

2018 Business Plan and Budget

Western Electricity Coordinating Council

Approved by: WECC Board of Directors

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2018 Budget	U.S.	Canada	Mexico
Statutory FTEs*	143.0			
Non-statutory FTEs	6.0			
Total FTEs	149.0			
Statutory Expenses	\$ 27,245,859			
Non-Statutory Expenses	\$ 1,774,080			
Total Expenses	\$ 29,019,939			
Statutory Incr(Decr) in Fixed Assets	\$ (148,515)			
Non-Statutory Incr(Decr) in Fixed Assets	\$ (7,301)			
Total Inc(Dec) in Fixed Assets	\$ (155,816)			
Statutory Working Capital Requirement**	\$ 899,706			
Non-Statutory Working Capital Requirement***	\$ 32,536			
Total Working Capital Requirement	\$ 932,242			
Total Statutory Funding Requirement	\$ 27,997,050			
Total Non-Statutory Funding Requirement	\$ 1,799,315			
Total Funding Requirement	\$ 29,796,365			
Statutory Assessments	\$ 25,282,000	\$ 21,841,793	\$ 3,004,443	\$ 435,765
Non-Statutory Fees	\$ 1,799,315	\$ 1,709,349	\$ 89,966	\$ -
NEL****	857,250,282	722,744,087	121,411,129	13,095,066
NEL%	100.00%	84.31%	14.16%	1.53%

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

**Refer to the Statutory Reserve Analysis on page 45 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 62 in Section C.

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

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's purpose is to assure the public of the reliability and security of the Western Interconnection's Bulk Electric System (BES). WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and in accordance with its Bylaws. WECC executes its mission while working with a broad community consisting of industry stakeholders and two advisory bodies – the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

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.

WECC's value proposition is to enhance reliability and security through two measures:

- Providing efficient and effective risk-based Compliance Monitoring and Enforcement of Reliability Standards through standards development, entity registration, compliance risk assessment, and audits and investigations; and
- Informing the actions, practices, and decisions of industry participants, regulators, and policy-makers through reliability assessments, performance analysis, situation awareness, event analysis, training, and outreach.

WECC's business philosophy is guided by three fundamental principles:

Independence – As a 501(c)(4) social welfare organization, our goal is to serve the public interest. WECC represents what is best for reliability within the Western Interconnection with an impartial and unbiased voice.

Perspective – WECC is uniquely situated in a way that allows its subject matter experts to develop comprehensive and influential work products for the Western Interconnection.

Partnership – WECC is focused on assuring a reliable Bulk Electric System in the West by collaborating with others who have the same reliability-driven mission.

Membership and Governance

WECC has 366 members¹ divided into the following five Membership Classes:

1. Large Transmission Owners,
2. Small Transmission Owners,
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control or operate transmission or distribution lines in the Western Interconnection,
4. End Users and entities that represent the interests of end users, and
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 (Board) elected by the WECC membership, and WECC's Chief Executive Officer. The nine Independent Directors are compensated by WECC for their time.

¹ As of April 13, 2017.

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.

WECC has five governance committees that provide functional oversight of WECC operations:

- Compliance Hearing Body (CHB),
- Finance and Audit Committee (FAC),
- Governance Committee (GC),
- Human Resources and Compensation Committee (HRCC), and
- Nominating Committee (NC).

Under the direction of the WECC Board, additional committees provide the Board with technical advice and policy recommendations:

- Joint Guidance Committee (JGC),
- Market Interface Committee (MIC),
- Member Advisory Committee (MAC),
- Operating Committee (OC),
- Reliability Assessment Committee (RAC), and
- WECC Standards Committee (WSC).

Pursuant to Section 215(j) of the Federal Power Act, FERC created WIRAB. WIRAB's purpose is to advise WECC, NERC and FERC regarding the governance of WECC, and whether proposed Reliability Standards and the budget are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WECC and 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.

2018 Key Assumptions

The Board recognizes that the electric industry is undergoing profound changes nationally and in the West, and that other institutions are involved in furthering the understanding of these changes. While WECC will not duplicate the efforts of other qualified entities, the Board believes WECC should proactively address issues where the impact to the Western Interconnection's reliability are less understood or where WECC and its committees are positioned to make a significant contribution to Western reliability and security.

Therefore, in addition to its baseload work supporting Electric Reliability Organization (ERO)-Enterprise-driven programs, the Board has established the following strategic priorities for WECC.

- Monitor progress as proposals are developed for structural changes in the West and be prepared to evaluate potential impacts on reliability.

- Assess the reliability implications of the ongoing evolution of load composition and resource mix in the Western Interconnection as well as fuel security, resource and transmission adequacy, and BES stability.
- Identify key vulnerability issues and work with stakeholders to address them.
- Maximize sharing of operating and system data (within agreed parameters), and insights from Event Analysis including, to the extent possible, near-misses –.
- Focus reliability assessment efforts on identifying the impacts and possible mitigation efforts surrounding a handful of future industry evolution scenarios or high-impact/low-probability events.

NERC and the Regional Entities' business plans and budgets reflect the collaborative development of the ERO Enterprise Strategic Plan and a set of shared common assumptions and key focus areas. The entire set of Shared Assumptions is provided in Exhibit A to the NERC 2018 Business Plan and Budget. WECC supports these assumptions and focus areas as well as assumptions specific to WECC that are described in each statutory program area in [Section A](#).

2018 Key Deliverables

While WECC has many deliverables that are outlined in each program area, the following are key deliverables due to their strategic importance.

- Complete a comprehensive assessment of the adequacy and risk profile of the natural gas infrastructure in the West, including natural gas storage capacity and other critical facilities that support the electric power sector's evolving reliability needs.
- Enhance WECC's capability to assess Essential Reliability Services in future scenarios.
- Refine the comprehensive risk assessment of the Western Interconnection.
- Assess Interconnection performance regarding key operational practices and work with our stakeholder committees to improve those practices.

2018 Overview of Cost Impacts

WECC's proposed 2018 statutory budget is \$27.10 million, a \$300,000 (1.12 percent) increase from the 2017 statutory budget. The increase is mainly attributable to the one-time Gas/Electric Interdependence Study offset by completion of some Remedial Action Scheme (RAS) modeling software enhancements and other one-time 2017 projects, labor float assumption changes based on actual turnover and vacancy rates, 3 percent merit pool, and the addition of three new positions (3 FTEs).

Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2018 and 2017 statutory budgets are as follows:

- Personnel Expenses increase by a net of \$642,000, primarily due to a budgeted 3 percent merit pool, continued refinement of labor float percentages, the increase of

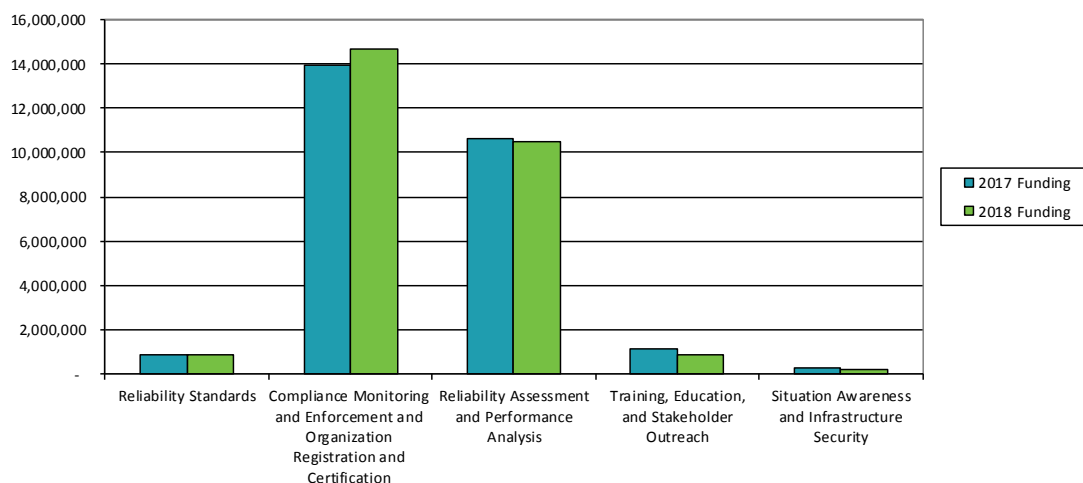
3.0 FTEs for Project Manager, Project Coordinator, and Risk Analyst positions, insurance premium rate increases, and increased employee training needs.

- Travel Expenses increase \$118,000 primarily due to additional audits/site visits related to CIP-005 and CIP-014.
- Consultants and Contracts decrease by a net of \$475,000, primarily due to the completion of some RAS modeling enhancements, other one-time Reliability Assessment and Performance Analysis (RAPA) projects completed in 2017, and a reduction in Board Director Search fees, offset by a one-time Gas/Electric Interdependence Study in 2018.
- Professional Services decrease by \$83,000 primarily due to a new Board Director compensation structure.

The following table and graphs present a summary of funding requirements for WECC’s primary statutory functional areas:

Program	Budget 2017	Projection 2017	Budget 2018	2017 Budget v 2018	Variance %
Reliability Standards	\$ 875,535	\$ 881,917	\$ 858,296	\$ (17,239)	(2.0%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	13,963,714	14,189,032	14,643,676	679,962	4.9%
Reliability Assessment and Performance Analysis	10,601,213	11,094,916	10,476,294	(124,919)	(1.2%)
Training, Education, and Stakeholder Outreach	1,111,942	796,961	895,191	(216,751)	(19.5%)
Situation Awareness and Infrastructure Security	244,523	233,124	223,887	(20,636)	(8.4%)
Total By Program	\$ 26,796,927	\$ 27,195,950	\$ 27,097,344	\$ 300,417	1.1%

Comparison of 2018 to 2017 Budgeted Funding Requirements



Personnel Analysis

In the 2018 budget, there is an increase of 3.0 FTEs for a Project Manager and Project Coordinator in the RAPA area to manage RAPA's projects and allow engineering staff to focus more time on the technical aspects of Reliability Planning and a Risk Analyst in the Compliance area with expertise in internal controls. Additionally, WECC realigned some positions between program areas in 2018 due to an internal reorganization in 2017. Positions were moved to where resources were needed most and to more appropriately classify costs based on the scope of work. Those shifts account for the balance of the changes in FTEs between 2018 and 2017. Details are discussed in the respective program area sections of the Business Plan and Budget.

	Budget 2017	Projection 2017	Direct FTEs 2018 Budget	Shared FTEs * 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.0	3.0	3.0	0.0	3.0	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	55.0	54.0	59.0	0.0	59.0	4.0
Training, Education, and Stakeholder Outreach	2.0	1.3	1.3	0.0	1.3	(0.7)
Reliability Assessment and Performance Analysis	36.0	36.0	38.0	0.0	38.0	2.0
Situation Awareness and Infrastructure Security	1.0	1.0	1.0	0.0	1.0	-
Total FTEs Operational Programs	97.0	95.3	102.3	0.0	102.3	5.3
Corporate Services						
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	0.0	-
General & Administrative	19.0	18.0	16.8	0.0	16.8	(2.3)
Information Technology	8.0	8.0	8.7	0.0	8.7	0.7
Legal and Regulatory	7.0	7.0	7.0	0.0	7.0	-
Human Resources	4.0	4.0	4.0	0.0	4.0	-
Finance and Accounting	5.0	4.0	4.3	0.0	4.3	(0.8)
Total FTEs Corporate Services	43.0	41.0	40.7	0.0	40.7	(2.3)
Total FTEs	140.0	136.3	143.0	0.0	143.0	3.0

