



**2020 Business Plan and Budget**

Approved by: WECC Board of Directors

Date: June 19, 2019

# Contents

- Introduction ..... 1
  - Organizational Overview ..... 1
  - Membership and Governance..... 2
  - 2020 Key Assumptions..... 4
  - 2020 Key Strategic Goals..... 5
  - 2020 Overview of Cost Impacts ..... 6
  - Personnel Analysis..... 9
  - 2019 Statutory Budget and Projection and 2020 Budget Comparisons..... 10
- Section A – Statutory Programs ..... 12
  - Reliability Standards ..... 12
  - Compliance Monitoring and Enforcement ..... 16
  - Reliability Assessment and Performance Analysis..... 22
  - Training and Outreach ..... 28
  - Situation Awareness and Infrastructure Security ..... 31
  - Corporate Services ..... 35
- Section B – Supplemental Financial Information ..... 48
  - Reserve Analysis ..... 48
  - Breakdown of Statement of Activities ..... 49
- Section C – Non-Statutory Program..... 64
- Section D – Additional Financial Information..... 71
- Appendix A – Organizational Chart..... 73
  - Changes in Budgeted FTE by Program Area..... 73
- Appendix B – 2020 Budget & Projected 2021 and 2022 Budgets..... 74
- Appendix C – Adjustment to the Alberta Electric System Operator (AESO) Assessment ..... 75
- Appendix D – Statutory and Non-Statutory Budget History Charts..... 76



## Introduction

TOTAL RESOURCES (in whole dollars)				
	2020 Budget	U.S.	Canada	Mexico
Statutory FTEs*	143.0			
Non-statutory FTEs	6.0			
<b>Total FTEs</b>	149.0			
Statutory Expenses	\$ 27,704,075			
Non-Statutory Expenses	\$ 1,828,549			
<b>Total Expenses</b>	\$ 29,532,624			
Statutory Incr(Decr) in Fixed Assets	\$ 52,014			
Non-Statutory Incr(Decr) in Fixed Assets	\$ 2,986			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 55,000			
Statutory Working Capital Requirement**	\$ 928,162			
Non-Statutory Working Capital Requirement***	\$ 352,946			
<b>Total Working Capital Requirement</b>	\$ 1,281,108			
Total Statutory Funding Requirement	\$ 28,684,250			
Total Non-Statutory Funding Requirement	\$ 2,184,481			
<b>Total Funding Requirement</b>	\$ 30,868,731			
<b>Statutory Assessments</b>	\$ 25,282,000	\$ 21,681,256	\$ 3,129,296	\$ 471,448
<b>Non-Statutory Fees</b>	\$ 2,184,481	\$ 2,162,636	\$ 21,845	\$ -
NEL****	867,599,555	726,676,149	126,897,939	14,025,467
NEL%	100.0%	83.8%	14.6%	1.6%

## Organizational Overview

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

The Western Interconnection is a geographic area in which the use and generation of electricity is synchronized. This area includes all or part of 14 Western states in the United States, the



Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration, compliance risk assessment, and audits and investigations;
- Informed actions, practices and decisions of industry participants, regulators and policy-makers through reliability planning, performance analysis, situation awareness, and event analysis; and
- Targeted educational training and outreach to build a culture of reliability and security throughout the West.

WECC creates value for the stakeholders in the Western Interconnection through:

*Independence*—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

*Perspective*—We are uniquely situated to develop comprehensive and influential work products for the reliability and security of the Western Interconnection.

*Partnership*—We collaborate with industry and other organizations to reduce risks to the reliability and security of the Western Interconnection.

## Membership and Governance

WECC has 301 members<sup>1</sup> divided into the following five Membership Classes:

- Large Transmission Owners;
- Small Transmission Owners;
- 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;
- End Users and entities that represent the interests of End Users; and
- Representatives of state and provincial governments.

---

<sup>1</sup> As of June 19, 2019.

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection's BPS. WECC membership is not a requirement for participation in the WECC Standards Development process.<sup>2</sup>

WECC is governed by a Board of Directors (Board) comprised of nine independent Directors elected by the WECC membership, and WECC's president and chief executive officer. The nine Directors are compensated by WECC for their governance and oversight activities.

Five governance committees provide functional oversight of WECC operations:

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

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

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

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

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

---

<sup>2</sup> Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards. See WECC's Reliability Standards Development Procedures.



## 2020 Key Assumptions

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

Therefore, in addition to supporting the Electric Reliability Organization (ERO) Enterprise<sup>3</sup>-driven programs and long-term strategy, the Board has established the following strategic priorities for WECC:

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

Additionally, through WECC's Strategic and Operating Planning Process, the Board approved the following Near-Term Priorities at its June 2018 meeting. These Near-Term Priorities will serve as input to update committee and program area 2019–2021 work plans. Much of the work related to the Near-Term Priorities involves staff time; specific examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan.

---

<sup>3</sup> The ERO Enterprise is comprised of NERC and the six Regional Entities, which collectively bring together their leadership, experience, judgment, skills, and supporting technologies to fulfill the ERO's statutory obligations to assure the reliability of the North American BPS.



## Representation of Inverter-Based Resources

Improve the representation of inverter-based resources in WECC's base cases with a focus on data collection for utility-scale photovoltaic resources, battery storage, and Distributed Energy Resources (DER).

## Impacts of the Changing Resource Mix

Evaluate the impacts of the changing resource mix on:

- Existing path ratings;
- Remedial Action Scheme (RAS) effectiveness;
- The expansion of utility-scale energy storage devices;
- Protection system settings (based on fault duty);
- Resource adequacy and the advantages of alternatives for determining resource adequacy;
- The interface between the transmission and distribution systems due to DER, with a focus on modeling techniques that can be used as DER penetration increases; and
- Essential reliability services specific to the Western Interconnection.

## Expansion of RC and Market Service Providers

Evaluate potential reliability risks and mitigating measures, including consideration of Regional Reliability Standards, resulting from the expansion of Reliability Coordinators (RC) and market service providers in the Western Interconnection.

## Clarify Roles in BPS Planning

Improve coordination by clarifying the roles, responsibilities, and relationships among WECC, the Regional Planning Groups, International Planning Groups, Planning Coordinators, Transmission Planners, and other stakeholders involved in BPS planning.

## 2020 Key Strategic Goals

NERC and the Regional Entities' business plans and budgets reflect the collaborative development of the ERO Enterprise Long-term Strategy and the ERO Enterprise Operating Plan. These documents are available on NERC's website:

<http://www.nerc.com/AboutNERC/Pages/Strategic-Documents.aspx>. WECC supports both the long-term strategy and operating plan as well as deliverables specific to WECC that are



discussed in WECC's 2019-2021 Operating Plan and described in each statutory program area in [Section A](#).

Working collaboratively, the ERO Enterprise has established six perennial goals, each of which is supported by key contributing activities of the ERO Enterprise:

- Risk-responsive Reliability Standards;
- Objective, risk-informed compliance monitoring, mitigation, enforcement, and entity registration;
- Reduction of known reliability risks;
- Identification and assessment of emerging reliability risks;
- Identification and reduction of cyber and physical security risks; and
- Effective and efficient ERO Enterprise operations.

## 2020 Overview of Cost Impacts

WECC's proposed 2020 statutory budget is \$27.76 million, an \$806,000 (3.0-percent) increase from the 2019 statutory budget. The net increase is mainly due to a net of the elimination of Compliance contract labor, increase in office rent due to a new lease for the Salt Lake City office, changes in position levels, a three-percent merit pool, and labor float assumption changes based on actual turnover and vacancy rates.

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 2020 and 2019 statutory budgets are as follows:

- Personnel Expenses increase by \$842,000 primarily due to changes in position levels, a budgeted three-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.
- Consultants and Contracts decrease by \$255,000 primarily due to the elimination of Compliance contract labor.
- Office Rent increases by \$275,000 primarily due to the new lease for the Salt Lake City office.

Beginning with the 2020 budget, NERC and the Regions have revised the Statements of Activities format. The goal of the new format is to improve the effectiveness of the report to the reader. These revisions are intended to ensure consistent reporting for new accounting standards (e.g., leasing standards and right-of-use assets) and streamline sections of the report related to non-cash expenses (primarily depreciation and amortization). One specific format





revision is the removal of an expense line item for depreciation and the corresponding credit for depreciation in the fixed asset activity section, which resulted in depreciation having no impact on funding requirements or actual results in past budgets.

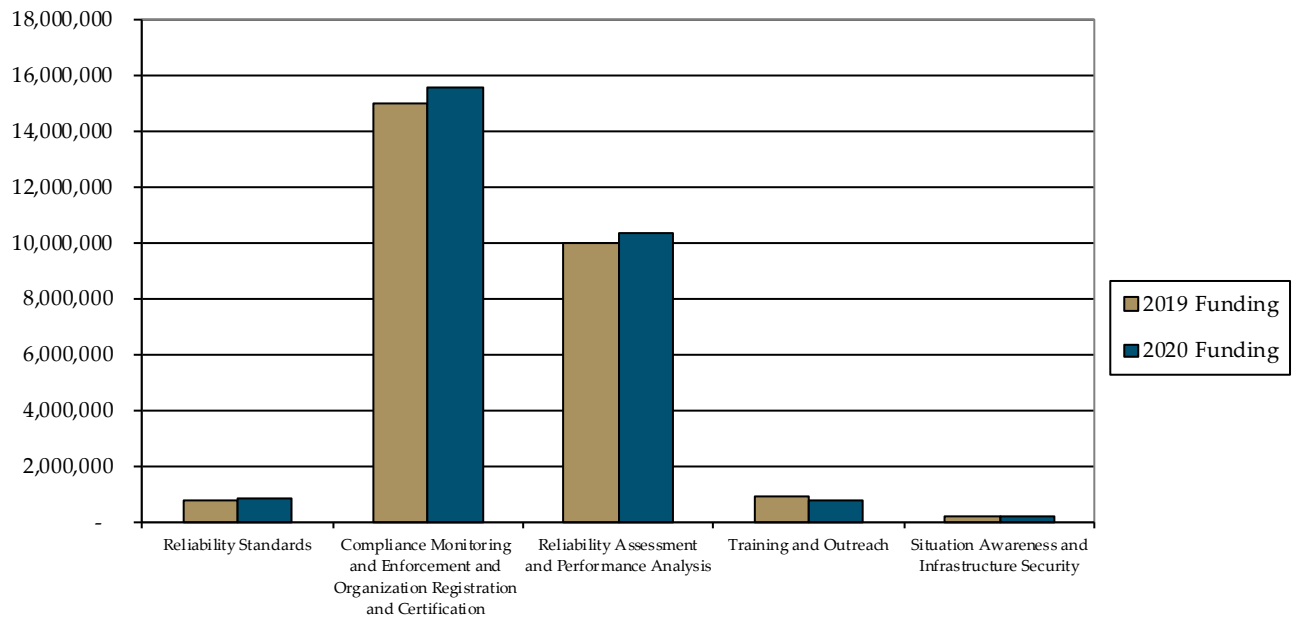
In this document, the 2019 budget has been restated to reflect the new reporting format when comparing 2020 to 2019 to show budget changes on a comparable basis. As such, in the total and program Statements of Activities, depreciation expense has been removed from the 2019 operating expense budgets and projections, and an equal credit of depreciation expense has been removed from the 2019 fixed asset activity budgets and projections. The total 2019 budget amount was unchanged.

The following table and graph present a summary of funding requirements for WECC's primary statutory program areas:

Program	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
Reliability Standards	\$ 807,516	\$ 825,702	\$ 837,662	\$ 30,146	3.7%
Compliance Monitoring and Enforcement and Organization Registration and Certification	14,966,474	15,084,189	15,558,674	592,200	4.0%
Reliability Assessment and Performance Analysis	10,022,744	9,361,236	10,329,057	306,313	3.1%
Training and Outreach	938,456	889,121	794,057	(144,399)	(15.4%)
Situation Awareness and Infrastructure Security	215,376	228,894	236,639	21,263	9.9%
<b>Total By Program</b>	<b>\$ 26,950,566</b>	<b>\$ 26,389,142</b>	<b>\$ 27,756,089</b>	<b>\$ 805,523</b>	<b>3.0%</b>



### Comparison of 2020 to 2019 Budgeted Funding Requirements



## Personnel Analysis

In the 2020 budget, WECC is not adding additional FTEs. WECC realigned some positions between Program Areas in its 2020 budget due to an internal reorganization in 2019. Through attrition, and due to efficiencies gained in Corporate Services, one position was redeployed to Compliance as an auditor position. A regulatory affairs and policy analyst position was transferred from Reliability Assessment and Planning Analysis (RAPA) to Legal and Regulatory due to organizational realignment. A knowledge-transfer position was moved from Training and Outreach to Human Resources. Other allocation changes account for the remaining changes in FTEs. The transfers and allocation changes account for the balance of the changes in FTEs between 2020 and 2019. Details are discussed in the respective Program Area sections of the Business Plan and Budget.

