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**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 2

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

PROPOSED 2014 BUSINESS PLAN AND BUDGET

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Final 2014 Business Plan and Budget

August 14, 2013

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RELIABILITY | ACCOUNTABILITY



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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 (BPS) 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 or Commission) certified NERC as the Electric Reliability Organization (ERO) within the United States to establish and enforce reliability standards for the United States portion of the BPS, 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 that makes reliability standards mandatory for that entity, and Manitoba has 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.

Membership and Governance

An 11-member Board of Trustees (Board) governs NERC (10 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. A risk management and internal controls subcommittee of the Finance and Audit Committee supports corporate risk management and internal audit functions.

Membership in NERC is open to any person or entity that has an interest in the reliability of the North American BPS. 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 (MRC). Nearly six hundred entities and individuals are members.

The MRC comprises 28 voting representatives elected from the 12 membership sectors. The MRC elects the independent trustees and, along with the Board, votes on amendments to the

Bylaws. The MRC also 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 operation of the organization.

Scope of Responsibilities

As the ERO, NERC's primary responsibilities are leading the development, adoption, and improvement of mandatory reliability standards for the BPS in North America; monitoring, evaluating, and enforcing compliance with those reliability standards by the approximately 1,900 entities registered with NERC as BPS users, owners, and operators; and monitoring and assessing the reliability and adequacy of the BPS in North America. Collectively, the entities registered with NERC perform over 4,600 BPS reliability functions. NERC conducts near-term and long-term assessments of the reliability and future adequacy of the North American BPS; certifies BPS operators as having and maintaining the necessary knowledge and skills to perform their reliability responsibilities; and maintains situational awareness of events and conditions that may threaten the reliability of the BPS. NERC coordinates efforts to improve physical security and cybersecurity for the BPS of North America; 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; and, based on lessons learned, identifies the potential need for new or modified reliability standards, improved compliance, or other initiatives.

Delegated Authorities

In executing a portion of its responsibilities, NERC delegates authority to eight regional reliability entities (Regional Entities) to perform certain functions through delegation agreements. FERC has approved delegation agreements between NERC and the eight Regional Entities (Florida Reliability Coordinating Council, Midwest Reliability Organization, Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, SERC Reliability Corporation, Southwest Power Pool Regional Entity, Texas Reliability Entity, Inc., and the Western Electricity Coordinating Council). These 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 Canadian provinces and Mexico, to perform equivalent functions in those jurisdictions.

Statutory and Regulatory Background

NERC's authority as the ERO in the United States is based on Section 215 of the Federal Power Act as added by the Energy Policy Act of 2005¹ and the Commission's regulations and orders issued pursuant to Section 215. In Canada, NERC's authorities are established by the memoranda of understanding and regulations previously mentioned.

Funding

Section 215 of the Federal Power Act and FERC regulations also specify procedures for NERC's funding in the United States. NERC's annual business plan and budget 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.

¹This was codified in section 215 of the Federal Power Act, 16 United States C. 824o.

Introduction and Executive Summary

TOTAL RESOURCES (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	189.53			
Non-statutory FTEs				
Total FTEs	189.53			
Statutory Expenses	\$ 55,605,313			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 55,605,313			
Statutory Inc (Dec) in Fixed Assets	\$ 784,784			
Non-Statutory Inc (Dec) in Fixed Assets	\$ -			
Total Inc (Dec) in Fixed Assets	\$ 784,784			
Statutory Working Capital Requirement	\$ (1,660,724)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ (1,660,724)			
Proceeds from Financing Activities	\$ (993,990)			
Total Statutory Funding Requirement	\$ 53,735,382			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 53,735,382			
Statutory Funding Assessments	\$ 51,401,382	\$ 46,708,699	\$ 4,554,567	\$ 138,116
Non-Statutory Fees				
NEL	4,476,669,439	3,949,655,760	515,406,761	11,606,918
NEL%	100.00%	88.23%	11.51%	0.26%

Strategic Goals and Objectives

The 2014 business planning process commenced in the fourth quarter of 2012 with a collaborative review of the ERO's goals and objectives by NERC and Regional Entity senior executives. This was followed by a review of business planning assumptions, existing activities, and resources, in each case taking into consideration lessons learned, stakeholder feedback, and statutory and governmental requirements and directives. Efforts were made to identify the desired end state for each of the major goals over the next three-year planning period, significant gaps to achieving stated objectives, and activities that should be undertaken to close those gaps. NERC's Finance and Audit Committee and the Board also participated in strategic planning sessions to provide input in the development of the ERO's strategic goals, objectives, and business plan and budget.

The 2014–2016 planning initiative updated the [ERO Enterprise Strategic Plan](#) (Strategic Plan) and associated strategic goals and objectives in the areas of standards; compliance, registration

and certification; risks to reliability; and coordination and collaboration. A draft ERO Enterprise Strategic Plan was presented at the February 2013 meeting of the Board and posted for a 30-day public comment period. Written comments were received from a number of individuals and entities and posted on the company website. Input was also sought from the trade associations and an informal input group of MRC members, which was established by the MRC in August 2012 to help facilitate NERC's business planning and budgeting process. In response to these comments, management recommended certain modifications to the Strategic Plan. These modifications were reviewed and approved at the Board meeting on May 9, 2013. The following is a list of the specific goals and objectives set forth in the Strategic Plan.

Standards

Goal 1. Develop clear, reasonable, and technically sound mandatory reliability standards in a timely and efficient manner. These standards establish threshold requirements for ensuring the BPS is planned, operated, and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment, or limits interruptions of bulk power supply.

Objectives include:

- a. Standards are timely, clear, and responsive to reliability and security risks.
- b. Standards are practical to implement and cost-effective.

Compliance, Registration, and Certification

Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective, and fair. The ERO retains and refines its ability to use enforcement when warranted and impose penalties and sanctions commensurate with risk.

Objectives include:

- a. The ERO registers entities commensurate with risk to the BPS and ensures all key reliability entities are certified to have essential capabilities.
- b. The ERO holds industry accountable for violations that create serious risk to the BPS; resulting actions are timely and transparent to industry.
- c. The ERO monitors registered entities and standards requirements commensurate with the risk and role of each type of registered entity.

Goal 3. Promote a culture of compliance that is driven by a culture of reliability excellence and addresses reliability risks across the industry. The ERO works with industry to identify standards, procedures, practices, and controls to address reliability risks.

Objectives include:

- a. Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.

- b. The ERO uses efficient processes and proportional exercise of discretion to verify that compliance objectives are met by industry.

Risks to Reliability

Goal 4. Identify the most significant risks to reliability. The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results.

Objectives include:

- a. Risks are identified and prioritized based on reliability impacts, cost and practicality assessments, projected resources, and emerging issues.
- b. Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends, and to inform standards, compliance, and other programs. Industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions.

Goal 5. Be accountable for mitigating reliability risks. The ERO works with industry stakeholders and experts to ensure the mitigation of known risks to reliability.

Objectives include:

- a. The ERO is tracking industry accountability for critical reliability and security recommendations.
- b. Industry is aware of and is effectively addressing security vulnerabilities and threats. Industry security posture is being evaluated and continuously improved. During crisis situations, the ERO facilitates sharing of information among industry, Regions, and government.

Goal 6. Promote a culture of reliability excellence. The ERO facilitates a learning environment throughout the industry through event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.

Objectives include:

- a. ERO is a leading resource to industry and policy makers for reliability information.
- b. Reliability models and data accurately represent system behavior and are shared among reliability entities.

Coordination and Collaboration

Goal 7. Improve transparency, consistency, quality, and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost-effectiveness. ERO accomplishes this by working with the Regional Entities and registered entities to ensure effective coordination, collaboration, and process improvements. The ERO communicates expectations clearly and fosters collaboration to deliver important

results in advancing system reliability. The ERO engages the support and expertise of stakeholders, is an efficient steward of resources, and leverages information systems to create efficiencies and process controls.

Objectives include:

- a. The ERO acquires, engages, and retains highly qualified talent suited to the mission.
- b. The ERO's internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.

Major Ongoing Activities

The following is a list of the major ongoing and new activities by strategic goal area that will be undertaken in 2014, followed by a discussion of activities that address new research initiatives, key strategic initiatives, and associated resource requirements.²

Standards

- Continue addressing regulatory obligations for standards development and revisions as specified in regulatory directives.
- Complete standards revisions related to Paragraph 81, Phase 2 requirements.
- Meet targets in support of the three-year standards development plan.
- Integrate the plan from the 2013 independent expert review team into the standards development plan.
- Increase coordination with NERC's Compliance and Enforcement departments in integrating compliance considerations into standards development.
- Accelerate delivery of the number of standards that meet quality criteria and the results-based construct.
- Develop a BPS reliability risk profile to evaluate existing standards and continue the prioritized development of risk-based standards focused on key reliability outcomes.
- Facilitate industry transition to CIP Version 5 and minimize an unintended surge in violations.
- Develop methods to assess and manage cost-effectiveness (benefit) of new standards.
- Continue to support alignment between standards development and the Reliability Issues Steering Committee (RISC) priorities.

Compliance, Registration, and Certification

- Continue to improve enforcement processing efficiency, including steps to ensure the sustainability and expandability of the Find, Fix, Track, and Report process.
- Finalize and implement the RAI enforcement strategy and deliver 2014 milestones.

² See Section A for a discussion of other ongoing department activities, including activities currently underway in 2013.

- Focus on achieving better consistency in regional enforcement outcomes.
- Continue registered entity mapping activities to ensure that registry gaps, duplicative registration, and compliance monitoring are avoided.
- Continue to work to ensure registered entities understand their compliance obligations and how compliance will be assessed.
- Complete functional model review and registration needs assessment.
 - Develop common and consistent registration approach among Regions.
 - Develop recommendations to modify registration and certification process based on BPS risk.
- Complete Bulk Electric System (BES) Phase II exception process implementation.
- Reduce unnecessary compliance documentation while working to ensure registered entities are monitored in a cost-effective manner.
- Continuously assess the actively monitored list based on reliability trends, risks, and historical information to ensure that the compliance focus remains on the most critical reliability standards.
- Develop highly qualified and trained auditor, investigator, and enforcement staffs.
- Develop training resources for the ERO and industry, including materials related to the Reliability Assurance Initiative (RAI).
- Provide early and ongoing input into the standards development process.
- Provide ongoing oversight of Regional Entity compliance and enforcement activities.
- Develop metrics and incentives to improve trends in mitigation aging curve.
- Continue to identify the causes and trends of violations in enforcement cases.

Risk to Reliability

- Issue reliability assessment reports, guidelines, recommendations, and alerts as needed.
- Prepare long-term and seasonal reliability assessments.
- Conduct special assessments addressing key reliability issues.
- Prepare an annual state of reliability report that analyzes BPS performance trends and provides insight and guidance to address key reliability aspects.
- Continue to work to address high-impact, low-frequency (HILF) issues, including effects of geomagnetic disturbance on the BES and vulnerability assessments.
- Provide oversight, analysis, and review of Generating, Transmission, and Demand Response Availability Data Systems (GADS, TADS, and DADS), along with the Spare Equipment Database.
- Strengthen data collection and validation processes by designing, creating, testing, and implementing data systems and management for reliability assessment and risk analysis.

- Provide quarterly updates on trends and measures of BES reliability.
- Develop a risk registry and a systematic prioritization process with the RISC.
- Develop control strategies and plans to address the highest priority existing or emerging risks to BES reliability.
- Develop a risk register to support BPS risk profile measurement and assessment of standards.
- Conduct major event investigations, analysis, and reporting of major findings and recommendations that will improve reliability.
- Support the development and implementation of NERC and Regional Entity (ERO Enterprise) software applications, which support common functions and are critical to advancing the quality and usefulness of reliability assessments and event analysis data.
- Develop structured approaches to evaluate and improve system models, analysis, and assessments.
- Improve the functionality and usability of the Electricity Sector -Information Sharing and Analysis Center (ES-ISAC) portal for registered entities.
- Develop a cybersecurity maturity model tool kit for industry to conduct cybersecurity self-assessments.
- Deliver important information to registered entities regarding critical infrastructure protection security threats, vulnerabilities, and lessons learned from subject matter experts, senior industry, and governmental representatives.
- Through security best-practice discussion forums, educate industry about reliability concerns and risk mitigation associated with emerging physical and cybersecurity threats.
- Continue to collaborate with government agencies in the United States and Canada to develop more timely dissemination of classified information regarding threats to the BPS in a form that can be provided to and used by the industry.
- Conduct security incident analysis and work with industry experts to evaluate, track, and identify lessons learned and security metrics that enhance the electricity sector's security posture.
- Continue to work with the Regional Entities to obtain and review information from registered entities regarding qualifying events and disturbances in order to advance awareness of events above a threshold level and facilitate analysis of root causes, risks to reliability, wide-area assessments, mitigation, and timely dissemination of information regarding events.
- Continue to support the System Operator Certification and continuing education programs, as well as provide training to support knowledge and skills development in standards, compliance, event analysis, registration, and other key areas.

Coordination and Collaboration

- Continue to provide resources and support to the Board and Board committees, the MRC, Standards Committee, Compliance and Certification Committee, Planning Committee, Operating Committee, Critical Infrastructure Protection Committee, Electricity Sub-sector Coordinating Council (ESCC), Reliability Issues Steering Committee, and numerous ERO subcommittees and working groups.
- Continue to implement procedures, controls, processes, documentation, and systems to improve the efficiency of operations and control costs.
- Continue to work with Regional Entities to improve oversight and collaboration.
- Continue to enhance to ERO risk management tools and procedures.
- Develop a comprehensive technology roadmap for applications and infrastructure supporting ERO operations, including Regional Entity components.
- Continue to work collaboratively with the Regional Entities to advance the design and implementation of strategic ERO Enterprise IT applications and supporting infrastructure.
- Review and, where applicable, make recommendations for improvements to NERC and Regional Entity operating and working capital reserve policies and forecasting, including policies applicable to tracking and use of excess operating reserves.
- Evaluate and implement mechanisms to improve talent acquisition and employee retention.

2014 Key Business Planning Assumptions

As part of their annual business planning initiatives, NERC and the Regional Entities collaborate to form significant assumptions that should be considered when developing their respective business plans and budgets. For the 2014 business plans and budgets, these assumptions include, but are not limited to:

1. There will be continued industry participation to support key program areas, including but not limited to the standards and compliance process improvement initiatives.
2. External factors, including regulatory actions, may affect resource needs and allocation.
3. Critical infrastructure protection will continue to be a priority in the United States and Canada.
4. Compliance auditing will transition to be more reflective of a registered entity's reliability risk profile.
5. Significant investments will be required over the planning period to develop and implement program area and enterprise-wide applications to support common NERC and Regional Entity business needs and processes.

These assumptions also reflect the application of the Section 215 criteria discussed in the following section. A more complete list of the common assumptions is attached as **Exhibit A**.

Application of Section 215 Criteria to Major Activities

In its order approving NERC's 2013 business plan and budget, the Federal Energy Regulatory Commission (FERC) required NERC to establish criteria for determining whether its proposed activities are eligible for funding under Section 215. In an order dated April 19, 2013, FERC approved NERC's proposed criteria, with certain modifications.³ **Exhibit B** summarizes the major activities NERC proposes to undertake and the approved Section 215 criteria applicable to such activities.

As further described in Exhibit B, all of the major activities that NERC proposes to undertake in 2014 are within the Section 215 guidelines. In addition, as part of the business planning process, the Board requested policy input regarding the potential for funding support for the ESSC and the operation of the ES-ISAC outside of Section 215. Based on this feedback and the discussions at the May 2013 Board meeting, NERC is planning to continue Section 215 funding for the ES-ISAC in 2014. The NERC board of trustees is considering a proposal to move the ESSC outside of NERC. From a 2014 budget and funding standpoint, the cost of any company personnel and expenses to support the ESSC, as well as the costs of outside consulting support, will remain statutory.

Stakeholder feedback was also sought regarding the potential funding of the System Operator Certification and Continuing Education Program (SOCCED) activities outside of Section 215. The SOCCED programs are designed to ensure that personnel operating the BPS have the skills, training, and qualifications needed to operate the system reliably. NERC maintains the credentials required to work in system control centers across North America for over 6,000 system operators. The requirements of the SOCCED programs are encompassed in Sections 600 and 902 of the NERC Rules of Procedure, as well as in Article XII of the NERC Bylaws. NERC's system operator certification exam is designed to test specific knowledge of job skills and reliability standards. It also prepares operators to comply with requirements of reliability standards and appropriately operate the BPS during normal and emergency operations.

Certification exams are created by the Personnel Certification Governance Committee (PCGC), an industry group of operations experts, trainers, and supervisors. Under the PCGC oversight, the Examination Working Group periodically updates and publishes new exams. When an operator passes the certification exam, certification is maintained by completing NERC-approved continuing education courses and activities. The Personnel Subcommittee, composed of industry training experts, provides oversight of the Continuing Education program. SOCCED costs have been entirely or substantially funded through testing and certification fees, and a separate operating reserve has been established for the SOCCED program under NERC's Working Capital and Operating Reserve Policy. Based on the feedback received to date, the company is proposing to continue the current SOCCED funding approach in 2014.

Overview of 2014 Funding Requirements

NERC's 2014 Business Plan and Budget reflects NERC's ongoing efforts to better define program area requirements and allocate resources to make more meaningful and demonstrable contributions to improvements to the reliability of the bulk power systems in

³ *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013).

North America. Management has continued to enhance the quality and depth of information provided in the company's business plan and budget in order to improve transparency and stakeholder communications and understanding of the ERO's resources requirements.

The following sections of the 2014 Business Plan and Budget describe in detail the resources required in 2014 for NERC to continue to carry out its mission. The 2014 funding requirements reflect the costs to maintain current operations, including but not limited to: personnel costs based on projected 2013 year-end headcount, contracts for office space, software licensing, third-party data management, communication and other services to support current operations. Incremental funding requirements in 2014 are primarily driven by resources required to fund (1) geomagnetic disturbance (GMD) research; (2) consulting resources to support compliance and enforcement reform initiatives; (3) investments in technology and support services to improve cyber threat information sharing capabilities, preparedness, and mitigation strategies; and (4) investments in the development of software applications and infrastructure to facilitate improved business processes and efficiency and to reduce unnecessary costs on registered entities. The 2014 funding requirements for these items are partially offset by savings realized from a reduction in contractor and consulting costs tied to the completion, elimination, or reduction in the scope of various other program area initiatives.

Penalty funds received in 2013 and a reduction in NERC's working capital reserves will reduce NERC's 2014 assessments funding approximately \$1.5M (3.2%). After taking into account the application of NERC's policies regarding the allocation of United States penalty funds,⁴ the allocation of certain compliance and enforcement costs,⁵ and using 2012 net energy for load data, assessments will be approximately \$3.7M (8.5%) higher for U.S. entities, \$111.3k (2.5%) higher for Canadian entities, and \$13.4k (10.8%) higher for Mexican entities.

The 2014 proposed assessment increase represents a net increase of \$739k (1.5%) in assessments over the two-year period between 2013 and 2014.

NERC proposes to finance the cost of certain enterprise IT applications that are under development in 2013 and are slated to be developed in 2014, as well as finance the cost of certain hardware that supports internal and enterprise software applications. It is anticipated that the combination of NERC's strong credit and a favorable interest rate environment will allow these investments to be financed at attractive interest rates. This financing will place downward pressure on assessments in the near term and spread out the costs of each of these capital projects over three years. Additional details regarding this proposed financing are included in **Exhibit D**. The repayment of the projected principal and interest in connection with this financing has also been factored into the 2015 and 2016 budget projections discussed further below. Implementation of this approach is dependent on negotiation of acceptable, definitive terms and conditions of the financing agreements with lenders, NERC Board approval, and Commission approval of the projected principal repayment and interest schedule for the borrowings in NERC's budget and statutory assessments. Any variation in projected compared to actual principal and interest payment obligations will be tracked and reported as part of the

⁴ Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards, December 8, 2008

⁵ Expanded Policy on allocation of Certain Compliance and Enforcement Costs, July 29, 2008

company's quarterly budget to actual variance report provided to the NERC Finance and Audit Committee, Board, and FERC.

Management is proposing to maintain operating reserves for known contingencies and unforeseen contingencies at the same level as in the 2013 budget, including a \$1M budget for known contingency reserves and \$1M budget for unforeseen contingency reserves. Known contingency reserves include potential funding of vegetation research related to the FAC-003 reliability standard for vegetation management and development of a reliability assessment database that will be used to conduct reliability risk assessments and analysis for resource planning and allocation, as well as industry advisories and alerts. The FAC-003 vegetation research was originally planned to commence in 2014 but has been deferred to 2015, with the potential to accelerate funding into 2014 subject to the availability of reserves. Further information regarding these two initiatives may be found under the Reliability Assessment and Performance Analysis department section of this business plan and budget. Based on an analysis of working capital and operating reserve levels and taking into account the forecasted year-end reserve balances, a total of \$1.2M in excess operating reserves is proposed to be applied to reduce 2014 assessments, as shown on Table B-1 in Section B.

Management has also prepared preliminary budget projections for 2015 and 2016. Further information regarding the assumptions underlying these projections may be found on pages 26–27.

2014 Cost of Current Operations and Additional Resource Requirements

Management and the NERC Board take the efficiency and the cost of NERC's operations very seriously. The following steps that have been taken to control costs and increase the efficiency of operations are reflected in the development of this Business Plan and Budget:

1. Established a formal working capital and operating reserve policy and controls.
2. Implemented policies and controls regarding the expenditure of funds approved for specific statutory purposes on unbudgeted activities.
3. Increased the detail and granularity of variance reporting, both monthly for operational purposes and quarterly for review with the Finance and Audit Committee, as well as in quarterly public postings and annual FERC filings.
4. Retained an outside consulting firm to conduct a comprehensive review of employee compensation and benefits and implemented revised policies governing compensation and benefits.
5. Implemented an ongoing top-to-bottom review of the entire organization to determine the particular skills and competencies that are required to perform the necessary tasks of each position in the organization.
6. Significantly reduced the company portion of employee benefits costs by increasing employee contributions and deductibles .
7. Implemented average salary increases below peer group average.

8. Implemented a workforce management system to track employee time by major activity.
9. Developed more robust policies and controls governing employee travel expenses.
10. Strengthened resource capabilities for Regional Entity oversight.
11. Established a risk management and internal controls framework and hired experienced personnel to implement it.
12. Developed and obtained FERC approval of written criteria governing statutory activities and applied these criteria to departmental activities in connection with the development of the business plan and budget.
13. Reviewed departmental activities to ensure alignment with goals and objectives contained in the approved Strategic Plan.
14. Eliminated funding of non-core activities including the Interchange Distribution Calculator (IDC) and related tools, and the North American Synchrophasor Initiative (NASPI).
15. Improved coordination and decision making with the Regional Entities.

With due regard to the foregoing, the projected 2014 revenue requirements reflect the revenues necessary to support the major departmental activities discussed on pages 10–13, including but not limited to the cost of personnel, meetings, travel, office space, information technology, and other costs necessary to support the essential functioning and governance of the corporation as detailed in the financial statements and supporting schedules. The projected cost of ongoing operations in 2014 reflects (1) average salary increases below industry average, (2) a personnel attrition factor, (3) continuation of 2013 reductions in the employer portion of the costs of medical and retirement benefits, (4) market increases in health care costs, and (5) the elimination of funding of the IDC and contractors and consultants to support NASPI.

Forecasted 2014 personnel costs include 2013 budgeted full-time employees (FTEs) plus five new positions required to support current operations. These positions include: (1) an engineer in the Reliability Assessment and Performance Analysis department to support risk management initiatives and associated technical analysis, (2) a shared administrative support position for the legal and enforcement departments (which are both based in the Washington, D.C. office and currently have limited administrative support), (3) a database analyst to assist in the management of the numerous databases necessary for ERO operations, (4) a webmaster to support the day-to-day maintenance of NERC's website and associated applications, which are used extensively to support both internal and external knowledge management and communications and (5) one additional employee to strengthen the operation of the ES-ISAC. NERC's 2014 cost of ongoing operations also includes the cost associated with support provided to the ESCC. NERC is utilizing a recently implemented workforce management system to track time associated with providing ESCC support. In the future, the company will have the ability to allocate costs to specific activities, such as ESCC support. Additional revenue requirements to further improve ES-ISAC operations and associated registered entity benefits are discussed in the next section.

NERC is projecting approximately \$53.5M in total operating expenses and capital expenditures to support current ongoing operations, which is approximately \$800.6k (1.5%) less than 2013.

NERC management has also budgeted resources required in 2014 to enable the company to (1) conduct GMD research in connection with recent FERC orders, (2) support key strategic initiatives, and (3) improve and expand ES-ISAC capabilities and performance. The following table sets forth the 2014 budget impact of these incremental resource requirements, followed by a more detailed discussion of these incremental resource needs.

2013 Budget		2014 Commitments - Inc(Dec)	Incremental Resources	Total 2014 Budget
\$ 31,298,405	Total Personnel Expense	\$ 2,761,249	\$ -	\$ 34,059,654
\$ 4,098,310	Total Meeting Expense	\$ (308,785)	\$ -	\$ 3,789,525
\$ 8,816,254	Contracts and Consultants	\$ (3,381,731)	\$ 1,394,450	\$ 6,828,973
\$ 8,251,187	Operating Expenses (excl depreciation)	\$ 198,968	\$ -	\$ 8,450,154
\$ 50,000	Non-Operating Expenses	-	94,000	\$ 144,000
\$ 1,772,100	Capital Expenditures	\$ (70,300)	\$ 1,415,990	\$ 3,117,790
\$ 54,286,256	Total Budget	\$ (800,600)	\$ 2,904,440	\$ 56,390,096

Additional Research Related to Regulatory Matters

Recent regulatory requirements regarding vegetation clearances and vegetation management on public lands, as well as the potential impacts of geomagnetic disturbances (GMD), may impact resource requirements for 2014. These items are described below with estimated 2014 funding requirements.

1. Vegetation Research

The recent FERC order approving the FAC-003 reliability standard for vegetation management included an obligation to validate the technical foundation supporting the inclusion within the Gallet Equation of factors for the Minimum Vegetation Clearance Distance (MVCD). Significant industry support for the application of the Gallet Equation was a key factor in achieving approval for this standard. An estimated cost of \$500k for this research is supported by a draft statement of work prepared by EPRI that involves an approximately nine-to-fifteen-month period of effort and associated activity. Contractor support will be required to conduct the necessary research that provides the technical foundation supporting the use of the MVCD in the application of the vegetation management standard. Due to budget constraints NERC will be exploring potential sources of third party funding for a portion of the cost of this research, as well as deferring a portion of its funding beyond 2014, phasing its total planned multi-year funding commitment of \$500k over several years and relying on operating reserves for partial funding of this initiative in 2014. Use of operating reserves for funding in 2014 will reduce NERC's total planned multi-year funding commitment of \$500k.

The research plan is intended to provide empirical technical support for the application of the Gallet equation and the associated factors related to the MVCD. These empirical tests will involve actual flash-over distances between conductors and vegetation grown specifically for this purpose at the EPRI test facility in Lenox, Massachusetts. The research will evaluate flash distances in a carefully calibrated environment and thereby validate through data the actual application of the MVCD factors in the currently approved FAC-003 standard.

2. Vegetation Management on Public Lands

In the recent FERC order approving the FAC-003 reliability standard for vegetation management, the Commission directed NERC to ascertain the issues surrounding access for vegetation and related maintenance for transmission assets crossing public lands. FERC is concerned that issues arising from federal- and state-governed lands (e.g., Bureau of Land Management areas, national and state forests, etc.) restrict access to transmission assets crossing such lands and may potentially lead to a reliability risk for outages or delayed restoration. Consulting resources are required to develop a plan to gather technically valid information that would identify the nature and extent of such issues on public lands. The research plan as currently envisioned would be led by NERC and financially supported by existing industry groups, such as the EEI Vegetation Management Task Force. NERC does not anticipate having to provide direct financial support in 2014 for this research.

3. Reliability Effects of GMD

The continuing efforts of the HILF work to expand the technical foundation for understanding the potential impact of GMD will involve continuation of the GMD Task Force work and research through the Electric Power Research Institute (EPRI) in 2014. The current 2013 funding level of \$250,000 is expected to be required in 2014, targeting overall completion by the end of the year. The current work centers around providing a suite of technically valid tools and operational measures and transformer modeling, along with coordinating work efforts at the National Oceanic and Atmospheric Administration and space weather entities to understand the potential ranges of geomagnetically induced currents from coronal mass ejections on the sun. The results will permit individual entities to conduct associated vulnerability assessments. Once the EPRI and industry efforts are completed, the task force can finalize the tool development and associated baseline information. The objective for 2014 is to complete associated research efforts and conduct an overall assessment of the vulnerability assembled in a report that provides an indication of the how these factors potentially affect reliability of the BPS in North America.

Additional Resources to Support Compliance and Enforcement Reform (Reliability Assurance) Initiatives

During 2013 and consistent with the goals and objectives set forth in the Strategic Plan, NERC established a Reliability Assurance Initiative (RAI) as part of its stated objectives of ensuring BPS reliability, improving the efficiency and effectiveness of NERC and Regional Entity compliance

and enforcement operations, and reducing unnecessary costs to registered entities by focusing compliance oversight and enforcement resources on significant risks to reliability. Implementing the RAI program is a multiyear effort that involves compliance and enforcement process changes, development of new tools and training materials, and a variety of related efforts. These initiatives are specifically aimed at moving the ERO toward a culture of reliability through improved compliance monitoring and enforcement mechanisms. Moreover, these initiatives will also eliminate known problems with the current “zero-tolerance” processes that place unnecessary administrative burdens on registered entities and consume far too many NERC and Regional Entity resources.

The major RAI activities for 2013 include: (1) identifying and implementing process improvements to the self-reporting process; (2) implementing FFT enhancements; (3) developing an auditor handbook and checklist for use by compliance auditors; and, (4) initiating small prototype and pilot programs focused on developing entity risk assessments and developing processes for evaluating and testing internal controls. As further discussed under the Enforcement Department section of the 2014 Business Plan and Budget, the first two activities—self-reporting and FFT enhancements—seek to better align NERC and the Regional Entity enforcement processing activities with the level of risk the particular activity poses to the reliability of the BPS. These activities promote efficiencies for both the ERO Enterprise and registered entities by eliminating undue regulatory burdens, streamlining documentation and filing requirements, and substantially improving the processing of alleged violations and their companion mitigation plans. An audit handbook, which is being developed in 2013, will be utilized across the entire ERO by all compliance auditors and will support the audit processes outlined in the audit checklist. The audit handbook will address concerns voiced by registered entities, particularly those with operations in more than one Region, that differing audit practices exist in various Regions and among various audit teams within those Regions. Registered entities will benefit from the handbook because it will promote consistency in regional compliance audit practices, eliminating guesswork for entities in pre-audit preparations. Lastly, the prototypes and pilot programs will focus on how to best develop registered entity reliability risk assessment profiles and perform reviews and tests of internal controls. These pilots are an excellent means by which the newly developed tools and procedures can be tested and modified based upon actual results from the field, firsthand experiences, and lessons learned.

Three major activities that will build upon the framework and improvements implemented as a result of the ongoing 2013 RAI activities are planned for 2014: (1) developing a training program to support implementation of the common audit procedures developed in 2013; (2) assessment of the existing compliance, reporting, analysis tracking system (CRATS) and other compliance tools to support RAI activities; and (3) developing prototypes and pilot programs to support the development of registered entity reliability risk assessments and compliance monitoring scoping projects. These activities are necessary to implement the strategic reforms to the compliance monitoring and enforcement programs. The bulk of these activities will be resourced from NERC and Regional Entity staffs. However, as detailed below, certain activities require funding for an outside consultant with specialized industry expertise. Where appropriate, the plan will leverage volunteers from industry. For instance, a number of prototypes and pilot programs will include testing operational aspects of the RAI activities with

volunteer registered entities. This mix of resources will allow NERC to produce the RAI deliverables in a timely way, at an effective cost, and in a manner that ensures ERO Enterprise personnel will be equipped to execute the new processes and procedures in future years. NERC has budgeted \$400k for outside consulting resources in 2014 to support these initiatives, which are further described in Section A of the Business Plan and Budget, under Compliance Operations.

Additional Resources to Support Enterprise Software Applications and Infrastructure

During 2013, considerable emphasis has been placed on consolidating applications determined to have similar business processes and functions across NERC and the Regional Entities. NERC and the Regional Entity Management Group deemed the bulk electric system exceptions process and event information data analysis to be ERO Enterprise in nature. Therefore, NERC and the Regional Entities undertook a concerted effort to gather business and functional requirements to build enterprise-wide applications supporting these processes that would culminate in an application package that would become operational in a dedicated data center facility. NERC and the Regional Entities will use these applications to perform required business functions, thereby reducing multiple disparate applications and databases into single, agreed-upon business applications.

The 2014 budget includes proposed incremental funding to support continuing multiyear undertaking to consolidate and manage ERO Enterprise applications into a reliable, centrally managed, dedicated hosting facility. This will require leveraging unique vendor capabilities to provide infrastructure services, security, back-up, and recovery that would otherwise require NERC and the Regional Entities to run, secure, and manage separate instances of the applications and databases, along with requirements to create connectivity between the multiple systems. Each enterprise application will be designed to offload the burden of multiple registrations by registered entities, reduce manual efforts by NERC and Regional Entity staff to manually process volumes of data, and significantly increase business intelligence and analytical capabilities.

During 2013, NERC and the Regional Entities developed a common software application to process BES exception requests, and are in the process of developing an application to facilitate the management, analysis and dissemination of information regarding events affecting BPS reliability. Another example is planned design and implementation of an enterprise application (the “RADS” application⁶) to replace the legacy reliability assessment database, which currently requires hundreds of NERC and Regional Entity man-hours to process millions of data elements to populate up to 27 individual spreadsheets that are manually processed in connection with preparation of the summer and winter seasonal assessments. The replacement RADS application will allow regional staffs to input data into forms that would automatically populate a central database for almost immediate creation of the data required for seasonal assessments, reducing manual workload and potential for error. The resulting efficiency gains will be used to redirect resources in support key reliability improvement initiatives.

⁶ The RADS application is presently budgeted for development in 2015 but may be accelerated into 2014, subject to the availability of funding from reductions in the cost of the development of a replacement Alerts applications, operating reserves and/or the capital financing program, which are further, discussed in Section A under the Situation Awareness and Information Technology departments, respectively.

This multiyear effort will also focus on a new centralized compliance application to replace the multiple applications used by NERC and the Regional Entities, as previously mentioned in connection with the Reliability Assurance Initiative. A centralized compliance application will provide multiple tangible benefits including a secure, logically and physically segregated central database for management and reporting, and it would also reduce the number of system touch points required to synchronize and manage the integrity of multiple databases. A new compliance application will create efficiencies and continue to foster process improvements by establishing a common tool to be used by multiple compliance and enforcement staffs.

Each enterprise application will be designed through a collaborative approach with the Regional Entities and in such a manner as to facilitate business intelligence and analytic capability with the appropriate level of security. In addition to providing a more cohesive view of data across applications and databases by NERC and the Regional Entity staffs, the environment will incorporate design features that would allow the Regional Entities, along with the general public, access to reporting and analytics. It will be designed to facilitate dashboards and reporting either with anonymous access, or, with enhanced feature functionality, upon proper vetting and approval.

The enterprise applications will be hosted and centrally managed from a dedicated state-of-the-art data center facility. The facility would incorporate all elements of infrastructure support to include system administration and help desk functions, security, monitoring and back-up, and recovery capability. A central hosted facility will achieve a single point of accountability, reduce security exposure by leveraging best-in-class security practices and technology, and standardize tools and technologies used amongst NERC and the Regional Entities.

The ERO Enterprise application and infrastructure plan and budget was developed as a multi-year strategic initiative. Projected costs over the 2014–2016 planning period are set forth in the detailed IT department description under the General and Administrative Program Area in Section A of the Business Plan and Budget. Management anticipates financing the development of these capital assets and spreading the cost out over several years to mitigate the impact on assessments and cash flow. Further details regarding the financing program are included in Exhibit D.

ES-ISAC Incremental Funding Needs

The resources currently devoted to supporting the ES-ISAC consist primarily of personnel and contractors who gather, analyze, and provide information regarding cyber threats to industry through a secure communications portal and the costs to operate and maintain that portal. By having access to information regarding threats (including threats faced by other sectors such as the financial and communications industries) and the ability to analyze the potential impact of these threats on the electric sector and rapidly share this information with industry, the security of the electricity sector is improved.

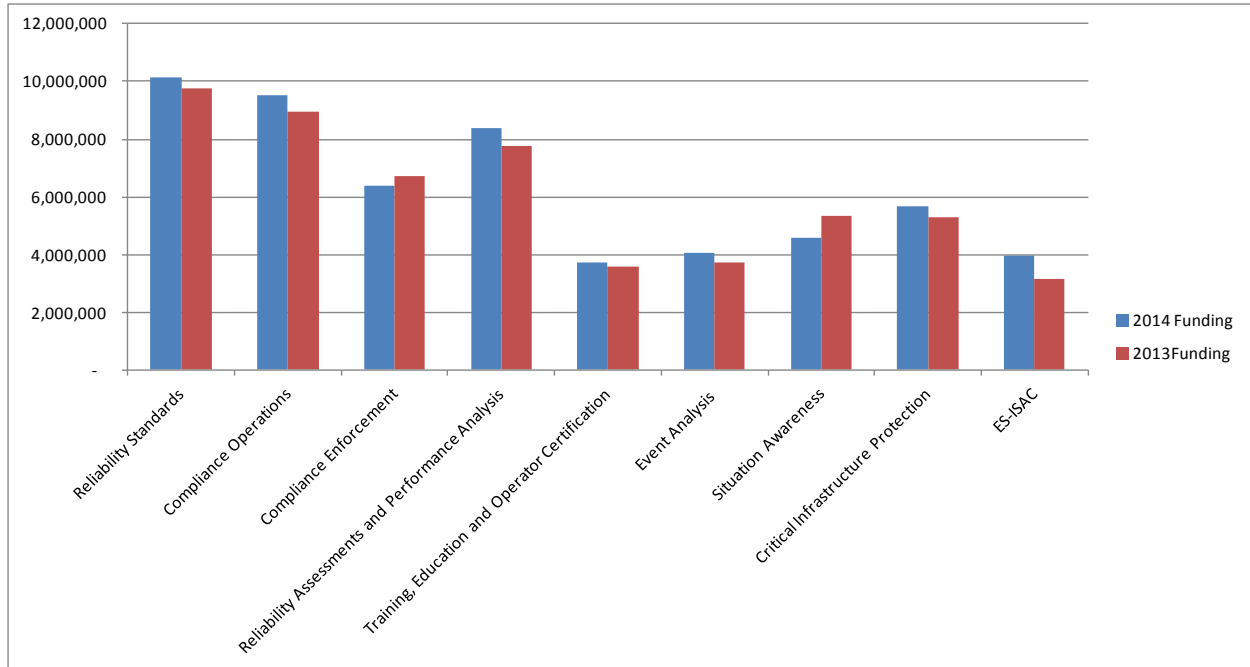
To keep pace with the growth and risk of cyber attacks and the associated need for timely and effective information sharing with industry and other sectors in order to mitigate potential significant BPS reliability risk, NERC's 2014 budget includes a significant increase in the tools and technologies devoted to supporting ES-ISAC. This additional resource support is in three

areas: (1) tools and technologies for improving the usability and functionality of the information-sharing portal to better allow the electric sector to receive and provide information to the ES-ISAC and to better allow the ES-ISAC to share information with other sector ISACs; (2) the preparation of a cyber risk preparedness toolkit to allow industry to conduct self-assessments of cyber risk preparedness; and (3) adding one staff position to increase analytical capabilities, portal monitoring, and information sharing and shift staffing on the National Cybersecurity and Communications Integration Center (NCCIC) floor. The additional cost in 2014 associated with improving the portal and information-sharing capabilities consists primarily of software licensing fees. The preparation of the cyber risk preparedness toolkit will reduce the projected ongoing costs for NERC to conduct individual cyber risk preparedness assessments for industry in the absence of industry having a tool to conduct these assessments.

The federal government has been piloting a new form of highly secure information sharing network and associated technology that can be utilized to identify, track, and deploy fixes to emerging cyber security threats. This project, a combination of what is known as the “Cyber Federated Model” (CFM) and “Cyber Risk Information Sharing Program” (CRISP), is at a point where the tools are ready to be commercialized. Federal funding provided to incubate this technology up to the point of commercialization is expected to be reduced or eliminated in 2014 and replaced by private sector sources of funding. NERC has not included any specific funding to support the commercialization of this portal and associated technology in 2014.

The following table sets forth a 2013–2014 total budget (operating expenses plus fixed assets minus depreciation) comparison by department, followed by a bar chart comparison of funding by department.

Total Budget	Budget 2013	Budget 2014	Change	
			2014 Budget v 2013 Budget	% Change
Reliability Standards	9,775,088	10,167,369	392,281	4.0%
Compliance Operations	8,928,994	9,496,446	567,452	6.4%
Compliance Enforcement	6,725,004	6,395,091	(329,913)	-4.9%
Reliability Assessments and Performance Analysis	7,762,436	8,350,598	588,162	7.6%
Training, Education and Operator Certification	3,571,766	3,737,472	165,706	4.6%
Reliability Risk Management				
Event Analysis	3,738,430	4,048,371	309,941	8.3%
Situation Awareness	5,324,311	4,583,264	(741,047)	-13.9%
Critical Infrastructure Department				
Critical Infrastructure Protection	5,299,502	5,668,027	368,525	7.0%
ES-ISAC	3,160,725	3,943,457	782,731	24.8%
Total Budget	54,286,256	56,390,096	2,103,840	3.9%



The following chart presents a year-over-year comparison of FTEs by department and reflects 2013 personnel additions and interdepartmental transfers, attrition assumptions, and proposed 2014 personnel additions. It is followed by a statement of activities comparing the 2013 and proposed 2014 budget.

Total FTE's by Program Area	Budget 2013	Budget 2014*	Change from 2013 Budget
STATUTORY			
Operational Programs			
Reliability Standards	26.50	25.92	(0.58)
Compliance Operations	24.00	23.04	(0.96)
Compliance Enforcement	21.00	18.24	(2.76)
Reliability Assessments and Performance Analysis	18.75	18.99	0.24
Training, Education and Operator Certification	8.00	8.16	0.16
Event Analysis	9.50	9.60	0.10
Situation Awareness	6.50	6.24	(0.26)
Critical Infrastructure Protection	12.50	11.98	(0.52)
ES-ISAC	6.75	8.22	1.47
Total FTEs Operational Programs	133.50	130.39	(3.11)
Administrative Programs			
General & Administrative	8.00	10.56	2.56
Legal and Regulatory	14.00	15.15	1.15
Information Technology	16.75	18.07	1.32
Human Resources	3.00	2.88	(0.12)
Finance and Accounting	11.00	12.48	1.48
Total FTEs Administrative Programs	52.75	59.14	6.39
Total FTEs	186.25	189.53	3.28

*Reflects 2013 additions and transfers between departments, anticipated timing of 2014 hires, and assumes 4% attrition in all programs

The complete NERC organizational chart is attached as **Appendix 1**.

Statement of Activities and Fixed Assets Expenditures					
2013 Budget & Projection, and 2014 Budget					
STATUTORY					
	2013	2013	Variance 2013 Projection v 2013 Budget	2014	Variance 2014 Budget v 2013 Budget
	Budget	Projection	Over(Under)	Budget	Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 47,604,156	\$ 47,604,156	\$ (0)	\$ 51,401,382	\$ 3,797,226
Penalty Sanctions	2,512,500	2,512,500	-	290,000	(2,222,500)
Total NERC Funding	\$ 50,116,656	\$ 50,116,656	\$ (0)	\$ 51,691,382	\$ 1,574,726
Membership Dues	-	-	-	-	-
Testing Fees	1,680,000	1,680,000	-	1,620,000	(60,000)
Services & Software	-	57,000	57,000	50,000	50,000
Workshops	436,000	372,950	(63,050)	354,000	(82,000)
Interest	20,000	20,000	-	20,000	-
Miscellaneous	-	224	224	-	-
Total Funding (A)	\$ 52,252,656	\$ 52,246,830	\$ (5,826)	\$ 53,735,382	\$ 1,482,726
Expenses					
Personnel Expenses					
Salaries	\$ 24,056,165	\$ 24,965,038	\$ 908,873	\$ 26,218,572	\$ 2,162,407
Payroll Taxes	1,459,710	1,473,809	14,099	1,570,954	111,244
Benefits	3,079,941	2,917,558	(162,383)	3,385,917	305,976
Retirement Costs	2,702,588	2,264,996	(437,592)	2,884,211	181,623
Total Personnel Expenses	\$ 31,298,403	\$ 31,621,401	\$ 322,997	\$ 34,059,654	\$ 2,761,250
Meeting Expenses					
Meetings	\$ 1,042,000	\$ 1,158,289	\$ 116,289	\$ 1,052,150	\$ 10,150
Travel	2,738,500	2,419,525	(318,975)	2,419,525	(318,975)
Conference Calls	317,810	323,850	6,040	317,851	41
Total Meeting Expenses	\$ 4,098,310	\$ 3,901,664	\$ (196,646)	\$ 3,789,525	\$ (308,785)
Operating Expenses					
Consultants & Contracts	\$ 8,816,254	\$ 8,140,646	\$ (675,608)	\$ 6,828,973	\$ (1,987,281)
Office Rent	2,756,840	2,695,217	(61,623)	2,617,300	(139,540)
Office Costs	3,181,515	3,488,179	306,664	3,506,074	324,559
Professional Services	2,291,331	2,369,743	78,412	2,290,280	(1,051)
Miscellaneous	21,500	19,250	(2,250)	36,500	15,000
Depreciation	1,579,801	1,859,008	279,207	2,333,006	753,205
Total Operating Expenses	\$ 18,647,241	\$ 18,572,043	\$ (75,198)	\$ 17,612,133	\$ (1,035,108)
Total Direct Expenses	\$ 54,043,954	\$ 54,095,108	\$ 51,153	\$ 55,461,313	\$ 1,417,358
Indirect Expenses	\$ -	\$ 0	\$ 0	\$ 0	\$ 0
Other Non-Operating Expenses	\$ 50,000	\$ 128,060	\$ 78,060	\$ 144,000	\$ 94,000
Total Expenses (B)	\$ 54,093,954	\$ 54,223,168	\$ 129,213	\$ 55,605,313	\$ 1,511,358
Change in Assets	\$ (1,841,298)	\$ (1,976,338)	\$ (135,039)	\$ (1,869,930)	\$ (28,631)
Fixed Assets					
Depreciation	\$ (1,579,801)	\$ (1,859,008)	(279,207)	\$ (2,333,006)	\$ (753,205)
Computer & Software CapEx	1,556,100	2,242,083	685,983	2,904,790	1,348,690
Furniture & Fixtures CapEx	-	340,788	340,788	-	-
Equipment CapEx	216,000	527,031	311,031	213,000	(3,000)
Leasehold Improvements	-	77,803	77,803	-	-
Allocation of Fixed Assets	\$ -	\$ 0	\$ 0	\$ -	\$ -
Inc(Dec) in Fixed Assets (C)	192,299	1,328,696	1,136,397	784,784	592,485
TOTAL BUDGET (=B + C)	\$ 54,286,253	\$ 55,551,864	\$ 1,265,610	\$ 56,390,096	\$ 2,103,842
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)¹	\$ (2,033,597)	\$ (3,305,034)	\$ (1,271,437)	\$ (2,654,714)	\$ 132,089
FTEs	186.25	179.04	(7.21)	189.53	3.3

¹The 2014 budgeted change in working capital reflects both a reduction in excess working capital and operating reserves and the assumptions related to capital financing. Refer to Table B-1 on page 115 for a complete analysis of the Working Capital and Operating Reserve balance.

Projections for 2015–2016

Management has developed preliminary operating and fixed asset (capital) budget projections for 2015 and 2016. The following significant assumptions were included in these projections:

- No increase in FTEs above 2014 budgeted levels.
- An overall personnel expense increase of 3%, which is inclusive of salary increases, benefit and retirement costs.
- An increase of less than 5% in overall contractor and consulting expenses.
- Cost of ongoing IT operations and development of Enterprise IT applications as set forth in the IT section of the 2014 business plan and budget.
- No funding for additional ES-ISAC tools or incremental resource needs, pending further review and input from the ESCC.
- Principal and interest payments in connection with borrowing under the capital financing program to fund IT Enterprise software application development and IT hardware, as further described in the IT section and Exhibit D of the 2014 business plan and budget.

Based on these assumptions, management is projecting a 2.6% and 3.4% year-over-year increase in operating expenses for 2015 and 2016, respectively. Fixed Asset (Capital) Expenses are projected to increase by 78% in 2015 and decrease 33% in 2016. The combined effect of the projected increase in operating and capital expenses results in a projected average increase in assessments of 8.9% and 4.1% for 2015 and 2016, respectively. The projected higher percentage increase in assessments in 2015 is primarily due to (1) the projected IT expenditures, including the debt service associated with the amortization of the cost of IT Enterprise application development and hardware, (2) a loss of penalty fund offsets since penalty funds are not projected or taken into account in the forecast, and (3) elimination of the return of excess operating reserves which applied to reduce assessments in 2014. Management will be reviewing these projections in an effort to further refine and where possible reduce or defer costs in order to mitigate the impact on assessments. The future availability of penalty funds and any excess operating reserves, to the extent generated in 2014, will also be taken into account. In addition, the projected assessments for 2015 and 2016 will be further updated to reflect the actual interest rate and amortization schedule of the capital additions, which are authorized to be financed under the approved 2014, 2015, and 2016 budgets.

**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projected 2015 and 2016 Budgets**

	2014 Budget	2015 Projection	\$ Change 15 v 14	% Change 15 v 14	2016 Projection	\$ Change 16 v 15	% Change 16 v 15
Funding							
ERO Funding							
NERC Assessments	\$ 51,401,382	\$ 55,993,807	\$ 4,592,424	8.93%	\$ 58,371,961	\$ 2,378,155	4.1%
Penalty Sanctions	290,000	-	(290,000)	-100.00%	-	-	-
Total NERC Funding	\$ 51,691,382	\$ 55,993,807	\$ 4,302,424	8.3%	\$ 58,371,961	\$ 2,378,155	4.1%
Membership Dues	-	-	-	-	-	-	-
Testing Fees	1,620,000	1,620,000	-	0.00%	1,620,000	-	0.0%
Services & Software	50,000	50,000	-	0.00%	50,000	-	0.0%
Workshops	354,000	309,000	(45,000)	-12.71%	309,000	-	0.0%
Interest	20,000	20,000	-	0.00%	20,000	-	0.0%
Miscellaneous	-	-	-	-	-	-	-
Total Funding (A)	\$ 53,735,382	\$ 57,992,807	\$ 4,257,424	7.9%	\$ 60,370,961	\$ 2,378,155	4.1%
Expenses							
Personnel Expenses							
Salaries	\$ 26,218,572	\$ 26,874,036	\$ 655,464	2.5%	\$ 27,545,887	\$ 671,851	2.5%
Payroll Taxes	1,570,954	1,610,228	39,274	2.5%	1,650,484	40,256	2.5%
Benefits	3,385,917	3,641,810	255,893	7.6%	3,923,292	281,482	7.7%
Retirement Costs	2,884,211	2,956,316	72,105	2.5%	3,030,224	73,908	2.5%
Total Personnel Expenses	\$ 34,059,654	\$ 35,082,391	\$ 1,022,737	3.0%	\$ 36,149,887	\$ 1,067,496	3.0%
Meeting Expenses							
Meetings	\$ 1,052,150	\$ 1,052,150	\$ -	0.0%	\$ 1,052,150	\$ -	0.0%
Travel	2,419,525	2,419,525	-	0.0%	2,419,525	-	0.0%
Conference Calls	317,851	317,851	-	0.0%	317,851	-	0.0%
Total Meeting Expenses	\$ 3,789,525	\$ 3,789,525	\$ -	0.0%	\$ 3,789,525	\$ -	0.0%
Operating Expenses							
Consultants & Contracts	\$ 6,828,973	\$ 7,143,540	314,567	4.6%	\$ 7,336,172	192,632	2.7%
Office Rent	2,617,300	2,632,300	15,000	0.6%	2,657,300	25,000	0.9%
Office Costs	3,506,074	3,752,979	246,905	7.0%	3,752,979	0	0.0%
Professional Services	2,290,280	2,290,280	-	0.0%	2,290,280	-	0.0%
Miscellaneous	36,500	36,500	-	0.0%	36,500	-	0.0%
Depreciation	2,333,006	2,114,705	(218,301)	-9.4%	2,750,705	636,000	30.1%
Total Operating Expenses	\$ 17,612,133	\$ 17,970,305	\$ 358,171	2.0%	\$ 18,823,937	\$ 853,632	4.8%
Total Direct Expenses	\$ 55,461,313	\$ 56,842,221	\$ 1,380,908	2.5%	\$ 58,763,349	\$ 1,921,128	3.4%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ 144,000	\$ 236,000	\$ 92,000	63.9%	247,000	11,000	4.7%
Total Expenses (B)	\$ 55,605,313	\$ 57,078,221	\$ 1,472,908	2.6%	\$ 59,010,349	1,932,128	3.4%
Change in Assets	\$ (1,869,930)	\$ 914,586	\$ 2,784,516	-148.9%	\$ 1,360,613	\$ 446,027	48.8%
Fixed Assets							
Depreciation	\$ (2,333,006)	\$ (2,114,705)	\$ 218,301	-9.4%	\$ (2,750,705)	\$ (636,000)	30.1%
Computer & Software CapEx	2,904,790	5,017,500	2,112,710	72.7%	3,167,500	(1,850,000)	-36.9%
Furniture & Fixtures CapEx	-	-	-	-	-	-	-
Equipment CapEx	213,000	535,000	322,000	151.2%	535,000	-	0.0%
Leasehold Improvements	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-	-	-
Inc(Dec) in Fixed Assets (C)	\$ 784,784	\$ 3,437,795	\$ 2,653,011	338.1%	\$ 951,795	\$ (2,486,000)	0.0%
TOTAL BUDGET (=B + C)	\$ 56,390,096	\$ 60,516,015	\$ 4,125,919	7.3%	\$ 59,962,144	\$ (553,872)	-0.9%
FTEs	189.53	189.53	-	-	189.53	-	-

Section A — 2014 Business Plan and Budget Program Area and Department Detail

Reliability Standards

Reliability Standards Program (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	26.50	25.92	(0.58)
Direct Expenses	\$ 5,134,738	\$ 5,150,854	\$ 16,116
Indirect Expenses	\$ 4,581,241	\$ 4,872,999	\$ 291,758
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 59,109	\$ 143,517	\$ 84,408
TOTAL BUDGET	\$ 9,775,088	\$ 10,167,369	\$ 392,280

Background and Scope

The Reliability Standards Program carries out the ERO's statutory responsibility to develop, adopt, obtain approval of, and modify as and when appropriate, mandatory reliability standards (both continent-wide standards and regional reliability standards) for the reliable planning, operation and critical infrastructure protection of the North American BPS.

NERC's ANSI-accredited standards development process was reaccredited in 2013 and found to be open, balanced, and transparent. As part of the standard development process, industry technical experts scope, draft, and review the new or revised NERC Reliability Standards for approval by the industry ballot body, adoption by the Board, and filing with regulatory authorities in the United States and Canada.

The major activities undertaken by NERC's standards department include:

- 1. Delivering high-quality, continent-wide reliability standards:** NERC standards developers and other standards staff provide project management and leadership for informal standard development activities, facilitate drafting team activities, support drafting, assist the drafting teams in maintaining adherence to the development process as outlined in the Standard Processes Manual, and ensure that the quality of documents produced are appropriate for approval by industry and the Board.
- 2. Facilitating continent-wide industry engagement:** NERC manages the work of over 200 industry contributors who serve on the Standards Committee and subgroups, as well as informal development, standards drafting, interpretation, and other project teams for the development of NERC standards through the standards development program.
- 3. Conducting balloting, disseminating information, and supporting regulatory filings:** Through NERC's commenting and ANSI-accredited balloting process, industry consensus

is built by engaging thousands of industry volunteers within hundreds of registered entities throughout North America who review, comment on, and approve the standards products created by the standard drafting teams. The department also supports the filing of standards with regulatory authorities and provides support in connection with regulatory proceedings.

The standards program also provides a mechanism for the eight Regional Entities to process regional standards when reliability gaps are detected at the regional level. The NERC Standards staff supports regional standards development processes by providing technical advice, final quality review of regional standards, presentation to the Board, and preparation of regional standards materials for submission to the applicable regulatory authorities in the United States and Canada for adoption.

Key Standards Production Efforts Underway in 2013

Several years ago NERC's standards department began laying the foundation to transition from the existing set of NERC standards to a clear, concise, and stable body of world-class, high-quality standards that ensure the reliability of the BPS. In 2013, the standards department is taking additional steps to address regulatory directives and conduct quality reviews of existing standards. These actions are vital to ensuring standards are focused on significant reliability risks and reducing regulatory uncertainty. The three major work streams include:

- **Existing Projects/Emerging Issues** – Ensuring projects that support either high-risk reliability issues or emerging reliability issues are initiated or remain on schedule.
- **Five Year Reviews** – Initiating the review of standards that were due for assessment and have not been revised in recent development projects.
- **Directives** – Addressing FERC directives.

In conjunction with these work streams, two major initiatives were created to ensure standards address reliability risks and to eliminate standards or requirements that do not significantly benefit reliability and create unnecessary compliance burdens on industry:

- **Paragraph 81 Initiative:** On March 15, 2012, the Commission issued an order on NERC's Find, Fix, Track and Report (FFT) program. In the order, NERC was invited to make a proposal to the Commission identifying specific standards or requirements that need to be revised or retired because of the lack of any meaningful benefit to BPS reliability.
- **Results-Based Standards Initiative:** Ensuring that standards are focused on required actions or results (the "what") and not necessarily on the methods by which to accomplish those actions or results (the "how").

These two initiatives were applied to each standard or group of standards within the three major work streams to ensure that requirements with little or no benefit to reliability are eliminated and all new or revised standards are results-based. It is expected that these initiatives will lead to a concise set of standards that have the necessary combination of risk-, performance-, and capability-based requirements to ensure BPS reliability.

Based on the recommendation of the Member Representatives Committee's Standards Process Improvement Group, in 2013 NERC also began piloting methods to measure cost-effectiveness of standards under development. The goal of this work is to ensure that the standards development process produces standards that cost-effectively address reliability gaps.

Finally, a key departmental objective is to transform the existing set of standards to a world-class, results-based and stable body of standards that are truly focused on supporting BPS reliability. To set the foundation for this transformation, NERC formed a standards independent expert review panel to evaluate NERC's standards and associated requirements. This panel will rate each standard requirement's content and quality. Their report will include recommendations to retire or improve requirements and will form the basis for a roadmap to support the standards development plan and standards transformation.

2014 Goals and Deliverables

In 2014, the Standards department resources will be focused on the following three areas:

- 1. Transforming NERC's standards to high-quality, world-class, results-based standards:** NERC will complete its foundational work by addressing remaining regulatory obligations specified in regulatory directives and outstanding Paragraph 81 Phase 2 requirements candidates. Based on the work from the standards independent expert review panel, the 2014–2016 Reliability Standards Development Plan will launch a standard transformation to world-class, results-based standards in steady state. This transformation is expected to take approximately three years.
- 2. Develop a BPS reliability risk profile:** In coordination with the Reliability Issues Steering Committee and the ERO's technical committees, the Standards department will develop an overall North American-wide reliability risk profile for the BPS. Existing standards will then be evaluated to identify any high-risk reliability gaps. Risk-based standard development will be further refined and prioritized to address high-risk reliability gaps.
- 3. Develop methods to assess and manage cost-effectiveness (benefit) of new standards:** Additional pilots to assess the cost-effectiveness of standards will be undertaken in order to lay the groundwork for an adoption of approaches to better inform the standards development process regarding the cost-effectiveness of alternative approaches to meeting reliability objectives.

Resource Requirements

Personnel

As in prior years, industry engagement is vital to successful standards development. In 2014, industry subject matter expert engagement requirements will remain steady from 2013, as the remaining projects from 2013 finalize in the first quarter of 2014. The transformation of NERC standards to steady state will require additional industry engagement throughout 2014.

NERC Standards management is also continuously considering ways to improve the efficiency of standard development activities. In 2013, NERC gained regulatory approval of revisions to its Standard Processes Manual, which adopted changes consistent with ANSI requirements for standards development and provides the potential to shorten standards development time frames. Further, in late 2012, the NERC Standards department evaluated the 2012 organization

and determined changes were required to refocus resources on the production of standards, rather than the executing and monitoring process. In October, the department was realigned into three teams of standards developers and one team focused on information management.

No additional personnel are planned to be added to the Standards department in 2014. The 0.58 reduction in FTEs is due to the assumption of 4% attrition in all departments. However, an increase in departmental travel expense is expected, given the number of standards initiatives expected to be underway.

Contractors and Consultants

No contractor and consulting support is budgeted in 2014, representing a \$150k reduction from the 2013 budget.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
RELIABILITY STANDARDS					
	2013	2013	Variance		Variance
	Budget	Projection	2013 Projection	2014	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)	Budget	Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 9,156,330	\$ 9,156,330	\$ -	\$ 10,000,443	\$ 844,113
Penalty Sanctions	510,788	510,788		58,951	(451,837)
Total NERC Funding	\$ 9,667,118	\$ 9,667,118	\$ -	\$ 10,059,394	\$ 392,276
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	104,000	104,000	-	104,000	-
Interest	3,970	4,224	254	3,976	6
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 9,775,088	\$ 9,775,342	\$ 254	\$ 10,167,369	\$ 392,281
Expenses					
Personnel Expenses					
Salaries	\$ 3,335,519	\$ 3,273,607	\$ (61,912)	\$ 3,308,688	\$ (26,831)
Payroll Taxes	213,052	206,812	(6,240)	210,130	(2,922)
Benefits	350,484	357,589	7,105	454,850	104,366
Retirement Costs	362,334	340,835	(21,499)	377,588	15,254
Total Personnel Expenses	\$ 4,261,388	\$ 4,178,843	\$ (82,546)	\$ 4,351,256	\$ 89,867
Meeting Expenses					
Meetings	\$ 164,000	\$ 224,000	\$ 60,000	\$ 185,000	\$ 21,000
Travel	372,500	400,000	27,500	400,000	27,500
Conference Calls	108,500	123,748	15,248	123,748	15,248
Total Meeting Expenses	\$ 645,000	\$ 747,748	\$ 102,748	\$ 708,748	\$ 63,748
Operating Expenses					
Consultants & Contracts	\$ 150,000	\$ 380,367	\$ 230,367	\$ -	\$ (150,000)
Office Rent	-	-	-	-	-
Office Costs	77,850	84,314	6,464	90,350	12,500
Professional Services	-	-	-	-	-
Miscellaneous	500	700	200	500	-
Depreciation	-	2,883	2,883	-	-
Total Operating Expenses	\$ 228,350	\$ 468,264	\$ 239,914	\$ 90,850	\$ (137,500)
Total Direct Expenses	\$ 5,134,738	\$ 5,394,855	\$ 260,116	\$ 5,150,854	\$ 16,115
Indirect Expenses	\$ 4,581,241	\$ 5,070,006	\$ 488,765	\$ 4,872,999	\$ 291,758
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 9,715,979	\$ 10,464,861	\$ 748,881	\$ 10,023,853	\$ 307,873
Change in Assets	\$ 59,109	\$ (689,520)	\$ (748,628)	\$ 143,517	\$ 84,409
Fixed Assets					
Depreciation	\$ -	\$ (2,883)	\$ (2,883)	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 59,109	43,250	(15,859)	143,517	84,408
Inc(Dec) in Fixed Assets (C)	59,109	40,366	(18,743)	143,517	84,408
TOTAL BUDGET (=B + C)	\$ 9,775,088	\$ 10,505,228	\$ 730,139	\$ 10,167,369	\$ 392,280
FTEs	26.50	26.25	(0.25)	25.92	(0.58)

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries and payroll tax expenses are projected to be lower in 2014 due to an estimated 4% attrition rate. Benefits are projected to be higher due to; (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses. Retirement expense is projected to be higher in 2014 due to having all positions filled on January 1, 2014, compared to 2013, which included reductions in budgeted retirement expense related to eligibility due to the timing of hiring.
- **Meetings, Travel and Conferencing Expenses** – Increases in meetings and travel expenses are due to the number of standards initiatives expected in 2014. The projected increase in conferencing expense is based upon 2013 trends.
- **Consultants and Contracts** – There are no requirements for support from outside consultants for the Standards program in 2014.
- **Office Costs** – The increase is due to higher cellular and air card expenses.

Compliance Monitoring and Enforcement and Organization Registration and Certification

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program's purpose is to monitor, enforce, and ensure registered entity compliance with the ERO's mandatory standards. This program area includes oversight of the registration and certification of BPS users, owners, and operators and is broken down into two departments for operational and financial reporting purposes: (1) the Compliance Operations department, and (2) the Enforcement department.

Compliance Operations Department

Compliance Operations (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	24.00	23.04	(0.96)
Direct Expenses	\$ 4,787,043	\$ 5,037,321	\$ 250,279
Indirect Expenses	\$ 4,149,048	\$ 4,331,554	\$ 182,506
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (7,098)	\$ 127,570	\$ 134,668
TOTAL BUDGET	\$ 8,928,994	\$ 9,496,446	\$ 567,454

Background and Scope

NERC's Compliance Operations department works collaboratively with the eight Regional Entities to ensure consistent and effective implementation of the Compliance Monitoring and Enforcement Program (CMEP).

The Compliance Operations department is responsible for the following major activities and functions:

- Consistent implementation of the risk-based compliance monitoring program, including registration and certification, for reliability improvements;
- ERO education programs that support industry compliance and the integration of risk assessment and internal controls;
- Development of minimum baseline monitoring requirements;
- Oversight of the Regional Entities' delegated compliance functions, including:
 - CMEP planning, implementation, and reporting,
 - Compliance operations and coordination, and
 - Auditor training;
- Development and maintenance of Reliability Standard Audit Worksheets (RSAWs); and

- Support for the Compliance and Certification Committee (CCC).

2014 Goals and Deliverables

Reliability Assurance Initiative

During 2013, consistent with the goals and objectives set forth in the Strategic Plan, NERC established a Reliability Assurance Initiative (RAI) as part of its stated objectives of ensuring BPS reliability, improving the efficiency and effectiveness of NERC and Regional Entity compliance and enforcement operations, and reducing unnecessary costs to registered entities by focusing compliance oversight and enforcement resources on significant risks to reliability. Implementing the RAI program is a multiyear effort that involves compliance and enforcement process changes, development of new tools and training materials, and a variety of related efforts. These initiatives are specifically aimed at moving the ERO toward a culture of reliability through improved compliance monitoring and enforcement mechanisms. Moreover, these initiatives will also eliminate known problems with the current “zero-tolerance” processes that place unnecessary administrative burdens on registered entities and consume far too many NERC and Regional Entity resources.

The major RAI activities for 2013 include: (1) identifying and implementing process improvements to the self-reporting process; (2) implementing FFT enhancements; (3) developing an auditor handbook and checklist for use by compliance auditors; and (4) initiating small prototype and pilot programs focused on developing entity risk assessments and developing processes for evaluating and testing internal controls. As further discussed under the Enforcement Department section of the 2014 Business Plan and Budget, the first two activities—self-reporting and FFT enhancements—seek to better align NERC and the Regional Entity enforcement processing activities with the level of risk the particular activity poses to the reliability of the BPS. These activities promote efficiencies for both the ERO Enterprise and registered entities by eliminating undue regulatory burdens, streamlining documentation and filing requirements, and substantially improving the processing of alleged violations and their companion mitigation plans.

An audit handbook, which is being developed in 2013, will be utilized across the entire ERO by all compliance auditors and will support the audit processes outlined in the audit checklist. The audit handbook will address concerns voiced by registered entities (particularly those with operations in more than one region) that differing audit practices exist in various regions and among various audit teams within those regions. Registered entities will benefit from the handbook because it will promote consistency in regional compliance audit practices, eliminating guesswork for entities in pre-audit preparations. Lastly, the prototypes and pilot programs will focus on how to best develop registered entity reliability risk assessment profiles and perform reviews and tests of internal controls. These pilots are an excellent means by which the newly developed tools and procedures can be tested and modified based upon actual results from the field, firsthand experiences, and lessons learned.

Three major activities are planned for 2014 that will build upon the framework and improvements implemented as a result of the ongoing RAI activities in 2013. These activities

include: (1) developing a training program to support implementation of the common audit procedures developed in 2013; (2) assessing the existing compliance, reporting, analysis tracking system (CRATS) and other compliance tools to support RAI activities; and (3) developing prototypes and pilot programs to support the development of registered entity reliability risk assessments and compliance monitoring scoping projects. These activities are necessary to implement the strategic reforms to the compliance monitoring and enforcement program. The bulk of these activities will be resourced with staff from NERC and the Regional Entities. However, as detailed below, certain activities require funding for an outside consultant with specialized industry expertise or experience. Where appropriate, the plan will leverage volunteers from industry. For instance, a number of prototypes and pilot programs will include testing operational aspects of the RAI activities with volunteer registered entities. This mix of resources will allow NERC to deliver the RAI deliverables in a timely way, at an effective cost, and in a manner that ensures ERO Enterprise personnel will be equipped to execute the new processes and procedures in future years. The details regarding the 2014 initiatives and contractor and consulting resources are described below.

(1) Developing a training program to support implementation of common audit procedures

The Compliance Operations department responsibilities include supporting the development of highly qualified and trained compliance operations and auditing staffs at both NERC and the Regional Entities by ensuring the proper qualifications of personnel for auditing and other essential compliance roles and providing proper training. A training program is also necessary to support the implementation of compliance monitoring and enforcement activities related to RAI. NERC will work directly with the Regional Entities to develop proper implementation and integration of the tools and processes developed during 2013, specifically the RAI Standardized Compliance Auditor Handbook and Checklist, and also incorporate lessons learned from the pilots. This training is essential for ensuring that all Regions are consistently applying the procedures and methodologies identified in the audit handbook. Additionally, the training program will address any other auditor needs associated with RAI improvements to the Compliance Monitoring and Enforcement Program (CMEP), including redesigned compliance communication tools. Another key component of the training program will focus on implementing changes related to enforcement processing, specifically changes to the self-reporting process and enhancements to the FFT process. This program will be developed in collaboration with the Regions and coordinated by NERC. External resources are needed to assist in developing these materials in time so they can be delivered throughout 2014. The 2014 budget for external consulting support for these training-related activities is \$150k, with another \$150k projected in 2015.

This training will provide a significant benefit to registered entities, because it will promote consistency of approach in the audit practices utilized by the regional audit teams. Regional Entity audit staffs will be trained on the proper practices for use by their auditor teams, which will promote audit consistency in both approach and performance, and thereby benefit registered entities. The training will address topics such as the proper timing for document requests, the types of documentation requested, the quality and level of detail necessary for various types of acceptable evidence, and the ability of the entity to present alternative forms

of evidence to exhibit compliance. Setting clear expectations for registered entities regarding audit practices and procedures should also allow registered entities to increase the efficiency and effectiveness of their pre-audit preparation.

(2) Assessing existing compliance tools that support compliance and enforcement operations

One key RAI activity for 2014 is the assessment and development of the ERO's Compliance Reporting and Tracking System (CRATS) and other available information systems and tools that are necessary to support the implementation and management of risk-based compliance monitoring and enforcement activities across NERC and the Regional Entities. The current CRATS software application is used to manage compliance and enforcement information through a combination of: (1) SharePoint for physical document retention, (2) a violation-tracking database with a translator, and (3) two different database applications. As described below, the capabilities of the current system will not support the compliance and enforcement process improvements that are contemplated under the Strategic Plan and instead will be designed and implemented through the RAI. The improvements in the self-reporting process and FFT enhancements will result in changes in compliance and enforcement data, retention requirements, and analysis, which will require changes to the supporting information systems and database management capabilities within CRATS.

Resources are needed to assess and make enhancements to the CRATS program or develop a replacement application. Outside consulting resources will be required to support this work. The major undertakings requiring consulting support in 2014 will include:

- A comprehensive assessment of the CRATS application and other compliance and enforcement platforms currently in use by the Regional Entities.
- Identification of the data and analytic requirements needed to support the risk assessment and processing requirements associated with RAI.
- Identification of how and the extent to which CRATS and any Regional Entity applications can be utilized and incorporated into the newly developed enforcement processing activities, including contemplated changes in self-reporting and FFT enhancements. These tools must ensure data integrity and accuracy to allow for effective oversight, as well as be flexible enough to accommodate possible segregation of matters not pursued through enforcement and streamlined reporting requirements.
- Recommendations regarding the development of an ERO-wide compliance information management and reporting system, including identification of the best platform to support this system.

Consultants in 2014 will focus on defining the business requirements for the tools needed to enable the RAI-related changes. These requirements and recommendations will be used to guide future ERO Enterprise applications development, which is anticipated beginning in 2015. \$250k has been budgeted for these external consulting resource needs in 2014.

(3) Assessing reliability risks and scoping compliance monitoring

In 2014, NERC and the Regional Entities will develop new prototype audit processes based on lessons learned from the 2013 pilots. This work will include an analysis of the results of the 2013 pilots, refining assessments of risk in the determination of audit scoping, and designing a second wave of pilots to test these updated procedures. Lessons learned from the 2013 pilot programs will be shared with registered entities so they can be incorporated into their respective risk assessments. Additionally, during 2014 an industry team working with NERC and the Regional Entities will develop guidance documents on internal controls for use by registered entities. As part of the development of these guidance documents, the team will prepare scoping materials regarding how a registered entity's internal controls could be assessed and tested to provide a reasonable assurance of compliance with applicable standards. This information will then be utilized to develop and document a methodology that can be provided to the registered entities for use in developing their internal control programs.

The core concept of risk-based compliance monitoring is to provide guidance to Regional Entities regarding how to appropriately scope compliance monitoring activities and methods (frequency and scope of standards to be monitored) based on each entity's potential impact to the BPS. Through continued refinement of the risk-based compliance monitoring program, NERC seeks to ensure that registered entities are monitored in a cost-effective manner. Registered entities will also benefit from these activities since the development of this methodology will take into account differences in registered entity size and the differing levels of risk posed to the bulk power system and will provide the appropriate scoping of audits. The emphasis on internal controls will also benefit registered entities by influencing the type of compliance approach used and the amount of monitoring deemed necessary to establish a reasonable assurance of compliance. Enhanced compliance monitoring approaches and properly scoped audits translate into reduced resources expended and other compliance-related savings for registered entities.

NERC's 2014 budget does not include funding for outside consultants to support the development of these scoping materials in 2014; instead, NERC believes this work will be undertaken by internal resources with industry support.

Registration Efficiencies

Throughout 2014, the Compliance Operations department, in coordination with the Regional Entities, will continue registered entity mapping activities to ensure the registry criteria is accurate and that gaps in and duplication of registration and compliance monitoring do not occur. NERC takes its obligation seriously to ensure that all entities that should be registered are accounted for.

Part of this effort includes enabling the registration process to be flexible and cost-effective. This is one way to increase the likelihood that applicable entities of all sizes and resource levels are able to become registered. Having appropriate registration is critical to compliance monitoring activities and enforcement activities. Elimination of duplicative or concurrent registration equates to better use of resources at both the registered entity level in the

implementation of compliance programs, and at the Regional level in regard to overall compliance monitoring efforts.

Ensure Industry Understanding of Compliance Requirements, Reduce Unnecessary Compliance Documentation, and Support Standards Development

The Compliance Operations department will continue efforts to ensure that all registered entities understand their compliance obligations and how compliance will be assessed. Compliance department staff will continue its work in reducing the variety of compliance documents currently produced and revising the RSAW tool to be more effective and less burdensome. An RSAW must provide sufficient information to assist auditors in assessing compliance; as well, an entity should be able to utilize an RSAW as a tool to measure its compliance and prepare for an audit.

Compliance staff will provide compliance and enforcement information, statistics, and perspectives to standard drafting teams to foster the development of standards that provide an increased reliability benefit and clarify compliance risks. Compliance department staff will continue its collaboration with industry and Standards department staff early in the standards development process by providing draft RSAW guidance, including information on how compliance with draft standards will be determined, as well as their views regarding the auditability and enforceability of the draft standards. This will better ensure that an RSAW serves as a tool in the auditing process and is not used or viewed as a tool to expand or modify standards requirements. After the Board approves a reliability standard and before the standard's effective date, NERC will conduct compliance trials to provide auditors and industry clear expectations of compliance.

NERC's goal is for registered entities to have effective compliance programs and internal controls. As discussed in connection with the RAI, greater consideration of internal controls in the compliance monitoring program is a proactive and forward-looking method of supporting reliability. NERC, the Regional Entities, and industry collaborated to improve the risk-based compliance monitoring program. The result is an Entity Impact Evaluation template that will support a consistent, risk-based approach to how registered entities can be assessed and how compliance monitoring activities may be scoped. As this component of the risk-based compliance monitoring program matures, NERC will rely on industry volunteers for participation in its development.

Regional Entity Audit Oversight

Compliance Operations department staff will oversee Regional Entity audits and conduct Key Reliability Standard Spot Checks.

Resource Requirements

Personnel

The Compliance Operations department is not proposing the addition of staff in 2014. The 0.96 reduction in FTEs is due to the assumption of 4% attrition in all departments.

Contractors and Consultants

NERC has budgeted a total of \$400k in contractor and consulting support for the RAI in 2014. This includes \$150k for outside consulting support for the development of auditor training materials and \$250k for outside consulting support to assist in the assessment of the existing software application supporting compliance, registration, and enforcement operations. It also includes assistance on defining the business requirements to update or replace the existing application, with development and funding of the replacement application to be undertaken in 2015.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
COMPLIANCE OPERATIONS, INVESTIGATIONS and ORGANIZATION REGISTRATION and CERTIFICATION					
	2013	2013	Variance		Variance
	Budget	Projection	2013 Projection	2014	2014 Budget
			v 2013 Budget	Budget	v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 8,422,798	\$ 8,422,798	\$ (0)	\$ 9,400,511	\$ 977,713
Penalty Sanctions	462,601	\$ 462,601		52,401	(410,200)
Total NERC Funding	\$ 8,885,399	\$ 8,885,399	\$ (0)	\$ 9,452,912	\$ 567,513
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	40,000	20,000	(20,000)	40,000	-
Interest	3,596	3,760	164	3,534	(62)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 8,928,994	\$ 8,909,159	\$ (19,836)	\$ 9,496,446	\$ 567,451
Expenses					
Personnel Expenses					
Salaries	\$ 3,202,041	\$ 3,307,335	\$ 105,294	\$ 3,192,809	\$ (9,232)
Payroll Taxes	202,103	209,693	7,590	202,068	(35)
Benefits	325,579	386,563	60,984	404,311	78,732
Retirement Costs	368,031	327,522	(40,509)	364,901	(3,130)
Total Personnel Expenses	\$ 4,097,754	\$ 4,231,113	\$ 133,359	\$ 4,164,089	\$ 66,335
Meeting Expenses					
Meetings	\$ 80,000	\$ 60,000	\$ (20,000)	\$ 70,000	\$ (10,000)
Travel	440,500	312,657	(127,843)	312,657	(127,843)
Conference Calls	34,235	16,574	(17,661)	16,574	(17,661)
Total Meeting Expenses	\$ 554,735	\$ 389,232	\$ (165,503)	\$ 399,232	\$ (155,503)
Operating Expenses					
Consultants & Contracts	\$ -	\$ 60,000	\$ 60,000	\$ 400,000	\$ 400,000
Office Rent	-	-	-	-	-
Office Costs	73,424	71,713	(1,711)	73,500	76
Professional Services	-	7,600	7,600	-	-
Miscellaneous	500	100	(400)	500	-
Depreciation	60,630	64,869	4,239	-	(60,630)
Total Operating Expenses	\$ 134,554	\$ 204,282	\$ 69,728	\$ 474,000	\$ 339,446
Total Direct Expenses	\$ 4,787,043	\$ 4,824,626	\$ 37,583	\$ 5,037,321	\$ 250,278
Indirect Expenses	\$ 4,149,048	\$ 4,513,754	\$ 364,706	\$ 4,331,554	\$ 182,506
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 8,936,092	\$ 9,338,381	\$ 402,290	\$ 9,368,875	\$ 432,784
Change in Assets	\$ (7,098)	\$ (429,222)	\$ (422,126)	\$ 127,570	\$ 134,666
Fixed Assets					
Depreciation	(60,630)	(64,869)	(4,239)	-	60,630
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	\$ 53,532	\$ 38,505	(15,027)	127,570	74,038
Inc(Dec) in Fixed Assets (C)	\$ (7,098)	\$ (26,364)	\$ (19,266)	\$ 127,570	\$ 134,668
TOTAL BUDGET (=B + C)	\$ 8,928,994	\$ 9,312,016	\$ 383,023	\$ 9,496,446	\$ 567,453
FTEs	24.00	23.37	(0.63)	23.04	(0.96)

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries, payroll tax and retirement expenses are projected to be lower in 2014 due to an estimated 4% attrition rate. Benefits are projected to be higher due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Meetings, Travel and Conferencing Expenses** – Meetings, travel and conferencing expenses are expected to be lower in 2014 based upon trending of actual expenses in 2013 and the reduction in FTEs.
- **Consultants and Contracts** – The increase is related to the reliability assurance initiative, the development of a training program and the assessment of enhancements to the CRATS program or the development of a replacement application as described above.

Compliance Enforcement Department

Compliance Enforcement (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	21.00	18.24	(2.76)
Direct Expenses	\$ 3,047,746	\$ 2,864,951	\$ (182,794)
Indirect Expenses	\$ 3,630,417	\$ 3,429,147	\$ (201,270)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 46,841	\$ 100,993	\$ 54,152
TOTAL BUDGET	\$ 6,725,004	\$ 6,395,091	\$ (329,912)

Background and Scope

The Compliance Enforcement department is responsible for overseeing enforcement processes, the application of penalties or sanctions, and activities to mitigate and prevent recurrence of remediated issues or confirmed violations of ERO standards.

A priority for this department is to ensure noncompliance is timely mitigated while at the same time focusing both NERC and Regional Entity enforcement resources on the matters that have the greatest impact on BPS reliability.

NERC's Compliance Enforcement department performs its responsibilities through:

- Monitoring Regional Entities' enforcement processes to ensure due process, to identify best practices and process efficiency opportunities, and to promote consistency among Regional Entities' business practices;
- Collecting and analyzing compliance enforcement and violation data and trends to assist with the identification of emerging risks and to help inform the development of enforcement policy and processes;
- Filing notices of penalty and other submittals associated with violations discovered through Regional Entity compliance, enforcement, and monitoring activities;
- Processing and filing notices of penalty and other submittals associated with violations discovered through NERC-led investigations and audits; and
- Docketing possible violations coming into the NERC enforcement program.

2014 Goals and Deliverables

Relationship to the Reliability Assurance Initiative (RAI) and expansion of the Find, Fix, Track and Report (FFT) program

As previously stated, RAI was launched to identify and implement changes that enhance the effectiveness of the ERO enterprise's compliance monitoring and enforcement and reduce unnecessary burdens and costs on registered entities. Activities associated with the expansion

of the FFT program are being conducted within the umbrella of the RAI program as priority projects.

Throughout the remainder of 2013 and into 2014, NERC's Enforcement department will continue to focus efforts on ensuring the sustainability and expandability of the FFT process. In addition to ongoing efforts aimed at addressing the consistency in application of CMEP program and documentation requirements, NERC and the Regional Entities will also work to implement the incremental enhancements proposed to FERC in NERC's March 15, 2013 FFT filing upon receipt of the necessary approvals.

Through FFT, NERC and the Regional Entities are also working on identifying opportunities for efficiencies in the processing of minimal risk issues found at audits. This project is being developed under the RAI umbrella but has its own timelines and milestones and is independent of other aspects of the RAI program. NERC expects to conduct one or more pilots in the fourth quarter of 2013 and will continue to test additional process improvements during 2014.

Another priority project under the RAI umbrella is the identification of improvements to the self-report process. Among other things, this project is considering changes to how the information associated with minimal risk issues flows from the registered entity to the Regional Entity to NERC. NERC expects to implement pilots to test process improvements beginning in the fourth quarter of 2013 and continuing during 2014.

Finally, the RAI program includes a project to develop guidelines for exercising greater discretion in identifying when noncompliance requires formal enforcement action. The assessment phase of this project is expected to go through the end of 2013 and continue in 2014.

Violation Trend Analysis

The Enforcement department continues to analyze the violations and processing information to identify trends and emerging risks and to gain insight into the effectiveness of NERC and the Regional Entities' processes and programs. The analysis is utilized in the development of enforcement policy and processes. In addition, the analysis is used to provide feedback to other departments, such as Standards. NERC's Enforcement department works in close collaboration with other NERC departments to leverage analytics as a risk management and resource allocation tool.

Reduction of Outstanding Caseload and Increased Processing Efficiencies

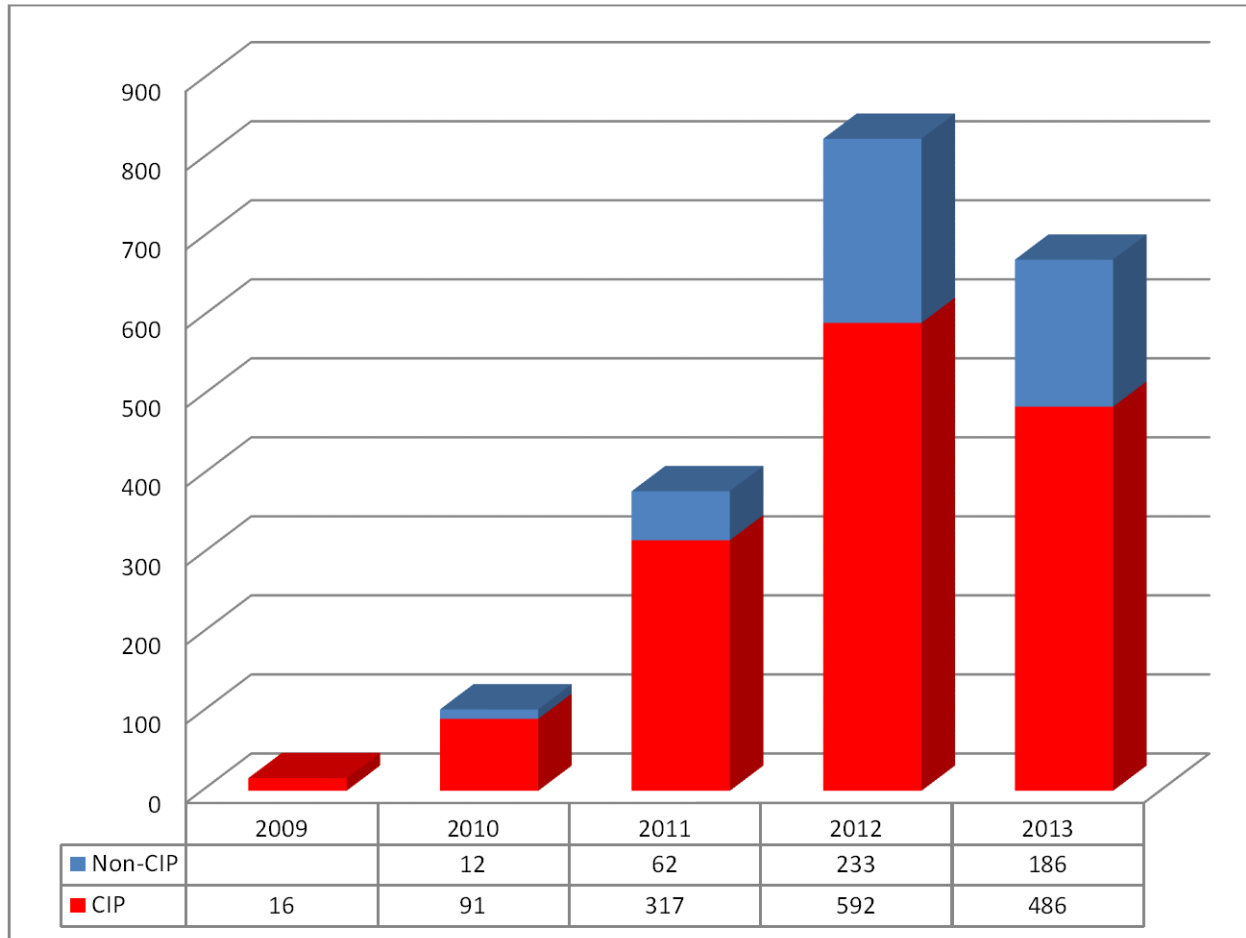
Throughout 2014, NERC's Enforcement department will continue to identify processing efficiencies to guide enhancements in enforcement activities and remain focused on issues that reduce BPS reliability risk.

Timely processing of violations will be another area of focus, particularly those that pose greater BPS risk and can provide lessons learned to industry. Early dissemination of violation information to registered entities will enable them to learn from prior events and violations so they may take preventative actions to eliminate similar risks.

As of June 30, 2013, NERC’s Enforcement department reduced the number of active violations discovered prior to January 1, 2012 (those that are not held by appeal, a regulator, or a court), by 50% from the number at January 1, 2012.

**Violations in ERO Inventory
As of June 30, 2013**

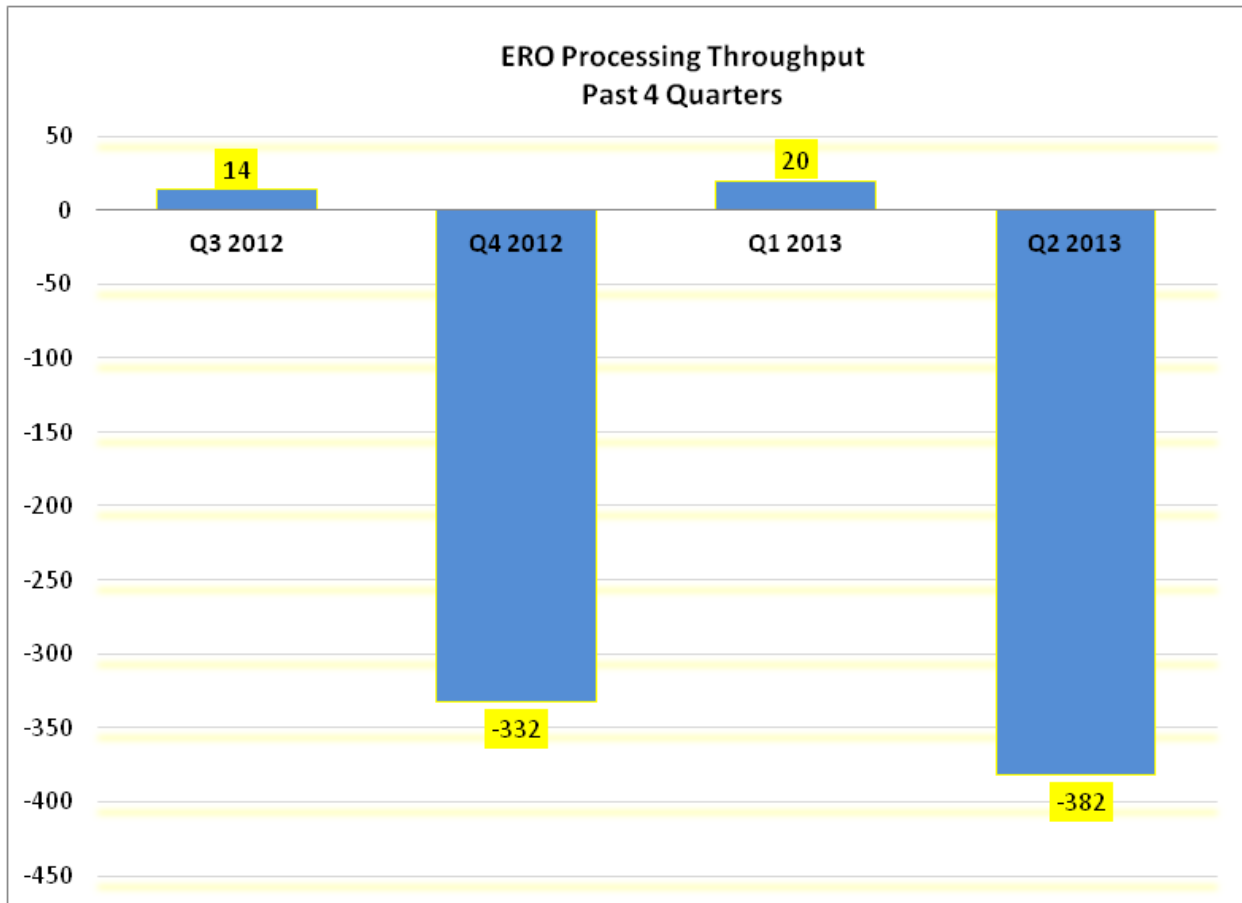
This excludes violations that are held by appeal, a regulator, or a court.



The Enforcement department continues to work with the Regional Entities to significantly reduce this prior caseload by closing the possible violations and providing information on prior violations to registered entities throughout the remainder of 2013 and in 2014.

The following chart shows the processing rates for the past four consecutive quarters. It includes both filed and dismissed violations and shows the number of incoming violations (fewer violations filed or dismissed) that required processing during the given quarter.

Violation Processing Within 12 Months



Resource Requirements

Personnel

No additional Enforcement personnel are being proposed in 2014. The 2.76 reduction in FTEs is due to the assumption of 4% attrition in all departments and due to the transfer of 2.0 FTEs to other departments in 2013.

