



September 14, 2010

VIA OVERNIGHT MAIL

Claudine Dutil-Berry, Secretary of the Board
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta
T2P 0X8

Re: *North American Electric Reliability Corporation*

Dear Ms. Dutil-Berry:

Please find attached Notice of Filing of the North American Electric Reliability Corporation of its 2011 Business Plan and Budget and the 2011 Business Plan and Budget of the Relevant Regional Entity and of Proposed Assessments to Fund Budgets. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

Please contact the undersigned if you have any questions.

Respectfully submitted,

 /s/ David N. Cook
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Enclosure

I.	INTRODUCTION.....	1
II.	NOTICES AND COMMUNICATIONS.....	2
III.	OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS.....	3
	A. NERC’s Proposed Business Plan, Budget and Funding Requirement	3
	1. Organization of NERC’s 2011 Business Plan and Budget.....	3
	2. Development of the 2011 Business Plans and Budgets.....	10
	3. Summary of NERC’s Proposed 2011 Budget and Funding Requirement.....	13
	B. Regional Entity Proposed 2011 Budgets	18
	C. Western Interconnection Regional Advisory Board Funding Request....	21
	D. Allocation of Statutory Assessments by Country, Regional Footprint and LSE	22
	E. Treatment of Prior Years’ Budget Surpluses or Deficits/Working Capital Reserve.....	27
	F. Projected Costs for 2012 and 2013.....	30
IV.	DISCUSSION OF NERC BUSINESS PLAN AND BUDGET.....	31
	A. 2011 Business Plans and Budgets by Program	31
	1. Reliability Standards Program	31
	2. Compliance Monitoring and Enforcement and Organization Registration and Certification Program.....	33
	3. Reliability Assessment and Performance Analysis Program.....	34
	4. Training, Education, and Operator Certification Program	36
	5. Situation Awareness and Infrastructure Security.....	38
	6. Administrative Services.....	40
	B. Other Non-Operating Expenses – Office Relocation.....	45
	C. Working Capital Reserve	48
V.	REGIONAL ENTITY BUSINESS PLANS AND BUDGETS.....	49
	A. Consistency Among Regional Entity Budgets	49
	B. Discussion of Individual Regional Entity Business Plans and Budgets ..	53
	1. MRO.....	53
	2. NPCC.....	54
	3. WECC.....	56

C.	Metrics Related to Regional Entity Budgets	59
VI.	NERC AND REGIONAL ENTITY AUDITED FINANCIAL STATEMENTS FOR 2009.....	62
VII.	UPDATE ON STATUS OF PROCESSING ALLEGED VIOLATIONS OF RELIABILITY STANDARDS.....	62

ATTACHMENTS

Attachment 1: Summary tables showing NERC’s proposed 2011 budget; the proposed 2011 budget for statutory activities of each Regional Entity; and the 2011 U.S. ERO statutory assessments of NERC and the Regional Entities.

Attachment 2: NERC’s Proposed 2011 Business Plan and Budget

Attachment 3: Midwest Reliability Organization Proposed 2011 Business Plan and Budget

Attachment 4: Northeast Power Coordinating Council, Inc. Proposed 2011 Business Plan and Budget

Attachment 5: Western Electricity Coordinating Council Proposed 2011 Business Plan and Budget

Attachment 6: Western Interconnection Regional Advisory Body Proposed 2011 Business Plan and Budget

Attachment 7: Discussion of Comments Received During Development of NERC’s 2011 Business Plan and Budget.

Attachment 8: Calculation of Adjustments to the IESO 2011 NERC Assessment, the Québec 2011 NERC Assessment, the AESO 2011 NERC Assessment and the NBSO 2011 Assessment

Attachment 9: Status Report on the Achievement of NERC’s 2010 Goals

Attachment 10: Metrics Comparing Regional Entity Operations Based on the 2011 Budgets

Attachment 11: Metrics on NERC and Regional Entity Administrative (Indirect) Costs Based on the 2011 Budgets

Attachment 12: NERC and Regional Entity Audited Statements for 2009

Attachment 13: Status Report on Progress in Processing Violations of Reliability Standards

I. INTRODUCTION

The North American Electric Reliability Corporation (NERC) hereby submits:

- (1) NERC's proposed Business Plan and Budget as the electric reliability organization (ERO), for the year ending December 31, 2011;
- (2) the proposed Business Plans and Budgets for the year ending December 31, 2011, for Midwest Reliability Organization (MRO), Northeast Power Coordinating Council, Inc. (NPCC), and Western Electricity Coordinating Council (WECC);
- (3) the proposed budget of the Western Interconnection Regional Advisory Body (WIRAB) for activities under Section 215(j) of the Federal Power Act (FPA) for the year ending December 31, 2011; and
- (3) NERC's proposed allocation of the proposed ERO statutory assessment of NERC, the Regional Entities and WIRAB by country and among the Regional footprints, and the proposed assessments to the load-serving entities (LSE) within each Region to collect the allocated statutory funding requirements.

This filing includes the following attachments:

Attachment 1 is a set of summary tables showing (i) NERC's proposed 2011 budget by program, (ii) the proposed 2011 budget for statutory activities of each Regional Entity, and (iii) the aggregate ERO statutory assessment of NERC and the Regional Entities allocated to the U.S., for which approval is requested.

Attachment 2 contains NERC's detailed 2011 Business Plan and Budget and the allocation of assessments by Region and LSE to recover the resulting statutory funding requirements for 2011 (as well as the assessments to recover the statutory funding requirements of the Regional Entities and WIRAB).

Attachments 3 through 6 contain the detailed 2011 Business Plans and Budgets of, respectively, MRO, NPCC, WECC and WIRAB.

Attachment 7 contains a discussion of how comments submitted by interested entities on posted drafts of NERC's 2011 Business Plan and Budget during the budgeting process were addressed in developing the final 2011 Business Plan and Budget.

Attachment 8 contains the calculation of the adjustment to the Ontario Independent Electric System Operator (IESO) 2011 NERC assessment, the adjustment to the Québec 2011 NERC assessment, the adjustment to the Alberta Electric System Operator (AESO) 2011 NERC assessment, and the adjustment to the New Brunswick System Operator (NBSO) 2011 NERC assessment, for credits for certain NERC Compliance Program and Situation Awareness and Infrastructure Security costs.

Attachment 9 is a status report on progress in achieving NERC's 2010 goals.

Attachment 10 provides metrics, based on the 2011 budgets, comparing Regional Entity operations.

Attachment 11 contains metrics, based on the 2011 budgets, on NERC and Regional Entity administrative (indirect) costs.

Attachment 12 contains NERC and Regional Entity Audited Statements for 2009.

Attachment 13 provides a status report on the progress of NERC and the Regional Entities in processing violations of reliability standards, and as such updates the information provided in Attachment 19 of NERC's 2010 Business Plan and Budget filing.¹

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

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¹ The information in Attachment 19 to NERC's 2010 Business Plan and Budget filing was provided in response to FERC's Order issued July 16, 2009, in Docket Nos. RR08-6-002 and RR07-14-003. *North American Electric Reliability Corporation, Order on Compliance Filing*, 128 FERC ¶ 61,025 (July 16, 2009 Budget Compliance Order), at P 18.

III. OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS

A. NERC's Proposed Business Plan, Budget and Funding Requirement

1. Organization of NERC's 2011 Business Plan and Budget²

NERC's 2011 Business Plan and Budget is organized based on five specific program areas. Each of these program areas carries out or supports implementation of one or more of the statutory activities of the ERO as specified in §215 of the U.S. Federal Power Act ("FPA"): development of reliability standards for the bulk power system (§215(d) of the FPA); enforcement of compliance with reliability standards, including imposition of penalties and sanctions for violations (§215(e) of the FPA); and conducting periodic assessments of the reliability and adequacy of the bulk power system in North America (§215(g) of the FPA).

Specifically:

- (1) The Reliability Standards Program implements the statutory activity of development of reliability standards.
- (2) The Compliance Monitoring and Enforcement and Organization Registration and Certification Program implements the statutory activity of enforcement of compliance with reliability standards, including imposition of penalties and sanctions for violations of standards.
- (3) The Training, Education and Operator Certification Program supports the statutory activity of enforcing and achieving compliance with reliability standards, and also provides information and feedback that supports the statutory activity of development of reliability standards.
- (4) The Reliability Assessment and Performance Analysis Program implements the statutory activity of conducting periodic assessments of the reliability and adequacy of the bulk power system in North America. This program also provides information and feedback that supports the statutory activities of development of reliability standards and achieving compliance with reliability standards, and includes NERC's metrics, benchmarking and event analysis activities.

² The organization of the NERC 2011 Business Plan and Budget (**Attachment 2**) described in this subsection also applies generally to the Regional Entity 2011 Business Plans and Budgets (**Attachment 3**).

- (5) The Situation Awareness and Infrastructure Security Program supports the statutory activity of enforcing and achieving compliance with reliability standards, and also provides information and feedback that supports the statutory activities of development of reliability standards and conducting assessments of the reliability and adequacy of the bulk power system. This Program is also responsible for NERC's activities regarding critical infrastructure protection (CIP) and the Electricity Sector Information Sharing and Analysis Center (ES-ISAC).

NERC's five statutory, or "direct," programs are supported by its Administrative Services, or "indirect," programs: Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, Information Technology (IT), Human Resources (HR), and Finance and Accounting.

NERC's 2011 Business Plan and Budget is contained in **Attachment 2** to this filing. The initial section of the document, About NERC, provides an overview of NERC's organization, scope of responsibilities, membership and governance, delegation of authorities to Regional Entities, and statutory funding.

The Introduction and Executive Summary summarizes NERC's total resource requirements for 2011 including total full-time equivalent employees (FTEs) in statutory functions, statutory expenses, and required ERO funding assessments, and shows the distribution of the total net energy for load (NEL) among the U.S., Canada and Mexico to be used for allocating the ERO funding requirement among the three countries.³ It also highlights NERC's principal goals and challenges for 2011; its principal deliverables in 2011, by program area; and the principal assumptions underlying NERC's 2011 Business Plan and Budget.⁴

³ All of NERC's activities are statutory activities. NERC has no non-statutory activities planned or budgeted for 2011.

⁴ A detailed statement of the common business plan and budget assumptions developed and used by NERC and the Regional Entities in developing their 2011 Business Plans and Budgets is provided in Exhibit A to **Attachment 2**.

NERC's principal goals, as identified in the Introduction and Executive Summary, to carry out its statutory mission, include:

- Developing clear, mandatory reliability standards.
- Facilitating a learning environment in the industry concerning reliability performance.
- Being a risk-informed organization able to identify, understand, and help industry to manage reliability risks.
- Promoting a strong culture of performance excellence and compliance.
- Being a strong, independent, objective and fair enforcement authority devoted to ensuring compliance with mandatory reliability standard.
- Building an ERO-wide enterprise, including NERC, Regional Entity and stakeholder expertise and resources, with a common purpose of improving reliability.
- Improving transparency, consistency, quality and timeliness of NERC and Regional Entity results.
- Leveraging technology and information systems to achieve greater efficiencies, consistency of outcomes and more transparent accountability.
- Building constructive partnerships between industry and government.

Among the principal challenges and demands faced by NERC and the Regional Entities for 2011, as identified in the Introduction and Executive Summary, are:

- Meeting regulatory mandates, particularly with respect to the initial set of mandatory reliability standards filed on April 4, 2006.
- Addressing improvements identified as recommendations in 2009 in NERC's *Three-Year ERO Performance Assessment*⁵ and in the 2009 external audit of NERC's Compliance Monitoring and Enforcement Program (CMEP).
- Addressing bulk power system CIP issues.

⁵ *Three-Year Electric Reliability Assessment Performance Assessment Report Submitted in Accordance*, filed December 17, 2009.

- Achieving efficiencies needed to address significantly expanding responsibilities under conditions of constrained revenues and growth.
- Recruiting and retaining qualified personnel.

The Introduction and Executive Summary describes the process used by NERC to develop its 2011 Business Plan and Budget. It then provides an overview of the principal factors driving the 2011 budget. The proposed increases in NERC's budget for 2011 are separated based on two broad causative factors: (1) increases in the cost of current operations (representing a \$2.33 million, or 6.1%, increase over the 2010 base operating budget⁶), and (2) increases due to incremental 2011 resource additions, such as additional staffing (representing a \$7.93 million, or 20.6%, increase over the 2010 base operating budget). In addition, NERC proposes a \$5,000,000 provision for Working Capital Reserve funding.⁷ The Introduction and Executive Summary summarizes the additional resource needs and incremental funding requirements in each of the five statutory programs and in Administrative Services.

The Introduction and Executive Summary provides tables showing (1) the 2010 Budget, 2010 Projection,⁸ 2011 Budget, and variance from the 2010 Budget to the 2011 Budget, for each of the five statutory programs and in total; and (2) the FTEs per the 2010 Budget, 2010 Projection and 2011 Budget, for each of the five statutory programs and six Administrative Services programs. Finally, the Introduction and Executive Summary presents NERC's overall

⁶ For purposes of the analysis presented in the Introduction and Executive Summary of **Attachment 2**, NERC's base operating budget is defined as the costs associated with NERC's current (2010) operations. It excludes funding requirements for Working Capital Reserves and \$1.6 million in costs associated with the now-separated Transmission Owners and Operators Forum (TOOF) which were totally funded by Membership Dues of the TOOF members. It also excludes \$10,000 in Administrative costs in the 2010 Budget which were offset by Interest income. See **Attachment 2** at 14.

⁷ NERC's 2010 Budget provided no incremental funding for Working Capital Reserves.

⁸ The 2010 Projection is NERC's July 2010 actual and projected 2010 financial results.

Statement of Activities and Capital Expenditures (Statement of Activities) including its approved 2010 Budget, 2010 Projection, and proposed 2011 Budget, reflecting the proposed overall increase of \$10,265,909, or 26.7%, over the 2010 Budget.

Section A of **Attachment 2** is NERC's detailed 2011 Business Plan and Budget. Section A provides detailed scope and functional descriptions, principal 2011 business planning and budget assumptions, 2011 goals and deliverables, and 2011 resource requirements by major component (*e.g.*, Personnel, Consultants & Contracts), for each of NERC's statutory programs and Administrative Services functions. Section A includes a table at the start of the subsection on each statutory program and Administrative Services function showing FTEs, total direct expenses, total indirect expenses,⁹ total non-operating expenses, increase or decrease in Fixed Assets, and total Funding requirements for the statutory program or Administrative Services function for the 2011 Budget, with the comparable data from NERC's 2010 Budget and the increase or decrease from the 2010 Budget. Finally, a detailed Statement of Activities is provided for each program and administrative department. The Statements of Activities show funding and expense information from the 2010 Budget, the 2010 Projection and the 2011 Budget, as well as variances from the 2010 Budget to the 2010 Projection and from the 2010 Budget to the 2011 Budget.

In the Statements of Activities, Funding is shown from the ERO Assessments and from other anticipated sources (such as Testing Fees, revenues from sale of Services & Software, fees from Workshops, and Interest income).¹⁰ In addition, during the 12 months ended June 30, 2010,

⁹ Indirect expenses are the amount of Administrative Services expenditures that have been allocated to each of the statutory programs, on the basis of numbers of FTEs in each statutory program. Indirect costs cannot be directly assigned to a particular statutory program.

¹⁰ Some of these other sources of Funding are anticipated only for certain, but not all, of the statutory programs. For example, income from Services & Software is budgeted only for the

NERC received payments of Penalties from registered entities; these Penalty payments are also shown as Funding.¹¹ Expenses are shown by the major categories (and sub-categories) of Personnel Expenses (Salaries, Payroll Taxes, Benefits, Retirement Costs), Meeting Expenses (Meetings, Travel, Conference Calls), and Operating Expenses (Consultants & Contracts, Office Rent, Office Costs, Professional Services, Miscellaneous, Depreciation).¹² Finally, the Statements of Activities show Fixed Assets activity, comprised of Depreciation (an equal and offsetting amount to the Depreciation included in Operating Expenses¹³), Computer & Software Capital Expenditures (CapEx), Furniture & Fixtures CapEx, Equipment CapEx, and Leasehold Improvements.

Section B of **Attachment 2** provides Supplemental Financial Information comprised of tables detailing the components of certain Funding and Expense categories and explanations of variances from the 2010 Budget, including analysis of the Working Capital Reserve Balance¹⁴

Reliability Assessment and Performance Analysis Program, and Testing fees are budgeted only for the Training, Education and Operator Certification Program.

¹¹ Penalty payments received by NERC and the Regional Entities from registered entities in the U.S. are only used to reduce the NERC and Regional Entity statutory assessments to U.S. LSEs and designees, and are not used to reduce assessments allocated to Canadian provinces or to Mexico.

¹² Operating Expenses also includes a line item for Efficiency Savings. The 2010 Budget included a \$750,000 offset to the budgeted line-item expenses for efficiency improvements and savings that were embedded in the 2010 Budget as part of a comprehensive and ongoing operations efficiency review. A portion of the total budgeted Efficiency Savings of \$750,000 was allocated to each statutory program. NERC has not included an Efficiency Savings component in the 2011 Budget. Although NERC has achieved the desired expense reductions during 2010, it has not attempted to isolate and quantify the cost reductions achieved by each statutory program and Administrative Services function in order to separately report amounts for Efficiency Savings in the 2010 Projection.

¹³ As a result of this offset, the Funding amounts do not include funding for Depreciation.

¹⁴ Table B-1 shows the Working Capital Reserve or Deficit at December 31, 2009, the projected Working Capital Reserve (Deficit) at December 31, 2010, the desired Working Capital Reserve

(Table B-1), Penalty Sanctions (Table B-2), Supplemental Funding (Table B-3), Personnel Expenses (Table B-4), Consultants and Contracts Expenses (Table B-5), Office Rent (Table B-6), Office Costs (Table B-7), Professional Services (Table B-8), and Other Operating Expenses (Table B-9). Additionally, Table B-10 provides preliminary projections of NERC's 2012 and 2013 Budgets.

Section C, Non-Statutory Activity, of **Attachment 2**, is reserved for presentation of business plan and budget information on non-statutory activities. This section is empty for NERC, but in the Business Plans and Budgets of those Regional Entities that have non-statutory activities, it includes business plan and budget information on their non-statutory activities.

Section D, Supplemental Financial Statements, of **Attachment 2**, provides NERC's actual and projected Statements of Financial Position at December 31 for 2009, 2010 and 2011. The data at December 31, 2009 is actual data per the independent financial audit of 2009 results; the data at December 31, 2010 is based on NERC's 2010 Projection; and the data at December 31, 2011 is based on the 2011 Budget. In addition, Section D provides NERC's 2011 Consolidated Statement of Activities, showing its 2011 budgeted line-item Funding sources, Expenses, and Fixed Asset activity, in total and by statutory program and Administrative Services function, as well as the direct expenses and indirect expenses for each statutory program.

Exhibit A to **Attachment 2** contains a list of the common business plan and budget assumptions developed and used by NERC and the Regional Entities in preparing their 2011 Business Plans and Budgets.

at December 31, 2011, and the increase or decrease in Funding requirements for 2011 necessary to achieve the desired Working Capital Reserve at December 31, 2011.

Appendix 1 to **Attachment 2** contains NERC's organization chart. The organization chart is color-coded to indicate the mapping of FTEs by program area for budget purposes.

Appendix 2 to **Attachment 2** contains the calculation of the NEL-based allocation factors for each LSE and designee, and the allocation of the NERC and Regional Entity statutory assessments, by allocation methodology, to each LSE and designee.¹⁵ The development of the assessments presented in the Appendices is discussed in more detail in §III.A.3 and §III.D below.

The detailed information in the Introduction and Executive Summary and in Sections A and B of **Attachment 2** demonstrates that the programs included in NERC's 2011 Business Plan and Budget are necessary and appropriate to carry out NERC's responsibilities as the ERO and that the specific resource requirements budgeted meet the objectives for affordability, sustainability and efficiency and effectiveness of the ERO's expenditures. The discussion in the Introduction and Executive Summary and Section A of **Attachment 2**, as well as in this narrative, demonstrates how the activities and expenditures included in NERC's 2011 Business Plan and Budget lend themselves to accomplishment of NERC's statutory responsibilities and objectives as the ERO.

2. Development of the 2011 Business Plans and Budgets

NERC prepared its 2011 Business Plan and Budget (and worked with the Regional Entities in the development of their business plans and budgets) through a rigorous process that provided ample opportunity for review and input by the Finance and Audit Committee (FAC) of

¹⁵ The NEL-based allocation factors are calculated using NEL data for 2009, which is the most current actual NEL data available as of August 2010. As was the case in allocating the NERC and Regional Entity statutory assessments by country and by Regional footprint and calculating the assessments to LSEs or their designees for prior years' budgets, the allocation and calculation of assessments for the 2011 Budget is based on NEL data for the second preceding calendar year, 2009.

the NERC Board of Trustees as well as stakeholders.¹⁶ Beginning in early February 2010, and continuing until final Board approval of the 2011 Business Plans and Budgets on August 5, 2010, the status of development of the 2011 Business Plans and Budgets was discussed in meetings and conference calls of the FAC and of the full NERC Board, in each case with opportunities for stakeholders to make comments. The following list highlights important steps in the preparation of the NERC and Regional Entity 2011 Business Plans and Budgets:

- During January and February 2010, the NERC program areas initially provided input to the NERC Finance and Accounting department on their business plans and budget requirements for 2011.
- In late January 2010, an initial draft of common assumptions for the 2011 Business Plans and Budgets was circulated for comment internally at NERC and among the Regional Entities. These common assumptions were discussed in several meetings and conference calls among NERC staff, the Regional Entity Managers and the Regional Entity Budget Group (REBG – the Regional Entity Finance and Accounting staffs), and were given final approval by NERC and Regional Entity management in mid-February.
- In mid-February 2010, NERC Finance and Accounting circulated an initial “shell” draft 2011 Business Plan and Budget to the NERC program areas.
- Over the period from early March to mid-April, NERC staff and the REBG worked to develop and complete a common template for the 2011 Business Plans and Budgets.
- Over the same early March to mid-April period, NERC management developed an initial, rough draft of the NERC 2011 Business Plan and Budget.
- On April 20, 2011, Draft 1 of the NERC 2011 Business Plan and Budget, including the common business plan and budget assumptions, was posted on the NERC web site for stakeholder comment and provided to the FAC.
- In early May 2010, the Regional Entities provided preliminary drafts of their 2011 Business Plans and Budgets to NERC for review and comment.

¹⁶ During the process of developing NERC’s 2011 Business Plans and Budget, comments were received from stakeholders on posted drafts of the Business Plan and Budget. **Attachment 4** discusses how concerns expressed in stakeholder comments were addressed in NERC’s final 2011 Business Plan and Budget.

- During early to mid-May, the NERC program area managers reviewed and provided comments on drafts of the Regional Entity 2011 Business Plans and Budgets.
- On May 28, 2011, following further meetings and discussions among NERC staff and the REBG and consideration of stakeholder comments on Draft 1, Draft 2 of the NERC 2011 Business Plan and Budget was posted on the NERC web site for a 30-day stakeholder comment period.
- Also on or about May 28, 2011, “Draft 1” of each Regional Entity’s 2011 Business Plan and Budget (reflecting feedback provided by NERC staff on the preliminary drafts submitted in early May) was posted on the NERC web site for a 30-day stakeholder comment period.
- Each Regional Entity’s Business Plan and Budget was also separately posted and available for comment on the Regional Entity’s website as part of each Regional Entity’s independent budget preparation, review and approval process.
- Between July 2 and July 23, 2010, the final drafts of the NERC, Regional Entity and WIRAB 2011 Business Plans and Budgets and proposed statutory assessments were sent to the FAC, the NERC Board and the NERC Member Representatives Committee (MRC), in anticipation of discussion and action at the meetings of these groups scheduled for August 4 and 5.¹⁷ Updates to the final Regional Entity Business Plans and Budgets reflecting minor non-substantive changes have also been posted on NERC’s website.
- On July 19, 2010, the FAC held a conference call for the purpose of reviewing and providing direction on any changes necessary to finalize the NERC and Regional Entity 2011 Business Plans and Budgets for submission to the NERC Board.
- The final NERC and Regional Entity Business Plans and Budgets were presented to the NERC MRC at its August 4, 2010 meeting for comment, prior to the August 4 meeting of the NERC FAC.
- At its August 4, 2010 meeting, the FAC approved the NERC, Regional Entity and WIRAB 2011 Business Plans and Budgets and recommended approval by the NERC Board.
- At its August 5, 2010 meeting, the NERC Board approved the NERC, Regional Entity and WIRAB 2011 Business Plans and Budgets, and the proposed 2011 statutory assessments, for submission to the applicable governmental authorities.

¹⁷ As posted on the NERC web site, this version of the NERC 2011 Business Plan and Budget was identified as Draft 3.

In summary, the processes followed by NERC and the Regional Entities to develop the proposed 2011 Business Plans and Budgets were thorough and comprehensive, involved significant input from NERC and Regional Entity management and financial and program area staffs as well as iterative review and comment by the NERC FAC, and provided several opportunities for stakeholder input and comment. NERC and the Regional Entities developed and used a set of common business plan and budget assumptions and a common business plan and budget template. Further, the process was open and inclusive at all steps.

3. Summary of NERC's Proposed 2011 Budget and Funding Requirement

NERC's proposed 2011 Funding requirement is \$53,726,465. This total encompasses U.S., Canadian and Mexican activities. The proposed 2011 Funding requirement represents an increase of \$13,169,057 (32.5%) over the 2010 Funding requirement of \$40,557,408. The 2011 Budget is comprised of \$48,593,453 of Expenses (including Depreciation) and a \$133,012 increase in Fixed Assets (Capital Expenditures of \$886,000 less Depreciation of \$752,988¹⁸). The 2011 Funding requirement also includes \$5,000,000 for Working Capital Reserve funding.¹⁹

As in past years, a portion of NERC's 2011 Budget will be funded through Testing Fees charged to participants in certain NERC programs, including the Operator Certification Program and the Continuing Education Program (budgeted at \$1,940,000, a 73.4% increase over the 2010 Budget and reflective of unbudgeted fee increases implemented in December 2009); through fees charged for NERC Services and Software such as Generating Availability Data System data (budgeted at \$250,000, the same amount as in the 2010 Budget); by attendance fees for

¹⁸ As noted earlier, an end result of this budget presentation is that Funding is not being requested for Depreciation expense.

¹⁹ See §IV.C below and Table B-1 in **Attachment 2**.

Workshops (budgeted at \$92,500, the same amount as in the 2010 Budget); by Interest earned on bank balances and short-term investments (budgeted at \$12,000, a slight increase from the 2010 Budget); and by payments NERC will receive from one Regional Entity, WECC, for NERC's performance of the CMEP responsibilities over reliability functions for which WECC is the registered entity (budgeted at \$150,000, a \$256,000 decrease from the 2010 Budget).²⁰ In addition, NERC's 2011 statutory Funding requirement is reduced by application of \$10,175,000 in Penalty payments received from registered entities during the period July 1, 2009 through June 30, 2010.²¹ These budgeted non-assessment sources of Funding are projected to be \$12,619,500 in total, resulting in a 2011 net Funding requirement of \$41,106,965 to be funded by assessments to LSEs.²² Of this amount, \$35,989,995 is allocated to the U.S., \$4,992,881 is allocated to Canadian provinces (in the aggregate), and \$124,091 is allocated to Mexico. Based on the aggregate NEL of Canada for 2009 on which the allocation of assessments is based,²³ the

²⁰ The amount of this Funding component is significantly reduced from the 2010 Budget because the 2010 Budget also reflected the performance by NERC of CMEP functions over reliability functions for which FRCC and SPP, Inc. are registered entities; however, during 2010, FRCC and SPP RE entered into agreements with SERC, which were approved by the NERC Board, pursuant to which SERC will perform the CMEP functions over reliability functions for which FRCC and SPP, Inc. are registered entities.

²¹ The entire Penalty amount of \$10,175,000 is used to offset the U.S. portion of NERC's 2011 assessment to LSEs. No portion of the Penalty amount is used to offset the Canadian or Mexican portions of NERC's 2011 assessment.

²² NERC's 2010 Budget also included \$1,617,808 of non-assessment funding in the form of Membership Dues paid by the members of the TOOF to compensate NERC for expenses (including an allocated share of indirect expenses) incurred by NERC in supporting the TOOF's activities. However, this budgeted revenue source was not realized in 2010, and no such revenues are budgeted for 2011 – the TOOF ceased operations as of the end of 2009, and its leadership formed a successor organization, the North American Transmission Forum, Inc., which operates independently of NERC.

²³ The NEL data for the U.S., Canada and Mexico, by Region and by LSE or designee, is provided in Appendix 2A of **Attachment 2**.

proposed Canadian net funding requirement for NERC represents \$0.0000096 per end user kilowatt-hour.

NERC's 2011 Business Plan and Budget was developed and is organized based on its five statutory programs plus budgeted contribution to the Working Capital Reserve:

<u>Program</u>	<u>2011 Budget</u>
Reliability Standards	\$ 7,682,752
Compliance Enforcement and Organization Registration and Certification	\$17,457,901
Reliability Assessment and Performance Analysis	\$ 6,292,329
Training, Education and Personnel Certification	\$ 2,923,011
Situation Awareness and Infrastructure Security	\$14,370,473 ²⁴
Contribution to Working Capital Reserve	<u>\$ 5,000,000</u>
	<u>\$53,726,465</u>

The budgeted amounts for each program incorporate a total budget for Administrative Services of \$15,116,461 (exclusive of the \$5,000,000 provision for Working Capital Reserve), which has been allocated to the budgets for the five statutory programs in proportion to the numbers of FTEs budgeted for each program.

The discussion in §IV below, as well as the detailed discussion of each statutory program in **Attachment 2**, demonstrates that each of NERC's statutory programs is necessary and appropriate to the execution of NERC's responsibilities as the ERO. Section A of **Attachment 2** describes the activities encompassed in each statutory program, including the 2011 assumptions, goals and objectives, and resource requirements for each statutory program, and provides the line item components of the 2011 Budget for each program. The functions of and

²⁴ The Situation Awareness and Infrastructure Security budget is comprised of \$8,043,213 for Situation Awareness and \$6,327,260 for Critical Infrastructure Protection.

resource requirements (FTEs and external resources) and budgets for the NERC Administrative Services departments are also discussed in Section A of **Attachment 2**.

NERC proposes an allocation of its net funding requirement (statutory assessment) of \$41,106,965 to the Regional footprints as follows²⁵:

•	FRCC	\$2,145,081
•	MRO	\$2,785,636 ²⁶
•	NPCC	\$5,923,966 ²⁷
•	RFC	\$8,403,722
•	SERC	\$9,277,542
•	SPP RE	\$2,062,618
•	TRE	\$2,747,057
•	WECC	\$7,761,345 ²⁸

Appendix 2 to **Attachment 2** contains tables showing (i) the development of the NEL-based allocation factors used to allocate the NERC and Regional Entity statutory assessments by country and among the Regional footprints,²⁹ and (ii) the allocation of the NERC and Regional

²⁵ As described in §III.D below, the aggregate NERC statutory assessment has been allocated to the Regional footprints on the basis of (i) 8-Region NEL, (ii) 8-Region NEL excluding certain CMEP and Situation Awareness and Infrastructure Security costs from the allocations to certain Canadian entities, and (iii) IDC Defined Shares (based on usage of the NERC interchange distribution calculator (“IDC”)). The detailed allocations of the NERC statutory assessment by allocation methodology are shown in Appendix 2 to **Attachment 2**.

²⁶ The total allocation to MRO consists of \$2,220,953 allocated to the U.S. and \$564,683 allocated to Canadian provinces.

²⁷ The total allocation to NPCC consists of \$2,716,692 allocated to the U.S. and \$3,207,274 allocated to Canadian provinces.

²⁸ The total allocation to WECC consists of \$6,416,329 allocated to the U.S., \$1,220,925 allocated to Canadian provinces and \$124,091 allocated to Mexico.

²⁹ See Appendix 2A to **Attachment 2**.

Entity statutory assessments by country and by Region.³⁰ Appendix 2 shows the allocation of the NERC and Regional Entity assessments to the individual LSEs or designees within the footprint of each Regional Entity. These allocations are discussed in greater detail in §III.D below.³¹ NERC's only sources of funding for its planned programs and operations will be the assessments to owners, operators and users of the bulk power system in the U.S. and equivalent collections from entities in Canada and Mexico, and the other sources listed as "Funding" on its Statements of Activities and described above.³²

³⁰ See Appendices 2B, 2C and 2D to **Attachment 2**.

³¹ NERC will calculate and bill the assessments to certain entities, referred to as "designees", based on NEL values that include the NEL for other LSEs served by the designee, or for which the designee has otherwise agreed to accept responsibility for assessments. The calculation and billing of assessments to designees is not a departure from the principle that the ERO funding requirement should be recovered through assessments to LSEs based on NEL, but rather is a matter of administrative convenience and efficiency (*e.g.*, a generation and transmission (G&T) cooperative and its member distribution cooperatives may find it more efficient for the assessment to be calculated and billed to the G&T cooperative rather than to the individual distribution cooperatives). The lists of LSEs and designees for which assessments will be calculated and billed have been provided to NERC by the Regional Entities. NERC has had no involvement in developing the lists of LSEs or in arrangements between LSEs and designees pursuant to which a designee agrees to accept responsibility for an assessment that would otherwise be calculated for and billed to the LSE and the LSE agrees to be financially responsible to reimburse the designee for the assessment, with one exception: in Exhibit E of the currently effective NERC-Texas RE Delegation Agreement, NERC, Texas RE and ERCOT have agreed that ERCOT shall act as the billing agent to collect and remit all assessments in the Texas RE region, and in Exhibit E of the proposed NERC-Texas RE Delegation Agreement currently pending before the Commission for approval (with a requested effective date of January 1, 2011) in Docket No. RR10-11-000, NERC and Texas RE have agreed that ERCOT is the only LSE in the Texas RE region and shall be invoiced for the entire NERC and Texas RE assessment. Additionally, the assessments for the NPCC region will be billed to ISO New England and the New York ISO (and to similar entities in Ontario, Québec, New Brunswick and Nova Scotia), each of which will be responsible for billing and collecting assessments from the LSEs within their respective footprints.

³² In the *2007 Budget Order*, the *2008 Budget Order*, the *2009 Budget Order* and the *2010 Budget Order*, FERC found that the five NERC programs on which the 2010 Business Plan and Budget is based are statutory activities. *2007 Budget Order* at P 28; *2008 Budget Order* at P 21; *2009 Budget Order* at P 18; *2010 Budget Order* at P 22. As noted earlier, NERC's 2011 Business Plan and Budget includes no non-statutory activities. Therefore, NERC has not

B. Regional Entity Proposed 2011 Budgets

The Regional Entity budgets for statutory activities that are to be funded through NERC are the budgets for the functions and activities relating to development of reliability standards; compliance monitoring and enforcement and organization registration and certification; training, education and operator certification; reliability assessment and performance analysis (including necessary data gathering activities); and situation awareness and infrastructure security, that have been delegated by NERC to the Regional Entity pursuant to the delegation agreements; as well as each Regional Entity's budgeted costs for administrative services. Funding the Regional Entities in accordance with their proposed Business Plans and Budgets will enable them to carry out the activities necessary in 2011 to meet their responsibilities under the approved delegation agreements.

As described above in §III.A.2, NERC staff provided guidance to the Regional Entities on the expected scope and content of their business plan and budget submissions, and worked collaboratively with the Regional Entities to develop a set of common budget assumptions and a template for the Regional Entities' 2011 Business Plans and Budgets. The template represents a further evolution of the templates that were used for the Regional Entities' 2008, 2009 and 2010 Business Plans and Budgets, and facilitates comparisons among the Regional Entities' budgets. NERC and the Regional Entities also continued to use the set of consistent accounting principles for presentation of the budgets, and the common definition of administrative (indirect) costs, that were developed in connection with preparation of the 2010 Business Plans and Budgets.

developed or presented specific accounting processes to separate the funding of its statutory and non-statutory activities and to assure that funding derived from § 215 of the FPA will exclusively support statutory activities.

As described in greater detail in §III.A.2, NERC management and staff worked iteratively with the REBG from January through July, 2010, on the development of the Regional Entity 2011 Business Plans and Budgets. The Regional Entities submitted initial drafts of their Business Plans and Budgets in early May, 2010, after having received the initial drafts of NERC's Business Plan and Budget. More developed drafts were then submitted in late May and posted on the NERC web site. NERC staff reviewed and provided feedback on these drafts. Where appropriate, additional information was requested and other suggested changes were made. NERC and Regional Entity management also convened meetings and conference calls to provide feedback and refine their respective business plans and budgets. NERC's review focused on (1) verifying each Regional Entity's Business Plan and Budget provided for sufficient resources to adequately carry out the functions delegated to the Regional Entity under the delegation agreement, (2) verifying that the Regional Entity was using the common budgeting assumptions, common budget format and presentation, and agreed accounting methodology, and (3) understanding the bases for any significant differences in amounts budgeted by different Regional Entities for the same function.

Through the processes described above and in §III.A.2, NERC has been able to satisfy itself that each Regional Entity's 2011 Business Plan and Budget provides necessary and adequate resources to carry out the Regional Entity's delegated functions.

The Regional Entities submitted their final 2011 Business Plans and Budgets, approved by their respective governing bodies, to NERC in mid-July 2010. These Business Plans and Budgets were submitted to the NERC MRC, the NERC FAC, and the NERC Board of Trustees,

and reviewed at their respective meetings held on August 4 and 5. The Regional Entities' 2011 Business Plans and Budgets were approved by the NERC Board at the August 5, 2010 meeting.³³

The table below shows the budgets for statutory and (where applicable) non-statutory functions for each Regional Entity as presented in their respective 2011 Business Plans and Budgets.³⁴ For all Regional Entities, the total budget amount for statutory functions includes total Expenses and Fixed Asset activity. Because several Regional Entities have other sources of income (*e.g.*, fees for workshops and Penalty payments received from registered entities) that will be used to offset the costs of performing delegated functions, the requested ERO funding (assessments) for these Regional Entities is less than their budgets for statutory activities. The fourth column shows the total (*i.e.*, for all jurisdictions) net statutory assessment required for each Regional Entity, taking into account other sources of income including application of Penalty payments. The statutory assessment amounts include amounts (which for some Regional Entities are negative adjustments to the its funding requirement) to achieve the level of Working Capital Reserve at December 31, 2011, determined to be appropriate by each Regional Entity.

Regional Entity	Total Budget for Statutory Functions	Budget for Non-Statutory Functions	Total Net Statutory Assessment
FRCC	\$ 5,558,610	\$ 5,450,063	\$ 4,967,060
MRO	\$ 8,130,824	-----	\$ 8,260,502 ³⁵
NPCC	\$ 12,716,809	\$ 1,099,307	\$12,652,610 ³⁶
ReliabilityFirst	\$ 15,219,650	-----	\$12,803,844

³³ In reviewing the Regional Entity Business Plans and Budgets, NERC afforded the proposed Regional Entity Business Plans and Budgets no presumption of reasonableness due to having been approved by the Regional Entities' governing bodies.

³⁴ MRO, ReliabilityFirst and SERC do not plan to perform any non-statutory activities in 2011.

³⁵ The statutory assessment for MRO consists of \$6,852,336 allocated to the U.S. and \$1,408,166 allocated to Canadian provinces.

³⁶ The statutory assessment for NPCC consists of \$7,397,523 allocated to the U.S. and \$5,255,087 allocated to Canadian provinces.

SERC	\$ 11,776,640	-----	\$10,671,508
SPP RE	\$ 9,797,236	\$117,751,764 ³⁷	\$ 9,094,985
Texas RE	\$ 9,363,964	\$ 187,842	\$ 9,227,823
WECC	\$68,205,449	\$ 1,578,070	\$38,234,892 ³⁸

C. Western Interconnection Regional Advisory Board Funding Request

In its Order issued July 20, 2006, in Docket No. RR06-02-000 (the “WIRAB Order”), FERC concluded that reasonable costs incurred by WIRAB for activities under Section 215(j) of the FPA can be funded through the overall ERO funding process.³⁹ As specified in P 35 of the *WIRAB Order*, WIRAB submitted to NERC a proposed 2011 Business Plan and Budget for Section 215(j) activities. NERC has reviewed WIRAB’s submission and believes it complies with the requirements of P 35 of the *WIRAB Order*. WIRAB’s proposed 2011 Budget for expenses is \$616,470, which is a decrease of \$340 from (*i.e.*, almost identical to) its 2010 Budget. The 2011 Budget will be funded by Working Capital Reserve in excess of WIRAB’s target Working Capital Reserve of \$294,607, interest income of \$2,500, and a proposed assessment of \$319,363 (which is approximately \$119,000 less than the 2010 assessment of \$438,381).

WIRAB’s overall statutory funding request of \$319,363 for 2011 consists of \$271,230 (84.9%) allocated to the U.S., \$44,087 (13.8%) allocated to Canadian provinces and \$4,047

³⁷ The figure of \$117,751,764 is the total 2010 budget of Southwest Power Pool, Inc. (\$127,549,000) less the 2011 Budget of SPP RE for statutory activities of \$9,797,236. The overall annual budget of Southwest Power Pool, Inc. is prepared on a schedule that will not result in approval of its 2011 budget until October 2010. *See* §V.B.6 below.

³⁸ The statutory assessment for WECC consists of \$32,656,488 allocated to the U.S., \$5,078,278 allocated to Canadian provinces and \$500,126 allocated to Mexico. The assessment for WECC of \$38,234,892 includes the requested funding amount for WIRAB (discussed in the next subsection).

³⁹ *Order on Petition to Establish a Regional Advisory Body for the Western Interconnection*, Docket No. RR06-2-000, 116 FERC ¶61,061 (2006) (*WIRAB Order*), PP 33-37.

(1.3%) allocated to Mexico, all based on NEL. At its August 5, 2010 meeting, the NERC Board of Trustees approved WIRAB's 2011 Budget request.

D. Allocation of Statutory Assessments by Country, Regional Entity Footprint and LSE

The total ERO statutory funding requirement for 2011, net of other NERC and Regional Entity income sources, to be funded by assessments is \$147,020,191, consisting of \$41,106,967 for funding of NERC's programs and \$105,913,224 for funding of Regional Entity statutory activities (the Regional Entity number includes \$319,363 to fund the WIRAB). NERC has allocated its statutory assessment of \$41,106,967 to the LSEs within each Regional Entity's footprint primarily on the basis of NEL, as described below.⁴⁰

First, the costs of operating and maintaining NERC's IDC, which is used only in the Eastern Interconnection, were allocated to the six Regional footprints in the Eastern Interconnection based on usage levels of the IDC ("IDC Defined Share"). The IDC Defined Share allocation approach is reasonable and equitable because it allocates the cost of this function based on its actual use by Region, and does not assess the costs of the IDC to entities in Texas RE and WECC. A total of \$1,797,780 of the NERC Funding requirement was allocated based on the IDC Defined Share. The IDC Defined Share allocations to the six Regional footprints in the Eastern Interconnection are shown in Appendix 2C of **Attachment 2**.

Second, a total of \$9,603,951 of CMEP and Situation Awareness and Infrastructure Security costs was allocated using 8-Region NEL but with adjustments (credits) to the allocations to Québec and the AESO; and \$15,288,499 of CMEP and Situation Awareness costs

⁴⁰See Appendix 2A of **Attachment 2** for the 2009 NEL data by Regional Entity and calculation of the country allocation factors for each Region. MRO, NPCC and WECC are the only Regional Entities whose footprints encompass Canadian provinces (and in the case of WECC, Mexico). As noted earlier, the year 2009 is the most recent calendar year for which NEL data is available.

was allocated using 8-Region NEL but with adjustments (credits) to the allocations to the IESO and the NBSO. In accordance with its “Expanded Policy on Allocation of Certain Compliance and Enforcement Costs,” adjustments were made in the calculations of the assessments to the IESO, Québec, the AESO and the NBSO, to provide credits for certain NERC CMEP and Situation Awareness and Infrastructure Security program costs. These adjustments recognize entities in certain of these provinces (Ontario, Alberta and New Brunswick) expend resources to perform compliance and enforcement activities in those provinces that otherwise would be performed by NERC or a Regional Entity, and that the compliance and enforcement resources NERC needs for Québec are reduced due to the very small number of entities subject to compliance and enforcement activities in those provinces. These adjustments also recognize that certain NERC activities, including compliance audits of nuclear power plant balance of plant facilities pursuant to FERC Order No. 706-B,⁴¹ Technical Feasibility Exception (TFE) processing, and the Situation Awareness – FERC, NERC and the Regions (SAFNR) program, either overlap with Canadian regulatory programs (in the case of Order No. 706-B audits and TFE processing) or, in the case of SAFNR, are not used by these Canadian provinces, and therefore these provinces were not allocated a share of these costs. **Attachment 8** shows the calculations of these adjustments to the allocations to the IESO, Québec, the AESO and the NBSO.⁴² These calculations have been reviewed with, respectively, the IESO, La Régie de l’énergie du Québec, the AESO, and the NBSO, and they have each agreed with and accepted the calculations. The allocation of the \$24,892,450 of CMEP and Situation Awareness and

⁴¹ *Mandatory Reliability Standards for Critical Infrastructure Protection, Order on Clarification*, Order No. 706-B, 126 FERC ¶ 61,229 (2009).

⁴² The credit to the assessment to the AESO, which is being made by NERC for the first time in 2011, is provided for in a Memorandum of Understanding entered into effective July 15, 2010, among NERC, WECC and the AESO.

Infrastructure Security costs with the adjustments for the IESO, Québec, the AESO and the NBSO is shown in Appendix 2C of **Attachment 2**.

Third, in calculating the net statutory assessments and the allocation of them to the LSEs within each Regional footprint, the \$10,175,000 of Penalty payments that NERC received from registered entities has only been used to reduce assessments to U.S. LSEs and designees. The application of the \$10,175,000 of Penalty payments to reduce assessments to U.S. LSEs and designees is shown in Appendix 2C of **Attachment 2**.

Finally, an allocation based on the 8-Region NEL was used to allocate \$24,591,737 of the NERC statutory assessment to the Regional footprints. This amount does not include the allocation of CMEP and Situation Awareness and Infrastructure Security costs as described above under “Second.” The NEL-based allocations to the eight Regional footprints are shown in Appendix 2C of **Attachment 2**.

NEL has also been used to allocate the Regional Entity assessments, with these exceptions: First, 55% of NPCC’s Compliance Monitoring and Enforcement and Organization Registration and Certification (CORC) Program costs have been allocated among the six Balancing Authority Areas in NPCC on the basis of NEL, and 45% of the CORC costs have been allocated between the U.S. and Canadian Balancing Authority Areas using a compliance audit-based methodology. The allocation of NPCC CORC Program costs, including the NPCC audit-based methodology, was explained at pages 70-73 of the *December 19, 2008 Budget Revision Filing* and at pages 26-29 and Attachment 3 of the December 18, 2009 Filing of the *2010 Business Plan and Budget*. The portion of NPCC CORC costs allocated to the U.S. using the

compliance audit-based methodology has been allocated between the New England and New York Balancing Authority Areas on the basis of NEL.⁴³

Second, WECC's allocation of its assessment to the AESO for the Province of Alberta has been reduced by \$345,836, representing WECC CMEP costs that are duplicative of programs of the AESO. The AESO credit amount was allocated to the remainder of the LSEs (Balancing Authorities) in the WECC Region on the basis of NEL.⁴⁴

Third, in calculating the net statutory assessments and the allocation of them to the LSEs within each Regional footprint, \$3,366,550 of Penalty payments that the Regional Entities received from registered entities has only been used to reduce assessments to U.S. LSEs and designees. The application of the \$3,366,550 of Penalty payments to reduce assessments to U.S. LSEs and designees is shown in Appendix 2C of **Attachment 2**.

After allocating the appropriate portions of the NERC, Regional Entity and WIRAB funding requirements to the U.S. and Mexico (and taking into account the NEL-based allocations, the adjustments to the NERC allocations to the IESO, Québec, the AESO and the NBSO, the adjustments to the NPCC allocations to the IESO and Québec, the adjustment to the WECC assessment to the AESO, and the application of Penalty payments), the total ERO statutory assessment for 2011 allocable to Canadian LSEs in this filing is \$16,734,412, or a 10.6% increase over the 2010 assessment to Canadian LSEs, consisting of:

⁴³ The allocation of NPCC CORC Program costs is described in greater detail in §V.B.3 below and at pages 79-81 of the NPCC 2011 Business Plan and Budget, **Attachment 3**.

⁴⁴ See Appendix C of the WECC 2011 Business Plan and Budget, **Attachment 10** to this filing, which shows the calculation of the \$345,836 adjustment to the WECC assessment to the AESO. The adjustment to the WECC assessment to the AESO is also provided for in the Memorandum of understanding entered into effective July 15, 2010 among NERC, WECC and the AESO.

NERC Assessment: \$4,992,881 (34.3% increase over 2010)

Regional Entity Assessments: \$11,741,531⁴⁵ (2.9% increase over 2010)

The funding requirement of each Regional Entity for statutory activities is of course allocated 100% to that Region. The funding requirement for the WIRAB is allocated 100% to the WECC Region. The following table shows the allocation to each Region of the total 2011 ERO statutory assessment of \$16,734,412 for the Canadian activities of NERC and the Regional Entities (including WIRAB). The table also shows the statutory assessments per kWh based on 2009 Canadian NEL of each Region.

Regional Entity	NERC Assessment	Regional Entity Assessment	Total Canadian Assessment	Assessment per kWh (2009 NEL)
FRCC	-	-	-	
MRO	564,683	1,408,166	1,972,849	0.0000444
NPCC	3,207,274	5,255,087	8,462,360	0.0000238
RFC	-	-	-	
SERC	-	-	-	
SPP	-	-	-	
TRE	-	-	-	
WECC	1,220,925	5,078,278	6,299,203	0.0000538
TOTAL	4,992,881	11,741,531	16,734,412	0.0000323

For all Regions except NPCC, NERC obtained from the Regional Entity a listing of the LSEs or their designees in the Region and a breakdown of the Region's 2009 NEL by LSE or designee. For the NPCC region, NERC obtained from NPCC the 2009 NEL for each Balancing Authority Area (New York, New England, Ontario, Québec, Nova Scotia and New Brunswick). Additionally, for Texas RE, NERC obtained from Texas RE the 2009 NEL for ERCOT, which as noted above is the billing agent for the Texas RE Region. NERC used this information to further allocate the total ERO statutory assessment allocated to each Region among the LSEs, their

⁴⁵ This amount includes the WIRAB funding.

designees or the other entities to be billed the assessments within that Region.⁴⁶ The amount of the NERC and Regional Entity statutory assessment allocated to each LSE or designee or other entity to be billed in each Region is shown in Appendix 2B of **Attachment 2**.⁴⁷

NERC will directly invoice the approved assessments to LSEs or designees, or to the other entities to be billed, in all Regions except WECC.⁴⁸ WECC will invoice LSEs or Balancing Authorities or their designees within the WECC footprint, collect the assessments and remit the funds to NERC. These arrangements have been provided for in Exhibit E to the delegation agreement with each Regional Entity.

E. Treatment of Prior Years' Budget Surpluses or Deficits/Provision for Working Capital Reserve

In the *2008 Budget Order*, FERC approved NERC's proposal to authorize a one-year suspension of NERC's policy of taking account of anticipated year-end budget surpluses in calculating the assessments required for the following year, and instead use anticipated 2007 year-end budget surpluses of NERC and the Regional Entities as reserves should the costs required to carry out statutory duties in 2008 – the first full year of operation in monitoring and enforcing compliance with mandatory and enforceable Reliability Standards – exceed the NERC

⁴⁶ Certain LSEs in MRO and WECC serve end users only in Canada or Mexico and not in the U.S. These LSEs were not allocated any portion of the ERO funding requirement allocated to U.S. end users, but were allocated appropriate portions, based on NEL (except as noted above), of the ERO funding requirement allocated to Canadian provinces or Mexico, as applicable.

⁴⁷ For reasons of administrative convenience billing and payment by LSEs of annual assessments less than \$100 will not be required.

⁴⁸ As noted above, the assessments in the NPCC region will be billed to a single entity for each of the six Balancing Authority Areas within NPCC; and the assessments in the Texas RE region will be billed to ERCOT. (NERC also directly bills, La Régie de l'énergie du Québec, which is not a LSE, for the CMEP costs allocated to Québec.)

and Regional Entity budgets.⁴⁹ In the 2009 NERC and Regional Entity Business Plans and Budgets, any accumulated 2007 and anticipated 2008 surpluses (deficits) were used to reduce (increase) the assessments requested for 2009, taking into account NERC and each Regional Entity's target Working Capital Reserve and the increment or decrement that was included in calculating each entity's requested assessments in order to reach the targeted Working Capital Reserve at December 31, 2009.⁵⁰ Similarly, in the 2010 NERC and Regional Entity business plans and budgets, any accumulated 2008 and anticipated 2009 surpluses (deficits) were used to reduce (increase) the assessments requested for 2010, taking into account NERC and each Regional Entity's target Working Capital Reserve and the increment or decrement that was included in calculating each entity's requested assessments in order to reach the targeted Working Capital Reserve at December 31, 2010.⁵¹ The same process has been followed in preparing the proposed 2011 budgets and assessments.

Table B-1, Reserve Balance, in Section B of the NERC and each Regional Entity's 2011 Business Plan and Budget, shows the calculation of the increment or decrement to the entity's requested 2011 assessment to achieve the entity's desired Working Capital Reserve at December 31, 2011. These calculations take into account (1) the entity's Working Capital Reserve (Deficit) at December 31, 2009, (2) assessment Funding, projected other Funding, and projected Expenses and Capital Expenditures for 2010, resulting in (3) the projected Working Capital Reserve at

⁴⁹ *2008 Budget Order* at P 40.

⁵⁰ *See Notice of Filing of the North American Electric Reliability Corporation of its 2009 Business Plan and Budget and the 2009 Business Plans and Budgets of Regional Entities and of Proposed Assessments to Fund Budgets*, (corrected version filed December 18, 2008) (*2009 Budget Filing*).

⁵¹ *See Notice of Filing of the North American Electric Reliability Corporation of its 2010 Business Plan and Budget and the 2010 Business Plans and Budgets of Regional Entities and of Proposed Assessments to Fund Budgets*, filed December 18, 2009.

December 31, 2010, (4) the desired (target) Working Capital Reserve at December 31, 2011, (5) the budgeted Expenses and Capital Expenditures, and projected other funding sources (including Penalties collected from registered entities), for 2011,⁵² resulting in (6) the increment or decrement to the requested 2011 assessments to achieve the target Working Capital Reserve at December 31, 2011. As shown on Table B-1 for the NERC and each Regional Entity, each Regional Entity (except SPP RE) has established a target Working Capital Reserve for 2011. The basis for each entity's Working Capital Reserve for 2011 is stated on its Table B-1 or explained elsewhere in the text of its 2011 Business Plan and Budget.

In NERC's case, a significant portion of the Working Capital funding requirement is driven by the need to address the balance sheet impact of NERC's shift to accrual accounting for certain costs in 2009, as further detailed in the footnotes to NERC's audited year end 2009 financial statements.⁵³ NERC is also increasing Working Capital Reserves to provide funding for supplemental resources in the Reliability Standards Program due to the fact that NERC is still in the process of determining the best manner in which to satisfy those resource needs. NERC also plans to use Working Capital to fund costs incurred in 2011 associated with the relocation of its headquarters, as further discussed in §IV.B and §IV.C.

⁵² NERC's budget policy is that Penalty payments received by NERC or a Regional Entity on or prior to June 30 of the year preceding the budget year should be used to reduce the requested assessments for the budget year; Penalty payments received after June 30 will be used to reduce the requested assessments for the year following the budget year. In the case of the 2011 Budgets, all Penalty payments being used by NERC and the Regional Entities to reduce their requested 2011 assessment amounts were received prior to June 30, 2010.

⁵³ NERC's audited 2009 financial statements were filed with FERC in NERC's *Report of Comparisons of Budgeted to Actual Costs for 2009 for NERC and the Regional Entities*, filed June 1, 2010 in Docket Nos. RR10-10-000 and RR08-6-000 (2009 Budget True-up Filing).

F. Projected Costs for 2012 and 2013

As it did in its 2008, 2009 and 2010 Business Plans and Budgets, NERC is providing a projection of its expected revenues and expenses for the two years following the budget year (*i.e.*, 2012 and 2013). This information is provided in Table B-10 in Section B of **Attachment 2**. NERC is providing these projections for informational purposes only. While supporting NERC management's effort to make improvements in the area of long term business planning and budget forecasting, the NERC Board of Trustees has not approved these projections as budgets, and NERC is not seeking approval of these projections. These projections show that NERC's 2012 total Expenses plus any increase or decrease in Fixed Assets are projected to be \$8,935,423, or 18.3%, higher than in its 2011 Budget; and its 2012 statutory assessments are projected to be \$14,710,423, or 35.8%, higher than its requested 2011 assessments. The magnitude of this year over year increase is due to the fact that the 2011 Budget includes \$10,175,000 of Penalty payments to reduce assessments, while the projected 2012 Budget does not assume any Penalty payments. For 2013, NERC's total Expenses plus change in Fixed Assets are projected to be \$1,596,834, or 2.8%, higher than the amount projected for 2012, and the 2013 assessments are projected to be \$1,096,834, or 1.9%, higher than the projected 2012 assessments. These projections are consistent with NERC management's current estimate that the overall level of resource additions in 2012 will be roughly equivalent to 2011, followed by a leveling off of the need for any significant further resource additions in 2013. The 2012 and 2013 projections also reflect estimates of incremental rent and other costs associated with proposed 2011 and projected 2012 personnel additions.

IV. DISCUSSION OF NERC BUSINESS PLAN AND BUDGET

A. 2011 Business Plan and Budget by Program

This section summarizes NERC's proposed 2011 Business Plan and Budget by statutory program and Administrative Services department.⁵⁴

In addition to the direct costs budgeted for each statutory program as described in §§IV.A.1 through 5 below, and the allocation of indirect (administrative) costs (other than the provision for Working Capital Reserve) to the statutory programs on the basis of the proportionate numbers of FTEs in each statutory program, NERC has also budgeted \$750,000 in Other Non-Operating Expenses for costs to be incurred during 2011 in connection with NERC's planned relocation of its headquarters offices to Atlanta, Georgia, and planned expansion of its Washington, D.C. office. The \$750,000 of budgeted Other Non-Operating Expenses has been allocated among the five statutory programs on the basis of the proportionate numbers of FTEs. The office relocation decision is discussed in §IV.B below. The provision for Working Capital Reserve in the 2011 Budget is further discussed in §IV.C below.

1. Reliability Standards Program

The Reliability Standards Program develops and maintains standards designed to ensure the reliability of the bulk power system in North America. The stakeholder Standards Committee provides oversight to the standards development process, while NERC staff coordinators facilitate standards drafting team activities, assist the drafting teams in adhering to the integrity of the standards development process, and ensure that the quality of the documents produced are appropriate for approval. The principal assumptions, goals and deliverables of the Reliability Standards Program for 2011 are presented in detail at pages 27-29 of **Attachment 2**.

⁵⁴ **Attachment 6** is a status report on NERC's progress in achieving its 2010 goals.

Although much of the work in the Reliability Standards Development Process is performed by committees and task groups comprised of volunteer technical experts from the electric industry, government and academia (including the Standards Committee), significant NERC professional staff resources are needed to facilitate and coordinate the work of industry volunteers and to administer the process. NERC has budgeted 20.08 FTEs for the Reliability Standards Program for 2011, which is an increase of 2.58 FTEs from the 2010 Budget, and reflects the addition of three new staff members during 2011.⁵⁵ Specifically, NERC is planning to add three standards specialists to the Reliability Standards staff. One of these standards specialists will be focused on quality assurance responsibilities. These resource additions should enable the Reliability Standards program to provide more timely delivery of standards through more targeted development processes; better overall project management through enhanced training of both drafting teams and staff; and improved efficiency. Further, although NERC is increasing staffing in the Reliability Standards Program for 2011, it is reducing budgeted Consultants & Contracts expense by \$225,000 (31%) from the 2010 Budget.

The 2011 budgeted direct expenses for this program are \$4,863,139, which is an increase of \$674,089 (16.1%) over the 2010 Budget.⁵⁶ The principal direct cost components of the 2011 Budget are Personnel Expenses (\$3,792,644), Meeting Expenses (including Travel) (\$526,100), and Consultants & Contracts (\$491,500). The allocation of Administrative Services expenses to this program is \$2,669,696, the allocation of Other Non-Operating Expenses is \$133,296, and the allocation of Fixed Asset additions is \$16,621. As previously noted, NERC has also increased its

⁵⁵ The indicated increase of 2.58 FTE reflects the fact that the three new staff members will not be added as of January 1, 2011, but rather are projected to be added at various points during the year.

⁵⁶ See table on page 27 of **Attachment 2**.

Working Capital Reserves to provide funding for additional yet to be specifically identified contractors and/or FTE additions to the Reliability Standards Program given the significant workload in this area.

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

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program is comprised of Compliance Operations (which in turn is comprised of Organization Registration and Certification, Audit Assurance and Oversight, and Audit Assistance), Compliance Enforcement, and Event Analysis and Investigations. The functions, and the principal 2011 assumptions, goals and deliverables, of each of these groups are summarized at pages 35-46 of **Attachment 2**.

The budgeted direct expenses for the CMEP for 2011 total \$10,824,099, which is an increase of \$1,464,396 (15.6%) over the 2010 Budget.⁵⁷ NERC is budgeting for 47.08 FTEs for the CMEP in 2011, an increase of 1.33 FTEs over the 2010 Budget. The Compliance Operations group will add four full-time auditors to support the audit spot check and validation programs and enhanced audit assistance to Regional Entities, and to enable the group to conduct 25 to 30 compliance audit observations per year. The Compliance Enforcement group will add three FTEs to support the processing of violations; as explained in detail at pages 39-43 of **Attachment 2**, these additional resources are needed to maintain the current level of violations processing caseload in the face of a projected increase in the number of incoming new violations, due in large part to an increase in violations of CIP standards.⁵⁸ The Event Analysis and

⁵⁷ See Table on page 34 of **Attachment 2**.

⁵⁸ Additional information on the status of the violations processing caseload and the initiatives undertaken by NERC and the Regional Entities to efficiently and expeditiously process identified violations to closure is provided in **Attachment 9**.

Investigations group is not budgeting any personnel additions for 2011.⁵⁹ The CMEP is also budgeting an increase of \$95,000 in Consultants & Contracts expense over the 2010 Budget, primarily to support continued development and implementation of two IT tools, the Compliance Reporting Analysis and Tracking System (CRATS) and the Compliance Information Tracking System (CITS), as well as portal applications; development of a new Event Analysis and tracking tool; and development of the nuclear power plant compliance audit program pursuant to Order No. 706-B.

The major direct cost budget components for the CMEP in the 2011 Budget are Personnel Expenses (\$8,548,072); Meeting Expenses (including Travel) (\$970,533); and Consultants & Contracts (\$1,195,000). The allocation of Administrative Services expenses to this program is \$6,258,830, the allocation of Other Non-Operating Expenses is \$312,500, the increase in Fixed Assets (net of Depreciation) is \$23,506, and the allocation of Fixed Asset additions is \$38,966.

3. Reliability Assessment and Performance Analysis Program

The Reliability Assessment and Performance Analysis Program prepares annual seasonal (summer and winter) and long-term reliability assessment reports, which assess the short-term and long-term resource adequacy and operating reliability of the bulk power system in North America, both existing and planned. To support its assessment activities, the Reliability Assessment and Performance Analysis Program maintains detailed databases measuring the ongoing reliability performance of generation, transmission, and demand response. This program also identifies and analyzes key issues that may affect reliability, and conducts special

⁵⁹ The staffing increase of 1.33 FTEs in the 2011 Budget over the 2010 Budget for the CMEP reflects the fact that during 2010, several FTEs were transferred from the CMEP to the Situation Awareness and Infrastructure Security Program.

reliability assessments based on specific issues as warranted. The principal 2011 assumptions, goals and deliverables for the Reliability Assessment and Performance Analysis Program are summarized at pages 49-51 of **Attachment 2**.

The budgeted direct expense for the Reliability Assessment and Performance Analysis Program for 2011 is \$4,300,018, which represents a decrease of \$320,360 (-6.9%) from the 2010 Budget.⁶⁰ The 2011 Budget reflects 13.75 FTEs for this program, which is a decrease of 2.25 FTEs from the 2010 Budget. The reduced budget and FTE count reflect the transfer of personnel during 2010 from this program area to other NERC program areas. However, the Reliability Assessment and Performance Analysis Program plans to add two FTEs in 2011: (i) a technical analyst to support the overall increase in program activities, and (ii) a senior engineer to support reliability initiatives including the Frequency Response Initiative, the System Protection Initiative, and the System Modeling Initiative. The 2011 budget for Consultants & Contracts for this program is only slightly higher (by \$10,600) than the 2010 Budget. Consultants and contractors will be used to (i) support development of integrated Risk/Severity Performance/Metric tools, assess impacts of Geomagnetic Disturbance events and other emerging issues, and improve the reliability assessments; (ii) support maintenance of the Generating Availability and Transmission Availability Data Systems, implementation of the Demand Response Availability Data System, and development and deployment of a spare transformer data base for the industry; and (iii) support the activities of the Systems Analysis and Reliability Initiatives group within the Operations and Engineering Department, which is responsible for the Frequency Performance, System Protection, and System Modeling Initiatives.

⁶⁰ See table on page 48 of **Attachment 2**.

The direct expenses in the 2011 Budget for the Reliability Assessment and Performance Analysis Program include Personnel Expenses (\$2,479,439), Meetings Expense (including Travel) (\$468,750); and Consultants & Contracts (\$1,160,000). The program budget also includes \$130,000 of Computer & Software Capital Expenditures. The overall increase in Fixed Assets (net of Depreciation) for this program is \$61,871, and the allocation of Fixed Asset Additions to this program is \$11,380. The allocation of Administrative Services expenses to this program is \$1,827,800 and the allocation of Other Non-Operating Expenses is \$91,261. Revenues from the sale of Services and Software are projected to be \$250,000, which is the same amount included in the 2010 Budget.

4. Training, Education, and Operator Certification Program

The Training, Education, and Operator Certification Program encompasses (i) the System Operator Certification Program, (ii) NERC's Continuing Education Program for owners, operators and users of the bulk power system and their operating personnel, and (iii) NERC's Training and Education activities for NERC and Regional Entity staff. NERC maintains the credentials for over 6,000 system operators, effectively licensing them to work in system control centers across North America. In 2011, NERC will enhance its training programs for NERC and Regional Entity compliance auditors and investigators by establishing a training academy for these personnel. The principal 2011 assumptions, goals and deliverables for the Training, Education, and Operator Certification Program are summarized at pages 58-59 of **Attachment 2**.

The direct expense budgeted for the Training, Education, and Operator Certification Program for 2011 is \$2,045,538, which is an increase of \$126,312 (6.6%) over the 2010 Budget.⁶¹ NERC has budgeted 6.25 FTEs for this program in 2011, which is a decrease of 0.50

⁶¹ See table on page 57 of **Attachment 2**.

FTE from the 2010 Budget. In 2011, one FTE will be added to support the provision of additional training and education opportunities, including providing better education opportunities for registered entities seeking to comply with NERC standards, and supporting efforts to ensure consistency in compliance auditing across the eight Regional Entities. In addition, 0.25 FTE is budgeted to provide ongoing support of the System Operator Certification Program due to the anticipated retirement of the employee dedicated to supporting this program. The net overall reduction in FTEs in the 2011 Budget from the 2010 Budget is due to elimination of a dedicated FTE to separately support training needs in the Reliability Standards Program and the inclusion of the resources associated with general employee training requirements in the HR administrative function rather than in the Training, Education, and Operator Certification Program.

The principal direct expense components of the 2011 Budget for the Training, Education, and Operator Certification Program are Personnel Expenses (\$1,103,480), Meetings, Travel and Conference Call expenses (\$361,000), and Consultants & Contracts (\$487,658). The allocation of Administrative Services expenses to this program is \$830,818, the allocation of Other Non-Operating Expenses is \$41,482, and the allocation of Fixed Asset additions is \$5,173. As noted earlier, NERC charges fees for system operator certification examinations and to continuing education providers, which are intended to cover the costs of the certification examination program and the certification of the continuing education providers. The 2011 Budget includes projected revenues from these fees and charges totaling \$1,940,000, which is an increase of \$821,250 (73.4%) over the 2010 Budget. The projected increased revenues reflect the higher fee structure that was implemented in December 2009 in order to more fully cover the costs of these programs, as well as more recent information regarding the number of training reservations. In

addition, revenue from fees charged for attendance at NERC-sponsored workshops are budgeted to be \$92,500 in 2011, the same amount included in the 2010 Budget.

5. Situation Awareness and Infrastructure Security

NERC's Situation Awareness and Infrastructure Security Program is comprised of two departments, Situation Awareness and CIP. The Situation Awareness department works closely with Situation Awareness personnel at the Regional Entities and governmental authorities, including the Commission, to share information regarding system events and risks to the reliability of the bulk power system. Situation Awareness is responsible for having and providing information regarding current bulk power system vulnerabilities and system and cyber events. It also is home to the ES-ISAC, and monitors the bulk power system to provide real-time situation awareness leadership and coordination services to the electric industry. In 2011, Situation Awareness will begin to implement the common platform tool for the collection and display of system information for the Reliability Coordinators, known as Situation Awareness for FERC, NERC and Regional Entities (SAFNR). Finally, Situation Awareness is responsible for NERC's activities with respect to the North American Synchro-Phasor Initiative (NASPI). NASPI is the international project to advance the application of phasor measurement technology in all interconnections in North America. The objective of NASPI is to use phasor measurement technology to provide grid operators with expanded interconnection visibility and improved situational awareness and to supplement the tools available to operators to monitor and control the bulk power system. The principal 2011 assumptions, goals and deliverables for Situation Awareness are summarized at page 63 of **Attachment 2**.

The CIP department is an expert-based organization which supports NERC's alignment of functions and program areas involving the CIP standards while continuing to enhance the electricity sector's cyber security posture through more effective information sharing, incident

analysis, system-level risk assessment, and coordination between industry and the federal government. The CIP department supports NERC activities including CIP standards compliance application guidance, TFE wide-area evaluation, technical expert compliance audit support, standards development, and subject matter input into regulatory matters. CIP department personnel are responsible for leading NERC's efforts to coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America in order to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure to ensure reliability. The principal 2011 assumptions, goals and deliverables for the CIP department are summarized at pages 67-70 of **Attachment 2**.

The budgeted direct expense for 2011 for the Situation Awareness and Infrastructure Security Program is \$10,789,469, which is an increase of \$3,742,124 (53.1%) over the 2010 Budget.⁶² The 2011 Budget reflects 25.83 FTEs in this program, an increase of 16.08 FTEs over the staffing in the 2010 Budget. This increase is largely due to the (i) transfer of 4 FTEs from other NERC program areas and the addition of one new (unbudgeted) position during 2010; and (ii) creation of a specialized CIP group which was initially staffed through the transfer of 4 existing employees and the hiring of 3 new staff members in 2010, with four more new FTEs (CIP specialists) to be added in 2011. The FTEs to be added in 2011 will enable CIP to further develop and implement its cyber security risk management activities, meet federal coordination requirements in the U.S. and Canada, and support the growing need to provide subject matter expert support for the CIP standards, TFE determinations, incident analysis and the ES-ISAC. In addition, reflecting the greatly increased staffing and the industry-facing nature of many of the activities of the Situation Awareness and Infrastructure Security Program (such as support for

⁶² See table on page 62 of **Attachment 2**.

compliance audits of CIP standards and TFE determinations), the budgeted Travel expense for this program is \$359,672 (163%) higher than the 2011 Budget. (However, the 2011 budgeted Travel expense is only 39% higher than the 2010 Projection and thus reflects actual experience during 2010.)

While budgeted Consultants & Contracts expense for this program is slightly lower (by 0.3%) than the 2010 Budget, there are significant increases in Consultants & Contracts expense budgeted for some initiatives and significant decreases for other initiatives. Among the areas of increased Consultants & Contracts funding in the 2011 Budget are (i) approximately \$750,000 for the SAFNR program; and (ii) approximately \$260,000 for CIP and TFE activities. Areas of decreased Consultants & Contracts funding include (i) \$75,000 for cyber preparedness and HILF initiatives, (ii) \$190,000 associated with various reliability tools and initiatives, and (iii) \$100,000 in frame relay expenses to support NERCnet, the communications backbone used by NERC, the Regional Entities and Reliability Coordinators.

The principal direct cost components of the 2011 Budget for the Situation Awareness and Infrastructure Security Program include Personnel Expenses (\$5,344,443), Meetings Expense (including Travel) (\$725,03), and Consultants & Contracts (\$4,581,558). The allocation of Administrative Services expenses to this program in the 2011 Budget is \$3,434,048, and the allocation of Other Non-Operating Expenses is \$171,460. The 2011 Budget for this program also includes a decrease in Fixed Assets (due to Depreciation) of \$45,884, and an allocation of Fixed Asset additions of \$21,380.

6. Administrative Services

The Administrative Services departments support the other NERC programs. Administrative Services comprises the following functions: (i) Technical Committees and Members' Forums (which has no budget in 2011); (ii) General and Administrative; (iii) Legal

and Regulatory; (iv) Information Technology (IT); (v) Human Resources, and (vi) Finance and Accounting. Detailed descriptions and planned 2011 activities, goals and objectives for each of the functions included in Administrative Services are provided in the text at pages 76-90 of **Attachment 2**. The total budget increase in the Administrative Services departments for 2011 is \$3,865,922, which is primarily the result of: (i) the separation of the TOOF, which in the 2010 Budget provided \$1.6 million of Funding through Membership Dues that was used to offset indirect expenses, (ii) the loss of recovery of \$300,000 of indirect expenses that were allocated to the TOOF, (iii) a combined increase in expenses of approximately \$1.1 million for Personnel and Consultants & Contracts to support IT requirements, and (iv) increases in Office Costs and Professional Services expenses in General and Administrative and IT of approximately \$1.3 million. In addition, the 2011 Budget for Administrative Services includes \$5,000,000 for Working Capital Reserve, which is budgeted in General and Administrative and (alone among the Administrative Services costs) is not allocated to the statutory programs. The provision for Working Capital Reserve is discussed in §IV.C below.

The following paragraphs provide further detail on the 2011 activities and budget requirements for the individual Administrative Services departments.

Technical Committees and Members' Forums – As noted earlier, at year-end 2009, the TOOF ceased operations and its leadership formed a separate organization which operates independently from NERC. The Technical Committees and Members' Forums Program will continue to support the activities of NERC's Operating Committee, Planning Committee and related subcommittees, as well as NERC's activities in certain industry organizations such as the Institute of Electrical and Electronics Engineers. For 2011, costs associated with these activities are budgeted in the program areas in which the NERC personnel supporting the activities are

presently assigned. Therefore, with the separation of the TOOF, there are no costs budgeted in Technical Committees and Members' Forums for 2011.

General and Administrative – The General and Administrative function is responsible for administration and general management of NERC. Budgeted staffing for this function for 2011 is 7.00 FTEs, an increase of 3.00 FTEs over the 2010 Budget. The personnel budgeted in this function include the NERC President and CEO, a senior advisor to the CEO, an executive assistant, and the NERC communications and public relations staff.

The 2011 Budget for General and Administrative (excluding the provision for Working Capital Reserve) is \$5,201,098, which is an increase of \$1,428,074 (27.5%) over the 2010 Budget. The significant components of this increase are higher Personnel Expenses (increased by \$870,839 (75%)) due primarily to the additional staff budgeted in this function; higher Meetings Expenses (increased by \$129,220 (30.3%)); and higher Professional Services Expense (increased by \$365,000 (44.8%)) reflecting projected costs of Trustee search fees (not previously budgeted) and increased Trustee compensation which was authorized by the Board of Trustees based upon the recommendations contained in an independent market analysis report. Another factor increasing the 2011 Budget for General and Administrative from the 2010 Budget is the loss of recovery of \$300,000 of overhead expenses that was allocated to the TOOF in the 2010 Budget; in the 2010 Budget, this amount was included as a negative Consultants & Contracts expense in the General and Administrative function. The 2011 Budget for Office Costs for this function is reduced from the 2010 Budget by \$190,002 (31.8%), primarily due to transferring the budget for telecommunications capabilities to the IT function.

Legal and Regulatory – The Legal and Regulatory function provides legal and governmental relations support to the organization. Expenses budgeted in this area include the

General Counsel, attorneys, and Canadian governmental affairs. The 2011 Budget for Legal and Regulatory is \$2,734,875, which is an increase of \$401,546 (17.2%) over the 2010 Budget. Budgeted staffing for 2011 for Legal and Regulatory is increased from 7.0 FTEs to 8.0 FTEs for the planned addition of a paralegal. Professional Services expense is increased by \$115,000 (20.9%) over the 2010 Budget to reflect increased volume and complexity of required filings with governmental authorities and corporate matters arising from ongoing operations.

Information Technology – NERC's IT function is responsible for the design, procurement, implementation, and management of NERC's technology infrastructure, including network servers, applications, and telecommunications, and for implementing and managing logical and physical security controls to protect critical business assets. The principal 2011 assumptions, goals and deliverables of the IT function are summarized at pages 84-85 of **Attachment 2**. The 2011 Budget for IT is \$4,539,253, which is an increase of \$2,019,945 (80.2%) over the 2010 Budget. The transfer of budget responsibility for telecommunications (included in Office Costs) from General and Administrative to IT constitutes a significant component of this budget increase; further, additional costs of \$434,000 are being budgeted in 2011 for enhanced telecommunications capabilities. The 2011 Budget reflects 10.75 FTEs in this function, which is an increase of 3.00 FTEs from the 2010 Budget. Additional dedicated staff is being added to manage NERC's web site, provide help desk support, and manage technology projects. Finally, Consultants & Contracts expense in the 2011 Budget is increased by \$708,000 (218%) over the 2010 Budget to support a number of technology design and development projects, programming needs and security enhancement. This budget component also includes costs for moving NERC's primary computing facilities, which heretofore have

been located within its offices, to an off-site data center with on-site backup power, appropriate fire protection systems and other protection systems.

Human Resources – HR manages all of NERC’s human resources functions, including new hires, benefits and employee functions, as well as overseeing employee performance appraisals and the incentive structure process. The principal 2011 assumptions, goals and objectives for HR are summarized at page 88 of **Attachment 2**. The 2011 Budget for HR is \$1,241,500, which is an increase of \$232,588 (23.1%) over the 2010 Budget. The 2011 Budget reflects 5.50 FTEs in this function, which is an increase of 2.00 FTE over the 2010 Budget. Although two additional FTEs are budgeted to support administrative and human resources requirements, NERC will continue to evaluate the benefits and costs of obtaining this additional support through a third-party service provider rather than by added staff. Budgeted Consultants & Contracts expense for HR is reduced by \$100,000 (28.6%) from the 2010 Budget.

Finance and Accounting – Finance and Accounting manages all of NERC’s finance and accounting functions, including employee payroll, 401(k) plans, travel and expense reporting, monthly financial reporting, sales and use taxes, meeting/events planning and services, insurance, internal audit, and facilities management. Finance and Accounting has overall responsibility for development of the annual business plan and budget. The 2011 Budget for Finance and Accounting is \$1,209,180, which is a decrease of \$26,021 (2.1%) from the 2010 Budget. The 2011 Budget reflects 6.5 FTEs in this function, which is a decrease of 2 FTEs from the 2010 Budget. During 2010, an additional accountant was added to the Finance and Accounting staff, while two employees were transferred to statutory programs. Other than the decrease in Personnel Expenses due to the FTE reduction, there are no significant changes in the 2011 Budget for Finance and Accounting from the 2010 Budget.

B. Other Non-Operating Expenses – Office Relocation

More than 30 years ago a decision was made to locate the NERC headquarters in Princeton, New Jersey. This decision was suitable, although perhaps not ideal, for many years when NERC was a small advisory-type electric utility industry organization. However, over the last five years as NERC has transitioned into its role as the international ERO, the Princeton location has presented challenges with regard to recruiting of management and staff from a broad, diverse North American talent pool, in addition to presenting challenges in terms of facilitating efficient and cost effective access to industry stakeholders and government agencies. As a result of these challenges, a number of compromises have been made over the years to allow NERC to meet its staffing demands, including having a large percentage of home-based employees in locations dispersed across more than a dozen states. In addition, although NERC has some meeting space in Princeton, it is rarely used for outside meetings with industry. Stakeholders from across the U.S. and Canada find travel to the Princeton office to be challenging, often involving at least three different modes of transportation and at least an hour of travel time to the nearest major airports. This limited accessibility has caused NERC to depend heavily on the hospitality industry to provide expensive hotel space, catering, and audio-visual support for the hundreds of meetings NERC conducts each year.

In 2007, NERC opened a small office in Washington, D.C. to allow a more robust interface with FERC staff and other government entities. This decision has improved NERC's stature and effectiveness as the ERO and facilitated the necessary frequent personal interactions between NERC and U.S. governmental institutions and authorities.

In anticipation of the expiration of the Princeton lease in May 2013, in early 2010, NERC management initiated an in-depth process to evaluate alternative office locations, with particular focus on the following goals:

1. NERC should be located where cost of living and quality of life enable NERC to attract a diverse and highly talented management team and professional staff from across North America, while also drawing on a strong local workforce.
2. NERC should strive to achieve a high percentage (e.g. at least 90%) of staff working in an office environment to enable management to effectively lead complex operations, develop staff and new leaders, promote team-building, and develop a positive culture for the organization.
3. NERC should be located where stakeholders have easier, cost-effective access to NERC facilities for meetings and interfacing with NERC staff, including close proximity and convenience to one or more major airports and strong local transit options.
4. NERC's office should be located within walking distance to amenities such as hotels, restaurants, and activities to further promote use of office facilities for meetings.
5. NERC should seek to optimize costs, such as for payroll and benefits, rent, meetings and travel, while achieving the other goals, including the use of advanced meeting technologies.
6. NERC should implement its location strategy in a progressive transition over several years in order to maximize retention of valuable existing staff members and minimize disruptions of essential work processes and initiatives.

Although management understood there would be near-term issues and costs that would need to be addressed, the most important outcome of the office selection process was to place NERC in the best position to improve its overall effectiveness as the ERO. An effective location strategy must be aligned with NERC's near and long-term corporate goals to significantly improve access to and interaction with various industry stakeholders and governmental, as well as facilitating personnel recruitment and retention, efficiency, and cost control.

Having weighed these factors, obtained input from existing staff and industry representatives and evaluated numerous options for relocating or not relocating the NERC offices, the following office location strategy was recommended by management and endorsed by the NERC Board of Trustees in June 2010:

1. **NERC will locate its headquarters in Atlanta, Georgia.** The headquarters location will include the CEO and corporate support functions such as finance, human resources and information technology, as well as "industry-facing" technical functions such as

standards, compliance operations, event analysis and investigations, training, education and operator certification, situation awareness, and reliability assessment and performance analysis.

2. **NERC will retain and expand a downtown Washington, D.C. office.** The Washington, D.C. office will be expanded to include functions that depend heavily on government interfaces for success, including legal, compliance enforcement, government affairs, and CIP.

This decision supports NERC's reliability mission by placing its primary government-facing staff in a downtown Washington, D.C. office in close proximity to key government entities, and by having NERC's technical operations in a location that is more attractive and cost-effective for recruiting management, technical and administrative staff, as well as providing better access for stakeholders. There were a variety of factors that went into the decision to relocate NERC's headquarters to Atlanta versus other locations, including lower cost of living; an attractive commercial real estate market; a major airport; and a mass transit rail system directly from the airport terminal to several potential office sites. Atlanta also opens the possibilities of synergies with the Institute of Nuclear Power Operations, which long ago established its headquarters in the area.

NERC anticipates completing the headquarters relocation on a gradual basis, ending no later than the May 2013 expiration of the Princeton lease and sooner if practical with due consideration of budgetary constraints. Given the timing of the preparation and filing of the 2011 Business Plan and Budget following Board endorsement, in June 2010, of the office relocation recommendation, it was not possible to assemble definitive cost estimates for the overall office relocation for inclusion in NERC's 2011 Budget. NERC has retained outside real estate experts to assist in evaluating and securing office space, and with their assistance has developed preliminary projections of annual rental and relocation costs. Based on this information, management is confident that NERC should be able to rent space in Atlanta at a

cost per square foot no greater than the current cost per square foot in its Princeton location, and to rent additional space in the D.C. market at an equivalent rent on a per square foot basis to its current D.C. office rent. Management is also optimistic that given market conditions in Atlanta, NERC should be able to negotiate additional landlord concessions, including but not limited to free or significantly reduced rent during the first year of the lease, build-out allowances, and other market-based concessions.

To fund relocation-related costs it will begin to incur during 2011, NERC has included Other Non-Operating Expenses of \$750,000 in its 2011 Business Plan and Budget and will also rely on Working Capital Reserve.

C. Working Capital Reserve

In its 2010 Budget, NERC included \$469,043 for provision for Working Capital Reserve, which was the amount projected to be necessary to achieve a Working Capital Reserve of \$0 at December 31, 2010.⁶³ Although the NERC Board had previously established a Working Capital Reserve target of \$2,500,000, the Board determined that, in light of the overall increase in assessments needed to fund NERC's budgeted expenses for 2010, NERC would not request the assessments necessary to achieve the target Working Capital Reserve of \$2,500,000 at December 31, 2010.⁶⁴ For 2011, however, NERC believes it is prudent to re-establish a positive Working Capital Reserve at the target level previously approved by the Board, \$2,500,000. A Working Capital Reserve of this magnitude is appropriate in light of the growth in size of the NERC organization and the associated cash flow requirements, and the potential for unanticipated

⁶³ At the time of preparation of the 2010 Business Plan and Budget, NERC projected it would have a deficit Working Capital Reserve of (\$469,043) at December 31, 2009.

⁶⁴ Achieving a Working Capital reserve of \$2,500,000 at December 31, 2010 would have required an incremental assessment of almost \$3,000,000 for 2010.

incremental resource needs driven by potential government directives, industry needs, or litigation that could potentially be initiated in connection with compliance enforcement activities. Further, additional Working Capital Reserve funding is needed to strengthen NERC's balance sheet, which was adversely impacted at year-end 2009 by accrual accounting adjustments. Finally, the impact of including a substantial adjustment to the 2011 statutory assessments to restore the Working Capital Reserve is mitigated by the application of the \$10,175,000 in Penalty payments received from registered entities, which reduces the assessment requirement.

NERC is currently projecting a deficit Working Capital Reserve of (\$2,848,109) at December 31, 2010. NERC is proposing an incremental adjustment to the 2011 assessments of \$5,000,000 for Working Capital Reserve funding, which will enable NERC to achieve a projected Working Capital Reserve of \$2,151,891 at December 31, 2011, and represent substantial progress towards achieving the target Working Capital Reserve of \$2,500,000.⁶⁵

V. REGIONAL ENTITY BUSINESS PLANS AND BUDGETS

A. Consistency Among Regional Entity Budgets

In developing the 2011 Regional Entity Business Plans and Budgets, NERC and the Regional Entities worked to build on the substantial efforts they devoted to achieving consistency of format and presentation of information in the 2008, 2009 and 2010 Business Plans and Budgets. In addition to (i) using a common and consistent format for their 2011 Business Plan and Budget documents, (ii) continuing to use the more consistent accounting methodologies that were developed collaboratively in connection with the 2010 Business Plans and Budgets, and agreed to, among NERC and the Regional Entities, and (iii) continuing to use the common definition of administrative (indirect) costs that was developed in connection with the 2010

⁶⁵ See Table B-1 of **Attachment 2**.

Business Plans and Budgets, NERC and the Regional Entities developed and used an extensive set of common assumptions for their 2011 Business Plans and Budgets. The common assumptions are provided in Exhibit A to the NERC 2011 Business Plan and Budget (**Attachment 2**), which is cross-referenced in each of the Regional Entity Business Plans and Budgets. NERC believes that achieving and maintaining consistency among the Regional Entity business plans and budgets is an ongoing process, and NERC intends to continue to work collaboratively with the Regional Entities to achieve even greater consistency in presentation and format in the business plans and budgets in the future.

The Regional Entity Business Plans and Budgets follow a similar format to that used for the NERC Business Plan and Budget. Each Regional Entity Business Plan and Budget begins with an Introduction section that presents a table showing the Regional Entity's budgeted Total Resources for 2011, including statutory and non-statutory FTEs and expenses;⁶⁶ the proposed increases or decreases in statutory and non-statutory Fixed Assets and Working Capital Requirement; the total statutory and non-statutory Funding Requirement; and the proposed Assessments to recover the Regional Entity's statutory Funding Requirement, allocated (where applicable) among the U.S., Canadian provinces and Mexico. The Introduction section also provides general information on the Regional Entity, including information on its membership and governance; provides the Regional Entity's principal business plan and budget assumptions and goals and principal deliverables for 2011; and provides an overview of the primary cost impacts to the Regional Entity's 2011 Budget, by statutory program and administrative department. The Introduction section includes a table showing the Regional Entity's 2010

⁶⁶ Information on non-statutory FTEs, expenses, and funding is, of course, only provided in the business plans and budgets of the Regional Entities that have non-statutory activities – FRCC, NPCC, SPP, Texas RE and WECC.

Budget, 2010 Projection, 2011 Budget, and Variance between the 2011 Budget and 2010 Budget, for each of the five statutory programs.⁶⁷ It also contains a table showing the Regional Entity's FTEs, by statutory program and administrative department, for its 2010 Budget, 2010 Projection, and 2011 Budget.⁶⁸ Finally, the Introduction section includes the Regional Entity's overall statutory Statement of Activities, with information presented for its 2010 Budget, 2010 Projection, Variance between its 2010 Budget and 2010 Projection, 2011 Budget, and variance between its 2011 Budget and 2010 Budget.

The Regional Entity Business Plans and Budgets next contain separate sections on each statutory program and administrative department or function of the Regional Entity. These sections are presented in similar format to the NERC Business Plan (Section A of **Attachment 2**), including (i) a table for each statutory program and administrative function showing total FTEs, total direct expenses, total indirect expenses, increase or decrease in fixed assets, and total Funding Requirement, for the 2010 Budget and the 2011 Budget, and (ii) a Statement of Activities for the statutory program or administrative function showing Funding, Expenses and Fixed Asset activity by major line item categories.⁶⁹ Information is presented in each of the Statements of Activities for the 2010 Budget, the 2010 Projection and the 2011 Budget, and the Variances between the 2010 Budget and 2010 Projection and between the 2011 Budget and the

⁶⁷ The budget numbers displayed in this table do not include the Regional Entity's proposed 2011 provision for its Working Capital Reserve, and in the case of ReliabilityFirst and WECC, also do not include an allocation of some administrative costs which have been offset by non-assessment sources of Funding, such as Interest income, grant funding, and Miscellaneous income.

⁶⁸ This table includes information, where applicable, on the Regional Entity's shared FTEs. A shared FTE is defined as an employee who performs both statutory and non-statutory functions.

⁶⁹ The FRCC 2011 Business Plan and Budget (**Attachment 3**) provides a consolidated summary table and Statement of Activities for General and Administrative covering all its administrative functions, and does not include separate tables for each individual administrative function.

2010 Budget.⁷⁰ The text of these sections for each statutory program includes discussion of the key assumptions, 2011 goals and key deliverables, and reasons for increases or decreases in funding and costs, for the program in 2011.

Section B of each Regional Entity Business Plan and Budget presents supplemental financial information supporting the 2011 statutory Budget. Section B contains tables detailing the development of the adjustment to the Regional Entity's 2011 assessment to achieve its desired Working Capital Reserve at December 31, 2011 (Table B-1); penalty payments received, to be used as an offset to the Regional Entity's funding requirement (Table B-2); Supplemental Funding (*e.g.*, Workshop fees and Interest income) (Table B-3); Personnel Expenses (Table B-4); Consultants and Contracts expense (Table B-5); Office Rent (Table B-6); Office Costs (Table B-7); Professional Services expense (Table B-8); and Other Non-Operating Expenses (Table B-9). Tables B-3 through B-9 are followed, where applicable, by explanations of significant variances between the Regional Entity's 2010 and 2011 Budgets for the funding or cost category.

Section C of each Regional Entity Business Plan and Budget provides (where applicable) information on the Regional Entity's non-statutory activities for 2011, including program descriptions and objectives, budget information, and FTEs.⁷¹

⁷⁰ The Statement of Activities for each Regional Entity's General and Administrative function shows its proposed adjustments to its 2011 assessment to provide for Working Capital Reserve as a Funding Requirement for General and Administrative. All Expenses and Fixed Asset activity for the administrative programs are allocated to, and included in the Funding Requirements for, the statutory programs; therefore, no other Funding Requirement is shown for any of the Regional Entity's administrative functions.

⁷¹ MRO, ReliabilityFirst and SERC do not plan to have, and have not budgeted for, any non-statutory activities in 2010. SPP RE is unable to provide a non-statutory budget for 2011 because its planning and budgeting cycle does not result in finalization and Board approval of the overall SPP budget until October. SPP RE has included the overall SPP, Inc. 2010 budget and 2009 actual income statement, for information.

Following Section C, each Regional Entity Business Plan and Budget also provides: (1) a 2011 Consolidated Statement of Activities and Capital Expenditures showing the Regional Entity's 2011 budgeted line-item funding sources, expenses, and fixed asset activity, in total, by statutory and (if applicable) non-statutory, and by statutory program and administrative department, as well as the direct expenses and indirect expenses (overheads) for each statutory program; (2) a combined (statutory and, where applicable, non-statutory) Statement of Financial Position at (i) December 31, 2009, based on 2009 actual audited results; (ii) December 31, 2010, based on the Regional Entity's 2010 Projection; and (iii) December 31, 2011, based on the Regional Entity's 2010 Budget; and (3) the Regional Entity's organization chart.

B. Discussion of Individual Regional Entity Business Plans and Budgets

This section summarizes highlights of the Regional Entity 2011 Business Plan and Budget for MRO, NPCC and WECC.⁷²

1. MRO

MRO's total statutory budget for 2011, before adjustment for Working Capital Reserve, is \$8,130,824, an increase of \$764,706 (10.4%) over its 2010 Budget. MRO plans total staffing for statutory and administrative programs of 34.5 FTEs, an increase of 5.5 FTEs over its 2010 Budget. MRO is budgeting increased resources for its CMEP for 2011, with a plan to increase FTEs in this program by 3.87 FTEs over the 2010 Budget, to 17.47 FTEs; and an increase in budgeted expenditures for the CMEP of \$428,158 (9.1%). MRO is not planning significant staffing increases in any other statutory programs or administrative departments.

Due to the increased staffing, MRO's biggest area of expense increase in its 2011 Budget is in Personnel Expenses (\$1,186,942). MRO is budgeting a significant decrease (\$514,909) in

⁷² The 2011 Business Plans and Budgets for the other Regional Entities may be viewed at http://www.nerc.com/files/NERC_2011_BPB_Filing_082410.pdf.

Operating Expenses from its 2010 Budget, due principally to a \$437,335 decrease in budgeted Consultants & Contracts expense. The decrease in budgeted Consultants & Contracts expense reflects that MRO will rely more on its increased (CMEP) staffing, and less on consultants and contractors, for CMEP work generally and for the review of TFE requests specifically. MRO is also budgeting \$126,737 in its Training, Education, and Operator Certification Program in 2011, versus \$0 in its 2010 Budget, due in part to moving training and education-related expenses to the budget for this program from the CMEP budget.

MRO has identified a desired Working Capital Reserve at December 31, 2011, of \$1,002,430, representing 45 days of cash. MRO currently projects a Working Capital Reserve of \$735,752 at December 31, 2010, necessitating an increment of \$266,678 in its 2011 assessments to reach the target Working Capital Reserve at December 31, 2011. Additionally, MRO's statutory assessment requirement for 2011 is reduced by \$137,000 of Penalty payments received from registered entities.

MRO plans no non-statutory activities in 2011 and therefore has no 2011 Budget for non-statutory activities.

2. NPCC

NPCC's statutory budget for 2011, before provision for Working Capital Reserve, is \$12,716,809, an increase of \$1,362,725 (12.0%) over its 2010 Budget. NPCC plans total staffing for statutory and administrative programs of 31.42 FTEs, an increase of 4.01 FTEs over its 2010 Budget. The increased FTEs are comprised of 2.0 FTEs in the CMEP, 1.0 FTE in Situation Awareness and Infrastructure Security, and 1.0 FTE in IT. No staffing changes are budgeted for any other statutory programs or administrative departments. With respect to its statutory programs, NPCC is budgeting increases of \$1,180,382 (19.0%) in the CMEP, \$89,110 (81.4%)

in Training, Education, and Operator Certification, and \$359,189 (32.4%) in Situation Awareness and Infrastructure Security; and decreases of \$36,231 (3.3%) in Reliability Standards and \$229,726 (8.1%) in Reliability Assessments and Performance Analysis. As a result of the net increase in staffing, NPCC is budgeting an increase of \$857,135 in Personnel Expenses over its 2010 Budget. NPCC is also budgeting an increase of \$468,723 (26.2%) in Consultants & Contracts expense, primarily due to anticipated increased use of consultants in its CMEP, in light of the projected increase in number, scope and complexity (*i.e.*, more coverage of CIP standards) of compliance audits and other compliance monitoring activities in 2011.

NPCC's target Working Capital Reserve at December 31, 2011 is \$3,179,202, based on 25% of its total Regional Entity (statutory) budget. NPCC currently projects a Working Capital Reserve of \$2,814,901 at December 31, 2010; therefore, an increment to the 2011 assessments of \$364,302 is needed to reach the target Working Capital Reserve at December 31, 2011. Additionally, NPCC's statutory assessment requirement for 2011 is reduced by \$308,500 of Penalty payments received from registered entities.

NPCC's total non-statutory (Criteria Services Division) budget for 2011 is \$349,600.

For purposes of determining the assessments to recover NPCC's statutory funding requirement, the statutory funding requirement is allocated among the Balancing Authority Areas within NPCC in the U.S. (New York and New England), Ontario, Québec, New Brunswick and Nova Scotia. A portion (55%) of NPCC's statutory costs for the Compliance and Organization Registration Program ("CORC") is allocated between the U.S. and Canadian Balancing Authority Areas on the basis of NEL and a portion (45%) of the CORC costs is allocated between the U.S. and the Canadian provinces using an audit-based methodology. The portion of the costs allocated to the U.S using the audit-based methodology is then allocated between the

New York and New England Balancing Authority Areas on the basis of NEL, as required by the Commission's *July 16, 2009 Budget Compliance Order*.⁷³ The narrative discussion on pages 79-80, and the table on page 81, of NPCC's Business Plan and Budget (**Attachment 4**) explain and show the development of the 2011 assessments by Balancing Authority Area within NPCC to recover NPCC's statutory funding requirement. This presentation is consistent with the explanation of the allocation methodology provided at pages 26-28, and the table provided in Attachment 3, of the *December 11, 2009 Budget Order Compliance Filing*.

3. WECC

WECC's 2010 total statutory budget is \$68,205,449 before provision for Working Capital, an increase of \$8,985,168 (15.2%) over its 2010 Budget.⁷⁴ However, WECC's 2010 Budget included \$19.9 million in expenses and fixed asset additions funded by federal grants, while the 2011 Budget includes \$28.1 million in expenses and fixed asset additions funded by federal grants.⁷⁵ Therefore, WECC's statutory budget components associated with federal grant activities are increasing by approximately \$8.1 million, or 41%, over the 2010 Budget; while statutory budget components not associated with federal grant activities are increasing by \$844,664, or 2.1%, over the 2010 Budget.

WECC plans total staffing for statutory and administrative programs of 207.9 FTEs, an increase of 26.1 FTEs over its 2010 Budget. Of this staffing increase, 16.9 FTEs are being added to the direct statutory programs, including 8.5 FTEs to the CMEP and 8.2 FTEs to the Situation

⁷³ *July 16, 2009 Budget Compliance Order* at PP 38-41.

⁷⁴ All comparisons to WECC's 2010 Budget are to WECC's Amended 2010 Budget.

⁷⁵ Appendix A to WECC's 2011 Business Plan and Budget (**Attachment 10**) provides information on each of the three U.S. DOE grants from which WECC will receive funding during 2011 and the associated grant-related activities WECC will be performing or overseeing.

Awareness and Infrastructure Security program; while 9.2 FTEs are being added to Administrative Services. WECC's total budgeted staffing for 2011 includes 58.5 FTEs in the CMEP, 21.7 FTEs in the Reliability Assessment and Performance Analysis program, and 70.8 FTEs in the Situation Awareness and Infrastructure Security program, which includes WECC's registered function as Reliability Coordinator for the WECC Region. A portion of the staffing in both the Reliability Assessment and Performance Analysis program and the Situation Awareness and Infrastructure Security program is for federal grant activities, and the costs for these personnel are paid for by the grant funding. In particular, 6.2 FTEs are being added in Situation Awareness and Infrastructure Security to support the Western Interconnection Synchrophasor Program ("WISP") infrastructure. Of the 9.2 FTEs being added in Administrative Services, 3.0 FTEs, including two in-house attorneys, are being added in Legal and Regulatory to provide additional in-house legal support, and also enable a reduction in budgeted Professional Services for outside legal services. Two FTEs are being added in IT, 1.7 FTE is being added in General and Administrative, and one FTE is being added in each of Human Resources and Finance and Accounting.

WECC's budgeted increases for 2011 over its 2010 Budget, by statutory program area, are: Reliability Standards, \$372,631 (50.4%); CMEP, \$556,059 (4.2%); Reliability Assessment and Performance Analysis, \$176,262 (2.0%); Training, Education, and Operator Certification, (\$144,683) (-12.4%); and Situation Awareness and Infrastructure Security, \$7,681,897 (22.0%). However, federal grant funding and expenditures for activities in the Situation Awareness and Infrastructure Security program, relating to the WISP, is actually increasing by \$8,300,835 over the 2010 Budget; therefore, non-grant-related expenditures in this program area are decreasing. The budget increase for the CMEP is driven by a projected increase in compliance monitoring

activities in 2011, due primarily due to the increase in the number of standards to be monitored (as more registered entities become required to be compliant with CIP Standards), increased scope of compliance audits, and additional Canadian and Mexican compliance monitoring responsibilities. However, based on the increased CMEP staffing, WECC is reducing budgeted Consultants & Contracts expense for the CMEP by \$785,000 from its 2010 Budget. (WECC's overall 2011 budget for Consultants & Contracts is increasing by \$1,540,000, primarily due to work associated with the DOE grants that will be funded by the grants.) Additionally, WECC has reduced budgeted Professional Services expenses in the CMEP by \$137,000 from the 2010 Budget, due to assuming fewer resources are needed for compliance hearings than was assumed in previous budgets.

WECC is budgeting an increase of \$572,000 in Office Rent over its 2010 Budget due to expansion of WECC's headquarters offices in Salt Lake City, Utah. However, due to the availability of new meeting and training facilities in the Salt Lake City office, Travel and Meeting expenses in the 2011 Budget are reduced by \$242,000 from the 2010 Budget. WECC is also budgeting an increase of \$1,574,540 in Office Costs, of which \$576,000 relates to a new webSAS license for the Situation Awareness and Infrastructure Security program; the remaining increase in Office Costs is largely attributable to increased maintenance costs, Wide-Area Network costs, and warranty renewals for the WECC Reliability Coordination Centers. Finally, during 2010, WECC is completing repayment of the line of credit that was entered into to fund the accelerated completion and operation of the two new WECC-owned Reliability Coordination Centers in Washington and Colorado. As a result, WECC's Other Non-Operating Expenses in its 2011 Budget are reduced by \$2,966,207 due to elimination of interest payments and principal repayments on the loan.

WECC's target Working Capital Reserve at December 31, 2010 is \$847,498, which is equal to WECC's projected Working Capital Reserve at December 31, 2010. The WECC Board determined this Working Capital Reserve amount is appropriate for 2011 based on the projected 2011 statutory expenses and WECC's practice of collecting its full annual assessment from LSEs and designees at the beginning of the year.⁷⁶ As a result, WECC is not proposing an adjustment to its requested 2011 statutory assessments to fund its Working Capital Reserve. In addition to the \$28,066,621 of budgeted federal grant funding, WECC's 2011 statutory assessment requirement is reduced by \$865,650 of Penalty payments received from registered entities, \$1,003,650 of Workshop attendance fees, and \$350,000 of budgeted Interest income.

WECC's total non-statutory budget for 2011 is \$1,578,070.

WECC's allocation of its assessment to the AESO for the Province of Alberta has been reduced by \$345,836, representing WECC CMEP costs that are considered duplicative of Compliance and Enforcement Programs of the AESO. The AESO credit amount is allocated to the remainder of the LSEs (Balancing Authorities) in the WECC Region on the basis of NEL. Appendix C to the 2011 WECC Business Plan and Budget (**Attachment 5**) shows the calculation of the \$345,836 adjustment to the assessment to AESO. The adjustment to the AESO assessment is calculated using the same procedure that was used in calculating the AESO adjustment in WECC's 2010 Business Plan and Budget.

C. Metrics Related to Regional Entity Budgets

In its 2008 and 2009 Business Plan and Budget filings, NERC included attachments providing metrics developed by NERC and the Regional Entities to be used as a further aid to

⁷⁶ Because WECC, unlike other Regional Entities, bills and collects its entire annual statutory assessment from LSEs in one payment at the beginning of the year (rather than in four quarterly installments), WECC has lower cash flow variability, and is also able to maintain larger cash balances on which it can earn Interest income.

understanding where and why differences exist among the Regional Entities' activities and budgets. In the *2008 Budget Order* and *2009 Budget Order*, FERC reviewed these attachments, noted that they were generally useful, indicated additional metrics that NERC and the Regional Entities should develop and present in the future, and encouraged NERC and the Regional Entities to continue the development, analysis and explanation of the metrics in future filings.⁷⁷

Among other comments, FERC stated in the *2009 Budget Order*:

The Commission appreciates NERC's improvements to the metrics pursuant to the 2008 Budget Order. While the metrics provide a valuable tool for benchmarking and comparing Regional Entity budgets, there are two specific matters that need further refinement. First, the metrics lack a uniform description regarding the types of audits which the Regional Entities perform. Specifically, it is not clear among the Regional Entities what constitutes a "large audit," "medium audit," "small audit," "tabletop audit," "offsite audit," or "other audit." It appears that these terms are used interchangeably among the Regional Entities and that the terms may mean different things to different entities. This lack of uniformity limits the usefulness of the data. The Commission, therefore, directs NERC to include in its compliance filing (1) standardized terminology regarding the different types of audits, and (2) revised audit-related metrics applying the standardized terminology.⁷⁸

NERC provided the additional information on compliance audits requested in the *2009 Budget Order* in the *December 15, 2008 Budget Order Compliance Filing*.⁷⁹ FERC found this information to be acceptable in the *July 16, 2009 Budget Compliance Order*.⁸⁰

NERC presented similar metrics information on the Regional Entities' operations as part of the *2010 Budget Filing*. **Attachment 10** contains similar metrics information to that provided in Attachment 15 of the *2010 Budget Filing*, based on the Regional Entities' 2011 Business

⁷⁷ See, e.g., *2008 Budget Order* at PP 34-35; *2009 Budget Order* at PP 47-48.

⁷⁸ *2009 Budget Order* at P 47.

⁷⁹ *December 15, 2008 Budget Order Compliance Filing* at 36-39 and Attachment 4.

⁸⁰ *July 16, 2009 Budget Compliance Order* at PP 29-31.

Plans and Budgets. The text of **Attachment 10** provides discussion and analysis of the metrics data.

In the *June 19, 2008 Budget Compliance Order*, FERC directed NERC to develop additional metrics on the Regional Entities' administrative costs, such as the data presented in Attachment A to that Order, to be presented in future annual budget-to-actual cost true up filings and in the annual Business Plan and Budget filings beginning with the filing for 2010.⁸¹ In response, NERC developed a set of metrics on NERC's and the Regional Entities' administrative costs, which it provided in the *2008 Budget True-up Filing*. These metrics included:

- Statutory indirect expenses as a percent of total statutory expenses, and statutory direct expenses per dollar of statutory indirect expenses
- Statutory indirect FTEs as a percent of total statutory FTEs, and ratio of direct statutory FTEs to indirect statutory FTEs.
- Total statutory expenses per total FTE, statutory direct expenses per direct FTE, statutory indirect expenses per indirect FTE, and statutory indirect expenses per total FTE.⁸²

In the *June 29, 2009 True-up Order*, FERC indicated the metrics on administrative costs provided in the *2008 Budget True-up Filing* were generally useful.⁸³ NERC provided these same administrative cost metrics in Attachment 16 to its *2010 Budget Filing*, based on the NERC and Regional Entity 2010 Business Plans and Budgets.⁸⁴

⁸¹ *North American Electric Reliability Corporation, Order Conditionally Accepting Compliance Filing*, 123 FERC ¶ 61,282 (2008) (*June 19, 2008 Budget Compliance Order*) at P 39.

⁸² *See 2008 Budget True-up Filing* at 8-13 and Attachment 10.

⁸³ *June 29, 2009 True-up Order* at PP 10-14.

⁸⁴ In addition, NERC's *2009 Budget True-up Filing* included, in Attachment 10, the same metrics concerning administrative costs based on the 2009 NERC and Regional Entity budgets and actual costs.

Attachment 11 presents, for the 2011 NERC and Regional Entity Budgets, the same metrics on administrative costs that were provided in the *2008 Budget True-up Filing* for 2008 actual costs and in Attachment 16 to the *2010 Budget Filing* based on 2010 budgeted costs. **Attachment 11** also provides discussion of the 2011 budgeted administrative cost metrics including analysis of the changes in the administrative cost metrics from the 2010 Budgets to the 2011 Budgets.

VI. NERC AND REGIONAL ENTITY AUDITED FINANCIAL STATEMENTS FOR 2009

Section 1105.1 of the NERC Rules of Procedure specifies that the annual Business Plan and Budget filing must include the previous year's audited financial statements for NERC and the Regional Entities. **Attachment 12** contains NERC's and NPCC's audited financial statements for 2009, including the report of each entity's independent auditor.

VII. UPDATE ON STATUS OF PROCESSING ALLEGED VIOLATIONS OF RELIABILITY STANDARDS

In its *2010 Budget Filing*, NERC provided a status report on the progress achieved by NERC and the Regional Entities, since the fourth quarter of 2008, in reducing the backlog of alleged violations of reliability standards that had not been processed to completion.⁸⁵ This report was provided as Attachment 19 to the *2010 Budget Filing*. Attachment 19 also described the initiatives being undertaken by NERC and the Regional Entities to process new allegations of violations in a more expeditious manner.⁸⁶ In the instant filing, NERC is providing, as **Attachment 13**, a further status report on the progress of NERC and the Regional Entities in processing allegations of violations and in reducing the time required to process an allegation of

⁸⁵ This status report was included in the *2010 Budget Filing* in response to a FERC directive in the *July 16, 2009 Budget Compliance Order*, at P 18.

⁸⁶ See the *2010 Budget Filing* at 73-74.

violation to closure. **Attachment 13** updates the information provided in Attachment 19 of the *2010 Budget Filing*, through June 30, 2010.

Respectfully submitted,

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**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 1

SUMMARY TABLES FOR NERC AND REGIONAL ENTITY

PROPOSED 2011 BUDGETS AND ASSESSMENTS

NERC'S Proposed Budget by Program¹

NERC Program	2010 Budget for Statutory Functions	2011 Budget for Statutory Functions
Reliability Standards	\$ 6,248,620	\$ 7,682,752
Compliance Enforcement and Organization Registration and Certification	\$ 14,717,513	\$ 17,457,901
Training, Education and Operator Certification	\$ 2,713,631	\$ 2,923,011
Reliability Assessment and Performance Analysis	\$ 6,631,858	\$ 6,292,329
Situational Awareness and Infrastructure Security	\$ 8,148,934	\$ 14,370,473
Unallocated Administrative Services ²	\$ 1,627,808	
Total Budget	\$ 40,088,365	\$ 48,726,466

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

²In 2010, includes \$1,617,808 for the Transmission Owners and Operators Forum which is totally funded by member fees and \$10,000 of undetted Administrative Services Expense offset by interest income

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

	2010 Budget for Statutory Functions	2011 Budget for Statutory Functions
NERC	\$ 40,088,365	\$ 48,726,465
FRCC	\$ 5,421,187	\$ 5,588,610
MRO	\$ 7,366,117	\$ 8,130,824
NPCC	\$ 11,354,085	\$ 12,716,809
RFC	\$ 14,184,713	\$ 15,219,650
SERC	\$ 10,701,683	\$ 11,776,640
SPP RE	\$ 8,138,783	\$ 9,797,236
TRE ²	\$ 9,216,393	\$ 9,363,964
WECC ²	\$ 59,220,288	\$ 68,205,449
WIRAB	\$ 616,810	\$ 616,470
Total Budget	\$ 166,308,424	\$ 190,142,117

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

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

Proposed Assessments for Statutory Activities of NERC and each Regional Entity

	Assessments for Statutory Functions 2010		Assessments for Statutory Functions 2011	
	Allocation to U.S 2010	Allocation to U.S 2011	Allocation to U.S 2010	Allocation to U.S 2011
NERC	\$ 37,063,569	\$ 33,257,992	\$ 41,106,967	\$ 35,989,995
FRCC	\$ 4,938,177	\$ 4,938,177	\$ 4,967,060	\$ 4,967,060
MRO	\$ 7,503,745	\$ 6,266,196	\$ 8,260,502	\$ 6,852,336
NPCC	\$ 11,500,439	\$ 6,551,760	\$ 12,652,610	\$ 7,397,523
RFC	\$ 14,345,192	\$ 14,345,192	\$ 12,803,844	\$ 12,803,844
SERC	\$ 9,831,277	\$ 9,831,277	\$ 10,671,508	\$ 10,671,508
SPP RE	\$ 6,755,854	\$ 6,755,854	\$ 9,094,985	\$ 9,094,985
TRE	\$ 9,144,340	\$ 9,144,340	\$ 9,227,823	\$ 9,227,823
WECC ¹	\$ 39,570,839	\$ 33,841,105	\$ 38,234,892	\$ 32,656,488
Total Budget	\$ 140,653,432	\$ 124,931,892	\$ 147,020,191	\$ 129,661,562

¹ Includes assessments for WECC and WIRAB

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 2

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

PROPOSED 2011 BUSINESS PLAN AND BUDGET

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2011 Business Plan and Budget

August 05, 2010

to ensure
the reliability of the
bulk power system

August 2010

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Table of Contents

About NERC.....	3
Introduction and Executive Summary.....	6
Section A — 2011 Business Plan.....	27
Reliability Standards	27
Compliance Monitoring and Enforcement and Organization Registration and Certification.....	34
Compliance Operations	34
Organization Registration and Certification.....	36
Compliance Enforcement.....	39
Event Analysis and Investigations.....	44
Reliability Assessment and Performance Analysis	48
Training, Education, and Operator Certification	57
Situation Awareness and Infrastructure Security	62
Administrative Services.....	76
Technical Committees and Members' Forum Program	77
General and Administrative	80
Legal and Regulatory	82
Information Technology.....	84
Human Resources	88
Finance and Accounting.....	90
Section B — Supplemental Financial Information	92
Reserve Balance.....	92
Section C — Non-Statutory Activity.....	104
Section D — Supplemental Financial Statements.....	105

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 ensure the reliability of the bulk power system in North America. NERC's area of responsibility spans the continental United States and Canada and the northern portion of Baja California, Mexico. Entities under NERC's jurisdiction are the users, owners, and operators of the bulk power system - a system that serves the needs of over 334 million people, includes installed power production capacity of approximately 1,000 gigawatts, operates 211,000 miles of high voltage transmission, and is comprised of assets worth more than one trillion dollars.

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

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

Scope of Responsibilities

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

threaten the reliability of the bulk power system; coordinates efforts to improve physical and cyber security for the bulk power system of North America as it relates to reliability; and conducts detailed analyses and investigations of system disturbances and unusual events to determine root causes, uncover lessons learned, and issue relevant findings as advisories, recommendations, and essential actions to the industry. All of these activities serve the broad public purpose of helping to improve and ensure the reliability of the bulk power system.

Membership and Governance

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

A twelve-member independent Board of Trustees governs NERC. 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, technology, and nominations. The board also oversees NERC's technical committees of industry volunteers in the areas of operations, planning, critical infrastructure protection, standards, compliance and certification, and personnel certification.

NERC's Member Representatives Committee comprises 27 voting representatives elected from the 12 membership sectors. The Member Representatives Committee elects the independent trustees, along with the board votes on amendments to the Bylaws, and provides advice and recommendations to the board on behalf of stakeholders with respect to annual budgets, business plans, and other matters pertinent to the purpose and operations of the organization.

Delegated Authorities

In executing a portion of its responsibilities, NERC delegates authority to Regional Entities to perform certain functions through delegation agreements. FERC has approved delegation agreements between NERC and eight Regional Entities (Florida Reliability Coordinating Council, Midwest Reliability Organization, Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, SERC Reliability Corporation, Southwest Power Pool, Inc., Texas Reliability Entity, and the Western Electricity Coordinating Council). These delegation agreements describe the enforcement authority delegated to the Regional Entities in the United States. NERC expects Regional Entities whose territories extend into Canada and Mexico to perform equivalent functions in those jurisdictions. NERC and the Regional Entities have recently negotiated amendments to these delegation agreements to improve the efficiency, transparency, quality and effectiveness of the combined NERC and Regional Entity operations. These amendments are currently pending review and approval by the FERC.

Funding

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

The funding requirements for each Regional Entity are addressed separately in each Regional Entity's business plan and budget, which must be reviewed and approved by NERC and applicable regulatory authorities.

Introduction and Executive Summary

	TOTAL RESOURCES (in whole dollars)			
	2011 Budget	U.S.	Canada	Mexico
Statutory FTEs	150.75			
Non-statutory FTEs				
Total FTEs	150.75			
Statutory Expenses	\$ 48,593,453			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 48,593,453			
Statutory Inc(Dec) in Fixed Assets	\$ 133,012			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 133,012			
Statutory Working Capital Requirement	\$ 5,000,000			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ 5,000,000			
Total Statutory Funding Requirement	\$ 53,726,465			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 53,726,465			
Statutory Funding Assessments	\$ 41,106,965			
Non-Statutory Fees				
NEL	4,382,034,322	3,853,706,121	517,585,615	10,742,586
NEL%	100.00%	88.18%	11.57%	0.25%

Goals and Challenges

NERC strives to be the world's leading expert organization on bulk power system reliability and to be a trusted leader and advocate in reliability matters.

NERC's mission is to improve and ensure the reliability of the bulk power systems of North America. NERC achieves this mission by facilitating industry awareness and management of risks to reliability; developing clear, reliability-focused standards; promoting compliance excellence with its reliability standards; assessing reliability performance; and providing firm but fair enforcement of compliance with mandatory reliability standards. More specifically, NERC improves and ensures reliability of bulk power systems by:

- *Developing clear, mandatory reliability standards* that establish threshold requirements for ensuring the bulk power system is designed, planned, maintained, and operated in a manner that minimizes risks of cascading failures or interruptions of bulk power supply.

- *Facilitating a learning environment in the industry* that continuously improves reliability performance through event causal analysis, communication of lessons learned, and tracking of recommendations.
- *Being a risk-informed organization*, able to identify and understand reliability risks, help industry manage those risks, and effectively prioritize ERO functions and reliability initiatives based on reliability impacts.
- *Promoting a strong culture of performance excellence and compliance* with mandatory reliability standards across the industry.
- *Being a strong enforcement authority* that is independent, without conflict of interest, objective and fair, and resolute in ensuring compliance with mandatory standards.
- *Building an ERO-wide enterprise* based on effective integration and leveraging of regional and stakeholder ideas and expert resources with a common purpose of improving reliability.
- *Improving transparency, consistency, quality and timeliness* of NERC and Regional Entity results through process improvements and more effective coordination and collaboration.
- *Leveraging technology and information systems* to achieve greater efficiencies, consistency of outcomes and more transparent accountability.
- *Building constructive partnerships between industry and government* by communicating expectations and consistently delivering responsive results that demonstrate effective mitigation of reliability risk.

NERC, along with the Regional Entities and industry participants in the ERO, face a number of critical challenges and demands:

- *Meeting regulatory mandates*, particularly with respect to improving reliability standards that were initially adopted by NERC in April 2005 and approved by FERC in March 2007. This business plan addresses efforts to further close the gap with outstanding regulatory directives, particularly with regard to concerns raised by FERC in a series of orders issued on March 18, 2010.
- *Addressing improvements* identified as 72 recommendations in NERC's initial three-year self assessment of its performance as the ERO, as well as the recommendations identified in the external audit of NERC's compliance program completed in 2009. Although NERC has a clear set of actions from the three-year self-assessment, some uncertainty remains regarding what further actions might be directed by FERC as the Commission continues to consider the report.
- *Addressing bulk power system critical infrastructure protection issues* as policy makers continue to significantly raise expectations for the security and resiliency of critical infrastructures against rapidly evolving cyber and physical threats, and other high-impact low-frequency hazards.

- *Achieving efficiencies* needed to address significantly expanding responsibilities under conditions of constrained revenues and growth.
- *Recruiting and retaining qualified personnel* and the need to remain competitive with respect to overall compensation and benefits packages.

2011 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 attached as Exhibit A. The significant assumptions underlying NERC's 2011 business plan include:

1. The international, industry-based ERO regulatory model continues to be used and no material changes to the ERO model impacting 2011 emerge from FERC's review of the Three-Year ERO Performance Assessment or its review of the proposed amendments to the Regional Entity delegation agreements.
2. The framework for delegation to Regional Entities is improved, as outlined in the proposed modifications to the Regional Entity delegation agreements. Cost pressures strain stakeholder participation in NERC and Regional Entity activities.
3. In order to enhance reliability and the overall effectiveness of the ERO, improvements are needed in standards development, implementation, education, and training.
4. Standards development activities will face increased demands, including but not limited to those supporting the Reliability Standards Development Plan, FERC Order 693 directives and the national emergency standards development process which was approved in February 2010.
5. NERC and Regional Entities will continue to gather data and perform analysis regarding the bulk electric system, including but not limited to supporting key federal and industry initiatives.
6. NERC will need to make significant investments in 2011 to support the implementation of a situation awareness tool for FERC, NERC, Regional Entities and stakeholder needs, as well as to meet both near and long-term ERO technology requirements.
7. The number of events requiring review, analysis, and reporting will increase.
8. CIP activities will increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will be significantly impacted over the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the TFE program is implemented and the increase in scope as a result of Order No. 706B.
9. NERC and the Regional Entities are expected to see increased compliance related resource demands.

2011 Key Deliverables

In 2011, NERC will achieve the following key deliverables:

Reliability Standards —

- Transition to results-based reliability standards over a five-year period, with higher priority standards to be completed within two years and an initial sample results-based standard to be completed within eight months. The high priority standards subject areas include frequency response, balancing and load control, the fill-in-the-blank standards and system protection.
- Working with stakeholders and trade associations, take a leadership role in initiating a risk-based review of the existing NERC reliability standards and proposing SARs to focus the standards on performance requirements essential to reliability and eliminating nonessential or low-risk requirements.
- Implement the modified standards development procedure to streamline the development and approval process but remain compliant with the ANSI-accredited standards process.
- Provide a more efficient process for clarifying the field application of reliability standards as a preference to the current formal interpretations process.
- Reestablish trust of the industry and government entities in the reliability standards process and foster industry leadership and participation in developing excellent reliability standards.
- Develop formal internal feedback mechanisms from event analysis and compliance enforcement to continually improve reliability standards.
- Develop regional reliability standards as needed to comply with NERC's three-year work plan and FERC directives, and to meet any emergent reliability needs.
- Based on compliance program results, system events and trends analysis, identify key areas needing improvement and implement educational and other technical assistance programs to improve compliance in those areas.

Compliance —

- Monitor Registered Entities for compliance with mandatory reliability standards, in accordance with the Compliance Monitoring and Enforcement Program (CMEP).
- Enforce compliance with mandatory reliability standards by Registered Entities, in accordance with the CMEP while improving quality and timeliness.
- Ensure timely and thorough mitigation of all violations of mandatory reliability standards.
- Modify compliance procedures to promote greater process transparency to Registered Entities and greater consistency in the determination of violations and penalties.

- Apply risk-informed approaches in the development of audit programs, compliance self-certifications, and spot checks.
- With the Regional Entities, promote a strong culture of compliance excellence, reliability improvement, and risk-based methods among all Registered Entities in the NERC Region.
- Establish alternative, streamlined procedures for minor, administrative violations.
- Promote a culture of compliance excellence through education, transparency, information, and incentives.
- Align NERC and regional compliance operations to be more complementary and less duplicative.

Event Analysis —

- Develop a robust capability to conduct event analysis, using root cause and risk-based methods.
- Provide effective triage of events to ensure analysis is conducted and reviewed at the proper level.
- Working with industry, develop clear, bright-line criteria for the reporting and classification of system events.
- Incentivize rigorous self-evaluation of system events by Registered Entities.
- Ensure lessons learned are communicated to impacted parties in a timely manner.
- Refine the alerts program and develop a recommendations tracking capability to ensure accountability for reliability improvement actions.

Cyber Security —

- Develop policy level goals and scope for the reasonable physical and cyber security protection of critical bulk power system assets.
- Facilitate a proactive action plan by industry that demonstrates effective mitigation of security risks, including safeguarding of assets, developing mitigation alternatives, and preparing and testing recovery plans.
- Establish minimum bright-line criteria for identification of critical bulk power system assets.
- Work closely with government to ensure availability of actionable information on security threats and promote synergies between government and industry security initiatives.
- Communicate the collective industry efforts to government and the public.

Information Technology —

- Be a leader in the deployment of technology to make NERC and its stakeholder participants more efficient and productive in its program activities.

- Facilitate the integration and seamlessness of ERO and regional entity information systems used for compliance and other applicable statutory functions such as alerts and recommendations tracking.

Reliability Assessments —

- Provide annual, seasonal, and special reliability assessments of the future reliability of the North American bulk power system in accordance with definitions and requirements.
- Provide thorough data validation and create new efficiencies in data collection and analysis.
- Develop and demonstrate bulk power system performance metrics for the purpose of analyzing and trending reliability improvements and benefits, as well as risk/severity based methods.

Situation Awareness —

- Develop a situation awareness capability to include near real-time information and communications protocols that meet the needs of FERC, NERC, and applicable Registered Entities.
- Develop NERC's capability to conduct rigorous event analyses and develop relevant lessons learned.
- Provide reliability issues tracking to systematically provide notice and document actions to improve reliability.

Critical Infrastructure Protection —

- Facilitate and support Registered Entities in complying with CIP reliability standards, and responding to cyber security alerts.

Staff Development —

- Actively support the training and education of reliability personnel, focusing on knowledge of reliability standards and recognizing and responding to system emergencies.
- Provide information and support to Registered Entities to assist in the deployment of a systematic approach to training.
- Maintain a talented staff at NERC and provide for continuous staff development.

Industry Resources —

- Evaluate and as appropriate, realign the NERC committee structure and activities to better leverage industry expertise and leadership, to better support NERC's statutory functions, and to be more efficient.

Continuous Improvement —

- Address all applicable recommendations and directives from the Three-Year ERO Assessment, including stakeholder inputs, and audits.
- Identify and use regional entity performance indicators and feedback mechanisms to enable NERC to continue being a learning organization.

Effective Financial Controls —

- Provide rigorous cost controls and efficient management of resources to remain an efficient provider of ERO functions.

Long-Term Business Planning

NERC and the Regional Entities are actively working together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2011 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 2011 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 Appendix 1 incorporate assumptions affecting resource demands through the 2013 planning horizon. NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations.

Current Staffing in Relation to Program Area Resource Needs and Budget Presentation

During the first quarter of 2010, in furtherance of commitments NERC made during the preparation and presentation of its 2010 Business Plan and Budget, with due recognition of related industry and stakeholder comments, NERC's senior management undertook a comprehensive review of NERC's organizational structure and resource allocation. As a result of this process, NERC made certain changes to its organizational structure to align the strengths of NERC's leadership team with the organization's increased focus on risk-based approaches to improving the bulk power system reliability performance while maintaining a strong compliance enforcement capability. These organizational changes primarily involved the realignment of certain departments and costs centers under different senior leadership, while maintaining the integrity of the cost accounting and reporting of those departments consistent with the 2010 budget. The Compliance Monitoring and Enforcement and Organization Registration and Certification Program ("Compliance Program Area") was divided into two cost centers, Compliance Operations and Compliance Enforcement. The Compliance Violations Investigations department, which was included in the 2010 budget under the Compliance Program Area, was reorganized as the Events Analysis and Investigation department and transferred under the newly created Operations and Engineering group. This group will provide necessary expanded

resource capabilities to support events analysis. However, for the 2011 Business Plan and Budget, NERC has combined Compliance Operations, Enforcement and Events Analysis and Investigations departments together for ease of comparison to the 2010 budget. The Situation Awareness and Infrastructure Security Program, the Training, Education and Operator Certification Program and the existing (2010) Events Analysis departments were also transferred under the Operations and Engineering Group, with each department continuing to be maintained as a separate department from an accounting perspective in order to facilitate financial reporting consistent with the 2010 Business Plan and Budget format. The existing (2010) Events Analysis department was reorganized as the System Analysis and Reliability Initiatives group. For purposes of the 2011 budget, the System Analysis and Reliability Initiatives department is included in the Reliability Assessment and Performance Analysis Program to facilitate the comparison of the 2011 and 2010 budgets and resource requirements. The final component of the reorganization plan was the establishment of a separate Critical Infrastructure Protection (“CIP”) department, in order to provide the appropriate level of focus and resource dedication to infrastructure security, critical infrastructure protection and high impact low frequency risk events on the bulk power system. Similar to the 2010 Business Plan and Budget, CIP resources are also reported in the 2011 Business Plan and Budget as part of the Situation Awareness and Infrastructure Security Program Area.

2011 Business Planning Background and Overview of Significant Cost Impacts

The following sections of the 2011 Business Plan and Budget describe in detail the resources needed in 2011 for NERC to continue to carry out its obligations and address the many challenges it faces as the North American Electric Reliability Organization. 2011 funding requirements primarily reflect increases in the costs of existing operations including those resulting from personnel additions in 2010, as well as additional funding necessary to satisfy increased work load demands affecting the Standards, Compliance Enforcement and Organization Registration (“Compliance”) and Situation Awareness and Infrastructure Security (“SAIS”) program areas. Funding required for the Reliability Assessment and Performance Analysis and Training, Education and Operator Certification program areas is slightly below and slightly above, respectively, 2010 funding levels. NERC is also proposing to increase funding for information technology and cash working capital reserve requirements in 2011.

Background

Early in the first quarter of 2010, prior to developing the 2011 budget projections, NERC senior management established a set of near term goals, objectives and priorities to address feedback from the Three Year Performance Assessment, ongoing and emerging governmental directives and obligations, as well as feedback from stakeholders, staff and Regional Entity management concerning NERC’s operations. NERC also implemented certain changes in staffing to better align resources with these goals and objectives. Consulting and contractor costs were also thoroughly reviewed, as were travel and meeting expenses and other operating costs. Concurrently with this process, the senior management of NERC and the Regional Entities completed negotiation of a revised pro forma delegation agreement, with the goal of improving the overall efficiency, transparency and effectiveness of these agreements in improving the

reliability of the North American bulk power system. NERC and the Regional Entities also engaged in extensive discussions and meetings regarding both near and long term business plan and budget assumptions, goals and objectives. Each of these initiatives represented important steps in NERC's ongoing efforts to improve its business planning and operating model, as well as the background and foundation on which NERC's 2011 Business Plan and Budget was developed.

Increases in Cost of Current Operations

As a first step in reviewing NERC's proposed 2011 budget, it is necessary to understand the cost increases that are associated with NERC's existing operations. For purposes of the budget presentation, the costs associated with NERC's existing operations are referred to as "base operating budget". The base operating budget excludes funding requirements for working capital reserves and \$1.6M in costs associated with the Transmission Owners and Operators Forum, which were totally funded by membership dues. Base operating costs also excludes \$10k in administrative costs which were offset by interest income. The total 2010 base operating budget is \$38,460,555. The 2011 projected increase in the base operating budget is approximately \$2.33M or 6.1% compared to 2010. The breakdown of the projected increase in base operating costs is summarized in the chart below and discussed in the paragraph immediately following the chart.

2010 Base Operating Budget		2011 projected increase in base operating budget
\$ 16,347,156	Salaries	\$ 2,332,708
1,035,890	Payroll Taxes	66,887
2,267,910	Benefits	605,557
2,262,845	Retirement	407,737
\$ 21,913,801	Total Personnel Expense	\$ 3,412,889 8.9%
\$ 1,086,200	Meetings	\$ (324,700)
2,230,803	Travel	121,484
190,000	Conference Calls	37,800
\$ 3,507,003	Total Meeting Expense	\$ (165,416) -0.4%
\$ 5,122,400	Consultants	\$ (2,515,900)
1,752,012	Contracts	(220,670)
398,320	NERCnet Contract	(98,226)
1,646,625	IDC Contract	254,955
\$ 8,919,357	Contracts and Consultants	\$ (2,579,841) -6.7%
\$ 967,134	Office Rent	\$ 53,018
1,511,475	Office Costs	417,503
1,465,000	Professional Services	480,000
4,000	Miscellaneous	-
(300,000)	Overhead Allocation to TOOF	300,000
(750,000)	Efficiency Savings	750,000
\$ 2,897,609	Operating Expenses	\$ 2,000,521 5.2%
	Other Non-Operating Expenses	\$ -
\$ 1,122,785	Computer & Software CapEx	\$ (277,585)
	Network Equipment	40,800
100,000	Furniture & Fixtures	(100,000)
\$ 1,222,785	Capital Expenditures	\$ (336,785) -0.9%
\$ 38,460,555	Total Base Operating Budget	\$ 2,331,369 6.1%
\$ 1,627,808	Unallocated costs*	\$ -
-	Other Sources of Funding	(578,469)
469,043	Working Capital Reserve Funding	
	Penalty Sanctions	
\$ 40,557,406	TOTAL FUNDING REQUIREMENT	\$ 1,752,900

*Expenses of the Transmission Owners and Operators Forum funded through membership dues and G&A expenses offset by interest income.

Projected 2011 increases in the base operating budget represent six point one (6.1%) percent, or \$2.33M over 2010 funding requirements. This includes an increase of approximately \$3.4M (8.9%) in personnel costs (wages, payroll taxes, health care and other benefits), which is primarily driven by the increased level of staffing from the prior budget period and by an estimated 15% increase in health care costs. The increase in personnel costs was offset by reductions of approximately \$2.6M (6.7%) in existing consulting and contractor costs and a net reduction of approximately \$165k (0.4%) in meeting, travel and conference call costs as a result of the increased use of teleconferencing and web based meetings, as well as use of regional entity and stakeholder offices to host committee, working group and other meetings rather than more expensive hotel and conference space. These reductions were partially offset by an increase of approximately \$2.0M (5.2%) in other operating costs, which include increases in rent, office costs, and professional services, as well as the loss of \$300K in revenue to cover administrative expenses related to supporting the Transmission Owners and Operators Forum which became independent of NERC at the beginning of this year, and the impact of eliminating the 2010 \$750K net reduction in costs for efficiency savings, which have been accounted for primarily through reductions in consultants and contracts. A decrease in spending of \$337k (1%) for capitalized computers, software, equipment and furniture partially offsets the increase in other operations and maintenance costs.

Proposed 2011 Resource Additions and Projected Budget Impacts

After taking into account existing staffing resources, management prepared a projection of 2011 resource needs, which includes proposed personnel additions, as well as additional consultant and contract needs. These projections are summarized in the table below, followed by a discussion of resource needs by program area. Note that this chart does not include the increase in the cost of current operations discussed in the previous section. The cumulative effect of the increase in the cost of current operations, together with proposed incremental 2011 resource additions, is presented in a subsequent table.

2010 Base Operating Budget		Projected increase in staffing and programs
\$ 16,347,156	Salaries	\$ 2,416,075
1,035,890	Payroll Taxes	182,522
2,267,910	Benefits	390,225
2,262,845	Retirement	307,219
\$ 21,913,801	Total Personnel Expense	\$ 3,296,041 8.6%
\$ 1,086,200	Meetings	\$ 100,000
2,230,803	Travel	283,250
190,000	Conference Calls	-
\$ 3,507,003	Total Meeting Expense	\$ 383,250 1.0%
\$ 5,122,400	Consultants	\$ 2,871,000
1,752,012	Contracts	128,200
398,320	NERCnet Contract	
1,646,625	IDC Contract	
\$ 8,919,357	Contracts and Consultants	\$ 2,999,200 7.8%
\$ 967,134	Office Rent	\$ -
1,511,475	Office Costs	491,198
1,465,000	Professional Services	14,854
4,000	Miscellaneous	
(300,000)	Overhead Allocation to TOOF	
(750,000)	Efficiency Savings	
\$ 2,897,609	Operating Expenses	\$ 506,052 1.3%
	Other Non-Operating Expenses	\$ 750,000 2.0%
\$ 1,122,785	Computer & Software CapEx	\$ -
	Network Equipment	
100,000	Furniture & Fixtures	
\$ 1,222,785	Capital Expenditures	\$ - 0.0%
\$ 38,460,555	Total Base Operating Budget	\$ 7,934,543 20.6%
\$ 1,627,808	Unallocated costs*	\$ -
-	Other Sources of Funding	
469,043	Working Capital Reserve Funding	4,530,957
	Penalty Sanctions	
\$ 40,557,406	TOTAL FUNDING REQUIREMENT	\$ 12,465,500

*Expenses of the Transmission Owners and Operators Forum funded through membership dues and G&A expenses offset by interest income.

In addition to the increase in base operating costs summarized above, the 2011 projected budget reflects an increase of approximately \$7.9M (20.6%) in required funding. \$3.3M of this projected increase is for new personnel. (As will be discussed further and summarized in an additional table summarizing the breakdown of projected 2011 funding requirements, the projected costs of these personnel additions, combined with projected increase in existing personnel costs of approximately \$3.4M, represents a total 2011 projected personnel cost increase of approximately \$6.7M or 17.4% over the 2010 base operating budget.) Projected 2011 consulting and contract costs of approximately \$3.0M in ongoing and new work are partially offset by reductions of approximately \$2.6M in existing consulting and contract costs, for a net increase of approximately \$419K or 1.1% over the 2010 base operating budget related to consultants and contracts.

The following is a summary of additional resource needs and incremental 2011 funding requirements by Program Area:

- Standards- The addition of three (3) specialists to support the standards development process, including timely production of high quality results based standards addressing high priority issues. Existing resources are insufficient to support forecasted workload needs. The need to implement improvements in and provide additional resource support to the standards development process has been consistently recognized in numerous industry, committee, stakeholder and governmental forums. The increase in personnel costs in the Standards Program Area will be partially offset by a reduction of approximately \$225.5k in consulting costs compared to the 2010 budget. The total increase in funding requirements to support the Standards development area is approximately \$1.4M or approximately twenty-three percent (23.0%) of the total projected increase in 2011 funding requirements for this program area.
- Compliance- The addition of four (4) auditors to support the implementation of process improvements to effectively expedite the processing of violations, support audit validation, enhanced audit assistance needs and regain the ability to conduct approximately 30 audit observations a year. The 2011 Compliance budget also includes the addition of three (3) enforcement personnel to support the significant and ongoing enforcement processing workload. In assessing the enforcement staffing needs, management undertook a detailed analysis of violations processing time based on historic data and assumed increased efficiency of approximately 20 percent over the average of the first three months of 2010 and violations processing which exceeds the highest output the violation processing team has achieved in any past month. Consulting and Contractor costs are projected to increase by \$95k compared to the 2010 budget and are primarily driven by the ongoing development costs for the Compliance Reporting Analysis and Tracking System (“CRATS”) to support ongoing compliance efforts, as well as the Compliance Information Tracking System (“CITS”) and portal applications, which support NERC’s role as Compliance Enforcement Authority for the registered functions of Regional Entities. These IT tools will improve the efficiency

and effectiveness of a host of compliance functions including internal and external information reporting and violation processing. The additional contractor expense includes funding associated with the development of a new events analysis and tracking tool to enhance NERC's ability to timely track, analyze, and report events. The additional contractor expense also covers the one-time cost to develop the nuclear Order 706-B nuclear power plant CIP audit program. This program will include a comprehensive training program covering nuclear specific CIP and TFE aspects, such as the safeguarding of information. The total increased funding requirements to support the Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area is approximately \$2.7M or eighteen point six percent (18.6%) of the total projected increase in 2011 funding requirements.

- Reliability Assessment and Performance Analysis- RAPA activities expanded significantly in 2010. This activity level is expected to accelerate in 2011, including the completion of long-term, pre-seasonal, post-seasonal and special reliability assessments, management of risks to reliability from geomagnetic disturbances events, development of integrated reliability assessment performance metrics and tools, and launching/sustaining key NERC availability data systems and databases. In order to meet these objectives and sustain ongoing activities, the current staffing level must be supplemented with one technical analyst and one engineer, together with funding to support the retention of subject-matter and licensing of necessary software related modeling and data analysis needs. In addition, consulting and contractor costs are projected to increase by approximately \$100k for the development and deployment of a spare transformer data base for industry use and \$100k for the development of a Demand Response Data System ("DADS"). This additional funding is offset by a reduction in projected funding requirements related to the impact of climate change, which NERC will seek to support through the research and funding support provided through other industry organizations. The total funding requirements associated with these resource additions are offset by reductions in costs due to the transfer of personnel from this program area to other program areas, resulting in a decrease of approximately \$340k or five point one percent (5.1%) in total 2011 funding requirements for this program area compared to 2010.
- Training, Education and Operator Certification Program- The proposed enhancement of a number of training programs and initiatives will result in a modest increased funding requirement of \$209k or seven point seven percent (7.7%). This program is primarily funded through user and program fees.
- Situation Awareness and Infrastructure Security- The SAIS program area includes both the Situation Awareness and Critical Infrastructure Protection resources. The increase in funding associated with this program area represents the largest increase in costs by

Program Area compared to the 2010 budget and is driven by an increase in personnel, as well as increases in contractor and consultant expense. The increased funding for personnel is a result of (1) the transfer of 4 existing employees, as well as the addition of one new staff position in 2010 to manage and staff critical situation awareness activities, including the monitoring of incidents reported to the ES-ISAC and the evaluation, analysis and dissemination of information concerning new security vulnerabilities; and (2) the creation of a specialized CIP group which has been initially staffed through the transfer of 4 existing staff, the hiring of 3 new staff in 2010 and the proposed addition in 2011 of 4 CIP specialists to support CIP standards development, meet governmental coordination requirements in both the U.S. and Canada, support complex technical feasibility determinations, incident analysis and the ES-ISAC.

The cost of the personnel transferred and hired in 2010 to support and perform situation awareness activities is approximately \$979K or approximately fifteen point seven percent (15.7%) of the projected increase in 2011 funding requirements for this program area compared to 2010.

The cost of the personnel transferred and hired in 2010, together with the cost of proposed personnel additions in 2011, to support CIP requirements is \$3.2M or approximately fifty-one point seven percent (51.7%) of the projected increase in funding requirements for this program area compared to 2010. Contracting and consultant costs are also projected to increase significantly over 2010 budget levels. These costs include (1) approximately \$750k in new funding for the Situation Awareness for FERC, NERC, and the Regional Entities (“SAFNR”) program, (2) an increase of approximately \$260k in funding for CIP and TFE activities, and (3) an increase of approximately \$239k in funding for the Interchange Distribution Calculator (“IDC”) tool used by reliability coordinators. These increases are offset by a reduction of approximately \$75k in consultant funding associated with cyber preparedness and High Impact – Low Frequency (“HILF”) initiatives, a reduction of approximately \$190k in funding associated with various reliability tools and initiatives and a reduction of approximately \$100k in frame relay expenses to support NERCnet, the communications backbone used by NERC, the Regional Entities and Reliability Coordinators. Collectively, the net reduction in funding for Consultants and Contractors for this program area is \$24.6k or point three percent (0.3%) compared to 2010 funding requirements. Thus, the increase of approximately \$6.22M, or 76.3%, for this program area in 2011 compared to 2010 is primarily driven by personnel and personnel related costs.

- General and Administrative Services- The most significant increase in 2011 projected General and Administrative resource needs and associated funding requirements is in Information Technology. Three additional IT personnel are included in the 2011 IT budget. The need for these personnel is primarily related to required infrastructure and help desk support driven by increases in NERC’s overall personnel levels, as well as project

management to support various program area IT projects, such as SAFNR, CRATS, and CITS, among others. To minimize the risk of potential downtime due to the loss of power or telecommunications connectivity, NERC is also planning to spend approximately \$225K to relocate NERC's servers and switching equipment to a third party data center, which will also be equipped with backup power supply and appropriately scaled fire prevention systems. NERC is also planning to retain an experienced consultant to facilitate requirements gathering and to develop recommendations for technology design and architecture for the development of a common enterprise-wide technology model that embraces the ERO information requirements of NERC, the Regional Entities and stakeholders. \$400k in funding is budgeted for this initiative. These cost increases are included in the 2011 base operating budget as allocated indirect costs.

- Working Capital Reserves- In its 2010 budget, NERC eliminated funding for a cash working capital reserve in order to control the overall funding increase over 2009. NERC believes it is prudent to reestablish this reserve in light of the growth in the size of the organization, its cash flow requirements and the potential for unanticipated short-term resource needs driven by potential governmental directives, industry needs or litigation that could potentially arise in connection with enforcement actions. NERC's 2011 budget includes \$5M in working capital reserve funding, a significant portion of which is required to strengthen NERC's balance sheet due to the impact of accrual accounting adjustments on the company's 2009 year-end working capital balance. This \$5M in funding is projected to result in a working capital balance of approximately \$2.2M at December 31, 2011.

