

Attachment 1

Summary tables showing NERC's proposed 2012 budget; the proposed 2012 budget for statutory activities of each Regional Entity; and the 2012 U.S. ERO statutory assessments of NERC and the Regional Entities.

Attachment 1

NERC'S Proposed Budget by Program¹

NERC Program	2011 Budget for Statutory Functions	2012 Budget for Statutory Functions
Reliability Standards	\$ 7,682,752	\$ 9,156,601
Compliance Enforcement and Organization Registration and Certification	\$ 17,457,901	\$ 19,514,535
Reliability Assessment and Performance Analysis	\$ 6,292,329	\$ 6,968,860
Training, Education and Operator Certification	\$ 2,923,011	\$ 3,098,129
Situational Awareness and Infrastructure Security	\$ 14,370,473	\$ 14,374,147
Total Budget	\$ 48,726,466	\$ 53,112,272

¹Does not include the proposed provision for Working Capital reserve funding

Proposed Budget for Statutory Activities of NERC, each Regional Entity and WIRAB¹

	2011 Budget for Statutory Functions	2012 Budget for Statutory Functions
NERC	\$ 48,726,465	\$ 53,112,272
FRCC	\$ 5,588,610	\$ 6,394,454
MRO	\$ 8,130,824	\$ 9,057,228
NPCC	\$ 12,716,809	\$ 13,680,642
RFC	\$ 15,219,650	\$ 16,656,499
SERC	\$ 11,776,640	\$ 15,594,445
SPP RE	\$ 9,797,236	\$ 11,410,642
TRE ²	\$ 9,283,856	\$ 10,613,458
WECC	\$ 68,205,449	\$ 67,969,168
WIRAB	\$ 616,470	\$ 614,677
Total Budget	\$ 190,062,009	\$ 205,103,485

¹Does not include the proposed provision for Working Capital reserve funding

²The 2010 Budget for Statutory Functions for TRE is based upon their Amended 2011 Business Plans and Budgets

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Proposed Assessments for Statutory Activities of NERC and each Regional Entity

	Assessments for		Assessments for	
	Statutory Functions	Allocation to Canada	Statutory Functions	Allocation to Canada
	2011	2011	2012	2012
NERC	\$ 41,106,967	\$ 4,992,881	\$ 50,661,272	\$ 4,411,462
FRCC	\$ 4,967,060	\$ -	\$ 4,424,850	\$ -
MRO	\$ 8,260,502	\$ 1,408,166	\$ 8,349,029	\$ 1,354,565
NPCC	\$ 12,652,610	\$ 5,255,087	\$ 12,551,567	\$ 5,243,405
RFC	\$ 12,803,844	\$ -	\$ 13,534,272	\$ -
SERC	\$ 10,671,508	\$ -	\$ 14,845,275	\$ -
SPP RE	\$ 9,094,985	\$ -	\$ 9,851,647	\$ -
TRE	\$ 9,227,823	\$ -	\$ 9,503,866	\$ -
WECC ¹	\$ 38,234,892	\$ 5,078,278	\$ 37,220,341	\$ 5,211,366
Total Budget	\$ 147,020,191	\$ 16,734,412	\$ 160,942,119	\$ 16,220,798

¹ Includes assessments for WECC and WIRAB

Attachment 2

NERC's Proposed 2012 Business Plan and Budget

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2012 Business Plan and Budget

August 4, 2011

to ensure
the reliability of the
bulk power system

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About NERC

Overview

The North American Electric Reliability Corporation (NERC) is a not-for-profit entity organized under the New Jersey Nonprofit Corporation Act. NERC's mission is to improve and ensure the reliability of the bulk power system in North America. NERC's area of responsibility spans the continental United States and Canada and the northern portion of Baja California, Mexico. Entities under NERC's jurisdiction are the users, owners, and operators of the bulk power system - a system that serves the needs of over 334 million people, includes installed electricity production capacity of approximately 1,200 gigawatts, operates 211,000 miles of high voltage transmission, and is comprised of assets worth more than one trillion dollars.

The Federal Energy Regulatory Commission (FERC) certified NERC as the Electric Reliability Organization (ERO) within the United States to establish and enforce reliability standards for the U.S. portion of the bulk power system, pursuant to Section 215 of the Federal Power Act. NERC is subject to regulatory oversight by FERC.

In Canada, NERC presently has memoranda of understanding with provincial authorities in Ontario, New Brunswick, Nova Scotia, Québec, Saskatchewan, and Alberta, and with the National Energy Board of Canada. NERC standards are mandatory and enforceable in Ontario and New Brunswick as a matter of provincial law. NERC has an agreement with Manitoba Hydro, making reliability standards mandatory for that entity, and Manitoba has recently adopted legislation setting out a framework for standards to become mandatory for users, owners, and operators in the province. In addition, NERC has been designated as the "electric reliability organization" under Alberta's Transportation Regulation, and certain reliability standards have been approved in that jurisdiction; others are pending. NERC and the Northeast Power Coordinating Council (NPCC) have been recognized as standards setting bodies by the Régie de l'énergie of Québec, and Québec has the framework in place for reliability standards to become mandatory. NERC standards are now mandatory in British Columbia and Nova Scotia.

Scope of Responsibilities

As the ERO, NERC's primary responsibilities are leading the development, improvement, and adoption of reliability standards for the bulk power system in North America and the monitoring, evaluating, and enforcement of compliance with those reliability standards by the approximately 1,900 entities registered with NERC as bulk power system users, owners, and operators. Collectively, these entities perform over 4,600 bulk power system reliability functions. In addition, NERC conducts near-term and long-term assessments of the reliability and future adequacy of the North American bulk power system; certifies bulk power system operators as having and maintaining the necessary knowledge and skills to perform their reliability responsibilities; maintains situational awareness of events and conditions that may threaten the reliability of the bulk power system; coordinates efforts to improve physical and cyber security for the bulk power system of North America as it relates to reliability; and

conducts detailed analyses and investigations of system disturbances and unusual events to determine root causes, uncover lessons learned, and issue relevant findings as advisories, recommendations, and essential actions to the industry. All of these activities serve the broad public purpose of helping to improve and ensure the reliability of the bulk power system.

Membership and Governance

Membership in NERC is open to any person or entity that has an interest in the reliability of the North American bulk power system. Membership in NERC is voluntary and affords participants the opportunity to engage in the governance of the organization through election to the Member Representatives Committee. The number of entities and individuals who are members is nearly 700.

A twelve-member Board of Trustees governs NERC (11 independent directors plus the CEO serving as the management trustee). The board has formed several committees to facilitate its oversight of the organization in the areas of finance and audit, governance and human resources, compliance, standards oversight and technology, and nominations. The board also oversees NERC's technical committees of industry volunteers in the areas of operations, planning, critical infrastructure protection, standards, compliance and certification, and personnel certification.

NERC's Member Representatives Committee comprises 28 voting representatives elected from the 12 membership sectors. The Member Representatives Committee elects the independent trustees, along with the board votes on amendments to the Bylaws, and provides policy advice and recommendations to the board on behalf of stakeholders with respect to annual budgets, business plans, and other matters pertinent to the purpose and operations of the organization.

Delegated Authorities

In executing a portion of its responsibilities, NERC delegates authority to Regional Entities to perform certain functions through delegation agreements. FERC has approved delegation agreements between NERC and eight Regional Entities (Florida Reliability Coordinating Council, Midwest Reliability Organization, Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, SERC Reliability Corporation, Southwest Power Pool RE, Texas Reliability Entity, Inc. and the Western Electricity Coordinating Council). These delegation agreements describe the authority delegated to the Regional Entities in the United States to propose and enforce reliability standards within their geographic footprints. NERC expects Regional Entities whose territories extend into Canada and Mexico to perform equivalent functions in those jurisdictions. During 2010, NERC and the Regional Entities negotiated and the FERC approved amendments to these delegation agreements to improve the efficiency, transparency, quality and effectiveness of the combined NERC and Regional Entity operations. NERC and the Regional Entities will implement and maintain metrics to measure and track key elements of NERC and Regional Entity performance.

Funding

Section 215 of the Federal Power Act and FERC regulations also specify procedures for NERC's funding in the United States. NERC prepares an annual business plan and budget, which is subject to FERC approval in the United States. Once approved, assessments are allocated to load-serving entities on a net energy for load (NEL) basis. Equivalent funding mechanisms are provided in Canada subject to the specific laws and regulations of each province.

The funding requirements for each Regional Entity are addressed separately in each Regional Entity's business plan and budget, which must be reviewed and approved by NERC and FERC in the United States. Assessments for the Regional Entity budgets are included in the overall NERC assessments to load-serving entities.

Introduction and Executive Summary

	TOTAL RESOURCES (in whole dollars)			
	2012 Budget	U.S.	Canada	Mexico
Statutory FTEs	176.75			
Non-statutory FTEs				
Total FTEs	176.75			
Statutory Expenses	\$ 54,240,898			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 54,240,898			
Statutory Inc(Dec) in Fixed Assets	\$ (1,128,627)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (1,128,627)			
Statutory Working Capital Requirement	\$ (0)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ (0)			
Total Statutory Funding Requirement	\$ 53,112,272			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 53,112,272			
Statutory Funding Assessments	\$ 50,661,272			
Non-Statutory Fees				
NEL	4,531,597,185	4,013,668,072	507,354,159	10,574,954
NEL%	100.00%	88.18%	11.57%	0.25%

Goals, Priority Deliverables, and Challenges

NERC's mission is to improve and ensure the reliability of the bulk power system of North America. NERC furthers this mission by facilitating industry awareness and management of risks to reliability; developing clear, reliability-focused standards; promoting compliance excellence with its reliability standards; assessing and reporting on existing and future reliability performance; analyzing and reporting on system events to identify and share lessons learned; and providing firm but fair enforcement of mandatory reliability standards.

NERC has accomplished many things in the short time period since being designated as the ERO by FERC, as recognized in the FERC's acceptance of the three-year ERO performance assessment of NERC as the ERO, and finding that NERC, working with the Regional Entities, continues to satisfy statutory and regulatory criteria for certification and highlighting the significant progress that NERC and the Regional Entities have made in transitioning from a voluntary reliability program to mandatory and enforceable reliability standards, approved by

the Commission.¹ NERC's accomplishments were also appropriately summarized by the Edison Electric Institute in its February 17, 2011 Policy Input Comments to the NERC Board of Trustees:

“With almost five years experience as the nation’s Electric Reliability Organization, NERC should be proud of its record of achievement. Developing ‘version O’ standards catalog and a process for mandatory reliability standards, standing up a compliance and enforcement program, and seeking generally to transform the historical corporate mission and culture to fit with a federal regulatory oversight role, all are evidence of the strong commitment, dedication, and performance of the entire NERC community; NERC staff, regions, and stakeholders who support NERC and its critical mission to ensure the reliability of the best bulk power system in the world. The broad FERC endorsement of NERC performance in the three-year assessment further reflects that NERC has achieved many significant important milestones.”

NERC acknowledges and appreciates the support it has received from industry, regulatory and governmental authorities, and numerous other stakeholders. Designated as the ERO in 2006, NERC continues to evolve and mature as an organization and recognizes that there is considerable work that remains to be done in furtherance of its mission, including, but not limited to, ongoing strategy work and prioritization, improvements in business planning, processes, and execution, including the deployment of technology to effectively support business processes, as well as stakeholder communications, information sharing and support.

As part of the 2011 Business Plan and Budget process, NERC and the Regional Entities took steps to improve their long-term business planning and budgeting processes to provide a more meaningful context to properly evaluate near term resource needs. Rather than focus on the development of a common set of assumptions for just the upcoming year as was the case with the 2010 Business Plan and Budget, NERC and the Regional Entities developed assumptions that they believed would influence resource and funding requirements over a three-year planning horizon. As part of its 2011 Business Plan and Budget, NERC also presented a three-year budget forecast. This forecast reflected significant anticipated increases in resources in 2011 and 2012, followed by a leveling off of incremental resource needs in 2013.

While understandably noting their concerns with NERC's proposed 2011 budget increase, especially in light of the general state of the economy, stakeholders expressed support for the ERO goals, objectives, and resource requirements, all of which were thereafter filed with and approved by FERC and filed as necessary with other applicable governmental authorities.

NERC is now in the second year of that three-year plan and its 2012 Business Plan and Budget reflects the resources required for NERC to continue to deliver on its mission. NERC's 2012 Business Plan and Budget also reflects the ongoing efforts of NERC, as a maturing ERO, to better

¹ Order on The Electric Reliability Organization Three-Year Performance Assessment, North American Electric Reliability Corporation, Reliability Standards Development and NERC and NERC and Regional Entity Enforcement, Docket Nos. RR09-7-000 AD10-14-000, September 16, 2010 (132 FERC ¶ 61,217) at pages 1 and 2.

define program area requirements and allocate resources in order to make more meaningful and demonstrable contributions to improvements in the reliability of the bulk power systems in North America.

During the first quarter of 2011, under the leadership of NERC's president and chief executive officer, the NERC and Regional Entity executive management group devoted considerable time and effort to further improving the ERO business planning and budgeting process, including refining and updating goals, objectives, deliverables, and common multi-year business planning and budgeting assumptions, taking into account lessons learned and stakeholder feedback, as well as applicable governmental requirements and directives. NERC's Board of Trustees also participated in a strategic planning session, building on input from NERC and the Regional Entity Executive Management Group. Seven goals emerged from this strategic planning initiative including:

- Develop clear, results-based standards
- Promote a culture of industry learning and reliability excellence
- Provide effective measures of reliability risk and performance
- Facilitate effective management of critical infrastructure risks
- Ensure effective and timely compliance enforcement and mitigation
- Provide an efficient and effective ERO enterprise
- Instill a high degree of trust and confidence in the ERO

These goals were also presented to and received the general support of NERC's Member Representatives Committee, FERC Commissioners and staff attending the NERC Board and MRC meetings when they were presented, NERC's technical standing committees, and industry groups. They have also been acknowledged by and received the support of representatives of other governmental entities and representatives.

In furtherance of these strategic goals, NERC identified a number of high priority items for 2011 and 2012 including:

- Issuing new and revised standards, including the development of results-based standards, as well as working with industry, applicable governmental authorities and other stakeholders to improve the efficiency of the standards development process
- Continuing to improve enforcement efficiency and productivity, including working with regulatory authorities and stakeholders to develop and implement an improved enforcement framework which focuses both ERO and industry resources on compliance activities that are more likely to support the reliability of the North American bulk power system
- Working with stakeholders, develop a long-term strategy for the ES-ISAC and related functions
- Improving and issuing more event analysis and emerging issues reports

- Encouraging additional self-reporting
- Developing and implementing improvements to ERO processes, including the design and deployment of necessary IT infrastructure to facilitate these process improvements, including stakeholder communications, process input and collaboration
- Continuing to improve compliance information and education, including Compliance Application Notices (CANs), bulletins and case notes
- Advancing the evaluation of the reliability effects of geomagnetic disturbance (GMD)
- Improving metrics and modeling capabilities
- Working closely with industry, FERC staff, the regional entities and other stakeholders to define a long term strategy for SAFNR, including ensuring the proper protection and use of information collected through the SAFNR technology platform
- Continuing near term support of NASPI as part of a plan to eliminate further funding by NERC by the end of 2013 in light of other significant public and private sector funding initiatives and support
- Work with industry regarding a transition of the Interchange Distribution Calculator (IDC), as well as other tools that are not essential to NERC operations, to a user-supported funding mechanism in connection with NERC's termination of funding of the IDC in March of 2013.
- Improvements in training of ERO staff and stakeholders
- Improving the ability of industry to respond to incidents, vulnerabilities, and threats that have the potential to adversely affect the bulk power system reliability

NERC is also committed to continuing to work with regulatory authorities, the Regional Entities, industry and other stakeholders to identify, reduce or eliminate resource demands associated with low priority activities. NERC is also mindful of resource impacts on the Regional Entities resulting from NERC initiatives. NERC's goal is to improve the overall efficiency and effectiveness of the ERO and not create unnecessary resource burdens on Regional Entities or stakeholders.

As a maturing ERO, NERC, along with the Regional Entities and industry participants in the ERO, continue to face a number of critical challenges and demands as they work to achieve the ERO's strategic objectives:

- *Reprioritizing to focus on reliability risk and delivery of results*
- *Rising expectations in critical infrastructure*
- *Addressing regulatory mandates*, particularly with respect to improving reliability standards and reducing compliance caseload
- *Addressing improvements identified* in the three-year assessment of NERC's performance as the ERO

- *Improving business processes* in ways that are noticeable and supported by stakeholders, while also maintaining a focus on and managing a significant workload using existing support processes as new processes are developed and integrated
- *Balancing resource needs within financial constraints, and achieving efficiencies*
- *Recruiting, integrating and retaining qualified personnel*

2012 Key Assumptions

As mentioned above, NERC and the Regional Entities' Business Plans and Budgets reflect a set of common assumptions, attached as [Exhibit A](#), developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The significant assumptions underlying NERC's 2012 Business Plan include:

1. The legal framework under which NERC and the Regional Entities operate will continue;
2. There will be continued industry participation to support key program areas;
3. There will be increased workload and therefore an increased need for improved resource planning coordination between and among NERC committees, as well as between NERC management and the leadership of these committees, as well as with Regional Entities;
4. Cyber and critical asset security will continue to be a priority in the United States and Canada;
5. Continued refinement of risk-based methodologies to support more effective and efficient compliance monitoring will mitigate compliance resource needs;
6. The frequency of compliance audits will transition to be more reflective of a registered entity's reliability risk profile;
7. Current trends in the number of new alleged standards violations each month will continue, e.g., violations of Order 693 standards gradually trending downward and violations of cyber security standards continuing to increase;
8. A uniform Bulk Electric System (BES) definition will be implemented in 2012;
9. Registration challenges will not increase significantly;
10. The Generator Availability Data System will become mandatory before or during 2012 and the and Spare Equipment Database will become operational in 2012; and
11. The number of events requiring review and analysis will increase as a result of the implementation of NERC's new event analysis procedure, which will require NERC review and feedback as necessary notwithstanding the new procedure's goal of increasing registered entity self analysis.

2012 Key Deliverables

Consistent with the list of high priority items emerging from its strategic planning initiative, the following is the list of significant deliverables, which NERC is targeting for 2012:

Reliability Standards

- Complete and obtain board approval of a report on the adequate level of reliability of the bulk power system
- Increase the number of new, substantively revised or retired standards, including those developed through the use of expedited processes
- Further reduce the backlog of standards-related directives
- Working with applicable NERC committees, develop a plan and procedures for piloting a compliance trial period applicable to new standards
- Provide supplemental reference guides and supporting compliance information to guide implementation of new and revised standards
- Make recommendations for additional program area improvements based on findings in annual risk assessment report
- Ensure the standards work plan reflects review of reliability priorities
- Continue to improve the quality and clarity of standards drafting in an effort to reduce ambiguities and associated ERO and stakeholder resource demands associated with the application and enforcement of standards

Compliance

- Continue to follow through on initiatives commenced during 2011 to implement ongoing improvements in the compliance enforcement framework to refocus both ERO and industry resources on compliance activities that are directly tied to ensuring reliability
- Risk-based prioritization and methods for focusing compliance monitoring on critical standards and at-risk entities are fully adopted
- Ongoing reductions in duration of active caseload
- Reduction in the time period required to verify closure of mitigation plans
- Improved organization registration procedures

Event Analysis

- Increased number of self-assessments by registered entities, together with increased percentage acceptance of initial submittals by NERC
- Closeout and finalization of review of all events from 2009 and 2010
- Increased issuance of alerts, as well as better systems and processes to issue and track alerts

Reliability Assessments

- Assessment of the reliability affects of Geomagnetic Disturbance (GMD) using the GMD scenario outlined in the Electricity Sub-Sector Coordinating Council (ESCC) Critical Infrastructure Protection Strategic Roadmap and the related technical committees' Critical Infrastructure Protection Strategic Initiatives Coordinated Action Plan
- Improved reliability data management, modeling, and programming capabilities

Situation Awareness

- Improve ES-ISAC capabilities, including the development of a secure portal for communication of sensitive information with industry and governmental authorities
- Work with industry, FERC staff and the Regional Entities to develop a long term strategy for SAFNR, including but not limited to addressing industry concerns regarding the use of SAFNR information

Critical Infrastructure Protection

- Support CIP Standards Development
- Support ESCC Coordinated Action Plan
- Deploy ES-ISAC portal to facilitate information sharing/collaboration; develop long term strategy for ES-ISAC
- Support security training, exercises and outreach

Training and Education

- Deliver additional staff and standards drafting teams training on development of results-based standards
- Through engagement of standing committees' expertise, issuance of white papers to assist in developing the technical basis for reliability standards
- More robust training opportunities through improved NERC website functionality, webinars, and workshops
- Increased issuance of lessons learned
- Increased training of ERO staff on event forensics and root cause analysis
- Additional internal and stakeholder Critical Infrastructure Protection training

Information Technology

- Deployment of ERO information systems and related technologies which are responsive to ERO business requirements, regional entity, and stakeholder needs
- Significantly improve NERC's website; work on which has already been initiated, with the expectation of NERC's new website being rolled out in the first quarter of 2012

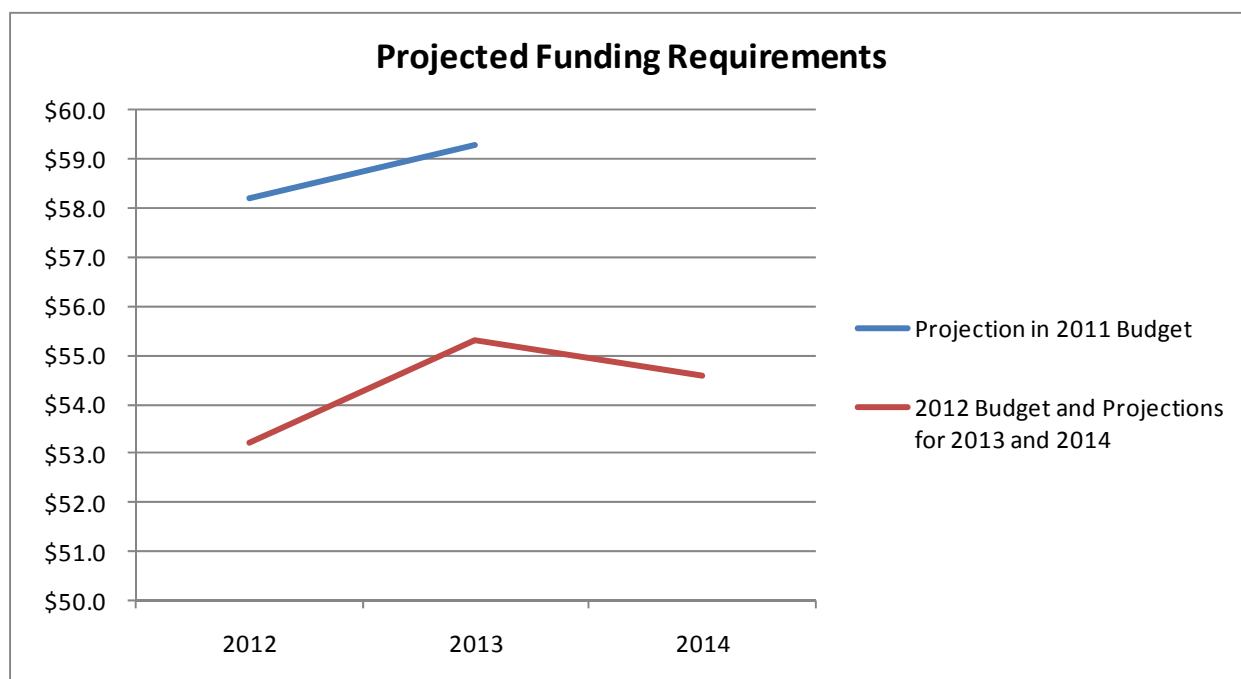
Overview of Funding Requirements

The following sections of the 2012 Business Plan and Budget describe in detail the resources needed in 2012 for NERC to continue to carry out its obligations and address the many challenges it faces as the ERO. The 2012 funding requirements reflect the costs of ongoing operations, including those resulting from 2011 personnel additions and infrastructure investments. Incremental funding requirements in 2012 are primarily driven by resources required to strengthen standards development capabilities, increase compliance processing efficiency, and fund investments in technology to facilitate improved business processes. The 2012 funding requirements for these items are partially offset by savings realized from the completion, elimination, or reduction in the scope of various other program area initiatives.

Overall, NERC is projecting an increase in total operating expenses and capital expenditures of approximately \$4.4M, or approximately 9 percent, over 2011. This compares to an increase of approximately \$10.3 M or an increase of 26.7 percent in 2011 operating expenses and capital expenditures compared to 2010. Total 2012 projected operating expenses and capital expenditures are also approximately \$4.5M or 7.9 percent below the 2012 projection contained in NERC's 2011 Business Plan and Budget. Since NERC is not projecting any further additions to working capital in 2012, total 2012 funding requirements are projected to decrease approximately \$614k, or 1.1 percent, over 2011, which included a provision for additional working capital funding.

NERC management has also developed preliminary budget projections for 2013 and 2014. Management believes that the proposed 2012 funding requirements, together with proposed Regional Entity resources and ongoing improvements in the efficiency of overall ERO operations should permit NERC to hold its 2013 and 2014 funding requirements in the range of \$55.3M and \$54.6M, respectively. These amounts reflect a continuing trend towards lower funding increases. For purposes of these projections, 2013 and 2014 staffing levels have been kept even with 2012 projected staffing levels due to the uncertainty associated with future program area staffing needs at this time. The 2013 and 2014 contractor and consulting budget forecast was held level with 2012, with the exception of an increase of approximately \$150k under the Reliability Assessment Program Area for additional modeling support using outside experts which was deferred until 2013, the reduction in IDC expenses associated with the termination of that contract in 2013, the elimination of further NASPI funding at the end of December 2012 and the addition of \$500k as a place holder for funding of IT software and infrastructure to support process improvement initiatives. NERC will continue to refine these projections as 2011 and 2012 resource additions are integrated into current operations and the results of the various ERO efficiency initiatives undertaken by and between NERC and the Regional Entities become available. While there are many factors that can affect resources requirements in 2013 and 2014, NERC management believes these projections are reasonable in light of known factors affecting company resource requirements. Management will continue to review these assumptions in the context of the preparation of its 2013 Business Plan and Budget and long-term financial forecasts.

The following graph compares NERC proposed 2012 and projected 2013 and 2014 funding requirements compared to three-year projection contained in NERC's 2011 Business Plan and Budget. The projected increase decrease in the 2014 budget compared to 2013 is primarily driven by the termination of funding of the IDC contract and NASPI.



Background

Building on the 2011 business planning initiatives and taking into account feedback from stakeholders, the first step NERC took in preparing its 2012 budget was to undertake a comprehensive review of existing resource allocation to ensure alignment with the ERO's strategic goals and objectives. Departmental staffing, consulting, and contractor costs were also thoroughly reviewed, as were travel and meeting expenses and other operating costs. During 2011, NERC management also implemented a new employee performance management program to better align individual and departmental performance with corporate goals and objectives. This process, which has now been institutionalized, also provided and will continue to provide an opportunity to better evaluate and address weaknesses within existing resource capabilities. NERC's 2012 Business Plan and Budget also reflects consideration of stakeholder comments over the course of preparing, posting and presenting various drafts.

Cost of Current Operations

After completing its comprehensive review of existing staffing, management reviewed the costs associated with existing operations, including opportunities to reduce contractor, consulting and other operating expenses. Similar to the budget presentation format used in 2011, the costs associated with NERC's existing operations are referred to as NERC's "base operating budget". The base operating budget excludes funding requirements for working capital

reserves.² The 2011 base operating budget is approximately \$48.7M. The projected 2012 base operating budget is approximately \$48.9M, representing a projected increase of approximately \$190.5k or 0.4 percent. This compares to a base operating cost increase of approximately 6.1 percent in 2011 compared to 2010.

The 2012 increase in base operating costs includes an increase of approximately \$1.4M in personnel costs (wages, payroll taxes, health care, and other benefits), which is primarily driven by the increased level of staffing from the prior budget period and compares to an increase of approximately \$3.4M in 2011. The increase in personnel costs was offset by a reduction of approximately \$1.7M in existing consulting and contractor costs as a result of completion or elimination of various projects, as well as the assumption of greater workload by NERC staff. Meeting and travel costs are projected to remain relatively flat in 2012, with some increase in the projected use and associated cost of teleconferencing and web-based meetings, which helps hold down travel related expenses. Spending for capitalized computers, software, equipment, and furniture is projected to decrease as a result of the completion of various infrastructure projects.

The 2012 base operating budget reflects increased rent expense due to the leasing of office space needed to accommodate existing and future staffing needs, as well as short-term costs associated with existing leases as NERC transitions to its new headquarters in Atlanta and a new location in Washington, D.C. given space limitations at its current Washington, D.C. location. The relocation of NERC's headquarters to Atlanta and the expansion of its Washington, D.C. office is part of a comprehensive office relocation strategy adopted in 2010 to improve the long-term efficiency and cost effectiveness of overall ERO operations. This strategy remains on track.

The breakdown of the projected increase in base operating costs is summarized in the following chart.

² At this time and as further described herein, based on its preliminary year-end forecast, NERC is not anticipating increasing funding for working capital reserves in 2012. This assumption will be subject to ongoing review during the budget finalization process as NERC further updates its year-end working capital forecast.

2011 Base Operating Budget		2012 projected change in base operating budget
\$ 21,095,939	Salaries	\$ 1,471,167
1,285,299	Payroll Taxes	101,789
3,263,692	Benefits	(337,000)
2,977,801	Retirement	193,403
\$ 28,622,731	Total Personnel Expense	\$ 1,429,359
\$ 861,500	Meetings	\$ (125,500)
2,635,536	Travel	-
227,800	Conference Calls	121,110
\$ 3,724,836	Total Meeting Expense	\$ (4,390)
\$ 7,137,042	Consultants and Contracts	\$ (1,714,042)
300,094	NERCnet Contract	-
1,901,580	IDC Contract	(282,360)
\$ 9,338,716	Contracts and Consultants	\$ (1,996,402)
\$ 1,020,151	Office Rent	\$ 1,284,106
2,420,176	Office Costs	382,418
1,959,854	Professional Services	45,146
4,000	Miscellaneous	22,200
\$ 5,404,182	Operating Expenses	\$ 1,733,870
\$ 750,000	Non-Operating Expenses	(750,000)
\$ 845,200	Computer & Software CapEx	\$ (181,110)
40,800	Network Equipment	(40,800)
	Furniture & Fixtures	
\$ 886,000	Capital Expenditures	\$ (221,910)
\$ 48,726,465	Total Base Operating Budget	\$ 190,527

Proposed 2012 Resource Additions and Projected Budget Impacts

After taking into account projected 2011 year-end staffing resources, management prepared a projection of 2012 resource needs, which includes proposed personnel additions, as well as additional consultant and contract needs to support key initiatives. These projections are summarized in the table below, followed by a discussion of resource needs by program area. The cumulative effect of the increase in the cost of current operations, together with proposed

incremental 2012 resource additions, is presented in a table following the discussion of the proposed 2012 resource additions and budget impacts.

Projected 2012 Base Operating Budget		Projected increase in staffing and programs
\$ 22,567,106	Salaries	\$ 2,233,729
1,387,088	Payroll Taxes	137,846
2,926,692	Benefits	263,616
3,171,204	Retirement	318,532
\$ 30,052,090	Total Personnel Expense	\$ 2,953,723
\$ 736,000	Meetings	\$ -
2,635,536	Travel	152,334
348,910	Conference Calls	-
\$ 3,720,446	Total Meeting Expense	\$ 152,334
\$ 5,423,000	Consultants and Contracts	\$ 945,000
300,094	NERCnet Contract	
1,619,220	IDC Contract	
\$ 7,342,314	Contracts and Consultants	\$ 945,000
\$ 2,304,257	Office Rent	\$ -
2,802,594	Office Costs	36,225
2,005,000	Professional Services	
26,200	Miscellaneous	
\$ 7,138,052	Operating Expenses	\$ 36,225
\$ -	Non-Operating Expenses	
\$ 664,090	Computer & Software CapEx	\$ 108,000
-	Network Equipment	
-	Furniture & Fixtures	
\$ 664,090	Capital Expenditures	\$ 108,000
\$ 48,916,992	Total Base Operating Budget	\$ 4,195,280

The following is a summary of additional resource needs and incremental 2012 funding requirements by Program area:

- **Standards** — The 4.84 FTE increase for this program area takes into account the addition of staff in 2011 and phasing in of new personnel. These personnel are necessary to support the standards development process, including timely production of high quality results-based standards addressing high priority issues. Existing resources are insufficient to support forecasted workload needs. The need to implement improvements in and provide additional resource support to the standards development process has been consistently recognized in numerous industry, committee, stakeholder and governmental forums, including the Three-Year ERO Performance Assessment. These additional resources will support the training and technical writing capabilities of drafting teams, as well as greater stakeholder and regulatory outreach and coordination. The increase in personnel costs in the Standards Program Area will be partially offset by a reduction of over \$300k in consulting costs compared to the 2011 budget. The total increase in funding requirements to support the Standards Program area is approximately \$1.5M or approximately 19.2 percent over the 2011 program area budget.
- **Compliance Operations, Events Analysis, and Enforcement**— The 8.6 FTE increase for these departments in 2012 compared to 2011 reflects personnel additions in 2011, as well as proposed personnel additions in 2012. Two FTEs were added to the Compliance Operations department in 2011 and one FTE will be transferred in 2012. One new person (0.5 FTEs due to timing of hiring) will also be added in 2012 to support Event Analysis and Investigations and three new personnel will be added to the Enforcement area in 2012. The remaining 2.1 FTE additions reflect updated allocations of personnel supporting Compliance Operations and other departments under the oversight of NERC’s Chief Reliability Officer and the impact of the phasing of new hires in 2011.

Additional Compliance Operations resources are required to support audit oversight activities. The risk based monitoring initiatives the Compliance Operations group is implementing should pave the way for future reductions in the number of violations which must be processed by the Enforcement group, thereby easing resource demands in that group in future budget years. The personnel addition to the Events Analysis and Investigations Group is required to support events analysis and increased dissemination of information to further assist industry in implementing reliability improvements and mitigating compliance violation risks. Projected enforcement staffing needs take into account the primary enforcement role of the Regional Entities, as well as the significant role NERC plays in the CMEP process. These projections are also based on a detailed analysis of violations processing time taking into account historic data and assumed increased efficiency. Output of this group has increased 47 percent in the first half of 2011 over the average output in 2010. Despite the increase in output, the caseload has increased from approximately 2,400 to almost 3,900 active violations. NERC is committed to working with stakeholders to address the many factors contributing to

these increases, including, as outlined in the common business plan and budget assumptions,

- The implementation of risk based methodologies to more effectively and efficiently support compliance monitoring activities
- Changes to the rule of procedure to enhance the efficiency of compliance operations and enforcement
- NERC and the Regional Entities continuing to develop and implement streamlined mechanisms to expedite the disposition of minor, administrative violations and look to gain more discretion to handle minor violations before they enter the enforcement process to better focus existing resources on significant violations

Consulting and Contractor costs for this program area are projected to decrease by \$315k compared to the 2011 budget due to the elimination of projected nuclear CIP audit workload as a result of the NRC's assumption of responsibility for these audits and the elimination of funding for the development of an event analysis tool. Ongoing development costs for the Compliance Reporting Analysis and Tracking System ("CRATS") to support compliance efforts, as well as the Compliance Information Tracking System ("CITS") and portal applications were reallocated to the IT department and have been reduced in 2012 by \$55k. As part of its ERO Enterprise IT strategy which is being developed as part of NERC's overall process improvement initiative, NERC expects to leverage these investments and achieve further efficiencies in the planning, development, operation and maintenance of these systems within the context of a more integrated enterprise wide IT platform, the development and implementation of which is being led by NERC's IT department. The total increased funding requirements to support the Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area is approximately \$2.1M or 11.8 percent increase over the 2011 program area budget.

- **Reliability Assessment and Performance Analysis (RAPA)** — The projected 2.75 FTE increase reflects the addition of personnel to this program area in 2011, as well as the phasing in of new hires in 2012. The increase in personnel is partially offset by a decrease of \$162k (14.0 percent) in spending on contractors and consultants that support program area workload driven primarily by NERC standing committee initiatives and responses to the Three-year Assessment, including assessments of the reliability effects of GMD, gas/electricity interdependencies, and improved database development and modeling capabilities. In addition, one of the personnel additions represents the transfer of an FTE who supports the NERC Planning Committee from the Situation Awareness and Infrastructure Security Program area given the close alignment between many RAPA and Planning Committee activities. The total increased funding requirement to support the RAPA Program area is approximately \$676.5k or 10.7 percent over the 2011 program area budget.
- **Training, Education, and Operator Certification Program**— The addition of one person (0.5 FTE based upon timing of hiring) is to support ongoing training programs. The

proposed enhancement of a number of training programs and initiatives will also result in an increased funding requirement of approximately \$175k or an increase of approximately 6 percent over the 2011 program area budget. This program is primarily funded through user and program fees, although the incremental funding proposed for 2012 is primarily for outside assistance to expedite the development of training modules in an effort to be responsive to needs identified in the Three-year Assessment and by stakeholders, as well as the need to expedite the development of training modules for use by ERO staff and industry.

- **Situation Awareness and Infrastructure Security (SAIS)** — The SAIS program area includes both Situation Awareness and CIP resources, with CIP representing approximately 51.6 percent of the total combined funding requirements for both departments. The SAIS program area budget is broken down into these two departments to more accurately track funding associated with CIP initiatives separate and apart from other program activities given the increased resources being devoted to CIP over the past two budget cycles. As further described on page 59, CIP department resource also include ES-ISAC funding since the ES-ISAC was established under the Rules of Procedure as part of the ERO's responsibilities to coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America. ES-ISAC funding requirements represents approximately 8.1 percent of overall CIP funding requirements and less than 4.2 percent of overall SAIS Program (combined Situation Awareness and CIP departments) funding requirements.

Proposed 2012 personnel additions in the CIP area are offset by other Situation Awareness Department personnel reductions and transfers, resulting in a net .67 FTE reduction in 2012 for this program area. The increase in funding associated with this program area is significantly less than the increase in 2011 funding requirements over 2010 and is driven primarily by funding associated with improving ES-ISAC communications capabilities, including the ability to securely communicate and exchange data with governmental authorities and stakeholders. ES-ISAC operations are supported by personnel from both the Situation Awareness and CIP departments.

Two additional personnel are proposed to be added to the CIP area to support increases in CIP standard, incident analysis and reporting requirements, among other department workload. These two personnel additions are offset by reductions and transfers of other personnel in the Situation Awareness department during 2012, resulting in the previously described net reduction of .67 FTEs for this program area in 2012.

Situation Awareness department funding is projected to decrease by approximately \$1.1M, down 14.0 percent from 2011 funding requirements, while CIP department funding is projected to increase by approximately \$1.1M, up 18.2 percent from 2011 funding, primarily driven by investments in ES-ISAC capabilities. The total SAIS funding remains flat with a slight increase of approximately \$3.7k.

- **Administrative Services** — The increase in 2012 projected Administrative resource needs and associated funding requirements is primarily driven by the addition of attorneys to support the standards development and compliance workload, additional

personnel, software and systems to support IT initiatives and the transfer of funding for regional audits and the addition of 1 FTE to establish and support an ERO enterprise risk management function. Two attorneys were added in 2011 and two additional attorneys and an administrative assistant are included in the 2012 budget to address increased standards and compliance workload. The addition of two personnel to NERC's IT group in 2012 is primarily related to required infrastructure and personnel support driven by personnel levels and information processing needs, as well as project management to support various program areas' initiatives, such as SAFNR and compliance information systems, among others. To minimize the risk of potential downtime due to the loss of power or telecommunications connectivity, NERC previously decided to relocate its servers and switch equipment to a third-party data center equipped with backup power supply and appropriately scaled fire prevention systems. This relocation was accelerated to 2011 as part of NERC's office relocation strategy. The investment made in 2011 is expected to significantly improve the security of NERC's IT infrastructure, as well as lower ongoing communications costs. The total increase in 2012 funding for the Administrative area reflects transfers of funding from other departments of approximately \$947.0k, including transfers of funding of approximately \$522.0k for IT projects to the IT department to facilitate improved management, integration and deployment of IT resources in support of all program areas.

- **Working Capital Reserves** — In its 2010 budget, in order to mitigate the overall funding increase over 2009, NERC only provided sufficient funding for working capital reserve to restore its cash working capital reserve to zero at December 31, 2010. In 2011, NERC believed it was prudent to reestablish this reserve in light of the growth in the size of the organization, its cash flow requirements and the potential for unanticipated short-term resource needs driven by potential governmental directives, industry needs or litigation that could potentially arise in connection with enforcement actions. NERC's 2011 budget included \$5M in working capital reserve funding, a significant portion of which was required to strengthen NERC's balance sheet due to the impact of accrual accounting adjustments on its 2009 year-end working capital balance. NERC is currently projecting it will have a 2011 year-end working capital balance of approximately \$1.8M. In addition, while under generally accepted accounting principles NERC is required to reflect the amortization of the leasehold for Atlanta, actual rent expense is abated for a significant portion of 2012 thereby enhancing NERC's free cash flow. In addition, NERC still has in place a \$4M line of credit. Based on these three factors, NERC is not at this time expecting to request additional funding in 2012 to restore or further increase working capital.

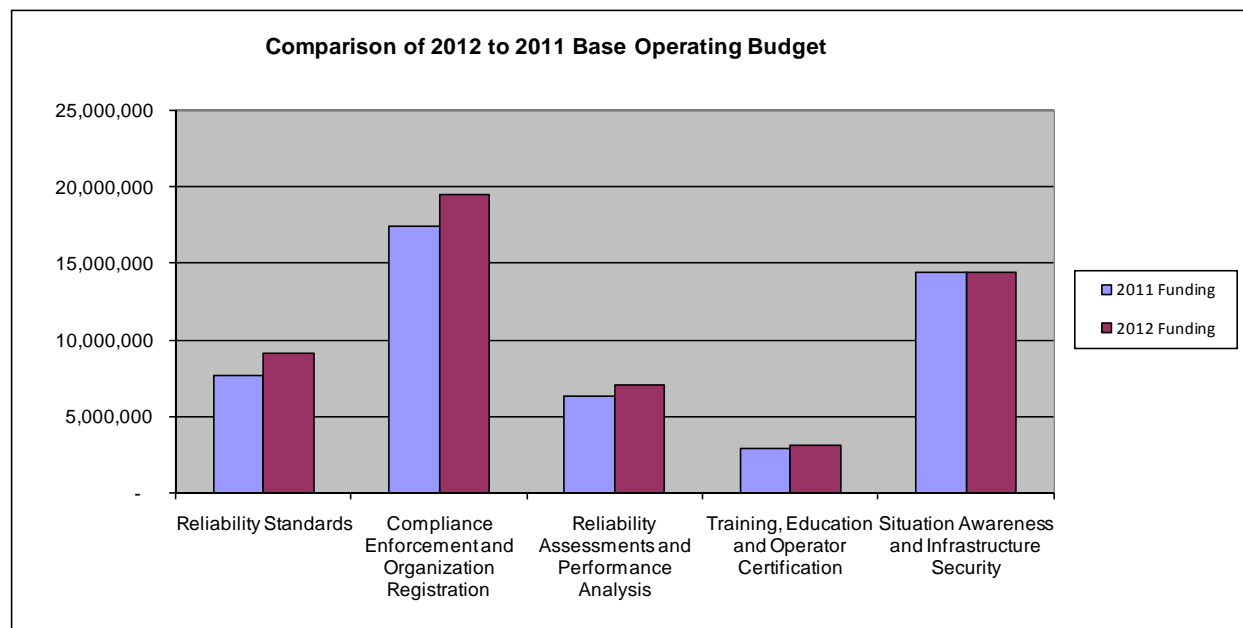
The following charts and tables summarize the projected increase in 2012 funding requirements. The first chart breaks down the increase by major statement of activity category (Personnel Costs, Meetings, Travel and Conference Calls, Consultants and Contracts, etc.) These charts and tables are followed by a table showing the breakdown of funding requirements by Program Area and a bar chart showing the relative increases by Program Area, a chart showing 2011 and 2012 FTEs by Program area and a comparative Statement of Activities. The charts are followed by more detailed discussions of each Program Area, including its scope and functional

description, key assumptions affecting 2012, 2012 goals and deliverables, and detailed discussions of projected 2012 resource requirements by Program Area.

2011 Base Operating Budget		Total Projected 2012 Increase over 2011 Budgeted Expenses and Capital Expenditures
\$ 21,095,939	Salaries	\$ 3,704,895
1,285,299	Payroll Taxes	239,635
3,263,692	Benefits	(73,384)
2,977,801	Retirement	511,935
\$ 28,622,731	Total Personnel Expense	\$ 4,383,081
\$ 861,500	Meetings	\$ (125,500)
2,635,536	Travel	152,334
227,800	Conference Calls	121,110
\$ 3,724,836	Total Meeting Expense	\$ 147,944
\$ 7,137,042	Consultants and Contracts	\$ (769,042)
300,094	NERCnet Contract	-
1,901,580	IDC Contract	(282,360)
\$ 9,338,716	Contracts and Consultants	\$ (1,051,402)
\$ 1,020,151	Office Rent	\$ 1,284,106
2,420,176	Office Costs	418,643
1,959,854	Professional Services	45,146
4,000	Miscellaneous	22,200
\$ 5,404,182	Operating Expenses	\$ 1,770,095
\$ 750,000	Non-Operating Expenses	\$ (750,000)
\$ 845,200	Computer & Software CapEx	\$ (73,110)
40,800	Network Equipment	(40,800)
	Furniture & Fixtures	-
\$ 886,000	Capital Expenditures	\$ (113,910)
\$ 48,726,465	Total Base Operating Budget	\$ 4,385,807
5,000,000	Working Capital Reserve Funding	(5,000,000)
\$ 53,726,465	TOTAL FUNDING REQUIREMENT	\$ (614,193)

Introduction and Executive Summary

Base Operating Budget	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Reliability Standards	7,682,752	8,611,362	9,156,601	1,473,849	19.2%
Compliance Enforcement and Organization Registration	17,457,901	19,004,117	19,514,535	2,056,634	11.8%
Reliability Assessments and Performance Analysis	6,292,329	7,664,128	6,968,860	676,531	10.8%
Training, Education and Operator Certification	2,923,011	2,468,304	3,098,129	175,118	6.0%
Situation Awareness (SA)	8,111,711	8,174,106	6,977,999	(1,133,712)	-14.0%
Critical Infrastructure Protection (CIP)	6,258,762	6,897,915	7,396,148	1,137,386	18.2%
Total Situation Awareness and Infrastructure Security	14,370,473	14,903,537	14,374,147	3,674	0.0%
	48,726,465	52,651,448	53,112,272	4,385,807	9.0%
Working Capital Reserve	5,000,000	5,000,000	-	(5,000,000)	
Total Funding	53,726,465	57,651,448	53,112,272	(614,193)	-1.1%



Total FTE's by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2011	2011	2012	FTEs ¹ 2012	2012	from 2011
	Budget	Budget	Budget	Budget	Budget	Budget
STATUTORY						
Operational Programs						
Reliability Standards	20.08	19.41	24.92		24.92	4.84
Compliance and Organization Registration and Certific	47.08	45.63	55.66		55.66	8.58
Training and Education	6.25	5.08	6.75		6.75	0.50
Reliability Assessment and Performance Analysis	13.75	15.36	16.50		16.50	2.75
Situation Awareness and Infrastructure Security	25.83	21.96	25.17		25.17	(0.66)
Total FTEs Operational Programs	113.00	107.44	129.00	-	129.00	16.00
Administrative Programs						
Technical Committees and Member Forums	-	-	-		-	-
General & Administrative	7.00	6.42	7.00		7.00	-
Legal and Regulatory	8.00	9.41	13.00		13.00	5.00
Information Technology	10.75	10.17	12.75		12.75	2.00
Human Resources	5.50	4.94	6.00		6.00	0.50
Finance and Accounting	6.50	7.25	9.00		9.00	2.50
Total FTEs Administrative Programs	37.75	38.19	47.75	-	47.75	10.00
Total FTEs	150.75	145.63	176.75	-	176.75	26.00

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

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

STATUTORY					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 41,106,965	\$ 41,106,965	\$ (0)	50,661,272	\$ 9,554,307
Penalty Sanctions	10,175,000	10,175,000	(0)	-	(10,175,000)
Total NERC Funding	\$ 51,281,965	\$ 51,281,965	\$ (0)	\$ 50,661,272	\$ (620,693)
Membership Dues	-	-	-	-	-
Testing Fees	1,940,000	1,940,000	-	2,061,000	121,000
Services & Software	250,000	264,534	14,534	250,000	-
Workshops	92,500	164,476	71,976	120,000	27,500
Interest	12,000	15,000	3,000	20,000	8,000
Miscellaneous	150,000	26,903	(123,097)	-	(150,000)
Total Funding	\$ 53,726,465	\$ 53,692,878	\$ (33,588)	\$ 53,112,272	\$ (614,193)
Expenses					
Personnel Expenses					
Salaries	\$ 21,095,939	\$ 20,609,580	\$ (486,357)	\$ 24,800,833	\$ 3,704,895
Payroll Taxes	1,285,299	1,260,495	(24,804)	1,524,935	239,635
Benefits	3,263,692	2,771,926	(491,766)	3,190,308	(73,384)
Retirement Costs	2,977,801	2,766,923	(210,878)	3,489,736	511,935
Total Personnel Expenses	\$ 28,622,731	\$ 27,408,924	\$ (1,213,806)	\$ 33,005,811	\$ 4,383,082
Meeting Expenses					
Meetings	\$ 861,500	\$ 856,374	\$ (5,126)	\$ 736,000	\$ (125,500)
Travel	2,635,536	2,690,763	55,227	2,787,870	152,334
Conference Calls	227,800	227,800	-	348,910	121,110
Total Meeting Expenses	\$ 3,724,836	\$ 3,774,937	\$ 50,101	\$ 3,872,780	\$ 147,944
Operating Expenses					
Consultants & Contracts	\$ 9,338,716	\$ 9,458,009	\$ 119,293	\$ 8,287,314	\$ (1,051,402)
Office Rent	1,020,151	1,957,416	937,265	2,304,257	1,284,106
Office Costs	2,420,176	2,650,216	230,040	2,838,819	418,643
Professional Services	1,959,854	2,205,904	246,050	2,005,000	45,146
Miscellaneous	4,000	8,753	4,753	26,200	22,200
Depreciation	752,988	952,789	199,801	1,900,717	1,147,729
Total Operating Expenses	\$ 15,495,886	\$ 17,233,087	\$ 1,737,201	\$ 17,362,307	\$ 1,866,422
Total Direct Expenses	\$ 47,843,453	\$ 48,416,947	\$ 573,496	\$ 54,240,898	\$ 6,397,447
Indirect Expenses	\$ (0)	\$ (0)	\$ 0	\$ (0)	\$ 0
Other Non-Operating Expenses	\$ 750,000	\$ -	\$ (750,000)	\$ -	\$ (750,000)
Total Expenses	\$ 48,593,453	\$ 48,416,947	\$ (176,504)	\$ 54,240,898	\$ 5,647,447
Change in Assets	\$ 5,133,012	\$ 5,275,930	\$ 142,916	\$ (1,128,627)	\$ (6,261,640)
Fixed Assets					
Depreciation	\$ (752,988)	\$ (952,789)	\$ (199,801)	\$ (1,900,717)	\$ (1,147,729)
Computer & Software CapEx	845,200	2,683,000	1,837,800	772,090	(73,110)
Furniture & Fixtures CapEx	-	1,503,740	1,503,740	-	-
Equipment CapEx	40,800	678,531	637,731	-	(40,800)
Leasehold Improvements	-	354,732	354,732	-	-
(Incr)Dec in Fixed Assets	\$ (133,012)	\$ (4,267,214)	\$ (4,134,202)	\$ 1,128,627	\$ 1,261,639
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	(133,012)	(4,267,214)	(4,134,202)	1,128,627	1,261,639
TOTAL CHANGE IN NET ASSETS	\$ 5,000,000	\$ 1,008,716	\$ (3,991,286)	\$ (0)	\$ (5,000,000)

Section A — 2012 Business Plan

Reliability Standards

Reliability Standards Program (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	20.08	24.92	4.84
Direct Expenses	\$ 4,863,138	\$ 5,307,943	\$ 444,805
Indirect Expenses	\$ 2,669,696	\$ 4,011,842	\$ 1,342,146
Other Non-Operating Expenses	\$ 133,296	\$ -	\$ (133,296)
Inc(Dec) in Fixed Assets	\$ 16,621	\$ (163,184)	\$ (179,805)
Total Funding Requirement	\$ 7,682,752	\$ 9,156,601	\$ 1,473,849

Program Scope and Functional Description

NERC's Reliability Standards Program develops and maintains standards designed to ensure the reliability of the bulk power system in North America. NERC's ANSI-accredited standards development process is open, balanced, and transparent, relying on industry subject matter experts to scope, draft, and ultimately approve the standards for adoption by NERC's Board of Trustees and filing with regulatory authorities in the United States and Canada.

NERC standard development advisors and other standards staff facilitate standards drafting team activities, assist the drafting teams in adherence to the development process, and ensure that the quality of documents produced are appropriate for approval. Each standard must be technically excellent, just, reasonable, not unduly discriminatory or preferential, in the public interest, and developed in adherence with the approved process in order to be adopted by the U.S. and Canadian regulatory authorities.

For North American standards, the Standards Committee (one of NERC's standing committees) provides process oversight, verifying that the standards development has been faithfully executed and ensuring the quality of the work product. The Standards Committee is also responsible for the development and implementation of the three-year Reliability Standards Development Plan used to establish priorities for standards development, respond to regulatory directives, and guide standard development activities.

The standards program also provides the eight Regional Entities with the ability to develop Regional Standards when reliability gaps are detected at the regional level. The NERC standards staff similarly supports each of the Regional Standards development processes by providing final quality review of Regional standards, presentation to the NERC Board of Trustees and submission to the applicable regulatory authorities for adoption.

NERC standards and other NERC technical staff actively monitor both the regional and North America-wide standards development activities and provide technical and development process comments to the standards development process in order to aid the development of technically sound standards that can receive regulatory approval.

2012 Goals and Key Deliverables

In 2012, NERC will focus standards development in two areas: meeting regulatory obligations for standards development and revisions, as specified in regulatory directives, and continuing to develop risk-based standards focused on key reliability outcomes under the new prioritization process first adopted in 2011. In 2012, NERC will continue to focus on increasing the productivity and results from standards development efforts, including:

- Supporting the three-year Standards Development Plan, including development of prioritized standards and the long-term transition to results-based standards³
- Working with industry, applicable governmental authorities and other stakeholders to improve the efficiency of the standards development process
- Addressing Three-Year ERO Performance Assessment action items and other specific NERC actions related to standards, especially quality and timeliness
- Responding to and reducing the backlog of FERC standards directives
- Maintaining ANSI accreditation for the standards development process
- Supporting the development of new CIP and system protection and control standards
- Improving the quality of standards drafting, training, and communications
- Removing administrative requirements from existing standards where feasible
- More frequent interactions and coordination with FERC staff
- Increasing coordination with compliance and enforcement

Resource Requirements

Personnel

In 2010, the NERC Standards Program area began to re-align its organization based on key drivers for success (improved quality and timeliness in standard development, improved accuracy and quality of web-based information, and improved stakeholder outreach); to create clear accountability for accomplishing the program mission at the strategic and tactical level; to enhance organizational efficiency in decision-making and execution; and to create a sustainable level of program activities and output. NERC Standards Program area management is also continually considering ways to improve the efficiency of standards development activities. In 2010 NERC gained regulatory approval of the new Standard Processes Manual which provides for the potential to shorten time frames. In 2011 NERC finished and gained approval of the initial standards development prioritization project. Also in 2011, NERC initiated the standards

³ Results-based Standards (RBS) comprise: Performance-based, Risk-based, and Competency-based standards.

development "rapid development" initiative, which is intended to assist in the development of key standards in a shorter amount of time (targeted for a year or less). This concept is currently being tested with a project focused on standards related to the analysis and mitigation of protection system misoperations. The project was started with a small team of experts familiar with the current standard, which was charged with developing the initial draft of a results-based standard in this subject area. That work product was then handed over to a full drafting team for further work and refinement. Opportunities for improving the process have already been identified, and the current team is in the process of modifying the draft standard to address comments received during its first posting. However, even with these recent process improvements, NERC will continue to engage stakeholders regarding the need for further changes in the standards development process.

In 2011, additional staff was added to further support the goals and key deliverables set forth above. In 2012, management proposes adding four (4) additional personnel to Standards Program area. The 4.84 FTEs in the table above reflects the timing of these personnel additions, as well as a portion of the costs of NERC's senior reliability officer and support personnel which are allocated across the four areas falling under the CRO's oversight responsibility (Standards, Compliance Operations, Event Analysis and Investigations, and Situation Awareness). The cost of the FTE additions to the Standards Program area is partially offset by the almost complete elimination of the use of outside contractors and consultants. The four additional positions are described further below.

A regulatory coordination position will be added to more effectively support regulatory communications and standards processing in both the U.S. and Canada. As standards have evolved from the initial version 0 in 2007, NERC's Standards Program Area interactions and communications with governmental and regulatory authorities, including responding to directives, have become much more demanding, requiring additional resource support. One additional administrative position will be added to support drafting team meeting activity, which is extensive and unable to be supported using existing administrative support.

One position will also be added to support standards information related content on the NERC web site required by the enabling regulations. NERC is charged with the responsibility to keep the industry and regulators informed of the status of each of its standards relative to effective date in the U.S. and Canadian Provincial jurisdictions.

Two standards specialists with technical writing skills will also be added to aid drafting teams in the drafting of standards and associated documents developed during the standard development process. This will improve the quality of the standards and reduce the need for inefficiency resulting from subsequent revisions during later stages in standards processing. The standards specialists will help drafting teams document the technical justification for proposed requirements, will help drafting teams develop effective webinar presentations, and will also provide assistance in verifying the accuracy of drafting team documents posted for public review.

Contractor Expenses

After taking into account the completion of certain work in progress and the elimination of the need to use outside contractors as a result of proposed personnel additions, management is proposing a contractor and consulting budget for the Reliability Standards Program area of just \$15,000 for ongoing training of standards staff, representing a reduction of approximately \$476k from 2011 budgeted levels inclusive of the transfer of \$92k in funding for IT-related projects discussed in the next paragraph.

Funding associated with IT infrastructure to support standards development and processing activities, including web site applications, has been transferred to the IT department under the Administrative Program area in order to provide for better integration and more efficient support of NERC's technology infrastructure. This is further discussed under the Administrative Services, Information Technology section of the 2012 Business Plan and Budget.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Reliability Standards					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 5,872,230	\$ 5,872,230	\$ (0)	\$ 9,152,737	\$ 3,280,507
Penalty Sanctions	1,808,389	1,808,389	-	-	(1,808,389)
Total NERC Funding	\$ 7,680,619	\$ 7,680,619	\$ (0)	\$ 9,152,737	\$ 1,472,119
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	44,450	44,450	-	-
Interest	2,133	-	(2,133)	3,864	1,731
Miscellaneous	-	-	-	-	-
Total Funding	\$ 7,682,752	\$ 7,725,069	\$ 42,317	\$ 9,156,601	\$ 1,473,849
Expenses					
Personnel Expenses					
Salaries	\$ 2,835,888	\$ 2,716,328	\$ (119,560)	\$ 3,454,036	\$ 618,148
Payroll Taxes	179,070	175,256	(3,814)	222,559	43,489
Benefits	381,842	306,100	(75,742)	403,907	22,065
Retirement Costs	395,844	374,109	(21,736)	489,648	93,804
Total Personnel Expenses	\$ 3,792,644	\$ 3,571,793	\$ (220,851)	\$ 4,570,151	\$ 777,507
Meeting Expenses					
Meetings	\$ 80,000	\$ 120,000	\$ 40,000	\$ 107,850	\$ 27,850
Travel	400,500	400,500	-	447,625	47,125
Conference Calls	45,600	45,600	-	108,500	62,900
Total Meeting Expenses	\$ 526,100	\$ 566,100	\$ 40,000	\$ 663,975	\$ 137,875
Operating Expenses					
Consultants & Contracts	\$ 491,500	\$ 479,007	\$ (12,493)	\$ 15,000	\$ (476,500)
Office Rent	-	-	-	-	-
Office Costs	52,894	52,894	(0)	57,818	4,923
Professional Services	-	-	-	-	-
Miscellaneous	-	515	515	1,000	1,000
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 544,394	\$ 532,416	\$ (11,978)	\$ 73,818	\$ (470,577)
Total Direct Expenses	\$ 4,863,138	\$ 4,670,309	\$ (192,829)	\$ 5,307,943	\$ 444,805
Indirect Expenses	\$ 2,669,696	\$ 3,119,120	\$ 449,425	\$ 4,011,842	\$ 1,342,146
Other Non-Operating Expenses	\$ 133,296	\$ -	\$ (133,296)	\$ -	\$ (133,296)
Total Expenses	\$ 7,666,130	\$ 7,789,430	\$ 123,299	\$ 9,319,785	\$ 1,653,654
Change in Assets	\$ 16,621	\$ (64,361)	\$ (80,982)	\$ (163,184)	\$ (179,805)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	0
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	(16,621)	(816,219)	(799,598)	163,184	179,805
Change in Fixed Assets	\$ (16,621)	\$ (816,219)	\$ (799,598)	\$ 163,184	\$ 179,805
TOTAL CHANGE IN NET ASSETS	\$ -	\$ (880,579)	\$ (880,580)	\$ (0)	\$ -

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments and Penalty Sanctions)

- Interest income is allocated to the Statutory Programs (Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments and Performance Analysis, Training and Education, and Situation Awareness and Infrastructure Security) based upon the percentage of FTEs in the Program relative to total FTEs in all Statutory Programs. Interest income is expected to increase based upon current earnings.

Personnel Expenses

- The increases are the result of adding 4.84 FTEs over the 2011 budget. While the increase in salaries, payroll taxes and retirement costs are generally consistent, the increase in benefits is substantially less due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- Generally related to an increase in staffing. The use of conference calls to educate and inform industry stakeholders has also increased.

Operating Expenses

- The decrease in operating expenses is primarily related to the virtual elimination of the use of outside consultants and contractors to support standards development and the transfer of IT related contracts to the IT department.

Indirect Expenses

- Indirect expenses represent an allocation of expenses in the administrative departments and are based upon the proportional FTEs in the Program as described above. The increase in the indirect expense allocation is related to the increase in FTEs in the Standards Program, which represent 19% of the total Statutory Program FTEs in 2012, versus 18% in 2011, and to the increase in expenses in the administrative departments.

Other Non-Operating Expenses

- Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget in 2012.

Fixed Asset Additions

- The decrease is related to the allocation of fixed assets from the administrative departments. The allocation is based upon the Program's proportional FTEs as described above.

Compliance Monitoring and Enforcement and Organization Registration and Certification

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	47.08	55.67	8.6
Direct Expenses	\$ 10,824,099	\$ 11,137,257	\$ 313,158
Indirect Expenses	\$ 6,258,830	\$ 8,960,638	\$ 2,701,808
Other Non-Operating Expenses	\$ 312,500	\$ -	\$ (312,500)
Inc(Dec) in Fixed Assets	\$ 62,472	\$ (583,360)	\$ (645,832)
Total Funding Requirement	\$ 17,457,901	\$ 19,514,535	\$ 2,056,635

Consistent with its 2011 Business Plan and Budget presentation, this Program Area is comprised of NERC's Compliance Operations, Enforcement, and Event Analysis and Investigations departments. While these departments operate separately, they have been consolidated to facilitate year over year budget comparisons.

Management is committed to working with stakeholders to improve the focus and efficiency of ERO compliance enforcement processes, as well as to reduce the burdens on industry regarding standards violations which do not present a meaningful risk to the reliability of the bulk power system. These efforts include addressing the many factors contributing to these efficiency impacts and burden on industry, including, as outlined in the common business plan and budget assumptions,

- The implementation of risk based methodologies to more effectively and efficiently support compliance monitoring activities;
- Changes to the rule of procedure to enhance the efficiency in compliance operations and enforcement; and
- Continuing to develop and implement streamlined mechanisms to expedite the disposition of minor, administrative violations and look to gain more discretion to handle minor violations without going through the full enforcement process and record development.

The 8.6 FTEs combined total increase for these departments in 2012 compared to 2011 reflects personnel additions in 2011, as well as the proposed personnel additions in 2012. 1.6 FTEs represents the allocation of NERC's senior reliability officer and support personnel which are allocated across the four areas falling under the CRO's oversight responsibility (Standards, Compliance Operations, Event Analysis and Investigations, and Situation Awareness). Two FTEs were added to the Compliance Operations department in 2011 and one FTE will be transferred in 2012. One new person will be added in 2012 to support Event Analysis and Investigations and

three new personnel will be added to the Enforcement area in 2012. Additional Compliance Operations resources are required to support audit oversight and organization registration activities. The personnel addition to the Event Analysis and Investigations group are required to support event analysis and increased dissemination of information to further assist industry in implementing reliability improvements and mitigating compliance violation risks. Projected enforcement staffing needs are based on a detailed analysis of violations processing time taking into account historic data and assumed increased efficiency. Projected staffing needs also reflect the significant role and resources of the eight Regional Entities in the compliance area. Consulting and Contractor expense for this program area is inclusive of reductions resulting from transfer of budgeted expenditures for the development of compliance-related software and external audit resources to the IT budget under the Administrative Program area.

The following paragraphs provide additional detail regarding the key goals, deliverables, and incremental resource requirements for each of the three departments in this program area.

Compliance Operations

Program Scope and Functional Description

The Compliance Operations department is responsible for Regional Entity compliance operations coordination and collaboration, audit training and oversight, development and oversight of the annual Compliance Monitoring and Enforcement Program (CMEP) implementation plan and annual report, maintenance of the Reliability Standards Audit Worksheets (RSAWs), the registration and certification functions, interface and outreach to the industry, and staff support to the stakeholder Compliance and Certification Committee.

This department will continue to focus its efforts on increasing consistency in CMEP execution by providing more assistance to the Regional Entities, development of programs to identify Regional Entity inconsistency in compliance applications with follow up guidance to improve consistency, and providing increased training for auditors. NERC auditors will continue to participate in Regional Entity audits, providing assistance to foster consistency and improve Regional Entity auditor understanding of standards and consistency throughout the industry in a proactive manner.

2012 Goals and Key Deliverables

- Continue the Regional Entity audit observation, key reliability standard spot check and consistency programs with an emphasis on identifying and promoting best practices and sharing lessons learned to support both Regional and registered entity compliance improvement.
- Provide timely information to the Regional Entities and industry through various outreach programs and public bulletins to promote transparency and consistency of compliance activities.
- Work with NERC's ERO IT personnel to develop an enhanced CMEP audit and annual actively monitored list modules for the NERC and ERO software systems/platform to facilitate development of the annual implementation plan and development of RSAWs.

- Provide ongoing feedback to the Standards Program area to help maintain a focus on reliability-based priorities and ensure sharing of lessons learned. Establish a field trial for mock compliance audits of standards during the implementation window to provide guidance to industry to facilitate compliance by the effective date of new or revised standards.
- Continue to develop, implement, and institutionalize training strategies in collaboration with the Regional Entities and NERC's Director of Training to enhance auditor proficiency and consistency.

Resource Requirements

Compliance Operations resources were augmented during 2011, through the addition of two FTEs into the department to adequately perform audit oversight and assurance functions and related initiatives. These resource additions will also support the department's issuance of compliance application notices and bulletins to better inform the Regional Entities and industry on compliance best practices and lessons learned, and to clarify compliance applications and practices. The following paragraphs further describe these additional resource requirements.

Organization Registration and Certification

NERC recognizes that a strong registration and certification process is the essential starting point of the compliance process for Registered Entities. As the industry continues to refine delineation of shared responsibilities for Reliability Standards NERC will provide information and assistance in the establishment of Joint Registration Organizations (JRO) and Coordinated Functional Registration (CFR). NERC will provide more guidance on better aligning entities with functions and the appropriate standards and requirements. Due to dynamics in the industry, registration changes are being realized where a number of entities require organizational certification in accordance with the NERC Rules of Procedure Section 500. In 2011, one FTE was added to support these activities over and above what was included in the 2011 Business Plan and Budget. This FTE is reflected as an additional FTE for purpose of the 2012 Business Plan and Budget.

Audit Assurance and Oversight

Several critical new risk-based compliance initiatives are in the planning and development stage that are directed at enhancing Regional Entity consistency in CMEP implementation through audit validation, high impact reliability standards spot checks, and spot checks of Regional Entity audits of critical registered functions. Ongoing programs to support consistency and transparency objectives include: Regional Entity audit observations and audits, Reliability Standard Audit Worksheet maintenance and development, and improvements in auditor training. NERC audit staff will also work closely with NERC's Standards department to provide compliance information and guidance during standards drafting, including guidance in the standards implementation plan. A related initiative will include mock audits of critical reliability standards during the implementation phase of new and revised standards to provide information and guidance to both ERO auditors and industry to facilitate industry compliance prior to the effective date of the new or revised standard.

NERC is also moving forward on a comprehensive risk-based reliability compliance monitoring program to provide in-depth information and guidance to the industry on improving compliance programs and to refine the annual CMEP Implementation Plan and Actively Monitored List. This initiative will help NERC and the Regions develop more efficient and effective audit programs. Appropriately scoping audits and allowing Regional Entities flexibility to react to trends and significant events or activities is essential to provide a reliability focused compliance program. Development of the annual plan and AML will include greater analysis of the statistics available and improved criteria to determine a core set of standards for auditing based on the registered function and top reliability risks.

The department's auditors will also work closely with and support NERC's ERO risk management framework, which will be launched in 2012 and is discussed further under the Finance Department section within the Administrative Program Area.

One existing FTE will transfer to the Compliance Operations department in 2012 to more properly align the work performed by this individual with the functions managed by this department, which includes, among other things, support of NERC operating committee activities. This FTE was previously budgeted in Situation Awareness and provided support to the NERC operating committee.

Compliance Enforcement

Program Scope and Functional Description

NERC's Compliance Enforcement department conducts all of NERC's enforcement activities, including:

- Docketing of all possible violations coming into the NERC enforcement program
- Prosecution of compliance violation matters arising out of NERC-led investigations and audits
- Review of all mitigation plans and dismissals approved by Regional Entities
- Processing of all compliance violations prosecuted by Regional Entities
- Analysis of compliance statistics

2012 Goals and Deliverables

A priority for this department is to achieve greater efficiencies in enforcement processing by focusing both NERC and Regional Entity compliance enforcement resources on the cases that have the most significant impact on the reliability of the bulk power system. This should reduce the overall ERO compliance caseload by ensuring that the number of cases processed through filing of a notice of penalty exceeds the number of cases coming into the ERO docket and should allow NERC to close out cases expeditiously to provide timely lessons learned to the

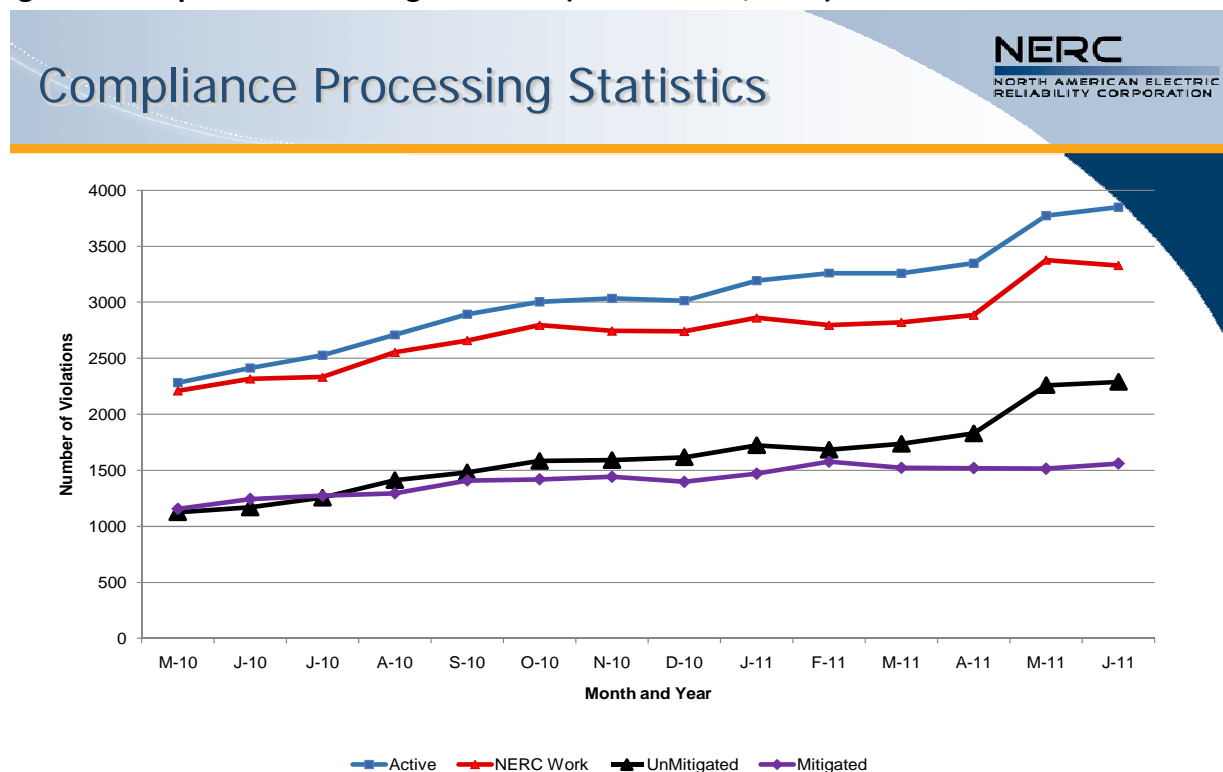
industry. NERC's Compliance Enforcement staff has realized significant efficiencies and expects to gain efficiencies through better utilization of existing resources in the future.⁴

Despite efforts to attain greater efficiencies, a significant gap is anticipated in the number of cases coming into the Enforcement process and the number of cases the Enforcement team can close out on a monthly basis. In the past year, as reflected in Figure 1, the ERO's caseload of active violations expanded from 2,413 in June 2010 to 3,881 in June 2011. The rate of new violations coming into the caseload has increased dramatically from an average of 140 violations per month in early 2010 to an average of 203 violations per month at the start of 2011. The increase in caseload is primarily attributable to the large number of violations of CIP Standards that have been and are expected to continue entering the system. As reflected in Figure 2, the number of incoming violations each month from non-CIP reliability standards has been relatively stable since June 2008, but with the staged implementation of the CIP reliability standards, the number of incoming violations each month from CIP reliability standards continues to rise.

The influx of new violations is expected to outstrip the number of violations NERC can process each month. Compliance Enforcement processed to BOTCC approval an average of 76 violations per month in 2010. With the implementation of streamlined procedures and the advent of the administrative citation process, the team has processed an average of 112 violations per month for the first six months of 2011.

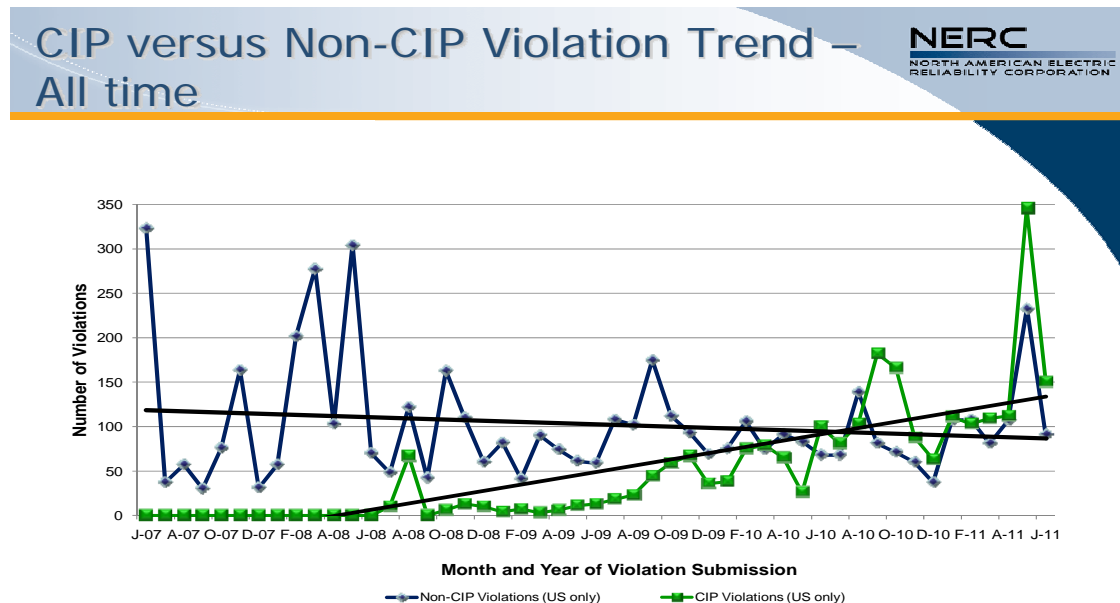
Beyond management of the caseload, another significant area of focus for the next year will be to improve the submittal and completion of mitigation plans. As reflected in Figure 1 below, the increase in active violations in 2010/2011 brought with it an increase in the number of unmitigated violations and a decline in the overall percentage of active violations subject to a mitigation plan. Currently, less than half of the active violations in the caseload have been mitigated. To help manage risk to the bulk power system, Compliance Enforcement will focus on understanding and improving upon the mitigation process.

⁴ There is substantial evidence of this increased efficiency. Compliance Enforcement rolled out new processes in early 2010. These processes, including the introduction of the Disposition Document, Abbreviated Notice of Penalties, and other process improvements, have helped streamline compliance enforcement. Over the course of the year, Compliance Enforcement has also increased collaboration with Regional Entities and increased the number and expertise of Enforcement Staff. As a consequence, Compliance Enforcement has increased by 67% the number of violations processed each month in 2011 (through June 30) compared to the number of violations processed each month in 2009 (112/month vs. 67/month).

Figure 1: Compliance Processing Overview (as of June 30, 2011)⁵

⁵ For purposes of this Figure 1:

- **Active** means all Violations that have not been Closed or Dismissed.
 - *Closed Violations have all the following characteristics:* Violation NOP approved by FERC, Verified Completion of Mitigation Plan, and Payment of any associated Penalties.
- **NERC Work** means Active Violations less those in which NERC has issued a Notice of Penalty.
- **Unmitigated** means Violations where Mitigation Plans have not been received or have not yet been closed minus Violations with completed Mitigation Plans that NERC is reviewing
 - *Closed Mitigation Plans* are those in which the Regional Entity has Verified Completion of all Mitigated Elements specified by Plan
- **Mitigated** means Active Violations minus Unmitigated

Figure 2: Violations Submitted per Month (CIP vs. Non-CIP)

Resource Requirements

Personnel

As a result of the resource demands described above, NERC is budgeting three additional FTEs in 2012 to meet its enforcement processing goals. In assessing the number of employees required to process the anticipated number of violations, NERC staff conducted an analysis of the hours required to process a violation using the most recent hours per violation processing rate. Based on the current rates of processing and anticipated efficiency gains, the full complement of budgeted analysts and regulatory assistants (eight FTEs) should be able to achieve an average of 175 violations per month.⁶ To keep ahead of the current average rate of new violations and work down the active caseload, Compliance Enforcement should be resourced to process 225 to 250 violations per month. Accordingly, for 2012, an increase of two FTEs will be required by Compliance Enforcement to meet the currently expected inflow of violations, resulting in a total of 12 FTEs dedicated exclusively or largely to processing violations.

In addition, the department is creating a new technical advisor position, which will be filled by the current Manager of Compliance Reporting, Tracking and Analysis. This new technical advisor function will focus on reviewing mitigation plans and assessing mitigation activities, which, as noted above, is an area of focus for Compliance Enforcement. The technical advisor also will provide overall technical support for Compliance Enforcement in the processing of

⁶ In the 2010 Business Plan and Budget, Compliance Enforcement projected that the eight FTEs could process 150 violations per month, after factoring in a 20 percent efficiency gain.

notices of penalties, in reviewing dismissals, and in other areas where technical support is needed. As a result, Compliance Enforcement will need to recruit a new Manager of Compliance Reporting, Tracking and Analysis.

Contractor Expenses

No contractor or consulting resources are proposed within the group for 2012.

Event Analysis and Investigations

Program Scope and Functional Description

The NERC Compliance Violation Investigation Group (CVI) was reorganized and renamed as the Event Analysis and Investigation Group (EA&I) in February of 2010. As part of this reorganization, all event analysis activities were assigned to this group, in addition to compliance investigation and complaint activities. The new ERO Event Analysis Program requires a concentrated effort of the department's technical staff to perform a quality review of all event analysis reports submitted to NERC, to capture metrics, trends and severity index risk assessments, including the review and analysis of 115 qualified events in the first phase of the event analysis field trial. The analysis effort requires in-depth technical reviews and is also used to develop lessons learned and alerts.

This department is critical to supporting the ERO's reliability goals through its work to evaluate bulk power system events, undertaking appropriate levels of analysis to determine the causes of the events, promptly assuring tracking of corrective actions to prevent recurrence, and providing lessons learned to the industry. The primary responsibilities of this department include: directing all NERC activities with respect to event analysis, formal complaints and non-public compliance investigations, assuring consistent, timely, and coordinated results, as well as interfacing with regulatory authorities, Regional Entities, industry and stakeholder committees, registered entities, and other focus groups regarding events analysis and compliance investigations.

Developing a Culture of Reliability Excellence

Through the Event Analysis Program, the ERO strives to develop a culture of reliability excellence that promotes and rewards aggressive self-critical review and analysis of operations, planning, and critical infrastructure protection processes. This self-critical focus must be ongoing, and the industry must recognize that registered entities are linked together by their individual and collective performances. This focus is the root of understanding the underlying cause of events and avoiding similar or repeated events through the timely identification and correction of event causes and through the sharing of lessons learned. The event analysis process also provides valuable input for training and education, reliability trend analysis efforts, and reliability standards development, all of which support continued reliability improvement.

Collaboration

Successful event analysis depends on a collaborative approach in which registered entities, Regional Entities, and NERC work together to achieve a common goal. The process requires clarity, certainty and consistent adherence to reliability principles by bulk power system owners, operators, and users that perform a wide array of reliability functions.

Being a Learning Organization

As a learning organization, Event Analysis serves an integral function of providing insight and guidance by identifying and disseminating valuable information to owners, operators, and users of the bulk power system who enable improved and more reliable operation. As such, Event Analysis is one of the pillars of a strong ERO.

Due to the technical qualifications residing within the department, the department supports many activities outside its core job duties. The department supports:

- The Compliance Operations department by drafting, reviewing, and commenting on CANS;
- The Standards Program Area by reviewing Standard Drafting Team documents and providing technical input to issues surrounding the compliance elements;
- The Legal and Enforcement departments by developing notifications of findings, reviewing Violation Dismissals, NOPs, and providing technical input to issues surrounding compliance elements; and
- The Training department by developing comprehensive investigation and root cause analysis training courses. These courses will include facilitating two individual eight-hour classes quarterly.

Resources must also be devoted to training and mentoring staff to both build and leverage the knowledge necessary to perform departmental responsibilities. The development of detailed databases and spreadsheets measuring the ongoing reliability performance of events and occurrences on the bulk power system also requires considerable resources.

2012 Goals and Key Deliverables

- Complete development and implementation of a comprehensive Event Analysis Program that engages bulk power system owners, operators, and users in determining root causes and lessons learned from events
- Understand the cause of events and categorize by Risk Priority
 - Individual events
 - Periodic review of events in aggregate to detect emerging trends and signs of decline in reliability performance

- Further develop a systematic program that identifies and publishes improvement opportunities, including, as appropriate, lessons learned, corrective actions, and an evaluation of recommendations
- Manage the desired shift in industry paradigm to a more reliability excellence-based culture
- Develop the capability to integrate risk analysis into the event analysis process; this includes a coordinated effort with the RAPA program area to identify adverse trends to reliability and the development of severity risk indexes
- Share key results to facilitate enhancements in and support of NERC programs and initiatives (e.g., performance metrics, standards, compliance monitoring and enforcement, training and education, etc.)
- Be recognized as independent and objective, striving at all times for what is best for the reliability of the bulk power system and not unduly influenced by alternative interests
- Expedite the public release of initial findings and lessons learned of NERC, Regional, and Registered Entity event analyses
- Provide training and educational opportunities regarding lessons learned, analysis and investigative techniques, including root-cause analysis, reporting processes and formats for all registered entities
- Engage the Operating and Planning Committees, as well as industry trade associations and reliability forums, in the development of best practices and examples of excellence
- Balancing the discreet roles and activities of event analysis and investigations processes

Resource Requirements

Personnel

One additional person (0.5 FTEs based on projected timing of hiring) is planned for this department in 2012 based on the significant increase in the department responsibilities, existing and projected workload, including, but not limited to, issuing timely reports.

Contractor Expenses

Consulting and contractor expenses for this department are primarily related to the retention of subject matter experts to assist in the new event analysis program as well as ongoing investigations. As a result of the elimination of funding for an events analysis tool, funding for contractors and consultants is projected to be \$145K less in 2012 compared to 2011.

Statement of Activities and Capital Expenditures

2011 Budget & Projection, and 2012 Budget

Compliance and Organization Registration and Certification

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 13,063,318	\$ 13,063,317	\$ (0)	\$ 19,505,905	\$ 6,442,588
Penalty Sanctions	4,239,583	4,239,583		-	(4,239,583)
Total NERC Funding	\$ 17,302,901	\$ 17,302,901	\$ (0)	\$ 19,505,905	\$ 2,203,005
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	5,000	-	(5,000)	8,629	3,629
Miscellaneous	150,000	23,417	(126,583)	-	(150,000)
Total Funding	\$ 17,457,901	\$ 17,326,318	\$ (131,583)	\$ 19,514,535	\$ 2,056,634
Expenses					
Personnel Expenses					
Salaries	\$ 6,344,046	\$ 5,945,422	\$ (398,624)	\$ 7,276,494	\$ 932,448
Payroll Taxes	416,818	388,812	(28,006)	476,089	59,272
Benefits	895,127	677,509	(217,617)	901,186	6,059
Retirement Costs	892,082	835,256	(56,826)	1,032,190	140,108
Total Personnel Expenses	\$ 8,548,072	\$ 7,846,999	\$ (701,073)	\$ 9,685,959	\$ 1,137,887
Meeting Expenses					
Meetings	\$ 32,500	\$ 134,107	\$ 101,607	\$ 41,175	\$ 8,675
Travel	909,833	757,560	(152,273)	939,000	29,167
Conference Calls	28,200	28,200	-	34,235	6,035
Total Meeting Expenses	\$ 970,533	\$ 919,867	\$ (50,666)	\$ 1,014,410	\$ 43,877
Operating Expenses					
Consultants & Contracts	\$ 1,195,000	\$ 812,500	\$ (382,500)	\$ 120,000	\$ (1,075,000)
Office Rent	-	-	-	-	-
Office Costs	84,000	104,900	20,900	94,006	10,006
Professional Services	-	4,530	4,530	-	-
Miscellaneous	-	623	623	4,000	4,000
Depreciation	26,494	227,928	201,434	218,882	192,388
Total Operating Expenses	\$ 1,305,494	\$ 1,150,481	\$ (155,013)	\$ 436,888	\$ (868,606)
Total Direct Expenses	\$ 10,824,099	\$ 9,917,347	\$ (906,752)	\$ 11,137,257	\$ 313,158
Indirect Expenses	\$ 6,258,830	\$ 7,332,585	\$ 1,073,755	\$ 8,960,638	\$ 2,701,808
Other Non-Operating Expenses	\$ 312,500	\$ -	\$ (312,500)	\$ -	\$ (312,500)
Total Expenses	\$ 17,395,429	\$ 17,249,932	\$ (145,497)	\$ 20,097,895	\$ 2,702,466
Change in Assets	\$ 62,472	\$ 76,386	\$ 13,914	\$ (583,360)	\$ (645,832)
Fixed Assets					
Depreciation	(26,494)	(227,928)	(201,434)	(218,882)	(192,388)
Computer & Software CapEx	50,000	50,000	-	-	(50,000)
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ (23,506)	\$ 177,928	\$ 201,434	\$ 218,882	\$ 242,388
Allocation of Fixed Assets	\$ (38,966)	\$ (1,918,808)	(1,879,842)	364,478	403,444
Change in Fixed Assets	(62,472)	(1,740,880)	(1,678,408)	583,360	645,832
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ (1,664,494)	\$ (1,664,494)	\$ -	\$ (0)

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments and Penalty Sanctions)**

- Interest income is allocated to the Statutory Programs (Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments and Performance Analysis, Training and Education, and Situation Awareness and Infrastructure Security) based upon the percentage of FTEs in the Program relative to total FTEs in all Statutory Programs. Interest income is expected to increase based upon current earnings.
- Miscellaneous income represented the expected revenue associated with NERC's role in acting as the compliance enforcement authority (CEA) for certain registered functions in FRCC, SPP, Texas RE and WECC. FERC approved SERC as the CEA for FRCC and SPP and Texas RE separated from ERCOT, eliminating the requirement for NERC to act as the CEA in those Regions and thereby reducing expected revenues associated with performance of these services. A proposed agreement for NPCC to act as CEA for WECC registered functions, replacing NERC, is pending before the Commission, and the budget assumes this agreement is effective on January 1, 2012.

Personnel Expenses

- The increases are the result of adding 8.6 FTEs over the 2011 budget. While the increase in salaries, payroll taxes and retirement costs are generally consistent, the increase in benefits is substantially less due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- Travel expenses are not expected to increase substantially over 2011 budget even though staffing is increasing. FTEs added to Compliance Enforcement are not expected to travel extensively.

Operating Expenses

- The decrease in operating expenses is primarily related to the substantial decrease in consultants and contractor expense as a result of the transfer of software development contracts to the IT department, the elimination of funding for an events analysis tool and the transfer of expenses for consultant support of audits of Regional Entities to Finance and Accounting.

Indirect Expenses

- Indirect expenses represent an allocation of expenses in the administrative departments and are based upon the proportional FTEs in the Program as described above. The increase in the indirect expense allocation is related to the increase in FTEs in the Compliance Program, which represent 43% of the total Statutory Program FTEs in 2012, versus 42% in 2011, and to the increase in expenses in the administrative departments.

Other Non-Operating Expenses

- Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget in 2012.

Fixed Asset Additions

- The decrease is related to the allocation of fixed assets from the administrative departments.

Reliability Assessment and Performance Analysis

Reliability Assessments and Performance Analysis (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	13.75	16.50	2.75
Direct Expenses	\$ 4,300,017	\$ 4,437,753	\$ 137,736
Indirect Expenses	\$ 1,827,800	\$ 2,656,316	\$ 828,516
Other Non-Operating Expenses	\$ 91,261	\$ -	\$ (91,261)
Inc(Dec) in Fixed Assets	\$ 73,251	\$ (125,208)	\$ (198,459)
Total Funding Requirement	\$ 6,292,329	\$ 6,968,860	\$ 676,530

Program Scope and Functional Description

NERC's Reliability Assessment and Performance Analysis (RAPA) program conducts annual seasonal and long-term reliability assessments, designed to assess existing and planned short and long-term resource adequacy and operating reliability. Further, the program identifies as well as assesses risk and severity in reliability performance, measures progress in improving current reliability, tracks leading indicators of future reliability and provides risk-informed input into NERC's standards and compliance processes. To support these functions, RAPA maintains detailed databases measuring the ongoing reliability performance of generation, transmission and demand response resources. RAPA also identifies and analyzes key issues that may affect reliability, such as market practices, legislation, regulation, technology developments, high-impact low frequency ("HILF") events, industry trends, and proposed public policy measures, and documents these special assessments.

RAPA's resource needs are both driven and supported by the Board of Trustees, along with the Member Representatives, Planning, Operating, Critical Infrastructure Protection, Standards, and Compliance Committees strategic work plans, along with numerous subcommittees, working groups, and task forces.

2012 Goals and Key Deliverables

- Complete development of and obtain board approval of a revised definition of adequate level of reliability of the bulk electric system, through collaboration with industry stakeholders and standing committees
- Issue reliability assessment reports, guidelines, recommendations and Alerts as needed:
 - One 10-year Long-Term Reliability Assessment
 - Two pre-seasonal assessments: Summer and Winter
 - Two post-seasonal operational assessments: Winter and Summer

- One annual risk/severity and reliability metrics report, including overall system risk and violation risk analysis
- Two equipment reliability reports: Transmission (TADS) and Generating (GADS)
- Geomagnetic Disturbance (GMD) effects on reliability of the bulk power system
- Up to two additional special assessments addressing key reliability issues
- Additional reports addressing industry reliability concepts and emerging issues
- Oversight of GADS, TADS, and DADS
- Strengthen data collection and validation processes by designing, creating, testing, and implementing data checking systems for reliability and risk assessments
- Build and sustain an enterprise reliability assessment and performance analysis team
- Develop Standard Authorization Requests to address deficiencies or needs revealed by reliability assessments and performance analysis
- Lead the study of current and future frequency response performance in the Eastern Interconnection and determine corrective actions as necessary
- Continued assessment and improvement of system protection and control schemes
- Sponsor system model improvements for each of the interconnections
- Develop and sustain power flow and dynamics cases for forensics and model validation
- Provide support and leadership to the Planning Committee, and standing committee subcommittees, working groups, and task forces serving the Standing Committees

Resource Requirements

RAPA activities have expanded significantly over the past two years. This activity level is expected to continue in 2012. RAPA added one FTE during 2011 to support department workload in the modeling area and is proposing to add two personnel in 2012 (one transfer from SAIS and one new hire), resulting in 2.75 FTEs after taking into account the projected timing of hires. Contractor and consulting costs are projected to decrease by approximately \$62k over 2011.

Personnel

The continued expansion and acceleration of activities will require one additional employee hired in the second quarter of 2012 to support interconnection power flow and dynamic modeling and validation efforts. In addition, one FTE represents the transition of contractor costs to a full-time equivalent and another employee represents a transfer of an FTE that supports the Planning Committee to this program area. The transferred FTE was previously budgeted in the Situation Awareness and Infrastructure Security Program Area. Since many of the planning committee activities are closely related to the work undertaken by the Reliability Assessments Program Area, transferring the committee support position into this program area more accurately aligns costs with the appropriate program area.

Contractor Expenses

Consultant and contracts resource needs are projected to decrease approximately \$162k over 2011 and are primarily needed to:

1. Evaluate the reliability impacts from GMD and provide oversight of the Spare Equipment Database. These activities are supported by both the NERC Standing Committees and the ESCC.
2. Improve reliability assessment benchmarking databases, the need for which was recognized in the Three-Year Assessment and incorporated in the Reliability Assessment Improvement Plan approved by NERC's Planning Committee.
3. Prepare a Probabilistic Assessment of Resource Adequacy, which was also recognized as needed in the Three-Year Assessment and by the Planning Committee.
4. GADS and TADS programming and oversight to support performance analysis and risk/severity assessments, as well as Planning and Operating Committees' initiatives.
5. Improve static and dynamic modeling efforts needed to support ERO and Regional Entities, as well as address Planning, Operating, and Standards Committee requirements.

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

Reliability Assessment and Performance Analysis

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 4,802,760	\$ 4,802,760	\$ -	\$ 6,716,302	\$ 1,913,541
Penalty Sanctions	\$ 1,238,108	1,238,108		-	(1,238,108)
Total NERC Funding	\$ 6,040,869	\$ 6,040,869	\$ -	\$ 6,716,302	\$ 675,433
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	250,000	250,000	-	250,000	-
Workshops	-	48,000	48,000	-	-
Interest	1,460	-	(1,460)	2,558	1,098
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,292,329	\$ 6,338,869	\$ 46,540	\$ 6,968,860	\$ 676,531
Expenses					
Personnel Expenses					
Salaries	\$ 1,837,742	\$ 2,006,643	\$ 168,901	\$ 2,189,610	\$ 351,868
Payroll Taxes	118,451	129,956	11,505	141,720	23,268
Benefits	261,835	218,740	(43,095)	266,523	4,688
Retirement Costs	261,410	275,765	14,355	313,238	51,828
Total Personnel Expenses	\$ 2,479,438	\$ 2,631,103	\$ 151,665	\$ 2,911,090	\$ 431,652
Meeting Expenses					
Meetings	\$ 100,000	\$ 75,000	\$ (25,000)	\$ 12,500	\$ (87,500)
Travel	326,250	401,250	75,000	369,375	43,125
Conference Calls	42,500	42,500	-	31,950	(10,550)
Total Meeting Expenses	\$ 468,750	\$ 518,750	\$ 50,000	\$ 413,825	\$ (54,925)
Operating Expenses					
Consultants & Contracts	\$ 1,160,000	\$ 1,322,000	\$ 162,000	\$ 998,000	\$ (162,000)
Office Rent	-	-	-	-	-
Office Costs	123,700	73,700	(50,000)	93,676	(30,024)
Professional Services	-	25,135	25,135	-	-
Miscellaneous	-	355	355	4,000	4,000
Depreciation	68,129	25,505	(42,624)	17,161	(50,968)
Total Operating Expenses	\$ 1,351,829	\$ 1,446,695	\$ 94,866	\$ 1,112,837	\$ (238,992)
Total Direct Expenses	\$ 4,300,017	\$ 4,596,548	\$ 296,531	\$ 4,437,753	\$ 137,736
Indirect Expenses	\$ 1,827,800	\$ 2,468,299	\$ 640,499	\$ 2,656,316	\$ 828,516
Other Non-Operating Expenses	\$ 91,261	\$ -	\$ (91,261)	\$ -	\$ (91,261)
Total Expenses	\$ 6,219,078	\$ 7,064,847	\$ 845,769	\$ 7,094,068	\$ 874,990
Change in Assets	\$ 73,251	\$ (725,979)	\$ (799,230)	\$ (125,208)	\$ (198,459)
Fixed Assets					
Depreciation	(68,129)	(25,505)	42,624	(17,161)	50,968
Computer & Software CapEx	130,000	-	(130,000)	-	(130,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (61,871)	\$ 25,505	\$ 87,376	\$ 17,161	\$ 79,032
Allocation of Fixed Assets	\$ (11,380)	\$ (645,910)	\$ (634,531)	108,047	\$ 119,426
Change in Fixed Assets	(73,251)	(620,405)	(547,155)	125,208	198,459
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ (1,346,384)	\$ (1,346,384)	\$ -	\$ (0)

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments and Penalty Sanctions)**

- Interest income is allocated to the Statutory Programs (Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments and Performance Analysis, Training and Education, and Situation Awareness and Infrastructure Security) based upon the percentage of FTEs in the Program relative to total FTEs in all Statutory Programs. Interest income is expected to increase based upon current earnings.

Personnel Expenses

- The increases are the result of adding 2.75 FTEs over the 2011 budget. While the increase in salaries, payroll taxes and retirement costs are generally consistent, the increase in benefits is substantially less due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- Meetings are primarily being held in stakeholder or regional offices significantly reducing expenses. Travel is expected to increase in this program area with the addition of staff.

Operating Expenses

- The decrease in operating expenses is related to the decrease, or deferral as previously described, in consultants and contractors expense, a reduction in maintenance costs associated with benchmarking software and a reduction in depreciation expense resulting from lower spending for modeling software budgeted as a fixed asset.

Indirect Expenses

- Indirect expenses represent an allocation of expenses in the administrative departments and are based upon the proportional FTEs in the Program as described above. The increase in the indirect expense allocation is related to the increase in FTEs in the RAPA Program, which represent 13% of the total Statutory Program FTEs in 2012, versus 12% in 2011, and to the increase in expenses in the administrative departments.

Other Non-Operating Expenses

- Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget in 2012.

Fixed Asset Additions

- The decrease is related to the elimination of the budget for modeling software and allocation of fixed assets from the administrative departments.

Training, Education, and Operator Certification

Training, Education and Operator Certification (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	6.25	6.75	0.50
Direct Expenses	\$ 2,045,537	\$ 2,055,656	\$ 10,118
Indirect Expenses	\$ 830,818	\$ 1,086,675	\$ 255,856
Other Non-Operating Expenses	\$ 41,482	\$ -	\$ (41,482)
Inc(Dec) in Fixed Assets	\$ 5,173	\$ (44,201)	\$ (49,374)
Total Funding Requirement	\$ 2,923,011	\$ 3,098,129	\$ 175,119

Program Scope and Functional Description

In 2012, NERC will enhance its training programs in response to the industry's recognition of the need for more and ongoing training opportunities for auditors and investigators to achieve consistent application of the reliability standards, identified in the Three-Year Assessment.

NERC's Training and Education Program provides oversight and coordination of the delivery of training programs that support NERC's Standards, Compliance Operations, Event Analysis and Investigations, and Enforcement department training needs.

NERC's Training and Education Program also supports NERC's System Operator Certification and Continuing Education programs, which ensure that personnel operating the bulk power system have the skills, training, and qualifications needed to operate the system reliably. NERC maintains the credentials for over 6,000 system operators, effectively licensing them to work in system control centers across North America. NERC's system operator certification exam is designed to: test specific knowledge of job skills and reliability standards; and prepare operators to ensure standards are met and quickly and confidently react when unexpected situations occur. Once an operator passes the certification exam, he or she is required to maintain certification through completing NERC-approved continuing education activities. The certification exam is created by the Personnel Certification Governance Committee, a group of operational experts, trainers, and supervisors. Exams are updated on an 18-month cycle.

2012 Goals and Deliverables

In response to needs identified in the Three-Year Assessment and through stakeholder and Regional Entity feedback, training and education opportunities will be further expanded for NERC and Regional Entity staff, registered entities, and stakeholders. For registered entities, this training and education will focus on objectives related to various standards including how to best comply with standards and improve bulk power system reliability – for both operational and cyber related topics. For NERC and regional staff, the training and education will focus on consistent audit and investigation techniques and standards application. NERC will also be

evaluating the development of a formal compliance auditor training and certification program. Other training will focus on skills development in a number of key areas, including:

- Critical Infrastructure Protection standards information;
- Teachable lessons-learned from past events;
- Identified themes from trending and common cause analysis;
- Effective compliance cultures with model compliance program and templates;
- Effective root apparent and common cause analysis techniques (as part of a culture of compliance);
- Quality improvement of registered entity self-reporting and self-certification;
- Currently-monitored standards;
- Reliability assessment/system planning fundamentals and requirements;
- Entity registration process, issues, and alternatives;
- Human performance error reduction techniques;
- Systematic approach to training; and
- Project management.

NERC will provide some of these learning opportunities through compliance workshops hosted by the Regional Entities. NERC will also host workshops, webinars, and training courses, as well as use vendors to develop training modules and supplement internal training resources, as NERC designs and implements further NERC-hosted electronic training and educational platforms. NERC's Training and Education group will also continue to develop and deliver a personnel development program to advance and improve the skills of NERC's operating staff. NERC's Human Resources department will continue to budget and manage the delivery of more traditional corporate employee training and continuing education programs.

Resource Requirements

Personnel

One new position (.5 FTEs based on timing of hiring) will be added to support ongoing training and educational programs.

Contractor Expenses

Contractor expenses are projected to increase by approximately \$109k over 2011 levels due primarily to the need for external support to more rapidly develop and deploy training programs while moderating the need for increased staffing.

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

Training and Education					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 327,071	\$ 327,071	\$ -	\$ 916,083	\$ 589,012
Penalty Sanctions	\$ 562,777	562,777	-	-	(562,777)
Total NERC Funding	\$ 889,847	\$ 889,847	\$ -	\$ 916,083	\$ 26,236
Membership Dues	-	-	-	-	-
Testing Fees	1,940,000	1,940,000	-	2,061,000	121,000
Services & Software	-	-	-	-	-
Workshops	92,500	-	(92,500)	120,000	27,500
Interest	664	-	(664)	1,047	383
Miscellaneous	-	-	-	-	-
Total Funding	\$ 2,923,011	\$ 2,829,847	\$ (93,164)	\$ 3,098,129	\$ 175,118
Expenses					
Personnel Expenses					
Salaries	\$ 815,066	\$ 614,119	\$ (200,947)	\$ 879,333	\$ 64,268
Payroll Taxes	54,445	47,431	(7,014)	57,024	2,579
Benefits	119,092	82,798	(36,293)	108,672	(10,419)
Retirement Costs	114,877	78,018	(36,859)	119,778	4,900
Total Personnel Expenses	\$ 1,103,479	\$ 822,366	\$ (281,114)	\$ 1,164,808	\$ 61,328
Meeting Expenses					
Meetings	\$ 278,000	\$ 30,000	\$ (248,000)	\$ 124,450	\$ (153,550)
Travel	48,000	48,000	-	48,000	-
Conference Calls	35,000	35,000	-	58,100	23,100
Total Meeting Expenses	\$ 361,000	\$ 113,000	\$ (248,000)	\$ 230,550	\$ (130,450)
Operating Expenses					
Consultants & Contracts	\$ 487,658	\$ 412,303	\$ (75,355)	\$ 596,448	\$ 108,790
Office Rent	-	-	-	-	-
Office Costs	93,400	93,400	-	63,600	(29,800)
Professional Services	-	-	-	-	-
Miscellaneous	-	82	82	250	250
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 581,058	\$ 505,785	\$ (75,273)	\$ 660,298	\$ 79,240
Total Direct Expenses	\$ 2,045,537	\$ 1,441,151	\$ (604,386)	\$ 2,055,656	\$ 10,118
Indirect Expenses	\$ 830,818	\$ 816,339	\$ (14,480)	\$ 1,086,675	\$ 255,856
Other Non-Operating Expenses	\$ 41,482	\$ -	\$ (41,482)	\$ -	\$ (41,482)
Total Expenses	\$ 2,917,838	\$ 2,257,490	\$ (660,348)	\$ 3,142,330	\$ 224,492
Change in Assets	\$ 5,173	\$ 572,357	\$ 567,184	\$ (44,201)	\$ (49,374)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (5,173)	\$ (213,621)	(208,449)	44,201	\$ 49,374
Change in Fixed Assets	(5,173)	(213,621)	(208,449)	44,201	49,374
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ 358,736	\$ 358,735	\$ -	\$ (0)

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments and Penalty Sanctions)**

- Testing Fees – The increase is due to an increase in the fees charged to administer system operator examinations, for certificate renewals and the evaluation of continuing education courses to fully recover the cost of these programs, including the allocation of indirect expenses and fixed assets from the administrative departments.
- Workshop fees are increasing due to additional workshops related to Standards, NASPI and CIP Programs.
- Interest income is allocated to the Statutory Programs (Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments and Performance Analysis, Training and Education, and Situation Awareness and Infrastructure Security) based upon the percentage of FTEs in the Program relative to total FTEs in all Statutory Programs. Interest income is expected to increase based upon current earnings.

Personnel Expenses

- The increases in salaries, payroll taxes and retirement costs are generally consistent and are related to the increase of 0.5 FTEs. The decrease in benefits is due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- Meeting expense is primarily related to workshops and is offset by funding. Other meetings are expected to be held primarily in the NERC office or regional offices.
- The use of conference calls for industry and stakeholder training is expected to increase.

Operating Expenses

- The increase in consultants and contractors expense is to more rapidly deploy training programs.
- The decrease in Office Costs is related to a reduction in the budget for merchant card fees to be more reflective of actual historical spending.

Indirect Expenses

- Indirect expenses represent an allocation of expenses in the administrative departments and are based upon the proportional FTEs in the Program as described above. The increase in the indirect expense allocation is related the increase in expenses in the administrative department. The proportional FTEs in the Training and Education Program decrease, representing 5% of the total Statutory Program FTEs in 2012, versus 6 percent in 2011.

Other Non-Operating Expenses

- Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget in 2012.

Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	25.83	25.17	(0.66)
Direct Expenses	\$ 10,789,469	\$ 10,534,732	\$ (254,737)
Indirect Expenses	\$ 3,434,048	\$ 4,052,089	\$ 618,041
Other Non-Operating Expenses	\$ 171,460	-	\$ (171,460)
Inc(Dec) in Fixed Assets	(24,504)	(212,674)	(188,169)
Total Funding Requirement	\$ 14,370,473	\$ 14,374,147	\$ 3,674

Program Scope and Functional Description

This Program Area is divided into two departments, Situation Awareness and Critical Infrastructure Protection. These departments are responsible for gathering and disseminating information regarding bulk power system vulnerabilities and system and cyber events. Both departments also support the coordination of industry-wide exercises and drills undertaken in conjunction with governmental authorities. The Situation Awareness department and resource needs are described first, followed by a discussion of the Critical Infrastructure Protection department and resource needs. On a consolidated basis, reductions in Situation Awareness funding requirements are more than offset by proposed increases in Critical Infrastructure Protection funding requirements. The reduction in Situation Awareness department funding is primarily due to increased efficiency in personnel utilization combined with reductions in funding requirements for SAFNR compared to 2011 levels. The increase in CIP department funding is primarily due to proposed additions in personnel to support core departmental functions, as well as for investments to deploy a secure communication system and cost of specialized consulting support, as further described below. CIP department funding also reflects management's review of department priorities, as well as the recognition of availability of other sources of funding to support key national CIP initiatives.

Situation Awareness

Situation Awareness (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	11.33	8.17	(3.16)
Direct Expenses	\$ 6,554,441	\$ 5,320,469	\$ (1,233,972)
Indirect Expenses	1,506,550	1,777,691	271,140
Other Non-Operating Expenses	75,224	-	(75,224)
Inc(Dec) in Fixed Assets	(24,504)	(120,161)	(95,657)
Total Funding Requirement	\$ 8,111,711	\$ 6,977,999	\$ (1,133,712)

NERC Situation Awareness personnel work closely with situation awareness personnel at the Regional Entities and governmental authorities, including FERC, to share information regarding system events and risks to the reliability of the bulk power system using NERC's secure alert system and other communications as appropriate. They also work closely with NERC's CIP department regarding CIP and cyber information sharing.

Overall Situation Awareness funding is projected to decrease by more than \$1.1M in 2012 compared to 2011, a reduction of approximately 14.0 percent. This reduction was achieved through the transfer (without replacement) of existing personnel to other program areas to more properly align the work they perform with the functions managed within those program areas, as well as the elimination of the operations engineering management position that was allocated to this area in the 2011 budget.

In 2011, NERC initiated steps to implement a common platform for the collection and display of key system information from Reliability Coordinators by executing a master license services agreement to design, deploy and support this platform. This platform allows NERC, the Regional Entities, and governmental authorities to collect and display key information with common forms and formats. The single approach supports industry by establishing a single data sharing process and protocol as opposed to multiple processes and protocols for NERC, Regions, and governmental authorities thereby eliminating duplication of efforts. The project is known as Situation Awareness for FERC, NERC, and Regional Entities (SAFNR). During 2012 SAFNR will continue to evolve to ensure the parameters monitored and display formatting support early understanding of bulk power system vulnerabilities. This platform has not been designed nor is it intended to be used to direct registered entity operations. NERC will also continue to work with stakeholders to better clarify the long-term role of SAFNR in the context of the ERO's statutory responsibilities.

The Situation Awareness Program area provides funding to support the North American Synchro-Phasor Initiative (NASPI), which was initiated following the August 14, 2003 Northeast blackout. These devices can provide system operators with a critical indication of the health of the bulk power system and help predict weakened areas of the system. A number of phasor measuring devices have been installed in the interconnections and data concentrators have been put in place. In 2010, NERC entered into a contract with the Grid Protection Alliance (GPA) to further advance and support the development and deployment of synchro-phasor technologies. In 2011, NERC and GPA entered into an amendment to that agreement which provides that a portion of NERC's funding commitment will be used to support work GPA was awarded by the Department of Energy (DOE) in December, 2010, to develop a secure information exchange gateway for electric grid operations (the "SIEGate Grant"). This is in keeping with NERC's strategy to promote additional third-party funding of NASPI and leverage NERC's investments where practical. In addition to DOE funding, other entities are also providing funding support permitting NERC to further leverage NERC's NASPI investment. The primary objective of this project is to develop a secure and flexible "appliance" that will serve as the gateway for all types of real-time data exchanged between a utility control center and other control centers, utilities, and regulatory and oversight entities. The gateway appliance will be

designed and built to resist cyber attacks, protect the confidentiality and integrity of a growing volume of real-time information being exchanged to assure the reliability of the bulk electric system, and inter-operate with existing and proposed data formats and networking technologies.

2012 Goals and Deliverables

- Working closely with industry, FERC staff, the regional entities and other stakeholders to define a long term strategy for SAFNR, including ensuring the proper protection and use of information collected through the SAFNR technology platform
- Continued support of NASPI, with the goal of eliminating NERC funding by the end of 2013 as synchro-phaser technologies are commercialized.
- Refinements of Alerts processing to ensure comprehensive and timely review of developing Alerts
- Enhanced coordination of situational awareness functions with emergency response protocols

Resource Requirements

Personnel

No additional personnel are projected for this group during 2012. A reduction of 2.83 FTEs is projected for this area due to the combination of personnel reductions in 2011 and the transfer of one FTE to the Compliance Operations department and one FTE to the Reliability Assessments Program Area in 2012. These transferred FTEs spend a substantial amount of time supporting NERC operating and planning committee activities, which are more closely tied to the functions managed in these areas.

Contractor Expenses

Overall funding for contractors and consultants to support the Situation Awareness department will decrease approximately \$358k in 2012 compared to 2011. NERC's 2012 Situation Awareness contractor expenses are primarily driven by ongoing contractual commitments in support of the SAFNR initiative and ongoing funding for GPA in connection with the NASPI initiative. The 2012 budgeted costs for SAFNR operations is \$473.6k and is based on contractual commitments supporting SAFNR that were entered into in 2011 for SAFNR deployment, maintenance, and support. This is reduction of approximately \$276k from the 2010 budget which substantially offsets the increase in budgeted funding for NASPI described in the next paragraph.

NERC's 2011 budget provided for a 60 percent reduction in NASPI-related funding compared to NERC's 2010 budget, with any incremental funding in 2011 above the budgeted amount to be paid from working capital reserves. NERC's 2012 budget amount to support the NASPI initiative has been increased by \$200k to reflect known and projected funding requirements, including co-funding commitments in connection with the SEIGate Grant initiative, and represents a

reduction of several hundred thousand dollars from the funding NERC now projects it will require in 2011, inclusive of funding that will come from working capital reserves.

The Situation Awareness budget also includes ongoing funding for various NERC tools which NERC supports on behalf of reliability coordinators and other industry participants, as well as funding to support NERC's secure alert system. NERC continues to evaluate its continued funding of these tools as part of ongoing ERO operations. NERC recently exercised an option to terminate its contract supporting the Interchange Distribution Calculator (IDC), effective in March 2013, and will be working with users and the IDC vendor to transition the funding support for this tool to users given the commercial nature of its use. NERC plans to eliminate further funding, by no later than May 2013, of other tools which are not essential to NERC's core operations. Depending on the level of interest, NERC will work with users of these tools to transition them to end user funding.

Critical Infrastructure Protection

Critical Infrastructure Protection (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	14.50	17.00	2.50
Direct Expenses	\$ 4,235,028	\$ 5,214,262	\$ 979,235
Indirect Expenses	1,927,498	2,274,398	346,900
Other Non-Operating Expenses	96,237	-	(96,237)
Inc(Dec) in Fixed Assets	-	(92,512)	(92,512)
Total Funding Requirement	\$ 6,258,762	\$ 7,396,148	\$ 1,137,386

Program Scope and Functional Description

The CIP department supports CIP standards initiatives, as well as CIP and cyber information sharing, incident analysis, alerts, system-level risk assessment, and enhanced coordination between industry and our governmental partners.

NERC has developed an overall long-term CIP strategy that will be updated each year as part of the ERO business plan and budget process. NERC's short term prioritization of CIP activities, as well as a long term CIP objectives, are focused on establishing NERC as the authoritative voice regarding critical infrastructure and security matters affecting the reliability of bulk electric systems in North America. To accomplish this mission NERC's CIP department will focus its activities in four main areas:

- Continued support of the CIP standard development process, as well as providing assistance to industry in understanding and developing approaches to comply with standards requirements
- Facilitating the timely exchange of threat and vulnerability information between NERC and industry
- Providing knowledge and information to support both the response and recovery from CIP related events
- Supporting the CIP aspects of NERC's lessons learned initiatives

During the past few years both NERC and industry have been focused on supporting the development and compliance with CIP standards. While this remains important given the central role of CIP standards in establishing the baseline for industry CIP programs, additional efforts are required to assist industry in identifying and addressing emerging threats and vulnerabilities during and in parallel with the standards development process. Additional efforts are also required to improve CIP information sharing among and between governmental agencies and industry, including the sharing of information that can only be accomplished through use of secure communication technologies.

The NERC CIP department also operates and maintains the Electricity Sector Information Sharing and Analysis Center (ES-ISAC) to monitor the bulk power system and provide situation awareness leadership and coordination services to the electric industry. Under Section 1003 of the NERC Rules of Procedure, NERC was required to establish the ES-ISAC as part of its responsibilities to coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America. The ES-ISAC functions to send alerts and notifications to registered bulk power system entities which are developed through a strong partnership of federal technical partners, including Department of Homeland Security and the Department of Energy National Laboratories, and industry bulk power system subject matter experts. While NERC is proposing to implement significant improvements to ES-ISAC communications capabilities in 2012, NERC also recognizes the need to work closely with stakeholders to develop a long-term plan for the ES-ISAC consistent with NERC's role as the ERO.

The CIP department is helping NERC advance a number of actions to complement mandatory CIP standards and provide enhanced resilience for the grid. Through support of the ESCC, NERC works with industry and governmental entities, including the Department of Energy, Department of Defense and Department of Homeland Security, to identify critical infrastructure protection concepts, processes and resources, as well as to facilitate information sharing about cyber vulnerabilities and threats. This type of public/private partnership is key to coordination and communication efforts on cyber security topics and initiatives. The CIP department is also leading NERC's role in developing a North American cyber security exercise to assess NERC and electricity sector incident response plans, with primary emphasis on incident reporting, and the escalation process through the management chain of each participating entity. Situational awareness, collection and dissemination of cyber security incident information, and internal response capabilities will be exercised.

Improving the amount and quality of actionable security threat and vulnerability information available to industry is a priority for NERC and is reflected in a number of joint projects underway with DHS and DOD. NERC is working with DHS' National Cybersecurity and Communications Integration Center on a Memorandum of Understanding (MOU) for bi-directional sharing of critical infrastructure protection information between the government and the electricity sector in North America. The MOU will result in cyber security data flow, analytical collaboration, and incident management activities across the spectrum of cyber security coordination to include detection, prevention, mitigation, and response/recovery. The MOU details an engagement of analytical collaboration and incident management activities across the spectrum of cybersecurity coordination. DHS and NERC's ES-ISAC cooperative activities will identify and develop mitigations for emerging cybersecurity risks that enhance the protection of the electricity sector which are vital to national security. To ensure that this proposed information-sharing arrangement is useful and effective, NERC will involve and consult with industry stakeholders by seeking the input of the ESCC on policy-related matters. The CIP department also supports NERC's involvement with two significant DHS-affiliated public-private partnerships which include the Partnership for Critical Infrastructure Security

(PCIS) and the Industrial Control Systems Joint Working Group (ICSJWG). The PCIS is the senior-most policy coordination group between public and private sector organizations and the ICSJWG is a cross-sector industrial control systems working group that focuses on the areas of education, cross-sector strategic roadmap development, coordinated efforts on developing better vendor focus on security needs and cyber security policy issues.

NERC's CIP department is also engaged with DOE National Laboratories to further the level of awareness and expertise focused on cyber security, especially as it pertains to the bulk power system. NERC is working with DOE and the Pacific Northwest National Laboratory (PNNL) on developing certification guidelines for Smart Grid Cyber Operators and the Electric Sector Network Monitoring (ESNM) initiative. The Smart Grid Cybersecurity Operator Certification program is a DOE PNNL initiative currently underway that NERC has been asked to participate in to ensure that industry's interests are represented. NERC's role will be limited to evaluating certification criteria which may require bulk power system (BPS) experience or have BPS implications through collaboration with the NERC Critical Infrastructure Protection Committee and industry. The ESNM initiative will result in the deployment of network monitoring devices at electric utilities across the US. To date PNNL has deployed six devices at US utilities. NERC's plan is to investigate the feasibility of deploying a device at NERC and work with currently participating companies to determine the value of the ESNM information exchange with PNNL. Similarly, NERC is working with the Idaho National Laboratory to promote the already developed and available Cyber Security Evaluation Tool (CSET) for use within the electric sector.

Additionally, NERC is collaborating with DOE and the National Institute of Standards and Technology (NIST) to develop comprehensive cyber security risk management process guidelines for the entire electric grid, including the bulk power and distribution systems. This initiative is particularly important with the increasing availability of smart grid technologies. While the majority of technology associated with the smart grid is found within the distribution system, vulnerabilities realized within the distribution system could potentially impact the bulk power system.

2012 Goals and Key Deliverables

The following is a list of key 2012 deliverables for the CIP department:

- Continue enhancement of the ES-ISAC program first deployed over 10 years ago. ES-ISAC functions will include a portal for bi-directional information sharing with government and industry, rapid dissemination of threat and vulnerability information across the industry, a secure repository for security guidelines, incident, threat, and vulnerability information, and an analytical capability to assess potential risks to reliability and develop mitigations for industry consideration.
- Continue collaboration with government agencies in the U.S. and Canada to develop more timely dissemination of classified information regarding threats to the bulk power system, including dissemination of information from classified sources in a form that can be provided to and used by the industry.

- Working jointly with Regional Entities, increase the transparency of CIP compliance processes and program results among regions by deploying shared procedures, training and tools; improve risk-based approaches for CIP auditing to optimize resource utilization; and promote a culture of compliance excellence through education, information, and incentives.
- Work with Regional Entities for more efficient monitoring of compliance with CIP standards by registered entities.
- Conduct security incident analysis and work with industry experts to evaluate, track, and identify lessons learned and security metrics that enhance the sector's security posture.
- Provide administrative support to the CIPC, support the ESCC, working groups and task forces serving the Standing Committees.
- Provide support to bulk power system entities in development of adequate cyber risk preparedness exercises.
- Apply resources to improve education and outreach related to both CIP standards compliance and general security risk management. The CIP department will partner with internal and external groups to offer advanced auditor training, CIP education for registered entities, and technical cyber security training for NERC, regions, and registered entity staff. Rather than focus on the development of specific NERC sponsored training programs, the CIP department will focus its training support in furthering the level of awareness and expertise focused on cyber security issues affecting the bulk power system.

Resource Requirements

Personnel

Two CIP cyber security specialists will be added in 2012 to support additional increases in CIP Standards and security incident workload associated with ES-ISAC information sharing and risk management activities. The addition of these resources is required to further develop and implement CIP program risk management activities, meet federal coordination requirements in both the U.S. and Canada, and support the growing need for expert cyber security and CIP Standards subject matter expert support. These personnel will also assist the department in:

- Researching, analyzing, and disseminating information regarding significant cyber and physical security incidents.
- Conducting security focused risk management and security incident reporting analysis. The CIP cyber security specialists will support the ES-ISAC with event and incident data analysis, conducting quarterly analysis of all security-related incidents, and continue the development of incident descriptions, categories and measurements.
- Supporting access to operations center positions in the ICS-CERT and at the DHS National Incident Coordination Center in Washington D.C.

Contractor Expenses

The CIP program will require incremental contracting expenses to provide support and subject matter expertise in connection with several program initiatives and requirements in 2012, including:

- **Cyber Risk Preparedness Assessment (CRPA):** The CRPA is focused on bulk power system entities' abilities to protect their cyber assets and improve preparedness regarding their cyber security postures. Consultant support is required to examine bulk power system entities' ability to defend their information systems, deter and deny attacks against those systems, and respond to cyber attacks in a timely and efficient manner. The CRPA program is different than the DHS assessment program by being focused and tailored to a specific entity and is a valuable component of NERC's overall security training and outreach and historically industry participants have supported this approach. NERC encourages companies to participate in any program that provides value to their overall security posture including the DHS program(s).
- **NIST/DOE Risk Management Project (RMP) support:** The RMP is a public-private collaboration to develop a cyber security risk management guideline that will enable organizations to proactively manage risk. The effort is being led by DOE in coordination with NIST and NERC, and in collaboration with representatives from across the public and private sectors and will require consultant support to provide training and broaden understanding of the project. The RMP guideline is expected to be complete in 2011 and the 2012 NERC proposal for the DOE/NIST/NERC Risk Management Program (RMP) is limited to conducting industry outreach and training on the RMP. As part of its outreach efforts, NERC will continue to promote cybersecurity training activities offered by DHS and other agencies.
- **ESCC and CIPC Support:** Provide NERC with executive-level support and advice on strategic and policy matters related to critical infrastructure protection including support services to the ESCC, CIPC, and overall coordination of the various task force initiatives identified in the Coordinated Action Plan to implement the ESCC Critical Infrastructure Strategic Roadmap.
- **ES-ISAC:** The ES-ISAC is managed by NERC in collaboration with registered entities, NERC, Regions, vendors, suppliers, vulnerability researchers and government partners. The ES-ISAC leverages the knowledge, skills, and capabilities of industry and government partners to act as a primary communications and coordination mechanism for information sharing and analysis across the industry. A total of \$600k has been budgeted to support the ES-ISAC, including \$300k for expert consultant support for cyber security analysis and CIP incident response and \$250k to support the deployment of the secure communications portal within the ES-ISAC. NERC recognizes that as information gathering and exchange systems are deployed within the ES-ISAC, it's extremely important to carefully monitor and ensure the proper protection and utilization of information flowing in and through the ES-ISAC, especially as the role of the ES-ISAC evolves and its role within the ERO becomes better defined. This is precisely the reason NERC is proposing funding in 2012 to support the development and deployment of secure communications portal within the ES-ISAC.

The total CIP Consultant and Contracts budget for 2012 represents an increase of approximately \$160k over the 2011 CIP Consultant and Contract budget and is largely driven by funding requirements associated with the deployment of the ES-ISAC portal and communications infrastructure and the cyber security consulting support discussed above.

Statement of Activities and Capital Expenditures

2011 Budget & Projection, and 2012 Budget

Situation Awareness and Infrastructure Security

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 12,041,586	\$ 12,041,586	\$ -	\$ 14,370,244	\$ 2,328,658
Penalty Sanctions	2,326,143	2,326,143	(0)	-	(2,326,143)
Total NERC Funding	\$ 14,367,729	\$ 14,367,729	\$ (0)	\$ 14,370,244	\$ 2,515
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	14,534	14,534	-	-
Workshops	-	72,026	72,026	-	-
Interest	2,743	-	(2,743)	3,902	1,159
Miscellaneous	-	-	-	-	-
Total Funding	\$ 14,370,473	\$ 14,454,289	\$ 83,816	\$ 14,374,147	\$ 3,674
Expenses					
Personnel Expenses					
Salaries	\$ 4,048,115	\$ 3,378,458	\$ (669,657)	\$ 3,975,182	\$ (72,933)
Payroll Taxes	232,389	204,866	(27,523)	238,666	6,278
Benefits	508,661	332,507	(176,154)	411,777	(96,885)
Retirement Costs	555,278	455,415	(99,863)	552,371	(2,907)
Total Personnel Expenses	\$ 5,344,443	\$ 4,371,246	\$ (973,197)	\$ 5,177,996	\$ (166,446)
Meeting Expenses					
Meetings	\$ 135,000	\$ 195,000	\$ 60,000	\$ 209,140	\$ 74,140
Travel	579,833	579,833	(0)	571,000	(8,833)
Conference Calls	10,200	10,200	-	48,175	37,975
Total Meeting Expenses	\$ 725,033	\$ 785,033	\$ 60,000	\$ 828,315	\$ 103,282
Operating Expenses					
Consultants & Contracts	\$ 4,581,558	\$ 5,030,374	\$ 448,816	\$ 4,383,116	\$ (198,442)
Office Rent	-	-	-	-	-
Office Costs	92,550	118,141	25,591	95,951	3,401
Professional Services	-	155,345	155,345	-	-
Miscellaneous	-	367	367	1,500	1,500
Depreciation	45,884	47,361	1,477	47,853	1,969
Total Operating Expenses	\$ 4,719,992	\$ 5,351,587	\$ 631,595	\$ 4,528,420	\$ (191,572)
Total Direct Expenses	\$ 10,789,468	\$ 10,507,866	\$ (281,602)	\$ 10,534,732	\$ (254,737)
Indirect Expenses	\$ 3,434,048	\$ 3,528,897	\$ 94,848	\$ 4,052,089	\$ 618,041
Other Non-Operating Expenses	\$ 171,460	\$ -	\$ (171,460)	\$ -	\$ (171,460)
Total Expenses	\$ 14,394,977	\$ 14,036,763	\$ (358,214)	\$ 14,586,820	\$ 191,844
Change in Assets	\$ (24,504)	\$ 417,527	\$ 442,031	\$ (212,674)	\$ (188,170)
Fixed Assets					
Depreciation	(45,884)	(47,361)	(1,477)	(47,853)	(1,969)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ 45,884	\$ 47,361	\$ 1,477	\$ 47,853	\$ 1,969
Allocation of Fixed Assets	\$ (21,380)	\$ (923,450)	(902,070)	164,821	186,200
Change in Fixed Assets	24,504	(876,089)	(900,594)	212,674	188,169
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ (458,563)	\$ (458,563)	\$ 0	\$ (0)

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments and Penalty Sanctions)**

- Interest income is allocated to the Statutory Programs (Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments and Performance Analysis, Training and Education, and Situation Awareness and Infrastructure Security) based upon the percentage of FTEs in the Program relative to total FTEs in all Statutory Programs. Interest income is expected to increase based upon current earnings.

Personnel Expenses

- The decreases in salaries and retirement costs are generally consistent and are related to the decrease of 0.67 FTEs. The higher decrease in benefits is due to reductions in the average cost of medical benefits per employee. Payroll taxes are budgeted to increase due to the assumption that taxable limits will increase and to adjust for salary increases in 2012. This assumption, while applied consistently, is not readily apparent in other Programs due to the more significant variances in salaries expenses related to the increase in FTEs.

Meeting Expenses

- Meeting expenses are expected to increase and are related to NASPI and CIP.
- The use of conference calls to educate and inform industry stakeholders is expected to increase over 2011 budgeted levels.

Operating Expenses

- The decrease is related to reduced spending for consultants and contracts in the Situation Awareness Program used to support reliability tools and SAFNR.

Indirect Expenses

- Indirect expenses represent an allocation of expenses in the administrative departments and are based upon the proportional FTEs in the Program as described above. The increase in the indirect expense allocation is related to the increase in expenses in the administrative department. The proportional FTEs in the Situation Awareness and Infrastructure Security Program decrease, representing 20% of the total Statutory Program FTEs in 2012, versus 23% in 2011.

Other Non-Operating Expenses

- Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget in 2012.

Fixed Asset Additions

- The decrease is related allocation of fixed assets from the administrative departments.

Administrative Services

Administrative Services (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	37.75	47.75	10.00
Total Direct Expenses	\$ 15,021,192	\$ 20,767,559	\$ 5,746,366
Inc(Dec) in Fixed Assets	\$ 93,519	\$ (844,731)	\$ (938,250)
Less: Other Funding Sources			\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ 15,114,711	\$ 19,922,828	\$ 4,808,117
Funding Requirement for Working Capital	\$ 5,000,000	\$ -	\$ (5,000,000)

Program Scope and Functional Description

NERC's Administrative Services area includes all business and administrative functions of the organization, including technical committees and member forums, executive, legal and regulatory, governmental affairs, communications, human resources, information technology, finance and accounting, and general administrative expenses necessary to support program area activities. The resource requirements and comparative budget information for each of these functions is described further below. Costs incurred for these services are allocated as an indirect expense across NERC's other program areas.

Technical Committees and Members' Forum Program

Technical Committees and Member Forums (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	\$ (0)	\$ -	\$ 0
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ 0	\$ -	\$ (0)

Program Scope and Functional Description

In 2010, the description of and budget for items reflected in this program area was limited to the Transmission Owners and Operators Forum. The 2011 budget reflected the removal of the Transmission Owners and Operators Forum ("TOOF") from NERC's Business Plan and Budget. TOOF ceased operations at the end of 2009 and its leadership formed a successor organization, the North American Transmission Forum, Inc., which operates independently from NERC. While NERC management and staff will continue to interact with and support numerous reliability related forums, NERC's 2012 budget does not contain specific funding for any additional forum activities.

General and Administrative

General and Administrative (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	7.00	7.00	-
Total Direct Expenses	\$ 5,296,384	\$ 6,800,249	\$ 1,503,865
Inc(Dec) in Fixed Assets	\$ (95,286)	\$ (255,775)	\$ (160,489)
Working Capital Requirement	\$ 5,000,000	\$ -	\$ (5,000,000)

Program Scope and Functional Description

The General and Administrative area is responsible for the administration and general management of the organization. Expenses allocated in this area include office rent, personnel and related costs of the CEO, a senior advisor to the CEO, the CEO's executive assistant, communications and public relations staff, and costs related to the Board of Trustees.

2012 Assumptions and Cost Impacts

Total direct expenses for the General and Administrative area are increasing by approximately \$1.5M, the majority of which is a result of an increase in rent expense due to the leasing of office space needed to accommodate existing and future staffing needs, as well as short-term costs associated with existing leases as NERC transitions to its new headquarters in Atlanta and a new location in Washington, D.C. given space limitations at its current Washington, D.C. location. The relocation of NERC's headquarters to Atlanta and the expansion of its Washington, D.C. office are part of a comprehensive office relocation strategy adopted in 2010 to improve the long-term efficiency and cost effectiveness of overall ERO operations. This strategy remains on track.

Working Capital Reserves — In its 2010 budget, in order to mitigate the overall funding increase over 2009, NERC only provided sufficient funding for working capital reserve to restore its cash working capital reserve to zero at December 31, 2010. As part of its 2011 Business Plan and Budget, NERC believed it was prudent to reestablish this reserve in light of the growth in the size of the organization, its cash flow requirements and the potential for unanticipated short-term resource needs driven by potential governmental directives, industry needs or litigation that could potentially arise in connection with enforcement actions. NERC's 2011 budget included \$5M in working capital reserve funding, a significant portion of which was required to strengthen NERC's balance sheet due to the impact of accrual accounting adjustments on the company's 2009 year-end working capital balance. NERC is currently projecting it will have a 2011 yearend working capital balance of approximately \$1.8M. In addition, while under generally accepted accounting principles, NERC is required to reflect the amortization of the leasehold for the Atlanta office; under the lease, actual rent expense is abated for a significant portion of 2012 thereby enhancing NERC's free cash flow. In addition, NERC still has in place a \$4M line of credit. Based on

these three factors, NERC is not at this time expecting to request additional funding in 2012 to restore or further increase working capital.

Statement of Activities and Capital Expenditures

2011 Budget & Projection, and 2012 Budget

General and Administrative

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ (5,000,000)
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ (5,000,000)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	15,000	15,000	-	-
Miscellaneous	-	3,486	3,486	-	-
Total Funding	\$ 5,000,000	\$ 5,018,486	\$ 18,486	\$ -	\$ (5,000,000)
Expenses					
Personnel Expenses					
Salaries	\$ 1,501,010	\$ 1,549,778	\$ 48,768	\$ 1,561,192	\$ 60,183
Payroll Taxes	64,219	63,162	(1,057)	67,331	3,112
Benefits	226,508	198,461	(28,047)	208,278	(18,230)
Retirement Costs	242,792	150,407	(92,386)	236,295	(6,497)
Total Personnel Expenses	\$ 2,034,529	\$ 1,961,808	\$ (72,721)	\$ 2,073,097	\$ 38,567
Meeting Expenses					
Meetings	\$ 225,000	\$ 290,792	\$ 65,792	\$ 224,000	\$ (1,000)
Travel	268,120	314,120	46,000	265,120	(3,000)
Conference Calls	61,800	61,800	-	57,500	(4,300)
Total Meeting Expenses	\$ 554,920	\$ 666,712	\$ 111,792	\$ 546,620	\$ (8,300)
Operating Expenses					
Consultants & Contracts	\$ -	\$ 34,634	\$ 34,634	\$ -	\$ -
Office Rent	1,020,151	1,957,416	937,265	2,304,257	1,284,106
Office Costs	407,498	434,948	27,450	480,500	73,002
Professional Services	1,180,000	1,225,000	45,000	1,130,000	(50,000)
Miscellaneous	4,000	4,000	-	10,000	6,000
Depreciation	95,286	134,799	39,513	255,775	160,489
Total Operating Expenses	\$ 2,706,935	\$ 3,790,797	\$ 1,083,862	\$ 4,180,532	\$ 1,473,597
Total Direct Expenses	\$ 5,296,384	\$ 6,419,317	\$ 1,122,933	\$ 6,800,249	\$ 1,503,865
Indirect Expenses	\$ (5,296,384)	\$ (6,400,831)	\$ (1,104,447)	\$ (6,800,249)	\$ (1,503,865)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ 18,486	\$ 18,486	\$ -	\$ 0
Change in Assets	\$ 5,000,000	\$ 5,000,000	\$ (0)	\$ -	\$ (5,000,000)
Fixed Assets					
Depreciation	(95,286)	(134,799)	(39,513)	(255,775)	(160,489)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	1,503,740	1,503,740	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	354,732	354,732	-	-
(Incr)Dec in Fixed Assets	\$ 95,286	\$ (1,723,673)	\$ (1,818,959)	\$ 255,775	\$ 160,489
Allocation of Fixed Assets	\$ (95,286)	\$ 1,723,673	1,818,959	(255,775)	(160,489)
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ 5,000,000	\$ 5,000,000	\$ (0)	\$ -	\$ (5,000,000)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- The \$5M in ERO Assessments in 2011 represented the funding of the working capital reserve needed to strengthen NERC's Balance Sheet which had been negatively impacted due to the change to accrual accounting in 2009. Current projections estimate that NERC will have a working capital reserve of approximately \$1.8M at the end of 2011 and therefore, no assessments are budgeted in 2012 for additional funding of the reserve.

Personnel Expenses

- While salaries and payroll taxes are increasing slightly, retirement costs are slightly lower due to delayed eligibility for a new hire who replaces one FTE who transferred to another department. The more significant decrease in benefits costs is related to the lower average cost per employee.

Meeting Expenses

- Meeting, travel and conference call expenses are expected to decrease slightly.

Operating Expenses

- The increase in operating expenses is primarily related to the increase in rent expense associated with the relocation and expansion of NERC's primary office to Atlanta and expansion of space in Washington, DC. Depreciation expense is increasing as a result of investments in leasehold improvements and the relocation of NERC's primary data center.

Indirect Expenses

- Indirect expenses represent the allocation of the direct expenses in the General and Administrative department to the Statutory Programs.

Fixed Asset Additions

- The change in fixed assets is allocated to the Statutory Programs.

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	8.00	13.00	5.00
Total Direct Expenses	\$ 2,734,875	\$ 4,021,294	\$ 1,286,419
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ (0)	\$ -	\$ 0

Program Scope and Functional Description

The Legal and Regulatory department provides legal, regulatory, and governmental relations support to the organization. Expenses allocated to this department include: General Counsel, attorneys, and Canadian governmental affairs.

2012 Assumptions and Cost Impacts

This department's workload is largely derivative of and supports the work of several of the NERC's key program areas. Increasing demands are being placed on this group from three primary areas: compliance operations, investigations, and standards. In the compliance operations area, there are increased requests for legal support for significant audits. In the investigations area, there are increasing calls for legal support for investigation teams. In standards, there are increasing calls for legal participation with drafting teams, drafting assistance and quality review of standards projects. In addition, recent FERC orders indicate a need for increased resources devoted to the development of filings for approval of standards.

In addition, this department is also responsible for providing a wide range of legal support to the NERC management team regarding antitrust, corporate, commercial, insurance, contract, employment, real estate, copyright, tax, legislation and other legal matters, the needs for which are growing as the NERC and the ERO mature and legal support needs become broader and more complex.

Two attorneys were added in 2011 and two attorneys and additional administrative support will be added in 2012 to address this department's significant workload needs and prevent it from becoming a bottleneck. Professional services and consulting costs were also increased to reflect increased volume and complexity of required filings with governmental authorities, as well as corporate matters arising from day to day operations.

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

Legal and Regulatory

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions		\$ -		-	
Total NERC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 1,400,014	\$ 1,721,253	\$ 321,239	\$ 2,317,740	\$ 917,726
Payroll Taxes	68,780	85,183	16,403	118,966	50,186
Benefits	179,908	152,913	(26,996)	249,428	69,519
Retirement Costs	200,552	238,413	37,860	327,545	126,993
Total Personnel Expenses	<u>\$ 1,849,255</u>	<u>\$ 2,197,762</u>	<u>\$ 348,507</u>	<u>\$ 3,013,679</u>	<u>\$ 1,164,424</u>
Meeting Expenses					
Meetings	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Travel	50,500	75,000	24,500	74,000	23,500
Conference Calls	1,500	1,500	-	3,200	1,700
Total Meeting Expenses	<u>\$ 57,000</u>	<u>\$ 81,500</u>	<u>\$ 24,500</u>	<u>\$ 82,200</u>	<u>\$ 25,200</u>
Operating Expenses					
Consultants & Contracts	\$ 135,000	\$ 135,000	\$ -	\$ 141,750	\$ 6,750
Office Rent	-	-	-	-	-
Office Costs	28,620	28,620	-	32,915	4,295
Professional Services	665,000	665,000	-	750,000	85,000
Miscellaneous	-	-	-	750	750
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 828,620</u>	<u>\$ 828,620</u>	<u>\$ -</u>	<u>\$ 925,415</u>	<u>\$ 96,795</u>
Total Direct Expenses	<u>\$ 2,734,875</u>	<u>\$ 3,107,882</u>	<u>\$ 373,007</u>	<u>\$ 4,021,294</u>	<u>\$ 1,286,419</u>
Indirect Expenses	<u>\$ (2,734,875)</u>	<u>\$ (3,107,882)</u>	<u>\$ (373,007)</u>	<u>\$ (4,021,294)</u>	<u>\$ (1,286,419)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Change in Assets	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets		\$ -		-	
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>

Resource Requirements — Explanation of Increase (Decrease)

Personnel Expenses

- The increases are the result of adding 5.0 FTEs over the 2011 budget. While the increase in salaries, payroll taxes and retirement costs are generally consistent, the increase in benefits is substantially less due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- Travel expenses are expected to increase due to the increase in staff.

Operating Expenses

- The increase in operating expenses is primarily related to the increase in professional fees related to the increased use of outside counsel due to volume and complexity of required filings with governmental authorities, as well as corporate matters arising from day to day operations.

Indirect Expenses

- Indirect expenses represent the allocation of the direct expenses in the General and Administrative department to the Statutory Programs.

Information Technology

Information Technology (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	10.75	12.75	2.00
Total Direct Expenses	\$ 4,539,253	\$ 6,629,579	\$ 2,090,327
Inc(Dec) in Fixed Assets	\$ 190,555	\$ (588,185)	\$ (778,740)
Working Capital Requirement	\$ (0)	\$ -	\$ 0

Program Scope and Functional Description

Information Technology (IT) is a strategic, mission-enabling function within NERC. IT is responsible for the design, procurement, implementation, and management of NERC's technology infrastructure, including network servers, databases, applications, and telecommunications, and for implementing and managing logical and physical security controls to protect critical business assets. Application development and similar technology initiatives are managed by IT staff in close coordination with relevant program staff, consultants, and vendors. Staff in this program area also support, manage, and maintain a number of reliability tools and related infrastructure on behalf of the industry, resulting in higher IT related resource requirements and costs than would otherwise exist in the absence of NERC support for this applications. NERC management will continue to closely monitor and evaluate these additional IT resource requirements in conjunction with its overall reliability tools initiative to ensure NERC's resources remain aligned with key ERO goals and objectives.

Recognizing the role of technology in the success of the ERO and in response to stakeholder feedback, NERC has placed a renewed emphasis in the IT area. Executive leadership has as one of its objectives to establish an integrated IT infrastructure and systems across common lines of business within the ERO enterprise. To achieve this objective, additional capital investments will be necessary. A new ERO-enterprise model for IT policy setting, decision-making and infrastructure deployment is critical to achieving ERO goals and objectives.

During 2011, NERC is relocating its primary IT backbone support infrastructure to a hosted, third-party data center to improve infrastructure availability and reliability. This investment was funded out of a combination of budgeted funds and working capital reserves.

2012 Goals and Key Deliverables

1. Establish a project management office to ensure the development and timely deployment of tools and technology that are aligned with ERO goals and priorities.

2. With the Regional Entities and the assistance of external consulting support, deploy a common, enterprise-wide technology platform that embraces the requirements of Regions and stakeholders for reliable, secure, efficient, and cost-effective systems and services.
3. Introduce incremental improvements to and integrate the compliance reporting and tracking systems into NERC's ERO IT platform to accommodate new business requirements and ensure sustained operability. This initiative commenced in 2011 and will carry over into 2012.
4. Replace the Standards Registered Ballot Body tool to enhance usability, performance and reliability.
5. Support enhancements to the performance metrics data management system, and improvements to the Spare Equipment Database.
6. Enhance NERC's web site to add functionality and improve user satisfaction. Continue to introduce new functionality supported by NERC's SharePoint platform, including new collaboration tools and automated content management in the Standards, Reliability Assessments, Events Analysis and Compliance areas.

Resource Requirements

To accomplish the goals and objectives described above, additional resources will be required as further described below.

Personnel

Additional IT personnel will be required to meet the long-term goals and objectives of the ERO. Specifically, IT requires additional dedicated staff to manage NERC's technology projects and IT infrastructure. Two additional personnel will be added in 2012 and include:

- **Project Manager** — This position will be responsible for managing all stages of complex IT projects including business analysis and design, budgeting, scheduling and status tracking, and final acceptance testing. The number of projects has grown significantly during the last several years and will continue to do so as the ERO IT platform becomes fully operational. Bringing additional dedicated project management expertise to bear will be essential to meeting the ERO's IT related goals and objectives.
- **Transitional Support** — An additional FTE will be added to provide support to NERC's IT group as it transitions certain critical IT support personnel who will not be relocating in connection with the closure of NERC's Princeton headquarters.