Total FTEs by Program Area	Budget 2019	Projection 2019	Direct FTEs 2020 Budget	Shared FTEs * 2020 Budget	Total FTEs 2020 Budget	Change from 2019 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.0	3.0	3.0	-	3.0	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	60.0	62.0	61.0	-	61.0	1.0
Reliability Assessment and Performance Analysis	39.0	36.0	38.0	-	38.0	(1.0)
Training and Outreach	2.0	1.0	1.5	-	1.5	(0.5)
Situation Awareness and Infrastructure Security	1.0	1.0	1.0	-	1.0	-
<b>Total FTEs Operational Programs</b>	<b>105.0</b>	<b>103.0</b>	<b>104.5</b>	<b>-</b>	<b>104.5</b>	<b>(0.5)</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General & Administrative	17.05	17.95	16.5	-	16.5	(0.55)
Legal and Regulatory	6.0	7.0	7.0	-	7.0	1.0
Information Technology	8.7	8.0	8.0	-	8.0	(0.7)
Human Resources	3.0	3.0	4.0	-	4.0	1.0
Finance and Accounting	3.25	2.95	3.0	-	3.0	(0.25)
<b>Total FTEs Corporate Services</b>	<b>38.0</b>	<b>38.9</b>	<b>38.5</b>	<b>-</b>	<b>38.5</b>	<b>0.5</b>
<b>Total FTEs</b>	<b>143.0</b>	<b>141.9</b>	<b>143.0</b>	<b>-</b>	<b>143.0</b>	<b>-</b>

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

## 2019 Statutory Budget and Projection and 2020 Budget Comparisons

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget

	STATUTORY				
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ -
Penalty Sanctions	587,686	587,686	-	2,745,000	2,157,314
<b>Total Statutory Funding</b>	<b>\$ 25,869,686</b>	<b>\$ 25,869,686</b>	<b>\$ -</b>	<b>\$ 28,027,000</b>	<b>\$ 2,157,314</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	424,500	543,695	119,195	457,250	32,750
Interest	120,000	261,953	141,953	200,000	80,000
<b>Total Revenue (A)</b>	<b>\$ 26,414,186</b>	<b>\$ 26,675,334</b>	<b>\$ 261,148</b>	<b>\$ 28,684,250</b>	<b>\$ 2,270,064</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 15,865,018	\$ 15,595,950	\$ (269,068)	\$ 16,475,075	\$ 610,057
Payroll Taxes	1,037,393	955,714	(81,679)	1,074,352	36,959
Benefits	2,302,710	2,259,523	(43,187)	2,377,007	74,297
Retirement Costs	1,311,110	1,397,575	86,465	1,431,482	120,372
<b>Total Personnel Expenses</b>	<b>\$ 20,516,231</b>	<b>\$ 20,208,762</b>	<b>\$ (307,469)</b>	<b>\$ 21,357,916</b>	<b>\$ 841,685</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 698,553	\$ 739,371	\$ 40,818	\$ 714,095	\$ 15,542
Travel	1,408,868	1,369,791	(39,077)	1,401,818	(7,050)
<b>Total Meeting Expenses</b>	<b>\$ 2,107,421</b>	<b>\$ 2,109,162</b>	<b>\$ 1,741</b>	<b>\$ 2,115,913</b>	<b>\$ 8,492</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,292,890	\$ 1,062,443	\$ (230,447)	\$ 1,038,160	\$ (254,730)
Office Rent	972,909	993,850	20,941	1,248,251	275,342
Office Costs	1,557,679	1,530,383	(27,296)	1,557,312	(367)
Professional Services	908,280	922,108	13,828	953,790	45,510
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,731,758</b>	<b>\$ 4,508,784</b>	<b>\$ (222,974)</b>	<b>\$ 4,797,513</b>	<b>\$ 65,755</b>
<b>Total Direct Expenses</b>	<b>\$ 27,355,410</b>	<b>\$ 26,826,708</b>	<b>\$ (528,702)</b>	<b>\$ 28,271,342</b>	<b>\$ 915,932</b>
<b>Indirect Expenses</b>	<b>\$ (532,909)</b>	<b>\$ (536,716)</b>	<b>\$ (3,807)</b>	<b>\$ (567,267)</b>	<b>\$ (34,358)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 26,822,501</b>	<b>\$ 26,289,992</b>	<b>\$ (532,509)</b>	<b>\$ 27,704,075</b>	<b>\$ 881,574</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (408,315)</b>	<b>\$ 385,342</b>	<b>\$ 793,657</b>	<b>\$ 980,175</b>	<b>\$ 1,388,490</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 128,065</b>	<b>\$ 99,148</b>	<b>\$ (28,917)</b>	<b>\$ 52,014</b>	<b>\$ (76,051)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 26,950,566</b>	<b>\$ 26,389,140</b>	<b>\$ (561,426)</b>	<b>\$ 27,756,089</b>	<b>\$ 805,523</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (536,380)</b>	<b>\$ 286,194</b>	<b>\$ 822,574</b>	<b>\$ 928,161</b>	<b>\$ 1,464,541</b>
FTEs	143.0	142.0	(1.0)	143.0	-
HC	143.0	142.0	(1.0)	143.0	-





# Section A

---

**Statutory Programs**

## Section A—Statutory Programs

### Reliability Standards

Reliability Standards Program (in whole dollars)			
	2019 Budget	2020 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	\$ 544,095	\$ 552,536	\$ 8,441
Indirect Expenses	\$ 266,454	\$ 283,633	\$ 17,179
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (3,033)	\$ 1,493	\$ 4,526
Total Funding Requirement	\$ 807,516	\$ 837,662	\$ 30,146

#### Program Scope and Functional Description

The Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of Regional Reliability Standards (RRS), Regional Variances to NERC Reliability Standards, and Regional Criteria.

The Reliability Standards Program also conducts a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criteria. These reviews can result in revisions to the reviewed document, a finding that no changes are necessary, or the retirement of the document if it is determined that the document is no longer needed for reliability.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address Western Interconnection reliability issues. The variances are necessitated by a physical difference in the BPS or in instances in which Western stakeholders desire more stringent performance. 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 themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.



## 2020 Key Assumptions

- WECC expects the number of RRS projects to remain low, with the majority focusing on potential retirement of existing RRSs, due to the subject matter now being included in NERC Continent-wide Standards. It is possible, but not likely, that regulatory directives could result in RRS projects. For 2020, it may be necessary to develop either new RRSs or Regional Variances to NERC Reliability Standards to address potential reliability concerns resulting from the addition of multiple new RCs in the Western Interconnection.
- WECC expects that much of the work required to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by voluntary stakeholder participation.
- Continue to rely on stakeholder volunteers to staff most NERC Standards drafting teams. Staff may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards or RRSs. WECC supports the concept and will participate, when appropriate, in the enhanced periodic reviews of NERC Reliability Standards.
- Inverter-based resource growth may result in the need for a new RRS or a Regional Variance to NERC Reliability Standards.
- WECC expects that the effort necessary to complete these assumptions can be achieved by existing resources.

## 2020 Goals and Deliverables

- Represent the Western Interconnection perspective in NERC Continent-wide Reliability Standards or, if necessary, through the development of Regional Variances or RRSs if a NERC Continent-wide Standard addressing a Western Interconnection reliability issue does not exist.
- Ensure the RRSs and Regional Criteria developed using the WECC Reliability Standards Development Procedures meet the needs of the Western stakeholders.
- Ensure development of RRSs and Regional Criteria is in accordance with the most recent WECC Reliability Standards Development Procedures.
- Actively participate in the communication of NERC Standards drafting teams' activities to the Western stakeholders.
- Continue to review existing RRSs to determine whether any are candidates for incorporation as a Regional Variance to a NERC Continent-wide Reliability Standard



and, if so, coordinate with NERC to address the incorporation during NERC’s next enhanced periodic review of the NERC Reliability Standard(s).

- Conduct periodic reviews of existing RRSs and Regional Criteria to improve their content and quality.
- Evaluate information obtained from audit and enforcement experiences as well as information learned through events analysis to determine whether any new RRSs or revisions to existing RRSs are necessary.

### **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 2019 and 2020 budgets.





## Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
RELIABILITY STANDARDS					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 771,224	\$ 771,224	\$ -	\$ 781,127	\$ 9,903
Penalty Sanctions	16,791	16,791	-	78,804	62,013
<b>Total Statutory Funding</b>	<b>\$ 788,015</b>	<b>\$ 788,015</b>	<b>\$ -</b>	<b>\$ 859,931</b>	<b>\$ 71,916</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	3,429	7,630	4,201	5,742	2,313
<b>Total Revenue (A)</b>	<b>\$ 791,444</b>	<b>\$ 795,645</b>	<b>\$ 4,201</b>	<b>\$ 865,673</b>	<b>\$ 74,229</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 423,024	\$ 418,160	\$ (4,864)	\$ 427,045	\$ 4,021
Payroll Taxes	26,828	26,064	(764)	26,752	(76)
Benefits	37,174	55,654	18,480	39,901	2,727
Retirement Costs	34,984	38,193	3,209	37,153	2,169
<b>Total Personnel Expenses</b>	<b>\$ 522,010</b>	<b>\$ 538,071</b>	<b>\$ 16,061</b>	<b>\$ 530,851</b>	<b>\$ 8,841</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 260	\$ -	\$ (260)	\$ -	\$ (260)
Travel	18,290	19,797	1,507	18,250	(40)
<b>Total Meeting Expenses</b>	<b>\$ 18,550</b>	<b>\$ 19,797</b>	<b>\$ 1,247</b>	<b>\$ 18,250</b>	<b>\$ (300)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,535	3,361	(174)	3,435	(100)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,535</b>	<b>\$ 3,361</b>	<b>\$ (174)</b>	<b>\$ 3,435</b>	<b>\$ (100)</b>
<b>Total Direct Expenses</b>	<b>\$ 544,095</b>	<b>\$ 561,229</b>	<b>\$ 17,134</b>	<b>\$ 552,536</b>	<b>\$ 8,441</b>
<b>Indirect Expenses</b>	<b>\$ 266,454</b>	<b>\$ 268,358</b>	<b>\$ 1,904</b>	<b>\$ 283,633</b>	<b>\$ 17,179</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 810,549</b>	<b>\$ 829,587</b>	<b>\$ 19,038</b>	<b>\$ 836,169</b>	<b>\$ 25,620</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (19,105)</b>	<b>\$ (33,942)</b>	<b>\$ (14,837)</b>	<b>\$ 29,504</b>	<b>\$ 48,609</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ (3,033)</b>	<b>\$ (3,885)</b>	<b>\$ (852)</b>	<b>\$ 1,493</b>	<b>\$ 4,526</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 807,516</b>	<b>\$ 825,702</b>	<b>\$ 18,186</b>	<b>\$ 837,662</b>	<b>\$ 30,146</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (16,072)</b>	<b>\$ (30,057)</b>	<b>\$ (13,985)</b>	<b>\$ 28,011</b>	<b>\$ 44,083</b>
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-



## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b> (in whole dollars)			
	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	60.0	61.0	1.0
Direct Expenses	\$ 9,698,042	\$ 9,761,102	\$ 63,060
Indirect Expenses	\$ 5,329,085	\$ 5,767,210	\$ 438,125
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (60,654)	\$ 30,362	\$ 91,016
Total Funding Requirement	\$ 14,966,473	\$ 15,558,674	\$ 592,201

### Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CMEP) is implemented by Reliability and Security Oversight and Enforcement staff, who are independent of all users, owners, and operators of the BPS.

To accomplish its objectives, staff is divided into five main areas:

- 1) Organization Registration;
- 2) Risk Assessment and Mitigation;
- 3) Compliance Monitoring;
- 4) Enforcement; and
- 5) Oversight Analysis and Program Services.

WECC will continue to conduct its monitoring and enforcement activities in accordance with the Board-endorsed Regulatory Philosophy, the key tenets of which are: be an informed regulator, identify top risks to reliability, exercise discretion responsibly, and enforce fairly. Staff monitors and enforces the FERC-approved NERC Reliability Standards across 377<sup>4</sup> registered owners, operators, and users of the BPS through a variety of risk-based activities. Staff will dedicate, assess, and deploy required resources in support of the ERO Enterprise-level initiatives, which include the following activities:

- Regional Reliability Risk Assessments;

<sup>4</sup> As of June 19, 2019.



- Inherent Risk Assessments (IRA);
- Internal Controls Evaluations (ICE);
- Organization Registration;
- Mitigation plan reviews, acceptance, approvals, and verification;
- Reviews of self-logged minimal risk issues;
- Processing and assessing self-reports and self-certification requests;
- Review and validation of periodic data submittals;
- Internal compliance program assessments;
- Monitoring activities, such as compliance audits, spot-checks, investigations and assessments of complaints;
- Creation of compliance oversight plans along with schedules to align monitoring activities based on potential risk;
- Bulk Electric System (BES) Exception request activities; and
- Enforcement activities in accordance with established risk-based approaches.

