

2016 Business Plan and Budget

Western Electricity Coordinating Council

Approved by: WECC Board of Directors

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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	\$ 28,233,204			
Non-Statutory Expenses	\$ 1,811,373			
Total Expenses	\$ 30,044,577			
Statutory Inc(Dec) in Fixed Assets	\$ (848,248)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ (15,362)			
Total Inc(Dec) in Fixed Assets	\$ (863,610)			
Statutory Working Capital Requirement **	844,377			
Non-Statutory Working Capital Requirement	106,239			
Total Working Capital Requirement	950,616			
Total Statutory Funding Requirement	\$ 28,229,334			
Total Non-Statutory Funding Requirement	\$ 1,902,250			
Total Funding Requirement	\$ 30,131,584			
Statutory Funding Assessments	\$ 25,032,134	\$ 21,722,495	\$ 2,921,574	\$ 388,066
Non-Statutory Fees	\$ 1,902,250	\$ 1,807,138	\$ 95,113	\$ -
NEL ****	867,474,309	733,730,165	121,733,108	12,011,036
NEL%	100.00%	84.58%	14.03%	1.38%

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

**Refer to the Statutory Reserve Analysis on page 40 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 59 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 compliance enforcement and reliability assurance roles in the Western Interconnection, and by leveraging its independence, expertise and analytical capabilities, WECC will partner with stakeholders to address key reliability challenges the West is facing.

Membership and Governance

WECC has 353 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 12, 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. The MIC considers matters pertaining to the impact of North American Electric Reliability Corporation (NERC) Reliability Standards and WECC Regional Reliability Standards, Regional Criteria, and procedures on the commercial electricity market in the Western Interconnection. The MIC also facilitates analysis regarding 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 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.

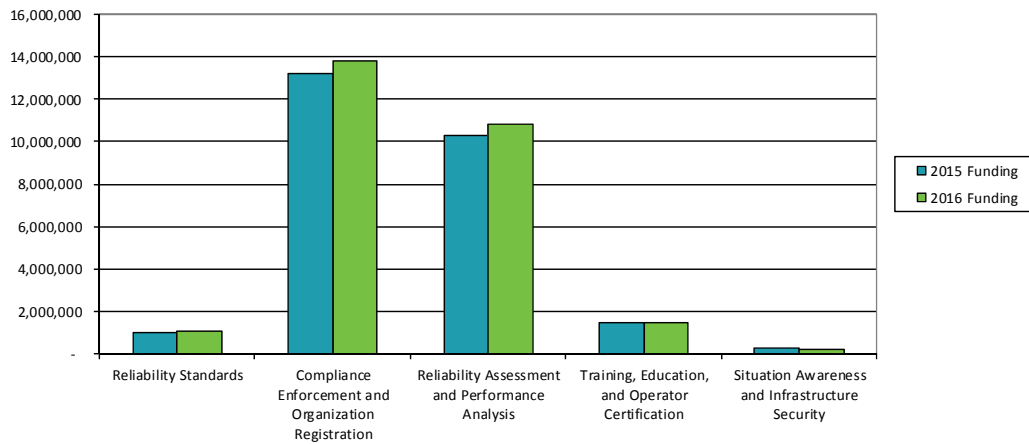
Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount represents either vacant or filled positions. Significant changes to the 2016 statutory budget from the 2015 statutory budget are as follows:

- Personnel Expenses increase by a net of \$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	978,174	1,089,200	62,382	6.1%
Compliance Enforcement and Organization Registration	13,178,512	13,644,011	13,811,437	632,925	4.8%
Reliability Assessment and Performance Analysis	10,301,986	10,602,672	10,789,121	487,135	4.7%
Training, Education, and Operator Certification	1,497,717	1,392,708	1,460,475	(37,242)	-2.5%
Situation Awareness and Infrastructure Security	295,002	280,254	234,722	(60,280)	-20.4%
Total By Program	26,300,035	26,897,819	27,384,955	1,084,920	
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 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	Projection	Direct FTEs	Shared	Total FTEs	Change
	2015	2015	2016	FTEs* 2016	2016	from 2015
	Budget	Budget	Budget	Budget	Budget	Budget
STATUTORY						
Operational Programs						
Reliability Standards	4.0	3.0	4.0	0.0	4.0	-
Compliance and Organization Registration and Certification	53.5	48.9	54.0	0.0	54.0	0.5
Training and Education	3.1	1.6	2.6	0.0	2.6	(0.5)
Reliability Assessment and Performance Analysis	30.8	29.0	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	83.7	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	19.5	21.4	0.0	21.4	0.5
Information Technology	10.0	8.0	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	4.7	5.0	0.0	5.0	-
Total FTEs Corporate Services	44.9	41.2	46.4	0.0	46.4	1.5
Total FTEs	137.5	124.9	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	\$ -	\$ 25,032,134	\$ (1)
Penalty Sanctions	143,000	143,000	-	1,983,700	1,840,700
Total WECC Funding	\$ 25,175,135	\$ 25,175,135	\$ -	\$ 27,015,834	\$ 1,840,699
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	(0)	(0)	-	-	0
Services & Software	-	-	-	-	-
Workshops	1,055,900	1,088,052	32,152	1,129,500	73,600
Interest	69,000	38,456	(30,544)	84,000	15,000
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 26,300,035	\$ 26,301,643	\$ 1,608	\$ 28,229,334	\$ 1,929,299
Expenses					
Personnel Expenses					
Salaries	\$ 13,095,525	\$ 13,529,562	\$ 434,037	\$ 14,552,825	\$ 1,457,300
Payroll Taxes	960,685	948,978	\$ (11,707)	1,047,090	86,405
Benefits	2,100,312	2,022,077	\$ (78,235)	2,074,608	(25,704)
Retirement Costs	1,122,028	1,196,448	\$ 74,420	1,259,074	137,046
Total Personnel Expenses	\$ 17,278,551	\$ 17,697,065	\$ 418,514	\$ 18,933,597	\$ 1,655,046
Meeting Expenses					
Meetings	\$ 813,548	\$ 744,349	\$ (69,199)	\$ 820,200	\$ 6,652
Travel	1,422,823	1,241,209	(181,614)	1,173,371	(249,452)
Conference Calls	75,239	69,690	(5,549)	70,823	(4,416)
Total Meeting Expenses	\$ 2,311,610	\$ 2,055,248	\$ (256,362)	\$ 2,064,394	\$ (247,216)
Operating Expenses					
Consultants & Contracts	\$ 2,123,220	\$ 3,466,551	\$ 1,343,331	\$ 3,271,170	\$ 1,147,950
Office Rent	987,136	938,962	(48,174)	936,988	(50,148)
Office Costs	1,627,611	1,682,367	54,756	1,655,424	27,813
Professional Services	988,350	1,269,055	280,705	1,051,975	63,625
Miscellaneous	-	-	-	-	-
Depreciation	875,000	948,610	73,610	948,609	73,609
Total Operating Expenses	\$ 6,601,317	\$ 8,305,545	\$ 1,704,228	\$ 7,864,166	\$ 1,262,849
Total Direct Expenses	\$ 26,191,478	\$ 28,057,858	\$ 1,866,380	\$ 28,862,157	\$ 2,670,679
Indirect Expenses	\$ (492,049)	\$ (410,123)	\$ 81,926	\$ (628,953)	\$ (136,904)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 25,699,428	\$ 27,647,735	\$ 1,948,307	\$ 28,233,204	\$ 2,533,776
Change in Assets	\$ 600,607	\$ (1,346,092)	\$ (1,946,699)	\$ (3,870)	\$ (604,477)
Fixed Assets					
Depreciation	\$ (875,000)	\$ (948,610)	\$ (73,610)	\$ (948,609)	\$ (73,609)
Computer & Software CapEx	1,319,000	62,085	(1,256,915)	55,000	(1,264,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	148,000	128,000	(20,000)	30,000	(118,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 8,607	\$ 8,607	\$ -	\$ 15,361	\$ 6,754
Incr(Dec) in Fixed Assets (C)	\$ 600,607	\$ (749,918)	\$ (1,350,525)	\$ (848,248)	\$ (1,448,855)
TOTAL BUDGET (B+C)	26,300,035	26,897,817	597,782	27,384,956	1,084,921
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ (596,174)	\$ (596,174)	\$ 844,378	\$ 844,378
FTEs	137.5	137.5	-	140.5	3.0
HC	138.0	137.0	(1.0)	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	\$ 419,301	\$ 25,662
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (6,885)	\$ (10,241)	\$ (3,356)
Total Funding Requirement	\$ 1,026,818	\$ 1,089,200	\$ 62,382