Contractor Expenses

The 2012 IT contractor and consulting budget is approximately a \$385k increase from 2011 after taking into account the transfer to IT of approximately \$522K in funding for IT projects from the Standards, Compliance Operations and Finance areas. The consolidation of the funding and oversight of IT projects is part of an ongoing initiative to better manage NERC's IT investments and ensure integration in an overall strategic long term and sustainable ERO enterprise IT platform, with the goal of leverage these transferred funds to support multiple

program area IT needs rather than merely supporting program area specific software requirements. Included in the \$385k increase is \$100k in additional funding over 2011 levels to expedite ERO enterprise IT platform development and deployment.

Office Costs

Other increases in costs are primarily personnel driven, and include the cost of computers, software and computer supplies for added FTEs; the cost of telephone expense, which includes cell phones and mobile broadband service; and an increase in software maintenance agreements.

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

Information Technology

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions		-		-	
Total NERC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 1,031,532	\$ 1,140,390	\$ 108,858	\$ 1,412,180	\$ 380,648
Payroll Taxes	73,182	72,534	(648)	100,329	27,146
Benefits	202,588	161,417	(41,171)	204,053	1,465
Retirement Costs	145,162	161,222	16,060	203,123	57,961
Total Personnel Expenses	<u>\$ 1,452,464</u>	<u>\$ 1,535,563</u>	<u>\$ 83,099</u>	<u>\$ 1,919,685</u>	<u>\$ 467,221</u>
Meeting Expenses					
Meetings	\$ -	\$ 475	\$ 475	\$ -	\$ -
Travel	21,000	30,500	9,500	26,750	5,750
Conference Calls	1,200	1,200	-	4,800	3,600
Total Meeting Expenses	<u>\$ 22,200</u>	<u>\$ 32,175</u>	<u>\$ 9,975</u>	<u>\$ 31,550</u>	<u>\$ 9,350</u>
Operating Expenses					
Consultants & Contracts	\$ 1,033,000	\$ 1,033,000	\$ -	\$ 1,418,000	\$ 385,000
Office Rent	-	-	-	-	-
Office Costs	1,516,144	1,722,243	206,099	1,898,470	382,326
Professional Services	-	5,894	5,894	-	-
Miscellaneous	-	704	704	1,600	1,600
Depreciation	515,445	515,445	-	1,360,275	844,830
Total Operating Expenses	<u>\$ 3,064,589</u>	<u>\$ 3,277,285</u>	<u>\$ 212,696</u>	<u>\$ 4,678,345</u>	<u>\$ 1,613,756</u>
Total Direct Expenses	<u>\$ 4,539,253</u>	<u>\$ 4,845,023</u>	<u>\$ 305,770</u>	<u>\$ 6,629,579</u>	<u>\$ 2,090,327</u>
Indirect Expenses	<u>(4,539,253)</u>	<u>\$ (4,845,023)</u>	<u>\$ (305,770)</u>	<u>\$ (6,629,579)</u>	<u>\$ (2,090,327)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Change in Assets	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>
Fixed Assets					
Depreciation	(515,445)	(515,445)	-	(1,360,275)	(844,830)
Computer & Software CapEx	665,200	2,633,000	1,967,800	772,090	106,890
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	40,800	678,531	637,731	-	(40,800)
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ (190,555)</u>	<u>\$ (2,796,086)</u>	<u>\$ (2,605,531)</u>	<u>\$ 588,185</u>	<u>\$ 778,740</u>
Allocation of Fixed Assets	\$ 190,555	\$ 2,796,086	2,605,531	\$ (588,185)	\$ (778,740)
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>

Resource Requirements — Explanation of Increase (Decrease)

Personnel Expenses

- The increases are the result of adding 2.0 FTEs over the 2011 budget. While the increase in salaries, payroll taxes and retirement costs are generally consistent, the increase in benefits is substantially less due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- The increase in travel is reflective of the increase in staff and increase in conference calls reflects historical actual spend.

Operating Expenses

- Consultants and Contracts – Primarily related to the transfer of funding for various IT projects from Compliance and Standards.
- Office Costs – Related to the cost of computers for employees, telephone and internet expense and an increase in maintenance agreements covering investments in the new primary data center.
- Depreciation – Related to the investment in fixed assets in NERC's new headquarters in Atlanta, expanded offices in Washington, DC, and the relocated primary data center.

Indirect Expenses

- Indirect expenses represent the allocation of the direct expenses in the General and Administrative department to the Statutory Programs.

Fixed Asset Additions

- Computer and Software purchases are related to the replacement of employee laptops which are at the end of their useful life.
- The change in fixed assets is allocated to the Statutory Programs

Human Resources

Human Resources (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	5.50	6.00	0.50
Total Direct Expenses	\$ 1,241,500	\$ 1,444,141	\$ 202,641
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Human Resources area manages all of NERC's human resources functions, including new-hires, benefits, and employee functions. This area also oversees NERC's employee performance appraisal and incentive structure process.

2012 Goals and Objectives

- Recruit and retain qualified employees to fulfill the activities of the ERO
- Provide training/staff development activities
- Ongoing review of compensation and benefits
- Continue to expand Human Resources Information System, which was rolled out in 2010 to facilitate the tracking of employee information and records

Resource Requirements

Personnel

The conversion of a part-time to full-time position to provide support for benefits administration and other department services to employees results in the addition of .5 FTEs to this department in 2012. This need is driven by the human resources support needs of NERC's larger employee base. The Human Resources department FTE total includes the receptionist positions for the company's Atlanta and D.C. offices. These receptionists also perform other administrative and support functions in addition to receptionist activities.

Contractor Expenses

Contractor and consultant expense is projected to increase \$40k over the 2011 level to provide for additional executive training and staff development.

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

Human Resources

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions		-		-	
Total NERC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 510,267	\$ 632,407	\$ 122,141	\$ 711,539	\$ 201,272
Payroll Taxes	31,354	40,159	8,805	37,353	5,999
Benefits	357,134	526,562	169,428	294,372	(62,763)
Retirement Costs	58,320	74,085	15,765	70,798	12,478
Total Personnel Expenses	<u>\$ 957,076</u>	<u>\$ 1,273,214</u>	<u>\$ 316,138</u>	<u>\$ 1,114,062</u>	<u>\$ 156,987</u>
Meeting Expenses					
Meetings	\$ 2,000	\$ 2,000	\$ -	\$ 11,385	\$ 9,385
Travel	6,000	24,000	18,000	7,000	1,000
Conference Calls	600	600	-	600	-
Total Meeting Expenses	<u>\$ 8,600</u>	<u>\$ 26,600</u>	<u>\$ 18,000</u>	<u>\$ 18,985</u>	<u>\$ 10,385</u>
Operating Expenses					
Consultants & Contracts	\$ 250,000	\$ 194,191	\$ (55,809)	\$ 290,000	\$ 40,000
Office Rent	-	-	-	-	-
Office Costs	10,970	10,970	-	13,094	2,124
Professional Services	14,854	25,000	10,146	5,000	(9,854)
Miscellaneous	-	2,108	2,108	3,000	3,000
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 275,824</u>	<u>\$ 232,269</u>	<u>\$ (43,555)</u>	<u>\$ 311,094</u>	<u>\$ 35,269</u>
Total Direct Expenses	<u>\$ 1,241,500</u>	<u>\$ 1,532,083</u>	<u>\$ 290,583</u>	<u>\$ 1,444,141</u>	<u>\$ 202,641</u>
Indirect Expenses	<u>\$ (1,241,500)</u>	<u>\$ (1,532,083)</u>	<u>\$ (290,583)</u>	<u>\$ (1,444,141)</u>	<u>\$ (202,641)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>

Resource Requirements — Explanation of Increase (Decrease)

Personnel Expenses

- The increases in salaries, payroll taxes and retirement costs are generally consistent and are related to the increase of 0.5 FTEs. The decrease in benefits is due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- The increase in meeting expense is to support employee informational meetings, including new employee orientation and retirement planning.
- The increase in travel is reflective of the increase in staff and reflects historical actual spend.

Operating Expenses

- Consultants and Contracts – The increase is to provide for additional executive training and staff development.

Indirect Expenses

- Indirect expenses represent the allocation of the direct expenses in the General and Administrative department to the Statutory Programs.

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	6.50	9.00	2.50
Total Direct Expenses	\$ 1,209,181	\$ 1,872,296	\$ 663,115
Inc(Dec) in Fixed Assets	\$ (1,750)	\$ (771)	\$ 979
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

NERC's Finance and Accounting area manages all finance and accounting functions, including employee payroll, 401(k) plan, travel and expense reporting, monthly financial reporting, sales and use tax, meeting/events planning and services, insurance, internal auditing, and facilities management. This area also holds primary responsibility for the development of the annual business plan and budget, as well as NERC's proposed ERO risk management framework.

Resource Requirements

Personnel

One FTE has been added to the Finance and Accounting area for the establishment of a Risk Management framework and support function. NERC's risk management program will focus on NERC's compliance with its internal operating procedures and controls, as well as corporate ethics policies, codes of conduct, conflicts of interest and reputational risk factors. The program will also monitor and evaluate compliance by the ERO enterprise (i.e., NERC and the eight Regional Reliability Entities) with applicable rules of procedure, including but not limited to the compliance monitoring and enforcement program requirements, standards development plan, and applicable FERC and other governmental authorizations, regulations and orders. The evaluation of bulk power system reliability risks is outside the scope of this framework and will continue to be overseen by the Reliability Assessment and Performance Analysis Program Area, Event Analysis and Investigations group and other applicable operating areas. Management believes the separate staffing of this function should enhance overall ERO risk management processes and controls and improve the efficiency and costs of performing audits of NERC, as well as the Regional Entities, compared to the inefficiency and costs at both the NERC and Regional Entity level of using a matrix management approach with existing NERC resources to oversee these audit and risk management functions and relying more heavily on outside auditors to perform audits. For example, over the past few years NERC spent approximately \$1M on an outside auditor to perform audits of NERC and Regional Entities. The auditors were managed by existing compliance staff on top of their normal job functions. Considerable time was spent in

educating the audit firm regarding the compliance framework and requirements. Each Regional Entity also had to devote considerable resources to these audits. NERC management believes there were clear process inefficiencies and resulting additional costs with this approach compared to staffing this function in house with some targeted outside support. The added risk management professional will work closely with existing program area staff, including the audit staff of the Compliance Operations department.

The remaining 1.5 FTEs reflect 2011 additions representing a transfer of an administrative assistant from another department and the conversion of a part time to full time payroll and general accounting support position. The finance and accounting department area does not currently have a budgeted administrative position and this FTE will provide administrative support to both finance and human resources areas.

Contractor Expenses

Funding for outside auditors retained to support the Compliance Operations regional entity audits have also been transferred to the finance and accounting area to support the risk management function. The budget for these auditors is the same level as in the 2011 budget.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Finance and Accounting					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 772,260	\$ 904,783	\$ 132,523	\$ 1,023,527	\$ 251,267
Payroll Taxes	46,591	53,136	6,545	64,896	18,306
Benefits	130,997	114,918	(16,079)	142,111	11,115
Retirement Costs	111,483	124,234	12,751	144,750	33,267
Total Personnel Expenses	\$ 1,061,331	\$ 1,197,070	\$ 135,740	\$ 1,375,285	\$ 313,955
Meeting Expenses					
Meetings	\$ 4,000	\$ 4,000	\$ -	\$ 500	\$ (3,500)
Travel	25,500	60,000	34,500	40,000	14,500
Conference Calls	1,200	1,200	-	1,850	650
Total Meeting Expenses	\$ 30,700	\$ 65,200	\$ 34,500	\$ 42,350	\$ 11,650
Operating Expenses					
Consultants & Contracts	\$ 5,000	\$ 5,000	\$ -	\$ 325,000	\$ 320,000
Office Rent	-	-	-	-	-
Office Costs	10,400	10,400	-	8,790	(1,610)
Professional Services	100,000	100,000	-	120,000	20,000
Miscellaneous	-	-	-	100	100
Depreciation	1,750	1,750	-	771	(979)
Total Operating Expenses	\$ 117,150	\$ 117,150	\$ -	\$ 454,661	\$ 337,511
Total Direct Expenses	\$ 1,209,181	\$ 1,379,420	\$ 170,240	\$ 1,872,296	\$ 663,116
Indirect Expenses	\$ (1,209,181)	\$ (1,379,420)	\$ (170,239)	\$ (1,872,296)	\$ (663,115)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ (0)	\$ -	\$ (0)
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ 0
Fixed Assets					
Depreciation	(1,750)	(1,750)	-	(771)	979
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ 1,750	\$ 1,750	\$ -	\$ 771	\$ (979)
Allocation of Fixed Assets	\$ (1,750)	\$ (1,750)	\$ -	(771)	979
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ 0	\$ -	\$ 0

Resource Requirements — Explanation of Increase (Decrease)

Personnel Expenses

- The increases in salaries, payroll taxes and retirement costs are generally consistent and are related to the increase of 2.5 FTEs. The lower increase in benefits is due to reductions in the average cost of medical benefits per employee.

Meeting Expenses

- The decrease in meeting expense is reflected of historical actual spend.
- The increase in travel is reflective of the increase in staff and reflects historical actual spend.

Operating Expenses

- The increase in contractors and consultants is due to the transfer of the budget for outside auditor support of Regional Entities from Compliance Operations as part of the ERO risk management initiative.
- The increase in professional services is due to the requirement to audit NERC's 401(k) Plan and historical trends.

Indirect Expenses

- Indirect expenses represent the allocation of the direct expenses in the General and Administrative department to the Statutory Programs.

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2011-2012	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2010	789,862
Plus: 2011 Funding (from LSEs or designees)	51,281,965
Plus: 2011 Other funding sources	2,410,913
Less: 2011 Projected expenses & capital expenditures	(52,684,161)
Projected Working Capital Reserve (Deficit), December 31, 2011	1,798,578
Desired Working Capital Reserve, December 31, 2012	1,798,578 ¹
Minus: Projected Working Capital Reserve, December 31, 2011	1,798,578
Increase(decrease) in funding requirement to achieve Working Capital Reserve	0
2012 Expenses and Capital Expenditures	53,112,272
Less: Penalty Sanctions ²	
Less: Other Funding Sources	(2,451,000)
Adjustment to achieve desired Working Capital Reserve	-
2012 NERC Assessment	50,661,272

¹ On August 3, 2011, the Finance and Audit Committee of the NERC Board of Trustees approved management's proposed 2012 business plan and budget which included a projected year end working capital reserve of approximately \$1.8M.

² Represents collections on or prior to June 30, 2011.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the consolidated Statement of Activities on page 24. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2011 are to be used to offset assessments in the 2012 Budget, as documented in the NERC Policy – Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard, as well as Section 1107 of the Rules of Procedure. Penalty monies received from July 1, 2011 through June 30, 2012 will be used to offset assessments in the 2013 Budget.

All penalties received prior to June 30, 2011 are detailed below, including the amount and date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring and Enforcement and Organization Registration and Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situational Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2011	Date Received	Amount Received
Total Penalties Received		\$ -

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Compliance Monitoring, Enforcement & Org. Registration				
Miscellaneous - CEA function in WECC	\$ 150,000	\$ 26,903	\$ -	\$ (150,000)
Total	\$ 150,000	\$ 26,903	\$ -	\$ (150,000)
Reliability Assessment and Performance Analysis				
Total	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Training and Education				
Testing Fees and Certificate Renewals	\$ 1,340,000	\$ 1,340,000	\$ 1,461,000	121,000
CEH Fees	600,000	600,000	600,000	-
Workshops	92,500	164,476	120,000	27,500
Total	\$ 2,032,500	\$ 2,104,476	\$ 2,181,000	\$ 148,500
Situation Awareness and Infrastructure Security				
FIST Royalties	\$ -	\$ -	\$ -	\$ -
TSIN Fees				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Interest Income	\$ 12,000	\$ 15,000	\$ 20,000	\$ 8,000
Total	\$ 12,000	\$ 15,000	\$ 20,000	\$ 8,000
Total Outside Funding	\$ 2,444,500	\$ 2,396,379	\$ 2,451,000	\$ 6,500

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Compliance Monitoring, Enforcement and Organization Registration - Miscellaneous funding represents the reimbursement of costs for NERC to act as the Compliance Enforcement Authority (CEA) for WECC. WECC is entering into an agreement with NPCC to perform this function so no Miscellaneous Funding is budgeted in 2012.
- Training and Education
 - An increase in funding is budgeted due to an increase in system operator testing fees, certificate renewal fees and continuing education fees.
 - The increase in workshop fees is due to the increased number of workshops planned for Standards, Situation Awareness and Critical Infrastructure Security.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Total Salaries	\$ 21,095,939	\$ 20,609,580	\$ 24,800,833	\$ 3,704,894
Total Payroll Taxes	1,285,299	1,260,495	1,524,935	239,635
Total Benefits	3,263,692	2,771,926	3,190,308	(73,384)
Total Retirement	2,977,801	2,766,923	3,489,736	511,935
Total Personnel Costs	<u>\$ 28,622,731</u>	<u>\$ 27,408,924</u>	<u>\$ 33,005,811</u>	<u>\$ 4,383,080</u>
FTEs	150.75	145.63	176.75	26.00
Cost per FTE				
Salaries	\$ 139,942	\$ 141,520	\$ 140,316	374
Payroll Taxes	8,526	8,655	8,628	101
Benefits	21,650	19,034	18,050	(3,600)
Retirement	19,753	19,000	19,744	(10)
Total Cost per FTE	\$ 189,871	\$ 188,209	\$ 186,737	\$ (3,134)

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- The increase in Total Salaries reflects a 19 percent increase in FTEs
- Total Benefits are increasing at a lower rate than total Salaries expenses due to lower costs for medical benefits and relocation expenses

Consultants and Contracts

Table B-5

Consultants and Contracts	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Reliability Standards	\$ 491,500	\$ 479,007	\$ 15,000	\$ (476,500)
Compliance and Organization Registration and Certification	1,195,000	812,500	120,000	(1,075,000)
Reliability Assessment and Performance Analysis	1,160,000	1,322,000	998,000	(162,000)
Training and Education	487,658	412,303	596,448	108,790
Situation Awareness and Infrastructure Security				
Situation Awareness	3,946,558		3,588,116	(358,442)
Critical Infrastructure Protection	635,000		795,000	160,000
Total Situation Awareness and Infrastructure Security	4,581,558	5,030,374	4,383,116	(198,442)
Committee and Member Forums	-	-	-	-
General and Administrative	-	34,634	-	-
Legal and Regulatory	135,000	135,000	141,750	6,750
Information Technology	1,033,000	1,033,000	1,418,000	385,000
Human Resources	250,000	194,191	290,000	40,000
Accounting and Finance	5,000	5,000	325,000	320,000
Consultants Total	\$ 9,338,716	\$ 9,458,009	\$ 8,287,314	\$ (1,051,402)

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- **Reliability Standards** - The use of outside consultants and contractors has been virtually eliminated due to the increase in FTEs to support the program's resource requirements.
- **Compliance and Organization Registration and Certification** - Funding for outside auditors retained to support the Compliance Operations regional entity audits has been transferred to the finance and accounting area to support the risk management function and funding for the compliance database has been transferred to information technology as part of an ongoing initiative to better manage NERC's IT investments and ensure integration in an overall strategic long term and sustainable ERO enterprise IT platform; funding for development of the nuclear CIP audit program has been eliminated.
- **Reliability Assessments and Performance Analysis**- due the completion of contract work and the increase in internal resource capabilities.
- **Situation Awareness** - Reduction is primarily driven by reduced SAFNR and IDC costs.
- **Training and Education** – The increase is due primarily to the need for external support to more rapidly develop and deploy training programs while moderating the need for increased staffing.
- **Critical Infrastructure Protection** – Primarily driven by consulting support for the deployment of the secure communications portal within the ES-ISAC.

- **Information Technology** – The increase is primarily due to the transfer of IT-related projects from Standards and Compliance Operations, and also includes funding for technology improvements related to the ERO enterprise IT platform development and deployment which is integral to NERC’s ERO process improvement initiative.
- **Human Resources**- additional funding for staff training and development.
- **Accounting and Finance** – Funding for the risk management function reallocated from Compliance Operations where it supported audits of the regional entities.

Office Rent

Table B-6

Rent	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Office Rent	\$ 1,020,151	\$ 1,957,416	\$ 2,304,257	\$ 1,284,106
Utilities			-	-
Maintenance			-	-
Total Office Rent	\$ 1,020,151	\$ 1,957,416	\$ 2,304,257	\$ 1,284,106

Increased rent expense due to the leasing of office space needed to accommodate existing and future staffing needs, as well as short-term costs associated with existing leases as NERC transitions to its new headquarters in Atlanta and a new location in Washington, D.C. given space limitations at its current Washington, D.C. location.

Office Costs

Table B-7

Office Costs	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Telephone	\$ 272,018	\$ 272,018	\$ 441,280	\$ 169,262
Telephone Answering Srv	2,400	2,400	2,400	-
Internet	514,924	654,924	312,900	(202,024)
Office Supplies	152,500	202,500	170,600	18,100
Computer Supplies and Maintenance	-	-	-	-
Computers	201,200	201,200	37,000	(164,200)
Computer Supplies	63,700	63,700	91,400	27,700
Maintenance & Service Agreements	589,850	696,890	1,168,400	578,550
Software	167,925	167,925	130,670	(37,255)
Network Supplies	40,645	40,645	-	(40,645)
Publications & Subscriptions	71,670	71,670	50,500	(21,170)
Dues	39,594	39,594	33,250	(6,344)
Postage	23,500	23,500	24,200	700
Express Shipping	32,250	32,250	49,000	16,750
Copying	72,000	72,000	139,000	67,000
Reports	10,000	10,000	3,219	(6,781)
Stationary/Forms	2,500	2,500	15,000	12,500
Equipment Repair/Service Contracts	31,000	31,000	25,000	(6,000)
Bank Charges	5,000	5,000	15,000	10,000
Taxes	60,000	60,000	50,000	(10,000)
Merchant Card Fees	67,500	67,500	80,000	12,500
Total Office Costs	\$ 2,420,176	\$ 2,717,216	\$ 2,838,819	\$ 418,643

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Telephone expense is related to cell and wireless internet access for the increase in staffing and to the expansion of office space
- Internet expenses will decline in 2012 as a result of the new network topology being integrated in 2011 in connection with the relocation of NERC's primary headquarters, expansion of offices in Washington, DC and relocation of its primary data center
- The increased cost of maintenance and service agreements is the result of investments in the new primary data center as well as computers, network equipment and audio visual equipment in NERC's Atlanta headquarters and expanded offices in Washington, D.C.
- Cost increases in other categories are generally due to the additional of personnel.

Professional Services

Table B-8

Professional Services	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Independent Trustee Fees	\$ 985,000	\$ 985,000	\$ 980,000	\$ (5,000)
Trustee Search Fee	120,000	120,000	75,000	(45,000)
Outside Legal	615,000	810,705	700,000	85,000
Lobbying Fees	50,000	50,000	50,000	-
Accounting & Auditing Fees	100,000	105,000	135,000	35,000
Insurance Commercial	75,000	115,000	115,000	40,000
Total Services	\$ 1,945,000	\$ 2,185,705	\$ 2,055,000	\$ 110,000

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- The reduction in trustee search fees reflects actual experience in prior years
- Outside law firms are used to support NERC's internal legal and regulatory staff due to increased demands and responsibilities
- The increase in Accounting and Auditing Fees is due to the new requirement to audit NERC's 401k plan, higher payroll service fees related to an increase in staff and outsourcing of Family Medical Leave Act (FMLA) administration
- Insurance costs are increasing as a result of NERC's investments and expansions of its offices and data center

Other Non-Operating Expenses**Table B-9**

Other Non-Operating Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Interest Expense	\$ -	\$ -	\$ -	\$ -
Line of Credit Payment		-		-
Office Relocation	750,000	-	-	(750,000)
Total Non-Operating Expenses	\$ 750,000	\$ -	\$ -	\$ (750,000)

Expenses related to the relocation of NERC's primary headquarters and expansion of its Washington, D.C. offices will be fully recorded in 2011 so there is no budget requirement in 2012. Actual 2011 office relocation expenses are reflected in Rent Expense and Fixed Assets.

2013 and 2014 Projections

Table B-10

For purposes of the 2013 and 2014 projections, staffing levels have been kept even with 2012 projected staffing levels due to the uncertainty associated with future program area staffing needs at this time. The 2013 projections reflect the full time equivalent of new employees who were projected to be hired but not employed a full year during 2012. The 2013 and 2014 contractor and consulting budget forecast were held level with 2012, with the exception of an increase of approximately \$150k under the Reliability Assessment Program Area for additional modeling support using outside experts which was deferred until 2012, the reduction in IDC expenses associated with the termination of that contract in 2013, the elimination of further NASPI funding at the end of January 2012 and the addition of \$500k as a place holder for funding of IT software and infrastructure to support process improvement initiatives. Other operating expense projections for both 2013 and 2014 reflect assumptions generally consistent with the 2012 budget. NERC will continue to refine these projections as 2011 and 2012 resource additions are integrated into current operations and the results of the various ERO efficiency initiatives undertaken by and between NERC and the Regional Entities become available.

Section B — Supplemental Financial Information

Statement of Activities and Capital Expenditures								
2011 Budget & Projected 2012 and 2013 Budgets								
	2012	2013	\$ Change	% Change	2014	\$ Change	% Change	
	Budget	Projection	13 v 12	13 v 12	Projection	14 v 13	14 v 13	
Funding								
ERO Funding								
ERO Assessments	\$ 50,661,272	\$ 52,807,117	\$ 2,145,845	4.24%	\$ 52,045,477	\$ (761,640)	-1.5%	
Penalty Sanctions	-	-	-	-	-	-	-	
Total ERO Funding	\$ 50,661,272	\$ 52,807,117	\$ 2,145,845	4.2%	\$ 52,045,477	\$ (761,640)	-1.5%	
Membership Dues	-	-	-	-	-	-	-	
Testing Fees	2,061,000	2,115,000	54,000	2.62%	2,175,000	60,000	2.8%	
Services & Software	250,000	250,000	-	0.00%	250,000	-	0.0%	
Workshops	120,000	120,000	-	0.00%	120,000	-	0.0%	
Interest	20,000	12,000	(8,000)	-40.00%	12,000	-	0.0%	
Miscellaneous	-	-	-	-	-	-	-	
Total Funding	\$ 53,112,272	\$ 55,304,117	\$ 2,191,845	4.1%	\$ 54,602,477	\$ (701,640)	-1.3%	
Expenses								
Personnel Expenses								
Salaries	\$ 24,800,833	\$ 25,685,985	\$ 885,152	3.6%	\$ 26,456,564	\$ 770,580	3.0%	
Payroll Taxes	1,524,935	1,641,125	116,190	7.6%	1,723,181	82,056	5.0%	
Benefits	3,190,308	3,546,519	356,211	11.2%	3,892,371	345,852	9.8%	
Retirement Costs	3,489,736	3,644,636	154,900	4.4%	3,865,042	220,406	6.0%	
Total Personnel Expenses	\$ 33,005,811	\$ 34,518,264	\$ 1,512,454	4.6%	\$ 35,937,158	\$ 1,418,894	4.1%	
Meeting Expenses								
Meetings	\$ 736,000	\$ 800,000	\$ 64,000	8.7%	\$ 800,000	-	0.0%	
Travel	2,787,870	2,927,264	139,394	5.0%	3,015,081	87,818	3.0%	
Conference Calls	348,910	366,356	17,446	5.0%	384,673	18,318	5.0%	
Total Meeting Expenses	\$ 3,872,780	\$ 4,093,619	\$ 220,839	5.7%	\$ 4,199,755	\$ 106,136	2.6%	
Operating Expenses								
Consultants & Contracts	\$ 8,287,314	\$ 8,266,872	(20,442)	-0.2%	\$ 6,119,151	(2,147,721)	-26.0%	
Office Rent	2,304,257	2,666,775	362,518	15.7%	2,413,789	(252,986)	-9.5%	
Office Costs	2,838,819	2,980,760	141,941	5.0%	3,129,798	149,038	5.0%	
Professional Services	2,005,000	2,080,000	75,000	3.7%	2,105,000	25,000	1.2%	
Miscellaneous	26,200	26,200	-	0.0%	26,200	-	0.0%	
Depreciation	1,900,717	1,634,421	(266,295)	-14.0%	915,571	(718,851)	-44.0%	
Total Operating Expenses	\$ 17,362,307	\$ 17,655,029	\$ 292,722	1.7%	\$ 14,709,510	\$ (2,945,520)	-16.7%	
Total Direct Expenses	\$ 54,240,898	\$ 56,266,913	\$ 2,026,014	3.7%	\$ 54,846,423	\$ (1,420,490)	-2.5%	
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	
Total Expenses	\$ 54,240,898	\$ 56,266,913	\$ 2,026,014	3.7%	\$ 54,846,423	(1,420,490)	-2.5%	
Change in Assets	\$ (1,128,627)	\$ (962,796)	\$ 165,830	-14.7%	\$ (243,946)	\$ 718,851	-74.7%	
Fixed Assets								
Depreciation	\$ (1,900,717)	\$ (1,634,421)	\$ 266,295	-14.0%	\$ (915,571)	\$ 718,851	-44.0%	
Computer & Software CapEx	772,090	671,625	(100,465)	-13.0%	671,625	-	0.0%	
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	
Equipment CapEx	-	-	-	-	-	-	-	
Leasehold Improvements	-	-	-	-	-	-	-	
(Incr)Dec in Fixed Assets	\$ 1,128,627	\$ 962,796	\$ (165,830)	-14.7%	\$ 243,946	\$ (718,851)	-74.7%	
TOTAL CHANGE IN NET ASSETS	\$ (0)	\$ (0)	\$ 0	-58.1%	\$ (0)	\$ 0	0.0%	
FTEs	176.75	179.00			179.00			

Section C — Non-Statutory Activity

NERC has no non-statutory activities.

Section D — Supplemental Financial Statements

Statement of Financial Position 2009 Audited, 2010 Projection, and 2011 Budget			
STATUTORY			
	(Per Audit) 31-Dec-10	Projected 31-Dec-11	Budget 31-Dec-12
ASSETS			
Cash	27,401,407	19,826,775	21,388,704
Trade Accounts receivable, net of allowance for uncollectible accounts of \$152,323 (2009)	2,890,791	2,890,791	2,890,791
Other Receivables	293,086	293,086	293,086
Prepaid expenses and other current assets	243,435	243,435	243,435
Security deposit	100,549	114,903	114,903
Cash value of insurance policies	252,309	252,309	252,309
Property and equipment	2,004,118	6,271,332	5,142,705
Total Assets	33,185,695	29,892,631	30,325,934
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	1,469,644	2,193,983	3,073,919
Deferred income	4,219,531	4,219,531	4,219,531
Deferred penalty income	10,175,000	-	-
Regional assessments	9,748,633	9,748,633	9,748,633
Deferred compensation	620,961	620,961	620,961
Accrued retirement liabilities	1,474,913	1,975,601	2,197,675
Accrued incentive compensation	2,683,034	3,064,013	3,523,932
Total Liabilities	30,391,715	21,822,721	23,384,650
Net Assets - unrestricted	2,793,980	8,069,910	6,941,284
Total Liabilities and Net Assets	33,185,695	29,892,631	30,325,934

NORTH AMERICAN ELECTRIC RELIABILITY COPORATION

Statement of Activities and Capital Expenditures by Program 2012 Budget	Statutory Activities															
	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	
Funding																
ERO Funding																
NERC Assessments	50,661,272	50,661,272	-	50,661,272	9,152,737	19,505,905	6,716,302	916,083	14,370,244	-	-	-	-	-	-	-
Penalty Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total NERC Funding	50,661,272	50,661,272	-	50,661,272	9,152,737	19,505,905	6,716,302	916,083	14,370,244	-	-	-	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	2,061,000	2,061,000	-	2,061,000	-	-	-	2,061,000	-	-	-	-	-	-	-	-
Services & Software	250,000	250,000	-	250,000	-	-	250,000	-	-	-	-	-	-	-	-	-
Workshops	120,000	120,000	-	120,000	-	-	-	120,000	-	-	-	-	-	-	-	-
Interest	20,000	20,000	-	20,000	3,864	8,629	2,558	1,047	3,902	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	53,112,272	53,112,272	-	53,112,272	9,156,601	19,514,535	6,968,860	3,098,129	14,374,147	-	-	-	-	-	-	-
Expenses																
Personnel Expenses																
Salaries	24,800,833	24,800,833	-	24,800,833	3,454,036	7,276,494	2,189,610	879,333	3,975,182	-	1,561,192	2,317,740	1,412,180	711,539	1,023,527	-
Payroll Taxes	1,524,935	1,524,935	-	1,524,935	222,559	476,089	141,720	57,024	238,666	-	67,331	118,966	100,329	37,353	64,896	-
Benefits	3,190,308	3,190,308	-	3,190,308	403,907	901,186	266,523	108,672	411,777	-	208,278	249,428	204,053	294,372	142,111	-
Retirement Costs	3,489,736	3,489,736	-	3,489,736	489,648	1,032,190	313,238	119,778	552,371	-	236,295	327,545	203,123	70,798	144,750	-
Total Personnel Expenses	33,005,811	33,005,811	-	33,005,811	4,570,151	9,685,959	2,911,090	1,164,808	5,177,996	-	2,073,097	3,013,679	1,919,685	1,114,062	1,375,285	-
Meeting Expenses																
Meetings	736,000	736,000	-	736,000	107,850	41,175	12,500	124,450	209,140	-	224,000	5,000	-	11,385	500	-
Travel	2,787,870	2,787,870	-	2,787,870	447,625	939,000	369,375	48,000	571,000	-	265,120	74,000	26,750	7,000	40,000	-
Conference Calls	348,910	348,910	-	348,910	108,500	34,235	31,950	58,100	48,175	-	57,500	3,200	4,800	600	1,850	-
Total Meeting Expenses	3,872,780	3,872,780	-	3,872,780	663,975	1,014,410	413,825	230,550	828,315	-	546,620	82,200	31,550	18,985	42,350	-
Operating Expenses																
Consultants & Contracts	8,287,314	8,287,314	-	8,287,314	15,000	120,000	998,000	596,448	4,383,116	-	-	141,750	1,418,000	290,000	325,000	-
Office Rent	2,304,257	2,304,257	-	2,304,257	-	-	-	-	-	-	2,304,257	-	-	-	-	-
Office Costs	2,838,819	2,838,819	-	2,838,819	57,818	94,006	93,676	63,600	95,951	-	480,500	32,915	1,898,470	13,094	8,790	-
Professional Services	2,005,000	2,005,000	-	2,005,000	-	-	-	-	-	-	1,130,000	750,000	-	5,000	120,000	-
Miscellaneous	26,200	26,200	-	26,200	1,000	4,000	4,000	250	1,500	-	10,000	750	1,600	3,000	100	-
Depreciation	1,900,717	1,900,717	-	1,900,717	-	218,882	17,161	-	47,853	-	255,775	-	1,360,275	-	771	-
Total Operating Expenses	17,362,307	17,362,307	-	17,362,307	73,818	436,888	1,112,837	660,298	4,528,420	-	4,180,532	925,415	4,678,345	311,094	454,661	-
Total Direct Expenses	54,240,898	54,240,898	-	54,240,898	5,307,943	11,137,257	4,437,753	2,055,656	10,534,732	-	6,800,249	4,021,294	6,629,579	1,444,141	1,872,296	-
Indirect Expenses	(0)	(0)	-	(0)	4,011,842	8,960,638	2,656,316	1,086,675	4,052,089	-	(6,800,249)	(4,021,294)	(6,629,579)	(1,444,141)	(1,872,296)	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	54,240,898	54,240,898	-	54,240,898	9,319,785	20,097,895	7,094,068	3,142,330	14,586,820	-	-	-	-	-	-	-
Change in Assets	(1,128,627)	(1,128,627)	-	(1,128,627)	(163,184)	(583,360)	(125,208)	(44,201)	(212,674)	-	-	-	-	-	-	-
Fixed Assets																
Depreciation	(1,900,717)	(1,900,717)	-	(1,900,717)	-	(218,882)	(17,161)	-	(47,853)	-	(255,775)	-	(1,360,275)	-	(771)	-
Computer & Software CapEx	772,090	772,090	-	772,090	-	-	-	-	-	-	-	-	772,090	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	1,128,627	1,128,627	-	(1,128,627)	-	218,882	17,161	-	47,853	-	255,775	-	588,185	-	771	-
Allocation of Fixed Assets	(0)	(0)	-	(0)	163,184	364,478	108,047	44,201	164,821	-	(255,775)	-	(588,185)	-	(771)	-
Change in Fixed Assets	1,128,627	1,128,627	-	1,128,627	163,184	583,360	125,208	44,201	212,674	-	-	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	(0)	(0)	-	(0)	(0)	-	-	-	0	-	-	-	-	-	-	-
FTEs	176.75	176.75	-	176.75	24.92	55.66	16.50	6.75	25.17	-	7.00	13.00	12.75	6.00	9.00	-

2012-2015 SHARED BUSINESS PLANNING AND BUDGET ASSUMPTIONS

PURPOSE AND SCOPE

Between January and March 2011, NERC and the eight Regional Entities collaborated in the development of a common set of business planning assumptions. The results from that effort are contained in this document. These assumptions are based on the ERO goals and objectives [[ERO Enterprise Strategic Direction](#)].

The document will be used by NERC and each of the Regional Entities as an input to each organization's 2012 business plans and budgets and longer term business and budget planning, recognizing there may be unique factors that drive differences in each organization's final business plans and budgets subject to the approval of their respective governing bodies.

Where additional Program Area resource needs are anticipated or specific Program Area undertakings are anticipated, it is the intention that this document will also address the allocation of those resource requirements and needs between NERC and the Regional Entities, as well as identify assumptions with respect to industry resource support with respect to particular programs (e.g., standards development).

OVERVIEW OF BUSINESS ENVIRONMENT

LEGAL CONTEXT

NERC and the Regional Entities will continue to work under the regulatory framework governing the establishment and enforcement of reliability standards for the bulk electric system established by applicable governmental authorities in the United States and Canada.

NERC and the Regional Entities do not at this time anticipate substantive generic amendments to the terms of their existing delegation agreements, which will not expire during the planning period, or changes to Regional affiliations, but individual amendments may be necessitated by changes in certain Regional Entities' rules documents. NERC and the Regional Entities, will, however, make significant strides toward implementing the ERO Enterprise model for the benefit of stakeholders.

Although the scope of each Regional Entity's delegated authorities and responsibilities will remain relatively constant and incremental process improvements and efficiency gains are expected throughout the planning period, workload associated with the

delegated authorities is expected to increase in a manner that offsets and exceeds the efficiency gains.

NERC and its Regional Entities will continue to work in a collaborative way with the North American Transmission Forum, Inc. and North American Generator Forum (collectively Forums) and anticipates the Forums will also provide public lessons learned, industry training, and opportunities for the industry to further advance reliability. Additionally, NERC and the six Regional Entities comprising the Eastern Interconnection will work in closer collaboration on reliability issues that impact the Interconnection.

BUSINESS ENVIRONMENT

Economic conditions will continue to place cost pressures on NERC and the Regional Entities to work as efficiently as possible and leverage overall ERO resources. Cost pressures on the electric utility industry may affect stakeholder resources available to participate in NERC and Regional Entity activities.

Since NERC and the Regional Entities business plans, budgets, and resource requirements were and will continue to be established based upon the assumption of continued industry participation in support of key program areas, including but not limited to event analysis, reliability assessments, and standards development, any significant change in the quality or availability of industry resources will increase NERC's resource and funding requirements.

NERC COMMITTEES

There will be increased coordination with respect to resource and workload planning between and among NERC management and NERC's committees, including, but not limited to the Operating Committee, Planning Committee, Critical Infrastructure Protection Committee, Standards Committee, and Compliance and Certification Committee. The coordination is expected to result in improved identification of incremental resource needs, more effective resource management, and increased efficiency in resource allocation.

RELIABILITY STANDARDS PROGRAM

1. Over the planning period, NERC will implement a results-based standards program based on a NERC Board of Trustees endorsed prioritization process with regular consideration of substantive standards developments and FERC rulings containing standards directives. The program deliverables will focus on revisions to existing reliability standards and development of new reliability standards that are expected to lead to the greatest improvement in bulk electric system reliability. Training materials will be developed, training will be provided, and the results-based approach will be applied to applicable existing and future standards projects. Additional NERC resources will be required to support this effort. At the NERC level technical personnel with training skills either in training department or within standards will be needed to assure training is available for drafting teams as their membership changes due to attrition or when new teams are created. At the Regional level resource allocation of time to receive training will be necessary, at a minimum.
2. NERC will modify the standards development process to improve speed and quality, and to explicitly address cost-effectiveness, while maintaining ANSI accreditation for those standards which qualify as ANSI standards. Examination of equivalent registration in Canada will be undertaken. The process modifications will involve the use of pilot programs in 2012 and possibly additional pilot programs in later years.
3. NERC and the Regions will address and appropriately prioritize all fill-in-the-blank standards over the planning period. NERC standards development staff is expected to provide increased coordination of regional standards development by becoming more involved earlier in the regional standard development efforts to help assure consistency in regional and continent-wide standard technical content, format, and quality. Depending on the number of regional standards, additional NERC resources beyond those currently dedicated to supporting the regional programs may be required.
4. NERC and the Regional Entities continue to expect cyber and critical asset security to be a priority in the United States and Canada, with significant oversight by applicable government authorities. CIP-002 through CIP-009 (or other applicable designation), version 4, is targeted for submittal to the NERC board and filing in 2012, with regulatory response expected in 2012 and expected implementation in 2013 at the earliest.
5. NERC and the Regional Entities will lead the development of a revised definition of adequate level of reliability (ALR) of the bulk electric system. This will be accomplished through the efforts of the NERC Member Representatives Committee, and the Operating and Planning Committees. The revised definition will be delivered to the Board of Trustee's for consideration in February 2012. In

- the event the ALR revision process results in a need for standards revisions or additions, additional resources may be required at NERC, as well as from the Regional Entities and industry.
6. Assumptions with respect to highly specialized technical resource requirements associated with critical infrastructure standards development are addressed under the Critical Infrastructure Protection Program Area.
 7. Assumptions regarding additional Compliance Program Area resources to support standards development are addressed under the Compliance Area.
 8. A decrease in workload is expected in the later years of the planning period, based on the results-based standards initiative and improved standards development process due to improvements in standards. The number of projects contained in the Reliability Standards Development Plan is expected to increase over the planning period as the results-based standards initiative is fully implemented, work necessary to complete the response to FERC Order 693 directives is finalized, and the existing requirement to review each standard every five years is implemented. However, the scope of these projects is generally expected to be narrower than would otherwise potentially exist in the absence of the Results-Based Standards initiative. NERC will need more expertise in the project management, and technical writing disciplines in the Standard Department, along with additional standards process administrator support to manage the standards development governance and stakeholder interface. Additional analyst resources for website content are anticipated over the period to aid in fulfilling the ERO obligation to provide a comprehensive status of standards (effective dates, implementation plans) in the US and the Canadian Provincial regulatory jurisdictions.
 9. NERC projects to continue its current development and regulatory filing activity level in 2012-2015 in accordance with the prioritization process of the Standards Committee. Generally, NERC will plan on a one year timeline to respond to future FERC directives on standards development while addressing the directives backlog over the next five years. This will require additional NERC resources to support regulatory coordination. No regional impacts are expected.
 10. NERC projects to develop and process 12-15 substantive NERC standards related filings per year, conduct approximately 25 ballots, and provide 25 commenting rounds under the successive balloting process for standards or interpretations.
 11. The Regional Entities expect to work with NERC to limit the number of Regional Standards submitted during the planning period by focusing on international solutions where possible. Less than 10 Regional Standards are expected to be submitted during the planning period.
 12. Regional Standards Development processes will be periodically reviewed and updated as necessary to keep pace with similar changes with the NERC process.

This may have an impact on Regional Entity resource requirements. NERC will provide increased standard drafting team training to enable all drafting team members to understand their roles in the standards development process. This added training will require additional resources at the NERC level in the near term.

13. NERC and the Regional Entities will:

- Increase communication and outreach opportunities with stakeholders and NERC standing committees;
- Increase project level communications, education, and training for new or revised standards;
- Continue to improve the standards portion of the NERC and Regional Entity Websites;
- Work with stakeholders to jointly identify needs for new or revised standards or standards products; and
- Provide the necessary information and background to allow the industry stakeholders to perform a cost effectiveness analysis.

These efforts will require additional resources to provide management oversight and accountability for these key standards interface and communication activities. At the NERC level this requires additional resources in Standards Information to support website content and regulatory coordination.

14. NERC will continue to transform its standards organization to sustain a higher level of activity, output and quality. It is anticipated that this effort will require additional Regional Entity and Industry resources and will require an increase in NERC resources including:

- Increased technical resources to support drafting teams in the development of results-based standards and associated training;
- Increased resources to support greater stakeholder outreach in the Standards information function;
- Dedicated support for standards database development and maintenance in support of the ERO compliance and standards information system; and
- Additional project management support for North American standards development activity.

COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION PROGRAM

1. Assumptions with respect to highly specialized technical resource requirements associated with compliance monitoring and enforcement of critical infrastructure protection standards are addressed under the Critical Infrastructure Protection Program Area.
2. The Technical Feasibility Exception (TFE) program will continue to require significant staffing resources within NERC and across the industry as Regional Entities perform reviews and gauge compensating measures. TFE development, review and approval will result in additional compensating measure validation checks, quarterly reporting tracking, and change management. Experiences gained through existing operations will be utilized to guide the development of resource recommendations.
3. The number of interpretation and guidance requests is assumed to remain constant in the near term. CANs, case notes and industry-trial implementation periods are expected to continue, as are formal interpretation requests.
4. Continue refinement of risk-based methodologies to support more effective and efficient compliance monitoring activities such as: appropriately focused Annual Implementation Plan and Actively Monitored List (AML), audit scoping and various enforcement activities. This refinement, while improving the reliability enhancement component of the compliance program, is not anticipated to require additional NERC, Regional Entity, or Industry resources and will be accomplished by making use of standard auditing practices.
5. NERC and the Regional Entities will coordinate development of a risk-based approach to compliance monitoring. The first step will be to develop appropriate risk profile determination for registered entities as a pilot in 2011 with further expansion throughout the planning period.
6. NERC and regional staff will continue to collaborate to define ongoing training needs, priorities and implementation schedules for NERC and Regional Entity auditors, enforcement, and investigation staff. The Regional Entities should assume that NERC will include in its budget the cost of these training programs, other than Regional Entity costs (e.g., labor, travel, and lodging) to participate and attend.
7. NERC and Regional Entity staff should be provided the time to maintain critical industry certifications, such as NERC System Operator Certification. Additionally, blending in the appropriate audit and investigative skills must be provided. Budgets and long term work plans should reflect recertification and training time for NERC and Regional Entity staff.

8. NERC will conduct semi-annual three day ERO auditor workshops to provide auditors with updates on compliance policies, actions and requirements in order to promote consistency of audit practices and procedures. Goal is to have 100 percent of auditors, including CIP auditors as their schedules permit, attend at least one of the semiannual three day workshops which will be scheduled for the third week of February and September. The Regional Entities should assume that NERC will be responsible for the cost of these training programs, other than Regional Entity costs (e.g., labor, travel, and lodging) to attend.
9. Increase the number of spot checks over the next three years in conjunction with a risk-based approach to compliance monitoring. While this will initially increase auditor preparation time and resources, appropriately scoped audits based on entity risk and performance profiles should lead to efficiencies in the audit program. Notwithstanding these improvements in efficiency Regional Entities may be required to increase their audit resources in the near term.
10. Audits, which will continue under a schedule to complete BA, TOP, and RC audits each three years and other entities each six years in the first few years of the planning period, will transition to a periodicity more reflective of the risk profile of registered entities as the planning period progresses. Compliance monitoring will be based on a risk and performance review of the individual entity; where necessary audits will have an increase in depth and complexity, including an increased number of unscheduled audits or spot checks. While some audits will be more in-depth and of greater complexity, other audits may require less resources based on the risk and performance based assessment of each entity and all audits will become more focused and perhaps reduced in scope. Regional Entities may nevertheless find it necessary to increase their audit resources to satisfy these workload requirements. It is reasonable to expect that entities having a higher risk profile will be audited more often, while those with a lower one will be subjected to audits more infrequently.
11. Changes to the Rules of Procedures affecting the Compliance Monitoring and Enforcement Program will continue to be made as appropriate in order to enhance efficiency in compliance operations and enforcement. However, it is not possible at this time to predict the impact of these yet to be identified improvements on the need for further resource additions in the ERO compliance and enforcement areas.
12. In addition to the regular schedule of workshops and other communications, NERC and Regional Entities will also continue to collaborate and provide special industry communications, focusing on both the most-violated, as well as recently adopted, standards and those most critical to reliability. It is anticipated that additional Regional Entity resources will be needed to support this effort.
13. NERC and the Regional Entities' compliance and standards program area management will work collaboratively to provide more compliance guidance to

- support industry's efforts to achieve compliance prior to the effective date of new and revised standards. This increased collaboration is expected to mitigate the need for additional resources to support compliance application notices. However additional resources are required at NERC in the near term to support dedicated compliance input to standards and conduct field testing of standards approved by the NERC BOT or approved by FERC and still in the implementation phase.
14. NERC and Regional Entities will coordinate and expand registered entity training in the application of reliability standards in order to better prepare registered entities, improve compliance and reduce the number of erroneous self reports and self-certifications. NERC's and the Regional Entities' compliance program area will require resource additions in 2012 to provide more input and support to facilitate standards development and forward looking guidance to assist industry in meeting compliance deadlines. These additional resources will also be used to conduct webinars of revised and new standards' implementation plans.
 15. NERC and Regional Entities will refine audit guidance for all new Reliability Standards. NERC and Regional entity compliance staffs will need to conduct semiannual workshops to improve guidance and instruction on certain standards in 2012 and 2013. Given the complexity and number of number of standards and requirements NERC will require additional resources in the near term to develop guidance and training to industry on MOD standards. These additional resources will also consider linkages between the modeling and planning standards to assist NERC and the Regional Entities in providing overall compliance guidance. Regional Entities estimate that the auditing of these standards will be accomplished with existing resources.
 16. NERC and the Regional Entities estimate that, with the introduction of a robust, registered entity focused Event Analysis process, approximately 40 CI's per year are probable and will require additional resources.

ENFORCEMENT

1. NERC and the Regional Entities will continue to establish streamlined mechanisms to expedite the disposition of minor, administrative violations and look to gain more discretion to handle minor violations before they enter the enforcement process to better focus existing resources on significant violations.
2. NERC and Regional Entity resources will be required to develop and implement an enforcement process that encourages "good" self-reporting, one that results from a systematic compliance "culture" to detect, report, and correct problems, and obtains adequate recognition in the enforcement processes.
3. Utilizing existing resources, follow-up to NERC's education of the industry on lessons learned from violations that pose the most risk to the bulk electric system with "targeted aggressive enforcement" for further instances of non-compliance.
4. The current trend of alleged violations is expected to continue during the planning period.

5. Through efficiency gains and limited additional resources, NERC and Regions will strive to achieve a 12-month total average processing time for alleged violations over the planning period.

REGISTRATION

1. The number of registered entity functions may increase as a result of the possible expansion of the Bulk Electric System definition. However, this may be mitigated (in part) through increases in joint registration and the application of the Multi-Region Registered Entity (MRRE) process, alleviating the need for resource additions.
2. It is assumed that a uniform BES definition will be implemented in 2012 and it will result in increased workload for the Regions as they deal with exclusion requests in 2012 and 2013. The program area resource impacts will vary by Regional Entity, as will the Program Area under which this work is performed.
3. NERC does not expect significant number of registration challenges, with efforts in registration focusing on refining the current registries across the Regional Entities.
4. The number of certifications of BA, RC, and TOP may increase as entities adjust footprints and responsibilities. At present no major additional resources are envisioned.
5. The number of Joint Registration Organization and Coordinated Functional Registrations will likely increase as entities better delineate shared responsibilities and seek to achieve efficiency and effectiveness through better alignment of responsibilities and compliance liabilities.
6. Over the planning period, NERC will review its registration criteria to enhance its joint and coordinated functional registration to better approximate registration by requirement or by asset.

RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS PROGRAM

1. NERC and the Regional Entities will lead the development of a revised definition of adequate level of reliability (ALR) of the bulk electric system. This will be accomplished through the efforts of the NERC Member Representatives Committee, and the Operating and Planning Committees. The revised definition will be delivered to the Board of Trustees for consideration in February 2012. NERC will continue to incrementally refine data reporting requirements from registered entities, and review adequate level of reliability related metrics used in reliability assessments.

2. NERC and Regional Entities will gather data or complete analysis in support of U.S. Federal or Canadian Provincial initiatives. For example, the following reliability considerations are being or may be reviewed:
 - a. High impact/low frequency events such as geomagnetic disturbances
 - b. System frequency response analysis
 - c. Analysis of low-inertia operations of the bulk power system
 - d. Climate change
 - e. Environmental regulations
 - f. New technology integration such as renewable energy, smart grid, energy storage, and/or electric vehicles
3. NERC will continue to require resources to analyze TADS data and support the TADS system. NERC will also publish an annual report assessing trends once sufficient data is collected.
4. Generator Availability Data System (GADS) and Spare Equipment Database (SED) collection may become mandatory in 2012 and, together with Demand Response Availability Data System (DADS) collection which becomes mandatory in 2011, will require Regional Entity resources support, similar to the current TADS process. NERC will provide industry training regarding the mandatory submittal of SED, DADS and GADS data. Additionally, NERC staff will be required to provide both administrative and analysis support to the SED, DADS, and GADS system.
5. NERC and the Regional Entities will continue to provide independent reviews of assessments to assure a high level of technical rigor.
6. Resources in this program area will continue to provide subject matter expertise to support standards development and improvements, respond to requests for determinations of exceptions to bulk electric system, as well as support other program area technical needs.
7. Resources will be required to support the development and validation of models, mitigation strategies, studies and education related to geomagnetic disturbance events.
8. NERC will continue to develop analysis of TADS data in 2012. Additionally, NERC staff will be required to provide both administrative and analysis support to the TADS system, resulting in an annual report assessing trends once sufficient data is collected.
9. To meet NERC's Three-Year Performance Assessment commitments, NERC will continue to:

- a. Vet proposed and future metric development, collection, and analysis with industry stakeholders through the Reliability Metrics Working Group (RMWG).
 - b. Identify and spotlight system and equipment trends through assessments of the availability data systems and metrics (e.g., TADS, GADS, TADS, reliability metrics, etc.)
 - c. Two limited focus post-seasonal overviews will be completed annually (Summer and Winter). NERC and the Regional Entities will prioritize and budget for two reliability assessment initiatives (scenario and special reliability assessments) per year. Specialized contractors may be used to complete detailed analysis to support scenario assessments. Three special assessments are currently scheduled to be completed between 2011 and 2014 (change in resource mix, gas dependency, delays in transmission development).
10. To meet NERC's Three-Year Performance Assessment commitments, NERC may be required to add resources to:
- a. Provide quarterly updates of metric analysis results through NERC's website, NERC News, and via Webinars and an annual report assessing the State-of-Reliability in North America based on this analysis.
 - b. Develop a centralized data collection, reporting and validation process, and calculation tools in 2012 and beyond for reliability assessments (electricity supply and demand database), metric development and availability data systems such as TADS, GADS, DADS, and SED.
 - i. Develop integrated database to support the collection, validation, and distribution of reliability assessment information including generation, transmission, and demand data in 2011 through 2012. NERC may need to develop information system enhancements for the Regional Entities to support automation. The requirements for any such enhancement at NERC would be developed by the RAPA Program Area, procured by the NERC's IT department and budgeted as a RAPA Program area cost. It is anticipated that Regional Entity resources will be needed to support this effort.
 - ii. Support increased coordination and data collection, analysis to support tracking and data analysis to calculate associated risks to reliability identified in future NERC alerts (advisories, recommendations, and essential actions).
 - c. Increased coordination with event analysis, lesson learned, and model validation activities. Specialized contractors may be used to complete detailed analysis to support model data collection and validation. Resources will be required to administer and monitor data quality and model validation, as well as develop and maintain associated training materials.

- d. Complete work plans supporting reliability assessment and input into NERC's reliability standards process for technology integration and high-impact, low-frequency event risks.
 - i. NERC will implement probabilistic assessments into the Long-Term Reliability Assessment with a trial run in 2012. A common regional set of probabilistic reliability indices and probabilistic-based work products will be used to supplement NERC's Long-Term Reliability Assessment. Information system enhancements and modeling support may be required by Regional Entities to support this effort. By 2013, the Regional Entities may be required to work with stakeholders to generate suitable probabilistic indices which may include composite (generation and transmission) reliability comparisons for future year trending.
 - ii. Probabilistic energy and high-risk hours analysis to be included in seasonal and long-term reliability assessments to supplement capacity assessment with trials in 2013.

TRAINING, EDUCATION, AND OPERATOR CERTIFICATION PROGRAM

1. NERC and the Regional Entities will coordinate the delivery of educational materials to registered entities through NERC's development and implementation of a centralized, robust learning management system (LMS). The LMS is expected to provide standards technical guidance, compliance guidance, lessons learned, examples of excellence, best practices, alerts, and other technical resource information. To maintain support for this system, NERC will require the addition of staff.
2. In 2012, NERC and the Regional Entities will begin to implement a compliance auditor training program that will require staff and contractor resources to implement. The priority of implementing training programs for additional technical functions (i.e., CIP Auditors, Investigators, Root Cause Analysts, Training Instructors, etc.) will be determined. NERC and the Regional Entities will continue to support core ERO function training courses (e.g., auditors, root cause analysis, CIP auditing) throughout this development.
3. NERC and the Regional Entities will place priority on developing educational materials for Registered Entities regarding expectations for new and existing reliability standards, and for supporting a culture of reliability excellence.
4. NERC will continue to provide training to NERC and Regional Entity standards development staff and drafting teams on results-based standard development.
5. In 2012, NERC will centralize the coordination and management of all internal and external training. This will include development and management of an overall budget for internal and external training and education activities for all program areas. The functional requirements for particular training and education programs will be developed by the Program Area(s) with the relevant subject

matter expertise (e.g., Standards Program Area for standards training, Compliance Program Area for auditor training, Human Resources department for code of conduct training, etc.) The Training, Education, and Operator Certification Program Area will manage and be staffed with resources necessary to support the organization, planning and execution of, and registration for, specific training activities within the parameters of the overall training and education budget, with individual program areas providing subject matters experts as required to support particular activities. The applicable portion of the overall budgets, as well as costs, associated with specific program area training (e.g., standards, compliance, etc.) will continue to be allocated and charged to those program areas (e.g., standards training costs will be reflected in the standards budget, compliance training in the compliance budget, etc.). Operator training and certification programs will continue to be organized, managed, budgeted and funded consistent with the requirements of the rules of procedure. Additional resources requirements will be needed at NERC in 2012 to implement this approach and support Program Area training activities. Notwithstanding these resource additions, the centralized management of these activities is expected to enhance overall coordination, efficiency and quality of training and education activities. The Regional Entities are planning to manage this effort within existing budgeted training resources.

6. Each Regional Entity will host a minimum of two different compliance workshops each year.
7. NERC standards and compliance staff will conduct at least one joint workshop for industry each year; focusing on inter-relationships and feedback mechanisms.
8. In the case of NERC, the incremental costs of hosting workshops and other educational activities where stakeholders attend in person will be recovered through attendance fees in most cases.
9. NERC will contract for professional training for NERC and Regional Entity staffs to improve their effectiveness, including training in facilitation, negotiation, project management, and leadership.
10. No significant changes are expected in system operator certification (CEH) requirements through 2013.

SITUATION AWARENESS AND INFRASTRUCTURE SECURITY PROGRAM

1. NERC and the Regional Entities will continue to evaluate and coordinate their differing and complementary roles in CIP and Situation Awareness for budgeting and/or operational purposes.
2. During 2011 NERC made a significant investment to support the implementation of a situation awareness tool for FERC, NERC, and Regional Entities. NERC will incur ongoing licensing, maintenance, and support services fees for SAFNR

within its budget with no attendant impact on the Reliability Coordinator budgets and may seek FERC funding support. Regional Entities will be responsible for costs associated with establishing and maintaining monitoring displays.

3. NERC will fund and implement a new alerts system in 2012 that provides increased functionality to satisfy NERC's business needs in alerts development and processing and ensure the alerts are issued to the appropriate parties.
4. During 2012, NERC will continue to undertake significant activities and funding to facilitate third party development and management of North American Phasor Concentration System (NASCON) software and regional node communication integration. Commencing in 2013, NERC anticipates a reduced need for a direct NERC funding role related to NASPI development, with any NERC funding tied to NERC's internal situation awareness capabilities.
5. NERC will evaluate and implement steps during 2012-14 to transfer some or all of its reliability tools and functions to third parties, including but not necessarily limited to the Interchange Distribution Calculator, SDX and Book of Flowgates. One of the key challenges continues to be the development of an alternative funding mechanism with the users of the tools providing direct funding for the development, operation, and maintenance of the tools. Prior to implementation of these steps NERC will seek input from the Regional Entities, appropriate NERC committees and working groups, and other affected parties.

CRITICAL INFRASTRUCTURE PROTECTION

It is anticipated that major incidents, events, threats, or vulnerabilities may result in re-prioritization of CIP initiatives through 2015.

1. NERC's Critical Infrastructure Protection Program Area will have responsibility for the identification and management of the specialized critical infrastructure protection resources needed to support overall ERO CIP goals and objectives, as well as the specialized CIP resources needs of the other program areas (e.g., Standards, Compliance, Situation Awareness)
2. NERC and the Regional Entities will face increased competition in attracting well-qualified staff to address expanding CIP challenges, particularly in cyber security.
3. CIP activities will continue to increase significantly across the electricity sector. Risk analysis, incident response, CIP compliance requirements, information sharing and intelligence, CIP standards oversight, security training and awareness, and other functions are expected to increase NERC CIP resource requirements throughout the planning period. In light of these resources pressures, throughout the planning period, NERC and Regional Entities will need to establish strategic priorities and CIP resource allocations to support those priorities.
4. NERC will strengthen CIP partnership with U.S. and Canadian Government authorities to facilitate two-way information exchanges that enhance and expand

- knowledge of critical infrastructure threats and risk. NERC will promote CIP incident reporting and work with the Regional Entities to conduct security event and incident analysis and improve security practices in conjunction with the ES-ISAC.
5. In support of the Compliance program, the Technical Feasibility Exception (TFE) program will continue to require significant staffing resources within NERC and across the industry as Regional Entities perform reviews and gauge compensating measures. TFE development, review and approval will result in additional compensating measure validation checks, quarterly reporting tracking, and change management. Experiences gained through existing operations will be utilized to guide the development of resource recommendations.
 6. Staff resources necessary to effectively conduct industry-wide CIP audits will continue to be a challenge. There are too few auditors with the necessary skill and experience to monitor compliance with all CIP requirements. Active training and recruitment will be critical to success of the ERO CIP audit program.
 7. The new CIP-002 V4 standard is expected to result in a substantial increase in the number of entities and critical assets required to be monitored for CIP compliance in 2012-2015.
 8. NERC and the Regional Entities will develop and support a training and implementation program for registered entities to successfully implement CIP-002 V4. The training and implementation program will be based on a well developed audit plan and provide technical application guidance.
 9. NERC will develop a robust ES-ISAC and Threat and Vulnerability Management Program (TVMP) with the following organic capabilities:
 - a. Bi-directional sharing of sanitized information and other intelligence products with government and federal law enforcement agencies;
 - b. A secure communications portal for information sharing with electricity sector stakeholders;
 - c. ERO-wide visibility and situational awareness of network infrastructure to monitor for cybersecurity threats and identify ICS/EMS/SCADA control system protocols and signature vulnerabilities and provide reporting to potentially affected entities in near real time;
 - d. Industry-wide awareness of emerging threats and risks;
 - e. Security incident analysis and lessons-learned that enhance the electricity sector security posture.
 10. More comprehensive understanding of confidential and time sensitive standards development processes is necessary. In the event of a national security emergency the NERC board may direct development of a standard in response to

- the emergency that is deemed confidential with information that can only be shared on a “need to know” basis. This will require resources to develop an infrastructure capable of accommodating these obligations.
11. The Cyber Risk Preparedness Assessment (CRPA) program is designed to assess the current cyber resiliency capabilities of BPS entities and the adequacy of existing reliability mechanisms related to the highly unique nature of cyber threats. This sustaining program is a valuable resource to both NERC and industry and is expected to expand considerably through 2015 as more entities take advantage of the opportunity provided by the CRPA experience.
 12. The NERC Sufficiency Review Program will be re-architected to address CIP-002 Version 4.
 13. NERC will collaborate with governmental organizations including federal agencies, law enforcement, and DOE national laboratories to:
 - a. Develop case studies at government determined critical facilities to further understanding regarding requirements for “flow of power.”
 - b. Develop certification guidelines for the Smart Grid Cybersecurity Operator.
 - c. Partner with the Industrial Control Systems Cyber Emergency Response Team (ICS-CERT) to share threat, vulnerability, and security incident information.
 - d. Investigate benchmarking of vendor products and systems that improve cybersecurity protection.
 - e. Develop joint security Advisory products.
 - f. Develop a comprehensive Cybersecurity Risk Management Process Guideline for the enterprise electricity sector.
 - g. Integrate security event analysis from government agencies and national laboratories.
 14. The ERO will implement requirements of the ESCC Roadmap and Coordinated Action Plan in coordination with the Critical Infrastructure Protection Committee (CIPC) and industry volunteers to support the:
 - a. Severe Impact Resilience Task Force (SIR TF)
 - b. Cyber Attack Task Force (CA TF)
 - c. Smart Grid/Cyber Security Task Force (SGCS TF)
 - d. GeoMagnetic Disturbance Task Force (GMD TF)
 - e. Spare Equipment Database Task Force (SED TF)
 - f. NERC Crisis Response Plan

15. CIP Compliance Application Notice (CAN) guidance is expected to be provided in greater volume and with increased frequency to registered entities.
16. National level security exercises will be conducted to examine industry's cybersecurity and physical security preparedness and response capabilities through simulation of coordinated cyber and physical attacks on industrial control system, SCADA, and information technology assets.
17. NERC will develop comprehensive cyber security training program that validates knowledge and technical competency.

EVENT ANALYSIS

1. NERC and the Regional Entities will define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents.
2. NERC and the Regional Entities will work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues.
3. NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations.
4. NERC and the Regional Entities will refine the criteria and process to require prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing.
5. NERC will work with the Regional Entities to develop and provide root cause analysis training for NERC, Regional Entity staffs and the industry at large and subject matter experts who participate in event analysis and investigation teams.
6. The number of events requiring review and analysis will increase, with approximately 175 of those events qualify for review per year. The bulk of the work for review of these events will be at the registered entity and Regional Entity levels – they will need to be logged and tracked and reviewed by NERC and regional staff to verify that all parts of the review are completed, including compliance reviews.

CORPORATE SUPPORT FUNCTIONS

1. In 2012, NERC will establish an ERO-wide risk assessment framework. This function will include internal audit capabilities with respect to NERC's compliance with the Rules of Procedure and other legal requirements, as well as the compliance by Regional Entities with the Regional Delegation Agreement. This framework will also address the roles and responsibilities of the NERC Board of Trustees, Board committees and the various standing committees.

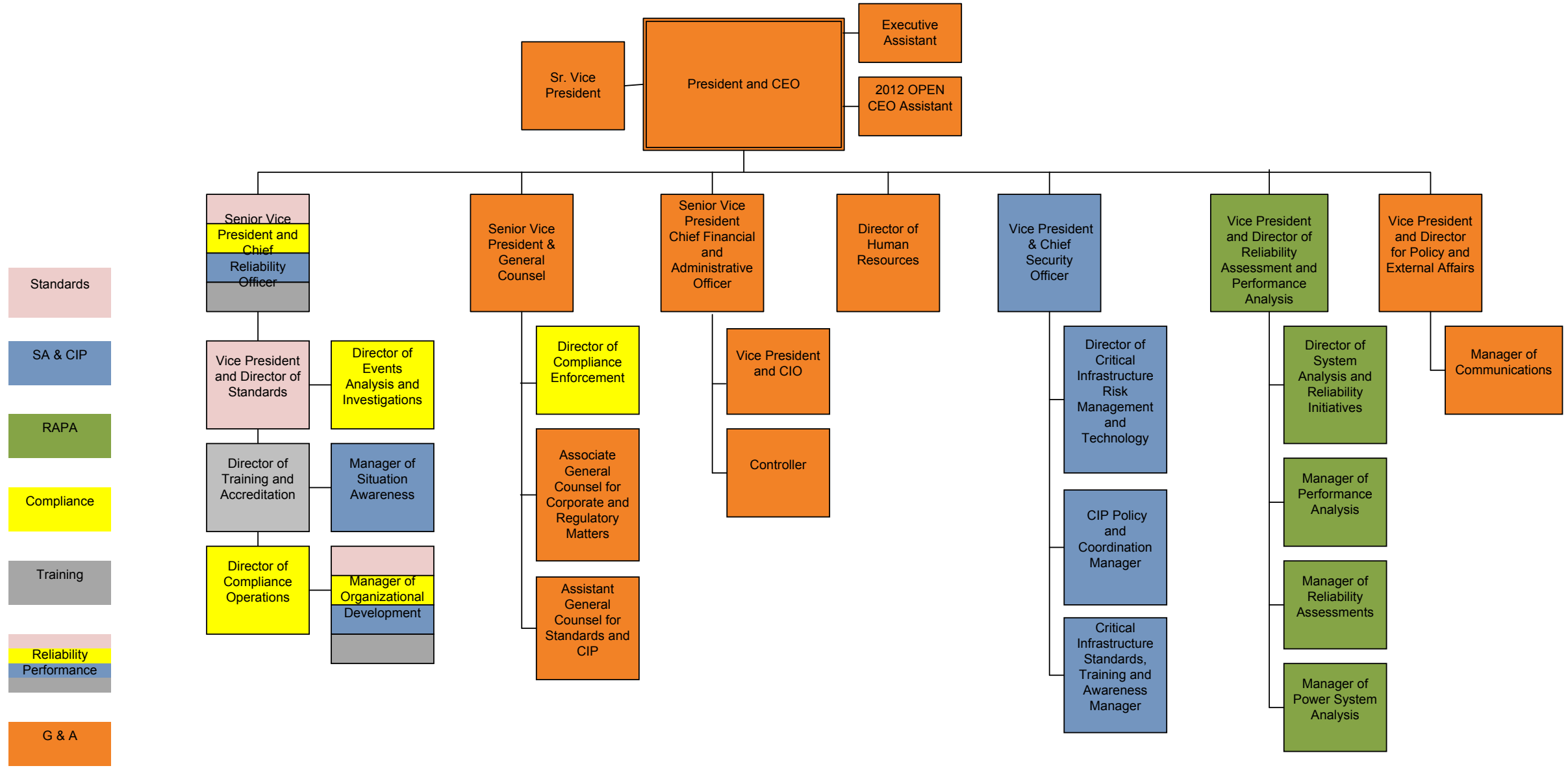
2. NERC and the Regional Entities will continue to work collaboratively to improve the efficiency and effectiveness of ERO processes, taking into consideration the results and recommendations of NERC's business process improvement initiative.
3. As part of its business process initiative, NERC is conducting a detailed and structured assessment of the technology platforms that support each of the major business processes including such factors as the inventory of users, capability of the tools for supporting the existing processes, opportunities to enhance program and process efficiency, the cross-process support provided by the tools, the support provided by the tools for regional entity and other stakeholder input processes, etc. NERC will seek input and feedback from the Regional Entities as part of this initiative. The intent of this assessment is to establish a baseline view of the tools and capabilities that are available to support NERC and ERO business process needs, as well as identify the IT needs that are not being met by the existing infrastructure that could be satisfied with other tools, such as SharePoint. Taking into consideration the outputs of this initiative, NERC and the Regional Entities will collaborate to develop and implement the most effective and efficient protocols and tools for the exchange of data and information between and among the Regions and NERC while optimizing organizational efficiencies as contemplated by the delegation agreements. Funding responsibility will be addressed based on specific organizational needs taking into account agreed upon common objectives and requirements for the applicable budget year.
4. NERC and the Regional Entities will continue to make improvements to their individual and collective business planning and budgeting processes, as well as cash flow forecasting and budget management practices.
5. NERC and the Regional Entities will maximize the cost effective use of conferencing facilities for hosting ERO meetings and conferences.
6. NERC and the Regional Entities will work together to evaluate and implement, where practical, joint purchasing activities and cost control measures to reduce costs of common operating expenses.
7. NERC and the Regional Entities will continue to maintain reserves and/or lines of credit to assure adequate funding resources, including the ability to request supplemental funding, for extended, major investigations and contested proceedings. NERC and the Regional Entities should plan to have short-term and intermediate term internal means to handle funding of hearings to permit effective due process for registered entities.
8. NERC and the Regional Entities will continue to face challenges and will require resources and programs to support the hiring and retention of qualified personnel.
9. Increased support services resources may be required to facilitate and support operations requirements and achievement of objectives.

10. Technology (software and hardware) investments will be required to support accounting, human resources and communications requirements and objectives.
11. Health care premiums, liability insurance and leasehold operating costs will likely continue to increase during the planning period.

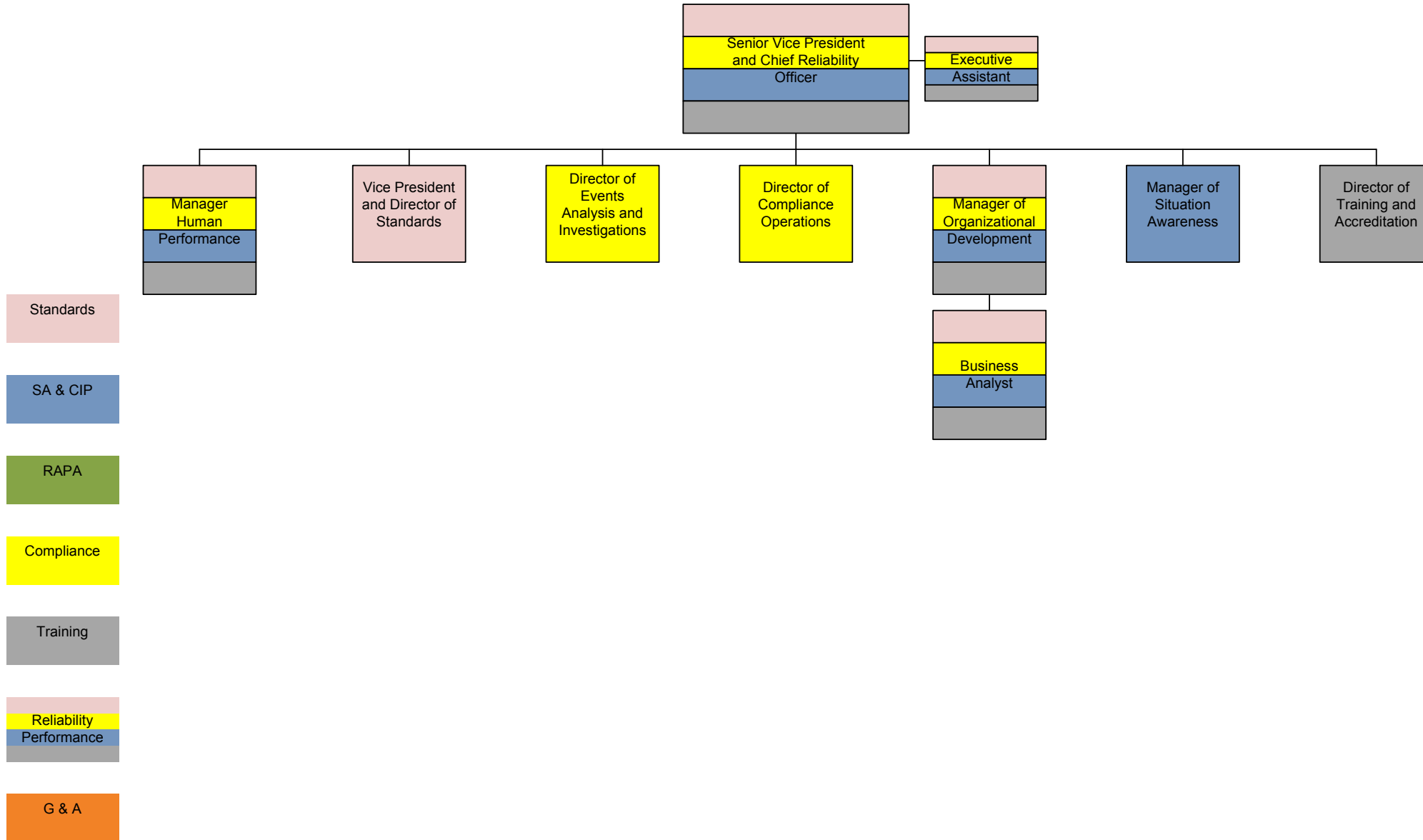
NERC 2012 BP&B

Mapping of Staff to Program Areas

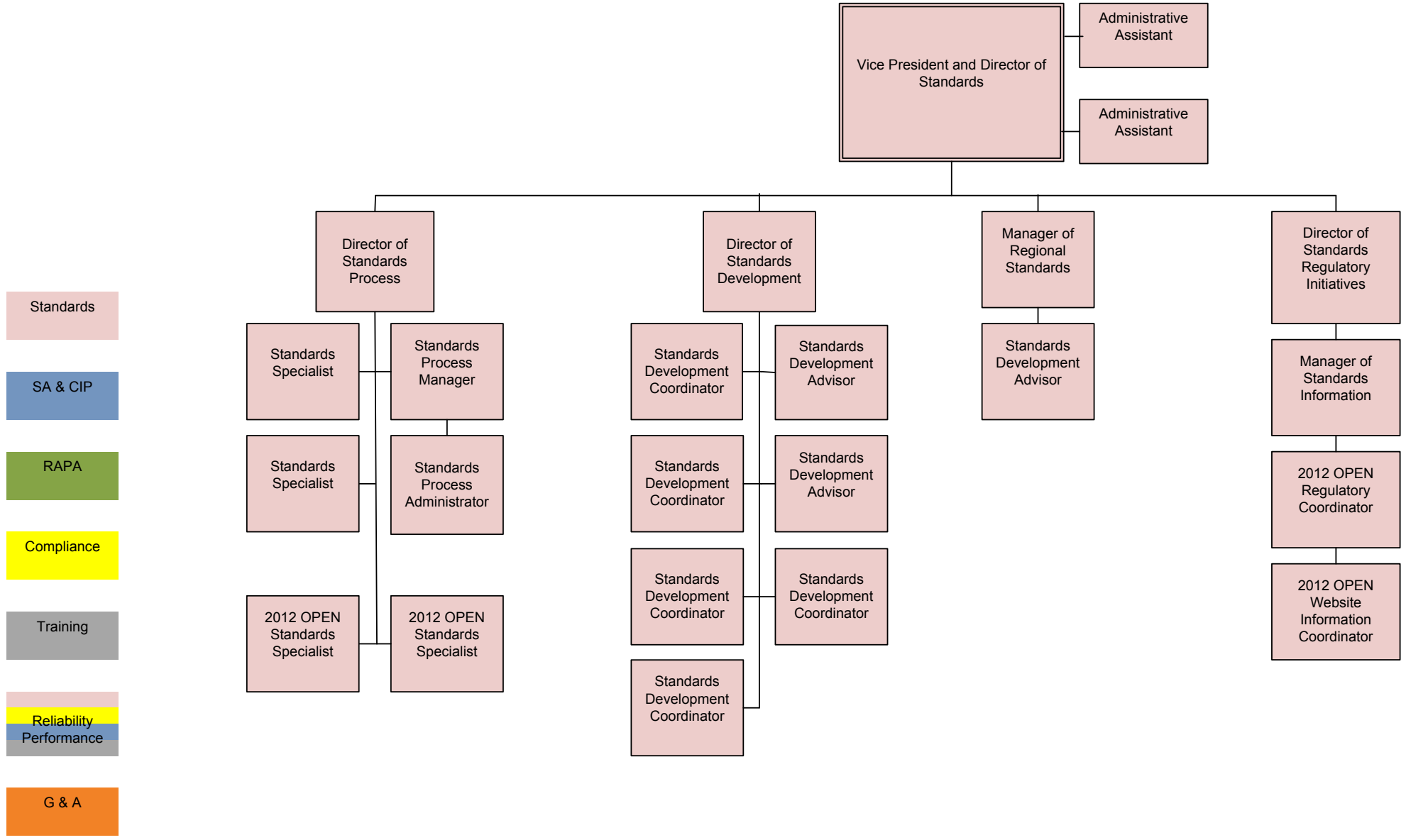
NERC Staff Organization Chart 2011-2012



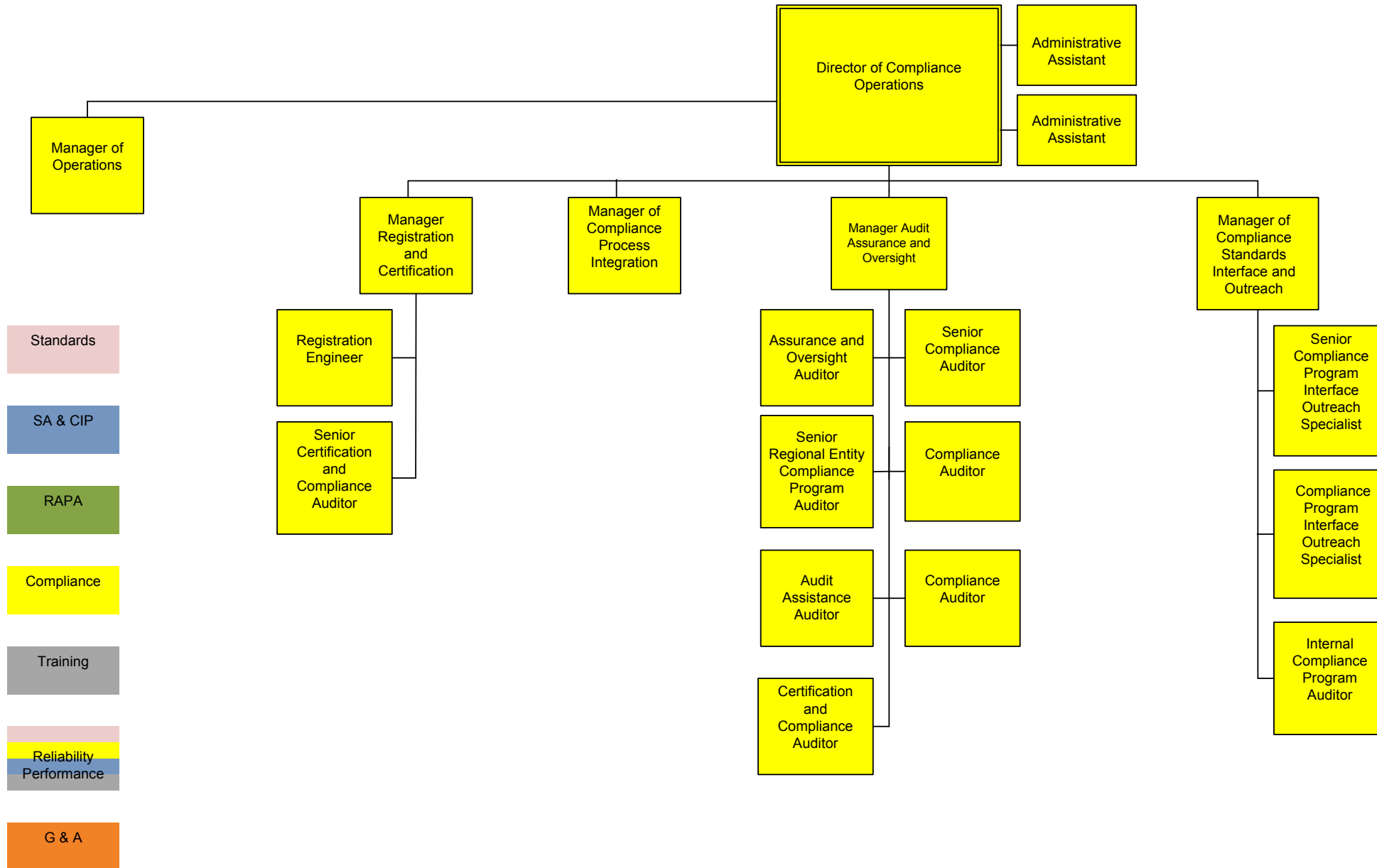
Reliability Performance 2011-2012



Standards 2011-2012

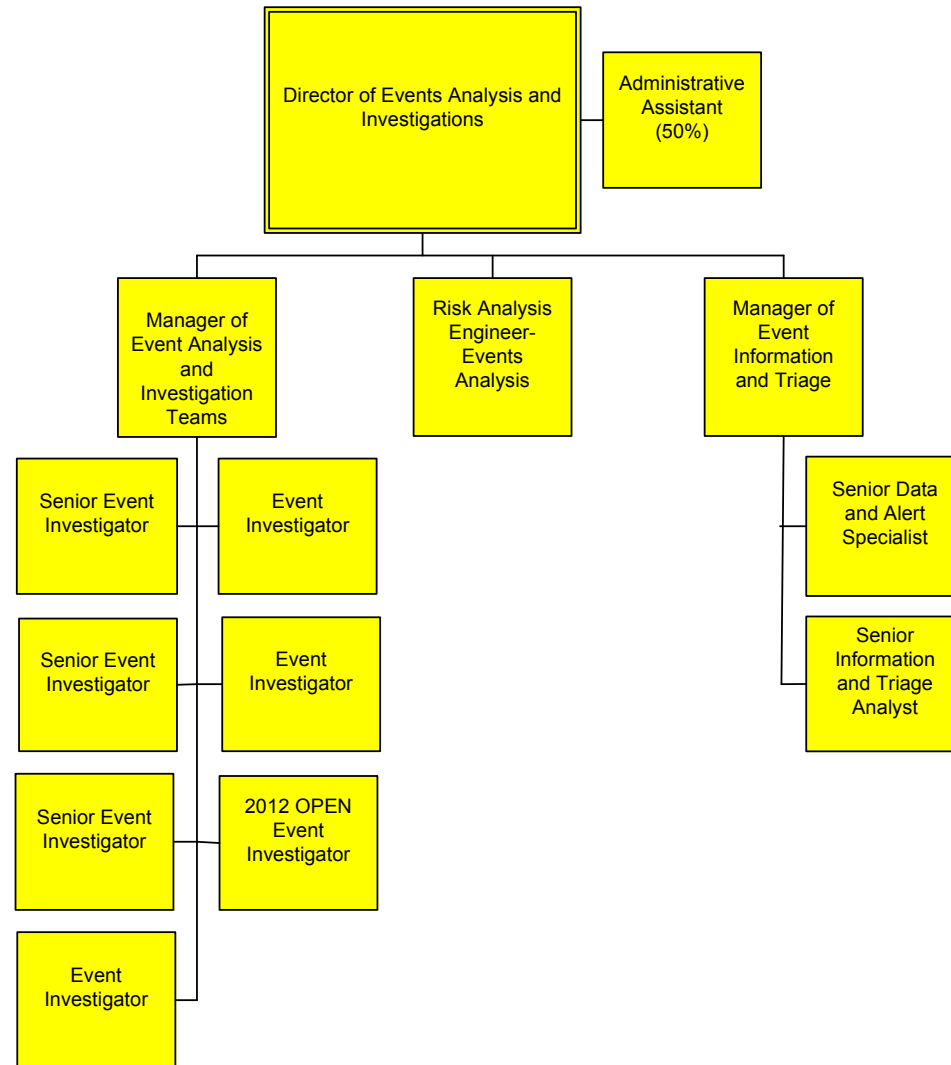


Compliance Operations 2011-2012

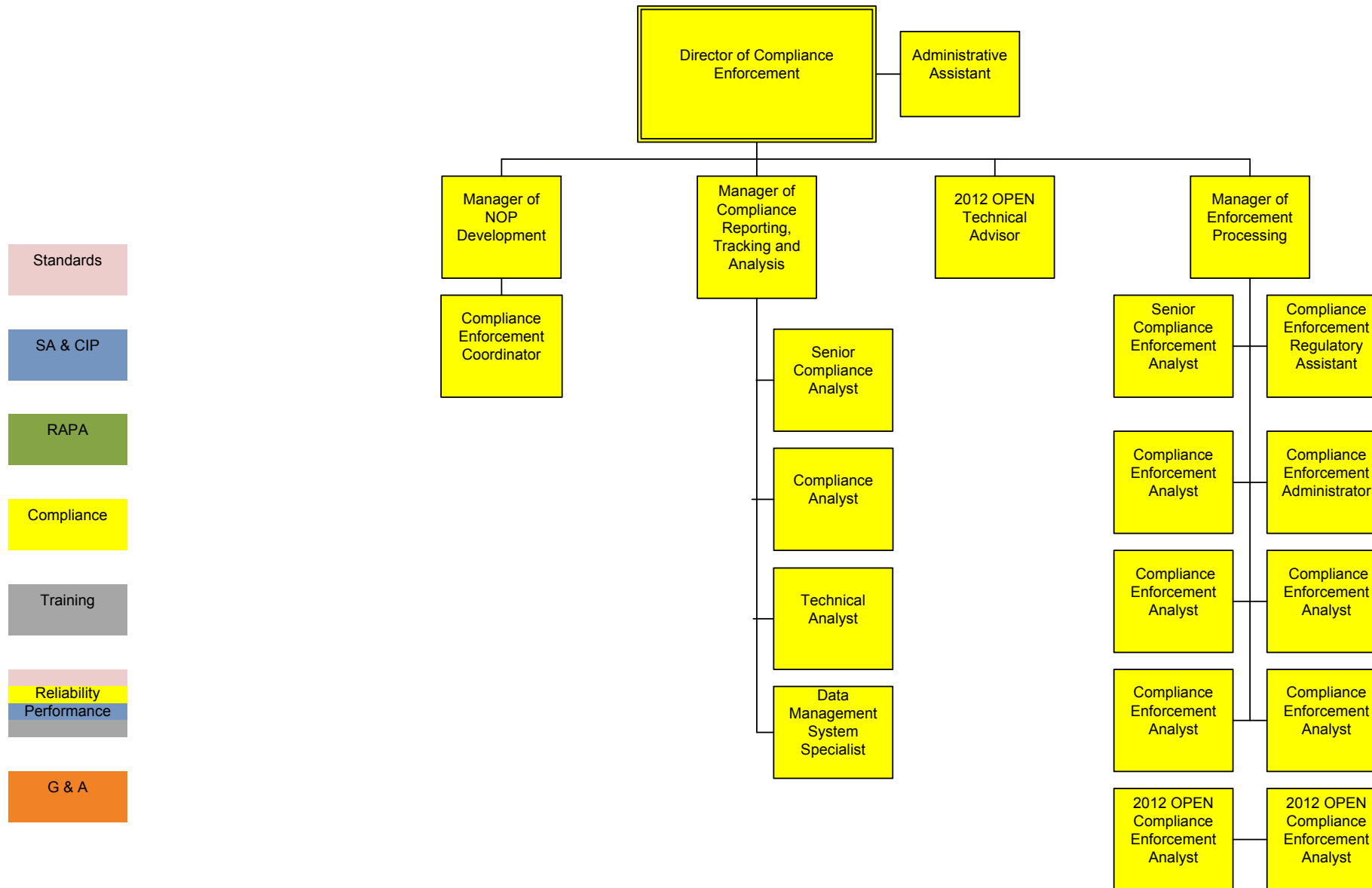


Events Analysis and Investigations 2011-2012

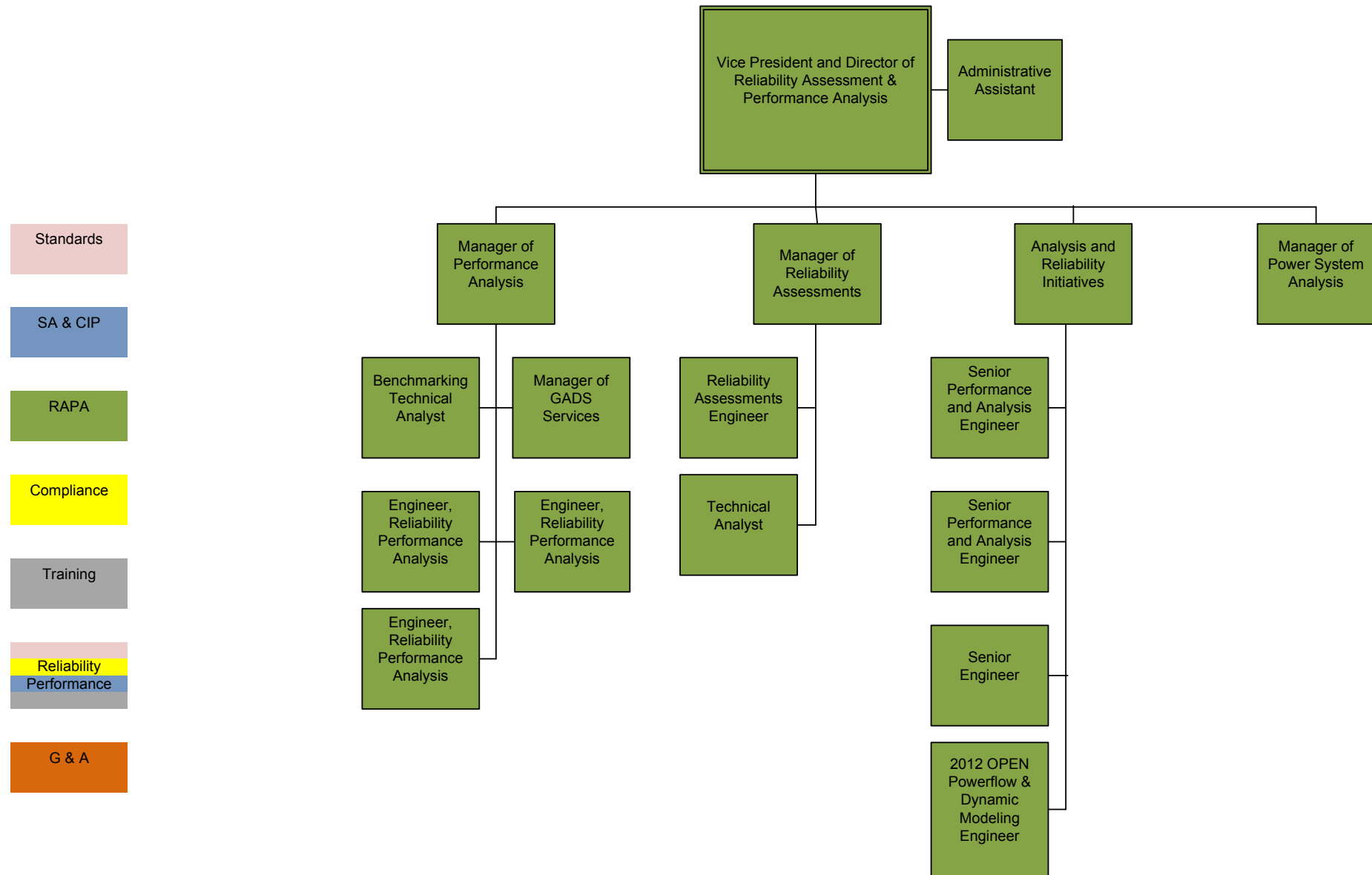
- Standards
- SA & CIP
- RAPA
- Compliance
- Training
- Reliability Performance
- G & A



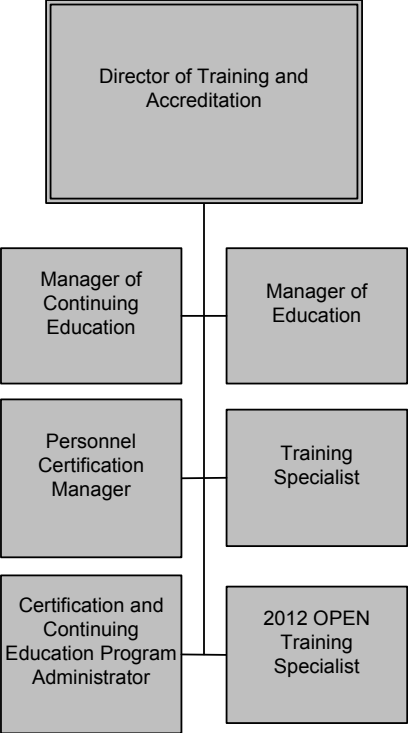
Compliance Enforcement 2011-2012



Reliability Assessment & Performance Analysis 2011-2012

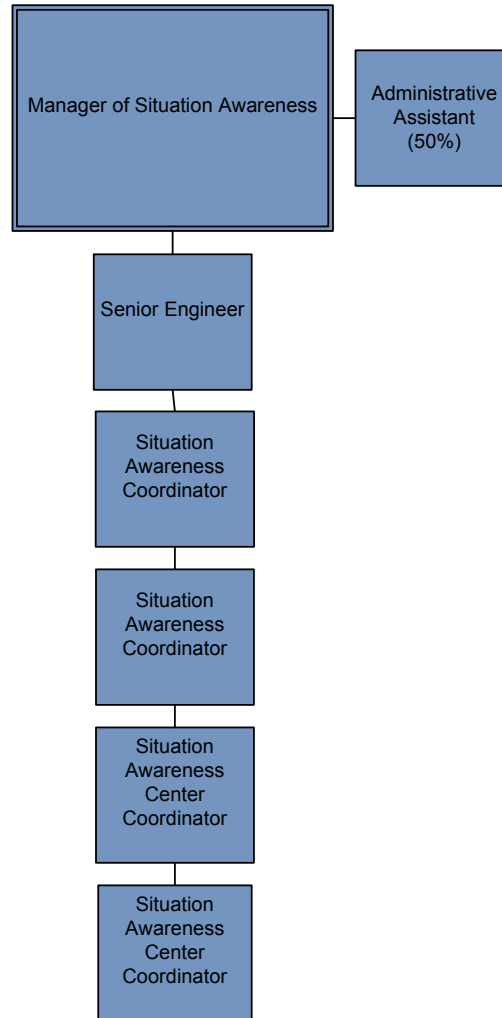
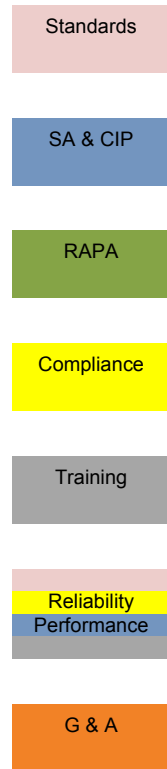


Training 2011-2012

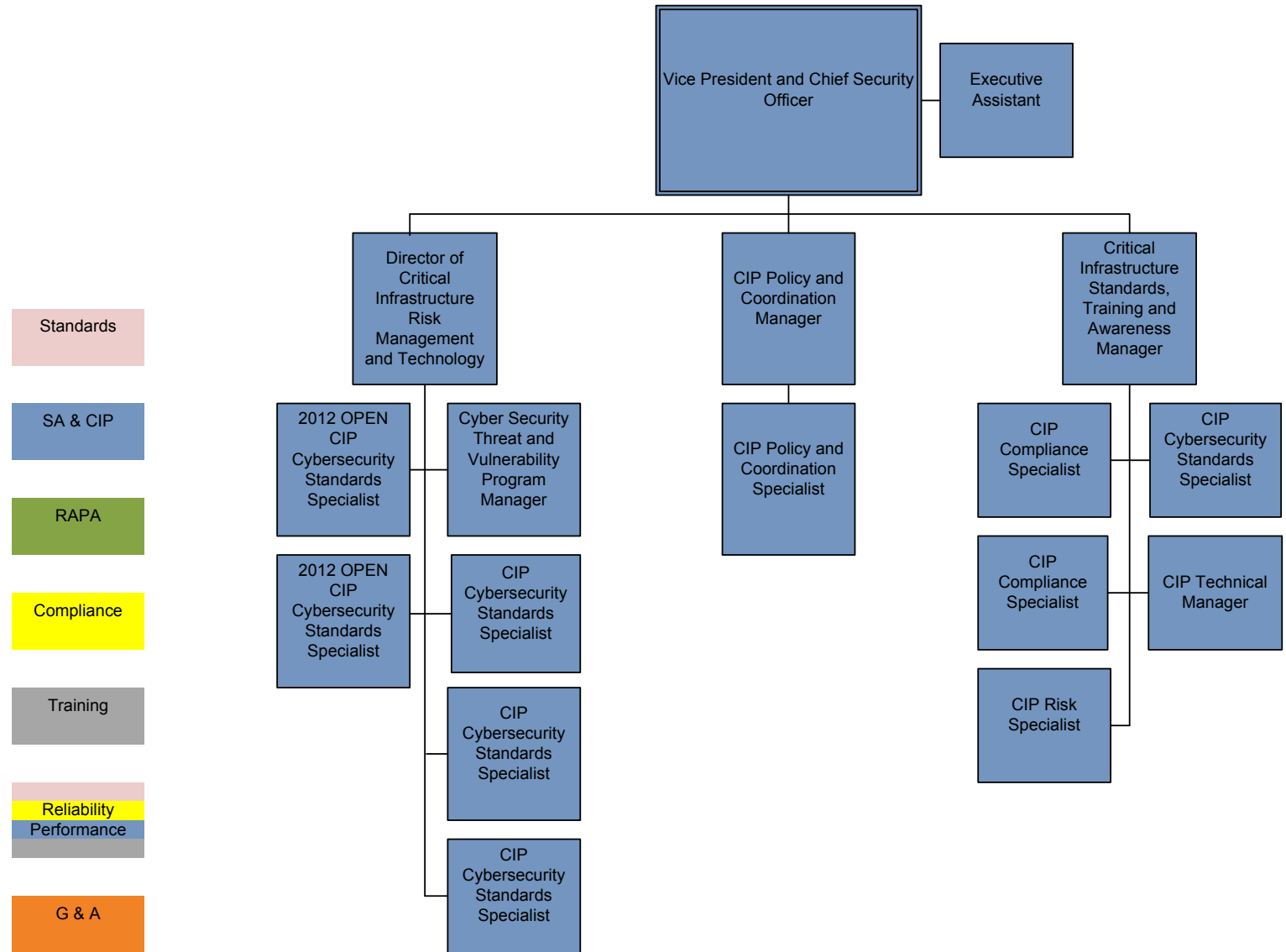


- Standards
- SA & CIP
- RAPA
- Compliance
- Training
- Reliability
- Performance
- G & A

Situation Awareness 2011-2012



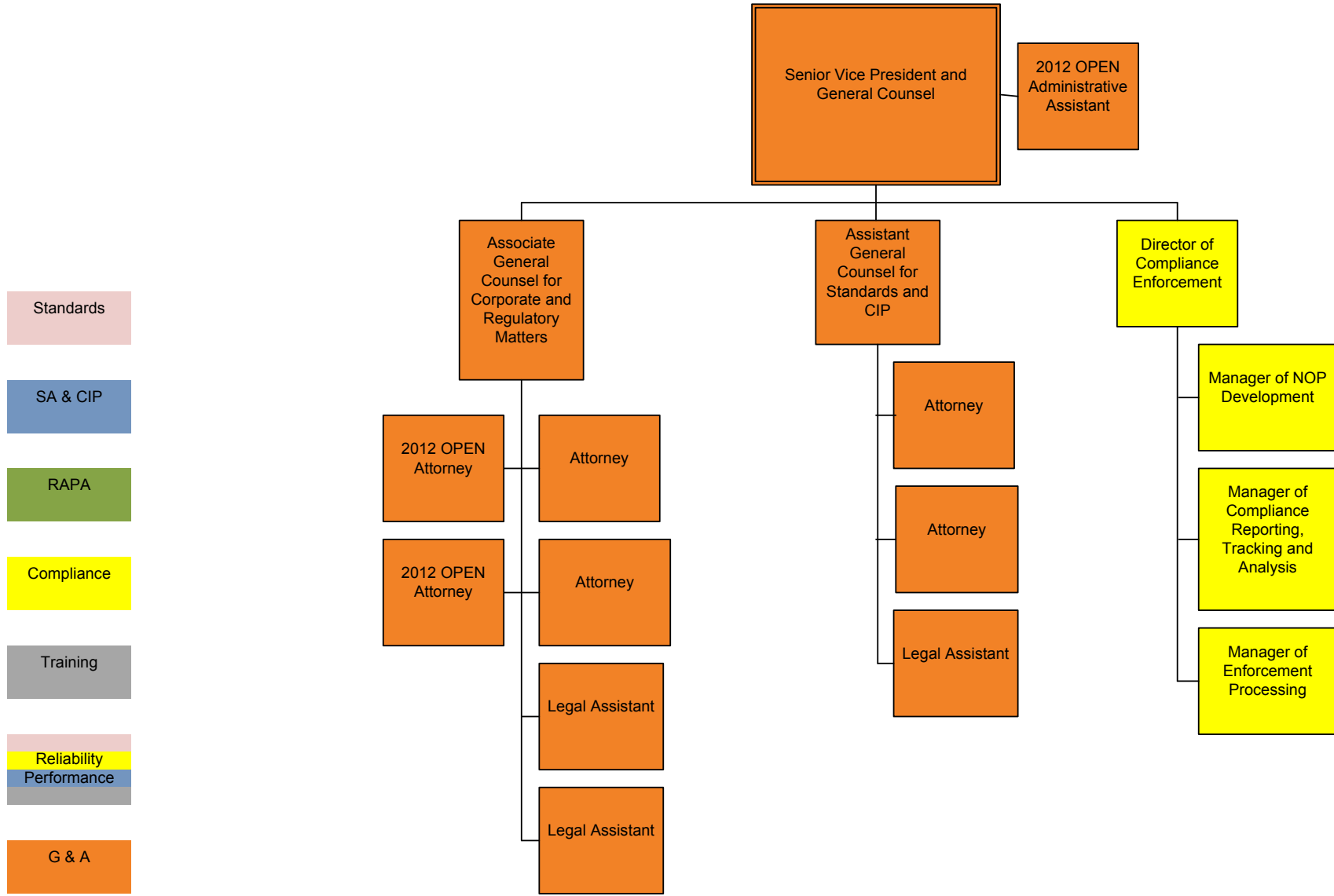
Critical Infrastructure Protection 2011-2012



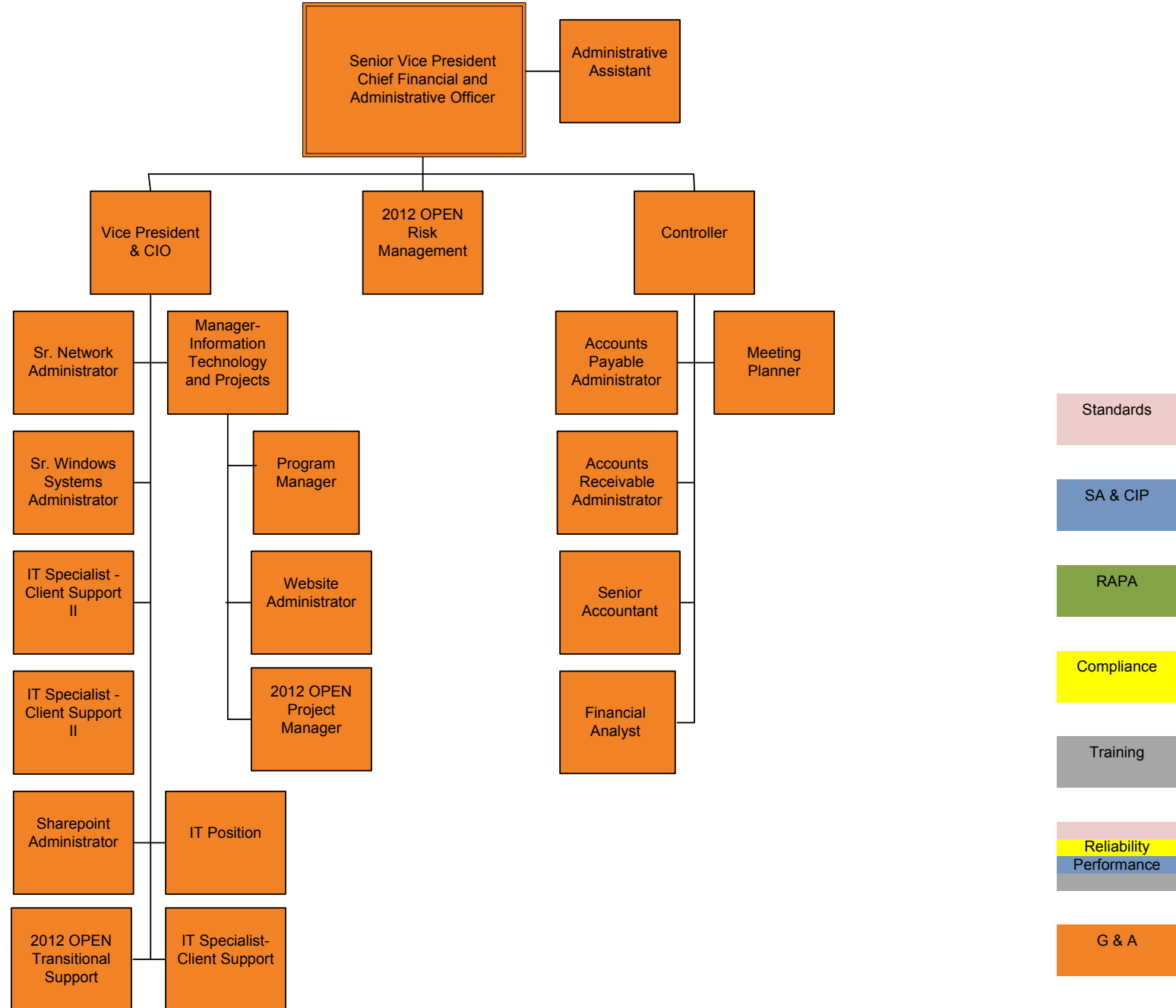
Governmental Relations 2011-2012



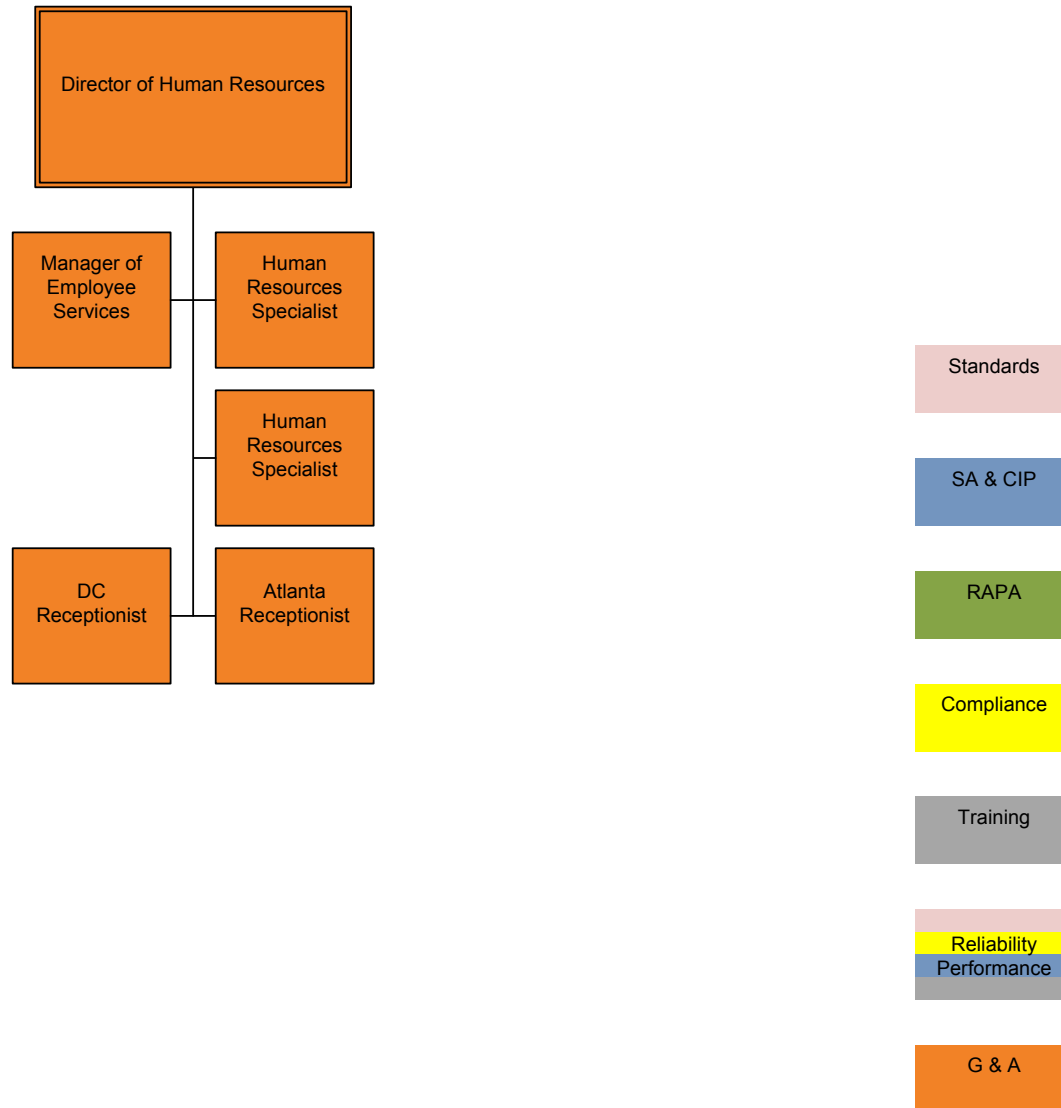
Legal and Compliance Enforcement 2011-2012



Finance and Information Technology 2011-2012



Human Resources 2011-2012



2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	FRCC	1074	Alachua, City of	U.S.	129,000	129,000	-	-	0.055%	0.055%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	FRCC	1075	Bartow, City of	U.S.	311,400	311,400	-	-	0.134%	0.134%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	FRCC	1076	Chattahoochee, City of	U.S.	48,000	48,000	-	-	0.021%	0.021%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	684,000	684,000	-	-	0.294%	0.294%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2010	FRCC	1078	Florida Power & Light Co.	U.S.	112,321,000	112,321,000	-	-	48.211%	48.211%	0.000%	0.000%	2.479%	2.479%	0.000%	0.000%	2.798%
2010	FRCC	1079	Florida Public Utilities Company	U.S.	402,000	402,000	-	-	0.173%	0.173%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	FRCC	1080	Gainesville Regional Utilities	U.S.	2,012,000	2,012,000	-	-	0.864%	0.864%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
2010	FRCC	1081	Homestead, City of	U.S.	486,000	486,000	-	-	0.209%	0.209%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2010	FRCC	1082	JEA	U.S.	13,440,000	13,440,000	-	-	5.769%	5.769%	0.000%	0.000%	0.297%	0.297%	0.000%	0.000%	0.335%
2010	FRCC	1083	Lakeland Electric	U.S.	3,117,000	3,117,000	-	-	1.338%	1.338%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2010	FRCC		Lee County Electric Cooperative	U.S.	1,210,530	1,210,530	-	-	0.520%	0.520%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2010	FRCC	1084	Mount Dora, City of	U.S.	101,000	101,000	-	-	0.043%	0.043%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2010	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	416,000	416,000	-	-	0.179%	0.179%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	FRCC	1086	Orlando Utilities Commission	U.S.	5,788,000	5,788,000	-	-	2.484%	2.484%	0.000%	0.000%	0.128%	0.128%	0.000%	0.000%	0.144%
2010	FRCC	1087	Progress Energy Florida	U.S.	42,454,700	42,454,700	-	-	18.223%	18.223%	0.000%	0.000%	0.937%	0.937%	0.000%	0.000%	1.058%
2010	FRCC	1088	Quincy, City of	U.S.	154,100	154,100	-	-	0.066%	0.066%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	FRCC	1089	Reedy Creek Improvement District	U.S.	1,230,000	1,230,000	-	-	0.528%	0.528%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2010	FRCC	1090	St. Cloud, City of (OUC)	U.S.	621,000	621,000	-	-	0.267%	0.267%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2010	FRCC	1091	Tallahassee, City of	U.S.	2,931,000	2,931,000	-	-	1.258%	1.258%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.073%
2010	FRCC	1092	Tampa Electric Company	U.S.	20,362,300	20,362,300	-	-	8.740%	8.740%	0.000%	0.000%	0.449%	0.449%	0.000%	0.000%	0.507%
2010	FRCC	1603	Vero Beach, City of	U.S.	786,000	786,000	-	-	0.337%	0.337%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2010	FRCC	1093	Wauchula, City of	U.S.	68,500	68,500	-	-	0.029%	0.029%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	FRCC	1094	Williston, City of	U.S.	36,400	36,400	-	-	0.016%	0.016%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	FRCC	1095	Winter Park, City of	U.S.	468,400	468,400	-	-	0.201%	0.201%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2010	FRCC	1072	Florida Municipal Power Agency	U.S.	6,298,980	6,298,980	-	-	2.704%	2.704%	0.000%	0.000%	0.139%	0.139%	0.000%	0.000%	0.157%
2010	FRCC	1073	Seminole Electric Cooperative	U.S.	17,098,708	17,098,708	-	-	7.339%	7.339%	0.000%	0.000%	0.377%	0.377%	0.000%	0.000%	0.426%
			TOTAL FRCC		232,976,018	232,976,018	-	-	100.000%	100.000%	0.000%	0.000%	5.141%	5.141%	0.000%	0.000%	5.805%
2010	MRO	1199	Basin Electric Power Cooperative	U.S.	12,494,116	12,494,116	-	-	4.538%	4.538%	0.000%	0.000%	0.276%	0.276%	0.000%	0.000%	0.311%
2010	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	2,704,716	2,704,716	-	-	0.982%	0.982%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.067%
2010	MRO	1204	Corn Belt Power Cooperative	U.S.	1,842,591	1,842,591	-	-	0.669%	0.669%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.046%
2010	MRO	1207	Dairyland Power Cooperative	U.S.	5,254,500	5,254,500	-	-	1.909%	1.909%	0.000%	0.000%	0.116%	0.116%	0.000%	0.000%	0.131%
2010	MRO	1210	Great River Energy	U.S.	13,382,174	13,382,174	-	-	4.861%	4.861%	0.000%	0.000%	0.295%	0.295%	0.000%	0.000%	0.333%
2010	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	3,705,628	3,705,628	-	-	1.346%	1.346%	0.000%	0.000%	0.082%	0.082%	0.000%	0.000%	0.092%
2010	MRO	1230	Nebraska Public Power District	U.S.	12,990,246	12,990,246	-	-	4.718%	4.718%	0.000%	0.000%	0.287%	0.287%	0.000%	0.000%	0.324%
2010	MRO	1232	Omaha Public Power District	U.S.	11,491,990	11,491,990	-	-	4.174%	4.174%	0.000%	0.000%	0.254%	0.254%	0.000%	0.000%	0.286%
2010	MRO	1237	Southern Montana Generation and Transmission	U.S.	3,976	3,976	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	MRO	1240	Western Area Power Administration (UM)	U.S.	8,954,085	8,954,085	-	-	3.252%	3.252%	0.000%	0.000%	0.198%	0.198%	0.000%	0.000%	0.223%
2010	MRO	1239	Western Area Power Administration (LM)	U.S.	121,526	121,526	-	-	0.044%	0.044%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	MRO	1217	Manitoba Hydro	CAN	21,912,471	-	21,912,471	-	7.959%	0.000%	7.959%	0.000%	0.484%	0.000%	0.484%	0.000%	0.000%
2010	MRO	1235	SaskPower	CAN	20,623,400	-	20,623,400	-	7.491%	0.000%	7.491%	0.000%	0.455%	0.000%	0.455%	0.000%	0.000%
2010	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	28,611,892	28,611,892	-	-	10.392%	10.392%	0.000%	0.000%	0.631%	0.631%	0.000%	0.000%	0.713%
2010	MRO	1216	Madison, Gas and Electric	U.S.	3,458,072	3,458,072	-	-	1.256%	1.256%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2010	MRO	1220	MidAmerican Energy Company	U.S.	22,832,407	22,832,407	-	-	8.293%	8.293%	0.000%	0.000%	0.504%	0.504%	0.000%	0.000%	0.569%
2010	MRO	1221	Minnesota Power	U.S.	12,528,641	12,528,641	-	-	4.551%	4.551%	0.000%	0.000%	0.276%	0.276%	0.000%	0.000%	0.312%
2010	MRO	1226	Montana-Dakota Utilities Co.	U.S.	2,718,192	2,718,192	-	-	0.987%	0.987%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2010	MRO	1231	NorthWestern Energy	U.S.	1,494,721	1,494,721	-	-	0.543%	0.543%	0.000%	0.000%	0.033%	0.033%	0.000%	0.000%	0.037%
2010	MRO	1233	Otter Tail Power Company	U.S.	4,341,035	4,341,035	-	-	1.577%	1.577%	0.000%	0.000%	0.096%	0.096%	0.000%	0.000%	0.108%
2010	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.	13,744,609	13,744,609	-	-	4.992%	4.992%	0.000%	0.000%	0.303%	0.303%	0.000%	0.000%	0.342%
2010	MRO	1244	Xcel Energy Company (NSP)	U.S.	46,183,699	46,183,699	-	-	16.775%	16.775%	0.000%	0.000%	1.019%	1.019%	0.000%	0.000%	1.151%
2010	MRO	1196	Ames Municipal Electric System	U.S.	792,395	792,395	-	-	0.288%	0.288%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2010	MRO	1604	Atlantic Municipal Utilities	U.S.	81,131	81,131	-	-	0.029%	0.029%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	381,502	381,502	-	-	0.139%	0.139%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2010	MRO	1200	Cedar Falls Municipal Utilities	U.S.	522,924	522,924	-	-	0.190%	0.190%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2010	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	467,115	467,115	-	-	0.170%	0.170%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2010	MRO	1605	City of Pella	U.S.	187,892	187,892	-	-	0.068%	0.068%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	MRO	1203	Escanaba Municipal Electric Utility	U.S.	151,484	151,484	-	-	0.055%	0.055%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	MRO	1205	Falls City Water & Light Department	U.S.	56,579	56,579	-	-	0.021%	0.021%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	MRO	1206	Fremont Department of Utilities	U.S.	443,502	443,502	-	-	0.161%	0.161%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	MRO	1208	Geneseo Municipal Utilities	U.S.	67,033	67,033	-	-	0.024%	0.024%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	MRO	1209	Grand Island Utilities Department	U.S.	744,672	744,672	-	-	0.270%	0.270%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	MRO	1606	Harlan Municipal Utilities	U.S.	18,994	18,994			0.007%	0.007%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	MRO	1211	Hastings Utilities	U.S.	412,227	412,227	-	-	0.150%	0.150%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	MRO	1212	Heartland Consumers Power District	U.S.	837,691	837,691	-	-	0.304%	0.304%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2010	MRO	1213	Hutchinson Utilities Commission	U.S.	306,063	306,063	-	-	0.111%	0.111%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	MRO	1215	Lincoln Electric System	U.S.	3,247,871	3,247,871	-	-	1.180%	1.180%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.081%
2010	MRO	1218	Manitowoc Public Utilities	U.S.	515,154	515,154	-	-	0.187%	0.187%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2010	MRO	1223	Missouri River Energy Services	U.S.	2,344,051	2,344,051	-	-	0.851%	0.851%	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.058%
2010	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	1,454,647	1,454,647	-	-	0.528%	0.528%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.036%
2010	MRO	1607	Montezuma Municipal Light & Power	U.S.	33,092	33,092	-	-	0.012%	0.012%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	1,141,304	1,141,304	-	-	0.415%	0.415%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2010	MRO	1228	Muscatine Power and Water	U.S.	877,323	877,323	-	-	0.319%	0.319%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2010	MRO	1229	Nebraska City Utilities	U.S.	174,162	174,162	-	-	0.063%	0.063%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	MRO	1234	Rochester Public Utilities	U.S.	6,314	6,314	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	2,955,851	2,955,851	-	-	1.074%	1.074%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2010	MRO	1241	Willmar Municipal Utilities	U.S.	261,109	261,109	-	-	0.095%	0.095%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	5,440,002	5,440,002	-	-	1.976%	1.976%	0.000%	0.000%	0.120%	0.120%	0.000%	0.000%	0.136%
TOTAL MRO					275,316,771	232,780,900	42,535,871	-	100.00%	84.550%	15.450%	0.000%	6.075%	5.137%	0.939%	0.000%	5.800%
2010	NPCC	1336	New England	U.S.	131,182,000	131,182,000			20.521%	20.521%	0.000%	0.000%	2.895%	2.895%	0.000%	0.000%	3.268%
2010	NPCC	1339	New York	U.S.	160,358,000	160,358,000			25.085%	25.085%	0.000%	0.000%	3.539%	3.539%	0.000%	0.000%	3.995%
2010	NPCC	1337	Ontario	Canada	141,309,000		141,309,000		22.105%	0.000%	22.105%	0.000%	3.118%	0.000%	3.118%	0.000%	
2010	NPCC	1341	Quebec	Canada	180,740,000		180,740,000		28.273%	0.000%	28.273%	0.000%	3.988%	0.000%	3.988%	0.000%	
			1341	Quebec													
			1572	Regie													
2010	NPCC	1338	New Brunswick	Canada	13,523,000		13,523,000		2.115%	0.000%	2.115%	0.000%	0.298%	0.000%	0.298%	0.000%	
2010	NPCC	1340	Nova Scotia	Canada	12,158,000		12,158,000		1.902%	0.000%	1.902%	0.000%	0.268%	0.000%	0.268%	0.000%	
TOTAL NPCC					639,270,000	291,540,000	347,730,000	-	100.000%	45.605%	54.395%	0.000%	14.107%	6.433%	7.673%	0.000%	7.264%
2010	RFC	1104	Bay City	U.S.	339,272	339,272			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	RFC	1102	Cannelton Utilities	U.S.	17,265	17,265			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	RFC	1105	City of Chelsea	U.S.	96,343	96,343			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	RFC	1106	City of Crosswell	U.S.	38,553	38,553			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1108	City of Eaton Rapids	U.S.	91,036	91,036			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	RFC	1111	City of Hart	U.S.	42,350	42,350			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1490	City of Lansing	U.S.	2,225,241	2,225,241			0.239%	0.239%	0.000%	0.000%	0.049%	0.049%	0.000%	0.000%	0.055%
2010	RFC	1112	City of Marquette Board of Light & Power	U.S.	336,071	336,071			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	RFC	1114	City of Portland	U.S.	36,705	36,705			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1116	City of St. Louis	U.S.	39,909	39,909			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1118	City of Wyandotte	U.S.	127,677	127,677			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	RFC	1120	Cloverland Electric Cooperative	U.S.	880,388	880,388			0.094%	0.094%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2010	RFC	1122	CMS ERM Michigan LLC	U.S.	196,192	196,192			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	1,389,867	1,389,867			0.149%	0.149%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2010	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	1,191,247	1,191,247			0.128%	0.128%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2010	RFC	1126	Consumers Energy Company	U.S.	33,290,120	33,290,120			3.571%	3.571%	0.000%	0.000%	0.735%	0.735%	0.000%	0.000%	0.829%
2010	RFC	1128	Detroit Edison Company	U.S.	45,299,421	45,299,421			4.859%	4.859%	0.000%	0.000%	1.000%	1.000%	0.000%	0.000%	1.129%
2010	RFC	1166	Duke Energy Indiana	U.S.	30,806,279	30,806,279			3.304%	3.304%	0.000%	0.000%	0.680%	0.680%	0.000%	0.000%	0.768%
2010	RFC	1135	Ferdinand Municipal Light & Water	U.S.	41,682	41,682			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	1,518,457	1,518,457			0.163%	0.163%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2010	RFC	1612	Glacial Energy (MECS-DET)	U.S.	561,463	561,463			0.060%	0.060%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2010	RFC	1144	Holland Board of Public Works	U.S.	728,937	728,937			0.078%	0.078%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2010	RFC	1145	Hoosier Energy	U.S.	7,169,555	7,169,555			0.769%	0.769%	0.000%	0.000%	0.158%	0.158%	0.000%	0.000%	0.179%
2010	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	2,925,028	2,925,028			0.314%	0.314%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.073%
2010	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	412,675	412,675			0.044%	0.044%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	609,543	609,543			0.065%	0.065%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2010	RFC	1149	Indianapolis Power & Light Co.	U.S.	15,441,183	15,441,183			1.656%	1.656%	0.000%	0.000%	0.341%	0.341%	0.000%	0.000%	0.385%
2010	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	440,859	440,859			0.047%	0.047%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	336,680	336,680			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	RFC	1614	Just Energy (MECS-DET)	U.S.	21,197	21,197			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	RFC	1154	Michigan Public Power Agency	U.S.	1,208,872	1,208,872			0.130%	0.130%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2010	RFC	1155	Michigan South Central Power Agency	U.S.	577,793	577,793			0.062%	0.062%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2010	RFC	1158	MidAmerican Energy Company Retail	U.S.	100,508	100,508			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	RFC	1163	Northern Indiana Public Service Co.	U.S.	17,045,645	17,045,645			1.828%	1.828%	0.000%	0.000%	0.376%	0.376%	0.000%	0.000%	0.425%
2010	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	27,747	27,747			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1265	PJM Interconnection, LLC	U.S.	720,373,129	720,373,129			77.269%	77.269%	0.000%	0.000%	15.897%	15.897%	0.000%	0.000%	17.948%
2010	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	1,122,609	1,122,609			0.120%	0.120%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2010	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	959,102	959,102			0.103%	0.103%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2010	RFC	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	11,055	11,055			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	RFC	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	298,896	298,896			0.032%	0.032%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2010	RFC	1581	Spartan Renewable Energy	U.S.	66,191	66,191			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	RFC	1180	Thumb Electric Cooperative	U.S.	166,275	166,275			0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	RFC		US Department of Energy	U.S.	251,849	251,849			0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2010	RFC	1181	Vectren Energy Delivery of IN	U.S.	5,940,152	5,940,152			0.637%	0.637%	0.000%	0.000%	0.131%	0.131%	0.000%	0.000%	0.148%
2010	RFC	1183	Village of Sebawaing	U.S.	41,630	41,630			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	2,739,717	2,739,717			0.294%	0.294%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2010	RFC	1487	Wabash Valley Power Association Inc. (MECS CONS)	U.S.	159,801	159,801			0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	RFC	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	1,633,067	1,633,067			0.175%	0.175%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.041%
2010	RFC	1185	Wisconsin Electric Power Co.	U.S.	29,220,718	29,220,718			3.134%	3.134%	0.000%	0.000%	0.645%	0.645%	0.000%	0.000%	0.728%
2010	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	1,107,543	1,107,543			0.119%	0.119%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.028%
2010	RFC	1191	Wolverine Power Supply Cooperative	U.S.	2,482,542	2,482,542			0.266%	0.266%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2010	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	106,387	106,387			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
TOTAL RELIABILITYFIRST					932,292,423	932,292,423	-	-	100.000%	100.000%	0.000%	0.000%	20.573%	20.573%	0.000%	0.000%	23.228%
2010	SERC	1267	Alabama Municipal Electric Authority	U.S.	3,810,000	3,810,000	-	-	0.354%	0.354%	0.000%	0.000%	0.084%	0.084%	0.000%	0.000%	0.095%
2010	SERC	1268	Alabama Power Company	U.S.	62,117,232	62,117,232	-	-	5.776%	5.776%	0.000%	0.000%	1.371%	1.371%	0.000%	0.000%	1.548%
2010	SERC	1269	Ameren - Illinois	U.S.	43,027,438	43,027,438	-	-	4.001%	4.001%	0.000%	0.000%	0.949%	0.949%	0.000%	0.000%	1.072%
2010	SERC	1271	Ameren - Missouri	U.S.	43,471,969	43,471,969	-	-	4.042%	4.042%	0.000%	0.000%	0.959%	0.959%	0.000%	0.000%	1.083%
2010	SERC	1272	APGI - Yadkin Division	U.S.	30,708	30,708	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1273	Associated Electric Cooperative Inc.	U.S.	20,077,502	20,077,502	-	-	1.867%	1.867%	0.000%	0.000%	0.443%	0.443%	0.000%	0.000%	0.500%
2010	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	1,111,831	1,111,831	-	-	0.103%	0.103%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2010	SERC	1462	Benton Utility District	U.S.	301,263	301,263	-	-	0.028%	0.028%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	SERC	1274	Big Rivers Electric Corporation	U.S.	10,241,842	10,241,842	-	-	0.952%	0.952%	0.000%	0.000%	0.226%	0.226%	0.000%	0.000%	0.255%
2010	SERC	1275	Black Warrior EMC	U.S.	471,662	471,662	-	-	0.044%	0.044%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2010	SERC	1276	Blue Ridge EMC	U.S.	1,231,540	1,231,540	-	-	0.115%	0.115%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2010	SERC		Brazos Electric Power Cooperative, Inc.	U.S.	404,569	404,569	-	-	0.038%	0.038%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	SERC	1463	Canton, MS	U.S.	130,248	130,248	-	-	0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	16,815,864	16,815,864	-	-	1.564%	1.564%	0.000%	0.000%	0.371%	0.371%	0.000%	0.000%	0.419%
2010	SERC	1278	City of Blountstown FL	U.S.	44,057	44,057	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1279	City of Camden SC	U.S.	214,410	214,410	-	-	0.020%	0.020%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	SERC	1280	City of Collins MS	U.S.	57,542	57,542	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1281	City of Columbia MO	U.S.	1,198,128	1,198,128	-	-	0.111%	0.111%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2010	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	1,028,052	1,028,052	-	-	0.096%	0.096%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2010	SERC	1284	City of Evergreen AL	U.S.	68,485	68,485	-	-	0.006%	0.006%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	SERC	1285	City of Hampton GA	U.S.	27,542	27,542	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1286	City of Hartford AL	U.S.	36,321	36,321	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	643,103	643,103	-	-	0.060%	0.060%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2010	SERC	1288	City of North Little Rock AR (DENL)	U.S.	959,312	959,312	-	-	0.089%	0.089%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2010	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	750,267	750,267	-	-	0.070%	0.070%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2010	SERC	1290	City of Robertsdale AL	U.S.	90,769	90,769	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	SERC	1291	City of Ruston LA (DERS)	U.S.	292,071	292,071	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1292	City of Seneca SC	U.S.	167,239	167,239	-	-	0.016%	0.016%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	SERC	1115	City of Springfield (CWLP)	U.S.	1,924,423	1,924,423	-	-	0.179%	0.179%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.048%
2010	SERC	1465	City of Thayer, MO	U.S.	21,768	21,768	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	SERC	1293	City of Troy AL	U.S.	431,443	431,443	-	-	0.040%	0.040%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	426,341	426,341	-	-	0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2010	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	695,721	695,721	-	-	0.065%	0.065%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2010	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	274,983	274,983	-	-	0.026%	0.026%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1283	Dalton Utilities	U.S.	1,598,954	1,598,954	-	-	0.149%	0.149%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%
2010	SERC	1585	Dixie Electric Membership Corporation	U.S.	2,398,621	2,398,621	-	-	0.223%	0.223%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%	0.060%
2010	SERC	1295	Dominion Virginia Power	U.S.	87,539,955	87,539,955	-	-	8.140%	8.140%	0.000%	0.000%	1.932%	1.932%	0.000%	0.000%	2.181%
2010	SERC	1296	Duke Energy Carolinas, LLC	U.S.	86,248,428	86,248,428	-	-	8.020%	8.020%	0.000%	0.000%	1.903%	1.903%	0.000%	0.000%	2.149%
2010	SERC	1466	Durant, MS	U.S.	29,148	29,148	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1478	E.ON U.S. Services Inc.	U.S.	36,636,457	36,636,457	-	-	3.407%	3.407%	0.000%	0.000%	0.808%	0.808%	0.000%	0.000%	0.913%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	SERC	1297	East Kentucky Power Cooperative	U.S.	13,376,292	13,376,292	-	-	1.244%	1,244	0.000%	0.000%	0.295%	0.295%	0.000%	0.000%	0.333%
2010	SERC	1298	East Mississippi Electric Power Association	U.S.	506,130	506,130	-	-	0.047%	506	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2010	SERC		East Texas Electric Cooperative Inc	U.S.	2,111,602	2,111,602	-	-	0.196%	2,112	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.053%
2010	SERC	1299	Electric Energy Inc.	U.S.	1,340,460	1,340,460	-	-	0.125%	1,340	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.033%
2010	SERC	1300	EnergyUnited EMC	U.S.	2,671,416	2,671,416	-	-	0.248%	2,671	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2010	SERC	1301	Entergy	U.S.	116,906,085	116,906,085	-	-	10.871%	10,871	0.000%	0.000%	2.580%	2.580%	0.000%	0.000%	2.913%
2010	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	2,370,341	2,370,341	-	-	0.220%	2,370	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.059%
2010	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	367,396	367,396	-	-	0.034%	367	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	SERC	1304	French Broad EMC	U.S.	574,333	574,333	-	-	0.053%	574	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2010	SERC	1305	Georgia Power Company	U.S.	94,958,745	94,958,745	-	-	8.830%	8,830	0.000%	0.000%	2.095%	2.095%	0.000%	0.000%	2.366%
2010	SERC	1306	Georgia System Optns Corporation	U.S.	41,361,729	41,361,729	-	-	3.846%	3,846	0.000%	0.000%	0.913%	0.913%	0.000%	0.000%	1.031%
2010	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	292,749	292,749	-	-	0.027%	293	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	284,948	284,948	-	-	0.026%	285	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1308	Gulf Power Company	U.S.	12,678,619	12,678,619	-	-	1.179%	1,179	0.000%	0.000%	0.280%	0.280%	0.000%	0.000%	0.316%
2010	SERC	1586	Haywood EMC	U.S.	335,864	335,864	-	-	0.031%	336	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	SERC	1309	Illinois Municipal Electric Agency	U.S.	1,940,000	1,940,000	-	-	0.180%	1,940	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2010	SERC	1480	Itta Bena, MS	U.S.	17,297	17,297	-	-	0.002%	17	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	275,760	275,760	-	-	0.026%	276	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1617	Kentucky Municipal Power	U.S.	683,000	683,000	-	-	0.064%	683	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2010	SERC	1481	Kosciusko, MS	U.S.	78,581	78,581	-	-	0.007%	79	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	SERC	1482	Leland, MS	U.S.	35,773	35,773	-	-	0.003%	36	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1313	McCormick Commission of Public Works	U.S.	19,739	19,739	-	-	0.002%	20	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	SERC	1314	Mississippi Power Company	U.S.	10,790,986	10,790,986	-	-	1.003%	1,003	0.000%	0.000%	0.238%	0.238%	0.000%	0.000%	0.269%
2010	SERC		Mt. Carmel Public Utility	U.S.	114,678	114,678	-	-	0.011%	115	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	SERC	1315	Municipal Electric Authority of Georgia	U.S.	11,319,000	11,319,000	-	-	1.053%	1,053	0.000%	0.000%	0.250%	0.250%	0.000%	0.000%	0.282%
2010	SERC	1316	N.C. Electric Membership Corp.	U.S.	13,535,342	13,535,342	-	-	1.259%	1,259	0.000%	0.000%	0.299%	0.299%	0.000%	0.000%	0.337%
2010	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	7,102,853	7,102,853	-	-	0.660%	660	0.000%	0.000%	0.157%	0.157%	0.000%	0.000%	0.177%
2010	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	4,920,563	4,920,563	-	-	0.458%	458	0.000%	0.000%	0.109%	0.109%	0.000%	0.000%	0.123%
2010	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	307,432	307,432	-	-	0.029%	307	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	SERC	1574	Northern Virginia Electric Cooperative	U.S.	3,744,220	3,744,220	-	-	0.348%	348	0.000%	0.000%	0.083%	0.083%	0.000%	0.000%	0.093%
2010	SERC	1319	Old Dominion Electric Cooperative	U.S.	5,926,800	5,926,800	-	-	0.551%	551	0.000%	0.000%	0.131%	0.131%	0.000%	0.000%	0.148%
2010	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	191,262	191,262	-	-	0.018%	191	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	946,849	946,849	-	-	0.088%	947	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2010	SERC	1321	Piedmont EMC in Duke and Progress Areas	U.S.	546,584	546,584	-	-	0.051%	547	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2010	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	2,446,655	2,446,655	-	-	0.228%	229	0.000%	0.000%	0.054%	0.054%	0.000%	0.000%	0.061%
2010	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	279,721	279,721	-	-	0.026%	280	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SERC	1266	PowerSouth Energy	U.S.	9,060,986	9,060,986	-	-	0.843%	843	0.000%	0.000%	0.200%	0.200%	0.000%	0.000%	0.226%
2010	SERC	1330	Prairie Power, Inc.	U.S.	1,585,201	1,585,201	-	-	0.147%	147	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.039%
2010	SERC	1324	Progress Energy Carolinas	U.S.	48,522,000	48,522,000	-	-	4.512%	4,512	0.000%	0.000%	1.071%	1.071%	0.000%	0.000%	1.209%
2010	SERC	1325	Rutherford EMC	U.S.	1,378,068	1,378,068	-	-	0.128%	128	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2010	SERC		Sam Rayburn G&T Electric Cooperative Inc.	U.S.	1,902,670	1,902,670	-	-	0.177%	177	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.047%
2010	SERC	1326	South Carolina Electric & Gas Company	U.S.	24,025,569	24,025,569	-	-	2.234%	2,234	0.000%	0.000%	0.530%	0.530%	0.000%	0.000%	0.599%
2010	SERC	1327	South Carolina Public Service Authority	U.S.	10,957,798	10,957,798	-	-	1.019%	1,019	0.000%	0.000%	0.242%	0.242%	0.000%	0.000%	0.273%
2010	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	637,653	637,653	-	-	0.059%	638	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2010	SERC	1328	South Mississippi Electric Power Association	U.S.	10,811,750	10,811,750	-	-	1.005%	1,005	0.000%	0.000%	0.239%	0.239%	0.000%	0.000%	0.269%
2010	SERC	1329	Southern Illinois Power Cooperative	U.S.	1,709,000	1,709,000	-	-	0.159%	171	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2010	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	2,611,836	2,611,836	-	-	0.243%	243	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.065%
2010	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	449,216	449,216	-	-	0.042%	449	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	SERC	1331	Tennessee Valley Authority	U.S.	177,512,072	177,512,072	-	-	16.507%	16,507	0.000%	0.000%	3.917%	3.917%	0.000%	0.000%	4.423%
2010	SERC		Tex-La Electric Cooperative of Texas, Inc	U.S.	208,932	208,932	-	-	0.019%	209	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	148,118	148,118	-	-	0.014%	148	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	SERC	1592	Town of Black Creek, N.C.	U.S.	14,000	14,000	-	-	0.001%	14	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	SERC	1593	Town of Lucama, N.C.	U.S.	24,000	24,000	-	-	0.002%	24	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1594	Town of Sharpsburg, N.C.	U.S.	21,947	21,947	-	-	0.002%	22	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	SERC	1595	Town of Stantonburg, N.C.	U.S.	26,570	26,570	-	-	0.002%	27	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1333	Town of Waynesville NC	U.S.	97,000	97,000	-	-	0.009%	97	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	SERC	1334	Town of Winterville NC	U.S.	59,696	59,696	-	-	0.006%	60	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1335	Town of Winterville NC	U.S.	57,341	57,341	-	-	0.005%	57	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SERC	1596	Valley Electric Membership Corporation, Inc	U.S.	-	-	-	-	0.000%	0	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	1,174,442	1,174,442	-	-	0.109%	117	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
			TOTAL SERC		1,075,402,877	1,075,402,877	-	-	100.000%	100,000	0.000%	0.000%	23.731%	23.731%	0.000%	0.000%	26.794%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	SPP	1246	American Electric Power	U.S.	37,192,209	37,192,209			17.179%	17,179%	0.000%	0.000%	0.821%	0.821%	0.000%	0.000%	0.927%
2010	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	4,155,018	4,155,018			1.919%	1.919%	0.000%	0.000%	0.092%	0.092%	0.000%	0.000%	0.104%
2010	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	2,551,199	2,551,199			1.178%	1.178%	0.000%	0.000%	0.056%	0.056%	0.000%	0.000%	0.064%
2010	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	884,843	884,843			0.409%	0.409%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.022%
2010	SPP	1468	Cap Rock Energy	U.S.	-	-			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	SPP	1469	Central Valley Electric Cooperative	U.S.	745,589	745,589			0.344%	0.344%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2010	SPP	1556	City of Bentonville	U.S.	615,891	615,891			0.284%	0.284%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2010	SPP	1557	City of Clarksdale, Mississippi	U.S.	181,247	181,247			0.084%	0.084%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	SPP		City of Lindsboro	U.S.	30,565	30,565			0.014%	0.014%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SPP	1558	Hope Water & Light (HWL)	U.S.	288,002	288,002			0.133%	0.133%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	SPP	1559	City of Minden	U.S.	182,260	182,260			0.084%	0.084%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	SPP		City of Mulvane	U.S.	43,444	43,444			0.020%	0.020%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SPP		The City of Osage City	U.S.	39,049	39,049			0.018%	0.018%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	SPP		City of Prescott	U.S.	87,675	87,675			0.040%	0.040%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	993,751	993,751			0.459%	0.459%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2010	SPP	1436	City Utilities of Springfield, MO	U.S.	3,144,282	3,144,282			1.452%	1.452%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2010	SPP	1249	Cleco Power LLC	U.S.	11,944,365	11,944,365			5.517%	5.517%	0.000%	0.000%	0.264%	0.264%	0.000%	0.000%	0.298%
2010	SPP	1437	East Texas Electric Coop, Inc.	U.S.	446,460	446,460			0.206%	0.206%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	SPP	1250	The Empire District Electric Company	U.S.	5,584,282	5,584,282			2.579%	2.579%	0.000%	0.000%	0.123%	0.123%	0.000%	0.000%	0.139%
2010	SPP	1470	Farmers' Electric Coop	U.S.	415,141	415,141			0.192%	0.192%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	SPP	1438	Golden Spread Electric Coop	U.S.	4,281,708	4,281,708			1.978%	1.978%	0.000%	0.000%	0.094%	0.094%	0.000%	0.000%	0.107%
2010	SPP	1251	Grand River Dam Authority	U.S.	4,587,907	4,587,907			2.119%	2.119%	0.000%	0.000%	0.101%	0.101%	0.000%	0.000%	0.114%
2010	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	16,511,852	16,511,852			7.627%	7.627%	0.000%	0.000%	0.364%	0.364%	0.000%	0.000%	0.411%
2010	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	2,173,249	2,173,249			1.004%	1.004%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2010	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	770,384	770,384			0.356%	0.356%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2010	SPP		Kansas Power Pool	U.S.	1,397,677	1,397,677			0.646%	0.646%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2010	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	167,571	167,571			0.077%	0.077%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	9,049,883	9,049,883			4.180%	4.180%	0.000%	0.000%	0.200%	0.200%	0.000%	0.000%	0.225%
2010	SPP	1471	Lafayette Utilities System	U.S.	2,178,030	2,178,030			1.006%	1.006%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2010	SPP	1472	Lea County Electric Coop	U.S.	1,251,613	1,251,613			0.578%	0.578%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.031%
2010	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	1,034,080	1,034,080			0.478%	0.478%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2010	SPP	1441	Midwest Energy Inc.	U.S.	1,718,288	1,718,288			0.794%	0.794%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2010	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	2,592,340	2,592,340			1.197%	1.197%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2010	SPP		Nemaha Marshall Electric Cooperative (NMEC)	U.S.	60,592	60,592			0.028%	0.028%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	3,382,284	3,382,284			1.562%	1.562%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%	0.084%
2010	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	29,542,836	29,542,836			13.645%	13.645%	0.000%	0.000%	0.652%	0.652%	0.000%	0.000%	0.736%
2010	SPP	1444	Oklahoma Municipal Power Authority	U.S.	2,768,513	2,768,513			1.279%	1.279%	0.000%	0.000%	0.061%	0.061%	0.000%	0.000%	0.069%
2010	SPP		OzMo Ozark Missouri, West Plains MO	U.S.	212,564	212,564			0.098%	0.098%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	131,800	131,800			0.061%	0.061%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	SPP	1473	Roosevelt County Electric Coop	U.S.	203,702	203,702			0.094%	0.094%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	SPP	1468	Sharyland Utilities, LP	U.S.	959,423	959,423			0.443%	0.443%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2010	SPP	1258	Southwestern Power Administration (SPA)	U.S.	4,613,330	4,613,330			2.131%	2.131%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.115%
2010	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	20,080,642	20,080,642			9.275%	9.275%	0.000%	0.000%	0.443%	0.443%	0.000%	0.000%	0.500%
2010	SPP	1256	Sunflower Electric Cooperative (SECI)	U.S.	4,602,829	4,602,829			2.126%	2.126%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.115%
2010	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	530,691	530,691			0.245%	0.245%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2010	SPP	1475	Tri County Electric Coop	U.S.	418,197	418,197			0.193%	0.193%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	SPP	1260	Westar Energy, Inc.	U.S.	22,046,985	22,046,985			10.183%	10.183%	0.000%	0.000%	0.487%	0.487%	0.000%	0.000%	0.549%
2010	SPP	1259	Western Farmers Electric Cooperative	U.S.	7,594,092	7,594,092			3.508%	3.508%	0.000%	0.000%	0.168%	0.168%	0.000%	0.000%	0.189%
2010	SPP	1501	West Texas Municipal Power Agency	U.S.	2,115,506	2,115,506			0.977%	0.977%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.053%
			TOTAL SPP		216,503,840	216,503,840	-	-	100.000%	100.000%	0.000%	0.000%	4.778%	4.778%	0.000%	0.000%	5.394%
2010	TRE	1019	ERCOT	U.S.	319,925,589	319,925,589			100.000%	100.000%	0.000%	0.000%	7.060%	7.060%	0.000%	0.000%	7.971%
					319,925,589	319,925,589	-	-	100.000%	100.000%	0.000%	0.000%	7.060%	7.060%	0.000%	0.000%	7.971%
2010	WECC		Alberta Electric System Operator	Canada	57,455,494		57,455,494		6.841%	0.000%	6.841%	0.000%	1.268%	0.000%	1.268%	0.000%	0.000%
2010	WECC		British Columbia Hydro & Power Authority	Canada	59,632,794		59,632,794		7.100%	0.000%	7.100%	0.000%	1.316%	0.000%	1.316%	0.000%	0.000%
2010	WECC		Arizona Public Service Company	Mexico	254			254	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Comision Federal de Electricidad	Mexico	10,574,700			10,574,700	1.259%	0.000%	0.000%	1.259%	0.233%	0.000%	0.000%	0.233%	0.000%
2010	WECC		Aguila Irrigation District	U.S.	26,674	26,674			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Aha Macav Power Service	U.S.	27,804	27,804			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	WECC		Ajo Improvement District	U.S.	14,103	14,103			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Ak-Chin	U.S.	30,407	30,407			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Alcoa Inc	U.S.	2,653,998	2,653,998			0.316%	0.316%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.066%
2010	WECC		Arizona Public Service Company	U.S.	30,185,062	30,185,062			3.594%	3.594%	0.000%	0.000%	0.666%	0.666%	0.000%	0.000%	0.752%
2010	WECC		Arkansas River Power Authority (ARPA)	U.S.	208,506	208,506			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		Avista Corporation	U.S.	9,404,399	9,404,399			1.120%	1.120%	0.000%	0.000%	0.208%	0.208%	0.000%	0.000%	0.234%
2010	WECC		Avista Corporation	U.S.	219,874	219,874			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		Barrick Goldstrike Mines Inc.	U.S.	1,150,913	1,150,913			0.137%	0.137%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.029%
2010	WECC		Basin Electric Power Cooperative	U.S.	3,386,429	3,386,429			0.403%	0.403%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%	0.084%
2010	WECC		Basin Electric Power Cooperative	U.S.	47,649	47,649			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Benton REA	U.S.	527,723	527,723			0.063%	0.063%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	135,992	135,992			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	334,002	334,002			0.040%	0.040%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	33,993	33,993			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Blachly-Lane	U.S.	140,715	140,715			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Black Hills Power	U.S.	1,922,468	1,922,468			0.229%	0.229%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.048%
2010	WECC		Black Hills Wyoming, Inc.	U.S.	3,498,327	3,498,327			0.417%	0.417%	0.000%	0.000%	0.077%	0.077%	0.000%	0.000%	0.087%
2010	WECC		Bonneville Power Administration	U.S.	3,591,730	3,591,730			0.428%	0.428%	0.000%	0.000%	0.079%	0.079%	0.000%	0.000%	0.089%
2010	WECC		Bonneville Power Administration	U.S.	202,815	202,815			0.024%	0.024%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	WECC		Bonneville Power Administration	U.S.	35,315	35,315			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Bonneville Power Administration	U.S.	5,534	5,534			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Bonneville Power Administration	U.S.	17,186	17,186			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		BPA - USBR Load	U.S.	138,043	138,043			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		Buckeye Water Conservation and Drainage District	U.S.	15,072	15,072			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		California Independent System Operator	U.S.	228,089,942	228,089,942			27.156%	27.156%	0.000%	0.000%	5.033%	5.033%	0.000%	0.000%	5.683%
2010	WECC		Canby Public Utility Board	U.S.	171,965	171,965			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		Central Arizona Water Conservation District	U.S.	2,651,241	2,651,241			0.316%	0.316%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.066%
2010	WECC		Central Electric Cooperative	U.S.	685,832	685,832			0.082%	0.082%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2010	WECC		Central Lincoln PUD	U.S.	1,325,849	1,325,849			0.158%	0.158%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2010	WECC		Central Montana Electric Power Cooperative	U.S.	64,613	64,613			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		Central Montana Electric Power Cooperative	U.S.	63,319	63,319			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		City of Albion	U.S.	3,400	3,400			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Aztec Electric Dept	U.S.	38,118	38,118			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Bandon	U.S.	65,609	65,609			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		City of Blaine	U.S.	74,707	74,707			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		City of Bonners Ferry	U.S.	68,929	68,929			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		City of Boulder City	U.S.	170,780	170,780			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		City of Burley	U.S.	119,580	119,580			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		City of Burlington	U.S.	32,300	32,300			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Cascade Locks	U.S.	19,625	19,625			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Centralia	U.S.	270,005	270,005			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	WECC		City of Cheney	U.S.	139,552	139,552			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		City of Chewelah	U.S.	24,023	24,023			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Declo	U.S.	3,016	3,016			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Drain	U.S.	15,525	15,525			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Ellensburg	U.S.	217,216	217,216			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		City of Fallon	U.S.	115,385	115,385			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		City of Forest Grove	U.S.	234,085	234,085			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		City of Gallup	U.S.	229,527	229,527			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	108,527	108,527			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2010	WECC		City of Heyburn	U.S.	41,721	41,721			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Las Vegas	U.S.	50,246	50,246			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of McCleary	U.S.	30,693	30,693			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of McMinnville	U.S.	708,811	708,811			0.084%	0.084%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2010	WECC		City of Mesa	U.S.	250,701	250,701			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2010	WECC		City of Milton	U.S.	62,678	62,678			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		City of Milton-Freewater	U.S.	108,725	108,725			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2010	WECC		City of Minidoka	U.S.	1,009	1,009			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Monmouth	U.S.	68,946	68,946			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		City of Needles	U.S.	7,448	7,448			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Needles	U.S.	31,068	31,068			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	WECC		City of Plummer	U.S.	34,520	34,520			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Port Angeles	U.S.	749,530	749,530			0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2010	WECC		City of Redding	U.S.	805,918	805,918			0.096%	0.096%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.020%
2010	WECC		City of Richland	U.S.	843,342	843,342			0.100%	0.100%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2010	WECC		City of Roseville	U.S.	1,211,401	1,211,401			0.144%	0.144%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2010	WECC		City of Rupert	U.S.	79,879	79,879			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		City of Shasta Lake	U.S.	169,688	169,688			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		City of Sumas	U.S.	30,902	30,902			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	359	359			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	4,884,011	4,884,011			0.581%	0.581%	0.000%	0.000%	0.108%	0.108%	0.000%	0.000%	0.122%
2010	WECC		City of Troy	U.S.	17,415	17,415			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		City of Weiser	U.S.	53,674	53,674			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		City of Williams	U.S.	39,554	39,554			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Clark Public Utilities	U.S.	4,399,630	4,399,630			0.524%	0.524%	0.000%	0.000%	0.097%	0.097%	0.000%	0.000%	0.110%
2010	WECC		Clatskanie PUD	U.S.	786,263	786,263			0.094%	0.094%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2010	WECC		Clearwater Cooperative, Inc	U.S.	157,065	157,065			0.019%	0.019%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Clearwater Cooperative, Inc	U.S.	39,242	39,242			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	8,197	8,197			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Colorado River Commission of Nevada	U.S.	709,403	709,403			0.084%	0.084%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2010	WECC		Colorado Springs Utilities	U.S.	59,342	59,342			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Colorado Springs Utilities	U.S.	4,391,411	4,391,411			0.523%	0.523%	0.000%	0.000%	0.097%	0.097%	0.000%	0.000%	0.109%
2010	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	102,455	102,455			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2010	WECC		Columbia Falls Aluminum Company	U.S.	4,621	4,621			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Columbia Power Cooperative Association	U.S.	20,776	20,776			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	WECC		Columbia River PUD	U.S.	161,835	161,835			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		Columbia River PUD	U.S.	308,424	308,424			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Columbia Rural Electric Association (REA)	U.S.	294,427	294,427			0.035%	0.035%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	WECC		Consolidated Irrigation District No. 19	U.S.	5,828	5,828			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Constellation New Energy, Inc.	U.S.	21,082	21,082			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	WECC		Consumers Power, Inc.	U.S.	405,111	405,111			0.048%	0.048%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	355,574	355,574			0.042%	0.042%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		CP Energy Marketing (US) Inc.	U.S.	71,105	71,105			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	25,494	25,494			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	157,398	157,398			0.019%	0.019%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Douglas Electric Cooperative, Inc.	U.S.	93,457	93,457			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Douglas Palisades	U.S.	17,595	17,595			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		East End Mutual Electric Company, LTD	U.S.	22,337	22,337			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	WECC		El Paso Electric Company	U.S.	8,047,770	8,047,770			0.958%	0.958%	0.000%	0.000%	0.178%	0.178%	0.000%	0.000%	0.201%
2010	WECC		Electrical District #2	U.S.	173,640	173,640			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	1,701	1,701			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Electrical District No. 6 of Pinal County	U.S.	1,247	1,247			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Electrical District No. 7 of Maricopa County	U.S.	50,311	50,311			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Electrical District No. 8 of Maricopa County	U.S.	231,553	231,553			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Electrical Districts 1 & 3	U.S.	556,283	556,283			0.066%	0.066%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2010	WECC		Elmhurst Mutual Power & Light Company	U.S.	268,993	268,993			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	WECC		Emerald PUD	U.S.	499,204	499,204			0.059%	0.059%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2010	WECC		Energy Northwest	U.S.	48,845	48,845			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Eugene Water & Electric Board	U.S.	2,463,573	2,463,573			0.293%	0.293%	0.000%	0.000%	0.054%	0.054%	0.000%	0.000%	0.061%
2010	WECC		Farmers Electric Company, LTD	U.S.	4,373	4,373			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Farmington Electric Utility System	U.S.	1,074,719	1,074,719			0.128%	0.128%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2010	WECC		Flathead Electric Cooperative, Inc	U.S.	1,424,063	1,424,063			0.170%	0.170%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2010	WECC		Frederickson Power LP	U.S.	3,478	3,478			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Glacier Electric Cooperative, Inc.	U.S.	180,253	180,253			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		Grand Valley Power	U.S.	233,647	233,647			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	110,277	110,277			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	69,849	69,849			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Harquahala Valley Power District	U.S.	60,666	60,666			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		Hermiston Power LLC	U.S.	2,152	2,152			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Holy Cross Energy	U.S.	844,342	844,342			0.101%	0.101%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2010	WECC		Hood River Electric Cooperative	U.S.	39,732	39,732			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	54,964	54,964			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	WECC		Idaho Power Company	U.S.	14,635,491	14,635,491			1.743%	1.743%	0.000%	0.000%	0.323%	0.323%	0.000%	0.000%	0.365%
2010	WECC		Idaho Power Company - BPA	U.S.	18,714	18,714			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Imperial Irrigation District	U.S.	3,553,086	3,553,086			0.423%	0.423%	0.000%	0.000%	0.078%	0.078%	0.000%	0.000%	0.089%
2010	WECC		Inland Power and Light Company	U.S.	444,653	444,653			0.053%	0.053%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	WECC		Inland Power and Light Company	U.S.	461,791	461,791			0.055%	0.055%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2010	WECC		Intermountain Rural Electric Association	U.S.	1,272,007	1,272,007			0.151%	0.151%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2010	WECC		Kirtland AFB	U.S.	438,147	438,147			0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	WECC		Kootenai Electric Cooperative, Inc.	U.S.	454,374	454,374			0.054%	0.054%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	WECC		Lakeview Light & Power	U.S.	275,882	275,882			0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	WECC		Lane Electric Cooperative, Inc.	U.S.	221,720	221,720			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Las Vegas Valley Water District	U.S.	94,116	94,116			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Lincoln County Power District No. 1	U.S.	66,797	66,797			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		Lincoln Electric Cooperative, Inc.	U.S.	116,306	116,306			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		Los Angeles Department of Water and Power	U.S.	28,275,942	28,275,942			3.367%	3.367%	0.000%	0.000%	0.624%	0.624%	0.000%	0.000%	0.704%
2010	WECC		Maricopa County Municipal Water Conservation District No. 1	U.S.	42,450	42,450			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		McMullen Valley Water Conservation & Drainage District	U.S.	64,136	64,136			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		Merced Irrigation District	U.S.	439,174	439,174			0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	WECC		Midstate Electric Cooperative, Inc.	U.S.	398,069	398,069			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	WECC		Mission Valley Power	U.S.	391,766	391,766			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2010	WECC		Missoula Electric Cooperative, Inc.	U.S.	226,419	226,419			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Modern Electric Water Company	U.S.	231,953	231,953			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Modesto Irrigation District	U.S.	2,490,407	2,490,407			0.297%	0.297%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2010	WECC		Montana-Dakota Utilities Co.	U.S.	21,619	21,619			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	WECC		MT. Wheeler Power	U.S.	433,662	433,662			0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	377,375	377,375			0.045%	0.045%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	634,772	634,772			0.076%	0.076%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2010	WECC		Navajo Tribal Utility Authority	U.S.	38,946	38,946			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Navajo Tribal Utility Authority	U.S.	302,857	302,857			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Navapache Electric Cooperative, Inc.	U.S.	423,531	423,531			0.050%	0.050%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2010	WECC		Nebraska Public Power Marketing	U.S.	3,626	3,626			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	50,300	50,300			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Nevada Power Company dba NV Energy	U.S.	21,704,680	21,704,680			2.584%	2.584%	0.000%	0.000%	0.479%	0.479%	0.000%	0.000%	0.541%
2010	WECC		Noble Americas Energy Solutions, LLC	U.S.	983,372	983,372			0.117%	0.117%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2010	WECC		Northern Lights, Inc.	U.S.	26,986	26,986			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Northern Lights, Inc.	U.S.	327,218	327,218			0.039%	0.039%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Northern Lights, Inc.	U.S.	10,201	10,201			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Northern Wasco County PUD	U.S.	585,360	585,360			0.070%	0.070%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	8,778,518	8,778,518			1.045%	1.045%	0.000%	0.000%	0.194%	0.194%	0.000%	0.000%	0.219%
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	302,042	302,042			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Ohop Mutual Light Company	U.S.	84,237	84,237			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Orcas Power and Light Cooperative	U.S.	205,272	205,272			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	328,612	328,612			0.039%	0.039%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	316,957	316,957			0.038%	0.038%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Overton Power District No. 5	U.S.	375,442	375,442			0.045%	0.045%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		PacifiCorp	U.S.	53,240	53,240			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		PacifiCorp	U.S.	46,409,303	46,409,303			5.526%	5.526%	0.000%	0.000%	1.024%	1.024%	0.000%	0.000%	1.156%
2010	WECC		PacifiCorp	U.S.	1,787	1,787			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PacifiCorp	U.S.	226,089	226,089			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		PacifiCorp West (PACW)	U.S.	20,653,985	20,653,985			2.459%	2.459%	0.000%	0.000%	0.456%	0.456%	0.000%	0.000%	0.515%
2010	WECC		Page Electric Utility	U.S.	16,111	16,111			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Parkland Light and Water Company	U.S.	118,115	118,115			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		Pend Oreille County PUD No. 1	U.S.	978,480	978,480			0.116%	0.116%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.024%
2010	WECC		Peninsula Light Company, Inc.	U.S.	597,758	597,758			0.071%	0.071%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2010	WECC		Platte River Power Authority	U.S.	3,178,402	3,178,402			0.378%	0.378%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.079%
2010	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	145,135	145,135			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Port Townsend Paper Corporation	U.S.	207,729	207,729			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		Portland General Electric Company	U.S.	45,109	45,109			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Portland General Electric Company	U.S.	18,525,037	18,525,037			2.206%	2.206%	0.000%	0.000%	0.409%	0.409%	0.000%	0.000%	0.462%
2010	WECC		Public Service Company of Colorado (Xcel)	U.S.	30,906,071	30,906,071			3.680%	3.680%	0.000%	0.000%	0.682%	0.682%	0.000%	0.000%	0.770%
2010	WECC		Public Service Company of Colorado (Xcel)	U.S.	33,381	33,381			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Public Service Company of New Mexico	U.S.	10,524,714	10,524,714			1.253%	1.253%	0.000%	0.000%	0.232%	0.232%	0.000%	0.000%	0.262%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	WECC		Public Utility District No. 1 of Chelan County	U.S.	3,150,671	3,150,671			0.375%	0.375%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.078%
2010	WECC		PUD No. 1 of Asotin County	U.S.	4,539	4,539			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 1 of Asotin County	U.S.	344	344			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 1 of Benton County	U.S.	1,654,504	1,654,504			0.197%	0.197%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.041%
2010	WECC		PUD No. 1 of Clallam County	U.S.	659,196	659,196			0.078%	0.078%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.016%
2010	WECC		PUD No. 1 of Cowlitz County	U.S.	5,041,629	5,041,629			0.600%	0.600%	0.000%	0.000%	0.111%	0.111%	0.000%	0.000%	0.126%
2010	WECC		PUD No. 1 of Douglas County	U.S.	8,873	8,873			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 1 of Douglas County	U.S.	1,344,172	1,344,172			0.160%	0.160%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.033%
2010	WECC		PUD No. 1 of Ferry County	U.S.	99,744	99,744			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		PUD No. 1 of Franklin County	U.S.	994,979	994,979			0.118%	0.118%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2010	WECC		PUD No. 1 of Grays Harbor	U.S.	1,077,057	1,077,057			0.128%	0.128%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2010	WECC		PUD No. 1 of Kittitas County	U.S.	57,365	57,365			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		PUD No. 1 of Kittitas County	U.S.	7,349	7,349			0.001%	0.000%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 1 of Kittitas County	U.S.	16,218	16,218			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 1 of Klickitat County	U.S.	268,852	268,852			0.032%	0.000%	0.000%	0.032%	0.006%	0.006%	0.000%	0.000%	0.007%
2010	WECC		PUD No. 1 of Lewis County	U.S.	937,620	937,620			0.112%	0.112%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.023%
2010	WECC		PUD No. 1 of Mason County	U.S.	75,825	75,825			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		PUD No. 1 of Skamania County	U.S.	132,991	132,991			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2010	WECC		PUD No. 1 of Snohomish County	U.S.	6,890,415	6,890,415			0.820%	0.820%	0.000%	0.000%	0.152%	0.152%	0.000%	0.000%	0.172%
2010	WECC		PUD No. 1 of Wahkiakum County	U.S.	42,304	42,304			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		PUD No. 1 of Whatcom County	U.S.	213,757	213,757			0.025%	0.000%	0.025%	0.000%	0.005%	0.000%	0.005%	0.000%	0.005%
2010	WECC		PUD No. 1 of Whatcom County	U.S.	12,895	12,895			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		PUD No. 2 of Grant County	U.S.	82,801	82,801			0.010%	0.000%	0.000%	0.010%	0.002%	0.000%	0.000%	0.002%	0.002%
2010	WECC		PUD No. 2 of Grant County	U.S.	44,937	44,937			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		PUD No. 2 of Grant County	U.S.	3,785,624	3,785,624			0.451%	0.451%	0.000%	0.000%	0.084%	0.084%	0.000%	0.000%	0.094%
2010	WECC		PUD No. 2 of Pacific County	U.S.	297,251	297,251			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2010	WECC		PUD No. 3 of Mason County	U.S.	680,091	680,091			0.081%	0.081%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2010	WECC		Puget Sound Energy, Inc.	U.S.	24,161,934	24,161,934			2.877%	2.877%	0.000%	0.000%	0.533%	0.533%	0.000%	0.000%	0.602%
2010	WECC		Raft River Electric Cooperative	U.S.	235,186	235,186			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Ravalli County Electric Cooperative, Inc.	U.S.	154,252	154,252			0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Riverside Electric Copmpany, Ltd	U.S.	19,530	19,530			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Rocky Mountain Generation Cooperative, Inc.	U.S.	42,742	42,742			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Roosevelt Irrigation District	U.S.	29,005	29,005			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Sacramento Municipal Utility District	U.S.	11,087,210	11,087,210			1.320%	1.320%	0.000%	0.000%	0.245%	0.245%	0.000%	0.000%	0.276%
2010	WECC		Salem Electric	U.S.	321,191	321,191			0.038%	0.038%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2010	WECC		Salt River Project	U.S.	27,938,279	27,938,279			3.326%	3.326%	0.000%	0.000%	0.617%	0.617%	0.000%	0.000%	0.696%
2010	WECC		San Carlos Indian Irrigation Project	U.S.	137	137			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Seattle City Light	U.S.	9,897,796	9,897,796			1.178%	1.178%	0.000%	0.000%	0.218%	0.218%	0.000%	0.000%	0.247%
2010	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	8,784,168	8,784,168			1.046%	1.046%	0.000%	0.000%	0.194%	0.194%	0.000%	0.000%	0.219%
2010	WECC		South Side Electric, Inc	U.S.	55,781	55,781			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Southern Montana Electric Generation & Transmission	U.S.	749,606	749,606			0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2010	WECC		Southern Nevada Water Authority	U.S.	819,191	819,191			0.098%	0.098%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.020%
2010	WECC		Southwest Transmission Cooperative, Inc.	U.S.	2,648,001	2,648,001			0.315%	0.315%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.066%
2010	WECC		Springfield Utility Board	U.S.	831,407	831,407			0.099%	0.099%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2010	WECC		Surprise Valley Electrification Corporation	U.S.	32,828	32,828			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Tanner Electric Cooperative	U.S.	93,242	93,242			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		The Incorporated County of Los Alamos	U.S.	357,749	357,749			0.043%	0.043%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		Tillamook People's Utility District	U.S.	365,675	365,675			0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		Tohono O'Odham Utility Authority	U.S.	66,469	66,469			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2010	WECC		Tonopah Irrigation District	U.S.	21,035	21,035			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2010	WECC		Town of Center	U.S.	12,614	12,614			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Town of Coulee	U.S.	14,592	14,592			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Town of Eatonville	U.S.	28,398	28,398			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Town of Fredonia	U.S.	1,341	1,341			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Town of Steilacoom	U.S.	40,290	40,290			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Town of Wickenburg	U.S.	27,931	27,931			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	1,935,702	1,935,702			0.230%	0.230%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	7,430,199	7,430,199			0.885%	0.885%	0.000%	0.000%	0.164%	0.164%	0.000%	0.000%	0.185%
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	32,240	32,240			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	2,606,522	2,606,522			0.310%	0.310%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.065%
2010	WECC		Truckee Donner Public Utility District	U.S.	152,684	152,684			0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2010	WECC		Tucson Electric Power Company	U.S.	13,635,349	13,635,349			1.623%	1.623%	0.000%	0.000%	0.301%	0.301%	0.000%	0.000%	0.340%
2010	WECC		Turlock Irrigation District	U.S.	2,004,440	2,004,440			0.239%	0.239%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
2010	WECC		U.S. Army Yuma Proving Ground	U.S.	18,826	18,826			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		U.S. Boia Wapato Irrigation Project	U.S.	17,708	17,708			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	3,104	3,104			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		U.S. Bor Spokane Indian Development	U.S.	2,482	2,482			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	4,048	4,048			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		U.S. DOE Richland Operations Office	U.S.	195,343	195,343			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	WECC		Umatilla Electric Cooperative Association	U.S.	926,052	926,052			0.110%	0.110%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2010	WECC		Unit B Irrigation District	U.S.	21	21			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		United Electric Cooperative	U.S.	258,998	258,998			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2010	WECC		US Air Force Base, Fairchild	U.S.	54,101	54,101			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		USN Naval Station, Bremerton	U.S.	235,242	235,242			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		USN Naval Station, Everett	U.S.	13,041	13,041			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		USN Submarine Base, Bangor	U.S.	170,076	170,076			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2010	WECC		Valley Electric Association, Inc.	U.S.	503,654	503,654			0.060%	0.060%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2010	WECC		Vera Water and Power	U.S.	226,448	226,448			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Vigilante Electric Cooperative, Inc.	U.S.	140,843	140,843			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2010	WECC		Wasco Electric Cooperative	U.S.	94,646	94,646			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2010	WECC		Wells Rural Electric Cooperative	U.S.	202,403	202,403			0.024%	0.024%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	WECC		Wells Rural Electric Cooperative	U.S.	637,951	637,951			0.076%	0.076%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2010	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	739	739			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		West Oregon Electric Cooperative, Inc.	U.S.	55,905	55,905			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2010	WECC		West Oregon Electric Cooperative, Inc.	U.S.	12,623	12,623			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Western Area Power - Loveland, CO	U.S.	368,155	368,155			0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2010	WECC		Western Area Power - Loveland, CO	U.S.	1,667,215	1,667,215			0.198%	0.198%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2010	WECC		Western Area Power Administration - CRSP	U.S.	1,396,521	1,396,521			0.166%	0.166%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2010	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	1,395,876	1,395,876			0.166%	0.166%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2010	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	2,323,639	2,323,639			0.277%	0.277%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	186,371	186,371			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	19,075	19,075			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	248,876	248,876			0.030%	0.030%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2010	WECC		Wyoming Municipal Power Agency	U.S.	212,186	212,186			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2010	WECC		Yampa Valley Electric Association	U.S.	581,432	581,432			0.069%	0.069%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2010	WECC		Yuma Irrigation District	U.S.	3,166	3,166			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2010	WECC		Yuma-Mesa Irrigation District	U.S.	160	160			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
TOTAL WECC					839,909,667	712,246,425	117,088,288	10,574,954	100.000%	84.732%	13.967%	1.301%	18.535%	15.711%	2.589%	0.235%	17.746%
TOTAL ERO					4,531,597,185	4,013,668,072	507,354,159	10,574,954	800.000%	714.888%	83.812%	1.301%	100.000%	88.564%	11.201%	0.235%	100.000%
Summary by Regional Entity					Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL									
2010	FRCC				232,976,018	232,976,018	-	-	100.000%	100.000%	0.000%	0.000%	5.141%	5.141%	0.000%	0.000%	5.805%
2010	MRO				275,316,771	232,780,900	42,535,871	-	100.000%	84.550%	15.450%	0.000%	6.075%	5.137%	0.939%	0.000%	5.800%
2010	NPCC				639,270,000	291,540,000	347,730,000	-	100.000%	45.605%	54.395%	0.000%	14.107%	6.433%	7.673%	0.000%	7.264%
2010	RFC				932,292,423	932,292,423	-	-	100.000%	100.000%	0.000%	0.000%	20.573%	20.573%	0.000%	0.000%	23.228%
2010	SERC				1,075,402,877	1,075,402,877	-	-	100.000%	100.000%	0.000%	0.000%	23.731%	23.731%	0.000%	0.000%	26.794%
2010	SPP				216,503,840	216,503,840	-	-	100.000%	100.000%	0.000%	0.000%	4.778%	4.778%	0.000%	0.000%	5.394%
2010	TRE				319,925,589	319,925,589	-	-	100.000%	100.000%	0.000%	0.000%	7.060%	7.060%	0.000%	0.000%	7.971%
2010	WECC				839,909,667	712,246,425	117,088,288	10,574,954	100.000%	84.732%	13.967%	1.301%	18.535%	15.711%	2.589%	0.235%	17.746%
Total					4,531,597,185	4,013,668,072	507,354,159	10,574,954	800.000%	714.888%	83.812%	1.301%	100.000%	88.564%	11.201%	0.235%	100.000%