Contractor Expenses

The cost for outside consulting assistance to conduct an assessment of the software application supporting the department’s compliance reporting, analysis, and tracking needs has been budgeted under the Compliance Operations department.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
COMPLIANCE ENFORCEMENT					
	2013	2013	Variance		Variance
	Budget	Projection	2013 Projection	2014	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)	Budget	Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 6,317,083	\$ 6,317,083	\$ (0)	\$ 6,350,810	\$ 33,727
Penalty Sanctions	404,776	\$ 404,775		41,484	(363,292)
Total NERC Funding	\$ 6,721,858	\$ 6,721,858	\$ (0)	\$ 6,392,293	\$ (329,566)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	3,146	2,711	(435)	2,798	(348)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 6,725,004	\$ 6,724,569	\$ (435)	\$ 6,395,091	\$ (329,914)
Expenses					
Personnel Expenses					
Salaries	\$ 2,152,370	\$ 1,909,732	\$ (242,638)	\$ 2,043,427	\$ (108,943)
Payroll Taxes	140,794	121,393	(19,401)	132,855	(7,939)
Benefits	274,883	224,621	(50,262)	320,080	45,197
Retirement Costs	247,200	202,884	(44,316)	234,210	(12,990)
Total Personnel Expenses	\$ 2,815,246	\$ 2,458,630	\$ (356,617)	\$ 2,730,572	\$ (84,675)
Meeting Expenses					
Meetings	\$ 5,000	\$ 5,000	\$ -	\$ 2,500	\$ (2,500)
Travel	186,000	85,298	(100,702)	85,298	(100,702)
Conference Calls	-	5,081	5,081	5,081	5,081
Total Meeting Expenses	\$ 191,000	\$ 95,379	\$ (95,621)	\$ 92,879	\$ (98,121)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	41,000	34,774	(6,226)	41,000	-
Professional Services	-	480	480	-	-
Miscellaneous	500	100	(400)	500	-
Depreciation	-	2,724	2,724	-	-
Total Operating Expenses	\$ 41,500	\$ 38,078	\$ (3,422)	\$ 41,500	\$ -
Total Direct Expenses	\$ 3,047,746	\$ 2,592,087	\$ (455,660)	\$ 2,864,951	\$ (182,796)
Indirect Expenses	\$ 3,630,417	\$ 3,254,461	\$ (375,956)	\$ 3,429,147	\$ (201,270)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 6,678,163	\$ 5,846,548	\$ (831,616)	\$ 6,294,098	\$ (384,066)
Change in Assets	\$ 46,841	\$ 878,021	\$ 831,181	\$ 100,993	\$ 54,152
Fixed Assets					
Depreciation	-	(2,724)	(2,724)	-	-
Computer & Software CapEx	-	2,199	2,199	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	\$ 46,841	\$ 27,762	(19,079)	100,993	54,152
Inc(Dec) in Fixed Assets (C)	\$ 46,841	\$ 27,237	\$ (19,604)	\$ 100,993	\$ 54,152
TOTAL BUDGET (=B + C)	\$ 6,725,004	\$ 5,873,785	\$ (851,220)	\$ 6,395,091	\$ (329,914)
FTEs	21.00	16.85	(4.15)	18.24	(2.76)

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries, payroll tax and retirement expenses are projected to be lower in 2014 due to the reduction in the number of FTEs and due to an estimated 4% attrition rate. Benefits are projected to be higher due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Travel** – Travel expenses are expected to be lower in 2014 based upon trending of actual expenses in 2013 and the reduction in FTEs.

Reliability Assessment and Performance Analysis

Reliability Assessments and Performance Analysis (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	18.75	18.99	0.24
Direct Expenses	\$ 4,516,620	\$ 4,903,304	\$ 386,684
Indirect Expenses	\$ 3,241,444	\$ 3,570,148	\$ 328,704
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 4,372	\$ (122,854)	\$ (127,226)
TOTAL BUDGET	\$ 7,762,436	\$ 8,350,598	\$ 588,161

Background and Scope

NERC's Reliability Assessments and Performance Analysis (RAPA) program and department carries out the ERO's statutory responsibility to conduct assessments of the reliability and adequacy of the BPS in North America. RAPA also identifies reliability performance issues and areas of concern (including equipment performance and reliability issues) for consideration in the development of new mandatory reliability standards, the modification of existing standards as part of the Reliability Standards Development Program, or other initiatives that enhance overall reliability.

A comprehensive understanding of the complexity of the changing BPS is key to developing effective approaches for achieving reliability. RAPA develops a solid technical framework and understanding of the reliability risks facing the industry and utilizes those insights to communicate guidance and information to entities across North America to enhance reliability. RAPA does this through its own engineering and analysis efforts, as well as through marshaling stakeholder resources with subject matter expertise.

Key Focus Areas

RAPA focuses its efforts in four key areas:

(1) Reliability Assessment

Reliability assessments provide a technical platform for important policy discussions on challenges facing the interconnected North American BPS. Each year, NERC is responsible for independently assessing and reporting on the overall reliability, adequacy, and associated risks that could impact the upcoming summer and winter seasons and the long-term, 10-year period. As emerging risks and potential impacts to reliability are identified, RAPA conducts special reliability assessments and identifies remedial actions that may be warranted. RAPA's assessments are founded on solid engineering through collaborative and consensus-based approach.

By identifying and quantifying emerging reliability issues, NERC is able to provide risk-informed recommendations and support a learning environment for industry to pursue improved reliability performance. These recommendations, along with the associated technical analysis, provide the basis for actionable enhancements to resource and transmission planning methods, planning and operating guidelines, and NERC Reliability Standards.

Key assessments include:

- Long-Term Reliability Assessment
- Summer and Winter Reliability Assessments
- Special and Scenario Reliability Assessments

Additionally, RAPA coordinates forecast reliability data between planning areas, the eight Regional Entities, and governmental organizations through the Electricity Supply and Demand Database.

(2) Performance Analysis

The Performance Analysis group identifies and tracks key reliability risk indicators to benchmark reliability performance and measure reliability improvements. With this information, the group provides the framework for insights and guidance about emerging trends and associated actions that may be warranted. This includes assessing available event analysis results, incident severity measures, and compliance performance results; developing guidelines for acceptable metrics, and maintaining a performance metrics dashboard on the NERC website.

The key trends, findings, and recommendations from risk performance analysis serve as technical input to the ERO's reliability standards and project prioritization, compliance process improvements, event analyses, reliability assessment, and critical infrastructure protection efforts. This analysis of BPS performance not only provides an industry reference for historical BPS reliability, but it also offers analytical insights across the enterprise that lead toward industry action and enable the discovery and prioritization

of specific actionable risk control steps. These analyses and results are summarized in the annual *State of Reliability Report*, which provides guidance and recommendations that will lead to enhanced bulk system reliability.

(3) Reliability Risk Analysis and Control

A comprehensive understanding of complex interdependencies and their wide-ranging impacts affecting the reliability of the BPS requires deliberate and methodical risk analysis and control strategies. A robust approach that effectively identifies emerging reliability risks and seeks to address them is essential for ensuring NERC's effectiveness and enhancing the reliability of the BPS.

RAPA works with industry leaders to create a reliability strategy that is relevant, timely, and effective at addressing the most important reliability risks. This effort includes understanding key information identified through analysis and assessment efforts; extracting and prioritizing the associated reliability risks from that information; sharing and integrating those risk analysis insights across the ERO enterprise; and translating that knowledge into actionable guidance and recommendations for NERC management, the Board, and industry entities.

This offers stakeholders an open and transparent approach for the development of NERC's reliability strategy, ultimately ensuring the ERO is accountable to industry, regulators, and the public at large.

(4) Reliability Initiatives and System Analysis

A deep understanding of the technical performance behavior of the North American grid provides a sound technical foundation for identifying those crucial aspects of grid performance that are important to sustaining overall reliability. This understanding is achieved through a comprehensive evaluation and testing of BPS behavior through forensic analysis of system disturbances and analytic simulations. Methodically comparing actual system behavior to the results of analytical power-flow and dynamics simulations provides the essential confidence and credibility to guide recommendations and insights that enhance system performance and reliability. These insights establish the framework and foundation for predictive results that lead to effective operating strategies and recommendations that serve to maintain reliability.

Based on NERC and industry priorities, and to meet business-planning goals, several issues and initiatives will not be pursued in 2014. Probabilistic analysis of reserve margins for NERC's Long-Term Reliability Assessment will be completed every two years rather than annually (none in 2013); the smart grid follow-on work plan will be addressed sometime after 2014; and wind generator availability information (GADS) will be re-programmed to the 2014–2015 timeframe. In 2014, RAPA will refine the composition of NERC's annual *State of Reliability Report* to reflect Post-Seasonal Reliability Review, insights from analysis of transmission, generator and demand response data systems (TADS, GADS, and DADS), and integration of event analysis and misoperations.

Further, RAPA will continue to work closely with other organizations, including, but not limited to, the Electric Power Research Institute (EPRI), Institute of Electrical and Electronic Engineers (IEEE), the North American Transmission Forum (NATF), the North American Generation Forum (NAGF), and Canadian Electricity Association (CEA). RAPA collaborates with these groups on a number of fronts, including geomagnetic disturbance (GMD), vegetation management, TADS, GADS, and variable generation integration. RAPA will continue working with the Interstate Natural Gas Association of America (INGAA) and the Natural Gas Supply Associations (NGSA) regarding studies pertaining to the interdependency of gas and electric systems.

Bulk Electric System (BES) Implementation

During 2013, the RAPA department has been closely involved in the development of a revised definition of the BES. RAPA has also been working closely with the Regional Entities to develop a software application to manage the implementation of the BES definition and exception process, by which a registered entity submits self-determined notifications or requests for exception of certain assets and systems from the BES. The associated business processes and guidance supporting the implementation are important elements aligned with the development of the BES tool that utilize an enterprise project management organization (PMO) approach to ensure effective implementation. The BES tool and its functionality for Regions, registered entities, and NERC has been structured to conform to provisions of the Order 773 and 773-A directives and requirements.

2014 Goals and Deliverables

- Issue reliability assessment reports, guidelines, recommendations, and alerts as needed.
 - One 10-year Long-Term Reliability Assessment.
 - Two seasonal assessments: Summer and Winter.
 - Reliability assessment report on geomagnetic disturbance (GMD) BES effects and vulnerability assessment.
 - One additional special focused assessment addressing key aspects of reliability issues, such as:
 - Variable generation penetration reliability impacts
 - Planning assumptions related to major one-in-a-hundred-year storms
 - Reliability risks associated with a diverse and changing resource mix
 - One annual State of Reliability Report.
 - Oversight of Generating, Transmission, and Demand Response Availability Data Systems (GADS, TADS, and DADS), along with reliability metrics, misoperations, and the Spare Equipment Database.
 - Strengthen data collection and validation processes by designing, creating, testing, and implementing data checking systems for reliability assessment, system analysis, and risk analysis.
 - Provide periodic updates on trends and measures of BPS reliability.

- Develop a risk registry and a systematic prioritization process consistent with the Reliability Issues Steering Committee (RISC) framework and support BPS risk profile measurement and assessment of standards.
- Develop risk control strategies and plans across the organization to address the highest priority existing or emerging risks to BPS reliability, and explicitly measure the results.
- Support NERC Reliability Standard development and response to FERC directives by providing technical and system analysis expertise.
- Support the technical foundation development for reliability standards to address deficiencies or needs revealed by reliability assessments and performance analysis.
- Provide support and leadership to the Planning Committee, and Standing Committees' subcommittees, working groups, and task forces serving the Standing Committees.
- Develop a structured approach to evaluate and improve system models, model validation, system analysis, and assessments.
- Assist in the development of approaches to registration and maintenance of the actively monitored list based on reliability trends, risks, and historical information to ensure that the compliance focus remains on the most critical entities and associated reliability standards.
- Conduct major event investigations, analysis, and reporting of major findings and recommendations that will improve reliability.
- Build and sustain an enterprise reliability assessment and performance analysis team that encompasses risk-informed approaches and structured methodology to identify and address reliability risks.
- Implement effective oversight and tracking of various technical aspects of reliability, including frequency response performance, application of TPL footnote b adoption, and root cause applications to assessment and analyses.

Resource Requirements

Personnel

The 2014 budget includes the addition of an engineer in RAPA to support risk management initiatives and technical analysis. The 0.24 increase in FTEs reflects the timing of hiring and the assumption of 4% attrition in all departments

Contractor Expenses

The total contractor and consultant expenses for the department are projected at \$638.1k, representing an approximate \$46.9k decrease over the 2013 budget. The 2014 contractor and consulting resources are described below and are grouped into four categories: (1) Research and Initiative Implementation, Tracking, and Reporting, (2) Special and Long-Term Assessments and State of Reliability Analysis, (3) Licensing and Support of Existing Databases, and (4) Application Development. Exhibit B shows the specific amount of 2014 contractor and consulting funding in a complete list for all NERC departments, compared to 2013 budgeted amounts.

(1) Research and Initiative Implementation, Tracking, and Reporting

2014 resource requirements include those in connection with recent regulatory developments regarding vegetation clearances and vegetation management on public lands, as well as the potential impacts of geomagnetic disturbances (GMD). Each of these items is described further below.

a. Vegetation Research:

The recent FERC order approving the FAC-003 reliability standard for vegetation management included an obligation to validate the technical foundation supporting the inclusion within the Gallet Equation of factors for the Minimum Vegetation Clearance Distance (MVCD). Significant industry support for the application of the Gallet Equation was a key factor in achieving approval for this standard. An estimated cost of \$500k for this research is supported by a draft statement of work prepared by EPRI that involves an approximately nine-to-fifteen-month period of effort and associated activity. Contractor support will be required to conduct the necessary research that provides the technical foundation supporting the use of the MVCD in the application of the vegetation management standard. Due to budget constraints NERC will be exploring potential sources of third party funding for a portion of the cost of this research, as well as deferring a portion of its funding beyond 2014, phasing its total planned multi-year funding commitment of \$500k over several years and relying on operating reserves for partial funding of this initiative in 2014. Use of operating reserves for funding in 2014 will reduce NERC's total planned multi-year funding commitment of \$500k.

The research plan is intended to provide empirical technical support for the application of the Gallet equation and the associated factors related to the MVCD. These empirical tests will involve actual flash-over distances between conductors and vegetation grown specifically for this purpose at the EPRI test facility in Lenox, Massachusetts. The research will evaluate flash distances in a carefully calibrated environment and thereby validate through data the actual application of the MVCD factors in the currently approved FAC-003 standard.

b. Vegetation Management on Public Lands:

In the recent FERC order approving the FAC-003 reliability standard for vegetation management, the Commission directed NERC to ascertain the issues surrounding access for vegetation and related maintenance for transmission assets crossing public lands. FERC is concerned that issues arising from federal- and state-governed lands (e.g., Bureau of Land Management areas, national and state forests, etc.) restrict access to transmission assets crossing such lands and may potentially lead to a reliability risk for outages or delayed restoration. Consulting resources are required to develop a plan to gather technically valid information that would identify the nature and extent of such issues on public lands. The research plan as currently envisioned would be led by NERC and financially supported by existing industry groups, such as the EEI Vegetation Management Task Force. NERC does not anticipate having to provide direct financial support in 2014 for this research.

c. Reliability Effects of GMD Vulnerability Assessment:

The continuing efforts of the high-impact, low-frequency (HILF) work to expand the technical foundation for understanding the potential impact of GMD will involve continuation of the GMD Task Force work and research through EPRI in 2014. The current 2013 funding level of \$250k is expected to be required in 2014, and overall completion is targeted for the end of the year. The current work centers around providing a suite of technically valid tools and operational measures and transformer modeling, along with coordinating work efforts at the National Oceanic and Atmospheric Administration and space weather entities to understand the potential ranges of geomagnetically induced currents from coronal mass ejections on the sun. The results will permit individual entities to conduct associated vulnerability assessments. Once the EPRI and industry efforts are completed, the task force can then finalize the tool development and associated baseline information. The objective for 2014 is to complete associated research efforts, conduct an overall assessment of the vulnerability, and assemble a report that indicates how these factors potentially affect reliability of the BPS in North America.

(2) Special and Long-Term Assessments and State of Reliability Analysis

a. Scenario Consultant—Addressing Standing and Emerging Issues:

NERC will continue to develop ad hoc special and scenario assessments, which are developed through RISC and Board initiatives and which are informed by the emerging issues process currently established in the LTRA.⁷ Scenario assessments provide detailed quantitative and qualitative analyses that stress the reference planning case of the North American BPS. Scenario analysis can indicate the relative sensitivity of the reference case to changes in pre-specified conditions and may provide insight into regional reliability risks. Based on input from RISC, as well as insights from assessments and analyses, industry is generally supportive of further analysis regarding BPS reliability. Scenario assessments may also be prompted by input from policy and legislative initiatives that NERC would undertake to provide the solid technical framework and foundation for policy decisions and guidance.

(3) Licensing and support of existing databases

The 2014 RAPA contractor and consulting budget also includes the costs to license and maintain the metrics collection, analysis, and display tools, as well as the generator availability data system, transmission availability data system, demand side management assessment database, and spare equipment database.

⁷ Special Assessments are ad hoc assessments focused on specific industry issues (emerging or standing). For these assessments, detailed quantitative and qualitative analysis, beyond what is included in the annual long-term and seasonal reliability assessments, is examined. These reports are generally published separately from the annual long-term and seasonal reliability assessments.

Scenario Assessments are ad hoc assessments focused on specific, hypothetical industry conditions. For these assessments, detailed quantitative and qualitative analyses are performed that stress the Reference Case. Scenario assessments will be included as part of the annual long-term and seasonal reliability assessments to provide a sensitivity of potential outcomes.

a. Metrics Data Collection, Analysis, and Display Tools – Enhancements and Maintenance:

This application collects, records, and retrieves reliability metric information that quantifies characteristics of adequate levels of reliability. The metric trends and performance analyses serve as technical input to reliability standards and project prioritization, compliance process improvement, event analysis, reliability assessment, and critical infrastructure protection. The dashboard displays dynamic performance trends and risk-based index curves on the NERC public website. Charts are interactive, and viewers can search specific supporting information through multilevel drilldown features with simple and direct access.

b. GADS/TADS/DADS/SED:

▪ Generation Availability Data System (GADS) – Enhancements and Maintenance:

This tool collects, records, and retrieves operating information on power plant availability, including event, performance, and design data. The information is used to support equipment reliability and availability analyses, as well as risk-informed decision making, including the reliability and adequacy of the BPS and the potential need for development of new or modified reliability standards.

▪ Transmission Availability Data System (TADS) – Enhancements and Maintenance:

This tool collects, records, and retrieves information used to measure transmission availability and performance. This data is important for assessing the reliability and adequacy of the BPS and can also provide information that indicates trends and insights into the need for developing reliability standards or other risk control strategies. The data reporting tool collects information about the transmission lines and transformers operating above 200 kV, including outage details and cause codes.

▪ Demand Response Availability Data System (DADS) – Enhancements and Maintenance:

This tool collects demand response enrollment and event information to measure its performance, including its contribution to improved reliability. This provides industry a consistent basis for projecting contributions of dispatchable and non-dispatchable demand response to support resource projections and operational reliability. The data is also important for assessing the reliability and adequacy of the BPS and can provide information that indicates the need to develop new or modified reliability standards.

▪ Spare Equipment Database (SED) – Enhancements and Maintenance:

This tool collects and tracks spare long-lead time transformer information used to strengthen industry resiliency in order to withstand a significant event that damages large amounts of long-lead-time equipment. The database provides industry a vital tool of communication and coordination for tracking spare equipment. This ability will be extremely helpful in the aftermath of a HILF event, such as coordinated attack or extreme weather.

(4) Software application development

a. Replacement for pc-GAR:

Many years ago, NERC developed pc-GAR, a legacy software application, to provide industry and vendors restricted access to limited GADS information for benchmarking and other reliability improvement initiatives. NERC developed it when the provision of generator data was voluntary. In exchange for providing this data, companies received a restricted license for access to certain summary data from the system. Some generator major equipment vendors have also requested and been granted restricted licenses for access to this data in order to benchmark and improve their equipment.

Historically, NERC charged nominal license fees to help defray a portion of the costs of operating, maintaining, and administering this complex legacy software. In response to its 2013 business plan and budget (in which NERC expressed the intent to discontinue the licensing of this software and data availability), NERC received comments from industry expressing a strong desire for continuing access so that they could continue to undertake the reliability assessment and improvement activities generally described above. NERC management considered transferring the licensing of the software to a third party but felt that it was important to retain control of the licensing in order to ensure the protection of confidential information. NERC expects to commence development of a replacement software application in 2013 and therefore no specific funding is included in the 2014 business plan and budget for this activity. However, given that this work has not yet been completed the possibility exists that funding from reserves may be required in 2014, subject to the availability of reserves and other funding priorities.

b. Reliability Assessment Data System (RADS):

NERC's seasonal and long-term reliability assessments provide an independent view of the reliability of the North American BPS while identifying trends, emerging issues, and potential concerns. Assessments also provide seasonal resource adequacy and operating reliability, as well as an overview of projected electricity demand growth. The Regional Entities provide data and other information requested by NERC in support of the preparation of the annual long-term and seasonal assessments. The data from these efforts is then used to coordinate forecast reliability data between planning areas, the eight Regional Entities, and governmental organizations. NERC is bound by a memorandum of understanding with the Energy Information Administration to submit this data on behalf of the industry in an effort to eliminate duplicative reporting.

NERC has been collecting reliability assessment information from the Regional Entities using up to 27 Microsoft Excel spreadsheets. The purpose of the RADS applications is to facilitate the collection of regional demand, capacity, and transmission data to quantify and analyze the reliability of the BPS in a standard, consistent, transparent method. RADS will substantially improve the accuracy and completeness of this data, while enabling it to be leveraged by all users of NERC

data—including registered entities.⁸ More importantly, RADS will benefit registered entities by creating a more efficient data collection process for those who submit data to NERC. Increased efficiency and accuracy, driven by the validation features of the system, will allow for extension of existing deadlines, which in turn gives registered entities additional time to provide data to their respective Regional Entities.

While the intent of Phase I of the project is to facilitate this data collection effort at the Assessment Area level,⁹ future phases of the project are intended to capture data from registered entities in one location. Currently, registered entities must submit data to the Regional Entities in a variety of formats. The Regional Entities must then provide data to NERC through a different mechanism. The end state of RADS incorporates a fully integrated model that utilizes a common system for the entire ERO.

RADS will provide enhanced analytics that facilitate cross-system intelligence. For example, data provided within the GADS and TADS information systems can be used to fulfill some of the data requirements needed for assessments. Additionally, because of the forward-looking nature of the data provided within RADS, the projections can be used to provide information applicable to registration. These are only some of the examples of how RADS can provide risk-informed information to support other functions of the ERO.

The commencement of the development of RADS is currently slated for 2015. NERC is also planning to finance the development of the RADS application as part of the capital financing program described in Exhibit D. The company may advance the initiation of the development of RADS into 2014, subject to availability of funding from operating reserves to cover 2014 financing costs and the receipt of necessary corporate authorizations and review by the Standards Oversight and Technology Committee.

⁸ The use of NERC reliability assessment data across the industry is extensive. The Electricity Supply and Demand Database (ES&D)—which is a product of the reliability assessment process—is downloaded over 300 times each year by various organizations, including Registered Entities, governmental organizations, government labs, academic institutions, and other researchers.

⁹ Assessment Areas are defined as the Registered Planning Coordinator Entities or groups of Registered Planning Coordinator Entities.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS					
	2013	2013	Variance	2014	Variance
	Budget	Projection	v 2013 Budget	Budget	v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 7,358,220	\$ 7,358,220	\$ -	\$ 8,214,496	\$ 856,276
Penalty Sanctions	361,407	361,407		43,190	(318,217)
Total NERC Funding	\$ 7,719,627	\$ 7,719,627	\$ -	\$ 8,257,686	\$ 538,059
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	50,000	50,000	50,000	50,000
Workshops	40,000	40,000	-	40,000	-
Interest	2,809	2,780	(29)	2,913	104
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 7,762,436	\$ 7,812,407	\$ 49,971	\$ 8,350,598	\$ 588,162
Expenses					
Personnel Expenses					
Salaries	\$ 2,429,590	\$ 2,366,832	\$ (62,758)	\$ 2,604,058	\$ 174,468
Payroll Taxes	150,215	140,690	(9,525)	159,156	8,941
Benefits	262,762	254,223	(8,539)	333,241	70,479
Retirement Costs	269,736	220,455	(49,281)	294,179	24,443
Total Personnel Expenses	\$ 3,112,303	\$ 2,982,200	\$ (130,103)	\$ 3,390,634	\$ 278,331
Meeting Expenses					
Meetings	\$ 78,000	\$ 78,000	\$ -	\$ 90,000	\$ 12,000
Travel	410,000	385,000	(25,000)	385,000	(25,000)
Conference Calls	31,950	31,950	-	31,950	-
Total Meeting Expenses	\$ 519,950	\$ 494,950	\$ (25,000)	\$ 506,950	\$ (13,000)
Operating Expenses					
Consultants & Contracts	\$ 685,000	\$ 735,764	\$ 50,764	\$ 638,085	\$ (46,915)
Office Rent	-	-	-	-	-
Office Costs	161,416	126,210	(35,206)	139,135	(22,281)
Professional Services	-	468	468	-	-
Miscellaneous	500	500	-	500	-
Depreciation	37,450	160,057	122,607	228,000	190,550
Total Operating Expenses	\$ 884,366	\$ 1,022,999	\$ 138,633	\$ 1,005,720	\$ 121,354
Total Direct Expenses	\$ 4,516,620	\$ 4,500,149	\$ (16,470)	\$ 4,903,304	\$ 386,685
Indirect Expenses	\$ 3,241,444	\$ 3,337,513	\$ 96,069	\$ 3,570,148	\$ 328,704
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 7,758,064	\$ 7,837,662	\$ 79,599	\$ 8,473,452	\$ 715,389
Change in Assets	\$ 4,372	\$ (25,254)	\$ (29,627)	\$ (122,854)	\$ (127,227)
Fixed Assets					
Depreciation	(37,450)	(160,057)	(122,607)	(228,000)	(190,550)
Computer & Software CapEx	-	780,326	780,326	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 41,822	\$ 28,471	\$ (13,351)	105,146	\$ 63,324
Inc(Dec) in Fixed Assets (C)	\$ 4,372	\$ 648,740	\$ 644,368	\$ (122,854)	\$ (127,226)
TOTAL BUDGET (=B + C)	\$ 7,762,436	\$ 8,486,402	\$ 723,967	\$ 8,350,598	\$ 588,163
FTEs	18.75	17.28	(1.47)	18.99	0.24

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – All personnel related expenses are projected to increase in 2014 due to the increase in the number of FTEs and due to higher average salary expense per FTE in this program. Salaries, payroll tax and retirement expenses were offset by the 4% attrition rate, which was applied to all departments. Benefits are projected to increase at a higher rate than other personnel expenses due to; (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Travel** – Travel expenses are expected to be lower in 2014 based upon trending of actual expenses in 2013 and the reduction in FTEs.
- **Office Costs** – The reduction in office costs is based upon trending of actual expenses in 2013.

Reliability Risk Management

NERC's Reliability Risk Management (RRM) group carries out the ERO's statutory responsibility to perform assessments (including real-time or near-real-time assessments) of the reliability and adequacy of the BPS, including identifying potential issues of concern relating to system, equipment, entity, and human performance that may indicate the possible need to develop new or modified reliability standards. RRM has four primary functions and two departments: the Situation Awareness Department and the Event Analysis Department. The four primary functions include: (1) BPS awareness; (2) event analysis and determination of root and contributing causes; (3) assessment of human performance challenges that affect BPS reliability and identification of improvement opportunities; and (4) support of the NERC Operating Committee. The functions and resources of this group are directly focused on proactive awareness of BPS conditions and all events over a threshold of impact. RRM analyzes events, addresses the most significant risks to BPS reliability, and ensures that industry is well informed of system events, emerging trends, risk analysis, and lessons learned. Through performing these functions, RRM may also identify areas in which new or enhanced compliance monitoring and enforcement initiatives are warranted, pursuant to the ERO's statutory responsibility to monitor, enforce and achieve compliance with mandatory reliability standards.

Situation Awareness Department

Situation Awareness (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	6.50	6.24	(0.26)
Direct Expenses	\$ 4,193,507	\$ 2,891,092	\$ (1,302,415)
Indirect Expenses	\$ 1,123,701	\$ 1,173,129	\$ 49,428
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	7,103	519,043	511,940
TOTAL BUDGET	\$ 5,324,311	\$ 4,583,264	\$ (741,047)

Background and Scope

The Situation Awareness department works with registered entities to monitor present conditions on the high-voltage transmission lines, associated substations, and large generators using various software tools and applications. NERC communicates and coordinates with Regional and registered entities to notify them of various types of disturbances (hurricanes, tornados, earthquakes, solar flares from the sun, etc.) that could negatively impact their ability to deliver power to homes and businesses. Additionally, when significant BPS disturbances occur, NERC facilitates the coordination of communication between registered entities and applicable governmental authorities.

In 2013, the Interchange Distribution Calculator and several related reliability tools that had been funded and managed by NERC were successfully transitioned to industry sponsorship.

Based on the successful commercialization, deployment, and transition to private sector support of synchrophasor technology, NERC will end its direct funding and sponsorship of the North American Synchrophasor Initiative at the end of 2013. As a result of these successful transitions, together with the transition from development to operation and maintenance of the SAFNR software application used for Situation Awareness monitoring, NERC's budget and funding requirements to support Situation Awareness will be reduced by over \$1.2 million in 2014 compared to 2013.

The 2014 Situation Awareness budget will continue to include funding for the ongoing maintenance and support of several tools used to support ERO operations. The specific 2014 budget for each of these tools is set forth in Exhibit C, together with a comparison to 2013 budgeted amounts. These tools are described below.

- **Automated Reliability Reports** — This tool produces daily and monthly summaries of historical load generation resource adequacy and control performance for the three interconnections. This tool is used to monitor frequency response and perform trending analysis. This tool relies on data supplied to the Resource Adequacy Tool. The funding included in the 2014 budget is based on 2013 actual expenditures, which were not budgeted as a separate line item in 2013.
- **Resource Adequacy (ACE Frequency) Tool** — This software application provides continuous monitoring of key resource adequacy performance metrics, including pre-established thresholds and limits defined in standards. It alerts Reliability Coordinators and resource subcommittees to conditions potentially resulting in critical inadequacies, such as major tie error, inaccurate load forecast, and inadequate frequency response.
- **Inadvertent Interchange** — This tool facilitates the entering of monthly scheduling data and submittal of monthly inadvertent performance standards reports to NERC. It also assists in the monitoring and resolution of reliability issues originated by inadvertent interchange imbalances.
- **AIE Monitoring Tool** — This is an automatic data collection tool for post-analysis of frequency excursions. It is used in major system disturbances as part of the frequency response analysis.
- **Frequency Monitoring and Analysis Tool** — This tool detects frequency events and captures key frequency response information for each interconnection.
- **Intelligent Alarms Tool** — This tool detects short-term and long-term frequency deviations using data transmitted to NERC by the Balancing Authorities. When coupled with the FNet¹⁰ and Frequency Monitoring and Analysis tools, this tool allows immediate differentiation of the cause of a frequency deviation—a generator trip or a scheduling error.
- **Secure Alerts System** — This software application notifies industry of critical or impending reliability and security threats to assist entities in taking preemptive or

¹⁰ **FNet** — Operated by the [Power Information Technology Laboratory](#) at the [University of Tennessee](#), FNET is a low-cost, quickly deployable GPS-synchronized wide-area frequency measurement network. High dynamic accuracy Frequency Disturbance Recorders (FDRs) are used to measure the frequency, phase angle, and voltage of the power system at ordinary 120 V outlets. The measurement data are continuously transmitted via the internet to the FNET servers hosted at the University of Tennessee and [Virginia Tech](#).

precautionary measures. The existing alerts tool is cumbersome to use, is not integrated with other NERC reliability information systems, and has a number of other limitations that reduce its usefulness as a tool to rapidly disseminate important reliability information to industry. In 2013, NERC issued a request for proposals and selected a vendor to develop a replacement software application. The 2014 fixed asset budget includes the projected costs to complete the development of this replacement. The projected annual maintenance costs for this replacement are included in the 2014 contract and consultant budget.

- **NERCnet (Frame Relay Contract)** – The Interconnection Security Network (ISN), or NERCnet, was established to facilitate the exchange of power system operational data between Reliability Coordinators, Transmission Operators, and Balancing Authorities for the purpose of power system security analysis. This network is a collection of nodes that communicate over a secure network to exchange data related to real-time power system-related data operations. NERC initiated a project in 2013 to conduct an orderly transition of the NERCnet network to a telecommunications management and service provider that will assume operational responsibility for the network, including invoicing and support. At that time, NERC will become a user of the service but no longer have operational responsibility for the network. NERC budgeted an estimated \$400k in cost for its use of the replacement network in 2014, which represents an increase of \$100k over the 2013 budget.

2014 Goals and Deliverables

The department will continue to work with the Regional Entities to obtain and review information from registered entities regarding qualifying events and disturbances, as outlined in the ERO Event Analysis Process. These reports are reviewed to verify the accuracy of information, as well as to ensure they include the information necessary for categorizing and cause coding events.

The department's 2014 goals and deliverables include:

- Ensure that the ERO is aware of all BPS events above a threshold of impact.
- Ensure the sharing of information and data to facilitate wide area situational awareness.
- Reduce the need for NERC Situation Awareness staff engagement with RCs and Regional Entities when events occur or when reliability threats are identified.
- During crisis situations, facilitate the exchange of information among industry, Regions, and government.
- Keep the industry informed of emerging reliability threats and risks to the BPS, including any expected actions.
- Enhance tracking of notification of expected actions in response to emerging actions to promote greater industry accountability.
- Issue timely updates regarding progress toward resolving issues identified in Recommendations and Essential Actions.

Resource Requirements

Personnel

No additional personnel are projected for the Situation Awareness Department in 2014. The reduction of 0.26 FTEs is due to the assumption of 4% attrition in all departments.

Contractor Expenses

The overall funding of approximately \$1,289,000 for contractors and consultants to support the Situation Awareness department in 2014 is approximately \$1,454,000 below 2013 budget levels. The detailed 2014 contractor and consulting budget for the Situation Awareness department is set forth in Exhibit C, together with a comparison to 2013 budgeted amounts.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
SITUATION AWARENESS					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection	Budget	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 5,093,049	\$ 6,974,096	\$ 1,881,047	\$ 4,493,115	\$ (599,934)
Penalty Sanctions	125,288	125,288	0	14,192	(111,096)
Total NERC Funding	\$ 5,218,337	\$ 7,099,384	\$ 1,881,047	\$ 4,507,307	\$ (711,030)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	7,000	7,000	-	-
Workshops	105,000	75,850	(29,150)	75,000	(30,000)
Interest	974	3,902	2,928	957	(17)
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 5,324,311	\$ 7,186,136	\$ 1,861,825	\$ 4,583,264	\$ (741,047)
Expenses					
Personnel Expenses					
Salaries	\$ 856,927	\$ 710,617	\$ (146,310)	\$ 915,216	\$ 58,289
Payroll Taxes	56,925	47,650	(9,275)	60,207	3,282
Benefits	87,659	93,117	5,458	109,501	21,842
Retirement Costs	98,496	50,901	(47,595)	104,293	5,797
Total Personnel Expenses	\$ 1,100,007	\$ 902,285	\$ (197,722)	\$ 1,189,217	\$ 89,210
Meeting Expenses					
Meetings	\$ 198,000	\$ 110,331	\$ (87,669)	\$ 171,000	\$ (27,000)
Travel	72,500	28,020	(44,480)	28,020	(44,480)
Conference Calls	24,175	5,000	(19,175)	4,000	(20,175)
Total Meeting Expenses	\$ 294,675	\$ 143,351	\$ (151,324)	\$ 203,020	\$ (91,655)
Operating Expenses					
Consultants & Contracts	\$ 2,743,180	\$ 2,644,605	\$ (98,575)	\$ 1,289,108	\$ (1,454,072)
Office Rent	-	-	-	-	-
Office Costs	47,750	43,088	(4,662)	47,750	-
Professional Services	-	180	180	-	-
Miscellaneous	500	500	-	500	-
Depreciation	7,395	4,465	(2,930)	161,498	154,103
Total Operating Expenses	\$ 2,798,825	\$ 2,692,838	\$ (105,987)	\$ 1,498,856	\$ (1,299,970)
Total Direct Expenses	\$ 4,193,507	\$ 3,738,474	\$ (455,033)	\$ 2,891,092	\$ (1,302,415)
Indirect Expenses	\$ 1,123,701	\$ 1,002,413	\$ (121,288)	\$ 1,173,129	\$ 49,428
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 5,317,208	\$ 4,740,887	\$ (576,321)	\$ 4,064,222	\$ (1,252,986)
Change in Assets	\$ 7,103	\$ 2,445,249	\$ 2,438,146	\$ 519,043	\$ 511,940
Fixed Assets					
Depreciation	(7,395)	(4,465)	2,930	(161,498)	(154,103)
Computer & Software CapEx	-	-	-	645,990	645,990
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 14,498	\$ 8,551	(5,947)	34,550	20,052
Inc(Dec) in Fixed Assets (C)	\$ 7,103	\$ 4,086	\$ (3,017)	\$ 519,043	\$ 511,940
TOTAL BUDGET (=B + C)	\$ 5,324,311	\$ 4,744,973	\$ (579,338)	\$ 4,583,264	\$ (741,047)
FTEs	6.50	5.19	(1.31)	6.24	(0.26)

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – All personnel related expenses are projected to increase in 2014 due to higher average salary expense per FTE in this program. Salaries, payroll tax and retirement expenses were offset by the 4% attrition rate, which was applied to all departments. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Meetings, Travel and Conferencing** – These expenses are expected to be lower in 2014 based upon trending of actual expenses in 2013.
- **Consultants and Contracts** – The reduction in consultant and contract expense is due to: (i) the transitioning of the IDC and synchrophasor contracts to industry sponsorship as described above; (ii) reduced cost of the current secure alerts application; and (iii) reduced cost of SAFNR.
- **Fixed Assets** – The \$646.0k increase is related to the replacement of the secure alerts software application described above.

Event Analysis Department

Event Analysis (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	9.50	9.60	0.10
Direct Expenses	\$ 2,074,908	\$ 2,384,069	\$ 309,162
Indirect Expenses	\$ 1,642,332	\$ 1,804,814	\$ 162,482
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 21,190	\$ (140,512)	\$ (161,702)
TOTAL BUDGET	\$ 3,738,430	\$ 4,048,371	\$ 309,941

Background and Scope

The Event Analysis Department is critical to supporting the ERO's reliability goals through its work to evaluate BPS events. Event Analysis undertakes appropriate levels of analysis to determine the causes of the events, promptly assure tracking of corrective actions to prevent recurrence, and provide lessons learned to the industry. This department manages all NERC activities with respect to event analysis, assuring consistent, timely, and coordinated results. The group ensures that reporting and analysis are consistent to allow wide area assessment of trends and risks; all reportable events are analyzed for sequence of events, root cause, risk to reliability, and mitigation; and the industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions. The event investigation group is responsible for reviewing formal complaints and conducting non-public compliance investigations, as well as assisting in the review of registered entity compliance assessments to

verify that compliance gaps are assessed in all reportable events. The event investigation group supports NERC's statutory responsibility of developing reliability standards and assessing the reliability and adequacy of the BPS, as well as monitoring and enforcing compliance with mandatory reliability standards.

Resources within this group also focus on identifying human error risks and those precursory factors that allow human error to impact system reliability. The group educates industry regarding those risks, precursors, and mitigation methods. These resources also support compliance and standards training initiatives, as well as trending and analysis to identify emerging reliability risks to the BPS. These efforts are conducted in collaboration with industry human performance projects, including the Western Electricity Coordinating Council's (WECC's) Human Performance Working Group, the North American Transmission Forum's (NATF's) Human Performance Group, and the Electric Power Research Institute.

Development of Events Information Data System

The Event Analysis and RAPA departments are currently working closely with the Regional Entities to develop a new software application called the Events Information Data System (EIDS). The purpose of EIDS is to create an ERO-wide, robust tool to collect, analyze, and report detailed information regarding events that impact the reliability of the BPS in North America. The EIDS tool will provide registered entities a single entry point for data to meet several requirements, thus reducing redundant processes, reporting, and data reconciliation. The EIDS tool will also create a platform by which registered entity users can submit and track event reports in one place and receive status and feedback updates directly from the ERO. Further, to support the ERO in performance assessment and risk cluster identifications, it is vital that this tool connect with other ERO reliability data sources (e.g., TADS, GADS, and reliability metrics) for determining accurate and complete risk trends and improving consistency and efficiency of data checking and validation. Future enhancements among these applications will encompass connectivity with other data sources (e.g., TADS and GADS) and metrics development. This platform will also provide a venue for actively sharing these reliability trends. Funding for the initial development of the EIDS application was included in the 2013 budget. The insights and analyses that emerge from the application of the EIDS system—particularly once integrated and aligned with the other NERC database systems such as TADS and GADS—should provide a foundation for gaining a better understanding of the risk-informed trends, recommendations, and guidance necessary to align reliability objectives and priorities as contemplated by the RISC. See Exhibit D for a further discussion of the Enterprise IT financing program and projected amortization schedule and financing of EIDS development costs.

2014 Goals and Deliverables

- Work with the Regional Entities to obtain and review information from registered entities regarding qualifying events and disturbances in order to advance awareness of events above a threshold level; facilitate analysis of root causes, risks to reliability, wide area assessments, and mitigation; and disseminate information regarding events in a timely manner.
- Ensure that all reportable events are analyzed for sequence of events, root cause, risk to reliability, and mitigation.

- Refine risk-based methodologies to support more effective and efficient identification of reliability risks, including the use of more sophisticated cause codes for analysis.
- Ensure consistency in reporting and analysis to support wide area assessments of significant reliability trends and risks.
- Issue reliability recommendations and alerts as needed.
- Track industry accountability for critical reliability recommendations.
- Ensure that industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions.
- Conduct major event investigations, analysis, and reporting of major findings and recommendations that will improve reliability.
- Advance the quality and usefulness of reliability assessments and event analysis data.

Resource Requirements

Personnel

No additional personnel are planned to be added to the Event Analysis department in 2014. The 0.10 additional FTE is due to the transfer of 0.5 FTEs from another department in 2013, offset by the assumption of 4% attrition in all departments.

Contractor Expenses

No consulting and contractor support is required for Event Analysis in 2014.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
EVENT ANALYSIS					
	2013	2013	Variance		Variance
	Budget	Projection	2013 Projection	2014	2014 Budget
			v 2013 Budget	Budget	v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 3,501,894	\$ 3,501,893	\$ (1)	\$ 3,975,065	\$ 473,171
Penalty Sanctions	183,113	\$ 183,113		21,834	(161,279)
Total NERC Funding	\$ 3,685,006	\$ 3,685,006	\$ (1)	\$ 3,996,898	\$ 311,891
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	52,000	38,100	(13,900)	50,000	(2,000)
Interest	1,423	1,522	99	1,473	50
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 3,738,430	\$ 3,724,628	\$ (13,802)	\$ 4,048,371	\$ 309,941
Expenses					
Personnel Expenses					
Salaries	\$ 1,340,677	\$ 1,389,096	\$ 48,419	\$ 1,470,290	\$ 129,613
Payroll Taxes	82,107	84,717	2,610	91,480	9,373
Benefits	125,335	130,341	5,006	168,463	43,128
Retirement Costs	153,189	143,538	(9,651)	167,286	14,097
Total Personnel Expenses	\$ 1,701,309	\$ 1,747,692	\$ 46,384	\$ 1,897,519	\$ 196,211
Meeting Expenses					
Meetings	\$ 62,000	\$ 99,559	\$ 37,559	\$ 67,000	\$ 5,000
Travel	155,000	155,000	-	155,000	-
Conference Calls	-	32,864	32,864	31,864	31,864
Total Meeting Expenses	\$ 217,000	\$ 287,423	\$ 70,423	\$ 253,864	\$ 36,864
Operating Expenses					
Consultants & Contracts	\$ 120,000	\$ 48,000	\$ (72,000)	\$ -	\$ (120,000)
Office Rent	-	-	-	-	-
Office Costs	36,100	34,613	(1,487)	38,519	2,419
Professional Services	-	432	432	-	-
Miscellaneous	500	100	(400)	500	-
Depreciation	-	704	704	193,667	193,667
Total Operating Expenses	\$ 156,600	\$ 83,849	\$ (72,751)	\$ 232,686	\$ 76,086
Total Direct Expenses	\$ 2,074,908	\$ 2,118,964	\$ 44,056	\$ 2,384,069	\$ 309,161
Indirect Expenses	\$ 1,642,332	\$ 1,827,134	\$ 184,802	\$ 1,804,814	\$ 162,482
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 3,717,240	\$ 3,946,098	\$ 228,858	\$ 4,188,883	\$ 471,643
Change in Assets	\$ 21,190	\$ (221,470)	\$ (242,660)	\$ (140,512)	\$ (161,702)
Fixed Assets					
Depreciation	-	(704)	(704)	(193,667)	(193,667)
Computer & Software CapEx	-	581,000	581,000	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 21,190	\$ 15,586	(5,604)	53,154	31,964
Inc(Dec) in Fixed Assets (C)	\$ 21,190	\$ 595,882	\$ 574,692	\$ (140,512)	\$ (161,702)
TOTAL BUDGET (=B + C)	\$ 3,738,430	\$ 4,541,980	\$ 803,550	\$ 4,048,371	\$ 309,941
FTEs	9.50	9.46	(0.04)	9.60	0.10

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – All personnel related expenses are projected to increase in 2014 due to a slight increase in FTEs and due to higher average salary expense per FTE in this program. Salaries, payroll tax and retirement expenses were offset by the 4% attrition rate, which was applied to all departments. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Conferencing Expenses** – Conferencing expenses for this department were not separately tracked prior to 2013. The 2014 budget is generally based upon trending of actual expenses in 2013.
- **Consultants and Contracts** – Support from outside consultants and contractors is not required in 2014.

Critical Infrastructure Protection

Critical Infrastructure Department (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	12.50	12.48	(0.02)
Direct Expenses	\$ 3,110,661	\$ 3,257,012	\$ 146,351
Indirect Expenses	\$ 2,145,903	\$ 2,299,170	\$ 153,267
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 42,937	\$ 111,846	\$ 68,909
TOTAL BUDGET	\$ 5,299,501	\$ 5,668,027	\$ 368,526

Background and Scope

NERC's Critical Infrastructure Protection resources support the development and administration of critical infrastructure standards, CMEP oversight, critical infrastructure and cyber information sharing, incident analysis, risk assessment, and coordination between industry and governmental entities. These resources also provide staff-level support for several industry-led activities and organizations,¹¹ including the following:

- Critical Infrastructure Protection Committee, an industry-led committee comprised of industry experts in the areas of cybersecurity, physical security, and operational security; and
- Electricity Sub-sector Coordinating Council (ESCC), which works closely with the federal government to identify and discuss critical infrastructure protection concepts, processes, and resources, as well as facilitate information sharing regarding cyber vulnerabilities and threats.

2014 Goals and Deliverables

2014 goals and deliverables include:

- Support CIP standards development and implementation through outreach presentations, webinars, and other training opportunities.
- Support the compliance and enforcement process improvement initiatives (e.g., RAI), including but not limited to improvements in audit consistency, risk-based audit approaches and auditor training.
- Through the operation of the ES-ISAC, provide rapid dissemination of cyber threat, vulnerability information, and mitigation strategies to industry, including the dissemination of information derived from classified sources.

¹¹ Critical Infrastructure Protection Resources also participate in other industry-led groups, such as the Cross-Sector Cyber Security Working Group, the Industrial Control Systems Joint Working Group, and the Partnership for Infrastructure Security.

- Conduct security incident analyses and work with industry experts to evaluate, track, and identify lessons learned and security metrics that enhance the sector’s security posture.
- Conduct Cyber Risk Preparedness Assessments (CRPA) and sufficiency reviews and develop CRPA tools for industry to conduct self-assessments.
- Contribute technical expertise to establish a NERC enterprise-wide cause-coding effort designed to inform sector risk-based analytics.

ESCC Support

The ESCC was established to provide the federal government a forum for coordinating with the electricity sector on critical infrastructure protection matters. Since May 2010, the ESCC has been composed of executive-level members who broadly represent industry stakeholders to provide strategic and policy-level guidance on critical infrastructure security and reliability resilience. NERC supports the ESCC by providing executive involvement, expert input and advice, coordination with stakeholders, and secretariat support. The vast majority of this support is provided by utilizing internal resources. Outside contractor support has historically been utilized to supplement internal resources. In 2014, \$190k has been budgeted for this external consulting support, which is an increase of \$60k over the 2013 budget.

Resource Requirements

Personnel

No additional personnel are planned to be added to the Critical Infrastructure department in 2014. The 0.02 reduction in FTEs is the assumption of 4% attrition in all departments. ES-ISAC personnel additions are discussed in the next section.

Contractors- contractor expense for ESSC support is projected to increase by \$60k over 2013, as discussed above.

Electricity Sector Information Sharing and Analysis Center (ES-ISAC)

ES-ISAC (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	6.75	7.72	0.97
Direct Expenses	\$ 1,978,746	\$ 2,444,997	\$ 466,251
Indirect Expenses	\$ 1,181,979	\$ 1,498,460	\$ 316,481
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ 3,160,725	\$ 3,943,457	\$ 782,732

The ES-ISAC was formed in 1998 when the U.S. Secretary of Energy requested that NERC serve as the ISAC¹² for the electricity sub-sector.¹³ ES-ISAC's primary function is the rapid and secure sharing of information with the electric industry and governmental entities regarding real and potential cyber-related threats to the electricity sector, as well as methods and tools to avoid or mitigate the potential impact from these threats.

The ES-ISAC gathers information from the disparate electricity industry participants about security-related events, disturbances, and off-normal occurrences within the electricity sub-sector and shares that information with its partners in the government. In turn, the government provides information regarding risks, threats, and warnings to the ES-ISAC, which then disseminates that information throughout the electricity sub-sector.

In general, the ES-ISAC supports two functions, information sharing and analytics, which are vitally important to all other critical infrastructures and key resource sectors that have active ISACs. The ES-ISAC is a founding member of the National Council of ISACs and participates in daily coordination with its members to ensure effective collaboration and communication. This close coordination is essential to addressing critical infrastructure protection and resilience within each sector, as well as the important interdependencies that exist among sectors.

The ES-ISAC develops alerts and notifications for distribution to registered entities. The ES-ISAC also utilizes its secure, private information-sharing portal to receive voluntary reports from industry members. This portal is designed with the unique ability to receive unattributed reports in order to increase information reporting.

The ES-ISAC also maintains a seat on the operations floor of the National Cybersecurity and Communications Integration Center (NCCIC) within the Department of Homeland Security (DHS). This operations center is the hub for real-time, classified threat and vulnerability work, and the ES-ISAC serves a central private sector role in this operation. The NCCIC operations floor is where ES-ISAC personnel holding the appropriate security clearances analyze the threat and vulnerability component provided by the intelligence community and make initial determinations of potential BPS impacts. The ES-ISAC maintains other information-sharing relationships throughout the U.S. and Canadian governments, including DOE, Canadian Secret Intelligence Service, and the U.S. Department of Defense. The ES-ISAC also coordinates information sharing with similar agencies in Australia, New Zealand, and the United Kingdom.

The resources currently devoted to supporting the ES-ISAC are contained and budgeted in a separate department. These resources consist primarily of personnel and contractors who gather, analyze, and provide information regarding cyber threats to industry through a secure communications portal and the costs to operate and maintain that portal. Having access to information regarding threats (including threats faced by other sectors, such as the financial and communications industries) and the ability to analyze the potential impact of these threats

¹² The Information Security Analysis Center (ISAC) construct was conceived and operates under US Government authorities derived from Presidential Decision Directive 63, which was signed in 1998. The ISACs focus specifically on information sharing, analytics and sector activities directly related to the protection of critical infrastructure.

¹³ Subsequent administrations have sought to continue and strengthen information sharing in other sectors by establishing other sector-specific ISACs. In 2013, the Department of Energy (DOE) again reaffirmed its desire for NERC to continue to operate the ES-ISAC.

on the electric sector and rapidly share this information with industry enables the ES-ISAC to improve the security of the electricity sector.

To keep pace with the growth and risk of cyber attacks and the associated need for information sharing with other sectors and industry in order to mitigate potential significant BPS reliability risk, NERC's 2014 budget includes a significant increase in the resources devoted to supporting ES-ISAC. This additional resource support is in three areas: (1) improving the usability and functionality of the information-sharing portal, (2) the preparation of a cyber risk preparedness toolkit to allow industry to conduct self-assessments of cyber risk preparedness, and (3) adding personnel to increase analytical capabilities, portal monitoring, and information sharing and shift staffing on the NCIC floor. The additional cost in 2014 associated with improving the portal and information-sharing capabilities consists primarily of software licensing fees. The cyber risk preparedness toolkit will reduce NERC's projected ongoing costs for conducting individual cyber risk preparedness assessments for industry.

The federal government has been piloting a new form of highly secure information sharing network and associated technology that can be utilized to identify, track, and deploy fixes to emerging cybersecurity threats. This project, a combination of the "Cyber Federated Model" and "Cyber Risk Information Sharing Program," is at a point where the tools are ready to be commercialized. Federal funding provided to incubate this technology to the point of commercialization is expected to be reduced or eliminated in 2014 and be replaced by private sector sources of funding. NERC has not included any specific funding to support the commercialization of this portal and associated technology in 2014.

Resource Requirements

Personnel

The increase of 0.97 FTEs includes the assumption of 4% attrition in all departments and the timing of hiring 1.0 additional staff position in 2014.

Contractors, Technology, and Tool Expenses

The 2014 contractor and consulting budget for ES-ISAC is approximately \$786.5k, which represents an increase of approximately \$331.5k over the 2013 budget. This includes funding for existing and added tools and technology. The line-by-line budget detail is set forth in Exhibit C. A discussion of the specific nature and need for these resources follows.

Portal Enhancement

The ES-ISAC communication portal capabilities include: publishing alerts and other informational products, exchanging threat indicator information, and providing self-service access to user security awareness services. The present platform is cumbersome for registered entities to use and has limited flexibility to support additional functionality, such as tighter integration with other ISACs and different types of collaboration support. The National Council of ISACs recently informed NERC of a program that could more fully integrate the ES-ISAC's existing information-sharing platform with other formal ISACs, as well as significantly expand the portal capabilities, functionality, and capacity. This integration will be accomplished through an arrangement between NERC, Microsoft, and Cyber IQ Services (CIQS), which will then maintain ES-ISAC's portal in a cloud-based, secure platform solution. This portal will

facilitate direct data exchange with other ISACs and government partners. The portal will also support the ES-ISAC analysts in their information analysis functions and tie the ES-ISAC analysts with their counterparts in other sectors and national laboratories. The 2014 cost of the CIQS portal integration is \$250k, which is a \$160k increase over the 2013 portal budget.

Intelligence Reporting Services

ES-ISAC analytic personnel maintain a detailed understanding of emerging vulnerabilities and threats within the broad industrial control systems community, as well as within the more focused BPS community. To support this intelligence role, the ES-ISAC budget includes the costs of a contract for intelligence services from a specialized security information service provider that focuses closely on the electricity sub-sector and has a working relationship with DOE's Idaho National Laboratory. These reporting services include weekly, quarterly, and annual news in the industrial controls systems (ICS) and security space, along with expert guidance, opinion, and sourced material. This service gives ES-ISAC staff increased understanding of continuing trends, breaking news, and implications to the BPS, which they utilize to keep registered entities informed of emerging BPS risks through alerts and esisac.com security postings. The 2014 budget for these services is \$42k, a \$2k increase over 2013.

Cyber Risk Preparedness Assessments (CRPA)

The CRPA is a program that assesses the cybersecurity capabilities of registered entities through facilitated tabletop exercises. Conducting these assessments allows the ES-ISAC to gain a better understanding of industry capabilities, identify key sector level areas for improvement, and share best practices across the industry. Through the CRPA, participants gain an improved understanding of their cybersecurity programs and capabilities. The CRPA allows them to identify areas for improvement and enhance their abilities to respond to and recover from cyber events. The CRPA also educates participants through defined deliverables and best practices. The CRPA incorporates many Electricity Subsector Cybersecurity Capability Maturity Model practices, which allows the participating organization to assess its cybersecurity program and use the CRPA to validate its assessment. The ES-ISAC is developing a CRPA "kit" for entities to use to develop and run their own CRPAs. This kit will allow more sector members to leverage the CRPA methodology, which will have a more significant impact on overall sector preparedness. ES-ISAC staff will host training and education sessions on the kit to accelerate adoption of the methodology across the sector and move the program toward self-sustainment within the industry. To accommodate more CRPA engagements and to develop a complete kit for use by industry partners, the contractor and consulting budget to support these activities will be increased from \$150k in 2013 to \$200k in 2014. Commencing in 2015, the ES-ISAC will conduct only one or two strategic CRPA engagements, with the expectation that industry will engage in the program through the kits. The 2015 budget for this activity is expected to remain at a minimal level to aggregate results across the sector, support ongoing development of best practices and information sharing, and promote continued adoption of the methodology.

Aurora Webinars and Technical Support

In late 2006, a significant supply chain vulnerability was discovered in digital protective control devices that protect generators and motors in use throughout the BPS. This vulnerability, named the Aurora Vulnerability, demonstrated a remote exploit that led to the destruction of a small generator as a proof of concept attack in early 2007. In June of 2007, NERC released a

Level 1 Industry Advisory that specified actions that entities could take to help prevent exploitation. In October 2010, NERC released a second Aurora Alert, this time a Level 2 Recommendation to Industry. This second release also triggered a substantial increase in NERC's effort to close this vulnerability gap, and it required entities to report every six months until they closed the alert actions. Prior to each required reporting period, the ES-ISAC holds three webinars to provide BPS entities who are still working on their Aurora mitigations an opportunity to interact with the original authors and researchers who discovered the Aurora vulnerability. The ES-ISAC anticipates supporting two sets of three webinars each until at least 2017. \$30k is budgeted to support this activity in 2014, which is a \$15k increase over 2013.

Secure Bidirectional Communications

Certain emergent security situations may require the ES-ISAC to quickly transmit secure information from the ES-ISAC to DHS's NCCIC, DOE and its National Laboratories, and among different registered entities. DOE recently developed the Contested Operational Network for Reporting and Defense (CONRAD) system for its own internal communications, which is now available for the ES-ISAC's use. The CONRAD system is an "out-of-band" network that ES-ISAC cyber analysts will use to communicate with their peers. The CONRAD system implements a specific network architecture that is separate from all regular site enterprise networks like Voice over Internet Protocol, normal email, web-based applications, and standard telephony. The CONRAD deployment is a fee-based contract that costs \$8k every three years per network interface device; each location that participates in CONRAD requires a Network interface device. For the initial 2014 deployment of 20 devices, \$20k has been budgeted in the ES-ISAC budget and the remaining cost will be funded from operating reserves. NERC will utilize two devices (one in Situation Awareness and 1 in the ES-ISAC) and make 18 devices available to 16 reliability coordinators. The remaining 2 devices will be provided to registered entities who volunteer to participate in the program.

Cyber Awareness Monitoring

A new class of cyber intelligence tools that collects and analyzes information and then alerts the user about selected threats is emerging in the marketplace. This collection and analysis goes beyond the individual organization's network perimeter and gives organizations like the ES-ISAC visibility across the entire industrial sector. Key global internet infrastructure data sources are combined with advanced visual analysis tools that provide ES-ISAC staff with enhanced analytic capabilities. The ES-ISAC currently licenses cyber awareness and continuous monitoring tools and services, including third party services, which provide real-time internet communications visibility and analytics. During 2012 and 2013, the ES-ISAC worked with a vendor to develop a specific software visualization application that allows ES-ISAC staff to monitor malware and threats, as well as the general health of BPS entities. ES-ISAC staff can then alert individual entities to problems. In 2013, the ES-ISAC portal will begin to provide individual asset owners a customized view of their asset networks. This view will provide the asset owner with insight into the organization's general network hygiene and highlight any significant network activity of concern. The 2014 cost for the software application and services is budgeted at \$152,700, an increase of \$92.7k from 2013.

Attack Tree Threat Modeling

Attack trees are hierarchical, graphical diagrams that show how low-level hostile activities interact and combine to achieve an adversary's objectives—usually with negative consequences for the victim of the attack. ES-ISAC staff has been working with a vendor that developed an advanced attack tree-based threat risk assessment tool to discover which weaknesses are most likely to be used by attackers within a particular network. This tool provides the capability to pose “what-if” attack scenarios and threat modeling against the BPS. The risk management process is enhanced by review of data regarding attack scenarios. The ES-ISAC team applies its knowledge of this data during emergent situations and compares what-if scenarios to the real-time data feeds. It then alerts industry participants regarding potential emerging threats. The 2014 budgeted cost for this tool and supporting services is \$7.5k, which is consistent with the 2013 budget. This cost is budgeted under Office Costs as a software maintenance expense.

Software Integration Support and BPS Mapping Services

The ES-ISAC operations center includes monitors used to display intelligence information provided from various software applications. Software integration services are routinely required from vendors providing existing and new software applications. Additional software must be licensed and maintained to display and integrate BPS maps that have cyber intelligence information. The 2014 budget for software integration support and BPS mapping is \$89,250, an increase of \$6,750 from the 2013 budget. A portion of these costs are budgeted under Office Costs as software maintenance expenses.

Analyst Workbench

A strong technical analytic capability is needed to develop baselines and identify patterns and understandings of potential cyber related threats. The analyst workbench toolset maintains historical information and allows a team to use and deliver consistent and repeatable analysis in both an operational (during an event) as well as nonoperational capacity. The analyst workbench will also offer stand-alone functionality for assessing and understanding cyber events. This workbench will include a threat database for historical correlation and various tools for network and host-based analysis of malicious software. The 2014 budget to support this activity is \$30,000 and includes funding for information services and software tools. This is consistent with the 2013 budget.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
CRITICAL INFRASTRUCTURE DEPARTMENT & ES-ISAC					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection v 2013 Budget Over(Under)	Budget	2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 7,991,299	\$ 7,396,148	\$ (595,151)	\$ 9,517,444	\$ 1,526,145
Penalty Sanctions	371,044	371,044	(0)	45,941	(325,103)
Total NERC Funding	\$ 8,362,343	\$ 7,767,192	\$ (595,151)	\$ 9,563,386	\$ 1,201,043
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	95,000	95,000	-	45,000	(50,000)
Interest	2,884	-	(2,884)	3,098	214
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 8,460,227	\$ 7,862,192	\$ (598,035)	\$ 9,611,484	\$ 1,151,257
Expenses					
Personnel Expenses					
Salaries	\$ 2,853,871	\$ 2,844,383	\$ (9,488)	\$ 3,220,485	\$ 366,614
Payroll Taxes	172,586	169,015	(3,571)	191,249	18,663
Benefits	250,885	294,325	43,440	354,474	103,589
Retirement Costs	312,315	283,938	(28,377)	366,598	54,283
Total Personnel Expenses	\$ 3,589,657	\$ 3,591,661	\$ 2,004	\$ 4,132,806	\$ 543,149
Meeting Expenses					
Meetings	\$ 145,000	\$ 156,168	\$ 11,168	\$ 145,000	\$ -
Travel	420,000	328,428	(91,572)	328,428	(91,572)
Conference Calls	24,000	32,574	8,574	32,574	8,574
Total Meeting Expenses	\$ 589,000	\$ 517,171	\$ (71,829)	\$ 506,003	\$ (82,997)
Operating Expenses					
Consultants & Contracts	\$ 785,000	\$ 785,000	\$ -	\$ 976,450	\$ 191,450
Office Rent	-	-	-	-	-
Office Costs	125,250	126,975	1,725	86,250	(39,000)
Professional Services	-	480	480	-	-
Miscellaneous	500	500	-	500	-
Depreciation	-	16,425	16,425	-	-
Total Operating Expenses	\$ 910,750	\$ 929,379	\$ 18,629	\$ 1,063,200	\$ 152,450
Total Direct Expenses	\$ 5,089,407	\$ 5,038,211	\$ (51,196)	\$ 5,702,009	\$ 612,602
Indirect Expenses	\$ 3,327,882	\$ 3,501,684	\$ 173,802	\$ 3,797,630	\$ 469,748
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 8,417,290	\$ 8,539,895	\$ 122,606	\$ 9,499,639	\$ 1,082,350
Change in Assets	\$ 42,937	\$ (677,703)	\$ (720,641)	\$ 111,846	\$ 68,908
Fixed Assets					
Depreciation	-	(16,425)	(16,425)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 42,937	\$ 29,871	(13,066)	111,846	68,909
Inc(Dec) in Fixed Assets (C)	\$ 42,937	\$ 13,447	\$ (29,490)	\$ 111,846	\$ 68,909
TOTAL BUDGET (=B + C)	\$ 8,460,227	\$ 8,553,342	\$ 93,116	\$ 9,611,484	\$ 1,151,258
FTEs	19.25	18.13	(1.12)	20.20	0.95

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – All personnel related expenses are projected to increase in 2014 due to an increase in FTEs and due to higher average salary expense per FTE in this program. Salaries, payroll tax and retirement expenses were offset by the 4% attrition rate, which was applied to all departments. Benefits are projected to increase at a higher rate than other personnel expenses due to; (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Travel and Conferencing Expenses** – The reduction in 2014 projected travel expense and the increase in 2014 projected conferencing expenses are based upon trending of actual expenses in 2013.
- **Consultants and Contracts** – The increase in consultant and contract expense, as explained above, is also set forth in Exhibit C.
- **Office Costs** – The reduction in 2014 projected expense is due to the transfer of costs associated with intelligence reporting services from office costs to consultant and contract costs.

Training, Education, and Operator Certification

Training, Education and Operator Certification (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	8.00	8.16	0.16
Direct Expenses	\$ 2,170,906	\$ 2,158,199	\$ (12,707)
Indirect Expenses	\$ 1,383,017	\$ 1,534,092	\$ 151,075
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 17,844	\$ 45,181	\$ 27,337
TOTAL BUDGET	\$ 3,571,768	\$ 3,737,472	\$ 165,705

Background and Scope

NERC's Training and Education Program provides oversight and coordination of the delivery of training programs that support the ERO's statutory responsibilities. This program provides training to NERC and Regional Entity staff members, including compliance auditors, relating to their job responsibilities. It also provides training and education to industry participants on the requirements of reliability standards and the compliance monitoring and enforcement process. Further, this program provides training to industry participants on the reliability standards development process, thereby helping to support the more efficient and effective development of mandatory reliability standards. The Training and Education Program supports NERC's statutory ERO responsibilities to develop, adopt, and obtain approval of reliability standards and to monitor, enforce, and achieve compliance with the mandatory standards. Section 901 of the NERC Rules of Procedure addresses the Training and Education Program's activities in these areas.

The Training and Education Program also supports NERC's System Operator Certification and Continuing Education (SOCCED) programs, which ensure that personnel operating the BPS have the skills, training, and qualifications needed to operate the system reliably. NERC maintains the credentials required to work in system control centers across North America for over 6,000 system operators. NERC's system operator certification exam is designed to test specific knowledge of job skills and reliability standards. It also prepares operators for complying with requirements of reliability standards and to appropriately operate the BPS during normal and emergency operations. Certification exams are created by the Personnel Certification Governance Committee, an industry group of operations experts, trainers, and supervisors. Under the PCGC oversight, the Examination Working Group periodically updates and publishes new exams. Once an operator passes the certification exam, certification is maintained by completing NERC-approved continuing education courses and activities. The Personnel Subcommittee, composed of industry training experts, provides oversight of the Continuing Education program.

2014 Goals and Deliverables

In response to stakeholder and Regional Entity feedback, training and education opportunities will be further expanded and focused for registered entities, NERC, and Regional Entities. For registered entities, this training and education will focus on objectives related to various reliability standards, including standards compliance and emerging cyber-related issues potentially affecting BPS reliability. For NERC and Regional Entity staff, the training and education will focus on consistent audit and investigation techniques and standards compliance reviews, including the RAI, FFT, and other improvements in compliance and enforcement practices. NERC will continue to offer training in auditor skills to promote continued development of auditing expertise. NERC will leverage information technology systems to better deliver and share common training products and information with Regional and registered entities. Other training will focus on knowledge and skills development in a number of key areas, including:

- Critical Infrastructure Protection standards information,
- Development and implementation of clear and technically sound reliability standards,
- Key lessons learned and trends from events,
- Identified themes from trending and common cause analyses,
- Risk-based assessment methods,
- Effective compliance cultures with practices, procedures and controls to address reliability risks,
- Effective root, apparent and common cause analysis methods,
- Quality improvement of registered entity self-reporting and self-certification,
- Currently monitored standards,
- Entity registration process, issues, and alternatives,
- Human performance fundamentals, and
- Systematic approach to training.

NERC will continue to provide learning opportunities through 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. The Training and Education group will also continue 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

No additional personnel are budgeted for 2014. The increase of 0.16 FTEs is due to the transfer of 0.5 FTEs in 2013 from another department and the 4% attrition assumption in all departments.

Contractor Expenses

The total proposed consulting and contractor expenses of approximately \$849k in 2014 is virtually the same as the 2013 budget.

Further detail in support of the proposed 2014 contractor and consulting budget to support Training, Education, and Operator Certification is set forth in Exhibit C, which includes a comparison to 2013 budgeted amounts. The primary areas of contractor and consulting support include:

- Testing services to develop, administer, proctor, score, and support system operator certification exams across North America.
- Ongoing hosting and maintenance fees for the SOCCED database.
- Improvements to the SOCCED database described above.
- Supplemental support to Continuing Education Review Panel industry volunteers to review and audit over 2,500 individual learning activities and provider applications received each year.¹⁴
- Audit team leader soft skills training delivered by certified NERC staff or consultants to support effective dialogue and communications between audit teams and registered entities provided quarterly using vendor-licensed materials.
- Vendor supported BPS technical training for select NERC staff, including auditors, technical and support staff.
- Auditor training by recognized auditing specialists for NERC and Regional Entity staff to promote continued development of compliance staff.
- Web-based training development for ERO staff and industry, including standards applications, risk assessment training, industry human performance fundamentals, and BPS events lessons learned.

¹⁴ Review and approval of learning activity applications results in over 400,000 hours of continuing education per year for the industry's certified system operators.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
TRAINING, EDUCATION and OPERATOR CERTIFICATION					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,449,793	\$ 1,449,793	\$ -	\$ 1,665,959	\$ 216,166
Penalty Sanctions	93,484	93,484	-	12,008	(81,476)
Total NERC Funding	\$ 1,543,277	\$ 1,543,277	\$ -	\$ 1,677,968	\$ 134,691
Membership Dues	-	-	-	-	-
Testing Fees	1,680,000	1,680,000	-	1,620,000	(60,000)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	1,199	1,250	51	1,252	53
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 3,224,476	\$ 3,224,527	\$ 51	\$ 3,299,220	\$ 74,744
Expenses					
Personnel Expenses					
Salaries	\$ 837,645	\$ 810,923	\$ (26,722)	\$ 806,116	\$ (31,529)
Payroll Taxes	54,087	56,906	2,819	56,919	2,832
Benefits	112,397	116,999	4,602	143,194	30,797
Retirement Costs	94,203	74,618	(19,585)	91,840	(2,363)
Total Personnel Expenses	\$ 1,098,332	\$ 1,059,446	\$ (38,886)	\$ 1,098,069	\$ (263)
Meeting Expenses					
Meetings	\$ 30,000	\$ 30,000	\$ -	\$ 36,000	\$ 6,000
Travel	70,000	51,000	(19,000)	51,000	(19,000)
Conference Calls	27,000	27,500	500	25,500	(1,500)
Total Meeting Expenses	\$ 127,000	\$ 108,500	\$ (18,500)	\$ 112,500	\$ (14,500)
Operating Expenses					
Consultants & Contracts	\$ 848,574	\$ 735,844	\$ (112,730)	\$ 848,830	\$ 256
Office Rent	-	-	-	-	-
Office Costs	96,500	88,800	(7,700)	98,300	1,800
Professional Services	-	432	432	-	-
Miscellaneous	500	150	(350)	500	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 945,574	\$ 825,226	\$ (120,348)	\$ 947,630	\$ 2,056
Total Direct Expenses	\$ 2,170,906	\$ 1,993,172	\$ (177,734)	\$ 2,158,199	\$ (12,707)
Indirect Expenses	\$ 1,383,017	\$ 1,500,722	\$ 117,705	\$ 1,534,092	\$ 151,075
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 3,553,922	\$ 3,493,894	\$ (60,029)	\$ 3,692,291	\$ 138,368
Change in Assets	\$ (329,446)	\$ (269,366)	\$ 60,081	\$ (393,072)	\$ (63,625)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	25,000	25,000	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 17,844	\$ 12,802	(5,042)	45,181	\$ 27,337
Inc(Dec) in Fixed Assets (C)	\$ 17,844	\$ 37,802	\$ 19,958	\$ 45,181	\$ 27,337
TOTAL BUDGET (=B + C)	\$ 3,571,766	\$ 3,531,696	\$ (40,071)	\$ 3,737,472	\$ 165,705
FTEs	8.00	7.77	(0.23)	8.16	0.16

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries expense is projected to decrease in 2014 due to a decrease in the average salary expense per FTE in this program. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Meetings and Travel Expenses** – Meetings expense is projected to increase in 2014 primarily due to additional meeting costs for the Operator Certification program, which is totally funded by fees charged for system operator certification exams and certificate renewals. The reduction in travel expense for 2014 is based upon trending of 2013 actual costs.

Administrative Services

Administrative Services (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	52.75	59.14	6.39
Total Direct Expenses	\$ 23,079,081	\$ 24,513,515	\$ 1,434,434
Inc(Dec) in Fixed Assets	\$ 297,774	\$ 721,958	\$ 424,184
Total Allocation to Statutory Programs as Indirect Expenses	\$ 23,376,855	\$ 25,235,473	\$ 1,858,618

Program Scope and Functional Description

NERC's Administrative Services area includes the budget for all business and administrative functions of the organization, including (1) technical committees and member forums; (2) General and Administrative, which includes Board fees and expenses, the president and chief executive officer and support staff, communications and governmental affairs, and office rent; (3) Legal and Regulatory; (4) Information Technology; (5) Human Resources; (6) Finance and Accounting; and (7) general administrative expenses necessary to support program area activities. These functions are necessary to the existence and functioning of the organization and support the performance of NERC's ERO statutory activities. The costs of the Administrative Services functions are allocated to the five statutory programs as indirect expenses. The resource requirements and comparative budget information for each of these functions is described further below.

Technical Committees and Members' Forum Program

While NERC management and staff will continue to interact with and support numerous reliability-related forums (e.g., the North American Transmission Forum and Generator Forum), NERC's 2014 budget does not contain specific funding for any forum activities.

General and Administrative

General and Administrative (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	8.00	10.56	2.56
Total Direct Expenses	\$ 7,325,556	\$ 8,171,736	\$ 846,180
Inc(Dec) in Fixed Assets	\$ (350,526)	\$ (419,399)	\$ (68,873)

Background and Scope

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, the COO, the CEO's executive assistant, communications and

public relations staff; and costs related to the Board. No additional personnel are budgeted for 2014. The increase of 2.56 FTEs is due to 2013 additions and transfers from other departments and includes the assumption of 4% attrition.

The following table details the Board costs included in the total costs of the General and Administrative area.

Board of Trustee Expenses	Budget 2013	Projection 2013	Budget 2014	2014 v 2013 Budget	Variance %
Meetings and Travel Expenses					
Quarterly Board Meetings	\$ 234,000	\$ 284,000	\$ 234,000	\$ -	
Trustee Travel	155,000	155,000	155,000	-	
Total Board of Trustees Meetings and Travel Expenses	389,000	439,000	389,000	-	
Professional Services					
Independent Trustee Fees	980,000	980,000	1,000,000	20,000	
Trustee Search Fees	-	-	70,000	70,000	
Total Board of Trustee Professional Services Expenses	980,000	980,000	1,070,000	90,000	
Total Board of Trustee Expenses	\$ 1,369,000	\$ 1,419,000	\$ 1,459,000	\$ 90,000	6.57%

The 2014 Miscellaneous Expense budget is \$36,500, an increase of \$15k from 2013. This budget is intended to cover the cost of (1) token gifts to retiring employees, condolence flowers in the event of a death in the family member of an employee, and similar types of miscellaneous expenses (\$6.5k); (2) funds to support Community Responsibility and Employee Engagement Committee activities (\$10k); (3) departmental and company team-building activities and employee rewards and recognition expenses that are not otherwise included in personnel expense (\$10k); and (4) year-end employee holiday meal expenses (\$10k).

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
GENERAL and ADMINISTRATIVE					
	2013	2013	Variance	2014	Variance
Funding	Budget	Projection	2013 Projection	Budget	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)		Over(Under)
ERO Funding					
NERC Assessments	\$ (1,686,309)	\$ (1,686,309)	\$ -	\$ (2,216,461)	\$ (530,152)
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ (1,686,309)	\$ (1,686,309)	\$ -	\$ (2,216,461)	\$ (530,152)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	224	224	-	-
Total Funding (A)	\$ (1,686,309)	\$ (1,686,085)	\$ 224	\$ (2,216,461)	\$ (530,152)
Expenses					
Personnel Expenses					
Salaries	\$ 1,342,080	\$ 2,266,210	\$ 924,130	\$ 2,031,740	\$ 689,660
Payroll Taxes	60,640	99,559	38,919	89,250	28,610
Benefits	156,238	260,072	103,834	245,309	89,071
Retirement Costs	175,179	45,248	(129,931)	158,550	(16,629)
Total Personnel Expenses	\$ 1,734,136	\$ 2,671,089	\$ 936,952	\$ 2,524,849	\$ 790,712
Meeting Expenses					
Meetings	\$ 260,000	\$ 366,500	\$ 106,500	\$ 268,000	\$ 8,000
Travel	322,000	421,482	99,482	421,482	99,482
Conference Calls	57,500	24,206	(33,294)	24,206	(33,294)
Total Meeting Expenses	\$ 639,500	\$ 812,188	\$ 172,688	\$ 713,688	\$ 74,188
Operating Expenses					
Consultants & Contracts	\$ 150,000	\$ 39,223	\$ (110,777)	\$ 75,000	\$ (75,000)
Office Rent	2,756,840	2,695,217	(61,623)	2,617,300	(139,540)
Office Costs	507,000	516,228	9,228	502,000	(5,000)
Professional Services	1,132,053	1,154,700	22,647	1,170,000	37,947
Miscellaneous	5,500	5,000	(500)	5,500	-
Depreciation	350,526	418,620	68,094	419,399	68,873
Total Operating Expenses	\$ 4,901,919	\$ 4,828,988	\$ (72,931)	\$ 4,789,199	\$ (112,720)
Total Direct Expenses	\$ 7,275,556	\$ 8,312,265	\$ 1,036,709	\$ 8,027,736	\$ 752,180
Indirect Expenses	\$ (7,325,556)	\$ (8,370,037)	\$ (1,044,481)	\$ (8,171,736)	\$ (846,180)
Other Non-Operating Expenses	\$ 50,000	\$ 57,995	\$ 7,995	\$ 144,000	\$ 94,000
Total Expenses (B)	\$ -	\$ 224	\$ 224	\$ -	\$ 0
Change in Assets	\$ (1,686,309)	\$ (1,686,309)	\$ (0)	\$ (2,216,461)	\$ (530,152)
Fixed Assets					
Depreciation	(350,526)	(418,620)	(68,094)	(419,399)	(68,873)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	340,788	340,788	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	77,803	77,803	-	-
Allocation of Fixed Assets	\$ 350,526	\$ (2,169)	(352,695)	419,399	68,873
Inc(Dec) in Fixed Assets (C)	\$ -	\$ (2,199)	\$ (2,199)	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ -	\$ (1,975)	\$ (1,975)	\$ -	\$ 0
FTEs	8.00	11.06	3.06	10.56	2.56

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries and payroll tax expenses are projected to increase in 2014 due primarily to the increase in FTEs. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses. Retirement costs are projected to decrease in 2014 due to the assumed forfeiture of unvested funds related to personnel attrition.
- **Travel and Conferencing Expenses** – The increase in travel expense and the decrease in conferencing expenses for 2014 are based upon trending of 2013 actual costs.
- **Consultants and Contracts** – The decrease in 2014 is due to the reduction in the projected cost of outside consulting to support communications.
- **Professional Services** – The increase is due to a slight increase in Trustee compensation and due to the addition of search fees for replacement of one trustee whose term expires in February 2015.

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	14.00	15.15	1.15
Total Direct Expenses	\$ 4,045,729	\$ 4,298,813	\$ 253,084
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -

Background and Scope

The Legal and Regulatory department's workload is largely derivative of and supports the work of several key NERC program areas. Increasing demands are being placed on this group from three primary areas: Compliance Operations, Investigations, and 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. This department is also extensively involved with the work required to complete the Five-Year ERO Performance Assessment, as well as legal and regulatory matters that arise in connection with the delegation agreements with the Regional Entities, including proposed amendments to those agreements. The legal and regulatory needs of the ERO are both demanding and increasingly more complex.

Resource Requirements

One FTE will be added to provide additional administrative support for the Legal and Enforcement departments. The increase of 1.15 FTEs includes the one FTE addition planned in 2014, the transfer of one FTE in 2013 from another department, and the assumption of 4% attrition in 2014.

Outside law firms and consultants supporting this area are budgeted and tracked as Professional Services. The Professional Services budget is \$760k for 2014, a decrease of \$190k from the 2013 budget. The Professional Services budget includes outside legal fees to support the completion of the Five-Year ERO Performance Assessment in 2014.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
LEGAL and REGULATORY					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection	Budget	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -		-	
Total NERC Funding	\$-	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 2,325,293	\$ 2,434,723	\$ 109,430	\$ 2,637,399	\$ 312,106
Payroll Taxes	119,177	125,443	6,266	136,718	17,541
Benefits	185,835	231,040	45,205	265,856	80,021
Retirement Costs	261,724	222,205	(39,519)	296,887	35,163
Total Personnel Expenses	\$ 2,892,029	\$ 3,013,411	\$ 121,382	\$ 3,336,860	\$ 444,831
Meeting Expenses					
Meetings	\$ 5,000	\$ 15,000	\$ 10,000	\$ 5,000	\$ -
Travel	144,500	120,000	(24,500)	120,000	(24,500)
Conference Calls	3,200	13,953	10,753	12,953	9,753
Total Meeting Expenses	\$ 152,700	\$ 148,953	\$ (3,747)	\$ 137,953	\$ (14,747)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	50,500	64,342	13,842	63,500	13,000
Professional Services	950,000	810,360	(139,640)	760,000	(190,000)
Miscellaneous	500	500	-	500	-
Depreciation	-	3,021	3,021	-	-
Total Operating Expenses	\$ 1,001,000	\$ 878,223	\$ (122,777)	\$ 824,000	\$ (177,000)
Total Direct Expenses	\$ 4,045,729	\$ 4,040,587	\$ (5,142)	\$ 4,298,813	\$ 253,084
Indirect Expenses	\$ (4,045,729)	\$ (4,040,587)	\$ 5,142	\$ (4,298,813)	\$ (253,084)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ (0)	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ -
Fixed Assets					
Depreciation	-	(3,021)	(3,021)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ 3,021		-	
Inc(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ (3,021)	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ (3,021)	\$ -	\$ -
FTEs	14.00	13.78	(0.22)	15.15	1.15

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries, payroll tax and retirement expenses are projected to increase in 2014 due primarily to the increase in FTEs. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Travel and Conferencing Expenses** – The decrease in travel expense and the increase in conferencing expenses for 2014 are based upon trending of 2013 actual costs.
- **Professional Services** – The decrease is due to the reduction in the projected use of outside counsel in 2014.

Information Technology

Information Technology (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	16.75	18.07	1.32
Total Direct Expenses	\$ 7,978,705	\$ 8,320,845	\$ 342,140
Inc(Dec) in Fixed Assets	\$ 649,098	\$ 1,141,357	\$ 492,259

Background and Scope

NERC's information technology (IT) department budget includes the resources necessary to support NERC's internal operations. It builds on the initiatives begun in 2013 to replace several internal, outdated legacy applications (such as the standards balloting system) and numerous registration applications, as well as to improve the NERC website, with a focus on security and disaster recovery. In addition, significant emphasis and resources have been placed on working collaboratively with the Regional Entities to build enterprise applications to replace numerous time-consuming and manual efforts, reduce duplicative input by the registered entities, and build a foundation for business intelligence and analytics regarding reliability risks. This effort will establish ERO resource priorities and allocations, as well as provide information to stakeholders for use in their own reliability risk management planning and resource allocation.

NERC's IT staffing strategy over the last several years has been to use a small, core internal IT staff and leverage expertise of external contractors for specific work areas. External contractors are used for numerous maintenance and development tasks for infrastructure and the various NERC applications. In addition, all major application development during 2013 is being performed with the assistance of external firms. For example, the primary ERO Enterprise application under development in 2013 is the BES application. NERC has teamed with an external vendor to develop this application and will retain their services for maintenance support. As the ERO Enterprise systems grow over time, NERC management will assess the balance of internal and external resources to get the required work completed at an efficient cost and acceptable performance and risk profile.

NERC has divided the IT department contractor and consulting budget into two categories: Ongoing Operations and ERO Enterprise Applications. Ongoing operations describe those applications required to support NERC internal business and statutory activities, along with back office applications such as accounting and finance, office productivity (Email, MS Office, etc.), security, and disaster recovery. ERO Enterprise applications are defined as those applications deemed to have similar business processes and functions across NERC and the Regional Entities.

Resource Requirements

Personnel

A database analyst and webmaster are proposed to be added to this department in 2014. The addition of a dedicated database analyst is necessary to support the significant number of databases that NERC utilizes and manages for ERO operations. The company does not presently have a database analyst on staff. The addition of a webmaster is necessary to support the day-to-day maintenance of NERC's website and associated applications, which are used extensively to support both internal and external knowledge management and communications. The increase of 1.32 FTEs over 2013 includes the hiring of the proposed 2014 additions and the 4% attrition assumption.

Contract and Consulting Resources to Support Ongoing Operations

The following text provides a description of required contractor and consulting support for ongoing operations, followed by a chart containing a three-year projection of costs. The 2014 budgeted amounts are also set forth in Exhibit C, with a comparison to 2013 budgeted amounts.

Security and Vulnerability Testing of NERC Website and Network — Ongoing intrusion detection and vulnerability testing of the NERC public website, NERC network, applications, and systems is an essential requirement of on-going operations. Testing is conducted by an outside vendor using the latest intrusion techniques to test the security of the NERC network. Multiple attempts are made to gain access, and any vulnerability identified is documented and provided to NERC IT for rapid remediation.

Maintenance and Redesign of NERC Legacy Applications — Utilizing resources included to support ongoing operations in 2014, NERC initiated a multiyear effort to replace several legacy applications, some initially coded over a decade ago and lacking many common features of modern, efficient software. Currently, there are over eight registration applications that provide Regional Entities, registered entities, governmental agencies, and general public access to NERC applications and data based on registration, vetting, and, if appropriate, approval to access data and applications. In addition, there are numerous other tools associated with the legacy registration applications that provide connectivity, security parameters, and other pieces of information that are then fed to several applications and databases. Each application and database is heavily used by NERC staff, Regional Entity staff and registered entities to perform various ERO-related business functions. These legacy applications are cumbersome, difficult to administer, require multiple registrations by registered entities, and lack many of the self-service features that are common in modern applications. This causes up to one hundred monthly NERC IT support tickets for assistance with resetting passwords, unknown or forgotten usernames, and a myriad of other technical support issues that would be minimized by contemporary technology.

Funding in this category for ongoing operations includes numerous software applications common to NERC business processes, such as the Standards Balloting System (SBS), ERO Membership, NERC My Account, User Management Profile, and Compliance Reporting and Tracking System (CRATS).

Disaster Recovery Planning – Consultant Services — Initial steps were taken in 2013 to set up, test, and implement applications deemed important for communicating during a disaster scenario. Calendar year 2015 will be used to further improve disaster recovery planning to include setting up those business applications required to be functional at an offsite location in the event access to the primary NERC offices has been impacted by an unforeseen event; IT will also further enhance and test NERC disaster recovery processes.

Security Program – Phased 2014–2016 — As outlined under the paragraph titled “Security and vulnerability testing of NERC website and network,” NERC IT performs a number of technology initiatives to ensure the security of the network and infrastructure. However, in order to continually improve security, a more holistic approach is required that implements technology improvements and constructs an overarching security program to ensure all aspects of security have been considered, including information classification, review of retention policies, and enforcement of security guidelines.

NERC Website Phase II and Document Management – Combined Knowledge Management — During 2012 and the first quarter of 2013, IT completed a major initiative to redesign and rewrite the NERC public website using SharePoint 2010. The effort was focused on moving to a much more flexible product that would lay the foundation for future website enhancements, such as an improved document library and navigation, and greatly improved analytics and search capability. IT will focus on two interrelated activities in 2014: NERC Website and Document Management, both of which are designed to improve knowledge management capability and streamline information posted on the public-facing website. NERC is planning to retain the services of an external consultant with expertise in document and content management systems to help assess NERC and stakeholder needs and to assist in redesigning the organization of the massive amount of files and information contained on the NERC website.

Vendor Maintenance/Change Management – ERO Applications — ERO Enterprise applications that were developed in 2013, such as the BES application, along with applications slated for development and implementation in 2014 will require enhancements to functionality as business processes are modified. In some instances, those enhancements may require considerable changes to user screens, workflow, or databases funded by this line item.

Audio Visual Architect (consultant) — NERC has 15 heavily used conference rooms designed to provide audio, visual, and in some instances video conference capability. The rooms were designed in 2011 prior to an in-depth understanding of their use to ensure they were designed for their specific purpose (e.g., NERC, Region, and industry training). In 2016, the audio visual and video conference equipment will be over five years old, and conducting an audiovisual assessment of room usage, along with recommendations for replacement equipment, would be best suited to an outside consulting firm that specializes in audiovisual equipment and installation.

Network Architect (consultant) — Consulting services are required to review, recommend, and implement solutions to re-architect the NERC internal network to align with industry best

practices thereby greatly simplifying the process of implementing applications and services while maintaining an emphasis on robust security.

Standards Issues Database — This database is designed to capture FERC directives and track actions taken by multiple NERC program areas to adhere to the directive by cataloging specific actions taken and tracking ongoing compliance. In addition, the database would be used for internal NERC risk control to ensure risks have been identified and actions taken to address these risks.

The table below summarizes the budgeted costs of ongoing operations.

Ongoing Operations	2014	2015	2016	3-Year Projection
Security vulnerability testing of NERC website and network	\$ 150,000	\$ 150,000	\$ 150,000	\$ 450,000
Maintenance and Re-Design of NERC Legacy Applications	\$ 554,000	\$ 554,000	\$ 500,000	\$ 1,608,000
Disaster Recovery Planning - Consultant Services	\$ -	\$ 150,000	\$ 150,000	\$ 300,000
Security Program - Phased 2014 – 2016	\$ 200,000	\$ 200,000	\$ 200,000	\$ 600,000
NERC Website Phase II and Document Management - Combined knowledge management	\$ 300,000	\$ 250,000	\$ 350,000	\$ 900,000
Vendor Maintenance / Change Management - ERO Applications	\$ 320,000	\$ 250,000	\$ 250,000	\$ 820,000
Audio Visual Architect (consultant)	\$ -	\$ -	\$ 25,000	\$ 25,000
Network Architect (consultant)	\$ -	\$ -	\$ 80,000	\$ 80,000
Standards Issues Database	\$ -	\$ -	\$ 75,000	\$ 75,000
Total Ongoing Operations	\$ 1,524,000	\$ 1,554,000	\$ 1,780,000	\$ 4,858,000

ERO Enterprise Applications

ERO Enterprise Applications are defined as those applications deemed to have similar business process and functions across NERC and the Regions. They are multi-year initiatives tailored to improve productivity and visibility to data and reduce complexity of managing multiple applications. In late 2012, NERC and the Regional Entities collectively formed an ERO Project

Management Office (ERO PMO) to oversee and manage the implementation of ERO Enterprise Applications. The ERO PMO follows well established project management methodologies to design, build, and implement ERO Enterprise Applications. These methodologies follow the global standards defined by the Project Management Institute (PMI) and encompass rigorous procedures for project planning, communications, contracts, resources, schedules, budgets, and risks. The ERO PMO, which is staffed by NERC personnel, works closely with and is supported by an IT steering group (ITSG) comprised of the senior IT representatives from each Regional Entity and NERC. It is governed by the terms of a charter approved by the ERO EMG. Internally, the ERO PMO reports directly to NERC's chief operating officer.

Each proposed ERO Enterprise Application goes through a multistep process to define the application's purpose and parameters, obtain executive sponsorship and funding approval, define business and functional requirements, and manage vendor selection. The ERO PMO processes also include well-defined tollgates and status reporting to ensure the project is meeting objectives during the execution. Each tollgate requires review and approval by the executive sponsor (typically an ERO EMG executive or executive designee), NERC program area officer for the lead program area the application is intended to support, and ITSG. At any point in the tollgate process, the project can be stopped for further review and remediation of issues.

The ERO Enterprise Applications outlined below have been determined to be strategic by ERO EMG over the 2014–2016 planning period, and each approved project is required to follow the ERO PMO process. Each project is closely monitored and managed by the assigned project manager, ensuring all processes are followed and required checkpoints and approvals are obtained from all project stakeholders.

During 2013, NERC and the Regional Entities worked collaboratively under the ERO PMO framework described above to design, build, and implement the BES enterprise application. Centrally located in a dedicated data center, the BES enterprise application will be used by NERC, Regional Entities, and registered entities to manage BES exception applications. Three additional ERO Enterprise Applications, the Event Information Data System (EIDS), Reliability Assessment Data Store (RADS), and Compliance and Registration applications, have been selected by the ERO EMG for development and implementation over the 2013–2016 time frame using the ERO PMO framework discussed above. These applications will be used by both NERC and the Regional Entities to perform required business and statutory functions, thereby reducing multiple disparate applications and databases into single, agreed-upon business applications. These applications will also be designed to provide a more cohesive view of data across applications and databases by NERC and the Regional Entity staffs. They will incorporate design features that allow the registered entities, along with the general public, access to reporting and analytics and will be designed to facilitate dashboards and reporting either with anonymous access, or—to enhance feature functionality—upon proper vetting and approval.

A description of EIDS and the associated development work and budget for 2014 is included in the Event Analysis department since this department has lead responsibility for the development of this tool. Similarly, a description of the RADS is included in the RAPA department, and a description of the Compliance and Registration application that is proposed to be developed in 2015 is included in the Compliance Operation department.

ERO Enterprise Fully Managed Services (dedicated hosting) — ERO Enterprise applications that have been deemed of similar business process and function will be implemented in a dedicated data center with fully outsourced IT services to encompass all infrastructure requirements (e.g., power, cooling, fire protection, security, backup, and recovery). In addition, all IT personnel activities (such as Microsoft Windows system administration, database services, help desk, and security) will be performed by a vendor chosen by NERC and the Regional Entities following the ERO PMO process discussed above. The dedicated hosting environment will be used to run, manage, and ensure that the ERO Enterprise applications used by NERC and the Regional Entities are housed in a common, well-secured, dedicated data center facility. This approach is designed to ensure the overall security, availability, efficiency, and cost-effectiveness of the operation and maintenance of the ERO Enterprise Applications.

Contract Project Management Support — Supplemental project management and business analyst support of the ERO PMO will be required to manage the foregoing ERO Enterprise Applications to ensure that rigorous project methodology is followed before, during, and after implementation. These resources will assist the ERO PMO in gathering the relevant business and functional requirements from NERC and the eight Regions, aggregate this information into a single cohesive requirements document, and then manage the design, build, and implementation process from inception to project closure.

Project Management Applications — Project management tools will be required over the planning period to track and monitor project resources throughout development and implementation to ensure scope is managed appropriately and projects are delivered on time and within budget. The tool would also be used by the Standards Program Area and would replace the existing tool, which lacks core capability and functionality to track activities.

The following table summarizes the projected Enterprise IT application development costs between 2014 and 2016.

