

Western Interconnection Regional Advisory Body
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Western Interconnection Regional Advisory Body

2016 Business Plan and Budget

DRAFT 1.5

May 19, 2015

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Introduction

The following table summarizes the Western Interconnection Regional Advisory Body (WIRAB) draft budget for 2016.

TOTAL RESOURCES (in whole dollars)				
	2016 Budget	U.S.	Canada	Mexico
Statutory FTEs	5.50			
Non-statutory FTEs				
Total FTEs	5.50			
Statutory Expenses	\$ 1,370,274			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 1,370,274			
Statutory Inc(Dec) in Fixed Assets	\$ -			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ -			
Statutory Working Capital Requirement	\$ (130,276)			
Non-Statutory Working Capital Requirement	0			
Total Working Capital Requirement	\$ (130,276)			
Total Statutory Funding Requirement	\$ 1,239,998			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 1,239,998			
Statutory Funding Assessments	\$ 1,239,998			
Non-Statutory Fees				
NEL	866,703,757	735,744,819	119,345,107	11,606,918
NEL%	100.00%	84.89%	13.77%	1.34%

Table 1. WIRAB Draft Budget for 2016

Organizational Overview

In April 2006, ten Western Governors petitioned to create the Western Interconnection Regional Advisory Body under Section 215(j) of the Federal Power Act. The Governors indicated their interest in inviting all U.S. states, Canadian provinces, and Mexico (which have territory in the Western Interconnection) to join WIRAB.

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued on July 20, 2006 (the "Order")¹, the FERC:

- Granted the Western Governors' petition to establish WIRAB under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the Electric Reliability Organization (ERO) for review by the ERO and submission through the ERO budget approval process.

¹ Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the ERO. The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.² The July 20 Order specified that the WIRAB should annually develop and submit to the ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The Order also required WIRAB to identify the portion of funding from Canada and Mexico. Approximately 14 percent of the WIRAB funding will come from Canada (\$170,797) and slightly over one percent from Mexico (\$16,621). This allocation is based on net energy for load in the Western Interconnection (see Table 1).

Membership and Governance

All of the states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the Canadian provinces of Alberta and British Columbia, and Mexico are members of WIRAB. Below is the list of members appointed by the Governor or Premier:

Alberta	David James, Department of Energy
Arizona	Vacant
British Columbia	Les MacLaren, Ministry of Energy, Mines and Petroleum Resources
California	Janea Scott, California Energy Commission
Colorado	Jeff Ackermann, Colorado Energy Office
Idaho	John Chatburn, Office of Energy Resources
Mexico	Ernesto Olivas, CFE
Montana	Jeff Blend, Department of Environmental Quality
Nebraska	Tim Texel, Nebraska Power Review Board
Nevada	Rebecca Wagner, Public Utilities Commission
New Mexico	Vacant
Oregon	John Savage, Public Utility Commission
South Dakota	Brian Rounds, Public Utilities Commission
Texas	Vacant
Utah	Dave Clark, Public Service Commission
Washington	Tony Usibelli, Department of Commerce, Trade and Economic Development
Wyoming	Shawn Reese, Governor's Office

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors and Premiers or their alternates. WIRAB has the same status under the compact as the Western Interstate

² Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Energy Board (WIEB). WIRAB operates under the bylaws of WINB as revised on April 4, 2006. (See organizational chart on page 28.)

Statutory Functional Scope

FERC approved the petition of the Western Governors to create WIRAB as a Regional Advisory Body under section 215(j) of the Federal Power Act on July 20, 2006. The language in Section 215(j) of the Federal Power Act specifically provides for WIRAB's authority to advise NERC, FERC and WECC on whether reliability standards, budgets and fees, governance, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. FERC has additionally authorized WIRAB to advise Peak Reliability on these topics: "[D]eference to WIRAB is appropriate here because Peak Reliability funding implicates the following topics listed in FPA section 215(j) on which a Regional Advisory Body may give advice: 'governance of an existing or proposed regional entity ... [and] whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest.'" FERC Order on Rehearing, Docket No. EL13-52 et al., P. 46 (Dec. 6, 2013).

2016 Key Assumptions

- The resource mix of the Western power system will continue its rapid evolution. New reliability challenges and opportunities will be presented by more wind and solar generation, more distributed energy resources that may not be visible to bulk power system operators, and less large spinning mass synchronous generation.
- The structure of Western power markets will continue to change. The expansion of the California ISO Energy Imbalance Market, potential new members of the California ISO and reforms in system operations (e.g., transmission scheduling, congestion management) in other parts of the Western Interconnection will present new reliability challenges and opportunities
- There will be an increasing focus on physical and cyber security.
- New technologies and applications provide opportunities to improve the reliability of the Western grid.
- EPA will have published its final 111(d) rule. Absent a stay, Western states will be developing and evaluating compliance plans.
- WIRAB will continue to provide advice to both the Western Electricity Coordinating Council (WECC) and Peak Reliability.
- WIRAB will operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.

- WIRAB will meet regularly by conference call and topical webinars, and will hold two in-person meetings in 2016. WIRAB representatives will meet with FERC at its offices once in 2016.
- There will be no significant expansion of FERC, NERC, WECC, or Peak Reliability responsibilities as a result of legislation or administrative actions.
- To fulfill its mission, WIRAB will execute the Section 215(j) reliability-related work previously conducted by the State-Provincial Steering Committee which was disbanded in May 2015 following the expiration of a five-year ARRA grant.
- State and provincial agency budgets are constrained making travel difficult. Reimbursement of travel costs is necessary to ensure effective state and provincial involvement in reliability issues.

