

2014 Business Plan and Budget
Reliability Coordination Company

DRAFT

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*	149.1			
Non-statutory FTEs	-			
Total FTEs	149.1			
Statutory Expenses	\$ 34,371,648			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 34,371,648			
Statutory Inc(Dec) in Fixed Assets	\$ (1,413,000)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (1,413,000)			
Statutory Working Capital Requirement**	4,606,412			
Non-Statutory Working Capital Requirement	0			
Total Working Capital Requirement	4,606,412			
Total Statutory Funding Requirement	\$ 29,724,031			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 29,724,031			
Statutory Funding Assessments	\$ 29,568,031			
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL****	0	0	0	0
NEL%	0.00%	0.00%	0.00%	0.00%

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

**Refer to the Statutory Reserve Analysis on page 35 in Section B.

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

Organizational Overview

The newly formed Reliability Coordination Company (RCCo) is a 501(c)(4) entity operating in the “best interest of the public welfare.” The RCCo’s mission is to “support and promote social welfare by endeavoring to ensure reliability by providing Real-time interconnection-wide oversight of the Bulk Electric System (BES) within the RCCo footprint, coordinating necessary Real-time and seasonal planning and modeling, and ensuring that data critical to the reliable and efficient operation of the BES is shared appropriately.” The RCCo’s website is <http://www.tobedetermined.org>.

The RCCo will create value by delivering cost-effective services and engaging in efficient and non-discriminatory practices. To achieve this, the RCCo will retain registration for and fulfill the duties of the Reliability Coordinator (RC) and the Interchange Authority (IA), as defined by the North American Electric Reliability Corporation (NERC), agreed upon by the Federal Energy Regulatory Commission (FERC), and as delegated by the Western Electricity Coordinating Council (WECC), for the RCCo’s footprint in the Western Interconnection. Further, upon approval by the RCCo Board of Directors, the RCCo will perform additional functions that promote BES reliability and support.

Membership and Governance

The RCCo has XXX Members¹ divided into the following five Membership Classes:

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

RCCo Membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BES.

The RCCo is governed by a seven-member Independent Board of Directors. The seven Independent Directors are not affiliated with any RCCo Member, any Registered Entity within the Western Interconnection, or any Compliance Enforcement Authority with jurisdiction over the RCCo's activities. The RCCo Board is elected by the RCCo Membership and the Directors are compensated for their time.

Input comes to the RCCo Board from the Member organizations, from other interested parties, and through recommendations from the RCCo Member Advisory Committee (MAC). The MAC is comprised of Member representatives elected by the Member Classes. The MAC advises the Board regarding matters referred to the MAC by the Board; and advises the Board on other matters as the MAC deems appropriate. The MAC consists of at least fifteen elected Members and includes three MAC Members elected by each of Classes 1 through 5. As set forth in the RCCo Bylaws, each of Member Classes 1 through 5 may subdivide into up to three subdivisions for purposes of electing a Class' MAC Members.²

Comment

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information
our website
<http://www.2FDocum20for%2036A2F72E BCE0A64 9B5A5C98>

Statutory Functional Scope

The RCCo will be listed on the NERC Compliance Registry to perform the RC and IA functions as statutory activities. The RCCo was started by a spin-off of WECC's RC and IA functions, which represented 100 percent of WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area. For comparative purposes in this Business Plan and Budget, the WECC 2013 SAIS budget is also presented

2014 RCCo Business Objectives

The RCCo's business objectives for 2014 are as follows:

1. Identify and mitigate potential risks and vulnerabilities to improve system reliability.
2. Increase organizational readiness to respond to external drivers.
3. Provide data and analysis to support informed decisions related to system reliability and efficient competitive power markets.

¹ As of May 1, 2013.

² RCCo Bylaws, Section VII.A.

2014 Overview of Cost Impacts

The RCCo's proposed 2014 statutory budget is \$33.0 million, a \$3.7 million (12.6 percent) increase from WECC's 2013 SAIS statutory budget. The primary drivers of the increase are the bifurcation of WECC and recommendations from the Reliability Coordination Task Force (RCTF), which are both explained in more detail in the Program Area sections of the business plan. One-time costs related to the bifurcation of WECC and the establishment of the RCCo as a stand-alone organization are expected to be incurred in 2013.