2017 Budget and Projection and 2018 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
STATUTORY					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ -
Penalty Sanctions	1,059,500	1,059,500	-	2,100,000	1,040,500
Total Statutory Funding	\$ 26,341,500	\$ 26,341,500	\$ -	\$ 27,382,000	\$ 1,040,500
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	587,876	406,261	(181,615)	540,050	(47,826)
Interest	75,000	92,445	17,445	75,000	-
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 27,004,376	\$ 26,840,206	\$ (164,170)	\$ 27,997,050	\$ 992,674
Expenses					
Personnel Expenses					
Salaries	\$ 14,681,223	\$ 14,535,369	\$ (145,854)	\$ 15,199,335	\$ 518,112
Payroll Taxes	1,056,810	1,075,378	18,568	1,089,355	32,545
Benefits	2,219,528	2,231,966	12,438	2,293,855	74,327
Retirement Costs	1,272,165	1,348,660	76,495	1,288,724	16,559
Total Personnel Expenses	\$ 19,229,726	\$ 19,191,373	\$ (38,353)	\$ 19,871,269	\$ 641,543
Meeting Expenses					
Meetings	\$ 726,768	\$ 676,300	\$ (50,468)	\$ 755,785	\$ 29,017
Travel	1,283,164	1,342,105	58,941	1,401,209	118,045
Conference Calls	72,397	44,771	(27,626)	75,000	2,603
Total Meeting Expenses	\$ 2,082,329	\$ 2,063,176	\$ (19,153)	\$ 2,231,994	\$ 149,665
Operating Expenses					
Consultants & Contracts	\$ 2,498,270	\$ 2,958,739	\$ 460,469	\$ 2,023,281	\$ (474,989)
Office Rent	938,050	964,100	26,050	944,461	6,411
Office Costs	1,554,255	1,559,543	5,288	1,598,628	44,373
Professional Services	986,450	917,677	(68,773)	903,710	(82,740)
Miscellaneous	-	-	-	-	-
Depreciation	367,858	372,213	4,355	217,816	(150,042)
Total Operating Expenses	\$ 6,344,883	\$ 6,772,272	\$ 427,389	\$ 5,687,896	\$ (656,987)
Total Direct Expenses	\$ 27,656,938	\$ 28,026,821	\$ 369,883	\$ 27,791,159	\$ 134,221
Indirect Expenses	\$ (610,702)	\$ (572,820)	\$ 37,882	\$ (545,300)	\$ 65,402
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 27,046,236	\$ 27,454,001	\$ 407,765	\$ 27,245,859	\$ 199,623
Change in Assets	\$ (41,860)	\$ (613,795)	\$ (571,935)	\$ 751,191	\$ 793,051
Fixed Assets					
Depreciation	\$ (367,858)	\$ (372,213)	\$ (4,355)	\$ (217,816)	\$ 150,042
Computer & Software CapEx	35,000	30,000	(5,000)	50,000	15,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	77,000	77,000	-	12,000	(65,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	6,550	7,162	612	7,301	751
Incr(Dec) in Fixed Assets (C)	\$ (249,308)	\$ (258,051)	\$ (8,743)	\$ (148,515)	\$ 100,793
TOTAL BUDGET (B+C)	\$ 26,796,928	\$ 27,195,950	\$ 399,022	\$ 27,097,344	\$ 300,416
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 207,448	\$ (355,744)	\$ (563,192)	\$ 899,706	\$ 692,258
FTEs	140.0	136.0	(4.0)	143.0	3.0
HC	140.0	136.0	(4.0)	143.0	3.0

Section A

Statutory Programs

2018 Business Plan and Budget

Section A — 2018 Business Plan and Budget - Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	\$ 573,461	\$ 589,296	\$ 15,835
Indirect Expenses	\$ 305,349	\$ 272,650	\$ (32,699)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (3,275)	\$ (3,650)	\$ (375)
Total Funding Requirement	\$ 875,535	\$ 858,296	\$ (17,239)

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 a Regional Variance to a NERC Reliability Standard when necessary to address reliability issues within the Western Interconnection that are necessitated by a physical difference in the BES or in instances where more stringent performance is desired by Western 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 BES reliability.

2018 Key Assumptions

- WECC expects the number of RRS projects to remain low, with the majority focusing on potential retirement of existing RRSs due to the subject matter now being included in NERC Continent-wide Standards. It is possible, but not likely, that regulatory directives could result in RRS projects.
- WECC expects to conduct periodic reviews of existing RRSs to improve their content and quality.
- WECC will evaluate information obtained from audit and enforcement experiences as well as information learned through events analysis to determine whether any new RRSs or revisions to existing RRSs are necessary.

- WECC expects that much of the work required to develop Regional Reliability Standards, Regional 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 to staff most 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 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 NERC Continent-wide Reliability Standard and, if so, coordinate with NERC to address the incorporation during NERC's next enhanced periodic review of the NERC Reliability Standard(s).
- Integration of renewable resources may require new or modified NERC Reliability Standards or WECC RRSs. WECC supports the concept and will participate, when appropriate, in the enhanced periodic reviews of NERC Reliability Standards.
- WECC expects that the effort necessary to complete these assumptions can be achieved by existing resources.

2018 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC Continent-wide Reliability Standards or, if necessary, through the development of Regional Variances or Regional Reliability Standards if a NERC Continent-wide standard addressing a Western Interconnection reliability issue does not exist.
- Ensure that the RRSs and Regional Criteria developed using the WECC Reliability Standards Development Procedures meet the needs of the Western stakeholders.
- Ensure that development of RRSs and Regional Criteria is in accordance with the most recent WECC Reliability Standards Development Procedures.
- Ensure that WECC members and stakeholders are informed and engaged in NERC Standards development efforts.
- Coordinate with NERC's enhanced periodic review process to identify any WECC RRSs that are candidates for inclusion as an improvement or a Regional Variance to a NERC Reliability Standard.
- Use feedback from WECC's audit and enforcement experience as well as information learned through events analysis for enhancements to WECC RRSs or WECC Regional Criteria.

- Provide leadership and guidance to encourage Western Interconnection stakeholder awareness and participation in the development of NERC risk-responsive Reliability Standards and participation in enhanced periodic reviews of existing NERC Standards.
- Undertake regular outreach to keep stakeholders informed about the status of NERC and WECC Standards development activities.
- Provide support to NERC’s informal outreach and enhanced periodic review efforts.
- Post updates and provide enhancements to the WECC Standards webpages.
- Facilitate and support the activities of the WECC Standards Committee.
- Continue support of the NERC Standards Committee and its subcommittees.
- Ensure that WECC’s procedures are updated as necessary to meet expectations of any remaining fill-in-the-blank standards.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$20,000 primarily due to continued refinement of the labor float rate based on actual turnover and vacancy rates, and a 3 percent average merit increase.

Meeting Expenses

- Conference Calls decrease by \$4,000 due to moving the conference call budget to General and Administrative.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2017 and 2018 budgets.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards Program are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
RELIABILITY STANDARDS					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 847,225	\$ 847,225	\$ -	\$ 823,011	\$ (24,214)
Penalty Sanctions	32,768	32,768	-	61,584	28,816
Total Statutory Funding	\$ 879,993	\$ 879,993	\$ -	\$ 884,595	\$ 4,602
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,320	2,910	590	2,199	(121)
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 882,313	\$ 882,903	\$ 590	\$ 886,794	\$ 4,481
Expenses					
Personnel Expenses					
Salaries	\$ 440,237	\$ 455,313	\$ 15,076	\$ 457,200	\$ 16,963
Payroll Taxes	30,420	36,553	6,133	30,434	14
Benefits	36,238	43,477	7,239	37,366	1,128
Retirement Costs	37,185	40,984	3,799	38,696	1,511
Total Personnel Expenses	\$ 544,080	\$ 576,327	\$ 32,247	\$ 563,696	\$ 19,616
Meeting Expenses					
Meetings	\$ 960	\$ 720	\$ (240)	\$ 520	\$ (440)
Travel	19,175	17,272	(1,903)	20,200	1,025
Conference Calls	3,601	-	(3,601)	-	(3,601)
Total Meeting Expenses	\$ 23,736	\$ 17,992	\$ (5,744)	\$ 20,720	\$ (3,016)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	5,645	4,769	(876)	4,880	(765)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 5,645	\$ 4,769	\$ (876)	\$ 4,880	\$ (765)
Total Direct Expenses	\$ 573,461	\$ 599,088	\$ 25,627	\$ 589,296	\$ 15,835
Indirect Expenses	\$ 305,349	\$ 286,410	\$ (18,939)	\$ 272,650	\$ (32,699)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 878,810	\$ 885,498	\$ 6,688	\$ 861,946	\$ (16,864)
Change in Assets	\$ 3,503	\$ (2,595)	\$ (6,098)	\$ 24,848	\$ 21,345
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(3,275)	(3,581)	(306)	(3,650)	(375)
Incr(Dec) in Fixed Assets (C)	\$ (3,275)	\$ (3,581)	\$ (306)	\$ (3,650)	\$ (375)
TOTAL BUDGET (B+C)	\$ 875,535	\$ 881,917	\$ 6,382	\$ 858,296	\$ (17,239)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 6,778	\$ 986	\$ (5,792)	\$ 28,498	\$ 21,720
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	55.0	59.0	4.0
Direct Expenses	\$ 8,425,668	\$ 9,353,357	\$ 927,689
Indirect Expenses	\$ 5,598,091	\$ 5,362,114	\$ (235,977)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (60,045)	\$ (71,794)	\$ (11,749)
Total Funding Requirement	\$ 13,963,714	\$ 14,643,677	\$ 679,963

Program Scope and Functional Description

WECC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area (CMEP) is implemented by WECC Registered Entity Oversight and Enforcement 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:

- Operations and Planning (O&P) 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 706.

To accomplish its objectives, staff is divided into six main areas: 1) Organization Registration, 2) O&P Audits and Investigations, 3) CIP Audits and Investigations, 4) Enforcement, 5) Risk Analysis, and 6) Program Administration.

WECC will continue to conduct its monitoring and enforcement activities in accordance with the Board-endorsed Regulatory Philosophy, the key tenets of which are: be an informed regulator, identify top risks to reliability, exercise discretion responsibly, and enforce fairly. WECC Registered Entity Oversight staff monitors the FERC-approved NERC Reliability Standards across 368 registered owners, operators and users of the BES through a variety of risk-based activities. WECC will continue to dedicate, assess and deploy required resources in support of the ERO Enterprise-level initiatives, which include the following activities:

- Regional Reliability Risk Assessments;
- Inherent Risk Assessments;
- Internal Controls Evaluations;
- activities for Organization Registration;
- mitigation plan reviews, acceptance, approvals and verification;

- reviews of self-logged minimal risk issues;
- processing and assessing self-certification requests and guided self-certification responses;
- review and validation of periodic data submittals;
- internal compliance program assessments;
- activities specific to compliance audits, spot-checks, investigations and assessment of complaints;
- creation of compliance oversight plans along with schedules to align monitoring activities based on potential risk; and
- BES Definition Exception request activities.

These are joint ERO Enterprise initiatives that benefit NERC, the Regional Entities and the registered entities.

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada; and a portion of Baja California Norte, Mexico are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered 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.

2018 Key Assumptions

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area incorporates the Regional Entity-specific shared business planning assumptions as described in the ERO Enterprise 2018–2020 Shared Business Plan and Budget Assumptions and Key Focus Areas document, and includes the following additional WECC-specific assumptions:

- WECC promotes a culture of compliance that addresses reliability risks by monitoring the FERC-approved NERC Reliability Standards for applicable entities through audits and/or spot-checks. WECC applies a risk-based approach that covers and ensures all pre-audit, onsite/offsite, and post-audit activities are completed in accordance with the NERC Rules of Procedure and the CMEP within the United States. With respect to non-U.S. jurisdictions, WECC monitors compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.
- Additional resources may be required to support increased workload associated with enforcement activities, specific to violations of new Reliability Standard requirements for TPL-001-4, and CIP v5 low-impact BES Cyber System (BCS). The number of hearings to be conducted in 2018 is unknown.

- WECC will shift its focus to refreshing BA/RC and TOP IRAs. In addition, WECC will develop registered entity compliance oversight plans that include compliance monitoring tools and frequency, and incorporate emerging risks tailored to the inherent risks posed by specific entities.
- WECC will continue work in consultation with the international compliance enforcement authorities to determine which elements of the risk-based CMEP should be incorporated in the respective programs for international entities. Currently, WECC does not conduct Inherent Risk Assessments (IRA) or Internal Controls Evaluations (ICE) for international entities.
- WECC will allocate resources and provide continued support for the implementation of cyber-security Reliability Standards for CIP v5 training, coordination and facilitation of ERO Enterprise efforts and initiatives. Additional resource allocation may be necessary for increased monitoring activities and site visits for CIP-014 related to the Supply Chain Risk Management Reliability Standard (CIP-013).
- Resource allocation will continue for activities associated with registration. WECC plans to participate in four NERC-led centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A to the NERC Rules of Procedure. WECC will continue to review, assess, validate and submit registration recommendations to NERC for new registrations, partial deactivations, transfer of access and full deregistration changes impacting the NERC Compliance Registry (NCR).
- WECC will fully support ERO Enterprise efforts and activities to evaluate ERO business practices, consistency, implementation and guidance within the risk-based compliance monitoring and enforcement program. WECC will provide feedback to the ERO Enterprise regarding existing risks, with an emphasis on standard development, standard modification, audit and monitoring approaches, and potential gaps. WECC will work within the ERO Enterprise to develop application business requirements and allocate resources to test business functionality for application projects.
- WECC will use the results of the Regional Reliability Risk Assessment (RRA) to review the potential risks to the reliability of the BES posed by an individual registered entity by using ERO IRA guidance to perform the registered entity IRA. The information will also be used to build areas of focus in the WECC CMEP Implementation Plan.
- WECC does not anticipate any hearings in 2018. To date, WECC has never had a hearing and; therefore, does not budget for them. Any costs related to a hearing that may occur will be funded through working capital reserves.
- Three positions (3 FTEs) were transferred from General and Administrative due to the 2017 reorganization to more appropriately align costs with scope of work.
- One new position (1 FTE), a risk analyst with expertise in internal controls, is being added in 2018.