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

### **Compliance in Alberta, British Columbia, and Mexico**

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

### **2020 Key Assumptions**

The CMEP incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- WECC promotes a culture of compliance that addresses reliability risks by monitoring the FERC-approved NERC Reliability Standards for applicable entities through audits and/or spot-checks. WECC applies a risk-based approach that covers and ensures all audit, on-site/off-site, and post-audit activities are completed in accordance with the



NERC Rules of Procedure and the CMEP within the United States. With respect to non-U.S. jurisdictions, WECC monitors compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.

- WECC will develop and implement compliance oversight plans for registered entities. The plans will focus on relevant risks, including consideration of inherent risk assessments, entity performance history, and the effectiveness of internal controls.
- WECC will continue work in consultation with the international compliance enforcement authorities to determine which elements of the risk-based CMEP should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or ICEs for international entities.
- WECC will allocate resources and provide continued support for the implementation of cybersecurity Reliability Standards for CIP v5 low-impact training, coordination, and facilitation of ERO Enterprise efforts and initiatives.
- Resource allocation will continue for activities associated with registration. WECC plans to participate in four NERC-led, centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. WECC will continue to review, assess, validate, and submit registration recommendations to NERC for new registrations, partial deactivations, transfer of access, and full deregistration changes impacting the NERC Compliance Registry (NCR).
- WECC will fully support ERO Enterprise efforts and activities to evaluate ERO business practices, consistency, implementation, and guidance within the risk-based CMEP. WECC will provide feedback to the ERO Enterprise regarding existing risks, with an emphasis on standards development, standards modification, audit and monitoring approaches, and potential gaps. WECC will work within the ERO Enterprise to develop application business requirements and allocate resources to test business functionality for application projects.
- WECC will use the results of the Regional Risk Assessment (RRA) to build areas of focus in the WECC CMEP Implementation Plan.
- WECC does not foresee any hearings in 2020. To date, WECC has never had a hearing and, therefore, does not budget for them. Any costs related to a hearing that may occur will be funded through working capital reserves.
- One FTE is transferred from Information Technology to support audit workload.



## 2020 Goals and Deliverables

- Continue to support the transition to Align by providing outreach and training to Registered Entities.
- Process and complete organization registration request reviews, validations, and recommendations to NERC in accordance with risk-based registration activities and initiatives.
- Process all BES Exception submittals.
- Participate in ERO Enterprise working groups to ensure consistency in processing registration requests in accordance with the NERC Rules of Procedure outlined in Appendix 5B (Statement of Compliance Registry Criteria).
- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. With respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.
- Complete 23 on-site audits and 10 off-site audits of registered entities for 2020. Additional compliance audits and/or spot-checks will be determined from risk-based analysis.
- Complete initial IRAs by the end of 2020 for all entities registered after June 2016.
- Gather and review risk reports and operations information to update WECC's RRA of the Western Interconnection.
- Work with registered entities within the WECC Region to promote a strong culture of reliability and security.
- Represent the Western Interconnection in the development of NERC and regional initiatives.
- Conduct industry outreach in various forums—webinars, conferences, and entity-specific engagements—in support of ERO Enterprise activities and priorities.
- Monitor and manage enforcement measures and metrics in support of the ERO Enterprise Strategic Plan, including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.
- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.



- Conduct initial violation fact and circumstance reviews, and resolve enforcement actions in a timely manner using a reliability risk-based focus. Ensure enforcement discretion is consistent with NERC directives and FERC Orders, rules, and regulations.

### **Resource Requirements/Explanation of Significant Changes**

#### *Personnel Expenses*

- Personnel Expenses increase by a net of \$445,000 primarily due to one FTE transferred from Information Technology, a budgeted three-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- Travel decreases by \$23,000 primarily due to planned reductions in travel requirements for support staff.

#### *Operating Expenses*

- Consultants & Contracts decrease by \$262,000 due to the elimination of Compliance contract labor, corresponding knowledge transfer to existing staff, and the addition of one FTE.
- Office Costs decrease by \$94,000 primarily due to the implementation of Align and the resulting reduction in webCDMS licensing fees.

#### *Fixed Assets*

- Fixed Assets increase by a net of \$91,000 primarily due to a reduction in fixed asset additions and changes in financial presentation of depreciation.

See Section B—Supplemental Financial Information for explanations of other variances between the 2019 and 2020 budgets.



## Compliance Monitoring and Enforcement and Organization Registration and Certification Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 14,264,214	\$ 14,264,214	\$ -	\$ 14,359,865	\$ 95,651
Penalty Sanctions	335,821	335,821	-	1,602,344	1,266,523
<b>Total Statutory Funding</b>	<b>\$ 14,600,035</b>	<b>\$ 14,600,035</b>	<b>\$ -</b>	<b>\$ 15,962,209</b>	<b>\$ 1,362,174</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	68,571	157,680	89,109	116,746	48,175
<b>Total Revenue (A)</b>	<b>\$ 14,668,606</b>	<b>\$ 14,757,715</b>	<b>\$ 89,109</b>	<b>\$ 16,078,955</b>	<b>\$ 1,410,349</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 6,521,216	\$ 6,683,851	\$ 162,635	\$ 6,889,592	\$ 368,376
Payroll Taxes	449,911	431,708	(18,203)	471,719	21,808
Benefits	789,012	768,962	(20,050)	783,899	(5,113)
Retirement Costs	538,748	599,403	60,655	598,756	60,008
<b>Total Personnel Expenses</b>	<b>\$ 8,298,887</b>	<b>\$ 8,483,924</b>	<b>\$ 185,037</b>	<b>\$ 8,743,966</b>	<b>\$ 445,079</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 4,910	\$ 5,326	\$ 416	\$ 1,505	\$ (3,405)
Travel	835,205	763,889	(71,316)	812,183	(23,022)
<b>Total Meeting Expenses</b>	<b>\$ 840,115</b>	<b>\$ 769,215</b>	<b>\$ (70,900)</b>	<b>\$ 813,688</b>	<b>\$ (26,427)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 261,890	\$ 84,993	\$ (176,897)	\$ -	\$ (261,890)
Office Rent	-	-	-	-	-
Office Costs	297,150	280,274	(16,876)	203,448	(93,702)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 559,040</b>	<b>\$ 365,267</b>	<b>\$ (193,773)</b>	<b>\$ 203,448</b>	<b>\$ (355,592)</b>
<b>Total Direct Expenses</b>	<b>\$ 9,698,042</b>	<b>\$ 9,618,406</b>	<b>\$ (79,636)</b>	<b>\$ 9,761,102</b>	<b>\$ 63,060</b>
<b>Indirect Expenses</b>	<b>\$ 5,329,085</b>	<b>\$ 5,546,062</b>	<b>\$ 216,977</b>	<b>\$ 5,767,210</b>	<b>\$ 438,125</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 15,027,127</b>	<b>\$ 15,164,468</b>	<b>\$ 137,341</b>	<b>\$ 15,528,312</b>	<b>\$ 501,185</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (358,521)</b>	<b>\$ (406,753)</b>	<b>\$ (48,232)</b>	<b>\$ 550,643</b>	<b>\$ 909,164</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ (60,654)</b>	<b>\$ (80,280)</b>	<b>\$ (19,626)</b>	<b>\$ 30,362</b>	<b>\$ 91,015</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 14,966,474</b>	<b>\$ 15,084,189</b>	<b>\$ 117,715</b>	<b>\$ 15,558,674</b>	<b>\$ 592,200</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (297,868)</b>	<b>\$ (297,868)</b>	<b>\$ (28,606)</b>	<b>\$ 520,281</b>	<b>\$ 818,149</b>
FTEs	60.0	62.0	2.0	61.0	1.0
HC	60.0	62.0	2.0	61.0	1.0



## Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis (in whole dollars)			
	2019 Budget	2020 Budget	Increase (Decrease)
Total FTEs	39.0	38.0	(1.0)
Direct Expenses	\$ 6,598,263	\$ 6,717,454	\$ 119,191
Indirect Expenses	\$ 3,463,906	\$ 3,592,689	\$ 128,783
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (39,425)	\$ 18,914	\$ 58,339
Total Funding Requirement	\$ 10,022,744	\$ 10,329,057	\$ 306,313

### Program Scope and Functional Description

Staff conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. In addition, staff compiles and distributes data and information used by stakeholders to aid in regional and local planning studies. These integrated assessment and planning efforts enhance WECC's overall ability to assess potential reliability risks in the Western Interconnection.

The RAPA Program is organized into three departments:

1. The *Performance Analysis Department* conducts robust analyses on the historical operation and performance of the Western Interconnection to use as building blocks to assess interconnection-wide risks and vulnerabilities. The information produced helps to identify best practices and mitigate potential risk.
2. The *Events Analysis Department* analyzes system conditions and events that impact or have the potential to impact the reliable operation of the BPS. The activities of the department ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions impacting BPS reliability.
3. The *Reliability Planning Department* develops and maintains WECC's integrated capability to study Western Interconnection reliability issues for the near- and long-term planning horizon. The group is the NERC-designated, interconnection-wide model builder under MOD-32 and is focused on developing the planning tools and data sets to support transmission planning, and performing special studies on priority





reliability issues as they are identified. The studies, performed in close collaboration with the technical committees, consider both system adequacy and system stability.

In addition to the Western Interconnection-specific work described above, the RAPA Program supports the development of NERC's RAPA activities through targeted data gathering and, as needed, participation in the Summer, Winter, Long-Term Reliability, and Special Assessments.

### **2020 Key Assumptions**

The RAPA Program incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- Staff and technical committees continue to focus on assessment activities that address the Strategic Priority areas identified by the Board in December 2016 and the Near-Term Priorities approved by the Board in June 2018.
- Building on the NERC Reliability Issues Steering Committee (RISC) Report, staff and stakeholders will continue to play a leadership role in the identification of Western Interconnection-specific reliability challenges.
- In 2019, the RAC re-envisioned its assessment process and moved toward issue-based assessments. Staff will refine the approach in 2020 and work with stakeholders and policymakers to identify key vulnerabilities.
- Meetings occurring during January 2020 may need to be hosted off-site due to Salt Lake City meeting space upgrades.
- One FTE is transferred to Legal and Regulatory due to organizational realignment.

### **2020 Goals and Deliverables**

- Continue the three-year planning cycle, in conjunction with the JGC, to align staff and technical committee work plans in support of the Board-approved strategic priorities.
- Coordinate internally with Western Interconnection stakeholders and NERC to ensure that emerging reliability challenges, such as those potentially resulting from the expansion of RC and market service providers, are identified and addressed.
- Prepare interconnection-wide power flow and stability base cases and conduct studies to address key reliability challenges facing the Western Interconnection.
- Provide technical oversight, insight, and guidance to analyze the effects of the changing resource mix and recommend any actions to minimize reliability risks or improve modeling capabilities.



- Create and model alternate plausible futures for the Western Interconnection, considering technical, economic, policy, and other drivers.
- Implement lessons learned from the 2028 Anchor Data Set (ADS) development process and complete development of the 2030 ADS.
- Facilitate dynamic model development, focusing on new technology resources, such as inverter-based resources.
- Continue to develop and maintain database(s) for production cost and other models.
- Enhance tools and capabilities used for probabilistic-based planning and analysis.
- Enhance tools to study the impact of changing load characteristics and integration of new technology resources.
- Conduct reliability assessments evaluating the adequacy and security of the BPS in the planning horizon, including supporting the NERC Long-Term Reliability Assessment and incorporated probabilistic assessment, Summer Reliability Assessment, and Winter Reliability Assessment.
- Conduct Special Reliability Assessments as needed for low-probability/high-impact events such as geomagnetic disturbances or prolonged droughts.
- Conduct Special Reliability Assessments to study the benefits and impacts of integrating new technology resources.
- Use data from actual system disturbances to validate power flow and stability base-case models.
- Publish transmission maps of the existing and planned system in the West.
- Facilitate the Project Coordination and Project Rating Review Process.
- Process BES Exception requests.
- Verify and submit NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand-Response Availability Data System (DADS), and Misoperation Information Data Analysis System (MIDAS) filings.
- Analyze trends and patterns in historical system performance, resource and load composition, and publish in reports such as the annual State of the Interconnection report.
- Assess entity performance through site visits or short surveys regarding key operational practices to identify and share best practices and potential risks to Interconnection-wide reliability.

- Evaluate historical system performance trends to identify reliability risk metrics, key indicators, and potential improvement strategies. Work with technical committees to engage in proactive reliability improvement activities.
- Enhance risk analysis capabilities through increased analysis of risk data sources such as Event Analysis reports, TADS, GADS, and protection system misoperations.
- Identify key vulnerability issues and work with stakeholders to address them (e.g., physical and cybersecurity, situation awareness and coordination across neighboring systems, human performance, and equipment misoperations or failures).
- Complete Event Analysis reports and develop lessons learned to minimize the possibility and reoccurrence of significant events.
- Educate stakeholders about Event Analysis work and specific events on the system through an Event Analysis dashboard.
- Align internal processes and tools around the Event Analysis process to ensure consistency in information and analysis.
- Develop Reliability Guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.

### **Resource Requirements/Explanation of Significant Changes**

#### *Personnel Expenses*

- Personnel Expenses increase by a net of \$149,000 primarily due to a net of one FTE transferred to Legal and Regulatory, a budgeted three-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- Meetings & Conference Calls decrease by \$50,000 primarily due to refinement of meeting attendance and costs.

