

2017 Business Plan and Budget

Western Electricity Coordinating Council

Approved by: WECC Board of Directors

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2017 Budget	U.S.	Canada	Mexico
Statutory FTEs*	140.0			
Non-statutory FTEs	6.0			
Total FTEs	146.0			
Statutory Expenses	\$ 27,046,236			
Non-Statutory Expenses	\$ 1,750,859			
Total Expenses	\$ 28,797,095			
Statutory Inc(Dec) in Fixed Assets	\$ (249,308)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ (6,550)			
Total Inc(Dec) in Fixed Assets	\$ (255,858)			
Statutory Working Capital Requirement**	\$ 207,448			
Non-Statutory Working Capital Requirement	\$ 24,801			
Total Working Capital Requirement	\$ 232,249			
Total Statutory Funding Requirement	\$ 27,004,376			
Total Non-Statutory Funding Requirement	\$ 1,769,110			
Total Funding Requirement	\$ 28,773,486			
Statutory Funding Assessments	\$ 25,282,000	\$ 22,015,983	\$ 2,865,616	\$ 400,401
Non-Statutory Fees	\$ 1,769,110	\$ 1,680,655	\$ 88,456	\$ -
NEL****	869,883,481	732,956,732	124,208,633	12,718,116
NEL%	100.00%	84.26%	14.28%	1.46%

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

**Refer to the Statutory Reserve Analysis on page 44 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 61 in Section C.

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

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a 501(c)(4) entity operating “for the promotion of social welfare.” WECC’s objective is to “assure the near- and long-term reliability of the Western Interconnection.” WECC’s website is <http://www.wecc.biz>.

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

- 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection;
- 2) development of electric Reliability Standards incorporating Western Interconnection experience and knowledge;
- 3) consistent and fair monitoring and enforcement activities for compliance with Reliability Standards;
- 4) event analysis and lessons-learned from system events; and

- 5) value for its membership through cost effective and efficient services and practices by:
- being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System (BES) in the Western Interconnection;
 - coordinating system planning and modeling;
 - sharing of, and providing comment on adherence to, recognized industry best practices;
 - facilitating resolution of market seams and coordination issues;
 - secure sharing of critical reliability data; and
 - providing a robust stakeholder forum.

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.

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

Our organization and culture revolve around five core values:

Integrity – We are honest, ethical, and trustworthy. We are complete in all of our interactions. We honor our commitments and take personal responsibility for our actions.

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

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

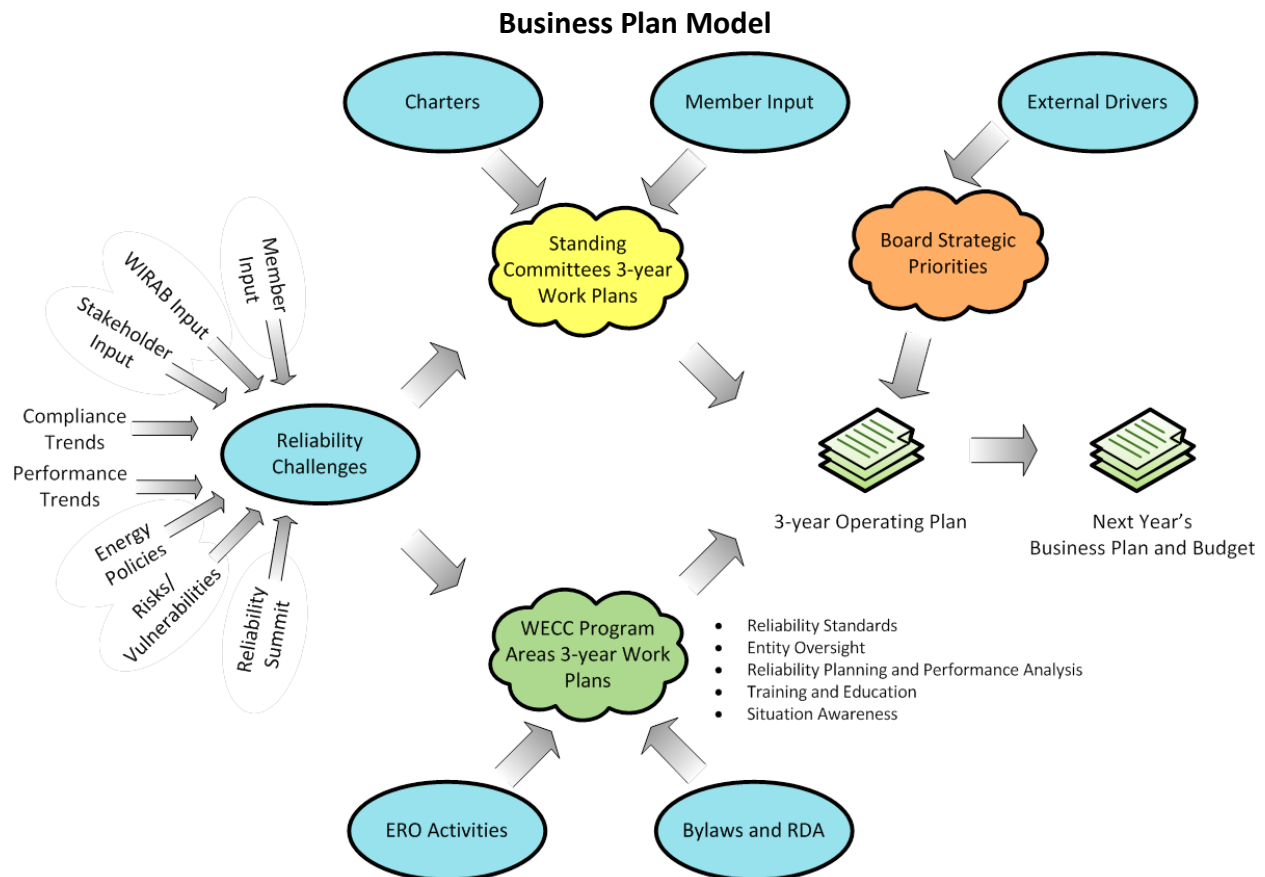
Professionalism – We conduct ourselves with skill, good judgment, and respectful behavior across all of our interactions.

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

Three-year Business Planning Model

In 2015, as a direct result of its structure and governance review required by section 4.9 of the WECC Bylaws, the 4.9 Review Work Group and WECC developed a new strategic and operating planning process that builds upon and extends the 2014 Integrated Reliability Assurance Model to all of WECC's work, including committee work. The Business Plan Model highlights the relationships and interactions between the various stakeholders in the WECC business planning process.

A rolling three-year operating plan will provide better forward visibility into activities and costs and, more explicitly, inform the annual Business Plan and Budget filings. The Business Plan Model will help ensure the necessary alignment between the work of WECC management and staff, the work of the Standing Committees and the Transmission Expansion Planning Policy Committee (TEPPC), and the Member Advisory Committee (MAC). It will take several business cycles for the three-year Operating Plan to fully inform the annual Business Plan and Budget.



Key elements of the proposed Business Plan Model include:

- Identifying reliability challenges facing the Western Interconnection, continuing to be informed by member/stakeholder input and various external sources;
- Ensuring Board review and approval of WECC's strategic priorities to address these challenges;
- Developing and aligning the Standing Committees and TEPPC, and the WECC program area work plans. All these work plans will be informed by the reliability challenges, the Board-approved priorities, the requirements set by the North American Electric Reliability Corporation (NERC) and the Electric Reliability Organization (ERO) Enterprise, WECC's Regional Delegation Agreement, and WECC Bylaws;

- Enlisting the re-chartered Joint Guidance Committee (JGC) to play a strong role in ensuring that: 1) plans across the Standing Committees and TEPPC align with WECC's strategic priorities, 2) all of the required/desired work is reflected in the work plans, 3) any duplication of effort is minimized or eliminated, and 4) nothing falls through the cracks;
- Providing Board direction to WECC management or the Board Committees on any specific strategic initiatives in response to external developments as needed; and
- Integrating the various work plans into a three-year operating plan to inform the Business Plan and Budget, thus improving the transparency and linkages between annual budget needs and work plans.

Membership and Governance

WECC has 353 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
5. Representatives of State and Provincial Governments

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

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

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

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

¹ As of May 18, 2016.

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.

Two other Board committees actively engage in some of the core reliability work that WECC conducts:

- Transmission Expansion Planning Policy Committee (TEPPC), and
- Joint Guidance Committee (JGC).

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

1. **The Member Advisory Committee (MAC)** – advises the Board on any matters the Board requests the committee to evaluate or consider, and on matters the MAC deems appropriate. The MAC chair attends WECC Board meetings to provide advice or clarifications, or to respond to Directors’ questions. The Board gives serious consideration to the MAC’s recommendations and responds through a means that the Board determines appropriate. The MAC is comprised of three representatives from each of the five Member Classes and three international representatives, for a total of 18 members. MAC representatives communicate and obtain input from their respective class membership.
2. **WECC Standards Committee (WSC)** – oversees the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. The WECC Standards Committee consists of one member from each of the WECC Standards Voting Sectors and a member of the WECC Board who acts as chair of the committee.
3. **Planning Coordination Committee (PCC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance, and the adequacy of the physical infrastructure of the BES within the Western Interconnection. All member organizations are eligible for representation on the committee.
4. **Operating Committee (OC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the BES in the Western Interconnection. All member organizations are eligible for representation on the committee.
5. **Market Interface Committee (MIC)** – advises the Board and makes recommendations on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. The MIC considers matters pertaining to the impact of NERC Reliability Standards and WECC Regional Reliability Standards, Regional Criteria, and procedures on the commercial electricity market in the Western Interconnection. The MIC also facilitates analysis regarding the impact of electricity market practices on electric system reliability. All member organizations are eligible for representation on the committee.

Pursuant to Section 215(j) of the Federal Power Act, the Western Governors created the Western Interconnection Regional Advisory Body (WIRAB). WIRAB’s purpose is to advise WECC, the ERO and the Federal Energy Regulatory Commission (FERC) on whether proposed Reliability Standards, and the governance and budgets of the ERO and WECC, are in the public interest.

FERC may request that WIRAB provide advice on other topics. Members are appointed by the Governors/Premiers from Alberta, Arizona, British Columbia, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Texas, Washington, Wyoming and Mexico. WECC's budget does not include any costs related to WIRAB operations.

Statutory Functional Scope

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

- Participate in the development of NERC Reliability Standards, or modifications thereof, and facilitate the development of regional standards or variances through WECC's Standards Development Process;
- Identify and register responsible entities with NERC and, as needed, certify such entities;
- Monitor and enforce compliance with approved Reliability Standards, in accordance with the NERC Rules of Procedure;
- Analyze and assess system events and disturbances;
- Assess the present and future reliability, adequacy, and security of the Western Interconnection;
- Provide effective training and education; and
- Maintain situation awareness as part of its role in periodic assessments and protection of critical infrastructure.

2017 Key Assumptions

NERC and the eight Regional Entities (collectively known as the ERO Enterprise) collaborated in the development of:

- the white paper *Improving Coordinated Operations Across The Electric Reliability Organization (ERO) Enterprise*, commonly referred to as the ERO Enterprise Operating Model;
- an ERO Enterprise Strategic Plan; and
- a set of business planning assumptions, goals, metrics and key deliverables for the 2016-through-2019 period.

NERC and the Regional Entities' business plans and budgets reflect the work mentioned above. The entire set of Common Assumptions is provided in Exhibit A to the NERC 2017 Business Plan and Budget. WECC supports these Common Assumptions as well as assumptions specific to WECC that are described in each statutory program area in [Section A](#).

2017 WECC Business Objectives

WECC has established the following long-term framework:

Impact - Measures progress toward the mission and long-term objectives that drive the organization.

Objectives:

- Assuring the near- and long-term reliability of the Western Interconnection

Program - Measures progress toward the goals and program implementations that drive organizational behavior

Objectives:

- Reliability Planning - address the reliability challenges facing the Interconnection in a meaningful way
- Performance Analysis - provide actionable information to stakeholders
- Risk-based Entity Oversight - focus oversight on the right reliability risks
- Outreach - ensure that WECC engages in the right forward-looking work

Capacity - Measures progress at all levels of the organization, thereby enabling it to get things done.

