

Introduction

TOTAL RESOURCES (in whole dollars)				
	2016 Budget	U.S.	Canada	Mexico
Statutory FTEs*	140.5			
Non-statutory FTEs	6.0			
Total FTEs	146.5			
Statutory Expenses	\$ 27,935,691			
Non-Statutory Expenses	\$ 1,810,277			
Total Expenses	\$ 29,745,968			
Statutory Inc(Dec) in Fixed Assets	\$ (550,734)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ (14,266)			
Total Inc(Dec) in Fixed Assets	\$ (565,000)			
Statutory Working Capital Requirement**	627,378			
Non-Statutory Working Capital Requirement	6,751,244			
Total Working Capital Requirement	7,378,622			
Total Statutory Funding Requirement	\$ 28,012,335			
Total Non-Statutory Funding Requirement	\$ 1,902,250			
Total Funding Requirement	\$ 29,914,585			
Statutory Funding Assessments	\$ 25,032,135			
Non-Statutory Fees	\$ 1,902,250	\$ 1,807,138	\$ 95,113	\$ -
NEL****	0			
NEL%	100.00%	#DIV/0!	#DIV/0!	#DIV/0!

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

**Refer to the Statutory Reserve Analysis on page 37 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 54 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 “for the promotion of social 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, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico. As articulated by its Bylaws, 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 are complete in all of our interactions. We honor our commitments and take personal responsibility for our actions.

Collaboration – We work collaboratively and focus on bringing the best expertise and experience possible to solve the complex reliability challenges faced by the Western Interconnection.

Excellence – We strive for technical and managerial excellence in all that we do.

Professionalism – We conduct ourselves with skill, good judgment, and respectful behavior across all of our interactions.

Inclusiveness – We respect the broad set of constituents in the West and their unique needs and perspectives, and will foster an open and participatory environment that encourages contributions (time, talent, ideas, and perspectives) from our staff and our stakeholders.

Integrated Reliability Assurance Model

The Integrated Reliability Assurance Model represents WECC's approach to identifying, analyzing and addressing the top reliability challenges facing the Western Interconnection. WECC is taking an integrated approach to registered entity oversight, Reliability Planning, Performance Analysis and Stakeholder Outreach.

Through its unique perspective as the Compliance Enforcement Authority and Reliability Assurer for the Western Interconnection, and by leveraging its independence, expertise and analytical capabilities, WECC will partner with stakeholders to address key reliability challenges facing the West in the future.

Membership and Governance

WECC has 348 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

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 elected by the WECC membership, and WECC's Chief Executive Officer who is the tenth member per a Board resolution. The nine Independent Directors are compensated by WECC for their time.

WECC has five Board Committees that provide additional oversight of WECC operations:

- Finance and Audit Committee (FAC)
- Governance Committee (GC)
- Human Resources and Compensation Committee (HRCC)
- Nominating Committee (NC)
- Transmission Expansion Planning Policy Committee (TEPPC)

Under the direction of the WECC Board, five Standing Committees provide the Board with technical work and policy recommendations.

1. **The Member Advisory Committee (MAC)** – advises the Board on any matters the Board requests the committee to evaluate or consider, and on matters the MAC deems appropriate. The MAC chair attends WECC Board meetings to provide advice or clarifications, or to respond to Directors' questions. The Board gives serious consideration to the MAC's recommendations and responds through a means that the Board determines appropriate. The MAC is comprised of three representatives from each of the five Member Classes and three international representatives, for a total of 18 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 Standards Development Procedures. The WECC Standards Committee consists of one

¹ As of June XX, 2015.

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.

member from each of the WECC Standards Voting Sectors and a member of the WECC Board who acts 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.

WECC is currently undergoing a review of its structure and governance as required by section 4.9 of the WECC Bylaws. Any recommendations that arise out of this review will be implemented in late 2015 through 2016. Due to the timing of this review, WECC has not made any provision for budget impacts in 2016.