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	FRCC	1074	Alachua, City of	U.S.	3,947	3,947	-	-	1,497	1,497	-	-	2,450	2,450	-	-
2010	FRCC	1075	Bartow, City of	U.S.	9,527	9,527	-	-	3,613	3,613	-	-	5,914	5,914	-	-
2010	FRCC	1076	Chattahoochee, City of	U.S.	1,469	1,469	-	-	557	557	-	-	912	912	-	-
2010	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	20,927	20,927	-	-	7,936	7,936	-	-	12,991	12,991	-	-
2010	FRCC	1078	Florida Power & Light Co.	U.S.	3,436,445	3,436,445	-	-	1,303,163	1,303,163	-	-	2,133,282	2,133,282	-	-
2010	FRCC	1079	Florida Public Utilities Company	U.S.	12,299	12,299	-	-	4,664	4,664	-	-	7,635	7,635	-	-
2010	FRCC	1080	Gainesville Regional Utilities	U.S.	61,557	61,557	-	-	23,343	23,343	-	-	38,213	38,213	-	-
2010	FRCC	1081	Homestead, City of	U.S.	14,869	14,869	-	-	5,639	5,639	-	-	9,230	9,230	-	-
2010	FRCC	1082	JEA	U.S.	411,195	411,195	-	-	155,933	155,933	-	-	255,262	255,262	-	-
2010	FRCC	1083	Lakeland Electric	U.S.	95,364	95,364	-	-	36,164	36,164	-	-	59,200	59,200	-	-
2010	FRCC		Lee County Electric Cooperative	U.S.	37,036	37,036	-	-	14,045	14,045	-	-	22,991	22,991	-	-
2010	FRCC	1084	Mount Dora, City of	U.S.	3,090	3,090	-	-	1,172	1,172	-	-	1,918	1,918	-	-
2010	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	12,727	12,727	-	-	4,826	4,826	-	-	7,901	7,901	-	-
2010	FRCC	1086	Orlando Utilities Commission	U.S.	177,083	177,083	-	-	67,153	67,153	-	-	109,930	109,930	-	-
2010	FRCC	1087	Progress Energy Florida	U.S.	1,298,896	1,298,896	-	-	492,565	492,565	-	-	806,331	806,331	-	-
2010	FRCC	1088	Quincy, City of	U.S.	4,715	4,715	-	-	1,788	1,788	-	-	2,927	2,927	-	-
2010	FRCC	1089	Reedy Creek Improvement District	U.S.	37,632	37,632	-	-	14,271	14,271	-	-	23,361	23,361	-	-
2010	FRCC	1090	St. Cloud, City of (OUC)	U.S.	18,999	18,999	-	-	7,205	7,205	-	-	11,794	11,794	-	-
2010	FRCC	1091	Tallahassee, City of	U.S.	89,674	89,674	-	-	34,006	34,006	-	-	55,668	55,668	-	-
2010	FRCC	1092	Tampa Electric Company	U.S.	622,982	622,982	-	-	236,246	236,246	-	-	386,736	386,736	-	-
2010	FRCC	1603	Vero Beach, City of	U.S.	24,048	24,048	-	-	9,119	9,119	-	-	14,928	14,928	-	-
2010	FRCC	1093	Wauchula, City of	U.S.	2,096	2,096	-	-	795	795	-	-	1,301	1,301	-	-
2010	FRCC	1094	Williston, City of	U.S.	1,114	1,114	-	-	422	422	-	-	691	691	-	-
2010	FRCC	1095	Winter Park, City of	U.S.	14,331	14,331	-	-	5,434	5,434	-	-	8,896	8,896	-	-
2010	FRCC	1072	Florida Municipal Power Agency	U.S.	192,716	192,716	-	-	73,082	73,082	-	-	119,635	119,635	-	-
2010	FRCC	1073	Seminole Electric Cooperative	U.S.	523,133	523,133	-	-	198,381	198,381	-	-	324,751	324,751	-	-
TOTAL FRCC					7,127,869	7,127,869	-	-	2,703,019	2,703,019	-	-	4,424,850	4,424,850	-	-
2010	MRO	1199	Basin Electric Power Cooperative	U.S.	527,021	527,021	-	-	151,606	151,606	-	-	375,416	375,416	-	-
2010	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	114,089	114,089	-	-	32,819	32,819	-	-	81,270	81,270	-	-
2010	MRO	1204	Corn Belt Power Cooperative	U.S.	77,723	77,723	-	-	22,358	22,358	-	-	55,365	55,365	-	-
2010	MRO	1207	Dairyland Power Cooperative	U.S.	221,643	221,643	-	-	63,759	63,759	-	-	157,884	157,884	-	-
2010	MRO	1210	Great River Energy	U.S.	564,481	564,481	-	-	162,381	162,381	-	-	402,100	402,100	-	-
2010	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	156,309	156,309	-	-	44,965	44,965	-	-	111,345	111,345	-	-
2010	MRO	1230	Nebraska Public Power District	U.S.	547,949	547,949	-	-	157,626	157,626	-	-	390,323	390,323	-	-
2010	MRO	1232	Omaha Public Power District	U.S.	484,750	484,750	-	-	139,446	139,446	-	-	345,305	345,305	-	-
2010	MRO	1237	Southern Montana Generation and Transmission	U.S.	168	168	-	-	48	48	-	-	119	119	-	-
2010	MRO	1240	Western Area Power Administration (UM)	U.S.	377,697	377,697	-	-	108,650	108,650	-	-	269,047	269,047	-	-
2010	MRO	1239	Western Area Power Administration (LM)	U.S.	5,126	5,126	-	-	1,475	1,475	-	-	3,652	3,652	-	-
2010	MRO	1217	Manitoba Hydro	CAN	963,697	-	963,697	-	265,889	-	265,889	-	697,808	-	697,808	-
2010	MRO	1235	SaskPower	CAN	907,005	-	907,005	-	250,248	-	250,248	-	656,757	-	656,757	-
2010	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	1,206,894	1,206,894	-	-	347,181	347,181	-	-	859,713	859,713	-	-
2010	MRO	1216	Madison, Gas and Electric	U.S.	145,867	145,867	-	-	41,961	41,961	-	-	103,906	103,906	-	-
2010	MRO	1220	MidAmerican Energy Company	U.S.	963,107	963,107	-	-	277,052	277,052	-	-	686,055	686,055	-	-
2010	MRO	1221	Minnesota Power	U.S.	528,478	528,478	-	-	152,024	152,024	-	-	376,453	376,453	-	-
2010	MRO	1226	Montana-Dakota Utilities Co.	U.S.	114,658	114,658	-	-	32,983	32,983	-	-	81,675	81,675	-	-
2010	MRO	1231	NorthWestern Energy	U.S.	63,050	63,050	-	-	18,137	18,137	-	-	44,912	44,912	-	-
2010	MRO	1233	Otter Tail Power Company	U.S.	183,112	183,112	-	-	52,675	52,675	-	-	130,437	130,437	-	-
2010	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.	579,769	579,769	-	-	166,779	166,779	-	-	412,990	412,990	-	-
2010	MRO	1244	Xcel Energy Company (NSP)	U.S.	1,948,101	1,948,101	-	-	560,400	560,400	-	-	1,387,701	1,387,701	-	-
2010	MRO	1196	Ames Municipal Electric System	U.S.	33,424	33,424	-	-	9,615	9,615	-	-	23,809	23,809	-	-
2010	MRO	1604	Atlantic Municipal Utilities	U.S.	3,422	3,422	-	-	984	984	-	-	2,438	2,438	-	-
2010	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	16,092	16,092	-	-	4,629	4,629	-	-	11,463	11,463	-	-
2010	MRO	1200	Cedar Falls Municipal Utilities	U.S.	22,058	22,058	-	-	6,345	6,345	-	-	15,713	15,713	-	-
2010	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	19,704	19,704	-	-	5,668	5,668	-	-	14,036	14,036	-	-
2010	MRO	1605	City of Pella	U.S.	7,926	7,926	-	-	2,280	2,280	-	-	5,646	5,646	-	-
2010	MRO	1203	Escanaba Municipal Electric Utility	U.S.	6,390	6,390	-	-	1,838	1,838	-	-	4,552	4,552	-	-
2010	MRO	1205	Falls City Water & Light Department	U.S.	2,387	2,387	-	-	687	687	-	-	1,700	1,700	-	-
2010	MRO	1206	Fremont Department of Utilities	U.S.	18,708	18,708	-	-	5,382	5,382	-	-	13,326	13,326	-	-
2010	MRO	1208	Geneseo Municipal Utilities	U.S.	2,828	2,828	-	-	813	813	-	-	2,014	2,014	-	-
2010	MRO	1209	Grand Island Utilities Department	U.S.	31,411	31,411	-	-	9,036	9,036	-	-	22,375	22,375	-	-
2010	MRO	1606	Harlan Municipal Utilities	U.S.	801	801	-	-	230	230	-	-	571	571	-	-
2010	MRO	1211	Hastings Utilities	U.S.	17,388	17,388	-	-	5,002	5,002	-	-	12,386	12,386	-	-
2010	MRO	1212	Heartland Consumers Power District	U.S.	35,335	35,335	-	-	10,165	10,165	-	-	25,170	25,170	-	-
2010	MRO	1213	Hutchinson Utilities Commission	U.S.	12,910	12,910	-	-	3,714	3,714	-	-	9,196	9,196	-	-
2010	MRO	1215	Lincoln Electric System	U.S.	137,000	137,000	-	-	39,410	39,410	-	-	97,590	97,590	-	-
2010	MRO	1218	Manitowoc Public Utilities	U.S.	21,730	21,730	-	-	6,251	6,251	-	-	15,479	15,479	-	-
2010	MRO	1223	Missouri River Energy Services	U.S.	98,876	98,876	-	-	28,443	28,443	-	-	70,433	70,433	-	-
2010	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	61,359	61,359	-	-	17,651	17,651	-	-	43,708	43,708	-	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	MRO	1607	Montezuma Municipal Light & Power	U.S.	1,396	1,396	-	-	402	402	-	-	994	994	-	-
2010	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	48,142	48,142	-	-	13,849	13,849	-	-	34,293	34,293	-	-
2010	MRO	1228	Muscataine Power and Water	U.S.	37,007	37,007	-	-	10,646	10,646	-	-	26,361	26,361	-	-
2010	MRO	1229	Nebraska City Utilities	U.S.	7,346	7,346	-	-	2,113	2,113	-	-	5,233	5,233	-	-
2010	MRO	1234	Rochester Public Utilities	U.S.	266	266	-	-	77	77	-	-	190	190	-	-
2010	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	124,682	124,682	-	-	35,867	35,867	-	-	88,816	88,816	-	-
2010	MRO	1241	Willmar Municipal Utilities	U.S.	11,014	11,014	-	-	3,168	3,168	-	-	7,846	7,846	-	-
2010	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	229,468	229,468	-	-	66,010	66,010	-	-	163,458	163,458	-	-
TOTAL MRO					11,689,766	9,819,064	1,870,702	-	3,340,737	2,824,600	516,137	-	8,349,029	6,994,464	1,354,565	-
2010	NPCC	1336	New England	U.S.	4,752,689	4,752,689	-	-	1,491,644	1,491,644	-	-	3,261,045	3,261,045	-	-
2010	NPCC	1339	New York	U.S.	5,870,516	5,870,516	-	-	1,823,398	1,823,398	-	-	4,047,118	4,047,118	-	-
2010	NPCC	1337	Ontario	Canada	2,947,787	-	2,947,787	-	1,028,513	-	1,028,513	-	1,919,273	-	1,919,273	-
2010	NPCC	1341	Quebec	Canada	4,399,013	-	4,399,013	-	1,506,632	-	1,506,632	-	2,892,381	-	2,892,381	-
		1341	Quebec													
		1572	Regie													
2010	NPCC	1338	New Brunswick	Canada	282,098	-	282,098	-	98,427	-	98,427	-	183,671	-	183,671	-
2010	NPCC	1340	Nova Scotia	Canada	386,325	-	386,325	-	138,246	-	138,246	-	248,079	-	248,079	-
TOTAL NPCC					18,638,428	10,623,205	8,015,223	-	6,086,861	3,315,043	2,771,818	-	12,551,567	7,308,162	5,243,405	-
2010	RFC	1104	Bay City	U.S.	8,856	8,856	-	-	3,931	3,931	-	-	4,925	4,925	-	-
2010	RFC	1102	Cannelton Utilities	U.S.	451	451	-	-	200	200	-	-	251	251	-	-
2010	RFC	1105	City of Chelsea	U.S.	2,515	2,515	-	-	1,116	1,116	-	-	1,399	1,399	-	-
2010	RFC	1106	City of Croswell	U.S.	1,006	1,006	-	-	447	447	-	-	560	560	-	-
2010	RFC	1108	City of Eaton Rapids	U.S.	2,376	2,376	-	-	1,055	1,055	-	-	1,322	1,322	-	-
2010	RFC	1111	City of Hart	U.S.	1,105	1,105	-	-	491	491	-	-	615	615	-	-
2010	RFC	1490	City of Lansing	U.S.	58,087	58,087	-	-	25,782	25,782	-	-	32,304	32,304	-	-
2010	RFC	1112	City of Marquette Board of Light & Power	U.S.	8,773	8,773	-	-	3,894	3,894	-	-	4,879	4,879	-	-
2010	RFC	1114	City of Portland	U.S.	958	958	-	-	425	425	-	-	533	533	-	-
2010	RFC	1116	City of St. Louis	U.S.	1,042	1,042	-	-	462	462	-	-	579	579	-	-
2010	RFC	1118	City of Wyandotte	U.S.	3,333	3,333	-	-	1,479	1,479	-	-	1,854	1,854	-	-
2010	RFC	1120	Cloverland Electric Cooperative	U.S.	22,981	22,981	-	-	10,200	10,200	-	-	12,781	12,781	-	-
2010	RFC	1122	CMS ERM Michigan LLC	U.S.	5,121	5,121	-	-	2,273	2,273	-	-	2,848	2,848	-	-
2010	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	36,280	36,280	-	-	16,103	16,103	-	-	20,177	20,177	-	-
2010	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	31,096	31,096	-	-	13,802	13,802	-	-	17,294	17,294	-	-
2010	RFC	1126	Consumers Energy Company	U.S.	868,989	868,989	-	-	385,709	385,709	-	-	483,279	483,279	-	-
2010	RFC	1128	Detroit Edison Company	U.S.	1,182,473	1,182,473	-	-	524,853	524,853	-	-	657,621	657,621	-	-
2010	RFC	1166	Duke Energy Indiana	U.S.	804,152	804,152	-	-	356,931	356,931	-	-	447,221	447,221	-	-
2010	RFC	1135	Ferdinand Municipal Light & Water	U.S.	1,088	1,088	-	-	483	483	-	-	605	605	-	-
2010	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	39,637	39,637	-	-	17,593	17,593	-	-	22,044	22,044	-	-
2010	RFC	1612	Glacial Energy (MECS-DET)	U.S.	14,656	14,656	-	-	6,505	6,505	-	-	8,151	8,151	-	-
2010	RFC	1144	Holland Board of Public Works	U.S.	19,028	19,028	-	-	8,446	8,446	-	-	10,582	10,582	-	-
2010	RFC	1145	Hoosier Energy	U.S.	187,150	187,150	-	-	83,069	83,069	-	-	104,082	104,082	-	-
2010	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	76,353	76,353	-	-	33,890	33,890	-	-	42,463	42,463	-	-
2010	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	10,772	10,772	-	-	4,781	4,781	-	-	5,991	5,991	-	-
2010	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	15,911	15,911	-	-	7,062	7,062	-	-	8,849	8,849	-	-
2010	RFC	1149	Indianapolis Power & Light Co.	U.S.	403,069	403,069	-	-	178,906	178,906	-	-	224,163	224,163	-	-
2010	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	11,508	11,508	-	-	5,108	5,108	-	-	6,400	6,400	-	-
2010	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	8,789	8,789	-	-	3,901	3,901	-	-	4,888	4,888	-	-
2010	RFC	1614	Just Energy (MECS-DET)	U.S.	553	553	-	-	246	246	-	-	308	308	-	-
2010	RFC	1154	Michigan Public Power Agency	U.S.	31,556	31,556	-	-	14,006	14,006	-	-	17,549	17,549	-	-
2010	RFC	1155	Michigan South Central Power Agency	U.S.	15,082	15,082	-	-	6,694	6,694	-	-	8,388	8,388	-	-
2010	RFC	1158	MidAmerican Energy Company Retail	U.S.	2,624	2,624	-	-	1,165	1,165	-	-	1,459	1,459	-	-
2010	RFC	1163	Northern Indiana Public Service Co.	U.S.	444,951	444,951	-	-	197,496	197,496	-	-	247,455	247,455	-	-
2010	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	724	724	-	-	321	321	-	-	403	403	-	-
2010	RFC	1265	PJM Interconnection, LLC	U.S.	18,804,259	18,804,259	-	-	8,346,461	8,346,461	-	-	10,457,798	10,457,798	-	-
2010	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	29,304	29,304	-	-	13,007	13,007	-	-	16,297	16,297	-	-
2010	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	25,036	25,036	-	-	11,112	11,112	-	-	13,923	13,923	-	-
2010	RFC	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	289	289	-	-	128	128	-	-	160	160	-	-
2010	RFC	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	7,802	7,802	-	-	3,463	3,463	-	-	4,339	4,339	-	-
2010	RFC	1581	Spartan Renewable Energy	U.S.	1,728	1,728	-	-	767	767	-	-	961	961	-	-
2010	RFC	1180	Thumb Electric Cooperative	U.S.	4,340	4,340	-	-	1,927	1,927	-	-	2,414	2,414	-	-
2010	RFC		US Department of Energy	U.S.	6,574	6,574	-	-	2,918	2,918	-	-	3,656	3,656	-	-
2010	RFC	1181	Vectren Energy Delivery of IN	U.S.	155,059	155,059	-	-	68,824	68,824	-	-	86,234	86,234	-	-
2010	RFC	1183	Village of Sebewaing	U.S.	1,087	1,087	-	-	482	482	-	-	604	604	-	-
2010	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	71,516	71,516	-	-	31,743	31,743	-	-	39,773	39,773	-	-
2010	RFC	1487	Wabash Valley Power Association Inc. (MECS CONS)	U.S.	4,171	4,171	-	-	1,852	1,852	-	-	2,320	2,320	-	-
2010	RFC	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	42,629	42,629	-	-	18,921	18,921	-	-	23,708	23,708	-	-
2010	RFC	1185	Wisconsin Electric Power Co.	U.S.	762,763	762,763	-	-	338,560	338,560	-	-	424,203	424,203	-	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	28,911	28,911	-	-	12,832	12,832	-	-	16,078	16,078	-	-
2010	RFC	1191	Wolverine Power Supply Cooperative	U.S.	64,803	64,803	-	-	28,763	28,763	-	-	36,040	36,040	-	-
2010	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	2,777	2,777	-	-	1,233	1,233	-	-	1,544	1,544	-	-
TOTAL RELIABILITYFIRST					24,336,094	24,336,094	-	-	10,801,822	10,801,822	-	-	13,534,272	13,534,272	-	-
2010	SERC	1267	Alabama Municipal Electric Authority	U.S.	96,423	96,423	-	-	43,828	43,828	-	-	52,595	52,595	-	-
2010	SERC	1268	Alabama Power Company	U.S.	1,572,056	1,572,056	-	-	714,566	714,566	-	-	857,490	857,490	-	-
2010	SERC	1269	Ameren - Illinois	U.S.	1,088,934	1,088,934	-	-	494,967	494,967	-	-	593,967	593,967	-	-
2010	SERC	1271	Ameren - Missouri	U.S.	1,100,184	1,100,184	-	-	500,080	500,080	-	-	600,104	600,104	-	-
2010	SERC	1272	APGI - Yadkin Division	U.S.	777	777	-	-	353	353	-	-	424	424	-	-
2010	SERC	1273	Associated Electric Cooperative Inc.	U.S.	508,119	508,119	-	-	230,962	230,962	-	-	277,158	277,158	-	-
2010	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	28,138	28,138	-	-	12,790	12,790	-	-	15,348	15,348	-	-
2010	SERC	1462	Benton Utility District	U.S.	7,624	7,624	-	-	3,466	3,466	-	-	4,159	4,159	-	-
2010	SERC	1274	Big Rivers Electric Corporation	U.S.	259,199	259,199	-	-	117,817	117,817	-	-	141,382	141,382	-	-
2010	SERC	1275	Black Warrior EMC	U.S.	11,937	11,937	-	-	5,426	5,426	-	-	6,511	6,511	-	-
2010	SERC	1276	Blue Ridge EMC	U.S.	31,168	31,168	-	-	14,167	14,167	-	-	17,001	17,001	-	-
2010	SERC		Brazos Electric Power Cooperative, Inc.	U.S.	10,239	10,239	-	-	4,654	4,654	-	-	5,585	5,585	-	-
2010	SERC	1463	Canton, MS	U.S.	3,296	3,296	-	-	1,498	1,498	-	-	1,798	1,798	-	-
2010	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	425,574	425,574	-	-	193,441	193,441	-	-	232,133	232,133	-	-
2010	SERC	1278	City of Blountstown FL	U.S.	1,115	1,115	-	-	507	507	-	-	608	608	-	-
2010	SERC	1279	City of Camden SC	U.S.	5,426	5,426	-	-	2,466	2,466	-	-	2,960	2,960	-	-
2010	SERC	1280	City of Collins MS	U.S.	1,456	1,456	-	-	662	662	-	-	794	794	-	-
2010	SERC	1281	City of Columbia MO	U.S.	30,322	30,322	-	-	13,783	13,783	-	-	16,539	16,539	-	-
2010	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	26,018	26,018	-	-	11,826	11,826	-	-	14,192	14,192	-	-
2010	SERC	1284	City of Evergreen AL	U.S.	1,733	1,733	-	-	788	788	-	-	945	945	-	-
2010	SERC	1285	City of Hampton GA	U.S.	697	697	-	-	317	317	-	-	380	380	-	-
2010	SERC	1286	City of Hartford AL	U.S.	919	919	-	-	418	418	-	-	501	501	-	-
2010	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	16,276	16,276	-	-	7,398	7,398	-	-	8,878	8,878	-	-
2010	SERC	1288	City of North Little Rock AR (DENL)	U.S.	24,278	24,278	-	-	11,035	11,035	-	-	13,243	13,243	-	-
2010	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	18,988	18,988	-	-	8,631	8,631	-	-	10,357	10,357	-	-
2010	SERC	1290	City of Robertsdale AL	U.S.	2,297	2,297	-	-	1,044	1,044	-	-	1,253	1,253	-	-
2010	SERC	1291	City of Ruston LA (DERS)	U.S.	7,392	7,392	-	-	3,360	3,360	-	-	4,032	4,032	-	-
2010	SERC	1292	City of Seneca SC	U.S.	4,232	4,232	-	-	1,924	1,924	-	-	2,309	2,309	-	-
2010	SERC	1115	City of Springfield (CWLP)	U.S.	48,703	48,703	-	-	22,138	22,138	-	-	26,565	26,565	-	-
2010	SERC	1465	City of Thayer, MO	U.S.	551	551	-	-	250	250	-	-	300	300	-	-
2010	SERC	1293	City of Troy AL	U.S.	10,919	10,919	-	-	4,963	4,963	-	-	5,956	5,956	-	-
2010	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	10,790	10,790	-	-	4,904	4,904	-	-	5,885	5,885	-	-
2010	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	17,607	17,607	-	-	8,003	8,003	-	-	9,604	9,604	-	-
2010	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	6,959	6,959	-	-	3,163	3,163	-	-	3,796	3,796	-	-
2010	SERC	1283	Dalton Utilities	U.S.	40,466	40,466	-	-	18,394	18,394	-	-	22,073	22,073	-	-
2010	SERC	1585	Dixie Electric Membership Corporation	U.S.	60,704	60,704	-	-	27,593	27,593	-	-	33,111	33,111	-	-
2010	SERC	1295	Dominion Virginia Power	U.S.	2,215,452	2,215,452	-	-	1,007,017	1,007,017	-	-	1,208,435	1,208,435	-	-
2010	SERC	1296	Duke Energy Carolinas, LLC	U.S.	2,182,766	2,182,766	-	-	992,160	992,160	-	-	1,190,606	1,190,606	-	-
2010	SERC	1466	Durant, MS	U.S.	738	738	-	-	335	335	-	-	402	402	-	-
2010	SERC	1478	E.ON U.S. Services Inc.	U.S.	927,192	927,192	-	-	421,448	421,448	-	-	505,744	505,744	-	-
2010	SERC	1297	East Kentucky Power Cooperative	U.S.	338,526	338,526	-	-	153,874	153,874	-	-	184,651	184,651	-	-
2010	SERC	1298	East Mississippi Electric Power Association	U.S.	12,809	12,809	-	-	5,822	5,822	-	-	6,987	6,987	-	-
2010	SERC		East Texas Electric Cooperative Inc	U.S.	53,440	53,440	-	-	24,291	24,291	-	-	29,149	29,149	-	-
2010	SERC	1299	Electric Energy Inc.	U.S.	33,924	33,924	-	-	15,420	15,420	-	-	18,504	18,504	-	-
2010	SERC	1300	EnergyUnited EMC	U.S.	67,608	67,608	-	-	30,731	30,731	-	-	36,877	36,877	-	-
2010	SERC	1301	Entergy	U.S.	2,958,647	2,958,647	-	-	1,344,830	1,344,830	-	-	1,613,817	1,613,817	-	-
2010	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	59,988	59,988	-	-	27,267	27,267	-	-	32,721	32,721	-	-
2010	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	9,298	9,298	-	-	4,226	4,226	-	-	5,072	5,072	-	-
2010	SERC	1304	French Broad EMC	U.S.	14,535	14,535	-	-	6,607	6,607	-	-	7,928	7,928	-	-
2010	SERC	1305	Georgia Power Company	U.S.	2,403,206	2,403,206	-	-	1,092,359	1,092,359	-	-	1,310,847	1,310,847	-	-
2010	SERC	1306	Georgia System Optns Corporation	U.S.	1,046,778	1,046,778	-	-	475,805	475,805	-	-	570,973	570,973	-	-
2010	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	7,409	7,409	-	-	3,368	3,368	-	-	4,041	4,041	-	-
2010	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	7,211	7,211	-	-	3,278	3,278	-	-	3,934	3,934	-	-
2010	SERC	1308	Gulf Power Company	U.S.	320,869	320,869	-	-	145,849	145,849	-	-	175,021	175,021	-	-
2010	SERC	1586	Haywood EMC	U.S.	8,500	8,500	-	-	3,864	3,864	-	-	4,636	4,636	-	-
2010	SERC	1309	Illinois Municipal Electric Agency	U.S.	49,097	49,097	-	-	22,317	22,317	-	-	26,781	26,781	-	-
2010	SERC	1480	Itta Bena, MS	U.S.	438	438	-	-	199	199	-	-	239	239	-	-
2010	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	6,979	6,979	-	-	3,172	3,172	-	-	3,807	3,807	-	-
2010	SERC	1617	Kentucky Municipal Power	U.S.	17,285	17,285	-	-	7,857	7,857	-	-	9,428	9,428	-	-
2010	SERC	1481	Kosciusko, MS	U.S.	1,989	1,989	-	-	904	904	-	-	1,085	1,085	-	-
2010	SERC	1482	Leland, MS	U.S.	905	905	-	-	412	412	-	-	494	494	-	-
2010	SERC	1313	McCormick Commission of Public Works	U.S.	500	500	-	-	227	227	-	-	272	272	-	-
2010	SERC	1314	Mississippi Power Company	U.S.	273,097	273,097	-	-	124,134	124,134	-	-	148,963	148,963	-	-
2010	SERC		Mt. Carmel Public Utility	U.S.	2,902	2,902	-	-	1,319	1,319	-	-	1,583	1,583	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	SERC	1315	Municipal Electric Authority of Georgia	U.S.	286,460	286,460	-	-	130,208	130,208	-	-	156,252	156,252	-	-
2010	SERC	1316	N.C. Electric Membership Corp.	U.S.	342,551	342,551	-	-	155,704	155,704	-	-	186,847	186,847	-	-
2010	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	179,758	179,758	-	-	81,708	81,708	-	-	98,051	98,051	-	-
2010	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	124,529	124,529	-	-	56,604	56,604	-	-	67,925	67,925	-	-
2010	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	7,780	7,780	-	-	3,537	3,537	-	-	4,244	4,244	-	-
2010	SERC	1574	Northern Virginia Electric Cooperative	U.S.	94,758	94,758	-	-	43,072	43,072	-	-	51,687	51,687	-	-
2010	SERC	1319	Old Dominion Electric Cooperative	U.S.	149,995	149,995	-	-	68,179	68,179	-	-	81,816	81,816	-	-
2010	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	4,840	4,840	-	-	2,200	2,200	-	-	2,640	2,640	-	-
2010	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	23,963	23,963	-	-	10,892	10,892	-	-	13,071	13,071	-	-
2010	SERC	1321	Piedmont EMC in Duke and Progress Areas	U.S.	13,833	13,833	-	-	6,288	6,288	-	-	7,545	7,545	-	-
2010	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	61,920	61,920	-	-	28,145	28,145	-	-	33,775	33,775	-	-
2010	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	7,079	7,079	-	-	3,218	3,218	-	-	3,861	3,861	-	-
2010	SERC	1266	PowerSouth Energy	U.S.	229,314	229,314	-	-	104,233	104,233	-	-	125,081	125,081	-	-
2010	SERC	1330	Prairie Power, Inc.	U.S.	40,118	40,118	-	-	18,235	18,235	-	-	21,883	21,883	-	-
2010	SERC	1324	Progress Energy Carolinas	U.S.	1,227,990	1,227,990	-	-	558,173	558,173	-	-	669,816	669,816	-	-
2010	SERC	1325	Rutherford EMC	U.S.	34,876	34,876	-	-	15,853	15,853	-	-	19,023	19,023	-	-
2010	SERC		Sam Rayburn G&T Electric Cooperative Inc.	U.S.	48,153	48,153	-	-	21,887	21,887	-	-	26,265	26,265	-	-
2010	SERC	1326	South Carolina Electric & Gas Company	U.S.	608,037	608,037	-	-	276,378	276,378	-	-	331,658	331,658	-	-
2010	SERC	1327	South Carolina Public Service Authority	U.S.	277,319	277,319	-	-	126,053	126,053	-	-	151,266	151,266	-	-
2010	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	16,138	16,138	-	-	7,335	7,335	-	-	8,802	8,802	-	-
2010	SERC	1328	South Mississippi Electric Power Association	U.S.	273,623	273,623	-	-	124,373	124,373	-	-	149,250	149,250	-	-
2010	SERC	1329	Southern Illinois Power Cooperative	U.S.	43,251	43,251	-	-	19,660	19,660	-	-	23,592	23,592	-	-
2010	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	66,100	66,100	-	-	30,045	30,045	-	-	36,055	36,055	-	-
2010	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	11,369	11,369	-	-	5,168	5,168	-	-	6,201	6,201	-	-
2010	SERC	1331	Tennessee Valley Authority	U.S.	4,492,457	4,492,457	-	-	2,042,012	2,042,012	-	-	2,450,445	2,450,445	-	-
2010	SERC		Tex-La Electric Cooperative of Texas, Inc	U.S.	5,288	5,288	-	-	2,403	2,403	-	-	2,884	2,884	-	-
2010	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	3,749	3,749	-	-	1,704	1,704	-	-	2,045	2,045	-	-
2010	SERC	1592	Town of Black Creek, N.C.	U.S.	354	354	-	-	161	161	-	-	193	193	-	-
2010	SERC	1593	Town of Lucama, N.C.	U.S.	607	607	-	-	276	276	-	-	331	331	-	-
2010	SERC	1594	Town of Sharpsburg, N.C.	U.S.	555	555	-	-	252	252	-	-	303	303	-	-
2010	SERC	1595	Town of Stantonsburg, N.C.	U.S.	672	672	-	-	306	306	-	-	367	367	-	-
2010	SERC	1333	Town of Waynesville NC	U.S.	2,455	2,455	-	-	1,116	1,116	-	-	1,339	1,339	-	-
2010	SERC	1334	Town of Winnsboro SC	U.S.	1,511	1,511	-	-	687	687	-	-	824	824	-	-
2010	SERC	1335	Town of Winterville NC	U.S.	1,451	1,451	-	-	660	660	-	-	792	792	-	-
2010	SERC	1596	Valley Electric Membership Corporation, Inc	U.S.	-	-	-	-	-	-	-	-	-	-	-	-
2010	SERC	1597	Washington-St. Tammany Electric Cooperative, Inc.	U.S.	29,723	29,723	-	-	13,510	13,510	-	-	16,212	16,212	-	-
TOTAL SERC					27,216,184	27,216,184	-	-	12,370,909	12,370,909	-	-	14,845,275	14,845,275	-	-
2010	SPP	1246	American Electric Power	U.S.	2,146,723	2,146,723	-	-	452,893	452,893	-	-	1,693,829	1,693,829	-	-
2010	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	239,821	239,821	-	-	50,596	50,596	-	-	189,225	189,225	-	-
2010	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	147,255	147,255	-	-	31,066	31,066	-	-	116,188	116,188	-	-
2010	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	51,335	51,335	-	-	10,775	10,775	-	-	40,560	40,560	-	-
2010	SPP	1468	Cap Rock Energy	U.S.	34	34	-	-	-	-	-	-	34	34	-	-
2010	SPP	1469	Central Valley Electric Cooperative	U.S.	43,038	43,038	-	-	9,079	9,079	-	-	33,959	33,959	-	-
2010	SPP	1556	City of Bentonville	U.S.	35,549	35,549	-	-	7,500	7,500	-	-	28,049	28,049	-	-
2010	SPP	1557	City of Clarksdale, Mississippi	U.S.	10,462	10,462	-	-	2,207	2,207	-	-	8,255	8,255	-	-
2010	SPP		City of Lindsboro	U.S.	1,763	1,763	-	-	372	372	-	-	1,391	1,391	-	-
2010	SPP	1558	Hope Water & Light (HWL)	U.S.	16,624	16,624	-	-	3,507	3,507	-	-	13,117	13,117	-	-
2010	SPP	1559	City of Minden	U.S.	10,520	10,520	-	-	2,219	2,219	-	-	8,301	8,301	-	-
2010	SPP		City of Mulvane	U.S.	2,506	2,506	-	-	529	529	-	-	1,977	1,977	-	-
2010	SPP		The City of Osage City	U.S.	2,252	2,252	-	-	476	476	-	-	1,777	1,777	-	-
2010	SPP		City of Prescott	U.S.	5,057	5,057	-	-	1,068	1,068	-	-	3,990	3,990	-	-
2010	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	57,366	57,366	-	-	12,101	12,101	-	-	45,265	45,265	-	-
2010	SPP	1436	City Utilities of Springfield, MO	U.S.	181,494	181,494	-	-	38,288	38,288	-	-	143,206	143,206	-	-
2010	SPP	1249	Cleco Power LLC	U.S.	689,421	689,421	-	-	145,448	145,448	-	-	543,974	543,974	-	-
2010	SPP	1437	East Texas Electric Coop, Inc.	U.S.	25,769	25,769	-	-	5,437	5,437	-	-	20,332	20,332	-	-
2010	SPP	1250	The Empire District Electric Company	U.S.	322,326	322,326	-	-	68,000	68,000	-	-	254,326	254,326	-	-
2010	SPP	1470	Farmers' Electric Coop	U.S.	23,963	23,963	-	-	5,055	5,055	-	-	18,908	18,908	-	-
2010	SPP	1438	Golden Spread Electric Coop	U.S.	247,159	247,159	-	-	52,139	52,139	-	-	195,021	195,021	-	-
2010	SPP	1251	Grand River Dam Authority	U.S.	264,813	264,813	-	-	55,867	55,867	-	-	208,946	208,946	-	-
2010	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	953,070	953,070	-	-	201,067	201,067	-	-	752,004	752,004	-	-
2010	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	125,440	125,440	-	-	26,464	26,464	-	-	98,976	98,976	-	-
2010	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	44,467	44,467	-	-	9,381	9,381	-	-	35,086	35,086	-	-
2010	SPP		Kansas Power Pool	U.S.	80,619	80,619	-	-	17,020	17,020	-	-	63,599	63,599	-	-
2010	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	9,666	9,666	-	-	2,041	2,041	-	-	7,625	7,625	-	-
2010	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	522,357	522,357	-	-	110,201	110,201	-	-	412,156	412,156	-	-
2010	SPP	1471	Lafayette Utilities System	U.S.	125,718	125,718	-	-	26,522	26,522	-	-	99,195	99,195	-	-
2010	SPP	1472	Lea County Electric Coop	U.S.	72,246	72,246	-	-	15,241	15,241	-	-	57,005	57,005	-	-
2010	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	59,688	59,688	-	-	12,592	12,592	-	-	47,096	47,096	-	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	SPP	1441	Midwest Energy Inc.	U.S.	99,179	99,179	-	-	20,924	20,924	-	-	78,256	78,256	-	-
2010	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	149,620	149,620	-	-	31,567	31,567	-	-	118,053	118,053	-	-
2010	SPP		Nemaha Marshall Electric Cooperative (NMEC)	U.S.	3,495	3,495	-	-	738	738	-	-	2,757	2,757	-	-
2010	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	195,218	195,218	-	-	41,186	41,186	-	-	154,032	154,032	-	-
2010	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	1,705,212	1,705,212	-	-	359,746	359,746	-	-	1,345,466	1,345,466	-	-
2010	SPP	1444	Oklahoma Municipal Power Authority	U.S.	159,795	159,795	-	-	33,712	33,712	-	-	126,082	126,082	-	-
2010	SPP		OzMo Ozark Missouri, West Plains MO	U.S.	12,261	12,261	-	-	2,588	2,588	-	-	9,672	9,672	-	-
2010	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	7,607	7,607	-	-	1,605	1,605	-	-	6,002	6,002	-	-
2010	SPP	1473	Roosevelt County Electric Coop	U.S.	11,759	11,759	-	-	2,481	2,481	-	-	9,278	9,278	-	-
2010	SPP	1468	Sharyland Utilities, LP	U.S.	55,340	55,340	-	-	11,683	11,683	-	-	43,657	43,657	-	-
2010	SPP	1258	Southwestern Power Administration (SPA)	U.S.	266,268	266,268	-	-	56,177	56,177	-	-	210,091	210,091	-	-
2010	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	1,159,086	1,159,086	-	-	244,524	244,524	-	-	914,562	914,562	-	-
2010	SPP	1256	Sunflower Electric Cooperative (SECI)	U.S.	265,719	265,719	-	-	56,049	56,049	-	-	209,669	209,669	-	-
2010	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	30,630	30,630	-	-	6,462	6,462	-	-	24,168	24,168	-	-
2010	SPP	1475	Tri County Electric Coop	U.S.	24,139	24,139	-	-	5,092	5,092	-	-	19,046	19,046	-	-
2010	SPP	1260	Westar Energy, Inc.	U.S.	1,263,743	1,263,743	-	-	268,468	268,468	-	-	995,275	995,275	-	-
2010	SPP	1259	Western Farmers Electric Cooperative	U.S.	438,343	438,343	-	-	92,474	92,474	-	-	345,869	345,869	-	-
2010	SPP	1501	West Texas Municipal Power Agency	U.S.	122,104	122,104	-	-	25,761	25,761	-	-	96,343	96,343	-	-
			TOTAL SPP		12,488,037	12,488,037	-	-	2,636,390	2,636,390	-	-	9,851,647	9,851,647	-	-
2010	TRE	1019	ERCOT	U.S.	13,062,261	13,062,261	-	-	3,558,395	3,558,395	-	-	9,503,866	9,503,866	-	-
					13,062,261	13,062,261	-	-	3,558,395	3,558,395	-	-	9,503,866	9,503,866	-	-
2010	WECC		Alberta Electric System Operator	Canada	2,844,739	-	2,844,739	-	460,237	-	460,237	-	2,384,502	-	2,384,502	-
2010	WECC		British Columbia Hydro & Power Authority	Canada	3,490,134	-	3,490,134	-	663,270	-	663,270	-	2,826,864	-	2,826,864	-
2010	WECC		Arizona Public Service Company	Mexico	15	-	-	15	3	-	-	3	12	-	-	12
2010	WECC		Comision Federal de Electricidad	Mexico	618,906	-	-	618,906	117,618	-	-	117,618	501,289	-	-	501,289
2010	WECC		Aguila Irrigation District	U.S.	1,477	1,477	-	-	297	297	-	-	1,180	1,180	-	-
2010	WECC		Aha Macav Power Service	U.S.	1,539	1,539	-	-	309	309	-	-	1,230	1,230	-	-
2010	WECC		Ajo Improvement District	U.S.	781	781	-	-	157	157	-	-	624	624	-	-
2010	WECC		Ak-Chin	U.S.	1,683	1,683	-	-	338	338	-	-	1,345	1,345	-	-
2010	WECC		Alcoa Inc	U.S.	146,924	146,924	-	-	29,519	29,519	-	-	117,405	117,405	-	-
2010	WECC		Arizona Public Service Company	U.S.	1,671,033	1,671,033	-	-	335,736	335,736	-	-	1,335,298	1,335,298	-	-
2010	WECC		Arkansas River Power Authority (ARPA)	U.S.	11,543	11,543	-	-	2,319	2,319	-	-	9,224	9,224	-	-
2010	WECC		Avista Corporation	U.S.	520,624	520,624	-	-	104,601	104,601	-	-	416,023	416,023	-	-
2010	WECC		Avista Corporation	U.S.	12,172	12,172	-	-	2,446	2,446	-	-	9,727	9,727	-	-
2010	WECC		Barrick Goldstrike Mines Inc.	U.S.	63,714	63,714	-	-	12,801	12,801	-	-	50,913	50,913	-	-
2010	WECC		Basin Electric Power Cooperative	U.S.	192,798	192,798	-	-	37,666	37,666	-	-	155,132	155,132	-	-
2010	WECC		Basin Electric Power Cooperative	U.S.	2,638	2,638	-	-	530	530	-	-	2,108	2,108	-	-
2010	WECC		Benton REA	U.S.	29,215	29,215	-	-	5,870	5,870	-	-	23,345	23,345	-	-
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	7,528	7,528	-	-	1,513	1,513	-	-	6,016	6,016	-	-
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	18,490	18,490	-	-	3,715	3,715	-	-	14,775	14,775	-	-
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	1,882	1,882	-	-	378	378	-	-	1,504	1,504	-	-
2010	WECC		Blachly-Lane	U.S.	7,790	7,790	-	-	1,565	1,565	-	-	6,225	6,225	-	-
2010	WECC		Black Hills Power	U.S.	106,427	106,427	-	-	21,383	21,383	-	-	85,044	85,044	-	-
2010	WECC		Black Hills Wyoming, Inc.	U.S.	144,219	144,219	-	-	38,910	38,910	-	-	105,309	105,309	-	-
2010	WECC		Bonneville Power Administration	U.S.	198,837	198,837	-	-	39,949	39,949	-	-	158,888	158,888	-	-
2010	WECC		Bonneville Power Administration	U.S.	11,228	11,228	-	-	2,256	2,256	-	-	8,972	8,972	-	-
2010	WECC		Bonneville Power Administration	U.S.	1,955	1,955	-	-	393	393	-	-	1,562	1,562	-	-
2010	WECC		Bonneville Power Administration	U.S.	306	306	-	-	62	62	-	-	245	245	-	-
2010	WECC		Bonneville Power Administration	U.S.	951	951	-	-	191	191	-	-	760	760	-	-
2010	WECC		BPA - USBR Load	U.S.	7,642	7,642	-	-	1,535	1,535	-	-	6,107	6,107	-	-
2010	WECC		Buckeye Water Conservation and Drainage District	U.S.	834	834	-	-	168	168	-	-	667	667	-	-
2010	WECC		California Independent System Operator	U.S.	12,626,971	12,626,971	-	-	2,536,947	2,536,947	-	-	10,090,024	10,090,024	-	-
2010	WECC		Canby Public Utility Board	U.S.	9,520	9,520	-	-	1,913	1,913	-	-	7,607	7,607	-	-
2010	WECC		Central Arizona Water Conservation District	U.S.	146,772	146,772	-	-	29,489	29,489	-	-	117,283	117,283	-	-
2010	WECC		Central Electric Cooperative	U.S.	37,967	37,967	-	-	7,628	7,628	-	-	30,339	30,339	-	-
2010	WECC		Central Lincoln PUD	U.S.	73,398	73,398	-	-	14,747	14,747	-	-	58,652	58,652	-	-
2010	WECC		Central Montana Electric Power Cooperative	U.S.	3,577	3,577	-	-	719	719	-	-	2,858	2,858	-	-
2010	WECC		Central Montana Electric Power Cooperative	U.S.	3,505	3,505	-	-	704	704	-	-	2,801	2,801	-	-
2010	WECC		City of Albion	U.S.	188	188	-	-	38	38	-	-	150	150	-	-
2010	WECC		City of Aztec Electric Dept	U.S.	2,110	2,110	-	-	424	424	-	-	1,686	1,686	-	-
2010	WECC		City of Bandon	U.S.	3,632	3,632	-	-	730	730	-	-	2,902	2,902	-	-
2010	WECC		City of Blaine	U.S.	4,136	4,136	-	-	831	831	-	-	3,305	3,305	-	-
2010	WECC		City of Bonners Ferry	U.S.	3,816	3,816	-	-	767	767	-	-	3,049	3,049	-	-
2010	WECC		City of Boulder City	U.S.	9,454	9,454	-	-	1,900	1,900	-	-	7,555	7,555	-	-
2010	WECC		City of Burley	U.S.	6,620	6,620	-	-	1,330	1,330	-	-	5,290	5,290	-	-
2010	WECC		City of Burlington	U.S.	1,788	1,788	-	-	359	359	-	-	1,429	1,429	-	-
2010	WECC		City of Cascade Locks	U.S.	1,086	1,086	-	-	218	218	-	-	868	868	-	-

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					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	WECC		City of Centralia	U.S.	14,947	14,947	-	-	3,003	3,003	-	-	11,944	11,944	-	-
2010	WECC		City of Cheney	U.S.	7,726	7,726	-	-	1,552	1,552	-	-	6,173	6,173	-	-
2010	WECC		City of Chewelah	U.S.	1,330	1,330	-	-	267	267	-	-	1,063	1,063	-	-
2010	WECC		City of Declo	U.S.	167	167	-	-	34	34	-	-	133	133	-	-
2010	WECC		City of Drain	U.S.	859	859	-	-	173	173	-	-	687	687	-	-
2010	WECC		City of Ellensburg	U.S.	12,025	12,025	-	-	2,416	2,416	-	-	9,609	9,609	-	-
2010	WECC		City of Fallon	U.S.	6,388	6,388	-	-	1,283	1,283	-	-	5,104	5,104	-	-
2010	WECC		City of Forest Grove	U.S.	12,959	12,959	-	-	2,604	2,604	-	-	10,355	10,355	-	-
2010	WECC		City of Gallup	U.S.	12,707	12,707	-	-	2,553	2,553	-	-	10,154	10,154	-	-
2010	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	6,008	6,008	-	-	1,207	1,207	-	-	4,801	4,801	-	-
2010	WECC		City of Heyburn	U.S.	2,310	2,310	-	-	464	464	-	-	1,846	1,846	-	-
2010	WECC		City of Las Vegas	U.S.	2,782	2,782	-	-	559	559	-	-	2,223	2,223	-	-
2010	WECC		City of McCleary	U.S.	1,699	1,699	-	-	341	341	-	-	1,358	1,358	-	-
2010	WECC		City of McMinnville	U.S.	39,240	39,240	-	-	7,884	7,884	-	-	31,356	31,356	-	-
2010	WECC		City of Mesa	U.S.	13,879	13,879	-	-	2,788	2,788	-	-	11,090	11,090	-	-
2010	WECC		City of Milton	U.S.	3,470	3,470	-	-	697	697	-	-	2,773	2,773	-	-
2010	WECC		City of Milton-Freewater	U.S.	6,019	6,019	-	-	1,209	1,209	-	-	4,810	4,810	-	-
2010	WECC		City of Minidoka	U.S.	56	56	-	-	11	11	-	-	45	45	-	-
2010	WECC		City of Monmouth	U.S.	3,817	3,817	-	-	767	767	-	-	3,050	3,050	-	-
2010	WECC		City of Needles	U.S.	412	412	-	-	83	83	-	-	329	329	-	-
2010	WECC		City of Needles	U.S.	1,720	1,720	-	-	346	346	-	-	1,374	1,374	-	-
2010	WECC		City of Plummer	U.S.	1,911	1,911	-	-	384	384	-	-	1,527	1,527	-	-
2010	WECC		City of Port Angeles	U.S.	41,494	41,494	-	-	8,337	8,337	-	-	33,157	33,157	-	-
2010	WECC		City of Redding	U.S.	44,615	44,615	-	-	8,964	8,964	-	-	35,651	35,651	-	-
2010	WECC		City of Richland	U.S.	46,687	46,687	-	-	9,380	9,380	-	-	37,307	37,307	-	-
2010	WECC		City of Roseville	U.S.	67,063	67,063	-	-	13,474	13,474	-	-	53,589	53,589	-	-
2010	WECC		City of Rupert	U.S.	4,422	4,422	-	-	888	888	-	-	3,534	3,534	-	-
2010	WECC		City of Shasta Lake	U.S.	9,394	9,394	-	-	1,887	1,887	-	-	7,506	7,506	-	-
2010	WECC		City of Sumas	U.S.	1,711	1,711	-	-	344	344	-	-	1,367	1,367	-	-
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	20	20	-	-	4	4	-	-	16	16	-	-
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	270,377	270,377	-	-	54,323	54,323	-	-	216,054	216,054	-	-
2010	WECC		City of Troy	U.S.	964	964	-	-	194	194	-	-	770	770	-	-
2010	WECC		City of Weiser	U.S.	2,971	2,971	-	-	597	597	-	-	2,374	2,374	-	-
2010	WECC		City of Williams	U.S.	2,190	2,190	-	-	440	440	-	-	1,750	1,750	-	-
2010	WECC		Clark Public Utilities	U.S.	243,562	243,562	-	-	48,935	48,935	-	-	194,627	194,627	-	-
2010	WECC		Clatskanie PUD	U.S.	43,527	43,527	-	-	8,745	8,745	-	-	34,782	34,782	-	-
2010	WECC		Clearwater Cooperative, Inc	U.S.	8,695	8,695	-	-	1,747	1,747	-	-	6,948	6,948	-	-
2010	WECC		Clearwater Cooperative, Inc	U.S.	2,172	2,172	-	-	436	436	-	-	1,736	1,736	-	-
2010	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	454	454	-	-	91	91	-	-	363	363	-	-
2010	WECC		Colorado River Commission of Nevada	U.S.	39,272	39,272	-	-	7,890	7,890	-	-	31,382	31,382	-	-
2010	WECC		Colorado Springs Utilities	U.S.	3,285	3,285	-	-	660	660	-	-	2,625	2,625	-	-
2010	WECC		Colorado Springs Utilities	U.S.	250,428	250,428	-	-	48,844	48,844	-	-	201,584	201,584	-	-
2010	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	5,672	5,672	-	-	1,140	1,140	-	-	4,532	4,532	-	-
2010	WECC		Columbia Falls Aluminum Company	U.S.	256	256	-	-	51	51	-	-	204	204	-	-
2010	WECC		Columbia Power Cooperative Association	U.S.	1,150	1,150	-	-	231	231	-	-	919	919	-	-
2010	WECC		Columbia River PUD	U.S.	8,959	8,959	-	-	1,800	1,800	-	-	7,159	7,159	-	-
2010	WECC		Columbia River PUD	U.S.	17,074	17,074	-	-	3,430	3,430	-	-	13,644	13,644	-	-
2010	WECC		Columbia Rural Electric Association (REA)	U.S.	16,299	16,299	-	-	3,275	3,275	-	-	13,025	13,025	-	-
2010	WECC		Consolidated Irrigation District No. 19	U.S.	323	323	-	-	65	65	-	-	258	258	-	-
2010	WECC		Constellation New Energy, Inc.	U.S.	1,167	1,167	-	-	234	234	-	-	933	933	-	-
2010	WECC		Consumers Power, Inc.	U.S.	22,427	22,427	-	-	4,506	4,506	-	-	17,921	17,921	-	-
2010	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	19,684	19,684	-	-	3,955	3,955	-	-	15,730	15,730	-	-
2010	WECC		CP Energy Marketing (US) Inc.	U.S.	3,936	3,936	-	-	791	791	-	-	3,145	3,145	-	-
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	1,411	1,411	-	-	284	284	-	-	1,128	1,128	-	-
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	9,836	9,836	-	-	1,751	1,751	-	-	8,086	8,086	-	-
2010	WECC		Douglas Electric Cooperative, Inc.	U.S.	5,174	5,174	-	-	1,039	1,039	-	-	4,134	4,134	-	-
2010	WECC		Douglas Palisades	U.S.	974	974	-	-	196	196	-	-	778	778	-	-
2010	WECC		East End Mutual Electric Company, LTD	U.S.	1,237	1,237	-	-	248	248	-	-	988	988	-	-
2010	WECC		El Paso Electric Company	U.S.	445,521	445,521	-	-	89,512	89,512	-	-	356,010	356,010	-	-
2010	WECC		Electrical District #2	U.S.	9,613	9,613	-	-	1,931	1,931	-	-	7,681	7,681	-	-
2010	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	94	94	-	-	19	19	-	-	75	75	-	-
2010	WECC		Electrical District No. 6 of Pinal County	U.S.	69	69	-	-	14	14	-	-	55	55	-	-
2010	WECC		Electrical District No. 7 of Maricopa County	U.S.	2,785	2,785	-	-	560	560	-	-	2,226	2,226	-	-
2010	WECC		Electrical District No. 8 of Maricopa County	U.S.	12,819	12,819	-	-	2,575	2,575	-	-	10,243	10,243	-	-
2010	WECC		Electrical Districts 1 & 3	U.S.	30,796	30,796	-	-	6,187	6,187	-	-	24,608	24,608	-	-
2010	WECC		Elmhurst Mutual Power & Light Company	U.S.	14,891	14,891	-	-	2,992	2,992	-	-	11,899	11,899	-	-
2010	WECC		Emerald PUD	U.S.	27,636	27,636	-	-	5,552	5,552	-	-	22,083	22,083	-	-
2010	WECC		Energy Northwest	U.S.	2,704	2,704	-	-	543	543	-	-	2,161	2,161	-	-
2010	WECC		Eugene Water & Electric Board	U.S.	136,382	136,382	-	-	27,401	27,401	-	-	108,981	108,981	-	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	WECC		Farmers Electric Company, LTD	U.S.	242	242	-	-	49	49	-	-	193	193	-	-
2010	WECC		Farmington Electric Utility System	U.S.	59,496	59,496	-	-	11,954	11,954	-	-	47,542	47,542	-	-
2010	WECC		Flathead Electric Cooperative, Inc	U.S.	78,836	78,836	-	-	15,839	15,839	-	-	62,996	62,996	-	-
2010	WECC		Frederickson Power LP	U.S.	193	193	-	-	39	39	-	-	154	154	-	-
2010	WECC		Glacier Electric Cooperative, Inc.	U.S.	9,979	9,979	-	-	2,005	2,005	-	-	7,974	7,974	-	-
2010	WECC		Grand Valley Power	U.S.	12,935	12,935	-	-	2,599	2,599	-	-	10,336	10,336	-	-
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	6,105	6,105	-	-	1,227	1,227	-	-	4,878	4,878	-	-
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	3,867	3,867	-	-	777	777	-	-	3,090	3,090	-	-
2010	WECC		Harquahala Valley Power District	U.S.	3,358	3,358	-	-	675	675	-	-	2,684	2,684	-	-
2010	WECC		Hermiston Power LLC	U.S.	119	119	-	-	24	24	-	-	95	95	-	-
2010	WECC		Holy Cross Energy	U.S.	46,742	46,742	-	-	9,391	9,391	-	-	37,351	37,351	-	-
2010	WECC		Hood River Electric Cooperative	U.S.	2,200	2,200	-	-	442	442	-	-	1,758	1,758	-	-
2010	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	3,043	3,043	-	-	611	611	-	-	2,431	2,431	-	-
2010	WECC		Idaho Power Company	U.S.	810,215	810,215	-	-	162,784	162,784	-	-	647,431	647,431	-	-
2010	WECC		Idaho Power Company - BPA	U.S.	1,036	1,036	-	-	208	208	-	-	828	828	-	-
2010	WECC		Imperial Irrigation District	U.S.	196,697	196,697	-	-	39,519	39,519	-	-	157,178	157,178	-	-
2010	WECC		Inland Power and Light Company	U.S.	24,616	24,616	-	-	4,946	4,946	-	-	19,670	19,670	-	-
2010	WECC		Inland Power and Light Company	U.S.	25,565	25,565	-	-	5,136	5,136	-	-	20,428	20,428	-	-
2010	WECC		Intermountain Rural Electric Association	U.S.	70,418	70,418	-	-	14,148	14,148	-	-	56,270	56,270	-	-
2010	WECC		Kirtland AFB	U.S.	24,256	24,256	-	-	4,873	4,873	-	-	19,382	19,382	-	-
2010	WECC		Kootenai Electric Cooperative, Inc.	U.S.	25,154	25,154	-	-	5,054	5,054	-	-	20,100	20,100	-	-
2010	WECC		Lakeview Light & Power	U.S.	15,273	15,273	-	-	3,069	3,069	-	-	12,204	12,204	-	-
2010	WECC		Lane Electric Cooperative, Inc.	U.S.	12,274	12,274	-	-	2,466	2,466	-	-	9,808	9,808	-	-
2010	WECC		Las Vegas Valley Water District	U.S.	5,210	5,210	-	-	1,047	1,047	-	-	4,163	4,163	-	-
2010	WECC		Lincoln County Power District No. 1	U.S.	3,698	3,698	-	-	743	743	-	-	2,955	2,955	-	-
2010	WECC		Lincoln Electric Cooperative, Inc.	U.S.	6,439	6,439	-	-	1,294	1,294	-	-	5,145	5,145	-	-
2010	WECC		Los Angeles Department of Water and Power	U.S.	1,565,345	1,565,345	-	-	314,501	314,501	-	-	1,250,844	1,250,844	-	-
2010	WECC		Maricopa County Municipal Water Conservation District No. 1	U.S.	2,350	2,350	-	-	472	472	-	-	1,878	1,878	-	-
2010	WECC		McMullen Valley Water Conservation & Drainage District	U.S.	3,551	3,551	-	-	713	713	-	-	2,837	2,837	-	-
2010	WECC		Merced Irrigation District	U.S.	24,313	24,313	-	-	4,885	4,885	-	-	19,428	19,428	-	-
2010	WECC		Midstate Electric Cooperative, Inc.	U.S.	22,037	22,037	-	-	4,428	4,428	-	-	17,609	17,609	-	-
2010	WECC		Mission Valley Power	U.S.	21,688	21,688	-	-	4,357	4,357	-	-	17,331	17,331	-	-
2010	WECC		Missoula Electric Cooperative, Inc.	U.S.	12,534	12,534	-	-	2,518	2,518	-	-	10,016	10,016	-	-
2010	WECC		Modern Electric Water Company	U.S.	12,841	12,841	-	-	2,580	2,580	-	-	10,261	10,261	-	-
2010	WECC		Modesto Irrigation District	U.S.	137,868	137,868	-	-	27,700	27,700	-	-	110,168	110,168	-	-
2010	WECC		Montana-Dakota Utilities Co.	U.S.	1,197	1,197	-	-	240	240	-	-	956	956	-	-
2010	WECC		Mt. Wheeler Power	U.S.	24,007	24,007	-	-	4,823	4,823	-	-	19,184	19,184	-	-
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	20,891	20,891	-	-	4,197	4,197	-	-	16,694	16,694	-	-
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	36,332	36,332	-	-	7,060	7,060	-	-	29,272	29,272	-	-
2010	WECC		Navajo Tribal Utility Authority	U.S.	2,156	2,156	-	-	433	433	-	-	1,723	1,723	-	-
2010	WECC		Navajo Tribal Utility Authority	U.S.	16,766	16,766	-	-	3,369	3,369	-	-	13,397	13,397	-	-
2010	WECC		Navopache Electric Cooperative, Inc.	U.S.	23,447	23,447	-	-	4,711	4,711	-	-	18,736	18,736	-	-
2010	WECC		Nebraska Public Power Marketing	U.S.	207	207	-	-	40	40	-	-	166	166	-	-
2010	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	2,785	2,785	-	-	559	559	-	-	2,225	2,225	-	-
2010	WECC		Nevada Power Company dba NV Energy	U.S.	1,201,563	1,201,563	-	-	241,412	241,412	-	-	960,151	960,151	-	-
2010	WECC		Noble Americas Energy Solutions, LLC	U.S.	54,439	54,439	-	-	10,938	10,938	-	-	43,501	43,501	-	-
2010	WECC		Northern Lights, Inc.	U.S.	1,494	1,494	-	-	300	300	-	-	1,194	1,194	-	-
2010	WECC		Northern Lights, Inc.	U.S.	18,115	18,115	-	-	3,640	3,640	-	-	14,475	14,475	-	-
2010	WECC		Northern Lights, Inc.	U.S.	565	565	-	-	113	113	-	-	451	451	-	-
2010	WECC		Northern Wasco County PUD	U.S.	32,405	32,405	-	-	6,511	6,511	-	-	25,895	25,895	-	-
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	485,975	485,975	-	-	97,640	97,640	-	-	388,336	388,336	-	-
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	16,721	16,721	-	-	3,359	3,359	-	-	13,361	13,361	-	-
2010	WECC		Ohop Mutual Light Company	U.S.	4,663	4,663	-	-	937	937	-	-	3,726	3,726	-	-
2010	WECC		Orcas Power and Light Cooperative	U.S.	11,364	11,364	-	-	2,283	2,283	-	-	9,081	9,081	-	-
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	18,192	18,192	-	-	3,655	3,655	-	-	14,537	14,537	-	-
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	17,547	17,547	-	-	3,525	3,525	-	-	14,021	14,021	-	-
2010	WECC		Overton Power District No. 5	U.S.	20,784	20,784	-	-	4,176	4,176	-	-	16,608	16,608	-	-
2010	WECC		PacifiCorp	U.S.	2,947	2,947	-	-	592	592	-	-	2,355	2,355	-	-
2010	WECC		PacifiCorp	U.S.	2,569,201	2,569,201	-	-	516,191	516,191	-	-	2,053,010	2,053,010	-	-
2010	WECC		PacifiCorp	U.S.	99	99	-	-	20	20	-	-	79	79	-	-
2010	WECC		PacifiCorp	U.S.	12,876	12,876	-	-	2,515	2,515	-	-	10,361	10,361	-	-
2010	WECC		PacifiCorp West (PACW)	U.S.	1,143,397	1,143,397	-	-	229,725	229,725	-	-	913,671	913,671	-	-
2010	WECC		Page Electric Utility	U.S.	892	892	-	-	179	179	-	-	713	713	-	-
2010	WECC		Parkland Light and Water Company	U.S.	6,539	6,539	-	-	1,314	1,314	-	-	5,225	5,225	-	-
2010	WECC		Pend Oreille County PUD No. 1	U.S.	54,168	54,168	-	-	10,883	10,883	-	-	43,285	43,285	-	-
2010	WECC		Peninsula Light Company, Inc.	U.S.	33,092	33,092	-	-	6,649	6,649	-	-	26,443	26,443	-	-
2010	WECC		Platte River Power Authority	U.S.	175,955	175,955	-	-	35,352	35,352	-	-	140,603	140,603	-	-
2010	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	8,035	8,035	-	-	1,614	1,614	-	-	6,420	6,420	-	-
2010	WECC		Port Townsend Paper Corporation	U.S.	11,500	11,500	-	-	2,310	2,310	-	-	9,189	9,189	-	-

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					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2010	WECC		Portland General Electric Company	U.S.	2,497	2,497	-	-	502	502	-	-	1,995	1,995	-	-
2010	WECC		Portland General Electric Company	U.S.	1,025,539	1,025,539	-	-	206,046	206,046	-	-	819,493	819,493	-	-
2010	WECC		Public Service Company of Colorado (Xcel)	U.S.	1,710,948	1,710,948	-	-	343,755	343,755	-	-	1,367,193	1,367,193	-	-
2010	WECC		Public Service Company of Colorado (Xcel)	U.S.	1,905	1,905	-	-	371	371	-	-	1,533	1,533	-	-
2010	WECC		Public Service Company of New Mexico	U.S.	582,644	582,644	-	-	117,062	117,062	-	-	465,582	465,582	-	-
2010	WECC		Public Utility District No. 1 of Chelan County	U.S.	174,420	174,420	-	-	35,044	35,044	-	-	139,376	139,376	-	-
2010	WECC		PUD No. 1 of Asotin County	U.S.	251	251	-	-	50	50	-	-	201	201	-	-
2010	WECC		PUD No. 1 of Asotin County	U.S.	19	19	-	-	4	4	-	-	15	15	-	-
2010	WECC		PUD No. 1 of Benton County	U.S.	91,593	91,593	-	-	18,402	18,402	-	-	73,190	73,190	-	-
2010	WECC		PUD No. 1 of Clallam County	U.S.	36,493	36,493	-	-	7,332	7,332	-	-	29,161	29,161	-	-
2010	WECC		PUD No. 1 of Cowlitz County	U.S.	279,103	279,103	-	-	56,076	56,076	-	-	223,027	223,027	-	-
2010	WECC		PUD No. 1 of Douglas County	U.S.	491	491	-	-	99	99	-	-	393	393	-	-
2010	WECC		PUD No. 1 of Douglas County	U.S.	74,413	74,413	-	-	14,951	14,951	-	-	59,462	59,462	-	-
2010	WECC		PUD No. 1 of Ferry County	U.S.	5,522	5,522	-	-	1,109	1,109	-	-	4,412	4,412	-	-
2010	WECC		PUD No. 1 of Franklin County	U.S.	55,082	55,082	-	-	11,067	11,067	-	-	44,015	44,015	-	-
2010	WECC		PUD No. 1 of Grays Harbor	U.S.	59,625	59,625	-	-	11,980	11,980	-	-	47,646	47,646	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	3,176	3,176	-	-	638	638	-	-	2,538	2,538	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	407	407	-	-	82	82	-	-	325	325	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	898	898	-	-	180	180	-	-	717	717	-	-
2010	WECC		PUD No. 1 of Klickitat County	U.S.	14,884	14,884	-	-	2,990	2,990	-	-	11,893	11,893	-	-
2010	WECC		PUD No. 1 of Lewis County	U.S.	51,906	51,906	-	-	10,429	10,429	-	-	41,478	41,478	-	-
2010	WECC		PUD No. 1 of Mason County	U.S.	4,198	4,198	-	-	843	843	-	-	3,354	3,354	-	-
2010	WECC		PUD No. 1 of Skamania County	U.S.	7,362	7,362	-	-	1,479	1,479	-	-	5,883	5,883	-	-
2010	WECC		PUD No. 1 of Snohomish County	U.S.	381,451	381,451	-	-	76,639	76,639	-	-	304,812	304,812	-	-
2010	WECC		PUD No. 1 of Wahkiakum County	U.S.	2,342	2,342	-	-	471	471	-	-	1,871	1,871	-	-
2010	WECC		PUD No. 1 of Whatcom County	U.S.	11,834	11,834	-	-	2,378	2,378	-	-	9,456	9,456	-	-
2010	WECC		PUD No. 1 of Whatcom County	U.S.	714	714	-	-	143	143	-	-	570	570	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	4,584	4,584	-	-	921	921	-	-	3,663	3,663	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	2,488	2,488	-	-	500	500	-	-	1,988	1,988	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	209,571	209,571	-	-	42,106	42,106	-	-	167,465	167,465	-	-
2010	WECC		PUD No. 2 of Pacific County	U.S.	16,456	16,456	-	-	3,306	3,306	-	-	13,150	13,150	-	-
2010	WECC		PUD No. 3 of Mason County	U.S.	37,650	37,650	-	-	7,564	7,564	-	-	30,085	30,085	-	-
2010	WECC		Puget Sound Energy, Inc.	U.S.	1,337,595	1,337,595	-	-	268,743	268,743	-	-	1,068,852	1,068,852	-	-
2010	WECC		Raft River Electric Cooperative	U.S.	13,020	13,020	-	-	2,616	2,616	-	-	10,404	10,404	-	-
2010	WECC		Ravalli County Electric Cooperative, Inc.	U.S.	8,539	8,539	-	-	1,716	1,716	-	-	6,824	6,824	-	-
2010	WECC		Riverside Electric Copmpany, Ltd	U.S.	1,081	1,081	-	-	217	217	-	-	864	864	-	-
2010	WECC		Rocky Mountain Generation Cooperative, Inc.	U.S.	2,435	2,435	-	-	475	475	-	-	1,960	1,960	-	-
2010	WECC		Roosevelt Irrigation District	U.S.	1,606	1,606	-	-	323	323	-	-	1,283	1,283	-	-
2010	WECC		Sacramento Municipal Utility District	U.S.	613,784	613,784	-	-	123,318	123,318	-	-	490,465	490,465	-	-
2010	WECC		Salem Electric	U.S.	17,781	17,781	-	-	3,572	3,572	-	-	14,209	14,209	-	-
2010	WECC		Salt River Project	U.S.	1,546,652	1,546,652	-	-	310,746	310,746	-	-	1,235,907	1,235,907	-	-
2010	WECC		San Carlos Indian Irrigation Project	U.S.	8	8	-	-	2	2	-	-	6	6	-	-
2010	WECC		Seattle City Light	U.S.	547,938	547,938	-	-	110,089	110,089	-	-	437,849	437,849	-	-
2010	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	486,288	486,288	-	-	97,703	97,703	-	-	388,586	388,586	-	-
2010	WECC		South Side Electric, Inc	U.S.	3,088	3,088	-	-	620	620	-	-	2,468	2,468	-	-
2010	WECC		Southern Montana Electric Generation & Transmission	U.S.	41,498	41,498	-	-	8,338	8,338	-	-	33,160	33,160	-	-
2010	WECC		Southern Nevada Water Authority	U.S.	45,350	45,350	-	-	9,112	9,112	-	-	36,239	36,239	-	-
2010	WECC		Southwest Transmission Cooperative, Inc.	U.S.	146,592	146,592	-	-	29,453	29,453	-	-	117,140	117,140	-	-
2010	WECC		Springfield Utility Board	U.S.	46,026	46,026	-	-	9,247	9,247	-	-	36,779	36,779	-	-
2010	WECC		Surprise Valley Electrification Corporation	U.S.	1,817	1,817	-	-	365	365	-	-	1,452	1,452	-	-
2010	WECC		Tanner Electric Cooperative	U.S.	5,162	5,162	-	-	1,037	1,037	-	-	4,125	4,125	-	-
2010	WECC		The Incorporated County of Los Alamos	U.S.	19,805	19,805	-	-	3,979	3,979	-	-	15,826	15,826	-	-
2010	WECC		Tillamook People's Utility District	U.S.	20,244	20,244	-	-	4,067	4,067	-	-	16,176	16,176	-	-
2010	WECC		Tohono O'Odham Utility Authority	U.S.	3,680	3,680	-	-	739	739	-	-	2,940	2,940	-	-
2010	WECC		Tonopah Irrigation District	U.S.	1,164	1,164	-	-	234	234	-	-	931	931	-	-
2010	WECC		Town of Center	U.S.	698	698	-	-	140	140	-	-	558	558	-	-
2010	WECC		Town of Coulee	U.S.	808	808	-	-	162	162	-	-	646	646	-	-
2010	WECC		Town of Eatonville	U.S.	1,572	1,572	-	-	316	316	-	-	1,256	1,256	-	-
2010	WECC		Town of Fredonia	U.S.	74	74	-	-	15	15	-	-	59	59	-	-
2010	WECC		Town of Steilacoom	U.S.	2,230	2,230	-	-	448	448	-	-	1,782	1,782	-	-
2010	WECC		Town of Wickenburg	U.S.	1,546	1,546	-	-	311	311	-	-	1,236	1,236	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	107,160	107,160	-	-	21,530	21,530	-	-	85,630	85,630	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	422,889	422,889	-	-	82,643	82,643	-	-	340,246	340,246	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	1,785	1,785	-	-	359	359	-	-	1,426	1,426	-	-
2010	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	144,296	144,296	-	-	28,991	28,991	-	-	115,305	115,305	-	-
2010	WECC		Truckee Donner Public Utility District	U.S.	8,453	8,453	-	-	1,698	1,698	-	-	6,754	6,754	-	-
2010	WECC		Tucson Electric Power Company	U.S.	754,848	754,848	-	-	151,660	151,660	-	-	603,188	603,188	-	-
2010	WECC		Turlock Irrigation District	U.S.	110,965	110,965	-	-	22,295	22,295	-	-	88,670	88,670	-	-
2010	WECC		U.S. Army Yuma Proving Ground	U.S.	1,042	1,042	-	-	209	209	-	-	833	833	-	-

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2010	WECC		U.S. Boia Wapato Irrigation Project	U.S.	980	980	-	-	197	197	-	-	783	783	-	-
2010	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	172	172	-	-	35	35	-	-	137	137	-	-
2010	WECC		U.S. Bor Spokane Indian Development	U.S.	137	137	-	-	28	28	-	-	110	110	-	-
2010	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	224	224	-	-	45	45	-	-	179	179	-	-
2010	WECC		U.S. DOE Richland Operations Office	U.S.	10,814	10,814	-	-	2,173	2,173	-	-	8,641	8,641	-	-
2010	WECC		Umatilla Electric Cooperative Association	U.S.	51,266	51,266	-	-	10,300	10,300	-	-	40,966	40,966	-	-
2010	WECC		Unit 8 Irrigation District	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2010	WECC		United Electric Cooperative	U.S.	14,338	14,338	-	-	2,881	2,881	-	-	11,457	11,457	-	-
2010	WECC		US Air Force Base, Fairchild	U.S.	2,995	2,995	-	-	602	602	-	-	2,393	2,393	-	-
2010	WECC		USN Naval Station, Bremerton	U.S.	13,023	13,023	-	-	2,616	2,616	-	-	10,406	10,406	-	-
2010	WECC		USN Naval Station, Everett	U.S.	722	722	-	-	145	145	-	-	577	577	-	-
2010	WECC		USN Submarine Base, Bangor	U.S.	9,415	9,415	-	-	1,892	1,892	-	-	7,524	7,524	-	-
2010	WECC		Valley Electric Association, Inc.	U.S.	27,882	27,882	-	-	5,602	5,602	-	-	22,280	22,280	-	-
2010	WECC		Vera Water and Power	U.S.	12,536	12,536	-	-	2,519	2,519	-	-	10,017	10,017	-	-
2010	WECC		Vigilante Electric Cooperative, Inc.	U.S.	7,797	7,797	-	-	1,567	1,567	-	-	6,230	6,230	-	-
2010	WECC		Wasco Electric Cooperative	U.S.	5,240	5,240	-	-	1,053	1,053	-	-	4,187	4,187	-	-
2010	WECC		Wells Rural Electric Cooperative	U.S.	11,205	11,205	-	-	2,251	2,251	-	-	8,954	8,954	-	-
2010	WECC		Wells Rural Electric Cooperative	U.S.	35,317	35,317	-	-	7,096	7,096	-	-	28,221	28,221	-	-
2010	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	41	41	-	-	8	8	-	-	33	33	-	-
2010	WECC		West Oregon Electric Cooperative, Inc.	U.S.	3,095	3,095	-	-	622	622	-	-	2,473	2,473	-	-
2010	WECC		West Oregon Electric Cooperative, Inc.	U.S.	699	699	-	-	140	140	-	-	558	558	-	-
2010	WECC		Western Area Power - Loveland, CO	U.S.	20,381	20,381	-	-	4,095	4,095	-	-	16,286	16,286	-	-
2010	WECC		Western Area Power - Loveland, CO	U.S.	93,182	93,182	-	-	18,544	18,544	-	-	74,638	74,638	-	-
2010	WECC		Western Area Power Administration - CRSP	U.S.	98,486	98,486	-	-	15,533	15,533	-	-	82,953	82,953	-	-
2010	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	77,275	77,275	-	-	15,526	15,526	-	-	61,749	61,749	-	-
2010	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	128,636	128,636	-	-	25,845	25,845	-	-	102,791	102,791	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	10,317	10,317	-	-	2,073	2,073	-	-	8,245	8,245	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	1,087	1,087	-	-	212	212	-	-	875	875	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	13,778	13,778	-	-	2,768	2,768	-	-	11,010	11,010	-	-
2010	WECC		Wyoming Municipal Power Agency	U.S.	12,093	12,093	-	-	2,360	2,360	-	-	9,732	9,732	-	-
2010	WECC		Yampa Valley Electric Association	U.S.	32,188	32,188	-	-	6,467	6,467	-	-	25,721	25,721	-	-
2010	WECC		Yuma Irrigation District	U.S.	175	175	-	-	35	35	-	-	140	140	-	-
2010	WECC		Yuma-Mesa Irrigation District	U.S.	9	9	-	-	2	2	-	-	7	7	-	-
TOTAL WECC					46,383,481	39,429,687	6,334,873	618,921	9,163,140	7,922,012	1,123,507	117,621	37,220,341	31,507,675	5,211,366	501,301
TOTAL ERO					160,942,119	144,102,400	16,220,798	618,921	50,661,272	46,132,189	4,411,462	117,621	110,280,847	97,970,211	11,809,335	501,301
Summary by Regional Entity																
2010	FRCC				7,127,869	7,127,869	-	-	2,703,019	2,703,019	-	-	4,424,850	4,424,850	-	-
2010	MRO				11,689,766	9,819,064	1,870,702	-	3,340,737	2,824,600	516,137	-	8,349,029	6,994,464	1,354,565	-
2010	NPCC				18,638,428	10,623,205	8,015,223	-	6,086,861	3,315,043	2,771,818	-	12,551,567	7,308,162	5,243,405	-
2010	RFC				24,336,094	24,336,094	-	-	10,801,822	10,801,822	-	-	13,534,272	13,534,272	-	-
2010	SERC				27,216,184	27,216,184	-	-	12,370,909	12,370,909	-	-	14,845,275	14,845,275	-	-
2010	SPP				12,488,037	12,488,037	-	-	2,636,390	2,636,390	-	-	9,851,647	9,851,647	-	-
2010	TRE				13,062,261	13,062,261	-	-	3,558,395	3,558,395	-	-	9,503,866	9,503,866	-	-
2010	WECC				46,383,481	39,429,687	6,334,873	618,921	9,163,140	7,922,012	1,123,507	117,621	37,220,341	31,507,675	5,211,366	501,301
Total					160,942,119	144,102,400	16,220,798	618,921	50,661,272	46,132,189	4,411,462	117,621	110,280,847	97,970,211	11,809,335	501,301

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2010	FRCC	1074	Alachua, City of	U.S.	1,497	1,497	-	-	1,396	1,396	-	-	-	-	39	39	-	-	62	62	-
2010	FRCC	1075	Bartow, City of	U.S.	3,613	3,613	-	-	3,370	3,370	-	-	-	-	94	94	-	-	149	149	-
2010	FRCC	1076	Chattahoochee, City of	U.S.	557	557	-	-	519	519	-	-	-	-	14	14	-	-	23	23	-
2010	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	7,936	7,936	-	-	7,402	7,402	-	-	-	-	205	205	-	-	328	328	-
2010	FRCC	1078	Florida Power & Light Co.	U.S.	1,303,163	1,303,163	-	-	1,215,565	1,215,565	-	-	-	-	33,733	33,733	-	-	53,865	53,865	-
2010	FRCC	1079	Florida Public Utilities Company	U.S.	4,664	4,664	-	-	4,351	4,351	-	-	-	-	121	121	-	-	193	193	-
2010	FRCC	1080	Gainesville Regional Utilities	U.S.	23,343	23,343	-	-	21,774	21,774	-	-	-	-	604	604	-	-	965	965	-
2010	FRCC	1081	Homestead, City of	U.S.	5,639	5,639	-	-	5,260	5,260	-	-	-	-	146	146	-	-	233	233	-
2010	FRCC	1082	JEA	U.S.	155,933	155,933	-	-	145,451	145,451	-	-	-	-	4,036	4,036	-	-	6,445	6,445	-
2010	FRCC	1083	Lakeland Electric	U.S.	36,164	36,164	-	-	33,733	33,733	-	-	-	-	936	936	-	-	1,495	1,495	-
2010	FRCC	1084	Lee County Electric Cooperative	U.S.	14,045	14,045	-	-	13,101	13,101	-	-	-	-	364	364	-	-	581	581	-
2010	FRCC	1084	Mount Dora, City of	U.S.	1,172	1,172	-	-	1,093	1,093	-	-	-	-	30	30	-	-	48	48	-
2010	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	4,826	4,826	-	-	4,502	4,502	-	-	-	-	125	125	-	-	199	199	-
2010	FRCC	1086	Orlando Utilities Commission	U.S.	67,153	67,153	-	-	62,639	62,639	-	-	-	-	1,738	1,738	-	-	2,776	2,776	-
2010	FRCC	1087	Progress Energy Florida	U.S.	492,565	492,565	-	-	459,455	459,455	-	-	-	-	12,750	12,750	-	-	20,360	20,360	-
2010	FRCC	1088	Quincy, City of	U.S.	1,788	1,788	-	-	1,668	1,668	-	-	-	-	46	46	-	-	74	74	-
2010	FRCC	1089	Reedy Creek Improvement District	U.S.	14,271	14,271	-	-	13,311	13,311	-	-	-	-	369	369	-	-	590	590	-
2010	FRCC	1090	St. Cloud, City of (OUC)	U.S.	7,205	7,205	-	-	6,721	6,721	-	-	-	-	187	187	-	-	298	298	-
2010	FRCC	1091	Tallahassee, City of	U.S.	34,006	34,006	-	-	31,720	31,720	-	-	-	-	880	880	-	-	1,406	1,406	-
2010	FRCC	1092	Tampa Electric Company	U.S.	236,246	236,246	-	-	220,366	220,366	-	-	-	-	6,115	6,115	-	-	9,765	9,765	-
2010	FRCC	1603	Vero Beach, City of	U.S.	9,119	9,119	-	-	8,506	8,506	-	-	-	-	236	236	-	-	377	377	-
2010	FRCC	1093	Wauchula, City of	U.S.	795	795	-	-	741	741	-	-	-	-	21	21	-	-	33	33	-
2010	FRCC	1094	Williston, City of	U.S.	422	422	-	-	394	394	-	-	-	-	11	11	-	-	17	17	-
2010	FRCC	1095	Winter Park, City of	U.S.	5,434	5,434	-	-	5,069	5,069	-	-	-	-	141	141	-	-	225	225	-
2010	FRCC	1072	Florida Municipal Power Agency	U.S.	73,082	73,082	-	-	68,169	68,169	-	-	-	-	1,892	1,892	-	-	3,021	3,021	-
2010	FRCC	1073	Seminole Electric Cooperative	U.S.	198,381	198,381	-	-	185,046	185,046	-	-	-	-	5,135	5,135	-	-	8,200	8,200	-
TOTAL FRCC					2,703,019	2,703,019	-	-	2,521,323	2,521,323	-	-	-	-	69,969	69,969	-	-	111,726	111,726	-
2010	MRO	1199	Basin Electric Power Cooperative	U.S.	151,606	151,606	-	-	135,214	135,214	-	-	-	-	3,752	3,752	-	-	12,639	12,639	-
2010	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	32,819	32,819	-	-	29,271	29,271	-	-	-	-	812	812	-	-	2,736	2,736	-
2010	MRO	1204	Corn Belt Power Cooperative	U.S.	22,358	22,358	-	-	19,941	19,941	-	-	-	-	553	553	-	-	1,864	1,864	-
2010	MRO	1207	Dairyland Power Cooperative	U.S.	63,759	63,759	-	-	56,865	56,865	-	-	-	-	1,578	1,578	-	-	5,315	5,315	-
2010	MRO	1210	Great River Energy	U.S.	162,381	162,381	-	-	144,825	144,825	-	-	-	-	4,019	4,019	-	-	13,537	13,537	-
2010	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	44,965	44,965	-	-	40,103	40,103	-	-	-	-	1,113	1,113	-	-	3,749	3,749	-
2010	MRO	1230	Nebraska Public Power District	U.S.	157,626	157,626	-	-	140,584	140,584	-	-	-	-	3,901	3,901	-	-	13,141	13,141	-
2010	MRO	1232	Omaha Public Power District	U.S.	139,446	139,446	-	-	124,369	124,369	-	-	-	-	3,451	3,451	-	-	11,625	11,625	-
2010	MRO	1237	Southern Montana Generation and Transmission	U.S.	48	48	-	-	43	43	-	-	-	-	1	1	-	-	4	4	-
2010	MRO	1240	Western Area Power Administration (UM)	U.S.	108,650	108,650	-	-	96,903	96,903	-	-	-	-	2,689	2,689	-	-	9,058	9,058	-
2010	MRO	1239	Western Area Power Administration (LM)	U.S.	1,475	1,475	-	-	1,315	1,315	-	-	-	-	36	36	-	-	123	123	-
2010	MRO	1217	Manitoba Hydro	CAN	265,889	-	265,889	-	237,142	-	237,142	-	-	-	6,581	-	6,581	-	22,166	-	22,166
2010	MRO	1235	SaskPower	CAN	250,248	-	250,248	-	223,191	-	223,191	-	-	-	6,194	-	6,194	-	20,862	-	20,862
2010	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	347,181	347,181	-	-	309,645	309,645	-	-	-	-	8,593	8,593	-	-	28,943	28,943	-
2010	MRO	1216	Madison, Gas and Electric	U.S.	41,961	41,961	-	-	37,424	37,424	-	-	-	-	1,039	1,039	-	-	3,498	3,498	-
2010	MRO	1220	MidAmerican Energy Company	U.S.	277,052	277,052	-	-	247,098	247,098	-	-	-	-	6,857	6,857	-	-	23,097	23,097	-
2010	MRO	1221	Minnesota Power	U.S.	152,024	152,024	-	-	135,588	135,588	-	-	-	-	3,763	3,763	-	-	12,674	12,674	-
2010	MRO	1226	Montana-Dakota Utilities Co.	U.S.	32,983	32,983	-	-	29,417	29,417	-	-	-	-	816	816	-	-	2,750	2,750	-
2010	MRO	1231	NorthWestern Energy	U.S.	18,137	18,137	-	-	16,176	16,176	-	-	-	-	449	449	-	-	1,512	1,512	-
2010	MRO	1233	Otter Tail Power Company	U.S.	52,675	52,675	-	-	46,980	46,980	-	-	-	-	1,304	1,304	-	-	4,391	4,391	-
2010	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.	166,779	166,779	-	-	148,748	148,748	-	-	-	-	4,128	4,128	-	-	13,904	13,904	-
2010	MRO	1244	Xcel Energy Company (NSP)	U.S.	560,400	560,400	-	-	499,811	499,811	-	-	-	-	13,870	13,870	-	-	46,719	46,719	-
2010	MRO	1196	Ames Municipal Electric System	U.S.	9,615	9,615	-	-	8,575	8,575	-	-	-	-	238	238	-	-	802	802	-
2010	MRO	1604	Atlantic Municipal Utilities	U.S.	984	984	-	-	878	878	-	-	-	-	24	24	-	-	82	82	-
2010	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	4,629	4,629	-	-	4,129	4,129	-	-	-	-	115	115	-	-	386	386	-
2010	MRO	1200	Cedar Falls Municipal Utilities	U.S.	6,345	6,345	-	-	5,659	5,659	-	-	-	-	157	157	-	-	529	529	-
2010	MRO	1477	Central Minnesota Municipal Power Agency (CMMPPA)	U.S.	5,668	5,668	-	-	5,055	5,055	-	-	-	-	140	140	-	-	473	473	-
2010	MRO	1605	City of Pella	U.S.	2,280	2,280	-	-	2,033	2,033	-	-	-	-	56	56	-	-	190	190	-
2010	MRO	1203	Escanaba Municipal Electric Utility	U.S.	1,838	1,838	-	-	1,639	1,639	-	-	-	-	45	45	-	-	153	153	-
2010	MRO	1205	Falls City Water & Light Department	U.S.	687	687	-	-	612	612	-	-	-	-	17	17	-	-	57	57	-
2010	MRO	1206	Fremont Department of Utilities	U.S.	5,382	5,382	-	-	4,800	4,800	-	-	-	-	133	133	-	-	449	449	-
2010	MRO	1208	Geneseo Municipal Utilities	U.S.	813	813	-	-	725	725	-	-	-	-	20	20	-	-	68	68	-
2010	MRO	1209	Grand Island Utilities Department	U.S.	9,036	9,036	-	-	8,059	8,059	-	-	-	-	224	224	-	-	753	753	-
2010	MRO	1606	Harlan Municipal Utilities	U.S.	230	230	-	-	206	206	-	-	-	-	6	6	-	-	19	19	-
2010	MRO	1211	Hastings Utilities	U.S.	5,002	5,002	-	-	4,461	4,461	-	-	-	-	124	124	-	-	417	417	-
2010	MRO																				

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2010	NPPC	1341	Quebec	Canada	1,506,632	-	1,506,632	-	1,956,012	-	1,956,012	-	-	-	(494,245)	-	(494,245)	-	44,864	-	44,864
		1341	Quebec																		
		1572	Regie																		
2010	NPPC	1338	New Brunswick	Canada	98,427	-	98,427	-	146,349	-	146,349	-	-	-	(51,279)	-	(51,279)	-	3,357	-	3,357
2010	NPPC	1340	Nova Scotia	Canada	138,246	-	138,246	-	131,577	-	131,577	-	-	-	3,651	-	3,651	-	3,018	-	3,018
			TOTAL NPPC		6,086,861	3,315,043	2,771,818	-	6,918,336	3,155,117	3,763,219	-	-	-	(990,150)	87,558	(1,077,717)	-	158,684	72,368	86,316
2010	RFC	1104	Bay City	U.S.	3,931	3,931	-	-	3,672	3,672	-	-	-	-	102	102	-	-	157	157	-
2010	RFC	1102	Cannelton Utilities	U.S.	200	200	-	-	187	187	-	-	-	-	5	5	-	-	8	8	-
2010	RFC	1105	City of Chelsea	U.S.	1,116	1,116	-	-	1,043	1,043	-	-	-	-	29	29	-	-	45	45	-
2010	RFC	1106	City of Croswell	U.S.	447	447	-	-	417	417	-	-	-	-	12	12	-	-	18	18	-
2010	RFC	1108	City of Eaton Rapids	U.S.	1,055	1,055	-	-	985	985	-	-	-	-	27	27	-	-	42	42	-
2010	RFC	1111	City of Hart	U.S.	491	491	-	-	458	458	-	-	-	-	13	13	-	-	20	20	-
2010	RFC	1490	City of Lansing	U.S.	25,782	25,782	-	-	24,082	24,082	-	-	-	-	668	668	-	-	1,032	1,032	-
2010	RFC	1112	City of Marquette Board of Light & Power	U.S.	3,894	3,894	-	-	3,637	3,637	-	-	-	-	101	101	-	-	156	156	-
2010	RFC	1114	City of Portland	U.S.	425	425	-	-	397	397	-	-	-	-	11	11	-	-	17	17	-
2010	RFC	1116	City of St. Louis	U.S.	462	462	-	-	432	432	-	-	-	-	12	12	-	-	19	19	-
2010	RFC	1118	City of Wyandotte	U.S.	1,479	1,479	-	-	1,382	1,382	-	-	-	-	38	38	-	-	59	59	-
2010	RFC	1120	Cloverland Electric Cooperative	U.S.	10,200	10,200	-	-	9,528	9,528	-	-	-	-	264	264	-	-	408	408	-
2010	RFC	1122	CMS ERM Michigan LLC	U.S.	2,273	2,273	-	-	2,123	2,123	-	-	-	-	59	59	-	-	91	91	-
2010	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	16,103	16,103	-	-	15,041	15,041	-	-	-	-	417	417	-	-	645	645	-
2010	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	13,802	13,802	-	-	12,892	12,892	-	-	-	-	358	358	-	-	552	552	-
2010	RFC	1126	Consumers Energy Company	U.S.	385,709	385,709	-	-	360,274	360,274	-	-	-	-	9,998	9,998	-	-	15,438	15,438	-
2010	RFC	1128	Detroit Edison Company	U.S.	524,853	524,853	-	-	490,241	490,241	-	-	-	-	13,605	13,605	-	-	21,007	21,007	-
2010	RFC	1166	Duke Energy Indiana	U.S.	356,931	356,931	-	-	333,393	333,393	-	-	-	-	9,252	9,252	-	-	14,286	14,286	-
2010	RFC	1135	Ferdinand Municipal Light & Water	U.S.	483	483	-	-	451	451	-	-	-	-	13	13	-	-	19	19	-
2010	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	17,593	17,593	-	-	16,433	16,433	-	-	-	-	456	456	-	-	704	704	-
2010	RFC	1612	Glacial Energy (MECS-DET)	U.S.	6,505	6,505	-	-	6,076	6,076	-	-	-	-	169	169	-	-	260	260	-
2010	RFC	1144	Holland Board of Public Works	U.S.	8,446	8,446	-	-	7,889	7,889	-	-	-	-	219	219	-	-	338	338	-
2010	RFC	1145	Hoosier Energy	U.S.	83,069	83,069	-	-	77,591	77,591	-	-	-	-	2,153	2,153	-	-	3,325	3,325	-
2010	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	33,890	33,890	-	-	31,655	31,655	-	-	-	-	878	878	-	-	1,356	1,356	-
2010	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	4,781	4,781	-	-	4,466	4,466	-	-	-	-	124	124	-	-	191	191	-
2010	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	7,062	7,062	-	-	6,597	6,597	-	-	-	-	183	183	-	-	283	283	-
2010	RFC	1149	Indianapolis Power & Light Co.	U.S.	178,906	178,906	-	-	167,108	167,108	-	-	-	-	4,637	4,637	-	-	7,161	7,161	-
2010	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	5,108	5,108	-	-	4,771	4,771	-	-	-	-	132	132	-	-	204	204	-
2010	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	3,901	3,901	-	-	3,644	3,644	-	-	-	-	101	101	-	-	156	156	-
2010	RFC	1614	Just Energy (MECS-DET)	U.S.	246	246	-	-	229	229	-	-	-	-	6	6	-	-	10	10	-
2010	RFC	1154	Michigan Public Power Agency	U.S.	14,006	14,006	-	-	13,083	13,083	-	-	-	-	363	363	-	-	561	561	-
2010	RFC	1155	Michigan South Central Power Agency	U.S.	6,694	6,694	-	-	6,253	6,253	-	-	-	-	174	174	-	-	268	268	-
2010	RFC	1158	MidAmerican Energy Company Retail	U.S.	1,165	1,165	-	-	1,088	1,088	-	-	-	-	30	30	-	-	47	47	-
2010	RFC	1163	Northern Indiana Public Service Co.	U.S.	197,496	197,496	-	-	184,472	184,472	-	-	-	-	5,119	5,119	-	-	7,905	7,905	-
2010	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	321	321	-	-	300	300	-	-	-	-	8	8	-	-	13	13	-
2010	RFC	1265	PJM Interconnection, LLC	U.S.	8,346,461	8,346,461	-	-	7,796,054	7,796,054	-	-	-	-	216,348	216,348	-	-	334,058	334,058	-
2010	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	13,007	13,007	-	-	12,149	12,149	-	-	-	-	337	337	-	-	521	521	-
2010	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	11,112	11,112	-	-	10,380	10,380	-	-	-	-	288	288	-	-	445	445	-
2010	RFC	1176	Direct Energy (Ika-Strategic Energy, LLC) (MECS-CONS)	U.S.	128	128	-	-	120	120	-	-	-	-	3	3	-	-	5	5	-
2010	RFC	1174	Direct Energy (Ika-Strategic Energy, LLC) (MECS-DET)	U.S.	3,463	3,463	-	-	3,235	3,235	-	-	-	-	90	90	-	-	139	139	-
2010	RFC	1581	Spartan Renewable Energy	U.S.	767	767	-	-	716	716	-	-	-	-	20	20	-	-	31	31	-
2010	RFC	1180	Thumb Electric Cooperative	U.S.	1,927	1,927	-	-	1,799	1,799	-	-	-	-	50	50	-	-	77	77	-
2010	RFC		US Department of Energy	U.S.	2,918	2,918	-	-	2,726	2,726	-	-	-	-	76	76	-	-	117	117	-
2010	RFC	1181	Vectren Energy Delivery of IN	U.S.	68,824	68,824	-	-	64,286	64,286	-	-	-	-	1,784	1,784	-	-	2,755	2,755	-
2010	RFC	1183	Village of Sebewaing	U.S.	482	482	-	-	451	451	-	-	-	-	13	13	-	-	19	19	-
2010	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	31,743	31,743	-	-	29,650	29,650	-	-	-	-	823	823	-	-	1,270	1,270	-
2010	RFC	1487	Wabash Valley Power Association Inc. (MECS CONS)	U.S.	1,852	1,852	-	-	1,729	1,729	-	-	-	-	48	48	-	-	74	74	-
2010	RFC	1488	Wabash Valley Power Association Inc. (NIPSCO)	U.S.	18,921	18,921	-	-	17,673	17,673	-	-	-	-	490	490	-	-	757	757	-
2010	RFC	1185	Wisconsin Electric Power Co.	U.S.	338,560	338,560	-	-	316,234	316,234	-	-	-	-	8,776	8,776	-	-	13,551	13,551	-
2010	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	12,832	12,832	-	-	11,986	11,986	-	-	-	-	333	333	-	-	514	514	-
2010	RFC	1191	Wolverine Power Supply Cooperative	U.S.	28,763	28,763	-	-	26,867	26,867	-	-	-	-	746	746	-	-	1,151	1,151	-
2010	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	1,233	1,233	-	-	1,151	1,151	-	-	-	-	32	32	-	-	49	49	-
			TOTAL RELIABILITYFIRST		10,801,822	10,801,822	-	-	10,089,496	10,089,496	-	-	-	-	279,993	279,993	-	-	432,332	432,332	-
2010	SERC	1267	Alabama Municipal Electric Authority	U.S.	43,828	43,828	-	-	41,233	41,233	-	-	-	-	1,144	1,144	-	-	1,451	1,451	-
2010	SERC	1268	Alabama Power Company	U.S.	714,566	714,566	-	-	672,248	672,248	-	-	-	-	18,656	18,656	-	-	23,663	23,663	-
2010	SERC	1269	Ameren - Illinois	U.S.	494,967	494,967	-	-	465,653	465,653	-	-	-	-	12,922	12,922	-	-	16,391	16,391	-
2010	SERC	1271	Ameren - Missouri	U.S.	500,080	500,080	-	-	470,464	470,464	-	-	-	-	13,056	13,056	-	-	16,560	16,560	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	
2010	SERC	1286	City of Hartford AL	U.S.	418	418	-	-	393	393	-	-	-	-	11	11	-	-	14	14	-	-
2010	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	7,398	7,398	-	-	6,960	6,960	-	-	-	-	193	193	-	-	245	245	-	-
2010	SERC	1288	City of North Little Rock AR (DENL)	U.S.	11,035	11,035	-	-	10,382	10,382	-	-	-	-	288	288	-	-	365	365	-	-
2010	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	8,631	8,631	-	-	8,120	8,120	-	-	-	-	225	225	-	-	286	286	-	-
2010	SERC	1290	City of Robertsdale AL	U.S.	1,044	1,044	-	-	982	982	-	-	-	-	27	27	-	-	35	35	-	-
2010	SERC	1291	City of Ruston LA (DERS)	U.S.	3,360	3,360	-	-	3,161	3,161	-	-	-	-	88	88	-	-	111	111	-	-
2010	SERC	1292	City of Seneca SC	U.S.	1,924	1,924	-	-	1,810	1,810	-	-	-	-	50	50	-	-	64	64	-	-
2010	SERC	1115	City of Springfield (CWLP)	U.S.	22,138	22,138	-	-	20,827	20,827	-	-	-	-	578	578	-	-	733	733	-	-
2010	SERC	1465	City of Thayer, MO	U.S.	250	250	-	-	236	236	-	-	-	-	7	7	-	-	8	8	-	-
2010	SERC	1293	City of Troy AL	U.S.	4,963	4,963	-	-	4,669	4,669	-	-	-	-	130	130	-	-	164	164	-	-
2010	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	4,904	4,904	-	-	4,614	4,614	-	-	-	-	128	128	-	-	162	162	-	-
2010	SERC	1583	Claborn Electric Cooperative, Inc.	U.S.	8,003	8,003	-	-	7,529	7,529	-	-	-	-	209	209	-	-	265	265	-	-
2010	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	3,163	3,163	-	-	2,976	2,976	-	-	-	-	83	83	-	-	105	105	-	-
2010	SERC	1283	Dalton Utilities	U.S.	18,394	18,394	-	-	17,304	17,304	-	-	-	-	480	480	-	-	609	609	-	-
2010	SERC	1585	Dixie Electric Membership Corporation	U.S.	27,593	27,593	-	-	25,958	25,958	-	-	-	-	720	720	-	-	914	914	-	-
2010	SERC	1295	Dominion Virginia Power	U.S.	1,007,017	1,007,017	-	-	947,379	947,379	-	-	-	-	26,291	26,291	-	-	33,347	33,347	-	-
2010	SERC	1296	Duke Energy Carolinas, LLC	U.S.	992,160	992,160	-	-	933,402	933,402	-	-	-	-	25,903	25,903	-	-	32,855	32,855	-	-
2010	SERC	1466	Durant, MS	U.S.	335	335	-	-	315	315	-	-	-	-	9	9	-	-	11	11	-	-
2010	SERC	1478	E.ON U.S. Services Inc.	U.S.	421,448	421,448	-	-	396,489	396,489	-	-	-	-	11,003	11,003	-	-	13,956	13,956	-	-
2010	SERC	1297	East Kentucky Power Cooperative	U.S.	153,874	153,874	-	-	144,762	144,762	-	-	-	-	4,017	4,017	-	-	5,096	5,096	-	-
2010	SERC	1298	East Mississippi Electric Power Association	U.S.	5,822	5,822	-	-	5,477	5,477	-	-	-	-	152	152	-	-	193	193	-	-
2010	SERC	1299	East Texas Electric Cooperative Inc	U.S.	24,291	24,291	-	-	22,852	22,852	-	-	-	-	634	634	-	-	804	804	-	-
2010	SERC	1299	Electric Energy Inc.	U.S.	15,420	15,420	-	-	14,507	14,507	-	-	-	-	403	403	-	-	511	511	-	-
2010	SERC	1300	EnergyUnited EMC	U.S.	30,731	30,731	-	-	28,911	28,911	-	-	-	-	802	802	-	-	1,018	1,018	-	-
2010	SERC	1301	Entergy	U.S.	1,344,830	1,344,830	-	-	1,265,186	1,265,186	-	-	-	-	35,110	35,110	-	-	44,534	44,534	-	-
2010	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	27,267	27,267	-	-	25,652	25,652	-	-	-	-	712	712	-	-	903	903	-	-
2010	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	4,226	4,226	-	-	3,976	3,976	-	-	-	-	110	110	-	-	140	140	-	-
2010	SERC	1304	French Broad EMC	U.S.	6,607	6,607	-	-	6,216	6,216	-	-	-	-	172	172	-	-	219	219	-	-
2010	SERC	1305	Georgia Power Company	U.S.	1,092,359	1,092,359	-	-	1,027,667	1,027,667	-	-	-	-	28,519	28,519	-	-	36,173	36,173	-	-
2010	SERC	1306	Georgia System Optns Corporation	U.S.	475,805	475,805	-	-	447,627	447,627	-	-	-	-	12,422	12,422	-	-	15,756	15,756	-	-
2010	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	3,368	3,368	-	-	3,168	3,168	-	-	-	-	88	88	-	-	112	112	-	-
2010	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	3,278	3,278	-	-	3,084	3,084	-	-	-	-	86	86	-	-	109	109	-	-
2010	SERC	1308	Gulf Power Company	U.S.	145,849	145,849	-	-	137,211	137,211	-	-	-	-	3,808	3,808	-	-	4,830	4,830	-	-
2010	SERC	1586	Haywood EMC	U.S.	3,864	3,864	-	-	3,635	3,635	-	-	-	-	101	101	-	-	128	128	-	-
2010	SERC	1309	Illinois Municipal Electric Agency	U.S.	22,317	22,317	-	-	20,995	20,995	-	-	-	-	583	583	-	-	739	739	-	-
2010	SERC	1480	Itta Bena, MS	U.S.	199	199	-	-	187	187	-	-	-	-	5	5	-	-	7	7	-	-
2010	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	3,172	3,172	-	-	2,984	2,984	-	-	-	-	83	83	-	-	105	105	-	-
2010	SERC	1617	Kentucky Municipal Power	U.S.	7,857	7,857	-	-	7,392	7,392	-	-	-	-	205	205	-	-	260	260	-	-
2010	SERC	1481	Kosciusko, MS	U.S.	904	904	-	-	850	850	-	-	-	-	24	24	-	-	30	30	-	-
2010	SERC	1482	Leland, MS	U.S.	412	412	-	-	387	387	-	-	-	-	11	11	-	-	14	14	-	-
2010	SERC	1313	McCormick Commission of Public Works	U.S.	227	227	-	-	214	214	-	-	-	-	6	6	-	-	8	8	-	-
2010	SERC	1314	Mississippi Power Company	U.S.	124,134	124,134	-	-	116,783	116,783	-	-	-	-	3,241	3,241	-	-	4,111	4,111	-	-
2010	SERC	1315	Mt. Carmel Public Utility	U.S.	1,319	1,319	-	-	1,241	1,241	-	-	-	-	34	34	-	-	44	44	-	-
2010	SERC	1315	Municipal Electric Authority of Georgia	U.S.	130,208	130,208	-	-	122,497	122,497	-	-	-	-	3,399	3,399	-	-	4,312	4,312	-	-
2010	SERC	1316	N.C. Electric Membership Corp.	U.S.	155,704	155,704	-	-	146,483	146,483	-	-	-	-	4,065	4,065	-	-	5,156	5,156	-	-
2010	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	81,708	81,708	-	-	76,869	76,869	-	-	-	-	2,133	2,133	-	-	2,706	2,706	-	-
2010	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	56,604	56,604	-	-	53,252	53,252	-	-	-	-	1,478	1,478	-	-	1,874	1,874	-	-
2010	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	3,537	3,537	-	-	3,327	3,327	-	-	-	-	92	92	-	-	117	117	-	-
2010	SERC	1574	Northern Virginia Electric Cooperative	U.S.	43,072	43,072	-	-	40,521	40,521	-	-	-	-	1,124	1,124	-	-	1,426	1,426	-	-
2010	SERC	1319	Old Dominion Electric Cooperative	U.S.	68,179	68,179	-	-	64,141	64,141	-	-	-	-	1,780	1,780	-	-	2,258	2,258	-	-
2010	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	2,200	2,200	-	-	2,070	2,070	-	-	-	-	57	57	-	-	73	73	-	-
2010	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	10,892	10,892	-	-	10,247	10,247	-	-	-	-	284	284	-	-	361	361	-	-
2010	SERC	1321	Piedmont EMC in Duke and Progress Areas	U.S.	6,288	6,288	-	-	5,915	5,915	-	-	-	-	164	164	-	-	208	208	-	-
2010	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	28,145	28,145	-	-	26,478	26,478	-	-	-	-	735	735	-	-	932	932	-	-
2010	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	3,218	3,218	-	-	3,027	3,027	-	-	-	-	84	84	-	-	107	107	-	-
2010	SERC	1266	PowerSouth Energy	U.S.	104,233	104,233	-	-	98,060	98,060	-	-	-	-	2,721	2,721	-	-	3,452	3,452	-	-
2010	SERC	1330	Prairie Power, Inc.	U.S.	18,235	18,235	-	-	17,155	17,155	-	-	-	-	476	476	-	-	604	604	-	-
2010	SERC	1324	Progress Energy Carolinas	U.S.	558,173	558,173	-	-	525,117	525,117	-	-	-	-	14,573	14,573	-	-	18,484	18,484	-	-
2010	SERC	1325	Rutherford EMC	U.S.	15,855	15,853	-	-	14,914	14,914	-	-	-	-	414	414	-	-	525	525	-	-
2010	SERC	1326	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	21,887	21,887	-	-	20,591	20,591	-	-	-	-	571	571	-	-	725	725	-	-
2010	SERC	1326	South Carolina Electric & Gas Company	U.S.	276,378	276,378	-	-	260,011	260,011	-	-	-	-	7,216	7,216	-	-	9,152	9,152	-	-
2010	SERC	1327	South Carolina Public Service Authority	U.S.	126,053	126,053	-	-	118,588	118,588	-	-	-	-	3,291	3,291	-	-	4,174	4,174	-	-
2010	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	7,335	7,335	-	-	6,901	6,901	-	-	-	-	192	192	-	-	243	243	-	-
2010	SERC	1328	South Mississippi Electric Power Association	U.S.	124,373	124,373	-	-	117,007	117,007	-	-	-	-	3,247	3,247	-	-	4,119	4,119	-	-
2010	SERC	1329	Southern Illinois Power Cooperative	U.S.	19,660	19,660	-	-	18,495	18,495	-	-	-	-	513	513	-	-	651	651	-	-
2010	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	30,045	30,045	-	-	28,266	28,266	-	-	-	-	784	784	-	-	995	995	-	-
2010	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	5,168	5,168	-	-	4,862	4,862	-	-	-	-	135	135	-	-	171	171	-	-
2010	SERC	1331	Tennessee Valley Authority	U.S.	2,042,012	2,042,012	-	-	1,921,079	1,921,079	-	-	-	-	53,312	53,312	-	-	67,621	67,621	-	-
2010	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	2,403	2,403	-	-	2,261	2,261	-	-	-	-	63	63	-	-	80	80	-	-
2010	SERC</																					

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Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2010	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	50,596	50,596	-	-	44,967	44,967	-	-	-	-	1,248	1,248	-	-	4,382	4,382	
2010	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	31,066	31,066	-	-	27,610	27,610	-	-	-	-	766	766	-	-	2,690	2,690	
2010	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	10,775	10,775	-	-	9,576	9,576	-	-	-	-	266	266	-	-	933	933	
2010	SPP	1468	Cap Rock Energy	U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2010	SPP	1469	Central Valley Electric Cooperative	U.S.	9,079	9,079	-	-	8,069	8,069	-	-	-	-	224	224	-	-	786	786	
2010	SPP	1556	City of Bentonville	U.S.	7,500	7,500	-	-	6,665	6,665	-	-	-	-	185	185	-	-	649	649	
2010	SPP	1557	City of Clarksdale, Mississippi	U.S.	2,207	2,207	-	-	1,961	1,961	-	-	-	-	54	54	-	-	191	191	
2010	SPP		City of Lindsboro	U.S.	372	372	-	-	331	331	-	-	-	-	9	9	-	-	32	32	
2010	SPP	1558	Hope Water & Light (HWL)	U.S.	3,507	3,507	-	-	3,117	3,117	-	-	-	-	86	86	-	-	304	304	
2010	SPP	1559	City of Minden	U.S.	2,219	2,219	-	-	1,972	1,972	-	-	-	-	55	55	-	-	192	192	
2010	SPP		City of Mulvane	U.S.	529	529	-	-	470	470	-	-	-	-	13	13	-	-	46	46	
2010	SPP		The City of Osage City	U.S.	476	476	-	-	423	423	-	-	-	-	12	12	-	-	41	41	
2010	SPP		City of Prescott	U.S.	1,068	1,068	-	-	949	949	-	-	-	-	26	26	-	-	92	92	
2010	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	12,101	12,101	-	-	10,755	10,755	-	-	-	-	298	298	-	-	1,048	1,048	
2010	SPP	1436	City Utilities of Springfield, MO	U.S.	38,288	38,288	-	-	34,028	34,028	-	-	-	-	944	944	-	-	3,316	3,316	
2010	SPP	1249	Cleco Power LLC	U.S.	145,448	145,448	-	-	129,265	129,265	-	-	-	-	3,587	3,587	-	-	12,596	12,596	
2010	SPP	1437	East Texas Electric Coop, Inc.	U.S.	5,437	5,437	-	-	4,832	4,832	-	-	-	-	134	134	-	-	471	471	
2010	SPP	1250	The Empire District Electric Company	U.S.	68,000	68,000	-	-	60,434	60,434	-	-	-	-	1,677	1,677	-	-	5,889	5,889	
2010	SPP	1470	Farmers' Electric Coop	U.S.	5,055	5,055	-	-	4,493	4,493	-	-	-	-	125	125	-	-	438	438	
2010	SPP	1438	Golden Spread Electric Coop	U.S.	52,139	52,139	-	-	46,338	46,338	-	-	-	-	1,286	1,286	-	-	4,515	4,515	
2010	SPP	1251	Grand River Dam Authority	U.S.	55,867	55,867	-	-	49,651	49,651	-	-	-	-	1,378	1,378	-	-	4,838	4,838	
2010	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	201,067	201,067	-	-	178,695	178,695	-	-	-	-	4,959	4,959	-	-	17,412	17,412	
2010	SPP	1439	Kansas Electric Power Coop., Inc.	U.S.	26,464	26,464	-	-	23,519	23,519	-	-	-	-	653	653	-	-	2,292	2,292	
2010	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	9,381	9,381	-	-	8,337	8,337	-	-	-	-	231	231	-	-	812	812	
2010	SPP		Kansas Power Pool	U.S.	17,020	17,020	-	-	15,126	15,126	-	-	-	-	420	420	-	-	1,474	1,474	
2010	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	2,041	2,041	-	-	1,813	1,813	-	-	-	-	50	50	-	-	177	177	
2010	SPP	1598	KCP&L G/MOC (Greater Missouri Operations Company)	U.S.	110,201	110,201	-	-	97,940	97,940	-	-	-	-	2,718	2,718	-	-	9,543	9,543	
2010	SPP	1471	Lafayette Utilities System	U.S.	26,522	26,522	-	-	23,571	23,571	-	-	-	-	654	654	-	-	2,297	2,297	
2010	SPP	1472	Lea County Electric Coop	U.S.	15,241	15,241	-	-	13,545	13,545	-	-	-	-	376	376	-	-	1,320	1,320	
2010	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	12,592	12,592	-	-	11,191	11,191	-	-	-	-	311	311	-	-	1,090	1,090	
2010	SPP	1441	Midwest Energy Inc.	U.S.	20,924	20,924	-	-	18,596	18,596	-	-	-	-	516	516	-	-	1,812	1,812	
2010	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	31,567	31,567	-	-	28,055	28,055	-	-	-	-	779	779	-	-	2,734	2,734	
2010	SPP		Nemaha Marshall Electric Cooperative (NMEC)	U.S.	738	738	-	-	656	656	-	-	-	-	18	18	-	-	64	64	
2010	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	41,186	41,186	-	-	36,604	36,604	-	-	-	-	1,016	1,016	-	-	3,567	3,567	
2010	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	359,746	359,746	-	-	319,720	319,720	-	-	-	-	8,873	8,873	-	-	31,154	31,154	
2010	SPP	1444	Oklahoma Municipal Power Authority	U.S.	33,712	33,712	-	-	29,962	29,962	-	-	-	-	831	831	-	-	2,919	2,919	
2010	SPP		OzMo Ozark Missouri, West Plains MO	U.S.	2,588	2,588	-	-	2,300	2,300	-	-	-	-	64	64	-	-	224	224	
2010	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	1,605	1,605	-	-	1,426	1,426	-	-	-	-	40	40	-	-	139	139	
2010	SPP	1473	Roosevelt County Electric Coop	U.S.	2,481	2,481	-	-	2,205	2,205	-	-	-	-	61	61	-	-	215	215	
2010	SPP	1468	Sharyland Utilities, LP	U.S.	11,683	11,683	-	-	10,383	10,383	-	-	-	-	288	288	-	-	1,012	1,012	
2010	SPP	1258	Southwestern Power Administration (SPA)	U.S.	56,177	56,177	-	-	49,927	49,927	-	-	-	-	1,386	1,386	-	-	4,865	4,865	
2010	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	244,524	244,524	-	-	217,318	217,318	-	-	-	-	6,031	6,031	-	-	21,176	21,176	
2010	SPP	1256	Sunflower Electric Cooperative (SEC)	U.S.	56,049	56,049	-	-	49,813	49,813	-	-	-	-	1,382	1,382	-	-	4,854	4,854	
2010	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	6,462	6,462	-	-	5,743	5,743	-	-	-	-	159	159	-	-	560	560	
2010	SPP	1475	Tri County Electric Coop	U.S.	5,092	5,092	-	-	4,526	4,526	-	-	-	-	126	126	-	-	441	441	
2010	SPP	1260	Westar Energy, Inc.	U.S.	268,468	268,468	-	-	238,598	238,598	-	-	-	-	6,621	6,621	-	-	23,249	23,249	
2010	SPP	1259	Western Farmers' Electric Cooperative	U.S.	92,474	92,474	-	-	82,185	82,185	-	-	-	-	2,281	2,281	-	-	8,008	8,008	
2010	SPP	1501	West Texas Municipal Power Agency	U.S.	25,761	25,761	-	-	22,895	22,895	-	-	-	-	635	635	-	-	2,231	2,231	
			TOTAL SPP		2,636,390	2,636,390	-	-	2,343,057	2,343,057	-	-	-	-	65,022	65,022	-	-	228,310	228,310	
					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2010	TRE	1019	ERCOT	U.S.	3,558,395	3,558,395	-	-	3,462,313	3,462,313	-	-	-	-	96,083	96,083	-	-	-	-	
					3,558,395	3,558,395	-	-	3,462,313	3,462,313	-	-	-	-	96,083	96,083	-	-	-	-	
					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2010	WECC		Alberta Electric System Operator	Canada	460,237	-	460,237	-	621,797	-	621,797	-	-	-	(161,560)	-	(161,560)	-	-	-	
2010	WECC		British Columbia Hydro & Power Authority	Canada	663,270	-	663,270	-	645,361	-	645,361	-	-	-	17,909	-	17,909	-	-	-	
2010	WECC		Arizona Public Service Company	Mexico	3	-	-	3	3	-	-	3	-	-	0	-	-	0	-	-	
2010	WECC		Comision Federal de Electricidad	Mexico	117,618	-	-	117,618	114,442	-	-	114,442	-	-	3,176	-	-	3,176	-	-	
2010	WECC		Agulla Irrigation District	U.S.	297	297	-	-	289	289	-	-	-	-	8	8	-	-	-	-	
2010	WECC		Aha Macav Power Service	U.S.	309	309	-	-	301	301	-	-	-	-	8	8	-	-	-	-	
2010	WECC		Ajo Improvement District	U.S.	157	157	-	-	153	153	-	-	-	-	4	4	-	-	-	-	
2010	WECC		Ak-Chin	U.S.	338	338	-	-	329	329	-	-	-	-	9	9	-	-	-	-	
2010	WECC		Alcoa Inc	U.S.	29,519	29,519	-	-	28,722	28,722	-	-	-	-	797	797	-	-	-	-	
2010	WECC		Arizona Public Service Company	U.S.	335,736	335,736	-	-	326,670	326,670	-	-	-	-	9,065	9,065	-	-	-	-	
2010	WECC		Arkansas River Power Authority (ARPA)	U.S.	2,319	2,319	-	-	2,257	2,257	-	-	-	-	63	63	-	-	-	-	
2010	WECC		Avista Corporation	U.S.	104,601	104,601	-	-	101,777	101,777	-	-	-	-	2,824	2,824	-	-	-	-	
2010	WECC		Avista Corporation	U.S.	2,446	2,446	-	-	2,380	2,380	-	-	-	-	66	66	-	-	-	-	
2010	WECC		Barrick Goldstrike Mines Inc.	U.S.	12,801	12,801	-	-	12,455	12,455	-	-	-	-	346	346	-	-	-	-	
2010	WECC		Basin Electric Power Cooperative	U.S.	37,666	37,666	-	-	36,649	36,649	-	-	-	-	1,017	1,017	-	-	-	-	
2010	WECC		Basin Electric Power Cooperative	U.S.	530	530	-	-	516	516	-	-	-	-	14	14	-	-	-	-	
2010	WECC		Benton REA	U.S.	5,870	5,870	-	-	5,711	5,711	-	-	-	-	158	158	-	-	-	-	
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	1,513	1,513	-	-	1,472	1,472	-	-	-	-	41	41	-	-	-	-	
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	3,715	3,715	-	-	3,615	3,615	-	-	-	-	100	100	-	-	-	-	
2010	WECC		Big Bend Electric Cooperative, Inc.	U.S.	378	378	-	-	368	368	-	-	-	-	10	10	-	-	-	-	
2010	WECC		Blachly-Lane	U.S.	1,565	1,565	-	-	1,523	1,523	-	-	-	-	42	42	-	-	-	-	
2010	WECC		Black Hills Power	U.S.	21,383	21,383	-	-	20,805	20,805	-	-	-	-	577	577	-	-	-	-	
2010	WECC		Black Hills Wyoming, Inc.	U.S.	38,910	38,910	-	-	37,860	37,860	-	-	-	-							