2018 Goals and Key Deliverables

Organization Registration

- Process and complete organization registration request reviews, validations and recommendations to NERC in accordance with risk-based registration activities and initiatives.
- Process all BES Exception submittals.
- Participate in ERO Enterprise working groups to ensure consistency in processing registration requests in accordance with the NERC Rules of Procedure outlined in Appendix 5b (Statement of Compliance Registry Criteria).

Compliance Risk Analysis and Monitoring

- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. With respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.
- Complete 22 onsite audits, nine offsite audits and 18 spot checks of registered entities for 2018. This may change based on broader Interconnection and subregional risk assessment, Inherent Risk Assessment and the identification of emerging risks that require proactive compliance monitoring.³ Due to the changes in the new NERC Reliability Standards for CIP-005, CIP-014 and TPL-001; and implementation of Internal Controls Evaluation – additional site visits may be required. Additional compliance audits and/or spot-checks will be determined from risk-based analysis.
- Complete initial Inherent Risk Assessments for all registered entities by the end of 2018.
- Gather and review risk reports and operations information to update its Regional RRA of the Western Interconnection.
- Work with registered entities within the WECC Region to promote a strong culture of compliance and reliability improvement.
- Participate in and represent the Western Interconnection on issues that will impact WECC regarding NERC and regional initiatives, for example: refining risk-based concepts in compliance monitoring and enforcement for the risk-based CMEP, streamlining enforcement processing, increasing consistency across the Regions, and reviewing information technology needs.
- Conduct outreach to the industry in various forums; webinars, conferences and entity specific engagements in support of ERO Enterprise activities and priorities.

³ The 2018 schedule of onsite audits, offsite audits, and spot checks is based on the risk assessment and analysis process, and is subject to change.

Enforcement

- Monitor and manage enforcement measures and metrics in support of the ERO-Enterprise Strategic Plan including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO enterprise to develop better measures of program effectiveness.
- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent and reliability-focused approaches.
- Conduct initial violation fact and circumstance reviews, and resolve enforcement actions in a timely manner using a reliability risk-based focus. Ensure enforcement discretion is consistent with NERC directives and FERC orders, rules and regulations.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$867,000 due to:
 - reclassification of three positions (3 FTEs) from General and Administrative from the 2017 reorganization to more appropriately align costs with scope of work,
 - one new position (1 FTE) for a Risk Analyst with expertise in internal controls,
 - continued refinement of the labor float rate based on actual turnover and vacancy rates, and
 - a 3 percent average merit increase.

Meeting Expenses

- Travel Expenses increase by \$137,000 due to additional audits/site visits related to CIP-005, CIP-014, and risk-based compliance monitoring.
- Conference Calls decrease by \$13,000 due to moving the conference call budget to General and Administrative.

Operating Expenses

- Consultants and Contracts decrease by \$53,000 due to an overall reduction in contract labor for compliance audits.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2017 and 2018 budgets.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the Compliance Monitoring and Enforcement and Organization Registration and Certification Program are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 13,428,540	\$ 13,428,543	\$ 3	\$ 13,875,486	\$ 446,946
Penalty Sanctions	600,748	600,748	-	1,211,143	610,395
Total Statutory Funding	\$ 14,029,288	\$ 14,029,291	\$ 3	\$ 15,086,629	\$ 1,057,341
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	42,526	52,382	9,856	43,256	730
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 14,071,814	\$ 14,081,673	\$ 9,859	\$ 15,129,885	\$ 1,058,071
Expenses					
Personnel Expenses					
Salaries	\$ 5,335,104	\$ 5,760,177	\$ 425,073	\$ 6,024,488	\$ 689,384
Payroll Taxes	415,384	437,465	22,081	457,104	41,720
Benefits	693,285	852,798	159,513	770,127	76,842
Retirement Costs	450,238	505,946	55,708	509,510	59,272
Total Personnel Expenses	\$ 6,894,011	\$ 7,556,386	\$ 662,375	\$ 7,761,229	\$ 867,218
Meeting Expenses					
Meetings	\$ 9,810	\$ 14,452	\$ 4,642	\$ 5,400	\$ (4,410)
Travel	706,338	783,827	77,489	843,277	136,939
Conference Calls	12,900	-	(12,900)	-	(12,900)
Total Meeting Expenses	\$ 729,048	\$ 798,279	\$ 69,231	\$ 848,677	\$ 119,629
Operating Expenses					
Consultants & Contracts	\$ 450,270	\$ 385,999	\$ (64,271)	\$ 397,221	\$ (53,049)
Office Rent	-	313	313	-	-
Office Costs	352,339	357,130	4,791	346,230	(6,109)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 802,609	\$ 743,442	\$ (59,167)	\$ 743,451	\$ (59,158)
Total Direct Expenses	\$ 8,425,668	\$ 9,098,107	\$ 672,439	\$ 9,353,357	\$ 927,689
Indirect Expenses	\$ 5,598,091	\$ 5,155,380	\$ (442,711)	\$ 5,362,114	\$ (235,977)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 14,023,759	\$ 14,253,487	\$ 229,728	\$ 14,715,471	\$ 691,712
Change in Assets	\$ 48,055	\$ (171,814)	\$ (219,869)	\$ 414,414	\$ 366,359
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(60,045)	(64,455)	(4,410)	(71,794)	(11,749)
Incr(Dec) in Fixed Assets (C)	\$ (60,045)	\$ (64,455)	\$ (4,410)	\$ (71,794)	\$ (11,749)
TOTAL BUDGET (B+C)	\$ 13,963,714	\$ 14,189,032	\$ 225,318	\$ 14,643,677	\$ 679,963
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 108,100	\$ (107,359)	\$ (215,459)	\$ 486,208	\$ 378,108
FTEs	55.0	54.0	(1.0)	59.0	4.0
HC	55.0	54.0	(1.0)	59.0	4.0

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	36.0	38.0	2.0
Direct Expenses	\$ 7,119,721	\$ 7,093,002	\$ (26,719)
Indirect Expenses	\$ 3,664,205	\$ 3,453,565	\$ (210,640)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (182,713)	\$ (70,272)	\$ 112,441
Total Funding Requirement	\$ 10,601,213	\$ 10,476,295	\$ (124,918)

Program Scope and Functional Description

WECC conducts a variety of assessments and studies 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 assessment and planning efforts enhance WECC's overall ability to participate in and respond to the major reliability and emerging public policy issues of both the Western Interconnection and the other Regions.

The RAPA program area is organized into three departments:

1. The Performance Analysis Department conducts robust analyses on the historical operation and performance of the Western Interconnection to assess Interconnection-wide risks and vulnerabilities, and to identify best practices.
2. The Events Analysis Department performs analyses to recognize and study, in detail, system conditions and events that impact or have the potential to impact reliable operations. This is to ensure WECC has learned all it can and has a full understanding of causes and outcomes of any system event.
3. The Reliability Planning Department develops and maintains WECC's integrated capability to study Western Interconnection reliability issues for the near- and long-term planning horizon. The group is focused on developing the planning tools and data sets to support transmission planning and performing special studies on priority reliability issues as they are identified. The studies, made in close collaboration with the WECC technical committees, consider both system adequacy and system stability.

In addition to the Western Interconnection-specific work described above, WECC's RAPA program supports the development of NERC's RAPA activities through targeted data gathering and, as needed, project team participation.

2018 Key Assumptions

The Reliability Assessment and Performance Analysis Program Area incorporates the Regional Entity-specific shared business planning assumptions as described in the ERO Enterprise 2018–2020 Shared Business Plan and Budget Assumptions and Key Focus Areas document and includes the following additional WECC-specific assumptions.

- The RAPA staff and WECC technical committees will continue to focus on assessment activities that address the Strategic Priority areas identified by the WECC Board in December 2016.
- WECC staff and stakeholders will continue to play a leadership role in the identification of emerging reliability challenges specific to the Western Interconnection.
- RAPA will add two positions in 2018—a project manager and a project coordinator—to help plan, execute and close out WECC’s many projects as well as provide staff liaison support to the remaining committees, thus freeing up existing engineering staff to focus on work they are uniquely qualified to do.
- As the resource mix in the West continues to evolve, the dependence on natural gas used for electric generation will continue to increase. The adequacy of the natural gas infrastructure to meet the evolving reliability needs of the electric power sector is one of the top structural reliability issues the West faces and WECC will complete an Interconnection-wide assessment in 2018.
- The Reliability Assessment Committee (RAC) will be fully operational in early 2018 and we expect efficiencies will be achieved during the year. However, the efficiencies do not directly translate to a lower WECC budget for 2018. The efficiencies will be observed within WECC staff hours as well as within the stakeholder community such as less travel necessary to attend the RAC meeting instead of attending both the Planning Coordination Committee (PCC) and Transmission Expansion Planning Policy Committee (TEPPC) meetings.
- The 2018 RAPA budget for meetings and travel to support the committees, including the RAC, is slightly lower than 2017, but at this time it is unclear exactly what subcommittee structure will be needed to support the RAC.

2018 Goals and Key Deliverables

- Implement the three-year planning cycle, in conjunction with the JGC, to align staff and technical committee work plans in support of the Board-approved strategic priorities.
- Coordinate internally, with Western Interconnection stakeholders, and with NERC to ensure that emerging reliability challenges are identified and addressed in work plans.
- Prepare Interconnection-wide power flow and stability base cases and conduct studies to address key reliability challenges facing the Interconnection. Use base cases and power flow capabilities to study emerging issues (e.g., frequency response) and system vulnerabilities.

- Provide technical oversight, insight, and guidance to analyze frequency response trends and recommend any actions to minimize reliability risks and/or improve modeling capabilities.
- Complete and publish the first Anchor Data Set (a common assumption year-10 power flow and production cost model).
- Facilitate dynamic model development.
- Perform an analysis of short-circuit modeling practices in the Western Interconnection and coordinate with the Short-circuit Modeling Work Group to determine appropriate next steps for developing Interconnection-wide short-circuit models.
- Develop and maintain a database for production cost and capital cost models and conduct system adequacy analyses to meet the needs of NERC, WECC and stakeholders.
- Enhance probabilistic-based planning and analysis tools and capabilities.
- Conduct reliability assessments evaluating the adequacy and security of the system in the planning horizon, including supporting the NERC Long-Term Reliability Assessment and incorporated probabilistic assessment, Summer Reliability Assessment and Winter Reliability Assessment.
- Complete an assessment of the adequacy, security, and risks associated with natural gas infrastructure and its ability to reliably meet the evolving Bulk Electric System needs.
- Conduct special reliability assessments as needed or requested by NERC for low probability/high impact events such as geomagnetic disturbances or prolonged droughts.
- 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), Demand-Response Availability Data System (DADS) and Misoperations Information Data Analysis System (MIDAS) 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.
- Assess Interconnection performance through site visits or short surveys regarding key operational practices to identify and share best practices and potential risks to Interconnection-wide reliability.
- Evaluate historical system performance trends to identify reliability risk metrics, key indicators, and potential improvement strategies. Work with WECC technical committees to engage in proactive reliability improvement activities.

- Complete Event 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.
- Update and enhance the Reliability Risk Assessment to prospectively identify key risks to the Western Interconnection.
- Develop Reliability Guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks and industry concerns related to system operations.
- Ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees, WECC committees and industry forums.
- Add two positions (2 FTEs)—a Project Coordinator and a Project Manager—to help plan, execute, and close out internal and consulting projects to free up engineering talent and enable engineers to focus on the more technical requirements of their roles.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$535,000 primarily due to the addition of a Project Coordinator and a Project Manager. The increase also relates to continued refinement of the labor float rate based on actual turnover and vacancy rates and a 3 percent average merit increase.

Meeting Expenses

- Meeting Expenses increase by \$14,000 due to the addition of the Power Flow Work Group, Generator Operator Work Group, and Unscheduled Flow Administration Subcommittee.
- Travel Expenses decrease by \$12,000 due to a reduction in onsite reliability assessments.
- Conference Calls decrease by \$35,000 due to moving the conference call budget to General and Administrative.

