



**2014 Business Plan and Budget**

**Western Electricity Coordinating Council**

**Approved by:  
WECC Board of Directors**

**Date:  
June XX, 2013**

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## Introduction

TOTAL RESOURCES (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs*	135.0			
Non-statutory FTEs	5.0			
<b>Total FTEs</b>	140.0			
Statutory Expenses	\$ 25,766,690			
Non-Statutory Expenses	\$ 1,664,886			
<b>Total Expenses</b>	\$ 27,431,576			
Statutory Inc(Dec) in Fixed Assets	\$ (134,513)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ (134,513)			
Statutory Working Capital Requirement**	7,196,168			
Non-Statutory Working Capital Requirement***	8,087,128			
<b>Total Working Capital Requirement</b>	15,283,296			
Total Statutory Funding Requirement	\$ 23,213,231			
Total Non-Statutory Funding Requirement	\$ 1,903,800			
<b>Total Funding Requirement</b>	\$ 25,117,031			
<b>Statutory Funding Assessments</b>	\$ 15,815,695			
<b>Non-Statutory Fees</b>	\$ 1,903,800	\$ 1,903,800	\$ -	\$ -
NEL****				
NEL%	100.00%			

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

\*\*Refer to the Statutory Reserve Analysis on page 56 in Section B.

\*\*\*Refer to the Non-Statutory Reserve Analysis on page 74 in Section C.

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

## Organizational Overview

The Western Electricity Coordinating Council (WECC) is a 501(c)(4) entity operating in the “best interest of the public welfare.” WECC’s mission is to promote and foster a reliable Bulk Electric System (BES) in the Western Interconnection. WECC’s website is <http://www.wecc.biz>. WECC’s geographic area is the Western Interconnection – an area in which the use and generation of electricity is synchronized. This area includes all or part of 14 Western states in the United States, two Canadian provinces, and a portion of Baja California Norte, Mexico.

WECC’s business philosophy is guided by the following core values:

**Integrity** – We are honest, ethical, and trustworthy. We honor our commitments. We take personal responsibility for our actions. We treat everyone fairly and with respect.

**Teamwork** – We recognize our strength is derived from collaborative efforts. We continually learn, and share ideas and knowledge. We encourage cooperative efforts across all activities in the Western Interconnection.

**Excellence** – We strive for continuous quality improvement in all that we do.

**Inclusiveness** – We foster an open and participatory environment that encourages innovative ideas and diverse perspectives from all stakeholders.

**Professionalism** – We conduct ourselves with skill, good judgment, and polite behavior across all committees, forums, and stakeholder interactions.

## Membership and Governance

WECC has 341 members<sup>1</sup> divided into the following five membership classes:<sup>2</sup>

1. Large Transmission Owners
2. Small Transmission Owners
3. Transmission Dependent Energy Service Providers
4. End Users
5. Representatives of State and Provincial Governments

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BES. WECC membership is not a requirement for participation in the WECC standards development process.<sup>3</sup>

WECC is governed by a nine-member Independent Board of Directors and the Chief Executive Officer. The nine Independent Directors are not full-time employees of any Registered Entity, nor are they affiliated with any member or Registered Entity operating in the Western Interconnection, nor are they directors of an entity performing the function of Reliability Coordinator in the Western Interconnection. The WECC Board is elected by the WECC membership and the directors are compensated for their time.

One Board Committee, the Governance Committee, oversees implementation and amendment of the WECC Bylaws; and addresses such other issues pertinent to Governance as delegated by the Board. The Governance Committee will consist of five directors. The Board Chair will designate one of the committee members to be the Chair of the Governance Committee.

Under the direction of the WECC Board, five Standing Committees — the Member Advisory Committee (MAC), the WECC Standards Committee (WSC), 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.

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<sup>1</sup> As of May 1, 2012

<sup>2</sup> 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.

<sup>3</sup> 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.

1. **The Member Advisory Committee (MAC)** – advises the Board on any matters the Board requests the committee to evaluate or consider; and advises the Board on matters as the MAC deems appropriate. The MAC Chair attends the WECC Board meetings to provide advice, clarifications or respond to directors' questions. The Board gives serious consideration to the MAC's recommendations and responds to MAC recommendations through a means that the Board determines appropriate. The MAC is comprised of 15 members; three representatives from each of the five Member Classes.
2. **WECC Standards Committee (WSC)** – oversees the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. The WECC Standards Committee consists of one member from each of the WECC Standards Voting Sectors and a member of the WECC Board who shall act as chair of the committee.
3. **Planning Coordination Committee (PCC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of the BES within the Western Interconnection.
4. **Operating Committee (OC)** – advises the Board and makes recommendations on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the BES in the Western Interconnection.
5. **Market Interface Committee (MIC)** – advises the Board and makes recommendations on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It considers matters pertaining to the impact of North American Electric Reliability Corporation (NERC) Reliability Standards and WECC's Regional Reliability Standards, Regional Business Practices, Regional Criteria, procedures on the commercial electricity market in the Western Interconnection, and facilitates analysis of the impact of electricity market practices on electric system reliability.

### **Statutory Functional Scope**

WECC has been approved by the Federal Energy Regulatory Commission (FERC) as a Regional Entity, with authority — pursuant to the WECC /NERC Delegation Agreement — to create, monitor, and enforce standards for the reliability of the BES in the Western Interconnection.

### **2014 Key Assumptions**

NERC and the Regional Entities' 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. These common assumptions and WECC's assumptions are described in each statutory program area in Section A.

## 2014 WECC Business Objectives

WECC's business objectives for 2014 are as follows:

1. Execute delegated authority with a high degree of excellence to reduce the frequency and severity of system events.
2. Facilitate the reliable and cost-effective integration of variable generation and non-traditional resources in the Western Interconnection.
3. Improve cost-effectiveness and efficiency of WECC processes to optimize the use of assessments.
4. Produce Interconnection-wide studies to support the development of a reliable, robust transmission system and assure resource adequacy.
5. Increase organizational readiness to respond to external drivers.
6. Provide data and analysis to support informed decisions related to system reliability and efficient competitive power markets.
7. Identify and mitigate potential risks and vulnerabilities to improve system reliability.

## 2014 Overview of Cost Impacts

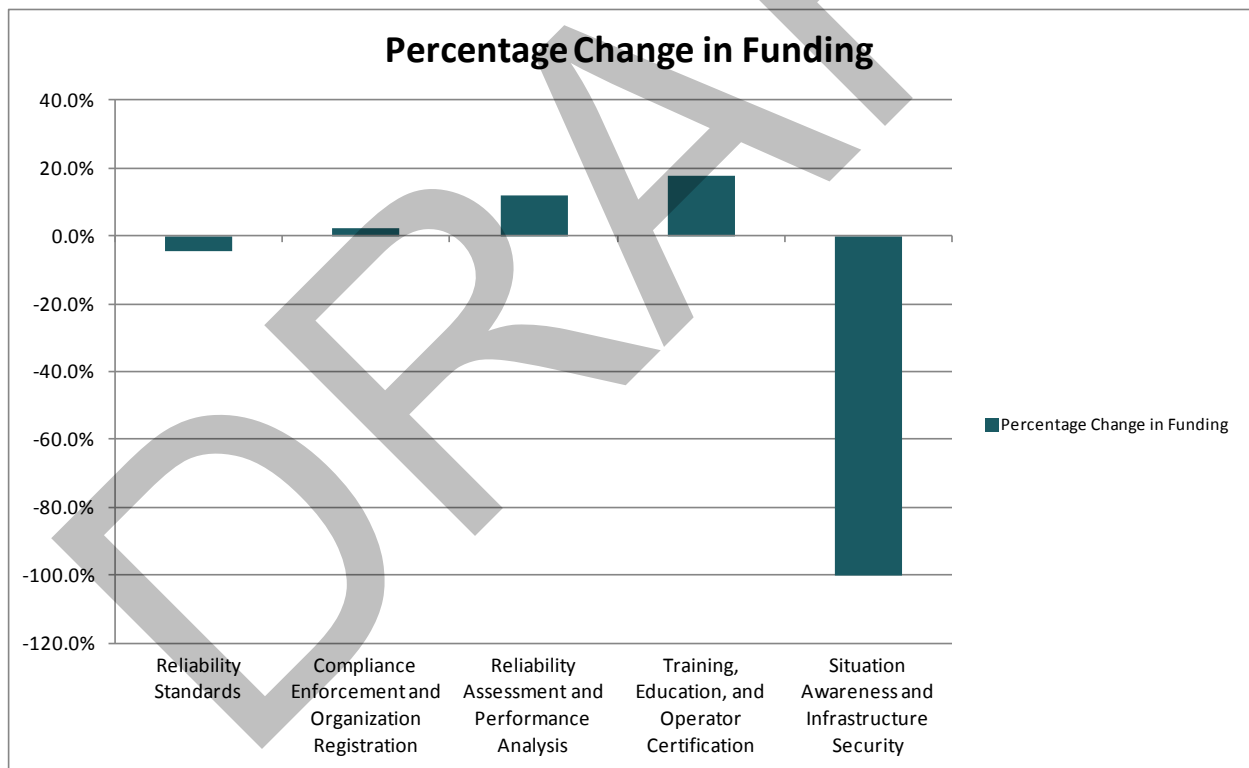
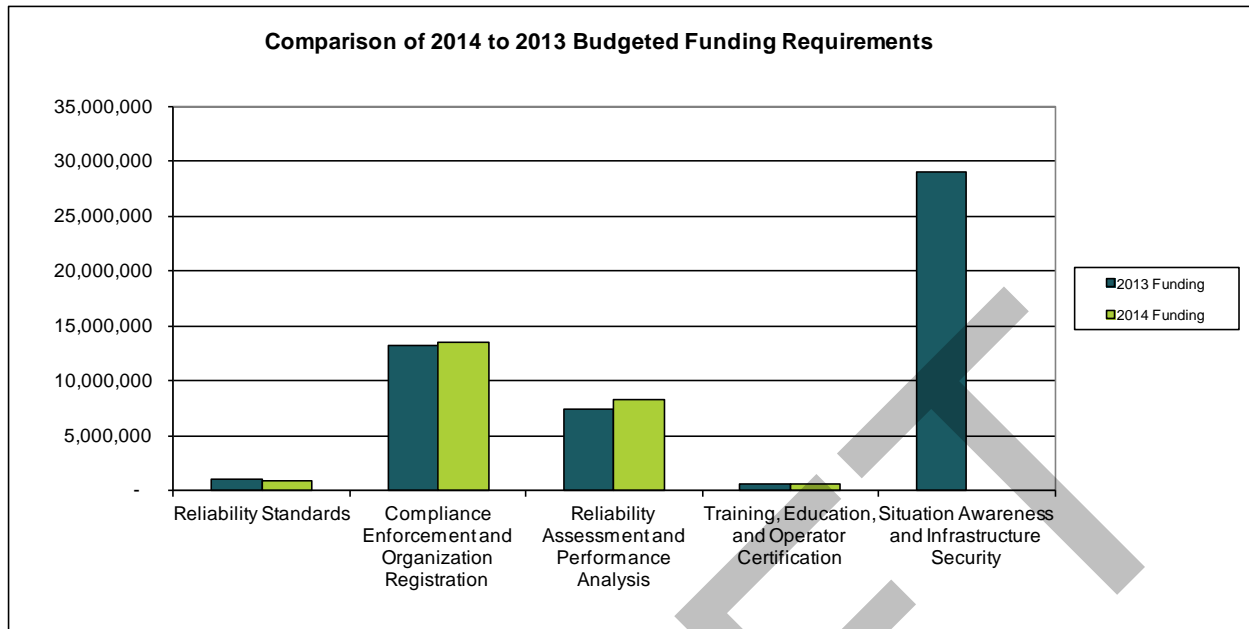
WECC's proposed 2014 statutory budget is \$25.7 million, a \$25.4 million (49.7 percent) decrease from the 2013 statutory budget. The decrease is mainly attributable to the bifurcation of WECC. Expenses associated with activities related to the U.S. Department of Energy (DOE) grants decrease by \$2.3 million. Non-grant expenditures decrease by \$23.1 million.

Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount represents either vacant or filled positions. Significant changes to the 2014 statutory budget from the 2013 statutory budget are as follows:

- Personnel Expenses decrease by \$15.5 million primarily due to the transfer of 111 FTEs to the Reliability Coordination Company (RCCo) in the WECC bifurcation process. Additionally, most personnel expenses were reduced by 15 percent to budget for labor float.
- Travel and Meeting Expenses decrease by \$639,000, which is due to the bifurcation of WECC.
- Consultants and Contracts decrease by a net \$1.4 million. The budget for Situation Awareness was \$2.4 million in 2013 and, due to the bifurcation of WECC, the Situation Awareness budget is zero in 2014. Reliability Assessment and Performance Analysis increases by \$840,000 due to the continuation of the Regional Transmission Expansion Planning grant. Human Resources increases by \$120,000 due to a new compensation and benefits survey.
- Other operating costs decrease by \$5.9 million primarily due to the bifurcation of WECC. Two office facilities are transferring to the RCCo and Reliability Coordinator licensing and Internet bandwidth costs also transfer to the RCCo.
- Fixed Assets decrease by \$4.6 million primarily due to the bifurcation of WECC.

A summary of funding requirements for WECC's primary statutory functional areas is shown in the following table and graphs:

Program	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Reliability Standards	975,302	975,303	931,510	(43,792)	-4.5%
Compliance Enforcement and Organization Registration	13,159,281	13,159,281	13,443,337	284,056	2.2%
Reliability Assessment and Performance Analysis	7,363,003	7,363,002	8,229,600	866,597	11.8%
Training, Education, and Operator Certification	533,258	533,258	626,767	93,509	17.5%
Situation Awareness and Infrastructure Security	28,994,248	28,994,248	-	(28,994,248)	-100.0%
Total By Program	51,025,092	51,025,092	23,231,214	(27,793,878)	



The percentage change in funding is described in detail in Section A of the Business Plan and Budget, starting on page 12.



## Personnel Analysis

In 2014, there is a net decrease of 81.3 FTEs (108 positions). Three new positions are being added in 2014 and 111 are being transferred to the RCCo.

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs* 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.5	3.5	4.0	0.0	4.0	0.5
Compliance and Organization Registration and Certification	50.5	50.5	58.0	0.0	58.0	7.5
Training and Education	1.5	1.5	2.0	0.0	2.0	0.5
Reliability Assessment and Performance Analysis	19.6	19.6	23.6	0.0	23.6	4.0
Situation Awareness and Infrastructure Security	85.0	85.0	0.0	0.0	0.0	(85.0)
<b>Total FTEs Operational Programs</b>	<b>160.0</b>	<b>160.1</b>	<b>87.6</b>	<b>0.0</b>	<b>87.6</b>	<b>(72.4)</b>
<b>Administrative Programs</b>						
Technical Committees and Member Forums	7.6	7.6	9.5	0.0	9.5	1.9
General & Administrative	18.8	18.8	15.2	0.0	15.2	(3.6)
Information Technology	9.0	9.0	9.0	0.0	9.0	-
Legal and Regulatory	12.1	12.1	6.0	0.0	6.0	(6.1)
Human Resources	3.1	3.1	3.0	0.0	3.0	(0.1)
Finance and Accounting	5.7	5.7	4.7	0.0	4.7	(1.0)
<b>Total FTEs Administrative Programs</b>	<b>56.3</b>	<b>56.3</b>	<b>47.4</b>	<b>0.0</b>	<b>47.4</b>	<b>(8.9)</b>
<b>Total FTEs</b>	<b>216.3</b>	<b>216.4</b>	<b>135.0</b>	<b>0.0</b>	<b>135.0</b>	<b>(81.3)</b>