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	
2010	WECC		Buckeye Water Conservation and Drainage District	U.S.	168	168	-	-	163	163	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		California Independent System Operator	U.S.	2,536,947	2,536,947	-	-	2,468,445	2,468,445	-	-	-	-	68,502	68,502	-	-	-	-	-	-
2010	WECC		Canby Public Utility Board	U.S.	1,913	1,913	-	-	1,861	1,861	-	-	-	-	52	52	-	-	-	-	-	-
2010	WECC		Central Arizona Water Conservation District	U.S.	29,489	29,489	-	-	28,692	28,692	-	-	-	-	796	796	-	-	-	-	-	-
2010	WECC		Central Electric Cooperative	U.S.	7,628	7,628	-	-	7,422	7,422	-	-	-	-	206	206	-	-	-	-	-	-
2010	WECC		Central Lincoln PUD	U.S.	14,747	14,747	-	-	14,349	14,349	-	-	-	-	398	398	-	-	-	-	-	-
2010	WECC		Central Montana Electric Power Cooperative	U.S.	719	719	-	-	699	699	-	-	-	-	19	19	-	-	-	-	-	-
2010	WECC		Central Montana Electric Power Cooperative	U.S.	704	704	-	-	685	685	-	-	-	-	19	19	-	-	-	-	-	-
2010	WECC		City of Albion	U.S.	38	38	-	-	37	37	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		City of Aztec Electric Dept	U.S.	424	424	-	-	413	413	-	-	-	-	11	11	-	-	-	-	-	-
2010	WECC		City of Bandon	U.S.	730	730	-	-	710	710	-	-	-	-	20	20	-	-	-	-	-	-
2010	WECC		City of Blaine	U.S.	831	831	-	-	808	808	-	-	-	-	22	22	-	-	-	-	-	-
2010	WECC		City of Bonners Ferry	U.S.	767	767	-	-	746	746	-	-	-	-	21	21	-	-	-	-	-	-
2010	WECC		City of Boulder City	U.S.	1,900	1,900	-	-	1,848	1,848	-	-	-	-	51	51	-	-	-	-	-	-
2010	WECC		City of Burley	U.S.	1,330	1,330	-	-	1,294	1,294	-	-	-	-	36	36	-	-	-	-	-	-
2010	WECC		City of Burlington	U.S.	359	359	-	-	350	350	-	-	-	-	10	10	-	-	-	-	-	-
2010	WECC		City of Cascade Locks	U.S.	218	218	-	-	212	212	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		City of Centralia	U.S.	3,003	3,003	-	-	2,922	2,922	-	-	-	-	81	81	-	-	-	-	-	-
2010	WECC		City of Cheney	U.S.	1,552	1,552	-	-	1,510	1,510	-	-	-	-	42	42	-	-	-	-	-	-
2010	WECC		City of Chewelah	U.S.	267	267	-	-	260	260	-	-	-	-	7	7	-	-	-	-	-	-
2010	WECC		City of Declo	U.S.	34	34	-	-	33	33	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		City of Drain	U.S.	173	173	-	-	168	168	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		City of Ellensburg	U.S.	2,416	2,416	-	-	2,351	2,351	-	-	-	-	65	65	-	-	-	-	-	-
2010	WECC		City of Fallon	U.S.	1,283	1,283	-	-	1,249	1,249	-	-	-	-	35	35	-	-	-	-	-	-
2010	WECC		City of Forest Grove	U.S.	2,604	2,604	-	-	2,533	2,533	-	-	-	-	70	70	-	-	-	-	-	-
2010	WECC		City of Gallup	U.S.	2,553	2,553	-	-	2,484	2,484	-	-	-	-	69	69	-	-	-	-	-	-
2010	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	1,207	1,207	-	-	1,175	1,175	-	-	-	-	33	33	-	-	-	-	-	-
2010	WECC		City of Heyburn	U.S.	464	464	-	-	452	452	-	-	-	-	13	13	-	-	-	-	-	-
2010	WECC		City of Las Vegas	U.S.	559	559	-	-	544	544	-	-	-	-	15	15	-	-	-	-	-	-
2010	WECC		City of McCleary	U.S.	341	341	-	-	332	332	-	-	-	-	9	9	-	-	-	-	-	-
2010	WECC		City of McMinnville	U.S.	7,884	7,884	-	-	7,671	7,671	-	-	-	-	213	213	-	-	-	-	-	-
2010	WECC		City of Mesa	U.S.	2,788	2,788	-	-	2,713	2,713	-	-	-	-	75	75	-	-	-	-	-	-
2010	WECC		City of Milton	U.S.	697	697	-	-	678	678	-	-	-	-	19	19	-	-	-	-	-	-
2010	WECC		City of Milton-Freewater	U.S.	1,209	1,209	-	-	1,177	1,177	-	-	-	-	33	33	-	-	-	-	-	-
2010	WECC		City of Minidoka	U.S.	11	11	-	-	11	11	-	-	-	-	0	0	-	-	-	-	-	-
2010	WECC		City of Monmouth	U.S.	767	767	-	-	746	746	-	-	-	-	21	21	-	-	-	-	-	-
2010	WECC		City of Needles	U.S.	83	83	-	-	81	81	-	-	-	-	2	2	-	-	-	-	-	-
2010	WECC		City of Needles	U.S.	346	346	-	-	336	336	-	-	-	-	9	9	-	-	-	-	-	-
2010	WECC		City of Plummer	U.S.	384	384	-	-	374	374	-	-	-	-	10	10	-	-	-	-	-	-
2010	WECC		City of Port Angeles	U.S.	8,337	8,337	-	-	8,112	8,112	-	-	-	-	225	225	-	-	-	-	-	-
2010	WECC		City of Redding	U.S.	8,964	8,964	-	-	8,722	8,722	-	-	-	-	242	242	-	-	-	-	-	-
2010	WECC		City of Richland	U.S.	9,380	9,380	-	-	9,127	9,127	-	-	-	-	253	253	-	-	-	-	-	-
2010	WECC		City of Roseville	U.S.	13,474	13,474	-	-	13,110	13,110	-	-	-	-	364	364	-	-	-	-	-	-
2010	WECC		City of Rupert	U.S.	888	888	-	-	864	864	-	-	-	-	24	24	-	-	-	-	-	-
2010	WECC		City of Shasta Lake	U.S.	1,887	1,887	-	-	1,836	1,836	-	-	-	-	51	51	-	-	-	-	-	-
2010	WECC		City of Sumas	U.S.	344	344	-	-	334	334	-	-	-	-	9	9	-	-	-	-	-	-
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	4	4	-	-	4	4	-	-	-	-	0	0	-	-	-	-	-	-
2010	WECC		City of Tacoma DBA Tacoma Power	U.S.	54,323	54,323	-	-	52,856	52,856	-	-	-	-	1,467	1,467	-	-	-	-	-	-
2010	WECC		City of Troy	U.S.	194	194	-	-	188	188	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		City of Weiser	U.S.	597	597	-	-	581	581	-	-	-	-	16	16	-	-	-	-	-	-
2010	WECC		City of Williams	U.S.	440	440	-	-	428	428	-	-	-	-	12	12	-	-	-	-	-	-
2010	WECC		Clark Public Utilities	U.S.	48,935	48,935	-	-	47,614	47,614	-	-	-	-	1,321	1,321	-	-	-	-	-	-
2010	WECC		Clatskanie PUD	U.S.	8,745	8,745	-	-	8,509	8,509	-	-	-	-	236	236	-	-	-	-	-	-
2010	WECC		Clearwater Cooperative, Inc	U.S.	1,747	1,747	-	-	1,700	1,700	-	-	-	-	47	47	-	-	-	-	-	-
2010	WECC		Clearwater Cooperative, Inc	U.S.	436	436	-	-	425	425	-	-	-	-	12	12	-	-	-	-	-	-
2010	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	91	91	-	-	89	89	-	-	-	-	2	2	-	-	-	-	-	-
2010	WECC		Colorado River Commission of Nevada	U.S.	7,890	7,890	-	-	7,677	7,677	-	-	-	-	213	213	-	-	-	-	-	-
2010	WECC		Colorado Springs Utilities	U.S.	660	660	-	-	642	642	-	-	-	-	18	18	-	-	-	-	-	-
2010	WECC		Colorado Springs Utilities	U.S.	48,844	48,844	-	-	47,525	47,525	-	-	-	-	1,319	1,319	-	-	-	-	-	-
2010	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	1,140	1,140	-	-	1,109	1,109	-	-	-	-	31	31	-	-	-	-	-	-
2010	WECC		Columbia Falls Aluminum Company	U.S.	51	51	-	-	50	50	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		Columbia Power Cooperative Association	U.S.	231	231	-	-	225	225	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		Columbia River PUD	U.S.	1,800	1,800	-	-	1,751	1,751	-	-	-	-	49	49	-	-	-	-	-	-
2010	WECC		Columbia River PUD	U.S.	3,430	3,430	-	-	3,338	3,338	-	-	-	-	93	93	-	-	-	-	-	-
2010	WECC		Columbia Rural Electric Association (REA)	U.S.	3,275	3,275	-	-	3,186	3,186	-	-	-	-	88	88	-	-	-	-	-	-
2010	WECC		Consolidated Irrigation District No. 19	U.S.	65	65	-	-	63	63	-	-	-	-	2	2	-	-	-	-	-	-
2010	WECC		Constellation New Energy, Inc.	U.S.	234	234	-	-	228	228	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		Consumers Power, Inc.	U.S.	4,506	4,506	-	-	4,384	4,384	-	-	-	-	122	122	-	-	-	-	-	-
2010	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	3,955	3,955	-	-	3,848	3,848	-	-	-	-	107	107	-	-	-	-	-	-
2010	WECC		CP Energy Marketing (US) Inc.	U.S.	791	791	-	-	770	770	-	-	-	-	21	21	-	-	-	-	-	-
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	284	284	-	-	276	276	-	-	-	-	8	8	-	-	-	-	-	-
2010	WECC		Deseret Generation & Transmission Cooperative	U.S.	1,751	1,751	-	-	1,703	1,703	-	-	-	-	47	47	-	-	-	-	-	-
2010	WECC		Douglas Electric Cooperative, Inc.	U.S.	1,039	1,039	-	-	1,011	1,011	-	-	-	-	28	28	-	-	-	-	-	-
2010	WECC		Douglas Palisades	U.S.	196	196	-	-	190	190	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		East End Mutual Electric Company, LTD	U.S.	248	248	-	-	242	242	-	-	-	-	7	7	-	-	-	-	-	-
2010	WECC		El Paso Electric Company	U.S.	89,512	89,512	-	-	87,095	87,095	-	-	-	-	2,417	2,417	-	-	-	-	-	-
2010	WECC		Electrical District #2	U.S.	1,931	1,931	-	-	1,879	1,879	-	-	-	-	52	52	-	-	-	-	-	-
2010	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	19	19	-	-	18	18	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC																					

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments				
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total		
2010	WECC		Elmhurst Mutual Power & Light Company	U.S.	2,992	2,992	-	-	2,911	2,911	-	-	-	-	81	81	-	-	-	-	-	-	-
2010	WECC		Emerald PUD	U.S.	5,552	5,552	-	-	5,403	5,403	-	-	-	-	150	150	-	-	-	-	-	-	-
2010	WECC		Energy Northwest	U.S.	543	543	-	-	529	529	-	-	-	-	15	15	-	-	-	-	-	-	-
2010	WECC		Eugene Water & Electric Board	U.S.	27,401	27,401	-	-	26,661	26,661	-	-	-	-	740	740	-	-	-	-	-	-	-
2010	WECC		Farmers Electric Company, LTD	U.S.	49	49	-	-	47	47	-	-	-	-	1	1	-	-	-	-	-	-	-
2010	WECC		Farmington Electric Utility System	U.S.	11,954	11,954	-	-	11,631	11,631	-	-	-	-	323	323	-	-	-	-	-	-	-
2010	WECC		Flathead Electric Cooperative, Inc	U.S.	15,839	15,839	-	-	15,412	15,412	-	-	-	-	428	428	-	-	-	-	-	-	-
2010	WECC		Frederickson Power LP	U.S.	39	39	-	-	38	38	-	-	-	-	1	1	-	-	-	-	-	-	-
2010	WECC		Glacier Electric Cooperative, Inc.	U.S.	2,005	2,005	-	-	1,951	1,951	-	-	-	-	54	54	-	-	-	-	-	-	-
2010	WECC		Grand Valley Power	U.S.	2,599	2,599	-	-	2,529	2,529	-	-	-	-	70	70	-	-	-	-	-	-	-
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	1,227	1,227	-	-	1,193	1,193	-	-	-	-	33	33	-	-	-	-	-	-	-
2010	WECC		Harney Electric Cooperative, Inc.	U.S.	777	777	-	-	756	756	-	-	-	-	21	21	-	-	-	-	-	-	-
2010	WECC		Harquahala Valley Power District	U.S.	675	675	-	-	657	657	-	-	-	-	18	18	-	-	-	-	-	-	-
2010	WECC		Hermiston Power LLC	U.S.	24	24	-	-	23	23	-	-	-	-	1	1	-	-	-	-	-	-	-
2010	WECC		Holy Cross Energy	U.S.	9,391	9,391	-	-	9,138	9,138	-	-	-	-	254	254	-	-	-	-	-	-	-
2010	WECC		Hood River Electric Cooperative	U.S.	442	442	-	-	430	430	-	-	-	-	12	12	-	-	-	-	-	-	-
2010	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	611	611	-	-	595	595	-	-	-	-	17	17	-	-	-	-	-	-	-
2010	WECC		Idaho Power Company	U.S.	162,784	162,784	-	-	158,389	158,389	-	-	-	-	4,395	4,395	-	-	-	-	-	-	-
2010	WECC		Idaho Power Company - BPA	U.S.	208	208	-	-	203	203	-	-	-	-	6	6	-	-	-	-	-	-	-
2010	WECC		Imperial Irrigation District	U.S.	39,519	39,519	-	-	38,452	38,452	-	-	-	-	1,067	1,067	-	-	-	-	-	-	-
2010	WECC		Inland Power and Light Company	U.S.	4,946	4,946	-	-	4,812	4,812	-	-	-	-	134	134	-	-	-	-	-	-	-
2010	WECC		Inland Power and Light Company	U.S.	5,136	5,136	-	-	4,998	4,998	-	-	-	-	139	139	-	-	-	-	-	-	-
2010	WECC		Intermountain Rural Electric Association	U.S.	14,148	14,148	-	-	13,766	13,766	-	-	-	-	382	382	-	-	-	-	-	-	-
2010	WECC		Kirtland AFB	U.S.	4,873	4,873	-	-	4,742	4,742	-	-	-	-	132	132	-	-	-	-	-	-	-
2010	WECC		Kootenai Electric Cooperative, Inc.	U.S.	5,054	5,054	-	-	4,917	4,917	-	-	-	-	136	136	-	-	-	-	-	-	-
2010	WECC		Lakeview Light & Power	U.S.	3,069	3,069	-	-	2,986	2,986	-	-	-	-	83	83	-	-	-	-	-	-	-
2010	WECC		Lane Electric Cooperative, Inc.	U.S.	2,466	2,466	-	-	2,400	2,400	-	-	-	-	67	67	-	-	-	-	-	-	-
2010	WECC		Las Vegas Valley Water District	U.S.	1,047	1,047	-	-	1,019	1,019	-	-	-	-	28	28	-	-	-	-	-	-	-
2010	WECC		Lincoln County Power District No. 1	U.S.	743	743	-	-	723	723	-	-	-	-	20	20	-	-	-	-	-	-	-
2010	WECC		Lincoln Electric Cooperative, Inc.	U.S.	1,294	1,294	-	-	1,259	1,259	-	-	-	-	35	35	-	-	-	-	-	-	-
2010	WECC		Los Angeles Department of Water and Power	U.S.	314,501	314,501	-	-	306,009	306,009	-	-	-	-	8,492	8,492	-	-	-	-	-	-	-
2010	WECC		Maricopa County Municipal Water Conservation District No. 1	U.S.	472	472	-	-	459	459	-	-	-	-	13	13	-	-	-	-	-	-	-
2010	WECC		McMullen Valley Water Conservation & Drainage District	U.S.	713	713	-	-	694	694	-	-	-	-	19	19	-	-	-	-	-	-	-
2010	WECC		Merced Irrigation District	U.S.	4,885	4,885	-	-	4,753	4,753	-	-	-	-	132	132	-	-	-	-	-	-	-
2010	WECC		Midstate Electric Cooperative, Inc.	U.S.	4,428	4,428	-	-	4,308	4,308	-	-	-	-	120	120	-	-	-	-	-	-	-
2010	WECC		Mission Valley Power	U.S.	4,357	4,357	-	-	4,240	4,240	-	-	-	-	118	118	-	-	-	-	-	-	-
2010	WECC		Missoula Electric Cooperative, Inc.	U.S.	2,518	2,518	-	-	2,450	2,450	-	-	-	-	68	68	-	-	-	-	-	-	-
2010	WECC		Modern Electric Water Company	U.S.	2,580	2,580	-	-	2,510	2,510	-	-	-	-	70	70	-	-	-	-	-	-	-
2010	WECC		Modesto Irrigation District	U.S.	27,700	27,700	-	-	26,952	26,952	-	-	-	-	748	748	-	-	-	-	-	-	-
2010	WECC		Montana-Dakota Utilities Co.	U.S.	240	240	-	-	234	234	-	-	-	-	6	6	-	-	-	-	-	-	-
2010	WECC		Mt. Wheeler Power	U.S.	4,823	4,823	-	-	4,693	4,693	-	-	-	-	130	130	-	-	-	-	-	-	-
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	4,197	4,197	-	-	4,084	4,084	-	-	-	-	113	113	-	-	-	-	-	-	-
2010	WECC		Municipal Energy Agency of Nebraska	U.S.	7,060	7,060	-	-	6,870	6,870	-	-	-	-	191	191	-	-	-	-	-	-	-
2010	WECC		Navajo Tribal Utility Authority	U.S.	433	433	-	-	421	421	-	-	-	-	12	12	-	-	-	-	-	-	-
2010	WECC		Navajo Tribal Utility Authority	U.S.	3,369	3,369	-	-	3,278	3,278	-	-	-	-	91	91	-	-	-	-	-	-	-
2010	WECC		Navapache Electric Cooperative, Inc.	U.S.	4,711	4,711	-	-	4,584	4,584	-	-	-	-	127	127	-	-	-	-	-	-	-
2010	WECC		Nebraska Public Power Marketing	U.S.	40	40	-	-	39	39	-	-	-	-	1	1	-	-	-	-	-	-	-
2010	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	559	559	-	-	544	544	-	-	-	-	15	15	-	-	-	-	-	-	-
2010	WECC		Nevada Power Company dba NV Energy	U.S.	241,412	241,412	-	-	234,893	234,893	-	-	-	-	6,519	6,519	-	-	-	-	-	-	-
2010	WECC		Noble Americas Energy Solutions, LLC	U.S.	10,938	10,938	-	-	10,642	10,642	-	-	-	-	295	295	-	-	-	-	-	-	-
2010	WECC		Northern Lights, Inc.	U.S.	300	300	-	-	292	292	-	-	-	-	8	8	-	-	-	-	-	-	-
2010	WECC		Northern Lights, Inc.	U.S.	3,640	3,640	-	-	3,541	3,541	-	-	-	-	98	98	-	-	-	-	-	-	-
2010	WECC		Northern Lights, Inc.	U.S.	113	113	-	-	110	110	-	-	-	-	3	3	-	-	-	-	-	-	-
2010	WECC		Northern Wasco County PUD	U.S.	6,511	6,511	-	-	6,335	6,335	-	-	-	-	176	176	-	-	-	-	-	-	-
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	97,640	97,640	-	-	95,003	95,003	-	-	-	-	2,636	2,636	-	-	-	-	-	-	-
2010	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	3,359	3,359	-	-	3,269	3,269	-	-	-	-	91	91	-	-	-	-	-	-	-
2010	WECC		Ohop Mutual Light Company	U.S.	937	937	-	-	912	912	-	-	-	-	25	25	-	-	-	-	-	-	-
2010	WECC		Orcas Power and Light Cooperative	U.S.	2,283	2,283	-	-	2,222	2,222	-	-	-	-	62	62	-	-	-	-	-	-	-
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	3,655	3,655	-	-	3,556	3,556	-	-	-	-	99	99	-	-	-	-	-	-	-
2010	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	3,525	3,525	-	-	3,430	3,430	-	-	-	-	95	95	-	-	-	-	-	-	-
2010	WECC		Overton Power District No. 5	U.S.	4,176	4,176	-	-	4,063	4,063	-	-	-	-	113	113	-	-	-	-	-	-	-
2010	WECC		PacifiCorp	U.S.	592	592	-	-	576	576	-	-	-	-	16	16	-	-	-	-	-	-	-
2010	WECC		PacifiCorp	U.S.	516,191	516,191	-	-	502,253	502,253	-	-	-	-	13,938	13,938	-	-	-	-	-	-	-
2010	WECC		PacifiCorp	U.S.	20	20	-	-	19	19	-	-	-	-	1	1	-	-	-	-	-	-	-
2010	WECC		PacifiCorp	U.S.	2,515	2,515	-	-	2,447	2,447	-	-	-	-	68	68	-	-	-	-	-	-	-
2010	WECC		PacifiCorp West (PACW)	U.S.	229,725	229,725	-	-	223,522	223,522	-	-	-	-	6,203	6,203	-	-	-	-	-	-	-
2010	WECC		Page Electric Utility	U.S.	179	179	-	-	174	174	-	-	-	-	5	5	-	-	-	-	-	-	-
2010	WECC		Parkland Light and Water Company	U.S.	1,314	1,314	-	-	1,278	1,278	-	-	-	-	35	35	-	-	-	-	-	-	-
2010	WECC		Pend Oreille County PUD No. 1	U.S.	10,883	10,883	-	-	10,589	10,589	-	-	-	-	294	294	-	-	-	-	-	-	-
2010	WECC		Peninsula Light Company, Inc.	U.S.	6,649	6,649	-	-	6,469	6,469	-	-	-	-	180	180	-	-	-	-	-	-	-
2010	WECC		Platte River Power Authority	U.S.	35,352	35,352	-	-	34,397	34,397	-	-	-	-	955	955	-	-	-	-	-	-	-
2010	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	1,614	1,614	-	-	1,571	1,571	-	-	-	-	44	44	-	-	-	-	-	-	-
2010	WECC		Port Townsend Paper Corporation	U.S.	2,310	2,310	-	-	2,248	2,248	-	-	-	-	62	62	-	-	-	-	-	-	-
2010	WECC		Portland General Electric Company	U.S.	502	502	-	-	488	488	-												

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	
2010	WECC		PUD No. 1 of Clallam County	U.S.	7,332	7,332	-	-	7,134	7,134	-	-	-	-	198	198	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Cowlitz County	U.S.	56,076	56,076	-	-	54,562	54,562	-	-	-	-	1,514	1,514	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Douglas County	U.S.	99	99	-	-	96	96	-	-	-	-	3	3	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Douglas County	U.S.	14,951	14,951	-	-	14,547	14,547	-	-	-	-	404	404	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Ferry County	U.S.	1,109	1,109	-	-	1,079	1,079	-	-	-	-	30	30	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Franklin County	U.S.	11,067	11,067	-	-	10,768	10,768	-	-	-	-	299	299	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Grays Harbor	U.S.	11,980	11,980	-	-	11,656	11,656	-	-	-	-	323	323	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	638	638	-	-	621	621	-	-	-	-	17	17	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	82	82	-	-	80	80	-	-	-	-	2	2	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Kittitas County	U.S.	180	180	-	-	176	176	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Klickitat County	U.S.	2,990	2,990	-	-	2,910	2,910	-	-	-	-	81	81	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Lewis County	U.S.	10,429	10,429	-	-	10,147	10,147	-	-	-	-	282	282	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Mason County	U.S.	843	843	-	-	821	821	-	-	-	-	23	23	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Skamania County	U.S.	1,479	1,479	-	-	1,439	1,439	-	-	-	-	40	40	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Snohomish County	U.S.	76,639	76,639	-	-	74,570	74,570	-	-	-	-	2,069	2,069	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Wahkiakum County	U.S.	471	471	-	-	458	458	-	-	-	-	13	13	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Whatcom County	U.S.	2,378	2,378	-	-	2,313	2,313	-	-	-	-	64	64	-	-	-	-	-	-
2010	WECC		PUD No. 1 of Whatcom County	U.S.	143	143	-	-	140	140	-	-	-	-	4	4	-	-	-	-	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	921	921	-	-	896	896	-	-	-	-	25	25	-	-	-	-	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	500	500	-	-	486	486	-	-	-	-	13	13	-	-	-	-	-	-
2010	WECC		PUD No. 2 of Grant County	U.S.	42,106	42,106	-	-	40,969	40,969	-	-	-	-	1,137	1,137	-	-	-	-	-	-
2010	WECC		PUD No. 2 of Pacific County	U.S.	3,306	3,306	-	-	3,217	3,217	-	-	-	-	89	89	-	-	-	-	-	-
2010	WECC		PUD No. 3 of Mason County	U.S.	7,564	7,564	-	-	7,360	7,360	-	-	-	-	204	204	-	-	-	-	-	-
2010	WECC		Puget Sound Energy, Inc.	U.S.	268,743	268,743	-	-	261,486	261,486	-	-	-	-	7,257	7,257	-	-	-	-	-	-
2010	WECC		Raft River Electric Cooperative	U.S.	2,616	2,616	-	-	2,545	2,545	-	-	-	-	71	71	-	-	-	-	-	-
2010	WECC		Ravalli County Electric Cooperative, Inc.	U.S.	1,716	1,716	-	-	1,669	1,669	-	-	-	-	46	46	-	-	-	-	-	-
2010	WECC		Riverside Electric Copmany, Ltd	U.S.	217	217	-	-	211	211	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		Rocky Mountain Generation Cooperative, Inc.	U.S.	475	475	-	-	463	463	-	-	-	-	13	13	-	-	-	-	-	-
2010	WECC		Roosevelt Irrigation District	U.S.	323	323	-	-	314	314	-	-	-	-	9	9	-	-	-	-	-	-
2010	WECC		Sacramento Municipal Utility District	U.S.	123,318	123,318	-	-	119,988	119,988	-	-	-	-	3,330	3,330	-	-	-	-	-	-
2010	WECC		Salem Electric	U.S.	3,572	3,572	-	-	3,476	3,476	-	-	-	-	96	96	-	-	-	-	-	-
2010	WECC		Salt River Project	U.S.	310,746	310,746	-	-	302,355	302,355	-	-	-	-	8,391	8,391	-	-	-	-	-	-
2010	WECC		San Carlos Indian Irrigation Project	U.S.	2	2	-	-	1	1	-	-	-	-	0	0	-	-	-	-	-	-
2010	WECC		Seattle City Light	U.S.	110,089	110,089	-	-	107,116	107,116	-	-	-	-	2,973	2,973	-	-	-	-	-	-
2010	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	97,703	97,703	-	-	95,064	95,064	-	-	-	-	2,638	2,638	-	-	-	-	-	-
2010	WECC		South Side Electric, Inc	U.S.	620	620	-	-	604	604	-	-	-	-	17	17	-	-	-	-	-	-
2010	WECC		Southern Montana Electric Generation & Transmission	U.S.	8,338	8,338	-	-	8,112	8,112	-	-	-	-	225	225	-	-	-	-	-	-
2010	WECC		Southern Nevada Water Authority	U.S.	9,112	9,112	-	-	8,865	8,865	-	-	-	-	246	246	-	-	-	-	-	-
2010	WECC		Southwest Transmission Cooperative, Inc.	U.S.	29,453	29,453	-	-	28,657	28,657	-	-	-	-	795	795	-	-	-	-	-	-
2010	WECC		Springfield Utility Board	U.S.	9,247	9,247	-	-	8,998	8,998	-	-	-	-	250	250	-	-	-	-	-	-
2010	WECC		Surprise Valley Electrification Corporation	U.S.	365	365	-	-	355	355	-	-	-	-	10	10	-	-	-	-	-	-
2010	WECC		Tanner Electric Cooperative	U.S.	1,037	1,037	-	-	1,009	1,009	-	-	-	-	28	28	-	-	-	-	-	-
2010	WECC		The Incorporated County of Los Alamos	U.S.	3,979	3,979	-	-	3,872	3,872	-	-	-	-	107	107	-	-	-	-	-	-
2010	WECC		Tillamook People's Utility District	U.S.	4,067	4,067	-	-	3,957	3,957	-	-	-	-	110	110	-	-	-	-	-	-
2010	WECC		Tohono O'Odham Utility Authority	U.S.	739	739	-	-	719	719	-	-	-	-	20	20	-	-	-	-	-	-
2010	WECC		Tonopah Irrigation District	U.S.	234	234	-	-	228	228	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		Town of Center	U.S.	140	140	-	-	137	137	-	-	-	-	4	4	-	-	-	-	-	-
2010	WECC		Town of Coulee	U.S.	162	162	-	-	158	158	-	-	-	-	4	4	-	-	-	-	-	-
2010	WECC		Town of Eatonville	U.S.	316	316	-	-	307	307	-	-	-	-	9	9	-	-	-	-	-	-
2010	WECC		Town of Fredonia	U.S.	15	15	-	-	15	15	-	-	-	-	0	0	-	-	-	-	-	-
2010	WECC		Town of Stellacoom	U.S.	448	448	-	-	436	436	-	-	-	-	12	12	-	-	-	-	-	-
2010	WECC		Town of Wickenburg	U.S.	311	311	-	-	302	302	-	-	-	-	8	8	-	-	-	-	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	21,530	21,530	-	-	20,949	20,949	-	-	-	-	581	581	-	-	-	-	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	82,643	82,643	-	-	80,411	80,411	-	-	-	-	2,231	2,231	-	-	-	-	-	-
2010	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	359	359	-	-	349	349	-	-	-	-	10	10	-	-	-	-	-	-
2010	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	28,991	28,991	-	-	28,208	28,208	-	-	-	-	783	783	-	-	-	-	-	-
2010	WECC		Truckee Donner Public Utility District	U.S.	1,698	1,698	-	-	1,652	1,652	-	-	-	-	46	46	-	-	-	-	-	-
2010	WECC		Tucson Electric Power Company	U.S.	151,660	151,660	-	-	147,565	147,565	-	-	-	-	4,095	4,095	-	-	-	-	-	-
2010	WECC		Turlock Irrigation District	U.S.	22,295	22,295	-	-	21,693	21,693	-	-	-	-	602	602	-	-	-	-	-	-
2010	WECC		U.S. Army Yuma Proving Ground	U.S.	209	209	-	-	204	204	-	-	-	-	6	6	-	-	-	-	-	-
2010	WECC		U.S. Boia Wapato Irrigation Project	U.S.	197	197	-	-	192	192	-	-	-	-	5	5	-	-	-	-	-	-
2010	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	35	35	-	-	34	34	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		U.S. Bor Spokane Indian Development	U.S.	28	28	-	-	27	27	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	45	45	-	-	44	44	-	-	-	-	1	1	-	-	-	-	-	-
2010	WECC		U.S. DOE Richland Operations Office	U.S.	2,173	2,173	-	-	2,114	2,114	-	-	-	-	59	59	-	-	-	-	-	-
2010	WECC		Umatilla Electric Cooperative Association	U.S.	10,300	10,300	-	-	10,022	10,022	-	-	-	-	278	278	-	-	-	-	-	-
2010	WECC		Unit B Irrigation District	U.S.	0	0	-	-	0	0	-	-	-	-	0	0	-	-	-	-	-	-
2010	WECC		United Electric Cooperative	U.S.	2,881	2,881	-	-	2,803	2,803	-	-	-	-	78	78	-	-	-	-	-	-
2010	WECC		US Air Force Base, Fairchild	U.S.	602	602	-	-	585	585	-	-	-	-	16	16	-	-	-	-	-	-
2010	WECC		USN Naval Station, Bremerton	U.S.	2,616	2,616	-	-	2,546	2,546	-	-	-	-	71	71	-	-	-	-	-	-
2010	WECC		USN Naval Station, Everett	U.S.	145	145	-	-	141	141	-	-	-	-	4	4	-	-	-	-	-	-
2010	WECC		USN Submarine Base, Bangor	U.S.	1,892	1,892	-	-	1,841	1,841	-	-	-	-	51	51	-	-	-	-	-	-
2010	WECC		Valley Electric Association, Inc.	U.S.	5,602	5,602	-	-	5,451	5,451	-	-	-	-	151	151	-	-	-	-	-	-
2010	WECC		Vera Water and Power	U.S.	2,519	2,519	-	-	2,451	2,451	-	-	-	-	68	68	-	-	-	-	-	-
2010	WECC		Vigilante Electric Cooperative, Inc.	U.S.	1,567	1,567	-	-	1,524	1,524	-	-	-	-	42	42	-	-	-	-	-	-
2010	WECC		Wasco Electric Cooperative	U.S.	1,053	1,053	-	-	1,024	1,024	-	-	-	-	28	28	-	-	-	-	-	-

2010 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2012 NERC and RE Assessments

APPENDIX 2-C

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2010	WECC		Western Area Power - Loveland, CO	U.S.	18,544	18,544	-	-	18,043	18,043	-	-	-	-	501	501	-	-	-	-	-
2010	WECC		Western Area Power Administration - CRSP	U.S.	15,533	15,533	-	-	15,113	15,113	-	-	-	-	419	419	-	-	-	-	-
2010	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	15,526	15,526	-	-	15,107	15,107	-	-	-	-	419	419	-	-	-	-	-
2010	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	25,845	25,845	-	-	25,147	25,147	-	-	-	-	698	698	-	-	-	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	2,073	2,073	-	-	2,017	2,017	-	-	-	-	56	56	-	-	-	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	212	212	-	-	206	206	-	-	-	-	6	6	-	-	-	-	-
2010	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	2,768	2,768	-	-	2,693	2,693	-	-	-	-	75	75	-	-	-	-	-
2010	WECC		Wyoming Municipal Power Agency	U.S.	2,360	2,360	-	-	2,296	2,296	-	-	-	-	64	64	-	-	-	-	-
2010	WECC		Yampa Valley Electric Association	U.S.	6,467	6,467	-	-	6,292	6,292	-	-	-	-	175	175	-	-	-	-	-
2010	WECC		Yuma Irrigation District	U.S.	35	35	-	-	34	34	-	-	-	-	1	1	-	-	-	-	-
2010	WECC		Yuma-Mesa Irrigation District	U.S.	2	2	-	-	2	2	-	-	-	-	0	0	-	-	-	-	-
TOTAL WECC					9,163,140	7,922,012	1,123,507	117,621	9,089,708	7,708,105	1,267,158	114,445	-	-	73,433	213,907	(143,651)	3,176	-	-	-
TOTAL ERO					50,661,272	46,132,189	4,411,462	117,621	49,042,052	43,436,897	5,490,711	114,445	-	-	0	1,205,417	(1,208,593)	3,176	1,619,220	1,489,876	129,344
Summary by Regional Entity																					
2010	FRCC				2,703,019	2,703,019	-	-	2,521,323	2,521,323	-	-	-	-	69,969	69,969	-	-	111,726	111,726	-
2010	MRO				3,340,737	2,824,600	516,137	-	2,979,545	2,519,212	460,334	-	-	-	82,685	69,911	12,775	-	278,506	235,477	43,029
2010	NPCC				6,086,861	3,315,043	2,771,818	-	6,918,336	3,155,117	3,763,219	-	-	-	(990,159)	87,558	(1,077,717)	-	158,684	72,368	86,316
2010	RFC				10,801,822	10,801,822	-	-	10,089,496	10,089,496	-	-	-	-	279,993	279,993	-	-	432,332	432,332	-
2010	SERC				12,370,909	12,370,909	-	-	11,638,273	11,638,273	-	-	-	-	322,974	322,974	-	-	409,663	409,663	-
2010	SPP				2,636,390	2,636,390	-	-	2,343,057	2,343,057	-	-	-	-	65,022	65,022	-	-	228,310	228,310	-
2010	TRE				3,558,395	3,558,395	-	-	3,462,313	3,462,313	-	-	-	-	96,083	96,083	-	-	-	-	-
2010	WECC				9,163,140	7,922,012	1,123,507	117,621	9,089,708	7,708,105	1,267,158	114,445	-	-	73,433	213,907	(143,651)	3,176	-	-	-
Total					50,661,272	46,132,189	4,411,462	117,621	49,042,052	43,436,897	5,490,711	114,445	-	-	0	1,205,417	(1,208,593)	3,176	1,619,220	1,489,876	129,344

Attachment 3

Midwest Reliability Organization Proposed 2012 Business Plan and Budget



MIDWEST RELIABILITY ORGANIZATION

2012 Business Plan and Budget

**Approved by:
MRO Board of Directors**

**Date
June 16 , 2011**



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Summary of Financials and Resources

TOTAL RESOURCES (in whole dollars)				
	2012 Budget	U.S.	Canada	Mexico
Statutory FTEs	37.0			
Non-statutory FTEs	-			
Total FTEs	37.0			
Statutory Expenses	\$ 8,884,291			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 8,884,291			
Statutory Inc(Dec) in Fixed Assets	\$ 172,937			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 172,937			
Statutory Working Capital Requirement*	\$ (289,699)			
Non-Statutory Working Capital Requirement**	\$ -			
Total Working Capital Requirement	\$ (289,699)			
Total Statutory Funding Requirement	\$ 8,767,529			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 8,767,529			
Statutory Funding Assessments	\$ 8,767,529	\$ 7,412,946	\$ 1,354,583	\$ -
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL	275,316,771	254,671,459	20,645,312	-
NEL%	100.00%	84.55%	15.45%	-

*Refer to Table B-1 on page 61 in Section B.

Midwest Reliability Organization (“MRO”) 2012 Business Plan and Budget has been developed by MRO staff. The plan and budget are subject to MRO Board of Directors (“Board”) approval and stakeholder review.

1. Organizational Overview

MRO is a cross border Regional Entity (or “Region”) in North America operating under authority from regulators in the United States through a delegation agreement with the North American Electric Reliability Corporation (“NERC”) and through other arrangements in Canada. In the United States, MRO operates under the authority found in Section 215 of the Federal Power Act, through the Federal Energy Regulatory Commission (“FERC” or “Commission”) and through other arrangements in Manitoba and Saskatchewan. The

primary focus of MRO is assessing compliance with Reliability Standards on entities that own, operate or use the Bulk Electric System¹ (“BES”), performing assessments of the BES, and technical analysis of matters impacting the reliability of the BES in the north central part of North America. For more information on MRO, please refer to www.midwestreliability.org.



MRO is a non-profit corporation registered in Delaware and has a 501(c) 6 designation by the Internal Revenue Service. MRO is licensed and registered to conduct business and operate in all the states and two Canadian provinces within its region. The MRO Region is comprised of municipal utilities, cooperatives, investor owned utilities, a federal power marketing agency, Canadian Crown Corporations, large and small end-use load organizations, transmission system operators, regional planning authorities, and independent power producers. The MRO Region spans eight states and two Canadian provinces covering roughly one million square miles. MRO is independent of bulk electric owners, users, and operators of the BES, is not an operator, owner, or user of the BES, and has no shared employees with a third or related party. MRO performs only those responsibilities under Section 215 of the Federal Power Act and similar functions through arrangements with Saskatchewan and Manitoba.

The committees, subcommittees, working groups and task forces of MRO provide recommendations, advice, and counsel to the Board. The Board has the decision-making authority and is balanced in its representation. The Board is comprised of the following sectors:

- Canadian Utility (2)
- Cooperative (2)
- Federal Power Marketing Agency (1)
- Generator and/or Power Marketer (2)
- Investor Owned Utility – Large (3)
- Investor Owned Utility – Small (2)
- Large End-Use Electricity Customer (1)
- Municipal Utility (2)

¹ See the Compliance Registry Listing by Regional Entity posted on NERC’s website at <http://www.nerc.com/page.php?cid=3|25>

- Small End-Use Electricity Customer (1)
- Transmission System Operator (3)

Regulators are eligible to be members in MRO and share the same rights as other members but have no vote. All Board meetings are open, but the Board reserves the right to call a meeting into Executive Session.

2. Governance

Membership in MRO, which is voluntary and free, affords organizations the opportunity to participate in the technical activities and governance of the organization. The number of entities that are members of MRO is approximately 50.

The governance structure of MRO is a balanced stakeholder board whereby no two sectors can control a vote. The governance structure is permitted under the Energy Policy Act of 2005 for Regional Entities operating under delegated authority from the Electric Reliability Organization. The Board has five committees:

- Dispute Resolution Committee
- Finance and Audit Committee (FAC)
- Governance and Personnel Committee (GPC)
- Hearing Body
- Membership Committee

The Board's primary role is to assure the organization meets its requirements under the bylaws and performs its responsibilities with due care and in an efficient manner. The Board makes no determinations on compliance or enforcement matters. The Board has adopted procedures to assure they carry out their responsibilities free of conflicts. The Hearing Body of the Board fulfills the obligations in the conduct of hearings, a mandated function under the Rules of Procedure ("ROP" or "Rules") found in the Compliance Monitoring and Enforcement Program ("CMEP").

In addition, MRO has four standing committees:

- Compliance Committee
- Operating Committee
- Planning Committee
- Standards Committee

The charters for these standing committees are defined in Policy and Procedure 3 (Establishment, Responsibilities, and Procedures of Organizational Groups).²

² See Policy and Procedure 3 (Establishment, Responsibilities, and Procedures of Organizational Groups) on MRO's website at http://www.midwestreliability.org/01_about_mro/overview/policies_procedures/2010/PP3_%20Organizational%20Groups_Revised%20PC%20&%20OC_032510.pdf

3. *Statutory Functional Scope*

The primary purposes of MRO are:

1. Develop, propose, and/or adopt Reliability Standards.
2. Determine compliance with those standards, including enforcement mechanisms in a non-discriminatory manner consistent with the Rules.
3. Perform seasonal, long-term, and other assessments of reliability.
4. Other services consistent with its reliability charter, delegation agreement and the Rules.

MRO provides a transparent, effective, and efficient reliability organization across a broad geographic region with open meetings and an inclusive standard setting process:

1. MRO is an effective Regional Entity that has a long tradition of managing within and across complex, multiple seams including an interconnection seam, structured markets to bilateral market seams, and an international border.
2. MRO creates a common forum for the region without barriers to participation.
3. The MRO Region has a tradition of working successfully on reliability matters despite the complexities in seams, diverse constituencies, and jurisdictions. Approximately half of the load in MRO is public power, including Canada. MRO is a vital link to maintain and expand existing “reliability” relationships amongst regulators, bulk electric users, owners, and operators.
4. Because of the seams, unique power system technical configurations, such as very long distances between load and generator, stability-limited transmission, the large percentage of hydro generation, and the diversity of its constituency, the region must have the ability and means to represent its own regional reliability interests for the benefit of the users, owner, and operators of the bulk electric system and the public it serves as a Cross Border Regional Entity (CBRE) under the final reliability rule and consistent with the Bilateral Principles.

The 2012 Business Plan and Budget fulfill MRO’s commitments related to the delegated functions, consistent with FERC and Canadian authorities:

- Implementation of compliance and enforcement programs to those subject to Reliability Standards.
- Non-discriminatory, consistent enforcement process to those subject to Reliability Standards.
- Adoption of Reliability Standards to ensure enforceability. Canadian enforceability has been sought through agreements with Saskatchewan and Manitoba.
- Ability to propose standards to benefit the reliability of the MRO Region, using an open, technically valid process.
- Provide education and resources for operators, users, and owners of the BES.
- Assess and report on regional BES reliability and adequacy.
- Analyze and report on regional BES events.

4. 2012 Changes in Account Methodology

2012 Changes in Personnel Costs

Budgeted FTEs per program are based on the projected time spent per employee per program. MRO staff tracks their time by program on a hourly basis in attempt to accurately reflect where actual time is spent to correctly align costs. A very limited number of MRO staff works in one program only. MRO believes that value is added by budgeting and tracking actual resources to correctly substantiate that MRO is putting their resources and time in the identified high priority areas.

In 2011,, payroll taxes, benefits, and retirement costs were budgeted based upon the estimated cost for each employee in the Program area where the employee worked. Payroll taxes and retirement costs vary by employee due to salary level and the cost of benefits varies due to the selected level of coverage. In 2012, the budget benefits are based on an average cost per employee, resulting in variances when comparing the 2012 Budget to the 2011 Budget in some of the Program areas that may seem to be inconsistent. Any inconsistencies should be reduced or eliminated in future years as the use of averages continues. Variances between budget years will be reflective of the average increase cost of these expenses and the number of FTEs budgeted in the Program.

The reader of the 2012 Budget should understand that MRO manages total organization-wide benefit costs rather than individual employee benefit costs. Therefore, the focus is on the overall “fringe” or benefit rate (%) and dollars to total payroll.

5. 2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process located in Exhibit A of NERC’s 2012 Business Plan and Budget.

6. 2012 Goals and Key Deliverables

The mission for MRO is to be valued by those we serve as a recognized leader in promoting reliability and mitigating risks to the BES. MRO’s operating principles are to identify opportunities for improvements through compliance and operational reviews, best practices and lessons learned. For more information on MRO’s Benchmarks for Excellence and the MRO Creed, please refer to MRO’s website at <http://www.midwestreliability.org/>.

MRO’s business planning is driven by the following strategic initiatives adopted by the Board, which are used in conjunction with the organizational benchmarks for excellence:

1. Work to improve existing Reliability Standards and support results-based standard development to reduce unnecessary administrative requirements.
 - a. Work to assign the ‘fill in the blank’ standards to those entities responsible for compliance.

- b. Work closely with neighboring Regions to ensure that any regional Reliability Standards that are developed are consistent and well understood.
 2. Communicate meaningful lessons learned to the industry in a timely manner and encourage NERC to achieve more transparency, faster.
 - a. Facilitate stakeholder engagement by leveraging their applicable expertise to:
 - i. Identify and communicate improvements and recommendations from reviews of events and incidents. (Registered Entity is responsible for reporting, but MRO should act as facilitator to clarify the process and foster lessons learned to the industry)
 - b. Work with NERC to develop a process for providing insights and communicating lessons from approved and filed enforcement actions across North America.
 - c. Raise awareness and monitor compliance with guidelines and other directives and Reliability Standards important to reliability through informal and voluntarily means.
 3. Expand training and education efforts in the MRO Region.
 - a. Educate Registered Entities on how to effectively demonstrate compliance with Reliability Standards.
 - i. Increase communication with regional stakeholders on compliance requirements and their applicability to the Reliability Standards based on violation trends and risk.
 - b. Provide lessons learned from Event Analysis that will assist Registered Entities in preventing disturbances by addressing system risks.
 - c. Create guidance that quantifies the consideration given for self-reporting based on the criteria for compliance excellence.
 4. Work closely with NERC and the other Regions to establish reliability and performance metrics and provide reports.
 5. Strengthen regional delegation model through NERC.
 - a. Work with NERC to establish more support for the Regions to ensure consistency and uniformity where necessary; well designed controls in Regions.
 - b. Address international matters in a collaborative, respectful manner to assure Reliability Standards are applicable in each jurisdiction within MRO.
 6. Work with Registered Entities to improve regional BES resiliency.
 - a. Work with Registered Entities to identify system-wide risks and help with practical, timely action plans to address those risks.
 7. Seek closer collaboration with adjoining Regions.

Long-Term Business Planning

NERC and the Regional Entities are actively working together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2012 Business Plan and Budget process included numerous face-to-face meetings, conference calls and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness, including factors

affecting resource needs beyond the 2012 planning horizon. As an important first step in the development of a long-term business plan and budgeting process, the Common Business Plan and Budget Assumptions attached as Exhibit A in the NERC 2012 Business Plan and Budget incorporate assumptions affecting resource demands through the 2015 planning horizon. NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations.

7. 2012 Overview of Cost Impacts

MRO proposes to increase its operating budget from \$8.13 million to \$9.06 million, an increase of \$ 0.93 million. Due to a budget under-run in 2010 and applicable penalty sanctions, funding assessments will increase by \$88,526 or 1.1%.

Operational Programs

Funding Requirements — Explanation of Increase (Decrease)

Standards

For 2012, MRO will decrease the staffing level in the Standards area. MRO will attempt to involve staff from Registered Entities in drafting teams and in other forums to replace the staff involvement. While MRO does reimburse travel expenses for approved regional representation, there is a savings in not having full time staff represent the region on all teams.

Compliance

For 2012, the scope of the annual implementation plan for compliance monitoring is assumed to increase, due to the addition of new or emerging continent-wide Reliability Standards, the expanded scope of scheduled and unscheduled performance observations and field inspections, other system performance monitoring, the continuation of conducting CIP-002 Spot Checks, and preparedness for MRO to conduct compliance investigations as warranted.

Training and Education

MRO will provide training to Registered Entities through workshops, presentation opportunities at industry meetings and by providing lessons learned in MRO's newsletter and other publications. MRO will continue to try to identify training options for Registered Entities in the MRO Region so that they can also accomplish the objectives of the NERC program through a third party. Through the MRO Standards Committee, Subject Matter Expert ("SME") teams have been established to provide training on best practices and model programs for compliance and operations.

Reliability Assessment and Performance Analysis

In 2012, MRO staff and representatives from Registered Entities will continue to participate in Eastern Interconnection modeling efforts through the Eastern Interconnection Reliability

Assessment Groups (“ERAG”) and other stakeholder groups. MRO reimburses those individuals who represent MRO in the ERAG, and other stakeholders groups for approved travel expenses.

Situation Awareness & Infrastructure Security Program

Situation Awareness

MRO will participate in the development of the next phase of the Situation Awareness effort to monitor the BES across North America. In addition, staff will monitor and respond to events and incidents to insure timely reporting, effective communication of potential risks, and mitigation of the risks to the BES as a result of any events and incidents. Staff has emphasized the importance of Situation Awareness and the related Event Analysis process and sharing lessons learned with the industry.

Infrastructure Security Program

In recognition of the criticality of protection of cyber infrastructure and BES control systems, the 2012 Budget includes dollars for MRO representatives to participate in infrastructure security related activities and travel to attend security related meetings. Critical infrastructure compliance, training and education are budgeted in the applicable areas of the budget – these costs have increased due to the ramp up in this area over the last two years.

Administrative Programs

Technical Committees and Member Forums (Committees that meet for NERC business)

MRO staff and Registered Entity staff will continue to participate in NERC committees and working groups. By policy, MRO reimburses Registered Entities for approved regional representative travel expenses.

General and Administrative

The 2012 Budget includes a decrease in travel dollars reflecting a lowering trend of expense reimbursements for MRO Board of Directors. Travel relating to quarterly NERC Board of Trustees (NERC BOT) meetings is captured in the Technical Committees and Member Forums.

In the 2012 Budget, MRO included a reduction in dollars due to a budget under-run in 2010.

Information Technology

In 2012, MRO continues to provide increased security of its IT systems and information, along with addressing any annual audit recommendations. Also, MRO uses independent, third parties to provide periodic assessments of its infrastructure security. MRO outsources its compliance and standards applications to a third party vendor; these applications are subject to independent, third party audits and reside on a secured platform.

Legal and Regulatory

For 2012, MRO will remain relatively flat at .73 FTEs as compared with .65 FTEs in 2011.

Accounting / Human Resources

Personnel Costs - Employee Paid Benefits

In third quarter of 2010, MRO staff sought a comprehensive review of its medical benefits including a re-bid on its medical plans. MRO was successful in lowering benefit costs by a (35%) reduction year over year through this comprehensive review.

The 2012 Budget has an increase in the number of FTEs from 2.10 to 2.76. In addition, the budget includes an increase in Building, Rent and Facilities costs to reflect the anticipated higher new facility lease costs (a move to a different facility is planned in 2012.)

New Facility

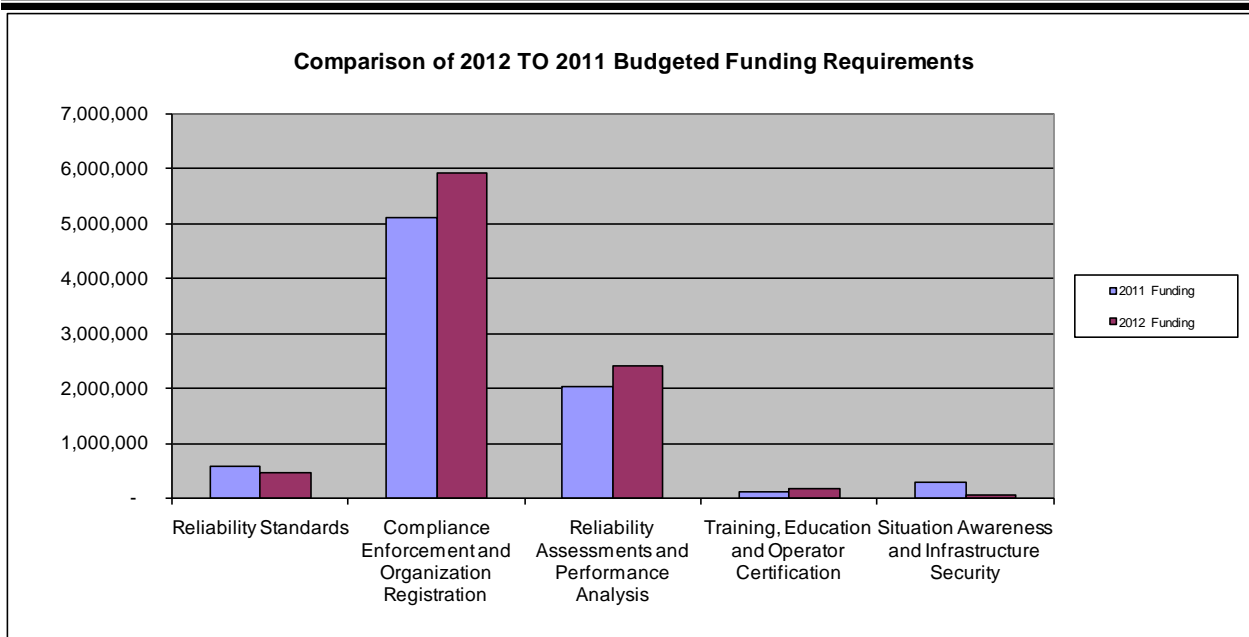
The 2012 Budget includes budgeted Leasehold Improvements for a new facility. MRO staff was given the authority to seek alternative facilities to address MRO’s growing need for more meeting facilities, and additional space for the higher number of FTEs.

Other Non-Operating Expenses

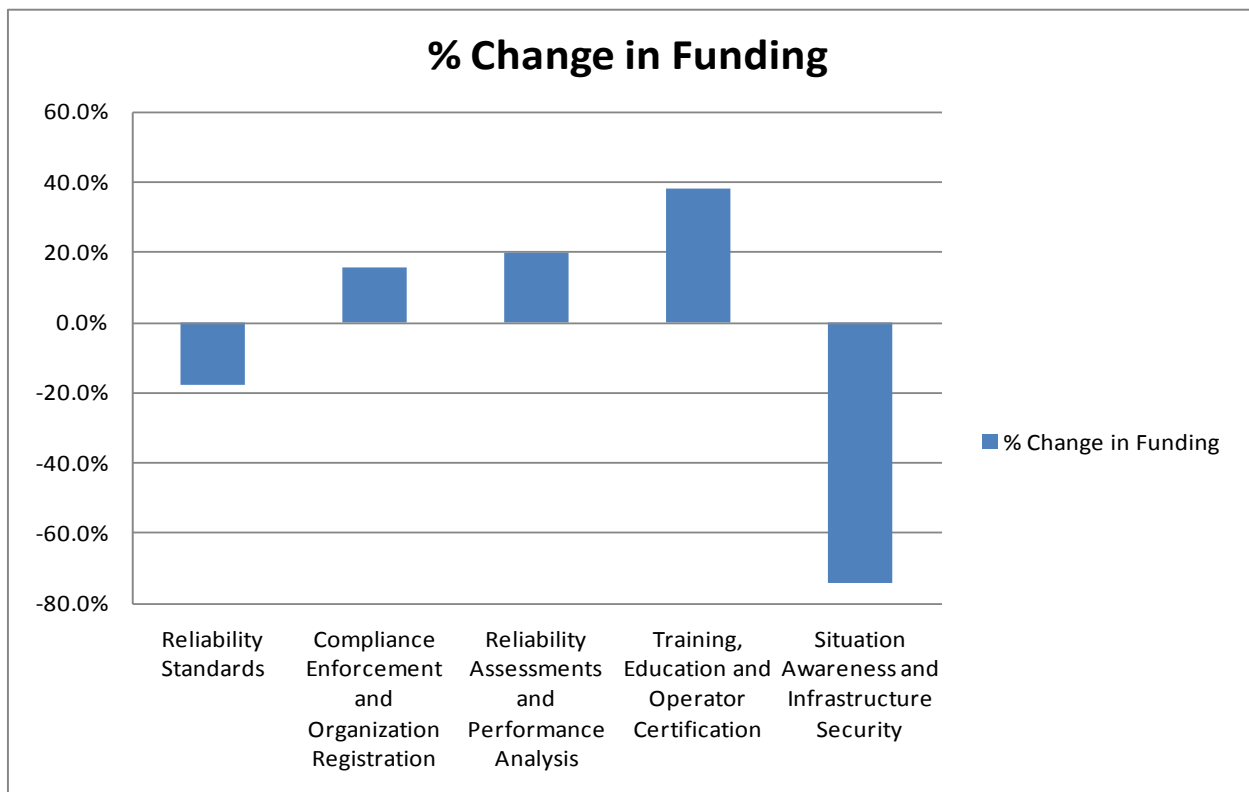
The 2012 Budget includes a one-time relocation cost relating to a budgeted facility move of \$77,484.

Program	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Reliability Standards	576,306	576,306	477,616	(98,690)	-17.1%
Compliance Enforcement and Organization Registration	5,118,968	5,118,968	5,898,704	779,736	15.2%
Reliability Assessments and Performance Analysis	2,023,081	2,023,081	2,434,989	411,908	20.4%
Training, Education and Operator Certification	126,737	126,737	173,787	47,050	100.0%
Situation Awareness and Infrastructure Security	285,733	285,733	72,131	(213,602)	-74.8%
	<u>8,130,825</u>	<u>8,130,825</u>	<u>9,057,228</u>	<u>926,403</u>	<u>11.4%</u>

Introduction



*This graphical representation above does not include an allocation of working capital requirements among the Program Areas



Introduction

Total FTE's by Program Area	Budget 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs ¹ 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
STATUTORY						
Operational Programs						
Reliability Standards	2.08	2.08	1.59		1.59	(0.49)
Compliance and Organization Registration and Certification	17.47	17.47	19.16		19.16	1.69
Training and Education	0.15	0.15	0.18		0.18	0.03
Reliability Assessment and Performance Analysis	6.75	6.75	8.04		8.04	1.29
Situation Awareness and Infrastructure Security	0.90	0.90	0.18		0.18	(0.72)
Total FTEs Operational Programs	27.35	27.35	29.15	-	29.15	1.80
Administrative Programs						
Technical Committees and Member Forums	0.65	0.65	0.71		0.71	0.06
General & Administrative	1.35	1.35	1.53		1.53	0.18
Information Technology	2.40	2.40	2.12		2.12	(0.28)
Legal and Regulatory	0.65	0.65	0.73		0.73	0.08
Human Resources	-	-	-		-	-
Finance and Accounting	2.10	2.10	2.76		2.76	0.66
Total FTEs Administrative Programs	7.15	7.15	7.85	-	7.85	0.70
Total FTEs	34.50	34.50	37.00	-	37.00	2.50

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

Introduction

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
STATUTORY					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 8,260,503	\$ 8,260,503	\$ -	\$ 8,349,029	\$ 88,526
Penalty Sanctions	\$ 137,000	\$ 137,000	\$ -	\$ 418,500	\$ 281,500
Total MRO Funding	\$ 8,397,503	\$ 8,397,503	\$ -	\$ 8,767,529	\$ 370,026
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 8,397,503	\$ 8,397,503	\$ -	\$ 8,767,529	\$ 370,026
Expenses					
Personnel Expenses					
Salaries	\$ 4,065,185	\$ 4,065,185	\$ -	\$ 4,513,030	\$ 447,845
Payroll Taxes	\$ 305,215	\$ 305,215	\$ -	\$ 300,538	\$ (4,677)
Benefits	\$ 632,490	\$ 632,490	\$ -	\$ 412,899	\$ (219,591)
Retirement Costs	\$ 561,627	\$ 561,627	\$ -	\$ 574,473	\$ 12,846
Total Personnel Expenses	\$ 5,564,517	\$ 5,564,517	\$ -	\$ 5,800,940	\$ 236,423
Meeting Expenses					
Meetings	\$ 174,050	\$ 174,050	\$ -	\$ 134,254	\$ (39,796)
Travel	\$ 610,409	\$ 610,409	\$ -	\$ 578,440	\$ (31,969)
Conference Calls	\$ 41,680	\$ 41,680	\$ -	\$ 50,500	\$ 8,820
Total Meeting Expenses	\$ 826,139	\$ 826,139	\$ -	\$ 763,194	\$ (62,945)
Operating Expenses					
Consultants & Contracts	\$ 557,780	\$ 557,780	\$ -	\$ 796,776	\$ 238,996
Office Rent	\$ 223,800	\$ 223,800	\$ -	\$ 391,680	\$ 167,880
Office Costs	\$ 432,420	\$ 432,420	\$ -	\$ 471,719	\$ 39,299
Professional Services	\$ 214,053	\$ 214,053	\$ -	\$ 194,000	\$ (20,053)
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 270,805	\$ 270,805	\$ -	\$ 388,498	\$ 117,693
Total Operating Expenses	\$ 1,698,858	\$ 1,698,858	\$ -	\$ 2,242,673	\$ 543,815
Total Direct Expenses	\$ 8,089,514	\$ 8,089,514	\$ -	\$ 8,806,807	\$ 717,293
Indirect Expenses	\$ (1)	\$ (1)	\$ -	\$ -	\$ 1
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 77,484	\$ 77,484
Total Expenses	\$ 8,089,513	\$ 8,089,513	\$ -	\$ 8,884,291	\$ 794,778
Change in Assets	\$ 307,990	\$ 307,990	\$ -	\$ (116,762)	\$ (424,752)
Fixed Assets					
Depreciation	\$ (270,805)	\$ (270,805)	\$ -	\$ (388,498)	\$ (117,693)
Computer & Software CapEx	\$ 312,115	\$ 312,115	\$ -	\$ 350,435	\$ 38,320
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ 211,000	\$ 211,000
(Incr)Dec in Fixed Assets	\$ (41,310)	\$ (41,310)	\$ -	\$ (172,937)	\$ (131,627)
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	\$ (41,310)	\$ (41,310)	\$ -	\$ (172,937)	\$ (131,627)
TOTAL CHANGE IN NET ASSETS	\$ 266,679	\$ 266,679	\$ -	\$ (289,699)	\$ (556,379)



Section A – Statutory Programs

2012 Business Plan and Budget

Section A — 2012 Business Plan

1. Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.08	1.59	(0.49)
Direct Expenses	\$ 363,730	\$ 291,042	\$ (72,688)
Indirect Expenses	\$ 209,171	\$ 176,678	\$ (32,493)
Inc(Dec) in Fixed Assets	\$ 3,405	\$ 9,896	\$ 6,491
Total Funding Requirement	\$ 576,306	\$ 477,616	\$ (98,690)

Program Scope and Functional Description

NERC uses stakeholder driven processes, consistent with the Rules, to develop and maintain Reliability Standards that apply to bulk electric system owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of bulk electric system owners, operators, and users; and to hold them accountable for reliable operation of the bulk electric systems. The Reliability Standards must be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable Standards of governmental authorities.

Regional Entities may propose regional Reliability Standards that set more stringent reliability requirements or cover matters not covered by existing continent-wide Reliability Standards. Such regional Reliability Standards shall, in all cases, be approved by NERC and FERC and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Reliability Standards Program can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

MRO utilizes a balanced stakeholder Standards Committee ("SC") to administer the regional standards program, educate stakeholders about the application of Reliability Standards, and to provide regional input to NERC Standards development efforts and is charged with the following responsibilities:

- Recommend to the MRO Board, regional representatives for NERC standards development and drafting related working groups and committees
- Where necessary, assure regional Reliability Standards are consistent with continent-wide Reliability Standards
- Process all requests for new or modifications to Reliability Standards

- Maintain MRO Reliability Standards process documentation
- Present new or modifications to regional Reliability Standards for adoption by the MRO Board upon recommendation from the SC
- Assign the development of a regional Reliability Standard to a drafting team
- Promote coordination of MRO's efforts with other Regional Entities and NERC, including periodic review of Reliability Standards and their applicability to those subject to the Reliability Standards
- Provide non-binding assistance to stakeholders in understanding the application of continent-wide Reliability Standards and the types of evidence needed to demonstrate compliance through examples
- Identify pools of subject-matter experts ("SMEs") in the industry to assist in the development of application guides
- Oversee the development of application guides for Reliability Standards
- Review frequently occurring compliance violations to determine if there are any additional application guidelines that are needed or additional changes to standards or request interpretations
- Provide education and training on effectively demonstrating compliance to stakeholders through webinars, emails, conference calls, presentations, or workshops
- Provide recommendations to the NERC standing committees or other working groups as required
- Provide comments and voting positions on NERC proposed standards interpretations and compliance application notice from MRO stakeholders

In supporting the work of the SC, MRO staff monitors the NERC Standards development efforts and facilitates the efforts of the SC, drafting teams and commenting groups to provide input in a coordinated manner. Staff also ensures the regional processes are followed for regional standards development.

The SC is committed to developing and delivering training to industry stakeholders on meeting the obligations and requirements of existing, new, or emerging Reliability Standards. In support of the SC's commitment, MRO staff provides input to the SME teams in developing their training tools and reviews the Application Guidance documents and presentations. In addition, MRO staff helps manage all SME team projects and provides technical support. MRO staff appreciates the SME teams sharing their technical expertise and knowledge to improve power system reliability for all.

MRO staff and stakeholders provide technical advice and comment to NERC when developing Reliability Standards applicable across North America and the Eastern Interconnection. MRO staff and Registered Entities participate in NERC and MRO standards drafting teams, hold meetings and conferences to discuss standards, and actively work with NERC on their standards development plan.

For regional standards development, MRO uses a web-based standard voting system called Reliability Standards Voting Process ("RSVP"), which maintains the records of the comments and votes of each proposed standard. This system permits easy administration and convenience for those who participate in the standards process through the MRO Registered Ballot Body. There is no cost for participation.

NERC's Four Year Standards Development Plan included in NERC's 2012 Business Plan and Budget as Exhibit A supports the significant effort required by MRO to participate in standards development.

2012 Goals and Key Deliverables

- Completion of the “fill-in-the-blanks” project as outlined in the NERC four year plan.
- Develop and propose MRO Reliability Standards as appropriate.
- Provide comments and support to other NERC and MRO SC activities.
- Work with NERC to improve interpretation of existing Reliability Standards.
- Work with NERC to improve the process timeliness of Reliability Standards development.
- Comment on all NERC Standards Authorization Requests (SAR) and draft standards.
- Communicate with stakeholders and vote on all NERC Standards.
- Support and inform SC and Board of standards-related activities.
- Participate on various NERC groups and committees.
- MRO SME teams and staff train and educate Registered Entities on the application of standards by participating in MRO workshops (Costs are captured in Training and Education.)

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2012, MRO will reduce the staffing level in the Standards area. MRO will attempt to involve staff from Registered Entities in drafting teams and in other forums to replace staff involvement. While MRO does reimburse travel expenses for approved regional representation, there is a savings in not having full time staff represent the region on all teams.

Funding Sources (Other than ERO Assessments)

- Penalty Sanctions – Total penalty monies received and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 63.

Personnel Expenses

- For 2012, MRO will decrease the staffing level in the Standards area. MRO has facilitated additional technical resources from the industry in drafting teams and in other areas to augment staff involvement, which has resulted in a slight decrease in the number of FTEs. MRO reimburses travel expenses for stakeholder participation.
- Personnel costs for Employee Paid Benefits – for details please refer to the 2012 Overview of Cost Impacts section, under Accounting, page 12. MRO was successful in lowering benefits costs by a (35%) reduction year over year.

Meeting Expenses

- 2012 Meeting expenses will remain at the same level as the 2011 Budget.

Operating Expenses

- 2012 Consultant and Contract costs will remain at the same level as the 2011 Budget.

- 2012 Office costs will decrease from \$5,840 to \$1,000.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2012. This method of accounting results in a decrease compared to 2011 based upon a reduction in FTEs in this program.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Reliability Standards					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 565,887	\$ 565,887	\$ -	\$ 454,789	\$ (111,098)
Penalty Sanctions	\$ 10,419	\$ 10,419	\$ -	\$ 22,827	\$ 12,408
Total MRO Funding	\$ 576,306	\$ 576,306	\$ -	\$ 477,616	\$ (98,690)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 576,306	\$ 576,306	\$ -	\$ 477,616	\$ (98,690)
Expenses					
Personnel Expenses					
Salaries	\$ 206,345	\$ 206,345	\$ -	\$ 153,497	\$ (52,848)
Payroll Taxes	\$ 15,596	\$ 15,596	\$ -	\$ 12,655	\$ (2,941)
Benefits	\$ 23,968	\$ 23,968	\$ -	\$ 18,238	\$ (5,730)
Retirement Costs	\$ 26,981	\$ 26,981	\$ -	\$ 20,652	\$ (6,329)
Total Personnel Expenses	\$ 272,890	\$ 272,890	\$ -	\$ 205,042	\$ (67,848)
Meeting Expenses					
Meetings	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Travel	\$ 42,000	\$ 42,000	\$ -	\$ 42,000	\$ -
Conference Calls	\$ 18,000	\$ 18,000	\$ -	\$ 18,000	\$ -
Total Meeting Expenses	\$ 73,000	\$ 73,000	\$ -	\$ 73,000	\$ -
Operating Expenses					
Consultants & Contracts	\$ 12,000	\$ 12,000	\$ -	\$ 12,000	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 5,840	\$ 5,840	\$ -	\$ 1,000	\$ (4,840)
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 17,840	\$ 17,840	\$ -	\$ 13,000	\$ (4,840)
Total Direct Expenses	\$ 363,730	\$ 363,730	\$ -	\$ 291,042	\$ (72,688)
Indirect Expenses	\$ 209,171	\$ 209,171	\$ -	\$ 176,678	\$ (32,493)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 572,901	\$ 572,901	\$ -	\$ 467,720	\$ (105,181)
Change in Assets	\$ 3,405	\$ 3,405	\$ -	\$ 9,896	\$ 6,491
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (3,405)	\$ (3,405)	\$ -	\$ (9,896)	\$ (6,491)
Change in Fixed Assets	\$ (3,405)	\$ (3,405)	\$ -	\$ (9,896)	\$ (6,491)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

2. Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	17.47	19.16	1.69
Direct Expenses	\$ 3,333,537	\$ 3,650,422	\$ 316,886
Indirect Expenses	\$ 1,756,832	\$ 2,129,027	\$ 372,195
Inc(Dec) in Fixed Assets	\$ 28,600	\$ 119,255	\$ 90,655
Total Funding Requirement	\$ 5,118,969	\$ 5,898,704	\$ 779,735

Program Scope and Functional Description

In 2012, the MRO Compliance Monitoring and Enforcement Program (CMEP) include performing CMEP activities with 130 Registered Entities in the MRO Region.

The 2011 compliance program strategy continues in 2012, which includes placing Registered Entities “on notice” for all applicable regulatory approved Reliability Standards, which sets the expectation that Registered Entities should be compliant with the applicable Standards at all times. There are about 130 Registered Entities participating in the compliance program, which includes various types of data submittals, monthly reporting, exception reporting, self-reporting, self-certification, spot checks, surveys, audits, and unscheduled (or random) spot checks and audits. All Registered Entities participate in compliance audits on a prescribed three and six-year schedule (or cycle). For 2012, there are a total of 21 compliance audits scheduled for the Operating, Planning, and CIP Reliability Standards.

In addition to the normal and ongoing compliance discovery activities under the NERC CMEP, MRO compliance staff will be prepared to conduct compliance investigations, system performance monitoring and assessment, and compliance reviews for all events in which the NERC Event Analysis and Compliance Review Process is initiated. These activities are included in the business plan for 2012.

Additional “planned” enhancements for 2012 include the implementation of a Registered Entity Corporate Compliance Program methodology, which will provide the ability to quantify the “effectiveness” of an entity’s compliance program and their related controls. Conducting an entity assessment using an objective methodology and considering “significance” or “materiality” will result in an “entity specific” audit scope determination using risk as a key consideration. This added feature will advance and improve the program by aligning the audit scope determination with a performance-based approach for conducting audits more aligned with standardized audit practices such as the Government Accountability Office (“GAO”) standards.

2012 Key Assumptions

NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Compliance Monitoring and Organization

Registration and Certification Program can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

MRO will monitor compliance with Reliability Standards for each Registered Entity that has compliance responsibilities as defined in the Compliance Registry for MRO. In the United States, MRO monitors Reliability Standards according to Commission-approved Rules. In Saskatchewan and Manitoba, MRO carries out its compliance monitoring responsibilities according to agreements with the respective provincial authorities. It is anticipated that legislation will be fully implemented in Manitoba in 2012, which will alleviate the need for the current agreement for compliance monitoring.

Organization Registration criteria and requirements are approved by NERC and the Commission in the United States, and MRO staff carries out those responsibilities through its Delegation Agreement with NERC. Registration is documented by MRO and incorporated into the overall NERC Registry. MRO staff registers all known entities (owners, operators, and users) subject to the Reliability Standards and revises the Registered Entity list as required under the Rules.

MRO staff will conduct and assist NERC staff with Organization Certifications for the applicable functions determined by the NERC Compliance and Certification Committee (NERC CCC), and by following procedures developed by NERC and the NERC CCC.

2012 Compliance Monitoring Program Goals and Key Deliverables

- Implement program consistent with the Rules and initiatives related to performance based principles in the work.
- Maintain an accurate and up-to-date detailed Compliance Registry for MRO
- Assure professionally trained staff are available to perform the required activities under the Rules
- Deliver consistent results across all discovery methods
- Process initial compliance determinations of standards in a fair, uniform, systematic, and timely manner
- Maintain internal controls for “one-up, and next door” reviews to assure all determinations receive adequate “due care” and review
- Ensure an accurate and complete discovery record is created, maintained, and retained for each possible violation discovered and where there are no findings as well
- Continue to improve productivity by increasing the number of unscheduled spot checks or audits
- Conduct system performance compliance monitoring (such as due diligence review of misoperations, physical inspections, etc)
- Conduct scheduled and unscheduled performance observations as an added level of compliance assurance and internal control review
- Lead compliance investigations as warranted
- Continue to maintain information in a secured environment through webCDMS; expand webCDMS tool suite for staff to drive more efficiencies in the conduct of the work and make the work more meaningful to Registered Entities
- Continue to improve education and training initiatives for Registered Entities by providing training, lessons learned, tips and techniques, and by sharing other relevant information that assists entities in being compliant

- Participate in working groups where continent-wide compliance program processes and procedures will be developed to drive consistency

Funding Requirements — Explanation of Increase (Decrease)

Compliance Monitoring Explanation of Variances – 2012 Budget versus 2011 Budget

Entity (Organization) Registration

- 2012 Variance: no material changes
- Workload associated with maintaining the registry will continue
- Pre-June 18, 2007 voluntary program (28 participants/255 functions)
- June 18, 2007 mandatory implementation (110 Registered Entities/432 functions)
- March 8, 2011 (130 Registered Entities/462 functions)
- Registration is an ongoing assignment
 - Continue to inventory generator facilities and transmission elements that meet NERC Criteria of Registration
 - Joint Registration Organization (JRO) maintenance
 - Coordinated Registration Organization (CFR) development and maintenance
 - Modify registry if it's discovered an entity meets additional functional criteria through compliance monitoring processes
 - Continue to obtain and review system one-line diagrams, maps, and agreements used to identify owners and operators of the BES
 - Continue to manage overall registry by having a staff person directly assigned to this task

Entity (Organization) Certification

- 2012 Variance: no material changes.
- Work performed to certify additional functions with Registered Entities, and work performed to certify new Registered Entities, are expected to continue. The equivalent rate or amount of work is expected to “hold steady” in 2012 (no change).

Annual Implementation Plan

- 2012 Variance: increase of workload.
- The scope of the compliance program plan is assumed to increase in 2012 due to the addition of new Reliability Standards, the expanded scope of scheduled and unscheduled performance observations, the addition of system performance monitoring, and the continuation of MRO conducting CIP-002 expanded Spot Checks, which include R3.
 - Monitor compliance with all regulatory approved Reliability Standards as defined in the NERC Annual Implementation Plan.
 - Compliance monitoring through audit and annual self-certification will increase even though the “risk / performance based approach” concept will be expanded in 2012. The increase is due to the implementation of the new Reliability Standards, the expanded scope of scheduled and unscheduled performance observations, the addition of system performance monitoring, and the continuation of MRO conducting CIP-002 expanded Spot Checks, which include R3.

- It is assumed that the NERC 2012 Implementation Plan will hold steady for the other monitoring methods including monthly self-certification, quarterly self-certification, periodic data submittal, exception report, and spot-check, when compared to the 2011 Implementation Plan.
- Unscheduled spot-checks and/or audits are conducted if:
 - Entity registration changes (such as adding TOP, BA, RC function)
 - Evidence of compliance provided during an audit (or other method) is found to be non-compliant and the entity is using another entity's program or process
 - Follow-up from self-certification or event
 - Perform Joint Registration Organization and CFR type audits
- The number of entities participating in annual plan "required" spot checks is 15.

Planned Audits (Operating and Planning Standards)

- 2012 Variance: increase of workload.
- The number of audits to be performed in 2012 is 19, which is a slight increase compared to 2011. In addition, the scope of the audit is projected to expand by incorporating the anticipated new Reliability Standards and performance-based principles. Therefore, the hours required to conduct the audits will increase.

Planned Audits (CIP Standards)

- 2012 Variance: increase of workload.
- The number of audits to be performed in 2012 is 19, which is a slight increase compared to 2011. Therefore, the overall hours required to conduct the audits will increase. In addition, Technical Feasibility Exceptions (TFEs) will continue to be managed on an ongoing basis, and may at times be included in the audit.

Annual Self-Certification Requirement

- 2012 Variance: increase in workload.
- The number of entities participating in the annual self-certification is 130 for 2012.
- It is assumed that the NERC 2012 Implementation Plan, which identifies the Reliability Standard requirements to be monitored through annual self-certification, will increase in 2012 because of additional Reliability Standards in the scope of the work. The annual self-certification will continue to be "all-inclusive" to include all Operating, Planning, and CIP Standards.

Compliance Reviews

- 2012 Variance: increase in workload in 2012 from 2011.
- This work is in accordance with the NERC Event Analysis, which includes a compliance review of the internal compliance assessment done by the Registered Entity. Registered Entities have the responsibility of conducting a review pertaining to how the power system responded to an event to determine if changes to processes are needed and to identify lessons learned, etc. In addition, Registered Entities have the responsibility to conduct a compliance review and assessment on the event, and produce a report identifying conclusions and determinations as part of a strong, internal compliance program. The MRO compliance team conducts an independent review of the entity's compliance assessment, determines if there are questions or outstanding issues regarding

the event for follow-up, and produces a report describing the independent compliance review and assessment. If there are material “gaps” in the internal assessment conducted by the Registered Entity, MRO may conduct an audit, Spot Check, or investigation. Continuous monitoring through situational awareness can enhance, power system operation awareness resulting in additional reviews by MRO staff. This would not result in additional work for Registered Entities, since they conduct their own reviews. The difference is that MRO would anticipate receiving more of the internal reports to determine any trends or lessons learned to be shared across the Region.

Compliance Investigations (CIs)

- 2012 Variance: increase in workload.
- MRO compliance staff will assume the lead on investigations in the MRO Region.

Compliance Possible Violation Discovery

- 2012 Variance: increase of workload.
- For every possible violation, the MRO compliance staff performs a fact and circumstance review.
- An increase of workload in this area is assumed due to the expanded scope of compliance monitoring resulting from the new Reliability Standards and the expanded scope of system performance monitoring.

Compliance Possible Violation Record Development

- 2012 Variance: increase of workload in 2012 from 2011.
- A discovery record is developed for every possible violation. The discovery record and supplemental forms represent the initial development of the enforcement disposition record.
- The number of discovered violations is expected to increase as explained above, which will ultimately increase the number of required discovery records.

Compliance Enforcement Explanation of Variances – 2012 Budget versus 2011 Budget

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for Enforcement can be located in the Key Assumptions section of Exhibit A in NERC’s 2011 Business Plan and Budget.

Processing of Alleged Violations

- As the CMEP has matured, the number of alleged violations of the Operations and Planning Standards is anticipated to reach a relatively stable state in 2012, while the number of alleged violations of the Critical Infrastructure Protection Standards is expected to continue to increase in 2012. For every Possible Violation identified by MRO compliance staff or Registered Entity, MRO enforcement staff performs a preliminary screen to confirm its validity based on the criteria defined in the CMEP. For Possible Violations deemed valid, MRO enforcement staff prepares and issues a Notice of Possible Violation for each possible violation, and performs a facts and circumstances review to determine if the Registered Entity was or was not in violation of the Reliability

Standard(s). If the Registered Entity is in violation of a Standard, MRO enforcement staff prepares a Disposition Document and Notice of Alleged Violation for each alleged violation. This process includes the calculation of a proposed penalty, which is reviewed and considered by at least two MRO enforcement staff. Upon acceptance or lapse of the required time for response to the Notice of Alleged Violation, MRO enforcement staff prepares a Notice of Confirmed Violation (NOCV). The drafting of these notices is an iterative process and requires resources.

MRO enforcement staff anticipates a leveling of the number of settlement discussions requested by Registered Entities in 2012. With the introduction in 2011 of the Administrative Citation, many of the violations, which were the subject of settlement requests in the past, will be resolved through the Administrative Citation process.

Mitigation Plan Acceptance and Verification of Completion

- 2012 Variance: (increase of workload from 2011 to 2012)
- Assuming an increase in the number and frequency of violations discovered with the inclusion of the CIP Standards and 41 Requirements.
- Assuming an increase in time spent in developing mitigation plans and verification of completion, due to increase in CIP violations.
- For every Confirmed Violation identified by MRO enforcement staff, a mitigation plan must be submitted. In addition, Registered Entities often submit proposed mitigation plans for possible or alleged violations. MRO enforcement staff reviews each submitted mitigation plan to assess whether the proposed plan will mitigate the subject violation. Although the process of notifying the Registered Entity of the acceptance or rejection of the mitigation plan is automated, the review of each submitted plan is manual and may be time consuming. Often times, the development of the mitigation plan provides the information necessary to determine the potential risk and impact of a violation. Upon receiving notice from a Registered Entity certifying completion of the mitigation plan, MRO enforcement staff may need to request additional documentation from the Registered Entity and will validate or verify to determine if the mitigation has in fact been completed. Each of these steps requires time and resources, and in certain instances, involves significant efforts to complete the verification. MRO is assuming an increase in time spent in developing mitigation plans and verification of completion, due to increase in CIP violations.

Record Development and Maintenance

- Processes have been formalized and necessary documentation identified to complete the record. The webCDMS application provides for a central, highly secured repository accessible to each Registered Entity to submit and review its evidence.
- Assumes incorporation of the NERC Disposition Document, Abbreviated Notices, and adoption of the Administrative Citation process for minor violations.

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2012, the compliance monitoring workload will increase primarily due to the continued expansion of the overall program. This includes new emerging Reliability Standards, the expanded scope of scheduled and unscheduled performance observations, the addition of system performance monitoring, and the continuation of MRO conducting CIP-002 expanded Spot Checks, which include R3. The additional workload will primarily pertain to the expanded scope in the audit, self-certification, spot check, as well as in Enforcement and Mitigation activities.

Funding Sources (Other than ERO Assessments)

- Penalty Sanctions – Total penalty monies to be received (and currently in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO’s Supplemental Financial Information section, Table B-2, page 63.

Personnel Expenses

- The overall budgeted FTE count for Compliance will increase by 1.69 FTE over the 2011 budget but will “hold steady” in 2012 when compared to the FTE count at year-end 2011. Additional staffing was approved in 2011 beyond that specified in the 2011 budget. The increase resulted from MRO staff assuming more responsibility for investigations as a replacement for NERC staff previously assigned to investigations in the MRO region.
- Budgeted payroll taxes, benefits and retirement costs reflect an average cost per employee. Please refer to the 2011 Changes in Personnel Costs, section four, page 8, which explains MRO’s benefit costs fluctuations.

Meeting Expenses

- Recognizing new facility savings in meeting costs due to hosting more meetings in the office versus renting a room. Expenditures in the “meeting expense” account will hold steady in 2012.

Travel Expense

- Expenditures in the “travel” account will increase in 2012 primarily due to the expanded scope of audit, which will require additional travel expenses for the auditors. The auditors will be on the road more nights in 2012, when compared with 2011 Budget. The Enforcement area’s “travel” expenditures will remain flat within 2010.

Conference Calls

- Expenditures in conference calls in 2012 are expected to increase due to improved efficiency of pre-audits. These efficiencies are identified as improved communications with Registered Entities, as well as, reduced time spent on-site.

Operating Expenses

- **Consultants and Contracts**
 - Expenditures in contracts in 2012 are expected to increase due to enhancements to existing IT applications. Expenditures in Consultants are expected to decrease due to the additional staff hired in 2011.

- **Office Costs**

- The “office costs” account for 2012 will increase due to the additional staff hired in 2011 and the associated expenses that will be recognized for the entire 2012 year. There also is an increase in training costs for the additional staff, as well as, existing staff.

Indirect Expenses

- The total indirect expenses for 2012 are budgeted at \$3,191,180, which reflects an increase of \$485,561 year over year. The increase includes new facility costs one time in nature, as well as, on-going higher lease costs.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the Compliance Enforcement and Organization Registration and Certification section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Compliance and Organization Registration and Certification					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 5,031,458	\$ 5,031,458	\$ -	\$ 5,623,628	\$ 592,170
Penalty Sanctions	\$ 87,510	\$ 87,510	\$ -	\$ 275,076	\$ 187,566
Total MRO Funding	\$ 5,118,968	\$ 5,118,968	\$ -	\$ 5,898,704	\$ 779,736
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 5,118,968	\$ 5,118,968	\$ -	\$ 5,898,704	\$ 779,736
Expenses					
Personnel Expenses					
Salaries	\$ 2,131,397	\$ 2,131,397	\$ -	\$ 2,393,502	\$ 262,105
Payroll Taxes	\$ 160,644	\$ 160,644	\$ -	\$ 146,389	\$ (14,255)
Benefits	\$ 413,790	\$ 413,790	\$ -	\$ 219,744	\$ (194,046)
Retirement Costs	\$ 299,838	\$ 299,838	\$ -	\$ 285,616	\$ (14,222)
Total Personnel Expenses	\$ 3,005,670	\$ 3,005,670	\$ -	\$ 3,045,251	\$ 39,582
Meeting Expenses					
Meetings	\$ 5,900	\$ 5,900	\$ -	\$ 6,200	\$ 300
Travel	\$ 126,109	\$ 126,109	\$ -	\$ 189,199	\$ 63,090
Conference Calls	\$ 1,580	\$ 1,580	\$ -	\$ 9,200	\$ 7,620
Total Meeting Expenses	\$ 133,589	\$ 133,589	\$ -	\$ 204,599	\$ 71,010
Operating Expenses					
Consultants & Contracts	\$ 146,000	\$ 146,000	\$ -	\$ 302,000	\$ 156,000
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 48,278	\$ 48,278	\$ -	\$ 83,572	\$ 35,294
Professional Services	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 194,278	\$ 194,278	\$ -	\$ 400,572	\$ 206,294
Total Direct Expenses	\$ 3,333,537	\$ 3,333,537	\$ -	\$ 3,650,422	\$ 316,886
Indirect Expenses	\$ 1,756,832	\$ 1,756,832	\$ -	\$ 2,129,027	\$ 372,195
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 5,090,369	\$ 5,090,369	\$ -	\$ 5,779,449	\$ 689,081
Change in Assets	\$ 28,599	\$ 28,599	\$ -	\$ 119,255	\$ 90,655
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (28,600)	\$ (28,600)	\$ -	\$ (119,255)	\$ (90,655)
Change in Fixed Assets	\$ (28,600)	\$ (28,600)	\$ -	\$ (119,255)	\$ (90,655)
TOTAL CHANGE IN NET ASSETS	\$ (1)	\$ (1)	\$ -	\$ -	\$ -

3. Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	6.75	8.04	1.29
Direct Expenses	\$ 1,333,231	\$ 1,491,556	\$ 158,325
Indirect Expenses	\$ 678,799	\$ 893,391	\$ 214,592
Inc(Dec) in Fixed Assets	\$ 11,051	\$ 50,042	\$ 38,991
Total Funding Requirement	\$ 2,023,081	\$ 2,434,989	\$ 411,908

Program Scope and Functional Description

The objectives of the Reliability Assessment and Performance Analysis Program are to

1. Review pre and post seasonal and long-term reliability assessments for the MRO Region in order to assess operating reliability and resource adequacy.
2. Review event analysis efforts to ensure causes are identified and corrected and that lessons learned are shared with industry.
3. Assemble modeling data and prepare models.
4. Perform legacy Regional Reliability Organization functions.
5. Support MRO stakeholder groups and participate in NERC efforts.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Reliability Assessment and Performance Analysis Program can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

MRO analyzes, assesses, and reports on reliability and adequacy in the past, present, and future. This includes the long-term and seasonal assessments developed by the MRO Operating Committee ("OC"), and the Planning Committee ("PC"), and their subcommittees as required by the Delegation Agreement. In addition, specific possible scenarios may be evaluated.

The OC and PC have balanced stakeholder representation, work with MRO staff, and report to the MRO Board. The OC and PC review and consolidate the reports of the overall reliability of the MRO Region, both existing and planned. The OC and PC verify that assessments performed within the MRO Region conform to MRO and NERC Reliability Standards related to system performance.

In 2012, continued attention will be given to transmission adequacy and security, protection and control standards, special protection scheme reviews, resource adequacy, demand response, reliability metrics, integration of renewable generation per Renewable Portfolio Standards, operational issues and event analysis, Eastern Interconnection Reliability Assessment Group ("ERAG"), NERC and regulatory data requests, electric system modeling data, and reviews of regional reliability criteria and procedures. In addition, the collection and validation of generation availability data will add to MRO's workload.

2012 Goals and Key Deliverables

- Annually review the overall reliability of the MRO Region and interregional BES for near-term and long-term planning horizons and provide planning horizon (“LTRA”) assessment reports to the Board and NERC
- Review the seasonal assessments (summer and winter) of the MRO Region and interregional BES from an operational perspective
- Review the post seasonal assessments (summer and winter) of the BES to determine if the system performed according to the preseason plans
- Review system disturbance reports and event analyses to assure the appropriate analysis is performed and that lessons learned are identified and shared with the industry
- Annually (or as often as required by NERC), assess the MRO Region for an emerging issue/scenario as determined by NERC
- Perform special reliability assessments on a Regional, Interregional, and Interconnection basis as conditions warrant, or as directed by the Board or NERC
- Coordinate with NERC on system event analyses on a Regional, Interregional, and Interconnection basis as conditions warrant
- Annually prepare an MRO set of electric system modeling data
- Perform legacy Regional Reliability Organization (“RRO”) responsibilities associated with “fill in the blank” standards such as the PRC Standards, including mis-operations, review of special protection schemes, UFLS criteria, disturbance monitoring criteria, etc. until these responsibilities are transitioned to Registered Entities.
- Perform all regional responsibilities associated with the existing and future Reliability Standards, as they apply to MRO
- Participate in and represent the MRO Region in all ERAG and NERC groups, as required, that report to the ERAG Management Committee (“MC”) and NERC Planning Committee (“PC”) and Operating Committee (“OC”)

Funding Sources and Requirements — Explanation of Increase (Decrease)***Funding Sources (Other than ERO Assessments)***

- Penalty Sanctions – Total penalty monies to be received (and in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO’s Supplemental Financial Information section, Table B-2, page 63.

Personnel Expenses

- This item has increased in 2012 due to a staff addition to support the event analysis effort, specifically in the area of review of protection system operations.

Meeting Expenses

- Recognizing new facility savings in meeting costs due to hosting more meetings in the office versus renting a room. Expenditures in the “meeting expense” account will hold steady in 2012.

Operating Expenses

- 2012 Contracts expense, MRO staff in the Reliability Assessment and Performance Analysis Program will “hold steady” in 2012.

Indirect Expenses

- The total indirect expenses for 2012 are budgeted at \$3,191,180, which reflects an increase of \$485,561 year over year. The increase includes new facility costs one time in nature, as well as, on-going higher lease costs.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Reliability Assessment and Performance Analysis					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 1,989,269	\$ 1,989,269	\$ -	\$ 2,319,561	\$ 330,292
Penalty Sanctions	\$ 33,812	\$ 33,812	\$ -	\$ 115,428	\$ 81,616
Total MRO Funding	\$ 2,023,081	\$ 2,023,081	\$ -	\$ 2,434,989	\$ 411,908
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 2,023,081	\$ 2,023,081	\$ -	\$ 2,434,989	\$ 411,908
Expenses					
Personnel Expenses					
Salaries	\$ 767,657	\$ 767,657	\$ -	\$ 897,570	\$ 129,913
Payroll Taxes	\$ 57,732	\$ 57,732	\$ -	\$ 70,021	\$ 12,289
Benefits	\$ 77,711	\$ 77,711	\$ -	\$ 92,219	\$ 14,508
Retirement Costs	\$ 111,101	\$ 111,101	\$ -	\$ 127,696	\$ 16,595
Total Personnel Expenses	\$ 1,014,201	\$ 1,014,201	\$ -	\$ 1,187,506	\$ 173,305
Meeting Expenses					
Meetings	\$ 48,000	\$ 48,000	\$ -	\$ 35,000	\$ (13,000)
Travel	\$ 103,000	\$ 103,000	\$ -	\$ 96,500	\$ (6,500)
Conference Calls	\$ 6,000	\$ 6,000	\$ -	\$ 7,500	\$ 1,500
Total Meeting Expenses	\$ 157,000	\$ 157,000	\$ -	\$ 139,000	\$ (18,000)
Operating Expenses					
Consultants & Contracts	\$ 125,780	\$ 125,780	\$ -	\$ 124,700	\$ (1,080)
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 36,250	\$ 36,250	\$ -	\$ 40,350	\$ 4,100
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 162,030	\$ 162,030	\$ -	\$ 165,050	\$ 3,020
Total Direct Expenses	\$ 1,333,231	\$ 1,333,231	\$ -	\$ 1,491,556	\$ 158,325
Indirect Expenses	\$ 678,799	\$ 678,799	\$ -	\$ 893,391	\$ 214,592
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 2,012,030	\$ 2,012,030	\$ -	\$ 2,384,947	\$ 372,917
Change in Assets	\$ 11,051	\$ 11,051	\$ -	\$ 50,042	\$ 38,991
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (11,051)	\$ (11,051)	\$ -	\$ (50,042)	\$ (38,991)
Change in Fixed Assets	\$ (11,051)	\$ (11,051)	\$ -	\$ (50,042)	\$ (38,991)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

4. Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.15	0.18	0.03
Direct Expenses	\$ 111,407	\$ 152,666	\$ 41,259
Indirect Expenses	\$ 15,084	\$ 20,001	\$ 4,917
Inc(Dec) in Fixed Assets	\$ 246	\$ 1,120	\$ 874
Total Funding Requirement	\$ 126,737	\$ 173,787	\$ 47,050

Program Scope and Functional Description

Maintaining the reliability of the BES through implementation of the Reliability Standards requires informed and trained Regional and Registered Entity personnel. Education and training is one of the primary objectives of MRO. The education and training program specifically pertains to the implementation of the CMEP, the application of Reliability Standards, Reliability Assessment information, lessons learned from event analysis, expectations and responsibilities for the “fill in the blank” standards, and other related information pertinent to system reliability and compliance. The target audience for this program is Registered Entities.

MRO will provide training to Registered Entities through workshops, conferences, presentation opportunities at industry meetings and by providing lessons learned in MRO’s newsletter and other publications. MRO will continue to identify training opportunities for Registered Entities.

The objectives outlined in the key assumptions are intended to educate and train the industry on CMEP implementation, the requirements and application of the Standards, lessons learned, and elements of an effective compliance program.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Training, Education, and Operator Certification Program can be located in the Key Assumptions section of Exhibit A in NERC’s 2012 Business Plan and Budget.

Registered Entities should have processes and procedures in place to ensure adherence with the Reliability Standards and address risks to reliability, which is why education and training is a key initiative for MRO. The MRO Compliance Committee assists and oversees the compliance and enforcement training and education initiatives for Registered Entities, including participation on CMEP workshops, and stakeholder forums and group training initiatives. The MRO Standards Committee assists and oversees the Reliability Standard requirement and application training for Registered Entities, including participation in Reliability Conferences. In addition, the stakeholder-only Mid-Continent Compliance Forum (MCCF) created in 2008, continues to be a forum for Registered Entities to share compliance information and procedures and processes used for the reliable operation of power systems, as well as evidence of compliance with the requirements in the Reliability Standards.

The MRO Hearing Body has a defined role in the implementation of the Compliance Enforcement portion of the program. MRO organizes and administers compliance enforcement training for Hearing Body participants.

2012 Goals and Key Deliverables

In addition to MRO management team participating in, and presenting at, various forum meetings (such as Transmission Forum, Generation Forum, MCCF, RTO/ISO, APDA, State Regulator meetings, etc.), MRO will provide four training forums (one CMEP workshop, one Reliability Conference, one CIP Conference, and one Hearing Body training conference).

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2012, MRO will provide training to Registered Entities through workshops, presentation opportunities at industry meetings and by providing lessons learned in MRO's newsletter and other publications. MRO will continue to try to identify training options for Registered Entities in the MRO Region so that they can also accomplish the objectives of the NERC program through a third party.

Funding Sources (Other than ERO Assessments)

- Penalty Sanctions – Total penalty monies to be received (in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 63.

Personnel Expenses

- Budgeted payroll taxes, benefits and retirement costs reflect an average cost per employee. Please refer to the 2011 Changes in Personnel Costs, section four, page 8, which explains MRO's benefit costs fluctuations.

Meeting Expenses

- Expenditures in the "meeting expense" account will hold steady in 2012

Travel Expenses

- Expenditures in "travel expense" account will increase in 2012 partially due to member travel reimbursement for those subject matter experts speaking at technical conferences.

Operating Expenses

- Office Costs – "office costs" account will hold steady in 2012.

Indirect Expenses

- The total indirect expenses for 2012 are budgeted at \$3,191,180, which reflects an increase of \$485,561 year over year. The increase includes new facility costs one time in nature, as well as, on-going higher lease costs.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Training and Education					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ 125,986	\$ 125,986	\$ -	\$ 171,203	\$ 45,217
Penalty Sanctions	\$ 751	\$ 751	\$ -	\$ 2,584	\$ 1,833
Total MRO Funding	\$ 126,737	\$ 126,737	\$ -	\$ 173,787	\$ 47,050
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 126,737	\$ 126,737	\$ -	\$ 173,787	\$ 47,050
Expenses					
Personnel Expenses					
Salaries	\$ 23,749	\$ 23,749	\$ -	\$ 35,852	\$ 12,103
Payroll Taxes	\$ 1,780	\$ 1,780	\$ -	\$ 2,095	\$ 315
Benefits	\$ 305	\$ 305	\$ -	\$ 2,065	\$ 1,760
Retirement Costs	\$ 4,073	\$ 4,073	\$ -	\$ 6,154	\$ 2,081
Total Personnel Expenses	\$ 29,907	\$ 29,907	\$ -	\$ 46,166	\$ 16,259
Meeting Expenses					
Meetings	\$ 47,500	\$ 47,500	\$ -	\$ 48,500	\$ 1,000
Travel	\$ 14,000	\$ 14,000	\$ -	\$ 38,000	\$ 24,000
Conference Calls	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Total Meeting Expenses	\$ 76,500	\$ 76,500	\$ -	\$ 101,500	\$ 25,000
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Total Direct Expenses	\$ 111,407	\$ 111,407	\$ -	\$ 152,666	\$ 41,259
Indirect Expenses	\$ 15,084	\$ 15,084	\$ -	\$ 20,001	\$ 4,917
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 126,491	\$ 126,491	\$ -	\$ 172,667	\$ 46,176
Change in Assets	\$ 246	\$ 246	\$ -	\$ 1,120	\$ 874
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (246)	\$ (246)	\$ -	\$ (1,120)	\$ (874)
Change in Fixed Assets	\$ (246)	\$ (246)	\$ -	\$ (1,120)	\$ (874)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

5. Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.90	0.18	(0.72)
Direct Expenses	\$ 197,219	\$ 59,508	\$ (137,711)
Indirect Expenses	\$ 90,507	\$ 20,001	\$ (70,506)
Inc(Dec) in Fixed Assets	\$ (1,992)	\$ (7,378)	\$ (5,386)
Total Funding Requirement	\$ 285,734	\$ 72,131	\$ (213,602)

Situation Awareness Program Scope and Functional Description

NERC and the Regions shall, through Reliability Coordinators and available tools, monitor present conditions on the bulk electric system and provide leadership coordination, technical expertise, and assistance to the industry in responding to events as necessary.

To accomplish these goals, NERC and the Regions will:

1. Maintain situation awareness of conditions on the bulk electric system;
2. Notify the industry of significant bulk electric system events that have occurred in one area, and which have the potential to impact reliability in other areas;
3. Maintain and strengthen high-level communication, coordination, and cooperation with governments and government agencies regarding real-time conditions; and
4. Enable the reliable operation of interconnected bulk electric systems by facilitating information exchange and coordination among reliability service organizations.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Situation Awareness and Infrastructure Security Program can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

The Situation Awareness program includes costs and resources to review and respond to incidents and events that impact the reliability of the BES and respond to inquiries by NERC or others.

2012 Goals and Key Deliverables

The goal of the Situation Awareness program is to maintain awareness about the conditions of the BES and to respond to events by providing coordination assistance and communications between key parties. In 2012, staff will participate in the development of the second phase of the situation awareness tools and related processes.

Infrastructure Security Program Scope and Functional Description

NERC and the Regions coordinate electric industry activities to promote critical infrastructure protection of the BES in North America by taking a leadership role in critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for Critical Infrastructure Protection can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

The Infrastructure Security Program is responsible for raising the awareness of security, promoting standard security practices, and aiding the Registered Entities in organizing and sharing security implementations specific to the electric utility sector.

The MRO Standards Committee will participate in the development of CIP standards, develop guidance on the application of standards, and provide opportunities for sharing security implementation approaches utilized by Registered Entities. The Standards Committee is comprised of MRO sector representatives and facilitated by MRO staff. Regional representatives also participate on the NERC Critical Infrastructure Protection Committee ("CIPC").

The Event Analysis, Compliance and Assessment areas within MRO have Situational Awareness responsibilities, which are budgeted in their respective areas.

2012 Goals and Key Deliverables

The goal is to provide effective communication, coordination and industry facilitation of all areas of security to ensure the region is prepared for cyber-related incidents.

Funding Requirements – Explanation of Increase (Decrease)

The 2012 Budget includes dollars for the MRO Standards Committee's travel to attend security related meetings and conferences.

Funding Sources (Other than ERO Assessments)

- Penalty Sanctions – Total penalty monies to be received (in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 63.

Personnel Expenses

- 2012 FTE has been reduced to reflect an increase in the stakeholder and NERC involvement.
- Personnel costs for Employee Paid Benefits – for details please refer to the 2012 Overview of Cost Impacts section, under Accounting, page 12. MRO was successful in lowering benefits costs by a (35%) reduction year over year.

Meeting Expenses

- Meeting expenses are decreased to reflect the re-allocation of Critical Infrastructure Protection SME team meeting costs to the Reliability Standards program, since the team reports to the MRO Standards Committee.

Operating Expenses

- Operating expenses are reduced slightly with the lower FTE.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2012. This method of accounting results in a decrease compared to 2011 based upon a reduction in FTEs in this program.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Situation Awareness and Infrastructure Security					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ 281,225	\$ 281,225	\$ -	\$ 69,547	\$ (211,678)
Penalty Sanctions	\$ 4,508	\$ 4,508	\$ -	\$ 2,584	\$ (1,924)
Total MRO Funding	\$ 285,733	\$ 285,733	\$ -	\$ 72,131	\$ (213,602)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 285,733	\$ 285,733	\$ -	\$ 72,131	\$ (213,602)
Expenses					
Personnel Expenses					
Salaries	\$ 102,680	\$ 102,680	\$ -	\$ 30,779	\$ (71,901)
Payroll Taxes	\$ 7,674	\$ 7,674	\$ -	\$ 2,031	\$ (5,643)
Benefits	\$ 13,771	\$ 13,771	\$ -	\$ 2,065	\$ (11,706)
Retirement Costs	\$ 18,278	\$ 18,278	\$ -	\$ 6,135	\$ (12,143)
Total Personnel Expenses	\$ 142,404	\$ 142,404	\$ -	\$ 41,010	\$ (101,393)
Meeting Expenses					
Meetings	\$ 22,150	\$ 22,150	\$ -	\$ -	\$ (22,150)
Travel	\$ 23,200	\$ 23,200	\$ -	\$ 7,000	\$ (16,200)
Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Total Meeting Expenses	\$ 45,350	\$ 45,350	\$ -	\$ 7,000	\$ (38,350)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 6,000	\$ 6,000	\$ -	\$ 3,000	\$ (3,000)
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 3,465	\$ 3,465	\$ -	\$ 8,498	\$ 5,033
Total Operating Expenses	\$ 9,465	\$ 9,465	\$ -	\$ 11,498	\$ 2,033
Total Direct Expenses	\$ 197,219	\$ 197,219	\$ -	\$ 59,508	\$ (137,710)
Indirect Expenses	\$ 90,507	\$ 90,507	\$ -	\$ 20,001	\$ (70,506)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 287,726	\$ 287,726	\$ -	\$ 79,509	\$ (208,216)
Change in Assets	\$ (1,992)	\$ (1,993)	\$ -	\$ (7,378)	\$ (5,386)
Fixed Assets					
Depreciation	\$ (3,465)	\$ (3,465)	\$ -	\$ (8,498)	\$ (5,033)
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ 3,465	\$ 3,465	\$ -	\$ 8,498	\$ 5,033
Allocation of Fixed Assets	\$ (1,473)	\$ (1,473)	\$ -	\$ (1,120)	\$ 353
Change in Fixed Assets	\$ 1,992	\$ 1,992	\$ -	\$ 7,378	\$ 5,386
TOTAL CHANGE IN NET ASSETS	\$ -	\$ (1)	\$ -	\$ -	\$ -

6. Administrative Services

Administrative Services (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	7.15	7.85	0.70
Total Direct Expenses	\$ 2,750,394	\$ 3,161,615	\$ 411,221
Inc(Dec) in Fixed Assets	\$ (44,775)	\$ 29,565	\$ 74,340
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ 2,705,619	\$ 3,191,180	\$ 485,561
Funding Requirement for Working Capital	\$ 266,678	\$ (289,699)	\$ (556,377)

Methodology for Allocation of Administrative Services Expenses to Programs

All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated to the delegated program areas based on their respective number of FTEs. This allocation provides improved financial perspective for the delegated functions.

Program Scope and Functional Description

NERC's Administrative Services area includes all business and administrative functions of the organization, including technical committees and member forums, legal and regulatory, human resources, information technology, finance and accounting, and general expenses. Costs incurred for these services are allocated, as an indirect expense across NERC's other program areas.

6a. Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.65	0.71	0.06
Expenses	\$ 319,984	\$ 295,946	\$ (24,038)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

MRO staff and Registered Entities participate in various NERC committees, working groups and task forces. This participation provides for Regional Entity staff input as well as Registered Entity input into NERC governance and other activities.

2012 Key Assumptions

This budget item covers all travel costs for MRO staff participation in various NERC committees. It also covers MRO reimbursement of approved stakeholder travel costs for participation in the NERC committees as a representative of MRO.

2012 Goals and Key Deliverables

MRO's goal is to actively participate in NERC committees to best meet the goals of the Registered Entities in MRO.

Funding Sources and Requirements — Explanation of Increase (Decrease)

By policy, MRO reimburses approved regional stakeholder representatives for travel expenses.

Funding Sources (Other than ERO Assessments)

- In 2012, the expenses related to the indirect program areas are being allocated entirely to the direct programs, and therefore; have no ERO assessment revenue.

Personnel Expenses

- FTEs will hold steady in 2012.
- Budgeted payroll taxes, benefits and retirement costs reflect an average cost per employee. Please refer to the 2011 Changes in Personnel Costs, section four, page 8, which explains MRO's benefit costs fluctuations.

Meeting Expenses

- MRO does reimburse travel expenses for approved regional representatives. In previous budgets, MRO has budgeted member travel reimbursement based on the number of committees, working groups and standards drafting teams as though MRO will be attending at 100%, which has not been the case. The 2012 Budget has been projected as a more realistic attendance percentage.

Operating Expenses

- No operating expenses are budgeted in 2012.

Indirect Expenses

- Indirect program costs are allocated to the direct programs based on FTE count to the direct programs for 2012.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Technical Committees and Member Forums					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 84,646	\$ 84,646	\$ -	\$ 120,863	\$ 36,217
Payroll Taxes	\$ 6,272	\$ 6,272	\$ -	\$ 7,352	\$ 1,080
Benefits	\$ 8,515	\$ 8,515	\$ -	\$ 8,144	\$ (371)
Retirement Costs	\$ 14,450	\$ 14,450	\$ -	\$ 19,587	\$ 5,137
Total Personnel Expenses	<u>\$ 113,884</u>	<u>\$ 113,884</u>	<u>\$ -</u>	<u>\$ 155,946</u>	<u>\$ 42,063</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 206,100	\$ 206,100	\$ -	\$ 140,000	\$ (66,100)
Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Total Meeting Expenses	<u>\$ 206,100</u>	<u>\$ 206,100</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ (66,100)</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Direct Expenses	<u>\$ 319,984</u>	<u>\$ 319,984</u>	<u>\$ -</u>	<u>\$ 295,946</u>	<u>\$ (24,037)</u>
Indirect Expenses	<u>\$ (319,984)</u>	<u>\$ (319,984)</u>	<u>\$ -</u>	<u>\$ (295,946)</u>	<u>\$ 24,038</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>

6b. General and Administrative

General and Administrative (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	1.35	1.53	0.18
Expenses	\$ 491,745	\$ 532,968	\$ 41,224
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ 266,678	\$ (289,699)	\$ (556,377)

Program Scope and Functional Description

The MRO General and Administrative function provides executive management of the corporation, management of the MRO office, and other administrative support programs.

2012 Key Assumptions

- The current economic downturn will continue into 2012 and adversely affect stakeholder travel budgets and resourcing for work in regional programs.
- MRO will continue the reimbursement of approved stakeholder travel costs for participation in the NERC committees.
- Any increase or decrease in assessments to achieve desired working capital reserve will be included in the General and Administrative area and to be allocated proportionately based on FTE to the direct programs.

2012 Goals and Key Deliverables

In the General and Administrative function, MRO will assure that there is adequate attention on the day-to-day management of the corporation that includes board governance, policies and procedures to maintain and enhance operation of the corporation, and proper record keeping and related responsibilities under regulations.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The 2012 Budget includes increased travel dollars that reflect the trend of higher travel costs and reimbursement of expenses for the MRO Board of Directors.

Assessments

The Board approved a cash reserve policy to maintain 45 days of cash beginning in 2010 with funding increments of one-third each year, subject to periodic re-evaluation.

As documented in the April 2008 minutes, MRO staff recommended, and the Finance and Audit Committee approved, a cash reserve policy to maintain 45 days of cash. The MRO Board of Directors approved that the funding of the 45 day cash reserve begin in the 2010 budget with an initial funding amount of one-third of the projected requirements with other funding installments to follow in 2011 and 2012, subject to a re-evaluation of the reserves policy previously adopted by the MRO Finance and Audit Committee.

In March 2010, this policy was re-evaluated by the Finance and Audit Committee who recommended at the March 25, 2010 board meeting that no change be made to the current cash reserve policy. The board directed staff to apply the full 2009 budget underage of \$583,678 to the reserves in 2010, and in 2011 assess the LSE's to the full 45 reserve days, thus reaching the current cash reserve policy in 2011.

At the June 16, 2011 board meeting, the Finance and Audit committee's recommendation to apply the 2010 budget under-run to the 2012 Assessment for G&A was approved by the MRO Board of Directors. The resulting impact on Working Capital reserve will be at the full 45 reserve days, thus meeting the current cash reserve policy in 2012.

Funding Sources (Other than ERO Assessments)

- In 2012, the expenses related to the indirect program areas are being allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Budgeted payroll taxes, benefits and retirement costs reflect an average cost per employee. Please refer to the 2011 Changes in Personnel Costs, section four, page 8, which explains MRO's benefit costs fluctuations.

Meeting Expenses

- The 2012 Budget includes decreased travel dollars that reflect the trend of lower travel costs and reimbursement of expenses for MRO Board of Directors members.
- MRO reimburses travel expenses for approved regional stakeholder representatives. In previous budgets, MRO has budgeted member travel reimbursement based on the number of committees, working groups and standards drafting teams as though MRO will be attending at 100%, which has not been the case. The 2012 Budget projects a more realistic attendance percentage.

Operating Expenses

- Other operating expenses are holding steady in 2012.

Indirect Expenses

- Indirect program costs are allocated to the direct programs based on FTE count to the direct programs for 2012.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
General and Administrative					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 266,678	\$ 266,678	\$ -	\$ (289,699)	\$ (556,377)
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	\$ 266,678	\$ 266,678	\$ -	\$ (289,699)	\$ (556,377)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ 266,678	\$ 266,678	\$ -	\$ (289,699)	\$ (556,377)
Expenses					
Personnel Expenses					
Salaries	\$ 188,293	\$ 188,293	\$ -	\$ 253,887	\$ 65,594
Payroll Taxes	\$ 13,783	\$ 13,783	\$ -	\$ 14,231	\$ 448
Benefits	\$ 15,525	\$ 15,525	\$ -	\$ 17,549	\$ 2,024
Retirement Costs	\$ 22,791	\$ 22,791	\$ -	\$ 32,554	\$ 9,763
Total Personnel Expenses	\$ 240,393	\$ 240,393	\$ -	\$ 318,221	\$ 77,829
Meeting Expenses					
Meetings	\$ 35,000	\$ 35,000	\$ -	\$ 31,554	\$ (3,446)
Travel	\$ 85,000	\$ 85,000	\$ -	\$ 53,541	\$ (31,459)
Conference Calls	\$ 500	\$ 500	\$ -	\$ 800	\$ 300
Total Meeting Expenses	\$ 120,500	\$ 120,500	\$ -	\$ 85,895	\$ (34,605)
Operating Expenses					
Consultants & Contracts	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 70,852	\$ 70,852	\$ -	\$ 68,852	\$ (2,000)
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 130,852	\$ 130,852	\$ -	\$ 128,852	\$ (2,000)
Total Direct Expenses	\$ 491,745	\$ 491,745	\$ -	\$ 532,968	\$ 41,224
Indirect Expenses	\$ (491,745)	\$ (491,745)	\$ -	\$ (532,968)	\$ (41,224)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 1
Change in Assets	\$ 266,678	\$ 266,678	\$ -	\$ (289,699)	\$ (556,378)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ 266,678	\$ 266,678	\$ -	\$ (289,699)	\$ (556,378)

6c. Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.65	0.73	0.08
Expenses	\$ 361,309	\$ 339,971	\$ (21,338)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

MRO maintains 0.5 FTE corporate internal legal counsel to provide advice to the president, Board, and staff on legal and regulatory matters affecting MRO. MRO may use additional specialized legal resources on an as needed basis, for example; tax matters, employee benefit plan issues, and significant policy or FERC matters.

2012 Key Assumptions

- In the 2012 Budget, as in 2011, there are no specific funds for hearings under CMEP Rules, and MRO would use its current budget and reserves in the first instance.
- MRO has not budgeted any costs for significant changes in its Bylaws or related Rules in light of the significant amendments that went into effect on January 1, 2011.

2012 Goals and Key Deliverables

Legal and Regulatory functions are responsible for general corporate legal advice, timely and accurate filings to Regulatory authorities and external affairs. Outside legal will be used for any hearings.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- In 2012, the expenses related to the indirect program areas are allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Budgeted payroll taxes, benefits and retirement costs reflect an average cost per employee. Please refer to the 2011 Changes in Personnel Costs, section four, page 8, which explains MRO's benefit costs fluctuations.

Meeting Expenses

- For 2012, Meeting expenses decreased by eliminating 2011 budgeted meeting and conference call costs deemed as unnecessary expenditures in this program area. In addition, travel costs were slightly reduced.

Operating Expenses

- The 2012 Professional Services account was reduced to recognize the 0.5 FTE corporate internal legal counsel, which would reduce the need for outside counsel.

Indirect Expenses

- Indirect program costs are allocated to the direct programs based on FTE count to the direct programs for 2012.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Legal and Regulatory					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 152,088	\$ 152,088	\$ -	\$ 196,526	\$ 44,438
Payroll Taxes	\$ 11,607	\$ 11,607	\$ -	\$ 11,569	\$ (38)
Benefits	\$ 7,475	\$ 7,475	\$ -	\$ 2,638	\$ (4,837)
Retirement Costs	\$ 6,039	\$ 6,039	\$ -	\$ 22,443	\$ 16,404
Total Personnel Expenses	<u>\$ 177,209</u>	<u>\$ 177,209</u>	<u>\$ -</u>	<u>\$ 233,176</u>	<u>\$ 55,967</u>
Meeting Expenses					
Meetings	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ (2,500)
Travel	\$ 6,000	\$ 6,000	\$ -	\$ 4,200	\$ (1,800)
Conference Calls	\$ 600	\$ 600	\$ -	\$ -	\$ (600)
Total Meeting Expenses	<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ (4,900)</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ -	\$ -	\$ -	\$ 2,595	\$ 2,595
Professional Services	\$ 175,000	\$ 175,000	\$ -	\$ 100,000	\$ (75,000)
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 102,595</u>	<u>\$ (72,405)</u>
Total Direct Expenses	<u>\$ 361,309</u>	<u>\$ 361,309</u>	<u>\$ -</u>	<u>\$ 339,971</u>	<u>\$ (21,338)</u>
Indirect Expenses	<u>\$ (361,309)</u>	<u>\$ (361,309)</u>	<u>\$ -</u>	<u>\$ (339,971)</u>	<u>\$ 21,338</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6d. Information Technology

Information Technology (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.40	2.12	(0.28)
Expenses	\$ 921,074	\$ 1,100,652	\$ 179,578
Inc(Dec) in Fixed Assets	\$ (44,775)	\$ 29,565	\$ 74,340
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

MRO's Information Technology ("IT") department provides the systems and communications tools for staff to perform Regional Entity functions.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for Information Technology can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

IT provides support and guidance for the technologies deployed at MRO. Technologies include office equipment such as copiers and faxes, servers to support connected and shared resources, printers, handheld devices, telephony, remote access and conference solutions as well as networking and security.

IT provides leadership in using technology effectively and securely. In doing so, users are more productive. The result is a keen focus on maintenance, investigation of issues, and deployment of new tools.

MRO IT department assesses patches, service packs, and upgrades in a semi-controlled environment, with select users, or within the department to assess whether or not the technology would provide an added benefit for the organization.

2012 Goals and Key Deliverables

The IT department's goal is 99.81% uptime on all systems.

Funding Sources and Requirements — Explanation of Increase (Decrease)

One significant annual expenditure is compliance with security requirements for MRO data and information. Much of the work involves tracking and documenting areas of authorization and access on a daily, weekly, monthly, quarterly, and annual basis. The coordination with other departments for quarterly security audits and training, as well as processes for adding and removing people, will increase the workload but create a clearer audit trail.

Funding Sources (Other than ERO Assessments)

- In 2012, the expenses related to indirect program areas are being allocated entirely to direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Personnel costs for Employee Paid Benefits – for details please refer to the 2012 Overview of Cost Impacts section, under Accounting, page 12. MRO was successful in lowering benefits costs by a (35%) reduction year over year.

Meeting Expenses

- N/A

Operating Expenses

- 2012 Contracts increase is due to security requirements, and a higher number of FTEs requiring security licensing or credentials.
- 2012 Office costs are consistent with the higher number of FTEs requiring computer supplies and maintenance on an on-going basis, as well as, higher costs in training the IT staff in meeting the security requirements.

Indirect Expenses

- Indirect program costs are allocated to the direct programs based on FTE count to the direct programs for 2012.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs. The only negligible increase in Information Technology was a result of the addition of fixed assets related to normal business operations. A high percentage of capital equipment was purchased and placed in service in 2007 and will reach retirement in 2010 and 2012. Replacement equipment has been procured respectively, keeping asset levels steady.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Information Technology					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 212,173	\$ 212,173	\$ -	\$ 178,051	\$ (34,122)
Payroll Taxes	\$ 15,674	\$ 15,674	\$ -	\$ 14,134	\$ (1,540)
Benefits	\$ 41,930	\$ 41,930	\$ -	\$ 24,316	\$ (17,614)
Retirement Costs	\$ 31,457	\$ 31,457	\$ -	\$ 19,401	\$ (12,056)
Total Personnel Expenses	\$ 301,234	\$ 301,234	\$ -	\$ 235,902	\$ (65,332)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Operating Expenses					
Consultants & Contracts	\$ 157,800	\$ 157,800	\$ -	\$ 278,500	\$ 120,700
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Costs	\$ 194,700	\$ 194,700	\$ -	\$ 201,250	\$ 6,550
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 267,340	\$ 267,340	\$ -	\$ 380,000	\$ 112,660
Total Operating Expenses	\$ 619,840	\$ 619,840	\$ -	\$ 859,750	\$ 239,910
Total Direct Expenses	\$ 921,074	\$ 921,074	\$ -	\$ 1,100,652	\$ 179,578
Indirect Expenses	\$ (921,074)	\$ (921,074)	\$ -	\$ (1,100,652)	\$ (179,578)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	\$ (267,340)	\$ (267,340)	\$ -	\$ (380,000)	\$ (112,660)
Computer & Software CapEx	\$ 312,115	\$ 312,115	\$ -	\$ 350,435	\$ 38,320
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
(Incr)Dec in Fixed Assets	\$ (44,775)	\$ (44,775)	\$ -	\$ 29,565	\$ 74,340
Allocation of Fixed Assets	\$ 44,775	\$ 44,775	\$ -	\$ (29,565)	\$ (74,340)
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

6e. Human Resources

Human Resources costs are included in Finance and Accounting.

6f. Human Resources, Finance, and Accounting

Accounting and Finance (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.10	2.76	0.66
Expenses	\$ 656,283	\$ 892,077	\$ 235,795
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

Human Resources

The Human Resource function of MRO designs, plans, and implements Human Resource policies and procedures in adherence with applicable federal and state laws.

MRO has undertaken an in-depth approach to communicating its enterprise-wide corporate compliance and ethics program. MRO has increased its support of compliance and ethics through its improved employee screening and background check practices, enhanced employee on-board training, training and certification of compliance and ethics staff, and creating opportunities for additional employee training through meetings and workshops. MRO endeavors to continue to make opportunities for increased understanding of compliance and ethics throughout the organization by taking proactive measures to review and develop policies, continue the training and education of staff, and organize compliance and ethics awareness events.

Finance and Accounting

The Finance and Accounting function directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; oversees financial and accounting system controls and standards.

2012 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for Finance and Administrative can be located in the Key Assumptions section of Exhibit A in NERC's 2012 Business Plan and Budget.

2012 Goals and Key Deliverables

- Forecasts and projections
- Payroll and expense administration
- Preparation of Quarterly Financial Statements
- IRS Reporting - Form 990

- Review and improve fiscal controls
- Annual Independent Audit initiated by the Regional Entity
- Enterprise-wide Corporate Compliance and Ethics Program

Funding Sources and Requirements — Explanation of Increase (Decrease)

MRO efforts are not limited to, but include; maintenance of core employee benefits, offsets to non-core benefits when necessary, analysis of office and other operational costs, improving efficiencies, and establishing uniformity in methodologies of cost allocation. MRO staff further explores improved cost effectiveness of routine expenses, and pursues early detection and quick resolution of budget concerns, lessening the impact of cost adjustments. It is our intent to continuously detect and address any risks.

Funding Sources (Other than ERO Assessments)

- In 2012, the expenses related to indirect program areas are being allocated entirely to direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Personnel expenses have increased in 2012 reflecting an increase of 0.66 FTEs.
- Personnel costs for Employee Paid Benefits – for details please refer to the 2012 Overview of Cost Impacts section, under Accounting, page 12. MRO was successful in lowering benefits costs by a (35%) reduction year over year.

Meeting Expenses

- The slight decrease in travel reflects cost management for attending the NERC and Regional budget groups.

Operating Expenses

- The 2012 Budget includes budgeted Leasehold Improvements, and a related increase in budgeted Office Rent, for a new facility. MRO staff was given the authority to seek alternative facilities, to address MRO's growing need for more meeting facilities, and additional space for the higher number of FTEs.
- A decrease in Consultant and Contracts costs are due to a flat FTE count in 2012 and no recruiting costs have been included.
- Professional Services expenses increased as a result of expanding our annual financial audit to include IT security.

Indirect Expenses

- Indirect program costs are allocated to the direct programs based on FTE count to the direct programs for 2012.

Other Non-Operating Expenses

- The 2012 Budget includes a one-time relocation cost relating to budgeted facility move of \$77,484.

Fixed Asset Additions

- 2012 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Human Resources, Finance, and Accounting

Funding sources and related expenses for the Human Resources, Accounting, and Finance section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Finance and Accounting					
Funding	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 196,157	\$ 196,157	\$ -	\$ 252,503	\$ 56,346
Payroll Taxes	\$ 14,453	\$ 14,453	\$ -	\$ 20,061	\$ 5,608
Benefits	\$ 29,500	\$ 29,500	\$ -	\$ 25,922	\$ (3,578)
Retirement Costs	\$ 26,619	\$ 26,619	\$ -	\$ 34,235	\$ 7,616
Total Personnel Expenses	<u>\$ 266,730</u>	<u>\$ 266,730</u>	<u>\$ -</u>	<u>\$ 332,721</u>	<u>\$ 65,992</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 5,000	\$ 5,000	\$ -	\$ 3,000	\$ (2,000)
Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Total Meeting Expenses	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ (2,000)</u>
Operating Expenses					
Consultants & Contracts	\$ 56,200	\$ 56,200	\$ -	\$ 19,576	\$ (36,624)
Office Rent	\$ 223,800	\$ 223,800	\$ -	\$ 391,680	\$ 167,880
Office Costs	\$ 65,500	\$ 65,500	\$ -	\$ 66,100	\$ 600
Professional Services	\$ 39,053	\$ 39,053	\$ -	\$ 79,000	\$ 39,947
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	<u>\$ 384,553</u>	<u>\$ 384,553</u>	<u>\$ -</u>	<u>\$ 556,356</u>	<u>\$ 171,803</u>
Total Direct Expenses	<u>\$ 656,283</u>	<u>\$ 656,283</u>	<u>\$ -</u>	<u>\$ 892,077</u>	<u>\$ 235,795</u>
Indirect Expenses	<u>\$ (656,283)</u>	<u>\$ (656,283)</u>	<u>\$ -</u>	<u>\$ (969,561)</u>	<u>\$ (313,279)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,484</u>	<u>\$ 77,484</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment CapEx	\$ -	\$ -	\$ -	\$ -	\$ -
Leasehold Improvements	\$ -	\$ -	\$ -	\$ 211,000	\$ 211,000
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,000)</u>	<u>\$ (211,000)</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 211,000	\$ 211,000
Change in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>



Section B – Supplemental Financial Information

2012 Business Plan and Budget

Section B — Supplemental Financial Information

1. Supplemental Financial Information Reserve Balance

Table B-1

Working Capital Reserve Analysis 2011-2012	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2010	1,139,666
Plus: 2011 MRO Funding (from LSEs or designees)	8,397,503
Less: 2011 Projected expenses & capital expenditures	(8,130,825)
Projected Working Capital Reserve (Deficit), December 31, 2011	1,406,344
Desired Working Capital ¹ Reserve, December 31, 2012	2 1,116,645
Less: Projected Working Capital Reserve, December 31, 2011	(1,406,344)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(289,699)
2012 Expenses and Capital Expenditures	9,057,229
Less: Penalty Sanctions ³	(418,500)
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	(289,699)
2012 MRO Assessment	8,349,030

¹ For the purpose of this schedule, the Working Capital Reserves are equivalent to cash reserves.

² On April 2008, the MRO Finance and Audit Committee approved a desired working capital reserve of 45 days of cash.

³ Represents collections on or prior to June 30, 2011. See page 60 for full disclosure.

2. Explanation of Changes in Reserve Policy from Prior Years

The Board approved a cash reserve policy to maintain 45 days of cash beginning in 2010 with funding increments of one-third each year, subject to periodic re-evaluation.

As documented in the April 2008 minutes, MRO staff recommended, and the Finance and Audit Committee approved, a cash reserve policy to maintain 45 days of cash. The MRO Board of Directors approved that the funding of the 45 day cash reserve begin in the 2010 budget with an initial funding amount of one-third of the projected requirements with other funding installments to follow in 2011 and 2012, subject to a re-evaluation of the reserves policy previously adopted by the MRO Finance and Audit Committee.

In March 2010, this policy was re-evaluated by the Finance and Audit Committee who recommended at the March 25, 2010 board meeting that no change be made to the current cash

reserve policy. The board directed staff to apply the full 2009 budget underage of \$583,678 to the reserves in 2010, and in 2011 assess the LSE's to the full 45 reserve days, thus reaching the current cash reserve policy in 2011.

At the June 16, 2011 board meeting, the Finance and Audit committee's recommendation to apply the 2010 budget under-run to the 2012 Assessment for G&A was approved by the MRO Board of Directors. The resulting impact on Working Capital reserve will be at the full 45 reserve days, thus meeting the current cash reserve policy in 2012.

3. Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statement of Activities on page 15 of the 2012 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2011 are to be used to offset assessments in the 2012 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2011 through June 30, 2012 will be used to offset assessments in the 2013 Budget.

All penalties received prior to June 30, 2011 are listed below, including the amount and date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2011

	Date Received	Amount Received
	7/19/2010	\$ 125,000
	12/6/2010	\$ 23,000
	12/15/2010	\$ 6,000
	12/30/2010	\$ 62,500
	2/1/2011	\$ 25,000
	2/8/2011	\$ 2,500
	2/24/2011	\$ 2,500
	4/5/2011	\$ 3,000
	4/11/2011	\$ 120,000
	4/21/2011	\$ 45,000
	6/3/2011	\$ 4,000
Total Penalties Received		<u>\$ 418,500</u>

*Supplemental Funding***Table B-3**

Outside Funding Breakdown By Program (excluding MRO Assessments & Penalty Sanctions)	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ -	\$ -	\$ -	\$ -

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

MRO does not earn interest income. Our general banking account offsets the bank charges with any earned interest.

4. Personnel Expenses

Table B-4

Personnel Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Salaries					
Total Salaries	\$ 4,065,185	\$ 4,065,185	\$ 4,513,030	\$ 447,845	11.0%
Total Payroll Taxes	\$ 305,215	\$ 305,215	\$ 300,538	\$ (4,677)	-1.5%
Total Benefits	\$ 632,490	\$ 632,490	\$ 412,899	\$ (219,591)	-34.7%
Total Retirement	\$ 561,627	\$ 561,627	\$ 574,473	\$ 12,846	2.3%
Total Personnel Costs	\$ 5,564,517	\$ 5,564,517	\$ 5,800,940	\$ 236,423	4.2%
FTEs	34.50	34.50	37.00	2.50	7.2%
Cost per FTE					
Salaries	\$ 117,831	\$ 117,831	\$ 121,974	\$ 4,142	3.5%
Payroll Taxes	\$ 8,847	\$ 8,847	\$ 8,123	\$ (724)	-8.2%
Benefits	\$ 18,333	\$ 18,333	\$ 11,159	\$ (7,174)	-39.1%
Retirement	\$ 16,279	\$ 16,279	\$ 15,526	\$ (753)	-4.6%
Total Cost per FTE	\$ 161,290	\$ 161,290	\$ 156,782	\$ (4,508)	-2.8%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Please refer to the 2012 Overview of Cost Impacts on page 12 for Personnel costs of Employee Paid Benefits. MRO was successful in lowering benefit costs by a (35%) reduction year to year.

5. Consultants and Contracts

Table B-5

Consultants	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	\$ 75,000	\$ 75,000	\$ 131,000	\$ 56,000	75%
Reliability Assessment and Performance Analysis (Secure Portal Dev for Periodic Data Collection)	\$ 50,000	\$ 50,000	\$ 40,000	\$ (10,000)	-20%
Training and Education	\$ -	\$ -	\$ -	\$ -	
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	\$ -	
Committee and Member Forums	\$ -	\$ -	\$ -	\$ -	
General and Administrative	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	0%
Legal and Regulatory	\$ -	\$ -	\$ -	\$ -	
Information Technology	\$ 60,000	\$ 60,000	\$ 120,000	\$ 60,000	100%
Human Resources	\$ -	\$ -	\$ -	\$ -	
Accounting and Finance	\$ 11,000	\$ 11,000	\$ 5,000	\$ (6,000)	-55%
Consultants Total	\$ 256,000	\$ 256,000	\$ 356,000	\$ 100,000	39%
Contracts					
Contracts					
Outsource Standards Tracking Software Applications	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	0%
Subtotal - Reliability Standards Contracts	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	0%
Outsource Compliance Information Tracking Applications	\$ -	\$ -	\$ -	\$ -	
Subtotal - Compliance and Organization Registration and Certification Contracts	\$ 71,000	\$ 71,000	\$ 171,000	\$ 100,000	141%
Model Series Development (MRO's portion of expenses of the MMWG/ERAG)	\$ 21,920	\$ 21,920	\$ 24,000	\$ 2,080	9%
Model Building	\$ 31,360	\$ 31,360	\$ 38,000	\$ 6,640	21%
PTI Software	\$ 22,500	\$ 22,500	\$ 22,700	\$ 200	1%
Subtotal - Reliability Assessments Contracts	\$ 75,780	\$ 75,780	\$ 84,700	\$ 8,920	12%
Cisco	\$ 16,000	\$ 16,000	\$ 20,000	\$ 4,000	25%
Barracuda	\$ 8,000	\$ 8,000	\$ 8,000	\$ -	0%
Facilities / Security	\$ -	\$ -	\$ -	\$ -	
Lyris	\$ 16,000	\$ 16,000	\$ 2,000	\$ (14,000)	-88%
DigiCert SSL	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)	-100%
Verisign - Domain Renewal	\$ 2,500	\$ 2,500	\$ 800	\$ (1,700)	-68%
Great Plains	\$ 800	\$ 800	\$ 8,500	\$ 7,700	963%
Globalscape EFT	\$ -	\$ -	\$ 6,500	\$ 6,500	
Symantec Antivirus	\$ 6,500	\$ 6,500	\$ 14,000	\$ 7,500	115%
Varonis File Maintenance	\$ 10,000	\$ 10,000	\$ 4,000	\$ (6,000)	-60%
Net App Data Storage Maintenance	\$ 4,000	\$ 4,000	\$ 38,000	\$ 34,000	850%
Net App Shelves	\$ 18,000	\$ 18,000	\$ 3,000	\$ (15,000)	-83%
Net App 2050 & 2040	\$ -	\$ -	\$ 15,000	\$ 15,000	
VMWare	\$ 14,000	\$ 14,000	\$ 14,000	\$ -	0%
OCS Maintenance	\$ -	\$ -	\$ 3,000	\$ 3,000	
Sharepoint Maintenance	\$ -	\$ -	\$ 17,000	\$ 17,000	
SmartPhone Maintenance	\$ -	\$ -	\$ 2,000	\$ 2,000	
Server Support	\$ -	\$ -	\$ 2,700	\$ 2,700	
Subtotal - Information Technology Contracts	\$ 97,800	\$ 97,800	\$ 158,500	\$ 60,700	62%
401K / 457b, 457f 3rd Party Administrator	\$ 3,200	\$ 3,200	\$ 5,000	\$ 1,800	56%
FSA 3rd Party Administrator	\$ 1,200	\$ 1,200	\$ 1,200	\$ -	0%
Benefits 3rd Party Administrator	\$ 3,200	\$ 3,200	\$ 2,376	\$ (824)	-26%
CPI-457b 3rd Party Administrator	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)	-100%
Payroll 3rd Party Administrator	\$ 6,100	\$ 6,100	\$ 6,000	\$ (100)	-2%
HR-Employment Costs	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)	-100%
Subtotal - HR and Finance Contracts	\$ 45,200	\$ 45,200	\$ 14,576	\$ (30,624)	-68%
Contracts Total	\$ 301,780	\$ 301,780	\$ 440,776	\$ 138,996	46%
Total Consulting and Contracts	\$ 557,780	\$ 557,780	\$ 796,776	\$ 238,996	43%

*Explanation of Significant Variances – 2012 Budget versus 2011 Budget***Consulting Expenses**

- Compliance and Organization Registration consulting expenses are budgeted to increase in 2012. Contractors are used to participate on audits and implement various compliance program projects and assignments.

- Reliability Assessments and Performance Analysis costs includes costs to administer the NERC Right of Way Clearance Alert.
- Information Technology uses outside consultants for new technology implementation.

Contract Expenses

- Compliance and Organization Registration costs increased for 2012 due to the CDMS change order contracts.
- Reliability Assessments and Performance Analysis costs increased for 2012 due to higher future costs for renewal or replacement of contracts reaching expiration.
- Information Technology costs increased due to CIP related requirements, and a higher FTE count requiring additional licensing.
- Human Resources and Finance costs decreased for 2012 due to a decrease in hiring costs. In addition, the FTE count will hold steady in 2012.

Table B-6

Office Rent	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Office Rent	\$ 172,900	\$ 172,900	\$ 340,780	\$ 167,880	97.10%
Utilities	\$ 18,300	\$ 18,300	\$ 18,300	\$ -	0.00%
Maintenance	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	0.00%
Office Cleaning	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	0.00%
Waste Management	\$ 2,600	\$ 2,600	\$ 2,600	\$ -	0.00%
Total Office Rent	\$ 223,800	\$ 223,800	\$ 391,680	\$ 167,880	75.01%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Office Rent

- The 2012 Budget includes budgeted Leasehold Improvements and associated Office Rent for a new facility. MRO staff was given the authority to seek alternative facilities, to address MRO's growing need for more meeting facilities, and additional space for the higher number of FTEs.

Table B-7

Office Costs	Budget	Projection	Budget	Variance	
	2011	2011	2012	2012 Budget v 2011 Budget	Variance %
Phone Service					
Data Curciut (qmoe)	\$ 20,400	\$ 20,400	\$ 20,000	\$ (400)	-1.96%
Data Circuit (dsl)	\$ -	\$ -	\$ -	\$ -	
Inbound long distance	\$ 8,400	\$ 8,400	\$ 8,400	\$ -	0.00%
Voice Circuits	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	0.00%
Business Cable	\$ 3,300	\$ 3,300	\$ 3,300	\$ -	0.00%
Sunguard 1/	\$ 24,000	\$ 24,000	\$ -	\$ (24,000)	-100.00%
Internet/Cell	\$ 35,812	\$ 35,812	\$ 30,656	\$ (5,156)	-14.40%
Office Supplies	\$ 25,452	\$ 25,452	\$ 26,252	\$ 800	3.14%
Employee Member Events	\$ 17,000	\$ 17,000	\$ 17,800	\$ 800	4.71%
Employee Related Expense (Drug Testing, Finder Fees Etc)	\$ 7,000	\$ 7,000	\$ 8,500	\$ 1,500	21.43%
Computer Supplies and Maintenance	\$ 46,000	\$ 46,000	\$ 57,000	\$ 11,000	23.91%
Publications & Subscriptions	\$ 9,550	\$ 9,550	\$ 5,250	\$ (4,300)	-45.03%
Professional Dues	\$ 15,443	\$ 15,443	\$ 11,583	\$ (3,860)	-25.00%
Postage	\$ 1,800	\$ 1,800	\$ 2,000	\$ 200	11.11%
Temporary Services	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)	-100.00%
Finance-Filing/Reg Fees	\$ 6,000	\$ 6,000	\$ 5,000	\$ (1,000)	-16.67%
Equipment Repair/Service Contracts 1/	\$ 48,000	\$ 48,000	\$ 92,350	\$ 44,350	92.40%
Bank Charges	\$ 6,000	\$ 6,000	\$ 12,400	\$ 6,400	106.67%
Sales & Use Taxes	\$ -	\$ -	\$ -	\$ -	
Merchant Card Fees	\$ -	\$ -	\$ -	\$ -	
Presentation & Publicity & Supplies Promotional	\$ 4,000	\$ 4,000	\$ 3,000	\$ (1,000)	-25.00%
Departmental Functional Training	\$ 100,763	\$ 100,763	\$ 121,228	\$ 20,465	20.31%
Insurance Expense	\$ 40,000	\$ 40,000	\$ 35,000	\$ (5,000)	-12.50%
Total Office Costs	\$ 432,420	\$ 432,420	\$ 471,719	\$ 39,299	9.09%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Office Costs

- Computer Supplies and Maintenance costs increased for 2012 due to a more accurate budgeted cost. Previous budgets understated the actual cost of Computer Supplies and related computer costs.
- Equipment Repair/Service Contract costs increased in 2012 partially by changing the account for additional data storage from the phone service account to equipment repair/service contracts account. The increase in 2012 is also attributable to existing service contracts, the copier maintenance contract and MRO's HVAC contract service.

Departmental Functional and Training Costs

- Compliance and Organization Registration costs increased for 2012 due to additional audit training with NERC. In addition, MRO budgeted training dollars in 2012 for a MRO staff achievement of a Master Degree in Security Technologies.