Enterprise Applications	2014	2015	2016	3-Year Investment
Reliability Assessment Data Store (RADS) Development and Change Management Total ¹⁵ (Budgeted in RAPA)		\$700,000	\$120,000	\$820,000
Enterprise Compliance application ¹⁶ Development and Change Management (Budgeted in Compliance Operations)		\$1,650,000	\$1,000,000	\$2,650,000
ERO Enterprise Fully Managed Services (dedicated hosting)	\$420,000	\$480,000	\$540,000	\$1,440,000
ERO Enterprise Application Enhancement ¹⁷ (Budgeted as fixed asset in IT)	\$300,000	\$100,000	\$100,000	\$500,000
Contract Project Management Support ¹⁸ (Budgeted as fixed asset in IT)	\$410,000	\$540,000	\$540,000	\$1,490,000
Project Management Application (Budgeted as fixed asset in IT)	\$60,000	\$60,000	\$60,000	\$180,000
Total	\$1,190,000	\$3,530,000	\$1,860,000	\$6,580,000

2014 IT Operating and Capital Expense Budget

As indicated above, IT planning has been based on a multiyear strategy and is designed to reduce complexity, improve productivity, and gain a consolidated view of data across the ERO. Several criteria were considered during the planning phase, including the results of an IT architecture study conducted in late 2011, and the need for visibility to aggregate data across the ERO and improve collaboration among NERC and the Regions.

The NERC IT Architecture study determined that many of the ERO applications designed in prior years were shown to be in silos and were not integrate with other applications to obtain an aggregate view of interrelated information events or trending. The implementation of enterprise-class tools such as SharePoint, SQL Server 2008, Virtualization, and centralized data

¹⁵ Development of the RADS application may commence in 2014 and is identified as a known operating reserve contingency. 2014 funding will be subject to the availability of operating reserves to cover debt service (principal and interest cost) associated with financing the development of this application. See Exhibit E.

¹⁶ 2014 funding to define business requirements is included in the Compliance Operations department budget in connection with the Reliability Assurance Initiative.

¹⁷ The cost associated with the development of new software applications is expected to be financed. See Exhibit D for more information.

¹⁸ The cost associated with the contract project management support of the development of new applications is also expected to be financed.

warehouse capability is deemed critical for providing greater productivity and efficiency, enhanced visibility to data, and vastly improved collaboration.

2014 IT Operating Expenses

A summary of the major categories of IT Operating Expenses are set forth in the following table.

Office Costs	Budget 2013	Budget 2014	Variance
Telephone	\$ 175,000	\$ 225,000	
Internet	335,000	275,000	
Computer Supplies and Maintenance			
Computers	3,000	4,500	
Computer Supplies	116,900	95,400	
Maintenance & Service Agreements	1,226,325	1,539,370	
Software	37,500	140,500	
Total Office Costs	\$ 1,893,725	\$ 2,279,770	\$ 386,045

Telephone Expenses

Office telephone costs are items associated with cellular phone, mobile laptop cellular air card, bonded T1 Voice over Internet Protocol (VoIP) data circuits, and conference calling expenses.

- NERC-issued cell phones are provided to employees to ensure access and productivity before, during, and after business hours, and cost is minimized by leveraging pooled minutes. Individual NERC employees are provided with a basic pooled cell phone plan of 450 minutes, including a basic level subscription for texting and data. This plan is designed to ensure persons who travel frequently have additional cell phone minutes by taking advantage of limited usage by employees who travel less frequently. In addition, employees are encouraged to connect via wireless whenever possible to reduce cellular charges for data usage. The basic texting plan is provided for those instances when calling or email is not optimal. Cellular calling costs are included in the telephone expense item.
- Mobile laptop cellular air cards are provided to ensure connectivity while traveling or in locations where wireless connectivity is unavailable. Wireless or cellular connectivity to the NERC network is enabled using virtual private network technology to ensure maximum security, logging, and encryption.
- IT support persons are required to be available for support 24x7x365. That in almost all instances requires them to have access to systems and network via secure internet connectivity. Included in the line item "telephone" are those monthly costs associated with internet access for systems, application, network, and security to enable IT resources to provide support and conduct emergency and non-emergency patching of systems, routers, firewalls, etc., as required to ensure the stability of the NERC technology environment.
- Conference calling is conducted via an external service provider in order to minimize internal hardware, IT support, and internal conference lines capable of providing access

to an external audience. Information Technology conference calling, webinars, recorded events, etc., are included in the telephone cost line item.

- Bonded T1 circuits provide access for VoIP service for NERC desk phones in lieu of having a very expensive, support-intensive in-house phone switch (e.g., Private Branch Exchange) that requires senior-level telecommunication resources to support and manage.

Internet Expense

Internet expense is comprised of data circuits, Plain old Telephone Service (POTS), and redundant capability in the event of primary service provider failure.

Computers

Computers are items that do not meet the criteria to be considered a capital expense, such as desktop computers or iPads. Desktop computers enable conference webinars, internet access, training room functionality, etc., for those instances when a presenter does not have a computer device available to conduct presentations. In addition, on a case-by-case basis and as justified by extensive travel or consistent out of office meetings, NERC will provide an iPad with cellular data access for persons who require functionality but are unable to use a laptop for computing needs.

Computer Supplies

Computer supplies are expense items required for infrastructure support to include computer monitors, mice, keyboard, cell phones, cables, encrypted hard drives, encrypted thumb drives, encryption keys, uninterruptible power supplies (UPS), privacy screens, phone headsets, docking stations, computer memory, and any other computer supplies or components required to support the technology infrastructure.

Maintenance and Service Agreements

Maintenance and Service Agreements comprise those items required to support internal and external access to routers, switches, firewalls, intrusion protection, 100-fileservers, audiovisual, storage area network, data backup services, network and security monitoring, co-location data center services, video conferencing, digital certificates, and development and virtualization software. Service agreements related to the co-location data center, offsite backup of over one hundred terabytes of data, conference calling, and network and security monitoring consume a large portion of the maintenance and service agreements budget.

Software

Tools such as SharePoint Designer, Microsoft Visio, and Crystal Reports Developer are included under this line item. The tools are primarily used for NERC infrastructure purposes to develop SharePoint workflow, to create development process flows, and for reporting.

2014 IT Fixed Asset (Capital) Expenses

The following table presents a summary of NERC's 2014 fixed asset budget.

Fixed Assets	Budget 2013	Budget 2014	Variance
Computer & Software CapEx	\$ 1,556,100	\$ 2,258,800	
Equipment CapEx	\$ 216,000	\$ 213,000	
	\$ 1,772,100	\$ 2,471,800	\$ 699,700

Providing access, visibility, and analysis of data from many different sources across the ERO will require significant investment in hardware, software, and associated tools and technology. The overarching theme is to gain a holistic view of data across the enterprise to support reliability and accountability of the BPS. Adding capability to centralize and mine data, in addition to foundational elements such as disaster recovery and application development, set the stage for vastly improved reporting, business intelligence and capability for collaboration, and sharing of information vital to the ERO’s mission.

In addition to the investments described above to support efficiency and consistency across the enterprise, the 2014 budget also includes the cost of software, servers, laptops, and other hardware to support daily operations.

As further described in Exhibit D, NERC plans to finance a portion of these capital assets consisting primarily of software development costs and hardware.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
INFORMATION TECHNOLOGY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 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 (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 1,651,076	\$ 1,821,378	\$ 170,302	\$ 2,013,859	\$ 362,783
Payroll Taxes	114,954	115,399	445	136,366	21,412
Benefits	224,184	230,278	6,094	317,097	92,913
Retirement Costs	178,464	177,072	(1,392)	229,767	51,303
Total Personnel Expenses	<u>\$ 2,168,678</u>	<u>\$ 2,344,127</u>	<u>\$ 175,449</u>	<u>\$ 2,697,089</u>	<u>\$ 528,411</u>
Meeting Expenses					
Meetings	\$ 5,000	\$ 7,231	\$ 2,231	\$ 5,000	\$ -
Travel	62,000	59,243	(2,757)	59,243	(2,757)
Conference Calls	4,800	4,800	-	4,800	-
Total Meeting Expenses	<u>\$ 71,800</u>	<u>\$ 71,273</u>	<u>\$ (527)</u>	<u>\$ 69,043</u>	<u>\$ (2,757)</u>
Operating Expenses					
Consultants & Contracts	\$ 2,721,000	\$ 1,715,846	\$ (1,005,154)	\$ 1,944,000	\$ (777,000)
Office Rent	-	-	-	-	-
Office Costs	1,893,725	2,249,955	356,230	2,279,770	386,045
Professional Services	-	2,500	2,500	-	-
Miscellaneous	500	100	(400)	500	-
Depreciation	1,123,002	1,179,176	56,174	1,330,443	207,441
Total Operating Expenses	<u>\$ 5,738,227</u>	<u>\$ 5,147,577</u>	<u>\$ (590,650)</u>	<u>\$ 5,554,713</u>	<u>\$ (183,514)</u>
Total Direct Expenses	<u>\$ 7,978,705</u>	<u>\$ 7,562,978</u>	<u>\$ (415,727)</u>	<u>\$ 8,320,845</u>	<u>\$ 342,140</u>
Indirect Expenses	<u>(7,978,705)</u>	<u>(7,618,324)</u>	<u>\$ 360,381</u>	<u>(8,320,845)</u>	<u>(342,140)</u>
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	<u>\$ -</u>	<u>\$ (55,346)</u>	<u>\$ (55,346)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Change in Assets	<u>\$ -</u>	<u>\$ 55,346</u>	<u>\$ 55,346</u>	<u>\$ -</u>	<u>\$ 0</u>
Fixed Assets					
Depreciation	(1,123,002)	(1,179,176)	(56,174)	(1,330,443)	(207,441)
Computer & Software CapEx	1,556,100	873,864	(682,236)	2,258,800	702,700
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	216,000	514,531	298,531	213,000	(3,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (649,098)	\$ (209,219)	439,879	\$ (1,141,357)	\$ (492,259)
Inc(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ -</u>	<u>\$ (55,346)</u>	<u>\$ (55,346)</u>	<u>\$ -</u>	<u>\$ (0)</u>
FTEs	16.75	15.88	(0.87)	18.07	1.32

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries, payroll tax and retirement expenses are projected to increase in 2014 due primarily to the increase in FTEs. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Consultants and Contracts** – The decrease is primarily due to a reclassification of consulting services that support the development of enterprise applications to fixed assets as a capitalized cost of the project.
- **Office Costs** – The increase is primarily related to software and hardware annual maintenance agreements and data center hosting expense.

Human Resources

Human Resources (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.00	2.88	(0.12)
Total Direct Expenses	\$ 1,527,797	\$ 1,104,974	\$ (422,823)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -

Background and Scope

Human Resources (HR) 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. Management has implemented a robust, objective, and auditable performance management system to track corporate, departmental, and individual performance against pre-established goals, objectives, and measures. Each year NERC continues to refine and improve this system. In 2012 NERC implemented a new time accounting system to facilitate tracking of time by functional activities or, where appropriate, specific projects.

2014 Goals and Objectives

Executive Training and Development

As the risk-based methodology to improve reliability is further developed and deployed, NERC will use experienced consultants to provide strategic guidance and training for the executive team to frame problems according to highest potential risk factors and prioritize them to solve big issues. The executive leadership team may also receive additional training and development initiatives geared toward promoting collaboration and consensus building to improve knowledge sharing.

Staff Development

Management believes that access to knowledge is a key differentiator for NERC and that it ensures retention and high performance. Therefore, NERC will invest in learning opportunities for staff in several areas. First, HR will continue to host and optimize an e-learning platform, SkillSoft, to provide staff resources for improving soft and technical skills. Second, HR will provide staff development training through real-world access via tours of and training on control centers, electric substations, and power plants. Finally, staff will have access to additional education, including but not limited to degree-oriented university education, pursuit of specialized certifications, and other in-house and external training that provides essential knowledge and skills development that will lead to improved staff performance.

Compensation Consulting

HR will continue to rely on market data to drive its attraction, engagement, and retention model. Periodically, HR will have a compensation consultant examine the current market data to ensure that decisions affecting compensation are made in light of the current market climate

and that qualified employees are attracted and retained within a defined total remuneration range. To protect NERC's substantial investment in human capital, HR will also engage consultants to consider compensation models and practices prevalent within the market that have been successful in attracting, engaging, and retaining talent. Similarly, HR may partner with compensation subject matter experts to perform periodic assessments of the BOT compensation model to ensure alignment with market practices. NERC's compensation policy and analysis of market data will be based on total remuneration, taking into account base and incentive compensation, as well as benefits.

Surveys

HR will retain a vendor to conduct periodic Board of Trustees and committee effectiveness surveys to identify improvement opportunities. HR will also launch additional surveys as appropriate, based on business needs.

Succession Planning

Minimizing disruption of knowledge/skill/experience bases of key staff is critical to continued success toward ensuring the reliability of the BPS. HR will work with senior management to identify essential roles and develop strategies to build pipelines and contingency plans for any loss of staff.

HR Products and Services Automation

Paramount to an effective and efficient HR department is the use of electronic and automated products and services. HR will continue to operate, maintain, and investigate investment in additional electronic platforms for HR support services.

Resource Requirements

Personnel

No additional personnel are proposed to be added in 2014. The 0.12 decrease in FTEs over 2013 is due to the assumption of 4% attrition in all departments.

Contractor Expenses

Contractor and consultant expenses are \$31k below 2013 budgeted amounts and are set forth in additional detail in Exhibit C.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
HUMAN RESOURCES					
	2013	2013	Variance	2014	Variance
Funding	Budget	Projection	v 2013 Budget	Budget	v 2013 Budget
			Over(Under)		Over(Under)
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 498,724	\$ 482,804	\$ (15,920)	\$ 595,009	\$ 96,285
Payroll Taxes	22,610	23,574	964	23,428	818
Benefits	573,737	189,635	(384,102)	50,539	(523,198)
Retirement Costs	41,348	43,454	2,106	42,721	1,373
Total Personnel Expenses	\$ 1,136,419	\$ 739,467	\$ (396,952)	\$ 711,697	\$ (424,722)
Meeting Expenses					
Meetings	\$ 5,000	\$ 1,500	\$ (3,500)	\$ 2,000	\$ (3,000)
Travel	21,000	10,897	(10,103)	10,897	(10,103)
Conference Calls	600	600	-	600	-
Total Meeting Expenses	\$ 26,600	\$ 12,997	\$ (13,603)	\$ 13,497	\$ (13,103)
Operating Expenses					
Consultants & Contracts	\$ 288,500	\$ 353,175	\$ 64,675	\$ 257,500	\$ (31,000)
Office Rent	-	-	-	-	-
Office Costs	42,500	16,838	(25,662)	16,500	(26,000)
Professional Services	23,278	64,449	41,171	80,280	57,002
Miscellaneous	10,500	10,500	-	25,500	15,000
Depreciation	-	3,867	3,867	-	-
Total Operating Expenses	\$ 364,778	\$ 448,829	\$ 84,051	\$ 379,780	\$ 15,002
Total Direct Expenses	\$ 1,527,797	\$ 1,201,293	\$ (326,504)	\$ 1,104,974	\$ (422,823)
Indirect Expenses	\$ (1,527,797)	\$ (1,201,293)	\$ 326,504	\$ (1,104,974)	\$ 422,823
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ 0	\$ -	\$ (0)
Change in Assets	\$ -	\$ -	\$ (0)	\$ -	\$ 0
Fixed Assets					
Depreciation	-	(3,867)	(3,867)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ 3,867	\$ 3,867	-	-
Inc(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ 0	\$ -	\$ (0)
FTEs	3.00	3.00	-	2.88	(0.12)

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries expense includes a total corporate budget for employment agency fees and temporary office services. The budget for these expenses was increased \$43.5k in 2014 based upon 2013 actual trends. Salaries expense also increased due to an increase in the average salary expense per FTE offset by the 4% attrition rate applied to all departments. Benefits are projected to decrease due to the allocation of benefit expenses, including education, training and relocation expenses, across all departments rather than being budgeted solely in Human Resources as in prior years.
- **Travel** – The decrease is based upon 2013 actual trending.
- **Consultants and Contracts** – The decrease is primarily due to a reduction in consultant and contract support for staff training and development.
- **Office Costs** – The decrease is primarily related to the reclassification of monthly fees for performance management software to professional services.
- **Professional Services** – The increase is due to the reclassification of performance management software from office costs, as described above, and additional services related to automated benefits enrollment and management of benefits under the Family Medical Leave Act.
- **Miscellaneous** – The increase is for year-end holiday catering expenses and an increase in costs to support employee community responsibility and engagement activities.

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	11.00	12.48	1.48
Total Direct Expenses	\$ 2,201,294	\$ 2,617,147	\$ 415,853
Inc(Dec) in Fixed Assets	\$ (798)	\$ -	\$ 798

Background and Scope

NERC's Finance and Accounting department manages all finance and accounting functions, including employee payroll, 401(k) and 457(b) plans, travel and expense reporting, monthly financial reporting, sales and use tax, meeting and 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. Over the past several years, NERC's Finance and Accounting department implemented additional policies, procedures, and controls governing day-to-day practices including contract and personnel procurements, meeting, conference planning and travel, expense reimbursement, and back office systems and procedures. The department will continue to refine, improve, and where necessary implement additional procedures and controls.

Resource Requirements

Personnel

With the exception of converting a contractor who is currently providing office support services into a full-time employee, no new FTE additions are planned for 2014. The increase of 1.48 FTEs reflects 2013 additions and the assumption of 4% attrition.

Contractor Expenses

A total of \$400k is budgeted for outside contractor and consulting support, representing an increase of \$75k over the 2013 budget. These costs are primarily for outside professional support for auditors to support various risk management and internal control initiatives, as well as to provide finance and accounting support.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
FINANCE and ACCOUNTING					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection v 2013 Budget Over(Under)	Budget	2014 Budget v 2013 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 (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 1,230,355	\$ 1,347,398	\$ 117,043	\$ 1,379,476	\$ 149,121
Payroll Taxes	70,460	72,958	2,498	81,128	10,668
Benefits	149,964	148,755	(1,209)	219,002	69,038
Retirement Costs	140,368	132,326	(8,042)	155,391	15,023
Total Personnel Expenses	<u>\$ 1,591,146</u>	<u>\$ 1,701,437</u>	<u>\$ 110,290</u>	<u>\$ 1,834,997</u>	<u>\$ 243,850</u>
Meeting Expenses					
Meetings	\$ 5,000	\$ 5,000	\$ -	\$ 5,650	\$ 650
Travel	62,500	62,500	-	62,500	-
Conference Calls	1,850	5,000	3,150	4,000	2,150
Total Meeting Expenses	<u>\$ 69,350</u>	<u>\$ 72,500</u>	<u>\$ 3,150</u>	<u>\$ 72,150</u>	<u>\$ 2,800</u>
Operating Expenses					
Consultants & Contracts	\$ 325,000	\$ 642,822	\$ 317,822	\$ 400,000	\$ 75,000
Office Rent	-	-	-	-	-
Office Costs	28,500	30,330	1,830	29,500	1,000
Professional Services	186,000	327,662	141,662	280,000	94,000
Miscellaneous	500	500	-	500	-
Depreciation	798	2,196	1,398	-	(798)
Total Operating Expenses	<u>\$ 540,798</u>	<u>\$ 1,003,510</u>	<u>\$ 462,712</u>	<u>\$ 710,000</u>	<u>\$ 169,202</u>
Total Direct Expenses	<u>\$ 2,201,294</u>	<u>\$ 2,777,447</u>	<u>\$ 576,152</u>	<u>\$ 2,617,147</u>	<u>\$ 415,852</u>
Indirect Expenses	<u>\$ (2,201,294)</u>	<u>\$ (2,777,447)</u>	<u>\$ (576,153)</u>	<u>\$ (2,617,147)</u>	<u>\$ (415,853)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (2)</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>
Fixed Assets					
Depreciation	(798)	(2,196)	(1,398)	-	798
Computer & Software CapEx	-	2,495	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 798	\$ (299)	\$ (1,097)	-	(798)
Inc(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,495)</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,497)</u>	<u>\$ -</u>	<u>\$ (2)</u>
FTEs	11.00	11.02	0.02	12.48	1.48

Summary of Variances by Category – 2014 Budget Compared to the 2013 Budget

- **Personnel** – Salaries, payroll tax and retirement expenses are projected to increase in 2014 due primarily to the increase in FTEs. Benefits are projected to increase at a higher rate than other personnel expenses due to: (i) the higher cost per employee of employee benefits plans and, (ii) the allocation of benefit expenses that were budgeted in Human Resources in prior years, including education, training and relocation expenses.
- **Consultants and Contracts** - Primarily for outside professional support for auditors to support various risk management and internal control initiatives, as well as to provide finance and accounting support.
- **Professional Services** – The increase is due to implementation of new systems to improve efficiency and controls in processing expenses.

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital and Operating Reserve Analysis					
Statutory					
	Total Reserves	Working Capital¹	Known Contingencies	Unknown Contingencies	Operator Certification
Beginning Balance					
Balance as of 12/31/12 - per audit	8,167,396	3,667,844	1,000,000	1,933,590	1,565,962
Release of penalty funding from restriction	2,512,500			2,512,500	
Less: Adjustment for future liabilities	(3,667,844)	(3,667,844)			
Available Working Capital and Operating Reserves	7,012,052	-	1,000,000	4,446,090	1,565,962
Generation or (Use) from 2013 Operations					
From budgeted operations	6,212			6,212	
From Known and Unknown Contingency Reserves ²	(3,311,246)		(836,706)	(2,115,324)	(359,216)
Proceeds from financing activities (non-current portion only)	843,000			843,000	
Amortize adjustment for future liabilities	(120,801)			(120,801)	
Projected Working Capital and Operating Reserves - 12/31/13	4,429,217	-	163,294	3,059,177	1,206,746
Required Working Capital and Operating Reserves - 12/31/13³					
Required Working Capital and Operating Reserves - 12/31/13³	6,635,548	3,867,055	1,000,000	1,000,000	768,493
Adjustment to achieve required reserve balance	(1,660,724)		836,706	(2,059,177)	(438,253)
	-		-		
Increase(decrease) in funding requirement to adjust reserve balance	(1,660,724)	-	836,706	(2,059,177)	(438,253)
2014 NERC Assessment					
2014 Expenses and Capital Expenditures	56,390,096			54,931,402	1,458,695
Less: Penalty Sanctions received 7/1/12 - 6/30/13	(290,000)			(290,000)	
Less: Other Funding Sources	(2,044,000)			(1,023,558)	(1,020,442)
Adjustment to achieve desired reserve balance	(1,660,724)	-	836,706	(2,059,177)	(438,253)
Less: Proceeds from financing activities	(1,415,990)				
Plus: Amortization of Debt	422,000				
2014 NERC Assessment	51,401,382				

¹As further explained in the discussion of the Working Capital Reserve amount in Exhibit E, funds classified as Working Capital offset future, non-current liabilities and are restricted from use for current operations. The \$3,867,055 required balance as of 12/31/13 is \$199,211 higher than the \$3,667,844 balance as of 12/31/12, and represents additional funds received in connection with the expansion of the Atlanta offices.

² The use of Unknown Contingency reserves includes the \$2,033,600 budgeted reduction in reserves in 2013.

³ On August 15, 2013, the NERC Board of Trustees approved the Working Capital and Operating Reserve Policy at 12/31/13.

Breakdown by Statement of Activity Sections

The following detailed schedules support the consolidated Statement of Activities. All significant variances were disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2013 are to be used to offset assessments in the 2014 Budget, as documented in *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, 2013 through June 30, 2014 will be used to offset assessments in the 2015 budget.

All penalties received prior to June 30, 2013 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 Operations and Organization Registration and Certification, Compliance Enforcement, Reliability Assessments and Performance Analysis, Training and Education, Situational Awareness, Events Analysis and Investigations, and the Critical Infrastructure Department. 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, 2013		
	Date Received	Amount Received
	2/7/2013	\$ 250,000
	5/28/2013	40,000
Total Penalties Received		<u>\$ 290,000</u>

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
Reliability Standards				
Workshops	\$ 104,000	\$ 104,000	\$ 104,000	\$ -
Interest Allocation	3,970	4,224	3,976	6
Total	\$ 107,970	\$ 108,224	\$ 107,976	\$ 6
Compliance Operations, Investigations and Enforcement				
Workshops	\$ 40,000	\$ 20,000	\$ 40,000	\$ -
Interest Allocation	6,742	6,471	6,332	(410)
Total	\$ 46,742	\$ 26,471	\$ 46,332	\$ (410)
Reliability Assessments and Performance Analysis				
pc_GAR Software	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
GADS Services	-	-	-	-
Workshops	40,000	40,000	40,000	-
Interest Allocation	2,809	2,780	2,913	104
Total	\$ 42,809	\$ 92,780	\$ 92,913	\$ 50,104
Training and Education				
Testing Fees and Certificate Renewals	\$ 1,080,000	\$ 1,080,000	\$ 1,020,000	\$ (60,000)
CEH Fees	600,000	600,000	600,000	-
Workshops	-	-	-	-
Interest Allocation	1,199	1,250	1,252	53
Total	\$ 1,681,199	\$ 1,681,250	\$ 1,621,252	\$ (59,947)
Event Analysis				
Workshops	\$ 52,000	\$ 38,100	\$ 50,000	\$ (2,000)
Interest Allocation	1,423	1,522	1,473	49
Total	\$ 53,423	\$ 39,622	\$ 51,473	\$ (1,951)
Situation Awareness				
Workshops	\$ 105,000	\$ 75,850	\$ 75,000	\$ (30,000)
FIST Royalties	-	7,000	-	-
Interest Allocation	974	835	957	(17)
Total	\$ 105,974	\$ 83,685	\$ 75,957	\$ (30,017)
Critical Infrastructure Protection				
Workshops	\$ 95,000	\$ 95,000	\$ 45,000	\$ (50,000)
Interest Allocation	2,884	2,917	3,098	215
Total	\$ 97,884	\$ 97,917	\$ 48,098	\$ (49,785)
General and Administrative				
Miscellaneous Income	\$ -	\$ 224	\$ -	\$ -
Total	\$ -	\$ 224	\$ -	\$ -
Total Outside Funding	\$ 2,136,000	\$ 2,130,174	\$ 2,044,000	\$ (92,000)

Explanation of Significant Variances – 2014 Budget Compared to the 2013 Budget

- Reliability Assessments and Performance Analysis – pc-GAR Historically, NERC charged nominal license fees to help defray a portion of the costs of operating, maintaining, and administering pc-GAR, a complex legacy software application used to provide industry with access to certain generator and transmission data. In response to its 2013 business plan and budget (in which NERC indicated it would discontinue the licensing of this software and data availability and therefore excluded any projection of licensing fees in its 2013 budget), NERC received additional feedback from industry expressing a strong desire for continuing to provide access. Upon further view and consideration, NERC management felt that it was important to retain control of the licensing in order to ensure the protection of confidential information and that the assessment activities performed by RAPA would also benefit from the continued industry utilization of pc-GAR. As previously described under the RAPA section of this business plan and budget, NERC expects to commence development of a replacement software application for pc-GAR in Q4 2013 and no specific funding is included in the 2014 business plan and budget for this activity. However, given that this work has not yet been completed, the possibility exists that funding from reserves may be required in 2014, subject to the availability of reserves and other funding priorities. The pc-GAR 2014 projected fees will be used to offset development costs of the replacement application, as well operation and maintenance costs of the existing and replacement applications.
- Training and Education – The PCGC estimates a few number of certificate renewals will be processed in 2014.
- Situation Awareness – Reduced number of workshops due to the transition of the synchrophasor technology (NASPI) to the private sector.
- Critical Infrastructure Protection – Workshop fees associated with the Grid Security Conference are budgeted to be lower in 2014.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Total Salaries	\$ 24,056,165	\$ 24,965,038	\$ 26,218,572	\$ 2,162,407	9.0%
Total Payroll Taxes	1,459,710	1,473,809	1,570,954	111,244	7.6%
Total Benefits	3,079,941	2,917,558	3,385,917	305,976	9.9%
Total Retirement	2,702,588	2,264,996	2,884,211	181,623	6.7%
Total Personnel Costs	\$ 31,298,404	\$ 31,621,401	\$ 34,059,654	\$ 2,761,250	8.8%
FTEs	186.25	176.12	189.53	3.28	1.8%
Cost per FTE					
Salaries	\$ 129,161	\$ 141,750	\$ 138,335	9,174	7.1%
Payroll Taxes	7,837	8,368	8,289	451	5.8%
Benefits	16,537	16,566	17,865	1,328	8.0%
Retirement	14,511	12,861	15,218	707	4.9%
Total Cost per FTE	\$ 168,045	\$ 179,545	\$ 179,706	\$ 11,661	6.9%

Explanation of Significant Variances – 2014 Budget Compared to the 2013 Budget

The increase in salaries, payroll taxes and retirement expenses is due to additional FTEs and salary increases, which is budgeted at 2.5% over 2013, the addition of more senior staff in 2013, and the need to pay higher compensation than previously budgeted to attract employees to fill vacant positions. The average cost per FTE is also affected by the 4% attrition rate assumption, which reduced the total number of FTEs budgeted in all departments. The assumed attrition factor for 2013, which was 3%, reduced the budgeted expense but not the number of FTEs. In addition to the increase in the number of FTEs on staff, benefits are budgeted to increase 9% in 2014 over 2013.

Consultants and Contracts

Table B-5

NOTE: This table has been replaced by Exhibit C

Office Rent**Table B-6**

Rent	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Office Rent	\$ 2,756,840	\$ 2,695,217	\$ 2,617,300	\$ (139,540)	-5.06%
Total Office Rent	\$ 2,756,840	\$ 2,695,217	\$ 2,617,300	\$ (139,540)	-5.06%

The decrease in rent expense is due to a change in accounting related to refunds of excess tenant improvement allowances in the Atlanta and Washington, DC offices.

Office Costs

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Telephone	\$ 527,000	\$ 605,852	\$ 628,000	\$ 101,000	19.17%
Telephone Answering Srv	-	2,609	-	-	
Internet	354,000	562,549	310,000	(44,000)	-12.43%
Office Supplies	172,500	208,240	199,300	26,800	15.54%
Computer Supplies and Maintenance	-	-	-	-	
Computers	3,000	8,423	4,500	1,500	50.00%
Computer Supplies	116,900	127,031	95,400	(21,500)	-18.39%
Maintenance & Service Agreements	1,404,265	1,457,919	1,701,029	296,764	21.13%
Software	38,500	9,036	141,500	103,000	267.53%
Network Supplies	-	10,471	-	-	
Publications & Subscriptions	73,000	75,002	32,995	(40,005)	-54.80%
Dues	42,750	40,006	41,750	(1,000)	-2.34%
Postage	20,100	16,841	19,600	(500)	-2.49%
Express Shipping	64,500	35,553	34,000	(30,500)	-47.29%
Copying	135,000	104,415	115,000	(20,000)	-14.81%
Reports	8,000	8,000	8,000	-	0.00%
Stationary/Forms	15,000	100	10,000	(5,000)	-33.33%
Equipment Repair/Service Contracts	30,000	72,405	70,000	40,000	133.33%
Bank Charges	25,000	60,000	20,000	(5,000)	-20.00%
Taxes	50,000	7,565	15,000	(35,000)	-70.00%
Merchant Card Fees	102,000	76,161	85,000	(17,000)	-16.67%
Total Office Costs	\$ 3,181,515	\$ 3,488,178	\$ 3,531,074	\$ 349,559	10.99%

Explanation of Significant Variances – 2014 Budget Compared to the 2013 Budget

- The increase in Office Costs is primarily due to increased cellular and air card expenses and due to higher costs for annual maintenance and service costs, which are primarily related to software and hardware annual maintenance agreements and data center hosting expense.
- The increase in Maintenance and Service Agreements is primarily due to increases in maintenance agreements associated with the use of numerous software products.
- The increase in Software is for increased license fees for new and existing products, such as Adobe and Microsoft Project.
- The decrease in Publications and Subscriptions is due to the reclassification of costs associated with intelligence reporting services from office costs to consultant and contract costs.
- The increase in Equipment Repair/Service Contracts and the decreases in Express Shipping, Copying, Stationary, Bank Charges, Taxes and Merchant Card Fees are based on 2013 projected costs.

Professional Services

The Professional Services budget includes a projected increase in trustee fees.¹⁹ \$70k has also been budgeted for a search fee for a new Trustee to fill the vacancy of an existing Trustee whose term limit expires in February 2015. The projected increase in outside services costs is primarily related to consulting costs to implement accounting system improvements and support. These increases are offset by a reduction in projected outside counsel expenses.

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Independent Trustee Fees	\$ 980,000	\$ 980,000	\$ 1,000,000	\$ 20,000	2.04%
Trustee Search Fee	-	-	70,000	70,000	
Outside Legal	900,000	900,000	740,000	(160,000)	-17.78%
Lobbying Fees	50,000	50,000	50,000	-	0.00%
Accounting & Auditing Fees	242,278	242,278	150,000	(92,278)	-38.09%
Insurance Commercial	110,000	110,000	100,000	(10,000)	-9.09%
Outside Services		56,815	180,280	180,280	
Total Services	\$ 2,282,278	\$ 2,339,093	\$ 2,290,280	\$ 8,002	0.35%

Miscellaneous

Table B-9

Miscellaneous Expenses	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Miscellaneous Expense	\$ 6,500	\$ 5,405	\$ 6,500	\$ -	
Employee Rewards and Recognition	\$ 10,000	10,000	10,000	-	0.00%
Community Resp & Employee Engagement	5,000	5,000	10,000	5,000	100.00%
Year-end Holiday Catering			10,000	10,000	
Total Miscellaneous Expenses	\$ 21,500	\$ 20,405	\$ 36,500	\$ 15,000	69.77%

A further discussion of these expenses may be found in Section A under the General and Administrative department.

¹⁹ For further information regarding the increase in Trustee fees may be found in the background materials to Agenda Item 2 on the August 14, 2013 Corporate Governance and Human Resources Committee agenda.

Other Non-Operating Expenses**Table B-10**

Other Non-Operating Expenses	2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Gain/Loss from Sale of Assets	\$ -	\$ -	\$ -	\$ -	
Property Tax Expense	\$ 50,000	50,000	\$ 50,000	-	
Office Relocation	-		-	-	
Interest			94,000	94,000	
Total Other Non-Operating Expenses	\$ 50,000	\$ 50,000	\$ 144,000	\$ 94,000	188.00%

The budgeted interest expense is detailed in the Capital Financing program, Exhibit D.

Section C — Non-Statutory Activity

NERC has no non-statutory activities.

Section D — Supplemental Financial Statements

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION STATEMENT OF FINANCIAL POSITION

	12/31/2012 - per Audit	12/31/2013 - Projection	12/31/2014 - Projection	12/31/2015 - Projection	12/31/2016 - Projection
ASSETS					
Cash	27,936,696	17,881,732	16,108,351	15,477,700	14,848,610
Trade Accounts receivable, net of allowance for uncollectible accounts of 62,573 and 179,565 in 2012 and 2011	4,281,602	4,281,602	4,281,602	4,281,602	4,281,602
Other Receivables	-	-	-	-	-
Prepaid expenses and other current assets	888,087	888,087	888,087	888,087	888,087
Security deposit	114,903	99,136	99,136	99,136	99,136
Cash value of insurance policies	337,414	337,414	337,414	337,414	337,414
Employee Fiduciary - 457b	118,243	118,243	118,243	118,243	118,243
Property and equipment	5,220,210	6,548,907	7,333,691	10,771,485	11,723,280
Total Assets	38,897,155	30,155,121	29,166,524	31,973,668	32,296,372
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses (incl, vacation accrual)	2,959,896	2,959,896	2,959,896	2,959,896	2,959,896
Accrued Incentive Comp	2,911,359	3,780,127	3,792,317	3,792,317	3,792,317
Deferred income	5,177,751	5,177,751	5,177,751	5,177,751	5,177,751
Regional assessments	9,614,829	-	-	-	-
Deferred rent-current	120,801	182,421	259,950	329,605	395,953
Deferred compensation (Def. comp; 457b; retiree medical)	736,019	736,019	736,019	736,019	736,019
Accrued retirement liabilities	1,410,466	1,575,000	1,640,591	1,640,591	1,640,591
Capital lease obligations - current	65,928	65,928	65,928	65,928	65,928
Capital Project Financing - Current Portion	-	422,000	894,000	1,910,000	1,889,000
Deferred rent - non-current	3,620,736	3,819,947	3,553,110	3,233,179	2,846,900
Capital lease obligations - non-current	47,108	47,108	47,108	47,108	47,108
Capital Project Financing - non-current	-	843,000	1,364,990	2,504,990	1,815,990
Total Liabilities	26,664,893	19,609,197	20,491,660	22,397,384	21,367,453
Net Assets - unrestricted	9,719,762	10,255,924	8,674,864	9,576,284	10,928,920
Net Assets - restricted	2,512,500	290,000	-	-	-
Total Liabilities and Net Assets	38,897,155	30,155,121	29,166,524	31,973,668	32,296,373

Statement of Activities

Next page.

NORTH AMERICAN ELECTRIC RELIABILITY COPORATION

Statement of Activities, Fixed Asset Expenditures and Change in Working Capital by Program 2014 Budget	Statutory Activities														
	Statutory Total	Reliability Standards (Section 300)	Compliance Operations, Investigations and Organization Registration and Certification	Compliance Enforcement	Reliability Assessment and Performance Analysis	Operator Certification	Training and Continuing Education	Event Analysis	Situation Awareness and Infrastructure Security	Critical Infrastructure Protection	General and Administrative (Includes Executive and Gov't Relations)	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding															
ERO Funding															
NERC Assessments	51,401,382	10,000,443	9,400,511	6,350,810	8,214,496		1,665,959	3,975,065	4,493,115	9,517,444	(2,216,461)	-	-	-	-
Penalty Sanctions	290,000	58,951	52,401	41,484	43,190		12,008	21,834	14,192	45,941		-	-	-	-
Total NERC Funding	51,691,382	10,059,394	9,452,912	6,392,293	8,257,686		1,677,968	3,996,898	4,507,307	9,563,386	(2,216,461)	-	-	-	-
Membership Dues	-														
Testing Fees	1,620,000					1,020,000	600,000								
Services & Software	50,000				50,000										
Workshops	354,000	104,000	40,000		40,000			50,000	75,000	45,000					
Interest	20,000	3,976	3,534	2,798	2,913	442	810	1,473	957	3,098					
Miscellaneous	-														
Total Funding (A)	53,735,382	10,167,369	9,496,446	6,395,091	8,350,598	1,020,442	2,278,778	4,048,371	4,583,264	9,611,484	(2,216,461)	-	-	-	-
Expenses															
Personnel Expenses															
Salaries	26,218,572	3,308,688	3,192,809	2,043,427	2,604,058	243,369	562,747	1,470,290	915,216	3,220,485	2,031,740	2,637,399	2,013,859	595,009	1,379,476
Payroll Taxes	1,570,954	210,130	202,068	132,855	159,156	17,411	39,508	91,480	60,207	191,249	89,250	136,718	136,366	23,428	81,128
Benefits	3,385,917	454,850	404,311	320,080	333,241	50,539	92,655	168,463	109,501	354,474	245,309	265,856	317,097	50,539	219,002
Retirement Costs	2,884,211	377,588	364,901	234,210	294,179	28,185	63,655	167,286	104,293	366,598	158,550	296,887	229,767	42,721	155,391
Total Personnel Expenses	34,059,654	4,351,256	4,164,089	2,730,572	3,390,634	339,504	758,565	1,897,519	1,189,217	4,132,806	2,524,849	3,336,860	2,697,089	711,697	1,834,997
Meeting Expenses															
Meetings	1,052,150	185,000	70,000	2,500	90,000	21,000	15,000	67,000	171,000	145,000	268,000	5,000	5,000	2,000	5,650
Travel	2,419,525	400,000	312,657	85,298	385,000	20,000	31,000	155,000	28,020	328,428	421,482	120,000	59,243	10,897	62,500
Conference Calls	317,851	123,748	16,574	5,081	31,950	500	25,000	31,864	4,000	32,574	24,206	12,953	4,800	600	4,000
Total Meeting Expenses	3,789,525	708,748	399,232	92,879	506,950	41,500	71,000	253,864	203,020	506,003	713,688	137,953	69,043	13,497	72,150
Operating Expenses															
Consultants & Contracts	6,828,973		400,000		638,085	473,000	375,830	-	1,289,108	976,450	75,000		1,944,000	257,500	400,000
Office Rent	2,617,300										2,617,300				
Office Costs	3,506,074	90,350	73,500	41,000	139,135	47,300	51,000	38,519	47,750	86,250	502,000	63,500	2,279,770	16,500	29,500
Professional Services	2,290,280										1,170,000	760,000		80,280	280,000
Miscellaneous	36,500	500	500	500	500		500	500	500	500	5,500	500	500	25,500	500
Depreciation	2,333,006				228,000			193,667	161,498		419,399		1,330,443		
Total Operating Expenses	17,612,133	90,850	474,000	41,500	1,005,720	520,300	427,330	232,686	1,498,856	1,063,200	4,789,199	824,000	5,554,713	379,780	710,000
Total Direct Expenses	55,461,313	5,150,854	5,037,321	2,864,951	4,903,304	901,304	1,256,895	2,384,069	2,891,092	5,702,009	8,027,736	4,298,813	8,320,845	1,104,974	2,617,147
Indirect Expenses	0	4,872,999	4,331,554	3,429,147	3,570,148	541,444	992,648	1,804,814	1,173,129	3,797,630	(8,171,736)	(4,298,813)	(8,320,845)	(1,104,974)	(2,617,147)
Other Non-Operating Expenses	144,000	-	-	-	-	-	-	-	-	-	144,000				
Total Expenses (B)	55,605,313	10,023,853	9,368,875	6,294,098	8,473,452	1,442,748	2,249,543	4,188,883	4,064,222	9,499,639	-	-	-	-	-
Change in Assets	(1,869,930)	143,517	127,570	100,993	(122,854)	(422,307)	29,235	(140,512)	519,043	111,846	(2,216,461)	-	-	-	-
Fixed Assets															
Depreciation	(2,333,006)	-	-	-	(228,000)	-	-	(193,667)	(161,498)	-	(419,399)	-	(1,330,443)	-	-
Computer & Software CapEx	2,904,790							645,990					2,258,800		
Furniture & Fixtures CapEx	-														
Equipment CapEx	213,000												213,000		
Leasehold Improvements	-														
Allocation of Fixed Assets	-	143,517	127,570	100,993	105,146	15,946	29,235	53,154	34,550	111,846	419,399	-	(1,141,357)	-	-
Inc(Dec) in Fixed Assets (C)	784,784	143,517	127,570	100,993	(122,854)	15,946	29,235	(140,512)	519,043	111,846	-	-	-	-	-
TOTAL BUDGET (=B + C)	56,390,096	10,167,369	9,496,446	6,395,091	8,350,598	1,458,695	2,278,778	4,048,371	4,583,264	9,611,484	-	-	-	-	-
FTEs	189.53	25.92	23.04	18.24	18.99	2.88	5.28	9.60	6.24	20.20	10.56	15.15	18.07	2.88	12.48

Exhibit A – Common Assumptions

Shared Business Plan and Budget Assumptions

NERC and the Regional Entities

2014-2016 Planning Period

As part of the implementation of the Strategic Plan ([ERO 2013-2016 Strategic Plan](#)), NERC and the Regional Entities developed a set of common assumptions to help guide resource projections over the planning period for each entity and the ERO overall, recognizing there are often unique factors that drive differences in each organization's final determination of its resource needs and budget. The specific resource needs and budget of NERC and each Regional Entity will continue to be publicly posted for review and approved in open session by NERC's Finance and Audit Committee as part of the annual business plan and budget process.

It continues to be the objective of NERC and the Regional Entities to identify and implement process and other improvements to increase the overall efficiency and effectiveness of the ERO, with due recognition and sensitivity to the cost of compliance by industry and the critical nature of industry support and participation to the success of the ERO regulatory model as contemplated by the Energy Policy Act of 2005. In addition, NERC and the Regional Entities have reviewed the existing scope of the program areas and reprioritized current resources as appropriate. Efforts have been made to focus on assumptions that affect resource requirements instead of specific program area goals, objectives, and actions, which are incorporated in the Strategic Plan and each Regional Entity's business plan and budget.

Legal and Operating Framework

NERC and the Regional Entities are expected to continue to work under the existing regulatory framework governing the establishment and enforcement of reliability standards for the BPS by applicable governmental authorities in the United States and Canada, as well as the authorizations contained in FERC's order approving NERC as the ERO. No significant changes to this framework are assumed to occur over the planning period.

The terms of the existing delegation agreements between NERC and the Regional Entities are also assumed to continue to apply over the planning period. With respect to the performance of delegated functions, the Regional Entities are expected to have primary responsibility for interactions with registered entities. NERC will provide oversight of the Regional Entities and otherwise ensure that its responsibilities as the ERO are fulfilled. Over the planning period, NERC and the Regional Entities are also expected to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measurable reliability outcomes consistent with their respective roles and responsibilities.

NERC will evaluate the scope of its activities in relation to the FERC-approved Section 215 guidelines in connection with the development of its annual business plan and budget. NERC will also evaluate the extent to which it will undertake activities within these guidelines and may voluntarily defer or elect to not undertake certain activities in light of resource limitations and priorities. NERC may also voluntarily consider funding alternatives for certain Section 215 activities.

Business Environment

NERC and the Regional Entities will work collaboratively to identify additional ways to improve efficiency and leverage overall ERO resources, as well as to gather and evaluate information regarding the impact of ERO activities on registered entities. Industry concerns relative to the overall cost of compliance with ERO requirements will remain an area of focus.

Cost pressures may affect the number of stakeholder resources available to participate in NERC and Regional Entity activities. NERC and Regional Entity business plans, budgets, and resource requirements 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 likely affect ERO resource requirements.

General

External factors will continue to affect both resource needs and allocation. These factors will likely include, but not be limited to:

- FERC orders, directives, notices of proposed rulemaking, audits, and performance assessment
- Availability of experienced workforce
- The timing and scope of BES exception implementation
- Number and severity of violations and system events
- Assessment of the impact of new technologies
- Proposed and actual changes in applicable laws and regulations, including environmental and others
- Transformation of NERC's standards to a high-quality, results-based steady state
- Resources required to complete and implement any recommendations included in or FERC directives issued in connection with the Five-Year ERO Performance Assessment

Leveraging the activities of the transmission, generator, and other forums is expected to increasingly complement ERO activities and place downward pressure on the need to add incremental resources that might otherwise be required in the absence of these forums.

NERC and the Regional Entities expect annual gains in efficiency as programs and initiatives mature, experience is gained, standard development and execution is improved and internal process and performance improvements are achieved.

Key Assumptions by Program Area

Reliability Standards Program

1. With the filing of the Critical Infrastructure Protection (CIP) Version 5 standards and the need for a smooth transition from Version 3 to Version 5, additional resources may be required to provide industry and Regional guidance. These commitments are expected to be largely offset by increased efficiencies and effectiveness of the standards development process.
2. For planning purposes, given the current industry-approved implementation plan, NERC and the Regional Entities are assuming an implementation start date of January 2016 for CIP Version 5. If directed to accelerate the implementation date, NERC and the Regions will direct appropriate resources from existing staff.
3. Staffing resources required for standards activities at NERC are expected to be flat during the planning period; if minor resource additions are required, they will be offset by operating efficiencies in other areas.
4. Experience has shown that project management discipline is necessary to satisfy standards development project goals and priorities, including the assurance of a requisite level of quality. This includes recruiting standard developers with the appropriate skill set needed to bring that discipline. Examples of efforts to increase project management discipline during the planning period include but are not limited to:
 - a. Specific time frames for standards development and process milestones;
 - b. Increased industry resource dedication over shorter periods; and
 - c. Clear criteria for cancellation of projects not yielding timely and high-quality results.
5. NERC will need to allocate additional resources to support (1) the transformation of standards to a steady state, (2) improvements in the quality of standards development, and (3) industry guidance, including related technical conference and training activities.
6. Expected significant increases in standards development and processing may create additional resources to review and comment on proposed standards, support regulatory filings, and oversee new standards as they become effective. However, incremental resources are expected to be offset by improvements in the efficiency of the standards development process.
7. Implementing a cost-effectiveness analysis or assessment of proposed standards is likely to impact resource requirements, but the extent of the impact both at the ERO and Regions cannot be fully assessed at this time.

8. The number of interpretation and guidance requests is expected to decrease over time, reflecting the initiative to transform the current standards to a body of high-quality, results-based standards and improve the execution of the standards development process.
9. The number of projects contained in the Reliability Standards Development Plan is expected to increase over the planning period, reflecting the transformation of standards to a steady state. However, the scope of these projects is expected to be somewhat narrower than would otherwise exist in the absence of the results-based standards initiative.
10. With NERC's improved execution and focus on results-based standards, the need for activity associated with regional standards development is expected to decrease, together with staffing resources supporting this area. The Regions and ERO plan to work closely to support the development of continent-wide standards.
11. Improvements in the quality of standards drafting and implementation will result in improvements in the efficiency and effectiveness of auditing and enforcement activities toward the end of the planning period.
12. NERC will increase the quality and effectiveness of regulatory filings. Efforts will include, but not be limited to:
 - a. Greater use of pre-filing meetings, which will include opportunities for regional and stakeholder participation;
 - b. Increased dialogue with regulatory authorities regarding the form and requirements for regulatory filings, including reducing the requirement for exhibits by instead relying on publicly available documentation on NERC's website;
 - c. Seeking engagement with regulatory authorities to obtain formal regulatory authority input during standards development; and
 - d. With the support from the Regions, more developed technical justifications to support filings.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance and Enforcement

1. NERC and Regional Entities will have sufficient staff, supervision, and technical specialists with adequate collective professional competence and other resources, as needed, to perform the compliance work and to meet expected timeframes for completing the work.
2. Resources required for compliance and enforcement activities at NERC are expected to increase slightly in support of the Reliability Assurance Initiative. When the initiative has matured, these resources will either be reduced or redirected to facilitate a more rigorous oversight and quality assurance model.

3. Staffing resources required for compliance and enforcement activities at the Regional Entities over the planning period will vary based on regional needs and circumstances, with any increases generally expected to be mitigated through operating efficiencies in other areas. The Reliability Assurance Initiative may create short-term incremental resource needs at both NERC and some Regional Entities as new procedures and tools are developed to implement revised compliance enforcement processes.
4. Results of implementing the Find, Fix, Track and Report (“FFT”) process over the planning period will lead to continued refinement, improvement, and prioritization of risk-based compliance monitoring efforts and a reduction in registered entity resources focusing on lower level potential violations.
5. Changes in TFE processing, including equipment class-based exceptions, audit sampling, and elimination of much of the reporting and review burden, have been implemented to improve efficiency.
6. Improvements in consistency among the Regional Entities may facilitate more efficient resource allocation within the compliance and enforcement areas at NERC, as well as potentially reduce compliance costs for some registered entities.
7. Improvements in audit guidance may increase ERO efficiency, support improvements to resource allocation, and help mitigate overall compliance costs.
8. Improvements in consistency among Regional Entities and registered entities are expected from an improved centralized compliance, registration, analysis, and tracking system. A significant multiyear investment will be required to develop and implement the system.
9. As risk-based monitoring activities increase, consideration will be given to modifying the current three- and six-year audit cycles for registered entities. As an outgrowth of RAI, the rigor, scope, depth, and recurrence of audits and spot checks are expected to be driven by reliability risk, rather than a predetermined schedule. As standards are improved, the need for clarifying documents such as interpretations is expected to decrease. As a result of the foregoing, audit resource needs may vary year to year.
10. Consideration of existing registered entity management practices (i.e., internal controls) around Reliability Standards in the scope of the compliance monitoring program will allow NERC and the Regional Entities to further prioritize activities.
11. Further auditing efficiencies can be achieved by continued refinement of auditing procedures focused on the purpose and intent of the requirements related to reliability risk. This will require a change in approach by the Regional Entities and NERC staff.

Organization Registration and Certification

1. Implementation of the BES definition may place additional resource demands in the Registration area but the significance cannot be fully assessed at this time. If a high number of BES exceptions are requested, the potential for a backlog situation in the first years of implementation is possible.

2. Identification of “gaps” in registration and corrections in registration.
3. The certification process will be revised to emphasize the technical capabilities of those conducting a certification evaluation.

Reliability Assessment and Performance Analysis Program

1. Implementation of a BES exception process will impact resource requirements in this program area, but the significance of the impact cannot be fully assessed at this time, as resource requirements will be driven by the number and type of exception requests received. It’s also expected that there will be resource impacts at the Regional Entity level.
2. ERO investments in new software applications and IT infrastructure will be needed to develop and implement improved data collection and analysis systems and capabilities and should improve overall ERO resource allocation and efficiency in the long term. (See Information Technology for assumptions regarding the role of NERC and the Regional Entities with respect to funding.)
3. Resource impacts associated with the ERO’s reliability assessments of new technologies within the industry and environmental regulations are uncertain at this point.
4. Implementation of an outcome-based approach to achieving measureable improvements in reliability will likely require allocating resources to this program area, the significance of which from an overall budget perspective cannot be determined at this time.

Training, Education, and System Operator Certification Program

1. Both NERC and the Regional Entities agree that there are opportunities for improvements in the coordination, content, and manner of internal training programs.
2. While additional or different resources will be required for certain training initiatives, it is not clear at this time whether these needs will translate into a significant increase in NERC’s or any of the Regional Entities’ budgets. The general sense at this point is that improvements with minimal budgetary impact can be achieved through better coordination, planning, and management of training programs. The possible exception is in the area of additional resources needed to support CEA staff auditor training, as further discussed below.
3. Implementation of auditor training associated with the Reliability Assurance Initiative process improvements may result in resource impacts; the timeframe required to train auditors will depend on regional audit work plans and schedules.

Situation Awareness and Event Analysis

1. NERC will continue to review the appropriateness of continued funding of existing reliability tools, with any proposed changes thereto subject to review and input from the

Regional Entities, appropriate NERC committees and working groups, and other affected parties.

2. SAFNR will provide additional situational awareness capabilities at both NERC and Regional Entity levels. Significant additional resource investments are not anticipated to be necessary for the Regional Entities to utilize SAFNR. NERC will continue to budget and incur costs to operate and maintain SAFNR.
3. The number of “qualified system events,”²⁰ as defined in the NERC Events Analysis Process, is expected to remain steady with an average of 10 per month. Greater collaboration with the Region and the registered entity is leading to more detailed analysis and support of the identification of reliability issues and lessons learned. The number of “system occurrences” relates to events and disturbances that fall below the threshold of the categorized definitions in the NERC Events Analysis Process document and is expected to remain steady at approximately 25 per month.

Critical Infrastructure Protection

1. NERC will continue to fund the ES-ISAC.
2. On an annual basis, NERC will conduct the annual Grid Security Conference and rotate conference locations throughout the eight Regions.
3. The Sufficiency Review Program (SRP) will expand to include transition issues associated with CIP-002-4 and CIP Version 5. In addition, each year, NERC will increase the number of SRPs conducted.
4. NERC will continue to conduct and budget grid security exercises.
5. To address the changing policy environment, NERC will continue to manage policy development and partnership activities with industry and the government.
6. NERC will need to allocate additional resources to support improvements in the quality of cybersecurity audit and guidance, including related training activities.
7. NERC will revise CIP RSAWS to provide greater flexibility and clarity on how to evaluate compliance with cybersecurity controls.
8. To improve the auditor’s ability to assess for compliance to CIP standards, NERC will evaluate and/or procure cybersecurity auditing tools.

Information Technology and Enterprise Applications

1. Significant investments will be required over the planning period to develop and implement program area and enterprise-wide processes, procedures, and applications to support business needs. These business needs include auditing, compliance,

²⁰ The phrase “qualified system events” refers to the ERO event analysis process categorization criteria (Category 1-5). Occurrences also include copper theft, substation intrusions and other occurrences on the bulk electric system which may be reported. The phrase “qualified system events” means events affecting the Bulk Electric System, which meet the ERO event analysis process categorization criteria (Category 1-5).

registration, and tracking systems and other project, data management, and analysis tools to provide greater cost efficiency and uniformity across the ERO.

2. NERC and the Regional Entities will establish procedures to ensure that the ERO EMG considers the potential enterprise-wide applicability of new applications to support delegated functions prior to making decisions on investments in applications designed to support one entity's operations.
3. Ongoing investments will be required to develop, implement, and maintain enhancements to the NERC and Regional Entity websites.
4. In accordance with its approved annual budgets, NERC will provide the funding for the development and maintenance of ERO Enterprise applications.

Finance and Administrative

1. Potential additional resource requirements may be required in connection with implementation of the ERO Risk Management framework. NERC will include funding for consultants in its 2014 budget to support this initiative.
2. NERC and the Regional Entities will work cooperatively to continue focusing on opportunities to improve the efficiency of travel, meeting, conference call, and other operating expenses.
3. NERC and the Regional Entities will work to improve budgeting and forecasting capabilities.
4. NERC and the Regional Entities will work cooperatively to establish a common set of principles regarding the determination of working capital and contingency reserve requirements.

Exhibit B – Application of NERC Section 215 Criteria

DISCUSSION OF HOW THE NERC MAJOR ACTIVITIES IN THE 2014 BUSINESS PLAN AND BUDGET MEET THE NERC WRITTEN CRITERIA FOR DETERMINING WHETHER A RELIABILITY ACTIVITY IS ELIGIBLE TO BE FUNDED UNDER FEDERAL POWER ACT SECTION 215

I. Introduction

This Exhibit discusses how the major activities in NERC’s 2014 Business Plan and Budget meet the NERC written criteria for determining whether a reliability activity is eligible to be funded under §215 of the Federal Power Act (“FPA §215). This Exhibit is intended to satisfy Recommendation No. 38 resulting from the financial performance of NERC conducted by the Commission’s Division of Audits (“DA”) in 2012-2013 and adopted by the Commission in its November 2, 2012 order on NERC’s 2013 Business Plan and Budget.¹ NERC submitted the written criteria to the Commission in a compliance filing dated February 21, 2013 in Docket No. FA11-21-000.² The Commission approved the NERC written criteria, with modifications, in an order issued in that docket on April 18, 2013.³ The NERC written criteria as used in this Exhibit incorporate the modifications specified in the Compliance Order.⁴

II. Reliability Standards Program 2014 Major Activities

The major activities of the Reliability Standards Program are described at pages 10 and 29-31 of the 2014 Business Plan and Budget. The principal activity areas for the Reliability Standards Program are (1) providing project management, leadership and technical assistance to standard development processes participants to deliver high quality, continent-wide standards; (2) facilitating continent-wide industry engagement in the standard development processes; and (3) conducting industry balloting on standards, disseminating information on standards and the standard development processes, and supporting regulatory filings and proceedings relating to standards. Additionally, the Reliability Standards Program provides technical advice and quality review for Regional Entity Standards development processes, presents proposed Regional standards to the NERC Board, and develops and supports regulatory filings for approval of regional standards.

¹ *North American Electric Reliability Corporation, Order Accepting 2013 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filing*, 141 FERC ¶ 61,086 (2012) (“2013 Budget Order”). Recommendation 38, as adopted in the 2013 Budget Order, is: “In its annual business plan and budget filings, [NERC should] provide an explanation as to why the proposed activities to be undertaken by each program area for the budget year are statutory, including, at a minimum: a description and the purpose of the major activities to be taken by each program area and an explanation for why the activity is a statutory activity.” *Id.* at P 16.

² *Compliance Filing of the North American Electric Reliability Corporation in response to paragraph 30 of November 2, 2012 Commission Order – NERC Written Criteria for Determining Whether a Reliability Activity is Eligible to be Funded Under Federal Power Act Section 215*, filed February 1, 2013 in Docket No. FA 11-21-000 (“February 1, 2013 Compliance Filing”).

³ *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013) (“Compliance Order”).

⁴ For ease of reference, the complete NERC written criteria, as modified in accordance with the Compliance Order, are provided at the end of this Exhibit.

For 2014, the Reliability Standards Program will be focused on three areas: (1) transforming the NERC standards to high quality, world-class results-based standards (ensuring that standards are focused on required actions or results and not necessarily on the methods by which to accomplish those actions or results); (2) developing a bulk power system (“BPS”) reliability risk profile; and (3) developing methods to assess and manage cost-effectiveness (benefit) of new standards. Specific ongoing and new major activities for the Reliability Standards Program for 2014 include: continuing to address regulatory obligations for standards development and revisions as specified in regulatory directives; completing standards revisions related to the Phase 2, Paragraph 81 requirements; supporting the NERC three-year Reliability Standards Development Plan; integrating the plan from the 2013 Standards Independent Expert Review Panel into the Reliability Standards Development Plan; increasing coordination with the NERC Compliance Monitoring and Enforcement Program in integrating compliance considerations into standards development; accelerating delivery of the number of standards that meet the quality criteria and the results-based construct; developing a BPS reliability risk profile to evaluate existing standards and continuing the prioritized development of risk-based standards focused on key reliability outcomes; facilitating the industry’s transition to Version 5 of the Critical Infrastructure Protection (“CIP”) standards, including minimizing an unintended surge in violations when the Version 5 CIP standards go into effect; developing methods to assess and manage the cost effectiveness (benefit) of new standards; and continuing to support alignment between standards development and the Reliability Issues Steering Committee (“RISC”) priorities.

The major activities of the Reliability Standards Program satisfy the following criteria:

I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?

I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated?

II.F.1: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (ii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.

IV: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s Rules of Procedure that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The

applicable Rules of Procedure provisions for these major activities are §300 and Appendix 3A.)

III. Compliance Monitoring and Enforcement and Organization Registration and Certification Program 2014 Major Activities

The major activities of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program are described at pages 10-11, 20-21, 35-40 and 44-46 of the 2014 Business Plan and Budget. The Compliance Operations department of this program works with the Regional Entities to ensure consistent and effective implementation of the Compliance Monitoring and Enforcement Program (“CMEP”). This department is responsible for the major activities of consistent implementation of the risk-based compliance monitoring program, including organization registration and certification, for reliability improvements; developing and presenting education programs that support industry compliance and the integration of risk assessment and internal controls; development of minimum baseline monitoring requirements; oversight of the Regional Entities’ delegated compliance functions including CMEP planning, implementation and reporting, compliance operations and coordination, and auditor training; development and maintenance of the Reliability Standards Audit Worksheets; and support for the NERC Compliance and Certification Committee. The Compliance Enforcement department of this program is responsible for overseeing enforcement processes, application of penalties or sanctions, and activities to mitigate and prevent recurrence of remediated issues or confirmed violations of reliability standards; the department executes these responsibilities through the following major activities: monitoring Regional Entities’ enforcement processes to ensure due process, identify best practices and process efficiency opportunities, and promote consistency among Regional Entities’ business practices; collecting and analyzing compliance enforcement and violation data and trends to assist with identification of emerging risks and help inform the development of enforcement policy and processes; filing notices of penalty (“NOPs”) and other submittals associated with violations discovered through Regional Entity compliance, monitoring and enforcement activities; processing and filing NOPs and other submittals associated with violations discovered through NERC-led investigations and audits; and docketing possible violations coming into the NERC enforcement program.

The ongoing and new major activities of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program for 2014 include: continuing to improve enforcement processing efficiency, including steps to ensure the sustainability and expandability of the Find, Fix, Track and Report (“FFT”) process; finalizing and implementing the Reliability Assurance Initiative (“RAI”) enforcement strategy and delivering on its 2014 milestones; focusing on achieving better consistency in regional enforcement outcomes; continuing Registered Entity mapping activities to ensure that registry gaps and duplicative registration and compliance monitoring are avoided; continuing to work to ensure Registered Entities understand their compliance obligations and how compliance will be assessed; completing the functional model review and registration needs assessment, including developing a common and consistent registration approach among Regional Entities and

developing recommendations to modify registration and certification processes based on risks to the BPS; completing implementation of the Bulk Electric System (“BES”) definition Phase II exception process; reducing unnecessary compliance documentation while working to ensure Registered Entities are monitored in a cost effective manner; continuously assessing the Actively Monitored [standards] List based on reliability trends, risks and historical information to ensure that the compliance focus remains on the most critical reliability standards; developing highly qualified and trained auditor, investigator and enforcement staffs; developing training resources for the Electric Reliability Organization (“ERO”) and industry, including materials relating to the RAI; providing early and ongoing input into the standard development process; providing ongoing oversight of Regional Entity compliance and enforcement activities; developing metrics and incentives to improve trends in the mitigation aging curve; continuing to identify the causes and trends of violations in enforcement cases; and continuing to work to reduce the outstanding violations caseload and increasing processing efficiency for violations.

Major activities for 2014 specifically relating to the RAI will include: identifying and implementing process improvements to the self-reporting process; implementing FFT process enhancements; developing an auditor handbook and checklist for use by compliance auditors; and initiating small prototype and pilot programs focused on developing Registered Entity risk assessments and developing processes for evaluating and testing Registered Entity internal controls. Additionally, the following major activities will be conducted in 2014 to build upon the framework developed through RAI activities in 2013: developing a training program to support implementation of the common audit procedures developed in 2013; assessment of the existing NERC compliance, reporting, analysis tracking system and other compliance tools to support RAI activities; and developing prototypes and pilot programs to support the development of Registered Entity reliability risk assessments and compliance monitoring scoping projects.

The major activities of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program satisfy the following criteria:

I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure?

II.A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the Bulk Power System that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?

II.B: Is the activity necessary or appropriate for the Certification of Reliability Coordinators, Transmission Operators and Balancing Authorities as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?

II.D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?

II.E: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards

II.F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the process? This includes development of guidance documents. (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of Bulk Power System major events, off-normal occurrences and near miss events, and other Bulk Power System monitoring activities? (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?

IV: Is the activity one that was required or directed by a Commission order issued pursuant to FPA §215? (FERC orders directed NERC to develop and submit a revised definition of “Bulk Electric System” and a procedure for requesting and receiving exceptions from the BES definition, and subsequently approved (with some changes) NERC’s proposed revised definition and its proposed BES exception procedure.)

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s Rules of Procedure that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provisions for these major activities are §400 and 500 and Appendices 4B, 4C, 5A, 5B and 5C.)

VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance

with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?

X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

IV. Reliability Assessment and Performance Analysis Program 2014 Major Activities

The major activities of the Reliability Assessment and Performance Analysis (“RAPA”) Program are described at pages 11-12, 18-20 and 50-59 of the 2014 Business Plan and Budget. The principal activity areas of the RAPA program include: (1) conducting and publishing reliability assessments, including the annual long-term, summer, and winter reliability assessments and special and scenario reliability assessments; (2) conducting performance analysis to identify and track key reliability risk indicators as a means of benchmarking reliability performance and measuring reliability improvements in order to provide a framework for insights and guidance about emerging trends and associated actions that may be warranted; (3) reliability risk analysis and control activities; and (4) reliability initiatives and system analysis activities, involving comprehensive evaluation and testing of system behavior through forensic analysis during system disturbances and through analytic simulations of that performance.

The ongoing and new major activities of the RAPA Program for 2014 include: issuing reliability reports, guidelines, recommendations and alerts as needed; preparing the long-term and seasonal reliability assessments; conducting special assessments addressing key reliability issues; preparing an annual State of Reliability Report that analyzes BPS performance trends and provides insight and guidance to address key reliability aspects; continuing to work to address high impact, low frequency type issues, including geo-magnetic disturbance (“GMD”) BES effects and vulnerability assessments; providing oversight, analysis and review of the Generating Availability System, Transmission Data Availability System and Demand Response Availability System, along with the Spare Equipment Database; strengthening data collection and validation processes by designing, creating, testing and implementing data systems and management for reliability assessment and risk analysis; providing quarterly updates on trends and measures of BES reliability; developing risk registry and a systematic prioritization process with the RISC; developing control strategies and plans to address the highest priority existing or emerging risks to BES reliability; developing a risk registry to support BPS risk profile measurement and assessment of standards; supporting the development of ERO enterprise software applications critical to advancing the quality and usefulness of reliability assessments; and developing a structured approach to evaluate and improve system models, analysis and assessments. The RAPA Program will also provide support and leadership to the NERC Planning Committee, the subcommittees of NERC standing committees, and task forces serving the standing committees. During 2014, the RAPA Program will be responsible for conducting/supporting research to expand the technical foundation for understanding the potential impact of GMD, through continuation of the GMD Task Force and GMD research

through the Electric Power Research Institute; and, depending on funding availability, will conduct/support research to validate the technical foundation supporting the inclusion within the Gallet Equation in Reliability Standard FAC-003 of factors for the Minimum Vegetation Clearance Distance and research relating to vegetation management on public lands (FAC-003). Additionally, during 2014 the RAPA Program will continue to work with the Regional Entities to implement the revised BES definition and the BES exception process.

The major activities of the RAPA Program satisfy the following criteria:

I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure?

I.C.1: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?

III.A: Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the Bulk Power System?

III.B: Is the activity necessary or appropriate for measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?

III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the Bulk Power System?

IV: Is the activity one that was required or directed by a Commission order issued pursuant to §215? (FERC Order No. 777, 142 FERC ¶ 61,208 (2013), directing NERC to conduct research regarding the vegetation management topics described above.)

V. Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The

applicable Rules of Procedure provisions for this major activity are §801-806 and 809-811.)

IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

V. Reliability Risk Management (Situation Awareness and Event Analysis) 2014 Major Activities

The major activities of the Reliability Risk Management Program, which is comprised of the Situation Awareness Department and the Event Analysis Department, are described at pages 12, 62-64 and 67-69 of the 2014 Business Plan and Budget. The major activities of this program are real-time or near-real-time BPS awareness; event analysis and determination of root or contributing causes; assessment of human performance challenges affecting BPS reliability and identification of improvement opportunities; and support of the NERC Operating Committee. These activities are carried out to analyze events and address significant risks to the reliability of the BPS and to insure the industry is well informed of system events, emerging trends, risk analysis, lessons learned and actions. These activities may also identify areas in which new or enhanced compliance monitoring and enforcement initiatives are warranted.

The ongoing and new major activities of the Reliability Risk Management Program for 2014 include: conducting major event investigations, analysis and reporting of major findings and recommendations that will improve reliability; supporting the development and implementation of ERO enterprise applications critical to advancing the quality and usefulness of event analysis data; and continuing to work with Regional Entities to obtain and review information from Registered Entities regarding qualifying events and disturbances in order to advance awareness of events above a threshold level, facilitate analysis of root causes, risks to reliability, Wide-Area assessments, mitigation, and timely dissemination of information regarding events. The major activities of the Situation Awareness Department include the ongoing maintenance and support of a number of tools used to support the ERO's operations, including automated reliability reports, the resource adequacy (ACE frequency) tool, the inadvertent interchange tool, the AIE monitoring tool, the frequency monitoring and analysis tool, the intelligent alarms tool, and the Secure Alerts system. The Events Analysis Department will continue to work with the Regional Entities to develop the Events Information Data System, a new software application whose purpose is to provide an ERO-wide robust tool to collect, analyze and report detailed information regarding events which impact the reliability of the BPS.

The major activities of the Situation Awareness Department and Event Analysis Department satisfy the following criteria:

I.C.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (2) Monitoring, event analysis and investigations of Bulk Power System major events, off-normal occurrences and near-miss events?

II.E.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as: (2) Monitoring, event analysis and investigation of Bulk Power System major events, off-normal occurrences, and near miss events?

II.F.3: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of Bulk Power System major events, off-normal occurrences and near miss events, and other Bulk Power System monitoring activities?

III.C: Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the Bulk Power System in connection with Bulk Power System major events and off-normal occurrences, but not real-time operational control of the Bulk Power System?

III.D: Is the activity necessary or appropriate for awareness of circumstances on the Bulk Power System and to contribute to understanding risks to reliability?

III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the Bulk Power System?

II.G: Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate

specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and Bulk Power System disturbances?

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provisions for these major activities are §807, 808, 810 and 1001 and Appendix 8.)

IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

VI. Critical Infrastructure Protection Program 2014 Major Activities

The major activities of the Critical Infrastructure Protection Program are described at pages 12, 22-23 and 72-78 of the 2014 Business Plan and Budget. The major activities of the CIP Program include supporting the development and administration of the CIP standards; oversight of CMEP activities related to CIP standards; critical infrastructure and cyber security information sharing; cyber security incident analysis; risk assessment; coordination between industry and governmental entities on cyber-security issues; and support for the NERC Critical Infrastructure Protection Committee and the Electricity Sub-sector Coordinating Council ("ESSC"). The CIP Program is responsible for the operation of the Electricity Sector Information Sharing and Analysis Center ("ES-ISAC"), the primary activity of which is the rapid and secure sharing of information with the electric industry and government entities regarding real and potential cyber related threats to the electricity sector as well as methods and tools to avoid or mitigate potential impacts from these threats.

The ongoing and new major activities of the CIP Program, including the ES-ISAC, for 2014 include: delivering important information to Registered Entities on CIP security threats, vulnerabilities, and lessons learned from subject matter experts, senior industry and governmental representatives; through security best-practice discussion forums, educating industry about reliability concerns and risk mitigation associated with emerging physical and cyber security threats; continuing to collaborate with government agencies in the U.S. and Canada to develop more timely dissemination of classified information regarding threats to the BPS, including dissemination of information from classified sources in a form that can be provided to and used by the industry; conducting security incident analysis and working with industry experts to evaluate, track, and identify lessons learned and security metrics that enhance the electricity sector's security posture; conducting cyber risk preparedness assessments, which assess the cyber security capabilities of Registered Entities through facilitated table top exercises, as well as developing a cybersecurity maturity model toolkit for industry to conduct cybersecurity self-assessments; and improving the functionality and usability of the ES-ISAC portal for Registered Entities. In 2014 this program also plans to

increase analytic capabilities, portal monitoring and information sharing and shift staffing in its position at the National Cybersecurity and Communications Integration Center.

The major activities of the CIP Program satisfy the following criteria:

I.C.1: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?

II.D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?

III.B: Is the activity necessary or appropriate for measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?

III.D: Is the activity necessary or appropriate for awareness of circumstances on the Bulk Power System and to contribute to understanding risks to reliability?

III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the Bulk Power System?

III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the Bulk Power System?

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provisions for these major activities are §810 and 1003.)

VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement

between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.

IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

VII. Training, Education, and Operator Certification Program 2014 Major Activities

The major activities of the Training, Education, and Operator Certification Program are described at pages 12 and 81-82 of the 2014 Business Plan and Budget. The major activities of this program include oversight and coordination of the delivery of training programs to NERC and Regional Entity staff and industry participants that support the ERO's responsibilities; and supporting NERC's System Operator Certification and Continuing Education ("SOCCED") Programs, which ensure that personnel operating the BPS have the skills, training and qualifications needed to operate the BPS reliably.

The major activities of the Training, Education, and Operator Certification Program for 2014 include: continuing to support the SOCCED programs; and providing or facilitating the provision of training to support knowledge and skills development in the standards, compliance, registration, event analysis and other key areas.

The major activities of the Training, Education, and Operator Certification Program satisfy the following criteria:

I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?

II.C: Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?

II.F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents.

- (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of Bulk Power System major events, off-normal occurrences and near miss events, and other Bulk Power System monitoring activities?
- (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s Rules of Procedure that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provision for these major activities are §600 and 900.)

VIII. Administrative Services 2014 Major Activities

NERC’s Administrative Services Departments are Technical Committees and Member Forums (for which no activities are budgeted for 2014), General and Administrative, Legal and Regulatory, Information Technology (“IT”), Human Resources, and Accounting and Finance. The major activities of these departments are described at pages 13, 86-87, 90, 93-102, 105-106 and 109 of the 2014 Business Plan and Budget. General and Administrative includes the administration and general management of the organization, Board of Trustees fees and expenses, communications and governmental affairs, and office rent. Legal and Regulatory provides legal support to the organization, including to the Board, executive management, and the Reliability Standards and Compliance Programs, as well as general corporate legal support. IT supports NERC’s computing, Internet, database and electronic data storage and maintenance, and telecommunications needs, programs, applications and infrastructure, including management of the development and implementation of new applications and infrastructure. Human Resources manages all of NERC’s human resources functions, including new hires, benefits, employee functions, and the performance appraisal and incentive structure processes. Accounting and Finance manages all finance and accounting functions of NERC, including payroll, 401(k) and 457(b) plans, travel and expense reporting, monthly financial reporting, sales and use tax, meetings and events planning and services, insurance, internal audit, facilities management, development of the annual business plan and budget, and the ERO risk management framework.

Major activities for the NERC Administrative Services departments in 2014 include: continuing to provide resources to support the Board and Board committees, Member Representatives Committee, Standards Committee, Compliance and Certification Committee, Planning Committee, Operating Committee, CIP Committee, ESSC, RISC, and numerous ERO subcommittees and working groups; continuing to implement procedures, controls, processes, documentation and systems to improve the efficiency of operations and control costs; continuing to work with the Regional Entities to improve oversight and collaboration; continuing to enhance ERO risk management tools and procedures; developing a

comprehensive technology roadmap for applications and infrastructure supporting ERO operations, including Regional Entity components; reviewing and where applicable making recommendations for improvements in NERC and Regional Entity operating and working capital reserve policies and forecasting, including policies applicable to tracking and use of excess operating reserves; financial reporting and practices; and evaluating and implementing mechanisms to improve talent acquisition and employee retention.

Major activities for 2014 relating to development and enhancement of NERC and ERO enterprise software applications and infrastructure include: continuing to develop ERO enterprise-wide applications for common business processes and functions of NERC and the Regional Entities; continuing to work collaboratively with the Regional Entities to advance the design and implementation of strategic ERO Enterprise IT applications and supporting infrastructure, leading to development of a centrally-managed, dedicated hosting and data center facility for NERC and the Regional Entities; maintenance and re-design of NERC legacy applications; ensuring recoverability of the NERC technology footprint (disaster recovery); enhancing knowledge management through implementation of document and information management systems; continuing emphasis on security and vulnerability testing; and developing and commencing implementation of ERO enterprise applications to support reliability assessments and event analysis data management needs. ERO Enterprise applications development activities in 2014 will include the Event Analysis Information Data System and the Reliability Assessment Data System.

The major activities of NERC's Administrative Services Departments satisfy the following criteria:

I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?

II.A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the Bulk Power System that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?

II.D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?

III.C: Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the Bulk Power System in connection with Bulk Power System major events and off-normal occurrences, but not real-time operational control of the Bulk Power System?

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provision for this major activity is §1100.)

VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.

IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

X. Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

XI: Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization?

**NERC WRITTEN CRITERIA FOR DETERMINING
WHETHER AN ACTIVITY IS ELIGIBLE TO BE FUNDED
UNDER SECTION 215 OF THE FEDERAL POWER ACT**

For purposes of internal management approval of a proposed new activity or group of related activities (“major activity”), the proposed activity or major activity must be shown to fall within at least one of the criteria listed below. When sub-criteria are listed below a roman numeral numbered major criterion, the proposed activity should be a positive answer to at least one of the sub-criteria. Conversely, an activity that falls under a sub-criterion should pertain to the subject matter of the major criterion.

NERC’s annual business plan and budget will describe how each major activity falls within one or more of the criteria listed below. If the major activity is substantially the same as a major activity that was shown to fall within the criteria in a previous year’s business plan and budget, the current year’s business plan and budget can refer to the prior year business plan and budget.

A determination that an activity falls within FPA §215 does not necessarily mean that NERC will propose or undertake such activity. The determination of whether an activity falling under FPA §215 should or will be undertaken in a given budget year will be addressed in the context of the applicable business plan and budget and will include opportunities for stakeholder input.

The criteria listed below are not necessarily each distinct from the others. An activity or major activity may fall within more than one of the criteria listed below.

- I. Is the activity necessary or appropriate for the development of Reliability Standards?
 - A. Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?
 - B. Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
 - C. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as:
 1. Measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the

- Bulk Power System²⁵ based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
2. Monitoring, event analysis and investigation of Bulk Power System major events, off-normal occurrences and near miss events?
- D. Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?
- A. Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the Bulk Power System that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
- B. Is the activity necessary or appropriate for the Certification of Reliability Coordinators, Transmission Operators and Balancing Authorities as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?
- C. Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?²⁶
- D. Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- E. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or

²⁵ This document uses the term “Bulk Power System” because that is the term defined and used in FPA §215. NERC recognizes that a different term, “Bulk Electric System,” is used to define the current reach of Reliability Standards.

²⁶ Although certification of system operating personnel is an activity falling within the scope of, and eligible to be funded pursuant to, FPA §215, NERC strives to fully fund the costs of this activity through fees charged to participants.

different means of training and education on compliance with Reliability Standards, such as:

1. Measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
 2. Monitoring, event analysis and investigation of Bulk Power System major events, off-normal occurrences, and near miss events?
- F. Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as:
1. Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
 2. Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents.
 3. Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of Bulk Power System major events, off-normal occurrences and near miss events, and other Bulk Power System monitoring activities?
 4. Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- G. Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and Bulk Power System disturbances?

- III. Is the activity necessary or appropriate for conducting and disseminating periodic assessments of the reliability of the Bulk Power System or monitoring the reliability of the Bulk Power System?
 - A. Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the Bulk Power System?
 - B. Is the activity necessary or appropriate for measuring reliability performance – past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
 - C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the Bulk Power System in connection with Bulk Power System major events and off-normal occurrences, but not real-time operational control of the Bulk Power System?
 - D. Is the activity necessary or appropriate for awareness of circumstances on the Bulk Power System and to contribute to understanding risks to reliability?
 - E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the Bulk Power System?
 - F. Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the Bulk Power System?
 - G. Is the activity necessary or appropriate for data collection and analysis of information regarding Bulk Power System reliability matters mandated by the Commission?
- IV. Is the activity one that was required or directed by a Commission order issued pursuant to FPA §215? Justification of an activity as a FPA §215 activity based on this category must reference the particular Commission order and directive.
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s Rules of Procedure that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)?

- VI. Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- VII. Is the activity necessary or appropriate to maintain NERC's certification as the Electric Reliability Organization? This Criterion includes conducting periodic assessments of NERC's and the Regional Entities' performance as the Electric Reliability Organization as required by 18 C.F.R. §39.3(c).
- VIII. Does the activity respond to or is it necessary or appropriate for audits of NERC and the Regional Entities conducted by the Commission?
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X. Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?
- XI. Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization? (Should NERC perform any non-FPA §215 activities, the costs of governance and administrative/overhead functions must be appropriately allocated.)

NERC's current governance and administrative/overhead functions are carried out in the following program areas:

- A. Technical Committees and Members' Forum Programs
- B. General and administrative (includes, but is not limited to, executive, board of trustees, communications, government affairs, and facilities and related services).
- C. Legal and Regulatory.
- D. Information Technology
- E. Human Resources
- F. Accounting and Finance.

The following matters are excluded from the scope of FPA §215 activities. While a list of non-FPA §215 activities would be infinite, the following excluded matters are listed here because they are expressly referred to in FPA §215, the Commission's ERO regulations and/or a Commission order issued pursuant to FPA §215:

- A. Developing or enforcing requirements to enlarge Bulk Power System facilities, or to construct new transmission capacity or generation capacity, or requirements for adequacy or safety of electric facilities or services.
- B. Activities entailing Real-time operational control of the Bulk Power System.
- C. Activities pertaining to facilities used in the local distribution of electric

Exhibit C – Contractor and Consulting Costs

Program	Consultants & Contracts	2013 BUDGET	2014 BUDGET	INC (DEC) OVER 2013	2015	2016
Reliability Standards	Standards Restructuring Project	150,000		(150,000)	-	-
	Total Reliability Standards	150,000	-	(150,000)	-	-
Compliance Operations						
	Reliability Assurance Initiative		400,000	400,000	400,000	
	Compliance Database - (Maintenance beginning 2016)					500,000
	Total Compliance Operations	-	400,000	400,000	400,000	500,000
Reliability Risk Mgmt	Subject Matter Experts - Events Analysis	120,000	-	(120,000)	-	-
	Reliability Risk Management	120,000	-	(120,000)	-	-
Reliability Assessments, GADS, TADS, DADS & Spare Equipment Database						
RAPA	Reliability affects of GMD	250,000	250,000	-	100,000	100,000
	Vegetation Research (FAC 3)			-	250,000	250,000
	Federal Right-of-Way Monitoring			-		
	Metrics - Centralized data collection-Change Orders	50,000	50,000	-	-	-
	RADS Assessment Database -(Maintenance beginning 2016)	100,000		(100,000)		120,000
	Scenario Consultant	70,000	70,000	-	70,000	70,000
GADS/TADS/DADS/SED	Database Consulting Support	80,000	50,000	(30,000)	50,000	50,000
	Monthly Maintenance	135,000	218,085	83,085	224,627	231,366
	Replacement for pc_GAR			-	-	-
	Total Reliability Assessments and Performance Analysis	685,000	638,085	(46,915)	694,627	821,366
Situation Awareness	Synchro Phasor (NASPI)	810,000		(810,000)		
	Automated Reliability Reports		100,000	100,000	100,000	100,000
	Resource Adequacy (ACE Frequency) Tool	80,000	80,000	-	80,000	80,000
	Inadvertent Interchange (Srv. Agreement)	35,000	35,000	-	35,000	35,000
	AIE Monitoring (Srv. Agreement)	35,000	35,000	-	35,000	35,000
	Frequency Monitoring and Analysis Tool (FMA)	45,000	45,000	-	45,000	45,000
	Intelligent Alarms/DARA (Srv. Agreement)	55,000	55,000	-	55,000	55,000
	NERC Access to IDC		27,816	27,816	27,816	27,816
	Secure Alerting System	200,000	79,373	(120,627)	107,200	107,200
	SAFNR - Phase II	725,500	531,825	(193,675)	502,824	522,937
	IDC Contract	457,586	-	(457,586)	-	-
	Frame Relay-RC's	300,094	300,094		400,000	400,000
	NERCnet (Frame Relay) Contract	300,094	300,094	-	400,000	400,000
	Total Situation Awareness	2,743,180	1,289,108	(1,454,072)	1,387,840	1,407,953

Exhibit C — Contractor and Consulting Costs

Program	Consultants & Contracts	2013 BUDGET	2014 BUDGET	INC (DEC) OVER 2013	2015	2016
Critical Infrastructure	ESCC Support	130,000	190,000	60,000	200,000	200,000
	GridEx Support	200,000		(200,000)	250,000	
	Subtotal - ESCC and GridEx	330,000	190,000	(140,000)	450,000	200,000
	ES-ISAC					
	Portal Enhancement	90,000	250,000	160,000	250,000	250,000
	Intelligence Reporting Services		42,000	42,000	44,100	46,305
	Cyber Risk Preparedness Assessment	150,000	200,000	50,000	150,000	150,000
	Aurora Webinars and Technical Support	15,000	30,000	15,000	15,000	15,000
	ES-ISAC Members Conference	30,000	-	(30,000)		
	Secure bi-directional communications	25,000	20,000	(5,000)	20,000	20,000
	Cyber Awareness Monitoring	60,000	152,700	92,700	152,700	152,700
	Software Integration Support Services	55,000	61,750	6,750	61,750	61,750
	Analyst Workbench	30,000	30,000	-	30,000	30,000
	Subtotal - ES-ISAC	455,000	786,450	331,450	723,550	725,755
	Total Critical Infrastructure Department	785,000	976,450	191,450	1,173,550	925,755
Operator Certification	System Operator Testing Expenses 2011 1,025 @ \$70)	63,124	100,000	36,876	61,193	59,089
	System Operator Examination Development	113,690	100,000	(13,690)	117,101	120,614
	Examination Analysis (750 exams@\$17 per exam)	13,600	14,000	400	12,800	12,000
	System Operator Certification and Continuing Education Database					
	Database Development	20,000	35,000	15,000	25,000	30,000
	Database Maintenance	12,330	24,000	11,670	24,099	26,065
	SOCCEC Database Improvement Project (funded from Working Capital generated from fees in excess of expenses)	250,000	200,000	(50,000)	100,000	
Total System Operator Certification	472,744	473,000	256	340,193	247,768	
Training & Education	Continuing Education Program					
	Individual Learning Activity Reviewers	120,000	120,000	-	120,000	120,000
	Database Development	20,000	20,000	-	20,000	20,000
	Database Maintenance	12,330	12,330	-	12,330	12,330
	<u>Web-based course hosting (Learning Management System)</u>	26,500	26,500	-	26,500	26,500
	<u>Web-based course development</u>				75,000	75,000
	standards applications for industry, CEA staff	43,750	43,750	-		
	risk assessment training for CEA staff, industry	20,000	20,000	-		
	human performance fundamentals for staff, industry	43,750	43,750	-		
	BPS events lessons learned for industry	12,500	12,500	-		
	Training Services-NERC and Regional Entities					
	Regional Entity and NERC Auditor training	47,000	47,000	-	47,000	47,000
	<u>NERC Staff Technical Training</u>	30,000	30,000	-	30,000	30,000
	Total CE, Training & Education	375,830	375,830	-	330,830	330,830
Total Training, Education and Operator Certification	848,574	848,830	256	671,023	578,598	
Government Relations	External Affairs	150,000	75,000	(75,000)	75,000	75,000
	Total Government Relations	150,000	75,000	(75,000)	75,000	75,000

Exhibit C — Contractor and Consulting Costs

Program	Consultants & Contracts	2013 BUDGET	2014 BUDGET	INC (DEC) OVER 2013	2015	2016
Information Technology						
	Ongoing Operations	1,371,000	1,524,000	153,000	1,554,000	1,780,000
	Enterprise Applications Consulting Services	1,350,000	420,000	(930,000)	480,000	540,000
	Information Technology	2,721,000	1,944,000	(777,000)	2,034,000	2,320,000
Human Resources						
	Executive Training and Development	90,000	90,000	-	90,000	90,000
	Staff Training and Development	106,000	65,000	(41,000)	65,000	65,000
	Compensation Consulting	30,000	30,000	-	30,000	30,000
	Employee, industry and Board Surveys, succession planning	35,000	45,000	10,000	45,000	45,000
	HR Process Improvements	27,500	27,500	-	27,500	27,500
	HR Consulting Services				50,000	50,000
	Human Resources	288,500	257,500	(31,000)	307,500	307,500
Finance and Accounting						
	Internal Controls and Outside Auditor Consulting Support	205,000	300,000	95,000	300,000	300,000
	Assessment of CIP Auditing Practices and reports	60,000	-	(60,000)	-	-
	Audit procedures, practices, tools and reports consulting support	60,000	50,000	(10,000)	50,000	50,000
	Finance and Accounting Support		50,000	50,000	50,000	50,000
	Finance and Accounting	325,000	400,000	75,000	400,000	400,000
	TOTAL CONSULTANTS AND CONTRACTS	8,816,254	6,828,973	(1,987,281)	7,143,540	7,336,172

Exhibit D – Capital Project Financing - Overview

Management has been exploring ways to mitigate the impact on assessments and operating reserves associated with funding the development and cost of large software development projects whose costs are capitalized and spread over a number years. As further described in the text of NERC's proposed 2014 business plan and budget, management has been developing and proposes to continue to develop software applications that support critical ERO operations and initiatives. Management has been working with its lender to structure a financing program for the development of these applications. Based on these discussions, it appears that the company will be capable of structuring a multiyear credit facility at favorable interest rates that will allow the cost of the development of these applications and supporting infrastructure to be spread over three or more years. The terms of the credit facility are also expected to provide the company with the flexibility to prepay outstanding loans without penalty. Working with information provided by its lender, management has developed a preliminary projection of the annual principal and interest repayment costs associated with financing the applications that are currently under development or planned for development in 2013. Those applications include the BES and EIDS applications, the development of a new alerts application in 2014, and the development of the RADS application and a replacement compliance information systems application in 2015, together with the cost of financing portions of the company's IT hardware budget. This projection is detailed on the chart on the following page. While in-house resources will also be involved in the development of these applications, it is not expected that these costs will be capitalized and financed. An activity code will be created in the workforce management system to track in-house time on these projects.

The capital financing program and associated loan documentation will be subject to (1) management's receipt of all necessary corporate authorizations, including approval by the Board of Trustees and (2) FERC approval of the company's final 2014 business plan and budget reflecting the company's projected repayment obligations under the credit facility.

Capital Project Financing Program Projected Principal and Interest Repayment Schedule

The table below sets forth the total amount of capital assets that the company projects to finance over the next three years. As further described under the Reliability Assessment and Performance Analysis department and Event Analysis department sections of this 2014 business plan and budget, in Q4 2013 the company proposes to finance approximately \$1.27M in development costs for the BES and EIDS applications. This is reflected as Tranche A in the table, with interest only payments in 2013 and a three-year principal repayment schedule commencing in 2014. In 2014, the company is proposing to finance approximately \$1.42M in software development costs and hardware. This is reflected as Tranche B in the table and reflects interest only payments in 2014 and a three-year principal repayment schedule commencing in 2015. A 3.5% interest rate was assumed. The actual interest rate and interest rate expense will be reflected in the quarterly budget to actual variance reports the company posts on its website, reviews in open session with the NERC Finance and Audit Committee and files with FERC. Any savings in interest expense will be captured and reported as a contribution to the company operating reserves, the expenditures of which are subject to the terms of the company's Working Capital and Operating Reserve Policy.

Exhibit E - Working Capital and Operating Reserve Amounts

Working Capital – \$3.6M

Based on its 2013 cash flow projection and taking into account the historic manner in which NERC's assessments have been billed and paid (including the fact that WECC collects and pays its entire annual allocated share of the NERC assessments during the first quarter of the year), NERC does not anticipate needing access to working capital in 2013 to meet monthly cash flow needs. In the unlikely event NERC experiences a temporary cash flow shortage, it has the ability to either request authorization from the Finance and Audit Committee and Board of Trustees to temporarily access operating reserve funds, or draw on its \$4M line of credit, as long as NERC is in compliance with the covenants under its bank credit agreement.

Per its credit agreement, NERC must maintain a minimum of \$1.250M in net assets (total assets minus intangible assets minus total liabilities). As of December 31, 2012, NERC's unrestricted net assets were \$9.7M. (Refer to Section D, Supplemental Financial Statements.)

NERC has also posted letters of credit totaling approximately \$101,236 in lieu of cash security deposits in connection with its offices leases. In the event these lines of credit are drawn upon, NERC is required to reimburse the draws in full. Management does not recommend at this time that working capital be maintained as security for this reimbursement obligation, as cash flows are projected to be sufficient in 2013–2014 to support timely payment of office rent without the letters of credit being drawn on.

NERC has collected funding to offset future liabilities under lease agreements for the Atlanta and Washington, DC offices. The projected \$3.6M yearend balance of these funds is being held as a restricted working capital reserve to offset these future liabilities.

Operating Reserves – \$2.8M Total (Known Contingency Category (\$1M) + Unforeseen Contingency Category (\$1M) + Personnel Certification and Operating Training Excess Revenues (\$767k))

Operating reserve amounts are divided into three categories: (1) known contingencies, (2) unknown contingencies, and (3) excess revenues from the Personnel Certification and Operator Training Programs. Management's proposal with respect to the amount of 2013 reserves for each of these categories is set forth below.