Pursuant to Section 215(j) of the Federal Power Act, the Western Governors created the Western Interconnection Regional Advisory Body (WIRAB). WIRAB's purpose is to advise WECC, the Electric Reliability Organization (ERO) and the Federal Energy Regulatory Commission (FERC) on whether proposed reliability standards, and the governance and budgets of the ERO and WECC, are in the public interest. FERC may request that WIRAB provide advice on other topics. Members are appointed by the Governors/Premiers from Alberta, Arizona, British Columbia, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Texas, Washington, Wyoming and Mexico. WECC's budget does not include any costs related to WIRAB operations.

Statutory Functional Scope

WECC has been approved by FERC as a Regional Entity, with authority, pursuant to the WECC /NERC Delegation Agreement, to:

- Participate in the development of NERC Reliability Standards, or modifications thereof, and facilitate the development of regional standards or variances through WECC's Standards Development Process;
- Identify and register responsible entities with NERC and, as needed, certify such entities;
- Monitor and enforce compliance with approved Reliability Standards, in accordance with the NERC Rules of Procedure;

- Analyze and assess system events and disturbances;
- Assess the present and future reliability, adequacy, and security of the Western Interconnection;
- Provide effective training and education; and
- Maintain situation awareness, as part of its role in periodic assessments, and protection of critical infrastructure.

2016 Key Assumptions

NERC and the eight Regional Entities (collectively known as the ERO-Enterprise) collaborated in the development of the white paper “Improving Coordinated Operations Across The Electric Reliability Organization (ERO) Enterprise” commonly referred to as the ERO Enterprise 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 2015-through-2018 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 2016 Business Plan and Budget. WECC supports these Common Assumptions as well as assumptions specific to WECC that are described in each statutory program area in [Section A](#).

2016 WECC Business Objectives

WECC has established the following four primary, long-term business objectives to improve its foundational capabilities:

Strengthen the Business

- Build a shared understanding of the key reliability challenges that will drive all of our programs
- Implement the Risk-Based Compliance Monitoring and Enforcement program
- Manage the business effectively
- Meet the responsibilities and accountabilities specified in WECC’s Bylaws and the Regional Delegation Agreement with NERC

Provide Valued and High-Quality Reliability Assessments and Services

- Develop more effective integration across programs
- Support the Region’s long-term reliability planning needs
- Improve the timeliness and impact of performance analysis activities
- Continue to improve operator training programs

Bolster WECC’s Institutional Capabilities

- Strengthen governance processes and clarify decision-making roles and responsibilities
- Effectively integrate stakeholder expertise and ensure appropriate transparency in WECC’s work
- Strengthen WECC’s Organizational Development program
- Implement the new leadership development model

Increase external engagement

- Foster relationships with key leaders across the industry footprint

- Listen to and learn from key policymakers and opinion leaders
- Extend outreach to ensure the right messages are getting to the right audiences
- Engage effectively with the ERO Enterprise

In addition, WECC's management, stakeholders, and Board have identified three broad areas of future reliability challenges that must be considered in WECC's work:

- Changing resources and loads
- Operational practices
- Situation Awareness and Event Analysis

2016 Overview of Cost Impacts

WECC's proposed 2016 statutory budget is \$27.38 million, a \$1.08 million (4.13 percent) increase from the 2015 statutory budget. The increase is mainly attributable to Remedial Action Scheme (RAS) modeling software enhancements, labor float assumption changes based on actual turnover and vacancy rates, market adjustments to salaries, and search fees for Board candidates.