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	\$ -	\$ 1,034,890	\$ 17,230
Penalty Sanctions	6,177	6,177	-	84,323	78,146
Total WECC Funding	\$ 1,023,837	\$ 1,023,837	\$ -	\$ 1,119,213	\$ 95,376
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,981	1,662	(1,319)	3,571	590
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,026,818	\$ 1,025,499	\$ (1,319)	\$ 1,122,784	\$ 95,966
Expenses					
Personnel Expenses					
Salaries	\$ 477,416	\$ 432,516	\$ (44,900)	\$ 518,048	\$ 40,632
Payroll Taxes	34,358	28,839	(5,519)	37,302	2,944
Benefits	44,967	29,812	(15,155)	44,778	(189)
Retirement Costs	41,514	38,926	(2,588)	43,757	2,243
Total Personnel Expenses	\$ 598,255	\$ 530,093	\$ (68,162)	\$ 643,885	\$ 45,630
Meeting Expenses					
Meetings	\$ 528	\$ 489	\$ (39)	\$ 1,420	\$ 892
Travel	32,175	25,043	(7,132)	26,925	(5,250)
Conference Calls	3,027	3,153	126	2,565	(462)
Total Meeting Expenses	\$ 35,730	\$ 28,685	\$ (7,045)	\$ 30,910	\$ (4,820)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	6,079	5,079	(1,000)	5,345	(734)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 6,079	\$ 5,079	\$ (1,000)	\$ 5,345	\$ (734)
Total Direct Expenses	\$ 640,064	\$ 563,857	\$ (76,207)	\$ 680,140	\$ 40,076
Indirect Expenses	\$ 393,639	\$ 420,972	\$ 27,333	\$ 419,301	\$ 25,662
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,033,703	\$ 984,829	\$ (48,874)	\$ 1,099,441	\$ 65,738
Change in Assets	\$ (6,885)	\$ 40,670	\$ 47,555	\$ 23,343	\$ 30,228
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (6,885)	\$ (6,655)	\$ 230	\$ (10,241)	\$ (3,356)
Incr(Dec) in Fixed Assets (C)	\$ (6,885)	\$ (6,655)	\$ 230	\$ (10,241)	\$ (3,356)
TOTAL BUDGET (B+C)	1,026,818	978,174	(48,644)	1,089,200	62,382
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 47,325	\$ 47,325	\$ 33,584	\$ 33,584
FTEs	4.0	3.0	(1.0)	4.0	-
HC	4.0	3.0	(1.0)	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)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	53.5	54.0	0.5
Direct Expenses	\$ 8,025,682	\$ 8,322,754	\$ 297,072
Indirect Expenses	\$ 5,264,920	\$ 5,660,573	\$ 395,653
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (112,090)	\$ (171,890)	\$ (59,800)
Total Funding Requirement	\$ 13,178,512	\$ 13,811,437	\$ 632,925

Program Scope and Functional Description

WECC's Compliance Monitoring and Enforcement and Organization Registration Program Area (CMEP) is implemented by WECC Registered Entity Oversight 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, the Critical Infrastructure Protection (CIP) standards under FERC Order 706 and various other FERC orders approving standards since Orders 693 and 703. To accomplish its objectives, Compliance staff is divided into five main areas: 1) Operations and Planning (O&P) Audits and Investigations, 2) CIP Audits and Investigations, 3) Enforcement, 4) Risk Analysis, and 5) Program Administration.

As WECC fully implements the risk-based concepts and tailors compliance monitoring strategies for individual entities, resource requirements are shifting to more comprehensive assessment of reliability, regional and entity risk from the more recent one size fits all approach with check-the-box auditing. Auditors are supporting the inherent risk assessment and internal controls evaluation; both critical to audit planning. This shift will allow for flexibility in the audit and compliance monitoring program to more effectively use audit staff and respond to potential reliability issues in a proactive way. One example is more focus on misoperations and the various follow up activities and coordination between entities.

The recently codified Multi-Region Registered Entity, or Coordinated Oversight Program, has been implemented across the ERO with minimal impact to WECC. FERC has essentially approved phase I of the ongoing Risk-Based Registration initiative with some guidance for additional information. WECC is fully supportive of the phase one effort that reduces the burden on WECC staff to audit entities that are non-material to the BPS. However, phase two is a more significant analytical effort. Both the current integration of risk-based concepts in the compliance monitoring and enforcement program and the ongoing BES definition implementation should be allowed to fully play out and mature prior to any potential conflicting conclusions being reached in phase two of the Risk-Based 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.

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 will use compliance program results and system events to identify emerging reliability challenges and where existing NERC Reliability Standards can be improved or clarified.
- 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 workforce 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

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.

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. Provide feedback to the registration and standards programs as part of the Integrated Reliability Assurance Model:
 - Identify key areas needing improvement based on compliance program results and system events, implement educational efforts to improve compliance in those areas.
 - 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 regard to NERC and regional initiatives, for example: integrating risk-based concepts in compliance monitoring and enforcement for the Risk-based CMEP (formerly known as 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; collaborate with the ERO enterprise to develop better measures of program effectiveness.
- Develop processes to demonstrate rigor and competency in the implementation of risk-based compliance monitoring activities.
- Develop a process to increase flexibility in the use of compliance monitoring resources while meeting statutory obligations and addressing emerging reliability risks in a proactive manner.
- Capture resource changes and impacts of the full integration of risk-based concepts in the compliance monitoring activities.
- Conduct outreach to the industry in various forums; webinars, conferences and entity specific engagement as part of the Integrated Reliability Assurance Model demonstrating feedback loops and inter-relationships across WECC.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$266,000 primarily due to the reclassification of one position (1 FTE) from Compliance to Corporate Services, the reallocation of 0.5 FTE of the Stakeholder Relations position from Compliance to the Communications Department in Corporate Services, the addition of two auditor trainee positions (2.0 FTE) for a net increase of 0.5 FTEs as well as the refinement of the labor float rate based on actual turnover and vacancy rates and a budgeted three-percent merit increase.

Meeting Expenses

- Travel Expense decreases by \$153,000 due to the implementation of risk-based compliance monitoring, which should reduce travel expenditures in Compliance. Additionally, standard budget assumptions were used in all departments for travel,

hotel and rental car expenditures, which also reduces estimated travel costs in some areas.

Operating Expenses

- Office Costs increase by \$172,000 primarily due to the reclassification of webCDMS from General and Administrative to Compliance.

Fixed Assets

- No significant changes.

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

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 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					
COMPLIANCE AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	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	\$ 13,056,028	\$ 13,056,028	\$ -	\$ 13,047,128	\$ (8,900)
Penalty Sanctions	82,619	82,619	-	1,138,361	1,055,742
Total WECC Funding	\$ 13,138,647	\$ 13,138,647	\$ -	\$ 14,185,489	\$ 1,046,842
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	3,600	3,600
Interest	39,865	22,218	(17,647)	48,204	8,339
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 13,178,512	\$ 13,160,865	\$ (17,647)	\$ 14,237,293	\$ 1,058,781
Expenses					
Personnel Expenses					
Salaries	\$ 5,032,890	\$ 5,024,251	\$ (8,639)	\$ 5,288,714	\$ 255,824
Payroll Taxes	387,555	393,237	5,682	411,811	24,256
Benefits	675,026	662,356	(12,670)	648,318	(26,708)
Retirement Costs	438,745	433,087	(5,658)	451,633	12,888
Total Personnel Expenses	\$ 6,534,216	\$ 6,512,931	\$ (21,285)	\$ 6,800,476	\$ 266,260
Meeting Expenses					
Meetings	\$ 6,685	\$ 9,076	\$ 2,391	\$ 1,948	\$ (4,737)
Travel	849,896	735,943	(113,953)	696,704	(153,192)
Conference Calls	13,152	12,188	(964)	13,339	187
Total Meeting Expenses	\$ 869,733	\$ 757,207	\$ (112,526)	\$ 711,991	\$ (157,742)
Operating Expenses					
Consultants & Contracts	\$ 467,920	\$ 517,280	\$ 49,360	\$ 472,170	\$ 4,250
Office Rent	1,600	2,327	727	-	(1,600)
Office Costs	132,213	332,253	200,040	304,481	172,268
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	20,000	33,635	13,635	33,636	13,636
Total Operating Expenses	\$ 621,733	\$ 885,495	\$ 263,762	\$ 810,287	\$ 188,554
Total Direct Expenses	\$ 8,025,682	\$ 8,155,633	\$ 129,951	\$ 8,322,754	\$ 297,072
Indirect Expenses	\$ 5,264,920	\$ 5,630,492	\$ 365,572	\$ 5,660,573	\$ 395,653
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 13,290,602	\$ 13,786,125	\$ 495,523	\$ 13,983,327	\$ 692,725
Change in Assets	\$ (112,090)	\$ (625,260)	\$ (513,170)	\$ 253,966	\$ 366,056
Fixed Assets					
Depreciation	(20,000)	(33,635)	(13,635)	(33,636)	(13,636)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (92,090)	\$ (108,479)	\$ (16,389)	\$ (138,254)	\$ (46,164)
Incr(Dec) in Fixed Assets (C)	\$ (112,090)	\$ (142,114)	\$ (30,024)	\$ (171,890)	\$ (59,800)
TOTAL BUDGET (B+C)	13,178,512	13,644,011	465,499	13,811,437	632,925
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ (483,146)	\$ (483,146)	\$ 425,856	\$ 425,856
FTEs	53.5	48.9	(4.6)	54.0	0.5
HC	54.0	50.0	(4.0)	54.0	-

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	\$ 8,035,786	\$ 1,491,803
Indirect Expenses	\$ 3,031,019	\$ 3,410,320	\$ 379,301
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 726,984	\$ (656,985)	\$ (1,383,969)
Total Funding Requirement	\$ 10,301,986	\$ 10,789,121	\$ 487,135