Objectives:

- Stewardship - ensure the organization's resources are being properly deployed
- Delivery - ensure the organization is positioned to succeed
- Capacity - implement key organizational and programmatic functions

2017 Overview of Cost Impacts

WECC's proposed 2017 statutory budget is \$26.80 million, a \$588,000 (2.15 percent) decrease from the 2016 statutory budget. The decrease is mainly attributable to the completion of some Remedial Action Scheme (RAS) modeling software enhancements and other one-time projects, labor float assumption changes based on actual turnover and vacancy rates, market adjustments to salaries, and the elimination of WECC's System Operator Training Program.

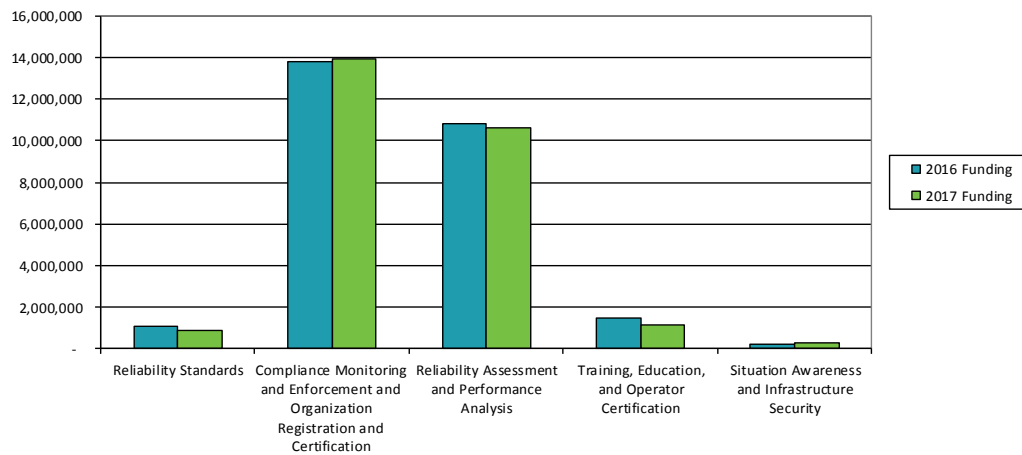
Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2017 and 2016 statutory budgets are as follows:

- Workshops Revenue decreases by \$542,000, primarily due to the elimination of the System Operator Training Program and the elimination of one large revenue-generating outreach event.
- Personnel Expenses increase by a net of \$296,000, primarily due to an assumed three percent average merit increase, continued refinement of labor float percentages, the net reduction of 0.5 FTE, insurance premium rate increases, and increased employee training needs.
- Consultants and Contracts decrease by a net of \$773,000, primarily due to the completion of some RAS modeling enhancements and other one-time Reliability Assessment and Performance Analysis (RAPA) projects as well as the cessation of using consultants as trainers for the System Operator Training Program.
- Office Costs decrease by a net of \$101,000 primarily due to the cancellation of the license fees for the System Operator Training Program simulator and the license fees for the Base Case Coordination System, which was a project terminated in late 2015.

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

Program	Budget 2016	Projection 2016	Budget 2017	2016 Budget v 2017 Budget	
				Budget	Variance %
Reliability Standards	\$ 1,089,200	\$ 980,795	\$ 875,535	\$ (213,665)	(19.6%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	13,811,437	13,806,586	13,963,714	152,277	1.1%
Reliability Assessment and Performance Analysis	10,789,121	10,444,733	10,601,213	(187,908)	(1.7%)
Training, Education, and Operator Certification	1,460,475	1,420,324	1,111,942	(348,533)	(23.9%)
Situation Awareness and Infrastructure Security	234,722	211,365	244,523	9,801	4.2%
Total By Program	\$ 27,384,955	\$ 26,863,803	\$ 26,796,927	\$ (588,028)	(2.1%)

Comparison of 2017 to 2016 Budgeted Funding Requirements



Personnel Analysis

In the 2017 budget, there is a net decrease of 0.5 FTEs. WECC eliminated one position in Information Technology (IT) and one position added mid-year in 2016 is in the 2017 budget for the full year. Additionally, WECC realigned some positions between programs areas in 2017 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 2017 and 2016. Details are discussed in the respective program area sections of the Business Plan and Budget.

Total FTEs by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2016	2016	2017 Budget	FTEs* 2017 Budget	2017 Budget	from 2016 Budget
STATUTORY						
Operational Programs						
Reliability Standards	4.0	3.0	3.0	0.0	3.0	(1.0)
Compliance Monitoring and Enforcement and Organization Registration and Certification	54.0	54.0	55.0	0.0	55.0	1.0
Training and Education	2.6	2.0	2.0	0.0	2.0	(0.6)
Reliability Assessment and Performance Analysis	32.5	35.0	36.0	0.0	36.0	3.5
Situation Awareness and Infrastructure Security	1.0	1.0	1.0	0.0	1.0	-
Total FTEs Operational Programs	94.1	95.0	97.0	0.0	97.0	2.9
Corporate Services						
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	0.0	-
General & Administrative	21.4	19.5	19.0	0.0	19.0	(2.4)
Information Technology	10.0	8.0	8.0	0.0	8.0	(2.0)
Legal and Regulatory	6.0	6.0	7.0	0.0	7.0	1.0
Human Resources	4.0	3.0	4.0	0.0	4.0	-
Finance and Accounting	5.0	4.7	5.0	0.0	5.0	-
Total FTEs Corporate Services	46.4	41.2	43.0	0.0	43.0	(3.4)
Total FTEs	140.5	136.2	140.0	0.0	140.0	(0.5)

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

2016 Budget and Projection and 2017 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2016 Budget & Projection, and 2017 Budget					
STATUTORY					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 25,032,134	\$ 25,032,138	\$ 4	\$ 25,282,000	\$ 249,866
Penalty Sanctions	1,983,700	1,983,700	-	1,059,500	(924,200)
Total WECC Funding	\$ 27,015,834	\$ 27,015,838	\$ 4	\$ 26,341,500	\$ (674,334)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	1,129,500	775,321	(354,179)	587,876	(541,624)
Interest	84,000	93,249	9,249	75,000	(9,000)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 28,229,334	\$ 27,884,408	\$ (344,926)	\$ 27,004,376	\$ (1,224,958)
Expenses					
Personnel Expenses					
Salaries	\$ 14,552,825	\$ 14,077,198	\$ (475,627)	\$ 14,681,223	\$ 128,398
Payroll Taxes	1,047,090	1,003,030	(44,060)	1,056,810	9,720
Benefits	2,074,608	2,211,633	137,025	2,219,528	144,920
Retirement Costs	1,259,074	1,299,671	40,597	1,272,165	13,091
Total Personnel Expenses	\$ 18,933,597	\$ 18,591,531	\$ (342,066)	\$ 19,229,726	\$ 296,129
Meeting Expenses					
Meetings	\$ 820,200	\$ 753,473	\$ (66,727)	\$ 726,768	\$ (93,432)
Travel	1,173,371	1,341,700	168,329	1,283,164	109,793
Conference Calls	70,823	105,391	34,568	72,397	1,574
Total Meeting Expenses	\$ 2,064,394	\$ 2,200,563	\$ 136,169	\$ 2,082,329	\$ 17,935
Operating Expenses					
Consultants & Contracts	\$ 3,271,170	\$ 3,131,030	\$ (140,140)	\$ 2,498,270	\$ (772,900)
Office Rent	936,988	941,138	4,150	938,050	1,062
Office Costs	1,655,424	1,457,554	(197,870)	1,554,255	(101,169)
Professional Services	1,051,975	1,018,852	(33,123)	986,450	(65,525)
Miscellaneous	-	-	-	-	-
Depreciation	948,609	716,407	(232,202)	367,858	(580,751)
Total Operating Expenses	\$ 7,864,166	\$ 7,264,981	\$ (599,185)	\$ 6,344,883	\$ (1,519,283)
Total Direct Expenses	\$ 28,862,157	\$ 28,057,075	\$ (805,081)	\$ 27,656,938	\$ (1,205,219)
Indirect Expenses	\$ (628,953)	\$ (571,515)	\$ 57,438	\$ (610,702)	\$ 18,251
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 28,233,204	\$ 27,485,560	\$ (747,643)	\$ 27,046,236	\$ (1,186,968)
Change in Assets	\$ (3,870)	\$ 398,848	\$ 402,717	\$ (41,860)	\$ (37,990)
Fixed Assets					
Depreciation	\$ (948,609)	\$ (716,407)	\$ 232,203	\$ (367,858)	\$ 580,751
Computer & Software CapEx	55,000	25,004	(29,996)	35,000	(20,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	30,000	27,727	(2,273)	77,000	47,000
Leasehold Improvements	-	5,595	5,595	-	-
Allocation of Fixed Assets	15,361	11,780	(3,580)	6,550	(8,811)
Incr(Dec) in Fixed Assets (C)	\$ (848,249)	\$ (646,300)	\$ 201,948	\$ (249,308)	\$ 598,940
TOTAL BUDGET (B+C)	\$ 27,384,955	\$ 26,839,260	\$ (545,695)	\$ 26,796,928	\$ (588,028)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 844,379	\$ 1,045,148	\$ 200,769	\$ 207,448	\$ (636,930)
FTEs	140.5	142.0	1.5	140.0	(0.5)
HC	141.0	142.0	1.0	140.0	(1.0)

Section A

Statutory Programs

2017 Business Plan and Budget

Section A — 2017 Business Plan and Budget - Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	4.0	3.0	(1.0)
Direct Expenses	\$ 680,140	\$ 573,461	\$ (106,679)
Indirect Expenses	\$ 419,301	\$ 305,349	\$ (113,952)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (10,241)	\$ (3,275)	\$ 6,966
Total Funding Requirement	\$ 1,089,200	\$ 875,535	\$ (213,665)

Program Scope and Functional Description

The WECC Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of WECC Regional Reliability Standards (RRS), WECC Regional Variances to NERC Reliability Standards, and WECC Regional Criteria. WECC supports the development of regional variances to a NERC Reliability Standard when it is necessary to address reliability issues within the Western Region that are necessitated by a physical difference in the BES or in instances where more stringent performance is desired by Region 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.

2017 Key Assumptions

- WECC expects that a significant proportion of the work required to develop Regional Reliability Standards, variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by voluntary stakeholder participation.
- WECC will continue to rely on stakeholder volunteers for the staffing of the majority of NERC Standards drafting teams. WECC staff may, at times, participate as drafting team members or observers.
- WECC Standards staff will take an active role in the coordination and communication of NERC Standards drafting teams' activities to the Western stakeholders.
- WECC may need to develop one or more RRSs to address any regional obligations in this area, depending on the final treatment of the NERC Fill-in-the-Blank Standards. However, WECC supports NERC's efforts to replace all fill-in-the-blank standards with standards applicable to the appropriate registered entity, and doesn't anticipate it will be necessary to develop additional RRSs to address fill-in-the-blank standards.
- WECC will evaluate information obtained from audit and enforcement experience as well as information learned through events analysis to determine whether any new RRSs or revisions to existing RRSs are necessary.

- WECC will complete several current WECC RRS and Regional Criteria projects to allow for development work on unforeseen future projects.
- WECC will undertake a review of existing WECC RRSs to determine whether any are candidates for incorporation as a regional variance to a continent-wide NERC Reliability Standard.
- Integration of renewable resources may require new or modified NERC Reliability Standards.
- WECC will support the concept of and will participate, when appropriate, in the enhanced periodic reviews of NERC Reliability Standards.
- The WECC Standards Development Process is assumed to have reached a steady state and one vacant position will transfer to RAPA to broaden analytical capabilities.