Additionally, the U.S. Department of Energy (DOE) Western Interconnection Synchrophasor Program (WISP) grant is projected to be complete in December 2013. As planned, the cost of WISP's ongoing operations is incorporated into the SAIS budget in 2014. There is a material impact to Assessments in 2014 due to the termination of grant funding related to WISP. Ongoing annual costs related to WISP are in line with the original estimate; \$3.7 million average per year.

To help mitigate the percentage increase in Assessments due to the bifurcation of WECC and the RCTF recommendations, Working Capital Reserves will be used in 2014. Please see the Statutory Working Capital Analysis on page 35.

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

- The budget for the newly formed Administrative Services Area is \$7.8 million.
- Thirty of the 149.08 FTEs work in Administrative Services Area and the remaining 119.08 are in the SAIS Program Area.
- Personnel Expenses increase by \$6.4 million primarily due to the formation of the new organization and the RCTF Recommendations.
- Meeting expenses increase \$702,000 primarily due to the formation of the new organization.
- Consultants and Contracts decrease by \$1.2 million, primarily due to the completion of the Western Interconnection Synchrophasor Program (WISP) grant on December 31, 2013.
- Other operating costs increase primarily due to the formation of the new organization.

Personnel Analysis

The RCCo is adding 64.1 FTEs in 2014.

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
STATUTORY						
Operational Programs						
Reliability Standards	0	0	0	0	0	0
Compliance and Organization Registration and Certification	0	0	0	0	0	0
Training and Education	0	0	0	0	0	0
Reliability Assessment and Performance Analysis	0	0	0	0	0	0
Situation Awareness and Infrastructure Security**	85.00	85.00	119.08	0	119.08	34.08
Total FTEs Operational Programs	85.00	85.00	119.08	0.00	119.08	34.08
Administrative Programs						
Technical Committees and Member Forums	0	0	0	0	0	0.00
General & Administrative	0	0	12.00	0	12.00	12.00
Information Technology	0	0	3.00	0	3.00	3.00
Legal and Regulatory	0	0	7.00	0	7.00	7.00
Human Resources	0	0	3.00	0	3.00	3.00
Finance and Accounting	0	0	5.00	0	5.00	5.00
Total FTEs Administrative Programs	0.00	0.00	30.00	0.00	30.00	30.00
Total FTEs	85.00	85.00	149.08	0.00	149.08	64.08