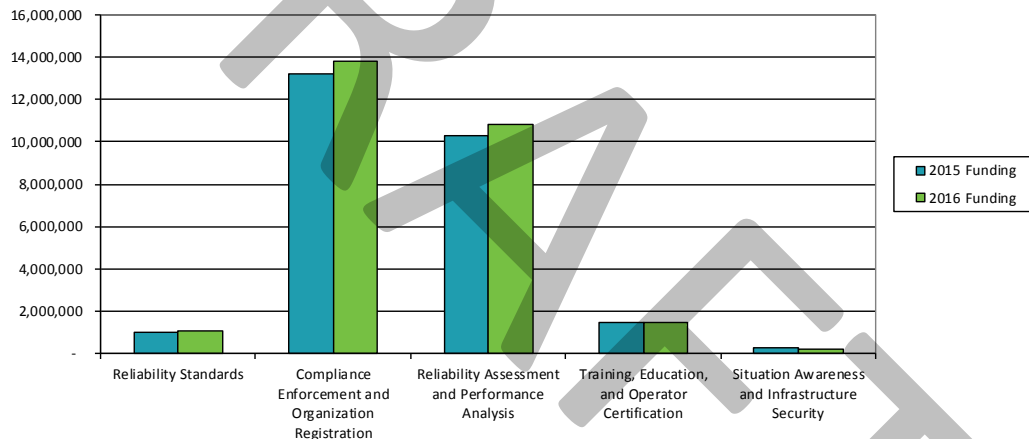
Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount represents either vacant or filled positions. Significant changes to the 2016 statutory budget from the 2015 statutory budget are as follows:

- Personnel Expenses increase by \$1.66 million primarily due to continued refinement of labor float percentages, the net addition of three positions, and adjustments to WECC's compensation program as a result of an HRCC-directed study.
- Consultants and Contracts increase by \$1.15 million primarily due to RAS modeling enhancements. There is a corresponding decrease in Fixed Assets, where RAS modeling was budgeted in 2015. There is a net decrease related to RAS modeling of \$482,000. Additionally, \$250,000 is budgeted for Board director search fees.
- Travel decreases by \$249,000 due to standardized budget assumptions used across all departments for the costs of airfare, rental car, and hotel expenditures.
- Fixed Assets decrease by \$1.38 million mainly due to the reclassification of the RAS modeling expenditures from Fixed Assets to Consultants and Contracts.

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

Program	Budget 2015	Projection 2015	Budget 2016	2015 Budget v 2016	
				Budget	Variance %
Reliability Standards	1,026,818	1,026,818	1,089,201	62,383	6.1%
Compliance Enforcement and Organization Registration	13,178,512	13,178,512	13,811,437	632,925	4.8%
Reliability Assessment and Performance Analysis	10,301,986	10,301,986	10,789,122	487,136	4.7%
Training, Education, and Operator Certification	1,497,717	1,497,717	1,460,475	(37,242)	-2.5%
Situation Awareness and Infrastructure Security	295,002	295,002	234,723	(60,279)	-20.4%
Total By Program	26,300,035	26,300,035	27,384,958	1,084,923	
Working Capital Reserve	-	-	-	-	
Total Funding	-	-	-	-	0.0%

Comparison of 2016 to 2015 Budgeted Funding Requirements



Personnel Analysis

In 2016, there is a net increase of 3.0 FTEs (three positions). Two new auditors and two engineers are being added in 2016 and one position in General and Administrative is being eliminated. Additionally, WECC realigned and shifted some positions between programs 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 2016 and 2015.

Total FTEs by Program Area	Budget 2015	Projection 2015	Direct FTEs 2016 Budget	Shared FTEs * 2016 Budget	Total FTEs 2016 Budget	Change from 2015 Budget
STATUTORY						
Operational Programs						
Reliability Standards	4.0	4.0	4.0	0.0	4.0	-
Compliance and Organization Registration and Certification	53.5	53.5	54.0	0.0	54.0	0.5
Training and Education	3.1	3.1	2.6	0.0	2.6	(0.5)
Reliability Assessment and Performance Analysis	30.8	30.8	32.5	0.0	32.5	1.7
Situation Awareness and Infrastructure Security	1.2	1.2	1.0	0.0	1.0	(0.2)
Total FTEs Operational Programs	92.6	92.6	94.1	0.0	94.1	1.5
Corporate Services						
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	0.0	-
General & Administrative	20.9	20.9	21.4	0.0	21.4	0.5
Information Technology	10.0	10.0	10.0	0.0	10.0	-
Legal and Regulatory	6.0	6.0	6.0	0.0	6.0	-
Human Resources	3.0	3.0	4.0	0.0	4.0	1.0
Finance and Accounting	5.0	5.0	5.0	0.0	5.0	-
Total FTEs Corporate Services	44.9	44.9	46.4	0.0	46.4	1.5
Total FTEs	137.5	137.5	140.5	0.0	140.5	3.0