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

## 2013 Budget and Projection and 2014 Budget Comparisons

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### STATUTORY

	2013 Budget	2013 Projection	Variance 2012 Projection v 2012 Budget Over(Under)	2014 Budget	Variance 2013 Budget v 2012 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 40,962,547	\$ 40,962,547	\$ -	\$ 15,815,695	\$ (25,146,852)
Penalty Sanctions	2,966,850	2,966,850	-	2,742,299	(224,551)
<b>Total WECC Funding</b>	<b>\$ 43,929,397</b>	<b>\$ 43,929,397</b>	<b>\$ -</b>	<b>\$ 18,557,994</b>	<b>\$ (25,371,403)</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	5,915,605	5,915,605	-	3,628,308	(2,287,297)
Services & Software	-	-	-	-	-
Workshops	885,300	885,300	-	957,929	72,629
Interest	290,911	290,911	-	69,000	(221,911)
Miscellaneous	3,879	3,879	-	-	(3,879)
<b>Total Funding (A)</b>	<b>\$ 51,025,092</b>	<b>\$ 51,025,092</b>	<b>\$ -</b>	<b>\$ 23,213,231</b>	<b>\$ (27,811,861)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 24,445,264	\$ 24,845,263	\$ 400,000	\$ 12,096,225	\$ (12,349,039)
Payroll Taxes	1,757,632	1,757,632	-	774,000	(983,632)
Benefits	3,443,465	3,443,465	-	2,129,743	(1,313,722)
Retirement Costs	1,593,510	1,593,510	-	774,000	(819,510)
<b>Total Personnel Expenses</b>	<b>\$ 31,239,871</b>	<b>\$ 31,639,870</b>	<b>\$ 400,000</b>	<b>\$ 15,773,968</b>	<b>\$ (15,465,903)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 996,254	\$ 996,254	\$ -	\$ 873,476	\$ (122,778)
Travel	1,942,001	1,942,001	-	1,484,456	(457,545)
Conference Calls	172,492	172,492	-	114,222	(58,270)
<b>Total Meeting Expenses</b>	<b>\$ 3,110,747</b>	<b>\$ 3,110,747</b>	<b>\$ -</b>	<b>\$ 2,472,154</b>	<b>\$ (638,593)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 5,830,998	\$ 6,430,998	\$ 600,000	\$ 4,387,302	\$ (1,443,696)
Office Rent	1,975,323	1,975,323	-	936,072	(1,039,251)
Office Costs	6,214,635	6,214,635	-	1,405,454	(4,809,181)
Professional Services	722,829	722,829	-	758,756	35,927
Miscellaneous	-	-	-	-	-
Depreciation	4,176,235	4,176,235	-	580,000	(3,596,235)
<b>Total Operating Expenses</b>	<b>\$ 18,920,019</b>	<b>\$ 19,520,019</b>	<b>\$ 600,000.00</b>	<b>\$ 8,067,584</b>	<b>\$ (10,852,435)</b>
<b>Total Direct Expenses</b>	<b>\$ 53,270,637</b>	<b>\$ 54,270,637</b>	<b>\$ 1,000,000</b>	<b>\$ 26,313,706</b>	<b>\$ (26,956,931)</b>
<b>Indirect Expenses</b>	<b>\$ (443,310)</b>	<b>\$ (443,310)</b>	<b>\$ -</b>	<b>\$ (547,016)</b>	<b>\$ (103,706)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 52,827,327</b>	<b>\$ 53,827,327</b>	<b>\$ 1,000,000</b>	<b>\$ 25,766,690</b>	<b>\$ (27,060,637)</b>
<b>Change in Assets</b>	<b>\$ (1,802,235)</b>	<b>\$ (2,802,235)</b>	<b>\$ (1,000,000)</b>	<b>\$ (2,553,459)</b>	<b>\$ (751,224)</b>
<b>Fixed Assets</b>					
Depreciation	\$ (4,176,235)	\$ (4,176,235)	\$ -	\$ (580,000)	\$ 3,596,235
Computer & Software CapEx	1,253,000	1,253,000	-	309,487	(943,513)
Furniture & Fixtures CapEx	34,000	34,000	-	-	(34,000)
Equipment CapEx	1,087,000	1,087,000	-	136,000	(951,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (1,802,235)</b>	<b>\$ (1,802,235)</b>	<b>\$ -</b>	<b>\$ (134,513)</b>	<b>\$ 1,667,722</b>
<b>TOTAL BUDGET (B+C)</b>	<b>51,025,092</b>	<b>52,025,092</b>	<b>1,000,000</b>	<b>25,632,177</b>	<b>(25,392,915)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ (1,000,000)</b>	<b>\$ (1,000,000)</b>	<b>\$ (2,418,946)</b>	<b>\$ (2,418,946)</b>
FTEs	216.3	216.3	-	135.0	(81.3)
HC	248.0	248.0	-	135.0	(113.0)

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Section A – Statutory Programs  
2014 Business Plan and Budget

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## Section A — 2014 Business Plan

### Reliability Standards Program

<b>Reliability Standards Program</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	3.5	4.0	0.5
Direct Expenses	\$ 677,776	\$ 597,739	\$ (80,037)
Indirect Expenses	\$ 310,317	\$ 437,614	\$ 127,297
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (12,790)	\$ (7,671)	\$ 5,119
Total Funding Requirement	\$ 975,303	\$ 1,027,682	\$ 52,379

#### Program Scope and Functional Description

WECC's standards development activities are divided into two categories:

1. Participation in the NERC Reliability Standards Development Procedure.
2. Development of Western Interconnection Regional Reliability Standards (RRS), Regional Criteria, and Regional Business Practices.

WECC's standards development process is overseen by the WECC Standards Committee and is open to participation by all parties interested in providing input during the drafting, comment, and approval processes. Each standard is recommended by vote of a ballot pool formed from the WECC Ballot Body. Standards are balloted electronically during 15-day ballot windows. Upon approval by the ballot pool, standards are forwarded to the WECC Board for approval. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees for adoption. NERC then files these reliability standards with FERC for approval.

The WECC Reliability Standards Development Procedures are also used for the development of WECC Regional Criteria and Regional Business Practices. Regional Criteria are requirements that are approved by the WECC Board. They do not require NERC or FERC approval. WECC develops its Regional Criteria to meet the requirements of NERC Fill-in-the-Blank Standards.<sup>4</sup> Regional Business Practices are requirements that are approved by the WECC Board. They do not require NERC or FERC approval. WECC develops its Regional Business Practices to establish consistency among WECC member entities with respect to specific business practices, technical procedures, documentation procedures, or administrative procedures.

<sup>4</sup> Fill-in-the-Blank Standards are reliability standards developed by NERC that require the Regional Reliability Organizations to develop criteria for use by users, owners, or operators within the region.

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**2014 Key Assumptions**

- Integration of renewable resources may require new or modified NERC Reliability Standards.
- WECC will continue to rely on stakeholder volunteers for the staffing of NERC Standards drafting teams.
- WECC Standards staff will take an active role in the coordination and communication of NERC Standards drafting teams' activities to the Western stakeholders.
- WECC expects that a significant proportion of the work required to develop regional standards, regional criteria, and regional business practices will continue to be performed by voluntary stakeholder participation.
- Depending on the final treatment of the NERC Fill-in-the-Blank Standards, it may be necessary to develop one or more RRSs to address any regional obligations in this area.

**2014 Goals and Key Deliverables**

- Ensure the Western perspective is represented in NERC continent-wide Reliability Standards.
- Ensure that the WECC Standards Department meets the needs of the Western stakeholders in the area of RRSs, regional criteria, and regional business practices.
- Ensure that WECC members and stakeholders are informed and engaged in the NERC Standards development efforts.
- Provide leadership and guidance to the Western Interconnection efforts to advance the NERC Results-Based Standards initiative.
- Undertake regular outreach to keep stakeholders informed about standards development and the NERC Results-Based Standards initiative.
- Provide support to NERC's informal outreach efforts.
- Ensure that WECC's procedures are developed to comply with the requirements of the NERC Fill-in-the-Blank Standards.
- Triage NERC Standards development projects and provide timely analyses to WECC members.
- Continue updates and enhancements to the WECC Standards Outreach Web page.
- Facilitate and support the activities of the WECC Standards Committee (WSC).

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

- Assessments are offset by the allocation of \$119,000 in penalty sanctions received by WECC on or prior to June 30, 2013.
- Interest revenue is allocated based on FTEs.

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**Personnel Expenses**

- Personnel Expenses decrease by \$43,000 primarily due to a 15 percent reduction in salaries, payroll taxes, benefits, and retirement costs in 2014 to budget for labor float.

**Meeting Expenses**

- Total Meeting Expenses decrease by \$14,000, primarily due to lower attendance at NERC Board of Trustees meetings.

**Indirect Expenses**

- Indirect Expenses are allocated based on FTEs. The reliability standards allocation increase is due to the bifurcation of WECC. The percentage of standards FTEs to total WECC FTEs increases in 2014 as a result of the reduction in FTEs.

**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 2014 Business Plan and Budget are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

<b>RELIABILITY STANDARDS</b>					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 903,967	\$ 903,967	\$ -	\$ 802,329	\$ (101,638)
Penalty Sanctions	64,888	64,888	-	125,219	60,331
<b>Total WECC Funding</b>	<b>\$ 968,855</b>	<b>\$ 968,855</b>	<b>\$ -</b>	<b>\$ 927,548</b>	<b>\$ (41,307)</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	6,363	6,363	-	3,151	(3,212)
Miscellaneous	85	85	-	-	(85)
<b>Total Funding (A)</b>	<b>\$ 975,303</b>	<b>\$ 975,303</b>	<b>\$ -</b>	<b>\$ 930,699</b>	<b>\$ (44,604)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 464,771	\$ 464,771	\$ -	\$ 447,768	\$ (17,003)
Payroll Taxes	34,916	34,916	-	30,138	(4,778)
Benefits	60,156	60,156	-	48,499	(11,657)
Retirement Costs	40,139	40,139	-	30,138	(10,001)
<b>Total Personnel Expenses</b>	<b>\$ 599,982</b>	<b>\$ 599,982</b>	<b>\$ -</b>	<b>\$ 556,543</b>	<b>\$ (43,439)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 14,754	\$ 14,754	\$ -	\$ 528	\$ (14,226)
Travel	43,000	43,000	-	28,360	(14,640)
Conference Calls	11,400	11,400	-	4,188	(7,212)
<b>Total Meeting Expenses</b>	<b>\$ 69,154</b>	<b>\$ 69,154</b>	<b>\$ -</b>	<b>\$ 33,076</b>	<b>\$ (36,078)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	8,640	8,640	-	8,120	(520)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 8,640</b>	<b>\$ 8,640</b>	<b>\$ -</b>	<b>\$ 8,120</b>	<b>\$ (520)</b>
<b>Total Direct Expenses</b>	<b>\$ 677,776</b>	<b>\$ 677,776</b>	<b>\$ -</b>	<b>\$ 597,739</b>	<b>\$ (80,037)</b>
<b>Indirect Expenses</b>	<b>\$ 310,317</b>	<b>\$ 310,317</b>	<b>\$ -</b>	<b>\$ 437,614</b>	<b>\$ 127,297</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 988,093</b>	<b>\$ 988,093</b>	<b>\$ -</b>	<b>\$ 1,035,353</b>	<b>\$ 47,260</b>
<b>Change in Assets</b>	<b>\$ (12,790)</b>	<b>\$ (12,790)</b>	<b>\$ -</b>	<b>\$ (104,654)</b>	<b>\$ (91,864)</b>
<b>Fixed Assets</b>					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (12,790)	\$ (12,790)	\$ -	\$ (7,671)	\$ 5,119
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (12,790)</b>	<b>\$ (12,790)</b>	<b>\$ -</b>	<b>\$ (7,671)</b>	<b>\$ 5,119</b>
<b>TOTAL BUDGET (B+C)</b>	<b>975,303</b>	<b>975,303</b>	<b>-</b>	<b>1,027,682</b>	<b>52,379</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (96,983)</b>	<b>\$ (96,983)</b>
FTEs	3.5	3.5	-	4.0	0.5
HC	4.0	4.0	-	4.0	-

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

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	50.5	58.0	7.5
Direct Expenses	\$ 8,931,897	\$ 8,592,053	\$ (339,844)
Indirect Expenses	\$ 4,477,429	\$ 6,345,397	\$ 1,867,968
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (250,045)	\$ (106,233)	\$ 143,812
Total Funding Requirement	\$ 13,159,281	\$ 14,831,217	\$ 1,671,936

### Program Scope and Functional Description

Compliance monitoring and enforcement is essential to WECC's mission as a Regional Entity, and to its fulfillment of the requirements of the WECC/NERC Delegation Agreement. This agreement delegates compliance monitoring and enforcement authority in the United States portion of the Western Interconnection to WECC.

WECC's Compliance Monitoring and Enforcement Program (CMEP) is implemented by WECC Compliance staff members who are independent of all users, owners, and operators of the BES. All approved and effective mandatory reliability standards are monitored and enforced under the CMEP, including standards made mandatory pursuant to FERC Order 693,<sup>5</sup> and the Critical Infrastructure Protection (CIP) standards under FERC Order 706.<sup>6</sup> Under the CMEP, WECC undertakes the following activities:

- 1) Recommends the registration of entities for applicable functions to NERC. WECC facilitates the registration process, ensures that there are no omissions in the registration of entities in the Western Interconnection, and helps resolve registration disputes.
- 2) Monitors Registered Entities' compliance with reliability standards using the following methods:

Compliance Audits – Conducts either on-site or off-site audits of all Registered Entities.

Self-Certification – Reviews Registered Entities' annual certifications of compliance or non-compliance with standards.

Spot-Checks – Verifies compliance with specific standards in connection with reviews of self-certification, or in scheduled CIP spot checks.

<sup>5</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 FR 16,416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242 (2007).

<sup>6</sup> *Mandatory Reliability Standards for Critical Infrastructure Protection*, Order No. 706, 73 FR 7368 (Feb. 7, 2008), 122 FERC ¶ 61,040 (2008).



Compliance Investigations – Investigates violations; usually as the result of a system event or disturbance, but possibly from other sources.

Self-Reports – Reviews and follows up on reports from Registered Entities' continuous monitoring efforts by their internal compliance programs.

Periodic Data Submittals – Reviews monthly and quarterly reports that are submitted in compliance with certain standards.

Exception Reporting – Requires reports on a small set of standards when violations occur.

Complaints – Investigates whether a violation has occurred when the WECC Compliance staff is alerted to a potential violation.

3) Conducts enforcement activities that include:

Mitigation Plans – Reviews, monitors, and verifies mitigation plans filed by Registered Entities to correct violations.

Penalty Calculations – Determines, as appropriate, proposed penalties for alleged violations.

Settlement Negotiations – Conducts settlement negotiations with Registered Entities when requested.

The Compliance function also undertakes the following processes in support of its activities:

System Events – Reviews certain events and encourages registered entities to perform an internal assessment of compliance for those events. Also, considers self-reporting violations and other compliance monitoring processes as appropriate.

Entity Impact Evaluations (formerly known as Risk-Based Assessments) – Conducts a review and assessment of Registered Entities to determine scope of audits.

Lessons Learned and Best Practices – Develops lessons learned from all monitoring and enforcement activities and communicates these during interactions with Registered Entities: for example; during audits, reviews of Self-Reports, or reviews of proposed or completed Mitigation Plans.

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 are all part of the WECC footprint, and have adopted or are adopting mandatory reliability standards

based on FERC-approved standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Federal de Electricidad (CFE) under which WECC performs compliance monitoring activities to help assure reliability across international borders within the Western Interconnection. These monitoring activities began during 2010, increased considerably during 2011 and 2012, and will continue to increase in 2013 and 2014, primarily due to audits in CFE that are scheduled to begin this year.

### Reliability Management System (RMS)

In 1996, the Western Systems Coordinating Council (WSCC)<sup>7</sup> created the RMS, a contract-based compliance enforcement mechanism. The RMS grew to encompass 14 criteria. In the U.S., since all RMS Criteria have been adopted either as RRSs or NERC Standards, the RMS was terminated in 2011.

The RMS in British Columbia was terminated in 2010 as the province adopted equivalent standards. The adoption of Alberta Standards is expected to be completed during 2013, after which the RMS will be terminated in Alberta. The CFE (Baja California, Mexico) is also in the process of adopting mandatory standards, with highest priority given to standards corresponding to RMS Criteria. Governmental entities in Alberta and Mexico will ultimately decide when to replace all RMS criteria with applicable standards and terminate the RMS. WECC anticipates that the impact of RMS Criteria on resources will be negligible.

### 2014 Key Assumptions

WECC Compliance is incorporating Key Assumptions relevant to 2014 from the 2013-2015 Shared Business Plan and Budget Assumptions<sup>8</sup> used by NERC and the Regional Entities in formulating 2014 budgets. At this time the impact of many of the Assumptions is speculative; therefore, additions to the 2014 budget based on the Assumptions are not being proposed. If it becomes evident that impacts emerge that cannot be absorbed by current staffing levels and the existing proposed 2014 budget, then Compliance may seek approval for additional funds. The most significant assumptions (in bold) are from the Common Assumptions and WECC's current assessment of impact in the Assumptions are listed below:

“External factors will continue to affect both resource needs and allocation...”<sup>8</sup>

**“The final definition of the BES, as well as the number of exception requests.”**

Depending on the outcome and timing of these initiatives, Compliance may register and monitor additional Registered Entities — or de-register and monitor

<sup>7</sup> The WSCC was one of the companies and regional transmission associations that merged to form WECC.