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

**The 2013 values presented are from WECC's 2013 Business Plan and Budget to provide comparative figures.

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 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	\$ 24,476,506	\$ 24,476,506	\$ -	\$ 29,568,031	\$ 5,091,525
Penalty Sanctions	1,575,157	1,575,157	-	-	(1,575,157)
Total WECC Funding	\$ 26,051,663	\$ 26,051,663	\$ -	\$ 29,568,031	\$ 3,516,368
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	2,786,077	2,786,077	-	-	(2,786,077)
Services & Software	-	-	-	-	-
Workshops	(0)	(0)	-	-	0
Interest	154,450	154,450	-	156,000	1,550
Miscellaneous	2,060	2,060	-	-	(2,060)
Total Funding (A)	\$ 28,994,248	\$ 28,994,248	\$ -	\$ 29,724,031	\$ 729,783
Expenses					
Personnel Expenses					
Salaries	\$ 10,500,211	\$ 10,500,211	\$ -	\$ 14,959,388	\$ 4,459,177
Payroll Taxes	745,847	745,847	-	963,709	217,863
Benefits	1,093,421	1,093,421	-	2,510,603	1,417,182
Retirement Costs	647,166	647,166	-	963,709	316,543
Total Personnel Expenses	\$ 12,986,645	\$ 12,986,645	\$ -	\$ 19,397,409	\$ 6,410,764
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 306,183	\$ 306,183
Travel	437,726	437,726	0	804,138	366,412
Conference Calls	15,920	15,920	0	45,084	29,164
Total Meeting Expenses	\$ 453,646	\$ 453,646	\$ -	\$ 1,155,405	\$ 701,759
Operating Expenses					
Consultants & Contracts	\$ 2,422,290	\$ 2,422,290	\$ -	\$ 1,267,500	\$ (1,154,790)
Office Rent	768,081	768,081	-	1,276,728	508,647
Office Costs	4,518,304	4,518,304	-	6,986,326	2,468,022
Professional Services	5,000	5,000	-	663,280	658,280
Miscellaneous	-	-	-	-	-
Depreciation	3,315,530	3,315,530	-	3,625,000	309,470
Total Operating Expenses	\$ 11,029,205	\$ 11,029,205	\$ -	\$ 13,818,834	\$ 2,789,629
Total Direct Expenses	\$ 24,469,496	\$ 24,469,496	\$ -	\$ 34,371,648	\$ 9,902,152
Indirect Expenses	\$ 6,278,766	\$ 6,278,766	\$ -	\$ -	\$ (6,278,766)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 30,748,262	\$ 30,748,262	\$ -	\$ 34,371,648	\$ 3,623,386
Change in Assets	\$ (1,754,014)	\$ (1,754,014)	\$ -	\$ (4,647,617)	\$ (2,893,603)
Fixed Assets					
Depreciation	\$ (3,315,530)	\$ (3,315,530)	\$ -	\$ (3,625,000)	\$ (309,470)
Computer & Software CapEx	843,000	843,000	-	1,373,000	530,000
Furniture & Fixtures CapEx	29,000	29,000	-	36,000	7,000
Equipment CapEx	1,000,000	1,000,000	-	803,000	(197,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (310,484)	\$ (310,484)	\$ -	\$ -	\$ -
Incr(Dec) in Fixed Assets (C)	\$ (1,754,014)	\$ (1,754,014)	\$ -	\$ (1,413,000)	\$ 30,530
TOTAL BUDGET (B+C)	28,994,248	28,994,248	-	32,958,648	3,653,916
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ (3,234,617)	\$ (2,924,133)
FTEs	85.0	85.0	-	149.1	64.1
HC	96.0	96.0	-	155.0	59.0

Section A – Statutory Programs
2014 Business Plan and Budget

Section A — 2014 Business Plan**Situation Awareness and Infrastructure Security Program**

Situation Awareness and Infrastructure Security (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	85.0	119.1	34.1
Direct Expenses	\$ 24,469,496	\$ 26,547,960	\$ 2,078,464
Indirect Expenses	\$ 6,278,766	\$ 7,823,688	\$ 1,544,922
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,754,014)	\$ (1,413,000)	\$ 341,014
Total Funding Requirement	\$ 28,994,248	\$ 32,958,648	\$ 3,964,400

Program Scope and Functional Description

The Reliability Coordinator and Interchange Authority functions oversee situation awareness in the Western Interconnection.

Reliability Coordinator (RC)

The primary role of the RCCo RC function is the reliable operation of the BES for the Western Interconnection in Real-time and next-day study time frames. The RC maintains Real-time operating reliability with a Wide Area view. The Wide Area view includes situational awareness of both transmission and balancing operations and it has the authority to direct other functional entities to take actions to ensure reliable operation within the Western Interconnection. The RCCo ensures that the generation-demand balance is maintained within its Reliability Coordination Area, which ensures that the Interconnection frequency remains within acceptable limits. These reliability functions are executed at the Reliability Coordination Offices (RCO) located in Vancouver, Washington, and Loveland, Colorado. Each RCO serves as a “hot” backup for the other.