2015 Budget and Projection and 2016 Budget Comparisons

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 2016 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 25,032,135	\$ 25,032,135	\$ -	\$ 25,032,135	\$ (0)
Penalty Sanctions	143,000	143,000	-	1,766,700	1,623,700
Total WECC Funding	\$ 25,175,135	\$ 25,175,135	\$ -	\$ 26,798,835	\$ 1,623,700
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	(0)	(0)	-	-	0
Services & Software	-	-	-	-	-
Workshops	1,055,900	1,055,900	-	1,129,500	73,600
Interest	69,000	69,000	-	84,000	15,000
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 26,300,035	\$ 26,300,035	\$ -	\$ 28,012,335	\$ 1,712,300
Expenses					
Personnel Expenses					
Salaries	\$ 13,095,525	\$ 13,095,525	\$ -	\$ 14,552,825	\$ 1,457,300
Payroll Taxes	960,685	960,685	\$ -	1,047,090	86,405
Benefits	2,100,312	2,100,312	\$ -	2,074,608	(25,704)
Retirement Costs	1,122,028	1,122,028	\$ -	1,259,074	137,046
Total Personnel Expenses	\$ 17,278,551	\$ 17,278,551	\$ -	\$ 18,933,597	\$ 1,655,046
Meeting Expenses					
Meetings	\$ 813,548	\$ 813,548	\$ -	\$ 820,200	\$ 6,652
Travel	1,422,823	1,422,823	-	1,173,371	(249,452)
Conference Calls	75,239	75,239	-	70,823	(4,416)
Total Meeting Expenses	\$ 2,311,610	\$ 2,311,610	\$ -	\$ 2,064,394	\$ (247,216)
Operating Expenses					
Consultants & Contracts	\$ 2,123,220	\$ 2,123,220	\$ -	\$ 3,271,170	\$ 1,147,950
Office Rent	987,136	987,136	-	936,988	(50,148)
Office Costs	1,627,611	1,627,611	-	1,655,424	27,813
Professional Services	988,350	988,350	-	1,051,975	63,625
Miscellaneous	-	-	-	-	-
Depreciation	875,000	875,000	-	650,000	(225,000)
Total Operating Expenses	\$ 6,601,317	\$ 6,601,317	\$ -	\$ 7,565,557	\$ 964,240
Total Direct Expenses	\$ 26,191,478	\$ 26,191,478	\$ -	\$ 28,563,548	\$ 2,372,070
Indirect Expenses	\$ (492,049)	\$ (492,049)	\$ -	\$ (627,857)	\$ (135,808)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 25,699,428	\$ 25,699,428	\$ -	\$ 27,935,691	\$ 2,236,263
Change in Assets	\$ 600,607	\$ 600,607	\$ -	\$ 76,644	\$ (523,963)
Fixed Assets					
Depreciation	\$ (875,000)	\$ (875,000)	\$ -	\$ (650,000)	\$ 225,000
Computer & Software CapEx	1,319,000	1,319,000	-	55,000	(1,264,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	148,000	148,000	-	30,000	(118,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 8,607	\$ 8,607	\$ -	\$ 14,266	\$ 5,659
Incr(Dec) in Fixed Assets (C)	\$ 600,607	\$ 600,607	\$ -	\$ (550,734)	\$ (1,151,341)
TOTAL BUDGET (B+C)	26,300,035	26,300,035	-	27,384,957	1,084,922
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ (0)	\$ -	\$ 627,378	\$ 627,378
FTEs	137.5	137.5	-	140.5	3.0
HC	138.0	138.0	-	141.0	3.0

Section A Statutory Programs

2016 Business Plan and Budget

Section A — 2016 Business Plan and Budget - Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	4.0	4.0	-
Direct Expenses	\$ 640,064	\$ 680,140	\$ 40,076
Indirect Expenses	\$ 393,639	\$ 418,571	\$ 24,932
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (6,885)	\$ (9,510)	\$ (2,625)
Total Funding Requirement	\$ 1,026,818	\$ 1,089,201	\$ 62,383

Program Scope and Functional Description

The WECC Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of WECC Regional Reliability Standards (RRS), WECC Regional Variances to NERC Reliability Standards, and WECC Regional Criteria. WECC supports the development of regional variances to a NERC Reliability Standard when it is necessary to address reliability issues within the Region that are necessitated by a physical difference in the BES or in instances where more stringent performance is desired by Western Interconnection stakeholders. WECC will only develop an RRS (rather than a variance) when a NERC Reliability Standard addressing a reliability issue does not exist.