2016 Goals and Key Deliverables

A. Goals

Pursuant to its statutory functional scope, WIRAB has established the following system reliability goals and priorities for 2016:

- Improve the ability of WECC and Peak Reliability to identify, analyze, and recommend actions to address current and looming reliability challenges.
- Work with WECC and Peak Reliability to rectify shortcomings in grid reliability practices of Balancing Authorities, Transmission Operators and other key registered entities.
- Enhance the performance of WECC and Peak Reliability by:
 - developing meaningful performance metrics for each organization;
 - determining whether the scope of their activities is appropriate to improve system reliability;
 - fostering effective structures to secure policy input from states and provinces and subject matter experts; and
 - maintaining adequate, stable funding for both organizations.
- Promote more open and transparent information sharing practices at WECC and Peak Reliability.
- Advance best practices to maintain physical and cyber security of the grid.

- Explore the feasibility of a new dynamic path transfer capability methodology to replace the current static path transfer methodology to more accurately reflect grid conditions and to improve system reliability.
- Foster deployment of advanced grid monitoring and control technologies.
- Explore the need for better two-way communication between distribution systems with large amounts of distributed energy resources and bulk power system operators.
- Participate in and advocate for a more thorough reliability assessment by WECC of potential plans to meet 111(d) targets.

B. Key Deliverables

To achieve the aforementioned goals and priorities, WIRAB has identified key deliverables and initiatives. The “2016 Initiatives” section further explains WIRAB’s priorities for WECC and Peak Reliability. Key deliverables are set forth below and include:

- Offer timely, concise and relevant advice to FERC, NERC, WECC and Peak Reliability that reflects the public interest of Western states, Western provinces, and Mexico and will improve the reliability of the Western Interconnection. Promote consistent, reasoned positions among state, provincial, and Mexican representatives.
- Evaluate Registered Entity, WECC, Peak Reliability, NERC and FERC actions to implement the recommendations from the NERC/FERC inquiry into the September 8, 2011 Pacific Southwest outage – the largest outage in the Western Interconnection since 1996 – and make recommendations, take actions, and work with industry leaders and reliability organizations to promote best practices throughout the Western Interconnection.
- Participate in WECC and Peak Reliability task forces and deliberations to improve deficient data sharing practices in the Western Interconnection.
- Assess the effectiveness and efficiency of WECC and Peak Reliability operations and make recommendations.
- Analyze the reliability impacts of changes to the Western power system from implementation of the EPA’s Clean Power Plan; growth in distributed energy resources; increased reliance on variable solar and wind generation, increased use of natural gas generation; increased coal plant retirements; and the introduction of new technologies.

- Examine the reliability impacts of Western Interconnection market reforms such as energy imbalance markets, changes to reserve sharing practices, and congestion management tools.
- Evaluate federal physical and cyber security actions, with a focus on opportunities for states and PUCs to assist in improving the physical and cyber security practices of the Western Interconnection's Registered Entities.
- Conduct analysis of contribution to system reliability from expanding organized markets in the West.
- Conduct regular conference calls, webinars, and in-person meetings of WIRAB and provide opportunities for public comment. Post notice of in-person meetings and meeting recordings to the WIRAB website.
- Organize and sponsor webinars and workshops on key reliability issues for WIRAB members, state and provincial representatives, industry, and others.

2016 Initiatives

To fulfill its goals and priorities, and to provide input to the deliverables identified above, WIRAB has established the following initiatives for 2016:

A. Rectify shortcomings in grid reliability practices at registered entities in the West

The September 8, 2011 Southwest outage highlighted significant deficiencies in the operation of the Western grid. These shortcomings have been confirmed by: WECC's 2012, 2013 and 2014 Operational Practices Surveys of Registered Entities; WECC's "Entity Report Cards" (shared between the WECC CEO and entity CEOs); and by a 2013 report prepared for the SPSC ("Perspectives on Real-Time Grid Operating Technologies to Manage Reliability in the Western Interconnection") regarding the application of new transmission technologies in the Western Interconnection.

Gaps still exist in Registered Entity operating practices in the Western Interconnection in the following areas: (1) coordination of next-day studies;(2) effectiveness of operational studies; (3) failure to validate the load, interchange and generation forecasts used in next-day studies using actual data; (4) failure to use real-time tools for Real-Time Contingency Analysis; (5) failure to share relay overload trip settings and (6) accuracy and coordination seasonal studies.

In order to rectify these shortcomings and generate information on other potential shortcomings, WIRAB will:

- Continue reviewing and providing feedback to WECC on its annual Operational Practices Survey of Registered Entities, as well as its annual State of the Interconnection report. WIRAB's input will continue to encourage WECC to make entity results public, where doing so would not reveal violations of Critical Infrastructure Protection (CIP) reliability standards, but would encourage the

- adoption of best operating practices by Western Interconnection entities in order to fill gaps in these practices.
- Promote actions by Peak Reliability to improve operational practices, maintain central network models and tools, provide services (particularly to smaller Western Interconnection entities), and foster technological innovation in the Western Interconnection.
 - Advise Peak Reliability on its ongoing development and implementation of reliability performance metrics. In so doing, WIRAB will encourage Peak Reliability to make the results of its “Reliability Performance Scorecards” (for BAs and TOPs) public, where doing so would not reveal violations of CIP reliability standards, but would encourage the adoption of best operating practices by Western Interconnection entities in order to fill gaps in these practices.
 - Examine the impact of new market structures on grid reliability, including the impact of the California Independent System Operator’s expanding Energy Imbalance Market on grid reliability and reforms in other parts of the West (e.g., 15-minute scheduling, transmission congestion forecasting).
 - Work with industry leaders to highlight high-performing organizations and foster best practices.