#### *Operating Expenses*

- Consultants & Contracts increase by \$10,000 primarily due to impact studies of the changing resource mix. Studies will relate to the potential impacts on existing Path Ratings and/or RAS effectiveness as the resource mix in the Western Interconnection continues to evolve.



- Office Costs increase by \$10,000 primarily due to increases in computer licensing fees.

*Fixed Assets*

- Fixed Assets increase by a net of \$58,000 primarily due to a reduction in fixed asset additions and changes in financial presentation of depreciation.

See Section B—Supplemental Financial Information for explanations of other variances between the 2019 and 2020 budgets.



## Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 9,560,414	\$ 9,560,414	\$ -	\$ 9,603,551	\$ 43,137
Penalty Sanctions	218,283	218,283	-	998,182	779,899
<b>Total Statutory Funding</b>	<b>\$ 9,778,697</b>	<b>\$ 9,778,697</b>	<b>\$ -</b>	<b>\$ 10,601,733</b>	<b>\$ 823,036</b>
Membership Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	44,571	91,556	46,985	72,727	28,156
<b>Total Revenue (A)</b>	<b>\$ 9,823,268</b>	<b>\$ 9,870,253</b>	<b>\$ 46,985</b>	<b>\$ 10,674,460</b>	<b>\$ 851,192</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,278,285	\$ 3,938,155	\$ (340,130)	\$ 4,371,606	\$ 93,321
Payroll Taxes	294,608	259,301	(35,307)	299,047	4,439
Benefits	494,397	460,521	(33,876)	519,073	24,676
Retirement Costs	353,659	360,449	6,790	380,135	26,476
<b>Total Personnel Expenses</b>	<b>\$ 5,420,949</b>	<b>\$ 5,018,426</b>	<b>\$ (402,523)</b>	<b>\$ 5,569,861</b>	<b>\$ 148,912</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 128,110	\$ 30,944	\$ (97,166)	\$ 77,685	\$ (50,425)
Travel	244,640	267,232	22,592	245,010	370
<b>Total Meeting Expenses</b>	<b>\$ 372,750</b>	<b>\$ 298,176</b>	<b>\$ (74,574)</b>	<b>\$ 322,695</b>	<b>\$ (50,055)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 590,000	\$ 632,092	\$ 42,092	\$ 600,000	\$ 10,000
Office Rent	-	-	-	-	-
Office Costs	214,564	238,861	24,297	224,898	10,334
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 804,564</b>	<b>\$ 870,953</b>	<b>\$ 66,389</b>	<b>\$ 824,898</b>	<b>\$ 20,334</b>
<b>Total Direct Expenses</b>	<b>\$ 6,598,263</b>	<b>\$ 6,187,555</b>	<b>\$ (410,708)</b>	<b>\$ 6,717,454</b>	<b>\$ 119,191</b>
<b>Indirect Expenses</b>	<b>\$ 3,463,906</b>	<b>\$ 3,220,295</b>	<b>\$ (243,611)</b>	<b>\$ 3,592,689</b>	<b>\$ 128,783</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 10,062,169</b>	<b>\$ 9,407,850</b>	<b>\$ (654,319)</b>	<b>\$ 10,310,143</b>	<b>\$ 247,974</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (238,901)</b>	<b>\$ 462,403</b>	<b>\$ 701,304</b>	<b>\$ 364,317</b>	<b>\$ 603,218</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ (39,425)</b>	<b>\$ (46,614)</b>	<b>\$ (7,189)</b>	<b>\$ 18,914</b>	<b>\$ 58,339</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 10,022,744</b>	<b>\$ 9,361,236</b>	<b>\$ (661,508)</b>	<b>\$ 10,329,057</b>	<b>\$ 306,313</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (199,476)</b>	<b>\$ 509,017</b>	<b>\$ 708,493</b>	<b>\$ 345,403</b>	<b>\$ 544,879</b>
FTEs	39.0	36.0	(3.0)	38.0	(1.0)
HC	40.0	37.0	(3.0)	39.0	(1.0)

## Training and Outreach

<b>Training and Outreach</b> (in whole dollars)			
	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.0	1.5	(0.5)
Direct Expenses	\$ 762,842	\$ 651,493	\$ (111,349)
Indirect Expenses	\$ 177,636	\$ 141,817	\$ (35,819)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (2,022)	\$ 747	\$ 2,769
Total Funding Requirement	\$ 938,456	\$ 794,057	\$ (144,399)

### Program Scope and Functional Description

The Training and Outreach Program provides outreach, education, and training on the application of Reliability Standards, compliance issues, improvement of compliance programs, reliability planning and performance analysis, grid operations, and human performance.

### 2020 Key Assumptions

The Training and Outreach Program incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- Deliver two Reliability and Security Workshops to provide in-depth education and training related to:
  - Lessons learned and process improvement for implementation of risk-based concepts in the CMEP;
  - Enforcement trends and statistics; and
  - Information on audit approach for upcoming standards changes and transitions.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.

### 2020 Goals and Deliverables

- Deliver nine Compliance Open Webinars.
- Deliver three Grid Fundamentals workshops.
- Deliver one Compliance 101 workshop.
- Deliver one Human Performance conference.



- Deliver two Reliability and Security Workshops.
- Deliver educational webinars and workshops on:
  - Reliability planning tools and modeling capabilities, including base-case and common-case studies;
  - Contingency studies and analysis;
  - RAC studies;
  - Scenario planning and regulatory issues and trends; and
  - Event analysis.

### **Resource Requirements/Explanation of Significant Changes**

#### *Personnel Expenses*

- Personnel Expenses decrease by \$133,000 primarily due to a net of one FTE transferred to Human Resources, a budgeted three-percent merit pool, continued refinement of labor float percentages, changes in position levels and allocations, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- No significant changes.

#### *Operating Expenses*

- Office Costs increase by \$18,000 primarily due to anticipated increases in printing costs, meeting registration costs, and shipping fees, which are directly related to increases in anticipated attendance.

#### *Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2019 and 2020 budgets.



## Training and Outreach Program Funding Sources and Expenditures

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget

#### TRAINING AND OUTREACH

	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 481,798	\$ 481,798	\$ -	\$ 321,087	\$ (160,711)
Penalty Sanctions	11,194	11,194	-	39,402	28,208
<b>Total Statutory Funding</b>	<b>\$ 492,992</b>	<b>\$ 492,992</b>	<b>\$ -</b>	<b>\$ 360,489</b>	<b>\$ (132,503)</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	424,500	536,150	111,650	457,250	32,750
Interest	2,286	2,543	257	2,871	585
<b>Total Revenue (A)</b>	<b>\$ 919,778</b>	<b>\$ 1,031,685</b>	<b>\$ 111,907</b>	<b>\$ 820,610</b>	<b>\$ (99,168)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 254,696	\$ 160,554	\$ (94,142)	\$ 143,854	\$ (110,842)
Payroll Taxes	18,305	10,933	(7,372)	10,433	(7,872)
Benefits	29,484	20,521	(8,963)	23,842	(5,642)
Retirement Costs	21,064	13,461	(7,603)	12,515	(8,549)
<b>Total Personnel Expenses</b>	<b>\$ 323,549</b>	<b>\$ 205,469</b>	<b>\$ (118,080)</b>	<b>\$ 190,644</b>	<b>\$ (132,905)</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 409,173	\$ 543,283	\$ 134,110	\$ 405,905	\$ (3,268)
Travel	10,603	12,109	1,506	11,475	872
<b>Total Meeting Expenses</b>	<b>\$ 419,776</b>	<b>\$ 555,392</b>	<b>\$ 135,616</b>	<b>\$ 417,380</b>	<b>\$ (2,396)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ 6,160	\$ 6,160	\$ 6,160	\$ 6,160
Office Rent	-	-	-	-	-
Office Costs	19,517	33,942	14,425	37,309	17,792
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 19,517</b>	<b>\$ 40,102</b>	<b>\$ 20,585</b>	<b>\$ 43,469</b>	<b>\$ 23,952</b>
<b>Total Direct Expenses</b>	<b>\$ 762,842</b>	<b>\$ 800,963</b>	<b>\$ 38,121</b>	<b>\$ 651,493</b>	<b>\$ (111,349)</b>
<b>Indirect Expenses</b>	<b>\$ 177,636</b>	<b>\$ 89,453</b>	<b>\$ (88,183)</b>	<b>\$ 141,817</b>	<b>\$ (35,819)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 940,478</b>	<b>\$ 890,416</b>	<b>\$ (50,062)</b>	<b>\$ 793,310</b>	<b>\$ (147,168)</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (20,700)</b>	<b>\$ 141,269</b>	<b>\$ 161,969</b>	<b>\$ 27,300</b>	<b>\$ 48,000</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>					
	<b>\$ (2,022)</b>	<b>\$ (1,295)</b>	<b>\$ 727</b>	<b>\$ 747</b>	<b>\$ 2,769</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 938,456</b>	<b>\$ 889,121</b>	<b>\$ (49,335)</b>	<b>\$ 794,057</b>	<b>\$ (144,399)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (18,678)</b>	<b>\$ 142,564</b>	<b>\$ 161,242</b>	<b>\$ 26,553</b>	<b>\$ 45,231</b>
FTEs	2.0	1.0	(1.0)	1.5	(0.5)
HC	2.0	1.0	(1.0)	1.0	(1.0)





## Situation Awareness and Infrastructure Security

<b>Situation Awareness and Infrastructure Security</b> (in whole dollars)			
	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.0	1.0	-
Direct Expenses	\$ 127,569	\$ 141,597	\$ 14,028
Indirect Expenses	\$ 88,818	\$ 94,544	\$ 5,726
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,011)	\$ 498	\$ 1,509
Total Funding Requirement	\$ 215,376	\$ 236,639	\$ 21,263

### Program Scope and Functional Description

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near Real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection, with the objective of recognizing conditions and situations that could impact the reliability of the BPS. WECC has access to limited Real-time data via the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, Genscape Real-time Power Application, and the University of Tennessee Frequency Monitoring NETWORK (FNET).

This Program is part of WECC's delegation-related accountabilities to NERC and does not in any way duplicate the Real-time situation awareness and operating coordination provided by other entities within the Western Interconnection. WECC's role is to understand system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC discerns patterns and identifies trends that will help build a stronger and more resilient system. Additionally, staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. Additionally, SAIS work feeds into Event Analysis capabilities.

### 2020 Key Assumptions

The SAIS Program incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions.



WECC will:

- Continue using the SAFNR tool and Genscape Real-time Power Application to provide situation awareness capabilities.
- Support NERC and FERC's efforts for situation awareness of current system conditions.
- Work with stakeholders, government agencies, NERC, and the Electricity Information Sharing and Analysis Center (E-ISAC) to ensure appropriate event information is disseminated to industry entities in a timely manner.
- Ensure data and information sources are tracked and new agreements are in place to maintain SAIS functionality after the RC transition.
- Maximize sharing of operating and system data, within agreed parameters, and insights from Event Analysis, including near-misses, to optimize understanding of reliability issues, promote operational excellence, share best practices and lessons learned in a timely manner, and engage third-party experts to expand capabilities and resources applied to critical reliability issues.
- Collaborate with specific stakeholder groups in the development of lessons learned and recommendations from events and identified risks.

### **2020 Goals and Deliverables**

- Monitor system events, collect information, and coordinate the distribution of timely updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Participate in daily NERC SAIS calls to coordinate the communication of any critical information.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR and Genscape Real-time Power Application data to further support SAIS.
- Represent the Western Interconnection in reliability matters by participating in various NERC committees and industry forums.
- Participate, as appropriate, in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Human Performance Conference).
- Promote rapid and appropriate situation awareness information sharing to support critical infrastructure security.



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

- Personnel Expenses increase by \$14,000 primarily due to a budgeted three-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

*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 2019 and 2020 budgets.



## Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 204,350	\$ 204,350	\$ -	\$ 216,370	\$ 12,020
Penalty Sanctions	5,597	5,597	-	26,268	20,671
<b>Total Statutory Funding</b>	<b>\$ 209,947</b>	<b>\$ 209,947</b>	<b>\$ -</b>	<b>\$ 242,638</b>	<b>\$ 32,691</b>
Membership Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,143	2,543	1,400	1,914	771
<b>Total Revenue (A)</b>	<b>\$ 211,090</b>	<b>\$ 212,490</b>	<b>\$ 1,400</b>	<b>\$ 244,552</b>	<b>\$ 33,462</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 100,159	\$ 108,207	\$ 8,048	\$ 111,297	\$ 11,138
Payroll Taxes	7,516	7,063	(453)	8,344	828
Benefits	11,620	18,064	6,444	12,273	653
Retirement Costs	8,274	7,402	(872)	9,683	1,409
<b>Total Personnel Expenses</b>	<b>\$ 127,569</b>	<b>\$ 140,736</b>	<b>\$ 13,167</b>	<b>\$ 141,597</b>	<b>\$ 14,028</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	-	-	-	-	-
Travel	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 127,569</b>	<b>\$ 140,736</b>	<b>\$ 13,167</b>	<b>\$ 141,597</b>	<b>\$ 14,028</b>
<b>Indirect Expenses</b>	<b>\$ 88,818</b>	<b>\$ 89,453</b>	<b>\$ 635</b>	<b>\$ 94,544</b>	<b>\$ 5,726</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 216,387</b>	<b>\$ 230,189</b>	<b>\$ 13,802</b>	<b>\$ 236,141</b>	<b>\$ 19,754</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (5,297)</b>	<b>\$ (17,699)</b>	<b>\$ (12,402)</b>	<b>\$ 8,411</b>	<b>\$ 13,708</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ (1,011)</b>	<b>\$ (1,295)</b>	<b>\$ (284)</b>	<b>\$ 498</b>	<b>\$ 1,509</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 215,376</b>	<b>\$ 228,894</b>	<b>\$ 13,518</b>	<b>\$ 236,639</b>	<b>\$ 21,263</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (4,286)</b>	<b>\$ (16,404)</b>	<b>\$ (12,118)</b>	<b>\$ 7,913</b>	<b>\$ 12,199</b>
FTEs	1.0	1.0	-	1.0	-
HC	-	-	-	-	-



## Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2019 Budget	2020 Budget	Increase (Decrease)	FTEs 2019 Budget	FTEs 2020 Budget	Increase (Decrease)
Committee and Member Forums	\$ 11,200	\$ 77,350	\$ 66,150	-	-	-
General and Administrative	\$ 5,206,619	\$ 5,364,402	\$ 157,783	17.05	16.50	(0.55)
Legal and Regulatory	\$ 1,323,239	\$ 1,531,728	\$ 208,489	6.00	7.00	1.00
Information Technology	\$ 1,803,654	\$ 1,806,959	\$ 3,305	8.70	8.00	(0.70)
Human Resources	\$ 868,319	\$ 1,232,509	\$ 364,190	3.00	4.00	1.00
Accounting and Finance	\$ 533,568	\$ 489,212	\$ (44,356)	3.25	3.00	(0.25)
<b>Total Corporate Services*</b>	<b>\$ 9,746,599</b>	<b>\$ 10,502,160</b>	<b>\$ 755,561</b>	<b>38.00</b>	<b>38.50</b>	<b>0.50</b>

\*WECC's 2020 Corporate Services budget (expenses plus fixed assets) is \$10,502,160, of which \$570,253 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2020 statutory budget are \$9,931,907, which is a \$712,152 increase from the 2019 budget.

### Program Scope and Functional Description

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

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

These functions are necessary for the existence and operation of the organization and support the performance of statutory activities. This area provides executive leadership; communications and external affairs; and administrative support for staff, committees, and members.

### 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

The Standing Committees (OC, MIC, and RAC) and the JGC provide forums for members and other interested stakeholders to discuss and share reliability, compliance, and operating concerns.

### 2020 Key Assumptions

- The Standing Committees meet three times each year.
- In 2020, one meeting will be held off-site.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- No significant changes.

#### *Meeting Expenses*

- Meetings increase by \$66,000 due to one Standing Committee meeting being held off-site.

#### *Operating Expenses*

- No significant changes.

#### *Fixed Assets*

- No significant changes.



## General and Administrative

### Program Scope and Functional Description

The General and Administrative Program provides executive leadership; communications; and administrative support for staff, committees, and members; as well as logistics support of the Salt Lake City office and meeting facilities, and the Vancouver office. In addition, indirect costs such as Office Rent that benefit multiple functional areas are accounted for in this Program.

### 2020 Key Assumptions

- Provide the same level of meetings and meeting support for the Board of Directors and Board Committees in 2020.
- Hold the 2020 Annual Meeting in Lake Las Vegas, Henderson, Nevada.
- Compensate Directors for meeting participation in accordance with the current Board compensation structure.

### 2020 Goals and Deliverables

- Provide excellent executive leadership and strong strategic guidance for the activities undertaken by WECC and ensure that WECC supports the ERO Enterprise Long-Term Strategy and ERO Enterprise Operating Plan.
- Support and coordinate the logistics for the Board and Board Committees.
- Continue to enhance the meetings team and stakeholder services groups to drive efficiencies and effective services.
- Continue to enhance external relations and outreach programs.
- Upgrade the Salt Lake City meeting space, funded by the landlord through a negotiated tenant improvement allowance.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses decrease by \$81,000 primarily due to a budgeted three-percent merit pool, allocation changes, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- No significant changes.



*Operating Expenses*

- Consultants & Contracts decrease by a net of \$62,000 primarily due to a reduction in Director training and an increase in Board search fees.
- Office Rent increases by \$275,000 primarily due to the new lease for the Salt Lake City office.
- Office Costs decrease by \$14,000 primarily due to the completion of the WECC rebrand.
- Professional Services increase by \$53,000 due to increases in Director retainers resulting from a 2019 Board compensation study.

*Fixed Assets*

- No significant changes.





## Legal and Regulatory

### Program Scope and Functional Description

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the Legal and Regulatory Program. The Program also coordinates regulatory affairs and outreach at the federal, state, and regional level.

WECC's broad scope of activities requires 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.

### 2020 Key Assumptions

- Maintain the scope of current operations and contribute positively to ERO Enterprise activities.
- One FTE is transferred from RAPA due to organizational realignment.

### 2020 Goals and Deliverables

- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Bolster and expand regulatory affairs activities to:
  - Appropriately inform executive leadership about key national and Western policy and legislative initiatives; and
  - Increase engagement with policymakers and legislators.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses increase by \$203,000 due to one FTE transferred from RAPA, a budgeted three-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- No significant changes.



*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.



## Information Technology

### Program Scope and Functional Description

The Information Technology (IT) Program provides systems support including: servers, data, email, telephone systems, and internet and Intranet website maintenance. IT develops new technology solutions, using both staff and external service providers. IT provides resources and tools to enable the organization to meet evolving requirements to support activities and responsibilities as directed by NERC and FERC.

### 2020 Key Assumptions

The IT Program incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions.

- Use consultants as needed instead of increasing headcount.
- Achieve long-term levelized costs by obtaining subscription services for software and infrastructure when practical.
- Replace computer equipment on a four-year refresh cycle, refresh servers every five years, and replace network equipment every seven-to-10 years.
- Support the ERO Enterprise IT Strategy and continue working collaboratively to minimize duplication of effort and investments and improve operational efficiency.
- One FTE is transferred to CMEP due to efficiencies gained.

### 2020 Goals and Deliverables

- Provide data support, analysis, and communication.
- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data.
- Increase security capabilities with additional authentication controls and enhanced threat detection.
- Enhance the capabilities and security controls of mobile devices and remote workers.



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

- Personnel Expenses decrease by a net of \$33,000 due to one FTE transferred to CMEP, a budgeted three-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Consultants & Contracts increase by \$18,000 primarily due to a SharePoint upgrade for the wecc.org website.
- Office Costs increase by \$70,000 primarily due to an increase in computer licensing fees and a continued shift to subscription-based services for infrastructure and security initiatives.

*Fixed Assets*

- Fixed Assets decrease by \$55,000 primarily due to the completion of planned 2019 equipment refreshes.



## Human Resources

### Program Scope and Functional Description

The Human Resources (HR) Program is responsible for the delivery of all HR functions, including recruitment, staffing, compensation, benefits, safety, health and wellness, employee relations, performance management, succession planning, and employee training and development. HR maintains and supports employee-related systems and ensures compliance with all federal and state requirements.

### 2020 Key Assumptions

- Total headcount remains flat.
- Maintain current benefit levels and negotiate minimal premium increases.
- Minimize skills gaps through training, development, and targeted hiring practices.
- One FTE is transferred from Training and Outreach due to organizational realignment.

### 2020 Goals and Deliverables

- Increase the effectiveness of performance management processes through manager training and development.
- Conduct harassment prevention training for all employees and managers.
- Enhance the scope of succession planning and employee development and training, which are vital to maintaining a highly skilled, qualified, and diverse workforce.
- Deliver an attractive benefits package to retain current employees and attract potential employees.
- Manage benefits package costs and minimize premium increases.
- Expand recruiting efforts through college campus outreach, social media platforms, and employee referral programs.
- Offer one technical writing course.
- Provide access for all employees to the NERC Learning Management System and develop learning plans for employee training using computer-based training modules and classroom training.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses increase by \$316,000 primarily due to one FTE transferred from Training and Outreach, a budgeted three-percent merit pool, continued refinement of



labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

*Meeting Expenses*

- Travel increases by \$10,000 primarily due to anticipated increases in the numbers of out-of-state job applicants.

*Operating Expenses*

- Consultants & Contracts increase by \$35,000 primarily due to a compensation study.

*Fixed Assets*

- No significant changes.



## Finance and Accounting

### Program Scope and Functional Description

The Finance and Accounting Program provides accounting and financial analysis support. The Program is responsible for accounts payable, accounts receivable, budgeting, fixed assets management, banking, cash management, payroll, and financial reporting.

### 2020 Key Assumptions

- Implement secure and reliable cloud-based software.
- Interest rates remain flat.

### 2020 Goals and Deliverables

- Assist departments to efficiently and effectively manage resources and operate within approved budgets.
- Identify and implement efficiencies in financial processes.
- Ensure WECC has effective financial controls.
- Provide quality reporting and financial analysis to managers, the FAC, and the Board.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses decrease by \$47,000 primarily due to a budgeted three-percent merit pool, allocation changes, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

#### *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 2019 and 2020 budgets.



## Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
CORPORATE SERVICES					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Revenue (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,287,638	\$ 4,287,024	\$ (614)	\$ 4,531,681	\$ 244,043
Payroll Taxes	240,225	220,645	(19,580)	258,057	17,832
Benefits	941,023	935,802	(5,221)	998,019	56,996
Retirement Costs	354,381	378,668	24,287	393,240	38,859
<b>Total Personnel Expenses</b>	<b>\$ 5,823,267</b>	<b>\$ 5,822,139</b>	<b>\$ (1,128)</b>	<b>\$ 6,180,997</b>	<b>\$ 357,730</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 156,100	\$ 159,819	\$ 3,719	\$ 229,000	\$ 72,900
Travel	300,130	306,764	6,634	314,900	14,770
<b>Total Meeting Expenses</b>	<b>\$ 456,230</b>	<b>\$ 466,583</b>	<b>\$ 10,353</b>	<b>\$ 543,900</b>	<b>\$ 87,670</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 441,000	\$ 339,198	\$ (101,802)	\$ 432,000	\$ (9,000)
Office Rent	972,909	993,850	20,941	1,248,251	275,342
Office Costs	1,022,913	973,944	(48,969)	1,088,222	65,309
Professional Services	908,280	922,108	13,828	953,790	45,510
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,345,102</b>	<b>\$ 3,229,100</b>	<b>\$ (116,002)</b>	<b>\$ 3,722,263</b>	<b>\$ 377,161</b>
<b>Total Direct Expenses</b>	<b>\$ 9,624,599</b>	<b>\$ 9,517,822</b>	<b>\$ (106,777)</b>	<b>\$ 10,447,160</b>	<b>\$ 822,561</b>
<b>Indirect Expenses</b>	<b>\$ (9,624,599)</b>	<b>\$ (9,517,822)</b>	<b>\$ 106,777</b>	<b>\$ (10,447,160)</b>	<b>\$ (822,561)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>					
<b>TOTAL BUDGET (B+C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	40.7	38.9	(1.8)	38.5	(2.2)
HC	41.0	39.0	(2.0)	39.0	(2.0)







## Section B

---

**Supplemental Financial Information**

## Section B—Supplemental Financial Information

### Reserve Analysis

Table B-1

<b>Working Capital Reserve Analysis 2019-2020</b>	
<b>STATUTORY</b>	
<b>Beginning Working Capital Reserve (Deficit), December 31, 2018</b>	\$ 6,537,757
Plus: 2019 Funding (from Load-Serving Entities (LSE) or designees)	25,869,686
Plus: 2019 Other funding sources	805,648
Less: 2019 Projected expenses & capital expenditures	<b>(26,389,140)</b>
<b>Projected Working Capital Reserve (Deficit), December 31, 2019</b>	<b>\$ 6,823,951</b>
<b>Projected Working Capital Reserve, December 31, 2020<sup>1</sup></b>	\$ 7,752,113
Less: Projected Working Capital Reserve, December 31, 2019	<b>(6,823,951)</b>
<b>Increase(Decrease) in Assessments to Achieve Projected Working Capital Reserve</b>	<b>\$ 928,162</b>
2020 Expenses and Capital Expenditures	\$ 27,756,089
Less: Penalty Sanctions <sup>2</sup>	<b>(2,745,000)</b>
Less: Other Funding Sources	<b>(657,250)</b>
Adjustment to achieve desired Working Capital Reserve	928,162
<b>2020 WECC Assessment</b>	<b>\$ 25,282,000</b>

1 - On June 19, 2019, the WECC Board of Directors approved this reserve level.

2 - Represents collections of Penalty Sanctions from July 1, 2018 through June 30, 2019. See page 50 for full disclosure.