Table B-8

Professional Services	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Independent Trustee Fees	\$ -	\$ -	\$ -	\$ -	
Outside Legal	\$ 175,000	\$ 175,000	\$ 115,000	\$ (60,000)	-34.29%
Accounting & Auditing Fees	\$ 23,000	\$ 23,000	\$ 53,000	\$ 30,000	130.43%
Actuarial Fees	\$ 16,053	\$ 16,053	\$ 26,000	\$ 9,947	61.96%
Total Services	\$ 214,053	\$ 214,053	\$ 194,000	\$ (20,053)	-9.37%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Outside legal was reduced to recognize the 0.5 FTE Corporate internal Legal Counsel.
- Accounting and Auditing fees were increased to address the additional audit scope of the IT security.
- Actuarial fees were increased in 2012 when MRO realized the 2010 Post Retirement Retiree Medical and Profit Sharing testing and valuation will continue at the same level as prior to the Pension Conversion. Savings are realized in the actual cost of the program, not by eliminating steps in testing and valuation.

Table B-9

Other Non-Operating Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	\$ -	\$ -	\$ -	\$ 77,484	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 77,484	

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

The 2012 Budget includes a one-time relocation cost relating to budgeted facility move of \$77,484.



Section C – Non-Statutory Activities

2012 Business Plan and Budget

Section C — 2011 Non-Statutory Business Plan and Budget

In the 2012 Business Plan and Budget, MRO will not have non-statutory functions.



Section D – Additional Consolidated Financial Statements

2012 Business Plan and Budget

Section D - Additional Financial Statements

1. 2012 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Section D — Additional Financial Statements

2012 Consolidated Statement of Activities

Statement of Activities and Capital Expenditures by Program 2012 Budget	Functions in Delegation Agreement															Non-Statutory Functions	
	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	
Funding																	
MRO Funding																	
MRO Assessments	8,349,029	8,349,029	-	8,349,029	454,789	5,623,628	2,319,561	171,203	69,547	-	(289,699)	-	-	-	-	-	-
Penalty Sanctions	418,500	418,500	-	418,500	22,827	275,076	115,428	2,584	2,584	-	-	-	-	-	-	-	-
Total MRO Funding	8,767,529	8,767,529	-	8,767,529	477,616	5,898,704	2,434,989	173,787	72,131	-	(289,699)	-	-	-	-	-	-
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	8,767,529	8,767,529	-	8,767,529	477,616	5,898,704	2,434,989	173,787	72,131	-	(289,699)	-	-	-	-	-	-
Expenses																	
Personnel Expenses																	
Salaries	4,513,030	4,513,030	-	4,513,030	153,497	2,393,502	897,570	35,852	30,779	120,863	253,887	196,526	178,051	-	252,503	-	-
Payroll Taxes	300,538	300,538	-	300,538	12,655	146,389	70,021	2,095	2,031	7,352	14,231	11,569	14,134	-	20,061	-	-
Benefits	412,899	412,899	-	412,899	18,238	219,744	92,219	2,065	2,065	8,144	17,549	2,638	24,316	-	25,922	-	-
Retirement Costs	574,473	574,473	-	574,473	20,652	285,616	127,696	6,154	6,135	19,587	32,554	22,443	19,401	-	34,235	-	-
Total Personnel Expenses	5,800,940	5,800,940	-	5,800,940	205,042	3,045,251	1,187,506	46,166	41,010	155,946	318,221	233,176	235,902	-	332,721	-	-
Meeting Expenses																	
Meetings	134,254	134,254	-	134,254	13,000	6,200	35,000	48,500	-	-	31,554	-	-	-	-	-	-
Travel	578,440	578,440	-	578,440	42,000	189,199	96,500	38,000	7,000	140,000	53,541	4,200	5,000	-	3,000	-	-
Conference Calls	50,500	50,500	-	50,500	18,000	9,200	7,500	15,000	-	-	800	-	-	-	-	-	-
Total Meeting Expenses	763,194	763,194	-	763,194	73,000	204,599	139,000	101,500	7,000	140,000	85,895	4,200	5,000	-	3,000	-	-
Operating Expenses																	
Consultants & Contracts	796,776	796,776	-	796,776	12,000	302,000	124,700	-	-	-	60,000	-	278,500	-	19,576	-	-
Office Rent	391,680	391,680	-	391,680	-	-	-	-	-	-	-	-	-	-	391,680	-	-
Office Costs	471,719	471,719	-	471,719	1,000	83,572	40,350	5,000	3,000	-	68,852	2,595	201,250	-	66,100	-	-
Professional Services	194,000	194,000	-	194,000	-	15,000	-	-	-	-	-	100,000	-	-	79,000	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	388,498	388,498	-	388,498	-	-	-	-	8,498	-	-	-	380,000	-	-	-	-
Total Operating Expenses	2,242,673	2,242,673	-	2,242,673	13,000	400,572	165,050	5,000	11,498	-	128,852	102,595	859,750	-	556,356	-	-
Total Direct Expenses	8,806,807	8,806,807	-	8,806,807	291,042	3,650,422	1,491,556	152,666	59,508	295,946	532,968	339,971	1,100,652	-	892,077	-	-
Indirect Expenses																	
	-	-	-	-	176,678	2,129,027	893,391	20,001	20,001	(295,946)	(532,968)	(339,971)	(1,100,652)	-	(969,561)	-	-
Other Non-Operating Expenses	77,484	77,484	-	77,484	-	-	-	-	-	-	-	-	-	-	77,484	-	-
Total Expenses	8,884,291	8,884,291	-	8,884,291	467,720	5,779,449	2,384,947	172,667	79,509	-	-	-	-	-	-	-	-
Change in Assets	(116,762)	(116,762)	-	(116,762)	9,896	119,255	50,042	1,120	(7,378)	-	(289,699)	-	-	-	-	-	-
Fixed Assets																	
Depreciation	(388,498)	(388,498)	-	(388,498)	-	-	-	-	(8,498)	-	-	-	(380,000)	-	-	-	-
Computer & Software CapEx	350,435	350,435	-	350,435	-	-	-	-	-	-	-	-	350,435	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	211,000	211,000	-	211,000	-	-	-	-	-	-	-	-	-	-	211,000	-	-
(Inc)Dec in Fixed Assets	(172,937)	(172,937)	-	(172,937)	-	-	-	-	8,498	-	-	-	29,565	-	(211,000)	-	-
Allocation of Fixed Assets	-	-	-	-	(9,896)	(119,255)	(50,042)	(1,120)	(1,120)	-	-	-	(29,565)	-	211,000	-	-
Change in Fixed Assets	(172,937)	(172,937)	-	(172,937)	(9,896)	(119,255)	(50,042)	(1,120)	7,378	-	-	-	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	(289,699)	(289,699)	-	(289,699)	-	-	-	-	-	-	(289,699)	-	-	-	-	-	-
FTEs	37.0	37.0	-	37.0	1.6	19.2	8.0	0.2	0.2	0.7	1.5	0.7	2.1	-	2.8	-	-

2. Statement of Financial Position

- As of December 31, 2010, per audit
- As of December 31, 2011, projected
- As of December 31, 2012, as budgeted

Statement of Financial Position 2010 Audited, 2011 Projection, and 2012 Budget

STATUTORY and NON-STATUTORY

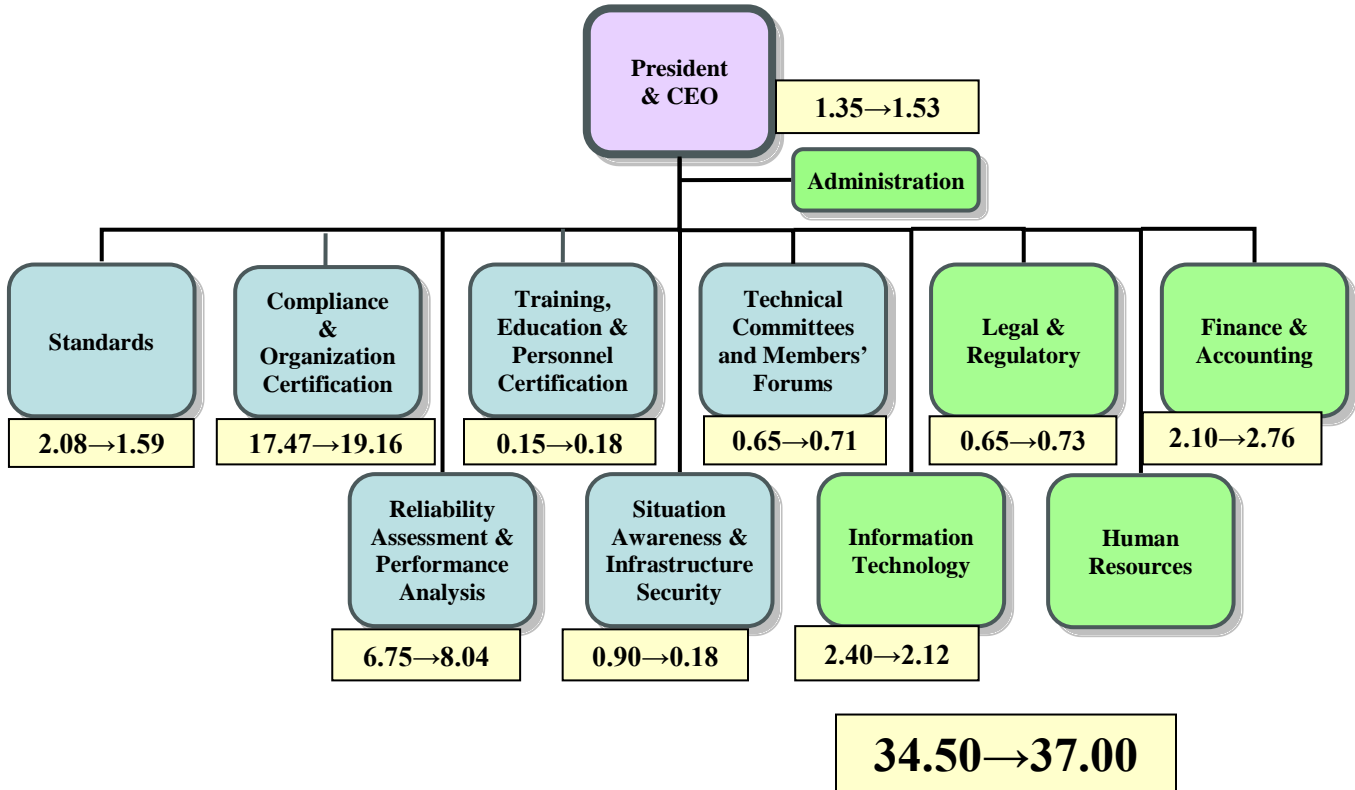
	(Per Audit)	Projected	Budget
	31-Dec-10	31-Dec-11	31-Dec-12
ASSETS			
Cash	\$ 2,315,809	\$ 2,899,427	\$ 2,584,586
Accounts receivable, net of allowance for uncollectible	\$ -	\$ -	\$ -
Other receivables	\$ -	\$ -	\$ -
Prepaid expenses and other current assets	\$ 308,494	\$ 350,000	\$ 350,000
Property and equipment and capitalized software	\$ 1,161,395	\$ 1,202,705	\$ 1,297,900
Total Assets	\$ 3,785,698	\$ 4,452,132	\$ 4,232,486
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$ 1,484,636	\$ 1,442,746	\$ 1,571,081
Deferred rent	\$ 55,631	\$ 30,000	\$ -
Regional assessments collected in advance	\$ 216,500	\$ -	\$ -
Deferred compensation	\$ -	\$ -	\$ -
Accrued retirement liabilities	\$ 220,902	\$ 320,902	\$ 420,902
Total Liabilities	\$ 1,977,669	\$ 1,793,648	\$ 1,991,983
Net Assets - unrestricted	\$ 1,808,029	\$ 2,658,484	\$ 2,240,503
Total Liabilities and Net Assets	\$ 3,785,698	\$ 4,452,132	\$ 4,232,486

3. Statement of Activities and Capital Expenditures

Statement of Activities and Capital Expenditures							
2012 Expenses and Capital Expenditures & Projected 2013 and 2014 Budgets							
	2012	2013	\$ Change	% Change	2014	\$ Change	% Change
	Budget	Projection	12 v 13	12 v 13	Projection	13 v 14	13 v 14
Funding							
ERO Funding							
ERO Assessments	\$ -	\$ -	\$ -		\$ -	\$ -	
Penalty Sanctions	\$ -	\$ -	\$ -		\$ -	\$ -	
Total ERO Funding	\$ -	\$ -	\$ -		\$ -	\$ -	
Membership Dues	\$ -	\$ -	\$ -		\$ -	\$ -	
Testing Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
Services & Software	\$ -	\$ -	\$ -		\$ -	\$ -	
Workshops	\$ -	\$ -	\$ -		\$ -	\$ -	
Interest	\$ -	\$ -	\$ -		\$ -	\$ -	
Miscellaneous	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Funding	\$ 8,767,529	\$ 9,313,106	\$ 545,577	6.2%	\$ 9,860,711	\$ 547,605	5.9%
Expenses							
Personnel Expenses							
Salaries	\$ 4,513,030	\$ 4,818,551	\$ 305,521	6.8%	\$ 5,136,293	\$ 317,742	6.6%
Payroll Taxes	\$ 300,538	\$ 320,975	\$ 20,437	6.8%	\$ 342,159	\$ 21,184	6.6%
Benefits	\$ 412,899	\$ 454,189	\$ 41,290	10.0%	\$ 476,898	\$ 22,709	5.0%
Retirement Costs	\$ 574,473	\$ 603,197	\$ 28,724	5.0%	\$ 633,356	\$ 30,160	5.0%
Total Personnel Expenses	\$ 5,800,940	\$ 6,196,911	\$ 395,971	6.8%	\$ 6,588,707	\$ 391,796	6.3%
Meeting Expenses							
Meetings	\$ 134,254	\$ 140,967	\$ 6,713	5.0%	\$ 148,015	\$ 7,048	5.0%
Travel	\$ 578,440	\$ 607,362	\$ 28,922	5.0%	\$ 637,730	\$ 30,368	5.0%
Conference Calls	\$ 50,500	\$ 53,025	\$ 2,525	5.0%	\$ 55,676	\$ 2,651	5.0%
Total Meeting Expenses	\$ 763,194	\$ 801,354	\$ 38,160	5.0%	\$ 841,421	\$ 40,068	5.0%
Operating Expenses							
Consultants & Contracts	\$ 796,776	\$ 836,615	\$ 39,839	5.0%	\$ 878,446	\$ 41,831	5.0%
Office Rent	\$ 391,680	\$ 411,264	\$ 19,584	5.0%	\$ 431,827	\$ 20,563	5.0%
Office Costs	\$ 471,719	\$ 495,305	\$ 23,586	5.0%	\$ 520,070	\$ 24,765	5.0%
Professional Services	\$ 194,000	\$ 203,700	\$ 9,700	5.0%	\$ 213,885	\$ 10,185	5.0%
Miscellaneous	\$ -	\$ -	\$ -		\$ -	\$ -	
Depreciation	\$ 388,498	\$ 407,923	\$ 19,425	5.0%	\$ 428,319	\$ 20,396	5.0%
Total Operating Expenses	\$ 2,242,673	\$ 2,354,807	\$ 112,134	5.0%	\$ 2,472,547	\$ 117,740	5.0%
Total Direct Expenses	\$ 8,806,807	\$ 9,353,072	\$ 546,265	6.2%	\$ 9,902,675	\$ 549,604	5.9%
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Other Non-Operating Expenses	\$ 77,484	\$ -	\$ (77,484)	-100.0%	\$ -	\$ -	
Total Expenses	\$ 8,884,291	\$ 9,353,072	\$ 468,781	5.3%	\$ 9,902,675	\$ 549,604	5.9%
Change in Assets	\$ (116,762)	\$ (39,966)	\$ 76,796	-65.8%	\$ (41,964)	\$ (1,999)	5.0%
Fixed Assets							
Depreciation	\$ (388,498)	\$ (407,923)	\$ (19,425)	5.0%	\$ (428,319)	\$ (20,396)	5.0%
Computer & Software CapEx	\$ 350,435	\$ 367,957	\$ 17,522	5.0%	\$ 386,355	\$ 18,398	5.0%
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -		\$ -	\$ -	
Equipment CapEx	\$ -	\$ -	\$ -		\$ -	\$ -	
Leasehold Improvements	\$ 211,000	\$ -	\$ (211,000)	-100.0%	\$ -	\$ -	
(Incr)Dec in Fixed Assets	\$ (172,937)	\$ 39,966	\$ 212,903	-123.1%	\$ 41,964	\$ 1,998	5.0%
TOTAL CHANGE IN NET ASSETS	\$ (289,699)	\$ -	\$ 289,699	-100.0%	\$ -	\$ -	0.0%
FTEs	37	38	1		39	1	

Attachment A

2011 to 2012 FTE Comparison Organization Chart



FTE Projection from 2011 to 2015

2011	2012	2013	2014	2015
34.5	37.0	38.0	39.0	40.0

Attachment 4

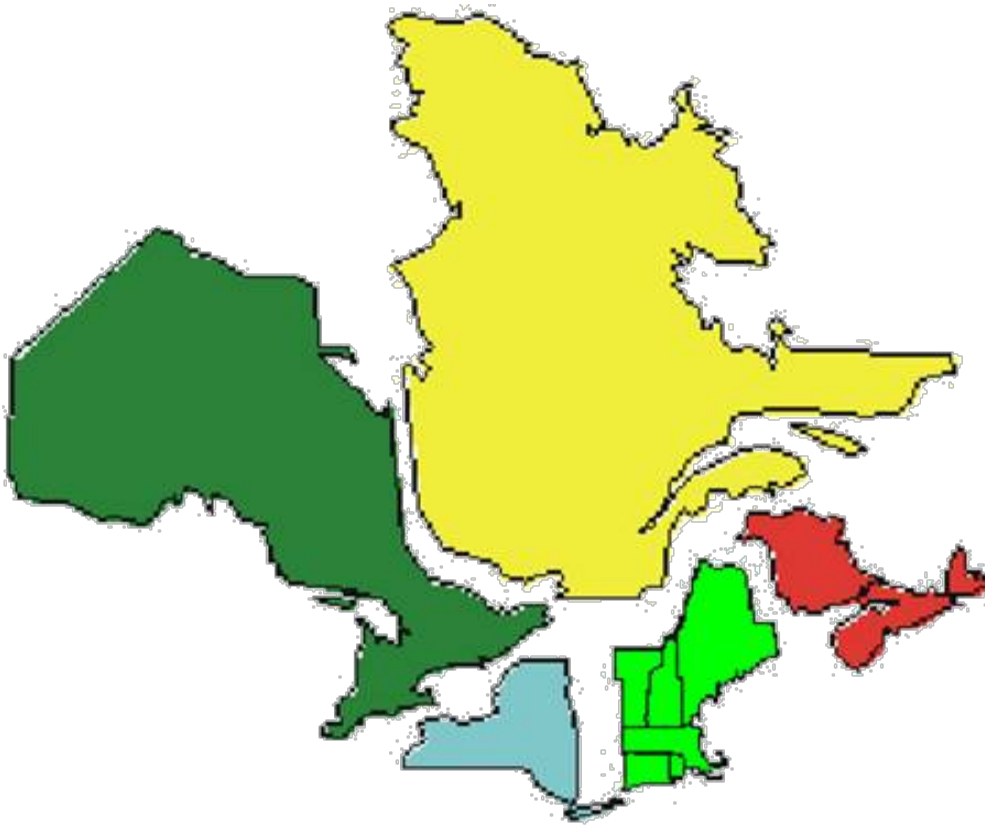
Northeast Power Coordinating Council, Inc. Proposed 2012 Business Plan and Budget



NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Northeast Power Coordinating Council, Inc. (NPCC)

2012 Business Plan and Budget



**Approved by
NPCC Board of Directors June 30, 2011
Resubmitted to NERC July 28, 2011**

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Introduction

Total NPCC Resources				
(in whole dollars)				
	2012 Budget	U.S.	Canada	Mexico
Regional Entity Division FTEs	35.43			
Criteria Services Division FTEs	2.57			
Total FTEs	38.0			
Regional Entity Division Expenses	\$13,752,342			
Criteria Services Division Expenses	\$1,003,628			
Total Expenses	\$14,755,970			
Regional Entity Division Inc(Dec) in Fixed Assets	(\$73,564)			
Criteria Services Division Inc(Dec) in Fixed Assets	(\$5,336)			
Total Inc(Dec) in Fixed Assets	(\$78,900)			
Regional Entity Division Working Capital Requirement**	(\$323,075)			
Criteria Services Division Working Capital Requirement***	(\$41,528)			
Total Working Capital Requirement	(\$364,603)			
Total Regional Entity Division Funding Requirement	\$13,357,567			
Total Criteria Services Division Funding Requirement	\$956,900			
Total Funding Requirement	\$14,314,467			
Regional Entity Division Assessments	\$12,551,567			
Regional Entity Division Assessments Percentage	100.0%			
Criteria Services Division Membership Fees	\$956,900	\$436,396	\$520,504	
Total NPCC Assessments & Membership Fees	\$13,508,467			
NEL	639,270,000	291,540,000	347,730,000	
NEL %	100%	45.61%	54.39%	

* Refer to Regional Entity Assessment Analysis on page 81 in Section A.

** Refer to Table B-1 on page 85 in Section B.

*** Refer to the Reserve Analysis on page 103 in Section C.

2012 Overview of Total NPCC Resource Requirements

Due to the international nature of NPCC, the total resource requirements including both Regional Entity division and Criteria Services division are identified above. The individual divisional explanations are contained in subsequent sections.

NPCC proposes to increase its total funding requirement from \$13,430,711 to \$14,314,467 in 2012, an increase of \$883,756 or 6.6%. The proposed 2012 funding requirements will be satisfied by a Regional Entity division assessment of \$12,551,567 and Criteria Services division fees of \$956,900, an overall decrease of 1% compared to the 2011 total funding requirements of \$13,430,711. NPCC believes that the Region remains an effective provider of Regional Entity and Criteria Services division functions. NPCC's corporate culture centers on consistent delivery of excellent results at a cost that is considerate of the longstanding tradition in the Northeast of affordable and reliable electricity.

Organizational Overview

Northeast Power Coordinating Council, Inc. (NPCC) is a 501(c)(6) not-for-profit corporation in the state of New York responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America through (i) the development of Regional Reliability Standards and compliance assessment and enforcement of continent-wide and Regional Reliability Standards, coordination of system planning, design and

operations, and assessment of reliability (collectively, Regional Entity activities), and (ii) the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, criteria services activities). NPCC provides the functions and services for Northeastern North America of a cross-border Regional Entity through a Regional Entity division, as well as Regionally-specific criteria services for Northeastern North America through a criteria services division. NPCC's website is www.npcc.org.

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 55 million people. NPCC U.S. includes the six New England states and the state of New York. NPCC Canada includes the provinces of Ontario, Québec and the Maritime provinces of New Brunswick and Nova Scotia. In total, from a net energy for load perspective, NPCC is approximately 46% U.S. and 54% Canadian. With regard to Canada, approximately 70% of Canadian net energy for load is within the NPCC Region.

Effective January 1, 2011, NPCC executed an Amended and Restated Regional Delegation Agreement with the North American Electric Reliability Corporation (NERC) that delegates to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by *Section 215* of the Federal Power Act in the U.S. In addition, NPCC has executed Memoranda of Understanding with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick and Nova Scotia.

In this 2012 business plan, NPCC has not included discretionary programs and has balanced the limited availability of funds with international reliability interests. The NPCC Board of Directors in its approval of the 2011 NPCC Business Plan and Budget tasked NPCC with establishing a base operating budget for 2012 reflecting the costs of efficient execution of existing operations and, in conjunction with NERC and other Regional Entities, developing justification for any necessary increases in resources to address identified additional requirements and proposing a long term strategy showing a measured growth approach in NPCC's Regional Entity division operations.

It is imperative that NPCC maintain its ability to carry out delegated authorities and responsibilities. NPCC has a 2012 targeted staffing level of 38 power industry professionals and support personnel. Details of the 2012 business plans and budget for each program area are included in Section A for the Regional Entity division. The 2012 Regional Entity division schedules are shown in Section B. Section C details the 2012 criteria services division business plan and budget.

Membership and Governance

NPCC monitors approximately 306 registered entities and some 614 functions in the Region for compliance with mandatory Reliability Standards. NPCC currently has approximately 79 members. There are two categories of membership, General and Full. The two categories distinguish between Regional Entity delegated services that are provided in support of the U.S. FERC and Canadian provincial MOUs or Agreements with regulatory and/or governmental authorities, and Criteria Services which FERC references as U.S. non-delegated activities.

General Membership is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the Electric Reliability Organization (ERO) that has an interest in the reliable operation of the Northeastern North American bulk power system. General Members which are also registered entities within the NPCC Region are subject to

compliance with Reliability Standards, consistent with their registration, and also receive additional services from the Regional Entity division of NPCC.

Full Membership is available to Members which are already General Members and participate in electricity markets in the Northeast. Independent system operators (ISOs), Regional transmission organizations (RTOs), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with Regionally-specific more stringent reliability criteria for their generation and transmission facilities on which faults or disturbances can have a significant adverse impact outside of the local area and which are identified utilizing a reliability impact-based methodology, in addition to Reliability Standards, and receive additional services from the Criteria Services division of NPCC, which is not funded through the ERO.

The Corporate Governance and Nominating Committee performed significant examination of alternative corporate governance structures for NPCC culminating in unanimous Board of Directors endorsement of revisions to the Amended and Restated Bylaws of NPCC which were overwhelmingly approved by NPCC's Full and General Members. The NERC Board of Trustees at its May 11, 2011 meeting approved revisions as presented and in the weeks following filed petitions to obtain FERC approvals to facilitate NPCC implementation of the recommended board structure effective January 1, 2012. In summary, enhancements to the NPCC governance structure address trimming the relatively large size of the current Board structure, combining a sparsely populated stakeholder sector into another existing sector, introducing independent, outside perspectives from independent directors to be retained at the Board level creating a hybrid board structure, and establishing a mechanism for populating the hearing body to meet the requirement for impartial resolution of any contested compliance matters. The Hearing Body has been defined in the Bylaws as a group comprising the Hearing Officer (contracted by NPCC to preside over formal compliance hearings) and two Independent Directors (excluding the Board Chair).

Effective January 1, 2012 NPCC would be governed by a Board of Directors consisting of seven stakeholder voting sectors consisting of a maximum of two directors per sector, an independent sector consisting of two independent directors, an independent Board Chair with voting rights to preclude board deadlocks, and the President and CEO. Within NPCC, no two sectors can control and no one sector can block action. The voting sectors include:

- Sector 1) Transmission Owners
- Sector 2) Reliability Coordinators
- Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities
- Sector 4) Generator Owners
- Sector 5) Marketers, Brokers and Aggregators
- Sector 6) Regulators
- Sector 7) Sub-Regional Reliability Councils, Customers, other Regional Entities and Interested Entities
- Sector 8) Independent

A Finance and Audit Committee (FAC), a Pension Committee, a Corporate Governance and Nominating Committee (CGNC), and a Management Development and Compensation

Committee (MDCC) advise the Board on finance, governance, compensation and human resource matters. The Board endorses a non-employee, Certified Public Accountant for election by the NPCC Members as Treasurer of the corporation. The Treasurer chairs the FAC and works with the Chief Operating Officer who provides oversight of the finances of the corporation. The Treasurer reports to the Board on the corporation's financial position, on FAC activities, on tax code requirements, and on independent annual audit results and accounting practices.

The Regional Standards Committee (RSC), the Compliance Committee (CC), the Reliability Coordinating Committee (RCC), and the Public Information Committee, consistent with their approved scopes, are responsible for various reliability issues. The RSC, CC and RCC also provide technical policy recommendations to the Board. All General and Full Members are eligible for representation on the technical committees.

Industry technical experts from within the membership provide valuable input to the Board through various working groups and task forces as well as the committees. The *Amended and Restated Bylaws* will continue to establish NPCC's independence from users, owners and operators of the bulk power system through the enhanced governance structure while providing fair stakeholder representation in the selection of officers. The members, from each of the seven stakeholder voting sectors, vote to elect directors in their respective sector. The Amended and Restated Bylaws establish criteria for board service for both stakeholder and independent directors. Independent Directors will be drawn from diverse backgrounds and will possess a broad range of industry expertise, perspectives, experiences, skill sets and knowledge to contribute to the effective functioning of a hybrid board structure.

Compliance and enforcement activities are carried out by the NPCC compliance staff and are independent of all users, owners and operators of the international bulk power system and from the Hearing Officer. Compliance activities are governed in the United States by the *Amended and Restated Regional Delegation Agreement* between NERC and NPCC, delegating portions of NERC's authority as the ERO to NPCC. NPCC compliance activities in Canada are governed by an individual provincial Memorandum of Understanding (MOU) for each province providing the unique parameters for compliance and enforcement activities for each of the provinces. A MOU between the Independent Electricity System Operator in Ontario (IESO), NERC and NPCC establishes roles and responsibilities with regard to that province. NPCC, NERC and the New Brunswick System Operator are parties to a MOU that sets forth reliability activities for New Brunswick. The Régie de l'énergie, NERC and NPCC executed a MOU regarding the development of electric power transmission Reliability Standards and a program for the monitoring of the application of these standards for Québec. NPCC, NERC and Nova Scotia executed a MOU that sets forth the mutual understanding of the parties in relation to the approval and implementation of NERC Reliability Standards and NPCC Regional reliability criteria for the province of Nova Scotia.

The NPCC, Western Electricity Coordinating Council (WECC), and NERC Boards have each agreed, with required FERC approvals, that NPCC will become the Compliance Enforcement Authority (CEA) for WECC registered functions effective January 1, 2012 and will assume responsibility for the CMEP with respect to the WECC Reliability Coordinator (RC) and Interchange Authority (IA) registered functions. Thereafter, NPCC will perform for an initial period of three years ending December 31, 2014 all responsibilities of the CEA as specified in

the NERC uniform CMEP, Appendix 4C to the NERC Rules of Procedure with respect to the WECC registered functions.

WECC currently performs the RC function for the WECC Region, and is registered on the NERC *Compliance Registry* as the RC for the WECC Region. WECC also performs and is registered for the IA function. In an April, 2007 Order, FERC ruled that WECC's responsibility to enforce Reliability Standards applicable to WECC registered functions provides insufficient separation of functions, may result in a lack of independence in compliance monitoring and enforcement for WECC registered functions, and presents a deficiency in compliance monitoring and enforcement that should be remedied. In light of the Commission's directive, effective January 1, 2009 NERC and WECC entered into an agreement in which NERC has served as the CEA for WECC concerning compliance monitoring and enforcement of WECC RC and IA registered functions. Another Regional Entity by contractual agreement is currently serving as the CEA for two Regional Entities which also perform certain registered functions that require sufficient separation with regard to compliance monitoring and enforcement. Thus, there is precedent for one Regional Entity acting as the CEA with respect to reliability functions for which another Regional Entity is a registered entity.

WECC will compensate NPCC for all costs associated with the agreement. Based on mutual understanding an estimated \$72,000 per year will be required to perform the CEA function for WECC such that WECC has included such funding in its 2012 Business Plan and Budget. The cost of the WECC CEA is excluded from the calculation of NPCC's assessments to Load Serving Entity designees and NPCC has included such income in its 2012 Business Plan and Budget.

NERC has filed a request for FERC's approval of an "Agreement Between Northeast Power Coordinating Council, Inc. and the Western Electricity Coordinating Council Concerning Compliance Monitoring and Enforcement of WECC Registered Functions" (NPCC-WECC-CEA Agreement). Currently, NERC acts as the Compliance Enforcement Authority ("CEA") for the WECC Registered Functions in the U.S. portion of the WECC Region, pursuant to an "Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council Concerning Compliance Monitoring and Enforcement of WECC Registered Functions" entered into effective January 1, 2009 (the "NERC-WECC CEA Agreement"). Additionally, NERC is requesting approval of an "Agreement Concerning Termination of 'Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council Concerning Compliance Monitoring and Enforcement of WECC Registered Functions'" (NERC-WECC Termination Agreement)

With FERC approvals, the transfer of Compliance Monitoring and Enforcement Program (CMEP) responsibilities for the WECC Registered Functions in the U.S. would transfer from NERC to NPCC and NPCC would assume responsibility effective January 1, 2012 for performing Regional Entity CMEP functions with respect to those reliability functions for which WECC is the registered entity within the United States portion of the WECC Region. Pursuant to the NPCC-WECC CEA Agreement and the NERC-WECC Termination Agreement, NPCC will succeed NERC as the CEA with respect to the WECC Registered Functions in the U.S portion of the WECC Region.

International Foundation

The Regional Entity functions and services differ according to particular regulatory backstop:

a) U.S. Foundation

The Federal Energy Regulatory Commission (FERC) certified NERC as the Electric Reliability Organization (ERO) on July 20, 2006. The ERO is responsible for developing and enforcing reliability standards within the United States. In executing part of its responsibilities, NERC delegates authority to the Regional Entities to perform certain functions through delegation agreements. Ensuring the reliability of the bulk power system in the state of New York and the six New England States was delegated from NERC to NPCC through the Amended and Restated Regional Delegation Agreement.

b) Ontario

On February 5, 2010, NERC, NPCC and the IESO amended and restated their earlier MOU, dated November 29, 2006, setting forth their mutual understanding as regards NERC's and NPCC's status in Ontario with respect to standard and criteria development, compliance enforcement, and other related matters. The IESO, whose statutory responsibilities include making and enforcing reliability standards, and making and enforcing Ontario market rules that govern the IESO-controlled grid and the wholesale electricity market, was established April 1, 1999 as the Independent Electricity Market Operator in Ontario under the *Electricity Act, 1998* (Ontario). The IESO is subject to the regulatory oversight of the Ontario Energy Board (OEB).

Among other things, the MOU recognizes that NERC and NPCC are standards authorities under the *Electricity Act, 1998* (Ontario). Additionally, under the authority of that same legislation, and as memorialized in the MOU, the NERC reliability standards and NPCC reliability criteria have effect in Ontario. However a 2008 amendment to the *Electricity Act, 1998* (Ontario) allows the OEB to review these standards and criteria and issue orders preventing their implementation and remanding them back to NERC and NPCC.

The IESO is subject to compliance monitoring and enforcement by NPCC. The IESO is also subject to compliance monitoring and enforcement of the Ontario market rules by the IESO's Market Assessment and Compliance Division (MACD) that operates at arm's length from the IESO's business units. The MOU notes that where MACD, NERC, and NPCC engage in investigations pursuant to their respective mandates regarding compliance, MACD can request to take the lead. Moreover, of the three, MACD is the only entity that can assess financial penalties for any Ontario market participant's or the IESO's non-compliance with Ontario market rules, which includes non-compliance with NERC standards and NPCC criteria.

The MOU provides for a peer review process to promote the common compliance and enforcement objectives of NERC/NPCC and MACD. From the perspective of NPCC and NERC, this process, in part, is meant to assure registered entities outside of Ontario that the MACD program is rigorous, thorough and reliable.

The IESO is subject to NPCC assessments of compliance, including audits, as well as NPCC remedial action directives to correct non-compliance. In the event that the IESO disagrees with NPCC's finding of a violation or associated assessment of sanctions in connection with standards and criteria, the IESO has a right to a compliance hearing with NPCC.

c) Québec

The Régie de l'énergie, NERC and NPCC are parties to the *May 8, 2009 Agreement on the Development of Electric Power Transmission Reliability Standards and of Procedures and a Program for the Monitoring of the Application of These Standards for Québec* (the Agreement).

Under the terms of the Agreement, the Régie de l'énergie, which is charged with ensuring the reliability of the electric transmission in Québec, retained NPCC and NERC as experts to develop reliability standards and monitoring program procedures for the province. The Agreement contemplates the execution of a second agreement at a later date that will detail the mandates granted to NPCC and NERC by the Régie de l'énergie.

The Régie de l'énergie is a public body established by the *Act respecting the Régie de l'énergie* (the Act). Pursuant to its authority under the Act, the Régie de l'énergie issued its Decision D-2007-95 of August 14, 2007, designating the Direction – Contrôle des mouvements d'énergie (System Control unit) of Hydro-Québec TransÉnergie (HQTE) as the Reliability Coordinator for Québec. In accordance with its mandate and as recognized in the Agreement, it is this entity that filed the application for approval of reliability standards and monitoring program procedures developed by NERC and NPCC for approval by the Régie de l'énergie.

At this time, while final regulatory approval of the implementing agreements is pending, NPCC is proceeding with its reliability assurance activities within Québec, including but not limited to events analysis, compliance audits and compliance investigations, consistent with the NPCC Amended and Restated Bylaws. The Régie de l'énergie, NERC and NPCC will execute a second agreement, which is currently being negotiated, to provide that NERC and NPCC will perform various processes including investigative functions and report their findings and any recommendations to the Régie de l'énergie. The investigative functions include, among other things, performing audits to determine if there is any basis for a violation of reliability standards. The Régie de l'énergie will handle reliability enforcement, including imposing any sanctions and penalties.

d) New Brunswick

The New Brunswick System Operator (NBSO), NPCC and NERC are parties to a November 19, 2008 MOU. The NBSO is a not-for-profit corporation which was established on October 1, 2004 under the Electricity Act (NB) and charged with developing and administering the wholesale electricity market and maintaining reliability of the integrated power system in New Brunswick. The Electricity Act (NB) also introduced mandatory reliability requirements for the bulk power system in the province. The NBSO is responsible under the Electricity Act (NB) to make and enforce the New Brunswick Electricity Market Rules (“Market Rules”), including developing, adopting and enforcing mandatory reliability requirements.

The MOU recognizes that both NERC and NPCC are “standards authorities” within the context of the Electricity Act (NB) and as defined in the Market Rules. Indeed, NERC and NPCC reliability standards are adopted under the Market Rules and are, therefore, currently in effect in New Brunswick.

The MOU provides that NPCC has responsibilities regarding compliance assessment and enforcement of NERC reliability standards that are applicable in New Brunswick. NPCC will monitor and assess NBSO compliance with standards and criteria that are applicable to the NBSO for its registered functions. NPCC will make recommendations to the New Brunswick Energy and Utilities Board regarding sanctions and penalties for any non-compliance as the MOU does not provide NPCC with that authority. The NBSO will be responsible for registering, monitoring, assessing and enforcing compliance for New Brunswick entities. To the extent that the NBSO imposes penalties on market participants for non-compliance, those monies will be dispensed in accordance with the provisions of the Market Rules.

Throughout the term of the MOU, NBSO and NPCC will work cooperatively in identifying ongoing opportunities to enhance NBSO's compliance program applicable to New Brunswick entities which may include periodic reviews by NPCC and the sharing of best practices.

e) Nova Scotia

Nova Scotia Power Incorporated (NSPI), NPCC and NERC are parties to a May 11, 2010 Memorandum of Understanding regarding the approval and implementation of mandatory NERC reliability standards and NPCC Regional reliability criteria. Pursuant to the MOU's terms, NERC and NPCC filed standards and criteria with the Nova Scotia Utility and Review Board (NSUARB) for approval on June 30, 2010. A decision from the NSUARB on both NERC and NPCC filings is anticipated by the end of August 2011. Once approved, the standards and criteria will become mandatory in Nova Scotia and NSPI will be subject to the NERC compliance monitoring and enforcement program, as implemented by NPCC.

NPCC will conduct compliance activities with respect to the standards and then forward any non-compliance information and recommendations to the NSUARB for use in enforcement proceedings. Enforcement will be administered by the NSUARB which will, among other things, determine whether a violation has occurred and, if so, what remedial measures or non-monetary penalties should be imposed.

Regional Entity Division Functional Scope

NPCC's Regional Entity division functions in support of the ERO include:

- Active participation in the development of North American Reliability Standards for the bulk power system, and as needed development of Reliability Standards applicable within the NPCC cross-border Regional Entity
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed certification of such entities
- Assessment of the present and future reliability of the bulk power system
- Operational coordination and situation awareness support
- Event analysis and identifying lessons learned to improve reliability
- Effective training and education of reliability personnel
- Promoting the protection of critical electric infrastructure

In recognition of the importance of the compliance role of Regional Entities, NPCC has designated a significant percentage of its staff resources to compliance monitoring and enforcement. NPCC has also developed and deployed a robust set of online tools for gathering data, analysis, and tracking of compliance information to support its ability to carry out its responsibilities in a cost effective manner.

NPCC has organized the remaining staff into program areas consistent with EAct 2005 to address the other functions listed above. These experts in operations, planning and reliability analysis assist registered entities in assessing and improving reliability. It is in support of these areas that NPCC engages the majority of industry experts on its technical committees.

2012 Key Assumptions and 2012 Goals and Key Deliverables

NERC and the eight Regional Entities collaborated in the development of a common set of business planning assumptions, goals and key deliverables for the 2012 through 2015 period. The results from that collaboration are included as a set of common assumptions in Exhibit A to the NERC 2012 Business Plan and Budget and may be referenced by the users of this document.

2012 Overview of Regional Entity Division Cost Impacts

NPCC proposes to increase its Regional Entity division funding requirement from \$13,081,110 to \$13,357,567 in 2012, an increase of \$276,457 or 2.1%. The proposed 2012 Regional Entity division assessment of \$12,551,567 to support the budget is a decrease of 1% compared to the 2011 assessment of \$12,652,610. The following is a list of targeted budget increases and offsetting decreases to allow NPCC to accomplish the specific objectives outlined in the business plan (dollars are stated as an increase in the 2012 budget compared to the 2011 budget). The most significant impacts on the budget are in the area of personnel expenses resulting in an increase of \$875,363. This increase has two components:

- **Projected increase in cost of current operations** – With the existing staffing level, an increase in personnel costs of \$171,203 or 2.3% is projected compared to the 2011 budget. This projection reflects a budgeted average increase in salary for existing staff of 3%, an increase in payroll tax rates, employee benefits, and savings plan contributions as compared to the 2011 budget.
- **Resource additions proposed in 2012** – The targeted staffing level for 2012 is 35.43 FTEs, an increase of an additional 4.01 FTEs compared to 2011 projection and to 2011 budget. The additional employees to be added are for compliance, standards, reliability assessment and performance analysis, and legal and regulatory. The remaining increase of FTEs is due to the allocation of the expense for NPCC's President and CEO between the Regional Entity and Criteria Services divisions shifting from a ratio of 92/8 to 93/7 as a result of the increase in Regional Entity division total FTEs.
 - For 2012, the budget impact of the staff additions is \$704,160 including all personnel related costs.

Other notable changes in the proposed budget from year to year include the following:

- **Introduction of Independent Directors** – A total increase of \$260,000 related to search activities, contractual agreements, retainers and per diems to integrate independent board directors.
- **Decrease in Contracts & Consultants** – Additional staff will offset some \$366,947 in expanded workload that would have been performed by outside, independent providers.
- **U.S. Penalty Sanctions and Reserves** – A credit of some \$614,000 will be applied due to application of U.S. penalty monies to U.S. load serving entity designees and application of excess reserves to all NPCC load serving entity designees.

Reliability Benefits of Resource Additions Proposed in 2012

In addition to NPCC's utilization of a cadre of independent, exclusive, subject-matter expert contractors to augment its compliance audit staff, NPCC has consistently retained contractors

and consultants for initial efforts supporting program area workload growth as a strategy in assessing whether workload increases are finite or ongoing. Once efforts have been identified as ongoing, NPCC judiciously adds staff in a very measured and conservative approach. For 2012 contracts and consultants decreases will offset some of the costs associated with adding four positions for the Regional Entity division. The greatest offset to contracts will be in the Compliance program area. NPCC developed Technical Feasibility Exception processing procedures that allow NPCC to effectively manage its workload reducing the need for additional outside contractors. Also, NPCC, along with the U.S. Independent System Operators, have developed and agreed upon “Corroborating Evidence Interpretations” that satisfy the requirements of applicable NERC Reliability Standards thereby eliminating repetitive requests which would require increased manpower resources. These and other such efficiencies allow NPCC to perform in-depth, complex compliance related activities in a cost effective manner.

Reliability Benefits from addition of Standards Engineer

A staff addition will be required in the standards program area. Increased efforts will be needed to support the following initiatives:

- NERC will be conducting a significant amount of standards development activities which will require Regional support with commenting, coordinating and facilitating member input.
- NPCC will be implementing a Cost Effectiveness Analysis Procedure which will require additional efforts and support.
- NPCC will address additional NERC standards development activities as outlined in the NERC Reliability Standards Process Manual. These new activities will increase the frequency of reviews, comments and ballot recommendations necessary for NPCC's members to remain informed, provide input and make decisions on standards.
- NPCC is revising the Regional standards development process and the new process, envisioned to be completed and approved by NERC and FERC will be in place in 2012 and is envisioned to have added functionality to include additional processes to be consistent with the ERO processes.
- NPCC will be conducting additional standard work in the form of Quality Reviews of Regional standards as they are developed and also will be supporting the ERO Quality Reviews of continent wide standards.
- As NERC continues to revise standards there will be an ongoing and increasing requirement to review the NPCC existing Regionally-specific criteria for consistency, remove duplication, and ensure it remains more stringent and specific as required by the NERC Rules of Procedure.

Reliability Benefits from addition of Compliance Engineer

A staff addition will be required in the compliance program area. Increased efforts will be needed to support the following initiatives:

- Meet the requirements established for the efficient processing of violations
- Meet the need for processing projected increase in settlements
- Meet increased responsibilities regarding implementation of compliance activities related to all Canadian MOUs.

- Meet the need for the processing of TFE's as NPCC performs reviews and gauges compensating measures. TFE development, review and approval will result in additional compensating measure validation checks, quarterly reporting tracking, spot checks and change management.
- Meet the requirement for reviewing registered entities internal compliance assessments as part of the new Event Analysis Program

Reliability Benefits from addition of Reliability Assessment and Performance Analysis Engineer

A staff addition will be required in the reliability assessment and performance analysis program area. Increased efforts will be needed to support the following initiatives:

- Developing NPCC guidelines for load modeling through review of past industry efforts to study dynamic load behavior, and contact others within the industry to benefit from their research. Focus on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommend whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance.
- Classification of Bulk Power System Elements and NPCC review of BES Exception applications submitted through the NERC Rules of Procedure process
- Supporting Regional system studies to assess the integration of proposed large-scale renewable resources
- Provide support to NERC EACG (Event Analysis Coordinating Group) as needed
- Reviewing and assessing regulatory and industry concerns as they relate to identified system protection issues
- Providing related data used in reliability assessments in support of NERC's Adequate Level of Reliability (ALR) metrics.
- Supporting NPCC submittal of mandatory NERC Generator Availability Data Systems (GADS), Spare Equipment Database (SED), and Demand Response Availability Data System (DADS) data.
- Supporting the implementation of probabilistic assessments into the NERC Long-Term Reliability Assessment.

Reliability Benefits from addition of Legal Support

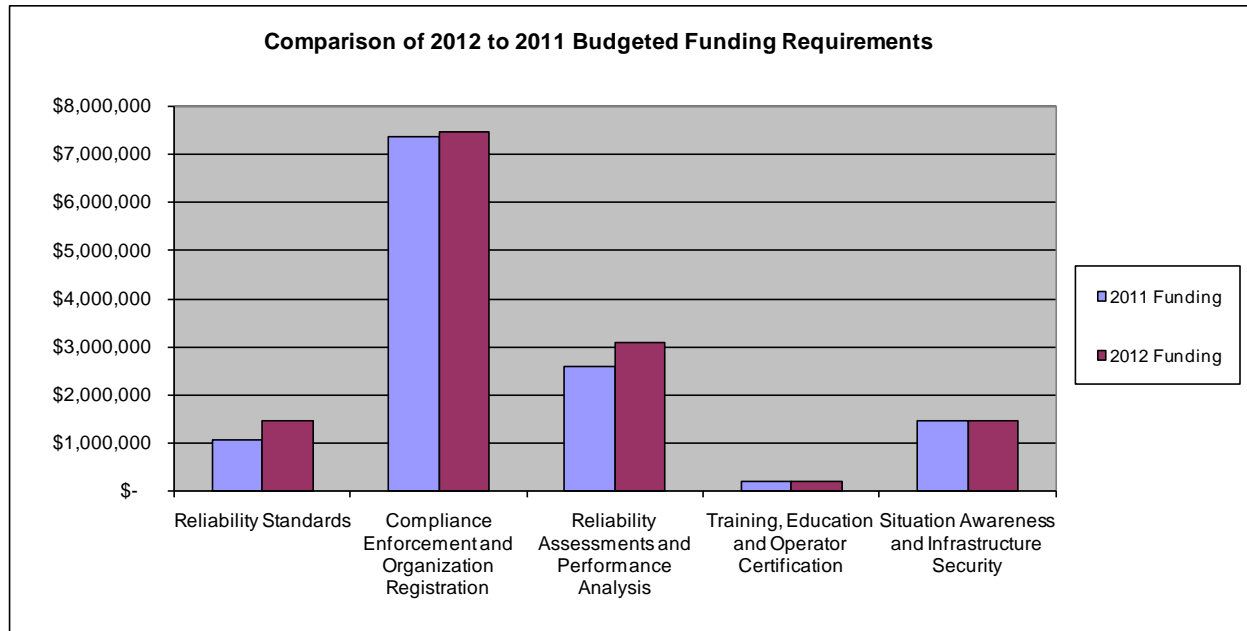
A staff addition will be required in the legal and regulatory program area. Increased efforts will be needed to support the following initiatives:

- Provide assistance to in-house legal counsel related to the development of Mitigation and Settlement Agreements.
- Monitor calendar of submissions to NERC, FERC and Canadian regulatory and/or governmental authorities as well as calendar of NERC submissions to FERC on behalf of Regional Entities, including NPCC, as regards matters pertinent to the CMEP.
- Provide summaries of FERC Orders for Compliance Staff.
- Provide miscellaneous administrative functions as required by legal staff.
- Provide support to legal staff during compliance negotiations and hearings.

Summary by Program

Program	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Reliability Standards	\$ 1,065,714	\$ 1,065,714	\$ 1,451,091	\$ 385,377	36.2%
Compliance Enforcement and Organization Registration	\$ 7,378,977	\$ 7,378,977	\$ 7,471,560	\$ 92,583	1.3%
Reliability Assessments and Performance Analysis	\$ 2,604,231	\$ 2,604,231	\$ 3,104,388	\$ 500,157	19.2%
Training, Education and Operator Certification	\$ 198,551	\$ 198,551	\$ 200,278	\$ 1,727	0.9%
Situation Awareness and Infrastructure Security	\$ 1,469,336	\$ 1,469,336	\$ 1,453,326	\$ (16,010)	-1.1%

This chart does not include allocation of working capital requirements among the Program Areas



This chart does not include allocation of working capital requirements among the Program Areas

Personnel Analysis

Total FTEs by Program Area	Budget 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs ¹ 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.00	2.00	3.00	0.00	3.00	1.00
Compliance Enforcement and Organization Registration and Certification	14.00	14.00	15.00	0.00	15.00	1.00
Training and Education	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	4.90	4.90	5.90	0.00	5.90	1.00
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00	3.00	0.00
Total FTEs Operational Programs	24.00	24.00	27.00	0.00	27.00	3.00
Administrative Programs						
Member Forums	0.50	0.50	0.50	0.50	0.50	0.00
General and Administrative	1.92	1.92	1.93	0.93	1.93	0.01
Information Technology	3.00	3.00	3.00	0.00	3.00	0.00
Legal and Regulatory	0.00	0.00	1.00	0.00	1.00	1.00
Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Accounting and Finance	1.00	1.00	1.00	0.00	1.00	0.00
Total FTEs Administrative Programs	7.42	7.42	8.43	1.43	8.43	1.01
Total FTEs	31.42	31.42	35.43	1.43	35.43	4.01

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

2011 Budget and Projection and 2012 Budget Comparisons

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget						
REGIONAL ENTITY DIVISION						
				Variance ⁽²⁾		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	v 2011 Budget
Funding	Budget	Projection	Over(Under)	Budget	Over(Under)	Over(Under)
ERO Funding						
ERO Assessments	\$ 12,652,610	\$ 12,652,610	\$ -	\$ 12,551,567	\$ (101,043)	
Penalty Sanctions ⁽¹⁾	308,500	308,500	-	614,000	305,500	
Total ERO Funding	\$ 12,961,110	\$ 12,961,110	\$ -	\$ 13,165,567	\$ 204,457	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	120,000	120,000	-	120,000	-	
Interest	-	-	-	-	-	
Miscellaneous*	-	-	-	72,000	72,000	
Total Funding	\$ 13,081,110	\$ 13,081,110	\$ -	\$ 13,357,567	\$ 276,457	
Expenses						
Personnel Expenses						
Salaries	\$ 5,055,070	\$ 5,055,070	\$ -	\$ 5,582,337	\$ 527,268	
Payroll Taxes	291,508	291,508	-	358,772	67,264	
Benefits	1,134,918	1,134,918	-	1,336,744	201,826	
Retirement Costs	825,301	825,301	-	904,307	79,006	
Total Personnel Expenses	\$ 7,306,797	\$ 7,306,797	\$ -	\$ 8,182,160	\$ 875,363	
Meeting Expenses						
Meetings	\$ 269,325	\$ 269,325	\$ -	\$ 288,000	\$ 18,675	
Travel	668,000	668,000	-	697,000	29,000	
Conference Calls	96,571	96,571	-	86,935	(9,636)	
Total Meeting Expenses	\$ 1,033,896	\$ 1,033,896	\$ -	\$ 1,071,935	\$ 38,039	
Operating Expenses						
Consultants & Contracts	\$ 2,255,047	\$ 2,255,047	\$ -	\$ 1,888,100	\$ (366,947)	
Office Rent	626,127	\$ 626,127	-	641,936	15,809	
Office Costs	348,043	\$ 348,043	-	358,332	10,289	
Professional Services	892,751	\$ 892,751	-	1,162,663	269,913	
Computer & Equipment Leases	135,391	\$ 135,391	-	160,770	25,379	
Miscellaneous*	55,450	\$ 55,450	-	146,589	91,139	
Depreciation	138,626	138,626	-	139,855	1,229	
Total Operating Expenses	\$ 4,451,436	\$ 4,451,436	\$ -	\$ 4,498,246	\$ 46,810	
Total Direct Expenses	\$ 12,792,129	\$ 12,792,129	\$ -	\$ 13,752,342	\$ 960,213	
Indirect Expenses	\$ -	\$ -	\$ -	\$ (0)	\$ (0)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 1,865	\$ 1,865	
Total Expenses	\$ 12,792,129	\$ 12,792,129	\$ -	\$ 13,754,206	\$ 962,078	
Change in Assets	\$ 288,981	\$ 288,981	\$ -	\$ (396,639)	\$ (685,621)	
Fixed Assets						
Depreciation	\$ (138,626)	\$ (138,626)	\$ -	\$ (139,855)	\$ (1,229)	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	20,886	\$ 20,886	-	19,207	(1,680)	
Equipment CapEx	28,557	\$ 28,557	-	27,878	(679)	
Leasehold Improvements	13,863	13,863	-	19,207	5,344	
(Incr)Dec in Fixed Assets	\$ 75,320	\$ 75,320	\$ -	\$ 73,564	\$ (1,756)	
Allocation of Fixed Assets	0	0	-	(0)	(0)	
Change in Fixed Assets	75,320	75,320	-	73,564	(1,756)	
TOTAL CHANGE IN ASSETS	\$ 364,302	\$ 364,302	\$ -	\$ (323,075)	\$ (687,377)	
⁽¹⁾ \$614,000 of penalty sanctions collected to date and prior to June 30, 2011.						
⁽²⁾ 2011 Projections reflect expectations based on the 1st quarter statement of activities. It is anticipated that projections could change throughout 2011 and would be reflected in each subsequent quarter's statement of activities.						
* Includes WECC CEA						

Section A — 2012 Business Plan

Reliability Standards Program

Reliability Standards Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.0	3.0	1.0
Direct Expenses	\$870,529	\$1,213,552	\$343,023
Indirect Expenses	\$201,462	\$245,555	\$44,093
Other Non-Operating Expenses	\$0	\$158	\$158
Inc(Dec) in Fixed Assets	(\$6,277)	(\$8,174)	(\$1,897)
Total Funding Requirement	\$1,065,714	\$1,451,091	\$385,377

Program Scope and Functional Description

The NPCC Reliability Standards program operates in accordance with the FERC filed and approved Delegation Agreement “Exhibit C”, and NERC Rules of Procedure Section 300. The program develops Regional Reliability Standards and ensures that Regional criteria in the form of Directories are consistent with any applicable NERC and Regional Reliability Standards. The NPCC Reliability Standards program also supports and participates in the development, revision, and maintenance of NERC Reliability Standards, initiates new reliability standards when necessary, and provides a forum for the comprehensive review and improvement of those standards. The NPCC Reliability Standards program supports the reliability of the bulk power system by:

- Facilitating active participation of industry stakeholders in all NERC Reliability Standards activities
- Developing Regional Standards as necessary to address reliability related issues and ensure those standards are consistent with the NERC continent wide standards
- Maintaining technical reference documents as required

Funding Drivers and Reliability Benefits

- Expanded Scope of Standards activities
 - Responding to increasing amount of FERC Rulings, NOPRs, preliminary staff assessments, and Directives
 - Participating in other Regional Entities’ standards development processes through review, comment and active participation in drafting
 - Providing a forum for all NPCC representatives on the NERC and neighboring Regional Entities’ drafting teams
 - Actively coordinating and reviewing Compliance Application Notices (“CANs”) to ensure no reliability requirements have been changed as a result.
- Increased Number of Standards Projects

- Active NERC Projects in the standards area are expected to increase to address FERC outstanding directives from Order 693 as well as other orders.
- Number of formal interpretations not addressed by CANs, is expected by NERC to increase to in excess of 20 in 2012, all of which will require technical analysis and potential coordination and ballot recommendations
- NERC is developing an expedited standards development procedure to allow it to produce quality standards in a more expeditious manner.
- NERC Reliability Standards will require Violation Severity Levels (VSLs) and Violation Risk Factors (VRFs) to be developed utilizing new processes; NPCC is currently revising its standards process to develop alternate methods for the development of these VSLs and VRFs. Other in process changes in NERC's Reliability Standards processes, Rules of Procedure and FERC Directives will likely require further modifications to NPCC procedures and associated FERC filings by NPCC
- Expanded efforts to educate and inform stakeholders in the areas of NERC and NPCC Regional Standards with anticipated additional forums
- Revision of the Bulk Electric System definition and associated exception processes being developed by NERC may create the need for potential revisions to ERO standards, Regional differences or variances and revisions to developing Regional Standards requirements

2012 Key Assumptions

- Facilitate stakeholder review, comment on, and develop ballot recommendations or list of Regional issues, for all NERC Reliability Standards under development or revision
 - The Northeast benefits from NPCC's coordination of a broad stakeholder review process and development of consensus recommendations to assure proposed standards will support international reliability and provide appropriate reliability objectives for the Continent-wide standards
 - Coordinate a comprehensive review of the results based standards initiative processes and standards being developed and moved through the process
 - Participate in training programs to train the trainer and develop and convey this results-based standard development methodology to the Regional Standard drafting teams.
 - Conduct and obtain training for Quality Review of standards at both the Regional level and to assist the ERO with analysis of the continent wide standards.
 - Coordinate the review of all CANs for violation of existing standard requirements
 - Develop triage process to assess posted standards and related material to ensure it is properly routed to and addressed by the appropriate NPCC technical or process resources.
- Participate in the stakeholder efforts to develop Standards Authorization Requests (SARs) and Regional SARs to further improve standards
- Monitor the drafting of key NERC Reliability Standards-CIP, UFLS, TPL, Balancing Control, and Frequency Response, etc.
 - The Northeast monitoring of the development of standards ensures reliability requirements that are clear, measureable, and enforceable and support international reliability in the Northeast
- Develop and maintain the set of NPCC Phase II Directories to be consistent with the NERC Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements

- The combination of North American and Regional Reliability Standards with the more-stringent NPCC Regional criteria provides for consistency and operational clarity while providing robust defense in depth system reliability
- Ensure no redundancies exist between the Directories and the ERO standards
- Monitor the Regional Standards development processes of the Midwest Reliability Organization (MRO), Reliability First Corporation (RFC), SERC Reliability Corporation, and Florida Reliability Coordinating Council (FRCC) to achieve consistency within the Eastern Interconnection
 - The Northeast’s reliability is enhanced by strengthening Eastern Interconnection Regional Entities’ Reliability Standards and ensuring that no cross border adverse impacts are introduced
- Review all reliability requirements of all ERO and Regional Standards, criteria and ensure consistency, remove redundancies, adopt Functional Model language and ensure requirements are “results based”
 - The unambiguous assignment of reliability requirements to specific functional entities benefits international reliability
 - Participate in the continuing refinement of the Functional Model to capture evolving issues essential to reliability and new objectives in the industry, i.e. demand resource operator, planning functions, new activities yet to be identified such as those associated with Smart Grid, Synchro-Phasor technology, etc.
 - Participate in the continued improvement of the NERC standards development processes
 - Contribute to the improvement of process related to NERC providing interpretations, including but not limited to CANs, formal interpretations and informal guidance procedures.
- Review all FERC orders and Provincial regulations as they relate to the standards, their revision and adoption
 - Northeast reliability benefits from careful analyses of governmental orders or actions adopting standards to assure consistency in interpretation
 - Review rulings that are issued and all FERC Directives for potential reliability related issues
- Enhance NPCC standards website pages to provide uniform and clear information to the stakeholders while also providing the historical and archived information to support NERC and FERC approvals and expanding requirements

2012 Goals and Key Deliverables

The Reliability Standards program goals and objectives for 2012 are grouped into seven categories: participation in North American ERO results-based standards development, including conducting a Cost Effectiveness Analysis for standards; Regional Reliability Standards development; standards improvement; coordination of review of CANs; business practice interface; process improvement; and communications.

1) Participate in the ERO Results-Based Standards Development

- Participate in the development and revision of the NERC three year work plan through review, commenting and drafting activities
- Participate in the results based standard initiative and project to develop and prioritize a set of Standards Projects that will provide a defense in depth through the development of these key reliability standards
- Promote the objectives identified in the NERC Three-Year Performance Assessment with the Region, specifically supporting the timeliness and quality of new standards
- Coordinate the development of ERO Reliability Standards within NERC's three-year standards work plan with the emphasis placed on reducing the amount of outstanding FERC Directives
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America
- Pilot an NPCC Cost Effective Analysis Procedure on NERC standards and assist with the development of a Cost Effective Analysis Procedure for NERC based on the finding of the pilot
- Conduct thorough reviews of all Industry requested NERC Formal Interpretations of standards and develop and promote the NERC Informal Guidance Process, a comprehensive process to deal with all standards related questions
- NPCC staff along with NPCC solicited Regional drafting team volunteers, will participate in the drafting of all ERO standards affecting or potentially affecting reliability in the Eastern Interconnection and provide geographic support for review and development of comments and propose improvements with specific emphasis on CIP
- NPCC and its members will review and coordinate potential comment on FERC preliminary staff assessments as appropriate
- Participate in ballots for ERO standards and provide consensus recommendations to the NPCC Members of the NERC Registered Ballot Body or provide a list of issues to allow the Members to cast a ballot based on Regional concerns
- Review and develop comments on FERC Notice of Proposed Rulemakings for any and all standards related issues as appropriate
- Coordinate and evaluate proposed standards utilizing Regional technical task forces, working groups and committees
- Educate and notify stakeholders and regulators about issues related to standards development
- Provide a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC) and NPCC Task Force on Infrastructure Security and Technology (TFIST)
- Provide support to NERC's strategy in the prioritization, identification, scheduling and development of NERC directed Regional Reliability Standards
- Participate in NERC's Standards Committee standards prioritization tool and process, to identify immediate standards needs and prioritization based on those needs
- Participate in and provide support to critical upcoming new Blackout related standards, UVLS, Voltage and Reactive Control, and Real Time Tools and Frequency Response
- Identify and initiate Regional Variances to the NERC Reliability Standards as soon as possible, allowing incorporation into the continent wide standard at its inception

- Identify potential drivers for standards revisions based on revisions to the BES to a bright line criteria and any document revisions required as a result of consideration of the developing “Exception Process”.
- Support additional standards workload from Economic Stimulus, i.e. standards on integrating variable generation resources or EHV backbone, Smart Grid, Electric Vehicles or Synchro-Phasor projects as necessary
- Provide input to NERC, based on NPCC experiences, regarding strategy for developing cost effectiveness analysis for standards
- Provide support and assistance to the ERO for conducting Quality Reviews on NERC continent wide standards as possible
- File the NPCC Directories with the Canadian Provincial Regulatory Authorities within the NPCC “footprint”, on an as needed basis, as the directories are developed and revised and as the Provinces establish procedures and agreements with NPCC.
- Develop new and innovative processes to better utilize the limited internal and external resources in the Region to enable sufficient technical review of posted standards and related materials
- Support the ERO and the relationships with FERC and the provincial governmental authorities for standards development activities as necessary to accomplish the ERO goals and objectives
- Support the development of CIP, system protection and control, communication, transmission operation standards and other critical standards efforts.

2) Regional Standards Development

- NPCC anticipates to complete the development of one Regional Standard utilizing the NPCC Regional Reliability Standard Development Procedure and submit the standard to NERC for approval of the NERC BOT (on a schedule, and as required by NERC or Regional reliability need). NPCC remains committed to being flexible and will respond to any new mandates and changes to the standards development schedules to be responsive to NERC and FERC reliability needs and best utilize staff and industry resources available.
- Draft additional Regional Standards,(on a schedule, and as needed by NERC) utilizing Regional technical committees and working groups in an forum that is open and inclusive to all stakeholders within and outside of the Region.
- Draft any additional standard NERC directs NPCC to develop to meet an urgent reliability related needs, i.e. solar magnetic disturbance system hardening
- Actively monitor and participate in the standards development activities of the other Regional Entities in the Eastern Interconnection: the MRO, RFC, SERC, and FRCC to assure consistency within the Eastern Interconnection
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to Regional Standards development and procedures
- Adhere to and surpass, where practical, the 2010-2012 NERC Work plan milestones as they pertain to targets for the Regional Standards
- Respond to any FERC Directives that may arise as a result of the filing of NPCC’s Regional Standards with the FERC or any Provincial “directives” that may be issued by the Canadian Regulatory Authorities
- Develop or coordinate a process to obtain a Regional standard interpretation

3) Standards Improvement

- Achieve NPCC reliability goals and objectives by initiating, participating in, and efficiently completing standards related activities
- Leverage internet and web based tools functionality to ensure inter-regional consistency and quality of Regional Reliability Standards
- Establish long-term strategy for standards improvement and initiate implementation
- Continually identify additional future Regional Standard opportunities
- Ensure the topics addressed by the Reliability Standards parallel changing industry needs
- Participate in reliability metrics activities to identify potential measures for benchmarking of reliability to determine if an adequate level of reliability is being achieved
- Support and develop cost-benefit analysis activities to determine if any potential incremental increases in costs of implementing a standard have sufficient enough reliability benefit to implement that standard

4) Coordination of review of CANs

- Develop a process to review the CANs
- Coordinate the technical resources NPCC has within the Region to evaluate the technical implication of the CAN compared to the existing Standard's requirements for which the CAN was developed.
- The Regional Standards Committee ("RSC") will oversee and provide the results of the coordination to the appropriate NERC group charged with development of the CAN

5) Business Practices Interface

- Coordinate the review of standards through NPCC RSC, staff, and other members participating in activities of the North American Electric Standards Review Board (NAESB)
- Identify potential market related issues for Regional Standards through NPCC RSC coordination and reviews

6) Process Improvement

- Identify efficiencies for a coordinated NERC standards development process and NPCC Regional Standards Development Procedure and recommend revisions as applicable to either process
- Develop and refine a Cost Effectiveness Analysis Procedure to evaluate the costs and effectiveness of proposed new and revised reliability standards to achieve an adequate level of reliability
- Participate in the revision and redrafting of the NERC Standards Development Process to consider expedited standards development and cost effectiveness analysis and maintaining the positive attributes of the ANSI standards development process
- Identify potential future processes to obtain expedited interpretations
- Identify expedited processes for adjusting NERC glossary terms
- Identify refinements for credentialing standard drafting team members to ensure the correct subject matter experts are developing the standards at both the Regional level and the ERO level.
- Establish targets for NERC and NPCC standards procedure improvement and initiate implementation of the strategy

- Streamline and improve the Regional Standards process and enhance program tools and IT based solutions
- Develop and institute records retention programs to ensure sufficient documentation exists for regulatory approvals
- Identify improvements in process for feedback loops to ensure that event analysis and investigation lessons learned and compliance issues involving violations are fed into the standards program area, as appropriate for review and potential consideration when revising standards
- Support the creation of an ERO standards database, available to industry and online, to identify and review issues related to all approved and developing standards
- Participate in the Functional Model Working Group activities to refine functions, tasks and responsibilities of applicable entities
- Solicit and provide outreach to FERC in the Regional Standards Development Processes

7) Communications

- Automate notifications process to assure awareness of dates and proceedings of all standard development activities
- Strengthen the relationship with the industry’s technical committees to ensure adequate input to standards development
- Participate in NPCC and NERC workshops as necessary, to promote awareness and educate the industry
- Develop and institute a “triage” process for engaging stakeholders and providing immediate notification for the need to review standards. Provide the associated coordination for this review utilizing subject matter experts, both internal and external to the Regional Entity staff
- Promote the reliability objectives of the NERC standards as appropriate to the NPCC members of the NERC Registered Ballot Body in order to achieve consensus and support of beneficial standards and to promote the “One-Enterprise” model.

Technically excellent standards that enhance reliability require the full participation of the right industry experts from all Regional Entities when developing Reliability Standards. The NPCC RSC promotes the drafting team process and solicits drafting team members from appropriate NPCC technical bodies and others in the industry and adjoining Regional Entities.

NPCC RSC will also assist in providing notifications to NPCC participants in the Northeastern North America NERC Registered Ballot Body of important applicable deadlines for ballot pool registration and for casting ballots thereby enhancing participation, promulgation of important information and increasing awareness. This support will enhance efficiency of the NERC procedure and help to ensure the necessary quorums are present at ballot. NPCC will also, when practical, promote important standards and the requirements of those standards through various communications and webinars.

NPCC will also participate in the development and revision of standards as directed by FERC, Canadian provincial and other regulatory and/or governmental authorities. FERC to date has identified numerous NERC Reliability Standards needing further work and has issued numerous Directives appearing in FERC Orders. These standards needing revision are delineated in the NERC three-year work plan, and will be ready to be reviewed and revised throughout 2012.

NPCC will provide support and coordination of NERC standards development activities for the following:

- 36 Standards Projects appearing in the 2011-2012 NERC Workplan (potentially 100+ Standards in these projects will carry over to 2012)
- 12 High Priority Standards Projects will be the focus of the effort at NERC in 2012 and these are envisioned to be results based and be developed to achieve a defense in depth strategy

The above standards, taken from the NERC three-year work plan account for 140+ total standards that will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the NPCC membership. NPCC will also participate in the development of new standards resulting from lessons learned through NPCC and NERC programs.

Regional Standards Development

The NPCC Regional Standards Development Procedure will have under development or regulatory approval, on a schedule coordinated with the ERO, three Regional Reliability Standards as noted below and also in accordance with the specific timelines in the NERC three-year standards work plan. These Regional Standards will include, but not be restricted to the following:

- Underfrequency Load Shedding (UFLS) anticipated to be gaining regulatory approvals
- Special Protection Systems (SPS) scheduled to begin development
- Balancing Authority Controls (BA - Reserve Sharing) scheduled to be completed and balloted within the Region

In addition to the three Regional Standards under development as noted above, NPCC anticipates obtaining full regulatory approval by FERC and the Canadian provincial governmental and/or regulatory authorities for a NPCC Disturbance Monitoring (“DM”) Regional Standard. This DM standard may in all likelihood have FERC issued Directives associated with its approval. These directives will require an immediate initiation of revision to the standard and perhaps even an associated compliance filing that NPCC will have to submit within a very specific timeframe, usually a year.

The NPCC Underfrequency Load Shedding Regional Standard is envisioned to be submitted to the NERC BOT for approval in 2011 with subsequent submissions to the FERC and Canadian provincial governmental and/or regulatory authorities in 2012. All Regional Entities were directed by the ERO to develop four standards (UFLS, DME, SPS, and BA) to support the corresponding NERC ERO standards outlined in the work plan. These four standards, along with the associated ERO standards, address the fill in the blank standards which FERC currently is holding for future action. NPCC is also participating in the NERC Regional Standards Group (“RSG”) to strive to achieve uniformity and coordination between the Regional Entities’ standards and process to achieve greater consistency.

NPCC is participating in the development of adjoining Regional Entities’ standards through the review and commenting processes available. In addition NPCC is registered to cast ballots where and as allowed by the individual adjoining Regional Entities’ Reliability Standards development procedures. NPCC through its participation in the Regional Standards Group with the other Regional Entities and NERC has identified 27 Regional standards the eight Regional Entities will be developing in 2012. NPCC will be assuming an active role in reviewing these

for consistency amongst the Regional Entities and identifying opportunities for continent wide standards and other Regional standards as necessary.

Improvement in the quality of a standard can be quantified in a number of ways. The standards should identify an achievable, technically excellent reliability goal performance or objective. This goal should be measurable and have specific and concise requirements associated with it. How the reliability goal or objective is achieved will not be the focus of the process. Full participation from industry experts to provide proper technical guidance during drafting as well as multiple segments to provide diverse viewpoints during the comment process is critical to the quality of the resultant standard. These attributes, along with open postings and notifications to allow the industry opportunities to participate are the key components to a successful process and achieving quality standards.

On an ongoing basis, NPCC will achieve consistency with NERC ERO continent wide standards, as outlined in the NERC Rules of Procedure, by maintaining reliability directories that incorporate NPCC's more stringent Regionally-specific criteria and Regional Standards into a single document with the links to the applicable NERC Reliability Standards. This demonstrates cognizance of the requirements in the ERO standards and demonstrates that NPCC strives and continues to strive to ensure that the Regional criteria is not inconsistent with any ERO standard.

NPCC RSC and staff regularly participate in the NERC Standards Committee and Standards Committee Process Subcommittee activities and contribute to development and initiation of revisions of the standards procedure manual and various NERC standards related processes. The RSC also contributes in the Regional Standards procedure and utilizes and refines web based tools for easier user interface and to provide effective and timely notifications of standards activities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

2012 Reliability Standards program funding is driven by the need for additional activities of NPCC standards drafting teams, ramped up NERC standards activity, FERC activity and increased number of rulings and directives anticipated as a result of the NERC three year work plan. NPCC anticipates greatly expanded activity and is adding one FTE in the area of Eastern Interconnection interregional participation and support of adjoining Regional Entity drafting activities.

NPCC will continue to rely on contractors for subject matter expertise on an as-needed basis throughout 2012. The amount of Regional documents being converted into Directories and the maintenance of the Directories require subject matter expert input. In addition significant changes will be necessary to bring the Phase II Directory project to completion. This project will require significant resources to translate the existing criteria language into "requirements" that are clear and measurable. Also a standards template will be applied to the existing Directories to make them more consistent with the look of the standards.

Based on the portion of professional/technical staff time and other resources devoted to Reliability Standards development, NPCC estimates that it will expend 10.6 percent of its resources on this activity.

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/10 through 6/30/11 reduce U.S. LSE designee assessments for 2012

Personnel Expenses

- NPCC Standards Program area will require the addition of one new staff member in 2012 to meet the increasing productivity needs of reviewing, coordinating and developing the standards, regional standards and directories. There will be a further need for the new hire to assist with the coordination of the CANs review activities as well as any further interpretation processes or procedures that are developed and implemented in 2012.

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- Expenses related to office rent and costs, professional services, computer and equipment leases, miscellaneous (except for WECC CEA), and depreciation have been allocated proportionately to the Reliability Standards Program based on FTE. The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes.

Fixed Asset Additions

- Depreciation expense reflects the 2012 FTE ratio allocation between program areas.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Reliability Standards						
	2011	2011	Variance	2012	Variance	
	Budget	Projection	2011 Projection	Budget	2012 Budget	
			v 2011 Budget		v 2011 Budget	
			Over(Under)		Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 1,040,006	\$ 1,040,006	\$ -	\$ 1,382,869	\$ 342,863	
Penalty Sanctions	25,708	25,708	-	68,222	42,514	
Total ERO Funding	\$ 1,065,714	\$ 1,065,714	\$ -	\$ 1,451,091	\$ 385,377	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 1,065,714	\$ 1,065,714	\$ -	\$ 1,451,091	\$ 385,377	
Expenses						
Personnel Expenses						
Salaries	\$ 390,341	\$ 390,341	\$ -	\$ 566,402	\$ 176,061	
Payroll Taxes	21,117	21,117	-	34,677	13,560	
Benefits	92,864	92,864	-	124,122	31,258	
Retirement Costs	67,694	67,694	-	86,336	18,643	
Total Personnel Expenses	\$ 572,016	\$ 572,016	\$ -	\$ 811,537	\$ 239,522	
Meeting Expenses						
Meetings	\$ 27,000	\$ 27,000	\$ -	\$ 13,000	\$ (14,000)	
Travel	120,000	120,000	-	120,000	-	
Conference Calls	20,100	20,100	-	15,100	(5,000)	
Total Meeting Expenses	\$ 167,100	\$ 167,100	\$ -	\$ 148,100	\$ (19,000)	
Operating Expenses						
Consultants & Contracts	\$ 35,143	\$ 35,143	\$ -	\$ 39,000	\$ 3,857	
Office Rent	39,853	39,853	-	54,355	14,502	
Office Costs	22,153	22,153	-	30,341	8,189	
Professional Services	13,294	13,294	-	98,447	85,153	
Computer & Equipment Leases	8,618	8,618	-	13,613	4,995	
Miscellaneous	3,529	3,529	-	6,316	2,786	
Depreciation	8,824	8,824	-	11,842	3,019	
Total Operating Expenses	\$ 131,414	\$ 131,414	\$ -	\$ 253,915	\$ 122,501	
Total Direct Expenses	\$ 870,529	\$ 870,529	\$ -	\$ 1,213,552	\$ 343,023	
Indirect Expenses	\$ 201,462	\$ 201,462	\$ -	\$ 245,555	\$ 44,093	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 158	\$ 158	
Total Expenses	\$ 1,071,991	\$ 1,071,991	\$ -	\$ 1,459,265	\$ 387,274	
Change in Assets	\$ (6,277)	\$ (6,277)	\$ -	\$ (8,174)	\$ (1,897)	
Fixed Assets						
Depreciation	\$ (8,824)	(8,824)	\$ -	(11,842)	\$ (3,019)	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	1,329	1,329	-	1,626	297	
Equipment CapEx	1,818	1,818	-	2,361	543	
Leasehold Improvements	882	882	-	1,626	744	
(Incr)Dec in Fixed Assets	\$ 4,794	\$ 4,794	\$ -	\$ 6,229	\$ 1,435	
Allocation of Fixed Assets	\$ 1,483	\$ 1,483	\$ -	\$ 1,945	\$ 462	
Change in Fixed Assets	6,277	6,277	-	8,174	1,897	
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	14.0	15.0	1.0
Direct Expenses	\$6,012,680	\$6,283,865	\$271,185
Indirect Expenses	\$1,410,233	\$1,227,774	(\$182,459)
Other Non-Operating Expenses	\$0	\$789	\$789
Inc(Dec) in Fixed Assets	(\$43,937)	(\$40,869)	\$3,068
Total Funding Requirement	\$7,378,977	\$7,471,560	\$92,583

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program scope covers: 1) the identification and registration of those entities responsible for meeting the NERC Reliability Standards and any approved Regional Standards; 2) the implementation of the CMEP in the United States, including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards. and 3) the implementation of compliance monitoring, assessment and enforcement recommendations in accordance with individual executed MOU in the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia.

The Compliance Committee (CC) is charged with providing objective stakeholder policy input to the NPCC CMEP in the U.S. and compliance related activities under the above mentioned MOUs in the NPCC portion of Canada. With regard to NERC Reliability Standards and Regional Reliability Standards, the CC provides an oversight role of the independent NPCC compliance staff's implementation of the CMEP. In this oversight role the CC will review and endorse the processes used by the NPCC compliance staff in the conduct of the CMEP.

The NPCC compliance staff makes the initial and final determination of alleged violations and determines appropriate penalties and sanctions in accordance with the NERC and the ERO *Sanction Guidelines*. To accomplish this objective, NPCC's compliance staff is further divided into four sub- program areas: Compliance Implementation and Registration; Compliance Audit Program; Compliance Enforcement; and Compliance Investigation:

Compliance Implementation and Registration

The Compliance Implementation and Registration sub-program is responsible for:

- a) Identifying for registration all entities that are required to meet the NERC and Regional Reliability Standards. During the course of this activity regular communication with registered entities is promoted through face-to face meetings, compliance workshops, teleconferences and email;

- b) Development and maintenance of all NPCC CMEP Compliance Procedures, Compliance Instructions and all other NPCC CMEP related documentation;
- c) Development and maintenance of Performance Measures that are used to measure the quality and effectiveness of the NPCC CMEP;
- d) Coordinating the implementation of NPCC Compliance Staff responsibilities as they pertain to the executed MOU with each of the Canadian Provinces in the NPCC Region.
- e) Day-to-day implementation of the CMEP;
- f) Development of annual CMEP Implementation Plan;
- g) Monitoring and assessment of self-certification, self report, exception reporting, periodic data and complaint submittals;
- h) Development and maintenance of CMEP Data Administration Application (CDAA);
- i) Development and maintenance of compliance website.
- j) Development and maintenance of performance measures related to all aspects of CMEP implementation
- k) Support the anticipated expansion of the number of registered entities in NPCC due to the implementation of the FERC Order related to the definition of Bulk Electric System
- l) Conduct Culture of Compliance Survey
- m) Conduct certification(s) of newly identified Transmission Operators (TOs), as needed.
- n) Maintain database of BES assets subject to NERC and NPCC Reliability Standards

Compliance Audit Program

The Compliance Audit Program is charged with conducting both on-site and off-site compliance audits, including the auditing of applicable CIP Standards. These audits are performed based on a predetermined long range schedule that is consistent with a predefined frequency. Flexibility may be used in the predefined frequency based on risk assessment and performance based assessment of each entity scheduled for an audit. The audits are led by qualified senior NPCC Staff and the audit teams prepare public and non-public audit reports with their findings, including the identification of any possible violations. Specific lessons learned are factored into the audit program to promote continuous improvement. A comprehensive spot-check program is established based on the NERC actively monitored list and NPCC's assessment of self-certifications, follow-ups on entities who have previously violated a Reliability Standard and follow-ups on entities that have been involved in a significant system event.

Compliance Investigation

Conduct Compliance Investigation (CI) as required based on Event Analysis reviews and reports. Coordinate with NERC and FERC as necessary; also coordinate with Situation Awareness Program Area.

Compliance Enforcement

Compliance Enforcement is responsible for:

- a) Issuing all Notices as described in the CMEP including the Notice of Possible Violation (NOPV), Notice of Alleged Violation (NOAV), and the Notice of Confirmed Violation (NOCV);
- b) Conducting comprehensive investigations based on the facts and circumstances related to all possible alleged violations of Reliability Standards, whether identified in an audit, a self-report, complaint, or other source, and determining whether further action is warranted;

- c) Reviewing, approving, submitting to NERC and tracking the progress of all mitigation plans associated with confirmed violations;
- d) Coordinating settlement activities once they have been initiated and submitting settlement agreements to NERC for approval;
- e) Identify and develop candidates for the Administrative Citation Process.
- f) Participating in the Hearing Process by representing NPCC before the Hearing Body. Compliance Hearings would be conducted at NPCC under the supervision of a qualified, independent hearing officer contracted by NPCC.; and
- g) Issuing Remedial Action Directives when appropriate.

2012 Key Assumptions and Cost Impacts

2011	Projected 2012
4 Large On-Site Audits	3 Large On-Site Audits
4 On-Site CIP Audits	5 On-Site CIP Audits
31 Large Off-Site Audits	30 Large Off-Site Audits
6 Medium Off-Site Audits	7 Medium Off-Site Audits
10 Small Off-Site Audits	12 Small Off-Site Audits
16 Off-Site CIP Audits	25 Off-Site CIP Audits
300 Spot Checks	350 Spot Checks
100 Violations (Estimated)	100 Violations (Estimated)
50 Settlements (Covering 100 Projected Violations)	75 Settlements (Including Administrative Citation Process)
2 Hearings (Unbudgeted)	2 Hearings (Unbudgeted)
5 CI (Estimated)	10 CI (Estimated)
41 CIP Requirements/ 24 entities and 13 CIP Requirements/ 3 entities	41 CIP requirements/ 2 entities

- Regarding the Compliance Audit Program (including the Spot Check Program, which typically assesses an entity's compliance with specific requirements of a single standard), the expanded scope and increased complexity of audits, due in part to the inclusion of CIP requirements applicable to a larger number of entities, results in approximate increases in resources required for each type of audit as follows:
 - Large On-Site Audits -25%
 - Medium On-Site Audits +20%
 - Large Off-Site Audits -3%
 - Medium Off-Site Audits +14%
 - Small Off- Site Audits +16%
 - Off-Site CIP Audits +36%

Even though in some cases the numbers of actual audits in a particular audit type listed above are actually projected to be smaller in 2012 than in 2011, the number of audits in other audit types is projected to increase. As a result, the cost of independent, exclusive contract auditors to support the audit program is projected to increase due to the reasons cited above.

The 2012 Spot Check Program is projected to include approximately 350 Spot Checks

- The 2012 Business Plan projects the following increases in Enforcement Processing:
 - 100 violations projected versus 100 violations projected (no increase)
 - 80 Settlements versus 50 Settlements (60% increase)
- The 2012 Business Plan projects 10 Compliance Investigations versus the 5 that were in the 2011 Business Plan (100% increase). In addition, these Compliance Investigations are becoming more manpower intensive (requiring allocation of more resources).

2012 Goals and Key Deliverables

- Conduct 2012 CMEP incorporating all NERC Reliability Standards contained in the NERC actively-monitored list for 2012 and any approved and applicable Regional Reliability Standards
 - Process identified violations as effectively as possible, including the timely identification of a violation, timely issuance of violation notices including the NOPV; the Notice of Alleged Violation and the NOCV
 - Implement settlement process when applicable and send proper notifications to NERC and FERC
 - Conduct necessary Hearings related to resolution of outstanding disputes regarding violations and/or sanctions. Send results of hearings to NERC and FERC
- Implement compliance responsibilities identified in the approved Canadian MOUs
- Evaluate CMEP and Canadian entity compliance program implementation with the objective of establishing a long-term strategy for compliance improvement, and initiate the implementation of the long term strategy
- Provide NPCC Regional Entity input, through participation in appropriate NERC compliance committees, on policy and implementation issues related to compliance, including the development of compliance elements for all new or revised NERC Reliability Standards
- Provide required information to NERC on a timely basis including reporting of alleged violations and confirmed violations
- Track the progress of, report status of, and approve mitigation plans
- Conduct 2012 Compliance Audit Schedule of an estimated total of 82 Compliance Audits based on number of registered entities (Each audit covers a single registered entity that could be audited for multiple Functional Model types that they are registered for and is done in accordance with the 2012 Compliance Audit Program schedule)
- The 2012 Audits will be categorized by the number of requirements associated with the Reliability Standards that will be covered in the Compliance Audit. Six categories have been established based on the number of requirements to be audited and whether the audit is on-site or off-site. In 2012 there are projected to be 3 large on-site audits; 30 large off-site audits; 7 medium off-site audits; and 25 small off-site audits. The estimates for the number of Compliance Audits are also based on the projected total number of registered entities for each type and the established three-year cycle for RC, BA, and TOP Compliance Audits and the established six-year cycle for all other registered entity types.
- In addition, 31 registered entities will be audited for the Requirements of CIP 002 to CIP 009. These will be separate audits. On-site CIP audits may be combined with the normally scheduled 2012 on-site audits.

- Conduct spot check program during the year. A spot check can be viewed as a limited unscheduled small off-site compliance audit that will be utilized to verify self certification submittals that have been done earlier in the year. In 2012 the number of spot checks to be done is estimated to be 350.
- Assure that NPCC Staff is trained to conduct Compliance Audits including CIP Compliance Audit training. Enhance overall implementation of Compliance Program utilizing Compliance Program Feedback Process and the development of Quality Enhancement Programs (QEP)
- Implement enhancements to CMEP that were identified through the analysis of Performance Measures
- Provide input to the development of compliance elements within proposed NPCC Regional Reliability Standards
- Enhance the CDAA to expand its capabilities from both the registered entity perspective and the NPCC Compliance Staff perspective
- Use established CDAA Users Group to seek input from the user community as to ways to enhance the application
- Provide applicable training to staff personnel to allow for the development of enhanced compliance program reporting

Conduct 2012 Compliance Workshops and interim information sessions for registered entities as necessary as a part of Training and Education program area.

Based on the portion of professional/technical staff time and other resources devoted to Compliance monitoring and enforcement and organizational registration and certification, NPCC estimates that it will expend 54.6 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/10 through 6/30/11 reduce U.S. LSE designee assessments for 2012
- 2012 funding for this program includes \$72,000 from WECC for performing the CEA responsibilities for the WECC Registered Functions

Personnel Expenses

- One additional CORC FTE is required to meet the NERC expectation for Regional Entity support of proposed CORC activities, as described above.

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- Consultant and contractor costs reduced by utilization of staff employees to partially address increased workload. With a risk and performance based assessment of each registered entity, audits will transition to a periodicity more reflective of the risk profile of the entity such that some audits will be more in-depth while others may have a reduced scope which will require less independent contractor resources. Expenses related to office rent and costs, professional services, computer and equipment leases, miscellaneous (except for WECC CEA), and depreciation have been allocated to the Compliance Program proportionately based on FTE. Expenses associated with NPCC performing the CEA function for WECC registered functions are included here in the “Miscellaneous” line.
- The increases in professional services have been allocated proportionately based on FTE to the compliance program area for 2012 and are attributed mainly to the changes in NPCC’s corporate governance structure, and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Compliance Monitoring and Enforcement and Organization Registration and Certification						
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 7,199,018	\$ 7,199,018	\$ -	\$ 7,058,449	\$ (140,570)	
Penalty Sanctions	179,958	179,958	-	341,111	161,153	
Total ERO Funding	\$ 7,378,977	\$ 7,378,977	\$ -	\$ 7,399,560	\$ 20,583	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous*	-	-	-	\$ 72,000	72,000	
Total Funding	\$ 7,378,977	\$ 7,378,977	\$ -	\$ 7,471,560	\$ 92,583	
Expenses						
Personnel Expenses						
Salaries	\$ 2,369,244	\$ 2,369,244	\$ -	\$ 2,420,942	\$ 51,698	
Payroll Taxes	137,610	137,610	-	157,467	19,858	
Benefits	535,522	535,522	-	589,407	53,885	
Retirement Costs	294,210	294,210	-	351,874	57,663	
Total Personnel Expenses	\$ 3,336,586	\$ 3,336,586	\$ -	\$ 3,519,690	\$ 183,104	
Meeting Expenses						
Meetings	\$ 26,600	\$ 26,600	\$ -	\$ 40,000	\$ 13,400	
Travel	260,000	260,000	-	314,000	54,000	
Conference Calls	11,600	11,600	-	11,600	-	
Total Meeting Expenses	\$ 298,200	\$ 298,200	\$ -	\$ 365,600	\$ 67,400	
Operating Expenses						
Consultants & Contracts	\$ 1,704,000	\$ 1,704,000	\$ -	\$ 1,252,000	\$ (452,000)	
Office Rent	278,971	278,971	-	271,776	(7,194)	
Office Costs	155,071	155,071	-	151,707	(3,363)	
Professional Services	93,059	93,059	-	492,237	399,178	
Computer & Equipment Leases	60,324	60,324	-	68,065	7,742	
Miscellaneous*	24,706	24,706	-	103,579	78,873	
Depreciation	61,765	61,765	-	59,211	(2,554)	
Total Operating Expenses	\$ 2,377,894	\$ 2,377,894	\$ -	\$ 2,398,575	\$ 20,681	
Total Direct Expenses	\$ 6,012,680	\$ 6,012,680	\$ -	\$ 6,283,865	\$ 271,185	
Indirect Expenses	\$ 1,410,233	\$ 1,410,233	\$ -	\$ 1,227,774	\$ (182,459)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 789	\$ 789	
Total Expenses	\$ 7,422,914	\$ 7,422,914	\$ -	\$ 7,512,429	\$ 89,515	
Change in Assets	\$ (43,937)	\$ (43,937)	\$ -	\$ (40,869)	\$ 3,068	
Fixed Assets						
Depreciation	\$ (61,765)	(61,765)	\$ -	\$ (59,211)	\$ 2,554	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	9,306	9,306	-	8,132	(1,174)	
Equipment CapEx	12,724	12,724	-	11,803	(921)	
Leasehold Improvements	6,176	6,176	-	8,132	1,955	
(Incr)Dec in Fixed Assets	\$ 33,559	\$ 33,559	\$ -	\$ 31,145	\$ (2,414)	
Allocation of Fixed Assets	\$ 10,378	\$ 10,378	\$ -	\$ 9,724	\$ (654)	
Change in Fixed Assets	43,937	43,937	-	40,869	(3,068)	
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	
* Includes WECC CEA						

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	4.9	5.9	1.0
Direct Expenses	\$2,126,027	\$2,637,228	\$511,201
Indirect Expenses	\$493,582	\$482,925	(\$10,657)
Other Non-Operating Expenses	\$0	\$311	\$311
Inc(Dec) in Fixed Assets	(\$15,378)	(\$16,075)	(\$697)
Total Funding Requirement	\$2,604,231	\$3,104,388	\$500,157

Program Scope and Functional Description

NPCC, through its top technical committee, the Reliability Coordinating Committee (RCC), integrates the deliverables of its Task Force's and Working Group's Reliability Assessment and Performance Analysis related activities. Consistent with the applicable NERC Reliability Standards, these efforts include:

- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserves in accordance with NPCC Reliability Directory No. 1 and other related reliability directories;
- Assessing the impact of planned transmission and resource additions or modifications on NPCC system reliability in accordance with NPCC Reliability Directory No. 1 and other related reliability directories.

Seasonal assessments of the overall NPCC resource adequacy assessments are performed and possible actions to mitigate any potential problems are identified. NPCC reviews operations and disturbances both internal and external to the Region in order to identify any lessons to be learned and recommends any necessary follow-up actions.

If appropriate, enhancements to Regional Standards or NPCC's more stringent, Regionally-specific reliability requirements are also recommended. NPCC promotes and conducts both inter-Area and interregional studies to enhance reliability and operational effectiveness, and provides a forum for the discussion and coordination of operating issues within the NPCC Region and with other Regions.

2012 Key Assumptions

Support of identified key NERC Reliability Assessment and Performance Analysis (RAPA) projects; NERC and Regional Entities will gather data or perform analysis in support of U.S. Federal initiatives, such as:

- high impact/low frequency events such as geomagnetic disturbances
- system frequency response analysis
- climate change
- environmental regulations

-
- New technology integration such as renewable energy, smart grid, energy storage, and/or electric vehicles

The NERC Generator Availability Data System (GADS) collection becomes mandatory in 2012. A data collection system is currently being designed and will require Regional Entity involvement. The Regional Entity involvement and support is expected to be similar to the current TADS process. Regional training and resources will be needed to fulfill the mandatory submittal of GADS data.

NERC will continue to develop analysis of TADS data in 2012; an annual report assessing trends may be issued once sufficient data is collected.

To meet NERC's Three-Year Assessment commitments, NERC will continue to rely on the Regional Entities to:

- Vet proposed and future metric development, collection, and analysis with industry stakeholders through the Reliability Metrics Working Group (RMWG).
- Identify and spotlight trends through assessments of the availability data systems and metrics (e.g., TADS, GADS, TADS, reliability metrics, etc.)
- Two post-seasonal assessments will be completed annually (Summer and Winter). NERC and the Regional Entities will prioritize and budget for two reliability assessment initiatives (scenario and special reliability assessments) per year. Specialized contractors may be used to complete detailed analysis to support scenario assessments. Special assessments currently proposed to be completed include: change in resource mix, gas dependency, delays in transmission development.

NERC and the Regional Entities will be expected to add resources to:

- Develop a centralized data collection, reporting and validation process, and calculation tools in 2012 for reliability assessments, metric development and availability data systems such as GADS and the Spare Equipment Database.
 - i. Develop integrated database to support the collection, validation, and distribution of reliability assessment information including generation, transmission, and demand data in 2011 through 2012. Information system enhancements and Regional staff support will be required by Regional Entities to support the objectives of the project.
 - ii. Support increased coordination and data collection, analysis to support tracking and data analysis to calculate associated risks to reliability identified in future NERC alerts (advisories, recommendations, and essential actions).
- Increased coordination with event analysis, lesson learned and model validation activities. Specialized contractors may be used to complete detailed analysis to support model data collection and validation.
- Complete work plans supporting reliability assessment and input into NERC's reliability standards process for technology integration and high-impact, low-frequency event risks.
- NERC and the Regional Entities will prioritize and budget for two additional reliability assessment initiatives (scenario and special reliability assessments) per year (for a total of 4 annually). Additional special assessments may be developed

based *on ad-hoc* requests from NERC executive management, stakeholder steering groups, or the NERC Board of Trustees.

- i. Two scenarios to the Long-Term Reliability Assessment reference case projections are currently proposed for 2012.
- ii. NERC will implement probabilistic assessments into the Long-Term Reliability Assessment with a trial run in 2012. A common set of probabilistic reliability indices and probabilistic-based work products will be used to supplement the NERC's Long-Term Reliability Assessment. Information system enhancements and modeling support may be required by Regional Entities to support this effort.
- iii. Energy and high-risk hours analysis to be included in seasonal and long term reliability assessments will be considered in 2012 to supplement capacity assessment with trials in 2013.

NPCC will continue to provide the NPCC Regional perspective with active NPCC staff participation on the NERC Planning and Operating Committees and key related NERC Subcommittees, Task Forces and Working Groups:

- ✓ Data Coordination Working Group (DCWG)
- ✓ Reliability Assessment Subcommittee (RAS) - Seasonal and Long-Term Reliability Assessments
- ✓ Transmission Issues Subcommittee (TIS)
- ✓ Loss of Load Expectation (LOLE) Task Force
- ✓ Regional support and coordination of the NERC:
 - Generator Availability Data System (GADS)
 - Demand Availability Data System (DADS)
 - Transmission Availability Data System (TADS).
- ✓ Incorporating probabilistic reliability metrics proposed for the 2012 NERC Long-Term Reliability Assessment through the NPCC 2012 Long Range Adequacy Overview.
- ✓ Providing analytic support to ERO-RAPA group for the:
 - Analysis of Relay mis-operations
 - Regional coordination of data required for the calculation of metrics proposed by the NERC Reliability Metrics Working Group

As well as:

- ✓ Developing updates to the NPCC Electric System Map.
- ✓ Liaison with the New York Defensive Strategies Working Group in coordination and implementation of Synchro-Phasor measurement devices on the NPCC and neighboring systems and monitor related efforts of the NERC North American Synchro-Phasor Initiative.
- ✓ Coordinating the NPCC implementation of the FERC approved NERC BES definition.
- ✓ Participating in on-going NERC analysis of the Eastern Interconnection Frequency Response.
- ✓ Developing NPCC guidelines for load modeling in system reliability studies.
- ✓ Conducting resource adequacy assessments addressing impacts of emerging reliability issues identified by NERC (e.g., Climate Change Legislation, environmental requirements, gas-electric interdependency, delays to transmission plans, etc.)

- ✓ Coordinating any resulting NPCC inter-Area reliability analyses required to assess the proposed integration of related large-scale renewable resource proposals from Regional activities, such as the Eastern Interconnection Planning Collaborative.
- ✓ Completing the 2012 NERC Seasonal (and post Seasonal) Reliability Assessments.
- ✓ Completing the 2012 NERC Long-Term Reliability Assessment.

2012 Goals and Key Deliverables

Task Force on Coordination of Planning

The primary mission of the NPCC Task Force on Coordination of Planning (TFCP) is to promote reliability through the coordination of NPCC Area and NERC planning processes and activities.

TFCP activities include, but are not limited to:

- Leading the NPCC Task Force review of the revision of NPCC Reliability Directory No. 1, and other NPCC criteria, guidelines, and procedures related to planning, and of those documents which provide for the uniform implementation, interpretation and monitoring of compliance with criteria, guidelines and procedures related to planning.
- Supporting the NPCC Directory Project by either drafting, reviewing or approving directories.
- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems.
- Facilitating Wide-Area Planning by supporting the Joint ISO/RTO Planning Committee Activities, implementation of the Northeast Planning Protocol, and performing any NPCC interconnection reliability analyses, as required.
- Reviewing the overall reliability of the NPCC Areas and performing multi-Area probabilistic reliability assessments.
- Identifying and assisting in the development of new Regional Reliability Standards.
- Assisting the NPCC Compliance Subcommittee, to monitor and coordinate the compliance efforts of the Areas with NPCC planning documents and Registered Entities with NERC Reliability Standards.
- Reviewing the Standards Authorization Requests and NERC Reliability Standards as well as participating in the NERC process. Educating and informing NPCC membership and Registered Entities of developments.
- Ensuring coordination of data and assumptions for conducting NPCC planning studies (i.e. load forecasts, reserve requirements, DOE EIA 411 data, and new facilities)
- Monitoring the activities of other NPCC Task Forces to ensure coordination with planning activities.
- Completing any outstanding Blackout Recommendation Follow-Up actions.
- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with NPCC Directory No. 1 based on a schedule set forth in the Reliability Assessment Program.
- Coordinating the review of the compliance of future Area plans with the Basic Criteria, including an analysis of resource and transmission system additions, and the potential inter-Area effects of special protection systems, in accordance with NPCC Reliability Directory No.1 based on a schedule set forth in the Reliability Assessment Program. (Specific projects, which in the opinion of the task force could have an impact on the

reliability of the NPCC Bulk Power System, may be reviewed outside of the set schedule).

Key TFCP Reliability Assessment and Performance Analysis Deliverables

- ✓ Coordinating activities related to reactive power and voltage control practices, which includes Under Voltage Load Shedding (UVLS) with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC Planning Committee and its Subcommittees are addressed.
- ✓ Monitoring the actions of the NERC Transmission Issues Subcommittee (TIS) in the area of system protection and control.
- ✓ Monitoring the actions of the NERC Resource Issues Subcommittee (RIS) in the area of demand response and resource adequacy assessment.
- ✓ Overseeing the A-10 BPS Implementation Plan.
- ✓ Overseeing the summer 2011 and winter 2011-2012 NPCC multi-area probabilistic reliability evaluations.
- ✓ Overseeing the 2011 NPCC Long-Range Adequacy Overview.
- ✓ Evaluating and approving Balancing Authority Area Transmission Reviews.
- ✓ Coordinating, monitoring, reviewing, and making recommendations on the retirement of existing in-service Special Protection Systems (SPS); and the implementation of proposed new or modified Special Protection Systems.
- ✓ Monitoring industry practices and making recommendations to NPCC on transmission adequacy standards related to intermittent generation such as wind or solar-voltaic.
- ✓ Reviewing and giving direction to other task forces on changes required to the Underfrequency Load Shedding (UFLS) program required to take into account increasing amounts of distribution connected generation and/or intermittent generation.
- ✓ Evaluating and recommending approval of NPCC Balancing Authority Area Resource Adequacy Assessments.
- ✓ Monitoring the developments in demand resources, energy efficiency and conservation methods including all intermittent renewable resources.
- ✓ Conducting resource adequacy assessment studies addressing emerging reliability issues as identified by the NERC Planning Committee (e.g., Climate Change Legislation, environmental requirements, etc.)
- ✓ Supporting Joint ISO/RTO Planning Committee activities.
- ✓ Facilitating Wide-Area Planning through participation in Regional activities (such as the Eastern Interconnection Planning Collaborative) and coordinating any resulting required inter-Area Reliability Assessment of the proposed integration related large-scale renewable resource proposals.
- ✓ Completion of the NERC 2011 Long-Term Reliability Assessment.

Task Force on System Studies

The primary mission of the NPCC Task Force on System Studies (TFSS) is to provide for active overall coordination of system studies of the reliability of the interconnected bulk power systems and for the review of certain NPCC documents.

The activities of the TFSS include, but are not limited to:

- Participating with the Task Force on Coordination of Planning, the Task Force on Coordination of Operation, and the Task Force on System Protection in reviews of the NPCC Reliability Directory No.1 and other NERC Reliability Standards and NPCC

criteria, guidelines, procedures and documents which provide for the uniform implementation, interpretation and monitoring of conformance to criteria, guidelines and procedures related to system studies.

- Conducting NPCC Balancing Authority Area Reviews, in accordance with NPCC Reliability Directory No. 1, based on material presented by the Balancing Authority Areas. These reviews will assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Balancing Authority Area's conformance with the NPCC Basic Criteria.
- Reviewing and approving changes to Balancing Authority Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10). Annually review and update the NPCC BPS List.
- Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7. Annually reviewing and updating the NPCC SPS List.
- Conducting such load flow, transient stability, and other studies as required analyzing the overall reliability of the planned bulk power transmission systems of NPCC and the interconnections between NPCC and other Regional reliability organizations. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.
- Conducting analytical studies as appropriate to support the coordination of system planning, system operation and system protection in NPCC.
- Maintaining, through the SS-37 Working Group, a library of load flow base cases and associated dynamics data, for use in and support of Balancing Authority Area Reviews, overall transmission assessments, operational studies, inter-regional studies, etc. Coordinate this effort with the NERC inter-regional base case development process.
- In conjunction with other Task Forces, reviewing major system disturbances to ascertain the adequacy of the interconnected systems. Also, reviewing any associated recommendations for system modifications and considering the need for criteria changes.
- Identifying and recommending improved system study techniques. This includes, but is not limited to, the following:
 - improved techniques and models for power system simulation;
 - improved techniques for power system Reliability Assessment;
- Conducting a periodic review of the adequacy of the NPCC underfrequency load shedding program. Annually reviewing and updating the NPCC underfrequency load shedding database.
- Maintaining a listing and monitoring the status of major transmission and generation projects within NPCC.
- Maintaining liaison with other NPCC Task Forces and report to the Reliability Coordinating Committee as required.
- Monitoring the work of industry research and development organizations such as the IEEE, Canadian Electricity Association, Electric Power Research Institute, CIGRE and other technical organizations.
- Annually developing updates to the NPCC Electric System Map

Key TFSS Reliability Assessment and Performance Analysis Deliverables:

- ✓ Conducting Balancing Authority Area reviews, in accordance with the *Guidelines for NPCC Area Transmission Reviews* (Appendix B of NPCC Reliability Directory No. 1), based on material presented by the Balancing Authority Areas. These reviews assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Area's conformance with the NPCC Basic Criteria.

- Through the Area Transmission Reviews, re-evaluate the performance and classification of existing SPSs and Dynamic Control Systems as appropriate.
- ✓ Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7 *Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems* as required.
 - ✓ Reviewing and approving changes to the Balancing Authority Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10), as required.
 - ✓ Updating the NPCC Bulk Power System List.
 - ✓ Participation in on-going NERC analysis of the Eastern Interconnection Frequency Response.
 - ✓ Review of proposed Regional waivers to the NERC BES definition, as requested.
 - ✓ Developing the annual library of power flow base cases and associated dynamic models for use by NPCC members and input into the development of the MMWG library of power flow and dynamic cases and databases for the Eastern Interconnection
 - i. Final development of NPCC power flow models for 2011
 - ii. Final development of NPCC dynamic models for 2011
 - iii. Address wind modeling issues including maintaining a database of wind models in the NPCC library of base case and provide documentation of those models
 - ✓ Annually performing event replication and exercise the procedure. Reviewing existing Regional criteria and procedures for validation of data used in power flow and dynamic simulations by benchmarking against actual system performance. If the existing criteria or procedures are found to be deficient, propose changes to provide for adequate data validation (NERC Blackout Recommendation No. 14)
 - ✓ Updating the NPCC SS-37 Working Group Procedure Manual and other related documents including the Master Tie line Data, and Interchange Schedule, as required.
 - ✓ Providing mid-term updates to the 2011 Library of NPCC/MMWG cases
 - ✓ Enhancing the governor modeling on a unit by unit basis suitable for use in the system simulation. Apply load controllers on all fossil fired units and calibrate accordingly with the observed response on units and systems, coordinated with the NPCC CO-1 Working Group.
 - ✓ Annually reviewing and updating a list of NPCC underfrequency load shedding.
 - ✓ Coordinate activities with those of the New York State Defensive Strategies Working Group, regarding the coordination and implementation of Synro-Phasor measurement devices.
 - ✓ Developing NPCC guidelines for load modeling through review of past industry efforts to study dynamic load behavior, and contact others within the industry to benefit from their research. Focus on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommending whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance.
 - ✓ Classification of Bulk Power System Elements.
 - ✓ Supporting Regional system studies to integrate large-scale renewable resources.
 - ✓ Provide support to NERC EACG (Event Analysis Coordinating Group) as needed.
 - ✓ Develop updates to the NPCC Electric System Map.

Task Force on System Protection (TFSP)

The purpose of the NPCC Task Force on System Protection (TFSP) is to promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America through the establishment of directories, criteria, guidelines, and procedures and coordination of design, relative to the protection associated with the bulk power systems.

The Reliability Assessment and Performance Analysis activities of the TFSP include, but are not limited to:

- Assessing proposed protection systems and special protection systems in accordance with NPCC Reliability Directory No. 4 and No. 7.
- Reviewing and analyzing the performance of protection systems following selected major power system disturbances and events, inside as well as outside NPCC in accordance with NPCC Reliability Directory No. 4. Issue recommendations for changes to NPCC Documents, as appropriate.
- Providing technical advice on protection issues to NPCC and coordinate with other Task Forces on the application of Intelligent Electronic Devices (IEDs) that include functions related to energy management systems in addition to their protective functions, in order to safeguard the integrity of the protective functions.
- Reviewing and assessing significant protection issues of common interest or informational value.
- Reviewing and assessing regulatory and industry based documents as they relate to system protection.
- Maintaining an effective liaison with North America groups working in the protection areas (for example: NERC System Protection & Control Subcommittee.)
- Exchanging information with other power pools, Regional Reliability Councils, Regional Transmission Organizations and other industry groups on matters concerned with system protection.
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee.

Key TFSP Reliability Assessment and Performance Analysis Deliverables:

- ✓ Assessing proposed protection systems and special protection systems for compliance with NPCC Directory No. 4 and No. 7 criteria.
- ✓ Reviewing and analyzing the performance of protection systems in power system disturbances and events, brought to the attention of the Task Force, inside as well as outside NPCC in accordance with *Procedures for Task Force on System Protection Review of Disturbances* (Document C-30). Issuing recommendations for changes to NPCC Documents, as appropriate.
- ✓ Providing support to the NERC Event Analysis Coordinating Group as required.
- ✓ Supporting the completion of NPCC Blackout ‘Recommendation 2a’ effort.
- ✓ Reviewing and updating NPCC Undervoltage Load Shedding Database.
- ✓ Participate in the ongoing development and submission of NPCC input into the development of related NERC Reliability Standards.
- ✓ Conducting any follow-up to the bulk power system protection risk assessment as directed by the Reliability Coordinating Committee.

Task Force on Coordination of Operation

The NPCC Task Force on Coordination of Operation (TFCO) facilitates the coordination of operations among the NPCC Reliability Coordinator areas and adjacent NERC Regions to enhance the reliability of the bulk power system. In addition, the TFCO provides technical support regarding operating expertise to the NPCC RSC and the NPCC CC.

The activities of the NPCC TFCO include, but are not limited to:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC, and coordinating these efforts with parallel assessments conducted by the NPCC Task Force on Coordination of Planning and by NERC. Reviewing the operational preparedness of NPCC and recommending possible actions to mitigate any potential problems identified for each operating period.
- Reviewing operations and system disturbances and providing any necessary follow-up, including the recommendation of remedial or mitigating actions.
- Facilitating the reliable operational integration of new bulk power system facilities.
- Coordinating the development of operating NPCC requirements and procedures affecting the reliability and operability of the bulk power system in coordination with, and as directed by, NERC and NPCC.
- Promoting and sponsoring inter-Balancing Authority Area and interregional studies to enhance reliability and operational effectiveness of the bulk power system.
- Providing coordination of operating issues with other NPCC Task Forces and other Regions.
- Reviewing, and acting upon, NERC actions, motions and recommendations in relation to the operation of the power system.
- Formulating the position of the TFCO on NERC Standards, and providing this position to the NPCC Regional Standards Committee as appropriate.
- Providing assistance as requested by the NPCC Regional Standards Committee in the development of Regional Standards and Directories.
- Providing assistance as requested by the NPCC Compliance Committee in monitoring and coordinating the compliance efforts of the registered entities of NPCC.

Key TFCO Reliability Assessment and Performance Analysis Deliverables:

- ✓ Address the need for, and appropriate magnitude of, synchronized operating reserve required by NPCC Reliability Directory No. 5.
- ✓ Monitor the development of the NERC North American Synchro-Phasor Initiative.
- ✓ Expand the NPCC Reliability Directory No. 8 to address detailed Balancing Authority to Balancing Authority restoration within NPCC and between NPCC and its neighbors.
- ✓ Review NPCC Reliability Coordinator Area Restoration Plans.
- ✓ Completing the NPCC 2011 summer and 2011-12 Operational Reliability Assessments.
- ✓ Completion of the NERC 2011 Seasonal (and post Seasonal) Reliability Assessments.

NPCC Regulatory/Governmental Affairs Advisory Group

The purpose of the NPCC Regulatory/Governmental Affairs Advisory Group is to promote NPCC interaction and coordination with Federal/State/Provincial governmental and/or regulatory agencies on a coordinated Regional basis, and identify and develop policy input for NPCC and Northeast Regional governmental and/or regulatory bodies.

The NPCC Governmental/Regulatory Affairs Advisory Group provides a forum where industry and governmental and/or regulatory representatives can exchange views and strive to develop consensus policy recommendations on reliability issues specific to the NPCC Region (Northeastern United States and Eastern Canada) and share actionable information among NPCC, NERC and other related governmental and/or regulatory agencies related to Regional energy and reliability matters.

Funding Sources and Requirements — Explanation of Increase

The Reliability Assessment and Performance Program funding increase is specifically caused by the addition of one RAPA FTE needed to support NERC's activities and projects related to enhance or additional data and collection and assessments in 2012.

These activities require NPCC staff not only to coordinate the activities of its members, but also those of the NPCC registered entities.

Specifically:

- ✓ Regional support expected for mandatory NERC GADS (Generator Availability Data System) and SED (Spare Equipment Database) data reporting.
- ✓ Regional reliability assessments addressing impacts resulting from NERC's identification of emerging reliability issues, such as high impact/low frequency events (geomagnetic disturbances), Eastern Interconnection system frequency response, low inertia operation of the power system, climate change legislation, environmental regulations, integration of proposed large-scale renewable resource, smart grid, energy storage and large-scale implementation of electric vehicles
- ✓ Classification of Bulk Power System Elements and NPCC review of BES Exception applications submitted through the NERC Rules of Procedure process.
- ✓ Reviewing and assessing regulatory and industry concerns as they relate to identified system protection issues.
- ✓ Providing related data used in reliability assessments in support of NERC's Adequate Level of Reliability (ALR) metrics.
- ✓ Increased coordination with event analysis, lesson learned and model validation activities
- ✓ Incorporation of proposed probabilistic metrics proposed for 2012 NERC Long-Term Reliability Assessment.

In addition to:

- ✓ Developing NPCC guidelines for load modeling through review of past industry efforts to study dynamic load behavior, and contact others within the industry to benefit from their research. Focus on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommend whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance.
- ✓ Liaison with the NERC North American Synchro-Phasor Initiative and activities of the New York Defensive Strategies Working Group.
- ✓ Reliability Assessment of renewable resource integration as identified by the Eastern Interconnection Planning Collaborative.
- ✓ Continuing Regional support and coordination of the existing NERC:
 - Demand Availability Data System (DADS)
 - Transmission Availability Data System (TADS)

Based on the portion of professional/technical staff time and other resources devoted to Reliability Assessment and performance analysis, NPCC estimates that it will expend 22.7 percent of its resources on these activities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/10 through 6/30/11 reduce U.S. LSE designee assessments for 2012

Personnel Expenses

- One additional RAPA FTE is required to meet the NERC expectation for Regional Entity support of the proposed RAPA activities, as described above.

Meeting and Travel Expenses

- While the amount of activity is expected to significantly increase in 2012, meeting expenses will be minimized to the extent possible due to continued efforts to keep costs down by holding meetings via teleconference as appropriate, conducting meetings at the NPCC offices or member facilities, as well as negotiating lower meeting space rental rates. Travel expenses will be contained using advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference.

Operating Expenses

- Expenses related to office rent and costs, professional services, computer and equipment leases, miscellaneous (except for WECC CEA), and depreciation have been allocated proportionately based on FTEs.
- Increases in consultant and contracts expenses are necessitated by expanding performance analyses.
- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Reliability Assessment and Performance Analysis						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	Over(Under)		Budget	v 2011 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 2,541,245	\$ 2,541,245	\$ -		\$ 2,970,217	\$ 428,972
Penalty Sanctions	62,985	62,985	-		134,170	71,185
Total ERO Funding	\$ 2,604,231	\$ 2,604,231	\$ -		\$ 3,104,388	\$ 500,157
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	-	-	-		-	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 2,604,231	\$ 2,604,231	\$ -		\$ 3,104,388	\$ 500,157
Expenses						
Personnel Expenses						
Salaries	\$ 919,883	\$ 919,883	\$ -		\$ 1,084,011	\$ 164,128
Payroll Taxes	51,133	51,133	-		67,409	16,276
Benefits	188,208	188,208	-		265,032	76,824
Retirement Costs	193,695	193,695	-		205,859	12,164
Total Personnel Expenses	\$ 1,352,919	\$ 1,352,919	\$ -		\$ 1,622,311	\$ 269,392
Meeting Expenses						
Meetings	\$ 25,000	\$ 25,000	\$ -		\$ 50,000	\$ 25,000
Travel	120,000	120,000	-		120,000	-
Conference Calls	40,245	40,245	-		30,250	(9,995)
Total Meeting Expenses	\$ 185,245	\$ 185,245	\$ -		\$ 200,250	\$ 15,005
Operating Expenses						
Consultants & Contracts	\$ 352,000	\$ 352,000	\$ -		\$ 392,000	\$ 40,000
Office Rent	97,640	97,640	-		106,899	9,259
Office Costs	54,275	54,275	-		59,672	5,397
Professional Services	32,571	32,571	-		193,613	161,043
Computer & Equipment Leases	21,113	21,113	-		26,772	5,659
Miscellaneous	8,647	8,647	-		12,421	3,774
Depreciation	21,618	21,618	-		23,289	1,672
Total Operating Expenses	\$ 587,863	\$ 587,863	\$ -		\$ 814,666	\$ 226,803
Total Direct Expenses	\$ 2,126,027	\$ 2,126,027	\$ -		\$ 2,637,228	\$ 511,201
Indirect Expenses	\$ 493,582	\$ 493,582	\$ -		\$ 482,925	\$ (10,657)
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ 311	\$ 311
Total Expenses	\$ 2,619,609	\$ 2,619,609	\$ -		\$ 3,120,463	\$ 500,854
Change in Assets	\$ (15,378)	\$ (15,378)	\$ -		\$ (16,075)	\$ (697)
Fixed Assets						
Depreciation	\$ (21,618)	(21,618)	\$ -		\$ (23,289)	\$ (1,672)
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	3,257	3,257	-		3,198	(59)
Equipment CapEx	4,453	4,453	-		4,642	189
Leasehold Improvements	2,162	2,162	-		3,198	1,037
(Incr)Dec in Fixed Assets	\$ 11,746	\$ 11,746	\$ -		\$ 12,250	\$ 505
Allocation of Fixed Assets	\$ 3,632	\$ 3,632	\$ -		\$ 3,825	\$ 193
Change in Fixed Assets	15,378	15,378	-		16,075	697
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -		\$ 0	\$ 0

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.1	0.1	0.0
Direct Expenses	\$188,791	\$192,360	\$3,569
Indirect Expenses	\$10,073	\$8,185	(\$1,888)
Other Non-Operating Expenses	\$0	\$5	\$5
Inc(Dec) in Fixed Assets	(\$314)	(\$272)	\$42
Total Funding Requirement	\$198,551	\$200,278	\$1,727

Program Scope and Functional Description

The NPCC Training, Education, and Operator Certification program supports NERC Rules of Procedure Section 900. The program provides education and training necessary to understand and operate the bulk electric system. The target audience of the program is bulk power system operating personnel - including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. The program also supports NPCC staff training and development needs as well as the administration of records necessary to maintain status as a NERC Continuing Education provider.

Training Program Background and Description

NPCC establishes and coordinates programs for system operator training relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. It develops and conducts training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, the implementation of NPCC standards and procedures are discussed, significant disturbances are reviewed for lessons to be learned and table-top drills and communication and coordination exercises. The seminars promote camaraderie and better communication among system operators from the NPCC Reliability Coordinator Areas.

NPCC also shares, evaluates and proposes new techniques and training aids as they become available; reviews opportunities to consolidate training among the NPCC Reliability Coordinators, which includes opportunities to share training material and training sessions and exchanges information on internal methods of system operator selection and training.

Funding Drivers and Reliability Benefits

- Provide two high-quality continuing education seminars (Compliance and TFIST Workshop) for system operators, schedulers and dispatchers
 - System operators and schedulers participating in the Seminars get exposure to NPCC issues and current industry operations topics, review recent NPCC or major external disturbances, discuss projected conditions for the coming summer or winter peak season and participate in hands on exercises pertaining to system operation practices

- Seminar attendees also receive CE hours and each Balancing Authority Area utilizes the seminar content by including it in their internal training programs to provide CE hours to all system operators
- The seminars help to improve system operation coordination through better camaraderie among operators
- Review and revise the curriculum of the training seminars to better emphasize NERC standards, Regional Standards and business practices, NPCC wide-area operations and Regionally-specific criteria and procedures
 - Enhance the system operator’s awareness and knowledge of the standards, criteria and procedures they apply in real time operation
- Provide more sharing of new training approaches, exchange of information on internal methods of system operator selection, training material and training sessions
 - Enhanced efficiency and cost savings in the training programs in the NPCC Balancing Authority Areas

2012 Key Assumptions

NPCC will conduct two workshops in 2012, for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the Compliance Monitoring and Enforcement Program (CMEP). These workshops, attended in the past by up to 250 participants, are specifically designed, primarily through the conduct of targeted breakout class room sessions and presentations on current industry related activities, to provide for the most efficient exchange of information between the NPCC Compliance and Standards Staff and the NPCC Stakeholders. Presentations in the past have been conducted by FERC, NERC and Stakeholder representatives in addition to NPCC Staff members. To supplement these workshops, NPCC is also considering additional methods for the dissemination of timely information, possibly in the form of on-line webinars. These webinars will focus on a specific topic pertinent to developments related to compliance program implementation and/or standards development that may arise in between the two regularly scheduled workshops.

With the exception of meeting expenses, it is proposed that the NPCC resources to support Training and Education will remain virtually unchanged for the calendar year. In 2012, to be consistent with NERC and other Regional Entities, NPCC will charge for participation in NPCC workshops in an effort to defray some of the costs.

Although NERC anticipates a significant expansion of its training efforts, including the targeting of numerous subject areas in a cooperative effort with the Regions, the details have yet to be fully presented. For this reason, it is proposed that the NPCC resources to support Training and Education remain constant, except in the area of meeting expenses.

2012 Goals and Key Deliverables

- Prepare and conduct the spring and autumn NPCC System Operator Seminars
- Review approaches to reliability related-task definition, task instruction, and instruction tracking on an individual basis
- Provide NPCC-coordinated input into the NERC development of standard PER-005, “System Personnel Training”

- Coordinate the implementation of PER-005, once approved, within the NPCC BA Areas and RC Areas.
- Expand the content of the Reliability Coordinator training programs, based on the new requirements generated by PER-005, for training of SCADA and field operators, including description of tasks, tracking of Continuing Education Hours and development of Individual Learning Activities
- Develop presentations on the intended Reliability Coordinator/Balancing Authority approaches to task identification and training development associated with NERC Standard PER-005, “System Personnel Training”
- Establish an NPCC repository of training resources and learning verification activities addressing fundamental power system topics, which may be shared as elements of operator training in compliance with NERC Standard PER-005, “System Personnel Training”
- Establish an NPCC repository of training resources and learning verification activities addressing NPCC procedures employed in real-time by RC/BA operators, which may be shared as elements of operator training in compliance with “System Personnel Training”
- Share among the NPCC RCs/BAs experiences on implementation of new NERC standard PER-005. Consider strategies to deal with any implementation difficulties

Based on the portion of professional/technical staff time and other resources devoted to training, education, and operator certification, NPCC estimates that it will expend 1.5 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/10 through 6/30/11 reduce U.S. LSE designee assessments for 2012
- NPCC will charge for participation in NPCC workshops in an effort to defray costs.

Personnel Expenses

- No significant changes

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC’s offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- Expenses related to office rent and costs, professional services, computer and equipment leases, miscellaneous (except for WECC CEA), and depreciation have been allocated proportionately based on FTEs.
- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Training, Education, and Operator Certification						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	v 2011 Budget	Over(Under)	Budget	v 2011 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 77,265	\$ 77,265	\$ -		\$ 78,004	\$ 739
Penalty Sanctions	1,285	1,285	-		2,274	989
Total ERO Funding	\$ 78,551	\$ 78,551	\$ -		\$ 80,278	\$ 1,728
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	120,000	120,000	-		120,000	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 198,551	\$ 198,551	\$ -		\$ 200,278	\$ 1,728
Expenses						
Personnel Expenses						
Salaries	\$ 19,134	\$ 19,134	\$ -		\$ 17,610	\$ (1,524)
Payroll Taxes	1,049	1,049	-		868	(181)
Benefits	5,157	5,157	-		5,214	57
Retirement Costs	4,451	4,451	-		4,395	(56)
Total Personnel Expenses	\$ 29,790	\$ 29,790	\$ -		\$ 28,086	\$ (1,704)
Meeting Expenses						
Meetings	\$ 149,725	\$ 149,725	\$ -		\$ 152,000	\$ 2,275
Travel	3,000	3,000	-		3,000	-
Conference Calls	1,005	1,005	-		1,010	5
Total Meeting Expenses	\$ 153,730	\$ 153,730	\$ -		\$ 156,010	\$ 2,280
Operating Expenses						
Consultants & Contracts	\$ 457	\$ 457	\$ -		\$ 1,100	\$ 643
Office Rent	1,993	1,993	-		1,812	(181)
Office Costs	1,108	1,108	-		1,011	(96)
Professional Services	665	665	-		3,282	2,617
Computer & Equipment Leases	431	431	-		454	23
Miscellaneous	176	176	-		211	34
Depreciation	441	441	-		395	(46)
Total Operating Expenses	\$ 5,271	\$ 5,271	\$ -		\$ 8,264	\$ 2,993
Total Direct Expenses	\$ 188,791	\$ 188,791	\$ -		\$ 192,360	\$ 3,569
Indirect Expenses	\$ 10,073	\$ 10,073	\$ -		\$ 8,185	\$ (1,888)
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ 5	\$ 5
Total Expenses	\$ 198,864	\$ 198,864	\$ -		\$ 200,551	\$ 1,686
Change in Assets	\$ (314)	\$ (314)	\$ -		\$ (272)	\$ 41
Fixed Assets						
Depreciation	\$ (441)	(441)	\$ -		\$ (395)	\$ 46
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	66	66	-		54	(12)
Equipment CapEx	91	91	-		79	(12)
Leasehold Improvements	44	44	-		54	10
(Incr)Dec in Fixed Assets	\$ 240	\$ 240	\$ -		\$ 208	\$ (32)
Allocation of Fixed Assets	\$ 74	\$ 74	\$ -		\$ 65	\$ (9)
Change in Fixed Assets	314	314	-		272	(41)
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -		\$ 0	\$ 0

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	0.0
Direct Expenses	\$1,176,558	\$1,215,787	\$39,229
Indirect Expenses	\$302,193	\$245,555	(\$56,638)
Other Non-Operating Expenses	\$0	\$158	\$158
Inc(Dec) in Fixed Assets	(\$9,415)	(\$8,174)	\$1,241
Total Funding Requirement	\$1,469,336	\$1,453,326	(\$16,010)

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is the combination of near real time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure. This includes the operation and maintenance of tools and other support services for the benefit of Reliability Coordinators and the system operators within the registered entities. Maintaining the real-time awareness of conditions on the interconnected bulk power systems by the NPCC Reliability Coordinator (including awareness of abnormal events, communicating information concerning system conditions and abnormal events to, and facilitating real-time communications among, system operators responsible for the reliable operation of the bulk power systems) is critical to maintaining reliable operation within NPCC. When a disturbance does occur, it is necessary to use the event as a learning opportunity.

Event Analysis Program

The NERC has established an enhanced, industry wide Event Analysis Program based on the recognition that many events which occur on the bulk power system beyond the reporting requirements in place today can have varying levels of significance to the electric system, providing otherwise unrealized lessons to be learned from these events and the trending of such events to identify possible reliability concerns. By integrating a “bottom-up” approach to a disturbance review within the framework of the NERC Event Analysis Program, consistency, comparability, flexibility and timeliness in the event analysis process will be promoted by NPCC, the registered entities and NERC in a collaborative initiative. Upon the identification of an event, the goal of the Event Analysis Program is to:

- identify what transpired;
- establish the sequence of events;
- understand the essential root causes of the event;
- identify recommendations or corrective actions; and
- develop, and disseminate to the industry, lessons to be learned so that the operational reliability of the bulk power system can be further enhanced.

The NERC Event Analysis Program recognizes that, if the timely dissemination of lessons learned from an event or disturbance is to be realized, any potential compliance implications associated with an event must be addressed and dismissed. Throughout an event analysis effort,

to make this process successful and complete, and to solidify the “bottom-up” approach, registered entities are encouraged to establish a liaison between the event analysis and compliance functions internal to the registered entity during the event analysis process. This serves to facilitate the development of a registered entity compliance self assessment report which will perform a sufficiency review of the reliability standards deemed applicable to the event, assisting in the self-reporting of possible violations should any be discovered.

The adoption by NERC of the Event Analysis Program in its Rules of Procedure brings clarity and certainty about what system events are relevant to analyze and to what level of detail, targeting potential vulnerabilities to the reliability of the bulk power system for detailed and in depth analysis; only concise and succinct reviews are desired for more minor events. It also delineates the expectations of roles and responsibilities of the registered entities, NPCC and NERC in a uniform review of system disturbances by the industry, and, ultimately, the program promotes the timely development and dissemination of valuable lessons learned to the industry. The identification and tracking of emerging common elements in system events will further distinguish trends which may be of concern to reliability.

NPCC Staff works step-by-step with the registered entity in the total event analysis process, permitting the entity to assume the primary role in the initial analysis, the development of lessons learned which may benefit the industry and the Standards sufficiency review.

NERC Alert Process

NPCC Staff works with the registered entities to appropriately respond to the NERC Alert system, a process through which notifications of potential threats to electric reliability are disseminated to the industry with the expectations placed on the entity proportional to the severity of the Alert being issued.

Through 2013, NPCC Staff will monitor and identify the response of the registered entities of NPCC to the NERC Alert, "Consideration of Actual Field Conditions in Determination of Facility Ratings." The NERC Alert recommends that each registered entity review the current Facility Ratings Methodology for its solely and jointly owned transmission lines to verify that the methodology used to determine facility ratings is based on actual field conditions, recognizing the fact that line ratings depend on many limiting factors, including transmission facility placement, tower height, topographical profiles, and maintaining adequate conductor clearances (i.e., conductor-to-ground, conductor-to-conductor) under a variety of ambient and loading conditions. The entity should determine if its Facility Ratings Methodology will produce appropriate ratings, even when considering differences between design and actual field conditions. The registered entity has been advised to review its transmission facility ratings to confirm that any differences observed between design and actual field conditions are within the design tolerances as defined by its Facility Ratings Methodology. The registered entities have been asked to establish high, medium and low priorities for its facilities and perform the assessments accordingly: high priority in 2011, medium priority in 2012 and low priority in 2013.

In 2012, NPCC Staff will work closely with the NERC Staff to incorporate greater efficiencies, industry input and precision into a streamlined NERC Alert process.

Operational Status

On an ongoing, but non-real time basis, NPCC monitors the operational status of the bulk power system and coordinates normal and pre-emergency communication, awareness and assistance in addition to the same during an emergency among the Reliability Coordinators within NPCC and its neighboring RCs: the New Brunswick System Operator, Hydro-Québec TransÉnergie, the ISO New England, Inc., the New York ISO and the Independent Electricity System Operator in Ontario. The industry is notified of significant bulk power system events that have occurred in one Reliability Coordinator Area, and which have the potential to impact reliability in other NPCC Reliability Coordinator Areas or Regions external to NPCC. These events include contingencies on the bulk power system, potential shortfalls of operating reserve, operating problems, potential security threats and potential threats or disruptions to the cyber systems.

To assist in the evaluation of emerging tools to better identify evolving system conditions, NPCC actively coordinates the utilization of existing operational aids, and the implementation of new operational aids, including the Area Control Error (ACE) and Frequency Monitoring System; the NERC Hotline; Real-time Flows; the System Data Exchange (SDX); the Reliability Coordinator Information System (RCIS); the Transmission Services Information Network (TSIN); the Interchange Distribution Calculator (IDC); the interregional Security Network (ISN); and the Central Repository for Security Events (CRC).

The “NPCC Emergency Preparedness Conference Call Procedures” provide a mechanism that has been put in place that enables the Reliability Coordinator in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions, to facilitate the procurement of assistance during emergency conditions and to identify potential physical or cyber threats to the system.

Items of particular concern that can be discussed during the calls may include, but are not limited to, the following: anticipated weather conditions critical to the system or systems experiencing or projecting resource deficiencies; load forecast; largest first and second contingencies; potential need for emergency transfers; operating reserve requirements and expected available operating reserve capacity deficiencies; potential fuel shortages or potential fuel supply disruptions which could lead to energy shortfalls; identified or projected voltage conditions; status of short term transactions; additional capability available within four hours and additional capability available within twelve hours; generator outages; significant transmission outages; expected transfer limits and limiting elements; anticipated implementation of NERC Transmission Loading Relief (TLR); changes in the status of relay protection systems; arming of special protection systems not normally armed; and/or the application of abnormal operating procedures.

NPCC has also established a daily conference call to serve as a complement to the NPCC Emergency Preparedness Conference Call. The participants of the call are the Reliability Coordinators within NPCC and its neighboring RCs, the Midwest ISO and PJM. The conference call is implemented through a bridge, the initiation of the call quickly ringing all pre-selected telephones simultaneously. The goal of the call is to alert all Reliability Coordinators of emerging problems. If no system difficulties are anticipated for the day, no unnecessary information is to be discussed. Subjects for discussion are limited to credible events which could impact the ability of an entity to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection, including the following: Projected Load; Adverse Weather; Operating Reserve; Generation; Transmission; and Sabotage.

If conditions worsen in the course of the day, the NPCC Emergency Preparedness Conference Call will be implemented.

NPCC has also completed the first phase of the FERC-NERC-Regions situation awareness initiative. At the request of the FERC, the Reliability Coordinator Areas have developed procedures to provide to the FERC detailed operating data for their respective footprints. The intent of the effort was to permit the FERC to measure the health of the Interconnections and to identify parameters which may warn of a developing crisis, thus precluding a major cascading event. To fulfill its portion of the first phase effort, NPCC implemented a geographically based visualization of selected reliability indicators. Each Reliability Coordinator of NPCC has access within the control room to the following near real time displays:

- A geographic visualization of the complete NPCC footprint; or
- A detailed geographic visualization of any of the neighboring Reliability Coordinator footprints within NPCC

Each screen displayed includes the following data:

- Reliability Coordinator Area load
- Reliability Coordinator Area Control Error
- Scheduled net interchange with its neighboring control area
- Actual net interchange with its neighboring control area
- Reliability Coordinator Area operating reserve
- Key interface loadings with limits
- Key bus voltages with typical operating range

Various dynamic, visual prompts are provided as conditions change. Arrows indicate interface flow direction, and key quantities are color coded. The data is refreshed at least every ninety seconds.

Recognizing the quantity of data displayed in a geographic format, and observing the ease with which the data can be understood and interpreted, the FERC is asking the remaining Reliability Coordinators to emulate the operational display methodology employed by NPCC. This will offer FERC a North American-wide common look and feel in its Situation Awareness displays utilizing the NPCC product.

NERC will support the development of an enhanced situation awareness tool, providing more detailed line flow information and commonality in the various displays.

To ensure the capability for continued voice communications among NPCC and its Reliability Coordinators, a satellite telephone network was also established, and it is tested on a monthly basis. This back-up communications system will function in the event of a collapse of the Public Switched Telephone Network (PSN), and cross-border voice communications can still be maintained among the Canadian Reliability Coordinators of NPCC and the Reliability Coordinators in the United States.

Critical Infrastructure Objectives

NPCC's critical infrastructure objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) and include, but are not confined to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security

NPCC's 2012 critical infrastructure goals and objectives, as identified by the 2011-2012 Work Plan of the Task Force on Infrastructure Security and Technology include, but are not confined to:

- Review versions 4 & 5 of the CIP Standards and submit proposed comments and ballot recommendations to the NPCC RSC for consideration
- Monitor the Homeland Security Information Network (HSIN), ES-ISAC, Critical Information Protection Information Sharing (CIPIS), NERC Alerts and Canadian Information Sharing and share information with CO-8
- Review and submit comments on NERC proposed Reliability Standards, modified Reliability Standards, proposed Guidelines and modified Guidelines related to Infrastructure Security and Technology
- Keep current on all governmental agencies regarding applicable security recommendations and requirements, and other applicable security and reliability recommendations and keep the RCC and its committees appropriately informed, e.g. Sector Specific Plan.
- Sponsor periodic Workshops to address timely issues and update NPCC Members associated with infrastructure security and technology.
- Regarding the Cross Border Emergency Telecommunications recommendation
 - Continue to annually report to RCC on this testing
 - Continue to support CO-8's monthly testing
- Assess the telecommunications industry's desire to convert Frame Relay customers to Multiprotocol Label Switching (MPLS) and potentially provide recommendations to RCC
- Review Operational Telemetry over the Internet and provide recommendations to RCC as necessary
- Respond to the CO-8 request for assessment of telecommunications technology used by the Simultaneous Activation of Ten Minute Reserve (SAR)

On January 24, 2011, the NERC Board of Trustees approved CIP-002-4 which was a major change from the previous three versions. Earlier versions relied on the Registered Entity's Risk Assessment Based Methodology to identify Critical Assets. Version 4 defines a series of bright line criteria that all applicable Registered Entities will use. The industry is waiting for regulatory approval of CIP-002-4. This NERC Standards Drafting Team continues to work on corresponding updates to CIP-003-3 to CIP-009-3 which are loosely referred to as version 5. The current timeline targets early 2012 as the final industry ballot and assumes industry approval. Version 5 will complete NERC's response to all of the directives in FERC Order 706.

System Operations Security Objectives

NPCC's system operations security objectives are defined within the scope of the NPCC Task Force on Coordination of Operation (TFCO) and include, but are not confined to:

- Coordinating interregional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system
- Assisting in the development of real time operating tools assuring cyber security concerns are addressed

NPCC's 2012 operational situation awareness goals and objectives, as identified by the 2011-2012 Work Plan of the NPCC Task Force on Coordination of Operation (TFCO) include, but are not confined to:

- Enhanced Visualization NERC-FERC Tool
- Determine the feasibility of the NERC North American Synchro-Phasor Initiative (NASPI) for use within NPCC
- Direct Voice Communications among all NPCC Reliability Coordinators
 - Weekly Area Coordination Conference Calls

Each week conference calls of the operations management personnel are initiated by NPCC to discuss operations expected, and identify possible concerns, during the forthcoming ten-day period (weekend and week following)
 - Daily Area Control Room Coordination Conference Calls

Each morning, the NPCC Reliability Coordinator control rooms also take part in a regularly scheduled conference call. The goal of this call is to alert all neighboring Reliability Coordinators of any potential emerging problems which could lead to reliability concerns in the course of the day's operations. Subjects for discussion are limited to credible events which could impact the ability of a Reliability Coordinator to serve its load and meet its operating reserve obligations, or which would impose a burden to the neighboring NPCC Areas or the Eastern Interconnection
 - Emergency Preparedness Conference Call

The NPCC Emergency Preparedness Conference Call augments the regularly scheduled weekly and daily Area coordination conference call process to enable the Operations Managers in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions and facilitate the procurement of assistance during, or in anticipation of, emergency conditions.

2012 Key Assumptions

- The full NERC Event Analysis Program will be launched in early 2012, following the conclusion of its 2011 field trial. Key elements of the program will include:
 - the rapid dissemination of lessons to be learned following an event on the system;
 - the initiation of root cause analysis for all system events;
 - a sufficiency Standards review;
 - a common automated data bank supporting the NPCC and NERC Event Analysis program;
 - the formal training of event personnel in root cause analysis; and
 - the clarification of event categorizations (NERC triage) to quickly identify the nature of an event and the level of reporting and review required. In the pursuit of this program, NERC states that: "*The number of events requiring review and analysis are expected to increase.*"
- Critical infrastructure protection will command increasing resources in 2011, with the expectation by NERC that "*... resource requirements will double, at a minimum, by the end of the next three years.*" The immediate implications of the adoption of the NERC CIP Version 4 standards revisions will require: the identification and monitoring of an expanded list of Critical Cyber Assets; and the establishment of an aggressive Technical Feasibility Exemption (TFE) program.

- The complete Phase II initiative for NERC Situation Awareness-FERC, NERC, Regions (SAFNR) will be implemented in early 2012 satisfying FERC's request for a "••• common look and feel •••" for each Regional display.

2012 Goals and Key Deliverables

- An expanded program for the review of system disturbances in NPCC consistent with the NERC Event Analysis program
- An automated data bank supporting the NPCC and NERC Event Analysis program
- An enhanced process for the dissemination and monitoring of NERC Alerts
- A process for the identification and monitoring of an expanded list of Critical Cyber Assets
- The establishment of an aggressive Technical Feasibility Exemption (TFE) program
- Ongoing monitoring of the NERC Alert, "Consideration of Actual Field Conditions in Determination of Facility Ratings"

Based on the portion of professional/technical staff time and other resources devoted to situation awareness and infrastructure security, NPCC estimates that it will expend 10.6 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/10 through 6/30/11 reduce U.S. LSE designees assessments for 2012

Personnel Expenses

- No significant changes

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- Expenses related to office rent and costs, professional services, computer and equipment leases, miscellaneous (except for WECC CEA), and depreciation have been allocated proportionately based on FTEs.
- The decrease in consultants and contracts expenses represents an anticipated reduction in NPCC funding supporting the Northeast's portion of the SAFNR project.
- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Situation Awareness and Infrastructure Security						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	v 2011 Budget	Over(Under)	Budget	v 2011 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 1,430,773	\$ 1,430,773	\$ -		\$ 1,385,103	\$ (45,670)
Penalty Sanctions	38,563	38,563	-		68,222	29,660
Total ERO Funding	\$ 1,469,336	\$ 1,469,336	\$ -		\$ 1,453,326	\$ (16,010)
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	-	-	-		-	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 1,469,336	\$ 1,469,336	\$ -		\$ 1,453,326	\$ (16,010)
Expenses						
Personnel Expenses						
Salaries	\$ 561,174	\$ 561,174	\$ -		\$ 555,844	\$ (5,330)
Payroll Taxes	31,145	31,145	-		34,356	3,210
Benefits	91,221	91,221	-		106,002	14,781
Retirement Costs	109,368	109,368	-		99,570	(9,799)
Total Personnel Expenses	\$ 792,909	\$ 792,909	\$ -		\$ 795,772	\$ 2,863
Meeting Expenses						
Meetings	\$ 26,000	\$ 26,000	\$ -		\$ 16,000	\$ (10,000)
Travel	70,000	70,000	-		70,000	-
Conference Calls	9,100	9,100	-		7,100	(2,000)
Total Meeting Expenses	\$ 105,100	\$ 105,100	\$ -		\$ 93,100	\$ (12,000)
Operating Expenses						
Consultants & Contracts	\$ 134,143	\$ 134,143	\$ -		\$ 112,000	\$ (22,143)
Office Rent	59,779	59,779	-		54,355	(5,424)
Office Costs	33,229	33,229	-		30,341	(2,888)
Professional Services	19,941	19,941	-		98,447	78,506
Computer & Equipment Leases	12,926	12,926	-		13,613	687
Miscellaneous	5,294	5,294	-		6,316	1,022
Depreciation	13,235	13,235	-		11,842	(1,393)
Total Operating Expenses	\$ 278,549	\$ 278,549	\$ -		\$ 326,915	\$ 48,366
Total Direct Expenses	\$ 1,176,558	\$ 1,176,558	\$ -		\$ 1,215,787	\$ 39,229
Indirect Expenses	\$ 302,193	\$ 302,193	\$ -		\$ 245,555	\$ (56,638)
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ 158	\$ 158
Total Expenses	\$ 1,478,751	\$ 1,478,751	\$ -		\$ 1,461,499	\$ (17,252)
Change in Assets	\$ (9,415)	\$ (9,415)	\$ -		\$ (8,174)	\$ 1,241
Fixed Assets						
Depreciation	\$ (13,235)	(13,235)	\$ -		\$ (11,842)	\$ 1,393
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	1,994	1,994	-		1,626	(368)
Equipment CapEx	2,726	2,726	-		2,361	(366)
Leasehold Improvements	1,324	1,324	-		1,626	303
(Incr)Dec in Fixed Assets	\$ 7,191	\$ 7,191	\$ -		\$ 6,229	\$ (962)
Allocation of Fixed Assets	\$ 2,224	\$ 2,224	\$ -		\$ 1,945	\$ (279)
Change in Fixed Assets	9,415	9,415	-		8,174	(1,241)
TOTAL CHANGE IN ASSETS	\$ (0)	\$ -	\$ -		\$ (0)	\$ (0)

Administrative Services

Administrative Services			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	7.42	8.43	1.01
Total Direct Expenses	\$2,417,543	\$2,209,550	(\$207,993)
Other Non-Operating Expenses	\$0	\$444	\$444
Inc(Dec) in Fixed Assets	\$0	(\$323,075)	(\$323,075)
Less: Other Funding Sources	\$0	\$0	\$0
Total Allocation to Regional Entity Division Programs as Indirect Expenses	(\$2,417,543)	(\$2,209,994)	\$207,549
Funding Requirement for Working Capital	\$364,302	(\$323,075)	(\$687,377)

Program Scope and Functional Description

Administrative services support the previously identified five program areas of: Reliability Standards; compliance monitoring and enforcement and organization registration and certification; training, education, and operator certification; Reliability Assessment and performance analysis; and situation awareness and infrastructure security. Administrative services consist of: technical committees and members' forums; general and administrative; legal and regulatory; information technology; human resources; and finance and accounting.