(1) Known Contingencies where timing and amount uncertain — \$1M

- a. 2014 known contingencies include (i) funding of outside consultants in connection with FAC 3 vegetation research, (ii) higher than projected data base support and maintenance expenses, (iii) additional costs to develop a replacement PC-GAR applications (iv) financing expense associated with the higher than projected software development and hardware costs and acceleration of the development of the RADS application to 2014 from 2015 and (v) funding of the cost of additional CONRAD devices to support ES-ISAC bi-directional communications.

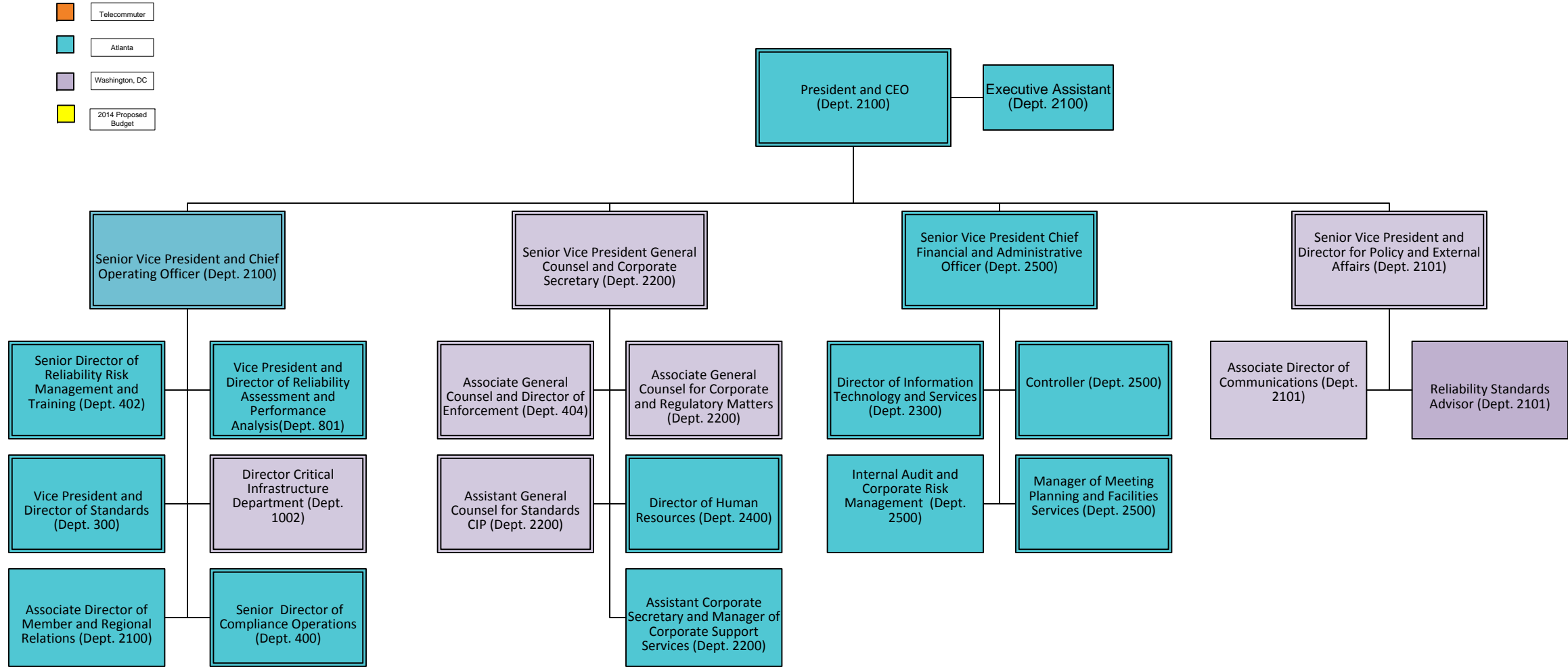
(2) Unforeseen Contingencies — \$1M

- a. Represents a contingency for unknowns, including significant litigation, compliance with new governmental or regulatory mandates, consulting expense for experts in connection with review of significant system events and investigations, etc.

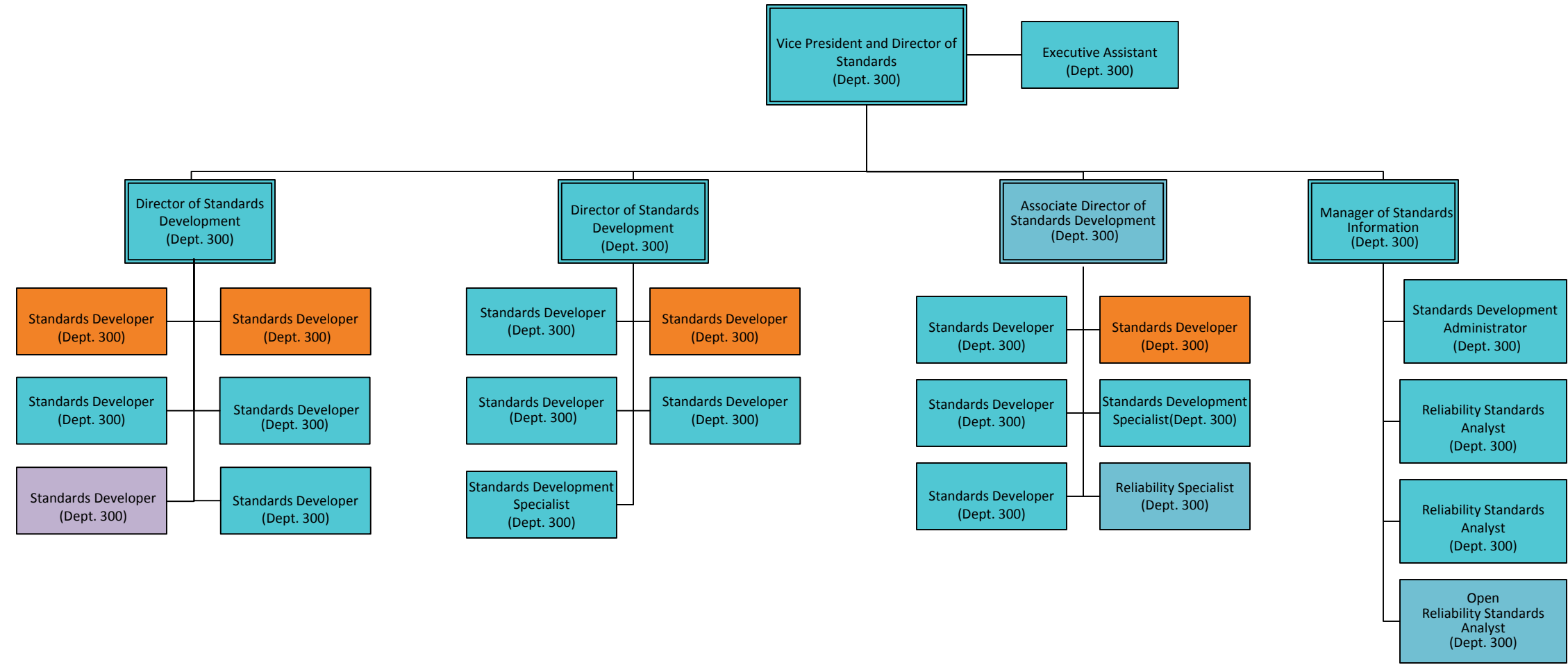
(3) System Operator Certification Program — \$767k - The projected 12/31/13 reserve balance of the System Operator Certification Program is \$1,206,746. The 2014 budget for expenses is \$438,253 higher than anticipated funding from testing fees and certificate renewals, leaving a budgeted balance of \$767,363 as of 12/31/14.

Total Working Capital + Operating Reserves – \$6.4M

NERC Staff Organization Chart 2013-2014 Budget

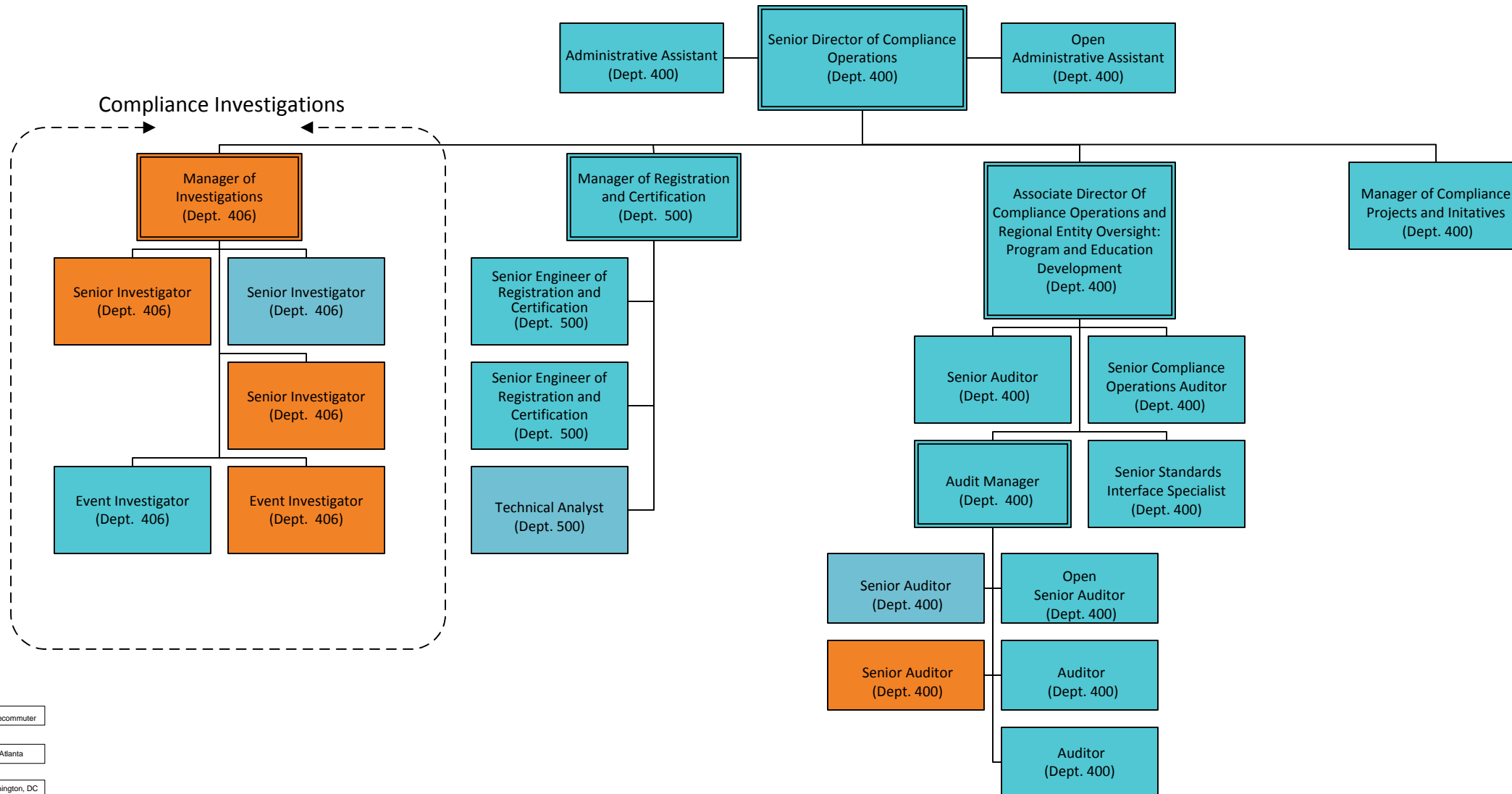


Reliability Standards 2013-2014 (Dept. 300)



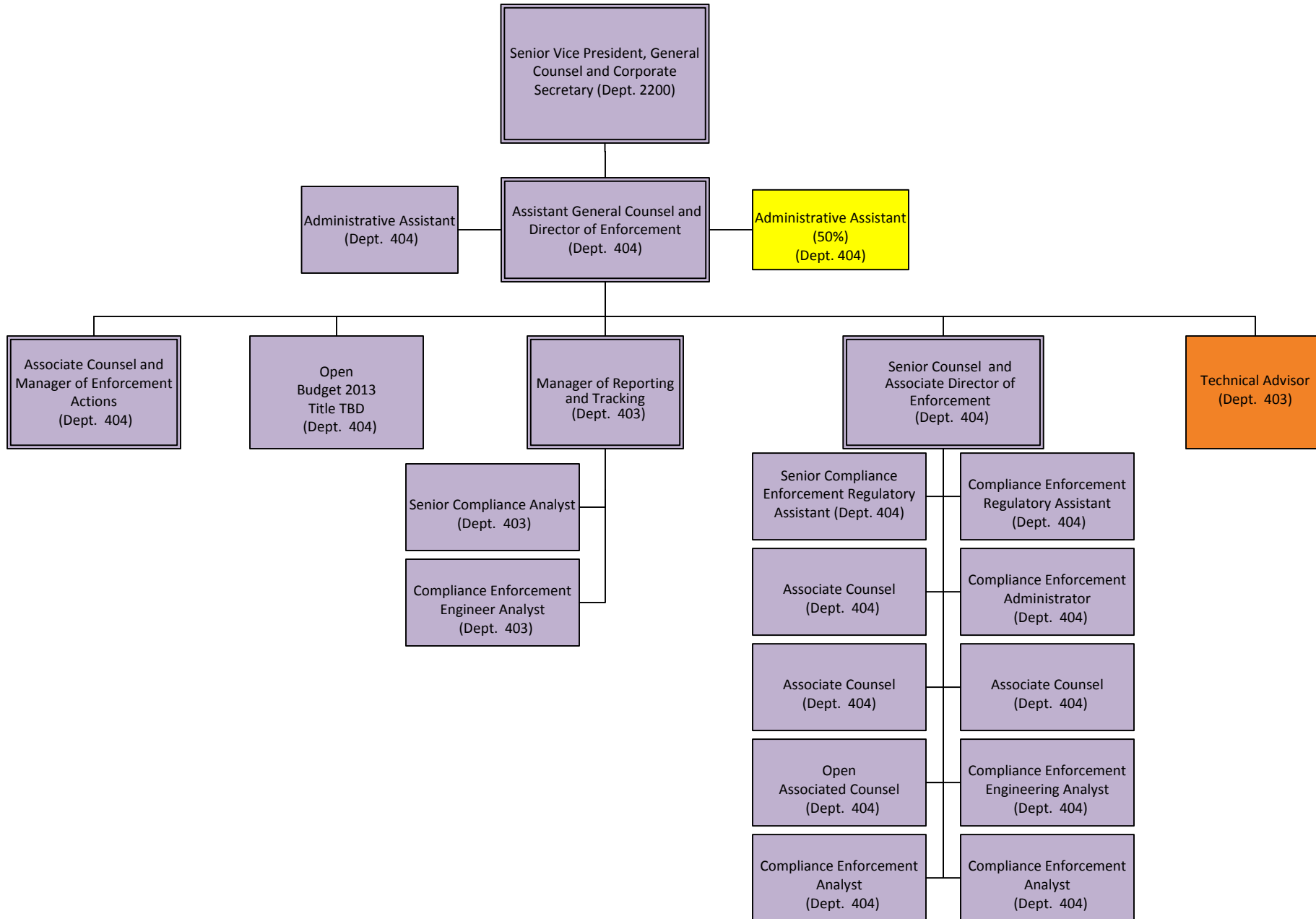
- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

Compliance Operations 2013-2014 (Dept. 400, 406, 500)



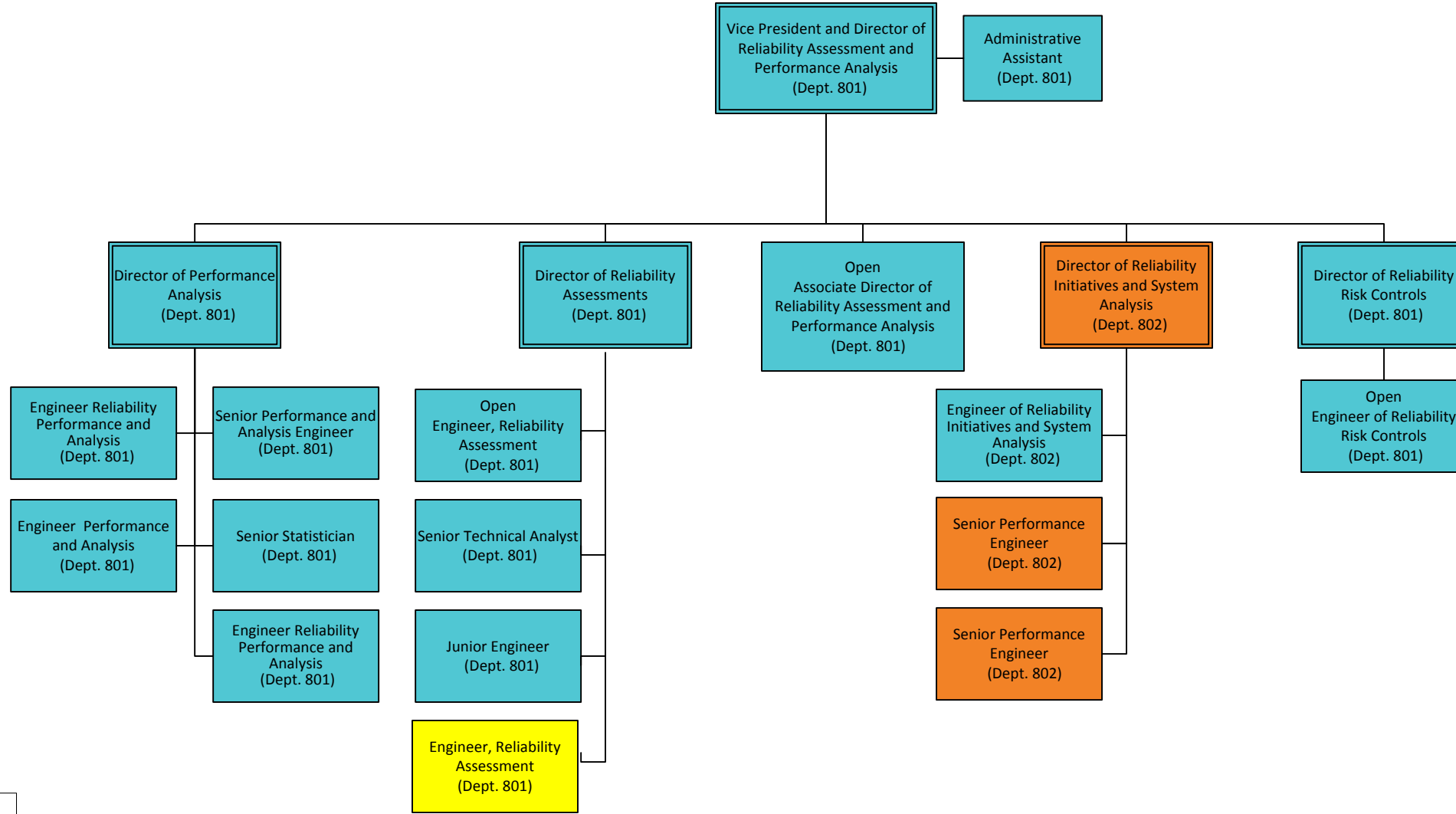
- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

Compliance Enforcement 2013-2014 (Dept. 403, 404)



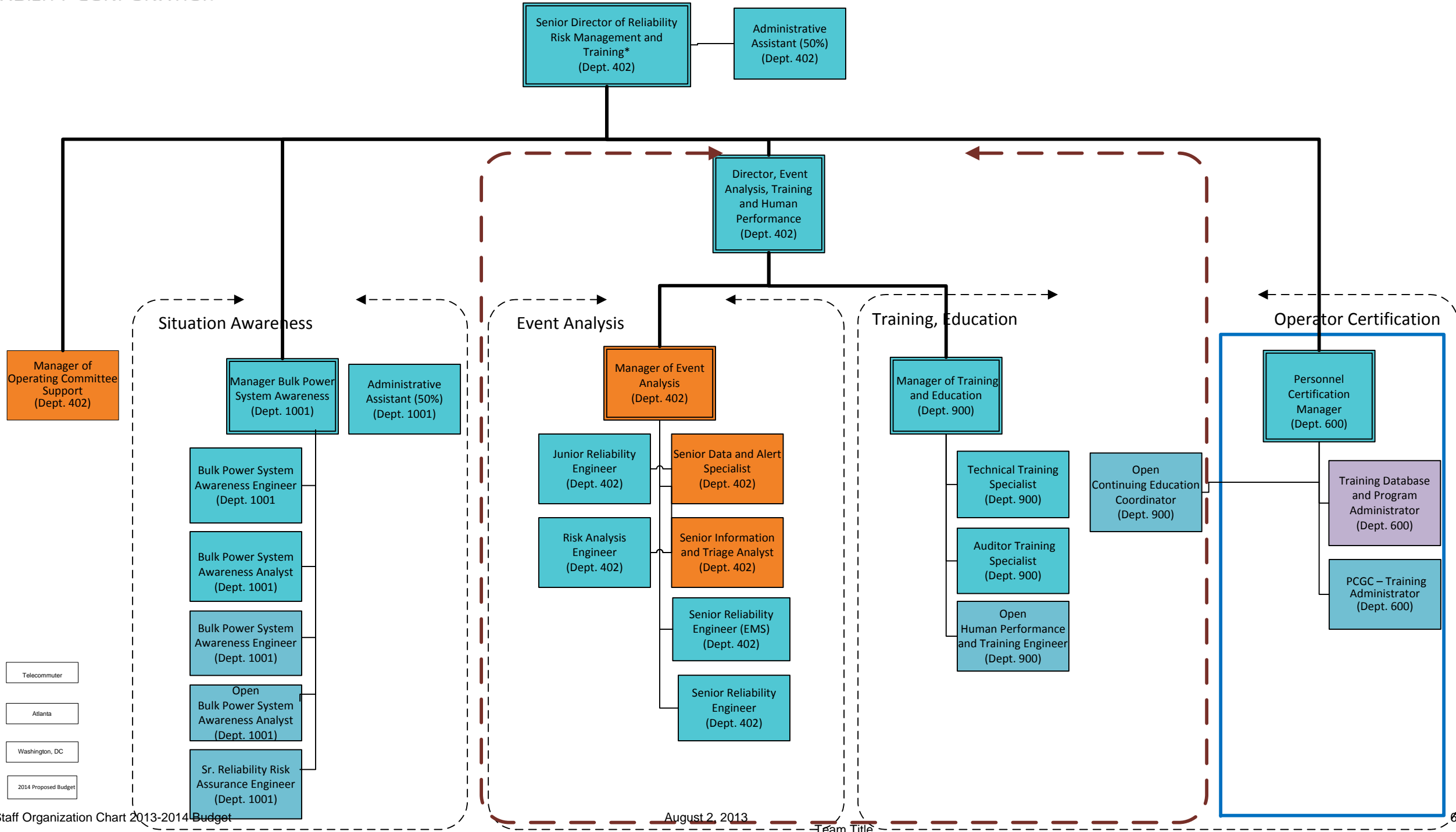
- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

Reliability Assessment and Performance Analysis 2013-2014 (Dept. 801, 802)

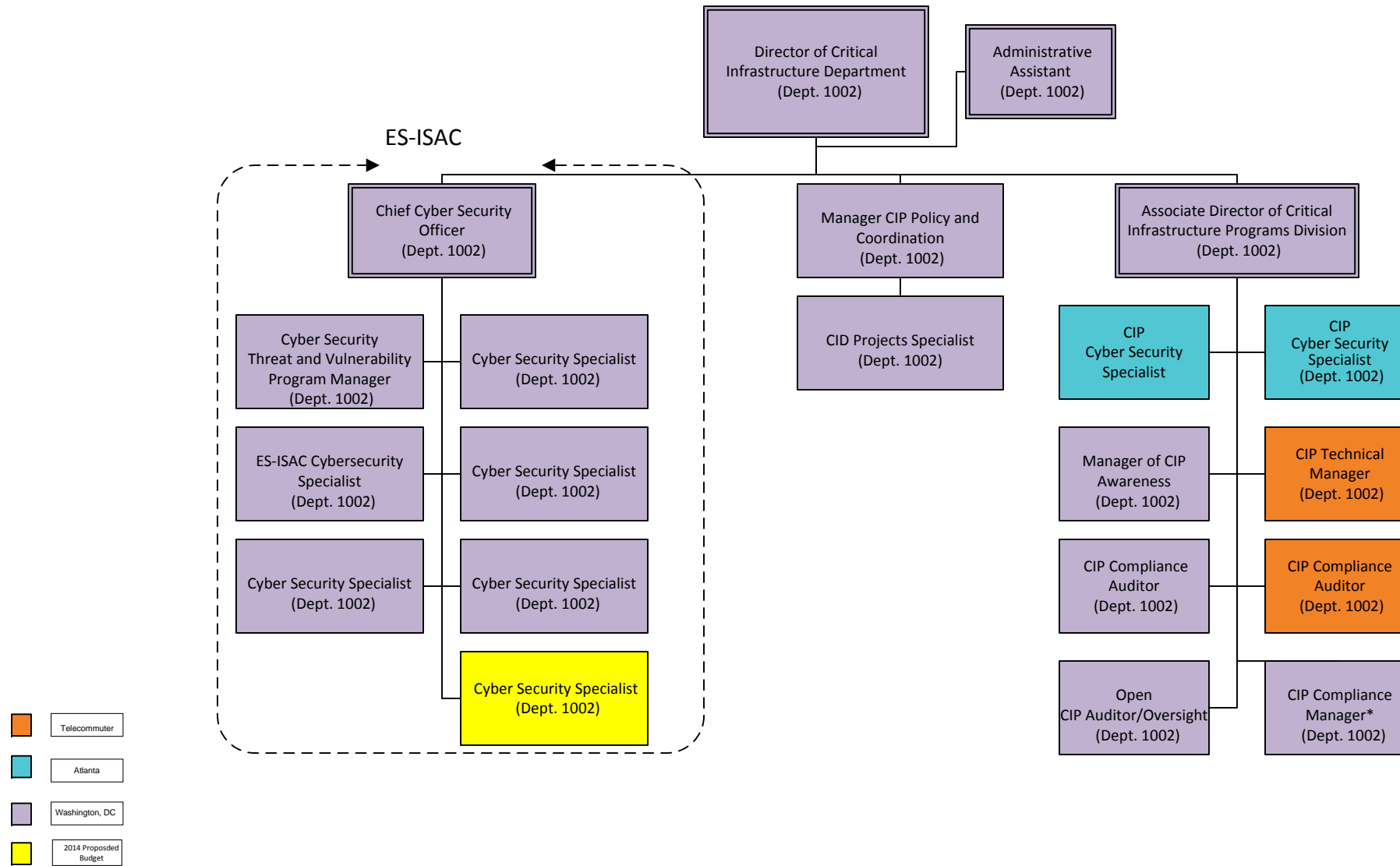


- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

Reliability Risk Management 2013-2014 (Dept. 402, 600, 900, 1001)

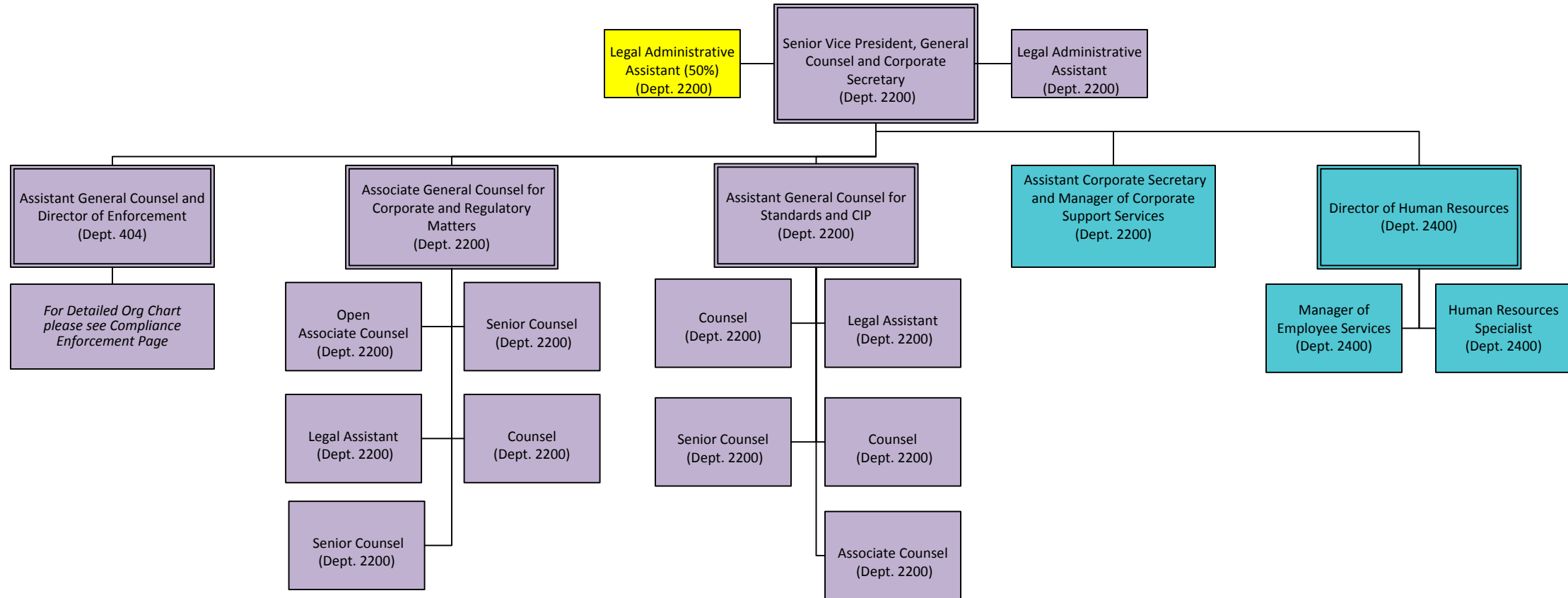


Critical Infrastructure Department 2013-2014 (Dept. 1002)



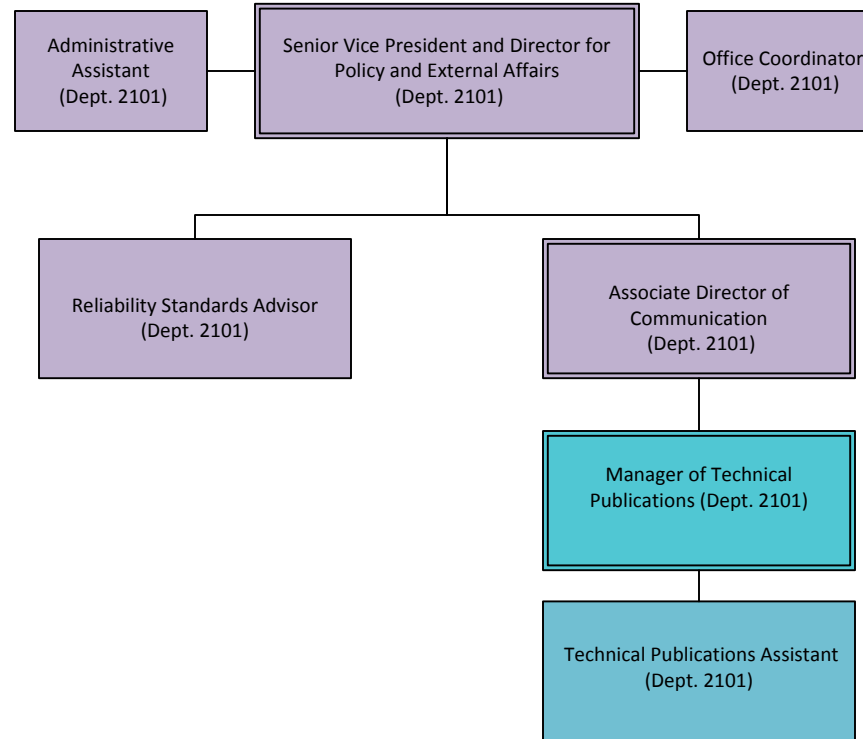
* Also performs CIP Compliance Audit Function

Legal and Regulatory 2013-2014 (Dept. 2200)
 Human Resources 2013-2014 (Dept. 2400)
 Compliance Enforcement 2013-2014 (Dept. 403, 404)



- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

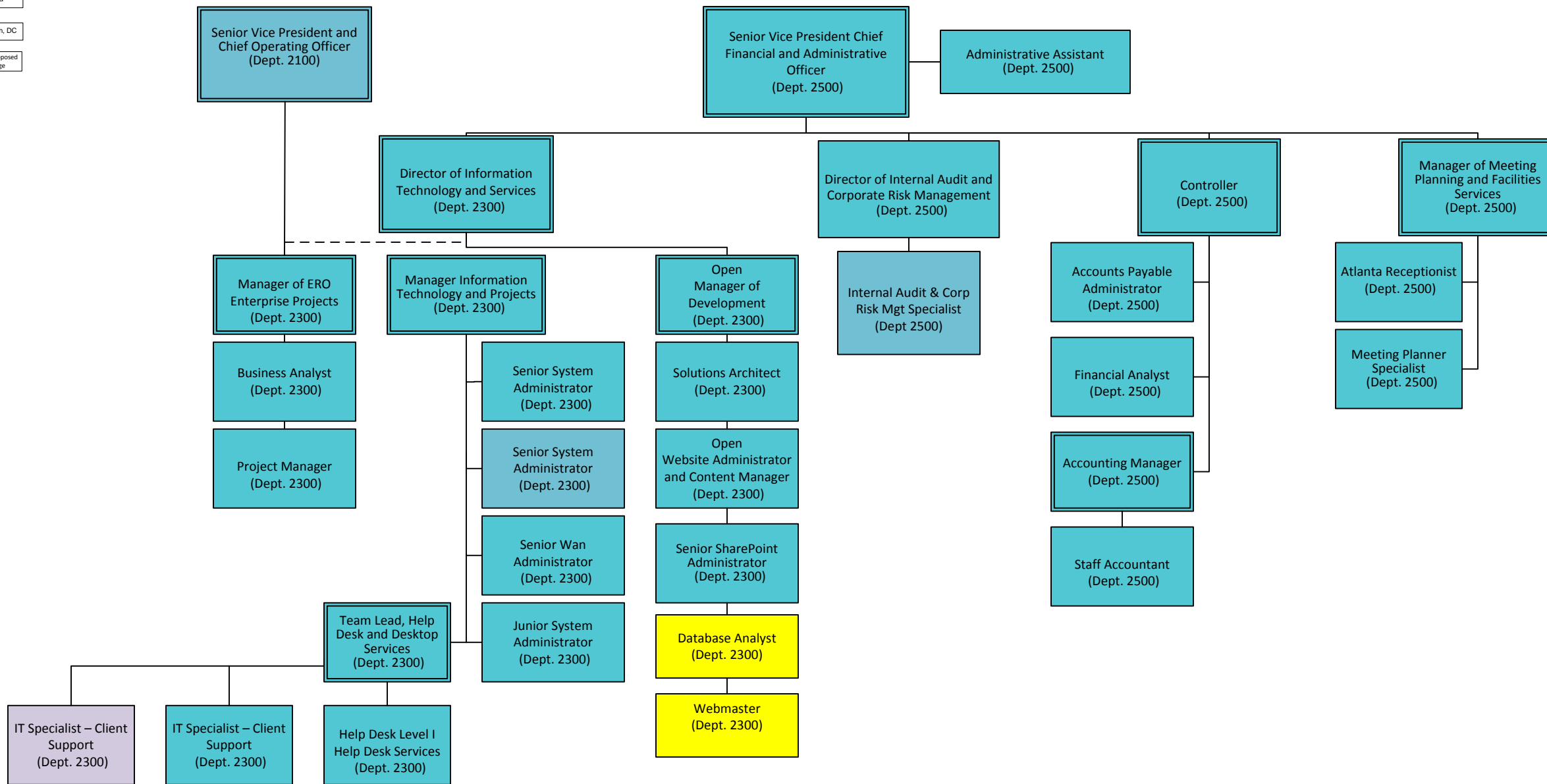
Governmental Relations 2013-2014 (Dept. 2101)



- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget

Accounting & Finance and Information Technology 2013-2014 (Dept. 2300, 2500)

- Telecommuter
- Atlanta
- Washington, DC
- 2014 Proposed Budget



2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	FRCC	1074	Alachua, City of	U.S.	122,506	122,506			0.056%	0.056%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	FRCC	1075	Bartow, City of	U.S.	274,400	274,400			0.124%	0.124%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	FRCC	1076	Chattahoochee, City of	U.S.	38,200	38,200			0.017%	0.017%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	682,000	682,000			0.309%	0.309%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	FRCC	1078	Florida Power & Light Co.	U.S.	108,634,700	108,634,700			49.226%	49.226%	0.000%	0.000%	2.427%	2.427%	0.000%	0.000%	2.750%
2012	FRCC	1079	Florida Public Utilities Company	U.S.	374,500	374,500			0.170%	0.170%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2012	FRCC	1080	Gainesville Regional Utilities	U.S.	1,773,553	1,773,553			0.804%	0.804%	0.000%	0.000%	0.040%	0.040%	0.000%	0.000%	0.045%
2012	FRCC	1081	Homestead, City of	U.S.	512,000	512,000			0.232%	0.232%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2012	FRCC	1082	JEA	U.S.	12,034,800	12,034,800			5.453%	5.453%	0.000%	0.000%	0.269%	0.269%	0.000%	0.000%	0.305%
2012	FRCC	1083	Lakeland Electric	U.S.	2,873,000	2,873,000			1.302%	1.302%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.073%
2012	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	3,651,400	3,651,400			1.655%	1.655%	0.000%	0.000%	0.082%	0.082%	0.000%	0.000%	0.092%
2012	FRCC	1661	City of Lake Worth	U.S.	422,843	422,843			0.192%	0.192%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2012	FRCC	1084	Mount Dora, City of	U.S.	89,333	89,333			0.040%	0.040%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	379,000	379,000			0.172%	0.172%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2012	FRCC	1086	Orlando Utilities Commission	U.S.	5,690,600	5,690,600			2.579%	2.579%	0.000%	0.000%	0.127%	0.127%	0.000%	0.000%	0.144%
2012	FRCC	1087	Progress Energy Florida	U.S.	39,415,600	39,415,600			17.861%	17.861%	0.000%	0.000%	0.880%	0.880%	0.000%	0.000%	0.998%
2012	FRCC	1088	Quincy, City of	U.S.	131,779	131,779			0.060%	0.060%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	FRCC	1089	Reedy Creek Improvement District	U.S.	1,207,000	1,207,000			0.547%	0.547%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2012	FRCC	1090	St. Cloud, City of (OUC)	U.S.	592,000	592,000			0.268%	0.268%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2012	FRCC	1091	Tallahassee, City of	U.S.	2,710,000	2,710,000			1.228%	1.228%	0.000%	0.000%	0.061%	0.061%	0.000%	0.000%	0.069%
2012	FRCC	1092	Tampa Electric Company	U.S.	19,248,000	19,248,000			8.722%	8.722%	0.000%	0.000%	0.430%	0.430%	0.000%	0.000%	0.487%
2012	FRCC	1603	City of Vero Beach	U.S.	734,000	734,000			0.333%	0.333%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2012	FRCC	1093	Wauchula, City of	U.S.	61,650	61,650			0.028%	0.028%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	FRCC	1094	Williston, City of	U.S.	33,247	33,247			0.015%	0.015%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	FRCC	1095	Winter Park, City of	U.S.	438,300	438,300			0.199%	0.199%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	FRCC	1072	Florida Municipal Power Agency	U.S.	5,540,493	5,540,493			2.511%	2.511%	0.000%	0.000%	0.124%	0.124%	0.000%	0.000%	0.140%
2012	FRCC	1073	Seminole Electric Cooperative	U.S.	13,019,200	13,019,200			5.899%	5.899%	0.000%	0.000%	0.291%	0.291%	0.000%	0.000%	0.330%
TOTAL FRCC					220,684,104	220,684,104	-	-	100.000%	100.000%	0.000%	0.000%	4.930%	4.930%	0.000%	0.000%	5.587%
2012	MRO	1199	Basin Electric Power Cooperative	U.S.	12,813,996	12,813,996	-	-	4.504%	4.504%	0.000%	0.000%	0.286%	0.286%	0.000%	0.000%	0.324%
2012	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	2,758,277	2,758,277	-	-	0.969%	0.969%	0.000%	0.000%	0.062%	0.062%	0.000%	0.000%	0.070%
2012	MRO	1204	Corn Belt Power Cooperative	U.S.	1,757,413	1,757,413	-	-	0.618%	0.618%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.044%
2012	MRO	1207	Dairyland Power Cooperative	U.S.	5,240,400	5,240,400	-	-	1.842%	1.842%	0.000%	0.000%	0.117%	0.117%	0.000%	0.000%	0.133%
2012	MRO	1210	Great River Energy	U.S.	13,499,508	13,499,508	-	-	4.745%	4.745%	0.000%	0.000%	0.302%	0.302%	0.000%	0.000%	0.342%
2012	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	4,027,905	4,027,905	-	-	1.416%	1.416%	0.000%	0.000%	0.090%	0.090%	0.000%	0.000%	0.102%
2012	MRO	1230	Nebraska Public Power District	U.S.	13,555,787	13,555,787	-	-	4.764%	4.764%	0.000%	0.000%	0.303%	0.303%	0.000%	0.000%	0.343%
2012	MRO	1232	Omaha Public Power District	U.S.	11,390,373	11,390,373	-	-	4.003%	4.003%	0.000%	0.000%	0.254%	0.254%	0.000%	0.000%	0.288%
2012	MRO	1237	Southern Montana Generation and Transmission	U.S.	5,280	5,280	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	MRO	1240	Western Area Power Administration (UM)	U.S.	9,586,410	9,586,410	-	-	3.369%	3.369%	0.000%	0.000%	0.214%	0.214%	0.000%	0.000%	0.243%
2012	MRO	1239	Western Area Power Administration (LM)	U.S.	126,885	126,885	-	-	0.045%	0.045%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	MRO	1217	Manitoba Hydro	CAN	22,804,674		22,804,674		8.015%	0.000%	8.015%	0.000%	0.509%	0.000%	0.509%	0.000%	0.000%
2012	MRO	1235	SaskPower	CAN	22,129,000		22,129,000		7.778%	0.000%	7.778%	0.000%	0.494%	0.000%	0.494%	0.000%	0.000%
2012	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	28,822,833	28,822,833	-	-	10.130%	10.130%	0.000%	0.000%	0.644%	0.644%	0.000%	0.000%	0.730%
2012	MRO	1216	Madison, Gas and Electric	U.S.	3,471,982	3,471,982	-	-	1.220%	1.220%	0.000%	0.000%	0.078%	0.078%	0.000%	0.000%	0.088%
2012	MRO	1220	MidAmerican Energy Company	U.S.	27,740,040	27,740,040	-	-	9.750%	9.750%	0.000%	0.000%	0.620%	0.620%	0.000%	0.000%	0.702%
2012	MRO	1221	Minnesota Power	U.S.	13,181,722	13,181,722	-	-	4.633%	4.633%	0.000%	0.000%	0.294%	0.294%	0.000%	0.000%	0.334%
2012	MRO	1226	Montana-Dakota Utilities Co.	U.S.	2,919,752	2,919,752	-	-	1.026%	1.026%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2012	MRO	1231	NorthWestern Energy	U.S.	1,501,454	1,501,454	-	-	0.528%	0.528%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2012	MRO	1233	Otter Tail Power Company	U.S.	4,304,889	4,304,889	-	-	1.513%	1.513%	0.000%	0.000%	0.096%	0.096%	0.000%	0.000%	0.109%
2012	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.	13,476,219	13,476,219	-	-	4.736%	4.736%	0.000%	0.000%	0.301%	0.301%	0.000%	0.000%	0.341%
2012	MRO	1244	Xcel Energy Company (NSP)	U.S.	45,549,414	45,549,414	-	-	16.009%	16.009%	0.000%	0.000%	1.017%	1.017%	0.000%	0.000%	1.153%
2012	MRO	1196	Ames Municipal Electric System	U.S.	763,473	763,473	-	-	0.268%	0.268%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2012	MRO	1604	Atlantic Municipal Utilities	U.S.	74,892	74,892	-	-	0.026%	0.026%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	410,469	410,469	-	-	0.144%	0.144%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	MRO	1200	Cedar Falls Municipal Utilities	U.S.	522,020	522,020	-	-	0.183%	0.183%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	473,293	473,293	-	-	0.166%	0.166%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2012	MRO	1203	Escanaba Municipal Electric Utility	U.S.	148,283	148,283	-	-	0.052%	0.052%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	MRO	1205	Falls City Water & Light Department	U.S.	56,341	56,341	-	-	0.020%	0.020%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	MRO	1206	Fremont Department of Utilities	U.S.	442,533	442,533	-	-	0.156%	0.156%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	MRO	1208	Geneseo Municipal Utilities	U.S.	66,582	66,582	-	-	0.023%	0.023%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	MRO	1209	Grand Island Utilities Department	U.S.	763,967	763,967	-	-	0.269%	0.269%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2012	MRO	1606	Harlan Municipal Utilities	U.S.	25,428	25,428	-	-	0.009%	0.009%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	MRO	1211	Hastings Utilities	U.S.	424,638	424,638	-	-	0.149%	0.149%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2012	MRO	1212	Heartland Consumers Power District	U.S.	850,082	850,082	-	-	0.299%	0.299%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2012	MRO	1213	Hutchinson Utilities Commission	U.S.	292,815	292,815	-	-	0.103%	0.103%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2012	MRO	1215	Lincoln Electric System	U.S.	3,242,212	3,242,212	-	-	1.140%	1.140%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2012	MRO	1218	Manitowoc Public Utilities	U.S.	539,052	539,052	-	-	0.189%	0.189%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2012	MRO	1223	Missouri River Energy Services	U.S.	2,303,805	2,303,805	-	-	0.810%	0.810%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2012	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	1,518,670	1,518,670	-	-	0.534%	0.534%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2012	MRO	1607	Montezuma Municipal Light & Power	U.S.	32,779	32,779	-	-	0.012%	0.012%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	1,165,080	1,165,080	-	-	0.409%	0.409%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2012	MRO	1228	Muscatine Power and Water	U.S.	866,487	866,487	-	-	0.305%	0.305%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2012	MRO	1229	Nebraska City Utilities	U.S.	174,149	174,149	-	-	0.061%	0.061%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	MRO	1234	Rochester Public Utilities	U.S.	10,000	10,000	-	-	0.004%	0.004%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	2,947,896	2,947,896	-	-	1.036%	1.036%	0.000%	0.000%	0.066%	0.066%	0.000%	0.000%	0.075%
2012	MRO	1241	Willmar Municipal Utilities	U.S.	261,951	261,951	-	-	0.092%	0.092%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	5,477,966	5,477,966	-	-	1.925%	1.925%	0.000%	0.000%	0.122%	0.122%	0.000%	0.000%	0.139%
TOTAL MRO					284,519,075	239,585,401	44,933,674	-	100.00%	84.207%	15.793%	0.000%	6.356%	5.352%	1.004%	0.000%	6.066%
2012	NPCC	1336	New England	U.S.	128,081,000	128,081,000	-	-	19.970%	19.970%	0.000%	0.000%	2.861%	2.861%	0.000%	0.000%	3.243%
2012	NPCC	1339	New York	U.S.	162,842,000	162,842,000	-	-	25.389%	25.389%	0.000%	0.000%	3.638%	3.638%	0.000%	0.000%	4.123%
2012	NPCC	1337	Ontario	Canada	141,287,000	-	141,287,000	-	22.029%	0.000%	22.029%	0.000%	3.156%	0.000%	3.156%	0.000%	-
2012	NPCC	1341	Quebec	Canada	184,822,000	-	184,822,000	-	28.816%	0.000%	28.816%	0.000%	4.129%	0.000%	4.129%	0.000%	-
2012	NPCC	1338	New Brunswick	Canada	13,906,000	-	13,906,000	-	2.168%	0.000%	2.168%	0.000%	0.311%	0.000%	0.311%	0.000%	-
2012	NPCC	1340	Nova Scotia	Canada	10,444,000	-	10,444,000	-	1.628%	0.000%	1.628%	0.000%	0.233%	0.000%	0.233%	0.000%	-
TOTAL NPCC					641,382,000	290,923,000	350,459,000	-	100.000%	45.359%	54.641%	0.000%	14.327%	6.499%	7.829%	0.000%	7.366%
2012	RFC	1104	Bay City	U.S.	334,465	334,465	-	-	0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	RFC	1102	Cannelton Utilities	U.S.	15,656	15,656	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	RFC	1105	City of Chelsea	U.S.	101,400	101,400	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	RFC	1106	City of Croswell	U.S.	42,103	42,103	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1108	City of Eaton Rapids	U.S.	98,372	98,372	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	RFC	1111	City of Hart	U.S.	46,421	46,421	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1490	City of Lansing	U.S.	2,279,706	2,279,706	-	-	0.253%	0.253%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2012	RFC	1112	City of Marquette Board of Light & Power	U.S.	325,870	325,870	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	RFC	1114	City of Portland	U.S.	37,089	37,089	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1116	City of St. Louis	U.S.	39,700	39,700	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1118	City of Wyandotte	U.S.	215,374	215,374	-	-	0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	RFC	1120	Cloverland Electric Cooperative	U.S.	875,650	875,650	-	-	0.097%	0.097%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.022%
2012	RFC	1122	CMS ERM Michigan LLC	U.S.	180,553	180,553	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	1,099,317	1,099,317	-	-	0.122%	0.122%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2012	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	1,120,458	1,120,458	-	-	0.124%	0.124%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2012	RFC	1126	Consumers Energy Company	U.S.	33,756,264	33,756,264	-	-	3.742%	3.742%	0.000%	0.000%	0.754%	0.754%	0.000%	0.000%	0.855%
2012	RFC	1128	Detroit Edison Company	U.S.	46,541,661	46,541,661	-	-	5.159%	5.159%	0.000%	0.000%	1.040%	1.040%	0.000%	0.000%	1.178%
2012	RFC	1166	Duke Energy Indiana	U.S.	30,297,309	30,297,309	-	-	3.358%	3.358%	0.000%	0.000%	0.677%	0.677%	0.000%	0.000%	0.767%
2012	RFC	1135	Ferdinand Municipal Light & Water	U.S.	45,590	45,590	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	173,025	173,025	-	-	0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	2,252,597	2,252,597	-	-	0.250%	0.250%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%
2012	RFC	1612	Glacial Energy (MECS-DET)	U.S.	284,554	284,554	-	-	0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	RFC	1144	Holland Board of Public Works	U.S.	960,951	960,951	-	-	0.107%	0.107%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2012	RFC	1145	Hoosier Energy	U.S.	7,194,744	7,194,744	-	-	0.798%	0.798%	0.000%	0.000%	0.161%	0.161%	0.000%	0.000%	0.182%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	3,036,013	3,036,013			0.337%	0.337%	0.000%	0.000%	0.068%	0.068%	0.000%	0.000%	0.077%
2012	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	427,538	427,538			0.047%	0.047%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	592,263	592,263			0.066%	0.066%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2012	RFC	1149	Indianapolis Power & Light Co.	U.S.	14,889,914	14,889,914			1.651%	1.651%	0.000%	0.000%	0.333%	0.333%	0.000%	0.000%	0.377%
2012	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	682,398	682,398			0.076%	0.076%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	449,324	449,324			0.050%	0.050%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	RFC	1614	Just Energy (MECS-DET)	U.S.	15,186	15,186			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	RFC	1154	Michigan Public Power Agency	U.S.	1,264,999	1,264,999			0.140%	0.140%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2012	RFC	1155	Michigan South Central Power Agency	U.S.	609,623	609,623			0.068%	0.068%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2012	RFC	1158	MidAmerican Energy Company Retail	U.S.	96,326	96,326			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	RFC	1163	Northern Indiana Public Service Co.	U.S.	17,583,131	17,583,131			1.949%	1.949%	0.000%	0.000%	0.393%	0.393%	0.000%	0.000%	0.445%
2012	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	28,624	28,624			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1265	PJM Interconnection, LLC	U.S.	687,961,090	687,961,090			76.259%	76.259%	0.000%	0.000%	15.368%	15.368%	0.000%	0.000%	17.418%
2012	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	1,030,064	1,030,064			0.114%	0.114%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2012	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	848,402	848,402			0.094%	0.094%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2012	RFC	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	11,206	11,206			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	RFC	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	317,504	317,504			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	RFC	1581	Spartan Renewable Energy	U.S.	69,497	69,497			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	RFC	1180	Thumb Electric Cooperative	U.S.	170,909	170,909			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	RFC	1662	Ohio Valley Electric Corporation	U.S.	576,571	576,571			0.064%	0.064%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2012	RFC	1181	Vectren Energy Delivery of IN	U.S.	5,785,541	5,785,541			0.641%	0.641%	0.000%	0.000%	0.129%	0.129%	0.000%	0.000%	0.146%
2012	RFC	1183	Village of Sebewaing	U.S.	41,077	41,077			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	2,684,539	2,684,539			0.298%	0.298%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2012	RFC	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	1,664,923	1,664,923			0.185%	0.185%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2012	RFC	1185	Wisconsin Electric Power Co.	U.S.	29,181,177	29,181,177			3.235%	3.235%	0.000%	0.000%	0.652%	0.652%	0.000%	0.000%	0.739%
2012	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	1,063,960	1,063,960			0.118%	0.118%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2012	RFC	1191	Wolverine Power Supply Cooperative	U.S.	2,593,555	2,593,555			0.287%	0.287%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.066%
2012	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	137,933	137,933			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
TOTAL RELIABILITYFIRST					902,132,116	902,132,116	-	-	100.000%	100.000%	0.000%	0.000%	20.152%	20.152%	0.000%	0.000%	22.841%
2012	SERC	1267	Alabama Municipal Electric Authority	U.S.	3,432,938	3,432,938	-	-	0.337%	0.337%	0.000%	0.000%	0.077%	0.077%	0.000%	0.000%	0.087%
2012	SERC	1268	Alabama Power Company	U.S.	56,754,262	56,754,262	-	-	5.571%	5.571%	0.000%	0.000%	1.268%	1.268%	0.000%	0.000%	1.437%
2012	SERC	1269	Ameren - Illinois	U.S.	43,298,000	43,298,000	-	-	4.250%	4.250%	0.000%	0.000%	0.967%	0.967%	0.000%	0.000%	1.096%
2012	SERC	1271	Ameren - Missouri	U.S.	41,618,000	41,618,000	-	-	4.085%	4.085%	0.000%	0.000%	0.930%	0.930%	0.000%	0.000%	1.054%
2012	SERC	1272	APGI - Yadkin Division	U.S.	22,992	22,992	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	335	335	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	SERC	1273	Associated Electric Cooperative Inc.	U.S.	19,075,704	19,075,704	-	-	1.873%	1.873%	0.000%	0.000%	0.426%	0.426%	0.000%	0.000%	0.483%
2012	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	1,077,094	1,077,094	-	-	0.106%	0.106%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2012	SERC	1462	Benton Utility District	U.S.	288,130	288,130	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1274	Big Rivers Electric Corporation	U.S.	11,267,634	11,267,634	-	-	1.106%	1.106%	0.000%	0.000%	0.252%	0.252%	0.000%	0.000%	0.285%
2012	SERC	1275	Black Warrior EMC	U.S.	414,169	414,169	-	-	0.041%	0.041%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SERC	1276	Blue Ridge EMC	U.S.	1,358,180	1,358,180	-	-	0.133%	0.133%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2012	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	402,877	402,877	-	-	0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SERC	1463	Canton, MS	U.S.	127,061	127,061	-	-	0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	15,447,228	15,447,228	-	-	1.516%	1.516%	0.000%	0.000%	0.345%	0.345%	0.000%	0.000%	0.391%
2012	SERC	1278	City of Blountstown FL	U.S.	38,700	38,700	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1279	City of Camden SC	U.S.	188,060	188,060	-	-	0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	SERC	1280	City of Collins MS	U.S.	44,400	44,400	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1281	City of Columbia MO	U.S.	1,193,949	1,193,949	-	-	0.117%	0.117%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2012	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	1,056,279	1,056,279	-	-	0.104%	0.104%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2012	SERC	1284	City of Evergreen AL	U.S.	55,801	55,801	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1285	City of Hampton GA	U.S.	29,782	29,782	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1286	City of Hartford AL	U.S.	32,131	32,131	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	622,254	622,254	-	-	0.061%	0.061%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2012	SERC	1288	City of North Little Rock AR (DENL)	U.S.	989,107	989,107	-	-	0.097%	0.097%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2012	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	742,662	742,662	-	-	0.073%	0.073%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	SERC	1290	City of Robertsdale AL	U.S.	81,679	81,679	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	SERC	1291	City of Ruston LA (DERS)	U.S.	282,068	282,068	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1292	City of Seneca SC	U.S.	152,201	152,201	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	SERC	1115	City of Springfield (CWLP)	U.S.	1,835,972	1,835,972	-	-	0.180%	0.180%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.046%
2012	SERC	1465	City of Thayer, MO	U.S.	19,756	19,756	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	SERC	1293	City of Troy AL	U.S.	404,574	404,574	-	-	0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	410,470	410,470	-	-	0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	658,265	658,265	-	-	0.065%	0.065%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	264,973	264,973	-	-	0.026%	0.026%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1283	Dalton Utilities	U.S.	1,450,704	1,450,704	-	-	0.142%	0.142%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2012	SERC	1585	Dixie Electric Membership Corporation	U.S.	2,249,802	2,249,802	-	-	0.221%	0.221%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%
2012	SERC	1295	Dominion Virginia Power	U.S.	83,465,181	83,465,181	-	-	8.193%	8.193%	0.000%	0.000%	1.864%	1.864%	0.000%	0.000%	2.113%
2012	SERC	1296	Duke Energy Carolinas, LLC	U.S.	81,855,671	81,855,671	-	-	8.035%	8.035%	0.000%	0.000%	1.828%	1.828%	0.000%	0.000%	2.072%
2012	SERC	1466	Durant, MS	U.S.	28,096	28,096	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1478	E.ON U.S. Services Inc.	U.S.	34,727,869	34,727,869	-	-	3.409%	3.409%	0.000%	0.000%	0.776%	0.776%	0.000%	0.000%	0.879%
2012	SERC	1297	East Kentucky Power Cooperative	U.S.	12,174,586	12,174,586	-	-	1.195%	1.195%	0.000%	0.000%	0.272%	0.272%	0.000%	0.000%	0.308%
2012	SERC	1298	East Mississippi Electric Power Association	U.S.	433,973	433,973	-	-	0.043%	0.043%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	SERC	1629	East Texas Electric Cooperative Inc	U.S.	1,956,083	1,956,083	-	-	0.192%	0.192%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
2012	SERC	1299	Electric Energy Inc.	U.S.	25,264	25,264	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1300	EnergyUnited EMC	U.S.	2,508,650	2,508,650	-	-	0.246%	0.246%	0.000%	0.000%	0.056%	0.056%	0.000%	0.000%	0.064%
2012	SERC	1301	Entergy	U.S.	115,147,950	115,147,950	-	-	11.303%	11.303%	0.000%	0.000%	2.572%	2.572%	0.000%	0.000%	2.915%
2012	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	2,133,504	2,133,504	-	-	0.209%	0.209%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2012	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	323,555	323,555	-	-	0.032%	0.032%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	SERC	1304	French Broad EMC	U.S.	522,617	522,617	-	-	0.051%	0.051%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2012	SERC	1305	Georgia Power Company	U.S.	85,358,103	85,358,103	-	-	8.379%	8.379%	0.000%	0.000%	1.907%	1.907%	0.000%	0.000%	2.161%
2012	SERC	1306	Georgia System Optns Corporation	U.S.	37,575,498	37,575,498	-	-	3.689%	3.689%	0.000%	0.000%	0.839%	0.839%	0.000%	0.000%	0.951%
2012	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	285,456	285,456	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	270,177	270,177	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1308	Gulf Power Company	U.S.	11,247,370	11,247,370	-	-	1.104%	1.104%	0.000%	0.000%	0.251%	0.251%	0.000%	0.000%	0.285%
2012	SERC	1586	Haywood EMC	U.S.	291,408	291,408	-	-	0.029%	0.029%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2012	SERC	1309	Illinois Municipal Electric Agency	U.S.	1,928,200	1,928,200	-	-	0.189%	0.189%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2012	SERC	1480	Itta Bena, MS	U.S.	16,005	16,005	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	272,018	272,018	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1617	Kentucky Municipal Power	U.S.	746,400	746,400	-	-	0.073%	0.073%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2012	SERC	1481	Kosciusko, MS	U.S.	75,299	75,299	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	SERC	1482	Leland, MS	U.S.	33,307	33,307	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1313	McCormick Commission of Public Works	U.S.	20,396	20,396	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	SERC	1314	Mississippi Power Company	U.S.	13,141,121	13,141,121	-	-	1.290%	1.290%	0.000%	0.000%	0.294%	0.294%	0.000%	0.000%	0.333%
2012	SERC	1630	Mt. Carmel Public Utility	U.S.	110,658	110,658	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	SERC	1315	Municipal Electric Authority of Georgia	U.S.	10,828,000	10,828,000	-	-	1.063%	1.063%	0.000%	0.000%	0.242%	0.242%	0.000%	0.000%	0.274%
2012	SERC	1316	N.C. Electric Membership Corp.	U.S.	12,036,315	12,036,315	-	-	1.182%	1.182%	0.000%	0.000%	0.269%	0.269%	0.000%	0.000%	0.305%
2012	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	7,391,632	7,391,632	-	-	0.726%	0.726%	0.000%	0.000%	0.165%	0.165%	0.000%	0.000%	0.187%
2012	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	4,706,985	4,706,985	-	-	0.462%	0.462%	0.000%	0.000%	0.105%	0.105%	0.000%	0.000%	0.119%
2012	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	324,623	324,623	-	-	0.032%	0.032%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	SERC	1574	Northern Virginia Electric Cooperative	U.S.	3,901,978	3,901,978	-	-	0.383%	0.383%	0.000%	0.000%	0.087%	0.087%	0.000%	0.000%	0.099%
2012	SERC	1319	Old Dominion Electric Cooperative	U.S.	5,866,764	5,866,764	-	-	0.576%	0.576%	0.000%	0.000%	0.131%	0.131%	0.000%	0.000%	0.149%
2012	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	179,492	179,492	-	-	0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	923,939	923,939	-	-	0.091%	0.091%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.023%
2012	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	490,669	490,669	-	-	0.048%	0.048%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2012	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	2,284,154	2,284,154	-	-	0.224%	0.224%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2012	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	266,612	266,612	-	-	0.026%	0.026%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	SERC	1266	PowerSouth Energy	U.S.	7,974,945	7,974,945	-	-	0.783%	0.783%	0.000%	0.000%	0.178%	0.178%	0.000%	0.000%	0.202%
2012	SERC	1330	Prairie Power, Inc.	U.S.	1,541,020	1,541,020	-	-	0.151%	0.151%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.039%
2012	SERC	1324	Progress Energy Carolinas	U.S.	45,149,000	45,149,000	-	-	4.432%	4.432%	0.000%	0.000%	1.009%	1.009%	0.000%	0.000%	1.143%
2012	SERC	1325	Rutherford EMC	U.S.	1,262,364	1,262,364	-	-	0.124%	0.124%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2012	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	1,767,702	1,767,702	-	-	0.174%	0.174%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.045%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	SERC	1326	South Carolina Electric & Gas Company	U.S.	22,422,685	22,422,685	-	-	2.201%	2,201%	0.000%	0.000%	0.501%	0.501%	0.000%	0.000%	0.568%
2012	SERC	1327	South Carolina Public Service Authority	U.S.	11,194,217	11,194,217	-	-	1.099%	1,099%	0.000%	0.000%	0.250%	0.250%	0.000%	0.000%	0.283%
2012	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	628,512	628,512	-	-	0.062%	0.062%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2012	SERC	1328	South Mississippi Electric Power Association	U.S.	10,013,355	10,013,355	-	-	0.983%	0.983%	0.000%	0.000%	0.224%	0.224%	0.000%	0.000%	0.254%
2012	SERC	1329	Southern Illinois Power Cooperative	U.S.	1,508,565	1,508,565	-	-	0.148%	0.148%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2012	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	2,528,565	2,528,565	-	-	0.248%	0.248%	0.000%	0.000%	0.056%	0.056%	0.000%	0.000%	0.064%
2012	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	452,166	452,166	-	-	0.044%	0.044%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2012	SERC	1331	Tennessee Valley Authority	U.S.	167,357,652	167,357,652	-	-	16.429%	16,429%	0.000%	0.000%	3.738%	3,738%	0.000%	0.000%	4.237%
2012	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	188,395	188,395	-	-	0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	125,830	125,830	-	-	0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	SERC	1592	Town of Black Creek, N.C.	U.S.	12,922	12,922	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	SERC	1593	Town of Lucama, N.C.	U.S.	20,716	20,716	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	SERC	1594	Town of Sharpsburg, N.C.	U.S.	19,341	19,341	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	SERC	1595	Town of Stantonsburg, N.C.	U.S.	23,009	23,009	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1333	Town of Waynesville NC	U.S.	94,354	94,354	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	SERC	1334	Town of Winterville SC	U.S.	49,635	49,635	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1335	Town of Winterville NC	U.S.	51,718	51,718	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	1,049,536	1,049,536	-	-	0.103%	0.103%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.027%
TOTAL SERC					1,018,699,975	1,018,699,975	-	-	100.000%	100.000%	0.000%	0.000%	22.756%	22,756%	0.000%	0.000%	25.792%
2012	SPP	1246	American Electric Power	U.S.	37,266,144	37,266,144	-	-	17.119%	17,119%	0.000%	0.000%	0.832%	0,832%	0.000%	0.000%	0.944%
2012	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	4,977,234	4,977,234	-	-	2.286%	2,286%	0.000%	0.000%	0.111%	0,111%	0.000%	0.000%	0.126%
2012	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	2,425,044	2,425,044	-	-	1.114%	1,114%	0.000%	0.000%	0.054%	0,054%	0.000%	0.000%	0.061%
2012	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	932,343	932,343	-	-	0.428%	0,428%	0.000%	0.000%	0.021%	0,021%	0.000%	0.000%	0.024%
2012	SPP	1647	Carthage City Water & Light	U.S.	305,090	305,090	-	-	0.140%	0,140%	0.000%	0.000%	0.007%	0,007%	0.000%	0.000%	0.008%
2012	SPP	1469	Central Valley Electric Cooperative	U.S.	829,791	829,791	-	-	0.381%	0,381%	0.000%	0.000%	0.019%	0,019%	0.000%	0.000%	0.021%
2012	SPP	1556	City of Bentonville	U.S.	642,163	642,163	-	-	0.295%	0,295%	0.000%	0.000%	0.014%	0,014%	0.000%	0.000%	0.016%
2012	SPP	1557	City of Clarksdale, Mississippi	U.S.	173,533	173,533	-	-	0.080%	0,080%	0.000%	0.000%	0.004%	0,004%	0.000%	0.000%	0.004%
2012	SPP	1558	Hope Water & Light (HWL)	U.S.	296,744	296,744	-	-	0.136%	0,136%	0.000%	0.000%	0.007%	0,007%	0.000%	0.000%	0.008%
2012	SPP	1559	City of Minden	U.S.	165,975	165,975	-	-	0.076%	0,076%	0.000%	0.000%	0.004%	0,004%	0.000%	0.000%	0.004%
2012	SPP	1634	City of Mulvane	U.S.	44,856	44,856	-	-	0.021%	0,021%	0.000%	0.000%	0.001%	0,001%	0.000%	0.000%	0.001%
2012	SPP	1635	The City of Osage City	U.S.	37,046	37,046	-	-	0.017%	0,017%	0.000%	0.000%	0.001%	0,001%	0.000%	0.000%	0.001%
2012	SPP	1636	City of Prescott	U.S.	89,582	89,582	-	-	0.041%	0,041%	0.000%	0.000%	0.002%	0,002%	0.000%	0.000%	0.002%
2012	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	1,114,342	1,114,342	-	-	0.512%	0,512%	0.000%	0.000%	0.025%	0,025%	0.000%	0.000%	0.028%
2012	SPP	1436	City Utilities of Springfield, MO	U.S.	3,221,416	3,221,416	-	-	1.480%	1,480%	0.000%	0.000%	0.072%	0,072%	0.000%	0.000%	0.082%
2012	SPP	1249	Cleco Power LLC	U.S.	11,526,241	11,526,241	-	-	5.295%	5,295%	0.000%	0.000%	0.257%	0,257%	0.000%	0.000%	0.292%
2012	SPP	1437	East Texas Electric Coop, Inc.	U.S.	407,040	407,040	-	-	0.187%	0,187%	0.000%	0.000%	0.009%	0,009%	0.000%	0.000%	0.010%
2012	SPP	1250	The Empire District Electric Company	U.S.	5,233,311	5,233,311	-	-	2.404%	2,404%	0.000%	0.000%	0.117%	0,117%	0.000%	0.000%	0.133%
2012	SPP	1470	Farmers' Electric Coop	U.S.	464,274	464,274	-	-	0.213%	0,213%	0.000%	0.000%	0.010%	0,010%	0.000%	0.000%	0.012%
2012	SPP	1438	Golden Spread Electric Coop	U.S.	5,624,630	5,624,630	-	-	2.584%	2,584%	0.000%	0.000%	0.126%	0,126%	0.000%	0.000%	0.142%
2012	SPP	1251	Grand River Dam Authority	U.S.	4,823,328	4,823,328	-	-	2.216%	2,216%	0.000%	0.000%	0.108%	0,108%	0.000%	0.000%	0.122%
2012	SPP	1648	Jonesboro City Water & Light	U.S.	1,389,577	1,389,577	-	-	0.638%	0,638%	0.000%	0.000%	0.031%	0,031%	0.000%	0.000%	0.035%
2012	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	15,922,093	15,922,093	-	-	7.314%	7,314%	0.000%	0.000%	0.356%	0,356%	0.000%	0.000%	0.403%
2012	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	2,178,636	2,178,636	-	-	1.001%	1,001%	0.000%	0.000%	0.049%	0,049%	0.000%	0.000%	0.055%
2012	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	780,265	780,265	-	-	0.358%	0,358%	0.000%	0.000%	0.017%	0,017%	0.000%	0.000%	0.020%
2012	SPP	1637	Kansas Power Pool	U.S.	1,638,972	1,638,972	-	-	0.753%	0,753%	0.000%	0.000%	0.037%	0,037%	0.000%	0.000%	0.041%
2012	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	163,532	163,532	-	-	0.075%	0,075%	0.000%	0.000%	0.004%	0,004%	0.000%	0.000%	0.004%
2012	SPP	1649	Kennett Board of Public Works	U.S.	161,109	161,109	-	-	0.074%	0,074%	0.000%	0.000%	0.004%	0,004%	0.000%	0.000%	0.004%
2012	SPP	1598	KCP&L GIOC (Greater Missouri Operations Company)	U.S.	8,732,076	8,732,076	-	-	4.011%	4,011%	0.000%	0.000%	0.195%	0,195%	0.000%	0.000%	0.221%
2012	SPP	1471	Lafayette Utilities System	U.S.	2,099,839	2,099,839	-	-	0.965%	0,965%	0.000%	0.000%	0.047%	0,047%	0.000%	0.000%	0.053%
2012	SPP	1472	Lea County Electric Coop	U.S.	1,321,716	1,321,716	-	-	0.607%	0,607%	0.000%	0.000%	0.030%	0,030%	0.000%	0.000%	0.033%
2012	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	1,011,614	1,011,614	-	-	0.465%	0,465%	0.000%	0.000%	0.023%	0,023%	0.000%	0.000%	0.026%
2012	SPP	1650	Malden Board of Public Works	U.S.	54,484	54,484	-	-	0.025%	0,025%	0.000%	0.000%	0.001%	0,001%	0.000%	0.000%	0.001%
2012	SPP	1441	Midwest Energy Inc.	U.S.	1,854,127	1,854,127	-	-	0.852%	0,852%	0.000%	0.000%	0.041%	0,041%	0.000%	0.000%	0.047%
2012	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	2,546,624	2,546,624	-	-	1.170%	1,170%	0.000%	0.000%	0.057%	0,057%	0.000%	0.000%	0.064%
2012	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	59,704	59,704	-	-	0.027%	0,027%	0.000%	0.000%	0.001%	0,001%	0.000%	0.000%	0.002%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	3,147,468	3,147,468			1.446%	1,446%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.080%
2012	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	28,891,516	28,891,516			13.272%	13,272%	0.000%	0.000%	0.645%	0.645%	0.000%	0.000%	0.731%
2012	SPP	1444	Oklahoma Municipal Power Auth	U.S.	2,851,888	2,851,888			1.310%	1,310%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.072%
2012	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	208,924	208,924			0.096%	0,096%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	SPP	1651	Paragould Light, Water & Cable	U.S.	611,508	611,508			0.281%	0,281%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2012	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	43,481	43,481			0.020%	0,020%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	400,589	400,589			0.184%	0,184%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	124,330	124,330			0.057%	0,057%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	SPP	1473	Roosevelt County Electric Coop	U.S.	213,830	213,830			0.098%	0,098%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	SPP	1468	Sharyland Utilities, LP	U.S.	1,107,771	1,107,771			0.509%	0,509%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2012	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	384,123	384,123			0.176%	0,176%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	19,801,433	19,801,433			9.096%	9,096%	0.000%	0.000%	0.442%	0.442%	0.000%	0.000%	0.501%
2012	SPP	1256	Sunflower Electric Power Cooperative	U.S.	5,787,968	5,787,968			2.659%	2,659%	0.000%	0.000%	0.129%	0.129%	0.000%	0.000%	0.147%
2012	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	499,279	499,279			0.229%	0,229%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2012	SPP	1475	Tri County Electric Coop	U.S.	409,922	409,922			0.188%	0,188%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	SPP	1260	Westar Energy, Inc.	U.S.	21,785,015	21,785,015			10.007%	10,007%	0.000%	0.000%	0.487%	0.487%	0.000%	0.000%	0.552%
2012	SPP	1259	Western Farmers Electric Cooperative	U.S.	8,010,559	8,010,559			3.680%	3,680%	0.000%	0.000%	0.179%	0.179%	0.000%	0.000%	0.203%
2012	SPP	1501	West Texas Municipal Power Agency	U.S.	2,894,611	2,894,611			1.330%	1,330%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.073%
			TOTAL SPP		217,688,710	217,688,710	-	-	100.000%	100,000%	0.000%	0.000%	4.863%	4.863%	0.000%	0.000%	5.512%
2011	TRE	1019	ERCOT	U.S.	324,859,701	324,859,701			100.000%	100,000%	0.000%	0.000%	7.257%	7.257%	0.000%	0.000%	8.225%
					324,859,701	324,859,701	-	-	100.000%	100,000%	0.000%	0.000%	7.257%	7.257%	0.000%	0.000%	8.225%
2012	WECC		Alberta Electric System Operator	Canada	59,238,767	0	59,238,767		6.835%	0.000%	6.835%	0.000%	1.323%	0.000%	1.323%	0.000%	0.000%
2012	WECC		British Columbia Hydro & Power Authority	Canada	60,775,320	0	60,775,320		7.012%	0.000%	7.012%	0.000%	1.358%	0.000%	1.358%	0.000%	0.000%
2012	WECC		Comision Federal de Electricidad	Mexico	11,606,918	0		11,606,918	1.339%	0.000%	0.000%	1.339%	0.259%	0.000%	0.000%	0.259%	0.000%
2012	WECC		Aguila Irrigation District - APS	U.S.	43,546	43,546			0.005%	0,005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Aha Macav Power Service	U.S.	27,451	27,451			0.003%	0,003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Ajo Improvement District	U.S.	13,708	13,708			0.002%	0,002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Ak-Chin	U.S.	35,880	35,880			0.004%	0,004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Alcoa Inc	U.S.	3,396,749	3,396,749			0.392%	0,392%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2012	WECC		Arizona Public Service Company	U.S.	30,130,819	30,130,819			3.476%	3,476%	0.000%	0.000%	0.673%	0.673%	0.000%	0.000%	0.763%
2012	WECC		Arkansas River Power Authority (ARPA)	U.S.	302,804	302,804			0.035%	0,035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Avista Corporation	U.S.	65,181	65,181			0.008%	0,008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	WECC		Avista Corporation	U.S.	9,309,092	9,309,092			1.074%	1,074%	0.000%	0.000%	0.208%	0.208%	0.000%	0.000%	0.236%
2012	WECC		Barrick Goldstrike Mines Inc.	U.S.	1,232,684	1,232,684			0.142%	0,142%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.031%
2012	WECC		Basin Electric Power Cooperative	U.S.	62,100	62,100			0.007%	0,007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	WECC		Basin Electric Power Cooperative	U.S.	3,196,806	3,196,806			0.369%	0,369%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.081%
2012	WECC		Benton REA	U.S.	543,689	543,689			0.063%	0,063%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	134,046	134,046			0.015%	0,015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	138,903	138,903			0.016%	0,016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	349,832	349,832			0.040%	0,040%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2012	WECC		Blachly-Lane Electric Cooperative	U.S.	165,608	165,608			0.019%	0,019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	WECC		Black Hills Power	U.S.	1,927,772	1,927,772			0.222%	0,222%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2012	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	3,727,062	3,727,062			0.430%	0,430%	0.000%	0.000%	0.083%	0.083%	0.000%	0.000%	0.094%
2012	WECC		Black Hills State University South Dakota	U.S.	19,604	19,604			0.002%	0,002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Bonneville Power Administration	U.S.	6,678	6,678			0.001%	0,001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Bonneville Power Administration	U.S.	18,644	18,644			0.002%	0,002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Bonneville Power Administration	U.S.	767,035	767,035			0.089%	0,089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2012	WECC		Bonneville Power Administration	U.S.	1,791,914	1,791,914			0.207%	0,207%	0.000%	0.000%	0.040%	0.040%	0.000%	0.000%	0.045%
2012	WECC		Bonneville Power Administration	U.S.	4,628,633	4,628,633			0.534%	0,534%	0.000%	0.000%	0.103%	0.103%	0.000%	0.000%	0.117%
2012	WECC		BPA - Big Bend/Schrag Load	U.S.	38,074	38,074			0.004%	0,004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		BPA - USBR Load	U.S.	7,293	7,293			0.001%	0,001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	20,484	20,484			0.002%	0,002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	794	794			0.000%	0,000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	5,111	5,111			0.001%	0,001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	WECC		Burlington	U.S.	32,911	32,911			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		California Independent System Operator	U.S.	234,650,307	234,650,307			27.074%	27.074%	0.000%	0.000%	5.242%	5.242%	0.000%	0.000%	5.941%
2012	WECC		Canby Public Utility Board	U.S.	177,351	177,351			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	WECC		Central Arizona Water Conservation District	U.S.	4,968,360	4,968,360			0.573%	0.573%	0.000%	0.000%	0.111%	0.111%	0.000%	0.000%	0.126%
2012	WECC		Central Electric Cooperative	U.S.	499,899	499,899			0.058%	0.058%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2012	WECC		Central Lincoln PUD	U.S.	1,345,266	1,345,266			0.155%	0.155%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2012	WECC		Central Montana Electric Power Cooperative	U.S.	354,818	354,818			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2012	WECC		City of Aztec Electric Dept	U.S.	37,611	37,611			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Bandon	U.S.	67,840	67,840			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		City of Blaine	U.S.	77,768	77,768			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		City of Bonners Ferry	U.S.	69,429	69,429			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		City of Boulder City	U.S.	167,400	167,400			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	WECC		City of Cascade Locks	U.S.	18,979	18,979			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		City of Centralia	U.S.	271,211	271,211			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		City of Cheney	U.S.	143,828	143,828			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	WECC		City of Chewelah	U.S.	23,814	23,814			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Drain	U.S.	16,486	16,486			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		City of Ellensburg	U.S.	208,566	208,566			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	WECC		City of Fallon	U.S.	122,771	122,771			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		City of Farmington	U.S.	276,194	276,194			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		City of Forest Grove	U.S.	241,716	241,716			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		City of Gallup	U.S.	197,998	197,998			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		City of Henderson	U.S.	42,415	42,415			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	106,437	106,437			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	WECC		City of Las Vegas	U.S.	42,877	42,877			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of McCleary	U.S.	31,289	31,289			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of McMinnville	U.S.	732,458	732,458			0.085%	0.085%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2012	WECC		City of Mesa	U.S.	264,058	264,058			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		City of Milton	U.S.	61,358	61,358			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	WECC		City of Milton-Freewater	U.S.	108,291	108,291			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	WECC		City of Monmouth	U.S.	71,410	71,410			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		City of Needles	U.S.	31,485	31,485			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Plummer	U.S.	35,562	35,562			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Port Angeles	U.S.	730,656	730,656			0.084%	0.084%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2012	WECC		City of Redding	U.S.	816,310	816,310			0.094%	0.094%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2012	WECC		City of Richland	U.S.	863,345	863,345			0.100%	0.100%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2012	WECC		City of Roseville	U.S.	1,240,960	1,240,960			0.143%	0.143%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.031%
2012	WECC		City of Shasta Lake	U.S.	186,609	186,609			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		City of Sumas	U.S.	29,499	29,499			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		City of Tacoma DBA Tacoma Power	U.S.	4,974,262	4,974,262			0.574%	0.574%	0.000%	0.000%	0.111%	0.111%	0.000%	0.000%	0.126%
2012	WECC		City of Troy	U.S.	17,288	17,288			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		City of Williams	U.S.	40,144	40,144			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Clark County Water Resources	U.S.	78,024	78,024			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Clark Public Utilities	U.S.	4,404,221	4,404,221			0.508%	0.508%	0.000%	0.000%	0.098%	0.098%	0.000%	0.000%	0.112%
2012	WECC		Clatskanie PUD	U.S.	977,748	977,748			0.113%	0.113%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2012	WECC		Clearwater Cooperative, Inc	U.S.	163,452	163,452			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	WECC		Colorado River Commission of Nevada	U.S.	835,200	835,200			0.096%	0.096%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2012	WECC		Colorado Springs Utilities	U.S.	94,659	94,659			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Colorado Springs Utilities	U.S.	4,582,253	4,582,253			0.529%	0.529%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.116%
2012	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	110,678	110,678			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	WECC		Columbia Falls Aluminum Company	U.S.	4,067	4,067			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Columbia Power Cooperative Association	U.S.	23,981	23,981			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Columbia River PUD	U.S.	303,997	303,997			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Columbia Rural Electric Association (REA)	U.S.	302,941	302,941			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Consolidated Irrigation District No. 19	U.S.	6,020	6,020			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	WECC		Constellation New Energy, Inc.	U.S.	70,269	70,269			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Consumers Power, Inc.	U.S.	419,431	419,431			0.048%	0.048%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	69,219	69,219			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	74,391	74,391			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Douglas Electric Cooperative, Inc.	U.S.	93,789	93,789			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Douglas Palisades	U.S.	18,373	18,373			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		El Paso Electric Company	U.S.	8,397,918	8,397,918			0.969%	0.969%	0.000%	0.000%	0.188%	0.188%	0.000%	0.000%	0.213%
2012	WECC		Electrical District #2	U.S.	195,842	195,842			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	8,672	8,672			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	3,135	3,135			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	55,320	55,320			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	294,857	294,857			0.034%	0.034%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2012	WECC		Electrical Districts 1 & 3	U.S.	642,964	642,964			0.074%	0.074%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2012	WECC		Elmhurst Mutual Power & Light Company	U.S.	273,161	273,161			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		Emerald PUD	U.S.	508,954	508,954			0.059%	0.059%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2012	WECC		Energy Northwest	U.S.	31,529	31,529			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Eugene Water & Electric Board	U.S.	2,469,521	2,469,521			0.285%	0.285%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.063%
2012	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	51	51			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Farmington Electric Utility System	U.S.	1,381,121	1,381,121			0.159%	0.159%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2012	WECC		Flathead Electric Cooperative, Inc	U.S.	1,452,590	1,452,590			0.168%	0.168%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2012	WECC		Frederickson Power LP	U.S.	5,315	5,315			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Grand Valley Power	U.S.	232,224	232,224			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	96,729	96,729			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	124,379	124,379			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		Harquahala Valley Power Districts - APS	U.S.	82,214	82,214			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Hermiston Power LLC	U.S.	4,831	4,831			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Hood River Electric Cooperative	U.S.	39,730	39,730			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	56,349	56,349			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Idaho Power Company	U.S.	14,845,770	14,845,770			1.713%	1.713%	0.000%	0.000%	0.332%	0.332%	0.000%	0.000%	0.376%
2012	WECC		Imperial Irrigation District	U.S.	3,720,853	3,720,853			0.429%	0.429%	0.000%	0.000%	0.083%	0.083%	0.000%	0.000%	0.094%
2012	WECC		Inland Power and Light Company	U.S.	463,321	463,321			0.053%	0.053%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2012	WECC		Inland Power and Light Company	U.S.	478,629	478,629			0.055%	0.055%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2012	WECC		Intermountain Rural Electric Association	U.S.	896,045	896,045			0.103%	0.103%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2012	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	324,656	324,656			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Lakeview Light & Power	U.S.	272,994	272,994			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		Lane Electric Cooperative, Inc.	U.S.	221,792	221,792			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Las Vegas Valley Water District	U.S.	218,806	218,806			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Lincoln Electric Cooperative, Inc.	U.S.	117,576	117,576			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		Los Angeles Department of Water and Power	U.S.	29,495,538	29,495,538			3.403%	3.403%	0.000%	0.000%	0.659%	0.659%	0.000%	0.000%	0.747%
2012	WECC		Lost River Electric Cooperative, Inc.	U.S.	40	40			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Lower Valley Energy, Inc.	U.S.	161	161			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - J	U.S.	56,505	56,505			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		McMullen Valley Water Conservation & Drainage District - AF	U.S.	73,296	73,296			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Merced Irrigation District	U.S.	459,261	459,261			0.053%	0.053%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2012	WECC		Midstate Electric Cooperative, Inc.	U.S.	400,286	400,286			0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	WECC		Mission Valley Power	U.S.	391,829	391,829			0.045%	0.045%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	WECC		Modern Electric Water Company	U.S.	229,219	229,219			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Modesto Irrigation District	U.S.	2,564,677	2,564,677			0.296%	0.296%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2012	WECC		Montana-Dakota Utilities Co.	U.S.	13,754	13,754			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Mt. Wheeler Power	U.S.	558,374	558,374			0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	195,844	195,844			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	648,687	648,687			0.075%	0.075%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2012	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	3,893	3,893			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Navajo Tribal Utility Authority	U.S.	42,282	42,282			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Navajo Tribal Utility Authority	U.S.	305,478	305,478			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Navopache Electric Cooperative, Inc.	U.S.	405,902	405,902			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	WECC		Nebraska Public Power Marketing	U.S.	3,752	3,752			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	53,266	53,266			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Nevada Power Company dba NV Energy	U.S.	22,288,258	22,288,258			2.572%	2.572%	0.000%	0.000%	0.498%	0.498%	0.000%	0.000%	0.564%
2012	WECC		Noble Americas Energy Solutions, LLC	U.S.	1,203,124	1,203,124			0.139%	0.139%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2012	WECC		Northern Lights, Inc.	U.S.	33,899	33,899			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Northern Wasco County PUD	U.S.	558,178	558,178			0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	302,519	302,519			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	9,104,734	9,104,734			1.051%	1.051%	0.000%	0.000%	0.203%	0.203%	0.000%	0.000%	0.231%
2012	WECC		Ohop Mutual Light Company	U.S.	83,823	83,823			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Orcas Power and Light Cooperative	U.S.	215,495	215,495			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	320,693	320,693			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Overton Power District No. 5	U.S.	378,930	378,930			0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2012	WECC		PacifiCorp	U.S.	1,973	1,973			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PacifiCorp	U.S.	2,731	2,731			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PacifiCorp	U.S.	60,340	60,340			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2012	WECC		PacifiCorp	U.S.	116,987	116,987			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		PacifiCorp	U.S.	49,465,347	49,465,347			5.707%	5.707%	0.000%	0.000%	1.105%	1.105%	0.000%	0.000%	1.252%
2012	WECC		PacifiCorp West (PACW)	U.S.	20,941,681	20,941,681			2.416%	2.416%	0.000%	0.000%	0.468%	0.468%	0.000%	0.000%	0.530%
2012	WECC		Page Electric Utility	U.S.	10,986	10,986			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Parkland Light and Water Company	U.S.	120,353	120,353			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		Pend Oreille County PUD No. 1	U.S.	1,040,915	1,040,915			0.120%	0.120%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2012	WECC		Peninsula Light Company, Inc.	U.S.	607,163	607,163			0.070%	0.070%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2012	WECC		Platte River Power Authority	U.S.	3,244,772	3,244,772			0.374%	0.374%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2012	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	144,541	144,541			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	WECC		Port Townsend Paper Corporation	U.S.	205,020	205,020			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2012	WECC		Portland General Electric Company	U.S.	45,375	45,375			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Portland General Electric Company	U.S.	18,694,794	18,694,794			2.157%	2.157%	0.000%	0.000%	0.418%	0.418%	0.000%	0.000%	0.473%
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	35,278	35,278			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	31,152,666	31,152,666			3.594%	3.594%	0.000%	0.000%	0.696%	0.696%	0.000%	0.000%	0.789%
2012	WECC		Public Service Company of New Mexico	U.S.	10,775,114	10,775,114			1.243%	1.243%	0.000%	0.000%	0.241%	0.241%	0.000%	0.000%	0.273%
2012	WECC		Public Utility District No. 1 of Chelan County	U.S.	3,976,046	3,976,046			0.459%	0.459%	0.000%	0.000%	0.089%	0.089%	0.000%	0.000%	0.101%
2012	WECC		PUD No. 1 of Asotin County	U.S.	308	308			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PUD No. 1 of Asotin County	U.S.	4,867	4,867			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PUD No. 1 of Benton County	U.S.	1,696,614	1,696,614			0.196%	0.196%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2012	WECC		PUD No. 1 of Clallam County	U.S.	683,391	683,391			0.079%	0.079%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	WECC		PUD No. 1 of Cowlitz County	U.S.	5,189,414	5,189,414			0.599%	0.599%	0.000%	0.000%	0.116%	0.116%	0.000%	0.000%	0.131%
2012	WECC		PUD No. 1 of Douglas County	U.S.	7,610	7,610			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PUD No. 1 of Douglas County	U.S.	1,433,750	1,433,750			0.165%	0.165%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.036%
2012	WECC		PUD No. 1 of Ferry County	U.S.	106,187	106,187			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2012	WECC		PUD No. 1 of Franklin County	U.S.	1,017,782	1,017,782			0.117%	0.117%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2012	WECC		PUD No. 1 of Grays Harbor	U.S.	1,215,161	1,215,161			0.140%	0.140%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2012	WECC		PUD No. 1 of Kittitas County	U.S.	16,386	16,386			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PUD No. 1 of Kittitas County	U.S.	72,707	72,707			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		PUD No. 1 of Klickitat County	U.S.	281,076	281,076			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		PUD No. 1 of Lewis County	U.S.	932,733	932,733			0.108%	0.108%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2012	WECC		PUD No. 1 of Mason County	U.S.	78,858	78,858			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		PUD No. 1 of Skamania County	U.S.	132,923	132,923			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2012	WECC		PUD No. 1 of Snohomish County	U.S.	6,807,290	6,807,290			0.785%	0.785%	0.000%	0.000%	0.152%	0.152%	0.000%	0.000%	0.172%
2012	WECC		PUD No. 1 of Wahkiakum County	U.S.	44,119	44,119			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		PUD No. 1 of Whatcom County	U.S.	5,326	5,326			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		PUD No. 1 of Whatcom County	U.S.	199,266	199,266			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		PUD No. 2 of Grant County	U.S.	48,354	48,354			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		PUD No. 2 of Grant County	U.S.	90,549	90,549			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		PUD No. 2 of Grant County	U.S.	3,840,259	3,840,259			0.443%	0.443%	0.000%	0.000%	0.086%	0.086%	0.000%	0.000%	0.097%
2012	WECC		PUD No. 2 of Pacific County	U.S.	303,584	303,584			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		PUD No. 3 of Mason County	U.S.	699,975	699,975			0.081%	0.081%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 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
2012	WECC		Puget Sound Energy, Inc.	U.S.	24,346,006	24,346,006			2.809%	2,809	0.000%	0.000%	0.544%	0.544%	0.000%	0.000%	0.616%
2012	WECC		Raft River Electric Cooperative	U.S.	85	85			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Roosevelt Irrigation District - APS	U.S.	41,177	41,177			0.005%	0.005	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Sacramento Municipal Utility District	U.S.	11,239,860	11,239,860			1.297%	0.000	1.297%	0.000%	0.251%	0.251%	0.000%	0.000%	0.285%
2012	WECC		Salem Electric	U.S.	323,230	323,230			0.037%	0.037	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2012	WECC		Salt River Project	U.S.	28,531,895	28,531,895			3.292%	0.000	0.000%	3.292%	0.637%	0.637%	0.000%	0.000%	0.722%
2012	WECC		San Carlos Indian Irrigation Project	U.S.	59	59			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Seattle City Light	U.S.	10,068,899	10,068,899			1.162%	1.162	0.000%	0.000%	0.225%	0.225%	0.000%	0.000%	0.255%
2012	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	9,038,551	9,038,551			1.043%	1.043	0.000%	0.000%	0.202%	0.202%	0.000%	0.000%	0.229%
2012	WECC		Southern Montana Electric Generation & Transmission	U.S.	628,240	628,240			0.072%	0.072	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2012	WECC		Southern Nevada Water Authority	U.S.	679,028	679,028			0.078%	0.078	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	WECC		Southwest Transmission Cooperative, Inc.	U.S.	2,624,888	2,624,888			0.303%	0.000	0.303%	0.000%	0.059%	0.000%	0.059%	0.000%	0.066%
2012	WECC		Springfield Utility Board	U.S.	840,678	840,678			0.097%	0.097	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2012	WECC		Surprise Valley Electrification Corporation	U.S.	38,293	38,293			0.004%	0.000	0.000%	0.004%	0.001%	0.000%	0.000%	0.001%	0.001%
2012	WECC		Tanner Electric Cooperative	U.S.	95,182	95,182			0.011%	0.011	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		The Incorporated County of Los Alamos	U.S.	383,796	383,796			0.044%	0.044	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2012	WECC		Tillamook People's Utility District	U.S.	372,060	372,060			0.043%	0.043	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2012	WECC		Tohono O'Odham Utility Authority	U.S.	67,825	67,825			0.008%	0.008	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Tonopah Irrigation District - APS	U.S.	26,197	26,197			0.003%	0.003	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Town of Fredonia	U.S.	776	776			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Town of Steilacoom	U.S.	41,343	41,343			0.005%	0.005	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Town of Wickenburg	U.S.	27,250	27,250			0.003%	0.003	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	21,787	21,787			0.003%	0.003	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	2,118,103	2,118,103			0.244%	0.244	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.054%
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	7,531,559	7,531,559			0.869%	0.869	0.000%	0.000%	0.168%	0.168%	0.000%	0.000%	0.191%
2012	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	2,774,540	2,774,540			0.320%	0.320	0.000%	0.000%	0.062%	0.062%	0.000%	0.000%	0.070%
2012	WECC		Truckee Donner Public Utility District	U.S.	148,646	148,646			0.017%	0.017	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2012	WECC		Tucson Electric Power Company	U.S.	14,155,948	14,155,948			1.633%	1.633	0.000%	0.000%	0.316%	0.316%	0.000%	0.000%	0.358%
2012	WECC		Turlock Irrigation District	U.S.	2,112,514	2,112,514			0.244%	0.244	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.053%
2012	WECC		U.S. Army Yuma Proving Ground	U.S.	20,743	20,743			0.002%	0.002	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	WECC		U.S. BOR Columbia Basin	U.S.	30,459	30,459			0.004%	0.004	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	3,306	3,306			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		U.S. Bor Spokane Indian Development'	U.S.	3,126	3,126			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		U.S. BOR The Dalles Project	U.S.	18,193	18,193			0.002%	0.002	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	4,555	4,555			0.001%	0.001	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Umatilla Electric Cooperative Association	U.S.	1,021,091	1,021,091			0.118%	0.118	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2012	WECC		Unit B Irrigation District	U.S.	23	23			0.000%	0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		US Air Force Base, Fairchild	U.S.	50,233	50,233			0.006%	0.006	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2012	WECC		US Dept of Energy - Kirtland AFB	U.S.	425,159	425,159			0.049%	0.049	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2012	WECC		USDOE Richland	U.S.	182,352	182,352			0.021%	0.021	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2012	WECC		USN Naval Station, Bremerton	U.S.	274,291	274,291			0.032%	0.032	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2012	WECC		USN Naval Station, Everett	U.S.	10,447	10,447			0.001%	0.001	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		USN Submarine Base, Bangor	U.S.	174,768	174,768			0.020%	0.020	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2012	WECC		Valley Electric Association, Inc.	U.S.	473,273	473,273			0.055%	0.055	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2012	WECC		Vera Water and Power	U.S.	230,012	230,012			0.027%	0.027	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Vigilante Electric Cooperative, Inc.	U.S.	15,801	15,801			0.002%	0.002	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Wasco Electric Cooperative	U.S.	94,790	94,790			0.011%	0.011	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2012	WECC		Wells Rural Electric Cooperative	U.S.	667,128	667,128			0.077%	0.077	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2012	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	7,129	7,129			0.001%	0.001	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		West Oregon Electric Cooperative, Inc.	U.S.	12,706	12,706			0.001%	0.001	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Western Area Power - Loveland, CO	U.S.	239,860	239,860			0.028%	0.028	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Western Area Power - Loveland, CO	U.S.	1,590,635	1,590,635			0.184%	0.184	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.040%
2012	WECC		Western Area Power Administration - CRSP	U.S.	1,367,212	1,367,212			0.158%	0.158	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2012	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	1,557,395	1,557,395			0.180%	0.180	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.039%
2012	WECC		Western Area Power Administration-Desert Southwest Regio	U.S.	2,159,853	2,159,853			0.249%	0.249	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.055%
2012	WECC		Western Area Power Administration-Upper Great Plains Regi	U.S.	7,448	7,448			0.001%	0.001	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