<sup>8</sup> Shared Business Plan and Budget Assumptions: NERC and the Regional Entities, 2013-2015 Planning Period, [http://www.nerc.com/docs/bot/finance/2013%20NERC%20Business%20Plan%20and%20Budget/2013-15%20Shared%20Business%20Plan%20and%20Budget%20Assump%20-%2003-26-12%20\(clean\).pdf](http://www.nerc.com/docs/bot/finance/2013%20NERC%20Business%20Plan%20and%20Budget/2013-15%20Shared%20Business%20Plan%20and%20Budget%20Assump%20-%2003-26-12%20(clean).pdf), February 21, 2012.

fewer. At this time it is uncertain what Compliance resources will be required to manage the filings by Registered Entities claiming inclusions and exclusions under the new BES definition as well as requests for exceptions. WECC did not budget for BES inclusion, exclusion, or exception processing in the 2014 budget due to the uncertainty and timing of the BES definition approval and of the processing requirements. Additionally, WECC carries adequate reserve levels to fund the work if the need arises.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program:

*Compliance and Enforcement*

**“Improvements in consistency among Regional Entities, and registered entities are expected from an improved centralized compliance, registration, analysis, and tracking system. A significant multiyear investment will be required to develop and implement the system.”**

It is uncertain what impact this may have on WECC’s Program Administration and how widely Regional Entities will be expected to alter their current practices, equipment, and programs; what the associated costs might be; and how they might be allocated. To the extent this initiative succeeds, it could provide further efficiencies in WECC’s interactions related to reporting data and sending information to NERC.

In addition, during 2014 (as in every year), WECC Compliance is expected to respond to FERC directives and orders as well as to significant new initiatives not currently identified that may be generated by NERC. An uncertainty that may result in significant impact on resources is the transition from CIP version 3 standards to CIP version 5. Possible impacts include additional workload, need for increased outreach and training, and the actual transition and associated guidance that may be issued by NERC.

### **2014 Goals and Key Deliverables**

- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. and, with respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved memoranda of understanding with Canadian and Mexican authorities.
- Ensure all auditors meet NERC auditor training requirements.
- Work with Registered Entities within the WECC Region to promote a strong culture of compliance and reliability improvement. Identify key areas needing improvement and implement educational efforts to improve compliance in those areas, based on Compliance program results and system events.
- Identify where existing NERC Reliability Standards can be improved or clarified.
- Use technology effectively to collaborate and share information.
- Use resources effectively and efficiently.
- Participate in and represent the Western Interconnection on issues that will impact WECC in NERC and regional initiatives for example: refining risk-based

monitoring, streamlining enforcement processing, and monitoring information technology initiatives.

- Perform CMEP tasks that are estimated based on 2012 and 2013 data, and expected impact from the 2013-2015 Assumptions. These estimates may change as more information becomes available:
  - Conduct 90 assessments and make recommendations based on current rules in effect relating to the registration of entities.
  - Conduct 21 on-site audits of Operations and Planning standards.
  - Conduct 20 on-site audits of Cyber Security standards. (Note that due to transition to new versions of CIP standards, CIP audits may be more time-consuming than they have been in the past.)
  - Conduct 130 off-site audits (for both Operations and Planning, and Cyber Security Standards).
  - Process 15,000 self-certification forms.
  - Process 500 self-report forms.
  - Perform 15 spot-checks.
  - Process 625 violations.
  - Review 750 mitigation plans.
  - Review 325 completed mitigation plans.
  - Conduct three Compliance Investigations.
  - Validate, track, and monitor Technical Feasibility Exception (TFE) requests. If proposed changes to the TFE process are adopted by FERC, the administrative burden will be less than in the past but auditors still will be required to validate TFEs.
  - Complete 35 reviews or compliance assessments relating to Event Analysis.

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

WECC is the largest of the Regional Entities with 466 Registered Entities that include 1,235 registered functions (according to the NERC Registry as of March 19, 2013<sup>[kv3]</sup>). The Compliance Department manages the CMEP processes for every Registered Entity and registered function in the Western Interconnection.

The resource needs for the registration, audit, investigations, and enforcement activities for 2014 are expected to increase minimally over 2013. This estimation is based on:

- actual workload in 2012;
- experience gained in 2013;
- assumptions in the 2013 WECC Business Plan and Budget; and
- assumptions in the 2014 WECC Business Plan and Budget.

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

- Assessments are offset by the allocation of \$1.7 million in penalty sanctions received by WECC on or prior to June 30, 2013.
- Interest revenue is allocated based on FTEs.

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**Personnel Expenses**

- Salaries decrease by \$249,000 primarily due to a 15 percent reduction for labor float.
- Payroll Taxes decrease by \$48,000 with Salaries.
- Benefits increase by \$38,000 primarily due to a 20 percent increase in insurance premiums and additional employee training.

**Meeting Expenses**

- Travel increases by \$94,000 due to an increase in audit engagement as well as employee training opportunities.

**Operating Expenses**

- Consultants & Contracts decrease by \$45,000 due to the retirement of one contractor and fewer significant cases requiring outside expertise.
- Office Costs decrease by \$44,000 primarily due to reduced enhancements for software renewals.

**Indirect Expenses**

- Indirect Expenses are allocated based on FTEs. The Compliance allocation increases by \$1.7 million due to the bifurcation of WECC. The percentage of Compliance FTEs to total WECC FTEs increases in 2014 as a result of the overall reduction of FTEs.

**Other Non-Operating Expenses**

- Not applicable.

**Fixed Asset Additions**

- Not applicable.

## 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 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### COMPLIANCE AND ORGANIZATION REGISTRATION AND CERTIFICATION

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 11,696,264	\$ 11,696,264	\$ -	\$ 11,132,085	\$ (564,179)
Penalty Sanctions	936,241	936,241	-	1,815,678	879,437
<b>Total WECC Funding</b>	<b>\$ 12,632,505</b>	<b>\$ 12,632,505</b>	<b>\$ -</b>	<b>\$ 12,947,763</b>	<b>\$ 315,258</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	433,750	433,750	-	438,125	4,375
Interest	91,802	91,802	-	45,685	(46,117)
Miscellaneous	1,224	1,224	-	-	(1,224)
<b>Total Funding (A)</b>	<b>\$ 13,159,281</b>	<b>\$ 13,159,281</b>	<b>\$ -</b>	<b>\$ 13,431,573</b>	<b>\$ 272,292</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,019,223	\$ 5,019,223	\$ -	\$ 4,769,767	\$ (249,456)
Payroll Taxes	370,015	370,015	-	322,315	(47,700)
Benefits	757,768	757,768	-	795,563	37,795
Retirement Costs	314,433	314,433	-	322,315	7,882
<b>Total Personnel Expenses</b>	<b>\$ 6,461,439</b>	<b>\$ 6,461,439</b>	<b>\$ -</b>	<b>\$ 6,209,960</b>	<b>\$ (251,479)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 452,985	\$ 452,985	\$ -	\$ 462,503	\$ 9,518
Travel	872,000	872,000	-	966,340	94,340
Conference Calls	64,550	64,550	-	41,780	(22,770)
<b>Total Meeting Expenses</b>	<b>\$ 1,389,535</b>	<b>\$ 1,389,535</b>	<b>\$ -</b>	<b>\$ 1,470,623</b>	<b>\$ 81,088</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 470,000	\$ 470,000	\$ -	\$ 424,800	\$ (45,200)
Office Rent	-	-	-	-	-
Office Costs	494,423	494,423	-	450,670	(43,753)
Professional Services	1,000	1,000	-	-	(1,000)
Miscellaneous	-	-	-	-	-
Depreciation	115,500	115,500	-	36,000	(79,500)
<b>Total Operating Expenses</b>	<b>\$ 1,080,923</b>	<b>\$ 1,080,923</b>	<b>\$ -</b>	<b>\$ 911,470</b>	<b>\$ (169,453)</b>
<b>Total Direct Expenses</b>	<b>\$ 8,931,897</b>	<b>\$ 8,931,897</b>	<b>\$ -</b>	<b>\$ 8,592,053</b>	<b>\$ (339,844)</b>
<b>Indirect Expenses</b>	<b>\$ 4,477,429</b>	<b>\$ 4,477,429</b>	<b>\$ -</b>	<b>\$ 6,345,397</b>	<b>\$ 1,867,968</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 13,409,326</b>	<b>\$ 13,409,326</b>	<b>\$ -</b>	<b>\$ 14,937,450</b>	<b>\$ 1,528,124</b>
<b>Change in Assets</b>	<b>\$ (250,045)</b>	<b>\$ (250,045)</b>	<b>\$ -</b>	<b>\$ (1,505,877)</b>	<b>\$ (1,255,832)</b>
<b>Fixed Assets</b>					
Depreciation	(115,500)	(115,500)	-	(36,000)	79,500
Computer & Software CapEx	50,000	50,000	-	10,000	(40,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	31,000	31,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (184,545)	\$ (184,545)	\$ -	\$ (111,233)	\$ 73,312
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (250,045)</b>	<b>\$ (250,045)</b>	<b>\$ -</b>	<b>\$ (106,233)</b>	<b>\$ 143,812</b>
<b>TOTAL BUDGET (B+C)</b>	<b>13,159,281</b>	<b>13,159,281</b>	<b>-</b>	<b>14,831,217</b>	<b>1,671,936</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,399,644)</b>	<b>\$ (1,399,644)</b>
FTEs	50.5	50.5	-	58.0	7.5
HC	57.0	57.0	-	58.0	1.0

## Hearings

### Background

The WECC 2014 budget for Hearings is reflected in the following table. These expenditures are included in the Compliance Program *Statement of Activities*.

<b>Hearings</b>			
(in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Direct Expenses	\$ 14,550	\$ -	\$ (14,550)
Indirect Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 14,550	\$ -	\$ (14,550)

### Program Scope and Functional Description

The role of the Hearing Officer is to coordinate and conduct evidentiary hearings of disputes and then issue initial decisions to the Hearing Panel for approval. In cases of particular complexity or significant regional interest, the Hearing Panel may conduct or participate in the evidentiary hearing.

The Compliance Hearing Body (CHB) is comprised of volunteers from the WECC Board, WECC members, and consultants. The Hearing Panel will be drawn from a pool of individuals on the CHB.

Legal Department staff will support the Hearing Officer and Hearing Panel and those staff members will be screened from compliance matters when a hearing is pending.

### 2014 Key Assumptions

- WECC will maintain current operations.
- NERC expectations in terms of hearing requirements will be clearly defined.
- WECC does not anticipate any hearings in 2014.

### 2014 Goals and Key Deliverables

- Provide independent, fair, efficient, and cost effective support to the WECC Hearing Panel.
- Meet all timelines identified in the WECC Hearing Procedures.
- Maintain hearing records.
- Manage the hearing budget.

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	19.6	23.6	4.0
Direct Expenses	\$ 5,408,087	\$ 6,516,514	\$ 1,108,427
Indirect Expenses	\$ 1,734,819	\$ 2,581,920	\$ 847,101
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 220,096	\$ (16,773)	\$ (236,869)
Total Funding Requirement	\$ 7,363,002	\$ 9,081,661	\$ 1,718,659

### Program Scope and Functional Description

WECC staff conducts a variety of studies and assessments essential to the reliable planning and operation of the BES in the Western Interconnection. In addition, WECC staff compiles and distributes planning data and information that is used by WECC members to aid in local planning studies. These integrated planning efforts enhance WECC's overall ability to participate in, and respond to, the major planning and public policy issues emerging both in the Western Interconnection and nationally.

The Reliability Assessment and Performance Analysis (RAPA) budget supports the efforts of the Transmission Expansion Planning function, the Planning Services function and the Reliability Assessments function.

#### Transmission Expansion Planning

WECC assists with fulfilling the FERC Order 890 requirement for regional transmission planning cooperation in the Western Interconnection through its Transmission Expansion Planning (TEP) activities. Specifically, WECC provides credible data, tools, and analysis about the future of the Western Interconnection. This work is conducted in an open, public process led by the WECC Transmission Expansion Planning Policy Committee (TEPPC). WECC's TEP activities are partially funded by a DOE grant through 2014 under the Regional Transmission Expansion Planning (RTEP) project.

TEPPC is a WECC Board Committee of 20 members representing all classes of stakeholders with representation from all geographic subregions of WECC. TEPPC and its subgroups work closely and coordinate with Western Interconnection state, provincial, and federal government entities.

Transmission Expansion Planning's deliverables are:

- Oversee and maintain a public database for production cost and related analysis;
- Develop and implement Interconnection-wide expansion planning processes;
- Guide and improve the economic analysis and modeling of the Western Interconnection and conduct transmission studies; and



- Prepare Interconnection-wide transmission plans consistent with applicable NERC and WECC Reliability Standards.

### Planning Services

The Planning Services function, working with the Planning Coordination Committee (PCC) and its subcommittees, collects and compiles information needed to develop planning resources for WECC member entities. These resources include interconnection-wide base case models, study assessments, and transmission facility maps.

In addition, Planning Services provides power system subject matter expertise to industry activities such as NERC Standards development and BES Definition exception request processing.

Planning Services is proposing a one-time expenditure of \$400,000 in 2014 for further development of the composite load model and to develop Remedial Action Scheme (RAS) and relay models for use in power flow and stability simulation programs. These efforts include contracting with subject matter specialists who can provide expertise and with vendors that can provide tools needed to develop equipment models.

Planning Services' deliverables are:

- Power Flow and Stability Base Cases.
- Annual Study Program Report.
- WECC Transmission Maps (existing and planned).
- Project Coordination and Project Rating Review Process Logging.
- Path Rating Catalog.
- Dynamic Model Development and Validation.
- BES Definition Exception Request Processing.
- Support for all WECC groups under the PCC except the Loads and Resources Subcommittee (LRS).
- Monitor and support the activities of the NERC Planning Committee, the Systems Analysis and Modeling Subcommittee, and associated work groups.

### Reliability Assessments

The Reliability Assessments function, working with the PCC's LRS, creates and analyzes supply and demand assessments for the Western Interconnection.

The mission of the Reliability Assessments group is to produce and distribute credible data, information, and analyses. The Reliability Assessments group creates reliability adequacy assessments that include the Power Supply Assessment, NERC seasonal assessments, and the Long-Term Reliability Assessment.

In addition, the Reliability Assessment function has been appointed to oversee the analysis of data related to system outages, compliance violations, system performance,

and planning data. This data will be analyzed to identify trends and potential system vulnerabilities and will be compiled in the annual WECC State of the Interconnection report.

Reliability Assessments' deliverables are:

- NERC Long-Term Reliability Assessment.
- Seasonal Assessments (summer and winter).
- NERC Probabilistic Reliability Assessment.
- WECC Power Supply Assessment.
- Support of the LRS.
- Annual State of the Interconnection Report.
- NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filing verification and submittal.
- Monitor and support the activities of the NERC Reliability Assessment Subcommittee, the Performance Analysis Subcommittee, and associated work groups.

### **2014 New Initiatives and Goals**

The PCC began implementing the Base Case Coordination System (BCCS) in 2013 and implementation efforts will continue into 2014.<sup>9</sup> Efforts will be focused on populating the database and ensuring that it produces credible base cases. Extensive WECC member outreach and training associated with the BCCS is also planned. Ongoing costs related to database management and software updates are expected to begin in 2015, and are expected to total approximately \$85,000 annually.

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Assessments are offset by the allocation of \$703,000 in penalty sanctions received by WECC on or prior to June 30, 2013.
- WECC will receive \$3.6 million in DOE grant funding for the RTEP project. The funds directly offset expenditures related to the RTEP project.
- Interest revenue is allocated based on FTEs.

#### **Personnel Expenses**

- Salaries increase by \$86,000 primarily due to an increase of four FTEs.
- Benefits increase by a \$59,000 due to an estimated 20 percent increase in insurance premiums.

<sup>9</sup> The BCCS will be a Web-accessible, centralized database that automates existing processes. It will provide a central location for maintaining base-case information.

### Meeting Expenses

- Meetings decrease by \$46,000 due to a reduction in the number of meetings and the expected number of participants.
- Travel increases by \$14,000 primarily due to an increase in FTEs and increased staff attendance at path rating study meetings.

### Operating Expenses

- Consultants & Contracts increase by \$840,000.
  - a. Consultants & Contracts related to the RTEP grant increase by \$700,000 due to additional activities being undertaken as part of the grant extension through 2014.
  - b. Consultants & Contracts in non-grant activities increase by \$140,000. This increase is primarily related to the continued development of the BCCS, and additional model development and system validation efforts of the Model Validation Work Group (MVWG).
- Office Costs increase by \$52,000 primarily due to Long-Term Planning Tools software licensing fees for RTEP. Two years licensing fees were included in the original purchase price. 2014 will be the first year these fees are paid as a renewal.
- Professional Services decrease by \$30,000 due to the elimination of Non-Affiliated Director fees associated with the RTEP grant.

### Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Reliability Assessment and Performance Analysis Program allocation increases by \$762,000 due to the bifurcation of WECC. The percentage of RAPA FTEs to total WECC FTEs increases in 2014 as a result of the overall reduction of FTEs.

### Other Non-Operating Expenses

- Not applicable.

### Fixed Asset Additions

- CapEx increases by a net \$64,000, primarily due to the acquisition of load forecasting software for the RTEP grant and the allocation of Fixed Assets from Administrative Services areas.

## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 3,834,675	\$ 3,834,675	\$ -	\$ 3,838,921	\$ 4,246
Penalty Sanctions	362,755	362,755	-	738,793	376,038
<b>Total WECC Funding</b>	<b>\$ 4,197,430</b>	<b>\$ 4,197,430</b>	<b>\$ -</b>	<b>\$ 4,577,714</b>	<b>\$ 380,284</b>
Membership Dues	-	-	-	-	-
Federal Grants	3,129,529	3,129,529	-	3,628,308	498,779
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	35,569	35,569	-	18,589	(16,980)
Miscellaneous	474	474	-	-	(474)
<b>Total Funding (A)</b>	<b>\$ 7,363,002</b>	<b>\$ 7,363,002</b>	<b>\$ -</b>	<b>\$ 8,224,611</b>	<b>\$ 861,609</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,928,608	\$ 1,928,608	\$ -	\$ 2,014,830	\$ 86,222
Payroll Taxes	142,732	142,732	-	134,116	(8,616)
Benefits	237,122	237,122	-	296,187	59,065
Retirement Costs	133,061	133,061	-	134,116	1,055
<b>Total Personnel Expenses</b>	<b>\$ 2,441,523</b>	<b>\$ 2,441,523</b>	<b>\$ -</b>	<b>\$ 2,579,249</b>	<b>\$ 137,726</b>
<b>Meeting Expenses</b>					
Meetings	\$ 111,423	\$ 111,423	\$ -	\$ 65,065	\$ (46,358)
Travel	134,900	134,900	-	148,800	13,900
Conference Calls	33,000	33,000	-	30,750	(2,250)
<b>Total Meeting Expenses</b>	<b>\$ 279,323</b>	<b>\$ 279,323</b>	<b>\$ -</b>	<b>\$ 244,615</b>	<b>\$ (34,708)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 2,527,541	\$ 2,527,541	\$ -	\$ 3,368,000	\$ 840,459
Office Rent	-	-	-	-	-
Office Costs	61,300	61,300	-	113,650	52,350
Professional Services	30,000	30,000	-	-	(30,000)
Miscellaneous	-	-	-	-	-
Depreciation	68,400	68,400	-	211,000	142,600
<b>Total Operating Expenses</b>	<b>\$ 2,687,241</b>	<b>\$ 2,687,241</b>	<b>\$ -</b>	<b>\$ 3,692,650</b>	<b>\$ 1,005,409</b>
<b>Total Direct Expenses</b>	<b>\$ 5,408,087</b>	<b>\$ 5,408,087</b>	<b>\$ -</b>	<b>\$ 6,516,514</b>	<b>\$ 1,108,427</b>
<b>Indirect Expenses</b>	<b>\$ 1,734,819</b>	<b>\$ 1,734,819</b>	<b>\$ -</b>	<b>\$ 2,581,920</b>	<b>\$ 847,101</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 7,142,906</b>	<b>\$ 7,142,906</b>	<b>\$ -</b>	<b>\$ 9,098,434</b>	<b>\$ 1,955,528</b>
<b>Change in Assets</b>	<b>\$ 220,096</b>	<b>\$ 220,096</b>	<b>\$ -</b>	<b>\$ (873,823)</b>	<b>\$ (1,093,919)</b>
<b>Fixed Assets</b>					
Depreciation	(68,400)	(68,400)	-	(211,000)	(142,600)
Computer & Software CapEx	360,000	360,000	-	239,487	(120,513)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (71,504)	\$ (71,504)	\$ -	\$ (45,260)	\$ 26,244
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 220,096</b>	<b>\$ 220,096</b>	<b>\$ -</b>	<b>\$ (16,773)</b>	<b>\$ (236,869)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>7,363,002</b>	<b>7,363,002</b>	<b>-</b>	<b>9,081,661</b>	<b>1,718,659</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (857,050)</b>	<b>\$ (857,050)</b>
FTEs	19.6	19.6	-	23.6	4.0
HC	24.0	24.0	-	23.0	(1.0)

## Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.5	2.0	0.5
Direct Expenses	\$ 427,889	\$ 496,262	\$ 68,373
Indirect Expenses	\$ 110,851	\$ 199,191	\$ 88,340
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (5,482)	\$ (3,836)	\$ 1,646
Total Funding Requirement	\$ 533,258	\$ 691,617	\$ 158,359

### Program Scope and Functional Description

The Training Department provides education and training for system operators and schedulers. The WECC training staff develops the annual training curriculum with the assistance of the Operations Training Subcommittee (OTS). These training sessions will primarily be held at the Salt Lake City Training Center, with the balance hosted by WECC members.

The Training Department also provides two System Overview Workshops each year. These two-day workshops are designed for those who have not been directly involved in day-to-day power system operations and are interested in better understanding this aspect of the power industry.

The Training Department and the OTS organize and host an annual Train-the-Trainer workshop. This workshop is targeted at training staff from WECC members and includes presentations from industry training experts. In addition, WECC's Training Department organizes and hosts the Systematic Approach to Training (SAT) Instructor's Course. This week-long course is designed to assist WECC members' training staff to design, develop, and implement training programs. The SAT also provides individual training activities to assist training staff in meeting the requirements in the NERC Reliability Standard PER-005.

### 2014 Key Assumptions

- Attendance during 2012 continued to decline. Revenue budget for 2014 is based on actual attendance from 2012 training sessions. Early indications in 2013 show an increase in attendance for the first few classes. With this increased attendance trend in 2013, coupled with improvements to the content of the training sessions, WECC is optimistic that training attendance in 2014 will continue to trend upward.
- There are no significant changes in operator certification continuing education unit requirements for 2014.
- The Training, Education, and Operator Certification program area is self-funded in 2014.

- One additional FTE will be added in 2014 to support expanded use of a Dispatcher Training Simulator, examination of computer-based training, and support of corporate training opportunities. The primary responsibility of this position will be to develop the training scenarios for simulation exercises. This position will also be responsible for developing, updating, and delivering, where appropriate, the WECC training programs for electric utility operations personnel (System Operators, Power Schedulers, and Sub-transmission Operators) and provide a contingency plan for backup instructor.

### **2014 Goals and Key Deliverables**

- Facilitate sound decision making to improve reliability by providing high-quality operator training through the WECC-sponsored Training Program, to include:
  - Review and revise curriculum as needed;
  - Support the Continuing Education Program for system operators requiring NERC Certification;
  - Expand the use of the simulator and practical Western Interconnection-specific training. This will include creation and implementation of simulator cases that are specific to the Western Interconnection; and
  - Evaluate member feedback and concerns and address through training program improvements.

Ensure the Western Interconnection is represented in reliability matters by participating in the NERC Personnel Subcommittee and other industry forums.

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Assessments are offset by the allocation of \$60,000 in penalty sanctions received by WECC on or prior to June 30, 2013.
- Workshop revenue increases by \$68,000 due to the increase in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions.
- Interest revenue is allocated based on FTEs.

#### **Personnel Expenses**

- Personnel Expenses increase by \$50,000 due to a 0.5 increase in FTEs.

#### **Meeting Expenses**

- Meetings decrease by \$44,000 due to a decrease in the number of meetings and an anticipated decrease in the number of attendees.

#### **Operating Expenses**

- Consultants & Contracts increase by \$14,000 due to the increased use of consultants to conduct training sessions.
- Office Costs increase by \$47,000 due to an incremental simulator license fee.

**Indirect Expenses**

- Indirect Expenses are allocated based on FTEs.

**Other Non-Operating Expenses**

- Not applicable.

**Fixed Asset Additions**

- Not applicable.

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## Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>TRAINING AND EDUCATION</b>					
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 51,135	\$ 51,135	\$ -	\$ 42,360	\$ (8,775)
Penalty Sanctions	27,809	27,809	-	62,610	34,801
<b>Total WECC Funding</b>	<b>\$ 78,944</b>	<b>\$ 78,944</b>	<b>\$ -</b>	<b>\$ 104,970</b>	<b>\$ 26,026</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	451,550	451,550	-	519,804	68,254
Interest	2,727	2,727	-	1,575	(1,152)
Miscellaneous	36	36	-	-	(36)
<b>Total Funding (A)</b>	<b>\$ 533,257</b>	<b>\$ 533,257</b>	<b>\$ -</b>	<b>\$ 626,349</b>	<b>\$ 93,092</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 103,772	\$ 103,772	\$ -	\$ 146,942	\$ 43,170
Payroll Taxes	7,689	7,689	-	10,136	2,447
Benefits	21,306	21,306	-	22,654	1,348
Retirement Costs	7,264	7,264	-	10,136	2,872
<b>Total Personnel Expenses</b>	<b>\$ 140,031</b>	<b>\$ 140,031</b>	<b>\$ -</b>	<b>\$ 189,868</b>	<b>\$ 49,837</b>
<b>Meeting Expenses</b>					
Meetings	\$ 99,950	\$ 99,950	\$ -	\$ 56,040	\$ (43,910)
Travel	6,350	6,350	-	7,836	1,486
Conference Calls	600	600	-	804	204
<b>Total Meeting Expenses</b>	<b>\$ 106,900</b>	<b>\$ 106,900</b>	<b>\$ -</b>	<b>\$ 64,680</b>	<b>\$ (42,220)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 92,500	\$ 92,500	\$ -	\$ 106,502	\$ 14,002
Office Rent	47,478	47,478	-	47,472	(6)
Office Costs	40,980	40,980	-	87,740	46,760
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 180,958</b>	<b>\$ 180,958</b>	<b>\$ -</b>	<b>\$ 241,714</b>	<b>\$ 60,756</b>
<b>Total Direct Expenses</b>	<b>\$ 427,889</b>	<b>\$ 427,889</b>	<b>\$ -</b>	<b>\$ 496,262</b>	<b>\$ 68,373</b>
<b>Indirect Expenses</b>	<b>\$ 110,851</b>	<b>\$ 110,851</b>	<b>\$ -</b>	<b>\$ 199,191</b>	<b>\$ 88,340</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 538,740</b>	<b>\$ 538,740</b>	<b>\$ -</b>	<b>\$ 695,453</b>	<b>\$ 156,713</b>
<b>Change in Assets</b>	<b>\$ (5,482)</b>	<b>\$ (5,482)</b>	<b>\$ -</b>	<b>\$ (69,104)</b>	<b>\$ (63,622)</b>
<b>Fixed Assets</b>					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (5,482)	\$ (5,482)	\$ -	\$ (3,836)	\$ 1,646
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (5,482)</b>	<b>\$ (5,482)</b>	<b>\$ -</b>	<b>\$ (3,836)</b>	<b>\$ 1,646</b>
<b>TOTAL BUDGET (B+C)</b>	<b>533,258</b>	<b>533,258</b>	<b>-</b>	<b>691,617</b>	<b>158,359</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (65,268)</b>	<b>\$ (65,268)</b>
FTEs	1.5	1.5	-	2.0	0.5
HC	2.0	2.0	-	2.0	-



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**Situation Awareness and Infrastructure Security Program**

<b>Situation Awareness and Infrastructure Security</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	85.0	-	(85.0)
Direct Expenses	\$ 24,469,496	\$ -	\$ (24,469,496)
Indirect Expenses	\$ 6,278,766	\$ -	\$ (6,278,766)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,754,014)	\$ -	\$ 1,754,014
Total Funding Requirement	\$ 28,994,248	\$ -	\$ (28,994,248)

**Program Scope and Functional Description**

The Reliability Coordinator and Interchange Authority functions will be assumed by the RCCo effective January 1, 2014 as a result of the bifurcation of WECC. The 2014 WECC Business Plan does not contain a budget for Situation Awareness and Infrastructure Security. Please reference the 2014 RCCo Business Plan and Budget for more information. The tables referencing the 2013 budget for this Program remain in this document to provide a complete picture of the WECC 2013 budget.

## Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ 24,476,506	\$ 24,476,506	\$ -	\$ -	\$ (24,476,506)
Penalty Sanctions	1,575,157	1,575,157	-	-	(1,575,157)
<b>Total WECC Funding</b>	<b>\$ 26,051,663</b>	<b>\$ 26,051,663</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (26,051,663)</b>
Membership Dues	-	-	-	-	-
Federal Grants	2,786,076	2,786,076	-	-	(2,786,076)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	154,450	154,450	-	-	(154,450)
Miscellaneous	2,059	2,059	-	-	(2,059)
<b>Total Funding (A)</b>	<b>\$ 28,994,248</b>	<b>\$ 28,994,248</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,994,248)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 10,500,212	\$ 10,500,212	\$ -	\$ -	\$ (10,500,212)
Payroll Taxes	745,846	745,846	-	-	(745,846)
Benefits	1,093,420	1,093,420	-	-	(1,093,420)
Retirement Costs	647,167	647,167	-	-	(647,167)
<b>Total Personnel Expenses</b>	<b>\$ 12,986,645</b>	<b>\$ 12,986,645</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,986,645)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	437,726	437,726	-	-	(437,726)
Conference Calls	15,920	15,920	-	-	(15,920)
<b>Total Meeting Expenses</b>	<b>\$ 453,646</b>	<b>\$ 453,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (453,646)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 2,422,290	\$ 2,422,290	\$ -	\$ -	\$ (2,422,290)
Office Rent	768,081	768,081	-	-	(768,081)
Office Costs	4,518,304	4,518,304	-	-	(4,518,304)
Professional Services	5,000	5,000	-	-	(5,000)
Miscellaneous	-	-	-	-	-
Depreciation	3,315,530	3,315,530	-	-	(3,315,530)
<b>Total Operating Expenses</b>	<b>\$ 11,029,205</b>	<b>\$ 11,029,205</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,029,205)</b>
<b>Total Direct Expenses</b>	<b>\$ 24,469,496</b>	<b>\$ 24,469,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (24,469,496)</b>
<b>Indirect Expenses</b>	<b>\$ 6,278,766</b>	<b>\$ 6,278,766</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,278,766)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 30,748,262</b>	<b>\$ 30,748,262</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (30,748,262)</b>
<b>Change in Assets</b>	<b>\$ (1,754,014)</b>	<b>\$ (1,754,014)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,754,014</b>
<b>Fixed Assets</b>					
Depreciation	(3,315,530)	(3,315,530)	-	-	3,315,530
Computer & Software CapEx	843,000	843,000	-	-	(843,000)
Furniture & Fixtures CapEx	29,000	29,000	-	-	(29,000)
Equipment CapEx	1,000,000	1,000,000	-	-	(1,000,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (310,484)	\$ (310,484)	\$ -	\$ -	\$ 310,484
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (1,754,014)</b>	<b>\$ (1,754,014)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,754,014</b>
<b>TOTAL BUDGET (B+C)</b>	<b>28,994,248</b>	<b>28,994,248</b>	<b>-</b>	<b>-</b>	<b>(28,994,248)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	85.0	85.0	-	-	(85.0)
HC	96.0	96.0	-	-	(96.0)

## Administrative Services

<b>Administrative Services</b> (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	56.3	47.4	(8.9)
Direct Expenses	\$ 13,355,492	\$ 10,111,138	\$ (3,244,354)
Inc(Dec) in Fixed Assets	\$ (21,026)	\$ -	\$ 21,026
Working Capital Requirement	\$ 21,026	\$ -	\$ (21,026)

### Program Scope and Functional Description

WECC's Administrative Services consists of Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The budgets for these programs are addressed in the subsequent sections of the Business Plan and Budget.

### Methodology for Allocation of Administrative Services Expenses to Programs

Administrative Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

## Technical Committees and Member Forums

<b>Technical Committees and Member Forums</b> (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	7.6	9.5	1.9
Total Direct Expenses	\$ 2,218,267	\$ 2,306,665	\$ 88,398
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

WECC provides forums for members and other interested stakeholders within its footprint to discuss and share reliability, compliance, and operating concerns. This includes the Board of Directors, committees, subcommittees, work groups, and task forces.