Operating Expenses

- Consultants and Contracts decrease by a net of \$351,000 due to the completion of one-time 2017 projects, including RAS modeling enhancements and the addition of 2018 one-time projects, including \$750,000 for a Gas/Electric Interdependence Study.
- Office Costs decrease by \$58,000 primarily due to the elimination of license fees for NatureServe's wildlife database.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2017 and 2018 budgets.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis Program are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2017 Budget & Projection, and 2018 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 10,262,232	\$ 10,262,233	\$ 1	\$ 10,016,218	\$ (246,014)
Penalty Sanctions	393,216	393,216	-	780,059	386,843
Total Statutory Funding	\$ 10,655,448	\$ 10,655,449	\$ 1	\$ 10,796,277	\$ 140,829
Membership Dues	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	27,835	34,921	7,086	27,859	24
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 10,683,283	\$ 10,690,370	\$ 7,086	\$ 10,824,136	\$ 140,853
Expenses					
Personnel Expenses					
Salaries	\$ 3,707,303	\$ 3,865,884	\$ 158,581	\$ 4,127,042	\$ 419,739
Payroll Taxes	286,691	284,384	(2,307)	309,708	23,017
Benefits	445,792	439,383	(6,409)	501,612	55,820
Retirement Costs	313,141	347,569	34,428	349,627	36,486
Total Personnel Expenses	\$ 4,752,927	\$ 4,937,220	\$ 184,293	\$ 5,287,989	\$ 535,062
Meeting Expenses					
Meetings	\$ 112,698	\$ 87,655	\$ (25,043)	\$ 126,812	\$ 14,114
Travel	251,825	258,193	6,368	239,345	(12,480)
Conference Calls	34,800	-	(34,800)	-	(34,800)
Total Meeting Expenses	\$ 399,323	\$ 345,848	\$ (53,475)	\$ 366,157	\$ (33,166)
Operating Expenses					
Consultants & Contracts	\$ 1,536,000	\$ 2,141,577	\$ 605,577	\$ 1,185,000	\$ (351,000)
Office Rent	-	-	-	-	-
Office Costs	288,060	276,321	(11,739)	229,824	(58,236)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	143,411	144,300	889	24,032	(119,379)
Total Operating Expenses	\$ 1,967,471	\$ 2,562,198	\$ 594,727	\$ 1,438,856	\$ (528,615)
Total Direct Expenses	\$ 7,119,721	\$ 7,845,266	\$ 725,545	\$ 7,093,002	\$ (26,719)
Indirect Expenses	\$ 3,664,205	\$ 3,436,920	\$ (227,285)	\$ 3,453,565	\$ (210,640)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 10,783,926	\$ 11,282,186	\$ 498,260	\$ 10,546,567	\$ (237,359)
Change in Assets	\$ (100,643)	\$ (591,816)	\$ (491,174)	\$ 277,569	\$ 378,212
Fixed Assets					
Depreciation	\$ (143,411)	\$ (144,300)	\$ (889)	\$ (24,032)	\$ 119,379
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(39,302)	(42,970)	(3,668)	(46,240)	(6,938)
Incr(Dec) in Fixed Assets (C)	\$ (182,713)	\$ (187,270)	\$ (4,557)	\$ (70,272)	\$ 112,441
TOTAL BUDGET (B+C)	\$ 10,601,213	\$ 11,094,916	\$ 493,703	\$ 10,476,295	\$ (124,918)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 82,070	\$ (404,546)	\$ (486,617)	\$ 347,841	\$ 265,771
FTEs	36.0	36.0	-	38.0	2.0
HC	36.0	36.0	-	38.0	2.0

Training, Education, and Stakeholder Outreach Program

Training, Education, and Stakeholder Outreach (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	2.0	1.3	(0.7)
Direct Expenses	\$ 910,558	\$ 778,625	\$ (131,933)
Indirect Expenses	\$ 203,567	\$ 118,148	\$ (85,419)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (2,183)	\$ (1,582)	\$ 601
Total Funding Requirement	\$ 1,111,942	\$ 895,191	\$ (216,751)

Program Scope and Functional Description

The Training, Education, and Stakeholder Outreach Program Area provides outreach, education and training on the application of reliability standards, compliance issues, improvement of compliance programs, reliability planning and performance analysis, grid operations, human performance, and training the trainer. In addition, internal training courses are available for employees to acquire skills and knowledge they will apply to their jobs.

2018 Key Assumptions

The Training, Education, and Stakeholder Outreach Program Area incorporates the Regional Entity-specific shared business planning assumptions as described in the ERO Enterprise 2018–2020 Shared Business Plan and Budget Assumptions and Key Focus Areas document and includes the following additional WECC-specific assumptions.

- Deliver two Compliance Workshops to provide in-depth education and training related to: lessons learned and process improvement for implementation of risk based concepts in the Compliance Monitoring and Enforcement Program (CMEP); enforcement trends and statistics; and information on audit approach for upcoming O&P standards and CIP standards changes and transitions.
- Conduct one Western Reliability Summit in 2018 to enhance outreach to all stakeholders as part of the three-year planning process.
- Conduct education webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and results.
- Provide access for employees to the NERC Learning Management System and training courses to enhance employee development opportunities.

2018 Goals and Key Deliverables

- Create and deliver additional outreach to low-impact entities for CIP version 5.
- Provide eight Compliance Open Webinars.
- Deliver Grid Fundamentals workshops.

- Deliver Train-the-Trainer workshop.
- Create and deliver Human Performance Work Group conference.
- Deliver Compliance Workshops.
- Host a third Western Reliability Summit to gather input to identify and analyze risks and challenges to the reliability of the BES.
- Create and deliver educational outreach in the form of webinars and workshops regarding reliability planning tools, modeling capabilities—including base-case and common-case studies; contingency studies and analysis, RAC studies, scenario planning and regulatory issues and trends, and events analysis.
- Provide access for all employees to the NERC Learning Management System and develop learning plans for employee training using computer-based training modules and classroom training.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by a net of \$164,000 due to the transfer of 0.7 FTE to Corporate Services to more appropriately align costs with scope of work based on the 2017 reorganization.

Meeting Expenses

- Meetings increase by a net of \$44,000 primarily due to an anticipated increase in conference facility and banquet charges for compliance workshops; total revenue from registration fees offsets the total meeting expenses.
- Travel Expenses decrease by \$10,000 due to a reduction in offsite classes and workshops.
- Conference Calls decrease by \$6,000 due to moving the conference call budget to General and Administrative.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2017 and 2018 budgets.

Training, Education, and Stakeholder Outreach Program

Funding sources and related expenses for the Training, Education, and Stakeholder Outreach section of the 2018 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
TRAINING, EDUCATION, AND STAKEHOLDER OUTREACH					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 509,283	\$ 509,284	\$ 1	\$ 357,225	\$ (152,058)
Penalty Sanctions	21,845	21,845	-	26,686	4,841
Total Statutory Funding	\$ 531,128	\$ 531,129	\$ 1	\$ 383,911	\$ (147,217)
Membership Dues	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	587,876	406,261	(181,615)	540,050	(47,826)
Interest	1,546	1,261	(285)	953	(593)
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 1,120,550	\$ 938,651	\$ (181,899)	\$ 924,914	\$ (195,636)
Expenses					
Personnel Expenses					
Salaries	\$ 314,604	\$ 170,641	\$ (143,963)	\$ 174,914	\$ (139,690)
Payroll Taxes	19,997	14,706	(5,291)	12,496	(7,501)
Benefits	25,322	11,281	(14,041)	19,229	(6,093)
Retirement Costs	26,573	15,879	(10,694)	15,656	(10,917)
Total Personnel Expenses	\$ 386,496	\$ 212,507	\$ (173,989)	\$ 222,295	\$ (164,201)
Meeting Expenses					
Meetings	\$ 469,650	\$ 421,821	\$ (47,829)	\$ 514,130	\$ 44,480
Travel	20,796	11,963	(8,833)	10,315	(10,481)
Conference Calls	5,706	-	(5,706)	-	(5,706)
Total Meeting Expenses	\$ 496,152	\$ 433,784	\$ (62,368)	\$ 524,445	\$ 28,293
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 4,560	\$ 4,560
Office Rent	-	-	-	-	-
Office Costs	27,910	28,111	201	27,325	(585)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 27,910	\$ 28,111	\$ 201	\$ 31,885	\$ 3,975
Total Direct Expenses	\$ 910,558	\$ 674,402	\$ (236,156)	\$ 778,625	\$ (131,933)
Indirect Expenses	\$ 203,567	\$ 124,111	\$ (79,456)	\$ 118,148	\$ (85,419)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,114,125	\$ 798,513	\$ (315,612)	\$ 896,773	\$ (217,352)
Change in Assets	\$ 6,425	\$ 140,138	\$ 133,713	\$ 28,141	\$ 21,716
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(2,183)	(1,552)	631	(1,582)	601
Incr(Dec) in Fixed Assets (C)	\$ (2,183)	\$ (1,552)	\$ 631	\$ (1,582)	\$ 601
TOTAL BUDGET (B+C)	\$ 1,111,942	\$ 796,961	\$ (314,981)	\$ 895,191	\$ (216,751)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 8,608	\$ 141,690	\$ 133,082	\$ 29,723	\$ 21,115
FTEs	2.0	1.3	(0.7)	1.3	(0.7)
HC	2.0	1.0	(1.0)	1.0	(1.0)

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	1.0	1.0	-
Direct Expenses	\$ 143,832	\$ 134,221	\$ (9,611)
Indirect Expenses	\$ 101,783	\$ 90,883	\$ (10,900)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,092)	\$ (1,217)	\$ (125)
Total Funding Requirement	\$ 244,523	\$ 223,887	\$ (20,636)

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 FERC, NERC, and the Regions (SAFNR) tool, Genscape Real-time Power Application and the University of Tennessee Frequency Monitoring NETWORK (FNET).

This program is part of WECC's delegation-related accountabilities to NERC and does not in any way duplicate the Real-time situation awareness and operating coordination provided by other entities within the Western Interconnection. 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, WECC staff responds to events by providing coordination, assistance and communication with Peak Reliability, stakeholders, WECC management, and NERC SAIS personnel.

2018 Key Assumptions

The Situation Awareness and Infrastructure Security Program Area incorporates the Regional Entity-specific shared business planning assumptions as described in the ERO Enterprise 2018–2020 Shared Business Plan and Budget Assumptions and Key Focus Areas document, and includes the following additional WECC-specific assumptions.

- The SAFNR tool and Genscape Real-time Power Application will continue to provide situation awareness capabilities to WECC.
- WECC will use its situation awareness capabilities 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 Electricity Information Sharing and Analysis Center (E-ISAC) to ensure appropriate event information is being disseminated to industry in a timely manner.
- WECC will maximize sharing of operating and system data (within agreed parameters), and insights from Events Analysis, including near-misses, to optimize understanding of reliability issues, promote operational excellence, share best practices/lessons learned in a timely manner, and engage third-party experts to expand capabilities and resources applied to critical reliability issues.
- WECC will collaborate with specific stakeholder groups in the development of lessons learned and recommendations from events and identified risks.
- There is not any duplication of effort between WECC and Peak Reliability.

2018 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 the use of SAFNR and Genscape Real-time Power Application data to further support SAIS.
- Staff will ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees and industry forums.
- WECC staff will participate as appropriate in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Human Performance Conference).
- Staff will enhance risk analysis capabilities through increased analysis of risk data sources such as event analysis reports, TADS, GADS, and protection system misoperations.
- Staff will identify key vulnerability issues and work with stakeholders to address them (e.g., physical and cyber security, situation awareness and coordination across neighboring systems, human performance, equipment misoperations/failures).
- Staff will ensure support for critical infrastructure security by promoting rapid and appropriate sharing of situation awareness information regarding security occurrences.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- No significant changes.