Overall, NERC is budgeting an increase of approximately \$10.3M, or approximately twenty-six point seven (26.7%) percent, in 2011 funding requirements for expenses and capital expenditures over 2010. In accordance with NERC's policies and Rules of Procedure, the required 2011 assessments for U.S. entities will be reduced by \$10.175M in penalty money which was received between July 1, 2009 and June 30, 2010. After the application of these penalty monies and taking into account 2011 working capital funding requirements, the projected increase in assessment funding in 2011 is \$4.0M, or 10.9% above 2010 assessments.

NERC has been engaged in discussions with representatives of the Independent Electricity System Operator (IESO), Régie de l'énergie, the Alberta System Operator, and New Brunswick System Operator regarding proposed credits to their 2011 assessments based upon NERC's [Expanded Policy on Allocation of Certain Compliance and Enforcement Costs](#). The assessment allocation schedule (Appendix 2) reflects the proposed compliance cost credits that have been negotiated with and accepted by each of these entities.

No specific assumptions regarding rent and other expenses in connection with the relocation of NERC headquarters have been included in the 2011 budget. While management has been working closely with its advisors to develop preliminary cost projections associated with the relocation, it is too early in the process to accurately project the timing and cost of the

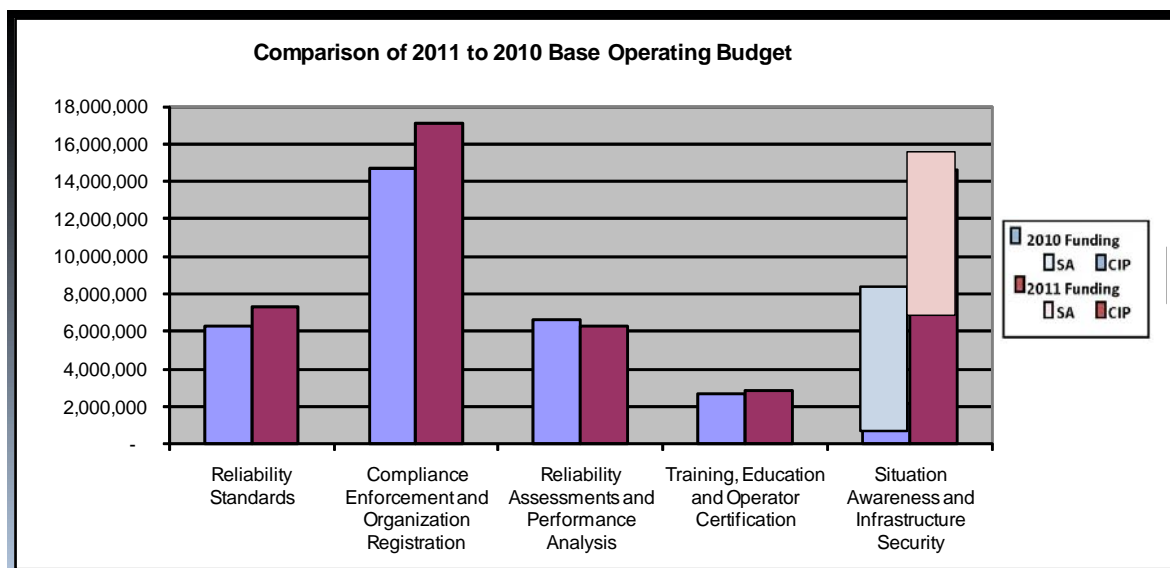
relocation. Management is initiating a competitive process to evaluate and procure office space and related equipment. NERC's real estate advisors have advised us that it is reasonable to expect, given market conditions in Atlanta, that in addition to significant build out and other incentives, NERC should be capable of obtaining free rent for the first 10–12 months. While NERC will be required to account for rent expense on an accrual basis for operating expense purposes, the availability of free rent will provide considerable cash flow flexibility. Information developed through this process will allow management to better determine what is practical to accomplish in 2011 with respect to both the establishment of the new headquarters in Atlanta and expansion of the Washington, D.C. office within overall budgetary limitations without impacting ongoing operations, including program area resources and workload. Funding for costs incurred in 2011 associated with the relocation of NERC's headquarters will be accomplished through use of working capital funds and \$750k set aside in the Other Non-Operating Expense budget line item set forth on Table B-9 in Section B, Supplemental Financial Information, which has been allocated to the statutory programs in the same manner as indirect expenses, as well as approximately \$200K in funding for relocation costs which is included in the Benefits line item in Human Resources under the Administrative Services Section.

The following charts and tables summarize the projected increase in 2011 funding requirements. The first chart breaks down the increase by major statement of activity category (Personnel Costs, Meetings, Travel and Conference Calls, Consultants and Contracts, etc.), as well as that portion of funding requirements tied to the working capital reserve and the credit to funding associated with the application of funds received from penalties. These charts and tables are followed by a table showing the breakdown of funding requirements by Program Area and a bar chart showing the relative increases by Program Area, a chart showing 2010 and 2011 FTEs by Program area and a comparative Statement of Activities. The charts are followed by more detailed discussions of each Program Area, including its scope and functional description, key assumptions affecting 2011, 2011 goals and deliverables and a detailed discussion of projected 2011 resource requirements.

2010 Base Operating Budget		Total Projected 2011 Increase over 2010 Budgeted Expenses
\$ 16,347,156	Salaries	\$ 4,748,783
1,035,890	Payroll Taxes	249,409
2,267,910	Benefits	995,782
2,262,845	Retirement	714,956
\$ 21,913,801	Total Personnel Expense	\$ 6,708,930 17.4%
\$ 1,086,200	Meetings	\$ (224,700)
2,230,803	Travel	404,734
190,000	Conference Calls	37,800
\$ 3,507,003	Total Meeting Expense	\$ 217,834 0.6%
\$ 5,122,400	Consultants	\$ 355,100
1,752,012	Contracts	(92,470)
398,320	NERCnet Contract	(98,226)
1,646,625	IDC Contract	254,955
\$ 8,919,357	Contracts and Consultants	\$ 419,359 1.1%
\$ 967,134	Office Rent	\$ 53,018
1,511,475	Office Costs	908,701
1,465,000	Professional Services	494,854
4,000	Miscellaneous	-
(300,000)	Overhead Allocation to TOOF	300,000
(750,000)	Efficiency Savings	750,000
\$ 2,897,609	Operating Expenses	\$ 2,506,573 6.5%
	Other Non-Operating Expenses	\$ 750,000 2.0%
\$ 1,122,785	Computer & Software CapEx	\$ (277,585)
	Network Equipment	40,800
100,000	Furniture & Fixtures	(100,000)
\$ 1,222,785	Capital Expenditures	\$ (336,785) -0.9%
\$ 38,460,555	Total Base Operating Budget	\$ 10,265,912 26.7%
\$ 1,627,808	Unallocated costs*	\$ -
-	Other Sources of Funding	(578,469)
469,043	Working Capital Reserve Funding	4,530,957
	Penalty Sanctions	(10,175,000)
\$ 40,557,406	TOTAL FUNDING REQUIREMENT	\$ 4,043,400 10.9%

*Expenses of the Transmission Owners and Operators Forum funded through membership dues and G&A expenses offset by interest income.

Base Operating Budget	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Reliability Standards	6,248,620	6,545,857	7,682,752	1,434,132	23.0%
Compliance Enforcement and Organization Registration	14,717,513	13,901,927	17,457,901	2,740,389	18.6%
Reliability Assessments and Performance Analysis	6,631,859	5,272,997	6,292,329	(339,529)	-5.1%
Training, Education and Operator Certification	2,713,631	2,354,000	2,923,011	209,380	7.7%
Situation Awareness (SA)	7,231,384	6,164,789	8,269,095	1,037,711	14.4%
Critical Infrastructure Protection (CIP)	917,551	4,405,340	6,351,709	5,434,158	592.2%
Total Situation Awareness and Infrastructure Security	8,148,935	10,284,856	14,370,473	6,221,538	76.3%
	38,460,557	38,359,638	48,726,465	10,265,909	26.7%



Total FTE's by Program Area	Budget	Projection	Direct	Shared	Total FTEs	Change
	2010	2010	FTEs 2011 Budget	FTEs ¹ 2011 Budget	2011 Budget	from 2010 Budget
STATUTORY						
Operational Programs						
Reliability Standards	17.50	16.00	20.08		20.08	2.58
Compliance and Organization Registration and Certification	45.75	37.93	47.08		47.08	1.33
Training and Education	6.75	5.00	6.25		6.25	(0.50)
Reliability Assessment and Performance Analysis	16.00	11.75	13.75		13.75	(2.25)
Situation Awareness and Infrastructure Security	9.75	17.92	25.83		25.83	16.08
Total FTEs Operational Programs	95.75	88.60	113.00	-	113.00	17.25
Administrative Programs						
Technical Committees and Member Forums	5.00	-	-		-	(5.00)
General & Administrative	4.00	6.17	7.00		7.00	3.00
Legal and Regulatory	7.00	7.00	8.00		8.00	1.00
Information Technology	7.75	7.25	10.75		10.75	3.00
Human Resources	3.50	3.92	5.50		5.50	2.00
Finance and Accounting	8.50	6.50	6.50		6.50	(2.00)
Total FTEs Administrative Programs	35.75	30.83	37.75	-	37.75	2.00
Total FTEs	131.50	119.43	150.75	-	150.75	19.25

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

Note, this chart reflects:

1. A five FTE reduction in 2010 Projected FTEs under Technical Committees and Member Forums resulting from the elimination of NERC's staffing of the Transmission Owners and Operators Forum;
2. The phasing in of budgeted new hires projected in 2010;
3. A reallocation of staffing resources and new hires among Program areas in 2010; and
4. The phasing in of proposed 2011 FTE additions by Program Area.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget

STATUTORY

Funding	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
ERO Funding					
NERC Assessments	\$ 37,063,569	\$ 37,063,570	\$ 1	41,106,965	\$ 4,043,396
Penalty Sanctions	-	-	-	10,175,000	10,175,000
Total NERC Funding	\$ 37,063,569	\$ 37,063,570	\$ 1	\$ 51,281,965	\$ 14,218,396
Membership Dues	1,617,808	-	(1,617,808)	-	(1,617,808)
Testing Fees	1,118,750	1,820,000	701,250	1,940,000	821,250
Services & Software	250,000	250,000	-	250,000	-
Workshops	92,500	92,500	-	92,500	-
Interest	10,000	10,000	-	12,000	2,000
Miscellaneous	404,781	25,000	(379,781)	150,000	(254,781)
Total Funding	\$ 40,557,408	\$ 39,261,070	\$ (1,296,338)	\$ 53,726,465	\$ 13,169,057
Expenses					
Personnel Expenses					
Salaries	\$ 17,187,146	\$ 16,963,970	\$ (223,174)	\$ 21,095,939	\$ 3,908,795
Payroll Taxes	1,082,240	1,045,503	(36,737)	1,285,299	203,059
Benefits	2,345,684	2,258,266	(87,418)	3,263,692	918,008
Retirement Costs	2,381,540	2,314,254	(67,286)	2,977,801	596,261
Total Personnel Expenses	\$ 22,996,610	\$ 22,581,994	\$ (414,615)	\$ 28,622,731	\$ 5,626,122
Meeting Expenses					
Meetings	\$ 1,116,200	\$ 879,000	\$ (237,200)	\$ 861,500	\$ (254,700)
Travel	2,308,803	2,228,900	(79,903)	2,635,537	326,734
Conference Calls	190,000	278,600	88,600	227,800	37,800
Total Meeting Expenses	\$ 3,615,003	\$ 3,386,500	\$ (228,503)	\$ 3,724,837	\$ 109,834
Operating Expenses					
Consultants & Contracts	\$ 8,919,357	\$ 8,118,417	\$ (800,940)	\$ 9,338,716	\$ 419,359
Office Rent	967,134	1,018,033	50,900	1,020,151	53,018
Office Costs	1,580,475	1,642,068	61,593	2,420,176	839,701
Professional Services	1,533,000	1,646,543	113,543	1,959,854	426,854
Miscellaneous	4,000	10,000	6,000	4,000	-
Depreciation	752,988	656,615	(96,373)	752,988	-
Efficiency Savings	(750,000)	-	750,000	-	750,000
Total Operating Expenses	\$ 13,006,954	\$ 13,091,676	\$ 84,722	\$ 15,495,886	\$ 2,488,932
Total Direct Expenses	\$ 39,618,567	\$ 39,060,169	\$ (558,396)	\$ 47,843,453	\$ 8,224,888
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000
Total Expenses	\$ 39,618,567	\$ 39,060,169	\$ (558,396)	\$ 48,593,453	\$ 8,974,888
Change in Assets	\$ 938,841	\$ 200,901	\$ (737,942)	\$ 5,133,012	\$ 4,194,170
Fixed Assets					
Depreciation	\$ (752,988)	\$ (656,615)	\$ 96,373	\$ (752,988)	\$ -
Computer & Software CapEx	1,122,785	1,261,210	138,425	845,200	(277,585)
Furniture & Fixtures CapEx	100,000	100,000	-	-	(100,000)
Equipment CapEx	-	-	-	40,800	40,800
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (469,797)	\$ (704,595)	\$ (234,798)	\$ (133,012)	\$ 336,785
Allocation of Fixed Assets	\$ -	\$ 0	\$ -	\$ -	\$ (0)
Change in Fixed Assets	(469,797)	(704,595)	(234,798)	(133,012)	336,785
TOTAL CHANGE IN NET ASSETS	\$ 469,043	\$ (503,694)	\$ (972,740)	\$ 5,000,000	\$ 4,530,954

Section A — 2011 Business Plan

Reliability Standards

Reliability Standards Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	17.50	20.08	2.58
Direct Expenses	\$ 4,189,050	\$ 4,863,139	\$ 674,089
Indirect Expenses	\$ 1,983,954	\$ 2,669,696	\$ 685,742
Other Non-Operating Expenses	\$ -	\$ 133,296	\$ 133,296
Inc(Dec) in Fixed Assets	\$ 75,616	\$ 16,621	\$ (58,995)
Total Funding Requirement	\$ 6,248,620	\$ 7,682,752	\$ 1,434,132

Program Scope and Functional Description

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

NERC standard drafting coordinators facilitate standards drafting team activities, assist the drafting teams in adherence to the integrity of the development process, and ensure that the quality of documents produced are appropriate for approval. Each standard must be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards or regulations in order to be approved by the US and Canadian regulatory authorities.

The stakeholder Standards Committee provides process oversight, verifying that the standards development has been faithfully executed and now ensuring the quality of the work product. The Standards Committee is also responsible for the development and implementation of the three-year Reliability Standards Development Plan used to develop priorities, respond to regulatory directives and guide standard development activities.

2011 Key Assumptions

The key assumptions in the Common Business Plan and Budget Assumptions, Exhibit A, affecting the Reliability Standards Program include:

1. NERC will implement the Results-Based Standards initiative, which will focus existing reliability standards and reliability standards development on areas that will lead to the greatest improvement in bulk power system reliability. Training will be provided,

training materials developed, and the results-based approach applied to existing and future standards projects. NERC will use 2011 to transition to the results-based principles.

2. NERC will face increased resource demands as a result of ongoing development activity, combined with increased regulatory directives. NERC projects significant volumes of standards related filings, stakeholder ballots and associated comment gathering opportunities for standards and interpretations.
3. In order to address workload needs, improvements must be implemented to streamline the standards development process to improve speed and quality, while maintaining ANSI accreditation.
4. NERC will continue to support the National Emergency Standards Development Process, which is reflected in version 1 of the Reliability Standards Development Procedure.
5. Regions estimate that they will develop and submit additional Regional Entity reliability standards in 2011 addressing their regional technical issues. NERC anticipates the need to devote resources to some standards development activity at the regional level.
6. NERC will provide increased coordination of regional standards development by becoming more involved earlier in the regional development efforts to assure consistency in regional and continent-wide standard technical content, format, and quality.
7. NERC expects to fund an independent audit of the NERC Standards processes in 2011 to satisfy Compliance and Certification Committee requirements.
8. The impact of Smart Grid activities relative to standards development is unclear and may increase resource needs.

2011 Goals and Key Deliverables

In 2011, NERC will focus standards development in two areas: meeting regulatory obligations for standards development and revisions, as specified in regulatory directives, and continuing to develop risk-based standards focused on key reliability outcomes. NERC will introduce significant changes in 2011 focused on increasing the productivity and results from standards development efforts, including:

- Establish collective NERC enterprise accountability for achieving the development outcomes desired through assignment of responsibilities.
- Produce revised standards that address all outstanding Order 693 directives by the end of 2011.
- Establish targets to produce standards to address all regulatory directives.
- Produce standards proposals that address the high-priority reliability standards for development based on compliance history, violation risk factor assignments, lessons learned from events analysis, industry and regulatory staff input.

- Utilize the technical capabilities of NERC standing committees to develop timely supporting studies and information for standards development activities.
- Provide additional training for standards development staff and increased responsibilities for assisting drafting teams in developing standards drafts in a timely manner.
- To address regulatory directives and high priority standards, utilize subject matter experts to work with NERC staff (development coordinators, technical writing, compliance, and legal) to identify expected outcomes for a proposed new or revised standard and develop a prototype draft standard as a starting point for standard drafting team development.
- Produce substantive reliability standards using the results-based methodology in 2011. These will include revisions of Version 0 standards.
- Actively solicit industry subject matter expert opinions on the content of regulatory orders and aggressively seek rehearing regarding technical deficiencies therein.
- Provide timely input regarding the appropriateness of a proposed new or revised standard to satisfy regulatory directives or to maintain at least an equivalent level of reliability performance to that currently in place.
- Provide assistance to the Regions in development of a consistent format and quality control process for regional standards.
- Improve accuracy of standards related information presented through the NERC website.
- Provide training and education of stakeholders through the website, webinars and workshops.

Resource Requirements

Personnel

In 2010, the NERC standards program area began to re-align its organization based on key drivers for success (improved quality and timeliness in standard development, improved accuracy and quality of web-based information, and improved stakeholder outreach); to create clear accountability for accomplishing the program mission at the strategic and tactical level; to enhance organizational efficiency in decision-making and execution; and to create a sustainable level of program activities and output. For 2011, the addition of three full-time employees to the Reliability Standards Program is needed to support the goals and key deliverables set forth above.

To enhance the quality of the NERC standards and associated development efforts to assure BPS reliability, NERC will add one standards specialist to the quality assurance function. This individual will work principally as a technical writer and may assist in developing standards or materials used to support standards such as guidelines, job aids, presentations, bulletins, draft

RSAWs, and other materials. This addition permits the program to deliver on its 2011 quality objectives including:

- Producing standards that address high-priority issues and that comply with regulatory directives;
- Implementation of the results-based methods and associated training at the continent-wide and regional entity level;
- Line accountability for the quality review function directed by the Standards Committee charter;
- Implementation of the more aggressive prioritization model outlined above;
- Systematic assembly of NERC subject matter expert technical comments during standards development activities; and
- Higher quality standard requirements and measures through staff technical writing assistance and legal review.

In order to significantly advance the timeliness of standard production in 2011, NERC plans to add two standards specialists, as well as identify any weaknesses and strengthen skills sets of existing resources, to support the NERC standards development coordinators and drafting teams in implementing the process improvements noted earlier. NERC will focus its development efforts on regulatory directives, the top 10 key projects, and necessary modifications initiated by interpretation requests, and the projects in the results-based standard queue. These additions will reduce the existing burden on Standards Coordinators and aid in effective project management and timeliness of project delivery.

These resource enhancements should enable the program to deliver on its 2011 timeliness objectives, including:

- More timely delivery of standards through more targeted development processes;
- Better overall project management through enhanced training of drafting teams and NERC and regional entity staff, and through use of project management applications and technology; and
- Improved efficiency as demonstrated in project development and tracking metrics.

Working capital resources have also been increased so that funding will be available if needed for supplemental resources that may need to be added in the Standards Program Area in 2011, but have not yet been identified and quantified. The addition to working capital reserves for this purpose was only done because the Company has not yet defined the duration of the resource need and whether it will be met through the use of contractors and/or additions to program area staff.

Contractor Expenses

While a number of resource additions are being proposed for the Reliability Standards Program area, after taking into account the completion of certain work in progress and the review of resource needs, the net effect of the contractor and consulting additions discussed below compared to the approved 2010 contractor and consulting budget for the Reliability Standards Program area is a reduction of \$225,500.

The funding requirements for contractors for the Standards Program in 2011 are driven by the following needs:

1. NERC must secure the services of subject matter experts to support results based standards development efforts in areas of standard development for which resident experts are not available or resources are insufficient to support identified goals and objectives. In addition to assistance with results based standards development, voltage and reactive control, protection systems (redundancy, special protection systems, coordination, demand side technologies, relay loadability), frequency response, data modeling, generator performance during frequency and voltage excursions, and disturbance monitoring are the areas where additional resources are needed in order to achieve timely delivery of standards.
2. NERC's implementation plan for the revised BAL-003-1 reliability standard will require contractor resource support to define the requirements of collecting, analyzing and, storing event-level data, and preparing reports regarding frequency response for identified events at the Balancing Authority and potentially the Generator Operator level.
3. For several years, stakeholders have requested NERC to automate its standards information for easier user access and to improve the ability to maintain accurate sets of data. This comment was reiterated in the three-year performance assessment. NERC elected to utilize the NERC CRATS tool to provide this user-friendly environment. At the core of this project is the standards "database" that currently contains standards information useful for the CMEP implementation and violation processing. The NERC Reliability Standards Program is responsible for ensuring the data accuracy in the database while at the same time manually maintaining sets of standards information on its web-site for users to utilize. In order to eliminate duplication of NERC staff efforts and to satisfy the industry's desire for a user-friendly database interface through which they can generate user-guided content, NERC is planning to implement enhancements to the CRATS tool. The enhancements include:
 - Developing an industry portal that provides on-demand querying by stakeholders for existing standards information in a useful report and downloadable format.
 - Upgrading the standards database to permit storage of all elements of the current standards (rich text upgrade, additional tables, and export enhancements) beyond the effective dates, applicability, requirement language, and associated VRFs and VSLs that are currently resident in the database. NERC

will also evaluate whether a document control application could be developed using the database that permits drafting teams to directly develop successive standards drafts

- Improve general data management to provide enhancements to screens, imports and exports functions and user guides.

The timing and amount of funding of these enhancements will be closely coordinated with the information technology infrastructure integration and design study which will be undertaken by NERC's Information Technology Group, which is further discussed under the Administrative Services, Information Technology section of the 2011 Business Plan and Budget.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Standards					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 6,248,620	\$ 6,248,620	\$ 1	\$ 5,872,230	\$ (376,389)
Penalty Sanctions	-	-	-	1,808,389	1,808,389
Total NERC Funding	\$ 6,248,620	\$ 6,248,620	\$ 1	\$ 7,680,619	\$ 1,431,999
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	2,133	2,133
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,248,620	\$ 6,248,620	\$ 1	\$ 7,682,752	\$ 1,434,132
Expenses					
Personnel Expenses					
Salaries	\$ 2,268,010	\$ 2,278,671	\$ 10,662	\$ 2,835,888	\$ 567,878
Payroll Taxes	151,919	148,632	(3,287)	179,070	27,152
Benefits	285,300	276,545	(8,755)	381,842	96,542
Retirement Costs	323,547	302,857	(20,690)	395,844	72,297
Total Personnel Expenses	\$ 3,028,775	\$ 3,006,706	\$ (22,069)	\$ 3,792,644	\$ 763,869
Meeting Expenses					
Meetings	\$ 190,000	\$ 80,000	\$ (110,000)	\$ 80,000	\$ (110,000)
Travel	350,000	344,250	(5,750)	400,500	50,500
Conference Calls	10,000	60,000	50,000	45,600	35,600
Total Meeting Expenses	\$ 550,000	\$ 484,250	\$ (65,750)	\$ 526,100	\$ (23,900)
Operating Expenses					
Consultants & Contracts	\$ 717,000	\$ 717,000	\$ -	\$ 491,500	\$ (225,500)
Office Rent	-	-	-	-	-
Office Costs	20,500	33,500	13,000	52,894	32,394
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Efficiency Savings	(127,225)	-	127,225	-	127,225
Total Operating Expenses	\$ 610,275	\$ 750,500	\$ 140,225	\$ 544,394	\$ (65,881)
Total Direct Expenses	\$ 4,189,050	\$ 4,241,456	\$ 52,406	\$ 4,863,139	\$ 674,089
Indirect Expenses	\$ 1,983,954	\$ 2,290,951	\$ 306,997	\$ 2,669,696	\$ 685,742
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 133,296	\$ 133,296
Total Expenses	\$ 6,173,004	\$ 6,532,407	\$ 359,403	\$ 7,666,131	\$ 1,493,127
Change in Assets	\$ 75,616	\$ (283,787)	\$ (359,402)	\$ 16,621	\$ (58,994)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	0
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (75,616)	\$ (71,421)	4,195	(16,621)	\$ 58,995
Change in Fixed Assets	(75,616)	(71,421)	4,195	(16,621)	58,995
TOTAL CHANGE IN NET ASSETS	\$ -	\$ (355,208)	\$ (355,208)	\$ -	\$ -

Compliance Monitoring and Enforcement and Organization Registration and Certification

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	45.75	47.08	1.3
Direct Expenses	\$ 9,359,703	\$ 10,824,099	\$ 1,464,396
Indirect Expenses	\$ 5,186,621	\$ 6,258,830	\$ 1,072,209
Other Non-Operating Expenses	\$ -	\$ 312,500	\$ 312,500
Inc(Dec) in Fixed Assets	\$ 171,189	\$ 62,472	\$ (108,717)
Total Funding Requirement	\$ 14,717,513	\$ 17,457,901	\$ 2,740,389

As discussed above under Current Staffing in Relation to Program Area Resources and Budget Presentation, for purposes of the 2011 Business Plan and Budget, NERC's reorganized Compliance Operations, Enforcement and Events Analysis and Investigations departments have been consolidated to facilitate a comparison between 2010 and 2011 resource requirements and budgets.

Compliance Operations

Program Scope and Functional Description

The Compliance Operations department is a realignment of functions that now include: regional operations coordination and collaboration; audit oversight, the regional entity audit program, development of the annual CMEP implementation plan and annual CMEP report; maintenance of the Reliability Standards Audit Worksheets ("RSAWs"); the registration and certification functions; and staff support to the stakeholder Compliance and Certification Committee. The Compliance Operations department 2010 staffing consists of 13 employees, including one director and two managers who oversee and manage a wide variety of compliance functions. An essential task of this group is to maintain the quality of audit assurance and oversight. Additionally, this group will develop an audit assistance program for the Regional Entities and industry by linking the registration, certification and auditing programs together to increasing information sharing, publication of best practices and lessons learned.

The Compliance Operations department will refocus efforts to provide increased consistency in the execution of the CMEP by providing more assistance to the Regional Entities; development of programs which seek to identify Regional Entity inconsistency in compliance applications with follow up guidance to improve consistency; and increased training for auditors throughout the ERO enterprise. NERC auditors will participate more actively in Regional Entity audits,

providing assistance to foster consistency and improve regional entity auditor understanding of standards and consistency throughout the industry in a proactive manner.

The significant effort to provide accurate and timely information to the Regional Entities and industry to enhance transparency and consistency will require one additional full time auditor to conduct reviews and analysis of observation reports, spot checks and audit feedback forms. This area was identified as one of the highest priorities in the Three Year Assessment and in the independent audit of the NERC Compliance Department by Crowe Horwath in 2009.

2011 Key Assumptions

The key assumptions included in the Common Business Plan and Budget Assumptions, Exhibit A, affecting Compliance Operations include:

2011 Goals and Key Deliverables

- Complete the Regional Entity audits of FRCC and WECC in the first half of 2011 and begin development of the next round of regional entity audits.
- Continue the regional entity audit observation and validation program with a new emphasis of providing best practices and lessons learned to support both regional and registered entity compliance improvement.
- Provide timely information to the Regional Entities and industry through various outreach programs and public bulletins to promote transparency and consistency of compliance activities.
- Act as the Compliance Enforcement Authority for WECC-RC or any other registered entity or where other potential conflicts exist or arise.
- Develop an enhanced CMEP audit module for the CRATS software system/platform to facilitate development of the annual implementation plan and development of RSAWs.
- Continue efforts to improve the efficiency and effectiveness of the regional compliance delegation model through collaboration with the Regional Entities to improve uniformity and consistency of compliance process and procedures.
- Improve coordination with other NERC program areas including standards, Event Analysis, and assessments to prioritize work and share lessons learned with emphasis on a feedback to the Standards Department.
- Develop a formal long-range training strategy and program in collaboration with the Regional Entities to enhance auditor proficiency and consistency.

Resource Requirements

NERC recognizes the need to engender a culture of compliance across the industry base. There must be clear expectations regarding the conduct of compliance audits and their relationship to other compliance activities. Compliance processes must be open and transparent. To achieve the objective, several key programs will be developed along with the enhancement of existing programs.

Organization Registration and Certification

NERC recognizes that a strong registration and certification process is the essential starting point of the compliance process for Registered Entities. For 2011, objectives include: improving Joint Registration Organization understanding and practices; finalizing a Multi Region Registered Entity (MRRE) Process; and developing and implementing the Nuclear (FERC Order 706B) Audit program. No additional resource requirements are included in the 2011 budget. Increased travel expenses are projected to support an anticipated increase in certifications as a result of audits of large entities with TOP functions and their supporting TOs formally accepting responsibilities for agreed upon TOP functions.

Audit Assurance and Oversight

Several critical new programs are in the planning and development stage. These programs will enhance Regional Entity consistency in CMEP implementation and will focus on Regional Entity audit validation, high impact reliability standards spot checks, and spot checks of Regional Entity audits per registration requirements. Continuance of existing programs to support this initiative includes audit observations, Regional Entity audits and RSAW maintenance and development.

New Initiative-Key Reliability Standards Spot Checks — The Audit Assurance and Oversight team will develop a Regional Entity High Impact Spot Check program and perform a pilot of this program in 2010. The majority of consistency issues are in implementation of the CMEP as addressed in the Regional Entity audits. The high impact spot check program will focus on one or two high impact critical reliability standards such as PRC-005. The Audit Assurance and Oversight team will request a sample of audits from all eight of the Regional Entities within a specified time period and conduct an in-depth analysis focused on high impact standards. The goal of this effort is to identify consistency issues, best practices and/or lessons learned. NERC will work with the Regional Entities to develop a notice to the industry on specified lessons learned and refocused audit procedures for any consistency issue identified. For 2011, the Audit Assurance and Oversight team will require additional resources to expand the High Impact Spot Check program to include 5 rounds of High Impact Reliability Standards Spot Checks. Budgetary impact from a travel expense perspective is minimal as most of the work associated with this effort will be performed off-site at NERC's offices or by the telecommuting staff.

New Initiative - Spot Checks by Registered Function — The Audit Assurance and Oversight team will develop a Regional Entity spot check program to assess whether Regional Entities are consistently applying reliability standards. These spot checks will entail having two NERC staff members review a sampling of compliance findings for all eight Regional Entities' treatment of specific functions by sampling audits of Registered Entities in a specific functional area. The limited scope review will focus on identification of consistency issues and follow up to improve auditing across the Regions. With present resources, this program is projected for development and implementation of two registered functions across eight Regional Entities in 2011. Budgetary impact from a travel expense perspective is minimal, as most of the work associated with this effort will be performed off-site .

New Initiative-RE Audit Follow-up — While the current budget allows for two NERC audits of Regional Entities in 2010, with additional resources, the NERC Audit Assurance and Oversight team will be capable of conducting additional follow up activities to ensure that issues identified in Regional Entity audits are being addressed. One requirement of Regional Entity audits is for NERC staff to validate a sampling of prior Regional Entity-led compliance audits to review evidence taken and verify conclusions. NERC auditors will sample recent audits of Registered Entities by the Regional Entities and focus their efforts on consistency issues identified for clarification, resolution, and improvement. Along with this initiative, the NERC Assurance and Oversight staff will review and verify completion of corrective actions identified from the Crowe Regional Entity audits. With existing staff levels, the Audit Assurance and Oversight team will perform one Regional Entity audit follow-up in 2010. In 2011, the Audit Assurance and Oversight team plans to perform 5 additional Regional Entity audit follow-ups. Budgetary impact from a travel expense perspective is projected to be minimal, as most of the work associated with this effort will be performed off-site at the NERC offices or by the telecommuting staff.

RE Audit Program — The RE Audit Program will complete its first cycle of audits in 2011. Revisions to the existing program to reflect more performance-based criteria and include lessons learned will require additional resources. Budgetary impact from a travel expense perspective is projected to be minimal, as most of the work associated with this effort will be performed off-site at NERC offices and by the telecommuting staff.

Regional Entity Audit Observation — In 2009 NERC auditors conducted 34 observations of Regional Entity audits of Registered Entities with 7 dedicated FTEs. With the realignment in 2010 and reduced resources, the Audit Assurance and Oversight team performed an analysis of audits to observe based on the Registered Entities 1) number of registered functions, 2) facilities, 3) interconnections, and 4) reliability impact. Based on this analysis and resource availability, the NERC auditors will observe 17 audits in 2010. In 2011, the Audit Assurance and Oversight team plan to observe 25-30 audits

Audit Assistance

Training — In 2010 a comprehensive training strategy for Regional Entity compliance personnel will be developed in collaboration with the Regional Entities to provide a progressive program to include training, education and certification, leveraging the expertise and experience across the ERO. Additional resources will be required to implement this training strategy in 2011.

Compliance Auditor Seminars — In addition to improved training programs, in 2011 two compliance auditor seminars are planned to enhance auditor training and consistency.

Compliance Operations will require additional resources to continue audit oversight and assurance; increase the number of spot checks; and develop an audit assistance and training program to improve consistency of the Regional Entity compliance programs.

Compliance Operations will also provide compliance application notices and quarterly bulletins to better inform the Regional Entities and industry on compliance best practices and lessons learned; and to clarify compliance applications and practices.

Additional Resource Requirements

In order to implement these process improvements and effectively conduct audit oversight, assurance, assistance and to promote transparency and consistency across the Regions and industry, the Compliance Operations group will require four additional full-time auditors to support the audit spot check and validation programs, enhanced audit assistance requirements and regain the ability to conduct approximately 25-30 audit observations per year.

Contractor Expenses

The Compliance Operations Department is budgeting total contractor and consulting costs at a level that is approximately 7% lower than 2010. In addition to costs for external auditors in connection with various compliance related audit needs, the Compliance Operations department is also budgeting a significant level of funding related to its Compliance Reporting Analysis Tracking System (“CRATS”), and the Compliance Information Tracking System (CITS) and Portal applications that support NERC’s functions as the Compliance Enforcement Authority for the registered functions of certain Regional Entities. These IT tools will improve a host of compliance functions, including: improved reporting to the BOTCC, executive management group and stakeholders; improved analysis for compliance violations and processes; and integration of critical information across NERC functions to support annual documents such as the Annual Implementation Plan and Actively Monitored List. The timing and amount of funding of these technology enhancements will be closely coordinated with the information technology infrastructure integration and design study which will be undertaken by NERC’s Information Technology Group, which is further discussed under the Administrative Services, Information Technology section of the 2011 Business Plan and Budget.

The additional contractor expense for 2011 includes funding for the development of training to support the FERC Order 706B CIP nuclear audit program. This funding will enable NERC to develop a comprehensive training program covering nuclear plant specific CIP and TFE aspects, including the required safeguards information program. This will be a onetime cost associated with the stand up of the program which will begin in earnest in 2012.

In addition to the decrease in funding for Compliance Operations consultants and contracts, there are also reductions in consultant and contractor expenses in the Compliance Enforcement area. These reductions are offset by an increase in consultant and contractor expense in the Event Analysis and Investigations areas, with a total 2011 budget increase in Consultants and Contracts expense for the entire Compliance Monitoring and Enforcement and Organization Registration and Certification Program of 8.6%.

Compliance Enforcement

Program Scope and Functional Description

NERC's Compliance Enforcement department 2010 staffing consists of 15 employees who conduct all of NERC's enforcement activities. These include:

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

2011 Key Assumptions

The key assumptions included in the Common Business Plan and Budget Assumptions, Exhibit A, affecting Compliance Enforcement include:

1. NERC and the Regional Entities will establish streamlined mechanisms to expedite minor, administrative violations and look to gain more discretion to handle the minor violations which pose no threat to the bulk power system.
2. Resources will be required to develop and implement an enforcement process that encourages "good" self reporting, one that results from a systematic compliance "culture" to detect, report and correct problems, and obtains adequate recognition in the enforcement processes.
3. Use "targeted, aggressive enforcement" for those matters posing the most risk to the bulk power system where NERC has clearly indicated a need for focus and education of the industry on compliance.
4. The current trend of alleged violations has increased and the increase is expected to continue during the planning period.

2011 Goals and Deliverables

A priority for NERC enforcement efforts is to achieve greater efficiencies in enforcement processing by focusing both NERC and Regional Entity compliance and enforcement resources on the cases that have the most significant impact on the reliability of the bulk power system, to reduce the overall ERO caseload by ensuring that the number of cases processed through filing of a notice of penalty exceeds the number of cases coming into the ERO docket, and to expeditiously close out cases to provide timely lessons learned to the industry. NERC enforcement staff has realized significant efficiencies and expects to enhance these efficiencies through better utilization of existing resources in the future. There is substantial evidence of this increased efficiency in 2009 and early 2010. Of the 15 budgeted FTEs in the NERC

Compliance Enforcement department, the enforcement processing team consists of six employees or 5.3 FTEs.¹ In 2009, this team's average processing rate was about 84 violations per month. Efficiencies were gained as the year progressed. These efficiencies have resulted in an increase in the number of violations processed per month – a 266% increase from Q1 2009 to Q4 2009, excluding violations processed as part of the Omnibus filing. There were a total of 238 violations² approved in 2009 - 35 violations were approved by the BOTCC in Q1 2009; in Q2, 37 violations; in Q3, 39 violations (in addition to the Omnibus filing containing 564 violations); and in Q4, 128 violations. The trend is continuing in 2010 – there were 68 violations approved by the BOTCC at the January meeting, 86 at the February meeting, and 97 at the March meeting -- for a total of 252 for Q1 2010.

Notwithstanding the significant increase in efficiency in the past year, the team continues to look for additional efficiencies in 2010. Streamlined enforcement processes, specifically the introduction of the Disposition Document, Abbreviated Notice of Penalties and other process improvements, are currently being introduced and will be monitored for efficiency gains.

Despite efforts to attain greater efficiencies, a significant gap is anticipated in the number of cases coming into the enforcement process and the number of cases the enforcement team can close out on a monthly basis. As reflected in Figures 1 and 2 below, the number of new violations (and thus the enforcement caseload for the ERO as a whole) has increased in the past few months compared to the same time last year, and this number is expected to continue to trend upward. As of January 31, 2010 the six month average rate of new violations per month was 144, but that average increased to 158 by March 1, 2010.

¹ 70 percent of one employee's time is dedicated to approving and processing Mitigation Plans.

² For purposes of this section the term "violation" references an individual instance of non-compliance with a Reliability Standard requirement, regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

Figure 1: Compliance Processing Stats from March 2010 BOTCC

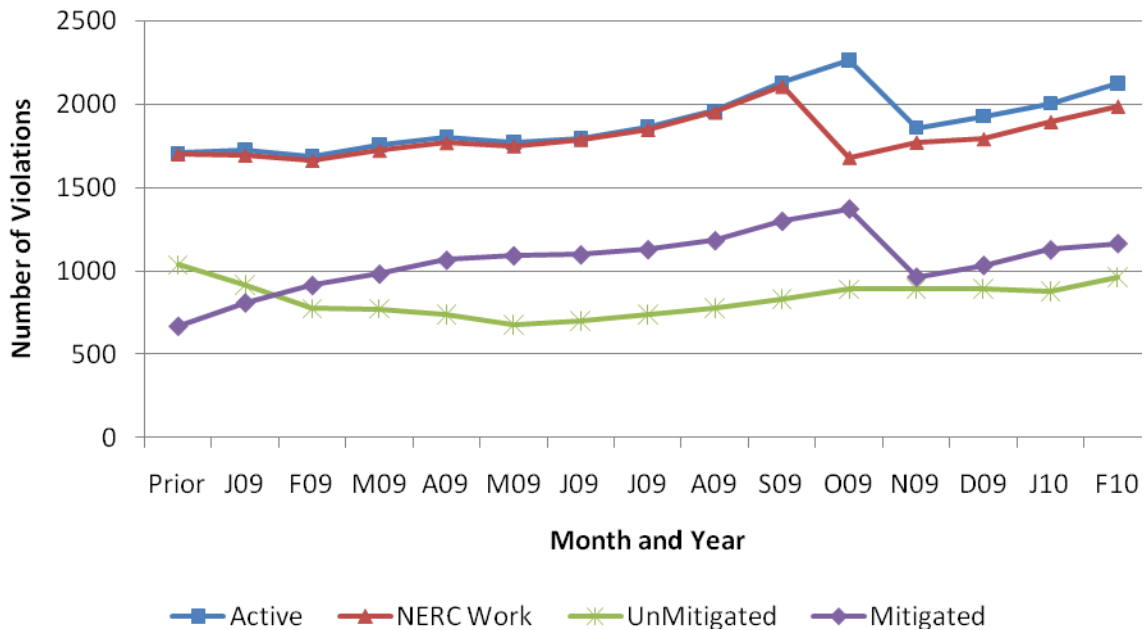
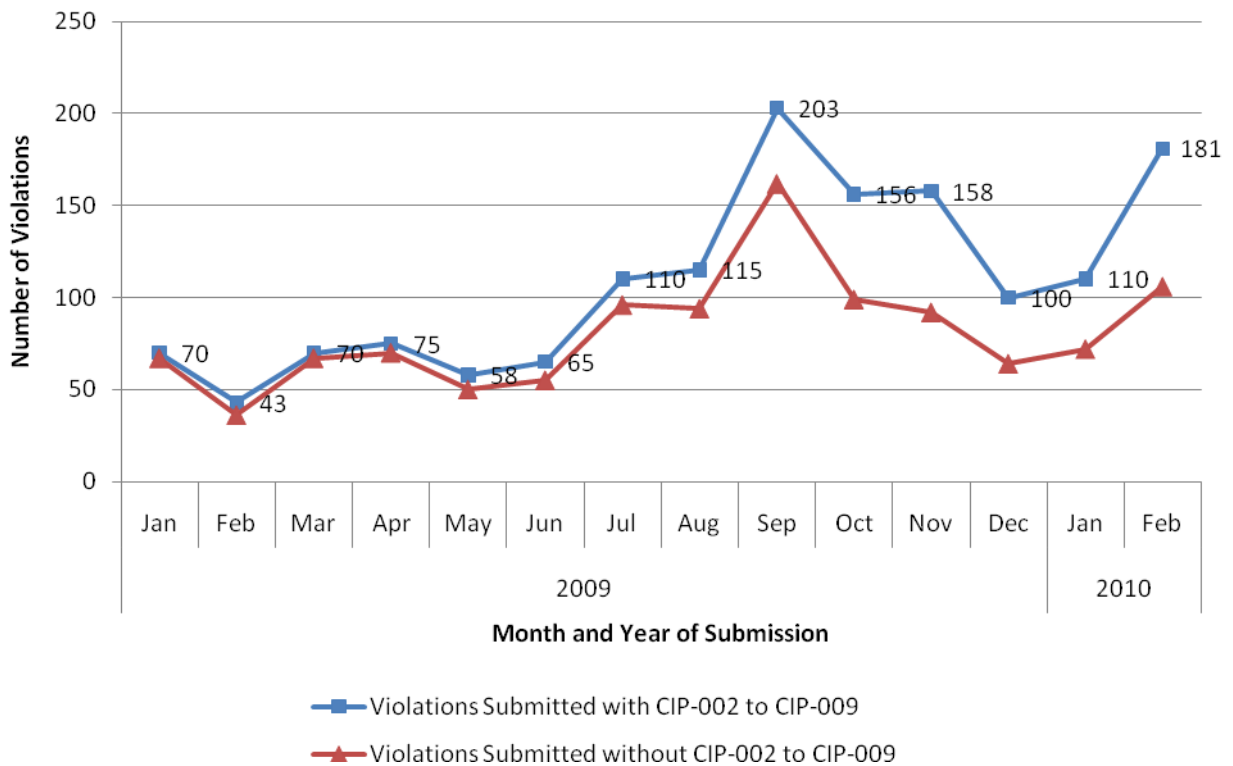


Figure 2: Violations Submitted per Month (Dismissals Removed)



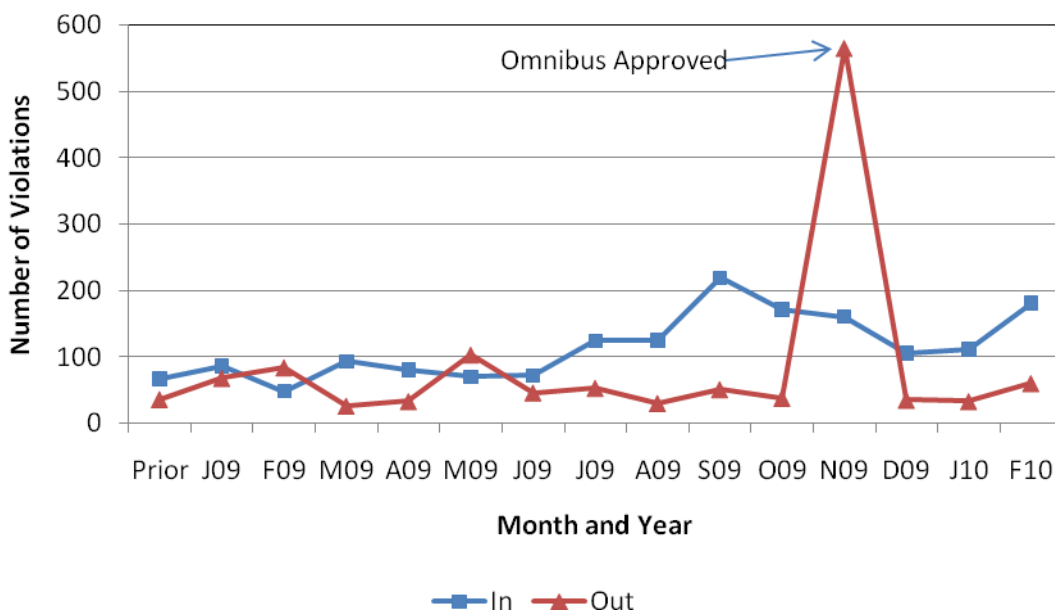
The increase in caseload is attributable to two primary sources. First, a large number of violations of CIP Standards have been and will be entering the system as more of the CIP requirements become effective for a larger group of Registered Entities, although the magnitude of these additional violations is not known at this time. More fundamentally, however, as the Regional Entities continue their compliance audits and other discovery methods, they continue to uncover existing compliance issues. As reflected in Figure 3 below, most violations that are discovered today still relate to compliance deficiencies dating back to before the reliability standards became mandatory and enforceable. In fact, 1,495 out of 2,950 active and closed violations originated in (deemed to have occurred in) 2007. This indicates that the ERO enforcement and industry compliance activities have not yet reached a point at which only a steady level of current, new compliance concerns will need to be addressed.

Figure 3: Deem Date Trend for Violation received in February 2010 (181 Total New Violations)



In short, despite significant efforts to improve the efficiency of the Compliance Enforcement department’s processing of violations both last year and this year, the influx of new violations is expected to outstrip the number of violations NERC can process each month. This widening gap is reflected in Figure 4.

Figure 4: Violations In/Out Trend from 2009



Possible violations have been docketed by the ERO at an average rate of 151 per month based upon the average of the last 6 months ended February 2010, with a peak of 203 new possible violations for the month of September 2009. In contrast, the Team has processed an average of 84 violations per month through to BOTCC approval, with a peak of 98 violations approved in March 2010. At the current rates of caseload expansion and processing, even with the efficiency improvements realized last year and anticipated this year, the Team will not be able to keep pace with the incoming violations, and as a consequence, the ERO caseload will continue to increase under current resource commitments.

Resource Requirements

Personnel

As a result of the resource demands described above, NERC is budgeting for three additional enforcement FTEs in 2011 to meet its enforcement processing goals. In assessing the number of employees required to process the anticipated number of violations, NERC staff conducted an analysis of the hours historically required to process a violation using the most recent hours per violation processing rate. This analysis was premised on the assumption that the Team as it is currently composed with 5.3 FTEs can process on average about 100 violations per month. This assumption incorporates almost a 20% increase in efficiency over the average of the first three months of 2010 and exceeds the highest output the Team has achieved in any the past month. With this ambitious assumption in mind, the Team has determined that to process an average of 200 violations per month the Team would need to expand to 10.66 FTEs, while 8 FTEs would be required to process an average of 150 violations per month. Therefore, at this assumed process rate, an increase of 3 FTEs will be required by the Compliance Enforcement department to meet the currently expected inflow of violations.

Contractors

No additional contractor or consulting resources are proposed within the group for 2011.

Event Analysis and Investigations

Program Scope and Functional Description

Key to NERC's and the industry's success is the ability for NERC to quickly disseminate lessons learned to the industry from the 60 to 100 events that are analyzed each year. The ability to deliver timely lessons learned was identified as a key initiative by the industry in NERC's Three Year ERO Performance Assessment. To respond to this need, NERC must have the ability to quickly analyze system events for lessons learned and provide those lessons to the industry clearly and concisely. The lessons must be of value to the industry such that the lessons will be applied to prevent recurring reliability risks and assure adherence to NERC's Reliability Standards.

NERC must also provide clear expectations for self-analysis and reporting to NERC to facilitate the ability to capture lessons learned to be shared with the industry. NERC will need to provide clear processes, reporting procedures and formats, as well as training on analysis and investigation techniques including root cause analysis methods.

To accomplish these goals, as part of the staff reorganization previously discussed, during the first quarter of 2010 NERC formed the Event Analysis and Investigations group from existing staff, which includes personnel who were previously in NERC's Compliance Violation and Investigations department and Event Analysis department. For purposes of the 2011 Business Plan and Budget, in order to facilitate the comparison of 2010 and 2011 budgets and funding requirements, the personnel and funding requirements related to (i) the personnel included in the 2010 Event Analysis department are reported under the Reliability Assessment and Performance Analysis Program and (ii) the remaining personnel are reported in this section as part of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

NERC expects to provide the industry with a suite of high quality products based on lessons learned and significant operating experiences including high quality documents, webinars, and other educational and training opportunities for the industry. These lessons learned must be captured and cataloged in an enterprise wide knowledge management system that will allow industry participants to quickly and easily find information about reliability standards, compliance with those standards, lessons learned from system events, and significant operating experiences. Through the reorganization, NERC believes it has sufficient resources to meet analysis and investigative resource demands.

NERC expects the industry to complete its own investigations of system events using root cause techniques and self-report possible reliability standard violations to the appropriate Regional Entity. NERC and FERC have continued to recognize self-reporting and prompt mitigation as mitigating factors in penalty and sanction determinations. In the event NERC needs to

undertake an investigation, NERC will continue to do so confidentially and in accordance with the Rules of Procedure. Once the facts and circumstances have been finalized and shared with the Registered Entities involved, NERC Event Analysis and Investigation staff will provide those facts and circumstances to NERC's Enforcement staff for processing in accordance with the Rules of Procedure.

2011 Key Assumptions

- NERC will perform one NERC-level event analysis and participate in three regional detailed analyses of system events in 2011. Additionally, NERC will review approximately 75 reports developed by Registered Entities for off-normal events, potential system vulnerabilities, and other events with off normal system performance.
- If a region is unable to perform a regional detailed analysis, NERC may assume direct responsibility and oversight of the regional analysis team and process, which will impact NERC's resource needs and costs.
- NERC will continue to lead approximately 10 compliance investigations per year and will staff those investigations to provide a high level of responsiveness and consistency in conducting formal investigations. The 2011 budget also includes funding subject matter experts to support NERC staff in these investigations and hearings, but at a level equal to approximately seventy five percent of the 2010 budget due to the additional resources devoted to this area as a result of the previously described staff reorganization.
- NERC will implement recommendations from the Crowe audit related to compliance investigations including the implementation of secure physical data cataloging and storage. NERC will build on this recommendation to develop an enterprise wide knowledge management system that will contain the lessons learned in formats that are easily retrievable through key-word searches or through areas of interest or applicability to a particular group of industry registrants. Funding has been included in the Consultants and Contracts budget to support this initiative.

2011 Goals and Objectives

- Issue timely lessons learned and alerts on relevant findings, ensuring that lessons learned are promptly shared with industry.
- Develop and maintain a knowledge management system with a searchable library of lessons learned from event analyses on NERC's website.
- Enhance the public release of initial findings and lessons learned of NERC, Regional, and Registered Entity event analyses for system events.
- Provide for training and educational opportunities regarding lessons learned, analysis and investigative techniques including root-cause analysis, and reporting processes and formats for all Registered Entities.

- Coordinate closely with the Operating and Planning Committees as well as industry trade associations.
- NERC will continue to provide administrative support to the Planning and Operating Committees and their subgroups.

Resource Requirements

Personnel

No additional personnel are planned in the Event Analysis and Investigations group for 2011.

Contractors

Consulting and contractor expenses for this group are primarily related to the retention of subject matter experts to assist in events investigations and analysis. The need for subject matter experts to assist in event analysis are projected to be approximately thirty (30%) percent lower than the 2010 budget, which partially offsets the previously described increases in contractors and consultants for the other two departments in the Compliance Program . However, funding associated with the development of a new Event Analysis and tracking tool is projected at \$165k. This tool should enhance NERC's ability to timely track, analyze and report events.

Section A — 2011 Business Plan
 Compliance Monitoring and Enforcement and Organization Registration and Certification

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Compliance and Organization Registration and Certification					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 14,312,732	\$ 14,312,732	\$ 0	\$ 13,063,318	\$ (1,249,414)
Penalty Sanctions	-	-	-	4,239,583	4,239,583
Total NERC Funding	\$ 14,312,732	\$ 14,312,732	\$ 0	\$ 17,302,901	\$ 2,990,170
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	5,000	5,000
Miscellaneous	404,781	25,000	(379,781)	150,000	(254,781)
Total Funding	\$ 14,717,513	\$ 14,337,732	\$ (379,781)	\$ 17,457,901	\$ 2,740,389
Expenses					
Personnel Expenses					
Salaries	\$ 5,654,331	\$ 4,980,642	\$ (673,689)	\$ 6,344,046	\$ 689,715
Payroll Taxes	378,714	329,737	(48,977)	416,818	38,104
Benefits	727,131	624,600	(102,531)	895,127	167,996
Retirement Costs	795,620	685,501	(110,119)	892,082	96,462
Total Personnel Expenses	\$ 7,555,795	\$ 6,620,479	\$ (935,315)	\$ 8,548,072	\$ 992,277
Meeting Expenses					
Meetings	\$ 32,500	\$ 32,500	\$ -	\$ 32,500	\$ -
Travel	890,917	795,250	(95,667)	909,833	18,916
Conference Calls	5,000	40,000	35,000	28,200	23,200
Total Meeting Expenses	\$ 928,417	\$ 867,750	\$ (60,667)	\$ 970,533	\$ 42,116
Operating Expenses					
Consultants & Contracts	\$ 1,100,000	\$ 575,000	\$ (525,000)	\$ 1,195,000	\$ 95,000
Office Rent	-	-	-	-	-
Office Costs	42,500	50,900	8,400	84,000	41,500
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	26,494	-	(26,494)	26,494	-
Efficiency Savings	(293,503)	-	293,503	-	293,503
Total Operating Expenses	\$ 875,491	\$ 625,900	\$ (249,591)	\$ 1,305,494	\$ 430,003
Total Direct Expenses	\$ 9,359,703	\$ 8,114,129	\$ (1,245,573)	\$ 10,824,099	\$ 1,464,397
Indirect Expenses	\$ 5,186,621	\$ 5,430,913	\$ 244,292	\$ 6,258,830	\$ 1,072,209
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 312,500	\$ 312,500
Total Expenses	\$ 14,546,324	\$ 13,545,042	\$ (1,001,281)	\$ 17,395,429	\$ 2,849,106
Change in Assets	\$ 171,189	\$ 792,690	\$ 621,501	\$ 62,472	\$ (108,717)
Fixed Assets					
Depreciation	(26,494)	-	26,494	(26,494)	-
Computer & Software CapEx	-	325,000	325,000	50,000	50,000
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ 26,494	\$ (325,000)	\$ (351,494)	\$ (23,506)	\$ (50,000)
Allocation of Fixed Assets	\$ (197,683)	\$ (169,311)	28,372	(38,966)	158,717
Change in Fixed Assets	(171,189)	(494,311)	(323,122)	(62,472)	108,717
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ 298,379	\$ 298,379	\$ -	\$ (0)

Reliability Assessment and Performance Analysis

Reliability Assessments and Performance Analysis (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	16.00	13.75	(2.25)
Direct Expenses	\$ 4,620,377	\$ 4,300,018	\$ (320,360)
Indirect Expenses	\$ 1,813,900	\$ 1,827,800	\$ 13,899
Other Non-Operating Expenses	\$ -	\$ 91,261	\$ 91,261
Inc(Dec) in Fixed Assets	\$ 197,581	\$ 73,251	\$ (124,330)
Total Funding Requirement	\$ 6,631,859	\$ 6,292,329	\$ (339,530)

As stated earlier, the 2011 budget and personnel for the Reliability Assessment and Performance Analysis Program (“RAPA”) includes the personnel and expenses in the 2010 Event Analysis department. As part of the 2010 internal staffing reorganization, NERC created a System Analysis and Reliability Initiatives group within its Engineering and Operations department. This group consists of the former Event Analysis Group. This group supports the efforts to analyze key issues that may affect reliability, and leads the efforts to address reliability risks and emerging issues through NERC’s reliability initiatives, as well as supporting aspects of the North American Synchro-Phasor Initiative discussed under the Situation Awareness and Infrastructure Security Program. However, for purposes of the 2011 Business Plan and Budget, the funding required to support this group is included in the Reliability Assessment and Performance Analysis Program Area in order to facilitate comparison to the 2010 budget.

Program Scope and Functional Description

NERC’s Reliability Assessment and Performance Analysis program conducts annual seasonal and long-term reliability assessments, designed to assess the short and long-term resource adequacy and operating reliability of the bulk power system in North America, both existing and planned. Further, the program identifies as well as assesses risk and severity from reliability performance to measure progress in improving current reliability and track leading indicators of future reliability. To support its assessments and evaluate the performance of the bulk power system, RAPA maintains NERC’s detailed databases measuring the ongoing reliability performance of generation, transmission and demand response. Findings are published on NERC’s website and highlighted in seasonal, long-term, and special reliability assessments and reliability performance reports as appropriate. RAPA also identifies and analyzes key issues that may affect reliability, such as market practices, legislation, regulation, technology developments, high-impact low frequency (“HILF”) events, industry trends, and proposed public policy measures. Special reliability assessments on the effects on reliability of the bulk power system from specific issues or situations are developed based on an industry-based risk assessment and emerging initiatives.

The RAPA is supported by the Planning, Operating, Compliance, and Critical Infrastructure Protection Committees along with numerous subcommittees, working groups and task forces.

2011 Key Assumptions

- NERC will continue to incrementally improve the definitions, refine data reporting requirements from Registered Entities and review adequate level of reliability related metrics used in reliability assessments.
- Probabilistic risk study for reliability assessments will be reviewed in 2010 and incremental data reporting may be requested in 2011 to support this effort.
- NERC and Regional Entities will be requested to gather data or perform analysis in support of federal initiatives related to the stimulus package, critical infrastructure protection to include HILF events, climate change, environmental regulations, and/or renewable energy initiatives.
- Demand response data system (“DADS”) collection will begin voluntary submittals in 2010 and be mandatory in 2011. A data collection system is being designed and requires Regional Entity involvement. At this time, the Regional Entity involvement and support is expected to be similar to the way TADS currently works.
- NERC and the Regional Entities are expected to provide independent reviews of assessments to assure a high level of technical rigor.
- NERC will continue to develop analysis of TADS data in 2011.
- To meet NERC’s Three-Year Assessment commitments:
 - NERC will continue to vet metric development, collection, and analysis with industry stakeholders through the Reliability Metrics Working Group (“RMWG”).
 - NERC staff will work with the RMWG to issue the first annual reliability performance report in 2010 and share metric analysis results through its quarterly updates on NERC’s website, NERC News, and via Webinars.
 - NERC will undertake two special reliability assessment initiatives in 2011.
 - NERC will develop a centralized automated data collection, reporting and validation process, and calculation tools to support reliability metrics to support reliability risk assessment as part of the more global effort as discussed in the Information Technology section under Administrative Services.

2011 Goals and Key Deliverables

- Issue reliability assessment reports:
 - One 10-year Long-term Reliability Assessment
 - Two pre-seasonal assessments: Summer and Winter
 - Two post-seasonal operational assessments: Winter and Summer

- One annual risk/severity and reliability metrics report, including overall system risk and violation risk analysis
- Two system reliability performance reports: Transmission (TADS) and Generating (GADS)
- Geomagnetic Disturbance (“GMD”) effects on reliability of the bulk power system
- Up to two additional special assessments addressing key reliability issues
- Additional reports addressing industry reliability concepts and emerging issues
- Re-launch NERC’s Spare Equipment Database (“SED”) to enumerate the availability of equipment during emergencies, such as GMD, and support NERC’s situation awareness activities. The focus in 2011 will be on bulk power transformers.
- Evaluate, track, and assess severity/risk and up to 19 reliability metrics and risk indices – including the maintenance of online reliability metrics and risk indices.
- Operate the GADS and the TADS.
- Launch the Demand response Availability Data System (DADS).
- Strengthen data collection and validation processes by designing, creating, testing, and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, and special reliability assessments along with the databases supporting reliability performance assessments.
- Build and sustain a reliability assessment and performance analysis team with representatives from NERC’s Regions to review Regional reliability assessment processes, criteria, and methods improving consistency and leveraging practices.
- Identify the need for standard authorization requests for any deficiencies or needs revealed by reliability assessments.
- Track industry actions on recommendations made through NERC’s assessments, risk assessment, and data system initiatives.
- NERC will continue to lead the study and analysis of the declining frequency performance in the Eastern Interconnection and determine possible corrective actions as necessary.
- Analyze the appropriate level of frequency response for the interconnections taking into consideration the emerging technologies in supply resources and electrical loads.
- Coordinate with the Standards Program to execute the Frequency Performance Initiative, working with industry to further analyze this issue, determine the root cause of frequency events, and consider appropriate mitigations.
- Continue to sponsor the System Protection Initiative in 2011.
- Develop and maintain seasonal forensic-ready power flow and dynamics cases.

- Sponsor a System Modeling Improvements Initiative, focusing on generation and turbine control modeling and providing subject matter expertise support for related standards development activities.
- Provide administrative support to subcommittees, working groups and task forces serving the Standing Committees.

Resource Requirements

RAPA activities expanded significantly in 2010. This activity level is expected to accelerate in 2011, including long-term, pre-seasonal, post-seasonal and special reliability assessments, management of risks to reliability from GMD events, development of integrated reliability assessment performance metrics and tools, and launching/sustaining key NERC availability data systems and databases, including TADS, GADS, DADS and SED, as well as ongoing support of the other initiatives described under this program area. Notwithstanding the resource demands and workload, incremental 2011 RAPA funding requirements for personnel and contractors to satisfy these requirements are offset by reductions in costs due to the transfer in 2010 of personnel from this program area to other program areas, resulting in a decrease of approximately \$378k in total 2011 funding requirements for this program area compared to 2010.

Personnel

Reliability assessment and risk/severity reliability performance tools are data intensive, requiring data collection, validation and evaluation. In 2011, a continued expansion and acceleration of activities will require two additional employees to support RAPA. To sustain the increased RAPA activities, one additional technical analyst is required in 2011. In addition, one Senior Engineer position is required to support various reliability initiatives, including the Frequency Response Initiative, the System Protection Initiative, and the System Modeling Initiative as well as on-going support for the other initiatives discussed below. Effectively supporting these and other emerging analysis and initiatives to produce timely results will require the additional power system simulation knowledge and experience this engineer will provide.

Contractor Expenses

Consultant and Contracts resource needs are projected to increase approximately 10% over 2010 Consultant and Contracts budgeted expenses due to the workload needs in affecting this program area, including:

- 1. Resources to develop integrated Risk/Severity Reliability Performance/Metric Tools, assess impacts of GMD Events and Emerging Issues, and improve Reliability Assessments**
 - Geomagnetic storms emanating from the sun can produce an impulsive disturbance to earth's geomagnetic field over wide geographic regions. This field disturbance results in induced direct ground currents (geomagnetically-induced currents or GIC) in the complex topology of the North American bulk power system, which can saturate, and ultimately damage high voltage equipment, include scarce

transformers. Unlike other risks industry has traditionally managed, GMD events can result in widespread system collapse and, catastrophic failures of scarce equipment. For many years, it has been known that these storms have the potential to pose operational threats to bulk power systems. Most well known in North America is the March 13-14, 1989 geomagnetic storm, which led to the collapse of the Hydro Québec system in the early morning hours of March 13, 1989. The threat from GMD events, while now more widely understood, are gaining renewed attention across the sector as recent predictions suggest that more severe solar storms could occur, as well as reach lower geographic latitudes than formerly expected.

NERC, with its stakeholders and the U.S. DOE, held a workshop in the third quarter of 2009 focused on bulk power system HILF events and a conference in the first quarter of 2010 on bulk power system reliability affects of GMD events. A key recommendation from these industry meetings, documented in its recently released report, is to launch a joint NERC Standing Committee task force, including industry, equipment manufacturer, and GMD experts, to consider changes to traditional planning and operating criteria, evaluate and prioritize mitigation and restoration options, improve sector-wide spare equipment sharing programs, and reliability standards. The task force will also be tasked to develop a study plan for 2011, including detailed simulations of a variety of GMD events, a spare equipment database specification, and identification of both risk management approaches and planning/operational options.

NERC's renewed focus on the reliability effects of GMD events addresses risks and vulnerabilities that are not usually addressed in conventional bulk power system planning, design and operating processes. Ascertaining the implications of GMD event risks will require detailed assessment and analysis to determine their effects on bulk power system planning, design, operations and, if appropriate, NERC Standards. To sustain these efforts in 2011, NERC will engage subject matter experts to simulate and study reliability impacts from a variety of GMD pulse waveforms. NERC will also re-launch its SED to support reliability assessment and situation awareness during emergency conditions.

- Reliability assessment and risk/severity reliability performance tools are data intensive requiring data collection, validation and evaluation. In 2010, NERC added two post-seasonal operational reliability assessments, two special reliability assessments investigating the effects of a sudden economic recovery and environmental regulations. NERC's assessments also addressed emerging issues facing industry such as integration of variable generation and smart grids. Further, NERC embarked on the development of integrated reliability assessment performance tools, including a family of event driven risk/severity curves, system condition driven metrics and regulation driven measures. These vital metric activities support measurement of current system status, "lessons-learned" from assessment of trends, and opportunities for reliability improvements.
- As recommended in NERC's Three-Year Electric Reliability Organization Performance Assessment Report, NERC will develop a centralized data collection process and

tools to streamline and automate the collection and reporting processes. NERC began this development in 2010. The 2011 budget will support more frequent updates (now limited to quarterly) and provide a user query feature to call different views of NERC's online "Reliability Indicators."

2. Resources needed for Transmission, Demand response and Generating Availability Data Systems

NERC's availability data systems collect and report on reliability performance of generation, transmission and demand response. Resource availability data is used to measure historic reliability performance trends and sustains NERC's reliability/severity tools. Two systems, TADS and DADS, are relatively new and must be sustained to provide data needed to enhance reliability performance in the future. Collection of data for DADS becomes mandatory in 2011 for the first time³, after a one year industry pilot of the system, while TADS has been a mandatory data collection system since 2008. The Generating Availability Data System (GADS), though currently a voluntary system, has a long history of providing trend analysis that resulted in improved generator performance. To sustain these activities in 2011, the funding required to support both GADS and TADS is based on the assumptions that:

- GADS continues to provide high value to industry. Though GADS is currently a voluntary submission, in 2010 industry experts are reviewing developing mandatory submittal for portions of this data. In 2011, a report on generator availability and technology evaluation will be completed.
- TADS requires on-going technical support and software maintenance requirements, including analysis improvements which will be documented in an annual performance report.
- DADS data collection will become mandatory in 2011 and resources will be needed to develop software that vets quarterly data entry and create annual performance reports.

3. Resource Support for Systems Analysis

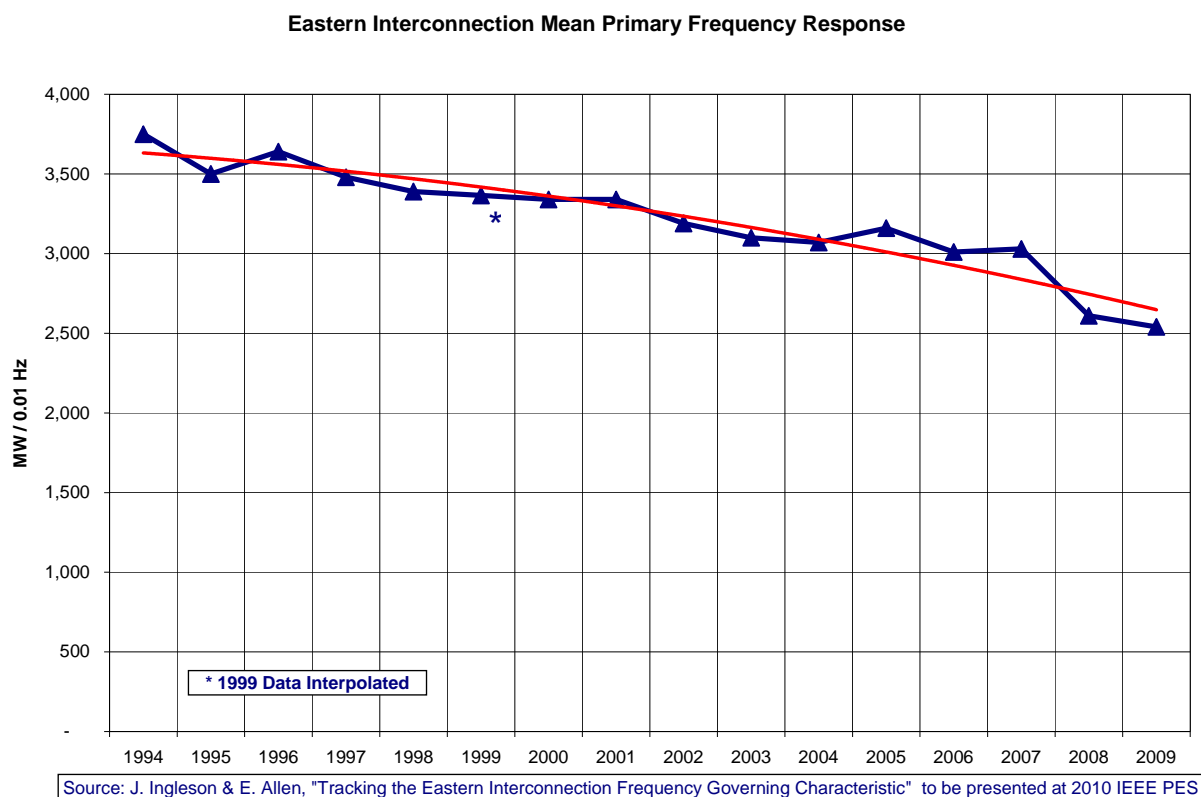
Identifying and analyzing emerging trends in bulk power system reliability are a vital part of NERC's reliability responsibilities. Recognizing reliability trends, root causes and issues is an extremely important responsibility of the ERO and the industry. Developing and leading initiatives to understand the root causes and respond to these trends will be the responsibility of the System Analysis and Reliability Initiatives group within the Operations and Engineering department. Funding related to these operations is included in the RAPA budget to facilitate comparison to the 2010 budget.

NERC must be an industry leader with the appropriate technical resources to analyze these emerging trends and resulting reliability initiatives. Presently, NERC has four key reliability initiatives underway that are critical to the industry and to the reliability of the bulk power system. They are:

³ On May 17, 2010 NERC's Board of Trustees approved DADS as mandatory through the Rule of Procedure, Section 1600 data request.

- Resources to Support the Frequency Performance Initiative**

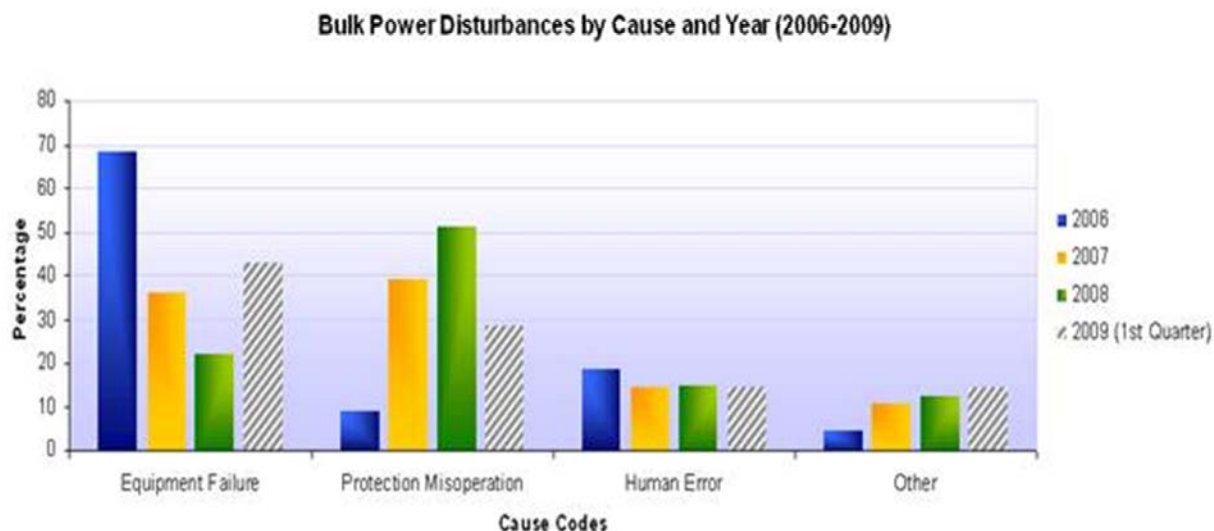
Declining frequency performance on the Eastern Interconnection has been flagged as an area of concern by NERC, the industry and FERC. The following chart shows the continuing decline in frequency response.



Emerging technologies, including new generation technologies, and new types of loads, as well as existing practices, may have impacted the frequency response of the interconnections. The impacts of these new technologies collectively in terms of frequency performance are not well understood. NERC must take the lead and coordinate the efforts of industry technical resources, standard drafting teams, and technical committees in assessing the current level of frequency response and what can be done in the short term as well as understand the long term implications of the new supply technologies and loads. This may lead to revisions to NERC's reliability standards to ensure adequate frequency performance and bulk power system reliability. Understanding and addressing this issue will require the support of industry experts.

- **Resources to Support the System Protection Initiative**

NERC's System Protection Initiative coordinates work to address the leading cause of system disturbances. In 2008, system protection mis-operations and failures was the single most common cause of system events. The following chart illustrates the increasing nature of protection system mis-operations on the number of system events



Efforts underway as part of this initiative include standards development, technical reference materials, outreach, and education. Based on work done to date, improved standards may be needed, and compliance activities focused on specific elements of standards that can reduce operational issues, including failures. .

- **Resources to Support System Modeling Improvements**

Recent event analyses have shown that flaws exist in existing system models and modeling practices. Initiatives have recently been undertaken to improve the modeling of generators and the transmission system, including power electronic devices, such as static-var compensators, statcoms, and back-to-back DC terminals. Additionally, these initiatives will promote and facilitate coordinated modeling of variable generation and other new technologies. Further, NERC often requires static and dynamic computer simulations of the bulk power system in order to analyze events, understand reliability risks, and provide input to NERC's reliability assessments.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Assessment and Performance Analysis					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 6,381,859	\$ 6,381,859	\$ 1	\$ 4,802,760	\$ (1,579,098)
Penalty Sanctions	-	-	-	1,238,108	1,238,108
Total NERC Funding	\$ 6,381,859	\$ 6,381,859	\$ 1	\$ 6,040,869	\$ (340,990)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	250,000	250,000	-	250,000	-
Workshops	-	-	-	-	-
Interest	-	-	-	1,460	1,460
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,631,859	\$ 6,631,859	\$ 1	\$ 6,292,329	\$ (339,529)
Expenses					
Personnel Expenses					
Salaries	\$ 2,146,240	\$ 1,570,536	\$ (575,704)	\$ 1,837,742	\$ (308,498)
Payroll Taxes	133,043	98,808	(34,235)	118,451	(14,592)
Benefits	264,460	203,552	(60,908)	261,835	(2,625)
Retirement Costs	307,407	222,604	(84,803)	261,410	(45,997)
Total Personnel Expenses	\$ 2,851,150	\$ 2,095,499	\$ (755,651)	\$ 2,479,439	\$ (371,711)
Meeting Expenses					
Meetings	\$ 200,000	\$ 100,000	\$ (100,000)	\$ 100,000	\$ (100,000)
Travel	420,000	300,000	(120,000)	326,250	(93,750)
Conference Calls	10,000	39,600	29,600	42,500	32,500
Total Meeting Expenses	\$ 630,000	\$ 439,600	\$ (190,400)	\$ 468,750	\$ (161,250)
Operating Expenses					
Consultants & Contracts	\$ 1,149,400	\$ 921,460	\$ (227,940)	\$ 1,160,000	\$ 10,600
Office Rent	-	-	-	-	-
Office Costs	51,650	94,143	42,493	123,700	72,050
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	68,129	-	(68,129)	68,129	-
Efficiency Savings	(129,952)	-	129,952	-	129,952
Total Operating Expenses	\$ 1,139,227	\$ 1,015,603	\$ (123,624)	\$ 1,351,829	\$ 212,602
Total Direct Expenses	\$ 4,620,377	\$ 3,550,702	\$ (1,069,676)	\$ 4,300,018	\$ (320,360)
Indirect Expenses	\$ 1,813,900	\$ 1,682,417	\$ (131,483)	\$ 1,827,800	\$ 13,899
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 91,261	\$ 91,261
Total Expenses	\$ 6,434,278	\$ 5,233,119	\$ (1,201,159)	\$ 6,219,079	\$ (215,199)
Change in Assets	\$ 197,581	\$ 1,398,740	\$ 1,201,159	\$ 73,251	\$ (124,330)
Fixed Assets					
Depreciation	(68,129)	-	68,129	(68,129)	-
Computer & Software CapEx	196,575	30,000	(166,575)	130,000	(66,575)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (128,446)	\$ (30,000)	\$ 98,446	\$ (61,871)	\$ 66,575
Allocation of Fixed Assets	\$ (69,135)	\$ (52,450)	\$ 16,685	(11,380)	\$ 57,755
Change in Fixed Assets	(197,581)	(82,450)	115,131	(73,251)	124,330
TOTAL CHANGE IN NET ASSETS	\$ (0)	\$ 1,316,290	\$ 1,316,290	\$ -	\$ 0

Training, Education, and Operator Certification

Training, Education and Operator Certification (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	6.75	6.25	(0.50)
Direct Expenses	\$ 1,919,226	\$ 2,045,538	\$ 126,312
Indirect Expenses	\$ 765,239	\$ 830,818	\$ 65,579
Other Non-Operating Expenses	\$ -	\$ 41,482	\$ 41,482
Inc(Dec) in Fixed Assets	\$ 29,166	\$ 5,173	\$ (23,993)
Total Funding Requirement	\$ 2,713,631	\$ 2,923,011	\$ 209,380

Program Scope and Functional Description

In 2011, NERC will enhance its training programs in response to the industry's recognition of the need for more and ongoing training opportunities for the auditors and investigators to achieve consistent application of the reliability standards identified in NERC's Three-Year ERO Performance Assessment. This will occur through the creation of a training academy where individuals responsible for these activities will receive the initial training necessary to conduct an audit, as well as on-going training and continuing education opportunities in the conduct of audits and investigation and application of the reliability standards.

Implementing the training academy for NERC and regional staff will also allow NERC to provide enhanced training and educational opportunities for Registered Entities. This training and education will include use of root-cause techniques and training on application of the reliability standards and compliance culture.

NERC's Training and Education Program provides training to NERC and regional personnel involved in compliance audits and investigations. Only through consistent training of all field personnel is it possible to provide for a consistent approach to audits and investigations conducted in the field.

NERC's System Operator Certification and Continuing Education programs ensure the personnel operating the bulk power system have the skills, training, and qualifications needed to operate the system reliably. NERC maintains the credentials for over 6,000 system operators, effectively licensing them to work in system control centers across North America.

NERC's system operator certification exam is designed to: test specific knowledge of job skills and reliability standards; and prepare operators to ensure standards are met and quickly and confidently react when unexpected situations occur. Once an operator passes the certification

exam, he or she is required to maintain certification through completing NERC-approved continuing education activities.

The certification exam is created by the Personnel Certification Governance Committee, a group of operational experts, trainers, and supervisors. Exams are updated on an 18-month cycle.

2011 Key Assumptions

- No significant changes are expected in system operator certification Continuing Education Hours requirements through 2013.
- The System Operator Certification Program and Continuing Education Program will continue to be self-funded through a fee based structure for the exams and applications for approval of continuing education activities.
- In response to NERC's Three-Year ERO Performance Assessment, NERC will need to (i) significantly increase the training and education opportunities for Registered Entities and (ii) provide enhanced training for auditors and investigators, at NERC and the Regional Entities, to improve consistency.

2011 Goals and Objectives

In response to NERC's Three-Year ERO Performance Assessment, training and education opportunities will be expanded for NERC and Regional Entity staff, Registered Entities and stakeholders. For Registered Entities, this training and education will focus on how to best comply with standards and improve bulk power system reliability. For NERC and regional staff, the training and education will focus on consistent audit and investigation techniques and standards application. The education priorities for 2011 will include:

- Critical Infrastructure Protection standards information;
- Creating teachable lessons-learned from past events;
- Effective compliance cultures with model compliance program and templates;
- Root cause analysis (as part of a culture of compliance);
- Quality improvement of registered entity self-reporting and self-certification;
- Currently-Monitored Standards;
- Reliability Assessment/ System Planning Fundamentals and Requirements; and
- Entity Registration Process, Issues, and Alternatives.

NERC will provide some of these learning opportunities through the compliance workshops hosted by the Regional Entities. NERC will also host workshops, webinars, classroom teaching, and the existing Design-a Course vendor to deliver education until implementation of the

SharePoint platform enables the development and widespread delivery of electronic learning in 2012.

NERC's Training and Education group will continue to develop and deliver a personnel development program to advance and improve the skills of NERC staff.

Resource Requirements

Personnel

The Training, Education, and Operator Certification Program workload has increased over the past two years as system operators have transitioned from maintaining credentials through exams to maintaining credentials through continuing education hours. Beyond NERC's system operator certification and continuing education functions, the education program also coordinates with communications in supporting NERC's efforts to provide learning opportunities to the electric industry on key reliability issues. One new FTE will be required to provide the additional training and educational opportunities discussed below. In addition, 0.25 FTE is budgeted to facilitate ongoing support of the System Operator Certification Program due to the anticipated retirement of the employee dedicated to supporting this program. The net reduction in FTEs in 2011 compared to 2010 in this Program area is due to the elimination of a dedicated FTE in this group to separately support training needs in the Standards Program, as well as the impact of including the resources associated with general employee training requirements under the Human Resources area instead of this Program area.

Specific areas of focus in 2011 for the added FTE will include:

- **Providing Better Education Opportunities for Stakeholders Seeking to Comply with NERC Standards**

NERC recognizes that developing standards and enforcing compliance are only part of what is needed to truly "ensure the reliability of the bulk power system in North America." As a result, NERC is working to provide more educational opportunities for stakeholders on reliability issues as well as its standards. NERC's monthly webinar series regularly hosts 500–600 industry participants and features speakers from across the industry. NERC is looking to employ similar mechanisms to educate the industry on priority standards and work with the trade associations to facilitate additional learning opportunities for stakeholders.

- **Supporting Efforts to Ensure Consistency in Compliance Auditing Across the Eight Regional Entities**

Providing a clear and consistent training platform for NERC and Regional Entity compliance auditors is a critical component of NERC's efforts to ensure consistency and efficiency in the execution of regionally-delegated ERO responsibilities. NERC will continue to provide these services, with specific focus on a training academy for auditors and investigators.

- **Contractor Expenses**

Contractor expenses are projected to decrease by approximately 14% over 2010 levels due to the completion of 2010 budgeted projects.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget

Training and Education

	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,502,381	\$ 1,502,381	\$ -	\$ 327,071	\$ (1,175,310)
Penalty Sanctions		-		562,777	562,777
Total NERC Funding	<u>\$ 1,502,381</u>	<u>\$ 1,502,381</u>	<u>\$ -</u>	<u>\$ 889,847</u>	<u>\$ (612,534)</u>
Membership Dues	-	-	-	-	-
Testing Fees	1,118,750	1,820,000	701,250	1,940,000	821,250
Services & Software	-	-	-	-	-
Workshops	92,500	92,500	-	92,500	-
Interest		-	-	664	664
Miscellaneous		-	-	-	-
Total Funding	<u>\$ 2,713,631</u>	<u>\$ 3,414,881</u>	<u>\$ 701,250</u>	<u>\$ 2,923,011</u>	<u>\$ 209,380</u>
Expenses					
Personnel Expenses					
Salaries	\$ 730,840	\$ 637,392	\$ (93,448)	\$ 815,066	\$ 84,226
Payroll Taxes	51,656	42,192	(9,464)	54,445	2,789
Benefits	103,427	76,397	(27,030)	119,092	15,665
Retirement Costs	102,347	79,693	(22,654)	114,877	12,530
Total Personnel Expenses	<u>\$ 988,270</u>	<u>\$ 835,675</u>	<u>\$ (152,595)</u>	<u>\$ 1,103,480</u>	<u>\$ 115,210</u>
Meeting Expenses					
Meetings	\$ 187,500	\$ 187,500	\$ -	\$ 278,000	\$ 90,500
Travel	72,225	38,500	(33,725)	48,000	(24,225)
Conference Calls	80,000	30,000	(50,000)	35,000	(45,000)
Total Meeting Expenses	<u>\$ 339,725</u>	<u>\$ 256,000</u>	<u>\$ (83,725)</u>	<u>\$ 361,000</u>	<u>\$ 21,275</u>
Operating Expenses					
Consultants & Contracts	\$ 563,800	\$ 462,800	\$ (101,000)	\$ 487,658	\$ (76,142)
Office Rent	-	-	-	-	-
Office Costs	59,300	79,400	20,100	93,400	34,100
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Efficiency Savings	(31,869)	-	31,869	-	31,869
Total Operating Expenses	<u>\$ 591,231</u>	<u>\$ 542,200</u>	<u>\$ (49,031)</u>	<u>\$ 581,058</u>	<u>\$ (10,173)</u>
Total Direct Expenses	<u>\$ 1,919,226</u>	<u>\$ 1,633,875</u>	<u>\$ (285,351)</u>	<u>\$ 2,045,538</u>	<u>\$ 126,312</u>
Indirect Expenses	<u>\$ 765,239</u>	<u>\$ 715,922</u>	<u>\$ (49,317)</u>	<u>\$ 830,818</u>	<u>\$ 65,579</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,482</u>	<u>\$ 41,482</u>
Total Expenses	<u>\$ 2,684,465</u>	<u>\$ 2,349,797</u>	<u>\$ (334,668)</u>	<u>\$ 2,917,838</u>	<u>\$ 233,373</u>
Change in Assets	<u>\$ 29,166</u>	<u>\$ 1,065,084</u>	<u>\$ 1,035,918</u>	<u>\$ 5,173</u>	<u>\$ (23,993)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ (29,166)	\$ (22,319)	6,847	(5,173)	\$ 23,993
Change in Fixed Assets	<u>(29,166)</u>	<u>(22,319)</u>	<u>6,847</u>	<u>(5,173)</u>	<u>23,993</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ 1,042,765</u>	<u>\$ 1,042,765</u>	<u>\$ (0)</u>	<u>\$ 0</u>

Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	9.75	25.83	16.08
Direct Expenses	\$ 7,047,345	\$ 10,789,469	\$ 3,742,124
Indirect Expenses	\$ 1,105,346	\$ 3,434,048	\$ 2,328,703
Other Non-Operating Expenses	-	\$ 171,460	\$ 171,460
Inc(Dec) in Fixed Assets	\$ (3,755)	\$ (24,504)	\$ (20,749)
Total Funding Requirement	\$ 8,148,935	\$ 14,370,473	\$ 6,221,538

Program Scope and Functional Description

This Program Area is divided into two departments, Situation Awareness and Critical Infrastructure Protection. The Situation Awareness department and resource needs are described first, followed by a discussion of the Critical Infrastructure Protection department.

Situation Awareness

The personnel in this group work closely with Situation Awareness personnel at the Regional Entities and governmental authorities, including FERC, to share information regarding system events and risks to the reliability of the Bulk-Power system through NERC's secure alert system and other communications as appropriate.

In 2011, NERC will begin to implement a common platform tool for the collection and display of system information from the Reliability Coordinators. This platform will allow NERC, the Regional Entities, and governmental authorities to collect and display information in common forms and formats. The single approach will help the industry by establishing a single data sharing process and protocol as opposed to multiple processes and protocols for NERC, Regions, and Governmental Authorities thereby eliminating duplication of efforts. The project is known as Situation Awareness for FERC, NERC, and Region Entities (SAFNR). FERC has provided NERC with its functional requirements for SAFNR, and NERC is currently using those requirements as a basis to develop functional specifications and requests for proposal, which will be issued in 2010 for work to be implemented in 2011. NERC has included estimated costs for SAFNR implementation, which, at \$750k, represent a significant portion of NERC's incremental contractor expenses in 2011 compared to 2010.

Situation Awareness is responsible for having information regarding current bulk power system vulnerabilities, system and cyber events, and providing information to key players. Additionally, the program is home to the ES-ISAC and monitors the bulk power system to provide real-time situation awareness leadership and coordination services to the electric industry.

The Situation Awareness function at NERC is also responsible for coordination of industry wide and other drills undertaken in conjunction with governmental authorities including the Department of Homeland Security in the United States.

2011 Key Assumptions

- NERC will continue to act as the ES-ISAC.
- Roughly 90 incidents will be reported to the ES-ISAC per month, consistent with current levels.
- Roughly 20 new security vulnerabilities will be discovered and require analysis and dissemination via alerts or awareness bulletins in 2011.
- NERC will begin implementation of the SAFNR project and operate to the agreed upon protocol procedure for all participants.
- NERC will continue to support the North American Synchro-phasor project, but will provide this support at reduced funding levels compared to the 2010 budget as a result of significant ongoing federal and private sector support.

2011 Goals and Objectives

- Continue improvements to NERC's secure alerting portal.
- Monitor SAFNR in real-time, and operate to the agreed open project protocol procedures.
- Work with the industry to drill and improve coordination during wide-area system disturbances.
- Deliver 30 lessons learned in 2011.
- Deliver 12 webinars or other similar educational opportunities for lessons learned.
- Establish a searchable knowledge management system for lessons learned.

Resource Requirements

Personnel

No additional personnel are projected for this group during 2011.

Contractor Expense

The SAFNR project will require significant external contractor and consulting resources to implement the processes and platform effectively. The SAFNR project is comprised of the following components:

- 1. Initial Development of Common Information Displays**

The initial development of common information displays will ensure that NERC, the Regional Entities and FERC will be viewing the same information at the same time. This

will eliminate any differences in information thereby eliminating the need for NERC, FERC, or a Regional Entity to obtain additional information from a reliability coordinator or other bulk-power system operator to explain differences in display information. This portion of the project includes the development of the necessary software and display interfaces as well as the overall project management.

2. Development of a Central Data Repository

System monitoring tools, including the SAFNR project, require secure data repositories since the information contained is generally Critical Energy Infrastructure Information (CEII). NERC will lead the development of a data historian system including its technical specification and design. To implement the central data repository will require the purchase of certain computer hardware and software along with licensing of the software. NERC expects to implement the data repository in 2011, requiring the identification and implementation of the necessary telecommunications to support the system.

NERC will explore and evaluate possible alternatives, such as using existing data historian infrastructure at reliability coordinator locations, in 2010 to limit the cost of data storage.

3. Development of Trending Tools

Development of information regarding emerging reliability issues will require the ability to trend information collected. Development of the processes and tools will be accomplished in 2011. This will include selection of the trending tools and their implementation on the SAFNR platform.

The 2011 budget for the SAFNR project reflects the set of requirements articulated by FERC to NERC. It is expected that the SAFNR Project Team, comprised of NERC, FERC, Regional Entities, and Reliability Coordinator representatives, will develop a final requirements specification in 2010 and, to the extent required, a revised forecast incorporated in the 2011 budget. Development of common information displays is a priority for FERC and NERC and this budget is independent of whether data collection is centralized or distributed. One of the goals of the joint SAFNR team will be to refine the strategic plan to the needs as delineated by cost and capability. Each Reliability Coordinator will incur costs related to collecting data for and interfacing with SAFNR; for example, purchasing digital security certificates. Data collection and display for Reliability Coordinators in Canada are excluded.

Situation Awareness Drills, Simulations, and Workshops

NERC will continue to conduct situation awareness drills, table top simulations, and workshops in 2011. These are often conducted in conjunction with the U.S. Department of Homeland Security, the U.S. Department of Energy, and the FERC in addition to various industry participants. NERC will need to assess the staffing to support this activity in conjunction with Educational Product Delivery should these activities become more frequent or more extensive than currently conducted.

Synchro-phasor Initiative

The Synchro-phasor initiative was initiated following the August 14, 2003 Northeast blackout. These devices can provide system operators with a critical indication of the health of the Bulk-Power system and help predict weakened areas of the system. A number of phasor measuring devices have been installed in the interconnections and data concentrators put in place. In 2010, NERC entered into a contract with the Grid Protection Alliance (GPA) to further advance and support the development and deployment of NASCON software and regional synchro-phasor technologies. This effort will continue to require resource support from NERC in 2011, but at a reduced level from 2010 based on the assumption that private sector and other funding sources will be available to carry this initiative forward. The 2011 budget assumes a reduction in funding in 2011 for the North American Synchro-Phasor Initiative (“NASPI”) to approximately 60% of the 2010 budget. Management has not finalized contract negotiations with GPA and its other NASPI consultants regarding 2011 funding requirements. To the extent necessary, working capital resources will be used to fund any amounts in excess of what has been included in the 2011 Consultants and Contracts budget for this initiative.

Educational Product Delivery

Developing reference material and providing one-time announcements, bulletins, and alerts is not enough to ensure on-going education of NERC and regional entity staff and industry stakeholders including key personnel of bulk power system owners, operators, and users. Effective education for lessons learned will require providing educational material on an on-going and repeated basis using a variety of product delivery mechanisms. These include written materials, webinars, workshops, seminars, web based self education, searchable databases, and material to assist regional and Registered Entities in developing their own educational programs.

An Educational Product Delivery group within the Engineering Operations organization will interface regularly with each group within the Operations and Engineering department, as well as from each of the program areas, to determine the educational material to be developed and delivered including bulletins, alerts, significant system event reports, etc. The role of this group is to develop the high quality documents necessary for the industry participants. The industry participants will have a good deal of input into the types and form of the documents, and educational materials developed and delivered. This group will also be responsible for leading the effort to create a knowledge management database of lessons learned that is part of the enterprise wide knowledge or information management platform allowing industry participants, regional and NERC staff, and others to access lessons learned and other information related to compliance with reliability standards.

Critical Infrastructure Protection

Critical Infrastructure Protection (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.00	14.50	11.50
Direct Expenses	\$ 577,445	\$ 4,290,028	\$ 3,712,583
Indirect Expenses	\$ 340,106	\$ 1,928,994	\$ 1,588,887
Other Non-Operating Expenses	-	\$ 96,237	\$ 96,237
Inc(Dec) in Fixed Assets		\$ 12,002	\$ 12,002
Total Funding Requirement	\$ 917,551	\$ 6,327,260	\$ 5,409,709

Program Scope and Functional Description

The Critical Infrastructure Protection (“CIP”) department is an expert-based organization designed to support NERC’s alignment of functions and program areas involving the CIP standards, while continuing to enhance the electric sector’s security posture through more effective information sharing, incident analysis, system-level risk assessment, and enhanced coordination between the industry and federal partners. Established in 2010, the CIP department consists of 11 employees who conduct a diverse set of activities in three primary functions areas: CIP Standards and Compliance support, risk management, and CIP policy development support and coordination. The CIP department supports various cross-program activities that include: CIP Standard technical position development including CIP Standards compliance application guidance, Technical Feasibility Exception (“TFE”) wide-area evaluation, technical expert audit support, standards development, and subject matter expert input into regulatory matters. The CIP department participates in many activities that span multiple federal agencies such as the Partnership for Critical Infrastructure Security, including multiple National Level exercises such as Cyberstorm and SecureGrid. Additionally, it supports various activities from International Standards setting bodies such as ISA, and national standards setting bodies such as NIST. Finally, the CIP department supports a wide array of information sharing activities throughout the electric sector including contributing to cyber security related situational awareness reports, developing best practices for industry to secure critical assets, sponsoring the monthly ES-ISAC call, and participating in the various US-CERT and ICS-CERT activities.

One of the key areas of focus of this group in 2010 is research and education to enhance the quality and outcomes of CIP audits, develop technically informed compliance guidance, registered entity cyber preparedness, and risk awareness through increased information sharing, evaluations, and lessons learned.

CIP personnel are responsible for leading NERC's efforts to coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America, the goal being to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure to ensure reliability. A paramount component of this effort is the development of credible security guidelines, industry warnings, and improved coordination with federal authorities across North America. To achieve this objective, NERC will conduct a more formal and ongoing assessment of bulk power system threats and actively engage government organizations to properly identify infrastructure protection concerns and assemble industry experts to validate and manage the landscape of physical and cyber security risks to the bulk power system. This effort includes the development of a common language to be used by NERC and stakeholders to classify security risks. This common language is essential to draw consistent and appropriate levels of attention and response. It will also include efforts to enhance the electricity sector's existing risk management strategies, as well as providing the appropriate context for evaluation in order to facilitate a more strategic approach to managing infrastructure protection risks.

NERC's CIP program interacts with the Electric Sector Coordinating Council (ESCC), Planning, Operating, Compliance, and Critical Infrastructure Protection Committees along with numerous subcommittees, working groups and task forces.

NERC recognizes the importance of properly resolving technical issues associated with CIP Standards compliance by providing greater transparency, consistency, and knowledge resources to support a strong culture of reliability through compliance that achieves enhanced security, across the industry. The focus of these efforts will be targeted to NERC, Regional Entities, and Registered Entities compliance programs, and support the continuous improvement of applicable standards.

In 2009 NERC completed basic auditor training for the CIP Standards and completed an initial educational initiative for Registered Entities. The audit deadlines for all 41 technical requirements in the CIP Standards provides an important opportunity in 2010 and 2011 to enhance Version 3 auditor training and proactively develop a high quality education initiative focused on the new version 4 CIP Standards.

2011 Key Assumptions

1. CIP activities will continue to increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will significantly increase by the end of the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the TFE program is implemented and the increase in scope as a result of Order No. 706B. NERC and Regional Entities will continue to evaluate resource needs over the next three years.
2. CIP V2 Technical Requirement Audits
 - a. Additional experience needed will include results of three pilot spot checks in 2010 of all 41 requirements.

- b. Current audits of the 12 requirements have been more involved than planned (more policy than technical and the few technical issues took a long time to develop positions, manage consistency and resolve)
 - c. Need to plan to visit Critical Assets (sample number based on types of assets, risk, and numbers) in the conduct of an audit (Substations for TO/TOPs and Generation Plants for GO/GOPs)
 3. Order 706B CMEP program implementation
 - a. Regional auditor qualification program participation for interested Regional Entities
 - b. Safeguards Information (SGI) training course completion
 - c. SGI background screening and sponsorship
 - d. NRC coordination training
 - e. NERC CMEP program development
 - f. Clarification of roles and responsibilities regarding any identified alleged violation
 4. NERC will undertake standards revisions clarifying the expectations of the CIP-002 risk-based methodology that results in a substantially expanded number of entities and standards to be monitored for CIP.
 5. CIP compliance application guidance is expected to be provided in greater volume and with greater expedience to Registered Entities. The ERO will employ a new coordination approach which leverages the Regional Entity experts under well informed program leadership at NERC.
 6. NERC and the Regional Entities will develop and support an education and implementation program to successfully implement version 4 of the CIP Standards. This is expected to be part of an overall education initiative. The education program will be based on a well developed audit plan and provide technical application guidance.
 7. NERC will work with the Regional Entities to enhance enterprise corporate knowledge management related to CIP policy and technical standards issue resolutions and decisions. This applies to compliance decisions and Technical Feasibility Exceptions.
 8. NERC will strengthen CIP partnership with U.S. and Canadian Government authorities to facilitate two-way information exchanges to enhance knowledge of critical infrastructure threats and risk. NERC will promote CIP incident reporting and work with the Regional Entities to conduct security event/incident analysis and improve security practices.
 9. NERC will collaborate with governmental organizations to develop CIP models, evaluate threats and address priority vulnerabilities.
 10. The TFE program will continue to require significant resources as Regional Entities perform reviews and gauge compensating measures as comparable to strict compliance. The program's scope was recently increased with the addition of two new CIP

requirements expanding the scope of acceptance reviews and approval evaluations. TFE approvals will result in compensating measure validation checks, quarterly reporting tracking and change management.

11. The addition of confidential processes will be necessary if the NERC Board directs development of a standard in response to a national security emergency situation that is deemed confidential and it is determined that information can only be shared on a “need to know” basis. This will require resources to develop an infrastructure to meet the obligations.
12. CIP-002-2 R1.0 and R2.0 sufficiency reviews are being planned for the 2011 Compliance Monitoring activities, which will require Regional Entity system expertise in an effort to enhance learning and prepare for the version 4 bulk power systems Cyber System identification.
13. The resource commitment required to conduct complete CIP audits is still being ascertained because auditors have little experience monitoring compliance with all 41 requirements. This includes the mechanics of conducting a sufficient audit and requires visiting an appropriate number of critical assets, as well as having the necessary expertise. (The ERO is just beginning to conduct pilot spot checks of all 41 requirements). Current audits of Table 1 entities for the 12 requirements have been more involved than planned due to the underlying technical issues with various technical issues such as architectures and technology applications/environments.
14. Order No. 706B CMEP program implementation in 2011 will require NERC and the Regional Entities to identify, train⁴ and qualify auditors in accordance with the NRC-NERC MOU to conduct compliance monitoring of GOs/GOPs with nuclear holdings.
15. NERC and Regional Entities will conduct ongoing evaluations of staffing and budget assumptions and needs regarding critical infrastructure protection, including HILF issues.

2011 Goals and Key Deliverables

There will be a significant growth in CIP demands in 2011, as NERC manages the monitoring of all forty one requirements of the existing version 3 CIP Standards and complies with additional CIP Standards orders (to include the Technical Feasibility Exception program and Order-706B requirements). A tighter focus for select CIP activities is expected in 2011. This includes re-organizing electricity sector CIP coordination bodies, the development of a BPS CIP policy statement, continued work on characterizing HILF risks, improving industry security risk communications, and providing more timely guidance and training on CIP Standards issues. The following is a list of key 2011 deliverables.

- Apply the policy framing NERC's scope and objectives in enhancing the physical and cyber protection of the bulk power system; provide policy inputs regarding the potential reliability impacts of smart grid initiatives; build awareness of HILF risks.

⁴ Training requirements include Safeguards Information handling, nuclear plant onsite procedures, and NRC coordination costs are included in the Compliance Operations budget.

- In consultation with stakeholders develop/validate CIP related reliability risk curves based on security incident data and qualitative threat assessment information to measure and communicate bulk power system risk.
- Continuing to work with government agencies in the U.S. and Canada to transform classified information regarding threats to the bulk power system into declassified information for industry action.
- Working jointly with regional entities, increase the transparency of CIP compliance processes and expectations; increase the consistency of CIP compliance program results among regions by deploying shared procedures, training and tools; improve risk-based approaches for auditing and spot checks to optimize resource utilization for reliability benefit; promote a culture of compliance excellence through education, transparency, information, and incentives.
- Establish a program with regional entities for the efficient monitoring of compliance with CIP standards by Registered Entities that come under the jurisdiction of the standards in accordance with the implementation plan.
- Develop and deliver CIP Version 4 advanced skills training for auditors to improve their performance, including CIP knowledge and soft-skills applications.
- Implement a program jointly with the regional entities to manage and report technical feasibility exceptions and prepare requirements and plans for the conduct of nuclear plant cyber security audits under the MOU with the Nuclear Regulatory Commission.
- Evaluate, track, and assess severity/risk and identify CIP associated reliability metrics.
- Conduct security incident analysis and work with industry experts to provide lessons learned and enhance the sector's security posture.
- Provide administrative support to the Critical Infrastructure Protection Committee (CIPC), support the Electricity Sub-Sector Coordinating Council (ESSC), working groups and task forces serving the Standing Committees.
- Provide support to BPS entities in development of adequate cyber risk preparedness exercises.
- Apply resources to improve education and outreach related to both CIP standards compliance and general security risk management. The CIP Department will partner with internal and external groups to offer low cost and high quality advanced auditor training, CIP education for Registered Entities, and technical cyber security training for NERC, regions, and registered entity staff.

Resource Requirements

Personnel

Four CIP specialists will be added in 2011 to support the anticipated standards work load and leverage gains made in 2010 regarding information sharing and risk management activities. The addition of these resources is required to further develop and implement the

program's risk management activities, meet federal coordination requirements in both the U.S. and Canada, and support the growing need for subject matter expert CIP Standards support. CIP staff will also:

- Triage and analyze significant cyber and physical security incidents. This program is focused on learning and will be integrated with the Engineering Operation's Event Analysis process.
- Assist in security focused risk management and security incident reporting analysis. CIP Risk Specialist will serve as the historian and capture and catalog all event/incident data, conduct bi-annual analysis of all incidents, and develop/validate incident descriptions, categories and measurements.
- Further improve ES-ISAC performance and more comprehensive vulnerability reporting.
- The CIP program will formalize the current HYDRA pilot to better leverage industry expertise in the evaluation, validation and mitigation of security risks.
- NERC will be signing agreements to have personnel be able to access and in specific times, man positions in the ICS CERT and at the DHS National Incident Coordination Center in Washington D.C.

The increase in CIP costs for 2011 compared to 2010 also reflects the transfer in 2010 of personnel to the CIP department from other program areas.

Contractor Expenses

The CIP program will provide subject matter experts to support the 2011 CMEP, which will include the observation of audits, high-impact spot checks, complex technical feasibility decision support and implementation of an applied program for Nuclear Power Plants in the United States. The CIP Department will ensure appropriate expert resources exist to properly process the growing number of CIP violations as registered entity compliance programs mature and more of the CIP requirements become effective for a larger group of Registered Entities.

NERC will augment its staff expertise in domains where it does not make sense to have fulltime employees. These Technical Security Experts will be used to support Complex TFE determinations, technical standards issues, Incident Analyses and support the ES-ISAC.

Incremental contracting expenses will also be needed to provide support and subject matter expertise in connection with several program initiatives and requirements in 2011, including:

1. Cyber Security Risk Management Programs, Tools, and Improve Outreach

NERC is working with industry stakeholders and federal partners to conduct and scale two important cyber threat information pilots in to 2011. NERC staff will organize and facilitate industry experts working with federal law enforcement, intelligence and homeland security agencies to identify relevant threat information, analyze vulnerabilities, and customize industry warnings and advisories. The investments in this

area will result in a significant improvement in the quality and relevance of actionable information. The following resources are needed in 2011:

Threat Assessment:

- Tools and Taxonomy - Threat assessment, incident reports, and attack tree tools are data intensive, requiring organization of incident reporting data, validation and assessment. To provide an analytical tool set and framework, NERC will purchase an annual license and maintenance for threat/incident assessment tools and select security intelligence services. These expenses represent approximately 6% of the CIP contractor budget.
- Scaling 2010 DOE and DHS threat information pilots – In 2010 NERC will have entered into MOU's with both DOE and DHS in order to bring more actionable threat information out to the BPS entities. This work will involve implementing DHS and DOE tools for information sharing. This cost will be in both infrastructures and processing, to include contract support to develop information distribution mechanisms. These expenses represent approximately 6% of the CIP contractor budget.

Program Tools & Support:

- The CIP Department requires contractor funding to support continued secure communications with our Federal partners and within the various sensitive projects that CIP oversees or manages. This work includes the development and distribution of specialized forensic CD's as well as encryption support tailored to work with the Federal Partners. These expenses represent about 6% of the CIP contractor budget.

ES-ISAC Tools:

- NERC will complete a re-design of the ES-ISAC webpage and further integrate the NERC Secure Notification System.
- Establish a protocol and appropriate agreements with DHS, DOE, FERC, and the Canadian counterparts to these to ensure comprehensive cyber security threat analysis and risk assessment is available to NERC from a consolidated government voice, with industry users, owners, and operators able to participate directly.
- The cost for the tools to accomplish these objectives is estimated at an amount representing approximately 8% of the CIP contractor budget.

HILF:

- Based on the results of NERC's 2009 High Impact, Low Frequency (HILF) workshop, investigation has begun in 2010 to assess the reliability affects from coordinated attacks, electromagnetic pulse (EMP) and geomagnetic disturbances (GMD). To respond, in 2011 the CIP program will:

- Work with the Reliability Assessment Program and subject matter experts to support simulations and studies.
- Support CIP focused operational exercises and restoration drills to include multi-agency exercises, such as Secure Grid 2011 and National Level Exercise 2011.
- The cost for this CIP program area is estimated at an amount representing approximately 9% of the CIP contractor budget and is similar to projected 2010 spending.

Cyber Risk Preparedness:

- Establish a continuing outreach effort to further the CRPA use throughout the BPS. This budget line item will be funded at the same level as our 2010 budget. The 2011 effort will involve at least one additional multi-entity CIP workshop and three actual entity assessments. The remaining budget for this item is for revisions and incorporation of user feedback into the evolving CRPA toolkit. These figures represent 32% of the CIP contractor budget and are based on best estimates from past experiences with both workshops and actual assessments done at two entities.

Technical Security Experts:

- Support from these contracted personnel will be used across multiple CIP Program areas, to include TFE determinations, CIP investigations, security incident analysis, and vulnerability evaluations. This budget line item is reduced from 2010 projected expenditures by approximately \$100K. The cost for this support is based on vendor estimates and experience and is estimated at an amount representing approximately 16% of the CIP contractor budget.

2. Enhanced CIP Standards Development and Compliance Support

NERC is working to achieve successful implementation of and industry compliance with the Critical Infrastructure Protection Standards. These important efforts include working across NERC program areas to provide enhanced auditor training and capability, consistent implementation, and communication with Registered Entities. NERC has already completed a review of its standards process to support the development of future CIP standards and respond to urgent security concerns. This review was conducted by NERC staff and the Board of Trustees in coordination with the Standards Committee. The review has identified changes that are in development to enhance formal notification mechanisms that rely upon existing authorities under NERC's rules of procedure and to make modifications for the development of emergency CIP standards. The recommended changes are designed to provide a level of due process and technical review, but also provide the necessary speed and confidentiality to address national security concerns. The following resources are needed in 2011:

- The addition of one CIP Standards Specialist, one CIP Compliance Specialist, and a Program Manager for Order-706B to support a growing work demand resulting from

CIP compliance, technical feasibility exceptions, and the preparation of the CMEP associated with Order 706B.

CIP Staff will proactively work with the regions to develop training and the necessary guidance to support the new Version 4 CIP Standards. CIP expects to collect and analyze information on CIP 002 status twice a year. This represents about 9% of the CIP contractor budget.

TFE Wide Area and Catalogue: TFE wide area reporting and cataloging of TFE's will require an investment to develop analytical reports to support FERC directed annual report completion and provide a tool to manage consistency across the eight NERC regions. This expenditure represents about 8% of the total CIP contractor budget.

The total CIP Consultant and Contracts expense in 2011 is budgeted at \$635K, representing a net increase of 185K over the 2010 budget for CIP contractors and consultants.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Situation Awareness and Infrastructure Security					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 8,148,935	\$ 8,148,935	\$ -	\$ 12,041,586	\$ 3,892,651
Penalty Sanctions	-	-	-	2,326,143	2,326,143
Total NERC Funding	\$ 8,148,935	\$ 8,148,935	\$ -	\$ 14,367,729	\$ 6,218,794
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	2,743	2,743
Miscellaneous	-	-	-	-	-
Total Funding	\$ 8,148,935	\$ 8,148,935	\$ -	\$ 14,370,473	\$ 6,221,538
Expenses					
Personnel Expenses					
Salaries	\$ 1,453,624	\$ 2,783,131	\$ 1,329,507	\$ 4,048,115	\$ 2,594,491
Payroll Taxes	87,221	177,230	90,009	232,389	145,168
Benefits	155,987	302,547	146,560	508,661	352,674
Retirement Costs	197,761	368,688	170,927	555,278	357,517
Total Personnel Expenses	\$ 1,894,594	\$ 3,631,596	\$ 1,737,003	\$ 5,344,443	\$ 3,449,850
Meeting Expenses					
Meetings	\$ 300,000	\$ 250,000	\$ (50,000)	\$ 135,000	\$ (165,000)
Travel	220,161	417,000	196,839	579,833	359,672
Conference Calls	-	24,000	24,000	10,200	10,200
Total Meeting Expenses	\$ 520,161	\$ 691,000	\$ 170,839	\$ 725,033	\$ 204,872
Operating Expenses					
Consultants & Contracts	\$ 4,606,157	\$ 4,705,157	\$ 99,000	\$ 4,581,558	\$ (24,599)
Office Rent	-	-	-	-	-
Office Costs	148,000	71,780	(76,220)	92,550	(55,450)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	45,884	45,884	-	45,884	-
Efficiency Savings	(167,451)	-	167,451	-	167,451
Total Operating Expenses	\$ 4,632,590	\$ 4,822,821	\$ 190,231	\$ 4,719,992	\$ 87,402
Total Direct Expenses	\$ 7,047,345	\$ 9,145,417	\$ 2,098,073	\$ 10,789,469	\$ 3,742,125
Indirect Expenses	\$ 1,105,346	\$ 1,105,346	\$ -	\$ 3,434,048	\$ 2,328,703
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 171,460	\$ 171,460
Total Expenses	\$ 8,152,690	\$ 10,250,763	\$ 2,098,073	\$ 14,394,977	\$ 6,242,288
Change in Assets	\$ (3,755)	\$ (2,101,828)	\$ (2,098,073)	\$ (24,504)	\$ (20,750)
Fixed Assets					
Depreciation	(45,884)	(45,884)	-	(45,884)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ 45,884	\$ 45,884	\$ -	\$ 45,884	\$ -
Allocation of Fixed Assets	\$ (42,129)	\$ (79,977)	(37,848)	(21,380)	20,749
Change in Fixed Assets	3,755	(34,093)	(37,848)	24,504	20,749
TOTAL CHANGE IN NET ASSETS	\$ (0)	\$ (2,135,921)	\$ (2,135,921)	\$ (0)	\$ (1)

Administrative Services

Administrative Services (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	35.75	37.75	2.00
Total Direct Expenses	\$ 12,482,867	\$ 15,021,192	\$ 2,538,324
Inc(Dec) in Fixed Assets	\$ 393,729	\$ 93,519	\$ (300,210)
Less: Other Funding Sources	\$ (1,627,808)		\$ 1,627,808
Total Allocation to Statutory Programs as Indirect Expenses	\$ 11,248,788	\$ 15,114,711	\$ 3,865,922
Funding Requirement for Working Capital	\$ 469,044	\$ 5,000,000	\$ 4,530,957

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 indirect expenses across NERC's other program areas.

2010 Assumptions and Cost Impacts

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

The \$3.9M increase in total direct expenses is primarily the result of:

- The spin-off of the Transmission Owners and Operators Forum which was funded by membership dues (\$1.6M);
- The loss of recovery of the overhead that was allocated to the Transmission Owners and Operators Forum and funded by its membership dues (\$300k);
- Increased funding requirements for both personnel and consultants to support information technology as previously discussed on page 22 and as noted below in the Information Technology section (\$1.1M); and
- Increases in office costs and professional fees as explained below in the General and Administrative and Information Technology sections (\$1.3M).

Technical Committees and Members' Forum Program

Technical Committees and Member Forums (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	5.00	-	(5.00)
Total Direct Expenses	\$ 1,617,808	\$ -	\$ (1,617,808)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ 0	\$ -	\$ (0)

Program Scope and Functional Description

In 2010, the description of and budget items reflected in this program area was limited to the Transmission Owners and Operators Forum. The 2011 budget reflects the removal of the Transmission Owners and Operators Forum ("TOOF") from NERC's business plan and budget. TOOF ceased operations at the end of 2009 and its leadership formed a successor organization, the North American Transmission Forum, Inc., which operates independently from NERC.

The following description summarizes the activities of NERC's operating and planning committees and related subcommittees. Costs associated with these activities are budgeted in the program areas in which the personnel supporting these activities are presently assigned. Management continues to evaluate whether in the future it would be beneficial to remove these costs from the applicable program area and consolidate them under this program area in order to better manage the costs associated with supporting these committee activities.

One of NERC's greatest resources has been its ability to garner industry expertise to achieve its goals. Much of this occurs through the NERC Operating and Planning Committees.

Each of these committees plays a key role in providing technical expertise to the analysis and investigation of system events, taking a lead role in reliability initiatives established by NERC to address key reliability issues arising from system events or other emerging reliability issues and trends, and serving as a technical resource for the development of reliability standards. From the initiatives comes the need to interface with standards development and with training and education to provide the industry with guidance and tools to understand the implementation of each reliability standard.

These committees are comprised of a number of highly technical sub-committees to support the NERC mission and goals.

NERC will engage those committees in activities important to reliability and critical to NERC's mission as identified in the 2011 corporate goals.

These committees also play a key role in reviewing all lessons learned and alerts to be published by NERC.

NERC also has a role in coordinating and having a key presence in other significant industry groups. These include the Institute of Electrical and Electronic Engineers (IEEE). IEEE is the world's largest professional association advancing innovation and technological excellence. IEEE is the trusted "voice" for engineering, computing and technology information around the globe. NERC will maintain its coordination with the appropriate IEEE groups in 2011 and will re-engage with the Conseil International des Grands Reseauz Electriques (CIGRE) or International Council on Large Electric Systems. Much of what NERC and the industry is experiencing in the United States related to reliability may also be occurring worldwide. For example, the integration of emerging technologies such as modern wind turbines is occurring worldwide. The knowledge and understanding of issues and emerging reliability trends requires an understanding of lessons learned throughout the world.

2011 Assumptions and Cost Impacts

- The technical committees will continue to meet 3 to 4 times per year.
- The technical subcommittees will continue to use meeting space provided by industry participants to the extent practical.
- NERC's technical committees will support the NERC goals as directed by the NERC board.
- NERC's technical committees and subcommittees will continue to require staff support to effectively conduct their meetings.

2011 Goals and Objectives

- Hold highly effective meetings focused on NERC's mission and corporate goals.
- Review lessons learned and support the delivery of training materials to the industry on lessons learned and reliability standard application.
- Provide support to the technical reliability initiatives undertaken by NERC.
- Serve as NERC's volunteer technical expertise in support of its mission and goals.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Technical Committees and Member Forums					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	1,617,808	-	(1,617,808)	-	(1,617,808)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,617,808	\$ -	\$ (1,617,808)	\$ -	\$ (1,617,808)
Expenses					
Personnel Expenses					
Salaries	\$ 839,989	\$ -	\$ (839,989)	\$ -	\$ (839,989)
Payroll Taxes	46,349	-	(46,349)	-	(46,349)
Benefits	77,775	-	(77,775)	-	(77,775)
Retirement Costs	118,695	-	(118,695)	-	(118,695)
Total Personnel Expenses	\$ 1,082,808	\$ -	\$ (1,082,808)	\$ -	\$ (1,082,808)
Meeting Expenses					
Meetings	\$ 30,000	\$ -	\$ (30,000)	\$ -	\$ (30,000)
Travel	78,000	-	(78,000)	-	(78,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 108,000	\$ -	\$ (108,000)	\$ -	\$ (108,000)
Operating Expenses					
Consultants & Contracts	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ (300,000)
Office Rent	-	-	-	-	-
Office Costs	59,000	-	(59,000)	-	(59,000)
Professional Services	68,000	-	(68,000)	-	(68,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Efficiency Savings	-	-	-	-	-
Total Operating Expenses	\$ 427,000	\$ -	\$ (427,000)	\$ -	\$ (427,000)
Total Direct Expenses	\$ 1,617,808	\$ -	\$ (1,617,808)	\$ -	\$ (1,617,808)
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,617,808	\$ -	\$ (1,617,808)	\$ -	\$ (1,617,808)
Change in Assets	\$ 0	\$ -	\$ (0)	\$ -	\$ (0)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ -	\$ (0)	\$ -	\$ (0)

General and Administrative

General and Administrative (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	4.00	7.00	3.00
Total Direct Expenses	\$ 3,768,311	\$ 5,296,384	\$ 1,528,074
Inc(Dec) in Fixed Assets	\$ 4,714	\$ (95,286)	\$ (100,000)
Working Capital Requirement	\$ 469,043	\$ 5,000,000	\$ 4,530,957

Program Scope and Functional Description

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

2011 Assumptions and Cost Impacts

Total direct expenses for the General and Administrative area are increasing by \$1.5M, primarily related to increased personnel and operating expenses. Increases in personnel expenses of \$871k are the result of adding two FTEs and the expansion of the roles and responsibilities other staff in this area. Operating expenses are increasing \$528k as a result of the following:

- The elimination of \$300k in revenue from the Transmission Owners and Operators Forum to compensate NERC for administrative support (reflected under Consultants and Contracts on the following Statement of Activities);
- An reduction of \$190k in office costs which is primarily the result of transferring the budget for telecommunications capabilities to Information Technology in 2010; and
- An increase in trustee compensation based upon market analysis performed in 2010 and provisions for trustee search fees.

In addition to the increase in direct expenses, NERC will also require \$5.0M to fund a working capital reserve. In its 2010 budget, NERC eliminated funding for a cash working capital reserve in order to limit the overall increase in its budget and assessments. NERC believes it is prudent to reestablish this reserve in light of the growth in the size of the organization, its cash flow requirements and the potential for unanticipated short-term resource needs driven by potential governmental directives, industry needs or litigation that could potentially arise in connection with enforcement actions.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
General and Administrative					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 469,043	\$ 469,043	\$ -	\$ 5,000,000	\$ 4,530,957
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ 469,043	\$ 469,043	\$ -	\$ 5,000,000	\$ 4,530,957
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	10,000	10,000	-	-	(10,000)
Miscellaneous	-	-	-	-	-
Total Funding	\$ 479,043	\$ 479,043	\$ -	\$ 5,000,000	\$ 4,520,957
Expenses					
Personnel Expenses					
Salaries	\$ 870,200	\$ 1,488,254	\$ 618,054	\$ 1,501,010	\$ 630,810
Payroll Taxes	39,376	62,849	23,473	64,219	24,844
Benefits	141,485	185,359	43,874	226,508	85,023
Retirement Costs	112,630	207,590	94,960	242,792	130,162
Total Personnel Expenses	\$ 1,163,691	\$ 1,944,052	\$ 780,361	\$ 2,034,529	\$ 870,839
Meeting Expenses					
Meetings	\$ 172,200	\$ 225,000	\$ 52,800	\$ 225,000	\$ 52,800
Travel	168,500	233,400	64,900	268,120	99,620
Conference Calls	85,000	85,000	-	61,800	(23,200)
Total Meeting Expenses	\$ 425,700	\$ 543,400	\$ 117,700	\$ 554,920	\$ 129,220
Operating Expenses					
Consultants & Contracts	\$ (300,000)	\$ 325,000	\$ 625,000	\$ -	\$ 300,000
Office Rent	967,134	1,018,033	50,900	1,020,151	53,018
Office Costs	597,500	837,700	240,200	407,498	(190,002)
Professional Services	815,000	940,000	125,000	1,180,000	365,000
Miscellaneous	4,000	10,000	6,000	4,000	-
Depreciation	95,286	95,286	-	95,286	-
Efficiency Savings	-	-	-	-	-
Total Operating Expenses	\$ 2,178,920	\$ 3,226,019	\$ 1,047,100	\$ 2,706,935	\$ 528,016
Total Direct Expenses	\$ 3,768,311	\$ 5,713,471	\$ 1,945,160	\$ 5,296,384	\$ 1,528,074
Indirect Expenses	\$ (3,758,310)	\$ (5,703,470)	\$ (1,945,160)	\$ (5,296,384)	\$ (1,538,074)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 10,000	\$ 10,001	\$ 0	\$ -	\$ (10,000)
Change in Assets	\$ 469,043	\$ 469,043	\$ (0)	\$ 5,000,000	\$ 4,530,956
Fixed Assets					
Depreciation	(95,286)	(95,286)	-	(95,286)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	100,000	100,000	-	-	(100,000)
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (4,714)	\$ (4,714)	\$ -	\$ 95,286	\$ 100,000
Allocation of Fixed Assets	\$ 4,714	\$ 4,714	-	(95,286)	(100,000)
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ 469,043	\$ 469,043	\$ (0)	\$ 5,000,000	\$ 4,530,956

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	7.00	8.00	1.00
Total Direct Expenses	\$ 2,333,329	\$ 2,734,875	\$ 401,546
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2011 Assumptions and Cost Impacts

A paralegal was added in 2011 to assist with the increased legal and regulatory workload. Professional services costs were also increased to reflect increased volume and complexity of required filings with governmental authorities, as well as corporate matters arising from day to day operations.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget

Legal and Regulatory

Funding	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 1,237,000	\$ 1,276,576	\$ 39,576	\$ 1,400,014	\$ 163,014
Payroll Taxes	61,813	62,584	771	68,780	6,967
Benefits	134,415	142,702	8,287	179,908	45,493
Retirement Costs	159,601	185,174	25,573	200,552	40,951
Total Personnel Expenses	<u>\$ 1,592,829</u>	<u>\$ 1,667,036</u>	<u>\$ 74,207</u>	<u>\$ 1,849,255</u>	<u>\$ 256,426</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Travel	65,000	49,000	(16,000)	50,500	(14,500)
Conference Calls	-	-	-	1,500	1,500
Total Meeting Expenses	<u>\$ 65,000</u>	<u>\$ 49,000</u>	<u>\$ (16,000)</u>	<u>\$ 57,000</u>	<u>\$ (8,000)</u>
Operating Expenses					
Consultants & Contracts	\$ 108,000	\$ 108,000	\$ -	\$ 135,000	\$ 27,000
Office Rent	-	-	-	-	-
Office Costs	17,500	21,700	4,200	28,620	11,120
Professional Services	550,000	595,000	45,000	665,000	115,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Efficiency Savings	-	-	-	-	-
Total Operating Expenses	<u>\$ 675,500</u>	<u>\$ 724,700</u>	<u>\$ 49,200</u>	<u>\$ 828,620</u>	<u>\$ 153,120</u>
Total Direct Expenses	<u>\$ 2,333,329</u>	<u>\$ 2,440,736</u>	<u>\$ 107,407</u>	<u>\$ 2,734,875</u>	<u>\$ 401,546</u>
Indirect Expenses	<u>\$ (2,333,329)</u>	<u>\$ (2,440,736)</u>	<u>\$ (107,407)</u>	<u>\$ (2,734,875)</u>	<u>\$ (401,546)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 0</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	-	\$ -	-	-	-
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>

Information Technology

Information Technology (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	7.75	10.75	3.00
Total Direct Expenses	\$ 2,519,307	\$ 4,539,253	\$ 2,019,945
Inc(Dec) in Fixed Assets	\$ 390,765	\$ 190,555	\$ (200,210)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

Information Technology (IT) is a strategic, mission-enabling function within NERC. IT is responsible for the design, procurement, implementation, and management of NERC's technology infrastructure, including network servers, databases, applications, and telecommunications, and for implementing and managing logical and physical security controls to protect critical business assets. Application development and similar technology initiatives are managed by IT staff in close coordination with relevant program staff, consultants, and vendors.

Staff in this program area also support, manage, and maintain a number of reliability tools and related infrastructure on behalf of the industry.

Recognizing the role of technology in the success of the ERO and in response to stakeholder feedback, NERC has placed a renewed emphasis in the IT area. Executive leadership has established an object give for NERC to unify infrastructure and systems across common lines of business in the ERO enterprise. To achieve this vision, reorganization, redesign, and, and re-engineering will be necessary. A new ERO-enterprise model for IT policy setting and decision-making will be critical to nurture and mature this strategic vision.

2011 Key Assumptions

- NERC will continue to maintain its current tools, technologies, and infrastructure, with the exception of those technology additions required in connection with the relocation of NERC's headquarters which will be funded through working capital reserves and funds in the non-operating expenses set aside as described in the Introduction and Executive Summary.
- NERC will require additional investment in technology and security to meet 2011 IT-related goals and objectives of its program areas.
- NERC, working collaboratively with the Regional Entities, will undertake new initiatives designed to move the ERO enterprise technology vision forward.

- Additional Information Technology personnel will be required to meet the long-term goals and objectives of the ERO.

2011 Goals and Key Deliverables

1. Establish a new IT project management model to ensure alignment of tools and technology with ERO goals and priorities.
2. With the Regional Entities, begin developing a common, enterprise-wide technology model that embraces the requirements of Regions and stakeholders for reliable, secure, efficient, and cost-effective systems and services. Integrate existing infrastructure, systems, and applications across NERC and the Regions, as possible, to expedite development and to provide a seamless experience for users. A third-party will be hired to facilitate requirements gathering and to develop recommendations for technology design and architecture. Deliverables will include an enterprise information management requirements document, creation of a detailed enterprise architecture specification, and preparation of an implementation timeline.
3. Upgrade data backup system to a more robust electronic system to improve backup and restoration abilities.
4. Migrate the primary computing location to a hosted, third-party data center to improve infrastructure availability and reliability.
5. Implement Phase 2 development of the Situation Awareness — FERC, NERC, Regions (SAFNR) software application per approved specification. (The costs associated with SAFNR are recorded in Situation Awareness.)
6. Introduce incremental improvements to the Compliance Reporting and Tracking System to accommodate new business requirements and ensure operability.
7. Manage the IT projects related to Standards Registered Ballot Body enhancements, performance metrics data management system, and Spare Equipment Database to ensure on-time delivery within allocated budgets.
8. Enhance NERC's web site to add functionality and improve user satisfaction. Continue to introduce new functionality supported by NERC's SharePoint platform, including new collaboration tools and automated content management in the areas of Standards, Reliability Assessments, and Operations and Engineering. A third-party will provide programming support.
9. Acquire additional controls necessary to meet the physical and logical security of high-value business assets, including information pertaining to Technical Feasibility Exceptions, Order 706B initiatives, and Event Analysis and Investigation.

Funding Requirements

To accomplish the goals and objectives described above, additional resources will be required. Significant increases are described below.

Consultants and Contractors

Increases in this area reflect 1) technology integration specification, design and development initiatives; 2) relocation of NERC's data center, and 3) programming support and security enhancements and assessments.

NERC will hire an experienced consultant to facilitate requirements gathering and to develop recommendations for technology design and architecture. It is estimated that this work will take up to six months to complete and will require a team to accomplish the envisioned scope of work. Face-to-face meetings with NERC and Regional staff will be required in the conduct of this work. The projected contractor and consulting costs required to accomplish this goal is \$400,000. Historically NERC has self-hosted its primary computing facilities within its commercial office space. To minimize the risk of potential downtime due to the loss of power or telecommunications, it is necessary to relocate NERC's computing facility to a world-class data center. This will ensure on-site backup power, appropriately scaled fire prevention systems and other protection systems. Start up costs of migrating systems and hosting is estimated at \$225,000. It is anticipated that moving to a data center will reduce overall IT expenses over the next three years.

In 2010, a total of \$217,000 was allocated for programming support and security assessment. For 2011, \$100,000 has been budgeted for programming support and \$200,000 for security assessments. The additional funds will provide for web site enhancements and SharePoint expansion and for additional security testing, validation and controls required to bring new applications on line (e.g., Spare Equipment Database, performance metrics data management system, TFE, and Order 706B), respectively.

Personnel

Additional Information Technology personnel will be required to meet the long-term goals and objectives of the ERO. Specifically, IT requires additional dedicated staff to manage NERC's web site, to provide help desk support, and to manage technology projects:

Web Site Administrator — This FTE will be responsible for the support and maintenance of NERC's web sites and will work closely with Communications personnel to create and manage web site content. This FTE also will be responsible for interfacing with external and internal users to address web site questions and provide similar Help Desk services. Finally, this FTE will work closely with NERC's IT SharePoint administrator to ensure work flow integration and document management goals are met. Historically, web site administration has been split between information technology and communications personnel. Recent organizational changes have exposed inefficiencies with this model. Moving the responsibility fully into IT provides the focus necessary to support this important business asset, particularly as its use is expanded to facilitate greater interactions with stakeholders, Regional Entities and governmental authorities.

- Project Manager — This FTE will be responsible for managing all stages of complex IT projects including business analysis and design, budgeting, scheduling and status tracking, and final acceptance testing.

NERC currently employs one person to manage all IT projects across all program areas. The number of projects has grown significantly during the last several years (e.g. CRATS), and will continue to do so (technology integration.) Bringing additional dedicated project management expertise to bear will be essential to meeting the expectations of internal and external users.

- Help Desk Specialist — This FTE will be responsible for providing end-user support to staff in NERC’s Washington D.C. office, which does not have any on-site IT support personnel.

NERC currently employs two help desk specialists, who support all NERC staff, as well as external users. These two employees also are responsible for IT procurement and inventory tracking, and serve as backups to NERC’s IT Network Administrator and Systems Administrator.

The staffing increases at NERC, in the D.C. office particularly, dictate the addition of help desk personnel.

Office Costs

Telecommunications expenses have historically been budgeted as part of General and Administrative, but have been moved to Information Technology to reflect managerial responsibilities for these costs. Added telecommunications capabilities will increase the budget approximately \$434k over 2010. (Refer to “Internet” on Table B-7, page 103) Other increases in costs are primarily personnel driven, and include the cost of computers, software and computer supplies for added FTEs; the cost of telephone expense, which includes cell phones and mobile broadband service; and in increase in software maintenance agreements.

Human Resources

Human Resources (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.50	5.50	2.00
Total Direct Expenses	\$ 1,008,912	\$ 1,241,500	\$ 232,588
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2011 Assumptions and Cost Impacts

- \$96K for employment agency fees, temporary office services and background checks for new hires and current employees (required to conduct new background check every 7 years).
- \$250k for education reimbursement and for relocation expenses associated with new hires.
- \$250k for executive staff development, training and recruiting.

2011 Goals and Objectives

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

Personnel Expenses

The 2011 budget reflects additional personnel costs support expanding Human Resources and administrative support requirements. While two additional full time FTEs are budgeted to support administrative and human resource requirements, NERC will continue to evaluate the benefits and costs of providing this additional support through a third party service provider.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget

Human Resources

Funding	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 384,337	\$ 421,943	\$ 37,606	\$ 510,267	\$ 125,930
Payroll Taxes	22,206	24,606	2,400	31,354	9,148
Benefits	202,560	220,905	18,345	357,134	154,574
Retirement Costs	41,809	47,392	5,583	58,320	16,511
Total Personnel Expenses	<u>\$ 650,912</u>	<u>\$ 714,846</u>	<u>\$ 63,934</u>	<u>\$ 957,076</u>	<u>\$ 306,164</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Travel	5,000	6,000	1,000	6,000	1,000
Conference Calls	-	-	-	600	600
Total Meeting Expenses	<u>\$ 5,000</u>	<u>\$ 6,000</u>	<u>\$ 1,000</u>	<u>\$ 8,600</u>	<u>\$ 3,600</u>
Operating Expenses					
Consultants & Contracts	\$ 350,000	\$ 300,000	\$ (50,000)	\$ 250,000	\$ (100,000)
Office Rent	-	-	-	-	-
Office Costs	3,000	7,720	4,720	10,970	7,970
Professional Services	-	11,543	11,543	14,854	14,854
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Efficiency Savings	-	-	-	-	-
Total Operating Expenses	<u>\$ 353,000</u>	<u>\$ 319,263</u>	<u>\$ (33,738)</u>	<u>\$ 275,824</u>	<u>\$ (77,176)</u>
Total Direct Expenses	<u>\$ 1,008,912</u>	<u>\$ 1,040,108</u>	<u>\$ 31,196</u>	<u>\$ 1,241,500</u>	<u>\$ 232,588</u>
Indirect Expenses	<u>\$ (1,008,912)</u>	<u>\$ (1,040,108)</u>	<u>\$ (31,196)</u>	<u>\$ (1,241,500)</u>	<u>\$ (232,588)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	20,000	-	(20,000)	-	(20,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Allocation of Fixed Assets	\$ 20,000	\$ -	\$ (20,000)	-	(20,000)
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	8.50	6.50	(2.00)
Total Direct Expenses	\$ 1,235,201	\$ 1,209,180	\$ (26,021)
Inc(Dec) in Fixed Assets	\$ (1,750)	\$ (1,750)	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2011 Resource Requirements

A CPA was added to the finance staff in 2010 to support movement from a quarterly to monthly closing process, which was recommended by the company's outside auditors and supported by management as a means to increase operational efficiency. This will also facilitate the preparation of monthly budget variance reports for management and the implementation of additional cost control procedures. Also in 2010, one employee was transferred to provide administrative support to the Standards Program area and another employee was transferred to the Operations and Engineering group to provide support to the Situation Awareness and Infrastructure Security Program area.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Finance and Accounting					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 812,808	\$ 749,767	\$ (63,040)	\$ 772,260	\$ (40,547)
Payroll Taxes	54,854	45,733	(9,121)	46,591	(8,263)
Benefits	129,142	100,867	(28,275)	130,997	1,855
Retirement Costs	109,647	104,311	(5,336)	111,483	1,836
Total Personnel Expenses	\$ 1,106,451	\$ 1,000,679	\$ (105,771)	\$ 1,061,330	\$ (45,120)
Meeting Expenses					
Meetings	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -
Travel	19,000	25,500	6,500	25,500	6,500
Conference Calls	-	-	-	1,200	1,200
Total Meeting Expenses	\$ 23,000	\$ 29,500	\$ 6,500	\$ 30,700	\$ 7,700
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Office Rent	-	-	-	-	-
Office Costs	4,000	5,900	1,900	10,400	6,400
Professional Services	100,000	100,000	-	100,000	-
Miscellaneous	-	-	-	-	-
Depreciation	1,750	-	(1,750)	1,750	-
Efficiency Savings	-	-	-	-	-
Total Operating Expenses	\$ 105,750	\$ 105,900	\$ 150	\$ 117,150	\$ 11,400
Total Direct Expenses	\$ 1,235,201	\$ 1,136,079	\$ (99,121)	\$ 1,209,180	\$ (26,020)
Indirect Expenses	\$ (1,235,201)	\$ (1,136,079)	\$ 99,122	\$ (1,209,180)	\$ 26,021
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ (0)	\$ -	\$ (0)
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ 0
Fixed Assets					
Depreciation	(1,750)	-	1,750	(1,750)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ 1,750	\$ -	\$ (1,750)	\$ 1,750	\$ -
Allocation of Fixed Assets	\$ (1,750)	\$ -	\$ 1,750	(1,750)	-
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ 1	\$ -	\$ 1

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2010-2011	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	(2,023,415)
Plus: 2010 Funding (from LSEs or designees)	37,063,570
Plus: 2010 Other funding sources	2,197,500
Less: 2010 Projected expenses & capital expenditures	(40,085,764)
Projected Working Capital Reserve (Deficit), December 31, 2010	<u>(2,848,109)</u>
Working Capital Reserve, December 31, 2011	^{¶1} 2,151,891
Minus: Projected Working Capital Reserve, December 31, 2010	(2,848,109)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	<u>5,000,000</u>
2011 Expenses and Capital Expenditures	48,726,465
Less: Penalty Sanctions ^{¶2}	(10,175,000)
Less: Other Funding Sources	(2,444,500)
Adjustment to achieve desired Working Capital Reserve	5,000,000
2011 NERC Assessment	<u>41,106,965</u>

^{¶1} On August 4, 2010, the Finance and Audit Committee of the NERC Board of Trustees approved a desired working capital reserve of \$2,500,000.

^{¶2} Represents collections on or prior to June 30, 2010.

Breakdown by Statement of Activity Sections

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

Penalty Sanctions

Penalty monies received prior to June 30, 2010 are to be used to offset assessments in the 2011 Budget, as documented in the NERC Policy – Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard, as well as Section 1107 of the Rules of Procedure. Penalty monies received from July 1, 2010 through June 30, 2011 will be used to offset assessments in the 2012 Budget.

All penalties received prior to June 30, 2010 are detailed below, including the amount and date received.

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

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2010	Date Received	Amount Received
	10/15/2009	\$ 10,000,000
	3/5/2010	175,000
Total Penalties Received		\$ 10,175,000

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget
Compliance Monitoring, Enforcement & Org. Registration				
Miscellaneous - CEA function in WECC	\$ 404,781	\$ 25,000	\$ 150,000	\$ (254,781)
Total	\$ 404,781	\$ 25,000	\$ 150,000	\$ (254,781)
Reliability Assessment and Performance Analysis				
Total	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Training and Education				
Testing Fees and Certificate Renewals	\$ 708,750	\$ 1,220,000	\$ 1,340,000	631,250
CEH Fees	410,000	600,000	600,000	190,000
Workshops	92,500	92,500	92,500	-
Total	\$ 1,211,250	\$ 1,912,500	\$ 2,032,500	\$ 821,250
Situation Awareness and Infrastructure Security				
FIST Royalties	\$ -	\$ -	\$ -	\$ -
TSIN Fees				
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Transmission Owners and Operators Forum Dues	\$ 1,617,808	\$ -	\$ -	\$ (1,617,808)
Total	\$ 1,617,808	\$ -	\$ -	\$ (1,617,808)
General and Administrative				
Interest Income	\$ 10,000	\$ 10,000	\$ 12,000	\$ 2,000
Total	\$ 10,000	\$ 10,000	\$ 12,000	\$ 2,000
Total Outside Funding	\$ 3,493,839	\$ 2,197,500	\$ 2,444,500	\$ (1,049,339)

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Compliance Monitoring, Enforcement & Organization Registration – 2010 Miscellaneous Funding represents reimbursements of the cost for NERC to act as the compliance enforcement authority (CEA) for certain registered functions within the FRCC, SPP, Texas RE and WECC Regions. FERC has approved the petition for SERC to serve as the CEA for FRCC and SPP. In addition, since Texas RE is now separate from ERCOT there is no need for NERC to act as the CEA for Texas RE. NERC is projecting the 2011 costs for performing CEA functions for WECC to be \$150k.
- Training and Education – An increase in funding is budgeted due to an increase in system operator testing fees, certificate renewal fees and continuing education fees.
- Technical Committees and Member Forums – The Transmission Owners and Operators Forum separated from NERC effective January 1, 2010.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Salaries					
Salaries	\$ 17,091,146	\$ 16,867,970	\$ 20,997,059	\$ 3,905,913	22.9%
Background Checks	50,000	50,000	51,500	1,500	3.0%
Employment Agency Fees	16,000	30,000	30,900	14,900	93.1%
Temporary Office Services	30,000	16,000	16,480	(13,520)	-45.1%
Total Salaries	\$ 17,187,146	\$ 16,963,970	\$ 21,095,939	\$ 3,908,793	22.7%
Total Payroll Taxes	\$ 1,082,240	\$ 1,045,503	\$ 1,285,299	\$ 203,059	18.8%
Total Benefits	\$ 2,345,685	\$ 2,258,266	\$ 3,263,692	\$ 817,815	39.1%
Total Retirement	\$ 2,381,540	\$ 2,314,254	\$ 2,977,801	\$ 596,261	25.0%
Total Personnel Costs	\$ 22,996,610	\$ 22,581,994	\$ 28,622,731	\$ 5,626,120	24.5%
FTEs	131.50	119.43	150.75	31.32	14.6%
Cost per FTE					
Salaries	\$ 130,701	\$ 142,042	\$ 139,940	9,239	7.1%
Payroll Taxes	8,230	8,754	8,526	296	3.6%
Benefits	17,838	18,909	21,650	3,812	21.4%
Retirement	18,111	19,378	19,753	1,643	9.1%
Total Cost per FTE	\$ 174,879	\$ 189,082	\$ 189,869	\$ 14,990	8.6%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- The increase in total salaries is due to a 13.9% increase in FTEs and the change to accrual accounting for recording bonus expense, as further described in the footnotes to the Company's 2009 year end audited financial statements which were filed with the Commission in NERC's "Report of Comparisons of Budgeted to Actual Costs for 2009 for NERC and the Regional Entities" filed Jun 1, 2010 in Docket Nos. RR10-10-000 and RR08-6-000.
- The increase in total benefits includes higher workers' compensation expense that is reflective of the increased number of FTEs covered and an increase in medical insurance is reflective of both the increased number of FTEs and the assumption that costs for coverage will increase 15% over 2010.