Methodology for Allocation of Administrative Services Expenses to Programs

Expenses related to indirect programs have been allocated proportionately to the direct programs for 2012 based on the number of FTEs in those programs.

Technical Committees and Member Forums

Technical Committees and Members Forum Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.50	0.50	0.00
Total Direct Expenses	\$ 111,987	\$ 124,253	\$ 12,266
Other Non-Operating Expenses	\$ -	\$ 26	\$ 26
Inc(Dec) in Fixed Assets	\$ -	\$ (1,038)	\$ (1,038)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. The stakeholders are the source of expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging issues related to the reliability of the NPCC Region.

2012 Key Assumptions

- NPCC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2012
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs that require less stakeholder travel and face-to-face meetings, as the economy improves in 2012
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability

2012 Goals and Key Deliverables

The 2012 NPCC General Meeting provides an opportunity for NPCC Members to meet high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior NERC and NPCC executives to discuss topics related to the reliable planning and operation of the power system, including consideration of emerging reliability, critical infrastructure and environmental issues.

2012 Public Information Committee Goals and Objectives

The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and coordinate with related NPCC Area, NERC media and public information activities. Activities anticipated for include, but are not limited to:

- Conducting the Media Event – release of the Summer NPCC Reliability Assessment
- Developing the NPCC Summer and Winter Reliability Outlooks
- Updating the NPCC Primer
- Participation in NERC Regional communication initiatives:

- Monthly Regional communications teleconferences
- Development of Compliance background information (FAQ) and sample press releases
- Preparation of NERC Standards background information and outreach to registered entities
- Coordination of Emergency or Blackout communications plans
- Coordination with other related NERC groups (i.e., situation awareness, event analysis, Reliability Assessment Subcommittee, etc.)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- No significant changes

Meeting and Travel Expenses

- No significant changes

Operating Expenses

- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTEs to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Technical Committees and Member Forums						
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Expenses						
Personnel Expenses						
Salaries	\$ 46,772	\$ 46,772	\$ -	\$ 44,627	\$ (2,145)	
Payroll Taxes	3,037	3,037	-	2,745	(292)	
Benefits	16,462	16,462	-	16,995	533	
Retirement Costs	11,137	11,137	-	10,842	(295)	
Total Personnel Expenses	\$ 77,408	\$ 77,408	\$ -	\$ 75,208	\$ (2,200)	
Meeting Expenses						
Meetings	\$ 3,000	\$ 3,000	\$ -	\$ 2,000	\$ (1,000)	
Travel	5,000	5,000	-	5,000	-	
Conference Calls	225	225	-	225	-	
Total Meeting Expenses	\$ 8,225	\$ 8,225	\$ -	\$ 7,225	\$ (1,000)	
Operating Expenses						
Consultants & Contracts	\$ 2,286	\$ 2,286	\$ -	\$ 6,000	\$ 3,714	
Office Rent	9,963	9,963	-	9,059	(904)	
Office Costs	5,538	5,538	-	5,057	(481)	
Professional Services	3,324	3,324	-	16,408	13,084	
Computer & Equipment Leases	2,154	2,154	-	2,269	114	
Miscellaneous	882	882	-	1,053	170	
Depreciation	2,206	2,206	-	1,974	(232)	
Total Operating Expenses	\$ 26,353	\$ 26,353	\$ -	\$ 41,819	\$ 15,466	
Total Direct Expenses	\$ 111,987	\$ 111,987	\$ -	\$ 124,253	\$ 12,266	
Indirect Expenses	\$ (111,987)	\$ (111,987)	\$ -	\$ (124,279)	\$ (12,292)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 26	\$ 26	
Total Expenses	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ (0)	
Fixed Assets						
Depreciation	\$ (2,206)	(2,206)	\$ -	\$ (1,974)	\$ 232	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	332	332	-	271	(61)	
Equipment CapEx	454	454	-	393	(61)	
Leasehold Improvements	221	221	-	271	50	
(Incr)Dec in Fixed Assets	\$ 1,199	\$ 1,199	\$ -	\$ 1,038	\$ (160)	
Allocation of Fixed Assets	\$ (1,199)	(1,199)	\$ -	\$ (1,038)	\$ 160	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)	

General and Administrative

General and Administrative			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	1.92	1.93	0.01
Total Direct Expenses	\$ 188,594	\$ 247,446	\$ 58,852
Other Non-Operating Expenses	\$ -	\$ 102	\$ 102
Inc(Dec) in Fixed Assets	\$ -	\$ (4,007)	\$ (4,007)
Working Capital Requirement	\$ 364,302	\$ (323,075)	\$ (687,377)

Program Scope and Functional Description

The NPCC general and administrative function provides executive management of the corporation, management of the NPCC office, and other administrative support programs.

2012 Key Assumptions

- Each of the delegated functional areas will evolve with continued emphasis on effective execution, efficiency, transparency, and consistency.
- Increased focus will be placed on facilitating reliability enhancing activities by Regional Entities such as entity distribution of lessons learned for predefined event types and reinforcement of effective compliance cultures.

2012 Goals and Key Deliverables

- Implementation and refinement of performance metrics to promote high quality and consistent implementation of delegated functions
- Implementation of continuing improvement activities to enable high quality performance of delegated functions while levelizing resources requirements
- NPCC processes and procedures are fully implemented
- Improvements in member services including ease of activities using NPCC website

Funding Requirements — Explanation of Increase (Decrease)

In 2012, the expenses related to the indirect program areas are allocated entirely to the direct programs and therefore have no ERO assessment funding. The negative ERO assessment requirement identified equates to the reduction in assessments necessary to achieve the targeted working capital reserve.

All indirect general costs, including rent, office supplies, telephone, postage, etc. are being recorded in each program area.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- No significant change

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.
- Contracts and Consultants increase due to extensive actuarial support and coordination with regard to annual independent audits.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
General and Administrative						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	v 2011 Budget	Over(Under)	Budget	v 2011 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 364,302	\$ 364,302	\$ -		\$ (323,075)	\$ (687,377)
Penalty Sanctions	-	-	-		-	-
Total ERO Funding	\$ 364,302	\$ 364,302	\$ -		\$ (323,075)	\$ (687,377)
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	-	-	-		-	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 364,302	\$ 364,302	\$ -		\$ (323,075)	\$ (687,377)
Expenses						
Personnel Expenses						
Salaries	\$ 47,904	\$ 47,904	\$ -		\$ 41,729	\$ (6,175)
Payroll Taxes	1,515	1,515	-		1,521	5
Benefits	9,347	9,347	-		12,764	3,417
Retirement Costs	11,491	11,491	-		10,071	(1,421)
Total Personnel Expenses	\$ 70,257	\$ 70,257	\$ -		\$ 66,084	\$ (4,173)
Meeting Expenses						
Meetings	\$ 5,000	\$ 5,000	\$ -		\$ 2,000	\$ (3,000)
Travel	10,000	10,000	-		15,000	5,000
Conference Calls	2,096	2,096	-		2,100	5
Total Meeting Expenses	\$ 17,096	\$ 17,096	\$ -		\$ 19,100	\$ 2,005
Operating Expenses						
Consultants & Contracts	\$ 8,732	\$ 8,732	\$ -		\$ 24,000	\$ 15,268
Office Rent	38,296	38,296	-		34,969	(3,328)
Office Costs	21,288	21,288	-		19,520	(1,768)
Professional Services	12,775	12,775	-		63,334	50,560
Computer & Equipment Leases	8,281	8,281	-		8,758	477
Miscellaneous	3,392	3,392	-		4,063	672
Depreciation	8,479	8,479	-		7,618	(860)
Total Operating Expenses	\$ 101,242	\$ 101,242	\$ -		\$ 162,262	\$ 61,020
Total Direct Expenses	\$ 188,594	\$ 188,594	\$ -		\$ 247,446	\$ 58,852
Indirect Expenses	\$ (188,594)	\$ (188,594)	\$ -		\$ (247,548)	\$ (58,954)
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ 102	\$ 102
Total Expenses	\$ -	\$ -	\$ -		\$ (0)	\$ 102
Change in Assets	\$ 364,302	\$ 364,302	\$ -		\$ (323,075)	\$ (687,479)
Fixed Assets						
Depreciation	\$ (8,479)	(8,479)	\$ -		\$ (7,618)	\$ 860
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	1,277	1,277	-		1,046	(231)
Equipment CapEx	1,747	1,747	-		1,519	(228)
Leasehold Improvements	848	848	-		1,046	198
(Incr)Dec in Fixed Assets	\$ 4,607	\$ 4,607	\$ -		\$ 4,007	\$ (600)
Allocation of Fixed Assets	\$ (4,607)	(4,607)	\$ -		(4,007)	\$ 600
Change in Fixed Assets	-	-	-		-	-
TOTAL CHANGE IN ASSETS	\$ 364,302	\$ 364,302	\$ -		\$ (323,075)	\$ (687,479)

Legal and Regulatory

Legal and Regulatory			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	0.00	1.00	1.00
Total Direct Expenses	\$ 462,086	\$ 305,019	\$ (157,067)
Other Non-Operating Expenses	\$ -	\$ 53	\$ 53
Inc(Dec) in Fixed Assets	\$ -	\$ (2,076)	\$ (2,076)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

NPCC's professional legal services provide counsel to the President and CEO, Board of Directors, Vice President and COO, Treasurer and staff on legal and regulatory matters including corporate law, code of conduct, confidentiality, governance, employment law and other areas affecting NPCC. Outside counsel reviews items filed with governmental agencies for legal sufficiency; maintains relationships with U.S. and Canadian jurisdictions, and provides contract review.

2012 Key Assumptions

- The level of detail required in notice of penalties to meet NERC and FERC expectations continues to increase
- The likelihood of a contested compliance action increases, with one to two hearings (ERO-wide) being projected
- NPCC will fund any compliance hearings out of cash reserves

2012 Goals and Key Deliverables

- Assure continuing recognition of NPCC as a cross-border Regional Entity
- Obtain regulatory approvals for new and revised Regional Reliability Standards on a timely basis
- Process all appeals of compliance actions in an effective and efficient manner
- Liaison with the appropriate U.S. and Canadian regulatory and/or governmental authorities regarding responses/filings to related governmental and/or regulatory directives/orders
- Liaison with federal, State and Provincial governmental and/or regulatory authorities

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- Increase driven by the addition of one FTE to support in-house legal counsel filings and research. NPCC's current legal support is delivered by a Compliance Attorney. This FTE is allocated to the CORC program area and does not provide organization-wide legal support.

Meeting and Travel Expenses

- Increase driven by the addition of meeting and travel expenses to support addition of one FTE in this program area.

Operating Expenses

- The decreases in professional services are attributed to the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2012 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2011 Budget & Projection, and 2012 Budget						
Legal and Regulatory						
		2011	2011	Variance	2012	Variance
		Budget	Projection	2011 Projection	Budget	2012 Budget
				v 2011 Budget		v 2011 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
	ERO Assessments	\$ -	\$ -	\$ -	\$ 0	\$ 0
	Penalty Sanctions	-	-	-	-	-
	Total ERO Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	-	-	-	-	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
	Total Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0
Expenses						
Personnel Expenses						
	Salaries	\$ -	\$ -	\$ -	\$ 161,621	\$ 161,621
	Payroll Taxes	-	-	-	11,004	11,004
	Benefits	-	-	-	27,438	27,438
	Retirement Costs	-	-	-	10,218	10,218
	Total Personnel Expenses	\$ -	\$ -	\$ -	\$ 210,281	\$ 210,281
Meeting Expenses						
	Meetings	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
	Travel	-	-	-	5,000	5,000
	Conference Calls	-	-	-	2,100	2,100
	Total Meeting Expenses	\$ -	\$ -	\$ -	\$ 9,100	\$ 9,100
Operating Expenses						
	Consultants & Contracts	\$ -	\$ -	\$ -	\$ 14,000	\$ 14,000
	Office Rent	-	-	-	18,118	18,118
	Office Costs	-	-	-	10,114	10,114
	Professional Services	462,086	462,086	-	32,816	(429,271)
	Computer & Equipment Leases	-	-	-	4,538	4,538
	Miscellaneous	-	-	-	2,105	2,105
	Depreciation	-	-	-	3,947	3,947
	Total Operating Expenses	\$ 462,086	\$ 462,086	\$ -	\$ 85,638	\$ (376,448)
	Total Direct Expenses	\$ 462,086	\$ 462,086	\$ -	\$ 305,019	\$ (157,067)
	Indirect Expenses	\$ (462,086)	\$ (462,086)	\$ -	\$ (305,072)	\$ 157,015
	Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 53	\$ 53
	Total Expenses	\$ -	\$ -	\$ -	\$ 0	\$ 0
	Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets						
	Depreciation	\$ -	\$ -	\$ -	\$ (3,947)	\$ (3,947)
	Computer & Software CapEx	-	-	-	-	-
	Furniture & Fixtures CapEx	-	-	-	542	542
	Equipment CapEx	-	-	-	787	787
	Leasehold Improvements	-	-	-	542	542
	(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ 2,076	\$ 2,076
	Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (2,076)	\$ (2,076)
	Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

Information Technology

Information Technology			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	0.00
Total Direct Expenses	\$ 914,516	\$ 983,125	\$ 68,609
Other Non-Operating Expenses	\$ -	\$ 158	\$ 158
Inc(Dec) in Fixed Assets	\$ -	\$ (6,229)	\$ (6,229)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

NPCC's Information Technology services ensure information assets and the environment in which they operate are secure. NPCC maintains an offsite backup server for continuity of essential operations in the event that its primary location is unavailable.

2012 Key Assumptions

- Continue to develop and maintain the portal through collaboration with other Regions and NERC (CUG).

2012 Goals and Key Deliverables

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Create an information security program aimed at reducing breach of security risks
- Determine long-term software and systems needs and hardware acquisitions
- Develop and implement information security standards and procedures
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security
- Plan and implement organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- No significant change

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Information Technology

Funding sources and related expenses for the information technology section of the 2012 business plan are shown in the table below.

Statement of Activities						
2011 Budget & Projection, and 2012 Budget						
Information Technology						
	2011	2011	Variance	2012	Variance	
	Budget	Projection	2011 Projection	Budget	2012 Budget	
			v 2011 Budget		v 2011 Budget	
			Over(Under)		Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ (0)	\$ (0)	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ -	\$ -	\$ -	\$ (0)	\$ (0)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ -	\$ -	\$ -	\$ (0)	\$ (0)	
Expenses						
Personnel Expenses						
Salaries	\$ 475,858	\$ 475,858	\$ -	\$ 469,715	\$ (6,142)	
Payroll Taxes	29,962	29,962	-	32,518	2,556	
Benefits	126,109	126,109	-	119,065	(7,044)	
Retirement Costs	91,938	91,938	-	81,811	(10,127)	
Total Personnel Expenses	\$ 723,867	\$ 723,867	\$ -	\$ 703,110	\$ (20,757)	
Meeting Expenses						
Meetings	\$ 2,000	\$ 2,000	\$ -	\$ 6,000	\$ 4,000	
Travel	30,000	30,000	-	25,000	(5,000)	
Conference Calls	5,100	5,100	-	10,100	5,000	
Total Meeting Expenses	\$ 37,100	\$ 37,100	\$ -	\$ 41,100	\$ 4,000	
Operating Expenses						
Consultants & Contracts	\$ 9,143	\$ 9,143	\$ -	\$ 24,000	\$ 14,857	
Office Rent	59,779	59,779	-	54,355	(5,424)	
Office Costs	33,229	33,229	-	30,341	(2,888)	
Professional Services	19,941	19,941	-	98,447	78,506	
Computer & Equipment Leases	12,926	12,926	-	13,613	687	
Miscellaneous	5,294	5,294	-	6,316	1,022	
Depreciation	13,235	13,235	-	11,842	(1,393)	
Total Operating Expenses	\$ 153,549	\$ 153,549	\$ -	\$ 238,915	\$ 85,366	
Total Direct Expenses	\$ 914,516	\$ 914,516	\$ -	\$ 983,125	\$ 68,609	
Indirect Expenses	\$ (914,516)	\$ (914,516)	\$ -	\$ (983,282)	\$ (68,767)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 158	\$ 158	
Total Expenses	\$ -	\$ -	\$ -	\$ (0)	\$ 0	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ (0)	
Fixed Assets						
Depreciation	\$ (13,235)	(13,235)	\$ -	\$ (11,842)	\$ 1,393	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	1,994	1,994	-	1,626	(368)	
Equipment CapEx	2,726	2,726	-	2,361	(366)	
Leasehold Improvements	1,324	1,324	-	1,626	303	
(Incr)Dec in Fixed Assets	\$ 7,191	\$ 7,191	\$ -	\$ 6,229	\$ (962)	
Allocation of Fixed Assets	\$ (7,191)	(7,191)	\$ -	\$ (6,229)	\$ 962	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)	

Human Resources

Human Resources			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	0.00
Total Direct Expenses	\$ 292,877	\$ 294,326	\$ 1,449
Other Non-Operating Expenses	\$ -	\$ 53	\$ 53
Inc(Dec) in Fixed Assets	\$ -	\$ (2,076)	\$ (2,076)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

NPCC has assembled an exceptional team of highly qualified employees to carry out the activities of NPCC. The human resources function, in adherence with applicable federal and state laws, designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2012 Key Assumptions

- In light of employee voluntary turnover, a merit package assumption of 3% is reflected in the salaries of all program areas in order to support employee retention.
- Staff waiving health insurance coverage will continue to do so - approximately one third of staffing in all program areas waive coverage to maintain superior coverage from prior employers

2012 Goals and Key Deliverables

- Recruit exceptional employees
- Review employee compensation and benefits
- Provide management and training programs
- Improve human resource policies and procedures
- Maintain employee manual

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- No significant change

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a

minimum, however, the amount of activity is expected to only increase in 2012. Conference calls and webex will be conducted for business when possible.

Operating Expenses

- The increases in professional services are attributed mainly to the changes in NPCC's corporate governance structure and the allocation of costs for legal and accounting services across all program areas.
- Contracts and Consultants increases are driven by activities associated with recruiting.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Human Resources

Funding sources and related expenses for the human resources section of the 2012 business plan are shown in the table below.

Statement of Activities						
2011 Budget & Projection, and 2012 Budget						
Human Resources						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	v 2011 Budget	Over(Under)	Budget	v 2011 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0
Expenses						
Personnel Expenses						
Salaries	\$ 117,006	\$ 117,006	\$ -	\$ -	\$ 116,008	\$ (998)
Payroll Taxes	7,999	7,999	-	-	8,542	543
Benefits	37,276	37,276	-	-	38,428	1,152
Retirement Costs	27,839	27,839	-	-	27,459	(379)
Total Personnel Expenses	\$ 190,120	\$ 190,120	\$ -	\$ -	\$ 190,438	\$ 318
Meeting Expenses						
Meetings	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ -
Travel	45,000	45,000	-	-	15,000	(30,000)
Conference Calls	1,050	1,050	-	-	1,250	200
Total Meeting Expenses	\$ 50,050	\$ 50,050	\$ -	\$ -	\$ 20,250	\$ (29,800)
Operating Expenses						
Consultants & Contracts	\$ 4,572	\$ 4,572	\$ -	\$ -	\$ 12,000	\$ 7,428
Office Rent	19,926	19,926	-	-	18,118	(1,808)
Office Costs	11,076	11,076	-	-	10,114	(963)
Professional Services	6,647	6,647	-	-	32,816	26,169
Computer & Equipment Leases	4,309	4,309	-	-	4,538	229
Miscellaneous	1,765	1,765	-	-	2,105	341
Depreciation	4,412	4,412	-	-	3,947	(464)
Total Operating Expenses	\$ 52,707	\$ 52,707	\$ -	\$ -	\$ 83,638	\$ 30,931
Total Direct Expenses	\$ 292,877	\$ 292,877	\$ -	\$ -	\$ 294,326	\$ 1,449
Indirect Expenses	\$ (292,877)	\$ (292,877)	\$ -	\$ -	\$ (294,379)	\$ (1,502)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 53	\$ 53
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ (0)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
Fixed Assets						
Depreciation	\$ (4,412)	(4,412)	\$ -	\$ -	\$ (3,947)	\$ 464
Computer & Software CapEx	-	-	-	-	-	-
Furniture & Fixtures CapEx	665	665	-	-	542	(123)
Equipment CapEx	909	909	-	-	787	(122)
Leasehold Improvements	441	441	-	-	542	101
(Incr)Dec in Fixed Assets	\$ 2,397	\$ 2,397	\$ -	\$ -	\$ 2,076	\$ (321)
Allocation of Fixed Assets	\$ (2,397)	(2,397)	\$ -	\$ -	\$ (2,076)	\$ 321
Change in Fixed Assets	-	-	-	-	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0

Finance and Accounting

Accounting and Finance			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	0.00
Total Direct Expenses	\$ 447,483	\$ 255,381	\$ (192,102)
Other Non-Operating Expenses	\$ -	\$ 53	\$ 53
Inc(Dec) in Fixed Assets	\$ -	\$ (2,076)	\$ (2,076)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The accounting and finance function directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have identified this system as good practice.

2012 Key Assumptions

- Maintain or reduce meeting costs
- Accomplish NPCC goals and stay within budget parameters

2012 Goals and Key Deliverables

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Cash Management
- Budget Development using the NERC budget template formats
- Forecasts and Projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the program areas
- Payroll and expense administration
- Preparation of unaudited Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity
- NERC Audit

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Personnel Expenses

- No significant changes

Meeting and Travel Expenses

- No significant changes

Operating Expenses

- Increases in consultants and contracts expenses are attributed to increases in fees associated with the annual independent audit of NPCC's financial statements.
- The decreases in professional services are attributed mainly to the allocation of costs for legal and accounting services across all program areas.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTEs to the direct programs for 2012.

Other Non-Operating Expenses

- No significant changes

Fixed Asset Additions

- No significant changes

Finance and Accounting

Funding sources and related expenses for the accounting and finance section of the 2012 business plan are shown in the table below.

Statement of Activities						
2011 Budget & Projection, and 2012 Budget						
Accounting and Finance						
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ -	\$ -	\$ -	\$ 0	\$ 0	
Expenses						
Personnel Expenses						
Salaries	\$ 107,754	\$ 107,754	\$ -	\$ 103,828	\$ (3,926)	
Payroll Taxes	6,940	6,940	-	7,665	725	
Benefits	32,752	32,752	-	32,276	(476)	
Retirement Costs	13,479	13,479	-	15,874	2,395	
Total Personnel Expenses	\$ 160,925	\$ 160,925	\$ -	\$ 159,643	\$ (1,282)	
Meeting Expenses						
Meetings	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -	
Travel	5,000	5,000	-	5,000	-	
Conference Calls	6,050	6,050	-	6,100	50	
Total Meeting Expenses	\$ 12,050	\$ 12,050	\$ -	\$ 12,100	\$ 50	
Operating Expenses						
Consultants & Contracts	\$ 4,572	\$ 4,572	\$ -	\$ 12,000	\$ 7,428	
Office Rent	19,926	19,926	-	18,118	(1,808)	
Office Costs	11,076	11,076	-	10,114	(963)	
Professional Services	228,449	228,449	-	32,816	(195,633)	
Computer & Equipment Leases	4,309	4,309	4,309	4,538	229	
Miscellaneous	1,765	1,765	-	2,105	341	
Depreciation	4,412	4,412	-	3,947	(464)	
Total Operating Expenses	\$ 274,508	\$ 274,508	\$ -	\$ 83,638	\$ (190,870)	
Total Direct Expenses	\$ 447,483	\$ 447,483	\$ -	\$ 255,381	\$ (192,102)	
Indirect Expenses	\$ (447,483)	\$ (447,483)	\$ -	\$ (255,434)	\$ 192,049	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 53	\$ 53	
Total Expenses	\$ -	\$ (0)	\$ -	\$ 0	\$ 0	
Change in Assets	\$ -	\$ 0	\$ -	\$ -	\$ (0)	
Fixed Assets						
Depreciation	\$ (4,412)	(4,412)	\$ -	\$ (3,947)	\$ 464	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	665	665	-	542	(123)	
Equipment CapEx	909	909	-	787	(122)	
Leasehold Improvements	441	441	-	542	101	
(Incr)Dec in Fixed Assets	\$ 2,397	\$ 2,397	\$ -	\$ 2,076	\$ (321)	
Allocation of Fixed Assets	\$ (2,397)	(2,397)	\$ -	\$ (2,076)	\$ 321	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN ASSETS	\$ -	\$ 0	\$ -	\$ -	\$ (0)	

Regional Entity Assessment Analysis

In the area of assessments for there are distinct funding mechanisms as outlined in the following table. For the Regional Entity division, the North American Electric Reliability Corporation (NERC) will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario and Québec) based upon 2010 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July and October. For funding associated with the criteria services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2010 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee.

NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the Regional Entity division and the criteria services division of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the BAAs within NPCC as the designees for the load-serving-entities in New York, New England, Ontario, Québec, New Brunswick and Nova Scotia (Column A-1).

In order to reflect and respect the international membership and nature of NPCC, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique Memoranda of Understanding or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year (Columns B-1 and C-1, respectively). In order to establish the RE division funding requirements for each balancing authority area on a NEL basis for all programs except for compliance (Column F-1), the proposed expenses and fixed assets of all other programs are calculated (Column D-1) and the adjustment for the RE division cash reserve requirement is identified (Column E-1). Any penalty monies received from NPCC registered entities within the U.S. prior to June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs (Columns B-1a., C-1a. and G-1, respectively). Consistent with each of the Canadian provincial MOUs and agreements, all penalty monies resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit

(Column H-1), with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis (Column I-1).

In accordance with the *NPCC Amended and Restated Bylaws* the CS division proposed expenses and fixed assets of all programs are calculated (Column J-1) and the adjustment for the CS division cash reserve requirement is identified (Column K-1), with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis (Column L-1).

For costs associated with the RE division compliance program, NPCC's allocation methodology allocates 40% of the direct and indirect costs for the program, excluding the costs for a U.S.-only compliance staff position, between the BAAs in the United States and Canada on a NEL basis (Column B-2). The complete direct and indirect costs, including travel and meeting expenses, for a RE division compliance staff position to address issues applicable only within the United States would be identified on a NEL basis (Column C-2); however, there are no such identified issues projected for 2012.

The remaining 60% of the costs of the compliance program are apportioned between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology (Columns D-2a., D-2c., and E-2b., respectively). The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. As an example, the provincial governments of both Ontario and New Brunswick have designated independent entities within their provinces, the IESO and the NBSO respectively, to perform compliance and enforcement activities on their internal market participants, which therefore exclude those provinces from assessment of the remaining 60% of NPCC's compliance costs. The portion of the remaining 60% allocated to the U.S. portion of NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL (Columns D-2b. and E-2a.).

Resources associated with NPCC acting as the Compliance Enforcement Authority for the Western Electricity Coordinating Council will be reimbursed directly from WECC to NPCC. WECC will compensate NPCC for all costs associated with the CEA functions. Based on mutual understanding an estimated \$72,000 per year will be required to perform the CEA function for WECC such that WECC has included such funding in its 2012 Business Plan and Budget. The cost of the WECC CEA is excluded from the calculation of NPCC's assessments to Load Serving Entity designees and NPCC has included such income in its 2012 Business Plan and Budget.

Any penalty monies received from NPCC registered entities within the U.S. by June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment (Columns C-1a., G-2, F-2 and H-2, respectively).

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined (Columns I-2 and J-2, and K-2 and L-2, respectively).



**NPCC 2012 Regional Entity (RE)
and Criteria Services (CS) Divisional Funding Information
Compliance Allocation: CORC Direct and Indirect**

A-1	B-1	B-1a	C-1	C-1a	D-1	E-1	F-1	G-1	H-1	I-1	J-1	K-1	L-1
NPCC Balancing Authorities (LSE Designees)	2010 Net Energy for Load (MWh)	2010 NPCC US NEL (MWh)	2010 NEL % of NPCC Total	2010 NEL % of NPCC U.S.	2012 NPCC RE Division Expenses & Fixed Assets Minus CORC Program	Adjustment to RE Division Cash Reserve Requirement	2012 NPCC RE Division Funding Requirement Minus CORC Program	Penalty Monies Applied to RE Division Minus CORC Program	Budgeted Workshop Fees and WECC CEA	2012 NPCC RE Division Assessment Minus CORC Program (F-1 plus G-1 plus H-1)	2012 NPCC CS Division Expenses & Fixed Assets	2012 Adjustment to CS Division Cash Reserve Requirement	2012 NPCC CS Division Funding Requirement & Member Fees (L-1 plus K-1)
New England	131,182,000	131,182,000	20.52059%	44.99623%	1,274,141	-66,297	1,207,844	-122,790	-39,400	1,045,654	204,883	-8,522	196,362
New York	160,358,000	160,358,000	25.08455%	55.00377%	1,557,520	-81,042	1,476,478	-150,099	-48,162	1,278,217	250,451	-10,417	240,034
Ontario	141,309,000	141,309,000	22.10474%		1,372,502	-71,415	1,301,087	0	-42,441	1,258,646	220,700	-9,180	211,520
Quebec	180,740,000	180,740,000	28.27287%		1,755,486	-91,343	1,664,143	0	-54,284	1,609,859	282,284	-11,741	270,543
New Brunswick	13,523,000	13,523,000	2.11538%		131,346	-6,834	124,512	0	-4,062	120,450	21,121	-878	20,242
Nova Scotia	12,158,000	12,158,000	1.90186%		118,088	-6,144	111,943	0	-3,652	108,292	18,989	-790	18,199
Total	639,270,000	291,540,000	100.00000%	100.00000%	\$6,209,083	-\$323,075	\$5,886,007	-\$272,889	-\$192,000	\$5,421,118	\$998,427	-\$41,528	\$956,900

2011 CORC											
A-2	B-2	C-2	D-2	E-2	F-2	G-2	H-2	I-2	J-2	K-2	L-2
NPCC Balancing Authorities (LSE Designees)	2012 ¹ NEL Based 40% CORC Program Excluding US-Only Staff	2012 ² NEL Based 60% CORC Program US-Only Staff	2012 ³ Allocation Methodology	2012 ⁴ 60% CORC Program	Total CORC Program Expenses & Fixed Assets	Penalty Monies Applied to CORC Program	Total CORC Program Assessment (F-2 plus G-2)	2012 RE Division Total Funding Requirement (F-1 plus F-2)	2012 RE Division Total Assessment (I-1 plus I-2)	2012 NPCC Total Funding Requirement (L-1 plus L-2)	2012 NPCC Assessment & Member Fees (L-1 plus L-2)
New England	613,283	0	39.16170%	1,755,594	2,368,877	-153,487	2,215,390	3,576,721	3,261,045	3,773,083	3,457,406
New York	749,683	0	49.22760%	2,206,842	2,956,525	-187,624	2,768,901	4,433,003	4,047,118	4,673,037	4,287,152
Ontario	660,628	0	0.00000%	0	660,628	0	660,628	1,961,715	1,919,273	2,173,235	2,130,794
Quebec	844,970	0	9.76038%	437,552	1,282,522	0	1,282,522	2,946,665	2,892,381	3,217,208	3,162,924
New Brunswick	63,221	0	0.00000%	0	63,221	0	63,221	187,732	183,671	207,974	203,913
Nova Scotia	56,839	0	1.85031%	82,948	139,788	0	139,788	251,731	248,079	269,930	266,278
Total	\$2,988,624	\$0	88.38931%	\$3,962,436	\$7,471,560	-\$341,111	\$7,130,449	\$13,357,567	\$12,551,567	\$14,314,467	\$13,508,467

* Portions of the remaining 60% attributable to U.S. and Canadian NPCC. The Canadian costs are allocated utilizing the audit based methodology. The portion of the 88.3893% attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a and C-1a. The ratios in C-1a are applied to the 88.38931% of U.S. audit costs to obtain the percentages (Column D-2-b) which are then applied to the 60% of CORC costs.

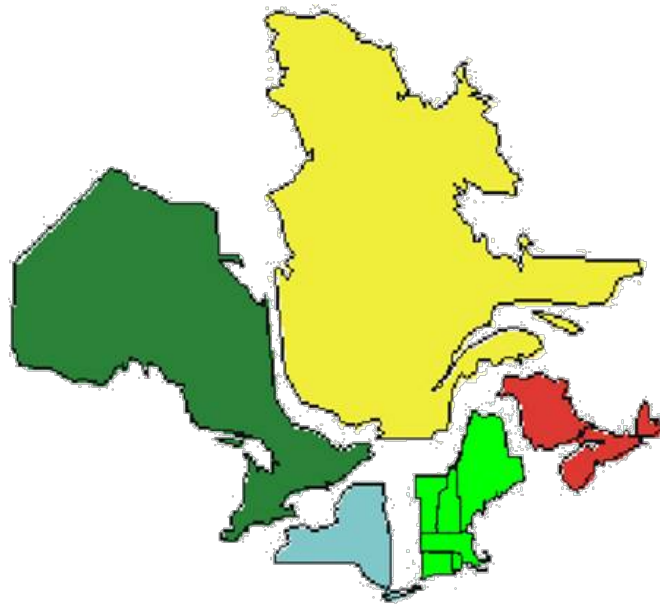
¹ Consistent with NERC's Policy on Allocation of Certain Compliance and Enforcement Costs, the NPCC Board approved Allocation Methodologies for Certain NPCC Compliance Program Area Costs Assessed to Non-U.S. Entities.

² Regional NEL based funding represents 40% of CORC Program, while 60% of CORC Program totaling \$4,482,936 is allocated using an audit based methodology for Canadian Balancing Authorities and an NEL based methodology for US Balancing Authorities for 2012.

³ Audit based allocation uses Compliance Registry Data registrations as of May 1, 2011.

⁴ Allocation adjustment of \$909,942 and \$94,831 identified as NPCC CORC costs duplicative of Ontario and New Brunswick Compliance and Enforcement Programs, respectively.

Section B – Supplemental Financial Information 2012 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1 – Reserve Balance

Working Capital Reserve Analysis 2011-2012	
REGIONAL ENTITY DIVISION	
Beginning Working Capital Reserve (Deficit), December 31, 2010	2,814,901
Plus: 2011 ERO Funding (from LSEs or designees)	12,652,610
Plus: 2011 Other funding sources	308,500
Less: 2011 Projected expenses & capital expenditures	(12,716,807)
Projected Working Capital Reserve (Deficit), December 31, 2011	3,059,204
Desired Working Capital Reserve, December 31, 2012 ¹	2,736,129
20% of Total Regional Entity Budget of \$13,680,642.61	
Less: Projected Working Capital Reserve, December 31, 2011	(3,059,204)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(323,075)
2012 Expenses and Capital Expenditures	13,680,643
Less: Penalty Sanctions ²	(614,000)
Less: Other Funding Sources (Including NPCC as WECC CEA)	(192,000)
Adjustment to achieve desired Working Capital Reserve	(323,075)
2012 Assessment	12,551,567
¹ Desired Working Capital Reserve level of 20% or \$2,736,129	
² Represents collections prior to June 30, 2011.	

Explanation of No Changes in Reserve Policy from Prior Year

NPCC maintains a 20% of budget reserve level due to what is expected to be greater predictability in services provided. With expanded work expectation there is a degree of uncertainty with regard to unfunded emerging mandates following business plan approval.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Regional Entity division Statement of Activities on page 14 of the 2012 Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

U.S. penalty monies received prior to June 30, 2011 are to be used to offset assessments in the 2012 Budget, as documented in the NERC Policy – Accounting, Financial Statement, and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard. Penalty monies received from July 1, 2011 through June 30, 2012 will be used to offset U.S. load serving entity designee assessments in the 2013 Budget.

All penalties received prior to June 30, 2011 are detailed below, including date received and the penalty amount.

Allocation Method: U.S. penalty sanctions received have been allocated to the following Regional Entity division programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. U.S. penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2 – Penalty Sanctions

Penalty Sanctions Received Prior to June 30, 2011	Date Received	Amount Received
Penalty Payment 1	8/26/2010	\$ 40,000.00
Penalty Payment 2	11/30/2010	\$ 5,000.00
Penalty Payment 3	12/13/2010	\$ 7,500.00
Penalty Payment 4	12/21/2010	\$ 450,000.00
Penalty Payment 5	4/7/2011	\$ 30,000.00
Penalty Payment 6	4/12/2011	\$ 10,000.00
Penalty Payment 7	4/15/2011	\$ 5,000.00
Penalty Payment 8	4/18/2011	\$ 7,500.00
Penalty Payment 9	4/21/2011	\$ 2,500.00
Penalty Payment 10	5/26/2011	\$ 2,500.00
Penalty Payment 11	5/31/2011	\$ 35,000.00
Penalty Payment 12	6/10/2011	\$ 2,500.00
Penalty Payment 13	6/13/2011	\$ 2,500.00
Penalty Payment 14	6/20/2011	\$ 4,000.00
Penalty Payment 15	6/30/2011	\$ 2,500.00
Penalty Payment 16	6/30/2011	\$ 7,500.00
Total Penalties Received		\$ 614,000.00

Table B-3 – Supplemental Funding

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ 72,000	\$ 72,000
Total	\$ -	\$ -	\$ 72,000	\$ 72,000
Reliability Assessment and Performance Analysis				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Total	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 120,000	\$ 120,000	\$ 192,000	\$ 72,000

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- NPCC assumed no interest income because of continuing low market interest rates. Interest earned offsets future assessments based upon the FTE ratio of the RE and CS divisions.

Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Salaries					
Salary	\$ 5,018,103	\$ 5,018,103	\$ 5,553,903	\$ 535,800	10.7%
Employment Agency Fees	\$ 27,725	\$ 27,725	\$ 19,111	\$ (8,614)	-31.1%
Temporary Office Services	\$ 9,242	\$ 9,242	\$ 9,324	\$ 82	0.9%
Total Salaries	\$ 5,055,070	\$ 5,055,070	\$ 5,582,337	\$ 527,267	10.4%
Total Payroll Taxes	\$ 291,508	\$ 291,508	\$ 358,772	\$ 67,264	23.1%
Benefits					
Education Reimbursement	\$ 9,519	\$ 9,519	\$ 83,913	\$ 74,394	781.5%
Medical Insurance	\$ 702,468	\$ 702,468	\$ 784,518	\$ 82,050	11.7%
Life-LTD-STD Insurance	\$ 45,787	\$ 45,787	\$ 51,198	\$ 5,411	11.8%
Officer Life	\$ -	\$ -	\$ 9,324	\$ 9,324	-
Worker's Compensation	\$ 14,156	\$ 14,156	\$ 14,282	\$ 126	0.9%
Vacation	\$ 362,988	\$ 362,988	\$ 393,510	\$ 30,522	8.4%
Relocation	\$ -	\$ -	\$ -	\$ -	-
Total Benefits	\$ 1,134,918	\$ 1,134,918	\$ 1,336,744	\$ 201,826	17.8%
Retirement					
Pension Contribution	\$ 485,190	\$ 485,190	\$ 486,047	\$ 857	0.2%
Employee Savings Plan	\$ 306,493	\$ 306,493	\$ 383,389	\$ 76,896	25.1%
Savings Admin	\$ 8,824	\$ 8,824	\$ 11,561	\$ 2,737	31.0%
Deferred Compensation	\$ 24,794	\$ 24,794	\$ 23,309	\$ (1,485)	-6.0%
Total Retirement	\$ 825,301	\$ 825,301	\$ 904,307	\$ 79,006	9.6%
Total Personnel Costs	\$ 7,306,797	\$ 7,306,797	\$ 8,182,160	\$ 875,363	12.0%
FTEs	31.42	31.42	35.43	4.01	12.8%
Cost per FTE					
Salaries	\$ 160,877	\$ 160,877	\$ 157,560	\$ (3,317)	-2.1%
Payroll Taxes	\$ 9,277	\$ 9,277	\$ 10,126	\$ 849	9.2%
Benefits	\$ 36,119	\$ 36,119	\$ 37,729	\$ 1,610	4.5%
Retirement	\$ 26,265	\$ 26,265	\$ 25,524	\$ (741)	-2.8%
Total Cost per FTE	\$ 232,539	\$ 232,539	\$ 230,939	\$ (1,599)	-0.7%

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- The increases in Salaries, Payroll Taxes, all insurances except Medical, and Employee Savings Plan are due primarily to the addition of 4.01 FTEs. NPCC has assumed an overall general wage increase of 3% and has funded at risk (variable incentives) compensation at less than 100% of program levels.
- The decrease in Employment Agency Fee is due to employee referrals being a cost effective process for recruiting efforts.
- The increase in Education Reimbursement is due to NPCC's sponsoring staff pursuing advanced degrees.
- Assets in the retirement trust have performed slightly better than comparable indices such that the required funding is anticipated to be flat. Should NPCC's retirement trust experience poor performance, a supplement could be required.
- New hires are hired with vacation consistent with professional tenure.

Table B-5 – Consultants and Contracts

Consultants	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Consultants					
Reliability Standards	\$ 2,000	\$ 2,000	\$ 6,000	\$ 4,000	200.0%
Compliance Enforcement and Organization Registration and Certification	\$ 107,000	\$ 107,000	\$ 102,000	\$ (5,000)	-4.7%
Reliability Assessment and Performance Analysis	\$ 52,000	\$ 52,000	\$ 42,000	\$ (10,000)	-19.2%
Training and Education	\$ 100	\$ 100	\$ 100	\$ -	0.0%
Situation Awareness and Infrastructure Security	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.0%
Member Forums	\$ 500	\$ 500	\$ 1,000	\$ 500	100.0%
General and Administrative	\$ 1,910	\$ 1,910	\$ 4,000	\$ 2,090	109.4%
Legal and Regulatory	\$ -	\$ -	\$ 4,000	\$ 4,000	-
Information Technology	\$ 2,000	\$ 2,000	\$ 4,000	\$ 2,000	100.0%
Accounting and Finance	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000	100.0%
Human Resources	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000	100.0%
Consultants Total	\$ 169,510	\$ 169,510	\$ 169,100	\$ (410)	-0.2%
Contracts	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Reliability Standards	\$ 33,143	\$ 33,143	\$ 33,000	\$ (143)	-0.4%
Compliance Enforcement and Organization Registration and Certification	\$ 1,597,000	\$ 1,597,000	\$ 1,150,000	\$ (447,000)	-28.0%
Reliability Assessment and Performance Analysis	\$ 300,000	\$ 300,000	\$ 350,000	\$ 50,000	16.7%
Training and Education	\$ 357	\$ 357	\$ 1,000	\$ 643	180.1%
Situation Awareness and Infrastructure Security	\$ 132,143	\$ 132,143	\$ 110,000	\$ (22,143)	-16.8%
Member Forums	\$ 1,786	\$ 1,786	\$ 5,000	\$ 3,214	180.0%
General and Administrative	\$ 6,822	\$ 6,822	\$ 20,000	\$ 13,178	193.2%
Legal and Regulatory	\$ -	\$ -	\$ 10,000	\$ 10,000	-
Information Technology	\$ 7,143	\$ 7,143	\$ 20,000	\$ 12,857	180.0%
Accounting and Finance	\$ 3,572	\$ 3,572	\$ 10,000	\$ 6,428	180.0%
Human Resources	\$ 3,572	\$ 3,572	\$ 10,000	\$ 6,428	180.0%
Contracts Total	\$ 2,085,537	\$ 2,085,537	\$ 1,719,000	\$ (366,537)	-17.6%
Total Consultants and Contracts	\$ 2,255,047	\$ 2,255,047	\$ 1,888,100	\$ (366,947)	-16.3%

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- NPCC anticipates that increases in staff headcount should lower to some extent the need to use contractors and consultants to meet the expanding workload in compliance, standards, reliability assessments and performance analysis, and situation awareness and infrastructure security. Projected increased utilization of contractors in the reliability assessment and performance analysis program is driven by expanding performance analyses requirements.

Table B-6 – Office Rent

Office Rent	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Office Rent	\$ 582,229	\$ 582,229	\$ 596,716	\$ 14,487	2.5%
Utilities	\$ 23,104	\$ 23,104	\$ 24,242	\$ 1,138	4.9%
Maintenance	\$ 18,483	\$ 18,483	\$ 18,647	\$ 164	0.9%
Security	\$ 2,310	\$ 2,310	\$ 2,331	\$ 21	0.9%
Total Office Rent	\$ 626,127	\$ 626,127	\$ 641,936	\$ 15,809	2.5%

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- NPCC anticipates a moderate increase in commercial real estate taxes associated with the long term lease of its office space.

Table B-7 – Office Costs

Office Costs	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Telephone	\$ 138,626	\$ 138,626	\$ 139,855	\$ 1,229	0.9%
Internet Expense	\$ 32,346	\$ 32,346	\$ 24,728	\$ (7,618)	-23.6%
Office Supplies	\$ 25,877	\$ 25,877	\$ 27,696	\$ 1,819	7.0%
Computer Supplies and Maintenance	\$ 36,967	\$ 36,967	\$ 46,618	\$ 9,651	26.1%
Subscriptions & Publications	\$ 6,469	\$ 6,469	\$ 6,430	\$ (39)	-0.6%
Dues	\$ 3,697	\$ 3,697	\$ 2,968	\$ (729)	-19.7%
Postage	\$ 1,479	\$ 1,479	\$ 1,483	\$ 4	0.3%
Express Shipping	\$ 6,469	\$ 6,469	\$ 6,430	\$ (39)	-0.6%
Copying	\$ 1,848	\$ 1,848	\$ 989	\$ (859)	-46.5%
Reports	\$ 5,545	\$ 5,545	\$ 5,440	\$ (105)	-1.9%
Stationary and Office Forms	\$ 5,545	\$ 5,545	\$ 6,396	\$ 851	15.3%
Equipment Repair/Service Contracts	\$ 41,588	\$ 41,588	\$ 61,327	\$ 19,739	47.5%
Bank Charges	\$ 36,967	\$ 36,967	\$ 27,971	\$ (8,996)	-24.3%
Sales and Use Tax	\$ -	\$ -	\$ -	\$ -	-
Merchant Credit Card Fees	\$ -	\$ -	\$ -	\$ -	-
Presentation and Publicity	\$ 4,621	\$ 4,621	\$ -	\$ (4,621)	-100.0%
Total Office Costs	\$ 348,043	\$ 348,043	\$ 358,332	\$ 10,289	3.0%

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- An overall nominal net increase of 3% is consistent with recent experience.

Table B-8 - Professional Services

Professional Services	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
BOT Fee	\$ 184,835	\$ 184,835	\$ 279,711	\$ 94,876	51.3%
BOT Search Fee	\$ -	\$ -	\$ 55,942	\$ 55,942	-
Legal - Reorganization	\$ -	\$ -	\$ -	\$ -	-
Accounting & Auditing Fees	\$ 221,801	\$ 221,801	\$ 242,416	\$ 20,615	9.3%
Legal Fees - Other	\$ 462,086	\$ 462,086	\$ 559,421	\$ 97,335	21.1%
Insurance - Commercial	\$ 24,028	\$ 24,028	\$ 25,174	\$ 1,146	4.8%
Total Services	\$ 892,751	\$ 892,751	\$ 1,162,663	\$ 269,913	30.2%

Explanation of Significant Variances –2012 Budget versus 2011 Budget

- The NPCC members overwhelmingly approved the Board’s recommendations with regard to introduction of an independent director sector to the Board and associated streamlining of the corporate governance model for NPCC. The NERC Board of Trustees at its May 11, 2011 meeting approved NPCC’s governance restructuring. NERC has filed the NPCC Amended and Restated Bylaws with FERC for consideration and approval by fall 2011. With the January 1, 2012 anticipated implementation of a hybrid Board, it would be consistent that professional service fees would be higher.

Table B-9 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	\$ -	\$ -	\$ 1,865	\$ 1,865	-
Total Non-Operating Expenses	\$ -	\$ -	\$ 1,865	\$ 1,865	-

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

NPCC has budgeted nominally for minor reconfiguration of its existing office space to accommodate increases in FTEs.

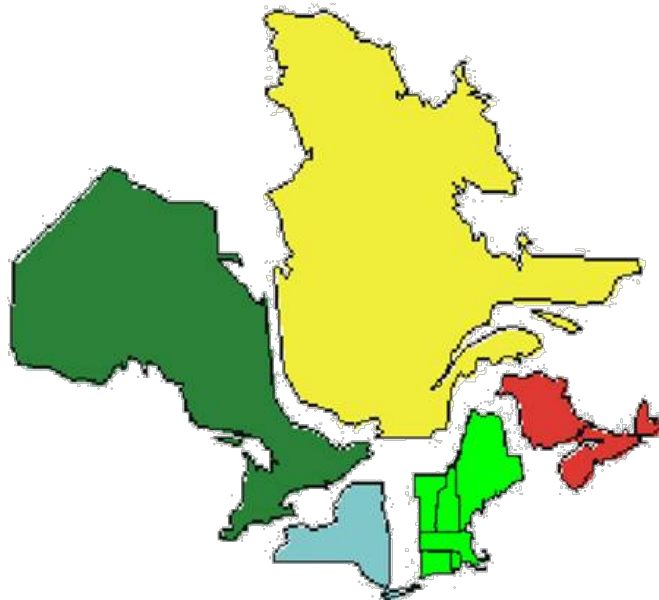
Table B-10 – 2013 and 2014 Projections

Table B-10

Statement of Activities and Capital Expenditures 2012 Budget & Projected 2013 and 2014 Budgets								
	2012 Budget	2013 Projection	\$ Change 12 v 13	% Change 12 v 13	2014 Projection	\$ Change 13 v 14	% Change 13 v 14	
Funding								
ERO Funding								
ERO Assessments	\$ 12,551,567	\$ 13,909,141	\$ 1,357,574	10.8%	\$ 14,716,369	811,406	5.5%	
Penalty Sanctions	614,000	-	(614,000)	-100.0%	-	-		
Total ERO Funding	\$ 13,165,567	\$ 13,909,141	\$ 743,574	5.6%	\$ 14,716,369	\$ 811,406	5.5%	
Membership Dues	-	-	-		-	-		
Testing Fees	-	-	-		-	-		
Services & Software	-	-	-		-	-		
Workshops	120,000	120,000	-	0.0%	120,000	-	0.0%	
Interest	-	-	-		-	-		
Miscellaneous	72,000	75,960	3,960	5.5%	80,138	4,178	5.5%	
Total Funding	\$ 13,357,567	\$ 14,105,101	\$ 747,534	5.6%	\$ 14,916,507	\$ 815,584	5.8%	
Expenses								
Personnel Expenses								
Salaries	\$ 5,582,337	\$ 5,973,101	\$ 390,764	7.0%	\$ 6,391,218	\$ 418,117	7.0%	
Payroll Taxes	358,772	369,535	10,763	3.0%	380,621	11,086	3.0%	
Benefits	1,336,744	1,430,316	93,572	7.0%	1,530,439	100,122	7.0%	
Retirement Costs	904,307	931,436	27,129	3.0%	959,379	27,943	3.0%	
Total Personnel Expenses	\$ 8,182,160	\$ 8,704,388	\$ 522,228	6.4%	\$ 9,261,657	\$ 557,268	6.4%	
Meeting Expenses								
Meetings	\$ 288,000	\$ 296,640	\$ 8,640	3.0%	\$ 305,539	8,899	3.0%	
Travel	697,000	717,910	20,910	3.0%	739,447	21,537	3.0%	
Conference Calls	86,935	89,543	2,608	3.0%	92,229	2,686	3.0%	
Total Meeting Expenses	\$ 1,071,935	\$ 1,104,093	\$ 32,158	3.0%	\$ 1,137,216	\$ 33,123	3.0%	
Operating Expenses								
Consultants & Contracts	\$ 1,888,100	\$ 2,020,267	132,167	7.0%	\$ 2,161,686	141,419	7.0%	
Office Rent	641,936	661,194	19,258	3.0%	681,030	19,836	3.0%	
Office Costs	358,332	369,082	10,750	3.0%	380,155	11,072	3.0%	
Computer and Equipment Leases	160,770	165,593	4,823	3.0%	170,561	4,968	3.0%	
Professional Services	1,162,663	1,197,543	34,880	3.0%	1,233,470	35,926	3.0%	
Miscellaneous*	146,589	153,919	7,329	5.0%	161,615	7,696	5.0%	
Depreciation	139,855	139,855	(0)	0.0%	139,855	-	0.0%	
Total Operating Expenses	\$ 4,498,246	\$ 4,707,454	\$ 209,207	4.7%	\$ 4,928,371	\$ 220,917	4.7%	
Total Direct Expenses	\$ 13,752,342	\$ 14,515,935	\$ 763,593	5.6%	\$ 15,327,243	\$ 811,308	5.6%	
Indirect Expenses	\$ (0)	\$ (0)	\$ (0)	5.0%	\$ (0)	\$ (0)	5.0%	
Other Non-Operating Expenses	\$ 1,865	\$ 1,958	\$ 93	5.0%	2,056	98	5.0%	
Total Expenses	\$ 13,754,206	\$ 14,517,893	\$ 763,687	5.6%	\$ 15,329,299	811,406	5.6%	
Change in Assets	\$ (396,639)	\$ (412,792)	\$ (16,153)	4.1%	\$ (412,792)	\$ 4,178	-1.0%	
Fixed Assets								
Depreciation	\$ (139,855)	\$ (139,855)	\$ 0	0.0%	\$ (139,855)	\$ -	0.0%	
Computer & Software CapEx	-	-	-		-	-		
Furniture & Fixtures CapEx	19,207	19,207	0	0.0%	19,207	-	0.0%	
Equipment CapEx	27,878	27,878	0	0.0%	27,878	-	0.0%	
Leasehold Improvements	19,207	19,207	0	0.0%	19,207	-	0.0%	
(Incr)Dec in Fixed Assets	\$ 73,564	\$ 73,563	\$ (1)	0.0%	\$ 73,563	\$ -	0.0%	
TOTAL CHANGE IN NET ASSETS	\$ (323,075)	\$ (339,229)	\$ (16,154)	5.0%	\$ (339,229)	\$ 4,178	-1.2%	
FTEs	35.43	37.20	2	5.0%	39.06	2	5.0%	

*Includes WECC CEA

Section C – Criteria Services Division Activities 2012 Business Plan and Budget



Section C —2012 Criteria Services Division Business Plan and Budget

Criteria Services Division			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.58	2.57	-0.01
Total Direct Expenses	\$1,020,471	\$1,003,628	(\$16,843)
Other Non-Operating Expenses	\$0	\$135	\$135
Working Capital Reserve Requirement	(\$664,691)	(\$41,528)	\$623,163
Inc(Dec) in Fixed Assets	(\$6,180)	(\$5,336)	\$844
Total Funding Requirement	\$349,600	\$956,900	\$607,300

NPCC Regionally-Specific Criteria Services Background

NPCC Criteria Services division activities are in the development, maintenance and promulgation of Regionally-specific more stringent criteria as well as criteria establishing resource adequacy requirements within the Region. These criteria contain requirements which are more stringent and more specific than the existing NERC Reliability Standards requirements.

Membership and Governance

Full members are subject to compliance with Regionally-specific criteria, in addition to continent-wide Reliability Standards, and receive criteria-related services from the Criteria Services division.

Full Members, other than Full Members that perform the Balancing Authority function, are not assessed an annual membership fee. Those that perform Balancing Authority functions are assessed and remit a proportional net energy for load share of expenses for criteria services. NPCC would also directly assign criteria service division costs to a Balancing Authority Area or entity, where significant costs are incurred for that Balancing Authority Area. The funding for NPCC's Criteria Services division is approved by the NPCC Board of Directors.

Criteria Services Division Functional Scope

Through its Criteria Services division, NPCC promotes the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria.

NPCC provides Full Members with Regional reliability assurance services, and acts as the vehicle through which States and Provinces can fulfill their political mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

Major 2012 Assumptions and Cost Impacts

The Criteria Services division services are not expected to grow when compared to the Regional Entity division.

- The CCEP review and evaluation process has matured and been enhanced after being exercised for 2011 Criteria Compliance submittals by the CC as necessary.
- Past non-compliances, if any, followed the due process stated in the CCEP-1 process document and proper resolution/enforcement action taken.

2012 Primary Goals and Objectives

- Review and maintain the NPCC Regional Reliability Directories.
- The criteria services division and CCEP Working Group (reporting to the Compliance Committee) will work with the various Task Forces to develop Criteria Compliance Reporting Forms for additional NPCC Directories to ensure that the more stringent or Regionally-specific criteria is being met.
- The criteria services division and CCEP working group will work with TFCO, TFCP, TFSS, and TFSP to review criteria and measures within each specific NPCC Directory to identify and develop them into specific reporting forms for approval.
- Review impact of Bulk Electric System definition on Directory and Criteria reporting.
- Review impact of Sector or NPCC organizational changes on the Directory and Criteria review, enforcement and arbitration processes

NPCC Reliability Directory Maintenance and Development

The NPCC Regional Reliability Directories were developed to demonstrate that the NPCC more stringent criteria are consistent with the NERC Reliability Standards as mandated by the NERC Rules of Procedure. The Directory project was also undertaken to remove any redundancies with the NERC Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements. In 2011 the directories were further reviewed and revised to move the criteria language into a “requirement type” format. This further revision facilitates the Regionally specific Criteria Compliance Enforcement Program “CCEP” and ensures the continued delineation of the more stringent and more specific Regional criteria from the latest approved and effective set of NERC ERO standards.

In 2012, work will proceed with maintenance and revision of the Directories to address any future redundancies with NERC or NPCC Reliability Standards or the continued need for additional more stringent or specific NPCC Regional criteria requirements as new NERC Reliability Standards are developed and existing standards are revised.

The following Directories will either be under revision or reviewed for further development based on a schedule set forth in the NPCC Reliability Assessment Program:

Operations and Planning Directories

Directory #1, *Basic Criteria for Design and Operation of Interconnected Power Systems*

This directory documents NPCC’s Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP,

PRC and VAR standards. The NPCC Task Force on Coordination of Planning will lead a multi-disciplinary working group to review and revise this directory.

Directory #2, *Emergency Operations*

This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 3, *Maintenance Requirements for BPS Protection*

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 4, *BPS Protection*

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 5, *Operating Reserve Requirements*

This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 7, *Special Protection Systems*

This Directory documents NPCC's Regionally-specific, more stringent criteria for application and approval of SPS. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 8 System Restoration

This Directory documents NPCC's Regionally-specific, more stringent criteria with which each applicable entity must plan for and perform power system restoration following a major or a total blackout, and demonstrates coordination and consistency with applicable NERC EOP standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 9, *Verification of Generator Gross and Net Reactive Power Capability*

This Directory documents NPCC's Regionally-specific, more stringent criteria for verifying the Gross Reactive Power Capability and Net Reactive Power Capability of generators or generating facilities. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 11, *Disturbance Monitoring*, This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC PRC standards. The NPCC Task Force on System Protection will lead this review and

revision until such time as the NPCC PRC-002-01 Disturbance Monitoring Regional Standard is adopted by FERC and the applicable governmental authorities.

Directory # 12, *UFLS Program*, This directory documents NPCC’s Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC and NPCC developing PRC standard(s). The NPCC Task Force on System Studies will lead this review and revision until such time as the NPCC PRC-006-01 UFLS Regional Standard is approved by the NPCC membership, NERC BOT, the FERC and the applicable governmental authorities.

NPCC Criteria Compliance Background

The NPCC criteria services division promotes the reliable operation of the bulk power system through implementation of a comprehensive compliance program. The compliance program that includes monitoring, assessing and enforcing compliance with more stringent, Regionally specific NPCC Criteria requirements, is known as the NPCC Criteria Compliance and Enforcement Program (CCEP) described in process document CCEP-1. This program was developed by the criteria services division and the CCEP Working Group under the purview of the NPCC Compliance Committee. The products of this program support the various Task Forces in their assessments of the NPCC Directories in meeting their goals for the Reliability Coordinating Committee as stated in Section A of this Business Plan.

The more stringent, Regionally specific NPCC Criteria requirements reflect the unique operational and planning aspects of the bulk power system within the NPCC Region and are included in the NPCC “A” documents and their successors, the NPCC Directories.

NPCC issues non-monetary sanctions to enforce compliance with NPCC Criteria.

- The CCEP program is described in document CCEP-1, *NPCC Criteria Compliance and Enforcement Program (CCEP) Process Document*
- The implementation plan is described in document CCEP-2, *Implementation Plan for 2011 NPCC Criteria Compliance and Enforcement Program*
- On April 5, 2011, the above became effective upon Full Member approval of CCEP-1, and CCEP-2 and retired the following
 - NPCC Criteria A-8, Reliability Compliance and Enforcement Program (RCEP)
 - NPCC Guide B-22, Guidelines for Implementation of the NPCC Inc. Compliance Program
 - NPCC Procedure C-32, Review Process for NPCC Reliability Compliance Enforcement Program
 - Each of the above have been annotated as “retired effective 4/5/11 upon Full Member approval of CCEP-1... and CCEP-2...” on the NPCC public website

The CCEP-1 document

- recognizes the applicability of NPCC’s Regionally-specific, more stringent reliability criteria to the Full Members of NPCC, consistent with the *Amended and Restated ByLaws*, and respects the provisions of the several Canadian Memoranda of Understanding in the execution of the processes described

- provides a comprehensive CCEP Process Diagram showing the process of evaluating and approving Criteria Certification submittals, and additional processes and responsibilities in the event that non-compliances, disputes and sanctions arise
- describes the roles and responsibilities of Reporting Members, CC, RCC and Enforcement Panel in the compliance review and enforcement process
- describes Levels of Non-Compliance, associated non-monetary Sanctions, Lateness Policy and the Arbitration/Dispute Resolution process
- addresses Mitigation Plans for any violations under the enforcement process; and
- lists the mandatory Certification Forms to be submitted for review by the Task Forces to ensure compliance with NPCC Directories are being met

The CCEP requires annual submittal of Certification Forms by the Reliability Coordinators and Balancing Authorities to confirm compliance with various NPCC Directories. Currently the required Certification forms are for Directory #1- *Area Transmission Review*, Directory #8 - *Key Facility List*, Directory #9 – *Generator Real Power Verification*, Directory #10 - *Verification of Generator Gross and Net Reactive Power Capability*, and Directory #12 - *UFLS Program Requirements*

The CCEP identifies those NPCC Directories that are subject to monitoring, assessment and enforcement. These Directories also are subject to NPCC Criteria Compliance Audits.

The NPCC Compliance Committee (CC) has final approval of compliance assessments related to CCEP. The CCEP describes the roles and responsibilities of committees and panels used to resolve contested compliance and/or sanction or penalty determinations related to NPCC Directories.

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Membership Dues – While the proposed 2012 Total Expenses for the NPCC Criteria Services Division is virtually the same as the 2011 Budget, the proposed assessment to the Members for 2012 shows an increase and a return to historical funding levels, following a significantly reduced assessment for 2011, due to a application of funds from cash reserves.

2011 Budget and Projection and 2012 Budget Comparisons

Statement of Activities						
2011 Budget & Projection, and 2012 Budget						
CRITERIA SERVICES DIVISION						
				Variance		Variance
	2011	2011	2011 Projection	v 2011 Budget	2012	2012 Budget
	Budget	Projection	v 2011 Budget	Over(Under)	Budget	v 2011 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	349,600	349,600	-	-	956,900	607,300
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ 349,600	\$ 349,600	\$ -	\$ -	\$ 956,900	\$ 607,300
Expenses						
Personnel Expenses						
Salaries	\$ 349,073	\$ 349,073	\$ -	\$ -	\$ 351,216	\$ 2,143
Payroll Taxes	22,224	22,224	-	-	24,086	1,862
Benefits	111,788	111,788	-	-	112,083	295
Retirement Costs	144,431	144,431	-	-	154,332	9,901
Total Personnel Expenses	\$ 627,516	\$ 627,516	\$ -	\$ -	\$ 641,718	\$ 14,202
Meeting Expenses						
Meetings	\$ 9,275	\$ 9,275	\$ -	\$ -	\$ 9,500	\$ 225
Travel	69,000	69,000	-	-	40,000	(29,000)
Conference Calls	9,130	9,130	-	-	14,300	5,171
Total Meeting Expenses	\$ 87,404	\$ 87,404	\$ -	\$ -	\$ 63,800	\$ (23,604)
Operating Expenses						
Consultants & Contracts	\$ 125,340	\$ 125,340	\$ -	\$ -	\$ 114,000	\$ (11,340)
Office Rent	51,373	51,373	-	-	46,564	(4,809)
Office Costs	28,557	28,557	-	-	25,993	(2,564)
Professional Services	73,249	73,249	-	-	84,337	11,087
Computer & Equipment Leases	11,109	11,109	-	-	11,662	553
Miscellaneous	4,550	4,550	-	-	5,411	861
Depreciation	11,374	11,374	-	-	10,145	(1,229)
Total Operating Expenses	\$ 305,551	\$ 305,551	\$ -	\$ -	\$ 298,111	\$ (7,441)
Total Direct Expenses	\$ 1,020,471	\$ 1,020,471	\$ -	\$ -	\$ 1,003,628	\$ (16,843)
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 135	\$ 135
Total Expenses	\$ 1,020,471	\$ 1,020,471	\$ -	\$ -	\$ 1,003,763	\$ (16,708)
Change in Assets	\$ (670,871)	\$ (670,871)	\$ -	\$ -	\$ (46,864)	\$ 624,007
Fixed Assets						
Depreciation	\$ (11,374)	(11,374)	\$ -	\$ -	\$ (10,145)	\$ 1,229
Computer & Software CapEx	-	-	-	-	-	-
Furniture & Fixtures CapEx	1,714	1,714	-	-	1,393	(320)
Equipment CapEx	2,343	2,343	-	-	2,022	(321)
Leasehold Improvements	1,137	1,137	-	-	1,393	256
(Inc)Dec in Fixed Assets	\$ 6,180	\$ 6,180	\$ -	\$ -	\$ 5,336	\$ (844)
Allocation of Fixed Assets		\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	\$ 6,180	\$ 6,180	\$ -	\$ -	\$ 5,336	\$ (844)
TOTAL CHANGE IN ASSETS	\$ (664,691)	\$ (664,691)	\$ -	\$ -	\$ (41,528)	\$ 623,164

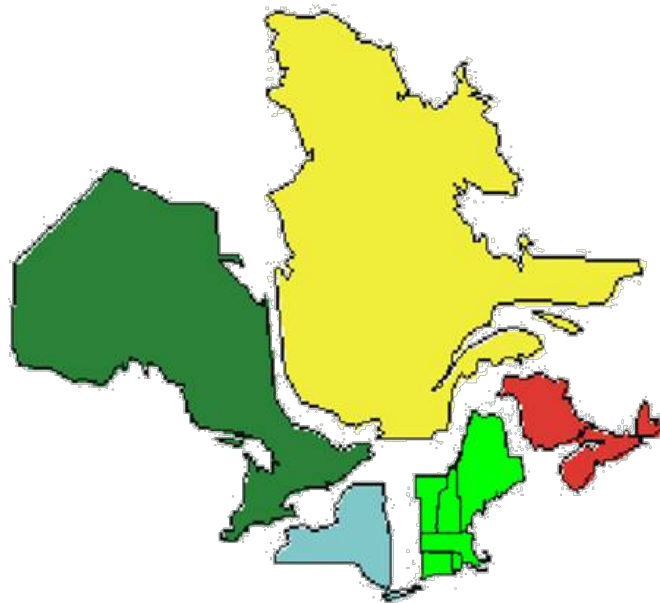
Personnel Analysis

Total FTEs by Program Area	Budget 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs ¹ 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
CRITERIA SERVICES DIVISION						
Operational Programs						
Reliability Standards	1.00	1.00	1.00	0.00	1.00	0.00
Compliance Enforcement and Organization Registration and Certification	1.00	1.00	1.00	0.00	1.00	0.00
Training and Education	0.00	0.00	0.00	0.00	0.00	0.00
Reliability Assessment and Performance Analysis	0.00	0.00	0.00	0.00	0.00	0.00
Situation Awareness and Infrastructure Security	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Operational Programs	2.00	2.00	2.00	0.00	2.00	0.00
Administrative Programs						
Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General and Administrative	0.08	0.08	0.07	0.07	0.07	-0.01
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Accounting and Finance	0.50	0.50	0.50	0.50	0.50	0.00
Total FTEs Administrative Programs	0.58	0.58	0.57	0.57	0.57	-0.01
Total FTEs	2.58	2.58	2.57	0.57	2.57	-0.01

Reserve Analysis 2011–2012

Working Capital Reserve Analysis 2011-2012		
CRITERIA SERVICES DIVISION		
Beginning Working Capital Reserve (Deficit), December 31, 2010		
Beginning Cash @ January 1, 2011		918,264
2011 Funding (from members)		349,600
2011 Other funding sources		0
Total Cash Available 2011		1,267,864
Cash Needed 2011		
2011 Projected expenses		(1,020,471)
2011 Fixed asset additions		(6,180)
Total Cash Needed 2011		(1,026,651)
Projected Working Capital Reserve Balance, December 31, 2011		241,213
Desired Working Capital Reserve Balance, December 31, 2012	¹	199,685
Less: Projected Working Capital Reserve Balance December 31, 2011		(241,213)
Increase(decrease) in funding needed to raise Working Capital Reserve balance		(41,528)
2012 Funding requirement for expenses and fixed asset additions		
Adjustment to increase Working Capital Reserve balance		(41,528)
2012 Funding and reserve adjustment		(41,528)
¹ Desired working capital reserve level of 20%, or \$199,685		

Section D – Additional Consolidated Financial
Statements
2012 Business Plan and Budget



Section D

Statement of Financial Position

Statement of Financial Position						
2010 Audited, 2011 Projection, and 2012 Budget						
Regional Entity and Criteria Services Division						
				(Per Audit)	Projected	Budget
				31-Dec-10	31-Dec-11	31-Dec-12
ASSETS						
Cash				3,319,034	2,994,000	2,895,000
Restricted cash				1,318,083	1,065,000	308,000
Temporary cash investments				2,210,830	2,211,000	2,211,000
Prepaid expenses				180,383	180,000	180,000
Other assets				27,305	25,000	23,000
Equipment and leasehold improvements, net				1,263,698	1,144,000	996,000
Total Assets				8,319,333	7,619,000	6,613,000
LIABILITIES AND NET ASSETS						
Liabilities						
	Accrued expenses and other liabilities			926,730	927,000	927,000
	Accrued liability for pension			2,084,658	2,085,000	2,085,000
	Deferred rent			755,086	761,000	768,000
Total Liabilities				3,766,474	3,773,000	3,780,000
Net Assets - unrestricted				4,552,859	3,846,000	2,833,000
	Total Liabilities and Net Assets			8,319,333	7,619,000	6,613,000

NPCC Statement of Activities 2012 Budget	RE Division Total	Reliability Standards (Section 300)	Compliance Enforcement and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding												
ERO Funding												
ERO Assessments	12,551,567	1,382,869	7,058,449	2,970,217	78,004	1,385,103	0	(323,075)	0	(0)	0	0
Penalty Sanctions	614,000	68,222	341,111	134,170	2,274	68,222						
Total ERO Funding	13,165,567	1,451,091	7,399,560	3,104,388	80,278	1,453,326	0	(323,075)	0	(0)	0	0
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	120,000	-	-	-	120,000	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous*	72,000	-	72,000	-	-	-	-	-	-	-	-	-
Total Funding	13,357,567	1,451,091	7,471,560	3,104,388	200,278	1,453,326	0	(323,075)	0	(0)	0	0
Expenses												
Personnel Expenses												
Salaries	5,582,337	566,402	2,420,942	1,084,011	17,610	555,844	44,627	41,729	161,621	469,715	116,008	103,828
Payroll Taxes	358,772	34,677	157,467	67,409	868	34,356	2,745	1,521	11,004	32,518	8,542	7,665
Benefits	1,336,744	124,122	589,407	265,032	5,214	106,002	16,995	12,764	27,438	119,065	38,428	32,276
Retirement Costs	904,307	86,336	351,874	205,859	4,395	99,570	10,842	10,071	10,218	81,811	27,459	15,874
Total Personnel Expenses	8,182,160	811,537	3,519,690	1,622,311	28,086	795,772	75,208	66,084	210,281	703,110	190,438	159,643
Meeting Expenses												
Meetings	288,000	13,000	40,000	50,000	152,000	16,000	2,000	2,000	2,000	6,000	4,000	1,000
Travel	697,000	120,000	314,000	120,000	3,000	70,000	5,000	15,000	5,000	25,000	15,000	5,000
Conference Calls	86,935	15,100	11,600	30,250	1,010	7,100	225	2,100	2,100	10,100	1,250	6,100
Total Meeting Expenses	1,071,935	148,100	365,600	200,250	156,010	93,100	7,225	19,100	9,100	41,100	20,250	12,100
Operating Expenses												
Consultants & Contracts	1,888,100	39,000	1,252,000	392,000	1,100	112,000	6,000	24,000	14,000	24,000	12,000	12,000
Office Rent	641,936	54,355	271,776	106,899	1,812	54,355	9,059	34,969	18,118	54,355	18,118	18,118
Office Costs	358,332	30,341	151,707	59,672	1,011	30,341	5,057	19,520	10,114	30,341	10,114	10,114
Computer and Equipment Leases	160,770	13,613	68,065	26,772	454	13,613	2,269	8,758	4,538	13,613	4,538	4,538
Professional Services	1,162,663	98,447	492,237	193,613	3,282	98,447	16,408	63,334	32,816	98,447	32,816	32,816
Miscellaneous*	146,589	6,316	103,579	12,421	211	6,316	1,053	4,063	2,105	6,316	2,105	2,105
Depreciation	139,855	11,842	59,211	23,289	395	11,842	1,974	7,618	3,947	11,842	3,947	3,947
Total Operating Expenses	4,498,246	253,915	2,398,575	814,666	8,264	326,915	41,819	162,262	85,638	238,915	83,638	83,638
Total Direct Expenses	13,752,342	1,213,552	6,283,865	2,637,228	192,360	1,215,787	124,253	247,446	305,019	983,125	294,326	255,381
Indirect Expenses	(0)	245,555	1,227,774	482,925	8,185	245,555	(124,279)	(247,548)	(305,072)	(983,282)	(294,379)	(255,434)
Other Non-Operating Expenses	1,865	158	789	311	5	158	26	102	53	158	53	53
Total Expenses	13,754,206	1,459,265	7,512,429	3,120,463	200,551	1,461,499	0	(0)	0	(0)	0	0
Change in Assets	(396,639)	(8,174)	(40,869)	(16,075)	(272)	(8,174)	-	(323,075)	-	-	-	-
Fixed Assets												
Depreciation	(139,855)	(11,842)	(59,211)	(23,289)	(395)	(11,842)	(1,974)	(7,618)	(3,947)	(11,842)	(3,947)	(3,947)
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	19,207	1,626	8,132	3,198	54	1,626	271	1,046	542	1,626	542	542
Equipment CapEx	27,878	2,361	11,803	4,642	79	2,361	393	1,519	787	2,361	787	787
Leasehold Improvements	19,207	1,626	8,132	3,198	54	1,626	271	1,046	542	1,626	542	542
(Inc)Dec in Fixed Assets	73,564	6,229	31,145	12,250	208	6,229	1,038	4,007	2,076	6,229	2,076	2,076
Allocation of Fixed Assets	(0)	1,945	9,724	3,825	65	1,945	(1,038)	(4,007)	(2,076)	(6,229)	(2,076)	(2,076)
Change in Fixed Assets	73,564	8,174	40,869	16,075	272	8,174	-	-	-	-	-	-
TOTAL CHANGE IN ASSETS	(323,075)	(0)	0	0	0	(0)	-	(323,075)	-	-	-	-
FTEs	35.43	3	15	5.9	0.1	3	0.5	1.93	1	3	1	1

* Includes WECC CEA

NPCC Statement of Activities 2012 Budget	CS Division Total	Criteria Development	Criteria Compliance	General and Administrative
--	-------------------	----------------------	---------------------	-------------------------------

Funding

ERO Funding

ERO Assessments -
Penalty Sanctions -

Total ERO Funding

Membership Dues 956,900 544,814 453,614 (41,528)
Testing Fees - - - -
Services & Software - - - -
Workshops - - - -
Interest - - - -
Miscellaneous* - - - -

Total Funding 956,900 544,814 453,614 (41,528)

Expenses

Personnel Expenses

Salaries 351,216 152,814 157,598 40,804
Payroll Taxes 24,086 10,709 10,797 2,580
Benefits 112,083 50,302 45,331 16,450
Retirement Costs 154,332 72,187 72,086 10,060

Total Personnel Expenses

Meeting Expenses

Meetings 9,500 5,000 2,000 2,500
Travel 40,000 15,000 15,000 10,000
Conference Calls 14,300 12,100 1,100 1,100

Total Meeting Expenses

Operating Expenses

Consultants & Contracts 114,000 92,000 15,000 7,000
Office Rent 46,564 18,118 18,118 10,328
Office Costs 25,993 10,114 10,114 5,765
Computer and Equipment Leases 11,662 4,538 4,538 2,586
Professional Services 84,337 32,816 32,816 18,705
Miscellaneous* 5,411 2,105 2,105 1,200
Depreciation 10,145 3,947 3,947 2,250

Total Operating Expenses

Total Direct Expenses 1,003,628 481,750 390,551 131,327

Indirect Expenses

- 65,679 65,679 (131,357)

Other Non-Operating Expenses

135 53 53 30

Total Expenses

1,003,763 547,482 456,282 -

Change in Assets

(46,864) (2,668) (2,668) (41,528)

Fixed Assets

Depreciation (10,145) (3,947) (3,947) (2,250)
Computer & Software CapEx - - - -
Furniture & Fixtures CapEx 1,393 542 542 309
Equipment CapEx 2,022 787 787 449
Leasehold Improvements 1,393 542 542 309

(Inc)Dec in Fixed Assets

5,336 2,076 2,076 1,184

Allocation of Fixed Assets

- 592 592 (1,184)

Change in Fixed Assets

5,336 2,668 2,668 -

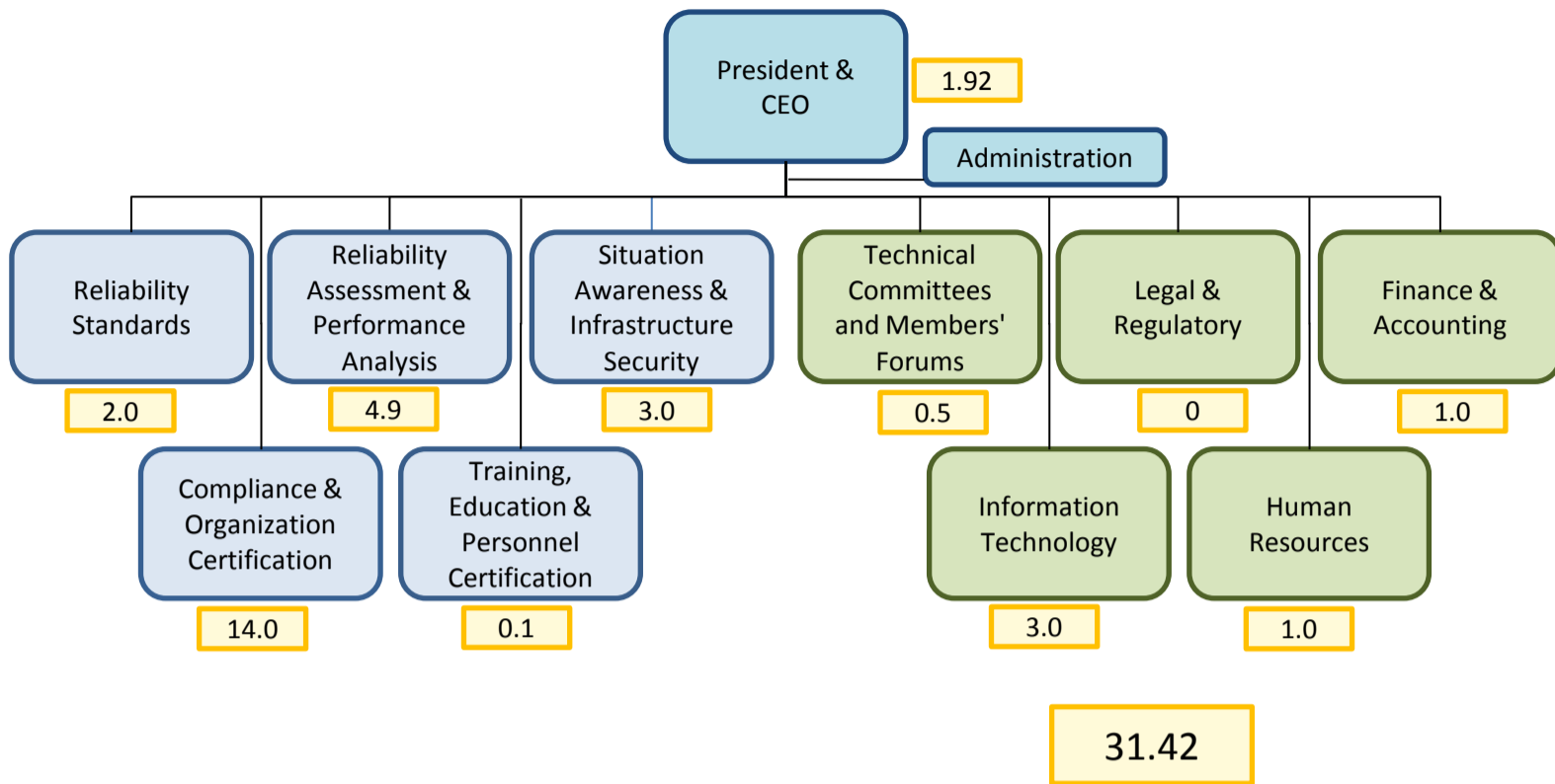
TOTAL CHANGE IN ASSETS

(41,528) (0) (0) (41,528)

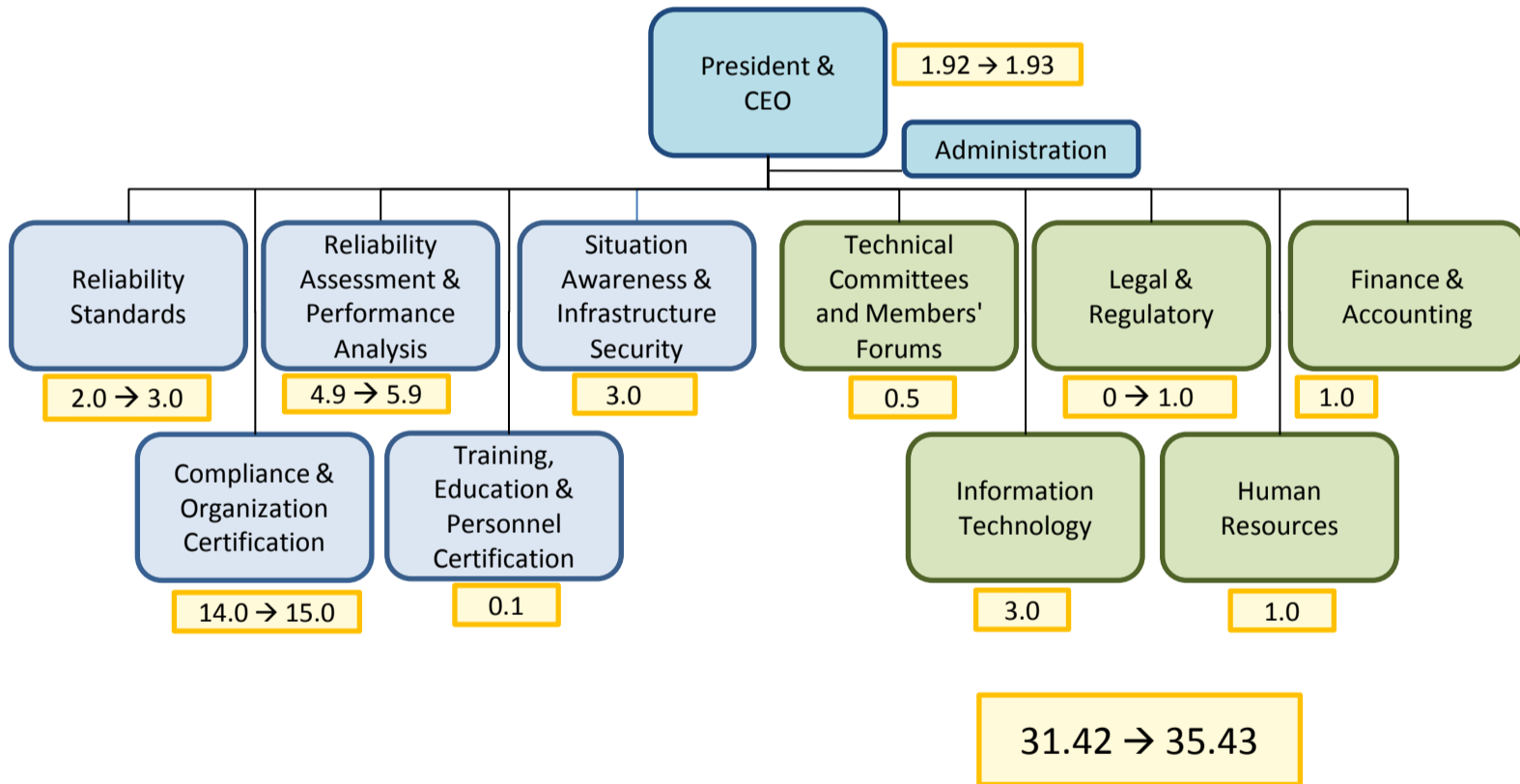
FTEs 2.57 1 1 0.57

* Includes WECC CEA

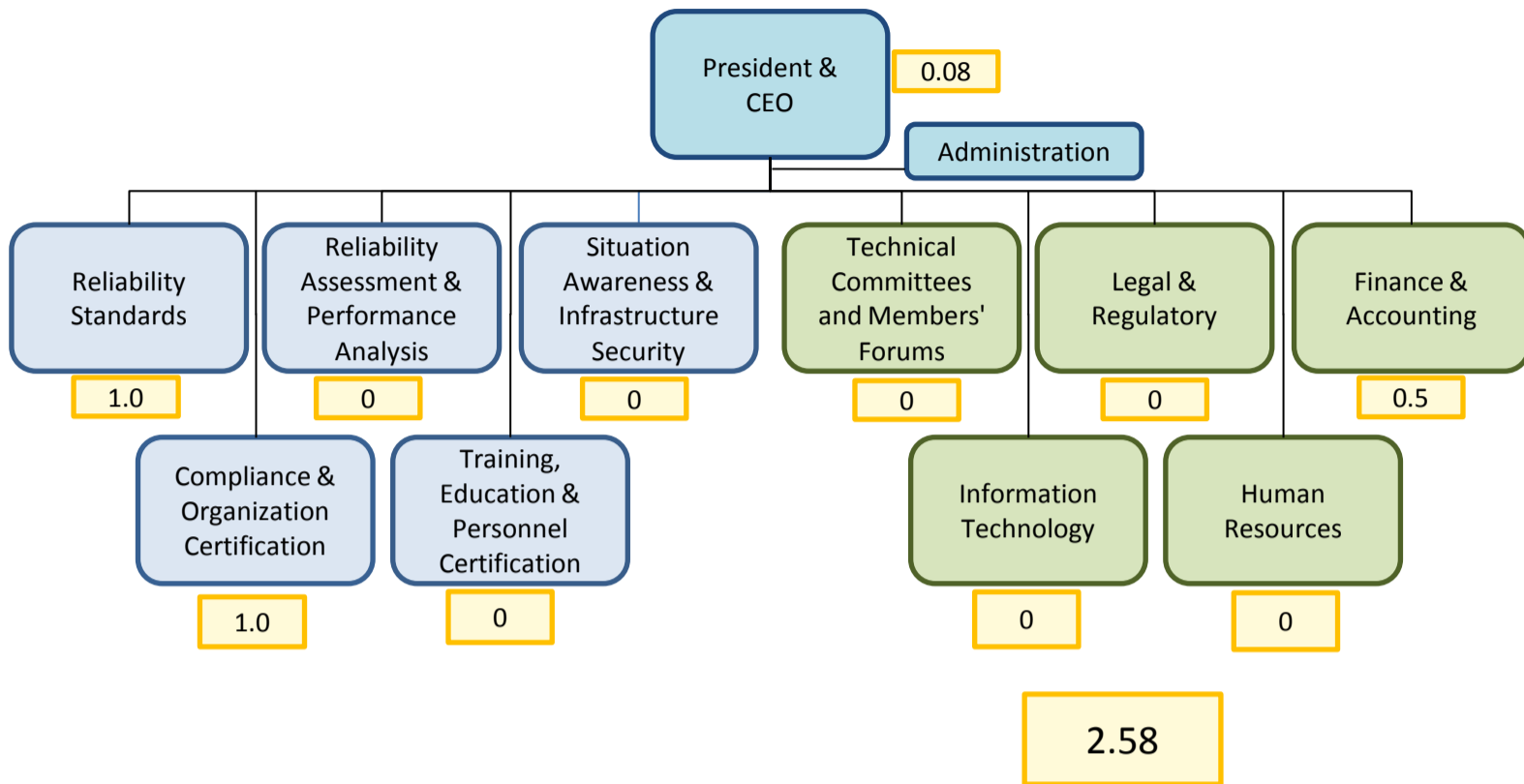
2011 Budget Staff Allocations - RE Division



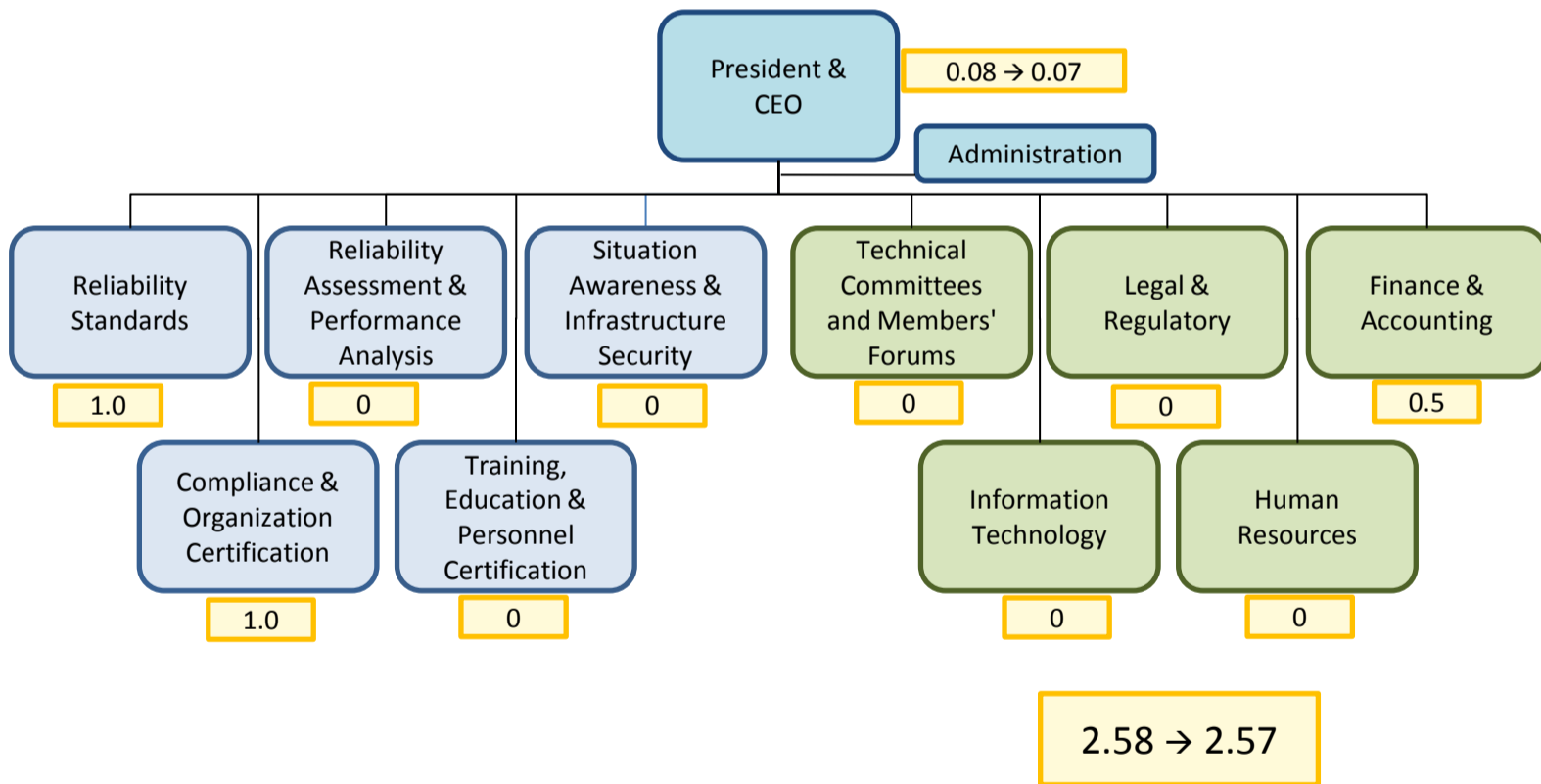
2012 Budget Staff Allocations - RE Division



2011 Budget Staff Allocations - CS Division



2012 Budget Staff Allocations - CS Division



Attachment 5

Western Electricity Coordinating Council Proposed 2012 Business Plan and Budget



2012 Business Plan and Budget

Western Electricity Coordinating Council

**Approved by:
WECC Board of Directors**

**Date:
June 22, 2011**

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Introduction

	TOTAL RESOURCES (in whole dollars)			
	2012 Budget	U.S.	Canada	Mexico
Statutory FTEs*	213.2			
Non-statutory FTEs	5.0			
Total FTEs	218.2			
Statutory Expenses	\$ 64,570,539			
Non-Statutory Expenses	\$ 1,534,140			
Total Expenses	\$ 66,104,679			
Statutory Inc(Dec) in Fixed Assets	\$ 3,398,628			
Non-Statutory Inc(Dec) in Fixed Assets	\$ 6,000			
Total Inc(Dec) in Fixed Assets	\$ 3,404,628			
Statutory Working Capital Requirement**	\$ 9,750,967			
Non-Statutory Working Capital Requirement***	\$ 6,903,134			
Total Working Capital Requirement	\$ 16,654,101			
Total Statutory Funding Requirement	\$ 67,969,167			
Total Non-Statutory Funding Requirement	\$ 1,819,123			
Total Funding Requirement	\$ 69,788,290			
Statutory Funding Assessments	\$ 36,977,492	\$ 31,301,737	\$ 5,177,511	\$ 498,243
Non-Statutory Fees	\$ 1,819,123	\$ 1,819,123		
NEL****	839,909,667	712,246,425	117,088,288	10,574,954
NEL%	100.0%	84.8%	13.9%	1.3%

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

**Refer to Table B-1 on page 62 in Section B.

***Refer to the Reserve Analysis on page 80 in Section C.

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

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a Utah Nonprofit Corporation whose mission is to assure a reliable Bulk Electric System (BES) in the Western Interconnection. WECC's website is <http://www.wecc.biz>. WECC's geographic area is the Western Interconnection – an area in which the use and generation of electricity is synchronized. This area includes all or part of 14 U.S. states, two Canadian provinces, and a portion of Baja California Norte, Mexico.

Membership and Governance

WECC has 337 members¹ divided into the following seven membership classes:²

1. Large Transmission Owners
2. Small Transmission Owners

¹ As of June 29, 2011

² For purposes of voting for Board representation, all Canadian members of WECC form "Class 6." For all other purposes, Canadian members participate in member classes 1 – 5 and 7 according to their characteristics. See Section 6.2.1 of the WECC Bylaws.

3. Transmission Dependent Energy Service Providers
4. End Users
5. Representatives of State and Provincial Governments
6. Canadian Members
7. Members at Large

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BES. WECC membership is not a requirement for participation in the WECC standards development process.³

WECC is governed by an independent and balanced stakeholder board⁴ consisting of 32 directors. Members in classes 1 through 5 are eligible to elect four directors in their class. In addition, the Canadian delegation elects four directors and the Mexican delegation elects one. Seven directors with no member affiliation (Non-affiliated Directors) are elected by the WECC membership. Members of Class 7 do not elect representatives to the WECC Board of Directors (Board), but do vote on the election of Non-affiliated Directors.

Eight Board committees recommend policy on various reliability issues or handle governance, finance, and human resource matters. These committees are described in the Technical Committees and Member Forums section on page 41.

Input comes to the WECC Board from the member organizations, from other interested parties, and through recommendations from the WECC Standing Committees.

Under the direction of the WECC Board, the three Standing Committees of members — the Planning Coordination Committee (PCC), the Operating Committee (OC), and the Market Interface Committee (MIC) — provide technical work and policy recommendations to the WECC Board. All member organizations are eligible for representation on the Standing Committees.

Statutory Functional Scope

WECC has been approved by the Federal Energy Regulatory Commission (FERC) as a Regional Entity, with authority — pursuant to the WECC / North American Electric Reliability Corporation (NERC) Delegation Agreement — to create, monitor, and enforce standards for the reliability of the BES in the Western Interconnection. FERC has approved WECC's performance of the Reliability Coordinator (RC) and Interchange Authority (IA) functions as statutory activities.⁵ These functions are included in WECC's statutory activities as listed in Section 1 of Exhibit E to the Delegation Agreement between NERC and WECC.

³ Non-WECC members may participate in standards drafting teams, and Participating Stakeholders may vote on Regional Reliability Standards. A Participating Stakeholder is defined in Section 3.21 of the WECC Bylaws and the Participating Stakeholder Application Process is described in Section 8.6.2. The Reliability Standards Voting Procedure is outlined in Section 8.6.1.2 of the WECC Bylaws.

⁴ As provided for in Section 215 of the Federal Power Act, 16 U.S.C. 824o(e)(4)(A)(iii) (2006).

⁵ North American Electric Reliability Corporation 119 FERC ¶ 61,059 (2007) order on reh'g at P 2 and North American Electric Reliability Corporation, Docket No. RR10-9-000, Letter Order issued July 23, 2010.

2012 Key Assumptions

NERC and the eight Regional Entities, including WECC, collaborated in the development of a common set of business planning assumptions, goals, and metrics; the *2012-2015 Shared Business Planning and Budget Assumptions* (2012-2015 Assumptions). The purpose of this effort is to promote consistency, efficiency, and accountability in the 2012 business plans and budgets of NERC and the Regional Entities by coordinating underlying business plan assumptions, goals, and metrics. The 2012-2015 Assumptions developed at the NERC and Regional Entity levels are attached as an appendix to the 2012 NERC Business Plan and Budget.⁶ At NERC's request, region-specific assumptions are described in each region's business plan.

2012 WECC Goals and Key Deliverables

In 2012 WECC will focus on the following:

- Assure a reliable BES in the Western Interconnection.
 - Assure system reliability for renewable resource integration in the Western Interconnection.
 - Advance the quality and scope of training activities to assure that operators and Registered Entities have the information and tools they need.
- Transition operational authority from the WECC Board to WECC management.
 - Allow more Board focus on strategic issues.
 - Create a more effective organization.
 - Optimize the use of assessments.
- Establish a leadership role throughout the region by coordinating and supporting regional organizations that affect WECC's mission.
 - Address the vulnerabilities that could impact reliability.
 - Optimize stakeholder involvement and value.
- Produce and distribute credible data, information, and analysis.
 - Facilitate sound decision making to improve reliability.
 - Meet the performance milestones of the three U.S. Department of Energy (DOE) grants.
 - Enhance situation awareness in the Western Interconnection through the implementation of the Western Interconnection Synchrophasor Program (WISP).
 - Improve and enhance long-term and seasonal reliability assessments.
- Execute WECC's authority under the NERC Delegation Agreement successfully.
 - Ensure that the Western Interconnection is represented in reliability matters.
 - Ensure that the standards are consistently monitored and enforced.

⁶ See 2012-2015 Shared Business Planning and Budget Assumptions (NERC and the Regional Entities).

2012 Overview of Cost Impacts

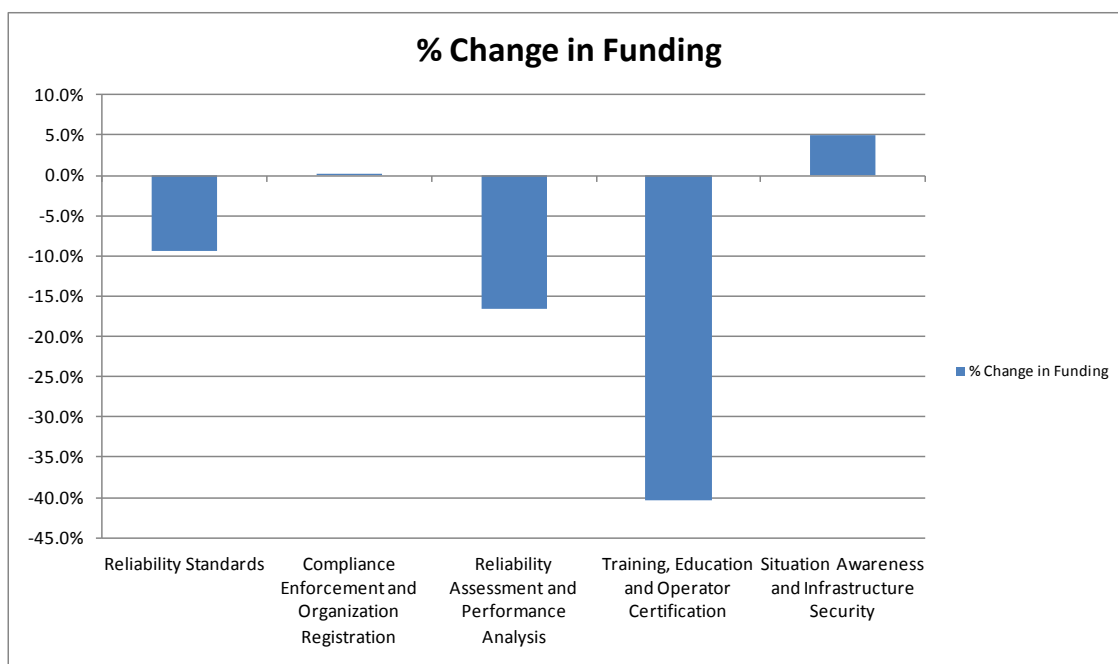
WECC's proposed 2012 statutory budget is \$68 million, a \$236,000 (0.3 percent) decrease from the 2011 statutory budget. Expenses associated with activities related to the DOE grants are decreasing \$635,000. Non-grant expenditures are increasing by \$399,000. Significant changes to the 2012 statutory budget from the 2011 statutory budget are as follows:

- Personnel Expenses increase due to the addition of 5.3 full-time equivalents (FTE).
 - WISP, which is included in the Situation Awareness and Infrastructure Security Program section, is adding 4.25 FTEs to support the WISP infrastructure and applications to be deployed in the WECC RC function.
 - The RC function is adding 4.75 FTEs to ensure compliance with Critical Infrastructure Protection (CIP) requirements and other reliability standards.
 - Information Technology is adding 1.1 FTE to provide more comprehensive support to WECC employees and ensure efficient application of technology.
 - Other functions are reducing FTEs by a net of 4.8 FTE.
- Travel Expenses increase by approximately \$245,000, primarily due to an increase in the number of on-site audits being conducted by the Compliance function.
- Meeting Expenses decrease by \$155,000 due to increased use of WECC's meeting facilities in Salt Lake City.
- Consultants and Contracts increase by \$277,000 due to work associated with the three DOE grants. These costs are fully funded by the DOE grants.
- Office Costs increase by \$1.0 million. The transition of the Compliance Portal from the current Guidance-supported Web portal to webCDMS hosted by Open Access Technology International, Inc. (OATI) results in an increase of \$326,000. An increase of \$280,000 in Office Costs is the result of greater bandwidth needs and volume licensing renewals for desktop and laptop computers. Additional increases in Office Costs are the result of small equipment purchases associated with the DOE grants. Additional increases in Office Costs are described in more detail on page 71.
- Fixed Assets are decreasing by \$2.4 million primarily due to the wind down of the WISP grant. WECC anticipates it will make the majority of the equipment purchases related to WISP prior to 2012.

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

Program	Budget 2011	Projection 2011	Budget 2012 *	Variance 2012 Budget v 2011 Budget	Variance %
Reliability Standards	1,111,558	760,648	1,007,680	(103,878)	-9.3%
Compliance Enforcement and Organization Registration	13,942,033	13,132,800	13,957,975	15,942	0.1%
Reliability Assessment and Performance Analysis	8,990,273	7,474,298	7,501,052	(1,489,221)	-16.6%
Training, Education and Operator Certification	1,020,974	148,763	609,178	(411,796)	-40.3%
Situation Awareness and Infrastructure Security	42,664,211	34,725,211	44,806,590	2,142,379	5.0%

* The total budget of the functional areas equals the total statutory funding requirements, less \$86,691. This amount represents US DOE grant-related expenditures within WECC’s Technical Committees and Member Forums budget. These expenditures are reimbursed using US DOE grant funds and are therefore not allocated to functional program areas.



The percentage change in funding is described in detail in Section A of the Business Plan and Budget.

Personnel Analysis

FTEs are defined as full-time equivalents only. Fractional FTEs reflect part-time employees or partial allocation of an FTE's costs to more than one functional area. WECC is adding a net of 11 headcount to its staff in 2012; however, due to anticipated mid-year hire dates, the FTE count is 5.3.

Total FTEs by Program Area	Budget 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs* 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
STATUTORY						
Operational Programs						
Reliability Standards	4.5	4.5	4.0	0.0	4.0	(0.5)
Compliance and Organization Registration and Certification	58.5	58.5	58.5	0.0	58.5	-
Training and Education	3.5	3.5	1.5	0.0	1.5	(2.0)
Reliability Assessment and Performance Analysis	21.7	21.7	21.2	0.0	21.2	(0.6)
Situation Awareness and Infrastructure Security	70.8	70.8	79.8	0.0	79.8	9.0
Total FTEs Operational Programs	159.0	159.0	164.9	0.0	164.9	5.9
Administrative Programs						
Technical Committees and Member Forums	7.5	7.5	8.0	0.0	8.0	0.5
General & Administrative	16.7	16.7	16.9	0.0	16.9	0.2
Information Technology	5.7	5.7	6.8	0.0	6.8	1.1
Legal and Regulatory	11.0	11.0	9.6	0.0	9.6	(1.4)
Human Resources	4.0	4.0	3.0	0.0	3.0	(1.0)
Finance and Accounting	4.0	4.0	4.0	0.0	4.0	-
Total FTEs Administrative Programs	48.9	48.9	48.3	0.0	48.3	(0.6)
Total FTEs	207.9	207.9	213.2	0.0	213.2	5.3

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

2011 Budget and Projection and 2012 Budget Comparisons

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget

STATUTORY

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 37,915,529	\$ 37,915,529	\$ -	36,977,492	\$ (938,037)
Penalty Sanctions	\$ 865,650	\$ 835,650	\$ (30,000)	2,256,023	1,390,373
Total WECC Funding	\$ 38,781,179	\$ 38,751,179	\$ (30,000)	\$ 39,233,515	\$ 452,336
Membership Dues	-	-	-	-	-
Federal Grants	28,066,621	19,258,259	(8,808,362)	27,431,301	(635,320)
Services & Software	-	-	-	-	-
Workshops	1,003,650	873,268	(130,382)	1,003,475	(175)
Interest	350,000	47,389	(302,611)	291,171	(58,829)
Miscellaneous	4,000	1,826	(2,174)	9,706	5,706
Total Funding	\$ 68,205,450	\$ 58,931,921	\$ (9,273,529)	\$ 67,969,167	\$ (236,283)
Expenses					
Personnel Expenses					
Salaries	\$ 21,554,916	\$ 19,969,975	\$ (1,584,941)	\$ 22,440,790	\$ 885,874
Payroll Taxes	\$ 1,882,449	1,527,696	(354,753)	1,832,322	(50,128)
Benefits	\$ 3,049,550	2,356,853	(692,697)	3,220,425	170,875
Retirement Costs	\$ 1,481,665	1,300,954	(180,711)	1,525,323	43,658
Total Personnel Expenses	\$ 27,968,580	\$ 25,155,478	\$ (2,813,102)	\$ 29,018,860	\$ 1,050,280
Meeting Expenses					
Meetings	\$ 1,273,370	\$ 806,244	\$ (467,126)	\$ 1,118,205	\$ (155,166)
Travel	1,840,885	1,619,183	(221,702)	2,085,420	244,535
Conference Calls	148,070	113,902	(34,168)	201,560	53,490
Total Meeting Expenses	\$ 3,262,325	\$ 2,539,329	\$ (722,996)	\$ 3,405,185	\$ 142,860
Operating Expenses					
Consultants & Contracts	\$ 19,521,605	\$ 13,918,760	\$ (5,602,845)	\$ 19,798,972	\$ 277,367
Office Rent	2,153,000	1,635,452	(517,548)	2,093,159	(59,841)
Office Costs	5,032,593	4,357,069	(675,524)	6,035,686	1,003,093
Professional Services	1,202,400	801,171	(401,229)	931,961	(270,439)
Miscellaneous	-	-	-	-	-
Depreciation	2,442,250	2,442,250	-	3,672,600	1,230,350
Total Operating Expenses	\$ 30,351,848	\$ 23,154,702	\$ (7,197,146)	\$ 32,532,378	\$ 2,180,530
Total Direct Expenses	\$ 61,582,753	\$ 50,849,509	\$ (10,733,244)	\$ 64,956,422	\$ 3,373,669
Indirect Expenses	\$ (413,843)	\$ (364,934)	\$ 48,909	\$ (385,883)	\$ 27,960
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 61,168,910	\$ 50,484,575	\$ (10,684,335)	\$ 64,570,539	\$ 3,401,629
Change in Assets	\$ 7,036,540	\$ 8,447,346	\$ 1,410,806	\$ 3,398,628	\$ (3,637,912)
Fixed Assets					
Depreciation	(2,442,250)	(2,442,250)	-	(3,672,600)	(1,230,350)
Computer & Software CapEx	8,906,433	7,337,371	(1,569,062)	5,449,228	(3,457,205)
Furniture & Fixtures CapEx	-	455,664	455,664	-	-
Equipment CapEx	-	-	-	1,622,000	1,622,000
Leasehold Improvements	572,357	933,419	361,062	-	(572,357)
(Incr)Dec in Fixed Assets	\$ (7,036,540)	\$ (6,284,204)	\$ 752,336	\$ (3,398,628)	\$ 3,637,912
Allocation of Fixed Assets	\$ (0)	\$ (1)	\$ (1)		\$ -
Change in Fixed Assets	(7,036,540)	(6,284,205)	752,335	(3,398,628)	3,637,912
TOTAL CHANGE IN NET ASSETS	\$ -	\$ 2,163,141	\$ 2,163,141	\$ -	\$ -

Section A – Statutory Programs 2012 Business Plan and Budget

Section A — 2012 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	4.5	4.0	(0.5)
Direct Expenses	\$ 761,062	\$ 716,174	\$ (44,888)
Indirect Expenses	\$ 372,459	\$ 308,706	\$ (63,752)
Inc(Dec) in Fixed Assets	\$ (21,962)	\$ (17,200)	\$ 4,763
Total Funding Requirement	\$ 1,111,558	\$ 1,007,680	\$ (103,878)

Program Scope and Functional Description

WECC's standards development activities are divided into two categories: Participation in the NERC standards development process, and the development of Western Interconnection Regional Reliability Standards (RRS) and Regional Criteria.

WECC's process is open to all interested parties, providing for their input during the drafting, comment, and approval processes. Each standard is recommended by vote of the appropriate WECC Standing Committee and Interested Stakeholders. Standards are balloted three times per year (as needed) at WECC Standing Committee meetings and, in extraordinary circumstances, can be voted upon by email. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees for approval. NERC then files these reliability standards with FERC for approval.

The WECC standards development process is also used for the development of WECC Regional Criteria. Regional Criteria are requirements that are approved by the WECC Board. They do not require NERC or FERC approval. WECC will follow the same process for developing documents to meet the requirements of NERC Fill-in-the-Blank Standards as needed.

2012 Key Assumptions

- Integration of renewable resources may require new or modified NERC reliability standards.
- WECC will continue to rely on stakeholder volunteers for the staffing of NERC standard drafting teams.
- WECC standards staff will take an active role in the coordination and communication of NERC standards drafting teams' activities to the Western stakeholders.
- WECC expects that a significant proportion of the work required to develop regional standards and criteria will continue to be performed by voluntary stakeholder participation.

- WECC's revised Standards Development and Voting process will be implemented when approved.
- Depending on the final treatment of the NERC Fill-in-the-Blank Standards, it may be necessary to develop one or more RRSs addressing any regional obligations in this area.

2012 Goals and Key Deliverables

- Ensure the Western perspective is represented in NERC continent-wide reliability standards.
- Ensure that the WECC Standards Department meets the needs of the Western stakeholders in the area of RRSs and Criteria.
- Ensure that WECC members and stakeholders are informed and engaged in the NERC Standards Development Efforts.
- Provide leadership and guidance to the Western Interconnection efforts to advance the NERC Results-Based Standards initiative.
- Undertake regular outreach to keep stakeholders informed about standards development and the NERC Results-Based Standards initiative.
- Ensure that WECC's procedures are developed to comply with the requirements of the NERC Fill-in-the-Blank standards.
- Triage NERC standard development projects and provide timely analyses to WECC members.
- Continue updates and enhancements to the WECC Standards Outreach Web page.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than Electric Reliability Organization (ERO) Assessments)

- Assessments are offset by the allocation of \$55,000 in penalty sanctions received by WECC prior to June 30, 2011.
- Interest revenue is allocated based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Personnel Expenses decrease by \$47,000 due to a decrease of 0.5 FTE that has resulted from a realignment of positions within WECC.

Meeting Expenses

- Total Meeting Expenses increase by \$5,000 primarily due to an increase in travel costs associated with attending meetings related to Standards development.

Operating Expenses

- Operating Expenses decrease by \$3,000 primarily due to a greater use of in-house counsel and reduced reliance on external counsel.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Reliability Standards allocation decrease is due to the reduction of 0.5 FTE and a decrease in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Reliability Standards					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 1,087,059	\$ 1,087,059	\$ -	\$ 945,657	\$ (141,402)
Penalty Sanctions	\$ 24,500	\$ 23,650	\$ (849)	54,725	30,225
Total WECC Funding	\$ 1,111,558	\$ 1,110,709	\$ (849)	\$ 1,000,382	\$ (111,176)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	7,063	7,063
Miscellaneous	-	-	-	235	235
Total Funding	\$ 1,111,558	\$ 1,110,709	\$ (849)	\$ 1,007,680	\$ (103,878)
Expenses					
Personnel Expenses					
Salaries	\$ 524,091	\$ 366,435	\$ (157,656)	\$ 478,530	\$ (45,561)
Payroll Taxes	47,168	19,817	(27,351)	40,691	(6,477)
Benefits	58,826	46,508	(12,318)	59,466	640
Retirement Costs	36,687	32,588	(4,099)	41,327	4,640
Total Personnel Expenses	\$ 666,772	\$ 465,348	\$ (201,424)	\$ 620,014	\$ (46,758)
Meeting Expenses					
Meetings	\$ 14,250	\$ 15,547	\$ 1,297	\$ 14,700	\$ 450
Travel	53,250	53,250	-	59,000	5,750
Conference Calls	15,900	12,010	(3,890)	14,440	(1,460)
Total Meeting Expenses	\$ 83,400	\$ 80,807	\$ (2,593)	\$ 88,140	\$ 4,740
Operating Expenses					
Consultants & Contracts	\$ 2,400	\$ 720	\$ (1,680)	\$ -	\$ (2,400)
Office Rent	-	-	-	-	-
Office Costs	6,490	6,589	99	8,020	1,530
Professional Services	2,000	-	(2,000)	-	(2,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 10,890	\$ 7,309	\$ (3,581)	\$ 8,020	\$ (2,870)
Total Direct Expenses	\$ 761,062	\$ 553,464	\$ (207,598)	\$ 716,174	\$ (44,888)
Indirect Expenses	\$ 372,459	\$ 218,794	\$ (153,665)	\$ 308,706	\$ (63,752)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,133,521	\$ 772,258	\$ (361,263)	\$ 1,024,880	\$ (108,641)
Change in Assets	\$ (21,962)	\$ 338,451	\$ 360,414	\$ (17,200)	\$ 4,763
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	0
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ 21,962	\$ 11,610	(10,352)	17,200	\$ (4,763)
Change in Fixed Assets	21,962	11,610	(10,352)	17,200	(4,763)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ 350,061	\$ 350,061	\$ -	\$ (0)

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	58.5	58.5	-
Direct Expenses	\$ 9,286,867	\$ 9,779,841	\$ 492,974
Indirect Expenses	\$ 4,841,962	\$ 4,514,827	\$ (327,134)
Inc(Dec) in Fixed Assets	\$ (186,795)	\$ (336,693)	\$ (149,897)
Total Funding Requirement	\$ 13,942,033	\$ 13,957,975	\$ 15,942

Program Scope and Functional Description

Compliance monitoring and enforcement is essential to WECC's mission as a Regional Entity, and to its fulfillment of the requirements of the WECC/NERC Delegation Agreement. This agreement delegates compliance monitoring and enforcement authority in the United States portion of the Western Interconnection to WECC.

WECC's Compliance Monitoring and Enforcement Program (CMEP) is implemented by WECC Compliance staff who are independent of all users, owners, and operators of the BES. All approved and effective mandatory reliability standards are monitored and enforced under the CMEP, including standards made mandatory pursuant to FERC Order 693,⁷ and the CIP standards under FERC Order 706.⁸ Under the CMEP, WECC undertakes the following activities:

- 1) **Recommends** the registration of entities for applicable functions to NERC. WECC facilitates the registration process, ensures that there are no gaps in the registration of entities in the Western Interconnection, and helps resolve registration disputes.
- 2) **Monitors** Registered Entities' compliance with the reliability standards using the following methods:

Compliance Audits – Conducts either on-site or off-site audits of all Registered Entities.

Self-Certification – Reviews Registered Entities' annual certifications of compliance or non-compliance with standards.

⁷ Mandatory Reliability Standards for the Bulk-Power System, Order No. 693, 72 FR 16,416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242 (2007).

⁸ Mandatory Reliability Standards for Critical Infrastructure Protection, Order No. 706, 73 FR 7368 (Feb. 7, 2008), 122 FERC ¶ 61,040 (2008).

Spot-Checks – Verifies compliance with specific standards in connection with reviews of self-certification, or in scheduled CIP spot checks.

Compliance Violation Investigations – Investigates violations; usually as the result of a system event or disturbance, but possibly from other sources.

Self-Reports – Reviews and follows up on reports from Registered Entities' continuous monitoring efforts by their internal compliance programs.

Periodic Data Submittals – Reviews monthly and quarterly reports that are submitted in compliance with certain standards.

Exception Reporting – Requires reports on a small set of standards when violations occur.

Complaints – Investigates whether a violation has occurred when the WECC Compliance staff is alerted to a potential violation.

3) **Conducts** enforcement activities that include:

Mitigation Plans – Reviews, monitors, and verifies mitigation plans filed by Registered Entities to correct violations.

Penalty Calculations – Determines, as appropriate, proposed penalties for alleged violations.

Settlement Negotiations – Conducts settlement negotiations with Registered Entities when requested.

The Compliance function also undertakes the following processes in support of its activities:

Hearings and Appeals – Participates in any hearings and appeals as needed.

Outreach and Education – Manages an active educational program, holding numerous in-person meetings and monthly calls in an effort to educate Registered Entities on compliance issues and to improve their compliance programs.

The Hearings budget is included in the Compliance budget and is reflected in the table on page 23. For structural and governance purposes, the Hearings function is discussed separately in this section.

Compliance in Alberta, British Columbia, and Mexico

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

activities began during 2010, have increased considerably during 2011, and will continue during 2012.

Reliability Management System (RMS)

In 1996, the Western Systems Coordinating Council (WSCC)⁹ created the RMS, a contract-based compliance enforcement mechanism. The RMS grew to encompass 14 criteria. In the U.S., all RMS were adopted either as RRS or NERC standards and will be addressed through either NERC Standards or WECC Regional Reliability Standards.

The RMS in the U.S. was terminated during 2011. In 2009, Alberta and British Columbia adopted an initial set of mandatory standards. British Columbia terminated the RMS during 2010. Alberta standards corresponding to the RMS criteria should be adopted by 2012, at which point the RMS can be terminated in Alberta. The CFE (Baja, Mexico) also is in the process of adopting mandatory standards, with highest priority given to standards corresponding to RMS criteria. Thus, although the RMS may not have been completely terminated by the beginning of 2012, WECC anticipates that its impact on resources will be negligible.

2012 Key Assumptions

- Beginning in 2011, WECC will transition its portal support requirements to a new vendor, OATI Inc. Under the proposed agreement, OATI will host the “webCDMS” service to replace the current Guidance-supported Web portal. This will improve the efficiency of the exchange of information and documentation between WECC Compliance and the Registered Entities. Total costs of operating the portal in subsequent years will yield savings over operating costs of the current system. As a result of this change, overall costs associated with program administration are decreasing by \$281,000. This decrease is due to a reduction in staff required to support the current portal net contract costs for the new OATI contract.

Throughout 2012, WECC will work toward customizing existing WECC Portal forms and developing new forms as needed. WECC will also maintain separate portals for the two Canadian Provinces (Alberta and British Columbia) and one for Baja, Mexico.

- WECC Compliance is incorporating key assumptions relevant to 2012 from the 2012-2015 Assumptions used by NERC and the Regional Entities in formulating NERC’s 2012 budget. These Assumptions have significant impact on Auditing, Investigation, and Enforcement activities at WECC and drive budget increases in these areas within the WECC Compliance budget for 2012. Audit, Investigation, and Enforcement activities are increasing by \$437,000. Within these functions WECC is adding nine headcount. However, because these positions are expected to be hired mid-year, the FTE increase in 2012 is 4.0.
- The 2012-2015 Assumptions have a more complete explanation but in summary, those having the greatest effect on Compliance and that require additional resources include:
 - Expanded training for WECC staff.

⁹ The WSCC was one of the companies and regional transmission associations that merged to form WECC.

- Increased audit and spot-check requirements.
- Increased participation in internal NERC and regional projects aimed at improving consistency including training, processing, and compliance guidance.
- Increased participation in external outreach activities including guidance documents for industry and other industry communications, education on standards, and lessons learned.
- Expanded compliance assessment and enforcement activities relating to Event Analysis.
- Expanded activities relating to monitoring and enforcing CIP and Technical Feasibility Exception (TFE) processing, reporting, and monitoring.

2012 Goals and Key Deliverables

- Improve reliability through monitoring and enforcement of compliance with mandatory standards in accordance with the Delegation Agreement and the CMEP.
- Work with Registered Entities within the WECC Region to promote a strong culture of compliance and reliability improvement.
- Identify where the existing NERC Reliability Standards can be improved or clarified.
- Identify key areas needing improvement and implement educational efforts to improve compliance in those areas, based on Compliance program results and system events.
- Retain, hire, and develop knowledgeable and skilled staff.
- Use technology effectively to collaborate and share information.
- Use resources effectively and efficiently.
- Participate and represent Western Interconnection issues that will impact WECC in NERC and regional initiatives: for example; refining risk-based monitoring, streamlining enforcement processing, and information technology initiatives.
- Perform CMEP tasks that are estimated based on 2010 and 2011 data, and expected impact from the 2012-2015 Assumptions:
 - Conduct approximately 20 on-site audits of Operations and Planning standards.
 - Conduct approximately 20 on-site audits of Cyber Security standards.
 - Conduct approximately 130 off-site audits (for both sets of standards).
 - Process approximately 15,000 self-certification forms.
 - Process approximately 450 self-report forms.
 - Perform approximately 32 spot-checks.
 - Process approximately 500 violations.
 - Review approximately 425 mitigation plans.
 - Conduct approximately five Compliance Investigations.
 - Validate an estimated 600 Part A and Part B TFE requests.
 - continue to assess compensating measures for existing TFEs.

- track all TFEs.
- provide quarterly or other updates and analysis to NERC as required.
- Complete approximately 75 reviews or compliance assessments relating to Event Analysis.

Funding Sources and Requirements — Explanation of Increase (Decrease)

WECC is the largest of the Regional Entities with 462 Registered Entities that include 1,211 registered functions (as of March 31, 2011). The Compliance Department manages the CMEP processes for every Registered Entity and every registered function in the Western Interconnection. Based on actual workload in 2010, the assumptions in the 2011 WECC Business Plan and Budget, experience gained to date, the assumptions in the 2012 WECC Business Plan and Budget, and the addition of Canadian and Mexican monitoring functions; the resource needs for the Audit, Investigations, and Enforcement activities for 2012 are expected to increase over 2011 although not as significantly as 2011 increased over 2010.

Program expenses for Audit, Investigations, and Enforcement activities for 2012 continue to be driven by: (1) additional staffing and the associated costs of hiring and training; (2) increased number of Registered Entities with corresponding increase in audits, spot-checks, investigations, reviews of self-certifications, and enforcement activities such as reviewing mitigation plans and processing violations. The scope of audits is not expected to expand significantly over 2011 requirements in terms of the number of actively monitored standards; however, instituting more risk-based approaches to monitoring and enforcement are not expected to decrease the need for staff during 2012. In addition, the CIP standards continue to consume an increasing number of resources due to technical requirements and changing (increasing) expectations as discussed in the 2012-2015 Assumptions.

WECC continues to seek efficiencies in its processes and use of resources. During 2011, NERC and the regions began to implement a risk-based approach to compliance to create the 2011 Actively Monitored List (AML) of standards in scope for auditing and other monitoring activities. NERC states that it plans to continue refining risk-based monitoring and expects that resources needed for this during 2012 may actually increase. The scope and benefits of this approach are still unknown. Experience in 2011 suggests that, although the AML of standards is smaller, some audits continue to require increased depth of analysis of the standards monitored. Any time saved during the actual audit process is offset by using that time to complete reports and other work on schedule. The Version 4 CIP standards are expected to be significantly different from current versions, requiring more training of staff and more outreach to entities. It is unknown at this time whether the versions will stabilize or whether new versions will be issued in quick succession.

No increase or decrease in staff resources is anticipated for registration activities. Although the new Delegation Agreement gives responsibility to NERC rather than the regions for registration activity, the current direction from NERC is that it expects the regions to continue to assess and make recommendations regarding registration in much the same manner as under the previous agreement. Thus, WECC continues to

devote resources to meet requests from entities to add or remove functions, or to be de-registered.

As a consequence of WECC's agreements with the BCUC, the Alberta MSA, and CFE; WECC Compliance is monitoring approximately 35 additional entities and 90 registered functions. (This number is current as of March 31, 2011 but likely will increase during 2012.) This will entail a corresponding increase in audits, self reports, self certifications, and mitigation plans.

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$800,000 in penalty sanctions received by WECC prior to June 30, 2011.
- An increase of \$143,000 in workshop revenue is anticipated in 2012 due to the increased demand and attendance at the Compliance User Group (CUG) and CIP User Group (CIPUG) sessions, and an anticipated increase in meeting registration fees.
- Interest revenue is allocated based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Salaries increase as a result of FTEs being added at higher levels in Audits, Investigations, and Enforcement than the FTEs being reduced in portal support.
- Payroll Taxes decrease due to a more conservative budget assumption related to payroll taxes that more accurately aligns with actual costs experienced in 2010.

Meeting Expenses

- Meetings increase by \$135,000 due to the increased demand and attendance at the CUG and CIPUG sessions. These additional costs are offset by an anticipated increase in meeting registration fees.
- Travel increases by \$116,000 as a result of additional auditors being added to undertake the increased number of audits.
- Conference Calls increase by \$28,000 due to an increase in the number of audits and a need to handle increasing participation in the WECC compliance Open Mic Calls.

Operating Expenses

- Consultants and Contracts decrease by \$108,000 due to the hiring of staff to undertake tasks previously performed by contractors.
- Office Costs increase by \$314,000 primarily due to the Portal restructuring. These costs are offset by decreased personnel costs and decreased software development costs previously budgeted in Fixed Assets.
- Depreciation is increasing by \$7,000 due to additional fixed asset purchases.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Compliance allocation is decreasing by \$327,000 due to a decrease in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures are decreasing by \$191,000 due to decreased software development costs resulting from the restructuring of the Portal.
- Equipment capital expenditures are increasing by \$15,000 to refresh servers.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Compliance and Organization Registration and Certification					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 13,369,539	\$ 13,369,539	\$ -	\$ 12,654,013	\$ (715,526)
Penalty Sanctions	\$ 318,494	\$ 307,456	\$ (11,038)	800,348	481,854
Total WECC Funding	\$ 13,688,033	\$ 13,676,996	\$ (11,038)	\$ 13,454,361	\$ (233,673)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	254,000	368,128	114,128	396,875	142,875
Interest	-	-	-	103,296	103,296
Miscellaneous	-	-	-	3,443	3,443
Total Funding	\$ 13,942,033	\$ 14,045,124	\$ 103,090	\$ 13,957,975	\$ 15,942
Expenses					
Personnel Expenses					
Salaries	\$ 5,513,769	\$ 4,551,536	\$ (962,233)	\$ 5,539,807	\$ 26,038
Payroll Taxes	493,088	364,789	(128,299)	461,222	(31,866)
Benefits	676,321	506,412	(169,909)	683,041	6,720
Retirement Costs	383,514	280,157	(103,357)	382,813	(701)
Total Personnel Expenses	\$ 7,066,692	\$ 5,702,894	\$ (1,363,798)	\$ 7,066,884	\$ 192
Meeting Expenses					
Meetings	\$ 298,500	\$ 254,513	\$ (43,987)	\$ 433,797	\$ 135,297
Travel	879,135	703,097	(176,038)	995,000	115,865
Conference Calls	32,000	23,755	(8,245)	59,750	27,750
Total Meeting Expenses	\$ 1,209,635	\$ 981,365	\$ (228,270)	\$ 1,488,547	\$ 278,912
Operating Expenses					
Consultants & Contracts	\$ 682,500	\$ 1,849,338	\$ 1,166,838	\$ 575,000	\$ (107,500)
Office Rent	-	186	186	-	-
Office Costs	167,040	280,363	113,323	481,260	314,220
Professional Services	18,000	150	(17,850)	18,000	-
Miscellaneous	-	-	-	-	-
Depreciation	143,000	143,000	-	150,150	7,150
Total Operating Expenses	\$ 1,010,540	\$ 2,273,037	\$ 1,262,497	\$ 1,224,410	\$ 213,870
Total Direct Expenses	\$ 9,286,867	\$ 8,957,296	\$ (329,571)	\$ 9,779,841	\$ 492,974
Indirect Expenses	\$ 4,841,962	\$ 4,302,958	\$ (539,004)	\$ 4,514,827	\$ (327,134)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 14,128,829	\$ 13,260,254	\$ (868,575)	\$ 14,294,668	\$ 165,839
Change in Assets	\$ (186,795)	\$ 784,870	\$ 971,665	\$ (336,693)	\$ (149,897)
Fixed Assets					
Depreciation	(143,000)	(143,000)	-	(150,150)	(7,150)
Computer & Software CapEx	241,714	38,213	(203,501)	50,000	(191,714)
Furniture & Fixtures CapEx	-	205,664	205,664	-	-
Equipment CapEx	-	-	-	15,000	15,000
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (98,714)	\$ (100,877)	\$ (2,163)	\$ 85,150	\$ 183,864
Allocation of Fixed Assets	\$ 285,509	\$ 228,331	(57,178)	251,543	(33,967)
Change in Fixed Assets	186,795	127,454	(59,341)	336,693	149,897
TOTAL CHANGE IN NET ASSETS	\$ (0)	\$ 912,324	\$ 912,324	\$ 0	\$ 0

Hearings

Background

WECC maintains that the Hearings budget should not be embedded in the Compliance Monitoring and Enforcement budget and that the expenditures on Hearings should be separately stated in the Legal budget.

The WECC 2012 budget for Hearings is reflected in the following table. These expenditures are included in the Compliance Program *Statement of Activities*.

Hearings			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	-	-	-
Direct Expenses	\$ 100,000	\$ 16,800	\$ (83,200)
Indirect Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 100,000	\$ 16,800	\$ (83,200)

Program Scope and Functional Description

The Hearing Officer coordinates and conducts the evidentiary hearings in the majority of disputes and issues initial decisions when designated by the Hearing Panel. The Hearing Panel will be drawn from a pool of individuals on the Compliance Hearing Body (CHB). The CHB is comprised of volunteers from the WECC Board, WECC members, and consultants, who will be placed into two classes: Class A includes Non-affiliated Directors, personnel employed by WECC members not engaged in an *Electric Line of Business*, and independent consultants; Class B includes personnel employed by WECC members engaged an *Electric Line of Business*. The initial decisions, along with exceptions by the parties, will be submitted to a Hearing Panel for consideration and final decision on behalf of the WECC Region. In cases of particular complexity or significant regional interest, a Hearing Panel may conduct or participate in the evidentiary hearing. Legal Department staff will support the Hearing Officers and Hearing Panel. Legal Department staff supporting the Hearing Panel will be screened from compliance matters when a hearing is pending.

2012 Key Assumptions

- WECC will maintain current operations.
- NERC expectations in terms of hearing requirements are clearly defined.
- WECC does not anticipate any Hearings in 2012. In the event a Hearing does occur, WECC will use reserve funds as necessary to support the Hearings process.

2012 Goals and Key Deliverables

- Provide independent, fair, efficient, and cost effective support to the WECC Hearing Panel.
- Meet all timelines identified in the WECC Hearing Procedures.
- Maintain Hearing records.
- Manage the Hearing budget.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Hearings direct expenses decrease by \$83,000, to more accurately reflect 2010 workload levels. WECC does not anticipate significant hearings activities in 2012; however, in the event that hearing activities are necessary WECC will use its reserves to cover the associated costs.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	21.7	21.2	(0.6)
Direct Expenses	\$ 6,608,102	\$ 5,968,111	\$ (639,991)
Indirect Expenses	\$ 1,796,078	\$ 1,632,284	\$ (163,794)
Inc(Dec) in Fixed Assets	\$ 586,093	\$ (99,342)	\$ (685,436)
Total Funding Requirement	\$ 8,990,273	\$ 7,501,052	\$ (1,489,221)

Program Scope and Functional Description

The WECC staff conducts a variety of studies and assessments essential to the reliable planning and operation of the BES in the Western Interconnection. In addition, WECC's staff compiles and distributes planning data and information that is used by WECC members to aid in local planning studies. These integrated planning efforts enhance WECC's overall ability to participate in, and respond to, the major planning and public policy issues emerging both in the Western Interconnection and nationally. These efforts also ensure that WECC, as the Regional Entity, is compliant with NERC Reliability Standards.

The Reliability Assessment and Performance Analysis budget supports the efforts of the Transmission Expansion Planning Function, the Planning Services Function, and the Reliability Assessments Function.

The American Recovery and Reinvestment Act of 2009 (ARRA) directs the DOE to facilitate the development of Interconnection-based transmission plans for the Eastern and Western Interconnections, and the Electric Reliability Council of Texas. As part of this process, the DOE issued a competitive Funding Opportunity Announcement (FOA) on June 15, 2009 (DE-FOA-0000068). WECC responded to the FOA on August 14, 2009 and was informed on December 18, 2009 that WECC had been selected for full-award negotiations for \$14.5 million under the FOA. WECC concluded negotiations in May 2010. The funding provided by the ARRA allows WECC to significantly expand its existing transmission planning activities. This expanded effort, known as the Regional Transmission Expansion Planning (RTEP) project, is managed by the Transmission Expansion Planning Policy Committee. In 2012, the ARRA budget for the RTEP program will be \$2.9 million.

Transmission Expansion Planning

WECC fulfills the FERC Order 890 requirement for regional transmission planning cooperation in the Western Interconnection. WECC accomplishes this by providing impartial and reliable data, analysis, public process, and analytic tools to stakeholders in the Western Interconnection through the RTEP program.

The primary objective of the RTEP program is to produce Interconnection-wide transmission plans for the Western Interconnection. The RTEP project expands the depth, breadth, and coordination of existing subregional and regional planning processes (collaborative, transparent, and stakeholder-driven) in the development of Interconnection-wide transmission plans.

The Transmission Expansion Planning Policy Committee (TEPPC) is a WECC Board Committee of 20 members representing all classes of stakeholders with representation from all geographic subregions of WECC. TEPPC and its subgroups work closely and coordinate with Western Interconnection state, provincial, and federal government entities. TEPPC provides governance of the RTEP project under a charter approved by the WECC Board.

The Annual TEPPC Study Plan is the guiding document for RTEP activities. This study is based on data taken from stakeholder requests obtained during an annual open season. The study requests (which have increased nearly fivefold in the period from 2009 to 2011) reflect a significant increase in the scope and depth of regional planning (e.g., demand-side impacts/resources, carbon reductions, high renewable penetration levels, 20-year planning horizon, capital costs for generation resources and transmission, and alternative transmission technologies). The 2012 RTEP activities include an increased focus on transmission expansion requirements under a broader set of load and resource scenarios.

Reliability Assessments

The Reliability Assessment group, working under the direction of the Loads and Resources Subcommittee of the PCC, creates and analyzes supply and demand assessments for the Western Interconnection.

It is the mission of the Reliability Assessment group to produce and distribute credible data, information, and analyses. The Reliability Assessment group creates internal and external reliability assessments.

The Power Supply Assessment (PSA) is an internal assessment. External assessments include the NERC seasonal assessments, the post-seasonal assessments, and the Long-term Reliability Assessment. All of these assessments are carried out under the direction of the Loads and Resources Subcommittee.

Planning Services

WECC staff, in concert with the System Review Work Group (SRWG) and with guidance from the Technical Studies Subcommittee (TSS) and the PCC, annually prepares a database of power flow and stability base cases that reflect various system configurations and operating conditions. These base cases serve as the foundation from which WECC members perform analyses on their respective systems.

The SRWG is proposing a one-time expenditure of \$400,000 in 2012 to implement the Base Case Coordination System (BCCS) tool. These costs will be used to populate the database and launch the program as well as provide extensive testing and validation of the BCCS output before the tool is used to publish approved base cases. The BCCS is

a Web-accessible database system that WECC members and staff can use to submit and compile power flow and dynamics data, as currently required under NERC Standards MOD-011 and MOD-013 (modeling data and analysis). The project was initiated by the SRWG under the direction of the PCC and the TSS as part of a long-term effort to improve the current base-case process. The BCCS will provide a tool that will allow automation of the current process.

The Modeling and Validation Work Group (MVWG) is proposing a one-time expenditure of \$150,000 in 2012 to further model development efforts. These efforts include the contracting of subject matter specialists who can provide expertise needed to develop and validate system models. Models under development by the MVWG include the composite load model, the solar PV model, HVDC line models, and Static VAR Source models.

The WECC technical staff, in concert with the SRWG and with guidance from the TSS, also develops an annual study report that provides an ongoing transmission reliability assessment of the Western Interconnection, both in a near-term state and for configurations planned through the following ten years. Reports of identified performance deficiencies, as defined in NERC Standards and WECC System Performance Criteria, are provided to the appropriate entity for mitigation.

In addition to the resources mentioned above, the Planning Services Group will continue to develop the WECC existing and planned facilities maps and the Path Rating Catalog. It will also oversee the execution of the WECC Project Coordination and Project Rating Review Processes, and the NERC Transmission Availability Database System (TADS) data collection effort.

2012 Key Assumptions

- Study requests will continue to increase in 2012.
- RTEP stakeholders will request that WECC increase the scope of analyses included in transmission planning (e.g., environmental impacts, water usage, and variable generation impacts).
- The expectations of RTEP stakeholders regarding communication frequency and content quality will increase in 2012.
- The BCCS database tool will be implemented.
- New renewable generation models will be developed and available for use in system studies.
- NERC and the Regional Entities will lead the development of a revised definition of adequate level of reliability (ALR) of the bulk electric system. This will be accomplished through the efforts of the NERC Member Representatives Committee, and the Operating and Planning Committees. The revised definition will be delivered to the NERC Board of Trustees for consideration in February 2012. NERC will continue to incrementally refine data reporting requirements from registered entities, and review adequate level of reliability-related metrics used in reliability assessments.

2012 Goals and Key Deliverables

- Complete the Long-term Planning Tool, enabling WECC to perform 20-year planning studies.
- Complete high and medium priority studies in the 2012 TEPPC Study Program.
- Complete an Interim Regional Transmission Study Report.
- Improve processing and management of the evolving filing obligations from NERC.
- Create the NERC Long-term Reliability Assessment, Summer and Winter Seasonal Assessments, and the Post-Summer and Post-Winter Seasonal Assessments.
- Produce the WECC Power Supply Assessment.
- Continue to integrate the WECC Transmission Reliability Data with NERC TADS data for consistency and to avoid duplication.
- Improve the integrity of base-case data through continued model development.
- Improve efficiency and base-case data quality through implementation and testing of the BCCS.
- Participate in NERC meetings and report development to reflect WECC views.
- Encourage improved data quality through improvement to the WECC Data Collection process.
- Evaluate system reliability through dynamic system studies.
- Identify metrics and collect historical system data needed to evaluate reliability trends and vulnerabilities in the West.
- Develop and distribute credible information used to plan and operate the power system.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$289,000 in penalty sanctions received by WECC prior to June 30, 2011.
- WECC will receive \$2.9 million in DOE grant funding for the RTEP project. The funds directly offset increases in expenditures related to the RTEP project.
- Interest revenue is allocated based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Salary Expenses increase by \$32,000 due to a realignment of salaries in WECC.
- Payroll Taxes decrease due to a more conservative budget assumption related to payroll taxes that more accurately align with actual costs experienced in 2010.
- Benefits increase due to additional training for employees.

Meeting Expenses

- Meetings decrease by \$244,000 due to the increased use of the Salt Lake City meeting facilities.
- Travel increases by \$103,000 due to increased participation in NERC Committees and member-sponsored meetings.

Operating Expenses

- Consultants and Contracts decrease by a net \$597,000. Consultants and Contracts related to the RTEP grant are decreasing by \$916,000 due to the winding down of sub-recipient awards with Arizona State University. Consulting and Contracts increase by \$319,000 primarily due to the consulting requirements related to the implementation of the BCCS.
- Office Costs increase by \$27,000 due to an increase in licensing fees related to new modeling software.
- Professional Services increase by \$39,000 due to an increase in Non-affiliated Director fees associated with the RTEP grant.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Reliability Assessment and Performance Analysis Program allocation decreases by \$164,000 due to a decrease in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures decrease by \$700,000 due to the completion of the BCCS system in 2011.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Reliability Assessment and Performance Analysis					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 5,040,590	\$ 5,040,590	\$ -	\$ 4,288,165	\$ (752,425)
Penalty Sanctions	\$ 118,142	\$ 114,048	\$ (4,094)	289,356	171,214
Total WECC Funding	\$ 5,158,732	\$ 5,154,638	\$ (4,094)	\$ 4,577,521	\$ (581,211)
Membership Dues	-	-	-	-	-
Federal Grants	3,831,541	3,936,016	104,475	2,884,940	(946,601)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	37,345	37,345
Miscellaneous	-	-	-	1,245	1,245
Total Funding	\$ 8,990,273	\$ 9,090,654	\$ 100,381	\$ 7,501,052	\$ (1,489,221)
Expenses					
Personnel Expenses					
Salaries	\$ 1,937,860	\$ 1,616,942	\$ (320,918)	\$ 1,970,357	\$ 32,497
Payroll Taxes	184,976	131,014	(53,962)	167,549	(17,428)
Benefits	276,016	203,589	(72,427)	297,966	21,950
Retirement Costs	139,223	124,137	(15,086)	137,981	(1,242)
Total Personnel Expenses	\$ 2,538,075	\$ 2,075,682	\$ (462,393)	\$ 2,573,852	\$ 35,777
Meeting Expenses					
Meetings	\$ 415,600	\$ 120,220	\$ (295,380)	\$ 171,483	\$ (244,118)
Travel	127,500	93,563	(33,937)	230,600	103,100
Conference Calls	44,750	26,104	(18,646)	41,000	(3,750)
Total Meeting Expenses	\$ 587,850	\$ 239,887	\$ (347,963)	\$ 443,083	\$ (144,768)
Operating Expenses					
Consultants & Contracts	\$ 3,314,372	\$ 2,857,627	\$ (456,745)	\$ 2,717,516	\$ (596,856)
Office Rent	-	-	-	-	-
Office Costs	154,805	136,998	(17,807)	181,510	26,705
Professional Services	5,000	-	(5,000)	43,750	38,750
Miscellaneous	-	-	-	-	-
Depreciation	8,000	8,000	-	8,400	400
Total Operating Expenses	\$ 3,482,177	\$ 3,002,625	\$ (479,552)	\$ 2,951,176	\$ (531,001)
Total Direct Expenses	\$ 6,608,102	\$ 5,318,194	\$ (1,289,908)	\$ 5,968,111	\$ (639,991)
Indirect Expenses	\$ 1,796,078	\$ 1,546,148	\$ (249,930)	\$ 1,632,284	\$ (163,794)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 8,404,180	\$ 6,864,342	\$ (1,539,838)	\$ 7,600,395	\$ (803,786)
Change in Assets	\$ 586,093	\$ 2,226,312	\$ 1,640,219	\$ (99,342)	\$ (685,436)
Fixed Assets					
Depreciation	(8,000)	(8,000)	-	(8,400)	(400)
Computer & Software CapEx	700,000	700,000	-	-	(700,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (692,000)	\$ (692,000)	\$ -	\$ 8,400	\$ 700,400
Allocation of Fixed Assets	\$ 105,907	\$ 82,044	(23,863)	90,942	(14,964)
Change in Fixed Assets	(586,093)	(609,956)	(23,863)	99,342	685,436
TOTAL CHANGE IN NET ASSETS	\$ -	\$ 1,616,356	\$ 1,616,356	\$ -	\$ -

Training, Education, and Operator Certification Program

Training, Education and Operator Certification			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	3.5	1.5	(2.0)
Direct Expenses	\$ 748,366	\$ 521,017	\$ (227,349)
Indirect Expenses	\$ 289,690	\$ 95,611	\$ (194,079)
Inc(Dec) in Fixed Assets	\$ (17,082)	\$ (7,450)	\$ 9,632
Total Funding Requirement	\$ 1,020,974	\$ 609,178	\$ (411,796)

Program Scope and Functional Description

The Training Department provides education and training for system operators, schedulers, and dispatchers. The annual training curriculum is developed with the assistance of the Operations Training Subcommittee (OTS) and WECC training staff. In 2012, the Training Department anticipates providing approximately 18-20 training sessions. These training sessions will be held primarily in the Salt Lake City Training Center, with the balance hosted by WECC members, as requested by the WECC members.