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 2017 and 2018 budgets.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2018 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2017 Budget & Projection, and 2018 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Projection Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 234,720	\$ 234,720	\$ -	\$ 210,060	\$ (24,660)
Penalty Sanctions	10,923	10,923	-	20,528	9,605
Total Statutory Funding	\$ 245,643	\$ 245,643	\$ -	\$ 230,588	\$ (15,055)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	773	970	197	733	(40)
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 246,416	\$ 246,613	\$ 197	\$ 231,321	\$ (15,095)
Expenses					
Personnel Expenses					
Salaries	\$ 114,033	\$ 105,177	\$ (8,856)	\$ 105,057	\$ (8,976)
Payroll Taxes	8,823	9,356	533	8,630	(193)
Benefits	11,344	13,405	2,061	11,652	308
Retirement Costs	9,632	10,910	1,278	8,882	(750)
Total Personnel Expenses	\$ 143,832	\$ 138,848	\$ (4,984)	\$ 134,221	\$ (9,611)
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	\$ 143,832	\$ 138,848	\$ (4,984)	\$ 134,221	\$ (9,611)
Indirect Expenses	\$ 101,783	\$ 95,470	\$ (6,313)	\$ 90,883	\$ (10,900)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 245,615	\$ 234,318	\$ (11,297)	\$ 225,104	\$ (20,511)
Change in Assets	\$ 801	\$ 12,295	\$ 11,494	\$ 6,217	\$ 5,416
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(1,092)	(1,194)	(102)	(1,217)	(125)
Incr(Dec) in Fixed Assets (C)	\$ (1,092)	\$ (1,194)	\$ (102)	\$ (1,217)	\$ (125)
TOTAL BUDGET (B+C)	\$ 244,523	\$ 233,124	\$ (11,399)	\$ 223,887	\$ (20,636)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 1,893	\$ 13,489	\$ 11,596	\$ 7,434	\$ 5,541
FTEs	1.0	1.0	-	1.0	-
HC	1.0	1.0	-	1.0	-

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2017 Budget	2018 Budget	Increase (Decrease)	FTEs 2017 Budget	FTEs 2018 Budget	Increase (Decrease)
Committee and Member Forums	\$ 16,190	\$ 41,633	\$ 25,443	-	-	-
General and Administrative	\$ 5,685,133	\$ 4,875,155	\$ (809,978)	19.00	16.75	(2.25)
Legal and Regulatory	\$ 1,292,279	\$ 1,384,758	\$ 92,479	7.00	7.00	-
Information Technology	\$ 1,565,272	\$ 1,715,189	\$ 149,917	8.00	8.70	0.70
Human Resources	\$ 1,099,406	\$ 1,150,319	\$ 50,913	4.00	4.00	-
Accounting and Finance	\$ 712,971	\$ 543,822	\$ (169,149)	5.00	4.25	(0.75)
Total Corporate Services*	\$ 10,371,251	\$ 9,710,876	\$ (660,375)	43.00	40.70	(2.30)

*WECC's 2018 Corporate Services budget (expenses plus fixed asset activity) is \$9,710,876, of which \$537,999 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2018 statutory budget are \$9,172,877, which is a \$594,223 decrease from the 2017 budget of \$9,767,100.

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, and
- 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 provides executive leadership; communications and external affairs; and administrative support for WECC staff, committees, members and management. Corporate Services includes Board fees and expenses, and provides logistics support for the Salt Lake City office and meeting facilities, and the Vancouver office.

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 through the Standing Committees and the JGC.

2018 Key Assumptions

- The Standing Committees (OC, MIC, and potentially RAC) meet three times each year. In 2018, one Standing Committee meeting will be held offsite and the other two meetings will be held in Salt Lake City.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- No significant changes.

Meeting Expenses

- Meeting expenses increase by a net of \$25,000 due to an offsite Standing Committee meeting.

Operating Expenses

- No significant changes.

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.

2018 Key Assumptions

- Two positions are transferred to Compliance Monitoring and Enforcement and are fully dedicated to Registration.
- One position is transferred to IT as a data analyst.
- One Executive is transferred to Compliance Monitoring and Enforcement.
- 0.7 FTE is transferred from Training, Education and Outreach based on changes in roles and responsibilities. This position has joined the Executive Team.
- 0.3 FTE is transferred from Information Technology based on changes in roles and responsibilities. This position is now partially responsible for WECC's stakeholder services group.
- 0.75 FTE is transferred from Finance and Accounting based on changes in duties and responsibilities.
- Market adjustment pool, used for equity and performance adjustments is redistributed to Program Areas.
- The same level of meetings and meeting support for the Board of Directors and Board Committees will carry forward into 2018.
- The Annual Meeting will be held in Salt Lake City in 2018.
- Board members will be compensated for meeting participation in accordance with the revised Board compensation structure.

2018 Goals and Deliverables

- Provide excellent executive leadership and strong strategic guidance for the activities undertaken by WECC and ensure that WECC contributes positively to the ERO-Enterprise's activities.
- Support and coordinate the logistics for the Board of Directors and Board Committees.
- Continue to enhance the meetings team and stakeholder services groups to drive efficiencies and effective services throughout WECC.
- Continue to enhance the external relations and outreach programs.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel expenses decrease by a net of \$607,000 primarily due to the transfer of 3.0 FTE to Compliance, 0.7 FTE to Information Technology, 0.7 FTE from Training, Education, and Stakeholder Outreach and 0.75 FTE from Finance and Accounting from the 2017

reorganization to more appropriately align costs with scope of work, continued refinement of the labor float rate based on actual turnover and vacancy rates, and a 3 percent average merit increase.

Meeting Expenses

- Meetings decrease by a net of \$49,000 primarily due to an onsite WECC Board of Directors annual meeting.
- Conference Calls increase by \$64,000 due to moving the conference call budget to General and Administrative.

Operating Expenses

- Consultants and Contracts decrease by a net of \$136,000 primarily due to a reduction in Board Director search fees.
- Equipment Rental decreases by \$31,000 due to moving the budget for leased printers to Information Technology.
- Dues, Memberships, and Fees increase by \$52,000 due to a new membership in the National Association of Corporate Directors (NACD).
- Professional Services decrease by \$51,000 due to new Board Director compensation structure.

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.

2018 Key Assumptions

- Maintain the scope of its current operations and ensure that WECC contributes positively to the ERO-Enterprise's activities.

2018 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 \$116,000 primarily due to continued refinement of the labor float rate based on actual turnover and vacancy rates, and a 3 percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- Legal Fees decrease by \$15,000 due to a reduction in the need for outside legal counsel.
- Insurance decreases by \$15,000 due to reducing the budget to more accurately reflect the actual insurance cost.

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.

2018 Key Assumptions

The Information Technology Program Area incorporates the Regional Entity-specific shared business planning assumptions as described in the ERO Enterprise 2018–2020 Shared Business Plan and Budget Assumptions and Key Focus Areas document and includes the following additional WECC-specific assumptions.

- Use consultants as needed instead of maintaining headcount.
- Transfer 0.3 FTE to General and Administrative.
- Replace personal computer equipment on a four-year refresh cycle, refresh servers 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.

2018 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.
- Add to WECC's security capabilities with additional authentication controls and enhanced threat detection.
- Deploy improved document management, business process workflow, and records retention solutions.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$78,000 primarily due to the transfer of 0.7 FTE from General and Administrative and continued refinement of the labor float rate based on actual turnover and vacancy rates, and a 3 percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consulting and Contracts decrease by a net of \$10,000 due to the reduced use of consultants for IT projects.
- Equipment Rental increases by \$30,000 due to moving the budget for leased printers to Information Technology.
- Expensed Equipment increases by \$49,000 due to data storage refresh and computer equipment upgrades.
- Computer Supplies, Maintenance, and Licenses increases by \$16,000 due to two-factor authentication for increased network security.
- Other Services increase by \$20,000 for security enhancements for increased network security.

Fixed Assets

- Fixed Assets decrease by a net of \$50,000 due to a decrease in blade server expansion from transitioning to cloud-based storage and an increase for analytic software.

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. HR maintains Human Resources-related databases and ensures compliance with all federal and state requirements.

2018 Key Assumptions

- WECC headcount will increase slightly to ensure the talent and skills are in place to meet the goals of the organization.
- Cost to maintain current benefit levels will increase slightly due to market increases.
- WECC will conduct an employee compensation study in 2018.
- Training and development levels will increase minimally to ensure gaps in skills are minimalized.

2018 Goals and Deliverables

- Commission a salary survey for non-executive positions to ensure compensation is managed within approved philosophy.
- Enhance the scope of succession planning, employee development and training, which are vital to ensuring that WECC maintains a highly skilled, qualified and diverse 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.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Retirement Costs decrease by a net of \$23,000 due to reduced Retirement Plan Administration expenses.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants increase by a net of \$70,000 due to a Human Resources and Compensation Committee employee compensation study.

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. The department is responsible for accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, cash management, payroll, and financial reporting.

2018 Key Assumptions

- One position is converted from senior-level to staff-level.
- One position is transferred to General and Administrative to reflect new scope of responsibilities and that FTE is split between the two areas. 0.75 FTE is in General and Administrative and 0.25 FTE is in Finance and Accounting.
- Interest rates remain flat.

2018 Goals and Deliverables

- Identify and implement efficiencies in financial processes.
- Ensure WECC has effective financial controls.
- Provide quality and improved reporting and financial analysis to WECC managers, the FAC, and the WECC Board.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by \$172,000 primarily due to the transfer of 0.75 FTE to General and Administrative due to 2017 reorganization and to more appropriately align costs with scope of work.

Meeting Expenses

- No significant changes.

Operating Expenses

- Office Costs increase by a net of \$3,000 due to an overall increase in bank fees and reporting costs.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2017 and 2018 budgets.

Corporate Services

Funding sources and related expenses for the Corporate Services section of the 2018 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
CORPORATE SERVICES					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Projection Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 4,769,942	\$ 4,178,178	\$ (591,764)	\$ 4,310,636	\$ (459,306)
Payroll Taxes	295,495	292,914	(2,581)	270,983	(24,512)
Benefits	1,007,547	871,624	(135,923)	953,869	(53,678)
Retirement Costs	435,396	427,371	(8,025)	366,353	(69,043)
Total Personnel Expenses	\$ 6,508,380	\$ 5,770,087	\$ (738,293)	\$ 5,901,841	\$ (606,539)
Meeting Expenses					
Meetings	\$ 133,650	\$ 151,651	\$ 18,001	\$ 108,923	\$ (24,727)
Travel	285,030	270,850	(14,180)	288,072	3,042
Conference Calls	15,390	44,771	29,381	75,000	59,610
Total Meeting Expenses	\$ 434,070	\$ 467,272	\$ 33,202	\$ 471,995	\$ 37,925
Operating Expenses					
Consultants & Contracts	\$ 512,000	\$ 431,164	\$ (80,836)	\$ 436,500	\$ (75,500)
Office Rent	938,050	963,788	25,738	944,461	6,411
Office Costs	880,301	893,212	12,911	990,369	110,068
Professional Services	986,450	917,677	(68,773)	903,710	(82,740)
Miscellaneous	-	-	-	-	-
Depreciation	224,447	227,913	3,466	193,784	(30,663)
Total Operating Expenses	\$ 3,541,248	\$ 3,433,754	\$ (107,494)	\$ 3,468,824	\$ (72,424)
Total Direct Expenses	\$ 10,483,698	\$ 9,671,113	\$ (812,585)	\$ 9,842,660	\$ (641,038)
Indirect Expenses	\$ (10,483,698)	\$ (9,671,113)	\$ 812,585	\$ (9,842,660)	\$ 641,038
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	\$ (224,447)	\$ (227,913)	\$ (3,466)	\$ (193,784)	\$ 30,663
Computer & Software CapEx	35,000	30,000	(5,000)	50,000	15,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	77,000	77,000	-	12,000	(65,000)
Leasehold Improvements	-	-	-	-	-
Alllocation of Fixed Assets	112,447	120,913	8,466	131,784	19,337
Incr(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	43.0	40.7	(2.3)	40.7	(2.3)
HC	43.0	41.0	(2.0)	41.0	(2.0)

Section B

Supplemental Financial Information

2018 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Analysis

Table B-1

Working Capital Reserve Analysis 2017-2018	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2016	\$ 5,250,299
Plus: 2017 Funding (from Load-Serving Entities (LSE) or designees)	26,341,500
Plus: 2017 Other funding sources	498,706
Less: 2017 Projected expenses & capital expenditures	(27,195,950)
Projected Working Capital Reserve (Deficit), December 31, 2017	<u>\$ 4,894,555</u>
Projected Working Capital Reserve, December 31, 2018	¹ \$ 5,794,260
Less: Projected Working Capital Reserve, December 31, 2017	(4,894,555)
Increase(Decrease) in Assessments to Achieve Projected Working Capital Reserve	<u>\$ 899,706</u>
2018 Expenses and Capital Expenditures	\$ 27,097,344
Less: Penalty Sanctions ²	(2,100,000)
Less: Other Funding Sources	(615,050)
Adjustment to achieve desired Working Capital Reserve	899,706
2018 WECC Assessment	<u>\$ 25,282,000</u>

1 – On June 21, 2017, the WECC Board of Directors approved this reserve level.

2 – Represents collections of Penalty Sanctions from July 1, 2016 through June 30, 2017. See page 47 for full disclosure.

WECC's Board has approved a Working Capital Reserve balance equal to one-to-two months of Personnel, Meeting, and Operating Expenses per its Reserve Policy approved by the Finance and Audit Committee on June 23, 2015. Additional reserves have been approved as part of WECC's assessment stabilization initiative.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 10.