Consultants and Contracts

Table B-5

Consultants	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Consultants					
Reliability Standards	\$ 650,000	\$ 650,000	\$ 399,500	\$ (250,500)	-39%
Compliance and Organization Registration and Certification	1,100,000	575,000	1,195,000	95,000	9%
Reliability Assessment and Performance Analysis	689,400	539,400	610,000	(79,400)	-12%
Training and Education	155,000	80,000	100,000	(55,000)	-35%
Situation Awareness and Infrastructure Security Committee and Member Forums	1,853,000	1,957,000	1,885,000	32,000	2%
General and Administrative	-	4,000	-	-	-
Legal and Regulatory	-	-	-	-	-
Information Technology	325,000	325,000	1,033,000	708,000	218%
Human Resources	350,000	300,000	250,000	(100,000)	-29%
Accounting and Finance	-	-	5,000	5,000	-
Consultants Total	\$ 5,122,400	\$ 4,430,400	\$ 5,477,500	\$ 355,100	7%
Contracts	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Contracts					
Standards Balloting Program Development and Maintenance	67,000	67,000	92,000	\$ 25,000	
Subtotal - Reliability Standards	\$ 67,000	\$ 67,000	\$ 92,000	\$ 25,000	37.31%
GADS Programming Support	135,000	\$ 111,000	\$ 135,000	\$ -	
Assessment Studies and Automatic Reliability Reports	175,000	164,500	235,000	60,000	
TADS Development	150,000	106,560	80,000	(70,000)	
DADS Development	-	-	100,000	100,000	
Subtotal - Reliability Assessment Contracts	\$ 460,000	\$ 382,060	\$ 550,000	\$ 90,000	19.57%
RCIS Support	20,000	20,000	-	(20,000)	
Resource Adequacy Tool (Srv. Agreement)	75,000	75,000	80,000	5,000	
Inadvertent Interchange (Srv. Agreement)	30,000	30,000	-	(30,000)	
AIE Monitoring (Srv. Agreement)	25,000	25,000	25,000	-	
CPS1-BA ACE Limit Monitoring (Srv. Agreement)	35,000	35,000	-	(35,000)	
Frequency Monitoring (Srv. Agreement)	40,000	40,000	50,000	10,000	
Intelligent Alarms/DARA (Srv. Agreement)	50,000	45,000	60,000	10,000	
Resources Subcommittee Maintenance	120,000	120,000	-	(120,000)	
Secure Alerting System	227,796	227,796	141,468	(86,328)	
Secure Alerting System Help Desk & Change Management	85,416	85,416	138,416	53,000	
Subtotal - Situational Awareness Contracts	\$ 708,212	\$ 703,212	\$ 494,884	\$ (213,328)	-30.12%
Frame Relay	\$ 398,320	\$ 398,320	\$ 300,094	\$ (98,226)	-24.66%
Contract - IDC					
IDC Base Contract	1,508,625	1,508,625	1,662,420	153,795	
IDC Maintenance	50,000	50,000	135,360	85,360	
SDX Support (Srv. Agreement)	20,000	20,000	20,000	-	
SDX Maintenance	-	-	5,000	5,000	
DF Support Services Agreement.	19,200	19,200	50,000	30,800	
NERC Factor Viewer (NFV)	-	-	-	-	
Book of Flowgate Database	28,800	28,800	28,800	-	
Book of Flowgate Database-Maintenance	20,000	20,000	-	(20,000)	
Contracts - IDC Total	\$ 1,646,625	\$ 1,646,625	\$ 1,901,580	\$ 254,955	15.48%
Education and Training Total	\$ 408,800	\$ 382,800	\$ 387,658	\$ (21,142)	-5.17%
Regulatory Affairs	\$ 108,000	\$ 108,000	\$ 135,000	\$ 27,000	25.00%
Contracts Total	\$ 3,796,957	\$ 3,688,017	\$ 3,861,216	\$ 39,259	1.69%
Total Consulting and Contracts	\$ 8,919,357	\$ 8,118,417	\$ 9,338,716	\$ 419,359	15.03%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- The increase in consulting for Information Technology is primarily related to retention of an experienced consultant to facilitate requirements gathering and to develop recommendations for technology design and architecture for the development of a common enterprise wide technology model.
- The \$250k reduction in contractor and consulting expenses in Reliability Standards was done in contemplation of the addition of staffing resources in the Standards Program Area. Since the details of these staffing needs have not been finalized, working capital funds have been increased to provide necessary funding for these resource additions once the details are known.

Office Rent

Table B-6

Office Rent	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Office Rent*	\$ 967,134	\$ 1,018,033	\$ 1,020,151	\$ 53,017	0.21%
Utilities			-	-	
Maintenance			-	-	
Total Office Rent	\$ 967,134	\$ 1,018,033	\$ 1,020,151	\$ 53,017	0.21%

- *As further described in the Introduction and Executive Summary, no amount for increased rent expense in connection with the relocation of the company's headquarters has been included in the 2011 budget. The increase in office rent is primarily due to projected increases in utility costs which are tracking higher than previously budgeted.

Office Costs

Table B-7

Office Costs	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Telephone	\$ 285,000	\$ 240,300	\$ 272,018	\$ (12,982)	-4.56%
Telephone Answering Srv	-	2,400	2,400	2,400	
Internet	81,000	417,300	514,924	433,924	535.71%
Office Supplies	162,050	127,050	152,500	(9,550)	-5.89%
Computer Supplies and Maintenance		32,000	-	-	
Computers	174,825	83,825	201,200	26,375	15.09%
Computer Supplies	-	-	63,700	63,700	
Maintenance & Service Agreements	310,900	205,343	589,850	278,950	89.72%
Software	198,950	198,950	167,925	(31,025)	-15.59%
Network Supplies	-	-	40,645	40,645	
Publications & Subscriptions	129,800	34,800	71,670	(58,130)	-44.78%
Dues	40,500	22,900	39,594	(906)	-2.24%
Postage	13,750	14,750	23,500	9,750	70.91%
Express Shipping	5,500	23,000	32,250	26,750	486.36%
Copying	71,500	65,500	72,000	500	0.70%
Reports	-	10,000	10,000	10,000	
Stationary/Forms	2,500	2,500	2,500	-	0.00%
Equipment Repair/Service Contracts	31,000	25,000	31,000	-	0.00%
Bank Charges	5,000	5,000	5,000	-	0.00%
Taxes	10,000	60,000	60,000	50,000	500.00%
Merchant Card Fees	48,200	71,450	67,500	19,300	40.04%
Presentation & Publicity	10,000	-	-	(10,000)	-100.00%
Total Office Costs	\$ 1,580,475	\$ 1,642,068	\$ 2,420,176	\$ 839,701	53.13%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- The increase in internet expense is due to three initiatives which were not budgeted in 2010; the expansion of bandwidth and added carrier redundancy at NERC's Princeton office; expanded bandwidth and dedicated circuits between the Princeton and DC offices; and increased bandwidth between Princeton and the Carteret, NJ back-up location.
- Increases in postage and express shipping are reflective of actual 2009 expenditures.
- The increase in taxes relates to use taxes paid for development of the C-RATS database and other technology projects that are not included in the consulting cost of the project.

Professional Services

Table B-8

Professional Services	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Independent Trustee Fees	\$ 760,000	\$ 760,000	\$ 985,000	\$ 225,000	29.61%
Trustee Search Fee		120,000	120,000	120,000	
Outside Legal	550,000	550,000	615,000	65,000	11.82%
Lobbying Fees		45,000	50,000	50,000	
Accounting & Auditing Fees	100,000	100,000	100,000	-	0.00%
Insurance Commercial	55,000	70,000	75,000	20,000	36.36%
Total Services	\$ 1,465,000	\$ 1,645,000	\$ 1,945,000	\$ 480,000	32.76%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Independent trustee fees reflect an increase in trustee compensation based upon market analysis performed in 2010.
- Provisions for trustee search fees not previously budgeted.

Other Non-Operating Expenses

Table B-9

Other Non-Operating Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Interest Expense		\$ -		\$ -	
Line of Credit Payment		\$ -		\$ -	
Office Relocation	-	-	750,000	\$ 750,000	
Total Non-Operating Expenses	\$ -	\$ -	\$ 750,000	\$ 750,000	100.00%

2012 and 2013 Projections

Table B-10

	2011 Budget	2012 Projection	\$ Change 11 v 12	% Change 11 v 12	2013 Projection	\$ Change 12 v 13	% Change 12 v 13
Funding							
ERO Funding							
ERO Assessments	\$ 41,106,965	\$ 55,817,388	\$ 14,710,423	35.79%	\$ 56,914,222	\$ 1,096,834	1.9%
Penalty Sanctions	10,175,000	-	(10,175,000)	-100.00%	-	-	-
Total ERO Funding	\$ 51,281,965	\$ 55,817,388	\$ 4,535,423	8.8%	\$ 56,914,222	\$ 1,096,834	1.9%
Membership Dues	-	-	-	-	-	-	-
Testing Fees	1,940,000	1,940,000	-	0.00%	1,940,000	-	0.0%
Services & Software	250,000	250,000	-	0.00%	250,000	-	0.0%
Workshops	92,500	92,500	-	0.00%	92,500	-	0.0%
Interest	12,000	12,000	-	0.00%	12,000	-	0.0%
Miscellaneous	150,000	50,000	(100,000)	-66.67%	50,000	-	0.0%
Total Funding	\$ 53,726,465	\$ 58,161,888	\$ 4,435,423	8.3%	\$ 59,258,722	\$ 1,096,834	1.9%
Expenses							
Personnel Expenses							
Salaries	\$ 21,095,939	\$ 25,188,131	\$ 4,092,192	19.4%	\$ 26,723,202	\$ 1,535,071	6.1%
Payroll Taxes	1,285,299	1,534,622	249,322	19.4%	1,580,726	46,105	3.0%
Benefits	3,263,692	3,753,246	489,554	15.0%	4,316,233	562,987	15.0%
Retirement Costs	2,977,801	3,555,435	577,634	19.4%	3,662,250	106,816	3.0%
Total Personnel Expenses	\$ 28,622,731	\$ 34,031,433	\$ 5,408,703	18.9%	\$ 36,282,411	\$ 2,250,978	6.6%
Meeting Expenses							
Meetings	\$ 861,500	\$ 861,500	\$ -	0.0%	\$ 861,500	\$ -	0.0%
Travel	2,635,537	2,905,125	269,588	10.2%	2,992,403	87,278	3.0%
Conference Calls	227,800	264,067	36,267	15.9%	272,000	7,933	3.0%
Total Meeting Expenses	\$ 3,724,837	\$ 4,030,691	\$ 305,855	8.2%	\$ 4,125,903	\$ 95,212	2.4%
Operating Expenses							
Consultants & Contracts	\$ 9,338,716	\$ 9,338,716	\$ -	0.0%	\$ 9,338,716	\$ -	0.0%
Office Rent	1,020,151	3,032,342	2,012,191	197.2%	2,623,488	(408,854)	-13.5%
Office Costs	2,420,176	3,767,850	1,347,674	55.7%	3,804,948	37,098	1.0%
Professional Services	1,959,854	1,959,854	-	0.0%	1,959,854	-	0.0%
Miscellaneous	4,000	15,000	11,000	275.0%	15,000	-	0.0%
Depreciation	752,988	752,988	-	0.0%	752,988	-	0.0%
Total Operating Expenses	\$ 15,495,886	\$ 18,866,751	\$ 3,370,865	21.8%	\$ 18,494,996	\$ (371,756)	-2.0%
Total Direct Expenses	\$ 47,843,453	\$ 56,928,876	\$ 9,085,423	19.0%	\$ 58,903,310	\$ 1,974,434	3.5%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ 750,000	\$ -	\$ (750,000)	-100.0%	\$ -	\$ -	-
Total Expenses	\$ 48,593,453	\$ 56,928,876	\$ 8,335,423	17.2%	\$ 58,903,310	\$ 1,974,434	3.5%
Change in Assets	\$ 5,133,012	\$ 1,233,012	\$ (3,900,000)	-76.0%	\$ 355,412	\$ (877,600)	-71.2%
Fixed Assets							
Depreciation	\$ (752,988)	\$ (752,988)	\$ -	0.0%	\$ (752,988)	\$ -	0.0%
Computer & Software CapEx	845,200	945,200	100,000	11.8%	1,067,600	122,400	12.9%
Furniture & Fixtures CapEx	-	500,000	500,000	-	-	(500,000)	-100.0%
Equipment CapEx	40,800	40,800	-	0.0%	40,800	-	0.0%
Leasehold Improvements	-	-	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (133,012)	\$ (733,012)	\$ (600,000)	451.1%	\$ (355,412)	\$ 377,600	-51.5%
TOTAL CHANGE IN NET ASSETS	\$ 5,000,000	\$ 500,000	\$ (4,500,000)	-90.0%	\$ -	\$ (500,000)	0.0%
FTEs	150.75	174.75			180.00		

Section C — Non-Statutory Activity

NERC has no non-statutory activities.

Section D — Supplemental Financial Statements

Statement of Financial Position
2009 Audited, 2010 Projection, and 2011 Budget

STATUTORY

	(Per Audit) 31-Dec-09	Projected 31-Dec-10	Budget 31-Dec-11
ASSETS			
Cash	24,427,536	16,350,400	12,259,563
Trade Accounts receivable, net of allowance for uncollectible accounts of \$152,323 (2009)	2,633,235	2,633,235	2,633,235
Other Receivables	335,269	335,269	335,269
Prepaid expenses and other current assets	212,621	212,621	212,621
Security deposit	15,767	15,767	15,767
Cash value of insurance policies	249,669	249,669	249,669
Property and equipment	1,802,949	2,507,544	2,640,556
Total Assets	29,677,046	22,304,506	18,346,681
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	2,350,584	2,350,584	2,350,584
Deferred income	5,218,402	5,218,402	5,218,402
Deferred penalty income	10,000,000	10,175,000	
Regional assessments	8,480,053	-	-
Deferred compensation	362,053	362,053	362,053
Accrued retirement liabilities	1,569,349	1,835,134	2,292,943
Accrued bonus liability	1,917,071	2,382,899	3,009,253
Total Liabilities	29,897,512	22,324,071	13,233,234
Net Assets - unrestricted	(220,466)	(19,565)	5,113,447
Total Liabilities and Net Assets	29,677,046	22,304,506	18,346,681

NORTH AMERICAN ELECTRIC RELIABILITY COPORATION

Statement of Activities and Capital Expenditures by Program 2011 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Activities											Non-Statutory Functions		
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total	
Funding																	
ERO Funding																	
NERC Assessments	41,106,965	41,106,965	-	41,106,965	5,872,230	13,063,318	4,802,760	327,071	12,041,586	-	5,000,000	-	-	-	-	-	-
Penalty Sanctions	10,175,000	10,175,000	-	10,175,000	1,808,389	4,239,583	1,238,108	562,777	2,326,143	-	-	-	-	-	-	-	-
Total NERC Funding	51,281,965	51,281,965	-	51,281,965	7,680,619	17,302,901	6,040,869	889,847	14,367,729	-	5,000,000	-	-	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	1,940,000	1,940,000	-	1,940,000	-	-	-	1,940,000	-	-	-	-	-	-	-	-	-
Services & Software	250,000	250,000	-	250,000	-	-	250,000	-	-	-	-	-	-	-	-	-	-
Workshops	92,500	92,500	-	92,500	-	-	-	92,500	-	-	-	-	-	-	-	-	-
Interest	12,000	12,000	-	12,000	2,133	5,000	1,460	664	2,743	-	-	-	-	-	-	-	-
Miscellaneous	150,000	150,000	-	150,000	-	150,000	-	-	-	-	-	-	-	-	-	-	-
Total Funding	53,726,465	53,726,465	-	53,726,465	7,682,752	17,457,901	6,292,329	2,923,011	14,370,473	-	5,000,000	-	-	-	-	-	-
Expenses																	
Personnel Expenses																	
Salaries	21,095,939	21,095,939	-	21,095,939	2,835,888	6,344,046	1,837,742	815,066	4,048,115	-	1,501,010	1,400,014	1,031,532	510,267	772,260	-	-
Payroll Taxes	1,285,299	1,285,299	-	1,285,299	179,070	416,818	118,451	54,445	232,389	-	64,219	68,780	73,182	31,354	46,591	-	-
Benefits	3,263,692	3,263,692	-	3,263,692	381,842	895,127	261,835	119,092	508,661	-	226,508	179,908	202,588	357,134	130,997	-	-
Retirement Costs	2,977,801	2,977,801	-	2,977,801	395,844	892,082	261,410	114,877	555,278	-	242,792	200,552	145,162	58,320	111,483	-	-
Total Personnel Expenses	28,622,731	28,622,731	-	28,622,731	3,792,644	8,548,072	2,479,439	1,103,480	5,344,443	-	2,034,529	1,849,255	1,452,464	957,076	1,061,330	-	-
Meeting Expenses																	
Meetings	861,500	861,500	-	861,500	80,000	32,500	100,000	278,000	135,000	-	225,000	5,000	-	2,000	4,000	-	-
Travel	2,635,537	2,635,537	-	2,635,537	400,500	909,833	326,250	48,000	579,833	-	268,120	50,500	21,000	6,000	25,500	-	-
Conference Calls	227,800	227,800	-	227,800	45,600	28,200	42,500	35,000	10,200	-	61,800	1,500	1,200	600	1,200	-	-
Total Meeting Expenses	3,724,837	3,724,837	-	3,724,837	526,100	970,533	468,750	361,000	725,033	-	554,920	57,000	22,200	8,600	30,700	-	-
Operating Expenses																	
Consultants & Contracts	9,338,716	9,338,716	-	9,338,716	491,500	1,195,000	1,160,000	487,658	4,581,558	-	-	135,000	1,033,000	250,000	5,000	-	-
Office Rent	1,020,151	1,020,151	-	1,020,151	-	-	-	-	-	-	1,020,151	-	-	-	-	-	-
Office Costs	2,420,176	2,420,176	-	2,420,176	52,894	84,000	123,700	93,400	92,550	-	407,498	28,620	1,516,144	10,970	10,400	-	-
Professional Services	1,959,854	1,959,854	-	1,959,854	-	-	-	-	-	-	1,180,000	665,000	-	14,854	100,000	-	-
Miscellaneous	4,000	4,000	-	4,000	-	-	-	-	-	-	4,000	-	-	-	-	-	-
Depreciation	752,988	752,988	-	752,988	-	26,494	68,129	-	45,884	-	95,286	-	515,445	-	1,750	-	-
Efficiency Savings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	15,495,886	15,495,886	-	15,495,886	544,394	1,305,494	1,351,829	581,058	4,719,992	-	2,706,935	828,620	3,064,589	275,824	117,150	-	-
Total Direct Expenses	47,843,453	47,843,453	-	47,843,453	4,863,139	10,824,099	4,300,018	2,045,538	10,789,469	-	5,296,384	2,734,875	4,539,253	1,241,500	1,209,180	-	-
Indirect Expenses	0	0	-	0	2,669,696	6,258,830	1,827,800	830,818	3,434,048	-	(5,296,384)	(2,734,875)	(4,539,253)	(1,241,500)	(1,209,180)	-	-
Other Non-Operating Expenses	750,000	750,000	-	750,000	133,296	312,500	91,261	41,482	171,460	-	-	-	-	-	-	-	-
Total Expenses	48,593,453	48,593,453	-	48,593,453	7,666,131	17,395,429	6,219,079	2,917,838	14,394,977	-	-	-	-	-	-	-	-
Change in Assets	5,133,012	5,133,012	-	5,133,012	16,621	62,472	73,251	5,173	(24,504)	-	5,000,000	-	-	-	-	-	-
Fixed Assets																	
Depreciation	(752,988)	(752,988)	-	(752,988)	-	(26,494)	(68,129)	-	(45,884)	-	(95,286)	-	(515,445)	-	(1,750)	-	-
Computer & Software CapEx	845,200	845,200	-	845,200	-	50,000	130,000	-	-	-	-	-	665,200	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	40,800	40,800	-	40,800	-	-	-	-	-	-	-	-	40,800	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	(133,012)	(133,012)	-	(133,012)	-	(23,506)	(61,871)	-	45,884	-	95,286	-	(190,555)	-	1,750	-	-
Allocation of Fixed Assets	-	-	-	-	(16,621)	(38,966)	(11,380)	(5,173)	(21,380)	-	(95,286)	-	190,555	-	(1,750)	-	-
Change in Fixed Assets	(133,012)	(133,012)	-	(133,012)	(16,621)	(62,472)	(73,251)	(5,173)	24,504	-	-	-	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	5,000,000	5,000,000	-	5,000,000	-	-	-	(0)	(0)	-	5,000,000	-	-	-	-	-	-
FTEs	150.75	150.75	-	150.75	20.08	47.08	13.75	6.25	25.83	-	7.00	8.00	10.75	5.50	6.50	-	-

2011 – 2013

BUSINESS PLANS AND BUDGETS

SHARED ASSUMPTION (NERC AND THE REGIONAL ENTITIES)

2011-2013 BUSINESS PLANS AND BUDGETS

SHARED ASSUMPTIONS OF THE ERO ENTERPRISE (NERC AND THE
REGIONAL ENTITIES)

PURPOSE AND SCOPE

Between January and February 2010, NERC and the eight Regional Entities collaborated in the development of a common set of business planning assumptions and goals. The results from that effort are contained in this document.

The document is to be used by NERC and each of the Regional Entities as an input to each organization's 2011 business plans and budgets and longer term business and budget planning, recognizing there may be unique factors that drive differences in each organization's final business plans and budgets subject to the approval of their respective governing bodies.

The purpose of this effort is to establish consistent planning goals and assumptions which promote an enterprise-wide outlook for the conduct of activities under the international Electric Reliability Organization, NERC, and the Regional Entities. This approach envisions/requires that NERC and the Regional Entities will work together as a single enterprise to establish consistent procedures, systems, processes, and training. The document will serve as a guideline for the business planning subject to revision by NERC and the Regional Entities as part of a cooperative and integrated annual business planning and budgeting process.

OVERVIEW OF BUSINESS ENVIRONMENT

LEGAL CONTEXT

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

NERC and the Regional Entities anticipate a successful conclusion to their negotiation of amendment to and extension of the terms of their existing delegation agreements, as well as approval thereof by applicable governmental authorities.

While there is a collective expectation of significantly increased workload, the scope of each Regional Entity's delegated authorities and responsibilities will remain relatively constant, with incremental process improvements reflected in the revised agreements between NERC and each Regional Entity.

NERC and the Regional Entities continue to expect cyber and critical asset security to be a priority in the United States and Canada, with significant oversight by applicable government authorities.

BUSINESS ENVIRONMENT

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

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

GOALS

While managing an overall ERO consisting of NERC and the Regional Entities working together cooperatively as a single enterprise has merit, it must be done with due recognition of the independent governance structures applicable to each entity, as well as the applicable regulatory and legal framework. NERC and the Regional Entities staff are committed to working together cooperatively to establish consistent procedures, systems, processes, and training, as well as evaluating opportunities where they work together to further reduce costs.

The benefits to this are clear:

- Improve efficiency by sharing resources, considering joint purchasing programs and establishing uniformity where possible; and
- Demonstrate consistency in the conduct of our work to the industry by common user interface, training programs, and technology deployed.

NERC and the Regional Entities will work collaboratively towards providing more transparency, sharing information, including lessons learned, and setting high expectations for the industry to improve performance.

The “enterprise” will increase its overall effectiveness by (1) assessing risks and materiality, (2) focusing on those matters which impact bulk power system reliability, and (3) most and naturally evolving into a teaching, instructive, improvement-based electric reliability oversight organization.

KEY ASSUMPTIONS BY PROGRAM AREA

Unless otherwise noted, stated assumptions are anticipated to affect resource needs commencing in 2011.

RELIABILITY STANDARDS PROGRAM

1. NERC is expected to implement the Results-Based Standards initiative, which will focus existing reliability standards and reliability standards development on areas that will lead to the greatest improvement in bulk power system reliability. Training will be provided, training materials will be developed, and the results-based approach will be applied to existing and future standards projects. NERC will submit one revised Reliability Standards using the Results based approach for regulatory approval in 2010, five in 2011, fifteen in 2012, and twenty in 2013.
2. Final and revised CIP-002 through CIP-009, version 4, is targeted for completion and filing in 2010, with regulatory responses expected in 2011 and expected implementation in 2012 at the earliest, with remaining 706B requirements addressed in 2011 at the earliest (also see CIP Assumption 3).
3. NERC will streamline the standards development process to improve speed and quality while maintaining ANSI accreditation.
4. Additional resources will be required to support the National Emergency Standards Development Process which is reflected in version 7 of the Reliability Standards Development Procedure.
5. The number of interpretation and guidance requests is expected to remain constant in 2011 at 30-40 with a decrease expected in years after to reflect the

impact of the results-based standards initiative and improved standards development process.

6. The number of projects contained in the Reliability Standards Development Plan is expected to increase in the next five years as the Results-Based Standards Initiative is fully implemented, work necessary to complete the response to FERC Order 693 directives, and the existing requirement to review each standard every five years. However, the scope of these projects is generally expected to be narrower than would otherwise potentially exist in the absence of the Results-Based Standards initiative
7. NERC projects to continue its current development and regulatory filing activity level in 2011. NERC projects to submit at least 60 standards related filings, conduct 50 ballots, and provide 50 comment opportunities for standards or interpretations. Generally, NERC will plan on a one year timeline to respond to FERC directives on standards development.
8. Regions estimate that they will develop and submit about 16 Regional Entity reliability standards total in 2011 including UFLS, addressing their unique technical issues. Regional Entities will collaborate on standard development on issues germane to multiple regions and support NERC in its continent-wide development efforts. NERC standards development staff is expected to provide increased coordination of regional standards development by becoming more involved earlier in the regional development efforts to assure consistency in regional and continent-wide standard technical content, format, and quality. This effort is expected to require impact resource needs commensurate with the anticipated Regional Entity activity.
9. Regional standards development processes are expected to be reviewed and updated by the regions with a goal of bringing the regional processes into alignment with the streamlined process changes made to the continent-wide process, as well as to integrate the results-based development methodology into the regional development processes.
10. NERC expects to provide increased standard drafting team training to enable all drafting team members to understand their role in the standards development process.
11. NERC expects to implement training for NERC and Regional Entity standards staffs to improve their effectiveness, including training in facilitation, negotiation, project management, and leadership.
12. The impact of Smart Grid activities relative to standards development is unclear and may increase resource needs and cash reserve requirements.

13. Regional Entities are expected to integrate the impacts of the designation / re-assignment of requirements currently assigned to the Regional Reliability Organization (RRO) as they are revised as part of the standards development plan.
14. NERC will place significant emphasis on rebuilding its relationship with stakeholders and regulators:
 - Through enhanced communication and outreach opportunities with stakeholders and NERC standing committees;
 - By integrating stakeholder input into key NERC policy decisions;
 - Through shared accountability for NERC goals;
 - Through increased project level communications, education, and training for new or revised standards;
 - By improving the standards portion of the NERC Website; and
 - By jointly identifying needs for new or revised standards or standards products.

This effort will require the realignment of the standards program to create management oversight and accountability for these key standards interface and communication activities.

15. NERC will transform its standards organization to produce a sustainable level of activity and output. This effort results in the need for increased resources, as follows:
 - Enhanced management structure to focus on core activities such as operations, information services and interface outreach, and quality control;
 - Increased training and technical writing capabilities to support drafting teams in the development of results-based standards;
 - Increased training and consulting services to support greater community outreach;
 - Dedicated support for standards database development and maintenance in support of the NERC enterprise compliance and standards information system; and
 - Additional support for regional entity standards development activities.

COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION PROGRAM

COMPLIANCE

1. Reduce duplications between Regional Entity and NERC staffs by clearly identifying roles.

2. Refine the annual implementation plans over time to move towards a risk-based approach in the conduct of compliance monitoring activities and enforcement.
3. Expand training of NERC and Regional Entity staff, including the establishment of training academies for auditors, enforcement staff, and investigation staff. NERC and regional staff will collaborate to define training needs and priorities during the third and fourth quarters of 2010 and commence delivery of high priority training by the second quarter of 2011. The Regional Entities should assume that NERC will be responsible for the cost of these training programs, other than Regional Entity costs (e.g., travel and lodging) to participate and attend.
4. Streamline and improve the speed of compliance investigations and look for ways to establish meaningful linkages to event and disturbance analysis.
5. Increase the number of spot checks by 10 percent over the next three years in conjunction with a risk-based approach to compliance audits.
6. Audits, which will continue under the schedule to complete BA, TOP, and RC audits each three years and other entities each six years, will increase in depth and complexity, including an increased number of unscheduled audits.
7. We anticipate significant rules changes to the Compliance Monitoring and Enforcement Program, including those changes and clarifications established in connection with the current revisions to the Regional Delegation Agreements, as well as changes to effectuate the Three-Year Assessment and the Crowe audit of the NERC CMEP staff. These changes may require resources to develop, but the overall impact of these changes should be to enhance efficiency in compliance operations and enforcement.
8. NERC and Regional Entities will collaborate in the conduct of special industry communications, in addition to the regular schedule of workshops and other communications, to focus on most-violated standards and any new standards as they are adopted, including CIP standards, to identify the reasons for the violations, to enhance the Registered Entities' understanding of the requirements, and, as appropriate, propose revisions to add clarity to those requirements.
9. NERC and Regional Entities will conduct mandatory audits of five new MOD Reliability Standards and file audit reports (or results in any format) annually.
10. NERC and the Regional Entities will establish more timely mechanisms to capture lessons from event analysis, compliance enforcement, and other activities, in the form of recommendations to improve reliability standards to prevent future similar root causes.
11. NERC expects to review five event-based inquiries per month in 2011 and one to two compliance investigations per month (60 and 15-20 for the year, respectively). Regional Entities expect to collectively conduct approximately 50-

60 events of interest and 10-15 compliance violation investigations. All unplanned, multiple-facility trips will be considered candidates for these reviews; subject to industry input.

12. The number of non-CIP possible violations discovered in 2010 is expected to continue at an increasing trend. The number of non-CIP related violations is expected to increase approximately 10 percent from the 1,400 to 1,500 per year. The number of CIP possible violations is expected to increase at a faster pace than non-CIP violations over the planning period.
13. Round 2 audits will be based on risk-based methodology but the change in methodology is not expected to result in a reduction in Regional Entity resource needs during the planning period.
14. Taking all the foregoing into account NERC and the Regional Entities are expected to see increased compliance related resource demands in the 2011-2013 timeframe. NERC and the Regional Entities also believe that it is likely that resources which are added to address workload demands in the compliance area will be capable of being redeployed to support other program area needs in the event of a leveling off or reduction in compliance resource needs.
15. Expand Registered Entity training in the application of Reliability Standards in order to better prepare Registered Entities, improve compliance and reduce the number of erroneous self reports and self-certifications. [2012-2013]

ENFORCEMENT

1. NERC and the Regional Entities will establish streamlined mechanisms to expedite minor, administrative violations and look to gain more discretion to handle the minor violations which pose no threat to bulk power system.
2. Resources will be required to develop and implement an enforcement process that encourages “good” self-reporting, one that results from a systematic compliance “culture” to detect, report, and correct problems, obtains adequate recognition in the enforcement processes.
3. Use “targeted, aggressive enforcement” for those matters posing the most risk to the bulk power system where NERC has clearly indicated a need for focus and educated the industry on compliance.
4. The current trend of alleged violations has increased and is expected to continue during the planning period. NERC will continue to evaluate and pursue options to streamline violations processing and focus on violations, which pose a material risk to bulk power system reliability.

REGISTRATION

1. The number of registered entities may increase as a result of the increase of joint registrations (from more audits of those smaller entities on the six year cycle and completing the three year cycles), the approval of regional standards, and possible expansion of the BES definition. However, this may be mitigated (in part) through the application of the Multi-Region Register Entity (MRRE) process. However, ongoing refinement of registration criteria, processes, and linkages will continue to increase resource demands. There may also be an increase in functions for registered entities as a result of changes in standards and refinement of JRO.
2. NERC does not expect significant number of registration challenges, nor major changes to the registration criteria.
3. Efforts in registration will focus on refining the current registries across the Regional Entities.

RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS PROGRAM

1. NERC will continue to incrementally improve the definitions, refine data reporting requirements from registered entities, and review adequate level of reliability related metrics used in reliability assessments.
2. Probabilistic risk study for reliability assessments will be reviewed in 2010 and incremental data reporting may be requested in 2011 to support this effort.
3. NERC and Regional Entities will be requested to gather data or perform analysis in support of federal initiatives related to the stimulus package, critical infrastructure protection to include high impact/low frequency, climate change, environmental regulations, and/or renewable energy initiatives.
4. Demand response data system (DADS) collection will begin voluntary submittals in 2010 and be mandatory in 2011. A data collection system is being designed and will require Regional Entity involvement. At this time, the Regional Entity involvement and support is expected to be similar to the way TADS currently works.
5. NERC and the Regional Entities are expected to provide independent reviews of assessments to assure a high level of technical rigor.
6. NERC will continue to develop analysis of TADS data in 2011; some regions have developed regional analysis for use by registered entities.
7. To meet NERC's Three-Year Assessment commitments, NERC will continue to:
 - Vet metric development, collection, and analysis with industry stakeholders through the Reliability Metrics Working Group (RMWG). [2011-2012]

8. To meet NERC's Three-Year Assessment commitments, NERC may be required to add resources to:
 - Work with the RMWG to issue the first annual reliability performance report in 2010 and share metric analysis results through its quarterly updates on NERC's website, NERC News, and via Webinars. [2010-2012]
 - NERC and the Regional Entities should prioritize and budget for two special reliability assessment initiatives per year.
 - Develop a centralized automated data collection, reporting and validation process, and calculation tools to support reliability metrics to support reliability risk assessment as part of the more global effort as discussed in the Information Technology section. [2011-2012]

TRAINING, EDUCATION, AND OPERATOR CERTIFICATION PROGRAM

1. Education of Registered Entities and stakeholders will focus on how to best comply with standards and improve bulk power system reliability. The education priorities for the next three years are to provide:
 - a. Critical Infrastructure Protection standards information and guidance (2011)
 - i. Development led by NERC staff with input from RE Staff, NERC committee structure, and subject matter experts
 - ii. Main delivery in Regional Entity workshops and NERC webinars
 - b. Creating teachable lessons-learned from past events (2011)
 - i. Development led by NERC staff with input from RE staff and NERC committee structure
 - ii. Main delivery through Regional Entity workshops and NERC webinars
 - c. Effective compliance program cultures with internal compliance program models (2011)
 - i. Developed by NERC staff with Regional Entity input and outside experts
 - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
 - iii. Main delivery through Regional Entity processes
 - d. Root cause analysis (as part of compliance culture)
 - i. Developed by NERC staff with Regional Entity input
 - e. Main delivery through Regional Entity workshops which next will support with subject matter experts
 - f. Improve the quality of registered entity self-reporting and self-certification

- i. Developed by NERC staff with Regional Entity input
 - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
 - iii. Delivery by Regional Entities and NERC via workshops, webinars, and other electronic means.
 - g. Currently monitored standards
 - i. Development led by NERC staff with input from RE staff and NERC technical committees
 - ii. Main delivery through Regional Entity workshops and NERC webinars
 - iii. Separate workshop or webinar on each standard grouping – BAL, TOP, EOP, etc.
 - h. Reliability assessment requirements
 - i. Development led by NERC staff with input from Regional Entity staff and NERC technical committees
 - ii. Main delivery through Regional Entity workshops and NERC webinars
 - i. Entity registration process, issues, and alternatives
 - i. Developed by NERC staff with Regional Entity input
 - 1. JRO issues (2011)
 - 2. Other registration issues based on revision to criteria (2012)
 - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
 - iii. Delivery by Regional Entities and NERC via workshops, webinars, and other electronic means
- 2. Each Regional Entity will host a minimum of two different compliance workshops each year.
- 3. In the case of NERC, the incremental costs of hosting workshops and other educational activities where stakeholders attend in person will be recovered through attendance fees in most cases.
- 4. Rely on the use of workshops, webinars, classroom teaching, and the existing Design-a Course vendor to deliver education until implementation of the SharePoint platform enables the development and widespread delivery of electronic learning in 2012.
- 5. NERC will develop and deliver a personnel development program to its staff.

6. No significant changes are expected in system operator certification CEH requirements through 2013.
7. The compliance auditor curriculum will be finalized in 2010. Education and training activities will be developed in 2011 and delivered 2011-2013 through the training academy with the assistance of subject matter experts from NERC, Regional Entity staff, and expert vendors.

SITUATION AWARENESS AND INFRASTRUCTURE SECURITY PROGRAM

1. NERC will separate CIP from Situation Awareness in 2010. In 2011, NERC will budget CIP separately from Situation Awareness, but will include CIP as a subsection of Situation Awareness for regulatory business planning and budget reporting purposes. Regional Entities should not plan to separately budget their CIP and Situation Awareness activities in 2011. During 2011, NERC and the Regional Entities will evaluate whether the Regional Entities should also separate CIP and Situation Awareness for budgeting and/or operational purposes.
2. As part of its 2011 Business Plan and Budget, NERC will propose to make a significant investment to support the implementation of a situation awareness tool for FERC, NERC, Regional Entities, and stakeholder needs. The Reliability Coordinators will be the providers of data for this effort and NERC will coordinate and fund the development of this tool.
3. North American and regional Synchrophasor initiatives will have varying impacts on NERC and Regional Entity budgets. WECC's 2010 Business Plan and Budget will be amended to incorporate its Synchrophasor programs. It is anticipated that the WECC amendment will be neutral from an assessment perspective. In the near term, NERC will continue to undertake significant activities and funding to facilitate third party development and management of North American Phasor Concentration System ("NASCON") software and regional node communication integration. Longer term, NERC anticipates a reduced need for a direct NERC funding role related to NASPI development.
4. NERC will evaluate and implement steps during the 2011-2012 to transfer some or all of its reliability tools and functions to third parties. One of the key challenges will be developing an alternative funding mechanism with the users of the tools providing direct funding for the development, operation, and maintenance of the tools. Prior to implementation of these steps NERC will seek input from the Regional Entities, appropriate NERC committees and working groups, and other affected parties.

CRITICAL INFRASTRUCTURE PROTECTION

1. CIP activities will continue to increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will

- double, at a minimum, by the end of the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the TFE program is implemented and the increase in scope as a result of Order No. 706B. NERC and Regional Entities will evaluate current resources and will project resource needs over the next three years.
2. The resource commitment required to conduct complete CIP audits is still being ascertained because auditors have little experience monitoring compliance with all 43 requirements. This includes the mechanics of conducting a sufficient audit and requires visiting an appropriate number of critical assets,¹ as well as having the necessary expertise. (The ERO is just beginning to conduct pilot spot checks of all 43 requirements). Current audits of Table 1 entities for the 13 requirements have been more involved than planned. CIP V2/3 technical requirement audits will require:
 - a. Additional experience to fully estimate the resource requirements to support CIP audits. (The regions are conducting pilot spot checks of all 43 requirements and will develop clear audit expectations based on the experience.)
 - b. Current audits of the 13 requirements have been more involved than planned (more policy than technical and the few technical issues took a long time to develop positions, manage consistency, and resolve issues).
 - c. Need to plan to visit Critical Assets (sample number based on types of assets, risk, and numbers) in the conduct of an audit (Substations for TO/TOPs and Generation Plants for GO/GOPs).
 3. NERC's current CIP Version 4 standards revisions will set new expectations for the selection of Critical Cyber Assets (CCAs) currently based on CIP-002's risk-based methodology that will result in a substantially expanded number of entities and assets to be monitored for CIP compliance in 2012-2013 (see Standards Assumption 2).
 4. The TFE program will continue to require significant resources as Regional Entities perform reviews and gauge compensating measures as comparable to strict compliance. The program's scope was recently increased with the addition of two new CIP requirements expanding the scope of acceptance reviews and approval evaluations. TFE approvals will result in compensating measure validation checks, quarterly reporting tracking, and change management.

¹ Need to plan to visit Critical Assets (sample number based on types of assets, risk, and numbers) in the conduct of an audit (Substations for TO/TOPs and Generation Plants for GO/GOPs) This is a substantial addition to on-site audits and will affect compliance resource needs as well.

5. Order No. 706B CMEP program implementation in 2011 will require NERC and the Regional Entities to identify, train², and qualify auditors in accordance with the NRC-NERC MOU to conduct compliance monitoring of GOs/GOPs with nuclear holdings. Specifically, Order 706B CMEP program implementation will include:
 - a. Regional auditor qualification program participation for interested Regional Entities and annual refresher training;
 - b. Safeguards Information (SGI) training course completion for selected NERC and Regional CMEP staff;
 - c. SGI background screening and sponsorship;
 - d. NRC coordination training in accordance with NRC MOU obligations;
 - e. NERC CMEP program development; and
 - f. Clarification of roles and responsibilities regarding any identified alleged violation.
6. CIP compliance application guidance is expected to be provided in greater volume and with greater expedience to registered entities. The ERO will employ a new coordination approach which leverages the Regional Entity experts under well informed program leadership at NERC.
7. NERC and the Regional Entities will develop and support an education and implementation program to successfully implement Version 4 of the CIP Standards. This is expected to be part of an overall education initiative. The education program will be based on a well developed audit plan and provide technical application guidance.
8. NERC will work with the Regional Entities to enhance enterprise corporate knowledge management related to CIP policy and technical standards issue resolutions and decisions. This applies to compliance decisions and Technical Feasibility Exceptions.
9. NERC will strengthen CIP partnership with U.S. and Canadian Government authorities to facilitate two-way information exchanges to enhance knowledge of critical infrastructure threats and risk. NERC will promote CIP incident reporting and work with the Regional Entities to conduct security event/incident analysis and improve security practices.

² Training requirements include Safeguards Information handling, nuclear plant onsite procedures, and NRC coordination.

10. NERC will collaborate with governmental organizations (i.e., federal agencies, law enforcement, and national labs) to develop CIP models, evaluate threats, and address priority vulnerabilities.
11. The addition of confidential and time sensitive development processes will be necessary if the NERC Board directs development of a standard in response to a national security emergency situation that is deemed confidential and it is determined that information can only be shared on a “need to know” basis. This will require resources to develop an infrastructure to meet the obligations.
12. CIP-002-2/3 R1.0 and R2.0 sufficiency reviews are being planned for the 2011 Compliance Monitoring activities, which will require Regional Entity system expertise in an effort to enhance learning and prepare for the version 4 bulk power systems Cyber System identification.
13. NERC and Regional Entities need to evaluate staffing and budget needs regarding critical infrastructure protection, including high impact/low frequency issues.

EVENTS ANALYSIS AND INVESTIGATIONS

1. NERC and the Regional Entities will define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents.
2. NERC and the Regional Entities will work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues.
3. NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations.
4. NERC and the Regional Entities will refine the criteria and process to encourage prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing.
5. NERC will work with the Regional Entities to develop and provide root cause analysis training for NERC and Regional Entity staffs and industry subject matter experts who participate in event analysis and investigation teams.
6. The number of events requiring review and analysis are expected to increase.

INFORMATION TECHNOLOGY

1. During 2011, NERC and the Regional Entities will begin developing a common, enterprise-wide technology platform to house ERO tools, including a compliance information system to replace the Portal/ Synch Engine/Translator/CDMS/CITS/CRATS systems, including, audit and reporting, and other tools needs to conduct the delegated functions, including the integration, where practical and cost effective, of the existing tools used by

Regional and Registered Entities. NERC will retain a consultant to facilitate requirements gathering and the development of recommendations.

2. NERC will commence roll out of Microsoft SharePoint in 2010 to improve both internal and external communications and coordination. NERC and the Regional Entities using, or planning to use, SharePoint may develop a working group to exchange best practices and lessons learned, as well as exploit opportunities to use SharePoint as a platform for exchanging information between NERC, the Regional Entities, and stakeholders.
3. NERC will replace its Checkbox survey and comment tool to a more useful application. No regional impact is anticipated in 2011.
4. NERC will evaluate and improve or replace its Registered Ballot Body registration tools to improve efficiency and accuracy.
5. NERC will implement enhancements to the NERC website that improve stakeholder visibility to the standards development processes and activities.
6. During 2011, NERC anticipates implementing Phase 2 development of the Situation Awareness- FERC, NERC, Regions (“SAFNR”) software application in accordance with approved specifications.

FINANCE AND ADMINISTRATIVE

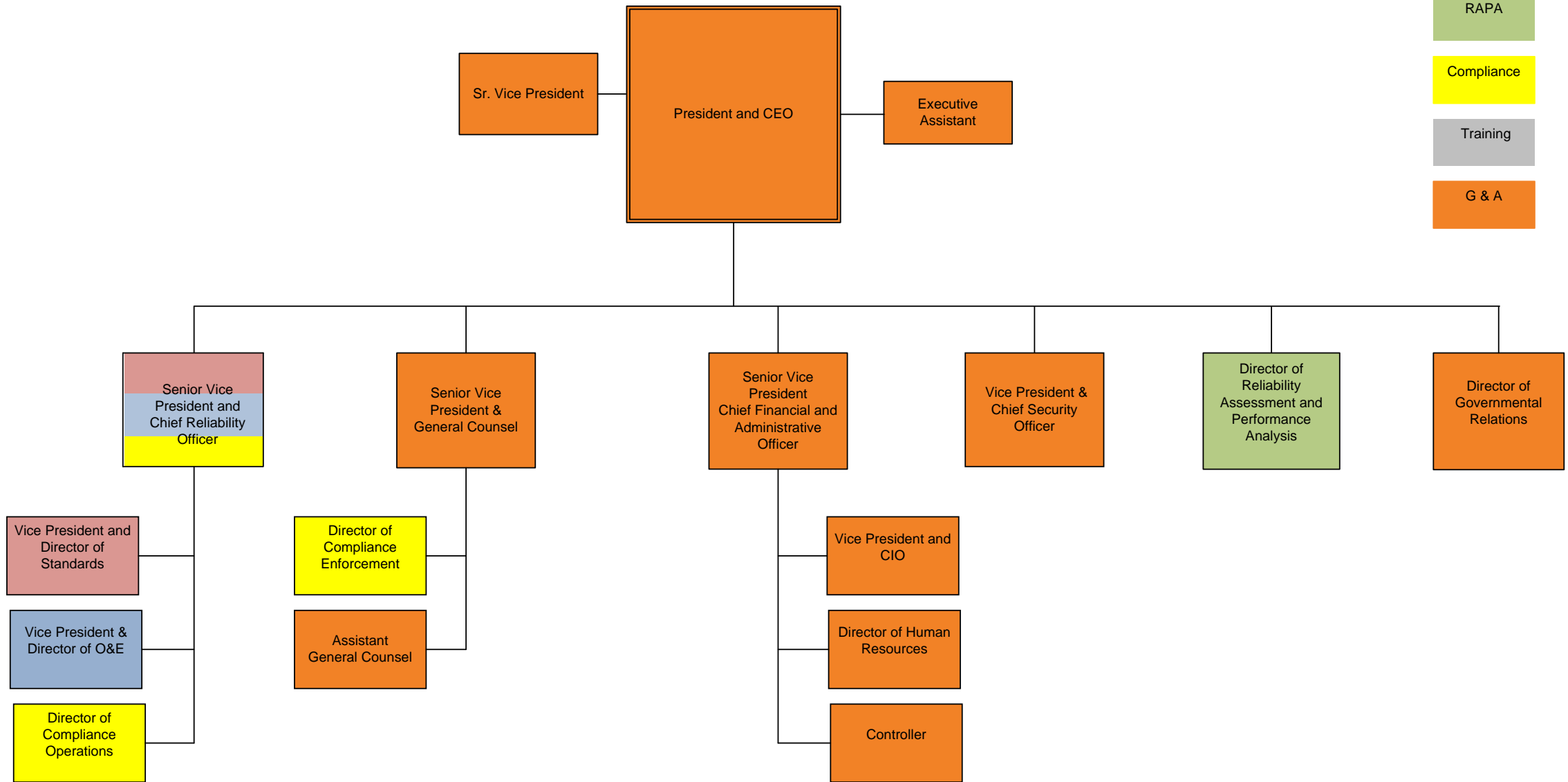
1. Given the complexities and uncertainties described above, during 2011, NERC and Regional Entities will explore the development of an ERO-wide risk assessment and management framework, incorporating individual risk assessments by each Regional Entity and NERC.
2. NERC will work with the Regional Entities, committees, and stakeholders to maximize the cost effective use of conferencing facilities for hosting ERO meetings and conferences.
3. NERC and the Regional Entities will work together to evaluate and implement, where practical, joint purchasing activities and cost control measures to reduce costs of materials and supplies, as well as explore whether there are opportunities to use our combined purchasing power to lower health care, insurance, communications, travel, hotel, meeting and conference, and other common operating expenses.
4. In its 2011 budget, NERC will re-establish a cash reserve. During the planning period, NERC and the Regional Entities will continue to review reserves and lines of credit to assure adequate funding resources, including the ability to request supplemental funding, for extended, major investigations and contested proceedings. NERC and the Regional Entities should plan to have short-term and intermediate term internal means to handle funding of hearings including training for hearing bodies, available hearing officers and related administration to permit

effective due process for the Registered Entity. NERC and interested Regional Entities may explore the option of creating a joint contingency reserve pool to provide short-term funding for major cases, including true up mechanisms to ensure that the entity involved in the hearing reimburses the reserve pool for any advances over and above that entity's contributions.

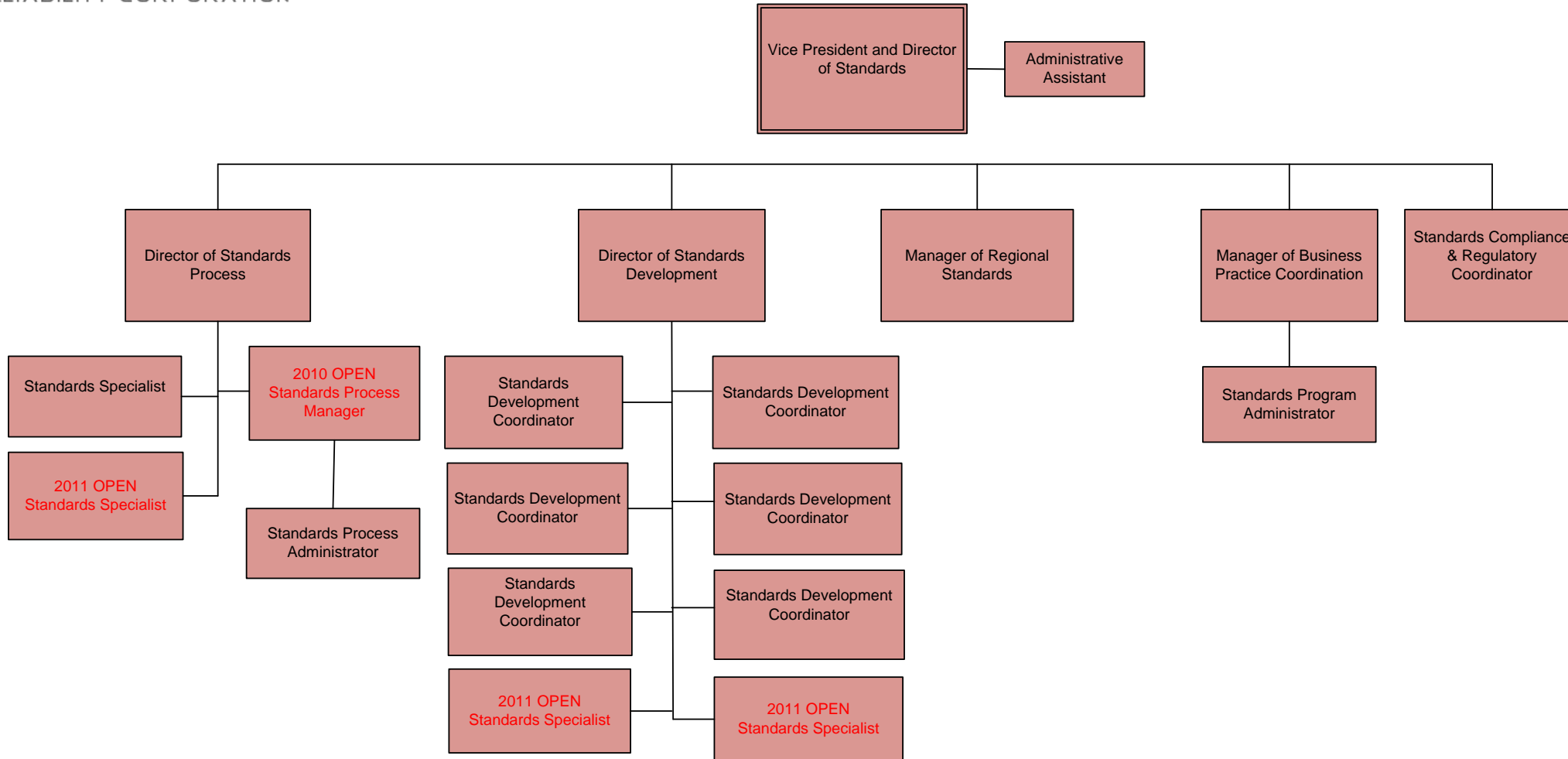


NERC 2011 BP&B
 Mapping of Staff to Program Areas
 NERC Staff Organization Chart 2010-2011

Standards
SA & CIP
RAPA
Compliance
Training
G & A

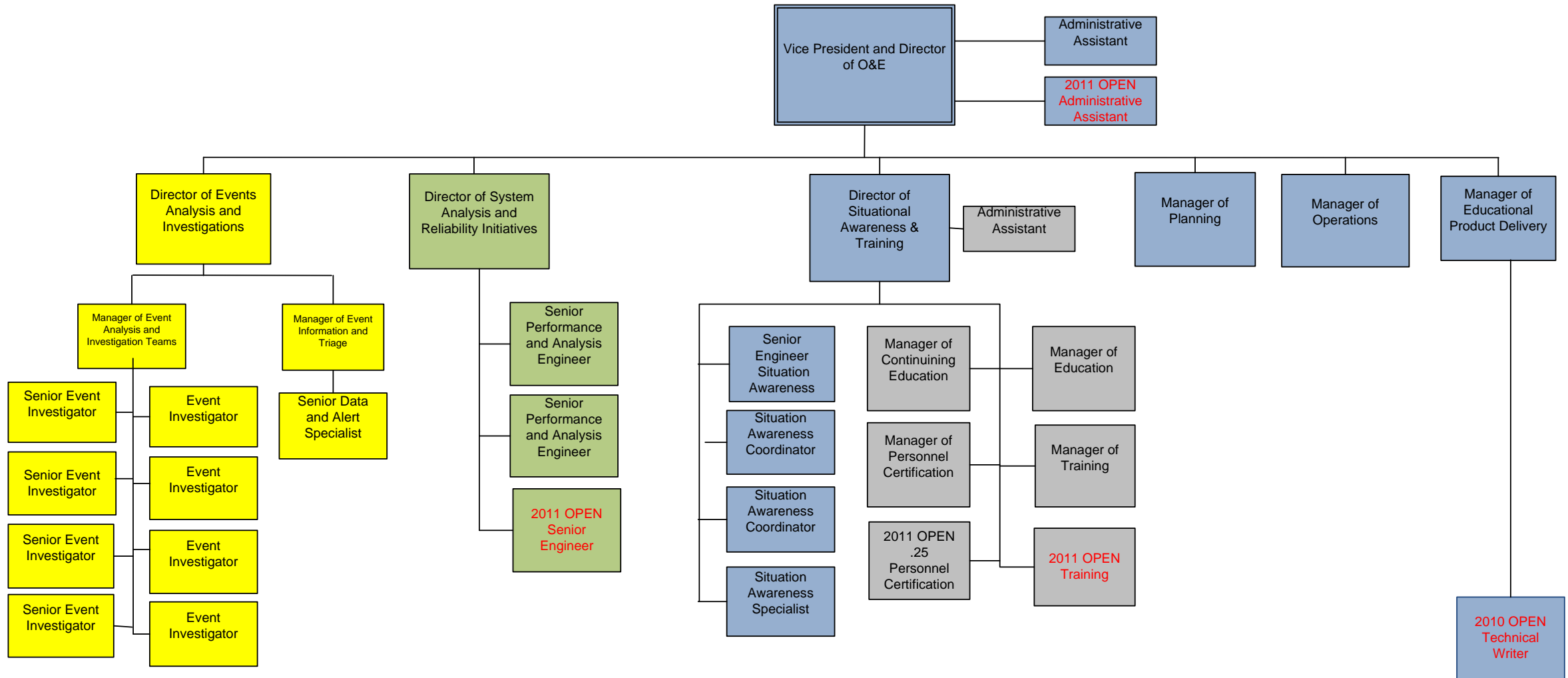


Standards 2010-2011



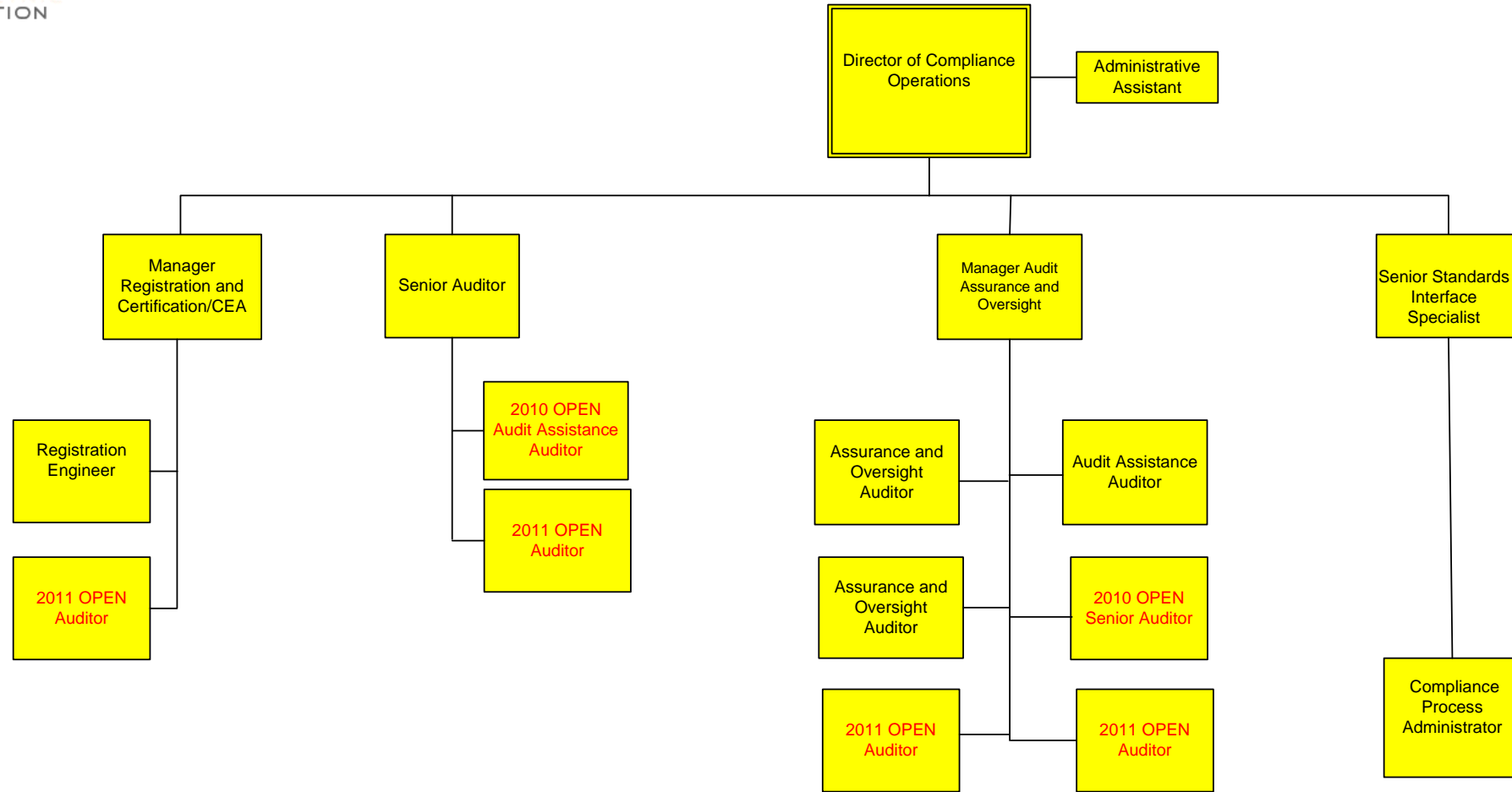


Operations and Engineering 2010-2011



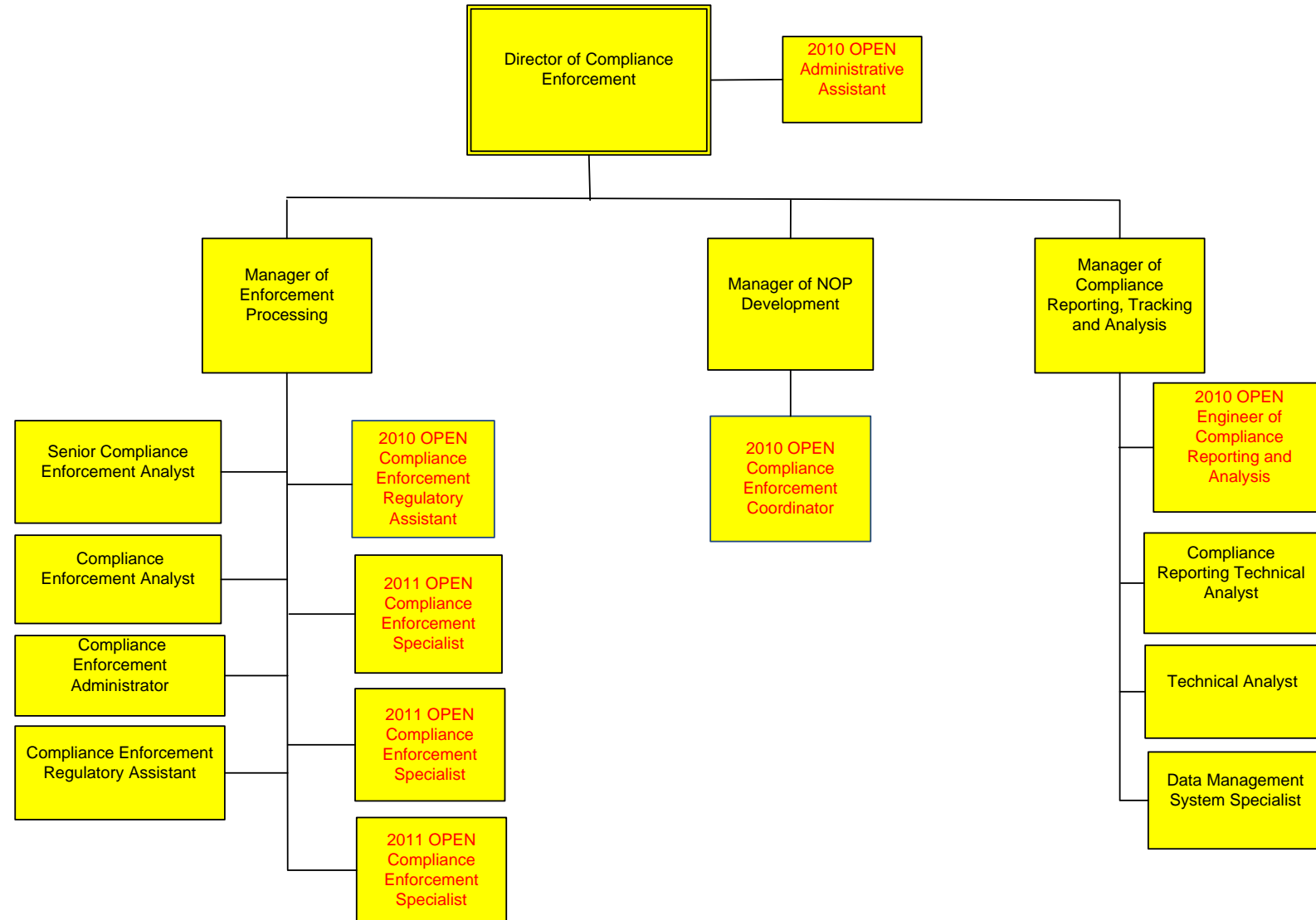


Compliance Operations 2010-2011

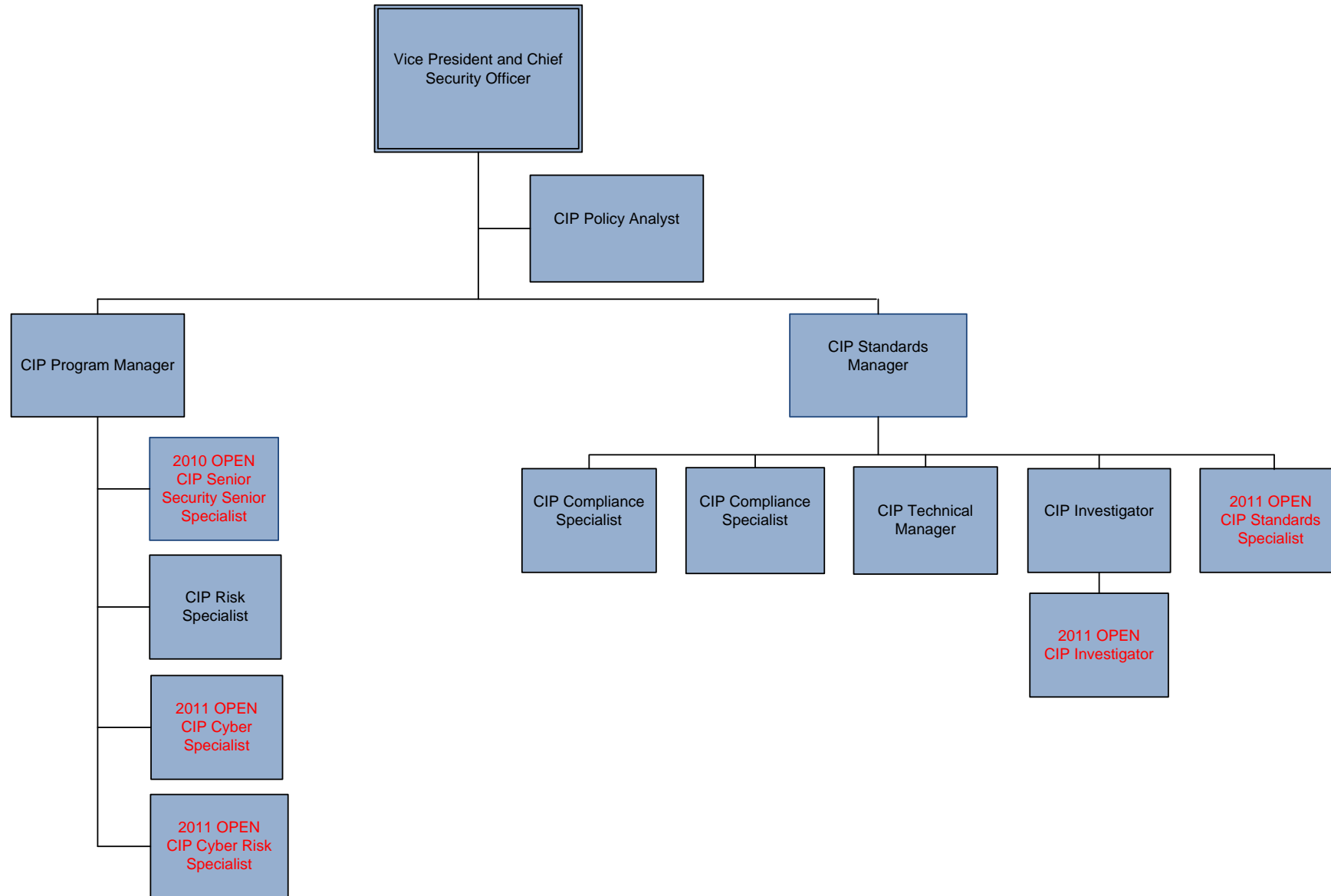




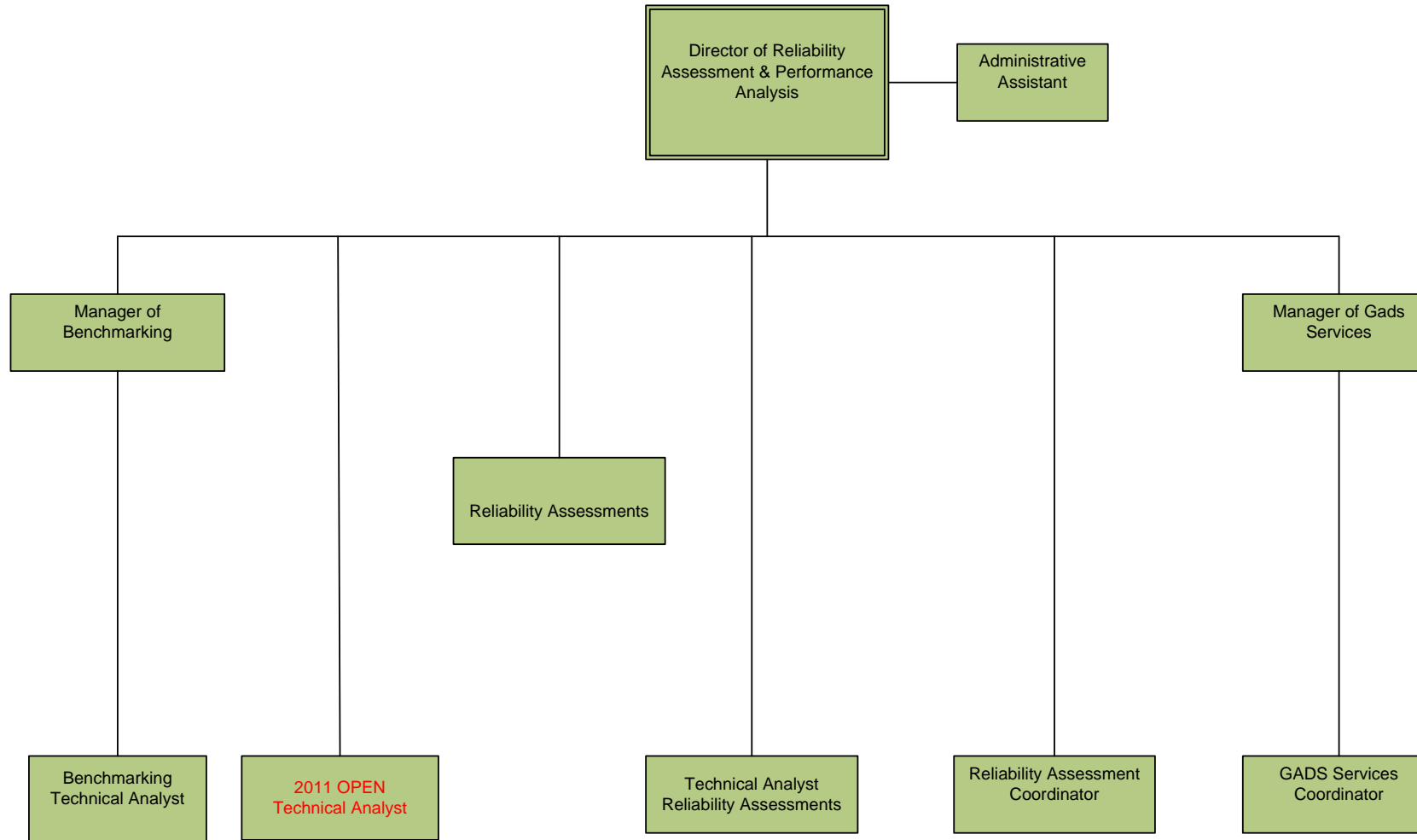
Compliance Enforcement 2010-2011



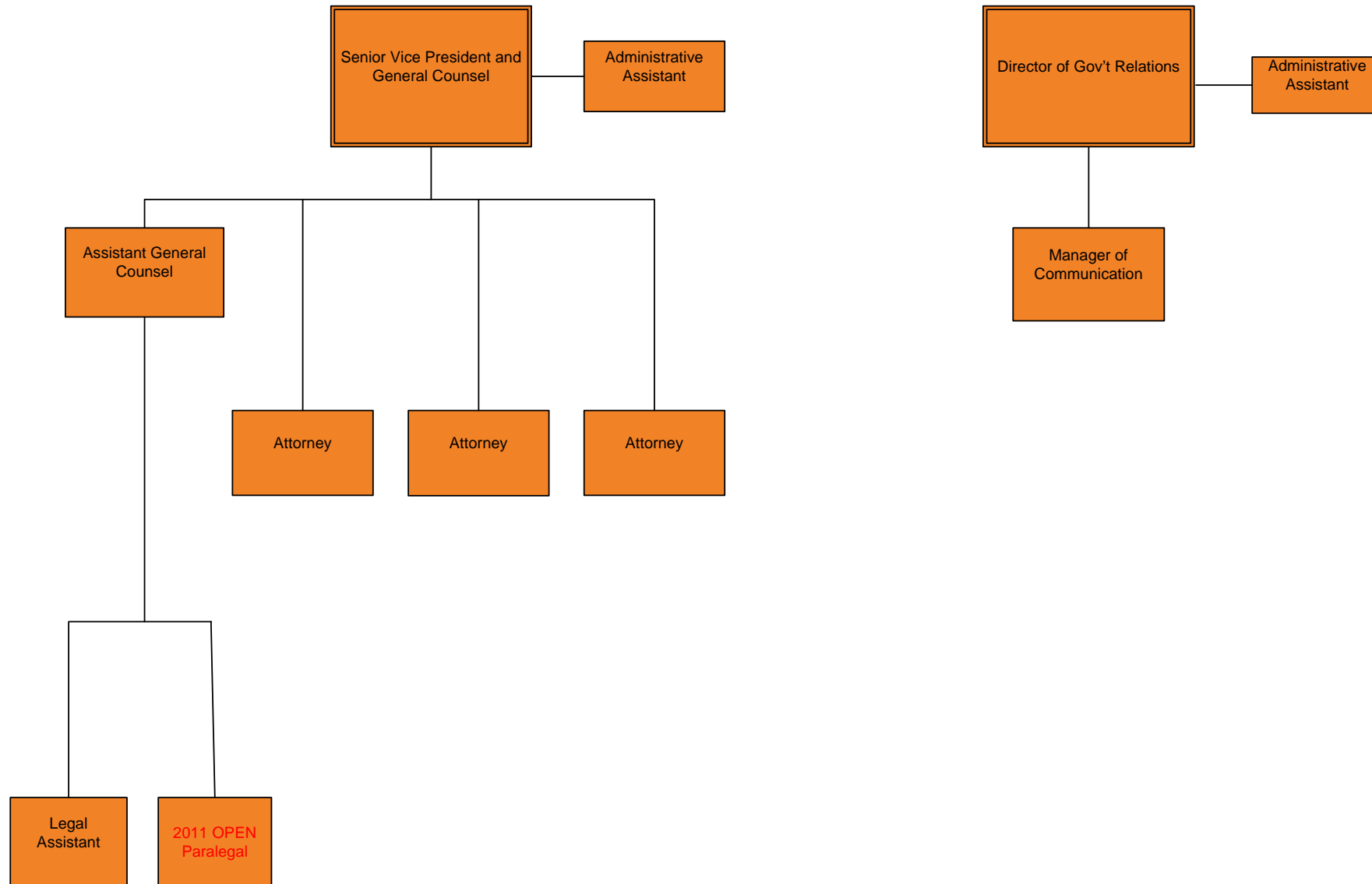
Critical Infrastructure Protection 2010-2011



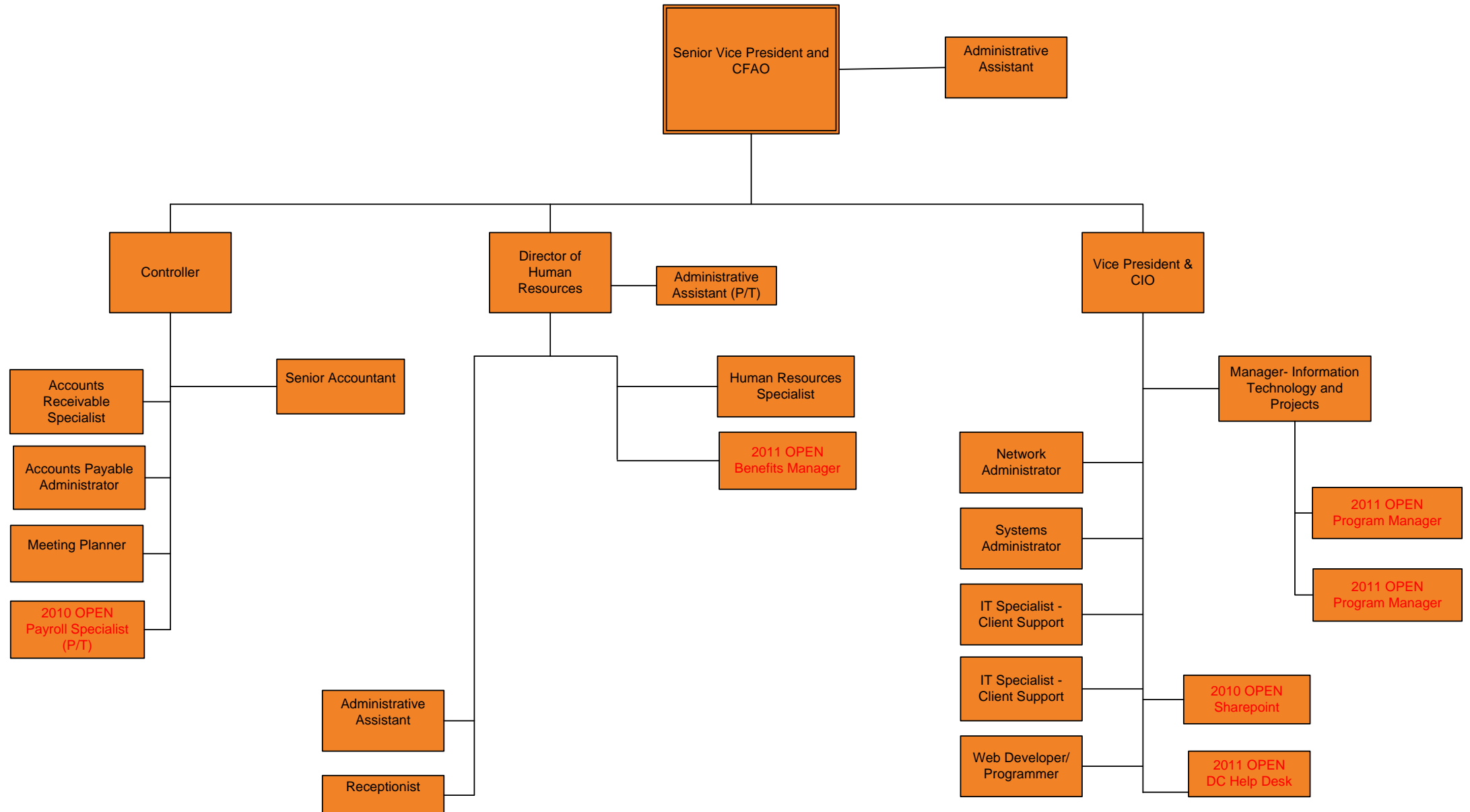
Reliability Assessment & Performance Analysis 2010-2011



Legal and Governmental Relations 2010-2011



Finance, Human Resources and Information Technology 2010-2011



2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	FRCC	1074	Alachua, City of	U.S.	122,000	122,000			0.054%	0.054%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	FRCC	1075	Bartow, City of	U.S.	301,500	301,500			0.133%	0.133%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	FRCC	1076	Chattahoochee, City of	U.S.	43,600	43,600			0.019%	0.019%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	684,000	684,000			0.302%	0.302%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	FRCC	1078	Florida Power & Light Co.	U.S.	110,149,000	110,149,000			48.566%	48.566%	0.000%	0.000%	2.514%	2.514%	0.000%	0.000%	2.858%
2009	FRCC	1079	Florida Public Utilities Company	U.S.	405,300	405,300			0.179%	0.179%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2009	FRCC	1080	Gainesville Regional Utilities	U.S.	1,880,000	1,880,000			0.829%	0.829%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2009	FRCC	1081	Homestead, City of	U.S.	485,000	485,000			0.214%	0.214%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2009	FRCC	1082	JEA	U.S.	12,749,700	12,749,700			5.621%	5.621%	0.000%	0.000%	0.291%	0.291%	0.000%	0.000%	0.331%
2009	FRCC	1083	Lakeland Electric	U.S.	2,992,000	2,992,000			1.319%	1.319%	0.000%	0.000%	0.068%	0.068%	0.000%	0.000%	0.078%
2009	FRCC	1084	Mount Dora, City of	U.S.	94,900	94,900			0.042%	0.042%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	FRCC	1085	New Smyrna Beach, Utilities Commissior	U.S.	389,000	389,000			0.172%	0.172%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	FRCC	1086	Orlando Utilities Commission	U.S.	5,653,000	5,653,000			2.492%	2.492%	0.000%	0.000%	0.129%	0.129%	0.000%	0.000%	0.147%
2009	FRCC	1087	Progress Energy Florida	U.S.	41,671,000	41,671,000			18.373%	18.373%	0.000%	0.000%	0.951%	0.951%	0.000%	0.000%	1.081%
2009	FRCC	1088	Quincy, City of	U.S.	144,700	144,700			0.064%	0.064%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	FRCC	1089	Reedy Creek Improvement District	U.S.	1,229,000	1,229,000			0.542%	0.542%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2009	FRCC	1090	St. Cloud, City of (OUC)	U.S.	600,000	600,000			0.265%	0.265%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	FRCC	1091	Tallahassee, City of	U.S.	2,805,000	2,805,000			1.237%	1.237%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.073%
2009	FRCC	1092	Tampa Electric Company	U.S.	19,751,000	19,751,000			8.708%	8.708%	0.000%	0.000%	0.451%	0.451%	0.000%	0.000%	0.513%
2009	FRCC	1603	Vero Beach, City of	U.S.	753,000	753,000			0.332%	0.332%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2009	FRCC	1093	Wauchula, City of	U.S.	67,451	67,451			0.030%	0.030%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	FRCC	1094	Williston, City of	U.S.	35,200	35,200			0.016%	0.016%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	FRCC	1095	Winter Park, City of	U.S.	455,600	455,600			0.201%	0.201%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2009	FRCC	1072	Florida Municipal Power Agency	U.S.	6,151,036	6,151,036			2.712%	2.712%	0.000%	0.000%	0.140%	0.140%	0.000%	0.000%	0.160%
2009	FRCC	1073	Seminole Electric Cooperative	U.S.	17,190,667	17,190,667			7.580%	7.580%	0.000%	0.000%	0.392%	0.392%	0.000%	0.000%	0.446%
TOTAL FRCC					226,802,655	226,802,655	-	-	100.000%	100.000%	0.000%	0.000%	5.176%	5.176%	0.000%	0.000%	5.885%
2009	MRO	1199	Basin Electric Power Cooperative	U.S.	10,258,784	10,258,784	-	-	3.875%	3.875%	0.000%	0.000%	0.234%	0.234%	0.000%	0.000%	0.266%
2009	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	2,663,059	2,663,059	-	-	1.006%	1.006%	0.000%	0.000%	0.061%	0.061%	0.000%	0.000%	0.069%
2009	MRO	1204	Corn Belt Power Cooperative	U.S.	1,825,227	1,825,227	-	-	0.689%	0.689%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.047%
2009	MRO	1207	Dairyland Power Cooperative	U.S.	5,200,600	5,200,600	-	-	1.964%	1.964%	0.000%	0.000%	0.119%	0.119%	0.000%	0.000%	0.135%
2009	MRO	1210	Great River Energy	U.S.	13,245,294	13,245,294	-	-	5.003%	5.003%	0.000%	0.000%	0.302%	0.302%	0.000%	0.000%	0.344%
2009	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	3,818,990	3,818,990	-	-	1.442%	1.442%	0.000%	0.000%	0.087%	0.087%	0.000%	0.000%	0.099%
2009	MRO	1230	Nebraska Public Power District	U.S.	12,666,632	12,666,632	-	-	4.784%	4.784%	0.000%	0.000%	0.289%	0.289%	0.000%	0.000%	0.329%
2009	MRO	1232	Omaha Public Power District	U.S.	10,305,544	10,305,544	-	-	3.893%	3.893%	0.000%	0.000%	0.235%	0.235%	0.000%	0.000%	0.267%
2009	MRO	1237	Southern Montana Generation and Trans	U.S.	4,461	4,461	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	MRO	1240	Western Area Power Administration (UM)	U.S.	8,322,860	8,322,860	-	-	3.144%	3.144%	0.000%	0.000%	0.190%	0.190%	0.000%	0.000%	0.216%
2009	MRO	1239	Western Area Power Administration (LM)	U.S.	126,885	126,885	-	-	0.048%	0.048%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	MRO	1217	Manitoba Hydro	CAN	24,647,899		24,647,899		9.310%	0.000%	9.310%	0.000%	0.562%	0.000%	0.562%	0.000%	0.000%
2009	MRO	1235	SaskPower	CAN	19,748,000		19,748,000		7.459%	0.000%	7.459%	0.000%	0.451%	0.000%	0.451%	0.000%	0.000%
2009	MRO	1195	Alliant Energy (Alliant East - WPL & Allia	U.S.	27,772,033	27,772,033	-	-	10.490%	10.490%	0.000%	0.000%	0.634%	0.634%	0.000%	0.000%	0.721%
2009	MRO	1216	Madison, Gas and Electric	U.S.	3,332,068	3,332,068	-	-	1.259%	1.259%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2009	MRO	1220	MidAmerican Energy Company	U.S.	21,530,193	21,530,193	-	-	8.132%	8.132%	0.000%	0.000%	0.491%	0.491%	0.000%	0.000%	0.559%
2009	MRO	1221	Minnesota Power	U.S.	10,059,894	10,059,894	-	-	3.800%	3.800%	0.000%	0.000%	0.230%	0.230%	0.000%	0.000%	0.261%
2009	MRO	1226	Montana-Dakota Utilities Co.	U.S.	2,593,368	2,593,368	-	-	0.980%	0.980%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2009	MRO	1231	NorthWestern Energy	U.S.	1,420,282	1,420,282	-	-	0.536%	0.536%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2009	MRO	1233	Otter Tail Power Company	U.S.	4,272,885	4,272,885	-	-	1.614%	1.614%	0.000%	0.000%	0.098%	0.098%	0.000%	0.000%	0.111%
2009	MRO	1243	Integrus Energy Group (WPS and UPPC)	U.S.	13,511,063	13,511,063	-	-	5.103%	5.103%	0.000%	0.000%	0.308%	0.308%	0.000%	0.000%	0.351%
2009	MRO	1244	Xcel Energy Company (NSP)	U.S.	44,905,543	44,905,543	-	-	16.961%	16.961%	0.000%	0.000%	1.025%	1.025%	0.000%	0.000%	1.165%
2009	MRO	1196	Ames Municipal Electric System	U.S.	727,018	727,018	-	-	0.275%	0.275%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2009	MRO	1604	Atlantic Municipal Utilities	U.S.	79,557	79,557	-	-	0.030%	0.030%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	MRO	1476	Badger Power Marketing Authority of Wis	U.S.	346,850	346,850	-	-	0.131%	0.131%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	MRO	1200	Cedar Falls Municipal Utilities	U.S.	506,306	506,306	-	-	0.191%	0.191%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	MRO	1477	Central Minnesota Municipal Power Ager	U.S.	427,162	427,162	-	-	0.161%	0.161%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	MRO	1605	City of Pella	U.S.	174,751	174,751	-	-	0.066%	0.066%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	MRO	1203	Esanaba Municipal Electric Utility	U.S.	141,278	141,278	-	-	0.053%	0.053%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	MRO	1205	Falls City Water & Light Department	U.S.	38,264	38,264	-	-	0.014%	0.014%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	MRO	1206	Fremont Department of Utilities	U.S.	417,653	417,653	-	-	0.158%	0.158%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	MRO	1208	Geneseo Municipal Utilities	U.S.	63,823	63,823	-	-	0.024%	0.024%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	MRO	1209	Grand Island Utilities Department	U.S.	681,421	681,421	-	-	0.257%	0.257%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	MRO	1606	Harlan Municipal Utilities	U.S.	18,543	18,543	-	-	0.007%	0.007%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	MRO	1211	Hastings Utilities	U.S.	395,028	395,028	-	-	0.149%	0.149%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	MRO	1212	Heartland Consumers Power District	U.S.	661,111	661,111	-	-	0.250%	0.250%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	MRO	1213	Hutchinson Utilities Commission	U.S.	289,175	289,175	-	-	0.109%	0.109%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	MRO	1215	Lincoln Electric System	U.S.	3,144,646	3,144,646	-	-	1.188%	1.188%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2009	MRO	1218	Manitowoc Public Utilities	U.S.	515,000	515,000	-	-	0.195%	0.195%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	MRO	1223	Missouri River Energy Services	U.S.	2,163,696	2,163,696	-	-	0.817%	0.817%	0.000%	0.000%	0.049%	0.049%	0.000%	0.000%	0.056%
2009	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	1,384,852	1,384,852	-	-	0.523%	0.523%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.036%
2009	MRO	1607	Montezuma Municipal Light & Power	U.S.	26,256	26,256	-	-	0.010%	0.010%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	971,728	971,728	-	-	0.367%	0.367%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	MRO	1228	Muscatine Power and Water	U.S.	847,099	847,099	-	-	0.320%	0.320%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2009	MRO	1229	Nebraska City Utilities	U.S.	162,093	162,093	-	-	0.061%	0.061%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	MRO	1234	Rochester Public Utilities	U.S.	1,181	1,181	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	MRO	1236	Southern Minnesota Municipal Power Ag	U.S.	2,865,679	2,865,679	-	-	1.082%	1.082%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2009	MRO	1241	Willmar Municipal Utilities	U.S.	285,947	285,947	-	-	0.108%	0.108%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2009	MRO	1242	Wisconsin Public Power, Inc. (East and V	U.S.	5,184,182	5,184,182	-	-	1.958%	1.958%	0.000%	0.000%	0.118%	0.118%	0.000%	0.000%	0.135%
TOTAL MRO					264,751,863	220,355,964	44,395,899	-	100.00%	83.231%	16.769%	0.000%	6.042%	5.029%	1.013%	0.000%	5.718%
2009	NPCC	1336	New England	U.S.	131,330,000	131,330,000	-	-	20.141%	20.141%	0.000%	0.000%	2.997%	2.997%	0.000%	0.000%	3.408%
2009	NPCC	1339	New York	U.S.	164,568,000	164,568,000	-	-	25.239%	25.239%	0.000%	0.000%	3.756%	3.756%	0.000%	0.000%	4.270%
2009	NPCC	1337	Ontario	Canada	143,334,000	-	143,334,000	-	21.982%	0.000%	21.982%	0.000%	3.271%	0.000%	3.271%	0.000%	-
2009	NPCC	1341	Quebec	Canada	186,617,000	-	186,617,000	-	28.620%	0.000%	28.620%	0.000%	4.259%	0.000%	4.259%	0.000%	-
2009	NPCC	1338	New Brunswick	Canada	14,153,000	-	14,153,000	-	2.171%	0.000%	2.171%	0.000%	0.323%	0.000%	0.323%	0.000%	-
2009	NPCC	1340	Nova Scotia	Canada	12,047,000	-	12,047,000	-	1.848%	0.000%	1.848%	0.000%	0.275%	0.000%	0.275%	0.000%	-
TOTAL NPCC					652,049,000	295,898,000	356,151,000	-	100.00%	45.380%	54.620%	0.000%	14.880%	6.753%	8.128%	0.000%	7.678%
2009	RFC	1096	Alger Delta Cooperative Electric Associa	U.S.	58,452	58,452	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	RFC	1097	American Municipal Power	U.S.	3,266,383	3,266,383	-	-	0.367%	0.367%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%	0.085%
2009	RFC	1104	Bay City	U.S.	327,837	327,837	-	-	0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.009%
2009	RFC	1098	Village of Bethel	U.S.	28,950	28,950	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1101	Buckeye Power Inc. (DUKE-CIN)	U.S.	264,722	264,722	-	-	0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	RFC	1100	Buckeye Power Inc. (ATSI)	U.S.	1,008,992	1,008,992	-	-	0.113%	0.113%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2009	RFC	1102	Cannelton Utilities	U.S.	16,561	16,561	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1105	City of Chelsea	U.S.	91,543	91,543	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	RFC	1106	City of Croswell	U.S.	36,295	36,295	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1107	City of Crystal Falls	U.S.	13,492	13,492	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1108	City of Eaton Rapids	U.S.	78,038	78,038	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	RFC	1110	City of Hamilton	U.S.	441,596	441,596	-	-	0.050%	0.050%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	RFC	1111	City of Hart	U.S.	35,960	35,960	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1490	City of Lansing	U.S.	2,095,740	2,095,740	-	-	0.236%	0.236%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2009	RFC	1112	City of Marquette Board of Light & Powe	U.S.	337,947	337,947	-	-	0.038%	0.038%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	RFC	1165	City of Painesville	U.S.	157,647	157,647	-	-	0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	RFC	1114	City of Portland	U.S.	35,348	35,348			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1116	City of St. Louis	U.S.	38,926	38,926			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1117	City of Williamstown KY	U.S.	53,724	53,724			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1118	City of Wyandotte	U.S.	65,318	65,318			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	RFC	1119	Cleveland Public Power	U.S.	1,627,018	1,627,018			0.183%	0.183%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2009	RFC	1120	Cloverland Electric Cooperative	U.S.	235,276	235,276			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	RFC	1132	Cloverland (f.k.a. - Edison Sault Electric t	U.S.	663,187	663,187			0.075%	0.075%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	RFC	1122	CMS ERM Michigan LLC	U.S.	128,464	128,464			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	RFC	1124	Constellation New Energy (MECS-CONS	U.S.	482,603	482,603			0.054%	0.054%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2009	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	690,597	690,597			0.078%	0.078%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	RFC	1534	Constellation New Energy Inc. (ATSI)	U.S.	200,687	200,687			0.023%	0.023%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	RFC	1125	Constellation New Energy Inc. (DUKE-C	U.S.	119,254	119,254			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	RFC	1126	Consumers Energy Company	U.S.	33,114,934	33,114,934			3.724%	3.724%	0.000%	0.000%	0.756%	0.756%	0.000%	0.000%	0.859%
2009	RFC	1128	Detroit Edison Company	U.S.	45,446,273	45,446,273			5.111%	5.111%	0.000%	0.000%	1.037%	1.037%	0.000%	0.000%	1.179%
2009	RFC	1129	Dominion Retail (ATSI)	U.S.	99,718	99,718			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	RFC	1130	Dominion Retail Inc. (DUKE-CIN)	U.S.	368,282	368,282			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2009	RFC	1131	DTE Energy Trading	U.S.	-	-			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1166	Duke Energy Indiana	U.S.	28,478,595	28,478,595			3.203%	3.203%	0.000%	0.000%	0.650%	0.650%	0.000%	0.000%	0.739%
2009	RFC	1179	Duke Energy Kentucky	U.S.	4,179,557	4,179,557			0.470%	0.470%	0.000%	0.000%	0.095%	0.095%	0.000%	0.000%	0.108%
2009	RFC	1178	Duke Energy Ohio	U.S.	17,906,277	17,906,277			2.014%	2.014%	0.000%	0.000%	0.409%	0.409%	0.000%	0.000%	0.465%
2009	RFC	1608	Duke Energy Retail Sales (ATSI)	U.S.	1,839,714	1,839,714			0.207%	0.207%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.048%
2009	RFC	1609	Duke Energy Retail Sales (DUKE-CIN)	U.S.	848,751	848,751			0.095%	0.095%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2009	RFC	1563	Energy International Power Marketing	U.S.	-	-			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1135	Ferdinand Municipal Light & Water	U.S.	40,256	40,256			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1138	FirstEnergy	U.S.	43,191,337	43,191,337			4.857%	4.857%	0.000%	0.000%	0.986%	0.986%	0.000%	0.000%	1.121%
2009	RFC	1137	FirstEnergy Solutions (ATSI)	U.S.	22,427,704	22,427,704			2.522%	2.522%	0.000%	0.000%	0.512%	0.512%	0.000%	0.000%	0.582%
2009	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	21,893	21,893			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	RFC	1550	FirstEnergy Solutions (DUKE-CIN)	U.S.	342,118	342,118			0.038%	0.038%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	RFC	1610	Gexa Energy	U.S.	1,516,838	1,516,838			0.171%	0.171%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.039%
2009	RFC	1141	Georgetown	U.S.	55,100	55,100			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1611	Glacial Energy (ATSI)	U.S.	995	995			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1612	Glacial Energy (MECS-DET)	U.S.	26,879	26,879			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1143	Hamersville	U.S.	5,551	5,551			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1144	Holland Board of Public Works	U.S.	728,971	728,971			0.082%	0.082%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2009	RFC	1145	Hoosier Energy	U.S.	6,728,076	6,728,076			0.757%	0.757%	0.000%	0.000%	0.154%	0.154%	0.000%	0.000%	0.175%
2009	RFC	1148	Indiana Municipal Power Agency (DUKE	U.S.	2,866,995	2,866,995			0.322%	0.322%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2009	RFC	1485	Indiana Municipal Power Agency (NIPSC	U.S.	378,081	378,081			0.043%	0.043%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	558,622	558,622			0.063%	0.063%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2009	RFC	1149	Indianapolis Power & Light Co.	U.S.	14,945,667	14,945,667			1.681%	1.681%	0.000%	0.000%	0.341%	0.341%	0.000%	0.000%	0.388%
2009	RFC	1613	Integrus Energy Services (ATSI)	U.S.	37	37			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1552	Integrus Energy Services (DUKE-CIN)	U.S.	18,764	18,764			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	243,027	243,027			0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	243,915	243,915			0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	RFC	1614	Just Energy (MECS-DET)	U.S.	26,163	26,163			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1151	Lebanon	U.S.	275,975	275,975			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	RFC	1154	Michigan Public Power Agency	U.S.	1,163,653	1,163,653			0.131%	0.131%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2009	RFC	1155	Michigan South Central Power Agency	U.S.	544,399	544,399			0.061%	0.061%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2009	RFC	1158	MidAmerican Energy Company Retail	U.S.	28,857	28,857			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1163	Northern Indiana Public Service Co.	U.S.	15,734,157	15,734,157			1.769%	1.769%	0.000%	0.000%	0.359%	0.359%	0.000%	0.000%	0.408%
2009	RFC	1164	Ontonagon County Rural Electrification A	U.S.	27,535	27,535			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1555	Penn Power	U.S.	2,190,410	2,190,410			0.246%	0.246%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	RFC	1265	PJM Interconnection, LLC	U.S.	587,065,005	587,065,005			66.021%	66.021%	0.000%	0.000%	13.397%	13.397%	0.000%	0.000%	15.234%
2009	RFC	1167	Public Lighting Department of Detroit	U.S.	-	-			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1170	Ripley	U.S.	18,821	18,821			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1580	Sempra Energy Solutions (ATSI)	U.S.	406,701	406,701			0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2009	RFC	1615	Sempra Energy Solutions (DUKE-CIN)	U.S.	596	596			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	553,674	553,674			0.062%	0.062%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2009	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	269,482	269,482			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	RFC	1173	Direct Energy (fka:Strategic Energy) (AT)	U.S.	290,200	290,200			0.033%	0.033%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	RFC	1175	Direct Energy (fka:Strategic Energy) LLC	U.S.	257,529	257,529			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	RFC	1176	Direct Energy (fka:Strategic Energy,LLC)	U.S.	11,451	11,451			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1174	Direct Energy (fka:Strategic Energy,LLC)	U.S.	258,051	258,051			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	RFC	1616	Smart Paper Holdings	U.S.	6,415	6,415			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	RFC	1581	Spartan Renewable Energy	U.S.	63,911	63,911			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	RFC	1180	Thumb Electric Cooperative	U.S.	161,500	161,500			0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	RFC	1181	Vectren Energy Delivery of IN	U.S.	5,316,181	5,316,181			0.598%	0.598%	0.000%	0.000%	0.121%	0.121%	0.000%	0.000%	0.138%
2009	RFC	1099	Village of Blanchester	U.S.	77,466	77,466			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	RFC	1183	Village of Sebewaing	U.S.	43,887	43,887			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	RFC	1184	Wabash Valley Power Association Inc. (I	U.S.	2,553,759	2,553,759			0.287%	0.287%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.066%
2009	RFC	1487	Wabash Valley Power Association Inc. (I	U.S.	167,432	167,432			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	RFC	1488	Wabash Valley Power Association Inc.(H	U.S.	1,559,059	1,559,059			0.175%	0.175%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.040%
2009	RFC	1185	Wisconsin Electric Power Co.	U.S.	27,349,954	27,349,954			3.076%	3.076%	0.000%	0.000%	0.624%	0.624%	0.000%	0.000%	0.710%
2009	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	990,947	990,947			0.111%	0.111%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2009	RFC	1191	Wolverine Power Supply Cooperative	U.S.	2,439,221	2,439,221			0.274%	0.274%	0.000%	0.000%	0.056%	0.056%	0.000%	0.000%	0.063%
2009	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	100,472	100,472			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	RFC	1194	Zelienople	U.S.	31,679	31,679			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
TOTAL RELIABILITYFIRST					889,208,026	889,208,026	-	-	100.000%	100.000%	0.000%	0.000%	20.292%	20.292%	0.000%	0.000%	23.074%
2009	SERC	1267	Alabama Municipal Electric Authority	U.S.	3,559,000	3,559,000	-	-	0.359%	0.359%	0.000%	0.000%	0.081%	0.081%	0.000%	0.000%	0.092%
2009	SERC	1268	Alabama Power Company	U.S.	54,240,646	54,240,646	-	-	5.478%	5.478%	0.000%	0.000%	1.238%	1.238%	0.000%	0.000%	1.407%
2009	SERC	1269	Ameren - Illinois	U.S.	40,541,000	40,541,000	-	-	4.095%	4.095%	0.000%	0.000%	0.925%	0.925%	0.000%	0.000%	1.052%
2009	SERC	1271	Ameren - Missouri	U.S.	39,457,000	39,457,000	-	-	3.985%	3.985%	0.000%	0.000%	0.900%	0.900%	0.000%	0.000%	1.024%
2009	SERC	1272	APGI - Yadkin Division	U.S.	32,323	32,323	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1273	Associated Electric Cooperative Inc.	U.S.	18,989,990	18,989,990	-	-	1.918%	1.918%	0.000%	0.000%	0.433%	0.433%	0.000%	0.000%	0.493%
2009	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	1,037,924	1,037,924	-	-	0.105%	0.105%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2009	SERC	1462	Benton Utility District	U.S.	264,000	264,000	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1274	Big Rivers Electric Corporation	U.S.	9,942,616	9,942,616	-	-	1.004%	1.004%	0.000%	0.000%	0.227%	0.227%	0.000%	0.000%	0.258%
2009	SERC	1275	Black Warrior EMC	U.S.	416,591	416,591	-	-	0.042%	0.042%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	SERC	1276	Blue Ridge EMC	U.S.	1,148,758	1,148,758	-	-	0.116%	0.116%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2009	SERC	1463	Canton, MS	U.S.	122,623	122,623	-	-	0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	15,452,673	15,452,673	-	-	1.561%	1.561%	0.000%	0.000%	0.353%	0.353%	0.000%	0.000%	0.401%
2009	SERC	1278	City of Blountstown FL	U.S.	39,922	39,922	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1279	City of Camden SC	U.S.	204,558	204,558	-	-	0.021%	0.021%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	SERC	1280	City of Collins MS	U.S.	44,918	44,918	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1281	City of Columbia MO	U.S.	1,373,285	1,373,285	-	-	0.139%	0.139%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.036%
2009	SERC	1282	City of Conway AR (Conway Corporation	U.S.	960,000	960,000	-	-	0.097%	0.097%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	SERC	1284	City of Evergreen AL	U.S.	61,935	61,935	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	SERC	1285	City of Hampton GA	U.S.	24,623	24,623	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1286	City of Hartford AL	U.S.	31,250	31,250	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1287	City of Henderson (KY) Municipal Power	U.S.	658,517	658,517	-	-	0.067%	0.067%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	SERC	1288	City of North Little Rock AR (DENL)	U.S.	964,267	964,267	-	-	0.097%	0.097%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	SERC	1289	City of Orangeburg SC Department of Pu	U.S.	925,786	925,786	-	-	0.094%	0.094%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	SERC	1290	City of Robertsdale AL	U.S.	84,444	84,444	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	SERC	1291	City of Ruston LA (DERS)	U.S.	270,000	270,000	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1292	City of Seneca SC	U.S.	152,933	152,933	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	SERC	1115	City of Springfield (CWLP)	U.S.	1,814,887	1,814,887	-	-	0.183%	0.183%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.047%
2009	SERC	1465	City of Thayer, MO	U.S.	15,747	15,747	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	SERC	1293	City of Troy AL	U.S.	369,623	369,623	-	-	0.037%	0.037%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2009	SERC	1294	City of West Memphis AR (West Memphi	U.S.	397,000	397,000	-	-	0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	607,420	607,420	-	-	0.061%	0.061%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	247,597	247,597	-	-	0.025%	0.025%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	SERC	1283	Dalton Utilities	U.S.	1,474,100	1,474,100	-	-	0.149%	0.149%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2009	SERC	1585	Dixie Electric Membership Corporation	U.S.	2,218,178	2,218,178	-	-	0.224%	0.224%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2009	SERC	1295	Dominion Virginia Power	U.S.	83,295,482	83,295,482	-	-	8.413%	8.413%	0.000%	0.000%	1.901%	1.901%	0.000%	0.000%	2.161%
2009	SERC	1296	Duke Energy Carolinas, LLC	U.S.	80,858,917	80,858,917	-	-	8.167%	8.167%	0.000%	0.000%	1.845%	1.845%	0.000%	0.000%	2.098%
2009	SERC	1466	Durant, MS	U.S.	30,847	30,847	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1478	E.ON U.S. Services Inc.	U.S.	33,599,715	33,599,715	-	-	3.394%	3.394%	0.000%	0.000%	0.767%	0.767%	0.000%	0.000%	0.872%
2009	SERC	1297	East Kentucky Power Cooperative	U.S.	12,370,308	12,370,308	-	-	1.249%	1.249%	0.000%	0.000%	0.282%	0.282%	0.000%	0.000%	0.321%
2009	SERC	1298	East Mississippi Electric Power Associati	U.S.	440,457	440,457	-	-	0.044%	0.044%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	SERC	1299	Electric Energy Inc.	U.S.	1,325,303	1,325,303	-	-	0.134%	0.134%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2009	SERC	1300	EnergyUnited EMC	U.S.	2,399,806	2,399,806	-	-	0.242%	0.242%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2009	SERC	1301	Entergy	U.S.	109,154,423	109,154,423	-	-	11.025%	11.025%	0.000%	0.000%	2.491%	2.491%	0.000%	0.000%	2.832%
2009	SERC	1302	Fayetteville (NC) Public Works Commiss	U.S.	2,235,172	2,235,172	-	-	0.226%	0.226%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2009	SERC	1303	Florida Public Utilities (FL Panhandle Loc	U.S.	349,248	349,248	-	-	0.035%	0.035%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	SERC	1304	French Broad EMC	U.S.	516,495	516,495	-	-	0.052%	0.052%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	SERC	1305	Georgia Power Company	U.S.	85,362,934	85,362,934	-	-	8.622%	8.622%	0.000%	0.000%	1.948%	1.948%	0.000%	0.000%	2.215%
2009	SERC	1306	Georgia System Optms Corporation	U.S.	37,896,252	37,896,252	-	-	3.828%	3.828%	0.000%	0.000%	0.865%	0.865%	0.000%	0.000%	0.983%
2009	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	282,158	282,158	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1307	Greenwood (SC) Commissioners of Publ	U.S.	331,443	331,443	-	-	0.033%	0.033%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	SERC	1308	Gulf Power Company	U.S.	11,666,310	11,666,310	-	-	1.178%	1.178%	0.000%	0.000%	0.266%	0.266%	0.000%	0.000%	0.303%
2009	SERC	1586	Haywood EMC	U.S.	304,431	304,431	-	-	0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	SERC	1309	Illinois Municipal Electric Agency	U.S.	1,809,000	1,809,000	-	-	0.183%	0.183%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.047%
2009	SERC	1480	Itta Bena, MS	U.S.	15,923	15,923	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	225,240	225,240	-	-	0.023%	0.023%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	SERC	1617	Kentucky Municipal Power	U.S.	722,754	722,754	-	-	0.073%	0.073%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2009	SERC	1481	Kosciusko, MS	U.S.	73,023	73,023	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	SERC	1482	Leland, MS	U.S.	32,161	32,161	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1313	McCormick Commission of Public Works	U.S.	22,872	22,872	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1314	Mississippi Power Company	U.S.	9,972,238	9,972,238	-	-	1.007%	1.007%	0.000%	0.000%	0.228%	0.228%	0.000%	0.000%	0.259%
2009	SERC	1315	Municipal Electric Authority of Georgia	U.S.	10,570,000	10,570,000	-	-	1.068%	1.068%	0.000%	0.000%	0.241%	0.241%	0.000%	0.000%	0.274%
2009	SERC	1316	N.C. Electric Membership Corp.	U.S.	12,344,600	12,344,600	-	-	1.247%	1.247%	0.000%	0.000%	0.282%	0.282%	0.000%	0.000%	0.320%
2009	SERC	1317	North Carolina Eastern Municipal Power	U.S.	7,394,674	7,394,674	-	-	0.747%	0.747%	0.000%	0.000%	0.169%	0.169%	0.000%	0.000%	0.192%
2009	SERC	1318	North Carolina Municipal Power Agency	U.S.	4,609,442	4,609,442	-	-	0.466%	0.466%	0.000%	0.000%	0.105%	0.105%	0.000%	0.000%	0.120%
2009	SERC	1588	Northeast Louisiana Power Cooperative,	U.S.	277,796	277,796	-	-	0.028%	0.028%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1574	Northern Virginia Electric Cooperative	U.S.	3,496,304	3,496,304	-	-	0.353%	0.353%	0.000%	0.000%	0.080%	0.080%	0.000%	0.000%	0.091%
2009	SERC	1319	Old Dominion Electric Cooperative	U.S.	5,582,434	5,582,434	-	-	0.564%	0.564%	0.000%	0.000%	0.127%	0.127%	0.000%	0.000%	0.145%
2009	SERC	1618	Osceola (Arkansas) Municipal Light and I	U.S.	268,928	268,928	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	879,243	879,243	-	-	0.089%	0.089%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2009	SERC	1321	Piedmont EMC in Duke and Progress Arc	U.S.	506,350	506,350	-	-	0.051%	0.051%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	SERC	1323	Piedmont Municipal Power Agency (PMP	U.S.	2,286,624	2,286,624	-	-	0.231%	0.231%	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.059%
2009	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	265,031	265,031	-	-	0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	SERC	1266	PowerSouth Energy	U.S.	8,278,739	8,278,739	-	-	0.836%	0.836%	0.000%	0.000%	0.189%	0.189%	0.000%	0.000%	0.215%
2009	SERC	1330	Prairie Power, Inc.	U.S.	1,540,294	1,540,294	-	-	0.156%	0.156%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	SERC	1324	Progress Energy Carolinas	U.S.	45,650,000	45,650,000	-	-	4.611%	4.611%	0.000%	0.000%	1.042%	1.042%	0.000%	0.000%	1.185%
2009	SERC	1325	Rutherford EMC	U.S.	1,265,243	1,265,243	-	-	0.128%	0.128%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2009	SERC	1326	South Carolina Electric & Gas Company	U.S.	22,243,734	22,243,734	-	-	2.247%	2.247%	0.000%	0.000%	0.508%	0.508%	0.000%	0.000%	0.577%
2009	SERC	1327	South Carolina Public Service Authority	U.S.	7,156,752	7,156,752	-	-	0.723%	0.723%	0.000%	0.000%	0.163%	0.163%	0.000%	0.000%	0.186%
2009	SERC	1590	South Louisiana Electric Cooperative Ass	U.S.	604,198	604,198	-	-	0.061%	0.061%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	SERC	1328	South Mississippi Electric Power Associa	U.S.	9,915,186	9,915,186	-	-	1.001%	1.001%	0.000%	0.000%	0.226%	0.226%	0.000%	0.000%	0.257%
2009	SERC	1329	Southern Illinois Power Cooperative	U.S.	1,481,489	1,481,489	-	-	0.150%	0.150%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2009	SERC	1591	Southwest Louisiana Electric Membershij	U.S.	2,426,653	2,426,653	-	-	0.245%	0.245%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.063%
2009	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	412,888	412,888	-	-	0.042%	0.042%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2009	SERC	1331	Tennessee Valley Authority	U.S.	165,493,867	165,493,867	-	-	16.715%	16.715%	0.000%	0.000%	3.777%	3.777%	0.000%	0.000%	4.294%
2009	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	130,935	130,935	-	-	0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	SERC	1592	Town of Black Creek, N.C.	U.S.	12,548	12,548	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	SERC	1593	Town of Lucama, N.C.	U.S.	20,993	20,993	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	SERC	1594	Town of Sharpsburg, N.C.	U.S.	21,563	21,563	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	SERC	1595	Town of Stantonburg, N.C.	U.S.	23,114	23,114	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1333	Town of Waynesville NC	U.S.	97,321	97,321	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	SERC	1334	Town of Winnsboro SC	U.S.	76,097	76,097	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	SERC	1335	Town of Winterville NC	U.S.	51,472	51,472	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	SERC	1596	Valley Electric Membership Corporation,	U.S.	167,493	167,493	-	-	0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	SERC	1597	Washington-St.Tammany Electric Coope	U.S.	1,102,470	1,102,470	-	-	0.111%	0.111%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.029%
TOTAL SERC					990,093,522	990,093,522	-	-	100.000%	100.000%	0.000%	0.000%	22.594%	22.594%	0.000%	0.000%	25.692%
2009	SPP	1246	American Electric Power	U.S.	34,588,826	34,588,826	-	-	17.037%	17.037%	0.000%	0.000%	0.789%	0.789%	0.000%	0.000%	0.898%
2009	SPP	1435	Arkansas Electric Cooperative Corporati	U.S.	3,746,596	3,746,596	-	-	1.845%	1.845%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%	0.097%
2009	SPP	1247	Board of Public Utilities (Kansas City K	U.S.	2,375,188	2,375,188	-	-	1.170%	1.170%	0.000%	0.000%	0.054%	0.054%	0.000%	0.000%	0.062%
2009	SPP	1620	Board of Public Utilities, City of McPhers	U.S.	848,000	848,000	-	-	0.418%	0.418%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2009	SPP	1468	Cap Rock Energy	U.S.	808,554	808,554	-	-	0.398%	0.398%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2009	SPP	1469	Central Valley Electric Cooperative	U.S.	763,611	763,611	-	-	0.376%	0.376%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2009	SPP	1556	City of Bentonville	U.S.	562,584	562,584	-	-	0.277%	0.277%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2009	SPP	1557	City of Clarksdale, Mississippi	U.S.	170,659	170,659	-	-	0.084%	0.084%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	SPP	1558	Hope Water & Light (HWL)	U.S.	285,387	285,387	-	-	0.141%	0.141%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2009	SPP	1559	City of Minden	U.S.	167,510	167,510	-	-	0.083%	0.083%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	SPP	1248	Independence Power & Light (Independ	U.S.	1,079,746	1,079,746	-	-	0.532%	0.532%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2009	SPP	1436	City Utilities of Springfield, MO	U.S.	3,089,503	3,089,503	-	-	1.522%	1.522%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.080%
2009	SPP	1249	Cleco Power LLC	U.S.	11,023,655	11,023,655	-	-	5.430%	5.430%	0.000%	0.000%	0.252%	0.252%	0.000%	0.000%	0.286%
2009	SPP	1437	East Texas Electric Coop, Inc.	U.S.	404,646	404,646	-	-	0.199%	0.199%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2009	SPP	1250	The Empire District Electric Company	U.S.	5,263,206	5,263,206	-	-	2.592%	2.592%	0.000%	0.000%	0.120%	0.120%	0.000%	0.000%	0.137%
2009	SPP	1470	Farmers' Electric Coop	U.S.	408,444	408,444	-	-	0.201%	0.201%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2009	SPP	1438	Golden Spread Electric Coop	U.S.	4,469,314	4,469,314	-	-	2.201%	2.201%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.116%
2009	SPP	1251	Grand River Dam Authority	U.S.	4,283,825	4,283,825	-	-	2.110%	2.110%	0.000%	0.000%	0.098%	0.098%	0.000%	0.000%	0.111%
2009	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	15,626,676	15,626,676	-	-	7.697%	7.697%	0.000%	0.000%	0.357%	0.357%	0.000%	0.000%	0.405%
2009	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	2,033,860	2,033,860	-	-	1.002%	1.002%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.053%
2009	SPP	1440	Kansas Municipal Energy Agency (KCPL	U.S.	723,973	723,973	-	-	0.357%	0.357%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2009	SPP	1598	KCP&L GMOG (Greater Missouri Opera	U.S.	8,438,719	8,438,719	-	-	4.157%	4.157%	0.000%	0.000%	0.193%	0.193%	0.000%	0.000%	0.219%
2009	SPP	1471	Lafayette Utilities System	U.S.	2,080,238	2,080,238	-	-	1.025%	1.025%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.054%
2009	SPP	1472	Lea County Electric Coop	U.S.	1,235,427	1,235,427	-	-	0.609%	0.609%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2009	SPP	1253	Louisiana Energy & Power Authority (LE	U.S.	-	-	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	SPP	1441	Midwest Energy Inc.	U.S.	1,604,387	1,604,387	-	-	0.790%	0.790%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2009	SPP	1443	Missouri Joint Municipal Electric Utility C	U.S.	2,206,061	2,206,061	-	-	1.087%	1.087%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%
2009	SPP	1442	Northeast Texas Electric Cooperative, Ir	U.S.	3,004,068	3,004,068	-	-	1.480%	1.480%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2009	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	27,683,541	27,683,541	-	-	13.636%	13.636%	0.000%	0.000%	0.632%	0.632%	0.000%	0.000%	0.718%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	SPP	1444	Oklahoma Municipal Power Authority	U.S.	2,504,436	2,504,436			1.234%	1,234%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2009	SPP	1561	Public Service Commission of Yazoo Cit	U.S.	119,296	119,296			0.059%	0.059%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	SPP	1473	Roosevelt County Electric Coop	U.S.	215,763	215,763			0.106%	0.106%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	SPP	1258	Southwestern Power Administration (SP	U.S.	4,012,124	4,012,124			1.976%	1.976%	0.000%	0.000%	0.092%	0.092%	0.000%	0.000%	0.104%
2009	SPP	1257	Southwestern Public Service Co. (SPS->)	U.S.	19,565,327	19,565,327			9.637%	9.637%	0.000%	0.000%	0.446%	0.446%	0.000%	0.000%	0.508%
2009	SPP	1256	Sunflower Electric Cooperative (SECI)	U.S.	5,339,563	5,339,563			2.630%	2.630%	0.000%	0.000%	0.122%	0.122%	0.000%	0.000%	0.139%
2009	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	461,705	461,705			0.227%	0.227%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2009	SPP	1475	Tri County Electric Coop	U.S.	403,171	403,171			0.199%	0.199%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	SPP	1260	Westar Energy, Inc.	U.S.	22,114,892	22,114,892			10.893%	10.893%	0.000%	0.000%	0.505%	0.505%	0.000%	0.000%	0.574%
2009	SPP	1259	Western Farmers Electric Cooperative	U.S.	7,397,584	7,397,584			3.644%	3.644%	0.000%	0.000%	0.169%	0.169%	0.000%	0.000%	0.192%
2009	SPP	1501	West Texas Municipal Power Agency	U.S.	1,912,643	1,912,643			0.942%	0.942%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
			TOTAL SPP		203,022,708	203,022,708	-	-	100.000%	100.000%	0.000%	0.000%	4.633%	4.633%	0.000%	0.000%	5.268%
2009	TRE	1019	ERCOT	U.S.	308,277,759	308,277,759			100.000%	100.000%	0.000%	0.000%	7.035%	7.035%	0.000%	0.000%	8.000%
					308,277,759	308,277,759	-	-	100.000%	100.000%	0.000%	0.000%	7.035%	7.035%	0.000%	0.000%	8.000%
2009	WECC		Alberta Electric System Operator	Canada	56,466,371		56,466,371		6.660%	0.000%	6.660%	0.000%	1.289%	0.000%	1.289%	0.000%	0.000%
2009	WECC		British Columbia Transmission Corporati	Canada	60,572,345		60,572,345		7.144%	0.000%	7.144%	0.000%	1.382%	0.000%	1.382%	0.000%	0.000%
2009	WECC		Comision Federal de Electricidad	Mexico	10,742,586			10,742,586	1.267%	0.000%	0.000%	1.267%	0.245%	0.000%	0.000%	0.245%	0.000%
2009	WECC		Aguila Irrigation District	U.S.	28,359	28,359			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Aha Macav Power Service	U.S.	24,816	24,816			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Ajo Improvement District	U.S.	13,913	13,913			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Ak-Chin	U.S.	30,867	30,867			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		ALCOA INC.	U.S.	2,486,614	2,486,614			0.293%	0.293%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2009	WECC		Arizona Public Service Company	U.S.	30,712,127	30,712,127			3.622%	3.622%	0.000%	0.000%	0.701%	0.701%	0.000%	0.000%	0.797%
2009	WECC		Arkansas River Power Authority (ARPA)	U.S.	247,200	247,200			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	WECC		Arlington Valley	U.S.	1,182	1,182			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Avista Adjusted LSE NEL	U.S.	9,533,477	9,533,477			1.124%	1.124%	0.000%	0.000%	0.218%	0.218%	0.000%	0.000%	0.247%
2009	WECC		AVISTA CORPORATION	U.S.	231,202	231,202			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Barrick Gold Strike	U.S.	1,253,963	1,253,963			0.148%	0.148%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2009	WECC		Basin Electric Power Cooperative	U.S.	3,061,849	3,061,849			0.361%	0.361%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.079%
2009	WECC		Basin Electric Power Cooperative (WAU)	U.S.	57,521	57,521			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		BENTON REA	U.S.	582,175	582,175			0.069%	0.069%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2009	WECC		Big Bend Electric Cooperative, Inc. (Avis	U.S.	186,384	186,384			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		BIG BEND ELECTRIC COOPERATIVE,	U.S.	346,608	346,608			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		BLACHLY-LANE ELECTRIC COOPERA'	U.S.	142,072	142,072			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	WECC		Black Hills Power	U.S.	1,862,614	1,862,614			0.220%	0.220%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2009	WECC		Black Hills State University (State of SD)	U.S.	17,410	17,410			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Black Hills Wyoming, Inc.	U.S.	4,462,618	4,462,618			0.526%	0.526%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.116%
2009	WECC		Bonneville Power (NorthWestern Energy)	U.S.	30,943	30,943			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Bonneville Power (PUD No. 2)	U.S.	140,391	140,391			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	WECC		Bonneville Power Administration (Avista)	U.S.	16,553	16,553			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Bonneville Power Administration	U.S.	3,811,547	3,811,547			0.450%	0.450%	0.000%	0.000%	0.087%	0.087%	0.000%	0.000%	0.099%
2009	WECC		BPA	U.S.	196,080	196,080			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		BPA - Power Business Line	U.S.	7,436	7,436			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Buckeye Water Conservation and Draina	U.S.	17,896	17,896			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		California ISO	U.S.	231,862,598	231,862,598			27.348%	27.348%	0.000%	0.000%	5.291%	5.291%	0.000%	0.000%	6.017%
2009	WECC		Canby Public Utility Board	U.S.	177,989	177,989			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		Central Arizona Water Conservation Dist	U.S.	2,644,146	2,644,146			0.312%	0.312%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.069%
2009	WECC		CENTRAL ELECTRIC COOPERATIVE, I	U.S.	518,462	518,462			0.061%	0.061%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	WECC		CENTRAL LINCOLN PUD	U.S.	1,344,562	1,344,562			0.159%	0.159%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%

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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
2009	WECC		Central Montana	U.S.	64,081	64,081			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2009	WECC		CENTRAL MONTANA ELECTRIC POWI	U.S.	74,819	74,819			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		CITY OF ALBION	U.S.	3,566	3,566			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		City of Aztec	U.S.	38,253	38,253			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF BANDON	U.S.	67,349	67,349			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		CITY OF BONNERS FERRY	U.S.	69,860	69,860			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		City of Boulder	U.S.	178,086	178,086			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		CITY OF BURLEY	U.S.	121,452	121,452			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		City of Burlington	U.S.	30,604	30,604			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF CASCADE LOCKS	U.S.	21,561	21,561			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	WECC		CITY OF CENTRALIA	U.S.	277,160	277,160			0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	WECC		CITY OF CHENEY	U.S.	137,423	137,423			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	WECC		CITY OF CHEWELAH	U.S.	24,715	24,715			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF DECLO	U.S.	2,994	2,994			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF DRAIN	U.S.	17,512	17,512			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF ELLENSBURG	U.S.	222,215	222,215			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		City of Fallon	U.S.	116,720	116,720			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		CITY OF FOREST GROVE	U.S.	247,662	247,662			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	WECC		City of Gallup	U.S.	226,966	226,966			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		CITY OF HERMISTON DBA HERMISTO	U.S.	114,269	114,269			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		CITY OF HEYBURN	U.S.	40,337	40,337			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		City of Las Vegas	U.S.	8,659	8,659			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF MCCLEARY	U.S.	34,268	34,268			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF MCMINNVILLE	U.S.	706,112	706,112			0.083%	0.083%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		CITY OF MILTON	U.S.	65,783	65,783			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		CITY OF MILTON-FREEWATER	U.S.	119,297	119,297			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		CITY OF MINIDOKA	U.S.	1,018	1,018			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF MONMOUTH	U.S.	72,724	72,724			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		City of Needles	U.S.	39,403	39,403			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF PLUMMER	U.S.	34,893	34,893			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CITY OF PORT ANGELES	U.S.	693,373	693,373			0.082%	0.082%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		City of Redding	U.S.	654,682	654,682			0.077%	0.077%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	WECC		CITY OF RICHLAND	U.S.	871,724	871,724			0.103%	0.103%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2009	WECC		City of Roseville	U.S.	1,270,389	1,270,389			0.150%	0.150%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2009	WECC		CITY OF RUPERT	U.S.	82,193	82,193			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		City of Shasta Lake	U.S.	179,792	179,792			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		CITY OF TACOMA DBA TACOMA POW	U.S.	390	390			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF TROY	U.S.	17,823	17,823			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		CITY OF WEISER	U.S.	54,987	54,987			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		City of Williams	U.S.	39,521	39,521			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CLARK PUBLIC UTILITIES	U.S.	4,584,028	4,584,028			0.541%	0.541%	0.000%	0.000%	0.105%	0.105%	0.000%	0.000%	0.119%
2009	WECC		CLATSKANIE PUD	U.S.	977,280	977,280			0.115%	0.115%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	WECC		CLEARWATER COOPERATIVE, INC	U.S.	44,378	44,378			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Clearwater Power Company	U.S.	161,703	161,703			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	WECC		Colorado River Agency-Bureau of Indian	U.S.	3,696	3,696			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Colorado River Commission	U.S.	709,651	709,651			0.084%	0.084%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		Colorado Springs Utilities	U.S.	4,207,466	4,207,466			0.496%	0.496%	0.000%	0.000%	0.096%	0.096%	0.000%	0.000%	0.109%
2009	WECC		COLUMBIA BASIN ELECTRIC COOPER	U.S.	106,840	106,840			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	WECC		COLUMBIA FALLS ALUMINUM COMPA	U.S.	331,800	331,800			0.039%	0.039%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		COLUMBIA POWER COOPERATIVE AS	U.S.	22,971	22,971			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		COLUMBIA REA	U.S.	304,096	304,096			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	WECC		COLUMBIA RIVER PUD (BPA)	U.S.	169,019	169,019			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	WECC		Columbia River PUD (PGE)	U.S.	317,154	317,154			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	WECC		CONSOLIDATED IRRIGATION DISTRICT	U.S.	2,045	2,045			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Constellation New Energy, Inc.	U.S.	29,435	29,435			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		CONSUMERS POWER, INC.	U.S.	423,807	423,807			0.050%	0.050%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	WECC		COOS-CURRY ELECTRIC COOPERATIVE	U.S.	351,531	351,531			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		Deseret Generation & Transmission Co-C	U.S.	68,130	68,130			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		Douglas - Palasades	U.S.	18,614	18,614			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		DOUGLAS ELECTRIC COOPERATIVE,	U.S.	96,707	96,707			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	WECC		EAST END MUTUAL ELECTRIC COMPANY	U.S.	22,472	22,472			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		El Paso Electric Company	U.S.	7,706,441	7,706,441			0.909%	0.909%	0.000%	0.000%	0.176%	0.176%	0.000%	0.000%	0.200%
2009	WECC		Electrical District #2	U.S.	180,083	180,083			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		Electrical District No. 6 of Pinal County	U.S.	1,201	1,201			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Electrical District No. 7 of Mariopa County	U.S.	28,187	28,187			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Electrical District No. 8 of Mariopa County	U.S.	261,863	261,863			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	WECC		Electrical Districts 1 & 3	U.S.	590,418	590,418			0.070%	0.070%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2009	WECC		ELMHURST MUTUAL POWER & LIGHT	U.S.	283,742	283,742			0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	WECC		EMERALD PUD	U.S.	512,119	512,119			0.060%	0.060%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2009	WECC		ENERGY NORTHWEST	U.S.	55,126	55,126			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		EPCOR Merchant and Capital (US) Inc.	U.S.	71,439	71,439			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		EUGENE WATER & ELECTRIC BOARD	U.S.	2,495,519	2,495,519			0.294%	0.294%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2009	WECC		FARMERS ELECTRIC COMPANY, LTD.	U.S.	4,497	4,497			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Farmington Electric Utility System	U.S.	1,142,281	1,142,281			0.135%	0.135%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2009	WECC		FLATHEAD ELECTRIC COOPERATIVE,	U.S.	1,415,965	1,415,965			0.167%	0.167%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2009	WECC		Fredonia, Town of	U.S.	1,377	1,377			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		GLACIER ELECTRIC COOPERATIVE, II	U.S.	182,011	182,011			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		Grand Valley	U.S.	233,232	233,232			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Grant LSE Load	U.S.	3,699,717	3,699,717			0.436%	0.436%	0.000%	0.000%	0.084%	0.084%	0.000%	0.000%	0.096%
2009	WECC		Harney Electric Coop	U.S.	77,228	77,228			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		HARNEY ELECTRIC COOPERATIVE, III	U.S.	115,101	115,101			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		Harquahala Valley Power District	U.S.	74,556	74,556			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		HERMISTON POWER LLC	U.S.	2,541	2,541			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Holy Cross	U.S.	989,360	989,360			0.117%	0.117%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2009	WECC		HOOD RIVER ELECTRIC COOPERATIVE	U.S.	41,058	41,058			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		IDAHO COUNTY LIGHT AND POWER COMPANY	U.S.	54,661	54,661			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Idaho Power	U.S.	36,171	36,171			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Imperial Irrigation District	U.S.	3,661,803	3,661,803			0.432%	0.432%	0.000%	0.000%	0.084%	0.084%	0.000%	0.000%	0.095%
2009	WECC		Inland Power & Light Co.	U.S.	463,892	463,892			0.055%	0.055%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2009	WECC		INLAND POWER AND LIGHT COMPANY	U.S.	497,105	497,105			0.059%	0.059%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2009	WECC		IPCO	U.S.	15,227,018	15,227,018			1.796%	1.796%	0.000%	0.000%	0.347%	0.347%	0.000%	0.000%	0.395%
2009	WECC		IREA-Transmission	U.S.	2,026,136	2,026,136			0.239%	0.239%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.053%
2009	WECC		Kirtland Air Force Base	U.S.	438,095	438,095			0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	WECC		Kootenai Electric Cooperative, Inc.	U.S.	468,897	468,897			0.055%	0.055%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2009	WECC		LA Dept. of Water & Power	U.S.	29,215,536	29,215,536			3.446%	3.446%	0.000%	0.000%	0.667%	0.667%	0.000%	0.000%	0.758%
2009	WECC		LAKEVIEW LIGHT & POWER	U.S.	288,504	288,504			0.034%	0.034%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2009	WECC		LANE ELECTRIC COOPERATIVE, INC.	U.S.	235,367	235,367			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Las Vegas Valley Water District (SB211)	U.S.	95,444	95,444			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		Lincoln County Power District	U.S.	83,457	83,457			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		LINCOLN ELECTRIC COOPERATIVE, II	U.S.	124,435	124,435			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		Mariopca County Municipal Water Conserv	U.S.	48,656	48,656			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		McMullen Valley Water Conservation & L	U.S.	58,604	58,604			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	WECC		Merced Irrigation District	U.S.	437,139	437,139			0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	WECC		Mesa, City of	U.S.	268,101	268,101			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2009	WECC		MIDSTATE ELECTRIC COOPERATIVE,	U.S.	399,776	399,776			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	WECC		MISSION VALLEY POWER	U.S.	421,786	421,786			0.050%	0.050%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2009	WECC		MISSOULA ELECTRIC COOPERATIVE,	U.S.	228,490	228,490			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Modern Electric Water Co.	U.S.	241,756	241,756			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	WECC		Modesto Irrigation District	U.S.	2,611,756	2,611,756			0.308%	0.308%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2009	WECC		Montana Dakota Utilities (MDU)	U.S.	32,529	32,529			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Mt. Wheeler Power Inc.	U.S.	501,716	501,716			0.059%	0.059%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2009	WECC		Municipal Energy Agency of Nebraska	U.S.	684,897	684,897			0.081%	0.081%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		Municipal Energy Agency of Nebraska (N	U.S.	349,888	349,888			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		Navajo Tribal Utility Authority (APS)	U.S.	41,047	41,047			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Navajo Tribal Utility Authority (PSCofNM)	U.S.	215,464	215,464			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Navopache Electric Cooperative, Inc	U.S.	472,726	472,726			0.056%	0.056%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2009	WECC		Nebraska Public Power Marketing	U.S.	3,536	3,536			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Needles Public Utilities Authority	U.S.	36,626	36,626			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		NESPELEM VALLEY ELECTRIC COOPI	U.S.	52,797	52,797			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Nevada Power Company	U.S.	22,026,931	22,026,931			2.598%	2.598%	0.000%	0.000%	0.503%	0.503%	0.000%	0.000%	0.572%
2009	WECC		New Harquahala	U.S.	1,330	1,330			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Northern Lights Inc.	U.S.	27,539	27,539			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		NORTHERN LIGHTS, INC.	U.S.	308,120	308,120			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	WECC		NORTHERN WASCO COUNTY PUD	U.S.	600,791	600,791			0.071%	0.071%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	WECC		NWMT	U.S.	303,670	303,670			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	WECC		OHOP MUTUAL LIGHT COMPANY	U.S.	89,495	89,495			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		ORCAS POWER & LIGHT COOPERATI'	U.S.	215,775	215,775			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		OREGON TRAIL ELECTRIC CONSUME	U.S.	674,151	674,151			0.080%	0.080%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	WECC		Overton Power District #5	U.S.	386,490	386,490			0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	WECC		PACIFICORP (BPA)	U.S.	15,459	15,459			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		PACIFICORP (PGE)	U.S.	3,208	3,208			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		PACIFICORP(WAPA)	U.S.	207,079	207,079			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	WECC		PacifiCorp (PACE)	U.S.	45,173,012	45,173,012			5.328%	5.328%	0.000%	0.000%	1.031%	1.031%	0.000%	0.000%	1.172%
2009	WECC		PacifiCorp (PACW)	U.S.	21,517,544	21,517,544			2.538%	2.538%	0.000%	0.000%	0.491%	0.491%	0.000%	0.000%	0.558%
2009	WECC		Page Electric Utility	U.S.	13,177	13,177			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		PARKLAND LIGHT AND WATER COMP	U.S.	124,204	124,204			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2009	WECC		PENINSULA LIGHT COMPANY, INC.	U.S.	626,991	626,991			0.074%	0.074%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	WECC		Platte River Power Authority	U.S.	3,162,812	3,162,812			0.373%	0.373%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2009	WECC		PORT TOWNSEND PAPER CORPORA'	U.S.	197,320	197,320			0.023%	0.023%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	WECC		Portland General Electric Company	U.S.	18,180,117	18,180,117			2.144%	2.144%	0.000%	0.000%	0.415%	0.415%	0.000%	0.000%	0.472%
2009	WECC		Public Service Company of Colorado	U.S.	29,024,840	29,024,840			3.423%	3.423%	0.000%	0.000%	0.662%	0.662%	0.000%	0.000%	0.753%
2009	WECC		Public Service Company of Colorado (Xc	U.S.	32,597	32,597			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Public Service Company of New Mexico	U.S.	10,211,746	10,211,746			1.204%	1.204%	0.000%	0.000%	0.233%	0.233%	0.000%	0.000%	0.265%
2009	WECC		PUD NO. 1 OF DOUGLAS COUNTY	U.S.	8,870	8,870			0.001%	0.000%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		PUD NO. 1 OF ASOTIN COUNTY	U.S.	5,257	5,257			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		PUD NO. 1 OF BENTON COUNTY	U.S.	1,781,297	1,781,297			0.210%	0.000%	0.000%	0.210%	0.041%	0.041%	0.000%	0.000%	0.046%
2009	WECC		PUD No. 1 of Chelan County	U.S.	3,256,834	3,256,834			0.384%	0.384%	0.000%	0.000%	0.074%	0.074%	0.000%	0.000%	0.085%
2009	WECC		PUD NO. 1 OF CLALLAM COUNTY	U.S.	686,467	686,467			0.081%	0.081%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		PUD NO. 1 OF COWLITZ COUNTY	U.S.	4,912,007	4,912,007			0.579%	0.579%	0.000%	0.000%	0.112%	0.112%	0.000%	0.000%	0.127%
2009	WECC		PUD No. 1 of Douglas County	U.S.	1,485,323	1,485,323			0.175%	0.175%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.039%
2009	WECC		PUD NO. 1 OF FERRY COUNTY	U.S.	99,302	99,302			0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	WECC		PUD NO. 1 OF FRANKLIN COUNTY	U.S.	1,001,336	1,001,336			0.118%	0.000%	0.118%	0.000%	0.023%	0.000%	0.023%	0.000%	0.026%
2009	WECC		PUD NO. 1 OF GRAYS HARBOR	U.S.	1,105,132	1,105,132			0.130%	0.130%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.029%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	WECC		PUD NO. 1 OF KITTITAS COUNTY	U.S.	54,899	54,899			0.006%	0.000%	0.000%	0.006%	0.001%	0.000%	0.000%	0.001%	0.001%
2009	WECC		PUD NO. 1 OF KLUCKITAT COUNTY	U.S.	300,515	300,515			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	WECC		PUD NO. 1 OF LEWIS COUNTY	U.S.	967,210	967,210			0.114%	0.114%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	WECC		PUD NO. 1 OF MASON COUNTY	U.S.	80,102	80,102			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		PUD No. 1 of Pend Oreille County	U.S.	968,963	968,963			0.114%	0.114%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	WECC		PUD NO. 1 OF SKAMANIA COUNTY	U.S.	138,779	138,779			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	WECC		PUD NO. 1 OF SNOHOMISH COUNTY	U.S.	7,141,391	7,141,391			0.842%	0.842%	0.000%	0.000%	0.163%	0.163%	0.000%	0.000%	0.185%
2009	WECC		PUD NO. 1 OF WAHIAKUM COUNTY	U.S.	44,609	44,609			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		PUD NO. 1 OF WHATCOM COUNTY	U.S.	223,878	223,878			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		PUD NO. 2 OF GRANT COUNTY (Avista)	U.S.	90,436	90,436			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		PUD NO. 2 OF GRANT COUNTY (BPA)	U.S.	49,007	49,007			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		PUD NO. 2 OF PACIFIC COUNTY	U.S.	312,886	312,886			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2009	WECC		PUD NO. 3 OF MASON COUNTY	U.S.	700,202	700,202			0.083%	0.083%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		Puget Sound Energy	U.S.	25,460,922	25,460,922			3.003%	3.003%	0.000%	0.000%	0.581%	0.581%	0.000%	0.000%	0.661%
2009	WECC		RAFT RIVER RURAL ELECTRIC COOP	U.S.	221,513	221,513			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		RAVALLI COUNTY ELECTRIC COOPEF	U.S.	157,578	157,578			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	WECC		RBS Sempra Energy Solutions	U.S.	1,884,440	1,884,440			0.222%	0.222%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2009	WECC		RIVERSIDE ELECTRIC COMPANY, LTC	U.S.	20,070	20,070			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	WECC		Rocky Mountain Generation Cooperative	U.S.	39,802	39,802			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Roosevelt Irrigation District	U.S.	29,845	29,845			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		SALEM ELECTRIC	U.S.	336,272	336,272			0.040%	0.040%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		Salt River Project (SRP)	U.S.	28,037,507	28,037,507			3.307%	3.307%	0.000%	0.000%	0.640%	0.640%	0.000%	0.000%	0.728%
2009	WECC		San Carlos Indian Irrigation Project	U.S.	140	140			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Seattle City Light	U.S.	10,167,916	10,167,916			1.199%	1.199%	0.000%	0.000%	0.232%	0.232%	0.000%	0.000%	0.264%
2009	WECC		Sierra Pacific Power Company	U.S.	8,715,131	8,715,131			1.028%	1.028%	0.000%	0.000%	0.199%	0.199%	0.000%	0.000%	0.226%
2009	WECC		SMGT / BPA	U.S.	16,023	16,023			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		SMUD	U.S.	11,447,941	11,447,941			1.350%	1.350%	0.000%	0.000%	0.261%	0.261%	0.000%	0.000%	0.297%
2009	WECC		SOUTH SIDE ELECTRIC, INC.	U.S.	54,814	54,814			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Southern Montana	U.S.	693,761	693,761			0.082%	0.082%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2009	WECC		Southern Nevada Water Authority	U.S.	821,644	821,644			0.097%	0.097%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2009	WECC		Southwest Transmission Cooperative, Inc	U.S.	2,712,926	2,712,926			0.320%	0.320%	0.000%	0.000%	0.062%	0.062%	0.000%	0.000%	0.070%
2009	WECC		SPRINGFIELD UTILITY BOARD	U.S.	853,124	853,124			0.101%	0.101%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2009	WECC		SURPRISE VALLEY ELECTRIFICATION	U.S.	34,622	34,622			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Tacoma Power	U.S.	5,011,373	5,011,373			0.591%	0.591%	0.000%	0.000%	0.114%	0.114%	0.000%	0.000%	0.130%
2009	WECC		The Incorporated County of Los Alamos	U.S.	385,561	385,561			0.045%	0.045%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2009	WECC		TILLAMOOK PUD	U.S.	353,089	353,089			0.042%	0.042%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2009	WECC		Tohono O'odham Utility Authority	U.S.	67,007	67,007			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		Tonopah Irrigation District	U.S.	22,584	22,584			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Total NWMT Load Owner	U.S.	8,873,287	8,873,287			1.047%	1.047%	0.000%	0.000%	0.202%	0.202%	0.000%	0.000%	0.230%
2009	WECC		Town of Center-Transmission	U.S.	12,172	12,172			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		TOWN OF COULEE DAM	U.S.	19,082	19,082			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		TOWN OF EATONVILLE	U.S.	29,196	29,196			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		TOWN OF STEILACOOM	U.S.	42,414	42,414			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Town of Wickenburg	U.S.	29,103	29,103			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		Tri State G & T Assoc., Inc	U.S.	1,952,963	1,952,963			0.230%	0.230%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2009	WECC		Tri-State Generation & Transmission Ass	U.S.	8,502	8,502			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Tri-State Generation and Transmission A	U.S.	6,641,896	6,641,896			0.783%	0.783%	0.000%	0.000%	0.152%	0.152%	0.000%	0.000%	0.172%
2009	WECC		Tristate Generation and Transmission As	U.S.	2,422,891	2,422,891			0.286%	0.286%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.063%
2009	WECC		Truckee Donner Public Utility District	U.S.	150,195	150,195			0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2009	WECC		Tucson Electric Power	U.S.	13,564,552	13,564,552			1.600%	1.600%	0.000%	0.000%	0.310%	0.310%	0.000%	0.000%	0.352%
2009	WECC		Turlock Irrigation District	U.S.	2,063,084	2,063,084			0.243%	0.243%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.054%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 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
2009	WECC		U.S. Army Yuma Proving Ground	U.S.	19,637	19,637			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2009	WECC		U.S. BOIA WAPATO IRRIGATION PRO.	U.S.	17,178	17,178			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		U.S. BOR EAST GREENACRES (RATHI	U.S.	5,358	5,358			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		U.S. BOR SPOKANE INDIAN DEVELOP	U.S.	3,450	3,450			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		U.S. DOE NATIONAL ENERGY TECHN	U.S.	3,874	3,874			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		U.S. DOE RICHLAND OPERATIONS OF	U.S.	188,941	188,941			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		U.S.A.F. BASE, FAIRCHILD	U.S.	55,769	55,769			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2009	WECC		U.S.N SUBMARINE BASE, BANGOR	U.S.	178,872	178,872			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		U.S.N. NAVAL STATION, BREMERTON	U.S.	249,357	249,357			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2009	WECC		U.S.N. NAVAL STATION, EVERETT	U.S.	14,107	14,107			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		UMATILLA ELECTRIC COOPERATIVE /	U.S.	957,575	957,575			0.113%	0.113%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2009	WECC		Unit B Irrigation District	U.S.	20	20			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		United Electric Cooperative, Inc.	U.S.	225,406	225,406			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Valley Electric Association	U.S.	461,088	461,088			0.054%	0.054%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2009	WECC		Vera Water and Power	U.S.	238,050	238,050			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Vigilante Electric Cooperative, Inc.	U.S.	164,342	164,342			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2009	WECC		WASCO Electric Cooperative	U.S.	96,396	96,396			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2009	WECC		WAUW	U.S.	227,523	227,523			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2009	WECC		Wells REA	U.S.	206,198	206,198			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	WECC		Wells Rural Electric Coop	U.S.	653,636	653,636			0.077%	0.077%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2009	WECC		Wellton-Mohawk Irrigation & Drainage Di	U.S.	7,379	7,379			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		West Oregon Electric Cooperative, Inc	U.S.	70,978	70,978			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2009	WECC		Western (WAPA-Sierra Nevada Region)	U.S.	1,414,575	1,414,575			0.167%	0.167%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2009	WECC		Western Area Power	U.S.	195,208	195,208			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2009	WECC		Western Area Power Administration - CR	U.S.	1,121,069	1,121,069			0.132%	0.132%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2009	WECC		Western Area Power Administration - De	U.S.	2,283,187	2,283,187			0.269%	0.269%	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.059%
2009	WECC		Western Area Power Administration - LAI	U.S.	1,556,662	1,556,662			0.184%	0.184%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.040%
2009	WECC		Western Area Power Administration	U.S.	493,680	493,680			0.058%	0.058%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2009	WECC		Wyoming Municipal Power Agency	U.S.	198,608	198,608			0.023%	0.023%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2009	WECC		Yampa Valley	U.S.	604,197	604,197			0.071%	0.071%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2009	WECC		Yuma Irrigation District	U.S.	3,048	3,048			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2009	WECC		Yuma-Mesa Irrigation District	U.S.	175	175			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
TOTAL WECC					847,828,789	720,047,487	117,038,716	10,742,586	100.000%	84.593%	13.924%	1.484%	19.348%	16.408%	2.694%	0.246%	18.685%
TOTAL ERO					4,382,034,322	3,853,706,121	517,585,615	10,742,586	800.000%	713.204%	85.313%	1.484%	100.000%	87.919%	11.834%	0.246%	100.000%
Summary by Regional Entity																	
2009	FRCC				226,802,655	226,802,655	-	-	100.000%	100.000%	0.000%	0.000%	5.176%	5.176%	0.000%	0.000%	5.885%
2009	MRO				264,751,863	220,355,964	44,395,899	-	100.000%	83.231%	16.769%	0.000%	6.042%	5.029%	1.013%	0.000%	5.718%
2009	NPCC				652,049,000	295,898,000	356,151,000	-	100.000%	45.380%	54.620%	0.000%	14.880%	6.753%	8.128%	0.000%	7.678%
2009	RFC				889,208,026	889,208,026	-	-	100.000%	100.000%	0.000%	0.000%	20.292%	20.292%	0.000%	0.000%	23.074%
2009	SERC				990,093,522	990,093,522	-	-	100.000%	100.000%	0.000%	0.000%	22.594%	22.594%	0.000%	0.000%	25.692%
2009	SPP				203,022,708	203,022,708	-	-	100.000%	100.000%	0.000%	0.000%	4.633%	4.633%	0.000%	0.000%	5.268%
2009	TRE				308,277,759	308,277,759	-	-	100.000%	100.000%	0.000%	0.000%	7.035%	7.035%	0.000%	0.000%	8.000%
2009	WECC				847,828,789	720,047,487	117,038,716	10,742,586	100.000%	84.593%	13.924%	1.484%	19.348%	16.408%	2.694%	0.246%	18.685%
Total					4,382,034,322	3,853,706,121	517,585,615	10,742,586	800.000%	713.204%	85.313%	1.484%	100.000%	87.919%	11.834%	0.246%	100.000%

