - | - | 0.0% |
| Total Office Rent | \$ 936,072 | \$ 936,072 | \$ 987,136 | \$ 51,064 | 5.5% |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Office Rent increases by \$43,000 to align the budget with the straight-lined expense.

Office Costs

Table B-7

| Office Costs | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|-----------------------------------|---------------------|---------------------|---------------------|------------------------------|---------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Telephone | \$ 97,610 | \$ 97,610 | \$ 96,747 | \$ (863) | -0.9% |
| Internet | 145,310 | 145,310 | 117,618 | (27,692) | -19.1% |
| Office Supplies | 192,336 | 192,336 | 104,859 | (87,477) | -45.5% |
| Computer Supplies and Maintenance | 690,027 | 690,027 | 908,990 | 218,963 | 31.7% |
| Publications & Subscriptions | 22,835 | 22,835 | 17,535 | (5,300) | -23.2% |
| Dues and Fees | 126,233 | 126,233 | 159,314 | 33,081 | 26.2% |
| Postage | 3,790 | 3,790 | 5,699 | 1,909 | 50.4% |
| Express Shipping | 13,147 | 13,147 | 11,304 | (1,843) | -14.0% |
| Copying | 43,536 | 43,536 | 67,545 | 24,009 | 55.1% |
| Bank Charges | 57,630 | 57,630 | 74,000 | 16,370 | 28.4% |
| Taxes | 13,000 | 13,000 | 64,000 | 51,000 | 392.3% |
| Total Office Costs | \$ 1,405,454 | \$ 1,405,454 | \$ 1,627,611 | \$ 222,157 | 15.8% |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Internet expenses decrease by a net \$27,000 to more accurately reflect actual expenses post-bifurcation.
- Office Supplies decrease by \$87,000 to more accurately reflect actual expenses post-bifurcation.
- Computer Supplies and Maintenance increase by \$219,000 due to first-year fees after implementation, rate increases, and new licenses, including the Base Case Coordination System and cloud-based email hosting.
- Dues and Fees increase by \$33,000 primarily due to eDiscovery and backup services for the cloud-based email service.
- Copying increases by \$24,000 to more accurately reflect estimated expenditures.
- Bank Charges increase \$16,000 to more accurately reflect actual expenses post-bifurcation.
- Taxes increase \$51,000 primarily due to the State of Washington Business and Occupation Tax that WECC is now subject to.

Professional Services

Table B-8

| Professional Services | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|------------------------------|-------------------|--------------------|-------------------|------------------------------|---------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Non-affiliated Director fees | \$ 465,756 | \$ 465,756 | \$ 749,250 | \$ 283,494 | 60.9% |
| Outside Legal | 28,000 | 28,000 | 30,600 | 2,600 | 9.3% |
| Accounting & Auditing Fees | 97,000 | 97,000 | 88,500 | (8,500) | -8.8% |
| Insurance Commercial | 168,000 | 168,000 | 120,000 | (48,000) | -28.6% |
| Total Services | \$ 758,756 | \$ 758,756 | \$ 988,350 | \$ 229,594 | 30.3% |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Non-Affiliated Director fees increase by \$283,000 due to the revised Board Director compensation structure.
- Insurance Commercial decreases \$48,000 to more accurately reflect actual costs post-bifurcation.

Other Non-Operating

Table B-9

| Other Non-Operating Expenses | Budget 2014 | Projection 2014 | Budget 2015 | Variance | |
|-------------------------------------|----------------|--------------------|----------------|------------------------------|---------------|
| | | | | 2015 Budget v 2014 Budget | Variance % |
| Interest Expense | \$ - | \$ - | \$ - | \$ - | - |
| Line of Credit Payment | - | - | - | - | - |
| Office Relocation | - | - | - | - | - |
| Total Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | - |

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Not applicable.

Section C – Non-Statutory Activities

2015 Business Plan and Budget

Section C — 2015 Non-Statutory Business Plan and Budget

| Western Renewable Energy Generation Information System (in whole dollars) | | | |
|---|-------------|-------------|------------------------|
| | 2014 Budget | 2015 Budget | Increase (Decrease) |
| Total FTEs | 5 | 5 | - |
| Direct Expenses | 1,117,869 | 1,177,192 | 59,323 |
| Indirect Expenses | 541,111 | 492,049 | (49,062) |
| Inc(Dec) in Fixed Assets | - | (8,607) | (8,607) |
| Total Funding Requirement | 244,820 | (29,759) | (274,579) |

Western Renewable Energy Generation Information System (WREGIS)

WREGIS is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed through a collaborative process between the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants over a period greater than three years. WREGIS' governance was integrated into WECC on March 31, 2012 following the expiration of WECC's contract that had previously provided for backstop funding from the CEC. WREGIS is governed by a WECC member committee consisting of representatives from the WECC membership and various WREGIS stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees.