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, 2017 will be used to offset assessments in the 2018 WECC budget.

All penalty monies received on or prior to June 30, 2017 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 Stakeholder Outreach; 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.

Civil Penalty Sanctions

WECC recognized civil penalty expense in its 2013 and 2014 financial statements that were the result of the FERC Order pertaining to the Arizona-Southern California outage that occurred on September 8, 2011. In 2013, \$1 million was recognized and in 2014, \$2 million was recognized. As of May 31, 2017, the entire \$3 million has been paid and the liability is now zero. These penalties do not impact the 2018 budget.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2017	
Date Received	Amount Received
8/29/2016	\$ 15,000
11/30/2016	20,000
12/15/2016	250,000
12/15/2016	1,125,000
1/3/2017	86,000
2/13/2017	20,000
3/1/2017	60,000
3/14/2017	15,000
3/21/2017	55,000
3/31/2017	17,000
4/25/2017	26,000
5/16/2017	34,000
5/25/2017	54,000
6/23/2017	113,000
6/26/2017	201,000
6/29/2017	9,000
Total Penalties Received	\$ 2,100,000

Supplemental Funding

Table B-3

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget
Reliability Standards				
Interest	\$ 2,320	\$ 2,910	\$ 2,199	\$ (121)
Miscellaneous	-	-	-	-
Total	\$ 2,320	\$ 2,910	\$ 2,199	\$ (121)
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ -	\$ -
Interest	42,526	52,382	43,256	730
Miscellaneous	-	-	-	-
Total	\$ 42,526	\$ 52,382	\$ 43,256	\$ 730
Reliability Assessment and Performance Analysis				
Interest	27,835	34,921	27,859	24
Miscellaneous	-	-	-	-
Total	\$ 27,835	\$ 34,921	\$ 27,859	\$ 24
Training, Education, and Stakeholder Outreach				
Workshops	\$ 587,876	\$ 406,261	\$ 540,050	\$ (47,826)
Interest	1,546	1,261	953	(593)
Miscellaneous	-	-	-	-
Total	\$ 589,422	\$ 407,522	\$ 541,003	\$ (48,419)
Situation Awareness and Infrastructure Security				
Interest	773	970	733	(40)
Miscellaneous	-	-	-	-
Total	\$ 773	\$ 970	\$ 733	\$ (40)
Corporate Services				
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

WECC anticipates its investments will earn interest of approximately \$75,000 in 2018. This revenue is allocated to the Statutory Programs based on FTEs.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

Training, Education, and Stakeholder Outreach

- Workshops revenue decreases by a net of \$48,000 due to a reduction in anticipated attendance at training classes and a slight increase in attendance at compliance workshops.

Situation Awareness and Infrastructure Security

- No significant changes.

Corporate Services

- Not applicable.

Personnel Expenses

Table B-4

Personnel Expenses	Budget		Projection		Variance	
	2017	2017	2018	2018	2017 Budget v 2018 Budget	Variance %
Salaries						
Salaries	\$ 14,681,223	\$ 14,533,331	\$ 15,199,337	\$ 15,199,337	\$ 518,114	3.5%
Employment Agency Fees	-	-	-	-	-	
Temporary Office Services	-	2,037	-	-	-	
Total Salaries	\$ 14,681,223	\$ 14,535,369	\$ 15,199,337	\$ 15,199,337	\$ 518,114	3.5%
Total Payroll Taxes	\$ 1,056,810	\$ 1,075,378	\$ 1,089,355	\$ 1,089,355	\$ 32,545	3.1%
Benefits						
Workers Compensation	\$ 22,004	\$ 13,523	\$ 20,004	\$ 20,004	\$ (2,000)	(9.1%)
Medical Insurance	1,735,872	1,741,373	1,826,810	1,826,810	90,938	5.2%
Life-LTD-STD Insurance	75,477	82,642	78,404	78,404	2,927	3.9%
Education	312,695	318,750	297,150	297,150	(15,545)	(5.0%)
Relocation	60,000	61,306	56,000	56,000	(4,000)	(6.7%)
Other	13,480	14,372	15,487	15,487	2,007	14.9%
Total Benefits	\$ 2,219,528	\$ 2,231,966	\$ 2,293,855	\$ 2,293,855	\$ 74,327	3.3%
Retirement						
Discretionary 401k Contribution	\$ 1,239,665	\$ 1,323,660	\$ 1,286,223	\$ 1,286,223	\$ 46,558	3.8%
Retirement Administration Fees	32,500	25,000	2,500	2,500	(30,000)	(92.3%)
Total Retirement	\$ 1,272,165	\$ 1,348,660	\$ 1,288,723	\$ 1,288,723	\$ 16,558	1.3%
Total Personnel Costs	\$ 19,229,726	\$ 19,191,373	\$ 19,871,270	\$ 19,871,270	\$ 641,544	3.3%
FTEs	140.0	136.0	143.0	143.0	3.0	2.1%
Cost per FTE						
Salaries	\$ 104,866	\$ 106,878	\$ 106,289	\$ 106,289	\$ 1,423	1.4%
Payroll Taxes	7,549	7,907	7,618	7,618	69	0.9%
Benefits	15,854	16,412	16,041	16,041	187	1.2%
Retirement	9,087	9,917	9,012	9,012	(75)	(0.8%)
Total Cost per FTE	\$ 137,355	\$ 141,113	\$ 138,960	\$ 138,960	\$ 1,605	1.2%

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

Salaries

- Salaries increase by a net of \$518,000 primarily due to a 3 percent average merit increase, the continued refinement of labor float rate, and the addition of 3.0 FTE.

Payroll Taxes

- Payroll Taxes increase by \$33,000 due to the increase in Salaries.

Benefits

- Medical Insurance increases by \$91,000 due to anticipated premium increases.
- Education decreases by \$15,000 due to declines in the use of this benefit.

Retirement

- Retirement Administration Fees decrease by \$30,000 due to reduced fees for servicing for WECC's 401(k) plan.

Meeting Expenses

Table B-5

Meeting Expense	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Reliability Standards	\$ 960	\$ 720	\$ 520	\$ (440)	(45.8%)
Compliance Monitoring and Enforcement and Organization Regi:	9,810	14,452	5,400	(4,410)	(45.0%)
Reliability Assessment and Performance Analysis	112,698	87,655	126,812	14,114	12.5%
Training, Education, and Stakeholder Outreach	469,650	421,821	514,130	44,480	9.5%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	133,650	151,651	108,923	(24,727)	(18.5%)
Total Meeting Expenses	\$ 726,768	\$ 676,300	\$ 755,785	\$ 29,017	4.0%

Travel Expense	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Reliability Standards	\$ 19,175	\$ 17,272	\$ 20,200	\$ 1,025	5.3%
Compliance Monitoring and Enforcement and Organization Regi:	706,338	783,827	843,277	136,939	19.4%
Reliability Assessment and Performance Analysis	251,825	258,193	239,345	(12,480)	(5.0%)
Training, Education, and Stakeholder Outreach	20,796	11,963	10,315	(10,481)	(50.4%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	285,030	270,850	288,072	3,042	1.1%
Total Travel Expenses	\$ 1,283,164	\$ 1,342,105	\$ 1,401,209	\$ 118,045	9.2%

Conference Call Expense	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Reliability Standards	\$ 3,601	\$ -	\$ -	\$ (3,601)	(100.0%)
Compliance Monitoring and Enforcement and Organization Regi:	12,900	-	-	(12,900)	(100.0%)
Reliability Assessment and Performance Analysis	34,800	-	-	(34,800)	(100.0%)
Training, Education, and Stakeholder Outreach	5,706	-	-	(5,706)	(100.0%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	15,390	44,771	75,000	59,610	387.3%
Total Conference Call Expenses	\$ 72,397	\$ 44,771	\$ 75,000	\$ 2,603	3.6%

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

Meeting Expense

- RAPA increases by \$14,000 due to an overall increase in the number of work group meetings.
- Training, Education, and Stakeholder Outreach increases by a net of \$44,000 primarily due to an anticipated increase in conference facility and banquet charges for compliance workshops; total revenue from registration fees offsets the total meeting expenses.
- Corporate Services decreases by a net of \$25,000 primarily due to an onsite WECC Board of Directors Annual Meeting (every even year is onsite and every odd year is offsite) and an offsite Joint Guidance Committee meeting, which was onsite in the 2017 budget.

Travel Expense

- Compliance increases by \$137,000 due to additional audits/site visits related to CIP-005, CIP-014, and risk-based compliance monitoring.
- RAPA decreases by \$12,000 due to a reduction in onsite reliability assessments.
- Training, Education, and Stakeholder Outreach decreases by a net of \$10,000 due to a reduction in offsite classes and workshops.

Conference Call Expense

- The Conference Calls budget is centralized in Corporate Services in 2018. No significant changes in the total budget.

Consultants and Contracts

Table B-6

Consultants	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	1,536,000	2,141,577	1,185,000	(351,000)	(22.9%)
Training, Education, and Stakeholder Outreach	-	-	4,560	4,560	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	467,000	396,914	411,500	(55,500)	(11.9%)
Consultants Total	\$ 2,003,000	\$ 2,538,491	\$ 1,601,060	\$ (401,940)	(20.1%)
Contracts	Budget 2017	Projection 2017	Budget 2018	Variance	
				2016 Budget v 2017 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	450,270	385,999	397,221	(53,049)	(11.8%)
Reliability Assessment and Performance Analysis	-	-	-	-	
Training, Education, and Stakeholder Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	45,000	34,250	25,000	(20,000)	(44.4%)
Contracts Total	\$ 495,270	\$ 420,249	\$ 422,221	\$ (73,049)	(14.7%)
Total Consulting and Contracts	\$ 2,498,270	\$ 2,958,740	\$ 2,023,281	\$ (474,989)	(19.0%)

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

Consultants

- RAPA decreases by a net of \$351,000 due to the completion of one-time 2017 projects, including RAS modeling enhancements, and the addition of 2018 one-time projects, including \$750,000 for a Gas/Electric Interdependence Study.
- Corporate Services decreases by a net of \$56,000 primarily due to the following:
 - General and Administrative consulting decreases by a net of \$136,000 due to a reduction in Board Director Search fees and an increase for executive coaching consulting.
 - Information Technology consulting increases by \$10,000 due to the implementation of two-factor authentication on WECC's computer network.
 - Human Resources consulting increases by \$70,000 due to a Human Resources and Compensation Committee employee compensation study.

Contracts

- Compliance contracts decrease by \$53,000 due to an overall reduction in consulting used to complete audits and other oversight activities.

- Corporate Services contracts decrease by a net of \$20,000 due to lower reliance on contract labor in lieu of staff for IT projects.

Office Rent

Table B-7

Office Rent	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Office Rent	\$ 925,080	\$ 948,361	\$ 925,056	\$ (24)	(0.0%)
Utilities	-	-	-	-	0.0%
Maintenance	12,970	15,739	19,405	6,435	49.6%
Security	-	-	-	-	0.0%
Total Office Rent	\$ 938,050	\$ 964,100	\$ 944,461	\$ 6,411	0.7%

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

- No significant changes.

Office Costs

Table B-8

Office Costs	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Telephone	\$ 77,190	\$ 68,340	\$ 73,320	\$ (3,870)	(5.0%)
Internet	74,861	71,559	71,120	(3,741)	(5.0%)
Office Supplies	106,917	110,440	104,540	(2,377)	(2.2%)
Computer Supplies and Maintenance	895,490	891,581	878,690	(16,800)	(1.9%)
Publications & Subscriptions	49,720	45,514	54,894	5,174	10.4%
Dues and Fees	181,054	212,987	277,243	96,189	53.1%
Postage	5,445	4,389	4,240	(1,205)	(22.1%)
Express Shipping	6,473	5,875	4,424	(2,049)	(31.7%)
Copying	35,845	35,909	10,903	(24,942)	(69.6%)
Bank Charges	59,760	62,926	60,279	519	0.9%
Taxes	61,500	50,021	58,975	(2,525)	(4.1%)
Total Office Costs	\$ 1,554,255	\$ 1,559,541	\$ 1,598,628	\$ 44,373	2.9%

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

- Computer Supplies and Maintenance decreases by a net of \$17,000 primarily due to a decrease in maintenance costs for the WECC Compliance Data Management System (webCDMS).

- Dues and Fees increase by \$96,000 primarily due to increase by \$52,000 due to a new membership in the National Association of Corporate Directors (NACD), security enhancements for increased network security, and EventBrite fees.
- Copying decreases by \$25,000 due to moving printer maintenance to Computer Supplies and Maintenance and decreased external printing costs.