WECC's Board has approved a Working Capital Reserve balance equal to one-to-three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC on June 19, 2018.



## Breakdown of Statement of Activities

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

### Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or prior to June 30, 2019, will be used to offset assessments in the 2020 WECC budget.

All penalty monies received on or prior to June 30, 2019, 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 and Outreach; and
- Situation Awareness and Infrastructure Security.

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

## Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2019	
Date Received	Amount Received
7/11/2018	2,700,000
10/16/2018	45,000
<b>Total Penalties Received</b>	<u><u>2,745,000</u></u>
<b>Penalties Offset to Assessments</b>	<u><u>2,745,000</u></u>



## Supplemental Funding

**Table B-3**

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget
<b>Reliability Standards</b>					
Interest		\$ 3,429	\$ 7,630	\$ 5,742	\$ 2,313
	<b>Total</b>	\$ 3,429	\$ 7,630	\$ 5,742	\$ 2,313
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>					
Workshops & Miscellaneous		\$ -	\$ -	\$ -	\$ -
Interest		68,571	157,680	116,746	48,175
	<b>Total</b>	\$ 68,571	\$ 157,680	\$ 116,746	\$ 48,175
<b>Reliability Assessment and Performance Analysis</b>					
Interest		\$ 44,571	\$ 91,556	\$ 72,727	\$ 28,156
	<b>Total</b>	\$ 44,571	\$ 91,556	\$ 72,727	\$ 28,156
<b>Training and Outreach</b>					
Workshops & Miscellaneous		\$ 424,500	\$ 536,150	\$ 457,250	\$ 32,750
Interest		2,286	2,543	2,871	585
	<b>Total</b>	\$ 426,786	\$ 538,693	\$ 460,121	\$ 33,335
<b>Situation Awareness and Infrastructure Security</b>					
Interest		\$ 1,143	\$ 2,543	\$ 1,914	\$ 771
	<b>Total</b>	\$ 1,143	\$ 2,543	\$ 1,914	\$ 771
<b>Corporate Services</b>					
Interest		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	\$ -	\$ -	\$ -	\$ -
	<b>Total Outside Funding</b>	\$ 544,500	\$ 798,102	\$ 657,250	\$ 112,750

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

WECC anticipates its investments will earn interest of approximately \$200,000 in 2020. This revenue is allocated to the Statutory Programs based on FTEs.

#### Reliability Standards

- No significant changes.

#### Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.



**Training and Outreach**

- Workshops & Miscellaneous revenue increases by \$33,000 due to increases in anticipated attendance at outreach events.

**Situation Awareness and Infrastructure Security**

- No significant changes.

**Corporate Services**

- No significant changes.

## Personnel Expenses

**Table B-4**

Personnel Expenses	Budget 2019		Projection 2019		Budget 2020		Variance 2019 Budget v 2020 Budget		Variance %
<b>Salaries</b>									
Salaries	\$	15,865,019	\$	15,595,071	\$	16,475,075	\$	610,056	3.8%
Employment Agency Fees		-		-		-		-	
Temporary Office Services		-		881		-		-	
<b>Total Salaries</b>	\$	15,865,019	\$	15,595,952	\$	16,475,075	\$	610,056	3.8%
<b>Total Payroll Taxes</b>	\$	1,037,394	\$	955,715	\$	1,074,352	\$	36,958	3.6%
<b>Benefits</b>									
Workers Compensation	\$	14,800	\$	15,990	\$	17,985	\$	3,185	21.5%
Medical Insurance		1,826,239		1,867,474		1,969,722		143,483	7.9%
Life-LTD-STD Insurance		87,974		97,993		99,995		12,021	13.7%
Education		300,704		234,258		217,301		(83,403)	(27.7%)
Relocation		55,992		24,000		50,000		(5,992)	(10.7%)
Other		17,000		19,807		22,004		5,004	29.4%
<b>Total Benefits</b>	\$	2,302,709	\$	2,259,522	\$	2,377,007	\$	74,298	3.2%
<b>Retirement</b>									
Discretionary 401k Contribution	\$	1,311,109	\$	1,397,574	\$	1,431,482	\$	120,373	9.2%
Retirement Administration Fees		-		-		-		-	
<b>Total Retirement</b>	\$	1,311,109	\$	1,397,574	\$	1,431,482	\$	120,373	9.2%
<b>Total Personnel Costs</b>	\$	20,516,231	\$	20,208,763	\$	21,357,916	\$	841,685	4.1%
<b>FTEs</b>		143.0		141.9		143.0		0.0	0.0%
<b>Cost per FTE</b>									
Salaries	\$	110,944	\$	109,908	\$	115,210	\$	4,266	3.8%
Payroll Taxes		7,255		6,735		7,513		258	3.6%
Benefits		16,103		15,923		16,622		520	3.2%
Retirement		9,169		9,849		10,010		842	9.2%
<b>Total Cost per FTE</b>	\$	143,470	\$	142,416	\$	149,356	\$	5,886	4.1%

## Explanation of Significant Variances—2020 Budget versus 2019 Budget

### Salaries

- Salaries increase by a net of \$610,000 primarily due to a budgeted three-percent merit pool, continued refinement of labor float percentages, and changes in position levels.



**Payroll Taxes**

- Payroll Taxes increase by a net of \$37,000 primarily due to increases in salaries.

**Benefits**

- Medical Insurance increases by \$144,000 primarily due to increases in participation and increases in the cost of premiums.
- Life-LTD-STD Insurance increases by \$12,000 primarily due to increases in salaries.
- Education decreases by \$83,000 primarily due to anticipated training and development required based on existing staff skill sets.

**Retirement**

- Discretionary 401(k) Contributions increase by \$120,000 primarily due to increases in salaries and retirement plan participation.





## Meeting Expenses

**Table B-5**

Meeting & Conference Call Expense	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
Reliability Standards	\$ 260	\$ -	\$ -	\$ (260)	(100.0%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	4,910	5,326	1,505	(3,405)	(69.3%)
Reliability Assessment and Performance Analysis	128,110	30,944	77,685	(50,425)	(39.4%)
Training and Outreach	409,173	543,283	405,905	(3,268)	(0.8%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	156,100	159,819	229,000	72,900	46.7%
<b>Total Meeting Expenses</b>	<b>\$ 698,553</b>	<b>\$ 739,371</b>	<b>\$ 714,095</b>	<b>\$ 15,542</b>	<b>2.2%</b>

Travel Expense	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
Reliability Standards	\$ 18,290	\$ 19,797	\$ 18,250	\$ (40)	(0.2%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	835,205	763,889	812,183	(23,022)	(2.8%)
Reliability Assessment and Performance Analysis	244,640	267,232	245,010	370	0.2%
Training and Outreach	10,603	12,109	11,475	872	8.2%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	300,130	306,764	314,900	14,770	4.9%
<b>Total Travel Expenses</b>	<b>\$ 1,408,868</b>	<b>\$ 1,369,791</b>	<b>\$ 1,401,818</b>	<b>\$ (7,050)</b>	<b>(0.5%)</b>

## Explanation of Significant Variances—2020 Budget versus 2019 Budget

### Meeting & Conference Call Expense

- RAPA decreases by \$50,000 primarily due to refinement of meeting cost assumptions and anticipated meeting attendance.
- Corporate Services increases by \$73,000 primarily due to one Standing Committee meeting being held off-site.

### Travel Expense

- Compliance decreases by \$23,000 primarily due to planned reductions in travel requirements for support staff.
- Corporate Services increases by \$15,000 primarily due to increases in travel requirements and attendance at off-site meetings.



## Consultants and Contracts

Table B-6

Consultants	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	590,000	632,092	600,000	10,000	1.7%
Training and Outreach	-	6,160	6,160	6,160	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	441,000	339,198	432,000	(9,000)	(2.0%)
<b>Consultants Total</b>	<b>\$ 1,031,000</b>	<b>\$ 977,450</b>	<b>\$ 1,038,160</b>	<b>\$ 7,160</b>	<b>0.7%</b>

Contracts	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
<b>Contracts</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	261,890	84,993	-	(261,890)	(100.0%)
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	-	-	-	-	
<b>Contracts Total</b>	<b>\$ 261,890</b>	<b>\$ 84,993</b>	<b>\$ -</b>	<b>\$ (261,890)</b>	<b>(100.0%)</b>
<b>Total Consulting and Contracts</b>	<b>\$ 1,292,890</b>	<b>\$ 1,062,443</b>	<b>\$ 1,038,160</b>	<b>\$ (254,730)</b>	<b>(19.7%)</b>

## Explanation of Significant Variances—2020 Budget versus 2019 Budget

### Consultants

- RAPA increases by \$10,000 primarily due to impact studies of the changing resource mix. Studies will relate to the potential impacts on existing Path Ratings and/or RAS effectiveness as the resource mix in the Western Interconnection continues to evolve.

### Contracts

- Compliance decreases by \$262,000 due to the elimination of Compliance contract labor, corresponding knowledge transfer to existing staff, and the addition of one FTE.



## Office Rent

**Table B-7**

Office Rent	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
Office Rent	\$ 953,484	\$ 971,734	\$ 1,223,800	\$ 270,316	28.4%
Utilities	-	-	-	-	0.0%
Maintenance	19,425	22,115	24,451	5,026	25.9%
Security	-	-	-	-	0.0%
<b>Total Office Rent</b>	<b>\$ 972,909</b>	<b>\$ 993,849</b>	<b>\$ 1,248,251</b>	<b>\$ 275,342</b>	<b>28.3%</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Office Rent increases by \$270,000 due to the new lease for the Salt Lake City office.

## Office Costs

**Table B-8**

Office Costs	Budget 2019	Projection 2019	Budget 2020	Variance	
				2019 Budget v 2020 Budget	Variance %
Telephone	\$ 57,316	\$ 67,403	\$ 64,400	\$ 7,084	12.4%
Internet	69,252	68,030	67,660	(1,592)	(2.3%)
Office Supplies	129,751	99,221	112,143	(17,608)	(13.6%)
Computer Supplies and Maintenance	850,566	905,500	894,698	44,132	5.2%
Publications & Subscriptions	29,556	35,879	25,390	(4,166)	(14.1%)
Dues and Fees	280,438	216,267	247,720	(32,718)	(11.7%)
Postage	4,520	5,179	2,120	(2,400)	(53.1%)
Express Shipping	3,319	2,622	8,330	5,011	151.0%
Copying	23,837	27,836	27,405	3,568	15.0%
Bank Charges	57,275	53,010	58,546	1,271	2.2%
Taxes	51,849	49,438	48,900	(2,949)	(5.7%)
<b>Total Office Costs</b>	<b>\$ 1,557,679</b>	<b>\$ 1,530,385</b>	<b>\$ 1,557,312</b>	<b>\$ (367)</b>	<b>(0.0%)</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Office Supplies decrease by \$18,000 primarily due to the completion of the stakeholder recognition wall expansion and corporate collateral updates.
- Computer Supplies and Maintenance increases by a net of \$44,000 primarily due to the reduction in webCDMS fees and a continued shift to subscription-based services for infrastructure and security initiatives.
- Dues and Fees decrease by \$33,000 primarily due to the realignment of anticipated needs with historical spending.

## Professional Services

**Table B-9**

Professional Services	Budget 2019	Projection 2019	Budget 2020	Variance	
				2019 Budget v 2020 Budget	Variance %
Board Director Fees	\$ 797,500	\$ 797,500	\$ 850,500	\$ 53,000	6.6%
Outside Legal	9,000	17,527	-	(9,000)	(100.0%)
Accounting & Auditing Fees	31,700	31,189	32,250	550	1.7%
Insurance Commercial	70,080	75,893	71,040	960	1.4%
<b>Total Services</b>	<b>\$ 908,280</b>	<b>\$ 922,109</b>	<b>\$ 953,790</b>	<b>\$ 45,510</b>	<b>5.0%</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Board Director Fees increase by \$53,000 due to increases in Director retainers resulting from a 2019 Board compensation study.

## Miscellaneous Expenses

**Table B-10**

Miscellaneous Expenses	Budget 2019	Projection 2019	Budget 2020	Variance	
				2019 Budget v 2020 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	-
<b>Total Miscellaneous Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Not applicable.

## Other Non-Operating

**Table B-11**

Other Non-Operating Expenses	Budget 2019	Projection 2019	Budget 2020	Variance 2019 Budget v 2020 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Not applicable.

## Fixed Assets

**Table B-12**

Fixed Assets	Budget 2019	Projection 2019	Budget 2020	Variance	
				2019 Budget v 2020 Budget	Variance %
Computer & Software CapEx	\$ 5,000	\$ -	\$ 5,000	\$ -	0.0%
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	105,000	79,379	50,000	(55,000)	(52.4%)
Leasehold Improvements	12,000	12,000	-	(12,000)	(100.0%)
	<b>\$ 122,000</b>	<b>\$ 91,379</b>	<b>\$ 55,000</b>	<b>\$ (67,000)</b>	<b>(54.9%)</b>

### Explanation of Significant Variances—2020 Budget versus 2019 Budget

- Equipment CapEx decreases by \$55,000 primarily due to the completion of planned 2019 equipment refreshes.
- Leasehold improvements decrease by \$12,000 primarily due to the completion of the WECC rebrand.