WREGIS consists of two parts: the information system software and the administrative operations. The WREGIS staff oversees the software contractor and performs all of the administrative tasks required to operate the program including: registering account holders and generation units; training WREGIS users; and managing the budgeting, billing, and financial reporting.

Major 2015 Assumptions and Cost Impacts

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. User fees are based on several factors including size (generation capacity) and amount of usage. The size of the users is fairly constant, annual fees based on size make up only about 25 percent of the total revenues. The other 75 percent of revenues are based on usage levels, which can depend on uncontrollable factors such as weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.). Because a large portion of revenues can vary greatly from year to year, WECC holds large WREGIS reserves to allow for normal operations

during years in which fee levels are low and to fund large non-recurring expenditures such as major software upgrades.

2015 Primary Goals and Objectives

- Implement the WREGIS program as required by the participating states, provinces, and voluntary programs.
- Register program participants, whether mandatory or voluntary.
- Refine the WREGIS software to ensure optimum performance in terms of both efficiency and ease of use for account holders.
- Keep abreast of possible needs to increase WREGIS's functionality.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- WREGIS account holders pay an initial registration fee and annual renewal fees. Amounts vary by the size and category of the account holder.
- Volumetric-based fees are assessed when RECs are traded, retired, reserved, or transferred.
- Nominal fees are charged for users who attend training.

Personnel Expenses

- Personnel Expenses increase a net \$18,000 mainly due to merit increases and an increase in the defined contribution percentage.

Travel Expenses

- Meeting Expenses decrease by a net \$17,000 due to estimates of actual travel and meeting expenditure requirements in 2015.

Operating Expenses

- Office Costs increase by \$59,000 primarily due to increases in WREGIS software licensing fees as well as system upgrades.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. WECC calculates a quarterly allocation for WREGIS's indirect costs, based on actual results.

Other Non-Operating Expenses

- Not applicable.

2014 Budget and Projection and 2015 Budget Comparisons

| Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2014 Budget & Projection, and 2015 Budget | | | | | |
|--|---------------------|---------------------|---|---------------------|---|
| NON-STATUTORY | | | | | |
| | 2014 Budget | 2014 Projection | Variance 2014 Projection v 2014 Budget Over(Under) | 2015 Budget | Variance 2015 Budget v 2014 Budget Over(Under) |
| Funding | | | | | |
| WECC Funding | | | | | |
| WECC Assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Penalty Sanctions | - | - | - | - | - |
| Total WECC Funding | \$ - | \$ - | \$ - | \$ - | \$ - |
| Membership Dues | 1,896,000 | 1,896,000 | - | 1,626,000 | (270,000) |
| Federal Grants | - | - | - | - | - |
| Services & Software | - | - | - | - | - |
| Workshops | 7,800 | 7,800 | - | 4,875 | (2,925) |
| Interest | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total Funding (A) | \$ 1,903,800 | \$ 1,903,800 | \$ - | \$ 1,630,875 | \$ (272,925) |
| Expenses | | | | | |
| Personnel Expenses | | | | | |
| Salaries | \$ 350,730 | \$ 350,730 | \$ - | \$ 358,476 | \$ 7,747 |
| Payroll Taxes | 23,715 | 23,715 | - | 29,669 | 5,954 |
| Benefits | 65,935 | 65,935 | - | 62,675 | (3,260) |
| Retirement Costs | 23,715 | 23,715 | - | 31,172 | 7,457 |
| Total Personnel Expenses | \$ 464,094 | \$ 464,094 | \$ - | \$ 481,992 | \$ 17,898 |
| Meeting Expenses | | | | | |
| Meetings | \$ 13,225 | \$ 13,225 | \$ - | \$ 3,975 | \$ (9,250) |
| Travel | 61,000 | 61,000 | - | 52,000 | (9,000) |
| Conference Calls | - | - | - | 1,200 | 1,200 |
| Total Meeting Expenses | \$ 74,225 | \$ 74,225 | \$ - | \$ 57,175 | \$ (17,050) |
| Operating Expenses | | | | | |
| Consultants & Contracts | \$ 6,000 | \$ 6,000 | \$ - | \$ 2,400 | \$ (3,600) |
| Office Rent | - | - | - | - | - |
| Office Costs | 557,050 | 557,050 | - | 616,125 | 59,075 |
| Professional Services | 16,500 | 16,500 | - | 19,500 | 3,000 |
| Miscellaneous | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total Operating Expenses | \$ 579,550 | \$ 579,550 | \$ - | \$ 638,025 | \$ 58,475 |
| Total Direct Expenses | \$ 1,117,869 | \$ 1,117,869 | \$ - | \$ 1,177,192 | \$ 59,323 |
| Indirect Expenses | \$ 541,111 | \$ 541,111 | \$ - | \$ 492,049 | \$ (49,062) |
| Other Non-Operating Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses (B) | \$ 1,658,980 | \$ 1,658,980 | \$ - | \$ 1,669,241 | \$ 10,261 |
| Change in Assets | \$ 244,820 | \$ 244,820 | \$ - | \$ (38,366) | \$ (283,186) |
| Fixed Assets | | | | | |
| Depreciation | - | - | - | - | - |
| Computer & Software CapEx | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - |
| Equipment CapEx | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Allocation of Fixed Assets | \$ - | \$ - | \$ - | \$ (8,607) | \$ (8,607) |
| Incr(Dec) in Fixed Assets (C) | \$ - | \$ - | \$ - | \$ (8,607) | \$ (8,607) |
| TOTAL BUDGET (=B+C) | 1,658,980 | 1,658,980 | - | 1,660,634 | 1,654 |
| TOTAL CHANGE IN WORKING CAPITAL (=A-B-C) | \$ 244,820 | \$ 244,820 | \$ - | \$ (29,759) | \$ (274,579) |
| FTEs | 5.0 | 5.0 | - | 5.0 | - |
| HC | 5.0 | 5.0 | - | 5.0 | - |