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
2012	WECC		Western Area Power Administration-Upper Great Plains Regi	U.S.	231,184	231,184			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2012	WECC		Yakama Power	U.S.	21,869	21,869			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2012	WECC		Yampa Valley Electric Association	U.S.	578,293	578,293			0.067%	0.067%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2012	WECC		Yuma Irrigation District	U.S.	3,246	3,246			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2012	WECC		Yuma-Mesa Irrigation District	U.S.	178	178			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
TOTAL WECC					866,703,757	735,082,752	120,014,087	11,606,918	100.000%	79.917%	15.447%	4.636%	19.360%	16.361%	2.740%	0.260%	18.611%
TOTAL ERO					4,476,669,439	3,949,655,760	515,406,761	11,606,918	800.000%	709.483%	85.881%	4.636%	100.000%	88.168%	11.572%	0.260%	100.000%
Summary by Regional Entity					Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL									
2012	FRCC				220,684,104	220,684,104	-	-	100.000%	100.000%	0.000%	0.000%	4.930%	4.930%	0.000%	0.000%	5.587%
2012	MRO				284,519,075	239,585,401	44,933,674	-	100.000%	84.207%	15.793%	0.000%	6.356%	5.352%	1.004%	0.000%	6.066%
2012	NPCC				641,382,000	290,923,000	350,459,000	-	100.000%	45.359%	54.641%	0.000%	14.327%	6.499%	7.829%	0.000%	7.366%
2012	RFC				902,132,116	902,132,116	-	-	100.000%	100.000%	0.000%	0.000%	20.152%	20.152%	0.000%	0.000%	22.841%
2012	SERC				1,018,699,975	1,018,699,975	-	-	100.000%	100.000%	0.000%	0.000%	22.756%	22.756%	0.000%	0.000%	25.792%
2012	SPP				217,688,710	217,688,710	-	-	100.000%	100.000%	0.000%	0.000%	4.863%	4.863%	0.000%	0.000%	5.512%
2012	TRE				324,859,701	324,859,701	-	-	100.000%	100.000%	0.000%	0.000%	7.257%	7.257%	0.000%	0.000%	8.225%
2012	WECC				866,703,757	735,082,752	120,014,087	11,606,918	100.000%	79.917%	15.447%	4.636%	19.360%	16.361%	2.740%	0.260%	18.611%
Total					4,476,669,439	3,949,655,760	515,406,761	11,606,918	800.000%	709.483%	85.881%	4.636%	100.000%	88.168%	11.572%	0.260%	100.000%

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	FRCC	1074	Alachua, City of	U.S.	4,495	4,495	-	-	1,449	1,449	-	-	3,047	3,047	-	-
2012	FRCC	1075	Bartow, City of	U.S.	10,069	10,069	-	-	3,245	3,245	-	-	6,824	6,824	-	-
2012	FRCC	1076	Chattahoochee, City of	U.S.	1,402	1,402	-	-	452	452	-	-	950	950	-	-
2012	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	25,026	25,026	-	-	8,065	8,065	-	-	16,960	16,960	-	-
2012	FRCC	1078	Florida Power & Light Co.	U.S.	3,986,285	3,986,285	-	-	1,284,716	1,284,716	-	-	2,701,569	2,701,569	-	-
2012	FRCC	1079	Florida Public Utilities Company	U.S.	13,742	13,742	-	-	4,429	4,429	-	-	9,313	9,313	-	-
2012	FRCC	1080	Gainesville Regional Utilities	U.S.	65,079	65,079	-	-	20,974	20,974	-	-	44,105	44,105	-	-
2012	FRCC	1081	Homestead, City of	U.S.	18,788	18,788	-	-	6,055	6,055	-	-	12,733	12,733	-	-
2012	FRCC	1082	JEA	U.S.	441,610	441,610	-	-	142,324	142,324	-	-	299,286	299,286	-	-
2012	FRCC	1083	Lakeland Electric	U.S.	105,423	105,423	-	-	33,976	33,976	-	-	71,447	71,447	-	-
2012	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	133,986	133,986	-	-	43,182	43,182	-	-	90,804	90,804	-	-
2012	FRCC	1661	City of Lake Worth	U.S.	15,516	15,516	-	-	5,001	5,001	-	-	10,515	10,515	-	-
2012	FRCC	1084	Mount Dora, City of	U.S.	3,278	3,278	-	-	1,056	1,056	-	-	2,222	2,222	-	-
2012	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	13,907	13,907	-	-	4,482	4,482	-	-	9,425	9,425	-	-
2012	FRCC	1086	Orlando Utilities Commission	U.S.	208,813	208,813	-	-	67,297	67,297	-	-	141,516	141,516	-	-
2012	FRCC	1087	Progress Energy Florida	U.S.	1,446,332	1,446,332	-	-	466,130	466,130	-	-	980,202	980,202	-	-
2012	FRCC	1088	Quincy, City of	U.S.	4,836	4,836	-	-	1,558	1,558	-	-	3,277	3,277	-	-
2012	FRCC	1089	Reedy Creek Improvement District	U.S.	44,290	44,290	-	-	14,274	14,274	-	-	30,016	30,016	-	-
2012	FRCC	1090	St. Cloud, City of (OUC)	U.S.	21,723	21,723	-	-	7,001	7,001	-	-	14,722	14,722	-	-
2012	FRCC	1091	Tallahassee, City of	U.S.	99,442	99,442	-	-	32,049	32,049	-	-	67,393	67,393	-	-
2012	FRCC	1092	Tampa Electric Company	U.S.	706,294	706,294	-	-	227,627	227,627	-	-	478,667	478,667	-	-
2012	FRCC	1603	City of Vero Beach	U.S.	26,934	26,934	-	-	8,680	8,680	-	-	18,253	18,253	-	-
2012	FRCC	1093	Wauchula, City of	U.S.	2,262	2,262	-	-	729	729	-	-	1,533	1,533	-	-
2012	FRCC	1094	Williston, City of	U.S.	1,220	1,220	-	-	393	393	-	-	827	827	-	-
2012	FRCC	1095	Winter Park, City of	U.S.	16,083	16,083	-	-	5,183	5,183	-	-	10,900	10,900	-	-
2012	FRCC	1072	Florida Municipal Power Agency	U.S.	203,305	203,305	-	-	65,522	65,522	-	-	137,783	137,783	-	-
2012	FRCC	1073	Seminole Electric Cooperative	U.S.	477,732	477,732	-	-	153,965	153,965	-	-	323,766	323,766	-	-
TOTAL FRCC					8,097,871	8,097,871	-	-	2,609,814	2,609,814	-	-	5,488,057	5,488,057	-	-
2012	MRO	1199	Basin Electric Power Cooperative	U.S.	544,077	544,077	-	-	151,539	151,539	-	-	392,539	392,539	-	-
2012	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	117,115	117,115	-	-	32,619	32,619	-	-	84,496	84,496	-	-
2012	MRO	1204	Corn Belt Power Cooperative	U.S.	74,619	74,619	-	-	20,783	20,783	-	-	53,836	53,836	-	-
2012	MRO	1207	Dairyland Power Cooperative	U.S.	222,505	222,505	-	-	61,973	61,973	-	-	160,532	160,532	-	-
2012	MRO	1210	Great River Energy	U.S.	573,184	573,184	-	-	159,645	159,645	-	-	413,539	413,539	-	-
2012	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	171,023	171,023	-	-	47,634	47,634	-	-	123,389	123,389	-	-
2012	MRO	1230	Nebraska Public Power District	U.S.	575,574	575,574	-	-	160,311	160,311	-	-	415,263	415,263	-	-
2012	MRO	1232	Omaha Public Power District	U.S.	483,631	483,631	-	-	134,703	134,703	-	-	348,928	348,928	-	-
2012	MRO	1237	Southern Montana Generation and Transmission	U.S.	224	224	-	-	62	62	-	-	162	162	-	-
2012	MRO	1240	Western Area Power Administration (UM)	U.S.	407,035	407,035	-	-	113,369	113,369	-	-	293,666	293,666	-	-
2012	MRO	1239	Western Area Power Administration (LM)	U.S.	5,387	5,387	-	-	1,501	1,501	-	-	3,887	3,887	-	-
2012	MRO	1217	Manitoba Hydro	CAN	982,945	-	982,945	-	271,363	-	271,363	-	711,582	-	711,582	-
2012	MRO	1235	SaskPower	CAN	953,821	-	953,821	-	263,323	-	263,323	-	690,499	-	690,499	-
2012	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	1,223,806	1,223,806	-	-	340,859	340,859	-	-	882,947	882,947	-	-
2012	MRO	1216	Madison, Gas and Electric	U.S.	147,419	147,419	-	-	41,060	41,060	-	-	106,359	106,359	-	-
2012	MRO	1220	MidAmerican Energy Company	U.S.	1,177,832	1,177,832	-	-	328,054	328,054	-	-	849,777	849,777	-	-
2012	MRO	1221	Minnesota Power	U.S.	559,691	559,691	-	-	155,887	155,887	-	-	403,804	403,804	-	-
2012	MRO	1226	Montana-Dakota Utilities Co.	U.S.	123,972	123,972	-	-	34,529	34,529	-	-	89,443	89,443	-	-
2012	MRO	1231	NorthWestern Energy	U.S.	63,751	63,751	-	-	17,756	17,756	-	-	45,995	45,995	-	-
2012	MRO	1233	Otter Tail Power Company	U.S.	182,784	182,784	-	-	50,910	50,910	-	-	131,874	131,874	-	-
2012	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.	572,195	572,195	-	-	159,370	159,370	-	-	412,825	412,825	-	-
2012	MRO	1244	Xcel Energy Company (NSP)	U.S.	1,934,011	1,934,011	-	-	538,668	538,668	-	-	1,395,343	1,395,343	-	-
2012	MRO	1196	Ames Municipal Electric System	U.S.	32,417	32,417	-	-	9,029	9,029	-	-	23,388	23,388	-	-
2012	MRO	1604	Atlantic Municipal Utilities	U.S.	3,180	3,180	-	-	886	886	-	-	2,294	2,294	-	-
2012	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	17,428	17,428	-	-	4,854	4,854	-	-	12,574	12,574	-	-
2012	MRO	1200	Cedar Falls Municipal Utilities	U.S.	22,165	22,165	-	-	6,173	6,173	-	-	15,991	15,991	-	-
2012	MRO	1477	Central Minnesota Municipal Power Agency (CMMPPA)	U.S.	20,096	20,096	-	-	5,597	5,597	-	-	14,499	14,499	-	-
2012	MRO	1203	Escanaba Municipal Electric Utility	U.S.	6,296	6,296	-	-	1,754	1,754	-	-	4,542	4,542	-	-
2012	MRO	1205	Falls City Water & Light Department	U.S.	2,392	2,392	-	-	666	666	-	-	1,726	1,726	-	-
2012	MRO	1206	Fremont Department of Utilities	U.S.	18,790	18,790	-	-	5,233	5,233	-	-	13,556	13,556	-	-
2012	MRO	1208	Geneseo Municipal Utilities	U.S.	2,827	2,827	-	-	787	787	-	-	2,040	2,040	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	MRO	1209	Grand Island Utilities Department	U.S.	32,438	32,438	-	-	9,035	9,035	-	-	23,403	23,403	-	-
2012	MRO	1606	Harlan Municipal Utilities	U.S.	1,080	1,080	-	-	301	301	-	-	779	779	-	-
2012	MRO	1211	Hastings Utilities	U.S.	18,030	18,030	-	-	5,022	5,022	-	-	13,008	13,008	-	-
2012	MRO	1212	Heartland Consumers Power District	U.S.	36,094	36,094	-	-	10,053	10,053	-	-	26,041	26,041	-	-
2012	MRO	1213	Hutchinson Utilities Commission	U.S.	12,433	12,433	-	-	3,463	3,463	-	-	8,970	8,970	-	-
2012	MRO	1215	Lincoln Electric System	U.S.	137,663	137,663	-	-	38,342	38,342	-	-	99,321	99,321	-	-
2012	MRO	1218	Manitowoc Public Utilities	U.S.	22,888	22,888	-	-	6,375	6,375	-	-	16,513	16,513	-	-
2012	MRO	1223	Missouri River Energy Services	U.S.	97,819	97,819	-	-	27,245	27,245	-	-	70,574	70,574	-	-
2012	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	64,482	64,482	-	-	17,960	17,960	-	-	46,522	46,522	-	-
2012	MRO	1607	Montezuma Municipal Light & Power	U.S.	1,392	1,392	-	-	388	388	-	-	1,004	1,004	-	-
2012	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	49,469	49,469	-	-	13,778	13,778	-	-	35,691	35,691	-	-
2012	MRO	1228	Muscatine Power and Water	U.S.	36,791	36,791	-	-	10,247	10,247	-	-	26,544	26,544	-	-
2012	MRO	1229	Nebraska City Utilities	U.S.	7,394	7,394	-	-	2,059	2,059	-	-	5,335	5,335	-	-
2012	MRO	1234	Rochester Public Utilities	U.S.	425	425	-	-	118	118	-	-	306	306	-	-
2012	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	125,167	125,167	-	-	34,862	34,862	-	-	90,305	90,305	-	-
2012	MRO	1241	Willmar Municipal Utilities	U.S.	11,122	11,122	-	-	3,098	3,098	-	-	8,024	8,024	-	-
2012	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	232,592	232,592	-	-	64,783	64,783	-	-	167,810	167,810	-	-
TOTAL MRO					12,109,471	10,172,705	1,936,766	-	3,368,027	2,833,341	534,686	-	8,741,444	7,339,364	1,402,080	-
2012	NPCC	1336	New England	U.S.	5,124,983	5,124,983	-	-	1,514,688	1,514,688	-	-	3,610,295	3,610,295	-	-
2012	NPCC	1339	New York	U.S.	6,763,398	6,763,398	-	-	1,925,772	1,925,772	-	-	4,837,626	4,837,626	-	-
2012	NPCC	1337	Ontario	Canada	3,112,929	-	3,112,929	-	1,084,277	-	1,084,277	-	2,028,651	-	2,028,651	-
2012	NPCC	1341	Quebec	Canada	4,068,944	-	4,068,944	-	1,539,741	-	1,539,741	-	2,529,203	-	2,529,203	-
2012	NPCC	1338	New Brunswick	Canada	485,103	-	485,103	-	105,191	-	105,191	-	379,911	-	379,911	-
2012	NPCC	1340	Nova Scotia	Canada	350,472	-	350,472	-	124,278	-	124,278	-	226,194	-	226,194	-
TOTAL NPCC					19,905,829	11,888,382	8,017,447	-	6,293,948	3,440,461	2,853,487	-	13,611,881	8,447,921	5,163,960	-
2012	RFC	1104	Bay City	U.S.	9,576	9,576	-	-	3,955	3,955	-	-	5,620	5,620	-	-
2012	RFC	1102	Cannelton Utilities	U.S.	448	448	-	-	185	185	-	-	263	263	-	-
2012	RFC	1105	City of Chelsea	U.S.	2,903	2,903	-	-	1,199	1,199	-	-	1,704	1,704	-	-
2012	RFC	1106	City of Croswell	U.S.	1,205	1,205	-	-	498	498	-	-	708	708	-	-
2012	RFC	1108	City of Eaton Rapids	U.S.	2,816	2,816	-	-	1,163	1,163	-	-	1,653	1,653	-	-
2012	RFC	1111	City of Hart	U.S.	1,329	1,329	-	-	549	549	-	-	780	780	-	-
2012	RFC	1490	City of Lansing	U.S.	65,269	65,269	-	-	26,960	26,960	-	-	38,309	38,309	-	-
2012	RFC	1112	City of Marquette Board of Light & Power	U.S.	9,330	9,330	-	-	3,854	3,854	-	-	5,476	5,476	-	-
2012	RFC	1114	City of Portland	U.S.	1,062	1,062	-	-	439	439	-	-	623	623	-	-
2012	RFC	1116	City of St. Louis	U.S.	1,137	1,137	-	-	469	469	-	-	667	667	-	-
2012	RFC	1118	City of Wyandotte	U.S.	6,166	6,166	-	-	2,547	2,547	-	-	3,619	3,619	-	-
2012	RFC	1120	Cloverland Electric Cooperative	U.S.	25,070	25,070	-	-	10,355	10,355	-	-	14,715	14,715	-	-
2012	RFC	1122	CMS ERM Michigan LLC	U.S.	5,169	5,169	-	-	2,135	2,135	-	-	3,034	3,034	-	-
2012	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	31,474	31,474	-	-	13,001	13,001	-	-	18,473	18,473	-	-
2012	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	32,079	32,079	-	-	13,251	13,251	-	-	18,829	18,829	-	-
2012	RFC	1126	Consumers Energy Company	U.S.	966,456	966,456	-	-	399,202	399,202	-	-	567,254	567,254	-	-
2012	RFC	1128	Detroit Edison Company	U.S.	1,332,507	1,332,507	-	-	550,403	550,403	-	-	782,104	782,104	-	-
2012	RFC	1166	Duke Energy Indiana	U.S.	867,424	867,424	-	-	358,297	358,297	-	-	509,128	509,128	-	-
2012	RFC	1135	Ferdinand Municipal Light & Water	U.S.	1,305	1,305	-	-	539	539	-	-	766	766	-	-
2012	RFC	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	4,954	4,954	-	-	2,046	2,046	-	-	2,908	2,908	-	-
2012	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	64,493	64,493	-	-	26,639	26,639	-	-	37,854	37,854	-	-
2012	RFC	1612	Glacial Energy (MECS-DET)	U.S.	8,147	8,147	-	-	3,365	3,365	-	-	4,782	4,782	-	-
2012	RFC	1144	Holland Board of Public Works	U.S.	27,512	27,512	-	-	11,364	11,364	-	-	16,148	16,148	-	-
2012	RFC	1145	Hoosier Energy	U.S.	205,988	205,988	-	-	85,085	85,085	-	-	120,903	120,903	-	-
2012	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	86,922	86,922	-	-	35,904	35,904	-	-	51,018	51,018	-	-
2012	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	12,241	12,241	-	-	5,056	5,056	-	-	7,185	7,185	-	-
2012	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	16,957	16,957	-	-	7,004	7,004	-	-	9,953	9,953	-	-
2012	RFC	1149	Indianapolis Power & Light Co.	U.S.	426,304	426,304	-	-	176,088	176,088	-	-	250,216	250,216	-	-
2012	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	19,537	19,537	-	-	8,070	8,070	-	-	11,467	11,467	-	-
2012	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	12,864	12,864	-	-	5,314	5,314	-	-	7,551	7,551	-	-
2012	RFC	1614	Just Energy (MECS-DET)	U.S.	435	435	-	-	180	180	-	-	255	255	-	-
2012	RFC	1154	Michigan Public Power Agency	U.S.	36,217	36,217	-	-	14,960	14,960	-	-	21,258	21,258	-	-
2012	RFC	1155	Michigan South Central Power Agency	U.S.	17,454	17,454	-	-	7,209	7,209	-	-	10,244	10,244	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	RFC	1158	MidAmerican Energy Company Retail	U.S.	2,758	2,758	-	-	1,139	1,139	-	-	1,619	1,619	-	-
2012	RFC	1163	Northern Indiana Public Service Co.	U.S.	503,412	503,412	-	-	207,938	207,938	-	-	295,474	295,474	-	-
2012	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	820	820	-	-	339	339	-	-	481	481	-	-
2012	RFC	1265	PJM Interconnection, LLC	U.S.	19,696,610	19,696,610	-	-	8,135,840	8,135,840	-	-	11,560,770	11,560,770	-	-
2012	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	29,491	29,491	-	-	12,182	12,182	-	-	17,310	17,310	-	-
2012	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	24,290	24,290	-	-	10,033	10,033	-	-	14,257	14,257	-	-
2012	RFC	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	321	321	-	-	133	133	-	-	188	188	-	-
2012	RFC	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	9,090	9,090	-	-	3,755	3,755	-	-	5,335	5,335	-	-
2012	RFC	1581	Spartan Renewable Energy	U.S.	1,990	1,990	-	-	822	822	-	-	1,168	1,168	-	-
2012	RFC	1180	Thumb Electric Cooperative	U.S.	4,893	4,893	-	-	2,021	2,021	-	-	2,872	2,872	-	-
2012	RFC	1662	Ohio Valley Electric Corporation	U.S.	16,507	16,507	-	-	6,819	6,819	-	-	9,689	9,689	-	-
2012	RFC	1181	Vectren Energy Delivery of IN	U.S.	165,642	165,642	-	-	68,420	68,420	-	-	97,223	97,223	-	-
2012	RFC	1183	Village of Sebawaing	U.S.	1,176	1,176	-	-	486	486	-	-	690	690	-	-
2012	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	76,859	76,859	-	-	31,747	31,747	-	-	45,112	45,112	-	-
2012	RFC	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	47,667	47,667	-	-	19,689	19,689	-	-	27,978	27,978	-	-
2012	RFC	1185	Wisconsin Electric Power Co.	U.S.	835,469	835,469	-	-	345,097	345,097	-	-	490,372	490,372	-	-
2012	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	30,462	30,462	-	-	12,582	12,582	-	-	17,879	17,879	-	-
2012	RFC	1191	Wolverine Power Supply Cooperative	U.S.	74,255	74,255	-	-	30,671	30,671	-	-	43,583	43,583	-	-
2012	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	3,949	3,949	-	-	1,631	1,631	-	-	2,318	2,318	-	-
TOTAL RELIABILITYFIRST					25,828,414	25,828,414	-	-	10,668,630	10,668,630	-	-	15,159,784	15,159,784	-	-
2012	SERC	1267	Alabama Municipal Electric Authority	U.S.	86,882	86,882	-	-	40,598	40,598	-	-	46,284	46,284	-	-
2012	SERC	1268	Alabama Power Company	U.S.	1,436,359	1,436,359	-	-	671,177	671,177	-	-	765,182	765,182	-	-
2012	SERC	1269	Ameren - Illinois	U.S.	1,095,803	1,095,803	-	-	512,043	512,043	-	-	583,760	583,760	-	-
2012	SERC	1271	Ameren - Missouri	U.S.	1,053,285	1,053,285	-	-	492,175	492,175	-	-	561,110	561,110	-	-
2012	SERC	1272	APGI - Yadkin Division	U.S.	582	582	-	-	272	272	-	-	310	310	-	-
2012	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	8	8	-	-	4	4	-	-	5	5	-	-
2012	SERC	1273	Associated Electric Cooperative Inc.	U.S.	482,775	482,775	-	-	225,590	225,590	-	-	257,186	257,186	-	-
2012	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	27,260	27,260	-	-	12,738	12,738	-	-	14,522	14,522	-	-
2012	SERC	1462	Benton Utility District	U.S.	7,292	7,292	-	-	3,407	3,407	-	-	3,885	3,885	-	-
2012	SERC	1274	Big Rivers Electric Corporation	U.S.	285,166	285,166	-	-	133,251	133,251	-	-	151,915	151,915	-	-
2012	SERC	1275	Black Warrior EMC	U.S.	10,482	10,482	-	-	4,898	4,898	-	-	5,584	5,584	-	-
2012	SERC	1276	Blue Ridge EMC	U.S.	34,373	34,373	-	-	16,062	16,062	-	-	18,311	18,311	-	-
2012	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	10,196	10,196	-	-	4,764	4,764	-	-	5,432	5,432	-	-
2012	SERC	1463	Canton, MS	U.S.	3,216	3,216	-	-	1,503	1,503	-	-	1,713	1,713	-	-
2012	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	390,945	390,945	-	-	182,679	182,679	-	-	208,265	208,265	-	-
2012	SERC	1278	City of Blountstown FL	U.S.	979	979	-	-	458	458	-	-	522	522	-	-
2012	SERC	1279	City of Camden SC	U.S.	4,759	4,759	-	-	2,224	2,224	-	-	2,535	2,535	-	-
2012	SERC	1280	City of Collins MS	U.S.	1,124	1,124	-	-	525	525	-	-	599	599	-	-
2012	SERC	1281	City of Columbia MO	U.S.	30,217	30,217	-	-	14,120	14,120	-	-	16,097	16,097	-	-
2012	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	26,733	26,733	-	-	12,492	12,492	-	-	14,241	14,241	-	-
2012	SERC	1284	City of Evergreen AL	U.S.	1,412	1,412	-	-	660	660	-	-	752	752	-	-
2012	SERC	1285	City of Hampton GA	U.S.	754	754	-	-	352	352	-	-	402	402	-	-
2012	SERC	1286	City of Hartford AL	U.S.	813	813	-	-	380	380	-	-	433	433	-	-
2012	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	15,748	15,748	-	-	7,359	7,359	-	-	8,389	8,389	-	-
2012	SERC	1288	City of North Little Rock AR (DENL)	U.S.	25,033	25,033	-	-	11,697	11,697	-	-	13,336	13,336	-	-
2012	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	18,796	18,796	-	-	8,783	8,783	-	-	10,013	10,013	-	-
2012	SERC	1290	City of Robertsdale AL	U.S.	2,067	2,067	-	-	966	966	-	-	1,101	1,101	-	-
2012	SERC	1291	City of Ruston LA (DERS)	U.S.	7,139	7,139	-	-	3,336	3,336	-	-	3,803	3,803	-	-
2012	SERC	1292	City of Seneca SC	U.S.	3,852	3,852	-	-	1,800	1,800	-	-	2,052	2,052	-	-
2012	SERC	1115	City of Springfield (CWLP)	U.S.	46,466	46,466	-	-	21,712	21,712	-	-	24,753	24,753	-	-
2012	SERC	1465	City of Thayer, MO	U.S.	500	500	-	-	234	234	-	-	266	266	-	-
2012	SERC	1293	City of Troy AL	U.S.	10,239	10,239	-	-	4,784	4,784	-	-	5,455	5,455	-	-
2012	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	10,388	10,388	-	-	4,854	4,854	-	-	5,534	5,534	-	-
2012	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	16,660	16,660	-	-	7,785	7,785	-	-	8,875	8,875	-	-
2012	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	6,706	6,706	-	-	3,134	3,134	-	-	3,572	3,572	-	-
2012	SERC	1283	Dalton Utilities	U.S.	36,715	36,715	-	-	17,156	17,156	-	-	19,559	19,559	-	-
2012	SERC	1585	Dixie Electric Membership Corporation	U.S.	56,939	56,939	-	-	26,606	26,606	-	-	30,333	30,333	-	-
2012	SERC	1295	Dominion Virginia Power	U.S.	2,112,370	2,112,370	-	-	987,061	987,061	-	-	1,125,309	1,125,309	-	-
2012	SERC	1296	Duke Energy Carolinas, LLC	U.S.	2,071,636	2,071,636	-	-	968,027	968,027	-	-	1,103,609	1,103,609	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	SERC	1466	Durant, MS	U.S.	711	711	-	-	332	332	-	-	379	379	-	-
2012	SERC	1478	E.ON U.S. Services Inc.	U.S.	878,907	878,907	-	-	410,692	410,692	-	-	468,214	468,214	-	-
2012	SERC	1297	East Kentucky Power Cooperative	U.S.	308,119	308,119	-	-	143,977	143,977	-	-	164,142	164,142	-	-
2012	SERC	1298	East Mississippi Electric Power Association	U.S.	10,983	10,983	-	-	5,132	5,132	-	-	5,851	5,851	-	-
2012	SERC	1629	East Texas Electric Cooperative Inc	U.S.	49,505	49,505	-	-	23,133	23,133	-	-	26,373	26,373	-	-
2012	SERC	1299	Electric Energy Inc.	U.S.	639	639	-	-	299	299	-	-	341	341	-	-
2012	SERC	1300	EnergyUnited EMC	U.S.	63,490	63,490	-	-	29,667	29,667	-	-	33,823	33,823	-	-
2012	SERC	1301	Entergy	U.S.	2,914,210	2,914,210	-	-	1,361,742	1,361,742	-	-	1,552,468	1,552,468	-	-
2012	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	53,996	53,996	-	-	25,231	25,231	-	-	28,765	28,765	-	-
2012	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	8,189	8,189	-	-	3,826	3,826	-	-	4,362	4,362	-	-
2012	SERC	1304	French Broad EMC	U.S.	13,227	13,227	-	-	6,180	6,180	-	-	7,046	7,046	-	-
2012	SERC	1305	Georgia Power Company	U.S.	2,160,277	2,160,277	-	-	1,009,446	1,009,446	-	-	1,150,830	1,150,830	-	-
2012	SERC	1306	Georgia System Optns Corporation	U.S.	950,976	950,976	-	-	444,369	444,369	-	-	506,607	506,607	-	-
2012	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	7,224	7,224	-	-	3,376	3,376	-	-	3,849	3,849	-	-
2012	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	6,838	6,838	-	-	3,195	3,195	-	-	3,643	3,643	-	-
2012	SERC	1308	Gulf Power Company	U.S.	284,653	284,653	-	-	133,012	133,012	-	-	151,641	151,641	-	-
2012	SERC	1586	Haywood EMC	U.S.	7,375	7,375	-	-	3,446	3,446	-	-	3,929	3,929	-	-
2012	SERC	1309	Illinois Municipal Electric Agency	U.S.	48,800	48,800	-	-	22,803	22,803	-	-	25,997	25,997	-	-
2012	SERC	1480	Itta Bena, MS	U.S.	405	405	-	-	189	189	-	-	216	216	-	-
2012	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	6,884	6,884	-	-	3,217	3,217	-	-	3,667	3,667	-	-
2012	SERC	1617	Kentucky Municipal Power	U.S.	18,890	18,890	-	-	8,827	8,827	-	-	10,063	10,063	-	-
2012	SERC	1481	Kosciusko, MS	U.S.	1,906	1,906	-	-	890	890	-	-	1,015	1,015	-	-
2012	SERC	1482	Leland, MS	U.S.	843	843	-	-	394	394	-	-	449	449	-	-
2012	SERC	1313	McCormick Commission of Public Works	U.S.	516	516	-	-	241	241	-	-	275	275	-	-
2012	SERC	1314	Mississippi Power Company	U.S.	332,581	332,581	-	-	155,407	155,407	-	-	177,174	177,174	-	-
2012	SERC	1630	Mt. Carmel Public Utility	U.S.	2,801	2,801	-	-	1,309	1,309	-	-	1,492	1,492	-	-
2012	SERC	1315	Municipal Electric Authority of Georgia	U.S.	274,039	274,039	-	-	128,052	128,052	-	-	145,987	145,987	-	-
2012	SERC	1316	N.C. Electric Membership Corp.	U.S.	304,620	304,620	-	-	142,342	142,342	-	-	162,278	162,278	-	-
2012	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	187,070	187,070	-	-	87,414	87,414	-	-	99,657	99,657	-	-
2012	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	119,126	119,126	-	-	55,665	55,665	-	-	63,461	63,461	-	-
2012	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	8,216	8,216	-	-	3,839	3,839	-	-	4,377	4,377	-	-
2012	SERC	1574	Northern Virginia Electric Cooperative	U.S.	98,753	98,753	-	-	46,145	46,145	-	-	52,608	52,608	-	-
2012	SERC	1319	Old Dominion Electric Cooperative	U.S.	148,478	148,478	-	-	69,380	69,380	-	-	79,098	79,098	-	-
2012	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	4,543	4,543	-	-	2,123	2,123	-	-	2,420	2,420	-	-
2012	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	23,383	23,383	-	-	10,927	10,927	-	-	12,457	12,457	-	-
2012	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	12,418	12,418	-	-	5,803	5,803	-	-	6,615	6,615	-	-
2012	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	57,808	57,808	-	-	27,012	27,012	-	-	30,796	30,796	-	-
2012	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	6,748	6,748	-	-	3,153	3,153	-	-	3,595	3,595	-	-
2012	SERC	1266	PowerSouth Energy	U.S.	201,833	201,833	-	-	94,312	94,312	-	-	107,521	107,521	-	-
2012	SERC	1330	Prairie Power, Inc.	U.S.	39,001	39,001	-	-	18,224	18,224	-	-	20,777	20,777	-	-
2012	SERC	1324	Progress Energy Carolinas	U.S.	1,142,649	1,142,649	-	-	533,933	533,933	-	-	608,716	608,716	-	-
2012	SERC	1325	Rutherford EMC	U.S.	31,948	31,948	-	-	14,929	14,929	-	-	17,020	17,020	-	-
2012	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	44,738	44,738	-	-	20,905	20,905	-	-	23,833	23,833	-	-
2012	SERC	1326	South Carolina Electric & Gas Company	U.S.	567,482	567,482	-	-	265,171	265,171	-	-	302,311	302,311	-	-
2012	SERC	1327	South Carolina Public Service Authority	U.S.	283,308	283,308	-	-	132,383	132,383	-	-	150,925	150,925	-	-
2012	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	15,907	15,907	-	-	7,433	7,433	-	-	8,474	8,474	-	-
2012	SERC	1328	South Mississippi Electric Power Association	U.S.	253,422	253,422	-	-	118,418	118,418	-	-	135,004	135,004	-	-
2012	SERC	1329	Southern Illinois Power Cooperative	U.S.	38,179	38,179	-	-	17,840	17,840	-	-	20,339	20,339	-	-
2012	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	63,994	63,994	-	-	29,903	29,903	-	-	34,091	34,091	-	-
2012	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	11,444	11,444	-	-	5,347	5,347	-	-	6,096	6,096	-	-
2012	SERC	1331	Tennessee Valley Authority	U.S.	4,235,554	4,235,554	-	-	1,979,175	1,979,175	-	-	2,256,379	2,256,379	-	-
2012	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	4,768	4,768	-	-	2,228	2,228	-	-	2,540	2,540	-	-
2012	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	3,185	3,185	-	-	1,488	1,488	-	-	1,696	1,696	-	-
2012	SERC	1592	Town of Black Creek, N.C.	U.S.	327	327	-	-	153	153	-	-	174	174	-	-
2012	SERC	1593	Town of Lucama, N.C.	U.S.	524	524	-	-	245	245	-	-	279	279	-	-
2012	SERC	1594	Town of Sharpsburg, N.C.	U.S.	489	489	-	-	229	229	-	-	261	261	-	-
2012	SERC	1595	Town of Stantonburg, N.C.	U.S.	582	582	-	-	272	272	-	-	310	310	-	-
2012	SERC	1333	Town of Waynesville NC	U.S.	2,388	2,388	-	-	1,116	1,116	-	-	1,272	1,272	-	-
2012	SERC	1334	Town of Winnsboro SC	U.S.	1,256	1,256	-	-	587	587	-	-	669	669	-	-
2012	SERC	1335	Town of Winterville NC	U.S.	1,309	1,309	-	-	612	612	-	-	697	697	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	26,562	26,562	-	-	12,412	12,412	-	-	14,150	14,150	-	-
			TOTAL SERC		25,781,663	25,781,663	-	-	12,047,164	12,047,164	-	-	13,734,499	13,734,499	-	-
2012	SPP	1246	American Electric Power	U.S.	2,018,932	2,018,932	-	-	440,710	440,710	-	-	1,578,222	1,578,222	-	-
2012	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	269,647	269,647	-	-	58,861	58,861	-	-	210,786	210,786	-	-
2012	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	131,379	131,379	-	-	28,679	28,679	-	-	102,701	102,701	-	-
2012	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	50,511	50,511	-	-	11,026	11,026	-	-	39,485	39,485	-	-
2012	SPP	1647	Carthage City Water & Light	U.S.	16,529	16,529	-	-	3,608	3,608	-	-	12,921	12,921	-	-
2012	SPP	1469	Central Valley Electric Cooperative	U.S.	44,955	44,955	-	-	9,813	9,813	-	-	35,142	35,142	-	-
2012	SPP	1556	City of Bentonville	U.S.	34,790	34,790	-	-	7,594	7,594	-	-	27,196	27,196	-	-
2012	SPP	1557	City of Clarksdale, Mississippi	U.S.	9,401	9,401	-	-	2,052	2,052	-	-	7,349	7,349	-	-
2012	SPP	1558	Hope Water & Light (HWL)	U.S.	16,076	16,076	-	-	3,509	3,509	-	-	12,567	12,567	-	-
2012	SPP	1559	City of Minden	U.S.	8,992	8,992	-	-	1,963	1,963	-	-	7,029	7,029	-	-
2012	SPP	1634	City of Mulvane	U.S.	2,430	2,430	-	-	530	530	-	-	1,900	1,900	-	-
2012	SPP	1635	The City of Osage City	U.S.	2,007	2,007	-	-	438	438	-	-	1,569	1,569	-	-
2012	SPP	1636	City of Prescott	U.S.	4,853	4,853	-	-	1,059	1,059	-	-	3,794	3,794	-	-
2012	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	60,371	60,371	-	-	13,178	13,178	-	-	47,192	47,192	-	-
2012	SPP	1436	City Utilities of Springfield, MO	U.S.	174,524	174,524	-	-	38,097	38,097	-	-	136,427	136,427	-	-
2012	SPP	1249	Cleco Power LLC	U.S.	624,446	624,446	-	-	136,310	136,310	-	-	488,137	488,137	-	-
2012	SPP	1437	East Texas Electric Coop, Inc.	U.S.	22,052	22,052	-	-	4,814	4,814	-	-	17,238	17,238	-	-
2012	SPP	1250	The Empire District Electric Company	U.S.	283,520	283,520	-	-	61,889	61,889	-	-	221,631	221,631	-	-
2012	SPP	1470	Farmers' Electric Coop	U.S.	25,153	25,153	-	-	5,491	5,491	-	-	19,662	19,662	-	-
2012	SPP	1438	Golden Spread Electric Coop	U.S.	304,720	304,720	-	-	66,517	66,517	-	-	238,203	238,203	-	-
2012	SPP	1251	Grand River Dam Authority	U.S.	261,309	261,309	-	-	57,041	57,041	-	-	204,268	204,268	-	-
2012	SPP	1648	Jonesboro City Water & Light	U.S.	75,282	75,282	-	-	16,433	16,433	-	-	58,849	58,849	-	-
2012	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	862,596	862,596	-	-	188,295	188,295	-	-	674,301	674,301	-	-
2012	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	118,030	118,030	-	-	25,765	25,765	-	-	92,265	92,265	-	-
2012	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	42,272	42,272	-	-	9,227	9,227	-	-	33,044	33,044	-	-
2012	SPP	1637	Kansas Power Pool	U.S.	88,793	88,793	-	-	19,383	19,383	-	-	69,411	69,411	-	-
2012	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	8,860	8,860	-	-	1,934	1,934	-	-	6,926	6,926	-	-
2012	SPP	1649	Kennett Board of Public Works	U.S.	8,728	8,728	-	-	1,905	1,905	-	-	6,823	6,823	-	-
2012	SPP	1598	KCP&L GMOCC (Greater Missouri Operations Company)	U.S.	473,069	473,069	-	-	103,266	103,266	-	-	369,804	369,804	-	-
2012	SPP	1471	Lafayette Utilities System	U.S.	113,761	113,761	-	-	24,833	24,833	-	-	88,928	88,928	-	-
2012	SPP	1472	Lea County Electric Coop	U.S.	71,605	71,605	-	-	15,631	15,631	-	-	55,975	55,975	-	-
2012	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	54,805	54,805	-	-	11,963	11,963	-	-	42,842	42,842	-	-
2012	SPP	1650	Malden Board of Public Works	U.S.	2,952	2,952	-	-	644	644	-	-	2,307	2,307	-	-
2012	SPP	1441	Midwest Energy Inc.	U.S.	100,449	100,449	-	-	21,927	21,927	-	-	78,522	78,522	-	-
2012	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	137,966	137,966	-	-	30,116	30,116	-	-	107,850	107,850	-	-
2012	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	3,235	3,235	-	-	706	706	-	-	2,528	2,528	-	-
2012	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	170,517	170,517	-	-	37,222	37,222	-	-	133,295	133,295	-	-
2012	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	1,565,228	1,565,228	-	-	341,672	341,672	-	-	1,223,557	1,223,557	-	-
2012	SPP	1444	Oklahoma Municipal Power Auth	U.S.	154,504	154,504	-	-	33,726	33,726	-	-	120,778	120,778	-	-
2012	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	11,319	11,319	-	-	2,471	2,471	-	-	8,848	8,848	-	-
2012	SPP	1651	Paragould Light, Water & Cable	U.S.	33,129	33,129	-	-	7,232	7,232	-	-	25,897	25,897	-	-
2012	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	2,356	2,356	-	-	514	514	-	-	1,841	1,841	-	-
2012	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	21,702	21,702	-	-	4,737	4,737	-	-	16,965	16,965	-	-
2012	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	6,736	6,736	-	-	1,470	1,470	-	-	5,265	5,265	-	-
2012	SPP	1473	Roosevelt County Electric Coop	U.S.	11,584	11,584	-	-	2,529	2,529	-	-	9,056	9,056	-	-
2012	SPP	1468	Sharyland Utilities, LP	U.S.	60,015	60,015	-	-	13,101	13,101	-	-	46,914	46,914	-	-
2012	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	20,810	20,810	-	-	4,543	4,543	-	-	16,268	16,268	-	-
2012	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	1,072,763	1,072,763	-	-	234,172	234,172	-	-	838,591	838,591	-	-
2012	SPP	1256	Sunflower Electric Power Cooperative	U.S.	313,569	313,569	-	-	68,449	68,449	-	-	245,121	245,121	-	-
2012	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	27,049	27,049	-	-	5,904	5,904	-	-	21,144	21,144	-	-
2012	SPP	1475	Tri County Electric Coop	U.S.	22,208	22,208	-	-	4,848	4,848	-	-	17,360	17,360	-	-
2012	SPP	1260	Westar Energy, Inc.	U.S.	1,180,226	1,180,226	-	-	257,630	257,630	-	-	922,596	922,596	-	-
2012	SPP	1259	Western Farmers Electric Cooperative	U.S.	433,980	433,980	-	-	94,733	94,733	-	-	339,247	339,247	-	-
2012	SPP	1501	West Texas Municipal Power Agency	U.S.	156,819	156,819	-	-	34,232	34,232	-	-	122,587	122,587	-	-
			TOTAL SPP		11,793,514	11,793,514	-	-	2,574,391	2,574,391	-	-	9,219,123	9,219,123	-	-
2011	TRE	1019	ERCOT	U.S.	14,351,105	14,351,105	-	-	3,841,797	3,841,797	-	-	10,509,308	10,509,308	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
					14,351,105	14,351,105	-	-	3,841,797	3,841,797	-	-	10,509,308	10,509,308	-	-
2012	WECC		Alberta Electric System Operator	Canada	2,938,257	-	2,938,257	-	443,202	-	443,202	-	2,495,056	-	2,495,056	-
2012	WECC		British Columbia Hydro & Power Authority	Canada	4,202,422	-	4,202,422	-	723,192	-	723,192	-	3,479,230	-	3,479,230	-
2012	WECC		Comision Federal de Electricidad	Mexico	802,582	-	-	802,582	138,116	-	-	138,116	664,466	-	-	664,466
2012	WECC		Aguila Irrigation District - APS	U.S.	2,834	2,834	-	-	515	515	-	-	2,319	2,319	-	-
2012	WECC		Aha Macav Power Service	U.S.	1,787	1,787	-	-	325	325	-	-	1,462	1,462	-	-
2012	WECC		Ajo Improvement District	U.S.	892	892	-	-	162	162	-	-	730	730	-	-
2012	WECC		Ak-Chin	U.S.	2,335	2,335	-	-	424	424	-	-	1,911	1,911	-	-
2012	WECC		Alcoa Inc	U.S.	221,072	221,072	-	-	40,170	40,170	-	-	180,902	180,902	-	-
2012	WECC		Arizona Public Service Company	U.S.	1,961,014	1,961,014	-	-	356,328	356,328	-	-	1,604,687	1,604,687	-	-
2012	WECC		Arkansas River Power Authority (ARPA)	U.S.	19,707	19,707	-	-	3,581	3,581	-	-	16,127	16,127	-	-
2012	WECC		Avista Corporation	U.S.	4,242	4,242	-	-	771	771	-	-	3,471	3,471	-	-
2012	WECC		Avista Corporation	U.S.	605,867	605,867	-	-	110,089	110,089	-	-	495,777	495,777	-	-
2012	WECC		Barrick Goldstrike Mines Inc.	U.S.	80,227	80,227	-	-	14,578	14,578	-	-	65,649	65,649	-	-
2012	WECC		Basin Electric Power Cooperative	U.S.	4,042	4,042	-	-	734	734	-	-	3,307	3,307	-	-
2012	WECC		Basin Electric Power Cooperative	U.S.	208,059	208,059	-	-	37,805	37,805	-	-	170,253	170,253	-	-
2012	WECC		Benton REA	U.S.	35,385	35,385	-	-	6,430	6,430	-	-	28,955	28,955	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	8,724	8,724	-	-	1,585	1,585	-	-	7,139	7,139	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	9,040	9,040	-	-	1,643	1,643	-	-	7,398	7,398	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	22,768	22,768	-	-	4,137	4,137	-	-	18,631	18,631	-	-
2012	WECC		Blachly-Lane Electric Cooperative	U.S.	10,778	10,778	-	-	1,958	1,958	-	-	8,820	8,820	-	-
2012	WECC		Black Hills Power	U.S.	125,466	125,466	-	-	22,798	22,798	-	-	102,668	102,668	-	-
2012	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	242,570	242,570	-	-	44,076	44,076	-	-	198,493	198,493	-	-
2012	WECC		Black Hills State University South Dakota	U.S.	1,276	1,276	-	-	232	232	-	-	1,044	1,044	-	-
2012	WECC		Bonneville Power Administration	U.S.	435	435	-	-	79	79	-	-	356	356	-	-
2012	WECC		Bonneville Power Administration	U.S.	1,213	1,213	-	-	220	220	-	-	993	993	-	-
2012	WECC		Bonneville Power Administration	U.S.	49,921	49,921	-	-	9,071	9,071	-	-	40,850	40,850	-	-
2012	WECC		Bonneville Power Administration	U.S.	116,624	116,624	-	-	21,191	21,191	-	-	95,433	95,433	-	-
2012	WECC		Bonneville Power Administration	U.S.	301,247	301,247	-	-	54,738	54,738	-	-	246,509	246,509	-	-
2012	WECC		BPA - Big Bend/Schrag Load	U.S.	2,478	2,478	-	-	450	450	-	-	2,028	2,028	-	-
2012	WECC		BPA - USBR Load	U.S.	475	475	-	-	86	86	-	-	388	388	-	-
2012	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	1,333	1,333	-	-	242	242	-	-	1,091	1,091	-	-
2012	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	52	52	-	-	9	9	-	-	42	42	-	-
2012	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	333	333	-	-	60	60	-	-	272	272	-	-
2012	WECC		Burlington	U.S.	2,142	2,142	-	-	389	389	-	-	1,753	1,753	-	-
2012	WECC		California Independent System Operator	U.S.	15,271,826	15,271,826	-	-	2,774,979	2,774,979	-	-	12,496,847	12,496,847	-	-
2012	WECC		Canby Public Utility Board	U.S.	11,543	11,543	-	-	2,097	2,097	-	-	9,445	9,445	-	-
2012	WECC		Central Arizona Water Conservation District	U.S.	323,357	323,357	-	-	58,756	58,756	-	-	264,602	264,602	-	-
2012	WECC		Central Electric Cooperative	U.S.	32,535	32,535	-	-	5,912	5,912	-	-	26,623	26,623	-	-
2012	WECC		Central Lincoln PUD	U.S.	87,554	87,554	-	-	15,909	15,909	-	-	71,645	71,645	-	-
2012	WECC		Central Montana Electric Power Cooperative	U.S.	23,093	23,093	-	-	4,196	4,196	-	-	18,897	18,897	-	-
2012	WECC		City of Aztec Electric Dept	U.S.	2,448	2,448	-	-	445	445	-	-	2,003	2,003	-	-
2012	WECC		City of Bandon	U.S.	4,415	4,415	-	-	802	802	-	-	3,613	3,613	-	-
2012	WECC		City of Blaine	U.S.	5,061	5,061	-	-	920	920	-	-	4,142	4,142	-	-
2012	WECC		City of Bonners Ferry	U.S.	4,519	4,519	-	-	821	821	-	-	3,698	3,698	-	-
2012	WECC		City of Boulder City	U.S.	10,895	10,895	-	-	1,980	1,980	-	-	8,915	8,915	-	-
2012	WECC		City of Cascade Locks	U.S.	1,235	1,235	-	-	224	224	-	-	1,011	1,011	-	-
2012	WECC		City of Centralia	U.S.	17,651	17,651	-	-	3,207	3,207	-	-	14,444	14,444	-	-
2012	WECC		City of Cheney	U.S.	9,361	9,361	-	-	1,701	1,701	-	-	7,660	7,660	-	-
2012	WECC		City of Chewelah	U.S.	1,550	1,550	-	-	282	282	-	-	1,268	1,268	-	-
2012	WECC		City of Drain	U.S.	1,073	1,073	-	-	195	195	-	-	878	878	-	-
2012	WECC		City of Ellensburg	U.S.	13,574	13,574	-	-	2,467	2,467	-	-	11,108	11,108	-	-
2012	WECC		City of Fallon	U.S.	7,990	7,990	-	-	1,452	1,452	-	-	6,538	6,538	-	-
2012	WECC		City of Farmington	U.S.	17,976	17,976	-	-	3,266	3,266	-	-	14,709	14,709	-	-
2012	WECC		City of Forest Grove	U.S.	15,732	15,732	-	-	2,859	2,859	-	-	12,873	12,873	-	-
2012	WECC		City of Gallup	U.S.	12,886	12,886	-	-	2,342	2,342	-	-	10,545	10,545	-	-
2012	WECC		City of Henderson	U.S.	2,761	2,761	-	-	502	502	-	-	2,259	2,259	-	-
2012	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	6,927	6,927	-	-	1,259	1,259	-	-	5,669	5,669	-	-
2012	WECC		City of Las Vegas	U.S.	2,791	2,791	-	-	507	507	-	-	2,284	2,284	-	-

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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
2012	WECC		City of McCleary	U.S.	2,036	2,036	-	-	370	370	-	-	1,666	1,666	-	-
2012	WECC		City of McMinnville	U.S.	47,671	47,671	-	-	8,662	8,662	-	-	39,009	39,009	-	-
2012	WECC		City of Mesa	U.S.	17,186	17,186	-	-	3,123	3,123	-	-	14,063	14,063	-	-
2012	WECC		City of Milton	U.S.	3,993	3,993	-	-	726	726	-	-	3,268	3,268	-	-
2012	WECC		City of Milton-Freewater	U.S.	7,048	7,048	-	-	1,281	1,281	-	-	5,767	5,767	-	-
2012	WECC		City of Monmouth	U.S.	4,648	4,648	-	-	844	844	-	-	3,803	3,803	-	-
2012	WECC		City of Needles	U.S.	2,049	2,049	-	-	372	372	-	-	1,677	1,677	-	-
2012	WECC		City of Plummer	U.S.	2,314	2,314	-	-	421	421	-	-	1,894	1,894	-	-
2012	WECC		City of Port Angeles	U.S.	47,554	47,554	-	-	8,641	8,641	-	-	38,913	38,913	-	-
2012	WECC		City of Redding	U.S.	53,128	53,128	-	-	9,654	9,654	-	-	43,474	43,474	-	-
2012	WECC		City of Richland	U.S.	56,189	56,189	-	-	10,210	10,210	-	-	45,979	45,979	-	-
2012	WECC		City of Roseville	U.S.	80,766	80,766	-	-	14,676	14,676	-	-	66,090	66,090	-	-
2012	WECC		City of Shasta Lake	U.S.	12,145	12,145	-	-	2,207	2,207	-	-	9,938	9,938	-	-
2012	WECC		City of Sumas	U.S.	1,920	1,920	-	-	349	349	-	-	1,571	1,571	-	-
2012	WECC		City of Tacoma DBA Tacoma Power	U.S.	323,742	323,742	-	-	58,826	58,826	-	-	264,916	264,916	-	-
2012	WECC		City of Troy	U.S.	1,125	1,125	-	-	204	204	-	-	921	921	-	-
2012	WECC		City of Williams	U.S.	2,613	2,613	-	-	475	475	-	-	2,138	2,138	-	-
2012	WECC		Clark County Water Resources	U.S.	5,078	5,078	-	-	923	923	-	-	4,155	4,155	-	-
2012	WECC		Clark Public Utilities	U.S.	286,641	286,641	-	-	52,084	52,084	-	-	234,557	234,557	-	-
2012	WECC		Clatskanie PUD	U.S.	63,635	63,635	-	-	11,563	11,563	-	-	52,072	52,072	-	-
2012	WECC		Clearwater Cooperative, Inc	U.S.	10,638	10,638	-	-	1,933	1,933	-	-	8,705	8,705	-	-
2012	WECC		Colorado River Commission of Nevada	U.S.	54,358	54,358	-	-	9,877	9,877	-	-	44,481	44,481	-	-
2012	WECC		Colorado Springs Utilities	U.S.	6,161	6,161	-	-	1,119	1,119	-	-	5,041	5,041	-	-
2012	WECC		Colorado Springs Utilities	U.S.	298,228	298,228	-	-	54,190	54,190	-	-	244,039	244,039	-	-
2012	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	7,203	7,203	-	-	1,309	1,309	-	-	5,894	5,894	-	-
2012	WECC		Columbia Falls Aluminum Company	U.S.	265	265	-	-	48	48	-	-	217	217	-	-
2012	WECC		Columbia Power Cooperative Association	U.S.	1,561	1,561	-	-	284	284	-	-	1,277	1,277	-	-
2012	WECC		Columbia River PUD	U.S.	19,785	19,785	-	-	3,595	3,595	-	-	16,190	16,190	-	-
2012	WECC		Columbia Rural Electric Association (REA)	U.S.	19,716	19,716	-	-	3,583	3,583	-	-	16,134	16,134	-	-
2012	WECC		Consolidated Irrigation District No. 19	U.S.	392	392	-	-	71	71	-	-	321	321	-	-
2012	WECC		Constellation New Energy, Inc.	U.S.	4,573	4,573	-	-	831	831	-	-	3,742	3,742	-	-
2012	WECC		Consumers Power, Inc.	U.S.	27,298	27,298	-	-	4,960	4,960	-	-	22,338	22,338	-	-
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	4,505	4,505	-	-	819	819	-	-	3,686	3,686	-	-
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	4,842	4,842	-	-	880	880	-	-	3,962	3,962	-	-
2012	WECC		Douglas Electric Cooperative, Inc.	U.S.	6,104	6,104	-	-	1,109	1,109	-	-	4,995	4,995	-	-
2012	WECC		Douglas Palisades	U.S.	1,196	1,196	-	-	217	217	-	-	978	978	-	-
2012	WECC		El Paso Electric Company	U.S.	546,565	546,565	-	-	99,314	99,314	-	-	447,251	447,251	-	-
2012	WECC		Electrical District #2	U.S.	12,746	12,746	-	-	2,316	2,316	-	-	10,430	10,430	-	-
2012	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	564	564	-	-	103	103	-	-	462	462	-	-
2012	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	204	204	-	-	37	37	-	-	167	167	-	-
2012	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	3,600	3,600	-	-	654	654	-	-	2,946	2,946	-	-
2012	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	19,190	19,190	-	-	3,487	3,487	-	-	15,703	15,703	-	-
2012	WECC		Electrical Districts 1 & 3	U.S.	41,846	41,846	-	-	7,604	7,604	-	-	34,243	34,243	-	-
2012	WECC		Elmhurst Mutual Power & Light Company	U.S.	17,778	17,778	-	-	3,230	3,230	-	-	14,548	14,548	-	-
2012	WECC		Emerald PUD	U.S.	33,124	33,124	-	-	6,019	6,019	-	-	27,106	27,106	-	-
2012	WECC		Energy Northwest	U.S.	2,052	2,052	-	-	373	373	-	-	1,679	1,679	-	-
2012	WECC		Eugene Water & Electric Board	U.S.	160,725	160,725	-	-	29,205	29,205	-	-	131,520	131,520	-	-
2012	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	3	3	-	-	1	1	-	-	3	3	-	-
2012	WECC		Farmington Electric Utility System	U.S.	89,888	89,888	-	-	16,333	16,333	-	-	73,555	73,555	-	-
2012	WECC		Flathead Electric Cooperative, Inc	U.S.	94,539	94,539	-	-	17,178	17,178	-	-	77,361	77,361	-	-
2012	WECC		Frederickson Power LP	U.S.	346	346	-	-	63	63	-	-	283	283	-	-
2012	WECC		Grand Valley Power	U.S.	15,114	15,114	-	-	2,746	2,746	-	-	12,368	12,368	-	-
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	6,295	6,295	-	-	1,144	1,144	-	-	5,152	5,152	-	-
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	8,095	8,095	-	-	1,471	1,471	-	-	6,624	6,624	-	-
2012	WECC		Harquahala Valley Power Districts - APS	U.S.	5,351	5,351	-	-	972	972	-	-	4,378	4,378	-	-
2012	WECC		Hermiston Power LLC	U.S.	314	314	-	-	57	57	-	-	257	257	-	-
2012	WECC		Hood River Electric Cooperative	U.S.	2,586	2,586	-	-	470	470	-	-	2,116	2,116	-	-
2012	WECC		Idaho County Light and Power Cooperative Association, Inc	U.S.	3,667	3,667	-	-	666	666	-	-	3,001	3,001	-	-
2012	WECC		Idaho Power Company	U.S.	966,212	966,212	-	-	175,566	175,566	-	-	790,646	790,646	-	-
2012	WECC		Imperial Irrigation District	U.S.	242,166	242,166	-	-	44,003	44,003	-	-	198,163	198,163	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE, RCCo, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB & RCCo Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	WECC		Inland Power and Light Company	U.S.	30,154	30,154	-	-	5,479	5,479	-	-	24,675	24,675	-	-
2012	WECC		Inland Power and Light Company	U.S.	31,151	31,151	-	-	5,660	5,660	-	-	25,490	25,490	-	-
2012	WECC		Intermountain Rural Electric Association	U.S.	58,318	58,318	-	-	10,597	10,597	-	-	47,721	47,721	-	-
2012	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	21,130	21,130	-	-	3,839	3,839	-	-	17,290	17,290	-	-
2012	WECC		Lakeview Light & Power	U.S.	17,767	17,767	-	-	3,228	3,228	-	-	14,539	14,539	-	-
2012	WECC		Lane Electric Cooperative, Inc.	U.S.	14,435	14,435	-	-	2,623	2,623	-	-	11,812	11,812	-	-
2012	WECC		Las Vegas Valley Water District	U.S.	14,241	14,241	-	-	2,588	2,588	-	-	11,653	11,653	-	-
2012	WECC		Lincoln Electric Cooperative, Inc.	U.S.	7,652	7,652	-	-	1,390	1,390	-	-	6,262	6,262	-	-
2012	WECC		Los Angeles Department of Water and Power	U.S.	1,919,668	1,919,668	-	-	348,815	348,815	-	-	1,570,853	1,570,853	-	-
2012	WECC		Lost River Electric Cooperative, Inc.	U.S.	3	3	-	-	0	0	-	-	2	2	-	-
2012	WECC		Lower Valley Energy, Inc.	U.S.	10	10	-	-	2	2	-	-	9	9	-	-
2012	WECC		Maricopa County Municipal Water Conservation Dist No. 1	U.S.	3,678	3,678	-	-	668	668	-	-	3,009	3,009	-	-
2012	WECC		McMullen Valley Water Conservation & Drainage District -	U.S.	4,770	4,770	-	-	867	867	-	-	3,904	3,904	-	-
2012	WECC		Merced Irrigation District	U.S.	29,890	29,890	-	-	5,431	5,431	-	-	24,459	24,459	-	-
2012	WECC		Midstate Electric Cooperative, Inc.	U.S.	26,052	26,052	-	-	4,734	4,734	-	-	21,318	21,318	-	-
2012	WECC		Mission Valley Power	U.S.	25,502	25,502	-	-	4,634	4,634	-	-	20,868	20,868	-	-
2012	WECC		Modern Electric Water Company	U.S.	14,918	14,918	-	-	2,711	2,711	-	-	12,208	12,208	-	-
2012	WECC		Modesto Irrigation District	U.S.	166,918	166,918	-	-	30,330	30,330	-	-	136,588	136,588	-	-
2012	WECC		Montana-Dakota Utilities Co.	U.S.	895	895	-	-	163	163	-	-	733	733	-	-
2012	WECC		Mt. Wheeler Power	U.S.	36,341	36,341	-	-	6,603	6,603	-	-	29,738	29,738	-	-
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	12,746	12,746	-	-	2,316	2,316	-	-	10,430	10,430	-	-
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	42,219	42,219	-	-	7,671	7,671	-	-	34,547	34,547	-	-
2012	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	253	253	-	-	46	46	-	-	207	207	-	-
2012	WECC		Navajo Tribal Utility Authority	U.S.	2,752	2,752	-	-	500	500	-	-	2,252	2,252	-	-
2012	WECC		Navajo Tribal Utility Authority	U.S.	19,882	19,882	-	-	3,613	3,613	-	-	16,269	16,269	-	-
2012	WECC		Navopache Electric Cooperative, Inc.	U.S.	26,417	26,417	-	-	4,800	4,800	-	-	21,617	21,617	-	-
2012	WECC		Nebraska Public Power Marketing	U.S.	244	244	-	-	44	44	-	-	200	200	-	-
2012	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	3,467	3,467	-	-	630	630	-	-	2,837	2,837	-	-
2012	WECC		Nevada Power Company dba NV Energy	U.S.	1,450,594	1,450,594	-	-	263,581	263,581	-	-	1,187,013	1,187,013	-	-
2012	WECC		Noble Americas Energy Solutions, LLC	U.S.	78,303	78,303	-	-	14,228	14,228	-	-	64,075	64,075	-	-
2012	WECC		Northern Lights, Inc.	U.S.	2,206	2,206	-	-	401	401	-	-	1,805	1,805	-	-
2012	WECC		Northern Wasco County PUD	U.S.	36,328	36,328	-	-	6,601	6,601	-	-	29,727	29,727	-	-
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	19,689	19,689	-	-	3,578	3,578	-	-	16,111	16,111	-	-
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	592,566	592,566	-	-	107,673	107,673	-	-	484,894	484,894	-	-
2012	WECC		Ohop Mutual Light Company	U.S.	5,455	5,455	-	-	991	991	-	-	4,464	4,464	-	-
2012	WECC		Orcas Power and Light Cooperative	U.S.	14,025	14,025	-	-	2,548	2,548	-	-	11,477	11,477	-	-
2012	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	20,872	20,872	-	-	3,793	3,793	-	-	17,079	17,079	-	-
2012	WECC		Overton Power District No. 5	U.S.	24,662	24,662	-	-	4,481	4,481	-	-	20,181	20,181	-	-
2012	WECC		PacifiCorp	U.S.	128	128	-	-	23	23	-	-	105	105	-	-
2012	WECC		PacifiCorp	U.S.	178	178	-	-	32	32	-	-	145	145	-	-
2012	WECC		PacifiCorp	U.S.	3,927	3,927	-	-	714	714	-	-	3,214	3,214	-	-
2012	WECC		PacifiCorp	U.S.	7,614	7,614	-	-	1,383	1,383	-	-	6,230	6,230	-	-
2012	WECC		PacifiCorp	U.S.	3,219,370	3,219,370	-	-	584,978	584,978	-	-	2,634,392	2,634,392	-	-
2012	WECC		PacifiCorp West (PACW)	U.S.	1,362,955	1,362,955	-	-	247,657	247,657	-	-	1,115,298	1,115,298	-	-
2012	WECC		Page Electric Utility	U.S.	715	715	-	-	130	130	-	-	585	585	-	-
2012	WECC		Parkland Light and Water Company	U.S.	7,833	7,833	-	-	1,423	1,423	-	-	6,410	6,410	-	-
2012	WECC		Pend Oreille County PUD No. 1	U.S.	67,746	67,746	-	-	12,310	12,310	-	-	55,436	55,436	-	-
2012	WECC		Peninsula Light Company, Inc.	U.S.	39,516	39,516	-	-	7,180	7,180	-	-	32,336	32,336	-	-
2012	WECC		Platte River Power Authority	U.S.	211,181	211,181	-	-	38,373	38,373	-	-	172,808	172,808	-	-
2012	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	9,407	9,407	-	-	1,709	1,709	-	-	7,698	7,698	-	-
2012	WECC		Port Townsend Paper Corporation	U.S.	13,343	13,343	-	-	2,425	2,425	-	-	10,919	10,919	-	-
2012	WECC		Portland General Electric Company	U.S.	2,953	2,953	-	-	537	537	-	-	2,417	2,417	-	-
2012	WECC		Portland General Electric Company	U.S.	1,216,720	1,216,720	-	-	221,085	221,085	-	-	995,635	995,635	-	-
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	2,296	2,296	-	-	417	417	-	-	1,879	1,879	-	-
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	2,027,520	2,027,520	-	-	368,412	368,412	-	-	1,659,108	1,659,108	-	-
2012	WECC		Public Service Company of New Mexico	U.S.	701,280	701,280	-	-	127,427	127,427	-	-	573,854	573,854	-	-
2012	WECC		Public Utility District No. 1 of Chelan County	U.S.	258,774	258,774	-	-	47,021	47,021	-	-	211,754	211,754	-	-
2012	WECC		PUD No. 1 of Asotin County	U.S.	20	20	-	-	4	4	-	-	16	16	-	-
2012	WECC		PUD No. 1 of Asotin County	U.S.	317	317	-	-	58	58	-	-	259	259	-	-
2012	WECC		PUD No. 1 of Benton County	U.S.	110,421	110,421	-	-	20,064	20,064	-	-	90,357	90,357	-	-

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2012	WECC		PUD No. 1 of Clallam County	U.S.	44,477	44,477	-	-	8,082	8,082	-	-	36,396	36,396	-	-
2012	WECC		PUD No. 1 of Cowlitz County	U.S.	337,744	337,744	-	-	61,370	61,370	-	-	276,374	276,374	-	-
2012	WECC		PUD No. 1 of Douglas County	U.S.	495	495	-	-	90	90	-	-	405	405	-	-
2012	WECC		PUD No. 1 of Douglas County	U.S.	93,313	93,313	-	-	16,956	16,956	-	-	76,358	76,358	-	-
2012	WECC		PUD No. 1 of Ferry County	U.S.	6,911	6,911	-	-	1,256	1,256	-	-	5,655	5,655	-	-
2012	WECC		PUD No. 1 of Franklin County	U.S.	66,241	66,241	-	-	12,036	12,036	-	-	54,204	54,204	-	-
2012	WECC		PUD No. 1 of Grays Harbor	U.S.	79,087	79,087	-	-	14,371	14,371	-	-	64,716	64,716	-	-
2012	WECC		PUD No. 1 of Kittitas County	U.S.	1,066	1,066	-	-	194	194	-	-	873	873	-	-
2012	WECC		PUD No. 1 of Kittitas County	U.S.	4,732	4,732	-	-	860	860	-	-	3,872	3,872	-	-
2012	WECC		PUD No. 1 of Klickitat County	U.S.	18,293	18,293	-	-	3,324	3,324	-	-	14,969	14,969	-	-
2012	WECC		PUD No. 1 of Lewis County	U.S.	60,705	60,705	-	-	11,031	11,031	-	-	49,675	49,675	-	-
2012	WECC		PUD No. 1 of Mason County	U.S.	5,132	5,132	-	-	933	933	-	-	4,200	4,200	-	-
2012	WECC		PUD No. 1 of Skamania County	U.S.	8,651	8,651	-	-	1,572	1,572	-	-	7,079	7,079	-	-
2012	WECC		PUD No. 1 of Snohomish County	U.S.	443,041	443,041	-	-	80,503	80,503	-	-	362,538	362,538	-	-
2012	WECC		PUD No. 1 of Wahkiakum County	U.S.	2,871	2,871	-	-	522	522	-	-	2,350	2,350	-	-
2012	WECC		PUD No. 1 of Whatcom County	U.S.	347	347	-	-	63	63	-	-	284	284	-	-
2012	WECC		PUD No. 1 of Whatcom County	U.S.	12,969	12,969	-	-	2,357	2,357	-	-	10,612	10,612	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	3,147	3,147	-	-	572	572	-	-	2,575	2,575	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	5,893	5,893	-	-	1,071	1,071	-	-	4,822	4,822	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	249,937	249,937	-	-	45,415	45,415	-	-	204,522	204,522	-	-
2012	WECC		PUD No. 2 of Pacific County	U.S.	19,758	19,758	-	-	3,590	3,590	-	-	16,168	16,168	-	-
2012	WECC		PUD No. 3 of Mason County	U.S.	45,557	45,557	-	-	8,278	8,278	-	-	37,279	37,279	-	-
2012	WECC		Puget Sound Energy, Inc.	U.S.	1,584,519	1,584,519	-	-	287,916	287,916	-	-	1,296,603	1,296,603	-	-
2012	WECC		Raft River Electric Cooperative	U.S.	6	6	-	-	1	1	-	-	5	5	-	-
2012	WECC		Roosevelt Irrigation District - APS	U.S.	2,680	2,680	-	-	487	487	-	-	2,193	2,193	-	-
2012	WECC		Sacramento Municipal Utility District	U.S.	731,528	731,528	-	-	132,923	132,923	-	-	598,605	598,605	-	-
2012	WECC		Salem Electric	U.S.	21,037	21,037	-	-	3,823	3,823	-	-	17,214	17,214	-	-
2012	WECC		Salt River Project	U.S.	1,856,951	1,856,951	-	-	337,419	337,419	-	-	1,519,532	1,519,532	-	-
2012	WECC		San Carlos Indian Irrigation Project	U.S.	4	4	-	-	1	1	-	-	3	3	-	-
2012	WECC		Seattle City Light	U.S.	655,318	655,318	-	-	119,075	119,075	-	-	536,243	536,243	-	-
2012	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	588,259	588,259	-	-	106,890	106,890	-	-	481,369	481,369	-	-
2012	WECC		Southern Montana Electric Generation & Transmission	U.S.	40,888	40,888	-	-	7,430	7,430	-	-	33,458	33,458	-	-
2012	WECC		Southern Nevada Water Authority	U.S.	44,193	44,193	-	-	8,030	8,030	-	-	36,163	36,163	-	-
2012	WECC		Southwest Transmission Cooperative, Inc.	U.S.	170,836	170,836	-	-	31,042	31,042	-	-	139,795	139,795	-	-
2012	WECC		Springfield Utility Board	U.S.	54,714	54,714	-	-	9,942	9,942	-	-	44,772	44,772	-	-
2012	WECC		Surprise Valley Electrification Corporation	U.S.	2,492	2,492	-	-	453	453	-	-	2,039	2,039	-	-
2012	WECC		Tanner Electric Cooperative	U.S.	6,195	6,195	-	-	1,126	1,126	-	-	5,069	5,069	-	-
2012	WECC		The Incorporated County of Los Alamos	U.S.	24,979	24,979	-	-	4,539	4,539	-	-	20,440	20,440	-	-
2012	WECC		Tillamook People's Utility District	U.S.	24,215	24,215	-	-	4,400	4,400	-	-	19,815	19,815	-	-
2012	WECC		Tohono O'Odham Utility Authority	U.S.	4,414	4,414	-	-	802	802	-	-	3,612	3,612	-	-
2012	WECC		Tonopah Irrigation District - APS	U.S.	1,705	1,705	-	-	310	310	-	-	1,395	1,395	-	-
2012	WECC		Town of Fredonia	U.S.	51	51	-	-	9	9	-	-	41	41	-	-
2012	WECC		Town of Steilacoom	U.S.	2,691	2,691	-	-	489	489	-	-	2,202	2,202	-	-
2012	WECC		Town of Wickenburg	U.S.	1,774	1,774	-	-	322	322	-	-	1,451	1,451	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	1,418	1,418	-	-	258	258	-	-	1,160	1,160	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	137,853	137,853	-	-	25,049	25,049	-	-	112,804	112,804	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	490,179	490,179	-	-	89,068	89,068	-	-	401,111	401,111	-	-
2012	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	180,576	180,576	-	-	32,812	32,812	-	-	147,765	147,765	-	-
2012	WECC		Truckee Donner Public Utility District	U.S.	9,674	9,674	-	-	1,758	1,758	-	-	7,916	7,916	-	-
2012	WECC		Tucson Electric Power Company	U.S.	921,316	921,316	-	-	167,408	167,408	-	-	753,908	753,908	-	-
2012	WECC		Turlock Irrigation District	U.S.	137,489	137,489	-	-	24,983	24,983	-	-	112,507	112,507	-	-
2012	WECC		U.S. Army Yuma Proving Ground	U.S.	1,350	1,350	-	-	245	245	-	-	1,105	1,105	-	-
2012	WECC		U.S. BOR Columbia Basin	U.S.	1,982	1,982	-	-	360	360	-	-	1,622	1,622	-	-
2012	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	215	215	-	-	39	39	-	-	176	176	-	-
2012	WECC		U.S. Bor Spokane Indian Development`	U.S.	203	203	-	-	37	37	-	-	166	166	-	-
2012	WECC		U.S. BOR The Dalles Project	U.S.	1,184	1,184	-	-	215	215	-	-	969	969	-	-
2012	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	296	296	-	-	54	54	-	-	243	243	-	-
2012	WECC		Umatilla Electric Cooperative Association	U.S.	66,456	66,456	-	-	12,075	12,075	-	-	54,381	54,381	-	-
2012	WECC		Unit B Irrigation District	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2012	WECC		US Air Force Base, Fairchild	U.S.	3,269	3,269	-	-	594	594	-	-	2,675	2,675	-	-

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2012	WECC		US Dept of Energy - Kirtland AFB	U.S.	27,671	27,671	-	-	5,028	5,028	-	-	22,643	22,643	-	-
2012	WECC		USDOE Richland	U.S.	11,868	11,868	-	-	2,156	2,156	-	-	9,712	9,712	-	-
2012	WECC		USN Naval Station, Bremerton	U.S.	17,852	17,852	-	-	3,244	3,244	-	-	14,608	14,608	-	-
2012	WECC		USN Naval Station, Everett	U.S.	680	680	-	-	124	124	-	-	556	556	-	-
2012	WECC		USN Submarine Base, Bangor	U.S.	11,374	11,374	-	-	2,067	2,067	-	-	9,308	9,308	-	-
2012	WECC		Valley Electric Association, Inc.	U.S.	30,802	30,802	-	-	5,597	5,597	-	-	25,205	25,205	-	-
2012	WECC		Vera Water and Power	U.S.	14,970	14,970	-	-	2,720	2,720	-	-	12,250	12,250	-	-
2012	WECC		Vigilante Electric Cooperative, Inc.	U.S.	1,028	1,028	-	-	187	187	-	-	842	842	-	-
2012	WECC		Wasco Electric Cooperative	U.S.	6,169	6,169	-	-	1,121	1,121	-	-	5,048	5,048	-	-
2012	WECC		Wells Rural Electric Cooperative	U.S.	43,419	43,419	-	-	7,889	7,889	-	-	35,529	35,529	-	-
2012	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	464	464	-	-	84	84	-	-	380	380	-	-
2012	WECC		West Oregon Electric Cooperative, Inc.	U.S.	827	827	-	-	150	150	-	-	677	677	-	-
2012	WECC		Western Area Power - Loveland, CO	U.S.	15,611	15,611	-	-	2,837	2,837	-	-	12,774	12,774	-	-
2012	WECC		Western Area Power - Loveland, CO	U.S.	103,524	103,524	-	-	18,811	18,811	-	-	84,713	84,713	-	-
2012	WECC		Western Area Power Administration - CRSP	U.S.	88,983	88,983	-	-	16,169	16,169	-	-	72,814	72,814	-	-
2012	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	101,360	101,360	-	-	18,418	18,418	-	-	82,943	82,943	-	-
2012	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	140,570	140,570	-	-	25,542	25,542	-	-	115,028	115,028	-	-
2012	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	485	485	-	-	88	88	-	-	397	397	-	-
2012	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	15,046	15,046	-	-	2,734	2,734	-	-	12,312	12,312	-	-
2012	WECC		Yakama Power	U.S.	1,423	1,423	-	-	259	259	-	-	1,165	1,165	-	-
2012	WECC		Yampa Valley Electric Association	U.S.	37,637	37,637	-	-	6,839	6,839	-	-	30,798	30,798	-	-
2012	WECC		Yuma Irrigation District	U.S.	211	211	-	-	38	38	-	-	173	173	-	-
2012	WECC		Yuma-Mesa Irrigation District	U.S.	12	12	-	-	2	2	-	-	9	9	-	-
TOTAL WECC					55,784,902	47,841,641	7,140,680	802,582	9,997,611	8,693,102	1,166,394	138,116	45,787,291	39,148,539	5,974,286	664,466
TOTAL ERO					173,652,769	155,755,294	17,094,893	802,582	51,401,382	46,708,699	4,554,567	138,116	122,251,387	109,046,595	12,540,326	664,466
Summary by Regional Entity																
2012	FRCC				8,097,871	8,097,871	-	-	2,609,814	2,609,814	-	-	5,488,057	5,488,057	-	-
2012	MRO				12,109,471	10,172,705	1,936,766	-	3,368,027	2,833,341	534,686	-	8,741,444	7,339,364	1,402,080	-
2012	NPCC				19,905,829	11,888,382	8,017,447	-	6,293,948	3,440,461	2,853,487	-	13,611,881	8,447,921	5,163,960	-
2012	RFC				25,828,414	25,828,414	-	-	10,668,630	10,668,630	-	-	15,159,784	15,159,784	-	-
2012	SERC				25,781,663	25,781,663	-	-	12,047,164	12,047,164	-	-	13,734,499	13,734,499	-	-
2012	SPP				11,793,514	11,793,514	-	-	2,574,391	2,574,391	-	-	9,219,123	9,219,123	-	-
2012	TRE				14,351,105	14,351,105	-	-	3,841,797	3,841,797	-	-	10,509,308	10,509,308	-	-
2012	WECC				55,784,902	47,841,641	7,140,680	802,582	9,997,611	8,693,102	1,166,394	138,116	45,787,291	39,148,539	5,974,286	664,466
Total					173,652,769	155,755,294	17,094,893	802,582	51,401,382	46,708,699	4,554,567	138,116	122,251,387	109,046,595	12,540,326	664,466