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	FRCC	1074	Alachua, City of	U.S.	3,826	3,826	-	-	1,154	1,154	-	-	2,672	2,672	-	-
2009	FRCC	1075	Bartow, City of	U.S.	9,455	9,455	-	-	2,852	2,852	-	-	6,603	6,603	-	-
2009	FRCC	1076	Chattahoochee, City of	U.S.	1,367	1,367	-	-	412	412	-	-	955	955	-	-
2009	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	21,449	21,449	-	-	6,469	6,469	-	-	14,980	14,980	-	-
2009	FRCC	1078	Florida Power & Light Co.	U.S.	3,454,083	3,454,083	-	-	1,041,780	1,041,780	-	-	2,412,303	2,412,303	-	-
2009	FRCC	1079	Florida Public Utilities Company	U.S.	12,710	12,710	-	-	3,833	3,833	-	-	8,876	8,876	-	-
2009	FRCC	1080	Gainesville Regional Utilities	U.S.	58,954	58,954	-	-	17,781	17,781	-	-	41,173	41,173	-	-
2009	FRCC	1081	Homestead, City of	U.S.	15,209	15,209	-	-	4,587	4,587	-	-	10,622	10,622	-	-
2009	FRCC	1082	JEA	U.S.	399,809	399,809	-	-	120,586	120,586	-	-	279,223	279,223	-	-
2009	FRCC	1083	Lakeland Electric	U.S.	93,824	93,824	-	-	28,298	28,298	-	-	65,526	65,526	-	-
2009	FRCC	1084	Mount Dora, City of	U.S.	2,976	2,976	-	-	898	898	-	-	2,078	2,078	-	-
2009	FRCC	1085	New Smyrna Beach, Utilities Commission	U.S.	12,198	12,198	-	-	3,679	3,679	-	-	8,519	8,519	-	-
2009	FRCC	1086	Orlando Utilities Commission	U.S.	177,268	177,268	-	-	53,466	53,466	-	-	123,803	123,803	-	-
2009	FRCC	1087	Progress Energy Florida	U.S.	1,306,731	1,306,731	-	-	394,121	394,121	-	-	912,610	912,610	-	-
2009	FRCC	1088	Quincy, City of	U.S.	4,538	4,538	-	-	1,369	1,369	-	-	3,169	3,169	-	-
2009	FRCC	1089	Reedy Creek Improvement District	U.S.	38,539	38,539	-	-	11,624	11,624	-	-	26,916	26,916	-	-
2009	FRCC	1090	St. Cloud, City of (OUC)	U.S.	18,815	18,815	-	-	5,675	5,675	-	-	13,140	13,140	-	-
2009	FRCC	1091	Tallahassee, City of	U.S.	87,960	87,960	-	-	26,529	26,529	-	-	61,431	61,431	-	-
2009	FRCC	1092	Tampa Electric Company	U.S.	619,357	619,357	-	-	186,803	186,803	-	-	432,554	432,554	-	-
2009	FRCC	1603	Vero Beach, City of	U.S.	23,613	23,613	-	-	7,122	7,122	-	-	16,491	16,491	-	-
2009	FRCC	1093	Wauchula, City of	U.S.	2,115	2,115	-	-	638	638	-	-	1,477	1,477	-	-
2009	FRCC	1094	Williston, City of	U.S.	1,104	1,104	-	-	333	333	-	-	771	771	-	-
2009	FRCC	1095	Winter Park, City of	U.S.	14,287	14,287	-	-	4,309	4,309	-	-	9,978	9,978	-	-
2009	FRCC	1072	Florida Municipal Power Agency	U.S.	192,886	192,886	-	-	58,176	58,176	-	-	134,710	134,710	-	-
2009	FRCC	1073	Seminole Electric Cooperative	U.S.	539,070	539,070	-	-	162,588	162,588	-	-	376,482	376,482	-	-
TOTAL FRCC					7,112,141	7,112,141	-	-	2,145,081	2,145,081	-	-	4,967,060	4,967,060	-	-
2009	MRO	1199	Basin Electric Power Cooperative	U.S.	422,412	422,412	-	-	103,398	103,398	-	-	319,014	319,014	-	-
2009	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	109,653	109,653	-	-	26,841	26,841	-	-	82,812	82,812	-	-
2009	MRO	1204	Corn Belt Power Cooperative	U.S.	75,155	75,155	-	-	18,396	18,396	-	-	56,758	56,758	-	-
2009	MRO	1207	Dairyland Power Cooperative	U.S.	214,138	214,138	-	-	52,417	52,417	-	-	161,721	161,721	-	-
2009	MRO	1210	Great River Energy	U.S.	545,383	545,383	-	-	133,498	133,498	-	-	411,884	411,884	-	-
2009	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	157,249	157,249	-	-	38,491	38,491	-	-	118,758	118,758	-	-
2009	MRO	1230	Nebraska Public Power District	U.S.	521,556	521,556	-	-	127,666	127,666	-	-	393,890	393,890	-	-
2009	MRO	1232	Omaha Public Power District	U.S.	424,337	424,337	-	-	103,869	103,869	-	-	320,468	320,468	-	-
2009	MRO	1237	Southern Montana Generation and Trans	U.S.	184	184	-	-	45	45	-	-	139	139	-	-
2009	MRO	1240	Western Area Power Administration (UM)	U.S.	342,699	342,699	-	-	83,886	83,886	-	-	258,813	258,813	-	-
2009	MRO	1239	Western Area Power Administration (LM)	U.S.	5,225	5,225	-	-	1,279	1,279	-	-	3,946	3,946	-	-
2009	MRO	1217	Manitoba Hydro	CAN	1,095,294	-	1,095,294	-	313,503	-	313,503	-	781,792	-	781,792	-
2009	MRO	1235	SaskPower	CAN	877,554	-	877,554	-	251,180	-	251,180	-	626,375	-	626,375	-
2009	MRO	1195	Alliant Energy (Alliant East - WPL & Alliar	U.S.	1,143,530	1,143,530	-	-	279,913	279,913	-	-	863,618	863,618	-	-
2009	MRO	1216	Madison, Gas and Electric	U.S.	137,200	137,200	-	-	33,584	33,584	-	-	103,616	103,616	-	-
2009	MRO	1220	MidAmerican Energy Company	U.S.	886,519	886,519	-	-	217,001	217,001	-	-	669,517	669,517	-	-
2009	MRO	1221	Minnesota Power	U.S.	414,222	414,222	-	-	101,393	101,393	-	-	312,829	312,829	-	-
2009	MRO	1226	Montana-Dakota Utilities Co.	U.S.	106,783	106,783	-	-	26,138	26,138	-	-	80,645	80,645	-	-
2009	MRO	1231	NorthWestern Energy	U.S.	58,481	58,481	-	-	14,315	14,315	-	-	44,166	44,166	-	-
2009	MRO	1233	Otter Tail Power Company	U.S.	175,939	175,939	-	-	43,066	43,066	-	-	132,872	132,872	-	-
2009	MRO	1243	Integrus Energy Group (WPS and UPPC)	U.S.	556,326	556,326	-	-	136,177	136,177	-	-	420,149	420,149	-	-
2009	MRO	1244	Xcel Energy Company (NSP)	U.S.	1,849,013	1,849,013	-	-	452,600	452,600	-	-	1,396,413	1,396,413	-	-
2009	MRO	1196	Ames Municipal Electric System	U.S.	29,935	29,935	-	-	7,328	7,328	-	-	22,608	22,608	-	-
2009	MRO	1604	Atlantic Municipal Utilities	U.S.	3,276	3,276	-	-	802	802	-	-	2,474	2,474	-	-
2009	MRO	1476	Badger Power Marketing Authority of Wis	U.S.	14,282	14,282	-	-	3,496	3,496	-	-	10,786	10,786	-	-
2009	MRO	1200	Cedar Falls Municipal Utilities	U.S.	20,847	20,847	-	-	5,103	5,103	-	-	15,744	15,744	-	-
2009	MRO	1477	Central Minnesota Municipal Power Agen	U.S.	17,589	17,589	-	-	4,305	4,305	-	-	13,283	13,283	-	-
2009	MRO	1605	City of Pella	U.S.	7,195	7,195	-	-	1,761	1,761	-	-	5,434	5,434	-	-
2009	MRO	1203	Escanaba Municipal Electric Utility	U.S.	5,817	5,817	-	-	1,424	1,424	-	-	4,393	4,393	-	-
2009	MRO	1205	Falls City Water & Light Department	U.S.	1,576	1,576	-	-	386	386	-	-	1,190	1,190	-	-
2009	MRO	1206	Fremont Department of Utilities	U.S.	17,197	17,197	-	-	4,209	4,209	-	-	12,988	12,988	-	-
2009	MRO	1208	Geneseo Municipal Utilities	U.S.	2,628	2,628	-	-	643	643	-	-	1,985	1,985	-	-
2009	MRO	1209	Grand Island Utilities Department	U.S.	28,058	28,058	-	-	6,868	6,868	-	-	21,190	21,190	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	MRO	1606	Harlan Municipal Utilities	U.S.	764	764	-	-	187	187	-	-	577	577	-	-
2009	MRO	1211	Hastings Utilities	U.S.	16,266	16,266	-	-	3,981	3,981	-	-	12,284	12,284	-	-
2009	MRO	1212	Heartland Consumers Power District	U.S.	27,222	27,222	-	-	6,663	6,663	-	-	20,558	20,558	-	-
2009	MRO	1213	Hutchinson Utilities Commission	U.S.	11,907	11,907	-	-	2,915	2,915	-	-	8,992	8,992	-	-
2009	MRO	1215	Lincoln Electric System	U.S.	129,483	129,483	-	-	31,695	31,695	-	-	97,788	97,788	-	-
2009	MRO	1218	Manitowoc Public Utilities	U.S.	21,205	21,205	-	-	5,191	5,191	-	-	16,015	16,015	-	-
2009	MRO	1223	Missouri River Energy Services	U.S.	89,091	89,091	-	-	21,808	21,808	-	-	67,284	67,284	-	-
2009	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	57,022	57,022	-	-	13,958	13,958	-	-	43,064	43,064	-	-
2009	MRO	1607	Montezuma Municipal Light & Power	U.S.	1,081	1,081	-	-	265	265	-	-	816	816	-	-
2009	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	40,011	40,011	-	-	9,794	9,794	-	-	30,218	30,218	-	-
2009	MRO	1228	Muscatine Power and Water	U.S.	34,880	34,880	-	-	8,538	8,538	-	-	26,342	26,342	-	-
2009	MRO	1229	Nebraska City Utilities	U.S.	6,674	6,674	-	-	1,634	1,634	-	-	5,041	5,041	-	-
2009	MRO	1234	Rochester Public Utilities	U.S.	49	49	-	-	12	12	-	-	37	37	-	-
2009	MRO	1236	Southern Minnesota Municipal Power Ag	U.S.	117,996	117,996	-	-	28,883	28,883	-	-	89,113	89,113	-	-
2009	MRO	1241	Willmar Municipal Utilities	U.S.	11,774	11,774	-	-	2,882	2,882	-	-	8,892	8,892	-	-
2009	MRO	1242	Wisconsin Public Power, Inc. (East and V	U.S.	213,462	213,462	-	-	52,251	52,251	-	-	161,211	161,211	-	-
TOTAL MRO					11,046,138	9,073,289	1,972,849	-	2,785,636	2,220,953	564,683	-	8,260,502	6,852,336	1,408,166	-
2009	NPCC	1336	New England	U.S.	4,486,684	4,486,684	-	-	1,205,764	1,205,764	-	-	3,280,920	3,280,920	-	-
2009	NPCC	1339	New York	U.S.	5,627,532	5,627,532	-	-	1,510,928	1,510,928	-	-	4,116,603	4,116,603	-	-
2009	NPCC	1337	Ontario	Canada	3,248,689	-	3,248,689	-	1,175,701	-	1,175,701	-	2,072,988	-	2,072,988	-
2009	NPCC	1341	Quebec	Canada	4,546,766	-	4,546,766	-	1,773,069	-	1,773,069	-	2,773,697	-	2,773,697	-
2009	NPCC	1338	New Brunswick	Canada	320,780	-	320,780	-	116,090	-	116,090	-	204,690	-	204,690	-
2009	NPCC	1340	Nova Scotia	Canada	346,125	-	346,125	-	142,414	-	142,414	-	203,711	-	203,711	-
TOTAL NPCC					18,576,576	10,114,216	8,462,360	-	5,923,966	2,716,692	3,207,274	-	12,652,610	7,397,523	5,255,087	-
2009	RFC	1096	Alger Delta Cooperative Electric Associat	U.S.	1,394	1,394	-	-	552	552	-	-	842	842	-	-
2009	RFC	1097	American Municipal Power	U.S.	77,903	77,903	-	-	30,870	30,870	-	-	47,033	47,033	-	-
2009	RFC	1104	Bay City	U.S.	7,819	7,819	-	-	3,098	3,098	-	-	4,721	4,721	-	-
2009	RFC	1098	Village of Bethel	U.S.	690	690	-	-	274	274	-	-	417	417	-	-
2009	RFC	1101	Buckeye Power Inc. (DUKE-CIN)	U.S.	6,314	6,314	-	-	2,502	2,502	-	-	3,812	3,812	-	-
2009	RFC	1100	Buckeye Power Inc. (ATSI)	U.S.	24,064	24,064	-	-	9,536	9,536	-	-	14,529	14,529	-	-
2009	RFC	1102	Cannelton Utilities	U.S.	395	395	-	-	157	157	-	-	238	238	-	-
2009	RFC	1105	City of Chelsea	U.S.	2,183	2,183	-	-	865	865	-	-	1,318	1,318	-	-
2009	RFC	1106	City of Crosswell	U.S.	866	866	-	-	343	343	-	-	523	523	-	-
2009	RFC	1107	City of Crystal Falls	U.S.	322	322	-	-	128	128	-	-	194	194	-	-
2009	RFC	1108	City of Eaton Rapids	U.S.	1,861	1,861	-	-	738	738	-	-	1,124	1,124	-	-
2009	RFC	1110	City of Hamilton	U.S.	10,532	10,532	-	-	4,173	4,173	-	-	6,359	6,359	-	-
2009	RFC	1111	City of Hart	U.S.	858	858	-	-	340	340	-	-	518	518	-	-
2009	RFC	1490	City of Lansing	U.S.	49,983	49,983	-	-	19,806	19,806	-	-	30,177	30,177	-	-
2009	RFC	1112	City of Marquette Board of Light & Power	U.S.	8,060	8,060	-	-	3,194	3,194	-	-	4,866	4,866	-	-
2009	RFC	1165	City of Painesville	U.S.	3,760	3,760	-	-	1,490	1,490	-	-	2,270	2,270	-	-
2009	RFC	1114	City of Portland	U.S.	843	843	-	-	334	334	-	-	509	509	-	-
2009	RFC	1116	City of St. Louis	U.S.	928	928	-	-	368	368	-	-	561	561	-	-
2009	RFC	1117	City of Williamstown KY	U.S.	1,281	1,281	-	-	508	508	-	-	774	774	-	-
2009	RFC	1118	City of Wyandotte	U.S.	1,558	1,558	-	-	617	617	-	-	941	941	-	-
2009	RFC	1119	Cleveland Public Power	U.S.	38,804	38,804	-	-	15,377	15,377	-	-	23,428	23,428	-	-
2009	RFC	1120	Cloverland Electric Cooperative	U.S.	5,611	5,611	-	-	2,224	2,224	-	-	3,388	3,388	-	-
2009	RFC	1132	Cloverland (f.k.a. - Edison Sault Electric C	U.S.	15,817	15,817	-	-	6,268	6,268	-	-	9,549	9,549	-	-
2009	RFC	1122	CMS ERM Michigan LLC	U.S.	3,064	3,064	-	-	1,214	1,214	-	-	1,850	1,850	-	-
2009	RFC	1124	Constellation New Energy (MECS-CONS	U.S.	11,510	11,510	-	-	4,561	4,561	-	-	6,949	6,949	-	-
2009	RFC	1123	Constellation New Energy (MECS-DET)	U.S.	16,471	16,471	-	-	6,527	6,527	-	-	9,944	9,944	-	-
2009	RFC	1534	Constellation New Energy Inc. (ATSI)	U.S.	4,786	4,786	-	-	1,897	1,897	-	-	2,890	2,890	-	-
2009	RFC	1125	Constellation New Energy Inc. (DUKE-C	U.S.	2,844	2,844	-	-	1,127	1,127	-	-	1,717	1,717	-	-
2009	RFC	1126	Consumers Energy Company	U.S.	789,789	789,789	-	-	312,962	312,962	-	-	476,827	476,827	-	-
2009	RFC	1128	Detroit Edison Company	U.S.	1,083,891	1,083,891	-	-	429,503	429,503	-	-	654,388	654,388	-	-
2009	RFC	1129	Dominion Retail (ATSI)	U.S.	2,378	2,378	-	-	942	942	-	-	1,436	1,436	-	-
2009	RFC	1130	Dominion Retail Inc. (DUKE-CIN)	U.S.	8,784	8,784	-	-	3,481	3,481	-	-	5,303	5,303	-	-
2009	RFC	1131	DTE Energy Trading	U.S.	-	-	-	-	-	-	-	-	-	-	-	-
2009	RFC	1166	Duke Energy Indiana	U.S.	679,213	679,213	-	-	269,145	269,145	-	-	410,068	410,068	-	-

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	RFC	1179	Duke Energy Kentucky	U.S.	99,682	99,682	-	-	39,500	39,500	-	-	60,182	60,182	-	-
2009	RFC	1178	Duke Energy Ohio	U.S.	427,064	427,064	-	-	169,229	169,229	-	-	257,835	257,835	-	-
2009	RFC	1608	Duke Energy Retail Sales (ATSI)	U.S.	43,877	43,877	-	-	17,387	17,387	-	-	26,490	26,490	-	-
2009	RFC	1609	Duke Energy Retail Sales (DUKE-CIN)	U.S.	20,243	20,243	-	-	8,021	8,021	-	-	12,221	12,221	-	-
2009	RFC	1563	Energy International Power Marketing	U.S.	-	-	-	-	-	-	-	-	-	-	-	-
2009	RFC	1135	Ferdinand Municipal Light & Water	U.S.	960	960	-	-	380	380	-	-	580	580	-	-
2009	RFC	1138	FirstEnergy	U.S.	1,030,111	1,030,111	-	-	408,192	408,192	-	-	621,919	621,919	-	-
2009	RFC	1137	FirstEnergy Solutions (ATSI)	U.S.	534,900	534,900	-	-	211,960	211,960	-	-	322,940	322,940	-	-
2009	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	522	522	-	-	207	207	-	-	315	315	-	-
2009	RFC	1550	FirstEnergy Solutions (DUKE-CIN)	U.S.	8,159	8,159	-	-	3,233	3,233	-	-	4,926	4,926	-	-
2009	RFC	1610	Gexa Energy	U.S.	36,177	36,177	-	-	14,335	14,335	-	-	21,841	21,841	-	-
2009	RFC	1141	Georgetown	U.S.	1,314	1,314	-	-	521	521	-	-	793	793	-	-
2009	RFC	1611	Glacial Energy (ATSI)	U.S.	24	24	-	-	9	9	-	-	14	14	-	-
2009	RFC	1612	Glacial Energy (MECS-DET)	U.S.	641	641	-	-	254	254	-	-	387	387	-	-
2009	RFC	1143	Hammersville	U.S.	132	132	-	-	52	52	-	-	80	80	-	-
2009	RFC	1144	Holland Board of Public Works	U.S.	17,386	17,386	-	-	6,889	6,889	-	-	10,497	10,497	-	-
2009	RFC	1145	Hoosier Energy	U.S.	160,464	160,464	-	-	63,586	63,586	-	-	96,879	96,879	-	-
2009	RFC	1148	Indiana Municipal Power Agency (DUKE)	U.S.	68,378	68,378	-	-	27,095	27,095	-	-	41,282	41,282	-	-
2009	RFC	1485	Indiana Municipal Power Agency (NIPSC)	U.S.	9,017	9,017	-	-	3,573	3,573	-	-	5,444	5,444	-	-
2009	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	13,323	13,323	-	-	5,279	5,279	-	-	8,044	8,044	-	-
2009	RFC	1149	Indianapolis Power & Light Co.	U.S.	356,453	356,453	-	-	141,248	141,248	-	-	215,205	215,205	-	-
2009	RFC	1613	Integrus Energy Services (ATSI)	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2009	RFC	1552	Integrus Energy Services (DUKE-CIN)	U.S.	448	448	-	-	177	177	-	-	270	270	-	-
2009	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	5,796	5,796	-	-	2,297	2,297	-	-	3,499	3,499	-	-
2009	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	5,817	5,817	-	-	2,305	2,305	-	-	3,512	3,512	-	-
2009	RFC	1614	Just Energy (MECS-DET)	U.S.	624	624	-	-	247	247	-	-	377	377	-	-
2009	RFC	1151	Lebanon	U.S.	6,582	6,582	-	-	2,608	2,608	-	-	3,974	3,974	-	-
2009	RFC	1154	Michigan Public Power Agency	U.S.	27,753	27,753	-	-	10,997	10,997	-	-	16,756	16,756	-	-
2009	RFC	1155	Michigan South Central Power Agency	U.S.	12,984	12,984	-	-	5,145	5,145	-	-	7,839	7,839	-	-
2009	RFC	1158	MidAmerican Energy Company Retail	U.S.	688	688	-	-	273	273	-	-	416	416	-	-
2009	RFC	1163	Northern Indiana Public Service Co.	U.S.	375,259	375,259	-	-	148,700	148,700	-	-	226,559	226,559	-	-
2009	RFC	1164	Ontonagon County Rural Electrification A	U.S.	657	657	-	-	260	260	-	-	396	396	-	-
2009	RFC	1555	Penn Power	U.S.	52,241	52,241	-	-	20,701	20,701	-	-	31,540	31,540	-	-
2009	RFC	1265	PJM Interconnection, LLC	U.S.	14,001,471	14,001,471	-	-	5,548,231	5,548,231	-	-	8,453,240	8,453,240	-	-
2009	RFC	1167	Public Lighting Department of Detroit	U.S.	-	-	-	-	-	-	-	-	-	-	-	-
2009	RFC	1170	Ripley	U.S.	449	449	-	-	178	178	-	-	271	271	-	-
2009	RFC	1580	Sempra Energy Solutions (ATSI)	U.S.	9,700	9,700	-	-	3,844	3,844	-	-	5,856	5,856	-	-
2009	RFC	1615	Sempra Energy Solutions (DUKE-CIN)	U.S.	14	14	-	-	6	6	-	-	9	9	-	-
2009	RFC	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	13,205	13,205	-	-	5,233	5,233	-	-	7,972	7,972	-	-
2009	RFC	1171	Sempra Energy Solutions (MECS-DET)	U.S.	6,427	6,427	-	-	2,547	2,547	-	-	3,880	3,880	-	-
2009	RFC	1173	Direct Energy (fka:Strategic Energy) (AT	U.S.	6,921	6,921	-	-	2,743	2,743	-	-	4,179	4,179	-	-
2009	RFC	1175	Direct Energy (fka:Strategic Energy LLC)	U.S.	6,142	6,142	-	-	2,434	2,434	-	-	3,708	3,708	-	-
2009	RFC	1176	Direct Energy (fka:Strategic Energy,LLC)	U.S.	273	273	-	-	108	108	-	-	165	165	-	-
2009	RFC	1174	Direct Energy (fka:Strategic Energy,LLC)	U.S.	6,155	6,155	-	-	2,439	2,439	-	-	3,716	3,716	-	-
2009	RFC	1616	Smart Paper Holdings	U.S.	153	153	-	-	61	61	-	-	92	92	-	-
2009	RFC	1581	Spartan Renewable Energy	U.S.	1,524	1,524	-	-	604	604	-	-	920	920	-	-
2009	RFC	1180	Thumb Electric Cooperative	U.S.	3,852	3,852	-	-	1,526	1,526	-	-	2,325	2,325	-	-
2009	RFC	1181	Vectren Energy Delivery of IN	U.S.	126,791	126,791	-	-	50,242	50,242	-	-	76,549	76,549	-	-
2009	RFC	1099	Village of Blanchester	U.S.	1,848	1,848	-	-	732	732	-	-	1,115	1,115	-	-
2009	RFC	1183	Village of Sebewaing	U.S.	1,047	1,047	-	-	415	415	-	-	632	632	-	-
2009	RFC	1184	Wabash Valley Power Association Inc. (I	U.S.	60,907	60,907	-	-	24,135	24,135	-	-	36,772	36,772	-	-
2009	RFC	1487	Wabash Valley Power Association Inc. (I	U.S.	3,993	3,993	-	-	1,582	1,582	-	-	2,411	2,411	-	-
2009	RFC	1488	Wabash Valley Power Association Inc.(N	U.S.	37,183	37,183	-	-	14,734	14,734	-	-	22,449	22,449	-	-
2009	RFC	1185	Wisconsin Electric Power Co.	U.S.	652,295	652,295	-	-	258,479	258,479	-	-	393,816	393,816	-	-
2009	RFC	1189	Wolverine Power Marketing Cooperative	U.S.	23,634	23,634	-	-	9,365	9,365	-	-	14,269	14,269	-	-
2009	RFC	1191	Wolverine Power Supply Cooperative	U.S.	58,175	58,175	-	-	23,053	23,053	-	-	35,123	35,123	-	-
2009	RFC	1190	Wolverine Power Marketing Cooperative	U.S.	2,396	2,396	-	-	950	950	-	-	1,447	1,447	-	-
2009	RFC	1194	Zelienople	U.S.	756	756	-	-	299	299	-	-	456	456	-	-
TOTAL RELIABILITYFIRST					21,207,566	21,207,566	-	-	8,403,722	8,403,722	-	-	12,803,844	12,803,844	-	-

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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
2009	SERC	1267	Alabama Municipal Electric Authority	U.S.	71,709	71,709	-	-	33,349	33,349	-	-	38,360	38,360	-	-
2009	SERC	1268	Alabama Power Company	U.S.	1,092,876	1,092,876	-	-	508,255	508,255	-	-	584,621	584,621	-	-
2009	SERC	1269	Ameren - Illinois	U.S.	816,847	816,847	-	-	379,884	379,884	-	-	436,962	436,962	-	-
2009	SERC	1271	Ameren - Missouri	U.S.	795,005	795,005	-	-	369,727	369,727	-	-	425,279	425,279	-	-
2009	SERC	1272	APGI - Yadkin Division	U.S.	651	651	-	-	303	303	-	-	348	348	-	-
2009	SERC	1273	Associated Electric Cooperative Inc.	U.S.	382,623	382,623	-	-	177,943	177,943	-	-	204,679	204,679	-	-
2009	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	20,913	20,913	-	-	9,726	9,726	-	-	11,187	11,187	-	-
2009	SERC	1462	Benton Utility District	U.S.	5,319	5,319	-	-	2,474	2,474	-	-	2,845	2,845	-	-
2009	SERC	1274	Big Rivers Electric Corporation	U.S.	200,330	200,330	-	-	93,166	93,166	-	-	107,164	107,164	-	-
2009	SERC	1275	Black Warrior EMC	U.S.	8,394	8,394	-	-	3,904	3,904	-	-	4,490	4,490	-	-
2009	SERC	1276	Blue Ridge EMC	U.S.	23,146	23,146	-	-	10,764	10,764	-	-	12,382	12,382	-	-
2009	SERC	1463	Canton, MS	U.S.	2,471	2,471	-	-	1,149	1,149	-	-	1,322	1,322	-	-
2009	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	311,351	311,351	-	-	144,797	144,797	-	-	166,553	166,553	-	-
2009	SERC	1278	City of Blountstown FL	U.S.	804	804	-	-	374	374	-	-	430	430	-	-
2009	SERC	1279	City of Camden SC	U.S.	4,122	4,122	-	-	1,917	1,917	-	-	2,205	2,205	-	-
2009	SERC	1280	City of Collins MS	U.S.	905	905	-	-	421	421	-	-	484	484	-	-
2009	SERC	1281	City of Columbia MO	U.S.	27,670	27,670	-	-	12,868	12,868	-	-	14,802	14,802	-	-
2009	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	19,343	19,343	-	-	8,996	8,996	-	-	10,347	10,347	-	-
2009	SERC	1284	City of Evergreen AL	U.S.	1,248	1,248	-	-	580	580	-	-	668	668	-	-
2009	SERC	1285	City of Hampton GA	U.S.	496	496	-	-	231	231	-	-	265	265	-	-
2009	SERC	1286	City of Hartford AL	U.S.	630	630	-	-	293	293	-	-	337	337	-	-
2009	SERC	1287	City of Henderson (KY) Municipal Power	U.S.	13,268	13,268	-	-	6,171	6,171	-	-	7,098	7,098	-	-
2009	SERC	1288	City of North Little Rock AR (DENL)	U.S.	19,429	19,429	-	-	9,036	9,036	-	-	10,393	10,393	-	-
2009	SERC	1289	City of Orangeburg SC Department of Pu	U.S.	18,653	18,653	-	-	8,675	8,675	-	-	9,978	9,978	-	-
2009	SERC	1290	City of Robertsdale AL	U.S.	1,701	1,701	-	-	791	791	-	-	910	910	-	-
2009	SERC	1291	City of Ruston LA (DERS)	U.S.	5,440	5,440	-	-	2,530	2,530	-	-	2,910	2,910	-	-
2009	SERC	1292	City of Seneca SC	U.S.	3,081	3,081	-	-	1,433	1,433	-	-	1,648	1,648	-	-
2009	SERC	1115	City of Springfield (CWLP)	U.S.	36,568	36,568	-	-	17,006	17,006	-	-	19,561	19,561	-	-
2009	SERC	1465	City of Thayer, MO	U.S.	317	317	-	-	148	148	-	-	170	170	-	-
2009	SERC	1293	City of Troy AL	U.S.	7,447	7,447	-	-	3,464	3,464	-	-	3,984	3,984	-	-
2009	SERC	1294	City of West Memphis AR (West Memphi	U.S.	7,999	7,999	-	-	3,720	3,720	-	-	4,279	4,279	-	-
2009	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	12,239	12,239	-	-	5,692	5,692	-	-	6,547	6,547	-	-
2009	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	4,989	4,989	-	-	2,320	2,320	-	-	2,669	2,669	-	-
2009	SERC	1283	Dalton Utilities	U.S.	29,701	29,701	-	-	13,813	13,813	-	-	15,888	15,888	-	-
2009	SERC	1585	Dixie Electric Membership Corporation	U.S.	44,693	44,693	-	-	20,785	20,785	-	-	23,908	23,908	-	-
2009	SERC	1295	Dominion Virginia Power	U.S.	1,678,292	1,678,292	-	-	780,509	780,509	-	-	897,782	897,782	-	-
2009	SERC	1296	Duke Energy Carolinas, LLC	U.S.	1,629,198	1,629,198	-	-	757,678	757,678	-	-	871,520	871,520	-	-
2009	SERC	1466	Durant, MS	U.S.	622	622	-	-	289	289	-	-	332	332	-	-
2009	SERC	1478	E.ON U.S. Services Inc.	U.S.	676,989	676,989	-	-	314,842	314,842	-	-	362,147	362,147	-	-
2009	SERC	1297	East Kentucky Power Cooperative	U.S.	249,245	249,245	-	-	115,914	115,914	-	-	133,331	133,331	-	-
2009	SERC	1298	East Mississippi Electric Power Associati	U.S.	8,875	8,875	-	-	4,127	4,127	-	-	4,747	4,747	-	-
2009	SERC	1299	Electric Energy Inc.	U.S.	26,703	26,703	-	-	12,419	12,419	-	-	14,284	14,284	-	-
2009	SERC	1300	EnergyUnited EMC	U.S.	48,353	48,353	-	-	22,487	22,487	-	-	25,866	25,866	-	-
2009	SERC	1301	Entergy	U.S.	2,199,315	2,199,315	-	-	1,022,817	1,022,817	-	-	1,176,497	1,176,497	-	-
2009	SERC	1302	Fayetteville (NC) Public Works Commissi	U.S.	45,036	45,036	-	-	20,944	20,944	-	-	24,091	24,091	-	-
2009	SERC	1303	Florida Public Utilities (FL Panhandle Loa	U.S.	7,037	7,037	-	-	3,273	3,273	-	-	3,764	3,764	-	-
2009	SERC	1304	French Broad EMC	U.S.	10,407	10,407	-	-	4,840	4,840	-	-	5,567	5,567	-	-
2009	SERC	1305	Georgia Power Company	U.S.	1,719,948	1,719,948	-	-	799,882	799,882	-	-	920,066	920,066	-	-
2009	SERC	1306	Georgia System Optns Corporation	U.S.	763,558	763,558	-	-	355,102	355,102	-	-	408,457	408,457	-	-
2009	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	5,685	5,685	-	-	2,644	2,644	-	-	3,041	3,041	-	-
2009	SERC	1307	Greenwood (SC) Commissioners of Publi	U.S.	6,678	6,678	-	-	3,106	3,106	-	-	3,572	3,572	-	-
2009	SERC	1308	Gulf Power Company	U.S.	235,060	235,060	-	-	109,318	109,318	-	-	125,743	125,743	-	-
2009	SERC	1586	Haywood EMC	U.S.	6,134	6,134	-	-	2,853	2,853	-	-	3,281	3,281	-	-
2009	SERC	1309	Illinois Municipal Electric Agency	U.S.	36,449	36,449	-	-	16,951	16,951	-	-	19,498	19,498	-	-
2009	SERC	1480	Itta Bena, MS	U.S.	321	321	-	-	149	149	-	-	172	172	-	-
2009	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	4,538	4,538	-	-	2,111	2,111	-	-	2,428	2,428	-	-
2009	SERC	1617	Kentucky Municipal Power	U.S.	14,563	14,563	-	-	6,772	6,772	-	-	7,790	7,790	-	-
2009	SERC	1481	Kosciusko, MS	U.S.	1,471	1,471	-	-	684	684	-	-	787	787	-	-
2009	SERC	1482	Leland, MS	U.S.	648	648	-	-	301	301	-	-	347	347	-	-
2009	SERC	1313	McCormick Commission of Public Works	U.S.	461	461	-	-	214	214	-	-	247	247	-	-

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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
2009	SERC	1314	Mississippi Power Company	U.S.	200,927	200,927	-	-	93,444	93,444	-	-	107,484	107,484	-	-
2009	SERC	1315	Municipal Electric Authority of Georgia	U.S.	212,971	212,971	-	-	99,045	99,045	-	-	113,926	113,926	-	-
2009	SERC	1316	N.C. Electric Membership Corp.	U.S.	248,727	248,727	-	-	115,673	115,673	-	-	133,054	133,054	-	-
2009	SERC	1317	North Carolina Eastern Municipal Power	U.S.	148,993	148,993	-	-	69,291	69,291	-	-	79,702	79,702	-	-
2009	SERC	1318	North Carolina Municipal Power Agency	U.S.	92,874	92,874	-	-	43,192	43,192	-	-	49,682	49,682	-	-
2009	SERC	1588	Northeast Louisiana Power Cooperative,	U.S.	5,597	5,597	-	-	2,603	2,603	-	-	2,994	2,994	-	-
2009	SERC	1574	Northern Virginia Electric Cooperative	U.S.	70,446	70,446	-	-	32,762	32,762	-	-	37,684	37,684	-	-
2009	SERC	1319	Old Dominion Electric Cooperative	U.S.	112,479	112,479	-	-	52,309	52,309	-	-	60,169	60,169	-	-
2009	SERC	1618	Osceola (Arkansas) Municipal Light and	U.S.	5,419	5,419	-	-	2,520	2,520	-	-	2,899	2,899	-	-
2009	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	17,716	17,716	-	-	8,239	8,239	-	-	9,477	9,477	-	-
2009	SERC	1321	Piedmont EMC in Duke and Progress Ar	U.S.	10,202	10,202	-	-	4,745	4,745	-	-	5,458	5,458	-	-
2009	SERC	1323	Piedmont Municipal Power Agency (PMP	U.S.	46,072	46,072	-	-	21,427	21,427	-	-	24,646	24,646	-	-
2009	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	5,340	5,340	-	-	2,483	2,483	-	-	2,857	2,857	-	-
2009	SERC	1266	PowerSouth Energy	U.S.	166,805	166,805	-	-	77,575	77,575	-	-	89,231	89,231	-	-
2009	SERC	1330	Prairie Power, Inc.	U.S.	31,035	31,035	-	-	14,433	14,433	-	-	16,602	16,602	-	-
2009	SERC	1324	Progress Energy Carolinas	U.S.	919,786	919,786	-	-	427,757	427,757	-	-	492,029	492,029	-	-
2009	SERC	1325	Rutherford EMC	U.S.	25,493	25,493	-	-	11,856	11,856	-	-	13,637	13,637	-	-
2009	SERC	1326	South Carolina Electric & Gas Company	U.S.	448,181	448,181	-	-	208,432	208,432	-	-	239,749	239,749	-	-
2009	SERC	1327	South Carolina Public Service Authority	U.S.	144,199	144,199	-	-	67,061	67,061	-	-	77,137	77,137	-	-
2009	SERC	1590	South Louisiana Electric Cooperative Ass	U.S.	12,174	12,174	-	-	5,662	5,662	-	-	6,512	6,512	-	-
2009	SERC	1328	South Mississippi Electric Power Associat	U.S.	199,778	199,778	-	-	92,909	92,909	-	-	106,869	106,869	-	-
2009	SERC	1329	Southern Illinois Power Cooperative	U.S.	29,850	29,850	-	-	13,882	13,882	-	-	15,968	15,968	-	-
2009	SERC	1591	Southwest Louisiana Electric Membership	U.S.	48,894	48,894	-	-	22,739	22,739	-	-	26,155	26,155	-	-
2009	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	8,319	8,319	-	-	3,869	3,869	-	-	4,450	4,450	-	-
2009	SERC	1331	Tennessee Valley Authority	U.S.	3,334,478	3,334,478	-	-	1,550,739	1,550,739	-	-	1,783,740	1,783,740	-	-
2009	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	2,638	2,638	-	-	1,227	1,227	-	-	1,411	1,411	-	-
2009	SERC	1592	Town of Black Creek, N.C.	U.S.	253	253	-	-	118	118	-	-	135	135	-	-
2009	SERC	1593	Town of Lucama, N.C.	U.S.	423	423	-	-	197	197	-	-	226	226	-	-
2009	SERC	1594	Town of Sharpsburg, N.C.	U.S.	434	434	-	-	202	202	-	-	232	232	-	-
2009	SERC	1595	Town of Stantonburg, N.C.	U.S.	466	466	-	-	217	217	-	-	249	249	-	-
2009	SERC	1333	Town of Waynesville NC	U.S.	1,961	1,961	-	-	912	912	-	-	1,049	1,049	-	-
2009	SERC	1334	Town of Winstboro SC	U.S.	1,533	1,533	-	-	713	713	-	-	820	820	-	-
2009	SERC	1335	Town of Winterville NC	U.S.	1,037	1,037	-	-	482	482	-	-	555	555	-	-
2009	SERC	1596	Valley Electric Membership Corporation,	U.S.	3,375	3,375	-	-	1,569	1,569	-	-	1,805	1,805	-	-
2009	SERC	1597	Washington-St.Tammany Electric Coope	U.S.	22,213	22,213	-	-	10,331	10,331	-	-	11,883	11,883	-	-
TOTAL SERC					19,949,050	19,949,050	-	-	9,277,542	9,277,542	-	-	10,671,508	10,671,508	-	-
2009	SPP	1246	American Electric Power	U.S.	1,900,912	1,900,912	-	-	351,407	351,407	-	-	1,549,506	1,549,506	-	-
2009	SPP	1435	Arkansas Electric Cooperative Corporati	U.S.	205,903	205,903	-	-	38,064	38,064	-	-	167,840	167,840	-	-
2009	SPP	1247	Board of Public Utilities (Kansas City KS	U.S.	130,534	130,534	-	-	24,131	24,131	-	-	106,403	106,403	-	-
2009	SPP	1620	Board of Public Utilities, City of McPhers	U.S.	46,604	46,604	-	-	8,615	8,615	-	-	37,989	37,989	-	-
2009	SPP	1468	Cap Rock Energy	U.S.	44,436	44,436	-	-	8,215	8,215	-	-	36,221	36,221	-	-
2009	SPP	1469	Central Valley Electric Cooperative	U.S.	41,966	41,966	-	-	7,758	7,758	-	-	34,208	34,208	-	-
2009	SPP	1556	City of Bentonville	U.S.	30,918	30,918	-	-	5,716	5,716	-	-	25,203	25,203	-	-
2009	SPP	1557	City of Clarksdale, Mississippi	U.S.	9,379	9,379	-	-	1,734	1,734	-	-	7,645	7,645	-	-
2009	SPP	1558	Hope Water & Light (HWL)	U.S.	15,684	15,684	-	-	2,899	2,899	-	-	12,785	12,785	-	-
2009	SPP	1559	City of Minden	U.S.	9,206	9,206	-	-	1,702	1,702	-	-	7,504	7,504	-	-
2009	SPP	1248	Independence Power & Light (Independ	U.S.	59,340	59,340	-	-	10,970	10,970	-	-	48,370	48,370	-	-
2009	SPP	1436	City Utilities of Springfield, MO	U.S.	169,791	169,791	-	-	31,388	31,388	-	-	138,403	138,403	-	-
2009	SPP	1249	Cleco Power LLC	U.S.	605,832	605,832	-	-	111,995	111,995	-	-	493,836	493,836	-	-
2009	SPP	1437	East Texas Electric Coop, Inc.	U.S.	22,238	22,238	-	-	4,111	4,111	-	-	18,127	18,127	-	-
2009	SPP	1250	The Empire District Electric Company	U.S.	289,252	289,252	-	-	53,472	53,472	-	-	235,780	235,780	-	-
2009	SPP	1470	Farmers' Electric Coop	U.S.	22,447	22,447	-	-	4,150	4,150	-	-	18,297	18,297	-	-
2009	SPP	1438	Golden Spread Electric Coop	U.S.	245,622	245,622	-	-	45,406	45,406	-	-	200,216	200,216	-	-
2009	SPP	1251	Grand River Dam Authority	U.S.	235,428	235,428	-	-	43,522	43,522	-	-	191,906	191,906	-	-
2009	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	858,802	858,802	-	-	158,760	158,760	-	-	700,042	700,042	-	-
2009	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	111,776	111,776	-	-	20,663	20,663	-	-	91,113	91,113	-	-
2009	SPP	1440	Kansas Municipal Energy Agency (KCPL	U.S.	39,788	39,788	-	-	7,355	7,355	-	-	32,432	32,432	-	-
2009	SPP	1598	KCP&L GMOG (Greater Missouri Operat	U.S.	463,770	463,770	-	-	85,734	85,734	-	-	378,037	378,037	-	-
2009	SPP	1471	Lafayette Utilities System	U.S.	114,325	114,325	-	-	21,134	21,134	-	-	93,190	93,190	-	-

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	SPP	1472	Lea County Electric Coop	U.S.	67,896	67,896	-	-	12,551	12,551	-	-	55,344	55,344	-	-
2009	SPP	1253	Louisiana Energy & Power Authority (LE	U.S.	-	-	-	-	-	-	-	-	-	-	-	-
2009	SPP	1441	Midwest Energy Inc.	U.S.	88,173	88,173	-	-	16,300	16,300	-	-	71,873	71,873	-	-
2009	SPP	1443	Missouri Joint Municipal Electric Utility Co	U.S.	121,239	121,239	-	-	22,413	22,413	-	-	98,827	98,827	-	-
2009	SPP	1442	Northeast Texas Electric Cooperative, In	U.S.	165,096	165,096	-	-	30,520	30,520	-	-	134,576	134,576	-	-
2009	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	1,521,416	1,521,416	-	-	281,252	281,252	-	-	1,240,164	1,240,164	-	-
2009	SPP	1444	Oklahoma Municipal Power Authority	U.S.	137,637	137,637	-	-	25,444	25,444	-	-	112,193	112,193	-	-
2009	SPP	1561	Public Service Commission of Yazoo Cit	U.S.	6,556	6,556	-	-	1,212	1,212	-	-	5,344	5,344	-	-
2009	SPP	1473	Roosevelt County Electric Coop	U.S.	11,858	11,858	-	-	2,192	2,192	-	-	9,666	9,666	-	-
2009	SPP	1258	Southwestern Power Administration (SP	U.S.	220,496	220,496	-	-	40,761	40,761	-	-	179,735	179,735	-	-
2009	SPP	1257	Southwestern Public Service Co. (SPS->)	U.S.	1,075,260	1,075,260	-	-	198,775	198,775	-	-	876,485	876,485	-	-
2009	SPP	1256	Sunflower Electric Cooperative (SECI)	U.S.	293,449	293,449	-	-	54,248	54,248	-	-	239,201	239,201	-	-
2009	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	25,374	25,374	-	-	4,691	4,691	-	-	20,683	20,683	-	-
2009	SPP	1475	Tri County Electric Coop	U.S.	22,157	22,157	-	-	4,096	4,096	-	-	18,061	18,061	-	-
2009	SPP	1260	Westar Energy, Inc.	U.S.	1,215,377	1,215,377	-	-	224,677	224,677	-	-	990,700	990,700	-	-
2009	SPP	1259	Western Farmers Electric Cooperative	U.S.	406,552	406,552	-	-	75,156	75,156	-	-	331,396	331,396	-	-
2009	SPP	1501	West Texas Municipal Power Agency	U.S.	105,114	105,114	-	-	19,432	19,432	-	-	85,682	85,682	-	-
			TOTAL SPP		11,157,603	11,157,603	-	-	2,062,618	2,062,618	-	-	9,094,985	9,094,985	-	-
2009	TRE	1019	ERCOT	U.S.	11,974,880	11,974,880	-	-	2,747,057	2,747,057	-	-	9,227,823	9,227,823	-	-
					11,974,880	11,974,880	-	-	2,747,057	2,747,057	-	-	9,227,823	9,227,823	-	-
2009	WECC		Alberta Electric System Operator	Canada	2,779,541	-	2,779,541	-	521,236	-	521,236	-	2,258,305	-	2,258,305	-
2009	WECC		British Columbia Transmission Corporatic	Canada	3,519,662	-	3,519,662	-	699,689	-	699,689	-	2,819,973	-	2,819,973	-
2009	WECC		Comision Federal de Electricidad	Mexico	624,217	-	-	624,217	124,091	-	124,091	500,126	-	-	500,126	-
2009	WECC		Agua Irrigation District	U.S.	1,539	1,539	-	-	253	253	-	-	1,286	1,286	-	-
2009	WECC		Aha Macav Power Service	U.S.	1,347	1,347	-	-	221	221	-	-	1,125	1,125	-	-
2009	WECC		Ajo Improvement District	U.S.	755	755	-	-	124	124	-	-	631	631	-	-
2009	WECC		Ak-Chin	U.S.	1,675	1,675	-	-	275	275	-	-	1,400	1,400	-	-
2009	WECC		ALCOA INC.	U.S.	134,934	134,934	-	-	22,158	22,158	-	-	112,776	112,776	-	-
2009	WECC		Arizona Public Service Company	U.S.	1,666,570	1,666,570	-	-	273,675	273,675	-	-	1,392,895	1,392,895	-	-
2009	WECC		Arkansas River Power Authority (ARPA)	U.S.	13,414	13,414	-	-	2,203	2,203	-	-	11,211	11,211	-	-
2009	WECC		Arlington Valley	U.S.	64	64	-	-	11	11	-	-	54	54	-	-
2009	WECC		Avista Adjusted LSE NEL	U.S.	517,327	517,327	-	-	84,953	84,953	-	-	432,374	432,374	-	-
2009	WECC		AVISTA CORPORATION	U.S.	12,546	12,546	-	-	2,060	2,060	-	-	10,486	10,486	-	-
2009	WECC		Barrick Gold Strike	U.S.	68,045	68,045	-	-	11,174	11,174	-	-	56,871	56,871	-	-
2009	WECC		Basin Electric Power Cooperative	U.S.	166,149	166,149	-	-	27,284	27,284	-	-	138,865	138,865	-	-
2009	WECC		Basin Electric Power Cooperative (WAUV	U.S.	3,121	3,121	-	-	513	513	-	-	2,609	2,609	-	-
2009	WECC		BENTON REA	U.S.	31,591	31,591	-	-	5,188	5,188	-	-	26,404	26,404	-	-
2009	WECC		Big Bend Electric Cooperative, Inc. (Avist	U.S.	10,114	10,114	-	-	1,661	1,661	-	-	8,453	8,453	-	-
2009	WECC		BIG BEND ELECTRIC COOPERATIVE, I	U.S.	18,808	18,808	-	-	3,089	3,089	-	-	15,720	15,720	-	-
2009	WECC		BLACHLY-LANE ELECTRIC COOPERA*	U.S.	7,709	7,709	-	-	1,266	1,266	-	-	6,443	6,443	-	-
2009	WECC		Black Hills Power	U.S.	101,073	101,073	-	-	16,598	16,598	-	-	84,476	84,476	-	-
2009	WECC		Black Hills State University (State of SD)	U.S.	945	945	-	-	155	155	-	-	790	790	-	-
2009	WECC		Black Hills Wyoming, Inc.	U.S.	242,160	242,160	-	-	39,766	39,766	-	-	202,394	202,394	-	-
2009	WECC		Bonneville Power (NorthWestern Energy)	U.S.	1,679	1,679	-	-	276	276	-	-	1,403	1,403	-	-
2009	WECC		Bonneville Power (PUD No. 2)	U.S.	7,618	7,618	-	-	1,251	1,251	-	-	6,367	6,367	-	-
2009	WECC		Bonneville Power Administration (Avista)	U.S.	898	898	-	-	148	148	-	-	751	751	-	-
2009	WECC		Bonneville Power Administration	U.S.	206,831	206,831	-	-	33,965	33,965	-	-	172,866	172,866	-	-
2009	WECC		BPA	U.S.	10,640	10,640	-	-	1,747	1,747	-	-	8,893	8,893	-	-
2009	WECC		BPA - Power Business Line	U.S.	403	403	-	-	66	66	-	-	337	337	-	-
2009	WECC		Buckeye Water Conservation and Draina	U.S.	971	971	-	-	159	159	-	-	812	812	-	-
2009	WECC		California ISO	U.S.	12,581,844	12,581,844	-	-	2,066,123	2,066,123	-	-	10,515,721	10,515,721	-	-
2009	WECC		Canby Public Utility Board	U.S.	9,658	9,658	-	-	1,586	1,586	-	-	8,072	8,072	-	-
2009	WECC		Central Arizona Water Conservation Dist	U.S.	143,483	143,483	-	-	23,562	23,562	-	-	119,921	119,921	-	-
2009	WECC		CENTRAL ELECTRIC COOPERATIVE, I	U.S.	28,134	28,134	-	-	4,620	4,620	-	-	23,514	23,514	-	-
2009	WECC		CENTRAL LINCOLN PUD	U.S.	72,962	72,962	-	-	11,981	11,981	-	-	60,980	60,980	-	-
2009	WECC		Central Montana	U.S.	3,477	3,477	-	-	571	571	-	-	2,906	2,906	-	-
2009	WECC		CENTRAL MONTANA ELECTRIC POWE	U.S.	4,060	4,060	-	-	667	667	-	-	3,393	3,393	-	-
2009	WECC		CITY OF ALBION	U.S.	194	194	-	-	32	32	-	-	162	162	-	-

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Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	WECC		City of Aztec	U.S.	2,076	2,076	-	-	341	341	-	-	1,735	1,735	-	-
2009	WECC		CITY OF BANDON	U.S.	3,655	3,655	-	-	600	600	-	-	3,055	3,055	-	-
2009	WECC		CITY OF BONNERS FERRY	U.S.	3,791	3,791	-	-	623	623	-	-	3,168	3,168	-	-
2009	WECC		City of Boulder	U.S.	9,664	9,664	-	-	1,587	1,587	-	-	8,077	8,077	-	-
2009	WECC		CITY OF BURLEY	U.S.	6,590	6,590	-	-	1,082	1,082	-	-	5,508	5,508	-	-
2009	WECC		City of Burlington	U.S.	1,661	1,661	-	-	273	273	-	-	1,388	1,388	-	-
2009	WECC		CITY OF CASCADE LOCKS	U.S.	1,170	1,170	-	-	192	192	-	-	978	978	-	-
2009	WECC		CITY OF CENTRALIA	U.S.	15,040	15,040	-	-	2,470	2,470	-	-	12,570	12,570	-	-
2009	WECC		CITY OF CHENEY	U.S.	7,457	7,457	-	-	1,225	1,225	-	-	6,233	6,233	-	-
2009	WECC		CITY OF CHEWELAH	U.S.	1,341	1,341	-	-	220	220	-	-	1,121	1,121	-	-
2009	WECC		CITY OF DECLO	U.S.	162	162	-	-	27	27	-	-	136	136	-	-
2009	WECC		CITY OF DRAIN	U.S.	950	950	-	-	156	156	-	-	794	794	-	-
2009	WECC		CITY OF ELLENSBURG	U.S.	12,058	12,058	-	-	1,980	1,980	-	-	10,078	10,078	-	-
2009	WECC		City of Fallon	U.S.	6,334	6,334	-	-	1,040	1,040	-	-	5,294	5,294	-	-
2009	WECC		CITY OF FOREST GROVE	U.S.	13,439	13,439	-	-	2,207	2,207	-	-	11,232	11,232	-	-
2009	WECC		City of Gallup	U.S.	12,316	12,316	-	-	2,022	2,022	-	-	10,294	10,294	-	-
2009	WECC		CITY OF HERMISTON DBA HERMISTON	U.S.	6,201	6,201	-	-	1,018	1,018	-	-	5,182	5,182	-	-
2009	WECC		CITY OF HEYBURN	U.S.	2,189	2,189	-	-	359	359	-	-	1,829	1,829	-	-
2009	WECC		City of Las Vegas	U.S.	470	470	-	-	77	77	-	-	393	393	-	-
2009	WECC		CITY OF MCCLEARY	U.S.	1,860	1,860	-	-	305	305	-	-	1,554	1,554	-	-
2009	WECC		CITY OF MCMINNVILLE	U.S.	38,317	38,317	-	-	6,292	6,292	-	-	32,024	32,024	-	-
2009	WECC		CITY OF MILTON	U.S.	3,570	3,570	-	-	586	586	-	-	2,983	2,983	-	-
2009	WECC		CITY OF MILTON-FREEWATER	U.S.	6,474	6,474	-	-	1,063	1,063	-	-	5,410	5,410	-	-
2009	WECC		CITY OF MINIDOKA	U.S.	55	55	-	-	9	9	-	-	46	46	-	-
2009	WECC		CITY OF MONMOUTH	U.S.	3,946	3,946	-	-	648	648	-	-	3,298	3,298	-	-
2009	WECC		City of Needles	U.S.	2,138	2,138	-	-	351	351	-	-	1,787	1,787	-	-
2009	WECC		CITY OF PLUMMER	U.S.	1,893	1,893	-	-	311	311	-	-	1,583	1,583	-	-
2009	WECC		CITY OF PORT ANGELES	U.S.	37,625	37,625	-	-	6,179	6,179	-	-	31,447	31,447	-	-
2009	WECC		City of Redding	U.S.	35,526	35,526	-	-	5,834	5,834	-	-	29,692	29,692	-	-
2009	WECC		CITY OF RICHLAND	U.S.	47,303	47,303	-	-	7,768	7,768	-	-	39,536	39,536	-	-
2009	WECC		City of Roseville	U.S.	68,937	68,937	-	-	11,320	11,320	-	-	57,616	57,616	-	-
2009	WECC		CITY OF RUPERT	U.S.	4,460	4,460	-	-	732	732	-	-	3,728	3,728	-	-
2009	WECC		City of Shasta Lake	U.S.	9,756	9,756	-	-	1,602	1,602	-	-	8,154	8,154	-	-
2009	WECC		CITY OF TACOMA DBA TACOMA POWE	U.S.	21	21	-	-	3	3	-	-	18	18	-	-
2009	WECC		CITY OF TROY	U.S.	967	967	-	-	159	159	-	-	808	808	-	-
2009	WECC		CITY OF WEISER	U.S.	2,984	2,984	-	-	490	490	-	-	2,494	2,494	-	-
2009	WECC		City of Williams	U.S.	2,145	2,145	-	-	352	352	-	-	1,792	1,792	-	-
2009	WECC		CLARK PUBLIC UTILITIES	U.S.	248,749	248,749	-	-	40,848	40,848	-	-	207,901	207,901	-	-
2009	WECC		CLATSKANIE PUD	U.S.	53,031	53,031	-	-	8,709	8,709	-	-	44,323	44,323	-	-
2009	WECC		CLEARWATER COOPERATIVE, INC	U.S.	2,408	2,408	-	-	395	395	-	-	2,013	2,013	-	-
2009	WECC		Clearwater Power Company	U.S.	8,775	8,775	-	-	1,441	1,441	-	-	7,334	7,334	-	-
2009	WECC		Colorado River Agency-Bureau of Indian	U.S.	201	201	-	-	33	33	-	-	168	168	-	-
2009	WECC		Colorado River Commission	U.S.	38,509	38,509	-	-	6,324	6,324	-	-	32,185	32,185	-	-
2009	WECC		Colorado Springs Utilities	U.S.	228,315	228,315	-	-	37,493	37,493	-	-	190,822	190,822	-	-
2009	WECC		COLUMBIA BASIN ELECTRIC COOPER	U.S.	5,798	5,798	-	-	952	952	-	-	4,846	4,846	-	-
2009	WECC		COLUMBIA FALLS ALUMINUM COMPAI	U.S.	18,005	18,005	-	-	2,957	2,957	-	-	15,048	15,048	-	-
2009	WECC		COLUMBIA POWER COOPERATIVE AS	U.S.	1,247	1,247	-	-	205	205	-	-	1,042	1,042	-	-
2009	WECC		COLUMBIA REA	U.S.	16,502	16,502	-	-	2,710	2,710	-	-	13,792	13,792	-	-
2009	WECC		COLUMBIA RIVER PUD (BPA)	U.S.	9,172	9,172	-	-	1,506	1,506	-	-	7,666	7,666	-	-
2009	WECC		Columbia River PUD (PGE)	U.S.	17,210	17,210	-	-	2,826	2,826	-	-	14,384	14,384	-	-
2009	WECC		CONSOLIDATED IRRIGATION DISTRIC	U.S.	111	111	-	-	18	18	-	-	93	93	-	-
2009	WECC		Constellation New Energy, Inc.	U.S.	1,597	1,597	-	-	262	262	-	-	1,335	1,335	-	-
2009	WECC		CONSUMERS POWER, INC.	U.S.	22,998	22,998	-	-	3,777	3,777	-	-	19,221	19,221	-	-
2009	WECC		COOS-CURRY ELECTRIC COOPERATI	U.S.	19,076	19,076	-	-	3,132	3,132	-	-	15,943	15,943	-	-
2009	WECC		Deseret Generation & Transmission Co-C	U.S.	3,697	3,697	-	-	607	607	-	-	3,090	3,090	-	-
2009	WECC		Douglas - Palasades	U.S.	1,010	1,010	-	-	166	166	-	-	844	844	-	-
2009	WECC		DOUGLAS ELECTRIC COOPERATIVE,	U.S.	5,248	5,248	-	-	862	862	-	-	4,386	4,386	-	-
2009	WECC		EAST END MUTUAL ELECTRIC COMP/	U.S.	1,219	1,219	-	-	200	200	-	-	1,019	1,019	-	-
2009	WECC		El Paso Electric Company	U.S.	418,184	418,184	-	-	68,672	68,672	-	-	349,512	349,512	-	-
2009	WECC		Electrical District #2	U.S.	9,772	9,772	-	-	1,605	1,605	-	-	8,167	8,167	-	-

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	WECC		Electrical District No. 6 of Pinal County	U.S.	65	65	-	-	11	11	-	-	54	54	-	-
2009	WECC		Electrical District No. 7 of Mariopa County	U.S.	1,530	1,530	-	-	251	251	-	-	1,278	1,278	-	-
2009	WECC		Electrical District No. 8 of Mariopa County	U.S.	14,210	14,210	-	-	2,333	2,333	-	-	11,876	11,876	-	-
2009	WECC		Electrical Districts 1 & 3	U.S.	32,039	32,039	-	-	5,261	5,261	-	-	26,777	26,777	-	-
2009	WECC		ELMHURST MUTUAL POWER & LIGHT	U.S.	15,397	15,397	-	-	2,528	2,528	-	-	12,869	12,869	-	-
2009	WECC		EMERALD PUD	U.S.	27,790	27,790	-	-	4,563	4,563	-	-	23,226	23,226	-	-
2009	WECC		ENERGY NORTHWEST	U.S.	2,991	2,991	-	-	491	491	-	-	2,500	2,500	-	-
2009	WECC		EPCOR Merchant and Capital (US) Inc.	U.S.	3,877	3,877	-	-	637	637	-	-	3,240	3,240	-	-
2009	WECC		EUGENE WATER & ELECTRIC BOARD	U.S.	135,417	135,417	-	-	22,238	22,238	-	-	113,180	113,180	-	-
2009	WECC		FARMERS ELECTRIC COMPANY, LTD.	U.S.	244	244	-	-	40	40	-	-	204	204	-	-
2009	WECC		Farmington Electric Utility System	U.S.	61,985	61,985	-	-	10,179	10,179	-	-	51,806	51,806	-	-
2009	WECC		FLATHEAD ELECTRIC COOPERATIVE,	U.S.	76,836	76,836	-	-	12,618	12,618	-	-	64,219	64,219	-	-
2009	WECC		Fredonia, Town of	U.S.	75	75	-	-	12	12	-	-	62	62	-	-
2009	WECC		GLACIER ELECTRIC COOPERATIVE, IN	U.S.	9,877	9,877	-	-	1,622	1,622	-	-	8,255	8,255	-	-
2009	WECC		Grand Valley	U.S.	12,656	12,656	-	-	2,078	2,078	-	-	10,578	10,578	-	-
2009	WECC		Grant LSE Load	U.S.	200,762	200,762	-	-	32,968	32,968	-	-	167,794	167,794	-	-
2009	WECC		Harney Electric Coop	U.S.	4,191	4,191	-	-	688	688	-	-	3,503	3,503	-	-
2009	WECC		HARNEY ELECTRIC COOPERATIVE, IN	U.S.	6,246	6,246	-	-	1,026	1,026	-	-	5,220	5,220	-	-
2009	WECC		Harquahala Valley Power District	U.S.	4,046	4,046	-	-	664	664	-	-	3,381	3,381	-	-
2009	WECC		HERMISTON POWER LLC	U.S.	138	138	-	-	23	23	-	-	115	115	-	-
2009	WECC		Holy Cross	U.S.	53,687	53,687	-	-	8,816	8,816	-	-	44,871	44,871	-	-
2009	WECC		HOOD RIVER ELECTRIC COOPERATIV	U.S.	2,228	2,228	-	-	366	366	-	-	1,862	1,862	-	-
2009	WECC		IDAHO COUNTY LIGHT AND POWER C	U.S.	2,966	2,966	-	-	487	487	-	-	2,479	2,479	-	-
2009	WECC		Idaho Power	U.S.	1,963	1,963	-	-	322	322	-	-	1,640	1,640	-	-
2009	WECC		Imperial Irrigation District	U.S.	198,705	198,705	-	-	32,630	32,630	-	-	166,075	166,075	-	-
2009	WECC		Inland Power & Light Co.	U.S.	25,173	25,173	-	-	4,134	4,134	-	-	21,039	21,039	-	-
2009	WECC		INLAND POWER AND LIGHT COMPAN'	U.S.	26,975	26,975	-	-	4,430	4,430	-	-	22,545	22,545	-	-
2009	WECC		IPCO	U.S.	826,282	826,282	-	-	135,688	135,688	-	-	690,595	690,595	-	-
2009	WECC		IREA-Transmission	U.S.	109,947	109,947	-	-	18,055	18,055	-	-	91,892	91,892	-	-
2009	WECC		Kirtland Air Force Base	U.S.	23,773	23,773	-	-	3,904	3,904	-	-	19,869	19,869	-	-
2009	WECC		Kootenai Electric Cooperative, Inc.	U.S.	25,444	25,444	-	-	4,178	4,178	-	-	21,266	21,266	-	-
2009	WECC		LA Dept. of Water & Power	U.S.	1,585,358	1,585,358	-	-	260,339	260,339	-	-	1,325,019	1,325,019	-	-
2009	WECC		LAKEVIEW LIGHT & POWER	U.S.	15,655	15,655	-	-	2,571	2,571	-	-	13,085	13,085	-	-
2009	WECC		LANE ELECTRIC COOPERATIVE, INC.	U.S.	12,772	12,772	-	-	2,097	2,097	-	-	10,675	10,675	-	-
2009	WECC		Las Vegas Valley Water District (SB211)	U.S.	5,179	5,179	-	-	850	850	-	-	4,329	4,329	-	-
2009	WECC		Lincoln County Power District	U.S.	4,529	4,529	-	-	744	744	-	-	3,785	3,785	-	-
2009	WECC		LINCOLN ELECTRIC COOPERATIVE, IN	U.S.	6,752	6,752	-	-	1,109	1,109	-	-	5,644	5,644	-	-
2009	WECC		Maricopa County Municipal Water Conse	U.S.	2,640	2,640	-	-	434	434	-	-	2,207	2,207	-	-
2009	WECC		McMullen Valley Water Conservation & C	U.S.	3,180	3,180	-	-	522	522	-	-	2,658	2,658	-	-
2009	WECC		Merced Irrigation District	U.S.	23,721	23,721	-	-	3,895	3,895	-	-	19,826	19,826	-	-
2009	WECC		Mesa, City of	U.S.	14,548	14,548	-	-	2,389	2,389	-	-	12,159	12,159	-	-
2009	WECC		MIDSTATE ELECTRIC COOPERATIVE,	U.S.	21,694	21,694	-	-	3,562	3,562	-	-	18,131	18,131	-	-
2009	WECC		MISSION VALLEY POWER	U.S.	22,888	22,888	-	-	3,759	3,759	-	-	19,129	19,129	-	-
2009	WECC		MISSOULA ELECTRIC COOPERATIVE,	U.S.	12,399	12,399	-	-	2,036	2,036	-	-	10,363	10,363	-	-
2009	WECC		Modern Electric Water Co.	U.S.	13,119	13,119	-	-	2,154	2,154	-	-	10,964	10,964	-	-
2009	WECC		Modesto Irrigation District	U.S.	141,725	141,725	-	-	23,273	23,273	-	-	118,452	118,452	-	-
2009	WECC		Montana Dakota Utilities (MDU)	U.S.	1,765	1,765	-	-	290	290	-	-	1,475	1,475	-	-
2009	WECC		Mt. Wheeler Power Inc.	U.S.	27,225	27,225	-	-	4,471	4,471	-	-	22,754	22,754	-	-
2009	WECC		Municipal Energy Agency of Nebraska	U.S.	37,165	37,165	-	-	6,103	6,103	-	-	31,062	31,062	-	-
2009	WECC		Municipal Energy Agency of Nebraska (N	U.S.	18,986	18,986	-	-	3,118	3,118	-	-	15,869	15,869	-	-
2009	WECC		Navajo Tribal Utility Authority (APS)	U.S.	2,227	2,227	-	-	366	366	-	-	1,862	1,862	-	-
2009	WECC		Navajo Tribal Utility Authority (PSCofNM)	U.S.	11,692	11,692	-	-	1,920	1,920	-	-	9,772	9,772	-	-
2009	WECC		Navopache Electric Cooperative, Inc	U.S.	25,652	25,652	-	-	4,212	4,212	-	-	21,440	21,440	-	-
2009	WECC		Nebraska Public Power Marketing	U.S.	192	192	-	-	32	32	-	-	160	160	-	-
2009	WECC		Needles Public Utilities Authority	U.S.	1,987	1,987	-	-	326	326	-	-	1,661	1,661	-	-
2009	WECC		NE SPELEM VALLEY ELECTRIC COOPF	U.S.	2,865	2,865	-	-	470	470	-	-	2,395	2,395	-	-
2009	WECC		Nevada Power Company	U.S.	1,195,274	1,195,274	-	-	196,282	196,282	-	-	998,993	998,993	-	-
2009	WECC		New Harquahala	U.S.	72	72	-	-	12	12	-	-	60	60	-	-
2009	WECC		Northern Lights Inc.	U.S.	1,494	1,494	-	-	245	245	-	-	1,249	1,249	-	-
2009	WECC		NORTHERN LIGHTS, INC.	U.S.	16,720	16,720	-	-	2,746	2,746	-	-	13,974	13,974	-	-

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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
2009	WECC		NORTHERN WASCO COUNTY PUD	U.S.	32,601	32,601	-	-	5,354	5,354	-	-	27,248	27,248	-	-
2009	WECC		NWMT	U.S.	16,478	16,478	-	-	2,706	2,706	-	-	13,772	13,772	-	-
2009	WECC		OHOP MUTUAL LIGHT COMPANY	U.S.	4,856	4,856	-	-	797	797	-	-	4,059	4,059	-	-
2009	WECC		ORCAS POWER & LIGHT COOPERATI	U.S.	11,709	11,709	-	-	1,923	1,923	-	-	9,786	9,786	-	-
2009	WECC		OREGON TRAIL ELECTRIC CONSUME	U.S.	36,582	36,582	-	-	6,007	6,007	-	-	30,575	30,575	-	-
2009	WECC		Overton Power District #5	U.S.	20,973	20,973	-	-	3,444	3,444	-	-	17,529	17,529	-	-
2009	WECC		PACIFICORP (BPA)	U.S.	839	839	-	-	138	138	-	-	701	701	-	-
2009	WECC		PACIFICORP (PGE)	U.S.	174	174	-	-	29	29	-	-	145	145	-	-
2009	WECC		PACIFICORP(WAPA)	U.S.	11,237	11,237	-	-	1,845	1,845	-	-	9,392	9,392	-	-
2009	WECC		PacifiCorp (PACE)	U.S.	2,451,278	2,451,278	-	-	402,536	402,536	-	-	2,048,743	2,048,743	-	-
2009	WECC		PacifiCorp (PACW)	U.S.	1,167,633	1,167,633	-	-	191,742	191,742	-	-	975,890	975,890	-	-
2009	WECC		Page Electric Utility	U.S.	715	715	-	-	117	117	-	-	598	598	-	-
2009	WECC		PARKLAND LIGHT AND WATER COMP	U.S.	6,740	6,740	-	-	1,107	1,107	-	-	5,633	5,633	-	-
2009	WECC		PENINSULA LIGHT COMPANY, INC.	U.S.	34,023	34,023	-	-	5,587	5,587	-	-	28,436	28,436	-	-
2009	WECC		Platte River Power Authority	U.S.	171,628	171,628	-	-	28,184	28,184	-	-	143,444	143,444	-	-
2009	WECC		PORT TOWNSEND PAPER CORPORA	U.S.	10,707	10,707	-	-	1,758	1,758	-	-	8,949	8,949	-	-
2009	WECC		Portland General Electric Company	U.S.	986,530	986,530	-	-	162,003	162,003	-	-	824,527	824,527	-	-
2009	WECC		Public Service Company of Colorado	U.S.	1,575,010	1,575,010	-	-	258,640	258,640	-	-	1,316,371	1,316,371	-	-
2009	WECC		Public Service Company of Colorado (Xc	U.S.	1,769	1,769	-	-	290	290	-	-	1,478	1,478	-	-
2009	WECC		Public Service Company of New Mexico	U.S.	554,132	554,132	-	-	90,997	90,997	-	-	463,136	463,136	-	-
2009	WECC		PUD NO. 1 OF DOUGLAS COUNTY	U.S.	481	481	-	-	79	79	-	-	402	402	-	-
2009	WECC		PUD NO. 1 OF ASOTIN COUNTY	U.S.	285	285	-	-	47	47	-	-	238	238	-	-
2009	WECC		PUD NO. 1 OF BENTON COUNTY	U.S.	96,661	96,661	-	-	15,873	15,873	-	-	80,788	80,788	-	-
2009	WECC		PUD No. 1 of Chelan County	U.S.	176,730	176,730	-	-	29,022	29,022	-	-	147,708	147,708	-	-
2009	WECC		PUD NO. 1 OF CLALLAM COUNTY	U.S.	37,251	37,251	-	-	6,117	6,117	-	-	31,134	31,134	-	-
2009	WECC		PUD NO. 1 OF COWLITZ COUNTY	U.S.	266,546	266,546	-	-	43,771	43,771	-	-	222,775	222,775	-	-
2009	WECC		PUD No. 1 of Douglas County	U.S.	80,600	80,600	-	-	13,236	13,236	-	-	67,364	67,364	-	-
2009	WECC		PUD NO. 1 OF FERRY COUNTY	U.S.	5,389	5,389	-	-	885	885	-	-	4,504	4,504	-	-
2009	WECC		PUD NO. 1 OF FRANKLIN COUNTY	U.S.	54,337	54,337	-	-	8,923	8,923	-	-	45,414	45,414	-	-
2009	WECC		PUD NO. 1 OF GRAYS HARBOR	U.S.	59,969	59,969	-	-	9,848	9,848	-	-	50,121	50,121	-	-
2009	WECC		PUD NO. 1 OF KITTITAS COUNTY	U.S.	2,979	2,979	-	-	489	489	-	-	2,490	2,490	-	-
2009	WECC		PUD NO. 1 OF KLIKITAT COUNTY	U.S.	16,307	16,307	-	-	2,678	2,678	-	-	13,629	13,629	-	-
2009	WECC		PUD NO. 1 OF LEWIS COUNTY	U.S.	52,485	52,485	-	-	8,619	8,619	-	-	43,866	43,866	-	-
2009	WECC		PUD NO. 1 OF MASON COUNTY	U.S.	4,347	4,347	-	-	714	714	-	-	3,633	3,633	-	-
2009	WECC		PUD No. 1 of Pend Oreille County	U.S.	52,580	52,580	-	-	8,634	8,634	-	-	43,946	43,946	-	-
2009	WECC		PUD NO. 1 OF SKAMANIA COUNTY	U.S.	7,531	7,531	-	-	1,237	1,237	-	-	6,294	6,294	-	-
2009	WECC		PUD NO. 1 OF SNOHOMISH COUNTY	U.S.	387,522	387,522	-	-	63,637	63,637	-	-	323,885	323,885	-	-
2009	WECC		PUD NO. 1 OF WAHIAKUM COUNTY	U.S.	2,421	2,421	-	-	398	398	-	-	2,023	2,023	-	-
2009	WECC		PUD NO. 1 OF WHATCOM COUNTY	U.S.	12,149	12,149	-	-	1,995	1,995	-	-	10,154	10,154	-	-
2009	WECC		PUD NO. 2 OF GRANT COUNTY (Avista	U.S.	4,907	4,907	-	-	806	806	-	-	4,102	4,102	-	-
2009	WECC		PUD NO. 2 OF GRANT COUNTY (BPA)	U.S.	2,659	2,659	-	-	437	437	-	-	2,223	2,223	-	-
2009	WECC		PUD NO. 2 OF PACIFIC COUNTY	U.S.	16,979	16,979	-	-	2,788	2,788	-	-	14,190	14,190	-	-
2009	WECC		PUD NO. 3 OF MASON COUNTY	U.S.	37,996	37,996	-	-	6,239	6,239	-	-	31,756	31,756	-	-
2009	WECC		Puget Sound Energy	U.S.	1,381,617	1,381,617	-	-	226,882	226,882	-	-	1,154,735	1,154,735	-	-
2009	WECC		RAFT RIVER RURAL ELECTRIC COOP	U.S.	12,020	12,020	-	-	1,974	1,974	-	-	10,046	10,046	-	-
2009	WECC		RAVALLI COUNTY ELECTRIC COOPER	U.S.	8,551	8,551	-	-	1,404	1,404	-	-	7,147	7,147	-	-
2009	WECC		RBS Sempra Energy Solutions	U.S.	102,258	102,258	-	-	16,792	16,792	-	-	85,465	85,465	-	-
2009	WECC		RIVERSIDE ELECTRIC COMPANY, LTD	U.S.	1,089	1,089	-	-	179	179	-	-	910	910	-	-
2009	WECC		Rocky Mountain Generation Cooperative	U.S.	2,160	2,160	-	-	355	355	-	-	1,805	1,805	-	-
2009	WECC		Roosevelt Irrigation District	U.S.	1,620	1,620	-	-	266	266	-	-	1,354	1,354	-	-
2009	WECC		SALEM ELECTRIC	U.S.	18,248	18,248	-	-	2,997	2,997	-	-	15,251	15,251	-	-
2009	WECC		Salt River Project (SRP)	U.S.	1,521,434	1,521,434	-	-	249,842	249,842	-	-	1,271,592	1,271,592	-	-
2009	WECC		San Carlos Indian Irrigation Project	U.S.	8	8	-	-	1	1	-	-	6	6	-	-
2009	WECC		Seattle City Light	U.S.	551,754	551,754	-	-	90,606	90,606	-	-	461,148	461,148	-	-
2009	WECC		Sierra Pacific Power Company	U.S.	472,920	472,920	-	-	77,660	77,660	-	-	395,259	395,259	-	-
2009	WECC		SMGT / BPA	U.S.	869	869	-	-	143	143	-	-	727	727	-	-
2009	WECC		SMUD	U.S.	621,214	621,214	-	-	102,012	102,012	-	-	519,201	519,201	-	-
2009	WECC		SOUTH SIDE ELECTRIC, INC.	U.S.	2,974	2,974	-	-	488	488	-	-	2,486	2,486	-	-
2009	WECC		Southern Montana	U.S.	37,646	37,646	-	-	6,182	6,182	-	-	31,464	31,464	-	-
2009	WECC		Southern Nevada Water Authority	U.S.	44,586	44,586	-	-	7,322	7,322	-	-	37,264	37,264	-	-

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	WECC		Southwest Transmission Cooperative, Inc	U.S.	147,215	147,215	-	-	24,175	24,175	-	-	123,040	123,040	-	-
2009	WECC		SPRINGFIELD UTILITY BOARD	U.S.	46,294	46,294	-	-	7,602	7,602	-	-	38,692	38,692	-	-
2009	WECC		SURPRISE VALLEY ELECTRIFICATION	U.S.	1,879	1,879	-	-	309	309	-	-	1,570	1,570	-	-
2009	WECC		Tacoma Power	U.S.	271,938	271,938	-	-	44,656	44,656	-	-	227,282	227,282	-	-
2009	WECC		The Incorporated County of Los Alamos	U.S.	20,922	20,922	-	-	3,436	3,436	-	-	17,486	17,486	-	-
2009	WECC		TILLAMOOK PUD	U.S.	19,160	19,160	-	-	3,146	3,146	-	-	16,014	16,014	-	-
2009	WECC		Tohono O'odham Utility Authority	U.S.	3,636	3,636	-	-	597	597	-	-	3,039	3,039	-	-
2009	WECC		Tonopah Irrigation District	U.S.	1,226	1,226	-	-	201	201	-	-	1,024	1,024	-	-
2009	WECC		Total NWMT Load Owner	U.S.	481,502	481,502	-	-	79,070	79,070	-	-	402,432	402,432	-	-
2009	WECC		Town of Center-Transmission	U.S.	661	661	-	-	108	108	-	-	552	552	-	-
2009	WECC		TOWN OF COULEE DAM	U.S.	1,035	1,035	-	-	170	170	-	-	865	865	-	-
2009	WECC		TOWN OF EATONVILLE	U.S.	1,584	1,584	-	-	260	260	-	-	1,324	1,324	-	-
2009	WECC		TOWN OF STEILACOOM	U.S.	2,302	2,302	-	-	378	378	-	-	1,924	1,924	-	-
2009	WECC		Town of Wickenburg	U.S.	1,579	1,579	-	-	259	259	-	-	1,320	1,320	-	-
2009	WECC		Tri State G & T Assoc., Inc	U.S.	105,976	105,976	-	-	17,403	17,403	-	-	88,573	88,573	-	-
2009	WECC		Tri-State Generation & Transmission Ass	U.S.	461	461	-	-	76	76	-	-	386	386	-	-
2009	WECC		Tri-State Generation and Transmission A	U.S.	360,417	360,417	-	-	59,186	59,186	-	-	301,232	301,232	-	-
2009	WECC		Tristate Generation and Transmission As	U.S.	131,476	131,476	-	-	21,590	21,590	-	-	109,886	109,886	-	-
2009	WECC		Truckee Donner Public Utility District	U.S.	8,150	8,150	-	-	1,338	1,338	-	-	6,812	6,812	-	-
2009	WECC		Tucson Electric Power	U.S.	736,070	736,070	-	-	120,873	120,873	-	-	615,196	615,196	-	-
2009	WECC		Turlock Irrigation District	U.S.	111,952	111,952	-	-	18,384	18,384	-	-	93,568	93,568	-	-
2009	WECC		U.S. Army Yuma Proving Ground	U.S.	1,066	1,066	-	-	175	175	-	-	891	891	-	-
2009	WECC		U.S. BOIA WAPATO IRRIGATION PROJ	U.S.	932	932	-	-	153	153	-	-	779	779	-	-
2009	WECC		U.S. BOR EAST GREENACRES (RATHI	U.S.	291	291	-	-	48	48	-	-	243	243	-	-
2009	WECC		U.S. BOR SPOKANE INDIAN DEVELOP	U.S.	187	187	-	-	31	31	-	-	156	156	-	-
2009	WECC		U.S. DOE NATIONAL ENERGY TECHN	U.S.	210	210	-	-	35	35	-	-	176	176	-	-
2009	WECC		U.S. DOE RICHLAND OPERATIONS OF	U.S.	10,253	10,253	-	-	1,684	1,684	-	-	8,569	8,569	-	-
2009	WECC		U.S.A.F. BASE, FAIRCHILD	U.S.	3,026	3,026	-	-	497	497	-	-	2,529	2,529	-	-
2009	WECC		U.S.N SUBMARINE BASE, BANGOR	U.S.	9,706	9,706	-	-	1,594	1,594	-	-	8,112	8,112	-	-
2009	WECC		U.S.N. NAVAL STATION, BREMERTON	U.S.	13,531	13,531	-	-	2,222	2,222	-	-	11,309	11,309	-	-
2009	WECC		U.S.N. NAVAL STATION, EVERETT	U.S.	765	765	-	-	126	126	-	-	640	640	-	-
2009	WECC		UMATILLA ELECTRIC COOPERATIVE #	U.S.	51,962	51,962	-	-	8,533	8,533	-	-	43,429	43,429	-	-
2009	WECC		Unit B Irrigation District	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2009	WECC		United Electric Cooperative, Inc.	U.S.	12,231	12,231	-	-	2,009	2,009	-	-	10,223	10,223	-	-
2009	WECC		Valley Electric Association	U.S.	25,021	25,021	-	-	4,109	4,109	-	-	20,912	20,912	-	-
2009	WECC		Vera Water and Power	U.S.	12,918	12,918	-	-	2,121	2,121	-	-	10,796	10,796	-	-
2009	WECC		Vigilante Electric Cooperative, Inc.	U.S.	8,918	8,918	-	-	1,464	1,464	-	-	7,453	7,453	-	-
2009	WECC		WASCO Electric Cooperative	U.S.	5,231	5,231	-	-	859	859	-	-	4,372	4,372	-	-
2009	WECC		WAUW	U.S.	12,346	12,346	-	-	2,027	2,027	-	-	10,319	10,319	-	-
2009	WECC		Wells REA	U.S.	11,189	11,189	-	-	1,837	1,837	-	-	9,352	9,352	-	-
2009	WECC		Wells Rural Electric Coop	U.S.	35,469	35,469	-	-	5,825	5,825	-	-	29,645	29,645	-	-
2009	WECC		Wellton-Mohawk Irrigation & Drainage Di	U.S.	400	400	-	-	66	66	-	-	335	335	-	-
2009	WECC		West Oregon Electric Cooperative, Inc	U.S.	3,852	3,852	-	-	632	632	-	-	3,219	3,219	-	-
2009	WECC		Western (WAPA-Sierra Nevada Region)	U.S.	76,761	76,761	-	-	12,605	12,605	-	-	64,156	64,156	-	-
2009	WECC		Western Area Power	U.S.	10,593	10,593	-	-	1,739	1,739	-	-	8,853	8,853	-	-
2009	WECC		Western Area Power Administration - CR	U.S.	60,834	60,834	-	-	9,990	9,990	-	-	50,844	50,844	-	-
2009	WECC		Western Area Power Administration - De	U.S.	123,895	123,895	-	-	20,345	20,345	-	-	103,550	103,550	-	-
2009	WECC		Western Area Power Administration - LAI	U.S.	84,471	84,471	-	-	13,871	13,871	-	-	70,600	70,600	-	-
2009	WECC		Western Area Power Administration	U.S.	26,789	26,789	-	-	4,399	4,399	-	-	22,390	22,390	-	-
2009	WECC		Wyoming Municipal Power Agency	U.S.	10,777	10,777	-	-	1,770	1,770	-	-	9,008	9,008	-	-
2009	WECC		Yampa Valley	U.S.	32,786	32,786	-	-	5,384	5,384	-	-	27,402	27,402	-	-
2009	WECC		Yuma Irrigation District	U.S.	165	165	-	-	27	27	-	-	138	138	-	-
2009	WECC		Yuma-Mesa Irrigation District	U.S.	9	9	-	-	2	2	-	-	8	8	-	-
TOTAL WECC					45,996,237	39,072,817	6,299,203	624,217	7,761,345	6,416,329	1,220,925	124,091	38,234,892	32,656,488	5,078,278	500,126

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
TOTAL ERO					147,020,191	129,661,562	16,734,412	624,217	41,106,967	35,989,995	4,992,881	124,091	105,913,224	93,671,567	11,741,531	500,126
Summary by Regional Entity																
2009	FRCC				7,112,141	7,112,141	-	-	2,145,081	2,145,081	-	-	4,967,060	4,967,060	-	-
2009	MRO				11,046,138	9,073,289	1,972,849	-	2,785,636	2,220,953	564,683	-	8,260,502	6,852,336	1,408,166	-
2009	NPCC				18,576,576	10,114,216	8,462,360	-	5,923,966	2,716,692	3,207,274	-	12,652,610	7,397,523	5,255,087	-
2009	RFC				21,207,566	21,207,566	-	-	8,403,722	8,403,722	-	-	12,803,844	12,803,844	-	-
2009	SERC				19,949,050	19,949,050	-	-	9,277,542	9,277,542	-	-	10,671,508	10,671,508	-	-
2009	SPP				11,157,603	11,157,603	-	-	2,062,618	2,062,618	-	-	9,094,985	9,094,985	-	-
2009	TRE				11,974,880	11,974,880	-	-	2,747,057	2,747,057	-	-	9,227,823	9,227,823	-	-
2009	WECC				45,996,237	39,072,817	6,299,203	624,217	7,761,345	6,416,329	1,220,925	124,091	38,234,892	32,656,488	5,078,278	500,126
Total					147,020,191	129,661,562	16,734,412	624,217	41,106,967	35,989,995	4,992,881	124,091	105,913,224	93,671,567	11,741,531	500,126

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Assessments (ex. IESO & New Brunswick)				NERC Compliance Assessments (ex. Quebec & AESO)				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2009	FRCC	1074	Alachua, City of	U.S.	1,154	1,154	-	-	685	685	-	-	(322)	(322)	442	442	-	-	283	283	-	-	67	67	-
2009	FRCC	1075	Bartow, City of	U.S.	2,852	2,852	-	-	1,692	1,692	-	-	(796)	(796)	1,091	1,091	-	-	700	700	-	-	165	165	-
2009	FRCC	1076	Chattahoochee, City of	U.S.	412	412	-	-	245	245	-	-	(115)	(115)	158	158	-	-	101	101	-	-	24	24	-
2009	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	6,469	6,469	-	-	3,839	3,839	-	-	(1,806)	(1,806)	2,475	2,475	-	-	1,587	1,587	-	-	374	374	-
2009	FRCC	1078	Florida Power & Light Co.	U.S.	1,041,780	1,041,780	-	-	618,150	618,150	-	-	(290,828)	(290,828)	398,626	398,626	-	-	255,588	255,588	-	-	60,245	60,245	-
2009	FRCC	1079	Florida Public Utilities Company	U.S.	2,833	2,833	-	-	2,275	2,275	-	-	(1,070)	(1,070)	1,467	1,467	-	-	840	840	-	-	222	222	-
2009	FRCC	1080	Gainesville Regional Utilities	U.S.	17,781	17,781	-	-	10,550	10,550	-	-	(4,964)	(4,964)	6,804	6,804	-	-	4,362	4,362	-	-	1,028	1,028	-
2009	FRCC	1081	Homesstead, City of	U.S.	4,587	4,587	-	-	2,722	2,722	-	-	(1,281)	(1,281)	1,755	1,755	-	-	1,125	1,125	-	-	265	265	-
2009	FRCC	1082	JEA	U.S.	120,586	120,586	-	-	71,551	71,551	-	-	(33,663)	(33,663)	46,141	46,141	-	-	29,584	29,584	-	-	6,973	6,973	-
2009	FRCC	1083	Lakeland Electric	U.S.	28,298	28,298	-	-	16,791	16,791	-	-	(7,900)	(7,900)	10,828	10,828	-	-	6,943	6,943	-	-	1,636	1,636	-
2009	FRCC	1084	Mount Dora, City of	U.S.	898	898	-	-	533	533	-	-	(251)	(251)	343	343	-	-	220	220	-	-	52	52	-
2009	FRCC	1085	New Smyrna Beach, Utilities Commission	U.S.	3,679	3,679	-	-	2,183	2,183	-	-	(1,027)	(1,027)	1,408	1,408	-	-	903	903	-	-	213	213	-
2009	FRCC	1086	Orlando Utilities Commission	U.S.	53,466	53,466	-	-	31,724	31,724	-	-	(14,926)	(14,926)	20,458	20,458	-	-	13,117	13,117	-	-	3,092	3,092	-
2009	FRCC	1087	Progress Energy Florida	U.S.	394,121	394,121	-	-	233,855	233,855	-	-	(110,025)	(110,025)	150,806	150,806	-	-	96,693	96,693	-	-	22,791	22,791	-
2009	FRCC	1088	Quincy, City of	U.S.	1,369	1,369	-	-	812	812	-	-	(382)	(382)	524	524	-	-	336	336	-	-	79	79	-
2009	FRCC	1089	Reedy Creek Improvement District	U.S.	11,624	11,624	-	-	6,897	6,897	-	-	(3,245)	(3,245)	4,448	4,448	-	-	2,852	2,852	-	-	672	672	-
2009	FRCC	1090	St. Cloud, City of (OUC)	U.S.	5,675	5,675	-	-	3,367	3,367	-	-	(1,584)	(1,584)	2,171	2,171	-	-	1,392	1,392	-	-	328	328	-
2009	FRCC	1091	Tallahassee, City of	U.S.	26,529	26,529	-	-	15,742	15,742	-	-	(7,406)	(7,406)	10,151	10,151	-	-	6,509	6,509	-	-	1,534	1,534	-
2009	FRCC	1092	Tampa Electric Company	U.S.	186,803	186,803	-	-	110,842	110,842	-	-	(52,149)	(52,149)	71,478	71,478	-	-	45,830	45,830	-	-	10,803	10,803	-
2009	FRCC	1603	Vero Beach, City of	U.S.	7,122	7,122	-	-	4,226	4,226	-	-	(1,988)	(1,988)	2,725	2,725	-	-	1,747	1,747	-	-	412	412	-
2009	FRCC	1093	Wauchula, City of	U.S.	638	638	-	-	379	379	-	-	(178)	(178)	244	244	-	-	157	157	-	-	37	37	-
2009	FRCC	1094	Williston, City of	U.S.	333	333	-	-	198	198	-	-	(93)	(93)	127	127	-	-	82	82	-	-	19	19	-
2009	FRCC	1095	Winter Park, City of	U.S.	4,309	4,309	-	-	2,557	2,557	-	-	(1,203)	(1,203)	1,649	1,649	-	-	1,057	1,057	-	-	249	249	-
2009	FRCC	1072	Florida Municipal Power Agency	U.S.	58,176	58,176	-	-	34,519	34,519	-	-	(16,241)	(16,241)	22,260	22,260	-	-	14,273	14,273	-	-	3,364	3,364	-
2009	FRCC	1073	Seminole Electric Cooperative	U.S.	162,588	162,588	-	-	96,473	96,473	-	-	(45,389)	(45,389)	62,212	62,212	-	-	39,889	39,889	-	-	9,402	9,402	-
TOTAL FRCC					2,145,081	2,145,081	-	-	1,272,804	1,272,804	-	-	(598,831)	(598,831)	820,791	820,791	-	-	526,269	526,269	-	-	124,047	124,047	-
2009	MRO	1199	Basin Electric Power Cooperative	U.S.	103,398	103,398	-	-	57,572	57,572	-	-	(27,086)	(27,086)	37,126	37,126	-	-	23,804	23,804	-	-	11,982	11,982	-
2009	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	26,841	26,841	-	-	14,945	14,945	-	-	(7,031)	(7,031)	9,638	9,638	-	-	6,179	6,179	-	-	3,110	3,110	-
2009	MRO	1204	Corn Belt Power Cooperative	U.S.	18,396	18,396	-	-	10,243	10,243	-	-	(4,819)	(4,819)	6,605	6,605	-	-	4,235	4,235	-	-	2,132	2,132	-
2009	MRO	1207	Dairyland Power Cooperative	U.S.	52,417	52,417	-	-	29,183	29,183	-	-	(13,731)	(13,731)	18,821	18,821	-	-	12,067	12,067	-	-	6,074	6,074	-
2009	MRO	1210	Great River Energy	U.S.	133,498	133,498	-	-	74,332	74,332	-	-	(34,972)	(34,972)	47,934	47,934	-	-	30,734	30,734	-	-	15,470	15,470	-
2009	MRO	1222	Minnesota Power Cooperative, Inc.	U.S.	38,491	38,491	-	-	21,432	21,432	-	-	(10,083)	(10,083)	13,821	13,821	-	-	8,862	8,862	-	-	4,460	4,460	-
2009	MRO	1230	Nebraska Public Power District	U.S.	127,666	127,666	-	-	71,084	71,084	-	-	(33,444)	(33,444)	45,840	45,840	-	-	29,391	29,391	-	-	14,794	14,794	-
2009	MRO	1232	Omaha Public Power District	U.S.	103,869	103,869	-	-	57,834	57,834	-	-	(27,210)	(27,210)	37,295	37,295	-	-	23,913	23,913	-	-	12,036	12,036	-
2009	MRO	1237	Southern Montana Generation and Transi	U.S.	45	45	-	-	25	25	-	-	(12)	(12)	16	16	-	-	10	10	-	-	5	5	-
2009	MRO	1240	Western Area Power Administration (JM)	U.S.	83,886	83,886	-	-	46,707	46,707	-	-	(21,975)	(21,975)	30,120	30,120	-	-	19,312	19,312	-	-	9,721	9,721	-
2009	MRO	1239	Western Area Power Administration (LM)	U.S.	5,279	5,279	-	-	712	712	-	-	(335)	(335)	459	459	-	-	294	294	-	-	148	148	-
2009	MRO	1217	Manitoba Hydro	CAN	313,503	313,503	-	-	138,323	138,323	-	-	-	-	89,200	89,200	-	-	57,193	57,193	-	-	28,788	28,788	-
2009	MRO	1235	SaskPower	CAN	251,180	251,180	-	-	110,825	110,825	-	-	-	-	71,467	71,467	-	-	45,823	45,823	-	-	23,065	23,065	-
2009	MRO	1195	Alliant Energy (Alliant East - WPL & Alliar	U.S.	279,913	279,913	-	-	155,855	155,855	-	-	(73,327)	(73,327)	100,506	100,506	-	-	64,442	64,442	-	-	32,436	32,436	-
2009	MRO	1216	Madison, Gas and Electric	U.S.	33,584	33,584	-	-	18,699	18,699	-	-	(8,798)	(8,798)	12,059	12,059	-	-	7,732	7,732	-	-	3,892	3,892	-
2009	MRO	1220	MidAmerican Energy Company	U.S.	217,001	217,001	-	-	120,826	120,826	-	-	(56,847)	(56,847)	77,917	77,917	-	-	49,958	49,958	-	-	25,146	25,146	-
2009	MRO	1221	Minnesota Power	U.S.	101,393	101,393	-	-	56,456	56,456	-	-	(26,561)	(26,561)	36,406	36,406	-	-	23,343	23,343	-	-	11,749	11,749	-
2009	MRO	1226	Montana-Dakota Utilities Co.	U.S.	26,138	26,138	-	-	14,554	14,554	-	-	(6,847)	(6,847)	9,385	9,385	-	-	6,018	6,018	-	-	3,029	3,029	-
2009	MRO	1231	NorthWestern Energy	U.S.	14,315	14,315	-	-	7,971	7,971	-	-	(3,750)	(3,750)	5,140	5,140	-	-	3,296	3,296	-	-	1,659	1,659	-
2009	MRO	1233	Onor Tail Power Company	U.S.	43,066	43,066	-	-	23,979	23,979	-	-	(11,282)	(11,282)	15,463	15,463	-	-	9,915	9,915	-	-	4,991	4,991	-
2009	MRO	1243	Integrus Energy Group (WPS and UPPCC)	U.S.	136,177	136,177	-	-	75,823	75,823	-	-	(35,673)	(35,673)	48,896	48,896	-	-	31,351	31,351	-	-	15,780	15,780	-
2009	MRO	1244	Xcel Energy Company (NSP)	U.S.	452,600	452,600	-	-	252,007	252,007	-	-	(118,565)	(118,565)	162,512	162,512	-	-	104,198	104,198	-	-	52,448	52,448	-
2009	MRO	1196	Ames Municipal Electric System	U.S.	7,328	7,328	-	-	4,080	4,080	-	-	(1,920)	(1,920)	2,631	2,631	-	-	1,687	1,687	-	-	849		

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Assessments (ex. IESO & New Brunswick)				NERC Compliance Assessments (ex. Quebec & AESO)				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2009	RFC	1106	City of Crosswell	U.S.	343	343	-	-	204	204	-	-	(96)	(96)	131	131	-	-	84	84	-	-	20	20	-
2009	RFC	1107	City of Crystal Falls	U.S.	128	128	-	-	76	76	-	-	(36)	(36)	49	49	-	-	31	31	-	-	7	7	-
2009	RFC	1108	City of Eaton Rapids	U.S.	738	738	-	-	438	438	-	-	(206)	(206)	282	282	-	-	181	181	-	-	42	42	-
2009	RFC	1110	City of Hamilton	U.S.	4,173	4,173	-	-	2,478	2,478	-	-	(1,166)	(1,166)	1,598	1,598	-	-	1,025	1,025	-	-	238	238	-
2009	RFC	1111	City of Hart	U.S.	340	340	-	-	202	202	-	-	(95)	(95)	130	130	-	-	83	83	-	-	19	19	-
2009	RFC	1490	City of Lansing	U.S.	19,806	19,806	-	-	11,761	11,761	-	-	(5,533)	(5,533)	7,584	7,584	-	-	4,863	4,863	-	-	1,131	1,131	-
2009	RFC	1112	City of Marquette Board of Light & Power	U.S.	3,194	3,194	-	-	1,897	1,897	-	-	(892)	(892)	1,223	1,223	-	-	784	784	-	-	182	182	-
2009	RFC	1165	City of Plainville	U.S.	1,490	1,490	-	-	885	885	-	-	(416)	(416)	571	571	-	-	366	366	-	-	85	85	-
2009	RFC	1114	City of Portland	U.S.	334	334	-	-	198	198	-	-	(93)	(93)	128	128	-	-	82	82	-	-	19	19	-
2009	RFC	1116	City of St. Louis	U.S.	368	368	-	-	218	218	-	-	(103)	(103)	141	141	-	-	90	90	-	-	21	21	-
2009	RFC	1117	City of Williamstown KY	U.S.	508	508	-	-	301	301	-	-	(142)	(142)	194	194	-	-	125	125	-	-	29	29	-
2009	RFC	1118	City of Wyandotte	U.S.	617	617	-	-	367	367	-	-	(172)	(172)	236	236	-	-	152	152	-	-	35	35	-
2009	RFC	1119	Cleveland Public Power	U.S.	15,377	15,377	-	-	9,131	9,131	-	-	(4,296)	(4,296)	5,888	5,888	-	-	3,775	3,775	-	-	878	878	-
2009	RFC	1120	Cloverland Electric Cooperative	U.S.	2,224	2,224	-	-	1,320	1,320	-	-	(621)	(621)	851	851	-	-	546	546	-	-	127	127	-
2009	RFC	1132	Cloverland (f.k.a. - Edison Sault Electric C	U.S.	6,268	6,268	-	-	3,722	3,722	-	-	(1,751)	(1,751)	2,400	2,400	-	-	1,539	1,539	-	-	358	358	-
2009	RFC	1122	CMS ERM Michigan LLC	U.S.	1,214	1,214	-	-	721	721	-	-	(339)	(339)	465	465	-	-	298	298	-	-	69	69	-
2009	RFC	1124	Constellation New Energy (MECS-CONS)	U.S.	4,561	4,561	-	-	2,708	2,708	-	-	(1,274)	(1,274)	1,747	1,747	-	-	1,120	1,120	-	-	261	261	-
2009	RFC	1123	Constellation New Energy (MECS-DETS)	U.S.	6,527	6,527	-	-	3,876	3,876	-	-	(1,823)	(1,823)	2,499	2,499	-	-	1,602	1,602	-	-	373	373	-
2009	RFC	1534	Constellation New Energy Inc. (ATSI)	U.S.	1,897	1,897	-	-	1,126	1,126	-	-	(530)	(530)	726	726	-	-	466	466	-	-	108	108	-
2009	RFC	1125	Constellation New Energy Inc. (DUKE-C	U.S.	1,127	1,127	-	-	669	669	-	-	(315)	(315)	432	432	-	-	277	277	-	-	64	64	-
2009	RFC	1126	Consumers Energy Company	U.S.	312,962	312,962	-	-	185,839	185,839	-	-	(87,434)	(87,434)	119,842	119,842	-	-	76,839	76,839	-	-	17,876	17,876	-
2009	RFC	1128	Detroit Edison Company	U.S.	429,503	429,503	-	-	255,402	255,402	-	-	(119,992)	(119,992)	164,469	164,469	-	-	105,453	105,453	-	-	24,533	24,533	-
2009	RFC	1129	Dominion Retail (ATS)	U.S.	942	942	-	-	560	560	-	-	(263)	(263)	361	361	-	-	231	231	-	-	54	54	-
2009	RFC	1130	Dominion Retail Inc. (DUKE-CIN)	U.S.	3,481	3,481	-	-	2,067	2,067	-	-	(972)	(972)	1,333	1,333	-	-	855	855	-	-	199	199	-
2009	RFC	1131	DTE Energy Trading	U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	RFC	1166	Duke Energy Indiana	U.S.	269,145	269,145	-	-	159,820	159,820	-	-	(75,192)	(75,192)	103,063	103,063	-	-	66,081	66,081	-	-	15,373	15,373	-
2009	RFC	1179	Duke Energy Kentucky	U.S.	39,500	39,500	-	-	23,455	23,455	-	-	(11,035)	(11,035)	15,126	15,126	-	-	9,698	9,698	-	-	2,256	2,256	-
2009	RFC	1178	Duke Energy Ohio	U.S.	169,229	169,229	-	-	100,489	100,489	-	-	(47,278)	(47,278)	64,802	64,802	-	-	41,549	41,549	-	-	9,666	9,666	-
2009	RFC	1608	Duke Energy Retail Sales (ATSI)	U.S.	17,387	17,387	-	-	10,324	10,324	-	-	(4,857)	(4,857)	6,658	6,658	-	-	4,269	4,269	-	-	993	993	-
2009	RFC	1609	Duke Energy Retail Sales (DUKE-CIN)	U.S.	8,021	8,021	-	-	4,763	4,763	-	-	(2,241)	(2,241)	3,072	3,072	-	-	1,969	1,969	-	-	458	458	-
2009	RFC	1563	Energy International Power Marketing	U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	RFC	1135	Ferdinand Municipal Light & Water	U.S.	380	380	-	-	226	226	-	-	(106)	(106)	146	146	-	-	93	93	-	-	22	22	-
2009	RFC	1138	FirstEnergy	U.S.	408,192	408,192	-	-	242,387	242,387	-	-	(114,039)	(114,039)	156,308	156,308	-	-	100,220	100,220	-	-	23,315	23,315	-
2009	RFC	1137	FirstEnergy Solutions (ATSI)	U.S.	211,960	211,960	-	-	125,863	125,863	-	-	(59,216)	(59,216)	81,165	81,165	-	-	52,041	52,041	-	-	12,107	12,107	-
2009	RFC	1549	FirstEnergy Solutions (MECS-DET)	U.S.	207	207	-	-	123	123	-	-	(58)	(58)	79	79	-	-	51	51	-	-	12	12	-
2009	RFC	1550	FirstEnergy Solutions (DUKE-CIN)	U.S.	3,233	3,233	-	-	1,920	1,920	-	-	(903)	(903)	1,238	1,238	-	-	794	794	-	-	185	185	-
2009	RFC	1610	Gexa Energy	U.S.	14,335	14,335	-	-	8,512	8,512	-	-	(4,005)	(4,005)	5,489	5,489	-	-	3,520	3,520	-	-	819	819	-
2009	RFC	1141	Georgetown	U.S.	521	521	-	-	309	309	-	-	(145)	(145)	199	199	-	-	128	128	-	-	30	30	-
2009	RFC	1611	Glacial Energy (ATSI)	U.S.	9	9	-	-	6	6	-	-	(3)	(3)	4	4	-	-	2	2	-	-	1	1	-
2009	RFC	1612	Glacial Energy (MECS-DET)	U.S.	254	254	-	-	151	151	-	-	(71)	(71)	97	97	-	-	62	62	-	-	15	15	-
2009	RFC	1143	Hamersville	U.S.	52	52	-	-	31	31	-	-	(15)	(15)	20	20	-	-	13	13	-	-	3	3	-
2009	RFC	1144	Holland Board of Public Works	U.S.	6,889	6,889	-	-	4,091	4,091	-	-	(1,925)	(1,925)	2,638	2,638	-	-	1,691	1,691	-	-	394	394	-
2009	RFC	1145	Hoosier Energy	U.S.	63,586	63,586	-	-	37,758	37,758	-	-	(17,764)	(17,764)	24,349	24,349	-	-	15,612	15,612	-	-	3,632	3,632	-
2009	RFC	1148	Indiana Municipal Power Agency (DUKE	U.S.	27,095	27,095	-	-	16,089	16,089	-	-	(7,570)	(7,570)	10,376	10,376	-	-	6,653	6,653	-	-	1,548	1,548	-
2009	RFC	1485	Indiana Municipal Power Agency (NIPSCO	U.S.	3,573	3,573	-	-	2,122	2,122	-	-	(988)	(988)	1,368	1,368	-	-	877	877	-	-	204	204	-
2009	RFC	1486	Indiana Municipal Power Agency (SIGE)	U.S.	5,279	5,279	-	-	3,135	3,135	-	-	(1,475)	(1,475)	2,022	2,022	-	-	1,296	1,296	-	-	302	302	-
2009	RFC	1149	Indianapolis Power & Light Co.	U.S.	141,248	141,248	-	-	83,874	83,874	-	-	(39,461)	(39,461)	54,088	54,088	-	-	34,680	34,680	-	-	8,068	8,068	-
2009	RFC	1613	Integrus Energy Services (ATSI)	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-	0	0	-	-	0	0	-
2009	RFC	1552	Integrus Energy Services (DUKE-CIN)	U.S.	177	177	-	-	105	105	-	-	(50)	(50)	68	68	-	-	44	44	-	-	10	10	-
2009	RFC	1553	Integrus Energy Services (MECS-CONS)	U.S.	2,297	2,297	-	-	1,364	1,364	-	-	(642)	(642)	880	880	-	-	564	564	-	-	131	131	-
2009	RFC	1554	Integrus Energy Services (MECS-DET)	U.S.	2,305	2,305	-	-	1,369	1,369	-	-	(644)	(644)	883	883	-	-	566	566	-	-	132	132	-
2009	RFC	1614	Just Energy (MECS-DET)	U.S.	247	247	-	-	147	147	-	-	(69)	(69)	95	95	-	-	61	61	-	-	14	14	-
2009	RFC	1151	Lebanon	U.S.	2,608	2,608	-	-	1,549	1,549	-	-	(729)	(729)	999	999	-	-	640	640	-	-	149	149	-
2009	RFC	1154	Michigan Public Power Agency	U.S.	10,997	10,997	-	-	6,530	6,530	-	-	(3,072)	(3,072)	4,211	4,211	-	-	2,700	2,700	-	-	628	628	-
2009	RFC	1155	Michigan South Central Power Agency	U.S.	5,145	5,145	-	-	3,055	3,055	-	-	(1,437)	(1,437)	1,970	1,970	-	-	1,263	1,263	-	-	294	294	-
2009	RFC	1158	Mid-American Energy Company Retail	U.S.	273	273	-	-	162	162	-	-	(76)	(76)	104	104	-	-	67	67	-	-	16	16	-
2009	RFC	1163	Northern Indiana Public Service Co.	U.S.	148,700	148,700	-	-	88,299	88,299	-	-	(41,543)	(41,543)	56,941	56,941	-	-	36,509	36,509	-	-	8,494	8,494	-
2009	RFC	1164	Ontonagon County Rural Electrification A	U.S.	260	260	-	-	155	155	-	-	(73)	(73)	100	100	-	-	64	64	-	-	15	15	-
2009	RFC	1555	Penn Power	U.S.	20,701	20,701	-	-	12,292	12,292	-	-	(5,783)	(5,783)	7,927	7,927	-	-	5,083	5,083	-	-	1,182	1,182	-
2009	RFC	1265	PJM Interconnection, LLC	U.S.	5,548,231	5,548,231	-	-	3,294,577	3,294,577	-	-	(1,550,037)	(1,550,037)	2,124,569	2,124,569	-	-	1,362,216	1,362,216	-	-	3		

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Date Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Assessments (ex. IESO & New Brunswick)				NERC Compliance Assessments (ex. Quebec & AESO)				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2009	SERC	1274	Big Rivers Electric Corporation	U.S.	93,166	93,166	-	-	55,797	55,797	-	-	(26,252)	(26,252)	35,982	35,982	23,071	23,071	-	-	4,568	4,568	-		
2009	SERC	1275	Black Warrior EMC	U.S.	3,904	3,904	-	-	2,338	2,338	-	-	(1,100)	(1,100)	1,508	1,508	967	967	-	-	191	191	-		
2009	SERC	1276	Blue Ridge EMC	U.S.	10,764	10,764	-	-	6,447	6,447	-	-	(3,033)	(3,033)	4,157	4,157	2,666	2,666	-	-	528	528	-		
2009	SERC	1463	Canton, MS	U.S.	1,149	1,149	-	-	688	688	-	-	(324)	(324)	444	444	285	285	-	-	56	56	-		
2009	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	144,797	144,797	-	-	86,720	86,720	-	-	(40,800)	(40,800)	55,923	55,923	35,856	35,856	-	-	7,099	7,099	-		
2009	SERC	1278	City of Blountown FL	U.S.	6,324	6,324	-	-	3,896	3,896	-	-	(1,739)	(1,739)	2,383	2,383	1,528	1,528	-	-	303	303	-		
2009	SERC	1279	City of Camden SC	U.S.	1,917	1,917	-	-	1,148	1,148	-	-	(540)	(540)	740	740	475	475	-	-	94	94	-		
2009	SERC	1280	City of Collins MS	U.S.	421	421	-	-	252	252	-	-	(119)	(119)	163	163	104	104	-	-	21	21	-		
2009	SERC	1281	City of Columbia MO	U.S.	12,868	12,868	-	-	7,707	7,707	-	-	(3,626)	(3,626)	4,970	4,970	3,187	3,187	-	-	631	631	-		
2009	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	8,996	8,996	-	-	5,387	5,387	-	-	(2,535)	(2,535)	3,474	3,474	2,228	2,228	-	-	441	441	-		
2009	SERC	1284	City of Evergreen AL	U.S.	580	580	-	-	348	348	-	-	(164)	(164)	224	224	144	144	-	-	28	28	-		
2009	SERC	1285	City of Hampton GA	U.S.	231	231	-	-	138	138	-	-	(65)	(65)	89	89	57	57	-	-	11	11	-		
2009	SERC	1286	City of Hartford CT	U.S.	293	293	-	-	175	175	-	-	(83)	(83)	113	113	73	73	-	-	14	14	-		
2009	SERC	1287	City of Henderson (KY) Municipal Power	U.S.	6,171	6,171	-	-	3,696	3,696	-	-	(1,739)	(1,739)	2,383	2,383	1,528	1,528	-	-	303	303	-		
2009	SERC	1288	City of North Little Rock AR (DENL)	U.S.	9,036	9,036	-	-	5,411	5,411	-	-	(2,546)	(2,546)	3,490	3,490	2,237	2,237	-	-	443	443	-		
2009	SERC	1289	City of Orangeburg SC Department of Pu	U.S.	8,675	8,675	-	-	5,195	5,195	-	-	(2,444)	(2,444)	3,350	3,350	2,148	2,148	-	-	425	425	-		
2009	SERC	1290	City of Robertsdale AL	U.S.	791	791	-	-	474	474	-	-	(223)	(223)	306	306	196	196	-	-	39	39	-		
2009	SERC	1291	City of Ruston LA (DERS)	U.S.	2,530	2,530	-	-	1,515	1,515	-	-	(713)	(713)	977	977	627	627	-	-	124	124	-		
2009	SERC	1292	City of Seneca SC	U.S.	1,433	1,433	-	-	858	858	-	-	(404)	(404)	553	553	355	355	-	-	70	70	-		
2009	SERC	1115	City of Springfield (CWLP)	U.S.	17,006	17,006	-	-	10,185	10,185	-	-	(4,792)	(4,792)	6,568	6,568	4,211	4,211	-	-	834	834	-		
2009	SERC	1465	City of Thayer, MO	U.S.	148	148	-	-	88	88	-	-	(42)	(42)	57	57	37	37	-	-	7	7	-		
2009	SERC	1293	City of Troy AL	U.S.	3,464	3,464	-	-	2,074	2,074	-	-	(976)	(976)	1,338	1,338	858	858	-	-	170	170	-		
2009	SERC	1294	City of West Memphis AR (West Memphi	U.S.	3,720	3,720	-	-	2,223	2,223	-	-	(1,048)	(1,048)	1,437	1,437	921	921	-	-	162	162	-		
2009	SERC	1583	Claborne Electric Cooperative, Inc.	U.S.	5,692	5,692	-	-	3,409	3,409	-	-	(1,604)	(1,604)	2,198	2,198	1,409	1,409	-	-	279	279	-		
2009	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	2,320	2,320	-	-	1,390	1,390	-	-	(654)	(654)	896	896	575	575	-	-	114	114	-		
2009	SERC	1283	Dalton Utilities	U.S.	13,813	13,813	-	-	8,273	8,273	-	-	(3,892)	(3,892)	5,335	5,335	3,420	3,420	-	-	677	677	-		
2009	SERC	1585	Dixie Electric Membership Corporation	U.S.	20,785	20,785	-	-	12,448	12,448	-	-	(5,857)	(5,857)	8,028	8,028	5,147	5,147	-	-	1,019	1,019	-		
2009	SERC	1295	Dominion Virginia Power	U.S.	780,509	780,509	-	-	467,450	467,450	-	-	(219,926)	(219,926)	301,444	301,444	193,277	193,277	-	-	38,265	38,265	-		
2009	SERC	1296	Duke Energy Carolinas, LLC	U.S.	757,678	757,678	-	-	453,776	453,776	-	-	(213,493)	(213,493)	292,626	292,626	187,624	187,624	-	-	37,146	37,146	-		
2009	SERC	1466	Durant, MS	U.S.	289	289	-	-	173	173	-	-	(81)	(81)	112	112	72	72	-	-	14	14	-		
2009	SERC	1476	E.ON U.S. Services Inc.	U.S.	314,842	314,842	-	-	188,569	188,569	-	-	(88,714)	(88,714)	121,596	121,596	77,964	77,964	-	-	15,435	15,435	-		
2009	SERC	1297	East Kentucky Power Cooperative	U.S.	115,914	115,914	-	-	69,421	69,421	-	-	(32,662)	(32,662)	44,768	44,768	28,704	28,704	-	-	5,683	5,683	-		
2009	SERC	1298	East Mississippi Electric Power Associat	U.S.	4,127	4,127	-	-	2,472	2,472	-	-	(1,163)	(1,163)	1,594	1,594	1,022	1,022	-	-	202	202	-		
2009	SERC	1299	Electric Energy Inc.	U.S.	12,419	12,419	-	-	7,438	7,438	-	-	(3,499)	(3,499)	4,796	4,796	3,075	3,075	-	-	609	609	-		
2009	SERC	1300	EnergyUnited EMC	U.S.	22,487	22,487	-	-	13,468	13,468	-	-	(6,336)	(6,336)	8,685	8,685	5,568	5,568	-	-	1,102	1,102	-		
2009	SERC	1301	Entergy	U.S.	1,022,817	1,022,817	-	-	612,569	612,569	-	-	(288,202)	(288,202)	395,026	395,026	253,280	253,280	-	-	50,144	50,144	-		
2009	SERC	1302	Fayetteville (NC) Public Works Commissi	U.S.	20,944	20,944	-	-	12,544	12,544	-	-	(5,902)	(5,902)	8,089	8,089	5,186	5,186	-	-	1,027	1,027	-		
2009	SERC	1303	Florida Public Utilities (FL Panhandle Loa	U.S.	3,273	3,273	-	-	1,960	1,960	-	-	(922)	(922)	1,264	1,264	810	810	-	-	160	160	-		
2009	SERC	1304	French Broad EMC	U.S.	4,840	4,840	-	-	2,899	2,899	-	-	(1,364)	(1,364)	1,869	1,869	1,198	1,198	-	-	237	237	-		
2009	SERC	1305	Georgia Power Company	U.S.	799,882	799,882	-	-	479,052	479,052	-	-	(225,385)	(225,385)	308,926	308,926	198,075	198,075	-	-	39,215	39,215	-		
2009	SERC	1306	Georgia System Optns Corporation	U.S.	355,102	355,102	-	-	212,672	212,672	-	-	(100,058)	(100,058)	137,145	137,145	87,934	87,934	-	-	17,409	17,409	-		
2009	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	2,644	2,644	-	-	1,583	1,583	-	-	(745)	(745)	1,021	1,021	655	655	-	-	130	130	-		
2009	SERC	1307	Greenwood (SC) Commissioners of Publi	U.S.	3,106	3,106	-	-	1,860	1,860	-	-	(875)	(875)	1,199	1,199	769	769	-	-	152	152	-		
2009	SERC	1308	Gulf Power Company	U.S.	109,318	109,318	-	-	65,471	65,471	-	-	(30,803)	(30,803)	42,220	42,220	27,070	27,070	-	-	5,359	5,359	-		
2009	SERC	1586	Haywood EMC	U.S.	2,853	2,853	-	-	1,708	1,708	-	-	(804)	(804)	1,102	1,102	706	706	-	-	140	140	-		
2009	SERC	1309	Illinois Municipal Electric Agency	U.S.	16,951	16,951	-	-	10,152	10,152	-	-	(4,776)	(4,776)	6,547	6,547	4,198	4,198	-	-	831	831	-		
2009	SERC	1480	Itta Bena, MS	U.S.	149	149	-	-	89	89	-	-	(42)	(42)	58	58	37	37	-	-	7	7	-		
2009	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	2,111	2,111	-	-	1,264	1,264	-	-	(595)	(595)	815	815	523	523	-	-	103	103	-		
2009	SERC	1617	Kentucky Municipal Power	U.S.	6,772	6,772	-	-	4,056	4,056	-	-	(1,908)	(1,908)	2,616	2,616	1,677	1,677	-	-	332	332	-		
2009	SERC	1481	Kosciusko, MS	U.S.	684	684	-	-	410	410	-	-	(193)	(193)	264	264	169	169	-	-	34	34	-		
2009	SERC	1482	Leland, MS	U.S.	301	301	-	-	180	180	-	-	(85)	(85)	116	116	75	75	-	-	15	15	-		
2009	SERC	1313	McCormick Commission of Public Works	U.S.	214	214	-	-	128	128	-	-	(60)	(60)	83	83	53	53	-	-	11	11	-		
2009	SERC	1314	Mississippi Power Company	U.S.	93,444	93,444	-	-	55,964	55,964	-	-	(26,330)	(26,330)	36,089	36,089	23,139	23,139	-	-	4,581	4,581	-		
2009	SERC	1315	Municipal Electric Authority of Georgia	U.S.	99,045	99,045	-	-	59,318	59,318	-	-	(27,908)	(27,908)	38,252	38,252	24,626	24,626	-	-	4,856	4,8			

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Assessments (ex. IESO & New Brunswick)				NERC Compliance Assessments (ex. Quebec & AESO)				NERC IDC Assessments		
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total
2009	SPP	1469	Central Valley Electric Cooperative	U.S.	7,758	7,758	-	-	4,285	4,285	-	-	(2,016)	(2,016)	2,763	2,763	-	-	1,772	1,772	-	-	953	953	-
2009	SPP	1556	City of Bentonville	U.S.	5,716	5,716	-	-	3,157	3,157	-	-	(1,485)	(1,485)	2,036	2,036	-	-	1,305	1,305	-	-	702	702	-
2009	SPP	1557	City of Clarksdale, Mississippi	U.S.	1,734	1,734	-	-	958	958	-	-	(451)	(451)	618	618	-	-	396	396	-	-	213	213	-
2009	SPP	1558	Hope Water & Light (HWL)	U.S.	2,899	2,899	-	-	1,602	1,602	-	-	(754)	(754)	1,033	1,033	-	-	662	662	-	-	356	356	-
2009	SPP	1559	City of Minden	U.S.	1,702	1,702	-	-	940	940	-	-	(442)	(442)	606	606	-	-	389	389	-	-	209	209	-
2009	SPP	1248	Kansas City Power & Light (Independ	U.S.	10,970	10,970	-	-	6,029	6,029	-	-	(2,851)	(2,851)	3,908	3,908	-	-	2,505	2,505	-	-	1,348	1,348	-
2009	SPP	1436	City Utilities of Springfield, MO	U.S.	31,388	31,388	-	-	17,338	17,338	-	-	(8,157)	(8,157)	11,181	11,181	-	-	7,169	7,169	-	-	3,857	3,857	-
2009	SPP	1249	Cleco Power LLC	U.S.	111,995	111,995	-	-	61,836	61,864	-	-	(29,106)	(29,106)	39,894	39,894	-	-	25,579	25,579	-	-	13,764	13,764	-
2009	SPP	1437	East Texas Electric Coop, Inc.	U.S.	4,111	4,111	-	-	2,271	2,271	-	-	(1,068)	(1,068)	1,464	1,464	-	-	939	939	-	-	505	505	-
2009	SPP	1250	The Empire District Electric Company	U.S.	53,472	53,472	-	-	29,537	29,537	-	-	(13,897)	(13,897)	19,047	19,047	-	-	12,213	12,213	-	-	6,571	6,571	-
2009	SPP	1470	Farmers' Electric Coop	U.S.	4,150	4,150	-	-	2,292	2,292	-	-	(1,078)	(1,078)	1,478	1,478	-	-	948	948	-	-	510	510	-
2009	SPP	1438	Golden Spread Electric Coop	U.S.	45,406	45,406	-	-	25,082	25,082	-	-	(11,800)	(11,800)	16,174	16,174	-	-	10,371	10,371	-	-	5,580	5,580	-
2009	SPP	1251	Grand River Dam Authority	U.S.	43,522	43,522	-	-	24,041	24,041	-	-	(11,311)	(11,311)	15,503	15,503	-	-	9,940	9,940	-	-	5,349	5,349	-
2009	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	158,760	158,760	-	-	87,696	87,696	-	-	(41,259)	(41,259)	56,552	56,552	-	-	36,260	36,260	-	-	19,511	19,511	-
2009	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	20,663	20,663	-	-	11,414	11,414	-	-	(5,370)	(5,370)	7,260	7,260	-	-	4,719	4,719	-	-	2,539	2,539	-
2009	SPP	1440	Kansas Municipal Energy Agency (KCP	U.S.	7,355	7,355	-	-	4,063	4,063	-	-	(1,912)	(1,912)	2,620	2,620	-	-	1,680	1,680	-	-	904	904	-
2009	SPP	1598	KCP&L G/MOC (Greater Missouri Operat	U.S.	85,734	85,734	-	-	47,358	47,358	-	-	(22,281)	(22,281)	30,539	30,539	-	-	19,581	19,581	-	-	10,536	10,536	-
2009	SPP	1471	Lafayette Utilities System	U.S.	21,134	21,134	-	-	11,674	11,674	-	-	(5,492)	(5,492)	7,528	7,528	-	-	4,827	4,827	-	-	2,597	2,597	-
2009	SPP	1472	Lea County Electric Coop	U.S.	12,551	12,551	-	-	6,933	6,933	-	-	(3,262)	(3,262)	4,471	4,471	-	-	2,867	2,867	-	-	1,543	1,543	-
2009	SPP	1253	Louisiana Energy & Power Authority (LEI	U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	SPP	1441	Midwest Energy Inc.	U.S.	16,300	16,300	-	-	9,004	9,004	-	-	(4,236)	(4,236)	5,806	5,806	-	-	3,723	3,723	-	-	2,003	2,003	-
2009	SPP	1443	Missouri Joint Municipal Electric Utility C	U.S.	22,413	22,413	-	-	12,380	12,380	-	-	(5,825)	(5,825)	7,994	7,994	-	-	5,119	5,119	-	-	2,754	2,754	-
2009	SPP	1442	Northwest Texas Electric Cooperative, Inc	U.S.	30,520	30,520	-	-	16,859	16,859	-	-	(7,932)	(7,932)	10,872	10,872	-	-	6,871	6,871	-	-	3,751	3,751	-
2009	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	281,252	281,252	-	-	155,359	155,359	-	-	(73,093)	(73,093)	100,186	100,186	-	-	64,236	64,236	-	-	34,565	34,565	-
2009	SPP	1444	Oklahoma Municipal Power Authority	U.S.	25,444	25,444	-	-	14,055	14,055	-	-	(6,613)	(6,613)	9,063	9,063	-	-	5,811	5,811	-	-	3,127	3,127	-
2009	SPP	1561	Public Service Commission of Yazoo Cit	U.S.	1,212	1,212	-	-	669	669	-	-	(315)	(315)	432	432	-	-	277	277	-	-	149	149	-
2009	SPP	1473	Roosevelt County Electric Coop	U.S.	2,192	2,192	-	-	1,211	1,211	-	-	(570)	(570)	781	781	-	-	501	501	-	-	269	269	-
2009	SPP	1258	Southwestern Power Administration (SP)	U.S.	40,761	40,761	-	-	22,516	22,516	-	-	(10,593)	(10,593)	14,520	14,520	-	-	9,310	9,310	-	-	5,009	5,009	-
2009	SPP	1257	Southwestern Public Service Co. (SPS-X	U.S.	198,775	198,775	-	-	109,800	109,800	-	-	(51,659)	(51,659)	70,806	70,806	-	-	45,399	45,399	-	-	24,429	24,429	-
2009	SPP	1256	Sunflower Electric Cooperative (SECI)	U.S.	54,248	54,248	-	-	29,965	29,965	-	-	(14,098)	(14,098)	19,324	19,324	-	-	12,390	12,390	-	-	6,667	6,667	-
2009	SPP	1441	Tar - La Electric Cooperative of Texas	U.S.	4,691	4,691	-	-	2,591	2,591	-	-	(1,219)	(1,219)	1,671	1,671	-	-	1,071	1,071	-	-	576	576	-
2009	SPP	1475	Tri County Electric Coop	U.S.	4,096	4,096	-	-	2,263	2,263	-	-	(1,064)	(1,064)	1,459	1,459	-	-	936	936	-	-	503	503	-
2009	SPP	1260	Westar Energy, Inc.	U.S.	224,677	224,677	-	-	124,108	124,108	-	-	(58,390)	(58,390)	80,033	80,033	-	-	51,315	51,315	-	-	27,612	27,612	-
2009	SPP	1259	Western Farmers Electric Cooperative	U.S.	75,156	75,156	-	-	41,515	41,515	-	-	(19,532)	(19,532)	26,772	26,772	-	-	17,165	17,165	-	-	9,236	9,236	-
2009	SPP	1501	West Texas Municipal Power Agency	U.S.	19,432	19,432	-	-	10,734	10,734	-	-	(5,050)	(5,050)	6,922	6,922	-	-	4,438	4,438	-	-	2,388	2,388	-
			TOTAL SPP		2,062,618	2,062,618	-	-	1,139,352	1,139,352	-	-	(536,044)	(536,044)	734,733	734,733	-	-	471,090	471,090	-	-	253,487	253,487	-
2009	TRE	1019	ERCOT	U.S.	2,747,057	2,747,057	-	-	1,730,038	1,730,038	-	-	(813,951)	(813,951)	1,115,647	1,115,647	-	-	715,322	715,322	-	-	-	-	-
					2,747,057	2,747,057	-	-	1,730,038	1,730,038	-	-	(813,951)	(813,951)	1,115,647	1,115,647	-	-	715,322	715,322	-	-	-	-	-
2009	WECC		Alberta Electric System Operator	Canada	521,236	-	521,236	-	316,886	-	316,886	-	-	-	204,350	-	204,350	-	-	-	-	-	-	-	-
2009	WECC		British Columbia Transmission Corporatio	Canada	699,689	-	699,689	-	339,929	-	339,929	-	-	-	219,209	-	219,209	-	-	-	140,551	-	140,551	-	-
2009	WECC		Comision Federal de Electricidad	Mexico	124,091	-	-	124,091	60,287	-	60,287	-	-	-	38,877	-	38,877	-	-	-	-	-	24,927	-	-
2009	WECC		Agua Irrigation District	U.S.	253	253	-	-	159	159	-	-	(75)	(75)	103	103	-	-	66	66	-	-	-	-	-
2009	WECC		Aha Macav Power Service	U.S.	221	221	-	-	139	139	-	-	(66)	(66)	90	90	-	-	58	58	-	-	-	-	-
2009	WECC		Ajo Improvement District	U.S.	124	124	-	-	78	78	-	-	(37)	(37)	50	50	-	-	32	32	-	-	-	-	-
2009	WECC		Ak-Chin	U.S.	275	275	-	-	173	173	-	-	(81)	(81)	112	112	-	-	72	72	-	-	-	-	-
2009	WECC		ALCOA INC.	U.S.	22,158	22,158	-	-	13,955	13,955	-	-	(6,565)	(6,565)	8,999	8,999	-	-	5,770	5,770	-	-	-	-	-
2009	WECC		Arizona Public Service Company	U.S.	273,675	273,675	-	-	172,355	172,355	-	-	(81,090)	(81,090)	111,146	111,146	-	-	71,264	71,264	-	-	-	-	-
2009	WECC		Arkansas River Power Authority (ARPA)	U.S.	2,203	2,203	-	-	1,387	1,387	-	-	(653)	(653)	895	895	-	-	574	574	-	-	-	-	-
2009	WECC		Arlington Valley	U.S.	11	11	-	-	7	7	-	-	(3)	(3)	4	4	-	-	3	3	-	-	-	-	-
2009	WECC		Avista Adjusted LSE NEL	U.S.	84,953	84,953	-	-	53,501	53,501	-	-	(25,171)	(25,171)	34,501	34,501	-	-	22,121	22,121	-	-	-	-	-
2009	WECC		AVISTA CORPORATION	U.S.	2,060	2,060	-	-	1,297	1,297	-	-	(610)	(610)	837	837	-	-	536	536	-				

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Assessments (ex. IESO & New Brunswick)				NERC Compliance Assessments (ex. Quebec & AESO)				NERC IDC Assessments					
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total			
2009	WECC		CITY OF HERMISTON DBA HERMISTO	U.S.	1,018	1,018	-	-	641	641	-	-	(302)	(302)	414	414	-	-	265	265	-	-	-	-	-	-	-	-
2009	WECC		CITY OF HEYBURN	U.S.	359	359	-	-	226	226	-	-	(107)	(107)	146	146	-	-	94	94	-	-	-	-	-	-	-	-
2009	WECC		City of Las Vegas	U.S.	77	77	-	-	49	49	-	-	(23)	(23)	31	31	-	-	20	20	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MCCLAREY	U.S.	305	305	-	-	192	192	-	-	(90)	(90)	124	124	-	-	80	80	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MCMINNVILLE	U.S.	6,292	6,292	-	-	3,963	3,963	-	-	(1,864)	(1,864)	2,555	2,555	-	-	1,638	1,638	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MILTON	U.S.	589	589	-	-	369	369	-	-	(174)	(174)	238	238	-	-	153	153	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MILTON-FREEWATER	U.S.	1,063	1,063	-	-	669	669	-	-	(315)	(315)	432	432	-	-	277	277	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MINIDOKA	U.S.	9	9	-	-	6	6	-	-	(3)	(3)	4	4	-	-	2	2	-	-	-	-	-	-	-	-
2009	WECC		CITY OF MONMOUTH	U.S.	648	648	-	-	408	408	-	-	(192)	(192)	263	263	-	-	169	169	-	-	-	-	-	-	-	-
2009	WECC		City of Needles	U.S.	351	351	-	-	221	221	-	-	(104)	(104)	143	143	-	-	91	91	-	-	-	-	-	-	-	-
2009	WECC		CITY OF PLUMMER	U.S.	311	311	-	-	196	196	-	-	(92)	(92)	126	126	-	-	81	81	-	-	-	-	-	-	-	-
2009	WECC		CITY OF PORT ANGELES	U.S.	6,179	6,179	-	-	3,891	3,891	-	-	(1,831)	(1,831)	2,509	2,509	-	-	1,609	1,609	-	-	-	-	-	-	-	-
2009	WECC		City of Redding	U.S.	5,834	5,834	-	-	3,674	3,674	-	-	(1,729)	(1,729)	2,369	2,369	-	-	1,519	1,519	-	-	-	-	-	-	-	-
2009	WECC		CITY OF RICHLAND	U.S.	7,768	7,768	-	-	4,892	4,892	-	-	(2,302)	(2,302)	3,155	3,155	-	-	2,023	2,023	-	-	-	-	-	-	-	-
2009	WECC		City of Roseville	U.S.	11,320	11,320	-	-	7,129	7,129	-	-	(3,354)	(3,354)	4,597	4,597	-	-	2,948	2,948	-	-	-	-	-	-	-	-
2009	WECC		CITY OF RUPERT	U.S.	732	732	-	-	461	461	-	-	(217)	(217)	297	297	-	-	191	191	-	-	-	-	-	-	-	-
2009	WECC		City of Shasta Lake	U.S.	1,602	1,602	-	-	1,009	1,009	-	-	(475)	(475)	651	651	-	-	417	417	-	-	-	-	-	-	-	-
2009	WECC		CITY OF TACOMA DBA TACOMA POWI	U.S.	3	3	-	-	2	2	-	-	(1)	(1)	1	1	-	-	1	1	-	-	-	-	-	-	-	-
2009	WECC		CITY OF TROY	U.S.	159	159	-	-	100	100	-	-	(47)	(47)	65	65	-	-	41	41	-	-	-	-	-	-	-	-
2009	WECC		CITY OF WEISER	U.S.	490	490	-	-	309	309	-	-	(145)	(145)	199	199	-	-	128	128	-	-	-	-	-	-	-	-
2009	WECC		City of Williams	U.S.	352	352	-	-	222	222	-	-	(104)	(104)	143	143	-	-	92	92	-	-	-	-	-	-	-	-
2009	WECC		CLARK PUBLIC UTILITIES	U.S.	40,848	40,848	-	-	25,725	25,725	-	-	(12,103)	(12,103)	16,589	16,589	-	-	10,637	10,637	-	-	-	-	-	-	-	-
2009	WECC		CLATSkanie PUD	U.S.	8,709	8,709	-	-	5,484	5,484	-	-	(2,580)	(2,580)	3,537	3,537	-	-	2,268	2,268	-	-	-	-	-	-	-	-
2009	WECC		CLEARWATER COOPERATIVE, INC	U.S.	395	395	-	-	249	249	-	-	(117)	(117)	161	161	-	-	103	103	-	-	-	-	-	-	-	-
2009	WECC		Clearwater Power Company	U.S.	1,441	1,441	-	-	907	907	-	-	(427)	(427)	585	585	-	-	375	375	-	-	-	-	-	-	-	-
2009	WECC		Colorado River Agency-Bureau of Indian /	U.S.	33	33	-	-	21	21	-	-	(10)	(10)	13	13	-	-	9	9	-	-	-	-	-	-	-	-
2009	WECC		Colorado River Commission	U.S.	6,324	6,324	-	-	3,983	3,983	-	-	(1,874)	(1,874)	2,568	2,568	-	-	1,647	1,647	-	-	-	-	-	-	-	-
2009	WECC		Colorado Springs Utilities	U.S.	37,493	37,493	-	-	23,612	23,612	-	-	(11,109)	(11,109)	15,227	15,227	-	-	9,763	9,763	-	-	-	-	-	-	-	-
2009	WECC		COLUMBIA BASIN ELECTRIC COOPER	U.S.	952	952	-	-	600	600	-	-	(282)	(282)	387	387	-	-	248	248	-	-	-	-	-	-	-	-
2009	WECC		COLUMBIA FALLS ALUMINUM COMPA	U.S.	2,957	2,957	-	-	1,862	1,862	-	-	(876)	(876)	1,201	1,201	-	-	770	770	-	-	-	-	-	-	-	-
2009	WECC		COLUMBIA POWER COOPERATIVE AS	U.S.	205	205	-	-	129	129	-	-	(61)	(61)	83	83	-	-	53	53	-	-	-	-	-	-	-	-
2009	WECC		COLUMBIA REA	U.S.	2,710	2,710	-	-	1,707	1,707	-	-	(803)	(803)	1,101	1,101	-	-	706	706	-	-	-	-	-	-	-	-
2009	WECC		COLUMBIA RIVER PUD (BPA)	U.S.	1,506	1,506	-	-	949	949	-	-	(446)	(446)	612	612	-	-	392	392	-	-	-	-	-	-	-	-
2009	WECC		Columbia River PUD (PGE)	U.S.	2,826	2,826	-	-	1,780	1,780	-	-	(837)	(837)	1,148	1,148	-	-	736	736	-	-	-	-	-	-	-	-
2009	WECC		CONSOLIDATED IRRIGATION DISTRICT	U.S.	18	18	-	-	11	11	-	-	(5)	(5)	7	7	-	-	5	5	-	-	-	-	-	-	-	-
2009	WECC		Constellation New Energy, Inc.	U.S.	262	262	-	-	165	165	-	-	(78)	(78)	107	107	-	-	68	68	-	-	-	-	-	-	-	-
2009	WECC		CONSUMERS POWER, INC.	U.S.	3,777	3,777	-	-	2,378	2,378	-	-	(1,119)	(1,119)	1,534	1,534	-	-	983	983	-	-	-	-	-	-	-	-
2009	WECC		COOS-CURRY ELECTRIC COOPERATI	U.S.	3,132	3,132	-	-	1,973	1,973	-	-	(928)	(928)	1,272	1,272	-	-	816	816	-	-	-	-	-	-	-	-
2009	WECC		Deseret Generation & Transmission Co-C	U.S.	607	607	-	-	382	382	-	-	(180)	(180)	247	247	-	-	158	158	-	-	-	-	-	-	-	-
2009	WECC		Douglas - Palisades	U.S.	166	166	-	-	104	104	-	-	(49)	(49)	67	67	-	-	43	43	-	-	-	-	-	-	-	-
2009	WECC		DOUGLAS ELECTRIC COOPERATIVE,	U.S.	862	862	-	-	543	543	-	-	(255)	(255)	350	350	-	-	224	224	-	-	-	-	-	-	-	-
2009	WECC		EAST END MUTUAL ELECTRIC COMP	U.S.	200	200	-	-	126	126	-	-	(59)	(59)	81	81	-	-	52	52	-	-	-	-	-	-	-	-
2009	WECC		El Paso Electric Company	U.S.	68,672	68,672	-	-	43,248	43,248	-	-	(20,347)	(20,347)	27,889	27,889	-	-	17,882	17,882	-	-	-	-	-	-	-	-
2009	WECC		Electrical District #2	U.S.	1,605	1,605	-	-	1,011	1,011	-	-	(475)	(475)	652	652	-	-	418	418	-	-	-	-	-	-	-	-
2009	WECC		Electrical District No. 6 of Pinal County	U.S.	11	11	-	-	7	7	-	-	(3)	(3)	4	4	-	-	3	3	-	-	-	-	-	-	-	-
2009	WECC		Electrical District No. 7 of Maricopa County	U.S.	251	251	-	-	158	158	-	-	(74)	(74)	102	102	-	-	65	65	-	-	-	-	-	-	-	-
2009	WECC		Electrical District No. 8 of Maricopa County	U.S.	2,333	2,333	-	-	1,470	1,470	-	-	(691)	(691)	948	948	-	-	608	608	-	-	-	-	-	-	-	-
2009	WECC		Electrical Districts 1 & 3	U.S.	5,261	5,261	-	-	3,313	3,313	-	-	(1,559)	(1,559)	2,137	2,137	-	-	1,370	1,370	-	-	-	-	-	-	-	-
2009	WECC		ELMHURST MUTUAL POWER & LIGHT	U.S.	2,528	2,528	-	-	1,592	1,592	-	-	(749)	(749)	1,027	1,027	-	-	658	658	-	-	-	-	-	-	-	-
2009	WECC		EMERALD PUD	U.S.	4,563	4,563	-	-	2,874	2,874	-	-	(1,352)	(1,352)	1,853	1,853	-	-	1,188	1,188	-	-	-	-	-	-	-	-
2009	WECC		ENERGY NORTHWEST	U.S.	491	491	-	-	309	309	-	-	(146)	(146)	199	199	-	-	128	128	-	-	-	-	-	-	-	-
2009	WECC		EPCOR Merchant and Capital (US) Inc.	U.S.	637	637	-	-	401	401	-	-	(189)	(189)	259	259	-	-	166	166	-	-	-	-	-	-	-	-
2009	WECC		EUGENE WATER & ELECTRIC BOARD	U.S.	22,238	22,238	-	-	14,005	14,005	-	-	(6,589)	(6,589)	9,031	9,031	-	-	5,791	5,791	-	-	-	-	-	-	-	-
2009	WECC		FARMERS ELECTRIC COMPANY, LTD.	U.S.	40	40	-	-	25	25	-	-	(12)	(12)	16	16	-	-	10	10	-	-	-	-	-	-	-	-
2009	WECC		Farmington Electric Utility System	U.S.	10,179	10,179	-	-	6,410	6,410	-	-	(3,016)	(3,016)	4,134	4,134	-	-	2,651	2,651	-	-	-	-	-	-	-	-
2009	WECC		FLATHEAD ELECTRIC COOPERATIVE,	U.S.	12,618	12,618	-	-	7,946	7,946	-	-	(3,739)	(3,739)	5,124	5,124	-	-	3,286	3,286	-	-	-	-	-	-	-	-
2009	WECC		Fredonia, Town of	U.S.	12	12	-	-	8	8	-	-	(4)	(4)	5	5	-	-	3	3	-	-	-	-	-	-	-	-
2009	WECC		GLACIER ELECTRIC COOPERATIVE, IN	U.S.	1,622	1,622	-	-	1,021	1,021	-	-	(481)	(481)	659	659	-	-	422	422	-	-	-	-	-	-	-	-
2009	WECC		Grand Valley	U.S.	2,078	2,078	-	-	1,309	1,309	-	-	(616)	(616)	844	844	-	-	541	541	-	-	-	-	-	-	-	-
2009	WECC		Grant LSE Load	U.S.	32,968	32,968	-	-	20,763	20,763	-	-	(9,768)	(9,768)	13,389	13,389	-	-	8,585	8,585								