Personnel Analysis

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

| Total FTEs by Program Area | Budget 2014 | Projection 2014 | Direct FTEs 2015 Budget | Shared FTEs ¹ 2015 Budget | Total FTEs 2015 Budget | Change from 2014 Budget |
|------------------------------------|-------------|-----------------|-------------------------|--------------------------------------|------------------------|-------------------------|
| NON-STATUTORY | | | | | | |
| Operational Programs | | | | | | |
| Total FTEs Operational Programs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Administrative Programs | | | | | | |
| WREGIS | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 0.0 |
| Total FTEs Administrative Programs | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 0.0 |
| Total FTEs | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 0.0 |

¹A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

There are no changes to personnel within the non-statutory function.

Reserve Analysis — 2014–2015

| Working Capital Reserve Analysis 2013-2014 | | |
|--|------------------|-----------------------------|
| NON-STATUTORY | | |
| | WREGIS Reserves | WECC Non-Statutory Reserves |
| Beginning Working Capital Reserve (Deficit), December 31, 2013 | 1,954,861 | 5,874,245 |
| Plus: 2014 WREGIS Funding | 1,903,800 | |
| Plus: 2014 Other funding sources | | |
| Less: 2014 Projected expenses & capital expenditures | (1,658,980) | |
| Transfer Reserves to Statutory | | (5,874,245) |
| Projected Working Capital Reserve (Deficit), December 31, 2014 | 2,199,681 | 0 |
| Projected Working Capital Reserve, December 31, 2015 | 2,199,681 | 0 |
| Less: Projected Working Capital Reserve, December 31, 2014 | (2,199,681) | 0 |
| Adjustments to achieve Working Capital Reserve, December 31, 2014 | 0 | 0 |
| 2014 Funding Sources | 1,630,875 | |
| Less: Expenses and Capital Expenditures | (1,660,634) | |
| 2015 Funding (reserve adjustment) | (29,759) | 0 |

WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses. In 2014, WECC transferred \$5.87 million of Non-statutory Working Capital Reserves, which were on-hand when WECC originally signed its Delegation Agreement in 2006, to Statutory Working Capital Reserves. Those funds are exclusive of the Non-statutory Reserves related to WREGIS and have not been used for any purpose in the past seven years. WECC Management and the WECC Board believed it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014. The total working capital reserves were used to offset the impact of the creation of Peak and other increases on Assessments for both WECC and Peak in 2014.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget