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 assume a leadership role in the identification of emerging reliability challenges in the Western Interconnection.
- 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

- WECC will proactively coordinate internally and with stakeholders to ensure that emerging reliability challenges are being identified and addressed.
- 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	\$ -	\$ 10,406,920	\$ 175,448
Penalty Sanctions	47,564	47,564	-	685,828	638,264
Total WECC Funding	\$ 10,279,036	\$ 10,279,036	\$ -	\$ 11,092,748	\$ 813,712
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	22,950	12,791	(10,159)	29,041	6,091
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 10,301,986	\$ 10,291,827	\$ (10,159)	\$ 11,121,789	\$ 819,803
Expenses					
Personnel Expenses					
Salaries	\$ 3,062,768	\$ 3,201,381	\$ 138,613	\$ 3,446,796	\$ 384,028
Payroll Taxes	238,217	234,098	(4,119)	268,330	30,113
Benefits	375,438	384,940	9,502	373,565	(1,873)
Retirement Costs	266,328	314,620	48,292	307,085	40,757
Total Personnel Expenses	\$ 3,942,751	\$ 4,135,039	\$ 192,288	\$ 4,395,776	\$ 453,025
Meeting Expenses					
Meetings	\$ 137,430	\$ 112,543	\$ (24,887)	\$ 130,934	\$ (6,496)
Travel	221,552	196,094	(25,458)	209,375	(12,177)
Conference Calls	29,600	27,487	(2,113)	32,100	2,500
Total Meeting Expenses	\$ 388,582	\$ 336,124	\$ (52,458)	\$ 372,409	\$ (16,173)
Operating Expenses					
Consultants & Contracts	\$ 1,332,000	\$ 2,535,492	\$ 1,203,492	\$ 2,324,000	\$ 992,000
Office Rent	-	-	-	-	-
Office Costs	360,650	375,786	15,136	369,910	9,260
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	520,000	573,690	53,690	573,691	53,691
Total Operating Expenses	\$ 2,212,650	\$ 3,484,968	\$ 1,272,318	\$ 3,267,601	\$ 1,054,951
Total Direct Expenses	\$ 6,543,983	\$ 7,956,131	\$ 1,412,148	\$ 8,035,786	\$ 1,491,803
Indirect Expenses	\$ 3,031,019	\$ 3,241,479	\$ 210,460	\$ 3,410,320	\$ 379,301
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 9,575,002	\$ 11,197,610	\$ 1,622,608	\$ 11,446,106	\$ 1,871,104
Change in Assets	\$ 726,984	\$ (905,783)	\$ (1,632,767)	\$ (324,317)	\$ (1,051,301)
Fixed Assets					
Depreciation	(520,000)	(573,690)	(53,690)	(573,691)	(53,691)
Computer & Software CapEx	1,300,000	43,085	(1,256,915)	-	(1,300,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (53,016)	\$ (64,333)	\$ (11,317)	\$ (83,294)	\$ (30,278)
Incr(Dec) in Fixed Assets (C)	\$ 726,984	\$ (594,938)	\$ (1,321,922)	\$ (656,985)	\$ (1,383,969)
TOTAL BUDGET (B+C)	10,301,986	10,602,672	300,686	10,789,121	487,135
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ (310,845)	\$ (310,845)	\$ 332,668	\$ 332,668
FTEs	30.8	29.0	(1.8)	32.5	1.7
HC	32.0	29.0	(3.0)	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	\$ 272,546	\$ (32,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (5,336)	\$ (6,657)	\$ (1,321)
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 as a NERC-approved training provider.

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.

2016 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.”

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by \$55,000 primarily due to 0.5 FTE moving from Stakeholder Relations to the Communications Department in Corporate Services as well as refinement of the labor float rate.

Meeting Expenses

- Meetings increase by \$82,000 primarily due to the addition of the reliability issues forum.

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.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification 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					
TRAINING AND EDUCATION					
	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	\$ 434,720	\$ 434,720	\$ -	\$ 322,476	\$ (112,244)
Penalty Sanctions	4,787	4,787	-	54,810	50,023
Total WECC Funding	\$ 439,507	\$ 439,507	\$ -	\$ 377,286	\$ (62,221)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	1,055,900	1,088,052	32,152	1,125,900	70,000
Interest	2,310	1,287	(1,023)	2,321	11
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,497,717	\$ 1,528,846	\$ 31,129	\$ 1,505,507	\$ 7,790
Expenses					
Personnel Expenses					
Salaries	\$ 351,089	\$ 214,807	\$ (136,282)	\$ 310,800	\$ (40,289)
Payroll Taxes	25,665	14,687	(10,978)	22,861	(2,804)
Benefits	36,173	12,171	(24,002)	28,113	(8,060)
Retirement Costs	30,530	19,393	(11,137)	26,252	(4,278)
Total Personnel Expenses	\$ 443,457	\$ 261,058	\$ (182,399)	\$ 388,026	\$ (55,431)
Meeting Expenses					
Meetings	\$ 489,300	\$ 483,338	\$ (5,962)	\$ 571,000	\$ 81,700
Travel	16,850	19,742	2,892	9,220	(7,630)
Conference Calls	8,750	7,744	(1,006)	5,980	(2,770)
Total Meeting Expenses	\$ 514,900	\$ 510,824	\$ (4,076)	\$ 586,200	\$ 71,300
Operating Expenses					
Consultants & Contracts	\$ 92,000	\$ 129,593	\$ 37,593	\$ 68,000	\$ (24,000)
Office Rent	47,676	46,433	(1,243)	45,000	(2,676)
Office Costs	99,950	122,097	22,147	107,360	7,410
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 239,626	\$ 298,123	\$ 58,497	\$ 220,360	\$ (19,266)
Total Direct Expenses	\$ 1,197,983	\$ 1,070,005	\$ (127,978)	\$ 1,194,586	\$ (3,397)
Indirect Expenses	\$ 305,070	\$ 326,252	\$ 21,182	\$ 272,546	\$ (32,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,503,053	\$ 1,396,257	\$ (106,796)	\$ 1,467,132	\$ (35,921)
Change in Assets	\$ (5,336)	\$ 132,589	\$ 137,925	\$ 38,375	\$ 43,711
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (5,336)	\$ (3,549)	\$ 1,787	\$ (6,657)	\$ (1,321)
Incr(Dec) in Fixed Assets (C)	\$ (5,336)	\$ (3,549)	\$ 1,787	\$ (6,657)	\$ (1,321)
TOTAL BUDGET (B+C)	1,497,717	1,392,708	(105,009)	1,460,475	(37,242)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 136,138	\$ 136,138	\$ 45,032	\$ 45,032
FTEs	3.1	1.6	(1.5)	2.6	(0.5)
HC	3.0	2.0	(1.0)	3.0	-

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	1.2	1.0	(0.2)
Direct Expenses	\$ 178,977	\$ 135,866	\$ (43,111)
Indirect Expenses	\$ 118,092	\$ 101,331	\$ (16,761)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (2,066)	\$ (2,475)	\$ (409)
Total Funding Requirement	\$ 295,002	\$ 234,722	\$ (60,280)

Program Scope and Functional Description

WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area maintains near real-time awareness about the conditions and significant occurrences on the Bulk Electric System in the Western Interconnection, with the objective of recognizing conditions and situations that could impact the reliability of the BES. WECC has access to limited real-time data via the Situation Awareness for NERC, FERC and the Regions (SAFNR) tool. WECC's role is to understand system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BES. Through this coordination, WECC is seeking to discern patterns and identify trends aimed at helping to build a stronger and more resilient system. Additionally, personnel respond to events by providing coordination, assistance and communication with Peak Reliability, stakeholders, WECC management, and NERC SAIS personnel.

2016 Key Assumptions

- The Situation Awareness – FERC, NERC, and Regions (SAFNR) tool will continue to provide situation awareness capabilities at both NERC and Regional Entity levels.
- WECC will use its Situation Awareness activities to support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will continue working with stakeholders, government agencies, NERC and the ES-ISAC to ensure appropriate event information is being disseminated in a timely manner to industry.

2016 Goals and Key Deliverables

- WECC SAIS Staff will monitor system events, collect information and coordinate the distribution of timely updates on system events to WECC Management, industry stakeholders and NERC SAIS personnel.
- Staff will continue to work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.

- Staff will participate on daily NERC SAIS calls to coordinate, report, and receive any critical information.
- Staff will keep stakeholders informed of emerging reliability threats and risks to the BES, including any expected actions.
- Staff will continue to work and support efforts to develop and enhance ways to improve on the use of SAFNR data to further support SAIS.
- WECC will 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 decrease by \$43,000 primarily due to a reduction in the FTE allocation to the Situation Awareness and Infrastructure Security program as well as the refinement of labor float assumptions.