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC US Only Staff		NPCC Audit Based 45% CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	FRCC	1074	Alachua, City of	U.S.	2,672	2,672	-	-	2,699	2,699	-	-	(27)	(27)													
2009	FRCC	1075	Barrow, City of	U.S.	6,603	6,603	-	-	6,669	6,669	-	-	(66)	(66)													
2009	FRCC	1076	Chattahoochee, City of	U.S.	955	955	-	-	964	964	-	-	(10)	(10)													
2009	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	14,980	14,980	-	-	15,131	15,131	-	-	(151)	(151)													
2009	FRCC	1078	Florida Power & Light Co.	U.S.	2,412,303	2,412,303	-	-	2,436,586	2,436,586	-	-	(24,283)	(24,283)													
2009	FRCC	1079	Florida Public Utilities Company	U.S.	8,876	8,876	-	-	8,966	8,966	-	-	(90)	(90)													
2009	FRCC	1080	Gainesville Regional Utilities	U.S.	41,173	41,173	-	-	41,587	41,587	-	-	(414)	(414)													
2009	FRCC	1081	Homestead, City of	U.S.	10,622	10,622	-	-	10,729	10,729	-	-	(107)	(107)													
2009	FRCC	1082	JEA	U.S.	279,223	279,223	-	-	282,034	282,034	-	-	(2,811)	(2,811)													
2009	FRCC	1083	Lakeland Electric	U.S.	65,526	65,526	-	-	66,185	66,185	-	-	(660)	(660)													
2009	FRCC	1084	Mount Dora, City of	U.S.	2,078	2,078	-	-	2,099	2,099	-	-	(21)	(21)													
2009	FRCC	1085	New Smyrna Beach, Utilities Commission	U.S.	8,519	8,519	-	-	8,605	8,605	-	-	(86)	(86)													
2009	FRCC	1086	Orlando Utilities Commission	U.S.	123,803	123,803	-	-	125,049	125,049	-	-	(1,246)	(1,246)													
2009	FRCC	1087	Progress Energy Florida	U.S.	912,610	912,610	-	-	921,797	921,797	-	-	(9,187)	(9,187)													
2009	FRCC	1088	Quincy, City of	U.S.	3,169	3,169	-	-	3,201	3,201	-	-	(32)	(32)													
2009	FRCC	1089	Reedy Creek Improvement District	U.S.	26,916	26,916	-	-	27,186	27,186	-	-	(271)	(271)													
2009	FRCC	1090	St. Cloud, City of (OUC)	U.S.	13,140	13,140	-	-	13,272	13,272	-	-	(132)	(132)													
2009	FRCC	1091	Tallahassee, City of	U.S.	61,431	61,431	-	-	62,049	62,049	-	-	(618)	(618)													
2009	FRCC	1092	Tampa Electric Company	U.S.	432,554	432,554	-	-	436,908	436,908	-	-	(4,354)	(4,354)													
2009	FRCC	1603	Vero Beach, City of	U.S.	16,491	16,491	-	-	16,657	16,657	-	-	(166)	(166)													
2009	FRCC	1093	Wauchula, City of	U.S.	1,477	1,477	-	-	1,492	1,492	-	-	(15)	(15)													
2009	FRCC	1094	Williston, City of	U.S.	771	771	-	-	779	779	-	-	(8)	(8)													
2009	FRCC	1095	Winter Park, City of	U.S.	9,978	9,978	-	-	10,078	10,078	-	-	(100)	(100)													
2009	FRCC	1072	Florida Municipal Power Agency	U.S.	134,710	134,710	-	-	136,066	136,066	-	-	(1,356)	(1,356)													
2009	FRCC	1073	Seminole Electric Cooperative	U.S.	376,482	376,482	-	-	380,272	380,272	-	-	(3,790)	(3,790)													
TOTAL FRCC					4,967,060	4,967,060	-	-	5,017,060	5,017,060	-	-	(50,000)	(50,000)													
2009	MRO	1199	Basin Electric Power Cooperative	U.S.	319,014	319,014	-	-	325,392	325,392	-	-	(6,378)	(6,378)													
2009	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	82,812	82,812	-	-	84,468	84,468	-	-	(1,656)	(1,656)													
2009	MRO	1204	Corn Belt Power Cooperative	U.S.	56,758	56,758	-	-	57,893	57,893	-	-	(1,135)	(1,135)													
2009	MRO	1207	Dartmouth Power Cooperative	U.S.	161,721	161,721	-	-	164,955	164,955	-	-	(3,233)	(3,233)													
2009	MRO	1210	Great River Energy	U.S.	411,884	411,884	-	-	420,119	420,119	-	-	(8,235)	(8,235)													
2009	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	118,758	118,758	-	-	121,132	121,132	-	-	(2,374)	(2,374)													
2009	MRO	1230	Nebraska Public Power District	U.S.	393,890	393,890	-	-	401,765	401,765	-	-	(7,875)	(7,875)													
2009	MRO	1232	Omaha Public Power District	U.S.	320,468	320,468	-	-	326,875	326,875	-	-	(6,407)	(6,407)													
2009	MRO	1237	Southern Montana Generation and Trans	U.S.	139	139	-	-	141	141	-	-	(3)	(3)													
2009	MRO	1240	Western Area Power Administration (LM)	U.S.	258,813	258,813	-	-	263,988	263,988	-	-	(5,174)	(5,174)													
2009	MRO	1239	Western Area Power Administration (LM)	U.S.	3,946	3,946	-	-	4,025	4,025	-	-	(79)	(79)													
2009	MRO	1217	Manitoba Hydro	CAN	781,792	-	781,792	-	781,792	-	781,792	-	-	-	-												
2009	MRO	1235	SaskPower	CAN	626,375	-	626,375	-	626,375	-	626,375	-	-	-													
2009	MRO	1195	Alliant Energy (Alliant East - WPL & Alliar	U.S.	863,618	863,618	-	-	880,884	880,884	-	-	(17,266)	(17,266)													
2009	MRO	1216	Madison, Gas and Electric	U.S.	103,616	103,616	-	-	105,688	105,688	-	-	(2,072)	(2,072)													
2009	MRO	1220	MidAmerican Energy Company	U.S.	669,517	669,517	-	-	682,903	682,903	-	-	(13,386)	(13,386)													
2009	MRO	1221	Minnesota Power	U.S.	312,829	312,829	-	-	319,084	319,084	-	-	(6,254)	(6,254)													
2009	MRO	1226	Montana-Dakota Utilities Co.	U.S.	80,645	80,645	-	-	82,257	82,257	-	-	(1,612)	(1,612)													
2009	MRO	1231	NorthWestern Energy	U.S.	44,166	44,166	-	-	45,049	45,049	-	-	(883)	(883)													
2009	MRO	1233	Otter Tail Power Company	U.S.	132,872	132,872	-	-	135,529	135,529	-	-	(2,657)	(2,657)													
2009	MRO	1243	Integrus Energy Group (WPS and UPPCC	U.S.	420,149	420,149	-	-	428,549	428,549	-	-	(8,400)	(8,400)													
2009	MRO	1244	Xcel Energy Company (NSP)	U.S.	1,396,413	1,396,413	-	-	1,424,331	1,424,331	-	-	(27,919)	(27,919)													
2009	MRO	1196	Ames Municipal Electric System	U.S.	22,608	22,608	-	-	23,060	23,060	-	-	(452)	(452)													
2009	MRO	1604	Atlantic Municipal Utilities	U.S.	2,474	2,474	-	-	2,523	2,523	-	-	(49)	(49)													
2009	MRO	1476	Badger Power Marketing Authority of Wis	U.S.	10,786	10,786	-	-	11,002	11,002	-	-	(216)	(216)													
2009	MRO	1200	Cedar Falls Municipal Utilities	U.S.	15,744	15,744	-	-	16,059	16,059	-	-	(315)	(315)													
2009	MRO	1477	Central Minnesota Municipal Power Agen	U.S.	13,283	13,283	-	-	13,549	13,549	-	-	(266)	(266)													
2009	MRO	1605	City of Pelee	U.S.	5,434	5,434	-	-	5,543	5,543	-	-	(109)	(109)													
2009	MRO	1203	Essenebas Municipal Electric Utility	U.S.	4,393	4,393	-	-	4,481	4,481	-	-	(88)	(88)													
2009	MRO	1205	Falls City Water & Light Department	U.S.	1,190	1,190	-	-	1,214	1,214	-	-	(24)	(24)													
2009	MRO	1206	Fremont Department of Utilities	U.S.	12,988	12,988	-	-	13,247	13,247	-	-	(260)	(260)													
2009	MRO	1208	Geneseo Municipal Utilities	U.S.	1,985	1,985	-	-	2,024	2,024	-	-	(40)	(40)													
2009	MRO	1209	Grand Island Utilities Department	U.S.	21,190	21,190	-	-	21,614	21,614	-	-	(424)	(424)													
2009	MRO	1606	Harlan Municipal Utilities	U.S.	577	577	-	-	588	588	-	-	(12)	(12)													
2009	MRO	1211	Hastings Utilities	U.S.	12,284	12,284	-	-	12,530	12,530	-	-	(246)	(246)													
2009	MRO	1212	Heartland Consumers Power District	U.S.	20,558	20,558	-	-	20,969	20,969	-	-	(411)	(411)													
2009	MRO	1213	Hutchinson Utilities Commission	U.S.	8,992	8,992	-	-	9,172	9,172	-	-	(180)	(180)													
2009	MRO	1215	Lincoln Electric System	U.S.	97,788	97,788	-	-	99,743	99,743	-	-	(1,955)	(1,955)													
2009	MRO	1218	Manitowoc Public Utilities	U.S.	16,015	16,015	-	-	16,335	16,335	-	-	(320)	(320)													
2009	MRO	1223	Missouri River Energy Services	U.S.	67,284	67,284	-	-	68,629	68,629	-	-	(1,345)	(1,345)													
2009	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	43,064	43,064	-	-	43,925	43,925	-	-	(861)	(861)													
2009	MRO	1607	Montezuma Municipal Light & Power	U.S.	816	816	-	-	833	833	-	-	(16)	(16)													
2009	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	30,218	30,218	-	-	30,822	30,822	-	-	(604)	(604)													
2009	MRO	1228	Muscatine Power and Water	U.S.	26,342																						

2009 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2011 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC US Only Staff		NPCC Audit Based 45% CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB 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		
2009	WECC		CITY OF HERMISTON DBA HERMISTON	U.S.	5,182	5,182	-	-	4,527	4,527	-	-	(137)	(137)					750	750			43	43			
2009	WECC		CITY OF HEYBURN	U.S.	1,829	1,829	-	-	1,598	1,598	-	-	(48)	(48)					265	265			15	15			
2009	WECC		City of Las Vegas	U.S.	393	393	-	-	343	343	-	-	(10)	(10)					57	57			3	3			
2009	WECC		CITY OF MCCLEARY	U.S.	1,554	1,554	-	-	1,358	1,358	-	-	(41)	(41)					225	225			13	13			
2009	WECC		CITY OF MCMINNVILLE	U.S.	32,024	32,024	-	-	27,974	27,974	-	-	(849)	(849)					4,633	4,633			266	266			
2009	WECC		CITY OF MILTON	U.S.	2,983	2,983	-	-	2,968	2,968	-	-	(79)	(79)					432	432			25	25			
2009	WECC		CITY OF MILTON-FREEWATER	U.S.	5,410	5,410	-	-	4,726	4,726	-	-	(143)	(143)					783	783			45	45			
2009	WECC		CITY OF MINIDOKA	U.S.	46	46	-	-	40	40	-	-	(1)	(1)					7	7			0	0			
2009	WECC		CITY OF MONMOUTH	U.S.	3,298	3,298	-	-	2,881	2,881	-	-	(87)	(87)					477	477			27	27			
2009	WECC		City of Needles	U.S.	1,787	1,787	-	-	1,561	1,561	-	-	(47)	(47)					259	259			15	15			
2009	WECC		CITY OF PLUMMER	U.S.	1,583	1,583	-	-	1,382	1,382	-	-	(42)	(42)					229	229			13	13			
2009	WECC		CITY OF PORT ANGELES	U.S.	31,447	31,447	-	-	27,469	27,469	-	-	(834)	(834)					4,550	4,550			261	261			
2009	WECC		City of Redding	U.S.	29,692	29,692	-	-	25,937	25,937	-	-	(787)	(787)					4,296	4,296			247	247			
2009	WECC		CITY OF RICHLAND	U.S.	39,536	39,536	-	-	34,535	34,535	-	-	(1,048)	(1,048)					5,720	5,720			328	328			
2009	WECC		City of Roseville	U.S.	57,616	57,616	-	-	50,329	50,329	-	-	(1,527)	(1,527)					8,336	8,336			479	479			
2009	WECC		CITY OF RUPERT	U.S.	3,728	3,728	-	-	3,256	3,256	-	-	(99)	(99)					539	539			31	31			
2009	WECC		City of Shasta Lake	U.S.	8,154	8,154	-	-	7,123	7,123	-	-	(216)	(216)					1,180	1,180			68	68			
2009	WECC		CITY OF TACOMA DBA TACOMA POWI	U.S.	18	18	-	-	15	15	-	-	(0)	(0)					3	3			0	0			
2009	WECC		CITY OF TROY	U.S.	808	808	-	-	706	706	-	-	(21)	(21)					117	117			7	7			
2009	WECC		CITY OF WEISER	U.S.	2,494	2,494	-	-	2,178	2,178	-	-	(66)	(66)					361	361			21	21			
2009	WECC		City of Williams	U.S.	1,792	1,792	-	-	1,566	1,566	-	-	(48)	(48)					259	259			15	15			
2009	WECC		CLARK PUBLIC UTILITIES	U.S.	207,901	207,901	-	-	181,606	181,606	-	-	(5,511)	(5,511)					30,079	30,079			1,727	1,727			
2009	WECC		CLATSkanie PUD	U.S.	44,323	44,323	-	-	38,717	38,717	-	-	(1,176)	(1,176)					6,413	6,413			368	368			
2009	WECC		CLEARWATER COOPERATIVE, INC	U.S.	2,013	2,013	-	-	1,758	1,758	-	-	(53)	(53)					291	291			17	17			
2009	WECC		Clearwater Power Company	U.S.	7,334	7,334	-	-	6,406	6,406	-	-	(194)	(194)					1,061	1,061			61	61			
2009	WECC		Colorado River Agency-Bureau of Indian /	U.S.	168	168	-	-	146	146	-	-	(4)	(4)					24	24			1	1			
2009	WECC		Colorado River Commission	U.S.	32,185	32,185	-	-	28,114	28,114	-	-	(853)	(853)					4,656	4,656			267	267			
2009	WECC		Colorado Springs Utilities	U.S.	190,822	190,822	-	-	166,688	166,688	-	-	(5,058)	(5,058)					27,608	27,608			1,585	1,585			
2009	WECC		COLUMBIA BASIN ELECTRIC COOPER	U.S.	4,846	4,846	-	-	4,233	4,233	-	-	(128)	(128)					701	701			40	40			
2009	WECC		COLUMBIA FALLS ALUMINUM COMPA	U.S.	15,048	15,048	-	-	13,145	13,145	-	-	(399)	(399)					2,177	2,177			125	125			
2009	WECC		COLUMBIA POWER COOPERATIVE AS	U.S.	1,042	1,042	-	-	910	910	-	-	(28)	(28)					151	151			9	9			
2009	WECC		COLUMBIA REA	U.S.	13,792	13,792	-	-	12,047	12,047	-	-	(366)	(366)					1,995	1,995			115	115			
2009	WECC		COLUMBIA RIVER PUD (BPA)	U.S.	7,666	7,666	-	-	6,696	6,696	-	-	(203)	(203)					1,109	1,109			64	64			
2009	WECC		Columbia River PUD (PGE)	U.S.	14,384	14,384	-	-	12,565	12,565	-	-	(381)	(381)					2,081	2,081			119	119			
2009	WECC		CONSOLIDATED IRRIGATION DISTRICT	U.S.	93	93	-	-	81	81	-	-	(2)	(2)					13	13			1	1			
2009	WECC		Constellation New Energy, Inc.	U.S.	1,335	1,335	-	-	1,166	1,166	-	-	(35)	(35)					193	193			11	11			
2009	WECC		CONSUMERS POWER, INC.	U.S.	19,221	19,221	-	-	16,790	16,790	-	-	(510)	(510)					2,781	2,781			160	160			
2009	WECC		COOS-CURRY ELECTRIC COOPERATI	U.S.	15,943	15,943	-	-	13,927	13,927	-	-	(423)	(423)					2,307	2,307			132	132			
2009	WECC		Diesel Generation & Transmission Co-	U.S.	3,090	3,090	-	-	2,699	2,699	-	-	(82)	(82)					447	447			26	26			
2009	WECC		Douglas - Palisades	U.S.	844	844	-	-	737	737	-	-	(22)	(22)					122	122			7	7			
2009	WECC		DOUGLAS ELECTRIC COOPERATIVE,	U.S.	4,386	4,386	-	-	3,831	3,831	-	-	(116)	(116)					635	635			36	36			
2009	WECC		EAST END MUTUAL ELECTRIC COMP	U.S.	1,019	1,019	-	-	890	890	-	-	(27)	(27)					147	147			8	8			
2009	WECC		El Paso Electric Company	U.S.	349,512	349,512	-	-	305,307	305,307	-	-	(9,265)	(9,265)					50,567	50,567			2,903	2,903			
2009	WECC		Electrical District #2	U.S.	8,167	8,167	-	-	7,134	7,134	-	-	(216)	(216)					1,182	1,182			68	68			
2009	WECC		Electrical District No. 6 of Pinal County	U.S.	54	54	-	-	48	48	-	-	(1)	(1)					8	8			0	0			
2009	WECC		Electrical District No. 7 of Maricopa County	U.S.	1,278	1,278	-	-	1,117	1,117	-	-	(34)	(34)					185	185			11	11			
2009	WECC		Electrical District No. 8 of Maricopa County	U.S.	11,876	11,876	-	-	10,374	10,374	-	-	(315)	(315)					1,718	1,718			99	99			
2009	WECC		Electrical Districts 1 & 3	U.S.	26,777	26,777	-	-	23,391	23,391	-	-	(710)	(710)					3,874	3,874			222	222			
2009	WECC		ELMHURST MUTUAL POWER & LIGHT	U.S.	12,869	12,869	-	-	11,241	11,241	-	-	(341)	(341)					1,862	1,862			107	107			
2009	WECC		EMERALD PUD	U.S.	23,226	23,226	-	-	20,289	20,289	-	-	(616)	(616)					3,360	3,360			193	193			
2009	WECC		ENERGY NORTHWEST	U.S.	2,500	2,500	-	-	2,184	2,184	-	-	(66)	(66)					362	362			21	21			
2009	WECC		EPCOR Merchant and Capital (US) Inc.	U.S.	3,240	3,240	-	-	2,830	2,830	-	-	(86)	(86)					469	469			27	27			
2009	WECC		EUGENE WATER & ELECTRIC BOARD	U.S.	113,180	113,180	-	-	98,865	98,865	-	-	(3,000)	(3,000)					16,375	16,375			940	940			
2009	WECC		FARMERS ELECTRIC COMPANY, LTD.	U.S.	204	204	-	-	178	178	-	-	(5)	(5)					30	30			2	2			
2009	WECC		Farmington Electric Utility System	U.S.	51,806	51,806	-	-	45,254	45,254	-	-	(1,373)	(1,373)					7,495	7,495			430	430			
2009	WECC		FLATHEAD ELECTRIC COOPERATIVE,	U.S.	64,219	64,219	-	-	56,096	56,096	-	-	(1,702)	(1,702)					9,291	9,291			533	533			
2009	WECC		Fredonia, Town of	U.S.	62	62	-	-	55	55	-	-	(2)	(2)					9	9			1	1			
2009	WECC		GLACIER ELECTRIC COOPERATIVE, IP	U.S.	8,255	8,255	-	-	7,211	7,211	-	-	(219)	(219)					1,194	1,194			69	69			
2009	WECC		Grand Valley	U.S.	10,578	10,578	-	-	9,240	9,240	-	-	(280)	(280)					1,530	1,530			88	88			
2009	WECC		Grant LSE Load	U.S.	167,794	167,794	-	-	146,572	146,572	-	-	(4,448)	(4,448)					24,276	24,276			1,394	1,394			
2009	WECC		Harney Electric Coop	U.S.	3,503	3,503	-	-	3,060	3,060	-	-	(93)	(93)					507	507			29	29			
2009	WECC		HARNEY ELECTRIC COOPERATIVE, IN	U.S.	5,220	5,220	-	-	4,560	4,560	-	-	(138)	(138)					755	755			43	43			
2009	WECC		Harquahala Valley Power District	U.S.	3,381	3,381	-	-	2,954	2,954	-	-	(90)	(90)					489	489			28	28			
2009	WECC		HERMISTON POWER LLC	U.S.	115	115	-	-	101	101	-	-	(3)	(3)					17	17			1	1			
2009	WECC		Holy Cross	U.S.	44,871	44,871	-	-	39,196	39,196	-	-	(1,189)	(1,189)					6,482	6,482			373	373			
2009	WECC		HOOD RIVER ELECTRIC COOPERATIV	U.S.	1,862	1,862	-	-	1,627	1,627	-	-	(49)	(49)					269	269			15	15			
2009	WECC		IDAHO COUNTY LIGHT AND POWER C	U.S.	2,479	2,479	-	-	2,166	2,166	-	-	(66)	(66)					359	359			21	21			
2009	WECC		Idaho Power	U.S.	1,640	1,640	-	-	1,433	1,433	-	-	(43)	(43)					237	237		</					

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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	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total		
2009	WECC		Navajo Tribal Utility Authority (APS)	U.S.	1,862	1,862	-	-	1,626	1,626	-	-	(49)	(49)					269	269			15	15			
2009	WECC		Navajo Tribal Utility Authority (PSCoNM)	U.S.	9,772	9,772	-	-	8,536	8,536	-	-	(259)	(259)					1,414	1,414			81	81			
2009	WECC		Navopache Electric Cooperative, Inc	U.S.	21,440	21,440	-	-	18,728	18,728	-	-	(568)	(568)					3,102	3,102			178	178			
2009	WECC		Nebraska Public Power Marketing	U.S.	160	160	-	-	140	140	-	-	(4)	(4)					23	23			1	1			
2009	WECC		Needles Public Utilities Authority	U.S.	1,661	1,661	-	-	1,451	1,451	-	-	(44)	(44)					240	240			14	14			
2009	WECC		NEPALEM VALLEY ELECTRIC COOPE	U.S.	2,385	2,385	-	-	2,392	2,392	-	-	(63)	(63)					346	346			20	20			
2009	WECC		Nevada Power Company	U.S.	998,993	998,993	-	-	872,644	872,644	-	-	(26,481)	(26,481)					144,533	144,533			8,297	8,297			
2009	WECC		New Harquahala	U.S.	60	60	-	-	53	53	-	-	(2)	(2)					9	9			1	1			
2009	WECC		Northern Lights Inc.	U.S.	1,249	1,249	-	-	1,091	1,091	-	-	(33)	(33)					181	181			10	10			
2009	WECC		NORTHERN LIGHTS, INC.	U.S.	13,974	13,974	-	-	12,207	12,207	-	-	(370)	(370)					2,022	2,022			116	116			
2009	WECC		NORTHERN WASCO COUNTY PUD	U.S.	27,248	27,248	-	-	23,802	23,802	-	-	(722)	(722)					3,942	3,942			226	226			
2009	WECC		NWMT	U.S.	13,772	13,772	-	-	12,031	12,031	-	-	(365)	(365)					1,993	1,993			114	114			
2009	WECC		OHOP MUTUAL LIGHT COMPANY	U.S.	4,059	4,059	-	-	3,546	3,546	-	-	(108)	(108)					587	587			34	34			
2009	WECC		ORCAS POWER & LIGHT COOPERATI	U.S.	9,786	9,786	-	-	8,548	8,548	-	-	(259)	(259)					1,418	1,418			81	81			
2009	WECC		OREGON TRAIL ELECTRIC CONSUME	U.S.	30,575	30,575	-	-	26,708	26,708	-	-	(610)	(610)					4,424	4,424			254	254			
2009	WECC		Overton Power District #5	U.S.	17,529	17,529	-	-	15,312	15,312	-	-	(465)	(465)					2,536	2,536			146	146			
2009	WECC		PACIFICORP (BPA)	U.S.	701	701	-	-	612	612	-	-	(19)	(19)					101	101			6	6			
2009	WECC		PACIFICORP (PGE)	U.S.	145	145	-	-	127	127	-	-	(4)	(4)					21	21			1	1			
2009	WECC		PACIFICORP(WAPA)	U.S.	9,392	9,392	-	-	8,204	8,204	-	-	(249)	(249)					1,359	1,359			78	78			
2009	WECC		PacificCorp (PACE)	U.S.	2,048,743	2,048,743	-	-	1,789,625	1,789,625	-	-	(54,308)	(54,308)					296,410	296,410			17,016	17,016			
2009	WECC		PacificCorp (PACW)	U.S.	975,890	975,890	-	-	852,463	852,463	-	-	(25,869)	(25,869)					141,191	141,191			8,105	8,105			
2009	WECC		Page Electric Utility	U.S.	598	598	-	-	522	522	-	-	(16)	(16)					96	96			5	5			
2009	WECC		PARKLAND LIGHT AND WATER COMP.	U.S.	5,633	5,633	-	-	4,921	4,921	-	-	(149)	(149)					815	815			47	47			
2009	WECC		PENINSULA LIGHT COMPANY, INC.	U.S.	28,436	28,436	-	-	24,840	24,840	-	-	(754)	(754)					4,114	4,114			236	236			
2009	WECC		Platte River Power Authority	U.S.	143,444	143,444	-	-	125,301	125,301	-	-	(3,802)	(3,802)					20,753	20,753			1,191	1,191			
2009	WECC		PORT TOWNSEND PAPER CORPORAT	U.S.	8,949	8,949	-	-	7,817	7,817	-	-	(237)	(237)					1,295	1,295			74	74			
2009	WECC		Portland General Electric Company	U.S.	824,527	824,527	-	-	720,244	720,244	-	-	(21,856)	(21,856)					119,292	119,292			6,848	6,848			
2009	WECC		Public Service Company of Colorado	U.S.	1,316,371	1,316,371	-	-	1,149,881	1,149,881	-	-	(34,894)	(34,894)					190,451	190,451			10,933	10,933			
2009	WECC		Public Service Company of Colorado (Xce	U.S.	1,478	1,478	-	-	1,291	1,291	-	-	(39)	(39)					214	214			12	12			
2009	WECC		Public Service Company of New Mexico	U.S.	463,136	463,136	-	-	404,560	404,560	-	-	(12,277)	(12,277)					67,006	67,006			3,847	3,847			
2009	WECC		PUD NO. 1 OF DOUGLAS COUNTY	U.S.	402	402	-	-	351	351	-	-	(6)	(6)					58	58			3	3			
2009	WECC		PUD NO. 1 OF ASOTIN COUNTY	U.S.	238	238	-	-	208	208	-	-	(6)	(6)					34	34			2	2			
2009	WECC		PUD NO. 1 OF BENTON COUNTY	U.S.	80,788	80,788	-	-	70,570	70,570	-	-	(2,141)	(2,141)					11,688	11,688			671	671			
2009	WECC		PUD No. 1 of Chelan County	U.S.	147,708	147,708	-	-	129,026	129,026	-	-	(3,915)	(3,915)					21,370	21,370			1,227	1,227			
2009	WECC		PUD NO. 1 OF CLALLAM COUNTY	U.S.	31,134	31,134	-	-	27,196	27,196	-	-	(825)	(825)					4,504	4,504			259	259			
2009	WECC		PUD NO. 1 OF COWLITZ COUNTY	U.S.	222,775	222,775	-	-	194,600	194,600	-	-	(5,905)	(5,905)					32,231	32,231			1,850	1,850			
2009	WECC		PUD No. 1 of Douglas County	U.S.	67,364	67,364	-	-	58,844	58,844	-	-	(1,786)	(1,786)					9,746	9,746			559	559			
2009	WECC		PUD NO. 1 OF FERRY COUNTY	U.S.	4,504	4,504	-	-	3,934	3,934	-	-	(119)	(119)					652	652			37	37			
2009	WECC		PUD NO. 1 OF FRANKLIN COUNTY	U.S.	45,414	45,414	-	-	39,670	39,670	-	-	(1,204)	(1,204)					6,570	6,570			377	377			
2009	WECC		PUD NO. 1 OF GRAYS HARBOR	U.S.	50,121	50,121	-	-	43,782	43,782	-	-	(1,329)	(1,329)					7,251	7,251			416	416			
2009	WECC		PUD NO. 1 OF KITITIAS COUNTY	U.S.	2,490	2,490	-	-	2,175	2,175	-	-	(66)	(66)					360	360			21	21			
2009	WECC		PUD NO. 1 OF KLICKITAT COUNTY	U.S.	13,629	13,629	-	-	11,906	11,906	-	-	(361)	(361)					1,972	1,972			113	113			
2009	WECC		PUD NO. 1 OF LEWIS COUNTY	U.S.	43,866	43,866	-	-	38,318	38,318	-	-	(1,163)	(1,163)					6,346	6,346			364	364			
2009	WECC		PUD NO. 1 OF MASON COUNTY	U.S.	3,633	3,633	-	-	3,173	3,173	-	-	(96)	(96)					526	526			30	30			
2009	WECC		PUD No. 1 of Pend Oreille County	U.S.	43,946	43,946	-	-	38,388	38,388	-	-	(1,165)	(1,165)					6,358	6,358			365	365			
2009	WECC		PUD NO. 1 OF SKAMANIA COUNTY	U.S.	6,294	6,294	-	-	5,498	5,498	-	-	(167)	(167)					911	911			52	52			
2009	WECC		PUD NO. 1 OF SNOHOMISH COUNTY	U.S.	323,885	323,885	-	-	282,921	282,921	-	-	(8,565)	(8,565)					46,859	46,859			2,690	2,690			
2009	WECC		PUD NO. 1 OF WAHKAKUM COUNTY	U.S.	2,023	2,023	-	-	1,767	1,767	-	-	(54)	(54)					293	293			17	17			
2009	WECC		PUD NO. 1 OF WHATCOM COUNTY	U.S.	10,154	10,154	-	-	8,869	8,869	-	-	(289)	(289)					1,469	1,469			84	84			
2009	WECC		PUD NO. 2 OF GRANT COUNTY (Avisa	U.S.	4,102	4,102	-	-	3,583	3,583	-	-	(109)	(109)					593	593			34	34			
2009	WECC		PUD NO. 2 OF GRANT COUNTY (BPA)	U.S.	2,223	2,223	-	-	1,942	1,942	-	-	(59)	(59)					322	322			18	18			
2009	WECC		PUD NO. 2 OF PACIFIC COUNTY	U.S.	14,190	14,190	-	-	12,396	12,396	-	-	(376)	(376)					2,053	2,053			118	118			
2009	WECC		PUD NO. 3 OF MASON COUNTY	U.S.	31,756	31,756	-	-	27,740	27,740	-	-	(842)	(842)					4,594	4,594			264	264			
2009	WECC		Puget Sound Energy	U.S.	1,154,735	1,154,735	-	-	1,008,688	1,008,688	-	-	(30,609)	(30,609)					167,066	167,066			9,591	9,591			
2009	WECC		RAFT RIVER RURAL ELECTRIC COOPI	U.S.	10,046	10,046	-	-	8,776	8,776	-	-	(266)	(266)					1,453	1,453			83	83			
2009	WECC		RAVALLI COUNTY ELECTRIC COOPER	U.S.	7,147	7,147	-	-	6,243	6,243	-	-	(189)	(189)					1,034	1,034			59	59			
2009	WECC		RBS Sempra Energy Solutions	U.S.	85,465	85,465	-	-	74,656	74,656	-	-	(2,265)	(2,265)					12,365	12,365			710	710			
2009	WECC		RIVERSIDE ELECTRIC COMPANY, LTD	U.S.	910	910	-	-	795	795	-	-	(24)	(24)					132	132			8	8			
2009	WECC		Rocky Mountain Generation Cooperative	U.S.	1,805	1,805	-	-	1,577	1,577	-	-	(48)	(48)					261	261			15	15			
2009	WECC		Roosevelt Irrigation District	U.S.	1,354	1,354	-	-	1,182	1,182	-	-	(36)	(36)					196	196			11	11			
2009	WECC		SALEM ELECTRIC	U.S.	15,251	15,251	-	-	13,322	13,322	-	-	(404)	(404)					2,207	2,207			127	127			
2009	WECC		Salt River Project (SRP)	U.S.	1,271,592	1,271,592	-	-	1,110,765	1,110,765	-	-	(33,707)	(33,707)					183,972	183,972			10,561	10,561			
2009	WECC		San Carlos Indian Irrigation Project	U.S.	6	6	-	-	6	6	-	-	(0)	(0)					1	1			0	0			
2009	WECC		Seattle City Light	U.S.	461,148	461,148	-	-	402,824	402,824	-	-	(12,224)	(12,224)					66,718	66,718			3,830	3,830			
2009	WECC		Sierra Pacific Power Company	U.S.	395,259	395,259	-	-	345,268	345,268	-	-	(10,477)	(10,477)					57,186	57,186			3,283	3,283			
2009	WECC		SMGT / BPA	U.S.	727																						

Data Year	Regional Entity	ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC US Only Staff		NPCC Audit Based 45% CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2009	WECC		U.S. BOR SPOKANE INDIAN DEVELOP	U.S.	156	156	-	-	137	137	-	-	(4)	(4)						23	23			1	1		
2009	WECC		U.S. DOE NATIONAL ENERGY TECHNC	U.S.	176	176	-	-	153	153	-	-	(5)	(5)						25	25			1	1		
2009	WECC		U.S. DOE RICHLAND OPERATIONS OF	U.S.	8,569	8,569	-	-	7,485	7,485	-	-	(227)	(227)					1,240	1,240			71	71			
2009	WECC		U.S.A.F. BASE, FAIRCHILD	U.S.	2,529	2,529	-	-	2,209	2,209	-	-	(67)	(67)						366	366			21	21		
2009	WECC		U.S.N SUBMARINE BASE, BANGOR	U.S.	8,112	8,112	-	-	7,086	7,086	-	-	(215)	(215)					1,174	1,174			67	67			
2009	WECC		U.S.N NAVAL STATION, BREMERTON	U.S.	11,309	11,309	-	-	9,879	9,879	-	-	(300)	(300)					1,636	1,636			94	94			
2009	WECC		U.S.N NAVAL STATION, EVERETT	U.S.	640	640	-	-	559	559	-	-	(17)	(17)						93	93			5	5		
2009	WECC		UMATILLA ELECTRIC COOPERATIVE #	U.S.	43,429	43,429	-	-	37,936	37,936	-	-	(1,151)	(1,151)					6,283	6,283			361	361			
2009	WECC		Unit B Irrigation District	U.S.	1	1	-	-	1	1	-	-	(0)	(0)					0	0			0	0			
2009	WECC		United Electric Cooperative, Inc.	U.S.	10,223	10,223	-	-	8,930	8,930	-	-	(271)	(271)					1,479	1,479			85	85			
2009	WECC		Valley Electric Association	U.S.	20,912	20,912	-	-	18,267	18,267	-	-	(554)	(554)					3,025	3,025			174	174			
2009	WECC		Vera Water and Power	U.S.	10,796	10,796	-	-	9,431	9,431	-	-	(286)	(286)					1,562	1,562			90	90			
2009	WECC		Vigilante Electric Cooperative, Inc.	U.S.	7,453	7,453	-	-	6,511	6,511	-	-	(198)	(198)					1,078	1,078			62	62			
2009	WECC		WASCO Electric Cooperative	U.S.	4,372	4,372	-	-	3,819	3,819	-	-	(116)	(116)					633	633			36	36			
2009	WECC		WALW	U.S.	10,319	10,319	-	-	9,014	9,014	-	-	(274)	(274)					1,493	1,493			86	86			
2009	WECC		Wells REA	U.S.	9,352	9,352	-	-	8,169	8,169	-	-	(248)	(248)					1,353	1,353			78	78			
2009	WECC		Wells Rural Electric Coop	U.S.	29,645	29,645	-	-	25,895	25,895	-	-	(786)	(786)					4,289	4,289			246	246			
2009	WECC		Wellton-Mohawk Irrigation & Drainage Dist	U.S.	335	335	-	-	292	292	-	-	(9)	(9)					48	48			3	3			
2009	WECC		West Oregon Electric Cooperative, Inc	U.S.	3,219	3,219	-	-	2,812	2,812	-	-	(85)	(85)					466	466			27	27			
2009	WECC		Western (WAPA-Sierra Nevada Region) #	U.S.	64,156	64,156	-	-	56,041	56,041	-	-	(1,701)	(1,701)					9,282	9,282			533	533			
2009	WECC		Western Area Power	U.S.	8,853	8,853	-	-	7,734	7,734	-	-	(235)	(235)					1,281	1,281			74	74			
2009	WECC		Western Area Power Administration - CR	U.S.	50,844	50,844	-	-	44,414	44,414	-	-	(1,348)	(1,348)					7,356	7,356			422	422			
2009	WECC		Western Area Power Administration - Dei	U.S.	103,550	103,550	-	-	90,453	90,453	-	-	(2,745)	(2,745)					14,381	14,381			860	860			
2009	WECC		Western Area Power Administration - LAF	U.S.	70,600	70,600	-	-	61,670	61,670	-	-	(1,871)	(1,871)					10,214	10,214			586	586			
2009	WECC		Western Area Power Administration	U.S.	22,390	22,390	-	-	19,558	19,558	-	-	(594)	(594)					3,239	3,239			186	186			
2009	WECC		Wyoming Municipal Power Agency	U.S.	9,008	9,008	-	-	7,868	7,868	-	-	(239)	(239)					1,303	1,303			75	75			
2009	WECC		Yampa Valley	U.S.	27,402	27,402	-	-	23,937	23,937	-	-	(726)	(726)					3,965	3,965			228	228			
2009	WECC		Yuma Irrigation District	U.S.	138	138	-	-	121	121	-	-	(4)	(4)					20	20			1	1			
2009	WECC		Yuma-Mesa Irrigation District	U.S.	8	8	-	-	7	7	-	-	(0)	(0)					1	1			0	0			
TOTAL WECC					38,234,892	32,656,488	5,078,278	500,126	33,588,533	28,526,206	4,636,737	425,590	(865,650)	(865,650)					5,192,646	4,724,702	397,455	70,489	319,363	271,230	44,087	4,047	
TOTAL ERO					105,913,224	93,671,567	11,741,531	500,126	100,237,007	88,615,629	11,195,788	425,590	(3,366,550)	(3,366,550)	382,216	382,216	3,148,542	3,044,340	104,202	5,192,646	4,724,702	397,455	70,489	319,363	271,230	44,087	4,047
Summary by Regional Entity																											
2009	FRCC				4,967,060	4,967,060	-	-	5,017,060	5,017,060	-	-	(50,000)	(50,000)					-	-	-	-	-	-	-	-	
2009	MRO				8,260,502	6,852,336	1,408,166	-	8,397,502	6,999,336	1,408,166	-	-	(137,000)	(137,000)					-	-	-	-	-	-	-	
2009	NPCC				12,652,610	7,397,523	5,255,087	-	9,430,352	4,279,467	5,150,885	-	-	(308,500)	(308,500)	382,216	382,216	3,148,542	3,044,340	104,202	-	-	-	-	-	-	
2009	RFC				12,803,844	12,803,844	-	-	13,682,744	13,682,744	-	-	-	(878,900)	(878,900)					-	-	-	-	-	-	-	
2009	SERC				10,671,508	10,671,508	-	-	11,590,508	11,590,508	-	-	-	(919,000)	(919,000)					-	-	-	-	-	-	-	
2009	SPP				9,094,985	9,094,985	-	-	9,282,485	9,282,485	-	-	-	(187,500)	(187,500)					-	-	-	-	-	-	-	
2009	TRE				9,227,823	9,227,823	-	-	9,247,823	9,247,823	-	-	-	(20,000)	(20,000)					-	-	-	-	-	-	-	
2009	WECC				38,234,892	32,656,488	5,078,278	500,126	33,588,533	28,526,206	4,636,737	425,590	(865,650)	(865,650)					5,192,646	4,724,702	397,455	70,489	319,363	271,230	44,087	4,047	
Total					105,913,224	93,671,567	11,741,531	500,126	100,237,007	88,615,629	11,195,788	425,590	(3,366,550)	(3,366,550)	382,216	382,216	3,148,542	3,044,340	104,202	5,192,646	4,724,702	397,455	70,489	319,363	271,230	44,087	4,047

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 3

MIDWEST RELIABILITY ORGANIZATION

PROPOSED 2011 BUSINESS PLAN AND BUDGET



MIDWEST RELIABILITY ORGANIZATION

2011 Business Plan and Budget

**Approved by:
MRO Board of Directors**

**Date
June 24, 2010**



Table of Contents

Introduction	6
1. <i>Organizational Overview.....</i>	<i>7</i>
2. <i>Membership and Governance</i>	<i>8</i>
3. <i>Statutory Functional Scope</i>	<i>9</i>
4. <i>2011 Key Assumptions</i>	<i>10</i>
5. <i>2011 Changes in Accounting Methodology.....</i>	<i>11</i>
6. <i>2011 Goals and Key Deliverables.....</i>	<i>11</i>
7. <i>2011 Overview of Cost Impacts.....</i>	<i>13</i>
Section A – Statutory Programs	20
2011 Business Plan and Budget.....	20
1. <i>Reliability Standards Program</i>	<i>21</i>
<i>Program Scope and Functional Description</i>	<i>21</i>
<i>2011 Key Assumptions.....</i>	<i>21</i>
<i>2011 Goals and Key Deliverables.....</i>	<i>23</i>
<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	<i>23</i>
<i>Funding Sources (Other than ERO Assessments)</i>	<i>23</i>
<i>Personnel Expenses.....</i>	<i>23</i>
<i>Meeting Expenses.....</i>	<i>23</i>
<i>Operating Expenses.....</i>	<i>23</i>
<i>Indirect Expenses</i>	<i>24</i>
<i>Other Non-Operating Expenses</i>	<i>24</i>
<i>Fixed Asset Additions.....</i>	<i>24</i>
2. <i>Compliance Monitoring and Enforcement and Organization Registration and Certification Program.....</i>	<i>26</i>
<i>Program Scope and Functional Description</i>	<i>26</i>
<i>2011 Key Assumptions.....</i>	<i>26</i>
<i>2011 Compliance Monitoring Program Goals and Key Deliverables.....</i>	<i>27</i>
<i>Funding Requirements — Explanation of Increase (Decrease).....</i>	<i>27</i>
<i>2011 Key Assumptions.....</i>	<i>30</i>
<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	<i>32</i>
<i>Funding Sources (Other than ERO Assessments)</i>	<i>32</i>
<i>Personnel Expenses.....</i>	<i>32</i>
<i>Meeting Expenses.....</i>	<i>32</i>
<i>Travel Expense</i>	<i>32</i>
<i>Operating Expenses.....</i>	<i>33</i>
<i>Indirect Expenses</i>	<i>33</i>
<i>Other Non-Operating Expenses</i>	<i>33</i>
<i>Fixed Asset Additions.....</i>	<i>33</i>
3. <i>Reliability Assessment and Performance Analysis Program.....</i>	<i>35</i>
<i>Program Scope and Functional Description</i>	<i>35</i>
<i>2011 Key Assumptions.....</i>	<i>35</i>
<i>2011 Goals and Key Deliverables.....</i>	<i>36</i>
<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	<i>36</i>

	<i>Funding Sources (Other than ERO Assessments)</i>	36
	<i>Personnel Expenses</i>	37
	<i>Meeting Expenses</i>	37
	<i>Operating Expenses</i>	37
	<i>Indirect Expenses</i>	37
	<i>Other Non-Operating Expenses</i>	37
	<i>Fixed Asset Additions</i>	37
4.	<i>Training, Education, and Operator Certification Program</i>	39
	<i>Program Scope and Functional Description</i>	39
	<i>2011 Key Assumptions</i>	39
	<i>2011 Goals and Key Deliverables</i>	40
	<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	40
	<i>Funding Sources (Other than ERO Assessments)</i>	40
	<i>Personnel Expenses</i>	40
	<i>Meeting Expenses</i>	40
	<i>Operating Expenses</i>	40
	<i>Indirect Expenses</i>	41
	<i>Other Non-Operating Expenses</i>	41
	<i>Fixed Asset Additions</i>	41
5.	<i>Situation Awareness and Infrastructure Security Program</i>	43
	<i>Situation Awareness Program Scope and Functional Description</i>	43
	<i>2011 Key Assumptions</i>	43
	<i>2011 Goals and Key Deliverables</i>	43
	<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	44
	<i>Infrastructure Security Program Scope and Functional Description</i>	44
	<i>2011 Key Assumptions</i>	44
	<i>2011 Goals and Key Deliverables</i>	44
	<i>Funding Requirements – Explanation of Increase (Decrease)</i>	44
	<i>Funding Sources (Other than ERO Assessments)</i>	44
	<i>Personnel Expenses</i>	44
	<i>Meeting Expenses</i>	45
	<i>Operating Expenses</i>	45
	<i>Indirect Expenses</i>	45
	<i>Other Non-Operating Expenses</i>	45
	<i>Fixed Asset Additions</i>	45
6.	<i>Administrative Services</i>	47
	<i>Methodology for Allocation of Administrative Services Expenses to Programs</i>	47
	<i>Program Scope and Functional Description</i>	47
6a.	<i>Technical Committees and Member Forums</i>	48
	<i>Program Scope and Functional Description</i>	48
	<i>2011 Key Assumptions</i>	48
	<i>2011 Goals and Key Deliverables</i>	48
	<i>Funding Sources and Requirements — Explanation of Increase (Decrease)</i>	48
	<i>Funding Sources (Other than ERO Assessments)</i>	48
	<i>Personnel Expenses</i>	48
	<i>Meeting Expenses</i>	48
	<i>Operating Expenses</i>	48
	<i>Indirect Expenses</i>	49
	<i>Other Non-Operating Expenses</i>	49
	<i>Fixed Asset Additions</i>	49

6b. General and Administrative.....	51
Program Scope and Functional Description	51
2011 Key Assumptions.....	51
2011 Goals and Key Deliverables.....	51
Funding Sources and Requirements — Explanation of Increase (Decrease)	51
Funding Sources (Other than ERO Assessments)	52
Personnel Expenses.....	52
Meeting Expenses.....	52
Operating Expenses.....	52
Indirect Expenses	52
Other Non-Operating Expenses	52
Fixed Asset Additions.....	52
6c. Legal and Regulatory.....	54
Program Scope and Functional Description	54
2011 Key Assumptions.....	54
2011 Goals and Key Deliverables.....	54
Funding Sources and Requirements — Explanation of Increase (Decrease)	54
Funding Sources (Other than ERO Assessments)	54
Personnel Expenses.....	54
Meeting Expenses.....	55
Operating Expenses.....	55
Indirect Expenses	55
Other Non-Operating Expenses	55
Fixed Asset Additions.....	55
6d. Information Technology.....	57
Program Scope and Functional Description	57
2011 Key Assumptions.....	57
2011 Goals and Key Deliverables.....	57
Funding Sources and Requirements — Explanation of Increase (Decrease)	57
Funding Sources (Other than ERO Assessments)	58
Personnel Expenses.....	58
Meeting Expenses.....	58
Operating Expenses.....	58
Indirect Expenses	58
Other Non-Operating Expenses	58
Fixed Asset Additions.....	58
6e. Human Resources.....	60
6f. Human Resources, Finance, and Accounting	60
Program Scope and Functional Description	60
2011 Key Assumptions.....	60
2011 Goals and Key Deliverables.....	60
Funding Sources and Requirements — Explanation of Increase (Decrease)	60
Funding Sources (Other than ERO Assessments)	61
Personnel Expenses.....	61
Meeting Expenses.....	61
Operating Expenses.....	61
Indirect Expenses	61
Other Non-Operating Expenses	61
Fixed Asset Additions.....	61

Section B – Supplemental Financial Information	63
1. Supplemental Financial Information Reserve Balance	64
2. Explanation of Changes in Reserve Policy from Prior Years	64
3. Breakdown by Statement of Activity Sections	66
Penalty Sanctions.....	66
Supplemental Funding.....	67
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	67
4. Personnel Expenses.....	68
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	68
5. Consultants and Contracts.....	69
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	69
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	70
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	71
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	72
Explanation of Significant Variances – 2011 Budget versus 2010 Budget.....	73
Section C – Non-Statutory Activities.....	74
2011 Business Plan and Budget.....	74
Personnel Analysis.....	77
Reserve Analysis — 2010–2011.....	78
Section D – Additional Consolidated Financial Statements.....	79
2011 Business Plan and Budget.....	79
1. 2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory	80
Attachment A.....	83
2010 to 2011 FTE Comparison Organization Chart.....	83

Introduction

TOTAL RESOURCES (in whole dollars)				
	2011 Budget	U.S.	Canada	Mexico
Statutory FTEs	34.5			
Non-statutory FTEs	-			
Total FTEs	34.5			
Statutory Expenses	\$ 8,089,514			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 8,089,514			
Statutory Inc(Dec) in Fixed Assets	\$ (41,310)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (41,310)			
Statutory Working Capital Requirement*	\$ 1,002,430			
Non-Statutory Working Capital Requirement**	\$ -			
Total Working Capital Requirement	\$ 1,002,430			
Total Statutory Funding Requirement	\$ 8,260,502			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 8,260,502			
Statutory Funding Assessments	\$ 8,260,502	\$ 6,875,216	\$ 1,385,286	\$ 0
Non-Statutory Fees	\$ 0	\$ 0	\$ 0	\$ 0
NEL	264,751,863	229,861,933	45,396,836	0
NEL%	100.00%	83.23%	16.77%	0.00%

*Refer to Table B-1 on page 64 in Section B.

**Refer to the Reserve Analysis on page 78 in Section C.

Midwest Reliability Organization (“MRO”) 2011 Business Plan and Budget has been developed by MRO staff. The plan and budget are subject to MRO Board of Directors (“Board”) approval and stakeholder review.

On October 30, 2007 the Organization entered into a delegation agreement with the North American Electric Reliability Corporation (“NERC”) with an executed version dated April 5, 2008 to enforce the Reliability Standards as set by NERC within a designated region. The delegation agreement, which was set to expire in May 2010, has been approved for extension by FERC through May 2, 2011. Amendments to the RDA between NERC and MRO have been approved by the MRO Board of Directors and NERC Board of Trustees and has been filed with FERC for review and approval. Although, the proposed five-year delegation agreement is not expected to be materially different than the current delegation agreement, under the rules, the agreement is subject to regulatory approval.

Introduction

In connection with the current approved Regional Delegation Agreement with NERC, MRO is listed as a Cross-Border Regional Entity (“CBRE” or “RE”). NERC operates as the international Electric Reliability Organization (“ERO”). MRO operates under the delegated authority of the Federal Energy Regulatory Commission (“FERC” or “Commission”) in the United States and through similar arrangements in Manitoba and Saskatchewan. The MRO region includes over 20,000,000 people and covers approximately one million square miles. The total net energy to load is nearly three hundred million megawatt hours (MWh).



1. Organizational Overview

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

Committees of MRO provide recommendations, advice, and counsel to the Board and are balanced in their representation. The Board has the decision-making authority. The Board is comprised of the following sectors:

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

- Large End-Use Electricity Customer (1)
- Municipal Utility (2)
- Small End-Use Electricity Customer (1)
- Transmission System Operator (3)

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

2. Membership and Governance

MRO monitors approximately 124 entities in the region for compliance with mandatory reliability standards. Membership in MRO, which is voluntary and free, affords organizations the opportunity to participate in the technical activities and governance of the organization. The number of entities that are members of MRO is approximately 50.

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

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

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

In addition, MRO has six standing committees:

- Standards Committee
- Compliance Committee
- Planning Committee
- Dispute Resolution Committee (for business disputes between members and MRO)
- Security Committee
- Operating Committee

The charters for these standing committees are defined on each standing committees' web page located on MRO's website at <http://www.midwestreliability.org/>.

3. Statutory Functional Scope

The primary purposes of MRO are:

1. Develop, propose, and/or adopt regional and NERC Reliability Standards.
2. Determine compliance with those standards, including enforcement mechanisms in a non-discriminatory manner consistent with the rules.
3. Perform seasonal, long-term, and other assessments of reliability.
4. Other services consistent with its reliability charter, delegation agreement and the Rules 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 reliability organization for a region that has a long tradition of managing within and across complex, multiple seams including an interconnection seam, structured markets to bi-lateral market seams, and an international border.
2. MRO creates a common forum for the region regardless of transmission allegiance.
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 power users, owners, and operators.
4. Because of the seams, unique power system technical configurations, such as very long distances between load and generator, stability-limited transmission, the large percentage of hydro generation, and the diversity of its constituency, the region must have the ability and means to represent its own regional reliability interests for the benefit of the users, owner, and operators of the bulk power system and the public it serves as a CBRE under the final reliability rule and consistent with the Bilateral Principles.

The 2011 Business Plan and Budget fulfills MRO’s commitments related to the delegated functions from NERC, consistent with FERC and Canadian authorities:

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

4. 2011 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 2011 Business Plan and Budget. The significant assumptions underlying NERC and Regional Entity business plans and budgets include:

1. The international, industry-based Self Regulatory Organization (SRO)¹ model continues to be used and no material changes to the SRO model impacting 2011 emerge from FERC's review of the Three-Year ERO Performance Assessment or its review of the proposed amendments to the Regional Entity delegation agreements.
2. The framework for delegation to Regional Entities is improved, as outlined in the proposed modifications to the Regional Entity delegation agreements, improving the efficiency, transparency, consistency, effectiveness, and quality of NERC and the Regional working relationship, including the incorporation of metrics.
3. Cost pressures strain stakeholder participation in NERC and Regional Entity activities.
4. In order to enhance reliability and the overall effectiveness of the ERO, improvements are needed in standards development, implementation, education, and training.
5. Standards development activities will face increased demands, including but not limited to those supporting the Reliability Standards Development Plan, FERC Order 693 directives and the National Emergency Standards Development Process.
6. NERC and Regional Entities will continue to gather data and perform analysis regarding the bulk electric system, including but not limited to support key federal and industry initiatives.
7. NERC will need to make significant investments in 2011 to support the implementation of a situation awareness tool for FERC, NERC, Regional Entities, and stakeholders' needs, as well as to meet both near and long-term ERO technology requirements.
8. The number of events requiring review, analysis, and reporting will increase.
9. CIP activities will increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will be significantly impacted over the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the TFE program is implemented and the increase in scope as a result of Order No. 706B.
10. NERC and the Regional Entities are expected to see increased compliance related resource demands.

¹ Also referred to as "audited self regulation."

5. 2011 Changes in Accounting Methodology

2011 MRO change in benefit cost distribution:

Budgeted payroll taxes, benefits, and retirement costs vary by employee. The 2010 Budget was prepared on a program actual experience using department (program) averages. The 2011 Budget was prepared on an employee-by-employee basis recognizing that payroll taxes, benefits, and retirement costs do vary by employee. Additionally, costs associated with vacation were moved from Benefits in 2010 to Salaries in 2011 to align costs with NERC and industry practices. Intuitively, if all costs remained constant, all employees' salaries would increase and benefits decrease. However, costs fluctuate for each employee causing exceptions when aligning costs on a per employee basis. The reader of the 2011 Budget should understand that MRO manages total organization-wide benefit costs rather than individual employee benefit costs. Therefore, the focus is on the overall "fringe" or benefit rate (%) and dollars to total payroll.

6. 2011 Goals and Key Deliverables

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

MRO business planning is driven by the following strategic initiatives adopted by the board after several discussions, which are used in conjunction with the organizational benchmarks for excellence:

1. Clearly segregate the roles and responsibilities of Compliance and Enforcement through rules and training
 - a. Thorough review and validation of alleged violations before official notifications ("one-up and next door review").
 - b. Propose NERC make necessary changes to standardize NERC and Regional Entity staff training
 - c. Develop separate labor and account schemes to segregate time reporting between compliance and enforcement
2. Work to improve existing Reliability Standards and support results-based Standard development to reduce unnecessary administrative requirements
 - a. Work to assign the 'fill in the blank' standards to those entities responsible for compliance
 - b. Work closely with neighboring Regions to ensure that any MRO Regional Reliability Standards that are developed are consistent.
3. Communicate meaningful lessons learned to the industry in a timely manner and encourage NERC to achieve more transparency, faster.
 - a. Facilitate stakeholder engagement by leveraging their applicable expertise to:

- i. Identify and communicate improvements from compliance audits, approved mitigation plans and enforcement actions to Registered Entities within MRO
 - ii. Identify and communicate improvements and recommendations from reviews of events and incidents. (Registered Entity is responsible for reporting, but MRO should act as facilitator to clarify the process and foster lessons learned to the industry)
- b. Work with NERC to develop a process for providing insights and communicating lessons from approved and filed enforcement actions across North America
- c. Raise awareness and monitor compliance with guidelines and other directives and Standards important to reliability through informal and voluntarily means
4. Educate Registered Entities on effectively demonstrating compliance with Reliability Standards
 - a. Increase communication with regional stakeholders on compliance requirements and their applicability to Reliability Standards based on violation trends and risk
 - b. Conduct periodic workshops which include details on how to effectively demonstrate compliance with frequently violated Reliability Standards
 - c. Use the quarterly newsletter and CMEP reports to provide tips on compliance
 - d. Communicate to Registered Entities upcoming mandatory standards and regional requirements to be implemented; provide details on how to demonstrate compliance with the new requirements
 - e. Support the Mid-Continent Compliance Forum to meet their objectives by providing MRO staff to present and provide information at events
5. Encourage Registered Entities to improve their compliance with Standards and prevent disturbances by addressing system risks
 - a. Conduct a webinar/workshop once a year on establishing and maintaining an effective compliance program
 - b. Publish MRO or NERC bulletin for the industry clarifying the importance of self reporting and a strong internal compliance program that detects, corrects, and reports violations quickly
 - c. Create guidance that quantifies the consideration given for self-reporting based on the criteria for compliance excellence, matching strong compliance programs with strong rewards
6. Work closely with NERC to establish reliability and performance metrics and provide reports.
 - a. Work with NERC to establish meaningful metrics (budget and performance) to measure effectiveness of the ERO enterprise (NERC and Regions)
 - b. Work with NERC to establish meaningful metrics to measure the bulk power system performance
 - c. Develop two to four MRO measures important for the Regional reliability based on trends and risks
7. Strengthen regional delegation model through NERC

- a. Explicit recognition that decisions in the Region are presumed valid and only those decisions which are precedent setting are reviewed by NERC or through other exceptions
- b. Work with NERC to establish more support for the Regions to ensure consistency and uniformity where necessary; well designed controls in Regions
- c. Address international matters in a collaborative, respectful manner to assure Reliability Standards are applicable in each jurisdiction within MRO

Long Term Business Planning

NERC and the Regional Entities are actively working together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2011 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 2011 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 2011 Business Plan and Budget incorporate assumptions affecting resource demands through the 2013 planning horizon. NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations.

7. 2011 Overview of Cost Impacts

Operational Programs

Standards

Funding Requirements — Explanation of Increase (Decrease)

For 2011, MRO will increase the staffing level in the Standards area. MRO will attempt to involve staff from Registered Entities in drafting teams and in other forums to replace the staff involvement. While MRO does reimburse travel expenses for approved regional representation, there is a savings in not having full time staff represent the region on all teams.

Compliance

For 2011, the compliance monitoring workload will increase primarily due to the continued expansion of the NERC CIP-002 through CIP-009 Reliability Standards, the MOD Standards, and the Nuclear Unit Power Plants. The additional workload will primarily occur in the audit and self-certification monitoring methods. MRO supports improved training and credentials for compliance staff, including CIP personnel.

Training and Education

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

Reliability Assessment and Performance Analysis

In 2011, MRO staff and representatives from Registered Entities will continue to participate in various Eastern Interconnection Reliability Assessment Groups (ERAG) and NERC stakeholder groups. MRO reimburses those individuals who represent MRO in the ERAG, NERC, and stakeholders groups for approved travel expenses.

Situation Awareness & Infrastructure Security Program

Situation Awareness

MRO will participate in the development of the next phase of the Situation Awareness effort to monitor the bulk power system across North America. In addition, staff will monitor and respond to events and incidents to insure timely reporting, effective communication of potential risks, and mitigation of the risks to the bulk power system as a result of any events and incidents. Staff has emphasized the importance of standard EOP-004.

Infrastructure Security Program

The 2011 budget includes meeting dollars for the MRO Board Security Committee, travel to attend security related meetings, and capital dollars to support security improvements to MRO cyber systems.

Administrative Programs

Member Forums (Committees that meet for NERC business.)

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

General and Administrative

The 2011 budget includes increased travel dollars that reflect the trend of higher travel costs and reimbursement of expenses for MRO Board of Directors.

In the 2011 Budget, MRO has included dollars for a working capital reserve.

Information Technology

In 2011, MRO continues to prepare for the CIP Standards and address audit recommendations to improve information services, which fuel the majority of the increases in the budget. Also,

Introduction

MRO used a third party to assess its security. Costs to maintain current technologies and services have remained flat.

Legal and Regulatory

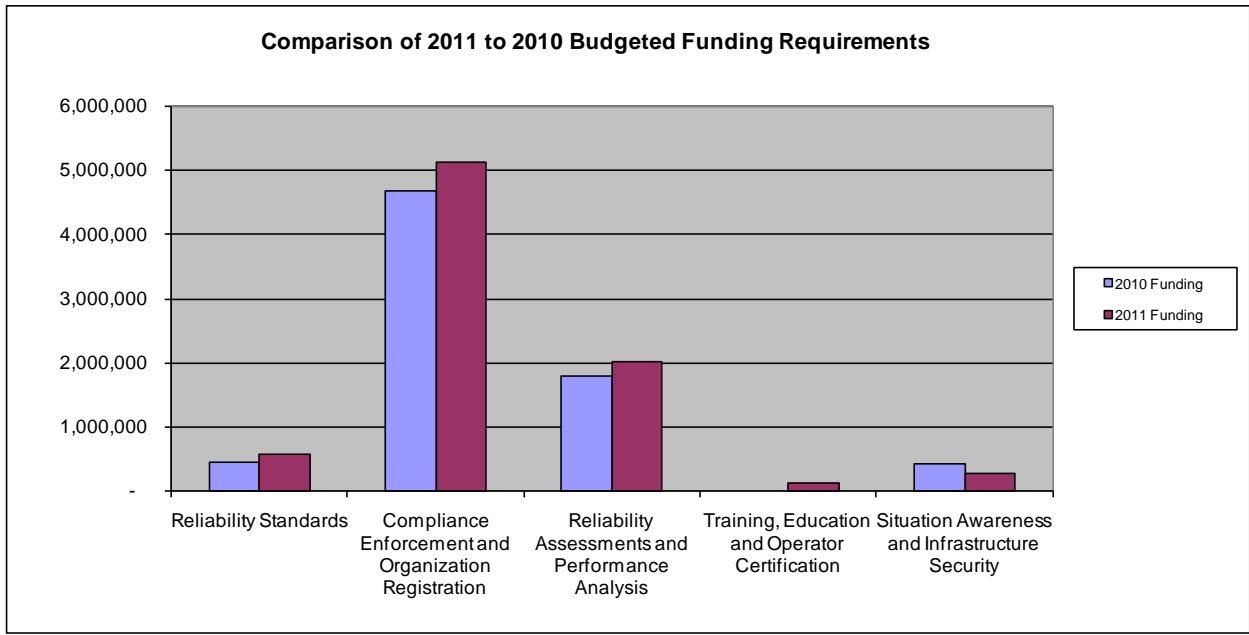
For 2011, MRO has increased its staffing level in the Legal and Regulatory area from 0.10 to 0.65 FTEs. MRO has re-assigned legal staff to enforcement proceedings in the Compliance Program in the 2010 business year. The 2011 Budget includes a part time legal staff to support external affairs. MRO will continue to use outside counsel where necessary.

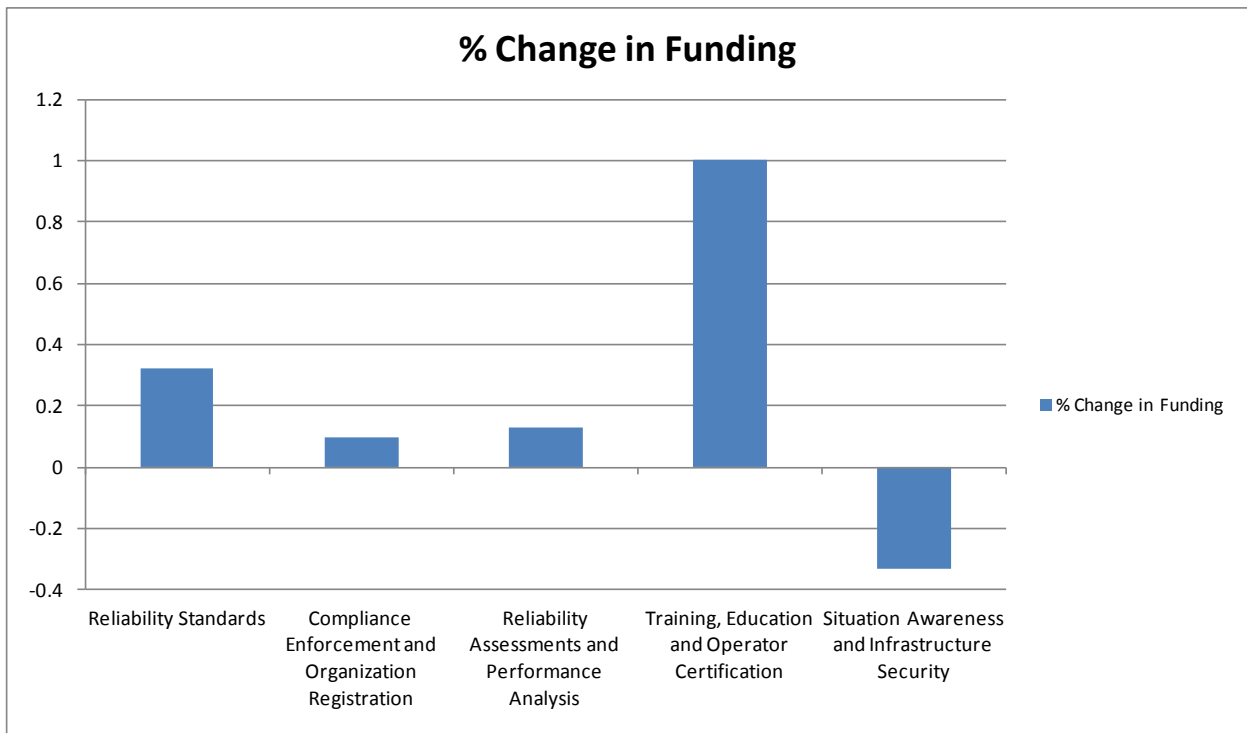
Accounting / Human Resources

The 2011 Budget includes a slight decrease in office costs resulting from our continuous improvements in automating processes and/or sharing resources where possible. MRO efforts are not limited to, but include maintenance of core employee benefits, offsets to non-core benefits when necessary, exacting 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. MRO staff continues to address the demands of Sarbanes-Oxley (SOX) and corporate tax requirements via the revamped Form 990.

Program	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Reliability Standards	439,349	439,349	576,306	136,957	31.2%
Compliance Enforcement and Organization Registration	4,690,810	4,690,810	5,118,968	428,158	9.1%
Reliability Assessments and Performance Analysis	1,804,844	1,804,844	2,023,080	218,236	12.1%
Training, Education and Operator Certification	-	-	126,737	126,737	100.0%
Situation Awareness and Infrastructure Security	431,115	431,115	285,733	(145,382)	-33.7%
	<u>7,366,118</u>	<u>7,366,118</u>	<u>8,130,824</u>	<u>764,706</u>	<u>10.4%</u>

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





Introduction

Total FTE's by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
STATUTORY						
Operational Programs						
Reliability Standards	1.35	1.90	2.08		2.08	0.73
Compliance and Organization Registration and Certification	13.60	15.36	17.47		17.47	3.87
Training and Education	-	0.15	0.15		0.15	0.15
Reliability Assessment and Performance Analysis	6.40	6.40	6.75		6.75	0.35
Situation Awareness and Infrastructure Security	1.25	1.25	0.90		0.90	(0.35)
Total FTEs Operational Programs	22.60	25.06	27.35	-	27.35	4.75
Administrative Programs						
Technical Committees and Member Forums	0.65	0.65	0.65		0.65	-
General & Administrative	1.50	1.35	1.35		1.35	(0.15)
Information Technology	1.90	0.40	2.40		2.40	0.50
Legal and Regulatory	0.10	2.40	0.65		0.65	0.55
Human Resources	-	-	-		-	-
Finance and Accounting	2.25	2.10	2.10		2.10	(0.15)
Total FTEs Administrative Programs	6.40	6.90	7.15	-	7.15	0.75
Total FTEs	29.00	31.96	34.50	-	34.50	5.50

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

2010 Budget and Projection and 2011 Budget Comparisons

The 2010 Projection includes the phasing in of budgeted new hires in 2010 of 2.96 FTEs.

To view the 2010 to 2011 FTE Comparison Organization Chart, please refer to Attachment A on page 83.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget

STATUTORY

Funding	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
MRO Funding					
MRO Assessments	\$ 7,503,746	\$ 7,503,746	\$ -	\$ 8,260,502	\$ 756,756
Penalty Sanctions	\$ 75,000	\$ 75,000	\$ -	\$ 137,000	\$ 62,000
Total MRO Funding	\$ 7,578,746	\$ 7,578,746	\$ -	\$ 8,397,502	\$ 818,756
Membership Dues	1	1	-	-	-
Federal Grants	319,990	319,990	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 7,898,736	\$ 7,898,736	\$ -	\$ 8,397,502	\$ 818,756
Expenses					
Personnel Expenses					
Salaries	\$ 3,083,706	\$ 3,083,706	\$ -	\$ 4,065,185	\$ 981,479
Payroll Taxes	231,899	231,899	-	305,215	73,316
Benefits	561,066	561,066	-	632,490	71,424
Retirement Costs	500,904	500,904	-	561,627	60,723
Total Personnel Expenses	\$ 4,377,575	\$ 4,377,575	\$ -	\$ 5,564,517	\$ 1,186,942
Meeting Expenses					
Meetings	\$ 140,495	\$ 140,495	\$ -	\$ 174,050	\$ 33,555
Travel	529,195	529,195	-	610,409	81,214
Conference Calls	44,735	44,735	-	41,680	(3,055)
Total Meeting Expenses	\$ 714,425	\$ 714,425	\$ -	\$ 826,139	\$ 111,714
Operating Expenses					
Consultants & Contracts	\$ 995,115	\$ 995,115	\$ -	\$ 557,780	\$ (437,335)
Office Rent	228,300	228,300	-	223,800	(4,500)
Office Costs	382,822	382,822	-	432,420	49,598
Professional Services	277,530	277,530	-	214,053	(63,477)
Miscellaneous	-	-	-	-	-
Depreciation	330,000	330,000	-	270,805	(59,195)
Total Operating Expenses	\$ 2,213,767	\$ 2,213,767	\$ -	\$ 1,698,858	\$ (514,909)
Total Direct Expenses	\$ 7,305,767	\$ 7,305,767	\$ -	\$ 8,089,514	\$ 783,747
Indirect Expenses	\$ (2)	\$ (2)	\$ -	\$ 0	\$ 2
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 7,305,765	\$ 7,305,765	\$ -	\$ 8,089,514	\$ 783,749
Change in Assets	\$ 592,971	\$ 592,971	\$ -	\$ 307,988	\$ 35,007
Fixed Assets					
Depreciation	(330,000)	(330,000)	-	(270,805)	59,195
Computer & Software CapEx	390,350	390,350	-	312,115	(78,235)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (60,350)	\$ (60,350)	\$ -	\$ (41,310)	\$ 19,040
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	(60,350)	(60,350)	-	(41,310)	19,040
TOTAL CHANGE IN NET ASSETS	\$ 532,621	\$ 532,621	\$ -	\$ 266,678	\$ 54,047



Section A – Statutory Programs

2011 Business Plan and Budget

Section A — 2011 Business Plan

1. Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	1.35	2.08	0.73
Direct Expenses	283,443	363,730	80,287
Indirect Expenses	155,049	209,171	54,122
Inc(Dec) in Fixed Assets	857	3,405	2,548
Total Funding Requirement	439,349	576,306	136,957

Program Scope and Functional Description

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

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

2011 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 2011 Business Plan and Budget.

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

- Assure MRO Regional Reliability Standards are consistent with NERC Reliability Standards

- Process all requests for new or modifications to MRO Reliability Standards using MRO's standards process
- Maintain MRO Reliability Standards process documentation
- Present new or modifications to MRO Reliability Standards for adoption by the MRO Board upon recommendation from the SC
- Promote coordination of MRO's efforts with other Regional Entities and NERC, including periodic review of Reliability Standards and their applicability to those subject to the Reliability Standards
- Provide recommendations to the NERC standing committees or other working groups as required
- Assign the development of a standard to a drafting team
- Provide comments on NERC proposed standards from MRO stakeholders

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

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

MRO also develops regional Reliability Standards that are applicable across the MRO region. MRO's standards process is consensus-based, technically vetted, and open to the public and bordering entities that may be impacted by a regional Reliability Standard. Once the MRO Board, NERC and the applicable regulatory authorities approve a MRO-proposed regional Reliability Standard, the MRO Regional Reliability Standard is enforced according to agreements between NERC, MRO, and the regulatory authorities in the United States, Manitoba, and Saskatchewan.

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

NERC's Three Year Standards Development Plan included in NERC's 2011 Business Plan and Budget as Exhibit A supports the significant effort required by MRO to participate in standards development.

2011 Goals and Key Deliverables

- Completion of the “fill-in-the-blanks” project as outlined in the NERC three year plan
- Develop and propose MRO Reliability Standards as appropriate
- Provide comments and support to other NERC and MRO SC activities
- Work with NERC to improve interpretation of existing Reliability Standards
- Work with NERC to improve the process timeliness of Reliability Standards development
- Comment on all NERC SAR and draft standards
- Communicate with stakeholders and vote on all NERC Standards
- Support and inform SC and Board of standards-related activities
- Participate on various NERC groups and committees
- Provide standards workshops to Registered Entities

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2011, MRO will increase the staffing level in the Standards area. MRO will attempt to involve staff from Registered Entities in drafting teams and in other forums to replace staff involvement. While MRO does reimburse travel expenses for approved regional representation, there is a savings in not having full time staff represent the region on all teams.

Funding Sources (Other than ERO Assessments)

- Penalty Sanctions – Total penalty monies received and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO’s Supplemental Financial Information section, Table B-2, page 66.

Personnel Expenses

- For 2011, MRO will increase the staffing level in the Standards area. MRO will attempt to involve staff from Registered Entities in drafting teams and in other forums to replace the staff involvement. While MRO does reimburse travel expenses for approved regional representation, there is a savings in not having full time staff represent the region on all teams.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO’s change in benefit cost distribution.

Meeting Expenses

- Meeting expenses are projected to increase in 2011. MRO will involve staff from Registered Entities in the standards development drafting activities. The increase in 2011 reflects MRO’s reimbursement of travel expenses incurred by the Registered Entities for their involvement.

Operating Expenses

- Consultant and contract costs remain at the same level as the 2010 budget.
- Office costs are projected to be similar to 2010.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Standards					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 434,869	\$ 434,869	\$ -	\$ 565,887	\$ 131,018
Penalty Sanctions	\$ 4,480	\$ 4,480	\$ -	\$ 10,419	\$ 5,939
Total MRO Funding	\$ 439,349	\$ 439,349	\$ -	\$ 576,306	\$ 136,957
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 439,349	\$ 439,349	\$ -	\$ 576,306	\$ 136,957
Expenses					
Personnel Expenses					
Salaries	\$ 157,600	\$ 157,600	\$ -	\$ 206,345	\$ 48,745
Payroll Taxes	11,581	11,581	-	15,596	4,015
Benefits	37,262	37,262	-	23,968	(13,294)
Retirement Costs	20,200	20,200	-	26,981	6,781
Total Personnel Expenses	\$ 226,643	\$ 226,643	\$ -	\$ 272,890	\$ 46,247
Meeting Expenses					
Meetings	\$ 4,800	\$ 4,800	\$ -	\$ 13,000	\$ 8,200
Travel	21,000	21,000	-	42,000	21,000
Conference Calls	12,000	12,000	-	18,000	6,000
Total Meeting Expenses	\$ 37,800	\$ 37,800	\$ -	\$ 73,000	\$ 35,200
Operating Expenses					
Consultants & Contracts	\$ 12,000	\$ 12,000	\$ -	\$ 12,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	7,000	7,000	-	5,840	(1,160)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 19,000	\$ 19,000	\$ -	\$ 17,840	\$ (1,160)
Total Direct Expenses	\$ 283,443	\$ 283,443	\$ -	\$ 363,730	\$ 80,287
Indirect Expenses	\$ 155,049	\$ 155,049	\$ -	\$ 209,171	\$ 54,122
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 438,492	\$ 438,492	\$ -	\$ 572,901	\$ 134,409
Change in Assets	\$ 857	\$ 857	\$ -	\$ 3,405	\$ 2,548
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (857)	\$ (857)	\$ -	\$ (3,405)	\$ (2,548)
Change in Fixed Assets	(857)	(857)	-	(3,405)	(2,548)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

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

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	13.60	17.47	3.87
Direct Expenses	3,120,205	3,333,536	213,331
Indirect Expenses	1,561,970	1,756,832	194,862
Inc(Dec) in Fixed Assets	8,635	28,600	19,965
Total Funding Requirement	4,690,810	5,118,968	428,158

Program Scope and Functional Description

In 2011, the MRO compliance monitoring program includes performing CMEP activities with 124 Registered Entities in the MRO region.

The 2011 compliance program strategy continues, which includes placing Registered Entities “on notice” for all applicable regulatory approved Reliability Standards, and sets the expectation that Registered Entities should be compliant with the applicable Standards at all times. There are 124 Registered Entities participating in the compliance program, which includes various types of data submittals, monthly reporting, exception reporting, self-reporting, self-certification, spot checks, surveys, audits, and unscheduled (or random) spot checks and audits. All Registered Entities participate in compliance audits on a prescribed three and six-year schedule (or cycle). The BA, TOP, and RC entities receive an audit at least once every three years, and entities performing all other functions receive an audit at least once every six years. For 2011, there are a total of 27 compliance audits scheduled for the Operating, Planning, and Critical Infrastructure Protection (CIP) Reliability Standards.

In addition to the normal and ongoing compliance discovery activities under the NERC CMEP, MRO compliance staff may also conduct or participate in compliance investigations, compliance inquiries, and event analysis. These activities are included in the business plan for 2011. Over the past two years, MRO has enhanced its internal controls to assure non-discrimination in carrying out its delegated authority.

2011 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 Compliance Monitoring and Organization Registration and Certification Program can be located in the Key Assumptions section of Exhibit A in NERC’s 2011 Business Plan and Budget.

MRO will monitor compliance with Reliability Standards for each Registered Entity that has compliance responsibilities as defined in the MRO Registry. In the United States, MRO monitors

Reliability Standards according to Commission-approved rules (Compliance Monitoring and Enforcement Program or “CMEP”). In Saskatchewan and Manitoba, MRO carries out its compliance monitoring responsibilities according to agreements with the respective provincial authorities.

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. Registration is documented by MRO and incorporated into the overall NERC Registry. MRO staff registers all known entities (owners, operators, and users) subject to the Reliability Standards and revises the Registered Entity list as required under the rules.

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

2011 Compliance Monitoring Program Goals and Key Deliverables

- Implement program consistent with Regional Delegation Agreement and NERC Rules
- Maintain an accurate and up-to-date detailed MRO registry
- Assure professionally trained staff are available to perform the required activities under the CMEP
- Deliver consistent, quality program results across all discovery methods
- Process initial compliance determinations of Standards in a fair, uniform, systematic, and timely manner
- Maintain controls for “one-up, and next door” reviews to assure all determinations receive adequate “due care”
- Ensure an accurate and complete discovery record is created, maintained, and retained for each possible violation discovered
- Continue to improve productivity by increasing the number of unscheduled spot checks or audits
- Continue to maintain efficiencies and effectiveness in the implementation of the program for MRO and Registered Entities by using our third party vendor webCDMS application
- Continue to improve education and training initiatives for Registered Entities by providing training, lessons learned, tips and techniques, and by sharing other relevant information that assists entities in being compliant
- Participate in NERC-led working groups where ERO-wide compliance program processes and procedures will be developed to drive consistency and transparency

Funding Requirements — Explanation of Increase (Decrease)

Compliance Monitoring Explanation of Variances – 2011 Budget versus 2010 Budget

Entity (Organization) Registration

- 2011 Variance: (no change in work load from 2010 to 2011)
- Work load 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)
- April 12, 2010 (124 Registered Entities/454 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
 - Multi Regional Registered Entity (MRRE) implementation and maintenance
 - Modify registry if it's discovered an entity meets additional functional criteria through compliance monitoring processes
 - Continue to obtain and review system one-line diagrams, maps, and agreements used to identify owners and operators of the BES
 - Continue to manage overall registry by having a staff person directly assigned to this task

Entity (Organization) Certification

- 2011 Variance: (no change in work load from 2010 to 2011)
- Work performed to certify additional functions with Registered Entities, and work performed to certify new Registered Entities is expected to continue. The equivalent rate or amount of work is expected to “hold steady” in 2010 (no change).

Annual Implementation Plan

- 2011 Variance: (increase of work load in 2011 from 2010)
- The scope of the annual implementation plan (compliance monitoring program) is assumed to increase in 2011 due to the addition of the Modeling (MOD) Standards, the expanded scope of CIP Standards, the inclusion of the Nuclear Power Plants (NPP) into the program, and the mitigation tracking of approved Technical Feasibility Exceptions (TFEs).
 - Monitor compliance with all Regulatory Approved Reliability Standards as defined in the NERC Annual Implementation Plan
 - It is assumed that compliance monitoring through audit and annual self-certification will increase even though the “risk based approach” concept will continue. This is due to the implementation of the MOD Standards, the expanded scope of CIP Standards increasing from 13 to 43 requirements, all CIP applicable entities (all Table 1 – 4 entities) move to the “auditably compliant” stage, the inclusion of the Nuclear Power Plants into the program, and mitigation tracking for approved TFEs
 - It is assumed that the NERC 2011 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 2010 Implementation Plan
 - Unscheduled spot-checks and / or audits are conducted if:
 - Entity registration changes (such as adding TOP, BA, RC function)
 - Evidence of compliance provided during an audit (or other method) is found to be non-compliant and the entity is using another entity's program or process

- Follow-up from self-certification is warranted
- Warranted due to event driven (compliance inquiry or other incident)
- Perform JRO and CFR type audits

Planned Audits (Operating and Planning Standards)

- 2011 Variance: (increase of work load in 2011 from 2010)
- The number of audits to be performed in 2011 will hold steady when compared to 2010. However, the scope of the audit will expand by incorporating the Modeling (MOD) Reliability Standards, and we expect more spot checks. Therefore, the hours required to conduct an audit will increase.

Planned Audits (CIP Standards)

- 2011 Variance: (increase of work load in 2011 from 2010)
- The NERC CIP-002-CIP-009 Reliability Standard compliance monitoring increases from 13 to 43 requirements. This represents a 315% increase in scope of compliance monitoring
- All Table 1 – 4 entities move to the “auditably compliant” stage
- The CIP audits for Nuclear Power Plants will begin to be incorporated into the compliance program in 2011
- It is assumed that the majority of compliance evidence with the CIP Standards will be required to be reviewed on-site, which will require additional hours
- Technical Feasibility Exceptions (TFEs) will be reviewed by the auditors during the audit

Annual Self-Certification Requirement

- 2011 Variance: (increase in work load in 2011 from 2010)
- It is assumed that the NERC 2011 Implementation Plan, which identifies the Reliability Standard requirements to be monitored through annual self-certification, will increase even though the “risk based approach” concept will continue. This is due to the implementation of the MOD Standards into the program.
- The annual self-certification will also expand in scope due to the CIP Standards increasing from 13 to 43 requirements and all CIP applicable entities (all Table 1 – 4 entities) move to the “auditably compliant” stage.
- It is assumed that the specialized January and July CIP self-certifications will terminate and all CIP Reliability Standards will move into the normal and ongoing compliance monitoring program.

Compliance Inquiry Review

- 2011 Variance: (no change in work load in 2011 from 2010)
- Assumption is to conduct compliance inquiry reviews in 2011. This is a voluntary and informal process performed to learn about an event or incident that occurred on the BES. The process includes a collection of data to learn the sequence of events and facts and circumstances pertaining to the incident in order to determine if any further review is warranted. A confidential (non-public) report is produced which either closes the incident or elevates to a Compliance Spot-Check, Compliance Investigation (CI), Event Analysis (EA), or both CI and EA. Cooperation and voluntary participation is considered a mitigating factor by enforcement if a violation is discovered. With changes to the

Event Analysis–CI process by NERC, staff believes the inquiry process maybe superseded.

Compliance Investigations (CIs)

- 2011 Variance: (no change in work load in 2011 from 2010)
- Participate on NERC-led CI's conducted in MRO. NERC has created its own Event Analysis and Investigation department with expectations of conducting and "leading" the majority of the event reviews across the U.S. However, NERC still expects Regional Entity staff to participate on all NERC-led event review teams. The workload determination for this section assumes that NERC will lead all events and investigations in MRO and MRO will provide staff to participate on the team; MRO believes that this is an efficient division of labor and resources.

Compliance Violation Discovery: (Discovery of Possible Violations)

- 2011 Variance: (increase of work load in 2011 from 2010)
- For every possible violation discovered through one of the eight discovery methods, MRO compliance staff performs an internal fact and circumstance review. Documentation development and organization of associated evidence requires resources.
- An increase of workload in this area is assumed due to the expanded scope of compliance monitoring with the CIP Standards, the MOD Standards, and Nuclear Power Plants.

Compliance Possible Violation "Discovery Record" Development

- 2011 Variance: (increase of work load in 2011 from 2010)
- A discovery record is developed for every possible violation. The discovery record and supplemental forms represent the initial development of the enforcement disposition record.
- The number of discovered violations is expected to increase as explained above which will ultimately increase the number of required discovery records.

Compliance Enforcement Explanation of Variances - 2011 Budget versus 2010 Budget

2011 Key Assumptions

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

Processing of Alleged Violations

- The current trend of alleged violations has increased and is expected to continue through 2011. For every possible violation verified by MRO compliance staff, MRO enforcement staff performs an internal fact and circumstance review to verify the existence of a violation and gather additional facts as necessary to determine the scope, duration, and nature of each violation. MRO enforcement staff prepares and issues a Notice of Possible Violation for each possible violation. MRO enforcement staff also prepares a Disposition Document and Notice of Alleged Violation for each alleged violation. This process includes the calculation of a proposed penalty, which is reviewed and considered by at least two MRO enforcement staff. Upon acceptance or lapse of the required time for response to the Notice of Alleged Violation, MRO enforcement staff prepares a Notice of Confirmed Violation (NOCV). MRO enforcement staff may also prepare a Notice of Supplemental Record Information (SRI) to complete the record. MRO enforcement staff also prepares a draft Notice of Penalty for submission to NERC upon filing of a NOCV or a Settlement Agreement. The drafting of these notices is an iterative process and requires resources.
- MRO enforcement staff anticipates an increase in the number of settlement discussions requested by Registered Entities in 2011. As more time passes since the date of mandatory effectiveness for the Standards, there is more likelihood of more serious financial penalties, which will result in an increase in settlement discussion requests. It is in the best interest of ensuring reliability of the bulk power system for Registered Entities to make investments in the system and have strong compliance programs, rather than risk significant financial penalties.
- Assuming an increase in the number and frequency of violations discovered with the inclusion of the CIP Standards and 41 Requirements.
- Assuming an increase in time spent in developing mitigation plans and verification of completion, due to increase in CIP violations.

Mitigation Plan Acceptance and Verification of Completion

- 2011 Variance: (increase of work load from 2010 to 2011)
- For every alleged violation identified by MRO enforcement staff, a mitigation plan must be submitted. MRO enforcement staff reviews each submitted mitigation plan to assess whether the proposed plan will mitigate the subject violation. Although the process of notifying the Registered Entity of the acceptance or rejection of the mitigation plan is automated, the review of each submitted plan is manual and may be time consuming. Often times, the development of the mitigation plan provide the information necessary to determine the potential risk and impact of a violation. Upon receiving notice from a Registered Entity certifying completion of the mitigation, MRO enforcement staff may need to request additional documentation from the Registered Entity and will validate or verify to determine if the mitigation has in fact been completed. Upon determining that the mitigation is complete, MRO enforcement staff prepares a formal verification of completion of mitigation identifying the evidence submitted, reviewed, and the findings in support of mitigation. In 2011, the verification of mitigation will be incorporated in the disposition document. Each of these steps requires time and resources, and in

certain instances, involves significant efforts to complete the verification. MRO has re-aligned resources to address the matter.

- Assuming an increase in the number and frequency of violations discovered with the inclusion of the CIP Standards and 41 Requirements.

Record Development and Maintenance

- Processes have been formalized and necessary documentation identified to complete the record. The CDMS application provides for a central repository accessible to each Registered Entity to submit and review its evidence.
- Assumes incorporation of the NERC Disposition Document, Abbreviated Notices, and Deficiency Notice templates for minor administrative violations.

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2011, the compliance monitoring workload will increase primarily due to the continued expansion of the NERC CIP-002 through CIP-009 Reliability Standards, the MOD Standards, and the Nuclear Unit Power Plants. The additional workload will primarily occur in the audit and self-certification monitoring methods, as well as in Enforcement and Mitigation activities.

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 66.

Personnel Expenses

- The overall FTE count for compliance will increase in 2011 from 2010, which is consistent with the workload increase.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- Expenditures in the "meeting expense" account will decrease in 2011 due to expenses associated with Registered Entity education and training workshops and seminars, compliance staff presenting at user group (forum) meetings, and conference calls (or webcasts) performed for the implementation of the CMEP, being moved to Training, Education, and Operator Certification Program (account 0900).

Travel Expense

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

Operating Expenses

- **Consultants and Contracts**

- Expenditures in Consultants and Contracts have decreased substantially from 2010 due almost exclusively to the decrease in the use of outside resources for assistance in processing TFE requests. MRO has chosen to increase its staff, which is reflected in the higher personnel costs.

- **Office Costs**

- The “operating expense” account for 2011 will increase due to increasing staff.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles), which includes non-cash expenses and primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Compliance Enforcement and Organization Registration and Certification Program
Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Compliance and Organization Registration and Certification					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 4,645,677	\$ 4,645,677	\$ -	\$ 5,031,458	\$ 385,781
Penalty Sanctions	\$ 45,133	\$ 45,133	\$ -	\$ 87,510	\$ 42,377
Total MRO Funding	\$ 4,690,810	\$ 4,690,810	\$ -	\$ 5,118,968	\$ 428,158
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 4,690,810	\$ 4,690,810	\$ -	\$ 5,118,968	\$ 428,158
Expenses					
Personnel Expenses					
Salaries	\$ 1,567,964	\$ 1,567,964	\$ -	\$ 2,131,397	\$ 563,433
Payroll Taxes	123,368	123,368	-	160,644	37,276
Benefits	294,567	294,567	-	413,790	119,223
Retirement Costs	265,016	265,016	-	299,838	34,822
Total Personnel Expenses	\$ 2,250,916	\$ 2,250,916	\$ -	\$ 3,005,669	\$ 754,754
Meeting Expenses					
Meetings	\$ 52,195	\$ 52,195	\$ -	\$ 5,900	\$ (46,295)
Travel	111,685	111,685	-	126,109	14,424
Conference Calls	13,085	13,085	-	1,580	(11,505)
Total Meeting Expenses	\$ 176,965	\$ 176,965	\$ -	\$ 133,589	\$ (43,376)
Operating Expenses					
Consultants & Contracts	\$ 647,500	\$ 647,500	\$ -	\$ 146,000	\$ (501,500)
Office Rent	-	-	-	-	-
Office Costs	44,824	44,824	-	48,278	3,454
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 692,324	\$ 692,324	\$ -	\$ 194,278	\$ (498,046)
Total Direct Expenses	\$ 3,120,205	\$ 3,120,205	\$ -	\$ 3,333,536	\$ 213,332
Indirect Expenses	\$ 1,561,970	\$ 1,561,970	\$ -	\$ 1,756,832	\$ 194,862
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 4,682,175	\$ 4,682,175	\$ -	\$ 5,090,368	\$ 408,194
Change in Assets	\$ 8,635	\$ 8,635	\$ -	\$ 28,600	\$ 19,964
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (8,635)	\$ (8,635)	\$ -	\$ (28,600)	\$ (19,965)
Change in Fixed Assets	(8,635)	(8,635)	-	(28,600)	(19,965)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

3. Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	6.40	6.75	0.35
Direct Expenses	1,065,735	1,333,231	267,496
Indirect Expenses	735,045	678,799	(56,246)
Inc(Dec) in Fixed Assets	4,064	11,051	6,987
Total Funding Requirement	1,804,844	2,023,080	218,236

Program Scope and Functional Description

The objectives of the reliability assessment and performance analysis program are to:

1. Conduct and report the results of an independent assessment of the overall reliability and adequacy of the interconnected North American bulk power systems, both as existing and as planned;
2. Analyze system events and disturbances on the bulk power system;
3. Identify the contributing factors of events that may be precursors of potentially more serious events;
4. Assess past reliability performance for lessons learned;
5. Disseminate findings and lessons learned to the electric industry to improve reliability performance; and
6. Develop reliability performance benchmarks. The final reliability assessment reports are approved by the board for publication to the electric industry and the general public.

2011 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 2011 Business Plan and Budget.

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

The OC and PC have balanced stakeholder representation, work with MRO staff, and reports to the MRO Board. The OC and PC reviews and consolidates 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.

In 2011, 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.

2011 Goals and Key Deliverables

- Annually review the overall reliability of the MRO region and interregional bulk power system for near-term and long-term planning horizons and provide planning horizon (LTRA) assessment reports to the board and NERC.
- Review the seasonal assessments (summer and winter) of the MRO region and interregional bulk power system from an operational perspective.
- Review the post seasonal assessments (summer and winter) of the bulk power system 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, Inter-regional, 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 all Regional Entity responsibilities associated with the PRC Standards, including mis-operations, review of special protection schemes, UFLS criteria, disturbance monitoring criteria, etc.
- Perform all regional responsibilities associated with the existing and future NERC Reliability Standards, as they apply to MRO Reliability Assessments.
- 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 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 66.

Personnel Expenses

- This item has increased in 2011 due to time charged by additional executive staff and salary increases.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- 2011 budgeted meeting expenses are similar to the level in 2010.

Operating Expenses

- 2011 budgeted Consultant costs increased to budget for the development of the MIS Operation Secure Portal. The portal is 75% administrative overhead to facilitate the automated audit trail logging identified at NERC's audit of MRO when MRO formally requests information from a Registered Entity. 25% of the specification is actual collection of MIS Operation data. MRO has determined certain performance metrics are important and have been in the process of trending data, such as mis-operation, special protection systems, and mis-operation of special protections systems, to name a few. In the 2011 Business Plan and Budget, only 20% of the estimated cost has been included in an attempt to manage the budget. We expect to phase in this expense over 2011-2012.
- Contracts expense has increased due to the expiration of original model building contracts and an increase in future costs. It should be noted that the current MRO staff in the Reliability Assessment and Performance Analysis Program are undergoing training in model building with the intent to eliminate this cost in the future.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 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 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Assessment and Performance Analysis					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 1,783,605	\$ 1,783,605	\$ -	\$ 1,989,269	\$ 205,664
Penalty Sanctions	\$ 21,239	\$ 21,239	\$ -	\$ 33,812	\$ 12,573
Total MRO Funding	\$ 1,804,844	\$ 1,804,844	\$ -	\$ 2,023,080	\$ 218,236
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,804,844	\$ 1,804,844	\$ -	\$ 2,023,080	\$ 218,236
Expenses					
Personnel Expenses					
Salaries	\$ 608,776	\$ 608,776	\$ -	\$ 767,657	\$ 158,881
Payroll Taxes	43,909	43,909	-	57,732	13,823
Benefits	91,077	91,077	-	77,711	(13,366)
Retirement Costs	89,373	89,373	-	111,101	21,728
Total Personnel Expenses	\$ 833,135	\$ 833,135	\$ -	\$ 1,014,201	\$ 181,066
Meeting Expenses					
Meetings	\$ 40,000	\$ 40,000	\$ -	\$ 48,000	\$ 8,000
Travel	108,000	108,000	-	103,000	(5,000)
Conference Calls	6,000	6,000	-	6,000	-
Total Meeting Expenses	\$ 154,000	\$ 154,000	\$ -	\$ 157,000	\$ 3,000
Operating Expenses					
Consultants & Contracts	\$ 48,100	\$ 48,100	\$ -	\$ 125,780	\$ 77,680
Office Rent	-	-	-	-	-
Office Costs	30,500	30,500	-	36,250	5,750
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 78,600	\$ 78,600	\$ -	\$ 162,030	\$ 83,430
Total Direct Expenses	\$ 1,065,735	\$ 1,065,735	\$ -	\$ 1,333,231	\$ 267,496
Indirect Expenses	\$ 735,045	\$ 735,045	\$ -	\$ 678,799	\$ (56,246)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,800,780	\$ 1,800,780	\$ -	\$ 2,012,030	\$ 211,250
Change in Assets	\$ 4,064	\$ 4,064	\$ -	\$ 11,051	\$ 6,987
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ (4,064)	\$ (4,064)	\$ -	(11,051)	\$ (6,987)
Change in Fixed Assets	(4,064)	(4,064)	-	(11,051)	(6,987)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

4. Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	-	0.15	0.15
Direct Expenses	\$ -	\$ 111,407	\$ 111,407
Indirect Expenses	\$ -	\$ 15,084	\$ 15,084
Inc(Dec) in Fixed Assets	\$ -	\$ 246	\$ 246
Total Funding Requirement	\$ -	\$ 126,737	\$ 126,737

Program Scope and Functional Description

Maintaining the reliability of the bulk power system 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 Compliance Monitoring and Enforcement Program (CMEP), the application of Reliability Standards, Reliability Assessment information, lessons learned from event analysis, 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, presentation opportunities at industry meetings and by providing lessons learned in MRO's newsletter and other publications. MRO will continue to try to identify training options for Registered Entities in the MRO region so that they can accomplish the objectives of the NERC program through a third party.

MRO does not provide training as a registered "training provider." The objectives outlined in the key assumptions are intended to educate and train the industry on CMEP implementation, the requirements of the Standards, lessons learned, and elements of an effective compliance program.

2011 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 2011 Business Plan and Budget.

Registered Entities are dedicated to being compliant with the Reliability Standards, which is why education and training is a key initiative for MRO. The MRO Compliance Committee assists in this area and oversees the compliance and enforcement training and education initiatives for Registered Entities, including stakeholder forums and group training initiatives. The Mid-Continent Compliance Forum (MCCF) was created in late 2008, with full implementation

beginning in 2009. The December 2009 MCCF meeting had over 100 participants. The forum is a place for Registered Entities to share compliance information and procedures and processes used for the reliable operation of power systems, as well as evidence of compliance with the requirements in the Reliability Standards.

Costs associated with the education and training initiatives were moved from Compliance, Organization Registration, and Enforcement in 2010 to Training, Education, and Operator Certification Program in 2011.

2011 Goals and Key Deliverables

In addition to MRO management team participating in, and presenting at, various forum meetings (such as MCCF, RTO/ISO, APDA, State Regulator meetings, etc.), MRO will hold three workshops (two compliance, enforcement, and reliability workshops and one CIP workshop).

Funding Sources and Requirements — Explanation of Increase (Decrease)

This account had zero funding in 2010. However, the funds needed in this account for 2011 have been transferred from the individual department accounts. The Registered Entity related training dollars have been removed from the individual departments.

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 66.

Personnel Expenses

- From 2010 to 2011, costs were moved from Compliance, Organization Registration, and Enforcement to Training, Education and Operator Certification Program, and FTEs increased due to an increase from two to three scheduled workshops.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- From 2010 to 2011, costs were moved from Compliance, Organization Registration, and Enforcement to Training, Education, and Operator Certification Program, and meeting costs increased consistently with the increase in the number of workshops.
- Member Travel Reimbursement - MRO does not charge any workshop fees; however, they do not reimburse travel costs when the Registered Entity travels for a workshop.

Operating Expenses

- From 2010 to 2011, costs were moved from Compliance, Organization Registration, and Enforcement to Training, Education, and Operator Certification Program, and office costs increased consistently with the increase in the number of workshops.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 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 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Training and Education					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ 125,986	\$ 125,986
Penalty Sanctions	\$ -	\$ -	\$ -	\$ 751	\$ 751
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,737</u>	<u>\$ 126,737</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,737</u>	<u>\$ 126,737</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 23,749	\$ 23,749
Payroll Taxes	-	-	-	1,780	1,780
Benefits	-	-	-	305	305
Retirement Costs	-	-	-	4,073	4,073
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,907</u>	<u>\$ 29,907</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 47,500	\$ 47,500
Travel	-	-	-	14,000	14,000
Conference Calls	-	-	-	15,000	15,000
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,500</u>	<u>\$ 76,500</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	5,000	5,000
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,407</u>	<u>\$ 111,407</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,084</u>	<u>\$ 15,084</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,491</u>	<u>\$ 126,491</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 246</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (246)	\$ (246)
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(246)</u>	<u>(246)</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5. Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	1.25	0.90	(0.35)
Direct Expenses	\$ 240,759	\$ 197,218	\$ (43,541)
Indirect Expenses	\$ 143,563	\$ 90,507	\$ (53,056)
Inc(Dec) in Fixed Assets	\$ 46,794	\$ (1,992)	\$ (48,786)
Total Funding Requirement	\$ 431,116	\$ 285,733	\$ (145,383)

Situation Awareness Program Scope and Functional Description

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

To accomplish these goals, NERC and the Regions will:

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

2011 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 2011 Business Plan and Budget.

The Situation Awareness program includes costs and resources to monitor the Bulk Power System and respond to inquiries by NERC or others.

2011 Goals and Key Deliverables

The goal of the Situation Awareness program is to maintain a real-time awareness about the conditions of the Bulk Power System and to respond to events by providing coordination assistance and communication to regulators about the status. In 2011, staff will participate in the development of the second phase of the situation awareness tools.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The current Situation Awareness program efforts are relatively new, and therefore; the 2011 budget includes dollars allocated to travel for coordination and development related activities and to computer related equipment.

Infrastructure Security Program Scope and Functional Description

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

2011 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 2011 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 energy sector.

The MRO Security Committee will focus on security implementation approaches utilized by Registered Entities. The Security Committee is comprised of MRO sector representatives and facilitated by MRO staff. These regional representatives also participate on the NERC Critical Infrastructure Protection Committee ("CIPC").

2011 Goals and Key Deliverables

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

Funding Requirements - Explanation of Increase (Decrease)

The 2011 budget includes meeting dollars for the MRO Security Committee, travel to attend security related meetings, and capital dollars to support security improvements to MRO information systems.

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 66.

Personnel Expenses

- 2011 FTE has been reduced to reflect an increase in the stakeholder and NERC involvement.

- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- Meeting expenses are increased to reflect costs for meetings of the MRO Security Committee and other associated meeting and travel expense.

Operating Expenses

- Operating expenses are increased to include training and computer equipment purchases.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.
- Situation Awareness has directly assigned fixed assets.
- The 2010 fixed asset purchase will be a onetime expense in the Situation Awareness Program, so the 2011 budget has reduced funding.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Situation Awareness and Infrastructure Security					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 426,967	\$ 426,967	\$ -	\$ 281,225	\$ (145,742)
Penalty Sanctions	\$ 4,148	\$ 4,148	\$ -	\$ 4,508	\$ 360
Total MRO Funding	<u>\$ 431,115</u>	<u>\$ 431,115</u>	<u>\$ -</u>	<u>\$ 285,733</u>	<u>\$ (145,382)</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 431,115</u>	<u>\$ 431,115</u>	<u>\$ -</u>	<u>\$ 285,733</u>	<u>\$ (145,382)</u>
Expenses					
Personnel Expenses					
Salaries	\$ 123,143	\$ 123,143	\$ -	\$ 102,680	\$ (20,463)
Payroll Taxes	7,990	7,990	-	7,674	(316)
Benefits	23,721	23,721	-	13,771	(9,950)
Retirement Costs	18,274	18,274	-	18,278	4
Total Personnel Expenses	<u>\$ 173,129</u>	<u>\$ 173,129</u>	<u>\$ -</u>	<u>\$ 142,403</u>	<u>\$ (30,725)</u>
Meeting Expenses					
Meetings	\$ 8,500	\$ 8,500	\$ -	\$ 22,150	\$ 13,650
Travel	13,900	13,900	-	23,200	9,300
Conference Calls	12,150	12,150	-	-	(12,150)
Total Meeting Expenses	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ -</u>	<u>\$ 45,350</u>	<u>\$ 10,800</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	13,080	13,080	-	6,000	(7,080)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	20,000	20,000	-	3,465	(16,535)
Total Operating Expenses	<u>\$ 33,080</u>	<u>\$ 33,080</u>	<u>\$ -</u>	<u>\$ 9,465</u>	<u>\$ (23,615)</u>
Total Direct Expenses	<u>\$ 240,759</u>	<u>\$ 240,759</u>	<u>\$ -</u>	<u>\$ 197,218</u>	<u>\$ (43,540)</u>
Indirect Expenses	<u>\$ 143,563</u>	<u>\$ 143,563</u>	<u>\$ -</u>	<u>\$ 90,507</u>	<u>\$ (53,056)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 384,322</u>	<u>\$ 384,322</u>	<u>\$ -</u>	<u>\$ 287,725</u>	<u>\$ (96,596)</u>
Change in Assets	<u>\$ 46,793</u>	<u>\$ 46,793</u>	<u>\$ -</u>	<u>\$ (1,992)</u>	<u>\$ (48,786)</u>
Fixed Assets					
Depreciation	(20,000)	(20,000)	-	(3,465)	16,535
Computer & Software CapEx	66,000	66,000	-	-	(66,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ (46,000)</u>	<u>\$ (46,000)</u>	<u>\$ -</u>	<u>\$ 3,465</u>	<u>\$ 49,465</u>
Allocation of Fixed Assets	\$ (794)	\$ (794)	\$ -	\$ (1,473)	\$ (679)
Change in Fixed Assets	<u>(46,794)</u>	<u>(46,794)</u>	<u>-</u>	<u>1,992</u>	<u>48,786</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6. Administrative Services

Administrative Services (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	6.40	7.15	0.75
Total Direct Expenses	\$ 2,595,629	\$ 2,750,392	\$ 154,763
Inc(Dec) in Fixed Assets	\$ (14,350)	\$ (44,775)	\$ (30,425)
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ 2,581,279	\$ 2,705,617	\$ 124,338
Funding Requirement for Working Capital	\$ 212,628	\$ 266,678	\$ 54,050

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 by their respective 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)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	0.65	0.65	-
Expenses	\$ 348,181	\$ 319,983	\$ (28,198)
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.

2011 Key Assumptions

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

2011 Goals and Key Deliverables

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

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

Funding Sources (Other than ERO Assessments)

- In 2011, 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 remain flat from 2010 to 2011.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- MRO does reimburse travel expenses for approved regional representatives.

Operating Expenses

- No operating expenses are budgeted in 2011.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Technical Committees and Member Forums					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 127,859	\$ 127,859	\$ -	\$ 84,646	\$ (43,213)
Payroll Taxes	10,702	10,702	-	6,272	(4,430)
Benefits	8,115	8,115	-	8,515	400
Retirement Costs	21,404	21,404	-	14,450	(6,954)
Total Personnel Expenses	<u>\$ 168,081</u>	<u>\$ 168,081</u>	<u>\$ -</u>	<u>\$ 113,883</u>	<u>\$ (54,197)</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	180,100	180,100	-	206,100	26,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 180,100</u>	<u>\$ 180,100</u>	<u>\$ -</u>	<u>\$ 206,100</u>	<u>\$ 26,000</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>\$ 348,181</u>	<u>\$ 348,181</u>	<u>\$ -</u>	<u>\$ 319,983</u>	<u>\$ (28,197)</u>
Indirect Expenses	<u>\$ (348,181)</u>	<u>\$ (348,181)</u>	<u>\$ -</u>	<u>\$ (319,983)</u>	<u>\$ 28,198</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6b. General and Administrative

General and Administrative (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	1.50	1.35	(0.15)
Expenses	\$ 464,228	\$ 491,744	\$ 27,516
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ 212,628	\$ 266,678	\$ 54,050

Program Scope and Functional Description

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

2011 Key Assumptions

- The current economic downturn will continue into 2011 and adversely affect stakeholder travel budgets and resourcing for work in regional programs.
- MRO will continue the reimbursement of approved Registered Entity travel costs for participation in the NERC forums.
- In the 2011 Budget, MRO has included dollars for a working capital reserve.
- Any increase or decrease in assessments to achieve desired working capital reserve will be included in the General and Administrative area and to be allocated proportionately based on FTE to the direct programs.

2011 Goals and Key Deliverables

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

The 2011 budget includes increased travel dollars that reflect the trend of higher travel costs and reimbursement of expenses for MRO Board of Directors.

In the 2011 Budget, as in 2010, there are no contingency dollars. MRO has included dollars for a working capital reserve.

Assessments

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

installments to follow in 2011 and 2012, subject to a re-evaluation of the reserves policy previously adopted by the MRO Finance and Audit Committee.

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

Funding Sources (Other than ERO Assessments)

- In 2011, 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

- Personnel expenses reflect a reduction in the 2011 Business Plan. MRO Senior Staff record all hours spent in support of internal operational programs accordingly.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- The 2011 budget includes increased travel dollars that reflect the trend of higher travel costs and reimbursement of expenses for MRO Board of Directors members.

Operating Expenses

- In the 2011 Budget, as in 2010, there are no contingency dollars.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
General and Administrative					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ 212,628	\$ 212,628	\$ -	\$ 266,678	\$ 54,050
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	\$ 212,628	\$ 212,628	\$ -	\$ 266,678	\$ 54,050
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 212,628	\$ 212,628	\$ -	\$ 266,678	\$ 54,050
Expenses					
Personnel Expenses					
Salaries	\$ 170,250	\$ 170,250	\$ -	\$ 188,293	\$ 18,043
Payroll Taxes	5,608	5,608	-	13,783	8,175
Benefits	26,408	26,408	-	15,525	(10,883)
Retirement Costs	23,961	23,961	-	22,791	(1,170)
Total Personnel Expenses	\$ 226,228	\$ 226,228	\$ -	\$ 240,392	\$ 14,165
Meeting Expenses					
Meetings	\$ 35,000	\$ 35,000	\$ -	\$ 35,000	\$ -
Travel	85,000	85,000	-	85,000	-
Conference Calls	1,500	1,500	-	500	(1,000)
Total Meeting Expenses	\$ 121,500	\$ 121,500	\$ -	\$ 120,500	\$ (1,000)
Operating Expenses					
Consultants & Contracts	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	56,500	56,500	-	70,852	14,352
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 116,500	\$ 116,500	\$ -	\$ 130,852	\$ 14,352
Total Direct Expenses	\$ 464,228	\$ 464,228	\$ -	\$ 491,744	\$ 27,517
Indirect Expenses	\$ (464,228)	\$ (464,228)	\$ -	\$ (491,744)	\$ (27,516)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 1
Change in Assets	\$ 212,628	\$ 212,628	\$ -	\$ 266,678	\$ 54,049
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ 212,628	\$ 212,628	\$ -	\$ 266,678	\$ 54,049

6c. Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	0.10	0.65	0.55
Expenses	\$ 356,546	\$ 361,309	\$ 4,763
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

MRO maintains outside consultants to provide advice to the president, board of directors, and staff on legal and regulatory matters affecting MRO.

2011 Key Assumptions

- In the 2011 Budget, as in 2010, there are no specific funds for hearings under CMEP Rules, and MRO would use its current budget and reserves in the first instance.
- MRO has not budgeted any costs for significant changes in its bylaws or related rules due to the renewals that took place in 2010.
- Additional FTEs have been budgeted in the Enforcement Department to handle the drafting of notices, disposition documents, and external affairs.

2011 Goals and Key Deliverables

Legal and Regulatory functions are responsible for timely and accurate filings to Regulatory authorities and external affairs.

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2011, MRO has increased its staffing level in the Legal and Regulatory area from 0.10 to 0.65 FTEs. MRO will continue to use outside counsel where necessary. However, MRO will staff a part time employee to handle external affairs.

Funding Sources (Other than ERO Assessments)

- In 2011, the expenses related to the indirect program areas are allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- For 2011, MRO has increased its staffing level in the Legal and Regulatory area from 0.10 to 0.65 FTEs. The .50 FTE will be designated for a part time employee to handle external affairs. MRO will continue to outsource legal representation for hearings.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- Meeting expenses increased consistently with the .5 FTE increase.

Operating Expenses

- The 2011 Consultant expense has been eliminated. The 2010 Consultant expense reflected the costs associated with the revised RDA, CMEP, and ROP, which took place in 2009 and 2010.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Legal and Regulatory					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 12,500	\$ 12,500	\$ -	\$ 152,088	\$ 139,588
Payroll Taxes	1,218	1,218	-	11,607	10,389
Benefits	818	818	-	7,475	6,657
Retirement Costs	1,690	1,690	-	6,039	4,349
Total Personnel Expenses	<u>\$ 16,226</u>	<u>\$ 16,226</u>	<u>\$ -</u>	<u>\$ 177,209</u>	<u>\$ 160,983</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500
Travel	4,320	4,320	-	6,000	1,680
Conference Calls	-	-	-	600	600
Total Meeting Expenses	<u>\$ 4,320</u>	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 9,100</u>	<u>\$ 4,780</u>
Operating Expenses					
Consultants & Contracts	\$ 111,000	\$ 111,000	\$ -	\$ -	\$ (111,000)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	225,000	225,000	-	175,000	(50,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 336,000</u>	<u>\$ 336,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ (161,000)</u>
Total Direct Expenses	<u>\$ 356,546</u>	<u>\$ 356,546</u>	<u>\$ -</u>	<u>\$ 361,309</u>	<u>\$ 4,763</u>
Indirect Expenses	<u>\$ (356,546)</u>	<u>\$ (356,546)</u>	<u>\$ -</u>	<u>\$ (361,309)</u>	<u>\$ (4,763)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6d. Information Technology

Information Technology (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	1.90	2.40	0.50
Expenses	\$ 757,063	\$ 921,074	\$ 164,011
Inc(Dec) in Fixed Assets	\$ 14,350	\$ 44,775	\$ 30,425
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2011 Key Assumptions

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

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

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

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

2011 Goals and Key Deliverables

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

One increase in expenditures is due to maintenance of CIP Standards. Much of the work involves tracking and documenting areas of authorization and access on a daily, weekly, monthly, quarterly, and annual basis. The coordination with other departments for quarterly security audits and training, as well as processes for adding and removing people, will increase the workload but create a clearer audit trail.

Funding Sources (Other than ERO Assessments)

- In 2011, the expenses related to indirect program areas are being allocated entirely to direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Increased FTEs by .50, which is consistent with the actual time tracking in 2009.
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- N/A

Operating Expenses

- 2011 Contracts increase is due to CIP related requirements, and a higher number of FTEs requiring licensing.
- 2011 Office costs are consistent with the higher number of FTEs requiring computer supplies and maintenance on an on-going basis, as well as, higher costs in training the IT staff in meeting the CIP requirements.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs. The only negligible increase in Information Technology was a result of the addition of fixed assets related to normal business operations. A high percentage of capital equipment was purchased and placed in service in 2007 and will reach retirement in 2010 and 2011.

Information Technology

Funding sources and related expenses for the information technology section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Information Technology					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 141,114	\$ 141,114	\$ -	\$ 212,173	\$ 71,059
Payroll Taxes	8,243	8,243	-	15,674	7,431
Benefits	27,504	27,504	-	41,930	14,426
Retirement Costs	20,169	20,169	-	31,457	11,288
Total Personnel Expenses	<u>\$ 197,030</u>	<u>\$ 197,030</u>	<u>\$ -</u>	<u>\$ 301,234</u>	<u>\$ 104,204</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses					
Consultants & Contracts	\$ 91,615	\$ 91,615	\$ -	\$ 157,800	\$ 66,185
Office Rent	-	-	-	-	-
Office Costs	158,418	158,418	-	194,700	36,282
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	310,000	310,000	-	267,340	(42,660)
Total Operating Expenses	<u>\$ 560,033</u>	<u>\$ 560,033</u>	<u>\$ -</u>	<u>\$ 619,840</u>	<u>\$ 59,807</u>
Total Direct Expenses	<u>\$ 757,063</u>	<u>\$ 757,063</u>	<u>\$ -</u>	<u>\$ 921,074</u>	<u>\$ 164,011</u>
Indirect Expenses	<u>\$ (757,063)</u>	<u>\$ (757,063)</u>	<u>\$ -</u>	<u>\$ (921,074)</u>	<u>\$ (164,011)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	(310,000)	(310,000)	-	(267,340)	42,660
Computer & Software CapEx	324,350	324,350	-	312,115	(12,235)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ (14,350)</u>	<u>\$ (14,350)</u>	<u>\$ -</u>	<u>\$ (44,775)</u>	<u>\$ (30,425)</u>
Allocation of Fixed Assets	\$ 14,350	\$ 14,350	\$ -	\$ 44,775	\$ 30,425
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6e. Human Resources

Human Resources costs are included in Finance and Accounting.

6f. Human Resources, Finance, and Accounting

Human Resources, Finance and Accounting (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.25	2.10	(0.15)
Expenses	\$ 669,612	\$ 656,282	\$ (13,330)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

Human Resources

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

Finance and Accounting

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

2011 Key Assumptions

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

2011 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

Funding Sources and Requirements — Explanation of Increase (Decrease)

Slight decrease in our office costs resulting from our continuous improvements in automating processes and/or sharing resources where possible. MRO efforts are not limited to, but include; maintenance of core employee benefits, offsets to non-core benefits when necessary, exacting 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. MRO staff continues to address the demands of SOX and corporate tax requirements via the revamped Form 990.

Funding Sources (Other than ERO Assessments)

- In 2011, the expenses related to indirect program areas are being allocated entirely to direct programs and therefore have no ERO assessment revenue.

Personnel Expenses

- Personnel expenses are assigned to the HR/Finance area. In the past, partial costs were assigned to other areas.
- Budgeted payroll taxes, benefits, and retirement costs reflect a closer approximation using known facts concerning tax, benefit, and retirement percentages. A review of previous years' actual paid costs versus increase assumptions for the upcoming fiscal year led to a budgeted value that is more functional than in previous years
- Budgeted payroll taxes, benefits, and retirement costs reflect historical cost and distribution. Please refer to introduction, section 5, page 11, which explains MRO's change in benefit cost distribution.

Meeting Expenses

- The travel increase reflects MRO staff participation in the NERC and Regional budget groups.

Operating Expenses

- Operating expenses increased due to escalated efforts for recruiting and retaining MRO talent.

Indirect Expenses

- 2011 expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs. These expenses reflect GAAP (Generally Accepted Accounting Principles) which includes non-cash expenses, primarily depreciation expense.

Other Non-Operating Expenses

- There are no non-operating expenses included in the 2011 Business Plan and Budget.

Fixed Asset Additions

- 2011 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 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Human Resources, Finance and Accounting					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 174,500	\$ 174,500	\$ -	\$ 196,157	\$ 21,657
Payroll Taxes	19,280	19,280	-	14,453	(4,827)
Benefits	51,594	51,594	-	29,500	(22,094)
Retirement Costs	40,817	40,817	-	26,619	(14,198)
Total Personnel Expenses	<u>\$ 286,192</u>	<u>\$ 286,192</u>	<u>\$ -</u>	<u>\$ 266,729</u>	<u>\$ (19,462)</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	5,190	5,190	-	5,000	(190)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 5,190</u>	<u>\$ 5,190</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ (190)</u>
Operating Expenses					
Consultants & Contracts	\$ 24,900	\$ 24,900	\$ -	\$ 56,200	\$ 31,300
Office Rent	228,300	228,300	-	223,800	(4,500)
Office Costs	72,500	72,500	-	65,500	(7,000)
Professional Services	52,530	52,530	-	39,053	(13,477)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 378,230</u>	<u>\$ 378,230</u>	<u>\$ -</u>	<u>\$ 384,553</u>	<u>\$ 6,323</u>
Total Direct Expenses	<u>\$ 669,612</u>	<u>\$ 669,612</u>	<u>\$ -</u>	<u>\$ 656,282</u>	<u>\$ (13,329)</u>
Indirect Expenses	<u>\$ (669,612)</u>	<u>\$ (669,612)</u>	<u>\$ -</u>	<u>\$ (656,282)</u>	<u>\$ 13,330</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Section B – Supplemental Financial Information

2011 Business Plan and Budget

Section B — Supplemental Financial Information

1. Supplemental Financial Information Reserve Balance

Table B-1

Working Capital Reserve Analysis 2010-2011	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	523,121
Plus: 2010 MRO Funding (from LSEs or designees)	7,578,746
Less: 2010 Projected expenses & capital expenditures	(7,366,115)
Projected Working Capital Reserve (Deficit), December 31, 2010	735,752
Desired Working Capital ¹ Reserve, December 31, 2011	2 1,002,430
Less: Projected Working Capital Reserve, December 31, 2010	(735,752)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	266,678
2011 Expenses and Capital Expenditures	8,130,824
Less: Penalty Sanctions ³	(137,000)
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	266,678
2011 MRO Assessment	8,260,502

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

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

³ Represents collections on or prior to June 30, 2010. See page 66 for full disclosure.

2. Explanation of Changes in Reserve Policy from Prior Years

The MRO Board of Directors approved that the funding of the 45 day cash reserve begin in the 2010 budget with an initial funding amount of one-third of the projected requirements with other funding installments to follow in 2011 and 2012 subject to a re-evaluation of the reserves policy previously adopted by the MRO Board of Directors on June 19, 2008 by the MRO Finance and Audit Committee.

The MRO Board of Directors had directed staff and the Finance and Audit Committee to provide a re-evaluation and recommendation on reserve policy prior to March 31, 2010.

On March 25, 2010, the board approved a motion presented by the Finance and Audit Committee recommending no change to MRO's Cash Reserve Policy of 45 days. The board also

approved applying the 2009 budget underage of \$583K to reserves, thus reducing the amount to fund for reserve in 2011.

3. Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statement of Activities on page 19 of the 2011 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2010 are to be used to offset assessments in the 2011 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2010 through June 30, 2011 will be used to offset assessments in the 2012 Budget.

All penalties received prior to June 30, 2010 are detailed below, including Company, the amount, and date received.

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

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2010	Date Received	Amount Received
	Aug-09	10,000
	Aug-09	50,000
	Mar-10	2,500
	Mar-10	70,500
	Mar-10	4,000
Total Penalties Received		\$ 137,000

Supplemental Funding**Table B-3**

Outside Funding Breakdown By Program (excluding MRO Assessments & Penalty Sanctions)	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ -	\$ -	\$ -	\$ -

Explanation of Significant Variances – 2011 Budget versus 2010 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 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Salaries					
Total Salaries	\$ 3,083,707	\$ 3,083,707	\$ 4,065,185	\$ 981,478	31.8%
Total Payroll Taxes	\$ 231,899	\$ 231,899	\$ 305,215	\$ 73,316	31.6%
Total Benefits	\$ 561,065	\$ 561,065	\$ 632,490	\$ 71,425	12.7%
Total Retirement	\$ 500,903	\$ 500,903	\$ 561,627	\$ 60,724	12.1%
Total Personnel Costs	\$ 4,377,574	\$ 4,377,574	\$ 5,564,517	\$ 1,186,943	27.1%
FTEs	29.00	29.00	34.50	5.50	0.19
Cost per FTE					
Salaries	\$ 106,335	\$ 106,335	\$ 117,831	11,497	10.8%
Payroll Taxes	7,997	7,997	8,847	850	10.6%
Benefits	19,347	19,347	18,333	(1,014)	-5.2%
Retirement	17,273	17,273	16,279	(993)	-5.8%
Total Cost per FTE	\$ 150,951	\$ 150,951	\$ 161,290	\$ 10,340	6.8%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

2011 MRO change in benefit cost distribution:

Budgeted payroll taxes, benefits, and retirements costs vary by employee. The 2010 Budget was prepared on a program actual experience using department (program) averages. The 2011 Budget was prepared on an employee-by-employee basis recognizing that payroll taxes, benefits, and retirement costs do vary by employee. Additionally, costs associated with vacation were moved from Benefits in 2010 to Salaries in 2011 to align costs with NERC and industry practices. Intuitively, if all costs remained constant, all employees' salaries would increase and benefits decrease. However, costs fluctuate for each employee causing exceptions when aligning costs on a per employee basis. The reader of the 2011 Budget should understand that MRO manages total organization-wide benefit costs rather than individual employee benefit costs. Therefore, the focus is on the overall "fringe" or benefit rate (%) and dollars to total payroll.

5. Consultants and Contracts

Table B-5

Consultants	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	587,500	587,500	75,000	(512,500)	-87%
Reliability Assessment and Performance Analysis (Secure Portal Dev for Periodic Data Collection)	-	-	50,000	50,000	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	60,000	60,000	60,000	-	0%
Legal and Regulatory	111,000	111,000	-	(111,000)	-100%
Information Technology	66,200	66,200	60,000	(6,200)	-9%
Human Resources	-	-	-	-	
Accounting and Finance	12,000	12,000	11,000	(1,000)	-0.08333
Consultants Total	\$ 836,700	\$ 836,700	\$ 256,000	\$ (580,700)	-69%
Contracts	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Contracts					
Outsource Standards Tracking Software Applications	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	0%
Subtotal - Reliability Standards Contracts	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	0%
Outsource Compliance Information Tracking Applications	-	-	-	-	
Subtotal - Compliance and Organization Registration and Certification Contracts	\$ 60,000	\$ 60,000	\$ 71,000	\$ 11,000	18%
	\$ 60,000	\$ 60,000	\$ 71,000	\$ 11,000	18%
Model Series Development (MRO's portion of expenses of the MMWG/ERAG)	\$ 17,600	\$ 17,600	\$ 21,920	\$ 4,320	25%
Model Building	10,000	10,000	31,360	21,360	214%
PTI Software	20,500	20,500	22,500	2,000	10%
Subtotal - Reliability Assessments Contracts	\$ 48,100	\$ 48,100	\$ 75,780	\$ 27,680	58%
Cisco	1,815	1,815	16,000	14,185	782%
Barracuda	4,000	4,000	8,000	4,000	100%
Crow Canyon	400	400	-	(400)	-100%
Facilities / Security	7,000	7,000	16,000	9,000	129%
Lyris	2,500	2,500	2,000	(500)	-20%
DigiCert SSL	800	800	2,500	1,700	213%
Verisign - Domain Renewal	900	900	800	(100)	-11%
Great Plains	8,000	8,000	-	-	
Globalscape EFT	-	-	6,500	6,500	
Symantec Antivirus	-	-	10,000	10,000	
Varonis File Maintenance	-	-	4,000	4,000	
Net App Data Storage Maintenance	-	-	18,000	18,000	
VMWare	-	-	14,000	14,000	
Subtotal - Information Technology Contracts	\$ 25,415	\$ 25,415	\$ 97,800	\$ 72,385	285%
TSC - 401K 3rd Party Administrator	4,400	4,400	3,200	(1,200)	-27%
Discovery - FSA 3rd Party Administrator	1,200	1,200	1,200	-	0%
Stanton	1,200	1,200	3,200	2,000	167%
CPI-457b 3rd Party Administrator	-	-	1,500	1,500	
Ceidian & Virtual Time Center	6,100	6,100	6,100	-	0%
HR-Employment Costs	-	-	30,000	30,000	
Subtotal - HR and Finance Contracts	\$ 12,900	\$ 12,900	\$ 45,200	\$ 32,300	250%
Contracts Total	\$ 158,415	\$ 158,415	\$ 301,780	\$ 143,365	90%
Total Consulting and Contracts	\$ 995,115	\$ 995,115	\$ 557,780	\$ (437,335)	-44%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget**Consulting Expenses**

- Compliance and Organization Registration costs decreased in 2011 due to TFE add-on's in 2010. The budgeted amount for 2011 will offset additional FTEs.
- Reliability Assessments and Performance Analysis costs increased for 2011 due to the development costs for the Secure Portal for periodic data collection. The total cost of the Secure Portal will be phased over six months.

- Legal costs decreased for 2011 due to the re-work of the RDA, CMEP, and Rules of Procedure ending in 2010.

Contract Expenses

- Compliance and Organization Registration costs increased for 2011 due to the requirement of providing CDMS security certificates.
- Reliability Assessments and Performance Analysis costs increased for 2011 due to higher future costs for contracts reaching expiration.
- Information Technology costs increased for 2011 based on existing costs that were not captured in the previous budget. In addition, a higher FTE count requiring more licensing.
- Human Resources and Finance costs increased for 2011 due to an increase in hiring costs.

Table B-6

Office Rent	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Office Rent	\$ 160,000	\$ 160,000	\$ 172,900		8.06%
Utilities	26,400	26,400	18,300	(8,100)	-30.68%
Maintenance	14,400	14,400	10,000	(4,400)	-30.56%
Office Cleaning	25,000	25,000	20,000	(5,000)	-20.00%
Waste Management	2,500	2,500	2,600		4.00%
Total Office Rent	\$ 228,300	\$ 228,300	\$ 223,800	\$ (17,500)	-1.97%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

Utilities

- MRO staff continues to better define our direct utility costs rather than accept an allocation from the building owners.

Maintenance and Office Cleaning

- MRO staff continues to look for cost saving measures, and annually evaluates existing contracts.

Table B-7

Office Costs	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Phone Service					
Data Circuit (qmo)	\$ 21,600	\$ 21,600	\$ 20,400	\$ (1,200)	-5.56%
Data Circuit (dsl)	1,560	1,560	-	(1,560)	-100.00%
Inbound long distance	8,400	8,400	8,400	-	0.00%
Voice Circuits	20,400	20,400	12,000	(8,400)	-41.18%
Business Cable	-	-	3,300	3,300	
Sunguard	38,020	38,020	24,000	(14,020)	-36.88%
Internet/Cell	30,704	30,704	35,812	5,108	16.64%
Office Supplies	24,224	24,224	25,452	1,228	5.07%
Employee Member Events	15,000	15,000	17,000	2,000	13.33%
Employee Related Expense (Drug Testing, Finder Fees Etc)	2,000	2,000	7,000	5,000	250.00%
Computer Supplies and Maintenance	18,498	18,498	46,000	27,502	148.68%
Publications & Subscriptions	8,560	8,560	9,550	990	11.57%
Professional Dues	23,062	23,062	15,443	(7,619)	-33.04%
Postage	1,500	1,500	1,800	300	20.00%
Temporary Services	-	-	1,500	1,500	
Finance-Filing/Reg Fees	1,200	1,200	6,000	4,800	400.00%
Equipment Repair/Service Contracts	32,500	32,500	48,000	15,500	47.69%
Bank Charges	6,000	6,000	6,000	-	0.00%
Sales & Use Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity & Supplies Promotional	2,500	2,500	4,000	1,500	60.00%
Departmental Functional Training	82,094	82,094	100,763	18,669	22.74%
Insurance Expense	45,000	45,000	40,000	(5,000)	-11.11%
Total Office Costs	\$ 382,822	\$ 382,822	\$ 432,420	\$ 49,598	12.96%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

Office Costs

- Reliability Standards costs decreased for 2011 due to a lower FTE count.
- Enforcement costs increased for 2011 due to a higher FTE count.
- Reliability Assessment and Performance Analysis costs increased for 2011 due to an increase in training required.
- Situation Awareness costs decreased for 2011 due to 2010 being higher to cover the development of the Situation room.
- General and Administrative costs increased for 2011 due to an increase in FTEs in MRO staff.
- Information Technology costs increased for 2011 due to a higher FTE count in MRO staff and the related computer costs.

- Human Resources and Finance costs decreased for 2011 due to a cost reduction in insurance (same coverage).

Departmental Functional and Training Costs

- Compliance and Organization Registration costs increased for 2011 due to a higher FTE count.
- Reliability Assessments and Performance Analysis costs increased for 2011 due to additional Model building expertise, which will decrease consulting/contracts costs in the future.
- General and Administrative, and Information Technology costs increased for 2011 due to new technology.

Table B-8

Professional Services	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Independent Trustee Fees	\$ -	\$ -	\$ -	\$ -	
Outside Legal	225,000	225,000	175,000	(50,000)	-22.22%
Accounting & Auditing Fees	30,000	30,000	23,000	(7,000)	-23.33%
Actuarial Fees	22,530	22,530	16,053	(6,477)	-28.75%
Total Services	\$ 277,530	\$ 277,530	\$ 214,053	\$ (63,477)	-22.87%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Legal's costs decreased for 2011 due to the re-work for the RDA, CMEP, and Rules of Procedure ending in 2010.
- Human Resources and Finance costs decreased for 2011 due to the elimination of 3rd party administrative costs with the Pension Conversion completing by 2010.

Table B-9

Other Non-Operating Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Interest Expense	\$ -	\$ -		\$ -	
Line of Credit Payment	\$ -	\$ -		\$ -	
Office Relocation	-	-		\$ -	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2011 Budget versus 2010 Budget



Section C – Non-Statutory Activities

2011 Business Plan and Budget

Section C — 2010 Non-Statutory Business Plan and Budget

Non-Statutory Activities (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs			
Direct Expenses			
Indirect Expenses			
Inc(Dec) in Fixed Assets			
Total Funding Requirement			

In the 2011 Business Plan and Budget, MRO will not have non-statutory functions.

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
NON-STATUTORY					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
MRO Funding					
MRO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	\$ -	\$ -	\$ -	\$ -
Total MRO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues/Non-statutory	-	-	-	-	-
Assessments	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

Personnel Analysis

FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTE's by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Programs						
	0.0	5.0	0.0	0.0	0.0	0.0
Total FTEs Administrative Programs	0.0	5.0	0.0	0.0	0.0	0.0
Total FTEs	0.0	5.0	0.0	0.0	0.0	0.0

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

Reserve Analysis — 2010-2011

Working Capital Reserve Analysis 2010-2011	
NON-STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	0
Plus: 2010 Funding	
Plus: 2010 Other funding sources	0
Less: 2010 Projected expenses & capital expenditures	0
Projected Working Capital Reserve (Deficit), December 31, 2010	0
Desired Working Capital Reserve, December 31, 2011	1 0
Less: Projected Working Capital Reserve, December 31, 2010	0
Additional funding required to achieve desired Working Capital Reserve	0
2011 Funding for Expenses and Capital Expenditures	0
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	
2011 Funding (reserve adjustment)	0

¹ On xxxxxx, 20xx, the RE Finance and Audit Committee approved a desired working capital reserve of \$x,xxx,xxx. The reserve consists of the following components:



Section D – Additional Consolidated Financial Statements

2011 Business Plan and Budget

Section D

1. 2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Financial Position

- As of December 31, 2009, per audit
- As of December 31, 2010, projected
- As of December 31, 2011, as budgeted

Section D — Additional Financial Statements

2011 Consolidated Statement of Activities

Statement of Activities and Capital Expenditures by Program 2011 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement											Non-Statutory Functions
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding															
MRO Funding															
MRO Assessments	8,260,502	8,260,502	-	8,260,502	565,887	5,031,458	1,989,269	125,986	281,225	-	266,678	-	-	-	-
Penalty Sanctions	137,000	137,000	-	137,000	10,419	87,510	33,812	751	4,508	-	-	-	-	-	-
Total MRO Funding	8,397,502	8,397,502	-	8,397,502	576,306	5,118,968	2,023,080	126,737	285,733	-	266,678	-	-	-	-
Non-statutory Funding															
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	8,397,502	8,397,502	-	8,397,502	576,306	5,118,968	2,023,080	126,737	285,733	-	266,678	-	-	-	-
Expenses															
Personnel Expenses															
Salaries	4,065,185	4,065,185	-	4,065,185	206,345	2,131,397	767,657	23,749	102,680	84,646	188,293	152,088	212,173	-	196,157
Payroll Taxes	305,215	305,215	-	305,215	15,596	160,644	57,732	1,780	7,674	6,272	13,783	11,607	15,674	-	14,453
Benefits	632,490	632,490	-	632,490	23,968	413,790	77,711	305	13,771	8,515	15,525	7,475	41,930	-	29,500
Retirement Costs	561,627	561,627	-	561,627	26,981	299,838	111,101	4,073	18,278	14,450	22,791	6,039	31,457	-	26,619
Total Personnel Expenses	5,564,517	5,564,517	-	5,564,517	272,890	3,005,669	1,014,201	29,907	142,403	113,883	240,392	177,209	301,234	-	266,729
Meeting Expenses															
Meetings	174,050	174,050	-	174,050	13,000	5,900	48,000	47,500	22,150	-	35,000	2,500	-	-	-
Travel	610,409	610,409	-	610,409	42,000	126,109	103,000	14,000	23,200	206,100	85,000	6,000	-	-	5,000
Conference Calls	41,680	41,680	-	41,680	18,000	1,580	6,000	15,000	-	-	500	600	-	-	-
Total Meeting Expenses	826,139	826,139	-	826,139	73,000	133,589	157,000	76,500	45,350	206,100	120,500	9,100	-	-	5,000
Operating Expenses															
Consultants & Contracts	557,780	557,780	-	557,780	12,000	146,000	125,780	-	-	-	60,000	-	157,800	-	56,200
Office Rent	223,800	223,800	-	223,800	-	-	-	-	-	-	-	-	-	-	223,800
Office Costs	432,420	432,420	-	432,420	5,840	48,278	36,250	5,000	6,000	-	70,852	-	194,700	-	65,500
Professional Services	214,053	214,053	-	214,053	-	-	-	-	-	-	-	175,000	-	-	39,053
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	270,805	270,805	-	270,805	-	-	-	-	3,465	-	-	-	267,340	-	-
Total Operating Expenses	1,698,858	1,698,858	-	1,698,858	17,840	194,278	162,030	5,000	9,465	-	130,852	175,000	619,840	-	384,553
Total Direct Expenses	8,089,514	8,089,514	-	8,089,514	363,730	3,333,536	1,333,231	111,407	197,218	319,983	491,744	361,309	921,074	-	656,282
Indirect Expenses	-	-	-	-	209,171	1,756,832	678,799	15,084	90,507	(319,983)	(491,744)	(361,309)	(921,074)	-	(656,282)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	8,089,514	8,089,514	-	8,089,514	572,901	5,090,368	2,012,030	126,491	287,725	-	-	-	-	-	-
Change in Assets	307,988	307,988	-	307,988	3,405	28,600	11,051	246	(1,992)	-	266,678	-	-	-	-
Fixed Assets															
Depreciation	(270,805)	(270,805)	-	(270,805)	-	-	-	-	(3,465)	-	-	-	(267,340)	-	-
Computer & Software CapEx	312,115	312,115	-	312,115	-	-	-	-	-	-	-	-	312,115	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	(41,310)	(41,310)	-	(41,310)	-	-	-	-	3,465	-	-	-	(44,775)	-	-
Allocation of Fixed Assets	-	-	-	-	(3,405)	(28,600)	(11,051)	(246)	(1,473)	-	-	-	44,775	-	-
Change in Fixed Assets	(41,310)	(41,310)	-	(41,310)	(3,405)	(28,600)	(11,051)	(246)	1,992	-	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	266,678	266,678	-	266,678	(0)	0	0	0	(0)	-	266,678	-	-	-	-

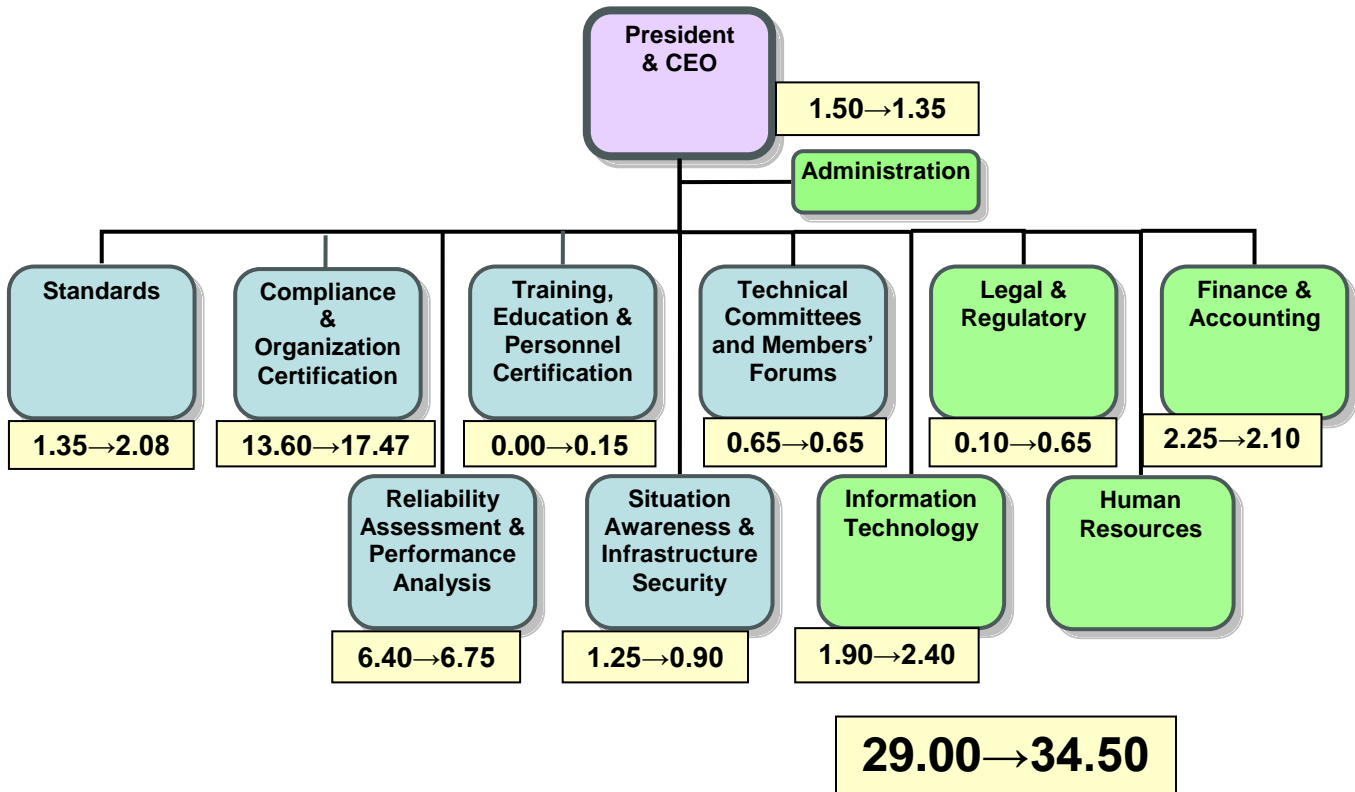
Statement of Financial Position 2009 Audited, 2010 Projection, and 2011 Budget

STATUTORY and NON-STATUTORY

	(Per Audit) 31-Dec-09	Projected 31-Dec-10	Budget 31-Dec-11
ASSETS			
Cash	1,623,637	735,752	1,002,430
Accounts receivable, net of allowance for uncollectible	-	-	-
Other receivables	-	-	-
Prepaid expenses and other current assets	65,662	65,000	65,000
Property and equipment and capitalized software	1,078,503	1,138,853	1,234,048
Total Assets	2,767,802	1,939,605	2,301,478
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	788,198	757,298	885,633
Deferred rent	137,576	81,722	48,582
Regional assessments collected in advance	135,488	-	-
Deferred compensation			
Accrued retirement liabilities	385,412	532,516	532,516
Total Liabilities	1,446,674	1,371,536	1,466,731
Net Assets - unrestricted	1,321,128	568,069	834,747
Total Liabilities and Net Assets	2,767,802	1,939,605	2,301,478

Attachment A

2010 to 2011 FTE Comparison Organization Chart



**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 4

NORTHEAST POWER COORDINATING COUNCIL, INC.