Section D – Additional Consolidated Financial Statements

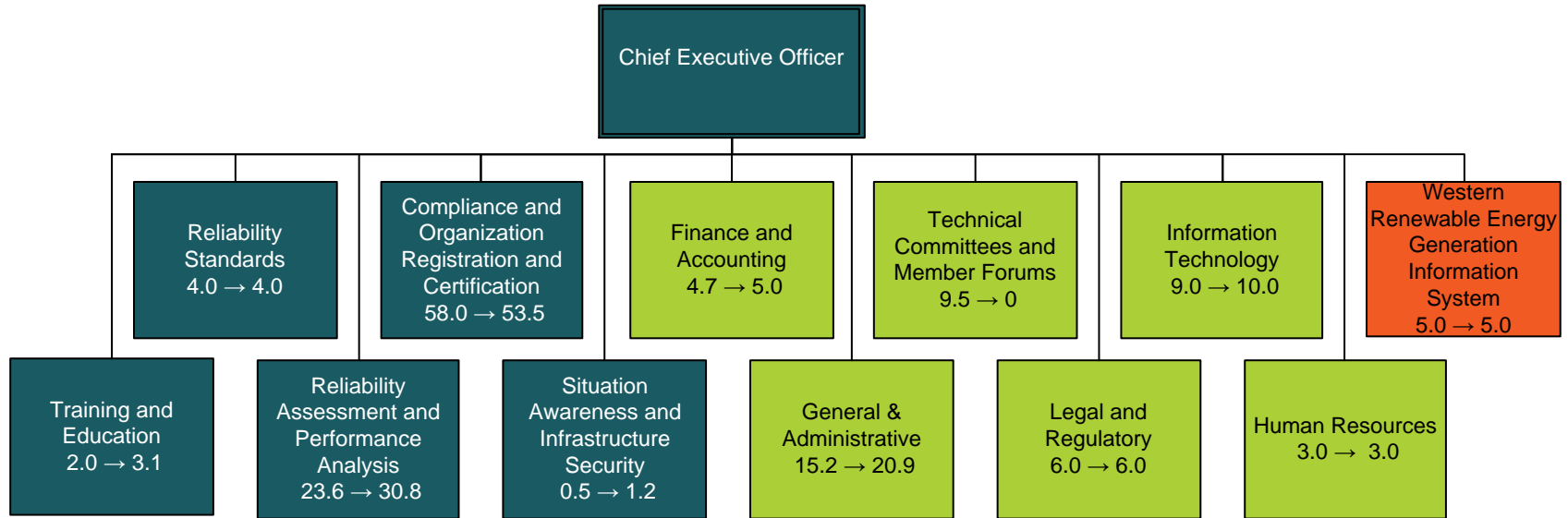
2015 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