2017 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC Continent-wide Reliability Standards and, if necessary, through the development of regional variances.
- Ensure that the RRSs and Regional Criteria developed using the WECC Reliability Standards Development Procedure 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.
- Provide leadership and guidance to encourage Western Interconnection stakeholder awareness and participation in the development of NERC Results-Based 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 Web pages.
- 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 decrease by a net of \$100,000 primarily due to the transfer of one position (1 FTE) to RAPA, continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2016 and 2017 budgets.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2017 Business Plan and Budget are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
RELIABILITY STANDARDS					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 1,034,890	\$ 1,034,890	\$ -	\$ 847,225	\$ (187,665)
Penalty Sanctions	84,323	84,323	-	32,768	(51,555)
Total WECC Funding	\$ 1,119,213	\$ 1,119,213	\$ -	\$ 879,993	\$ (239,220)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	3,571	3,964	393	2,320	(1,251)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,122,784	\$ 1,123,177	\$ 393	\$ 882,313	\$ (240,471)
Expenses					
Personnel Expenses					
Salaries	\$ 518,048	\$ 435,015	\$ (83,033)	\$ 440,237	\$ (77,811)
Payroll Taxes	37,302	30,799	(6,503)	30,420	(6,882)
Benefits	44,778	30,544	(14,234)	36,238	(8,540)
Retirement Costs	43,757	39,151	(4,606)	37,185	(6,572)
Total Personnel Expenses	\$ 643,885	\$ 535,509	\$ (108,376)	\$ 544,080	\$ (99,805)
Meeting Expenses					
Meetings	\$ 1,420	\$ 1,206	\$ (214)	\$ 960	\$ (460)
Travel	26,925	22,630	(4,295)	19,175	(7,750)
Conference Calls	2,565	1,616	(949)	3,601	1,036
Total Meeting Expenses	\$ 30,910	\$ 25,453	\$ (5,457)	\$ 23,736	\$ (7,174)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	5,345	4,608	(737)	5,645	300
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 5,345	\$ 4,608	\$ (737)	\$ 5,645	\$ 300
Total Direct Expenses	\$ 680,140	\$ 565,570	\$ (114,570)	\$ 573,461	\$ (106,679)
Indirect Expenses	\$ 419,301	\$ 421,116	\$ 1,815	\$ 305,349	\$ (113,952)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,099,441	\$ 986,686	\$ (112,755)	\$ 878,810	\$ (220,631)
Change in Assets	\$ 23,343	\$ 136,491	\$ 113,148	\$ 3,503	\$ (19,840)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(10,241)	(5,891)	4,350	(3,275)	6,966
Incr(Dec) in Fixed Assets (C)	\$ (10,241)	\$ (5,891)	\$ 4,350	\$ (3,275)	\$ 6,966
TOTAL BUDGET (B+C)	\$ 1,089,200	\$ 980,795	\$ (108,405)	\$ 875,535	\$ (213,665)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 33,584	\$ 142,382	\$ 108,798	\$ 6,778	\$ (26,806)
FTEs	4.0	3.0	(1.0)	3.0	(1.0)
HC	4.0	3.0	(1.0)	3.0	(1.0)

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	54.0	55.0	1.0
Direct Expenses	\$ 8,322,754	\$ 8,425,668	\$ 102,914
Indirect Expenses	\$ 5,660,573	\$ 5,598,091	\$ (62,482)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (171,890)	\$ (60,045)	\$ 111,845
Total Funding Requirement	\$ 13,811,437	\$ 13,963,714	\$ 152,277

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 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, Entity Oversight staff is divided into five main areas: 1) O&P Audits and Investigations, 2) CIP Audits and Investigations, 3) Enforcement, 4) Risk Analysis, and 5) Program Administration.

As WECC fully implements the risk-based concepts and tailors compliance monitoring strategies for individual entities, resource requirements are shifting to more comprehensive assessment of reliability, regional, and entity risk from the former one-size-fits-all approach to auditing. Auditors are supporting the Inherent Risk Assessment (IRA) and Internal Controls Evaluation (ICE), both critical to audit planning. This shift will allow for flexibility in the audit and compliance monitoring program to more effectively use audit staff and respond to potential reliability issues proactively. One example is more focus on misoperations and the various follow up activities and coordination between entities.

The recently codified Multi-Region Registered Entity, or Coordinated Oversight Program, has been implemented across the ERO with minimal impact to WECC. FERC has essentially approved phase I of the ongoing Risk-Based Registration initiative with some guidance for additional information.

Compliance in Alberta, British Columbia, and Mexico

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

2017 Key Assumptions

- WECC provides support, as needed, for activities undertaken subject to the ERO-Enterprise Strategic Plan, and in fulfilling WECC's role as noted above.
- WECC Entity Oversight responds to FERC directives and orders as well as to significant new initiatives not currently identified that may be generated by FERC or by NERC and the Regional Entities.
- WECC has fully integrated risk-based concepts in compliance monitoring activities and will continue to refine the program working with the ERO to ensure a non-discriminatory process in assessing risk and conducting CMEP activities.
- Recommendations from the NERC review of the WECC IRA and ICE processes will be accomplished with existing resources, process improvements and reprioritized staff efforts. Any additional workload will be handled with our existing FTEs through identification of efficiencies and work process improvement.
- WECC will use compliance program results and system events to identify emerging reliability challenges and where existing NERC Reliability Standards can be improved or clarified.
- WECC will have completed IRAs of all three-year-audit entities in early 2017 and will shift focus to detailed compliance oversight plans for all the Balancing Authorities, Transmission Operators and the Reliability Coordinator.
- In consultation with the international compliance enforcement authorities in the Western Interconnection, WECC will incorporate some elements of the risk-based CMEP for international entities. WECC does not conduct an IRA or ICE for international entities at this time.
- WECC has planned 17 on-site audits, 18 offsite audits and three spot checks of registered entities for 2017. This may change based on broader Interconnection and sub-regional risk assessment, and the identification of emerging risks that require proactive compliance monitoring.³
- Additional off-site audits will be determined from risk-based analysis.
- WECC does not anticipate any hearings in 2017.
- WECC adds one engineer development position to the oversight staff in 2017. This position is a redistribution of an FTE from another program area within the current WECC budget.

2017 Goals and Key Deliverables

- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. With respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved memoranda of understanding with Canadian and Mexican authorities.
- Work with registered entities within the WECC Region to promote a strong culture of compliance and reliability improvement. Provide feedback to the registration and standards programs as part of WECC's Business Plan Model.

³ The 2017 schedule of on-site audits, offsite audits, and spot checks is based on the risk assessment and analysis process, and is subject to change.

- Identify key areas needing improvement based on compliance program results and system events, and implement educational efforts to improve compliance in those areas.
- Identify where existing NERC Reliability Standards can be improved or clarified.
- Participate in and represent the Western Interconnection on issues that will impact WECC in regard to NERC and regional initiatives, for example: 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.
- Monitor and manage enforcement measures and metrics in support of the ERO-Enterprise Strategic Plan including caseload index, violation aging, and mitigation plan aging; collaborate with the ERO enterprise to develop better measures of program effectiveness.
- Develop processes to demonstrate rigor and competency in the implementation of risk-based compliance monitoring activities.
- Develop a process to increase flexibility in the use of compliance monitoring resources while meeting statutory obligations and addressing emerging reliability risks in a proactive manner.
- Capture resource changes and impacts of the full integration of risk-based concepts in the compliance monitoring activities.
- Conduct outreach to the industry in various forums; webinars, conferences and entity specific engagement as part of the Business Plan Model demonstrating feedback loops and inter-relationships across WECC.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$94,000 due to the reclassification of one position (1 FTE) from General and Administrative, continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- Travel Expense increases by \$10,000 due to additional entity outreach and travel for an offsite WECC Annual Board Meeting.

Operating Expenses

- Consultants and Contracts decrease by \$22,000 due to an overall reduction in contractual labor for compliance audits.
- Office Costs increase by \$48,000, primarily due to webCDMS enhancements, equipment rental fees for a printer, and increases in office supplies to align the budget with historical needs.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2016 and 2017 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 section of the 2017 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 13,047,128	\$ 13,047,131	\$ 3	\$ 13,428,540	\$ 381,412
Penalty Sanctions	1,138,361	1,138,361	-	600,748	(537,613)
Total WECC Funding	\$ 14,185,489	\$ 14,185,492	\$ 3	\$ 14,029,288	\$ (156,201)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	3,600	-	(3,600)	-	(3,600)
Interest	48,204	53,512	5,308	42,526	(5,678)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 14,237,293	\$ 14,239,004	\$ 1,711	\$ 14,071,814	\$ (165,479)
Expenses					
Personnel Expenses					
Salaries	\$ 5,288,714	\$ 5,183,829	\$ (104,885)	\$ 5,335,104	\$ 46,390
Payroll Taxes	411,811	385,996	(25,815)	415,384	3,573
Benefits	648,318	708,206	59,888	693,285	44,967
Retirement Costs	451,633	436,705	(14,928)	450,238	(1,395)
Total Personnel Expenses	\$ 6,800,476	\$ 6,714,735	\$ (85,741)	\$ 6,894,011	\$ 93,535
Meeting Expenses					
Meetings	\$ 1,948	\$ 1,690	\$ (258)	\$ 9,810	\$ 7,862
Travel	696,704	772,074	75,370	706,338	9,634
Conference Calls	13,339	11,946	(1,393)	12,900	(439)
Total Meeting Expenses	\$ 711,991	\$ 785,711	\$ 73,720	\$ 729,048	\$ 17,057
Operating Expenses					
Consultants & Contracts	\$ 472,170	\$ 423,432	\$ (48,738)	\$ 450,270	\$ (21,900)
Office Rent	-	-	-	-	-
Office Costs	304,481	305,630	1,149	352,339	47,858
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	33,636	-	(33,636)	-	(33,636)
Total Operating Expenses	\$ 810,287	\$ 729,062	\$ (81,225)	\$ 802,609	\$ (7,678)
Total Direct Expenses	\$ 8,322,754	\$ 8,229,508	\$ (93,246)	\$ 8,425,668	\$ 102,914
Indirect Expenses	\$ 5,660,573	\$ 5,685,075	\$ 24,502	\$ 5,598,091	\$ (62,482)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 13,983,327	\$ 13,914,583	\$ (68,744)	\$ 14,023,759	\$ 40,432
Change in Assets	\$ 253,966	\$ 324,421	\$ 70,455	\$ 48,055	\$ (205,911)
Fixed Assets					
Depreciation	\$ (33,636)	\$ -	\$ 33,636	\$ -	\$ 33,636
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(138,254)	(107,997)	30,257	(60,045)	78,209
Incr(Dec) in Fixed Assets (C)	\$ (171,890)	\$ (107,997)	\$ 63,893	\$ (60,045)	\$ 111,845
TOTAL BUDGET (B+C)	\$ 13,811,437	\$ 13,806,586	\$ (4,851)	\$ 13,963,714	\$ 152,277
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 425,856	\$ 432,418	\$ 6,562	\$ 108,100	\$ (317,756)
FTEs	54.0	54.0	-	55.0	1.0
HC	54.0	54.0	-	55.0	1.0

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	32.5	36.0	3.5
Direct Expenses	\$ 8,035,786	\$ 7,119,721	\$ (916,065)
Indirect Expenses	\$ 3,410,320	\$ 3,664,205	\$ 253,885
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (656,985)	\$ (182,713)	\$ 474,272
Total Funding Requirement	\$ 10,789,121	\$ 10,601,213	\$ (187,908)

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 public policy issues emerging both in the Western Interconnection and nationally.

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 that impact or have the potential to impact reliable operations. This is to ensure a full understanding of and learning from any events.
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 studies, made in close collaboration with the WECC Member Committees, consider both system adequacy and system stability.

In 2014, the WECC Board affirmed the following as key strategic priorities for the organization:

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

It is expected that the WECC Board will refresh the strategic priorities in December 2016, which will inform work within the RAPA program area. While it is not expected that the list will change dramatically, to the extent that it does, RAPA will revise its work plan as needed.