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.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security 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					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	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	\$ 292,255	\$ 292,255	\$ -	\$ 220,719	\$ (71,536)
Penalty Sanctions	1,853	1,853	-	20,378	18,525
Total WECC Funding	\$ 294,108	\$ 294,108	\$ -	\$ 241,097	\$ (53,011)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	894	498	(396)	863	(31)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 295,002	\$ 294,606	\$ (396)	\$ 241,960	\$ (53,042)
Expenses					
Personnel Expenses					
Salaries	\$ 141,605	\$ 124,106	\$ (17,499)	\$ 107,448	\$ (34,157)
Payroll Taxes	11,010	9,327	(1,683)	8,806	(2,204)
Benefits	14,048	11,135	(2,913)	10,494	(3,554)
Retirement Costs	12,313	12,057	(256)	9,118	(3,195)
Total Personnel Expenses	\$ 178,977	\$ 156,625	\$ (22,352)	\$ 135,866	\$ (43,111)
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	\$ 178,977	\$ 156,625	\$ (22,352)	\$ 135,866	\$ (43,111)
Indirect Expenses	\$ 118,092	\$ 126,291	\$ 8,199	\$ 101,331	\$ (16,761)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 297,068	\$ 282,916	\$ (14,152)	\$ 237,197	\$ (59,871)
Change in Assets	\$ (2,066)	\$ 11,690	\$ 13,756	\$ 4,763	\$ 6,829
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (2,066)	\$ (2,662)	\$ (596)	\$ (2,475)	\$ (409)
Incr(Dec) in Fixed Assets (C)	\$ (2,066)	\$ (2,662)	\$ (596)	\$ (2,475)	\$ (409)
TOTAL BUDGET (B+C)	295,002	280,254	(14,748)	234,722	(60,280)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 14,352	\$ 14,352	\$ 7,238	\$ 7,238
FTEs	1.2	1.2	-	1.0	(0.2)
HC	-	-	-	1.0	1.0

Corporate Services

Corporate Services (in whole dollars)						
	Direct Expenses and Fixes Assets			FTEs		
	2015 Budget	2016 Budget	Increase	2015 Budget	2016 Budget	Increase
			(Decrease)			(Decrease)
Committee and Member Forums	\$ 1,122,427	\$ 1,275,312	\$ 152,885	-	-	-
General and Administrative	\$ 4,192,980	\$ 4,665,973	\$ 472,993	20.90	21.40	0.50
Legal and Regulatory	\$ 1,098,349	\$ 1,168,659	\$ 70,310	6.00	6.00	-
Information Technology	\$ 1,646,668	\$ 1,594,545	\$ (52,123)	10.00	10.00	-
Human Resources	\$ 874,047	\$ 1,043,908	\$ 169,861	3.00	4.00	1.00
Accounting and Finance	\$ 670,318	\$ 744,628	\$ 74,310	5.00	5.00	-
Total Corporate Services	\$ 9,604,789	\$ 10,493,025	\$ 888,236	44.90	46.40	1.50

Program Scope and Functional Description

WECC's Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums
- General and Administrative
- Legal and Regulatory
- Information Technology
- Human Resources
- Finance and Accounting

These functions are necessary for the existence and operation of the organization and support the performance of WECC's statutory activities. This area includes Board fees and expenses, executive leadership and communications, as well as administrative support for WECC staff, committees, members, and management; logistics support of the Salt Lake City office and meeting facilities; and indirect costs such as Office Rent that benefits multiple functional areas.

Methodology for Allocation of Corporate Services Expenses to Programs

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

Technical Committees and Member Forums

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 include the Board of Directors, Board committees and Joint Guidance Committee.

2016 Key Assumptions

- The same level of meetings and meeting support will carry forward into 2016.
- Board members will be compensated for meeting participation in accordance with the Board Compensation Schedule.
- The Nominating Committee will engage a search firm to identify candidates for any open Independent Director positions in 2016.
- All four 2016 in-person Board meetings will be held in the Salt Lake City meeting space. Historically, WECC held one meeting off-site each year.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- No significant changes.

Meeting Expenses

- Meeting expenses decrease by \$104,000 primarily due to all WECC Board meetings being held in Salt Lake City.

Operating Expenses

- Consultants and Contracts increase by \$180,000 due to Board Director search fees; and
- Professional Services increase by \$75,000 due to an increase in Board meeting compensation.

Fixed Assets

- No significant changes.

General and Administrative

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.

2016 Key Assumptions

- WECC will eliminate one position in General and Administrative in 2016.
- Transfer one position from Compliance to General and Administrative in 2016 to more closely align costs with scope of work.
- Transfer and reclassify one position from Compliance to General and Administrative.
- Transfer one position from General and Administrative to Human Resources and reclassify from an entry-level to a senior-level position.

2016 Goals and Deliverables

- Provide executive leadership and strategic guidance for the activities undertaken by WECC.
- Continue to enhance the Business Services group to drive efficiencies and effective services throughout WECC.
- Continue to enhance the stakeholder relations program.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel expenses increase by \$714,000 primarily due to a three-percent merit increase and market adjustments to compensation as a result of an HRCC-directed study and refinements in the labor float rate. One position (1 FTE) was reclassified from Compliance to General and Administrative, 0.5 FTE was reallocated from the Training Program to the General and Administrative program. An Administrative Assistant position (1 FTE) was reclassified to an HR Generalist position and transferred to Human Resources.

Meeting Expenses

- No significant changes.

Operating Expenses

- Office rent and maintenance decrease by \$44,000 due to the alignment of the budget with the straight-line rent expense.
- Office Costs decrease by \$189,000 primarily due to the reclassification of webCDMS from General and Administrative to Compliance.

Fixed Assets

- No significant changes.

Legal and Regulatory

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.

2016 Key Assumptions

- Maintain the scope of its current operations.

2016 Goals and Deliverables

- Provide efficient, cost-effective legal support to the WECC Board, committees and staff through a combination of in-house and outside resources.
- Advise WECC departments on specified legal matters and general matters relating to WECC business.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$103,000 primarily due to the refinement of the labor float rate and a three-percent merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

Information Technology

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.

2016 Key Assumptions

- Reclassify two positions from senior-level to entry-level positions.
- Replace personal computer equipment on a four-year refresh cycle, refresh servers are every five years, and replace network equipment every seven-to-10 years.
- WECC supports the ERO Enterprise IT Strategy and is committed to working collaboratively to minimize duplication of effort and investments and improve operational efficiency.

2016 Goals and Deliverables

- Continue to provide increased 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.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by \$63,000 primarily due to the refinement of the labor float rate and the reclassification of one position to a lower level.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consulting and Contracts increase by a net of \$15,000 due to contractual labor needed for enhancements to features on WECC's public website.

Fixed Assets

- Fixed Assets decrease by a net of \$46,000 due to the completion of the new WECC website.

Human Resources

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.

2016 Key Assumptions

- Transfer one position from General and Administrative to Human Resources and reclassify from an entry-level to a senior-level position.

2016 Goals and Deliverables

- Continue to enhance the recruiting program that targets power engineering and cyber security programs to increase visibility of WECC and broaden the applicant pool for hard-to-fill positions, which will increase bench strength for key roles in Compliance and in Operations and Planning.
- Continue to build strong network relationships with area universities to promote WECC as a viable employer in the community.
- Enhance the scope of succession planning, employee development and training, which are vital to ensuring that WECC maintains a skilled, qualified workforce.
- Manage all employee benefits to deliver an attractive benefit package to employees, and to attract potential employees, while managing overall costs to the organization.
- Identify training needs that develop and deliver programs to enhance employee development.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$153,000 primarily due to the addition of an HR Generalist position (1 FTE) transferred from the General and Administrative Program as well as the refinement of the labor float rate and a three-percent merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants and Contracts decrease by \$15,000 due to a reduction in the consulting services within Human Resources.
- Office Costs increase by \$25,000 due to the cost of a compensation survey requested by the Human Resources and Compensation Committee.

Fixed Assets

- No significant changes.

Finance and Accounting

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.

2016 Key Assumptions

- Reclassify two accounting positions to higher-level positions to increase the capabilities of the Finance and Accounting Department.
- Implement a cloud-hosted expense reporting system.

2016 Goals and Deliverables

- Identify and implement efficiencies in financial processes.
- Provide improved reporting and financial analysis to WECC managers, the Finance and Audit Committee, and the WECC Board.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$81,000 primarily due to the refinement of the labor float percentage and a 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.