Situation awareness in the Western Interconnection is further enhanced through the activities undertaken by WECC in response to the DOE’s Smart Grid Investment Grant Funding Opportunity Announcement. On April 1, 2010, WECC signed an agreement with the DOE to receive a \$53.9 million grant to implement its Western Interconnection Synchrophasor Program (WISP) project. The funding matched dollars already committed by nine WISP Partner Entities³ in the Western Interconnection to extend and deploy synchrophasor technologies within their electrical systems. The total funding for WISP is \$107.8 million. Phase one of the WISP project was completed on March 31, 2013. On February 14, 2013, WECC was granted a no-cost extension to expand the control centers to better enable the use of WISP technology. The DOE project extension completion date is March 31, 2014; however, management believes the project will be

³ Bonneville Power Administration, California Independent System Operator, Idaho Power, NV Energy, PacifiCorp, Pacific Gas & Electric, Southern California Edison, Salt River Project, and WECC.

completed by December 31, 2013. As a result, the 2014 budget does not include any grant funding.

WISP will deliver significant reliability enhancement for the RCCo, the RCCo's partners throughout the Western Interconnection, and the nation's electric power industry. Additionally, WISP will allow for increased visibility of electric power system vulnerabilities by System Operators, which helps minimize the risk of the vulnerabilities evolving into a major disturbance or blackout. Synchrophasor technology will also provide the ability to see and manage the intermittent nature of renewable resources, and to deploy the ancillary services needed to solidify the changing nature of the Western Interconnection power generation portfolio.

Interchange Authority (IA)

In 2008, the WECC Board approved the initiative for WECC to register as the IA for the Western Interconnection. The primary role of the IA is to coordinate communication and validation of Arranged Interchange for reliability evaluation and implementation purposes. This function will transfer to the RCCo on January 1, 2014.

The RCCo uses the WECC Interchange Tool (WIT) to perform the functions of the IA in the Western Interconnection. WIT is a software system that facilitates and coordinates interchange between Balancing Authorities and permits increased monitoring of interchange transactions by Reliability Coordinators. The RCCo is registered with NERC as the IA.

Web Security Analysis System (webSAS)

The webSAS tool enhances situation awareness in the Western Interconnection by determining the effect of both on- and off-path schedules on a Qualified Path that is experiencing overloading due to unscheduled flow. In 2011, WECC moved to a single webSAS contract and license to ensure that a greater number of entities would have access to the tool. Increased use of the tool will ensure consistent calculation of unscheduled flow impacts and curtailment responsibilities, which will have a positive effect on the reliability of the Interconnection. This contract will transfer to the RCCo effective January 1, 2014.

2014 Key Assumptions

- During 2014 (as in every year), the WECC RC function 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 July 1, 2013 implementation of standards PER 005, and EOP (Emergency Operating Plans) 005 and 006. Possible impacts include additional workload, need for increased outreach and training, and the actual transition and associated guidance that may be issued by NERC.
- Cyclical upgrades of event monitoring equipment, software, hardware, and IT system infrastructure will continue.
- The WISP tool enhancement and control room redesign will be completed on schedule by December 31, 2013. FERC/NERC's recommendations for remediation actions contained in the *Arizona-Southern California Outages on*

September 8, 2011 Joint Report and subsequent NERC recommendations will continue to be implemented.

2014 Goals and Key Deliverables

The 2014 RC function budget primarily addresses the following key areas:

1. Implement the recommendations for the RCCo RC from the FERC/NERC Joint Report on the September 8, 2011 Blackout.
2. Aggressively increase staffing and expand and enhance tools used for real-time monitoring of the Western Interconnection throughout 2014, based on the RCTF recommendations presented to the WECC Board of Directors at the December 2012 meeting.
3. The Personnel Performance, Training, and Qualifications (PER), and Emergency Preparedness and Operations (EOP) standards will create additional training workload for the RC staff. This relates specifically to the development of a Job Task Analysis and requires the RC function to conduct restoration training for the Membership; including Generator Operators, Balancing Authorities, and Transmission Operators. In addition, data sharing will increase the RC staff workload as it will be responsible for setting up and maintaining the systems that enable this activity.
4. The WISP grant will end on March 31, 2014, but management expects the project to be finished by December 2013. On January 1, 2014, the RCCo RC function will assume responsibility for the added operations, training, software, and hardware maintenance in addition to continued enhancements to the WISP tools.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than Electric Reliability Organization (ERO) Assessments)

- In the RCCo, there are no Penalty Sanction offsets to Assessments.
- DOE grant funding for WISP is projected to end in December 2013.
- Interest revenue is allocated to the only Statutory Program Area in the RCCo.