Regional Criteria may be necessary to implement, augment or comply with NERC Reliability Standards, but they are not reliability standards and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance Bulk-Power System reliability.

2016 Key Assumptions

- WECC expects that a significant proportion of the work required to develop regional standards, variances to NERC Reliability 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.
- WECC may need to develop one or more RRSs to address any regional obligations in this area, depending on the final treatment of the NERC Fill-in-the-Blank Standards. However, WECC supports NERC's efforts to replace all fill-in-the-blank standards with standards applicable to the appropriate registered entity, and doesn't anticipate it will be necessary to develop additional RRSs to address fill-in-the-blank standards.

- WECC will complete several current WECC RRS and Regional Criteria projects to allow for development work on unforeseen future projects.
- WECC will undertake a review of existing WECC RRSs to determine whether any are candidates for incorporation as a regional variance to a continent-wide NERC Reliability Standard.
- Integration of renewable resources may require new or modified NERC Reliability Standards.
- WECC will support the concept of and will participate, when appropriate, in the enhanced periodic reviews of NERC Reliability Standards.

2016 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC continent-wide Reliability Standards, if necessary, through the development of Regional Variances.
- 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 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 and enhanced periodic review 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.
- 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.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$46,000 primarily due to the refinement of the labor float rate and a budgeted three-percent merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2015 and 2016 budgets.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2016 Business Plan and Budget are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
RELIABILITY STANDARDS					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2016 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 1,017,660	\$ 1,017,660	\$ -	\$ 1,035,484	\$ 17,824
Penalty Sanctions	6,177	6,177	-	75,099	68,922
Total WECC Funding	\$ 1,023,837	\$ 1,023,837	\$ -	\$ 1,110,583	\$ 86,746
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,981	2,981	-	3,571	590
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,026,818	\$ 1,026,818	\$ -	\$ 1,114,154	\$ 87,336
Expenses					
Personnel Expenses					
Salaries	\$ 477,416	\$ 477,416	\$ -	\$ 518,048	\$ 40,632
Payroll Taxes	34,358	34,358	-	37,302	2,944
Benefits	44,967	44,967	-	44,778	(189)
Retirement Costs	41,514	41,514	-	43,757	2,243
Total Personnel Expenses	\$ 598,255	\$ 598,255	\$ -	\$ 643,885	\$ 45,630
Meeting Expenses					
Meetings	\$ 528	\$ 528	\$ -	\$ 1,420	\$ 892
Travel	32,175	32,175	-	26,925	(5,250)
Conference Calls	3,027	3,027	-	2,565	(462)
Total Meeting Expenses	\$ 35,730	\$ 35,730	\$ -	\$ 30,910	\$ (4,820)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	6,079	6,079	-	5,345	(734)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 6,079	\$ 6,079	\$ -	\$ 5,345	\$ (734)
Total Direct Expenses	\$ 640,064	\$ 640,064	\$ -	\$ 680,140	\$ 40,076
Indirect Expenses	\$ 393,639	\$ 393,639	\$ -	\$ 418,571	\$ 24,932
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,033,703	\$ 1,033,703	\$ -	\$ 1,098,711	\$ 65,008
Change in Assets	\$ (6,885)	\$ (6,885)	\$ -	\$ 15,443	\$ 22,328
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (6,885)	\$ (14,099)	\$ (7,214)	\$ (9,510)	\$ (2,625)
Incr(Dec) in Fixed Assets (C)	\$ (6,885)	\$ (14,099)	\$ (7,214)	\$ (9,510)	\$ (2,625)
TOTAL BUDGET (B+C)	1,026,818	1,019,604	(7,214)	1,089,201	62,383
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 7,214	\$ 7,214	\$ 24,953	\$ 24,953
FTEs	4.0	4.0	-	4.0	-
HC	4.0	4.0	-	4.0	-

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.