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	
2012	FRCC	1074	Alachua, City of	U.S.		1,449	1,449	-	-	1,415	1,415	-	-	(9)	(9)	43	43	-	-
2012	FRCC	1075	Bartow, City of	U.S.		3,245	3,245	-	-	3,168	3,168	-	-	(20)	(20)	97	97	-	-
2012	FRCC	1076	Chattahoochee, City of	U.S.		452	452	-	-	441	441	-	-	(3)	(3)	13	13	-	-
2012	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.		8,065	8,065	-	-	7,875	7,875	-	-	(50)	(50)	240	240	-	-
2012	FRCC	1078	Florida Power & Light Co.	U.S.		1,284,716	1,284,716	-	-	1,254,387	1,254,387	-	-	(7,976)	(7,976)	38,305	38,305	-	-
2012	FRCC	1079	Florida Public Utilities Company	U.S.		4,429	4,429	-	-	4,324	4,324	-	-	(27)	(27)	132	132	-	-
2012	FRCC	1080	Gainesville Regional Utilities	U.S.		20,974	20,974	-	-	20,479	20,479	-	-	(130)	(130)	625	625	-	-
2012	FRCC	1081	Homestead, City of	U.S.		6,055	6,055	-	-	5,912	5,912	-	-	(38)	(38)	181	181	-	-
2012	FRCC	1082	JEA	U.S.		142,324	142,324	-	-	138,964	138,964	-	-	(884)	(884)	4,244	4,244	-	-
2012	FRCC	1083	Lakeland Electric	U.S.		33,976	33,976	-	-	33,174	33,174	-	-	(211)	(211)	1,013	1,013	-	-
2012	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.		43,182	43,182	-	-	42,162	42,162	-	-	(268)	(268)	1,287	1,287	-	-
2012	FRCC	1661	City of Lake Worth	U.S.		5,001	5,001	-	-	4,883	4,883	-	-	(31)	(31)	149	149	-	-
2012	FRCC	1084	Mount Dora, City of	U.S.		1,056	1,056	-	-	1,032	1,032	-	-	(7)	(7)	31	31	-	-
2012	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.		4,482	4,482	-	-	4,376	4,376	-	-	(28)	(28)	134	134	-	-
2012	FRCC	1086	Orlando Utilities Commission	U.S.		67,297	67,297	-	-	65,708	65,708	-	-	(418)	(418)	2,007	2,007	-	-
2012	FRCC	1087	Progress Energy Florida	U.S.		466,130	466,130	-	-	455,126	455,126	-	-	(2,894)	(2,894)	13,898	13,898	-	-
2012	FRCC	1088	Quincy, City of	U.S.		1,558	1,558	-	-	1,522	1,522	-	-	(10)	(10)	46	46	-	-
2012	FRCC	1089	Reedy Creek Improvement District	U.S.		14,274	14,274	-	-	13,937	13,937	-	-	(89)	(89)	426	426	-	-
2012	FRCC	1090	St. Cloud, City of (OUC)	U.S.		7,001	7,001	-	-	6,836	6,836	-	-	(43)	(43)	209	209	-	-
2012	FRCC	1091	Tallahassee, City of	U.S.		32,049	32,049	-	-	31,292	31,292	-	-	(199)	(199)	956	956	-	-
2012	FRCC	1092	Tampa Electric Company	U.S.		227,627	227,627	-	-	222,254	222,254	-	-	(1,413)	(1,413)	6,787	6,787	-	-
2012	FRCC	1603	City of Vero Beach	U.S.		8,680	8,680	-	-	8,475	8,475	-	-	(54)	(54)	259	259	-	-
2012	FRCC	1093	Wauchula, City of	U.S.		729	729	-	-	712	712	-	-	(5)	(5)	22	22	-	-
2012	FRCC	1094	Williston, City of	U.S.		393	393	-	-	384	384	-	-	(2)	(2)	12	12	-	-
2012	FRCC	1095	Winter Park, City of	U.S.		5,183	5,183	-	-	5,061	5,061	-	-	(32)	(32)	155	155	-	-
2012	FRCC	1072	Florida Municipal Power Agency	U.S.		65,522	65,522	-	-	63,975	63,975	-	-	(407)	(407)	1,954	1,954	-	-
2012	FRCC	1073	Seminole Electric Cooperative	U.S.		153,965	153,965	-	-	150,331	150,331	-	-	(956)	(956)	4,591	4,591	-	-
TOTAL FRCC						2,609,814	2,609,814	-	-	2,548,204	2,548,204	-	-	(16,204)	(16,204)	77,814	77,814	-	-
						-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012	MRO	1199	Basin Electric Power Cooperative	U.S.		151,539	151,539	-	-	147,961	147,961	-	-	(941)	(941)	4,518	4,518	-	-
2012	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.		32,619	32,619	-	-	31,849	31,849	-	-	(203)	(203)	973	973	-	-
2012	MRO	1204	Corn Belt Power Cooperative	U.S.		20,783	20,783	-	-	20,293	20,293	-	-	(129)	(129)	620	620	-	-
2012	MRO	1207	Dairyland Power Cooperative	U.S.		61,973	61,973	-	-	60,510	60,510	-	-	(385)	(385)	1,848	1,848	-	-
2012	MRO	1210	Great River Energy	U.S.		159,645	159,645	-	-	155,877	155,877	-	-	(991)	(991)	4,760	4,760	-	-
2012	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.		47,634	47,634	-	-	46,510	46,510	-	-	(296)	(296)	1,420	1,420	-	-
2012	MRO	1230	Nebraska Public Power District	U.S.		160,311	160,311	-	-	156,526	156,526	-	-	(995)	(995)	4,780	4,780	-	-
2012	MRO	1232	Omaha Public Power District	U.S.		134,703	134,703	-	-	131,523	131,523	-	-	(836)	(836)	4,016	4,016	-	-
2012	MRO	1237	Southern Montana Generation and Transmission	U.S.		62	62	-	-	61	61	-	-	(0)	(0)	2	2	-	-
2012	MRO	1240	Western Area Power Administration (UM)	U.S.		113,369	113,369	-	-	110,693	110,693	-	-	(704)	(704)	3,380	3,380	-	-
2012	MRO	1239	Western Area Power Administration (LM)	U.S.		1,501	1,501	-	-	1,465	1,465	-	-	(9)	(9)	45	45	-	-
2012	MRO	1217	Manitoba Hydro	CAN		271,363	-	271,363	-	263,322	-	263,322	-	-	-	8,041	-	8,041	-
2012	MRO	1235	SaskPower	CAN		263,323	-	263,323	-	255,520	-	255,520	-	-	-	7,803	-	7,803	-
2012	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.		340,859	340,859	-	-	332,813	332,813	-	-	(2,116)	(2,116)	10,163	10,163	-	-
2012	MRO	1216	Madison, Gas and Electric	U.S.		41,060	41,060	-	-	40,090	40,090	-	-	(255)	(255)	1,224	1,224	-	-
2012	MRO	1220	MidAmerican Energy Company	U.S.		328,054	328,054	-	-	320,310	320,310	-	-	(2,037)	(2,037)	9,781	9,781	-	-
2012	MRO	1221	Minnesota Power	U.S.		155,887	155,887	-	-	152,207	152,207	-	-	(968)	(968)	4,648	4,648	-	-
2012	MRO	1226	Montana-Dakota Utilities Co.	U.S.		34,529	34,529	-	-	33,714	33,714	-	-	(214)	(214)	1,030	1,030	-	-
2012	MRO	1231	NorthWestern Energy	U.S.		17,756	17,756	-	-	17,337	17,337	-	-	(110)	(110)	529	529	-	-
2012	MRO	1233	Otter Tail Power Company	U.S.		50,910	50,910	-	-	49,708	49,708	-	-	(316)	(316)	1,518	1,518	-	-
2012	MRO	1243	Integrus Energy Group (WPS and UPPCO)	U.S.		159,370	159,370	-	-	155,608	155,608	-	-	(989)	(989)	4,752	4,752	-	-
2012	MRO	1244	Xcel Energy Company (NSP)	U.S.		538,668	538,668	-	-	525,952	525,952	-	-	(3,344)	(3,344)	16,061	16,061	-	-
2012	MRO	1196	Ames Municipal Electric System	U.S.		9,029	9,029	-	-	8,816	8,816	-	-	(56)	(56)	269	269	-	-
2012	MRO	1604	Atlantic Municipal Utilities	U.S.		886	886	-	-	865	865	-	-	(5)	(5)	26	26	-	-
2012	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.		4,854	4,854	-	-	4,740	4,740	-	-	(30)	(30)	145	145	-	-
2012	MRO	1200	Cedar Falls Municipal Utilities	U.S.		6,173	6,173	-	-	6,028	6,028	-	-	(38)	(38)	184	184	-	-
2012	MRO	1477	Central Minnesota Municipal Power Agency (CMMPPA)	U.S.		5,597	5,597	-	-	5,465	5,465	-	-	(35)	(35)	167	167	-	-
2012	MRO	1203	Escanaba Municipal Electric Utility	U.S.		1,754	1,754	-	-	1,712	1,712	-	-	(11)	(11)	52	52	-	-
2012	MRO	1205	Falls City Water & Light Department	U.S.		666	666	-	-	651	651	-	-	(4)	(4)	20	20	-	-
2012	MRO	1206	Fremont Department of Utilities	U.S.		5,233	5,233	-	-	5,110	5,110	-	-	(32)	(32)	156	156	-	-
2012	MRO	1208	Geneseo Municipal Utilities	U.S.		787	787	-	-	769	769	-	-	(5)	(5)	23	23	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	MRO	1209	Grand Island Utilities Department	U.S.	9,035	9,035	-	-	8,821	8,821	-	-	(56)	(56)	269	269	-	-
2012	MRO	1606	Harlan Municipal Utilities	U.S.	301	301	-	-	294	294	-	-	(2)	(2)	9	9	-	-
2012	MRO	1211	Hastings Utilities	U.S.	5,022	5,022	-	-	4,903	4,903	-	-	(31)	(31)	150	150	-	-
2012	MRO	1212	Heartland Consumers Power District	U.S.	10,053	10,053	-	-	9,816	9,816	-	-	(62)	(62)	300	300	-	-
2012	MRO	1213	Hutchinson Utilities Commission	U.S.	3,463	3,463	-	-	3,381	3,381	-	-	(21)	(21)	103	103	-	-
2012	MRO	1215	Lincoln Electric System	U.S.	38,342	38,342	-	-	37,437	37,437	-	-	(238)	(238)	1,143	1,143	-	-
2012	MRO	1218	Manitowoc Public Utilities	U.S.	6,375	6,375	-	-	6,224	6,224	-	-	(40)	(40)	190	190	-	-
2012	MRO	1223	Missouri River Energy Services	U.S.	27,245	27,245	-	-	26,602	26,602	-	-	(169)	(169)	812	812	-	-
2012	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	17,960	17,960	-	-	17,536	17,536	-	-	(112)	(112)	535	535	-	-
2012	MRO	1607	Montezuma Municipal Light & Power	U.S.	388	388	-	-	378	378	-	-	(2)	(2)	12	12	-	-
2012	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	13,778	13,778	-	-	13,453	13,453	-	-	(86)	(86)	411	411	-	-
2012	MRO	1228	Muscatine Power and Water	U.S.	10,247	10,247	-	-	10,005	10,005	-	-	(64)	(64)	306	306	-	-
2012	MRO	1229	Nebraska City Utilities	U.S.	2,059	2,059	-	-	2,011	2,011	-	-	(13)	(13)	61	61	-	-
2012	MRO	1234	Rochester Public Utilities	U.S.	118	118	-	-	115	115	-	-	(1)	(1)	4	4	-	-
2012	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	34,862	34,862	-	-	34,039	34,039	-	-	(216)	(216)	1,039	1,039	-	-
2012	MRO	1241	Willmar Municipal Utilities	U.S.	3,098	3,098	-	-	3,025	3,025	-	-	(19)	(19)	92	92	-	-
2012	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	64,783	64,783	-	-	63,253	63,253	-	-	(402)	(402)	1,932	1,932	-	-
TOTAL MRO					3,368,027	2,833,341	534,686	-	3,285,296	2,766,454	518,842	-	(17,591)	(17,591)	100,322	84,478	15,844	-
2012	NPCC	1336	New England	U.S.	1,514,688	1,514,688	-	-	1,478,931	1,478,931	-	-	(9,404)	(9,404)	45,162	45,162	-	-
2012	NPCC	1339	New York	U.S.	1,925,772	1,925,772	-	-	1,880,310	1,880,310	-	-	(11,957)	(11,957)	57,419	57,419	-	-
2012	NPCC	1337	Ontario	Canada	1,084,277	-	1,084,277	-	1,631,418	-	1,631,418	-	-	-	(547,141)	-	(547,141)	-
2012	NPCC	1341	Quebec	Canada	1,539,741	-	1,539,741	-	2,134,110	-	2,134,110	-	-	-	(594,369)	-	(594,369)	-
2012	NPCC	1338	New Brunswick	Canada	105,191	-	105,191	-	160,570	-	160,570	-	-	-	(55,379)	-	(55,379)	-
2012	NPCC	1340	Nova Scotia	Canada	124,278	-	124,278	-	120,595	-	120,595	-	-	-	3,683	-	3,683	-
TOTAL NPCC					6,293,948	3,440,461	2,853,487	-	7,405,935	3,359,241	4,046,694	-	(21,361)	(21,361)	(1,090,626)	102,580	(1,193,206)	-
2012	RFC	1104	Bay City	U.S.	3,955	3,955	-	-	3,862	3,862	-	-	(25)	(25)	118	118	-	-
2012	RFC	1102	Cannelton Utilities	U.S.	185	185	-	-	181	181	-	-	(1)	(1)	6	6	-	-
2012	RFC	1105	City of Chelsea	U.S.	1,199	1,199	-	-	1,171	1,171	-	-	(7)	(7)	36	36	-	-
2012	RFC	1106	City of Crosswell	U.S.	498	498	-	-	486	486	-	-	(3)	(3)	15	15	-	-
2012	RFC	1108	City of Eaton Rapids	U.S.	1,163	1,163	-	-	1,136	1,136	-	-	(7)	(7)	35	35	-	-
2012	RFC	1111	City of Hart	U.S.	549	549	-	-	536	536	-	-	(3)	(3)	16	16	-	-
2012	RFC	1490	City of Lansing	U.S.	26,960	26,960	-	-	26,323	26,323	-	-	(167)	(167)	804	804	-	-
2012	RFC	1112	City of Marquette Board of Light & Power	U.S.	3,854	3,854	-	-	3,763	3,763	-	-	(24)	(24)	115	115	-	-
2012	RFC	1114	City of Portland	U.S.	439	439	-	-	428	428	-	-	(3)	(3)	13	13	-	-
2012	RFC	1116	City of St. Louis	U.S.	469	469	-	-	458	458	-	-	(3)	(3)	14	14	-	-
2012	RFC	1118	City of Wyandotte	U.S.	2,547	2,547	-	-	2,487	2,487	-	-	(16)	(16)	76	76	-	-
2012	RFC	1120	Cloverland Electric Cooperative	U.S.	10,355	10,355	-	-	10,111	10,111	-	-	(64)	(64)	309	309	-	-
2012	RFC	1122	CMS ERM Michigan LLC	U.S.	2,135	2,135	-	-	2,085	2,085	-	-	(13)	(13)	64	64	-	-
2012	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	13,001	13,001	-	-	12,694	12,694	-	-	(81)	(81)	388	388	-	-
2012	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	13,251	13,251	-	-	12,938	12,938	-	-	(82)	(82)	395	395	-	-
2012	RFC	1126	Consumers Energy Company	U.S.	399,202	399,202	-	-	389,778	389,778	-	-	(2,479)	(2,479)	11,903	11,903	-	-
2012	RFC	1128	Detroit Edison Company	U.S.	550,403	550,403	-	-	537,409	537,409	-	-	(3,417)	(3,417)	16,411	16,411	-	-
2012	RFC	1166	Duke Energy Indiana	U.S.	358,297	358,297	-	-	349,838	349,838	-	-	(2,225)	(2,225)	10,683	10,683	-	-
2012	RFC	1135	Ferdinand Municipal Light & Water	U.S.	539	539	-	-	526	526	-	-	(3)	(3)	16	16	-	-
2012	RFC	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	2,046	2,046	-	-	1,998	1,998	-	-	(13)	(13)	61	61	-	-
2012	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	26,639	26,639	-	-	26,010	26,010	-	-	(165)	(165)	794	794	-	-
2012	RFC	1612	Glacial Energy (MECS-DET)	U.S.	3,365	3,365	-	-	3,286	3,286	-	-	(21)	(21)	100	100	-	-
2012	RFC	1144	Holland Board of Public Works	U.S.	11,364	11,364	-	-	11,096	11,096	-	-	(71)	(71)	339	339	-	-
2012	RFC	1145	Hoosier Energy	U.S.	85,085	85,085	-	-	83,077	83,077	-	-	(528)	(528)	2,537	2,537	-	-
2012	RFC	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	35,904	35,904	-	-	35,056	35,056	-	-	(223)	(223)	1,071	1,071	-	-
2012	RFC	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	5,056	5,056	-	-	4,937	4,937	-	-	(31)	(31)	151	151	-	-
2012	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	7,004	7,004	-	-	6,839	6,839	-	-	(43)	(43)	209	209	-	-
2012	RFC	1149	Indianapolis Power & Light Co.	U.S.	176,088	176,088	-	-	171,931	171,931	-	-	(1,093)	(1,093)	5,250	5,250	-	-
2012	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	8,070	8,070	-	-	7,880	7,880	-	-	(50)	(50)	241	241	-	-
2012	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	5,314	5,314	-	-	5,188	5,188	-	-	(33)	(33)	158	158	-	-
2012	RFC	1614	Just Energy (MECS-DET)	U.S.	180	180	-	-	175	175	-	-	(1)	(1)	5	5	-	-
2012	RFC	1154	Michigan Public Power Agency	U.S.	14,960	14,960	-	-	14,607	14,607	-	-	(93)	(93)	446	446	-	-
2012	RFC	1155	Michigan South Central Power Agency	U.S.	7,209	7,209	-	-	7,039	7,039	-	-	(45)	(45)	215	215	-	-
2012	RFC	1158	MidAmerican Energy Company Retail	U.S.	1,139	1,139	-	-	1,112	1,112	-	-	(7)	(7)	34	34	-	-
2012	RFC	1163	Northern Indiana Public Service Co.	U.S.	207,938	207,938	-	-	203,030	203,030	-	-	(1,291)	(1,291)	6,200	6,200	-	-
2012	RFC	1164	Ontonagon County Rural Electrification Assoc.	U.S.	339	339	-	-	331	331	-	-	(2)	(2)	10	10	-	-
2012	RFC	1265	PJM Interconnection, LLC	U.S.	8,135,840	8,135,840	-	-	7,943,776	7,943,776	-	-	(50,513)	(50,513)	242,577	242,577	-	-
2012	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	12,182	12,182	-	-	11,894	11,894	-	-	(76)	(76)	363	363	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	10,033	10,033	-	-	9,796	9,796	-	-	(62)	(62)	299	299	-	-
2012	RFC	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	133	133	-	-	129	129	-	-	(1)	(1)	4	4	-	-
2012	RFC	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	3,755	3,755	-	-	3,666	3,666	-	-	(23)	(23)	112	112	-	-
2012	RFC	1581	Spartan Renewable Energy	U.S.	822	822	-	-	802	802	-	-	(5)	(5)	25	25	-	-
2012	RFC	1180	Thumb Electric Cooperative	U.S.	2,021	2,021	-	-	1,973	1,973	-	-	(13)	(13)	60	60	-	-
2012	RFC	1662	Ohio Valley Electric Corporation	U.S.	6,819	6,819	-	-	6,658	6,658	-	-	(42)	(42)	203	203	-	-
2012	RFC	1181	Vectren Energy Delivery of IN	U.S.	68,420	68,420	-	-	66,805	66,805	-	-	(425)	(425)	2,040	2,040	-	-
2012	RFC	1183	Village of Sebewaing	U.S.	486	486	-	-	474	474	-	-	(3)	(3)	14	14	-	-
2012	RFC	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	31,747	31,747	-	-	30,998	30,998	-	-	(197)	(197)	947	947	-	-
2012	RFC	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	19,689	19,689	-	-	19,225	19,225	-	-	(122)	(122)	587	587	-	-
2012	RFC	1185	Wisconsin Electric Power Co.	U.S.	345,097	345,097	-	-	336,950	336,950	-	-	(2,143)	(2,143)	10,289	10,289	-	-
2012	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	12,582	12,582	-	-	12,285	12,285	-	-	(78)	(78)	375	375	-	-
2012	RFC	1191	Wolverine Power Supply Cooperative	U.S.	30,671	30,671	-	-	29,947	29,947	-	-	(190)	(190)	914	914	-	-
2012	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	1,631	1,631	-	-	1,593	1,593	-	-	(10)	(10)	49	49	-	-
TOTAL RELIABILITYFIRST					10,668,630	10,668,630	-	-	10,416,774	10,416,774	-	-	(66,238)	(66,238)	318,094	318,094	-	-
2012	SERC	1267	Alabama Municipal Electric Authority	U.S.	40,598	40,598	-	-	39,640	39,640	-	-	(252)	(252)	1,210	1,210	-	-
2012	SERC	1268	Alabama Power Company	U.S.	671,177	671,177	-	-	655,332	655,332	-	-	(4,167)	(4,167)	20,012	20,012	-	-
2012	SERC	1269	Ameren - Illinois	U.S.	512,043	512,043	-	-	499,955	499,955	-	-	(3,179)	(3,179)	15,267	15,267	-	-
2012	SERC	1271	Ameren - Missouri	U.S.	492,175	492,175	-	-	480,556	480,556	-	-	(3,056)	(3,056)	14,675	14,675	-	-
2012	SERC	1272	APGI - Yadkin Division	U.S.	272	272	-	-	265	265	-	-	(2)	(2)	8	8	-	-
2012	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	4	4	-	-	4	4	-	-	(0)	(0)	0	0	-	-
2012	SERC	1273	Associated Electric Cooperative Inc.	U.S.	225,590	225,590	-	-	220,264	220,264	-	-	(1,401)	(1,401)	6,726	6,726	-	-
2012	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	12,738	12,738	-	-	12,437	12,437	-	-	(79)	(79)	380	380	-	-
2012	SERC	1462	Benton Utility District	U.S.	3,407	3,407	-	-	3,327	3,327	-	-	(21)	(21)	102	102	-	-
2012	SERC	1274	Big Rivers Electric Corporation	U.S.	133,251	133,251	-	-	130,106	130,106	-	-	(827)	(827)	3,973	3,973	-	-
2012	SERC	1275	Black Warrior EMC	U.S.	4,898	4,898	-	-	4,782	4,782	-	-	(30)	(30)	146	146	-	-
2012	SERC	1276	Blue Ridge EMC	U.S.	16,062	16,062	-	-	15,683	15,683	-	-	(100)	(100)	479	479	-	-
2012	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	4,764	4,764	-	-	4,652	4,652	-	-	(30)	(30)	142	142	-	-
2012	SERC	1463	Canton, MS	U.S.	1,503	1,503	-	-	1,467	1,467	-	-	(9)	(9)	45	45	-	-
2012	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	182,679	182,679	-	-	178,367	178,367	-	-	(1,134)	(1,134)	5,447	5,447	-	-
2012	SERC	1278	City of Blountstown FL	U.S.	458	458	-	-	447	447	-	-	(3)	(3)	14	14	-	-
2012	SERC	1279	City of Camden SC	U.S.	2,224	2,224	-	-	2,171	2,171	-	-	(14)	(14)	66	66	-	-
2012	SERC	1280	City of Collins MS	U.S.	525	525	-	-	513	513	-	-	(3)	(3)	16	16	-	-
2012	SERC	1281	City of Columbia MO	U.S.	14,120	14,120	-	-	13,786	13,786	-	-	(88)	(88)	421	421	-	-
2012	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	12,492	12,492	-	-	12,197	12,197	-	-	(78)	(78)	372	372	-	-
2012	SERC	1284	City of Evergreen AL	U.S.	660	660	-	-	644	644	-	-	(4)	(4)	20	20	-	-
2012	SERC	1285	City of Hampton GA	U.S.	352	352	-	-	344	344	-	-	(2)	(2)	11	11	-	-
2012	SERC	1286	City of Hartford AL	U.S.	380	380	-	-	371	371	-	-	(2)	(2)	11	11	-	-
2012	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	7,359	7,359	-	-	7,185	7,185	-	-	(46)	(46)	219	219	-	-
2012	SERC	1288	City of North Little Rock AR (DENL)	U.S.	11,697	11,697	-	-	11,421	11,421	-	-	(73)	(73)	349	349	-	-
2012	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	8,783	8,783	-	-	8,575	8,575	-	-	(55)	(55)	262	262	-	-
2012	SERC	1290	City of Robertsdale AL	U.S.	966	966	-	-	943	943	-	-	(6)	(6)	29	29	-	-
2012	SERC	1291	City of Ruston LA (DERS)	U.S.	3,336	3,336	-	-	3,257	3,257	-	-	(21)	(21)	99	99	-	-
2012	SERC	1292	City of Seneca SC	U.S.	1,800	1,800	-	-	1,757	1,757	-	-	(11)	(11)	54	54	-	-
2012	SERC	1115	City of Springfield (CWLP)	U.S.	21,712	21,712	-	-	21,200	21,200	-	-	(135)	(135)	647	647	-	-
2012	SERC	1465	City of Thayer, MO	U.S.	234	234	-	-	228	228	-	-	(1)	(1)	7	7	-	-
2012	SERC	1293	City of Troy AL	U.S.	4,784	4,784	-	-	4,672	4,672	-	-	(30)	(30)	143	143	-	-
2012	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	4,854	4,854	-	-	4,740	4,740	-	-	(30)	(30)	145	145	-	-
2012	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	7,785	7,785	-	-	7,601	7,601	-	-	(48)	(48)	232	232	-	-
2012	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	3,134	3,134	-	-	3,060	3,060	-	-	(19)	(19)	93	93	-	-
2012	SERC	1283	Dalton Utilities	U.S.	17,156	17,156	-	-	16,751	16,751	-	-	(107)	(107)	512	512	-	-
2012	SERC	1585	Dixie Electric Membership Corporation	U.S.	26,606	26,606	-	-	25,978	25,978	-	-	(165)	(165)	793	793	-	-
2012	SERC	1295	Dominion Virginia Power	U.S.	987,061	987,061	-	-	963,759	963,759	-	-	(6,128)	(6,128)	29,430	29,430	-	-
2012	SERC	1296	Duke Energy Carolinas, LLC	U.S.	968,027	968,027	-	-	945,174	945,174	-	-	(6,010)	(6,010)	28,863	28,863	-	-
2012	SERC	1466	Durant, MS	U.S.	332	332	-	-	324	324	-	-	(2)	(2)	10	10	-	-
2012	SERC	1478	E.ON U.S. Services Inc.	U.S.	410,692	410,692	-	-	400,997	400,997	-	-	(2,550)	(2,550)	12,245	12,245	-	-
2012	SERC	1297	East Kentucky Power Cooperative	U.S.	143,977	143,977	-	-	140,578	140,578	-	-	(894)	(894)	4,293	4,293	-	-
2012	SERC	1298	East Mississippi Electric Power Association	U.S.	5,132	5,132	-	-	5,011	5,011	-	-	(32)	(32)	153	153	-	-
2012	SERC	1629	East Texas Electric Cooperative Inc	U.S.	23,133	23,133	-	-	22,587	22,587	-	-	(144)	(144)	690	690	-	-
2012	SERC	1299	Electric Energy Inc.	U.S.	299	299	-	-	292	292	-	-	(2)	(2)	9	9	-	-
2012	SERC	1300	EnergyUnited EMC	U.S.	29,667	29,667	-	-	28,967	28,967	-	-	(184)	(184)	885	885	-	-
2012	SERC	1301	Entergy	U.S.	1,361,742	1,361,742	-	-	1,329,595	1,329,595	-	-	(8,455)	(8,455)	40,601	40,601	-	-
2012	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	25,231	25,231	-	-	24,635	24,635	-	-	(157)	(157)	752	752	-	-
2012	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	3,826	3,826	-	-	3,736	3,736	-	-	(24)	(24)	114	114	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	
2012	SERC	1304	French Broad EMC	U.S.		6,180	6,180	-	-	6,035	6,035	-	-	(38)	(38)	184	184		
2012	SERC	1305	Georgia Power Company	U.S.		1,009,446	1,009,446	-	-	985,616	985,616	-	-	(6,267)	(6,267)	30,098	30,098		
2012	SERC	1306	Georgia System Optns Corporation	U.S.		444,369	444,369	-	-	433,878	433,878	-	-	(2,759)	(2,759)	13,249	13,249		
2012	SERC	1479	Greenwood (MS) Utilities Commission	U.S.		3,376	3,376	-	-	3,296	3,296	-	-	(21)	(21)	101	101		
2012	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.		3,195	3,195	-	-	3,120	3,120	-	-	(20)	(20)	95	95		
2012	SERC	1308	Gulf Power Company	U.S.		133,012	133,012	-	-	129,872	129,872	-	-	(826)	(826)	3,966	3,966		
2012	SERC	1586	Haywood EMC	U.S.		3,446	3,446	-	-	3,365	3,365	-	-	(21)	(21)	103	103		
2012	SERC	1309	Illinois Municipal Electric Agency	U.S.		22,803	22,803	-	-	22,265	22,265	-	-	(142)	(142)	680	680		
2012	SERC	1480	Itta Bena, MS	U.S.		189	189	-	-	185	185	-	-	(1)	(1)	6	6		
2012	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.		3,217	3,217	-	-	3,141	3,141	-	-	(20)	(20)	96	96		
2012	SERC	1617	Kentucky Municipal Power	U.S.		8,827	8,827	-	-	8,619	8,619	-	-	(55)	(55)	263	263		
2012	SERC	1481	Kosciusko, MS	U.S.		890	890	-	-	869	869	-	-	(6)	(6)	27	27		
2012	SERC	1482	Leland, MS	U.S.		394	394	-	-	385	385	-	-	(2)	(2)	12	12		
2012	SERC	1313	McCormick Commission of Public Works	U.S.		241	241	-	-	236	236	-	-	(1)	(1)	7	7		
2012	SERC	1314	Mississippi Power Company	U.S.		155,407	155,407	-	-	151,738	151,738	-	-	(965)	(965)	4,634	4,634		
2012	SERC	1630	Mt. Carmel Public Utility	U.S.		1,309	1,309	-	-	1,278	1,278	-	-	(8)	(8)	39	39		
2012	SERC	1315	Municipal Electric Authority of Georgia	U.S.		128,052	128,052	-	-	125,029	125,029	-	-	(795)	(795)	3,818	3,818		
2012	SERC	1316	N.C. Electric Membership Corp.	U.S.		142,342	142,342	-	-	138,981	138,981	-	-	(884)	(884)	4,244	4,244		
2012	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.		87,414	87,414	-	-	85,350	85,350	-	-	(543)	(543)	2,606	2,606		
2012	SERC	1318	North Carolina Municipal Power Agency #1	U.S.		55,665	55,665	-	-	54,351	54,351	-	-	(346)	(346)	1,660	1,660		
2012	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.		3,839	3,839	-	-	3,748	3,748	-	-	(24)	(24)	114	114		
2012	SERC	1574	Northern Virginia Electric Cooperative	U.S.		46,145	46,145	-	-	45,056	45,056	-	-	(286)	(286)	1,376	1,376		
2012	SERC	1319	Old Dominion Electric Cooperative	U.S.		69,380	69,380	-	-	67,743	67,743	-	-	(431)	(431)	2,069	2,069		
2012	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.		2,123	2,123	-	-	2,073	2,073	-	-	(13)	(13)	63	63		
2012	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.		10,927	10,927	-	-	10,669	10,669	-	-	(68)	(68)	326	326		
2012	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.		5,803	5,803	-	-	5,666	5,666	-	-	(36)	(36)	173	173		
2012	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.		27,012	27,012	-	-	26,375	26,375	-	-	(168)	(168)	805	805		
2012	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.		3,153	3,153	-	-	3,079	3,079	-	-	(20)	(20)	94	94		
2012	SERC	1266	PowerSouth Energy	U.S.		94,312	94,312	-	-	92,085	92,085	-	-	(586)	(586)	2,812	2,812		
2012	SERC	1330	Prairie Power, Inc.	U.S.		18,224	18,224	-	-	17,794	17,794	-	-	(113)	(113)	543	543		
2012	SERC	1324	Progress Energy Carolinas	U.S.		533,933	533,933	-	-	521,328	521,328	-	-	(3,315)	(3,315)	15,920	15,920		
2012	SERC	1325	Rutherford EMC	U.S.		14,929	14,929	-	-	14,576	14,576	-	-	(93)	(93)	445	445		
2012	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.		20,905	20,905	-	-	20,411	20,411	-	-	(130)	(130)	623	623		
2012	SERC	1326	South Carolina Electric & Gas Company	U.S.		265,171	265,171	-	-	258,911	258,911	-	-	(1,646)	(1,646)	7,906	7,906		
2012	SERC	1327	South Carolina Public Service Authority	U.S.		132,383	132,383	-	-	129,258	129,258	-	-	(822)	(822)	3,947	3,947		
2012	SERC	1590	South Louisiana Electric Cooperative Association	U.S.		7,433	7,433	-	-	7,257	7,257	-	-	(46)	(46)	222	222		
2012	SERC	1328	South Mississippi Electric Power Association	U.S.		118,418	118,418	-	-	115,623	115,623	-	-	(735)	(735)	3,531	3,531		
2012	SERC	1329	Southern Illinois Power Cooperative	U.S.		17,840	17,840	-	-	17,419	17,419	-	-	(111)	(111)	532	532		
2012	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.		29,903	29,903	-	-	29,197	29,197	-	-	(186)	(186)	892	892		
2012	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.		5,347	5,347	-	-	5,221	5,221	-	-	(33)	(33)	159	159		
2012	SERC	1331	Tennessee Valley Authority	U.S.		1,979,175	1,979,175	-	-	1,932,452	1,932,452	-	-	(12,288)	(12,288)	59,011	59,011		
2012	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.		2,228	2,228	-	-	2,175	2,175	-	-	(14)	(14)	66	66		
2012	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.		1,488	1,488	-	-	1,453	1,453	-	-	(9)	(9)	44	44		
2012	SERC	1592	Town of Black Creek, N.C.	U.S.		153	153	-	-	149	149	-	-	(1)	(1)	5	5		
2012	SERC	1593	Town of Lucama, N.C.	U.S.		245	245	-	-	239	239	-	-	(2)	(2)	7	7		
2012	SERC	1594	Town of Sharpsburg, N.C.	U.S.		229	229	-	-	223	223	-	-	(1)	(1)	7	7		
2012	SERC	1595	Town of Stantonsburg, N.C.	U.S.		272	272	-	-	266	266	-	-	(2)	(2)	8	8		
2012	SERC	1333	Town of Waynesville NC	U.S.		1,116	1,116	-	-	1,089	1,089	-	-	(7)	(7)	33	33		
2012	SERC	1334	Town of Wintnsboro SC	U.S.		587	587	-	-	573	573	-	-	(4)	(4)	18	18		
2012	SERC	1335	Town of Winterville NC	U.S.		612	612	-	-	597	597	-	-	(4)	(4)	18	18		

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	12,412	12,412	-	-	12,119	12,119	-	-	(77)	(77)	370	370	-	-
			TOTAL SERC		12,047,164	12,047,164	-	-	11,762,765	11,762,765	-	-	(74,797)	(74,797)	359,196	359,196	-	-
2012	SPP	1246	American Electric Power	U.S.	440,710	440,710	-	-	430,306	430,306	-	-	(2,736)	(2,736)	13,140	13,140	-	-
2012	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	58,861	58,861	-	-	57,471	57,471	-	-	(365)	(365)	1,755	1,755	-	-
2012	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	28,679	28,679	-	-	28,002	28,002	-	-	(178)	(178)	855	855	-	-
2012	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	11,026	11,026	-	-	10,766	10,766	-	-	(68)	(68)	329	329	-	-
2012	SPP	1647	Carthage City Water & Light	U.S.	3,608	3,608	-	-	3,523	3,523	-	-	(22)	(22)	108	108	-	-
2012	SPP	1469	Central Valley Electric Cooperative	U.S.	9,813	9,813	-	-	9,581	9,581	-	-	(61)	(61)	293	293	-	-
2012	SPP	1556	City of Bentonville	U.S.	7,594	7,594	-	-	7,415	7,415	-	-	(47)	(47)	226	226	-	-
2012	SPP	1557	City of Clarksdale, Mississippi	U.S.	2,052	2,052	-	-	2,004	2,004	-	-	(13)	(13)	61	61	-	-
2012	SPP	1558	Hope Water & Light (HWL)	U.S.	3,509	3,509	-	-	3,426	3,426	-	-	(22)	(22)	105	105	-	-
2012	SPP	1559	City of Minden	U.S.	1,963	1,963	-	-	1,916	1,916	-	-	(12)	(12)	59	59	-	-
2012	SPP	1634	City of Mulvane	U.S.	530	530	-	-	518	518	-	-	(3)	(3)	16	16	-	-
2012	SPP	1635	The City of Osage City	U.S.	438	438	-	-	428	428	-	-	(3)	(3)	13	13	-	-
2012	SPP	1636	City of Prescott	U.S.	1,059	1,059	-	-	1,034	1,034	-	-	(7)	(7)	32	32	-	-
2012	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	13,178	13,178	-	-	12,867	12,867	-	-	(82)	(82)	393	393	-	-
2012	SPP	1436	City Utilities of Springfield, MO	U.S.	38,097	38,097	-	-	37,197	37,197	-	-	(237)	(237)	1,136	1,136	-	-
2012	SPP	1249	Cleco Power LLC	U.S.	136,310	136,310	-	-	133,092	133,092	-	-	(846)	(846)	4,064	4,064	-	-
2012	SPP	1437	East Texas Electric Coop, Inc.	U.S.	4,814	4,814	-	-	4,700	4,700	-	-	(30)	(30)	144	144	-	-
2012	SPP	1250	The Empire District Electric Company	U.S.	61,889	61,889	-	-	60,428	60,428	-	-	(384)	(384)	1,845	1,845	-	-
2012	SPP	1470	Farmers' Electric Coop	U.S.	5,491	5,491	-	-	5,361	5,361	-	-	(34)	(34)	164	164	-	-
2012	SPP	1438	Golden Spread Electric Coop	U.S.	66,517	66,517	-	-	64,947	64,947	-	-	(413)	(413)	1,983	1,983	-	-
2012	SPP	1251	Grand River Dam Authority	U.S.	57,041	57,041	-	-	55,694	55,694	-	-	(354)	(354)	1,701	1,701	-	-
2012	SPP	1648	Jonesboro City Water & Light	U.S.	16,433	16,433	-	-	16,045	16,045	-	-	(102)	(102)	490	490	-	-
2012	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	188,295	188,295	-	-	183,850	183,850	-	-	(1,169)	(1,169)	5,614	5,614	-	-
2012	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	25,765	25,765	-	-	25,156	25,156	-	-	(160)	(160)	768	768	-	-
2012	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	9,227	9,227	-	-	9,010	9,010	-	-	(57)	(57)	275	275	-	-
2012	SPP	1637	Kansas Power Pool	U.S.	19,383	19,383	-	-	18,925	18,925	-	-	(120)	(120)	578	578	-	-
2012	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	1,934	1,934	-	-	1,888	1,888	-	-	(12)	(12)	58	58	-	-
2012	SPP	1649	Kennett Board of Public Works	U.S.	1,905	1,905	-	-	1,860	1,860	-	-	(12)	(12)	57	57	-	-
2012	SPP	1598	KCP&L GMOG (Greater Missouri Operations Company)	U.S.	103,266	103,266	-	-	100,828	100,828	-	-	(641)	(641)	3,079	3,079	-	-
2012	SPP	1471	Lafayette Utilities System	U.S.	24,833	24,833	-	-	24,247	24,247	-	-	(154)	(154)	740	740	-	-
2012	SPP	1472	Lea County Electric Coop	U.S.	15,631	15,631	-	-	15,262	15,262	-	-	(97)	(97)	466	466	-	-
2012	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	11,963	11,963	-	-	11,681	11,681	-	-	(74)	(74)	357	357	-	-
2012	SPP	1650	Malden Board of Public Works	U.S.	644	644	-	-	629	629	-	-	(4)	(4)	19	19	-	-
2012	SPP	1441	Midwest Energy Inc.	U.S.	21,927	21,927	-	-	21,409	21,409	-	-	(136)	(136)	654	654	-	-
2012	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	30,116	30,116	-	-	29,405	29,405	-	-	(187)	(187)	898	898	-	-
2012	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	706	706	-	-	689	689	-	-	(4)	(4)	21	21	-	-
2012	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	37,222	37,222	-	-	36,343	36,343	-	-	(231)	(231)	1,110	1,110	-	-
2012	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	341,672	341,672	-	-	333,606	333,606	-	-	(2,121)	(2,121)	10,187	10,187	-	-
2012	SPP	1444	Oklahoma Municipal Power Auth	U.S.	33,726	33,726	-	-	32,930	32,930	-	-	(209)	(209)	1,006	1,006	-	-
2012	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	2,471	2,471	-	-	2,412	2,412	-	-	(15)	(15)	74	74	-	-
2012	SPP	1651	Paragould Light, Water & Cable	U.S.	7,232	7,232	-	-	7,061	7,061	-	-	(45)	(45)	216	216	-	-
2012	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	514	514	-	-	502	502	-	-	(3)	(3)	15	15	-	-
2012	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	4,737	4,737	-	-	4,626	4,626	-	-	(29)	(29)	141	141	-	-
2012	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	1,470	1,470	-	-	1,436	1,436	-	-	(9)	(9)	44	44	-	-
2012	SPP	1473	Roosevelt County Electric Coop	U.S.	2,529	2,529	-	-	2,469	2,469	-	-	(16)	(16)	75	75	-	-
2012	SPP	1468	Sharyland Utilities, LP	U.S.	13,101	13,101	-	-	12,791	12,791	-	-	(81)	(81)	391	391	-	-
2012	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	4,543	4,543	-	-	4,435	4,435	-	-	(28)	(28)	135	135	-	-
2012	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	234,172	234,172	-	-	228,644	228,644	-	-	(1,454)	(1,454)	6,982	6,982	-	-
2012	SPP	1256	Sunflower Electric Power Cooperative	U.S.	68,449	68,449	-	-	66,833	66,833	-	-	(425)	(425)	2,041	2,041	-	-
2012	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	5,904	5,904	-	-	5,765	5,765	-	-	(37)	(37)	176	176	-	-
2012	SPP	1475	Tri County Electric Coop	U.S.	4,848	4,848	-	-	4,733	4,733	-	-	(30)	(30)	145	145	-	-
2012	SPP	1260	Westar Energy, Inc.	U.S.	257,630	257,630	-	-	251,548	251,548	-	-	(1,600)	(1,600)	7,681	7,681	-	-
2012	SPP	1259	Western Farmers Electric Cooperative	U.S.	94,733	94,733	-	-	92,497	92,497	-	-	(588)	(588)	2,825	2,825	-	-
2012	SPP	1501	West Texas Municipal Power Agency	U.S.	34,232	34,232	-	-	33,424	33,424	-	-	(213)	(213)	1,021	1,021	-	-
			TOTAL SPP		2,574,391	2,574,391	-	-	2,513,617	2,513,617	-	-	(15,984)	(15,984)	76,758	76,758	-	-

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					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2011	TRE	1019	ERCOT	U.S.	-	-	-	-	3,751,103	3,751,103	-	-	(23,853)	(23,853)	114,546	114,546	-	-
					3,841,797	3,841,797	-	-	3,751,103	3,751,103	-	-	(23,853)	(23,853)	114,546	114,546	-	-
2012	WECC		Alberta Electric System Operator	Canada	443,202	-	443,202	-	684,021	-	684,021	-	-	-	(240,819)	-	(240,819)	-
2012	WECC		British Columbia Hydro & Power Authority	Canada	723,192	-	723,192	-	701,763	-	701,763	-	-	-	21,430	-	21,430	-
2012	WECC		Comision Federal de Electricidad	Mexico	138,116	-	-	138,116	134,023	-	-	134,023	-	-	4,093	-	-	4,093
2012	WECC		Aguila Irrigation District - APS	U.S.	515	515	-	-	503	503	-	-	(3)	(3)	15	15	-	-
2012	WECC		Aha Macav Power Service	U.S.	325	325	-	-	317	317	-	-	(2)	(2)	10	10	-	-
2012	WECC		Ajo Improvement District	U.S.	162	162	-	-	158	158	-	-	(1)	(1)	5	5	-	-
2012	WECC		Ak-Chin	U.S.	424	424	-	-	414	414	-	-	(3)	(3)	13	13	-	-
2012	WECC		Alcoa Inc	U.S.	40,170	40,170	-	-	39,222	39,222	-	-	(249)	(249)	1,198	1,198	-	-
2012	WECC		Arizona Public Service Company	U.S.	356,328	356,328	-	-	347,916	347,916	-	-	(2,212)	(2,212)	10,624	10,624	-	-
2012	WECC		Arkansas River Power Authority (ARPA)	U.S.	3,581	3,581	-	-	3,496	3,496	-	-	(22)	(22)	107	107	-	-
2012	WECC		Avista Corporation	U.S.	771	771	-	-	753	753	-	-	(5)	(5)	23	23	-	-
2012	WECC		Avista Corporation	U.S.	110,089	110,089	-	-	107,491	107,491	-	-	(684)	(684)	3,282	3,282	-	-
2012	WECC		Barrick Goldstrike Mines Inc.	U.S.	14,578	14,578	-	-	14,234	14,234	-	-	(91)	(91)	435	435	-	-
2012	WECC		Basin Electric Power Cooperative	U.S.	734	734	-	-	717	717	-	-	(5)	(5)	22	22	-	-
2012	WECC		Basin Electric Power Cooperative	U.S.	37,805	37,805	-	-	36,913	36,913	-	-	(235)	(235)	1,127	1,127	-	-
2012	WECC		Benton REA	U.S.	6,430	6,430	-	-	6,278	6,278	-	-	(40)	(40)	192	192	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	1,585	1,585	-	-	1,548	1,548	-	-	(10)	(10)	47	47	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	1,643	1,643	-	-	1,604	1,604	-	-	(10)	(10)	49	49	-	-
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	4,137	4,137	-	-	4,039	4,039	-	-	(26)	(26)	123	123	-	-
2012	WECC		Blachly-Lane Electric Cooperative	U.S.	1,958	1,958	-	-	1,912	1,912	-	-	(12)	(12)	58	58	-	-
2012	WECC		Black Hills Power	U.S.	22,798	22,798	-	-	22,260	22,260	-	-	(142)	(142)	680	680	-	-
2012	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	44,076	44,076	-	-	43,036	43,036	-	-	(274)	(274)	1,314	1,314	-	-
2012	WECC		Black Hills State University South Dakota	U.S.	232	232	-	-	226	226	-	-	(1)	(1)	7	7	-	-
2012	WECC		Bonneville Power Administration	U.S.	79	79	-	-	77	77	-	-	(0)	(0)	2	2	-	-
2012	WECC		Bonneville Power Administration	U.S.	220	220	-	-	215	215	-	-	(1)	(1)	7	7	-	-
2012	WECC		Bonneville Power Administration	U.S.	9,071	9,071	-	-	8,857	8,857	-	-	(56)	(56)	270	270	-	-
2012	WECC		Bonneville Power Administration	U.S.	21,191	21,191	-	-	20,691	20,691	-	-	(132)	(132)	632	632	-	-
2012	WECC		Bonneville Power Administration	U.S.	54,738	54,738	-	-	53,446	53,446	-	-	(340)	(340)	1,632	1,632	-	-
2012	WECC		BPA - Big Bend/Schrag Load	U.S.	450	450	-	-	440	440	-	-	(3)	(3)	13	13	-	-
2012	WECC		BPA - USBR Load	U.S.	86	86	-	-	84	84	-	-	(1)	(1)	3	3	-	-
2012	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	242	242	-	-	237	237	-	-	(2)	(2)	7	7	-	-
2012	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	9	9	-	-	9	9	-	-	(0)	(0)	0	0	-	-
2012	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	60	60	-	-	59	59	-	-	(0)	(0)	2	2	-	-
2012	WECC		Burlington	U.S.	389	389	-	-	380	380	-	-	(2)	(2)	12	12	-	-
2012	WECC		California Independent System Operator	U.S.	2,774,979	2,774,979	-	-	2,709,469	2,709,469	-	-	(17,229)	(17,229)	82,738	82,738	-	-
2012	WECC		Canby Public Utility Board	U.S.	2,097	2,097	-	-	2,048	2,048	-	-	(13)	(13)	63	63	-	-
2012	WECC		Central Arizona Water Conservation District	U.S.	58,756	58,756	-	-	57,369	57,369	-	-	(365)	(365)	1,752	1,752	-	-
2012	WECC		Central Electric Cooperative	U.S.	5,912	5,912	-	-	5,772	5,772	-	-	(37)	(37)	176	176	-	-
2012	WECC		Central Lincoln PUD	U.S.	15,909	15,909	-	-	15,534	15,534	-	-	(99)	(99)	474	474	-	-
2012	WECC		Central Montana Electric Power Cooperative	U.S.	4,196	4,196	-	-	4,097	4,097	-	-	(26)	(26)	125	125	-	-
2012	WECC		City of Aztec Electric Dept	U.S.	445	445	-	-	434	434	-	-	(3)	(3)	13	13	-	-
2012	WECC		City of Bandon	U.S.	802	802	-	-	783	783	-	-	(5)	(5)	24	24	-	-
2012	WECC		City of Blaine	U.S.	920	920	-	-	898	898	-	-	(6)	(6)	27	27	-	-
2012	WECC		City of Bonners Ferry	U.S.	821	821	-	-	802	802	-	-	(5)	(5)	24	24	-	-
2012	WECC		City of Boulder City	U.S.	1,980	1,980	-	-	1,933	1,933	-	-	(12)	(12)	59	59	-	-
2012	WECC		City of Cascade Locks	U.S.	224	224	-	-	219	219	-	-	(1)	(1)	7	7	-	-
2012	WECC		City of Centralia	U.S.	3,207	3,207	-	-	3,132	3,132	-	-	(20)	(20)	96	96	-	-
2012	WECC		City of Cheney	U.S.	1,701	1,701	-	-	1,661	1,661	-	-	(11)	(11)	51	51	-	-
2012	WECC		City of Chewelah	U.S.	282	282	-	-	275	275	-	-	(2)	(2)	8	8	-	-
2012	WECC		City of Drain	U.S.	195	195	-	-	190	190	-	-	(1)	(1)	6	6	-	-
2012	WECC		City of Ellensburg	U.S.	2,467	2,467	-	-	2,408	2,408	-	-	(15)	(15)	74	74	-	-
2012	WECC		City of Fallon	U.S.	1,452	1,452	-	-	1,418	1,418	-	-	(9)	(9)	43	43	-	-
2012	WECC		City of Farmington	U.S.	3,266	3,266	-	-	3,189	3,189	-	-	(20)	(20)	97	97	-	-
2012	WECC		City of Forest Grove	U.S.	2,859	2,859	-	-	2,791	2,791	-	-	(18)	(18)	85	85	-	-
2012	WECC		City of Gallup	U.S.	2,342	2,342	-	-	2,286	2,286	-	-	(15)	(15)	70	70	-	-
2012	WECC		City of Henderson	U.S.	502	502	-	-	490	490	-	-	(3)	(3)	15	15	-	-

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					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	1,259	1,259	-	-	1,229	1,229	-	-	(8)	(8)	38	38	-	-
2012	WECC		City of Las Vegas	U.S.	507	507	-	-	495	495	-	-	(3)	(3)	15	15	-	-
2012	WECC		City of McCleary	U.S.	370	370	-	-	361	361	-	-	(2)	(2)	11	11	-	-
2012	WECC		City of McMinnville	U.S.	8,662	8,662	-	-	8,458	8,458	-	-	(54)	(54)	258	258	-	-
2012	WECC		City of Mesa	U.S.	3,123	3,123	-	-	3,049	3,049	-	-	(19)	(19)	93	93	-	-
2012	WECC		City of Milton	U.S.	726	726	-	-	708	708	-	-	(5)	(5)	22	22	-	-
2012	WECC		City of Milton-Freewater	U.S.	1,281	1,281	-	-	1,250	1,250	-	-	(8)	(8)	38	38	-	-
2012	WECC		City of Monmouth	U.S.	844	844	-	-	825	825	-	-	(5)	(5)	25	25	-	-
2012	WECC		City of Needles	U.S.	372	372	-	-	364	364	-	-	(2)	(2)	11	11	-	-
2012	WECC		City of Plummer	U.S.	421	421	-	-	411	411	-	-	(3)	(3)	13	13	-	-
2012	WECC		City of Port Angeles	U.S.	8,641	8,641	-	-	8,437	8,437	-	-	(54)	(54)	258	258	-	-
2012	WECC		City of Redding	U.S.	9,654	9,654	-	-	9,426	9,426	-	-	(60)	(60)	288	288	-	-
2012	WECC		City of Richland	U.S.	10,210	10,210	-	-	9,969	9,969	-	-	(63)	(63)	304	304	-	-
2012	WECC		City of Roseville	U.S.	14,676	14,676	-	-	14,329	14,329	-	-	(91)	(91)	438	438	-	-
2012	WECC		City of Shasta Lake	U.S.	2,207	2,207	-	-	2,155	2,155	-	-	(14)	(14)	66	66	-	-
2012	WECC		City of Sumas	U.S.	349	349	-	-	341	341	-	-	(2)	(2)	10	10	-	-
2012	WECC		City of Tacoma DBA Tacoma Power	U.S.	58,826	58,826	-	-	57,437	57,437	-	-	(365)	(365)	1,754	1,754	-	-
2012	WECC		City of Troy	U.S.	204	204	-	-	200	200	-	-	(1)	(1)	6	6	-	-
2012	WECC		City of Williams	U.S.	475	475	-	-	464	464	-	-	(3)	(3)	14	14	-	-
2012	WECC		Clark County Water Resources	U.S.	923	923	-	-	901	901	-	-	(6)	(6)	28	28	-	-
2012	WECC		Clark Public Utilities	U.S.	52,084	52,084	-	-	50,855	50,855	-	-	(323)	(323)	1,553	1,553	-	-
2012	WECC		Clatskanie PUD	U.S.	11,563	11,563	-	-	11,290	11,290	-	-	(72)	(72)	345	345	-	-
2012	WECC		Clearwater Cooperative, Inc.	U.S.	1,933	1,933	-	-	1,887	1,887	-	-	(12)	(12)	58	58	-	-
2012	WECC		Colorado River Commission of Nevada	U.S.	9,877	9,877	-	-	9,644	9,644	-	-	(61)	(61)	294	294	-	-
2012	WECC		Colorado Springs Utilities	U.S.	1,119	1,119	-	-	1,093	1,093	-	-	(7)	(7)	33	33	-	-
2012	WECC		Colorado Springs Utilities	U.S.	54,190	54,190	-	-	52,911	52,911	-	-	(336)	(336)	1,616	1,616	-	-
2012	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	1,309	1,309	-	-	1,278	1,278	-	-	(8)	(8)	39	39	-	-
2012	WECC		Columbia Falls Aluminum Company	U.S.	48	48	-	-	47	47	-	-	(0)	(0)	1	1	-	-
2012	WECC		Columbia Power Cooperative Association	U.S.	284	284	-	-	277	277	-	-	(2)	(2)	8	8	-	-
2012	WECC		Columbia River PUD	U.S.	3,595	3,595	-	-	3,510	3,510	-	-	(22)	(22)	107	107	-	-
2012	WECC		Columbia Rural Electric Association (REA)	U.S.	3,583	3,583	-	-	3,498	3,498	-	-	(22)	(22)	107	107	-	-
2012	WECC		Consolidated Irrigation District No. 19	U.S.	71	71	-	-	70	70	-	-	(0)	(0)	2	2	-	-
2012	WECC		Constellation New Energy, Inc.	U.S.	831	831	-	-	811	811	-	-	(5)	(5)	25	25	-	-
2012	WECC		Consumers Power, Inc.	U.S.	4,960	4,960	-	-	4,843	4,843	-	-	(31)	(31)	148	148	-	-
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	819	819	-	-	799	799	-	-	(5)	(5)	24	24	-	-
2012	WECC		Deseret Generation & Transmission Cooperative	U.S.	880	880	-	-	859	859	-	-	(5)	(5)	26	26	-	-
2012	WECC		Douglas Electric Cooperative, Inc.	U.S.	1,109	1,109	-	-	1,083	1,083	-	-	(7)	(7)	33	33	-	-
2012	WECC		Douglas Palisades	U.S.	217	217	-	-	212	212	-	-	(1)	(1)	6	6	-	-
2012	WECC		El Paso Electric Company	U.S.	99,314	99,314	-	-	96,969	96,969	-	-	(617)	(617)	2,961	2,961	-	-
2012	WECC		Electrical District #2	U.S.	2,316	2,316	-	-	2,261	2,261	-	-	(14)	(14)	69	69	-	-
2012	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	103	103	-	-	100	100	-	-	(1)	(1)	3	3	-	-
2012	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	37	37	-	-	36	36	-	-	(0)	(0)	1	1	-	-
2012	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	654	654	-	-	639	639	-	-	(4)	(4)	20	20	-	-
2012	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	3,487	3,487	-	-	3,405	3,405	-	-	(22)	(22)	104	104	-	-
2012	WECC		Electrical Districts 1 & 3	U.S.	7,604	7,604	-	-	7,424	7,424	-	-	(47)	(47)	227	227	-	-
2012	WECC		Elmhurst Mutual Power & Light Company	U.S.	3,230	3,230	-	-	3,154	3,154	-	-	(20)	(20)	96	96	-	-
2012	WECC		Emerald PUD	U.S.	6,019	6,019	-	-	5,877	5,877	-	-	(37)	(37)	179	179	-	-
2012	WECC		Energy Northwest	U.S.	373	373	-	-	364	364	-	-	(2)	(2)	11	11	-	-
2012	WECC		Eugene Water & Electric Board	U.S.	29,205	29,205	-	-	28,515	28,515	-	-	(181)	(181)	871	871	-	-
2012	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	1	1	-	-	1	1	-	-	(0)	(0)	0	0	-	-
2012	WECC		Farmington Electric Utility System	U.S.	16,333	16,333	-	-	15,948	15,948	-	-	(101)	(101)	487	487	-	-
2012	WECC		Flathead Electric Cooperative, Inc.	U.S.	17,178	17,178	-	-	16,773	16,773	-	-	(107)	(107)	512	512	-	-
2012	WECC		Frederickson Power LP	U.S.	63	63	-	-	61	61	-	-	(0)	(0)	2	2	-	-
2012	WECC		Grand Valley Power	U.S.	2,746	2,746	-	-	2,681	2,681	-	-	(17)	(17)	82	82	-	-
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	1,144	1,144	-	-	1,117	1,117	-	-	(7)	(7)	34	34	-	-
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	1,471	1,471	-	-	1,436	1,436	-	-	(9)	(9)	44	44	-	-
2012	WECC		Harquahala Valley Power Districts - APS	U.S.	972	972	-	-	949	949	-	-	(6)	(6)	29	29	-	-
2012	WECC		Hermiston Power LLC	U.S.	57	57	-	-	56	56	-	-	(0)	(0)	2	2	-	-
2012	WECC		Hood River Electric Cooperative	U.S.	470	470	-	-	459	459	-	-	(3)	(3)	14	14	-	-
2012	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	666	666	-	-	651	651	-	-	(4)	(4)	20	20	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	WECC		Idaho Power Company	U.S.	175,566	175,566	-	-	171,422	171,422	-	-	(1,090)	(1,090)	5,235	5,235	-	-
2012	WECC		Imperial Irrigation District	U.S.	44,003	44,003	-	-	42,964	42,964	-	-	(273)	(273)	1,312	1,312	-	-
2012	WECC		Inland Power and Light Company	U.S.	5,479	5,479	-	-	5,350	5,350	-	-	(34)	(34)	163	163	-	-
2012	WECC		Inland Power and Light Company	U.S.	5,660	5,660	-	-	5,527	5,527	-	-	(35)	(35)	169	169	-	-
2012	WECC		Intermountain Rural Electric Association	U.S.	10,597	10,597	-	-	10,346	10,346	-	-	(66)	(66)	316	316	-	-
2012	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	3,839	3,839	-	-	3,749	3,749	-	-	(24)	(24)	114	114	-	-
2012	WECC		Lakeview Light & Power	U.S.	3,228	3,228	-	-	3,152	3,152	-	-	(20)	(20)	96	96	-	-
2012	WECC		Lane Electric Cooperative, Inc.	U.S.	2,623	2,623	-	-	2,561	2,561	-	-	(16)	(16)	78	78	-	-
2012	WECC		Las Vegas Valley Water District	U.S.	2,588	2,588	-	-	2,527	2,527	-	-	(16)	(16)	77	77	-	-
2012	WECC		Lincoln Electric Cooperative, Inc.	U.S.	1,390	1,390	-	-	1,358	1,358	-	-	(9)	(9)	41	41	-	-
2012	WECC		Los Angeles Department of Water and Power	U.S.	348,815	348,815	-	-	340,580	340,580	-	-	(2,166)	(2,166)	10,400	10,400	-	-
2012	WECC		Lost River Electric Cooperative, Inc.	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2012	WECC		Lower Valley Energy, Inc.	U.S.	2	2	-	-	2	2	-	-	(0)	(0)	0	0	-	-
2012	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - /	U.S.	668	668	-	-	652	652	-	-	(4)	(4)	20	20	-	-
2012	WECC		McMullen Valley Water Conservation & Drainage District - AP	U.S.	867	867	-	-	846	846	-	-	(5)	(5)	26	26	-	-
2012	WECC		Merced Irrigation District	U.S.	5,431	5,431	-	-	5,303	5,303	-	-	(34)	(34)	162	162	-	-
2012	WECC		Midstate Electric Cooperative, Inc.	U.S.	4,734	4,734	-	-	4,622	4,622	-	-	(29)	(29)	141	141	-	-
2012	WECC		Mission Valley Power	U.S.	4,634	4,634	-	-	4,524	4,524	-	-	(29)	(29)	138	138	-	-
2012	WECC		Modern Electric Water Company	U.S.	2,711	2,711	-	-	2,647	2,647	-	-	(17)	(17)	81	81	-	-
2012	WECC		Modesto Irrigation District	U.S.	30,330	30,330	-	-	29,614	29,614	-	-	(188)	(188)	904	904	-	-
2012	WECC		Montana-Dakota Utilities Co.	U.S.	163	163	-	-	159	159	-	-	(1)	(1)	5	5	-	-
2012	WECC		Mt. Wheeler Power	U.S.	6,603	6,603	-	-	6,447	6,447	-	-	(41)	(41)	197	197	-	-
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	2,316	2,316	-	-	2,261	2,261	-	-	(14)	(14)	69	69	-	-
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	7,671	7,671	-	-	7,490	7,490	-	-	(48)	(48)	229	229	-	-
2012	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	46	46	-	-	45	45	-	-	(0)	(0)	1	1	-	-
2012	WECC		Navajo Tribal Utility Authority	U.S.	500	500	-	-	488	488	-	-	(3)	(3)	15	15	-	-
2012	WECC		Navajo Tribal Utility Authority	U.S.	3,613	3,613	-	-	3,527	3,527	-	-	(22)	(22)	108	108	-	-
2012	WECC		Navopache Electric Cooperative, Inc.	U.S.	4,800	4,800	-	-	4,687	4,687	-	-	(30)	(30)	143	143	-	-
2012	WECC		Nebraska Public Power Marketing	U.S.	44	44	-	-	43	43	-	-	(0)	(0)	1	1	-	-
2012	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	630	630	-	-	615	615	-	-	(4)	(4)	19	19	-	-
2012	WECC		Nevada Power Company dba NV Energy	U.S.	263,581	263,581	-	-	257,359	257,359	-	-	(1,636)	(1,636)	7,859	7,859	-	-
2012	WECC		Noble Americas Energy Solutions, LLC	U.S.	14,228	14,228	-	-	13,892	13,892	-	-	(88)	(88)	424	424	-	-
2012	WECC		Northern Lights, Inc.	U.S.	401	401	-	-	391	391	-	-	(2)	(2)	12	12	-	-
2012	WECC		Northern Wasco County PUD	U.S.	6,601	6,601	-	-	6,445	6,445	-	-	(41)	(41)	197	197	-	-
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	3,578	3,578	-	-	3,493	3,493	-	-	(22)	(22)	107	107	-	-
2012	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	107,673	107,673	-	-	105,131	105,131	-	-	(669)	(669)	3,210	3,210	-	-
2012	WECC		Ohop Mutual Light Company	U.S.	991	991	-	-	968	968	-	-	(6)	(6)	30	30	-	-
2012	WECC		Orcas Power and Light Cooperative	U.S.	2,548	2,548	-	-	2,488	2,488	-	-	(16)	(16)	76	76	-	-
2012	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	3,793	3,793	-	-	3,703	3,703	-	-	(24)	(24)	113	113	-	-
2012	WECC		Overton Power District No. 5	U.S.	4,481	4,481	-	-	4,375	4,375	-	-	(28)	(28)	134	134	-	-
2012	WECC		PacifiCorp	U.S.	23	23	-	-	23	23	-	-	(0)	(0)	1	1	-	-
2012	WECC		PacifiCorp	U.S.	32	32	-	-	32	32	-	-	(0)	(0)	1	1	-	-
2012	WECC		PacifiCorp	U.S.	714	714	-	-	697	697	-	-	(4)	(4)	21	21	-	-
2012	WECC		PacifiCorp	U.S.	1,383	1,383	-	-	1,351	1,351	-	-	(9)	(9)	41	41	-	-
2012	WECC		PacifiCorp	U.S.	584,978	584,978	-	-	571,168	571,168	-	-	(3,632)	(3,632)	17,442	17,442	-	-
2012	WECC		PacifiCorp West (PACW)	U.S.	247,657	247,657	-	-	241,810	241,810	-	-	(1,538)	(1,538)	7,384	7,384	-	-
2012	WECC		Page Electric Utility	U.S.	130	130	-	-	127	127	-	-	(1)	(1)	4	4	-	-
2012	WECC		Parkland Light and Water Company	U.S.	1,423	1,423	-	-	1,390	1,390	-	-	(9)	(9)	42	42	-	-
2012	WECC		Pend Oreille County PUD No. 1	U.S.	12,310	12,310	-	-	12,019	12,019	-	-	(76)	(76)	367	367	-	-
2012	WECC		Peninsula Light Company, Inc.	U.S.	7,180	7,180	-	-	7,011	7,011	-	-	(45)	(45)	214	214	-	-
2012	WECC		Platte River Power Authority	U.S.	38,373	38,373	-	-	37,467	37,467	-	-	(238)	(238)	1,144	1,144	-	-
2012	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	1,709	1,709	-	-	1,669	1,669	-	-	(11)	(11)	51	51	-	-
2012	WECC		Port Townsend Paper Corporation	U.S.	2,425	2,425	-	-	2,367	2,367	-	-	(15)	(15)	72	72	-	-
2012	WECC		Portland General Electric Company	U.S.	537	537	-	-	524	524	-	-	(3)	(3)	16	16	-	-
2012	WECC		Portland General Electric Company	U.S.	221,085	221,085	-	-	215,866	215,866	-	-	(1,373)	(1,373)	6,592	6,592	-	-
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	417	417	-	-	407	407	-	-	(3)	(3)	12	12	-	-
2012	WECC		Public Service Company of Colorado (Xcel)	U.S.	368,412	368,412	-	-	359,715	359,715	-	-	(2,287)	(2,287)	10,985	10,985	-	-
2012	WECC		Public Service Company of New Mexico	U.S.	127,427	127,427	-	-	124,419	124,419	-	-	(791)	(791)	3,799	3,799	-	-
2012	WECC		Public Utility District No. 1 of Chelan County	U.S.	47,021	47,021	-	-	45,911	45,911	-	-	(292)	(292)	1,402	1,402	-	-
2012	WECC		PUD No. 1 of Asotin County	U.S.	4	4	-	-	4	4	-	-	(0)	(0)	0	0	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	WECC		PUD No. 1 of Asotin County	U.S.	58	58	-	-	56	56	-	-	(0)	(0)	2	2	-	-
2012	WECC		PUD No. 1 of Benton County	U.S.	20,064	20,064	-	-	19,591	19,591	-	-	(125)	(125)	598	598	-	-
2012	WECC		PUD No. 1 of Clallam County	U.S.	8,082	8,082	-	-	7,891	7,891	-	-	(50)	(50)	241	241	-	-
2012	WECC		PUD No. 1 of Cowlitz County	U.S.	61,370	61,370	-	-	59,921	59,921	-	-	(381)	(381)	1,830	1,830	-	-
2012	WECC		PUD No. 1 of Douglas County	U.S.	90	90	-	-	88	88	-	-	(1)	(1)	3	3	-	-
2012	WECC		PUD No. 1 of Douglas County	U.S.	16,956	16,956	-	-	16,555	16,555	-	-	(105)	(105)	506	506	-	-
2012	WECC		PUD No. 1 of Ferry County	U.S.	1,256	1,256	-	-	1,226	1,226	-	-	(8)	(8)	37	37	-	-
2012	WECC		PUD No. 1 of Franklin County	U.S.	12,036	12,036	-	-	11,752	11,752	-	-	(75)	(75)	359	359	-	-
2012	WECC		PUD No. 1 of Grays Harbor	U.S.	14,371	14,371	-	-	14,031	14,031	-	-	(89)	(89)	428	428	-	-
2012	WECC		PUD No. 1 of Kittitas County	U.S.	194	194	-	-	189	189	-	-	(1)	(1)	6	6	-	-
2012	WECC		PUD No. 1 of Kittitas County	U.S.	860	860	-	-	840	840	-	-	(5)	(5)	26	26	-	-
2012	WECC		PUD No. 1 of Klickitat County	U.S.	3,324	3,324	-	-	3,246	3,246	-	-	(21)	(21)	99	99	-	-
2012	WECC		PUD No. 1 of Lewis County	U.S.	11,031	11,031	-	-	10,770	10,770	-	-	(68)	(68)	329	329	-	-
2012	WECC		PUD No. 1 of Mason County	U.S.	933	933	-	-	911	911	-	-	(6)	(6)	28	28	-	-
2012	WECC		PUD No. 1 of Skamania County	U.S.	1,572	1,572	-	-	1,535	1,535	-	-	(10)	(10)	47	47	-	-
2012	WECC		PUD No. 1 of Snohomish County	U.S.	80,503	80,503	-	-	78,603	78,603	-	-	(500)	(500)	2,400	2,400	-	-
2012	WECC		PUD No. 1 of Wahkiakum County	U.S.	522	522	-	-	509	509	-	-	(3)	(3)	16	16	-	-
2012	WECC		PUD No. 1 of Whatcom County	U.S.	63	63	-	-	61	61	-	-	(0)	(0)	2	2	-	-
2012	WECC		PUD No. 1 of Whatcom County	U.S.	2,357	2,357	-	-	2,301	2,301	-	-	(15)	(15)	70	70	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	572	572	-	-	558	558	-	-	(4)	(4)	17	17	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	1,071	1,071	-	-	1,046	1,046	-	-	(7)	(7)	32	32	-	-
2012	WECC		PUD No. 2 of Grant County	U.S.	45,415	45,415	-	-	44,343	44,343	-	-	(282)	(282)	1,354	1,354	-	-
2012	WECC		PUD No. 2 of Pacific County	U.S.	3,590	3,590	-	-	3,505	3,505	-	-	(22)	(22)	107	107	-	-
2012	WECC		PUD No. 3 of Mason County	U.S.	8,278	8,278	-	-	8,082	8,082	-	-	(51)	(51)	247	247	-	-
2012	WECC		Puget Sound Energy, Inc.	U.S.	287,916	287,916	-	-	281,119	281,119	-	-	(1,788)	(1,788)	8,584	8,584	-	-
2012	WECC		Raft River Electric Cooperative	U.S.	1	1	-	-	1	1	-	-	(0)	(0)	0	0	-	-
2012	WECC		Roosevelt Irrigation District - APS	U.S.	487	487	-	-	475	475	-	-	(3)	(3)	15	15	-	-
2012	WECC		Sacramento Municipal Utility District	U.S.	132,923	132,923	-	-	129,785	129,785	-	-	(825)	(825)	3,963	3,963	-	-
2012	WECC		Salem Electric	U.S.	3,823	3,823	-	-	3,732	3,732	-	-	(24)	(24)	114	114	-	-
2012	WECC		Salt River Project	U.S.	337,419	337,419	-	-	329,453	329,453	-	-	(2,095)	(2,095)	10,060	10,060	-	-
2012	WECC		San Carlos Indian Irrigation Project	U.S.	1	1	-	-	1	1	-	-	(0)	(0)	0	0	-	-
2012	WECC		Seattle City Light	U.S.	119,075	119,075	-	-	116,264	116,264	-	-	(739)	(739)	3,550	3,550	-	-
2012	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	106,890	106,890	-	-	104,367	104,367	-	-	(664)	(664)	3,187	3,187	-	-
2012	WECC		Southern Montana Electric Generation & Transmission	U.S.	7,430	7,430	-	-	7,254	7,254	-	-	(46)	(46)	222	222	-	-
2012	WECC		Southern Nevada Water Authority	U.S.	8,030	8,030	-	-	7,841	7,841	-	-	(50)	(50)	239	239	-	-
2012	WECC		Southwest Transmission Cooperative, Inc.	U.S.	31,042	31,042	-	-	30,309	30,309	-	-	(193)	(193)	926	926	-	-
2012	WECC		Springfield Utility Board	U.S.	9,942	9,942	-	-	9,707	9,707	-	-	(62)	(62)	296	296	-	-
2012	WECC		Surprise Valley Electrification Corporation	U.S.	453	453	-	-	442	442	-	-	(3)	(3)	14	14	-	-
2012	WECC		Tanner Electric Cooperative	U.S.	1,126	1,126	-	-	1,099	1,099	-	-	(7)	(7)	34	34	-	-
2012	WECC		The Incorporated County of Los Alamos	U.S.	4,539	4,539	-	-	4,432	4,432	-	-	(28)	(28)	135	135	-	-
2012	WECC		Tillamook People's Utility District	U.S.	4,400	4,400	-	-	4,296	4,296	-	-	(27)	(27)	131	131	-	-
2012	WECC		Tohono O'Odham Utility Authority	U.S.	802	802	-	-	783	783	-	-	(5)	(5)	24	24	-	-
2012	WECC		Tonopah Irrigation District - APS	U.S.	310	310	-	-	302	302	-	-	(2)	(2)	9	9	-	-
2012	WECC		Town of Fredonia	U.S.	9	9	-	-	9	9	-	-	(0)	(0)	0	0	-	-
2012	WECC		Town of Steilacoom	U.S.	489	489	-	-	477	477	-	-	(3)	(3)	15	15	-	-
2012	WECC		Town of Wickenburg	U.S.	322	322	-	-	315	315	-	-	(2)	(2)	10	10	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	258	258	-	-	252	252	-	-	(2)	(2)	8	8	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	25,049	25,049	-	-	24,457	24,457	-	-	(156)	(156)	747	747	-	-
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	89,068	89,068	-	-	86,966	86,966	-	-	(553)	(553)	2,656	2,656	-	-
2012	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	32,812	32,812	-	-	32,037	32,037	-	-	(204)	(204)	978	978	-	-
2012	WECC		Truckee Donner Public Utility District	U.S.	1,758	1,758	-	-	1,716	1,716	-	-	(11)	(11)	52	52	-	-
2012	WECC		Tucson Electric Power Company	U.S.	167,408	167,408	-	-	163,456	163,456	-	-	(1,039)	(1,039)	4,991	4,991	-	-
2012	WECC		Turlock Irrigation District	U.S.	24,983	24,983	-	-	24,393	24,393	-	-	(155)	(155)	745	745	-	-
2012	WECC		U.S. Army Yuma Proving Ground	U.S.	245	245	-	-	240	240	-	-	(2)	(2)	7	7	-	-
2012	WECC		U.S. BOR Columbia Basin	U.S.	360	360	-	-	352	352	-	-	(2)	(2)	11	11	-	-
2012	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	39	39	-	-	38	38	-	-	(0)	(0)	1	1	-	-
2012	WECC		U.S. Bor Spokane Indian Development	U.S.	37	37	-	-	36	36	-	-	(0)	(0)	1	1	-	-
2012	WECC		U.S. BOR The Dalles Project	U.S.	215	215	-	-	210	210	-	-	(1)	(1)	6	6	-	-
2012	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	54	54	-	-	53	53	-	-	(0)	(0)	2	2	-	-
2012	WECC		Umatilla Electric Cooperative Association	U.S.	12,075	12,075	-	-	11,790	11,790	-	-	(75)	(75)	360	360	-	-
2012	WECC		Unit B Irrigation District	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2012	WECC		US Air Force Base, Fairchild	U.S.	594	594	-	-	580	580	-	-	(4)	(4)	18	18	-	-
2012	WECC		US Dept of Energy - Kirtland AFB	U.S.	5,028	5,028	-	-	4,909	4,909	-	-	(31)	(31)	150	150	-	-
2012	WECC		USDOE Richland	U.S.	2,156	2,156	-	-	2,106	2,106	-	-	(13)	(13)	64	64	-	-
2012	WECC		USN Naval Station, Bremerton	U.S.	3,244	3,244	-	-	3,167	3,167	-	-	(20)	(20)	97	97	-	-

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2012	WECC		USN Naval Station, Everett	U.S.	124	124	-	-	121	121	-	-	(1)	(1)	4	4	-	-
2012	WECC		USN Submarine Base, Bangor	U.S.	2,067	2,067	-	-	2,018	2,018	-	-	(13)	(13)	62	62	-	-
2012	WECC		Valley Electric Association, Inc.	U.S.	5,597	5,597	-	-	5,465	5,465	-	-	(35)	(35)	167	167	-	-
2012	WECC		Vera Water and Power	U.S.	2,720	2,720	-	-	2,656	2,656	-	-	(17)	(17)	81	81	-	-
2012	WECC		Vigilante Electric Cooperative, Inc.	U.S.	187	187	-	-	182	182	-	-	(1)	(1)	6	6	-	-
2012	WECC		Wasco Electric Cooperative	U.S.	1,121	1,121	-	-	1,095	1,095	-	-	(7)	(7)	33	33	-	-
2012	WECC		Wells Rural Electric Cooperative	U.S.	7,889	7,889	-	-	7,703	7,703	-	-	(49)	(49)	235	235	-	-
2012	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	84	84	-	-	82	82	-	-	(1)	(1)	3	3	-	-
2012	WECC		West Oregon Electric Cooperative, Inc.	U.S.	150	150	-	-	147	147	-	-	(1)	(1)	4	4	-	-
2012	WECC		Western Area Power - Loveland, CO	U.S.	2,837	2,837	-	-	2,770	2,770	-	-	(18)	(18)	85	85	-	-
2012	WECC		Western Area Power - Loveland, CO	U.S.	18,811	18,811	-	-	18,367	18,367	-	-	(117)	(117)	561	561	-	-
2012	WECC		Western Area Power Administration - CRSP	U.S.	16,169	16,169	-	-	15,787	15,787	-	-	(100)	(100)	482	482	-	-
2012	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	18,418	18,418	-	-	17,983	17,983	-	-	(114)	(114)	549	549	-	-
2012	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	25,542	25,542	-	-	24,939	24,939	-	-	(159)	(159)	762	762	-	-
2012	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	88	88	-	-	86	86	-	-	(1)	(1)	3	3	-	-
2012	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	2,734	2,734	-	-	2,669	2,669	-	-	(17)	(17)	82	82	-	-
2012	WECC		Yakama Power	U.S.	259	259	-	-	253	253	-	-	(2)	(2)	8	8	-	-
2012	WECC		Yampa Valley Electric Association	U.S.	6,839	6,839	-	-	6,677	6,677	-	-	(42)	(42)	204	204	-	-
2012	WECC		Yuma Irrigation District	U.S.	38	38	-	-	37	37	-	-	(0)	(0)	1	1	-	-
2012	WECC		Yuma-Mesa Irrigation District	U.S.	2	2	-	-	2	2	-	-	(0)	(0)	0	0	-	-
TOTAL WECC					9,997,611	8,693,102	1,166,394	138,116	10,007,689	8,487,882	1,385,783	134,023	(53,973)	(53,973)	43,895	259,192	(219,389)	4,093
TOTAL ERO					51,401,382	46,708,699	4,554,567	138,116	51,691,382	45,606,040	5,951,319	134,023	(290,000)	(290,000)	0	1,392,660	(1,396,752)	4,093
Summary by Regional Entity																		
2012	FRCC				2,609,814	2,609,814	-	-	2,548,204	2,548,204	-	-	(16,204)	(16,204)	77,814	77,814	-	-
2012	MRO				3,368,027	2,833,341	534,686	-	3,285,296	2,766,454	518,842	-	(17,591)	(17,591)	100,322	84,478	15,844	-
2012	NPCC				6,293,948	3,440,461	2,853,487	-	7,405,935	3,359,241	4,046,694	-	(21,361)	(21,361)	(1,090,626)	102,580	(1,193,206)	-
2012	RFC				10,668,630	10,668,630	-	-	10,416,774	10,416,774	-	-	(66,238)	(66,238)	318,094	318,094	-	-
2012	SERC				12,047,164	12,047,164	-	-	11,762,765	11,762,765	-	-	(74,797)	(74,797)	359,196	359,196	-	-
2012	SPP				2,574,391	2,574,391	-	-	2,513,617	2,513,617	-	-	(15,984)	(15,984)	76,758	76,758	-	-
2012	TRE				3,841,797	3,841,797	-	-	3,751,103	3,751,103	-	-	(23,853)	(23,853)	114,546	114,546	-	-
2012	WECC				9,997,611	8,693,102	1,166,394	138,116	10,007,689	8,487,882	1,385,783	134,023	(53,973)	(53,973)	43,895	259,192	(219,389)	4,093
Total					51,401,382	46,708,699	4,554,567	138,116	51,691,382	45,606,040	5,951,319	134,023	(290,000)	(290,000)	0	1,392,660	(1,396,752)	4,093

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB & RCO Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC True Up of 2012 and 2013 Assessments			NPCC CORC Program			WECC Compliance Assessments (ex.AEISO)				WIRAB Assessments				RCO Assessments								
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total								
2012	SERC	1617	Kentucky Municipal Power	U.S.	10,063	10,063	-	-	10,470	10,470	-	-	(406)	(406)																							
2012	SERC	1481	Kosciusko, MS	U.S.	1,015	1,015	-	-	1,056	1,056	-	-	(41)	(41)																							
2012	SERC	1482	Leelanau, MS	U.S.	449	449	-	-	467	467	-	-	(16)	(16)																							
2012	SERC	1313	McCormick Commission of Public Works	U.S.	275	275	-	-	286	286	-	-	(11)	(11)																							
2012	SERC	1314	Mississippi Power Company	U.S.	177,174	177,174	-	-	184,327	184,327	-	-	(7,153)	(7,153)																							
2012	SERC	1630	Mt. Carmel Public Utility	U.S.	1,492	1,492	-	-	1,552	1,552	-	-	(60)	(60)																							
2012	SERC	1315	Municipal Electric Authority of Georgia	U.S.	145,987	145,987	-	-	151,881	151,881	-	-	(5,894)	(5,894)																							
2012	SERC	1316	N.C. Electric Membership Corp.	U.S.	162,278	162,278	-	-	168,830	168,830	-	-	(6,552)	(6,552)																							
2012	SERC	1317	North Carolina Eastern Municipal Power Agency	U.S.	99,657	99,657	-	-	103,680	103,680	-	-	(4,023)	(4,023)																							
2012	SERC	1318	North Carolina Municipal Power Agency #1	U.S.	63,461	63,461	-	-	66,023	66,023	-	-	(2,562)	(2,562)																							
2012	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	4,377	4,377	-	-	4,553	4,553	-	-	(177)	(177)																							
2012	SERC	1574	Northern Virginia Electric Cooperative	U.S.	52,608	52,608	-	-	54,732	54,732	-	-	(2,124)	(2,124)																							
2012	SERC	1319	Old Dominion Electric Cooperative	U.S.	79,098	79,098	-	-	82,291	82,291	-	-	(3,193)	(3,193)																							
2012	SERC	1618	Oseola (Arkansas) Municipal Light and Power	U.S.	2,420	2,420	-	-	2,518	2,518	-	-	(98)	(98)																							
2012	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	12,457	12,457	-	-	12,960	12,960	-	-	(503)	(503)																							
2012	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	6,615	6,615	-	-	6,882	6,882	-	-	(267)	(267)																							
2012	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	30,796	30,796	-	-	32,039	32,039	-	-	(1,243)	(1,243)																							
2012	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	3,595	3,595	-	-	3,740	3,740	-	-	(145)	(145)																							
2012	SERC	1266	PowerSouth Energy	U.S.	107,521	107,521	-	-	111,862	111,862	-	-	(4,341)	(4,341)																							
2012	SERC	1330	Prairie Power, Inc.	U.S.	20,777	20,777	-	-	21,615	21,615	-	-	(839)	(839)																							
2012	SERC	1324	Progress Energy Carolinas	U.S.	608,716	608,716	-	-	633,291	633,291	-	-	(24,576)	(24,576)																							
2012	SERC	1325	Rutherford EMC	U.S.	17,020	17,020	-	-	17,707	17,707	-	-	(687)	(687)																							
2012	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	23,833	23,833	-	-	24,795	24,795	-	-	(962)	(962)																							
2012	SERC	1326	South Carolina Electric & Gas Company	U.S.	302,311	302,311	-	-	314,516	314,516	-	-	(12,205)	(12,205)																							
2012	SERC	1327	South Carolina Public Service Authority	U.S.	150,925	150,925	-	-	157,018	157,018	-	-	(6,093)	(6,093)																							
2012	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	8,474	8,474	-	-	8,816	8,816	-	-	(342)	(342)																							
2012	SERC	1328	South Mississippi Electric Power Association	U.S.	135,004	135,004	-	-	140,454	140,454	-	-	(5,450)	(5,450)																							
2012	SERC	1329	Southern Illinois Power Cooperative	U.S.	20,339	20,339	-	-	21,160	21,160	-	-	(821)	(821)																							
2012	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	34,091	34,091	-	-	35,467	35,467	-	-	(1,376)	(1,376)																							
2012	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	6,096	6,096	-	-	6,342	6,342	-	-	(246)	(246)																							
2012	SERC	1331	Tennessee Valley Authority	U.S.	2,256,379	2,256,379	-	-	2,347,476	2,347,476	-	-	(91,096)	(91,096)																							
2012	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	2,540	2,540	-	-	2,643	2,643	-	-	(103)	(103)																							
2012	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	1,696	1,696	-	-	1,765	1,765	-	-	(68)	(68)																							
2012	SERC	1592	Town of Black Creek, N.C.	U.S.	174	174	-	-	181	181	-	-	(7)	(7)																							
2012	SERC	1593	Town of Lucama, N.C.	U.S.	279	279	-	-	291	291	-	-	(11)	(11)																							
2012	SERC	1594	Town of Sharpsburg, N.C.	U.S.	261	261	-	-	271	271	-	-	(11)	(11)																							
2012	SERC	1595	Town of Stantonsburg, N.C.	U.S.	310	310	-	-	323	323	-	-	(13)	(13)																							
2012	SERC	1333	Town of Waynesville NC	U.S.	1,272	1,272	-	-	1,323	1,323	-	-	(51)	(51)																							
2012	SERC	1334	Town of Wimsboro SC	U.S.	669	669	-	-	696	696	-	-	(27)	(27)																							
2012	SERC	1335	Town of Wirtsville NC	U.S.	697	697	-	-	725	725	-	-	(28)	(28)																							
2012	SERC	1597	Washington-St Tammany Electric Cooperative, Inc.	U.S.	14,150	14,150	-	-	14,722	14,722	-	-	(572)	(572)																							
TOTAL SERC					13,734,499	13,734,499	-	-	14,288,999	14,288,999	-	-	(554,500)	(554,500)																							
2012	SPP	1246	American Electric Power	U.S.	1,578,222	1,578,222	-	-	1,665,244	1,665,244	-	-	(87,022)	(87,022)																							
2012	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	210,786	210,786	-	-	222,409	222,409	-	-	(11,623)	(11,623)																							
2012	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	102,701	102,701	-	-	108,363	108,363	-	-	(5,663)	(5,663)																							
2012	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	39,485	39,485	-	-	41,662	41,662	-	-	(2,177)	(2,177)																							
2012	SPP	1647	Carthage City Water & Light	U.S.	12,921	12,921	-	-	13,633	13,633	-	-	(712)	(712)																							

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB & RCO Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC True Up of 2012 and 2013 Assessments			NPCC CORC Program				WECC Compliance Assessments (ex.AEISO)				WIRAB Assessments				RCO Assessments					
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total						
					10,509,308	10,509,308	-	-	10,912,141	10,912,141	-	-	(402,833)	(402,833)																					
2012	WECC		Alberta Electric System Operator	Canada	2,495,056	-	2,495,056	-	1,268,833	-	1,268,833	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,020,960	-	-	-	2,020,960
2012	WECC		British Columbia Hydro & Power Authority	Canada	3,475,230	-	3,475,230	-	1,301,745	-	1,301,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62,844	-	-	40,217	62,844	
2012	WECC		Comision Federal de Electricidad	Mexico	664,466	-	664,466	-	248,608	-	248,608	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,002	-	-	40,217	12,002	
2012	WECC		Agua Irrigacion District - APS	U.S.	2,319	2,319	-	-	933	933	-	-	(174)	(174)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45	45	30	30
2012	WECC		Aha Macav Power Service	U.S.	1,462	1,462	-	-	588	588	-	-	(110)	(110)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28	28	19	19	
2012	WECC		Ajo Improvement District	U.S.	730	730	-	-	294	294	-	-	(55)	(55)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	14	9	9	
2012	WECC		Ak-Chi	U.S.	1,911	1,911	-	-	769	769	-	-	(143)	(143)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37	37	24	24	
2012	WECC		Alcoa Inc	U.S.	180,902	180,902	-	-	72,755	72,755	-	-	(3,553)	(3,553)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,512	3,512	2,306	2,306	
2012	WECC		Arizona Public Service Company	U.S.	1,604,687	1,604,687	-	-	645,371	645,371	-	-	(120,225)	(120,225)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,157	31,157	20,456	20,456	
2012	WECC		Arkansas River Power Authority (ARPA)	U.S.	16,127	16,127	-	-	6,486	6,486	-	-	(1,208)	(1,208)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313	313	206	206	
2012	WECC		Avista Corporation	U.S.	3,471	3,471	-	-	1,396	1,396	-	-	(260)	(260)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	67	44	44	
2012	WECC		Avista Corporation	U.S.	495,777	495,777	-	-	199,391	199,391	-	-	(37,144)	(37,144)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,626	9,626	6,320	6,320	
2012	WECC		Bank of Golden Mile Inc.	U.S.	65,649	65,649	-	-	26,403	26,403	-	-	(4,619)	(4,619)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,275	1,275	837	837	
2012	WECC		Basin Electric Power Cooperative	U.S.	3,207	3,207	-	-	1,320	1,320	-	-	(248)	(248)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	64	42	42	
2012	WECC		Basin Electric Power Cooperative	U.S.	170,253	170,253	-	-	68,472	68,472	-	-	(12,756)	(12,756)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,306	3,306	2,170	2,170	
2012	WECC		Benton REA	U.S.	28,955	28,955	-	-	11,645	11,645	-	-	(2,169)	(2,169)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	562	562	369	369	
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	7,139	7,139	-	-	2,871	2,871	-	-	(535)	(535)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139	139	91	91	
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	7,398	7,398	-	-	2,975	2,975	-	-	(554)	(554)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144	144	94	94	
2012	WECC		Big Bend Electric Cooperative, Inc.	U.S.	18,631	18,631	-	-	7,493	7,493	-	-	(1,396)	(1,396)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	362	362	238	238	
2012	WECC		Black Hills Lane Electric Cooperative	U.S.	8,820	8,820	-	-	3,547	3,547	-	-	(661)	(661)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171	171	112	112	
2012	WECC		Black Hills Power	U.S.	102,668	102,668	-	-	41,291	41,291	-	-	(7,692)	(7,692)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,993	1,993	1,309	1,309	
2012	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	198,493	198,493	-	-	79,830	79,830	-	-	(14,871)	(14,871)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,854	3,854	2,530	2,530	
2012	WECC		Black Hills State University South Dakota	U.S.	1,044	1,044	-	-	420	420	-	-	(78)	(78)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	20	13	13	
2012	WECC		Bonneville Power Administration	U.S.	356	356	-	-	143	143	-	-	(27)	(27)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	7	5	5	
2012	WECC		Bonneville Power Administration	U.S.	993	993	-	-	399	399	-	-	(74)	(74)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19	19	13	13	
2012	WECC		Bonneville Power Administration	U.S.	40,850	40,850	-	-	16,429	16,429	-	-	(3,661)	(3,661)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	793	793	531	531	
2012	WECC		Bonneville Power Administration	U.S.	95,433	95,433	-	-	38,381	38,381	-	-	(7,150)	(7,150)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,853	1,853	1,217	1,217	
2012	WECC		Bonneville Power Administration	U.S.	246,509	246,509	-	-	99,141	99,141	-	-	(18,469)	(18,469)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,786	4,786	3,142	3,142	
2012	WECC		BPA - Big Bend/Schrag Load	U.S.	2,028	2,028	-	-	816	816	-	-	(152)	(152)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	39	26	26	
2012	WECC		BPA - USBR Load	U.S.	388	388	-	-	156	156	-	-	(29)	(29)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	8	5	5	
2012	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	1,091	1,091	-	-	439	439	-	-	(82)	(82)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21	14	14	
2012	WECC		Bureau of Reclamation (Deseret) - c/o DSM EMMO	U.S.	42	42	-	-	17	17	-	-	(3)	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	1	1	
2012	WECC		Bureau of Reclamation (Wellfield) - c/o DSM EMMO	U.S.	272	272	-	-	109	109	-	-	(20)	(20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	5	3	3
2012	WECC		Burlington	U.S.	1,753	1,753	-	-	705	705	-	-	(131)	(131)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	34	22	22	
2012	WECC		California Independent System Operator	U.S.	12,496,847	12,496,847	-	-	5,025,968	5,025,968	-	-	(936,277)	(936,277)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	242,639	242,639	159,305	159,305	
2012	WECC		Carby Public Utility Board	U.S.	9,445	9,445	-	-	3,799	3,799	-	-	(708)	(708)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	183	183	120	120	
2012	WECC		Central Arizona Water Conservation District	U.S.	264,602	264,602	-	-	106,417	106,417	-	-	(19,824)	(19,824)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,138	5,138	3,373	3,373	
2012	WECC		Central Electric Cooperative	U.S.	26,623	26,623	-	-	10,707	10,707	-	-	(1,995)	(1,995)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	517	517	339	339	
2012	WECC		Central Lincoln PUD	U.S.	71,645	71,645	-	-	28,814	28,814	-	-	(5,368)	(5,368)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,391	1,391	913	913	
2012	WECC		Central Montana Electric Power Cooperative	U.S.	18,897	18,897	-	-	7,600	7,600	-	-	(1,416)	(1,416)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	367	367	241	241	
2012	WECC		City of Attec Electric Dept	U.S.	2,003	2,003	-	-	806	806	-	-	(150)	(150)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	39	26	26	
2012	WECC		City of Bandon	U.S.	3,613	3,613	-	-	1,453	1,453	-	-	(271)	(271)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70	70	46	46	
2012	WECC		City of Blaine	U.S.	4,142	4,142	-	-	1,666	1,666	-	-	(310)	(310)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80	80	53	53	
2012																																			

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WRAB & RCO Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC True Up of 2012 and 2013 Assessments			NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WRAB Assessments				RCO Assessments			
					US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	
2012	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	2,946	2,946	-	-	1,185	1,185	-	-	(221)	(221)							57	57			38	38			1,887	1,887		
2012	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	15,703	15,703	-	-	6,316	6,316	-	-	(1,177)	(1,177)							305	305			200	200			10,059	10,059		
2012	WECC		Electrical District 1 & 3	U.S.	34,243	34,243	-	-	13,772	13,772	-	-	(2,551)	(2,551)							655	655			435	435			23,938	23,938		
2012	WECC		Elmhurst Mutual Power & Light Company	U.S.	14,548	14,548	-	-	5,851	5,851	-	-	(1,090)	(1,090)							282	282			185	185			9,319	9,319		
2012	WECC		Emerald PUD	U.S.	27,106	27,106	-	-	10,901	10,901	-	-	(2,031)	(2,031)							526	526			346	346			17,363	17,363		
2012	WECC		Energy Northwest	U.S.	1,679	1,679	-	-	675	675	-	-	(126)	(126)							33	33			21	21			1,076	1,076		
2012	WECC		Eugene Water & Electric Board	U.S.	131,520	131,520	-	-	52,895	52,895	-	-	(9,854)	(9,854)							2,554	2,554			1,677	1,677			84,249	84,249		
2012	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	3	3	-	-	1	1	-	-	(0)	(0)							0	0			0	0			2	2		
2012	WECC		Farmington Electric Utility System	U.S.	73,555	73,555	-	-	29,582	29,582	-	-	(5,511)	(5,511)							1,428	1,428			47,118	47,118			47,118	47,118		
2012	WECC		Flathead Electric Cooperative, Inc.	U.S.	77,361	77,361	-	-	31,113	31,113	-	-	(5,796)	(5,796)							1,502	1,502			986	986			49,556	49,556		
2012	WECC		Frederickson Power LP	U.S.	283	283	-	-	114	114	-	-	(21)	(21)							5	5			4	4			181	181		
2012	WECC		Grand Valley Power	U.S.	12,368	12,368	-	-	4,974	4,974	-	-	(927)	(927)							240	240			158	158			7,922	7,922		
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	5,152	5,152	-	-	2,072	2,072	-	-	(388)	(388)							100	100			66	66			3,300	3,300		
2012	WECC		Harney Electric Cooperative, Inc.	U.S.	6,624	6,624	-	-	2,664	2,664	-	-	(496)	(496)							129	129			84	84			4,243	4,243		
2012	WECC		Harquahala Valley Power Districts - APS	U.S.	4,378	4,378	-	-	1,761	1,761	-	-	(328)	(328)							85	85			56	56			2,895	2,895		
2012	WECC		Hermiston Power LLC	U.S.	257	257	-	-	103	103	-	-	(19)	(19)							5	5			2	2			165	165		
2012	WECC		Hood River Electric Cooperative	U.S.	2,116	2,116	-	-	851	851	-	-	(159)	(159)							41	41			27	27			1,355	1,355		
2012	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	3,001	3,001	-	-	1,207	1,207	-	-	(225)	(225)							58	58			38	38			1,922	1,922		
2012	WECC		Idaho Power Company	U.S.	790,646	790,646	-	-	317,981	317,981	-	-	(59,236)	(59,236)							15,351	15,351			10,079	10,079			506,471	506,471		
2012	WECC		Imperial Irrigation District	U.S.	198,163	198,163	-	-	79,697	79,697	-	-	(14,847)	(14,847)							3,848	3,848			2,526	2,526			126,939	126,939		
2012	WECC		Inland Power and Light Company	U.S.	24,675	24,675	-	-	9,924	9,924	-	-	(1,849)	(1,849)							479	479			315	315			15,806	15,806		
2012	WECC		Inland Power and Light Company	U.S.	25,490	25,490	-	-	10,252	10,252	-	-	(1,950)	(1,950)							955	955			625	625			16,329	16,329		
2012	WECC		Intermountain Rural Electric Association	U.S.	47,721	47,721	-	-	19,192	19,192	-	-	(3,575)	(3,575)							927	927			608	608			30,569	30,569		
2012	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	17,290	17,290	-	-	6,954	6,954	-	-	(1,295)	(1,295)							336	336			220	220			11,076	11,076		
2012	WECC		Lakeview Light & Power	U.S.	14,539	14,539	-	-	5,847	5,847	-	-	(1,089)	(1,089)							282	282			185	185			9,313	9,313		
2012	WECC		Lane Electric Cooperative, Inc.	U.S.	11,812	11,812	-	-	4,751	4,751	-	-	(885)	(885)							229	229			151	151			7,567	7,567		
2012	WECC		Las Vegas Valley Water District	U.S.	11,653	11,653	-	-	4,687	4,687	-	-	(873)	(873)							226	226			149	149			7,465	7,465		
2012	WECC		Lincoln Electric Cooperative, Inc.	U.S.	6,262	6,262	-	-	2,518	2,518	-	-	(469)	(469)							122	122			421	421			4,011	4,011		
2012	WECC		Los Angeles Department of Water and Power	U.S.	15,70,853	15,70,853	-	-	631,764	631,764	-	-	(117,690)	(117,690)							30,500	30,500			20,025	20,025			1,006,255	1,006,255		
2012	WECC		Lost River Electric Cooperative, Inc.	U.S.	2	2	-	-	1	1	-	-	(0)	(0)							0	0			0	0			1	1		
2012	WECC		Lower Valley Energy, Inc.	U.S.	9	9	-	-	3	3	-	-	(1)	(1)							0	0			0	0			5	5		
2012	WECC		Maricopa County Municipal Water Conservation Dist No. 1 -	U.S.	3,009	3,009	-	-	1,210	1,210	-	-	(225)	(225)							58	58			38	38			1,928	1,928		
2012	WECC		McMullen Valley Water Conservation & Drainage District - Al	U.S.	3,904	3,904	-	-	1,570	1,570	-	-	(292)	(292)							76	76			50	50			2,501	2,501		
2012	WECC		Merced Irrigation District	U.S.	24,459	24,459	-	-	9,837	9,837	-	-	(1,829)	(1,829)							475	475			312	312			15,668	15,668		
2012	WECC		Midstate Electric Cooperative, Inc.	U.S.	21,318	21,318	-	-	8,574	8,574	-	-	(1,597)	(1,597)							414	414			272	272			13,656	13,656		
2012	WECC		Mission Valley Power	U.S.	20,868	20,868	-	-	8,393	8,393	-	-	(1,563)	(1,563)							405	405			266	266			13,367	13,367		
2012	WECC		Modern Electric Water Company	U.S.	12,208	12,208	-	-	4,910	4,910	-	-	(915)	(915)							237	237			156	156			7,820	7,820		
2012	WECC		Modesto Irrigation District	U.S.	136,588	136,588	-	-	54,933	54,933	-	-	(10,233)	(10,233)							2,652	2,652			1,741	1,741			87,495	87,495		
2012	WECC		Montana-Dakota Utilities Co.	U.S.	733	733	-	-	295	295	-	-	(55)	(55)							14	14			9	9			469	469		
2012	WECC		Mt. Wheeler Power	U.S.	29,738	29,738	-	-	11,960	11,960	-	-	(2,228)	(2,228)							577	577			379	379			19,049	19,049		
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	10,430	10,430	-	-	4,195	4,195	-	-	(781)	(781)							203	203			133	133			6,681	6,681		
2012	WECC		Municipal Energy Agency of Nebraska	U.S.	34,547	34,547	-	-	13,894	13,894	-	-	(2,588)	(2,588)							671	671			440	440			22,130	22,130		
2012	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	207	207	-	-	83	83	-	-	(16)	(16)							4	4			3	3			133	133		
2012	WECC		Navajo Tribal Utility Authority	U.S.	2,252	2,252	-	-	906	906	-	-	(169)	(169)							44	44			29	29			1,442	1,442		
2012	WECC		Navajo Tribal Utility Authority	U.S.	16,269	16,269	-	-	6,543	6,543	-	-	(1,219)	(1,219)							316	316			207	207			10,422	10,422		
2012	WECC		Navasack Electric Cooperative, Inc.	U.S.	21,617	21,617	-	-	8,694	8,694	-	-	(1,620)	(1,620)							420	420			276	276			13,848	13,848		
2012	WECC		Nebraska Public Power Marketing	U.S.	209	209	-	-	80	80	-	-	(15)	(15)							200	200			4	4			128	128		
2012	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	2,837	2,837	-	-	1,141	1,141	-	-	(213)	(213)							55	55			36	36			1,817	1,817		
2012	WECC		Nevada																													

2012 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2014 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB & RCO Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC True Up of 2012 and 2013 Assessments			NPCC CORC Program				WECC Compliance Assessments (ex.AEISO)				WIRAB Assessments				RCCO Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total				
2012	WECC		PUD No. 2 of Grant County	U.S.	204,522	204,522	-	-	82,254	82,254	-	-	(15,323)	(15,323)	-	-	-	-	-	-	3,971	3,971	-	-	2,607	2,607	-	-	131,012	131,012			
2012	WECC		PUD No. 2 of Pacific County	U.S.	16,168	16,168	-	-	6,502	6,502	-	-	(1,211)	(1,211)	-	-	-	-	-	-	314	314	-	-	206	206	-	-	10,357	10,357			
2012	WECC		PUD No. 3 of Mason County	U.S.	37,279	37,279	-	-	14,993	14,993	-	-	(2,393)	(2,393)	-	-	-	-	-	-	724	724	-	-	475	475	-	-	23,880	23,880			
2012	WECC		Puget Sound Energy, Inc.	U.S.	1,296,603	1,296,603	-	-	521,466	521,466	-	-	(97,143)	(97,143)	-	-	-	-	-	-	25,175	25,175	-	-	16,529	16,529	-	-	830,576	830,576			
2012	WECC		Raft River Electric Cooperative	U.S.	5	5	-	-	2	2	-	-	(0)	(0)	-	-	-	-	-	-	0	0	-	-	0	0	-	-	3	3			
2012	WECC		Roosevelt Irrigation District - APS	U.S.	2,193	2,193	-	-	882	882	-	-	(164)	(164)	-	-	-	-	-	-	43	43	-	-	28	28	-	-	1,405	1,405			
2012	WECC		Sacramento Municipal Utility District	U.S.	598,605	598,605	-	-	240,746	240,746	-	-	(44,848)	(44,848)	-	-	-	-	-	-	11,623	11,623	-	-	7,631	7,631	-	-	383,453	383,453			
2012	WECC		Salem Electric	U.S.	17,214	17,214	-	-	6,923	6,923	-	-	(1,290)	(1,290)	-	-	-	-	-	-	334	334	-	-	219	219	-	-	11,027	11,027			
2012	WECC		Salt River Project	U.S.	1,519,532	1,519,532	-	-	611,124	611,124	-	-	(113,845)	(113,845)	-	-	-	-	-	-	29,503	29,503	-	-	19,370	19,370	-	-	973,380	973,380			
2012	WECC		San Carlos Indian Irrigation Project	U.S.	3	3	-	-	1	1	-	-	(0)	(0)	-	-	-	-	-	-	0	0	-	-	0	0	-	-	2	2			
2012	WECC		Seattle City Light	U.S.	536,243	536,243	-	-	215,665	215,665	-	-	(40,176)	(40,176)	-	-	-	-	-	-	10,412	10,412	-	-	6,836	6,836	-	-	343,506	343,506			
2012	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	481,369	481,369	-	-	193,596	193,596	-	-	(36,065)	(36,065)	-	-	-	-	-	-	9,346	9,346	-	-	6,136	6,136	-	-	308,355	308,355			
2012	WECC		Southern Montana Electric Generation & Transmission	U.S.	33,458	33,458	-	-	13,456	13,456	-	-	(2,507)	(2,507)	-	-	-	-	-	-	650	650	-	-	427	427	-	-	21,433	21,433			
2012	WECC		Southern Nevada Water Authority	U.S.	36,163	36,163	-	-	14,544	14,544	-	-	(2,709)	(2,709)	-	-	-	-	-	-	702	702	-	-	461	461	-	-	23,165	23,165			
2012	WECC		Southern Transmission Cooperative, Inc.	U.S.	138,795	138,795	-	-	56,232	56,232	-	-	(10,474)	(10,474)	-	-	-	-	-	-	2,714	2,714	-	-	1,782	1,782	-	-	80,549	80,549			
2012	WECC		Springfield Utility Board	U.S.	44,772	44,772	-	-	18,006	18,006	-	-	(2,354)	(2,354)	-	-	-	-	-	-	869	869	-	-	571	571	-	-	28,680	28,680			
2012	WECC		Surprise Valley Electrification Corporation	U.S.	2,039	2,039	-	-	820	820	-	-	(153)	(153)	-	-	-	-	-	-	40	40	-	-	26	26	-	-	1,306	1,306			
2012	WECC		Tanner Electric Cooperative	U.S.	5,069	5,069	-	-	2,039	2,039	-	-	(380)	(380)	-	-	-	-	-	-	98	98	-	-	65	65	-	-	3,247	3,247			
2012	WECC		The Incorporated County of Los Alamos	U.S.	20,440	20,440	-	-	8,221	8,221	-	-	(1,531)	(1,531)	-	-	-	-	-	-	397	397	-	-	261	261	-	-	13,093	13,093			
2012	WECC		Tillamook People's Utility District	U.S.	19,815	19,815	-	-	7,969	7,969	-	-	(1,485)	(1,485)	-	-	-	-	-	-	385	385	-	-	253	253	-	-	12,693	12,693			
2012	WECC		Tohono O'Odham Utility Authority	U.S.	3,612	3,612	-	-	1,453	1,453	-	-	(271)	(271)	-	-	-	-	-	-	70	70	-	-	46	46	-	-	2,314	2,314			
2012	WECC		Tonopah Irrigation District - APS	U.S.	1,395	1,395	-	-	561	561	-	-	(105)	(105)	-	-	-	-	-	-	27	27	-	-	18	18	-	-	894	894			
2012	WECC		Town of Fredonia	U.S.	41	41	-	-	17	17	-	-	(3)	(3)	-	-	-	-	-	-	1	1	-	-	1	1	-	-	26	26			
2012	WECC		Town of Steilacoom	U.S.	2,202	2,202	-	-	886	886	-	-	(165)	(165)	-	-	-	-	-	-	43	43	-	-	28	28	-	-	1,410	1,410			
2012	WECC		Town of Wickenburg	U.S.	1,451	1,451	-	-	584	584	-	-	(109)	(109)	-	-	-	-	-	-	28	28	-	-	19	19	-	-	930	930			
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	1,160	1,160	-	-	467	467	-	-	(87)	(87)	-	-	-	-	-	-	23	23	-	-	15	15	-	-	743	743			
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	112,804	112,804	-	-	45,368	45,368	-	-	(8,451)	(8,451)	-	-	-	-	-	-	2,190	2,190	-	-	1,438	1,438	-	-	72,260	72,260			
2012	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	401,111	401,111	-	-	161,318	161,318	-	-	(30,652)	(30,652)	-	-	-	-	-	-	7,788	7,788	-	-	5,113	5,113	-	-	256,943	256,943			
2012	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	147,765	147,765	-	-	59,428	59,428	-	-	(11,071)	(11,071)	-	-	-	-	-	-	2,869	2,869	-	-	1,884	1,884	-	-	94,655	94,655			
2012	WECC		Truckee Donner Public Utility District	U.S.	7,916	7,916	-	-	3,184	3,184	-	-	(593)	(593)	-	-	-	-	-	-	154	154	-	-	101	101	-	-	5,071	5,071			
2012	WECC		Tucson Electric Power Company	U.S.	753,908	753,908	-	-	303,206	303,206	-	-	(56,484)	(56,484)	-	-	-	-	-	-	14,638	14,638	-	-	9,611	9,611	-	-	482,937	482,937			
2012	WECC		Turlock Irrigation District	U.S.	112,507	112,507	-	-	45,248	45,248	-	-	(8,429)	(8,429)	-	-	-	-	-	-	2,184	2,184	-	-	1,434	1,434	-	-	72,069	72,069			
2012	WECC		U.S. Army Yuma Proving Ground	U.S.	1,105	1,105	-	-	444	444	-	-	(83)	(83)	-	-	-	-	-	-	21	21	-	-	14	14	-	-	708	708			
2012	WECC		U.S. BOR Columbia Basin	U.S.	1,622	1,622	-	-	652	652	-	-	(122)	(122)	-	-	-	-	-	-	31	31	-	-	21	21	-	-	1,039	1,039			
2012	WECC		U.S. BOR East Greenacres (Rahdrum)	U.S.	176	176	-	-	71	71	-	-	(13)	(13)	-	-	-	-	-	-	3	3	-	-	2	2	-	-	113	113			
2012	WECC		U.S. BOR Spokane Indian Development	U.S.	166	166	-	-	67	67	-	-	(12)	(12)	-	-	-	-	-	-	3	3	-	-	2	2	-	-	107	107			
2012	WECC		U.S. BOR The Dalles Project	U.S.	969	969	-	-	390	390	-	-	(73)	(73)	-	-	-	-	-	-	19	19	-	-	12	12	-	-	621	621			
2012	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	243	243	-	-	98	98	-	-	(18)	(18)	-	-	-	-	-	-	5	5	-	-	3	3	-	-	155	155			
2012	WECC		Umatilla Electric Cooperative Association	U.S.	54,381	54,381	-	-	21,871	21,871	-	-	(4,074)	(4,074)	-	-	-	-	-	-	1,056	1,056	-	-	693	693	-	-	34,835	34,835			
2012	WECC		Unit B Irrigation District	U.S.	1	1	-	-	0	0	-	-	(0)	(0)	-	-	-	-	-	-	0	0	-	-	0	0	-	-	1	1			
2012	WECC		US Air Force Base, Fairchild	U.S.	2,675	2,675	-	-	1,076	1,076	-	-	(200)	(200)	-	-	-	-	-	-	52	52	-	-	34	34	-	-	1,714	1,714			
2012	WECC		US Dept of Energy - Kirtland AFB	U.S.	22,643	22,643	-	-	9,106	9,106	-	-	(1,696)	(1,696)	-	-	-	-	-	-	440	440	-	-	289	289	-	-	14,505	14,505			
2012	WECC		USDOE Richland	U.S.	9,712	9,712	-	-	3,906	3,906	-	-	(728)	(728)	-	-	-	-	-	-	189	189	-	-	124	124	-	-	6,221	6,221			
2012	WECC		USN Naval Station, Bremerton	U.S.	14,608	14,608	-	-	5,875	5,875	-	-	(1,094)	(1,094)	-	-	-	-	-	-	284	284	-	-	186	186	-	-	9,358	9,358			
2012	WECC		USN Naval Station, Everett	U.S.	556	556	-	-	224	224	-	-	(42)	(42)	-	-	-	-	-	-	11	11	-	-	7	7	-	-	356	356			
2012	WECC		USN Submarine Base, Bangor	U.S.	9,308	9,308	-	-	3,743	3,743	-	-	(697)	(697)	-	-	-	-	-	-	181	181	-	-	119	119	-	-	5,962	5,962			
2012	WECC		Valley Electric Association,																														

DOCKET NO. RR13-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 3

MIDWEST RELIABILITY ORGANIZATION

PROPOSED 2014 BUSINESS PLAN AND BUDGET



MIDWEST RELIABILITY ORGANIZATION

2014 Business Plan and Budget

**Approved by:
MRO Board of Directors**

**Date
June 27, 2013**

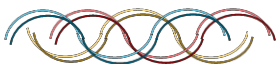


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Summary of Financials and Resources

TOTAL RESOURCES (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	40.75			
Non-statutory FTEs				
Total FTEs	40.75			
Statutory Expenses	\$ 9,845,299			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 9,845,299			
Statutory Inc(Dec) in Fixed Assets	\$ (100,500)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (100,500)			
Statutory Working Capital Requirement	\$ (866,855)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ (866,855)			
Total Statutory Funding Requirement	\$ 8,877,944			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 8,877,944			
Statutory Funding Assessments	\$ 8,741,444	\$ 7,361,170	\$ 1,380,274	-
Non-Statutory Fees				
NEL	284,519,075	239,585,401	44,933,674	-
NEL%	100.00%	84.21%	15.79%	0.00%

Midwest Reliability Organization (“MRO”) 2014 Business Plan and Budget has been developed by MRO staff. The plan and budget have been approved by the MRO Board of Directors (“Board”) following stakeholder review.