2017 Key Assumptions

- WECC will continue to play a leadership role in the identification of emerging reliability challenges in the Western Interconnection.
- WECC will use its suite of planning models to perform integrated reliability analyses of strategic priority challenges identified as a result of its three-year planning process.
- WECC will add three engineering positions in 2017 to broaden analytical capabilities and for workforce planning.
 - One position will transfer from Standards to RAPA to support development of special reliability assessments and data collection in conjunction with NERC and ERO initiatives.
 - One position will transfer from Information Technology for the Engineer Development Program.
 - One position will transfer from Training and Education to broaden technical knowledge and capabilities related to the impact of fuel availability for the resource fleet in the Western Interconnection.
- WECC will continue the development of RAS and contingency definition models for use in power flow and stability simulation programs.
- The Environmental Protection Agency's (EPA) proposed Clean Power Plan will continue to work its way through the legal process. WECC will study Interconnection-wide reliability impacts of state plans, should the rule be upheld.
- As the resource mix in the West continues to change, the dependence on natural gas used for electric generation will continue to increase. WECC will take an active role in understanding how the adequacy of the natural gas infrastructure affects electric reliability.
- The JGC will implement the three-year planning process with the Member Committees to ensure alignment between staff and Member Committee work plans.

2017 Goals and Key Deliverables

- Implement the three-year planning cycle, in conjunction with the JGC, to align staff and Member Committee work plans in support of the Board-approved strategic priorities.
- Proactively coordinate internally and with stakeholders to ensure that emerging reliability challenges are identified and addressed in work plans.
- Produce Interconnection-wide base cases that include RAS by requesting RAS owners to provide data as part of the Base Case Development Process.
- Prepare Interconnection-wide power flow and stability base cases and conduct studies to address key reliability challenges facing the Interconnection.
- Facilitate dynamic model development.
- Develop and maintain a database for production cost and capital cost models and conduct system adequacy analyses to meet the needs of NERC, 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 fuel infrastructure adequacy used for generation resources.
- Use data from actual system disturbances to validate power flow and stability base case models, and to identify near-misses.
- Publish WECC Transmission Maps of the existing and planned system.
- Oversee and facilitate the Project Coordination and Project Rating Review Process.
- Process BES Definition exception requests.
- Verify and submit NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filings.
- Analyze trends and patterns in historical system performance, resource and load composition, and publish in reports such as the Annual State of the Interconnection.
- Conduct the annual Operational Practices Survey and accompanying summary report to identify best practices and potential risk to Interconnection-wide reliability.
- Evaluate historical system performance trends to identify reliability risk metrics and key indicators.
- Complete Events Analysis reports and develop Lessons Learned to support a high level of reliability within the BES while minimizing the possibility of major significant events and preventing reoccurrence of similar type events.
- Ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees and industry forums.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$357,000 primarily due to the addition of three positions reclassified from other areas: one position (1 FTE) from Standards, one position (1 FTE) from Corporate Services, and one position (1 FTE) from Training and Education. Additionally, FTEs increase by an additional 0.5 for a position added in 2016 that was budgeted for half of the year in 2016 and is budgeted for the full year in 2017. The increase also relates to continued refinement of the labor float rate based on actual turnover and vacancy rates and a three-percent average merit increase.

Meeting Expenses

- Meeting Expenses decrease by \$18,000 due to an overall reduction in RAPA meetings.
- Travel Expenses increase by \$42,000 for NERC-required onsite reliability assessments and staff travel to an offsite WECC Annual Board Meeting.

Operating Expenses

- Consultants and Contracts decrease by \$788,000 due to the completion of some RAS modeling enhancements and other one-time RAPA consulting projects budgeted in 2016, which included scenario revision and software enhancements.

- Office Costs decrease by \$82,000 primarily due to the termination of the Base Case Coordination System project in 2015. Annual maintenance fees will no longer be incurred.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2016 and 2017 budgets.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2017 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 10,406,920	\$ 10,406,921	\$ 1	\$ 10,262,232	\$ (144,688)
Penalty Sanctions	685,828	685,828	-	393,216	(292,612)
Total WECC Funding	\$ 11,092,748	\$ 11,092,749	\$ 1	\$ 10,655,448	\$ (437,300)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	29,041	32,239	3,198	27,835	(1,206)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 11,121,789	\$ 11,124,988	\$ 3,198	\$ 10,683,283	\$ (438,506)
Expenses					
Personnel Expenses					
Salaries	\$ 3,446,796	\$ 3,380,432	\$ (66,364)	\$ 3,707,303	\$ 260,507
Payroll Taxes	268,330	248,282	(20,048)	286,691	18,361
Benefits	373,565	432,096	58,531	445,792	72,227
Retirement Costs	307,085	326,277	19,192	313,141	6,056
Total Personnel Expenses	\$ 4,395,776	\$ 4,387,087	\$ (8,689)	\$ 4,752,927	\$ 357,151
Meeting Expenses					
Meetings	\$ 130,934	\$ 104,179	\$ (26,755)	\$ 112,698	\$ (18,236)
Travel	209,375	256,800	47,425	251,825	42,450
Conference Calls	32,100	26,662	(5,438)	34,800	2,700
Total Meeting Expenses	\$ 372,409	\$ 387,640	\$ 15,231	\$ 399,323	\$ 26,914
Operating Expenses					
Consultants & Contracts	\$ 2,324,000	\$ 2,144,349	\$ (179,651)	\$ 1,536,000	\$ (788,000)
Office Rent	-	-	-	-	-
Office Costs	369,910	171,264	(198,646)	288,060	(81,850)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	573,691	431,289	(142,402)	143,411	(430,280)
Total Operating Expenses	\$ 3,267,601	\$ 2,746,903	\$ (520,698)	\$ 1,967,471	\$ (1,300,130)
Total Direct Expenses	\$ 8,035,786	\$ 7,521,630	\$ (514,156)	\$ 7,119,721	\$ (916,065)
Indirect Expenses	\$ 3,410,320	\$ 3,425,082	\$ 14,762	\$ 3,664,205	\$ 253,885
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 11,446,106	\$ 10,946,712	\$ (499,394)	\$ 10,783,926	\$ (662,180)
Change in Assets	\$ (324,317)	\$ 178,276	\$ 502,592	\$ (100,643)	\$ 223,674
Fixed Assets					
Depreciation	\$ (573,691)	\$ (431,289)	\$ 142,402	\$ (143,411)	\$ 430,280
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(83,294)	(70,689)	12,605	(39,302)	43,992
Incr(Dec) in Fixed Assets (C)	\$ (656,985)	\$ (501,978)	\$ 155,007	\$ (182,713)	\$ 474,272
TOTAL BUDGET (B+C)	\$ 10,789,121	\$ 10,444,733	\$ (344,388)	\$ 10,601,213	\$ (187,908)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 332,668	\$ 680,254	\$ 347,585	\$ 82,070	\$ (250,598)
FTEs	32.5	35.0	2.5	36.0	3.5
HC	33.0	35.0	2.0	36.0	3.0

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	2.6	2.0	(0.6)
Direct Expenses	\$ 1,194,586	\$ 910,558	\$ (284,028)
Indirect Expenses	\$ 272,546	\$ 203,567	\$ (68,979)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (6,657)	\$ (2,183)	\$ 4,474
Total Funding Requirement	\$ 1,460,475	\$ 1,111,942	\$ (348,533)

Program Scope and Functional Description

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

In 2017, WECC will eliminate its System Operator Training Program. Due to declining attendance and increased training offerings from other NERC-approved training providers, continuing to provide training for NERC certification is no longer in the best interest of WECC or its stakeholders. WECC will continue to offer other types of training and outreach.

2017 Key Assumptions

- The System Operator Training Program is eliminated.
- WECC will deliver two Compliance Workshops.
- WECC will conduct one reliability summit in 2017 to enhance outreach to all stakeholders as part of the three-year planning process.
- WECC will conduct education webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and results.

2017 Goals and Key Deliverables

- Create and deliver additional outreach to low impact entities for CIP version 5 ahead of the July 1, 2017 effective date.
- Provide eight “Compliance Open-Webs.”
- Deliver Overview of System Operations workshops.
- Deliver Train-the-Trainer workshop.
- Create and deliver Human Performance Work Group conference.
- Deliver Compliance Workshops.
- Hold Reliability Summit to identify and analyze risks and challenges to 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, TEPPC studies, scenario planning and regulatory issues and trends.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses do not change by a significant amount. However, the 0.6 decrease in FTEs warrants explanation: one vacant training position (1 FTE) is transferred to RAPA due to the elimination of the System Operator Training Program; 0.6 FTE is transferred to Legal and Regulatory for the Assistant Corporate Secretary; and one position (1 FTE) is transferred from Corporate Services to manage stakeholder outreach.

Meeting Expenses

- Meetings decrease by a net of \$101,000 primarily due to the refinement of hotel cost assumptions for Compliance outreach events.
Travel Expense increases by \$12,000 due to offsite classes and workshops.

Operating Expenses

- Consulting and Contracts decrease by \$68,000 due to the elimination of consultants used to conduct system operator training after the elimination of the program.
- Office Rent decreases by \$45,000 due to the reallocation of all rent to General and Administrative after the elimination of the System Operator Training Program.
- Office Costs decrease by \$79,000 primarily due to the cancelation of the license for the operator training simulator. Additionally, merchant credit card fees are lower due to the elimination of the System Operator Training Program.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2016 and 2017 budgets.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2017 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
TRAINING AND EDUCATION					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 322,476	\$ 322,477	\$ 1	\$ 509,283	\$ 186,807
Penalty Sanctions	54,810	54,810	-	21,845	(32,965)
Total WECC Funding	\$ 377,286	\$ 377,287	\$ 1	\$ 531,128	\$ 153,842
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	1,125,900	775,321	(350,579)	587,876	(538,024)
Interest	2,321	2,577	256	1,546	(775)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,505,507	\$ 1,155,185	\$ (350,322)	\$ 1,120,550	\$ (384,957)
Expenses					
Personnel Expenses					
Salaries	\$ 310,800	\$ 309,568	\$ (1,232)	\$ 314,604	\$ 3,804
Payroll Taxes	22,861	24,233	1,372	19,997	(2,864)
Benefits	28,113	13,865	(14,248)	25,322	(2,791)
Retirement Costs	26,252	27,720	1,468	26,573	321
Total Personnel Expenses	\$ 388,026	\$ 375,386	\$ (12,640)	\$ 386,496	\$ (1,530)
Meeting Expenses					
Meetings	\$ 571,000	\$ 515,828	\$ (55,172)	\$ 469,650	\$ (101,350)
Travel	9,220	17,289	8,069	20,796	11,576
Conference Calls	5,980	3,924	(2,056)	5,706	(274)
Total Meeting Expenses	\$ 586,200	\$ 537,041	\$ (49,159)	\$ 496,152	\$ (90,048)
Operating Expenses					
Consultants & Contracts	\$ 68,000	\$ 153,636	\$ 85,636	\$ -	\$ (68,000)
Office Rent	45,000	27,187	(17,813)	-	(45,000)
Office Costs	107,360	57,276	(50,084)	27,910	(79,450)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 220,360	\$ 238,098	\$ 17,738	\$ 27,910	\$ (192,450)
Total Direct Expenses	\$ 1,194,586	\$ 1,150,525	\$ (44,061)	\$ 910,558	\$ (284,028)
Indirect Expenses	\$ 272,546	\$ 273,726	\$ 1,180	\$ 203,567	\$ (68,979)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,467,132	\$ 1,424,251	\$ (42,881)	\$ 1,114,125	\$ (353,007)
Change in Assets	\$ 38,375	\$ (269,066)	\$ (307,441)	\$ 6,425	\$ (31,950)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(6,657)	(3,927)	2,730	(2,183)	4,474
Incr(Dec) in Fixed Assets (C)	\$ (6,657)	\$ (3,927)	\$ 2,730	\$ (2,183)	\$ 4,474
TOTAL BUDGET (B+C)	\$ 1,460,475	\$ 1,420,324	\$ (40,151)	\$ 1,111,942	\$ (348,533)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 45,032	\$ (265,139)	\$ (310,171)	\$ 8,608	\$ (36,424)
FTEs	2.6	2.0	(0.6)	2.0	(0.6)
HC	3.0	2.0	(1.0)	2.0	(1.0)

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	1.0	1.0	-
Direct Expenses	\$ 135,866	\$ 143,832	\$ 7,966
Indirect Expenses	\$ 101,331	\$ 101,783	\$ 452
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (2,475)	\$ (1,092)	\$ 1,383
Total Funding Requirement	\$ 234,722	\$ 244,523	\$ 9,801

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 and the University of Tennessee Frequency Monitoring NETWORK (FNET).