2016 Key Assumptions

- WECC provides support, as needed, for activities undertaken subject to NERC's Strategic Plan, and in fulfilling WECC's role as noted above.
- WECC Compliance responds 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.
- The deregistration and removal of Distribution Providers and Load-Serving Entities results in reduced audit and compliance monitoring efforts by WECC staff that can be redirected to the inherent risk assessment and internal controls evaluation.
- WECC fully integrates risk-based concepts in compliance monitoring activities.
- Recommendations from the NERC review of the WECC Inherent Risk Assessment (IRA) and Internal Controls Evaluation (ICE) processes will be accomplished with existing resources, process improvements and reprioritized staff efforts. Any additional workload will be handled with our existing FTEs through identification of efficiencies and work process improvement.
- WECC has planned 20 on-site audits and four spot checks of registered entities for 2016. Off-site audits will be determined from risk-based analysis.³
- WECC does not anticipate any hearings in 2016.
- WECC adds two auditor trainee positions in 2016. These positions are being added as a result of work force planning. Our intention is to reduce our reliance on contract employees.
- WECC transfers two administrative positions to General and Administrative in 2016.

2016 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. With respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved memoranda of understanding with Canadian and Mexican authorities.

³ The 2016 schedule of on-site audits, off-site audits, and spot checks is based on the risk assessment and analysis process and is subject to change.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	30.8	32.5	1.7
Direct Expenses	\$ 6,543,983	\$ 7,767,095	\$ 1,223,112
Indirect Expenses	\$ 3,031,019	\$ 3,404,379	\$ 373,360
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 726,984	\$ (382,352)	\$ (1,109,336)
Total Funding Requirement	\$ 10,301,986	\$ 10,789,122	\$ 487,136

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 early 2015, as the next step in operationalizing the Integrated Reliability Assurance Model, WECC organized the RAPA program area into three departments.

1. The Performance Analysis Department will focus on conducting robust analyses on the historical operation and performance of the Western Interconnection in an effort to identify best practices and assess risks.
2. The Events Analysis Department will focus on performing analyses 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.
3. The Reliability Planning Department will focus on developing and maintaining WECC's integrated capability to study Western Interconnection reliability issues considering both system adequacy and system stability in close collaboration with the WECC Member Committees.

These are the teams that will be most involved in the Integrated Reliability Assurance Model assessments of:

- reliability implications of the West's changing resource mix;
- institutionalization of operating practices across our registered entities, which will improve reliability; and
- improvement in timeliness and dissemination of lessons learned from event analyses.

2016 Key Assumptions

- WECC will add two engineering positions in 2016 to perform reliability studies in lieu of using higher-priced consultants.
- WECC will be designated as the Interconnection-wide model builder under the NERC MOD-032 Standard.
- WECC will continue the development of RAS and contingency definition models for use in power flow and stability simulation programs.
- Work will continue to reconcile data in various planning models to allow WECC to perform integrated reliability analyses based on challenges identified through the Integrated Reliability Assurance Model.
- WECC will study the Interconnection-wide reliability impacts of the State Implementation Plans associated with EPA's proposed 111(d) rules in 2016.
- WECC will continue to support and participate in the NERC ERO Events Analysis Process and will coordinate with entities to perform detailed cause coding of events.

2016 Goals and Key Deliverables

- Produce Interconnection-wide base cases that include RAS by requesting RAS owners to provide data as part of the base case development process.
- Prepare Interconnection-wide power flow and stability base cases and conduct reliability studies to address key reliability challenges facing the Interconnection.
- Facilitate dynamic model development.
- Develop and maintain a database for production cost and capital cost models and conduct system adequacy analyses to meet the needs of NERC and WECC.
- Enhance probabilistic-based planning and analysis tools and capabilities.
- Support Interconnection-wide transmission expansion planning processes.
- Use data from actual system disturbances to validate power flow and stability base case models, and to identify near-misses.
- Publish WECC Transmission Maps of the existing and planned system.
- Oversee and facilitate the Project Coordination and Project Rating Review Process.
- Process BES Definition exception requests.
- Verify and submit NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filings.
- Analyze trends and patterns in historical system performance, resource and load composition, and publish in reports such as the Annual State of the Interconnection report.
- Conduct the annual Operational Practices Survey and accompanying summary report to identify best practices and potential risk to reliability.