| Statement of Activities and Capital Expenditures by Program 2015 Budget | Total | Statutory Total | Non-Statutory Total | Functions in Delegation Agreement | | | | | | | | | | | Non-Statutory Functions | | | | |
|--|-------------------|-------------------|---------------------|-----------------------------------|--|---|--|--|---|--------------------------------|-------------------------------|----------------------|---------------------------|-----------------|---------------------------|---------------------|----------|----------|------------------|
| | | | | Statutory Total | Reliability Standards (Section 300) | Compliance and Organization Registration and Certification (Section 400 & 500) | Reliability Assessment and Performance Analysis (Section 600) | Training and Education (Section 900) | Situation Awareness and Infrastructure Security (Section 3000) | Committee and Member Forums | General and Administrative | Legal and Regulatory | Information Technology | Human Resources | Accounting and Finance | Non-Statutory Total | WREGIS | | |
| Funding | | | | | | | | | | | | | | | | | | | |
| WECC Funding | | | | | | | | | | | | | | | | | | | |
| WECC Assessments | 25,055,135 | 25,055,135 | - | 25,055,135 | 1,018,653 | 13,069,317 | 10,239,122 | 435,490 | 292,553 | - | - | - | - | - | - | - | - | - | - |
| Penalty Sanctions | 120,000 | 120,000 | - | 120,000 | 5,184 | 69,330 | 39,914 | 4,017 | 1,555 | - | - | - | - | - | - | - | - | - | - |
| Total WECC Funding | 25,175,135 | 25,175,135 | - | 25,175,135 | 1,023,837 | 13,138,647 | 10,279,036 | 439,507 | 294,108 | - | - | - | - | - | - | - | - | - | - |
| Non-statutory Funding | 1,626,000 | - | 1,626,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,626,000 |
| Federal Grants | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Services & Software | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Workshops | 1,060,775 | 1,055,900 | 4,875 | 1,055,900 | - | - | 1,055,900 | - | - | - | - | - | - | - | - | - | - | - | 4,875 |
| Interest | 69,000 | 69,000 | - | 69,000 | 2,981 | 39,865 | 22,950 | 2,310 | 894 | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Funding (A) | 27,930,910 | 26,300,035 | 1,630,875 | 26,300,035 | 1,026,818 | 13,178,512 | 10,301,986 | 1,497,717 | 295,002 | - | - | - | - | - | - | - | - | - | 1,630,875 |
| Expenses | | | | | | | | | | | | | | | | | | | |
| Personnel Expenses | | | | | | | | | | | | | | | | | | | |
| Salaries | 13,454,002 | 13,095,525 | 358,476 | 13,095,525 | 477,416 | 5,032,890 | 3,062,768 | 351,089 | 141,605 | - | 1,990,286 | 695,671 | 780,760 | 245,335 | 317,705 | - | - | - | 358,476 |
| Payroll Taxes | 990,355 | 960,686 | 29,669 | 960,686 | 34,358 | 387,555 | 238,217 | 25,665 | 11,010 | - | 109,878 | 46,009 | 63,536 | 19,451 | 25,006 | - | - | - | 29,669 |
| Benefits | 2,162,986 | 2,100,312 | 62,675 | 2,100,312 | 44,967 | 675,026 | 375,438 | 36,173 | 14,048 | - | 238,323 | 71,186 | 117,503 | 468,014 | 59,634 | - | - | - | 62,675 |
| Retirement Costs | 1,153,200 | 1,122,028 | 31,172 | 1,122,028 | 41,514 | 438,745 | 266,328 | 30,530 | 12,313 | - | 140,513 | 60,493 | 67,892 | 36,334 | 27,366 | - | - | - | 31,172 |
| Total Personnel Expenses | 17,760,542 | 17,278,550 | 481,992 | 17,278,550 | 598,255 | 6,534,216 | 3,942,750 | 443,457 | 178,977 | - | 2,479,000 | 873,359 | 1,029,691 | 769,134 | 429,711 | - | - | - | 481,992 |
| Meeting Expenses | | | | | | | | | | | | | | | | | | | |
| Meetings | 817,523 | 813,548 | 3,975 | 813,548 | 528 | 6,685 | 137,430 | 489,300 | - | 165,705 | 13,900 | - | - | - | - | - | - | - | 3,975 |
| Travel | 1,474,823 | 1,422,823 | 52,000 | 1,422,823 | 32,175 | 849,896 | 221,552 | 16,850 | 121,500 | 97,750 | 42,000 | 13,500 | 21,600 | 6,000 | 52,000 | - | - | - | 52,000 |