### 2014 Key Assumptions

- Members and interested stakeholders are responsible for all expenses to attend WECC forums.
- WECC budgets for meeting space, meals, and logistics associated with WECC forums and most meetings will be held at the Salt Lake City meeting facilities.
- The same level of forums and forum support will carry forward into 2014.
- Committees will coordinate with the RCCo as appropriate for participation and efficiency.
- The Joint Synchronized Information Subcommittee will initiate a project to validate synchrophasor data and will also pursue a project to demonstrate voltage stability applications that use synchrophasor data.
- One additional FTE was added to the 2014 budget to enhance analytical resources to identify reliability trends and vulnerabilities based on system data and event analysis.

### 2014 Goals and Key Deliverables

- Create a more effective organization by facilitating and encouraging cross-departmental coordination and consistency.
- Review the Standing Committee organizational structure; evaluate the value of member groups; determine whether consolidation of groups or creation of ad hoc groups provides a more effective and efficient forum for addressing specific reliability issues.
- Continue support of activities associated with the September 8, 2011 Arizona-Southern California Outage event and complete committee assignments according to proposed timelines.
- Continue support of the NERC Event Analysis Program to ensure appropriate levels of analysis are performed to determine the causes of system events and prompt implementation of corrective actions.

- Address the vulnerabilities that could impact reliability by identifying and promoting the projects that can improve reliability and mitigate vulnerabilities.
- Optimize stakeholder involvement and value by structuring meetings and agendas to meet member needs, communicating WECC processes and initiatives to committees, and providing strong staff support to member committees.
- Facilitate sound decision making to improve reliability by providing detailed analysis on emerging issues, including alternatives examined, recommendations, and rationale for recommendations.
- Ensure the Western Interconnection is represented in reliability matters by participating in the NERC Operating Committee, NERC Integration of Variable Generation Taskforce, and other industry forums.
- Ensure the Western Interconnection is represented in the development of continent-wide processes and reliability standards including Frequency Responsive Reserve, Reliability Based Control, and Event Analysis.
- Continue the categorization and review of key WECC documents to ensure consistent formatting and quality.

Assure WECC members have access to the most current and applicable documentation in support of maintaining a high level of reliability in the Western Interconnection.

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Not applicable.

#### **Personnel Expenses**

- Personnel Expenses increase by a net of \$48,000 primarily due to the addition of 1.9 FTEs.

#### **Meeting Expenses**

- Meetings decrease by \$19,000 due to use of lower cost vendors.
- Travel decreases by \$21,000 due to a reduced number of Board members.

#### **Operating Expenses**

- Consultants & Contracts increase by \$45,000 due to a data validation and voltage stability project.

#### **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

- Not applicable.

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## Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### TECHNICAL COMMITTEES AND MEMBER FORUMS

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 902,239	\$ 902,239	\$ -	\$ 922,588	\$ 20,349
Payroll Taxes	67,808	67,808	-	62,303	(5,505)
Benefits	86,657	86,657	-	120,902	34,245
Retirement Costs	63,157	63,157	-	62,303	(854)
<b>Total Personnel Expenses</b>	<b>\$ 1,119,860</b>	<b>\$ 1,119,860</b>	<b>\$ -</b>	<b>\$ 1,168,096</b>	<b>\$ 48,236</b>
<b>Meeting Expenses</b>					
Meetings	\$ 297,448	\$ 297,448	\$ -	\$ 278,090	\$ (19,358)
Travel	149,825	149,825	-	128,720	(21,105)
Conference Calls	27,400	27,400	-	18,800	(8,600)
<b>Total Meeting Expenses</b>	<b>\$ 474,673</b>	<b>\$ 474,673</b>	<b>\$ -</b>	<b>\$ 425,610</b>	<b>\$ (49,063)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 166,667	\$ 166,667	\$ -	\$ 212,000	\$ 45,333
Office Rent	-	-	-	-	-
Office Costs	40,068	40,068	-	35,203	(4,865)
Professional Services	401,000	401,000	-	465,756	64,756
Miscellaneous	-	-	-	-	-
Depreciation	16,000	16,000	-	-	(16,000)
<b>Total Operating Expenses</b>	<b>\$ 623,734</b>	<b>\$ 623,734</b>	<b>\$ -</b>	<b>\$ 712,959</b>	<b>\$ 89,225</b>
<b>Total Direct Expenses</b>	<b>\$ 2,218,267</b>	<b>\$ 2,218,268</b>	<b>\$ -</b>	<b>\$ 2,306,665</b>	<b>\$ 88,397</b>
<b>Indirect Expenses</b>	<b>\$ (2,218,267)</b>	<b>\$ (2,218,267)</b>	<b>\$ -</b>	<b>\$ (2,306,665)</b>	<b>\$ (88,399)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>					
Depreciation	(16,000)	(16,000)	-	-	16,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 16,000	\$ 16,000	\$ -	\$ -	\$ (16,000)
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	7.6	7.6	-	9.5	1.9
HC	8.0	8.0	-	9.0	1.0

## General and Administrative

<b>General and Administrative</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	18.8	15.2	(3.6)
Direct Expenses	\$ 4,941,753	\$ 3,695,570	\$ (1,246,183)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

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

### 2014 Key Assumptions

- WECC will receive an exemption from Washington State income tax.

### 2014 Goals and Key Deliverables

- WECC will continue to conduct its annual “Measures of Success” and stakeholder surveys.
- Provide executive leadership and strategic guidance for the activities undertaken by WECC.
- Improve the quality and efficiency of administrative support provided to staff and members.
- Redesign the WECC Intranet and Internet websites.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

#### Funding Sources (Other than ERO Assessments)

- Not applicable.

#### Personnel Expenses

- Salaries decrease by \$393,000 primarily due to a net reduction of 3.6 FTEs and a 15 percent reduction of personnel expenses for labor float.
- Payroll Taxes decrease by \$50,000 with Salaries.
- Benefits decrease by \$27,000 with Salaries.
- Retirement Costs decrease by \$61,000 with Salaries.



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**Travel Expense**

- Travel decreases by \$47,000 primarily due to decreased attendance at external meetings.

**Operating Expenses**

- Consulting & Contracts decrease by \$20,000 primarily because the WECC stakeholder survey was conducted in 2013 and is only performed every other year.
- Office Rent decreases by \$271,000 due to the transfer of two office facilities to the RCCo as a result of the bifurcation of WECC.
- Office Costs decrease by \$80,000 partially due to the bifurcation of WECC, and also due to bank charges and property taxes being accounted for in the Finance and Accounting function in 2014.

**Indirect Expenses**

- General and Administrative expenses are allocated to statutory functional areas based on FTEs.

**Other Non-Operating Expenses**

- Not applicable.

**Fixed Asset Additions**

- Not applicable.

## General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### GENERAL AND ADMINISTRATIVE

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 2,194,293	\$ 2,194,293	\$ -	\$ 1,801,127	\$ (393,166)
Payroll Taxes	141,861	141,861	-	92,319	(49,542)
Benefits	214,991	214,991	-	188,224	(26,767)
Retirement Costs	153,600	153,600	-	92,319	(61,281)
<b>Total Personnel Expenses</b>	<b>\$ 2,704,745</b>	<b>\$ 2,704,745</b>	<b>\$ -</b>	<b>\$ 2,173,989</b>	<b>\$ (530,756)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 13,665	\$ 13,665	\$ -	\$ 11,250	\$ (2,415)
Travel	168,700	168,700	-	121,750	(46,950)
Conference Calls	6,200	6,200	-	8,100	1,900
<b>Total Meeting Expenses</b>	<b>\$ 188,565</b>	<b>\$ 188,565</b>	<b>\$ -</b>	<b>\$ 141,100</b>	<b>\$ (47,465)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 110,000	\$ 110,000	\$ -	\$ 90,000	\$ (20,000)
Office Rent	1,159,764	1,159,764	-	888,600	(271,164)
Office Costs	276,500	276,500	-	196,881	(79,619)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	502,179	502,179	-	205,000	(297,179)
<b>Total Operating Expenses</b>	<b>\$ 2,048,443</b>	<b>\$ 2,048,443</b>	<b>\$ -</b>	<b>\$ 1,380,481</b>	<b>\$ (667,962)</b>
<b>Total Direct Expenses</b>	<b>\$ 4,941,753</b>	<b>\$ 4,941,753</b>	<b>\$ -</b>	<b>\$ 3,695,570</b>	<b>\$ (1,246,183)</b>
<b>Indirect Expenses</b>	<b>\$ (4,941,753)</b>	<b>\$ (4,941,753)</b>	<b>\$ -</b>	<b>\$ (3,695,570)</b>	<b>\$ 1,246,183</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>					
Depreciation	(502,179)	(502,179)	-	(205,000)	297,179
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	5,000	5,000	-	-	(5,000)
Equipment CapEx	6,000	6,000	-	-	(6,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 491,179	\$ 491,179	\$ -	\$ 205,000	\$ (286,179)
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	18.8	18.8	-	15.2	(3.6)
HC	19.0	19.0	-	16.0	(3.0)

## Legal and Regulatory

<b>Legal and Regulatory</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	12.1	6.0	(6.1)
Direct Expenses	\$ 2,447,593	\$ 1,099,606	\$ (1,347,987)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

The Legal program area provides coordinated legal services to the WECC Board, committees, and staff. In addition, the program area provides consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The Legal program area also develops specific subject matter expertise to further assist WECC with its legal needs. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the General Counsel and Legal program area.

WECC's international operations and its broad scope of activities require significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

### 2014 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.
- The bifurcation of WECC will result in the creation of an independent company responsible for the Reliability Coordination and Interchange Authority registered functions; provision of legal services in support of this company will be the responsibility of that company's Legal department.

### 2014 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 the processing of possible and alleged violations.
- Represent WECC in legal and regulatory proceedings.
- Review and advise WECC business units on draft agreements.
- Improve tracking for development of WECC regulatory policies.

- Implement a corporate records management system.

## **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Not applicable.

### **Personnel Expenses**

- Salaries decrease by \$1.07 million due to the bifurcation of WECC and the transfer of seven positions to the RCCo as well as a 15 percent reduction in personnel expenses for labor float.
- Payroll Taxes decrease by \$82,000 with Salaries.
- Benefits decrease by \$77,000 with Salaries.
- Retirement Costs decrease by \$76,000 with Salaries.

### **Meeting Expenses**

- Travel decreases by \$32,000 due to the reduction of legal staff.

### **Operating Expenses**

- Office Costs decrease by \$21,000 due to reduced number of cell phones, legal subscriptions, and membership dues as a result of the bifurcation of WECC.

### **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 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

#### LEGAL AND REGULATORY

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,730,245	\$ 1,730,245	\$ -	\$ 657,788	\$ (1,072,457)
Payroll Taxes	126,811	126,811	-	44,388	(82,423)
Benefits	154,547	154,547	-	77,152	(77,395)
Retirement Costs	120,661	120,661	-	44,388	(76,273)
<b>Total Personnel Expenses</b>	<b>\$ 2,132,264</b>	<b>\$ 2,132,264</b>	<b>\$ -</b>	<b>\$ 823,716</b>	<b>\$ (1,308,548)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	80,000	80,000	-	48,000	(32,000)
Conference Calls	2,500	2,500	-	1,200	(1,300)
<b>Total Meeting Expenses</b>	<b>\$ 82,500</b>	<b>\$ 82,500</b>	<b>\$ -</b>	<b>\$ 49,200</b>	<b>\$ (33,300)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	50,000	50,000	-	28,690	(21,310)
Professional Services	182,829	182,829	-	190,000	7,171
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	8,000	8,000
<b>Total Operating Expenses</b>	<b>\$ 232,829</b>	<b>\$ 232,829</b>	<b>\$ -</b>	<b>\$ 226,690</b>	<b>\$ (6,139)</b>
<b>Total Direct Expenses</b>	<b>\$ 2,447,593</b>	<b>\$ 2,447,593</b>	<b>\$ -</b>	<b>\$ 1,099,606</b>	<b>\$ (1,347,987)</b>
<b>Indirect Expenses</b>	<b>\$ (2,447,593)</b>	<b>\$ (2,447,593)</b>	<b>\$ -</b>	<b>\$ (1,099,606)</b>	<b>\$ 1,347,987</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>					
Depreciation	-	-	-	(8,000)	(8,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	12.1	12.1	-	6.0	(6.1)
HC	13.0	13.0	-	6.0	(7.0)

## Information Technology

<b>Information Technology</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	9.0	9.0	(0.0)
Direct Expenses	\$ 1,826,228	\$ 1,365,441	\$ (460,787)
Inc(Dec) in Fixed Assets	\$ (21,026)	\$ -	\$ 21,026
Working Capital Requirement	\$ 21,026	\$ -	\$ (21,026)

### Program Scope and Functional Description

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

The IT budget includes costs associated with the refresh of all corporate desktop computers, laptops, and servers that is based on either a four-year cycle or on an as-needed basis.

### 2014 Key Assumptions

- WECC will maintain compliance with industry best practices on security and data protection, as well as the evolving NERC Standards and audit practices. As a result, WECC will require increased storage management, processes, and network infrastructure.
- Technology will be a key focus in developing new, more efficient business processes that will support collaboration, elimination of duplicate work, and streamlining information flow.
- Entities required to exchange data with WECC will demand greater ease of use, clearer communication, and the latest in security assurances.

### 2014 Goals and Key Deliverables

- Provide systems support and technology solutions that ensure reliability and security of critical IT infrastructure.
- Develop and implement Policies and Procedures to enforce best practices across the organization.
- Align IT as a strategic partner in accomplishing business goals and objectives.
- Provide a significant increase in data support, analysis, and communication. Create centralized databases, automated processes, and tools to organize a growing volume of electronic data that will be in high demand.
- Provide custom solutions to enable secure, reliable, and efficient transmission of a growing number of data types.

- Launch a redesigned website to improve usability and accommodate features critical to promoting WECC initiatives and collaboration with entities.

## **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Not applicable.

### **Personnel Expenses**

- Personnel Expenses decrease by \$202,000 primarily due to a 15 percent reduction for labor float.

### **Meeting Expenses**

- Not applicable.

### **Operating Expenses**

- Consultants & Contracts increase by \$24,000 primarily due to a project to expand WECCs reporting and analytics capabilities.
- Office Costs decrease by \$247,000 due to a reduction of software licenses and expensed equipment as a result of the bifurcation of WECC and the reduction in FTEs.

### **Indirect Expenses**

- Information Technology expenses are allocated to statutory functional areas based on FTEs.

### **Other Non-Operating Expenses**

- Not applicable.

### **Fixed Asset Additions**

- Computer & Software CapEx decreases by \$15,000 due to scheduled refreshes of corporate servers in prior year.
- Equipment CapEx increases by \$111,000 due to hardware purchases to accommodate the current rate of increase in storage requirements and for managed security services.

## Information Technology

Funding sources and related expenses for the Information Technology section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>INFORMATION TECHNOLOGY</b>					
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 829,213	\$ 829,213	\$ -	\$ 670,107	\$ (159,106)
Payroll Taxes	62,286	62,286	-	45,103	(17,183)
Benefits	114,786	114,786	-	101,928	(12,858)
Retirement Costs	58,045	58,045	-	45,103	(12,942)
<b>Total Personnel Expenses</b>	<b>\$ 1,064,330</b>	<b>\$ 1,064,330</b>	<b>\$ -</b>	<b>\$ 862,241</b>	<b>\$ (202,089)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 900	\$ 900	\$ -	\$ -	\$ (900)
Travel	13,000	13,000	-	13,200	200
Conference Calls	6,572	6,572	-	7,200	628
<b>Total Meeting Expenses</b>	<b>\$ 20,472</b>	<b>\$ 20,472</b>	<b>\$ -</b>	<b>\$ 20,400</b>	<b>\$ (72)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 12,000	\$ 12,000	\$ -	\$ 36,000	\$ 24,000
Office Rent	-	-	-	-	-
Office Costs	587,500	587,500	-	340,800	(246,700)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	141,926	141,926	-	106,000	(35,926)
<b>Total Operating Expenses</b>	<b>\$ 741,426</b>	<b>\$ 741,426</b>	<b>\$ -</b>	<b>\$ 482,800</b>	<b>\$ (258,626)</b>
<b>Total Direct Expenses</b>	<b>\$ 1,826,228</b>	<b>\$ 1,826,228</b>	<b>\$ -</b>	<b>\$ 1,365,441</b>	<b>\$ (460,787)</b>
<b>Indirect Expenses</b>	<b>\$ (1,826,228)</b>	<b>\$ (1,826,228)</b>	<b>\$ -</b>	<b>\$ (1,365,441)</b>	<b>\$ 460,787</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>					
Depreciation	(141,926)	(141,926)	-	(106,000)	35,926
Computer & Software CapEx	75,000	75,000	-	60,000	(15,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	(6,000)	(6,000)	-	105,000	111,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 51,900	\$ 51,900	\$ -	\$ (59,000)	\$ (110,900)
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ (21,026)</b>	<b>\$ (21,026)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,026</b>
<b>TOTAL BUDGET (B+C)</b>	<b>(21,026)</b>	<b>(21,026)</b>	<b>-</b>	<b>-</b>	<b>21,026</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 21,026</b>	<b>\$ 21,026</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (21,026)</b>
FTEs	9.0	9.0	-	9.0	(0.0)
HC	10.0	10.0	-	9.0	(1.0)



## Human Resources

<b>Human Resources</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	3.1	3.0	(0.1)
Direct Expenses	\$ 1,134,800	\$ 1,072,064	\$ (62,736)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

The Human Resources (HR) program area is responsible for the delivery of all HR functions to WECC, including: recruitment, staffing, compensation, benefits, safety and health, employee relations, performance management, and employee training and development.