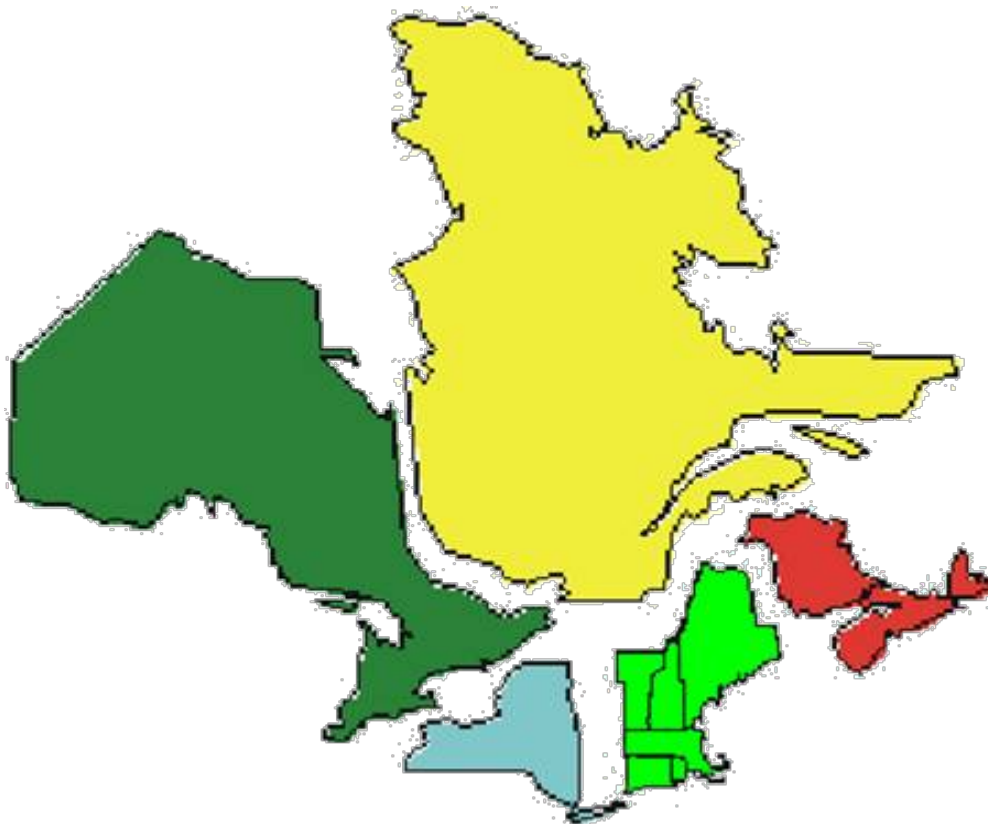
PROPOSED 2011 BUSINESS PLAN AND BUDGET



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

Northeast Power Coordinating Council, Inc. (NPCC)

2011 Business Plan and Budget



**Approved by
NPCC Board of Directors July 7, 2010
Resubmitted to NERC August 2, 2010**

Table of Contents

Introduction	3
Personnel Analysis	17
Section A — 2011 Business Plan	20
Reliability Standards Program	20
Compliance Monitoring and Enforcement and Organization Registration and Certification Program	29
Reliability Assessment and Performance Analysis Program	36
Training, Education, and Operator Certification Program	47
Situation Awareness and Infrastructure Security Program	52
Administrative Services	60
Technical Committees and Member Forums	61
General and Administrative	64
Legal and Regulatory	67
Information Technology	70
Human Resources	73
Finance and Accounting	76
Regional Entity Assessment Analysis	79
Section B — Supplemental Financial Information	83
Reserve Balance	83
Breakdown by Statement of Activity Sections	84
Section C — 2011 Criteria Services Division Business Plan and Budget ..	93
Personnel Analysis	96
Reserve Analysis 2010–2011	97
Section D	99
Statement of Financial Position	99
2011 Consolidated Statement of Activities by Program, Regional Entity and Criteria Services Division	99

Introduction

Total NPCC Resources				
(in whole dollars)				
	2011 Budget	U.S.	Canada	Mexico
Regional Entity Division FTEs	30.42	1.00*		
Criteria Services Division FTEs	2.58			
Total FTEs	34.0			
Regional Entity Division Expenses	\$12,792,129			
Criteria Services Division Expenses	\$1,020,471			
Total Expenses	\$13,812,600			
Regional Entity Division Inc(Dec) in Fixed Assets	(\$75,320)			
Criteria Services Division Inc(Dec) in Fixed Assets	(\$6,180)			
Total Inc(Dec) in Fixed Assets	(\$81,500)			
Regional Entity Division Working Capital Requirement**	\$364,302			
Criteria Services Division Working Capital Requirement***	(\$664,691)			
Total Working Capital Requirement	(\$300,390)			
Total Regional Entity Division Funding Requirement	\$13,081,110			
Total Criteria Services Division Funding Requirement	\$349,600			
Total Funding Requirement	\$13,430,711			
Regional Entity Division Assessments	\$12,652,610	\$7,397,523	\$5,255,087	
Regional Entity Division Assessments Percentage	100.0%	58.5%	41.5%	
Criteria Services Division Fees	\$349,600	\$158,648	\$190,953	
NEL	652,049,000	295,898,000	356,151,000	
NEL %	100%	45.38%	54.62%	

* Refer to Regional Entity Assessment Analysis on page 79 in Section A.

** Refer to Table B-1 on page 83 in Section B.

*** Refer to the Reserve Analysis on page 97 in Section C.

2011 Overview of Total NPCC Resource Requirements

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

NPCC proposes to increase its total funding requirement from \$12,645,916 to \$13,430,711 in 2011, an increase of \$784,794 or 6.2%. The proposed 2011 funding requirements will be satisfied by a Regional Entity division assessment of \$12,652,610 and Criteria Services division fees of some \$349,600, an increase of 2.8% compared to the 2010 funding requirements of \$12,645,916. NPCC believes that in 2011 it will continue to realize efficiencies that will allow the region to remain an effective provider of Regional Entity and Criteria Services division functions. NPCC's culture centers on consistent delivery of excellent results at a cost that is considerate of the longstanding tradition in the Northeast of affordable and reliable electricity.

Organizational Overview

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

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

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 55 million people. NPCC U.S. includes the six New England states and the state of New York. NPCC Canada includes the provinces of Ontario, Québec and the Maritime provinces of New Brunswick and Nova Scotia. In total, from a net energy for load perspective, NPCC is approximately 45% U.S. and 55% Canadian. With regard to Canada, approximately 70% of Canadian net energy for load is within the NPCC Region.

On May 27, 2007, NPCC executed an agreement with the North American Electric Reliability Corporation (NERC) for the purpose of delegating to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by *Section 215* of the Federal Power Act in the U.S. In addition, NPCC has executed Memoranda of Understanding with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick and Nova Scotia. The NPCC Board of Directors, at its April 27, 2010 meeting, unanimously endorsed an *Amended and Restated NPCC Regional Delegation Agreement* which was unanimously approved by the NERC Board of Trustees at its May 12, 2010 meeting.

In this 2011 business plan, NPCC has not included discretionary programs and has balanced the limited availability of funds with international reliability interests. The NPCC Board of Directors in its approval of the 2010 NPCC Business Plan and Budget tasked NPCC with establishing a base operating budget for 2011 reflecting the costs of efficient execution of existing operations and, in conjunction with NERC and other Regional Entities, developing justification for any necessary increases in resources to address identified additional requirements and proposing a long term strategy showing a measured growth approach in NPCC's regional entity division operations.

It is imperative that NPCC maintain its ability to carry out delegated authorities and responsibilities. NPCC has a 2011 targeted staffing level of 34 power industry professionals and support personnel. Details of the 2011 business plans and budget for each program area are included in Section A for the regional entity division. The 2011 regional entity division schedules are shown in Section B. Section C details the 2011 criteria services division business plan and budget.

Membership and Governance

NPCC monitors approximately 293 registered entities and some 584 functions in the Region for compliance with mandatory Reliability Standards. NPCC currently has 70 members. There are two categories of membership, General and Full. The two categories distinguish between Regional Entity delegated services that are provided in support of the U.S. FERC and Canadian provincial MOUs or Agreements with regulatory and/or governmental authorities, and Criteria Services which FERC references as U.S. non-statutory or non-delegated activities.

General Membership is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the Electric Reliability Organization (ERO) that has an interest in the reliable operation of the Northeastern North American bulk power system. General Members that are also registered entities within the NPCC Region are subject to compliance with Reliability Standards, based on and consistent with their registration, and also receive additional services from the regional entity division of NPCC.

Full Membership is available to Members which are already General Members and participate in electricity markets in the Northeast. Independent system operators (ISOs), regional transmission organizations (RTOs), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with Regionally-specific criteria, in addition to Reliability Standards, and receive additional services from the Criteria Services division of NPCC, which is not funded through the ERO.

NPCC is governed by a Board of Directors consisting of stakeholders balanced by sector and an independent consultant Chairman. A maximum of three directors per voting sector comprise the Board to provide for fair stakeholder representation. Within NPCC, no two sectors can control and no one sector can block action. The voting sectors include:

- Sector 1) Transmission Owners
- Sector 2) Reliability Coordinators
- Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities
- Sector 4) Generator Owners
- Sector 5) Marketers, Brokers and Aggregators
- Sector 6) Customers
- Sector 7) State and Provincial Regulatory and/or Governmental Authorities
- Sector 8) Sub-Regional Reliability Councils, other Regional Entities and Interested Parties

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

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

Industry technical experts from within the membership provide valuable input to the Board through various working groups and task forces as well as the committees. The *Amended and*

Restated Bylaws establish NPCC's independence from users, owners and operators of the bulk power system through the governance structure while providing fair stakeholder representation in the selection of officers. The members, from each of the eight voting sectors, vote to elect directors in their respective sector.

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

International Foundation

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

a) U.S. Foundation

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

b) Ontario

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

Among other things, the MOU recognizes that NERC and NPCC are standards authorities under the *Electricity Act, 1998* (Ontario). Additionally, under the authority of that same legislation, and as memorialized in the MOU, the NERC reliability standards and NPCC reliability criteria have effect in Ontario. However a 2008 amendment to the *Electricity Act, 1998* (Ontario) allows

the OEB to review these standards and criteria and issue orders preventing their implementation and remanding them back to NERC and NPCC.

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

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

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

c) Québec

The Régie de l'énergie, NERC and NPCC are parties to the May 8, 2009 *Agreement on the Development of Electric Power Transmission Reliability Standards and of Procedures and a Program for the Monitoring of the Application of These Standards for Quebec* (the Agreement). Under the terms of the Agreement, the Régie de l'énergie, which is charged with ensuring the reliability of the electric transmission in Quebec, retained NPCC and NERC as experts to develop reliability standards and monitoring program procedures for the province. The Agreement contemplates the execution of a second agreement at a later date that will detail the mandates granted to NPCC and NERC by the Régie de l'énergie.

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

At this time, while the application is still pending, NPCC is proceeding with its reliability assurance activities within Québec, including but not limited to events analysis, compliance audits and compliance investigations, consistent with the NPCC Amended and Restated Bylaws. It is expected that following the approval of the application by HQTE, the Régie de l'énergie, NERC and NPCC will execute a second agreement to provide that NERC and NPCC will perform various processes including investigative functions and report their findings and any recommendations to the Régie de l'énergie. The investigative functions include, among other things, performing audits to determine if there is any basis for a violation of reliability standards.

The Régie de l'énergie will handle reliability enforcement, including imposing any sanctions and penalties.

d) New Brunswick

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

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

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

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

e) Nova Scotia

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

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

Regional Entity Division Functional Scope

NPCC's regional entity division functions in support of the ERO include:

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

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

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

2011 Key Assumptions

In developing the 2011 business plan, NPCC along with the other Regional Entities collaborated with NERC to develop a common set of business plan and budget assumptions. The key assumptions include the following:

1. The international, industry-based Self Regulatory Organization (SRO) model continues to be used and no material changes to the SRO model impacting 2011 emerge from FERC's review of the Three-Year ERO Performance Assessment or its review of the proposed amendments to the Regional Entity delegation agreements.
2. The framework for delegation to Regional Entities is improved, as outlined in the modifications to the Regional Entity delegation agreements, enhancing the efficiency, transparency, consistency, effectiveness, and quality of NERC and the Regional working relationship, including the incorporation of metrics.
3. Cost pressures strain stakeholder participation in NERC and Regional Entity activities.
4. In order to enhance reliability and the overall effectiveness of the ERO, improvements are needed in standards development, implementation, education, and training.
5. Standards development activities will face increased demands, including but not limited to those supporting the Reliability Standards Development Plan, FERC Order 693 directives and the National Emergency Standards Development Process.
6. NERC and Regional Entities will continue to gather data and perform analysis regarding the bulk electric system, including but not limited to support any governmental and/ or regulatory mandates and key industry initiatives.

7. NERC will need to make significant IT investments in 2011 to support the development of a situation awareness tool for FERC, NERC, Regional Entities and stakeholder needs, as well as to meet both near and long-term ERO technology requirements. Such coordinated investment by NERC will preclude the necessity of costly expenditures at the RE level to implement these initiatives.
8. The number of events requiring review, analysis, and reporting will increase.
9. Critical Infrastructure Protection (CIP) activities will increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will be significantly impacted over the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the Technical Feasibility Exceptions (TFE) program is implemented and the increase in scope as a result of FERC Order No. 706-B regarding U.S. nuclear units.
10. NERC and the Regional Entities are expected to see increased compliance related resource demands.

2011 Goals and Key Deliverables

In developing the 2011 business plan, NERC and the Regional Entities have assumed:

1. Clear mandatory standards focused on Reliability Performance

- Develop Regional Reliability Standards as needed to comply with NERC's three-year work plan and FERC directives, and to meet any emergent reliability needs. Maintain active engagement of NPCC stakeholders in NERC standards process
- Continue working with stakeholders to develop results-based standards and to focus standards development on performance based requirements essential to reliability and eliminating nonessential or low-risk requirements
- Based on compliance program results and system events, identify key areas needing improvement. Implement educational and other technical assistance programs to improve Reliability Performance in areas where event analysis indicates a potential benefit

2. Systematic approach to improve Reliability Standards

- Develop processes that feed back improvement opportunities to NPCC and NERC Reliability Standards based on industry operating experience
- Incorporate feedback from events and investigations
- Incorporate feedback from Compliance actions
- Tools to effectively monitor and track implementation of improvement
- Systematic process to capture and identify/quantify risks
- Processes to develop timely and effective solutions
- Issues tracking and management

3. Reliability improvement through rigorous, risk-based monitoring and enforcement of compliance with mandatory standards

- Monitor registered entities in the NPCC Region for compliance with mandatory Reliability Standards, in accordance with the delegation agreement, the Compliance Monitoring and Enforcement Program (CMEP) and Canadian Provincial MOUs/Agreements, while utilizing risk-based methods to optimize reliability benefits and achieving quality and timeliness
- Enforce compliance with mandatory Reliability Standards by registered entities within the NPCC Region, in accordance with the delegation agreement, the CMEP and Canadian Provincial MOUs, while achieving quality and timeliness
- Ensure timely, thorough and comprehensive mitigation of all violations of mandatory Reliability Standards including prevention of recurrence
- Promote a strong culture of compliance excellence, reliability assurance, and risk-based methods among registered entities in the NPCC Region

4. Objective and trustworthy Reliability Assessments and Reliability Performance trends

- Provide annual and seasonal assessments of the future reliability of the bulk power system in the Region, in accordance with NERC definitions and requirements.
- Provide thorough data validation and create new efficiencies in data collection and analysis in support of the assessment program
- Develop and demonstrate bulk power system performance metrics for the purpose of analyzing and trending Reliability Performance improvements and benefits

5. Situation awareness capability and event analysis leading to reliability improvements

- Implement a NERC developed situation awareness capability to include near real-time information and communications protocols that meet the needs of FERC, NERC, NPCC and augment the capabilities of NPCC Reliability Coordinators
- Enhance NPCC's capability to conduct rigorous event and trend analyses and develop relevant lessons learned including rigorous event and trend analysis
- Provide reliability issues tracking and management to systematically provide notice and document actions to improve reliability within the Region
- Assist ES-ISAC by supporting this interface between NPCC entities with NERC and regulatory and/or governmental authorities during high impact events

6. Cyber and physical security of critical infrastructure

- Facilitate and support registered entities in complying with CIP Reliability Standards and in responding to cyber security alerts
- Facilitate the development of proactive measures to mitigate the impact of design-basis cyber threats and to improve the ability of NPCC entities to recover

7. Knowledgeable and skilled reliability personnel

- Actively support the training and education of reliability personnel within the Region, focusing on knowledge of reliability standards and recognizing and responding to system emergencies
- Provide information and support to registered entities to assist in the deployment of a systematic approach to training

8. Information sharing and collaboration through technology

- Working collaboratively with NERC and the other Regional Entities, guide in the deployment of technology to make NPCC and its stakeholder participants more efficient and productive in its program activities
- Facilitate the integration and seamlessness of ERO and Regional Entity information systems used for compliance and other applicable regional entity division functions such as alerts and recommendations tracking
- Work with other Regional Entities to share experience and learning points to promote greater benefits beyond NPCC, including collaboration on information management

9. Effective and efficient use of resources

- Continue to leverage industry expertise and leadership to support NPCC's regional entity division functions and to be more efficient
- Maintain a talented staff at NPCC and provide for continuous staff development through internal training, and other personnel methods to continue to meet the needs of the organization

10. Continuing improvement

- Maintain good standing as a Regional Entity by addressing all applicable recommendations and directives from the Three-year ERO assessment, including stakeholder inputs and audits by NERC and/or FERC
- Implement and refine performance indicators and feedback mechanisms to enable NPCC to continue being a learning organization
- Evaluate, develop, and implement meaningful performance indicators to assess performance of the Region

11. Effective financial controls

- Provide rigorous financial monitoring and control mechanisms and management of resources to remain an efficient provider of Regional Entity services

2011 Overview of Regional Entity Division Cost Impacts

NPCC proposes to increase its Regional Entity division funding requirement from \$11,500,439 to \$13,081,110 in 2011, an increase of \$1,580,672 or 13.7%. The proposed 2011 Regional Entity division assessment of \$12,652,610 to support the budget is an increase of 10.0% compared to the 2010 assessment of \$11,500,439. The following is a list of targeted budget increases to allow NPCC to accomplish the specific objectives outlined in the business plan (dollars are stated as an increase in the 2011 budget compared to the 2010 budget). The most significant impacts on the budget are in the area of personnel expenses, resulting in an increase of \$857,135. This increase has two components:

- **Projected increase in cost of current operations** – With the existing staffing level, an increase in personnel costs of \$151,648 or 2.4% is projected compared to 2010 budget. This projection reflects a budgeted average increase in salary for existing staff of 3%, an increase in payroll tax rates and a decrease in health insurance provision as compared to the 2010 budget.
- **Resource additions proposed in 2011** – The targeted staffing level for 2011 is 31.42 FTEs, an increase of an additional 4.01 FTEs compared to 2010 actual and to 2010 budget. The four additional employees to be added are two for compliance, one for information technology and one for event analysis. The remaining increase of 0.01 FTEs is due to the allocation of NPCC’s President & CEO shifting from a ratio of 91/9 to 92/8 as a result of the increase in Regional Entity division FTEs.
 - For 2011, the budget impact of the staff additions is \$705,487, including all personnel related costs.

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

- **Meetings & Travel** – A total decrease of \$136,383 or 12.7% in meeting and travel costs due to conducting more meetings onsite, at member facilities, and via teleconference and continued focus on limited, required travel. In addition, to be consistent with NERC and other Regional Entities, NPCC will charge for participation in NPCC workshops in an effort to break even on costs.
- **Contracts & Consultants** – Increase of \$468,723 or 26.2% to address supplemental subject matter expert needs in several program areas

Reliability Benefits of Resource Additions Proposed in 2011

Reliability Benefits from addition of Compliance Engineer

- A staff addition will be required to effectively process increased work load associated with enforcement activities including enforcement investigations; the timely issuance of appropriate violation notices; review, acceptance and monitoring of mitigation plans and their implementation
- New hire will support the anticipated expansion of the number of registered entities in NPCC due to the implementation of the FERC Order related to the definition of Bulk Electric System
- NPCC will be able to expand the outreach program with registered entities, including the conduct of focused sessions related to current CMEP topics. These sessions would be in

addition to the two regularly scheduled annual workshops and could be in the form of a webinar

- New hire will support the enhancement of the rigor, thoroughness and timeliness of Compliance Investigations
- NPCC will be better able to implement the compliance program aspects of the individual executed MOU with Ontario, Québec, New Brunswick and Nova Scotia
- This staff addition will aid the enhancement of the NPCC Compliance website and the CMEP Data Administration Application which will provide improved interface with registered entities and NERC
- This staff addition will support the enhancement of the development and presentation of performance measures related to the implementation of the CMEP

Reliability Benefits from addition of Compliance Staff position (focus on U.S. compliance issues)

- A staff addition will be required to support the efficient and accurate processing of both: a) the initial request, by a registered U.S. entity, for a Technical Feasibility Exception (TFE) to applicable CIP Reliability Standards and make determination to accept or reject request (“Part A” of TFE evaluation process) and b) the detailed technical evaluation of the request including comprehensive review of all data submitted to support the request (“Part B” of TFE evaluation process.)
- New hire will play key role in the performance of some ten on-site expanded scope CIP audits of registered Transmission Owners (TOs) as per the NERC approved CIP Implementation Plan
- With this staff addition, NPCC will be able to effectively carry out its responsibilities as it relates to the implementation of FERC Order 706-B in which the Commission clarified that the facilities within a nuclear generation plant in the United States that are not regulated by the U.S. Nuclear Regulatory Commission are subject to compliance with the eight mandatory CIP Reliability Standards approved in FERC Order No. 706-B. Of the 63 U.S. nuclear plant sites, eight are in the NPCC U.S. footprint and qualified NPCC personnel will be required to participate in the necessary compliance audits.

Reliability Benefits from addition of Event Analysis and Investigation Engineer

- A staff addition will be required to support the expanded NERC initiative in the area of event analysis, which will include the rapid dissemination of lessons to be learned following an event on the system, the initiation of root cause analysis of all system events and the formal training of event personnel in root cause analysis
- New hire will assist with the expanded NERC event analysis program which requires increased coordination between the NPCC Situation Awareness and Compliance program areas as the analysis of an event evolves, additional staff will be needed
- New hire will support the adoption of the NERC CIP Version 4 standards revisions which will require the rigorous identification and monitoring of an expanded list of Critical Cyber Assets

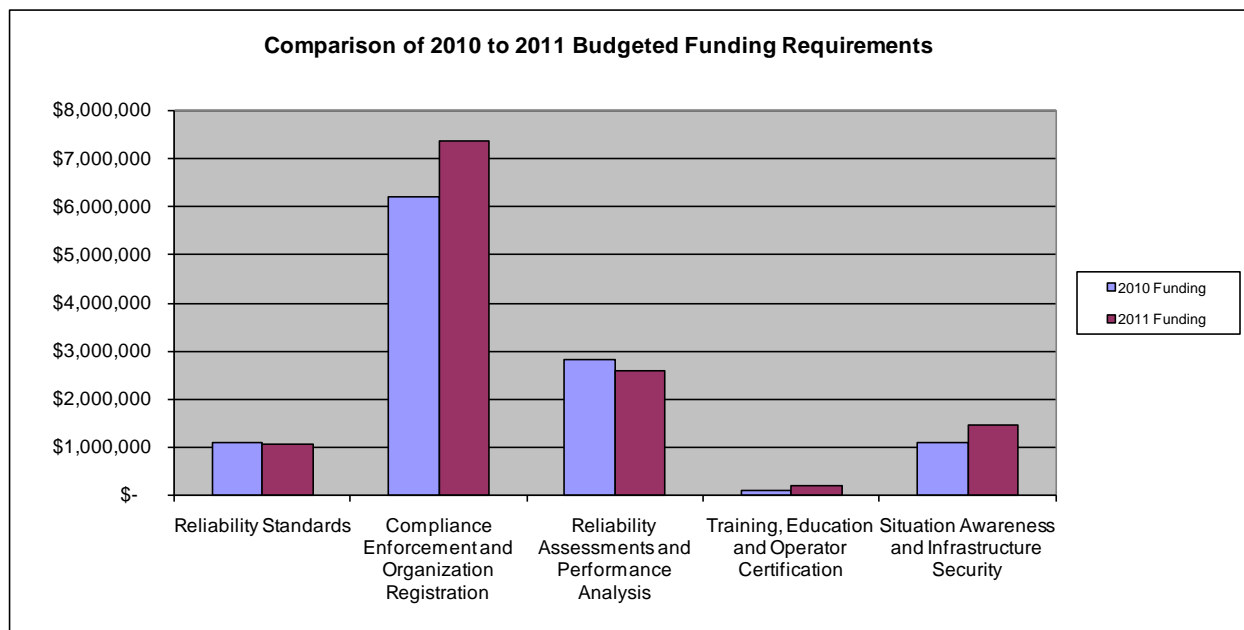
Reliability Benefits of Information Technology Specialist

- A staff addition supports the expanding demands associated with the increase in compliance activities and accompanying data management
- Staff addition will effectively address developing new and expanding Cyber Security requirements currently under development in Version 4, Phase II CIP standards
- New hire will effectively plan and implement changes in information technology architecture for an increased level of protection for CEII and confidential information
- With this staff addition, NPCC will increase development and implement further efficiencies and security for data at rest and in transit

Summary by Program

Program	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Reliability Standards	\$ 1,101,945	\$ 1,101,945	\$ 1,065,714	\$ (36,231)	-3.3%
Compliance Enforcement and Organization Registration	\$ 6,198,595	\$ 6,198,595	\$ 7,378,977	\$ 1,180,382	19.0%
Reliability Assessments and Performance Analysis	\$ 2,833,957	\$ 2,833,957	\$ 2,604,231	\$ (229,726)	-8.1%
Training, Education and Operator Certification	\$ 109,440	\$ 109,440	\$ 198,551	\$ 89,110	81.4%
Situation Awareness and Infrastructure Security	\$ 1,110,147	\$ 1,110,147	\$ 1,469,336	\$ 359,189	32.4%

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



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

Personnel Analysis

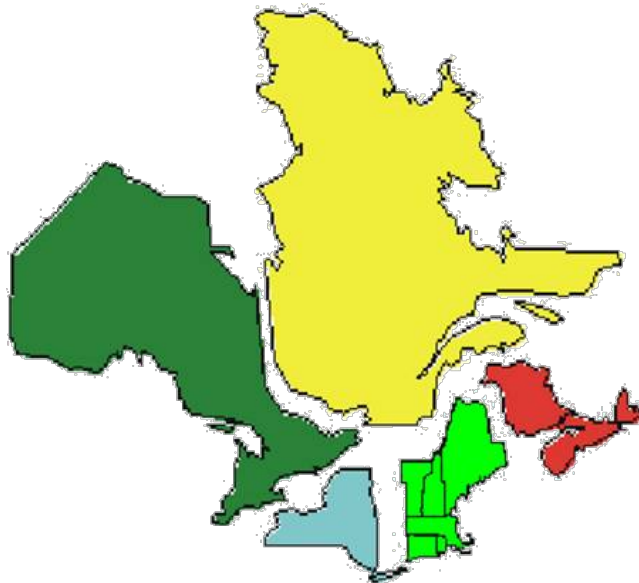
Total FTEs by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.00	2.00	2.00	0.00	2.00	0.00
Compliance Enforcement and Organization Registration and Certification	12.00	12.00	14.00	0.00	14.00	2.00
Training and Education	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	4.90	4.90	4.90	0.00	4.90	0.00
Situation Awareness and Infrastructure Security	2.00	2.00	3.00	0.00	3.00	1.00
Total FTEs Operational Programs	21.00	21.00	24.00	0.00	24.00	3.00
Administrative Programs						
Member Forums	0.50	0.50	0.00	0.50	0.50	0.00
General and Administrative	1.91	1.91	1.00	0.92	1.92	0.01
Information Technology	2.00	2.00	3.00	0.00	3.00	1.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Accounting and Finance	1.00	1.00	1.00	0.00	1.00	0.00
Total FTEs Administrative Programs	6.41	6.41	6.00	1.42	7.42	1.01
Total FTEs	27.41	27.41	30.00	1.42	31.42	4.01

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget						
REGIONAL ENTITY DIVISION						
	2010 Budget	2010 Projection	Variance ⁽²⁾ 2010 Projection v 2010 Budget Over(Under)	2011 Budget Draft for Approval	Variance 2011 Budget v 2010 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 11,500,439	\$ 11,500,439	\$ -	\$ 12,652,610	\$ 1,152,172	
Penalty Sanctions ⁽¹⁾	-	-	-	308,500	308,500	
Total ERO Funding	\$ 11,500,439	\$ 11,500,439	\$ -	\$ 12,961,110	\$ 1,460,672	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	120,000	120,000	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 11,500,439	\$ 11,500,439	\$ -	\$ 13,081,110	\$ 1,580,672	
Expenses						
Personnel Expenses						
Salaries	\$ 4,319,870	\$ 4,319,870	\$ -	\$ 5,055,070	\$ 735,199	
Payroll Taxes	246,223	246,223	-	291,508	45,284	
Benefits	1,077,454	1,077,454	-	1,134,918	57,464	
Retirement Costs	806,115	806,115	-	825,301	19,187	
Total Personnel Expenses	\$ 6,449,662	\$ 6,449,662	\$ -	\$ 7,306,797	\$ 857,135	
Meeting Expenses						
Meetings	\$ 224,217	\$ 224,217	\$ -	\$ 269,325	\$ 45,108	
Travel	849,491	849,491	-	668,000	(181,491)	
Conference Calls	70,795	70,795	-	96,571	25,776	
Total Meeting Expenses	\$ 1,144,503	\$ 1,144,503	\$ -	\$ 1,033,896	\$ (110,607)	
Operating Expenses						
Consultants & Contracts	\$ 1,786,324	\$ 1,786,324	\$ -	\$ 2,255,047	\$ 468,723	
Office Rent	625,850	625,850	-	626,127	277	
Office Costs	286,574	286,574	-	348,043	61,470	
Professional Services	794,890	794,890	-	892,751	97,861	
Computer & Equipment Leases	133,802	133,802	-	135,391	1,590	
Miscellaneous	54,820	54,820	-	55,450	630	
Depreciation	127,913	127,913	-	138,626	10,713	
Total Operating Expenses	\$ 3,810,172	\$ 3,810,172	\$ -	\$ 4,451,436	\$ 641,264	
Total Direct Expenses	\$ 11,418,042	\$ 11,418,042	\$ -	\$ 12,792,129	\$ 1,374,087	
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0	
Other Non-Operating Expenses	\$ 13,705	\$ 13,705	\$ -	\$ -	\$ (13,705)	
Total Expenses	\$ 11,418,042	\$ 11,418,042	\$ -	\$ 12,792,129	\$ 1,374,087	
Change in Assets	\$ 82,397	\$ 82,397	\$ -	\$ 288,981	\$ 206,585	
Fixed Assets						
Depreciation	\$ (127,913)	\$ (127,913)	\$ -	\$ (138,626)	\$ (10,713)	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	18,273	18,273	-	20,886	2,613	
Equipment CapEx	27,410	27,410	-	28,557	1,147	
Leasehold Improvements	18,273	18,273	-	13,863	(4,411)	
(Incr)Dec in Fixed Assets	\$ 63,957	\$ 63,957	\$ -	\$ 75,320	\$ 11,363	
Allocation of Fixed Assets	(0)	(0)	-	0	0	
Change in Fixed Assets	63,957	63,957	-	75,320	11,363	
TOTAL CHANGE IN ASSETS	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	
⁽¹⁾ \$308,500 of penalty sanctions collected to date and prior to June 30, 2010.						
⁽²⁾ 2010 Projections reflect expectations based on the 1st quarter statement of activities. It is anticipated that projections could change throughout 2010 and would be reflected in each subsequent quarter's statement of activities.						

Section A – Regional Entity Division 2011 Business Plan and Budget



Section A — 2011 Business Plan

Reliability Standards Program

Reliability Standards Program			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.0	2.0	0.0
Direct Expenses	\$892,757	\$870,529	(\$22,227)
Indirect Expenses	\$215,280	\$201,462	(\$13,818)
Inc(Dec) in Fixed Assets	(\$6,091)	(\$6,277)	(\$186)
Total Funding Requirement	\$1,101,945	\$1,065,714	(\$36,231)

Program Scope and Functional Description

The NPCC Reliability Standards program is required under the FERC filed and approved Delegation Agreement and NERC Rules of Procedure Section 300. The program develops Regional Reliability Standards in accordance with Exhibit C to the Delegation Agreement and ensures that Regional criteria in the form of Directories are consistent with any applicable NERC and Regional Reliability Standards. The NPCC Reliability Standards program also supports and participates in the development, revision, and maintenance of NERC Reliability Standards, initiates new Reliability Standards when necessary, and provides a forum for the comprehensive review and improvement of those standards. The NPCC Reliability Standards program supports the reliability of the bulk power system by:

- Facilitating active participation of industry stakeholders in NERC Reliability Standards activities
- Providing a mechanism to seek clarity and provide feedback on compliance with Reliability Standards
- Maintaining technical reference documents as required

Funding Drivers and Reliability Benefits

- Expanded Scope of Standards activities
 - Responding to FERC Rulings, NOPRs, and preliminary staff assessments
 - Participating in other Regional Entities' standards development processes through review, comment and active participation in drafting
 - Providing a forum for all NPCC representatives on the NERC and neighboring Regional Entities' drafting teams
- Increased Number of Standards Projects
 - Active NERC Projects in the standards area are expected to increase to address FERC outstanding directives from Order 693 as well as other orders.
 - Number of formal interpretations expected by NERC will increase to an excess of 30 in 2011, all of which will require technical analysis

- NERC Reliability Standards will require Violation Severity Levels and Violation Risk Factors to be developed utilizing new processes; NPCC may need to develop alternate processes for the development of these as well
- Changes in NERC's Reliability Standards processes and directions will likely require modifications to NPCC procedures and associated FERC filings by NPCC
- Expanded efforts to educate and inform stakeholders in the areas of NERC and NPCC Regional Standards with anticipated additional forums

2011 Key Assumptions

- Facilitate stakeholder review, comment on, and develop ballot recommendations for all NERC Reliability Standards under development or revision
 - The Northeast benefits from NPCC's coordination of a broad stakeholder review process and development of consensus recommendations to assure proposed standards will support international reliability and provide appropriate reliability objectives for the Continent-wide standards
 - Coordinate a comprehensive review of the results based standards initiative processes and standards being developed and moved through the process
 - Participate in training programs to train the trainer and develop and convey this results-based standard development methodology to the Regional Standard drafting teams.
- Participate in the stakeholder efforts to develop SARs to further improve standards
- Monitor the drafting of key NERC Reliability Standards-CIP, UFLS, DME, TPL, Balancing Control, and Frequency Response, etc.
 - The Northeast monitoring of the development of standards ensures reliability requirements that are clear, measureable, and enforceable and support international reliability in the Northeast
- Develop and maintain the set of NPCC Directories to be consistent with the NERC Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements
 - The combination of North American and Regional Reliability Standards with the more-stringent NPCC Regional criteria provides for consistency and operational clarity while providing robust defense in depth system reliability
- Monitor the Regional Standards development processes of the Midwest Reliability Organization (MRO), Reliability First Corporation (RFC) and SERC Reliability Corporation to achieve consistency within the Eastern Interconnection
 - The Northeast's reliability is enhanced by strengthening neighboring Regional Entities' Reliability Standards and ensuring that no cross border adverse impacts are introduced
- Review all reliability related requirements of all ERO and Regional Standards, criteria and ensure consistency, remove redundancies and adopt Functional Model language
 - The unambiguous assignment of reliability requirements to specific functional entities benefits international reliability
 - Participate in the continuing refinement of the Functional Model to capture evolving issues essential to reliability and new objectives in the industry, i.e. demand resource operator, planning functions, new activities yet to be identified such as those associated with Smart Grid, synchro-phasor technology, etc.
- Review all FERC orders and Provincial regulations as they relate to the standards, their revision and adoption

- Northeast reliability benefits from careful analyses of governmental orders or actions adopting standards to assure consistency in interpretation
- Review rulings that are issued and all FERC Directives for potential reliability related issues
- Enhance NPCC standards website pages to provide uniform and clear information to the stakeholders while also providing the historical and archived information to support NERC and FERC approvals and expanding requirements

2011 Goals and Key Deliverables

The Reliability Standards program goals and objectives for 2011 are grouped into six categories: participation in North American ERO results-based standards development; Regional Reliability Standards development; directory development and standards improvement; business practice interface; process improvement and communication; and, ensuring that the more stringent Regional criteria are not inconsistent with the Reliability Standards and do not conflict with those standards.

1) Participate in the ERO Results-Based Standards Development

- Participate in the development and revision of the NERC three year work plan through review, commenting and drafting activities
- Participate in the results based standard initiative and project to develop a set of Standards Projects that will provide a defense in depth to achieving reliability
- Coordinate the development of ERO Reliability Standards within NERC's three-year standards work plan
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America
- Conduct thorough reviews of all Industry requested NERC Formal Interpretations of standards and develop and promote the NERC Informal Guidance Process, a comprehensive process to deal with all standards related questions
- NPCC staff along with NPCC solicited Regional drafting team volunteers, will participate in the drafting of all ERO standards and provide geographic support for review and develop comments and propose improvements with specific emphasis on CIP
- NPCC and its members will review and provide comment on FERC preliminary staff assessments as appropriate
- Participate in ballots for ERO standards and provide recommendations to the NPCC Members of the NERC Registered Ballot Body
- Review and develop comments on FERC Notice of Proposed Rulemakings for any and all standards related issues as appropriate
- Evaluate proposed standards utilizing Regional technical task forces, working groups and committees
- Educate and notify stakeholders and regulators about issues related to standards development
- Provide a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC) and NPCC Task Force on Infrastructure Security and Technology (TFIST)
- Provide support to NERC's strategy in the identification scheduling and development of NERC directed Regional Reliability Standards

- Participate in NERC’s Standards Committee proposed triage system to identify immediate standards needs and reprioritize based on those needs
- Participate in and provide support to critical upcoming new Blackout related standards, UVLS, Voltage and Reactive Control, and Real Time Tools
- Identify and initiate Variances to the NERC Reliability Standards as soon as possible, allowing incorporation into the continent wide standard at its inception
- Support additional standards workload from Economic Stimulus, i.e. standards on integrating variable generation resources or EHV backbone, Smart Grid or synchrophasor projects as necessary

2) Regional Standards Development

- Complete the development of one Regional Standard utilizing the NPCC Regional Reliability Standard Development Procedure and submit the standard to NERC for approval of the NERC BOT, (on a schedule, and as needed by NERC). This standard will, in all likelihood, be the Special Protection System (SPS) Regional Standard, however, increased attention recently placed on the BAL standards due to the recent FERC Order may result in a reprioritization at NERC. This potential action may cause a reprioritization of the Regional Standard efforts and result in an NPCC Balancing Authorities Control standard moving forward. NPCC remains committed to being flexible and will respond to any new mandates and changes to the standards development schedules to be responsive to NERC and FERC reliability needs and best utilize staff and industry resources available.
- Draft additional Regional Standards,(on a schedule, and as needed by NERC) utilizing Regional technical committees and working groups in an open and inclusive forum
- Draft any additional standard NERC directs NPCC to develop to meet an urgent reliability related need
- Actively monitor and participate in the standards development activities of the other Regional Entities in the Eastern Interconnection especially the MRO, RFC and SERC to assure consistency within the Eastern Interconnection
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to Regional Standards development and procedures
- Adhere to and surpass, where practical, the 2010-2012 NERC Work plan milestones as they pertain to targets for the Regional Standards

3) Standards Improvement

- Achieve NPCC reliability goals and objectives by initiating and efficiently completing standards activities
- Leverage internet and web based tools functionality to ensure inter-regional consistency and quality of Regional Reliability Standards
- Establish long-term strategy for standards improvement and initiate implementation
- Identify additional future Regional Standard opportunities
- Ensure the topics addressed by the Reliability Standards parallel changing industry needs
- Participate in reliability metrics activities to identify potential measures for benchmarking of reliability to determine if an adequate level of reliability is being achieved
- Support cost-benefit analysis activities to determine if any potential incremental increases in costs of implementing a standard have sufficient enough reliability benefit to implement that standard

4) Business Practices Interface

- Coordinate the review of standards through NPCC staff and members participating in activities of the North American Electric Standards Review Board (NAESB)
- Identify potential market issues for Regional Standards through NPCC RCC reviews

5) Process Improvement

- Identify efficiencies for a coordinated NERC standards development process and NPCC Regional Standards Development Procedure and recommend revisions as applicable
- Participate in the revision and redrafting of the NERC Standards Development Process that currently exists as a procedure
- Establish targets for NERC and NPCC standards procedure improvement and initiate implementation of the strategy
- Streamline and improve the Regional Standards process and enhance program tools and IT based solutions
- Develop and institute records retention programs to ensure sufficient documentation exists for regulatory approvals
- Create process for feedback loops to ensure that event analysis and investigation lessons learned and compliance issues involving violations are fed into the standards program area, as appropriate for review and potential consideration when revising standards
- Support the creation of a standards database, available to industry and online, to identify and review issues related to all approved and developing standards
- Participate in the Functional Model Working Group activities to refine functions, tasks and responsibilities of applicable entities
- Solicit and provide outreach to FERC in the Regional Standards Development Processes

6) Communications

- Automate notifications process to assure awareness of dates and proceedings of all standard development activities
- Strengthen the relationship with the industry's technical committees to ensure adequate input to standards development
- Participate in NPCC and NERC workshops to promote awareness and educate the industry
- Promote the reliability objectives of the NERC standards as appropriate to the NPCC members of the NERC Registered Ballot Body

Technically excellent standards that enhance reliability require the full participation of industry experts from all Regional Entities as well as experts from different stakeholder segments to provide diverse yet helpful perspectives when developing Reliability Standards. The NPCC RSC promotes the drafting team process and solicits drafting team members from appropriate NPCC technical bodies and others in the industry and adjoining Regional Entities.

NPCC RSC will also provide notifications to Northeastern North America NERC Registered Ballot Body members of applicable deadlines for ballot pool registration and for casting ballots thereby enhancing participation, promulgation of important information and increasing awareness. This support will enhance efficiency of the NERC procedure and help to ensure the necessary quorums are present at ballot.

NPCC will also participate in the development and revision of standards as directed by FERC, Canadian provincial and other regulatory and/or governmental authorities. FERC to date has identified numerous NERC Reliability Standards needing further work and has issued numerous Directives. These standards, delineated in the NERC three-year work plan, will be ready to be reviewed and revised throughout 2011.

NPCC will provide support and coordination of NERC standards development activities for the following:

- 31 Standards Projects appearing in the 2009-2011 NERC Workplan (potentially 100+ Standards in these projects will carry over to 2011)
- 7 Standards Projects will be initiated in 2011 and these are envisioned to be results based and be developed to achieve a defense in depth strategy
- Omnibus filing of a number of standard revisions that addresses a percentage of the outstanding FERC issued directives in Order 693

The above standards, taken from the NERC three-year work plan account for at least 140+ total standards that will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the NPCC membership. NPCC will also participate in the development of new standards resulting from lessons learned through NPCC and NERC programs.

Regional Standards Development

The NPCC Regional Standards Development Procedure will have under development or regulatory approval, on a schedule coordinated with the ERO, three Regional Reliability Standards as noted below and also in accordance with the specific timelines in the NERC three-year standards work plan. These Regional Standards will include, but not be restricted to the following:

- Underfrequency Load Shedding (UFLS) anticipated to be gaining regulatory approvals
- Special Protection Systems (SPS) scheduled to begin development
- Balancing Authority Controls (BA - Reserve Sharing) scheduled to begin development

In addition to the three under development Regional Standards noted above, NPCC anticipates obtaining full regulatory approval by FERC and the Canadian provincial governmental and/or regulatory authorities for a NPCC Disturbance Monitoring Regional Standard.

The NPCC Underfrequency Load Shedding Regional Standard is envisioned to be approved by the NPCC member stakeholders and submitted to the NERC BOT for approval in 2011 with subsequent submissions to the FERC and Canadian provincial governmental and/or regulatory authorities shortly thereafter. All Regional Entities were directed by the ERO to develop four standards (UFLS, DME, SPS, and BA) to support the corresponding NERC ERO standards outlined in the work plan. These four standards, along with the associated ERO standards, address the fill in the blank standards which FERC currently is holding for future action. NPCC is also participating in the NERC Regional Reliability Standards Working Group to strive to achieve uniformity and coordination between the Regional Entities' standards.

NPCC is participating in the development of adjoining Regional Entities' standards through the review and commenting processes available. In addition NPCC is registered to cast ballots

where and as allowed by the individual adjoining Regional Entities' Reliability Standards development procedure.

Improvement in the quality of a standard can be quantified in a number of ways. The standards should identify an achievable, technically excellent reliability goal or objective. This goal should be measurable and have specific and concise requirements associated with it. How the reliability goal or objective is achieved will not be the focus of the process. Full participation from industry experts to provide proper technical guidance as well as multiple segments to provide diverse viewpoints is critical to the quality of the resultant standard. These attributes, along with open postings and notifications to allow the industry opportunities to participate are the key components to a successful process and achieving quality standards.

On an ongoing basis, NPCC will achieve consistency as outlined in the NERC Rules of Procedure, by maintaining reliability directories that incorporate NPCC's more stringent Regionally-specific criteria and Regional Standards into a single document with the applicable NERC Reliability Standards.

NPCC RSC and staff regularly participate in the NERC Standards Committee and Standards Committee Process Subcommittee activities and contribute to develop revisions of the standards procedure manual and various NERC standards related processes. The RSC also contributes in the Regional Standards procedure and utilizes and refines web based tools for easier user interface and to provide effective and timely notifications of standards activities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

2011 Reliability Standards program funding is driven by the need for additional activities of NPCC standards drafting teams, ramped up NERC standards activity, FERC activity and increased number of rulings and directives anticipated as a result of the NERC three year work plan. NPCC anticipates greatly expanded activity (yet has held to not increasing staff) in the area of Eastern Interconnection interregional participation and support of adjoining Regional Entity drafting activities specifically RFC and MRO and SERC.

NPCC will continue to rely on contractors for subject matter expertise on an as-needed basis throughout 2011. The amount of Regional documents being converted into Directories and the maintenance of the Directories require subject matter expert input.

Based on the portion of professional/technical staff time and other resources devoted to Reliability Standards development, NPCC estimates that it will expend 8.4 percent of its resources on this activity.

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no staffing changes anticipated. Shift in salaries and payroll taxes are due to refinement of budget model resulting in more accurate 2011 projections.

Meeting Expenses

- Decrease in meeting expenses due to a continued effort to keep costs down by holding more meetings via teleconference, at member facilities, as well as lower meeting space rental rates through negotiations. Decrease in travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, on-site meetings, and meetings by conducted via teleconference. Consequently, there is an increase in conference calls.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget						
Reliability Standards						
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget Draft for Approval	Variance 2011 Budget v 2010 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 1,101,945	\$ 1,101,945	\$ -	\$ 1,040,006	\$ (61,939)	
Penalty Sanctions	-	-	-	25,708	25,708	
Total ERO Funding	\$ 1,101,945	\$ 1,101,945	\$ -	\$ 1,065,714	\$ (36,231)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 1,101,945	\$ 1,101,945	\$ -	\$ 1,065,714	\$ (36,231)	
Expenses						
Personnel Expenses						
Salaries	\$ 393,493	\$ 393,493	\$ -	\$ 390,341	\$ (3,152)	
Payroll Taxes	21,049	21,049	-	21,117	68	
Benefits	94,757	94,757	-	92,864	(1,892)	
Retirement Costs	77,701	77,701	-	67,694	(10,007)	
Total Personnel Expenses	\$ 586,999	\$ 586,999	\$ -	\$ 572,016	\$ (14,983)	
Meeting Expenses						
Meetings	\$ 31,917	\$ 31,917	\$ -	\$ 27,000	\$ (4,917)	
Travel	126,532	126,532	-	120,000	(6,532)	
Conference Calls	12,155	12,155	-	20,100	7,945	
Total Meeting Expenses	\$ 170,604	\$ 170,604	\$ -	\$ 167,100	\$ (3,504)	
Operating Expenses						
Consultants & Contracts	\$ 35,143	\$ 35,143	\$ -	\$ 35,143	\$ -	
Office Rent	45,667	45,667	-	39,853	(5,814)	
Office Costs	20,910	20,910	-	22,153	1,243	
Professional Services	9,333	9,333	-	13,294	3,961	
Computer & Equipment Leases	9,767	9,767	-	8,618	(1,149)	
Miscellaneous	4,000	4,000	-	3,529	(471)	
Depreciation	9,333	9,333	-	8,824	(510)	
Total Operating Expenses	\$ 134,153	\$ 134,153	\$ -	\$ 131,414	\$ (2,740)	
Total Direct Expenses	\$ 892,757	\$ 892,757	\$ -	\$ 870,529	\$ (22,227)	
Indirect Expenses	\$ 215,280	\$ 215,280	\$ -	\$ 201,462	\$ (13,818)	
Other Non-Operating Expenses	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ (1,000)	
Total Expenses	\$ 1,108,037	\$ 1,108,037	\$ -	\$ 1,071,991	\$ (36,045)	
Change in Assets	\$ (6,091)	\$ (6,091)	\$ -	\$ (6,277)	\$ (186)	
Fixed Assets						
Depreciation	\$ (9,333)	(9,333)	\$ -	(8,824)	\$ 510	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	1,333	1,333	-	1,329	(4)	
Equipment CapEx	2,000	2,000	-	1,818	(182)	
Leasehold Improvements	1,333	1,333	-	882	(451)	
(Incr)Dec in Fixed Assets	\$ 4,667	\$ 4,667	\$ -	\$ 4,794	\$ 127	
Allocation of Fixed Assets	\$ 1,424	\$ 1,424	\$ -	\$ 1,483	\$ 58	
Change in Fixed Assets	6,091	6,091	-	6,277	186	
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -	\$ 0	\$ (0)	

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	12.0	14.0	2.0
Direct Expenses	\$4,943,461	\$6,012,680	\$1,069,219
Indirect Expenses	\$1,291,680	\$1,410,233	\$118,553
Inc(Dec) in Fixed Assets	(\$36,547)	(\$43,937)	(\$7,390)
Total Funding Requirement	\$6,198,595	\$7,378,977	\$1,180,382

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program scope covers: 1) the identification and registration of those entities responsible for meeting the NERC Reliability Standards and any approved Regional Standards; 2) the implementation of the CMEP in the United States, including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards, and 3) the implementation of compliance monitoring, assessment and enforcement recommendations in accordance with individual executed MOU in the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia.

The Compliance Committee (CC) is charged with providing objective stakeholder policy input to the NPCC CMEP in the U.S. and compliance related activities under the above mentioned MOUs in the NPCC portion of Canada. With regard to NERC Reliability Standards and Regional Reliability Standards, the CC provides an oversight role of the independent NPCC compliance staff's implementation of the CMEP. In this oversight role the CC will review and endorse the processes used by the NPCC compliance staff in the conduct of the CMEP.

The NPCC compliance staff makes the initial and final determination of alleged violations and determines appropriate penalties and sanctions in accordance with the NERC and the ERO *Sanctions Guidelines*. To accomplish this objective, NPCC's compliance staff is further divided into four sub-program areas: Compliance Implementation and Registration; Compliance Audit Program; Compliance Enforcement and Compliance Investigation:

Compliance Implementation and Registration

The Compliance Implementation and Registration sub-program is responsible for:

- a) Identifying and registering all entities that are required to meet the NERC and Regional Reliability Standards. During the course of this activity regular communication with registered entities is promoted through face-to face meetings, compliance workshops, teleconferences and email;
- b) Development and maintenance of all NPCC CMEP Compliance Procedures, Compliance Instructions and all other NPCC CMEP related documentation;

- c) Development and maintenance of a set of Key Performance Indicators (KPI) that are used to measure the quality and effectiveness of the NPCC CMEP; and,
- d) Coordinating the implementation of NPCC Compliance Staff responsibilities as they pertain to the executed MOU with each of the Canadian Provinces in the NPCC Region.
- e) Day-to-day implementation of the CMEP;
- f) Development of annual CMEP Implementation Plan;
- g) Monitoring and assessment of self-certification, self report, exception reporting, periodic data and complaint submittals;
- h) Development and maintenance of CMEP Data Administration Application (CDAA); and,
- i) Development and maintenance of compliance website.
- j) Development and maintenance of performance measures related to all aspects of CMEP implementation
- k) Support the anticipated expansion of the number of registered entities in NPCC due to the implementation of the FERC Order related to the definition of Bulk Electric System

Compliance Audit Program

The Compliance Audit Program is charged with conducting both on-site and off-site compliance audits, including the auditing of applicable CIP. These audits are done on a predetermined long range schedule that is consistent with a predefined frequency. The audits are led by qualified senior NPCC Staff and the audit teams prepare public and non-public audit reports with their findings and recommendations, including the identification of any possible alleged violations. Specific lessons learned are factored into the audit program to promote continuous improvement. Conducting comprehensive spot-check program that is established to verify self-certifications, follow-up on entities who have previously violated a Reliability Standard and follow-up on entities that have been involved in a significant system event.

Compliance Investigation

- a) Conduct Investigations in conjunction with Events Analysis review as required. Coordinate with NERC and FERC, if necessary. Also coordinate inquiry with Situation Awareness Program Area.
- b) Conduct Compliance Investigation (CI) as required. Coordinate with NERC and FERC as necessary; also coordinate with Situation Awareness Program Area.

Compliance Enforcement

Compliance Enforcement is responsible for:

- a) Issuing all Notices as described in the CMEP including the Notice of Possible Violation (NOPV), Notice of Alleged Violation, and the Notice of Confirmed Violation (NOCV);
- b) Conducting comprehensive investigations based on the facts and circumstances related to all possible alleged violations of Reliability Standards, whether identified in an audit, a self-report, complaint, or other source, and determining whether further action is warranted;
- c) Reviewing, approving, submitting to NERC and tracking the progress of all mitigation plans associated with confirmed violations;
- d) Coordinating settlement activities once they have been initiated and submit settlement agreements to NERC for approval;
- e) Participating in the Hearing Process by representing NPCC before the Hearing Body. The Hearing Body is made up of members of the Compliance Committee. Compliance

- Hearings would be conducted at NPCC under the supervision of a qualified, independent hearing officer contracted by NPCC.; and
- f) Issuing Remedial Action Directives when appropriate.

2011 Key Assumptions and Cost Impacts

2010	2011
5 Large On-Site Audits	10 Large On-Site Audits
24 Medium On-Site Audits	12 Medium On-Site Audits
12 Large Off-Site Audits	25 Large Off-Site Audits
36 Medium Off-Site Audits	12 Medium Off-Site Audits
10 Small Off-Site Audits	7 Small Off-Site Audits
200 Spot Checks (Estimated)	300 Spot Checks (Estimated)
40 Violations (Estimated)	100 Violations (Estimated)
7 Settlements (Covering 35 Projected Violations)	50 Settlements (Covering 100 Projected Violations)
2 Hearings (Unbudgeted)	2 Hearings (Unbudgeted)
3 CI (Estimated)	5 CI (Estimated)
41 CIP Requirements/ 24 Entities; 13 CIP Requirements/ 3 Entities	41 CIP requirements/ 44 entities

- Increase in 2011 CORC Budget over 2010 CORC Budget is \$1,180,382 or 19%.
- 16.3% of that increase is associated with the addition of two FTEs.
- The drivers for the two additional FTEs are primarily related to increased workload in three specific areas: 1) Compliance Audit Program; 2) Enforcement Processing and 3) Compliance Investigations.
- Regarding the Compliance Audit Program (including the Spot Check Program, which typically assesses an entity's compliance with specific requirements of a single standard), the expanded scope and increased complexity of audits, due in part to the inclusion of all 41 CIP requirements applicable to a larger number of entities, results in approximate increases in resources required for each type of audit as follows:
 - Large On-Site Audits – 16.9%
 - Medium On-Site Audits – 23.9%
 - Large Off-Site Audits – 44.5%
 - Medium Off-Site Audits – 48.9%
 - Small Off- Site Audits – 62.6%

Even though in some cases the number of actual audits in a particular audit type listed above are actually projected to be smaller in 2011 than in 2010, the number of audits in other audit types are projected to increase. As a result, the cost of independent, exclusive contract auditors to support the audit program is projected to increase from \$1,100,000 to \$1,597,000 or 45.2% due to the reasons cited above.

The 2011 Spot Check Program is projected to include approximately 300 Spot Checks versus the 200 Spot Checks that were included in the 2010 CORC Budget. This represents a 50% increase in this program.

- The 2011 Business Plan projects the following increases in Enforcement Processing:
 - 100 violations projected versus 40 violations projected (150% increase)

- 50 Settlements versus 7 Settlements (614% increase)
- The 2011 Business Plan projects 5 Compliance Investigations versus the 3 that were in the 2010 Business Plan (67% increase). In addition, these Compliance Investigations are becoming more manpower intensive (requiring allocation of more resources).

2011 Goals and Key Deliverables

- Conduct 2011 CMEP incorporating all NERC Reliability Standards contained in the NERC monitored list for 2011 and any approved and applicable Regional Reliability Standards
 - Process identified violations as effectively as possible, including the timely identification of a violation, timely issuance of violation notices including the NOPV; the Notice of Alleged Violation and the NOCV
 - Implement settlement process when applicable and send proper notifications to NERC and FERC
 - Conduct necessary Hearings related to resolution of outstanding disputes regarding violations and/or sanctions. Send results of hearings to NERC and FERC
- Implement compliance responsibilities identified in the approved Canadian MOUs
- Evaluate CMEP, and Canadian entity compliance program implementation with the objective of establishing a long-term strategy for compliance improvement, and initiate the implementation of the long term strategy
- Provide NPCC Regional Entity input, through participation in appropriate NERC compliance committees, on policy and implementation issues related to compliance, including the development of compliance elements for all new or revised NERC Reliability Standards
- Provide required information to NERC on a timely basis including reporting of alleged violations and confirmed violations
- Track the progress of, report status of, and approve mitigation plans
- Conduct 2011 Compliance Audit Schedule of an estimated total of 129 Compliance Audits based on number of registered entities (Each audit covers a single registered entity that could be audited for multiple Functional Model types that they are registered for and is done in accordance with the 2011 Compliance Audit Program schedule)
- The 2011 Audits will be categorized by the number of requirements associated with the Reliability Standards that will be covered in the Compliance Audit. Six categories have been established based on the number of requirements to be audited and whether the audit is on-site or off-site. In 2011 there are projected to be 10 large on-site audits; 25 large off-site audits; 12 medium on-site audits; 12 medium off-site audits; and 7 small off-site audits. The estimates for the number of Compliance Audits are also based on the projected total number of registered entities for each type and the established three-year cycle for RC, BA, TOP Compliance Audits and the established six-year cycle for all other registered entity types.
- In addition, 44 Registered entities will be audited for the 41 CIP Requirements of CIP 002 to CIP 009. These will be both separate audits and CIP audits that will be combined with the normally schedule 2011 audits.
- Conduct spot check program during the year. A spot check can be viewed as a limited unscheduled small off-site compliance audit that will be utilized to verify self

certification submittals that have been done earlier in the year. In 2011 the number of spot checks to be done is estimated to be 300.

- Assure that NPCC Staff is trained to conduct Compliance Audits including CIP Compliance Audit training. Enhance overall implementation of Compliance Program utilizing Compliance Program Feedback Process and the development of Quality Enhancement Programs (QEP)
- Implement enhancements to CMEP that were identified through the analysis of Performance Measures
- Provide input to the development of compliance elements within proposed NPCC Regional Reliability Standards
- Enhance the CDAA to expand its capabilities from both the registered entity perspective and the NPCC Compliance Staff perspective
- Use established CDAA Users Group to seek input from the user community as to ways to enhance the application
- Provide applicable training to staff personnel to allow for the development of enhanced compliance program reporting

Conduct 2011 Compliance Workshops and interim information sessions for registered entities as necessary as a part of Training and Education program area.

Based on the portion of professional/technical staff time and other resources devoted to Compliance monitoring and enforcement and organizational registration and certification, NPCC estimates that it will expend 58 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- Two additional Compliance Engineers will be added in 2011.

Meeting Expenses

- Travel expenses are increasing due to the addition of two Compliance Engineers in 2011 and the requirement to audit some CIP related materials on-site.

Operating Expenses

- Consultants and Contracts increase due to expanded quantity, complexity and scope of audits. NPCC makes extensive use of independent and exclusive contractors as subject matter experts. Significant CIP requirements warrant increases as indicated in the table on page 31. Increase in office costs due to increased staff.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. Therefore, expenses related to indirect programs are due to the addition of two FTEs.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has increased to reflect the 2011 FTE ratio allocation between program areas.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2010 Budget & Projection, and 2011 Budget						
Compliance Enforcement and Organization Registration and Certification						
				Variance		Variance
	2010	2010	2010 Projection	v 2010 Budget	2011 Budget	v 2010 Budget
	Budget	Projection	v 2010 Budget	Over(Under)	Draft for Approval	v 2010 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 6,198,595	\$ 6,198,595	\$ -		\$ 7,199,018	\$ 1,000,423
Penalty Sanctions	-	-	-		179,958	179,958
Total ERO Funding	\$ 6,198,595	\$ 6,198,595	\$ -		\$ 7,378,977	\$ 1,180,382
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	-	-	-		-	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 6,198,595	\$ 6,198,595	\$ -		\$ 7,378,977	\$ 1,180,382
Expenses						
Personnel Expenses						
Salaries	\$ 1,971,523	\$ 1,971,523	\$ -		\$ 2,369,244	\$ 397,721
Payroll Taxes	113,655	113,655	-		137,610	23,955
Benefits	523,636	523,636	-		535,522	11,886
Retirement Costs	260,791	260,791	-		294,210	33,419
Total Personnel Expenses	\$ 2,869,606	\$ 2,869,606	\$ -		\$ 3,336,586	\$ 466,980
Meeting Expenses						
Meetings	\$ 26,628	\$ 26,628	\$ -		\$ 26,600	\$ (28)
Travel	228,521	228,521	-		260,000	31,479
Conference Calls	11,645	11,645	-		11,600	(45)
Total Meeting Expenses	\$ 266,795	\$ 266,795	\$ -		\$ 298,200	\$ 31,405
Operating Expenses						
Consultants & Contracts	\$ 1,207,000	\$ 1,207,000	\$ -		\$ 1,704,000	\$ 497,000
Office Rent	274,000	274,000	-		278,971	4,971
Office Costs	125,461	125,461	-		155,071	29,610
Professional Services	56,000	56,000	-		93,059	37,059
Computer & Equipment Leases	58,600	58,600	-		60,324	1,724
Miscellaneous	24,000	24,000	-		24,706	706
Depreciation	56,000	56,000	-		61,765	5,765
Total Operating Expenses	\$ 1,801,061	\$ 1,801,061	\$ -		\$ 2,377,894	\$ 576,833
Total Direct Expenses	\$ 4,943,461	\$ 4,943,461	\$ -		\$ 6,012,680	\$ 1,069,219
Indirect Expenses	\$ 1,291,680	\$ 1,291,680	\$ -		\$ 1,410,233	\$ 118,553
Other Non-Operating Expenses	\$ 6,000	\$ 6,000	\$ -		\$ -	\$ (6,000)
Total Expenses	\$ 6,235,142	\$ 6,235,142	\$ -		\$ 7,422,914	\$ 1,187,772
Change in Assets	\$ (36,547)	\$ (36,547)	\$ -		\$ (43,937)	\$ (7,390)
Fixed Assets						
Depreciation	\$ (56,000)	(56,000)	\$ -		\$ (61,765)	\$ (5,765)
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	8,000	8,000	-		9,306	1,306
Equipment CapEx	12,000	12,000	-		12,724	724
Leasehold Improvements	8,000	8,000	-		6,176	(1,824)
(Incr)Dec in Fixed Assets	\$ 28,000	\$ 28,000	\$ -		\$ 33,559	\$ 5,559
Allocation of Fixed Assets	\$ 8,547	\$ 8,547	\$ -		\$ 10,378	\$ 1,831
Change in Fixed Assets	36,547	36,547	-		43,937	7,390
TOTAL CHANGE IN ASSETS	\$ (0)	\$ (0)	\$ -		\$ 0	\$ 0

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	4.9	4.9	0.0
Direct Expenses	\$2,321,444	\$2,126,027	(\$195,417)
Indirect Expenses	\$527,436	\$493,582	(\$33,855)
Inc(Dec) in Fixed Assets	(\$14,923)	(\$15,378)	(\$455)
Total Funding Requirement	\$2,833,957	\$2,604,231	(\$229,726)

Program Scope and Functional Description

NPCC, through its top technical committee, the Reliability Coordinating Committee (RCC), integrates the deliverables of its Task Force's and Working Group's Reliability Assessment and Performance Analysis related activities. Consistent with the applicable NERC Reliability Standards, these efforts include:

- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserves in accordance with NPCC Reliability Directory No. 1 and other related reliability directories;
- Assessing the impact of planned transmission and resource additions or modifications on NPCC system reliability in accordance with NPCC Reliability Directory No. 1 and other related reliability directories.

Seasonal assessments of the overall NPCC resource adequacy assessments are performed and possible actions to mitigate any potential problems are identified. NPCC reviews operations and disturbances both internal and external to the Region in order to identify any lessons to be learned and recommends any necessary follow-up actions.

If appropriate, enhancements to Regional Standards or NPCC's more stringent, Regionally-specific reliability requirements are also recommended. NPCC promotes and conducts both inter-Area and interregional studies to enhance reliability and operational effectiveness, and provides a forum for the discussion and coordination of operating issues within the NPCC Region and with other Regions.

2011 Key Assumptions

Continue to provide the NPCC Regional perspective with active NPCC Staff participation on the NERC Planning and Operating Committees and key related NERC Subcommittees, Task Forces and Working Groups:

- ✓ Generation & Transmission Reliability Planning Models Task Force (G&TRPMTF)
- ✓ Data Coordination Working Group (DCWG)

- ✓ Reliability Assessment Subcommittee (RAS) - Seasonal and Long-Term Reliability Assessments
- ✓ Transmission Issues Subcommittee (TIS)
- ✓ Loss of Load Expectation (LOLE) Task Force
- ✓ Regional support and coordination of the NERC:
 - Generator Availability Data System (GADS)
 - Demand Availability Data System (DADS)
 - Transmission Availability Data System (TADS).

Initiation of the following key NPCC Reliability Assessment and Performance Analysis projects:

- ✓ Including the NPCC probabilistic reliability metrics proposed by the NERC G&TRPMTF for the 2011 NERC Long-Term Reliability Assessment in the NPCC 2011 Long Range Adequacy Overview.
- ✓ Developing updates to the NPCC Electric System Map.
- ✓ Liaison with the New York Defensive Strategies Working Group in coordination and implementation of SynchroPhasor measurement devices on the NPCC and neighboring systems and monitor related efforts of the NERC North American SynchroPhasor Initiative.
- ✓ Providing analytic support to NERC Event Analysis Coordinating Group (EACG) as needed.
- ✓ Reviewing of proposed Regional waivers to the NERC BES definition, as requested.
- ✓ Participating in on-going NERC analysis of the Eastern Interconnection Frequency Response.
- ✓ Developing NPCC guidelines for load modeling in system reliability studies.
- ✓ Conducting resource adequacy assessments addressing impacts of emerging reliability issues identified by the NERC Planning Committee (e.g., Climate Change Legislation, environmental requirements, etc.)
- ✓ Participation in Regional activities (such as the Eastern Interconnection Planning Collaborative) and coordinating any resulting NPCC inter-Area reliability analyses to assess the proposed integration of related large-scale renewable resource proposals.
- ✓ Completing the 2011 NERC Seasonal (and post Seasonal) Reliability Assessments.
- ✓ Completing the 2011 NERC Long-Term Reliability Assessment.

2011 Goals and Key Deliverables

Task Force on Coordination of Planning

The primary mission of the NPCC Task Force on Coordination of Planning (TFCP) is to promote reliability through the coordination of NPCC Area and NERC planning processes and activities.

TFCP activities include, but are not limited to:

- Leading the NPCC Task Force review of the revision of NPCC Reliability Directory No. 1, and other NPCC criteria, guidelines, and procedures related to planning, and of those documents which provide for the uniform implementation, interpretation and monitoring of compliance with criteria, guidelines and procedures related to planning.
- Supporting the NPCC Directory Project by either drafting, reviewing or approving directories.
- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems.

- Facilitating Wide-Area Planning by supporting the Joint ISO/RTO Planning Committee Activities, implementation of the Northeast Planning Protocol, and performing any NPCC interconnection reliability analyses, as required.
- Reviewing the overall reliability of the NPCC Areas and performing multi-Area probabilistic reliability assessments.
- Identifying and assisting in the development of new Regional Reliability Standards.
- Assisting the NPCC Compliance Subcommittee, to monitor and coordinate the compliance efforts of the Areas with NPCC planning documents and Registered Entities with NERC Reliability Standards.
- Reviewing the Standards Authorization Requests and NERC Reliability Standards as well as participating in the NERC process. Educating and informing NPCC membership and Registered Entities of developments.
- Ensuring coordination of data and assumptions for conducting NPCC planning studies (i.e. load forecasts, reserve requirements, DOE EIA 411 data, and new facilities)
- Monitoring the activities of other NPCC Task Forces to ensure coordination with planning activities.
- Completing any outstanding Blackout Recommendation Follow-Up actions.
- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with NPCC Directory No. 1 based on a schedule set forth in the Reliability Assessment Program.
- Coordinating the review of the compliance of future Area plans with the Basic Criteria, including an analysis of resource and transmission system additions, and the potential inter-Area effects of special protection systems, in accordance with NPCC Reliability Directory No.1 based on a schedule set forth in the Reliability Assessment Program. (Specific projects, which in the opinion of the task force could have an impact on the reliability of the NPCC Bulk Power System, may be reviewed outside of the set schedule).

Key TFCP Reliability Assessment and Performance Analysis Deliverables

- ✓ Coordinating activities related to reactive power and voltage control practices, which includes Under Voltage Load Shedding (UVLS) with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC Planning Committee and its Subcommittees are addressed.
- ✓ Monitoring the actions of the NERC Transmission Issues Subcommittee (TIS) in the area of system protection and control.
- ✓ Monitoring the actions of the NERC Resource Issues Subcommittee (RIS) in the area of demand response and resource adequacy assessment.
- ✓ Overseeing the A-10 BPS Implementation Plan.
- ✓ Overseeing the summer 2011 and winter 2011-2012 NPCC multi-area probabilistic reliability evaluations.
- ✓ Overseeing the 2011 NPCC Long-Range Adequacy Overview.
- ✓ Evaluating and approving Area Transmission Reviews.
- ✓ Coordinating, monitoring, reviewing, and making recommendations on the retirement of existing in-service Special Protection Systems (SPS); and the implementation of proposed new or modified Special Protection Systems.
- ✓ Monitoring industry practices and making recommendations to NPCC on transmission adequacy standards related to intermittent generation such as wind or solar-voltaic.

- ✓ Reviewing and giving direction to other task forces on changes required to the Underfrequency Load Shedding (UFLS) program required to take into account increasing amounts of distribution connected generation and/or intermittent generation.
- ✓ Evaluating and recommending approval of NPCC Area Resource Adequacy Assessments.
- ✓ Monitoring the developments in demand resources, energy efficiency and conservation methods including all intermittent renewable resources.
- ✓ Conducting resource adequacy assessment studies addressing emerging reliability issues as identified by the NERC Planning Committee (e.g., Climate Change Legislation, environmental requirements, etc.)
- ✓ Supporting Joint ISO/RTO Planning Committee activities.
- ✓ Facilitating Wide-Area Planning through participation in Regional activities (such as the Eastern Interconnection Planning Collaborative) and coordinating any resulting required inter-Area Reliability Assessment of the proposed integration related large-scale renewable resource proposals.
- ✓ Completion of the NERC 2011 Long-Term Reliability Assessment.

Task Force on System Studies

The primary mission of the NPCC Task Force on System Studies (TFSS) is to provide for active overall coordination of system studies of the reliability of the interconnected bulk power systems and for the review of certain NPCC documents.

The activities of the TFSS include, but are not limited to:

- Participating with the Task Force on Coordination of Planning, the Task Force on Coordination of Operation and the Task Force on System Protection in reviews of the NPCC Reliability Directory No.1 and other NERC Reliability Standards and NPCC criteria, guidelines, procedures and documents which provide for the uniform implementation, interpretation and monitoring of conformance to criteria, guidelines and procedures related to system studies.
- Conducting NPCC Area Reviews, in accordance with NPCC Reliability Directory No. 1, based on material presented by the Areas. These reviews will assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Area's conformance with the NPCC Basic Criteria.
- Reviewing and approving changes to Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10). Annually review and update the NPCC BPS List.
- Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7. Annually reviewing and updating the NPCC SPS List.
- Conducting such load flow, transient stability, and other studies as required analyzing the overall reliability of the planned bulk power transmission systems of NPCC and the interconnections between NPCC and other Regional reliability organizations. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.
- Conducting analytical studies as appropriate to support the coordination of system planning, system operation and system protection in NPCC.
- Maintaining, through the SS-37 Working Group, a library of load flow base cases and associated dynamics data, for use in and support of Area Reviews, overall transmission

assessments, operational studies, inter-regional studies, etc. Coordinate this effort with the NERC inter-regional base case development process.

- In conjunction with other Task Forces, reviewing major system disturbances to ascertain the adequacy of the interconnected systems. Also, reviewing any associated recommendations for system modifications and considering the need for criteria changes.
- Identifying and recommending improved system study techniques. This includes, but is not limited to, the following:
 - improved techniques and models for power system simulation;
 - improved techniques for power system Reliability Assessment;
- Conducting a periodic review of the adequacy of the NPCC underfrequency load shedding program. Annually reviewing and updating the NPCC underfrequency load shedding database.
- Maintaining a listing and monitoring the status of major transmission and generation projects within NPCC.
- Maintaining liaison with other NPCC Task Forces and report to the Reliability Coordinating Committee as required.
- Monitoring the work of industry research and development organizations such as the IEEE, Canadian Electricity Association, Electric Power Research Institute, CIGRE and other technical organizations.
- Annually developing updates to the NPCC Electric System Map

Key TFSS Reliability Assessment and Performance Analysis Deliverables:

- ✓ Conducting Area Reviews, in accordance with the *Guidelines for NPCC Area Transmission Reviews* (Appendix B of NPCC Reliability Directory No. 1), based on material presented by the Areas. These reviews assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Area's conformance with the NPCC Basic Criteria. Through the Area Transmission Reviews, re-evaluate the performance and classification of existing SPSs and Dynamic Control Systems as appropriate.
- ✓ Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7 *Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems* as required.
- ✓ Reviewing and approving changes to the Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10), as required.
- ✓ Updating the NPCC Bulk Power System List.
- ✓ Participation in on-going NERC analysis of the Eastern Interconnection Frequency Response.
- ✓ Review of proposed Regional waivers to the NERC BES definition, as requested.
- ✓ Developing the annual library of power flow base cases and associated dynamic models for use by NPCC members and input into the development of the MMWG library of power flow and dynamic cases and databases for the Eastern Interconnection
 - i. Final development of NPCC power flow models for 2011
 - ii. Final development of NPCC dynamic models for 2011
 - iii. Address wind modeling issues including maintaining a database of wind models in the NPCC library of base case and provide documentation of those models

- ✓ Annually performing event replication and exercise the procedure. Reviewing existing Regional criteria and procedures for validation of data used in power flow and dynamic simulations by benchmarking against actual system performance. If the existing criteria or procedures are found to be deficient, propose changes to provide for adequate data validation (NERC Blackout Recommendation No. 14)
- ✓ Updating the NPCC SS-37 Working Group Procedure Manual and other related documents including the Master Tie line Data, and Interchange Schedule, as required.
- ✓ Providing mid-term updates to the 2011 Library of NPCC/MMWG cases
- ✓ Enhancing the governor modeling on a unit by unit basis suitable for use in the system simulation. Apply load controllers on all fossil fired units and calibrate accordingly with the observed response on units and systems, coordinated with the NPCC CO-1 Working Group.
- ✓ Annually reviewing and updating a list of NPCC underfrequency load shedding.
- ✓ Coordinate activities with those of the New York State Defensive Strategies Working Group, regarding the coordination and implementation of Synro-Phasor measurement devices.
- ✓ Developing NPCC guidelines for load modeling through review of past industry efforts to study dynamic load behavior, and contact others within the industry to benefit from their research. Focus on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommending whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance.
- ✓ Classification of Bulk Power System Elements.
- ✓ Supporting Regional system studies to integrate large-scale renewable resources.
- ✓ Provide support to NERC EACG (Event Analysis Coordinating Group) as needed.
- ✓ Develop updates to the NPCC Electric System Map.

Task Force on System Protection (TFSP)

The purpose of the NPCC Task Force on System Protection (TFSP) is to promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America through the establishment of directories, criteria, guidelines, and procedures and coordination of design, relative to the protection associated with the bulk power systems.

The Reliability Assessment and Performance Analysis activities of the TFSP include, but are not limited to:

- Assessing proposed protection systems and special protection systems in accordance with NPCC Reliability Directory No. 4 and No. 7.
- Reviewing and analyzing the performance of protection systems following selected major power system disturbances and events, inside as well as outside NPCC in accordance with NPCC Reliability Directory No. 4. Issue recommendations for changes to NPCC Documents, as appropriate.
- Providing technical advice on protection issues to NPCC and coordinate with other Task Forces on the application of Intelligent Electronic Devices (IEDs) that include functions related to energy management systems in addition to their protective functions, in order to safeguard the integrity of the protective functions.
- Reviewing and assessing significant protection issues of common interest or informational value.

- Reviewing and assessing regulatory and industry based documents as they relate to system protection.
- Maintaining an effective liaison with North America groups working in the protection areas (for example: NERC System Protection & Control Subcommittee.)
- Exchanging information with other power pools, Regional Reliability Councils, Regional Transmission Organizations and other industry groups on matters concerned with system protection.
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee.

Key TFSP Reliability Assessment and Performance Analysis Deliverables:

- ✓ Assessing proposed protection systems and special protection systems for compliance with NPCC Directory No. 4 and No. 7 criteria.
- ✓ Reviewing and analyzing the performance of protection systems in power system disturbances and events, brought to the attention of the Task Force, inside as well as outside NPCC in accordance with *Procedures for Task Force on System Protection Review of Disturbances* (Document C-30). Issuing recommendations for changes to NPCC Documents, as appropriate.
- ✓ Providing support to the NERC Event Analysis Coordinating Group as required.
- ✓ Supporting the completion of NPCC Blackout ‘Recommendation 2a’ effort.
- ✓ Reviewing and updating NPCC Undervoltage Load Shedding Database.
- ✓ Participate in the ongoing development and submission of NPCC input into the development of related NERC Reliability Standards.
- ✓ Conducting any follow-up to the bulk power system protection risk assessment as directed by the Reliability Coordinating Committee.

Task Force on Coordination of Operation

The NPCC Task Force on Coordination of Operation (TFCO) facilitates the coordination of operations among the NPCC Reliability Coordinator areas and adjacent NERC Regions to enhance the reliability of the bulk power system. In addition, the TFCO provides technical support regarding operating expertise to the NPCC RSC and the NPCC CC.

The activities of the NPCC TFCO include, but are not limited to:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC, and coordinating these efforts with parallel assessments conducted by the NPCC Task Force on Coordination of Planning and by NERC. Reviewing the operational preparedness of NPCC and recommending possible actions to mitigate any potential problems identified for each operating period.
- Reviewing operations and system disturbances and providing any necessary follow-up, including the recommendation of remedial or mitigating actions.
- Facilitating the reliable operational integration of new bulk power system facilities.
- Coordinating the development of operating NPCC requirements and procedures affecting the reliability and operability of the bulk power system in coordination with, and as directed by, NERC and NPCC.
- Promoting and sponsoring inter-Balancing Authority Area and interregional studies to enhance reliability and operational effectiveness of the bulk power system.
- Providing coordination of operating issues with other NPCC Task Forces and other Regions.

- Reviewing, and acting upon, NERC actions, motions and recommendations in relation to the operation of the power system.
- Formulating the position of the TFCO on NERC Standards, and providing this position to the NPCC Regional Standards Committee as appropriate.
- Providing assistance as requested by the NPCC Regional Standards Committee in the development of Regional Standards and Directories.
- Providing assistance as requested by the NPCC Compliance Committee in monitoring and coordinating the compliance efforts of the registered entities of NPCC.

Key TFCO Reliability Assessment and Performance Analysis Deliverables:

- ✓ Address the need for, and appropriate magnitude of, synchronized operating reserve required by NPCC Reliability Directory No. 5.
- ✓ Monitor the development of the NERC North American SynchroPhasor Initiative.
- ✓ Expand the NPCC Reliability Directory No. 8 to address detailed Balancing Authority to Balancing Authority restoration within NPCC and between NPCC and its neighbors.
- ✓ Review NPCC Reliability Coordinator Area Restoration Plans.
- ✓ Completing the NPCC 2011 summer and 2011-12 Operational Reliability Assessments.
- ✓ Completion of the NERC 2011 Seasonal (and post Seasonal) Reliability Assessments.

NPCC Regulatory/Governmental Affairs Advisory Group

The purpose of the NPCC Regulatory/Governmental Affairs Advisory Group is to promote NPCC interaction and coordination with Federal/State/Provincial governmental and/or regulatory agencies on a coordinated Regional basis, and identify and develop policy input for NPCC and Northeast Regional governmental and/or regulatory bodies.

The NPCC Governmental/Regulatory Affairs Advisory Group provides a forum where industry and governmental and/or regulatory representatives can exchange views and strive to develop consensus policy recommendations on reliability issues specific to the NPCC Region (Northeastern United States and Eastern Canada) and share actionable information among NPCC, NERC and other related governmental and/or regulatory agencies related to Regional energy and reliability matters.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The Reliability Assessment and Performance Program funding increase is caused by the need to support the additional and expanded activities in this area, specifically the

- ✓ Reliability Assessment of renewable resource integration as identified by the Eastern Interconnection Planning Collaborative.
- ✓ Additional resource adequacy assessments to address impacts resulting from the NERC Planning Committee's identification of emerging reliability issues.
- ✓ Support of the activities of the NERC Event Analysis Coordinating Group (EACG)
- ✓ Support of the NERC analysis of the Eastern Interconnection Frequency response.
- ✓ Incorporation of probabilistic metrics proposed by the NERC G&TRPMTF for inclusion in the 2011 NERC Long-Term Reliability Assessment.
- ✓ Liaison with the NERC North American SynchroPhasor Initiative and activities of the New York Defensive Strategies Working Group.

In addition, NERC has expanded the role of several of the groups related to the support of their Planning Committee, and has formed additional groups to address their need for enhanced or

additional data collection. These activities require NPCC staff not only coordinate the activities of its members, but also those of the NPCC registered entities, including NPCC Regional support and coordination of the NERC:

- Generator Availability Data System (GADS)
- Demand Availability Data System (DADS)
- Transmission Availability Data System (TADS)
- Spare Equipment Database

Based on the portion of professional/technical staff time and other resources devoted to Reliability Assessment and performance analysis, NPCC estimates that it will expend 20.4 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no significant changes requiring an explanation.

Meeting Expenses

- Decrease in meeting expenses due to a continued effort to keep costs down by holding more meetings via teleconference, at member facilities, as well as lower meeting space rental rates through negotiations. Decrease in travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, holding meetings at the NPCC offices, and meetings conducted via teleconference.

Operating Expenses

- NPCC expects to meet proposed additional workload by increasing reliance on outside subject matter expert consultant services as needed. Contracts are decreasing due to negotiated lower contractor rates, resulting in a net decrease in the consultants & contracts account.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2010 Budget & Projection, and 2011 Budget						
Reliability Assessment and Performance Analysis						
	2010	2010	Variance		Variance	
	Budget	Projection	2010 Projection	2011 Budget	2011 Budget	
			v 2010 Budget	Draft for Approval	v 2010 Budget	
			Over(Under)		Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 2,833,957	\$ 2,833,957	\$ -	\$ 2,541,245	\$ (292,712)	
Penalty Sanctions	-	-	-	62,985	62,985	
Total ERO Funding	\$ 2,833,957	\$ 2,833,957	\$ -	\$ 2,604,231	\$ (229,726)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 2,833,957	\$ 2,833,957	\$ -	\$ 2,604,231	\$ (229,726)	
Expenses						
Personnel Expenses						
Salaries	\$ 908,665	\$ 908,665	\$ -	\$ 919,883	\$ 11,218	
Payroll Taxes	50,634	50,634	-	51,133	499	
Benefits	223,793	223,793	-	188,208	(35,585)	
Retirement Costs	192,172	192,172	-	193,695	1,522	
Total Personnel Expenses	\$ 1,375,264	\$ 1,375,264	\$ -	\$ 1,352,919	\$ (22,345)	
Meeting Expenses						
Meetings	\$ 51,789	\$ 51,789	\$ -	\$ 25,000	\$ (26,789)	
Travel	212,738	212,738	-	120,000	(92,738)	
Conference Calls	40,351	40,351	-	40,245	(106)	
Total Meeting Expenses	\$ 304,878	\$ 304,878	\$ -	\$ 185,245	\$ (119,633)	
Operating Expenses						
Consultants & Contracts	\$ 396,277	\$ 396,277	\$ -	\$ 352,000	\$ (44,277)	
Office Rent	111,883	111,883	-	97,640	(14,244)	
Office Costs	51,230	51,230	-	54,275	3,045	
Professional Services	22,867	22,867	-	32,571	9,704	
Computer & Equipment Leases	23,928	23,928	-	21,113	(2,815)	
Miscellaneous	9,800	9,800	-	8,647	(1,153)	
Depreciation	22,867	22,867	-	21,618	(1,249)	
Total Operating Expenses	\$ 638,852	\$ 638,852	\$ -	\$ 587,863	\$ (50,989)	
Total Direct Expenses	\$ 2,321,444	\$ 2,321,444	\$ -	\$ 2,126,027	\$ (195,417)	
Indirect Expenses	\$ 527,436	\$ 527,436	\$ -	\$ 493,582	\$ (33,855)	
Other Non-Operating Expenses	\$ 2,450	\$ 2,450	\$ -	\$ -	\$ (2,450)	
Total Expenses	\$ 2,848,880	\$ 2,848,880	\$ -	\$ 2,619,609	\$ (229,271)	
Change in Assets	\$ (14,923)	\$ (14,923)	\$ -	\$ (15,378)	\$ (455)	
Fixed Assets						
Depreciation	\$ (22,867)	(22,867)	\$ -	\$ (21,618)	\$ 1,249	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	3,267	3,267	-	3,257	(10)	
Equipment CapEx	4,900	4,900	-	4,453	(447)	
Leasehold Improvements	3,267	3,267	-	2,162	(1,105)	
(Incr)Dec in Fixed Assets	\$ 11,433	\$ 11,433	\$ -	\$ 11,746	\$ 312	
Allocation of Fixed Assets	\$ 3,490	\$ 3,490	\$ -	\$ 3,632	\$ 142	
Change in Fixed Assets	14,923	14,923	-	15,378	455	
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	0.1	0.1	0.0
Direct Expenses	\$98,981	\$188,791	\$89,810
Indirect Expenses	\$10,764	\$10,073	(\$691)
Inc(Dec) in Fixed Assets	(\$305)	(\$314)	(\$9)
Total Funding Requirement	\$109,440	\$198,551	\$89,110

Program Scope and Functional Description

The NPCC Training, Education, and Operator Certification program supports NERC Rules of Procedure Section 900. The program provides education and training necessary to understand and operate the bulk electric system. The target audience of the program is bulk power system operating personnel - including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. The program also supports NPCC staff training and development needs as well as the administration of records necessary to maintain status as a NERC Continuing Education provider.

Training Program Background and Description

NPCC establishes and coordinates programs for system operator training relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. It develops and conducts training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, the implementation of NPCC standards and procedures are discussed, significant disturbances are reviewed for lessons to be learned and table-top drills and communication and coordination exercises. The seminars promote camaraderie and better communication among system operators from the NPCC Reliability Coordinator Areas.

NPCC also shares, evaluates and proposes new techniques and training aids as they become available; reviews opportunities to consolidate training among the NPCC Reliability Coordinators, which includes opportunities to share training material and training sessions and exchanges information on internal methods of system operator selection and training.

Funding Drivers and Reliability Benefits

- Provide two high-quality continuing education seminars (Compliance and TFIST Workshop) for system operators, schedulers and dispatchers
 - System operators and schedulers participating in the Seminars get exposure to NPCC issues and current industry operations topics, review recent NPCC or major external disturbances, discuss projected conditions for the coming summer

- or winter peak season and participate in hands on exercises pertaining to system operation practices
- Seminar attendees also receive CE hours and each Balancing Authority Area utilizes the seminar content by including it in their internal training programs to provide CE hours to all system operators
- The seminars help to improve system operation coordination through better camaraderie among operators
- Review and revise the curriculum of the training seminars to better emphasize NERC standards, Regional Standards and business practices, NPCC wide-area operations and Regionally-specific criteria and procedures
 - Enhance the system operator's awareness and knowledge of the standards, criteria and procedures they apply in real time operation
- Provide more sharing of new training approaches, exchange of information on internal methods of system operator selection, training material and training sessions
 - Enhanced efficiency and cost savings in the training programs in the NPCC Balancing Authority Areas

2011 Key Assumptions

NPCC will conduct two workshops in 2011, for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the Compliance Monitoring and Enforcement Program (CMEP). These workshops, attended in the past by up to 250 participants, are specifically designed, primarily through the conduct of targeted breakout class room sessions and presentations on current industry related activities, to provide for the most efficient exchange of information between the NPCC Compliance and Standards Staff and the NPCC Stakeholders. Presentations in the past have been conducted by FERC, NERC and Stakeholder representatives in addition to NPCC Staff members. To supplement these workshops, NPCC is also considering additional methods for the dissemination of timely information, possibly in the form of on-line webinars. These webinars will focus on a specific topic pertinent to developments related to compliance program implementation and/or standards development that may arise in between the two regularly scheduled workshops.

With the exception of meeting expenses, it is proposed that the NPCC resources to support Training and Education will remain virtually unchanged for the calendar year 2011. In 2010, NPCC did not charge registration fees for training workshops. In 2011, to be consistent with NERC and other Regional Entities, NPCC will charge for participation in NPCC workshops in an effort to cover costs.

Although NERC anticipates a significant expansion of its training efforts, including the targeting of numerous subject areas in a cooperative effort with the Regions, the details have yet to be fully presented. It further appears that the major thrust of these tasks will fall in the calendar year 2012. For example, the findings of the NERC Event Analysis Coordinating Group will be the subject of training workshops, but NERC has targeted the product of the 2011 EAWG efforts to begin such an initiative. For this reason, it is proposed that the NPCC resources to support Training and Education remain constant for 2011, except in the area of meeting expenses.

2011 Goals and Key Deliverables

- Prepare and conduct the spring and autumn NPCC System Operator Seminars
- Review approaches to reliability related-task definition, task instruction, and instruction tracking on an individual basis
- Provide NPCC-coordinated input into the NERC development of standard PER-005, “System Personnel Training”
- Coordinate the implementation of PER-005, once approved, within the NPCC BA Areas and RC Areas.
- Expand the content of the Reliability Coordinator training programs, based on the new requirements generated by PER-005, for training of SCADA and field operators, including description of tasks, tracking of Continuing Education Hours and development of Individual Learning Activities
- Develop presentations on the intended Reliability Coordinator/Balancing Authority approaches to task identification and training development associated with NERC Standard PER-005, “System Personnel Training”
- Establish an NPCC repository of training resources and learning verification activities addressing fundamental power system topics, which may be shared as elements of operator training in compliance with NERC Standard PER-005, “System Personnel Training”
- Establish an NPCC repository of training resources and learning verification activities addressing NPCC procedures employed in real-time by RC/BA operators, which may be shared as elements of operator training in compliance with “System Personnel Training”
- Share among the NPCC RCs/BAs experiences on implementation of new NERC standard PER-005. Consider strategies to deal with any implementation difficulties

Based on the portion of professional/technical staff time and other resources devoted to training, education, and operator certification, NPCC estimates that it will expend 1.6 percent of its resources on this activity.

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

- NPCC will charge for participation in NPCC workshops in an effort to cover costs.

Personnel Expenses

- There are no staffing changes anticipated for 2011.

Meeting Expenses

- Increased workshop expenses will be offset by fees charged to workshop participants. Decrease in travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, holding meetings at the NPCC offices, and meetings conducted via teleconference. Consequently, there is an increase in conference calls.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2010 Budget & Projection, and 2011 Budget						
Training and Education						
				Variance		Variance
	2010	2010	2010 Projection	2010 Projection	2011 Budget	2011 Budget
	Budget	Projection	Over(Under)	v 2010 Budget	Draft for Approval	v 2010 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 109,440	\$ 109,440	\$ -	\$ -	\$ 77,265	\$ (32,175)
Penalty Sanctions	-	-	-	-	1,285	1,285
Total ERO Funding	\$ 109,440	\$ 109,440	\$ -	\$ -	\$ 78,551	\$ (30,890)
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	120,000	120,000
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ 109,440	\$ 109,440	\$ -	\$ -	\$ 198,551	\$ 89,110
Expenses						
Personnel Expenses						
Salaries	\$ 19,206	\$ 19,206	\$ -	\$ -	\$ 19,134	\$ (72)
Payroll Taxes	1,044	1,044	-	-	1,049	5
Benefits	5,278	5,278	-	-	5,157	(122)
Retirement Costs	5,267	5,267	-	-	4,451	(817)
Total Personnel Expenses	\$ 30,796	\$ 30,796	\$ -	\$ -	\$ 29,790	\$ (1,006)
Meeting Expenses						
Meetings	\$ 58,346	\$ 58,346	\$ -	\$ -	\$ 149,725	\$ 91,379
Travel	3,874	3,874	-	-	3,000	(874)
Conference Calls	508	508	-	-	1,005	497
Total Meeting Expenses	\$ 62,727	\$ 62,727	\$ -	\$ -	\$ 153,730	\$ 91,003
Operating Expenses						
Consultants & Contracts	\$ 457	\$ 457	\$ -	\$ -	\$ 457	\$ (0)
Office Rent	2,283	2,283	-	-	1,993	(291)
Office Costs	1,046	1,046	-	-	1,108	62
Professional Services	467	467	-	-	665	198
Computer & Equipment Leases	488	488	-	-	431	(57)
Miscellaneous	200	200	-	-	176	(24)
Depreciation	467	467	-	-	441	(25)
Total Operating Expenses	\$ 5,408	\$ 5,408	\$ -	\$ -	\$ 5,271	\$ (137)
Total Direct Expenses	\$ 98,981	\$ 98,981	\$ -	\$ -	\$ 188,791	\$ 89,810
Indirect Expenses	\$ 10,764	\$ 10,764	\$ -	\$ -	\$ 10,073	\$ (691)
Other Non-Operating Expenses	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ (50)
Total Expenses	\$ 109,745	\$ 109,745	\$ -	\$ -	\$ 198,864	\$ 89,119
Change in Assets	\$ (305)	\$ (305)	\$ -	\$ -	\$ (314)	\$ (9)
Fixed Assets						
Depreciation	\$ (467)	(467)	\$ -	\$ -	\$ (441)	\$ 25
Computer & Software CapEx	-	-	-	-	-	-
Furniture & Fixtures CapEx	67	67	-	-	66	(0)
Equipment CapEx	100	100	-	-	91	(9)
Leasehold Improvements	67	67	-	-	44	(23)
(Incr)Dec in Fixed Assets	\$ 233	\$ 233	\$ -	\$ -	\$ 240	\$ 6
Allocation of Fixed Assets	\$ 71	\$ 71	\$ -	\$ -	\$ 74	\$ 3
Change in Fixed Assets	305	305	-	-	314	9
TOTAL CHANGE IN ASSETS	\$ (0)	\$ (0)	\$ -	\$ -	\$ 0	\$ 0

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.0	3.0	1.0
Direct Expenses	\$900,958	\$1,176,558	\$275,600
Indirect Expenses	\$215,280	\$302,193	\$86,913
Inc(Dec) in Fixed Assets	(\$6,091)	(\$9,415)	(\$3,324)
Total Funding Requirement	\$1,110,147	\$1,469,336	\$359,189

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is the combination of near real time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure. This includes the operation and maintenance of tools and other support services for the benefit of Reliability Coordinators and other system operators. Maintaining the real-time awareness of conditions on the interconnected bulk power systems of the NPCC Reliability Coordinator Areas (including awareness of abnormal events, communicating information concerning system conditions and abnormal events to, and facilitating real-time communications among, system operators responsible for the reliable operation of the bulk power systems) is critical to maintaining reliable operation within NPCC.

On an ongoing, but non-real time basis, NPCC monitors the operational status of the bulk power system and coordinates normal and pre-emergency communication, awareness and assistance in addition to the same during an emergency among the Areas. The industry is notified of significant bulk power system events that have occurred in one Reliability Coordinator Area, and which have the potential to impact reliability in other NPCC Reliability Coordinator Areas or Regions external to NPCC. These events include contingencies on the bulk power system, potential shortfalls of operating reserve, operating problems, potential security threats and potential threats or disruptions to the cyber systems of the Reliability Coordinator Areas.

To assist in the evaluation of emerging tools to better identify evolving system conditions, NPCC actively coordinates the utilization of existing operational aids, and the implementation of new operational aids, including the Area Control Error (ACE) and Frequency Monitoring System; the NERC Hotline; Real-time Flows; the System Data Exchange (SDX); the Reliability Coordinator Information System (RCIS); the Transmission Services Information Network (TSIN); the Interchange Distribution Calculator (IDC); the interregional Security Network (ISN); and the Central Repository for Security Events (CRC).

The events of September 11th renewed the focus on possible sabotage to the physical infrastructure of the electric power system as well. In response, the NPCC System Operations Managers Working Group (CO-8) has in place the availability for 24 x 7 conference calls among

the NPCC Reliability Coordinator Area managers to address security threats within NPCC and the proper operating posture in response to such threats. A drill simulating the NPCC Security Conference Call is held among the control room managers on at least a monthly basis; the drill is conducted at random times.

The NPCC Emergency Preparedness Conference Call mechanism is a tool that has been put in place that enables the Reliability Coordinator Area Operations Managers in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions and facilitate the procurement of assistance during emergency conditions. Items of particular concern that can be discussed during the Emergency Preparedness Conference Calls may include, but are not limited to, the following:

- Anticipated weather only as it is critical to the system or systems experiencing or projecting resource deficiencies
- Load forecast
- Largest first and second contingencies
- Potential need for emergency transfers
- operating reserve requirements and expected available operating reserve capacity deficiencies
- Potential fuel shortages or potential fuel supply disruptions which could lead to energy shortfalls
- identified or projected voltage conditions
- Status of short term contracts and other scheduled arrangements, particularly those that impact operating reserves
- Additional capability available within four hours and additional capability available within twelve hours
- Coordination of pumping schedules
- Any problems that might develop due to light load and minimum generation requirements
- Generator outages that may have a significant impact on an adjacent Area or neighboring system
- Transmission outages that may have an adverse impact on internal and external energy transfers
- expected transfer limits and limiting elements
- anticipated implementation of NERC Transmission Loading Relief (TLR) procedures or Lake Erie Emergency Redispatch (LEER) procedures
- The temporary modification or changes in the status of relay protection systems such that the normal levels of protection will not be provided
- The arming of special protection systems not normally armed
- The application of abnormal operating procedures

NPCC has also established a daily conference call to serve as a complement to the NPCC Emergency Conference Call and the Weekly Conference Call. The participants of the call are the control rooms of the New Brunswick System Operator, Hydro-Québec TransÉnergie, ISO New England, Inc., the New York ISO and the Independent Electricity System Operator in Ontario and NPCC Staff. In 2011 participation will be expanded to include both the MISO and PJM control rooms. The conference call is implemented through a bridge, the initiation of the call quickly ringing all pre-selected telephones simultaneously. The goal of the call is to alert all neighboring Areas of emerging problems. If no system difficulties are anticipated for the day, no

unnecessary information is to be discussed. Subjects for discussion are limited to credible events which could impact the ability of an Area to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection, including the following:

- Projected Load
- Adverse Weather
- Operating Reserve
- Generation
- Transmission
- Sabotage

If conditions worsen in the course of the day, the NPCC Emergency Preparedness Conference Call will be held among the NPCC Reliability Coordinator Area Control Room Managers.

NPCC has also completed the first phase of the FERC-NERC-Regions situation awareness initiative. At the request of the FERC, the Reliability Coordinator Areas have developed procedures to provide to the FERC detailed operating data for their respective footprints. The intent of the effort was to permit the FERC to measure the health of the Interconnections and to identify parameters which may warn of a developing crisis, thus precluding a major cascading event. To fulfill its portion of the first phase effort, NPCC implemented a geographically based visualization of selected reliability indicators. Each Reliability Coordinator of NPCC has access within the control room to the following near real time displays:

- A geographic visualization of the complete NPCC footprint; or
- A detailed geographic visualization of any of the neighboring Reliability Coordinator footprints within NPCC

Each screen displayed includes the following data:

- Reliability Coordinator Area load
- Reliability Coordinator Area Control Error
- scheduled net interchange with its neighboring control area
- Actual net interchange with its neighboring control area
- Reliability Coordinator Area operating reserve
- Key interface loadings with limits
- Key bus voltages with typical operating range

Various dynamic, visual prompts are provided as conditions change. Arrows indicate interface flow direction, and key quantities are color coded. The data is refreshed at least every ninety seconds.

Recognizing the quantity of data displayed in a geographic format, and observing the ease with which the data can be understood and interpreted, the FERC is asking the remaining Reliability Coordinators to emulate the operational display methodology employed by NPCC. This will offer FERC a North American-wide common look and feel in its Situation Awareness displays utilizing the NPCC product.

NERC will need to make significant IT investments in 2011 to support the development of a situation awareness tool for FERC, NERC, Regional Entities and stakeholder needs, as well as to meet both near and long-term ERO technology requirements. Such coordinated investment by

NERC will preclude the necessity of costly expenditures at the RE level to implement these initiation.

To ensure the capability for continued voice communications among NPCC and its Reliability Coordinators, a satellite telephone network was also established, and it is tested on a monthly basis. This back-up communications system will function in the event of a collapse of the Public Switched Telephone Network (PSN), and cross-border voice communications can still be maintained among the Canadian Reliability Coordinators of NPCC and the Reliability Coordinators in the United States.

Critical Infrastructure Objectives

NPCC's critical infrastructure objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) and include, but are not confined to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security

NPCC's 2010 critical infrastructure goals and objectives, as identified by the 2009-2010 Work Plan of the Task Force on Infrastructure Security and Technology include, but are not confined to:

- Participating in the NERC Regional CIPC Liaison Task Force, to provide NPCC input into the process whereby future Department of Homeland Security (DHS) notifications are disseminated to the industry
- Annually reviewing infrastructure security & technologies and providing recommendations, when appropriate, to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards
- Reviewing of NPCC's information protection in order to be consistent with the requirements of the NERC Cyber Security Standards
- Addressing timely issues and updating member system personnel associated with the provision of on-line computer systems for operation of the power system, through the activities of the IST-1 (Infrastructure Security & Technology Workshop) Working Group
- Providing a forum to identify, discuss and advance the technology of telecommunications infrastructure for the reliable operation of the Bulk Power System in NPCC while also supporting TFIST in their work on issues related to telecommunications, through the activities of the IST-2 (Telecommunications) Working Group
- Providing a forum to identify, discuss and advance the EMS-SCADA technology of EMS-SCADA for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to EMS-SCADA, through the activities of the IST-3 (EMS-SCADA) Working Group
- Providing a forum to identify, discuss and advance the cyber security for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to cyber security, through the activities of the IST-4 (Cyber Security) Working Group
- Providing a forum to identify, discuss and advance the use physical security for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to physical security, through the activities of the IST-5 (Physical Security) Working Group

System Operations Security Objectives

NPCC's system operations security objectives are defined within the scope of the NPCC Task Force on Coordination of Operation, (TFCO) and include, but are not confined to:

- Coordinating interregional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system
- Assisting in the development of real time operating tools assuring cyber security concerns are addressed

NPCC's 2011 operational situation awareness goals and objectives, as identified by the 2010-2011 Work Plan of the NPCC Task Force on Coordination of Operation (TFCO) include, but are not confined to:

- Expanded Wide Area View Among the NPCC Reliability Coordinators
 - Implement near real time visualization of the Reliability Coordinator Areas of NPCC
- Monitor the development of the NERC North American SynchroPhasor Initiative (NASPI) and determine the feasibility of the application for use within NPCC -
- Direct Voice Communications Among All NPCC Reliability Coordinators
 - Weekly Area Coordination Conference Calls
Each week conference calls of the operations management personnel are initiated by NPCC to discuss operations expected, and identify possible concerns, during the forthcoming ten-day period (weekend and week following)
 - Daily Area Control Room Coordination Conference Calls
Each morning, the NPCC Reliability Coordinator control rooms also take part in a regularly scheduled conference call. The goal of this call is to alert all neighboring Reliability Coordinators of any potential emerging problems which could lead to reliability concerns in the course of the day's operations. Subjects for discussion are limited to credible events which could impact the ability of a Reliability Coordinator to serve its load and meet its operating reserve obligations, or which would impose a burden to the neighboring NPCC Areas or the Eastern Interconnection
 - Emergency Preparedness Conference Call

The NPCC Emergency Preparedness Conference Call augments the regularly scheduled weekly and daily Area coordination conference call process to enable the Operations Managers in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions and facilitate the procurement of assistance during, or in anticipation of, emergency conditions.

2011 Key Assumptions

- A significantly expanded NERC initiative in the area of event analysis and investigations will be in place for 2011, pursuing as major goals:
 - the rapid dissemination of lessons to be learned following an event on the system;
 - the initiation of root cause analysis of all system events;
 - the formal training of event personnel in root cause analysis; and
 - the clarification of event categorizations (NERC triage) to quickly identify the nature of an event and the level of reporting and review required. In the pursuit of

this program, NERC states that: "*The number of events requiring review and analysis are expected to increase.*"

- Critical infrastructure protection will command increasing resources in 2011, with the expectation by NERC that "*... resource requirements will double, at a minimum, by the end of the next three years.*" The immediate implications of the adoption of the NERC CIP Version 4 standards revisions will require: the identification and monitoring of an expanded list of Critical Cyber Assets; and the establishment of an aggressive Technical Feasibility Exemption (TFE) program.
- The Phase II initiative for NERC Situation Awareness-FERC, NERC, Regions (SAFNR) will be implemented in 2011.
 - NERC has pledged to incur the cost for data acquisition directly from the Reliability Coordinators. Visibility to NPCC will be a minimal expense, but increased travel expenses are assumed as the Phase II effort is begun.
 - The effort will satisfy FERC's request for a "*... common look and feel ...*" for each Regional display.

Based on the implications of the above activities projected for calendar year 2011, an additional FTE is proposed for the Situation Awareness program. Further, the NPCC level of operating cash reserves is increased in the business plan to provide flexibility in addressing further mandates as required.

2011 Goals and Key Deliverables

- An expanded program for the review of system disturbances in NPCC consistent with the NERC Event Analysis program
- A process for the identification and monitoring of an expanded list of Critical Cyber Assets
- The establishment of an aggressive Technical Feasibility Exemption (TFE) program

Based on the portion of professional/technical staff time and other resources devoted to situation awareness and infrastructure security, NPCC estimates that it will expend 11.6 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- Increase due to addition of one Event Analysis and Investigation Engineer in 2011.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- Increase associated with proportional application of additional staff.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has increased to reflect the 2011 FTE ratio allocation between program areas.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2010 Budget & Projection, and 2011 Budget						
Situation Awareness and Infrastructure Security						
				Variance		Variance
	2010	2010	2010 Projection	v 2010 Budget	2011 Budget	2011 Budget
	Budget	Projection	v 2010 Budget	Over(Under)	Draft for Approval	v 2010 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 1,110,147	\$ 1,110,147	\$ -		\$ 1,430,773	\$ 320,626
Penalty Sanctions	-	-	-		38,563	38,563
Total ERO Funding	\$ 1,110,147	\$ 1,110,147	\$ -		\$ 1,469,336	\$ 359,189
Membership Dues	-	-	-		-	-
Testing Fees	-	-	-		-	-
Services & Software	-	-	-		-	-
Workshops	-	-	-		-	-
Interest	-	-	-		-	-
Miscellaneous	-	-	-		-	-
Total Funding	\$ 1,110,147	\$ 1,110,147	\$ -		\$ 1,469,336	\$ 359,189
Expenses						
Personnel Expenses						
Salaries	\$ 402,699	\$ 402,699	\$ -		\$ 561,174	\$ 158,475
Payroll Taxes	21,038	21,038	-		31,145	10,108
Benefits	53,879	53,879	-		91,221	37,342
Retirement Costs	108,315	108,315	-		109,368	1,054
Total Personnel Expenses	\$ 585,931	\$ 585,931	\$ -		\$ 792,909	\$ 206,978
Meeting Expenses						
Meetings	\$ 25,917	\$ 25,917	\$ -		\$ 26,000	\$ 83
Travel	66,902	66,902	-		70,000	3,098
Conference Calls	4,055	4,055	-		9,100	5,045
Total Meeting Expenses	\$ 96,874	\$ 96,874	\$ -		\$ 105,100	\$ 8,226
Operating Expenses						
Consultants & Contracts	\$ 118,143	\$ 118,143	\$ -		\$ 134,143	\$ 16,000
Office Rent	45,667	45,667	-		59,779	14,113
Office Costs	20,910	20,910	-		33,229	12,319
Professional Services	9,333	9,333	-		19,941	10,608
Computer & Equipment Leases	9,767	9,767	-		12,926	3,160
Miscellaneous	4,000	4,000	-		5,294	1,294
Depreciation	9,333	9,333	-		13,235	3,902
Total Operating Expenses	\$ 217,153	\$ 217,153	\$ -		\$ 278,549	\$ 61,396
Total Direct Expenses	\$ 900,958	\$ 900,958	\$ -		\$ 1,176,558	\$ 275,600
Indirect Expenses	\$ 215,280	\$ 215,280	\$ -		\$ 302,193	\$ 86,913
Other Non-Operating Expenses	\$ 1,000	\$ 1,000	\$ -		\$ -	\$ (1,000)
Total Expenses	\$ 1,116,238	\$ 1,116,238	\$ -		\$ 1,478,751	\$ 362,513
Change in Assets	\$ (6,091)	\$ (6,091)	\$ -		\$ (9,415)	\$ (3,324)
Fixed Assets						
Depreciation	\$ (9,333)	(9,333)	\$ -		\$ (13,235)	\$ (3,902)
Computer & Software CapEx	-	-	-		-	-
Furniture & Fixtures CapEx	1,333	1,333	-		1,994	661
Equipment CapEx	2,000	2,000	-		2,726	726
Leasehold Improvements	1,333	1,333	-		1,324	(10)
(Incr)Dec in Fixed Assets	\$ 4,667	\$ 4,667	\$ -		\$ 7,191	\$ 2,525
Allocation of Fixed Assets	\$ 1,424	\$ 1,424	\$ -		\$ 2,224	\$ 799
Change in Fixed Assets	6,091	6,091	-		9,415	3,324
TOTAL CHANGE IN ASSETS	\$ 0	\$ 0	\$ -		\$ (0)	\$ 0

Administrative Services

Administrative Services			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	6.41	7.42	1.01
Total Direct Expenses	\$2,260,461	\$2,417,543	\$157,082
Inc(Dec) in Fixed Assets	\$0	\$0	\$0
Less: Other Funding Sources	\$0	\$0	\$0
Total Allocation to Regional Entity Division Programs as Indirect Expenses	(\$2,260,461)	(\$2,417,543)	(\$157,082)
Working Capital Requirement	\$146,354	\$364,302	\$217,948

Program Scope and Functional Description

Administrative services support the previously identified five program areas of: Reliability Standards; compliance monitoring and enforcement and organization registration and certification; training, education, and operator certification; Reliability Assessment and performance analysis; and situation awareness and infrastructure security. Administrative services consist of: technical committees and members' forums; general and administrative; legal and regulatory; information technology; and human resources.

Methodology for Allocation of Administrative Services Expenses to Programs

Expenses related to indirect programs have been allocated proportionately to the direct programs for 2011 based on the number of FTEs in those programs.

Technical Committees and Member Forums

Program Scope and Functional Description

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. The stakeholders are the source of expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging issues related to the reliability of the NPCC Region.

2011 Key Assumptions

- NPCC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2011
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs that require less stakeholder travel and face-to-face meetings, as the economy improves in 2011
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability

2011 Goals and Key Deliverables

The 2011 NPCC General Meeting provides an opportunity for NPCC Members to meet high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior NERC and NPCC executives to discuss topics related to the reliable planning and operation of the power system, including consideration of emerging reliability, critical infrastructure and environmental issues.

2011 Public Information Committee Goals and Objectives

The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and coordinate with related NPCC Area, NERC media and public information activities. Activities anticipated for 2011 include, but are not limited to:

- Conducting the 2011 Media Event – release of the 2011 Summer NPCC Reliability Assessment
- Developing the NPCC 2011 Summer and Winter Reliability Outlooks
- Updating the 2011 NPCC Primer
- Participation in NERC Regional communication initiatives:
 - Monthly Regional communications teleconferences
 - Development of Compliance background information (FAQ) and sample press releases
 - Preparation of NERC Standards background information and outreach to registered entities
 - Coordination of Emergency or Blackout communications plans
 - Coordination with other related NERC groups (i.e., situation awareness, event analysis, Reliability Assessment Subcommittee, etc.)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no staffing changes anticipated.

Meeting Expenses

- Decrease in travel expenses due to continued practice of advance bookings, using member facilities, adjustments to class of hotel used, holding meetings at the NPCC offices, and meetings conducted via teleconference.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget						
Member Forums						
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget Draft for Approval	Variance 2011 Budget v 2010 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Personnel Expenses						
Salaries	\$ 47,208	\$ 47,208	\$ -	\$ 46,772	\$ (436)	
Payroll Taxes	3,004	3,004	-	3,037	34	
Benefits	17,020	17,020	-	16,462	(558)	
Retirement Costs	13,446	13,446	-	11,137	(2,310)	
Total Personnel Expenses	\$ 80,678	\$ 80,678	\$ -	\$ 77,408	\$ (3,270)	
Meeting Expenses						
Meetings	\$ 3,194	\$ 3,194	\$ -	\$ 3,000	\$ (194)	
Travel	22,746	22,746	-	5,000	(17,746)	
Conference Calls	215	215	-	225	10	
Total Meeting Expenses	\$ 26,155	\$ 26,155	\$ -	\$ 8,225	\$ (17,930)	
Operating Expenses						
Consultants & Contracts	\$ 2,286	\$ 2,286	\$ -	\$ 2,286	\$ -	
Office Rent	11,417	11,417	-	9,963	(1,453)	
Office Costs	5,228	5,228	-	5,538	311	
Professional Services	2,333	2,333	-	3,324	990	
Computer & Equipment Leases	2,442	2,442	-	2,154	(287)	
Miscellaneous	1,000	1,000	-	882	(118)	
Depreciation	2,333	2,333	-	2,206	(127)	
Total Operating Expenses	\$ 27,038	\$ 27,038	\$ -	\$ 26,353	\$ (685)	
Total Direct Expenses	\$ 134,122	\$ 134,122	\$ -	\$ 111,987	\$ (22,135)	
Indirect Expenses	\$ (134,122.10)	\$ (134,122)	\$ -	\$ (111,987)	\$ 22,135	
Other Non-Operating Expenses	\$ 250	\$ 250	\$ -	\$ -	\$ (250)	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Fixed Assets						
Depreciation	\$ (2,333)	(2,333)	\$ -	\$ (2,206)	\$ 127	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	333	333	-	332	(1)	
Equipment CapEx	500	500	-	454	(46)	
Leasehold Improvements	333	333	-	221	(113)	
(Incr)Dec in Fixed Assets	\$ 1,167	\$ 1,167	\$ -	\$ 1,199	\$ 32	
Allocation of Fixed Assets	\$ (1,167)	(1,167)	\$ -	\$ (1,199)	\$ (32)	
Change in Fixed Assets	-	-	-	-	(0)	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)	

General and Administrative

Program Scope and Functional Description

The NPCC general and administrative function provides executive management of the corporation, management of the NPCC office, and other administrative support programs.

2011 Key Assumptions

- Each of the delegated functional areas will evolve with continued emphasis on effective execution, efficiency, transparency, and consistency.
- Increased focus will be placed on facilitating reliability enhancing activities by Regional Entities such as entity distribution of lessons learned for predefined event types and reinforcement of effective compliance cultures.

2011 Goals and Key Deliverables

- Implementation and refinement of performance metrics to promote high quality and consistent implementation of delegated functions
- Implementation of continuing improvement activities to enable high quality performance of delegated functions while levelizing resources requirements
- NPCC processes and procedures are fully implemented
- Improvements in member services including ease of activities using NPCC website

Funding Requirements — Explanation of Increase (Decrease)

In 2011, the expenses related to the indirect program areas are being allocated entirely to the direct programs and therefore have no ERO assessment funding in 2011, except for the ERO assessment requirement to fund the working capital reserve.

All indirect general costs, including rent, office supplies, telephone, postage, etc. are being recorded in each program area.

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

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no staffing changes anticipated.

Meeting Expenses

- Meeting increase due to increased volume of meetings.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures						
2010 Budget & Projection, and 2011 Budget						
General and Administrative						
				Variance		Variance
	2010	2010	2010 Projection	2010 Projection	2011 Budget	2011 Budget
	Budget	Projection	Over(Under)	v 2010 Budget	Draft for Approval	v 2010 Budget
				Over(Under)		Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	
Expenses						
Personnel Expenses						
Salaries	\$ 49,992	\$ 49,992	\$ -	\$ 47,904	\$ (2,088)	
Payroll Taxes	1,619	1,619	-	1,515	(103)	
Benefits	10,750	10,750	-	9,347	(1,403)	
Retirement Costs	14,469	14,469	-	11,491	(2,978)	
Total Personnel Expenses	\$ 76,829	\$ 76,829	\$ -	\$ 70,257	\$ (6,572)	
Meeting Expenses						
Meetings	\$ 871	\$ 871	\$ -	\$ 5,000	\$ 4,129	
Travel	6,206	6,206	-	10,000	3,794	
Conference Calls	147	147	-	2,096	1,948	
Total Meeting Expenses	\$ 7,225	\$ 7,225	\$ -	\$ 17,096	\$ 9,871	
Operating Expenses						
Consultants & Contracts	\$ 8,732	\$ 8,732	\$ -	\$ 8,732	\$ -	
Office Rent	43,600	43,600	-	38,296	(5,303)	
Office Costs	19,969	19,969	-	21,288	1,318	
Professional Services	8,913	8,913	-	12,775	3,861	
Computer & Equipment Leases	9,277	9,277	-	8,281	(996)	
Miscellaneous	3,820	3,820	-	3,392	(428)	
Depreciation	8,913	8,913	-	8,479	(434)	
Total Operating Expenses	\$ 103,224	\$ 103,224	\$ -	\$ 101,242	\$ (1,982)	
Total Direct Expenses	\$ 188,232	\$ 188,232	\$ -	\$ 188,594	\$ 362	
Indirect Expenses	\$ (188,232.15)	\$ (188,232)	\$ -	\$ (188,594)	\$ (362)	
Other Non-Operating Expenses	\$ 955	\$ 955	\$ -	\$ -	\$ (955)	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0	
Change in Assets	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	
Fixed Assets						
Depreciation	\$ (8,913)	(8,913)	\$ -	\$ (8,479)	\$ 434	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	1,273	1,273	-	1,277	4	
Equipment CapEx	1,910	1,910	-	1,747	(163)	
Leasehold Improvements	1,273	1,273	-	848	(425)	
(Incr)Dec in Fixed Assets	\$ 4,457	\$ 4,457	\$ -	\$ 4,607	\$ 150	
Allocation of Fixed Assets	\$ (4,457)	(4,457)	\$ -	(4,607)	\$ (150)	
Change in Fixed Assets	-	-	-	-	0	
TOTAL CHANGE IN ASSETS	\$ 146,354	\$ 146,354	\$ -	\$ 364,302	\$ 217,948	

Legal and Regulatory

Program Scope and Functional Description

NPCC's professional legal services provide counsel to the President and CEO, Board of Directors, Vice President and COO, Treasurer and staff on legal and regulatory matters including corporate law, code of conduct, confidentiality, governance, employment law and other areas affecting NPCC. Outside counsel reviews items filed with governmental agencies for legal sufficiency; maintains relationships with U.S. and Canadian jurisdictions, and provides contract review.

2011 Key Assumptions

- The level of detail required in notice of penalties to meet NERC and FERC expectations continues to increase
- The likelihood of a contested compliance action increases, with one to two hearings (ERO-wide) being projected
- NPCC will fund any compliance hearings out of cash reserves

2011 Goals and Key Deliverables

- Assure continuing recognition of NPCC as a cross-border Regional Entity
- Obtain regulatory approvals for new and revised Regional Reliability Standards on a timely basis
- Process all appeals of compliance actions in an effective and efficient manner
- Liaison with the appropriate U.S. and Canadian regulatory and/or governmental authorities regarding responses/filings to related governmental and/or regulatory directives/orders
- Liaison with federal, State and Provincial governmental and/or regulatory authorities

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

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no staffing changes anticipated.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget						
Legal and Regulatory						
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget Draft for Approval	Variance 2011 Budget v 2010 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Personnel Expenses						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Retirement Costs	-	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses						
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-	-
Conference Calls	-	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses						
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-
Professional Services	456,833	456,833	-	462,086	5,253	
Computer & Equipment Leases	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total Operating Expenses	\$ 456,833	\$ 456,833	\$ -	\$ 462,086	\$ 5,253	
Total Direct Expenses	\$ 456,833	\$ 456,833	\$ -	\$ 462,086	\$ 5,253	
Indirect Expenses	\$ (456,833.33)	\$ (456,833)	\$ -	\$ (462,086)	\$ (5,253)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Fixed Assets						
Depreciation	\$ -	-	\$ -	\$ -	\$ -	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	-	-	-	-	-	
Equipment CapEx	-	-	-	-	-	
Leasehold Improvements	-	-	-	-	-	
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	

Information Technology

Program Scope and Functional Description

NPCC's Information Technology services ensure information assets and the environment in which they operate are secure. NPCC maintains an offsite backup server for continuity of essential operations in the event that its primary location is unavailable.

2011 Key Assumptions

- Continue to develop and maintain the portal through collaboration with other Regions and NERC (CUG).

2011 Goals and Key Deliverables

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Create an information security program aimed at reducing breach of security risks
- Determine long-term software and systems needs and hardware acquisitions
- Develop and implement information security standards and procedures
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security
- Plan and implement organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems

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

- There are no significant changes requiring an explanation.

Personnel Expenses

- One additional IT person will be added to staff in 2011. As compliance and associated audits, data, and information continue to grow, so will the need to properly store, archive, and ensure the security of such information. Architecture improvements will be required to properly position NPCC for upcoming FERC audits of the IT department. This additional hire will also help address additional security needs in the area of the CIP standards and their proposed requirements as planned for 2011. Increased efforts will be required to ensure compliance with the developing Version 4 Phase II CIP standards and develop and implement a strategy to deal with increasing needs to protect, store, and transmit sensitive and CEII data will be necessary.

Meeting Expenses

- Decrease in meeting expenses due to a continued effort to keep costs down by holding more meetings via teleconference, at member facilities, as well as lower meeting space rental rates through negotiations. Decrease in Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, holding meetings at the NPCC offices, and meetings conducted via teleconference. Consequently, there is an increase in conference calls.

Operating Expenses

- Increase associated with proportional application of additional staff.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. Therefore, expenses related to indirect programs are due to the addition of one FTE.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has increased to reflect the 2011 FTE ratio allocation between program areas.

Information Technology

Funding sources and related expenses for the information technology section of the 2011 business plan are shown in the table below.

Statement of Activities						
2010 Budget & Projection, and 2011 Budget						
Information Technology						
				Variance		Variance
	2010	2010	2010 Projection	v 2010 Budget	2011 Budget	2011 Budget
	Budget	Projection	Over(Under)	Draft for Approval	v 2010 Budget	Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Personnel Expenses						
Salaries	\$ 307,758	\$ 307,758	\$ -	\$ 475,858	\$ 168,100	
Payroll Taxes	19,673	19,673	-	29,962	10,288	
Benefits	89,491	89,491	-	126,109	36,617	
Retirement Costs	85,894	85,894	-	91,938	6,044	
Total Personnel Expenses	\$ 502,816	\$ 502,816	\$ -	\$ 723,867	\$ 221,050	
Meeting Expenses						
Meetings	\$ 12,777	\$ 12,777	\$ -	\$ 2,000	\$ (10,777)	
Travel	90,985	90,985	-	30,000	(60,985)	
Conference Calls	860	860	-	5,100	4,240	
Total Meeting Expenses	\$ 104,622	\$ 104,622	\$ -	\$ 37,100	\$ (67,522)	
Operating Expenses						
Consultants & Contracts	\$ 9,143	\$ 9,143	\$ -	\$ 9,143	\$ -	
Office Rent	45,667	45,667	-	59,779	14,113	
Office Costs	20,910	20,910	-	33,229	12,319	
Professional Services	9,333	9,333	-	19,941	10,608	
Computer & Equipment Leases	9,767	9,767	-	12,926	3,160	
Miscellaneous	4,000	4,000	-	5,294	1,294	
Depreciation	9,333	9,333	-	13,235	3,902	
Total Operating Expenses	\$ 108,153	\$ 108,153	\$ -	\$ 153,549	\$ 45,396	
Total Direct Expenses	\$ 716,591	\$ 716,591	\$ -	\$ 914,516	\$ 197,924	
Indirect Expenses	\$ (716,591.31)	\$ (716,591)	\$ -	\$ (914,516)	\$ (197,924)	
Other Non-Operating Expenses	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ (1,000)	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Fixed Assets						
Depreciation	\$ (9,333)	(9,333)	\$ -	\$ (13,235)	\$ (3,902)	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	1,333	1,333	-	1,994	661	
Equipment CapEx	2,000	2,000	-	2,726	726	
Leasehold Improvements	1,333	1,333	-	1,324	(10)	
(Incr)Dec in Fixed Assets	\$ 4,667	\$ 4,667	\$ -	\$ 7,191	\$ 2,525	
Allocation of Fixed Assets	\$ (4,667)	(4,667)	\$ -	\$ (7,191)	\$ (2,525)	
Change in Fixed Assets	-	-	-	-	-	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	

Human Resources

Program Scope and Functional Description

NPCC has assembled an exceptional team of highly qualified employees to carry out the activities of NPCC. The human resources function, in adherence with applicable federal and state laws, designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2011 Key Assumptions

- In light of employee voluntary turnover in 2010, a merit package assumption of 3% is reflected in the salaries of all program areas.
- Staff waiving health insurance coverage will continue to do so - approximately one third of staffing in all program areas wave coverage to maintain superior coverage from prior employers

2011 Goals and Key Deliverables

- Recruit exceptional employees
- Review employee compensation and benefits
- Provide management and training programs
- Improve human resource policies and procedures
- Maintain employee manual

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no staffing changes anticipated.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Human Resources

Funding sources and related expenses for the human resources section of the 2011 business plan are shown in the table below.

Statement of Activities						
2010 Budget & Projection, and 2011 Budget						
Human Resources						
				Variance		Variance
	2010	2010	2010 Projection	v 2010 Budget	2011 Budget	2011 Budget
	Budget	Projection	v 2010 Budget	Over(Under)	Draft for Approval	v 2010 Budget
						Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Personnel Expenses						
Salaries	\$ 118,109	\$ 118,109	\$ -	\$ 117,006	\$ (1,103)	
Payroll Taxes	7,866	7,866	-	7,999	134	
Benefits	38,344	38,344	-	37,276	(1,068)	
Retirement Costs	33,599	33,599	-	27,839	(5,761)	
Total Personnel Expenses	\$ 197,918	\$ 197,918	\$ -	\$ 190,120	\$ (7,798)	
Meeting Expenses						
Meetings	\$ 6,389	\$ 6,389	\$ -	\$ 4,000	\$ (2,389)	
Travel	45,493	45,493	-	45,000	(493)	
Conference Calls	430	430	-	1,050	620	
Total Meeting Expenses	\$ 52,311	\$ 52,311	\$ -	\$ 50,050	\$ (2,261)	
Operating Expenses						
Consultants & Contracts	\$ 4,572	\$ 4,572	\$ -	\$ 4,572	\$ -	
Office Rent	22,833	22,833	-	19,926	(2,907)	
Office Costs	10,455	10,455	-	11,076	621	
Professional Services	4,667	4,667	-	6,647	1,980	
Computer & Equipment Leases	4,883	4,883	-	4,309	(575)	
Miscellaneous	2,000	2,000	-	1,765	(235)	
Depreciation	4,667	4,667	-	4,412	(255)	
Total Operating Expenses	\$ 54,077	\$ 54,077	\$ -	\$ 52,707	\$ (1,370)	
Total Direct Expenses	\$ 304,805	\$ 304,805	\$ -	\$ 292,877	\$ (11,928)	
Indirect Expenses	\$ (304,805.16)	\$ (304,805)	\$ -	\$ (292,877)	\$ 11,928	
Other Non-Operating Expenses	\$ 500	\$ 500	\$ -	\$ -	\$ (500)	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 0	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ (0)	
Fixed Assets						
Depreciation	\$ (4,667)	(4,667)	\$ -	\$ (4,412)	\$ 255	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	667	667	-	665	(2)	
Equipment CapEx	1,000	1,000	-	909	(91)	
Leasehold Improvements	667	667	-	441	(225)	
(Incr)Dec in Fixed Assets	\$ 2,333	\$ 2,333	\$ -	\$ 2,397	\$ 64	
Allocation of Fixed Assets	\$ (2,333)	(2,333)	\$ -	\$ (2,397)	\$ (64)	
Change in Fixed Assets	-	-	-	-	(0)	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)	

Finance and Accounting

Program Scope and Functional Description

The accounting and finance function directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have identified this system as good practice.

2011 Key Assumptions

- Maintain or reduce meeting costs
- Accomplish NPCC goals and stay within budget parameters

2011 Goals and Key Deliverables

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Cash Management
- Budget Development using the NERC budget template formats
- Forecasts and Projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the program areas
- Payroll and expense administration
- Preparation of unaudited Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity
- NERC Audit

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

- There are no significant changes requiring an explanation.

Personnel Expenses

- Increase due to staff electing into different tier medical coverage options.

Meeting Expenses

- Decrease in meeting expenses due to a continued effort to keep costs down by holding more meetings via teleconference, at member facilities, as well as lower meeting space rental rates negotiations. Decrease in travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, holding meetings at the NPCC offices, and meetings conducted via teleconference. Consequently, there is an increase in conference calls.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2011.

Other Non-Operating Expenses

- The office relocation project concluded.

Fixed Asset Additions

- In 2010, depreciation expense was under budgeted. Depreciation expense has decreased to reflect the 2011 FTE ratio allocation between program areas.

Finance and Accounting

Funding sources and related expenses for the accounting and finance section of the 2011 business plan are shown in the table below.

Statement of Activities						
2010 Budget & Projection, and 2011 Budget						
Accounting and Finance						
				Variance		Variance
	2010	2010	2010 Projection	v 2010 Budget	2011 Budget	v 2010 Budget
	Budget	Projection	Over(Under)	Draft for Approval	Over(Under)	Over(Under)
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Personnel Expenses						
Salaries	\$ 101,218	\$ 101,218	\$ -	\$ 107,754	\$ 6,536	
Payroll Taxes	6,642	6,642	-	6,940	297	
Benefits	20,506	20,506	-	32,752	12,247	
Retirement Costs	14,460	14,460	-	13,479	(981)	
Total Personnel Expenses	\$ 142,826	\$ 142,826	\$ -	\$ 160,925	\$ 18,099	
Meeting Expenses						
Meetings	\$ 6,389	\$ 6,389	\$ -	\$ 1,000	\$ (5,389)	
Travel	45,493	45,493	-	5,000	(40,493)	
Conference Calls	430	430	-	6,050	5,620	
Total Meeting Expenses	\$ 52,311	\$ 52,311	\$ -	\$ 12,050	\$ (40,261)	
Operating Expenses						
Consultants & Contracts	\$ 4,572	\$ 4,572	\$ -	\$ 4,572	\$ -	
Office Rent	22,833	22,833	-	19,926	(2,907)	
Office Costs	10,455	10,455	-	11,076	621	
Professional Services	214,810	214,810	-	228,449	13,639	
Computer & Equipment Leases	4,883	4,883	-	4,309	(575)	
Miscellaneous	2,000	2,000	-	1,765	(235)	
Depreciation	4,667	4,667	-	4,412	(255)	
Total Operating Expenses	\$ 264,220	\$ 264,220	\$ -	\$ 274,508	\$ 10,288	
Total Direct Expenses	\$ 459,857	\$ 459,857	\$ -	\$ 447,483	\$ (12,374)	
Indirect Expenses	\$ (459,856.71)	\$ (459,857)	\$ -	\$ (447,483)	\$ 12,374	
Other Non-Operating Expenses	\$ 500	\$ 500	\$ -	\$ -	\$ (500)	
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ (0)	
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ 0	
Fixed Assets						
Depreciation	\$ (4,667)	(4,667)	\$ -	\$ (4,412)	\$ 255	
Computer & Software CapEx	-	-	-	-	-	
Furniture & Fixtures CapEx	667	667	-	665	(2)	
Equipment CapEx	1,000	1,000	-	909	(91)	
Leasehold Improvements	667	667	-	441	(225)	
(Incr)Dec in Fixed Assets	\$ 2,333	\$ 2,333	\$ -	\$ 2,397	\$ 64	
Allocation of Fixed Assets	\$ (2,333)	(2,333)	\$ -	\$ (2,397)	\$ (64)	
Change in Fixed Assets	-	-	-	-	(0)	
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ 0	

Regional Entity Assessment Analysis

In the area of assessments for 2011 there are distinct funding mechanisms as outlined in the following table. For the regional entity division, the North American Electric Reliability Corporation (NERC) will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario and Québec) based upon 2009 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July and October, 2011. For funding associated with the criteria services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2009 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee for 2011.

NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the regional entity division and the criteria services divisions of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the BAAs within NPCC as the designees for the load-serving-entities in New York, New England, Ontario, Québec, New Brunswick and Nova Scotia (Column A-1).

In order to reflect and respect the international membership and nature of NPCC, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique Memoranda of Understanding or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year (Columns B-1 and C-1, respectively). In order to establish the RE division funding requirements for each balancing authority area on a NEL basis for all programs except for compliance (Column F-1), the proposed expenses and fixed assets of all other programs are calculated (Column D-1) and the adjustment for the RE division cash reserve requirement is identified (Column E-1). Any penalty monies received from NPCC registered entities within the U.S. prior to June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs (Columns B-1a., C-1a. and G-1, respectively). Consistent with each of the Canadian provincial MOUs and agreements, all penalty monies resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit

(Column H-1), with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis (Column I-1).

In accordance with the *NPCC Amended and Restated Bylaws* the CS division proposed expenses and fixed assets of all programs are calculated (Column J-1) and the adjustment for the CS division cash reserve requirement is identified (Column K-1), with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis (Column L-1).

For costs associated with the RE division compliance program, NPCC's allocation methodology allocates 55% of the direct and indirect costs for the program, excluding the costs for a U.S.-only compliance staff position, between the BAAs in the United States and Canada on a NEL basis (Column B-2). The complete direct and indirect costs, including travel and meeting expenses, for a RE division compliance staff position to address TFE evaluations and the CIP Reliability Standards applicable to nuclear units within the United States are identified on a NEL basis (Column C-2).

The remaining 45% of the costs of the compliance program are apportioned between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology (Columns D-2a., D-2c., and E-2b., respectively). The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. As an example, the provincial governments of both Ontario and New Brunswick have designated independent entities within their provinces, the IESO and the NBSO respectively, to perform compliance and enforcement activities on their internal market participants, which therefore exclude those provinces from assessment of the remaining 45% of NPCC's compliance costs. The portion of the remaining 45% allocated to the U.S. portion of NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL (Columns D-2b. and E-2a.).

Any penalty monies received from NPCC registered entities within the U.S. prior to June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment (Columns C-1a., G-2, F-2 and H-2, respectively).

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined (Columns I-2 and J-2, and K-2 and L-2, respectively).

Section B — Supplemental Financial Information



**NPCC 2011 Regional Entity (RE)
and Criteria Services (CS) Divisional Funding Information
Compliance Allocation: CORC Direct and Indirect**

At their July 7, 2010 meeting, the NPCC Board of Directors approved a 2011 Budget for the RE Division of \$13,081,110, which includes total CORC program costs of \$7,378,977.

A-1	B-1	B-1a.	C-1	C-1a.	D-1	E-1	F-1	G-1	H-1	I-1	J-1	K-1	L-1
NPCC Balancing Authorities (LSE Designees)	2009 Net Energy (MWh)	2009 NPCC US NEL (MWh)	2009 NEL % of NPCC Total	2009 NEL % of NPCC U.S.	2011 ¹ NPCC RE Division Expenses & Fixed Assets Minus CORC Program	Adjustment to RE Division Cash Reserve Requirement	2011 ¹ NPCC RE Division Funding Requirement Minus CORC Program	Penalty Monies Applied to RE Division Minus CORC Program	Budgeted Workshop Fees	2011 ¹ NPCC RE Division Assessment Minus CORC Program (F-1 plus G-1 plus H-1)	2011 NPCC CS Division Expenses & Fixed Assets	2011 Adjustment to CS Division Cash Reserve Requirement	2011 NPCC CS Division Funding Requirement & Member Fees (J-1 plus K-1)
New England	131,330,000	131,330,000	20.14112%	44.38354%	1,075,099	73,374	1,148,474	-57,051	-24,169	1,067,253	204,290	-133,876	70,414
New York	164,568,000	164,568,000	25.23859%	55.61646%	1,347,194	91,945	1,439,138	-71,490	-30,286	1,337,362	255,993	-167,759	88,234
Ontario	143,334,000		21.98209%		1,173,367	80,081	1,253,448	0	-26,379	1,227,070	222,962	-146,113	76,849
Québec	186,617,000		28.62009%		1,527,692	104,263	1,631,956	0	-34,344	1,597,612	290,291	-190,235	100,056
New Brunswick	14,153,000		2.17054%		115,860	7,907	123,767	0	-2,605	121,163	22,016	-14,427	7,588
Nova Scotia	12,047,000		1.84756%		98,620	6,731	105,350	0	-2,217	103,133	18,740	-12,281	6,459
Total	652,049,000	295,898,000	100.00000%	100.00000%	\$5,337,832	\$364,302	\$5,702,133	-\$128,542	-\$120,000	\$5,453,592	\$1,014,291	-\$664,691	\$349,600

2011 CORC

A-2 Balancing Authorities (LSE Designees)	B-2 2011 ² NEL Based 55% CORC Program Excluding US-Only Staff	C-2 2011 ² NEL Based CORC Program US-Only Staff	D-2 2011 ³ Allocation Methodology			E-2 2011 ⁴ 45% CORC Program		F-2 2011 Total CORC Program Expenses & Fixed Assets	G-2 Penalty Monies Applied to CORC Program	H-2 2011 Total CORC Program Assessment (F-2 plus G-2)	I-2 2011 RE Division Total Funding Requirement (F-1 plus F-2)	J-2 2011 RE Division Total Assessment (I-1 plus H-2)	K-2 2011 Total Funding Requirement (L-1 plus I-2)	L-2 2011 NPCC Total Assessment & Member Fees (L-1 plus J-2)		
			a			b									a	b
			Total NPCC Audit Based	U.S. NEL Based	Canada Audit Based	U.S. NEL Based	Canada Audit Based								U.S. NEL Based	Canada Audit Based
New England	775,074	169,641	61.49537%	42.83961%		1,348,823	2,293,539	-79,872	2,213,667	3,442,013	3,280,920	3,512,426	3,351,333			
New York	971,236	212,575	35.19510%	53.85085%		1,695,517	2,879,328	-100,086	2,779,242	4,318,467	4,116,603	4,406,701	4,204,838			
Ontario	845,919	0	0.00000%		0.00000%		845,919	0	845,919	2,099,367	2,072,988	2,176,216	2,149,838			
Québec	1,101,363	0	2.37321%		2.37321%		1,176,085	0	1,176,085	2,808,041	2,773,697	2,908,097	2,873,753			
New Brunswick	83,527	0	0.00000%		0.00000%		83,527	0	83,527	207,294	204,690	214,883	212,278			
Nova Scotia	71,098	0	0.93632%		0.93632%		100,579	0	100,579	205,929	203,712	212,388	210,171			
Total	\$3,848,218	\$382,216	100.00000%	96.69046%*	3.30954%*	\$3,044,340	\$104,202	\$7,378,977	-\$179,958	\$7,199,018	\$13,081,110	\$12,652,610	\$13,430,711	\$13,002,211		

* Portions of the remaining 45% attributable to U.S. and Canadian NPCC. The Canadian costs are allocated utilizing the audit based methodology. The portion of the 96.69046% attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a. and C-1a. The ratios in C-1a. are applied to the 96.69046% of U.S. audit costs to obtain the percentages (Column D-2 b) which are then applied to the 45% of CORC costs.

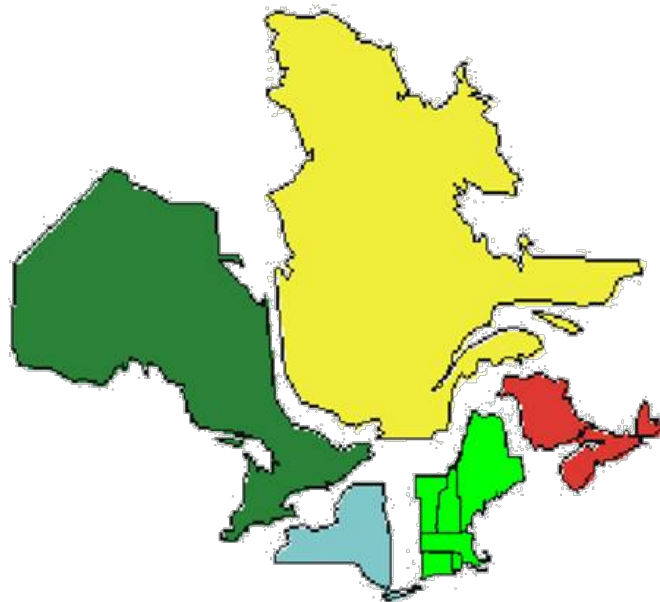
¹ Consistent with NERC's Policy on Allocation of Certain Compliance and Enforcement Costs, the NPCC Board approved Allocation Methodologies for Certain NPCC Compliance Program Area Costs Assessed to Non-U.S. Entities.

² Regional NEL based funding represents 55% of CORC Program, while 45% of CORC Program totaling \$3,148,542 is allocated using an audit based methodology for Canadian Balancing Authorities and an NEL based methodology for US Balancing Authorities for 2011.

³ Audit based allocation uses Compliance Registry Data registrants as of May 1, 2010.

⁴ Allocation adjustment of \$692,115 and \$63,340 identified as NPCC CORC costs duplicative of Ontario and New Brunswick Compliance and Enforcement Programs, respectively.

Section B – Supplemental Financial Information 2011 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1 – Reserve Balance

Working Capital Reserve Analysis 2010-2011	
REGIONAL ENTITY DIVISION	
Beginning Working Capital Reserve (Deficit), December 31, 2009	2,668,547
Plus: 2010 ERO Funding (from LSEs or designees)	11,500,439
Plus: 2010 Other funding sources	0
Less: 2010 Projected expenses & capital expenditures	(11,354,085)
Projected Working Capital Reserve (Deficit), December 31, 2010	2,814,901
Desired Working Capital Reserve, December 31, 2011 ¹	3,179,202
(25% of Total Regional Entity Budget of \$12,716,809)	
Less: Projected Working Capital Reserve, December 31, 2010	(2,814,901)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	364,302
2011 Expenses and Capital Expenditures	12,716,809
Less: Penalty Sanctions ²	(308,500)
Less: Other Funding Sources	(120,000)
Adjustment to achieve desired Working Capital Reserve	364,302
2011 Assessment	12,652,610
¹ On July 7, 2010, the NPCC Board of Directors approved a desired working capital reserve level of 25%, or \$3,179,902.	
² Represents collections prior to June 30, 2010.	

Explanation of Changes in Reserve Policy from Prior Years

NPCC departed from the 25% reserve level maintained over much of its history and lowered reserves to the 20% level due to what was expected to be greater predictability in services provided. With expanded work expectation there is substantial risk with regard to unfunded emerging mandates following business plan approval. Prudent planning includes increasing reserves from 20% - 25% to enable NPCC to meet potential future approved but unfunded 2011 activities.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the regional entity division Statement of Activities on page 17 of the 2011 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, 2010 are to be used to offset assessments in the 2011 Budget, as documented in the NERC Policy – accounting, financial statement, and budgetary treatment of penalties imposed and received for violations of Reliability Standard. Penalty monies received from July 1, 2010 through June 30, 2011 will be used to offset assessments in the 2012 Budget.

All penalties received prior to June 30, 2010 are detailed below, including date received and, the penalty amount.

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

Table B-2 – Penalty Sanctions

Penalty Sanctions Received Prior to June 30, 2010	Date Received	Amount Received
Penalty Payment 1	12/17/2009	\$ 10,000.00
Penalty Payment 2	12/23/2009	\$ 30,000.00
Penalty Payment 3	3/19/2010	\$ 250,000.00
Penalty Payment 4	4/20/2010	\$ 2,500.00
Penalty Payment 5	4/20/2010	\$ 2,500.00
Penalty Payment 6	6/9/2010	\$ 9,500.00
Penalty Payment 7	6/9/2010	\$ 2,000.00
Penalty Payment 8	6/9/2010	\$ 2,000.00
Total Penalties Received		\$ 308,500.00

Table B-3 – Supplemental Funding

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ -	\$ -	\$ 120,000	\$ 120,000
Total	\$ -	\$ -	\$ 120,000	\$ 120,000
Situation Awareness and Infrastructure Security				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ -	\$ -	\$ 120,000	\$ 120,000

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- NPCC is moving to the practice of charging a participant fee of \$200 per workshop to be consistent with other Regional Entities. NPCC assumed no interest income because of low market interest rates.

Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Salaries					
Salary	\$ 4,299,770	\$ 4,299,770	\$ 5,018,103	\$ 718,333	16.7%
Employment Agency Fees	10,964	10,964	27,725	16,761	152.9%
Temporary Office Services	9,137	9,137	9,242	105	1.1%
Total Salaries	4,319,870	4,319,870	5,055,070	735,199	17.0%
Total Payroll Taxes	246,223	246,223	291,508	45,284	18.4%
Benefits					
Education Reimbursement	\$ 18,273	\$ 18,273	\$ 9,519	\$ (8,754)	-47.9%
Medical Insurance	720,442	720,442	702,468	(17,974)	-2.5%
Life-LTD-STD Insurance	36,196	36,196	45,787	9,591	26.5%
Worker's Compensation	13,996	13,996	14,156	161	1.1%
Vacation	288,547	288,547	362,988	74,441	25.8%
Relocation	-	-	-	-	-
Total Benefits	1,077,454	1,077,454	1,134,918	57,464	5.3%
Retirement					
Pension Contribution	\$ 540,473	\$ 540,473	\$ 485,190	\$ (55,283)	-10.2%
Employee Savings Plan	229,186	229,186	306,493	77,307	33.7%
Savings Admin	11,329	11,329	8,824	(2,505)	-22.1%
Deferred Compensation	25,126	25,126	24,794	(332)	-1.3%
Total Retirement	806,115	806,115	825,301	19,187	2.4%
Total Personnel Costs	\$ 6,449,662	\$ 6,449,662	\$ 7,306,797	\$ 857,135	13.3%
FTEs	27.41	27.41	31.42	4.0	14.6%
Cost per FTE					
Salaries	\$ 157,602	\$ 157,602	\$ 160,877	3,275	2.1%
Payroll Taxes	8,983	8,983	9,277	294	3.3%
Benefits	39,309	39,309	36,119	(3,190)	-8.1%
Retirement	29,410	29,410	26,265	(3,144)	-10.7%
Total Cost per FTE	\$ 235,303	\$ 235,303	\$ 232,539	\$ (2,765)	-1.2%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- The increases in Salaries, Payroll Taxes, all insurances except Medical, and Employee Savings Plan are due primarily to the addition of 4.0 FTEs. NPCC has assumed an overall general wage increase of 3% and has funded at risk (variable incentives) compensation at less than 100%.
- The increase in Employment Agency Fee is due to recruiting efforts.
- The decrease in Education Reimbursement is due to fewer staff pursuing advanced degrees
- Assets in the retirement trust have performed better than the prior period such that the required funding is anticipated to be lower. Should NPCC's retirement trust experience poor performance, a supplement could be required.
- New hires are hired with vacation consistent with past tenure.

Table B-5 – Consultants and Contracts

Consultants	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Consultants					
Reliability Standards	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.0%
Compliance Enforcement and Organization Registration and Certification	107,000	107,000	107,000	-	0.0%
Reliability Assessment and Performance Analysis	24,100	24,100	52,000	27,900	115.8%
Training and Education	100	100	100	-	0.0%
Situation Awareness and Infrastructure Security	2,000	2,000	2,000	-	0.0%
Member Forums	500	500	500	-	0.0%
General and Administrative	1,910	1,910	1,910	-	0.0%
Legal and Regulatory	-	-	-	-	-
Information Technology	2,000	2,000	2,000	-	0.0%
Accounting and Finance	1,000	1,000	1,000	-	0.0%
Human Resources	1,000	1,000	1,000	-	0.0%
Consultants Total	\$ 141,610	\$ 141,610	\$ 169,510	\$ 27,900	19.7%
Contracts					
Reliability Standards	\$ 33,143	\$ 33,143	\$ 33,143	\$ -	0.0%
Compliance Enforcement and Organization Registration and Certification	1,100,000	1,100,000	1,597,000	497,000	45.2%
Reliability Assessment and Performance Analysis	372,177	372,177	300,000	(72,177)	-19.4%
Training and Education	357	357	357	(0)	0.0%
Situation Awareness and Infrastructure Security	116,143	116,143	132,143	16,000	13.8%
Member Forums	1,786	1,786	1,786	-	0.0%
General and Administrative	6,822	6,822	6,822	-	0.0%
Legal and Regulatory	-	-	-	-	-
Information Technology	7,143	7,143	7,143	-	0.0%
Accounting and Finance	3,572	3,572	3,572	-	0.0%
Human Resources	3,572	3,572	3,572	-	0.0%
Contracts Total	\$ 1,644,714	\$ 1,644,714	\$ 2,085,537	\$ 440,823	26.8%
Total Consultants and Contracts	\$ 1,786,324	\$ 1,786,324	\$ 2,255,047	\$ 468,723	26.2%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Based on the 2010 complement of RAPA full time staff, NPCC expects to meet the proposed additional work as outlined in this business plan by utilizing an increased reliance on outside subject matter expert consultant services throughout 2011, as needed.
- Increase in Compliance Contractors due to expanded quantity, complexity and scope of audits.
- Reliability Assessment and Performance Analysis Contractor costs decreasing due to negotiated lower rates.
- Situation Awareness and Infrastructure Security Contractor costs are increasing due to assisted automation of the weekly conference call.

Table B-6 – Office Rent

Office Rent	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Office Rent	\$ 575,610	\$ 575,610	\$ 582,229	\$ 6,619	1.1%
Utilities	27,400	27,400	23,104	(4,295)	-15.7%
Maintenance	18,273	18,273	18,483	210	1.1%
Security	4,567	4,567	2,310	(2,256)	-49.4%
Total Office Rent	\$ 625,850	\$ 625,850	\$ 626,127	\$ 277	0.0%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Decrease in utilities due to lower utility rates as a result of direct metering associated with new lease.
- Security system was fully implemented in 2010 for entire staff. 2011 security costs are associated with new hires only.

Table B-7 – Office Costs

Office Costs	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Telephone	\$ 68,687	\$ 68,687	\$ 138,626	\$ 69,939	101.8%
Internet Expense	55,556	55,556	32,346	(23,209)	-41.8%
Office Supplies	24,242	24,242	25,877	1,634	6.7%
Computer Supplies and Maintenance	35,354	35,354	36,967	1,613	4.6%
Subscriptions & Publications	5,051	5,051	6,469	1,419	28.1%
Dues	7,071	7,071	3,697	(3,374)	-47.7%
Postage	2,525	2,525	1,479	(1,047)	-41.4%
Express Shipping	9,091	9,091	6,469	(2,622)	-28.8%
Copying	3,030	3,030	1,848	(1,182)	-39.0%
Reports	6,061	6,061	5,545	(516)	-8.5%
Stationary and Office Forms	6,061	6,061	5,545	(516)	-8.5%
Equipment Repair/Service Contracts	18,200	18,200	41,588	23,388	128.5%
Bank Charges	36,547	36,547	36,967	420	1.1%
Sales and Use Tax	-	-	-	-	-
Merchant Credit Card Fees	-	-	-	-	-
Presentation and Publicity	9,100	9,100	4,621	(4,479)	-49.2%
Total Office Costs	\$ 286,574	\$ 286,574	\$ 348,043	\$ 61,470	21.4%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Increase in telephone due to increased staff and increased conference calls, as well provision of Blackberries to a majority of staff for increased connectivity.
- Decreased internet expense due to negotiated lower rates.
- Equipment Repair and Service Contracts is increasing due to larger staff and more equipment required.

Table B-8 - Professional Services

Professional Services	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
BOT Fee	\$ 109,640	\$ 109,640	\$ 184,835	\$ 75,195	68.6%
BOT Search Fee	-	-	-	-	-
Legal - Reorganization	-	-	-	-	-
Accounting & Auditing Fees	210,143	210,143	221,801	11,658	5.5%
Legal Fees - Other	456,833	456,833	462,086	5,253	1.1%
Insurance - Commercial	18,273	18,273	24,028	5,755	31.5%
Total Services	\$ 794,890	\$ 794,890	\$ 892,751	\$ 97,861	12.3%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Corporate Governance and Nominating Committee to consider of addition of independent Directors to the Board for potentially higher BOT Fees.
- Increased Insurance – Commercial property expenses due to larger office space and more commercial property.

Table B-9 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	13,705	13,705	-	(13,705)	-100.0%
Total Non-Operating Expenses	\$ 13,705	\$ 13,705	\$ -	\$ (13,705)	-100.0%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- The office relocation project concluded.

Section C — 2011 Criteria Services Division Business Plan and Budget

Criteria Services Division			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.59	2.58	-0.01
Total Direct Expenses	\$1,105,351	\$1,020,471	(\$84,879)
Working Capital Reserve Requirement	\$46,170	(\$664,691)	(\$710,861)
Inc(Dec) in Fixed Assets	(\$6,043)	(\$6,180)	(\$137)
Total Funding Requirement	\$1,145,478	\$349,600	(\$795,877)

NPCC Regionally-Specific Criteria Services Background

NPCC Criteria Services division activities are in the development, maintenance and promulgation of Regionally-specific more stringent criteria as well as criteria establishing resource adequacy requirements within the Region. These criteria contain requirements which are more stringent and more specific than the existing NERC Reliability Standards requirements.

Membership and Governance

Full members are subject to compliance, with Regionally-specific criteria, in addition to continent-wide Reliability Standards, and receive criteria-related services from the Criteria Services division.

Full Members, other than Full Members that perform the Balancing Authority function, are not assessed an annual membership fee. Those that perform Balancing Authority functions are assessed and remit, a proportional net energy for load share, of expenses for criteria services. NPCC would also, directly assign criteria service division costs to a Balancing Authority Area or entity, where significant costs are incurred for that Balancing Authority Area. The funding for NPCC's Criteria Services division is approved by the NPCC Board of Directors.

Criteria Services Division Functional Scope

Through its Criteria Services division, NPCC promotes the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria.

NPCC provides Full Members, with Regional reliability assurance services, and acts as the vehicle through which States and Provinces can fulfill their political mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

Major 2011 Assumptions and Cost Impacts

In 2010, senior level staff was reallocated from the Criteria Services division to the regional entity division. In place of senior level staff, junior level staff filled the resulting open position in the Criteria Services division, thus resulting in a decrease in personnel costs.

2011 Primary Goals and Objectives

NPCC Criteria Compliance Background

The NPCC Criteria Services division Compliance effort, the NPCC Reliability Compliance and Enforcement Program (RCEP), monitors, assesses and enforces compliance of NPCC Full Member entities responsible for meeting NPCC's Regionally-specific, more-stringent Criteria. Non-monetary sanctions are used to enforce violations of NPCC Criteria.

In NPCC Canada, NPCC monitors, assesses and enforces compliance to Regionally-specific NPCC Criteria in accordance with approved Memoranda of Understanding and Implementation Agreements that are in place or under development with each Canadian province within the Region. NPCC issues non-monetary sanctions to responsible Canadian entities for violations of NPCC Criteria.

The RCEP identifies those NPCC Criteria that are subject to monitoring, assessment and enforcement. These Criteria also are subject to NPCC Criteria Compliance Audits.

The NPCC Compliance Committee (CC) has final approval of compliance assessments related to the RCEP. This balanced stakeholder committee consists of representatives of the eight voting sectors as described in the NPCC *Amended and Restated Bylaws* and is chaired by the Assistant Vice President – Compliance or designee. The CC will also be used to resolve contested compliance and/or sanction or penalty determinations related to NPCC Criteria.

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities						
2010 Budget & Projection, and 2011 Budget						
CRITERIA SERVICES DIVISION						
				Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget Draft for Approval	Variance 2011 Budget v 2010 Budget Over(Under)
	2010 Budget	2010 Projection				
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -		\$ -	\$ -	\$ -
Penalty Sanctions	-	-		-	-	-
Total ERO Funding	\$ -	\$ -		\$ -	\$ -	\$ -
Membership Dues	1,145,478	1,145,478		-	349,600	(795,877)
Testing Fees	-	-		-	-	-
Services & Software	-	-		-	-	-
Workshops	-	-		-	-	-
Interest	-	-		-	-	-
Miscellaneous	-	-		-	-	-
Total Funding	\$ 1,145,478	\$ 1,145,478		\$ -	\$ 349,600	\$ (795,877)
Expenses						
Personnel Expenses						
Salaries	\$ 378,635	\$ 378,635		\$ -	\$ 349,073	\$ (29,562)
Payroll Taxes	23,156	23,156		-	22,224	(933)
Benefits	103,438	103,438		-	111,788	8,350
Retirement Costs	182,833	182,833		-	144,431	(38,402)
Total Personnel Expenses	\$ 688,062	\$ 688,062		\$ -	\$ 627,516	\$ (60,546)
Meeting Expenses						
Meetings	\$ 23,600	\$ 23,600		\$ -	\$ 9,275	\$ (14,325)
Travel	70,001	70,001		-	69,000	(1,001)
Conference Calls	4,645	4,645		-	9,130	4,484
Total Meeting Expenses	\$ 98,246	\$ 98,246		\$ -	\$ 87,404	\$ (10,842)
Operating Expenses						
Consultants & Contracts	\$ 125,340	\$ 125,340		\$ -	\$ 125,340	\$ -
Office Rent	59,150	59,150		0	51,373	(7,777)
Office Costs	28,181	28,181		-	28,557	375
Professional Services	75,110	75,110		-	73,249	(1,861)
Computer & Equipment Leases	12,698	12,698		-	11,109	(1,590)
Miscellaneous	5,180	5,180		-	4,550	(630)
Depreciation	12,087	12,087		-	11,374	(713)
Total Operating Expenses	\$ 317,747	\$ 317,747		\$ -	\$ 305,551	\$ (12,196)
Total Direct Expenses	\$ 1,105,351	\$ 1,105,351		\$ -	\$ 1,020,471	\$ (84,879)
Indirect Expenses	\$ -	\$ -		\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 1,295	\$ 1,295		\$ -	\$ -	\$ (1,295)
Total Expenses	\$ 1,105,351	\$ 1,105,351		\$ -	\$ 1,020,471	\$ (84,879)
Change in Assets	\$ 40,127	\$ 40,127		\$ -	\$ (670,871)	\$ (710,998)
Fixed Assets						
Depreciation	\$ (12,087)	(12,087)		\$ -	\$ (11,374)	\$ 713
Computer & Software CapEx	-	-		-	-	-
Furniture & Fixtures CapEx	1,727	1,727		-	1,714	(13)
Equipment CapEx	2,590	2,590		-	2,343	(247)
Leasehold Improvements	1,727	1,727		-	1,137	(589)
(Inc)Dec in Fixed Assets	\$ 6,043	\$ 6,043		\$ -	\$ 6,180	\$ 137
Allocation of Fixed Assets		\$ -				
Change in Fixed Assets	\$ 6,043	6,043		\$ -	\$ 6,180	\$ 137
TOTAL CHANGE IN ASSETS	\$ 46,170	\$ 46,170		\$ -	\$ (664,691)	\$ (710,861)

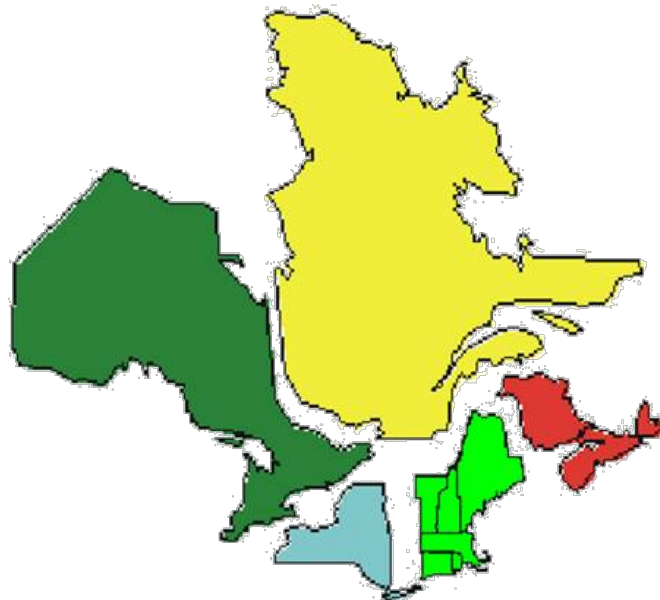
Personnel Analysis

Total FTEs by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
CRITERIA SERVICES DIVISION						
Operational Programs						
Reliability Standards	1.00	1.00	1.00	0.00	1.00	0.00
Compliance Enforcement and Organization Registration and Certification	1.00	1.00	1.00	0.00	1.00	0.00
Training and Education	0.00	0.00	0.00	0.00	0.00	0.00
Reliability Assessment and Performance Analysis	0.00	0.00	0.00	0.00	0.00	0.00
Situation Awareness and Infrastructure Security	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Operational Programs	2.00	2.00	2.00	0.00	2.00	0.00
Administrative Programs						
Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General and Administrative	0.09	0.09	0.00	0.08	0.08	-0.01
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Accounting and Finance	0.50	0.50	0.00	0.50	0.50	0.00
Total FTEs Administrative Programs	0.59	0.59	0.00	0.58	0.58	-0.01
Total FTEs	2.59	2.59	2.00	0.58	2.58	-0.01

Reserve Analysis 2010–2011

Working Capital Reserve Analysis 2010-2011		
CRITERIA SERVICES DIVISION		
Beginning Working Capital Reserve (Deficit), December 31, 2009		
Beginning Cash @ January 1, 2010		884,180
2010 Funding (from members)		1,145,478
2010 Other funding sources		0
Total Cash Available 2010		2,029,658
Cash Needed 2010		
2010 Projected expenses		(1,105,351)
2010 Fixed asset additions		(6,043)
Total Cash Needed 2010		(1,111,394)
Projected Working Capital Reserve Balance, December 31, 2010		918,264
Desired Working Capital Reserve Balance, December 31, 2011	1	253,573
Less: Projected Working Capital Reserve Balance December 31, 2010		(918,264)
Increase(decrease) in funding needed to raise Working Capital Reserve balance		(664,691)
2011 Funding requirement for expenses and fixed asset additions		
Adjustment to increase Working Capital Reserve balance		(664,691)
2011 Funding and reserve adjustment		(664,691)
¹ On July 7, 2010, the NPCC Board of Directors approved a desired working capital reserve level of 25%, or \$253,573.		

Section D – Additional Consolidated Financial
Statements
2011 Business Plan and Budget



Section D

Statement of Financial Position

Statement of Financial Position				
2009 Audited, 2010 Projection, and 2011 Budget				
Regional Entity and Criteria Services Division				
		(Per Audit)	Projected	Budget
		31-Dec-09	31-Dec-10	31-Dec-11
ASSETS				
Cash and cash equivalents		1,342,198	1,649,000	1,340,000
Restricted cash		543,932	800,000	505,000
Temporary cash investments		2,210,529	2,211,000	2,211,000
Prepaid expenses		167,150	167,000	167,000
Other assets		40,009	30,000	28,000
Equipment and leasehold improvements, net		1,301,857	1,196,000	1,088,000
Total Assets		5,605,675	6,053,000	5,339,000
LIABILITIES AND NET ASSETS				
Liabilities				
Accrued expenses and other liabilities		725,069	725,000	725,000
Accrued liability for pension		2,658,480	2,659,000	2,659,000
Deferred revenue		326,771	580,000	285,000
Deferred rent		646,637	755,000	761,000
Total Liabilities		4,356,957	4,719,000	4,430,000
Net Assets - unrestricted		1,248,718	1,334,000	909,000
Total Liabilities and Net Assets		5,605,675	6,053,000	5,339,000

NPCC Statement of Activities 2011 Budget	RE Division Total	Reliability Standards (Section 300)	Compliance Enforcement and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding												
ERO Funding												
ERO Assessments	12,652,610	1,040,006	7,199,018	2,541,245	77,265	1,430,773	-	364,302	-	-	-	-
Penalty Sanctions	308,500	25,708	179,958	62,985	1,285	38,563	-	-	-	-	-	-
Total ERO Funding	12,961,110	1,065,714	7,378,977	2,604,231	78,551	1,469,336	-	364,302	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	120,000	-	-	-	120,000	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	13,081,110	1,065,714	7,378,977	2,604,231	198,551	1,469,336	-	364,302	-	-	-	-
Expenses												
Personnel Expenses												
Salaries	5,055,070	390,341	2,369,244	919,883	19,134	561,174	46,772	47,904	-	475,858	117,006	107,754
Payroll Taxes	291,508	21,117	137,610	51,133	1,049	31,145	3,037	1,515	-	29,962	7,999	6,940
Benefits	1,134,918	92,864	535,522	188,208	5,157	91,221	16,462	9,347	-	126,109	37,276	32,752
Retirement Costs	825,301	67,694	294,210	193,695	4,451	109,368	11,137	11,491	-	91,938	27,839	13,479
Total Personnel Expenses	7,306,797	572,016	3,336,586	1,352,919	29,790	792,909	77,408	70,257	-	723,867	190,120	160,925
Meeting Expenses												
Meetings	269,325	27,000	26,600	25,000	149,725	26,000	3,000	5,000	-	2,000	4,000	1,000
Travel	668,000	120,000	260,000	120,000	3,000	70,000	5,000	10,000	-	30,000	45,000	5,000
Conference Calls	96,571	20,100	11,600	40,245	1,005	9,100	225	2,096	-	5,100	1,050	6,050
Total Meeting Expenses	1,033,896	167,100	298,200	185,245	153,730	105,100	8,225	17,096	-	37,100	50,050	12,050
Operating Expenses												
Consultants & Contracts	2,255,047	35,143	1,704,000	352,000	457	134,143	2,286	8,732	-	9,143	4,572	4,572
Office Rent	626,127	39,853	278,971	97,640	1,993	59,779	9,963	38,296	-	59,779	19,926	19,926
Office Costs	348,043	22,153	155,071	54,275	1,108	33,229	5,538	21,288	-	33,229	11,076	11,076
Computer and Equipment Leases	135,391	8,618	60,324	21,113	431	12,926	2,154	8,281	-	12,926	4,309	4,309
Professional Services	892,751	13,294	93,059	32,571	665	19,941	3,324	12,775	462,086	19,941	6,647	228,449
Miscellaneous	55,450	3,529	24,706	8,647	176	5,294	882	3,392	-	5,294	1,765	1,765
Depreciation	138,626	8,824	61,765	21,618	441	13,235	2,206	8,479	-	13,235	4,412	4,412
Total Operating Expenses	4,451,436	131,414	2,377,894	587,863	5,271	278,549	26,353	101,242	462,086	153,549	52,707	274,508
Total Direct Expenses	12,792,129	870,529	6,012,680	2,126,027	188,791	1,176,558	111,987	188,594	462,086	914,516	292,877	447,483
Indirect Expenses	-	201,462	1,410,233	493,582	10,073	302,193	(111,987)	(188,594)	(462,086)	(914,516)	(292,877)	(447,483)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	12,792,129	1,071,991	7,422,914	2,619,609	198,864	1,478,751	-	-	-	-	-	-
Change in Assets	288,981	(6,277)	(43,937)	(15,378)	(314)	(9,415)	-	364,302	-	-	-	-
											4933.363971	4933.363971
Fixed Assets												
Depreciation	(138,626)	(8,824)	(61,765)	(21,618)	(441)	(13,235)	(2,206)	(8,479)	-	(13,235)	(4,412)	(4,412)
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	20,886	1,329	9,306	3,257	66	1,994	332	1,277	-	1,994	665	665
Equipment CapEx	28,557	1,818	12,724	4,453	91	2,726	454	1,747	-	2,726	909	909
Leasehold Improvements	13,863	882	6,176	2,162	44	1,324	221	848	-	1,324	441	441
(Inc)Dec in Fixed Assets	75,320	4,794	33,559	11,746	240	7,191	1,199	4,607	-	7,191	2,397	2,397
Allocation of Fixed Assets	0	1,483	10,378	3,632	74	2,224	(1,199)	(4,607)	-	(7,191)	(2,397)	(2,397)
Change in Fixed Assets	75,320	6,277	43,937	15,378	314	9,415	-	-	-	-	-	-
TOTAL CHANGE IN ASSETS	364,302	0	0	0	0	(0)	-	364,302	-	-	-	-
FTEs												
	31.42	2	14	4.9	0.1	3	0.5	1.92	0	3	1	1

NPCC Statement of Activities 2011 Budget	CS Division Total	Criteria Development	Criteria Compliance	General and Administrative
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Funding

ERO Funding

ERO Assessments	-	-	-	-
Penalty Sanctions	-	-	-	-
Total ERO Funding	-	-	-	-

Membership Dues	349,600	556,394	457,898	(664,691)
Testing Fees	-	-	-	-
Services & Software	-	-	-	-
Workshops	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-

Total Funding	349,600	556,394	457,898	(664,691)
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Expenses

Personnel Expenses

Salaries	349,073	151,551	154,846	42,676
Payroll Taxes	22,224	9,677	9,670	2,877
Benefits	111,788	45,509	45,382	20,897
Retirement Costs	144,431	55,760	55,604	33,067
Total Personnel Expenses	627,516	262,498	265,502	99,516

Meeting Expenses

Meetings	9,275	4,882	1,882	2,510
Travel	69,000	21,000	23,000	25,000
Conference Calls	9,130	7,050	1,050	1,030
Total Meeting Expenses	87,404	32,932	25,932	28,540

Operating Expenses

Consultants & Contracts	125,340	108,572	14,072	2,697
Office Rent	51,373	19,926	19,926	11,520
Office Costs	28,557	11,076	11,076	6,404
Computer and Equipment Leases	11,109	4,309	4,309	2,491
Professional Services	73,249	6,647	6,647	59,955
Miscellaneous	4,550	1,765	1,765	1,020
Depreciation	11,374	4,412	4,412	2,551
Total Operating Expenses	305,551	156,707	62,207	86,638

Total Direct Expenses	1,020,471	452,137	353,641	214,694
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Indirect Expenses	-	107,347	107,347	(214,694)
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Other Non-Operating Expenses	-	-	-	-
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Total Expenses	1,020,471	559,484	460,988	-
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Change in Assets	(670,871)	(3,090)	(3,090)	(664,691)
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Fixed Assets

Depreciation	(11,374)	(4,412)	(4,412)	(2,551)
Computer & Software CapEx	-	-	-	-
Furniture & Fixtures CapEx	1,714	665	665	384
Equipment CapEx	2,343	909	909	525
Leasehold Improvements	1,137	441	441	255
(Inc)Dec in Fixed Assets	6,180	2,397	2,397	1,386

Allocation of Fixed Assets	-	693	693	(1,386)
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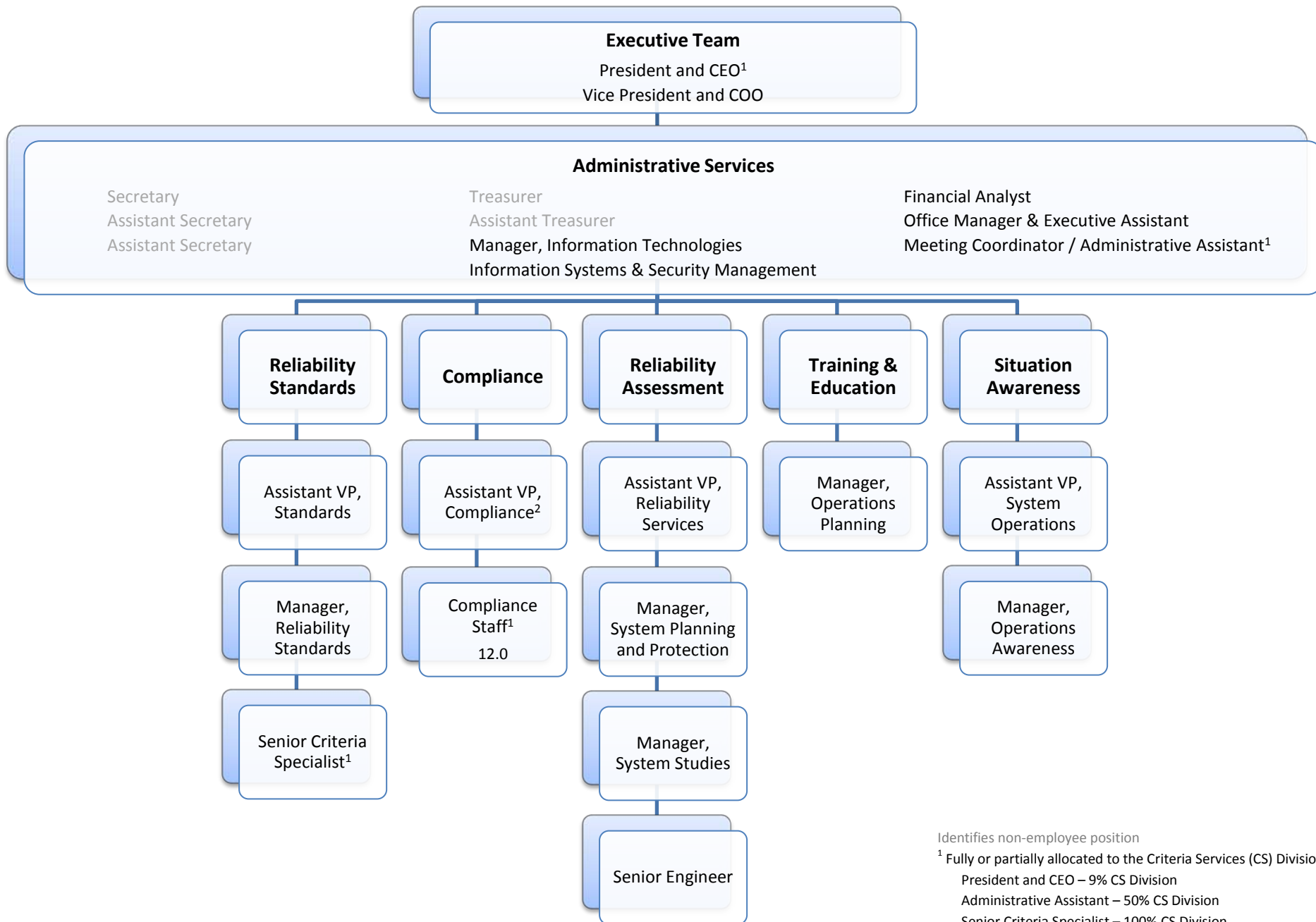
Change in Fixed Assets	6,180	3,090	3,090	-
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TOTAL CHANGE IN ASSETS	(664,691)	(0)	(0)	(664,691)
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FTEs	2.58	1	1	0.58
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NORTHEAST POWER COORDINATING COUNCIL, INC. (NPCC)

2010 ORGANIZATIONAL CHART



Identifies non-employee position

¹ Fully or partially allocated to the Criteria Services (CS) Division.

President and CEO – 9% CS Division

Administrative Assistant – 50% CS Division

Senior Criteria Specialist – 100% CS Division

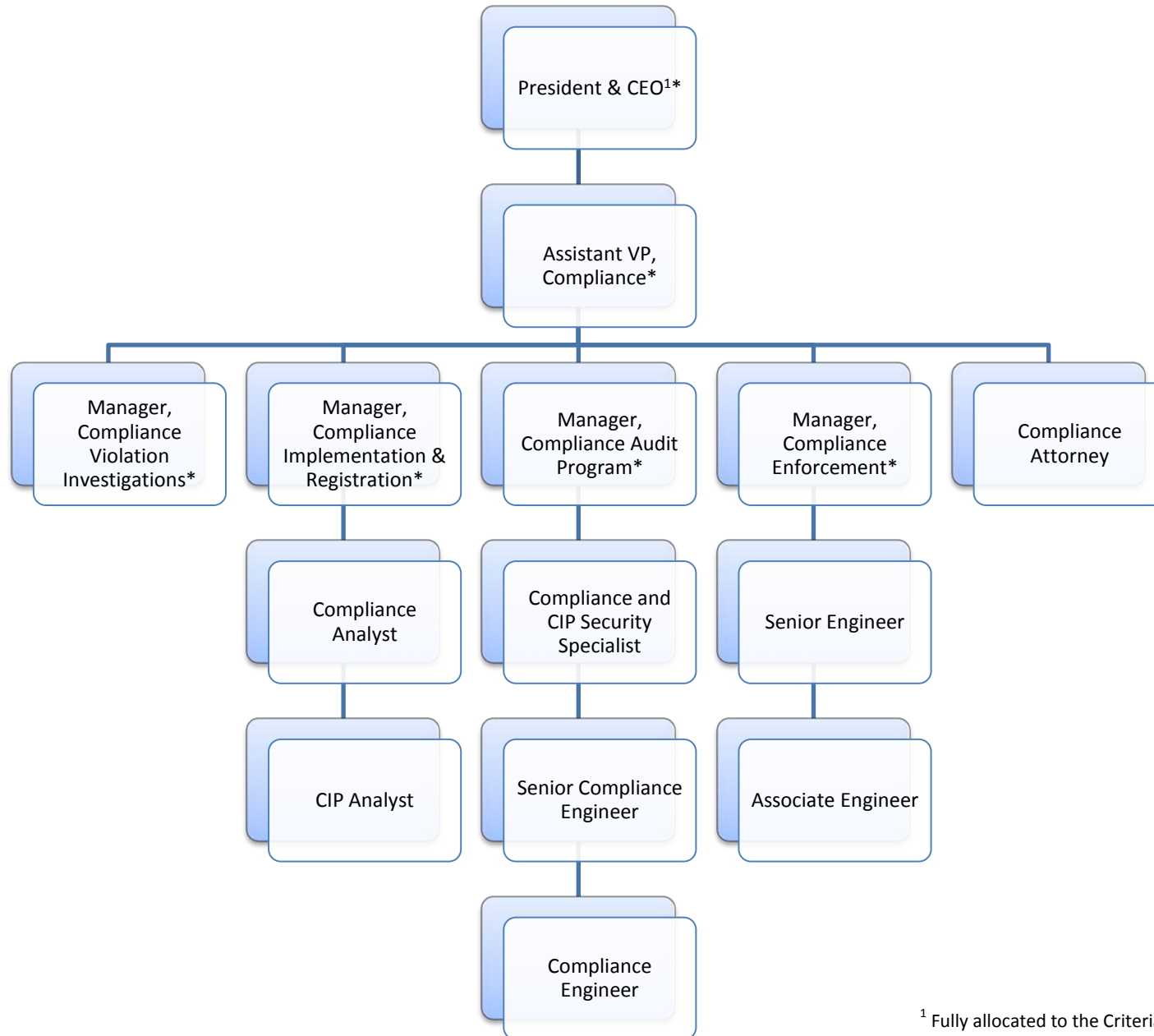
Compliance Engineer – 100% CS Division

² See Compliance Organizational Chart for details

NORTHEAST POWER COORDINATING COUNCIL, INC. (NPCC)

2010 ORGANIZATIONAL CHART

COMPLIANCE PROGRAM



¹ Fully allocated to the Criteria Services (CS) Division

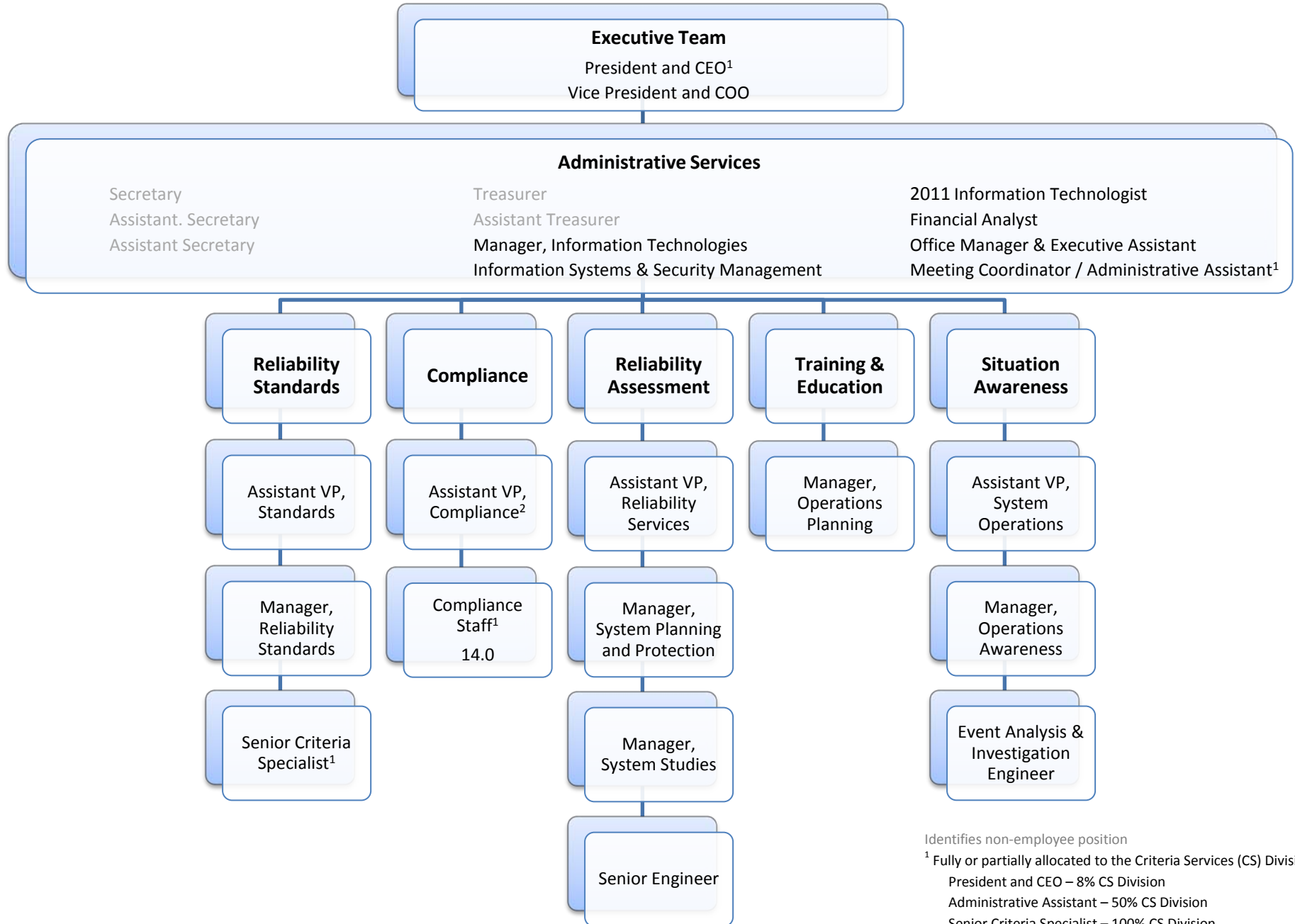
President & CEO – 9% CS Division

Compliance Engineer – 100% CS Division

* Authorized to make compliance determinations

NORTHEAST POWER COORDINATING COUNCIL, INC. (NPCC)

2011 PROJECTED ORGANIZATIONAL CHART



Identifies non-employee position

¹ Fully or partially allocated to the Criteria Services (CS) Division.

President and CEO – 8% CS Division

Administrative Assistant – 50% CS Division

Senior Criteria Specialist – 100% CS Division

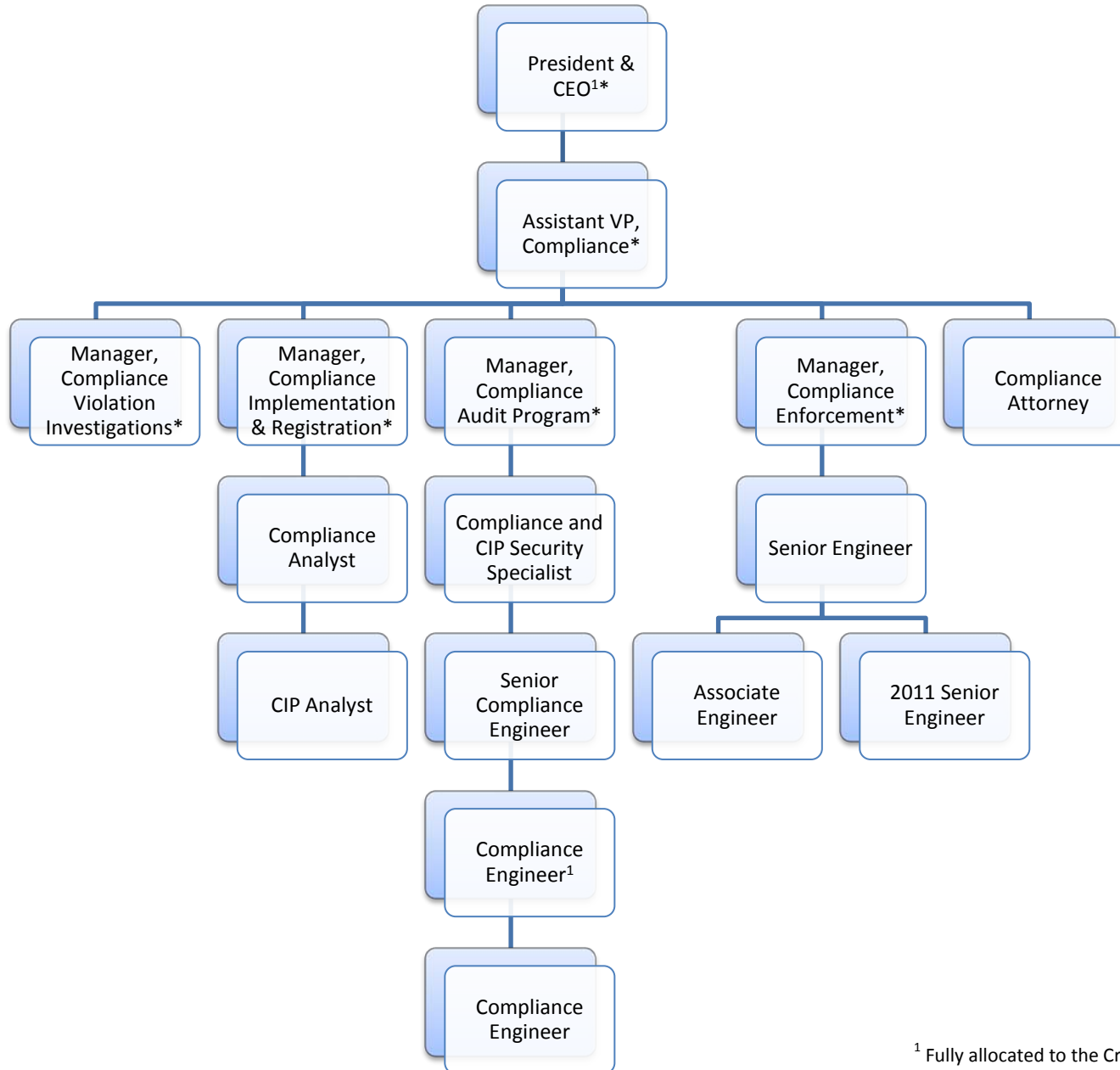
Compliance Engineer – 100% CS Division

² See Compliance Organizational Chart for details

NORTHEAST POWER COORDINATING COUNCIL, INC. (NPCC)

2011 PROJECTED ORGANIZATIONAL CHART

COMPLIANCE PROGRAM



¹ Fully allocated to the Criteria Services (CS) Division
President & CEO – 8% CS Division
Compliance Engineer – 100% CS Division

* Authorized to make compliance determinations

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 5

WESTERN ELECTRICITY COORDINATING COUNCIL

PROPOSED 2011 BUSINESS PLAN AND BUDGET



2011 Business Plan and Budget

Western Electricity Coordinating Council

**Approved by:
WECC Board of Directors**

**Date:
June 18, 2010**

Table of Contents

Introduction.....	3
Organizational Overview.....	3
Membership and Governance.....	3
Statutory Functional Scope.....	4
2011 Key Assumptions	4
2011 WECC Goals and Key Deliverables.....	5
2011 Overview of Cost Impacts	5
Personnel Analysis	7
2010 Budget and Projection and 2011 Budget Comparisons	8
Section A — 2011 Business Plan.....	11
Reliability Standards Program.....	11
Compliance Monitoring and Enforcement and Organization Registration and Certification Program	15
Hearings.....	22
Reliability Assessment and Performance Analysis Program	24
Training, Education, and Operator Certification Program	29
Situation Awareness and Infrastructure Security Program.....	32
Administrative Services.....	37
Technical Committees and Member Forums	38
General and Administrative.....	43
Legal and Regulatory	46
Information Technology	49
Human Resources.....	52
Finance and Accounting	55
Section B — Supplemental Financial Information.....	61
Reserve Balance	61
Penalty Sanctions	63
Supplemental Funding.....	64
Personnel Expenses	66
Consultants and Contracts	67
Office Rent	68
Office Costs.....	69
Professional Services.....	70
Other Non-Operating.....	71
Section C — 2010 Non-Statutory Business Plan and Budget	75
Personnel Analysis	79
Reserve Analysis — 2010–2011	80
Section D – Additional Consolidated Financial Statements.....	83
2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory	83
Statement of Financial Position.....	84
Appendix A: U.S. DOE Grants.....	85
Appendix B: WECC Organizational Chart	89
Appendix C: Adjustment to the AESO 2011 Assessment	91

Introduction

TOTAL RESOURCES (in whole dollars)				
	2011 Budget	U.S.	Canada	Mexico
Statutory FTEs*	207.9			
Non-statutory FTEs	5.0			
Total FTEs	212.9			
Statutory Expenses	\$ 61,168,910			
Non-Statutory Expenses	\$ 1,578,070			
Total Expenses	\$ 62,746,980			
Statutory Inc(Dec) in Fixed Assets	\$ 7,036,540			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 7,036,540			
Statutory Working Capital Requirement**	847,498			
Non-Statutory Working Capital Requirement***	6,114,082			
Total Working Capital Requirement	6,961,580			
Total Statutory Funding Requirement	\$ 68,205,450			
Total Non-Statutory Funding Requirement	\$ 1,578,070			
Total Funding Requirement	\$ 69,783,520			
Statutory Funding Assessments	\$ 37,915,529	\$ 32,515,725	\$ 4,914,693	\$ 485,111
Non-Statutory Fees	\$ 1,578,070	\$ 1,578,070		
NEL****	847,828,789	720,047,487	117,038,716	10,742,586
NEL%	100.0%	84.9%	13.8%	1.3%

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

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

***Refer to the Reserve Analysis on page 80 in Section C.

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

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a Utah Nonprofit Corporation whose mission is to assure a reliable bulk electric system (BES) in the Western Interconnection. WECC's Web site is <http://www.wecc.biz>. WECC's geographic area is the Western Interconnection – an area in which the use and generation of electricity is synchronized. This area includes all or part of 14 U.S. states, two Canadian provinces, and a portion of Baja California Norte, Mexico.

Membership and Governance

WECC has 303 members¹ divided into the following seven membership classes:²

1. Large Transmission Owners
2. Small Transmission Owners
3. Transmission Dependent Energy Service Providers
4. End Users

¹ As of July 7, 2010.

² For purposes of voting for Board representation, all Canadian members of WECC form "Class 6." For all other purposes, Canadian members participate in member classes 1 – 5 and 7 according to their characteristics. See Section 6.2.1 of the WECC Bylaws.

5. Representatives of State and Provincial Governments
6. Canadian Members
7. Members at Large

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BES. WECC membership is not a requirement for participation in the WECC standards development process.³

WECC is governed by an independent and balanced stakeholder board⁴ consisting of 32 directors. Members in classes 1 through 5 are eligible to elect four directors in their class. In addition, the Canadian delegation elects four directors and the Mexican delegation elects one. Seven directors with no member affiliation (Non-affiliated Directors) are elected by the WECC membership. Members of Class 7 do not elect representatives to the WECC Board of Directors (Board), but do vote on the election of Non-affiliated Directors.

Nine Board committees recommend policy on various reliability issues or handle governance, finance, and human resource (HR) matters. These committees are described in the Technical Committees and Member Forums section on page 38.

Input comes to the WECC Board from the member organizations, from other interested parties, and through recommendations from the WECC Standing Committees.

Under the direction of the WECC Board, the three Standing Committees of members — the Planning Coordination Committee (PCC), the Operating Committee (OC), and the Market Interface Committee (MIC) — provide technical work and policy recommendations to the WECC Board. All member organizations are eligible for representation on the Standing Committees.

Statutory Functional Scope

WECC has been approved by the Federal Energy Regulatory Commission (FERC) as a Regional Entity, with authority — pursuant to the WECC / North American Electricity Reliability Corporation (NERC) Delegation Agreement — to create, monitor, and enforce standards for the reliability of the BES in the Western Interconnection. WECC's role as reliability coordinator is recognized by FERC through its acceptance of NERC's Compliance Registry.⁵

2011 Key Assumptions

NERC and the eight Regional Entities, including WECC, collaborated in the development of a common set of business planning assumptions, goals, and metrics. The purpose of this effort is to promote consistency, efficiency, and accountability in the 2011 business plans and budgets of NERC and the Regional Entities by coordinating underlying business plan assumptions, goals, and metrics. The general assumptions developed at the NERC and regional level are attached as

³ Non-WECC members may participate in standards drafting teams, and Participating Stakeholders may vote on Regional Reliability Standards. A Participating Stakeholder is defined in Section 3.21 of the WECC Bylaws and the Participating Stakeholder Application Process is described in Section 8.6.2. The Reliability Standards Voting Procedure is outlined in Section 8.6.1.2 of the WECC Bylaws.

⁴ As provided for in Section 215 of the Federal Power Act, 16 U.S.C. 824o(e)(4)(A)(iii) (2006).

⁵ North American Electric Reliability Corporation 119 FERC ¶ 61,059 (2007) order on reh'g at P 2.

an appendix to the 2011 NERC Business Plan and Budget.⁶ At NERC's request, region-specific assumptions are described in each region's business plan.

2011 WECC Goals and Key Deliverables

- Assure a reliable BES in the Western Interconnection.
- Initiate the transition of operational authority from the WECC Board to WECC management.
- Continue to implement the Compliance Monitoring and Enforcement Program (CMEP).
- Improve and enhance transmission planning, and loads and resources assessments.
- Be the credible source of interconnection-wide information.
- Assure system reliability for renewable resource integration in the Western Interconnection.
- Advance the quality and scope of training activities to assure that operators and Registered Entities have the information and tools they need.
- Meet the performance milestones of the three U.S. Department of Energy (U.S. DOE) grants.
- Enhance situation awareness in the Western Interconnection through the implementation of the Western Interconnection Synchrophasor Program (WISP).

2011 Overview of Cost Impacts

WECC's proposed 2011 statutory budget is \$68.2 million, a \$9.0 million (15.2 percent) increase over the 2010 statutory budget⁷. The majority of this increase (\$8.1 million) is associated with grant expenses related to the U.S. DOE grants. The major drivers of the increase are:

- Personnel Expenses increase due to the addition of 26.1 FTEs. Compliance has a net increase of 8.5 FTEs to keep pace with NERC requirements, the work associated with monitoring and enforcing an increased number of Critical Infrastructure Protection (CIP) requirements, and to reduce the number of independent contractors used to perform routine CMEP tasks. WISP, included in the Situational Awareness and Infrastructure Security Program, is adding 6.2 FTEs to support the WISP infrastructure and applications to be deployed in the Reliability Coordination Offices (RCO). Legal is adding three FTEs, one corporate records specialist and two attorneys, to provide additional in-house legal support. The remaining 8.4 FTEs are being added to support WECC's continued growth and are discussed in more detail in the appropriate sections of this business plan.
- Meeting and Travel Expenses decrease by approximately \$254,000, primarily due to the new training and meeting facilities in WECC's new Salt Lake City office location. These costs savings will partially offset the increase in Office Rent described below.
- Consultants and Contracts increase by \$1.5 million, primarily due to work associated with the three U.S. DOE grants.
- Office Costs increase by \$1.6 million. Of this increase, \$576,000 relates to a new webSAS license, which is described in more detail in the Situation Awareness and Infrastructure Security Program section. Office Rent also increases \$572,000, primarily

⁶ See [2011 – 2013 Business Plans and Budgets: Shared Assumption \(NERC and the Regional Entities\)](#).

⁷ "2010 statutory budget" refers to the statutory budget included in the WECC Amended Business Plan and Budget approved by FERC on July 23, 2010

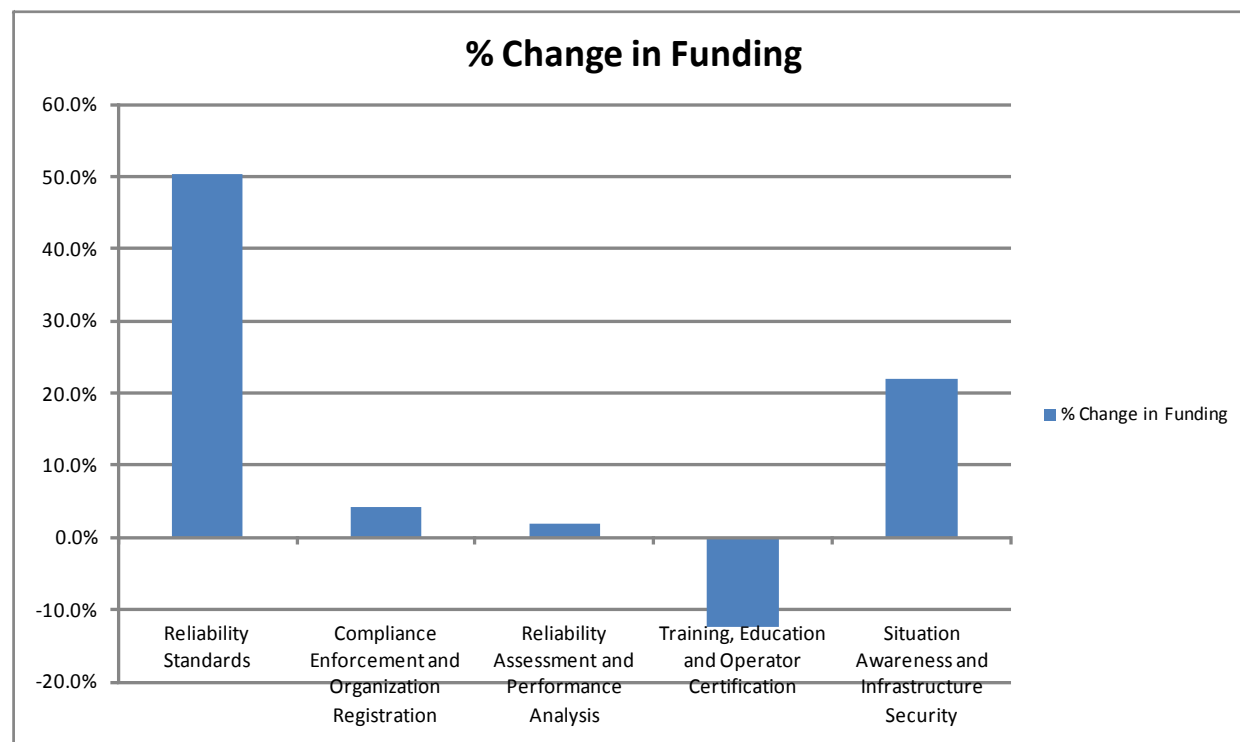
as a result of WECC moving into its new office facilities in Salt Lake City. The remaining increase in Office Costs is mostly attributable to increased maintenance costs, Wide-area Network (WAN) expenses, and warranty renewals for the RCOs.

- Computer and Software Expenditures increase by approximately \$6.5 million, mainly due to WISP expenditures (\$5.2 million) as described in the Situation Awareness and Infrastructure Security Program section. An additional \$700,000 increase is budgeted for the Base Case Coordination System (BCCS), as described in the Reliability Assessment and Performance Analysis section.
- Other Non-Operating expenses decrease by approximately \$3 million due to the pay off of WECC’s line of credit in 2010.

A summary of funding requirements for WECC’s primary statutory functional areas is shown in the following tables and graph:

Program	Budget 2010	Projection 2010	Budget 2011*	Variance	
				2011 Budget v 2010 Budget	Variance %
Reliability Standards	738,927	738,927	1,111,558	372,631	50.4%
Compliance Enforcement and Organization Registration	13,385,975	14,685,975	13,942,033	556,059	4.2%
Reliability Assessment and Performance Analysis	8,814,011	8,814,011	8,990,273	176,262	2.0%
Training, Education and Operator Certification	1,165,657	1,165,657	1,020,974	(144,683)	-12.4%
Situation Awareness and Infrastructure Security	34,982,314	34,982,314	42,664,211	7,681,897	22.0%

* The 2011 budget numbers exclude an allocation \$122,400 of costs from Technical Committees and Member Forums, which are offset by grant funding. The 2011 budget numbers also exclude an allocation of \$354,000 of costs from General and Administration, which are offset by interest income and miscellaneous income.



Personnel Analysis

FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees or partial allocation of headcount.

Total FTEs by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.0	3.0	4.5	0.0	4.5	1.5
Compliance and Organization Registration and Certification	50.0	50.0	58.5	0.0	58.5	8.5
Training and Education	3.5	3.5	3.5	0.0	3.5	-
Reliability Assessment and Performance Analysis	23.0	23.0	21.7	0.0	21.7	(1.3)
Situation Awareness and Infrastructure Security	62.6	62.6	70.8	0.0	70.8	8.2
Total FTEs Operational Programs	142.1	142.1	159.0	0.0	159.0	16.9
Administrative Programs						
Technical Committees and Member Forums	7.0	7.0	7.5	0.0	7.5	0.5
General & Administrative	15.0	15.0	16.7	0.0	16.7	1.7
Information Technology	3.7	3.7	5.7	0.0	5.7	2.0
Legal and Regulatory	8.0	8.0	11.0	0.0	11.0	3.0
Human Resources	3.0	3.0	4.0	0.0	4.0	1.0
Finance and Accounting	3.0	3.0	4.0	0.0	4.0	1.0
Total FTEs Administrative Programs	39.7	39.7	48.9	0.0	48.9	9.2
Total FTEs	181.8	181.8	207.9	0.0	207.9	26.1

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

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
STATUTORY					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 39,132,457	\$ 39,132,457	\$ -	37,915,529	\$ (1,216,928)
Penalty Sanctions	\$ -	\$ -	\$ -	865,650	865,650
Total WECC Funding	\$ 39,132,457	\$ 39,132,457	\$ -	\$ 38,781,179	\$ (351,278)
Membership Dues	-	-	-	-	-
Federal Grants	19,926,124	19,926,124	-	28,066,621	8,140,497
Services & Software	-	-	-	-	-
Workshops	1,315,100	1,315,100	-	1,003,650	(311,450)
Interest	-	-	-	350,000	350,000
Miscellaneous	61,000	61,000	-	4,000	(57,000)
Total Funding	\$ 60,434,681	\$ 60,434,681	\$ -	\$ 68,205,450	\$ 7,770,769
Expenses					
Personnel Expenses					
Salaries	\$ 19,254,205	\$ 19,254,204	\$ -	\$ 21,554,916	\$ 2,300,713
Payroll Taxes	\$ 1,676,435	1,676,434	-	1,882,449	206,016
Benefits	\$ 2,799,461	2,799,460	-	3,049,550	250,090
Retirement Costs	\$ 1,332,975	1,332,974	-	1,481,665	148,691
Total Personnel Expenses	\$ 25,063,076	\$ 25,063,071	\$ -	\$ 27,968,580	\$ 2,905,509
Meeting Expenses					
Meetings	\$ 1,527,070	\$ 1,527,070	\$ -	\$ 1,273,370	\$ (253,700)
Travel	1,829,350	1,829,350	-	1,840,885	11,535
Conference Calls	138,480	138,480	-	148,070	9,590
Total Meeting Expenses	\$ 3,494,900	\$ 3,494,900	\$ -	\$ 3,262,325	\$ (232,575)
Operating Expenses					
Consultants & Contracts	\$ 17,981,636	\$ 19,281,636	\$ 1,300,000	\$ 19,521,605	\$ 1,539,969
Office Rent	1,581,000	1,581,000	-	2,153,000	572,000
Office Costs	3,458,053	3,608,053	150,000	5,032,593	1,574,540
Professional Services	1,039,280	1,039,280	-	1,202,400	163,120
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	2,442,250	2,442,250
Total Operating Expenses	\$ 24,059,969	\$ 25,509,969	\$ 1,450,000	\$ 30,351,848	\$ 6,291,879
Total Direct Expenses	\$ 52,617,945	\$ 54,067,940	\$ 1,450,000	\$ 61,582,753	\$ 8,964,813
Indirect Expenses	\$ (364,177)	\$ (364,177)	\$ -	\$ (413,843)	\$ (49,666)
Other Non-Operating Expenses	\$ 2,966,207	\$ 2,966,207	\$ -	\$ -	\$ (2,966,207)
Total Expenses	\$ 55,219,976	\$ 56,669,971	\$ 1,450,000	\$ 61,168,910	\$ 5,948,940
Change in Assets	\$ 5,214,705	\$ 3,764,710	\$ (1,450,000)	\$ 7,036,540	\$ 1,821,830
Fixed Assets					
Depreciation	-	-	-	(2,442,250)	(2,442,250)
Computer & Software CapEx	2,442,645	2,442,645	-	8,906,433	6,463,788
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	20,000	20,000	-	-	(20,000)
Leasehold Improvements	1,537,667	1,537,667	-	572,357	(965,310)
(Incr)Dec in Fixed Assets	\$ (4,000,312)	\$ (4,000,312)	\$ -	\$ (7,036,540)	\$ (3,036,228)
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	\$ (0)
Change in Fixed Assets	(4,000,312)	(4,000,312)	-	(7,036,540)	(3,036,228)
TOTAL CHANGE IN NET ASSETS	\$ 1,214,393	\$ (235,602)	\$ (1,450,000)	\$ -	\$ (1,214,398)

Section A – Statutory Programs 2011 Business Plan and Budget

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Section A — 2011 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.0	4.5	1.5
Direct Expenses	\$ 514,728	\$ 761,062	\$ 246,334
Indirect Expenses	\$ 218,505	\$ 372,459	\$ 153,954
Inc(Dec) in Fixed Assets	\$ 5,694	\$ (21,962)	\$ (27,656)
Total Funding Requirement	\$ 738,927	\$ 1,111,558	\$ 372,631

Program Scope and Functional Description

WECC's standards development activities are divided into two categories: participation in the NERC standards development process and the development of Western Interconnection Regional Reliability Standards (RRS) and Regional Criteria.

WECC's process is open to all interested parties and provides for their input throughout the drafting, comment, and approval process. Each standard is recommended by vote of the appropriate WECC Standing Committee and Interested Stakeholders. Standards are balloted three times per year (as needed) at WECC Standing Committee meetings and, in extraordinary circumstances, can be voted by e-mail. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees for approval. NERC then files these reliability standards with FERC for approval.

The WECC standards development process is also used for the development of WECC Regional Criteria. Regional Criteria are requirements that are approved by the WECC Board. They do not require NERC or FERC approval. WECC will follow the same process for developing documents to meet the requirements of NERC Fill-in-the-Blank Standards as needed.

2011 Key Assumptions

- Integration of renewable resources may require new or modified reliability standards.
- WECC will continue to rely on stakeholder volunteers for the staffing of NERC standard drafting teams.
- WECC standards staff will take an active role in coordination and communication of NERC standards drafting teams' activities to the Western stakeholders.
- WECC expects that a significant proportion of the work required to develop regional standards and criteria will continue to be performed by voluntary stakeholder participation.
- FERC will approve the RRSs currently under consideration.

- WECC is in the process of a comprehensive review of its Standards Development Process and expects that changes to the development and voting process will be implemented
- Depending on the final treatment of the NERC Fill-in-the-Blank Standards, it may be necessary to develop one or more RRSs addressing any regional obligations in this area.

2011 Goals and Key Deliverables

- Encourage balanced member participation on all projects identified in the WECC RRS development process and the NERC Reliability Standards Work Plan.
- Participate (at least one WECC volunteer member) actively in each project identified in the NERC Reliability Standards Work Plan.
- Participate on select NERC standard drafting teams, either as a voting member of the drafting team or as an observer.
- Develop, if required, RRSs for use only in the Western Interconnection.
- Provide support, as requested, to Alberta and British Columbia in the development of standards applicable in those provinces.
- Respond in a timely manner to all requests for the development of RRSs and Regional Criteria, as identified in the FERC-approved *Process for Developing and Approving WECC Standards*.
- Assure that all RRSs are both comprehensive and written in unambiguous language, and are clearly communicated to Registered Entities.
- Triage NERC standard development projects and provide timely analyses to WECC members.
- Undertake regular outreach to keep stakeholders informed about standards development and the NERC Results-Based Standards initiative.
- Continue updates and enhancements to the WECC Standards Outreach Web page.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$25,000 in penalty sanctions received by WECC prior to June 30, 2010.

Personnel Expenses

- Personnel Expenses increase \$176,000 due to the addition of 1.5 FTEs.

Meeting Expenses

- Meetings increase by \$10,000 due to an anticipated increase in the number of meetings held and attended.
- Travel increases by \$41,000 due to an increase in the number of meetings attended. Travel to NERC standards meetings is budgeted in this program in 2011.

- Conference calls increase by \$10,000 due to an anticipated increase in the number of meetings held.

Operating Expenses

- Operating Expenses increase \$9,000 due to estimated legal counsel and consulting needs, in addition to increased office costs.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Reliability Standards allocation increases due to the addition of 1.5 FTEs and an increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Standards					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 738,927	\$ 738,927	\$ -	\$ 1,087,059	\$ 348,132
Penalty Sanctions				24,500	24,500
Total WECC Funding	<u>\$ 738,927</u>	<u>\$ 738,927</u>	<u>\$ -</u>	<u>\$ 1,111,558</u>	<u>\$ 372,631</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 738,927</u>	<u>\$ 738,927</u>	<u>\$ -</u>	<u>\$ 1,111,558</u>	<u>\$ 372,631</u>
Expenses					
Personnel Expenses					
Salaries	\$ 385,467	\$ 385,467	\$ -	\$ 524,091	\$ 138,624
Payroll Taxes	34,692	34,692	-	47,168	12,476
Benefits	43,626	43,626	-	58,826	15,200
Retirement Costs	26,983	26,983	-	36,687	9,704
Total Personnel Expenses	<u>\$ 490,768</u>	<u>\$ 490,768</u>	<u>\$ -</u>	<u>\$ 666,772</u>	<u>\$ 176,004</u>
Meeting Expenses					
Meetings	\$ 4,000	\$ 4,000	\$ -	\$ 14,250	\$ 10,250
Travel	12,000	12,000	-	53,250	41,250
Conference Calls	5,760	5,760	-	15,900	10,140
Total Meeting Expenses	<u>\$ 21,760</u>	<u>\$ 21,760</u>	<u>\$ -</u>	<u>\$ 83,400</u>	<u>\$ 61,640</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 2,400	\$ 2,400
Office Rent	-	-	-	-	-
Office Costs	2,200	2,200	-	6,490	4,290
Professional Services	-	-	-	2,000	2,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 10,890</u>	<u>\$ 8,690</u>
Total Direct Expenses	<u>\$ 514,728</u>	<u>\$ 514,728</u>	<u>\$ -</u>	<u>\$ 761,062</u>	<u>\$ 246,334</u>
Indirect Expenses	<u>\$ 218,505</u>	<u>\$ 218,505</u>		<u>\$ 372,459</u>	<u>\$ 153,954</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 733,233</u>	<u>\$ 733,233</u>	<u>\$ -</u>	<u>\$ 1,133,521</u>	<u>\$ 400,288</u>
Change in Assets	<u>\$ 5,694</u>	<u>\$ 5,694</u>	<u>\$ -</u>	<u>\$ (21,962)</u>	<u>\$ (27,656)</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	0
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ (5,694)	\$ (5,694)		21,962	\$ 27,656
Change in Fixed Assets	<u>(5,694)</u>	<u>(5,694)</u>	<u>-</u>	<u>21,962</u>	<u>27,656</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	50.0	58.5	8.5
Direct Expenses	\$ 9,463,332	\$ 9,286,867	\$ (176,465)
Indirect Expenses	\$ 3,641,750	\$ 4,841,962	\$ 1,200,212
Inc(Dec) in Fixed Assets	\$ 280,893	\$ (186,795)	\$ (467,688)
Total Funding Requirement	\$ 13,385,975	\$ 13,942,033	\$ 556,058

Program Scope and Functional Description

Compliance monitoring and enforcement is essential to WECC's mission as a Regional Entity and its fulfillment of the requirements of the WECC / NERC Delegation Agreement. Compliance and enforcement activities are carried out by the WECC Compliance staff and are independent of all users, owners, and operators of the BES, and from the Hearings staff. Compliance activities are governed in the United States by the agreement between NERC and WECC.

The requirements of the WECC CMEP are specified in the WECC / NERC Delegation Agreement. All standards are monitored and enforced under the CMEP, including standards made mandatory pursuant to FERC Order 693⁸ and the CIP standards under FERC Order 706.⁹ Under the CMEP, WECC uses the following methods to monitor compliance with the reliability standards by the Registered Entities:

- **Compliance Audits** – Conducts either on-site or off-site audits of all Registered Entities.
- **Self-Certification** – Reviews Registered Entities' annual certifications of compliance or non-compliance with standards.
- **Spot-Checking** – Verifies compliance with specific standards in connection with reviews of self-certification, or in scheduled CIP spot checks.
- **Compliance Violation Investigations** – Investigates violations usually the result of a system event or disturbance, but may result from other sources.
- **Self-Reporting** – Reviews and follows up on reports from Registered Entities' continuous monitoring efforts by its internal compliance programs.
- **Periodic Data Submittals** – Reviews monthly and quarterly reports that are submitted in compliance with certain standards.
- **Exception Reporting** – Requires reports on a small set of standards when violations occur.

⁸ Mandatory Reliability Standards for the Bulk-Power System, Order No. 693, 72 FR 16,416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242 (2007).

⁹ Mandatory Reliability Standards for Critical Infrastructure Protection, Order No. 706, 73 FR 7368 (Feb. 7, 2008), 122 FERC ¶ 61,040 (2008).

- **Complaints** – Investigates whether a violation has occurred when the WECC Compliance staff is alerted to a potential violation.

The Compliance function also undertakes the following processes in support of its activities:

- **Registration** – Facilitates the registration process, ensures that there are no gaps in the registration of entities in the Western Interconnection, and helps resolve registration disputes.
- **Mitigation Plans** – Reviews, monitors, and verifies mitigation plans filed by entities to correct violations.
- **Penalty Calculations** – Determines, as appropriate, proposed penalties for alleged violations.
- **Settlement Negotiations** – Conducts settlement negotiations with Registered Entities when requested.
- **Hearings and Appeals** – Participates in any hearings and appeals as needed.
- **Outreach and Education** – Manages an active educational program, holding numerous in-person meetings and monthly calls in an effort to educate Registered Entities on compliance issues and to improve their compliance programs.

The Hearings budget is included in the Compliance budget and is reflected in the table on page 22. For structural and governance purposes, the Hearings function is discussed separately in this section.

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada; and Baja California Norte, Mexico; all part of the WECC footprint, have adopted or are adopting NERC and WECC mandatory reliability standards. Agreements between WECC, the Canadian provinces, and Mexico's Comisión Federal de Electricidad (CFE) are necessary to assure interconnection reliability across international borders.

Pursuant to an agreement with the Alberta Market Surveillance Administrator, WECC monitors the compliance of the Alberta Electric System Operator (AESO) with reliability standards adopted by the Alberta Utilities Commission.

WECC also works with the British Columbia Utilities Commission, acting as the commission's administrator of its compliance monitoring program. These monitoring activities began during the first quarter of 2010.

WECC is in discussions with CFE regarding WECC's role in CFE's compliance monitoring activities. WECC anticipates it will continue to work with CFE by performing monitoring functions on CFE's behalf.

Reliability Management System (RMS)

In 1996, the Western Systems Coordinating Council (WSCC)¹⁰ created the RMS, a contract-based compliance enforcement mechanism. The RMS grew to encompass 14 criteria. In the

¹⁰ The WSCC was one of the companies and regional transmission associations that merged to form WECC.

United States, five of the RMS criteria are now part of the NERC Reliability Standards and eight others have been adopted as WECC Regional Reliability Standards (RRS).¹¹ In Canada and Mexico, the RMS is still used to monitor RMS criteria. In 2009 and 2010, Alberta and British Columbia adopted mandatory standards and continued to phase out corresponding RMS criteria. During 2010, British Columbia terminated the RMS agreement. Alberta, Canada and Baja, Mexico are currently phasing out the RMS criteria. WECC expects that by 2011 RMS will be phased out as all of the RMS requirements will be addressed through either NERC standards or WECC RRSs.

2011 Key Assumptions

- Additional budget requirements are needed to accommodate data processing and management for the Compliance Issues Tracking System (CITS).
- Use of contractors will transition to FTEs to perform work associated with Order 693 auditing requirements.
- Based on the experience of auditing the first 13 requirements, WECC estimates it will take at least twice as long as previously anticipated to audit all 43 CIP requirements.

2011 Goals and Key Deliverables

- Improve reliability through monitoring and enforcement of compliance with mandatory standards in accordance with the Delegation Agreement and the CMEP.
- Work with Registered Entities within the WECC Region to promote a strong culture of compliance and reliability improvement.
- Identify where the existing NERC Reliability Standards can be improved or clarified.
- Based on compliance program results and system events, identify key areas needing improvement and implement educational efforts to improve compliance in those areas.
- Retain, hire, and develop knowledgeable and skilled staff.
- Use technology effectively to collaborate and share information.
- Use resources effectively and efficiently.
- Conduct approximately 24 on-site Order 693 audits.
- Conduct approximately 20 CIP audits of all 43 requirements.
- Conduct approximately 70 off-site audits.
- Process approximately 15,000 self-certification forms.
- Process approximately 450 self-report forms.
- Perform approximately 27 spot-checks (includes Order 693 and CIP).
- Process approximately 700 violations.
- Review approximately 375 mitigation plans.
- Conduct five Compliance Investigations.
- Complete validation of the approximately 1,100 Part B Technical Feasibility Exceptions (TFE) initiated in 2010.

¹¹ The original eight WECC Regional Reliability Standards have been revised and now are incorporated in seven WECC RRSs.

Funding Sources and Requirements — Explanation of Increase (Decrease)

WECC is the largest of the Regional Entities with 459 Registered Entities that include 1,217 registered functions (as of June 30, 2010). The Compliance Department manages the CMEP processes for every Registered Entity and every registered function. Based on actual workload in 2009, on the assumptions in the 2010 WECC Business Plan and Budget, experience gained to date, the assumptions in the 2011 WECC Business Plan and Budget, and the addition of Canadian and Mexican monitoring functions; the estimated workload for 2011 is expected to increase significantly over 2010.

Program expenses for 2011 are driven by additional staffing and the associated costs of conducting audits, spot-checks, investigations, reviews of self-certifications, and other CMEP activities. The scope of audits will expand in 2011. The expansion in scope is mainly due to an increase in the number of standards that are included in the actively monitored program, particularly the CIP standards. In 2009, WECC monitored a total of 94 standards (1012 requirements) through its CMEP process. Of those, 49 standards — containing a total of 418 requirements — were subject to audit. In 2010, WECC will monitor approximately 95 standards (1016 requirements). Of those, 56 standards are being audited, encompassing approximately 557 separate requirements. The number of standards to be audited in 2011 will not be known until November 2010 when NERC issues its 2011 Implementation Plan.

WECC continues to seek efficiencies in its processes and use of resources. A risk-based audit approach that covered fewer standards could provide welcome efficiencies and better use of resources as well as other, less tangible, benefits. However, at this time WECC cannot responsibly budget fewer resources even if the risk-based approach could be designed, approved, and implemented in 2011. The scope and benefits of this approach are unknown at this time. Although this approach could require audits of a smaller number of standards, it also may involve greater depth of auditing, so the actual time saved, if any, is unclear. More importantly, the common assumptions indicate that efficiencies gained by a risk-based audit approach will likely be offset by the extra workload expected from the vast expansion of CIP standards and expectations. Passage and effective dates of the Version 4 CIP standards, which are expected to be significantly different from current versions, are another uncertainty facing the regions. The resources needed to monitor and enforce Version 4 are not known at this time.

The registration process in the Western Interconnection appears to have stabilized. No increase or decrease in staff resources is anticipated for the registration function. WECC continues to work with entities in the WECC Region to further their understanding of how registration applies to their facilities. WECC continues to devote resources to requests from entities to add or remove functions, or to be de-registered.

As a result of projected growth in workload and staffing described earlier, comprehensive training will be required. This will include initial training for new staff and training for existing audit staff that need a minimum of 40 hours per year of continuing training. NERC has

informally indicated that it will offer – and require – training on Compliance Investigations during 2011.

Additional funds will be required to enhance existing features and develop new functionality on the WECC Portal. One example is CITS, which will provide WECC staff with a workflow interface that will record and track the violation life cycle. This system will also allow WECC to be directly synchronized with NERC's system and will automate the secure transmission of WECC's compliance violation data. In addition to CITS, WECC will implement a document management system using the Microsoft Office SharePoint Server. WECC, other regions, and NERC are working on these initiatives collaboratively.

Throughout 2011, WECC will work toward customizing three existing WECC Portal forms and developing new forms as needed. WECC will also maintain separate portals for the two Canadian Provinces (Alberta and British Columbia) and one for Baja, Mexico.

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$318,000 in penalty sanctions received by WECC prior to June 30, 2010.
- A decrease of \$146,000 in workshop revenue is anticipated in 2011 due to the elimination of fees for attending WECC Portal training workshops.

Personnel Expenses

- Personnel Expenses increase \$637,000 due to a net increase of 8.5 FTEs and a budgeted two percent merit increase for existing employees.

Meeting Expenses

- Meetings decrease by \$127,000 due to the availability of the new Salt Lake City meeting facilities.
- Travel increases by \$117,000 due to expanded CIP audit requirements and an increase in FTEs.
- Conference Calls decrease by \$14,000 due to anticipated levels of usage, based on 2009 actual results.

Operating Expenses

- Consultants and Contracts decrease by \$785,000 due to the hiring of staff to undertake tasks previously performed by contractors. WECC has also included \$150,000 in consulting costs for the audit of its RCOs by NERC.
- Office Costs increase by \$12,000 to more accurately reflect 2009 actual results.
- Professional Services decrease by \$137,000 due to a decrease in Non-affiliated Directors' Hearings compensation and Hearing legal services.
- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Compliance allocation increases due to the 8.5 net additional FTEs and an increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Depreciation was not budgeted in 2010 and is budgeted in 2011.
- Computer and Software capital expenditures increase by \$56,000 due to enhancements to WECC and Consortium software.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Compliance and Organization Registration and Certification					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 12,985,975	\$ 12,985,975	\$ -	\$ 13,369,539	\$ 383,564
Penalty Sanctions				318,494	318,494
Total WECC Funding	\$ 12,985,975	\$ 12,985,975	\$ -	\$ 13,688,033	\$ 702,058
Membership Dues		-	-	-	-
Federal Grants		-	-	-	-
Services & Software		-	-	-	-
Workshops	400,000	400,000	-	254,000	(146,000)
Interest		-	-	-	-
Miscellaneous		-	-	-	-
Total Funding	\$ 13,385,975	\$ 13,385,975	\$ -	\$ 13,942,033	\$ 556,058
Expenses					
Personnel Expenses					
Salaries	\$ 5,060,109	\$ 5,060,109	\$ -	\$ 5,513,769	\$ 453,660
Payroll Taxes	438,047	438,047	-	493,088	55,041
Benefits	582,670	582,670	-	676,321	93,651
Retirement Costs	348,605	348,605	-	383,514	34,909
Total Personnel Expenses	\$ 6,429,432	\$ 6,429,432	\$ -	\$ 7,066,692	\$ 637,260
Meeting Expenses					
Meetings	\$ 425,000	\$ 425,000	\$ -	\$ 298,500	\$ (126,500)
Travel	762,350	762,350	-	879,135	116,785
Conference Calls	45,500	45,500	-	32,000	(13,500)
Total Meeting Expenses	\$ 1,232,850	\$ 1,232,850	\$ -	\$ 1,209,635	\$ (23,215)
Operating Expenses					
Consultants & Contracts	\$ 1,467,500	\$ 2,767,500	\$ 1,300,000	\$ 682,500	\$ (785,000)
Office Rent	-	-	-	-	-
Office Costs	178,550	178,550	-	167,040	(11,510)
Professional Services	155,000	155,000	-	18,000	(137,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	143,000	143,000
Total Operating Expenses	\$ 1,801,050	\$ 3,101,050	\$ 1,300,000	\$ 1,010,540	\$ (790,510)
Total Direct Expenses	\$ 9,463,332	\$ 10,763,332	\$ 1,300,000	\$ 9,286,867	\$ (176,465)
Indirect Expenses	\$ 3,641,750	\$ 3,641,750	\$ -	\$ 4,841,962	\$ 1,200,212
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 13,105,082	\$ 14,405,082	\$ 1,300,000	\$ 14,128,829	\$ 1,023,747
Change in Assets	\$ 280,893	\$ (1,019,107)	\$ (1,300,000)	\$ (186,795)	\$ (467,689)
Fixed Assets					
Depreciation	-	-	-	(143,000)	(143,000)
Computer & Software CapEx	186,000	186,000	-	241,714	55,714
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
(Incr)Dec in Fixed Assets	\$ (186,000)	\$ (186,000)	\$ -	\$ (98,714)	\$ 87,286
Allocation of Fixed Assets	\$ (94,893)	\$ (94,893)	-	285,509	380,402
Change in Fixed Assets	(280,893)	(280,893)	-	186,795	467,688
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ (1,300,000)	\$ (1,300,000)	\$ (0)	\$ (0)

Hearings

Background

WECC maintains that the Hearings budget should not be embedded in the Compliance Monitoring and Enforcement budget and that the expenditures on Hearings should be separately stated.

The WECC 2011 budget for Hearings is reflected in the following table. These expenditures are included in the Compliance Program *Statement of Activities*.

Hearings			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.0	-	(2.0)
Direct Expenses	\$ 665,375	\$ 100,000	\$ (565,375)
Indirect Expenses	\$ 169,488	\$ -	\$ (169,488)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 834,863	\$ 100,000	\$ (734,863)

Program Scope and Functional Description

The Hearing Officer will coordinate and conduct the evidentiary hearings in the majority of disputes and issue initial decisions when designated by the Hearing Panel. The Hearing Panel will be drawn from a pool of individuals on the Compliance Hearing Body (CHB). The CHB is comprised of volunteers from the WECC Board, WECC members, and consultants, who will be placed into two classes: Class A includes Non-affiliated Directors, personnel employed by WECC members not engaged in an *Electric Line of Business*, and independent consultants; Class B includes personnel employed by WECC members engaged an *Electric Line of Business*. The initial decisions, along with exceptions by the parties, will be submitted to a Hearing Panel for consideration and final decision on behalf of the WECC Region. In cases of particular complexity or significant regional interest, a Hearing Panel may conduct or participate in the evidentiary hearing. Legal Department staff will support the Hearing Officers and Hearing Panel. Legal Department staff supporting the Hearing Panel will be screened from compliance matters when a hearing is pending.

2011 Key Assumptions

- WECC will maintain current operations.
- NERC expectations in terms of hearing requirements are clearly defined.

2011 Goals and Key Deliverables

- Provide independent, fair, efficient, and cost effective support to the WECC Hearing Panel.
- Meet all timelines identified in the WECC Hearing Procedures.
- Maintain Hearing Department records.
- Manage the Hearing Office budget.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The Hearing Office direct expenses decrease by \$565,000, mainly due to the removal of two FTEs to more accurately reflect 2009 workload levels. Additionally, court reporting costs were reduced to more accurately reflect 2009 actual results.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	23.0	21.7	(1.3)
Direct Expenses	\$ 7,054,314	\$ 6,608,102	\$ (446,212)
Indirect Expenses	\$ 1,684,309	\$ 1,796,078	\$ 111,769
Inc(Dec) in Fixed Assets	\$ 75,388	\$ 586,093	\$ 510,705
Total Funding Requirement	\$ 8,814,011	\$ 8,990,273	\$ 176,262

Program Scope and Functional Description

WECC conducts a variety of studies and assessments required for the reliable planning and operation of the BES in the Western Interconnection. These integrated planning efforts enhance WECC's overall ability to participate in, and respond to, the major planning and public policy issues emerging both in the Western Interconnection and nationally. In addition, WECC's activities in grants awarded as part of the 2009 American Recovery and Reinvestment Act (ARRA) will further enhance its role in this respect.

The ARRA directs the U.S. DOE to facilitate the development of interconnection-based transmission plans for the Eastern and Western Interconnections, and ERCOT. As part of this process, the U.S. DOE issued a competitive Funding Opportunity Announcement (FOA) on June 15, 2009 (DE-FOA-0000068). WECC responded to the FOA on August 14, 2009 and was informed on December 18, 2009 that it was selected for full-award negotiation for \$14.5 million under the FOA. The 2011 expenditure will be \$3.8 million. WECC concluded negotiations in May 2010. The funding provided by the ARRA allows WECC to significantly expand its existing transmission planning activities. This expanded effort, known as the Regional Transmission Expansion Planning (RTEP) project (see Appendix A), is managed by the Transmission Expansion Planning Policy Committee (TEPPC).

Transmission Expansion Planning

WECC assists in meeting the need for regional transmission planning and analysis. WECC accomplishes this by providing impartial and reliable data, public process leadership, and analytic tools and services. With the execution of the transmission planning provisions of the ARRA underway, WECC's activities in this area will increase in 2011.

TEPPC — a WECC Board Committee — facilitates these activities, operates under a charter approved by the WECC Board, and has 17 members representing all classes of stakeholders with representation from all geographic subregions of WECC. TEPPC and its subgroups work closely and coordinate with Western Interconnection state, provincial, and federal government entities. The TEPPC Protocol governs the transmission planning process used by TEPPC.

The Annual TEPPC Study Program — the guiding document for TEPPC's analytical activities — is formed from stakeholder requests obtained during an annual open season. The 2010 Draft Study Plan is based on 68 study requests (a three-fold increase over 2009) that were clustered

and prioritized. The study requests reflect a significant need for an increase in the scope and depth of regional planning (e.g., demand-side impacts/resources, carbon reductions, high renewable penetration levels, 20-year planning horizon, capital costs for generation resources and transmission, and alternative transmission technologies). The 2011 plan includes an increased focus on transmission expansion requirements under a broader set of load and resource scenarios and the implementation of the RTEP project.

Power Supply Assessment (PSA)

The WECC PSA is an annual study of the resource capacity margins on a WECC-wide basis. The study – which is based on reported demand, resource data, and transmission constraints – identifies subregions within WECC that have the potential for capacity shortages.

The WECC PSA presents the results of a set of resource capacity margin scenarios for the Western Interconnection over a ten-year forecast period and is based on a deterministic load-resource model. This model examines the effect of various design criteria relative to the load forecast requirements and demonstrates the physical ability of the Western Interconnection to supply all loads, regardless of contractual obligations.

Power Flow and System Stability Studies

WECC staff, in concert with the System Review Work Group (SRWG) and with guidance from the Technical Studies Subcommittee (TSS), annually prepares a data base of power flow and stability base cases, reflecting various system configurations and operating conditions. These base cases serve as the foundation from which WECC members perform analyses on their respective systems.

The SRWG is proposing a one-time expenditure of \$700,000 in 2011 to purchase a Base Case Coordination System (BCCS) tool. The BCCS is a Web-accessible database system that WECC members and staff can use to submit and compile power flow and dynamics data as currently required under NERC Standards MOD-011 and MOD-013 (modeling data and analysis). The project was initiated by the SRWG under the direction of the PCC and the TSS as part of a long-term effort to improve the current base-case process. The BCCS will provide a tool that will allow automation of the current process. Similar tools have been deployed in other regions as system models become more and more complex.

The SRWG is also proposing a one-time expenditure of \$201,000 in 2011 to hire a consultant to continue the current base-case building process. The consultant will also populate the database and launch the program. The consultant will provide extensive testing and validation of the BCCS output before the tool is used to publish base cases.

The WECC technical staff, in concert with the SRWG and with guidance from the TSS, also develops an annual study report that provides an ongoing transmission reliability assessment of the Western Interconnection, both in a near-term state and for configurations planned through the following ten years. Identified performance deficiencies, as defined in NERC Standards and WECC System Performance Criteria, are reported and provided to the appropriate entity for mitigation.

2011 Key Assumptions

- NERC and FERC approval of the RTEP project.
- Impact of the ARRA on regional planning processes and studies.
- Renewable integration reliability impacts.
- Impact of potential carbon reduction legislation.
- Impact of composite load model on base-case development.
- Implementation of the BCCS database tool.

2011 Goals and Key Deliverables

WECC's integrated planning efforts will enhance its overall ability to participate in, and respond to, the major planning and public policy issues emerging both in the Western Interconnection and nationally, including its response to the ARRA.

a) Implement Regional Policy Facilitation:

- Ensure the regional interests of WECC members are represented in policy discussions related to electric system reliability.
- Provide decision support for energy policy at the regional and national level.

b) Transmission Expansion Planning Policy Committee (TEPPC)

- Obtain TEPPC and WECC Board approval of the 2010 Annual Report.
- Develop and execute the 2011 TEPPC Study Program for the Western Interconnection, including the incorporation of activities pursuant to the RTEP Project.
- Assure data and activities are coordinated with resource adequacy and technical study activities.

c) Planning Coordination Committee (PCC)

- Improve processing and managing the evolving filing obligations from NERC.
- Respond to the NERC Long-term Reliability Assessment and produce the WECC PSA.
- Continue to integrate the WECC Transmission Reliability Data with NERC Transmission Availability Data System (TADS) data for consistency and to avoid duplication.
- Continue base-case modeling development.
- Participate in NERC meetings and report development to reflect WECC views.
- Support the WECC Variable Generation Subcommittee (VGS) including model development, standards, TEPPC planning case, and development of a Study Case.
- Encourage improved data quality through educational workshops.

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

- Assessments are offset by the allocation of \$118,000 in penalty sanctions received by WECC prior to June 30, 2010.
- WECC will receive \$3.8 million in U.S. DOE grant funding for the RTEP. The funds directly offset increases in expenditure related to the RTEP project.
- Miscellaneous revenue decreases by \$50,000 due to the conclusion of a services contract with Lawrence Berkeley National Labs.

Personnel Expenses

- Personnel Expenses increase by \$91,000. Total FTEs decrease by a net of 1.3 in 2011. The net change in expense and FTE count is due to positions being realigned within WECC and a budgeted two percent merit increase for existing personnel.

Meeting Expenses

- Travel decreases by \$22,000 due to the availability of the new Salt Lake City meeting facilities.
- Conference Calls increase by \$16,000 to more closely reflect 2009 actual results and anticipated levels of 2011 participation.

Operating Expenses

- Consultants and Contracts decrease by \$254,000, mostly due to the elimination of the disturbance monitoring program as a result of the initiation of WISP and the movement of the Reliability Subcommittee budget to the Reliability Standards Program. This decrease is offset by the one-time consultant cost of \$201,000 to support implementation of the BCCS.
- Office Costs decrease by \$289,000 mostly due to the elimination of the disturbance monitoring program as a result the initiation of WISP.
- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Reliability Assessment and Performance Analysis Program allocation increases due to the increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Depreciation was not budgeted in 2010 and is budgeted in 2011.
- Computer and Software capital expenditures increase by \$689,000 mainly due to the addition of the BCCS.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Reliability Assessment and Performance Analysis					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 4,772,132	\$ 4,772,132	\$ -	\$ 5,040,590	\$ 268,458
Penalty Sanctions				118,142	118,142
Total WECC Funding	\$ 4,772,132	\$ 4,772,132	\$ -	\$ 5,158,732	\$ 386,600
Membership Dues		-	-	-	-
Federal Grants	3,991,879	3,991,879	-	3,831,541	(160,338)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	50,000	50,000	-	-	(50,000)
Total Funding	\$ 8,814,011	\$ 8,814,011	\$ -	\$ 8,990,273	\$ 176,262
Expenses					
Personnel Expenses					
Salaries	\$ 1,907,620	\$ 1,907,620	\$ -	\$ 1,937,860	\$ 30,240
Payroll Taxes	170,159	170,159	-	184,976	14,817
Benefits	236,888	236,888	-	276,016	39,128
Retirement Costs	132,346	132,346	-	139,223	6,877
Total Personnel Expenses	\$ 2,447,013	\$ 2,447,013	\$ -	\$ 2,538,075	\$ 91,062
Meeting Expenses					
Meetings	\$ 416,850	\$ 416,850	\$ -	\$ 415,600	\$ (1,250)
Travel	149,500	149,500	-	127,500	(22,000)
Conference Calls	28,320	28,320	-	44,750	16,430
Total Meeting Expenses	\$ 594,670	\$ 594,670	\$ -	\$ 587,850	\$ (6,820)
Operating Expenses					
Consultants & Contracts	\$ 3,568,631	\$ 3,568,631	\$ -	\$ 3,314,372	\$ (254,259)
Office Rent	-	-	-	-	-
Office Costs	444,000	444,000	-	154,805	(289,195)
Professional Services	-	-	-	5,000	5,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	8,000	8,000
Total Operating Expenses	\$ 4,012,631	\$ 4,012,631	\$ -	\$ 3,482,177	\$ (530,454)
Total Direct Expenses	\$ 7,054,314	\$ 7,054,314	\$ -	\$ 6,608,102	\$ (446,212)
Indirect Expenses	\$ 1,684,309	\$ 1,684,309	\$ -	\$ 1,796,078	\$ 111,769
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 8,738,623	\$ 8,738,623	\$ -	\$ 8,404,180	\$ (334,443)
Change in Assets	\$ 75,388	\$ 75,388	\$ -	\$ 586,093	\$ 510,705
Fixed Assets					
Depreciation	-	-	-	(8,000)	(8,000)
Computer & Software CapEx	11,500	11,500	-	700,000	688,500
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	20,000	20,000	-	-	(20,000)
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (31,500)	\$ (31,500)	\$ -	\$ (692,000)	\$ (660,500)
Allocation of Fixed Assets	\$ (43,888)	\$ (43,888)	-	105,907	149,795
Change in Fixed Assets	(75,388)	(75,388)	-	(586,093)	(510,705)
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ (0)

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.5	3.5	-
Direct Expenses	\$ 822,092	\$ 748,366	\$ (73,726)
Indirect Expenses	\$ 254,922	\$ 289,690	\$ 34,768
Inc(Dec) in Fixed Assets	\$ 88,643	\$ (17,082)	\$ (105,725)
Total Funding Requirement	\$ 1,165,657	\$ 1,020,974	\$ (144,683)

Program Scope and Functional Description

WECC will continue to provide education and training for system operators, schedulers, and dispatchers. As in 2010, WECC will continue to emphasize training relating to the NERC Standards, the RRSs, and Regional Criteria as well expanded simulator training. Similar to 2010, WECC anticipates providing 25 to 30 training classes. All training sessions will be held in Salt Lake City in 2011. The training curriculum is developed with the assistance of the Operations Training Subcommittee (OTS) of the OC. The OTS and WECC staff also provide an annual training workshop for all WECC-Certified Training Instructors. In addition to the Operator Training Program, WECC staff and the OTS offer an Executive Overview Workshop that provides a broad overview of system operations for non-operational personnel. This workshop is offered three times each year.

2011 Key Assumptions

- No significant changes in operator certification continuing education unit requirements for 2011.
- Based on 2009 actual results, WECC anticipates reduced attendance at its non-mandatory training sessions.

2011 Goals and Key Deliverables

- Continue to provide high-quality continuing education for system operators, schedulers, and dispatchers.
- Continue to review and revise the curriculum as needed, and increase the emphasis on training relating to NERC Standards, RRSs, and Regional Criteria.
- Develop materials in support of a Continuing Education Program for all system operators requiring NERC certification.
- Coordinate annual regional restoration training with WECC Reliability Coordinators.
- Expand the use of the simulator in the WECC System Operator Training program that will give the operators better understanding of the fundamental theories of power system operation through practical training.
 - Enhanced training on situation awareness.
 - Provide training to solve system issues under normal and emergency conditions without jeopardizing the BES.

- Introduce new tools associated with contingency analysis.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$19,000 in penalty sanctions received by WECC prior to June 30, 2010.
- Workshop revenue decreases by \$165,000 due to the reduction in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions.

Personnel Expenses

- Salaries decrease \$10,000 due to WECC hiring training staff at rates lower than budgeted in 2010.
- Payroll Taxes, Benefits and Retirement Costs increase by \$18,000 from the 2010 budget to better reflect expected actual costs.

Meeting Expenses

- Meetings decrease by \$115,000 due to the utilization of the new Salt Lake City office training center.
- Travel decreases by \$7,000 due to the utilization of the new Salt Lake City office training center.

Operating Expenses

- Consultants and Contracts decrease by \$40,000 due to a reduction in the number of Power System Dynamics sessions and the commensurate decrease in costs associated with the utilization of a training consultant.
- Office Costs increase by \$81,000 due to the renewal of NERC Independent Learning Activity fees, the simulator license fee (which was reclassified from Computer and Software capital expenditures), and the alignment of expenses to more closely reflect actual 2009 expenditures.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Training and Education allocation increases due to the increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable

Fixed Asset Additions

- Computer and Software capital expenditures decrease by \$82,000 due to the reclassification of the simulator license to Office Costs

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Training and Education					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 250,557	\$ 250,557	\$ -	\$ 252,269	\$ 1,712
Penalty Sanctions				19,055	19,055
Total WECC Funding	\$ 250,557	\$ 250,557	\$ -	\$ 271,324	\$ 20,767
Membership Dues		-	-	-	-
Federal Grants		-	-	-	-
Services & Software		-	-	-	-
Workshops	915,100	915,100	-	749,650	(165,450)
Interest		-	-	-	-
Miscellaneous		-	-	-	-
Total Funding	\$ 1,165,657	\$ 1,165,657	\$ -	\$ 1,020,974	\$ (144,683)
Expenses					
Personnel Expenses					
Salaries	\$ 327,543	\$ 327,543	\$ -	\$ 317,298	\$ (10,245)
Payroll Taxes	23,284	23,284	-	28,557	5,273
Benefits	36,835	36,835	-	45,400	8,565
Retirement Costs	18,110	18,110	-	22,211	4,101
Total Personnel Expenses	\$ 405,772	\$ 405,772	\$ -	\$ 413,466	\$ 7,694
Meeting Expenses					
Meetings	\$ 278,000	\$ 278,000	\$ -	\$ 163,000	\$ (115,000)
Travel	24,000	24,000	-	17,000	(7,000)
Conference Calls	2,000	2,000	-	2,000	-
Total Meeting Expenses	\$ 304,000	\$ 304,000	\$ -	\$ 182,000	\$ (122,000)
Operating Expenses					
Consultants & Contracts	\$ 98,000	\$ 98,000	\$ -	\$ 58,000	\$ (40,000)
Office Rent	-	-	-	-	-
Office Costs	14,320	14,320	-	94,900	80,580
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 112,320	\$ 112,320	\$ -	\$ 152,900	\$ 40,580
Total Direct Expenses	\$ 822,092	\$ 822,092	\$ -	\$ 748,366	\$ (73,726)
Indirect Expenses	\$ 254,922	\$ 254,922	\$ -	\$ 289,690	\$ 34,768
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,077,014	\$ 1,077,014	\$ -	\$ 1,038,056	\$ (38,958)
Change in Assets	\$ 88,643	\$ 88,643	\$ -	\$ (17,082)	\$ (105,725)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	82,000	82,000	-	-	(82,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (82,000)	\$ (82,000)	\$ -	\$ -	\$ 82,000
Allocation of Fixed Assets	\$ (6,643)	\$ (6,643)	-	17,082	\$ 23,725
Change in Fixed Assets	(88,643)	(88,643)	-	17,082	105,725
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ 0	\$ -

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security			
(in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	62.6	70.8	8.2
Direct Expenses	\$ 27,599,340	\$ 31,214,978	\$ 3,615,638
Indirect Expenses	\$ 3,833,280	\$ 4,772,947	\$ 939,667
Inc(Dec) in Fixed Assets	\$ 3,549,694	\$ 6,676,286	\$ 3,126,592
Total Funding Requirement	\$ 34,982,314	\$ 42,664,211	\$ 7,681,897

Program Scope and Functional Description

In 2006, the WECC Board approved the Reliability Coordination Strategic Initiative (RCSI), which was designed to make reliability coordination in the Western Interconnection more effective and efficient, and to fulfill all the requirements of the mandatory standards. WECC completed the RCSI and was certified by NERC to provide the reliability coordination function for the Western Interconnection prior to going live on January 1, 2009.

The WECC Reliability Coordinator's primary function is the reliable operation of the BES for the Western Interconnection in real-time and next-day study time frames. They also provide leadership, coordination, technical expertise, and assistance to the Balancing Authorities and other functional entities within WECC. These reliability functions are executed at the Reliability Coordination Offices (RCO) located in Vancouver, Washington and Loveland, Colorado. Each RCO serves as a "hot" backup for the other.

Situation awareness in the Western Interconnection will be further enhanced through the activities undertaken by WECC in response to the U.S. DOE's Smart Grid Investment Grant Funding Opportunity Announcement (see Appendix A). On April 1, 2010, WECC signed an agreement with the U.S. DOE to receive a \$53.9 million grant to implement its Western Interconnection Synchrophasor Program (WISP). The funding matched dollars already committed by nine WISP Partner Entities¹² in the WECC Region to extend and deploy synchrophasor technologies within their electrical systems. The total funding for WISP is \$107.8 million. WISP will expand WECC's current activities by, among other things, enhancing the situation awareness of WECC's RCOs. WISP will deliver significant reliability enhancement, economic growth, and job creation through vendor-partner involvement and by increased staffing requirements for WECC, WECC's partners throughout the Western Interconnection, and the nation's power industry. This interconnection-wide synchrophasor system will also enable smart grid functionality such as:

- Improved integrated system operations
- Enhanced knowledge-based real-time advanced warning systems

¹² Bonneville Power Administration, California Independent System Operator, Idaho Power, NV Energy, PacifiCorp, Pacific Gas & Electric, Southern California Edison, Salt River Project, and WECC.

- Enhanced energy loss reduction
- Efficient asset use
- Improved integration of renewable resources

Over the next three years, WECC will spend \$31.9 million of the U.S. DOE grant on WECC infrastructure, software, and a new wide-area telecommunications system for the Western Interconnection. The balance, (\$22 million) will go to Pacific Gas & Electric (PG&E) projects as a sub-recipient. WECC's 2011 budgeted costs associated with the WISP are \$24.1 million, which include:

- \$1 million for personnel expenses
- \$9 million for sub-recipient (PG&E)
- \$7.4 million for the procurement and engineering of application software
- \$5.8 million for consulting services
- \$573,000 for expansion of the two RCOs

2011 Key Assumptions

- The nine WISP Partner Entities deliver individual project scopes in support of WISP.

2011 Goals and Key Deliverables

- Enhance situation awareness and model validation in the Western Interconnection through the implementation of the WISP project.
- Continue management and delivery of WISP and meet U.S. DOE performance, job creation, and financial tracking and reporting requirements.

WECC Interchange Tool (WIT)

WIT is a software system that facilitates and coordinates interchange between WECC BAs and permits increased monitoring of interchange transactions by Reliability Coordinators. WECC is registered with NERC as the Interchange Authority because it is the contract party with the software vendor providing WIT. The 2011 budget will increase by \$15,000 due to an increase in the number of BAs within WECC using WIT and the addition of an automated reporting application.

Web Security Analysis System (webSAS)

The webSAS tool enhances situation awareness in the Western Interconnection by determining the effect of both on- and off-path schedules on the Qualified Path that is experiencing overloading due to Unscheduled Flow (USF). Currently, various entities in the Western Interconnection including WECC have individual licenses to the webSAS tool. The \$576,000 proposal for a single webSAS contract and license will ensure that a greater number of entities have access to the tool. Increased use of the tool will ensure consistent calculation of USF impacts and curtailment responsibilities, which will have a positive effect on the reliability of the interconnection.

2011 Key Assumptions

- Cyclical upgrades of event monitoring equipment and one third of the IT system infrastructure will need to be refreshed.

- Warranties expire on IT equipment purchased in 2008 to fulfill the RCSI.
- Standards will be more rigidly defined increasing the number of standards that require compliance by Reliability Coordinators. This may include acquiring new technology, software or hardware, and training.
- Data sharing issues and requests will continue to change, adding more workload to the Reliability Coordination function.

2011 Goals and Key Deliverables

- Provide proactive response to conditions on the BES to assure the safe and reliable operation of the Western Interconnection.
- Work (through WECC's Reliability Coordination function) to expand the number of situation awareness displays available to NERC, FERC, and the WECC membership.
- Continue to work with the WECC membership and third parties to deliver West-wide System Model data via the data sharing policy.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of \$385,000 in penalty sanctions received by WECC prior to June 30, 2010.
- WECC will receive \$24.1 million in U.S DOE grant funding for WISP. The funds directly offset increases in expenditures related to the WISP project.

Personnel Expenses

- Personnel Expenses increase by \$855,000 due to the addition of 8.2 FTEs. The RCOs are increasing FTEs by two for administrative support. The remaining increase of 6.2 FTEs relates to employees hired in late 2010 who are dedicated to WISP for all of 2011.

Meeting Expenses

- Travel increases by \$159,000 to more closely reflect 2009 actual results and anticipated levels of 2011 travel related to training and meetings.

Operating Expenses

- Consultants and Contracts increase by \$2.2 million due to increased activity associated with WISP.
- Office Rent increases by \$126,000 due to the expansion of the RCO space in Loveland and rent escalations for the RCO leases.
- Office Costs increase by \$1.8 million. Of this amount:
 - \$576,000 is due to the addition of webSAS
 - \$323,000 is due to the acquisition of WISP WAN services
 - \$450,000 is due to the renewal of RCO hardware warranties
 - \$470,000 is due to the expansion and maintenance of the RCO systems and equipment
- Professional Services increase by \$40,000 due to estimated outside legal counsel needs.

- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The Situation Awareness and Infrastructure Security allocation increases due to an increase in FTEs and the increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable

Fixed Asset Additions

- Depreciation was not budgeted in 2010 and is budgeted in 2011.
- Computer and Software capital expenditures increase by \$5.9 million due to WISP purchases for the expansion of the RCO systems and core WAN design and software expenditures.
- Leasehold Improvements decrease by \$965,000 due to the build-out of the RCO offices that occurred in 2010.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Situation Awareness and Infrastructure Security					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 19,170,469	\$ 19,170,469	\$ -	\$ 18,166,072	\$ (1,004,397)
Penalty Sanctions			\$ -	385,459	385,459
Total WECC Funding	\$ 19,170,469	\$ 19,170,469	\$ -	\$ 18,551,531	\$ (618,938)
Membership Dues	-	-	-	-	-
Federal Grants	15,811,845	15,811,845	-	24,112,680	8,300,835
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 34,982,314	\$ 34,982,314	\$ -	\$ 42,664,211	\$ 7,681,897
Expenses					
Personnel Expenses					
Salaries	\$ 7,390,968	\$ 7,390,968	\$ -	\$ 8,102,630	\$ 711,662
Payroll Taxes	668,926	668,926	-	709,600	40,674
Benefits	829,599	829,599	-	900,500	70,901
Retirement Costs	520,276	520,276	-	551,913	31,637
Total Personnel Expenses	\$ 9,409,770	\$ 9,409,770	\$ -	\$ 10,264,643	\$ 854,873
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	216,000	216,000	-	375,000	159,000
Conference Calls	10,000	10,000	-	12,200	2,200
Total Meeting Expenses	\$ 226,000	\$ 226,000	\$ -	\$ 387,200	\$ 161,200
Operating Expenses					
Consultants & Contracts	\$ 12,623,025	\$ 12,623,025	\$ -	\$ 14,822,583	\$ 2,199,558
Office Rent	596,000	596,000	-	722,000	126,000
Office Costs	1,763,338	1,763,338	-	3,598,302	1,834,964
Professional Services	15,000	15,000	-	55,000	40,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	1,365,250	1,365,250
Total Operating Expenses	\$ 14,997,363	\$ 14,997,363	\$ -	\$ 20,563,135	\$ 5,565,772
Total Direct Expenses	\$ 24,633,133	\$ 24,633,133	\$ -	\$ 31,214,978	\$ 6,581,845
Indirect Expenses	\$ 3,833,280	\$ 3,833,280	\$ -	\$ 4,772,947	\$ 939,667
Other Non-Operating Expenses	\$ 2,966,207	\$ 2,966,207	\$ -	\$ -	\$ (2,966,207)
Total Expenses	\$ 31,432,620	\$ 31,432,620	\$ -	\$ 35,987,925	\$ 4,555,305
Change in Assets	\$ 3,549,694	\$ 3,549,694	\$ -	\$ 6,676,286	\$ 3,126,592
Fixed Assets					
Depreciation	-	-	-	(1,365,250)	(1,365,250)
Computer & Software CapEx	1,893,145	1,893,145	-	7,814,719	5,921,574
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	1,537,667	1,537,667	-	572,357	(965,310)
(Incr)Dec in Fixed Assets	\$ (3,430,812)	\$ (3,430,812)	\$ -	\$ (7,021,826)	\$ (3,591,014)
Allocation of Fixed Assets	\$ (118,882)	\$ (118,882)	-	345,540	464,422
Change in Fixed Assets	(3,549,694)	(3,549,694)	-	(6,676,286)	(3,126,592)
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ 0	\$ -	\$ -	\$ (0)

Administrative Services

Administrative Services (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	39.7	48.9	9.2
Direct Expenses	\$ 10,130,342	\$ 12,963,378	\$ 2,833,036
Inc(Dec) in Fixed Assets	\$ 270,000	\$ (776,000)	\$ (1,046,000)
Working Capital Requirement	\$ 1,214,397	\$ -	\$ (1,214,397)

Methodology for Allocation of Administrative Services Expenses to Programs

Administrative Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

Program Scope and Functional Description

WECC's Administrative Services consist of Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The budgets for these programs are addressed in the subsequent sections of the Business Plan and Budget.

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	7.0	7.5	0.5
Direct Expenses	\$ 2,264,861	\$ 2,655,839	\$ 390,978
Inc(Dec) in Fixed Assets	\$ 50,000	\$ 34,000	\$ (16,000)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC is governed by a 32-member Board of Directors, of which 25 directors represent member classes. The remaining seven directors are not affiliated with any WECC member or potential member. These Non-affiliated Directors are compensated for their time on the WECC Board and on Board Committees.

Nine WECC Board committees recommend policy on various reliability issues or handle governance, finance, and human resource matters. They are:

- *Operating Transfer Capability Policy Committee* – the OTCPC provides coordinated standards development and determination of System Operating Limits within the Western Interconnection.
- *Transmission Expansion Planning Policy Committee* – TEPPC oversees database management, provides policy and management of the planning process, and guides the analyses and modeling for the Western Interconnection’s transmission expansion planning. TEPPC expenses are accounted for in the Reliability Assessment and Performance Analysis Budget.
- *Governance and Nominating Committee* – the GNC nominates WECC Board candidates and recommends Bylaws and other governance changes.
- *Human Resources and Compensation Committee* – the HRCC oversees human resources and WECC employee compensation.
- *Reliability Policy Issues Committee* – the RPIC reviews policy-level reliability issues and develops appropriate recommendations for WECC Board consideration.
- *Reliability Management System Reliability Compliance Committee* – the RMSRCC ensures compliance with standards under the WECC Reliability Management System. The committee’s responsibilities for the United States have largely been superseded by the WECC CMEP. This committee may be dissolved during 2010.
- *Finance and Audit Committee* – the FAC reviews WECC’s budgets, makes recommendations to staff, and assists the Board in maintaining the integrity of WECC’s financial reporting.
- *Reliability Coordination Committee* – the RCC provides advice concerning Reliability Coordination operations, personnel, and budget to the WECC Board and to the WECC CEO.
- *WECC Compliance Committee* – the WCC acts on behalf of the WECC Board and provides oversight of the WECC Compliance function.

Standing Committees

- The Joint Guidance Committee – the JGC ensures that the Standing Committees (described below) and associated subcommittees coordinate and communicate regarding electric system reliability and market issues. In addition, the JGC provides a forum for coordination between the three Standing Committees on convergent issues. One such issue is the integration of variable generation. As such, the VGS is a subcommittee of JGC that considers issues pertaining to the integration of variable generation and makes recommendations to the JGC on issues to pursue.
- *Operating Committee* – the OC advises and makes recommendations to the WECC Board on all WECC-related matters that apply to maintaining reliability through the operation and security of the interconnected BES in the Western Region. The OC has seven subcommittees and 15 work groups.
- *Planning Coordination Committee* – the PCC recommends criteria for determining the adequacy of power supply and for elements of system design that affect the reliability of the interconnected BES in the Western Region. The PCC collects data and studies the operation of the interconnected systems necessary to determine the reliability of the interconnected BES. The PCC evaluates proposed facility additions or modifications based on established reliability criteria. PCC expenses are accounted for in the Reliability Assessment and Performance Analysis Budget. The PCC has four subcommittees.
- *Market Interface Committee* – the MIC considers matters pertaining to the impact of reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitates analyses of the impact of electricity market practices on electric system reliability. The MIC has two subcommittees.

2011 Key Assumptions

- Increased remote participation in OC meetings via Webinar and conference calls.

2011 Goals and Key Deliverables

- Assist the committees in meeting their charters and achieving their goals by providing studies, expert advice, and perspective on matters pertaining to the BES in the Western Interconnection. This will be achieved by providing subject matter experts in areas such as planning, system operations, Reliability Coordination, and market interface.
- Provide logistics support for meetings and required postings.

U.S. DOE Grant

DE-PS36-09GO99009 – 20% Wind by 2030: Overcoming the Challenges

Variable Generation Subcommittee (VGS)

In May 2008, the U.S. DOE issued the “20% Wind Energy by 2030” report. The report found that in order to meet a 20 percent scenario, major challenges need to be overcome to reliably integrate that level of penetration. As such, the U.S. DOE issued an FOA (DE-PS36-09GO99009) for projects aimed at overcoming these challenges. On March 3, 2009, WECC submitted a response to this FOA with a project to examine Balancing Authority Cooperation Concepts to Reduce Variable Generation Integration Costs in the Western Interconnection. On May 3, 2010 (effective February 1, 2010) WECC signed an agreement with the U.S. DOE to receive a grant of \$245,000. This project will examine the benefits of different Balancing

Authority coordination scenarios including consolidation concepts and less-than-hourly scheduling intervals to aid in the reliable integration of variable generation. This work will be coordinated through the Variable Generation Subcommittee.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Direct expenses increase \$391,000 in 2011 mainly due to the inclusion of \$450,000 within Consulting Costs for a cost-benefit analysis study of the Efficient Dispatch Toolkit (EDT) within WECC BES. The proposed EDT would support reliability by providing a centralized dispatch to mitigate the variability from the anticipated levels of Variable Generation. The cost-benefit analysis of the proposed EDT would quantify the financial benefits to WECC members from the EDT through a production cost model, and would quantify both capital and operating costs associated with the EDT. The inclusion of the cost-benefit analysis in the statutory budget has been discussed with FERC staff.

Funding Sources (Other than ERO Assessments)

- WECC will receive \$122,000 in U.S. DOE funding for the VGS grant. The funds directly offset increases in expenditures related to the VGS project.

Personnel Expenses

- Personnel Expenses increase by \$45,000 due to the addition of 0.5 FTE.

Meeting Expenses

- Meetings decrease by \$12,000 due to the availability of the Salt Lake City meeting facilities.
- Travel decreases by \$115,000 due to Travel being budgeted within the appropriate functional areas.

Operating Expenses

- Consultants and Contracts increase by \$438,000, mainly due to the inclusion of funds for the cost-benefit analysis on the EDT.
- Office Costs decrease by \$17,000 due to anticipated cost savings in printing and shipping.
- Professional Services increase by \$36,000 due to anticipated outside legal counsel services related to WECC's Bylaw-mandated five-year review of organizational structure and effectiveness.
- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Indirect Expenses

- Technical Committees and Member Forums expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not Applicable.

Fixed Asset Additions

- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Technical Committees and Member Forums					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	122,400	122,400	-	122,400	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 122,400	\$ 122,400	\$ -	\$ 122,400	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 738,970	\$ 738,970	\$ -	\$ 764,903	\$ 25,933
Payroll Taxes	66,507	66,507	-	68,612	2,105
Benefits	84,655	84,655	-	99,202	14,547
Retirement Costs	51,728	51,728	-	54,036	2,308
Total Personnel Expenses	\$ 941,861	\$ 941,861	\$ -	\$ 986,753	\$ 44,892
Meeting Expenses					
Meetings	\$ 380,220	\$ 380,220	\$ -	\$ 368,020	\$ (12,200)
Travel	255,900	255,900	-	141,000	(114,900)
Conference Calls	30,900	30,900	-	31,100	200
Total Meeting Expenses	\$ 667,020	\$ 667,020	\$ -	\$ 540,120	\$ (126,900)
Operating Expenses					
Consultants & Contracts	\$ 152,480	\$ 152,480	\$ -	\$ 590,750	\$ 438,270
Office Rent	-	-	-	-	-
Office Costs	108,500	108,500	-	91,216	(17,284)
Professional Services	395,000	395,000	-	431,000	36,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	16,000	16,000
Total Operating Expenses	\$ 655,980	\$ 655,980	\$ -	\$ 1,128,966	\$ 472,986
Total Direct Expenses	\$ 2,264,861	\$ 2,264,861	\$ -	\$ 2,655,839	\$ 390,978
Indirect Expenses	\$ (2,142,461)	\$ (2,142,461)	\$ -	\$ (2,533,439)	\$ (390,978)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 122,400	\$ 122,400	\$ -	\$ 122,400	\$ 0
Change in Assets	\$ 0	\$ 0	\$ -	\$ -	\$ (0)
Fixed Assets					
Depreciation	-	-	-	(16,000)	(16,000)
Computer & Software CapEx	50,000	50,000	-	50,000	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ (50,000)	\$ (50,000)	\$ -	\$ (34,000)	\$ 16,000
Allocation of Fixed Assets	\$ 50,000	\$ 50,000	-	34,000	(16,000)
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	\$ 0	\$ 0	\$ -	\$ -	\$ (0)

General and Administrative

General and Administrative (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	15.0	16.7	1.7
Direct Expenses	\$ 4,504,411	\$ 6,273,771	\$ 1,769,360
Inc(Dec) in Fixed Assets	\$ -	\$ (817,000)	\$ (817,000)
Less: Other Funding Sources	\$ (11,000)	\$ (354,000)	\$ (343,000)

Program Scope and Functional Description

The purpose of the General and Administrative Program Area is to provide executive leadership to WECC, and to provide communications and administrative support for WECC staff, committees, and members. Additionally, indirect costs (i.e., Office Rent) that benefit multiple Program Areas are accounted for in this area.

2011 Key Assumptions

- Interest income is budgeted conservatively due to economic uncertainty and the financial markets.
- WECC will occupy its new (larger) Salt Lake City location, which will result in an increase in Office Rent.
- WECC will be liable for Washington State taxes based on an apportionment of total revenues received by WECC.

2011 Goals and Key Deliverables

- Provide executive leadership and strategic guidance for the activities undertaken by WECC.
- Improve the quality and efficiency of support provided to staff and members.

Funding Sources and Requirements — Explanation of Increase (Decrease)

The General and Administrative budget increases by a net of \$1.4 million, primarily due to increased insurance, rent, excise tax, and personnel costs. In 2011, WECC is not collecting assessments to increase its working capital reserve.

Funding Sources (Other than ERO Assessments)

- WECC anticipates its investments will earn approximately \$350,000 in 2011.

Personnel Expenses

- Salaries increase by \$330,000 due to the addition of 1.7 FTEs and a budgeted two percent merit increase for existing personnel.

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- Payroll Taxes and Retirement Costs increase by \$22,000 and \$13,000 respectively as a result of the increase in FTE and salary costs.
 - Benefits decrease \$100,000 to more accurately reflect 2009 actual results and employee utilization of the benefit options.

Meeting Expenses

- Meetings decrease by \$13,000, primarily due to the availability of the Salt Lake City meeting facilities.
- Travel decreases by \$191,000 to more closely reflect 2009 actual results and anticipated levels of 2011 travel.

Operating Expenses

- Office Rent increases by \$446,000, primarily due to the new Salt Lake City location. The new Salt Lake City office is significantly larger than WECC's former office and will allow WECC to hold meetings on-site. The increase in rent will be partially offset by a decrease in meeting costs.
- Office Costs increase by \$138,000 due to the estimated tax liability associated with WECC's operations in Washington State, which does not recognize WECC's 501(c)6 tax exempt status.
- Professional Services increase by \$318,000, primarily due to the Errors and Omissions (E&O) insurance policy.
- Depreciation was not budgeted in 2010 and is now budgeted in 2011.

Indirect Expenses

- General and Administrative expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Depreciation was not budgeted in 2010 and is budgeted in 2011.

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
General and Administrative					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 1,214,397	\$ 1,214,397	\$ -	\$ -	\$ (1,214,397)
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ 1,214,397	\$ 1,214,397	\$ -	\$ -	\$ (1,214,397)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	350,000	350,000
Miscellaneous	11,000	11,000	-	4,000	(7,000)
Total Funding	\$ 1,225,397	\$ 1,225,397	\$ -	\$ 354,000	\$ (871,397)
Expenses					
Personnel Expenses					
Salaries	\$ 1,701,761	\$ 1,701,761	\$ -	\$ 2,031,849	\$ 330,088
Payroll Taxes	118,058	118,058	-	140,522	22,464
Benefits	778,033	778,033	-	678,264	(99,769)
Retirement Costs	113,003	113,003	-	125,806	12,803
Total Personnel Expenses	\$ 2,710,856	\$ 2,710,856	\$ -	\$ 2,976,441	\$ 265,585
Meeting Expenses					
Meetings	\$ 15,000	\$ 15,000	\$ -	\$ 2,000	\$ (13,000)
Travel	313,100	313,100	-	122,000	(191,100)
Conference Calls	6,000	6,000	-	7,000	1,000
Total Meeting Expenses	\$ 334,100	\$ 334,100	\$ -	\$ 131,000	\$ (203,100)
Operating Expenses					
Consultants & Contracts	\$ 32,000	\$ 32,000	\$ -	\$ 20,000	\$ (12,000)
Office Rent	985,000	985,000	-	1,431,000	446,000
Office Costs	269,675	419,675	150,000	407,930	138,255
Professional Services	172,780	172,780	-	490,400	317,620
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	817,000	817,000
Total Operating Expenses	\$ 1,459,455	\$ 1,609,455	\$ 150,000	\$ 3,166,330	\$ 1,706,875
Total Direct Expenses	\$ 4,504,411	\$ 4,654,411	\$ 150,000	\$ 6,273,771	\$ 1,769,360
Indirect Expenses	\$ (4,493,411)	\$ (4,493,411)	\$ -	\$ (5,919,771)	\$ (1,426,360)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 11,000	\$ 161,000	\$ 150,000	\$ 354,000	\$ 343,000
Change in Assets	\$ 1,214,397	\$ 1,064,397	\$ (150,000)	\$ -	\$ (1,214,397)
Fixed Assets					
Depreciation	-	-	-	(817,000)	(817,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ 817,000	\$ 817,000
Allocation of Fixed Assets	-	-	-	(817,000)	(817,000)
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ 1,214,397	\$ 1,064,397	\$ (150,000)	\$ -	\$ (1,214,397)

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	8.0	11.0	3.0
Direct Expenses	\$ 1,565,660	\$ 1,794,997	\$ 229,337
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC's Legal Department provides coordinated legal services to the WECC Board, committees, and staff. In addition, the department provides consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The Legal Department also develops specific subject matter expertise to further assist WECC with its legal needs. On occasion, major efforts may be outsourced to select law firms, but responsibility for all legal matters remains with the General Counsel and Legal Department.

WECC's international operations and broad scope of activities require significant legal support and review of activities. Arranging for legal support is complicated by the technical nature of this developing area of law and the high level of conflicts prohibiting the use of law firms with energy practices.

2011 Key Assumptions

- WECC will maintain the scope of its current operations. However, the operating environment may change in the event of unanticipated direction from FERC, NERC, or both.

2011 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the WECC Board, committees, and staff through a combination of in-house and outside resources.
- Update and advise the WECC Board and CEO on pending legal issues.
- Advise WECC departments on specified legal matters and general matters relating to WECC business.
- Provide legal support to the WECC Compliance Department and facilitate processing of possible and alleged violations.
- Represent WECC in legal and regulatory proceedings, including the NERC Audit of WECC as a Regional Entity.
- Review and advise WECC business units on draft agreements.
- Improve regulatory tracking for development of WECC regulatory policies.
- Centralize and maintain corporate records.

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

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by \$361,000 due to the addition of three FTEs.

Meeting Expenses

- Not applicable.

Operating Expenses

- Professional Services decrease by \$125,000 due to the addition of in-house legal counsel.

Indirect Expenses

- Legal and Regulatory expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Legal and Regulatory					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 858,707	\$ 858,707	\$ -	\$ 1,141,000	\$ 282,293
Payroll Taxes	77,284	77,284	-	102,690	25,406
Benefits	100,640	100,640	-	134,437	33,797
Retirement Costs	60,109	60,109	-	79,870	19,761
Total Personnel Expenses	<u>\$ 1,096,740</u>	<u>\$ 1,096,740</u>	<u>\$ -</u>	<u>\$ 1,457,997</u>	<u>\$ 361,257</u>
Meeting Expenses					
Meetings	\$ 8,000	\$ 8,000	\$ -	\$ 12,000	\$ 4,000
Travel	86,000	86,000	-	87,000	1,000
Conference Calls	10,000	10,000	-	3,000	(7,000)
Total Meeting Expenses	<u>\$ 104,000</u>	<u>\$ 104,000</u>	<u>\$ -</u>	<u>\$ 102,000</u>	<u>\$ (2,000)</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	89,920	89,920	-	85,000	(4,920)
Professional Services	275,000	275,000	-	150,000	(125,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 364,920</u>	<u>\$ 364,920</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ (129,920)</u>
Total Direct Expenses	<u>\$ 1,565,660</u>	<u>\$ 1,565,660</u>	<u>\$ -</u>	<u>\$ 1,794,997</u>	<u>\$ 229,337</u>
Indirect Expenses	<u>\$ (1,565,660)</u>	<u>\$ (1,565,660)</u>	<u>\$ -</u>	<u>\$ (1,794,997)</u>	<u>\$ (229,337)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	-	\$ -	-	-	-
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Information Technology

Information Technology (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.7	5.7	2.0
Direct Expenses	\$ 946,232	\$ 1,187,179	\$ 240,947
Inc(Dec) in Fixed Assets	\$ 220,000	\$ 7,000	\$ (213,000)
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

WECC's Information Technology (IT) department provides systems support including: data, e-mail, telephone systems, and inter- and intra-Web site maintenance. In addition, IT includes small development projects and contracts with various service providers. It also includes a staff to administer the IT infrastructure at WECC. The IT department also provides resources and tools to enable the organization to meet the evolving requirements for NERC "Agreed Upon Procedures" (AUP) and CIP requirements.

2011 Key Assumptions

- Security needs and data management will increase in 2011 to support the continuing growth of the organization.
- NERC AUPs continue to evolve and require additional IT processes, procedures, and security to comply.

2011 Goals and Key Deliverables

- Deliver reliable and secure IT systems that support WECC's business needs.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by \$284,000 due to the addition of two FTEs and a budgeted two percent merit increase.

Meeting Expenses

- Travel increases by \$10,000 due to maintenance of WECC's information systems at its three locations.

Operating Expenses

- Office Costs decrease by \$136,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.
- Depreciation was not budgeted in 2010 and is budgeted in 2011.

Indirect Expenses

- Information Technology expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software capital expenses decrease by \$120,000 due to fewer server and software upgrades.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Information Technology					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 323,439	\$ 323,439	\$ -	\$ 536,401	\$ 212,962
Payroll Taxes	29,110	29,110	-	48,276	19,166
Benefits	36,242	36,242	-	73,304	37,062
Retirement Costs	22,641	22,641	-	37,548	14,907
Total Personnel Expenses	<u>\$ 411,432</u>	<u>\$ 411,432</u>	<u>\$ -</u>	<u>\$ 695,529</u>	<u>\$ 284,097</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	10,000	10,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Operating Expenses					
Consultants & Contracts	\$ 30,000	\$ 30,000	\$ -	\$ 20,000	\$ (10,000)
Office Rent	-	-	-	-	-
Office Costs	504,800	504,800	-	368,650	(136,150)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	93,000	93,000
Total Operating Expenses	<u>\$ 534,800</u>	<u>\$ 534,800</u>	<u>\$ -</u>	<u>\$ 481,650</u>	<u>\$ (53,150)</u>
Total Direct Expenses	<u>\$ 946,232</u>	<u>\$ 946,232</u>	<u>\$ -</u>	<u>\$ 1,187,179</u>	<u>\$ 240,947</u>
Indirect Expenses	<u>\$ (946,232)</u>	<u>\$ (946,232)</u>	<u>\$ -</u>	<u>\$ (1,187,179)</u>	<u>\$ (240,947)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	(93,000)	(93,000)
Computer & Software CapEx	220,000	220,000	-	100,000	(120,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ (220,000)</u>	<u>\$ (220,000)</u>	<u>\$ -</u>	<u>\$ (7,000)</u>	<u>\$ 213,000</u>
Allocation of Fixed Assets	\$ 220,000	\$ 220,000	-	7,000	(213,000)
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Human Resources

Human Resources (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.0	4.0	1.0
Direct Expenses	\$ 473,820	\$ 636,934	\$ 163,114
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The department is responsible for the delivery of all Human Resource functions across the three WECC offices, including: recruitment, staffing, compensation, benefits, safety and health, employee relations, performance management, and employee training and development.

2011 Key Assumptions

- WECC's staffing level will continue to increase during 2011 with the addition of 26.1 FTEs.
- Competition for talent will increase due to an increasing percentage of the utility talent pool being eligible for retirement. Consequently, as the talent pool compresses, salary and benefit pressures increase.
- Retention and competitive compensation of key individuals will become critical.
- Succession planning and employee development are vital to ensure that WECC maintains a skilled, qualified workforce.

2011 Goals and Key Deliverables

- Provide effective Human Resource support to WECC management and employees by developing and implementing policies, procedures, and guidelines to ensure ongoing compliance with federal, state, and local employment laws.
- Develop and deliver employee and supervisory training.
- Attract, recruit, and hire an exceptional workforce to fill all vacancies. Focus on retention through performance management, developmental plans, and succession planning.
- Manage health and welfare benefits to deliver an attractive benefit package to employees while managing overall costs to the organization.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by \$181,000 due to the addition of one FTE and a budgeted two percent merit increase.

Meeting Expenses

- Travel increases by \$12,000 due to increased visits to WECC locations.

Operating Expenses

- Office Costs decrease by \$37,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.
- Professional Services increase by \$8,000 due to anticipated outside legal counsel fees.

Indirect Expenses

- Human Resource expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Human Resources

Funding sources and related expenses for the Human Resources section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Human Resources					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 295,883	\$ 295,883	\$ -	\$ 430,303	\$ 134,420
Payroll Taxes	26,629	26,629	-	36,027	9,398
Benefits	36,866	36,866	-	61,623	24,757
Retirement Costs	20,712	20,712	-	33,021	12,309
Total Personnel Expenses	<u>\$ 380,090</u>	<u>\$ 380,090</u>	<u>\$ -</u>	<u>\$ 560,974</u>	<u>\$ 180,884</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	8,000	8,000	-	20,000	12,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 12,000</u>
Operating Expenses					
Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -	\$ 9,000	\$ (1,000)
Office Rent	-	-	-	-	-
Office Costs	75,730	75,730	-	38,960	(36,770)
Professional Services	-	-	-	8,000	8,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 85,730</u>	<u>\$ 85,730</u>	<u>\$ -</u>	<u>\$ 55,960</u>	<u>\$ (29,770)</u>
Total Direct Expenses	<u>\$ 473,820</u>	<u>\$ 473,820</u>	<u>\$ -</u>	<u>\$ 636,934</u>	<u>\$ 163,114</u>
Indirect Expenses	<u>\$ (473,820)</u>	<u>\$ (473,820)</u>	<u>\$ -</u>	<u>\$ (636,934)</u>	<u>\$ (163,114)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	-
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	3.0	4.0	1.0
Direct Expenses	\$ 375,359	\$ 414,658	\$ 39,299
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Finance and Accounting function provides accounting, accounts payable, billing, accounts receivable, budgeting, fixed asset management, and payroll support to WECC. This function also produces all financial reports and acts as a liaison with WECC's external financial statement auditors.

2011 Key Assumptions

- WECC's continued growth will increase the demands placed on the accounting function.

2011 Goals and Key Deliverables

- Draft and implement financial policies.
- Improve financial reporting to WECC management and external stakeholders.
- Identify and implement efficiencies in financial processes.
- Ensure WECC has strong internal controls designed to protect the organization's assets and ensure accurate financial reporting.
- Develop a budget to address the risks created by the uncertain operating environment.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salary expenses decrease by a net \$9,000 as a result of the addition of one FTE and WECC hiring staff at salaries lower than budgeted in 2010.
- Benefits increase \$12,000 as a result of the additional FTE and added training costs.

Meeting Expenses

- Travel increases by \$7,000 due a greater number of visits to WECC's offices to provide training and other support services.

Operating Expenses

- Office Costs increase by \$12,000 due to fees related to WECC's payroll processing service.
- Professional Services increase by \$17,000 due to additional audit and tax services.

Indirect Expenses

- Finance and Accounting expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

U.S. DOE Grants

The 2011 RTEP and WISP budgets include \$117,000 for a grant accountant. The expenses for the grant accountant are charged directly to the programs funded by the U.S. DOE grants and to the direct costs of the Statutory Programs, not to the Finance and Accounting department. Therefore, this position and the related expenses are included in the budget and FTE count within the Reliability Assessment and Performance Analysis and the Situation Awareness and Infrastructure Security budgets.

Finance and Accounting

Funding sources and related expenses for the Finance and Accounting section of the 2011 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
Finance and Accounting					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 263,735	\$ 263,735	\$ -	\$ 254,812	\$ (8,923)
Payroll Taxes	23,736	23,736	-	22,933	(803)
Benefits	33,406	33,406	-	45,657	12,251
Retirement Costs	18,461	18,461	-	17,836	(625)
Total Personnel Expenses	\$ 339,339	\$ 339,339	\$ -	\$ 341,238	\$ 1,899
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	2,500	2,500	-	9,000	6,500
Conference Calls	-	-	-	120	120
Total Meeting Expenses	\$ 2,500	\$ 2,500	\$ -	\$ 9,120	\$ 6,620
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Office Rent	-	-	-	-	-
Office Costs	7,020	7,020	-	19,300	12,280
Professional Services	26,500	26,500	-	43,000	16,500
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 33,520	\$ 33,520	\$ -	\$ 64,300	\$ 30,780
Total Direct Expenses	\$ 375,359	\$ 375,359	\$ -	\$ 414,658	\$ 39,299
Indirect Expenses	\$ (375,359)	\$ (375,359)	\$ -	\$ (414,658)	\$ (39,299)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ (0)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ 0
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	-	\$ -	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ 0

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Section B – Supplemental Financial Information 2011 Business Plan and Budget

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Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2010-2011	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	1,083,100
Plus: 2010 WECC Funding (from LSEs or designees)	39,132,457
Plus: 2010 Other funding sources	21,302,224
Less: 2010 Projected expenses & capital expenditures	(60,670,283)
Projected Working Capital Reserve (Deficit), December 31, 2010	847,498
Desired Working Capital Reserve, December 31, 2011	² 847,498
Less: Projected Working Capital Reserve, December 31, 2010	(847,498)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	0
2011 Expenses and Capital Expenditures	68,205,450
Less: Penalty Sanctions ¹	(865,650)
Less: Other Funding Sources	(29,424,271)
Adjustment to achieve desired Working Capital Reserve	-
2011 WECC Assessment	37,915,529

¹ Represents collections between July 1, 2009 and June 30, 2010. See page 62 for full disclosure.

² On June 18, 2010, the WECC Board of Directors approved this reserve level as an appropriate amount based on projected 2011 expenses and WECC's practice of collecting full assessments at the beginning of the year, which reduces WECC's cash flow risk.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 8. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2010 will be used to offset assessments in the 2011 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, 2010 through June 30, 2011 will be used to offset assessments in the 2012 Budget.

Disclosure of all penalties received prior to June 30, 2010 is outlined below, including the amount, and the date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments:

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

Penalty sanctions are allocated based on the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2010	
Date Received	Amount Received
9/29/2009	\$ 100,000
11/9/2009	3,000
12/28/2009	2,000
12/28/2009	3,000
12/28/2009	3,000
1/7/2010	25,000
2/11/2010	65,000
2/23/2010	6,000
3/4/2010	30,000
3/11/2010	50,000
3/19/2010	10,000
3/19/2010	4,000
3/29/2010	15,000
4/2/2010	15,000
4/2/2010	40,250
4/26/2010	30,000
4/12/2010	20,000
4/12/2010	20,000
4/21/2010	24,500
4/12/2010	2,000
4/7/2010	3,000
4/26/2010	8,000
4/12/2010	3,000
4/12/2010	11,500
4/21/2010	52,000
4/30/2010	7,000
4/21/2010	7,000
4/26/2010	15,000
5/7/2010	28,000
4/30/2010	5,000
5/26/2010	30,000
5/17/2010	10,000
6/1/2010	44,000
5/28/2010	14,000
4/21/2010	7,000
4/26/2010	15,000
4/26/2010	8,000
6/7/2010	2,500
6/7/2010	8,000
6/14/2010	85,000
6/14/2010	9,900
6/28/2010	25,000
Total Penalties Received	\$ 865,650

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ 400,000	\$ 400,000	\$ 254,000	\$ (146,000)
Total	\$ 400,000	\$ 400,000	\$ 254,000	\$ (146,000)
Reliability Assessment and Performance Analysis				
Miscellaneous	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Federal Grants	3,991,879	3,991,879	3,831,541	(160,338)
Total	\$ 4,041,879	\$ 4,041,879	\$ 3,831,541	\$ (210,338)
Training and Education				
Workshops	\$ 915,100	\$ 915,100	\$ 749,650	\$ (165,450)
Total	\$ 915,100	\$ 915,100	\$ 749,650	\$ (165,450)
Situation Awareness and Infrastructure Security				
Federal Grants	\$ 15,811,845	\$ 15,811,845	\$ 24,112,680	\$ 8,300,835
Total	\$ 15,811,845	\$ 15,811,845	\$ 24,112,680	\$ 8,300,835
Technical Committees and Member Forums				
Total	\$ 122,400	\$ 122,400	\$ 122,400	\$ -
Total	\$ 122,400	\$ 122,400	\$ 122,400	\$ -
General and Administrative				
Miscellaneous	\$ 11,000	\$ 11,000	\$ 4,000	\$ (7,000)
Interest	-	-	350,000	350,000
Total	\$ 11,000	\$ 11,000	\$ 354,000	\$ 343,000
Total Outside Funding	\$ 21,302,224	\$ 21,302,224	\$ 29,424,271	\$ 8,122,047

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

Compliance Monitoring, Enforcement and Organization Registration

- A decrease of \$146,000 in workshop revenue is anticipated in 2011 due to the elimination of fees for attending WECC Portal training workshops.

Reliability Assessment and Performance Analysis

- Miscellaneous revenue decreases by \$50,000 due to the conclusion of a services contract with Lawrence Berkeley National Labs.
- Revenues from the RTEP grant are expected to decrease by \$160,000 as a result of decreased associated costs.

Training and Education

- Workshop revenue decreases by \$165,000 due to the reduction in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions.

Situation Awareness and Infrastructure Security

- WECC will receive \$24.1 million in U.S DOE grant funding for WISP, which represents an increase of \$8.3 million from 2010. The funds directly offset increases in expenditures related to the WISP project.

General and Administrative

- WECC anticipates its investments will earn approximately \$350,000 in 2011.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Salaries					
Salaries	\$ 19,166,203	\$ 19,166,203	\$ 21,383,416	\$ 2,217,213	11.6%
Employment Agency Fees	-	-	105,000	105,000	
Temporary Office Services	88,000	88,000	66,500	(21,500)	-24.4%
Total Salaries	\$ 19,254,203	\$ 19,254,203	\$ 21,554,916	\$ 2,300,713	11.9%
Total Payroll Taxes	\$ 1,676,433	\$ 1,676,433	\$ 1,882,449	\$ 206,016	12.3%
Benefits					
Workers Compensation	\$ 12,494	\$ 12,494	\$ 30,000	\$ 17,506	140.1%
Medical Insurance	2,064,323	2,064,323	2,406,026	341,703	16.6%
Life-LTD-STD Insurance	259,221	259,221	199,424	(59,797)	-23.1%
Education	400,954	400,954	338,100	(62,854)	-15.7%
Relocation	62,470	62,470	60,000	(2,470)	-4.0%
Other	-	-	16,000	16,000	
Total Benefits	\$ 2,799,462	\$ 2,799,462	\$ 3,049,550	\$ 250,088	8.9%
Retirement					
Discretionary 401k Contribution	\$ 1,332,975	\$ 1,332,975	\$ 1,481,665	\$ 148,690	11.2%
Savings Plan	-	-	-	-	
Total Retirement	\$ 1,332,975	\$ 1,332,975	\$ 1,481,665	\$ 148,690	11.2%
Total Personnel Costs	\$ 25,063,073	\$ 25,063,073	\$ 27,968,580	\$ 2,905,507	11.6%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

Salaries

- Salaries increase by \$2.3 million primarily due to the addition of 26.1 FTEs as discussed in the previous sections. Additionally, merit increases are budgeted at two percent and there are some market adjustments budgeted in 2011.
- Employment Agency Fees increase by \$105,000 due to anticipated executive search needs.
- Temporary Office Services decrease by \$22,000 due to anticipated levels of employee turnover.

Payroll Taxes

- Payroll Taxes increase due to the addition of 26.1 FTEs in 2011.

Benefits

- Workers' Compensation increases \$18,000 due to the addition of 26.1 FTEs in 2011.
- Insurance benefits increase a net of \$282,000 due to the addition of 26.1 FTEs in 2011.
- Education decreases by \$63,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.
- Relocation decreases by \$2,000 to more closely reflect anticipated 2011 expenditures.
- Other Benefits increase by \$16,000 to more closely reflect 2009 actual results.

Retirement

The 401k contributions increase by \$149,000 due to the addition of 26.1 FTEs in 2011.

Consultants and Contracts

Table B-5

Consultants	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ 2,400	\$ 2,400	
Compliance and Organization Registration and Certification	300,000	300,000	100,000	(200,000)	-67%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	2,571,168	2,571,168	2,195,076	(376,092)	-15%
Training and Education	98,000	98,000	58,000	(40,000)	-41%
Situation Awareness and Infrastructure Security	6,623,025	6,623,025	5,822,583	(800,442)	-12%
Committee and Member Forums	152,480	152,480	590,750	438,270	287%
General and Administrative	32,000	32,000	20,000	(12,000)	-38%
Legal and Regulatory	-	-	-	-	
Information Technology	30,000	30,000	20,000	(10,000)	-33%
Human Resources	10,000	10,000	9,000	(1,000)	-10%
Accounting and Finance	-	-	2,000	2,000	
Consultants Total	\$ 9,816,673	\$ 9,816,673	\$ 8,819,809	\$ (96,864)	-10%
Contracts					
	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	1,167,500	2,467,500	582,500	(585,000)	-50%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	997,463	997,463	1,119,296	121,833	12%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	6,000,000	6,000,000	9,000,000	3,000,000	50%
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	\$ 8,164,963	\$ 9,464,963	\$ 10,701,796	\$ 2,536,833	31%
Total Consulting and Contracts	\$ 17,981,636	\$ 19,281,636	\$ 19,521,605	\$ 1,539,969	9%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

Consultants

- Compliance and Organization Registration and Certification Consultants decrease by \$200,000 due to the hiring of staff to undertake tasks previously performed by consultants.
- Reliability Assessment and Performance Analysis Consultants decrease by \$376,000, primarily due to RTEP transitioning from the project planning and ramp-up stages to the implementation stage.
- Training and Education Consultants decrease by \$40,000 due to a reduction in the number of Power System Dynamics sessions and the commensurate decrease in costs associated with the utilization of a training consultant.
- Situation Awareness Consultants decrease by \$800,000, primarily due to WISP transitioning from project planning to the implementation stage.

- Committee and Member Forums Consultants increase by \$438,000 due to the addition of the cost-benefit analysis study related to the EDT as described on page 40.
- General and Administrative Consultants decrease by \$12,000 due to a reduction in estimated needs in 2011.
- Information Technology Consultants decrease \$10,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.

Contracts

- Compliance and Organization Registration and Certification contracts decrease by \$585,000 due to the hiring of staff to undertake tasks previously performed by contractors.
- Reliability Assessment and Situation Awareness contracts are part of the RTEP and WISP grants, and represent sub-recipient contracts.

Office Rent

Table B-6

Office Rent	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Office Rent	\$ 1,519,000	\$ 1,519,000	\$ 1,846,000	327,000	21.53%
Utilities	42,000	42,000	24,000	(18,000)	-42.86%
Maintenance	-	-	263,000	263,000	
Security	20,000	20,000	20,000	-	0.00%
Total Office Rent	\$ 1,581,000	\$ 1,581,000	\$ 2,153,000	\$ 572,000	36.18%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Office Rent increases \$327,000, primarily due to the new larger Salt Lake City office. This increase is partially offset by a reduction of meeting expenses due to the added meeting facility available in the new Salt Lake City office.
- Maintenance increases \$263,000 due to physical testing and upkeep of equipment in the RCO, which is required to demonstrate compliance with reliability standards and the adequacy of contingency plans.

Office Costs

Table B-7

Office Costs	Budget		Projection		Variance	
	2010	2010	2011	2011	2011 Budget v 2010 Budget	Variance %
Telephone	\$ 278,790	\$ 278,790	\$ 271,476	\$ 271,476	\$ (7,314)	-2.62%
Internet	395,210	395,210	898,131	898,131	502,921	127.25%
Office Supplies	132,000	132,000	172,831	172,831	40,831	30.93%
Computer Supplies and Maintenance	1,936,038	1,936,038	3,094,710	3,094,710	1,158,672	59.85%
Publications & Subscriptions	29,500	29,500	14,600	14,600	(14,900)	-50.51%
Dues and Fees	123,400	123,400	130,900	130,900	7,500	6.08%
Postage	8,800	8,800	9,200	9,200	400	4.55%
Express Shipping	78,440	78,440	78,645	78,645	205	0.26%
Copying	105,300	105,300	151,900	151,900	46,600	44.25%
Equipment Repair/Service Contracts	334,200	334,200	-	-	(334,200)	-100.00%
Bank Charges	31,200	31,200	55,200	55,200	24,000	76.92%
Taxes	5,175	155,175	155,000	155,000	(175)	-0.11%
Total Office Costs	\$ 3,458,053	\$ 3,608,053	\$ 5,032,593	\$ 5,032,593	\$ 1,424,540	39.48%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Telephone expenses decrease by \$7,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.
- Internet expenses increase by \$503,000 due to increased band-width needs related to the RCOs.
- Office Supplies increase by \$41,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures based on staffing levels.
- Computer Supplies and Maintenance increase by \$1.2 million. Of that, \$550,000 is due to hardware warranty refreshes and software/hardware upgrades in the RCOs and \$576,000 is due to the new webSAS license.
- Publications and Subscriptions decrease by \$15,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.
- Copying increases by \$47,000 primarily due to new equipment leases.
- Equipment Repair/Service Contracts decrease by \$334,000 due to the elimination of this category in WECC's chart of accounts and the reclassification of costs to more appropriate expense categories, such as building and office maintenance. Additionally, the budget more closely reflects 2009 actual results and anticipated 2011 expenditures. Equipment service contracts are accounted for in Office Supplies and Copying.