B. Improve WECC’s ability to identify, analyze and recommend actions to address major reliability challenges and participate in the analysis of those challenges

WECC is implementing its Integrated Reliability Assurance Model (IRAM) to focus the organization on identifying, evaluating and addressing current and future reliability challenges. WIRAB supports IRAM but is concerned that WECC is not moving quickly enough to define the reliability challenges within its four priority areas: changing resources and loads; situational awareness; event analysis; and operational practices. WIRAB is also concerned that WECC has not built sufficient analytical capabilities and has not structured its committees to capitalize on subject matter expertise in companies and research institutions. WECC should also follow the example NERC has set, by identifying and proposing solutions to these challenges, including solutions that may require follow-up actions by other parties.

Specifically, in 2016, WIRAB will take on the following activities related to this initiative:

- Encourage and participate in WECC efforts to implement the IRAM process focusing on the following.
 - Identification of significant reliability challenges facing the Western grid in the next five years. For example, the grid reliability impacts from the deployment of significant amounts of asynchronous wind and solar generation and the retirement of significant amounts of synchronous coal generation.
 - Development of staff analytic capability to investigate the reliability challenges. This includes improved production cost and power flow analysis of different future resource mixes to identify potential reliability issues such as

- insufficient ramping capability, insufficient frequency response, or insufficient voltage stability.
- Expansion of the current analytic framework to include the evaluation of mitigation measures when reliability problems are identified. For example, the use of “smart inverters” to address large scale tripping photovoltaics (PVs) during frequency disturbances or the use of two-way communication systems to provide system operations with visibility of distributed generation and better situational awareness.
- WIRAB will continue to encourage WECC to use its new analytic capabilities to provide rigorous unbiased analysis of potential reliability implications associated with compliance with EPA’s Clean Power Plan, including how best to avoid or mitigate any risks.

C. Create a high performance organization at Peak Reliability

WIRAB will:

- Evaluate Peak Reliability’s performance measures to determine if progress is being made and if new measures are needed.
- Review the WECC audits of the Reliability Coordination function in the West, and if needed recommend new procedures at Peak Reliability to measure and improve the quality of Reliability Coordination functions and services.
- Advise Peak Reliability to make the results of its “Reliability Performance Scorecards” (metrics for BAs and TOPs) public, where doing so would not reveal violations of CIP reliability standards, but would encourage the adoption of best operating practices by Western Interconnection entities. Peak Reliability already has begun to make the aggregated results of its “Reliability Metrics Dashboard” (metrics for the RC) public, and WIRAB will continue to support that effort.
- In order to communicate entity performance effectively with entities, WIRAB will continue to recommend that the Peak Reliability CEO hold one-on-one meetings with the CEOs of BAs and TOPs, in order to review their “Reliability Performance Scorecard” results and to point out specific areas of high performance and low performance, so that entities in the Western Interconnection can continually improve their operational practices.

D. Encourage WECC and Peak Reliability to adopt more open and transparent data sharing practices

One of the recommendations stemming from the joint NERC/FERC inquiry into the September 8, 2011 Pacific Southwest outage was that Western Interconnection BAs and TOPs improve their data sharing practices to enable better coordination in the planning and operations time horizons. Peak Reliability and WECC have thus far been unable to implement effective data sharing practices that enable needed research to improve system planning and operations. WIRAB will participate at both Peak and WECC to encourage better data sharing practices.

As needed, WIRAB will promote actions to improve data sharing practices in the Western Interconnection including, but not limited to: (1) the potential filing of a Petition for Declaratory Order at FERC; (2) WECC exercising its authority under Section 1600 of the NERC Rules of Procedure to secure data from Registered Entities (independent of the Universal Data Sharing Agreement [UNDA]); (3) Peak developing an acceptable long-term data sharing policy; and (4) participate in Peak discussions of a new UNDA.

E. Secure adequate and reliable funding for Peak Reliability

WIRAB continues to believe that Section 215 funding is the most reliable and secure funding source for both WECC and Peak Reliability. However, Peak Reliability's bylaws require it to consider alternative funding mechanisms within its first year of operation. Any funding alternative would need to be approved by Peak Reliability's members and the Peak Board of Directors. WIRAB's concern is that the alternative funding mechanism being promoted may undercut the independence of the Reliability Coordination function and threaten reliability.

WIRAB will continue to participate in discussions of alternative funding mechanisms for Peak.

F. Ensure that both Peak Reliability and WECC can effectively identify and disseminate best practices to maintain physical and cyber security of the Western Interconnection

WIRAB supports the identification and dissemination of best cyber and physical security practices by both WECC and Peak Reliability. In 2016, WIRAB will:

- Continue to explore options to improve current training and audit programs at WECC and Peak Reliability to accelerate the use of best operating practices, including examining successful practices in other regions and industries.
- Continue to review and provide feedback to WECC on its annual Operational Practices survey of Registered Entities and its annual State of the Interconnection report.
- Continue to analyze Peak Reliability's development and implementation of its performance metrics for the RC, BAs, and TOPs, and assess how effectively Peak is using this information to identify and disseminate best practices to its members.
- Urge the CEOs of both Peak Reliability and WECC to continue holding one-on-one meetings with entity CEOs to evaluate individual entity performance and effectively disseminate best practices to the true "decision-makers" for these entities.
- Continue to host educational webinars on the implementation of new NERC standards.

G. Other Activities

1. *Risk-based Standards and Entity Registration*

- WIRAB will review NERC's implementation of risk-based standards and risk-based entity registration.

2. *Consistency in Standards and the Sharing of Data Across International Borders*

- WIRAB will foster consistency in standards and the sharing of data across international borders.

3. *Path Ratings*

- WIRAB will foster the testing of a methodology to establish dynamic transfer limits on major transmission paths that better reflects grid conditions compared to the current static long-term and seasonal operating limits.