Corporate Services

Funding sources and related expenses for the Corporate Services section of the 2016 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
CORPORATE SERVICES					
	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	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 4,029,757	\$ 4,532,502	\$ 502,745	\$ 4,881,019	\$ 851,262
Payroll Taxes	263,880	268,790	4,910	297,980	34,100
Benefits	954,660	921,663	(32,997)	969,340	14,680
Retirement Costs	332,598	378,364	45,766	421,229	88,631
Total Personnel Expenses	\$ 5,580,895	\$ 6,101,319	\$ 520,424	\$ 6,569,568	\$ 988,673
Meeting Expenses					
Meetings	\$ 179,605	\$ 138,904	\$ (40,701)	\$ 114,898	\$ (64,707)
Travel	302,350	264,387	(37,963)	231,147	(71,203)
Conference Calls	20,710	19,118	(1,592)	16,839	(3,871)
Total Meeting Expenses	\$ 502,665	\$ 422,409	\$ (80,256)	\$ 362,884	\$ (139,781)
Operating Expenses					
Consultants & Contracts	\$ 231,300	\$ 284,188	\$ 52,888	\$ 407,000	\$ 175,700
Office Rent	937,860	890,201	(47,659)	891,988	(45,872)
Office Costs	1,028,719	847,152	(181,567)	868,328	(160,391)
Professional Services	988,350	1,269,055	280,705	1,051,975	63,625
Miscellaneous	-	-	-	-	-
Depreciation	335,000	341,285	6,285	341,282	6,282
Total Operating Expenses	\$ 3,521,229	\$ 3,631,881	\$ 110,652	\$ 3,569,573	\$ 39,344
Total Direct Expenses	\$ 9,604,789	\$ 10,155,609	\$ 550,820	\$ 10,493,025	\$ 888,236
Indirect Expenses	\$ (9,604,789)	\$ (10,155,609)	\$ (550,820)	\$ (10,493,025)	\$ (888,236)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	(335,000)	(341,285)	(6,285)	(341,282)	(6,282)
Computer & Software CapEx	-	19,000	19,000	55,000	55,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	128,000	128,000	30,000	30,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 335,000	\$ 194,285	\$ (140,715)	\$ 256,282	\$ (78,718)
Incr(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	44.9	41.2	(3.7)	46.4	1.5
HC	45.0	42.0	(3.0)	46.0	1.0

Section B Supplemental Financial Information

2016 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2015-2016	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2014	\$ 2,990,344
Plus: 2015 WECC Funding (from Load-Serving Entities (LSE) or designees)	25,175,135
Plus: 2015 Other funding sources	1,126,508
Less: 2015 Projected expenses & capital expenditures	(26,897,817)
Projected Working Capital Reserve (Deficit), December 31, 2015	<u>\$ 2,394,170</u>
 Desired Working Capital Reserve, December 31, 2016	 ² \$ 3,238,547
Less: Projected Working Capital Reserve, December 31, 2015	(2,394,170)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>\$ 844,377</u>
2016 Expenses and Capital Expenditures	\$ 27,384,956
Less: Penalty Sanctions ¹	(1,983,700)
Less: Other Funding Sources	(1,213,500)
Adjustment to achieve desired Working Capital Reserve	844,377
2016 WECC Assessment	<u>\$ 25,032,134</u>

1 – Represents collections from July 1, 2014 through June 30, 2015. See page 42 for full disclosure.

2 – On June 24, 2015, the WECC Board of Directors approved this reserve level.

WECC's Board has approved a Working Capital Reserve balance equal to one-to-two months of Personnel and Operating Expenses.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 11.

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, 2015 will be used to offset assessments in the 2016 WECC Budget.

All penalty monies received on or prior to June 30, 2015 are listed in Table B-2, 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.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2015					
Date Received	Amount Received	Date Received	Amount Received	Date Received	Amount Received
7/2/2014	155,000	11/12/2014	12,500	3/5/2015	\$ 60,000
7/21/2014	98,500	12/2/2014	40,000	3/27/2015	16,000
7/25/2014	97,500	12/2/2014	25,000	4/2/2015	13,200
8/12/2014	12,000	1/14/2015	60,000	4/21/2015	30,000
8/18/2014	10,000	1/27/2015	94,500	5/13/2015	17,000
8/21/2014	109,000	2/6/2015	5,000	5/27/2015	45,000
9/11/2014	20,000	2/12/2015	65,000	6/3/2015	85,000
9/15/2014	24,000	2/12/2015	7,000	6/5/2015	70,000
9/18/2014	20,000	2/18/2015	150,000		
9/18/2014	35,000	2/20/2015	103,500		
9/29/2014	180,000	2/20/2015	12,000		
10/20/2014	40,000	2/25/2015	15,000		
10/20/2014	50,000	3/3/2015	65,000		
11/4/2014	22,000	3/5/2015	120,000		
Total Penalties Received					\$ 1,983,700
Net Penalties to Offset Assessments					<u>\$ 1,983,700</u>

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget
Reliability Standards				
Interest	\$ 2,981	\$ 1,662	\$ 3,571	\$ 590
Miscellaneous	-	-	-	-
Total	\$ 2,981	\$ 1,662	\$ 3,571	\$ 590
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ 3,600	\$ 3,600
Interest	39,865	22,218	48,204	8,339
Miscellaneous	-	-	-	-
Total	\$ 39,865	\$ 22,218	\$ 51,804	\$ 11,939
Reliability Assessment and Performance Analysis				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	22,950	12,791	29,041	6,091
Miscellaneous	-	-	-	-
Total	\$ 22,950	\$ 12,791	\$ 29,041	\$ 6,091
Training and Education				
Workshops	\$ 1,055,900	\$ 1,088,052	\$ 1,125,900	\$ 70,000
Interest	2,310	1,287	2,321	11
Miscellaneous	-	-	-	-
Total	\$ 1,058,210	\$ 1,089,339	\$ 1,128,221	\$ 70,011
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	894	498	863	(31)
Miscellaneous	-	-	-	-
Total	\$ 894	\$ 498	\$ 863	\$ (31)
Corporate Services				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 1,124,900	\$ 1,126,508	\$ 1,213,500	\$ 88,600

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

WECC anticipates its investments will earn interest of approximately \$84,000 in 2016. This revenue is allocated to the Statutory and Non-Statutory Programs based on FTEs.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- An increase of \$3,600 in training revenue is related to Organization Registration and Certification training meetings.

Training and Education

- Workshop revenue increases by \$70,000 primarily due to an anticipated increase in Compliance User Group (CUG) attendance.

Situation Awareness and Infrastructure Security

- No significant changes.

Corporate Services

- Not applicable.

Personnel Expenses

Table B-4

Personnel Expenses	Budget		Projection		Variance	
	2015	2015	2016	2016 Budget v 2015 Budget	Variance %	
Salaries						
Salaries	\$ 13,095,525	\$ 13,529,562	\$ 14,552,825	\$ 1,457,300	11.1%	
Employment Agency Fees	-	-	-	-		
Temporary Office Services	-	-	-	-		
Total Salaries	\$ 13,095,525	\$ 13,529,562	\$ 14,552,825	\$ 1,457,300	11.1%	
Total Payroll Taxes	\$ 960,686	\$ 948,977	\$ 1,047,090	\$ 86,404	9.0%	
Benefits						
Workers Compensation	\$ 19,000	\$ 22,019	\$ 15,000	\$ (4,000)	-21.1%	
Medical Insurance	1,658,341	1,578,662	1,664,684	6,343	0.4%	
Life-LTD-STD Insurance	74,911	78,202	83,188	8,277	11.0%	
Education	286,878	255,968	257,381	(29,497)	-10.3%	
Relocation	50,000	77,376	40,000	(10,000)	-20.0%	
Other	11,182	9,850	14,355	3,173	28.4%	
Total Benefits	\$ 2,100,312	\$ 2,022,077	\$ 2,074,608	\$ (25,704)	-1.2%	
Retirement						
Discretionary 401k Contribution	\$ 1,107,028	\$ 1,185,540	\$ 1,229,074	\$ 122,046	11.0%	
Retirement Administration Fees	15,000	10,909	30,000	15,000	100.0%	
Total Retirement	\$ 1,122,028	\$ 1,196,449	\$ 1,259,074	\$ 137,046	12.2%	
Total Personnel Costs	\$ 17,278,551	\$ 17,697,065	\$ 18,933,597	\$ 1,655,046	9.6%	
FTEs	137.5	137.0	140.5	3.0	2.2%	
Cost per FTE						
Salaries	\$ 95,240	\$ 98,756	\$ 103,579	8,339	8.8%	
Payroll Taxes	6,987	6,927	7,453	466	6.7%	
Benefits	15,275	14,760	14,766	(509)	-3.3%	
Retirement	8,160	8,733	8,961	801	9.8%	
Total Cost per FTE	\$ 125,662	\$ 129,176	\$ 134,759	\$ 9,097	7.2%	

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

Salaries

- Salaries increase by a net \$1.46 million primarily due to the refinement of WECC's labor float percentage, a three-percent merit increase, market adjustments to compensation as a result of an HRCC-directed study, and the net addition of 3.0 FTEs.

Payroll Taxes

- Payroll Taxes increase by \$86,000 due to the increase in Salaries.

Benefits

- Workers Compensation decreases by \$4,000 based on estimated premiums.
- Medical Insurance increases by \$6,000 to reflect a more accurate estimate of actual employee enrollment.
- Life, Long-Term Disability, and Short-Term Disability Insurance increases by \$8,000 due to the refinement of WECC's labor float percentage as well as the net addition of 3.0 FTEs.
- Education decreases by \$29,000 to reflect a more accurate estimate of actual employee usage of the tuition reimbursement program.

- Relocation decreases by \$10,000 to reflect estimated relocation offers in 2016.
- Other (benefits) increases by \$3,000 to reflect higher participation in WECC's employee wellness program.

Retirement

- Contributions to 401(k) plans increase by \$122,000 due to the refinement of WECC's labor float percentage, a three-percent merit increase, and the net addition of 3.0 FTEs.
- Retirement Administration Fees increase by \$15,000 as a result of switching to a new 401(k) plan administrator.