The Training Department also provides three System Overview Workshops each year. This two-day workshop is designed for persons who have not been directly involved in day-to-day power system operations and who are interested in better understanding this aspect of the power industry.

The Training Department and the OTS organize and host an annual Train-the-Trainer workshop. This workshop is targeted at training staff from each WECC member and includes presentations from industry training experts. In addition, twice a year WECC's Training Department organizes and hosts the Systematic Approach to Training (SAT) Instructor's Course. This week-long course is designed to assist WECC member training staffs to design, develop, and implement training programs. The SAT also provides individual training activities to assist WECC members' training staff in meeting the requirements in the NERC Reliability Standard PER-005.

2012 Key Assumptions

- Based on a member survey undertaken in 2011 and on 2010 actual training session attendance, WECC anticipates reduced attendance at its 2012 training sessions.
- WECC will reduce the total number of training sessions held during 2012 and will offer the addition of webinar-based training
- There are no significant changes in operator certification continuing education unit requirements for 2012.

2012 Goals and Key Deliverables

- Facilitate sound decision making to improve reliability by providing high-quality operator training through the WECC-sponsored Training Program, including continual review and revision of curriculum as needed, support of the Continuing Education Program for system operators requiring NERC Certification, and expanded use of the simulator and practical Western Interconnection-specific training.
- Coordinate annual regional restoration training with WECC Reliability Coordinators.
- Ensure the Western Interconnection is represented in reliability matters by representing WECC and the Western Interconnection in the NERC Personnel Subcommittee and other industry forums.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$21,000 in penalty sanctions received by WECC prior to June 30, 2011.
- Workshop revenue decreases by \$143,000 due to the reduction in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions.
- Interest revenue is allocated based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Personnel Expenses decrease by \$278,000 due to a reduction of 2.0 FTEs. As a consequence of the decrease in the number of training sessions and attendance, WECC no longer requires two full-time trainers on staff.

Meeting Expenses

- Meetings decrease by \$19,000 due to lower anticipated attendance at the training sessions.
- Travel decreases by \$7,000 due to the use of the new Salt Lake City Training Center.

Operating Expenses

- Consultants and Contracts increase by \$23,000 due to the increased use of consultants to conduct training sessions. This increase is offset by a decrease in Personnel Expenses.
- Office Rent increases by \$46,000 due to a direct allocation of rent associated with the Salt Lake City Training Center. These costs were not previously included in the Training budget because WECC did not have on-site training facilities until

it relocated into the new Salt Lake City offices. Rent is excluded in the allocation of indirect costs to the Training budget.

- Office Costs increase by \$7,000 due to the addition of a copy machine in the training center to allow materials to be produced at WECC, rather than at a professional copy business.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Training and Education allocation decreases by \$194,000 due to a decrease in total indirect costs and the elimination of rent from the total indirect costs allocated to Training and Education.

Other Non-Operating Expenses

- Not applicable

Fixed Asset Additions

- Depreciation increases by \$1,000 due to the equipment purchased in 2010 for the Salt Lake City Training Center.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Training and Education					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 252,269	\$ 252,269	\$ -	\$ (20,680)	\$ (272,949)
Penalty Sanctions	\$ 19,055	\$ 18,395	\$ (660)	20,522	1,467
Total WECC Funding	\$ 271,324	\$ 270,664	\$ (660)	\$ (158)	\$ (271,483)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	749,650	505,140	(244,510)	606,600	(143,050)
Interest	-	-	-	2,649	2,649
Miscellaneous	-	-	-	88	88
Total Funding	\$ 1,020,974	\$ 775,804	\$ (245,170)	\$ 609,178	\$ (411,796)
Expenses					
Personnel Expenses					
Salaries	\$ 317,298	\$ 95,877	\$ (221,421)	\$ 98,906	\$ (218,392)
Payroll Taxes	28,557	8,352	(20,205)	8,575	(19,982)
Benefits	45,400	24,252	(21,148)	21,095	(24,305)
Retirement Costs	22,211	8,956	(13,255)	7,062	(15,149)
Total Personnel Expenses	\$ 413,466	\$ 137,437	\$ (276,029)	\$ 135,638	\$ (277,828)
Meeting Expenses					
Meetings	\$ 163,000	\$ 130,327	\$ (32,673)	\$ 144,432	\$ (18,568)
Travel	17,000	12,869	(4,131)	9,800	(7,200)
Conference Calls	2,000	-	(2,000)	500	(1,500)
Total Meeting Expenses	\$ 182,000	\$ 143,196	\$ (38,804)	\$ 154,732	\$ (27,268)
Operating Expenses					
Consultants & Contracts	\$ 58,000	\$ 147,893	\$ 89,893	\$ 81,000	\$ 23,000
Office Rent	-	-	-	46,368	46,368
Office Costs	94,900	82,062	(12,838)	102,280	7,380
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	1,000	1,000
Total Operating Expenses	\$ 152,900	\$ 229,955	\$ 77,055	\$ 230,648	\$ 77,748
Total Direct Expenses	\$ 748,366	\$ 72,931	\$ (237,778)	\$ 521,017	\$ (227,349)
Indirect Expenses	\$ 289,690	\$ 79,702	\$ (209,988)	\$ 95,611	\$ (194,079)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,038,056	\$ 152,633	\$ (447,766)	\$ 616,628	\$ (421,428)
Change in Assets	\$ (17,082)	\$ 623,171	\$ 202,596	\$ (7,450)	\$ 9,632
Fixed Assets					
Depreciation	-	-	-	(1,000)	(1,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Allocation of Fixed Assets	\$ 17,082	\$ 3,870	(13,212)	6,450	(10,632)
Change in Fixed Assets	17,082	3,870	(13,212)	7,450	(9,632)
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ 627,041	\$ 189,384	\$ 0	\$ -

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security			
(in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	70.8	79.8	9.0
Direct Expenses	\$ 31,214,978	\$ 35,863,968	\$ 4,648,990
Indirect Expenses	\$ 4,772,947	\$ 5,083,309	\$ 310,363
Inc(Dec) in Fixed Assets	\$ 6,676,286	\$ 3,859,313	\$ (2,816,974)
Total Funding Requirement	\$ 42,664,211	\$ 44,806,590	\$ 2,142,379

Program Scope and Functional Description

The Reliability Coordinator and Interchange Authority functions oversee situation awareness in the Western Interconnection.

Reliability Coordinator (RC)

In 2006, the WECC Board approved the Reliability Coordination Strategic Initiative (RCSI), which was designed to make reliability coordination in the Western Interconnection more effective and efficient and to fulfill all the requirements of the mandatory standards. WECC completed the RCSI and was certified by NERC to provide the reliability coordination function for the Western Interconnection prior to going live on January 1, 2009.

The primary role of the WECC RC function is the reliable operation of the BES for the Western Interconnection in real-time and next-day study time frames. The RC function also provides leadership, coordination, technical expertise, and assistance to the Balancing Authorities and other functional entities within WECC. These reliability functions are executed at the Reliability Coordination Offices (RCO) located in Vancouver, Wash., and Loveland, Colo. Each RCO serves as a “hot” backup for the other.

Situation awareness in the Western Interconnection is further enhanced through the activities undertaken by WECC in response to the DOE’s Smart Grid Investment Grant Funding Opportunity Announcement. On April 1, 2010, WECC signed an agreement with the DOE to receive a \$53.9 million grant to implement its WISP project. The funding matched dollars already committed by nine WISP Partner Entities¹⁰ in the WECC Region to extend and deploy synchrophasor technologies within their electrical systems. The total funding for WISP is \$107.8 million.

¹⁰ Bonneville Power Administration, California Independent System Operator, Idaho Power, NV Energy, PacifiCorp, Pacific Gas & Electric, Southern California Edison, Salt River Project, and WECC.

WISP will expand WECC's current Section 215 activities by, among other things, enhancing the situation awareness of WECC's RCs. WISP will deliver significant reliability enhancement, economic growth, and job creation through vendor-partner involvement and increased staffing requirements for WECC, WECC's partners throughout the Western Interconnection, and the nation's power industry.

Interchange Authority

In 2008, the WECC Board approved the initiative for WECC to register as the Interchange Authority for the Balancing Authority Areas that signed agreements. The primary role of the Interchange Authority is to coordinate communication and validation of Arranged Interchange for reliability evaluation and implementation purposes.

WECC uses the WECC Interchange Tool (WIT) to perform the functions of the Interchange Authority in the Western Interconnection. WIT is a software system that facilitates and coordinates interchange between WECC Balancing Authorities and permits increased monitoring of interchange transactions by Reliability Coordinators. WECC is registered with NERC as the Interchange Authority because it is the contract party with the software vendor providing WIT.

Web Security Analysis System (webSAS)

The webSAS tool enhances situation awareness in the Western Interconnection by determining the effect of both on- and off-path schedules on the Qualified Path that is experiencing overloading due to unscheduled flow. In 2011, WECC moved to a single webSAS contract and license to ensure that a greater number of entities would have access to the tool. Increased use of the tool will ensure consistent calculation of unscheduled flow impacts and curtailment responsibilities, which will have a positive effect on the reliability of the Interconnection.

2012 Key Assumptions

- New standards and revisions of existing mandatory standards will require an expansion in the scope of work for the RC function.
- Cyclical upgrades of event monitoring equipment, software, hardware, and IT system infrastructure will continue
- WISP integration and testing will be a primary focus to achieve on-schedule delivery.

2012 Goals and Key Deliverables

- Increase training for the RCs and WECC membership by using the dispatch training simulator and Virtual Private Network (VPN) remote access.
- Develop and purchase tools that enhance real-time monitoring of the Western Interconnection.
- Continue management and delivery of WISP and comply with DOE performance, job creation, and financials tracking and reporting requirements.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$1.1 million in penalty sanctions received by WECC prior to June 30, 2011.
- WECC will receive \$24.5 million in DOE grant funding for WISP. The funds directly offset increases in expenditures related to the WISP project.
- Interest revenue is allocated based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Personnel Expenses increase by \$1.2 million due to the addition of 9.0 FTEs. The RC function is increasing FTEs by 4.75 to provide better compliance with CIP and other reliability standards. Of this amount, 0.75 FTEs relate to employees budgeted late in 2011 resulting in partial FTEs in 2011 and full FTEs in 2012. The remaining increase of 4.25 FTEs relate to employees hired to support the WISP grant.

Meeting Expenses

- Travel and Conference Calls increase by \$34,000 to more closely reflect 2010 actual results and anticipated levels of 2012 travel related to increased training.

Operating Expenses

- Consultants and Contracts increase by \$1.4 million due to increased activity associated with WISP.
- Office Rent increases by \$134,000 due to the expansion of the RCOs including additional space for data centers in each of the two RCO locations and the addition of a training center in Vancouver, Washington.
- Office Costs increase by \$473,000 due to additional bandwidth requirements and the increased cost of maintenance and service agreements on IT equipment.
- Professional Services increase by \$116,000 due to anticipated expenses associated with the preparation and response to the Compliance audit in 2012. Of this amount \$72,000 has been included due to WECC's anticipated Compliance Enforcement Authority agreement with Northeast Power Coordinating Council.
- Depreciation increases by \$1.2 million due to the equipment purchases made in association with the WISP grant and other fixed asset additions.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Situation Awareness and Infrastructure Security allocation increases due to an increase in FTEs in the function.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures decrease by \$2.6 million due decreases related to WISP procurement of computers and software slowing in 2012.
- Equipment capital expenditures are increasing due to the following:
 - \$500,000 for a telephone system upgrade to increase functionality and to better respond to WECC's membership and conditions on the BES.
 - \$500,000 for a system that will automatically transfer the primary operations of the Emergency Management System between the two RCOs in the event of a failure.
 - \$613,000 for equipment for Wide-area Network development within WISP.
- Leasehold Improvements decrease by \$572,000 due to the completion of the data center build out at the RCOs.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Situation Awareness and Infrastructure Security					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 18,166,072	\$ 18,166,072	\$ -	\$ 19,110,337	\$ 944,265
Penalty Sanctions	\$ 385,459	\$ 372,101	\$ (13,358)	1,091,072	705,613
Total WECC Funding	\$ 18,551,531	\$ 18,538,172	\$ (13,358)	\$ 20,201,409	\$ 1,649,878
Membership Dues	-	-	-	-	-
Federal Grants	24,112,680	15,275,008	(8,837,672)	24,459,669	346,989
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	140,818	140,818
Miscellaneous	-	-	-	4,694	4,694
Total Funding	\$ 42,664,211	\$ 33,813,180	\$ (8,851,030)	\$ 44,806,590	\$ 2,142,379
Expenses					
Personnel Expenses					
Salaries	\$ 8,102,630	\$ 8,313,996	\$ 211,366	\$ 9,110,926	\$ 1,008,296
Payroll Taxes	709,600	661,701	(47,899)	745,553	35,953
Benefits	900,500	719,269	(181,231)	1,027,970	127,470
Retirement Costs	551,913	529,838	(22,075)	614,538	62,625
Total Personnel Expenses	\$ 10,264,643	\$ 10,224,804	\$ (39,839)	\$ 11,498,987	\$ 1,234,344
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	375,000	320,737	(54,263)	397,000	22,000
Conference Calls	12,200	17,995	5,795	24,200	12,000
Total Meeting Expenses	\$ 387,200	\$ 338,732	\$ (48,468)	\$ 421,200	\$ 34,000
Operating Expenses					
Consultants & Contracts	\$ 14,822,583	\$ 8,509,391	\$ (6,313,192)	\$ 16,245,456	\$ 1,422,873
Office Rent	722,000	475,984	(246,016)	855,691	133,691
Office Costs	3,598,302	2,969,608	(628,694)	4,071,634	473,332
Professional Services	55,000	1,702	(53,298)	171,000	116,000
Miscellaneous	-	-	-	-	-
Depreciation	1,365,250	1,365,250	-	2,600,000	1,234,750
Total Operating Expenses	\$ 20,563,135	\$ 13,321,935	\$ (7,241,200)	\$ 23,943,781	\$ 3,380,646
Total Direct Expenses	\$ 31,214,978	\$ 23,885,471	\$ (7,329,507)	\$ 35,863,968	\$ 4,648,990
Indirect Expenses	\$ 4,772,947	\$ 5,022,557	\$ 249,610	\$ 5,083,309	\$ 310,363
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 35,987,925	\$ 28,908,028	\$ (7,079,897)	\$ 40,947,278	\$ 4,959,353
Change in Assets	\$ 6,676,286	\$ 4,905,152	\$ (1,771,134)	\$ 3,859,313	\$ (2,816,974)
Fixed Assets					
Depreciation	(1,365,250)	(1,365,250)	-	(2,600,000)	(1,234,750)
Computer & Software CapEx	7,814,719	6,350,406	(1,464,313)	5,189,228	(2,625,491)
Furniture & Fixtures CapEx	-	250,000	250,000	-	-
Equipment CapEx	-	-	-	1,613,000	1,613,000
Leasehold Improvements	572,357	906,334	333,977	-	(572,357)
(Incr)Dec in Fixed Assets	\$ (7,021,826)	\$ (6,141,490)	\$ 880,336	\$ (4,202,228)	\$ 2,819,598
Allocation of Fixed Assets	\$ 345,540	\$ 324,307	(21,233)	342,915	(2,624)
Change in Fixed Assets	(6,676,286)	(5,817,183)	859,103	(3,859,313)	2,816,974
TOTAL CHANGE IN NET ASSETS	\$ -	\$ (912,031)	\$ (912,031)	\$ -	\$ -

Administrative Services

Administrative Services (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	48.9	48.3	(0.6)
Direct Expenses	\$ 12,963,378	\$ 12,107,311	\$ (856,067)
Inc(Dec) in Fixed Assets	\$ (776,000)	\$ (709,050)	\$ 66,950
Less: Other Funding Sources	\$ (476,400)	\$ (86,691)	\$ 389,709
Total Allocation to Statutory Programs as Indirect Expenses	\$ (12,486,978)	\$ (12,020,620)	\$ 466,358
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC's Administrative Services consist of Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The budgets for these programs are addressed in the subsequent sections of the Business Plan and Budget.

Methodology for Allocation of Administrative Services Expenses to Programs

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

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	7.5	8.0	0.5
Direct Expenses	\$ 2,655,839	\$ 2,249,919	\$ (405,920)
Inc(Dec) in Fixed Assets	\$ 34,000	\$ 59,000	\$ 25,000
Less: Other Funding Sources	\$ (122,400)	\$ (86,691)	\$ 35,709
Total Allocation to Statutory Programs as Indirect Expenses	\$ (2,533,439)	\$ (2,163,228)	\$ 370,211
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC is governed by a 32-member Board of Directors, of which 25 directors represent member classes. The remaining seven directors are not affiliated with any WECC member or potential member. These Non-affiliated Directors are compensated for their time on the WECC Board and on Board Committees.

Eight WECC Board committees recommend policy on various reliability issues or handle governance, finance, and human resources matters. They are:

- *Operating Transfer Capability Policy Committee* – the OTCP provides coordinated standards development and determination of System Operating Limits within the Western Interconnection.
- *Transmission Expansion Planning Policy Committee* – TEPPC oversees database management, provides policy and management of the planning process, and guides the analyses and modeling for the Western Interconnection’s transmission expansion planning. TEPPC expenses are accounted for in the Reliability Assessment and Performance Analysis budget.
- *Governance and Nominating Committee* – the GNC nominates WECC Board candidates and recommends Bylaws and other governance changes.
- *Human Resources and Compensation Committee* – the HRCC oversees human resources and WECC employee compensation.
- *Reliability Policy Issues Committee* – the RPIC reviews policy-level reliability issues and develops appropriate recommendations for WECC Board consideration.
- *Finance and Audit Committee* – the FAC reviews WECC’s budgets, makes recommendations to staff, and assists the Board in maintaining the integrity of WECC’s financial reporting.
- *Reliability Coordination Committee* – the RCC provides advice concerning Reliability Coordination operations, personnel, and budget to the WECC Board and to the WECC CEO.
- *WECC Compliance Committee* – the WCC acts on behalf of the WECC Board and provides oversight of the WECC Compliance function.

Standing Committees

- The Joint Guidance Committee – the JGC ensures that the Standing Committees (described below) and associated subcommittees coordinate and communicate regarding electric system reliability and market issues. In addition, the JGC provides a forum for coordination between the three Standing Committees on convergent issues. One such issue is the integration of variable generation. As such, the VGS is a subcommittee of the JGC that considers issues pertaining to the integration of variable generation and makes recommendations to the JGC on issues to pursue.
- *Operating Committee* – the OC advises and makes recommendations to the WECC Board on all WECC-related matters that apply to maintaining reliability through the operation and security of the interconnected Bulk Electric System in the Western Interconnection. The OC provides guidance on the following: Event Analysis, Balancing Authority and Transmission Operator Certification, WECC Interchange Tool, webSAS, Remedial Action Scheme review, and Regional Criteria and Regional Standards. It also has oversight of eight subcommittees and 16 work groups.
- *Planning Coordination Committee* – the PCC recommends criteria for determining the adequacy of power supply and for elements of system design that affect the reliability of the interconnected BES in the Western Region. The PCC collects data and studies the operation of the interconnected systems, which is necessary to determine the reliability of the interconnected BES. The PCC evaluates proposed facility additions or modifications based on established reliability criteria. PCC expenses are accounted for in the Reliability Assessment and Performance Analysis Budget. The PCC has four subcommittees.
- *Market Interface Committee* – the MIC considers matters pertaining to the impact of reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitates analyses of the impact of electricity market practices on electric system reliability. The MIC has two subcommittees.

2012 Key Assumptions

- Greater number of meetings held at the Salt Lake City office.

2012 Goals and Key Deliverables

- Create a more effective organization by facilitating and encouraging cross-departmental coordination and consistency.
- Address the vulnerabilities that could impact reliability by identifying and promoting the projects that can improve reliability and mitigate vulnerabilities.
- Optimize stakeholder involvement and value by structuring meetings and agendas to meet member needs, communicating WECC processes and initiatives to committees, and providing strong staff support to member committees.

- Facilitate sound decision making to improve reliability by providing detailed analysis on emerging issues, including alternatives examined and rationale for recommendations.
- Ensure the Western Interconnection is represented in reliability matters by representing WECC and the Western Interconnection in the NERC OC, NERC Integration of Variable Generation Taskforce, and other industry forums.
- Ensure the Western Interconnection is represented in the development of continent-wide processes and reliability standards including Frequency Responsive Reserve, Reliability Based Control, and Event Analysis.
- Continue the categorization and review of key WECC documents to ensure consistent formatting and quality.
- Assure WECC members have access to the most current and applicable documentation in support of maintaining a high level of reliability in the Western Interconnection.

DOE Grant

DE-PS36-09GO99009 – 20% Wind by 2030: Overcoming the Challenges

Variable Generation Subcommittee (VGS)

In May 2008, the DOE issued the “20% Wind Energy by 2030” report. The report found that in order to meet a 20 percent scenario, major challenges need to be overcome to reliably integrate that level of penetration. As such, the DOE issued an FOA (DE-PS36-09GO99009) for projects aimed at overcoming these challenges. On March 3, 2009, WECC submitted a response to this FOA with a project to examine Balancing Authority Cooperation Concepts to Reduce Variable Generation Integration Costs in the Western Interconnection. On May 3, 2010 (effective February 1, 2010) WECC signed an agreement with the DOE to receive a grant of \$245,000 over a three-year term. This project will examine the benefits of different Balancing Authority coordination scenarios including consolidation concepts and less-than-hourly scheduling intervals to aid in the reliable integration of variable generation.

Enhanced Curtailment Calculator

WECC is budgeting to fund the initial design of the Enhanced Curtailment Calculator (ECC). The ECC will be used to identify curtailment obligations during overload situations. This function currently is carried out by webSAS for the six Qualified Transfer Paths in WECC. However, the ECC would be used for a greater number of paths, have more up-to-date topology information, and include higher granularity of flows.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- WECC will receive \$87,000 in DOE funding for the VGS grant. The funds directly offset increases in expenditures related to the VGS project.

Personnel Expenses

- Personnel Expenses increase by \$144,000 due to the reallocation of existing staff and the addition of 0.5 FTE. This position was budgeted as a 0.5 FTE in 2011 as a result of an anticipated mid-year hire date. WECC is realizing the full cost and full FTE of this position in 2012.

Meeting Expenses

- Meetings decrease by \$19,000 due to increased use of the Salt Lake City meeting facilities.
- Conference Calls increase by \$9,000 due to increased use of conference call services for meetings.

Operating Expenses

- Consultants and Contracts decrease by \$521,000 in part due to the completion of the cost-benefit analysis of the Efficient Dispatch Toolkit (EDT). This analysis was included in the 2011 budget for \$450,000 and is expected to be completed in 2011. The remaining Consultants and Contracts decreases are due to WECC staff performing functions previously performed by consultants.
- Professional Services decrease by \$28,000 due to increased reliance on in-house counsel for legal expertise.

Indirect Expenses

- Technical Committees and Member Forums expenses, not associated with DOE grants, are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not Applicable.

Fixed Asset Additions

- Computer and Software capital expenditures are increasing due to the costs associated with the initial design of the ECC.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Technical Committees and Member Forums					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	122,400	47,235	(75,165)	86,691	(35,709)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 122,400	\$ 47,235	\$ (75,165)	\$ 86,691	\$ (35,709)
Expenses					
Personnel Expenses					
Salaries	\$ 764,903	\$ 759,252	\$ (5,651)	\$ 909,422	\$ 144,519
Payroll Taxes	68,612	63,311	(5,301)	77,344	8,732
Benefits	99,202	51,545	(47,657)	80,437	(18,765)
Retirement Costs	54,036	54,739	703	63,695	9,659
Total Personnel Expenses	\$ 986,753	\$ 928,847	\$ (57,906)	\$ 1,130,897	\$ 144,144
Meeting Expenses					
Meetings	\$ 368,020	\$ 278,668	\$ (89,352)	\$ 349,503	\$ (18,517)
Travel	141,000	162,264	21,264	141,600	600
Conference Calls	31,100	22,355	(8,745)	39,870	8,770
Total Meeting Expenses	\$ 540,120	\$ 463,287	\$ (76,833)	\$ 530,973	\$ (9,147)
Operating Expenses					
Consultants & Contracts	\$ 590,750	\$ 509,956	\$ (80,794)	\$ 70,000	\$ (520,750)
Office Rent	-	-	-	-	-
Office Costs	91,216	56,866	(34,350)	99,049	7,833
Professional Services	431,000	496,632	65,632	403,000	(28,000)
Miscellaneous	-	-	-	-	-
Depreciation	16,000	16,000	-	16,000	-
Total Operating Expenses	\$ 1,128,966	\$ 1,079,454	\$ (49,512)	\$ 588,049	\$ (540,917)
Total Direct Expenses	\$ 2,655,839	\$ 2,471,588	\$ (184,251)	\$ 2,249,919	\$ (405,920)
Indirect Expenses	\$ (2,533,439)	\$ (2,431,400)	\$ 102,039	\$ (2,163,228)	\$ 370,211
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 122,400	\$ 40,188	\$ (82,212)	\$ 86,691	\$ (35,709)
Change in Assets	\$ -	\$ 7,047	\$ 7,047	\$ -	\$ -
Fixed Assets					
Depreciation	(16,000)	(16,000)	-	(16,000)	-
Computer & Software CapEx	50,000	50,000	-	75,000	25,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (34,000)	\$ (34,000)	\$ -	\$ (59,000)	\$ (25,000)
Allocation of Fixed Assets	\$ 34,000	\$ 34,000	-	59,000	25,000
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ 7,047	\$ 7,047	\$ -	\$ -

General and Administrative

General and Administrative (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	16.7	16.9	0.2
Direct Expenses	\$ 6,273,771	\$ 5,078,221	\$ (1,195,550)
Inc(Dec) in Fixed Assets	\$ (817,000)	\$ (776,150)	\$ 40,850
Less: Other Funding Sources	\$ (354,000)	\$ -	\$ 354,000
Total Allocation to Statutory Programs as Indirect Expenses	\$ (5,919,771)	\$ (5,078,221)	\$ 841,550
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The purpose of the General and Administrative Program Area is to provide executive leadership to WECC, and to provide communications and administrative support for WECC staff, committees, and members. Additionally, indirect costs (i.e., Office Rent) that benefit multiple Program Areas are accounted for in this area.

2012 Key Assumptions

- Interest income is budgeted conservatively due to economic uncertainty and the financial markets.
- WECC will receive an exemption from Washington State income tax.

2012 Goals and Key Deliverables

- Provide executive leadership and strategic guidance for the activities undertaken by WECC.
- Improve the quality and efficiency of support provided to staff and members.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The General and Administrative Budget decreases primarily due to a budget reallocation of pooled benefit costs from Administration to the Human Resources budget and a reduction in insurance costs.

Funding Sources (Other than ERO Assessments)

- Interest revenue in the amount of \$300,000 is allocated to functional activities, based on FTEs. This revenue was previously budgeted in General and Administration.

Personnel Expenses

- Benefits decrease by \$446,000 due to the reallocation of budgeted amounts related to WECC's Health Reimbursement Arrangement from Administration to

Human Resources. This reallocation reflects more appropriately the functional responsibility for the WECC Benefit Plan.

- Salaries and associated payroll taxes and retirement costs are decreasing in net due to restructuring within the administrative function. There is a net increase of 0.2 FTE over 2011. Salary structures for the combined positions are resulting in a slightly lower overall salary budget.

Meeting Expenses

- Total Meeting Expenses increase by \$14,000 primarily due to an increase in travel. Also, WECC anticipates it will host Regional Entity meetings at its Salt Lake City facility.

Operating Expenses

- Consulting and Contracts increase by \$40,000 due to the inclusion of an annual Measures of Success survey used to determine WECC's effectiveness in communication with its membership, committees, and Board of Directors. Additionally, Consulting and Contracts increases due to the inclusion of a WECC Annual Review document and other communication services.
- Office Rent decreases by \$240,000 to better align with WECC's current lease agreements in Vancouver and Salt Lake City. Also, a portion of the Salt Lake City rent is being directly allocated to the Training function to better represent the space utilization of that function.
- Office Costs decrease by \$125,000 due to the elimination of estimated income tax liability associated with WECC's operations in Washington State. WECC has filed a request for exemption for this tax.
- Professional Services decrease by \$386,000, primarily due to a reduction of insurance coverage that was deemed appropriate by the WECC Board after a thorough review of risks and mitigating factors.

Indirect Expenses

- General and Administrative expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Depreciation decreases by \$41,000 to better align with depreciation levels in 2010 and fixed asset balances.

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
General and Administrative					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	350,000	47,389	(302,611)	-	(350,000)
Miscellaneous	4,000	1,826	(2,174)	-	(4,000)
Total Funding	\$ 354,000	\$ 49,215	\$ (304,785)	\$ -	\$ (354,000)
Expenses					
Personnel Expenses					
Salaries	\$ 2,031,849	\$ 2,621,638	\$ 589,789	\$ 2,030,913	\$ (936)
Payroll Taxes	140,522	128,521	(12,001)	139,972	(550)
Benefits	678,264	545,045	(133,219)	232,262	(446,002)
Retirement Costs	125,806	160,062	34,256	115,271	(10,535)
Total Personnel Expenses	\$ 2,976,441	\$ 3,455,266	\$ 478,825	\$ 2,518,417	\$ (458,024)
Meeting Expenses					
Meetings	\$ 2,000	\$ 2,337	\$ 337	\$ 4,290	\$ 2,290
Travel	122,000	143,559	21,559	130,120	8,120
Conference Calls	7,000	5,859	(1,141)	10,700	3,700
Total Meeting Expenses	\$ 131,000	\$ 151,755	\$ 20,755	\$ 145,110	\$ 14,110
Operating Expenses					
Consultants & Contracts	\$ 20,000	\$ 32,835	\$ 12,835	\$ 60,000	\$ 40,000
Office Rent	1,431,000	1,157,755	(273,245)	1,191,100	(239,900)
Office Costs	407,930	280,450	(127,480)	283,033	(124,897)
Professional Services	490,400	115,609	(374,791)	104,411	(385,989)
Miscellaneous	-	-	-	-	-
Depreciation	817,000	817,000	-	776,150	(40,850)
Total Operating Expenses	\$ 3,166,330	\$ 2,403,649	\$ (762,681)	\$ 2,414,694	\$ (751,636)
Total Direct Expenses	\$ 6,273,771	\$ 6,010,670	\$ (263,101)	\$ 5,078,221	\$ (1,195,550)
Indirect Expenses	\$ (5,919,771)	\$ (5,961,455)	\$ (41,684)	\$ (5,078,221)	\$ 841,550
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 354,000	\$ 49,215	\$ (304,785)	\$ -	\$ (354,000)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	(817,000)	(817,000)	-	(776,150)	40,850
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	27,085	27,085	-	-
(Incr)Dec in Fixed Assets	\$ 817,000	\$ 789,915	\$ (27,085)	\$ 776,150	\$ (40,850)
Allocation of Fixed Assets	\$ (817,000)	\$ (789,915)	\$ 27,085	(776,150)	40,850
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	11.0	9.6	(1.4)
Direct Expenses	\$ 1,794,997	\$ 1,727,347	\$ (67,650)
Inc(Dec) in Fixed Assets	\$ -	\$ 20,000	\$ 20,000
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ (1,794,997)	\$ (1,727,347)	\$ 67,650
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Legal Department provides coordinated legal services to the WECC Board, committees, and staff. In addition, the department provides consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The Legal Department also develops specific subject matter expertise to further assist WECC with its legal needs. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the General Counsel and Legal Department. WECC senior management and the General Counsel will determine when outside legal assistance is required.

WECC's international operations and its broad scope of activities require significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many of conflicts prohibiting the use of law firms with energy practices.

2012 Key Assumptions

- WECC will maintain the scope of its current operations. However, the operating environment may change in the event of unanticipated direction from FERC, NERC, or both.

2012 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the WECC Board, committees, and staff through a combination of in-house and outside resources.
- Update and advise the WECC Board and CEO on pending legal issues.
- Advise WECC departments on specified legal matters and general matters relating to WECC business.
- Provide legal support to the WECC Compliance Department and facilitate processing of possible and alleged violations.
- Represent WECC in legal and regulatory proceedings.

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- Review and advise WECC business units on draft agreements.
 - Improve tracking for development of WECC regulatory policies.
 - Implement a corporate records management system.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses decrease by \$23,000 due to the reduction of 1.4 FTEs, net salary increases for existing personnel. One FTE has been transferred to the Situational Awareness and Infrastructure Security budget. The remaining 0.4 FTE will not be filled due a restructuring of the Legal department.

Meeting Expenses

- Total Meeting Expenses decrease \$12,000 due to increased use of WECC meeting facilities.

Operating Expenses

- Office Costs decrease by \$19,000 to better align with 2010 actual costs.
- Professional Services decrease by \$15,000 due to increased use of in-house legal counsel.

Indirect Expenses

- Legal and Regulatory expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures increase by \$20,000 for the purchase of a corporate records management system.

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Legal and Regulatory					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 1,141,000	\$ 803,043	\$ (337,957)	\$ 1,143,740	\$ 2,740
Payroll Taxes	102,690	71,151	(31,539)	94,193	(8,497)
Benefits	134,437	104,373	(30,064)	119,983	(14,454)
Retirement Costs	79,870	53,269	(26,601)	77,571	(2,299)
Total Personnel Expenses	\$ 1,457,997	\$ 1,031,836	\$ (426,161)	\$ 1,435,487	\$ (22,510)
Meeting Expenses					
Meetings	\$ 12,000	\$ -	\$ (12,000)	\$ -	\$ (12,000)
Travel	87,000	87,000	-	88,000	1,000
Conference Calls	3,000	861	(2,139)	2,500	(500)
Total Meeting Expenses	\$ 102,000	\$ 87,861	\$ (14,139)	\$ 90,500	\$ (11,500)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	85,000	39,941	(45,059)	66,360	(18,640)
Professional Services	150,000	116,108	(33,892)	135,000	(15,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 235,000	\$ 156,049	\$ (78,951)	\$ 201,360	\$ (33,640)
Total Direct Expenses	\$ 1,794,997	\$ 1,275,746	\$ (519,251)	\$ 1,727,347	\$ (67,650)
Indirect Expenses	\$ (1,794,997)	\$ (1,275,746)	\$ 519,251	\$ (1,727,347)	\$ 67,650
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ (0)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	20,000	20,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ (20,000)	\$ (20,000)
Allocation of Fixed Assets	-	\$ -	\$ -	20,000	20,000
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)

Information Technology

Information Technology (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	5.7	6.8	1.1
Direct Expenses	\$ 1,187,179	\$ 1,619,642	\$ 432,463
Inc(Dec) in Fixed Assets	\$ 7,000	\$ (51,900)	\$ (58,900)
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ (1,187,179)	\$ (1,619,642)	\$ (432,463)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC's Information Technology (IT) department provides support, ensures compliance, and develops solutions for the technical and operational needs of the organization. Support services include corporate data storage, network infrastructure, email, telephone systems, and Inter- and Intranet websites. In addition, the IT department provides expertise to ensure compliance to industry best practices, and manages the evolving requirements for NERC "Agreed Upon Procedures" (AUP) and CIP regulations. Lastly, IT is responsible for working directly with the business units to leverage technology resources to build efficient processes, procedures, and operations. This may involve in-house development projects as well as managing vendor contracts.

2012 Key Assumptions

- WECC will maintain compliance with industry best practices on security and data protection, as well as the evolving NERC AUPs. As a result, WECC will require increased storage management, processes, and network infrastructure.
- Technology will be a key focus in developing new, more efficient business processes that will support collaboration, elimination of duplicate work, and streamline information flow.
- Entities required to exchange data with WECC will demand greater ease of use, clearer communication, and the latest in security assurances.

2012 Goals and Key Deliverables

- Provide systems support and technology solutions that ensure reliability and security of critical IT infrastructure.
- Develop and implement Policies and Procedures to enforce best practices across the organization.
- Align IT as a strategic partner in accomplishing business goals and objectives.

Funding Sources and Requirements — Explanation of Increase (Decrease)**Funding Sources (Other than ERO Assessments)**

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by \$123,000 due to the addition of 1.1 FTE.

Meeting Expenses

- Conference Calls increase by \$6,000 due to the centralization of billings related to video and conference bridging for meetings.

Operating Expenses

- Office Costs increase by \$280,000 due an increase in the need to refresh small computer equipment and software licenses that correspond with an increase in employees. Also, Office Costs increase due to costs associated with increased high-speed Internet connection bandwidth, firewall configurations and security configurations.
- Depreciation increases by \$28,000 to align with 2010 depreciation and an increase in fixed assets.

Indirect Expenses

- Information Technology expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenses decrease by \$50,000 due to fewer anticipated renewals of large software licensing contracts in 2012.
- Equipment capital expenses increase by \$19,000 due to anticipated replacements of large computer equipment.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Information Technology					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 536,401	\$ 352,300	\$ (184,101)	\$ 636,736	\$ 100,335
Payroll Taxes	48,276	31,468	(16,808)	54,142	5,866
Benefits	73,304	70,619	(2,685)	83,276	9,972
Retirement Costs	37,548	21,145	(16,403)	44,588	7,040
Total Personnel Expenses	\$ 695,529	\$ 475,532	\$ (219,997)	\$ 818,742	\$ 123,213
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	10,000	5,909	(4,091)	10,000	-
Conference Calls	-	3,563	3,563	6,000	6,000
Total Meeting Expenses	\$ 10,000	\$ 9,472	\$ (528)	\$ 16,000	\$ 6,000
Operating Expenses					
Consultants & Contracts	\$ 20,000	\$ -	\$ (20,000)	\$ 15,000	\$ (5,000)
Office Rent	-	963	963	-	-
Office Costs	368,650	417,514	48,864	649,000	280,350
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	93,000	93,000	-	120,900	27,900
Total Operating Expenses	\$ 481,650	\$ 511,477	\$ 29,827	\$ 784,900	\$ 303,250
Total Direct Expenses	\$ 1,187,179	\$ 996,481	\$ (190,698)	\$ 1,619,642	\$ 432,463
Indirect Expenses	\$ (1,187,179)	\$ (996,481)	\$ 190,698	\$ (1,619,642)	\$ (432,463)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ (0)
Fixed Assets					
Depreciation	(93,000)	(93,000)	-	(120,900)	(27,900)
Computer & Software CapEx	100,000	198,752	98,752	75,000	(25,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	(6,000)	(6,000)
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (7,000)	\$ (105,752)	\$ (98,752)	\$ 51,900	\$ 58,900
Allocation of Fixed Assets	\$ 7,000	\$ 105,752	\$ 98,752	(51,900)	\$ (58,900)
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)

Human Resources

Human Resources (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	4.0	3.0	(1.0)
Direct Expenses	\$ 636,934	\$ 974,434	\$ 337,500
Inc(Dec) in Fixed Assets	\$ -	\$ 20,000	\$ 20,000
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ (636,934)	\$ (974,434)	\$ (337,500)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The department is responsible for the delivery of all Human Resource functions across the three WECC offices, including: recruitment, staffing, compensation, benefits, employee relations, performance management, and employee training and development.

2012 Key Assumptions

- WECC's staffing level will continue to increase during 2012 with the addition of 11 headcount.
- Competition for talent will increase due to the economic crisis turnaround and an increasing percentage of the utility talent pool being eligible for retirement. Consequently, as the talent pool compresses, salary and benefit pressures increase.
- Retention and competitive compensation of key individuals will continue to be critical.
- Succession planning, employee development, and training are vital to ensuring that WECC maintains a skilled, qualified workforce.

2012 Goals and Key Deliverables

- Manage health and welfare benefits to deliver an attractive benefit package to employees while managing overall costs to the organization.
- Develop a competitive compensation strategy and educate management on compensation philosophies to enhance recruitment efforts and retain skilled and talented employees.
- Track and monitor turnover rates: gather feedback to determine cause of turnover and, when appropriate, take action to improve (lessen) turnover rate.
- Continue to develop and enhance management development and training programs.

- Research, purchase, and implement an integrated Human Resource Information System (HRIS)/payroll system to streamline processes between departments and minimize the risk of errors and duplication of work.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The Human Resources budget increases, primarily due to a budget reallocation of pooled benefit costs from Administration to the Human Resources Department.

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salary Expenses decrease by \$185,000 due to the elimination of one FTE resulting from restructuring to gain efficiencies in the department.
- Payroll Taxes and Retirement Costs are related to Salary Expense and decrease as a result of the elimination of one FTE.
- Benefits increase by \$507,000 due in part to the budget reallocation of pooled benefit costs previously included in the Administration budget. The additional increase is the result of an increase in overall FTE at WECC.

Meeting Expenses

- Total Meeting Expenses decrease by \$3,000 primarily due to the elimination of one FTE.

Operating Expenses

- Consultants and Contractors increase by \$21,000 due to the anticipated compensation benchmarking project and to assist in the implementation of a combined HRIS/payroll system.
- Office Costs increase by \$22,000 due to anticipated increases in job posting, drug testing, and background checks.
- Professional Services increase by \$2,000 due to anticipated legal costs associated with personnel matters.

Indirect Expenses

- Human Resource expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures are increasing by \$20,000 for the purchase of a combined HRIS/Payroll system.

Human Resources

Funding sources and related expenses for the Human Resources section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Human Resources					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 430,303	\$ 219,786	\$ (210,517)	\$ 244,954	\$ (185,349)
Payroll Taxes	36,027	18,914	(17,113)	20,702	(15,325)
Benefits	61,623	52,424	(9,199)	569,100	507,477
Retirement Costs	33,021	13,580	(19,441)	22,048	(10,973)
Total Personnel Expenses	<u>\$ 560,974</u>	<u>\$ 304,704</u>	<u>\$ (256,270)</u>	<u>\$ 856,804</u>	<u>\$ 295,830</u>
Meeting Expenses					
Meetings	\$ -	\$ 4,502	\$ 4,502	\$ -	\$ -
Travel	20,000	28,267	8,267	15,000	(5,000)
Conference Calls	-	799	799	2,000	2,000
Total Meeting Expenses	<u>\$ 20,000</u>	<u>\$ 33,568</u>	<u>\$ 13,568</u>	<u>\$ 17,000</u>	<u>\$ (3,000)</u>
Operating Expenses					
Consultants & Contracts	\$ 9,000	\$ 9,000	\$ -	\$ 30,000	\$ 21,000
Office Rent	-	397	397	-	-
Office Costs	38,960	40,692	1,732	60,630	21,670
Professional Services	8,000	27,420	19,420	10,000	2,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 55,960</u>	<u>\$ 77,509</u>	<u>\$ 21,549</u>	<u>\$ 100,630</u>	<u>\$ 44,670</u>
Total Direct Expenses	<u>\$ 636,934</u>	<u>\$ 415,781</u>	<u>\$ (221,153)</u>	<u>\$ 974,434</u>	<u>\$ 337,500</u>
Indirect Expenses	<u>\$ (636,934)</u>	<u>\$ (415,781)</u>	<u>\$ 221,153</u>	<u>\$ (974,434)</u>	<u>\$ (337,500)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	20,000	20,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	20,000	20,000
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	4.0	4.0	-
Direct Expenses	\$ 414,658	\$ 457,748	\$ 43,090
Inc(Dec) in Fixed Assets	\$ -	\$ 20,000	\$ 20,000
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ (414,658)	\$ (457,748)	\$ (43,090)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Finance and Accounting Department provides accounting, accounts payable, billing, accounts receivable, budgeting, fixed asset management, and payroll services to WECC. This function also produces all financial reports and acts as a liaison with WECC's external financial auditors.

2012 Key Assumptions

- WECC's continued growth will increase the demands placed on the accounting function.

2012 Goals and Key Deliverables

- Draft and implement financial policies.
- Improve financial reporting to WECC management and external stakeholders.
- Identify and implement efficiencies in financial processes.
- Ensure WECC has strong internal controls designed to protect the organization's assets and ensure accurate financial reporting.
- Develop a budget to address the risks created by the uncertain operating environment.
- Implement a combined Human Resources Information System (HRIS)/Payroll system to better streamline communication between the two functions.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel expenses increase by \$22,000 as a result of positions being redefined to better address the finance requirements of WECC.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants and Contractors increase by \$3,000 due to the implementation of a combined HRIS/Payroll system.
- Office Costs increase by \$14,000 due to fees related to WECC's payroll processing service and software license fees.
- Professional Services increase by \$3,800 due to additional audit and tax services.

Indirect Expenses

- Finance and Accounting expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenditures are increasing by \$20,000 for the purchase of a combined HRIS/Payroll system.

U.S. DOE Grants

The 2012 RTEP and WISP budgets include salary and benefits for a grant accountant. The expenses for the grant accountant are charged directly to the programs funded by the DOE grants and to the direct costs of the Statutory Programs, not to the Finance and Accounting Department. Therefore, this position and the related expenses are included in the budget and FTE count within the Reliability Assessment and Performance Analysis and the Situation Awareness and Infrastructure Security budgets.

Finance and Accounting

Funding sources and related expenses for the Finance and Accounting section of the 2012 Business Plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2011 Budget & Projection, and 2012 Budget					
Finance and Accounting					
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 254,812	\$ 269,170	\$ 14,358	\$ 276,500	\$ 21,688
Payroll Taxes	22,933	28,658	5,725	22,379	(554)
Benefits	45,657	32,817	(12,840)	45,829	172
Retirement Costs	17,836	22,483	4,647	18,430	594
Total Personnel Expenses	<u>\$ 341,238</u>	<u>\$ 353,128</u>	<u>\$ 11,890</u>	<u>\$ 363,138</u>	<u>\$ 21,900</u>
Meeting Expenses					
Meetings	\$ -	\$ 130	\$ 130	\$ -	\$ -
Travel	9,000	8,668	(332)	9,300	300
Conference Calls	120	601	481	600	480
Total Meeting Expenses	<u>\$ 9,120</u>	<u>\$ 9,399</u>	<u>\$ 279</u>	<u>\$ 9,900</u>	<u>\$ 780</u>
Operating Expenses					
Consultants & Contracts	\$ 2,000	\$ 2,000	\$ -	\$ 5,000	\$ 3,000
Office Rent	-	167	167	-	-
Office Costs	19,300	45,986	26,686	32,910	13,610
Professional Services	43,000	43,550	550	46,800	3,800
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 64,300</u>	<u>\$ 91,703</u>	<u>\$ 27,403</u>	<u>\$ 84,710</u>	<u>\$ 20,410</u>
Total Direct Expenses	<u>\$ 414,658</u>	<u>\$ 454,230</u>	<u>\$ 39,572</u>	<u>\$ 457,748</u>	<u>\$ 43,090</u>
Indirect Expenses	<u>\$ (414,658)</u>	<u>\$ (454,230)</u>	<u>\$ (39,572)</u>	<u>\$ (457,748)</u>	<u>\$ (43,090)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	20,000	20,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	20,000	20,000
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>

Section B – Supplemental Financial Information 2012 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2011-2012	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2010	7,587,826
Plus: 2011 WECC Funding (from LSEs or designees)	37,915,529
Plus: 2011 Other funding sources	21,016,392
Less: 2011 Projected expenses & capital expenditures	(56,768,780)
Projected Working Capital Reserve (Deficit), December 31, 2011	<u>9,750,967</u>
Desired Working Capital Reserve, December 31, 2012	² 9,750,967
Less: Projected Working Capital Reserve, December 31, 2011	(9,750,967)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>0</u>
2012 Expenses and Capital Expenditures	67,969,167
Less: Penalty Sanctions ¹	(2,256,023)
Less: Other Funding Sources	(28,735,653)
Adjustment to achieve desired Working Capital Reserve	-
2012 WECC Assessment	<u>36,977,492</u>

¹ Represents collections between July 1, 2010 and June 30, 2011.

² On June 22, 2011, the WECC Board of Directors approved this reserve level.

WECC's working capital reserve balance has increased due to the following:

- In the 2011 working capital reserve calculations, a portion of WECC's investments were categorized as long term. As such, they were not included in the working capital reserve balance. These are investments in long-term treasury bonds and corporate bonds. However, because they are highly liquid and fit the GAAP definition of a short-term investment, WECC has reclassified them as short term.
- WECC's Board of Directors has approved a working capital reserve balance equal to three months of WECC funding requirements. Without WECC's grant activities, this amounts to a desired statutory working capital reserve balance of \$9.8 million. WECC's current statutory working capital reserve does not meet this desired level; however, WECC does have over \$6 million in non-statutory reserves from which it can borrow if needed to support statutory activities.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 9. All significant variances have been disclosed by program area in the preceding pages.

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 prior to June 30, 2011 will be used to offset assessments in the 2012 WECC Budget. Penalty monies received from July 1, 2011 through June 30, 2012 will be used to offset assessments in the 2013 Budget.

All penalty monies received prior to June 30, 2011 are detailed below, including the amount and the date received.

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

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

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

In this budget, and in subsequent budgets as necessary, WECC proposes using penalty monies collected from U.S. registered entities within the Western Interconnection to pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards or WECC regional reliability standards. This will ensure that only U.S. entities contribute to the payment of WECC registered function penalties paid to NERC and/or FERC under Section 215 of the Federal Power Act.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2011			
Date Received	Amount Received	Date Received	Amount Received
7/19/2010	\$ 26,000	2/9/2011	10,000
7/26/2010	44,500	2/11/2011	10,000
7/28/2010	35,000	2/16/2011	55,000
8/2/2010	5,000	2/23/2011	3,000
8/2/2010	20,000	2/24/2011	80,000
8/13/2010	8,000	2/28/2011	38,500
8/16/2010	7,000	3/14/2011	12,500
8/19/2010	30,000	3/15/2011	15,000
8/26/2010	59,500	3/15/2011	6,000
9/8/2010	3,000	3/21/2011	6,500
9/10/2010	30,000	4/1/2011	5,000
9/13/2010	20,000	4/8/2011	80,000
9/23/2010	30,000	4/12/2011	450,000
9/28/2010	109,000	4/13/2011	17,500
10/29/2010	35,000	4/18/2011	18,000
11/8/2010	225,000	4/22/2011	7,000
11/9/2010	1,000	4/25/2011	3,000
11/15/2010	30,000	4/25/2011	3,000
11/19/2010	1,000	4/25/2011	3,000
11/19/2010	70,000	4/28/2011	3,000
11/22/2010	106,000	4/28/2011	94,000
11/22/2010	12,000	4/28/2011	3,000
11/29/2010	31,000	5/27/2011	11,900
11/29/2010	4,800	5/27/2011	2,000
11/29/2010	12,500	5/16/2011	23,223
12/1/2010	7,500	5/31/2011	60,000
12/2/2010	4,000	5/31/2011	13,000
12/6/2010	9,000	5/12/2011	27,000
12/20/2010	8,000	5/26/2011	14,500
12/20/2010	26,000	5/26/2011	106,000
12/27/2010	12,000	5/26/2011	25,100
12/27/2010	10,000	6/2/2011	35,000
1/5/2011	12,000	6/8/2011	26,000
1/10/2011	27,000	6/8/2011	31,000
1/10/2011	39,000	5/23/2011	7,500
1/11/2011	8,000	5/23/2011	6,000
1/13/2011	2,000	6/13/2011	16,500
1/21/2011	28,000	6/13/2011	89,000
1/24/2011	50,000	6/16/2011	35,000
1/24/2011	4,000		
2/2/2011	1,000		
2/4/2011	15,000		
2/7/2011	10,000		
2/7/2011	25,000		
2/8/2011	1,500		
		Total Penalties Received	\$ 2,706,023
		Withheld for registered function penalties *	(450,000)
		Net Penalties to Offset Assessments	\$ 2,256,023

* Amount withheld to pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards or WECC regional reliability standards.

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget
Reliability Standards				
Interest	\$ -	\$ -	\$ 7,063	\$ 7,063
Miscellaneous	-	-	235	235
Total	\$ -	\$ -	\$ 7,298	\$ 7,298
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ 254,000	\$ 368,128	\$ 396,875	\$ 142,875
Interest	-	-	103,296	103,296
Miscellaneous	-	-	3,443	3,443
Total	\$ 254,000	\$ 368,128	\$ 503,614	\$ 249,614
Reliability Assessment and Performance Analysis				
Federal Grants	\$ 3,831,541	\$ 3,936,016	\$ 2,884,940	\$ (946,601)
Interest	-	-	37,345	37,345
Miscellaneous	-	-	1,245	1,245
Total	\$ 3,831,541	\$ 3,936,016	\$ 2,923,531	\$ (946,601)
Training and Education				
Workshops	\$ 749,650	\$ 505,140	\$ 606,600	\$ (143,050)
Interest	-	-	2,649	2,649
Miscellaneous	-	-	88	88
Total	\$ 749,650	\$ 505,140	\$ 609,337	\$ (140,313)
Situation Awareness and Infrastructure Security				
Federal Grants	\$ 24,112,680	\$ 15,275,008	\$ 24,459,669	\$ 346,989
Interest	-	-	140,818	140,818
Miscellaneous	-	-	4,694	4,694
Total	\$ 24,112,680	\$ 15,275,008	\$ 24,605,181	\$ 492,501
Technical Committees and Member Forums				
Total	\$ 122,400	\$ 47,235	\$ 86,691	\$ (35,709)
General and Administrative				
Interest	\$ 350,000	\$ 47,389	\$ -	\$ (350,000)
Miscellaneous	4,000	1,826	-	(4,000)
Total	\$ 354,000	\$ 49,215	\$ -	\$ (354,000)
Total Outside Funding	\$ 29,424,271	\$ 20,180,742	\$ 28,735,653	\$ (727,209)

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

WECC anticipates its investments will earn approximately \$300,000 in 2011, which represents a decrease of \$50,000 due to more conservative estimates. This revenue is allocated to the Statutory Programs based on FTE.

Compliance Monitoring, Enforcement and Organization Registration

- An increase of \$143,000 in workshop revenue is anticipated in 2012 due to the increased demand and attendance at the CUG and CIPUG meetings.

Reliability Assessment and Performance Analysis

- Revenues from the RTEP grant are expected to decrease by \$947,000 as a result of decreased associated costs.

Training and Education

- Workshop revenue decreases by \$143,000 due to the reduction in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions.

Situation Awareness and Infrastructure Security

- WECC will receive \$24.5 million in DOE grant funding for WISP. This represents an increase of \$347,000 over 2011. The funds directly offset increases in expenditures related to the WISP project.

General and Administrative

- Miscellaneous funding increases by \$6,000 to align with 2010 levels of funding.
-

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Salaries					
Salaries	\$ 21,383,416	\$ 19,869,952	\$ 22,416,470	\$ 1,033,054	4.8%
Employment Agency Fees	105,000	-	-	(105,000)	-100.0%
Temporary Office Services	66,500	100,023	24,320	(42,180)	-63.4%
Total Salaries	\$ 21,554,916	\$ 19,969,975	\$ 22,440,790	\$ 885,874	4.1%
Total Payroll Taxes					
	\$ 1,882,449	\$ 1,527,696	\$ 1,832,322	\$ (50,127)	-2.7%
Benefits					
Workers Compensation	\$ 30,000	\$ 16,549	\$ 22,000	\$ (8,000)	-26.7%
Medical Insurance	2,406,026	1,893,529	2,350,120	(55,906)	-2.3%
Life-LTD-STD Insurance	199,424	139,039	244,805	45,381	22.8%
Education	338,100	248,226	434,000	95,900	28.4%
Relocation	60,000	56,879	152,000	92,000	153.3%
Other	16,000	2,631	17,500	1,500	9.4%
Total Benefits	\$ 3,049,550	\$ 2,356,853	\$ 3,220,425	\$ 170,875	5.6%
Retirement					
Discretionary 401k Contribution	\$ 1,481,665	\$ 1,300,954	\$ 1,525,323	\$ 43,658	2.9%
Savings Plan	-	-	-	-	-
Total Retirement	\$ 1,481,665	\$ 1,300,954	\$ 1,525,323	\$ 43,658	2.9%
Total Personnel Costs					
	\$ 27,968,580	\$ 25,155,478	\$ 29,018,860	\$ 1,050,280	3.8%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Salaries

- Salaries increase by \$1 million primarily due to the addition of 5.3 FTEs as discussed in the previous sections.
- Employment Agency Fees decrease by \$105,000 due to the completion of WECC's Chief Executive Officer executive search.
- Temporary Office Services decrease by \$42,000 due to slower personnel growth and anticipated lower levels of reliance on temporary services.

Payroll Taxes

- Payroll Taxes decrease due to a more conservative budget assumption related to payroll taxes that more accurately aligns with actual costs experienced in 2010.

Benefits

- Workers' Compensation decreases by \$8,000 to more closely reflect 2010 actual expenditure and anticipated 2012 expenditures.
- Medical Insurance decreases by \$56,000 to more closely reflect 2010 actual utilization of WECC's Healthcare Reimbursement Arrangement.
- Life-LTD-STD Insurance increases due to the addition of FTE.

- Education increases by \$96,000 due to increased training requirements for the Compliance and RC functions. Also WECC implemented a tuition reimbursement program that results in \$42,000 of this increase.
- Relocation increases by \$92,000 to more closely reflect projected costs to relocate new recruits to WECC locations.

Retirement

- 401k contributions increase by \$44,000 due to the addition of 5.3 FTEs in 2012.

Consultants and Contracts

Table B-5

Consultants	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Consultants					
Reliability Standards	\$ 2,400	\$ 720	\$ -	\$ (2,400)	-1
Compliance and Organization Registration and Certification	100,000	742,749	45,000	(55,000)	-55%
Reliability Assessment and Performance Analysis	2,195,076	1,957,627	1,826,000	(369,076)	-17%
Training and Education	58,000	147,893	81,000	23,000	40%
Situation Awareness and Infrastructure Security	5,822,583	3,076,133	6,623,570	800,987	14%
Committee and Member Forums	590,750	509,956	70,000	(520,750)	-88%
General and Administrative	20,000	32,835	60,000	40,000	200%
Legal and Regulatory	-	-	-	-	-
Information Technology	20,000	-	15,000	(5,000)	-25%
Human Resources	9,000	9,000	30,000	21,000	233%
Accounting and Finance	2,000	2,000	5,000	3,000	1.5
Consultants Total	\$ 8,819,809	\$ 6,478,913	\$ 8,755,570	\$ (64,239)	-1%
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance and Organization Registration and Certification	582,500	1,106,589	530,000	(52,500)	-9%
Reliability Readiness Evaluation and Improvement	-	-	-	-	-
Reliability Assessment and Performance Analysis	1,119,296	900,000	891,516	(227,780)	-20%
Training and Education	-	-	-	-	-
Situation Awareness and Infrastructure Security	9,000,000	5,433,258	9,621,886	621,886	7%
Committee and Member Forums	-	-	-	-	-
General and Administrative	-	-	-	-	-
Legal and Regulatory	-	-	-	-	-
Information Technology	-	-	-	-	-
Human Resources	-	-	-	-	-
Accounting and Finance	-	-	-	-	-
Contracts Total	\$ 10,701,796	\$ 7,439,847	\$ 11,043,402	\$ 341,606	3%
Total Consulting and Contracts	\$ 19,521,605	\$ 13,918,760	\$ 19,798,972	\$ 277,367	1%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Consultants

- Compliance and Organization Registration and Certification decrease by \$55,000 due to the hiring of staff to undertake tasks previously performed by consultants.
- Reliability Assessment and Performance Analysis Consultants decrease by \$369,000 due to the planned winding down of analytical activities associated with RTEP project.
- Training and Education Consultants increase by \$23,000 due to an increased use of consultants to conduct training sessions. This increase is offset by a decrease in Personnel Expenses.
- Situation Awareness Consultants increases by \$801,000, due to increased activity associated with WISP.
- Committee and Member Forums Consultants decrease by \$521,000 in part due to the completion of the cost-benefit analysis of the EDT. This analysis was included in the 2011 budget for \$450,000 and is expected to be completed in 2011. The remaining Consultants and Contracts decreases are due to WECC staff performing functions previously performed by consultants.

- General and Administrative Consultants increase by \$40,000 due to the inclusion of the annual Measures of Success survey associated with the WECC 2010-2012 Strategic Plan. Additionally, Consulting increases due to the inclusion of a WECC Annual Review document and other communication services.
- Information Technology Consultants decrease \$5,000 due to the addition of 1.1 FTEs in IT.
- Human Resources Consultants increase by \$21,000 due to the anticipated compensation benchmarking project and to assist in the implementation of an integrated HRIS/payroll system
- Accounting and Finance increases by \$3,000 to assist in the implementation of an integrated HRIS/payroll system.

Contracts

- Compliance, and Organization Registration and Certification contracts decrease by \$52,000 due to the hiring of staff to undertake tasks previously performed by contractors.
- Reliability Assessment and Situation Awareness contracts are part of the RTEP and WISP grants, and represent sub-recipient contracts.

Office Rent

Table B-6

Office Rent	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Office Rent	\$ 1,846,000	\$ 1,571,359	\$ 1,784,259	(61,741)	13.55%
Utilities	24,000	18,157	25,000	1,000	37.69%
Maintenance	263,000	34,740	263,200	200	657.63%
Security	20,000	11,196	20,700	700	84.89%
Total Office Rent	\$ 2,153,000	\$ 1,635,452	\$ 2,093,159	\$ (59,841)	27.99%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Office Rent decreases by \$62,000, to better align with WECC's current lease agreements in Vancouver and Salt Lake City.

Office Costs

Table B-7

Office Costs	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012 Budget v 2011 Budget	Variance %
Telephone	\$ 271,476	\$ 186,582	\$ 269,696	\$ (1,780)	44.55%
Internet	898,131	451,805	766,330	(131,801)	69.62%
Office Supplies	172,831	188,936	214,410	41,579	13.48%
Computer Supplies and Maintenance	3,094,710	3,223,203	4,315,854	1,221,144	33.90%
Publications & Subscriptions	14,600	23,543	54,700	40,100	132.34%
Dues and Fees	130,900	100,242	93,603	(37,297)	-6.62%
Postage	9,200	7,405	9,180	(20)	23.97%
Express Shipping	78,645	19,763	52,313	(26,332)	164.70%
Copying	151,900	61,977	199,800	47,900	222.38%
Bank Charges	55,200	80,616	59,800	4,600	-25.82%
Taxes	155,000	12,997	-	(155,000)	-100.00%
Total Office Costs	\$ 5,032,593	\$ 4,357,069	\$ 6,035,686	\$ 1,003,093	38.53%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Internet expenses decrease by a net \$132,000 due to the combination of a reduction of \$315,000 in costs previously budgeted as Internet expenses in 2011, which are now more appropriately included in Computer Supplies and Maintenance, and an increase of \$192,000 due to increased bandwidth needs related to the RC function.
- Office Supplies increase by \$42,000 to more closely reflect 2010 actual results and anticipated 2012 expenditures based on staffing levels.
- Computer Supplies and Maintenance increases by \$1.2 million due to the inclusion of \$315,000 cost previously budgeted as Internet expenses in 2011, but which are now more appropriately included in Computer Supplies and Maintenance. The remaining increase is primarily due to increased procurement of small computer equipment and license purchases associated with WISP.
- Publications and Subscriptions increase by \$40,000 to more closely reflect 2010 actual results and anticipated 2011 expenditures.
- Dues and fees decrease by \$37,000 to more closely reflect 2010 actual results and anticipated 2012 expenditures.
- Copying increases by \$48,000 primarily due to new equipment leases.
- Express Shipping decreases by \$26,000 due to increased use of electronic communication between WECC's three locations rather than express shipping of documents.
- Taxes decrease by \$155,000 due to WECC's expectation that it will receive an exemption for income taxes in the State of Washington.

Professional Services

Table B-8

Professional Services	Budget 2011	Projection 2011	Budget 2012	Variance	
				2012Budget v 2011 Budget	Variance %
Independent Trustee Fees	\$ 375,000	\$ 396,499	\$ 477,750	\$ 102,750	20.49%
Outside Legal	309,500	233,513	316,000	6,500	35.32%
Accounting & Auditing Fees	42,500	55,550	46,800	4,300	-15.75%
Insurance Commercial	475,400	115,609	94,411	(380,989)	-18.34%
Total Services	\$ 1,202,400	\$ 801,171	\$ 934,961	\$ (267,439)	16.70%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

Independent Trustee Fees

- Independent Trustee Fees increase by \$81,000 to more closely reflect 2010 actual results and anticipated 2012 expenditures.

Outside Legal

- Outside Legal increases by \$6,500 due to anticipated expenses associated with the preparation and response to the Compliance audit of the RC function in 2012.

Insurance Commercial

- Insurance Commercial decreases by \$381,000 due to a reduction in the amount of coverage provided under the policy.

Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2011	Projection 2011	Budget 2012	Variance	
				2011 Budget v 2011 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

- Not applicable

Section C – Non-Statutory Activities 2012 Business Plan and Budget

Section C — 2012 Non-Statutory Business Plan and Budget

Non-Statutory Activities (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	5.0	5.0	-
Direct Expenses	1,164,227	1,148,257	(15,970)
Indirect Expenses	413,843	385,883	(27,960)
Inc(Dec) in Fixed Assets	-	6,000	6,000
Total Funding Requirement	1,578,070	1,540,140	(37,930)

Non-Statutory Functional Scope

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed through a collaborative process between the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants over a period of more than three years. WREGIS is governed by a seven-member committee, consisting of representatives from various stakeholder groups. WECC is the administrative home of WREGIS.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. "Backstop" funding is provided by the CEC pursuant to a contract between the CEC and WECC.

WREGIS consists of two parts: the information system software and the administrative operations housed at WECC. The WREGIS staff oversees the software contractor and performs all of the administrative tasks required to operate the program including: registering account holders and generation units; training WREGIS users; and managing the budgeting, billing, and financial reporting.

WREGIS operates on a fiscal year beginning October 1. WREGIS' budget has been converted to a calendar year for the purposes of WECC's 2012 Business Plan and Budget.

Major 2012 Assumptions and Cost Impacts

The CEC is a financial backstop for WREGIS to the extent that other funding sources are insufficient. This support ends on March 30, 2012, by which time it is expected that WREGIS will be fully self-funded. WREGIS has been self-funded since 2009 for all administrative operations and for software costs since 2010.

2012 Primary Goals and Objectives

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- WREGIS account holders pay an initial registration fee and annual renewal fees. Amounts vary by the size and category of the account holder.
- Volumetric-based fees are assessed when RECs are traded, retired, reserved, or transferred.
- The CEC provides back-up funding for WREGIS if other funding sources are insufficient. This support ends in 2012, by which time it is expected that WREGIS will be fully self-funded.
- Under most circumstances nominal fees are charged for users who attend training.

Personnel Expenses

- Personnel Expenses are decreasing by \$14,000 due to adjustments in benefit assumptions to more accurately reflect utilization of benefits programs and 2010 expenditure levels.

Meeting Expenses

- Meeting Expenses remain flat.

Operating Expenses

- Consultants and Contracts decrease by \$38,000 due to increased utilization of current employees for work previously performed by consultants.
- Office Costs increase by \$36,000 due to an increased number of change control requests related to the modification of the software used by WREGIS.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The WREGIS allocation decreases due to a decrease in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Fixed assets increase by \$6,000 due to the refresh of the WREGIS server.

2011 Budget and Projection and 2012 Budget Comparisons

Statement of Activities and Capital Expenditures
2011 Budget & Projection, and 2012 Budget

NON-STATUTORY

	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues/Non-statutory Assessments	1,565,590	1,617,438	51,848	1,800,000	234,410
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	12,480	1,185	(11,295)	10,000	(2,480)
Interest	-	-	-	8,829	8,829
Miscellaneous	-	38,205	38,205	294	294
Total Funding	\$ 1,578,070	\$ 1,656,828	\$ 78,758	\$ 1,819,123	\$ 241,053
Expenses					
Personnel Expenses					
Salaries	\$ 355,846	\$ 256,430	\$ (99,416)	\$ 356,373	\$ 527
Payroll Taxes	32,026	20,739	(11,287)	29,842	(2,184)
Benefits	92,146	29,117	(63,029)	79,765	(12,381)
Retirement Costs	24,909	16,654	(8,255)	24,576	(333)
Total Personnel Expenses	\$ 504,927	\$ 322,940	\$ (181,987)	\$ 490,557	\$ (14,370)
Meeting Expenses					
Meetings	\$ 20,780	\$ 1,495	\$ (19,285)	\$ 21,500	\$ 720
Travel	50,000	4,103	(45,897)	50,000	-
Conference Calls	500	-	(500)	500	-
Total Meeting Expenses	\$ 71,280	\$ 5,598	\$ (65,682)	\$ 72,000	\$ 720
Operating Expenses					
Consultants & Contracts	\$ 113,300	\$ 2,264	\$ (111,036)	\$ 75,000	\$ (38,300)
Office Rent	-	-	-	-	-
Office Costs	418,320	371,184	(47,136)	454,200	35,880
Professional Services	56,400	28,250	(28,150)	56,500	100
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 588,020	\$ 401,698	\$ (186,322)	\$ 585,700	\$ (2,320)
Total Direct Expenses	\$ 1,164,227	\$ 730,236	\$ (433,991)	\$ 1,148,257	\$ (15,970)
Indirect Expenses	\$ 413,843	\$ 413,843	\$ -	\$ 385,883	\$ (27,960)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,578,070	\$ 1,144,079	\$ (433,991)	\$ 1,534,140	\$ (43,930)
Change in Assets	\$ -	\$ 512,749	\$ 512,749	\$ 284,983	\$ (284,983)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	6,000	6,000
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ (6,000)	\$ (6,000)
Allocation of Fixed Assets	-	-	\$ -	-	\$ -
Change in Fixed Assets	-	-	-	(6,000)	(6,000)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ 512,749	\$ 512,749	\$ 278,983	\$ 278,983

Personnel Analysis

FTEs are defined as full-time 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 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs ¹ 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Programs						
WREGIS	5.0	5.0	5.0	0.0	5.0	0.0
Total FTEs Administrative Programs	5.0	5.0	5.0	0.0	5.0	0.0
Total FTEs	5.0	5.0	5.0	0.0	5.0	0.0

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

There are no changes to personnel within the non-statutory functions.

Reserve Analysis — 2011–2012

Working Capital Reserve Analysis 2011-2012	
NON-STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2010	6,390,385
Plus: 2011 WECC Funding (from LSEs or designees)	
Plus: 2011 Other funding sources	1,656,828
Less: 2011 Projected expenses & capital expenditures	(1,144,079)
Projected Working Capital Reserve (Deficit), December 31, 2011	<u><u>6,903,134</u></u>
Desired Working Capital Reserve, December 31, 2012	¹ 6,903,134
Less: Projected Working Capital Reserve, December 31, 2011	(6,903,134)
Additional funding required to achieve desired Working Capital Reserve	<u><u>0</u></u>
2012 Funding for Expenses and Capital Expenditures	1,540,140
Less: Other Funding Sources	(1,819,123)
Adjustment to achieve desired Working Capital Reserve	278,983
2012 Funding (reserve adjustment)	<u><u>0</u></u>

¹ On June 22, 2011, the WECC Board of Directors approved this reserve level.

Section D – Additional Consolidated Financial
Statements
2012 Business Plan and Budget

Statement of Financial Position

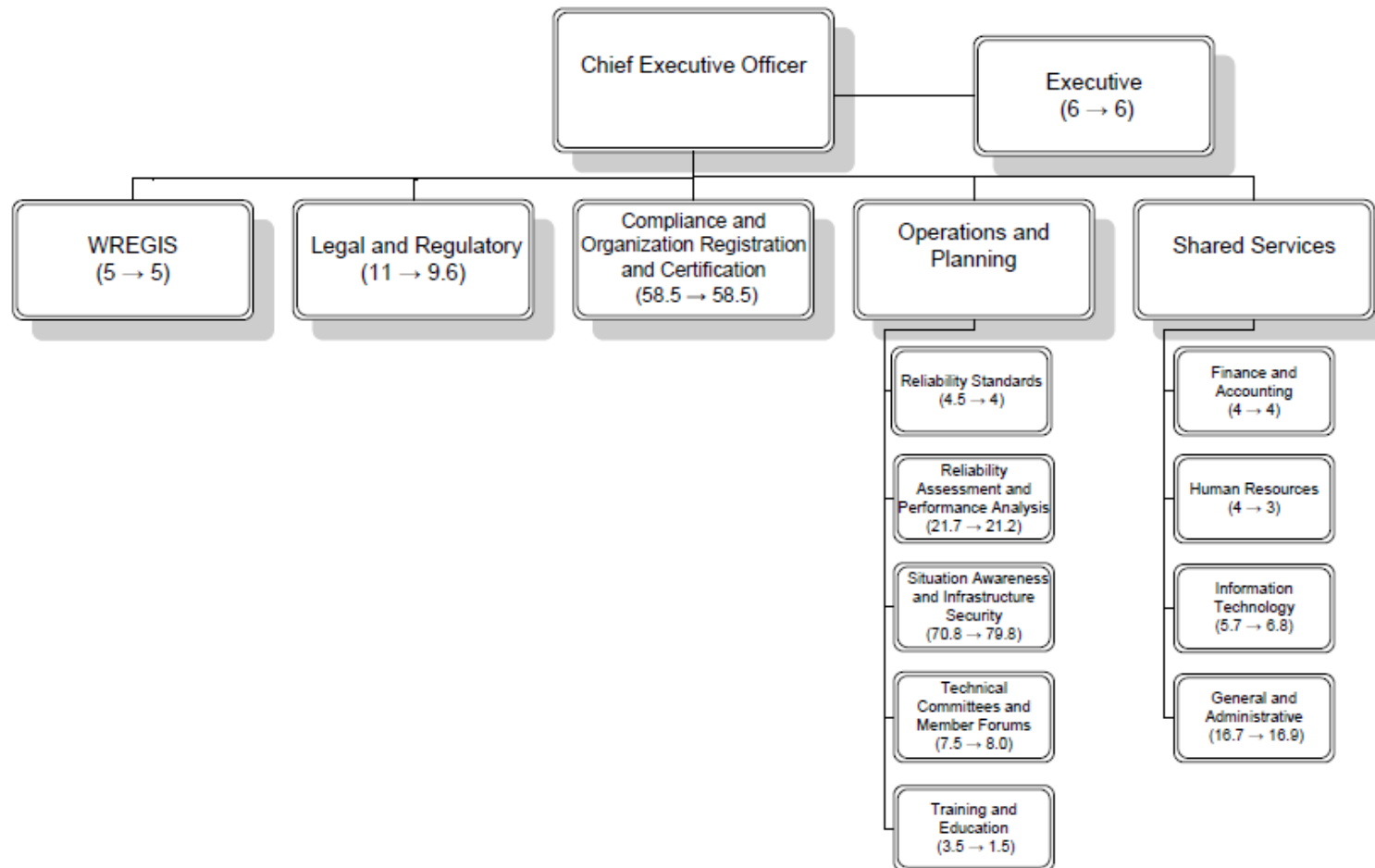
Statement of Financial Position
2010 Audited, 2011 Projection, and 2012 Budget

STATUTORY and NON-STATUTORY

(in thousands)

	(Per Audit) 31-Dec-10	Projected 31-Dec-11	Budget 31-Dec-12
ASSETS			
Cash and cash equivalents	\$ 38,936	\$ 41,159	\$ 41,209
Investments	4,220	4,200	4,250
Accounts receivable, net of allowance	3,585	3,600	3,600
Prepaid expenses and other assets	373	375	375
Property and equipment	6,520	12,804	16,203
Total Assets	\$ 53,634	\$ 62,138	\$ 65,637
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	6,592	6,600	6,700
Accrued payroll and related liabilities	2,575	2,600	2,600
Deverred revenue	23,967	24,000	24,000
Other liabilities	2,709	2,700	2,700
Total Liabilities	\$ 35,843	\$ 35,900	\$ 36,000
Unrestricted net assets	17,791	26,238	29,637
Total Liabilities and Net Assets	\$ 53,634	\$ 62,138	\$ 65,637

Appendix A: Organizational Chart



Appendix B: 2012 Budget & Projected 2013 and 2014 Budgets

Statement of Activities and Capital Expenditures 2012 Budget & Projected 2013 and 2014 Budgets							
Statutory							
	2012 Budget	2013 Projection	\$ Change 12 v 13	% Change 12 v 13	2014 Projection	\$ Change 13 v 14	% Change 13 v 14
Funding							
ERO Funding							
ERO Assessments	\$ 36,977,492	\$ 39,699,504	\$ 2,722,012	7.36%	\$ 42,315,570	2,616,066	6.2%
Penalty Sanctions	2,256,023	-	(2,256,023)	-100.00%	-	-	-
Total ERO Funding	\$ 39,233,515	\$ 39,699,504	\$ 465,989	1.2%	\$ 42,315,570	\$ 2,616,066	6.2%
Membership Dues	-	-	-	-	-	-	-
Grant Revenue	27,431,301	2,971,489	(24,459,812)	-89.17%	742,872	(2,228,616)	-75.0%
Services & Software	-	-	-	0.00%	-	-	0.0%
Workshops	1,003,475	1,043,163	39,688	3.96%	1,086,819	43,656	4.2%
Interest	291,171	300,000	8,829	3.03%	300,000	-	0.0%
Miscellaneous	9,706	10,000	294	3.03%	10,000	-	0.0%
Total Funding	\$ 67,969,167	\$ 44,024,155	\$ (23,945,013)	-35.2%	\$ 44,455,261	\$ 431,106	1.0%
Expenses							
Personnel Expenses							
Salaries	\$ 22,440,790	\$ 24,004,214	\$ 1,563,424	7.0%	\$ 25,325,209	1,320,995	5.5%
Payroll Taxes	1,832,322	1,959,324	127,003	6.93%	2,068,099	108,775	5.6%
Benefits	3,220,425	3,525,067	304,642	9.46%	4,130,029	604,963	17.2%
Retirement Costs	1,525,323	1,630,870	105,547	6.92%	1,721,302	90,432	5.5%
Total Personnel Expenses	\$ 29,018,860	\$ 31,119,475	\$ 2,100,616	7.2%	\$ 33,244,640	\$ 2,125,164	6.8%
Meeting Expenses							
Meetings	\$ 1,118,205	\$ 1,146,045	\$ 27,841	2.5%	\$ 1,103,151	(42,894)	-3.7%
Travel	2,085,420	2,179,982	94,562	4.53%	2,211,825	31,843	1.5%
Conference Calls	201,560	206,135	4,575	2.27%	201,842	(4,293)	-2.1%
Total Meeting Expenses	\$ 3,405,185	\$ 3,532,161	\$ 126,977	3.7%	\$ 3,516,818	\$ (15,344)	-0.4%
Operating Expenses							
Consultants & Contracts	\$ 19,798,972	\$ 3,741,496	(16,057,476)	-81.1%	\$ 1,775,448	(1,966,048)	-52.5%
Office Rent	2,093,159	2,155,954	62,795	3.00%	2,220,632	64,679	3.0%
Office Costs	6,035,686	2,935,420	(3,100,266)	-51.37%	2,909,110	(26,310)	-0.9%
Professional Services	931,961	881,165	(50,796)	-5.45%	870,908	(10,257)	-1.2%
Miscellaneous	-	-	-	-	-	-	-
Depreciation	3,672,600	3,850,339	177,739	4.84%	4,036,802	186,463	4.8%
Total Operating Expenses	\$ 32,532,378	\$ 13,564,373	\$ (18,968,005)	-58.3%	\$ 11,812,900	\$ (1,751,472)	-12.9%
Total Direct Expenses	\$ 64,956,422	\$ 48,216,010	\$ (16,740,412)	-25.8%	\$ 48,574,358	\$ 358,348	0.7%
Indirect Expenses	\$ (385,883)	\$ (388,063)	\$ (2,180)	0.6%	\$ (399,705)	\$ (11,642)	3.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses	\$ 64,570,539	\$ 47,827,947	\$ (16,742,592)	-25.9%	\$ 48,174,653	\$ 346,706	0.7%
Change in Assets	\$ 3,398,628	\$ (3,803,792)	\$ (7,202,420)	-211.9%	\$ (3,719,392)	\$ 84,400	-2.2%
Fixed Assets							
Depreciation	\$ (3,672,600)	\$ (3,850,339)	\$ (177,739)	4.8%	\$ (4,036,802)	\$ (186,463)	4.8%
Computer & Software CapEx	5,449,228	1,075,000	(4,374,228)	-80.27%	1,085,000	10,000	0.9%
Furniture & Fixtures CapEx	-	-	-	-	-	-	-
Equipment CapEx	1,622,000	15,000	(1,607,000)	-99.08%	15,000	-	0.0%
Leasehold Improvements	-	-	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (3,398,628)	\$ 2,760,339	\$ 6,158,967	-181.2%	\$ 2,936,802	\$ 176,463	6.4%
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	0.0%	\$ (782,590)	\$ -	0.0%
FTEs	213	220.6	7.6	3.57%	227.10	6.5	2.9%

Appendix C: Adjustment to the AESO 2012 Assessment

Adjustment to the AESO 2012 Assessment

Credit for WECC Compliance Costs

	2011 Compliance Budget AESO NEL Allocation	2012 Compliance Budget AESO NEL Allocation
2012 NERC Compliance Costs		
Direct Costs less Direct Revenue	\$ 9,286,867	\$ 9,276,226
Indirect Costs	4,841,962	4,514,827
Fixed Asset Expenditures		(336,693)
Total Costs, including Fixed Assets	\$ 14,128,829	\$ 13,454,361
Net total to be allocated	\$ 14,128,829	\$ 13,454,361
AESO NEL Share (2009 & 2010)	6.660%	6.841%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 940,980	\$ 920,369
% Credit (21.8 of 58.5 FTEs for 2011; 23 of 65 FTE for 2012)	36.75%	34.33%
AESO credit for compliance costs	\$ 345,836	\$ 315,948

Attachment 6

Western Interconnection Regional Advisory Body Proposed 2012 Business Plan and Budget

2012 Business Plan and Budget

Western Interconnection Regional Advisory Body

**Approved by:
The Western Interconnection Regional Advisory Body**

**DATE
June 10, 2011**

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Introduction

WIRAB TOTAL RESOURCES (in whole dollars)				
	2012 Budget	U.S.	Canada	Mexico
Statutory FTEs	2.75			
Non-statutory FTEs	0			
Total FTEs	2.75			
Statutory Expenses	\$ 614,677			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 614,677			
Statutory Inc(Dec) in Fixed Assets	\$ -			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ -			
Statutory Working Capital Requirement *	\$ (369,828)			
Non-Statutory Working Capital Requirement **	\$ -			
Total Working Capital Requirement	\$ (369,828)			
Total Statutory Funding Requirement	\$ 244,849			
Total Non-Statutory Funding Requirement				
Total Funding Requirement	\$ 242,849			
Statutory ERO Funding Assessments	\$ 242,849			
Non-Statutory Membership Fees	0			
NEL	839,909,667	712,246,425	117,088,288	10,574,954
NEL%	100%	84.8%	13.9%	1.3%

*Refer to Table B-1 on page 16 in Section B.

Organizational Overview

In April 2006, ten Western Governors petitioned to create the Western Interconnection Regional Advisory Body under Section 215(j) of the Federal Power Act. The Governors indicated their interest in inviting all U.S. states, Canadian provinces and Mexico, which have territory in the Western Interconnection, to join WIRAB.

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued on July 20, 2006 (the "Order")¹, the FERC:

- Granted the Western Governors' petition to establish the Western Interconnection Regional Advisory Body (WIRAB) under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the ERO for review by the ERO and submission through the ERO budget approval process.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the Electric Reliability Organization (ERO). The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order

¹ Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

672.² The July 20 Order specified that the WIRAB should annually develop and submit to the ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The WIRAB submission also needs to identify the portion of its costs for 215(j) activities that will be funded from Canada and Mexico, and the basis for this allocation.

Membership and Governance

All of the states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the provinces of Alberta and British Columbia, and Mexico are members of WIRAB. Below is the list of members appointed by the Governor or Premier:

Alberta	Ian McKay, Department of Energy
Arizona	Vacant, Governor's Office
British Columbia	Scott Barillaro, Ministry of Energy, Mines and Petroleum Resources
California	Bill Chamberlain, California Energy Commission
Colorado	Morey Wolfson, Governor's Energy Office
Idaho	Marsha Smith, Public Utilities Commission
Mexico	Marcos Valenzuela, CFE
Montana	Tom Kaiserski, Department of Commerce
Nebraska	Tim Texel, Nebraska Power Review Board
Nevada	Rebecca Wagner, Public Utilities Commission
New Mexico	John Bemis, Energy, Minerals and Natural Resources Department
Oregon	John Savage, Public Utility Commission
South Dakota	Brian Rounds, Public Utilities Commission
Texas	Donna Nelson, Public Utility Commission
Utah	Amanda Smith, Governor's Office
Washington	Tony Usibelli, Department of Community, Trade and Economic Development
Wyoming	Shawn Reese, Governor's Office

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board, which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors and Premiers or their alternates. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB), which is the energy affiliate of the Western Governors' Association. WIRAB operates under the bylaws of WINB as revised on April 4, 2006. (See organizational chart on page 14.)

² Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Statutory Functional Scope

FERC approved the petition of the Western Governors to create WIRAB as a regional advisory body under Section 215(j) of the Federal Power Act.

2012 Key Assumptions

- WIRAB continues to operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB continues to meet regularly by conference call and topical webinars, and is scheduled to hold two in-person meetings in 2012. WIRAB representatives will meet with FERC at its offices once in 2012.
- The current delegated model continues.
- There is no significant expansion of FERC, NERC or WECC responsibilities as a result of legislation pending in the U.S. Congress.
- Fiscal constraints in State and Provincial agency budgets make the reimbursement of travel costs associated with WIRAB activities more important.

2012 Goals and Key Deliverables

- Advice to FERC, NERC and WECC on whether standards, budgets and fees, governance, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB will examine fees, standards and governance of WECC and NERC. It will continue to pursue its long-standing priorities of: determining if consumers are getting a “bang-for-the-buck” being spent on reliability; promoting comity among entities in the Canadian, U.S. and Mexican portions of the Western Interconnection; and fostering transparency in the activities of WECC and NERC. In addition, WIRAB has adopted four new priorities:
 - Promote reliability of a changing power grid that includes significantly more variable wind and solar generation;
 - Promote the evaluation and deployment of new cost-effective technologies to improve reliability and make more efficient use of the grid;
 - Expand WECC’s role in identifying and evaluating challenges to the Western Interconnection; and
 - Educate states/provinces about cyber-security threats and responses, and identify actions that states/provinces can take to improve cyber-security
- Regular conference calls or in-person meetings of WIRAB, which include opportunities for public comment.

- Webinars or workshops to expand the understanding of States and Provinces on reliability issues. For example, on May 26, 2011 WIRAB held a webinar for Western states/provinces on grid cyber security issues. The primary audience of the webinars is WIRAB members, however, because of the broad interest in the webinar topics, other Western state and provincial personnel were invited to participate.
- Monitoring of reliability issues important to the Western Interconnection including, but not limited to the following.
 - The development of building blocks to determine if consumers are receiving a “bang-for-the-buck” they are spending on reliability, such as the application of the definition of an “adequate level of reliability” to standards development; prioritization of standards development and enforcement based on risk to reliability in the interconnection; promising approaches to evaluating the cost-effectiveness of reliability standards, including the development of “results-based” standards;
 - Examining trends in violations, including the deployment of a Western Interconnection Reliability Violations Mapping Tool (RVMT). WIRAB developed a pilot web-based tool in 2010-2011.
 - Transmission expansion.
 - Integration of variable generation.
 - WECC’s Section 4.9 review of the organization and WECC strategic planning efforts.
 - Opportunities for states, particularly PUCs, to assist in improving the cyber security preparedness of western entities.

Information gleaned from monitoring issues is used by WIRAB staff to prepare briefing memos for WIRAB members prior to all WIRAB conference calls and meetings and to identify webinar topics. The monitoring effort involves participation in all meetings of the WECC Board of Directors, including reports on WIRAB concerns, attendance at selected meetings of the NERC Board of Trustees and Members’ Representatives Committee, and attendance at selected WECC committee and work group meetings. WIRAB’s meetings, webinars and monitoring better inform Western states, Western provinces and Mexico on grid reliability issues. Based on this informational foundation, WIRAB can offer concise and relevant advice to FERC, NERC and WECC that reflects the public interest of Western states, Western provinces and Mexico. WIRAB’s work also promotes international comity with Western Canadian Provinces and Mexico on reliability issues which is necessary for the effective implementation of reliability standards in the Western Interconnection.

2012 Overview of Cost Impacts

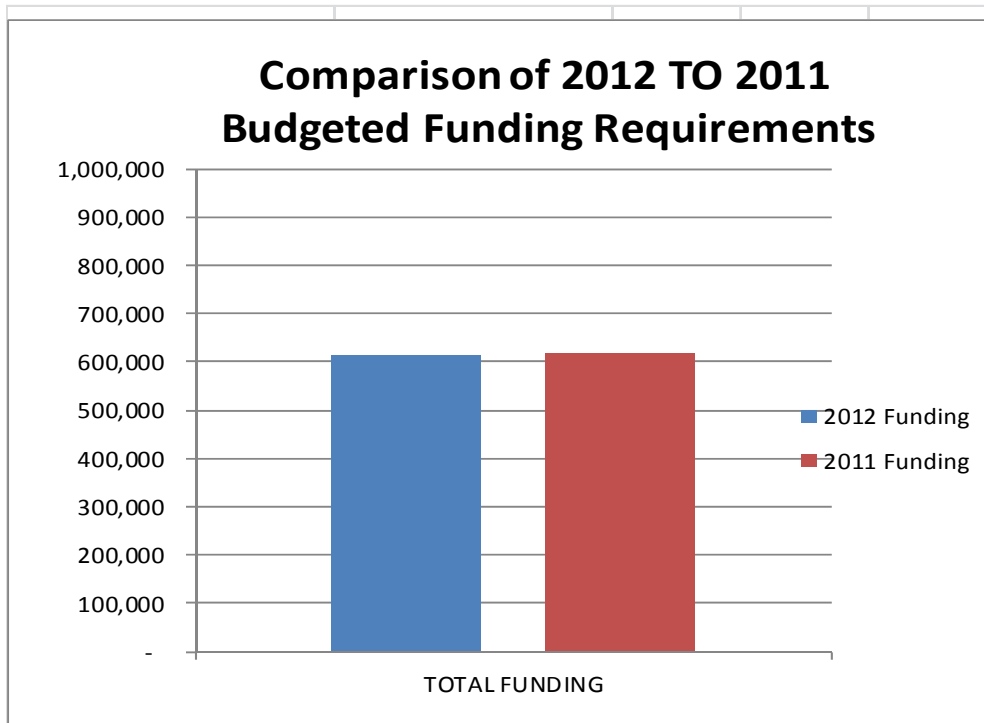
WIRAB's proposed 2012 budget is \$614,677, slightly lower than the 2011 budget. Staff costs are slightly higher in the 2012 budget than in the 2011 budget.

Total projected FTEs in 2012 are 2.75. In 2011, staff costs and indirect costs are estimated to be lower than budgeted due to delays in hiring qualified staff in 2011, lower overhead costs and diversion of staff time to a related project on WECC transmission planning. However, overall staff costs in 2012 will increase for the following reasons.

- In April 2011, WIRAB hired a full time attorney to assist WIRAB and this position will continue in 2012.
- WIRAB will be increasing staff time to prepare states/provinces to participate in WECC standards development work as provided in changes to WECC bylaws that were approved by WECC in June 2011. These changes are being submitted to NERC and FERC for approval.
- WIRAB will be expanding its work on governance of WECC should WECC become involved in the implementation of an Energy Imbalance Market in the West. Any such decision by WECC regarding its role in an EIM is likely to occur in 2012.
- WIRAB will be expanding its work on reliability issues associated with the integration of large amounts of variable generation. Driven primarily by state Renewable Portfolio Standards, the Western Interconnection is expected to add 32,000 MW of variable generation in the next nine years. WECC's first interconnection-wide transmission expansion plan scheduled to be approved in September will highlight this challenge. Integration of variable generation has also been highlighted by NERC as a significant reliability challenge. The Western Interconnection may be "ground zero" in facing the challenge. WIRAB intends to fully engage WECC on the issue, including needed organizational changes (e.g., reconstitution of WECC's Variable Generation Subcommittee), review of WECC programs and funding to address the challenge, and examination of standards affecting the integration of variable generation.

The budget includes \$75,000 for contracting for technical expertise on issues related to standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215. Meeting costs will increase slightly from \$10,000 in the 2011 budget to \$11,000 while WIRAB continues to hold two in-person meetings per year. Travel costs will increase from \$25,000 to \$27,000 per year. Wherever feasible, WIRAB meetings will be coordinated with other meeting of Western states and provinces. A working capital reserve of \$100,000 will be maintained.

Program	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Western Interconnection Regional Advisory Body	616,470	414,000	614,677	(1,793)	-0.3%



This graphical representation does not include an allocation of working capital requirements among the Program Areas

WIRAB FTE's

Total FTE's by Program Area	Budget 2011	Projection 2011	Direct FTEs 2012 Budget	Shared FTEs ¹ 2012 Budget	Total FTEs 2012 Budget	Change from 2011 Budget
STATUTORY						
Operational Programs						
WIRAB	2.50	1.70	2.75		2.75	0.25
Total FTEs Operational Programs	2.50	1.70	2.75	0.00	2.75	0.3
Administrative Programs						
WIRAB (included in indirect expenses)					0.0	0.0
Total FTEs Administrative Programs	0.0	0.0	0.0	0.0	0.0	0.0
Total FTEs	2.50	1.70	2.75	0.00	2.75	0.25

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

2011 Budget and Projection and 2012 Budget Comparisons

Statement of Activities and Capital Expenditures 2011 Budget & Projection, and 2012 Budget						
STATUTORY						
	2011 Budget	2011 Projection	Variance 2011 Projection v 2011 Budget Over(Under)	2012 Budget	Variance 2012 Budget v 2011 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 319,363	\$ 319,363	-	\$ 242,849	\$ (76,514)	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ 319,363	\$ 319,363	\$ -	\$ 242,849	\$ (76,514)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	2,500	2,000	(500)	2,000	\$ (500)	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 321,863	\$ 321,363	\$ (500)	\$ 244,849	\$ (77,014)	
Expenses						
Personnel Expenses						
Salaries	\$ 235,500	\$ 150,000	(85,500)	\$ 245,900	\$ 10,400	
Payroll Taxes (included in indirect exp)	-	-	-	-	-	
Benefits (Included in indirect expense)	-	-	-	-	-	
Retirement Costs (included in indirect)	-	-	-	-	-	
Total Personnel Expenses	\$ 235,500	\$ 150,000	\$ (85,500)	\$ 245,900	\$ 10,400	
Meeting Expenses						
Meetings	\$ 10,000	\$ 5,000	(5,000)	\$ 11,000	\$ 1,000	
Travel	25,000	20,000	(5,000)	27,000	\$ 2,000	
Conference Calls	2,500	2,000	(500)	2,500	-	
Total Meeting Expenses	\$ 37,500	\$ 27,000	\$ (10,500)	\$ 40,500	\$ 3,000	
Operating Expenses						
Consultants & Contracts	\$ 75,000	\$ 75,000	-	\$ 75,000	-	
Office Rent (included in indirect)	-	-	0	-	-	
Office Costs (Included in indirect)	-	-	-	-	-	
Professional Services	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Depreciation (Included in indirect)	-	-	-	-	-	
Total Operating Expenses	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -	
Total Direct Expenses	\$ 348,000	\$ 252,000	\$ (96,000)	\$ 361,400	\$ 13,400	
Indirect Expenses	\$ 268,470	\$ 162,000	(106,470)	\$ 253,277	\$ (15,193)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses	\$ 616,470	\$ 414,000	\$ (202,470)	\$ 614,677	\$ (1,793)	
Change in Assets	\$ (294,607)	\$ (92,637)	\$ 201,970	\$ (369,828)	\$ (75,221)	
Fixed Assets						
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	-	-	-	-	-	
Equipment CapEx	-	-	-	-	-	
Leasehold Improvements	-	-	-	-	-	
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Allocation of Fixed Assets	-	-	-	-	-	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN NET ASSETS	\$ (294,607)	\$ (92,637)	\$ 201,970	\$ (369,828)	\$ (75,221)	

Section A – Statutory Programs 2012 Business Plan and Budget



Section A — 2012 Business Plan

Western Interconnection Regional Advisory Body

Western Interconnection Regional Advisory Body (in whole dollars)			
	2011 Budget	2012 Budget	Increase (Decrease)
Total FTEs	2.5	2.75	0.25
Direct Expenses	348,000	361,400	13,400
Indirect Expenses	268,470	253,277	(15,193)
Inc(Dec) in Assets	(294,607)	(369,828)	(75,221)
Total Funding Requirement	321,863	244,849	(77,014)

Program Scope and Functional Description

The western governors created WIRAB to provide advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WIRAB meetings are open to all. There are regular meetings via web conferencing and topical webinars, in 2012, there will be two in-person meetings. These meetings are expected to be held in April and October.

2012 Key Assumptions

- WIRAB continues to operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB continues to meet regularly by conference call and topical webinars and is scheduled to hold two in-person meetings in 2012. WIRAB representatives will meet with FERC at its offices once in 2012.
- The current delegated model continues.
- There is no significant expansion of FERC, NERC or WECC responsibilities as a result of legislation pending in the U.S. Congress.
- Fiscal constraints in State and Provincial agency budgets make the reimbursement of travel costs associated with WIRAB activities more important.

2012 Goals and Key Deliverables

- Advice to FERC, NERC and WECC on whether standards, budgets and fees, governance, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB will examine fees, standards and governance of WECC and NERC. It will continue to pursue its long-standing priorities of: determining if

consumers are getting a “bang-for-the-buck” being spent on reliability; promoting comity among entities in the Canadian, U.S. and Mexican portions of the Western Interconnection; and fostering transparency in the activities of WECC and NERC. In addition, WIRAB has adopted four new priorities:

- Promote reliability of a changing power grid that includes significantly more variable wind and solar generation;
 - Promote the evaluation and deployment of new cost-effective technologies to improve reliability and make more efficient use of the grid;
 - Expand WECC’s role in identifying and evaluating challenges to the Western Interconnection; and
 - Educate states/provinces about cyber-security threats and responses, and identify actions that states/provinces can take to improve cyber-security
- Regular conference calls or in-person meetings of WIRAB which include opportunities for public comment.
 - Webinars or workshops to expand the understanding of States and Provinces on reliability issues. For example, on May 26, 2011 WIRAB held a webinar for Western states/provinces on grid cyber security issues. The primary audience of the webinars is WIRAB members, however, because of the broad interest in the webinar topics, other Western state and provincial personnel were invited to participate.
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 - The development building blocks to determine if consumers are receiving a “bang-for-the-buck” they are spending on reliability, such as the application of the definition of an “adequate level of reliability” to standards development; prioritization of standards development and enforcement based on risk to reliability in the interconnection; promising approaches to evaluating the cost-effectiveness of reliability standards, including the development of “results-based” standards;
 - Examining trends in violations, including the deployment of a Western Interconnection Reliability Violations Mapping Tool (RVMT). WIRAB developed a pilot web-based tool in 2010-2011, which can be found at <http://wieb.esri.com/wieb/>
 - Transmission expansion.
 - Integration of variable generation.
 - WECC’s Section 4.9 review of the organization and WECC strategic planning efforts.
 - Opportunities for states, particularly PUCs, to assist in improving the cyber security preparedness of western entities.

Information gleaned from monitoring issues is used by WIRAB staff to prepare briefing memos for WIRAB members prior to all WIRAB conference calls and meetings and to identify webinar topics. The monitoring effort involves participation in all meetings of the WECC Board of Directors, including reports on WIRAB concerns, attendance at

selected meetings of the NERC Board of Trustees and Members' Representatives Committee, and attendance at selected WECC committee and work group meetings. WIRAB's meetings, webinars and monitoring better inform Western states, Western provinces and Mexico on grid reliability issues. Based on this informational foundation, WIRAB can offer concise and relevant advice to FERC, NERC and WECC that reflects the public interest of Western states, Western provinces and Mexico. WIRAB's work also promotes international comity with Western Canadian Provinces and Mexico on reliability issues which is necessary for the effective implementation of reliability standards in the Western Interconnection.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Interest income will be \$500 lower due to continued low interest rates and a reduction in the principal amount.

Personnel Expenses

- Total expenses for salaries are estimated to increase slightly. The number of FTE's will be slightly increased. Payroll taxes, Benefits, and Retirement Costs are included in Indirect Costs and are detailed in Table B-4 on Page 18.

Meeting Expenses

- Travel increases by \$2,000. There will continue to be two WIRAB meetings per year and some travel to WECC, NERC and FERC meetings.
- Meeting expenses increase \$1,000 to reflect increased expense of holding meetings. There will still be two meetings in 2012.
- Conference call expenses remain unchanged.

Operating Expenses

- No change. The budget includes \$75,000 for contracting for technical expertise on issues related to standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215.

Indirect Expenses

- Decrease \$15,193 due to lower administrative costs (support personnel, rent, and other office expenses). There will be some increased cost for benefits such as medical insurance.

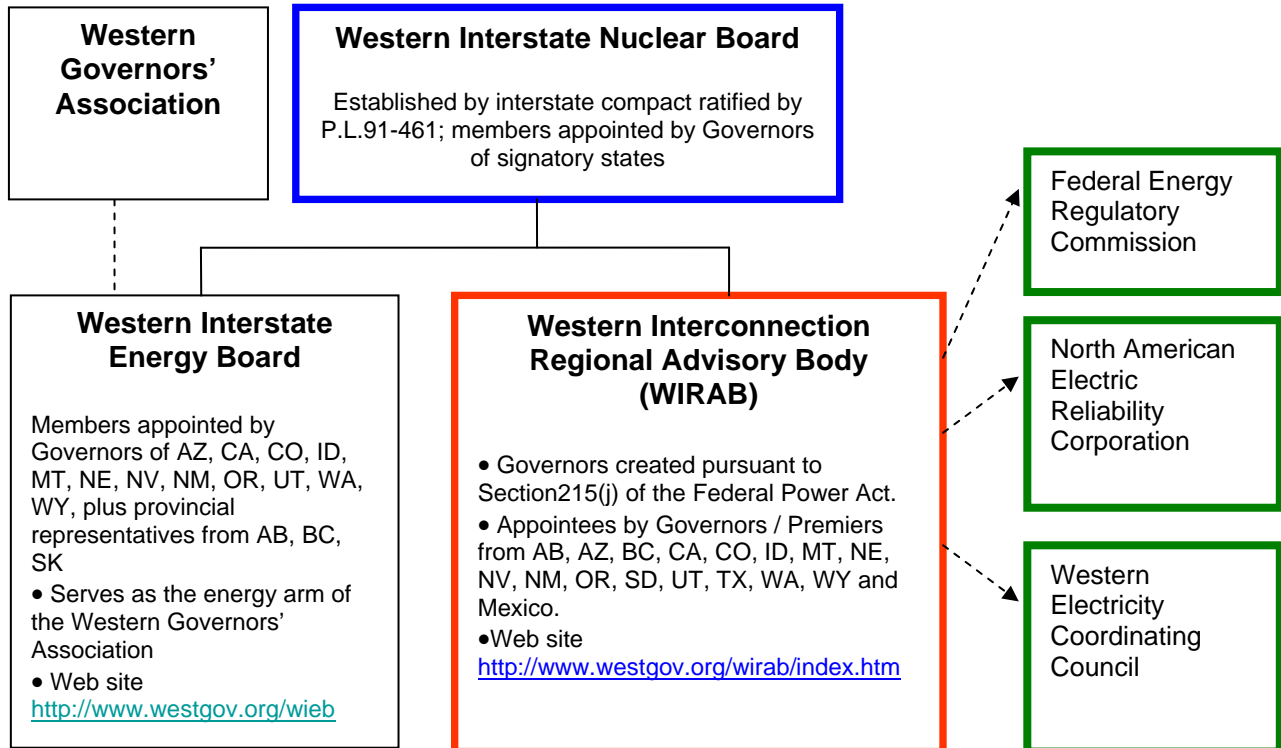
Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

2012 Organizational Chart



Section B – Supplemental Financial Information 2012 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2011-2012	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2010	562,465
Less: Penalty sanctions to be used as offset to 2011 assessments ¹	0
Plus: 2011 ERO Funding (from LSEs or designees)	319,363
Plus: 2011 Other funding sources	2,000
Less: 2011 Projected expenses & capital expenditures	(414,000)
Projected Working Capital Reserve (Deficit), December 31, 2011	469,828
Desired Working Capital Reserve, December 31, 2012 ²	100,000
Less: Projected Working Capital Reserve, December 31, 2011	(469,828)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(369,828)
2012 Assessment for Expenses and Capital Expenditures	614,677
Less: Penalty Sanctions ¹	
Less: Other Funding Sources	(2,000)
Adjustment to achieve desired Working Capital Reserve	(369,828)
2012 Assessment	242,849
¹ Penalty sanctions are not applicable to WIRAB	
² On June 29, 2009, WIRAB members approved a desired working capital reserve of \$100,000 The reserve consists of the following components: \$100,000 for contingencies	

Explanation of Changes in Reserve Policy from Prior Years

None

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, of the 2012 WIRAB Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Not applicable to WIRAB

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2011	Projection 2011	Budget 2012	Variance 2012 Budget v 2011 Budget	Variance %
Salaries					
Salary	\$ 235,500	\$ 150,000	\$ 245,900	\$ 10,400	4.4%
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	\$ 235,500	\$ 150,000	\$ 245,900	\$ 10,400	4.4%
Total Payroll Taxes					
				\$ -	
Benefits (included in indirect expenses)					
Workers Compensation				\$ -	
Medical Insurance				-	
Life-LTD-LTC Insurance				-	
Education				-	
Relocation				-	
Total Benefits	\$ -	\$ -	\$ -	\$ -	
Retirement (included in indirect expenses)					
Discretionary 401k Cont.				\$ -	
Savings Plan				-	
Total Retirement	\$ -	\$ -	\$ -	\$ -	
Total Personnel Costs	\$ 235,500	\$ 150,000	\$ 245,900	\$ 10,400	4.4%
FTEs	2.5	1.7	2.75	0.25	10.0%
Cost per FTE					
Salaries	\$ 94,200	\$ 88,235	\$ 89,418	(4,782)	-5.1%
Payroll Taxes	7,442	6,971	7,064	(378)	-5.1%
Benefits	9,984	9,076	9,300	(684)	-6.9%
Retirement	7,065	6,618	6,706	(359)	-5.1%
Total Cost per FTE	\$ 118,691	\$ 110,900	\$ 112,489	\$ (6,202)	-5.2%

Explanation of Significant Variances – 2012 Budget versus 2011 Budget

The salary amount and the FTEs will increase by a small amount. This will result in a cost per FTE decrease of about 5 percent. Part of this decrease is due to a reordering of staff that is working on WIRAB issues. Since payroll taxes and retirement are based on salaries, these costs will also decrease.

Consultants and Contracts

See Table on page 9.

WIRAB is budgeting \$75,000 for consultants and contracts in 2012, the same amount as in 2011.

Section C – Non-Statutory Activities 2012 Business Plan and Budget



Section C — 2012 Non-Statutory Business Plan and Budget

None

Section D – Additional Consolidated Financial
Statements
2012 Business Plan and Budget



Section D

2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Financial Position

WIRAB Statement of Financial Position Statutory

	As of December 31, 2010 (per July 2009- June 2010 audit)	As of December 31, 2011, projected	As of December 31, 2012, as budgeted
ASSETS			
Cash and Investments	562,455	469,818	100,000
Total Assets	562,455	469,818 *	100,000

* See chart B-1 on page 16

Attachment 7

Discussion of Comments Received During Development of NERC's 2012 Business Plan and Budget.

ATTACHMENT 12

DISCUSSION OF COMMENTS RECEIVED DURING DEVELOPMENT OF NERC'S 2012 BUSINESS PLAN AND BUDGET

During the preparation of its 2012 Business Plan and Budget, NERC posted a total of four drafts (Draft 1, Draft 2, Draft 3 and the Final Draft) on its Website for stakeholder comment. Comments were received on one or both of Draft 1 and Draft 2 from the Edison Electric Institute (EEI), National Rural Electric Cooperative Association (NRECA), the Ontario Independent Electricity System Operator (IESO), Hydro-Québec TransÉnergie (Hydro-Québec), NERC Membership Sector 4 (Federal or Provincial Utilities), State-Municipal Utilities and Transmission-Dependent Utilities, Midwest Reliability Organization (MRO), Northeast Power Coordinating Council (NPCC), SERC Reliability Corporation (SERC) and Western Electricity Coordinating Council (WECC). Only EEI provided written comments on Draft 3. No written comments were provided on Draft 4. EEI's only comments on Draft 3 were to provide support for the recommended changes from Draft 2 and to encourage NERC and the Regional Entities to make a clear commitment to determine the appropriate levels of staffing for compliance and enforcement that recognizes the broad range of initiatives that are likely to significantly influence both the policies and practices of the program. At the August 4, 2011 meeting of NERC's Finance and Audit Committee to review and recommend NERC Board of Trustees (Board) approval of the Final Draft, EEI also provided its support for approval of the Final Draft by NERC's Board.

The remainder of this Attachment summarizes the stakeholder comments on Drafts 1 and 2 and NERC's responses. With respect to some comments, a revision was made in a subsequent draft and in the final version of the 2012 Business Plan and Budget as a result of the comment. In other instances, the comment appeared to indicate a lack of complete understanding of the activity or budget amount described in the draft Business Plan and Budget that was the source of the comment, and NERC attempted to provide additional clarification or explanation. Finally, NERC did not agree with some comments and explains in this Attachment why it is not in agreement with those comments.

Edison Electric Institute Comments

- EEI does not support NERC devoting resources to activities outside Section 215.

NERC Response - All of NERC's five programs have been approved by the Commission as statutory activities within Section 215. NERC does not believe that any of its current or budgeted activities are non-statutory activities.

- EEI is concerned about NERC devoting more resources to inefficient processes, procedures, and programs rather than addressing the root inefficiencies. Specific areas deserving primary focus include the significant and growing backlog, the tremendous amount of time and effort wasted on minor administrative violations, and slow standards development process.

NERC Response - NERC has a series of initiatives under way to improve business processes, procedures, and efficiencies. During 2011, it retained an independent consultant to assist management in this initiative. Compliance, Enforcement, Event Analysis, and Standards are among the key areas being focused on. In addition, management is working with industry to address root efficiencies in the Compliance and Standards areas through (1) risk-based compliance and enforcement initiatives, and (2) improvements in the standards governance process as well as resource support and process improvements in standards development. Some potential actions to improve efficiencies will require Commission approval.

NERC agrees that process improvements are needed and will continue to work with the Regional Entities, industry, Commission staff, and other stakeholders regarding improvements to their design and implementation to address these concerns. However, to some extent, a reduction in the number of minor administrative violations will require a reduction in the number of administrative requirements in mandatory standards, which may in turn require both increased NERC and industry resources in the standards development process (as EEI's comments recognize), and Commission approval of the resultant standards modifications. At the August 3, 2011 Member Representatives Committee meeting NERC also outlined a proposed framework to improve the efficiency of the compliance enforcement process and looks forward to continuing to work with stakeholders to finalize this improved framework and obtain regulatory approval thereof.

Please also refer to the more detailed responses below to comments regarding backlog/administrative violations and improvements in the efficiency of the standards development process.

- NERC should exercise stronger budget discipline.

NERC Response - Over the past several years, NERC has put in place a significant number of additional budgetary controls and procedures and has brought greater discipline to the budget process. Management has also worked closely with the Regional Entities to develop a set of common business plan and budget assumptions. In addition, NERC has been working to improve long term forecasting capabilities for several years. NERC included a three-year forecast in its 2011 Business Plan and Budget and this year both NERC and the Regional Entities are providing three-year forecasts as part of their 2012 Business Plans and Budgets. NERC intends for these 3 year forecasts to be an integral part of the ERO's long term business planning and budgeting process. Management remains committed to making continuing improvements in the business planning, budgeting, and forecasting processes.

- NERC should seriously consider whether, at a time when it is asking its users to absorb an increase of over 16 percent, it is time to institute a salary freeze or cap.

NERC Response - The final version of NERC's 2012 budget reflects an increase of 9 percent over the 2011 Budget, whereas Draft 2 had reflected a 16% increase. The final budget also includes a reduction in the merit pool for employee raises from 3 percent to

2 percent and a freeze on senior management salaries. However, while NERC is fully cognizant of the need to control Personnel expenses, NERC is also subject to strong competition for qualified personnel. It's also important to keep in mind that the loss of a qualified, experienced and trained employee to another employer imposes costs on both the NERC organization and on stakeholders.

- **NERC should increase budget transparency and budget controls. All program areas should name contracts and consultants. NERC should retain an independent outside auditor to review NERC work productivity issues. Budget documents should explain significant deviation from approved budgets and actual spending. Budget documents should explain whether previous annual goals have been achieved. Budget documents should state changes in salaries and benefits for personnel. Program budget should define the costs for which program managers have direct responsibility or control.**

NERC Response -

- **Management does not believe it is appropriate to name specific contractors and consultants in its publicly filed budget or understand why this is particularly relevant or important to the very transparent budget process which NERC follows. NERC makes this information available to the Finance and Audit Committee of the NERC board and to its auditors. Table B-5 of NERC's Business Plan and Budget includes consultant and contractor budget amounts by program area and shows changes from the prior year's budget with explanations of significant changes.**
- **NERC has retained an independent consulting firm to assist management in defining and implementing business process improvements.**
- **NERC's CEO presents a set of annual goals and objectives to the NERC Board's Corporate Governance and Human Resources Committee and the entire Board of Trustees each year at the February meeting. NERC's CEO then provides a quarterly update regarding progress in achieving these goals and objectives. These goals and objectives are also posted on NERC's website for public comment and input. Strategic goals and objectives are also reviewed at the Member Representatives Committee meetings.**
- **NERC also prepares monthly budget variance reports for internal use and publicly posts and reviews with the NERC Finance and Audit Committee quarterly and year-end budget to actual variance reports for NERC and the eight Regional Entities. These quarterly reports are also made available to and reviewed by NERC's Board of Trustees. Both the Finance and Audit Committee and Board of Trustee meetings are open to the public.**
- **NERC also files a year-end true-up report with the Commission comparing actual to budgeted expenditures for NERC and all eight Regional Entities, with explanations and discussion of significant variances between budgeted and actual expenditures on a program-by-program and line-item basis. All of the foregoing quarterly and year-end information is also available to the public.**

- **NERC presents information regarding total salary and benefit expenses and changes in its budget, as well as information regarding the percentage of base salaries used to fund merit increases. NERC salaries and benefits are also subject to review by NERC's Corporate Governance and Human Resources Committee and, in the case of officers, also by the entire NERC's Board of Trustees.**
- **NERC also publicly posted the schedule for preparation and filing of NERC and the Regional Entity 2012 Business Plans and Budgets, the Common Business Plan and Budget Assumptions, and 4 drafts of its business plan and budget for comment; conducted webinars regarding Draft 1 and Draft 3; and made presentations before NERC's Member Representatives Committee regarding Draft 2 and the Final Draft (Draft 4). NERC's Finance and Audit Committee also conducted a conference call to review the Regional Entity Business Plans and Budgets.**

NERC believes that all of the above activities demonstrate that its budgeting processes and financial reporting are both rigorous and highly transparent to stakeholders.

- **NERC should push forward with Risk-Based Management. There is some evidence of a risk-based management in various program areas, however, a more complete statement of the plan would help inform both NERC management and industry stakeholders on what is being done and when, as well as who is managing various tasks. A plan would also be an appropriate response to FERC's focus on setting priorities. NERC Risk-Based Management should focus first on the compliance and enforcement program, emphasize reliability risks, and end the emphasis on paperwork.**

NERC Response - In the compliance monitoring area, NERC began a risk based approach to determine appropriate audit scope by including critical reliability standards based on a multifactor analysis. This risk based approach was used in development of the 2011 Annual ERO Compliance Monitoring and Enforcement Program Implementation Plan (CMEP Implementation Plan) and Actively Monitored Reliability Standards List (AML), and has been further refined to develop the recently posted 2012 CMEP Implementation Plan and AML. There are two significant components in this risk based approach:

- 1. Analyses of the reliability standards themselves based on historical trends and determination of criticality to real time operations and major planning efforts. Considerations in classifying standards within a three-tiered approach that focuses on the reliability of the bulk power system include:**
 - **ERO High Risk Priorities**
 - **Commission Orders and Guidance**
 - **Compliance History and Culture**
 - **Input from NERC staff including Compliance Operations, Critical Infrastructure Protection, Enforcement, Events Analysis and**

Investigations, Legal, Reliability Assessments and Performance Analysis, and Standards

- **Future Considerations**
2. **Assessment of entities to better determine risk profiles in order to inform and appropriately scope audits and other compliance monitoring methods. This entity assessment will include five components:**
- **Technical and Risk Profile of the Entity**
 - **Reliability Metrics**
 - **Internal Compliance Program**
 - **Historical Review of Compliance and Enforcement Metrics**
 - **Regional Entity assessment.**

In the enforcement area, NERC recently launched a new initiative designed to refocus efforts on reliability excellence, eliminate undue regulatory burdens, streamline paperwork requirements, increase the rate of caseload processing, and encourage continued timely and thorough self-reporting and mitigation. By more expeditiously identifying, mitigating and resolving the issues that do not pose a serious or substantial risk to reliability of the bulk power system, NERC and the Regional Entities can devote more time, resources and efforts to those that do. Further detail regarding this initiative was reviewed during the August meeting of the NERC Board of Trustees Compliance Committee. A copy of the BOTCC presentation may be found at: http://www.nerc.com/docs/bot/botcc/BOTCC_3a%20-20Enforcement%20Discretion%20Initiatives-FINAL.pdf.

Management will continue to work collaboratively with stakeholders regarding design and implementation of these improvements.

NERC is also committed to developing and implementing an enterprise-wide risk management plan. Background materials regarding this were presented and discussed at the February and May NERC Finance and Audit Committee meetings, and were also discussed at the May NERC Board meeting and the August Finance and Audit Committee and Board meetings. Input from the chairs of the Compliance and Certification Committee and Standards Committee has also been solicited as part of this undertaking, given the key role of these committees in relation to the scope and objectives of NERC's proposed risk management framework. Input has also been solicited from other stakeholders.

- The actual budget assumptions and resulting proposed budget apparently assume zero progress in efficiency gains in the compliance and enforcement area, and instead simply add more people to address the problem.

NERC Response - NERC's proposed resource additions in the compliance and enforcement area reflect the realities of existing workload, historical completion rates and the current regulatory framework (see the data, discussion and analysis at pages

33-41 of the final 2012 Business Plan and Budget, explaining the need for the additional staffing in Compliance), while at the same time acknowledging the assumptions regarding gains in efficiency as reflected in the common business plan and budget assumptions, including:

- The implementation of risk-based methodologies to more effectively and efficiently support compliance monitoring activities.
- NERC and the Regional Entities continuing to develop and implement streamlined mechanisms to expedite the disposition of minor, administrative violations and look to gain more discretion to handle minor violations before they enter the enforcement process to better focus existing resources on significant violations.
- Regardless of risk to reliability and continuing violations backlog issues, it is simply unacceptable that 2007 mitigation plans are still in progress. This particular paperwork issue must be resolved before 2012. Shorter term, NERC should explore ways to improve compliance and enforcement efficiency. Longer term, NERC should develop a strategic plan aimed at improving the compliance and enforcement design framework towards a risk-based and performance based model.

NERC Response - There is only one reliability standards violation that was discovered in 2007 for which a mitigation plan has not yet been submitted for acceptance. For all other standards violations discovered in 2007, mitigation plans have been submitted, accepted, and verified by the Regional Entity as completed. Nevertheless, NERC agrees that mitigation plans should be submitted by the registered entity, reviewed for acceptance or modification by the Regional Entity and NERC, and then implemented by the registered entity and verified by the Regional Entity as completed, as expeditiously as possible after discovery of the violation (whether discovery occurs through self-reporting or through a compliance monitoring process initiated by the Regional Entity). NERC and the Regional Entities are continuing to examine their internal processes for review of mitigation plans submitted by registered entities in order to identify ways to shorten the amounts of time from discovery of an alleged violation to the registered entity's initial submission of a proposed mitigation plan to the acceptance of a mitigation plan that the registered entity can proceed to implement.

- NERC Standard Development Process must increase efficiency.

NERC Response - NERC is continually considering ways to improve the efficiency of the standards development activities. In 2010, NERC developed and gained regulatory approval of the new *Standard Processes Manual*, which provides for the potential to shorten time frames. In 2011, NERC finished and gained approval of the initial standards development prioritization project, which will result in pending and new standards projects in the *Standards Development Plan* each year being ranked in priority categories. Also in 2011, NERC initiated the standards "rapid development" initiative, which is intended to assist in the development of key standards in a shorter amount of time (targeted for a year or less). This concept is currently being tested with a project focused on standards related to the analysis and mitigation of protection system misoperations. The project was started with a small team of experts familiar

with the current standard, who were charged with developing the initial draft of a results-based standard in this subject area. That work product was then handed over to a full drafting team for further work and refinement. Opportunities for improving the process have already been identified, and the current team is in the process of modifying the draft standard to address comments received during its first posting.

Further, the 2012 Budget provides for the addition of two Standards Specialists to the Reliability Standards program staff, to aid standard drafting teams in the drafting of standards and associated documents developed during the standards development process, including the documentation of the technical justifications for proposed requirements. These added resources should help improve efficiency by further reducing the need for revisions to draft standards during the later stages of the development process.

However, as EEI's comments recognize, the speed and efficiency of the stakeholder-based standards development process is in part dependent on the time commitment of industry volunteers and the corresponding resource commitments of their employers to allow industry volunteer to devote the necessary time to the standards process. It would be useful for EEI to make a commitment on behalf of its members to make personnel available for standards drafting team work and to provide those employees with sufficient schedule flexibility and reduction in their normal responsibilities to support more expeditious standards development processes.

More generally, even with the recent process improvements, NERC acknowledges that it might be a good time to engage stakeholders to consider basic changes in the standards development process. If this is of interest to the industry, this would be an excellent activity for the Standards Committee Process Subcommittee to begin undertaking.

- NERC should significantly revise or eliminate the SAFNR Program. Real-time operations cannot and should not be distracted by intrusive questioning. It is inappropriate for real-time data to flow to government agencies, where there is no context and the risks are high for misunderstandings and false conclusions. Instead of sustaining and expanding SAFNR as currently designed, and as an alternative to a SAFNR tool that provides no context or analysis, EEI believes that appropriate processes need to be defined for disciplined communications between industry owners and operators and government, including the role for NERC to assure that NERC remains in the information loop.

NERC Response - A proposed timeline and work plan for the development and deployment of a SAFNR technology platform was included and approved as part of NERC's 2011 Business Plan and Budget, together with supporting funding. During the first six months of 2011, NERC management negotiated and put in place the necessary contractual commitments with vendors for deployment of this platform, including the payment of substantial software licensing fees.

A primary objective of SAFNR is to *reduce* the degree of intrusion into real-time operations of reliability coordinators and others, by giving the Commission, NERC and the Regional Entities a direct, near-real time view of bulk power system conditions.

Management understands and appreciates the concerns of industry regarding the proper interpretation and use of information gathered through this platform and has reiterated that it has no intention to use the technology to engage in or interfere with system operations. Rather than abandon the considerable investment which has just been made based on an understanding of the benefits to reliability that SAFNR could provide, NERC management is proposing that consideration be given to establishing a committee comprised of representatives of the Reliability Coordinator Working Group, and Commission, NERC, and Regional Entity staff to develop parameters and guidance regarding the operation and use of SAFNR in order to address the legitimate concerns of industry going forward.

- Much of what NERC proposes in the situational awareness program area is either already taking place, has questionable value for supporting company activities, or has not been presented to or discussed with stakeholder. EEI also believes that some of the activity under this program is not a core function under Section 215.

NERC Response - As noted earlier, all of NERC's programs have been approved by the Commission as statutory functions under Section 215. NERC does not believe it has engaged in or is proposing any work or initiatives that are not part of its statutory functions.

- NERC should focus on standards development and first and foremost on developing and approving the next version of the mandatory CIP standard.

NERC Response - CIP standards development is a high priority activity for NERC and is receiving support from multiple program areas and departments.

- EEI agrees NERC should reduce NASPI funding to zero for the 2013 budget.

NERC Response - NERC has made commitments to support the Grid Protection Alliance through calendar year 2013 and will be terminating funding thereafter. No other separate funding for NASPI is provided in NERC's 2012 budget or its budget forecasts thereafter.

- **Electric Sector Information Sharing and Analysis Center (ES-ISAC):** At this time, EEI believes it is appropriate for NERC to host the non-215 ES-ISAC function on behalf of the electric sector. However, we agreed with NERC that it is time for a strategic reassessment of the program to address various issues, including the separation of ES-ISAC function from section 215 compliance and enforcement functions. At a minimum, next year NERC should develop a corporate firewall for the ISAC activity to separate information sharing from compliance and enforcement activities. In addition, ES-ISAC should have a separate communications portal and should not communicate with industry participants via NERC Alerts.

NERC Response – NERC does not agree that the ES-ISAC is a non-215 function but does agree that firewall separation of ISAC operations and communication portal activity from compliance and enforcement operations is necessary and appropriate to eliminate a potential disincentive to the industry to promptly report threat information

to the ES-ISAC due to concerns that the information reported may lead to a compliance enforcement action, and to facilitate timely sharing of threat information by and with industry. A central tenet of the effective functioning of the ES-ISAC is its ability to share sensitive information acquired from bulk power system incidents and events and collaboration with the federal intelligence community. NERC's 2012 budget includes resources to establish a separate secure communications portal, which is a key component to the efficient and effective functioning of the ES-ISAC going forward.

- **Department of Homeland Security (DHS) Memorandum of Understanding (MOU):** EEI is unaware that NERC has fully communicated to stakeholders the goals and objectives to be achieved, or risks to be addressed, through this MOU. EEI is concerned that the potential for creating additional and unnecessary levels of bureaucracy between asset owners and operators, and federal agencies who possess relevant threat information.

NERC Response – The Cooperative Research and Development Agreement MOU between NERC and DHS details an engagement of analytical collaboration and incident management activities across the spectrum of cyber security coordination. DHS and NERC's ES-ISAC cooperative activities will identify and develop mitigations for emerging cyber security risks that enhance the protection of the electricity sector, and which are vital to national security. To ensure that this proposed information-sharing arrangement is useful and effective, NERC will involve and consult with industry stakeholders by seeking the input of the ESCC on policy-related matters and industry subject matter experts as needed.

- **National Laboratories activities:** While NERC proposes an “electric sector network monitoring initiative,” EEI is unaware of what this means or what goals it seeks to satisfy. Companies today are free to contact national laboratories for collaboration or assistance.

NERC Response – The Electric Sector Network Monitoring (ESNM) initiative sponsored by the DOE Pacific Northwest National Labs (PNNL) is an organizationally independent effort to deploy network monitoring devices at electric utilities across the US. PNNL has deployed six devices at U.S. utilities and NERC's plan is to investigate the feasibility of deploying a device at NERC and work with currently participating companies to determine the value of the ESNM information exchange with PNNL. NERC does not anticipate incurring any incremental costs to participate in this activity.

- **NERC-NIST Risk Management Project:** NERC proposes hiring outside consultants to perform various activities, including development of “comprehensive cyber security risk management guidelines” and a training activity. EEI believes that the DOE-based risk management collaborative is already well underway, and NERC activities here would duplicate the DOE effort and confuse companies on where to engage the issues. Further, pursuing its statutory charge, FERC is in the process of reviewing smart grid interoperability standards. EEI understands that DHS already conducts various training activities. Companies should be encouraged to actively participate under the DHS programs.

NERC Response – The Risk Management Program (RMP) guideline is expected to be complete in 2011 and the 2012 NERC proposal for the DOE/NIST/NERC RMP is limited to conducting industry outreach and training on the RMP. As part of its

outreach efforts, NERC will use internal resources (not external consultant or contractor resources) to continue to promote cyber security training activities offered by DHS and other agencies.

- **Cyber Preparedness Risk Assessment:** NERC proposes to “examine utilities” for their abilities to defend information systems, deter and deny attacks, and respond to cyber attacks. EEI understands that DHS already performs these activities, having performed 50 onsite assessments in fiscal year 2010, with 75 planned for 2011. Companies should be strongly encouraged to participate under the DHS programs, including consideration that such participation would favorably reflect a company’s commitment to reliability.

NERC Response – The NERC Cyber Risk Preparedness Risk Assessment (CPRA) program is focused on cyber security penetration testing activity, whereas the DHS program is primarily focused on physical security-related events. Further, the CPRA program is focused on and tailored to each specific entity. NERC believes this is a valuable component of its overall security training and outreach, and entities that have participated in the CPRA have agreed. NERC encourages companies to participate in any program that provides value to their overall security posture including the DHS program(s).

- **Internet Monitoring Support:** NERC proposes hiring an outside consultant to provide “near real-time and historical” tools that will identify cyber attack trends. EEI understands that there is a DOE program that already conducts this activity and the proposed NERC budget does not explain any gaps or problems with the DOE initiative. Moreover, EEI believes that the collection, analysis, and responses to tactical threat information would best be served by NESCO, a DOE-funded initiative that specifically focuses on these issues.

NERC Response - This initiative is not being pursued, and no costs or funding for it is provided in the final 2012 Business Plan and Budget.

- **Cyber Forensics Support:** NERC proposes building this activity to assist industry in the event of a major cyber attack on electric infrastructure. EEI believes that NERC does not have the expertise or infrastructure to perform these kinds of analyses. Moreover, this activity is currently performed by DHS.

NERC Response - This initiative is not being pursued, and no costs or funding for it is provided in the final 2012 Business Plan and Budget.

- **Vendor Benchmarking:** NERC has stated interest in investigating benchmarking of various vendor products and systems. EEI believes that this is duplicative of activities performed by national laboratories. Moreover, DOE funding for NESCO supports additional research to be performed by EPRI.

NERC Response - This initiative is not being pursued, and no costs or funding for it is provided in the final 2012 Business Plan and Budget.

- **Smart Grid Operator Certification:** NERC proposes to develop a “smart grid cyber operator certification program.” The proposed budget does not describe how this supports

bulk power system reliability. EEI believes that consideration of this activity should be cancelled. Stakeholders have not been engaged, and smart grid issues relate primarily to local distribution facilities beyond the jurisdiction.

NERC Response – **The Smart Grid Cyber Security Operator Certification program is a DOE PNNL initiative currently underway that NERC has been asked to participate in to ensure that industry’s interests are represented. NERC’s role will be limited to evaluating certification criteria which may require bulk power system experience or have bulk power system implications through collaboration with the CIPC and industry.**

NRECA Comments

- NRECA urges NERC to increase its focus on seeking efficiencies in the NERC enterprise and methods to help control future needs for expansion of resources.
- NRECA believes NERC should determine if additional investment is needed in its IT systems that support the nerc.com website. There is much room for improvement in the NERC website; however, improvements are often difficult to complete or cannot be implemented due to limitations with NERC’s current technology resources. Significant improvements are needed, including greater attention to complete, timely, easy to locate and accurate information related to standards.
- Every effort should be made to clearly communicate budget figures, especially those related to demonstrating the differences between the current and next year’s budgets, and changes to assessments to load-serving entities. Stakeholders should be provided figures that clearly show increases and decreases in all budget figures.

NERC Response - **NERC has initiated steps to make significant improvements to its website, with a target date of the first quarter of 2012 for external roll out.**

With respect to communication of budget figures, NERC agrees and has been making every attempt to do this by providing more detailed budget information and explanations, supplemented by webinars and presentations at various committee and other meetings (e.g., the FAC and MRC). The 2012 Business Plan and Budget, as was the case for the 2010 and 2011 Business Plans and Budgets, includes Statements of Activities for each statutory program and administrative department and for the overall statutory budget, showing the amounts in the 2011 Budget, 2011 Projection and 2012 Budget, and variances between the 2011 Budget and 2012 Budget, for major expense and capital additions line items within the categories of Funding, Personnel Expenses, Travel and Meetings Expenses, Operating Expenses, and Fixed Asset Additions.

- The renewed focus on addressing and streamlining enforcement and compliance activities is appreciated. NRECA looks forward to working with NERC, the REs and other stakeholders to develop and implement these streamlining measures.

NERC Response - NERC appreciates NRECA’s support and will be continuing to focus attention and effort on streamlining compliance and enforcement activities.

- NRECA is pleased to see a particular focus on developing a long-term strategy of the ES-ISAC. We look forward to working together with NERC on such a strategy

NERC Response - NERC appreciates NRECA’s support and continuing contributions to this effort.

- NRECA appreciates the attention in the budget document on reducing resource burdens on stakeholders, REs and NERC. This is one of the most important issues going forward and without significant attention to reducing these burdens, the ERO program will struggle to succeed at the highest levels.

NERC Response - NERC appreciates NRECA’s recognition of its efforts in this area thus far, and intends to continue to make it a major focus of attention.

- On page 4, NRECA questions why the statement referring to “membership in NERC qualifies organizations and individuals for election to the MRC” was deleted? Is this no longer accurate? What has changed?

NERC Response - It was deleted since it wasn’t necessary for purposes of the BP&B – it was excessive background detail.

- Page 8, 4th bullet from bottom of page, NRECA suggests stronger language here. We believe there should be a focus of both ERO and industry resources on those enforcement and compliance activities that provide the most significant and direct support to reliability to the BES.

NERC Response - NERC revised the text in the Final Draft and in the final Business Plan and Budget to reflect the change in bold and underlined below:

“Continuing to improve enforcement efficiency and productivity, including working with regulatory authorities and stakeholders to develop and implement an improved enforcement framework which focuses both ERO and industry resources on compliance activities **that are most likely to support** the reliability of the North American bulk power system.”

- Page 9, 2nd bullet, the focus should be on reducing the need for CANs by instead addressing the vague/unclear language in standards via the standards development process. Efforts to address vague/unclear language in standards with CANs is creating unnecessary confusion and in the end not directly addressing the vague/unclear language.

NERC Response - NERC agrees that the need for CANs should and can be reduced through improvements in the quality of standards. However, management believes that CANs remain very valuable in providing instructions to compliance staff and assisting stakeholders to understand standards compliance requirements. NERC staff has

received guidance from NERC management to improve the CAN process and the clarity of individual CANs. NERC is responsible for enforcement of all Commission-approved reliability standards in effect and provides guidance for auditors and enforcement staff to assist them in addressing compliance and enforcement questions that arise on an ongoing basis. CANs are developed through a public process and posted on the NERC Web site; therefore, they are also available to provide guidance to registered entities. Until such time as standards are revised to be clearer in terms of compliance application, the CAN process provides a necessary tool to provide instruction to compliance auditors and other compliance monitoring and enforcement personnel, as well as to registered entities, on application of the standards with transparency to industry. Effective compliance monitoring requires that guidance be developed and shared as issues arise and consistency challenges are identified. Open transparent compliance guidance has been requested by industry, and greater attention to providing compliance guidance to stakeholders is one of the actions NERC identified in the *Three-Year ERO Performance Assessment Report*. The CANs are one of several initiatives that NERC has implemented to address this need. NERC is also committed to working with stakeholders to improve the CAN process and provide greater clarity of content.

- Page 9, first full paragraph, NRECA appreciates the statement to reduce or eliminate resource demands associated with low priority activities. However, and more importantly, we are interested in what the plan is to accomplish this critical task. More details in the budget document are needed on this.

NERC Response - Draft 3, and the final version, of the 2012 Business Plan and Budget reflect management's elimination of a number of lower priority items. Identification and elimination of low priority activities will be an ongoing part of management's business planning and operations management efforts.

- Page 13, NRECA will be closely watching future budget proposals to compare the current 2013 and 2014 projections to those actual future budgets. Unless there are significant unexpected costs, we expect these future budgets to track closely to these projections.

NERC Response - NERC intends to use the three-year projections as an integral part of the ERO business planning and budgeting process.

- Page 47, NRECA appreciates the statement on providing better clarification of the long-term role of SAFNR in the context of the ERO's statutory responsibilities. NRECA is also concerned with the current and future costs of SAFNR and we question whether there are BES reliability benefits associated with this initiative.

NERC Response - See response to EEI's comments concerning the SAFNR program, above.

- Page 50, 1st bullet, NRECA requests that additional explanation be added to the budget document to better explain the assistance the ERO is planning to offer to industry on the CIP standards.

NERC Response - Certain members of the NERC CIP staff are dedicated to enhancing CIP auditor training, the CIP Sufficiency Review Program, and CIP audit observation support and will be working to further develop outreach on lessons learned for the industry.

- In the 2nd bullet, we request further information on how NERC will provide improved facilitation of the timely exchange of threat and vulnerability information between NERC and industry.

NERC Response - As previously stated, NERC has included funding in its 2012 CIP budget for the development and deployment of a secure communications portal which will help facilitate industry communications. Management is developing and will put in place a formal corporate firewall governing access to and use of this portal.

- Page 82, NRECA questions the statement that NERC has no non-statutory activities. If NERC is undertaking non-statutory activities, NRECA expects that stakeholders will be provided a significant role in the determination of whether such activities are appropriate for NERC to take on.

NERC Response - All of NERC's programs have been approved as statutory activities by FERC. NERC has no plans to take on any non-statutory activities.

Ontario Independent Electricity System Operator and Hydro-Québec TransÉnergie comments

The Ontario Independent Electricity System Operator (IESO) and Hydro-Québec TransÉnergie (Hydro-Québec) submitted joint comments on Draft 1 of the NERC 2012 Business Plan and Budget. IESO also submitted comments on Draft 2. IESO and Hydro-Québec expressed concern about the amount of the increase reflected in Draft 1 over the 2011 Budget. They urged that NERC place greater focus on cost reduction, and specifically stated that NERC devoted too much time and effort to minor compliance violations. They stated that there would be major benefits from obtaining regulatory agreement to grant amnesty for stale and relatively insignificant violations, redirecting efforts to improving standards, and being more selective in determining violations regarding investigations.

In addition, IESO and Hydro-Québec expressed concern over the growth in NERC Administrative Services costs, and stated that it was difficult to ascertain how the portion of indirect costs for a given program is determined.

IESO and Hydro-Québec supported the proposal to include no additional amount in the 2012 assessment for Working Capital Reserve, although IESO, in separate comments, questioned whether the projected Working Capital Reserve at December 31, 2011 (which NERC used as the target Working Capital Reserve at December 31, 2012), was sufficient. IESO's separate comments also questioned why the draft Budget reflected no funding from Penalty payments to offset assessments.

IESO and Hydro-Québec provided several specific comments on the formatting of information presented in the Business Plan and Budget document and suggested other or different tables, in particular relating to the display of year-to-year changes in budget line item categories. that they believed would be useful to readers.

IESO and Hydro-Québec expressed concern that NERC should not be involved in “electromagnetic pulse” (referred to by NERC as Geomagnetic Disturbance (GMD)) because it is a “threat beyond the scope of the electricity industry.” IESO and Hydro-Québec also stated that the impetus for the investigation of GMD “originates in the U.S. political process,” and, therefore, any resources NERC directs to this issue should not automatically be allocated to Canadian entities.

Finally, IESO and Hydro-Québec stated that SAFNR program costs should not be allocated to Canadian entities, because SAFNR is a program directed by, and for the benefit of, FERC.

IESO submitted brief comments on Draft 2 in which it acknowledged that reductions in the proposed 2012 Budget were made between Draft 1 and Draft 2. IESO also noted several typographical errors and suggested formatting revisions, and reiterated the suggestions it made in its comments on Draft 1 for additional or modified tables.

NERC Response -

As the result of reductions in budgeted costs and elimination or reduction of activities in a number of areas from Draft 1 of the 2012 Budget, the final proposed 2012 Budget provides for a lower amount of increase, 9.0%, over the 2011 Budget, as compared to a 16% increase in Draft 1. The responses to the EEI comments identify several activities that have been eliminated or reduced in scope, or are under study for termination or reduction in scope. As noted in the response to the EEI comments, NERC has a series of initiatives under way to improve business processes, procedures and efficiencies, and is continuing to work with Regional Entities, industry and Commission staff on process improvements, particularly in the compliance enforcement area. However, as stated in the response to the EEI comments, at some point adoption of some potential actions to improve efficiencies will require Commission approval.

NERC believes that it has exercised discipline in managing its Administrative Services staffing and expenses, although it notes that needs and demands for, for example, improved and more accessible information technology, more expeditious processing of standards projects and enforcement actions, and greater detail in budgeting and financial reports have led to a need for increased Administrative Services staffing and resources in IT, Legal and Regulatory, and Finance and Accounting. NERC notes that the decision, implemented in the 2012 Budget, to transfer budget and cost responsibility for certain IT projects from the statutory programs to the IT department, and for consultant support for NERC audits of Regional Entities from Compliance to Finance and Accounting, while consistent with sound management and budgeting principles, has caused an additional increase to the Administrative Services budget as compared to continuing to budget these costs in the statutory programs. With respect to the method of allocation of indirect costs, NERC believes the Business Plan and Budget is clear that all Administrative Services costs except provision for Working Capital Reserve (which is \$0 in the 2012 Budget) are allocated to the statutory programs on the basis of the budgeted number of

FTEs in each statutory program to the total number of budgeted FTEs in the statutory programs. This allocation method has been used since NERC's initial (2007) ERO budget.

With respect to IESO's comment concerning Working Capital Reserve, NERC explained that the projected December 31, 2011 balance of Working Capital Reserve is sufficient for two principal reasons: (1) In the 2011 Budget, a major area of uncertainty was the costs that would be incurred in connection with relocation of NERC's headquarters to Atlanta and expansion of its Washington, D.C. office; however, those costs have been, for the most part, identified and quantified during 2011 and do not present an area of uncertainty for 2012. Second, NERC continues to maintain and have available a \$4 million line of credit with a major financial institution, which provides additional contingency protection in the event of significant unexpected expenses or short-term fluctuations in cash requirements in 2012.

With respect to IESO's question about Penalty offsets to assessments for 2012, NERC explained that only Penalty payments actually received on or before June 30 preceding the budget year are used to offset assessments for the budget year (*i.e.*, for 2012, Penalty payments received from July 1, 2010 to June 30, 2011). NERC and the Regional Entities do not accrue or project Penalty payments expected to be received subsequent to June 30 and into the budget year, in determining the Penalty offset to the ERO assessments. During the period July 1, 2009 – June 30, 2010, NERC received \$10,175,000 in Penalty payments that were used to offset its ERO assessments for the 2011 Budget year; however, during the period July 1, 2010 – June 30, 2011, NERC received no Penalty payments and therefore has no Penalty offsets to its ERO assessments in the 2012 Budget.

With respect to the SAFNR program, as shown on **Attachment 13**, the calculation of the credits to the allocations of the NERC assessments to the IESO and La Régie de l'énergie du Québec removed the SAFNR program costs from the allocations to these entities. NERC has reviewed the final proposed allocation calculations with the IESO and the Régie, and they have each agreed with and accepted the calculations.

Finally, NERC acknowledges that IESO and Hydro-Québec, in their comments, made a number of insightful suggestions concerning presentation and formatting of information in the Business Plan and Budget document, including possible additional tables. Because NERC and the Regional Entities began the development of their 2012 Business Plans and Budgets in January 2011 using the same document template that was used for the 2011 Business Plans and Budgets, it would have been unduly disruptive to introduce significant changes to the template format and presentation in May after the initial drafts had been developed and posted. NERC does point out that the NERC and Regional Entity Business Plans and Budgets provide (among other information) (i) a table showing FTE staffing by statutory program and Administrative Services department for the 2011 Budget, 2011 Projection and 2012 Budget, so that changes in staffing can be easily identified; and (ii) for the overall entity and for each statutory program and Administrative Services department, Statements of Activities and Capital Expenditures that show the values for the 2011 Budget, 2011 Projection and 2012 Budget, and the variances between the 2011 Budget and 2011 Projection and the 2011 Budget and 2012 Budget, for the major line item components of Funding, Expenses and Fixed Assets. These tables in these formats have been included in the business plans and budgets for several years. Additionally, the Statements of Activities in the intermediate drafts of the NERC Budget that were posted included columns showing changes from the prior draft. However, NERC plans to work with the Regional Entities

to take the formatting and presentation suggestions provided by IESO and Hydro-Québec into accounting in developing the template for the 2013 Business Plans and Budgets. NERC views improving the usefulness and transparency of the annual business plan and budget documents to the industry as an ongoing process.

NERC Membership Sector 4 (Federal or Provincial Utility) Comments

NERC Sector 4 members submitted comments following the posting of Draft 1 of the NERC 2012 Budget, stating that they encouraged NERC to focus its energy and resources on establishing and enforcing reliability standards in a cost-effective manner and to resist external pressures to expand its roles and responsibilities beyond those boundaries into distribution system elements or loss of load.

NERC Response - Please see the responses to the similar comments that were submitted by EEI, NRECA and the IESO and Hydro-Québec. NERC has no plans to expand its roles and responsibilities into distribution system elements and loss of load at the distribution system level.

State-Municipal and Transmission Dependent Utility Sectors Comments

The State-Municipal Utility and Transmission Dependent Utility (TDU) membership sectors submitted joint comments expressing concern about the amount of the increase reflected in Draft 1 over the 2011 Budget. They stated that review of the budget must include inquiry into what activities are cost-effective in improving actual system reliability. They stated that too much effort is expended by NERC, Regional Entities and registered entities on paperwork associated with enforcement actions that are unlikely to result in material improvements to reliability. They stated that they support enforcement innovations such as “parking ticket” and “find-and-fix” approaches to mitigation, and risk-informed allocation of NERC and regional staff enforcement resources.

The State-Municipal Utility and TDU sectors also expressed concern that the effort devoted to cyber-security and CIP may cause NERC to become overextended in its efforts to manage its core mission as the ERO to develop and enforce reliability standards and its broader role as the ES-ISAC. They noted concern over the 31% increase in the CIP program operating budget for 2012 in Draft 1.

NERC Response -

Please see the responses to the similar comments that were submitted by EEI, NRECA and the IESO and Hydro-Québec. NERC reiterates that while it has achieved efficiencies in the compliance enforcement process and continues to work with Regional Entities, industry and Commission staff to identify and implement additional efficiencies, at some point, potential process improvements will require Commission approval. With respect to the CIP program, the final 2012 Business Plan and Budget reflects an increase in the Total Funding Requirement for this program of 18% over the 2011 Budget, as compared to the 31% increase in Draft 1.