WIRAB Board Operations and Meetings

- Hold regular meetings with FERC staff and/or Commissioners.
- Coordinate with WECC and NERC on receipt of revenues to support the 2016 WIRAB budget.
- Develop the 2017 proposed WIRAB business plan and budget.
- Execute annual audit of WIRAB finances.
- Attend all WECC and Peak Reliability Boards of Directors meetings.
- Monitor all WECC and Peak Reliability Member Advisory Committee (MAC) meetings.
- Attend WECC and Peak Reliability committee and subcommittee meetings on germane issues.
- Attend WECC and Peak Reliability workshops on system operations and standards.
- Attend some, but not all, NERC Board meetings and NERC Member Representatives Committee meetings.
- Attend selected NERC meetings and workshops on relevant topics.
- Monitor all FERC business meetings.
- Attend, by webcast or in person, FERC technical conferences on reliability issues.
- Annually visit with FERC in its offices.
- Hold briefings and webinars for WIRAB members and other Western state and provincial officials on reliability issues important to regulatory commissions and energy agencies in the Western Interconnection.

2016 Overview of Cost Impacts

WIRAB's proposed 2016 budget is \$1,370,274, a notable increase from the 2015 budget. Total projected FTEs in 2016 will increase from 4 to 5.5. Staffing and indirect costs will increase in 2016 for the following reasons:

- WIRAB's advice has benefited greatly from the work of the State-Provincial Steering Committee, which has been funded entirely by the Department of Energy's ARRA grant. The ARRA funding expires in 2015. To continue providing well-informed advice, WIRAB

will be taking on those reliability-related SPSC activities that should be funded by Section 215(j) of the Federal Power Act.

- WIRAB will continue to monitor and offer advice on the activities of two regional organizations – WECC and Peak Reliability – rather than just one organization, as it had in the past.
- Due to WECC and Peak Reliability having independent Boards of Directors, membership input is now provided through Member Advisory Committees, or MACs, for both organizations. The activities of both MACs will require monitoring and evaluation by WIRAB, as well.
- WIRAB will be delving more deeply into actions that Peak Reliability, WECC and the industry are taking to rectify the deficiencies in grid operations highlighted by the September 8, 2011 Pacific Southwest outage.
- Using an analysis framework developed by GE Energy Consulting, WIRAB will continue to work to improve WECC’s analytic capabilities. The framework provides guidance on how to carefully and credibly analyze the reliability challenges associated with high levels of variable energy resources and the retirement of coal plants in the Western Interconnection. The report discusses the types of analysis and data needed to identify and quantify potential reliability problems, as well as the identification and analysis of mitigation options that can provide promising solutions. GE Energy Consulting presented the analytic framework to state/provincial energy policy makers and regulators at the WIRAB meeting in April 2015.
- WIRAB will be examining the reliability impacts of reforms to lower the cost of integrating variable energy resources and increase system efficiencies, such as the growing California ISO/PacifiCorp/Nevada Energy energy imbalance market (Puget Sound will join in 2016) and development of new practices in congestion management (e.g., the Northwest Power Pool MC’s Phase 3 initiative).
- WIRAB will also closely examine reliability impacts from increased variable energy resources due to EPA’s Clean Power Plan and to states/provinces increasing renewable portfolio standards.

The budget includes \$150,000 (the same as in 2015) for contracting for technical expertise on issues related to improved grid operating practices, standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215(j). Travel costs will increase from \$70,700 to \$96,600 due to the need for both staff and states/provinces to attend meetings of both WECC and Peak Reliability. Meeting costs will increase significantly because WIRAB will no longer be able to rely on meetings of the SPSC to generate input on reliability issues from all state/provincial agencies in the Western Interconnection. To fill this gap, WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection. Meeting costs will increase from \$35,320 to \$58,000. Wherever feasible, WIRAB meetings will be coordinated with other meetings of Western states and provinces. A working capital reserve of \$100,000 will be maintained.

Summary by Program

The following table and figure summarize and illustrate WIRAB’s 2016 budget.

Base Operating Budget	Budget 2015	Projection 2015	Budget 2016	Change	
				2016 Budget v 2015 Budget	% Change
Western Interconnection Regional Advisory Body	1,013,581	1,019,128	1,370,274	356,693	35.2%
TOTAL	1,013,581	1,019,128	1,370,274	356,693	35.2%
Working Capital Reserve	45,021	39,474	(129,726)	(174,747)	
Total Funding	1,058,602	1,058,602	1,240,548	181,946	17.2%

Table 2. WIRAB Budget

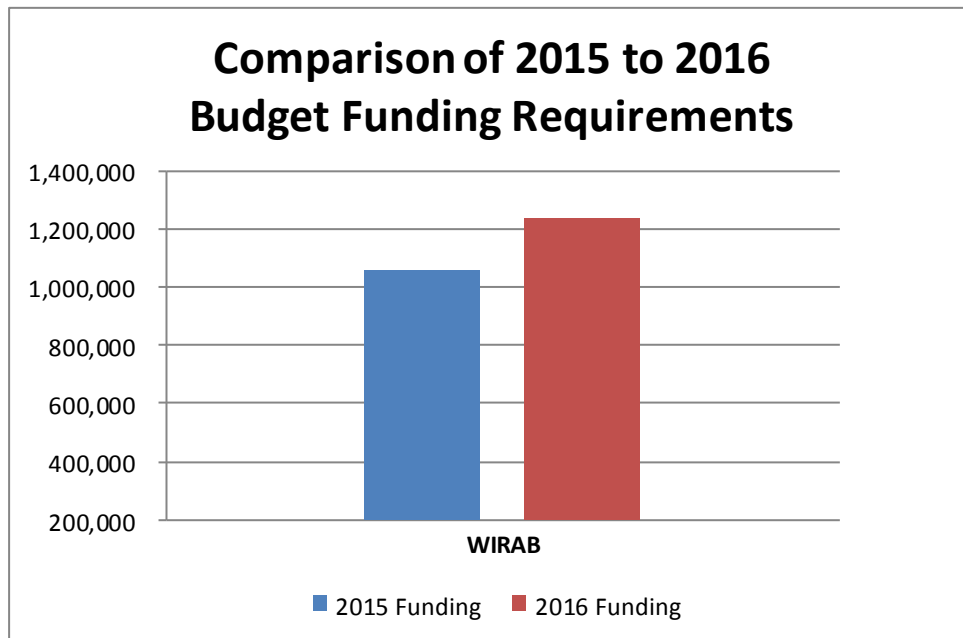


Figure 1. Comparison of 2015 funding to 2016 funding requirements

The following table displays total FTEs by program area.