Professional Services**Table B-8**

Professional Services	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Independent Trustee Fees	\$ 492,000	\$ 492,000	\$ 375,000	\$ (117,000)	-23.78%
Outside Legal	388,000	388,000	309,500	(78,500)	-20.23%
Accounting & Auditing Fees	28,684	28,684	42,500	13,816	48.17%
Insurance Commercial	130,596	130,596	475,400	344,804	264.02%
Total Services	\$ 1,039,280	\$ 1,039,280	\$ 1,202,400	\$ 163,120	15.70%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget**Independent Trustee Fees**

- WECC is reducing the 2011 Independent Trustee Fees by \$117,000 to more closely reflect 2009 actual results and anticipated 2011 expenditures.

Outside Legal

- Outside Legal decreases by \$79,000 due to the hiring of additional in-house counsel.

Insurance Commercial

- Insurance Commercial increases due to the inclusion of the E&O insurance policy.

Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2010	Projection 2010	Budget 2011	Variance	
				2011 Budget v 2010 Budget	Variance %
Interest Expense	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)	-100.00%
Line of Credit Payment	2,929,207	2,929,207	-	(2,929,207)	-100.00%
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	\$ 2,969,207	\$ 2,969,207	\$ -	\$ (2,969,207)	-100.00%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

- Interest Expense is eliminated in 2011 due to the line of credit being completely paid off.
- Line of Credit Payment is eliminated in 2011 due to the debt being completely paid off.

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Section C – Non-Statutory Activities 2011 Business Plan and Budget

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Section C — 2010 Non-Statutory Business Plan and Budget

Non-Statutory Activities (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	5.0	5.0	-
Direct Expenses	732,568	1,164,227	431,659
Indirect Expenses	384,125	413,843	29,718
Inc(Dec) in Fixed Assets	-	-	-
Total Funding Requirement	1,116,693	1,578,070	461,377

Non-Statutory Functional Scope

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed through a collaborative process between the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants over a period of more than three years. WREGIS is governed by a seven-member committee, consisting of representatives from various stakeholder groups. WECC is the administrative home of WREGIS.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. "Backstop" funding is provided by the CEC pursuant to a contract between the CEC and WECC.

WREGIS consists of two parts: the information system software and the administrative operations housed at WECC. The WREGIS staff oversees the software contractor and performs all of the administrative tasks required to operate the program including: registering account holders and generation units; training WREGIS users; and managing the budgeting, billing, and financial reporting.

WREGIS operates on a fiscal year beginning October 1. WREGIS' budget has been converted to a calendar year for the purposes of WECC's 2011 Business Plan and Budget.

Major 2011 Assumptions and Cost Impacts

The CEC is a financial backstop for WREGIS to the extent that other funding sources are insufficient. This support ends in 2012, by which time it is expected that WREGIS will be fully self-funded.

2011 Primary Goals and Objectives

The goals for WREGIS for 2011 are to:

- Implement the WREGIS program as required by the contract between the CEC and WECC.
- Register program participants, whether mandatory or voluntary.
- Work on refining the WREGIS software to ensure optimum performance in terms of both efficiency and ease of use for account holders.
- Keep abreast of possible opportunities to increase WREGIS' functionality.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- WREGIS account holders pay an initial registration fee and annual renewal fees. Amounts vary by the size and category of the account holder.
- Volumetric-based fees are assessed when RECs are traded, retired, reserved, or transferred.
- The CEC funds WREGIS to the extent that other funding sources are insufficient. This support ends in 2012, by which time it is expected that WREGIS will be fully self-funded.
- Under most circumstances nominal fees are charged for users who attend training.

Personnel Expenses

- Five employees are needed to manage the current WREGIS program and are budgeted at a total cost of \$505,000 including Salaries, Payroll Taxes, Benefits, and Retirement costs.

Meeting Expenses

- WREGIS is governed by a Board-level committee that meets monthly. The WREGIS Committee has also formed three sub-committees that meet at least quarterly. WREGIS is a stakeholder-driven organization and, as such, the Stakeholder Advisory Committee also meets monthly. In order to control costs, the majority of these meetings are held via teleconferencing. In order to allow for the necessary meetings, a cost of \$71,000 has been budgeted to cover the cost of the telephone and web-conferencing services, staff and committee travel, and account holder user trainings.

Operating Expenses

- In order to keep the number of FTEs low, WREGIS employs professional outside labor for such services as accounting software, web hosting, and legal services. In addition, there are numerous office-related expenses necessary to run the business. For 2011, \$588,000 has been budgeted for these costs.

Indirect Expenses

- Indirect expenses are allocated based on FTEs. The WREGIS allocation increases due to an increase in total indirect costs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities and Capital Expenditures					
2010 Budget & Projection, and 2011 Budget					
NON-STATUTORY					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues/Non-statutory					
Assessments	1,087,943	1,087,943	-	1,565,590	2,653,533
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	8,800	8,800	-	12,480	21,280
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 1,096,743</u>	<u>\$ 1,096,743</u>	<u>\$ -</u>	<u>\$ 1,578,070</u>	<u>\$ 2,674,813</u>
Expenses					
Personnel Expenses					
Salaries	\$ 350,047	\$ 350,047	\$ -	\$ 355,846	\$ 5,799
Payroll Taxes	31,504	31,504	-	32,026	522
Benefits	50,882	50,882	-	92,146	41,264
Retirement Costs	24,503	24,503	-	24,909	406
Total Personnel Expenses	<u>\$ 456,936</u>	<u>\$ 456,936</u>	<u>\$ -</u>	<u>\$ 504,927</u>	<u>\$ 47,991</u>
Meeting Expenses					
Meetings	\$ 19,943	\$ 19,943	\$ -	\$ 20,780	\$ 837
Travel	34,872	34,872	-	50,000	15,128
Conference Calls	500	500	-	500	-
Total Meeting Expenses	<u>\$ 55,315</u>	<u>\$ 55,315</u>	<u>\$ -</u>	<u>\$ 71,280</u>	<u>\$ 15,965</u>
Operating Expenses					
Consultants & Contracts	\$ 87,041	\$ 87,041	\$ -	\$ 113,300	\$ 26,259
Office Rent	-	-	-	-	-
Office Costs	70,259	70,259	-	418,320	348,061
Professional Services	63,017	63,017	-	56,400	(6,617)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 220,317</u>	<u>\$ 220,317</u>	<u>\$ -</u>	<u>\$ 588,020</u>	<u>\$ 367,703</u>
Total Direct Expenses	<u>\$ 732,568</u>	<u>\$ 732,568</u>	<u>\$ -</u>	<u>\$ 1,164,227</u>	<u>\$ 431,659</u>
Indirect Expenses	<u>\$ 364,175</u>	<u>\$ 364,175</u>	<u>\$ -</u>	<u>\$ 413,843</u>	<u>\$ 49,668</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 1,096,743</u>	<u>\$ 1,096,743</u>	<u>\$ -</u>	<u>\$ 1,578,070</u>	<u>\$ 481,327</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,156,140</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	\$ -
Change in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,156,140</u>

Personnel Analysis

FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Programs						
WREGIS	5.0	5.0	5.0	0.0	5.0	0.0
Total FTEs Administrative Programs	5.0	5.0	5.0	0.0	5.0	0.0
Total FTEs	5.0	5.0	5.0	0.0	5.0	0.0

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

Reserve Analysis — 2010–2011

Working Capital Reserve Analysis 2010-2011	
NON-STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	6,114,082
Plus: 2010 WECC Funding (from LSEs or designees)	0
Plus: 2010 Other funding sources	1,096,743
Less: 2010 Projected expenses & capital expenditures	(1,096,743)
Projected Working Capital Reserve (Deficit), December 31, 2010	<u><u>6,114,082</u></u>
 Desired Working Capital Reserve, December 31, 2011	 1 6,114,082
Less: Projected Working Capital Reserve, December 31, 2010	(6,114,082)
Additional funding required to achieve desired Working Capital Reserve	<u><u>0</u></u>
2011 Funding for Expenses and Capital Expenditures	1,578,070
Less: Other Funding Sources	(1,578,070)
Adjustment to achieve desired Working Capital Reserve	-
2011 Funding (reserve adjustment)	<u><u>0</u></u>

¹ On June 18, 2010, the WECC Board of Directors approved this reserve level as an appropriate amount based on projected 2011 expenses and overall financial position of the corporation.

Section D – Additional Consolidated Financial
Statements
2011 Business Plan and Budget

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Statement of Financial Position

Statement of Financial Position 2009 Audited, 2010 Projection, and 2011 Budget

STATUTORY and NON-STATUTORY

(in thousands)

	(Per Audit) 31-Dec-09	Projected 31-Dec-10	Budget 31-Dec-11
ASSETS			
Cash and cash equivalents	\$ 34,868	\$ 33,082	\$ 33,082
Restricted cash and cash equivalents	2,500	-	
Investments	2,418	2,500	2,500
Accounts receivable, net of allowance of \$38	668	675	675
Prepaid expenses and other assets	110	110	110
Property and equipment	6,839	10,839	17,876
Total Assets	<u>\$ 47,403</u>	<u>\$ 47,206</u>	<u>\$ 54,243</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Line of credit	\$ 2,926	\$ -	\$ -
Accounts payable	4,485	4,500	4,500
Accrued payroll and related liabilities	1,535	1,500	1,500
Deverred revenue	24,420	25,000	25,000
Other liabilities	231	250	250
Total Liabilities	<u>\$ 33,597</u>	<u>\$ 31,250</u>	<u>\$ 31,250</u>
Unrestricted net assets	<u>13,806</u>	<u>15,956</u>	<u>22,993</u>
Total Liabilities and Net Assets	<u>\$ 47,403</u>	<u>\$ 47,206</u>	<u>\$ 54,243</u>

Appendix A: U.S. DOE Grants

DE-OE-0000423: *Recovery Act-Resource Assessment and Interconnection-Level Transmission Analysis and Planning – Topic A* **Regional Transmission Expansion Planning (RTEP) Project**

WECC submitted its response to the U.S. DOE on August 14, 2009 and was informed on December 18, 2009 that WECC had been selected for full-award negotiations for \$14.5 million.

WECC responded with a revised proposal to enhance existing transmission planning and related statutory activities in the Western Interconnection under Section 215 of the Federal Power Act. The Regional Transmission Expansion Planning (RTEP) project – which encompasses all activities funded under this U.S. DOE grant – will produce interconnection-level transmission plans for the Western Interconnection.

The RTEP project is a natural expansion of the depth, breadth, and coordination of existing regional and sub-regional planning processes. The plans will accomplish the following:

- Evaluate the long-term regional transmission capacity needs under a comprehensive set of load, resource, and policy scenarios.
- Incorporate the results of a comprehensive examination of reliability impacts, technology costs, and emissions conducted during the project.
- Provide guidance for decision-makers at all levels (project developers, siting authorities, utility regulators, and others).
- Facilitate and accelerate the development of needed transmission infrastructure.

The program's total budgeted four-year cost is \$20.9 million. This includes a total of \$6.4 million (\$1.6 million of existing TEPPC budget per year over four years) as a cost share, and \$14.5 million to be received from the U.S. DOE.

Of the U.S. DOE portion, \$8.7 million will be spent directly by WECC with the remainder flowing through WECC to sub-awardees that will perform related activities (\$1.4 million to Subregional Planning Groups, \$2 million to non-governmental organizations, and \$2.3 million to universities). Sub-awardees are being treated as contractors for budget purposes and are seeking reimbursement for the cost of participating in the RTEP project.

As the primary recipient of the U.S. DOE grant, WECC maintains responsibility for compliance with all the terms of the grant award. Consequently, WECC is developing a procedure to confirm that all expenses are allowable before reimbursing the sub-awardees.

The proposed and U.S. DOE-approved budget for federal funds to be received by WECC is shown below:

	Budget Period 1 (2010)	Budget Period 2 (2011)	Budget Period 3 (2012)	Budget Period 4 (2013)	Total
Federal Grant Funding	\$ 3,991,879	\$ 3,831,541	\$ 3,811,136	\$ 2,865,444	\$ 14,500,000
Expenditures					
Personnel	610,896	677,819	677,819	677,819	2,644,353
Meeting Expenses	370,350	370,350	370,350	370,350	1,481,400
Consultants & Contractors	1,467,468	1,162,376	957,676	955,125	4,542,645
Flow Through to Sub Awardees	1,499,163	1,620,996	1,781,291	862,150	5,763,600
Other Operating Expenses	24,000		24,000		48,000
Fixed Assets	20,000				20,000
Total Expenditures	\$ 3,991,879	\$ 3,831,541	\$ 3,811,136	\$ 2,865,444	\$ 14,500,000
Funding Less Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**DE-OE-0000364: Smart Grid Investment Grant Program (SGIG)
Western Interconnection Synchrophasor Program (WISP)**

WECC submitted its response to the U.S. DOE on August 6, 2009 and was informed on October 27, 2009 that it had been selected for full-award negotiations. On April 1, 2010 WECC signed an agreement with the U.S. DOE to receive a grant of \$53.9 million. WISP will expand WECC’s current Section 215 activities by, among other things, enhancing the situation awareness of the Western Interconnection. This interconnection-wide synchrophasor system will also enable smart grid functionality such as:

- Improved integrated system operations
- Enhanced knowledge-based real-time advanced warning systems
- Reduced energy losses
- Increased efficiency of asset use
- Improved market efficiency
- Increased reliability and efficient integration of intermittent renewable resources

The program’s total budgeted three-year cost is \$107.8 million, which includes a matching funding grant from the U.S. DOE for 50 percent of the total cost (\$53.9 million). Of that amount, \$31.9 million will be spent on WECC projects and \$22 million will go to Pacific Gas & Electric (PG&E) as a sub-recipient.

PG&E will use this funding to improve: 1) grid-sensing pattern recognition and trending, 2) situation awareness and advance warning of system voltage problems that should reduce major outages, and 3) the integration of intermittent generation resources. Synchronized measurement technology and applications are also an important element and enabler of Wide-Area Monitoring, Protection, and Control. Implementation of this technology is consistent with U.S. DOE and FERC initiatives to improve grid reliability. The benefits are to the entire interconnected system (including the California Independent System Operator), the communities served by PG&E, and grid infrastructure as a whole.

The proposed and U.S. DOE-approved budget for federal funds to be received by WECC is shown below:

	Budget Period 1 (2010)	Budget Period 2 (2011)	Budget Period 3 (2012)	Total
Federal Grant Funding	\$ 15,811,845	\$ 24,112,680	\$ 13,975,475	\$ 53,900,000
Expenditures				
Personnel	547,470	1,078,019	1,202,836	2,828,325
Consultants & Contractors	6,505,025	5,772,583	5,199,750	17,477,358
Flow Through to Sub Awardees	6,000,000	9,000,000	7,000,000	22,000,000
Other Operating Expenses	1,138	325,002	60,660	386,800
Fixed Assets	2,758,212	7,937,076	512,229	11,207,517
Total Expenditures	\$ 15,811,845	\$ 24,112,680	\$ 13,975,475	\$ 53,900,000
Funding Less Expenditures	\$ -	\$ -	\$ -	\$ -

DE-PS36-09GO99009 – 20% Wind by 2030: Overcoming the Challenges
Variable Generation Subcommittee (VGS)

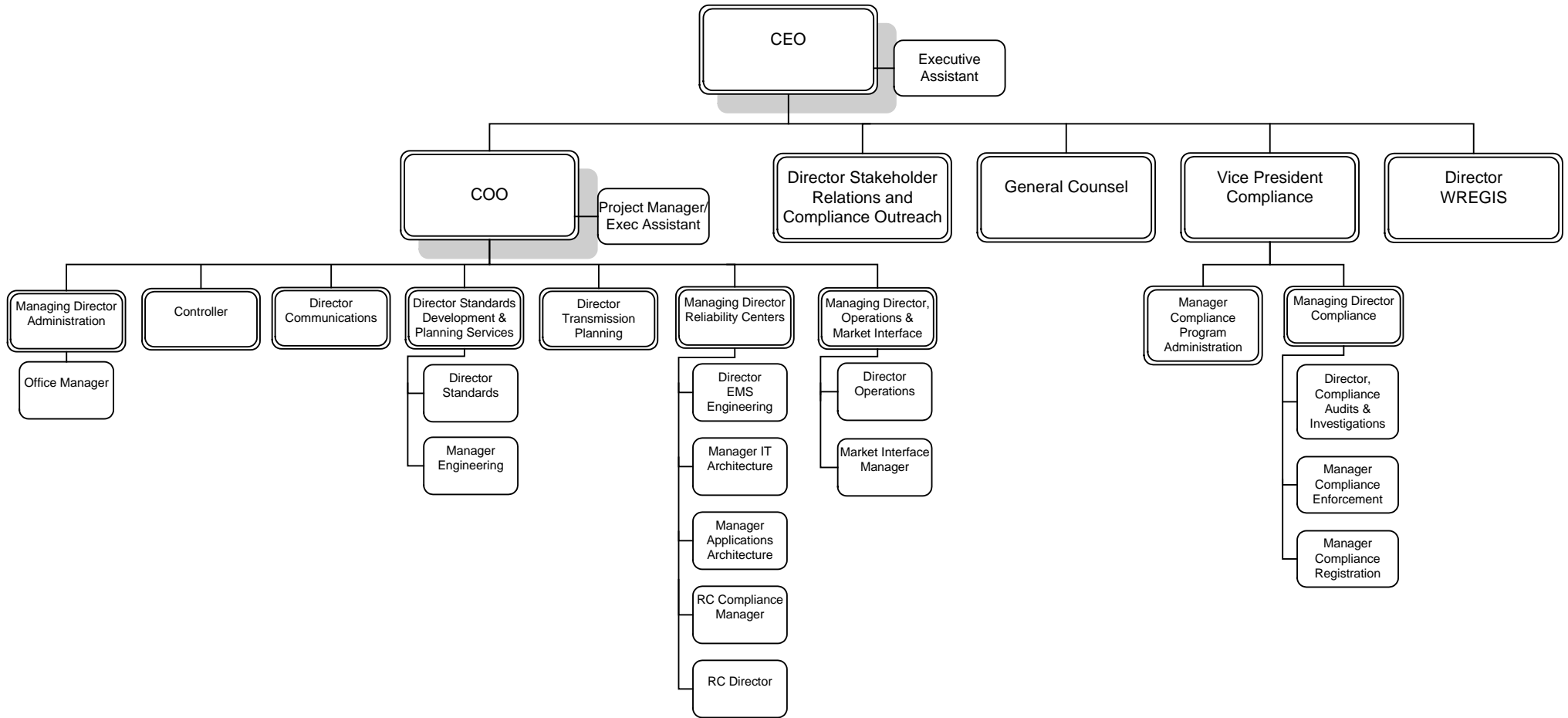
In May 2008, the U.S. DOE issued the “20% Wind Energy by 2030” report. The report found that in order to meet a 20 percent scenario, major challenges need to be overcome to reliably integrate that level of penetration. As such, the U.S. DOE issued an FOA (DE-PS36-09GO99009) for projects aimed at overcoming these challenges. On March 3, 2009, WECC submitted a response to this FOA with a project to examine Balancing Authority Cooperation Concepts to Reduce Variable Generation Integration Costs in the Western Interconnection. On May 3, 2010, WECC signed an agreement with the U.S. DOE to receive a grant of \$245,000 with an effective date of February 1, 2010. This project will examine the benefits of different Balancing Authority coordination scenarios including consolidation concepts and less-than-hourly scheduling intervals to aid in the reliable integration of variable generation. This work will be coordinated through the Variable Generation Subcommittee.

The proposed and U.S. DOE-approved budget for federal funds to be received by WECC is shown below:

	Budget Period 1 (2010)	Budget Period 2 (2011)	Total
Federal Grant Funding	\$ 122,400	\$ 122,400	\$ 244,800
Expenditures			
Personnel	12,480	12,480	24,960
Meeting Expenses	9,920	9,920	19,840
Consultants & Contractors	100,000	100,000	200,000
Total Expenditures	\$ 122,400	\$ 122,400	\$ 244,800
Funding Less Expenditures	\$ -	\$ -	\$ -

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Appendix B: WECC Organizational Chart



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Appendix C: Adjustment to the AESO 2011 Assessment

WECC CMEP Direct Costs	\$ 9,286,867	
Adjustment Based on 21.5 of 58.5 FTEs	\$ 3,413,122	
AESO NEL Share	6.660%	
AESO Direct Cost Credit		<u>\$ 227,318</u>
WECC CMEP Indirect Costs	\$ 4,841,962	
Adjustment Based on 21.5 of 58.5 FTEs	\$ 1,779,524	
AESO NEL Share	6.660%	
AESO Indirect Cost Credit		<u>\$ 118,518</u>
Total AESO Credit		<u><u>\$ 345,836</u></u>

The above calculation is consistent with NERC’s allocation of certain Compliance and Enforcement costs and the WECC Board Approved Allocation Methodology for Certain WECC Compliance Program Area Costs Assessed to Non-U.S. Entities. The assessment adjustment of \$345,836 represents WECC costs that are duplicative of Alberta Compliance and Enforcement Programs. This amount is allocated to the remainder of the Balancing Authorities assessments based on NEL.

Assumptions:

1. WECC costs are pursuant to WECC 2011 Business Plan and Budget.
2. NEL share is pursuant to WECC 2011 Business Plan and Budget
3. 22 of 58.5 FTEs perform Audit and Investigations. Approximately 3 weeks per year is spent on AESO, estimated at .5 FTE. Therefore, the adjustment to the CMEP costs will be based on 21.5 of 58.5 FTEs.

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 6

**WESTERN INTERCONNECTION
REGIONAL ADVISORY BODY**

PROPOSED 2011 BUSINESS PLAN AND BUDGET

2011 Business Plan and Budget

Western Interconnection Regional Advisory Body

**Approved by:
The Western Interconnection Regional Advisory Body**

**DATE
June 3, 2010**

Table of Contents

Introduction	3
Section A — 2011 Business Plan	11
Western Interconnection Regional Advisory Body	
Section B — Supplemental Financial Information	16
Reserve Balance.....	16
Breakdown by Statement of Activity Sections	17
Section C — 2010 Non-Statutory Business Plan and Budget	21
Not applicable to WIRAB.....	
Section D	23
2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory	23

Introduction

WIRAB TOTAL RESOURCES (in whole dollars)				
	2011 Budget	U.S.	Canada	Mexico
Statutory FTEs	2.5			
Non-statutory FTEs	0			
Total FTEs	2.5			
Statutory Expenses	\$ 616,470			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 616,470			
Statutory Inc(Dec) in Fixed Assets	\$ -			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ -			
Statutory Working Capital Requirement*	\$ (294,607)			
Non-Statutory Working Capital Requirement**	\$ -			
Total Working Capital Requirement	\$ (294,607)			
Total Statutory Funding Requirement	\$ 321,863			
Total Non-Statutory Funding Requirement				
Total Funding Requirement	\$ 321,863			
Statutory ERO Funding Assessments	\$ 319,363			
Non-Statutory Membership Fees	0			
NEL	847,828,789	720,047,487	117,038,716	10,742,586
NEL%	100%	84.9%	13.8%	1.3%

*Refer to Table B-1 on page 16 in Section B.

Organizational Overview

In April 2006, ten Western Governors petitioned to create the Western Interconnection Regional Advisory Body under Section 215(j) of the Federal Power Act. The Governors indicated their interest in inviting all U.S. states, Canadian provinces and Mexico, which have territory in the Western Interconnection, to join WIRAB.

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued on July 20, 2006 (the "Order")¹, the FERC:

- Granted the Western Governors' petition to establish the Western Interconnection Regional Advisory Body (WIRAB) under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the ERO for review by the ERO and submission through the ERO budget approval process.

¹ Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the Electric Reliability Organization (ERO). The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.² The July 20 Order specified that the WIRAB should annually develop and submit to the ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The WIRAB submission also needs to identify the portion of its costs for 215(j) activities that will be funded from Canada and Mexico, and the basis for this allocation.

Membership and Governance

All of the states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the provinces of Alberta and British Columbia, and Mexico are members of WIRAB. Below is the list of members appointed by the Governor or Premier:

Alberta	Ian McKay, Department of Energy
Arizona	Vacant, Governor's Office
British Columbia	Shelley Murphy, Ministry of Energy, Mines and Petroleum Resources
California	Bill Chamberlain, California Energy Commission
Colorado	Morey Wolfson, Governor's Energy Office
Idaho	Marsha Smith, Public Utilities Commission
Mexico	Marcos Valenzuela, CFE
Montana	Tom Kaiserski, Department of Commerce
Nebraska	Tim Texel, Nebraska Power Review Board
Nevada	Rebecca Wagner, Public Utilities Commission
New Mexico	Jon Goldstein, Energy, Minerals and Natural Resources Department
Oregon	John Savage, Public Utility Commission
South Dakota	Dustin Johnson, Public Utilities Commission
Texas	Donna Nelson, Public Utility Commission
Utah	Dianne Nielson, Governor's Office
Washington	Tony Usibelli, Department of Community, Trade and Economic Development
Wyoming	Vacant, Governor's Office

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board, which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors and Premiers or their alternates. WIRAB has the same status under the compact as the Western Interstate Energy

² Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Board (WIEB), which is the energy affiliate of the Western Governors' Association. WIRAB operates under the bylaws of WINB as revised on April 4, 2006. (See organizational chart on page 14.)

Statutory Functional Scope

FERC approved the petition of the Western Governors to create WIRAB as a regional advisory body under Section 215(j) of the Federal Power Act.

2011 Key Assumptions

- WIRAB continues to operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB continues to meet by conference call roughly monthly and is scheduled to hold two in-person meetings in 2011. WIRAB representatives will meet with FERC at its offices once in 2011.
- The current delegated model continues.
- There is no significant expansion of FERC, NERC or WECC responsibilities as a result of legislation pending in the U.S. Congress.
- Fiscal constraints in State and Provincial agency budgets make the reimbursement of travel costs associated with WIRAB activities more important.

2011 Goals and Key Deliverables

- Advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB's work in 2011 will build on its work over the past year where WIRAB offered: [advice to FERC](#) on the application of proposed penalty guidelines to violations of Section 215 standards, [advice to WECC](#) on the funding under Section 215 of a study of an Energy Imbalance Service; and [advice to NERC](#) on its three-year assessment.
- Roughly monthly conference calls or in-person meetings of WIRAB which include opportunities for public comment. Over the past year, WIRAB has met seven times, five times by conference call ([June 29, 2009](#), [August 17, 2009](#), [December 3, 2009](#), [March 5, 2010](#), June 3, 2010), and in person twice ([November 5, 2009](#), [April 21, 2009](#)). The WIRAB conference call meetings included reports by senior WECC staff on topics of interest to WIRAB. The in-person meetings included FERC Chairman Wellinghoff, senior FERC staff, the NERC CEO and senior WECC and NERC staff. In addition, WIRAB annually sends a contingent to FERC offices to meet with Commissioners and senior staff on issues of mutual interest.

- Webinars or workshops to expand the understanding of States and Provinces on reliability issues. For example, in the past year, WIRAB held webinars on [NERC's proposed reliability metrics](#) and [WECC's Power Supply Assessment](#). The primary audience of the webinars is WIRAB members, however, because of the broad interest in the webinar topics, other Western state and provincial personnel are invited to participate.
- Monitoring of reliability issues important to the Western Interconnection including, but not limited to: application of the definition of an “adequate level of reliability” to standards development; promising approaches to evaluating the cost-effectiveness of reliability standards, including the development of “results-based” standards; new regional standards; operation of the standards interpretation process; alternatives to the current micromanagement approach to compliance; trends in violations; compliance concerns raised by Registered Entities; transmission and integration of variable generation; FERC and NERC audits of WECC; WECC's Section 4.9 review; and opportunities for states, particularly PUCs, to assist in improving the cyber security preparedness of western entities. Information gleaned from monitoring issues is used by WIRAB staff to prepare briefing memos for WIRAB members prior to all WIRAB conference calls and meetings. The monitoring effort involves participation in all meetings of the WECC Board of Directors, including a report on WIRAB concerns, attendance at selected meetings of the NERC Board of Trustees and Members' Representatives Committee, and attendance at selected WECC committee and work group meetings.
- WIRAB's meetings, webinars and monitoring better inform Western states, Western provinces and Mexico on grid reliability issues. Based on this informational foundation, WIRAB can offer concise and relevant advice to FERC, NERC and WECC that reflects the public interest of Western states, Western provinces and Mexico. WIRAB's work also promote international comity with Western Canadian Provinces and Mexico on reliability issues which is necessary for the effective implementation of reliability standards in the Western Interconnection.

2011 Overview of Cost Impacts

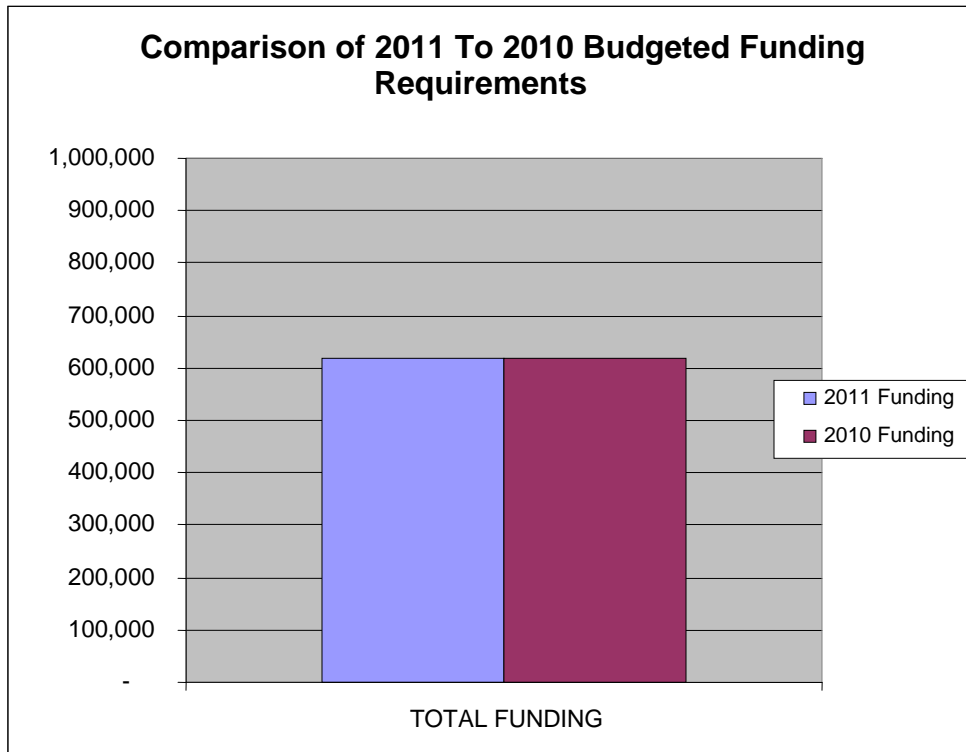
WIRAB's proposed 2011 budget is \$616,470, slightly lower than the 2010 budget.

Staff costs are the same in the 2011 budget as the 2010 budget. Staff costs plus indirect costs in 2010 are estimated to be \$154,710 lower than budgeted because of delays in hiring qualified technical staff in 2010. Total projected FTEs in 2011 are 2.5. The budget includes \$75,000 for contracting for technical expertise on issues related to standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215. Meeting costs will decrease slightly from \$12,000 in the 2010 budget to \$10,000 while WIRAB continues to hold two in-person meetings per year. Travel costs will decrease from \$50,000 to \$25,000

per year reflecting increased coordination with other meetings. A working capital reserve of \$100,000 will be maintained.

Program	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Western Interconnection Regional Advisory Body	616,810	426,000	616,470	(340)	-0.1%

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



WIRAB FTE's

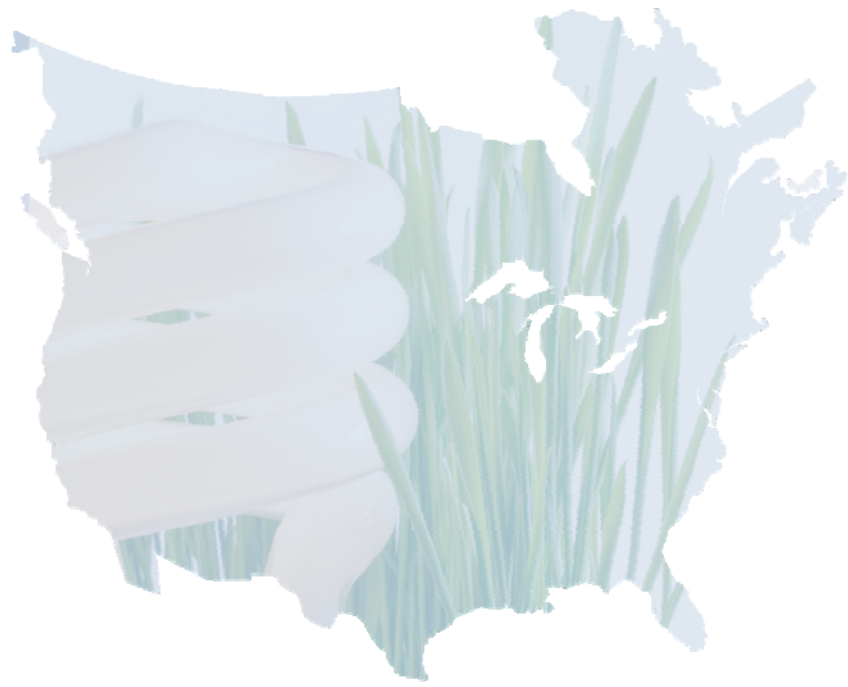
Total FTE's by Program Area	Budget 2010	Projection 2010	Direct FTEs 2011 Budget	Shared FTEs ¹ 2011 Budget	Total FTEs 2011 Budget	Change from 2010 Budget
STATUTORY						
Operational Programs						
WIRAB	2.75	1.70	2.50		2.50	-0.25
Total FTEs Operational Programs	2.75	1.70	2.50	0.00	2.50	-0.3
Administrative Programs						
WIRAB (included in indirect expenses)					0.0	0.0
Total FTEs Administrative Programs	0.0	0.0	0.0	0.0	0.0	0.0
Total FTEs	2.75	1.70	2.50	0.00	2.50	-0.25

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

2010 Budget and Projection and 2011 Budget Comparisons

Statement of Activities and Capital Expenditures 2010 Budget & Projection, and 2011 Budget					
STATUTORY					
	2010 Budget	2010 Projection	Variance 2010 Projection v 2010 Budget Over(Under)	2011 Budget	Variance 2011 Budget v 2010 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 438,381	\$ 438,381	-	\$ 319,363	\$ (119,018)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 438,381	\$ 438,381	\$ -	\$ 319,363	\$ (119,018)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	3,567	2,600	(967)	2,500	\$ (1,067)
Miscellaneous	-	-	-	-	-
Total Funding	\$ 441,948	\$ 440,981	\$ (967)	\$ 321,863	\$ (120,085)
Expenses					
Personnel Expenses					
Salaries	\$ 235,500	\$ 150,000	(85,500)	\$ 235,500	\$ -
Payroll Taxes (included in indirect exp	-	-	-	-	-
Benefits (Included in indirect expense)	-	-	-	-	-
Retirement Costs (included in indirect	-	-	-	-	-
Total Personnel Expenses	\$ 235,500	\$ 150,000	\$ (85,500)	\$ 235,500	\$ -
Meeting Expenses					
Meetings	\$ 12,000	\$ 8,000	(4,000)	\$ 10,000	\$ (2,000)
Travel	50,000	20,000	(30,000)	25,000	\$ (25,000)
Conference Calls	3,500	2,000	(1,500)	2,500	\$ (1,000)
Total Meeting Expenses	\$ 65,500	\$ 30,000	\$ (35,500)	\$ 37,500	\$ (28,000)
Operating Expenses					
Consultants & Contracts	\$ 75,000	\$ 75,000	-	\$ 75,000	\$ -
Office Rent (included in indirect)	-	-	0	-	-
Office Costs (Included in indirect	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	600	-	(600)	-	\$ (600)
Depreciation (Included in indirect)	-	-	-	-	-
Total Operating Expenses	\$ 75,600	\$ 75,000	\$ (600)	\$ 75,000	\$ (600)
Total Direct Expenses	\$ 376,600	\$ 255,000	\$ (121,600)	\$ 348,000	\$ (28,600)
Indirect Expenses	\$ 240,210	\$ 171,000	(69,210)	\$ 268,470	\$ 28,260
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 616,810	\$ 426,000	\$ (190,810)	\$ 616,470	\$ (340)
Change in Assets	\$ (174,862)	\$ 14,981	\$ 189,843	\$ (294,607)	\$ (119,745)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN NET ASSETS	\$ (174,862)	\$ 14,981	\$ 189,843	\$ (294,607)	\$ (119,745)

Section A – Statutory Programs 2011 Business Plan and Budget



Section A — 2011 Business Plan

Western Interconnection Regional Advisory Body

Western Interconnection Regional Advisory Body (in whole dollars)			
	2010 Budget	2011 Budget	Increase (Decrease)
Total FTEs	2.75	2.5	-0.25
Direct Expenses	376,600	348,000	(28,600)
Indirect Expenses	240,210	268,470	28,260
Inc(Dec) in Assets	(174,862)	(294,607)	(119,745)
Total Funding Requirement	441,948	321,863	(120,085)

Program Scope and Functional Description

The western governors created WIRAB to provide advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WIRAB meetings are open to all. There are generally monthly meetings via web conferencing and, in 2011, there will be two in-person meetings. These meetings are expected to be held in April and October.

2011 Key Assumptions

- WIRAB continues to operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB continues to meet by conference call roughly monthly and is scheduled to hold two in-person meetings in 2011. WIRAB representatives will meet with FERC at its offices once in 2011.
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- There is no significant expansion of FERC, NERC or WECC responsibilities as a result of legislation pending in the U.S. Congress.
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- Advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WIRAB's work in 2011 will build on its work over the past year where WIRAB offered: [advice to FERC](#) on the application of proposed penalty guidelines to violations of Section 215 standards, [advice to WECC](#) on the funding under Section 215 of a study of an Energy Imbalance Service; and [advice to NERC](#) on its three-year assessment.

- Roughly monthly conference calls or in-person meetings of WIRAB which include opportunities for public comment. Over the past year, WIRAB has met seven times, five times by conference call ([June 29, 2009](#), [August 17, 2009](#), [December 3, 2009](#), [March 5, 2010](#), June 3, 2010), and in person twice ([November 5, 2009](#), [April 21, 2009](#)). The WIRAB conference call meetings included reports by senior WECC staff on topics of interest to WIRAB. The in-person meetings included FERC Chairman Wellinghoff, senior FERC staff, the NERC CEO and senior WECC and NERC staff. In addition, WIRAB annually sends a contingent to FERC offices to meet with Commissioners and senior staff on issues of mutual interest.
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- WIRAB's meetings, webinars and monitoring better inform Western states, Western provinces and Mexico on grid reliability issues. Based on this informational foundation, WIRAB can offer concise and relevant advice to FERC, NERC and WECC that reflects the public interest of Western states, Western provinces and Mexico. WIRAB's work also promote international comity with Western Canadian Provinces and Mexico on reliability issues which is necessary for the effective implementation of reliability standards in the Western Interconnection.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Interest income will be \$1,067 lower due to continued low interest rates and a reduction in the base amount.

Personnel Expenses

- Total expenses for salaries are estimated to remain the same. The number of FTE's will be slightly reduced. Payroll taxes, Benefits, and Retirement Costs are included in Indirect Costs and are detailed in Table B-4 on Page 18.

Meeting Expenses

- Travel decreases \$25,000 reflecting the increased coordination with other meetings. There will continue to be two WIRAB meetings per year and some travel to WECC, NERC and FERC meetings.
- Meeting expenses decrease \$2,000. While there will still be two meetings per year, the meetings will be somewhat shorter in length.
- Conference calls decreases \$1,000 in part due to new phone system which will allow most calls to be arranged in-house.

Operating Expenses

- No change. The budget includes \$75,000 for contracting for technical expertise on issues related to standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215.

Indirect Expenses

- Increase \$28,260 due to higher administrative costs (support personnel, rent, and other office expenses) and increased cost for benefits such as medical insurance.

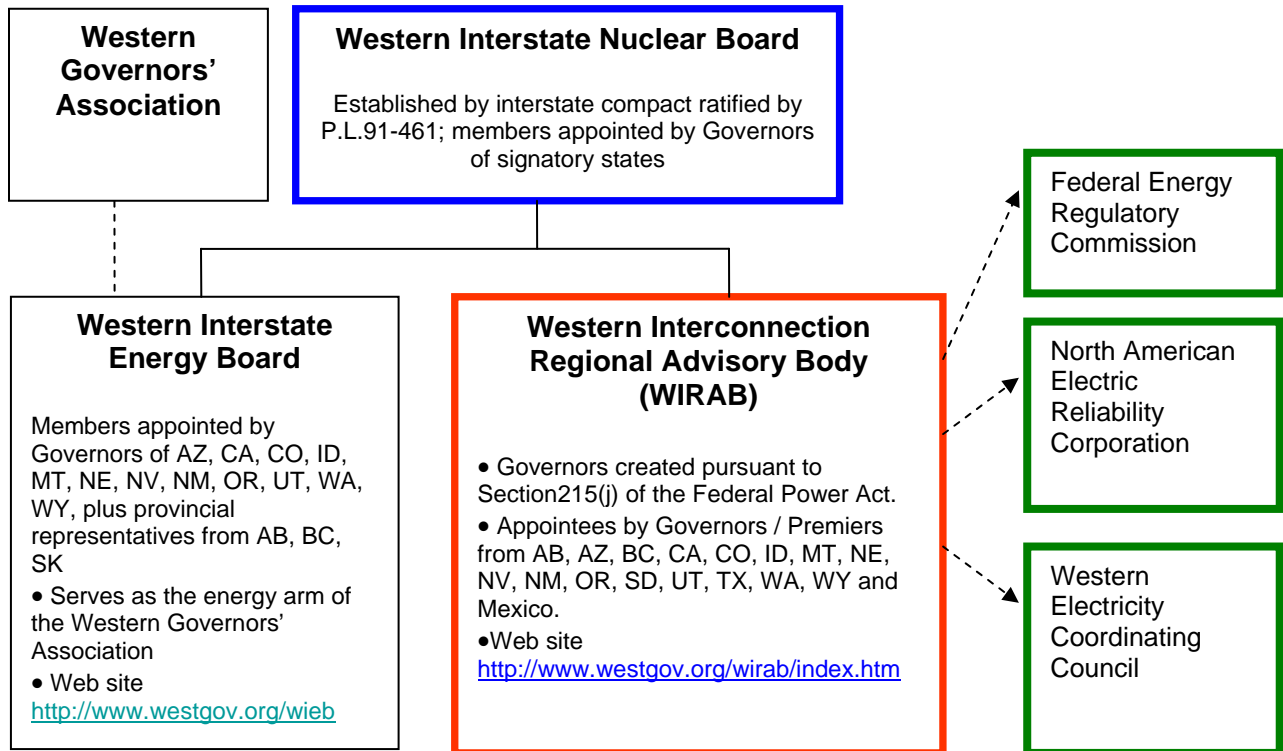
Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

2011 Organizational Chart



Section B – Supplemental Financial Information 2011 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2010-2011	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	379,626
Less: Penalty sanctions to be used as offset to 2011 assessments ¹	0
Plus: 2010 ERO Funding (from LSEs or designees)	438,381
Plus: 2010 Other funding sources	2,600
Less: '2010 Projected expenses & capital expenditures	(426,000)
Projected Working Capital Reserve (Deficit), December 31, 2010	<u>394,607</u>
Desired Working Capital Reserve, December 31, 2011	² 100,000
Less: Projected Working Capital Reserve, December 31, 2009	(394,607)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(294,607)</u>
2011 Assessment for Expenses and Capital Expenditures	616,470
Less: Penalty Sanctions ¹	
Less: Other Funding Sources	(2,500)
Adjustment to achieve desired Working Capital Reserve	(294,607)
2011 Assessment	<u>319,363</u>

¹ Penalty sanctions are not applicable to WIRAB

² On June 29, 2009, WIRAB members approved a desired working capital reserve of \$100,000
The reserve consists of the following components:
\$100,000 for contingencies

Explanation of Changes in Reserve Policy from Prior Years

None

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page __, of the 2011 WIRAB Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Not applicable to WIRAB

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2010	Projection 2010	Budget 2011	Variance 2011 Budget v 2010 Budget	Variance %
Salaries					
Salary	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
Total Payroll Taxes				\$ -	
Benefits (included in indirect expenses)					
Workers Compensation				\$ -	
Medical Insurance				-	
Life-LTD-LTC Insurance				-	
Education				-	
Relocation				-	
Total Benefits	\$ -	\$ -	\$ -	\$ -	
Retirement (included in indirect expenses)					
Discretionary 401k Cont.				\$ -	
Savings Plan				-	
Total Retirement	\$ -	\$ -	\$ -	\$ -	
Total Personnel Costs	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
FTEs	2.75	1.7	2.5	(0.25)	-9.1%
Cost per FTE					
Salaries	\$ 85,636	\$ 88,235	\$ 94,200	8,564	10.0%
Payroll Taxes	6,894	6,971	7,442	548	7.9%
Benefits	8,200	9,076	9,984	1,784	21.8%
Retirement	6,423	6,618	7,065	642	10.0%
Total Cost per FTE	\$ 107,153	\$ 110,900	\$ 118,690	\$ 11,537	10.8%

Explanation of Significant Variances – 2011 Budget versus 2010 Budget

While the salary amount remains the same, the FTEs will be reduced by .25. This will result in a cost per FTE increase of about 10 percent. Part of this increase is due to a reordering of staff that is working on WIRAB issues and part is due to a salary increase. Since payroll taxes and retirement are based on salaries, these costs will increase. In addition, medical insurance costs are increasing.

Consultants and Contracts

See Table on page 13.

WIRAB is budgeting \$75,000 for consultants and contracts in 2011, the same amount as in 2010.

Section C – Non-Statutory Activities 2011 Business Plan and Budget



Section C — 2010 Non-Statutory Business Plan and Budget

None

Section D – Additional Consolidated Financial
Statements
2011 Business Plan and Budget



Section D

2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Financial Position

WIRAB Statement of Financial Position Statutory

	As of December 31, 2009 (per July 2008- June 2009 audit)	As of December 31, 2010, projected	As of December 31, 2011, as budgeted
ASSETS			
Cash and Investments	379,626	395,574	100,000
Total Assets	379,626	395,574 *	100,000

* See chart B-1 on page 16

Section D — Additional Financial Statements

WIRAB True-up

The following chart shows WIRAB actual expenses for 2009 compared to the budget amount. FERC had requested this information from the regional entities, but did not request it from WIRAB. We are providing it to provide a more complete overview of the WIRAB budget.

(In Whole Dollars)	2009 YTD Actual	2009 YTD Budget	2009 YTD Variance	Comments
Funding				
ERO Funding				
WIRAB Assessments	378272	378272	0	
Penalty Sanctions			0	
Total ERO Funding	378272	378272	0	
Membership Fees & Non-Stat Assessments	0	0	0	
Testing Fees	0	0	0	
Services & Software	0	0	0	
Workshops	0	0	0	
Interest	2127	2976	-849	Bank interest rates were lower than anticipated
Miscellaneous	0	0	0	
Total Funding	380399	381248	-849	
Expenses				
Personnel Expenses				
Salaries	127544	235500	-107956	Did not hire electrical engineer as expected.
Payroll Taxes	0	0	0	
Employee Benefits	0	0	0	
Savings & Retirement	0	0	0	
Total Personnel Expenses	127544	235500	-107956	
Meeting Expenses				
Meetings	13693	9500	4193	Meeting costs increased, larger turnout at meetings than last year, increased use of webinars
Travel	45514	35000	10514	Travel by state members increased and costs per trip increase.
Total Meeting Expenses	59207	44500	14707	
Operating Expenses				
Consultants & Contracts	0	75000	-75000	Did not hire consultants as had been anticipated
Office Rent (Included in indirect costs)	0	0	0	
Office Costs (Included in indirect costs)	0	0	0	
Professional Services	0	0	0	
Miscellaneous (Included in indirect costs)	0	600	-600	No miscellaneous costs to report
Indirect Expenses	144625	240210	-95585	Indirect costs are based on labor csts
Depreciation	0	0	0	
Total Operating Expenses	144625	315810	-171185	
Total Direct Expenses	331376	595810	-264434	
Other Non-Operating Expenses	0	0	0	
Change in Assets	49023	-214562	263585	
Fixed Assets				
Depreciation	0	0	0	
Computer & Software CapEx	0	0	0	
Furniture & Fixtures CapEx	0	0	0	
Equipment CapEx	0	0	0	
Leasehold Improvements	0	0	0	
TOTAL CHANGE IN ASSETS	49023	-214562	263585	

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 7

DISCUSSION OF COMMENTS RECEIVED

DURING DEVELOPMENT OF NERC'S

2011 BUSINESS PLAN AND BUDGET

**DISCUSSION OF COMMENTS RECEIVED
DURING DEVELOPMENT OF NERC'S
2011 BUSINESS PLAN AND BUDGET**

NERC received written comments on the first draft of its 2011 Business Plan and Budget from the Bonneville Power Administration (“BPA”) and the Ontario Independent Electricity System Operator (“IESO”). (In contrast, in the preparation of the 2010 Business Plan and Budget, comments were received from a total of 14 entities, some of which submitted two sets of comments.)

BPA indicated it believed the Business Plan was sound, including its incorporation of strategic and forward looking actions. BPA expressed concern over the amount of the overall budget increase and requested that NERC look for ways to reduce its Situation Awareness and Infrastructure Security budget through better coordination and use of information and methods of Reliability Coordinators and Transmission Owners and Operators. BPA was supportive of NERC’s approach to address standards interpretations.

The IESO commended NERC on the detail and format of its Business Plan and Budget. It provided suggestions and observations regarding the presentation of total funding requirements net of penalty sanctions, recovery of Technical Feasibility Exception costs, reconciliations and explanations of proposed staffing increases, and additional support for the Situation Awareness and Infrastructure Security budget, as well as comments regarding certain costs that should be excluded from allocation to Canadian entities under NERC’s Expanded Policy on Allocation of Certain Compliance and Enforcement Costs.

Several verbal comments were also received during the public presentations of the various drafts of NERC’s 2011 Business Plan and Budget (*i.e.*, at meetings of the NERC Finance and Audit Committee and Board of Trustees where the Business Plan and Budget was discussed). These comments were supportive of the process employed by NERC and the Regional Entities in preparing and presenting their respective 2011 Business Plans and Budgets, acknowledged the need for additional resource support and funding, and were supportive of NERC’s efforts to develop and improve long term budget forecasting.

In response to several verbal comments expressing concern over the level of the proposed budget increase in comparison to utilities’ recent budget increases and in light of current economic conditions, NERC management reiterated its ongoing commitment to cost control and efficiency initiatives, while also pointing out that the drivers behind NERC’s resource demands and associated funding requirements, together with its still-developing programs as the ERO, are not readily comparable to those of a mature and established operating entity such as a public utility.

NERC is also committed to working closely with Commission staff, Regional Entity management and industry in the design and implementation of the Situation Awareness- FERC, NERC and Regions (SAFNR) project, the budget for which is included in the Situation Awareness and Infrastructure Security program area. NERC management is also engaged in an ongoing review of the structure, and NERC's funding, of various reliability tools, and is working with the Grid Protection Alliance to identify ways to leverage NERC's funding and resource commitments for the North American Synchro-Phasor Initiative (NASPI).

Additional clarifying details in support of NERC's proposed budget were also provided in the second and third (final) drafts of NERC's 2011 Business Plan and Budget and accompanying materials which were posted on NERC's website on May 28, July 23 and July 28, 2010.

The proposed calculations of Compliance Monitoring and Enforcement Program costs credits contained in **Attachment 13** have been agreed to by the applicable Canadian entities, including the IESO, thus resolving any concerns by these entities with respect to the proposed 2011 credits.

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 8

**CALCULATION OF ADJUSTMENTS
TO THE IESO 2011 NERC ASSESSMENT,
THE QUEBEC 2011 NERC ASSESSMENT,
THE AESO 2011 NERC ASSESSMENT
AND THE NBSO 2011 NERC ASSESSMENT**

2011 IESO Adjustment
Credit for NERC Compliance Costs

	2011	2010	Change	
2011 NERC Compliance Costs				
Direct Costs	10,824,099	9,359,703		
Indirect Costs	6,258,830	5,186,621		
Other Non-Operating Expenses	312,500			
Fixed Asset Expenditures	62,472	171,188		
Less: Costs recovered from RE's for CEA	(150,000)	(404,781)		
Total Costs, including Fixed Assets	17,307,901	14,312,731	2,995,170	20.93%
Total Staff	47.08	45.75		
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	(0.45)	(2.25)		
Net Total Staff	46.63	43.50	3.13	
% Credit (38.63 of 46.63 FTEs)	82.84%	70.11%	12.73%	
\$ Credit (38.63 of 46.63 FTEs)	\$ 14,338,499	\$ 10,035,363		
Credit for 706b & TFEs	200,000			
Credit for SAFNR	750,000			
	\$ 15,288,499	\$ 10,035,363	\$ 5,253,136	52.35%
IESO NEL Share (2009)	3.271%	3.287%		
IESO Credit - NERC Costs, including Fixed Assets	\$ 500,079	\$ 329,862	\$ 170,216	51.60%

**2011 Quebec Adjustment
Credit for NERC Compliance Costs**

	Total NERC Compliance Budget Quebec NEL Allocation	Quarterly
2011 NERC Compliance Costs		
Direct Costs	10,824,099	
Indirect Costs	6,258,830	
Other Non-Operating Expenses	312,500	
Fixed Asset Expenditures	62,472	
Total Costs, including Fixed Assets	17,457,901	
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	(150,000)	
Net total to be allocated	17,307,901	
Quebec NEL Share (2009)	4.259%	
Quebec Proportional Share of Compliance Costs, including Fixed Assets	\$ 737,089	
Total Staff	47.08	
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	(0.45)	
Net Total Staff	46.63	
% Credit (23.315 of 46.63 FTEs)	50.00%	
\$ Credit (23.315 of 46.63 FTEs)	\$ 8,653,951	
Quebec Credit (Proportional share of all costs x % Credit)	\$ 368,544	
Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	\$ 368,544	\$ 92,136
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column H-2, page 81, NPCC Business Plan and Budget)	\$ 1,176,085	\$ 294,021
2011 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	\$ 1,544,629	\$ 386,157
Additional Credits for 2011		
Credit for 706b & TFES	\$ 200,000	
Credit for SAFNR	750,000	
	\$ 950,000	
Quebec NEL Share (2009)	4.259%	
Quebec credit for additional costs not allocated	\$ 40,457	

**2011 AESO Adjustment
Credit for NERC Compliance Costs**

	Total NERC Compliance Budget AESO NEL Allocation
2011 NERC Compliance Costs	
Direct Costs	\$ 10,824,099
Indirect Costs	6,258,830
Other Non-Operating Expenses	312,500
Fixed Asset Expenditures	62,472
Total Costs, including Fixed Assets	\$ 17,457,901
Less: Costs to be recovered from Regional Entities where NERC serves as the CEA	(150,000)
Net total to be allocated	\$ 17,307,901
AESO NEL Share (2009)	1.289%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 223,028
Total Staff	47.08
Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities	(0.45)
Net Total Staff	46.63
% Credit (23.315 of 46.63 FTEs)	50.00%
\$ Credit (23.315 of 46.63 FTEs)	\$ 8,653,951
AESO credit for compliance costs	\$ 111,514
Additional Credits for 2011	
Credit for 706b & TFEs	\$ 200,000
Credit for SAFNR	750,000
	\$ 950,000
AESO NEL Share (2009)	1.289%
AESO credit for additional costs not allocated	\$ 12,242
Total AESO 2011 Credit	\$ 123,755

**2011 New Brunswick Adjustment
Credit for NERC Compliance Costs**

2011 NERC Compliance Costs

Direct Costs	10,824,099
Indirect Costs	6,258,830
Other Non-Operating Expenses	312,500
Fixed Asset Expenditures	62,472
Less: Costs recovered from RE's for CEA	(150,000)
Total Costs, including Fixed Assets	<u>17,307,901</u>

Total Staff 47.08

Less: FTEs budgeted for NERC to serve as the CEA for registered Regional Entities (0.45)

Net Total Staff **46.63**

% Credit (38.63 of 46.63 FTEs) 82.84%

\$ Credit (38.63 of 46.63 FTEs) \$ 14,338,499

Credit for 706b & TFEs 200,000

Credit for SAFNR 750,000

\$ 15,288,499

New Brunswick NEL Share (2009) 0.323%

New Brunswick Credit - NERC Costs, including Fixed Assets **\$ 49,378**

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 9

**STATUS REPORT ON THE ACHIEVEMENT
OF NERC'S 2010 GOALS**

Status Report on the Achievement of NERC's 2010 Goals

In its Business Plan and Budget filings for several previous years, NERC has included a status report on its year-to-date achievement of its goals and objectives that were stated in the Business Plan and Budget for the then-current year. (For example, in its *2010 Budget Filing*, NERC included, as Attachment 14, a status report on its achievement of the goals and objectives for 2009 that had been stated in its 2009 Business Plan and Budget.) NERC's 2010 Business Plan and Budget included detailed goals and objectives for 2010, by program area. In the first quarter of 2010, after an in-depth review and discussion of existing goals and priorities among the senior management team, a revised and consolidated set of ten over-riding goals were established for 2010, together with associated 2010 performance objectives and measures, against which progress would be tracked throughout the year. In order to ensure proper alignment of the performance of management and staff with these goals and objectives, weightings were also assigned to the various statutory programs and general and administrative areas to reflect their relative accountability and contributions towards the achievement of each goal and objective. The NERC Board of Trustees has endorsed these goals, objectives and measures.

Rather than being just individual, program specific goals, the ten goals are applicable to NERC's overall operations and activities, and most of them impact more than one (in some cases all) of NERC's statutory and administrative program areas. These goals, as well as the associated 2010 performance objectives and measures, were developed in conjunction with the initial development work on NERC's 2011 Business Plan and Budget, build on and integrate program area goals and reflect recent challenges and priorities. Additionally, among other considerations, the goals and performance objectives take into account the recommendations and actions developed in NERC's Three-Year ERO Performance Assessment in 2009.

The ten goals are as follows:

- Develop an industry program to systematically address risks to the reliability of the bulk power system.
- Improve consistency, transparency, and efficiency of compliance processes.
- Facilitate effective startup of Critical Infrastructure Protection program.
- Develop performance-based standards and improve timeliness of standards process.
- Improve delivery of results from physical and cyber security initiatives.
- Be a technology leader.

- Improve government and stakeholder relations.
- Improve regional entity delegation framework.
- Enhance opportunities for long-term recruitment and retention of quality staff.
- Provide effective cost controls and stewardship of ERO funding.

Because these ten goals, and the associated 2010 performance objectives and measures, are now being used by management to track the performance of the organization in 2010, this Attachment provides a status report on NERC's progress in achieving the ten goals, rather than the program-by-program goals and objectives contained in the 2010 Business Plan and Budget.¹

Attached is a copy of a presentation on the goals made by the NERC President and CEO to the NERC Corporate Governance and Human Resources Committee (CGHRC) on July 28, 2010 and which has also been posted on NERC's website. This presentation describes NERC's progress as of July 2010 in achieving the ten goals. A table is also included which has been posted on NERC's website and sets forth the performance objectives for each goal.

¹ The ten goals, associated 2010 performance objectives, and measures are also used as an integral part of NERC's annual employee performance management program..

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Item 6
CGHRC Conference Call
July 28, 2010

NERC Midyear Performance Report *through June 30, 2010*

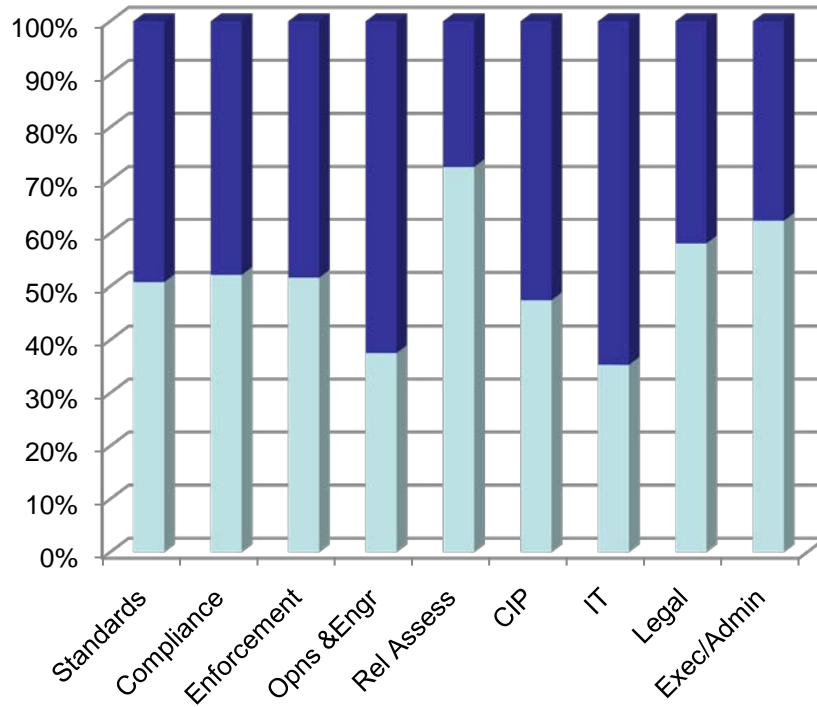
Gerry Cauley
President and CEO

to ensure
the reliability of the
bulk power system

- Established 2010 corporate performance measures based on
 - 2010 business plan
 - Three-year assessment
 - Incoming CEO vision
- Progress reviewed periodically with management team
 - Goals and objectives shared with work teams
- Results tied to performance compensation at corporate and department levels
 - Individual performance is third component

- Assess and reduce reliability risk (learning industry)
- Improve compliance process consistency, transparency, efficiency
- Advance abilities to achieve CIP compliance
- Deliver results-based standards and improve timeliness
- Be a technology leader
- Improve government and stakeholder relations
- Improve regional entity delegation framework
- Enhance long-term recruitment and retention
- Maintain effective cost controls and efficiencies

Department Performance

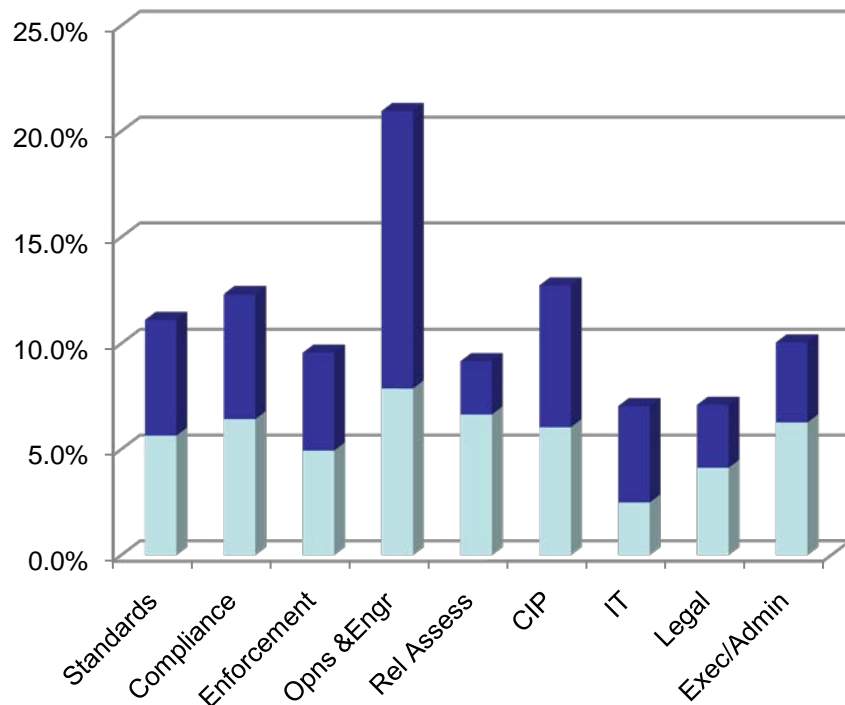


← 50.4% Corporate Performance

■ Incomplete
■ Complete

- Leading departments
 - Reliability assessment
 - Executive/admin/govt. affairs
 - Legal
- On track departments
 - Standards
 - Compliance
 - Enforcement
- Lagging departments
 - IT
 - Operations/engineering
 - CIP

Leading and Lagging Results



Lagging results

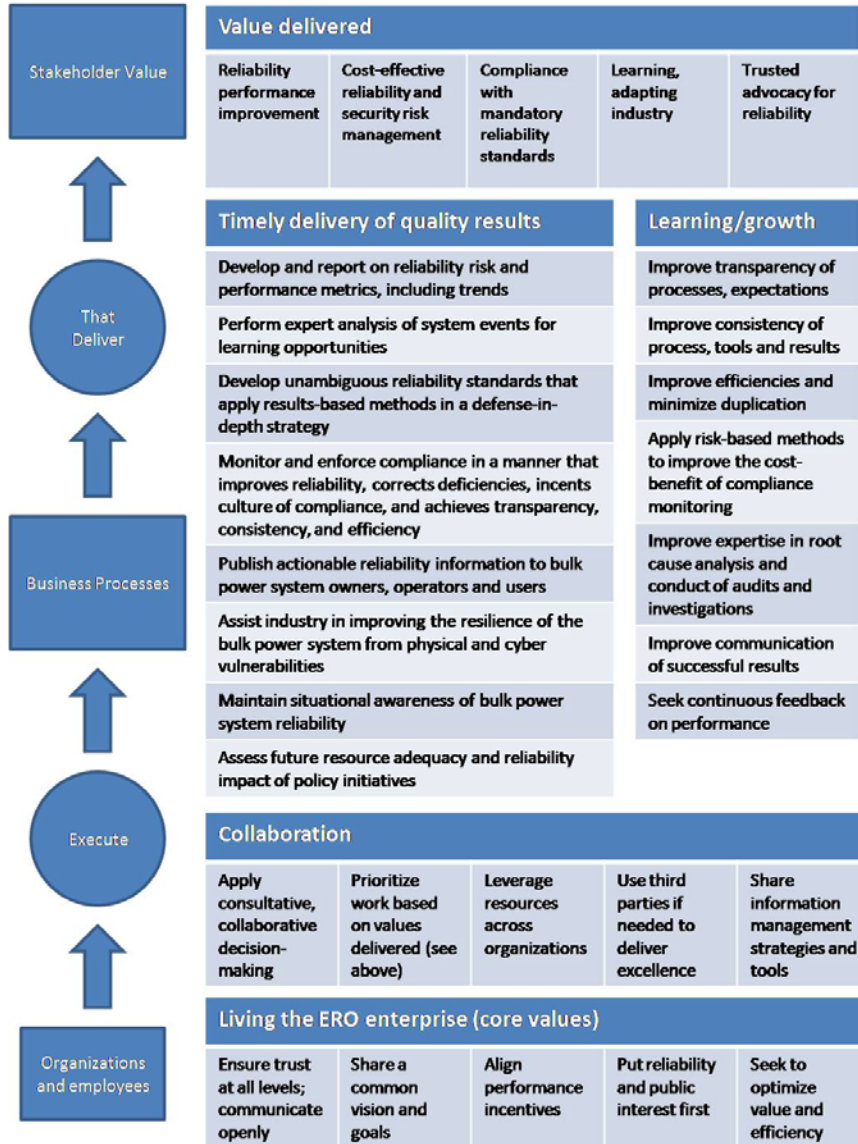
- Procedures for event analysis
- Frequency response initiative
- Preparation for CIP audits
- TFEs
- CIP standards revision
- Results-based standards
- Synchro-phasor
- SAFNR (situation awareness tool)

■ Incomplete
■ Complete

Leading results

- Risk analysis curves
- Reliability assessments reports
- Standards process improvements
- CIP alerts/bulletins
- HILF report and initiative planning
- Government and stakeholder relations
- Regional entity delegation agreements
- Relocation planning
- Financial controls and efficiencies

Looking Forward



- Continue to manage 2010 resources and priorities to optimize yearend results
- Evaluate improvements to performance measurement
 - Balanced score card based on value delivered
 - Joint project with regions, tied to RDA metrics

2010 NERC Performance Goals and Objectives

	2010 Goals		2010 Performance Objectives
1	Develop an industry program to systematically address risks to the reliability of the bulk power system.	a	Implement procedures for the triage, investigation, root cause analysis, and the transparent reporting of system events for the purpose of improving reliability performance and tracking recommendations (lessons learned); team with regional entities and engage registered entities in rigorous self-evaluation of system events and risk mitigation.
		b	In consultation with stakeholders adopt a family of reliability risk curves based on transmission, generation, and load outage severity-frequency data to measure and communicate bulk power system and equipment performance.
		c	Continue improving quality and consistency of reliability assessments, expand policy impact assessments to include climate change, renewables, demand response, and other emerging policy initiatives.
		d	Assess the extent and impact of the decline in frequency responsiveness of the Eastern Interconnection and develop an action plan to address the issue.
2	Improve consistency, transparency, and efficiency of compliance processes.	a	Working jointly with regional entities, increase the transparency of compliance processes and expectations; increase the consistency of compliance program results among regions by deploying shared procedures, training and tools; improve risk-based approaches for auditing and spot checks to optimize resource utilization for reliability benefit; promote a culture of compliance excellence through education, transparency, information, and incentives.
		b	Achieve on-time processing of alleged violations, settlements, and mitigation plans by adopting streamlined forms and procedures for minor violations and improved coordination with regional entities.
3	Facilitate effective startup of CIP compliance program.	a	Establish a program with regional entities for the efficient monitoring of compliance with CIP standards by registered entities that come under the jurisdiction of the standards in accordance with the implementation plan.
		b	Implement a program jointly with the regional entities to manage and report technical feasibility exceptions and prepare requirements and plans for the conduct of nuclear plant cyber security audits under the MOU with the Nuclear Regulatory Commission.

	2010 Goals		2010 Performance Objectives
4	Develop performance-based standards and improve timeliness of standards process.	a	Expedite the highest priority reliability standards: complete a revised CIP-002 to establish clear criteria for determining critical assets and associated CIP-003 to 009; one performance-based standard by August 2010; complete version 4 of remaining CIP standards by year end; and place five additional standards on an accelerated schedule for completion in 2011.
		b	Streamline the standards development procedure and increase accountability within the stakeholder process for quality and timeliness of standards development.
5	Improve delivery of results from physical and cyber security initiatives.	a	Develop a policy framing NERC's scope and objectives in enhancing the physical and cyber protection of the bulk power system; provide policy inputs regarding the potential reliability impacts of smart grid initiatives; build awareness of HILF risks.
		b	Work with government agencies in the U.S. and Canada to transform classified information regarding threats to the bulk power system into declassified information for industry action.
6	Be a technology leader.	a	Advance the North American Synchro-Phasor Initiative.
		b	Develop an ERO information management plan.
		c	Develop a plan and design for next generation SAFNR; increase the capabilities and integration of situational awareness activities in the regions with those of NERC.
7	Improve government and stakeholder relations.	a	Establish a new government affairs and external communications team; improve NERC's image and stature by developing constructive relationships with Congress, FERC, DOE, states and federal and provincial authorities in Canada and by issuing high quality public communications.
		b	Review and update technical committee structure to align with ERO functions and optimize use of industry expert resources.
8	Improve regional entity delegation framework.	a	File revisions to regional entity delegation agreements and associated changes to the rules of procedure.
		b	Develop an ERO enterprise operation built on collaborative decision-making with regional entities.

	2010 Goals		2010 Performance Objectives
9	Enhance opportunities for long-term recruitment and retention of quality staff.	a	Complete a study recommending office locations and telecommuting policies to achieve goals of recruiting high quality executives and associates to work in a strong team environment and to increase accessibility of NERC to stakeholders.
10	Provide effective cost controls and stewardship of ERO funding.	a	Meet 2010 budget while reducing costs for travel, meetings, contractors, and consultants below budgeted amounts.

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 10

METRICS COMPARING

REGIONAL ENTITY OPERATIONS

BASED ON THE 2011 BUDGETS

METRICS COMPARING REGIONAL ENTITY OPERATIONS BASED ON THE 2011 BUDGETS

Introduction

This Attachment provides metrics on the Regional Entities' operations based on their 2011 Business Plans and Budgets, and analysis of the metrics. The metrics focus primarily on the Regional Entities' Compliance Monitoring and Enforcement Programs. The Attachment contains (1) a table providing metrics values for each Regional Entity (page 3); (2) a series of bar charts comparing the Regional Entities' Compliance Program budgeted costs per registered entity and per registered function, and each Regional Entity's projected costs for 2011 for "small," "medium" and "large" on-site and off-site audits ¹ (pages 4 through 9); (3) trend line plots of the Regional Entities' Compliance Program budgets against numbers of registered entities and numbers of registered functions in each Region (page 12); (4) bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTEs and numbers of registered functions per Compliance Program FTE in their 2010 and 2011 Business Plans and Budgets (pages 10 and 11); and (5) discussion and analysis of the metrics (pages 12 through 17). The discussion and analysis focuses on variations in the Regional Entity metrics and possible reasons for the variations.

Consistent with the 2010 Business Plan and Budget Filing, this Attachment focuses on providing quantitative data and information for the Regional Entities. The table on page 3 shows the following quantitative data for each Regional Entity based on its 2011 Business Plan and Budget:

- Numbers of registered entities
- Numbers of registered functions
- Total NEL (Gwh)
- NEL (Gwh) per registered entity
- Total ERO funding
- ERO [statutory] funding² per registered entity
- ERO funding per registered function
- Total statutory budget³

¹ As originally presented in NERC's *December 15, 2008 Budget Compliance Filing to the 2009 Budget Order*, a "small" compliance audit involves 25 or fewer reliability standard requirements to be audited; a "medium" audit involves 26 to 75 requirements to be audited; and a "large" audit involves more than 75 requirements to be audited. An on-site audit takes place at the registered entity's site, while an off-site audit takes place at another location, typically the Regional Entity's offices.

² ERO funding is defined as the sum of assessments and penalty sanctions.

³ Total budget is defined as the sum of total expenses and the total increase in fixed assets.

- Total statutory budget per registered entity
- Total statutory budget per registered function
- Total Statutory FTEs⁴
- Registered entity 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 FTEs
- Registered entities per Compliance Program FTE
- Registered functions per Compliance Program FTE
- Projected numbers of small, medium and large on-site non-CIP/693 compliance audits in 2011
- Estimated costs for small, medium and large on-site non-CIP/693 compliance audits in 2011
- Projected numbers of small, medium and large off-site non-CIP/693 compliance audits in 2011
- Estimated costs for small, medium and large off-site non-CIP/693 compliance audits in 2011
- Projected numbers of small and medium on-site audits of CIP/706B standards in 2011⁵
- Estimated costs for small and medium on-site audits of CIP/706B standards in 2011
- Projected numbers of small and medium off-site audits of CIP/706B standards in 2011
- Estimated costs of small and medium off-site audits of CIP/706B standards in 2011
- Average numbers of contractors used in small, medium and large on-site compliance audits in 2011
- Average numbers of contractors used in small, medium and large off-site compliance audits in 2011

⁴ Each FTE (Full time equivalent employee) is assumed to work 2,080 hours per year

⁵ There are fewer than 75 requirements in the nine Critical Infrastructure Protection (CIP) standards; therefore, there are no “large” audits of compliance with the CIP standards.

2011 Metrics for Budget Submissions

Budget Metrics	FRCC	MRO ⁶	NPCC ⁶	RFirst	SERC	SPP	TRE	WECC ⁷
Number of registered entities	74	124	293	369	240	126	221	459
Number of registered functions	250	454	584	708	665	396	411	1,217
Total NEL (GWh)	226,803	264,752	652,049	889,208	990,094	203,023	308,278	847,828
NEL (GWh) per registered entity	3,065	2,135	2,225	2,410	4,125	1,611	1,395	1,847
Total ERO Funding ¹	\$ 5,017,060	\$ 8,397,502	\$ 12,961,110	\$ 13,682,744	\$ 11,590,508	\$ 9,282,485	\$ 9,247,823	\$ 20,229,648
ERO Funding per registered entity	\$ 67,798	\$ 67,722	\$ 44,236	\$ 37,081	\$ 48,294	\$ 73,671	\$ 41,845	\$ 44,073
ERO Funding per registered function	\$ 20,068	\$ 18,497	\$ 22,194	\$ 19,326	\$ 17,429	\$ 23,441	\$ 22,501	\$ 16,623
Total Statutory Budget ²	\$ 5,588,610	\$ 8,130,824	\$ 12,716,809	\$ 15,219,649	\$ 11,776,640	\$ 9,797,236	\$ 9,363,964	\$ 21,587,298
Total Statutory Budget per registered entity	\$ 75,522	\$ 65,571	\$ 43,402	\$ 41,246	\$ 49,069	\$ 77,756	\$ 42,371	\$ 47,031
Total Statutory Budget per registered function	\$ 22,354	\$ 17,909	\$ 21,775	\$ 21,497	\$ 17,709	\$ 24,740	\$ 22,783	\$ 17,738
Total Statutory FTE ³	26.45	34.50	31.42	66.50	53.50	29.67	49.00	130.40
Registered entity per Statutory FTE	2.80	3.59	9.33	5.55	4.49	4.25	4.51	3.52
Registered function per Statutory FTE	9.45	13.16	18.59	10.65	12.43	13.35	8.39	9.33
Total Compliance Budget ⁴	\$ 3,947,216	\$ 5,118,968	\$ 7,378,977	\$ 11,376,594	\$ 7,890,536	\$ 7,108,226	\$ 7,142,058	\$ 13,942,033
Compliance budget per registered entity	\$ 53,341	\$ 41,282	\$ 25,184	\$ 30,831	\$ 32,877	\$ 56,414	\$ 32,317	\$ 30,375
Compliance budget per registered function	\$ 15,789	\$ 11,275	\$ 12,635	\$ 16,069	\$ 11,865	\$ 17,950	\$ 17,377	\$ 11,456
Total Compliance FTE ³	16.59	17.47	14.00	43.75	30.00	17.92	29.12	58.50
Registered entity per Compliance FTE	4.46	7.10	20.93	8.43	8.00	7.03	7.59	7.85
Registered function per Compliance FTE	15.07	25.99	41.71	16.18	22.17	22.10	14.11	20.80
Number of Small (non-CIP/693) Audits Onsite ⁵	5	0	0	0	0	0	0	0
Estimated Cost per Small (non-CIP/693) Audit Onsite ⁵	\$ 7,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Medium (non-CIP/693) Audits Onsite ⁵	3	7	0	0	23	0	16	0
Estimated Cost per Medium (non-CIP/693) Audit Onsite ⁵	\$ 7,633	\$ 24,616	\$ -	\$ -	\$ 15,413	\$ -	\$ 37,233	\$ -
Number of Large (non-CIP/693) Audits Onsite ⁵	4	8	10	12	8	6	6	24
Estimated Cost per Large (non-CIP/693) Audit Onsite ⁵	\$ 38,165	\$ 44,503	\$ 60,580	\$ 47,150	\$ 26,536	\$ 50,406	\$ 46,541	\$ 39,119
Number of Small (non-CIP/693) Audits Offsite ⁵	0	4	7	18	9	13	5	4
Estimated Cost per Small (non-CIP/693) Audit Offsite ⁵	\$ -	\$ 7,941	\$ 6,440	\$ 14,040	\$ 9,028	\$ 10,739	\$ 14,285	\$ 7,169
Number of Medium (non-CIP/693) Audits Offsite ⁵	0	0	12	42	0	3	25	10
Estimated Cost per Medium (non-CIP/693) Audit Offsite ⁵	\$ -	\$ -	\$ 12,480	\$ 16,790	\$ -	\$ 27,387	\$ 28,570	\$ 18,131
Number of Large (non-CIP/693) Audits Offsite ⁵	0	0	25	0	0	0	0	56
Estimated Cost per Large (non-CIP/693) Audit Offsite ⁵	\$ -	\$ -	\$ 18,760	\$ -	\$ -	\$ -	\$ -	\$ 32,508
Number of Small (CIP/706B) Audits Onsite ⁵	5	4	0	0	21	0	0	0
Estimated Cost per Small (CIP/706B) Audit Onsite ⁵	\$ 3,177	\$ 11,241	\$ -	\$ -	\$ 8,100	\$ -	\$ -	\$ -
Number of Medium (CIP/706B) Audits Onsite ⁵	5	8	12	14	6	6	14	20
Estimated Cost per Medium (CIP/706B) Audit Onsite ⁵	\$ 35,744	\$ 59,516	\$ 37,380	\$ 34,400	\$ 29,638	\$ 63,301	\$ 57,806	\$ 53,948
Number of Small (CIP/706B) Audits Offsite ⁵	0	0	0	26	0	16	6	0
Estimated Cost per Small (CIP/706B) Audit Offsite ⁵	\$ -	\$ -	\$ -	\$ 14,040	\$ -	\$ 2,529	\$ 34,756	\$ -
Number of Medium (CIP/706B) Audits Offsite ⁵	0	0	0	0	0	0	0	0
Estimated Cost per Medium (CIP/706B) Audit Offsite ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Avg. Number of Contractors Per Small Audits Onsite	0	0	2	0	0	1	0	0
Avg. Number of Contractors Per Medium Audits Onsite	0	0	4	0	0	2	0	0
Avg. Number of Contractors Per Large Audits Onsite	0	0	6	1	0	2	0	0
Avg. Number of Contractors Per Small Audits Offsite	0	0	1	0	0	1	0	0
Avg. Number of Contractors Per Medium Audits Offsite	0	0	1	0	0	2	0	0
Avg. Number of Contractors Per Large Audits Offsite	0	0	1	0	0	2	0	0

¹ ERO Funding is a sum of assessments and penalty sanctions

² Total Budget is a sum of total expenses and the total increase in fixed assets

³ Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

⁴ Total Compliance Budget is a sum of Direct Expenses, Indirect Expenses and Capital Expenditures

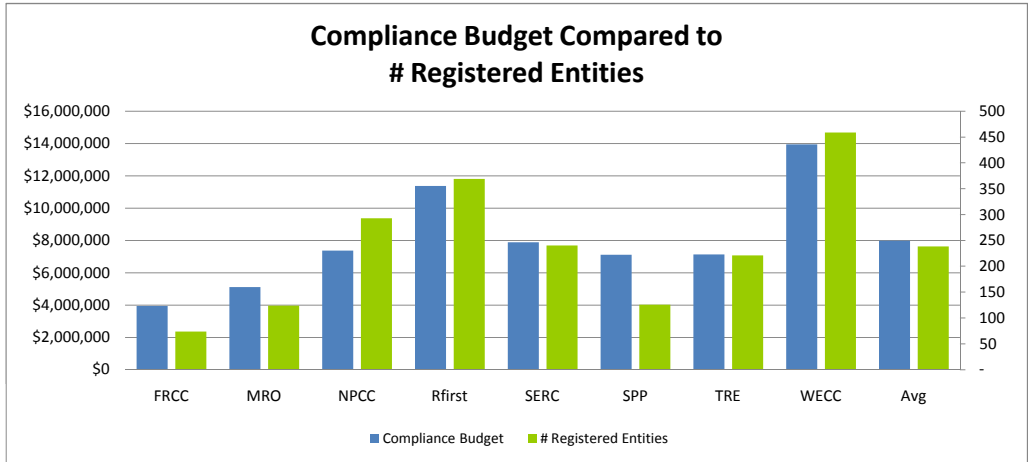
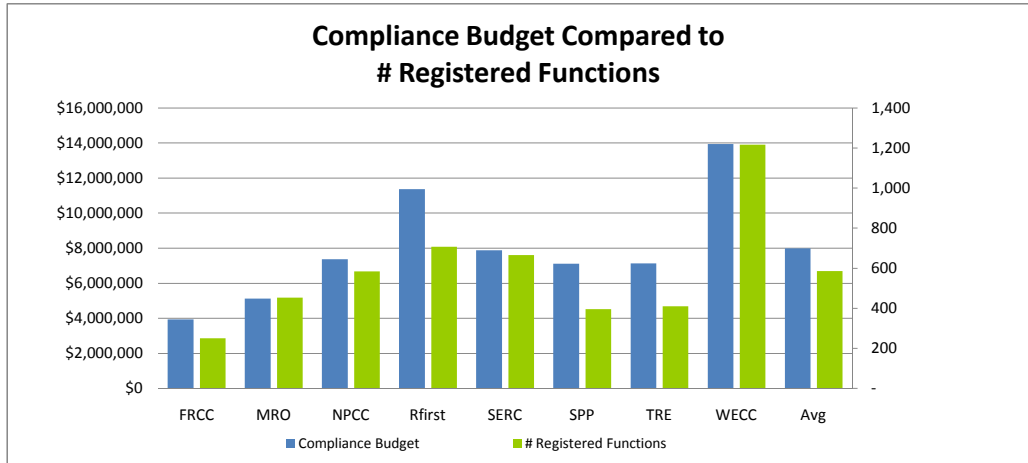
⁵ Size of audits are defined by number of requirements:

Small	25 or less
Medium	26 to 75
Large	More than 75

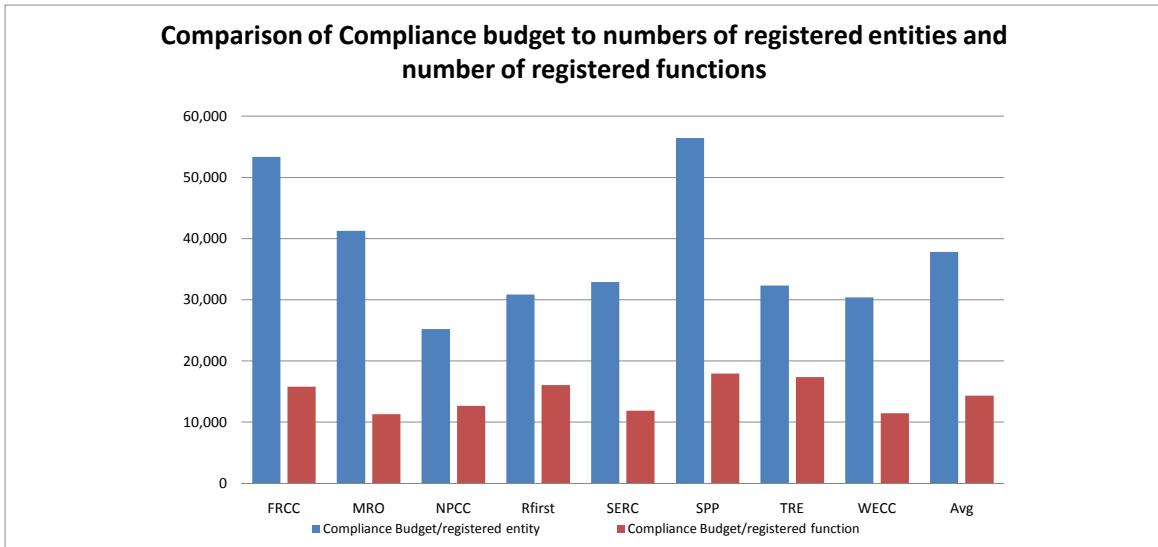
⁶ Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

⁷ For WECC, the cost of the Reliability Coordinator function of \$18,551,531 has been deducted from the ERO assessments and Total Budget for comparison with the other Regions where no such function exists in Statutory Programs. 62.3 direct FTEs in the Reliability Coordinator function have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE. Also, the costs offset by grant funding totalling \$28,066,621 have been excluded from the Total Budget and 15.2 FTEs have been excluded from the calculations of registered entity per Statutory FTE and registered function per Statutory FTE.

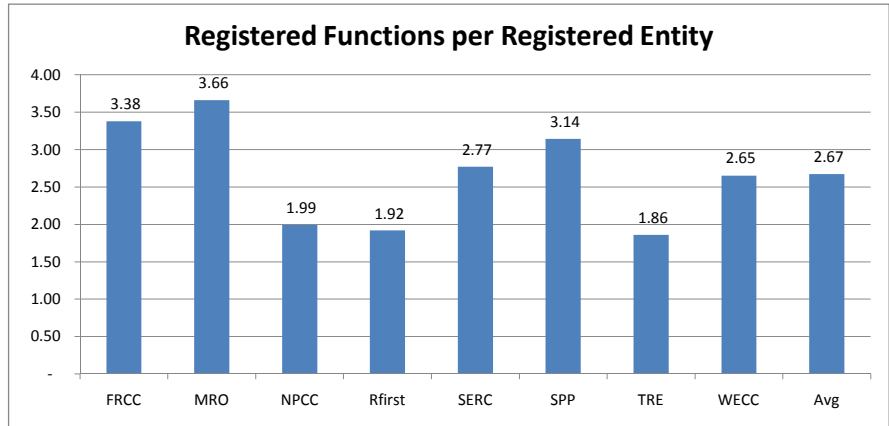
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance Budget	3,947,216	5,118,968	7,378,977	11,376,594	7,890,536	7,108,226	7,142,058	13,942,033	7,988,076
# Registered Entities	74	124	293	369	240	126	221	459	238
# Registered Functions	250	454	584	708	665	396	411	1,217	586



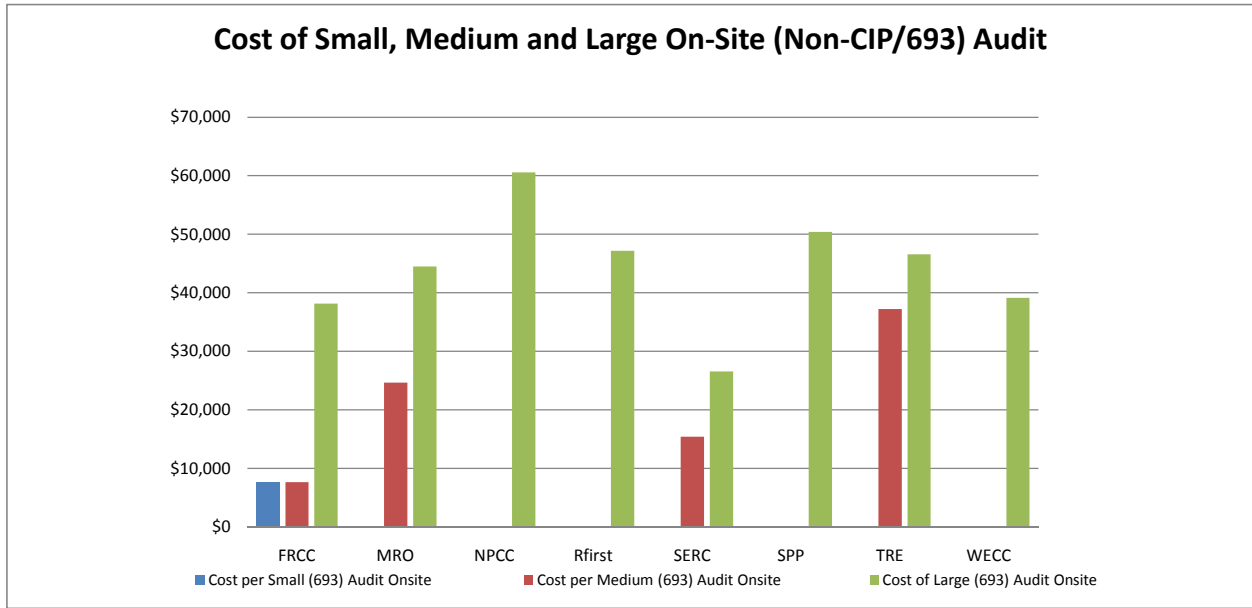
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance Budget/registered entity	53,341	41,282	25,184	30,831	32,877	56,414	32,317	30,375	37,828
Compliance Budget/registered function	15,789	11,275	12,635	16,069	11,865	17,950	17,377	11,456	14,302



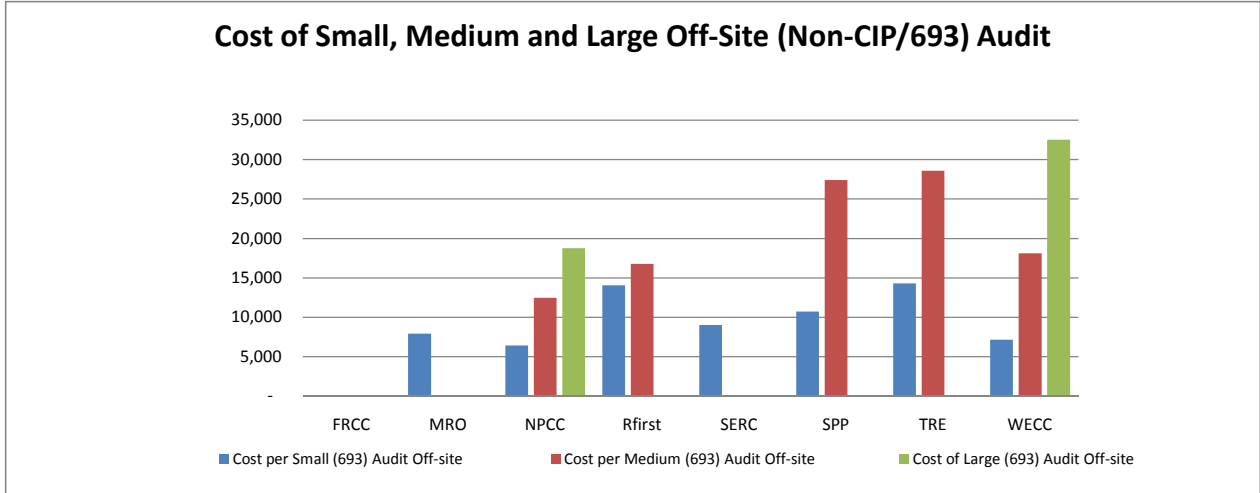
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Registered Functions per Registered Entity	3.38	3.66	1.99	1.92	2.77	3.14	1.86	2.65	2.67
# Registered Entities per Compliance FTE	4.46	7.10	20.93	8.43	8.00	7.03	7.59	7.85	8.92
# Registered Functions per Compliance FTE	15.07	25.99	41.71	16.18	22.17	22.10	14.11	20.80	22.27



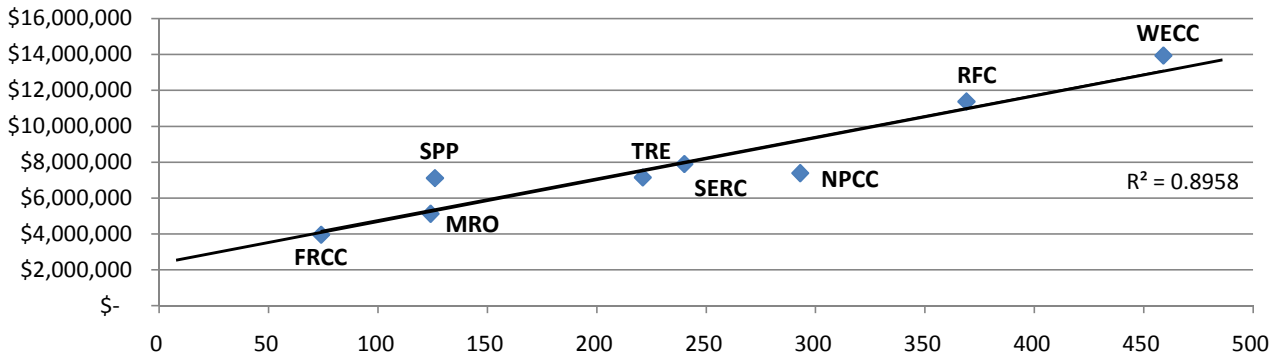
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small (693) Audit Onsite	7,633	-	-	-	-	-	-	-
Cost per Medium (693) Audit Onsite	7,633	24,616	-	-	15,413	-	37,233	-
Cost of Large (693) Audit Onsite	38,165	44,503	60,580	47,150	26,536	50,406	46,541	39,119



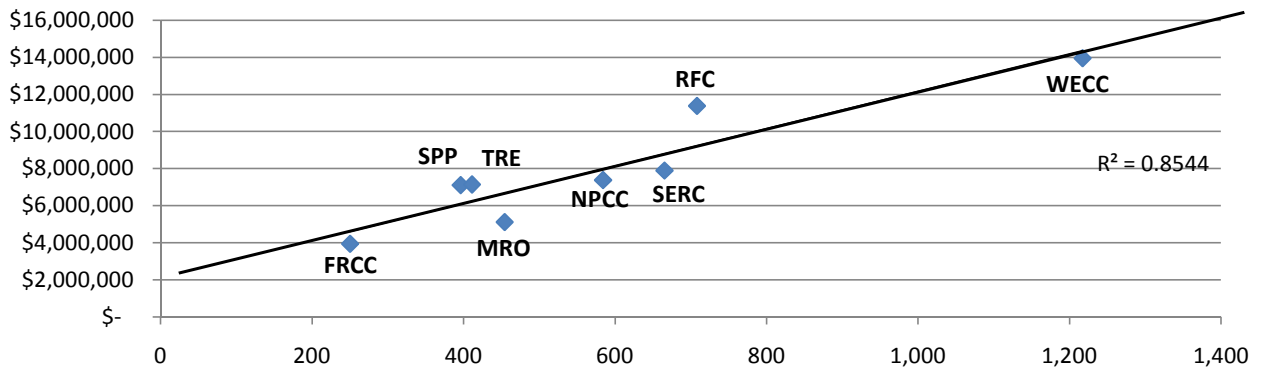
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC
Cost per Small (693) Audit Off-site	-	7,941	6,440	14,040	9,028	10,739	14,285	7,169
Cost per Medium (693) Audit Off-site	-	-	12,480	16,790	-	27,387	28,570	18,131
Cost of Large (693) Audit Off-site	-	-	18,760	-	-	-	-	32,508



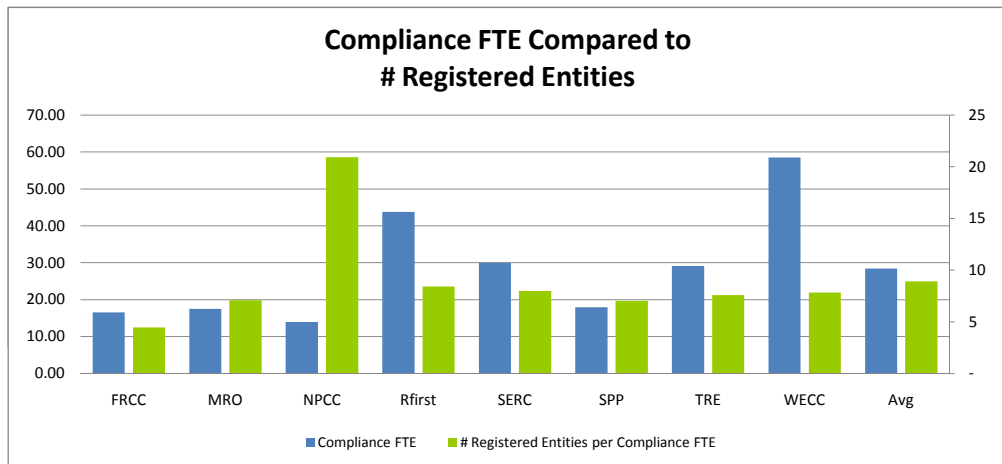
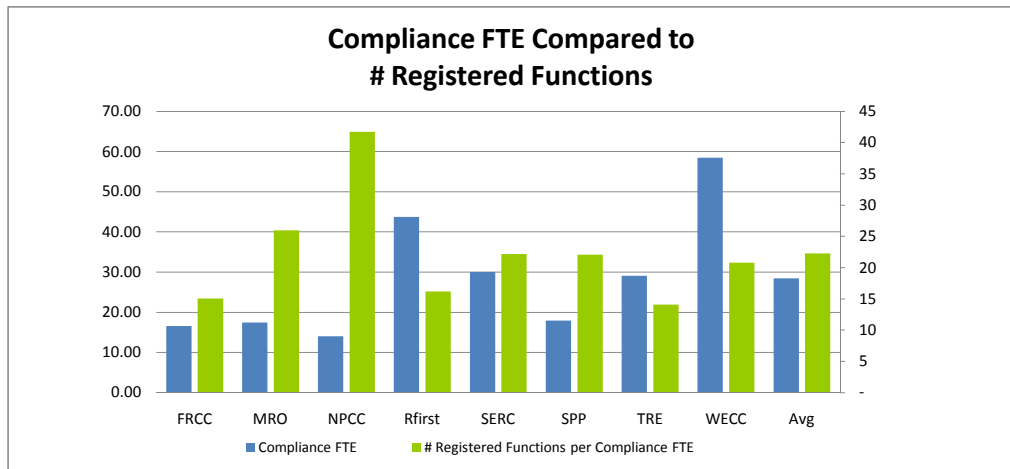
Regional Entity Compliance Program Budget as Function of Number of Registered Entities



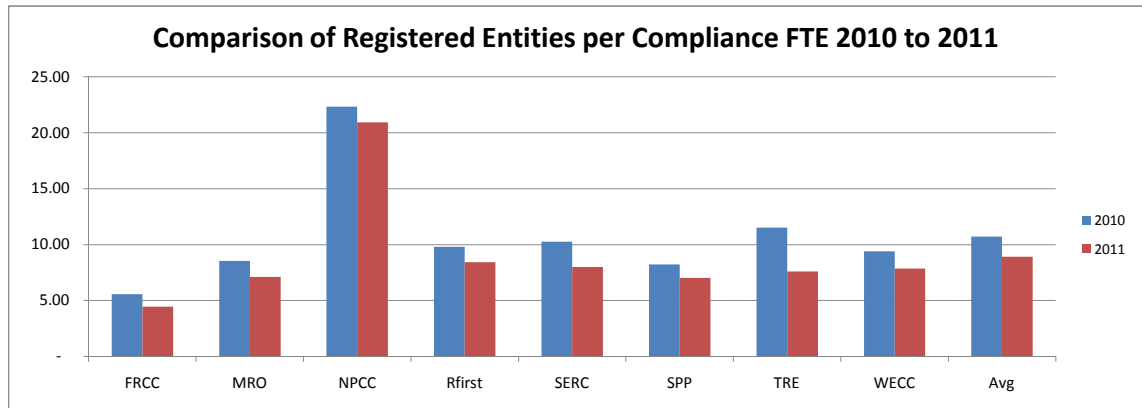
Regional Entity Compliance Program Budget as Function of Number of Registered Functions



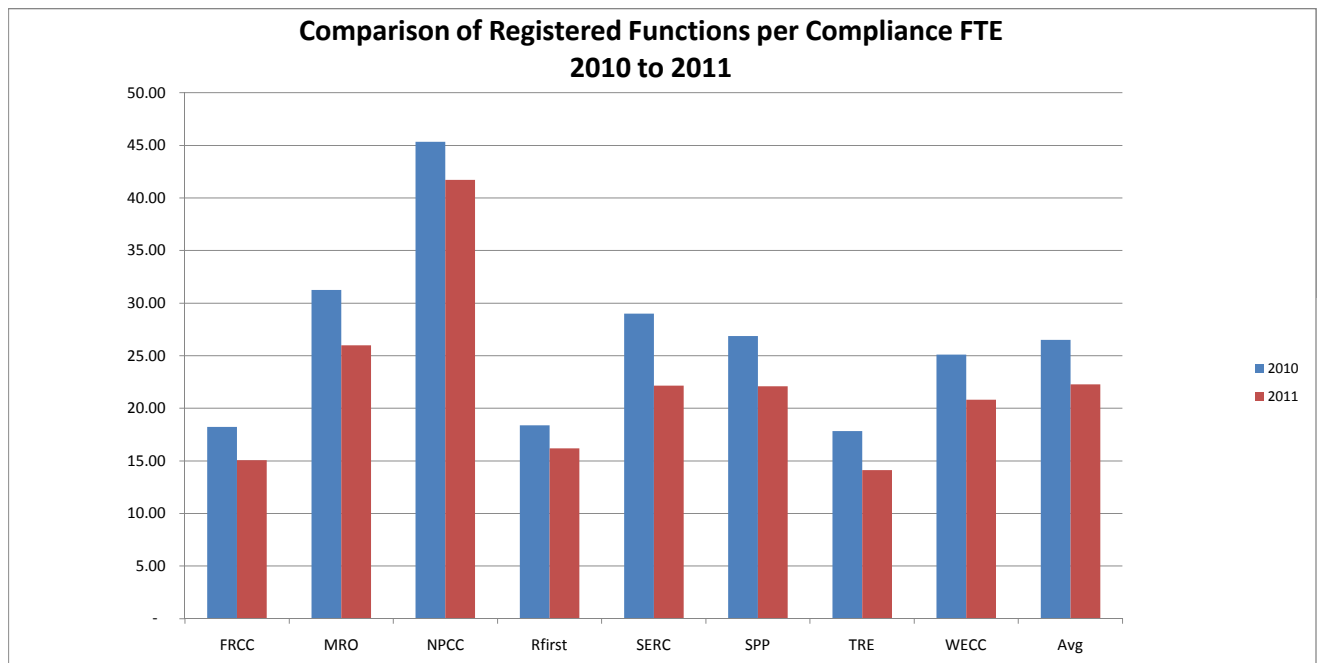
	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
Compliance FTE	16.59	17.47	14.00	43.75	30.00	17.92	29.12	58.50	28.42
# Registered Entities per Compliance FTE	4.46	7.10	20.93	8.43	8.00	7.03	7.59	7.85	8.92
# Registered Functions per Compliance FTE	15.07	25.99	41.71	16.18	22.17	22.10	14.11	20.80	22.27



	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
2010	5.57	8.53	22.33	9.81	10.27	8.21	11.53	9.40	10.71
2011	4.46	7.10	20.93	8.43	8.00	7.03	7.59	7.85	8.92



	FRCC	MRO	NPCC	Rfirst	SERC	SPP	TRE	WECC	Avg
2010	18.22	31.25	45.33	18.38	29.00	26.86	17.82	25.12	26.50
2011	15.07	25.99	41.71	16.18	22.17	22.10	14.11	20.80	22.27



Discussion and Analysis

The development, collection, analysis and comparison of Regional Entity Compliance Program metrics data continues to be a complicated and time-consuming process, requiring careful consideration of many complex factors. During the development of the 2011 Business Plans and Budgets, NERC and the Regional Entities reviewed the metrics provided with the 2010 Business Plans and Budgets and agreed to add to the existing metrics, estimates for the costs of CIP audits, since data is now available based on an additional period of time in which the Regional Entities have been conducting audits of compliance with CIP Standards CIP-002 through CIP-009.

In analyzing the Regional Entity metrics, 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, 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 continue to show that the Regional Entities with the larger numbers of registered entities and registered functions have the larger Compliance Program budgets. There are variations among the Regional Entities with respect to Compliance Program budget per registered entity and Compliance Program budget per registered function, but the range of values is not large. The average of the Regional Entity values for Compliance Program budget per registered function, which is the more granular metric,⁶ is \$14,302; the highest value (SPP RE - \$17,950) is 126% of the average while the lowest value (MRO - \$11,275) is 79% of the average.⁷

The Regional Entities with the two highest values for Compliance Program budget per registered function, SPP RE and Texas RE, have the second and third lowest numbers of registered functions among the Regional Entities. (SPP RE and Texas RE also have the third and fourth lowest number of registered entities in their Regions.) Similarly, three of the Regional Entities with lower values for Compliance Program budget per registered function – WECC, SERC and NPCC – also have three of the four highest numbers of registered functions among the Regional Entities. These data indicate that there are economies of scale in Compliance Program operations and costs. However, there are exceptions to this observation: ReliabilityFirst has the second highest numbers of registered entities and registered functions among the Regional Entities, but has the third highest Compliance Program budget per registered function. (However, ReliabilityFirst has the second lowest number of registered functions per registered entity; therefore ReliabilityFirst does not have the opportunity to monitor compliance

⁶ There is a variation among the Regional Entities in terms of registered functions per registered entity, ranging from a high value of 3.66 registered functions per registered entity for MRO to a low value of 1.86 registered functions per registered entity for Texas RE.

⁷ The data on numbers of registered entities and registered functions in each Region are as of May 2010.

for as many reliability functions for each registered entity as do other Regional Entities, which may be a possible factor in explaining the observed data.) MRO, on the other hand, has the second lowest number of registered entities and fourth lowest number of registered functions in its Region, but has the lowest value for Compliance Program budget per registered function.

SPP RE's Compliance Program budget per registered entity is very similar to FRCC's. FRCC has the lowest number of registered entities and SPP RE has the third lowest number of registered entities. SPP RE's Compliance Program budget per registered function is very similar to Texas RE's. SPP RE has the second lowest number of registered functions and Texas RE has the third lowest number of registered functions. While SPP RE has relatively higher values for Compliance Program budget per registered entity and per registered function, a more in depth review of the SPP RE compliance data reveals that it likewise has relatively higher values for the number of violations. SPP RE has the third highest number of violations per registered entity and the second highest number of violations per registered function.

The charts on page 9 above provide a somewhat different view of the relationships between the Regional Entities' Compliance Budgets and their numbers of registered entities and registered functions. Each Regional Entity's Compliance Budget has been plotted against its number of registered entities and against its number of registered functions. On each of these charts, a linear trend line has been drawn based on the data points and the coefficient of determination (commonly referred to as "R-squared" or "R²") of the data points is indicated. On the chart plotting Compliance Budget against number of registered entities, the data points for FRCC, MRO, SERC, Texas RE, ReliabilityFirst and WECC are on, or very close to, the trend line, while the points for SPP RE and NPCC are somewhat farther from the trend line, although not by a large distance. On the chart plotting Compliance Program budget against number of registered functions, the points for the Regional Entities are generally farther from the trend line than on the first chart, although again not by large distances. This is an interesting outcome because in the similar plots provided in Attachment 15 to the *2010 Budget Filing*, it appeared that number of registered functions may be a more closely correlated driver of a Regional Entity's total Compliance Program budget than is its number of registered entities. However, as shown on the two charts presented in this Attachment based on the 2011 Budgets, the R-squared values for the two plots are fairly close, 0.8958 and 0.8544, and indicate a fairly high correlation between both number of registered entities and total Compliance Program budget, and number of registered functions and total Compliance Program budget. Further, although NERC did not calculate and report R-squared values for the comparable plots in Attachment 15 of the *2010 Budget Filing*, a visual inspection of the two sets of plots based on the 2010 and 2011 budgets indicates a higher degree of correlation in the 2011 Budget data. Additionally, 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 efficiency and effectiveness.

There is greater consistency among the Regional Entities with respect to numbers of registered entities per Compliance Program FTE and numbers of registered functions per Compliance Program FTE based on their 2011 Budgets. The average among the eight Regional Entities for numbers of registered entities per Compliance Program FTE is 8.92; the lowest value (FRCC – 4.46) is 50% of the average and the highest value (NPCC – 20.93) is 235% of the

average. The average for numbers of registered functions per Compliance Program FTE is 22.27; the lowest value (Texas RE – 14.11) is 63% of the average and the highest value (NPCC – 41.71) is 187% of the average. FRCC's lower value for the number of registered entities per Compliance Program FTE is consistent with having the second highest Compliance Program Budget per registered entity. FRCC also has the second lowest value for the number of registered functions per Compliance Program FTE. While Texas RE has the lowest value for the number of registered functions per Compliance Program FTE, Texas RE's Compliance Program Budget per registered function trends consistently with the other Regions as shown in the chart on page 9. NPCC continues to make significant use of contractors and consultants to provide subject matter expertise in its Compliance Program, particularly in the performance of compliance audits, which probably contributes significantly to NPCC's higher values for registered entities per Compliance Program FTE and registered functions per Compliance Program FTE. With NPCC's extensive use of contractor and consultant resources taken into account, its higher values for these two metrics are more readily understood.

The bar chart on page 11 compares the Regional Entities' values for registered entity per Compliance Program FTE and registered function per Compliance Program FTE based on their 2011 Budgets, to the values for these metrics based on their 2010 Budgets. (The 2010 Budget data was provided in Attachment 15 to the *2010 Budget Filing*). This comparison shows that in its 2011 Business Plan and Budget, every Regional Entity has lowered its ratio of registered entities per Compliance Program FTE and ratio of registered entities per Compliance Program FTE from its 2010 Business Plan and Budget. In other words, all of the Regional Entities are continuing to apply increasing amounts of resources to the Compliance Monitoring and Enforcement Programs relative to the numbers of registered entities and registered functions for which compliance must be monitored and enforced.

The forgoing discussion continues to illustrate that the metrics should only be used as top level indicators of areas of potential concern that should be subjected to further review and analysis. Ultimately, the sufficiency of a Regional Entity's Compliance Program staffing can only be determined through a careful review of the Regional Entity's operations and performance outcomes.

With respect to the Regional Entities' estimated costs for 2011 to perform each category of compliance audit, the estimated costs to perform a compliance audit include the costs to prepare for the audit (including review of the registered entity's completed pre-audit questionnaire and Reliability Standards Audit Worksheets (RSAWs) and other registered entity-provided documents and information, and any pre-audit meetings), to perform the audit (whether on-site or off-site), and to report the results of the audit.⁸ Costs incurred in issuing and processing notices of alleged violations and proposed penalties resulting from the compliance audit are not included in the estimated cost to perform the audit. The costs per audit for each category of audit, shown in the table and the bar charts, are based on the Regional Entities' estimates of the man-hours required to complete the preparation, performance and reporting

⁸ Estimated costs of a particular size or type of audit are not provided if no audits are planned.

functions for each category of compliance audit in 2011⁹. 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 audit among the Regional Entities for the various audit size and site categories, as reported in the table and shown in the bar charts:

- Some Regional Entities are making greater use of consultants or contractors on their audit teams, which may entail a higher cost per hour than the use of Regional Entity employees.¹⁰ Conversely, industry volunteers assist in the performance of audits in SERC which lowers the cost per hour.
- The Regional Entity's footprint may affect the extent to which travel costs must be incurred in the performance of on-site compliance audits within the Region. For example, FRCC has a comparatively small geographic footprint and its headquarters office is fairly centrally located within the Region. *ReliabilityFirst*, Texas RE and NPCC (U.S. portion) also have relatively smaller geographic footprints. Thus, for instance, Texas RE reports that most registered entities in its Region are located within driving range of the Texas RE offices in Austin, Texas, and therefore can be reached by Compliance personnel via auto travel rather than airline travel. While SPP RE also has a relatively small geographic footprint, the location of the office is not centralized and air travel is required in most cases, which increases the time and costs associated with completion of the audit. In contrast, WECC and SERC have much larger geographic footprints; as a result, more significant travel costs (including, in many cases, air travel costs) must be incurred for on-site audits by these Regional Entities.

⁹ The Table on page 3 includes the estimated costs to perform small, medium and large on-site and off-site non-CIP/693 audits and the estimated costs to perform small and medium on-site and off-site CIP/706B audits. Since sufficient data to undertake a comparative analysis of the estimated cost of CIP/706B audits is not yet available, bar charts comparing the results per Region have not been provided and no conclusions regarding differences in the estimates have been made.

¹⁰ The cost for contractors or consultants can vary significantly based on the individual or firm used, *e.g.*, from "sole proprietor" independent contractors to personnel from large consulting firms. Further, although the cost to use a contractor or consultant on an individual audit assignment may be more costly than using a Regional Entity employee, the annual cost to the Regional Entity of retaining a contractor or consultant for a specific targeted assignment such as participating in certain compliance audits may be less than the cost of maintaining a FTE employee on staff for the year.

- With some registered entities still undergoing their initial compliance audits relating to mandatory reliability standards in 2011, there continues to be a great variation in the degree of registered entity preparation for audits (*e.g.*, in organization and accessibility of documents).¹¹ The degree of registered entity preparation for an audit can impact the amount of time the audit team must spend performing the audit, and, therefore, the Regional Entity's costs. This experience can, in turn, influence the Regional Entity's estimates of the time (man-hours) and other resources required to conduct and complete a compliance audit. This factor should, of course, have diminishing impact as time passes and registered entities begin to undergo the second rounds of compliance audits. Although a consistent definition of "large" audits has been used, *i.e.*, an audit encompassing more than 75 reliability standards requirements, some Regional Entities may project a greater number of requirements to be audited in a typical "large" compliance audit than other Regional Entities. A Regional Entity that projects a larger number of requirements to be audited in a "large" audit would, all other things equal, estimate a greater amount of resources to conduct its "large" audit (*e.g.*, more auditors, more days at the registered entity's site and/or more man-hours to review the registered entity's documentation and to prepare the audit report).
- Some Regional Entities may simply be planning more steps, or budgeting higher man-hours, for the preparation, completion and/or reporting phases of their compliance audits. In particular, there may be variations in the levels of activity and man-hours budgeted by the Regional Entities for review of registered entity responses to pre-audit questionnaires and RSAWs, and other registered entity documents and information, prior to the on-site phase of a compliance 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.

Despite the above-described potential sources of variations among the Regional Entities' estimates of the costs to conduct the various types of compliance audits in 2011, the Regional Entities have reported generally to NERC that, due to their greater base of experience in conducting compliance audits and consequent greater understanding of the activities and resources required, they have greater confidence in their estimates of audit costs provided in this Attachment than they had in their estimates of audit costs that were provided in the *December 15, 2008 Budget Compliance Filing* or in Attachment 15 to the *2010 Budget Filing*. NERC also

¹¹ Pursuant to §403.11.1 of the NERC Rules of Procedure, Reliability Coordinators, Balancing Authorities and Transmission Operators are to be audited once every three years. Therefore, all Reliability Coordinators, Balancing Authorities and Transmission Operators should have undergone their initial on-site compliance audits of these functions by the end of 2010. It is the objective of NERC and the Regional Entities to conduct compliance audits of all other registered entities at least once every six years. Therefore, some registered entities that are not Reliability Coordinators, Balancing Authorities or Transmission Operators may still be undergoing their initial compliance audits in 2011 or later.

views the 2011 Budget estimates with greater confidence in light of the continuing improvement of and increased consistency in budgeting procedures and cost categorization used by the Regional Entities in preparing their annual Business Plans and Budgets.

In conclusion, NERC reiterates that the development, collection, analysis and comparison of metrics on the Regional Entities' costs, operations and performance is an ongoing process. NERC and the Regional Entities will continue to work collaboratively to refine the metrics and improve their analysis of the reported metrics values and the factors that may cause variations in values among the Regional Entities; and will continue to report the results of these analyses in future annual Business Plan and Budget filings.

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 11

METRICS ON NERC AND REGIONAL ENTITY

ADMINISTRATIVE (INDIRECT) COSTS

BASED ON THE 2011 BUDGETS

**Analysis of
NERC and Regional Entity Budgeted Indirect (Administrative Services) Costs
2011 Budgets versus 2010 Budgets**

In the preparation of the NERC and Regional Entity 2011 Business Plans and Budgets, indirect expenses have been defined as those expenses which cannot be directly attributed to one of the five statutory program functions¹.

The metrics presented in the tables on the last page of this Attachment are the same metrics presented in Attachment 16 to the 2010 Business Plan and Budget Filing. These tables provide several metrics comparing indirect costs and FTEs in relation to total statutory costs and FTEs² and direct statutory costs and FTEs, for NERC and each of the Regional Entities, in their 2011 Business Plans and Budgets and 2010 Business Plans and Budgets.

Overall the tables show a slight reduction in the average indirect costs as a percent of total statutory costs and in relation to direct statutory costs, in the 2011 budgets as compared to the 2010 budgets. NERC believes this result is reflective of consistent application of the definition of indirect costs, as described above, in the preparation of the 2011 and 2010 budgets. This result also appears to demonstrate that NERC and the Regional Entities are beginning to achieve an operational balance between the level of indirect costs needed to support the direct statutory programs.

Following is discussion of the individual metrics presented in the tables.

Percent of Statutory Indirect Budget to Total Statutory Budget

For NERC and the Regional Entities, the average percent of Statutory Indirect Budget to Total Statutory Budget (top row of tables) in the 2011 budgets is 28.1%, versus 30.4% in the 2010 budgets. For 2011, NERC and four of the eight Regional Entities show percentages close to the average. FRCC and NPCC have percentages that are considerably lower than the average, which are reflective of methodologies they used to identify and allocate staff time and Office Costs to the appropriate program. WECC has a considerably lower percentage than the average due to the significant increases in its statutory direct budget associated with federal grant activity in its amended 2010 budget and its 2011 budget versus more modest increases in its indirect budget. SPP RE continues to have a higher percentage than the average due to the allocation of indirect costs (support services charges) from SPP, Inc., which are driven by increases in SPP, Inc.'s operating budget and the increase in the number of FTEs at SPP RE.

¹ NERC and Regional Entity provisions for Working Capital Reserve are not included in the budget data used to calculate these metrics. Also, NERC has excluded \$750,000 of Other Non-Operating Expenses to provide for office relocation costs from "Total Statutory Budget" and "Total Statutory Direct Budget" since these costs are non-recurring.

² FTE = Full-time equivalent employee

For NERC and five of the Regional Entities, the percent of Statutory Indirect Budget to Total Statutory Budget decreased in the 2011 budget versus the 2010 budget. SERC and WECC show modest increases in this metric, (1.2 percentage points and 0.9 percentage points respectively), and SPP RE shows an increase of 2.4 percentage points. SPP RE's increase is the result of an increase in Regional Entity direct staff and an increase in the Indirect Expense rate for administrative services provided by SPP, Inc., which increased in the 2011 Budget to \$69 per hour (based on 2009 audited actual results) from \$64 per hour in the 2010 Budget. Although the 2011 SPP, Inc. Indirect Expense rate increased compared to 2010, the rate continues to be considerably lower than prior years.

Budgeted Indirect FTEs as a Percent of Budgeted Total FTEs

In the NERC and the Regional Entity 2011 Business Plans and Budgets, on average the budgeted statutory indirect FTEs are 20.7% of total statutory FTEs, compared to an average of 21.8% for the 2010 budgets (second row of tables). On average, there are 4.08 statutory direct FTEs per statutory indirect FTE in the 2011 budgets, compared to 3.72 statutory direct FTEs per statutory indirect FTEs in the 2010 budgets, for an average increase of 0.36 FTE budgeted as statutory direct per statutory indirect FTE. As indicated above, this modest change suggests that NERC and the Regional Entities are trending toward an operational balance between statutory direct to indirect FTEs. Only NPCC, SERC and WECC have higher percentages of indirect statutory FTEs to total statutory FTEs reflected in their 2011 budgets than in their 2010 budgets, and for NPCC and SERC, the increases in their percentages are very small (only 0.2 percentage points for each Regional Entity). SPP RE continues to have a very low percentage of indirect statutory FTEs to total statutory FTEs, which reflects the fact that SPP RE has a very small staff of indirect FTEs and obtains many of its administrative services from SPP, Inc.

Statutory Indirect Budget per Total FTE

The Statutory Indirect Budget per Total FTEs has been reduced from an average of \$85,832 in the 2010 NERC and Regional Entity budgets to \$76,854 in the 2011 budgets, for a reduction of \$8,979, or 10.5%. Texas RE Statutory Indirect Budget per Total FTEs has been reduced significantly, from \$106,772 in 2010 to \$59,052, for a reduction of 44.7%. This reduction is due in large part to the fact that Texas RE's Amended 2010 Budget included significant start-up and other one-time costs being incurred to implement Texas RE's separation from ERCOT; many of these start-up and other one-time costs are not recurring in 2011. SPP RE's Statutory Indirect Budget per Total FTEs increased from \$157,751 in 2010 to \$163,482 in 2011, an increase of 3.6% as a result of an increase in staff and an increase in the Indirect Expense allocation rate applied per FTE for support services supplied by SPP, Inc. The average rate in the 2010 Budget was \$64 per hour and in the 2011 Budget the rate is \$69 per hour.

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 12

NERC AND REGIONAL ENTITY AUDITED

FINANCIAL STATEMENTS FOR 2009

(The audited statements can be found at

http://www.nerc.com/fileUploads/File/Filings/2009_Audited_Statements.pdf)

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2011 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 13

STATUS REPORT

ON PROGRESS IN PROCESSING

VIOLATIONS OF RELIABILITY STANDARDS

2011 Business Plan and Budget Supplemental Violations Processing Report

In NERC's 2010 Business Plan and Budget, NERC included, in Attachment 19, a report on processing outstanding unprocessed violations.¹ This Attachment is submitted as an update to that report. Unless otherwise stated, all data in this Attachment is as of, or for the period ended, June 30, 2010.

NERC is acutely aware and concerned about the current number of reliability standard violations to be processed, and is working closely with the Regional Entities' staffs to address that caseload with targeted initiatives and streamlining current processes.

Current Caseload

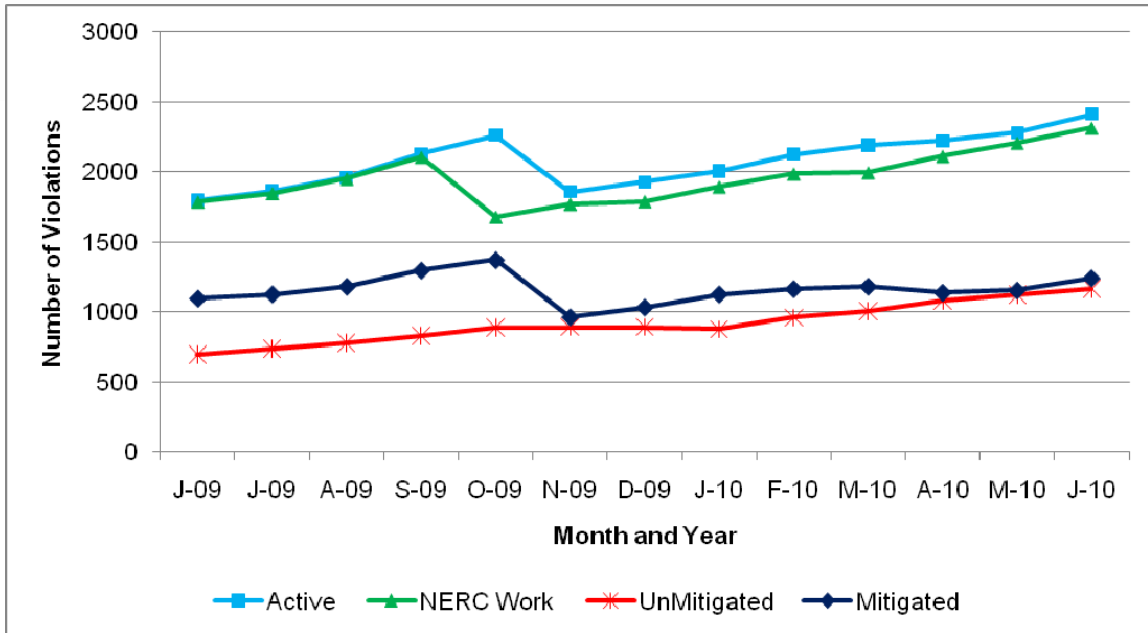
Figure 1 below provides an overview of the "active violations" in the ERO caseload. Active violations are those violations that have not been dismissed or closed.² The "NERC Work" line in Figure 1 reflects the portion of the active violations for which NERC has yet to issue a notice of penalty (NOP). Figure 1 also compares the number of active violations that have been fully mitigated against those violations that are awaiting either the submittal of a mitigation plan or verification of completion of a pending mitigation plan.

As reflected in Figure 1, while the submission of the Omnibus filing in October 2009 went a long way toward reducing the caseload (dispositioning 564 of the 2,263 active violations at the time), an influx of new violations has brought the caseload back to 2413 active violations. As discussed in further detail below, the main component of these new violations relates to violations of Reliability Standards CIP-002 through CIP-009, which warrant closer attention and possibly innovative methods for resolution.

¹ For purposes of this Attachment, the term "violation" references an individual instance of non-compliance with a Reliability Standard requirement, regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² *Closed Violations have all the following characteristics:* Violation NOP approved by FERC, Verified Completion of Mitigation Plan, and Payment of any associated Penalties.

Figure 1: Violation Processing Overview (as of June 30, 2010)³



Despite the steady rise in the number of active violations since November 2009, NERC has experienced steady progress in disposing of older cases. Tables 1-3 below provide an update to the analysis provided in Attachment 19 of the 2010 Business Plan and Budget filing in tracking the 2,350 active violations that were included in NERC’s violations database as of December 31, 2008 through various stages of the enforcement process. As reflected in Table 3, more than half of those active violations have been closed or dismissed since December 31, 2008.⁴

³ In figure 1, the sum of the mitigated and unmitigated violations equals the number of active violations. The “NERC Work” line reflects the portion of the active violations that are in process at NERC up to and including approval by the NERC Board of Trustees Compliance Committee.

⁴ The enforcement process states listed in Tables 1 through 3 have been modified slightly since last year. For purposes of Tables 1 through 3 of this report, the following process state definitions apply :

Assessment and Validation = NERC is awaiting receipt of Notice of Alleged Violation Proposed Penalty or Sanction from the Region.

Confirmation = NERC has received a Notice of Alleged Violation Proposed Penalty or Sanction and is awaiting registered entity response; or the registered entity has accepted or contested the violation.

Settlement = Settlement negotiations are in progress.

Completed and Closed = Payment of Penalties, Fulfillment of Sanctions, Completion of Mitigation Plan, Exhaustion of Administrative and Judicial Remedies, and Fulfillment of Settlement terms have all been met and violation is closed.

NERC Enforcement Actions = NERC reviewing the Notice of Confirmed Violation or Settlement Agreement.

TABLE 1

FERC Enforceable Alleged Violations Summarized by Enforcement Process State								
As of December 31, 2008								
Region	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed	Total
FRCC	64	23	13	16	0	0	0	116
MRO	9	3	3	33	0	7	14	69
NPCC	7	0	26	5	0	12	8	58
RFC	32	4	46	14	0	1	11	108
SERC	73	1	40	33	6	70	24	247
SPP	9	42	1	4	0	5	1	62
TRE	20	0	13	22	0	10	2	67
WECC	629	316	94	106	0	0	478	1623
TOTAL	843	389	236	233	6	105	538	2350

TABLE 2

FERC Enforceable Alleged Violations Summarized by Enforcement Process State								
As of June 30, 2010 (for the Same Violations as in Table 1)								
Region	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed	Total
FRCC	0	0	22	0	11	57	26	116
MRO	0	0	0	3	0	45	21	69
NPCC	0	0	9	0	3	37	9	58
RFC	0	0	0	4	14	71	19	108
SERC	16	0	0	16	19	156	40	247
SPP	0	0	4	32	4	19	3	62
TRE	0	0	11	8	4	25	19	67
WECC	15	2	54	136	56	544	816	1623
TOTAL	31	2	100	199	111	954	953	2350

Awaiting Closing Actions = Violation is Confirmed/Settled and a Notice of Penalty has been issued by NERC to Registered Entity and submitted to FERC.

Dismissed = Violation was dismissed by Region and validated by NERC.

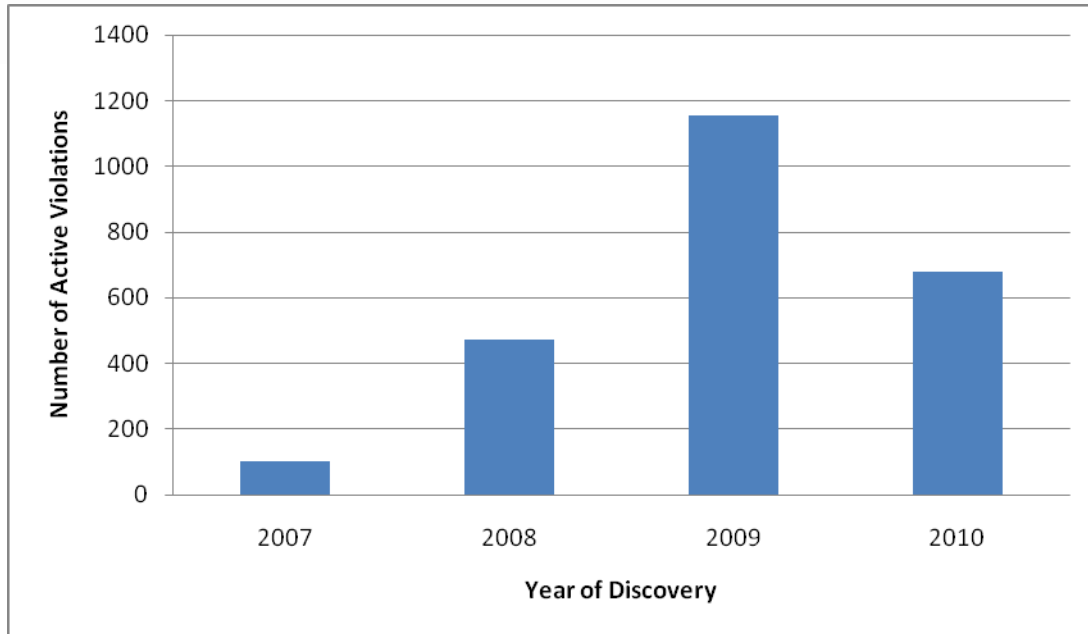
TABLE 3

FERC Enforceable Alleged Violations Summarized by Enforcement Process State								
Changes from December 31, 2008 to June 30, 2010 (for the Same Violations as in Table 1)								
Region	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed	Dismissed	Total
FRCC	-64	-23	9	-16	11	57	26	0
MRO	-9	-3	-3	-30	0	38	7	0
NPCC	-7	0	-17	-5	3	25	1	0
RFC	-32	-4	-46	-10	14	70	8	0
SERC	-57	-1	-40	-17	13	86	16	0
SPP	-9	-42	3	28	4	14	2	0
TRE	-20	0	-2	-14	4	15	17	0
WECC	-614	-314	-40	30	56	544	338	0
TOTAL	-812	-387	-136	-34	105	849	415	0

Thus, in the 18 months from December 31, 2008 to June 30, 2010, NERC and the Regional Entities closed or dismissed 1,264 of the 2,350 violations (54%) that were tracked in Attachment 19 of the 2010 Business Plan and Budget.

Finally, NERC and the Regional Entities have made steady progress to dispose of older cases in the caseload. As reflected in Figure 2 below, only 4% of the currently active violations were discovered in 2007 (102 of 2,413) and less than 20% (474 of 2,413) were discovered in 2008. Thus, over 75% of the current caseload is comprised of violations that were discovered in the last 18 months.

**Figure 2: Current Active Violations by Year of Discovery
 (2010 Data through June 30)**



Caseload Management Activities

To address and reduce the increasing caseload, NERC has undertaken a number of activities to facilitate more efficient violations processing, both to expedite disposition of pending violations and to ensure that enforcement resources are appropriately allocated based on the reliability risks of each violation.

First, in October 2009, NERC filed an “Omnibus” filing with the Commission that disposed of most of the older, lower-risk violations that were pending at the time which had been assessed a zero or low dollar penalty. In all cases, the Mitigation Plans associated with the violations contained in the Omnibus NOP were completed, certified by the Registered Entity as completed and verified by the Regional Entity as having been completed. This filing disposed of nearly a quarter of the then-existing caseload. In May 2010, the NERC Board of Trustees Compliance Committee (BOTCC) authorized the filing of a second, smaller “Omnibus II” filing consisting of approximately 60 lower-risk violations. In all cases, the Mitigation Plans associated with the violations contained in the Omnibus II NOP have been completed, certified by the Registered Entity as completed and verified by the Regional Entity as having been completed. This filing will be made in the near future and will dispose of the remaining lower-risk violations that were discovered before mid-2008 during the early start up of the ERO.

Second, NERC and the Regional Entities have undertaken a concerted effort in 2010 to streamline enforcement activities. By 2011, this streamlining should be fully implemented. This streamlining activity is being accomplished primarily by adopting (i) a “Disposition Document”

template which standardizes the record requirements for all enforcement cases, and (ii) three categories of NOPs (full, abbreviated, and deficiency) to ensure that the paperwork and process requirements for each violation bears a reasonable relationship to the seriousness of the risk it posed to bulk power system reliability. These two innovations are expected to increase documentation efficiency (by minimizing rework in developing the record of a case) and process efficiency (by scaling processing requirements with the seriousness of each violation). NERC enforcement staff began to implement these process innovations in May 2010 and, as of August 1, 2010, 36% of the violations submitted to the Commission in an NOP in 2010 have been in the new format. Also, as of August 1, 2010, six of the eight Regional Entities have commenced submitting to NERC, for processing, notices of confirmed violations and settlement agreements in the new formats.

This joint effort to streamline enforcement processes is an example of the implementation of the ERO Enterprise vision, which is intended to provide greater transparency, which in turn has and is facilitating more consistent and clearer policy determinations, reduction of re-work, and more efficient allocation of resources at all levels. Other examples of how the ERO Enterprise vision is being implemented include:

- Increased numbers of regular, coordinated meetings of NERC and Regional Entity staff at all levels;
- Development and deployment of a common violation reporting, analysis and tracking platform under the Compliance Reporting Analysis and Tracking System (CRATS) at NERC and the Compliance Information Tracking System (CITS) at the Regional Entities;
- Publication of guidance on compliance and enforcement issues through compliance analysis papers, Compliance Application Notices (CANs), lessons learned and other publications;⁵
- NERC compliance staff participation in Regional Entity Workshops and Seminars; and
- NERC and Regional Entity compliance staff engagement with the industry trade associations and forums to provide updates and discuss issues and concerns.

Some of the activities described above are helping to reduce the caseload by enabling more efficient and expeditious processing of violations that are discovered. Other actions, by enhancing registered entity understanding of and compliance with reliability standards, will ultimately reduce the size of caseload by promoting increased compliance and thus reducing the number of new violations discovered.

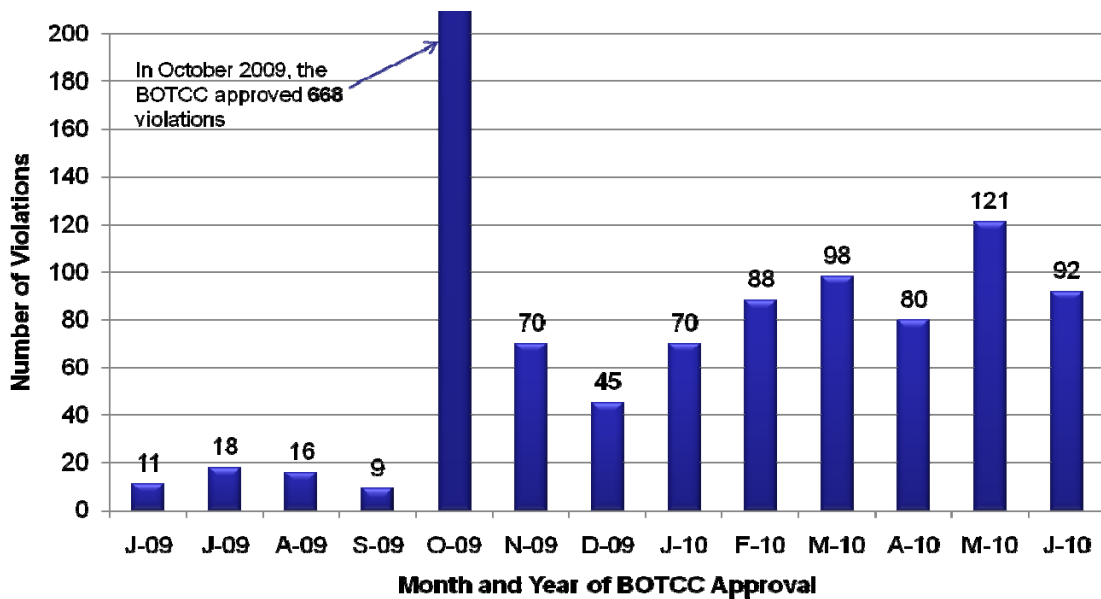
Violation Processing

While the activities outlined above remain works in progress, NERC enforcement staff has realized greater efficiencies in the past few months in their day-to-day violation processing

⁵ While the publication of these guidance documents should facilitate better compliance and more efficient violation processing in the long term, there is typically an initial increase in self-reported violations immediately following the publication of each such document.

activities. As reflected in Figure 3 below, the number of violations that the NERC BOTCC has authorized for submission to the Commission in an NOP filing has dramatically increased.

Figure 3: Confirmed Violations and Settlements Approved by the NERC BOTCC for Submission to FERC, by Month



As Figure 3 shows, following submission of the Omnibus filing in October 2009, NERC has been able to significantly increase the number of violations processed to approval for submission to the Commission each month.

With one staffing vacancy still to be filled in 2010, the NERC violations processing team has been able to increase processing to just under 100 violations per month approved for submission to the Commission. With the proposed addition of 3 new FTEs for 2011 and fuller implementation of enforcement process streamlining initiatives, NERC anticipates increasing processing efficiency further to the point of being able to work down the caseload.

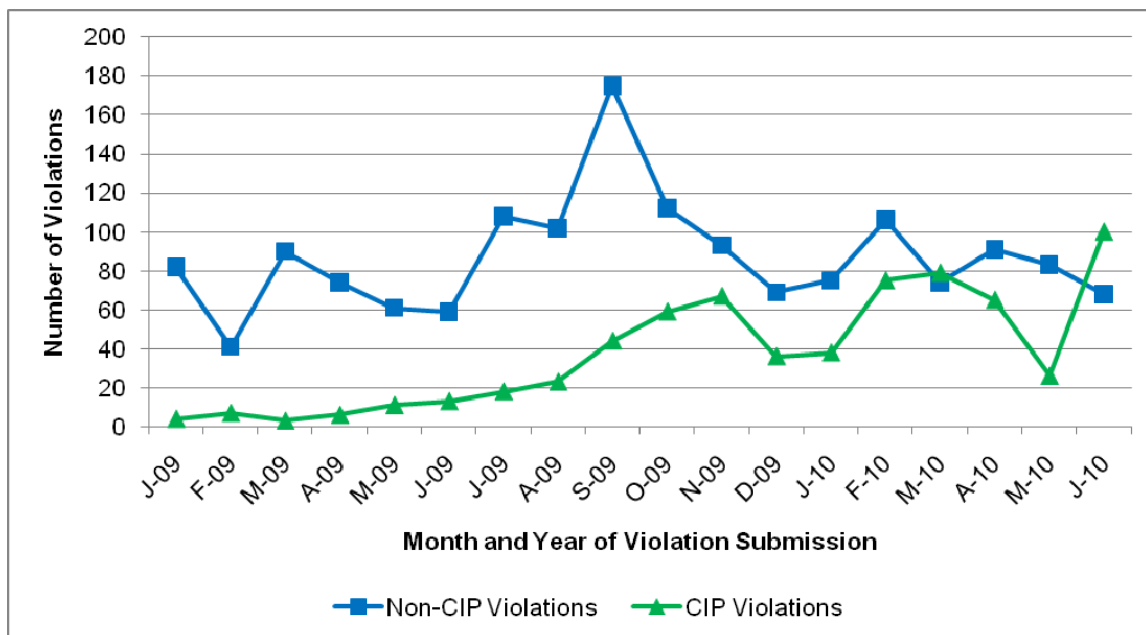
Violations of CIP-002 through CIP-009

While NERC has taken steps to more expeditiously and efficiently process violations of all Reliability Standards, special consideration should be given to the impact of the increasing numbers of violations of Reliability Standards CIP-002 through CIP-009.⁶ As the first comprehensive set of new Reliability Standards to have been approved by the Commission, and thereby become mandatory and enforceable, since the original Version 0 standards were approved in 2007, these Critical Infrastructure Protection standards have presented particular

⁶ This discussion of the impact of the CIP standards does not include CIP-001, Sabotage Reporting, which was one of the Version 0 standards.

challenges in identifying, mitigating, and processing violations. (Whereas the Version 0 standards were developed from NERC’s pre-ERO operating guides and practices with which the industry was generally familiar, the CIP Standards comprise an entirely new subject matter to the industry.) Further, under the Implementation Plan that was adopted for applicability of these CIP Standards, many registered entities were, or are, first required to be “Compliant” and/or “Auditably Compliant” with the CIP Standards in 2009 and 2010. As a result, a significant number of violations of these CIP Standards have begun to be discovered, such that they are now a significant part of the caseload and continue to grow. While Figure 1 above shows a steady rise in active violations overall since the Omnibus filing in October 2009, that rise is largely attributable to CIP Standards violations, which as of June 30, 2010 account for roughly one third of all active violations. As reflected in Figure 4 below, CIP Standards violations have become an increasingly large portion of new violations that are discovered each month, and in June 2010, newly-discovered CIP Standards violations outnumbered the new non-CIP Standards violations.

Figure 4: CIP and Non-CIP Violations Discovered, by Month



NERC has begun to explore innovative ways to address what may ultimately represent a fairly large bow wave of CIP Standards violations as registered entities are first required to be “Compliant” and “Auditably Compliant” with these standards. Just as a large volume of violations of the Version 0 standards were identified in the period following mandatory effectiveness, a large volume of CIP standards violations are now being identified as registered entities are required to be able to demonstrate compliance with these standards. Thus, for the same reasons that justified the Omnibus filings, a similarly novel approach may be needed to address the increasing number of CIP Standards violations. In the remainder of 2010, NERC and Regional Entity staffs will work with Commission staff and the industry to explore options for more expeditiously processing CIP Standards violations.

Based on the history of implementing security programs in the IT industry over the past decade, questions about applicability and enforcement of CIP standards are to be expected for some time. Each violation of the CIP Standards represents an opportunity through mitigation to improve the security of cyber assets in the bulk power system. More than half of these violations either have approved mitigation plans being implemented, or have already been mitigated. Moreover, a number of initiatives are underway to aid the industry in understanding how to comply with the CIP standards and clarify how to establish compliance. In the long run, these initiatives should help slow the number of new CIP Standards violations that are discovered.