### 2014 Key Assumptions

- WECC's staffing level will continue to increase during 2014.
- Competition for talent will increase due to the economic recovery and an increasing percentage of the utility talent pool being eligible for retirement. Consequently, as the talent pool compresses, salary and benefit pressures increase.
- Increase to benefit programs due to the Health Care Reform Act.
- Retention and competitive compensation of key individuals will continue to be critical.
- Succession planning, employee development, and training are vital to ensuring that WECC maintains a skilled, qualified workforce.

### 2014 Goals and Key Deliverables

- Continue to enhance the recruiting program in 2014 that targets power engineering and cyber security programs to increase visibility of WECC to broaden the applicant pool for hard-to-fill positions and increase bench strength for key roles within Compliance.
- Manage health and welfare benefits to deliver an attractive benefit package to employees while managing overall costs to the organization.
- Conduct a salary and benefits survey to ensure the overall compensation package is competitive to recruit and retain top talent. Educate management on compensation philosophies to enhance recruitment efforts, and retain skilled and talented employees.
- Track and monitor turnover rates, gather feedback to determine cause of turnover, and when appropriate, take action to improve (lessen) the turnover rate.

- Identify training needs and develop and deliver programs to enhance employee development.

## **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

- Not applicable.

### **Personnel Expenses**

- Salaries increase by a net \$101,000 primarily due to retention and severance plan expenses related to the bifurcation of WECC.
- Benefits decrease by a net \$211,000 due to the bifurcation of WECC. Health Reimbursement Arrangement benefits for the company are accounted for in HR and decrease by \$184,000. Also the workers compensation insurance estimate went down by \$10,000.

### **Meeting Expenses**

- Travel decreases by \$16,000 due to a reduction in recruiting and career fair travel due to the bifurcation of WECC.

### **Operating Expenses**

- Consultants increase by \$120,000 due to a new compensation and benefits survey.
- Office Costs decrease by \$29,000 due to decreases in job posting, drug testing, and background checks, which had been ramped up prior to the bifurcation of WECC.

### **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 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>HUMAN RESOURCES</b>					
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 283,445	\$ 683,445	\$ 400,000	\$ 384,508	\$ 101,063
Payroll Taxes	21,290	21,290	-	14,190	(7,100)
Benefits	625,824	625,824	-	414,876	(210,948)
Retirement Costs	21,841	21,841	-	14,190	(7,651)
<b>Total Personnel Expenses</b>	<u>\$ 952,400</u>	<u>\$ 1,352,400</u>	<u>\$ 400,000</u>	<u>\$ 827,764</u>	<u>\$ (124,636)</u>
<b>Meeting Expenses</b>					
Meetings	\$ 5,130	\$ 5,130	\$ -	\$ -	\$ (5,130)
Travel	26,000	26,000	-	10,200	(15,800)
Conference Calls	3,500	3,500	-	1,000	(2,500)
<b>Total Meeting Expenses</b>	<u>\$ 34,630</u>	<u>\$ 34,630</u>	<u>\$ -</u>	<u>\$ 11,200</u>	<u>\$ (23,430)</u>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 30,000	\$ 630,000	\$ 600,000	\$ 150,000	\$ 120,000
Office Rent	-	-	-	-	-
Office Costs	88,070	88,070	-	59,100	(28,970)
Professional Services	23,000	23,000	-	17,000	(6,000)
Miscellaneous	-	-	-	-	-
Depreciation	6,700	6,700	-	7,000	300
<b>Total Operating Expenses</b>	<u>\$ 147,770</u>	<u>\$ 747,770</u>	<u>\$ 600,000</u>	<u>\$ 233,100</u>	<u>\$ 85,330</u>
<b>Total Direct Expenses</b>	<u>\$ 1,134,800</u>	<u>\$ 2,134,800</u>	<u>\$ 1,000,000</u>	<u>\$ 1,072,064</u>	<u>\$ (62,736)</u>
<b>Indirect Expenses</b>	<u>\$ (1,134,800)</u>	<u>\$ (1,134,800)</u>	<u>\$ -</u>	<u>\$ (1,072,064)</u>	<u>\$ 62,736</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>					
Depreciation	(6,700)	(6,700)	-	(7,000)	(300)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 6,700	\$ 6,700	\$ -	\$ 7,000	\$ 300
<b>Incr(Dec) in Fixed Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL BUDGET (B+C)</b>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	3.1	3.1	-	3.0	(0.1)
HC	4.0	4.0	-	3.0	(1.0)

## Finance and Accounting

<b>Finance and Accounting</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	5.7	4.7	(1.0)
Direct Expenses	\$ 786,851	\$ 571,792	\$ (215,059)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

The Finance and Accounting function provides accounting and financial analysis support to WECC. Finance is responsible for accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, payroll, and financial reporting.

### 2014 Key Assumptions

- The bifurcation of WECC will decrease demands placed on the accounting function due to a decreased number of employees and departments.

### 2014 Goals and Key Deliverables

- Review financial policies and modify as necessary.
- 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 an uncertain operating environment.
- Provide improved reporting and financial analysis to WECC managers, the Finance and Audit Committee, and the WECC Board.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

#### Funding Sources (Other than ERO Assessments)

- Not applicable.

#### Personnel Expenses

- Salaries decrease by \$208,000 due to the transfer of one position to the RCCo and also due to a 15 percent reduction for labor float.
- Payroll Taxes decrease by \$17,000 with Salaries.
- Benefits decrease by \$13,000 with Salaries.
- Retirement Costs decrease by \$15,000 with Salaries.

**Meeting Expenses**

- Not Applicable

**Operating Expenses**

- Office Costs increase by \$36,000 due to a transfer of the budget for bank charges from WECC's General and Administrative Department into Accounting.

**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.

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## Finance and Accounting

Funding sources and related expenses for the Finance and Accounting section of the 2014 Business Plan are shown in the table below.

### Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

<b>FINANCE AND ACCOUNTING</b>					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 489,243	\$ 489,243	\$ -	\$ 280,800	\$ (208,443)
Payroll Taxes	36,377	36,377	-	18,992	(17,385)
Benefits	76,889	76,889	-	63,758	(13,131)
Retirement Costs	34,142	34,142	-	18,992	(15,150)
<b>Total Personnel Expenses</b>	<b>\$ 636,651</b>	<b>\$ 636,651</b>	<b>\$ -</b>	<b>\$ 382,542</b>	<b>\$ (254,109)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	10,500	10,500	-	11,250	750
Conference Calls	850	850	-	400	(450)
<b>Total Meeting Expenses</b>	<b>\$ 11,350</b>	<b>\$ 11,350</b>	<b>\$ -</b>	<b>\$ 11,650</b>	<b>\$ 300</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	48,850	48,850	-	84,600	35,750
Professional Services	80,000	80,000	-	86,000	6,000
Miscellaneous	-	-	-	-	-
Depreciation	10,000	10,000	-	7,000	(3,000)
<b>Total Operating Expenses</b>	<b>\$ 138,850</b>	<b>\$ 138,850</b>	<b>\$ -</b>	<b>\$ 177,600</b>	<b>\$ 38,750</b>
<b>Total Direct Expenses</b>	<b>\$ 786,851</b>	<b>\$ 786,851</b>	<b>\$ -</b>	<b>\$ 571,792</b>	<b>\$ (215,059)</b>
<b>Indirect Expenses</b>	<b>\$ (786,851)</b>	<b>\$ (786,851)</b>	<b>\$ -</b>	<b>\$ (571,792)</b>	<b>\$ 215,059</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>					
Depreciation	(10,000)	(10,000)	-	(7,000)	3,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ 10,000	\$ 10,000	\$ -	\$ 7,000	\$ (3,000)
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	5.7	5.7	-	4.7	(1.0)
HC	6.0	6.0	-	5.0	(1.0)

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Section B – Supplemental Financial Information  
2014 Business Plan and Budget

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## Section B — Supplemental Financial Information

### Reserve Balance

**Table B-1**

Working Capital Reserve Analysis 2013-2014	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2012	8,648,330
Plus: 2013 WECC Funding (from Load Serving Entities (LSE) or designees)	43,929,397
Plus: 2013 Other funding sources	7,095,695
Less: 2013 Projected expenses & capital expenditures	(52,025,092)
Projected Working Capital Reserve (Deficit), December 31, 2013	<u>7,648,330</u>
Desired Working Capital Reserve, December 31, 2014	2 7,196,168
Plus: Convert Non-statutory Reserves to Statutory	5,874,245
Less: Projected Working Capital Reserve, December 31, 2013	(7,648,330)
Less: Transfer of Reserves to RCCo	(7,841,029)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(2,418,946)</u>
2014 Expenses and Capital Expenditures	25,632,177
Less: Penalty Sanctions <sup>1</sup>	(2,742,300)
Less: Other Funding Sources	(4,655,237)
Adjustment to achieve desired Working Capital Reserve	(2,418,946)
2014 WECC Assessment	<u>15,815,694</u>

1 – Represents collections between July, 1 2012 and June 30, 2013. See page 58 for full disclosure.

2 – On June 2X, 2013, the WECC Board of Directors approved this reserve level.

WECC's Working Capital Reserve balance decreases in 2014. WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses, to be achieved by 2016. In 2014, WECC is transferring \$5.87 million of Non-statutory Working Capital Reserves, which were on-hand when WECC originally signed its Delegation Agreement in 2006, to Statutory Working Capital Reserves. Those funds have not been used for any purpose in the past seven years. WECC Management and the WECC Board believe it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014 and future years. The total Working Capital Reserves will be used to offset the impact of the bifurcation and other increases on Assessments for both WECC and the RCCo in 2014 and 2015.



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## Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 10. All significant variances have been disclosed by program area in the preceding pages.

### Monetary Penalties

As documented in the NERC Policy Accounting, *Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or prior to June 30, 2013 will be used to offset assessments in the 2014 WECC Budget. Penalty monies received from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2014 Budget.

All penalty monies received on or prior to June 30, 2013 are detailed below, including the amount and the date received.

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

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

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

## Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2013					
Date Received	Amount Received	Date Received	Amount Received	Date Received	Amount Received
7/6/2012	4,000	10/5/2012	12,600	1/21/2013	1,000
7/6/2012	4,000	10/5/2012	5,000	2/5/2013	40,000
7/11/2012	70,000	10/9/2012	30,000	2/19/2013	62,500
7/11/2012	17,300	10/12/2012	6,650	3/11/2013	15,000
7/12/2012	500	10/15/2012	70,000	3/12/2013	2,000
7/23/2012	15,600	10/19/2012	60,000	3/18/2013	7,500
7/23/2012	14,000	10/30/2012	27,800	3/21/2013	15,000
7/26/2012	21,000	11/5/2012	8,400	3/25/2013	7,500
8/3/2012	15,000	11/5/2012	10,100	3/27/2013	212,000
8/3/2012	14,900	11/6/2012	1,000	3/28/2013	12,500
8/10/2012	7,000	11/13/2012	12,000	4/2/2013	150,000
8/21/2012	1,500	11/13/2012	50,000	4/8/2013	10,000
8/21/2012	60,000	11/13/2012	12,000	4/8/2013	115,000
8/23/2012	67,500	11/13/2012	79,000	4/12/2013	7,000
8/24/2012	1,500	11/19/2012	50,000		
8/31/2012	12,500	11/26/2012	65,000		
9/10/2012	7,500	11/28/2012	200,000		
9/10/2012	22,000	12/4/2012	12,000		
9/13/2012	11,500	12/6/2012	15,000		
9/13/2012	25,100	12/7/2012	6,000		
9/14/2012	1,500	12/10/2012	17,400		
9/20/2012	4,500	12/14/2012	4,000		
9/20/2012	55,000	12/14/2012	50,000		
9/24/2012	2,500	12/17/2012	162,600		
10/2/2012	60,000	12/28/2012	10,000		
10/3/2012	4,500	12/31/2012	40,000		
10/4/2012	15,000	1/7/2013	54,000		
10/4/2012	72,000	1/10/2013	10,000		
10/4/2012	39,000	1/11/2013	24,000		
10/5/2012	134,350	1/14/2013	200,000		
				<b>Total Penalties Received</b>	<b>\$ 2,742,300</b>
				<b>Net Penalties to Offset Assessments</b>	<b><u>\$ 2,742,300</u></b>

## Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
<b>Reliability Standards</b>				
Interest	\$ 6,363	\$ 6,363	\$ 3,151	\$ (3,212)
Miscellaneous	85	85	-	(85)
<b>Total</b>	<b>\$ 6,448</b>	<b>\$ 6,448</b>	<b>\$ 3,151</b>	<b>\$ (3,297)</b>
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>				
Workshops	\$ 433,750	\$ 433,750	438,125	\$ 4,375
Interest	91,802	91,802	45,685	(46,117)
Miscellaneous	1,224	1,224	-	(1,224)
<b>Total</b>	<b>\$ 526,776</b>	<b>\$ 526,776</b>	<b>\$ 483,810</b>	<b>\$ (42,966)</b>
<b>Reliability Assessment and Performance Analysis</b>				
Federal Grants	\$ 3,129,529	\$ 3,129,529	\$ 3,628,308	\$ 498,779
Interest	35,569	35,569	18,589	(16,980)
Miscellaneous	474	474	-	(474)
<b>Total</b>	<b>\$ 3,165,572</b>	<b>\$ 3,165,572</b>	<b>\$ 3,646,897</b>	<b>\$ 481,325</b>
<b>Training and Education</b>				
Workshops	\$ 451,550	\$ 451,550	\$ 519,804	\$ 68,254
Interest	2,727	2,727	1,575	(1,152)
Miscellaneous	36	36	-	-
<b>Total</b>	<b>\$ 454,313</b>	<b>\$ 454,313</b>	<b>\$ 521,379</b>	<b>\$ 67,102</b>
<b>Situation Awareness and Infrastructure Security</b>				
Federal Grants	\$ 2,786,076	\$ 2,786,076	\$ -	\$ (2,786,076)
Interest	154,450	154,450	-	(154,450)
Miscellaneous	2,059	2,059	-	(2,059)
<b>Total</b>	<b>\$ 2,942,585</b>	<b>\$ 2,942,585</b>	<b>\$ -</b>	<b>\$ (2,942,585)</b>
<b>Technical Committees and Member Forms</b>				
Federal Grants	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Outside Funding</b>	<b>\$ 7,095,694</b>	<b>\$ 7,095,694</b>	<b>\$ 4,655,237</b>	<b>\$ (2,440,421)</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

WECC anticipates its investments will earn interest of approximately \$69,000 in 2014. This revenue is allocated to the Statutory and Non-Statutory Programs based on FTEs.

## Compliance Monitoring, Enforcement, and Organization Registration

- An increase of \$4,000 in workshop revenue is anticipated in 2014 due to the increased attendance at the Compliance Users Group and Critical Infrastructure Protection User Group meetings.

## Reliability Assessment and Performance Analysis

- Revenues from the RTEP grant are expected to increase by \$499,000 as a result of increased grant expenditures.

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**Training and Education**

- Workshop revenue increases by \$68,000 due to an increase in the total number of sessions and a preliminary estimate of operators scheduled to attend training sessions. WECC's Training program continues to be self-funded.

**Situation Awareness and Infrastructure Security**

- The Western Interconnection Synchrophasor Program (WISP) grant and this function were transferred to the RCo.

**Technical Committees and Member Forums**

- Not applicable.