Total FTE's by Program Area	Budget 2015	Projection 2015	Direct FTEs	Shared	Total FTEs	Change
			2016 Budget	FTEs1 2016 Budget	2015 Budget	from 2015 Budget
STATUTORY						
Operational Programs						
WIRAB	4.00	4.00	5.50		5.50	1.50
Total FTEs Operational Programs	4.00	4.00	5.50	-	5.50	1.50
Administrative Programs						
WIRAB (included in indirect expense)	-	-	-	-	-	-
Total FTEs Administrative Programs	-	-	-	-	-	-
Total FTEs	4.00	4.00	5.50	-	5.50	1.50

Table 3. Total FTEs

2015 Budget and Projection and 2016 Budget Comparisons

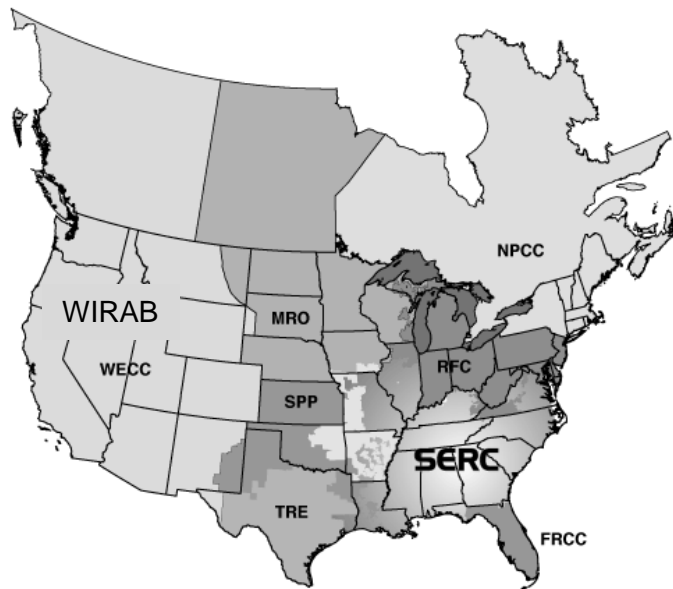
The following table lists the 2015 budget and projection compared to the 2016 budget.

WIRAB - Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
STATUTORY					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	Draft 2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,058,152	\$ 1,058,152	\$ -	1,239,998	\$ 181,846
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ 1,058,152	\$ 1,058,152	\$ -	\$ 1,239,998	\$ 181,846
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	450	450	\$ -	550	\$ 100
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,058,602	\$ 1,058,602	\$ -	\$ 1,240,548	\$ 181,946
Expenses					
Personnel Expenses					
Salaries	\$ 387,300	\$ 387,300	\$ -	\$ 539,500	\$ 152,200
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	\$ 387,300	\$ 387,300	\$ -	\$ 539,500	\$ 152,200
Meeting Expenses					
Meetings	\$ 35,320	\$ 35,320	\$ -	\$ 58,000	\$ 22,680
Travel	70,700	70,700	\$ -	96,600	\$ 25,900
Conference Calls	5,500	4,000	\$ (1,500)	8,254	\$ 2,754
Total Meeting Expenses	\$ 111,520	\$ 110,020	\$ (1,500)	\$ 162,854	\$ 51,334
Operating Expenses					
Consultants & Contracts	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Total Direct Expenses	\$ 648,820	\$ 647,320	\$ (1,500)	\$ 852,354	\$ 203,534
Indirect Expenses	\$ 364,761	\$ 371,808	\$ 7,047	\$ 517,920	\$ 153,159
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,013,581	\$ 1,019,128	\$ 5,547	\$ 1,370,274	\$ 356,693
Change in Assets	\$ 45,021	\$ 39,474	\$ (5,547)	\$ (129,726)	\$ (174,747)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets (C)	-	-	-	-	-
TOTAL BUDGET (=B + C)	\$ 1,013,581	\$ 1,019,128	\$ 5,547	\$ 1,370,274	\$ 356,693
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 45,021	\$ 39,474	\$ (5,547)	\$ (129,726)	\$ (174,747)
FTEs	4.00	4.00	-	5.50	1.50

Table 4. Budget and Projection Comparison, 2015 to 2016

Section A – Statutory Programs

2016 Business Plan and Budget



Section A – Statutory Programs

Western Interconnection Regional Advisory Program

The following table shows funding sources and related expenses for the Western Interconnection Regional Advisory Body. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

WIRAB (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	4.00	5.50	1.50
Direct Expenses	\$ 648,820	\$ 852,354	\$ 203,534
Indirect Expenses	\$ 364,761	\$ 517,920	\$ 153,159
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 1,013,581	\$ 1,370,274	\$ 356,692