| Conference Calls | 76,439 | 75,239 | 1,200 | 75,239 | 3,027 | 13,152 | 29,600 | 8,750 | - | 2,552 | 10,000 | 1,200 | 6,600 | 108 | 250 | - | - | - | 1,200 |
| Total Meeting Expenses | 2,368,785 | 2,311,610 | 57,175 | 2,311,610 | 35,730 | 869,733 | 388,582 | 514,900 | - | 289,757 | 121,650 | 43,200 | 20,100 | 21,708 | 6,250 | - | - | - | 57,175 |
| Operating Expenses | | | | | | | | | | | | | | | | | | | |
| Consultants & Contracts | 2,125,620 | 2,123,220 | 2,400 | 2,123,220 | - | 467,920 | 1,332,000 | 92,000 | - | 80,000 | 86,300 | - | 40,000 | 25,000 | - | - | - | - | 2,400 |
| Office Rent | 987,136 | 987,136 | - | 987,136 | - | 1,600 | - | 47,676 | - | - | 935,650 | - | 1,960 | 250 | - | - | - | - | - |
| Office Costs | 2,243,736 | 1,627,611 | 616,125 | 1,627,611 | 6,079 | 132,213 | 360,650 | 99,950 | - | 3,420 | 370,380 | 29,790 | 434,917 | 46,355 | 143,857 | - | - | - | 616,125 |
| Professional Services | 1,007,850 | 988,350 | 19,500 | 988,350 | - | - | - | - | - | 749,250 | - | 144,000 | - | 10,600 | 84,500 | - | - | - | 19,500 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | 875,000 | 875,000 | - | 875,000 | - | 20,000 | 520,000 | - | - | - | 200,000 | 8,000 | 120,000 | 1,000 | 6,000 | - | - | - | - |
| Total Operating Expenses | 7,239,342 | 6,601,317 | 638,025 | 6,601,317 | 6,079 | 621,733 | 2,212,650 | 239,626 | - | 832,670 | 1,592,330 | 181,790 | 596,877 | 83,205 | 234,357 | - | - | - | 638,025 |
| Total Direct Expenses | 27,368,669 | 26,191,477 | 1,177,192 | 26,191,477 | 640,064 | 8,025,682 | 6,543,982 | 1,197,983 | 178,977 | 1,122,427 | 4,192,980 | 1,098,349 | 1,646,668 | 874,047 | 670,318 | - | - | - | 1,177,192 |
| Indirect Expenses | | | | | | | | | | | | | | | | | | | |
| | 0 | (492,049) | 492,049 | (492,049) | 393,639 | 5,264,920 | 3,031,019 | 305,070 | 118,092 | (1,122,427) | (4,192,980) | (1,098,349) | (1,646,668) | (874,047) | (670,318) | - | - | - | 492,049 |
| Other Non-Operating Expenses | | | | | | | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses (B) | 27,368,669 | 25,699,428 | 1,669,241 | 25,699,428 | 1,033,703 | 13,290,602 | 9,575,002 | 1,503,053 | 297,068 | - | - | - | - | - | - | - | - | - | 1,669,241 |
| Change in Assets | 562,241 | 600,607 | (38,366) | 600,607 | (6,885) | (112,090) | 726,984 | (5,336) | (2,066) | - | - | - | - | - | - | - | - | - | (38,366) |
| Fixed Assets | | | | | | | | | | | | | | | | | | | |
| Depreciation | (875,000) | (875,000) | - | (875,000) | - | (20,000) | (520,000) | - | - | - | (200,000) | (8,000) | (120,000) | (1,000) | (6,000) | - | - | - | - |
| Computer & Software CapEx | 1,319,000 | 1,319,000 | - | 1,319,000 | - | - | 1,300,000 | - | - | - | 9,000 | - | 10,000 | - | - | - | - | - | - |
| Furniture & Fixtures CapEx | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equipment CapEx | 148,000 | 148,000 | - | 148,000 | - | - | - | - | - | - | 27,000 | - | 121,000 | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Allocation of Fixed Assets | - | 8,607 | (8,607) | 8,607 | (6,885) | (92,090) | (53,016) | (5,336) | (2,066) | - | 164,000 | 8,000 | (11,000) | 1,000 | 6,000 | - | - | - | (8,607) |
| Inc(Dec) in Fixed Assets (C) | 592,000 | 600,607 | (8,607) | 600,607 | (6,885) | (112,090) | 726,984 | (5,336) | (2,066) | - | - | - | - | - | - | - | - | - | (8,607) |
| TOTAL BUDGET (B+C) | 27,960,669 | 26,300,035 | 1,660,634 | 26,300,035 | 1,026,818 | 13,178,512 | 10,301,986 | 1,497,717 | 295,002 | - | - | - | - | - | - | - | - | - | 1,660,634 |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | (29,759) | - | (29,759) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (29,759) |
| FTEs | 142.5 | 137.5 | 5.0 | 137.5 | 4.0 | 53.5 | 30.8 | 3.1 | 1.2 | - | 20.9 | 6.0 | 10.0 | 3.0 | 5.0 | - | - | - | 5.0 |
| HC | 143.0 | 138.0 | 5.0 | 138.0 | 4.0 | 54.0 | 32.0 | 3.0 | - | - | 21.0 | 6.0 | 10.0 | 3.0 | 5.0 | - | - | - | 5.0 |