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## Personnel Expenses

Table B-4

Personnel Expenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
<b>Salaries</b>					
Salaries	\$ 24,370,024	\$ 24,370,024	\$ 12,092,325	\$ (12,277,699)	-50.4%
Employment Agency Fees	20,000	420,000	-	(20,000)	-100.0%
Temporary Office Services	55,240	55,240	3,900	(51,340)	-92.9%
<b>Total Salaries</b>	<b>\$ 24,445,264</b>	<b>\$ 24,845,264</b>	<b>\$ 12,096,225</b>	<b>\$ (12,349,039)</b>	<b>-50.5%</b>
<b>Total Payroll Taxes</b>					
	\$ 1,757,632	\$ 1,757,632	\$ 774,002	\$ (983,630)	-56.0%
<b>Benefits</b>					
Workers Compensation	\$ 22,000	\$ 22,000	\$ 12,000	\$ (10,000)	-45.5%
Medical Insurance	2,780,267	2,780,267	1,750,593	(1,029,674)	-37.0%
Life-LTD-STD Insurance	195,034	195,034	64,576	(130,458)	-66.9%
Education	325,275	325,275	286,375	(38,900)	-12.0%
Relocation	90,388	90,388	16,200	(74,188)	-82.1%
Other	30,501	30,501	-	(30,501)	-100.0%
<b>Total Benefits</b>	<b>\$ 3,443,465</b>	<b>\$ 3,443,465</b>	<b>\$ 2,129,744</b>	<b>\$ (1,313,721)</b>	<b>-38.2%</b>
<b>Retirement</b>					
Discretionary 401k Contribution	\$ 1,593,510	\$ 1,593,510	\$ 774,002	\$ (819,508)	-51.4%
Savings Plan	-	-	-	-	
<b>Total Retirement</b>	<b>\$ 1,593,510</b>	<b>\$ 1,593,510</b>	<b>\$ 774,002</b>	<b>\$ (819,508)</b>	<b>-51.4%</b>
<b>Total Personnel Costs</b>					
	\$ 31,239,871	\$ 31,639,871	\$ 15,773,973	\$ (15,465,898)	-49.5%
<b>FTEs</b>					
	216.3	216.4	135.0	-81.3	-37.6%
<b>Cost per FTE</b>					
Salaries	\$ 113,005	\$ 114,822	\$ 89,602	(23,403)	-20.7%
Payroll Taxes	8,125	8,123	5,733	(2,392)	-29.4%
Benefits	15,918	15,914	15,776	(142)	-0.9%
Retirement	7,367	7,364	5,733	(1,634)	-22.2%
<b>Total Cost per FTE</b>	<b>\$ 144,415</b>	<b>\$ 146,224</b>	<b>\$ 116,844</b>	<b>\$ (27,571)</b>	<b>-19.1%</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

## Salaries

- Salaries decrease by \$12.3 million due to the net decrease of 81.3 FTEs primarily related to the bifurcation of WECC and a 15 percent reduction to budget for labor float.
- Employment Agency Fees decrease by \$20,000 due to the bifurcation of WECC and decreased number of potential new hires.
- Temporary Office Services decrease by \$30,000 with the reduced requirement for temporary staff due to the bifurcation of WECC.

## Payroll Taxes

- Payroll Taxes decrease by \$984,000 due to the reduction of FTEs as a result of the bifurcation of WECC and due to a 15 percent reduction to budget for labor float.

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**Benefits**

- Medical Insurance decreases by \$1.03 million due to the decrease in FTEs due to the bifurcation of WECC.
- Life-Long Term Disability-Short Term Disability Insurance decreases by \$130,000 due to the bifurcation of WECC.
- Education decreases by \$39,000 due to the reduction of FTEs.
- Relocation decreases by \$74,000 due to the bifurcation of WECC.

**Retirement**

- Contributions to 401k plans decrease by \$819,000 with Salaries.

## Consultants and Contracts

**Table B-5**

Consultants	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	15,000	15,000	64,000	49,000	326.7%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	1,768,889	1,768,889	2,968,000	1,199,111	67.8%
Training and Education	92,500	92,500	106,502	14,002	15.1%
Situation Awareness and Infrastructure Security	922,290	922,290	-	(922,290)	-100.0%
Committee and Member Forums	-	-	12,000	12,000	
General and Administrative	101,000	101,000	90,000	(11,000)	-10.9%
Legal and Regulatory	-	-	-	-	
Information Technology	12,000	12,000	36,000	24,000	200.0%
Human Resources	30,000	630,000	150,000	120,000	400.0%
Accounting and Finance	-	-	-	-	
<b>Consultants Total</b>	<b>\$ 2,941,679</b>	<b>\$ 3,541,679</b>	<b>\$ 3,426,502</b>	<b>\$ 484,823</b>	<b>16.5%</b>
<b>Contracts</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	455,000	455,000	360,800	(94,200)	-20.7%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	758,652	758,652	400,000	(358,652)	-47.3%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	1,500,000	1,500,000	-	(1,500,000)	-100.0%
Committee and Member Forums	166,667	166,667	200,000	33,333	20.0%
General and Administrative	9,000	9,000	-	(9,000)	-100.0%
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
<b>Contracts Total</b>	<b>\$ 2,889,319</b>	<b>\$ 2,889,319</b>	<b>\$ 960,800</b>	<b>\$ (1,928,519)</b>	<b>-66.7%</b>
<b>Total Consulting and Contracts</b>	<b>\$ 5,830,998</b>	<b>\$ 6,430,998</b>	<b>\$ 4,387,302</b>	<b>\$ (1,443,696)</b>	<b>-24.8%</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

### Consultants

- Compliance and Organization Registration and Certification increases by \$49,000 due to increased membership and registration-related workload.
- RAPA increases by a net \$1.20 million due to the following:
  - a. An increase of \$1.3 million is due to the RTEP grant for SPSG and EDTF contractor expenses.
  - b. A decrease of \$130,000 in the Planning Services for RAS modeling.
  - c. Transmission Planning consultants increase by \$43,000 due to data validation consulting.
- Training and Education consultants increase by \$14,000 due to an increased use of consultants to conduct training sessions.
- Situation Awareness consultants decrease by \$922,000 due to the bifurcation of WECC and the transfer of this program area to the RCCo.

- Committee and Member Forums consultants increase by \$12,000 due to the continuation of the phasor measurement unit data validation project.
- General and Administrative consultants decrease by \$11,000 due to the completion of a WECC stakeholder survey and the update of the WECC Internet website.
- Information Technology consultants increase \$24,000 due to new initiatives to expand reporting and analytics capabilities.
- Human Resources increases \$120,000 due to a new compensation and benefits survey requested by the Human Resources and Compensation Committee.

### Contracts

- Compliance and Organization Registration and Certification contracts decrease by \$94,000 due to staff to undertaking tasks previously performed by contractors.
- RAPA Contracts decrease by a net \$359,000. RTEP decreases by \$654,000 due to University funding under the grants ending at the end of 2013, and Planning Services increases by \$295,000 primarily due to the development of additional RAS models and phase two of the composite load model implementation.
- Situation Awareness Contracts decrease by \$1.50 million due to the bifurcation of WECC.
- Committee and Member Forums increase by \$33,000 due to projects that will be undertaken to validate and incorporate synchrophasor data into operations.



## Office Rent

Table B-6

Office Rent	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Office Rent	\$ 1,699,671	\$ 1,699,671	\$ 926,196	(773,475)	-45.5%
Utilities	175,971	175,971	-	(175,971)	-100.0%
Maintenance	91,731	91,731	9,876	(81,855)	-89.2%
Security	7,950	7,950	-	(7,950)	-100.0%
<b>Total Office Rent</b>	<b>\$ 1,975,323</b>	<b>\$ 1,975,323</b>	<b>\$ 936,072</b>	<b>\$ (1,039,251)</b>	<b>-52.6%</b>

**Explanation of Significant Variances – 2014 Budget versus 2013 Budget**

- Office Rent and Maintenance decrease by \$773,000 and \$82,000, respectively, primarily as a result of the transfer of the Loveland, Colorado and Vancouver, Washington facilities to the RCCo due to the bifurcation of WECC.
- Utilities decrease by \$176,000 due to the bifurcation of WECC.

## Office Costs

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Telephone	\$ 200,000	\$ 200,000	\$ 97,610	\$ (102,390)	-51.2%
Internet	1,083,062	1,083,062	145,310	(937,752)	-86.6%
Office Supplies	223,050	223,050	192,336	(30,714)	-13.8%
Computer Supplies and Maintenance	4,188,300	4,188,300	690,027	(3,498,273)	-83.5%
Publications & Subscriptions	63,550	63,550	22,835	(40,715)	-64.1%
Dues and Fees	120,468	120,468	126,233	5,765	4.8%
Postage	9,795	9,795	3,790	(6,005)	-61.3%
Express Shipping	22,225	22,225	13,147	(9,078)	-40.8%
Copying	213,685	213,685	43,536	(170,149)	-79.6%
Bank Charges	75,500	75,500	57,630	(17,870)	-23.7%
Taxes	15,000	15,000	13,000	(2,000)	-13.3%
<b>Total Office Costs</b>	<b>\$ 6,214,635</b>	<b>\$ 6,214,635</b>	<b>\$ 1,405,454</b>	<b>\$ (4,809,181)</b>	<b>-77.4%</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Telephone expense decreases \$102,000 due to the bifurcation of WECC.
- Internet expenses decrease by a net \$938,000 due bifurcation of WECC. In 2013, the Reliability Coordinator function used 74 percent of the bandwidth.
- Office Supplies decrease by \$31,000 due to two facilities transferring from WECC to the RCCo.
- Computer Supplies and Maintenance decrease by \$3.50 million due to the bifurcation of WECC.
- Copying decreases by \$170,000 primarily due to the bifurcation of WECC.
- Bank Charges decrease \$18,000 due to reduced merchant card fees associated with attendance paid attendance at WECC meetings as a result of the bifurcation of WECC.

## Professional Services

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Non-affiliated Director fees	\$ 431,000	\$ 431,000	\$ 465,756	\$ 34,756	8.1%
Outside Legal	36,000	36,000	28,000	(8,000)	-22.2%
Accounting & Auditing Fees	93,000	93,000	97,000	4,000	4.3%
Insurance Commercial	162,829	162,829	168,000	5,171	3.2%
<b>Total Services</b>	<b>\$ 722,829</b>	<b>\$ 722,829</b>	<b>\$ 758,756</b>	<b>\$ 35,927</b>	<b>5.0%</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Non-Affiliated Director fees increase by \$35,000 due to the addition of two Independent Directors in 2014.

## Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

## Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Not applicable.

Section C – Non-Statutory Activities  
2014 Business Plan and Budget

## Section C — 2014 Non-Statutory Business Plan and Budget

<b>Western Renewable Energy Generation System</b> (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	5	5	-
Direct Expenses	1,064,836	1,117,869	53,033
Indirect Expenses	443,310	529,036	85,726
Inc(Dec) in Fixed Assets	(2,000)	-	2,000
Total Funding Requirement	363,064	256,895	(106,169)

### Western Renewable Energy Generation Information System (WREGIS)

WREGIS is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed through a collaborative process between the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants over a period of more than three years. WREGIS's governance was integrated into WECC on March 31, 2012 following the expiration of WECC's contract that had previously provided for backstop funding from the CEC. WREGIS is governed by a WECC Board committee consisting of representatives from the WECC Board and 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.

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.

### Major 2014 Assumptions and Cost Impacts

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. User fees are based on several factors including size and amount of usage. The size of the users is fairly constant, annual fees based on size make up only about 25 percent of the total revenues. The other 75 percent of revenues depend on usage levels, which can depend on uncontrollable factors such as weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.). Because a large portion of revenues can vary greatly from year to year, WECC holds a large amount of WREGIS reserves to allow for normal operations during years in which fee levels are low.

### **2014 Primary Goals and Objectives**

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

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

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

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

#### **Personnel Expenses**

- Benefits decrease by \$19,000 due to a 15 percent reduction of personnel expenses for labor float.

#### **Travel Expenses**

- Travel Expenses increase by \$11,000 due to an increase in WREGIS audits in 2014.

#### **Operating Expenses**

- Consultants & Contracts decrease by \$14,000 due to a reduced need for customized QuickBooks programming and also due to existing staff performing tasks previously performed by consultants.
- Office Costs increase by \$88,000 due to WREGIS software licensing fees as well as system upgrades.

#### **Indirect Expenses**

- Indirect Expenses are allocated based on FTEs. WECC charges and receives funds for WREGIS's indirect costs, based on actual results that are calculated quarterly.

#### **Other Non-Operating Expenses**

- Not applicable.

**Fixed Asset Additions**

Not applicable. 2013 Budget and Projection and 2014 Budget Comparisons

**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital  
2013 Budget & Projection, and 2014 Budget****NON-STATUTORY**

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>WECC Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total WECC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	1,850,000	1,850,000	-	1,896,000	46,000
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	10,000	10,000	-	7,800	(2,200)
Interest	9,089	9,089	-	-	(9,089)
Miscellaneous	121	121	-	-	(121)
<b>Total Funding (A)</b>	<b>\$ 1,869,210</b>	<b>\$ 1,869,210</b>	<b>\$ -</b>	<b>\$ 1,903,800</b>	<b>\$ 34,590</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 349,435	\$ 349,435	\$ -	\$ 350,730	\$ 1,295
Payroll Taxes	26,019	26,019	-	23,715	(2,304)
Benefits	85,024	85,024	-	65,935	(19,089)
Retirement Costs	24,460	24,460	-	23,715	(745)
<b>Total Personnel Expenses</b>	<b>\$ 484,938</b>	<b>\$ 484,938</b>	<b>\$ -</b>	<b>\$ 464,094</b>	<b>\$ (20,844)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 18,300	\$ 18,300	\$ -	\$ 13,225	\$ (5,075)
Travel	50,000	50,000	-	61,000	11,000
Conference Calls	500	500	-	-	(500)
<b>Total Meeting Expenses</b>	<b>\$ 68,800</b>	<b>\$ 68,800</b>	<b>\$ -</b>	<b>\$ 74,225</b>	<b>\$ 5,425</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 19,648	\$ 19,648	\$ -	\$ 6,000	\$ (13,648)
Office Rent	-	-	-	-	-
Office Costs	469,450	469,450	-	557,050	87,600
Professional Services	20,000	20,000	-	16,500	(3,500)
Miscellaneous	-	-	-	-	-
Depreciation	2,000	2,000	-	-	(2,000)
<b>Total Operating Expenses</b>	<b>\$ 511,098</b>	<b>\$ 511,098</b>	<b>\$ -</b>	<b>\$ 579,550</b>	<b>\$ 68,452</b>
<b>Total Direct Expenses</b>	<b>\$ 1,064,836</b>	<b>\$ 1,064,836</b>	<b>\$ -</b>	<b>\$ 1,117,869</b>	<b>\$ 53,033</b>
<b>Indirect Expenses</b>	<b>\$ 443,310</b>	<b>\$ 443,310</b>	<b>\$ -</b>	<b>\$ 529,036</b>	<b>\$ 85,726</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 1,508,146</b>	<b>\$ 1,508,146</b>	<b>\$ -</b>	<b>\$ 1,646,905</b>	<b>\$ 138,759</b>
<b>Change in Assets</b>	<b>\$ 361,064</b>	<b>\$ 361,064</b>	<b>\$ -</b>	<b>\$ 256,895</b>	<b>\$ (104,169)</b>
<b>Fixed Assets</b>					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	6,000	6,000	-	-	(6,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,000)</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>1,514,146</b>	<b>1,514,146</b>	<b>-</b>	<b>1,646,905</b>	<b>132,759</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ 355,064</b>	<b>\$ 355,064</b>	<b>\$ -</b>	<b>\$ 256,895</b>	<b>\$ (98,169)</b>
FTEs	5.0	5.0	-	5.0	-
HC	5.0	5.0	-	5.0	-



## Personnel Analysis

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs <sup>1</sup> 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
<b>Administrative Programs</b>						
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
<b>Total FTEs</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0</b>	<b>5.0</b>	<b>0.0</b>

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

There are no changes to personnel within the non-statutory functions.

## Reserve Analysis — 2013–2014

Working Capital Reserve Analysis 2012-2013		
NON-STATUTORY		
	WREGIS Reserves	WECC Non-Statutory Reserves
<b>Beginning Working Capital Reserve (Deficit), December 31, 2012</b>	1,954,861	5,874,245
Plus: 2013 WREGIS Funding	1,869,210	
Plus: 2013 Other funding sources		
Less: 2013 Projected expenses & capital expenditures	(1,514,146)	
<b>Projected Working Capital Reserve (Deficit), December 31, 2013</b>	<b>2,309,925</b>	<b>5,874,245</b>
<b>Projected Working Capital Reserve, December 31, 2014*</b>	2,309,925	0
Less: Projected Working Capital Reserve, December 31, 2013	(2,309,925)	(5,874,245)
<b>Adjustments to achieve Working Capital Reserve, December 31, 2013</b>	<b>0</b>	<b>(5,874,245)</b>
2013 Funding Sources	1,903,800	
Less: Expenses and Capital Expenditures	(1,646,905)	
Transfer Reserves to Statutory		(5,874,245)
<b>2014 Funding (reserve adjustment)</b>	<b>256,895</b>	<b>(5,874,245)</b>

\*WECC is converting Non-statutory Reserves not related to WREGIS to Statutory in the 2014 Business Plan and Budget.