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.

2017 Key Assumptions

- The SAFNR tool 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 in a timely manner to industry.
- WECC will collaborate with specific stakeholder groups in the development of lessons learned and recommendations from events and identified risks.

2017 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 data to further support SAIS.
- WECC will ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees and industry forums.
- WECC staff will participate as appropriate in periodic wide-area security exercises (e.g., GridEx).
- Staff will enhance risk analysis capabilities through increased analysis of risk data sources, such as event analysis reports, TADS, GADS, and protection system misoperations.

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 2016 and 2017 budgets.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2017 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 220,719	\$ 220,719	\$ -	\$ 234,720	\$ 14,001
Penalty Sanctions	20,378	20,378	-	10,923	(9,455)
Total WECC Funding	\$ 241,097	\$ 241,097	\$ -	\$ 245,643	\$ 4,546
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	863	958	95	773	(90)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 241,960	\$ 242,055	\$ 95	\$ 246,416	\$ 4,456
Expenses					
Personnel Expenses					
Salaries	\$ 107,448	\$ 80,946	\$ (26,502)	\$ 114,033	\$ 6,585
Payroll Taxes	8,806	6,087	(2,719)	8,823	17
Benefits	10,494	15,743	5,249	11,344	850
Retirement Costs	9,118	8,784	(334)	9,632	514
Total Personnel Expenses	\$ 135,866	\$ 111,560	\$ (24,306)	\$ 143,832	\$ 7,966
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	\$ 135,866	\$ 111,560	\$ (24,306)	\$ 143,832	\$ 7,966
Indirect Expenses	\$ 101,331	\$ 101,770	\$ 439	\$ 101,783	\$ 452
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 237,197	\$ 213,329	\$ (23,868)	\$ 245,615	\$ 8,418
Change in Assets	\$ 4,763	\$ 28,726	\$ 23,963	\$ 801	\$ (3,962)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(2,475)	(1,964)	511	(1,092)	1,383
Incr(Dec) in Fixed Assets (C)	\$ (2,475)	\$ (1,964)	\$ 511	\$ (1,092)	\$ 1,383
TOTAL BUDGET (B+C)	\$ 234,722	\$ 211,365	\$ (23,357)	\$ 244,523	\$ 9,801
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 7,238	\$ 30,690	\$ 23,452	\$ 1,893	\$ (5,345)
FTEs	1.0	1.0	-	1.0	-
HC	1.0	1.0	-	1.0	-

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixes Assets						
	2016 Budget	2017 Budget	Increase (Decrease)	FTEs 2016 Budget	FTEs 2017 Budget	Increase (Decrease)
Committee and Member Forums	\$ 1,275,312	\$ 16,190	\$ (1,259,122)	-	-	-
General and Administrative	\$ 4,665,973	\$ 5,685,133	\$ 1,019,160	21.40	19.00	(2.40)
Legal and Regulatory	\$ 1,168,659	\$ 1,292,279	\$ 123,620	6.00	7.00	1.00
Information Technology	\$ 1,594,545	\$ 1,565,272	\$ (29,273)	10.00	8.00	(2.00)
Human Resources	\$ 1,043,908	\$ 1,099,406	\$ 55,498	4.00	4.00	-
Accounting and Finance	\$ 744,628	\$ 712,971	\$ (31,657)	5.00	5.00	-
Total Corporate Services	\$ 10,493,025	\$ 10,371,251	\$ (121,774)	46.40	43.00	(3.40)

Program Scope and Functional Description

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

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

These functions are necessary for the existence and operation of the organization and support the performance of WECC's statutory activities. This area 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.

2017 Key Assumptions

- The 2017 budget for the Board of Directors is reclassified from Technical Committees and Member Forums to General and Administrative resulting in a significant budget decrease in Technical Committees and Member Forums.
- The same level of meetings and meeting support for the Standing Committees and the JGC will carry forward into 2017.
- The majority of all meetings will be held in Salt Lake City.

Resource Requirements/Explanation of Significant Changes**Personnel Expenses**

- No significant changes.

Meeting Expenses

- Meeting expenses decrease by \$96,000 due to the transfer of the Board of Directors budget from Technical Committees and Member Forums to General and Administrative in 2017.

Operating Expenses

- Consultants and Contracts decrease by \$260,000 due to the transfer of the Board of Directors search fees from Technical Committees and Member Forums to General and Administrative in 2017.
- Professional Services decrease by \$824,000 due to the transfer of Board Director compensation from Technical Committees and Member Forums to General and Administrative.

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.

Beginning in 2017, the Board of Directors' budget will be accounted for in General and Administrative as opposed to Technical Committees and Member Forums, where it was historically accounted for. This move aligns more closely with the other Regional Entities.

2017 Key Assumptions

- One position is transferred to Training and Education to manage stakeholder outreach.
- One position is transferred to Compliance for the Engineer Development Program.
- 0.4 FTE is transferred to Legal and Regulatory for the Assistant Corporate Secretary position.
- The 2017 budget for the Board of Directors moves to General and Administrative.
- The same level of meetings and meeting support for the Board of Directors and Board Committees will carry forward into 2017. However, the Annual Meeting will be rotated around the Interconnection starting in 2017 and not held in Salt Lake City every year.
- Board members will be compensated for meeting participation in accordance with the Board Compensation Schedule.

2017 Goals and Deliverables

- Provide excellent executive leadership and strong strategic guidance for the activities undertaken by WECC.
- Support and coordinate the logistics for the Board of Directors and Board Committees.
- Continue to enhance the Business Services group 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 \$217,000 primarily due to the transfer of 2.4 FTE: one position (1 FTE) to Training and Education, once position (1 FTE) to Compliance, and 0.4 FTE to Legal and Regulatory. The change also relates to continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- Meetings Expense increases by a net of \$114,000 primarily due to the transfer of the Board of Directors budget from Technical Committees and Member Forums to General and Administrative and the addition of an offsite WECC Annual Board Meeting.

- Travel Expense increases by \$120,000 due to increased executive travel, Board Director travel due to the transfer of the Board budget from Technical Committees to General and Administrative and the addition of an offsite WECC Annual Board Meeting.

Operating Expenses

- Consultants and Contracts increase by \$105,000 primarily due to a net increase of \$65,000 for HRCC requested consulting and a net increase of \$30,000 for contractors and consultants to be used in lieu of IT staff.
- Office Rent increases by \$43,000 due to the elimination of System Operator Training Program and the reallocation of rent to General and Administrative.
- Office Costs increase by a net of \$13,000 primarily due to the new Diligent Board Books license and maintenance fees.
- Professional Services increase by \$815,000 due to the transfer of Board Director compensation from Technical Committees and Member Forums to General and Administrative.

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.

2017 Key Assumptions

- Maintain the scope of its current operations.
- One position (1 FTE) is transferred to Legal and Regulatory for the Assistant Corporate Secretary position (0.6 FTE from Training and Education and 0.4 FTE from General and Administrative). The Assistant Corporate Secretary will provide full-time Board and Board Committee support in the areas of meeting planning and materials preparation; the posting, preparation, and approval of meeting minutes; and improved maintenance of corporate records.

2017 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 \$129,000 primarily due to the addition of the Assistant Corporate Secretary, continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

Information Technology

Program Scope and Functional Description

WECC's Information Technology (IT) Department provides systems support including: servers, data, email, telephone systems, and Internet and Intranet website maintenance. In addition, IT includes development of new technology solutions using both internal staff and working with external service providers. IT provides resources and tools to enable the organization to meet the evolving requirements to support activities and responsibilities as directed by NERC and FERC.

2017 Key Assumptions

- Use consultants on an as-needed basis as opposed to maintaining headcount. One position (1 FTE) is transferred to RAPA and one position (1 FTE) is eliminated.
- 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.

2017 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.
- Enhance video and messaging capabilities by deploying a new phone system to replace the current system at the end of its useful life.
- Add to WECC's security monitoring capabilities with additional internal log monitoring and retention services.
- Deploy improved document management and records retention solutions.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by a net of \$50,000 primarily due to the transfer of one position (1 FTE) to RAPA, the elimination of one position (1 FTE), continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consulting and Contracts increase by \$25,000 due to the use of consultants on an as-needed basis in lieu of maintaining staff for IT projects.

Fixed Assets

- Fixed Assets increase by a net of \$27,000 due to server equipment refresh.

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

2017 Key Assumptions

- Maintain current headcount budget.
- Limit cost to maintain current benefit levels to minimal increase.
- Conduct an analysis of current compensation to market (will increase budget slightly).
- Maintain current training and development levels to meet the needs of the organization.

2017 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.
- Broaden our Wellness Program beyond nutrition and fitness by including financial and emotional wellness in an effort to promote a greater sense of well-being.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$50,000 due to continued refinement of the labor float rate based on actual turnover and vacancy rates, a three-percent average merit increase, and WECC-sponsored employee training.

Meeting Expenses

- No significant changes.

Operating Expenses

- Office Costs increase by a net of \$20,000 due to increases in recruiting costs, costs to obtain data from Towers Watson surveys, and membership dues.

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.

2017 Key Assumptions

- Audit and tax fees decrease due to the retention of a new audit firm.

2017 Goals and Deliverables

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

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$27,000 primarily due to continued refinement of the labor float rate based on actual turnover and vacancy rates, and a three-percent average merit increase.

Meeting Expenses

- No significant changes.

Operating Expenses

- Office Costs decrease by \$11,000 due to a reduction of expense reporting fees based on the pricing in the contract signed in late 2015.
- Professional Fees decrease by \$44,000 due to the retention of a new audit firm.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2016 and 2017 budgets.

Corporate Services

Funding sources and related expenses for the Corporate Services section of the 2017 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2016 Budget & Projection, and 2017 Budget					
CORPORATE SERVICES					
	2016 Budget	2016 Projection	Variance 2016 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 4,881,019	\$ 4,687,407	\$ (193,612)	\$ 4,769,942	\$ (111,077)
Payroll Taxes	297,980	307,633	9,653	295,495	(2,485)
Benefits	969,340	1,011,180	41,840	1,007,547	38,207
Retirement Costs	421,229	461,033	39,804	435,396	14,167
Total Personnel Expenses	\$ 6,569,568	\$ 6,467,253	\$ (102,315)	\$ 6,508,380	\$ (61,188)
Meeting Expenses					
Meetings	\$ 114,898	\$ 130,570	\$ 15,672	\$ 133,650	\$ 18,752
Travel	231,147	272,906	41,759	285,030	53,883
Conference Calls	16,839	61,243	44,404	15,390	(1,449)
Total Meeting Expenses	\$ 362,884	\$ 464,719	\$ 101,835	\$ 434,070	\$ 71,186
Operating Expenses					
Consultants & Contracts	\$ 407,000	\$ 409,614	\$ 2,614	\$ 512,000	\$ 105,000
Office Rent	891,988	913,952	21,964	938,050	46,062
Office Costs	868,328	918,776	50,448	880,301	11,973
Professional Services	1,051,975	1,018,852	(33,123)	986,450	(65,525)
Miscellaneous	-	-	-	-	-
Depreciation	341,282	285,117	(56,165)	224,447	(116,835)
Total Operating Expenses	\$ 3,560,573	\$ 3,546,311	\$ (14,262)	\$ 3,541,248	\$ (19,325)
Total Direct Expenses	\$ 10,493,025	\$ 10,478,283	\$ (14,742)	\$ 10,483,698	\$ (9,327)
Indirect Expenses	\$ (10,493,025)	\$ (10,478,283)	\$ 14,742	\$ (10,483,698)	\$ 9,327
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	\$ (341,282)	\$ (285,117)	\$ 56,165	\$ (224,447)	\$ 116,835
Computer & Software CapEx	55,000	25,004	(29,996)	35,000	(20,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	30,000	27,727	(2,273)	77,000	47,000
Leasehold Improvements	-	5,595	5,595	-	-
Allocation of Fixed Assets	256,282	226,791	(29,491)	112,447	(143,835)
Incr(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	44.9	43.0	(1.9)	43.0	(1.9)
HC	45.0	43.0	(2.0)	43.0	(2.0)

Section B Supplemental Financial Information

2017 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2016-2017	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2015	\$ 3,944,969
Plus: 2016 Funding (from Load-Serving Entities (LSE) or designees)	27,015,834
Plus: 2016 Other funding sources	868,570
Less: 2016 Projected expenses & capital expenditures	(26,839,260)
Projected Working Capital Reserve (Deficit), December 31, 2016	<u>\$ 4,990,113</u>
Projected Working Capital Reserve, December 31, 2017	¹ \$ 5,197,561
Less: Projected Working Capital Reserve, December 31, 2016	(4,990,113)
Increase(Decrease) in Assessments to Achieve Projected Working Capital Reserve	<u>\$ 207,448</u>
2017 Expenses and Capital Expenditures	\$ 26,796,928
Less: Penalty Sanctions ²	(1,059,500)
Less: Other Funding Sources	(662,876)
Adjustment to achieve desired Working Capital Reserve	207,448
2017 WECC Assessment	<u>\$ 25,282,000</u>

1 – On June 16, 2016, the WECC Board of Directors approved this reserve level.