Statement of Financial Position

| Statement of Financial Position | | | |
|--|----------------------|----------------------|----------------------|
| 2013 Audited, 2014 Projection, and 2015 Budget | | | |
| STATUTORY and NON-STATUTORY | | | |
| | (Per Audit) | Projected | Budget |
| | 31-Dec-13 | 31-Dec-14 | 31-Dec-15 |
| ASSETS | | | |
| Cash and cash equivalents | \$ 24,741,100 | \$ 12,865,224 | \$ 12,993,876 |
| Certificates of deposit | 2,044,097 | 681,366 | 688,179 |
| Investments | 2,942,933 | 980,978 | 990,787 |
| Accounts receivable, net | 4,099,826 | 2,049,913 | 2,070,412 |
| Prepaid expenses and other assets | 1,451,697 | 389,484 | 393,379 |
| Property and equipment | 11,042,682 | 1,691,682 | 2,691,682 |
| Total Assets | \$ 46,322,335 | \$ 18,658,647 | \$ 19,828,316 |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities | | | |
| Accounts payable | 5,380,399 | 1,614,120 | 1,775,532 |
| Accrued Expenses | 4,145,493 | 1,043,648 | 1,148,013 |
| Deferred revenue | 11,679,055 | 6,628,811 | 7,390,649 |
| Other liabilities | 1,665,866 | 1,420,546 | 1,562,601 |
| Total Liabilities | \$ 22,870,813 | \$ 10,707,125 | \$ 11,876,794 |
| Unrestricted net assets | 23,451,522 | 7,951,522 | 7,951,522 |
| Total Liabilities and Net Assets | \$ 46,322,335 | \$ 18,658,647 | \$ 19,828,316 |

Appendix A: Organizational Chart



- Statutory Program Area
- Administrative Services Program Area
- Non-statutory Program Area