Personnel Expenses

- Salaries increase by \$1.4 million due to the net addition of 34.1 FTEs (29 positions). Thirty of the new positions are being added as a result of the RCTF recommendations, primarily to mitigate organizational risks related to reliability and compliance issues. One position is being added for WISP. One position is being added for the ECC. Two positions are being transferred from WECC Legal. Five positions are being transferred to General and Administrative, where they are more appropriately classified.
- Payroll Taxes, Benefits, and Retirement Costs increase with Salaries.

- The budget for insurance costs increases by 20 percent in 2014 due to the bifurcation of WECC. Insurance rates for two smaller organizations will be higher than for one larger organization.
- In 2014, the majority of Personnel Expenses were reduced by 15 percent in each department to budget for labor float uniformly across the organization.

Meeting Expenses

- Travel increases by \$18,000 due to the increase in FTEs.

Operating Expenses

- Consultants & Contracts decrease by a net \$1.5 million primarily due to the completion of the WISP grant. In 2014 there is \$822,000 in the budget for consulting costs related to the Enhanced Curtailment Calculator (ECC).
- Office Rent decreases by \$740,000 due to its reclassification from the SAIS budget to the General and Administrative budget in 2014.
- Office Costs increase by \$1.8 million primarily due to maintenance and service agreements for RC equipment and software, as follows:
 - The 2014 WISP costs are funded 100 percent by statutory funding and in 2013, the DOE grant funded three months of expenditures.
 - Along with normal inflationary annual contract cost adjustments of three-to-four percent, the RC has significantly enhanced the West-wide System Model by increasing the number of points that are modeled, going from 100,000 to 190,000. This increase more than doubled license and maintenance contract costs.
 - The RC has also expanded its use of OSIsoft's PI System displays, which enables better intuitive situation awareness by the Real-time RCs. This expanded use has increased contract costs with OSIsoft.
 - The RC began its first cycle of refreshing the hardware in 2012, including changing out a third of the switches and servers each year, all requiring new service agreements.
 - As normal growth has occurred, the RC has expanded data collection and distribution using SharePoint and WECCRC.org, which requires additional servers and software, again increasing service and maintenance costs.
- Depreciation increases by \$302,000 due to the increase in Fixed Assets expenditures in 2014 and the full year of depreciation for assets purchased in 2013.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. Because it is the RCCo's only Statutory function, 100 percent of the indirect cost allocation is accounted for in the SAIS Program Area.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software CapEx increases by a net \$530,000 primarily due to the ECC software purchase of \$700,000.
- Equipment CapEx decreases by \$197,000. The decrease relates primarily to two projects that were completed in 2013: the Loveland test environment and Energy Management System core switch upgrades.