Table A-1. WIRAB Budget

Program Scope and Functional Description

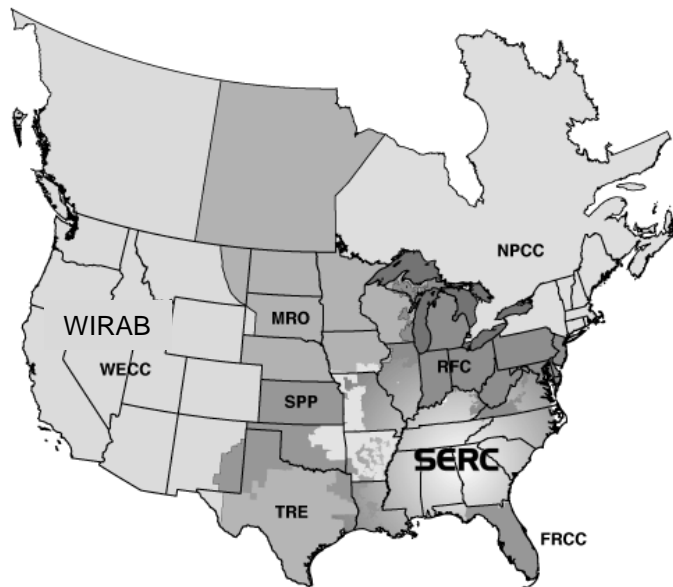
Western governors created WIRAB to provide advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Effective February 12, 2014, WECC bifurcated into WECC and Peak Reliability and FERC has acknowledged WIRAB's authority to advise Peak Reliability on these same issues.³

WIRAB meetings are open to all. There are regular meetings via web conferencing and topical webinars. In 2016, there will be two in-person meetings. These meetings are expected to be held in April and October.

³ “[D]eference to WIRAB is appropriate here because Peak Reliability funding implicates the following topics listed in FPA section 215(j) on which a Regional Advisory Body may give advice: ‘governance of an existing or proposed regional entity ... [and] whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest.’” FERC Order on Rehearing, Docket No. EL13-52 et al., P. 46 (Dec. 6, 2013).

Section B – Supplemental Financial Information

2016 Business Plan and Budget



Section B – Supplemental Financial Information

Reserve Balance

Working Capital Reserve Analysis 2015-2016	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2014	190,196
Plus: 2015 Funding (from LSEs or designees)	1,058,158
Plus: 2015 Other funding sources	500
Less: 2015 Projected expenses & capital expenditures	(1,019,128)
Projected Working Capital Reserve (Deficit), December 31, 2015	229,726
Desired Working Capital Reserve, December 31, 2016	¹ 100,000
Minus: Projected Working Capital Reserve, December 31, 2015	229,726
Increase(decrease) in funding requirement to achieve Working Capital Reserve	(129,726)
2016 Expenses and Capital Expenditures	1,370,274
Less: Penalty Sanctions ²	0
Less: Other Funding Sources	(550)
Adjustment to achieve desired Working Capital Reserve	(129,726)
2016 NERC Assessment	1,239,998

¹ On June 29, 2009 WIRAB members approved a desired working capital reserve of \$100,000. The reserve consists of the following components: \$100,000 for contingencies

² Penalty sanctions are not applicable to WIRAB

Table B-1. Working Capital Reserve Analysis 2015 - 2016

Explanation of Changes in Reserve Policy from Prior Years

None

Breakdown by Statement of Activity Sections

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

Personnel Expenses

Personnel expenses will increase due to additional staff time being spent on WIRAB priorities. However, costs per FTE will remain relatively stable.

Personnel Expenses	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Total Salaries	\$ 387,300	\$ 340,000	\$ 539,500	\$ 152,200	39.3%
Total Payroll Taxes	-	-	-	-	
Total Benefits	-	-	-	-	
Total Retirement	-	-	-	-	
Total Personnel Costs	\$ 387,300	\$ 340,000	\$ 539,500	\$ 152,200	39.3%
FTEs	4.00	3.50	5.50	1.50	37.5%
Cost per FTE					
Salaries	\$ 96,825	\$ 97,143	\$ 98,091	1,266	1.3%
Payroll Taxes	7,649	7,674	7,749	100	1.3%
Benefits	10,070	10,103	10,201	132	1.3%
Retirement	7,262	7,286	7,357	95	1.3%
Total Cost per FTE	\$ 121,806	\$ 122,206	\$ 123,398	\$ 1,593	1.3%

Table B-2. Personnel Expenses

Meetings, Travel and Conference Calls

Meeting expenses will increase due to the end of the ARRA funding. WIRAB will no longer be able to rely on meetings of the SPSC to generate input on reliability issues from all state/provincial agencies in the Western Interconnection with electric power responsibilities. To fill this gap, WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection.

Travel will also increase since staff and state personnel will no longer be able to rely on ARRA funding. However the WIRAB travel funds will only cover travel to reliability related meetings, not all of the travel that was covered by the ARRA grant.

Conference calls will increase also due to increased use of webinars. We have found webinars to be very valuable in providing information to members between the two annual meetings.

WIRAB

Meeting Expense	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
WIRAB Meetings	\$ 35,320	\$ 35,320	\$ 58,000	\$ 22,680	64.21%
Travel	\$ 70,700	\$ 70,700	\$ 96,600	\$ 25,900	36.63%
Conference calls	\$ 5,500	\$ 4,000	\$ 8,254	\$ 2,754	50.07%
Total	\$ 111,520	\$ 110,020	\$ 162,854	\$ 51,334	46.03%

Table B-3. Meeting Expenses

Consultants and Contracts

No change in the expenses for Consultants and Contracts.