2 – Represents collections of Penalty Sanctions from July 1, 2015 through June 30, 2016. See page 46 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 13.

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, 2016 will be used to offset assessments in the 2017 WECC Budget.

All penalty monies received on or prior to June 30, 2016 are listed in Table B-2, including the amount and the date received.

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

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

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

Civil Penalty Sanctions

WECC recognized civil penalty expense in its 2013 and 2014 financial statements as a 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, 2016, \$2 million has been paid. The remaining \$1 million liability will be paid in May 2017 and is in accrued expenses on WECC's balance sheet. These penalties do not impact the 2017 budget.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2016	
Date Received	Amount Received
7/7/2015	\$ 60,000
7/7/2015	30,000
7/23/2015	97,000
8/11/2015	20,000
9/14/2015	10,000
10/30/2015	50,000
10/30/2015	90,000
11/6/2015	6,000
1/5/2016	55,000
1/6/2016	160,000
2/26/2016	200,000
3/7/2016	25,000
3/10/2016	36,000
3/14/2016	205,000
5/5/2016	15,500
Total Penalties Received	\$ 1,059,500
Penalties Offset to Assessments	\$ <u>1,059,500</u>

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget
Reliability Standards				
Interest	\$ 3,571	\$ 3,964	\$ 2,320	\$ (1,251)
Miscellaneous	-	-	-	-
Total	\$ 3,571	\$ 3,964	\$ 2,320	\$ (1,251)
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ 3,600	\$ -	\$ -	\$ (3,600)
Interest	48,204	53,512	42,526	(5,678)
Miscellaneous	-	-	-	-
Total	\$ 51,804	\$ 53,512	\$ 42,526	\$ (9,278)
Reliability Assessment and Performance Analysis				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	29,041	32,239	27,835	(1,206)
Miscellaneous	-	-	-	-
Total	\$ 29,041	\$ 32,239	\$ 27,835	\$ (1,206)
Training and Education				
Workshops	\$ 1,125,900	\$ 775,321	\$ 587,876	\$ (538,024)
Interest	2,321	2,577	1,546	(775)
Miscellaneous	-	-	-	-
Total	\$ 1,128,221	\$ 777,898	\$ 589,422	\$ (538,799)
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	863	958	773	(90)
Miscellaneous	-	-	-	-
Total	\$ 863	\$ 958	\$ 773	\$ (90)
Corporate Services				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 1,213,500	\$ 868,571	\$ 662,876	\$ (550,624)

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

WECC anticipates its investments will earn interest of approximately \$75,000 in 2017. This revenue is allocated to the Statutory Programs based on FTEs.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

Training and Education

- Workshops Revenue decreases by \$538,000 due to the elimination of the System Operator Training Program and a reduction in revenue from outreach meetings.

Situation Awareness and Infrastructure Security

- No significant changes.

Corporate Services

- Not applicable.

Personnel Expenses

Table B-4

Personnel Expenses	Budget		Projection		Variance	
	2016	2016	2017	2017 Budget v 2016 Budget	Variance %	
Salaries						
Salaries	\$ 14,552,825	\$ 14,077,198	\$ 14,681,222	\$ 128,397	0.9%	
Employment Agency Fees	-	-	-	-		
Temporary Office Services	-	-	-	-		
Total Salaries	\$ 14,552,825	\$ 14,077,198	\$ 14,681,222	\$ 128,397	0.9%	
Total Payroll Taxes						
	\$ 1,047,090	\$ 1,003,030	\$ 1,056,809	\$ 9,719	0.9%	
Benefits						
Workers Compensation	\$ 15,000	\$ 20,076	\$ 22,004	\$ 7,004	46.7%	
Medical Insurance	1,664,684	1,736,574	1,735,873	71,189	4.3%	
Life-LTD-STD Insurance	83,188	85,479	75,477	(7,711)	(9.3%)	
Education	257,381	293,751	312,696	55,315	21.5%	
Relocation	40,000	64,072	60,000	20,000	50.0%	
Other	14,355	11,681	13,480	(875)	(6.1%)	
Total Benefits	\$ 2,074,608	\$ 2,211,633	\$ 2,219,530	\$ 144,922	7.0%	
Retirement						
Discretionary 401k Contribution	\$ 1,229,074	\$ 1,280,571	\$ 1,239,665	\$ 10,591	0.9%	
Retirement Administration Fees	30,000	19,100	32,500	2,500	8.3%	
Total Retirement	\$ 1,259,074	\$ 1,299,671	\$ 1,272,165	\$ 13,091	1.0%	
Total Personnel Costs						
	\$ 18,933,597	\$ 18,591,531	\$ 19,229,726	\$ 296,129	1.6%	
FTEs						
	140.5	140.5	140.0	(0.5)	(0.4%)	
Cost per FTE						
Salaries	\$ 103,579	\$ 100,194	\$ 104,866	\$ 1,287	1.2%	
Payroll Taxes	7,453	7,139	7,549	96	1.3%	
Benefits	14,766	15,741	15,854	1,088	7.4%	
Retirement	8,961	9,250	9,087	126	1.4%	
Total Cost per FTE	\$ 134,759	\$ 132,324	\$ 137,355	\$ 2,596	1.9%	

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

Salaries

- Salaries increase by a net of \$128,000 primarily due to a three-percent average merit increase, the continued refinement of labor float rate, and the elimination of 0.5 FTE.

Payroll Taxes

- Payroll Taxes increase by \$10,000 due to the increase in Salaries.

Benefits

- Workers Compensation increases by \$7,000 based on estimated renewal premiums.
- Medical Insurance increases by \$71,000 due to potential premium increases.
- Life, Long-Term Disability, and Short-Term Disability Insurance decrease by \$8,000 due to decreased enrollment in term life insurance.
- Education increases by \$55,000 due to increased use of this benefit.
- Relocation increases by \$20,000 due to anticipated increases in relocation costs required to attract qualified technical candidates.

Retirement

- Contributions to 401(k) plans increase by \$11,000 due to the increase in Salaries.

Meeting Expenses

Table B-5

Meeting Expense	Budget 2016	Projection 2016	Budget 2017	Variance	
				2017 Budget v 2016 Budget	Variance %
Reliability Standards	\$ 1,420	\$ 1,206	\$ 960	\$ (460)	(32.4%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	1,948	1,690	9,810	7,862	403.6%
Reliability Assessment and Performance Analysis	130,934	104,179	112,698	(18,236)	(13.9%)
Training and Education	571,000	515,828	469,650	(101,350)	(17.7%)
Situation Awareness	-	-	-	-	-
Corporate Services	114,898	130,570	133,650	18,752	16.3%
Total Meeting Expenses	\$ 820,200	\$ 753,472	\$ 726,768	\$ (93,432)	(11.4%)

Travel Expense	Budget 2016	Projection 2016	Budget 2017	Variance	
				2016 Budget v 2017 Budget	Variance %
Reliability Standards	\$ 26,925	\$ 22,630	\$ 19,175	\$ (7,750.00)	(28.8%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	696,704	772,074	706,338	9,634	1.4%
Reliability Assessment and Performance Analysis	209,375	256,800	251,825	42,450	20.3%
Training and Education	9,220	17,289	20,796	11,576	125.6%
Situation Awareness	-	-	-	-	-
Corporate Services	231,147	272,906	285,030	53,883	23.3%
Total Travel Expenses	\$ 1,173,371	\$ 1,341,699	\$ 1,283,164	\$ 109,793	9.4%

Conference Call Expense	Budget 2016	Projection 2016	Budget 2017	Variance	
				2016 Budget v 2017 Budget	Variance %
Reliability Standards	\$ 2,565	\$ 1,616	\$ 3,601	\$ 1,036.00	40.4%
Compliance Monitoring and Enforcement and Organization Registration and Certification	13,339	11,946	12,900	(439)	(3.3%)
Reliability Assessment and Performance Analysis	32,100	26,662	34,800	2,700	8.4%
Training and Education	5,980	3,924	5,706	(274)	(4.6%)
Situation Awareness	-	-	-	-	-
Corporate Services	16,839	61,243	15,390	(1,449)	(8.6%)
Total Conference Call Expenses	\$ 70,823	\$ 105,391	\$ 72,397	\$ 1,574	2.2%

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

Meeting Expense

- RAPA decreases by \$18,000 due to a decrease in estimated catering and facilities costs for committee meetings.
- Training and Education decreases by \$101,000 primarily due to the elimination of the System Operator Training Program and reduction from three to two Compliance Workshops.
- Corporate Services increases by a net of \$19,000 primarily due to three WECC Board meetings being held in WECC's Salt Lake City meeting facilities and the Annual/Board meeting being held offsite.

Travel Expense

- RAPA increases by a net of \$42,000 due to the addition of NERC onsite reliability assessments and staff travel to one offsite board meeting.
- Training and Education increases by a net of \$12,000 due to travel for training to be offered at offsite stakeholder facilities.
- Corporate Services increases by a net of \$54,000 primarily due to increased executive travel requirements and staff travel to one offsite Board meeting.

Conference Calls

- No significant changes.

Consultants and Contracts

Table B-6

Consultants	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration	-	8,504	-	-	
Reliability Assessment and Performance Analysis	2,324,000	2,144,349	1,536,000	(788,000)	(33.9%)
Training and Education	68,000	153,636	-	(68,000)	(100.0%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	377,000	379,614	467,000	90,000	23.9%
Consultants Total	\$ 2,769,000	\$ 2,686,102	\$ 2,003,000	\$ (766,000)	(27.7%)
Contracts	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration	472,170	414,928	450,270	(21,900)	(4.6%)
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	30,000	30,000	45,000	15,000	50.0%
Contracts Total	\$ 502,170	\$ 444,928	\$ 495,270	\$ (6,900)	(1.4%)
Total Consulting and Contracts	\$ 3,271,170	\$ 3,131,030	\$ 2,498,270	\$ (772,900)	(23.6%)

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

Consultants

- RAPA decreases by a net of \$788,000 due to the completion of some RAS modeling enhancements and 2016 one-time RAPA projects.
- Training and Education consultants decrease by \$68,000 due to the elimination of the System Operator Training Program.
- Corporate Services increases by a net of \$90,000 primarily due to the following:
 - General and Administrative consulting increases by \$65,000 due to HRCC compensation surveys.
 - Information Technology consulting increases by \$25,000 due to anticipated use of consultants in lieu of staff for IT projects.

Contracts

- Compliance and Organization Registration and Certification contracts decrease by \$22,000 due to an overall reduction in consulting hours needed to augment staff expertise on audits and other oversight activities.
- Corporate Services contracts increase by a net of \$15,000 due to contractual labor in lieu of staff for IT projects.