Professional Services

Table B-9

Professional Services	Budget	Projection	Budget	Variance	
	2017	2017	2018	2018 Budget v 2017 Budget	Variance %
Board Director fees	\$ 814,750	\$ 758,125	\$ 763,750	\$ (51,000)	(6.3%)
Outside Legal	33,000	27,045	16,200	(16,800)	(50.9%)
Accounting & Auditing Fees	38,700	38,700	38,760	60	0.2%
Insurance Commercial	100,000	93,806	85,000	(15,000)	(15.0%)
Total Services	\$ 986,450	\$ 917,676	\$ 903,710	\$ (82,740)	(8.4%)

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

- Board of Director fees decrease by \$51,000 due to new Board Director compensation structure.
- Outside Legal fees decrease by \$17,000 due to an anticipated reduction in the need for outside legal counsel services.
- Insurance Commercial decreases by \$15,000 due to estimated premium renewal rates.

Other Non-Operating

Table B-10

Other Non-Operating Expenses	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

- Not applicable.

Fixed Assets

Table B-11

Fixed Assets	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Computer & Software CapEx	\$ 35,000	\$ 30,000	\$ 50,000	\$ 15,000	42.9%
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	77,000	77,000	12,000	(65,000)	(84.4%)
Leasehold Improvements	-	-	-	-	
	\$ 112,000	\$ 107,000	\$ 62,000	\$ (50,000)	(44.6%)

Explanation of Significant Variances – 2018 Budget versus 2017 Budget

- Computer and Software CapEx increase by \$15,000 for software tools to improve data organization and analysis of WECC data.
- Equipment CapEx decreases by \$65,000 primarily due to a decrease in blade server expansion from the transition to cloud-based storage.

Section C

Non-Statutory Activities

2018 Business Plan and Budget

Section C — 2018 Budget - Non-Statutory Activities

Western Renewable Energy Generation Information System (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	6.0	6.0	-
Direct Expenses	\$ 1,140,158	\$ 1,228,780	\$ 88,622
Indirect Expenses	\$ 610,701	\$ 545,300	\$ (65,401)
Inc(Dec) in Fixed Assets	\$ (6,550)	\$ (7,301)	\$ (751)
Total Funding Requirement	\$ 24,801	\$ 32,536	\$ 7,735

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.

The program's 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 overseen 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. To avoid any crossover of Section 215 dollars, WREGIS pays a portion of WECC's overhead costs based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and the administrative operations. The WREGIS staff oversees the software contractor and performs all the administrative tasks required to operate the program including:

- registering account holders and generation units;
- training WREGIS users;
- auditing generation and other data; and
- managing the budgeting, billing, and financial reporting.

Major 2018 Assumptions and Cost Impacts

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by all users and are based on size (generation

capacity) and user type. Usage fees are paid by all but micro, small, and medium generation owners (as defined by the WREGIS fee matrix). WREGIS also charges various fees for specific usage to only those requesting the services.

- User fees are based on size (generation capacity) and user type.
 - Approximately 4 percent of revenues are based on size.
 - Approximately 91 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.).
 - Approximately 5 percent of revenues are attributable to fees for specific, requested functions such as tracking e-Tags.
- 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.

2018 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.
- Refine and improve data collection to ensure high quality data.
- 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 by \$133,000 primarily due to continued refinement of the labor float rate based on actual turnover and vacancy rates.

Meeting Expenses

- Travel Expenses decrease by \$11,000 primarily due to a reduction in needed staff travel for WREGIS audits.

Operating Expenses

- Office Costs decrease by a net of \$19,000 due to a reduction in maintenance costs for the certificate management system and in wireless communication expenditures.

Section C — 2018 Business Plan and Budget - Non-Statutory Activities

- Professional Services decrease by \$12,000 due to a reduction in the need for outside legal counsel for non-statutory activities.

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.

2017 Budget and Projection and 2018 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
NON-STATUTORY					
	2017 Budget	2017 Projection	Variance 2017 Budget v 2017 Projection Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ 1,766,860	\$ 1,922,670	\$ 155,810	\$ 1,745,360	\$ (21,500)
Services & Software	-	-	-	-	-
Workshops	2,250	2,850	600	1,875	(375)
Interest	-	11,809	11,809	52,080	52,080
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 1,769,110	\$ 1,937,329	\$ 168,219	\$ 1,799,315	\$ 30,205
Expenses					
Personnel Expenses					
Salaries	\$ 375,536	\$ 451,630	\$ 76,094	\$ 478,621	\$ 103,085
Payroll Taxes	30,027	34,000	3,973	36,772	6,745
Benefits	58,942	57,042	(1,900)	73,381	14,439
Retirement Costs	31,673	35,908	4,235	40,478	8,805
Total Personnel Expenses	\$ 496,178	\$ 578,580	\$ 82,402	\$ 629,252	\$ 133,074
Meeting Expenses					
Meetings	\$ 3,195	\$ 3,382	\$ 187	\$ 3,000	\$ (195)
Travel	29,850	21,291	(8,559)	18,880	(10,970)
Conference Calls	975	-	(975)	-	(975)
Total Meeting Expenses	\$ 34,020	\$ 24,673	\$ (9,347)	\$ 21,880	\$ (12,140)
Operating Expenses					
Consultants & Contracts	\$ 3,000	\$ 1,698	\$ (1,302)	\$ 1,800	\$ (1,200)
Office Rent	-	-	-	-	-
Office Costs	594,960	618,208	23,248	575,848	(19,112)
Professional Services	12,000	6,545	(5,455)	-	(12,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 609,960	\$ 626,451	\$ 16,491	\$ 577,648	\$ (32,312)
Total Direct Expenses	\$ 1,140,158	\$ 1,229,704	\$ 89,546	\$ 1,228,780	\$ 88,622
Indirect Expenses	\$ 610,701	\$ 572,820	\$ (37,881)	\$ 545,300	\$ (65,401)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,750,859	\$ 1,802,524	\$ 51,665	\$ 1,774,080	\$ 23,221
Change in Assets	\$ 18,251	\$ 134,805	\$ 116,554	\$ 25,235	\$ 6,984
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(6,550)	(7,162)	(612)	(7,301)	(751)
Incr(Dec) in Fixed Assets (C)	\$ (6,550)	\$ (7,162)	\$ (612)	\$ (7,301)	\$ (751)
TOTAL BUDGET (=B+C)	\$ 1,744,309	\$ 1,795,362	\$ 51,053	\$ 1,766,779	\$ 22,470
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 24,801	\$ 141,967	\$ 117,166	\$ 32,536	\$ 7,735
FTEs	6.0	6.0	-	6.0	-
HC	6.0	6.0	-	6.0	-

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 2017	Projection 2017	Direct FTEs 2017 Budget	Shared FTEs ¹ 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Programs						
WREGIS	6.0	6.0	6.0	0.0	6.0	0.0
Total FTEs Administrative Programs	6.0	6.0	6.0	0.0	6.0	0.0
Total FTEs	6.0	6.0	6.0	0.0	6.0	0.0

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

Reserve Analysis

Working Capital Reserve Analysis	
NON-STATUTORY	
WREGIS Reserves	
Beginning Working Capital Reserve (Deficit), December 31, 2016	\$ 5,776,092
Plus: 2017 Funding	1,937,329
Plus: 2017 Other funding sources	
Less: 2017 Projected expenses & capital expenditures	(1,795,362)
Projected Working Capital Reserve (Deficit), December 31, 2017	<u>\$ 5,918,059</u>
Projected Working Capital Reserve, December 31, 2018	5,950,595
Less: Projected Working Capital Reserve, December 31, 2017	(5,918,059)
2018 Reserve Increase (Decrease)	<u>\$ 32,536</u>

Section D

Additional Financial Information

2018 Business Plan and Budget

Section D — Additional Financial Information

Section D – Additional Financial Information

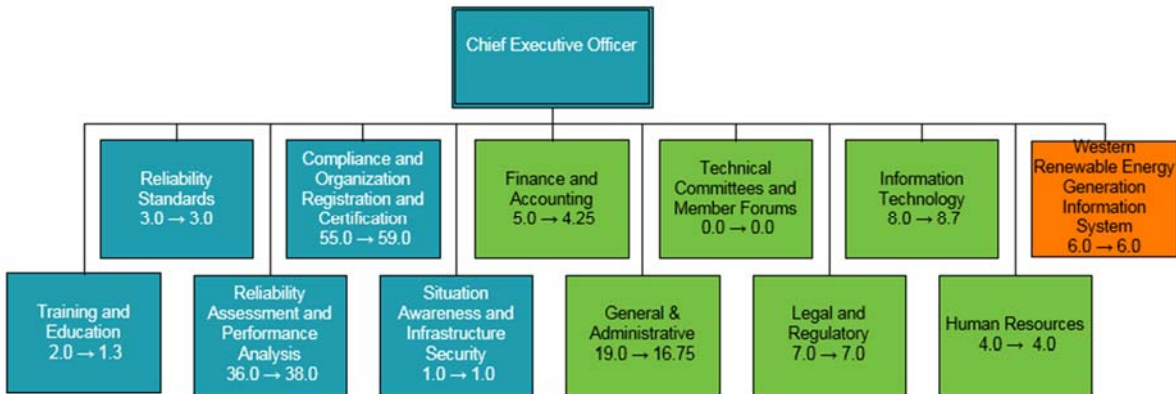
2018 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2018 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, Education, and Stakeholder Outreach (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Corporate Services	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	WREGIS	
Revenue																			
Statutory Funding																			
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ 823,011	\$ 13,875,486	\$ 10,016,218	\$ 357,225	\$ 210,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	2,100,000	2,100,000	-	2,100,000	61,584	1,211,143	780,059	26,686	20,528	-	-	-	-	-	-	-	-	-	-
Total Statutory Funding	\$ 27,382,000	\$ 27,382,000	\$ -	\$ 27,382,000	\$ 884,595	\$ 15,086,629	\$ 10,796,277	\$ 383,911	\$ 230,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Statutory Funding																			
Services & Software	\$ 1,745,360	\$ -	\$ 1,745,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	541,925	540,050	1,875	540,050	-	-	-	540,050	-	-	-	-	-	-	-	-	-	-	-
Interest	127,080	75,000	52,080	75,000	2,199	43,256	27,859	953	733	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (A)	\$ 29,796,365	\$ 27,997,050	\$ 1,799,315	\$ 27,997,050	\$ 886,794	\$ 15,129,885	\$ 10,824,136	\$ 924,914	\$ 231,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses																			
Personnel Expenses																			
Salaries	\$ 15,677,956	\$ 15,199,335	\$ 478,621	\$ 15,199,335	\$ 457,200	\$ 6,024,488	\$ 4,127,042	\$ 174,914	\$ 105,057	\$ 4,310,636	\$ -	\$ 1,891,468	\$ 990,660	\$ 766,172	\$ 395,155	\$ 267,181	\$ -	\$ -	\$ -
Payroll Taxes	1,126,127	1,089,355	36,772	1,089,355	30,434	457,104	309,708	12,496	8,630	270,983	-	100,183	58,560	60,880	28,972	22,388	-	-	-
Benefits	2,367,236	2,293,855	73,381	2,293,855	37,366	770,127	501,612	19,229	11,652	953,869	-	210,565	88,409	112,282	490,236	52,377	-	-	-
Retirement Costs	1,329,202	1,288,724	40,478	1,288,724	38,696	509,510	349,627	15,656	8,882	366,353	-	158,406	83,969	64,378	35,896	23,704	-	-	-
Total Personnel Expenses	\$ 20,500,521	\$ 19,871,269	\$ 629,252	\$ 19,871,269	\$ 563,696	\$ 7,761,229	\$ 5,287,989	\$ 222,295	\$ 134,221	\$ 5,901,841	\$ -	\$ 2,360,622	\$ 1,221,598	\$ 1,003,712	\$ 950,259	\$ 365,650	\$ -	\$ -	\$ -
Meeting Expenses																			
Meetings	\$ 758,785	\$ 755,785	\$ 3,000	\$ 755,785	\$ 520	\$ 5,400	\$ 126,812	\$ 514,130	\$ -	\$ 108,923	\$ 40,133	\$ 68,190	\$ -	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -
Travel	1,420,089	1,401,209	18,880	1,401,209	20,200	843,277	239,345	10,315	-	288,072	-	210,257	35,760	15,500	21,430	5,125	-	-	-
Conference Calls	75,000	75,000	-	75,000	-	-	-	-	-	75,000	-	75,000	-	-	-	-	-	-	-
Total Meeting Expenses	\$ 2,253,874	\$ 2,231,994	\$ 21,880	\$ 2,231,994	\$ 20,720	\$ 848,677	\$ 366,157	\$ 524,445	\$ -	\$ 471,995	\$ 40,133	\$ 353,447	\$ 35,760	\$ 15,500	\$ 22,030	\$ 5,125	\$ -	\$ -	\$ -
Operating Expenses																			
Consultants & Contracts	\$ 2,025,081	\$ 2,023,281	\$ 1,800	\$ 2,023,281	\$ -	\$ 397,221	\$ 1,185,000	\$ 4,560	\$ -	\$ 436,500	\$ -	\$ 281,500	\$ -	\$ 85,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -
Office Rent	944,461	944,461	-	944,461	-	-	-	-	-	944,461	-	943,586	-	775	100	-	-	-	-
Office Costs	2,174,476	1,598,628	575,848	1,598,628	4,880	346,230	229,824	27,325	-	990,369	1,500	172,250	27,400	548,202	98,670	142,347	-	-	-
Professional Services	903,710	903,710	-	903,710	-	-	-	-	-	903,710	-	763,750	100,000	-	9,260	30,700	-	-	-
Miscellaneous	217,816	217,816	-	217,816	-	-	24,032	-	-	193,784	-	146,767	-	46,325	692	-	-	-	-
Depreciation	6,265,544	5,687,896	577,648	5,687,896	4,880	743,451	1,438,856	31,885	-	3,468,824	1,500	2,307,853	127,400	680,302	178,722	173,047	-	-	-
Total Operating Expenses	\$ 29,019,939	\$ 27,791,159	\$ 1,228,780	\$ 27,791,159	\$ 589,296	\$ 9,353,357	\$ 7,093,002	\$ 778,625	\$ 134,221	\$ 9,842,660	\$ 41,633	\$ 5,021,922	\$ 1,384,758	\$ 1,699,514	\$ 1,151,011	\$ 543,822	\$ -	\$ -	\$ -
Total Direct Expenses	\$ 29,019,939	\$ 27,791,159	\$ 1,228,780	\$ 27,791,159	\$ 589,296	\$ 9,353,357	\$ 7,093,002	\$ 778,625	\$ 134,221	\$ 9,842,660	\$ 41,633	\$ 5,021,922	\$ 1,384,758	\$ 1,699,514	\$ 1,151,011	\$ 543,822	\$ -	\$ -	\$ -
Indirect Expenses																			
	\$ -	\$ (545,300)	\$ 545,300	\$ (545,300)	\$ 272,650	\$ 5,362,114	\$ 3,453,565	\$ 118,148	\$ 90,883	\$ (9,842,660)	\$ (41,633)	\$ (5,021,922)	\$ (1,384,758)	\$ (1,699,514)	\$ (1,151,011)	\$ (543,822)	\$ -	\$ -	\$ -
Other Non-Operating Expenses																			
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 29,019,939	\$ 27,245,859	\$ 1,774,080	\$ 27,245,859	\$ 861,946	\$ 14,715,470	\$ 10,546,566	\$ 896,773	\$ 225,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets																			
	\$ 776,426	\$ 751,191	\$ 25,235	\$ 751,191	\$ 24,849	\$ 414,415	\$ 277,570	\$ 28,141	\$ 6,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets																			
Depreciation	\$ (217,816)	\$ (217,816)	\$ -	\$ (217,816)	\$ -	\$ -	\$ (24,032)	\$ -	\$ -	\$ (193,784)	\$ -	\$ (146,767)	\$ -	\$ (46,325)	\$ (692)	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	50,000	50,000	-	50,000	-	-	-	-	-	50,000	-	-	-	50,000	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	12,000	12,000	-	12,000	-	-	-	-	-	12,000	-	-	-	12,000	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	7,301	(7,301)	7,301	(3,650)	(71,794)	(46,240)	(1,582)	(1,217)	131,784	-	146,767	-	(15,675)	692	-	-	-	-
Inc(Dec) in Fixed Assets (C)	\$ (155,816)	\$ (148,515)	\$ (7,301)	\$ (148,515)	\$ (3,650)	\$ (71,794)	\$ (70,272)	\$ (1,582)	\$ (1,217)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ 28,864,123	\$ 27,097,344	\$ 1,766,779	\$ 27,097,344	\$ 858,296	\$ 14,643,676	\$ 10,476,294	\$ 895,191	\$ 223,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 932,242	\$ 899,706	\$ 32,536	\$ 899,706	\$ 28,499	\$ 486,209	\$ 347,842	\$ 29,723	\$ 7,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	149.0	143.0	6.0	143.0	3.0	59.0	38.0	1.3	1.0	40.7	-	16.8	7.0	8.7	4.0	4.3	6.0	6.0	
HC	149.0	143.0	6.0	143.0	3.0	59.0	38.0	1.0	1.0	41.0	-	17.0	7.0	9.0	4.0	4.0	6.0	6.0	