1. Organizational Overview

Under section 215(e)(4) of the Federal Power Act (FPA), the Commission approved NERC’s delegation of certain statutory functions, i.e., functions performed pursuant to FPA section 215, to the Regional Entities. NERC executed a Delegation Agreement with MRO on May 2, 2007 for the purpose of delegating to MRO certain responsibilities and authorities of an RE as defined by FPA section 215. MRO’s delegated functions under the agreement are: Development and Proposal of Reliability Standards and Organization Registration and Certification, Compliance, Risk Assessment and Mitigation, Enforcement, Reliability Assessment and Performance Analysis, Event Analysis, Training and Education, Situation Awareness, and Infrastructure Security.

2. *Governance*

Membership in MRO is voluntary and free, affording organizations the opportunity to participate in the technical activities and governance of the organization. MRO has approximately fifty members.

The governance structure of MRO is a hybrid stakeholder board with two independent directors. No two sectors can control a vote. This 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 four committees:

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

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 it carries out its responsibilities free of conflicts. The Hearing Body of the Board fulfills the obligations in the conduct of hearings, a mandated function under the Hearing Procedures found in the Compliance Monitoring and Enforcement Program ("CMEP").

In addition, the Board has four standing committees:

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

The charters for these standing committees are published on MRO's website and the processes for all organizational groups are defined in Policy and Procedure 3 (Establishment, Responsibilities, and Procedures of Organizational Groups).¹

3. *Statutory Functional Scope*

The primary purposes of MRO are to:

1. Determine compliance with Reliability Standards, including enforcement determinations in a non-discriminatory manner consistent with the Rules of Procedure.
2. Perform seasonal, long-term, and other assessments of reliability.
3. Provide independent technical analysis of systems events and work with industry on recommendations and lessons learned.
4. Develop, propose, and/or adopt Regional Reliability Standards or variances to Reliability Standards.

¹ 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/PP3_%20Organizational%20Groups.pdf

5. Other services consistent with its reliability charter, delegation agreement and the Rules of Procedure.

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 among 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, owners, 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 2014 Business Plan and Budget fulfills MRO’s commitments related to the delegated functions, consistent with FERC and Canadian authorities to:

- Implement compliance and enforcement programs to those subject to Reliability Standards.
- Execute a non-discriminatory, consistent enforcement process to those subject to Reliability Standards.
- Adopt Reliability Standards to ensure enforceability. Canadian enforceability has been sought through agreements with Saskatchewan and in Manitoba pursuant to the Manitoba Hydro-Act (2012).
- 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 system events.

4. Budget, Accounting, and Recordkeeping

Budgeting

MRO prepares an annual Business Plan and Budget each calendar year. The development of the Business Plan and Budget begins with an annual MRO Board strategic planning session, at which long-term goals are set for MRO. The Business Plan and Budget is then developed by MRO staff between March and June of the year preceding the budget year with input from MRO’s stakeholders (namely, the stakeholder Board members). The Business Plan and Budget is developed in conjunction with those of other REs and NERC to ensure consistency in the budgets of entities charged with FPA section 215 responsibilities. MRO staff also

participates in NERC's ERO Executive Management Group to review strategic goals and objectives for the REs, and to review common assumptions included in their business plans and budgets.

MRO's approach to budget development is an aggregation of a "top-down" and a "bottom-up" approach. The top-down approach is initiated by MRO's CEO, who determines budget figures on a big picture scale using his own estimates for MRO's needs for the current year. The bottom-up approach is coordinated among MRO's managers and vice presidents, who calculate budget amounts for their respective departments using a detailed, line-by-line approach. The bottom-up figures from all departments are then aggregated and reconciled with the CEO's top-down budget figures. Actual costs from the previous year are obtained from MRO's general ledger to help determine bottom-up budget figures for the coming year.

MRO maintains a cash reserve at all times, capable of funding MRO's operations as laid out in MRO's Operating and Working Capital Reserves policy. This cash reserve is in addition to the funding necessary for MRO's normal operations. MRO's annual business plan and budget includes a request for funding necessary to maintain or restore MRO's operating and working capital reserves. The operating and working capital reserves shall be identified and quantified each year in the business plan and budget submitted first to the Finance and Audit Committee (FAC) for review and then to the Board for approval.

Upon completion, the Business Plan and Budget is reviewed by the FAC of MRO's Board. The Business Plan and Budget is then sent to the Board for approval. Once approved by the Board and its Stakeholders, the plan is submitted to NERC and then to FERC. The plan is typically finalized by FERC approval in October or November of the year preceding the budget year.

Accounting and Recordkeeping

MRO's accounting is performed by the Vice President of Finance and the MRO accounting staff. MRO bases its current Chart of Accounts upon NERC's System of Accounts, as required in the Delegation Agreement, and uses Generally Accepted Accounting Principles (GAAP) for the classification of its expenses. Additionally, MRO maintains an accounting manual to provide instructions to its accounting staff on accounting transactions and functions. MRO maintains its books on an accrual basis, recognizing revenues when earned and expenses when incurred.

The majority of MRO expenses are direct labor costs. These costs are recorded in the accounting system by NERC account. Indirect costs are allocated to each MRO program area based on the number of full-time employees (FTEs) in each program area.

5. *Organizational Structure and Staffing*

MRO is organized into departments, all of which are dedicated to a statutory function or program area. Additionally, some functions, such as training and education, and committee and member functions, are the responsibility of multiple departments. MRO departments are organized around the NERC System of Accounts. The NERC System of Accounts assigns an account number to each statutory function outlined in the delegation agreements between NERC and the Regional Entities. MRO's accounting system is similarly organized by NERC account, meaning that while MRO tracks costs by department, MRO simultaneously tracks

costs by NERC account.

All MRO employees have a “home” program area to which they are assigned. However, most MRO employees work in multiple program areas. For instance, employees whose home program area is compliance may also assist in reliability standard development. MRO employees track their time working in each program area, and their budgeted labor costs are allocated to the various program areas in which they are anticipated to work.

The Compliance department encompasses MRO’s reliability audit, spot checks and self-certification activities.

The Risk Assessment and Mitigation and Registration and Reliability Standards functions are housed under one Vice President who oversees the two departments.

Enforcement and Regulatory Affairs is responsible for enforcement of reliability standard violations within the MRO region based upon the evaluations provided by the risk assessment staff.

MRO’s Operations department houses its reliability assessment, performance analysis, event analysis, situation awareness, infrastructure security, and IT functions. This department is headed by a Vice President.

MRO’s General Counsel/External Affairs department provides legal advice to MRO on an as-needed basis. This department also handles certain communications with NERC, other regions, and other external parties.

MRO’s Finance and Administration department performs human resources, accounting, finance, budget, and treasury functions.

6. *Financial Controls and Expense Approval*

MRO maintains formal policies governing travel expense reimbursement, corporate credit card usage, contractor use, and procurement. MRO’s Employee Handbook also addresses financial controls and expense approval.

MRO employees travel to conduct audits, perform reliability assessments, and attend industry meetings and training. MRO’s Expense Statement Guidelines (Guidelines) provide guidance to MRO employees on reimbursable travel expenses. Expenses are reviewed for proper documentation and reasonableness by department managers and MRO’s Vice President of Finance.

An independent auditing firm annually audits MRO’s financial statements. MRO staff consults the FAC of the Board in reviewing the selection of the external auditor and the scope of the audit work. Once hired, the independent auditor communicates directly to the FAC Chair regarding audit matters. The FAC and MRO staff performs an annual review of the auditing firm’s performance.

MRO’s Contract Management Procedures (Procedures) govern the procurement of goods and services in excess of \$500. The Procedures dictate that an employee must have a Master

Purchase Order approved by MRO's VP of Finance and his or her department VP for all purchases in excess of \$500. Additionally, purchases in excess of \$10,000 must also be approved by the MRO President.

MRO utilizes a time-tracking and reporting system for its employees. The software allows employees to track their labor hours by program area, project, NERC account, and registered entity. New employees are trained on MRO's time-tracking policies and systems upon hiring. Non-labor employee costs are also coded by program area, project, NERC account, and Registered Entity.

7. *Compensation Process*

MRO bases employee compensation on eight pay principles. The current pay structure uses a five-tiered structure. Each tier is divided into four scales reflecting experience and degree of knowledge, skills and abilities.

8. *Other Personnel Costs and Policies*

MRO employees are required to sign a Standards of Conduct form, attesting that they will always act in the best interests of MRO, and that they will avoid conduct and commitments that may compromise their responsibilities to MRO. MRO employees are forbidden from owning a financial interest in any entity subject to reliability standards within the MRO region.

9. *2014 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 2014 Business Plan and Budget.

10. *2014 Goals and Key Deliverables*

The vision of MRO is to oversee a reliable regional Bulk Electric System in North America. MRO's purpose is to strive to assure each Bulk Electric System owner, operator, and planner within the region is a highly effective reliable organization. MRO will leverage industry experts to address risks and improve reliability and security for the overall benefit of regional reliability. Through stakeholder processes, MRO will provide clarity on expectations and requirements; look to embed risk controls for assurance across the networked bulk electric system, and demonstrate results that improve reliability. For more information on MRO's Vision, Purpose, and Principles, please refer to MRO's website at <http://www.midwestreliability.org/>.

MRO's business planning is driven by the annual strategic initiatives, which are used in conjunction with the organizational vision, purpose, and principles:

1. Work with NERC and the other Regions for closer coordination within the Eastern Interconnection and North America.
2. Work with Registered Entities to address reliability risks and communicate lessons learned and trends from events, assessments, technical analysis, compliance, and enforcement activities analysis in a timely, transparent manner.

3. Work with stakeholders to develop guidance for Registered Entities on Reliability Standards and model controls and procedures to assure compliance with the requirements.
4. Work with NERC and Stakeholders to establish key indicators of reliable and secure performance.
5. Establish internal metrics for effectiveness and efficiency of key program areas.
6. Develop regulatory scope around risk.

Long-Term Business Planning

NERC and the Regional Entities are actively working together to improve the overall business planning and budgeting process, including long-term resource and financial planning. The 2014 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 2014 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 2014 Business Plan and Budget incorporate assumptions affecting resource demands through the 2016 planning horizon. NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long-term 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 operations.

11. 2014 Overview of Cost Impacts

MRO proposes to increase its operating budget from \$9.28 million to \$9.74 million, an increase of \$461,269. Due to an expected increase in the collection of applicable penalties and change in working capital, funding assessments will decrease by \$347,480 or 3.82%.

Operational Programs

Funding Requirements — Explanation of Increase (Decrease)

Standards and Organization Registration and Certification

For 2014, MRO will maintain flat staffing levels in the Standards area. MRO will continue to focus on continent-wide standards and leveraging experts from the industry to assure proper technical application of existing standards. MRO registers all known entities subject to the Reliability Standards.

Compliance Monitoring and Enforcement Program

MRO has three independent programs within the NERC defined compliance monitoring and enforcement program:

Compliance

The mission of the compliance staff is to conduct audits, spot checks. Budgeted costs for this program will decrease in 2014.

Risk Assessment and Mitigation

Risk Assessment and Mitigation undertakes an independent review of the facts and circumstances surrounding each potential violation discovered by Compliance Monitoring, and then determines whether sufficient evidence supports each Possible Violation (PV). Risk Assessment and Mitigation works with the registered entity to develop an effective mitigation plan in the event that a violation is confirmed. MRO is anticipating an increase in costs for this program in 2014 and has budgeted for the same.

Enforcement

Confirmed violations move to the Enforcement staff, who review recommendations made by Risk Assessment and Mitigation staff, verify all relevant facts, and evaluate appropriate enforcement actions for final disposition and resolution. Enforcement staff reports to NERC regarding the status of all PVs. MRO Enforcement staff may negotiate penalty settlements with registered entities, and coordinates review of settlement agreements by MRO's Board. Enforcement determinations are submitted by MRO staff to NERC for approval. Costs for this program are budgeted to increase in 2014.

The factual review conducted by Risk Assessment and Mitigation and Enforcement staff is intended to ensure a consistent, accurate application of the NERC reliability standards. The three-step process also provides for segregation of duties, establishing independence among those making the findings, those assessing risk, and those determining and negotiating penalties and sanctions.

Reliability Assessment and Performance Analysis

MRO's RAPA staff continues to independently assess the work of the planning coordinators in their seasonal and long term reliability assessments. Staff also assembles modeling data for the Region and works with several other Regions to prepare Eastern Interconnection models. In addition, staff reviews event analysis reports and protection system mis-operations reports prepared by registered entities to ensure complete analysis and to maintain various performance metrics. Staff performs other technical analysis such as implementation of the BES definition and participates on regional and NERC technical committees and working groups.

Training and Education

MRO provides training to Registered Entities through workshops, presentation opportunities at industry meetings, and by providing lessons learned in MRO's newsletter and other publications. Through the MRO Standards Committee, Subject Matter Expert ("SME") teams have been established to provide training on best practices and model programs for compliance, operations, and Critical Infrastructure Protection ("CIP").

Situation Awareness & Infrastructure Security Program

Situation Awareness

MRO utilizes the NERC Situation Awareness tool and monitors other communication systems to maintain an awareness of BES events and incidents. Staff is prepared to respond through timely reporting and effective communication of any identified potential risks to the BES.

Infrastructure Security Program

In recognition of the criticality of protection of cyber infrastructure and BES control systems, the 2014 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.

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. Travel relating to quarterly NERC Board of Trustees (NERC BOT) meetings is captured in the Technical Committees and Member Forums program area. The 2014 Budget reflects the increased participation of MRO staff in NERC meetings and anticipation of higher airline costs. The 2014 Budget for Technical Committees and Member Forums is increased by 85%.

General and Administrative

The 2014 Budget includes no change in travel dollars, reflecting a stable trend of expense reimbursements for the MRO Board of Directors.

The 2014 Budget has no change in professional service expenses for the costs for independent MRO board members.

Information Technology

In 2014 MRO will continue to maintain the security of its IT systems and information, along with addressing any recommendations from external and internal evaluations. MRO uses independent third parties to provide periodic assessments of its infrastructure security. MRO subscribes to compliance and standards applications from a third party vendor; these applications are subject to independent third party audits and reside on a secure platform.

Greater efficiencies are budgeted with this third party vendor as additional regions expand the common IT platform increasing scale and reducing costs by spreading costs across the increased number of participating regions.

Legal and Regulatory

For 2014, MRO overall legal and regulatory costs will decrease due to the elimination of outside legal contingency dollars.

Accounting / Human Resources

Personnel Costs - Employee Paid Benefits

The 2014 Budget has an increase in the number of FTEs from 3.01 to 3.30. The additional staff came from increased use of administrative support. MRO's overall FTE staffing has increased from 20.00 in 2007 to 40.75 in 2014 Budget. MRO does not include attrition/vacancy assumptions in personnel cost projections. In addition, the budget includes a slight decrease in building, rent and facilities costs to reflect stable lease costs in 2014 (MRO moved to new facilities in April 2012).

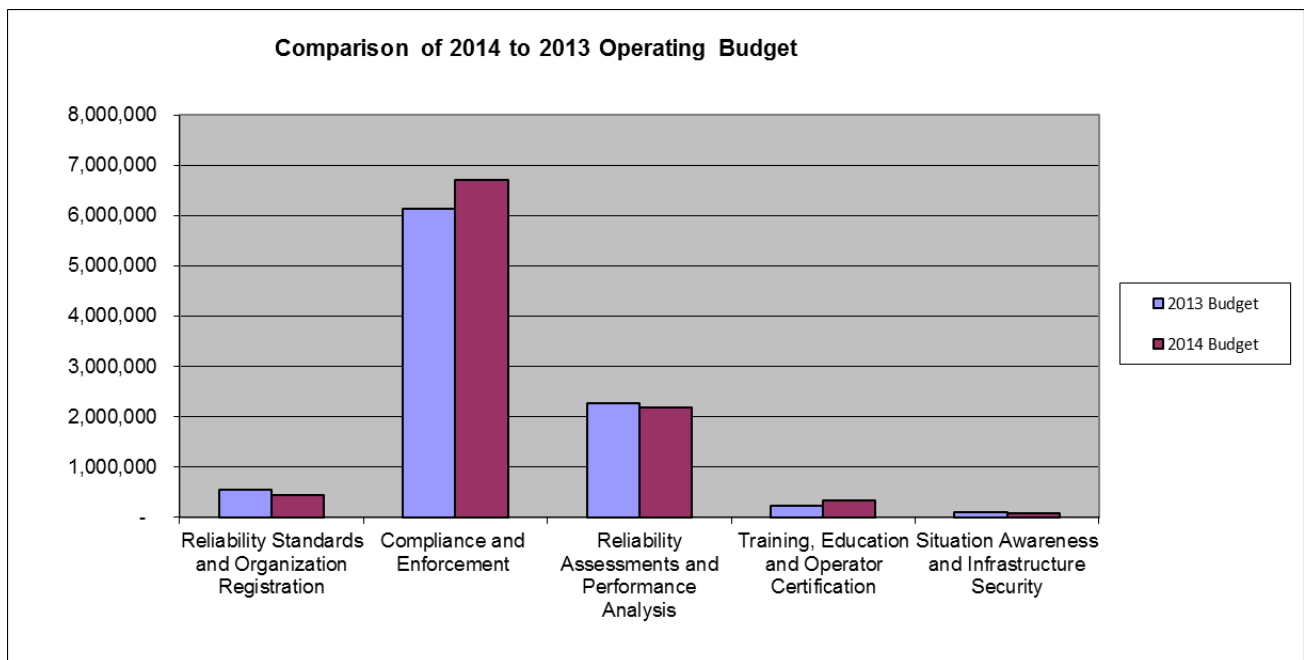
Facility Impacts

MRO staff was given the authority to seek alternative facilities to address MRO’s growing need for additional space for the higher number of FTEs and provide more opportunities to host meetings. The 2014 Budget continues to reflect lower per meeting costs with the new facility due to elimination of meeting room and audio visual rentals as well as lower catering costs.

Other Non-Operating Expenses

None

Program	2013 Budget	2013 Projection	2014 Budget	Variance 2014 Budget v 2013 Budget	% of Change
Reliability Standards and Organization Registration	\$ 543,603	\$ 543,603	\$ 435,358	\$ (108,244)	-19.91%
Compliance Enforcement	6,135,726	6,135,726	6,697,593	561,868	9.16%
Reliability Assessments and Performance Analysis	2,277,446	2,277,446	2,194,427	(83,019)	-3.65%
Training, Education and Operator Certification	229,419	229,419	333,137	103,718	45.21%
Situation Awareness and Infrastructure Security	97,348	97,348	84,283	(13,065)	-13.42%
TOTAL BUDGET	\$ 9,283,541	\$ 9,283,541	\$ 9,744,799	\$ 461,258	4.97%



Introduction

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs 2014 Budget ¹	Total FTEs 2014 Budget	Change from 2013 Budget
STATUTORY						
Operational Programs						
Reliability Standards and Organization and Certification	1.51	1.51	1.17		1.17	(0.34)
Compliance	10.42	10.42	11.16		11.16	0.74
Compliance Risk Assessment and Mitigation	5.71	5.71	6.31		6.31	0.60
Compliance Enforcement	2.86	2.86	3.79		3.79	0.93
Training and Education	0.27	0.27	0.65		0.65	0.38
Reliability Assessment and Performance Analysis	6.68	6.68	6.49		6.49	(0.19)
Situation Awareness and Infrastructure Security	0.30	0.30	0.22		0.22	(0.08)
Total FTEs Operational Programs	27.75	27.75	29.79	-	29.79	2.04
Administrative Programs						
Technical Committees and Member Forums	1.35	1.35	1.66		1.66	0.31
General & Administrative	1.32	1.32	1.94		1.94	0.62
Legal and Regulatory	1.22	1.22	0.93		0.93	(0.29)
Information Technology	3.10	3.10	3.13		3.13	0.03
Human Resources	-	-	-		-	-
Finance and Accounting	3.01	3.01	3.30		3.30	0.29
Total FTEs Administrative Programs	10.00	10.00	10.96	-	10.96	0.96
Total FTEs	37.75	37.75	40.75	-	40.75	3.00

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

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
STATUTORY					
	2013	2013	Variance	2014	Variance
	Budget	Projection	v 2013 Budget	Budget	v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 9,098,927	\$ 9,098,927	\$ -	\$ 8,741,444	\$ (357,483)
Penalty Sanctions	14,000	14,000	-	136,500	122,500
Total NERC Funding	\$ 9,112,927	\$ 9,112,927	\$ -	\$ 8,877,944	\$ (234,983)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 9,112,927	\$ 9,112,927	\$ -	\$ 8,877,944	\$ (234,983)
Expenses					
Personnel Expenses					
Salaries	\$ 4,772,320	\$ 4,772,320	\$ -	\$ 5,178,538	\$ 406,218
Payroll Taxes	312,394	312,394	-	339,154	26,760
Benefits	394,086	394,086	-	412,222	18,136
Retirement Costs	833,228	833,228	-	968,920	135,692
Total Personnel Expenses	\$ 6,312,028	\$ 6,312,028	\$ -	\$ 6,898,834	\$ 586,806
Meeting Expenses					
Meetings	\$ 132,464	\$ 132,464	\$ -	\$ 100,514	\$ (31,950)
Travel	630,765	630,765	-	598,900	(31,865)
Conference Calls	41,700	41,700	-	-	(41,700)
Total Meeting Expenses	\$ 804,929	\$ 804,929	\$ -	\$ 699,414	\$ (105,515)
Operating Expenses					
Consultants & Contracts	\$ 573,100	\$ 573,100	\$ -	\$ 543,100	\$ (30,000)
Office Rent	528,827	528,827	-	524,827	(4,000)
Office Costs	428,304	428,304	-	503,124	74,820
Professional Services	246,500	246,500	-	205,000	(41,500)
Miscellaneous	-	-	-	-	-
Depreciation	305,665	305,665	-	471,000	165,335
Total Operating Expenses	\$ 2,082,396	\$ 2,082,396	\$ -	\$ 2,247,051	\$ 164,655
Total Direct Expenses	\$ 9,199,353	\$ 9,199,353	\$ -	\$ 9,845,299	\$ 645,946
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 9,199,353	\$ 9,199,353	\$ -	\$ 9,845,299	\$ 645,946
Change in Assets	\$ (86,426)	\$ (86,426)	\$ -	\$ (967,355)	\$ (880,929)
Fixed Assets					
Depreciation	\$ (305,665)	\$ (305,665)	\$ -	\$ (471,000)	\$ (165,335)
Computer & Software CapEx	339,851	339,851	-	320,500	(19,351)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	50,000	50,000	-	50,000	-
Allocation of Fixed Assets	-	-	-	-	0
Inc(Dec) in Fixed Assets (C)	84,186	84,186	-	(100,500)	(184,686)
TOTAL BUDGET (=B + C)	\$ 9,283,539	\$ 9,283,539	\$ -	\$ 9,744,799	\$ 461,260
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
FTEs	37.75	37.75	-	40.75	3.00



Section A – Statutory Programs

2014 Business Plan and Budget

Section A — Statutory Programs

1. Reliability Standards, Organization Registration and Certification Program

Reliability Standards, Organization Registration and Certification Program (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.51	1.17	(0.34)
Direct Expenses	\$ 340,889	\$ 279,428	\$ (61,461)
Indirect Expenses	\$ 198,132	\$ 159,877	\$ (38,254)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 4,581	\$ (3,947)	\$ (8,528)
Total Funding Requirement	\$ 543,603	\$ 435,358	\$ (108,244)

Starting in calendar year 2013 MRO has consolidated Standards and Organization Registration and Certification into one department.

Program Scope and Functional Description

NERC uses stakeholder-driven processes consistent with the Rules of Procedure 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 sound, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable requirements.

MRO supports NERC standards development through its Standards Committee. 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 of Procedure.

MRO will work with NERC on development of common and consistent registration processes, information systems and methods among regions. MRO will use NERC's revised certification Rules which will require technical training to be developed by NERC.

2014 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 2014 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 provide regional input to the NERC Standards development efforts. The SC is charged with the following responsibilities:

- Recommend to the MRO Board regional representatives for NERC standards development and drafting related working groups and committees
- Promote coordination of MRO’s efforts with other Regional Entities and NERC, including a periodic review of NERC 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 NERC 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
- 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
- Assign the development of a regional Reliability Standard to a drafting team
- Present new, or modifications to, regional Reliability Standards for adoption by the MRO Board upon recommendation from the SC

In supporting the work of the SC, MRO staff monitors the NERC Standards development efforts and facilitates the efforts of the SC and its subgroups to provide input in a coordinated manner. Staff also ensures the regional processes are followed for the regional standards development. Currently, MRO has no regional standards under development and does not anticipate any Standards Authorization Request (SAR) submittals in the future.

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 its standards development plan.

NERC's Four Year Standards Development Plan, included in NERC's 2014 Business Plan and Budget as Exhibit A, supports the significant effort required by MRO to participate in standards development.

Organization Registration

- 2014 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 2012 (125 Registered Entities/502 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 is 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 Bulk Electric System
- Continue to manage overall registry by having a staff person directly assigned to this task

Organization Certification

- 2014 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 2014 (no change).

2014 Goals and Key Deliverables

- 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 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 MRO SC and Board of standards-related activities
- Participate on various NERC committees and subgroups

- 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 2014, MRO will maintain relatively flat staffing levels in the Standards and Organization Registration and Certification area even though in 2013 MRO staff consolidated Standards and Organization Registration and Certification into one department. Since Standards are primarily an industry activity, MRO has leveraged staff from Registered Entities in drafting teams and in other areas to gain more subject matter expertise applied to the standards process. While MRO reimburses travel expenses for approved representatives, there are staff cost savings.

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 60.

Personnel Expenses

- MRO continues to facilitate additional technical resources from the industry in drafting teams and in other areas to augment staff involvement, which has resulted in a relatively stabilized number of FTEs. MRO reimburses travel expenses for stakeholder participation.
- The 2014 budgeted salaries is relatively flat when compared to the 2013 budget, with a slight decrease in FTEs as MRO staff is shifted in response to realigning staff in the program areas.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

- 2014 Meeting expenses will be reduced from the 2013 Budget. The reduction is a reflection of lower meeting costs by using the new facility. The 2014 member travel reimbursement will remain at the same level.
- 2013 upgrades in audio and web conferencing media will impact future conferencing costs by bringing the capabilities in-house and eliminating the need to pay an outside vendor for conference calls.

Operating Expenses

- 2014 Consultant and Contract costs will remain at the same level as the 2013 Budget.
- 2014 Office costs will decrease in departments maintaining certifications by leveraging training to satisfy multiple certification requirements.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2014 as a result of a lower percentage of total FTEs in the direct programs.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Standards and Organization Registration and Certification Program

Funding sources and related expenses for the Reliability Standards section of the 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
RELIABILITY STANDARDS AND ORGANIZATIONAL REGISTRATION					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 542,840	\$ 542,840	\$ -	\$ 429,997	\$ (112,843)
Penalty Sanctions	762	762	-	5,361	4,599
Total NERC Funding	\$ 543,602	\$ 543,602	\$ -	\$ 435,358	\$ (108,243)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 543,602	\$ 543,602	\$ -	\$ 435,358	\$ (108,243)
Expenses					
Personnel Expenses					
Salaries	\$ 210,558	\$ 210,558	\$ -	\$ 175,057	\$ (35,501)
Payroll Taxes	12,362	12,362	-	9,981	(2,381)
Benefits	15,154	15,154	-	12,129	(3,025)
Retirement Costs	32,835	32,835	-	34,167	1,332
Total Personnel Expenses	\$ 270,909	\$ 270,909	\$ -	\$ 231,334	\$ (39,575)
Meeting Expenses					
Meetings	\$ 7,500	\$ 7,500	\$ -	\$ 4,000	\$ (3,500)
Travel	28,900	28,900	-	28,900	-
Conference Calls	15,000	15,000	-	-	(15,000)
Total Meeting Expenses	\$ 51,400	\$ 51,400	\$ -	\$ 32,900	\$ (18,500)
Operating Expenses					
Consultants & Contracts	\$ 12,000	\$ 12,000	\$ -	\$ 12,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	6,580	6,580	-	3,194	(3,386)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 18,580	\$ 18,580	\$ -	\$ 15,194	\$ (3,386)
Total Direct Expenses	\$ 340,889	\$ 340,889	\$ -	\$ 279,428	\$ (61,461)
Indirect Expenses	\$ 198,132	\$ 198,132	\$ -	\$ 159,877	\$ (38,254)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 539,021	\$ 539,021	\$ -	\$ 439,305	\$ (99,715)
Change in Assets	\$ 4,581	\$ 4,581	\$ -	\$ (3,947)	\$ (8,528)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 4,581	4,581	-	(3,947)	(8,528)
Inc(Dec) in Fixed Assets (C)	4,581	4,581	-	(3,947)	(8,528)
TOTAL BUDGET (=B + C)	\$ 543,602	\$ 543,602	\$ -	\$ 435,358	\$ (108,243)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	1.51	1.51	-	1.17	(0.34)

2. Compliance Monitoring and Enforcement Program (CMEP)

Compliance Monitoring and Enforcement Program (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	18.99	21.26	2.3
Direct Expenses	\$ 3,586,378	\$ 3,864,192	\$ 277,815
Indirect Expenses	\$ 2,491,737	\$ 2,905,124	\$ 413,387
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 57,611	\$ (71,723)	\$ (129,334)
Total Funding Requirement	\$ 6,135,726	\$ 6,697,593	\$ 561,869

Program Scope and Functional Description

In 2014, the MRO Compliance Monitoring and Enforcement Program includes performing CMEP activities with approximately 125 Registered Entities in the MRO Region.

All Registered Entities are subject to periodic audit and/or spot checks. For 2014, there are a total of 20 compliance audits planned, and spot checks will be done as needed.

In addition to the normal and ongoing compliance discovery activities under the NERC CMEP, MRO Compliance staff will be prepared to assist with 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 2014. Investigations are handled through MRO's Risk Assessment and Mitigation team.

2014 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 2014 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 Manitoba, MRO monitors Reliability Standards under provincial law as implemented in the Manitoba Reliability Standards Regulation. In Saskatchewan, MRO carries out its compliance monitoring responsibilities according to an agreement with the Saskatchewan Oversight Authority.

2014 Compliance Monitoring Program Goals and Key Deliverables

- Conduct secondary independent review to assure all determinations of possible violations are accurate, complete, and technically sufficient
- Assure professionally-trained staff is available to perform the required activities under the NERC Rules of Procedure
- Deliver consistent results when processing all instances of noncompliance
- 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
- Conduct system performance compliance monitoring (such as due diligence review of misoperations, physical inspections, etc.)
- Participate in compliance investigations as warranted
- Continue to maintain information in a secured environment through webCDMS; expand use of webCDMS tool suite for staff to drive more efficiencies in the conduct of the work and make the work more meaningful to Registered Entities
- Participate in working groups where continent-wide compliance and enforcement program processes and procedures will be developed to drive consistency
- In 2012 MRO engaged a third party consultant that provided an assessment of the audit practices across the Regions and NERC with the purpose to gauge the level of practices and develop a tool to drive consistency across the Regions, as well as to provide NERC with an oversight tool. In 2012 the regions implemented a uniform audit checklist.

Funding Requirements — Explanation of Increase (Decrease)**Compliance Monitoring Explanation of Variances – 2014 Budget versus 2013 Budget
Annual Implementation Plan**

- Monitor compliance with all regulatory-approved Reliability Standards as defined in the NERC Annual Implementation Plan.
- Adopt risk-based audit principles of the Reliability Assurance Initiative (RAI), potentially reducing scope of individual audits but incurring additional effort when reviewing Registered Entities’ internal controls.
- It is assumed that the NERC 2014 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 2013 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 is needed as a result of self-certifications or events

Planned Audits (Operating and Planning Standards)

- 2014 Variance: increase of workload.
- The number of audits to be performed in 2014 is 20, which is an increase by one compared to 2013.

Planned Audits (CIP Standards)

- 2014 Variance: consistent workload.
- The number of audits to be performed in 2014 is 20, which is consistent compared to 2013. In addition, Technical Feasibility Exceptions (TFEs) will continue to be managed on an ongoing basis, and a review of TFEs will be included in each audit.

Annual Self-Certification Requirement

- 2014 Variance: consistent in workload.
- The number of entities participating in the annual self-certification is approximately 125 for 2014.
- It is assumed that the NERC 2014 Implementation Plan, which identifies the Reliability Standard requirements to be monitored through annual self-certification, is reduced due to the exclusion of standards audited at an entity during 2014.

Compliance Investigations (CIs)

- 2014 Variance: increase in workload in 2014 from 2013.
- MRO Risk Assessment and Mitigation staff will assume the lead on investigations in the MRO region.

Compliance Possible Violation Discovery

- 2014 Variance: increase of workload in 2014 from 2013.
- For every possible violation, MRO Risk Assessment and Mitigation 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, the expanded scope of system performance monitoring, and the instability of CIP standards (version 3/4/5 transition).
- MRO expects self-reported violations to continue on its past trend.

Compliance Possible Violation Record Development

- 2014 Variance: increase of workload in 2014 from 2013.
- 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.

Mitigation Plan Acceptance and Verification of Completion

- 2014 Variance: increase of workload in 2014 from 2013.
- MRO uses number of days in violation process (DIVP) and violation aging as key indicators for process efficiency and effectiveness. Due primarily to CIP violations, the

number of days has increased, and therefore we are devoting more resources in this area. Further, MRO assumes an increase in the number and frequency of violations discovered with the inclusion of the CIP Standards and 41 Requirements.

- For every Alleged Violation identified by MRO staff, a mitigation plan must be submitted. MRO Risk Assessment and Mitigation staff reviews each submitted mitigation plan to assess whether the proposed plan will mitigate and prevent recurrence of the subject violation. The development of the mitigation plan provides the information necessary to determine the potential and actual risk to the reliability of the BES.

Compliance Enforcement Explanation of Variances – 2014 Budget versus 2013 Budget

2014 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 2014 Business Plan and Budget.

Processing of Alleged Violations

For every possible violation identified by MRO compliance staff or a Registered Entity, MRO enforcement staff performs a review to confirm its validity. For possible violations deemed valid, MRO enforcement staff prepares and issues a Notice of 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 Notice of Alleged Violation which may include a Disposition Document for each alleged violation or a Notice of Find, Fix, Track and Report processing for each remediated issue. Where a Notice of Alleged Violation is issued, a proposed penalty is calculated and 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. The drafting of these notices is an iterative process and requires resources.

For more complex or significant matters, MRO enforcement staff anticipates resolution through negotiated settlement. This process is sometimes lengthy and typically results in ongoing tracking and monitoring requirements for MRO and the Registered Entity to ensure completion of agreed-upon remedies. MRO encourages Registered Entities to make investments in equipment and people as an offset for proposed penalties. This results in longer-term monitoring commitments in the enforcement process.

Record Development and Maintenance

Processes have been formalized and necessary documentation identified to complete the record. The webCDMS application provides for a central repository accessible to each Registered Entity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2014, MRO is devoting more resources to the compliance monitoring area due to the

increasing workload in this area.

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 60.

Personnel Expenses

- The overall budgeted FTE count for Compliance reflects a 2.3 increase for 2014 when compared to the FTE count at year-end 2013 due to additional personnel required to support the RAI.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

Recognizing continued facility savings in meeting costs due to hosting more meetings in the office versus renting a meeting room.

Travel Expense

Expenditures in the “travel” account will be decreased in 2014 primarily due to reduced need for staff travel with increased use of on-site meetings and web conferences. There are also less NERC/Regional working groups.

Conference Calls

2013 upgrades in audio and web conferencing media will impact future conferencing costs by bringing the capabilities in-house and eliminating the need to pay an outside vendor for conference calls.

Operating Expenses

- **Consultants and Contracts**
Greater efficiencies are expected with the third party vendor as additional regions expand the common IT platform increasing scale and reducing MRO’s costs by spreading total costs across the increased number of participating regions.
- **Office Costs**
The “office costs” account for 2014 will increase in training costs for the staff due to new staff acquiring the necessary certifications in 2013 and 2014. MRO has its own credential and experience requirements for personnel in the audit area.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result a higher percentage of total FTEs in the direct programs. In addition, for 2014, there are higher administrative service costs associate with an increase in MRO staff.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 Fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Compliance Monitoring and Enforcement Program

Funding sources and related expenses for the Compliance Enforcement section of the 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
COMPLIANCE MONITORING, AND ENFORCEMENT					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 6,126,145	\$ 6,126,145	\$ -	\$ 6,600,178	\$ 474,033
Penalty Sanctions	9,581	9,581	-	97,415	87,834
Total NERC Funding	\$ 6,135,726	\$ 6,135,726	\$ -	\$ 6,697,593	\$ 561,868
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 6,135,726	\$ 6,135,726	\$ -	\$ 6,697,593	\$ 561,868
Expenses					
Personnel Expenses					
Salaries	\$ 2,372,105	\$ 2,372,105	\$ -	\$ 2,631,450	\$ 259,345
Payroll Taxes	159,443	159,443	-	179,885	20,442
Benefits	203,097	203,097	-	222,055	18,958
Retirement Costs	393,579	393,579	-	461,742	68,163
Total Personnel Expenses	\$ 3,128,224	\$ 3,128,224	\$ -	\$ 3,495,132	\$ 366,908
Meeting Expenses					
Meetings	\$ 5,600	\$ 5,600	\$ -	\$ 5,500	\$ (100)
Travel	200,300	200,300	-	137,000	(63,300)
Conference Calls	8,400	8,400	-	-	(8,400)
Total Meeting Expenses	\$ 214,300	\$ 214,300	\$ -	\$ 142,500	\$ (71,800)
Operating Expenses					
Consultants & Contracts	\$ 157,000	\$ 157,000	\$ -	\$ 127,000	\$ (30,000)
Office Rent	-	-	-	-	-
Office Costs	79,354	79,354	-	94,560	15,206
Professional Services	7,500	7,500	-	5,000	(2,500)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 243,854	\$ 243,854	\$ -	\$ 226,560	\$ (17,294)
Total Direct Expenses	\$ 3,586,378	\$ 3,586,378	\$ -	\$ 3,864,192	\$ 277,814
Indirect Expenses	\$ 2,491,737	\$ 2,491,737	\$ -	\$ 2,905,124	\$ 413,387
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 6,078,115	\$ 6,078,115	\$ -	\$ 6,769,316	\$ 691,201
Change in Assets	\$ 57,611	\$ 57,611	\$ -	\$ (71,723)	\$ (129,334)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	\$ 57,611	57,611	-	(71,723)	(129,334)
Inc(Dec) in Fixed Assets (C)	\$ 57,611	\$ 57,611	\$ -	\$ (71,723)	\$ (129,334)
TOTAL BUDGET (=B + C)	\$ 6,135,726	\$ 6,135,726	\$ -	\$ 6,697,593	\$ 561,868
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	18.99	18.99	-	21.26	2.27

3. Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	6.68	6.49	(0.19)
Direct Expenses	\$ 1,380,677	\$ 1,329,480	\$ (51,197)
Indirect Expenses	\$ 876,504	\$ 886,842	\$ 10,338
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 20,265	\$ (21,895)	\$ (42,160)
Total Funding Requirement	\$ 2,277,446	\$ 2,194,427	\$ (83,020)

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 by Registered Entities 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 until those functions are assigned to registered entities through Reliability Standards (fill in the blank standards).
5. Support MRO stakeholder groups and participate in NERC efforts.

2014 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 2014 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 Planning Authorities and reviewed by the MRO Operating Committee ("OC") and the Planning Committee ("PC"), 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 2014, 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. The collection and validation of Generating Availability Data System, Transmission Availability Data System and Demand Response Availability Data System will add to MRO’s workload as will efforts related to BES exception reporting. MRO did not include any resource requirements directly relating to the BES exception reporting due to the uncertainty.

2014 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 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 until they are transitioned to Registered Entities
- 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 60.

Personnel Expenses

Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

- Recognizing continued facility savings in meeting costs due to hosting more meetings in the office versus renting a meeting room. Expenditures in the “meeting expense” account are expected to be lower in 2014.
- 2013 upgrades in audio and web conferencing media will impact future conferencing costs by bringing the capabilities in-house and eliminating the need to pay an outside vendor for conference calls.

Operating Expenses

Consultants and contracts decreased in 2014 primarily because MRO removed the contingency dollars for an Event Analysis.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 2,274,076	\$ 2,274,076	\$ -	\$ 2,164,689	\$ (109,386)
Penalty Sanctions	3,370	3,370		29,738	26,368
Total NERC Funding	<u>\$ 2,277,446</u>	<u>\$ 2,277,446</u>	<u>\$ -</u>	<u>\$ 2,194,427</u>	<u>\$ (83,019)</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ 2,277,446</u>	<u>\$ 2,277,446</u>	<u>\$ -</u>	<u>\$ 2,194,427</u>	<u>\$ (83,019)</u>
Expenses					
Personnel Expenses					
Salaries	\$ 795,326	\$ 795,326	\$ -	\$ 793,111	\$ (2,215)
Payroll Taxes	54,654	54,654	-	53,718	(936)
Benefits	71,795	71,795	-	68,241	(3,554)
Retirement Costs	160,752	160,752	-	170,310	9,558
Total Personnel Expenses	<u>\$ 1,082,527</u>	<u>\$ 1,082,527</u>	<u>\$ -</u>	<u>\$ 1,085,380</u>	<u>\$ 2,853</u>
Meeting Expenses					
Meetings	\$ 20,000	\$ 20,000	\$ -	\$ 5,500	\$ (14,500)
Travel	106,150	106,150	-	81,000	(25,150)
Conference Calls	2,500	2,500	-	-	(2,500)
Total Meeting Expenses	<u>\$ 128,650</u>	<u>\$ 128,650</u>	<u>\$ -</u>	<u>\$ 86,500</u>	<u>\$ (42,150)</u>
Operating Expenses					
Consultants & Contracts	\$ 141,100	\$ 141,100	\$ -	\$ 126,700	\$ (14,400)
Office Rent	-	-	-	-	-
Office Costs	28,400	28,400	-	30,900	2,500
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 169,500</u>	<u>\$ 169,500</u>	<u>\$ -</u>	<u>\$ 157,600</u>	<u>\$ (11,900)</u>
Total Direct Expenses	<u>\$ 1,380,677</u>	<u>\$ 1,380,677</u>	<u>\$ -</u>	<u>\$ 1,329,480</u>	<u>\$ (51,197)</u>
Indirect Expenses	<u>\$ 876,504</u>	<u>\$ 876,504</u>	<u>\$ -</u>	<u>\$ 886,842</u>	<u>\$ 10,338</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ 2,257,181</u>	<u>\$ 2,257,181</u>	<u>\$ -</u>	<u>\$ 2,216,322</u>	<u>\$ (40,859)</u>
Change in Assets	<u>\$ 20,265</u>	<u>\$ 20,265</u>	<u>\$ -</u>	<u>\$ (21,895)</u>	<u>\$ (42,160)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 20,265	20,265	\$ -	(21,895)	\$ (42,160)
Inc(Dec) in Fixed Assets (C)	<u>\$ 20,265</u>	<u>\$ 20,265</u>	<u>\$ -</u>	<u>\$ (21,895)</u>	<u>\$ (42,160)</u>
TOTAL BUDGET (=B + C)	<u>\$ 2,277,446</u>	<u>\$ 2,277,446</u>	<u>\$ -</u>	<u>\$ 2,194,427</u>	<u>\$ (83,019)</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>
FTEs	6.68	6.68	-	6.49	(0.19)

4. Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	0.27	0.65	0.38
Direct Expenses	\$ 193,171	\$ 246,509	\$ 53,338
Indirect Expenses	\$ 35,428	\$ 88,821	\$ 53,393
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 819	\$ (2,193)	\$ (3,012)
Total Funding Requirement	\$ 229,419	\$ 333,137	\$ 103,719

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, performing quality event analysis, identifying 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 Compliance Monitoring and Enforcement Program implementation, the requirements and application of the Standards, lessons learned, and elements of an effective compliance program.

2014 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 2014 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 in Compliance Monitoring and Enforcement Program workshops, and stakeholder forums and group training initiatives. The MRO Standards Committee assists and oversees the

Reliability Standards requirement and application training for Registered Entities, and the Planning and Operating Committees contribute to planning Reliability Conferences.

MRO organizes and administers specific training for Hearing Body participants when necessary.

2014 Goals and Key Deliverables

In addition to the MRO management team participating in, and presenting at, various forums (such as Transmission Forum, Generation Forum, MCCF, RTO/ISO, APDA, State Regulator meetings, etc.), MRO will provide workshops (one Compliance Monitoring and Enforcement Program workshop, one Reliability Conference, and one Standards Workshop). In addition, smaller workshops will be held for specific technical topics.

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2014, MRO will provide training to Registered Entities through workshops and other opportunities at industry meetings and by providing lessons learned in MRO's newsletter and other publications. MRO will continue 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 60.

Personnel Expenses

- Budgeted payroll taxes, benefits and retirement costs reflect an increase in the actual trend of executive involvement in the workshops, newsletters, and speaker engagements.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

- Expenditures in the “meeting expense” account will decrease in 2014. MRO will provide three training forums. Hearing Body training is not required on an annual basis. It was offered in 2013.
- 2013 upgrades in audio and web conferencing media will impact future conferencing costs by bringing the capabilities in-house and eliminating the need to pay an outside vendor for conference calls.

Travel Expenses

Expenditures in the “travel expense” account reflect the lower trending in 2014 of member reimbursement for stakeholders presenting to other stakeholders.

Operating Expenses

Office Costs will hold steady in 2014.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
TRAINING, EDUCATION and OPERATOR CERTIFICATION					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 229,281	\$ 229,281	\$ -	\$ 330,159	\$ 100,877
Penalty Sanctions	136	136	-	2,978	2,842
Total NERC Funding	\$ 229,418	\$ 229,418	\$ -	\$ 333,137	\$ 103,719
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 229,418	\$ 229,418	\$ -	\$ 333,137	\$ 103,719
Expenses					
Personnel Expenses					
Salaries	\$ 65,436	\$ 65,436	\$ -	\$ 135,804	\$ 70,368
Payroll Taxes	2,231	2,231	-	6,128	3,897
Benefits	1,935	1,935	-	6,856	4,921
Retirement Costs	11,469	11,469	-	22,921	11,452
Total Personnel Expenses	\$ 81,071	\$ 81,071	\$ -	\$ 171,709	\$ 90,638
Meeting Expenses					
Meetings	\$ 63,500	\$ 63,500	\$ -	\$ 49,000	\$ (14,500)
Travel	28,600	28,600	-	20,800	(7,800)
Conference Calls	15,000	15,000	-	-	(15,000)
Total Meeting Expenses	\$ 107,100	\$ 107,100	\$ -	\$ 69,800	\$ (37,300)
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	\$ 193,171	\$ 193,171	\$ -	\$ 246,509	\$ 53,338
Indirect Expenses	\$ 35,428	\$ 35,428	\$ -	\$ 88,821	\$ 53,393
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 228,599	\$ 228,599	\$ -	\$ 335,330	\$ 106,731
Change in Assets	\$ 819	\$ 819	\$ -	\$ (2,193)	\$ (3,012)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 819	819	-	(2,193)	(3,012)
Inc(Dec) in Fixed Assets (C)	\$ 819	\$ 819	\$ -	\$ (2,193)	\$ (3,012)
TOTAL BUDGET (=B + C)	\$ 229,418	\$ 229,418	\$ -	\$ 333,137	\$ 103,719
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	0.27	0.27	-	0.65	0.38

5. Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	0.30	0.22	(0.08)
Direct Expenses	\$ 57,074	\$ 54,963	\$ (2,111)
Indirect Expenses	\$ 39,364	\$ 30,062	\$ (9,302)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	910	(742)	(1,652)
Total Funding Requirement	\$ 97,348	\$ 84,283	\$ (13,065)

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.

2014 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 2014 Business Plan and Budget.

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

2014 Goals and Key Deliverables

The goal of the Situation Awareness program is to maintain awareness about the conditions of the bulk electric system and to respond to events by providing coordination assistance and communications between key parties. In 2014, staff will continue to try to fully utilize and improve the second version 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 bulk electric system in North America by taking a leadership role in critical infrastructure protection of the electricity sector to reduce vulnerabilities of the electricity sector's critical infrastructure.

2014 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 2014 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 Operations Group within MRO has Situation Awareness responsibilities, which are budgeted in their respective areas.

2014 Goals and Key Deliverables

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

Funding Requirements – Explanation of Increase (Decrease)

The 2014 Budget reflects a reduction from 2013 in the Situation Awareness and Infrastructure Security Program area as operator accountability reduces the scope of MRO's work.

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 60.

Personnel Expenses

Personnel costs for 2014 Budget remain flat.

Meeting Expenses

MRO does not anticipate travel costs.

Operating Expenses

Office Costs are unchanged.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2014 as a result of a lower percentage of total FTEs in the direct programs.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
SITUATION AWARENESS and INFRASTRUCTURE SECURITY					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection v 2013 Budget Over(Under)	Budget	2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 97,197	\$ 97,197	\$ -	\$ 83,275	\$ (13,922)
Penalty Sanctions	151	151	-	1,008	857
Total NERC Funding	\$ 97,348	\$ 97,348	\$ -	\$ 84,283	\$ (13,065)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 97,348	\$ 97,348	\$ -	\$ 84,283	\$ (13,065)
Expenses					
Personnel Expenses					
Salaries	\$ 37,373	\$ 37,373	\$ -	\$ 39,332	\$ 1,959
Payroll Taxes	1,824	1,824	-	2,173	349
Benefits	1,935	1,935	-	2,320	385
Retirement Costs	7,642	7,642	-	6,138	(1,504)
Total Personnel Expenses	\$ 48,774	\$ 48,774	\$ -	\$ 49,963	\$ 1,189
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	3,300	3,300	-	-	(3,300)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 3,300	\$ 3,300	\$ -	\$ -	\$ (3,300)
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	\$ 57,074	\$ 57,074	\$ -	\$ 54,963	\$ (2,111)
Indirect Expenses	\$ 39,364	\$ 39,364	\$ -	\$ 30,062	\$ (9,302)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 96,438	\$ 96,438	\$ -	\$ 85,025	\$ (11,413)
Change in Assets	\$ 910	\$ 910	\$ -	\$ (742)	\$ (1,652)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 910	910	-	(742)	(1,652)
Inc(Dec) in Fixed Assets (C)	\$ 910	\$ 910	\$ -	\$ (742)	\$ (1,652)
TOTAL BUDGET (=B + C)	\$ 97,348	\$ 97,348	\$ -	\$ 84,283	\$ (13,065)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	0.30	0.30	-	0.22	(0.08)

6. Administrative Services

Administrative Services (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	10.00	10.96	0.96
Total Direct Expenses	\$ 3,641,165	\$ 4,070,727	\$ 429,562
Inc(Dec) in Fixed Assets	\$ 84,186	\$ (100,500)	\$ (184,686)
Less: Other Funding Sources			\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ 3,725,351	\$ 3,970,227	\$ 244,876
Funding Requirement for Working Capital	\$ (170,613)	\$ (866,855)	\$ (696,243)

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)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.35	1.66	0.31
Total Direct Expenses	\$ 577,314	\$ 605,216	\$ 27,902
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.

2014 Key Assumptions

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

2014 Goals and Key Deliverables

MRO's goal is to actively participate in NERC committees to develop best practices and continuously improve; to ensure consistency among the Regions; and to meet the goals of the MRO Registered Entities to be highly effective reliability organizations.

Funding Sources and Requirements — Explanation of Increase (Decrease)

MRO reimburses approved regional stakeholder representatives for travel expenses for NERC committee meetings.

Funding Sources (Other than ERO Assessments)

In 2014, 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 be relatively flat in 2014 from 2013.

Travel Expenses

MRO reimburses travel expenses for approved regional representatives. The 2014 Budget shows an increase to reflect the general increase in the number of staff and stakeholder participation on NERC committees, task forces, trade, BOT and MRC meetings.

Operating Expenses

No operating expenses are budgeted in 2014.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
TECHNICAL COMMITTEES and MEMBER FORUMS					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 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 (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 297,396	\$ 297,396	\$ -	\$ 286,447	\$ (10,949)
Payroll Taxes	16,595	16,595	-	15,986	(609)
Benefits	18,916	18,916	-	15,715	(3,201)
Retirement Costs	57,407	57,407	-	58,368	961
Total Personnel Expenses	<u>\$ 390,314</u>	<u>\$ 390,314</u>	<u>\$ -</u>	<u>\$ 376,516</u>	<u>\$ (13,798)</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	187,000	187,000	-	228,700	41,700
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 187,000</u>	<u>\$ 187,000</u>	<u>\$ -</u>	<u>\$ 228,700</u>	<u>\$ 41,700</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>\$ 577,314</u>	<u>\$ 577,314</u>	<u>\$ -</u>	<u>\$ 605,216</u>	<u>\$ 27,902</u>
Indirect Expenses	<u>\$ (577,314)</u>	<u>\$ (577,314)</u>	<u>\$ -</u>	<u>\$ (605,216)</u>	<u>\$ (27,902)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<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	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	-	-	-
Inc(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	1.35	1.35	-	1.66	0.31

6b. General and Administrative

General and Administrative (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.32	1.94	0.62
Total Direct Expenses	\$ 559,018	\$ 692,365	\$ 133,347
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ (170,612)	\$ (866,855)	\$ (696,243)

Program Scope and Functional Description

The MRO General and Administrative function provides executive management of the Corporation.

2014 Key Assumptions

- Cost pressures will continue into 2014 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 are to be allocated proportionately based on FTE to the direct programs.
- Flat costs of \$100,000 are anticipated for the fees and expenses for the two independent Board members who joined the MRO Board in January 2013.

2014 Goals and Key Deliverables

The MRO General and Administrative function assures that there is adequate attention to the day-to-day management of the corporation including board governance, policies and procedures to maintain and enhance operation of the corporation, proper record-keeping, and related responsibilities under applicable regulations as well as MRO's Delegation Agreement.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The 2014 Budget includes increased travel dollars that reflect the trend of higher travel costs and reimbursement of expenses for the MRO Board of Directors as well as the additional expenses associated with the two new independent directors.

Assessments

The Board approved an Operating and Working Capital Reserves Policy on March 14, 2013 (see Attachment B) which is subject to re-evaluation on an annual basis.

Funding Sources

In 2014, the expenses related to the indirect program areas are being allocated entirely to the direct programs.

Personnel Expenses

- Budgeted FTE increased in 2014 as a result of supporting an increase in MRO staff.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

The 2014 Budget meeting dollars remained unchanged because the number of meetings that are now being held at the new facility is expected to remain the same. Travel Expense has increased in 2014 primarily due to anticipation of higher airline costs.

Operating Expenses

- The 2014 Budget for consultants and contracts is unchanged. Trending of historic costs revealed very little cost change for consultants and contracts. Also, media training costs, which was a variable cost, moved from General and Administrative to Legal in 2012.
- The 2014 Budget for Professional Services is unchanged.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2012 Budget & Projection, and 2013 Budget					
GENERAL and ADMINISTRATIVE					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection v 2013 Budget Over(Under)	Budget	2014 Budget v 2013 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
Expenses					
Personnel Expenses					
Salaries	\$ 192,366	\$ 192,366	\$ -	\$ 289,381	\$ 97,015
Payroll Taxes	10,760	10,760	-	15,884	5,124
Benefits	13,435	13,435	-	14,661	1,226
Retirement Costs	34,693	34,693	-	49,575	14,882
Total Personnel Expenses	\$ 251,254	\$ 251,254	\$ -	\$ 369,501	\$ 118,247
Meeting Expenses					
Meetings	\$ 35,864	\$ 35,864	\$ -	\$ 35,864	\$ -
Travel	60,000	60,000	-	83,000	23,000
Conference Calls	800	800	-	-	(800)
Total Meeting Expenses	\$ 96,664	\$ 96,664	\$ -	\$ 118,864	\$ 22,200
Operating Expenses					
Consultants & Contracts	\$ 40,000	\$ 40,000	\$ -	\$ 40,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	71,100	71,100	-	64,000	(7,100)
Professional Services	100,000	100,000	-	100,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 211,100	\$ 211,100	\$ -	\$ 204,000	\$ (7,100)
Total Direct Expenses	\$ 559,018	\$ 559,018	\$ -	\$ 692,365	\$ 133,347
Indirect Expenses	\$ (559,018)	\$ (559,018)	\$ -	\$ (692,365)	\$ (133,347)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	-	-	-
Inc(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (170,612)	\$ (170,612)	\$ -	\$ (866,855)	\$ (696,243)
FTEs	1.32	1.32	-	1.94	0.62

6c. Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.22	0.93	(0.29)
Total Direct Expenses	\$ 344,983	\$ 271,822	\$ (73,161)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

MRO maintains 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, such as for tax matters, employee benefit plan issues, and significant policy or FERC matters.

2014 Key Assumptions

- In the 2014 Budget, as in the 2013 and 2012 budgets, there are no specific funds for hearings under CMEP Rules, and MRO would use its current budget and reserves in the first instance.
- MRO reduced its Professional Services budget for 2014 by eliminating outside legal contingency dollars.
- Travel costs will increase due to more external affairs and communication activities related to new initiatives.

2014 Goals and Key Deliverables

Legal and Regulatory functions are responsible for general corporate legal advice, legal training, and timely, accurate filings to Regulatory authorities. This function is provided by MRO staff to the MRO Board Governance and Personnel Committee. External affairs and communications are also incorporated into this function including outreach to stakeholders and regulators (federal, state and provincial). Outside legal will be used exclusively for any hearings and to supplement internal resources as necessary.

Media training has been moved from General and Administrative to Legal and Regulatory. Media training is provided as part of MRO's Crisis Communication function, where the internal legal source will be the communication coordinator of the MRO Crisis Communication Team.

Funding Sources and Requirements — Explanation of Increase (Decrease)***Funding Sources***

In 2014, the expenses related to the indirect program areas are allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- 2014 Budget has decreased from the 2013 budget reflecting an anticipated personnel shift supporting program areas outside of Legal and Regulatory.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

The 2014 meeting expenses are at a minimal amount. Travel costs were increased to reflect continued outreach to state public utility commissions in our region through individual meetings and through participation in the Mid-American Regulatory Conference (MARC), outreach to Canadian provincial regulators, and participation in the NERC BOT and Trade meetings.

Operating Expenses

The 2014 Professional Services account was reduced from 2013 by eliminating outside legal contingency dollars.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs.

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 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
LEGAL and REGULATORY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 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 (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 219,355	\$ 219,355	\$ -	\$ 173,407	\$ (45,948)
Payroll Taxes	11,538	11,538	-	8,754	(2,784)
Benefits	2,150	2,150	-	2,848	698
Retirement Costs	37,375	37,375	-	28,163	(9,212)
Total Personnel Expenses	<u>\$ 270,418</u>	<u>\$ 270,418</u>	<u>\$ -</u>	<u>\$ 213,172</u>	<u>\$ (57,246)</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 150	\$ 150
Travel	9,515	9,515	-	12,500	2,985
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 9,515</u>	<u>\$ 9,515</u>	<u>\$ -</u>	<u>\$ 12,650</u>	<u>\$ 3,135</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	5,050	5,050	-	6,000	950
Professional Services	60,000	60,000	-	40,000	(20,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 65,050</u>	<u>\$ 65,050</u>	<u>\$ -</u>	<u>\$ 46,000</u>	<u>\$ (19,050)</u>
Total Direct Expenses	<u>\$ 344,983</u>	<u>\$ 344,983</u>	<u>\$ -</u>	<u>\$ 271,822</u>	<u>\$ (73,161)</u>
Indirect Expenses	<u>\$ (344,983)</u>	<u>\$ (344,983)</u>	<u>\$ -</u>	<u>\$ (271,822)</u>	<u>\$ 73,161</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<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	-	-	-	-	-
Allocation of Fixed Assets		\$ -		-	
Inc(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	1.22	1.22		0.93	(0.29)

6d. Information Technology

Information Technology (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.10	3.13	0.03
Total Direct Expenses	\$ 1,019,203	\$ 1,294,652	\$ 275,449
Inc(Dec) in Fixed Assets	\$ 34,186	\$ (150,500)	\$ (184,686)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2014 Key Assumptions

IT provides support and guidance for the technologies deployed at MRO. Technologies include secure networks, systems and business applications, office equipment such as copiers and fax machines, servers to support connected and shared resources, printers, handheld devices, telephones, remote access and conference solutions.

IT has a keen focus on availability of networks and systems, maintenance of those systems, investigation of issues, and deployment of new tools. Managing IT is essential to staff productivity.

2014 Goals and Key Deliverables

The IT program's goal is to provide secure technology solutions that enable staff to have information and data to perform their functions and the communications technologies to support their interaction among staff, registered entities and others.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Higher MRO staff resulted in higher administrative service costs directly related to hardware, software, and maintenance costs.

Funding Sources

In 2014, the expenses related to indirect program areas are being allocated entirely to the direct programs.

Personnel Expenses

- Personnel costs are relatively flat in 2014.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

Travel costs are unchanged.

Operating Expenses

- 2014 Consultants and Contracts expense has increased due to one-time set-up costs for SharePoint expansion and other miscellaneous system upgrades.
- 2014 Office costs have gone up due to the impact of higher FTEs at MRO. MRO's overall FTE staffing has increased from 20.00 in 2007 to 40.75 in 2014 Budget.
- 2014 Depreciation expense has gone up due to a historical full year impact of depreciating building improvements, equipment, and other capital investments.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

2014 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs. Other efficiencies of the in-sourced “core responsibilities” are reducing the overall cost of fixed asset additions in the 2014 Budget. MRO believes we are not including any incremental funding that is duplicative to NERC's 2014 Business Plan and Budget IT applications.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2013 Budget & Projection, and 2014 Budget					
INFORMATION TECHNOLOGY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 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 (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 291,579	\$ 291,579	\$ -	\$ 305,832	\$ 14,253
Payroll Taxes	22,502	22,502	-	23,186	684
Benefits	33,318	33,318	-	33,013	(305)
Retirement Costs	40,739	40,739	-	66,171	25,432
Total Personnel Expenses	<u>\$ 388,138</u>	<u>\$ 388,138</u>	<u>\$ -</u>	<u>\$ 428,202</u>	<u>\$ 40,064</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	4,000	4,000	-	4,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Operating Expenses					
Consultants & Contracts	\$ 177,500	\$ 177,500	\$ -	\$ 212,400	\$ 34,900
Office Rent	-	-	-	-	-
Office Costs	143,900	143,900	-	179,050	35,150
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	305,665	305,665	-	471,000	165,335
Total Operating Expenses	<u>\$ 627,065</u>	<u>\$ 627,065</u>	<u>\$ -</u>	<u>\$ 862,450</u>	<u>\$ 235,385</u>
Total Direct Expenses	<u>\$ 1,019,203</u>	<u>\$ 1,019,203</u>	<u>\$ -</u>	<u>\$ 1,294,652</u>	<u>\$ 275,449</u>
Indirect Expenses	<u>(1,019,203)</u>	<u>(1,019,203)</u>	<u>\$ -</u>	<u>(1,294,652)</u>	<u>(275,449)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<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	(305,665)	(305,665)	-	(471,000)	(165,335)
Computer & Software CapEx	339,851	339,851	-	320,500	(19,351)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(34,186)	(34,186)	-	150,500	184,686
Inc(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	3.10	3.10	-	3.13	0.03

6e. Human Resources

Human Resources costs are included in Finance and Accounting.

6f. Human Resources, Finance, and Accounting

Accounting and Finance (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.01	3.30	0.29
Total Direct Expenses	\$ 1,140,646	\$ 1,206,673	\$ 66,027
Inc(Dec) in Fixed Assets	\$ 50,000	\$ 50,000	\$ -
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 developed a culture and talent management program that features an in-depth communication and training plan. New hire training initiatives and employee collaborations are planned to create an opportunity for peer-to-peer internal mentorship and team building. The program also facilitates MRO's enterprise-wide corporate compliance and ethics program. MRO reviewed its employee engagement and culture enrichment activities in an effort to positively impact both the experience of new employees upon arrival at MRO, as well as the overall corporate culture to be an "employer of choice".

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, and oversees financial and accounting system controls and standards.

2014 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's efforts 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 2014, the expenses related to indirect program areas are being allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Personnel expenses increase in 2014 due to an increase in FTEs in this department.
- Total retirement costs increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

Meeting Expenses

Costs are expected to remain relatively flat and consistent for attending regional budget group meetings.

Operating Expenses

- The 2014 budget decreased by 2% over 2013 due to stabilized costs in building and rent.
- A decrease in Consultant and Contracts costs is due to the elimination of hiring costs, since MRO was fully staffed at the beginning of 2013.
- The 2014 increase in Office Costs is a result of moving tuition assistance from the individual programs to Human Resources. This change is consistent with the other regions and NERC.
- Professional Services expenses decrease as a result of negotiated service costs and reduction in the scope of professional services needed. Actuarial costs peaked in 2011 when the pension conversion was completed. Actuarial costs should remain flat.

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2014 as a result of higher administrative service costs associated with an increase in MRO staff.

Other Non-Operating Expenses

No dollars are necessary in 2014.

Fixed Asset Additions

2014 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 2014 business plan is shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
FINANCE and ACCOUNTING					
	2013	2013	Variance	2014	Variance
	Budget	Projection	2013 Projection	Budget	2014 Budget
			v 2013 Budget		v 2013 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 290,826	\$ 290,826	\$ -	\$ 348,717	\$ 57,891
Payroll Taxes	20,485	20,485	-	23,459	2,974
Benefits	32,351	32,351	-	34,384	2,033
Retirement Costs	56,737	56,737	-	71,365	14,628
Total Personnel Expenses	\$ 400,399	\$ 400,399	\$ -	\$ 477,926	\$ 77,527
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 500	\$ 500
Travel	3,000	3,000	-	3,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 3,000	\$ 3,000	\$ -	\$ 3,500	\$ 500
Operating Expenses					
Consultants & Contracts	\$ 45,500	\$ 45,500	\$ -	\$ 25,000	\$ (20,500)
Office Rent	528,827	528,827	-	524,827	\$ (4,000)
Office Costs	83,920	83,920	-	115,420	\$ 31,500
Professional Services	79,000	79,000	-	60,000	\$ (19,000)
Miscellaneous	-	-	-	-	\$ -
Depreciation	-	-	-	-	\$ -
Total Operating Expenses	\$ 737,247	\$ 737,247	\$ -	\$ 725,247	\$ (12,000)
Total Direct Expenses	\$ 1,140,646	\$ 1,140,646	\$ -	\$ 1,206,673	\$ 66,027
Indirect Expenses	\$ (1,140,646)	\$ (1,140,646)	\$ -	\$ (1,206,673)	\$ (66,027)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ (1)	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ 1	\$ -	\$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	50,000	50,000	-	50,000	-
Allocation of Fixed Assets	\$ (50,000)	(50,000)	\$ -	-	50,000
Inc(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ (1)	\$ 50,000	\$ 50,000
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ -	\$ 1	\$ (50,000)	\$ (50,000)
FTEs	3.01	3.01		3.30	0.29



Section B – Supplemental Financial Information

2014 Business Plan and Budget

Section B — Supplemental Financial Information

1. Supplemental Financial Information Reserve Balance

Table B-1	
Working Capital Reserve Analysis 2013-2014	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2012	2,252,881
Plus: 2013 MRO Funding (from LSEs or designees)	9,098,927
Less: 2013 Projected expenses & capital expenditures	(9,283,539)
Projected Working Capital Reserve (Deficit), December 31, 2013 ¹	2,068,269
Targeted Working Capital Reserve, December 31, 2014 (((\$9,744,802 / 365 days) X 45 days)	1,201,414
Less: Projected Working Capital Reserve, December 31, 2013	(2,068,269)
Increase(decrease) in assessments to achieve targeted Working Capital Reserve	(866,855)
2014 Expenses and Capital Expenditures	9,744,799
Less: Penalty Sanctions ²	(136,500)
Less: Other Funding Sources	0
Adjustment to achieve targeted Working Capital Reserve	(866,855)
2014 MRO Assessment	8,741,444

¹ MRO's projected reserve December 31, 2013 assumes that there will not be a material difference between budgeted versus actual/projected results from 2013.

² Represents collections on or prior to June 30, 2012. See page 54 for full disclosure.

2. Explanation of Changes in Reserve Policy from Prior Years to Current Year

MRO previously had 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. On March 14, 2013, the MRO Board approved an Operating and Working Capital Reserve Policy. Pursuant to the approved policy the amount of MRO's operating capital reserves shall be identified and quantified each year in the business plan and budget (shown in Table B-1) submitted first to the MRO FAC for review, and then to the MRO board of directors for approval. If the approved amount is different than what MRO will have available for the upcoming budget year, then MRO will increase or decrease the reserve requirement as appropriate by the difference.

3. Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statement of Activities on page 15 of the MRO 2014 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, 2013 are to be used to offset assessments in the 2014 Budget, 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 from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2015 Budget.

All penalties received prior to June 30, 2013 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 Organization Registration & Certification; Compliance Monitoring & Enforcement; 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, 2013	Date Received	Amount Received
	7/13/2012	\$ 6,000
	8/13/2012	12,000
	9/5/2012	40,000
	9/5/2012	40,000
	9/7/2013	6,000
	2/14/2013	2,500
	3/20/2013	20,000
	5/14/2013	10,000
Total Penalties Received		\$ 136,500

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

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
Compliance Monitoring, Enforcement & Org. Registration	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reliability Assessment and Performance Analysis				
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Training and Education				
Testing Fees and Certificate Renewals	\$ -	\$ -	\$ -	-
CEH Fees	-	-	-	-
Workshops	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Situation Awareness and Infrastructure Security				
FIST Royalties	\$ -	\$ -	\$ -	-
TSIN Fees				
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General and Administrative				
Interest Income	\$ -	\$ -	\$ -	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Outside Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Significant Variances – 2014 Budget versus 2013 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 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Total Salaries	\$ 4,772,320	\$ 4,772,320	\$ 5,178,538	\$ 406,218	8.5%
Total Payroll Taxes	312,394	312,394	339,154	26,760	8.6%
Total Benefits	394,086	394,086	412,222	18,136	4.6%
Total Retirement	833,228	833,228	968,920	135,692	16.3%
Total Personnel Costs	<u>\$ 6,312,028</u>	<u>\$ 6,312,028</u>	<u>\$ 6,898,834</u>	<u>\$ 586,806</u>	<u>9.3%</u>
FTEs	37.75	37.75	40.75	3.00	7.9%
Cost per FTE					
Salaries	\$ 126,419	\$ 126,419	\$ 127,081	662	0.5%
Payroll Taxes	8,275	8,275	8,323	47	0.6%
Benefits	10,439	10,439	10,116	(323)	-3.1%
Retirement	22,072	22,072	23,777	1,705	7.7%
Total Cost per FTE	\$ 167,206	\$ 167,206	\$ 169,297	\$ 2,091	1.3%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Total retirement cost increased in a higher percentage than the other personnel costs as a result of a change in assumptions of a lower long-term rate of return on assets.

5. Consultants and Contracts

Table B-5

Consultants	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Consultants					
Reliability Standards and Organization Registration and Certification	\$ -	\$ -	\$ -	\$ -	
Compliance	33,000	33,000	3,000	(30,000)	-91%
Reliability Assessment and Performance Analysis (Secure Portal Dev for Periodic Data Collection)	30,000	30,000	20,000	(10,000)	-33%
Event Analysis	20,000	20,000	-	(20,000)	-100%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	40,000	40,000	40,000	-	0%
Legal and Regulatory	-	-	-	-	
Information Technology	40,000	40,000	100,000	60,000	150%
Human Resources	-	-	-	-	
Accounting and Finance	5,000	5,000	5,000	-	0
Consultants Total	\$ 168,000	\$ 168,000	\$ 168,000	\$ -	0%
Contracts					
Contracts					
Outsource Standards Tracking Software Applications	\$ 12,000	\$ 12,000	\$ 12,000	-	0%
Subtotal - Reliability Standards and Organization Registration and Certification Contracts	\$ 12,000	\$ 12,000	\$ 12,000	-	0%
Outsource Compliance Information Tracking Applications	-	-	-	-	
Subtotal - Compliance Contracts	\$ 124,000	\$ 124,000	\$ 124,000	-	0%
\$ 124,000	\$ 124,000	\$ 124,000	-	0%	
Model Series Development (MRO's portion of expenses of the MMWG/ERAG)	\$ 22,600	\$ 22,600	\$ 26,700	4,100	18%
Model Building	45,800	45,800	38,000	(7,800)	-17%
PTI Software	22,700	22,700	22,000	(700)	-3%
Data Collection Expansion	-	-	20,000	20,000	
Subtotal - Reliability Assessments Contracts	\$ 91,100	\$ 91,100	\$ 106,700	\$ 15,600	17%
Cisco	20,000	20,000	20,000	-	0%
Barracuda	5,000	5,000	5,500	500	10%
Domain Registration	500	500	500	-	0%
EFT Maintenance	-	-	6,900	6,900	
Symantec Antivirus	5,000	5,000	5,000	-	0%
Varonis File Maintenance	8,000	8,000	8,500	500	6%
Net App Data Storage Maintenance	25,000	25,000	20,000	(5,000)	-20%
Net App Shelves	3,000	3,000	-	(3,000)	-100%
VMWare	14,000	14,000	14,000	-	0%
Sharepoint Maintenance	15,000	15,000	-	(15,000)	-100%
SmartPhone Maintenance	6,000	6,000	6,000	-	0%
Server Support	5,000	5,000	6,000	1,000	20%
Great Plians Upgrade	13,000	13,000	-	(13,000)	-100%
IT Security Audit	18,000	18,000	-	(18,000)	-100%
Comodo-Certificates	-	-	1,500	1,500	
CRM and Scribe	-	-	11,500	11,500	
NetApp Multistore-Security software for SAN	-	-	7,000	7,000	
Subtotal - Information Technology Contracts	\$ 137,500	\$ 137,500	\$ 112,400	\$ (25,100)	-18%
401K / 457b, 457f 3rd Party Administrator	4,000	4,000	4,000	-	0%
FSA 3rd Party Administrator	1,200	1,200	1,200	-	0%
Transportation 3rd Party Administrator	2,800	2,800	2,800	-	0%
Benefits 3rd Party Administrator	2,000	2,000	2,000	-	0%
Payroll 3rd Party Administrator	5,500	5,500	10,000	4,500	82%
HR-Employment Costs	25,000	25,000	-	(25,000)	-100%
Subtotal - HR and Finance Contracts	\$ 40,500	\$ 40,500	\$ 20,000	(20,500)	-51%
Contracts Total	\$ 405,100	\$ 405,100	\$ 375,100	\$ (30,000)	-7%
Total Consulting and Contracts	\$ 573,100	\$ 573,100	\$ 543,100	\$ (30,000)	-5%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget**Consulting Expenses**

- Compliance consulting expenses are budgeted to decrease in 2014. Greater efficiencies are budgeted with this third party vendor as additional regions expand the common IT platform increasing efficiency and effectiveness as well as lower costs by spreading costs across the increased number of participating regions.
- Reliability Assessments and Performance Analysis decreased in 2014 because MRO removed the contingency dollars for Event Analysis.
- Information Technology will increase in 2014 because IT will be using outside consultants for new technology implementation.

Contract Expenses

- Reliability Assessments and Performance Analysis costs slightly increase for 2014 due to higher future costs for data collection expansion.
- Information Technology costs increased in this timeline due to one-time set-up costs.
- Human Resources and Finance costs decreased for 2014 due to an expected decrease in hiring costs. MRO was fully staffed as of December 31, 2012.

Table B-6

Office Rent	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Office Rent	\$ 513,827	\$ 513,827	\$ 513,827	\$ -	0.0%
Utilities	5,000	5,000	5,000	-	0.0%
Maintenance	10,000	10,000	6,000	(4,000)	-40.0%
Office Cleaning	-	-	-	-	
Waste Management	-	-	-	-	
Total Office Rent	\$ 528,827	\$ 528,827	\$ 524,827	\$ (4,000)	-0.76%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget**Office Rent**

The lease costs from 2013 to 2014 remain flat and are partially offset by the lower cost of routine maintenance which is covered in the lease.

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Phone Service					
Data Curciut (qmoe)	\$ 20,000	\$ 20,000	\$ 13,500	\$ (6,500)	-32.50%
Data Circuit (dsl)	-	-	14,300	14,300	
Voice Circuits	13,000	13,000	14,000	1,000	7.69%
Business Cable	3,300	3,300	2,000	(1,300)	-39.39%
Sunguard 1/	33,000	33,000	32,850	(150)	-0.45%
Internet/Cell	44,307	44,307	45,864	1,557	3.51%
Office Supplies	26,350	26,350	24,300	(2,050)	-7.78%
Employee Member Events	17,800	17,800	15,000	(2,800)	-15.73%
Employee Related Expense (Drug Testing, Finder Fees Etc)	8,500	8,500	9,000	500	5.88%
Computer Supplies and Maintenance	37,000	37,000	60,300	23,300	62.97%
Publications & Subscriptions	5,400	5,400	5,400	-	0.00%
Professional Dues	13,859	13,859	22,960	9,101	65.67%
Postage	2,700	2,700	2,700	-	0.00%
Temporary Services	-	-	-	-	
Finance-Filing/Reg Fees	6,000	6,000	6,000	-	0.00%
Equipment Repair/Service Contracts 1/	25,000	25,000	20,800	(4,200)	-16.80%
Bank Charges	15,500	15,500	15,500	-	0.00%
Sales & Use Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity & Supplies Promotional	3,000	3,000	-	(3,000)	-100.00%
Departmental Functional Training	108,588	108,588	148,650	40,062	36.89%
Insurance Expense	45,000	45,000	50,000	5,000	11.11%
Total Office Costs	\$ 428,304	\$ 428,304	\$ 503,124	\$ 74,820	17.47%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Office Costs

These costs are affected by the higher number of FTEs in 2014 than 2013.

Departmental Functional and Training Costs

Training costs in the program areas increased in 2014 as a result of higher FTEs in 2014.

Insurance Expense

The 2014 budget includes business continuity coverage which is anticipated to be acquired in 2013.

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Independent Trustee Fees	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	0.00%
Outside Legal	67,500	67,500	45,000	(22,500)	-33.33%
Accounting & Auditing Fees	53,000	53,000	45,000	(8,000)	-15.09%
Actuarial Fees	26,000	26,000	15,000	(11,000)	-42.31%
Total Services	\$ 246,500	\$ 246,500	\$ 205,000	\$ (41,500)	-16.84%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Independent Trustee fees have been added to the 2013 Budget. In 2014, these fees will remain unchanged. In 2012 members of MRO approved revised bylaws to include independent board members. The change in governance began in 2013.
- Reduced costs by eliminating outside legal contingency dollars.
- Accounting and Auditing Fees were reduced to reflect actual expenditures in 2012.
- Actuarial fees reduced slightly in 2014 as efficiencies and lower negotiated fees are realized. Actuarial costs peaked in 2011 when the pension conversion was completed. Actuarial costs should remain flat.

Table B-9

Other Non-Operating Expenses	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment					-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	100.00%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

No dollars are necessary in 2014 Budget.



Section C – Non-Statutory Activities

2014 Business Plan and Budget

Section C — 2014 Non-Statutory Business Plan and Budget

In the 2014 Business Plan and Budget, MRO will not have non-statutory functions.



Section D – Additional Consolidated Financial Statements

2014 Business Plan and Budget

Section D - Additional Financial Statements

1. 2014 Consolidated Statement of Activities by Program, Statutory and Non Statutory

Statement of Activities and Capital Expenditures by Program 2014 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Activities											Non-Statutory Total		
				Statutory Total	Reliability Standards and Organizational Registration (Section 300 and 500)	Compliance and Organization Registration (Section 400)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forum	General and Administrative	Legal and Regulatory	Information Technology	Human Resources		Accounting and Finance	
Funding																	
ERO Funding																	
NERC Assessments	8,741,444	8,741,444	-	8,741,444	429,997	6,600,178	2,164,689	330,159	83,275	-	(866,855)	-	-	-	-	-	-
Penalty Sanctions	136,500	136,500	-	136,500	5,361	97,415	29,738	2,978	1,008	-	-	-	-	-	-	-	-
Total NERC Funding	8,877,944	8,877,944	-	8,877,944	435,358	6,697,593	2,194,427	333,137	84,283	-	(866,855)	-	-	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding (A)	8,877,944	8,877,944	-	8,877,944	435,358	6,697,593	2,194,427	333,137	84,283	-	(866,855)	-	-	-	-	-	-
Expenses																	
Personnel Expenses																	
Salaries	5,178,538	5,178,538	-	5,178,538	175,057	2,631,450	793,111	135,804	39,332	286,447	289,381	173,407	305,832	-	-	348,717	-
Payroll Taxes	339,154	339,154	-	339,154	9,981	179,885	53,718	6,128	2,173	15,986	15,884	8,754	23,186	-	-	23,459	-
Benefits	412,222	412,222	-	412,222	12,129	222,055	68,241	6,856	2,320	15,715	14,661	2,848	33,013	-	-	34,384	-
Retirement Costs	968,920	968,920	-	968,920	34,167	461,742	170,310	22,921	6,138	58,368	49,575	28,163	66,171	-	-	71,365	-
Total Personnel Expenses	6,898,834	6,898,834	-	6,898,834	231,334	3,495,132	1,085,380	171,709	49,963	376,516	369,501	213,172	428,202	-	-	477,925	-
Meeting Expenses																	
Meetings	100,514	100,514	-	100,514	4,000	5,500	5,500	49,000	-	-	35,864	150	-	-	-	500	-
Travel	598,900	598,900	-	598,900	28,900	137,000	81,000	20,800	-	228,700	83,000	12,500	4,000	-	-	3,000	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	699,414	699,414	-	699,414	32,900	142,500	86,500	69,800	-	228,700	118,864	12,650	4,000	-	-	3,500	-
Operating Expenses																	
Consultants & Contracts	543,100	543,100	-	543,100	12,000	127,000	126,700	-	-	-	40,000	-	212,400	-	-	25,000	-
Office Rent	524,827	524,827	-	524,827	-	-	-	-	-	-	-	-	-	-	-	524,827	-
Office Costs	503,124	503,124	-	503,124	3,194	94,560	30,900	5,000	5,000	-	64,000	6,000	179,050	-	-	115,420	-
Professional Services	205,000	205,000	-	205,000	-	5,000	-	-	-	-	100,000	40,000	-	-	-	60,000	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	471,000	471,000	-	471,000	-	-	-	-	-	-	-	-	471,000	-	-	-	-
Total Operating Expenses	2,247,051	2,247,051	-	2,247,051	15,194	226,560	157,600	5,000	5,000	-	204,000	46,000	862,450	-	-	725,247	-
Total Direct Expenses	9,845,299	9,845,299	-	9,845,299	279,428	3,864,192	1,329,480	246,509	54,963	605,216	692,365	271,822	1,294,652	-	-	1,206,672	-
Indirect Expenses																	
	-	-	-	-	159,877	2,905,124	886,842	88,821	30,062	(605,216)	(692,365)	(271,822)	(1,294,652)	-	-	(1,206,672)	-
Other Non-Operating Expenses																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	9,845,299	9,845,299	-	9,845,299	439,305	6,769,316	2,216,322	335,330	85,025	-	(866,855)	-	-	-	-	-	-
Change in Assets																	
	(967,355)	(967,355)	-	(967,355)	(3,947)	(71,723)	(21,895)	(2,193)	(742)	-	(866,855)	-	-	-	-	-	-
Fixed Assets																	
Depreciation	(471,000)	(471,000)	-	(471,000)	-	-	-	-	-	-	-	-	(471,000)	-	-	-	-
Computer & Software CapEx	320,500	320,500	-	320,500	-	-	-	-	-	-	-	-	320,500	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	50,000	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000	-
Allocation of Fixed Assets	-	-	-	-	(3,947)	(71,723)	(21,895)	(2,193)	(742)	-	-	-	150,500	-	-	(50,000)	-
Inc(Dec) in Fixed Assets (C)	(100,500)	(100,500)	-	(100,500)	(3,947)	(71,723)	(21,895)	(2,193)	(742)	-	-	-	-	-	-	-	-
TOTAL BUDGET (=B + C)	9,744,799	9,744,799	-	9,744,799	435,358	6,697,593	2,194,427	333,137	84,283	-	-	-	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	8,777,444	8,777,444	-	(866,855)	0	-	(0)	(0)	0	-	(866,855)	-	-	-	-	-	-
FTEs	40.75	40.75	-	40.75	1.17	21.26	6.49	0.65	0.22	1.66	1.94	0.93	3.13	-	-	3.30	-

2. Statement of Financial Position

- As of December 31, 2012, per audit
- As of December 31, 2013, projected
- As of December 31, 2014, as budgeted

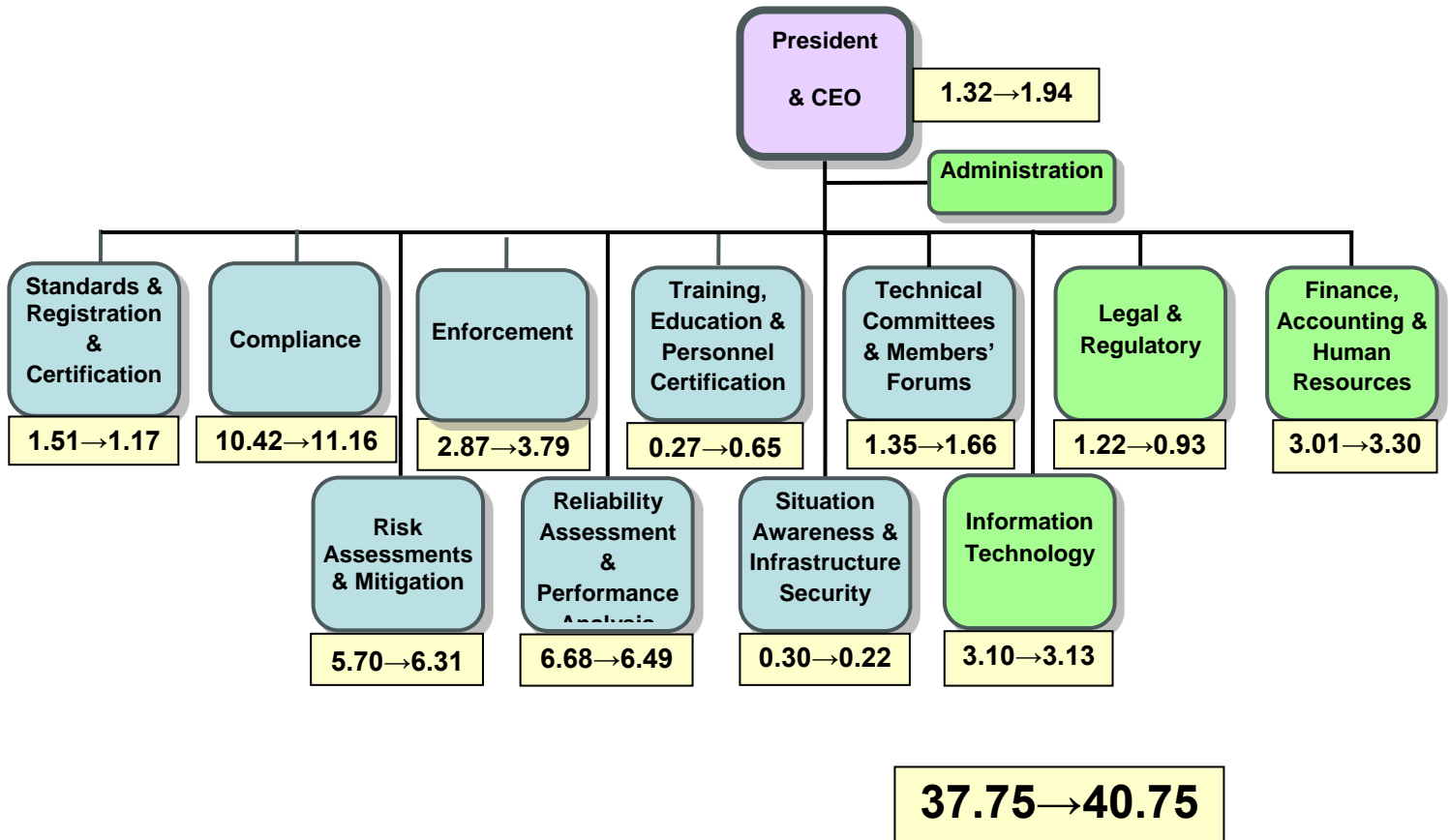
Statement of Financial Position			
2012 Audited, 2013 Projection, and 2014 Budget			
STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-12	31-Dec-13	31-Dec-14
ASSETS			
Cash	3,190,831	3,138,330	2,500,964
Restricted Cash	14,002	136,000	-
Other Receivables	191,366	-	-
Prepaid expenses and other current assets	200,276	173,237	138,237
Security deposit	39,858	39,858	39,858
Restricted Cash - non-current	104,003	-	-
Property and equipment and capitalized software	1,348,844	1,537,629	1,437,129
Total Assets	5,089,180	5,025,054	4,116,188
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	1,343,595	1,379,298	1,437,500
Postretirement medical benefit obligation	347,334	382,334	478,064
Deferred assessments - non-current	104,004	-	-
Deferred rent - non-current	121,976	331,077	439,174
Total Liabilities	1,916,909	2,092,709	2,354,738
Net Assets - unrestricted	3,172,271	2,932,345	1,761,450
Total Liabilities and Net Assets	5,089,180	5,025,054	4,116,188

3. Statement of Activities and Capital Expenditures

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2015 and 2016 Projections							
	2014 Budget	2015 Projection	\$ Change 15 v 14	% Change 15 v 14	2016 Projection	\$ Change 16 v 15	% Change 16 v 15
Funding							
ERO Funding							
NERC Assessments	\$ 8,741,444	\$ 9,569,450	\$ 828,006	9.47%	\$ 9,892,630	\$ 323,180	3.3%
Penalty Sanctions	136,500	-	(136,500)	-100.00%	-	-	
Total NERC Funding	\$ 8,877,944	\$ 9,569,450	\$ 691,506	7.8%	\$ 9,892,630	\$ 323,180	3.3%
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Total Funding (A)	\$ 8,877,944	\$ 9,569,450	\$ 691,506	7.8%	\$ 9,892,630	\$ 323,180	3.4%
Expenses							
Personnel Expenses							
Salaries	\$ 5,178,538	\$ 5,333,894	\$ 155,356	3.0%	\$ 5,493,911	\$ 160,017	3.0%
Payroll Taxes	339,154	349,329	10,175	3.0%	359,808	10,480	3.0%
Benefits	412,222	424,589	12,367	3.0%	437,326	12,738	3.0%
Retirement Costs	968,920	997,988	29,068	3.0%	1,027,927	29,940	3.0%
Total Personnel Expenses	\$ 6,898,834	\$ 7,105,799	\$ 206,965	3.0%	\$ 7,318,973	\$ 213,174	3.0%
Meeting Expenses							
Meetings	\$ 100,514	\$ 102,524	\$ 2,010	2.0%	\$ 104,575	2,050	2.0%
Travel	598,900	610,878	11,978	2.0%	623,096	12,218	2.0%
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	\$ 699,414	\$ 713,402	\$ 13,988	2.0%	\$ 727,670	\$ 14,268	2.0%
Operating Expenses							
Consultants & Contracts	\$ 543,100	\$ 553,962	\$ 10,862	2.0%	\$ 565,041	\$ 11,079	2.0%
Office Rent	524,827	535,324	10,497	2.0%	546,030	10,706	2.0%
Office Costs	503,124	513,186	10,062	2.0%	523,450	10,264	2.0%
Professional Services	205,000	209,100	4,100	2.0%	213,282	4,182	2.0%
Miscellaneous	-	-	-		-	-	
Depreciation	471,000	480,420	9,420	2.0%	490,028	9,608	2.0%
Total Operating Expenses	\$ 2,247,051	\$ 2,291,992	\$ 44,941	2.0%	\$ 2,337,832	\$ 45,840	2.0%
Total Direct Expenses	\$ 9,845,299	\$ 10,111,193	\$ 265,894	2.7%	\$ 10,384,475	\$ 273,282	2.7%
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 9,845,299	\$ 10,111,193	\$ 265,894	2.7%	\$ 10,384,475	\$ 273,282	2.7%
Change in Assets	\$ (967,355)	\$ (541,743)	\$ 425,612	-44.0%	\$ (491,845)	\$ 49,898	-9.2%
Fixed Assets							
Depreciation	\$ (471,000)	\$ (480,420)	\$ (9,420)	2.0%	\$ (490,028)	\$ (9,608)	2.0%
Computer & Software CapEx	320,500	326,910	6,410	2.0%	333,448	6,538	2.0%
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	50,000	-	(50,000)	-100.0%	-	-	
Allocation of Fixed Assets							
Inc(Dec) in Fixed Assets (C)	\$ (100,500)	\$ (153,510)	\$ (53,010)	52.7%	\$ (156,580)	\$ 49,898	0.0%
TOTAL BUDGET (=B + C)	\$ 9,744,799	\$ 9,957,683	\$ 212,884	2.2%	\$ 10,227,895	\$ 273,282	2.7%
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (866,855)	\$ (388,233)	\$ 478,622	-55.2%	\$ (335,265)	\$ 52,968	-13.6%
FTEs	37.75	40.00	2.25		40.00	-	

Attachment A

2013 to 2014 Full Time Equivalent (FTE) Comparison Organization Chart



FTE Trend from 2013 to 2016

2013	2014	2015 Estimate	2016 Estimate
37.75	40.75	41.50	41.50

DOCKET NO. RR13-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 6

DISCUSSION OF COMMENTS RECEIVED

DURING DEVELOPMENT OF NERC'S

2014 BUSINESS PLAN AND BUDGET

ATTACHMENT 13

DISCUSSION OF COMMENTS RECEIVED DURING DEVELOPMENT OF NERC'S 2014 BUSINESS PLAN AND BUDGET

During the preparation of its 2014 Business Plan and Budget, NERC posted several drafts (Draft #1, Draft #2 and the Final Draft) on its Website for stakeholder review and comment.¹ In addition, the NERC Board of Trustees invited stakeholders to provide policy input on the 2014 Business Plan and Budget. Copies of the comments and policy input received were posted on NERC's website. (See [2014 NERC Business Plan and Budget](#) and [Policy Input](#))

Comments on Draft #2 of NERC's 2014 Business Plan and Budget were received from the Edison Electric Institute (EEI), the Electric Power Supply Association (EPSA), the Ontario Independent Electricity System Operator (IESO), Tom Gianneschi and Mike Yelland. Policy Input comments regarding NERC's Business Plan and Budget were received from EEI, The Electricity Consumers Resource Council (ELCON) and SERC.