Consultants and Contracts	Budget 2015	Projection 2015	Budget 2016	Variance 2015 Budget v 2016 Budget	Variance %
WIRAB TOTAL	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	-
Reliability Standards	-	-	-	-	-
Compliance and Organization Registration and Certification	-	-	-	-	-
Reliability Assessment and Performance Analysis	-	-	-	-	-
Training and Education	-	-	-	-	-
Situation Awareness and Infrastructure Security					
Situation Awareness	-	-	-	-	-
Critical Infrastructure Protection	-	-	-	-	-
Total Situation Awareness and Infrastructure Security	-	-	-	-	-
Consultants Total	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	0%

Table B-4. Consultants and Contracts

Indirect Costs

WIRAB uses a single rate method for indirect expenses. The indirect expenses include office expenses, medical and retirement expenses as well as holiday vacation and sick leave for WIRAB staff. The indirect rate is a percent of direct staff time spent on WIRAB. It is estimated that the indirect rate will increase slightly from 95 percent to 96 percent. Since staff will increase from 4 FTEs to 5.5 FTEs labor costs will increase (about 40%) and indirect costs will increase in relation to labor increases.

Overhead/indirect	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
WIRAB	\$ 364,761	\$ 371,808	\$ 517,920	\$ 153,159	41.99%
Total Services	\$ 364,761	\$ 371,808	\$ 517,920	\$ 153,159	41.99%

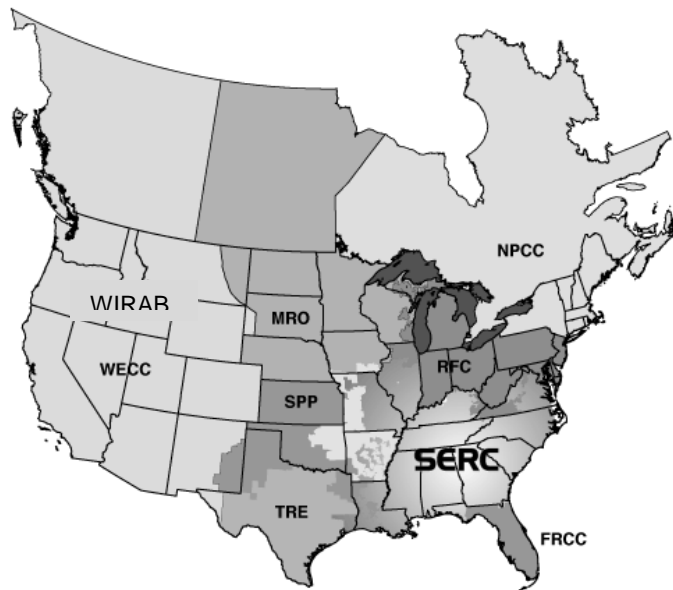
Table B-5. Indirect Costs

Table B-6. Budget 2016 Compared with 2017-2018 Projections

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2016 Budget & Projected 2017 and 2018 Budgets							
	2016 Budget	2017 Projection	\$ Change 16 v 15	% Change 16 v 15	2018 Projection	\$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	\$ 1,240,357	\$ 1,409,299	\$ 168,942	13.62%	\$ 1,452,470	\$ 43,171	3.0%
Penalty Sanctions	-	-	-	-	-	-	-
Total NERC Funding	\$ 1,240,357	\$ 1,409,299	\$ 168,942	13.6%	\$ 1,452,470	\$ 43,171	3.0%
Membership Dues	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-
Interest	550	650	100	18.18%	750	100	15.4%
Miscellaneous	-	-	-	-	-	-	-
Total Funding (A)	\$ 1,240,907	\$ 1,409,949	\$ 169,042	13.6%	\$ 1,453,220	\$ 43,271	3.1%
Expenses							
Personnel Expenses							
Salaries	\$ 539,500	\$ 555,700	\$ 16,200	3.0%	\$ 577,928	\$ 22,228	4.0%
Payroll Taxes	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-
Retirement Costs	-	-	-	-	-	-	-
Total Personnel Expenses	\$ 539,500	\$ 555,700	\$ 16,200	3.0%	\$ 577,928	\$ 22,228	4.0%
Meeting Expenses							
Meetings	\$ 58,000	\$ 60,900	\$ 2,900	5.0%	\$ 62,727	1,827	3.0%
Travel	96,600	101,430	4,830	5.0%	104,473	3,043	3.0%
Conference Calls	8,254	8,419	165	2.0%	8,587	168	2.0%
Total Meeting Expenses	\$ 162,854	\$ 170,749	\$ 7,895	4.8%	\$ 175,787	\$ 5,038	3.0%
Operating Expenses							
Consultants & Contracts	\$ 150,000	\$ 150,000	-	0.0%	\$ 150,000	-	0.0%
Office Rent	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Operating Expenses	\$ 150,000	\$ 150,000	\$ -	0.0%	\$ 150,000	\$ -	0.0%
Total Direct Expenses	\$ 852,354	\$ 876,449	\$ 24,095	2.8%	\$ 903,715	\$ 27,266	3.1%
Indirect Expenses	\$ 517,920	\$ 533,500	15,580	3.0%	\$ 549,505	\$ 16,005	3.0%
Other Non-Operating Expenses							
		\$ -					
Total Expenses (B)	\$ 1,370,274	\$ 1,409,949	\$ 39,675	2.9%	\$ 1,453,220	43,271	3.1%
Change in Assets	\$ (129,367)	\$ -	\$ 129,367	-100.0%	\$ -	\$ -	