Statement of Financial Position

Statement of Financial Position			
2016 Audited, 2017 Projection, and 2018 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-16	31-Dec-17	31-Dec-18
ASSETS			
Cash and cash equivalents	\$ 11,990,480	\$ 12,245,663	\$ 12,201,479
Investments	8,388,115	8,400,000	9,332,242
Accounts receivable, net	10,985,588	10,000,000	10,000,000
Prepaid expenses and other assets	442,177	475,000	475,000
Property and equipment, net	820,520	562,469	406,653
Total Assets	<u>\$ 32,626,880</u>	<u>\$ 31,683,132</u>	<u>\$ 32,415,374</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 1,618,540	\$ 1,250,000	\$ 1,250,000
Accrued Expenses	2,553,121	2,500,000	2,500,000
Deferred revenue	15,513,074	15,400,000	15,400,000
Other liabilities	1,095,236	900,000	700,000
Total Liabilities	<u>\$ 20,779,971</u>	<u>\$ 20,050,000</u>	<u>\$ 19,850,000</u>
Unrestricted net assets	11,846,909	11,633,132	12,565,374
Total Liabilities and Net Assets	<u>\$ 32,626,880</u>	<u>\$ 31,683,132</u>	<u>\$ 32,415,374</u>

Appendix A: Organizational Chart



■ Statutory Program Area

■ Corporate Services Program Area

■ Non-statutory Program Area

Appendix B: 2018 Budget & Projected 2019 and 2020 Budgets

Key Assumptions

Assessments

- A 1 percent increase per WECC's assessment stabilization initiative.

Personnel Expenses

- A 3 percent average merit increase in Salaries.
- A 3 percent increase in Payroll Taxes and Retirements Costs.
- A 4 percent increase in Benefits.

Meeting Expenses

- Travel, Meetings, and Conference Calls are assumed to remain at 2018 budgeted levels.

Operating Expenses

- A net reduction in Consultants and Contracts of \$400,000 in 2019 due to completion of one-time RAPA consulting projects budgeted in 2018, reduced use of contractors in the CMEP, and the addition of new 2019 one-time projects. Consultants used for ongoing studies and assessments remain at current levels.
- An increase in office rent in 2020 due to the renegotiation/renewal of WECC's Salt Lake City office space.

Appendix B – 2018 Budget & Projected 2019 and 2020 Budgets

Statement of Activities and Capital Expenditures							
2018 Budget & Projected 2019 and 2020 Budgets							
Statutory							
	2018	2019	\$ Change	% Change	2020	\$ Change	% Change
	Budget	Projection	18 v 19	18 v 19	Projection	19 v 20	19 v 20
Revenue							
Statutory Funding							
WECC Assessments	\$ 25,282,000	\$ 25,534,820	\$ 252,820	1.0%	\$ 25,790,168	\$ 255,348	1.0%
Penalty Sanctions	2,100,000	-	(2,100,000)	(100.0%)	-	-	-
Total Statutory Funding	\$ 27,382,000	\$ 25,534,820	\$ (1,847,180)	(6.7%)	\$ 25,790,168	\$ 255,348	1.0%
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Workshops	540,050	545,451	5,401	1.0%	550,905	5,455	1.0%
Interest	75,000	75,000	-	0.0%	75,000	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Total Revenue (A)	\$ 27,997,050	\$ 26,155,271	\$ (1,841,780)	(6.6%)	\$ 26,416,073	\$ 260,803	1.0%
Expenses							
Personnel Expenses							
Salaries	\$ 15,199,335	\$ 15,655,315	\$ 455,980	3.0%	\$ 16,124,975	\$ 469,659	3.0%
Payroll Taxes	1,089,355	1,122,036	32,681	3.0%	1,155,697	33,661	3.0%
Benefits	2,293,855	2,385,609	91,754	4.0%	2,481,034	95,424	4.0%
Retirement Costs	1,288,724	1,327,386	38,662	3.0%	1,367,207	39,822	3.0%
Total Personnel Expenses	\$ 19,871,269	\$ 20,490,346	\$ 619,077	3.1%	\$ 21,128,912	\$ 638,566	3.1%
Meeting Expenses							
Meetings	\$ 755,785	\$ 755,785	\$ -	0.0%	\$ 755,785	\$ -	0.0%
Travel	1,401,209	1,401,209	-	0.0%	1,401,209	-	0.0%
Conference Calls	75,000	75,000	-	0.0%	75,000	-	0.0%
Total Meeting Expenses	\$ 2,231,994	\$ 2,231,994	\$ -	0.0%	\$ 2,231,994	\$ -	0.0%
Operating Expenses							
Consultants & Contracts	\$ 2,023,281	\$ 1,423,281	(600,000)	(29.7%)	\$ 1,323,281	(100,000)	(7.0%)
Office Rent	944,461	945,000	539	0.1%	1,100,000	155,000	16.4%
Office Costs	1,598,628	1,614,614	15,986	1.0%	1,630,760	16,146	1.0%
Professional Services	903,710	903,710	-	0.0%	903,710	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Depreciation	217,816	200,000	(17,816)	(8.2%)	175,000	(25,000)	(12.5%)
Total Operating Expenses	\$ 5,687,896	\$ 5,086,605	\$ (601,291)	(10.6%)	\$ 5,132,751	\$ 46,146	0.9%
Total Direct Expenses	\$ 27,791,159	\$ 27,808,945	\$ 17,786	0.1%	\$ 28,493,658	\$ 684,713	2.5%
Indirect Expenses	\$ (545,300.00)	\$ (545,300.00)	\$ -	0.0%	\$ (545,300.00)	\$ -	0.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses (B)	\$ 27,245,859	\$ 27,263,645	\$ 17,786	0.1%	\$ 27,948,358	\$ 684,713	2.5%
Change in Assets	\$ 751,191	\$ (1,108,374)	\$ (1,859,565)	(247.5%)	\$ (1,532,284)	\$ (423,910)	38.2%
Fixed Assets							
Depreciation	\$ (217,816)	\$ (200,000)	\$ 17,816	(8.2%)	\$ (175,000)	\$ 25,000	(12.5%)
Computer & Software CapEx	50,000	50,000	-	0.0%	50,000	-	0.0%
Furniture & Fixtures CapEx	-	-	-	-	-	-	-
Equipment CapEx	12,000	12,000	-	0.0%	35,000	23,000	191.7%
Leasehold Improvements	-	-	-	-	-	-	-
Allocation of Fixed Assets	7,301	7,000	(301)	(4.1%)	7,000	-	0.0%
Incr(Dec) in Fixed Assets (C)	\$ (148,515)	\$ (131,000)	\$ 17,515	(11.8%)	\$ (83,000)	\$ 48,000	(36.6%)
TOTAL BUDGET (B+C)	\$ 27,097,344	\$ 27,132,645	\$ 35,301	0.1%	\$ 27,865,358	\$ 732,713	2.7%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 899,706	\$ (977,374)	\$ (1,877,080)	(100.0%)	\$ (1,449,284)	\$ (471,910)	48.3%
FTEs	143.0	143.0	-	0.0%	143.0	-	0.0%
HC	143.0	143.0	-	0.0%	143.0	-	0.0%

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

Adjustment to the AESO 2017 and 2018 Assessments		
Credit for WECC Compliance Costs		
	2017	2018
	Compliance Budget	Compliance Budget
	AESO NEL Allocation	AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	\$ 8,383,142	\$ 9,310,101
Indirect Costs	5,598,091	5,362,114
Fixed Asset Expenditures	(60,045)	(71,794)
Total Net Costs, including Fixed Assets	\$ 13,921,188	\$ 14,600,421
Net total to be allocated	\$ 13,921,188	\$ 14,600,421
AESO NEL Share (2015 & 2016)	7.197%	6.892%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 1,001,861	\$ 1,006,327
% Credit (53.23 of 55 FTE for 2017; 56.54 of 59 FTE for 2018)	96.78%	95.83%
AESO Credit for Compliance Costs	\$ 969,620	\$ 964,368

Appendix D: Statutory and Non-Statutory Budget History Charts