Overview of Comments

EEI. EEI agrees with the finding in the NERC State of Reliability Report that bulk power system reliability is adequate. EEI's comments generally focused on a concern with the percentage increase in NERC's budget and the benefits to reliability associated with the proposed budget increase. EEI recommended that NERC apply stronger budget discipline and consider limiting itself to a flat budget with an inflation adjustment or a two percent increase in overall spending in 2014. While indicating that it is management's responsibility to determine how to achieve this recommended outcome, EEI provided some suggestions for management's consideration to achieve this limitation, including imposing caps on salary increases, reducing its travel and professional services budgets, and eliminating planned research on vegetation management topics and Geo-Magnetic Disturbance (GMD) effects. While supportive of NERC's initiatives in various areas and the potential for efficiency gains and other benefits, EEI also noted the absence of any explicit estimates of cost savings in connection with compliance and enforcement reform initiatives, as well as in connection with NERC's proposed investments in the development of centralized software applications supporting key NERC and Regional Entity business processes. EEI also requested that NERC consider spreading out the development of these centralized software applications over a longer period of time and using reserves as a source of funding. EEI also encouraged expanding NERC's collaboration with the North American Transmission Forum.

In its policy input comments EEI encouraged NERC management to work closely with the Electricity Sub-sector Coordinating Council (ESSC) regarding future ES-ISAC budget development. EEI also supported the maintenance of reserves to potentially fund ES-ISAC tools

¹ Formal comments were solicited on the 1st and 2nd drafts. The final draft was posted as part of the agenda for the open Finance and Audit Committee meeting, during which an opportunity for comments from stakeholders was provided.

such as the Cyber Federated Model (CFM) and the Cybersecurity Risk Information Sharing Program (CRISP).

EPSA. EPSA's comments raised concerns about the number of priorities NERC is undertaking. EPSA supported EEI's comments regarding the rate of increase in NERC's budget since becoming the ERO.

IESO. IESO raised similar concerns with the proposed budget and assessment increases contained in Draft #2 of NERC's 2014 Business Plan and Budget. IESO supported NERC's efforts to control enterprise IT application and development plan costs and, while supporting NERC's proposed capital financing program, encouraged further discussion of quantitative benefits. The IESO also recommended that NERC adopt a standard format to be used for each draft of its business plan and budget, provide its 3 year forecasts earlier in the process, and include its working capital and operating reserve analysis in the first draft of its business plan and budget.

SERC. In its policy input comments SERC recommended that future business plans show evidence of leveraging the prioritization and reliability gap analysis performed by the Reliability Issues Steering Committee. SERC also recommended that given the strong state of bulk electric system reliability and difficult economic times, NERC should leverage prioritization efforts to optimize resource allocation in a constrained budget environment.

Individual commenters. Mike Yelland, a consultant and former employee of the IESO, requested that further rationale be provided for the Personnel Certification and Operator Training operating reserve amount and reiterated a comment of the IESO regarding the NERC 2013 business plan and budget in which the IESO suggested that where possible NERC include costs in program area budgets rather than reserves.

Tom Gianneschi, a Member of the MRC, supported EEI's comments. He also suggested that NERC's budget is largely reactive and that consumers who ultimately provide the funding for NERC's budget should set the threshold for how much additional reliability they are willing to pay for. He also suggested that further details be provided regarding the proposed capital budget and payback on proposed investments.

Response to Comments

Management and the board appreciate the ongoing input of stakeholders in the business plan and budgeting process and are very mindful of the impact of the costs of NERC's operations on industry and consumers. NERC's final recommended 2014 budget was significantly reduced from earlier drafts and reflects the resources required for NERC to perform its statutory responsibilities. NERC made a number of changes in arriving at its final recommended 2014 business plan and budget. The following is a list of the significant changes from Draft #2:

1. Personnel Expense
 - a. Eliminated 1 of the 2 proposed ES-ISAC positions
 - b. Eliminated a double count of one administrative position

- c. Reduced budgeted benefits costs
 - i. Medical benefit premium increase reduced from 12% to 9% on assumption NERC will put in place a self-insured plan without impacting current benefit levels, as outlined by our benefits consultant.
 - ii. Reduced budgeted cost of employee education and relocation by approximately 10%
- 2. Travel
 - a. Reduced travel budget by approximately \$200k
 - b. Reduced meeting expenses by approximately \$84k
 - c. Travel expense is lower in the final 2014 budget than in the 2013 budget, notwithstanding the addition of personnel.
- 3. Contracts and Consultants
 - a. Included potential 2014 funding of a portion of FAC-003 vegetation research as a Known Operating Reserve Contingency and deferred previously budgeted \$500k in funding for this research to 2015 and 2016, spread evenly over those two years
 - b. Eliminated \$50k in right-of-way vegetation research based on assumption that the EEI Vegetation Working Group will assume financial responsibility for this research, per EEI's comments
 - c. Reduced Reliability Assessment and Performance Analysis database development costs by \$200k, with additional database development costs identified as a potential Known Operating Reserve Contingency
 - d. Eliminated \$75k budgeted for outside consultants for event analysis
 - e. Reduced communications consulting costs by \$100k
 - f. Reduced Risk Management and Internal Controls outside auditor budget by \$75k
 - g. Reduced ES-ISAC contractor and consulting budget by \$134k
- 4. Capital Budget and Enterprise Application Development Costs and Financing – Provided additional detail regarding the proposed capital budget, including the plan to finance the development of certain software applications and hardware.
- 5. Provided further detail regarding working capital and operating reserve requirements.

As a result of these and other changes, the final Board-approved 2014 operating expenses increase is 2.8% and the combined operating and capital budget increase is 3.9%, in each case compared to the 2013 budget. This compares to an operating expense increase of 6.4% and combined operating and capital budget increase of 7.5% in Draft #2. Draft #2 also contained a projected average assessment increase of 11.4% compared to 8% in the final Board-approved budget.

NERC's budget increases have been lower, in both absolute dollars and percentages, over the past 3 years compared to the first 5 years, reflecting the maturation of the organization and its resource capabilities. NERC's assessments were reduced by over \$3 million in 2013 from 2012. NERC's total increase in assessments between 2012 and 2014 is approximately \$740k. NERC's 2014 assessment is 1.7% lower than was projected for 2014 in NERC's 2013 business plan and

budget. Attracting and retaining qualified personnel is a key challenge at NERC, as well as for a number of the Regional Entities. NERC's salary and benefit levels must remain competitive to do this. This conclusion is supported by market comparisons. Total benefit expense was significantly reduced in 2013 and is within market. The 7.5% increase in average personnel cost per FTE is due to a variety of factors, including higher costs to employ senior staff, as well as to hire experienced personnel to fill budgeted positions and vacancies created by turnover of existing employees. It does not represent the percentage increase in individual management or staff salaries. The 2014 budget includes a projected 2.5% average increase in salary expense, which is below industry average.

Capital investments, including planned investments in enterprise software applications which represent the largest component of NERC's overall capital budget, are essential to improving the efficiency and effectiveness of NERC and Regional Entity operations, as well as reducing unnecessary costs to registered entities. There is no overlapping investment included or contemplated as part of the Regional Entities' business plans and budgets, and the efficiency gains associated with developing a single integrated application was assumed to outweigh the costs to develop, integrate, operate and maintain 9 separate applications. Significant controls have been put in place regarding the review, approval and execution of these projects, including oversight by the Regional Entity Management Group (comprised of the president and chief executive officer of NERC and each chief executive or equivalent person within each Regional Entity), the NERC Standards Oversight and Technology Committee and the NERC Finance and Audit Committee.

NERC plans to continue to take the work and recommendations of the RISC into account in the development of future business plans, budgets and resource allocation decisions. NERC also looks forward to the input of the ESSC regarding ES-ISAC priorities and resource requirements.

DOCKET NO. RR13-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 7

**CALCULATION OF ADJUSTMENTS
THE AESO 2014 NERC ASSESSMENT
TO THE IESO 2014 NERC ASSESSMENT,
THE NEW BRUNSWICK 2014 NERC ASSESSMENT,
AND THE QUEBEC 2014 NERC ASSESSMENT**

2014 Alberta Electric System Operator Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget AESO NEL Allocation 2014	Total NERC Compliance Budget AESO NEL Allocation 2013		
NERC Compliance Budget				
Compliance Operations, Investigations & Org Registration and Certification	\$ 9,496,446	\$ 8,928,994	2014 FTEs	
Event Analysis	4,048,371	6,725,004	<u>Total</u>	<u>Credit</u>
Enforcement	6,395,091	3,738,430	400 Operations & Investigations	19.20 15.00
			500 Org Registration	3.84 3.84
Total Compliance Budget, including Fixed Assets	\$ 19,939,908	\$ 19,392,428	402 Event Analysis	9.60 8.00
			404 Enforcement	<u>18.24 18.24</u>
AESO NEL Share (2011)	1.323%	1.298%		<u>50.88 45.08</u>
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 263,860	\$ 251,637		88.6%
Net Total Staff	50.88	54.50	2013 FTEs	
			<u>Total</u>	<u>Credit</u>
% Credit (45.08 of 50.88 FTEs)	88.60%	66.97%	400 Operations	15.00
\$ Credit (45.08 of 50.88 FTEs)	\$ 17,666,884	\$ 12,987,590	500 Org Registration	3.00 3.00
AESO credit for compliance costs	\$ 233,782	\$ 168,528	402 Event Anal & Investigation	15.50 13.50
			403 Reporting & Tracking	5.00 4.00
Additional Credits for 2014			404 Enforcement	<u>16.00 16.00</u>
Credit for SAFNR	\$ 531,825	\$ 725,500		<u>54.50 36.50</u>
	\$ 531,825	\$ 725,500		67.0%
AESO NEL Share (2011)	1.323%	1.298%		
AESO credit for additional costs not allocated	\$ 7,038	\$ 9,414		
Total AESO Credit	\$ 240,819	\$ 177,942		

2014 IESO Adjustment
Credit for NERC Compliance Costs

	<u>2014</u>	<u>2013</u>	<u>Change</u>	
NERC Compliance Budget				
Compliance Operations, Investigations & Org Registration and Certification	\$ 9,496,446	\$ 8,928,994		
Event Analysis	4,048,371	6,725,004		
Enforcement	6,395,091	3,738,430		
Total Compliance Budget, including Fixed Assets	<u>19,939,908</u>	<u>19,392,428</u>	<u>547,480</u>	<u>2.82%</u>
IESO NEL Share (2012)	3.156%	3.167%		
IESO Proportional Share of Compliance Costs, including Fixed Assets	<u>\$ 629,303</u>	<u>\$ 614,094</u>		
Total Compliance Staff	<u>50.88</u>	<u>54.50</u>		
% Credit (42.88 of 50.88 FTEs)	84.28%	85.32%		
\$ Credit (42.88 of 50.88 FTEs)	\$ 530,356	\$ 523,952	<u>6,404</u>	<u>1.22%</u>
Additional Credit for SAFNR Contract	531,825	725,500		
IESO NEL Share (2012)	3.156%	3.167%		
Additional Credit for SAFNR Contract	<u>\$ 16,784</u>	<u>\$ 22,974</u>	<u>(6,190)</u>	<u>-0.04%</u>
IESO Credit - NERC Costs, including Fixed Assets	<u>\$ 547,141</u>	<u>\$ 546,926</u>	<u>215</u>	<u>0.04%</u>

**2014 New Brunswick Adjustment
Credit for NERC Compliance Costs**

	<u>2014</u>	<u>2013</u>	<u>Change</u>	
NERC Compliance Budget				
Compliance Operations, Investigations & Org Registration and Certification	\$ 9,496,446	\$ 8,928,994		
Event Analysis	4,048,371	6,725,004		
Enforcement	6,395,091	3,738,430		
Total Compliance Budget	<u>19,939,908</u>	<u>19,392,428</u>	547,480	2.8%
New Brunswick NEL Share (2012)	<u>0.311%</u>	<u>0.306%</u>		
NB Proportional Share of Compliance Costs, including Fixed Assets	\$ 62,013	\$ 59,403	2,610	4.4%
Total Compliance Staff	<u>50.88</u>	<u>54.50</u>	(4)	-6.6%
% Credit (44.08 of 50.88 FTEs)	86.64%	85.32%		
\$ Credit (44.08 of 50.88 FTEs)	\$ 53,725	\$ 50,683	3,042	6.0%
Additional Credits for 2014 - SAFNR Contract	531,825	725,500		
New Brunswick NEL Share (2012)	<u>0.311%</u>	<u>0.306%</u>		
Additional Credits for SAFNR	\$ 1,654	\$ 2,222		
New Brunswick Credit - NERC Costs, including Fixed Assets	<u>\$ 55,379</u>	<u>\$ 52,906</u>	2,473	4.7%

2014 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation
NERC Compliance Budget	
Compliance Operations, Investigations & Org Registration and Certification	\$ 9,496,446
Event Analysis	4,048,371
Enforcement	6,395,091
Total Costs, including Fixed Assets	19,939,908
Quebec NEL Share (2012)	4.129%
Quebec Proportional Share of Compliance Costs, including Fixed Assets	\$ 823,319
Total Compliance Staff	50.88
% Credit (34.88 of 50.88 FTEs)	68.55%
\$ Credit (34.88 of 50.88 FTEs)	\$ 13,669,497
Quebec Credit (Proportional share of all costs x % Credit)	\$ 564,414
Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	\$ 258,905
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column I-2, page 75, 2014 NPCC Business Plan and Budget)	\$ 869,409
2014 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	\$ 1,128,314
Additional Credits for 2014	
Credit for SAFNR	\$ 725,500
	\$ 725,500
Quebec NEL Share (2012)	4.129%
Quebec credit for additional costs not allocated	\$ 29,956
Total Quebec Credit for 2014	\$ 594,369

2013 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation
NERC Compliance Budget	
Compliance Operations (includes Organization Registration)	\$ 6,644,000
Compliance Enforcement	6,725,004
Event Analysis and Investigations	6,023,424
Total Costs, including Fixed Assets	19,392,428
Quebec NEL Share (2011)	4.123%
Quebec Proportional Share of Compliance Costs, including Fixed Assets	\$ 799,467
Total Compliance Staff	54.50
% Credit (35.5 of 54.5 FTEs)	65.14%
\$ Credit (35.5 of 54.5 FTEs)	\$ 12,631,765
Quebec Credit (Proportional share of all costs x % Credit)	\$ 520,754
Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	\$ 278,713
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column H-2, page 83, 2013 NPCC Business Plan and Budget)	\$ 1,369,666
2013 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	\$ 1,648,379
Additional Credits for 2013	
Credit for SAFNR	\$ 725,500
	\$ 725,500
Quebec NEL Share (2011)	4.123%
Quebec credit for additional costs not allocated	\$ 29,909
Total Quebec Credit for 2013	\$ 550,663

	2014 Compliance FTEs
	Total Credit
400 Operations & Investigations	19.20 5.80
500 Org Registration	3.84 2.84
402 Event Analysis	9.60 8.00
404 Enforcement	18.24 18.24
	50.88 34.88

	2013 Compliance FTEs
	Total Credit
400 Operations	15.00
500 Org Registration	3.00 2.00
402 Event Anal & Investigation	15.50 13.50
403 Reporting & Tracking	5.00 4.00
404 Enforcement	16.00 16.00
	54.50 35.50

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**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 8

**STATUS REPORT ON THE ACHIEVEMENT
OF NERC'S 2013 GOALS**

ATTACHMENT 15

Status Report on the Achievement of NERC's 2013 Goals and Objectives

This Attachment provides a summary of NERC's 2013 goals and objectives and a status report on their achievement as of June 30, 2013.

During the first two quarters of 2013, NERC and the Regional Entity Executive Management Group continued to improve and refine the ERO business planning and budgeting process through the development and integration of a multi-year strategic plan. The *2012-2015 ERO Enterprise Strategic Plan*¹ is focused on (1) developing clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner, (2) being a strong enforcement authority that is independent, without conflict of interest, objective and fair, (3) promoting a culture of compliance that addresses reliability risks across the industry, (4) identifying the most significant risks to reliability, (5) being accountable for mitigating reliability risks, (6) promoting a culture of reliability excellence, (7) improving transparency, consistency, quality and timeliness of results, (8) operating as a collaborative enterprise working with industry and the Regional Entities and (9) improving efficiency and cost effectiveness.

Similar to the process undertaken in 2012, a set of specific 2013 objectives and measures was developed, with a threshold and a target for each measure. Progress against these measures is being tracked throughout the year. Exhibit 1 to this Attachment 15 sets forth the specific 2013 objectives, measures, thresholds and targets.

Exhibit 2 to this Attachment 15 is the summary of corporate performance measures as of June 30, 2013 which was presented before stakeholders and NERC's Board of Trustees at the August 14, 2013 open meeting of NERC's Corporate Governance and Human Resources Committee. Similar reports are prepared and presented each quarter at approximately the same time NERC prepares and presents in open session to the NERC's Finance and Audit Committee its quarterly and year to date financial reports comparing budgeted to actual expenditures, together with a rolling year end projection.

¹[https://www.nerc.com/docs/bot/finance/2013%20NERC%20Business%20Plan%20and%20Budget/ERO%20Enterprise%20Strategic%20Plan%202012-2015%20FINAL%20\(02%202012\)%20\(2\).pdf](https://www.nerc.com/docs/bot/finance/2013%20NERC%20Business%20Plan%20and%20Budget/ERO%20Enterprise%20Strategic%20Plan%202012-2015%20FINAL%20(02%202012)%20(2).pdf)

EXHIBIT 1

2013 NERC Corporate Performance Metrics

Approved: February 6, 2013 by Corporate Governance and Human Resources Committee

NERC is presenting its 2013 corporate performance metrics using the common strategic planning framework, *Electric Reliability Organization Enterprise Strategic Plan 2012-2015*¹, provided to the board in February 2012. The strategic plan framework was recently updated by NERC and the Regional Entities to include refined goals, objectives and deliverables for 2013-2016 and to formulate business plans and budgets for the upcoming three year cycle. For 2013 and beyond, the ERO Enterprise will work within four recognized goal areas: 1) standards; 2) compliance, registration and certification; 3) risks to reliability; and 4) coordination and collaboration.

As NERC continues to enhance the success of the ERO Enterprise, it improves the measurement of its own individual performance through established goals, objectives and metrics. The overall number of performance metrics for 2013 has been reduced to focus on results that aim to improve reliability. NERC management has worked to define 2013 metrics that are both within NERC's span of influence or control and meaningful to bulk power system reliability performance and effective risk mitigation strategies. Building on 2012, NERC continues a performance metric for 2013 based on overall reliability performance: *at-risk compensation will depend on the number of bulk power system category 3, 4 and 5 events*² (± 10 percent at stake depending on the number of category 3, 4 and 5 events). All other metrics include Target at 100 percent payout and Threshold at 70 percent, with no credit for less than Threshold achievement.

The specific objectives presented below were derived from the goals and deliverables outlined in the 2013 NERC Business Plan and Budget, which was approved by the NERC Board of Trustees (Board) on August 16, 2012 and accepted by the Federal Energy Regulatory Commission (FERC) in its order issued November 2, 2012.

¹ Enclosed is the updated *ERO Enterprise Strategic Plan 2013-2016*.

² Excluding terrestrial weather, however space weather (GMD) is included in the metric.

2013 NERC Corporate Performance Metrics

Approved: February 6, 2013 by Corporate Governance and Human Resources Committee

Standards

Goal 1 - Develop clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner. These standards establish threshold requirements for ensuring the bulk power system is planned, operated and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment and limits interruptions of bulk power supply.

	Objective	Measure	Threshold	Target
1a	Standards are timely, clear and responsive to reliability and security risks.	Percent of board-approved standards that meet quality criteria and results-based construct	Complete initial tabletop quality assessment of all standards and 1 new standard meets quality criteria and results-based construct	Complete initial tabletop quality assessment of all standards and 3 new standards meet quality criteria and results-based construct
		CIP V5, BAL-003 frequency response, TPL footnote b, COM-003, and GMD (if ordered) standards filed	Filed by yearend with extensions	All filed within deadlines (COM-003 by yearend)
		Percent reduction in existing FERC standards directives, year beginning to yearend excluding new	33% reduction from December 31, 2012 (filed or otherwise resolved)	50% reduction from December 31, 2012 (filed or otherwise resolved)
		Standards process reforms completed per board 2012 resolutions	All reform resolutions have a solution designed and documented	All reform resolutions operational by yearend
1b	Standards are practical to implement and cost effective.	Requirements to be retired (Paragraph 81 – Phase 2)	Assessment complete with summary report	Requirements to retire identified, standards revisions approved and filed
		Model standard application guide/RSAW, consolidating existing documents	Model application guide/RSAW and one sample complete	10% of standards have associated application guide/RSAW completed in new format

Compliance, Registration and Certification

Goal 2 - Be a strong enforcement authority that is independent, without conflict of interest, objective and fair. The ERO retains and refines its ability to use standards enforcement when warranted and impose penalties and sanctions commensurate with risk.

	Objective	Measure	Threshold	Target
2a	The ERO registers entities commensurate with risk to the bulk power system and ensures all key reliability entities are certified to have essential capabilities.	Framework and plan to begin in 2014		
2b	The ERO holds industry accountable for violations that create serious risk to the bulk power system; resulting actions are timely and transparent to industry.	Aging curve to monitor aging of caseload (2%)	Caseload aging curve developed	Caseload aging curve developed and baseline established for 2013
		Twelve-month rolling average of active violations divided by monthly filings and dismissals (caseload index) (3%)	12 months	10 months
		Number of active possible violations preceding January 1, 2012 ³ (3%)	100, excluding those held by appeal, regulator, or court	Zero, excluding those held by appeal, regulator or court
		Mitigation aging curve	Mitigation aging curve developed	Mitigation aging curve developed and baseline established for 2013

³ Reference date is the discovery date (e.g. by audit, self-report, self-certification, etc.) or, if event-based, the date of the event.

Compliance, Registration and Certification

Goal 3 - Promote a culture of compliance that addresses reliability risks across the industry. The ERO works with industry to identify standards, procedures, practices and controls to address reliability risks.

	Objective	Measure	Threshold	Target
3a	Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.	Compliance reform (RAI) plan developed	Developed to include end state description and roadmap	Developed to include end state description, roadmap, and procedures and methods (how documents)
		Percent self identified violations and findings including FFT	Metric developed	Metric developed and baseline established for 2013
3b	The ERO uses efficient processes and proportional exercise of discretion to verify that compliance objectives are met by industry.	Percent of findings filed through FFT and spreadsheet without settlement agreements, compared to all violations and findings filed excluding dismissals (3%)	35%	50%
		Expand FFT to allow determinations to be made by auditors (5%)	Expanded program prerequisites completed but not implemented	Expanded program available and being used at regions

Risks to Reliability

Goal 4 - Identify the most significant risks to reliability. The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results.

	Objective	Measure	Threshold	Target
4a	Risks are identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.	State of reliability report	Published by June 30	Published by May 15
		Report to Board on priority risks based on industry expert inputs	Risk profile of priority risks	Risk profile with high priority risks scaled for action and assignment
		Risk control initiatives by ERO	One in progress	Three in progress (e.g., relay mis-operations, situation awareness, human error, cyber attack, or other) ⁴
4b	Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends, and to inform standards, compliance, and other programs. Industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions.	Event analysis includes identification of standards and compliance gaps, correlated to severity index	All Category 3 and above events analyzed for risks, standards and compliance gaps	All Category 3 and above events analyzed for risks, standards and compliance gaps; documented risk control strategy in place for top three gaps
		Event reports published to industry	For Category 1 and above, 95% of initial reports received within 30 days of event; 95% of reports reviewed for quality within 30 days of receipt	All approved reports are posted to secure portal for industry access subject to release authorization by the entity
		Lessons learned and recommendations published	6	8

⁴ Three documented initiatives in addition to those credited in 4b.

Risks to Reliability

Goal 5 - Be accountable for mitigating reliability risks. The ERO works with industry stakeholders and experts to ensure the mitigation of known risks to reliability.

	Objective	Measure	Threshold	Target
5a	The ERO is tracking industry accountability for critical reliability and security recommendations.	Number of BPS category 3, 4 and 5 events excluding weather ⁵ , flood, or earthquake	<ul style="list-style-type: none"> (+10%): three or less Category 3 events occur and zero Category 4 or 5 events (0%): Zero Category 5 events, one or zero Category 4, and four or less Category 3 events (-10%): a Category 5 event occurs or two Category 4 events or five or more Category 3 events 	
5b	Industry is aware of and is effectively addressing security vulnerabilities and threats. Industry security posture is being evaluated and continuously improved. During crisis situations, ERO facilitates sharing of information among industry, regions, and government.	ES-ISAC fully utilized	60% of RC's and TO/TOPs; 33% of all other registered entities; industry submitting average of three information items per month last six months of 2013	80% of RC's and TO/TOPs; 50% of all other registered entities; industry submitting average of ten information items per month last six months of 2013
		Number of maturity model assessments completed	6	12
		GridEx	GridEx 2013 conducted	Exercise completed with extreme scenario, executive leadership component, and 100 plus entities engaged

⁵ Terrestrial weather excluded from metric, however space weather (GMD) is included in metric.

Risks to Reliability

Goal 6 - Promote a culture of reliability excellence. The ERO facilitates a learning environment throughout the industry through event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.

	Objective	Measure	Threshold	Target
6a	ERO is a leading resource to industry and policy makers for reliability information.	Assessment reports	LTRA, two seasonal assessments, one special issues report published; reports are streamlined for board approval (half or less volume)	LTRA (November 20), seasonal assessments (May 15 and November 20), and two special issues report
6b	Reliability modeling and data accurately represent system behavior and are shared among reliability entities.	Model and data quality assessments begin in 2014		

Coordination and Collaboration

Goal 7 - Improve transparency, consistency, quality and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost effectiveness. The ERO accomplishes this through effective coordination, collaboration and process improvements. The ERO communicates expectations clearly and fosters collaboration to deliver important results in advancing system reliability. The ERO engages the support and expertise of stakeholders, is an efficient steward of resources, and leverages information systems to create efficiencies and process controls.

	Objective	Measure	Threshold	Target
7a	The ERO acquires, engages, and retains highly qualified talent suited to the mission.	Qualifications	ERO qualifications description for ERO Enterprise auditors	ERO qualifications description for two additional common ERO Enterprise positions
		ERO enterprise (NERC and Regional Entity) infrastructure and applications ⁶	Secure, backed up infrastructure, database, and communications platform is designed, one ERO application is operational	Secure, backed up infrastructure, database, and communications platform is designed, three ERO PMO applications are operational
7b	ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.	Internal risk management (75% weight)	Total year end operating and fixed asset expenditures do not exceed an amount equivalent to: (a) the 2013 operating expense and fixed asset expense budget plus b) an amount equivalent to the sum of : (i) the 2013 budget for known contingency operating reserves	Total year end operating expense and fixed asset expenditures do not exceed an amount equivalent to the approved operating expense and fixed asset expense budget plus an amount equivalent to the budget for known operating reserve contingencies.

⁶ Sample ERO Enterprise applications include: BES Exception, Event Information Data System (EIDS), and Reliability Assessment Database System (RADS).

			and (ii) 25% of the 2013 operating reserve budget for unforeseen contingencies.	
		Budgetary and working capital (25% weight)	Each Regional Entity has a written working capital and operating reserve policy in place that has been approved by its board or a committee of its board if the board has delegated the authority regarding establishment of such policy to a committee of the board (e.g. finance and audit committee).	Common working capital and operating reserve framework in place across NERC and all regions.

EXHIBIT 2

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Item 7
CGHRC Open Meeting
August 14, 2013

2013 NERC Performance Report

Quarter 2 – Draft for Preliminary Review

Mark Rossi, COO

Corporate Governance and Human Resources Committee Meeting

July 18, 2013

RELIABILITY | ACCOUNTABILITY



Objective	Q1	Q2	Q3	Q4	Trending	Comments
1a - Timely, clear and responsive to reliability and security risks	●	●			↑	Completed assessment and results-based construct for standards. Reduced 47 directives. Solutions in SC charter agreed upon by SC and SOTC.
1b - Practical to implement and cost effective	●	●			↔	Initiated assessment for Paragraph 81, Phase 2. Continued development of Standards application guide /RSAW.
2a - ERO registers entities commensurate with risk to the BPS	●	●			↔	Framework and plan scheduled to be developed in 2014.
2b - ERO holds industry accountable for violations to the BPS	●	●			↔	On trajectory to hit threshold for reduction of active violations preceding January 1, 2012. Block of historical violations continues taking longer than expected to process.
3a - Industry has effective procedures and programs	●	●			↔	RAI implementation continued identification of “how” documents. Metric showing discovery of violations monitored.
3b - ERO uses efficient processes and proportional exercise of discretion	●	●			↑	80% total filings through FFT and SNOP disposition
4a - Risks are identified and prioritized	●	●			↑	State of Reliability Report completed – met target. Risk projects and control initiatives continue.
4b - Events and system performance are consistently analyzed	●	●			↔	Analyzing Category 3 and above events is becoming resource constrained.

Objective	Q1	Q2	Q3	Q4	Trending	Comments
5a - ERO is tracking industry accountability for critical reliability and security						(+10%): three or less Category 3 events occur and zero Category 4 or 5 events (-10%): Category 5 event occurs or two Category 4 events or five or more Category 3 events
5b - Industry is aware of and is effectively addressing security vulnerabilities						Only one maturity model assessment completed at then end of Q2. Mitigation plan being developed to address resource constraints and competing priorities.
6a - ERO is a leading resource for reliability information						Published 2 assessment reports and planning another special issues report and LTRA for Q4.
6b - Reliability modeling and data are accurate and shared						Reliability modeling and data to begin in 2014.
7a - ERO acquires, engages, and retains highly qualified talent						Need regional support to integrate common ERO qualifications description for auditors.
7b - ERO internal risks are understood and managed						Projection being finalized. Preliminary estimate shows budget not meeting target. Mitigation plan being developed to achieve or exceed target.

I. Standards

- Completed quality assessment and results-based construct for standards
- Agreed upon solution by SC and SOTC on reform resolutions

II. Compliance, Registration and Certification

- Developed mitigation aging curve and initiated automated calculation and business rule
- Monitored metric for self-identified violations – 70%
- 80% of filings through FFT and SNOP disposition – original expectation was 73%

III. Risks to Reliability

- Published State of Reliability, Gas-Electric and summer assessment reports
- Developed high/medium priority risk area gap analysis for RISC
- Initiated risk control initiatives: workforce capability/HP and misops
- Published two lessons learned for six cumulative
- Utilized ES-ISAC – exceeded original expectations for RCs/TOs/TOPs
- Planned GridEx scenario, leadership component and entity engagement

IV. Coordination and Collaboration

- Developed Five-Year ERO Assessment criteria, metrics, survey, and timetable
- Continued audit implementation plan in response to FERC audit
- Completed 46% of risk management action plan

I. Compliance, Registration and Certification

- 12-month rolling average of active violations and caseload aging curve – Block of historical violations continues taking longer than expected to process

II. Risks to Reliability

- Analyze all Cat 3 events and documenting risk control strategy for three gaps – resource constrained
- Number of maturity model assessments completed to inform industry

III. Coordination and Collaboration

- Develop an ERO qualifications description for auditors to improve the acquisition and retention of qualified talent suited to the mission
- Project to exceed budget and known operating reserve by end of year
- Work with Regions and FAC on common working capital and operating reserve framework

DOCKET NO. RR13-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 9

**METRICS COMPARING
REGIONAL ENTITY OPERATIONS
BASED ON
THE 2014 BUDGETS**

ATTACHMENT 16

METRICS COMPARING REGIONAL ENTITY OPERATIONS BASED ON THE 2014 BUDGETS

Introduction

This Attachment provides metrics on the Regional Entities' operations based on their 2014 Business Plans and Budgets, and analysis of the metrics. Consistent with the similar attachments provided in NERC's 2010, 2011, 2012, and 2013 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:

- a table providing the 2014 budget metrics values for each Regional Entity (page 4);
- a series of bar charts comparing the Regional Entities' Compliance Program 2014 budgeted costs (pages 5-7);
- a series of bar charts comparing the Regional Entities' projected costs for 2014 for "small," "medium" and "large" on-site and off-site operational compliance audits¹ and "small" and "large" on-site and off-site CIP compliance audits² (pages 8-10);

¹ An "operational" audit as referred to in this Attachment is an audit of the registered entity's compliance with the operations and planning or "Order 693" reliability standards. For purposes of this presentation (and consistent with the definitions used in the 2010, 2011, 2012 and 2013 Business Plan and Budget filings), 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. As can be seen from the table on page 4 and from the bar charts on pages 8-10, MRO, ReliabilityFirst, SPP RE, Texas RE and WECC are not planning any "small" on-site operational compliance audits in 2014, NPCC and WECC are not planning any "medium" on-site operational compliance audits in 2014, and ReliabilityFirst is not planning any "large" on-site operational audits in 2014. Also, FRCC, ReliabilityFirst, and SERC are not planning any "medium" off-site operational audits in 2014, and FRCC, MRO, ReliabilityFirst, SERC, SPP RE and Texas RE are not planning any "large" off-site audits. The latter fact (that six Regional Entities plan no large off-site operational audits) reflects that if the registered entity has more than 75 requirements to be audited, the Regional Entity will likely conclude that an on-site compliance audit should be conducted.

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 compliance audit involves any

- trend line plots of the Regional Entities' 2014 Compliance Program budgets against numbers of registered entities and numbers of registered functions in each Region (page 11);
- bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTE³ and numbers of registered functions per Compliance Program FTE based on their 2014 budgets (page 12);
- 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 2013 and 2014 Business Plans and Budgets (page 13); and
- discussion and analysis of the metrics (pages 14-19). The discussion and analysis focuses on variations in the Regional Entity metrics based on their 2014 budgets and possible reasons for the variations.

The table on page 4 shows the following quantitative data for each Regional Entity based on its 2014 Business Plan and Budget. This data is used to develop the bar charts and trend line graphs that follow based on the Regional Entities' 2013 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

entity with critical cyber assets and 5 requirements, auditing 43 requirements or 162 sub-requirements. These definitions are the same as used in Attachment 15 of the 2012 and 2013 Business Plan and Budget filings. As can be seen from the table on page 4 and the bar charts on page 10, only SERC and Texas RE are planning any "small" on-site CIP audits in 2014 and all the Regional Entities are planning only "small" off-site CIP audits in 2014. Similar to the operational audits (note 1 above), this fact reflects that if there is a need to audit the registered entity's compliance with 43 or more requirements or 162 or more sub-requirements of CIP standards, the Regional Entity will likely conclude that an on-site compliance audit should be conducted. The decision to conduct an on-site CIP audit can also be influenced by the need for the Regional Entity's CIP audit staff to review facilities and equipment that are the subject of Technical Feasibility Exception (TFE) requests or audit the registered entity's compliance with the terms of an approved TFE.

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.

- ERO funding per registered function
- Total statutory budget
- Total statutory budget⁵ per registered entity
- Total statutory budget per registered function
- Total statutory FTE
- 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 2014
- Estimated costs for small, medium and large on-site operational audits in 2014
- Projected numbers of small, medium and large off-site operational audits in 2014
- Estimated costs for small, medium and large off-site operational audits in 2014
- Projected numbers of small and large on-site CIP audits in 2014
- Estimated costs for small and large on-site CIP audits in 2014
- Projected numbers of small and large off-site CIP audits in 2014
- Estimated costs of small and large off-site CIP audits in 2014
- Average number of contractors used and projected contractor costs for small, medium and large on-site operational audits
- Average number of contractors used and projected contractor costs for small, medium and large off-site operational audits

⁵ Total budget is defined as the sum of total expenses and the total increase in fixed assets.

Metrics for Budget Submissions	FRCC	MRO ⁷	NPCC ⁷	RFirst	SERC	SPP RE	TRE	WECC ⁸
Number of registered entities	68	125	293	332	247	140	222	469
Number of registered functions	242	502	590	669	694	400	448	1240
Total NEL (GWh)	220,684	284,519	641,382	902,132	1,018,700	217,689	324,860	866,704
NEL (GWh) per registered entity	3,245	2,276	2,189	2,717	4,124	1,555	1,463	1,848
Total ERO Funding ¹	\$ 5,831,057	\$ 8,877,944	\$ 13,764,880	\$ 16,517,917	\$ 15,788,999	\$ 9,727,456	\$ 10,912,141	\$ 18,563,902
ERO Funding per registered entity	\$ 85,751	\$ 71,024	\$ 46,979	\$ 49,753	\$ 63,923	\$ 69,482	\$ 49,154	\$ 39,582
ERO Funding per registered function	\$ 24,095	\$ 17,685	\$ 23,330	\$ 24,690	\$ 22,751	\$ 24,319	\$ 24,357	\$ 14,971
Total Budget ²	\$ 6,794,932	\$ 9,744,799	\$ 14,129,006	\$ 18,063,201	\$ 16,877,288	\$ 11,823,629	\$ 11,771,248	\$ 22,009,776
Total Budget per registered entity	\$ 99,925	\$ 77,958	\$ 48,222	\$ 54,407	\$ 68,329	\$ 84,454	\$ 53,024	\$ 46,929
Total Budget per registered function	\$ 28,078	\$ 19,412	\$ 23,947	\$ 27,000	\$ 24,319	\$ 29,559	\$ 26,275	\$ 17,750
Total Statutory FTE ³	30.40	40.75	36.86	72.00	79.2	33.85	60.00	130.00
Registered entity per Statutory FTE	2.24	3.07	7.95	4.61	3.12	4.14	3.70	3.61
Registered function per Statutory FTE	7.96	12.32	16.01	9.29	8.76	11.82	7.47	9.54
Total Compliance Budget ⁴	\$ 4,702,351	\$ 6,697,593	\$ 8,079,371	\$ 13,584,945	\$ 11,670,318	\$ 8,662,902	\$ 9,336,233	\$ 14,763,348
Compliance budget per registered entity	\$ 69,152	\$ 53,581	\$ 27,575	\$ 40,919	\$ 47,248	\$ 61,878	\$ 42,055	\$ 31,478
Compliance budget per registered function	\$ 19,431	\$ 13,342	\$ 13,694	\$ 20,306	\$ 16,816	\$ 21,657	\$ 20,840	\$ 11,906
Total Compliance FTE ³	19.26	21.26	16.00	43.00	42.50	22.10	40.00	58.00
Registered entity per Compliance FTE	3.53	5.88	18.31	7.72	5.81	6.33	5.55	8.09
Registered function per Compliance FTE	12.56	23.61	36.88	15.56	16.33	18.10	11.20	21.38
Number of Small Operational Audits Onsite ⁵	3	0	3	0	10	0	0	0
Estimated Cost per Small Operational Audit Onsite ⁵	\$ 7,411		\$ 13,900		\$ 10,550			\$ -
Number of Medium Operational Audits Onsite ⁵	1	6	0	11	15	1	4	0
Estimated Cost per Medium Operational Audit Onsite ⁵	\$ 18,527	\$ 44,049		\$ 40,942	\$ 16,392	\$ 22,113	\$ 34,027	\$ -
Number of Large Operational Audits Onsite ⁵	4	1	3	0	6	7	6	20
Estimated Cost per Large Operational Audit Onsite ⁵	\$ 37,054	\$ 52,452	\$ 61,150		\$ 37,605	\$ 56,357	\$ 51,798	\$ 43,567
Number of Small Operational Audits Offsite ⁵	8	11	7	52	15	3	18	27
Estimated Cost per Small Operational Audit Offsite ⁵	\$ 2,685	\$ 11,404	\$ 11,875	\$ 8,560	\$ 9,454	\$ 5,129	\$ 14,447	\$ 5,367
Number of Medium Operational Audits Offsite ⁵	0	1	7	0	0	16	7	21
Estimated Cost per Medium Operational Audit Offsite ⁵		\$ 43,083	\$ 21,950			\$ 10,796	\$ 25,328	\$ 14,513
Number of Large Operational Audits Offsite ⁵	0	0	20	0	0	0	0	8
Estimated Cost per Large Operational Audit Offsite ⁵			\$ 28,280					\$ 34,167
Number of Small CIP Audits Onsite ⁶	0	0	0	0	4	0	4	0
Estimated Cost per Small CIP Audit Onsite ⁶					\$ 10,182		\$ 18,797	\$ -
Number of Large CIP Audits Onsite ⁶	2	5	12	14	6	4	10	19
Estimated Cost per Large CIP Audit Onsite ⁶	\$ 74,108	\$ 57,520	\$ 58,150	\$ 50,453	\$ 38,159	\$ 90,638	\$ 51,496	\$ 47,463
Number of Small CIP Audits Offsite ⁶	9	8	22	31	4	16	22	45
Estimated Cost per Small CIP Audit Offsite ⁶	\$ 2,685	\$ 5,702	\$ 7,830	\$ 3,738	\$ 14,194	\$ 5,129	\$ 14,447	\$ 5,367
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			2.0			-		0.0
Avg. Number of Contractors Per Medium Audits Onsite			4.0			2.0		2.0
Avg. Number of Contractors Per Large Audits Onsite			5.0			2.0		2.0
Avg. Number of Contractors Per Small Audits Offsite			1.0			-		0.0
Avg. Number of Contractors Per Medium Audits Offsite			2.0			1.0		2.0
Avg. Number of Contractors Per Large Audits Offsite			2.0					2.0
Cost of Contractors Per Small Audits Onsite			\$ 5,740					\$ -
Cost of Contractors Per Medium Audits Onsite			\$ 19,320			\$ 13,600		\$ -
Cost of Contractors Per Large Audits Onsite			\$ 37,800			\$ 34,879		\$ 13,000
Cost of Contractors Per Small Audits Offsite			\$ 9,940					\$ 3,250
Cost of Contractors Per Medium Audits Offsite			\$ 19,740			\$ 6,600		\$ 9,750
Cost of Contractors Per Large Audits Offsite			\$ 25,900					\$ 13,000

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:

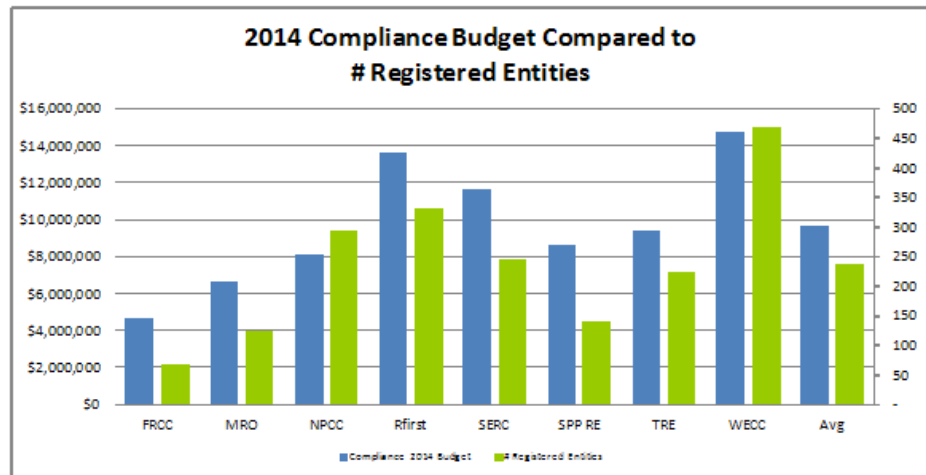
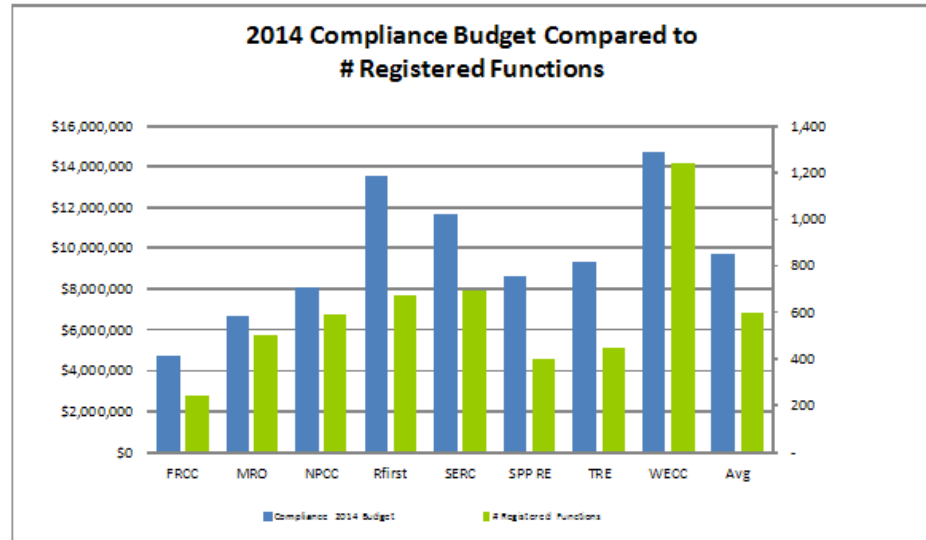
Small	Any entity with no critical cyber assets and 5 requirements
Large	Any entity with critical cyber assets and 5 requirements, auditing 43 requirements or 162 sub requirements

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.

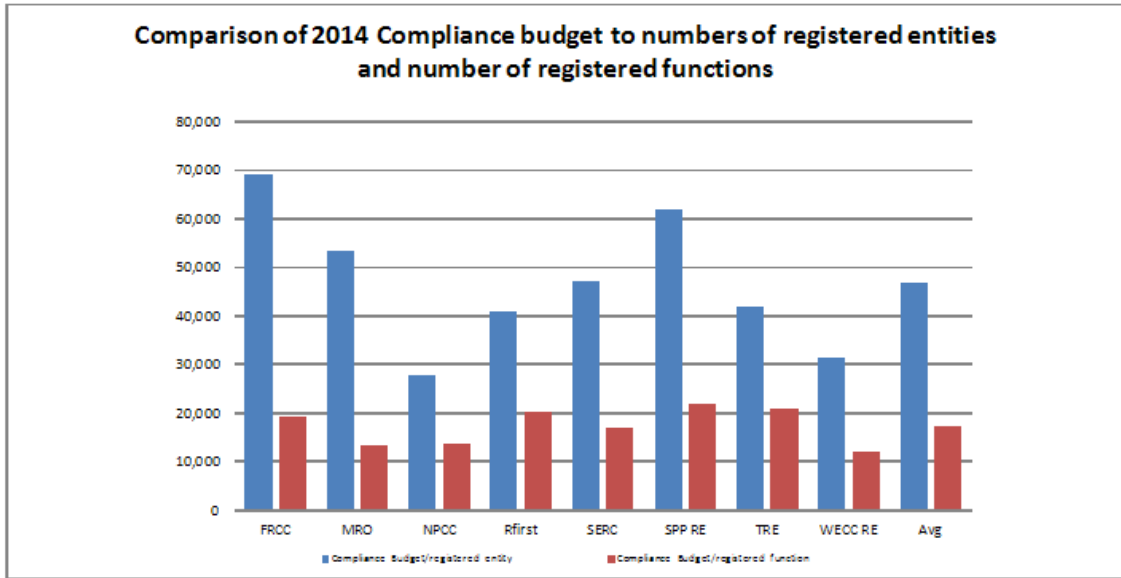
⁸ The costs offset by grant funding totalling \$3,628,308 have been excluded from the Total Budget and 5.0 FTEs have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE.

Compliance 2014 Budget

	FRCC	MRO	NPCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
	4,702,351	6,697,593	8,079,371	13,584,945	11,670,318	8,662,902	9,336,233	14,763,348	9,687,133
# Registered Entities	68	125	293	332	247	140	222	469	237
# Registered Functions	242	502	590	669	694	400	448	1,240	598

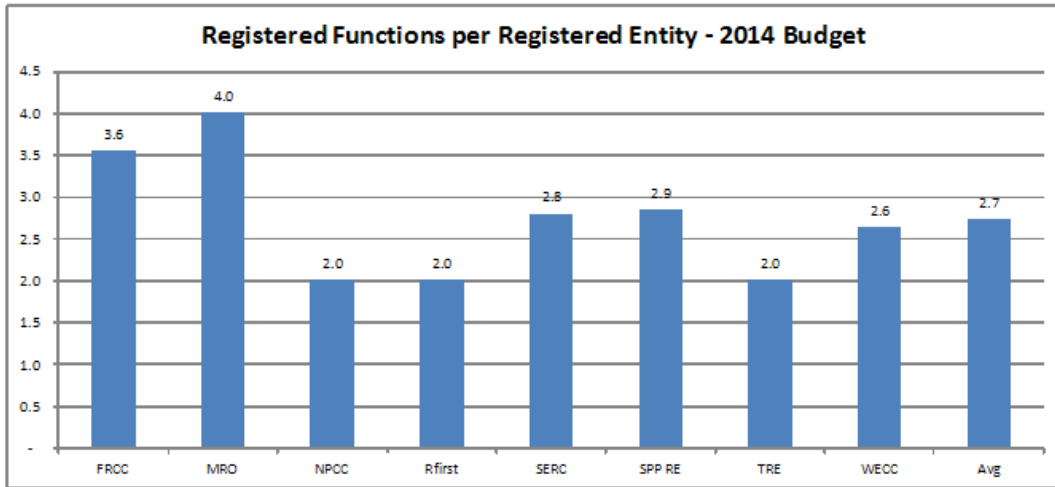


	FRCC	MRO	NPCC	Rfirst	SERC	SPP RE	TRE	WECC RE	Avg
Compliance Budget/registered entity	69,152	53,581	27,575	40,919	47,248	61,878	42,055	31,478	46,736
Compliance Budget/registered function	19,431	13,342	13,694	20,306	16,816	21,657	20,840	11,906	17,249

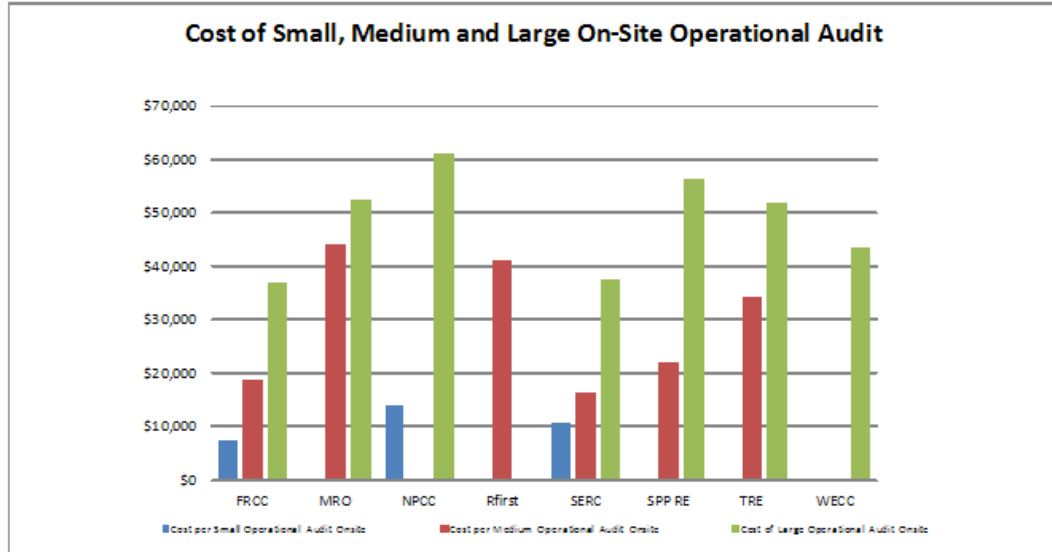


Registered Functions per Registered Entity
2014 Budget

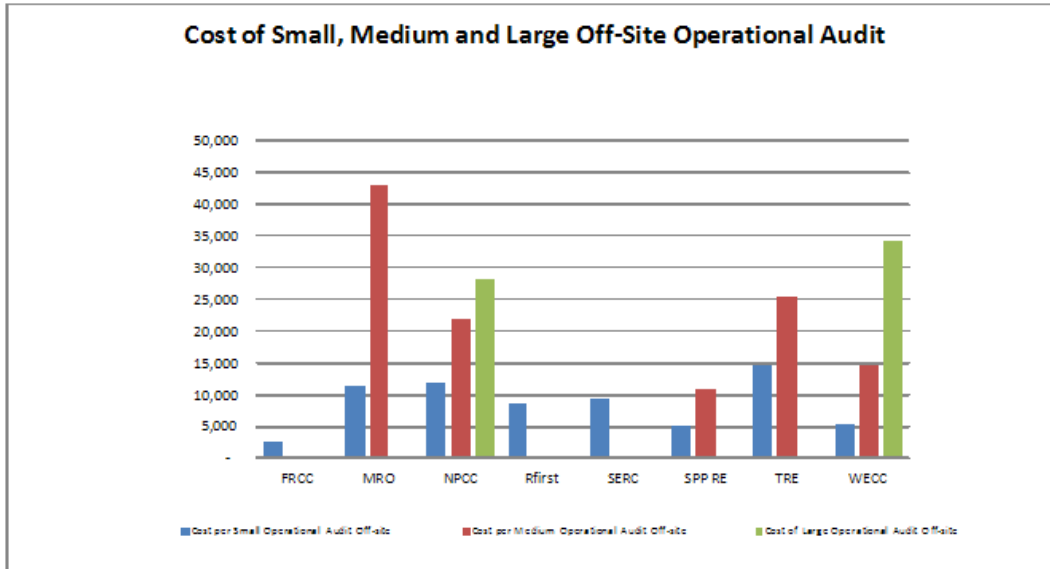
FRCC	MRO	N PCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
3.6	4.0	2.0	2.0	2.8	2.9	2.0	2.6	2.7



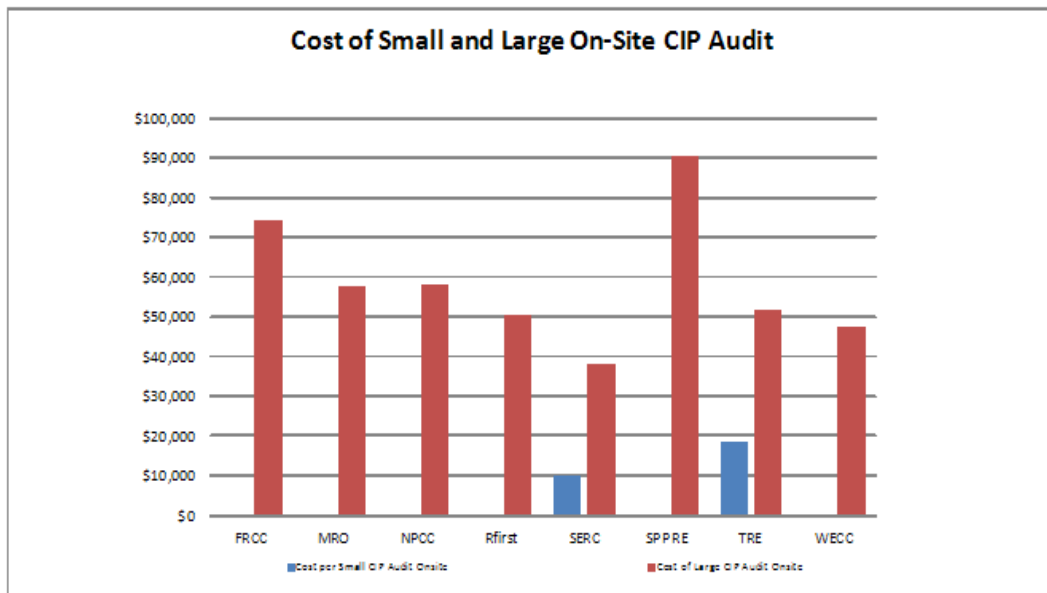
	FRCC	MRO	N PCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
Cost per Small Operational Audit Onsite	7,411		13,900		10,550			-	7,965
Cost per Medium Operational Audit Onsite	18,527	44,049		40,942	16,392	22,113	34,027	-	25,150
Cost of Large Operational Audit Onsite	37,054	52,452	61,150		37,605	56,357	51,798	43,567	48,569



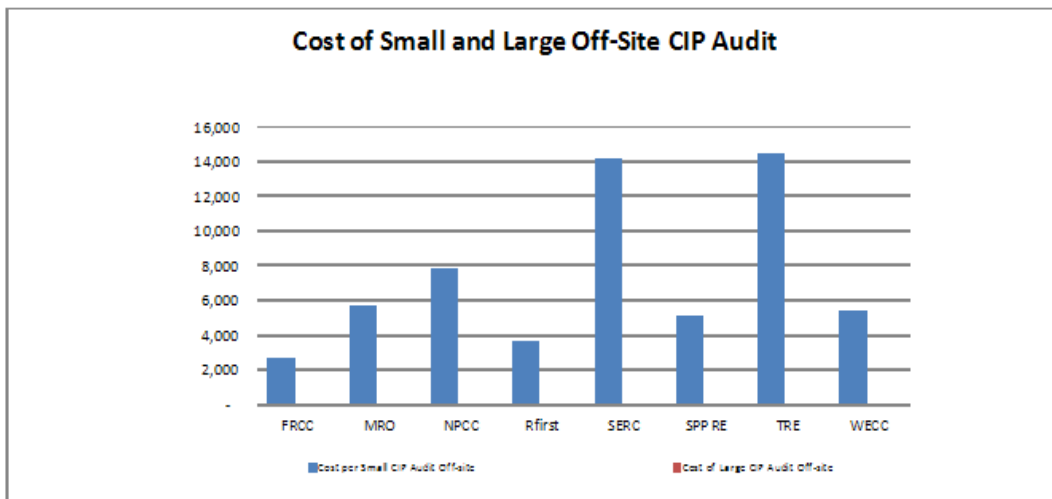
	FRCC	MRO	NPCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
Cost per Small Operational Audit Off-site	2,685	11,404	11,875	8,560	9,454	5,129	14,447	5,367	8,615
Cost per Medium Operational Audit Off-site		43,083	21,950			10,796	25,328	14,513	23,134
Cost of Large Operational Audit Off-site			28,280					34,167	31,224

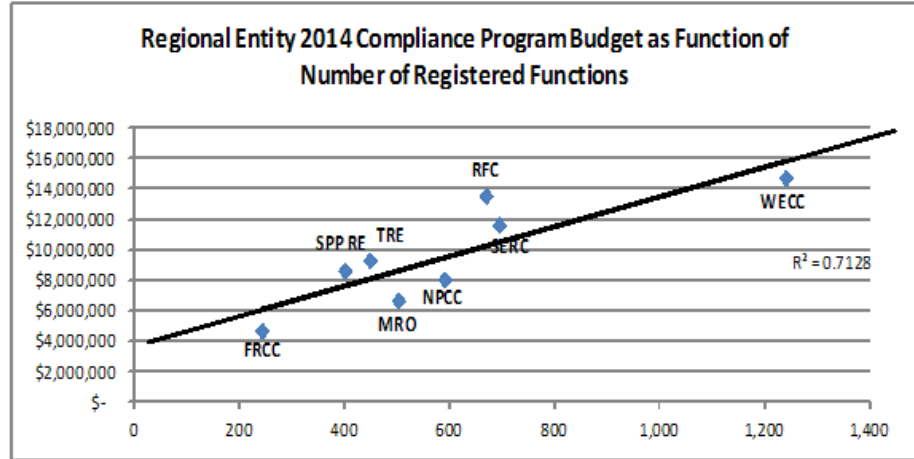
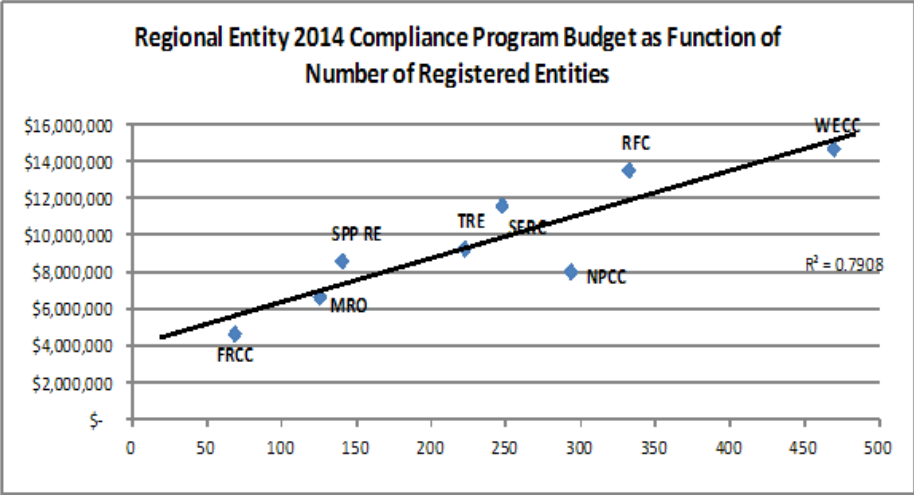


	FRCC	MRO	N PCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
Cost per Small CIP Audit Onsite					10,182		18,797	-	9,660
Cost of Large CIP Audit Onsite	74,108	57,520	58,150	50,453	38,159	90,638	51,496	47,463	58,498

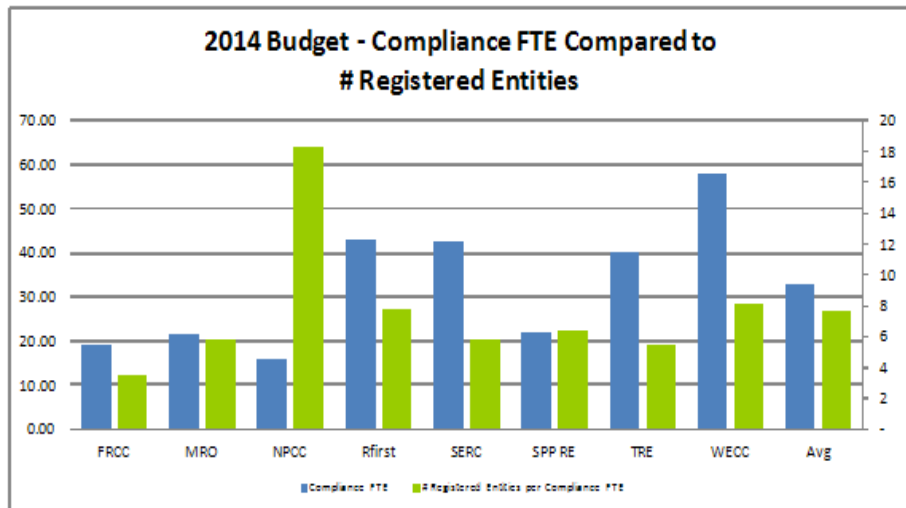
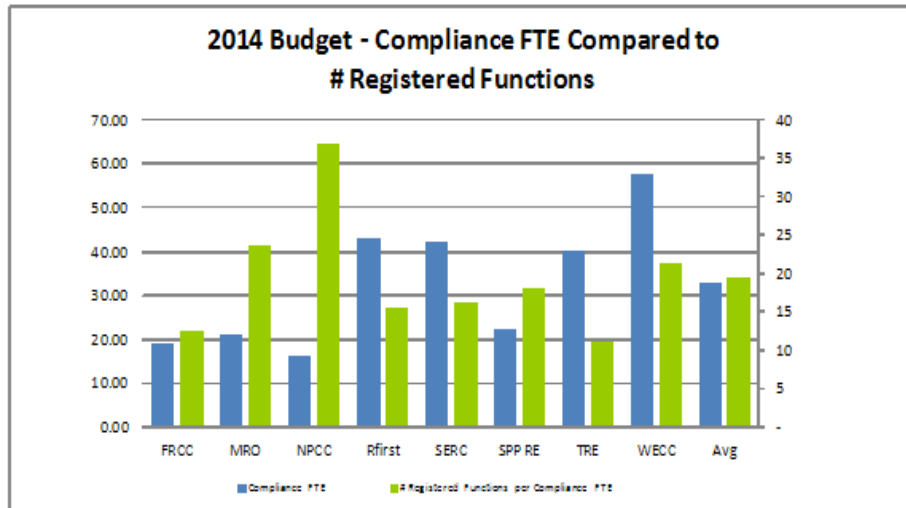


	FRCC	MRO	N PCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
Cost per Small CIP Audit Off-site	2,685	5,702	7,830	3,738	14,194	5,129	14,447	5,367	7,386
Cost of Large CIP Audit Off-site	-	-	-	-	-	-	-	-	-

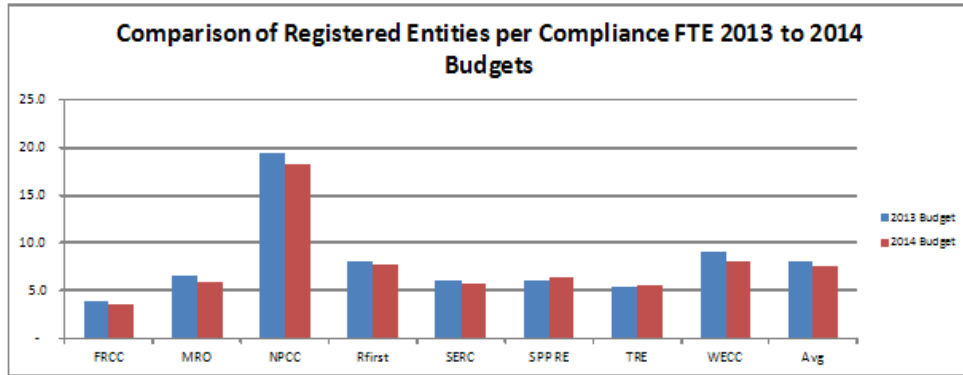




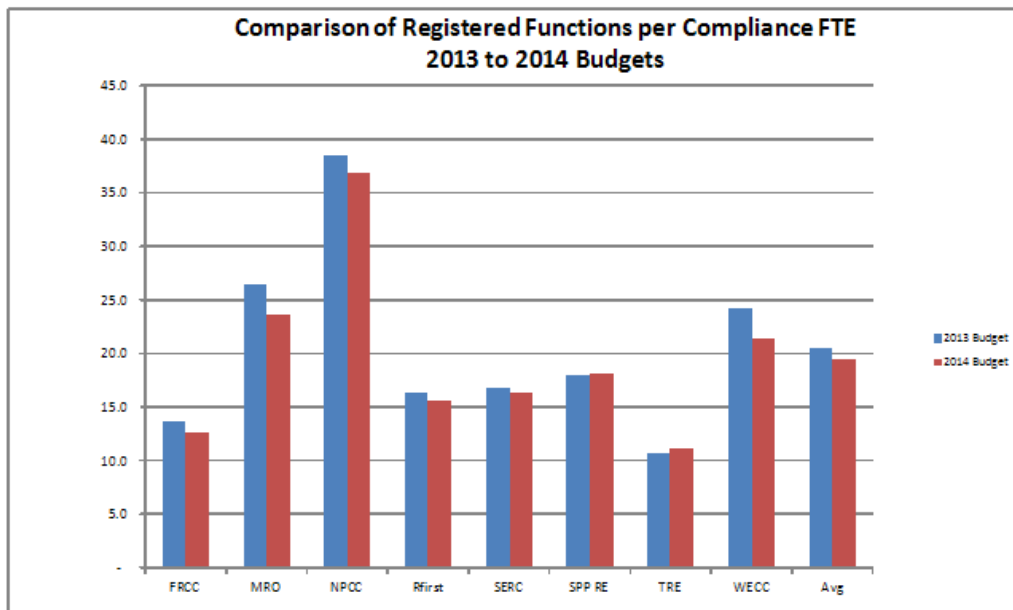
	FRCC	MRO	N PCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
Compliance FTE	19.26	21.26	16.00	43.00	42.50	22.10	40.00	58.00	32.77
# Registered Entities per Compliance FTE	3.5	5.9	18.3	7.7	5.8	6.3	5.6	8.1	7.7
# Registered Functions per Compliance FTE	12.6	23.6	36.9	15.6	16.3	18.1	11.2	21.4	19.5



	FRCC	MRO	NPCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
2013 Budget	3.9	6.6	19.5	8.2	6.0	6.1	5.4	9.1	8.1
2014 Budget	3.5	5.9	18.3	7.7	5.8	6.3	5.6	8.1	7.7



	FRCC	MRO	NPCC	Rfirst	SERC	SPP RE	TRE	WECC	Avg
2013 Budget	13.6	26.4	38.5	16.3	16.8	18.0	10.7	24.2	20.6
2014 Budget	12.6	23.6	36.9	15.6	16.3	18.1	11.2	21.4	19.5



Discussion and Analysis

Metrics Based on 2014 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. In analyzing the Regional Entity metrics based on their 2014 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' 2014 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 5 of this Attachment depict the relative positions of the Regional Entities with respect to (i) total Compliance Program budget for 2014 and (ii) numbers of registered entities and registered functions.⁶ Three 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, (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, and (iii) Texas RE, which also has a larger Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest. NPCC has the third highest number of registered entities and the fourth highest number of registered functions, but NPCC's Compliance Program budget is the third lowest of the eight Regional Entities. This is due to the reduced scope of compliance activities in the Canadian Provinces that are part of the NPCC Region, as governed by the Memoranda of Understanding between NPCC and the Canadian Provinces within the NPCC Region. SPP RE has the third lowest number of registered entities and second lowest number of registered functions, but the fifth highest Compliance Program budget. Texas RE has the fourth lowest number of registered entities and third lowest number of registered functions, but the fourth highest Compliance Program budget.

The bar chart and accompanying data on page 6 of this Attachment show the 2014 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

⁶ The data on numbers of registered entities and registered functions in each Region used in the 2014 budget metrics are as of March, 2013 for the MRO Region; June 2013 for the FRCC Region; July, 2013 for the ReliabilityFirst, Texas RE and WECC Regions; and August, 2013 for the NPCC, SERC and SPP RE Regions.

\$17,249 (an increase of approximately \$1,000 over this average based on the 2013 Budgets); the two highest values (SPP RE - \$21,657 and Texas RE - \$20,840 and) are approximately 126% and 121% of the average, respectively, while the lowest value (WECC - \$11,906) is 69% of the average and the next lowest value is MRO at \$13,342 (77% of the average). With respect to Compliance Program budget per registered entity, the average for the Regional Entities is \$46,736 (an increase of approximately \$3,000 over the average from the 2013 Budgets); the two highest values (FRCC - \$69,152 and SPP RE - \$61,878) are approximately 148% and 132% of the average, respectively; and the lowest value (NPCC - \$27,575) is 59% of the average.⁷

As noted, FRCC and SPP RE have the two highest values for Compliance Program budget per registered entity, and SPP RE and Texas RE have the two highest values for Compliance Program budget per registered function. At the same time, FRCC, SPP RE and Texas RE have three of the four lowest totals of registered entities, and the three lowest totals of registered functions, among the eight Regional Entities. At the other end of the spectrum, WECC has the lowest values among the Regional Entities for Compliance Program budget per registered function and the second lowest value for Compliance Program budget per registered entity (only NPCC has lower value for Compliance Program budget per registered entity), and WECC 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 11 of this Attachment, which display the results of two simple least-squares regression analyses using the Regional Entities' 2014 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 2014 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. The disparity between the R^2 value for the plot based on number of registered entities (0.7908) and the R^2 value for the plot based on number of registered functions (0.7128) is similar to this analysis in the previous two years' Business Plan and Budget filings.⁸ NERC continues to

⁷ There is a variation among the Regional Entities in terms of registered functions per registered entity, ranging from a high value of 4.0 registered functions per registered entity for MRO to a low value of 2.0 registered functions per registered entity for NPCC, ReliabilityFirst and Texas RE. The overall average is 2.7 registered functions per registered entity. (See the data lines on page 8.) The values of this metric for each Regional Entity are generally consistent with the values based on the 2011, 2012 and 2013 Business Plans and Budgets – not surprisingly, neither the average nor the values of this metric for the individual Regional Entities have changed significantly. There is not an obvious reason why some Regional Entities (MRO and FRCC) have 1.8 to 2.0 times more registered functions per registered entity than do other Regional Entities (NPCC, Texas RE and ReliabilityFirst), and in any event this is a metric that is outside the control of the Regional Entities.

⁸ In the regression analysis that was provided in Attachment 15 of the 2012 Business Plan and Budget filing, the R^2 value for the plot based on number of registered functions was 0.7126 while the R^2 value for the plot based on number of registered entities was 0.725. In the regression analysis that was provided in Attachment 15 of the 2013 Business Plan and Budget filing, the R^2 value for the plot based on number of

believe that the regression analyses continue to indicate that 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, SERC and ReliabilityFirst are on or above the trend line on both graphs. (These are the same positional relationships for the individual Regional Entities that were shown in the regression plots provided in Attachment 15 of the 2013 Business Plan and Budget filing). 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 12 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 2014 budgets. The average for the eight Regional Entities for numbers of registered entities per Compliance Program FTE is 7.7, (compared to the average of 8.1 based on the 2013 budgets); the lowest value (FRCC – 3.5) is 46% of the average and the highest value (NPCC – 18.3), is 239% of the average. This is about the same range of values around the average than was the case for the 2013 Budget (48% to 241%). The average for numbers of registered functions per Compliance Program FTE is 19.5 (a 5.3% reduction from the average based on the 2013 budgets); the lowest value (Texas RE – 11.2) is 58% of the average and the highest value (NPCC – 36.9), is 190% of the average. This is also a comparable range of values around the average than was the case for the 2013 Budget.

The bar charts and accompanying data lines on page 13 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 2014 budgets, to the values of these metrics based on the Regional Entities' 2013 budgets as provided in the 2013 Business Plan and Budget filing. The values of this metric have decreased from the 2013 Budget to the 2014 Budget for FRCC, MRO, NPCC, ReliabilityFirst, SERC and WECC (*i.e.*, these Regional Entities now have fewer registered entities per Compliance Program FTE than in their 2013 budgets), while the values for this metric have increased from the 2013 budgets for SPP RE and Texas RE (*i.e.*, these Regional Entities now have more registered entities per Compliance Program FTE than in their 2013 budgets). With respect to registered functions per Compliance Program FTE, the 2014 budget values of this metric are lower than the 2013 budget values for FRCC, MRO, NPCC, ReliabilityFirst, SERC, and WECC (*i.e.*, these Regional Entities each now has fewer registered functions per Compliance Program FTE than its 2013 budget), while the 2014 budget values of this metric are higher than the 2013 budget values for SPP RE and Texas RE (*i.e.*, SPP RE and Texas RE now have more registered functions per Compliance Program FTE than in their 2013 budgets). The change in the value of these metrics for NPCC, ReliabilityFirst, SERC, SPP RE and Texas RE from their 2013 budgets to their 2014 budgets is

registered functions was 0.7758 while the R² value for the plot based on number of registered entities was 0.6704.

generally 6 percent or less for number of registered entities per Compliance Program FTE and is generally 5 percent or less for number of registered functions per Compliance Program FTE. This observation is consistent with the facts that (1) seven years after NERC was certified as the ERO, the population of registered entities and registered functions is fairly mature (*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 functions⁹), and (2) the Regional Entities have significantly grown their Compliance Program staffs over time and are not planning significant staffing changes for their Compliance Programs in their 2014 budgets as compared to their 2012 budgets. For FRCC, MRO and WECC, the change in the value of these metrics from their 2013 budgets to their 2014 budgets is 9.6, 10.7 and 11.0 percent, respectively for number of registered entities per Compliance Program FTE and is 7.6, 10.6 and 11.7 percent, respectively for the number of registered functions per Compliance Program FTE.¹⁰

The bar charts and accompanying data lines on pages 8 through 10 of this Attachment provide the Regional Entities' estimated costs for 2014 to perform each type (operational and CIP; on-site and off-site) and size category of compliance audit.¹¹ 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. 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 8 through 10, 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 2014. 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 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 8 through 10:

⁹ It is possible that implementation of the revised Bulk Electric System definition and exception procedure approved by the Commission in Docket Nos. RM12-6-000 and RM12-7-000, will result in some changes in registrations, at least in some Regions, when it becomes effective in 2014.

¹⁰ These two metrics, however, do not capture other Compliance Program resources, most notably contractor or consultant support, nor support that other departments (such as Legal and Regulatory) may provide to the Regional Entities' Compliance Programs.

¹¹ 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 9 through 11 if no audits of that size or type are planned.

- 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.¹² For example, as shown on the table on page 4, NPCC, SPP RE and WECC are planning on the use of contractors in compliance audits in 2014. (In general and over time, as the Regional Entities have continued to build their Compliance Program staffs, they have been able to reduce their use of consultants or contractors in compliance audits. 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.)
- 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.
- Although consistent definitions of “large” operational and CIP audits have been used, *i.e.*, an operational audit encompassing more than 75 reliability standards requirements and a CIP audit encompassing more than 43 CIP standards requirements or 162 sub-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 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, as noted earlier, the need to examine equipment or facilities that are the subject of one or more TFE Requests or to audit the registered entity’s compliance with one or more approved TFEs complicates the difficulty of projecting the resource requirements for a CIP audit.

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.

¹² It should be noted that 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.

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. In addition, during 2014, NERC and the Regional Entities plan to evaluate whether additional or revised metrics should be developed to better reflect current practices in compliance auditing and other compliance monitoring activities, including the impacts of the ERO's Reliability Assurance Initiative.

DOCKET NO. RR13-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2014 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT :

METRICS ON NERC AND REGIONAL ENTITY

ADMINISTRATIVE (INDIRECT) COSTS

BASED ON

THE 2013 AND 2014 BUDGETS

ATTACHMENT 17

Analysis of NERC and Regional Entity Budgeted Indirect (Administrative Services) Costs 2014 Budgets versus 2013 Budgets

In the preparation of the NERC and Regional Entity 2014 Business Plans and Budgets, indirect expenses have been defined as those expenses which cannot be directly attributed to one of the statutory program functions.¹

The metrics presented in the tables on the last page of this Attachment are the same metrics presented in Attachment 16 to the 2010, 2011, 2012 and 2013 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 2014 Business Plans and Budgets and their 2013 Business Plans and Budgets.

Overall, the tables show an increase in the average indirect costs as a percent of total statutory costs and an increase in the average statutory indirect FTEs as a percentage of total statutory FTEs, in the NERC and Regional Entity 2014 budgets as compared to the 2013 budgets. This result is reflective of consistent application of the definition of indirect costs, as described above, in the preparation of the 2014 budgets.

As discussed in greater detail below, the changes in the averages for the three sets of metrics provided in this Attachment from the 2013 budgets to the 2014 budgets are largely a function of the elimination of the Reliability Coordinator and Interchange Authority functions from WECC's direct statutory costs (due to the formation of the RCCo) and the completion of a significant WECC program that has been funded by a U.S. Department of Energy (DOE) grant, the costs of which were budgeted and recorded as direct statutory costs, in 2013 (i.e., these costs were in WECC's 2013 budget but are not in its 2014 budget). The information in the first row of tables shows that, due primarily to these changes, WECC's total statutory budget has decreased from \$51,025,093 for 2013 to \$25,638,085 for 2014 (49.8% decrease); its total direct statutory budget has decreased from \$38,697,715 for 2013 to \$16,296,214 for 2014 (57.9% decrease); and its total statutory indirect budget has decreased from \$12,327,378 for 2013 to \$9,341,871 for 2014 (24.2% increase).³ As a result, all of WECC's metrics show increases in statutory indirect budget and budgeted statutory indirect FTEs relative to statutory direct and total budget and FTEs. The changes in the metrics for the other Regional Entities and NERC from their 2013 budgets to their 2014 budgets are all much less significant than the changes for WECC.

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.

³ This comparison is not intended to suggest that WECC should be able to reduce its statutory indirect costs by the same percentage as it has reduced its statutory direct costs; to the contrary, such an expectation would be unreasonable, particularly considering the nature of certain of the eliminated direct costs, as discussed below.

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 2014 budgets is 35.5%, versus 32.3% in the 2013 budgets. For 2014, NPCC, ReliabilityFirst, SERC, Texas RE and WECC show percentages below or only slightly above the overall average. NERC's and MRO's 2014 values for this metric are slightly higher than the values for the entities just listed, but are not significantly above the overall average.

FRCC's percentages for this metric calculated from both its 2013 budget and its 2014 budget are considerably lower than the overall average, which is reflective of the methodology used by FRCC to identify and allocate staff time and Office Costs to the appropriate program. 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 SPP, Inc.'s operating budget. FRCC shows a decrease in this metric from its 2013 budget to its 2014 budget of 1.1 percentage points.

For NERC, MRO, NPCC, ReliabilityFirst, SERC, SPP RE, Texas RE and WECC, the percentages of Statutory Indirect Budget to Total Statutory Budget increased in their 2014 budgets from the percentages based on their 2013 budgets, ranging from an increase of only 0.2 percentage points for NPCC and ReliabilityFirst to increases of 7.4 percentage points for Texas RE and 12.2 percentage points for WECC. WECC's percentage for this metric based on its 2014 budget is significantly higher than its percentage based on its 2013 budget; this increase is primarily attributable to the creation of an independent new entity, the RCCo, that will take over the Reliability Coordinator and Interchange Authority registered functions from WECC. In its 2013 budget, WECC had 85.1 direct statutory FTEs in its Situation Awareness program (where the Reliability Coordinator and Interchange Authority functions were budgeted); these positions are moving to the RCCo and are not included in WECC's budgeted direct statutory FTEs or costs for 2014. The increase in this metric for WECC also reflects the termination of substantial expenses that were funded by a U.S. DOE grant and were recorded as statutory direct costs. The expenses for the DOE-funded Western Interconnection SynchroPhasor (WISP) program in which WECC has been engaged for several years are ending in 2013 and are not included in WECC's 2014 budget. The expenses of the WISP program, some of which were pass-through costs to other entities, has significantly increased its budgeted direct statutory costs relative to its budgeted indirect and total statutory costs for several years. Going forward, with the elimination of the Reliability Coordinator and Interchange Authority functions and associated costs and the elimination of costs for the WISP program, funded by a federal grant, from WECC's statutory direct costs, WECC's metrics comparing statutory indirect costs and staffing to statutory direct and total costs and staffing should be more comparable to those of the other Regional Entities, as WECC's functional organization will be more comparable to those of the other Regional Entities.

The overall average for the ratio of Statutory Direct Budget to Statutory Indirect Budget decreased from 2.74 based on the 2013 Business Plans and Budgets to 2.57 based in the 2014 Business Plans and Budgets. This change is consistent with the percentage change in the overall

average for Total Statutory Indirect Budget as a Percent of Total Statutory Budget.

Budgeted Indirect FTEs as a Percent of Budgeted Total FTEs

In the NERC and Regional Entity 2014 Business Plans and Budgets, on average the budgeted statutory indirect FTEs are 22.3% of total statutory FTEs, compared to an average of 21.5% for the 2013 budgets, an increase of 0.8 percentage points (second row of tables). On average, there are 4.41 statutory direct FTEs per statutory indirect FTE in the 2014 budgets, compared to 4.32 statutory direct FTEs per statutory indirect FTEs in the 2013 budgets, for an average increase of 0.09 statutory direct FTEs per statutory indirect FTE (a percentage change of approximately 2 percent). The small changes in these two metrics from 2013 to 2014 are comparable to the similarly small changes from 2012 to 2013, when the average budgeted statutory indirect FTEs as a percent of total budgeted FTEs increased 1.3 percentage points from 20.2% to 21.5%, and the average number of statutory direct FTEs per statutory indirect FTE decreased by 0.07, from 4.39 to 4.32. Thus, these metrics continue to demonstrate that, as the ERO organization continues to mature, NERC and the Regional Entities are achieving an operational balance between statutory direct FTEs and indirect FTEs.

NERC, MRO and WECC have higher percentages of budgeted statutory indirect FTEs to total statutory FTEs reflected in their 2014 budgets than in their 2013 budgets, although the increase in this metric for MRO is quite small. FRCC, NPCC, *ReliabilityFirst*, SERC and SPP RE have lower percentages of budgeted statutory indirect FTEs to total statutory FTEs reflected in their 2014 budgets than in their 2013 budgets. Texas RE's percentage of budgeted statutory indirect FTEs to total statutory FTEs reflected in its 2014 budget is the same as in its 2013 budget. 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. In considering this metric, it should be kept in mind that, other than WECC's substantial staffing reductions in 2014 due to formation of the RCCo and elimination of the Reliability Coordinator and Interchange Authority functions at WECC, neither NERC nor any of the other Regional Entities are planning significant changes (increases or decreases) in overall staffing levels in their 2014 budgets from their 2014 budgets. Without significant changes in staffing from year to year, there will not be significant changes in the values of this metric.

Statutory Indirect Budget per Total FTE

The Statutory Indirect Budget per Total FTEs has increased from an average of \$87,510 in the 2013 NERC and Regional Entity budgets to \$95,164 in the 2014 budgets, an increase of \$7,654, or 8.7% (bottom row of tables). The increases in the statutory Indirect Budget per Total FTEs for NERC, *ReliabilityFirst*, SERC, SPP RE, Texas RE and WECC are reflective of their increased percentages of Statutory Indirect Budget to Total Statutory Budget (first row of tables). The statutory Indirect Budget per Total FTEs metric has decreased from the 2013 budget to the 2014 budget for FRCC, MRO and NPCC, however the percentage of Statutory Indirect Budget to Total Statutory Budget increased for MRO and NPCC.

**Analysis of Indirect (Administrative Services) Costs
2014 Budget versus 2013 Budget**

2013 BUDGET						2014 BUDGET					
Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory	Ratio of		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	Statutory Direct Budget to Indirect Budget						
\$ 54,286,256	\$ 30,909,401	\$ 23,376,855	43.1%	1.32	NERC	\$ 56,390,096	31,154,625	25,235,471	44.8%	1.23	
6,531,782	5,861,218	670,564	10.3%	8.74	FRCC	6,794,932	6,172,992	621,940	9.2%	9.93	
9,283,539	5,558,189	3,725,350	40.1%	1.49	MRO	9,744,799	5,774,572	3,970,227	40.7%	1.45	
13,879,226	8,969,958	4,909,268	35.4%	1.83	NPCC	14,129,006	9,095,248	5,033,758	35.6%	1.81	
17,426,838	12,443,206	4,983,632	28.6%	2.50	ReliabilityFirst	18,063,201	12,869,165	5,194,036	28.8%	2.48	
15,907,603	10,433,393	5,474,210	34.4%	1.91	SERC	16,877,288	10,610,814	6,266,474	37.1%	1.69	
11,514,817	6,064,830	5,449,987	47.3%	1.11	SPP RE	11,823,629	5,736,162	6,087,467	51.5%	0.94	
10,935,780	7,916,802	3,018,978	27.6%	2.62	Texas RE	11,771,248	7,653,236	4,118,012	35.0%	1.86	
51,025,093	38,697,715	12,327,378	24.2%	3.14	WECC	25,638,084	16,296,214	9,341,870	36.4%	1.74	
				32.3%	2.74	AVERAGE				35.5%	2.57

2013 BUDGETED FTEs						2014 BUDGETED FTEs					
Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to		Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs	
				Indirect Statutory FTEs	Indirect Statutory FTEs						
186.25	133.50	52.75	28.3%	2.53	NERC	189.53	130.39	59.14	31.2%	2.20	
30.12	26.37	3.75	12.5%	7.03	FRCC	30.40	27.04	3.36	11.1%	8.05	
37.75	27.75	10.00	26.5%	2.78	MRO	40.75	29.79	10.96	26.9%	2.72	
35.86	26.86	9.00	25.1%	2.98	NPCC	36.86	27.86	9.00	24.4%	3.10	
73.00	57.20	15.80	21.6%	3.62	ReliabilityFirst	72.00	57.20	14.80	20.6%	3.86	
77.45	57.52	19.93	25.7%	2.89	SERC	79.20	59.37	19.83	25.0%	2.99	
34.50	31.25	3.25	9.4%	9.62	SPP RE	33.86	30.86	3.00	8.9%	10.29	
60.00	49.25	10.75	17.9%	4.58	Texas RE	60.00	49.25	10.75	17.9%	4.58	
216.30	160.00	56.30	26.0%	2.85	WECC	135.00	88.10	46.90	34.7%	1.88	
				21.5%	4.32	AVERAGE				22.3%	4.41

2013 BUDGET per FTE				2014 BUDGET per FTE				
Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total FTE	Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total FTE	
								\$ 291,470
216,859	222,268	178,817	22,263	FRCC	223,518	228,291	185,101	20,459
245,922	200,295	372,535	98,685	MRO	239,136	193,843	362,247	97,429
387,039	333,952	545,474	136,901	NPCC	383,315	326,463	559,306	136,564
238,724	217,539	315,420	68,269	ReliabilityFirst	250,878	224,985	350,948	72,139
205,392	181,387	274,672	70,681	SERC	213,097	178,723	316,010	79,122
333,763	194,075	1,676,919	157,971	SPP RE	349,192	185,877	2,029,156	179,783
182,263	160,747	280,835	50,316	Texas RE	196,187	155,396	383,071	68,634
235,900	241,861	218,959	56,992	WECC	189,912	184,974	199,187	69,199
			\$ 87,510	AVERAGE				\$ 95,164