Appendix B: 2015 Budget & Projected 2015 and 2016 Budgets

| Statement of Activities and Capital Expenditures | | | | | | | |
|--|----------------------|----------------------|-----------------------|----------------|----------------------|---------------------|----------------|
| 2015 Budget & Projected 2016 and 2017 Budgets | | | | | | | |
| Statutory | | | | | | | |
| | 2015 | 2016 | \$ Change | % Change | 2017 | \$ Change | % Change |
| | Budget | Projection | 15 v 16 | 15 v 16 | Projection | 16 v 17 | 16 v 17 |
| Funding | | | | | | | |
| ERO Funding | | | | | | | |
| WECC Assessments | \$ 25,055,135 | \$ 25,656,467 | \$ 601,332 | 2.4% | \$ 26,215,027 | \$ 558,559 | 2.2% |
| Penalty Sanctions | 120,000 | - | (120,000) | -100.0% | - | - | - |
| Total ERO Funding | \$ 25,175,135 | \$ 25,656,467 | \$ 481,332 | 1.9% | \$ 26,215,027 | \$ 558,559 | 2.2% |
| Membership Dues | - | - | - | - | - | - | - |
| Federal Grants | - | - | - | - | - | - | - |
| Workshops | 1,055,900 | 1,108,695 | 52,795 | 5.0% | 1,164,130 | 55,435 | 5.0% |
| Interest | 69,000 | 69,000 | - | 0.0% | 69,000 | - | 0.0% |
| Miscellaneous | - | - | - | - | - | - | - |
| Total Funding (A) | \$ 26,300,035 | \$ 26,834,162 | \$ 534,127 | 2.0% | \$ 27,448,157 | \$ 613,994 | 2.3% |
| Expenses | | | | | | | |
| Personnel Expenses | | | | | | | |
| Salaries | \$ 13,095,525 | \$ 14,046,346 | 950,821 | 7.3% | \$ 14,683,200 | 636,854 | 4.5% |
| Payroll Taxes | 960,685 | 1,033,272 | 72,587 | 7.6% | \$ 1,080,603 | 47,331 | 4.6% |
| Benefits | 2,100,312 | 2,259,325 | 159,012 | 7.6% | \$ 2,364,698 | 105,373 | 4.7% |
| Retirement Costs | 1,122,028 | 1,205,340 | 83,311 | 7.4% | \$ 1,260,303 | 54,964 | 4.6% |
| Total Personnel Expenses | \$ 17,278,551 | \$ 18,544,283 | \$ 1,265,732 | 7.3% | \$ 19,388,804 | \$ 844,521 | 4.6% |
| Meeting Expenses | | | | | | | |
| Meetings | \$ 813,548 | \$ 846,090 | 32,542 | 4.0% | \$ 879,934 | 33,844 | 4.0% |
| Travel | 1,422,823 | 1,479,736 | 56,913 | 4.0% | 1,509,331 | 29,595 | 2.0% |
| Conference Calls | 75,239 | 75,239 | - | 0.0% | 75,239 | - | 0.0% |
| Total Meeting Expenses | \$ 2,311,610 | \$ 2,401,065 | \$ 89,455 | 3.9% | \$ 2,464,503 | \$ 63,438 | 2.6% |
| Operating Expenses | | | | | | | |
| Consultants & Contracts | \$ 2,123,220 | \$ 2,208,149 | 84,929 | 4.0% | \$ 2,296,475 | 88,326 | 4.0% |
| Office Rent | 987,136 | 990,000 | 2,864 | 0.3% | 990,000 | - | 0.0% |
| Office Costs | 1,627,611 | 1,692,715 | 65,104 | 4.0% | 1,760,424 | 67,709 | 4.0% |
| Professional Services | 988,350 | 990,000 | 1,650 | 0.2% | 990,000 | - | 0.0% |
| Miscellaneous | - | - | - | - | - | - | - |
| Depreciation | 875,000 | 1,050,000 | 175,000 | 20.0% | - | (1,050,000) | -100.0% |
| Total Operating Expenses | \$ 6,601,317 | \$ 6,930,864 | \$ 329,547 | 5.0% | \$ 6,036,899 | \$ (893,965) | -12.9% |
| Total Direct Expenses | \$ 26,191,478 | \$ 27,876,212 | \$ 1,684,734 | 6.4% | \$ 27,890,206 | \$ 13,994 | 0.1% |
| Indirect Expenses | (492,049) | (492,049) | - | 0.0% | (492,049) | - | 0.0% |
| Other Non-Operating Expenses | - | - | - | - | - | - | - |
| Total Expenses (B) | \$ 25,699,428 | \$ 27,384,162 | \$ 1,684,734 | 6.6% | \$ 27,398,157 | \$ 13,994 | 0.1% |
| Change in Assets | \$ 600,607 | \$ (550,000) | \$ (1,150,607) | -191.6% | \$ 50,000 | \$ 600,000 | -109.1% |
| Fixed Assets | | | | | | | |
| Depreciation | \$ (875,000) | \$ (1,050,000) | \$ (175,000) | 20.0% | \$ - | \$ 1,050,000 | -100.0% |
| Computer & Software CapEx | 1,467,000 | 500,000 | (967,000) | -65.9% | 50,000 | (450,000) | -90.0% |
| Furniture & Fixtures CapEx | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - |
| Incr(Dec) in Fixed Assets (C) | \$ 592,000 | \$ (550,000) | \$ (1,142,000) | -192.9% | \$ 50,000 | \$ 600,000 | -109.1% |
| TOTAL BUDGET (B+C) | \$ 26,291,428 | \$ 26,834,162 | \$ 542,734 | 2.1% | \$ 27,448,157 | \$ 613,994 | 2.3% |
| TOTAL CHANGE IN WORKING CAPITAL (A-B-C) | \$ 8,607 | \$ - | \$ (8,607) | 100.0% | \$ - | \$ - | - |
| FTEs | 137.5 | 143.0 | 5.5 | 4.0% | 144.0 | 1 | 0.7% |
| HC | 138.0 | 143.0 | 5.0 | 3.6% | 144.0 | 1 | 0.7% |

Appendix C: Adjustment to the AESO 2015 Assessment

| Adjustment to the AESO 2014 and 2015 Assessments | | |
|--|-----------------------|----------------------|
| Credit for WECC Compliance Costs | | |
| | 2014 | 2015 |
| | Compliance Budget | Compliance Budget |
| | AESO NEL Allocation | AESO NEL Allocation |
| WECC Compliance Costs | | |
| Direct Costs less Direct Revenue | \$ 8,108,502 | \$ 7,985,817 |
| Indirect Costs | 6,276,897 | 5,264,920 |
| Fixed Asset Expenditures | (105,602) | (112,090) |
| Total Net Costs, including Fixed Assets | \$ 14,279,797 | \$ 13,138,647 |
| Reserve Offset | \$ (1,392,917) | \$ - |
| Net total to be allocated | \$ 12,886,880 | \$ 13,138,647 |
| AESO NEL Share (2011 & 2012) | 6.835% | 6.835% |
| AESO Proportional Share of Compliance Costs, including Fixed Assets | \$ 880,818 | \$ 898,027 |
| % Credit (54.98 of 58.0 FTE for 2014, 51.23 of 53.5 FTE for 2015) | 94.79% | 95.76% |
| AESO Credit for Compliance Costs | \$ 834,928 | \$ 859,923 |