WECC's Working Capital Reserve balance decreases in 2014. WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses, to be achieved by 2016. In 2014, WECC is transferring \$5.87 million of Non-statutory Working Capital Reserves, which were on-hand when WECC originally signed its Delegation Agreement in 2006, to Statutory Working Capital Reserves. Those funds have not been used for any purpose in the past seven years. WECC Management and the WECC Board, believe it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014 and future years. The total Working Capital Reserves will be used to offset the impact of the bifurcation and other increases on Assessments for both WECC and the RCCo in 2014 and 2015.

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Section D – Additional Consolidated Financial  
Statements  
2014 Business Plan and Budget

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Section D — Additional Financial Statements

Section D – Additional Consolidated Financial Statements  
 2014 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2014 Budget	Total	Statutory Total	Non-Statutory Total	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	Non-Statutory Total	WREGIS
<b>Funding</b>																	
<b>WECC Funding</b>																	
WECC Assessments	16,908,763	16,908,763	-	16,908,763	846,248	11,765,976	4,224,757	71,783	-	-	-	-	-	-	-	-	
Penalty Sanctions	2,742,300	2,742,300	-	2,742,300	125,219	1,815,678	738,793	62,610	-	-	-	-	-	-	-	-	
<b>Total WECC Funding</b>	<b>19,651,063</b>	<b>19,651,063</b>	<b>-</b>	<b>19,651,063</b>	<b>971,467</b>	<b>13,581,654</b>	<b>4,963,550</b>	<b>134,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Non-statutory Funding</b>																	
Federal Grants	1,896,000	-	1,896,000	-	-	-	-	-	-	-	-	-	-	-	-	1,896,000	
Services & Software	3,628,308	3,628,308	-	3,628,308	-	3,628,308	-	-	-	-	-	-	-	-	-	-	
Workshops	965,729	957,929	7,800	957,929	-	438,125	-	519,804	-	-	-	-	-	-	-	7,800	
Interest	69,000	69,000	-	69,000	3,151	45,685	18,589	1,575	-	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Funding (A)</b>	<b>26,210,100</b>	<b>24,306,300</b>	<b>1,903,800</b>	<b>24,306,300</b>	<b>974,618</b>	<b>14,065,464</b>	<b>8,610,447</b>	<b>655,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,903,800</b>	<b>1,903,800</b>
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	12,446,955	12,096,225	350,730	12,096,225	447,768	4,769,767	2,014,830	146,942	-	922,688	1,801,127	657,788	670,107	384,508	280,800	350,730	350,730
Payroll Taxes	797,716	774,001	23,715	774,001	30,138	322,315	134,116	10,136	-	62,303	92,319	44,388	45,103	14,190	18,992	23,715	23,715
Benefits	2,195,679	2,129,744	65,935	2,129,744	49,499	795,563	296,187	22,654	-	120,902	188,224	77,152	101,928	414,876	63,758	65,935	65,935
Retirement Costs	797,716	774,001	23,715	774,001	30,138	322,315	134,116	10,136	-	62,303	92,319	44,388	45,103	14,190	18,992	23,715	23,715
<b>Total Personnel Expenses</b>	<b>16,238,065</b>	<b>15,773,971</b>	<b>464,094</b>	<b>15,773,971</b>	<b>556,544</b>	<b>6,209,960</b>	<b>2,579,250</b>	<b>189,868</b>	<b>-</b>	<b>1,168,096</b>	<b>2,173,989</b>	<b>823,716</b>	<b>862,241</b>	<b>827,764</b>	<b>382,542</b>	<b>464,094</b>	<b>464,094</b>
<b>Meeting Expenses</b>																	
Meetings	886,701	873,476	13,225	873,476	528	462,503	65,065	56,040	-	278,090	11,250	-	-	-	-	13,225	13,225
Travel	1,545,456	1,484,456	61,000	1,484,456	28,360	966,340	7,836	8,804	-	128,720	121,750	48,000	13,200	10,200	11,250	61,000	61,000
Conference Calls	114,222	114,222	-	114,222	4,188	41,780	30,750	804	-	18,800	8,100	1,200	7,200	1,000	400	-	-
<b>Total Meeting Expenses</b>	<b>2,546,379</b>	<b>2,472,154</b>	<b>74,225</b>	<b>2,472,154</b>	<b>33,076</b>	<b>1,470,623</b>	<b>244,615</b>	<b>64,680</b>	<b>-</b>	<b>425,610</b>	<b>141,100</b>	<b>49,200</b>	<b>20,400</b>	<b>11,200</b>	<b>11,650</b>	<b>74,225</b>	<b>74,225</b>
<b>Operating Expenses</b>																	
Consultants & Contracts	4,393,302	4,387,302	6,000	4,387,302	-	424,800	3,368,000	106,502	-	212,000	90,000	-	36,000	150,000	-	6,000	6,000
Office Rent	936,072	936,072	-	936,072	-	-	47,472	-	-	888,600	-	-	-	-	-	-	-
Office Costs	1,962,504	1,405,454	557,050	1,405,454	8,120	450,670	113,650	87,740	-	35,203	196,881	28,690	340,800	59,100	84,600	557,050	557,050
Professional Services	775,256	758,756	16,500	758,756	-	-	-	-	-	465,796	-	190,000	-	17,000	86,000	16,500	16,500
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>8,067,134</b>	<b>7,487,584</b>	<b>579,550</b>	<b>7,487,584</b>	<b>8,120</b>	<b>875,470</b>	<b>3,481,650</b>	<b>241,714</b>	<b>-</b>	<b>712,959</b>	<b>1,175,481</b>	<b>218,690</b>	<b>376,800</b>	<b>226,100</b>	<b>170,600</b>	<b>579,550</b>	<b>579,550</b>
<b>Total Direct Expenses</b>	<b>26,851,578</b>	<b>25,733,709</b>	<b>1,117,869</b>	<b>25,733,709</b>	<b>597,740</b>	<b>8,556,053</b>	<b>6,305,515</b>	<b>496,262</b>	<b>-</b>	<b>2,306,665</b>	<b>3,490,570</b>	<b>1,091,606</b>	<b>1,259,441</b>	<b>1,065,064</b>	<b>564,792</b>	<b>1,117,869</b>	<b>1,117,869</b>
<b>Indirect Expenses</b>																	
	0	(529,036)	529,036	(529,036)	423,229	6,136,822	2,497,052	191,999	-	(2,306,665)	(3,490,570)	(1,091,606)	(1,259,441)	(1,065,064)	(564,792)	529,036	529,036
<b>Other Non-Operating Expenses</b>																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses (B)</b>	<b>26,851,578</b>	<b>25,204,673</b>	<b>1,646,905</b>	<b>25,204,673</b>	<b>1,020,969</b>	<b>14,692,875</b>	<b>8,802,567</b>	<b>688,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,646,905</b>	<b>1,646,905</b>
<b>Change in Assets</b>																	
	(641,478)	(898,372)	256,895	(898,372)	(46,351)	(627,411)	(192,120)	(32,490)	-	-	-	-	-	-	-	256,895	256,895
<b>Fixed Assets</b>																	
<b>Depreciation</b>																	
Computer & Software CapEx	309,487	309,487	-	309,487	-	10,000	239,487	-	-	-	-	-	60,000	-	-	-	-
Furniture & Fixtures CapEx	136,000	136,000	-	136,000	-	31,000	-	-	-	-	-	-	105,000	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	(0)	(0)	-	(0)	7,534	109,247	44,452	3,767	-	-	-	-	(165,000)	-	-	-	-
<b>Inc(Dec) in Fixed Assets (C)</b>	<b>445,487</b>	<b>445,487</b>	<b>-</b>	<b>445,487</b>	<b>7,534</b>	<b>150,247</b>	<b>283,939</b>	<b>3,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGET (B+C)</b>	<b>27,297,065</b>	<b>25,650,159</b>	<b>1,646,905</b>	<b>25,650,159</b>	<b>1,028,503</b>	<b>14,843,122</b>	<b>9,086,506</b>	<b>692,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,646,905</b>	<b>1,646,905</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(1,086,964)</b>	<b>(1,343,859)</b>	<b>256,895</b>	<b>(1,343,859)</b>	<b>(53,885)</b>	<b>(777,658)</b>	<b>(476,059)</b>	<b>(36,257)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256,895</b>	<b>256,895</b>
FTEs	140.0	135.0	5.0	135.0	4.0	58.0	23.6	2.0	-	9.5	15.2	6.0	9.0	3.0	4.7	5.0	5.0
HC	140.0	135.0	5.0	135.0	4.0	58.0	23.0	2.0	-	9.0	16.0	6.0	9.0	3.0	5.0	5.0	5.0
Indirect Costs to be allocated	(9,778,138)	(9,778,138)	-	(9,778,138)	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	0.0%	0.0%	0.0%	0.0%	-	(2,306,665)	(3,490,570)	(1,091,606)	(1,259,441)	(1,065,064)	(564,792)	-	-
Penalty Sanctions Allocation	2,742,300	2,742,300	-	2,742,300	125,219	1,815,678	738,793	62,610	-	-	-	-	165,000	-	-	-	-

## Statement of Financial Position

<b>Statement of Financial Position</b>			
<b>2012 Audited, 2013 Projection, and 2014 Budget</b>			
<b>STATUTORY and NON-STATUTORY</b>			
<b>(in thousands)</b>			
	<b>(Per Audit)</b>	<b>Projected</b>	<b>Budget</b>
	<b>31-Dec-12</b>	<b>31-Dec-13</b>	<b>31-Dec-14</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,940,191	\$ 44,689,344	\$ 30,762,197
Certificates of deposit	1,436,598	1,500,000	1,125,000
Investments	5,930,113	6,000,000	4,500,000
Accounts receivable, net	12,908,228	14,199,051	5,950,000
Prepaid expenses and other assets	835,773	626,830	313,415
Property and equipment	11,964,467	2,392,893	478,579
Total Assets	<b>\$ 73,015,370</b>	<b>\$ 69,408,118</b>	<b>\$ 43,129,190</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable	7,557,387	5,668,040	2,834,020
Accrued payroll and related liabilities	1,771,580	1,913,306	956,653
Deferred revenue	24,381,993	24,577,528	8,500,000
Other liabilities	7,051,156	5,640,925	1,410,231
Total Liabilities	<b>\$ 40,762,116</b>	<b>\$ 37,799,800</b>	<b>\$ 13,700,905</b>
Unrestricted net assets	32,253,254	31,608,318	29,428,286
Total Liabilities and Net Assets	<b>\$ 73,015,370</b>	<b>\$ 69,408,118</b>	<b>\$ 43,129,190</b>

## Appendix A: Organizational Chart

To be inserted

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## Appendix B: 2014 Budget &amp; Projected 2015 and 2016 Budgets

Statement of Activities and Capital Expenditures							
2014 Budget & Projected 2015 and 2016 Budgets							
Statutory							
	2014	2015	\$ Change	% Change	2016	\$ Change	% Change
	Budget	Projection	14 v 15	14 v 15	Projection	15 v 16	15 v 16
<b>Funding</b>							
<b>ERO Funding</b>							
WECC Assessments	\$ 17,040,764	\$ 21,629,196	\$ 4,588,432	26.9%	\$ 22,248,118	\$ 618,922	2.9%
Penalty Sanctions	2,610,300	-	(2,610,300)	-100.0%	-	-	-
<b>Total ERO Funding</b>	<b>\$ 19,651,064</b>	<b>\$ 21,629,196</b>	<b>\$ 1,978,132</b>	<b>10.1%</b>	<b>\$ 22,248,118</b>	<b>\$ 618,922</b>	<b>2.9%</b>
Membership Dues	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-
Workshops	957,929	996,246	38,317	4.0%	1,036,096	39,850	4.0%
Interest	69,000	71,760	2,760	4.0%	74,630	2,870	4.0%
Miscellaneous	-	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 20,677,993</b>	<b>\$ 22,697,202</b>	<b>\$ 2,019,209</b>	<b>9.8%</b>	<b>\$ 23,358,844</b>	<b>\$ 661,642</b>	<b>2.9%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 11,667,376	\$ 12,789,847	1,122,471	9.6%	\$ 13,301,441	511,594	4.0%
Payroll Taxes	746,634	804,594	57,960	7.8%	\$ 836,778	32,184	4.0%
Benefits	2,068,607	2,141,592	72,985	3.5%	\$ 2,227,256	85,664	4.0%
Retirement Costs	746,634	804,586	57,952	7.8%	\$ 836,768	32,182	4.0%
<b>Total Personnel Expenses</b>	<b>\$ 15,229,251</b>	<b>\$ 16,540,619</b>	<b>\$ 1,311,368</b>	<b>8.6%</b>	<b>\$ 17,202,243</b>	<b>\$ 661,624</b>	<b>4.0%</b>
<b>Meeting Expenses</b>							
Meetings	\$ 863,476	\$ 908,415	44,939	5.2%	\$ 944,752	36,337	4.0%
Travel	1,454,456	1,543,834	89,378	6.1%	1,605,588	61,754	4.0%
Conference Calls	108,222	118,791	10,569	9.8%	123,543	4,752	4.0%
<b>Total Meeting Expenses</b>	<b>\$ 2,426,154</b>	<b>\$ 2,571,040</b>	<b>\$ 144,886</b>	<b>6.0%</b>	<b>\$ 2,673,883</b>	<b>\$ 102,843</b>	<b>4.0%</b>
<b>Operating Expenses</b>							
Consultants & Contracts	\$ 1,587,302	\$ 1,776,394	189,092	11.9%	\$ 1,647,450	(128,944)	-7.3%
Office Rent	936,072	973,515	37,443	4.0%	1,012,455	38,940	4.0%
Office Costs	1,341,354	1,619,945	278,591	20.8%	1,684,743	64,798	4.0%
Professional Services	758,756	789,106	30,350	4.0%	820,670	31,564	4.0%
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,623,484</b>	<b>\$ 5,158,960</b>	<b>\$ 535,476</b>	<b>11.6%</b>	<b>\$ 5,165,318</b>	<b>\$ 6,358</b>	<b>0.1%</b>
<b>Total Direct Expenses</b>	<b>\$ 22,278,889</b>	<b>\$ 24,270,619</b>	<b>\$ 1,991,730</b>	<b>8.9%</b>	<b>\$ 25,041,444</b>	<b>\$ 770,825</b>	<b>3.2%</b>
<b>Indirect Expenses</b>	<b>(529,037)</b>	<b>(550,198)</b>	<b>(21,161)</b>	<b>4.0%</b>	<b>(572,206)</b>	<b>(22,008)</b>	<b>4.0%</b>
<b>Other Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 21,749,852</b>	<b>\$ 23,720,421</b>	<b>\$ 1,970,569</b>	<b>9.1%</b>	<b>\$ 24,469,238</b>	<b>\$ 748,817</b>	<b>3.2%</b>
<b>Change in Assets</b>	<b>\$ (1,071,859)</b>	<b>\$ (1,023,219)</b>	<b>\$ 48,640</b>	<b>-4.5%</b>	<b>\$ (1,110,394)</b>	<b>\$ (87,175)</b>	<b>8.5%</b>
<b>Fixed Assets</b>							
Depreciation	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Computer & Software CapEx	136,000	179,200	43,200	31.8%	86,368	(92,832)	-51.8%
Furniture & Fixtures CapEx	136,000	141,440	5,440	4.0%	147,098	5,658	4.0%
Leasehold Improvements	-	-	-	-	-	-	-
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 272,000</b>	<b>\$ 320,640</b>	<b>\$ 48,640</b>	<b>17.9%</b>	<b>\$ 233,466</b>	<b>\$ (87,174)</b>	<b>-27.2%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 22,021,852</b>	<b>\$ 24,041,061</b>	<b>\$ 2,019,209</b>	<b>9.2%</b>	<b>\$ 24,702,704</b>	<b>\$ 661,643</b>	<b>2.8%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
FTEs	135.0	135.00	0.0	0.0%	135.00	-	0.0%
HC	135.0	135.00	0.0	0.0%	135.00	-	0.0%

## Appendix C: Adjustment to the AESO 2014 Assessment

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