MRO-NPCC-SERC-WECC Comments

MRO, NPCC, SERC and WECC each submitted separate comments following the posting of Draft 1 of the NERC 2012 Budget; however, their comments made two main points: (1) They had worked with NERC and the other Regional Entities to develop, and supported, the shared business planning and budgeting assumptions used by NERC and the Regional Entities to prepare their 2012 Business Plans and Budgets. (2) They noted the continuing expansion of ERO priorities and workloads, and the related expansion of staffs and expenses, which are not sustainable in the long run. They commented that lower value activities should be identified and prioritized for possible elimination, and greater attention should be directed towards achieving ERO-wide efficiency improvements.

NERC Response -

NERC recognizes and acknowledges the continuing efforts of all the Regional Entities to develop greater consistency in presentation, format, assumptions and accounting methodologies used in the NERC and Regional Entity business plans and budgets, including the substantial efforts that have gone into developing sets of common or shared business plan and budget assumptions for the 2011 and 2012 Business Plans and Budgets.

With respect to the Regional Entities' comments concerning the growth of workloads, staffs and budgets, and the need to prioritize activities and to identify lower value activities for reduction or possible elimination, please see the responses to the similar comments that were submitted by EEI, NRECA and the IESO and Hydro-Québec.

DOCKET NO. RR11-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2012 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 13

**CALCULATION OF ADJUSTMENTS
THE AESO 2012 NERC ASSESSMENT
TO THE IESO 2012 NERC ASSESSMENT,
THE NBSO 2012 NERC ASSESSMENT,
AND THE QUEBEC 2012 NERC ASSESSMENT**

**2012 Alberta Electric System Operator Adjustment
Credit for NERC Compliance Costs**

	<u>2012</u>	<u>2011</u>		
	Total NERC Compliance Budget AESO NEL Allocation	Total NERC Compliance Budget AESO NEL Allocation		
NERC Compliance Costs				
Direct Costs	11,137,257	\$ 10,824,099		
Indirect Costs	8,960,638	6,258,830		
Other Non-Operating Expenses	-	312,500		
Fixed Asset Expenditures	(583,360)	62,472		
Total Costs, including Fixed Assets	\$ 19,514,535	\$ 17,457,901		
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	-	(150,000)		
Net total to be allocated	\$ 19,514,535	\$ 17,307,901		
AESO NEL Share (2010)	1.268%	1.289%		
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 247,422	\$ 223,028		
Total Staff	55.67	47.08		
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities		(0.45)		
Net Total Staff	55.67	46.63		
% Credit (35.0 of 55.67 FTEs)	62.87%	50.00%		
\$ Credit (35.0 of 55.67 FTEs)	\$ 12,268,883	\$ 8,653,951		
AESO credit for compliance costs	\$ 155,555	\$ 111,514		
Additional Credits for 2012				
Credit for 706b & TFEs	\$ -	\$ 200,000		
Credit for SAFNR	473,596	750,000		
	\$ 473,596	\$ 950,000		
AESO NEL Share (2010)	1.268%	1.289%		
AESO credit for additional costs not allocated	\$ 6,005	\$ 12,242		
Total AESO 2012 Credit	\$ 161,560	\$ 123,755	\$ 37,805	30.5%

		<u>2012 FTEs</u>	
		<u>Total</u>	<u>Credit</u>
400	Operations	17.67	
500	Org Registration	4.00	4.00
402	Event Anal & Investigation	13.00	11.00
403	Reporting & Tracking	5.00	4.00
404	Enforcement	16.00	16.00
		<u>55.67</u>	<u>35.00</u>

2012 IESO Adjustment

Credit for NERC Compliance Costs

	<u>2012</u>	<u>2011</u>	<u>Change</u>	
NERC Compliance Costs				
Direct Costs	11,137,257	10,824,099		
Indirect Costs	8,960,638	6,258,830		
Other Non-Operating Expenses	-	312,500		
Fixed Asset Expenditures	(583,360)	62,472		
Less: Costs recovered from RE's for CEA	-	(150,000)		
Total Costs, including Fixed Assets	<u>19,514,535</u>	<u>17,307,901</u>	<u>2,206,634</u>	<u>12.75%</u>
Total Staff	55.67	47.08		
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	-	(0.45)		
Net Total Staff	<u>55.67</u>	<u>46.63</u>	<u>9.04</u>	
% Credit (47.67 of 55.67 FTEs)	<u>85.63%</u>	<u>82.84%</u>	<u>2.79%</u>	
\$ Credit (47.67 of 55.67 FTEs)	\$ 16,710,219	\$ 14,338,499		
Credit for 706b & TFEs (Eliminated from the budget)		200,000		
Credit for SAFNR	473,596	750,000		
	<u>\$ 17,183,815</u>	<u>\$ 15,288,499</u>	<u>\$ 1,895,315</u>	<u>12.40%</u>
IESO NEL Share (2010)	<u>3.118%</u>	<u>3.271%</u>		
IESO Credit - NERC Costs, including Fixed Assets	<u>\$ 535,844</u>	<u>\$ 500,079</u>	<u>\$ 35,765</u>	<u>7.15%</u>

**2012 New Brunswick Adjustment
Credit for NERC Compliance Costs**

	2012	2011
NERC Compliance Costs		
Direct Costs	11,137,257	10,824,099
Indirect Costs	8,960,638	6,258,830
Other Non-Operating Expenses	-	312,500
Fixed Asset Expenditures	(583,360)	62,472
Less: Costs recovered from RE's for CEA	-	(150,000)
Total Costs, including Fixed Assets	19,514,535	17,307,901
 Total Staff	 55.67	 47.08
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	-	(0.45)
Net Total Staff	55.67	46.63
 % Credit (47.67 of 55.67 FTEs)	 85.63%	 82.84%
 \$ Credit (47.67 of 55.67 FTEs)	 \$ 16,710,219	 \$ 14,338,499
Credit for 706b & TFEs (Eliminated from the budget)		200,000
Credit for SAFNR	473,596	750,000
	\$ 17,183,815	\$ 15,288,499
 New Brunswick NEL Share (2010)	 0.298%	 0.323%
 New Brunswick Credit - NERC Costs, including Fixed Assets	 \$ 51,279	 \$ 49,378

2012 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation	Quarterly		
NERC Compliance Costs				
Direct Costs	11,137,257			
Indirect Costs	8,960,638			
Other Non-Operating Expenses	-			
Fixed Asset Expenditures	(583,360)			
Total Costs, including Fixed Assets	19,514,535			
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	-			
Net total to be allocated	19,514,535			
Quebec NEL Share (2010)	3.988%			
Quebec Proportional Share of Compliance Costs, including Fixed Assets	\$ 778,325			<u>2012 Compliance FTEs</u>
				<u>Total</u> <u>Credit</u>
Total Staff	55.67	400	Operations	17.67
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities		500	Org Registration	4.00 3.00
Net Total Staff	55.67	402	Event Anal & Investigation	13.00 11.00
		403	Reporting & Tracking	5.00 4.00
% Credit (34.0 of 55.67 FTEs)	61.07%	404	Enforcement	16.00 16.00
\$ Credit (34.0 of 55.67 FTEs)	\$ 11,918,344			<u>55.67 34.00</u>
Quebec Credit (Proportional share of all costs x % Credit)	\$ 475,356			

Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	\$ 302,969	\$ 75,742
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column H-2, page 83, NPCC Business Plan and Budget)	\$ 1,282,522	\$ 320,631
2012 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	\$ 1,585,491	\$ 396,373

Additional Credits for 2012	
Credit for 706b & TFEs	\$ -
Credit for SAFNR	473,596
	<u>\$ 473,596</u>
Quebec NEL Share (2010)	3.988%
Quebec credit for additional costs not allocated	\$ 18,889

Attachment 8

Calculation of Adjustments to the AESO 2012 NERC Assessment, the IESO 2012 NERC Assessment, the NBSO 2012 Assessment and the Québec 2012 NERC Assessment.

**2012 Alberta Electric System Operator Adjustment
Credit for NERC Compliance Costs**

	<u>2012</u>	<u>2011</u>		
	Total NERC Compliance Budget AESO NEL Allocation	Total NERC Compliance Budget AESO NEL Allocation		
NERC Compliance Costs				
Direct Costs	11,137,257	\$ 10,824,099		
Indirect Costs	8,960,638	6,258,830		
Other Non-Operating Expenses	-	312,500		
Fixed Asset Expenditures	(583,360)	62,472		
Total Costs, including Fixed Assets	\$ 19,514,535	\$ 17,457,901		
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	-	(150,000)		
Net total to be allocated	\$ 19,514,535	\$ 17,307,901		
AESO NEL Share (2010)	1.268%	1.289%		
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 247,422	\$ 223,028		
Total Staff	55.67	47.08		
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities		(0.45)		
Net Total Staff	55.67	46.63		
% Credit (35.0 of 55.67 FTEs)	62.87%	50.00%		
\$ Credit (35.0 of 55.67 FTEs)	\$ 12,268,883	\$ 8,653,951		
AESO credit for compliance costs	\$ 155,555	\$ 111,514		
Additional Credits for 2012				
Credit for 706b & TFEs	\$ -	\$ 200,000		
Credit for SAFNR	473,596	750,000		
	\$ 473,596	\$ 950,000		
AESO NEL Share (2010)	1.268%	1.289%		
AESO credit for additional costs not allocated	\$ 6,005	\$ 12,242		
Total AESO 2012 Credit	\$ 161,560	\$ 123,755	\$ 37,805	30.5%

		<u>2012 FTEs</u>	
		<u>Total</u>	<u>Credit</u>
400	Operations	17.67	
500	Org Registration	4.00	4.00
402	Event Anal & Investigation	13.00	11.00
403	Reporting & Tracking	5.00	4.00
404	Enforcement	16.00	16.00
		<u>55.67</u>	<u>35.00</u>

2012 IESO Adjustment

Credit for NERC Compliance Costs

	<u>2012</u>	<u>2011</u>	<u>Change</u>	
NERC Compliance Costs				
Direct Costs	11,137,257	10,824,099		
Indirect Costs	8,960,638	6,258,830		
Other Non-Operating Expenses	-	312,500		
Fixed Asset Expenditures	(583,360)	62,472		
Less: Costs recovered from RE's for CEA	-	(150,000)		
Total Costs, including Fixed Assets	<u>19,514,535</u>	<u>17,307,901</u>	<u>2,206,634</u>	<u>12.75%</u>
Total Staff	55.67	47.08		
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	-	(0.45)		
Net Total Staff	<u>55.67</u>	<u>46.63</u>	<u>9.04</u>	
% Credit (47.67 of 55.67 FTEs)	<u>85.63%</u>	<u>82.84%</u>	<u>2.79%</u>	
\$ Credit (47.67 of 55.67 FTEs)	\$ 16,710,219	\$ 14,338,499		
Credit for 706b & TFEs (Eliminated from the budget)		200,000		
Credit for SAFNR	473,596	750,000		
	<u>\$ 17,183,815</u>	<u>\$ 15,288,499</u>	<u>\$ 1,895,315</u>	<u>12.40%</u>
IESO NEL Share (2010)	<u>3.118%</u>	<u>3.271%</u>		
IESO Credit - NERC Costs, including Fixed Assets	<u>\$ 535,844</u>	<u>\$ 500,079</u>	<u>\$ 35,765</u>	<u>7.15%</u>

**2012 New Brunswick Adjustment
Credit for NERC Compliance Costs**

	2012	2011
NERC Compliance Costs		
Direct Costs	11,137,257	10,824,099
Indirect Costs	8,960,638	6,258,830
Other Non-Operating Expenses	-	312,500
Fixed Asset Expenditures	(583,360)	62,472
Less: Costs recovered from RE's for CEA	-	(150,000)
Total Costs, including Fixed Assets	19,514,535	17,307,901
 Total Staff	 55.67	 47.08
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	-	(0.45)
Net Total Staff	55.67	46.63
 % Credit (47.67 of 55.67 FTEs)	 85.63%	 82.84%
 \$ Credit (47.67 of 55.67 FTEs)	 \$ 16,710,219	 \$ 14,338,499
Credit for 706b & TFEs (Eliminated from the budget)		200,000
Credit for SAFNR	473,596	750,000
	\$ 17,183,815	\$ 15,288,499
 New Brunswick NEL Share (2010)	 0.298%	 0.323%
 New Brunswick Credit - NERC Costs, including Fixed Assets	 \$ 51,279	 \$ 49,378

2012 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation	Quarterly		
NERC Compliance Costs				
Direct Costs	11,137,257			
Indirect Costs	8,960,638			
Other Non-Operating Expenses	-			
Fixed Asset Expenditures	(583,360)			
Total Costs, including Fixed Assets	19,514,535			
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	-			
Net total to be allocated	19,514,535			
Quebec NEL Share (2010)	3.988%			
Quebec Proportional Share of Compliance Costs, including Fixed Assets	\$ 778,325			<u>2012 Compliance FTEs</u>
				<u>Total</u> <u>Credit</u>
Total Staff	55.67	400	Operations	17.67
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	55.67	500	Org Registration	4.00 3.00
Net Total Staff	55.67	402	Event Anal & Investigation	13.00 11.00
% Credit (34.0 of 55.67 FTEs)	61.07%	403	Reporting & Tracking	5.00 4.00
\$ Credit (34.0 of 55.67 FTEs)	\$ 11,918,344	404	Enforcement	16.00 16.00
				55.67 34.00
Quebec Credit (Proportional share of all costs x % Credit)	\$ 475,356			

Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	\$ 302,969	\$ 75,742
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column H-2, page 83, NPCC Business Plan and Budget)	\$ 1,282,522	\$ 320,631
2012 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	\$ 1,585,491	\$ 396,373

Additional Credits for 2012	
Credit for 706b & TFEs	\$ -
Credit for SAFNR	473,596
	\$ 473,596
Quebec NEL Share (2010)	3.988%
Quebec credit for additional costs not allocated	\$ 18,889

Attachment 9

Status Report on the Achievement of NERC's 2011 Goals

ATTACHMENT 14

Status Report on the Achievement of NERC's 2011 Goals and Objectives

This Attachment provides a summary of NERC's 2011 goals and objectives and a status report on their achievement as of June 30, 2011.

As described at page 8 of NERC's 2012 Business Plan and Budget (**Attachment 2**), during the first quarter of 2011, NERC and Regional Entity Executive Management Group devoted considerable time and effort to further improving the ERO business planning and budgeting process, including refining and updating goals, objectives, deliverables, and common multi-year-business planning and budgeting assumptions, taking into account stakeholder feedback, as well as applicable governmental requirements and directives. Additionally, the NERC Board of Trustees also participates in annual strategic planning sessions, taking into account input from NERC management, the Regional Entity Executive Management Group and stakeholders. The 2011 strategic planning initiative produced the following seven goals:

- Develop clear, results-based standards
- Promote a culture of industry learning and reliability excellence
- Provide effective measures of reliability risk and performance
- Facilitate effective management of critical infrastructure risks
- Ensure effective and timely compliance enforcement and mitigation
- Provide an efficient and effective ERO enterprise
- Instill a high degree of trust and confidence in the ERO.

For each of the seven goals, a set of specific objectives was developed as part of the strategic planning process, ranging from nine to 16 objectives depending on the goal. The specific objectives that were developed for each goal are shown in the table on pages 11-22 of this Attachment. Finally, a set of "priority deliverables" and other deliverables associated with the goals, along with a weighting for each deliverable, was developed. The deliverables and the weighting percentage assigned to each deliverable are shown on pages 7-8 of this Attachment.

Rather than being just individual, program specific goals, the seven goals are applicable to NERC's overall operations and activities, and most of them impact more than one (in some cases all) of NERC's statutory and administrative program areas. As it did with the overall strategic goals established in 2010, management is tracking, as well as periodically reporting to the Board and stakeholders regarding, the progress in achieving the goals, objectives and the deliverables. As shown by the charts on pages 6 and 9 of this Attachment, progress is being tracked throughout the year on a department-by-department basis. Pages 3 through 10 of this Attachment provides information on the status of achievement of the 2011 goals and objectives

as of June 30, 2011. The information on these pages represents a consolidation of information presented by management at the February 2011 and August 2011 meetings of NERC's Corporate Governance and Human Resources Committee. The bar chart on page 9 shows the progress of each of the departments as of June 30, 2011, in achieving department goals (*i.e.*, measured as a percent of each department's goals).

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2011 NERC Performance Report *through June 30, 2011*

Gerry Cauley
President and CEO

August 3, 2011

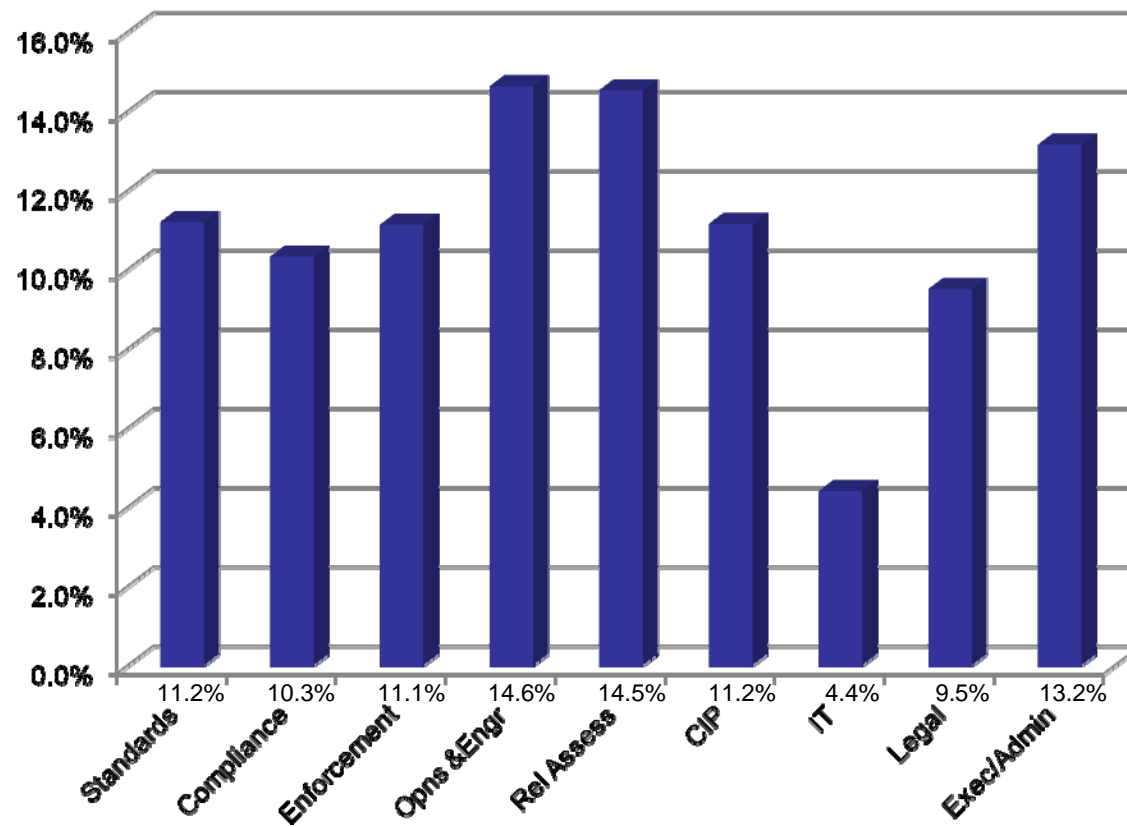
to ensure
the reliability of the
bulk power system

- 2011 corporate performance measures based on
 - 2011 business plan
 - Three-year assessment
 - 2011-15 strategic planning goals and objectives
- Progress will be reviewed at least quarterly with management team
 - Goals and objectives shared with work teams
- Results tied to performance compensation at corporate and department levels
 - Individual performance is third component

Seven Goals from Strategic Planning

- Develop clear, results-based standards
- Promote a culture of industry learning and reliability excellence
- Provide effective measures of reliability risk and performance
- Facilitate effective management of critical infrastructure risks
- Ensure effective and timely compliance enforcement and mitigation
- Provide an efficient and effective ERO enterprise
- Instill a high degree of trust and confidence in the ERO

Allocation by Department



Summary of Priority Deliverables

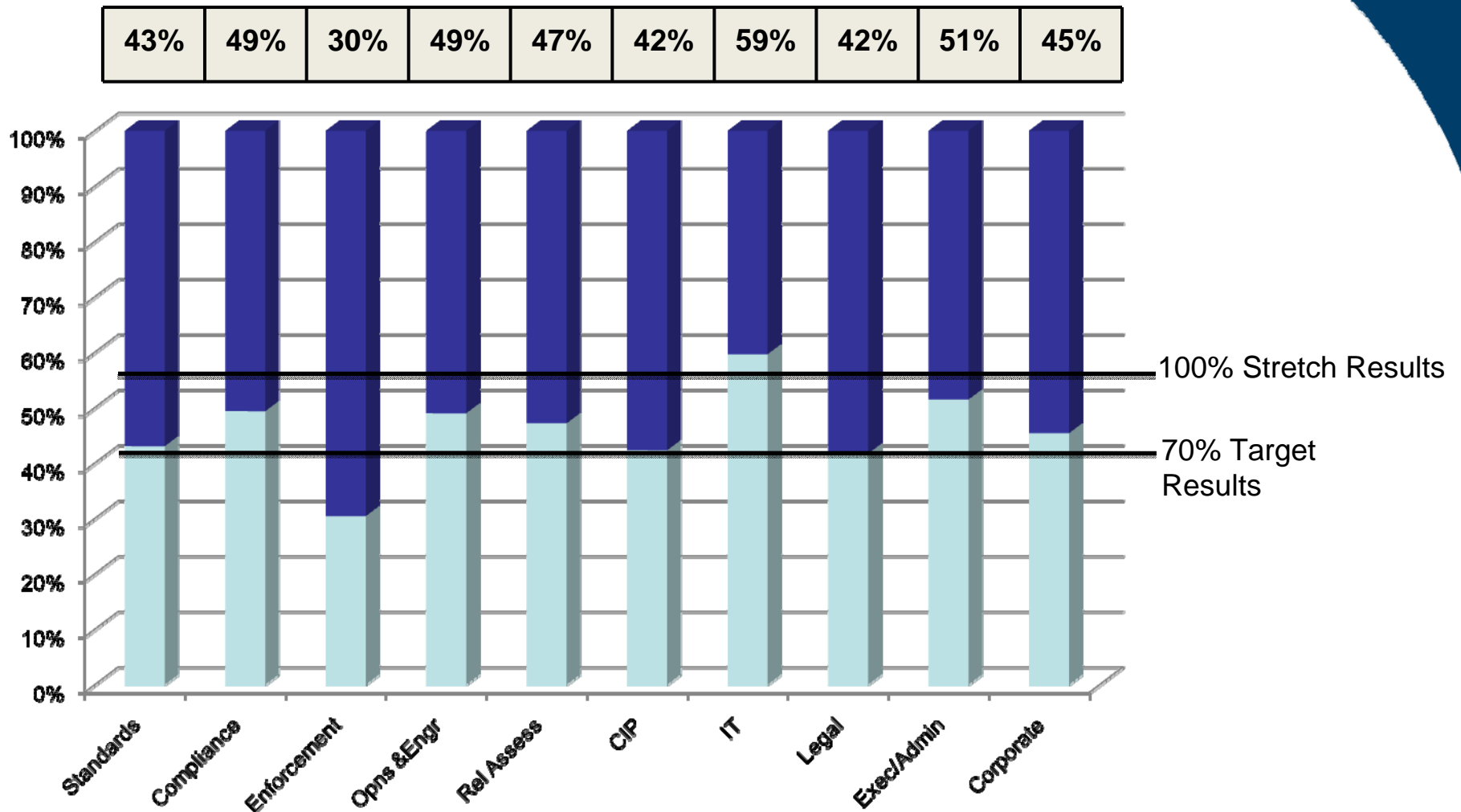
- Enforcement efficiency and productivity (8%)
- New and revised standards (6%)
- Event analyses reports and increased self-reporting (6%)
- Financial performance within budget (5%)
- ERO process mapping and IT infrastructure (5%)
- Event analysis rules and cold weather event report (3%)
- Emerging issues reports (3%)
- Cyber security national response plan and exercise (3%)
- Compliance education: CANs, bulletins, case notes (3%)

Summary of Other Deliverables

- Definition of adequate level of reliability (2%)
- Improve alerts and assess progress on ROW alert (2%)
- Issue lessons learned (2%)
- Delivery situation awareness tool (SAFNR) (2%)
- Annual report on reliability performance and metrics (2%)
- LTRA and seasonal reports (2%)
- Frequency response study (2%)
- Joint CIP initiatives with government (2%)
- Revised CIP standards (2%)
- Security risk guides joint with NIST (2%)
- Improved consistency of penalties (SIV tool) (2%)
- Reduction of violation mitigation time (2%)
- ERO/RE metrics (2%)
- Improved standing committee alignment & accountability (2%)
- Continued improvement in government relations (2%)
- Reduction of outstanding directives (1.5%)
- Demonstrate expedited standards team concept (1.5%)

Department Performance Through June 30, 2011

As a Percent of Department Goals



Key Results through June 2011

Leading Results

- BES definition and rules posted
- Standards prioritization and plan filing
- Standards and compliance workshops
- ANSI renewal application
- Three-year self-assessment report
- Reliability metrics
- GMD workshop and alert
- Government/CEO/RE outreach
- Business plan and budget
- Process mapping
- IT infrastructure and office relocation

Lagging Results

- Enforcement productivity and efficiency
- Mitigation timing
- No standards at May meeting
- CIP initiative results

	Goals (from Strategic Plan)		Objectives (from Strategic Plan)
1	The ERO will have clear, results-based reliability standards that provide for an adequate level of reliability.	a	Be the leader in articulating an adequate level of reliability (ALR) of the bulk power system and update the definition of ALR through a consensus process.
		b	Achieve a technically sufficient set of results-based reliability standards, with each requirement providing a clearly identified performance expectation and reliability benefit.
		c	Be accountable to applicable regulatory authorities and the public for standards that provide an adequate level of reliability by addressing all standards directives within one year of order unless a detailed technical study is required.
		d	Modify the standards development process to allow rapid development of an initial draft standard by a small professional team[1] with requisite expertise and skills, including legal and compliance, followed by subsequent stakeholder consensus review and balloting; the process will provide early consultation, including with regulatory staff, to determine a clear set of objectives for the standard. The process will allow highest priority standards to be delivered to the board within one year.
		e	Develop a program to allow compliance trials following NERC board approval of reliability standards, for the purpose of allowing industry to come into compliance and mitigate compliance risk while the ERO validates compliance measures and procedures, minimizing inefficiencies and detrimental effects of learning through enforcement.
		f	Ensure industry executive leaders are informed and positively influencing the development of high quality standards.
		g	Promote accountability of reliability stakeholders for developing high quality reliability standards that are not adversely influenced by perceptions of compliance risk.
		h	Periodically evaluate the standards development consensus process to ensure it continues to meet the needs of the ERO.
		i	Minimize the need for regulatory directives issued in response to filings of reliability standards by effectively coordinating reliability objectives and expectations; promote deference to the expertise of the ERO by earning the trust of regulatory authorities.

Goals (from Strategic Plan)	Objectives (from Strategic Plan)
	<p>j Develop technical reference guides and supporting compliance information for all reliability standards to ensure clarity and facilitate implementation.</p>
	<p>k Ensure standards priorities are informed by risk trends, event root cause analysis, compliance findings, reliability assessments, and other learning opportunities.</p>
	<p>l Engage standing committees in developing the technical bases for reliability standards.</p>
	<p>m Train all standards staff and drafting teams in results-based methods.</p>
	<p>n Address all remaining regional fill-in-the-blank standards and ensure regional standards have a consistent format and high quality.</p>
	<p>o Provide a robust educational program on reliability standards through the website, webinars and workshops.</p>

	Goals (from Strategic Plan)		Objectives (from Strategic Plan)
2	Bulk power system owners, operators, and users will be demonstrating sustained cultures of learning and reliability excellence, building upon underlying foundations of compliance and effective risk management.	a	Enable and encourage bulk power system owners, operators, and users to conduct periodic internal self-assessments to improve reliability and compliance, to share results for others to learn, to complete timely mitigation, and to self-report as required.
		b	Provide a comprehensive event analysis program that engages bulk power system owners, operators, and users in determining root causes, lessons learned, and other improvement opportunities; ensure all events meeting defined criteria are catalogued, prioritized, and assessed for improvement opportunities.
		c	Manage a consistent program for issuing recommendations and essential actions, and track and report mitigation results; modify ERO rules of procedure if needed to ensure alerts and recommendations are effective and ensure adequate technical and policy review for alerts and recommendations.
		d	Proactively seek and benchmark best-in-class performance on selected reliability topics; give recognition for examples of reliability excellence.
		e	Trend reliability issues and improvement opportunities and share results transparently with bulk power system owners, operators, and users.
		f	Encourage bulk power system owners, operators, and users to focus on managing reliability risk and improving reliability more than compliance risk avoidance; evaluate the possibility of creating a point system for recognizing positive reliability behaviors.
		g	Internalize risk-based approaches into ERO programs, priorities, and initiatives to maximize reliability benefits and improve efficiencies.
		h	Leverage other reliability organizations to improve bulk power system reliability, such as the North American Energy Standards Board, the North American Transmission Forum, the North American Generator Forum, the ISO-RTO Council, and others.
		i	Maintain an easily accessible library of lessons learned from event analyses, best practices, examples of excellence, and other resources for reliability improvement.

	Goals (from Strategic Plan)	Objectives (from Strategic Plan)
		j Develop an ERO staff that has strong skills in the areas of event forensics and root cause analysis; make similar training available to industry on a self-funded basis.
		k Be prepared to facilitate information flow and coordination among bulk power system owners, operators, and users during emergencies and unusual events, including government interfaces; develop response plans and procedures.
		l Develop and maintain a situational awareness capability that meets the needs of FERC, NERC, and applicable Registered Entities.
		m Educate industry on effective compliance programs and effective reliability risk controls.

	Goals (from Strategic Plan)		Objectives (from Strategic Plan)
3	The ERO will develop and maintain effective reliability performance measures and will continue to develop high quality reliability assessments based on long range and seasonal forecasts, as well as emerging issues.	a	Adopt a set of reliability performance measures to benchmark and assess the effectiveness of the ERO and industry in achieving reliability goals, and to identify reliability trends, common root causes, improvement opportunities, and priorities.
		b	Begin delivering an annual report on the state of bulk power system reliability.
		c	Become the principal source of information on reliability trends, issues, and priorities, and deliver this information to other program areas and reliability stakeholders to identify reliability improvement opportunities.
		d	Continue to deliver high quality long-term and seasonal reliability assessments of the future adequacy of the bulk power system to operate reliably.
		e	Continue to deliver reliability assessments of strategic emerging issues that may impact reliability.
		f	Improve the tools for the collection and validation of data for long-term, seasonal, operational, and special reliability assessments, along with the databases supporting reliability performance assessments.
		g	Leverage TADS, GADS, and DADS databases to create value-added information on equipment performance and failure modes; provide an integrated platform for maintenance and use of TADS, GADS, and DADS.
		h	Conduct detailed engineering analyses to evaluate and report on emerging reliability issues.
		i	Assist industry in improving reliability data modeling, including generator and turbine controls and load modeling.

	Goals (from Strategic Plan)		Objectives (from Strategic Plan)
4	Bulk power system owners, operators, and users will be effectively managing risks from cyber and physical attacks and other high-impact, low-frequency events.	a	Enhance situational awareness within the electricity sub-sector and with government through robust, timely, reliable, and secure information exchange; utilize a robust and mature ES-ISAC with a secure communications portal to ensure availability of actionable information regarding threats to the bulk power system.
		b	Facilitate industry use of sound risk management principles to enhance physical and cyber measures that improve preparedness, security, and resilience; demonstrate effective mitigation of security risks, including safeguarding of assets, developing mitigation alternatives, and preparing and testing recovery plans.
		c	Facilitate the conduct of comprehensive emergency, disaster, and business continuity planning; conduct training and large-scale exercises involving electricity industry and government entities to enhance reliability and coordinated emergency response.
		d	Clearly define critical infrastructure protection roles and responsibilities.
		e	Enhance understanding of key interdependencies and collaborate with other critical infrastructure sectors to address them, and facilitate industry's incorporation of that knowledge into planning and operations.
		f	Promote synergies between industry security initiatives and those of U.S. and Canadian governments; provide policy inputs to government decision-makers regarding the resiliency of the electric grid, key issues, and support needs.
		g	By communicating results, strengthen public and government confidence in industry's ability to manage risk and implement effective security, reliability and recovery efforts.
		h	Develop a robust set of critical infrastructure reliability standards that enable industry to adapt to continuously changing threats and vulnerabilities by emphasizing security risk management over compliance with static protections.
		i	In partnership with government and industry, deliver a comprehensive set of voluntary guides, including a program for demonstrating and validating those guides, for managing security risks to the electric system, from bulk power to the meter.

Goals (from Strategic Plan)	Objectives (from Strategic Plan)
	<p>j Maintain a set of design basis threat scenarios to guide determination of an adequate level of resilience; continuously evaluate and communicate high impact, low frequency risks.</p>
	<p>k Conduct security incident analysis and work with industry experts to provide lessons learned and enhance the sector's security posture.</p>
	<p>l Communicate best practices for physical security of bulk power system assets.</p>
	<p>m Provide education to industry on CIP standards and security risk management.</p>
	<p>n Enhance ERO staff expertise and qualifications to conduct CIP audits, security forensics, and threat analysis; provide to industry on a self-funded basis.</p>
	<p>o Develop security risk management enhancements, such as monitoring key interfaces for anomalies and benchmarking of vendor products to improve cyber protection.</p>
	<p>p Develop and implement a plan to address risks of long-term degradation of bulk power system capabilities, such as loss of critical equipment like transformers.</p>

	Goals (from Strategic Plan)	Objectives (from Strategic Plan)
5	The ERO will balance the roles of being a trusted enforcement authority, while providing owners, operators and users timely and transparent feedback on compliance and effective incentives for improving reliability.	<p>a Develop further enhancements to achieve efficient and timely enforcement compliance outcomes, including streamlined procedures for lower risk violations and improved workflow and tools at NERC and regional entities; target minor violations within three months and major cases within one year of discovery.</p>
		<p>b Enhance compliance transparency through issuance of compliance application notices, case notes, and other information that would assist registered entities in more effectively managing compliance risk.</p>
		<p>c While maintaining acceptance and trust of government authorities, evolve toward increased prosecutorial discretion on determining violations and setting penalties as a means of positively influencing cultures of compliance and reliability improvement.</p>
		<p>d Achieve greater consistency across the ERO in the determination of violations and exercise of discretion in setting penalties and sanctions through a defined framework and training of applicable staff personnel.</p>
		<p>e Ensure timely and thorough mitigation of all violations of mandatory reliability standards.</p>
		<p>f Modify the registration program to be more efficient, risk-based, and aligned with reliability benefit, including evaluation of options such as increased granularity in registration by requirement or by assets for entities with limited impacts on bulk power system reliability.</p>
		<p>g Provide greater assurance that bulk power system owners, operators, and users are correctly registered through more proactive review of registration status; ensure responsibilities are clearly understood by all registered entities and that there are no material gaps or adverse impacts on bulk power system reliability.</p>
		<p>h Enhance the tools to help registered entities understand the constellation of standards and requirements that are applicable to each entity, including versioning of standards.</p>
		<p>i Enhance coordination and efficiency of compliance processes involving multi-regional entities, joint registration organizations, and joint action agencies.</p>

	Goals (from Strategic Plan)	Objectives (from Strategic Plan)
		j Develop the capability of the NERC Board Compliance Committee to more transparently render decisions that set precedent or direction for improved compliance with reliability standards.

	Goals (from Strategic Plan)		Objectives (from Strategic Plan)
6	NERC and the regional entities will execute statutory functions in a collaborative enterprise and thereby achieve efficiencies and effective process controls while leveraging the expertise of staff and stakeholder resources.	a	Operate the ERO enterprise with a high level of trust and collaboration, seeking opportunities to integrate and leverage NERC, regional, and stakeholder ideas and resources in a united purpose of improving reliability.
		b	Improve transparency, consistency, quality, and timeliness of NERC and regional entity results through process improvements, coordination, and collaboration.
		c	Align and expand the role of technical committees in supporting ERO functions and developing initiatives to improve reliability, with clear accountability to the board.
		d	Develop an ERO-wide internal audit and risk management program with effective controls to ensure the ERO is addressing organizational risks[1] and successfully fulfilling its statutory mission.
		e	Develop highly qualified and trained staffs at NERC and the regional entities, including enhancement of qualifications in auditing, investigations, enforcement, and other essential staff roles; consider staff exchanges where appropriate.
		f	Address all applicable recommendations and directives from the Three-Year ERO Assessment and previous audits.
		g	Adopt ERO performance indicators and feedback mechanisms to enable the ERO to continue being a learning organization.
		h	Provide rigorous internal financial controls and efficient management of resources to achieve a high level of efficiency in the provision of statutory functions.
		i	Apply a business planning process with a three-year horizon to convey the value to be delivered by various programs and initiatives, and track the results <i>ex post</i> .
		j	Develop an architecture and design for an ERO information system that incorporates business process mapping, ERO business process owner needs, and end user needs.

	Goals (from Strategic Plan)	Objectives (from Strategic Plan)
		k Deliver the initial modules of a secure information management system to achieve efficiencies, consistency of outcomes, effective process controls, and more transparent accountability across the statutory functions of ERO enterprise.
		l Develop a robust, user-friendly website that facilitates easy access to reliability information and ERO processes.

	Goals (from Strategic Plan)	Objectives (from Strategic Plan)
7	The ERO will maintain an exceptional reputation as the trusted leader of the reliability community and instill a high degree of confidence in the reliability of the bulk power system.	a Develop clear articulations of the value of bulk power system reliability for reliability stakeholders, including reasonable expectations for reliability, security, and recoverability.
		b Develop and implement an industry-wide communications plan to build awareness of work by the ERO and industry to improve reliability.
		c Establish the ERO as principal architect of reliability by charting the course for reliability initiatives.
		d Through consistent delivery of results, earn the trust and confidence of the public, regulators, and reliability stakeholders that reliability risks are being effectively addressed.
		e Maintain the ERO's position as independent and objective, striving at all times for what is best for the reliability of the bulk power system and not unduly influenced by alternative interests of government or industry.
		f While maintaining a posture of independence as the reliability community leader, engage in active consultation with regulatory and legislative leaders and staffs in the U.S. and Canada to ensure ERO work is consistent with guidance received and meeting or exceeding expectations.
		g Prepare messages for use during and following significant events as teaching moments to help the public better understand the efforts and practical considerations in recovery and improving reliability.
		h Sustain high ethical standards of the ERO by establishing a set of ethical principles for NERC and regional entities and conducting periodic assessments of the effectiveness of controls and performance.
		i Identify and cultivate champions for bulk power system reliability at the principal levels of federal, state, and provincial governments in the U.S. and Canada.
		j Maintain proactive outreach, including by the NERC board, to receive feedback and inputs to improve ERO performance; maintain a posture of a learning organization.

Attachment 10

Metrics Comparing Regional Entity Operations Based on the 2011 Projections and 2012 Budgets

ATTACHMENT 15

METRICS COMPARING REGIONAL ENTITY OPERATIONS BASED ON THE 2012 BUDGETS

Introduction

This Attachment provides metrics on the Regional Entities' operations based on their 2012 Business Plans and Budgets, and analysis of the metrics. In addition, in response to P 38 of the *2011 Budget Order*, metrics information has been provided for the Regional Entities' based on their 2011 projections. Consistent with the similar attachments provided in NERC's 2010 and 2011 Business Plan and Budget filings, this Attachment focuses on providing quantitative data and information for the Regional Entities. The metrics focus primarily on the Regional Entities' Compliance Monitoring and Enforcement Programs (Compliance Program). This Attachment contains

- tables providing the 2012 budget and 2011 projection metrics values for each Regional Entity (pages 4-5);
- a series of bar charts comparing the Regional Entities' Compliance Program 2012 budgeted costs and 2011 projected costs per registered entity and per registered function (pages 6-11);
- a series of bar charts comparing the Regional Entities' projected costs for 2012 for "small," "medium" and "large" on-site and off-site operational (*i.e.*, non-CIP) compliance audits¹ and "small" and "large" on-site and off-site CIP compliance audits² (pages 12 through 14);

¹ As originally presented in NERC's *December 15, 2008 Budget Compliance Filing* to the *2009 Budget Order*, a "small" operational compliance audit involves 25 or fewer reliability standard requirements to be audited; a "medium" operational compliance audit involves 26 to 75 requirements to be audited; and a "large" operational compliance audit involves more than 75 requirements to be audited. An on-site compliance audit takes place at the registered entity's site, while an off-site compliance audit takes place at another location, typically the Regional Entity's offices.

² For purposes of this presentation, a "small" CIP compliance audit involves an entity with no critical cyber assets and 5 requirements. (There are requirements of the CIP standards that apply to registered entities with no critical cyber assets, for example, the requirements of CIP-001 concerning sabotage reporting and response; the requirements of CIP-002 which require the registered entity to have a risk-based assessment methodology and to use it annually to identify any critical assets and critical cyber assets, even if the result is "none;" and the requirements of CIP-003 that the registered entity have in place a cyber security policy and a designated, single senior manager with overall responsibility for leading the entity's compliance with the CIP standards.) A "large" CIP audit compliance involve any entity with critical cyber assets and 5 requirements, auditing 43 requirements or 162 sub-requirements.

- trend line plots of the Regional Entities' 2012 Compliance Program budgets and 2011 Compliance Program projections against numbers of registered entities and numbers of registered functions in each Region (pages 15-16);
- bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTE³ and numbers of registered functions per Compliance Program FTE, for their 2012 budgets and 2011 projections (pages 17-18);
- bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTE and numbers of registered functions per Compliance Program FTE in their 2011 and 2012 Business Plans and Budgets (page 19); and
- discussion and analysis of the metrics (pages 20-25). The discussion and analysis focuses on variations in the Regional Entity metrics based on their 2012 budgets and possible reasons for the variations.

The table on page 4 shows the following quantitative data for each Regional Entity based on its 2012 Business Plan and Budget. This data is used to develop the bar charts and trend line graphs that follow based on the Regional Entities' 2012 budgets.

- Numbers of registered entities
- Numbers of registered functions
- Total NEL (GWh)
- NEL (GWh) per registered entity
- Total ERO funding
- ERO (statutory) funding⁴ per registered entity
- ERO funding per registered function
- Total statutory budget
- Total statutory budget⁵ per registered entity
- Total statutory budget per registered function
- Total statutory FTE

³ FTE = full-time equivalent employee. Each FTE is assumed to work 2,080 hours per year. An employee working less than 2,080 hours per year is counted as a fractional FTE based on number of hours divided by 2,080 hours.

⁴ ERO funding is defined as the sum of assessments and penalty sanctions.

⁵ Total budget is defined as the sum of total expenses and the total increase in fixed assets.

- Registered entities per statutory FTE
- Registered functions per statutory FTE
- Total Compliance Program budget
- Compliance Program budget per registered entity
- Compliance Program budget per registered function
- Total Compliance FTE
- Registered entities per Compliance Program FTE
- Registered functions per Compliance Program FTE
- Projected numbers of small, medium and large on-site operational audits in 2012
- Estimated costs for small, medium and large on-site operational audits in 2012
- Projected numbers of small, medium and large off-site operational audits in 2012
- Estimated costs for small, medium and large off-site operational audits in 2012
- Projected numbers of small and large on-site CIP in 2012
- Estimated costs for small and large on-site CIP audits in 2012
- Projected numbers of small and large off-site CIP audits in 2012
- Estimated costs of small and large off-site CIP audits in 2012
- Average number of contractors used for small, medium and large on-site operational audits
- Average number of contractors used for small, medium and large off-site operational audits

The table on page 5 presents the first 19 data items listed above based on the Regional Entities' 2012 projections. This data is used to develop the bar charts and trend line graphs that follow based on the Regional Entities' 2011 projections. Information on the numbers, costs, and numbers of contractors for the various types and sizes of compliance audits have not been developed, because the Regional Entities' current year projections are not developed at a level of granularity that that would allow these metrics to be prepared or to provide meaningful comparative information.

Metrics for Budget Submissions	FRCC	MRO ⁷	NPCC ⁷	RFirst	SERC	SPP	TRE	WECC ⁸
Number of registered entities	74	130	306	353	250	132	221	462
Number of registered functions	247	462	614	691	687	394	421	1210
Total NEL (GWh)	232,976	275,317	639,270	932,292	1,075,403	216,504	319,926	839,910
NEL (GWh) per registered entity	3,148	2,118	2,089	2,641	4,301,472	1,640	1,448	1,818
Total ERO Funding ¹	\$ 5,299,550	\$ 8,767,529	\$ 13,165,567	\$ 14,326,372	\$ 15,279,775	\$ 10,052,567	\$ 10,076,696	\$ 19,032,106
ERO Funding per registered entity	\$ 71,616	\$ 63,542	\$ 43,025	\$ 40,585	\$ 61,119	\$ 76,156	\$ 45,596	\$ 41,195
ERO Funding per registered function	\$ 21,456	\$ 17,880	\$ 21,442	\$ 20,733	\$ 22,241	\$ 25,514	\$ 23,935	\$ 15,729
Total Budget ²	\$ 6,394,454	\$ 9,057,229	\$ 13,680,643	\$ 16,656,500	\$ 15,594,445	\$ 11,410,642	\$ 10,613,459	\$ 20,336,457
Total Budget per registered entity	\$ 86,412	\$ 69,671	\$ 44,708	\$ 47,186	\$ 62,378	\$ 86,444	\$ 48,025	\$ 44,018
Total Budget per registered function	\$ 25,888	\$ 19,604	\$ 22,281	\$ 24,105	\$ 22,699	\$ 28,961	\$ 25,210	\$ 16,807
Total Statutory FTE ³	30.70	37.00	35.43	73.00	73.70	33.50	58.00	127.40
Registered entity per Statutory FTE	2.41	3.51	8.64	4.84	3.39	3.94	3.81	3.63
Registered function per Statutory FTE	8.05	12.49	17.33	9.47	9.32	11.76	7.26	9.50
Total Compliance Budget ⁴	\$ 4,608,999	\$ 5,898,704	\$ 7,471,560	\$ 12,351,184	\$ 10,997,669	\$ 9,066,177	\$ 8,501,276	\$ 13,957,975
Compliance budget per registered entity	\$ 62,284	\$ 45,375	\$ 24,417	\$ 34,989	\$ 43,991	\$ 68,683	\$ 38,467	\$ 30,212
Compliance budget per registered function	\$ 18,660	\$ 12,768	\$ 12,169	\$ 17,874	\$ 16,008	\$ 23,011	\$ 20,193	\$ 11,536
Total Compliance FTE ³	19.94	19.16	15.00	42.50	42.00	22.75	38.00	58.50
Registered entity per Compliance FTE	3.71	6.78	20.40	8.31	5.95	5.80	5.82	7.90
Registered function per Compliance FTE	12.39	24.11	40.93	16.26	16.36	17.32	11.08	20.68
Number of Small Operational Audits Onsite ⁵	4	0	0	1	11	0	0	0
Estimated Cost per Small Operational Audit Onsite ⁵	\$ 6,738	\$ -	\$ 16,730	\$ 11,848	\$ 9,712	\$ -	\$ -	\$ -
Number of Medium Operational Audits Onsite ⁵	1	4	0	0	12	0	16	0
Estimated Cost per Medium Operational Audit Onsite ⁵	\$ 15,160	\$ 23,255	\$ 39,100	\$ -	\$ 15,086	\$ -	\$ 21,366	\$ -
Number of Large Operational Audits Onsite ⁵	7	8	3	15	13	6	6	18
Estimated Cost per Large Operational Audit Onsite ⁵	\$ 37,899	\$ 41,478	\$ 62,140	\$ 30,450	\$ 34,676	\$ 59,145	\$ 45,059	\$ 61,574
Number of Small Operational Audits Offsite ⁵	1	4	12	29	4	13	5	33
Estimated Cost per Small Operational Audit Offsite ⁵	\$ 5,018	\$ 7,336	\$ 7,335	\$ 11,848	\$ 8,616	\$ 11,452	\$ 8,248	\$ 8,640
Number of Medium Operational Audits Offsite ⁵	0	3	7	24	0	3	15	25
Estimated Cost per Medium Operational Audit Offsite ⁵	\$ -	\$ 11,003	\$ 12,880	\$ 24,446	\$ -	\$ 25,718	\$ 13,680	\$ 16,335
Number of Large Operational Audits Offsite ⁵	0	0	30	3	0	0	0	6
Estimated Cost per Large Operational Audit Offsite ⁵	\$ -	\$ -	\$ 19,340	\$ 30,450	\$ -	\$ -	\$ -	\$ 25,144
Number of Small CIP Audits Onsite ⁶	8	8	0	0	5	1	0	0
Estimated Cost per Small CIP Audit Onsite ⁶	\$ 3,369	\$ 30,808	\$ -	\$ -	\$ 7,321	\$ 9,858	\$ -	\$ -
Number of Large CIP Audits Onsite ⁶	3	4	6	21	19	7	18	21
Estimated Cost per Large CIP Audit Onsite ⁶	\$ 56,849	\$ 56,113	\$ 63,500	\$ 62,657	\$ 36,720	\$ 99,690	\$ 43,361	\$ 57,350
Number of Small CIP Audits Offsite ⁶	0	4	25	27	0	15	20	58
Estimated Cost per Small CIP Audit Offsite ⁶	\$ -	\$ 9,169	\$ 7,540	\$ 6,240	\$ -	\$ 5,056	\$ 19,782	\$ 3,063
Number of Large CIP Audits Offsite ⁶	0	0	0	0	0	0	0	0
Estimated Cost per Large CIP Audit Offsite ⁶	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Avg. Number of Contractors Per Small Audits Onsite	0	0	2	0	0	1	0	0
Avg. Number of Contractors Per Medium Audits Onsite	0	0	4	1	0	3	0	2
Avg. Number of Contractors Per Large Audits Onsite	0	0	6	0	0	3	0	2
Avg. Number of Contractors Per Small Audits Offsite	0	0	1	0	0	1	0	1
Avg. Number of Contractors Per Medium Audits Offsite	0	0	1	0	0	2	0	2
Avg. Number of Contractors Per Large Audits Offsite	0	0	2	0	0	2	0	2
Cost of Contractors Per Small Audits Onsite						\$ 8,100		
Cost of Contractors Per Medium Audits Onsite			\$ 10,952	\$ 20,000		\$ 21,600		
Cost of Contractors Per Large Audits Onsite			\$ 15,373			\$ 32,400		
Cost of Contractors Per Small Audits Offsite			\$ 1,143			\$ 6,300		
Cost of Contractors Per Medium Audits Offsite			\$ 803			\$ 14,400		
Cost of Contractors Per Large Audits Offsite			\$ 589			\$ 23,400		

¹ ERO Funding is a sum of Assessments and Penalty Sanctions

² Total Budget is a sum of Total Expenses and Capital Expenditures

³ Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

⁴ Total Compliance Budget is a sum of Direct Expenses, Indirect Expenses and Capital Expenditures

⁵ Size of Operational audits are defined by number of requirements:

Small	25 or less
Medium	26 to 75
Large	More than 75

⁶ Size of a CIP audit is defined as:

Small	Any entity with no critical cyber assets and 5 requirements
Large	Any entity with critical cyber assets and 5 requirements, auditing 43 requirements or 162 sub requirements

⁷ Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

⁸ For WECC, the cost of the Reliability Coordinator function of \$20,201,409 has been deducted from the ERO assessments and Total Budget for comparison with the other Regions where no such function exists in Statutory Programs. 66.8 direct FTEs in the Reliability Coordinator function have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE. Also, the costs offset by grant funding totalling \$27,431,301 have been excluded from the Total Budget and 19.0 FTEs have been excluded from the calculations of registered

2011 Projected Metrics for Budget Submissions

2011 Projection Metrics	FRCC	MRO ⁵	NPCC ⁵	RFirst	SERC	SPP	TRE	WECC ⁶
Number of registered entities	74	124	306	369	251	130	221	459
Number of registered functions	250	454	614	708	694	393	411	1,217
Total NEL (GWh)	226,803	264,752	652,049	889,208	990,094	203,023	308,278	847,828
NEL (GWh) per registered entity	3,065	2,135	2,131	2,410	3,945	1,562	1,395	1,847
Total ERO Funding - 2011 Projection ¹	\$ 5,017,060	\$ 8,397,502	\$ 12,961,110	\$ 13,682,744	\$ 11,590,508	\$ 9,282,485	\$ 9,247,823	\$ 21,135,490
ERO Funding per registered entity	\$ 67,798	\$ 67,722	\$ 42,357	\$ 37,081	\$ 46,177	\$ 71,404	\$ 41,845	\$ 46,047
ERO Funding per registered function	\$ 20,068	\$ 18,497	\$ 21,109	\$ 19,326	No	\$ 23,620	\$ 22,501	\$ 17,367
Total Statutory Budget - 2011 Projection ²	\$ 5,359,119	\$ 8,130,824	\$ 12,716,809	\$ 15,312,489	\$ 11,927,434	\$ 9,577,086	\$ 8,657,031	\$ 18,972,349
Total Statutory Budget per registered entity	\$ 72,421	\$ 65,571	\$ 41,558	\$ 41,497	\$ 47,520	\$ 73,670	\$ 39,172	\$ 41,334
Total Statutory Budget per registered function	\$ 21,436	\$ 17,909	\$ 20,711	\$ 21,628	\$ 17,187	\$ 24,369	\$ 21,063	\$ 15,589
Total Statutory FTE - 2011 Projection ³	25.16	34.50	31.42	69.00	66.70	29.10	49.00	130.40
Registered entity per Statutory FTE	2.94	3.59	9.74	5.35	3.76	4.47	4.51	3.52
Registered function per Statutory FTE	9.94	13.16	19.54	10.26	10.40	13.51	8.39	9.33
Total Compliance Budget - 2011 Projection ⁴	\$ 3,845,625	\$ 5,118,968	\$ 7,378,977	\$ 11,169,527	\$ 8,227,767	\$ 7,448,944	\$ 6,781,397	\$ 13,132,800
Compliance budget per registered entity	\$ 51,968	\$ 41,282	\$ 24,114	\$ 30,270	\$ 32,780	\$ 57,300	\$ 30,685	\$ 28,612
Compliance budget per registered function	\$ 15,383	\$ 11,275	\$ 12,018	\$ 15,776	\$ 11,856	\$ 18,954	\$ 16,500	\$ 10,791
Total Compliance FTE ³	15.39	17.47	14.00	39.00	28.00	17.92	30.06	58.50
Registered entity per Compliance FTE	4.81	7.10	21.86	9.46	8.96	7.25	7.35	7.85
Registered function per Compliance FTE	16.24	25.99	43.86	18.15	24.79	21.93	13.67	20.80

¹ ERO Funding is a sum of assessments and penalty sanctions

² Total Budget is a sum of total expenses and the total increase in fixed assets

³ Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

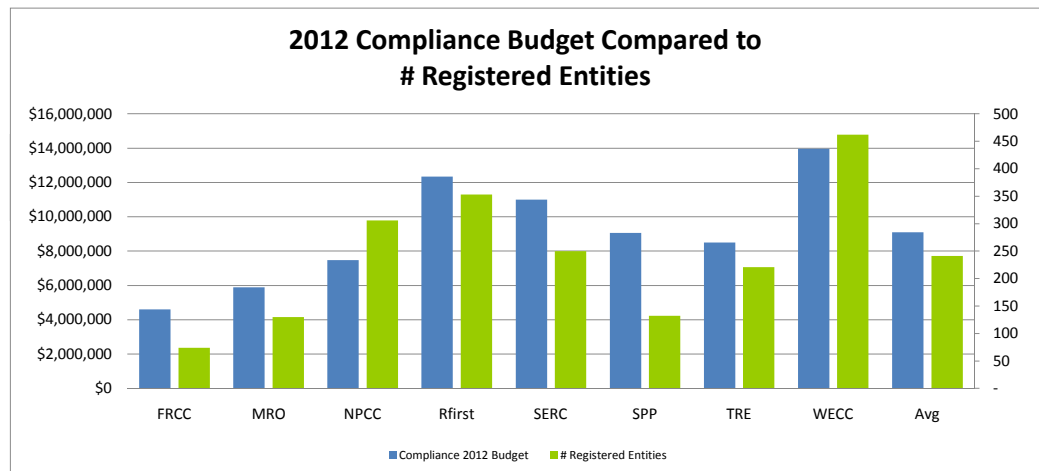
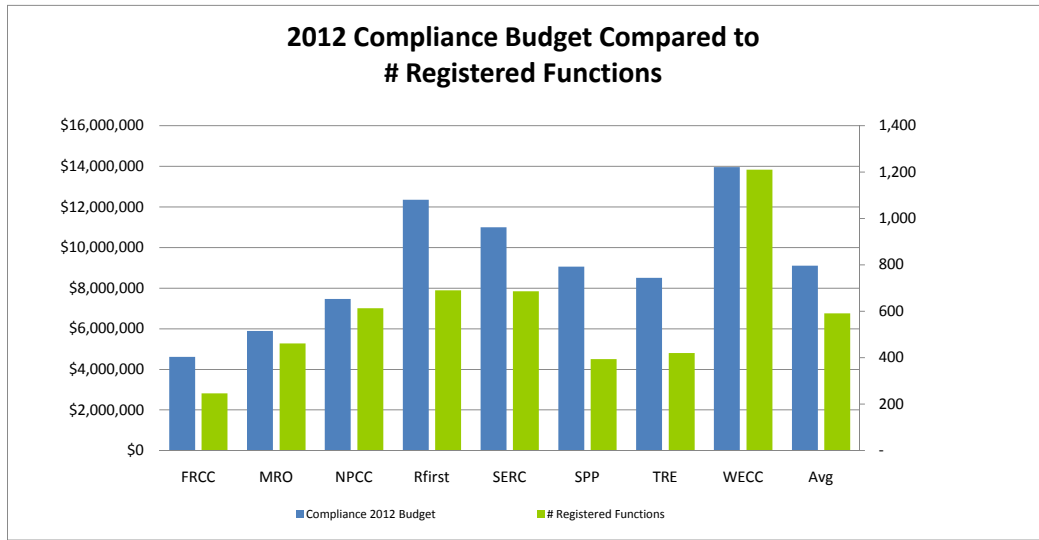
⁴ Total Compliance Budget is a sum of Direct Expenses, Indirect Expenses and Capital Expenditures

⁵ Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

⁶ For WECC, the cost of the Reliability Coordinator function of \$18,538,172 has been deducted from the ERO assessments and Total Budget for comparison with the other Regions where no such function exists in Statutory Programs. 62.3 direct FTEs in the Reliability Coordinator function have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE. Also, the costs offset by grant funding totaling \$19,258,259 have been excluded from the Total Budget and 15.2 FTEs have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE.

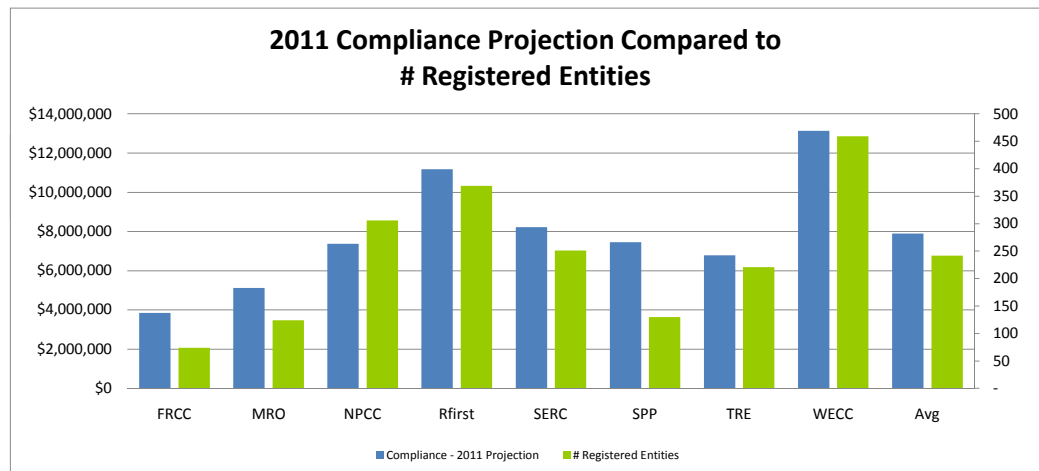
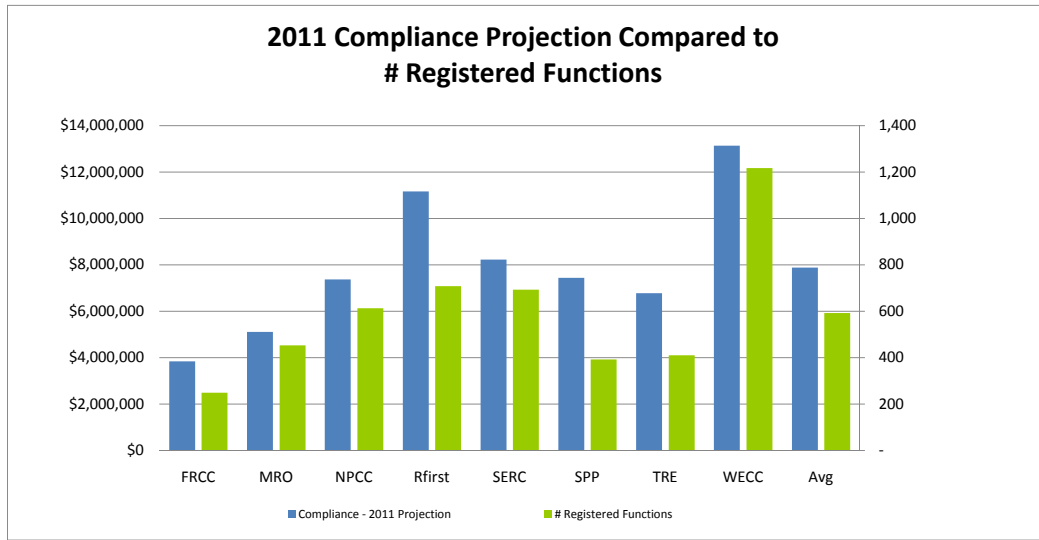
Compliance 2012 Budget

	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance 2012 Budget	4,608,999	5,898,704	7,471,560	12,351,184	10,997,669	9,066,177	8,501,276	13,957,975	9,106,693
# Registered Entities	74	130	306	353	250	132	221	462	241
# Registered Functions	247	462	614	691	687	394	421	1,210	591

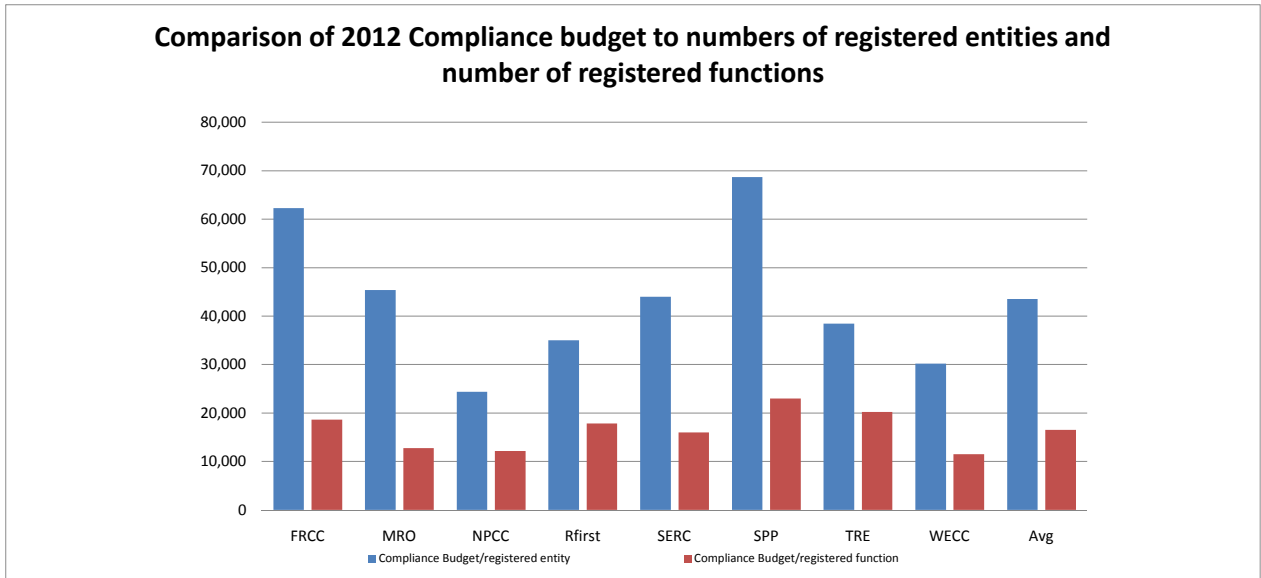


Compliance - 2011 Projection

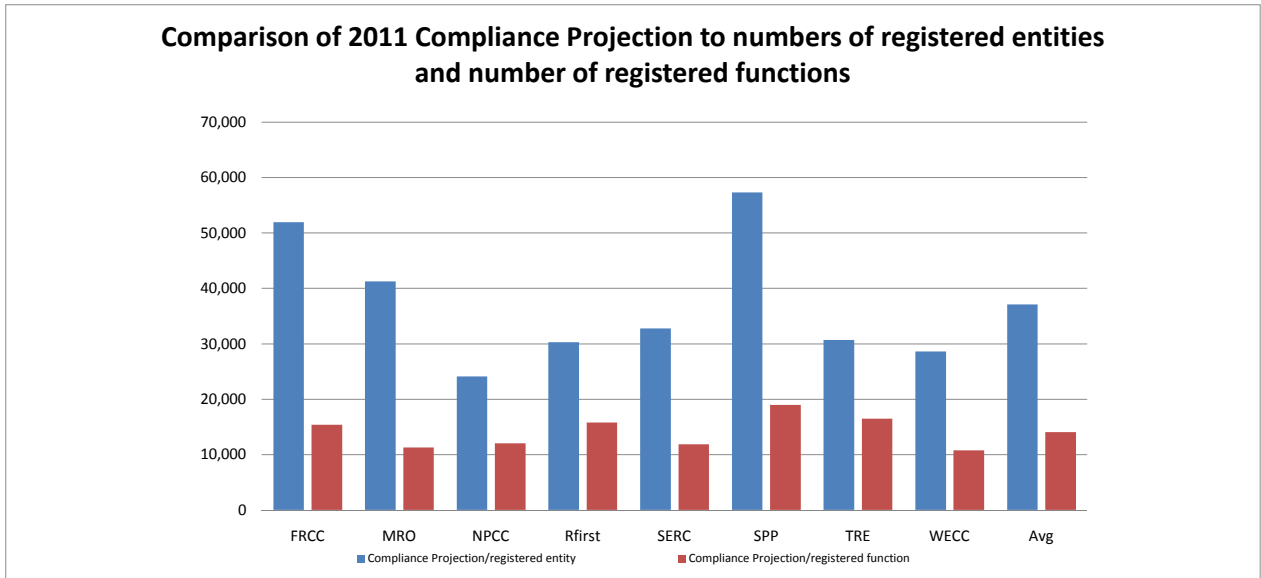
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance - 2011 Projection	3,845,625	5,118,968	7,378,977	11,169,527	8,227,767	7,448,944	6,781,397	13,132,800	7,888,001
# Registered Entities	74	124	306	369	251	130	221	459	242
# Registered Functions	250	454	614	708	694	393	411	1,217	593



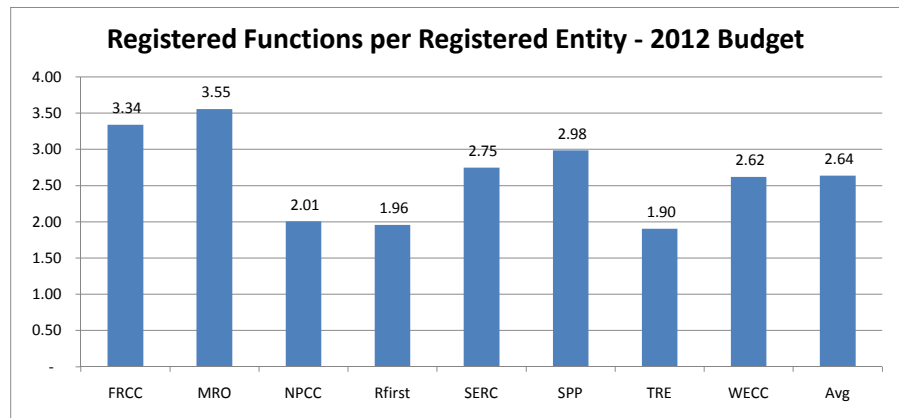
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance Budget/registered entity	62,284	45,375	24,417	34,989	43,991	68,683	38,467	30,212	43,552
Compliance Budget/registered function	18,660	12,768	12,169	17,874	16,008	23,011	20,193	11,536	16,527



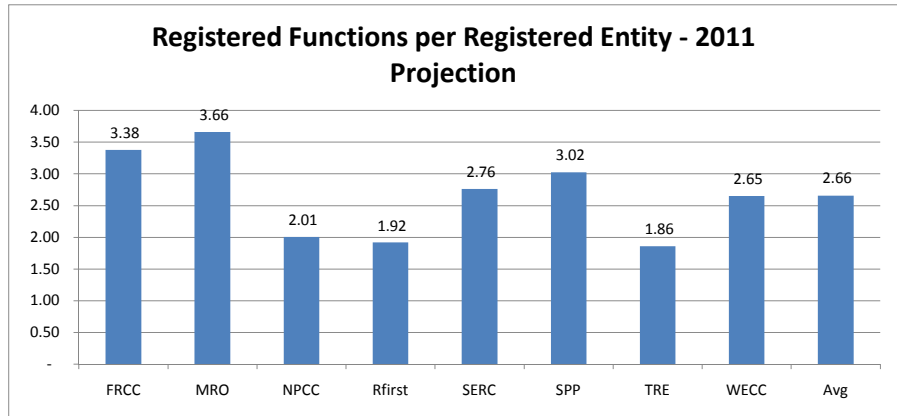
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance Projection/registered entity	51,968	41,282	24,114	30,270	32,780	57,300	30,685	28,612	37,126
Compliance Projection/registered function	15,383	11,275	12,018	15,776	11,856	18,954	16,500	10,791	14,069



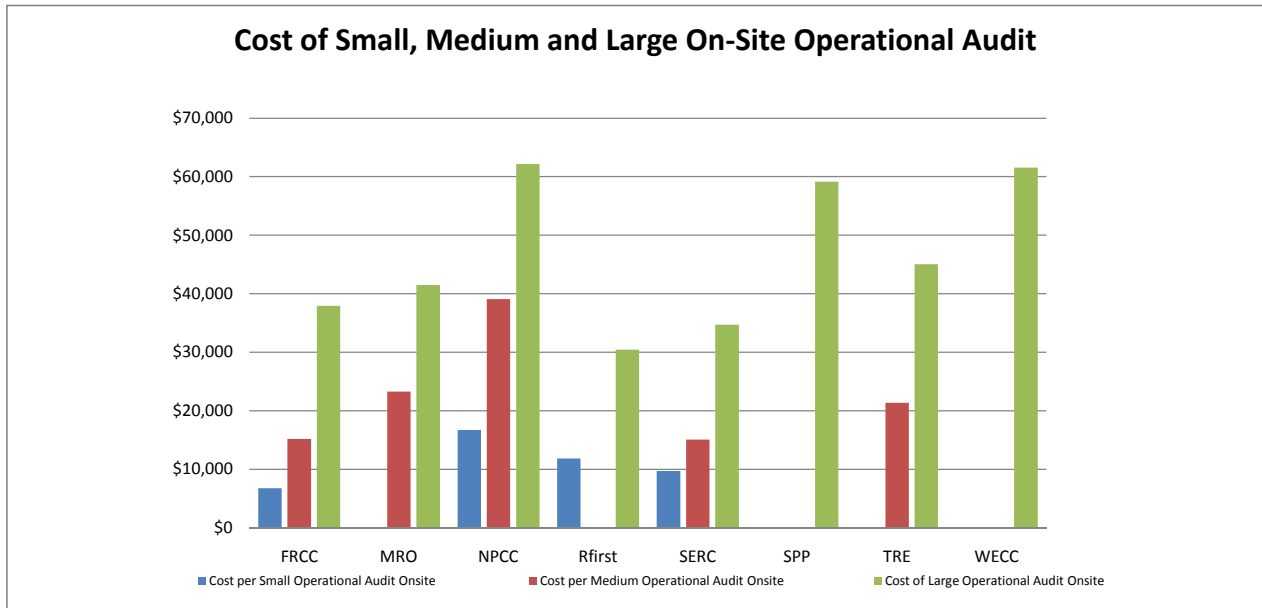
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Registered Functions per Registered Entity 2012 Budget	3.34	3.55	2.01	1.96	2.75	2.98	1.90	2.62	2.64
# Registered Entities per Compliance FTE	3.71	6.78	20.40	8.31	5.95	5.80	5.82	7.90	8.08
# Registered Functions per Compliance FTE	12.39	24.11	40.93	16.26	16.36	17.32	11.08	20.68	19.89



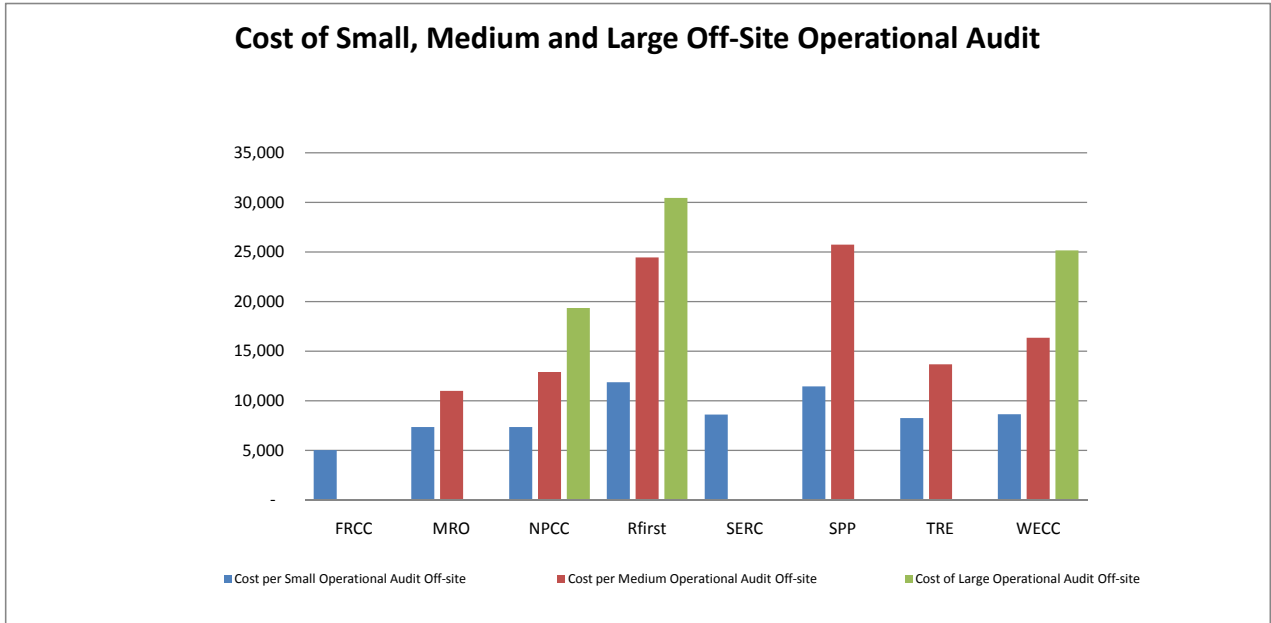
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Registered Functions per Registered Entity	3.38	3.66	2.01	1.92	2.76	3.02	1.86	2.65	2.66
# Registered Entities per Compliance FTE	4.81	7.10	21.86	9.46	8.96	7.25	7.35	7.85	9.33
# Registered Functions per Compliance FTE	16.24	25.99	43.86	18.15	24.79	21.93	13.67	20.80	23.18



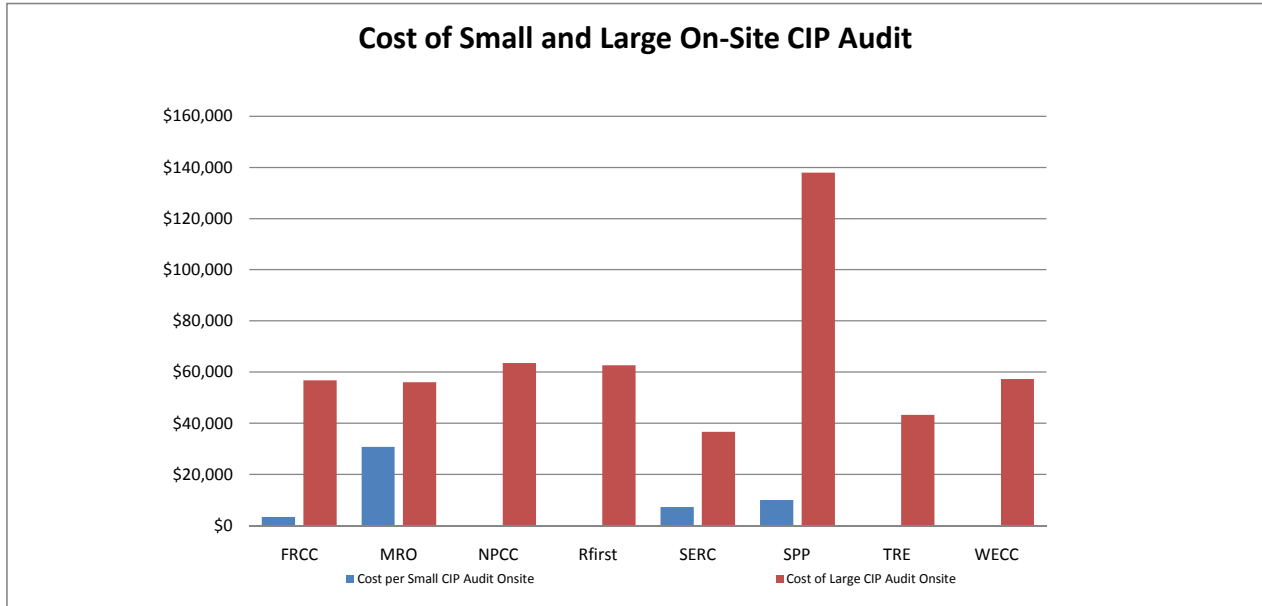
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small Operational Audit Onsite	6,738	-	16,730	11,848	9,712	-	-	-
Cost per Medium Operational Audit Onsite	15,160	23,255	39,100	-	15,086	-	21,366	-
Cost of Large Operational Audit Onsite	37,899	41,478	62,140	30,450	34,676	59,145	45,059	61,574



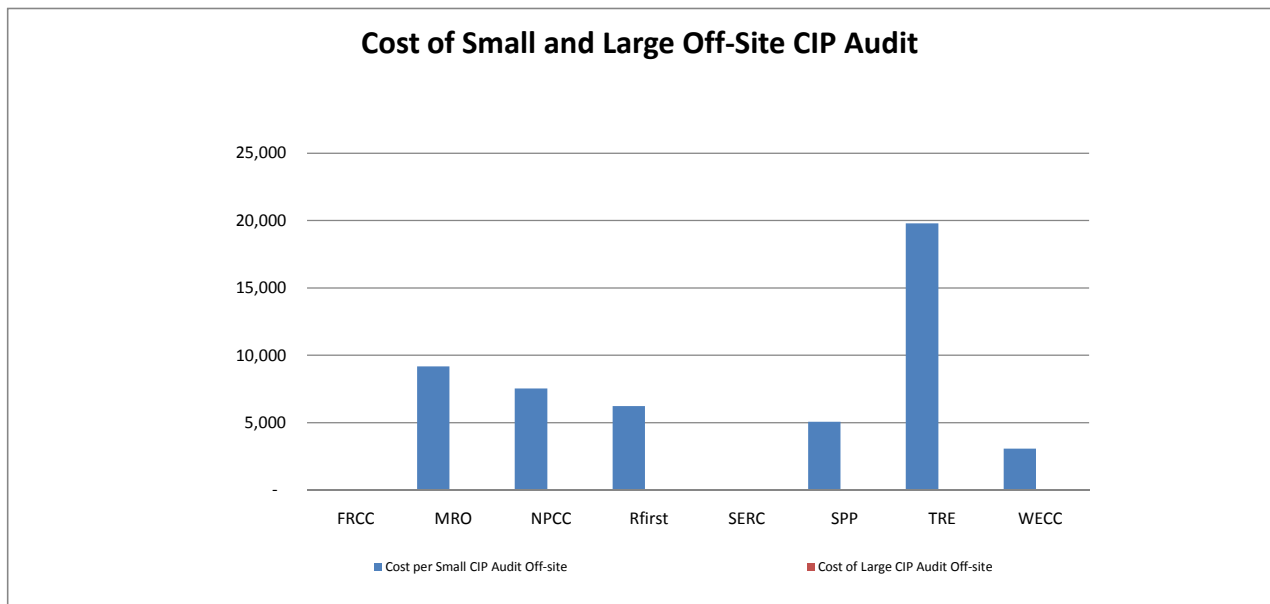
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small Operational Audit Off-site	5,018	7,336	7,335	11,848	8,616	11,452	8,248	8,640
Cost per Medium Operational Audit Off-site	-	11,003	12,880	24,446	-	25,718	13,680	16,335
Cost of Large Operational Audit Off-site	-	-	19,340	30,450	-	-	-	25,144



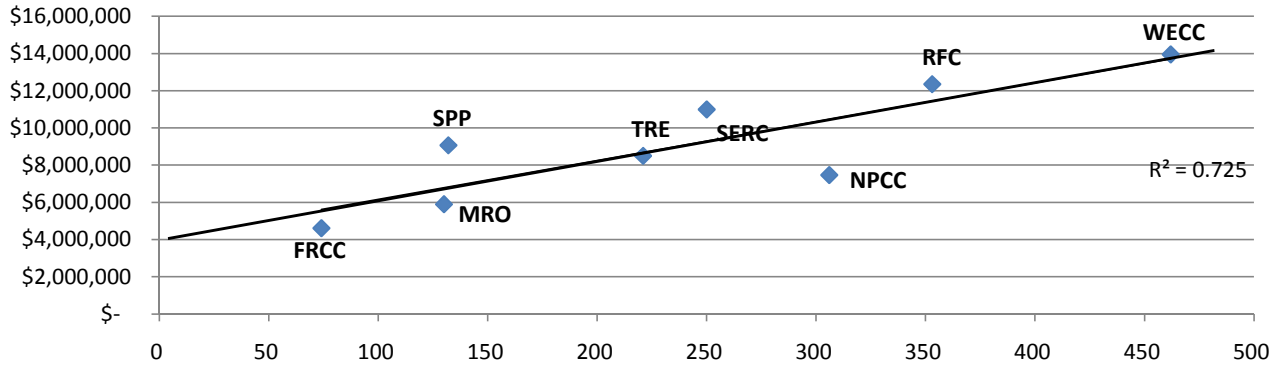
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small CIP Audit Onsite	3,369	30,808	-	-	7,321	10,056	-	-
Cost of Large CIP Audit Onsite	56,849	56,113	63,500	62,657	36,720	137,941	43,361	57,350



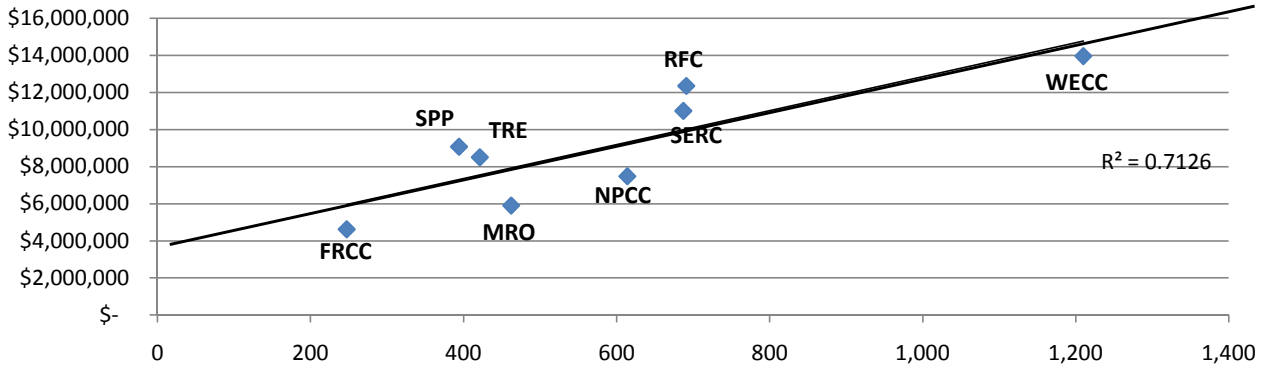
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small CIP Audit Off-site	-	9,169	7,540	6,240	-	5,056	19,782	3,063
Cost of Large CIP Audit Off-site	-	-	-	-	-	-	-	-



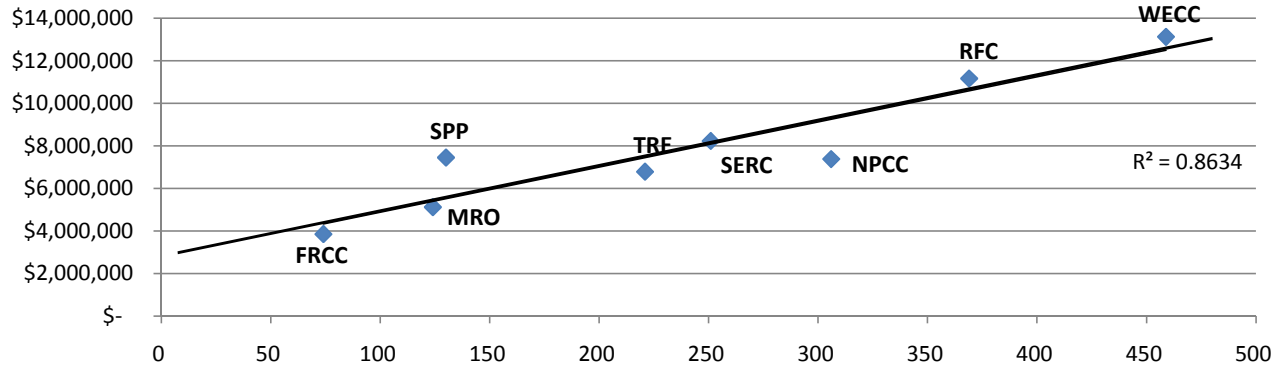
Regional Entity 2012 Compliance Program Budget as Function of Number of Registered Entities



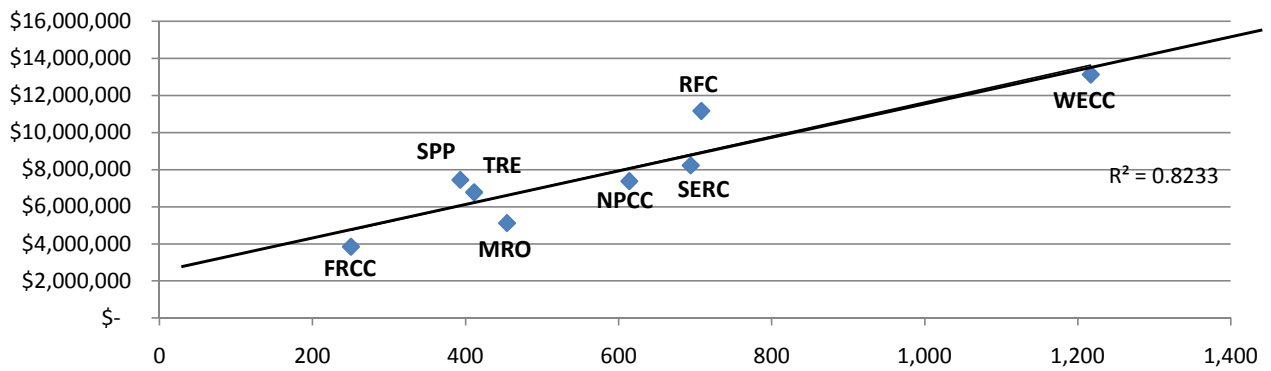
Regional Entity 2012 Compliance Program Budget as Function of Number of Registered Functions



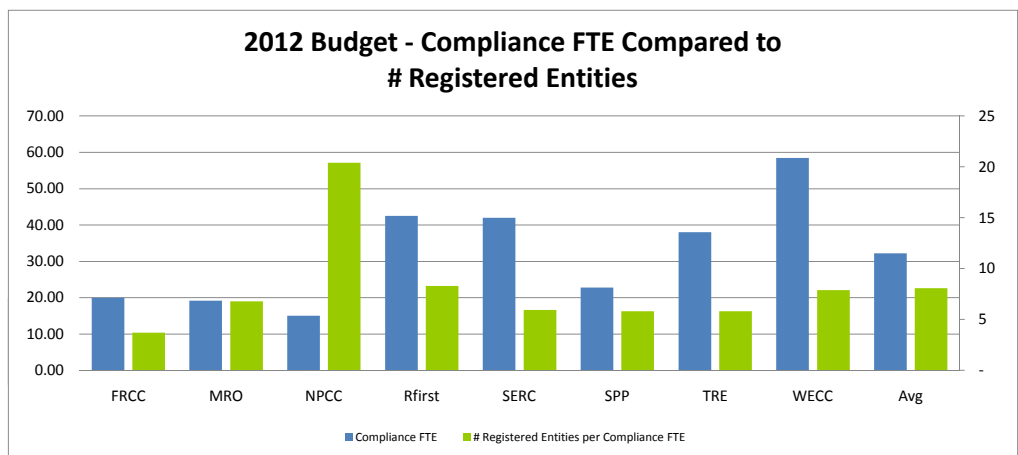
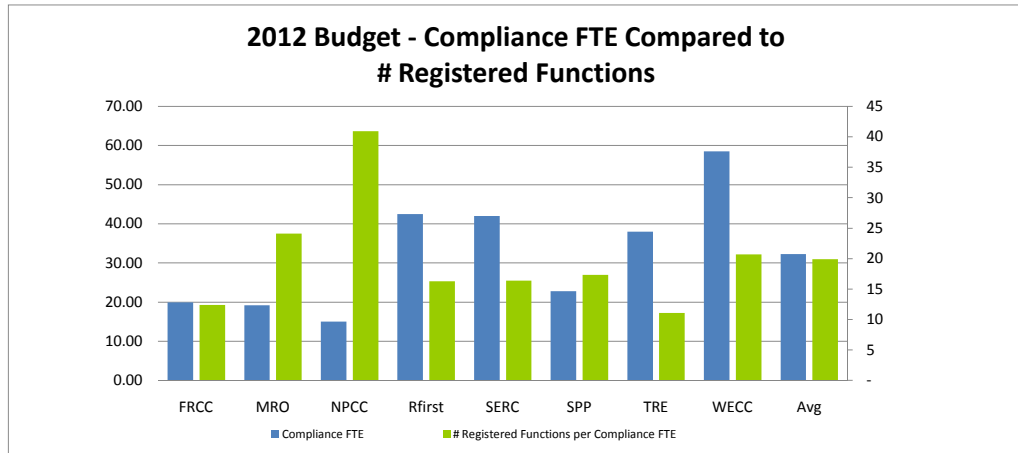
2011 Regional Entity Compliance Program Projection as Function of Number of Registered Entities



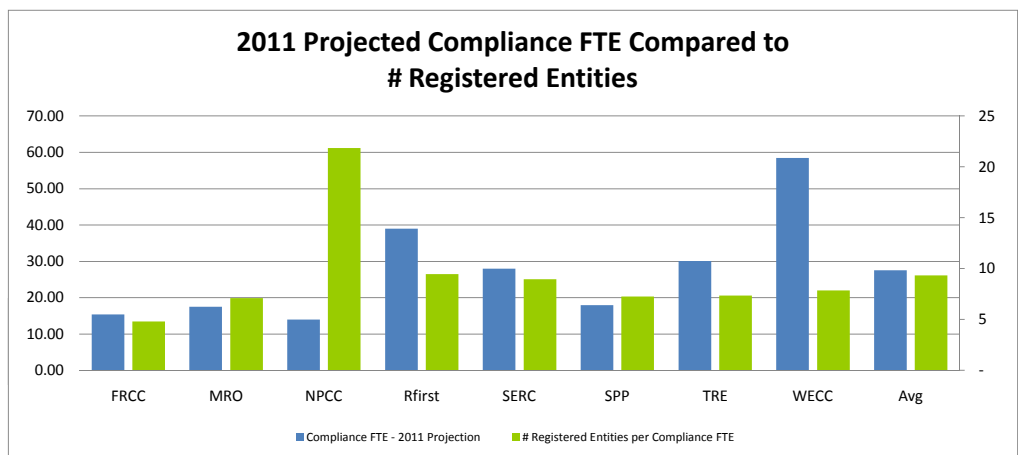
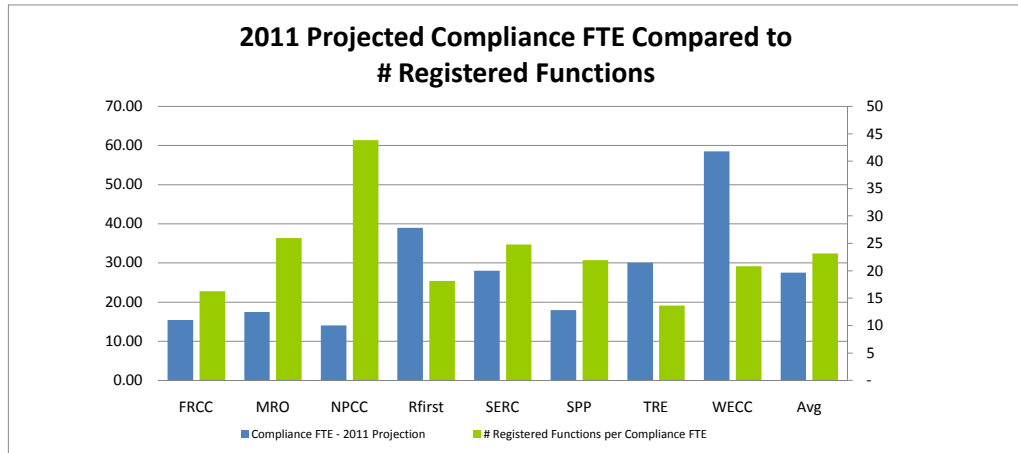
2011 Regional Entity Compliance Program Projection as Function of Number of Registered Functions



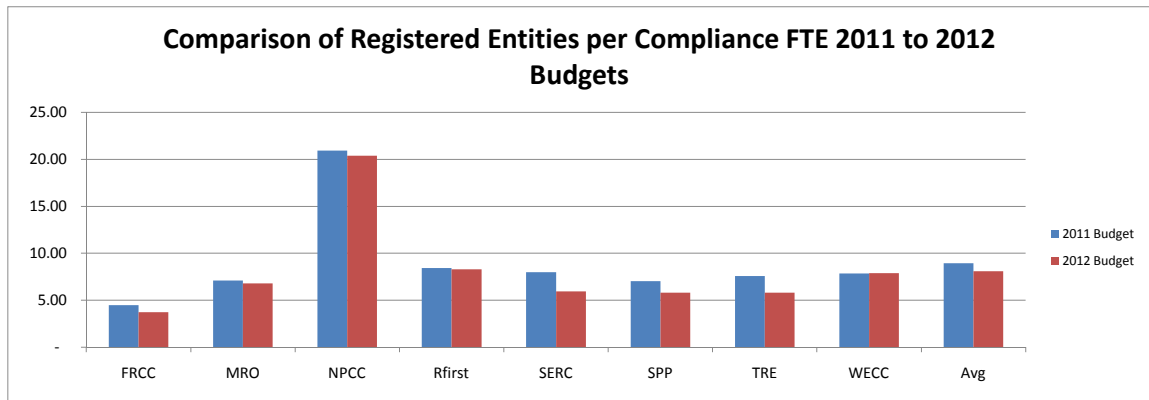
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance FTE	19.94	19.16	15.00	42.50	42.00	22.75	38.00	58.50	32.23
# Registered Entities per Compliance FTE	3.71	6.78	20.40	8.31	5.95	5.80	5.82	7.90	8.08
# Registered Functions per Compliance FTE	12.39	24.11	40.93	16.26	16.36	17.32	11.08	20.68	19.89



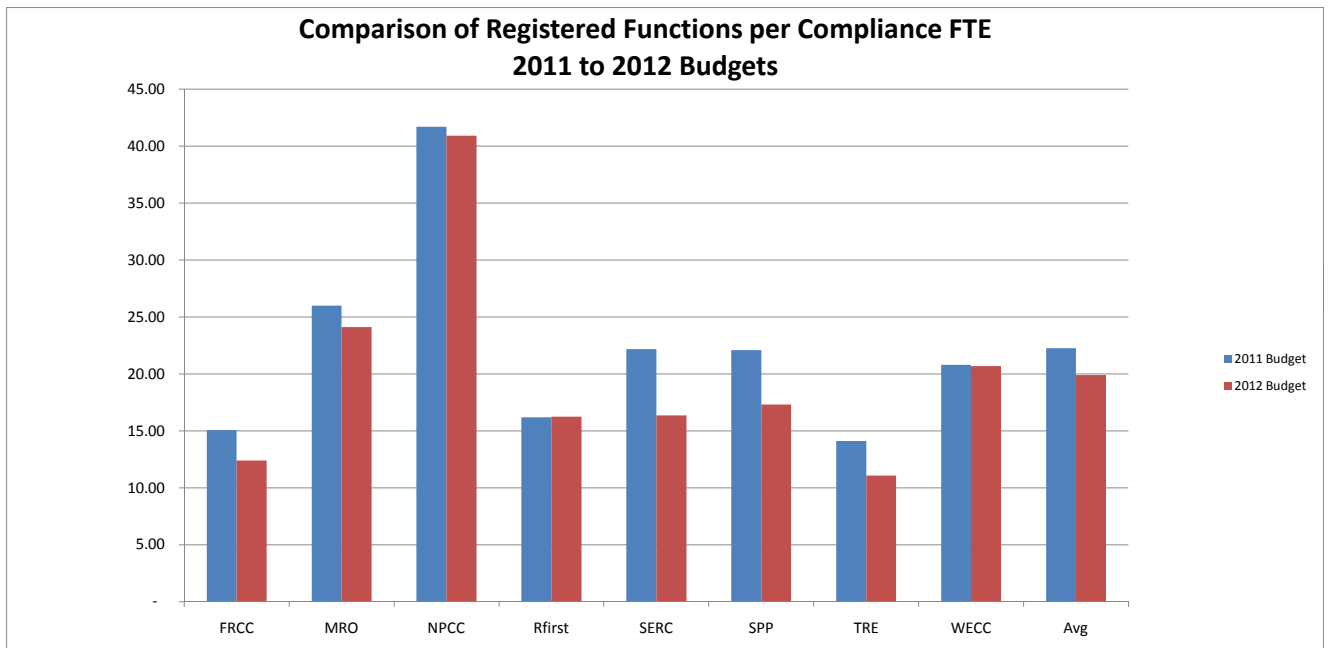
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance FTE - 2011 Projection	15.39	17.47	14.00	39.00	28.00	17.92	30.06	58.50	27.54
# Registered Entities per Compliance FTE	4.81	7.10	21.86	9.46	8.96	7.25	7.35	7.85	9.33
# Registered Functions per Compliance FTE	16.24	25.99	43.86	18.15	24.79	21.93	13.67	20.80	23.18



	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
2011 Budget	4.46	7.10	20.93	8.43	8.00	7.03	7.59	7.85	8.92
2012 Budget	3.71	6.78	20.40	8.31	5.95	5.80	5.82	7.90	8.08



	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
2011 Budget	15.07	25.99	41.71	16.18	22.17	22.10	14.11	20.80	22.27
2012 Budget	12.39	24.11	40.93	16.26	16.36	17.32	11.08	20.68	19.89



Discussion and Analysis

Metrics Based on 2012 Regional Entity Budgets

The development, collection, analysis and comparison of Regional Entity Compliance Program metrics data continues to be a complicated and time-consuming process, requiring careful consideration of many complex factors. During the development of the 2011 Business Plans and Budgets, NERC and the Regional Entities reviewed the metrics provided with the 2010 Business Plans and Budgets and agreed to add additional estimates for the costs of CIP compliance audits, since data had become available with the start of audits of compliance with requirements of the CIP standards. Estimates for the costs of CIP compliance audits are again presented in this Attachment, based on 2012 business plan and budget information; however, the “size” characteristics of the CIP compliance audits have been changed, to the criteria described in footnote 2 above. The revised characteristics of “small” and “large” CIP compliance audits better reflect the key aspect that drives differences in resource requirements for CIP compliance audits, namely, whether or not the registered entity has any critical cyber assets.

In analyzing the Regional Entity metrics based on their 2012 budgets, NERC has in a number of instances looked at the average value among the Regional Entities for the metric, as well as the range of the individual values around the average. This data has been considered as part of the effort to understand and explain the differences among the Regional Entities’ budgeted values, and not because NERC believes the deviation from an average, standing alone, is a measure of an individual Regional Entity’s efficiency or effectiveness.

The Regional Entity metrics provided in this Attachment, based on the Regional Entities’ 2012 Business Plans and Budgets, continue to show, in general, that the Regional Entities with the larger numbers of registered entities and registered functions have the larger Compliance Program budgets. The bar charts and accompanying data on page 6 of this Attachment depict the relative positions of the Regional Entities with respect to (i) total Compliance Program budget and (ii) numbers of registered entities and registered functions.⁶ Two exceptions to this relationship (*i.e.*, that more registered entities and more registered functions means a larger Compliance Program budget) are (i) NPCC, which has a smaller Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest, and (ii) SPP RE, which has a larger Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest.

The bar chart and accompanying data on page 8 of this Attachment show the 2012 Compliance Program budget per registered entity and per registered function for each Regional Entity. There are variations among the Regional Entities with respect to Compliance Program budget per registered entity and Compliance Program budget per registered function. The average of the Regional Entity values for Compliance Program budget per registered function is \$16,527; the highest value (SPP RE - \$23,011) is 139% of the average while the lowest value (WECC - \$11,536) is 70% of the average. With respect to Compliance Program budget per

⁶ The data on numbers of registered entities and registered functions in each Region used in the 2012 budget metrics are as of May 2011.

registered entity, the average for the Regional Entities is \$43,552; the highest value (SPP RE - \$68,683) is 158% of the average and the lowest value (NPCC - \$24,417) is 56% of the average.⁷

FRCC and SPP RE have the two highest values for Compliance Program budget per registered entity and two of the three highest values (along with Texas RE) for Compliance program budget per registered function, but also have the two lowest numbers of registered entities and registered functions among the Regional Entities. At the other end of the spectrum, WECC has the lowest values among the Regional Entities for Compliance Program budget per registered entity and Compliance Program budget per registered function, and also has (by far) the highest numbers of registered entities and registered functions in its Region of all the Regional Entities. These data indicate, again (as indicated by these metrics as presented in previous years' business plan and budget filings), and in general, that there are economies of scale in Compliance Program operations and costs.

The graphs on page 15 of this Attachment, which display the results of two simple least-squares regression analyses using the Regional Entities' 2012 budgets, help to further illustrate the relationship between numbers of registered entities and registered functions, on the one hand, and total Compliance Program budget, on the other hand. Each Regional Entity's 2012 Compliance Program budget has been plotted against its number of registered entities, and its number of registered functions. On each of these charts, a linear trend line has been drawn based on the data points, and the correlation coefficient (R^2) of the data points is indicated. As can be seen, the correlation coefficients for the two regressions are quite similar, indicating that (based on the 2012 budgets), neither number of registered entities or number of registered functions is a significantly better predictor of a Regional Entity's total Compliance Program budget than the other number. Further, a visual inspection of the two graphs shows that the data point for each Regional Entity is at approximately the same point relative to the trend line on both graphs. Specifically, the data points for FRCC, MRO, NPCC and WECC are on or below the trend line on both graphs, and the data points for SPP RE, Texas RE, ReliabilityFirst and SERC are on or above the trend line on both graphs. Finally, the fact that the y-intercept for each trend line is significantly greater than zero is a further indication that a simple comparison of the individual Regional Entity values to an average is not a strong indicator of relative efficiencies of the Regional Entities in their Compliance Programs.

The bar charts and accompanying data lines on page 17 of this Attachment show the numbers of registered functions per Compliance Program FTE and registered entities per Compliance Program FTE for each Regional Entity, based on the 2012 budgets. The average for the eight Regional Entities for numbers of registered entities per Compliance Program FTE is

⁷ There is a variation among the Regional Entities in terms of registered functions per registered entity, ranging from a high value of 3.55 registered functions per registered entity for MRO to a low value of 1.90 registered functions per registered entity for Texas RE. (See the bar chart and data lines on page 10.) The values of this metric for each Regional Entity are generally consistent with the values based on the 2011 Business Plans and Budgets. However, there is no readily apparent reason why some Regional Entities (MRO and FRCC) have 1.6 to 1.8 times more registered functions per registered entity than do other Regional Entities (Texas RE, ReliabilityFirst and NPCC).

8.08 (a 9% reduction from the average based on the 2011 budgets); the lowest value (FRCC – 3.71) is 46% of the average and the highest value (NPCC – 20.40) is 252% of the average. The average for numbers of registered functions per Compliance Program FTE is 19.89 (a 10.7% reduction from the average based on the 2011 budgets); the lowest value (Texas RE – 11.08) is 56% of the average and the highest value (NPCC – 40.93) is 206% of the average.

The bar charts and accompanying data lines on page 19 of this Attachment provide a comparison of the metrics for registered entities per Compliance Program FTE and registered functions per Compliance Program FTE, for each Regional Entity, based on the 2012 budgets, to the values of these metrics based on the Regional Entities' 2011 budgets as provided in the 2011 Business Plan and Budget filing. Every Regional Entity except WECC has a lower value for number of registered entities per Compliance Program FTE based on its 2012 budget than on its 2011 budget, and the 2012 value for WECC (7.90) is only slightly higher than the 2011 value (7.85). Similarly, every Regional Entity except ReliabilityFirst has a lower value for number of registered functions per Compliance Program FTEs based on its 2012 budget than on its 2011 budget, and the 2012 value for ReliabilityFirst (16.26) is only slightly higher than the 2011 value (16.18). Since at this juncture in the ERO development, the numbers of registered entities and registered functions do not exhibit significant change (*i.e.*, for the most part, the users, owners and operators of the bulk power system that should be registered, have been registered, and for the relevant reliability functions), these data show that the Regional Entities as a group continue to budget increasing personnel resources for their Compliance Programs.

The bar charts and accompanying data lines on pages 12 to 14 of this Attachment provide the Regional Entities' estimated costs for 2012 to perform each category of compliance audit. The estimated costs to perform a compliance audit include the costs to prepare for the audit (including review of the registered entity's completed pre-audit questionnaire and Reliability Standards Audit Worksheets (RSAWs) and other registered entity-provided documents and information, and any pre-audit meetings), to perform the audit (whether on-site or off-site), and to report the results of the audit.⁸ Costs incurred in issuing and processing notices of alleged violations and proposed penalties resulting from the compliance audit are not included in the estimated cost to perform the compliance audit. The costs per audit for each category of audit, shown in the table on page 4 and the bar charts on pages 12-14, are based on the Regional Entities' estimates of the man-hours required to complete the preparation, performance and reporting functions for each category of compliance audit in 2012. The costs include the direct Salary expense and related Personnel Expense (Payroll Taxes, Benefits and Retirement Costs) for the man-hours of the Regional Entity personnel involved in preparation, performance and reporting for the audit and/or the costs for consultant/contractor resources used by the Regional Entity to perform the audit, but do not include any allocation of Regional Entity indirect costs. The costs also include Travel Expense for personnel in connection with on-site audits at the registered entity's location.

NERC and the Regional Entities note the following factors, among others, that can contribute to the differences in estimated costs per compliance audit among the Regional Entities

⁸ Estimated costs of a particular size or type of audit are not provided in the table on page 4 or in the applicable bar chart on pages 12-14 if no audits are planned.

for the various compliance audit size and site categories, as reported in the table on page 4 and shown in the bar charts on pages 12-14:

- Some Regional Entities are using consultants or contractors on their audit teams, which may entail a higher cost per hour than the use of Regional Entity employees.⁹ (NERC observes, however, that in general and over time, the Regional Entities have been reducing their use of consultants or contractors in compliance audits in favor of using Regional Entity staff. An exception is where very specialized subject matter expertise is required and there may not be cost justification for maintaining that expertise on staff in FTE positions. For example, SPP RE reports that it is making extensive use of consultants to conduct CIP compliance audits.)
- The Regional Entity's footprint may affect the extent to which travel costs must be incurred in the performance of on-site compliance audits within the Region. For example, FRCC has a comparatively small geographic footprint and its headquarters office is fairly centrally located within the Region. SPP RE, ReliabilityFirst, Texas RE and NPCC (U.S. portion) also have relatively smaller geographic footprints. Thus, for instance, Texas RE reports that most registered entities in its Region are located within driving range of the Texas RE offices in Austin, Texas, and therefore can be reached by Compliance personnel via auto travel rather than airline travel. In contrast, WECC and SERC have much larger geographic footprints; as a result, more significant travel costs (including, in many cases, air travel costs) must be incurred for on-site audits by these Regional Entities.
- Although a consistent definition of "large" audits has been used, *i.e.*, an audit encompassing more than 75 reliability standards requirements, some Regional Entities may project a greater number of requirements to be audited in a typical "large" compliance audit than other Regional Entities. A Regional Entity that projects a larger number of requirements to be audited in a "large" audit would, all other things equal, estimate a greater amount of resources to conduct its "large" audit (*e.g.*, more auditors, more days at the registered entity's site and/or more man-hours to review the registered entity's documentation and to prepare the audit report).
- Some Regional Entities may simply be planning more steps, or budgeting higher man-hours, for the preparation, completion and/or reporting phases of their compliance audits. In particular, there may be variations in the levels of activity and man-hours budgeted by the Regional Entities for review of registered entity responses

⁹ The cost for contractors or consultants can vary significantly based on the individual or firm used, *e.g.*, from "sole proprietor" independent contractors to personnel from large consulting firms. Further, although the cost to use a contractor or consultant on an individual audit assignment may be more costly than using a Regional Entity employee, the annual cost to the Regional Entity of retaining a contractor or consultant for a specific targeted assignment such as participating in certain compliance audits may be less than the cost of maintaining a FTE employee on staff for the year.

to pre-audit questionnaires and RSAWs, and other registered entity documents and information, prior to the on-site phase of a compliance audit.

- With respect to CIP compliance audits, the Regional Entities do not at this point in time have the same accumulated knowledge and experience base as they do for operational compliance audits, and therefore there may still be greater variability in their estimates of the time and resources required to conduct CIP audits, as compared to their estimates of the time and resources required to conduct operational compliance audits.

In addition to these factors, differences in estimated costs per audit among Regional Entities may reflect general differences in the market compensation levels in the different areas of the U.S. in which the various Regional Entities operate, thereby impacting their respective overall Personnel Expenses.

Metric Based on 2011 Regional Entity Projections

In response to P 38 of the *2011 Budget Order*, this Attachment also provides metrics information based on the Regional Entities' 2011 projections as provided in their 2012 Business Plans and Budgets. The table on page 5 shows the metrics values that have been developed and provided for each Regional Entity based on their 2011 projections. Projected 2011 information on numbers and costs of the various sizes and types of operational and CIP audits is not included, since the current-year projections developed for inclusion in the business plans and budgets are not developed at the level of detail that would allow for the presentation of per-audit information on a consistent basis among the Regional Entities.

In the charts following page 5, charts and data based on the Regional Entities' 2011 projections have been provided for (i) Compliance Program projected 2011 spending and numbers of registered functions and registered entities (page 7); Compliance Program projected 2011 spending per number of registered entities and per number of registered functions (page 9); number of registered functions per registered entity (page 11); Compliance Program projected 2011 spending as a function of number of registered entities and as a function of number of registered functions (page 16); and numbers of registered entities per Compliance Program FTE and numbers of registered functions per Compliance Program FTE, based on the 2011 projections (page 18). Each of these charts based on the Regional Entities' 2011 projections has been placed immediately following the corresponding chart for the same metric(s) based on the Regional Entities' 2012 budgets, to facilitate a visual comparison of the 2012 budget and 2011 projection metrics.

For the reasons stated in §V.C of NERC's narrative filing, NERC does not consider the data and metrics information based on the Regional Entities' current year (2011) projections to be of the same level of usefulness for comparison purposes as the metrics based on the Regional Entities' budgets, because the current year projections are not prepared using the same degree of consistency among NERC and the Regional Entities with respect to application of procedures and assumptions as is followed in preparing the annual budgets. For these reasons, NERC does not believe that direct comparisons of metrics based on the 2012 budgets to metrics based on the 2011 projections provides meaningful or useful comparative information (in contrast, to, for

example, comparison of metrics based on the upcoming year's budgets to metrics based on the actual results for the most recently-completed year, or metrics based on the upcoming year budgets to metrics based on the current year's budgets). However, visual comparisons of the metrics charts based on the Regional Entities' 2012 budgets to the corresponding metrics charts based on the Regional Entities' 2011 projections (*i.e.*, page 6 vs. page 7; page 8 vs. page 9; page 10 vs. page 11; page 15 vs. page 16; and page 17 vs. page 18), show, in virtually all cases, very little difference in the 2012 budget versus 2011 projection values for each Regional Entity, and very little difference in the relationships among the Regional Entities.

In conclusion, NERC reiterates that the development, collection, analysis and comparison of metrics on the Regional Entities' costs, operations and performance is an ongoing process. NERC and the Regional Entities will continue to work collaboratively to refine the metrics and improve their analysis of the reported metrics values and the factors that may cause variations in values among the Regional Entities; and will continue to report the results of these analyses in future annual Business Plan and Budget filings.

Attachment 11

Metrics on NERC and Regional Entity Administrative (Indirect) Costs Based on the 2012 Budgets

ATTACHMENT 16

Analysis of NERC and Regional Entity Budgeted Indirect (Administrative Services) Costs 2012 Budgets versus 2011 Budgets

In the preparation of the NERC and Regional Entity 2012 Business Plans and Budgets, indirect expenses have been defined as those expenses which cannot be directly attributed to one of the five statutory program functions¹.

The metrics presented in the tables on the last page of this Attachment are the same metrics presented in Attachment 16 to the 2010 and 2011 Business Plan and Budget filings. These tables provide several metrics comparing indirect costs and FTEs² in relation to total statutory costs and FTEs and direct statutory costs and FTEs, for NERC and each of the Regional Entities, in their 2012 Business Plans and Budgets and their 2011 Business Plans and Budgets.

Overall, the tables show a slight increase in the average indirect costs as a percent of total statutory costs and a slight decrease in the average statutory indirect FTEs as a percentage of total statutory FTEs, in the NERC and Regional Entity 2012 budgets as compared to the 2011 budgets. This result is reflective of consistent application of the definition of indirect costs, as described above, in the preparation of the 2012 and 2011 budgets. This result also appears to demonstrate that NERC and the Regional Entities have achieved an operational balance between the level of indirect costs needed to support the direct statutory programs.

Following is discussion of the individual metrics presented in the tables.

Percent of Statutory Indirect Budget to Total Statutory Budget

For NERC and the Regional Entities, the average percent of Statutory Indirect Budget to Total Statutory Budget (top row of tables) in the 2012 budgets is 28.8%, versus 28.0% in the 2011 budgets, a small increase. For 2012, *ReliabilityFirst*, SERC and Texas RE show percentages close to the average. FRCC and NPCC have percentages that are considerably lower than the average, which are reflective of the methodologies they used to identify and allocate staff time and Office Costs to the appropriate program. WECC also has a considerably lower percentage than the average, due to the significant components of statutory direct costs associated with federal grant activity in its 2011 budget and its 2012 budget, which are not accompanied by corresponding increases in indirect costs. SPP RE continues to have a higher percentage than the average (the highest percentage among the Regional Entities) for this metric, reflecting the allocation of indirect costs (support services charges) from SPP, Inc., which are driven by increases in SPP, Inc.'s operating budget and the

¹ NERC and Regional Entity provisions for Working Capital Reserve are not included in the budget data used to calculate these metrics.

² FTE = Full-time equivalent employee.

increase in the number of FTEs at SPP RE. For NERC and MRO, the 2012 budget values for this metric are higher than the average compared to the 2011 budget metrics, due to an increase in their Budgeted Indirect FTEs as a Percent of Budgeted Total FTEs, as further described below, and for NERC, reallocation of certain costs from statutory program budgets to administrative services department budgets to provide for greater budget and cost accountability.

For NERC, MRO and ReliabilityFirst, their percentages of Statutory Indirect Budget to Total Statutory Budget increased in their 2012 budgets from the percentages based on their 2011 budgets. The other six Regional Entities show decreases in this metric from their 2011 budgets, ranging from 0.8 percentage points for SERC to 2.9 percentage points for NPCC.

The average for the ratio of Statutory Direct Budget to Statutory Indirect Budget increased slightly, from 3.19 based on the 2011 Business Plans and Budgets to 3.31 based in the 2012 Business Plans and Budgets.

Budgeted Indirect FTEs as a Percent of Budgeted Total FTEs

In the NERC and the Regional Entity 2012 Business Plans and Budgets, on average the budgeted statutory indirect FTEs are 20.2% of total statutory FTEs, compared to an average of 20.7% for the 2011 budgets (second row of tables). On average, there are 4.39 statutory direct FTEs per statutory indirect FTE in the 2012 budgets, compared to 4.08 statutory direct FTEs per statutory indirect FTEs in the 2011 budgets, for an average increase of 0.31 FTE budgeted as statutory direct FTE per statutory indirect FTE. This small increase is similar to the average increase in this metric of 0.36 FTE in the 2011 budgets compared to the 2010 budgets, and continues to demonstrate that NERC and the Regional Entities are achieving an operational balance between statutory direct FTEs and indirect FTEs.

NERC, MRO, NPCC, and ReliabilityFirst have higher percentages of indirect statutory FTEs to total statutory FTEs reflected in their 2012 budgets than in their 2011 budgets, although for MRO and NPCC, the increases in their percentages are very small (0.5 percentage points and 0.2 percentage points respectively). SPP RE continues to have a very low percentage (the lowest percentage among the Regional Entities) of indirect statutory FTEs to total statutory FTEs, which reflects the fact that SPP RE has a very small staff of indirect FTEs and obtains many of its administrative services from SPP, Inc.

Statutory Indirect Budget per Total FTE

The Statutory Indirect Budget per Total FTEs has increased slightly from an average of \$76,992 in the 2011 NERC and Regional Entity budgets to \$77,618 in the 2012 budgets, an increase of \$626, or 0.8%. The statutory Indirect Budget per Total FTEs for NERC, MRO, and ReliabilityFirst have increased, reflective of their increased percentages of Indirect FTEs to Total FTEs and for NERC, reallocation of certain costs, as described above. The statutory Indirect Budget per Total FTEs for SPP RE also increased, but by only 0.5%. This metric

decreased for the other Regional Entities, by between 6.3% (SERC) to 19.0% (NPCC), from their 2011 budgets.

**Analysis of Administrative (Indirect) Costs
2012 Budget versus 2011 Budget**

2011 BUDGET						2012 BUDGET						
Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory	Ratio of Statutory Direct Budget to			Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory	Ratio of Statutory Direct Budget to	
				Indirect Budget	Indirect Budget						Indirect Budget	Indirect Budget
\$ 48,726,465	\$ 32,861,754	\$ 15,864,711	32.6%	2.07	NERC	\$ 53,112,272	33,189,444	19,922,828	37.5%	1.67		
5,588,610	4,917,748	670,862	12.0%	7.33	FRCC	6,394,454	5,697,287	697,167	10.9%	8.17		
8,130,824	5,425,207	2,705,617	33.3%	2.01	MRO	9,057,229	5,636,696	3,420,533	37.8%	1.65		
12,716,809	10,317,057	2,399,752	18.9%	4.30	NPCC	13,680,644	11,488,152	2,192,492	16.0%	5.24		
15,219,649	11,462,088	3,757,561	24.7%	3.05	ReliabilityFirst	16,656,499	11,371,965	5,284,534	31.7%	2.15		
11,776,640	7,772,543	4,004,097	34.0%	1.94	SERC	15,594,445	10,423,575	5,170,870	33.2%	2.02		
9,797,236	4,946,725	4,850,511	49.5%	1.02	SPP RE	11,410,642	5,907,059	5,503,583	48.2%	1.07		
9,283,857	6,573,272	2,710,585	29.2%	2.43	Texas RE ¹	10,613,458	7,694,168	2,919,290	27.5%	2.64		
68,205,450	56,018,072	12,187,378	17.9%	4.60	WECC	67,969,167	56,956,789	11,012,378	16.2%	5.17		
				28.0%	3.19	AVERAGE					28.8%	3.31

2011 BUDGETED FTEs						2012 BUDGETED FTEs						
Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs			Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs	
				Indirect FTEs	Indirect FTEs						Indirect FTEs	Indirect FTEs
150.75	113.00	37.75	25.0%	2.99	NERC	176.75	129.00	47.75	27.0%	2.70		
26.45	22.63	3.82	14.4%	5.92	FRCC	30.69	26.67	4.02	13.1%	6.63		
34.50	27.35	7.15	20.7%	3.83	MRO	37.00	29.15	7.85	21.2%	3.71		
31.42	24.00	7.42	23.6%	3.23	NPCC	35.43	27.00	8.43	23.8%	3.20		
68.00	55.95	12.05	17.7%	4.64	ReliabilityFirst	73.00	56.70	16.30	22.3%	3.48		
53.50	39.75	13.75	25.7%	2.89	SERC	73.70	56.95	16.75	22.7%	3.40		
29.67	25.67	4.00	13.5%	6.42	SPP RE	33.50	30.00	3.50	10.4%	8.57		
49.00	38.14	10.86	22.2%	3.51	Texas RE ¹	58.00	47.25	10.75	18.5%	4.40		
207.90	159.00	48.90	23.5%	3.25	WECC	213.30	165.00	48.30	22.6%	3.42		
				20.7%	4.08	AVERAGE					20.2%	4.39

2011 BUDGET per FTE					2012 BUDGET per FTE					
Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total			Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total	
			FTE	FTE					FTE	FTE
\$ 323,227	\$ 290,812	\$ 420,257	\$ 105,239		NERC	\$ 300,494	\$ 257,283	\$ 417,232	\$ 112,718	
211,290	217,311	175,618	25,363		FRCC	208,356	213,622	173,425	22,716	
235,676	198,362	378,408	78,424		MRO	244,790	193,369	435,737	92,447	
404,736	429,877	323,417	76,377		NPCC	386,132	425,487	260,082	61,882	
223,818	204,863	311,831	55,258		ReliabilityFirst	228,171	200,564	324,205	72,391	
220,124	195,536	291,207	74,843		SERC	211,594	183,030	308,709	70,161	
330,207	192,705	1,212,628	163,482		SPP RE	340,616	196,902	1,572,452	164,286	
189,466	172,346	249,593	55,318		Texas RE ¹	182,991	162,840	271,562	50,333	
328,069	352,315	249,231	58,621		WECC	318,655	345,193	228,000	51,629	
			\$ 76,992		AVERAGE				\$ 77,618	

¹Based upon Texas RE's amended 2011 Business Plan and Budget

Attachment 12

Status Report on Progress in Processing Violations of Reliability Standards

Status Report on Progress in Processing Violations of Reliability Standards

In NERC's 2011 Business Plan and Budget, NERC included, in Attachment 17, a report on processing outstanding unprocessed violations.¹ This Attachment is submitted as an update to that report. Additionally, the information in this Attachment has been expanded in response to Paragraph 37 of the *2011 Budget Order*. Unless otherwise stated, all data in this Attachment is as of, or for the period ended, June 30, 2011.

NERC is acutely aware and concerned about the current number of Reliability Standard violations to be processed, and is working closely with the Regional Entities' staffs to address that caseload with targeted initiatives and streamlining current processes.

Current Caseload

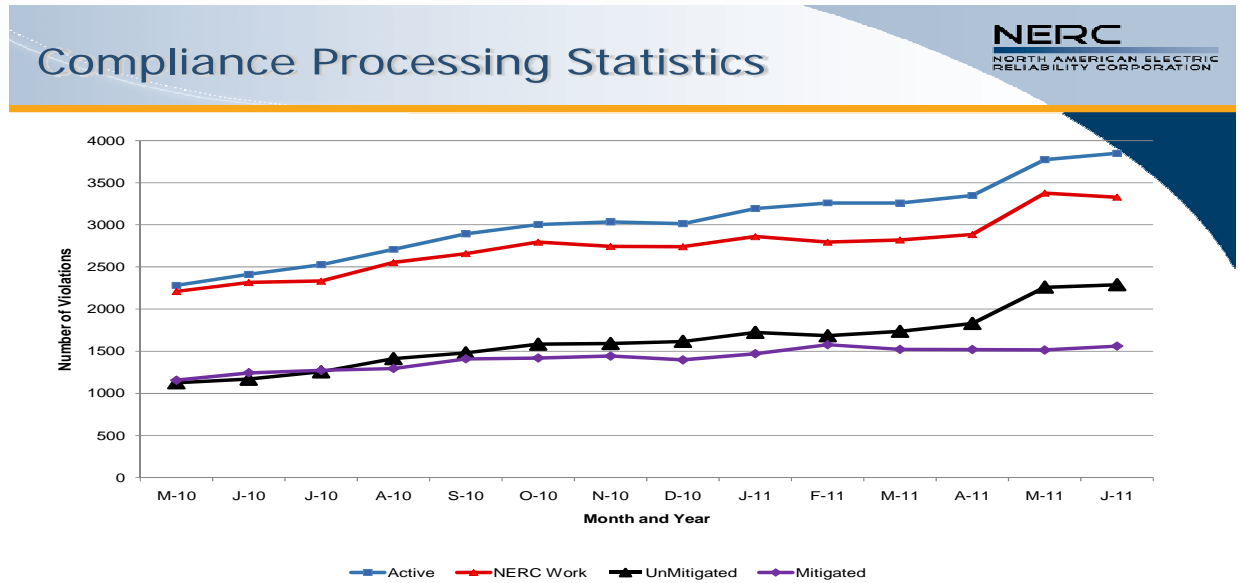
Figure 1 below provides an overview of the "active violations" in the ERO caseload. Active violations are those violations that have not been dismissed or closed.² The "NERC Work" line in Figure 1 reflects the portion of the active violations for which NERC has yet to issue a notice of penalty (NOP). Figure 1 also compares the number of active violations that have been fully mitigated against those violations that are awaiting either the submittal of a mitigation plan or verification of completion of a pending mitigation plan.

As reflected in Figure 1, an influx of new violations since June 2010 has brought the caseload from 2,413 active violations to 3,881 in June 2011. There were 2,779 new violations submitted to NERC over the last year; averaging 232 per month. During that same timeframe, there were over 1,300 violations that were either closed or dismissed. As discussed in further detail below, the main component of these new violations relates to violations of Reliability Standards CIP-002 through CIP-009.

¹ For purposes of this Attachment, the term "violation" references an individual instance of non-compliance with a Reliability Standard requirement, regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² *Closed Violations have all the following characteristics:* Violation NOP approved by FERC, Verified Completion of Mitigation Plan, and Payment of any associated Penalties.

Figure 1: Violation Processing Overview (as of June 30, 2011)³



Despite the steady rise in the number of active violations since June 2010, NERC has experienced steady progress in disposing of older cases. Tables 1-4 below provide an update to the analysis provided in Attachment 17 of the 2011 Business Plan and Budget filing in tracking the 2,350⁴ violations that were included in NERC’s violations database as of December 31, 2008 through various stages of the enforcement process. As reflected in Table 3, two-thirds of the violations have been closed or dismissed since December 31, 2008⁵ bringing the total closed or dismissed violations to 94%.

³ In Figure 1, the sum of the mitigated and unmitigated violations equals the number of active violations. “Unmitigated” means violations where Mitigation Plans have not been received or not yet closed, minus violations with completed Mitigation Plans that NERC is reviewing. “Mitigated” means active violations minus Unmitigated. The “NERC Work” line reflects the portion of the active violations that are in process at NERC up to and including approval by the NERC Board of Trustees Compliance Committee.

⁴ In recreating the analyses presented in the 2011 Business Plan and Budget filing, NERC identified 2,368 violations as of December 31, 2008, rather than the 2,350 violations reported in Attachment 17 to the 2011 Business Plan and Budget filing. At this time, NERC has not reconciled the 18 violations; however, the statistics presented here are accurate for the 2,350 violations included in this analysis.

⁵ For purposes of Tables 1 through 4 of this report, the following process state definitions apply:

Assessment and Validation = NERC is awaiting receipt of Notice of Alleged Violation and Proposed Penalty or Sanction from the Region.

Confirmation = NERC has received a Notice of Alleged Violation and Proposed Penalty or Sanction and is awaiting registered entity response; or the registered entity has accepted or contested the violation.

TABLE 1

FERC Enforceable Alleged Violations Summarized by Enforcement Process State								
As of December 31, 2008								
	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed	Total
Region								
FRCC	64	23	13	16	0	0	0	116
MRO	9	3	3	33	0	7	14	69
NPCC	7	0	26	5	0	12	8	58
RFC	32	4	46	14	0	1	11	108
SERC	73	1	40	33	6	70	24	247
SPP	9	42	1	4	0	5	1	62
TRE	20	0	13	22	0	10	2	67
WECC	629	316	94	106	0	0	478	1623
TOTAL	843	389	236	233	6	105	538	2350

TABLE 2

FERC Enforceable Alleged Violations Summarized by Enforcement Process State							
As of June 30, 2011 (for the same violations in Table 1)							
	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed
Region							
FRCC	0	0	2	0	12	76	31
MRO	0	0	0	0	0	48	21
NPCC	0	0	0	0	0	49	9
RFC	0	0	0	0	3	86	21
SERC	14	0	0	0	0	191	45
SPP	0	2	1	1	1	55	4
TRE	0	0	0	6	8	31	22
WECC	15	0	48	1	28	711	826
TOTAL	29	2	51	8	52	1247	979

Settlement = Settlement negotiations are in progress.

Completed and Closed = Payment of Penalties, Fulfillment of Sanctions, Completion of Mitigation Plan, Exhaustion of Administrative and Judicial Remedies, and Fulfillment of Settlement terms have all been met and violation is closed.

NERC Enforcement Actions = NERC is reviewing the Notice of Confirmed Violation or Settlement Agreement.

Awaiting Closing Actions = Violation is Confirmed/Settled and a Notice of Penalty has been issued by NERC to Registered Entity and submitted/accepted by FERC.

Dismissed = Violation was dismissed by Region and validated by NERC.

TABLE 3

FERC Enforceable Alleged Violations Summarized by Enforcement Process State							
Changes from December 31, 2008 to June 30, 2011 (for the same violations in Table 1)							
	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed
Region							
FRCC	-64	-23	-11	-16	12	76	31
MRO	-9	-3	-3	-33	0	41	7
NPCC	-7	0	-26	-5	0	37	1
RFC	-32	-4	-46	-14	3	85	10
SERC	-59	-1	-40	-33	-6	121	21
SPP	-9	-40	0	-3	1	50	3
TRE	-20	0	-13	-16	8	21	20
WECC	-614	-316	-46	-105	28	711	348
TOTAL	-814	-387	-185	-225	46	1142	441

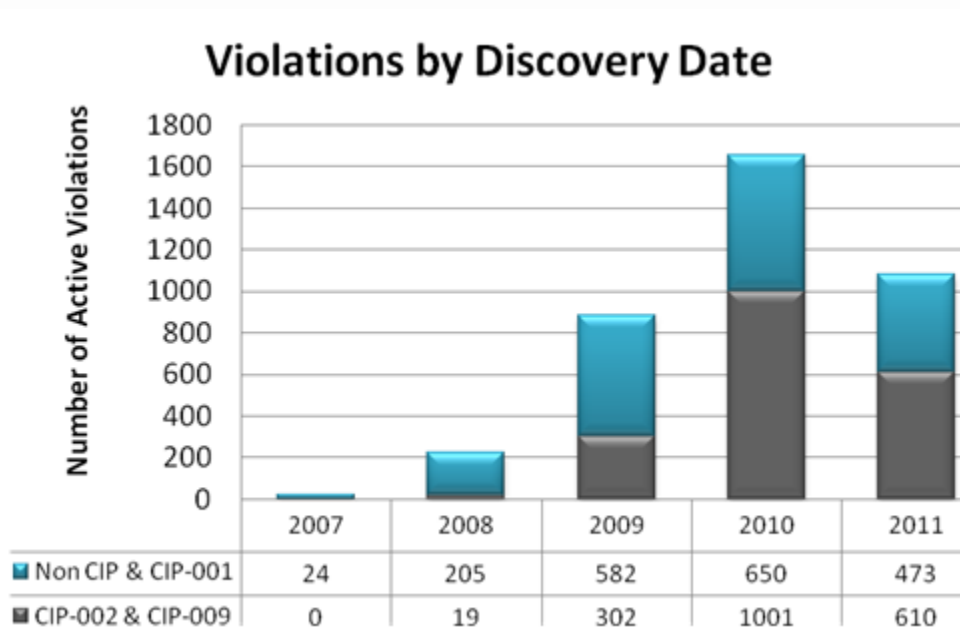
TABLE 4

FERC Enforceable Alleged Violations Summarized by Enforcement Process State							
Changes from June 30, 2010 to June 30, 2011 (for the same violations in Table 1)							
	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed
Region							
FRCC	0	0	-20	0	1	19	5
MRO	0	0	0	-3	0	3	0
NPCC	0	0	-9	0	-3	12	0
RFC	0	0	0	-4	-11	15	2
SERC	-2	0	0	-16	-19	35	5
SPP	0	2	-3	-31	-3	36	1
TRE	0	0	-11	-2	4	6	3
WECC	0	-2	-6	-135	-28	167	10
TOTAL	-2	0	-49	-191	-59	293	26

Table 4 indicates that, in the 12 months from June 30, 2010 to June 30, 2011, NERC and the Regional Entities closed or dismissed 319 of the violations (approximately 19%) that were active as of December 31, 2008.

Finally, NERC and the Regional Entities have made steady progress in dispositioning older cases in the caseload. As reflected in Figure 2 below, less than 1% of the currently active violations were discovered in 2007 (24 of 3,881), 6% (224 of 3,881) were discovered in 2008, and 23% (884 of 3,881) discovered in 2009. Thus, about 71% of the current caseload is comprised of violations that were discovered in the 18 month period January 2010 to June 2011.

**Figure 2: Current Active Violations by Year of Discovery
(2011 Data through June 30)**



Tables 5 and 6 provide summaries, at December 31, 2010 and June 30, 2011, respectively, of all cumulative violations at those dates, summarized by status and region. Tables 5 and 6 are presented in the same format as Attachment 2 to NERC's December 17, 2010 Compliance Filing to the *2011 Budget Order*.

TABLE 5

FERC Enforceable Alleged Violations Summarized by State (Including Dismissals)									
As of December 31, 2010									
	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed		Dismissals	
Region							Sub-Total		Total
FRCC	10	0	195	10	48	60	323	95	418
MRO	76	0	11	15	21	55	178	54	232
NPCC	30	13	53	4	18	55	173	27	200
RFC	330	0	65	97	41	106	639	63	702
SERC	316	2	111	0	29	214	672	79	751
SPP	144	4	177	7	35	54	421	27	448
TRE	18	12	34	8	12	28	112	21	133
WECC	284	69	314	276	69	787	1799	955	2754
NERC	56	0	0	0	0	17	73	24	97
TOTAL	1264	100	960	417	273	1376	4390	1345	5735

TABLE 6

FERC Enforceable Alleged Violations Summarized by State (Including Dismissals)

As of June 30, 2011

	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed		Dismissals	
Region							Sub-Total		Total
FRCC	52	0	134	13	106	64	369	114	483
MRO	102	0	22	11	18	96	249	69	318
NPCC	33	3	55	17	19	90	217	37	254
RFC	421	4	26	142	123	153	869	141	1010
SERC	344	2	158	19	28	258	809	89	898
SPP	167	0	190	26	39	101	523	105	628
TRE	165	13	43	30	17	52	320	59	379
WECC	454	65	433	153	170	931	2206	1075	3281
NERC	53	11	0	0	0	17	81	43	124
TOTAL	1791	98	1061	411	520	1762	5643	1732	7375

Caseload Management Activities

To address and reduce the increasing caseload, NERC has undertaken a number of activities to facilitate more efficient violation processing, both to expedite disposition of pending violations and to ensure that enforcement resources are appropriately allocated based on the reliability risks of each violation.

NERC and the Regional Entities have undertaken a concerted effort throughout 2011 to further improve and streamline enforcement activities. As a result of this joint effort, NERC and the Regional Entities successfully implemented the Administrative Citation Process (ACP) in order to expeditiously handle violations that did not pose a serious or substantial risk to the reliability of the bulk power system (BPS). The ACP process resulted in a significant increase in the number of dispositions of violations filed with, and accepted by, the Commission.

In September 2011, NERC and the Regional Entities will introduce significant changes to the enforcement process.⁶ This initiative will differentiate compliance items based on the level of risk they present to the reliability of the BPS. The new enforcement initiative is designed to refocus efforts on reliability excellence, eliminate undue regulatory burdens, streamline paperwork requirements, increase caseload processing, and encourage continued timely and thorough self-reporting and mitigation by registered entities. By identifying, mitigating and resolving, in a more expeditious manner, the items that do not pose a serious or substantial risk to reliability of the BPS, NERC and the Regional Entities will have more time, resources and

⁶ The last scheduled ACP NOP filing will be filed in August, 2011.

efforts to devote to violations that pose a more serious risk to reliability. This initiative is based on NERC's existing Rules of Procedure and applicable Commission orders.

Under this initiative, there will be three (3) possible tracks for disposition of items: Dismissal; Find, Fix, Track and Report (FFT); and Notices of Penalty (NOP). Dismissal will be used when the item does not in fact constitute a violation of a NERC Reliability Standard. FFT processing will be used when the item poses a lesser risk (i.e., minimal to moderate risk) to BPS reliability. NERC and the Regional Entities will identify candidates for FFT by taking into account the assessment of the risk of the item to BPS reliability, the Reliability Standard(s) involved, the method by which the item was discovered, and the implementation of mitigating activities by the registered entity. NOPs will be filed for more serious violations⁷ of Reliability Standards, taking into account the risk the violation posed to the reliability of the BPS, the deterrence value of using the NOP process, and the benefits of conveying information on the violation to the industry. NERC will submit a filing to the Commission in September 2011 providing more details about this initiative, which will include the first FFT items and the revised NOP spreadsheet format.

This joint effort to further improve and streamline enforcement processes is an example of the implementation of the ERO Enterprise vision, which is intended to provide greater transparency, which in turn has and is facilitating more consistent and clearer policy determinations, reduction of re-work, and more efficient allocation of resources at all levels. Other examples of how the ERO Enterprise vision is being implemented include:

- Increased numbers of regular, coordinated meetings of NERC and Regional Entity staff at all levels;
- Development and deployment of a common violation reporting, analysis and tracking platform under the Compliance Reporting Analysis and Tracking System at NERC and the Compliance Information Tracking System at the Regional Entities;
- Publication of guidance on compliance and enforcement issues through compliance analysis papers, Compliance Application Notices, lessons learned, Case Notes and other publications;⁸
- NERC compliance staff participation in Regional Entity Workshops and Seminars; and
- NERC and Regional Entity compliance staff engagement with the industry trade associations and forums to provide updates and discuss issues and concerns.

Some of the activities described above are helping to reduce the caseload by enabling more efficient and expeditious processing of violations that are discovered. Other actions, by enhancing registered entity understanding of, and compliance with, Reliability Standards, will

⁷ The term "violation" is used to refer to a possible, alleged or confirmed violation.

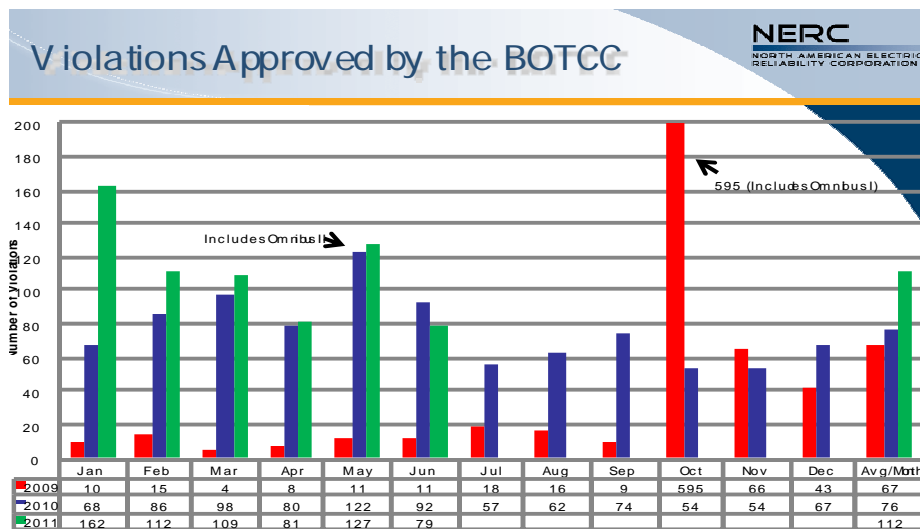
⁸ While the publication of these guidance documents should facilitate better compliance and more efficient violation processing in the long term, there is typically an initial increase in self-reported violations immediately following the publication of some of these documents.

ultimately reduce the size of the caseload by promoting increased compliance and thus reducing the number of new violations discovered.

Violation Processing

While the activities outlined above remain works in progress, NERC enforcement staff has realized greater efficiencies over the last year in their day-to-day violation processing activities. As reflected in Figure 3 below, the number of violations that the NERC Board of Trustees Compliance Committee (BOTCC) has authorized for submission to the Commission in an NOP filing has significantly increased.

Figure 3: Confirmed Violations and Settlements Approved by the NERC BOTCC for Submission to FERC, by Month



As Figure 3 shows, NERC has been able to significantly increase the average number of violations processed to approval for submission to the Commission each month. In 2011, NERC has processed for BOTCC approval 47% more violations per month than in 2010.

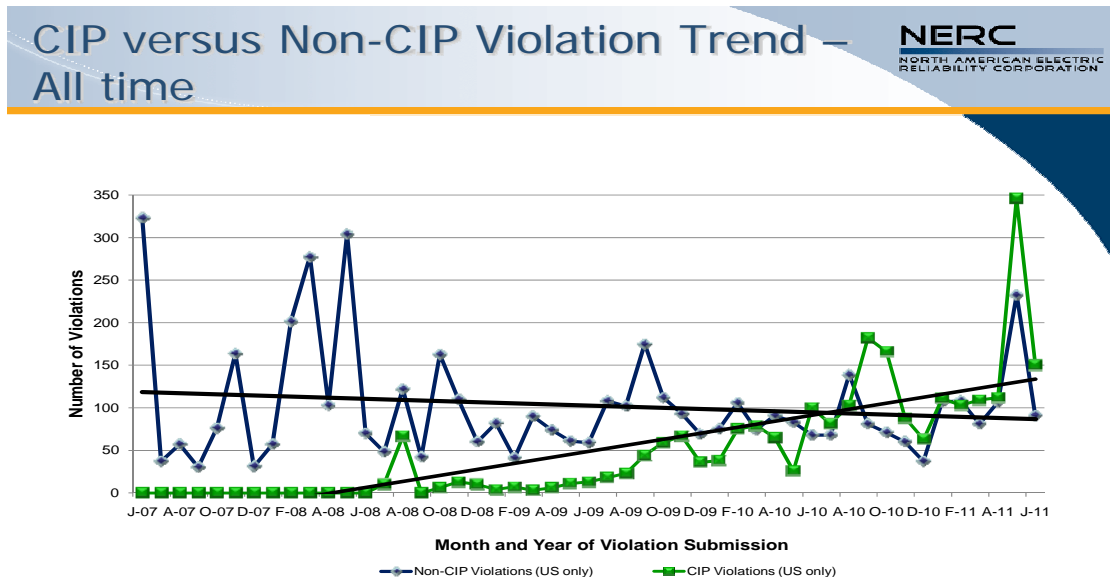
By May of 2011, NERC was processing confirmed violations and settlements as they were submitted by the Regional Entities—*i.e.*, NERC had worked through the caseload of active violations that had reached the NERC Work stage. The processing improvements described above will allow the Regional Entities to process the lesser-risk violations more expeditiously and send them to NERC more quickly.

The NERC violations processing team has filled its new FTE positions that were budgeted for 2011, and is in the process of filling two vacancies created by departures. With the proposed addition of two new FTEs for 2012 and the implementation of the enforcement process improvements described above, NERC anticipates it will be able to keep up with the matters submitted to it by the Regional Entities.

Violations of CIP-002 through CIP-009

While NERC has taken steps to more expeditiously and efficiently process violations of all Reliability Standards, there is an increasing number of violations of Reliability Standards CIP-002 through CIP-009.⁹ Under the Implementation Plan that was adopted for applicability of these CIP Standards following Commission approval, many registered entities were not required to be “Compliant” and/or “Auditably Compliant” with the CIP Standards until 2009 and 2010. As a result, a significant number of violations of these CIP Standards have begun to be discovered, such that they are now a significant part of the caseload and continue to grow. While Figure 1 above shows a steady rise in active violations overall, that rise is largely attributable to CIP Standards violations, which as of June 30, 2011 accounted for roughly 50% of all active violations. As reflected in Figure 4 below, CIP Standards violations have become an increasingly large portion of new violations that are discovered each month. In fact, the number of newly-discovered CIP Standards violations outnumbered the new non-CIP Standards violations in eleven of the last 12 months and account for 58% of all new violations submitted from July 1, 2010 to June 30, 2011.

Figure 4: CIP and Non-CIP Violations Discovered, by Month



Based on the history of implementing security programs in the IT industry over the past decade, questions about applicability and enforcement of CIP standards are to be expected for some time. Each violation of the CIP Standards represents an opportunity to improve, through mitigation, the security of cyber assets in the BPS. About 45% of the CIP violations either have

⁹ This discussion of the impact of the CIP standards does not include CIP-001, Sabotage Reporting, which was one of the Version 0 standards.

approved mitigation plans being implemented, or have already been mitigated. Moreover, a number of initiatives are underway to aid the industry in understanding how to comply with the CIP standards and clarify how to establish compliance. In the long run, these initiatives should help slow the number of new CIP Standards violations that occur.