# Section C

---

**Non-Statutory Program**

## Section C—Non-Statutory Program

<b>Western Renewable Energy Generation Information System</b> (in whole dollars)			
	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	6.0	6.0	-
Direct Expenses	\$ 1,248,601	\$ 1,261,282	\$ 12,681
Indirect Expenses	\$ 532,909	\$ 567,267	\$ 34,358
Inc(Dec) in Fixed Assets	\$ (6,065)	\$ 2,986	\$ 9,051
Total Funding Requirement	\$ 352,326	\$ 352,946	\$ 620

### 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 process included gathering stakeholder input from more than 400 participants for more than three years.

The Program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by a Stakeholder Committee consisting of representatives from members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any cross-subsidy of Section 215 dollars, a portion of WECC's overhead costs are allocated to the Program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: 1) the information system software, and 2) administrative operations. Staff coordinate with the software contractor and performs all the administrative tasks including:

- Registering account holders and generation units;
- Training users;
- Auditing generation and other data; and



- Managing the budgeting, billing, and financial reporting.

### **2020 Key Assumptions**

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. WREGIS also charges ad-hoc reporting fees.

- User fees are based on size and user type.
  - Approximately four percent of revenues are based on size.
  - Approximately 92 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 four percent of revenues are attributable to fees for specific, requested functions such as tracking e-Tags.
- Revenues vary from year to year; therefore, the Program maintains non-statutory reserves to fund operations in years when revenues are low, and to fund large, non-recurring expenditures (e.g., major software upgrades).
- Perform six account holder audits.
- Deliver two account holder training sessions.

### **2020 Goals and Key Deliverables**

- Maintain compliance with the participating states', provinces', and voluntary programs.
- Register program participants.
- Maintain program software to ensure optimum performance both in terms of efficiency and ease of use for account holders.
- Refine and improve data collection to ensure high-quality data.
- Keep abreast of possible needs to increase system functionality.

### **Resource Requirements/Explanation of Significant Changes**

#### *Funding Sources (other than ERO Assessments)*

- Membership Fees increase by \$57,000 primarily due to anticipated increases in account holders and certificate volumes.



## Section C—Non-Statutory Program

### *Personnel Expenses*

- Personnel Expenses increase by \$10,000 primarily due to a budgeted three-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

### *Meeting Expenses*

- No significant changes.

### *Operating Expenses*

- No significant changes.

### *Indirect Expenses*

- Indirect Expenses are allocated to statutory and non-statutory program areas based on FTEs.

### *Other Non-Operating Expenses*

- No significant changes.



## WREGIS Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2019 Budget & Projection, and 2020 Budget					
NON-STATUTORY					
	2019 Budget	2019 Projection	Variance 2019 Budget v 2019 Projection Over(Under)	2020 Budget	Variance 2020 Budget v 2019 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Fees	\$ 2,058,996	\$ 2,061,244	\$ 2,248	2,117,181	\$ 58,185
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	1,875	12,144	10,269	-	(1,875)
Interest	66,900	148,330	81,430	67,300	400
<b>Total Revenue (A)</b>	<b>\$ 2,127,771</b>	<b>\$ 2,221,718</b>	<b>\$ 93,947</b>	<b>\$ 2,184,481</b>	<b>\$ 56,710</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 477,082	\$ 499,398	\$ 22,316	\$ 493,849	\$ 16,767
Payroll Taxes	32,879	32,987	108	33,957	1,078
Benefits	83,974	60,306	(23,668)	72,769	(11,205)
Retirement Costs	39,420	40,107	687	42,893	3,473
<b>Total Personnel Expenses</b>	<b>\$ 633,355</b>	<b>\$ 632,798</b>	<b>\$ (557)</b>	<b>\$ 643,468</b>	<b>\$ 10,113</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 3,813	\$ 5,620	\$ 1,807	\$ 3,870	\$ 57
Travel	17,265	21,622	4,357	17,400	135
<b>Total Meeting Expenses</b>	<b>\$ 21,078</b>	<b>\$ 27,242</b>	<b>\$ 6,164</b>	<b>\$ 21,270</b>	<b>\$ 192</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	594,168	556,412	(37,756)	596,544	2,376
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 594,168</b>	<b>\$ 556,412</b>	<b>\$ (37,756)</b>	<b>\$ 596,544</b>	<b>\$ 2,376</b>
<b>Total Direct Expenses</b>	<b>\$ 1,248,601</b>	<b>\$ 1,216,452</b>	<b>\$ (32,149)</b>	<b>\$ 1,261,282</b>	<b>\$ 12,681</b>
<b>Indirect Expenses</b>	<b>\$ 532,909</b>	<b>\$ 536,716</b>	<b>\$ 3,807</b>	<b>\$ 567,267</b>	<b>\$ 34,358</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 1,781,510</b>	<b>\$ 1,753,168</b>	<b>\$ (28,342)</b>	<b>\$ 1,828,549</b>	<b>\$ 47,039</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 346,261</b>	<b>\$ 468,550</b>	<b>\$ 122,289</b>	<b>\$ 355,932</b>	<b>\$ 9,671</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>					
	<b>\$ (6,065)</b>	<b>\$ (7,769)</b>	<b>\$ (1,704)</b>	<b>\$ 2,986</b>	<b>\$ 9,051</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 1,775,445</b>	<b>\$ 1,745,399</b>	<b>\$ (30,046)</b>	<b>\$ 1,831,535</b>	<b>\$ 56,090</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ 352,326</b>	<b>\$ 476,319</b>	<b>\$ 123,993</b>	<b>\$ 352,946</b>	<b>\$ 620</b>
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 2019	Projection 2019	Direct FTEs 2020 Budget	Shared FTEs* 2020 Budget	Total FTEs 2020 Budget	Change from 2019 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
<b>Total FTEs Operational Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Administrative Programs</b>						
WREGIS	6.0	6.0	6.0	0.0	6.0	0.0
<b>Total FTEs Administrative Programs</b>	6.0	6.0	6.0	0.0	6.0	0.0
<b>Total FTEs</b>	6.0	6.0	6.0	0.0	6.0	0.0

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

## Reserve Analysis

<b>Working Capital Reserve Analysis</b>	
<b>NON-STATUTORY</b>	
<b>Beginning Working Capital Reserve (Deficit), December 31, 2018</b>	\$ 6,452,646
Plus: 2019 Funding	2,221,718
Plus: 2019 Other funding sources	
Less: 2019 Projected expenses & capital expenditures	(1,745,399)
<b>Projected Working Capital Reserve (Deficit), December 31, 2019</b>	<b>\$ 6,928,965</b>
<b>Projected Working Capital Reserve, December 31, 2020</b>	7,281,911
Less: Projected Working Capital Reserve, December 31, 2019	(6,928,965)
<b>2020 Reserve Increase (Decrease)</b>	<b>\$ 352,946</b>





## Section D

---

### Additional Financial Information



# Section D—Additional Financial Information

## 2020 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions						Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total
<b>Revenue</b>											
<b>Statutory Funding</b>											
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ 781,127	\$ 14,359,865	\$ 9,603,551	\$ 321,087	\$ 216,370	\$ -	\$ -
Penalty Sanctions	2,745,000	2,745,000	-	2,745,000	78,804	1,602,344	998,182	39,402	26,268	-	-
<b>Total Statutory Funding</b>	<b>\$ 28,027,000</b>	<b>\$ 28,027,000</b>	<b>\$ -</b>	<b>\$ 28,027,000</b>	<b>\$ 859,931</b>	<b>\$ 15,962,209</b>	<b>\$ 10,601,733</b>	<b>\$ 360,489</b>	<b>\$ 242,638</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-statutory Funding</b>											
Workshops & Miscellaneous	\$ 457,250	\$ 457,250	\$ -	\$ 457,250	\$ -	\$ -	\$ -	\$ 457,250	\$ -	\$ -	\$ -
Interest	267,300	200,000	67,300	200,000	5,742	116,746	72,727	2,871	1,914	-	67,300
<b>Total Revenue (A)</b>	<b>\$ 30,868,731</b>	<b>\$ 28,684,250</b>	<b>\$ 2,184,481</b>	<b>\$ 28,684,250</b>	<b>\$ 865,673</b>	<b>\$ 16,078,955</b>	<b>\$ 10,674,460</b>	<b>\$ 820,610</b>	<b>\$ 244,552</b>	<b>\$ -</b>	<b>\$ 2,184,481</b>
<b>Expenses</b>											
<b>Personnel Expenses</b>											
Salaries	\$ 16,968,924	\$ 16,475,075	\$ 493,849	\$ 16,475,075	\$ 427,045	\$ 6,889,592	\$ 4,371,606	\$ 143,854	\$ 111,297	\$ 4,531,681	\$ 493,849
Payroll Taxes	1,108,309	1,074,352	33,957	1,074,352	26,752	471,719	299,047	10,433	8,344	258,057	33,957
Benefits	2,449,776	2,377,007	72,769	2,377,007	39,901	783,899	519,073	23,842	12,273	998,019	72,769
Retirement Costs	1,474,375	1,431,482	42,893	1,431,482	37,153	598,756	380,135	12,515	9,683	393,240	42,893
<b>Total Personnel Expenses</b>	<b>\$ 22,001,384</b>	<b>\$ 21,357,916</b>	<b>\$ 643,468</b>	<b>\$ 21,357,916</b>	<b>\$ 530,851</b>	<b>\$ 8,743,966</b>	<b>\$ 5,569,861</b>	<b>\$ 190,644</b>	<b>\$ 141,597</b>	<b>\$ 6,180,997</b>	<b>\$ 643,468</b>
<b>Meeting Expenses</b>											
Meetings & Conference Calls	\$ 717,965	\$ 714,095	\$ 3,870	\$ 714,095	\$ -	\$ 1,505	\$ 77,685	\$ 405,905	\$ -	\$ 229,000	\$ 3,870
Travel	1,419,218	1,401,818	17,400	1,401,818	18,250	812,183	245,010	11,475	-	314,900	17,400
<b>Total Meeting Expenses</b>	<b>\$ 2,137,183</b>	<b>\$ 2,115,913</b>	<b>\$ 21,270</b>	<b>\$ 2,115,913</b>	<b>\$ 18,250</b>	<b>\$ 813,688</b>	<b>\$ 322,695</b>	<b>\$ 417,380</b>	<b>\$ -</b>	<b>\$ 543,900</b>	<b>\$ 21,270</b>
<b>Operating Expenses, excluding Depreciation</b>											
Consultants & Contracts	\$ 1,038,160	\$ 1,038,160	\$ -	\$ 1,038,160	\$ -	\$ -	\$ 600,000	\$ 6,160	\$ -	\$ 432,000	\$ -
Office Rent	1,248,251	1,248,251	-	1,248,251	-	-	-	-	-	1,248,251	-
Office Costs	2,153,856	1,557,312	596,544	1,557,312	3,435	203,448	224,898	37,309	-	1,088,222	596,544
Professional Services	953,790	953,790	-	953,790	-	-	-	-	-	953,790	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,394,057</b>	<b>\$ 4,797,513</b>	<b>\$ 596,544</b>	<b>\$ 4,797,513</b>	<b>\$ 3,435</b>	<b>\$ 203,448</b>	<b>\$ 824,898</b>	<b>\$ 43,469</b>	<b>\$ -</b>	<b>\$ 3,722,263</b>	<b>\$ 596,544</b>
<b>Total Direct Expenses</b>	<b>\$ 29,532,624</b>	<b>\$ 28,271,342</b>	<b>\$ 1,261,282</b>	<b>\$ 28,271,342</b>	<b>\$ 552,536</b>	<b>\$ 9,761,102</b>	<b>\$ 6,717,454</b>	<b>\$ 651,493</b>	<b>\$ 141,597</b>	<b>\$ 10,447,160</b>	<b>\$ 1,261,282</b>
<b>Indirect Expenses</b>	<b>\$ (1)</b>	<b>\$ (567,267)</b>	<b>\$ 567,267</b>	<b>\$ (567,267)</b>	<b>\$ 283,633</b>	<b>\$ 5,767,210</b>	<b>\$ 3,592,689</b>	<b>\$ 141,817</b>	<b>\$ 94,544</b>	<b>\$ (10,447,160)</b>	<b>\$ 567,267</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 29,532,623</b>	<b>\$ 27,704,075</b>	<b>\$ 1,828,549</b>	<b>\$ 27,704,075</b>	<b>\$ 836,169</b>	<b>\$ 15,528,312</b>	<b>\$ 10,310,143</b>	<b>\$ 793,310</b>	<b>\$ 236,141</b>	<b>\$ -</b>	<b>\$ 1,828,549</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 1,336,108</b>	<b>\$ 980,175</b>	<b>\$ 355,932</b>	<b>\$ 980,175</b>	<b>\$ 29,504</b>	<b>\$ 550,643</b>	<b>\$ 364,317</b>	<b>\$ 27,300</b>	<b>\$ 8,411</b>	<b>\$ -</b>	<b>\$ 355,932</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 55,000</b>	<b>\$ 52,014</b>	<b>\$ 2,986</b>	<b>\$ 52,014</b>	<b>\$ 1,493</b>	<b>\$ 30,362</b>	<b>\$ 18,914</b>	<b>\$ 747</b>	<b>\$ 498</b>	<b>\$ -</b>	<b>\$ 2,986</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 29,587,623</b>	<b>\$ 27,756,089</b>	<b>\$ 1,831,535</b>	<b>\$ 27,756,089</b>	<b>\$ 837,662</b>	<b>\$ 15,558,674</b>	<b>\$ 10,329,057</b>	<b>\$ 794,057</b>	<b>\$ 236,639</b>	<b>\$ -</b>	<b>\$ 1,831,535</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 1,281,108</b>	<b>\$ 928,161</b>	<b>\$ 352,946</b>	<b>\$ 928,161</b>	<b>\$ 26,011</b>	<b>\$ 520,281</b>	<b>\$ 345,403</b>	<b>\$ 26,553</b>	<b>\$ 7,913</b>	<b>\$ -</b>	<b>\$ 352,946</b>
FTEs	149.0	143.0	6.0	143.0	3.0	61.0	38.0	1.5	1.0	38.5	6.0
HC	149.0	143.0	6.0	143.0	3.0	61.0	39.0	1.0	-	39.0	6.0