Office Rent

Table B-7

Office Rent	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Office Rent	\$ 926,748	\$ 924,967	\$ 925,080	\$ (1,668)	(0.2%)
Utilities	-	-	-	-	0.0%
Maintenance	10,240	16,171	12,970	2,730	26.7%
Security	-	-	-	-	0.0%
Total Office Rent	\$ 936,988	\$ 941,138	\$ 938,050	\$ 1,062	0.1%

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

- No significant changes.

Office Costs

Table B-8

Office Costs	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Telephone	\$ 78,640	\$ 62,151	\$ 77,190	\$ (1,450)	(1.8%)
Internet	68,836	69,886	74,861	6,025	8.8%
Office Supplies	94,921	106,120	106,917	11,996	12.6%
Computer Supplies and Maintenance	1,017,268	796,950	895,490	(121,778)	(12.0%)
Publications & Subscriptions	38,170	38,092	49,720	11,550	30.3%
Dues and Fees	178,258	200,579	181,054	2,796	1.6%
Postage	5,376	3,946	5,445	69	1.3%
Express Shipping	6,430	8,831	6,473	43	0.7%
Copying	39,850	41,211	35,845	(4,005)	(10.1%)
Bank Charges	66,000	71,661	59,760	(6,240)	(9.5%)
Taxes	61,675	58,127	61,500	(175)	(0.3%)
Total Office Costs	\$ 1,655,424	\$ 1,457,554	\$ 1,554,255	\$ (101,169)	(6.1%)

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

- Office Supplies increase by \$12,000 primarily due to equipment rental costs for WECC's printers.
- Computer Supplies and Maintenance decreases by a net of \$122,000 primarily due to the end of maintenance for the Base Case Coordination System and the training simulator program.
- Publications and Subscriptions increase by \$12,000 primarily due to the Diligent Board Books software subscription.

Professional Services

Table B-9

Professional Services	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Board Director fees	\$ 824,250	\$ 832,931	\$ 814,750	\$ (9,500)	(1.2%)
Outside Legal	31,600	38,308	33,000	1,400	4.4%
Accounting & Auditing Fees	86,125	46,310	38,700	(47,425)	(55.1%)
Insurance Commercial	110,000	101,303	100,000	(10,000)	(9.1%)
Total Services	\$ 1,051,975	\$ 1,018,852	\$ 986,450	\$ (65,525)	(6.2%)

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

- Board of Director fees decrease by \$10,000 due to a decrease in anticipated compensable meetings.
- Accounting and Auditing Fees decrease by \$47,000 due to the retention of a new audit firm.
- Insurance Commercial decreases by \$10,000 due to estimated premium renewal rates.

Other Non-Operating

Table B-10

Other Non-Operating Expenses	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

- Not applicable.

Fixed Assets

Table B-11

Fixed Assets	Budget		Projection		Variance				
	2016		2016		2017 Budget v 2016 Budget	Variance %			
Computer & Software CapEx	\$	55,000	\$	25,004	\$	35,000	\$	(20,000)	(36.4%)
Furniture & Fixtures CapEx		-		-		-		-	
Equipment CapEx		30,000		27,727		77,000		47,000	156.7%
Leasehold Improvements		-		5,595		-		-	
	\$	85,000	\$	58,326	\$	112,000	\$	27,000	31.8%

Explanation of Significant Variances – 2017 Budget versus 2016 Budget

- Equipment CapEx increases by \$47,000 primarily due to scheduled server equipment refresh.

Section C

Non-Statutory Activities

2017 Business Plan and Budget

Section C — 2017 Budget - Non-Statutory Activities

Western Renewable Energy Generation Information System (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	6.0	6.0	-
Direct Expenses	\$ 1,182,420	\$ 1,140,158	\$ (42,262)
Indirect Expenses	\$ 628,953	\$ 610,701	\$ (18,252)
Inc(Dec) in Fixed Assets	\$ (15,362)	\$ (6,550)	\$ 8,812
Total Funding Requirement	\$ (29,759)	\$ 24,801	\$ 54,560

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 according to 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 of 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 2017 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 18 percent of revenues are based on size.

- Approximately 77 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.

2017 Primary Goals and Objectives

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

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

Personnel Expenses

- Personnel Expenses decrease by \$48,000 mainly due to continued refinement of the labor float rate based on actual turnover and vacancy rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

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

2016 Budget and Projection and 2017 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2016 Budget & Projection, and 2017 Budget					
NON-STATUTORY					
	2016 Budget	2016 Projection	Variance 2017 Budget v 2016 Projection Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ 1,900,000	\$ 2,026,620	\$ 126,620	\$ 1,766,860	\$ (133,140)
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	2,250	1,575	(675)	2,250	-
Interest	-	17,038	17,038	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 1,902,250	\$ 2,045,233	\$ 142,983	\$ 1,769,110	\$ (133,140)
Expenses					
Personnel Expenses					
Salaries	\$ 411,618	\$ 364,904	\$ (46,714)	\$ 375,536	\$ (36,082)
Payroll Taxes	34,402	28,469	(5,933)	30,027	(4,375)
Benefits	63,249	36,376	(26,873)	58,942	(4,307)
Retirement Costs	34,870	30,529	(4,341)	31,673	(3,197)
Total Personnel Expenses	\$ 544,139	\$ 460,278	\$ (83,861)	\$ 496,178	\$ (47,961)
Meeting Expenses					
Meetings	\$ 4,200	\$ 2,563	\$ (1,637)	\$ 3,195	\$ (1,005)
Travel	27,575	19,631	(7,944)	29,850	2,275
Conference Calls	850	513	(337)	975	125
Total Meeting Expenses	\$ 32,625	\$ 22,707	\$ (9,918)	\$ 34,020	\$ 1,395
Operating Expenses					
Consultants & Contracts	\$ 2,400	\$ 5,330	\$ 2,930	\$ 3,000	\$ 600
Office Rent	-	-	-	-	-
Office Costs	594,256	589,597	(4,659)	594,960	704
Professional Services	9,000	3,375	(5,625)	12,000	3,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 605,656	\$ 598,302	\$ (7,354)	\$ 609,960	\$ 4,304
Total Direct Expenses	\$ 1,182,420	\$ 1,081,287	\$ (101,133)	\$ 1,140,158	\$ (42,262)
Indirect Expenses	\$ 628,953	\$ 571,515	\$ (57,438)	\$ 610,701	\$ (18,252)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,811,373	\$ 1,652,802	\$ (158,571)	\$ 1,750,859	\$ (60,514)
Change in Assets	\$ 90,877	\$ 392,431	\$ 301,554	\$ 18,251	\$ (72,626)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(15,362)	(11,780)	3,582	(6,550)	8,812
Incr(Dec) in Fixed Assets (C)	\$ (15,362)	\$ (11,780)	\$ 3,582	\$ (6,550)	\$ 8,812
TOTAL BUDGET (=B+C)	\$ 1,796,011	\$ 1,641,021	\$ (154,990)	\$ 1,744,309	\$ (51,702)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 244,820	\$ 404,211	\$ 297,972	\$ 24,801	\$ (81,438)
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 2016	Projection 2016	Direct FTEs 2016 Budget	Shared FTEs ¹ 2017 Budget	Total FTEs 2017 Budget	Change from 2016 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

Reserve Analysis — 2016–2017

Working Capital Reserve Analysis	
NON-STATUTORY	
WREGIS Reserves	
Beginning Working Capital Reserve (Deficit), December 31, 2015	\$ 5,115,511
Plus: 2016 Funding	2,045,233
Plus: 2016 Other funding sources	
Less: 2016 Projected expenses & capital expenditures	(1,641,021)
Projected Working Capital Reserve (Deficit), December 31, 2016	<u>\$ 5,519,722</u>
Projected Working Capital Reserve, December 31, 2017	5,544,523
Less: Projected Working Capital Reserve, December 31, 2016	(5,519,722)
2017 Reserve Increase (Decrease)	<u>\$ 24,801</u>