Meeting Expenses

Table B-5

Meeting Expense	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Reliability Standards	\$ 528	\$ 489	\$ 1,420	892	168.9%
Compliance Monitoring, Enforcement & Org. Registration	6,685	9,076	1,948	(4,737)	-70.9%
Reliability Assessment and Performance Analysis	137,430	112,543	130,934	(6,496)	-4.7%
Training and Education	489,300	483,338	571,000	81,700	16.7%
Situation Awareness	-	-	-	-	-
Corporate Services	179,605	138,904	114,898	(64,707)	-36.0%
Total Meeting Expenses	\$ 813,548	\$ 744,349	\$ 820,200	\$ 6,652	0.8%

Travel Expense	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Reliability Standards	\$ 32,175	\$ 25,043	\$ 26,925	(5,250)	-16.3%
Compliance Monitoring, Enforcement & Org. Registration	849,896	735,943	696,704	(153,192)	-18.0%
Reliability Assessment and Performance Analysis	221,552	196,094	209,375	(12,177)	-5.5%
Training and Education	16,850	19,742	9,220	(7,630)	-45.3%
Situation Awareness	-	-	-	-	-
Corporate Services	302,350	264,387	231,147	(71,203)	-23.5%
Total Travel Expenses	\$ 1,422,823	\$ 1,241,208	\$ 1,173,371	\$ (249,452)	-17.5%

Conference Call Expense	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Reliability Standards	3,027	\$ 3,153	\$ 2,565	(462)	-15.3%
Compliance Monitoring, Enforcement & Org. Registration	13,152	12,188	13,339	187	1.4%
Reliability Assessment and Performance Analysis	29,600	27,487	32,100	2,500	8.4%
Training and Education	8,750	7,744	5,980	(2,770)	-31.7%
Situation Awareness	-	-	-	-	-
Corporate Services	20,710	19,118	16,839	(3,871)	-18.7%
Total Conference Call Expenses	\$ 75,239	\$ 69,690	\$ 70,823	\$ (4,416)	-5.9%

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

Meeting Expense

- Compliance decreases by a net of \$5,000 due to a decrease in costs for external meetings.
- Reliability Assessment and Performance Analysis decreases by \$6,000 due to a decrease in costs for external meetings.
- Training and Education increases by \$82,000 primarily due to the addition of the reliability issues forum.
- Corporate Services decreases by a net of \$65,000 primarily due to all WECC Board meetings being held in Salt Lake City.

Travel Expense

- Reliability Standards decreases by \$5,000 due to standard budget assumptions that were used in all departments for travel, hotel and rental car expenditures, which reduced estimated travel costs in some areas.
- Compliance decreases by \$153,000 due to the implementation of risk-based compliance monitoring, which reduces travel expenditures in Compliance. Additionally, standard

budget assumptions were used in all departments for travel, hotel and rental car expenditures, which also reduces estimated travel costs in some areas.

- Reliability Assessment and Performance Analysis decreases by a net of \$12,000 due to standard budget assumptions that were used in all departments for travel, hotel and rental car expenditures, which reduced estimated travel costs in some areas.
- Training and Education decreases by a net of \$8,000 due to standard budget assumptions that were used in all departments for travel, hotel and rental car expenditures, which reduced estimated travel costs in some areas.
- Corporate Services decreases by a net of \$71,000 primarily due to all WECC Board meetings being held in Salt Lake City.

Conference Calls

- Corporate Services decrease by a net of \$4,000 due to an anticipated reduction in conference call usage.

Consultants and Contracts

Table B-6

Consultants	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	35,640	5,000	-	(35,640)	-100.0%
Reliability Assessment and Performance Analysis	1,332,000	2,535,491	2,324,000	992,000	74.5%
Training and Education	92,000	129,593	68,000	(24,000)	-26.1%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	226,500	281,133	377,000	150,500	66.4%
Consultants Total	\$ 1,686,140	\$ 2,951,216	\$ 2,769,000	\$ 1,082,860	64.2%

Contracts	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	432,280	512,280	472,170	39,890	9.2%
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	4,800	3,055	30,000	25,200	525.0%
Contracts Total	\$ 437,080	\$ 515,335	\$ 502,170	\$ 65,090	14.9%
Total Consulting and Contracts	\$ 2,123,220	\$ 3,466,551	\$ 3,271,170	\$ 1,147,950	54.1%

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

Consultants

- Compliance and Organization Registration and Certification decreases by \$36,000 primarily due shifting work from consultants to Corporate Services staff.
- RAPA increases by a net \$992,000 due to the following:
 - A decrease of \$167,000 is due to transitioning work from consultants to in-house staff in Operations Performance Analysis.
 - An increase of \$111,000 in Transmission Expansion Planning for transmission scenario studies.
 - An increase of \$898,000 for RAS modeling that was previously budgeted in Fixed Assets.
 - An increase of \$150,000 for composite load modeling.
- Training and Education consultants decrease by \$24,000 due to a decrease in use of consultants to conduct training sessions.
- Corporate Services increases by a net of \$151,000 due to the following:
 - Technical Committee and Member Forums consultants increase by \$180,000 primarily due to an increase for Board Director Search fees.
 - Information Technology consulting decreases by \$15,000 due to a reduction in information management analytics consulting.
 - Human Resources decreases by \$15,000 due to a reduction in expenses for a compensation study.

Contracts

- Compliance and Organization Registration and Certification contracts increase by \$40,000 due to shift of costs from Corporate Services to Compliance and Organization Registration and Certification for Compliance software.
- Corporate Services contracts increase by \$25,000 due to contractual labor for enhancement of features for WECC's public website including interfacing features and application migration development within Information Technology.

Office Rent

Table B-7

Office Rent	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Office Rent	\$ 969,480	\$ 923,732	\$ 926,748	(42,732)	-4.4%
Utilities	-	-	-	-	0.0%
Maintenance	17,656	15,230	10,240	(7,416)	-42.0%
Security	-	-	-	-	0.0%
Total Office Rent	\$ 987,136	\$ 938,962	\$ 936,988	\$ (50,148)	-5.1%

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

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

Office Costs

Table B-8

Office Costs	Budget		Projection		Variance	
	2015	2015	2016	2016	2016 Budget v 2015 Budget	Variance %
Telephone	\$ 96,747	\$ 62,450	\$ 78,640	\$ (18,107)	-18.7%	
Internet	117,618	66,005	68,836	(48,782)	-41.5%	
Office Supplies	104,859	113,567	94,921	(9,938)	-9.5%	
Computer Supplies and Maintenance	908,990	948,870	1,017,268	108,278	11.9%	
Publications & Subscriptions	17,535	49,917	38,170	20,635	117.7%	
Dues and Fees	159,314	238,552	178,258	18,944	11.9%	
Postage	5,699	4,708	5,376	(323)	-5.7%	
Express Shipping	11,304	12,469	6,430	(4,874)	-43.1%	
Copying	67,545	49,133	39,850	(27,695)	-41.0%	
Bank Charges	74,000	76,168	66,000	(8,000)	-10.8%	
Taxes	64,000	60,528	61,675	(2,325)	-3.6%	
Total Office Costs	\$ 1,627,611	\$ 1,682,367	\$ 1,655,424	\$ 27,813	1.7%	

Explanation of Significant Variances – 2016 Budget versus 2015 Budget

- Telephone expenses decrease by \$18,000 to more accurately reflect cellular phone expenses.
- Internet expenses decrease by a net \$49,000 to more accurately reflect actual expenses.
- Computer Supplies and Maintenance increases by a net of \$108,000 primarily due to an increase of \$50,000 for workspace reconfiguration and improvements, and an increase of \$65,000 for Microsoft Office 360 licensing renewal, which includes exchange cloud migration.
- Publications and Subscriptions increase by \$20,000 primarily due to the subscription fee for compensation data.
- Dues and Fees increase by a net of \$19,000 primarily due to an increase in recruiting expenses for WECC's new annual LinkedIn membership and accounting reporting enhancements.
- Copying decreases by \$28,000 to more accurately reflect estimated expenditures.

Professional Services

Table B-9

Professional Services	Budget		Projection		Variance	
	2015	2015	2016	2016	2016 Budget v 2015 Budget	Variance %
Board Director fees	\$ 749,250	\$ 808,750	\$ 824,250	\$ 75,000	10.0%	
Outside Legal	30,600	229,990	31,600	1,000	3.3%	
Accounting & Auditing Fees	88,500	127,750	86,125	(2,375)	-2.7%	
Insurance Commercial	120,000	102,565	110,000	(10,000)	-8.3%	
Total Services	\$ 988,350	\$ 1,269,055	\$ 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-10

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.

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	628,953	136,904
Inc(Dec) in Fixed Assets	(8,607)	(15,362)	(6,755)
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.).

- Revenues can vary greatly from year to year: therefore, 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.

2016 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 of \$62,000 mainly due to the addition of one position.

Travel Expenses

- Travel Expenses decrease by a net \$25,000 due to estimates of actual travel and meeting expenditure requirements in 2016.

Operating Expenses

- Office Costs decrease by \$22,000 primarily due to decreases in WREGIS software upgrade costs.