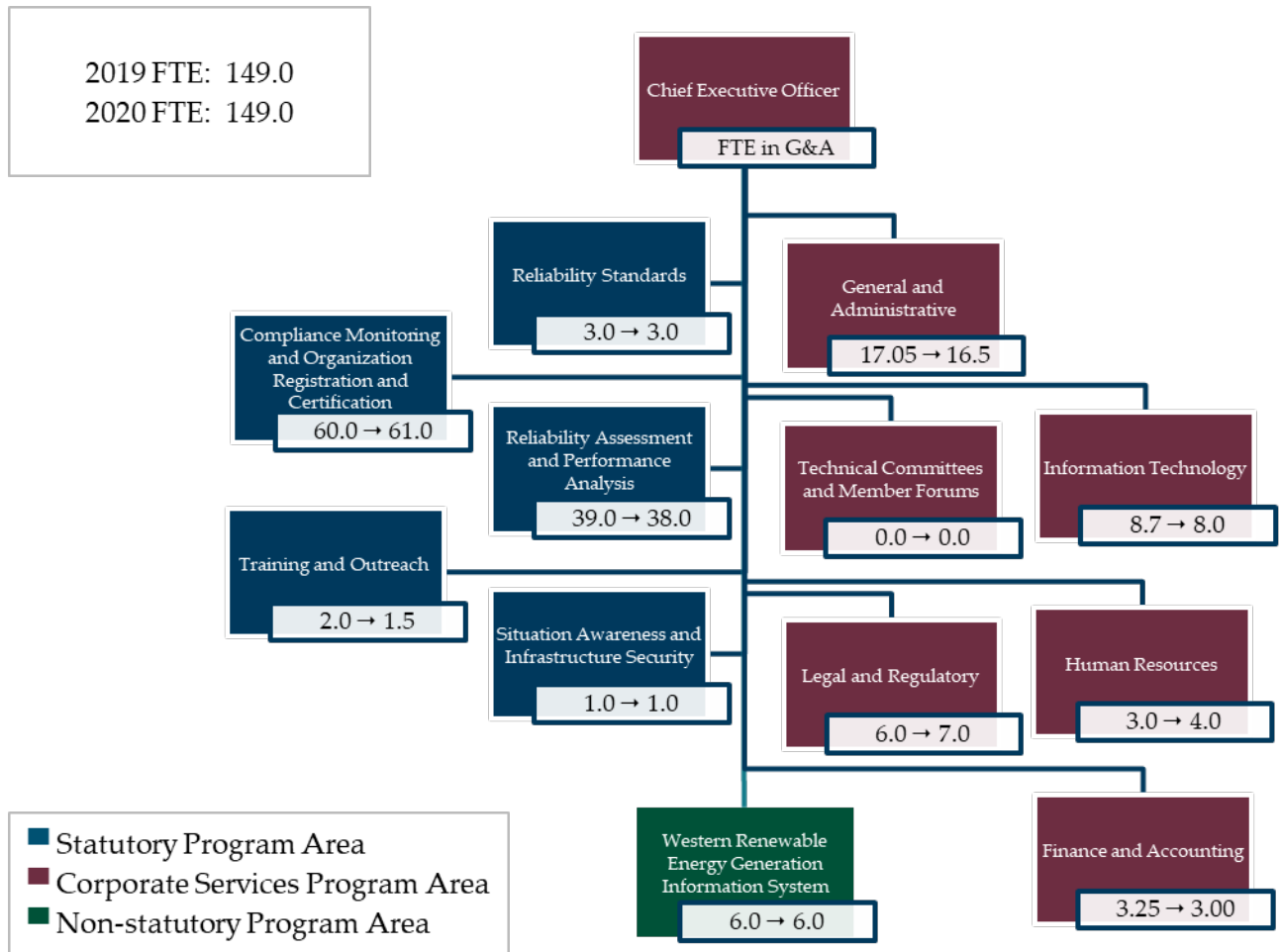
## Statement of Financial Position

<b>Statement of Financial Position</b>			
<b>2018 Audited, 2019 Projection, and 2020 Budget</b>			
<b>STATUTORY and NON-STATUTORY</b>			
	<b>(Per Audit)</b>	<b>Projected</b>	<b>Budget</b>
	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,343,247	\$ 22,344,588	\$ 22,089,588
Investments	9,698,773	8,400,000	9,681,108
Accounts receivable, net	360,735	1,250,000	1,250,000
Prepaid expenses and other assets	480,695	500,000	500,000
Property and equipment, net	368,135	496,200	551,200
Total Assets	<b>\$ 40,251,585</b>	<b>\$ 32,990,788</b>	<b>\$ 34,071,896</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable	\$ 5,133,913	\$ 1,250,000	\$ 1,250,000
Accrued expenses	2,319,155	1,750,000	1,750,000
Deferred revenue	18,518,576	15,400,000	15,400,000
Other liabilities	405,099	900,000	700,000
Total Liabilities	<b>\$ 26,376,743</b>	<b>\$ 19,300,000</b>	<b>\$ 19,100,000</b>
Unrestricted net assets	13,874,842	13,690,788	14,971,896
Total Liabilities and Net Assets	<b>\$ 40,251,585</b>	<b>\$ 32,990,788</b>	<b>\$ 34,071,896</b>



## Appendix A—Organizational Chart

### Changes in Budgeted FTE by Program Area



## Appendix B—2020 Budget & Projected 2021 and 2022 Budgets

Statement of Activities and Capital Expenditures 2019 Budget & Projected 2020 and 2021 Budgets								
	Statutory				2022 Projection	\$ Change 21 v 22	% Change 21 v 22	
	2020 Budget	2021 Projection	\$ Change 20 v 21	% Change 20 v 21				
<b>Revenue</b>								
<b>Statutory Funding</b>								
WECC Assessments	\$ 25,282,000	\$ 25,787,640	\$ 505,640	2.0%	\$ 26,303,393	\$ 515,753	2.0%	
Penalty Sanctions	2,745,000	-	(2,745,000)	(100.0%)	-	-		
<b>Total Statutory Funding</b>	<b>\$ 28,027,000</b>	<b>\$ 25,787,640</b>	<b>\$ (2,239,360)</b>	<b>(8.0%)</b>	<b>\$ 26,303,393</b>	<b>\$ 515,753</b>	<b>2.0%</b>	
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -		
Workshops & Miscellaneous	457,250	457,250	-	0.0%	457,250	-	0.0%	
Interest	200,000	200,000	-	0.0%	200,000	-	0.0%	
<b>Total Revenue (A)</b>	<b>\$ 28,684,250</b>	<b>\$ 26,444,890</b>	<b>\$ (2,239,360)</b>	<b>(7.8%)</b>	<b>\$ 26,960,643</b>	<b>\$ 515,753</b>	<b>2.0%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 16,475,075	\$ 16,969,327	\$ 494,252	3.0%	\$ 17,478,407	\$ 509,080	3.0%	
Payroll Taxes	1,074,352	1,106,583	32,231	3.0%	1,139,780	33,197	3.0%	
Benefits	2,377,007	2,495,857	118,850	5.0%	2,620,650	124,793	5.0%	
Retirement Costs	1,431,482	1,474,426	42,944	3.0%	1,518,659	44,233	3.0%	
<b>Total Personnel Expenses</b>	<b>\$ 21,357,916</b>	<b>\$ 22,046,194</b>	<b>\$ 688,278</b>	<b>3.2%</b>	<b>\$ 22,757,497</b>	<b>\$ 711,303</b>	<b>3.2%</b>	
<b>Meeting Expenses</b>								
Meetings & Conference Calls	\$ 714,095	\$ 648,095	\$ (66,000)	(9.2%)	\$ 683,095	\$ 35,000	5.4%	
Travel	1,401,818	1,401,818	-	0.0%	1,415,836	14,018	1.0%	
<b>Total Meeting Expenses</b>	<b>\$ 2,115,913</b>	<b>\$ 2,049,913</b>	<b>\$ (66,000)</b>	<b>(3.1%)</b>	<b>\$ 2,098,931</b>	<b>\$ 49,018</b>	<b>2.4%</b>	
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	\$ 1,038,160	\$ 978,160	\$ (60,000)	(5.8%)	\$ 928,160	\$ (50,000)	(5.1%)	
Office Rent	1,248,251	1,326,220	77,969	6.2%	1,326,220	-	0.0%	
Office Costs	1,557,312	1,572,885	15,573	1.0%	1,588,614	15,729	1.0%	
Professional Services	953,790	953,790	-	0.0%	1,001,480	47,690	5.0%	
Miscellaneous	-	-	-		-	-		
<b>Total Operating Expenses</b>	<b>\$ 4,797,513</b>	<b>\$ 4,831,055</b>	<b>\$ 33,542</b>	<b>0.7%</b>	<b>\$ 4,844,473</b>	<b>\$ 13,418</b>	<b>0.3%</b>	
<b>Total Direct Expenses</b>	<b>\$ 28,271,342</b>	<b>\$ 28,927,162</b>	<b>\$ 655,820</b>	<b>2.3%</b>	<b>\$ 29,700,901</b>	<b>\$ 773,739</b>	<b>2.7%</b>	
<b>Indirect Expenses</b>	<b>\$ (567,267)</b>	<b>\$ (567,267)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ (567,267)</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		
<b>Total Expenses (B)</b>	<b>\$ 27,704,075</b>	<b>\$ 28,359,895</b>	<b>\$ 655,820</b>	<b>2.4%</b>	<b>\$ 29,133,634</b>	<b>\$ 773,739</b>	<b>2.7%</b>	
<b>Change in Assets</b>	<b>\$ 980,175</b>	<b>\$ (1,915,005)</b>	<b>\$ (2,895,180)</b>	<b>(295.4%)</b>	<b>\$ (2,172,991)</b>	<b>\$ (257,987)</b>	<b>13.5%</b>	
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 52,014</b>	<b>\$ -</b>	<b>\$ (52,014)</b>	<b>(100.0%)</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 27,756,089</b>	<b>\$ 28,359,895</b>	<b>\$ 603,806</b>	<b>2.2%</b>	<b>\$ 29,133,634</b>	<b>\$ 773,739</b>	<b>2.7%</b>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 928,161</b>	<b>\$ (1,915,005)</b>	<b>\$ (2,843,166)</b>	<b>0.0%</b>	<b>\$ (2,172,991)</b>	<b>\$ (257,987)</b>	<b>13.5%</b>	
FTEs	143.0	143.0	-	0.0%	143.0	-	0.0%	
HC	143.0	143.0	-	0.0%	143.0	-	0.0%	



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

Adjustment to the AESO Assessments		
Credit for WECC Compliance Costs		
	2019	2020
	Compliance Budget AESO NEL Allocation	Compliance Budget AESO NEL Allocation
<b>WECC Compliance Costs</b>		
Direct Costs less Direct Revenue	\$ 9,629,471	\$ 9,644,356
Indirect Costs	5,329,085	5,767,210
Fixed Asset Expenditures	(60,653)	30,362
<b>Total Net Costs, including Fixed Assets</b>	<b>\$ 14,897,903</b>	<b>\$ 15,441,928</b>
<b>Net total to be allocated</b>	<b>\$ 14,897,903</b>	<b>\$ 15,441,928</b>
AESO NEL Share (2017 and 2018)	7.173%	7.359%
<b>AESO Proportional Share of Compliance Costs, including Fixed Assets</b>	<b>\$ 1,068,692</b>	<b>\$ 1,136,426</b>
% Credit (58 of 60 FTE for 2019; 57.65 of 61 FTE for 2020)	96.67%	94.51%
<b>AESO Credit for Compliance Costs</b>	<b>\$ 1,033,109</b>	<b>\$ 1,074,088</b>



## Appendix D—Statutory and Non-Statutory Budget History Charts