Section D

Additional Financial Information

2017 Business Plan and Budget

Section D – Additional Financial Information

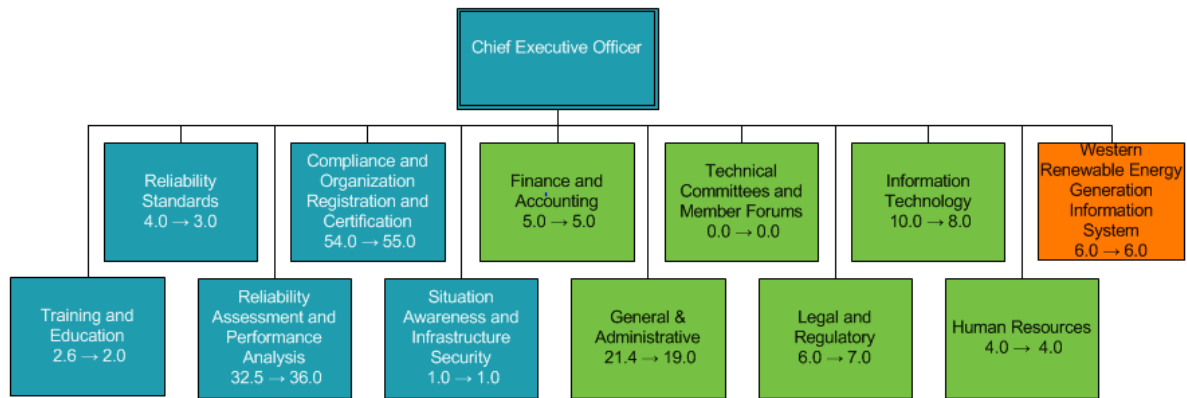
2017 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2016 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement										
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Corporate Services	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology
Funding														
WECC Funding														
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ 847,225	\$ 13,428,540	\$ 10,262,232	\$ 509,283	\$ 234,720	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	1,059,500	1,059,500	-	1,059,500	32,768	600,748	393,216	21,845	10,923	-	-	-	-	-
Total WECC Funding	\$ 26,341,500	\$ 26,341,500	\$ -	\$ 26,341,500	\$ 879,993	\$ 14,029,288	\$ 10,655,448	\$ 531,128	\$ 245,643	\$ -	\$ -	\$ -	\$ -	\$ -
Non-statutory Funding														
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	590,126	587,876	2,250	587,876	-	-	-	587,876	-	-	-	-	-	-
Interest	75,000	75,000	-	75,000	2,320	42,526	27,835	1,546	773	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding (A)	\$ 28,773,486	\$ 27,004,376	\$ 1,769,110	\$ 27,004,376	\$ 882,313	\$ 14,071,814	\$ 10,683,283	\$ 1,120,550	\$ 246,416	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses														
Personnel Expenses														
Salaries	\$ 15,056,759	\$ 14,681,223	\$ 375,536	\$ 14,681,223	\$ 440,237	\$ 5,335,104	\$ 3,707,303	\$ 314,604	\$ 114,033	\$ 4,769,942	\$ -	\$ 2,395,127	\$ 887,384	\$ 701,566
Payroll Taxes	1,086,837	1,056,810	30,027	1,056,810	30,420	415,384	286,691	19,997	8,823	295,495	-	120,534	58,279	96,566
Benefits	2,278,470	2,219,528	58,942	2,219,528	36,238	693,285	445,792	25,322	11,344	1,007,547	-	257,935	84,659	59,966
Retirement Costs	1,303,838	1,272,165	31,673	1,272,165	37,185	450,238	313,141	26,573	9,632	435,396	-	202,637	74,937	59,966
Total Personnel Expenses	\$ 19,725,904	\$ 19,229,726	\$ 496,178	\$ 19,229,726	\$ 544,080	\$ 6,894,011	\$ 4,752,927	\$ 386,496	\$ 143,832	\$ 6,508,380	\$ -	\$ 2,976,233	\$ 1,105,259	\$ 916,566
Meeting Expenses														
Meetings	\$ 729,963	\$ 726,768	\$ 3,195	\$ 726,768	\$ 960	\$ 9,810	\$ 112,698	\$ 469,650	\$ -	\$ 133,650	\$ 15,350	\$ 117,400	\$ -	\$ -
Travel	1,313,014	1,283,164	29,850	1,283,164	19,175	706,338	251,825	20,796	-	285,030	840	216,865	28,850	10,566
Conference Calls	73,372	72,397	975	72,397	3,601	12,900	34,800	5,706	-	15,390	-	10,740	-	3,966
Total Meeting Expenses	\$ 2,116,349	\$ 2,082,329	\$ 34,020	\$ 2,082,329	\$ 23,736	\$ 729,048	\$ 399,323	\$ 496,152	\$ -	\$ 434,070	\$ 16,190	\$ 345,005	\$ 28,850	\$ 14,532
Operating Expenses														
Consultants & Contracts	\$ 2,501,270	\$ 2,498,270	\$ 3,000	\$ 2,498,270	\$ -	\$ 450,270	\$ 1,536,000	\$ -	\$ -	\$ 512,000	\$ -	\$ 417,000	\$ -	\$ 95,270
Office Rent	938,050	938,050	-	938,050	-	-	-	-	-	938,050	-	937,650	-	-
Office Costs	2,149,215	1,554,255	594,960	1,554,255	5,645	352,339	288,060	27,910	-	880,301	-	194,495	28,170	427,566
Professional Services	998,450	986,450	12,000	986,450	-	-	-	-	-	986,450	-	814,750	130,000	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	367,858	367,858	-	367,858	-	-	143,411	-	-	224,447	-	142,890	-	80,567
Total Operating Expenses	\$ 6,954,843	\$ 6,344,883	\$ 609,960	\$ 6,344,883	\$ 5,645	\$ 802,609	\$ 1,967,471	\$ 27,910	\$ -	\$ 3,541,248	\$ -	\$ 2,506,785	\$ 158,170	\$ 604,633
Total Direct Expenses	\$ 28,797,096	\$ 27,656,938	\$ 1,140,158	\$ 27,656,938	\$ 573,461	\$ 8,425,668	\$ 7,119,721	\$ 910,558	\$ 143,832	\$ 10,483,698	\$ 16,190	\$ 5,828,023	\$ 1,292,279	\$ 1,534,102
Indirect Expenses	\$ -	\$ (610,702)	\$ 610,701	\$ (610,702)	\$ 305,349	\$ 5,598,091	\$ 3,664,205	\$ 203,567	\$ 101,783	\$ (10,483,698)	\$ (16,190)	\$ (5,828,023)	\$ (1,292,279)	\$ (1,534,102)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 28,797,096	\$ 27,046,236	\$ 1,750,859	\$ 27,046,236	\$ 878,810	\$ 14,023,759	\$ 10,783,926	\$ 1,114,125	\$ 245,615	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ (23,610)	\$ (41,860)	\$ 18,251	\$ (41,860)	\$ 3,503	\$ 48,055	\$ (100,643)	\$ 6,425	\$ 801	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets														
Depreciation	\$ (367,858)	\$ (367,858)	\$ -	\$ (367,858)	\$ -	\$ -	\$ (143,411)	\$ -	\$ -	\$ (224,447)	\$ -	\$ (142,890)	\$ -	\$ (80,567)
Computer & Software CapEx	35,000	35,000	-	35,000	-	-	-	-	-	35,000	-	-	-	35,000
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	77,000	77,000	-	77,000	-	-	-	-	-	77,000	-	-	-	77,000
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	6,550	(6,550)	6,550	(3,275)	(60,045)	(39,302)	(2,183)	(1,092)	112,447	-	142,890	-	(31,092)
Inc(Dec) in Fixed Assets (C)	\$ (255,858)	\$ (249,308)	\$ (6,550)	\$ (249,308)	\$ (3,275)	\$ (60,045)	\$ (182,713)	\$ (2,183)	\$ (1,092)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ 28,541,238	\$ 26,796,928	\$ 1,744,309	\$ 26,796,928	\$ 875,535	\$ 13,963,714	\$ 10,601,213	\$ 1,111,942	\$ 244,523	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 232,248	\$ 207,448	\$ 24,801	\$ 207,448	\$ 6,778	\$ 108,100	\$ 82,070	\$ 8,608	\$ 1,893	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	146.0	140.0	6.0	140.0	3.0	55.0	36.0	2.0	1.0	43.0	-	19.0	7.0	-
HC	146.0	140.0	6.0	140.0	3.0	55.0	36.0	2.0	1.0	43.0	-	19.0	7.0	-

Statement of Financial Position

Statement of Financial Position			
2015 Audited, 2016 Projection, and 2017 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-15	31-Dec-16	31-Dec-17
ASSETS			
Cash and cash equivalents	\$ 25,149,130	\$ 25,400,621	\$ 25,654,627
Certificates of deposit	5,190,388	5,242,292	5,294,715
Investments	581,249	587,061	592,932
Accounts receivable, net	1,657,654	1,690,807	1,724,623
Prepaid expenses and other assets	473,559	475,000	475,000
Property and equipment	1,202,655	787,655	537,655
Total Assets	\$ 34,254,635	\$ 34,183,436	\$ 34,279,552
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 5,122,182	\$ 3,551,137	\$ 4,324,488
Accrued Expenses	3,475,223	3,475,223	2,475,223
Deferred revenue	15,199,645	15,351,641	15,505,158
Other liabilities	1,222,289	1,159,289	1,096,289
Total Liabilities	\$ 25,019,339	\$ 23,537,290	\$ 23,401,158
Unrestricted net assets	9,235,296	10,684,655	10,916,903
Total Liabilities and Net Assets	\$ 34,254,635	\$ 34,221,946	\$ 34,318,061

Appendix A: Organizational Chart



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

Appendix B: 2017 Budget & Projected 2018 and 2019 Budgets

Key Assumptions

Personnel Expenses

- A three-percent average merit increase in Salaries.
- A three-percent increase in Payroll Taxes and Retirements Costs.
- A four-percent increase in Benefits.

Meeting Expenses

- Travel, Meetings, and Conference Calls are assumed to remain at 2017 budgeted levels.

Operating Expenses

- A net reduction in Consultants and Contracts of \$600,000 in 2018 due to the completion of RAS modeling enhancements and a planned reduction in the reliance on contractors in Compliance. Consultants used for ongoing studies and assessments remain at current levels.
- A net reduction in Consultants and Contracts of \$100,000 in 2019 due to a planned reduction in the reliance on contractors in Compliance. Consultants used for ongoing studies and assessments remain at current levels.
- **Fixed Assets** \$35,000 per year in Equipment CapEx to maintain the current operating level of cloud-based data storage and planned server refreshes.

Appendix B – 2017 Budget & Projected 2018 and 2019 Budgets

Statement of Activities and Capital Expenditures							
2017 Budget & Projected 2018 and 2019 Budgets							
Statutory							
	2017	2018	\$ Change	% Change	2019	\$ Change	% Change
	Budget	Projection	17 v 18	17 v 18	Projection	18 v 19	18 v 19
Funding							
ERO Funding							
WECC Assessments	\$ 25,282,000	\$ 25,534,820	\$ 252,820	1.0%	\$ 25,790,168	\$ 255,348	1.0%
Penalty Sanctions	1,059,500	-	(1,059,500)	(100.0%)	-	-	-
Total ERO Funding	\$ 26,341,500	\$ 25,534,820	\$ (806,680)	(3.1%)	\$ 25,790,168	\$ 255,348	1.0%
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Federal Grants	-	-	-	-	-	-	-
Workshops	587,876	593,755	5,879	1.0%	599,692	5,938	1.0%
Interest	75,000	75,000	-	0.0%	75,000	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Total Funding (A)	\$ 27,004,376	\$ 26,203,575	\$ (800,801)	(3.0%)	\$ 26,464,861	\$ 261,286	1.0%
Expenses							
Personnel Expenses							
Salaries	\$ 14,681,223	\$ 15,121,660	\$ 440,437	3.0%	\$ 15,575,309	\$ 453,650	3.0%
Payroll Taxes	1,056,810	1,088,514	31,704	3.0%	1,121,170	32,655	3.0%
Benefits	2,219,528	2,308,309	88,781	4.0%	2,400,641	92,332	4.0%
Retirement Costs	1,272,165	1,310,330	38,165	3.0%	1,349,640	39,310	3.0%
Total Personnel Expenses	\$ 19,229,726	\$ 19,828,813	\$ 599,087	3.1%	\$ 20,446,761	\$ 617,947	3.1%
Meeting Expenses							
Meetings	\$ 726,768	\$ 726,768	\$ -	0.0%	\$ 726,768	\$ -	0.0%
Travel	1,283,164	1,283,164	-	0.0%	1,283,164	-	0.0%
Conference Calls	72,397	72,397	-	0.0%	72,397	-	0.0%
Total Meeting Expenses	\$ 2,082,329	\$ 2,082,329	\$ -	0.0%	\$ 2,082,329	\$ -	0.0%
Operating Expenses							
Consultants & Contracts	\$ 2,498,270	\$ 1,898,270	(600,000)	(24.0%)	\$ 1,798,270	(100,000)	(5.3%)
Office Rent	938,050	940,000	1,950	0.2%	940,000	-	0.0%
Office Costs	1,554,255	1,569,798	15,543	1.0%	1,585,496	15,698	1.0%
Professional Services	986,450	1,010,000	23,550	2.4%	1,010,000	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Depreciation	367,858	367,858	-	0.0%	367,858	-	0.0%
Total Operating Expenses	\$ 6,344,883	\$ 5,785,926	\$ (558,957)	(8.8%)	\$ 5,701,624	\$ (84,302)	(1.5%)
Total Direct Expenses	\$ 27,656,938	\$ 27,697,068	\$ 40,130	0.1%	\$ 28,230,713	\$ 533,645	1.9%
Indirect Expenses	\$ (610,702.00)	\$ (610,702.00)	\$ -	0.0%	\$ (610,702.00)	\$ -	0.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses (B)	\$ 27,046,236	\$ 27,086,366	\$ 40,130	0.1%	\$ 27,620,011	\$ 533,645	2.0%
Change in Assets	\$ (41,860)	\$ (882,791)	\$ (840,931)	2,008.9%	\$ (1,155,151)	\$ (272,360)	30.9%
Fixed Assets							
Depreciation	\$ (367,858)	\$ (367,858)	\$ -	0.0%	\$ (367,858)	\$ -	0.0%
Computer & Software CapEx	35,000	-	(35,000)	(100.0%)	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-
Equipment CapEx	77,000	35,000	(42,000)	(54.5%)	35,000	-	0.0%
Leasehold Improvements	-	-	-	-	-	-	-
Allocation of Fixed Assets	6,550	-	(6,550)	(100.0%)	-	-	-
Incr(Dec) in Fixed Assets (C)	\$ (249,308)	\$ (332,858)	\$ (83,550)	33.5%	\$ (332,858)	\$ -	0.0%
TOTAL BUDGET (B+C)	\$ 26,796,928	\$ 26,753,508	\$ (43,420)	(0.2%)	\$ 27,287,153	\$ 533,645	2.0%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 207,448	\$ (549,933)	\$ (757,381)	(100.0%)	\$ (822,293)	\$ (272,360)	49.5%
FTEs	140.0	140.0	-	0.0%	140.0	-	0.0%
HC	140.0	140.0	-	0.0%	140.0	-	0.0%

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

Adjustment to the AESO 2016 and 2017 Assessments		
Credit for WECC Compliance Costs		
	2016	2017
	Compliance Budget	Compliance Budget
	AESO NEL Allocation	AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	\$ 8,270,950	\$ 8,383,142
Indirect Costs	5,660,573	5,598,091
Fixed Asset Expenditures	(171,890)	(60,045)
Total Net Costs, including Fixed Assets	\$ 13,759,633	\$ 13,921,188
Net total to be allocated	\$ 13,759,633	\$ 13,921,188
AESO NEL Share (2014 & 2015)	6.975%	7.197%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 959,752	\$ 1,001,861
% Credit (52.8 of 54 FTE for 2016; 53.23 of 55 FTE for 2017)	97.78%	96.78%
AESO Credit for Compliance Costs	\$ 938,424	\$ 969,620

Appendix D: Statutory and Non Statutory Budget History Charts