- Evaluate historical system performance trends to identify reliability risk metrics and key indicators.
- Complete Events Analysis reports and develop Lessons Learned to support a high level of reliability within the BES while minimizing the possibility of major significant events and preventing reoccurrence of similar type events.
- Ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees and industry forums.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$453,000 primarily due to the addition of two engineers (1.5 FTE), for studies and analyses to reduce the need for outside consultants as well as a budgeted three-percent merit increase and the refinement of the labor float percentage based on actual turnover and vacancy rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants and Contracts increases by a net of \$992,000 primarily due to an increase of \$898,000 for RAS modeling. RAS modeling was reclassified from Fixed Assets to Consultants and Contracts in 2016; the net change in RAS modeling expenditures between 2015 and 2016 is a decrease of \$402,000. Additionally, consultants in one department were eliminated due to an increase in staff, which reduces Consultants and Contracts by \$167,000. Other increases for studies and modeling total \$261,000.

Fixed Assets

- Fixed Assets decrease by \$1.3 million mainly due to the reclassification of the RAS modeling expenditures from Fixed Assets to Consultants and Contracts.

See Section B – Supplemental Financial Information for explanations of other variances between the 2015 and 2016 budgets.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2016 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2015 Budget & Projection, and 2016 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2016 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 10,231,472	\$ 10,231,472	\$ -	\$ 10,396,451	\$ 164,979
Penalty Sanctions	47,564	47,564	-	610,804	563,240
Total WECC Funding	\$ 10,279,036	\$ 10,279,036	\$ -	\$ 11,007,255	\$ 728,219
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	22,950	22,950	-	29,041	6,091
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 10,301,986	\$ 10,301,986	\$ -	\$ 11,036,296	\$ 734,310
Expenses					
Personnel Expenses					
Salaries	\$ 3,062,768	\$ 3,062,768	\$ -	\$ 3,446,796	\$ 384,028
Payroll Taxes	238,217	238,217	-	268,330	30,113
Benefits	375,438	375,438	-	373,565	(1,873)
Retirement Costs	266,328	266,328	-	307,085	40,757
Total Personnel Expenses	\$ 3,942,751	\$ 3,942,751	\$ -	\$ 4,395,776	\$ 453,025
Meeting Expenses					
Meetings	\$ 137,430	\$ 137,430	\$ -	\$ 130,934	\$ (6,496)
Travel	221,552	221,552	-	209,375	(12,177)
Conference Calls	29,600	29,600	-	32,100	2,500
Total Meeting Expenses	\$ 388,582	\$ 388,582	\$ -	\$ 372,409	\$ (16,173)
Operating Expenses					
Consultants & Contracts	\$ 1,332,000	\$ 1,332,000	\$ -	\$ 2,324,000	\$ 992,000
Office Rent	-	-	-	-	-
Office Costs	360,650	360,650	-	369,910	9,260
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	520,000	520,000	-	305,000	(215,000)
Total Operating Expenses	\$ 2,212,650	\$ 2,212,650	\$ -	\$ 2,998,910	\$ 786,260
Total Direct Expenses	\$ 6,543,983	\$ 6,543,983	\$ -	\$ 7,767,095	\$ 1,223,112
Indirect Expenses	\$ 3,031,019	\$ 3,031,019	\$ -	\$ 3,404,379	\$ 373,360
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 9,575,002	\$ 9,575,002	\$ -	\$ 11,171,474	\$ 1,596,472
Change in Assets	\$ 726,984	\$ 726,984	\$ -	\$ (135,178)	\$ (862,162)
Fixed Assets					
Depreciation	(520,000)	(520,000)	-	(305,000)	215,000
Computer & Software CapEx	1,300,000	1,300,000	-	-	(1,300,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (53,016)	\$ (108,563)	\$ (55,547)	\$ (77,352)	\$ (24,336)
Incr(Dec) in Fixed Assets (C)	\$ 726,984	\$ 671,437	\$ (55,547)	\$ (382,352)	\$ (1,109,336)
TOTAL BUDGET (B+C)	10,301,986	10,246,439	(55,547)	10,789,122	487,136
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 55,547	\$ 55,547	\$ 247,174	\$ 247,174
FTEs	30.8	30.8	-	32.5	1.7
HC	32.0	32.0	-	33.0	1.0