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

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					
NON-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	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	1,626,000	1,794,345	168,345	1,900,000	274,000
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	4,875	-	(4,875)	2,250	(2,625)
Interest	-	5,923	5,923	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,630,875	\$ 1,800,268	\$ 169,393	\$ 1,902,250	\$ 271,375
Expenses					
Personnel Expenses					
Salaries	\$ 358,476	\$ 300,620	\$ (57,856)	\$ 411,618	\$ 53,142
Payroll Taxes	29,669	26,948	(2,721)	34,402	4,733
Benefits	62,675	30,577	(32,098)	63,249	574
Retirement Costs	31,172	26,341	(4,831)	34,870	3,698
Total Personnel Expenses	\$ 481,992	\$ 384,486	\$ (97,506)	\$ 544,139	\$ 62,147
Meeting Expenses					
Meetings	\$ 3,975	\$ 5,511	\$ 1,536	\$ 4,200	\$ 225
Travel	52,000	39,425	(12,575)	27,575	(24,425)
Conference Calls	1,200	944	(256)	850	(350)
Total Meeting Expenses	\$ 57,175	\$ 45,880	\$ (11,295)	\$ 32,625	\$ (24,550)
Operating Expenses					
Consultants & Contracts	\$ 2,400	\$ 2,897	\$ 497	\$ 2,400	\$ -
Office Rent	-	-	-	-	-
Office Costs	616,125	546,547	(69,578)	594,256	(21,869)
Professional Services	19,500	12,636	(6,864)	9,000	(10,500)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	73,610	-	-
Total Operating Expenses	\$ 638,025	\$ 562,080	\$ (2,335)	\$ 605,656	\$ (32,369)
Total Direct Expenses	\$ 1,177,192	\$ 992,446	\$ (111,136)	\$ 1,182,420	\$ 5,228
Indirect Expenses	\$ 492,049	\$ 410,123	\$ (81,926)	\$ 628,953	\$ 136,904
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,669,241	\$ 1,402,569	\$ (193,062)	\$ 1,811,373	\$ 142,132
Change in Assets	\$ (38,366)	\$ 397,699	\$ 362,455	\$ 90,877	\$ 129,243
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (8,607)	\$ (8,607)	\$ -	\$ (15,362)	\$ (6,755)
Incr(Dec) in Fixed Assets (C)	\$ (8,607)	\$ (8,607)	\$ -	\$ (15,362)	\$ (6,755)
TOTAL BUDGET (=B+C)	1,660,634	1,393,962	(193,062)	1,796,011	135,377
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 244,820	\$ 406,306	\$ 362,455	\$ 106,239	\$ 135,998
FTEs	5.0	4.0	(1.0)	6.0	1.0
HC	5.0	4.0	(1.0)	6.0	1.0

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 2015	Projection 2015	Direct FTEs 2016 Budget	Shared FTEs ¹ 2016 Budget	Total FTEs 2016 Budget	Change from 2015 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	4.0	6.0	0.0	6.0	1.0
Total FTEs Administrative Programs	5.0	4.0	6.0	0.0	6.0	1.0
Total FTEs	5.0	4.0	6.0	0.0	6.0	1.0

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

The addition of one FTE for a Program Analyst position.

Reserve Analysis — 2015–2016

Working Capital Reserve Analysis	
NON-STATUTORY	
WREGIS Reserves	
Beginning Working Capital Reserve (Deficit), December 31, 2014	4,589,516
Plus: 2015 WREGIS Funding	1,800,268
Plus: 2015 Other funding sources	
Less: 2015 Projected expenses & capital expenditures	(1,393,962)
Projected Working Capital Reserve (Deficit), December 31, 2015	<u><u>4,995,822</u></u>
Projected Working Capital Reserve, December 31, 2016	4,995,822
Less: Projected Working Capital Reserve, December 31, 2015	(4,995,822)
Adjustments to achieve Working Capital Reserve, December 31, 2015	<u><u>0</u></u>
2015 Funding Sources	1,902,250
Less: Expenses and Capital Expenditures	(1,796,011)
2016 Reserve Adjustment	<u><u>106,239</u></u>

Section D

Additional Financial Information

2016 Business Plan and Budget

Section D – Additional Financial Information

2016 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

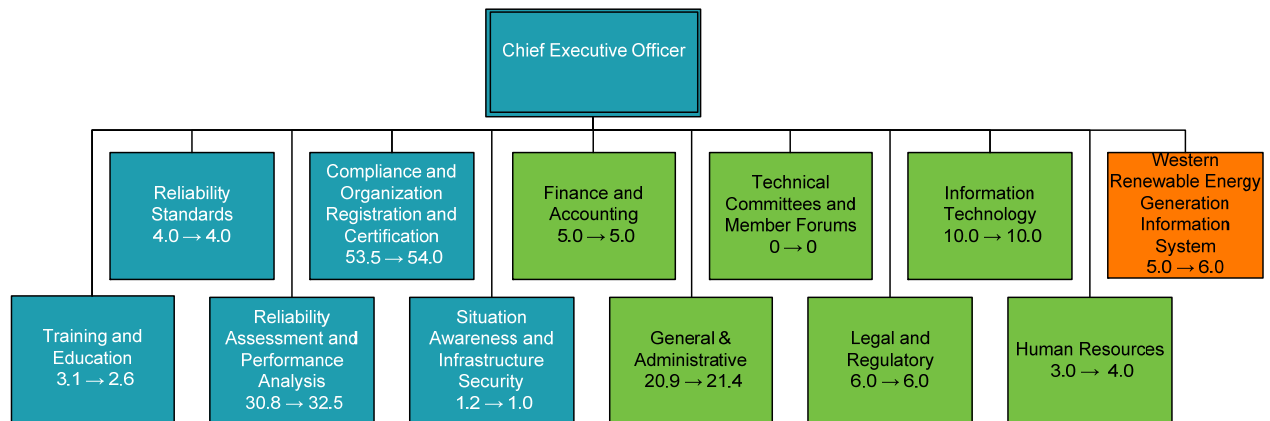
Statement of Activities and Capital Expenditures by Program 2016 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement						Non-Statutory Functions			
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Corporate Services	Non-Statutory Total	WREGIS	
Funding													
WECC Funding													
WECC Assessments	25,032,134	25,032,134	-	25,032,134	1,034,890	13,047,128	10,406,920	322,476	220,719	-	-	-	-
Penalty Sanctions	1,983,700	1,983,700	-	1,983,700	84,323	1,138,361	685,828	54,810	20,378	-	-	-	-
Total WECC Funding	27,015,834	27,015,834	-	27,015,834	1,119,213	14,185,489	11,092,748	377,286	241,097	-	-	-	-
Non-statutory Funding	1,900,000	-	1,900,000	-	-	-	-	-	-	-	1,900,000	1,900,000	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	1,131,750	1,129,500	2,250	1,129,500	-	3,600	-	1,125,900	-	-	2,250	2,250	-
Interest	84,000	84,000	-	84,000	3,571	48,204	29,041	2,321	863	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding (A)	30,131,584	28,229,334	1,902,250	28,229,334	1,122,784	14,237,293	11,121,789	1,505,507	241,960	-	1,902,250	1,902,250	-
Expenses													
Personnel Expenses													
Salaries	14,964,443	14,552,825	411,618	14,552,825	518,048	5,288,714	3,446,796	310,800	107,448	4,881,019	411,618	411,618	-
Payroll Taxes	1,081,492	1,047,090	34,402	1,047,090	37,302	411,811	268,330	22,861	8,806	297,980	34,402	34,402	-
Benefits	2,137,857	2,074,608	63,249	2,074,608	44,778	648,318	373,565	28,113	10,494	969,340	63,249	63,249	-
Retirement Costs	1,293,944	1,259,074	34,870	1,259,074	43,757	451,633	307,085	26,252	9,118	421,229	34,870	34,870	-
Total Personnel Expenses	19,477,736	18,933,597	544,139	18,933,597	643,885	6,800,476	4,395,776	388,026	135,866	6,569,568	544,139	544,139	-
Meeting Expenses													
Meetings	824,400	820,200	4,200	820,200	1,420	1,948	130,934	571,000	-	114,898	4,200	4,200	-
Travel	1,200,946	1,173,371	27,575	1,173,371	26,925	696,704	209,375	9,220	-	231,147	27,575	27,575	-
Conference Calls	71,673	70,823	850	70,823	2,565	13,339	32,100	5,980	-	16,839	850	850	-
Total Meeting Expenses	2,097,019	2,064,394	32,625	2,064,394	30,910	711,991	372,409	586,200	-	362,884	32,625	32,625	-
Operating Expenses													
Consultants & Contracts	3,273,570	3,271,170	2,400	3,271,170	-	472,170	2,324,000	68,000	-	407,000	2,400	2,400	-
Office Rent	936,988	936,988	-	936,988	-	-	-	45,000	-	891,988	-	-	-
Office Costs	2,249,680	1,655,424	594,256	1,655,424	5,345	304,481	369,910	107,360	-	868,328	594,256	594,256	-
Professional Services	1,060,975	1,051,975	9,000	1,051,975	-	-	-	-	-	1,051,975	9,000	9,000	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	948,609	948,609	-	948,609	-	33,636	573,691	-	-	341,282	-	-	-
Total Operating Expenses	8,469,822	7,864,166	605,656	7,864,166	5,345	810,287	3,267,601	220,360	-	3,560,573	605,656	605,656	-
Total Direct Expenses	30,044,577	28,862,157	1,182,420	28,862,157	680,140	8,322,754	8,035,786	1,194,586	135,866	10,493,025	1,182,420	1,182,420	-
Indirect Expenses	0	(628,953)	628,953	(628,953)	419,301	5,660,573	3,410,320	272,546	101,331	(10,493,025)	628,953	628,953	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	30,044,577	28,233,204	1,811,373	28,233,204	1,099,441	13,983,327	11,446,106	1,467,132	237,197	-	1,811,373	1,811,373	-
Change in Assets	87,006	(3,870)	90,877	(3,870)	23,343	253,966	(324,317)	38,375	4,763	-	90,877	90,877	-
Fixed Assets													
Depreciation	(948,609)	(948,609)	-	(948,609)	-	(33,636)	(573,691)	-	-	(341,282)	-	-	-
Computer & Software CapEx	55,000	55,000	-	55,000	-	-	-	-	-	55,000	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	30,000	30,000	-	30,000	-	-	-	-	-	30,000	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	(1)	15,361	(15,362)	15,361	(10,241)	(138,254)	(83,294)	(6,657)	(2,475)	256,282	(15,362)	(15,362)	-
Inc(Dec) in Fixed Assets (C)	(863,610)	(848,248)	(15,362)	(848,248)	(10,241)	(171,890)	(656,985)	(6,657)	(2,475)	-	(15,362)	(15,362)	-
TOTAL BUDGET (B+C)	29,180,967	27,384,956	1,796,011	27,384,956	1,089,200	13,811,437	10,789,121	1,460,475	234,722	-	1,796,011	1,796,011	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	950,616	844,378	106,239	844,378	33,584	425,856	332,668	45,032	7,238	-	106,239	106,239	-
FTEs	146.5	140.5	6.0	140.5	4.0	54.0	32.5	2.6	1.0	46.4	6.0	6.0	-
HC	147.0	141.0	6.0	141.0	4.0	54.0	33.0	3.0	1.0	46.0	6.0	6.0	-