Section C – Non-Statutory Activities

2016 Business Plan and Budget



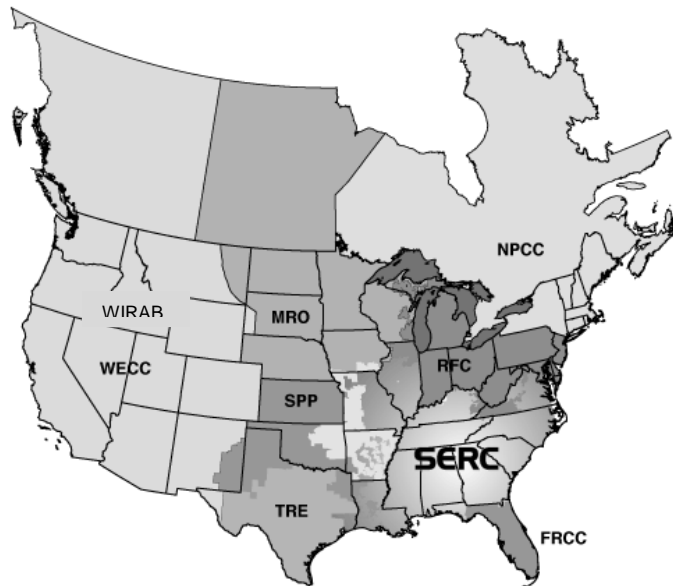
Section C – Non-Statutory Activities

2016 Non-Statutory Business Plan and Budget

None.

Section D – Additional Consolidated Financial Statements

2016 Business Plan and Budget



Section D – Additional Consolidated Financial Statements

Statement of Financial Position

The following table provides WIRAB Statement of Financial Position as of these dates:

- As of December 31, 2014, per audit
- As of December 31, 2015, projected
- As of December 31, 2016, as budgeted

WIRAB Statement of Financial Position			
STATUTORY			
	As of December 31, 2014	As of December 31, 2015,	As of December 31, 2016,
	(per July 2013 - June 2014 audit)	projected	as budgeted
ASSETS			
Cash and Investments	\$ 189,836	\$ 100,000	\$ 100,000
Total Assets	\$ 189,836	\$ 100,000	\$ 100,000

Table D-1. Statement of Financial Position, Three-Year Comparison

Appendix A Organization Chart

The WIRAB Organization Chart is shown below.

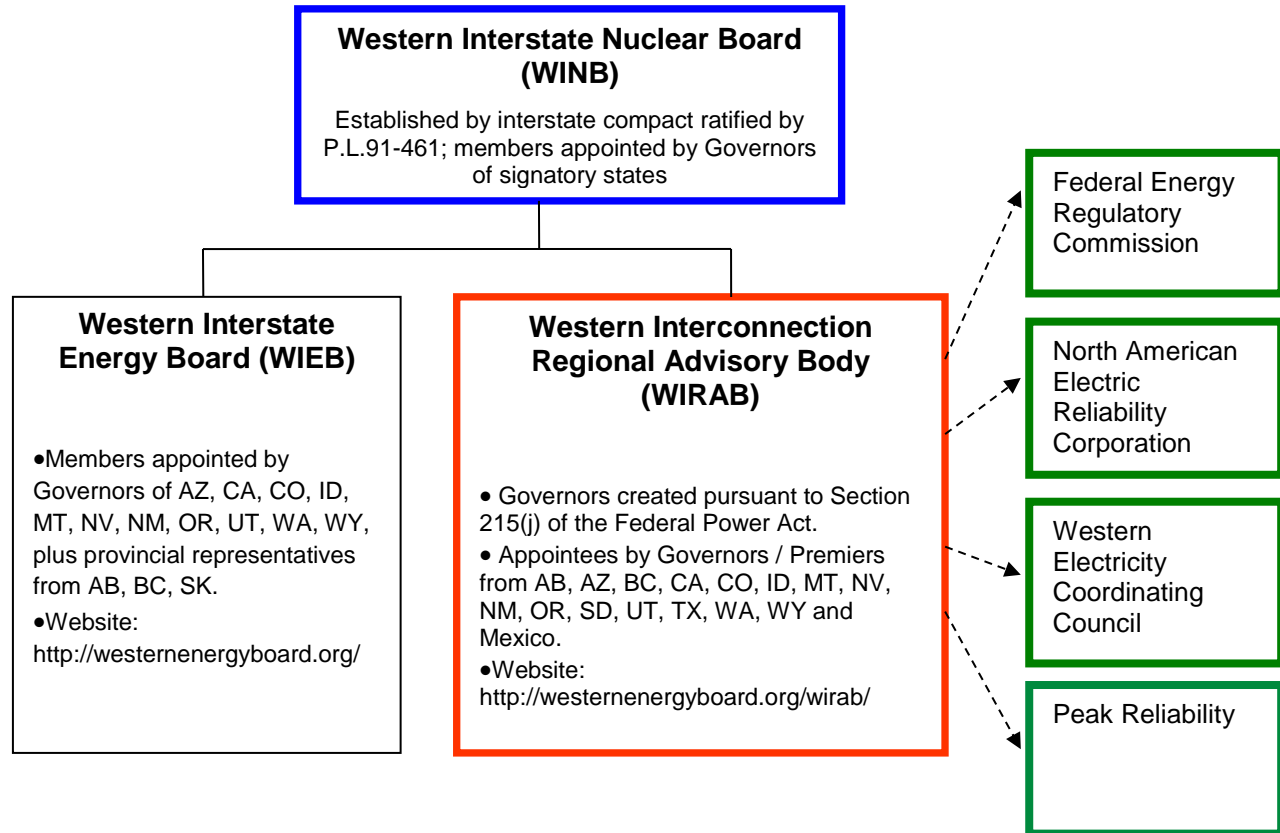


Figure 2. Organization Chart

Appendix B Acronyms

This section lists acronyms used in this document.

Acronym	Definition

Appendix C Index of Figures and Tables

List of Figures [\[Select this section and click F9 to update.\]](#)

Figure 1.	Budget by Program Area Chart.....	Error! Bookmark not defined.
Figure 2.	Organization Chart.....	Error! Bookmark not defined.

List of Tables [\[Select this section and click F9 to update.\]](#)