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	3.1	2.6	(0.5)
Direct Expenses	\$ 1,197,983	\$ 1,194,586	\$ (3,397)
Indirect Expenses	\$ 305,070	\$ 272,071	\$ (32,999)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (5,336)	\$ (6,182)	\$ (846)
Total Funding Requirement	\$ 1,497,717	\$ 1,460,475	\$ (37,242)

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.

2016 Key Assumptions

- Overall attendance continues to trend upward for 2016.
- There are no significant changes in operator certification continuing education unit requirements for 2016.
- The Training, Education, and Operator Certification Program Area remains primarily self-funded in 2016.
- Operator training sessions are mostly held at the Salt Lake City Training Center, with the balance hosted by WECC members.
- WECC will deliver two Compliance User Group and three CIP User Group meetings in 2016.
- WECC will conduct one reliability issues forum in 2016 to enhance outreach to all stakeholders as part of the Integrated Reliability Assurance Model.

2015 Goals and Key Deliverables

- 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; and
 - Evaluate member feedback and concerns, and address through training program improvements.
- Create and deliver additional outreach for CIP version 5.
- Provide 12 monthly “Compliance Open-Webs.”

Professional Services

Table B-8

Professional Services	Budget		Projection		Variance				
	2015	2015	2016	2016	2016 Budget v 2015 Budget	Variance %			
Board Director fees	\$	749,250	\$	749,250	\$	824,250	\$	75,000	10.0%
Outside Legal		30,600		30,600		31,600		1,000	3.3%
Accounting & Auditing Fees		88,500		88,500		86,125		(2,375)	-2.7%
Insurance Commercial		120,000		120,000		110,000		(10,000)	-8.3%
Total Services	\$	988,350	\$	988,350	\$	1,051,975	\$	63,625	6.4%

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

- Board of Director fees increase by \$75,000 due to an increase in anticipated compensable meetings.
- Insurance Commercial decreases \$10,000 to more accurately reflect actual premium costs.

Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

- Not applicable.

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Section C Non-Statutory Activities

2016 Business Plan and Budget

Section C — 2016 Budget - Non-Statutory Activities

Western Renewable Energy Generation Information System (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	5.0	6.0	1.0
Direct Expenses	1,177,192	1,182,420	5,228
Indirect Expenses	492,049	627,857	135,808
Inc(Dec) in Fixed Assets	(8,607)	(14,266)	(5,659)
Total Funding Requirement	(29,759)	106,239	135,998

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 2016 Assumptions and Cost Impacts

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding.

- User fees are based on size (generation capacity) and user type.
 - Approximately 25 percent of revenues are based on size.
 - Approximately 75 percent of revenues are based on usage levels, which can depend on factors such as weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).

Reserve Analysis — 2015–2016

Working Capital Reserve Analysis	
NON-STATUTORY	
WREGIS Reserves	
Beginning Working Capital Reserve (Deficit), December 31, 2014	5,120,369
Plus: 2015 WREGIS Funding	1,630,875
Plus: 2015 Other funding sources	
Projected Working Capital Reserve (Deficit), December 31, 2015	<u>6,751,244</u>
Projected Working Capital Reserve, December 31, 2016	6,751,244
Less: Projected Working Capital Reserve, December 31, 2015	(6,751,244)
Adjustments to achieve Working Capital Reserve, December 31, 2015	<u>0</u>
2015 Funding Sources	1,902,250
Less: Expenses and Capital Expenditures	(1,796,011)
2016 Funding (reserve adjustment)	<u>106,239</u>