Section D — Additional Financial Information

Statement of Financial Position

Statement of Financial Position			
2014 Audited, 2015 Projection, and 2016 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-14	31-Dec-15	31-Dec-16
ASSETS			
Cash and cash equivalents	\$ 38,445,013	\$ 22,393,653	\$ 22,617,589
Certificates of deposit	3,711,823	2,783,867	2,811,706
Investments	2,128,775	1,596,581	1,612,547
Accounts receivable, net	4,449,584	3,337,188	3,370,560
Prepaid expenses and other assets	450,832	338,124	341,505
Property and equipment	1,574,721	1,659,721	1,744,721
Total Assets	<u>\$ 50,760,748</u>	<u>\$ 32,109,134</u>	<u>\$ 32,498,628</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	22,020,846	4,894,948	4,384,442
Accrued Expenses	5,268,048	4,268,048	4,194,853
Deferred revenue	14,210,397	13,767,674	13,767,674
Other liabilities	1,284,835	1,391,710	1,414,289
Total Liabilities	<u>\$ 42,784,126</u>	<u>\$ 24,322,380</u>	<u>\$ 23,761,257</u>
Unrestricted net assets	7,976,622	7,786,754	8,737,370
Total Liabilities and Net Assets	<u>\$ 50,760,748</u>	<u>\$ 32,109,134</u>	<u>\$ 32,498,628</u>

Appendix A: Organizational Chart



- Statutory Program Area
- Corporate Services Program Area
- Non-statutory Program Area

Appendix B: 2016 Budget & Projected 2017 and 2018 Budgets

Statement of Activities and Capital Expenditures							
2016 Budget & Projected 2017 and 2018 Budgets							
Statutory							
	2016 Budget	2017 Projection	\$ Change 16 v 17	% Change 16 v 17	2018 Projection	\$ Change 17 v 18	% Change 17 v 18
Funding							
ERO Funding							
WECC Assessments	\$ 25,032,134	\$ 25,050,000	\$ 17,866	0.1%	\$ 25,050,000	\$ -	0.0%
Penalty Sanctions	1,983,700	-	(1,983,700)	-100.0%	-	-	-
Total ERO Funding	\$ 27,015,834	\$ 25,050,000	\$ (1,965,834)	-7.3%	\$ 25,050,000	\$ -	0.0%
Membership Dues	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-
Workshops	1,129,500	1,174,680	45,180	4.0%	1,233,414	58,734	5.0%
Interest	84,000	84,000	-	0.0%	84,000	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Total Funding (A)	\$ 28,229,334	\$ 26,308,680	\$ (1,920,654)	-6.8%	\$ 26,367,414	\$ 58,734	0.2%
Expenses							
Personnel Expenses							
Salaries	\$ 14,552,825	\$ 14,989,410	436,585	3.0%	\$ 15,439,092	449,682	3.0%
Payroll Taxes	1,047,090	1,078,503	31,413	3.0%	\$ 1,110,858	32,355	3.0%
Benefits	2,074,608	2,136,846	62,238	3.0%	\$ 2,200,952	64,105	3.0%
Retirement Costs	1,259,074	1,296,846	37,772	3.0%	\$ 1,335,752	38,905	3.0%
Total Personnel Expenses	\$ 18,933,597	\$ 19,501,605	\$ 568,008	3.0%	\$ 20,086,653	\$ 585,048	3.0%
Meeting Expenses							
Meetings	\$ 820,200	\$ 853,008	32,808	4.0%	\$ 887,128	34,120	4.0%
Travel	1,173,371	1,173,371	-	0.0%	1,173,371	-	0.0%
Conference Calls	70,823	70,823	-	0.0%	70,823	-	0.0%
Total Meeting Expenses	\$ 2,064,394	\$ 2,097,202	\$ 32,808	1.6%	\$ 2,131,322	\$ 34,120	1.6%
Operating Expenses							
Consultants & Contracts	\$ 3,271,170	\$ 2,423,170	(848,000)	-25.9%	\$ 2,470,097	46,927	1.9%
Office Rent	936,988	940,000	3,012	0.3%	990,000	50,000	5.3%
Office Costs	1,655,424	1,705,424	50,000	3.0%	1,705,424	-	0.0%
Professional Services	1,051,975	1,151,975	100,000	9.5%	1,151,975	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Depreciation	948,609	986,553	37,944	4.0%	-	(986,553)	-100.0%
Total Operating Expenses	\$ 7,864,166	\$ 7,207,122	\$ (657,044)	-8.4%	\$ 6,317,496	\$ (889,627)	-12.3%
Total Direct Expenses	\$ 28,862,157	\$ 28,805,929	\$ (56,228)	-0.2%	\$ 28,535,471	\$ (270,458)	-0.9%
Indirect Expenses	(628,953)	(628,953)	-	0.0%	(628,953)	-	0.0%
Other Non-Operating Expenses	-	-	-	-	-	-	-
Total Expenses (B)	\$ 28,233,204	\$ 28,176,976	\$ (56,228)	-0.2%	\$ 27,906,518	\$ (270,458)	-1.0%
Change in Assets	\$ (3,870)	\$ (1,868,296)	\$ (1,864,426)	48176.4%	\$ (1,539,104)	\$ 329,192	-17.6%
Fixed Assets							
Depreciation	\$ (948,609)	\$ (986,553)	\$ (37,944)	4.0%	\$ -	\$ 986,553	-100.0%
Computer & Software CapEx	55,000	-	(55,000)	-100.0%	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-
Equipment CapEx	30,000	-	(30,000)	-100.0%	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-
Allocation of Fixed Assets	15,361	-	(15,361)	-100.0%	-	-	-
Incr(Dec) in Fixed Assets (C)	\$ (848,248)	\$ (986,553)	\$ (138,305)	16.3%	\$ -	\$ 986,553	-100.0%
TOTAL BUDGET (B+C)	\$ 27,384,956	\$ 27,190,423	\$ (194,533)	-0.7%	\$ 27,906,518	\$ 716,095	2.6%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 844,378	\$ (881,743)	\$ (1,726,121)	-100.0%	\$ (1,539,104)	\$ (657,361)	74.6%
FTEs	140.5	140.5	0.0	0.0%	140.5	-	0.0%
HC	141.0	141.0	0.0	0.0%	141.0	-	0.0%

Appendix C: Adjustment to the Alberta Electric System Operator (AESO) 2016 Assessment

Adjustment to the AESO 2015 and 2016 Assessments		
Credit for WECC Compliance Costs		
	2015	2016
	Compliance Budget AESO NEL Allocation	Compliance Budget AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	\$ 7,985,817	\$ 8,270,950
Indirect Costs	5,264,920	5,660,573
Fixed Asset Expenditures	(112,090)	(171,890)
Total Net Costs, including Fixed Assets	<u>\$ 13,138,647</u>	<u>\$ 13,759,633</u>
Net total to be allocated	\$ 13,138,647	\$ 13,759,633
AESO NEL Share (2013 & 2014)	<u>7.000%</u>	<u>6.975%</u>
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 919,649	\$ 959,752
% Credit (51.23 of 53.5 FTE for 2015; 52.8 of 54 FTE for 2016)	95.76%	97.78%
AESO Credit for Compliance Costs	<u>\$ 880,629</u>	<u>\$ 938,424</u>