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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)
Funding					
RCCo Funding					
Assessments	\$ 24,476,506	\$ 24,476,506	\$ -	\$ 29,568,031	\$ 5,091,525
Penalty Sanctions	1,575,157	1,575,157	-	-	(1,575,157)
Total WECC Funding	\$ 26,051,663	\$ 26,051,663	\$ -	\$ 29,568,031	\$ 3,516,368
Membership Dues	-	-	-	-	-
Federal Grants	2,786,076	2,786,076	-	-	(2,786,076)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	154,450	154,450	-	156,000	1,550
Miscellaneous	2,059	2,059	-	-	(2,059)
Total Funding (A)	\$ 28,994,248	\$ 28,994,248	\$ -	\$ 29,724,031	\$ 729,783
Expenses					
Personnel Expenses					
Salaries	\$ 10,500,212	\$ 10,500,212	\$ -	\$ 11,932,371	\$ 1,432,159
Payroll Taxes	745,846	745,846	-	787,893	42,047
Benefits	1,093,420	1,093,420	-	1,680,551	587,131
Retirement Costs	647,167	647,167	-	787,893	140,726
Total Personnel Expenses	\$ 12,986,645	\$ 12,986,645	\$ -	\$ 15,188,708	\$ 2,202,063
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 1,083	\$ 1,083
Travel	437,726	437,726	-	455,288	17,562
Conference Calls	15,920	15,920	-	15,384	(536)
Total Meeting Expenses	\$ 453,646	\$ 453,646	\$ -	\$ 471,755	\$ 18,109
Operating Expenses					
Consultants & Contracts	\$ 2,422,290	\$ 2,422,290	\$ -	\$ 950,000	\$ (1,472,290)
Office Rent	768,081	768,081	-	27,996	(740,085)
Office Costs	4,518,304	4,518,304	-	6,291,501	1,773,197
Professional Services	5,000	5,000	-	-	(5,000)
Miscellaneous	-	-	-	-	-
Depreciation	3,315,530	3,315,530	-	3,618,000	302,470
Total Operating Expenses	\$ 11,029,205	\$ 11,029,205	\$ -	\$ 10,887,497	\$ (141,708)
Total Direct Expenses	\$ 24,469,496	\$ 24,469,496	\$ -	\$ 26,547,960	\$ 2,078,464
Indirect Expenses	\$ 6,278,766	\$ 6,278,766	\$ -	\$ 7,823,688	\$ 1,544,922
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 30,748,262	\$ 30,748,262	\$ -	\$ 34,371,648	\$ 3,623,386
Change in Assets	\$ (1,754,014)	\$ (1,754,014)	\$ -	\$ (4,647,617)	\$ (2,893,603)
Fixed Assets					
Depreciation	(3,315,530)	(3,315,530)	-	(3,618,000)	(302,470)
Computer & Software CapEx	843,000	843,000	-	1,373,000	530,000
Furniture & Fixtures CapEx	29,000	29,000	-	-	(29,000)
Equipment CapEx	1,000,000	1,000,000	-	803,000	(197,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ (310,484)	\$ (310,484)	\$ -	\$ 29,000	\$ 339,484
Incr(Dec) in Fixed Assets (C)	\$ (1,754,014)	\$ (1,754,014)	\$ -	\$ (1,413,000)	\$ 341,014
TOTAL BUDGET (B+C)	28,994,248	28,994,248	-	32,958,648	3,964,400
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ (3,234,617)	\$ (3,234,617)
FTEs	85.0	85.0	-	119.1	34.1
HC	96.0	96.0	-	125.0	29.0

Administrative Services

Administrative Services (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	30.0	30.0
Direct Expenses	\$ -	\$ 7,823,688	\$ 7,823,688
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The RCCo'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 the statutory program area.

Funding Sources and Requirements — Explanation of Increases

All of the RCCo Administrative Services areas are new in 2014. The increases all relate to the bifurcation of WECC and the formation of the RCCo and its corporate services departments. The budget explanations in subsequent sections relate to the components of these new budgets rather than the typical explanations of increases and decreases outlined in Regional Entity Business Plans and Budgets.

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	\$ -	\$ 669,310	\$ 669,310
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

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

2014 Key Assumptions

- Members and interested stakeholders will be responsible for all expenses related to attendance at RCCo forums.
- The RCCo budgets for meeting space, meals, and logistics associated with RCCo forums.
- All RCCo meetings will be held at off-site facilities.

2014 Goals and Key Deliverables

- Create a more effective organization by facilitating and encouraging cross-departmental coordination and consistency.
- Address the vulnerabilities that could impact reliability by identifying and promoting the projects that can improve reliability and mitigate vulnerabilities.
- Optimize stakeholder involvement and value by structuring meetings and agendas to meet Member needs, communicate RCCo 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 that the RC and IA functions' interests are represented in reliability matters by participating in the NERC Committees and other industry forums.
- Ensure that the RC and IA functions are represented in the development of continent-wide processes and reliability standards.
- Assure RCCo 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

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Not applicable.

Meeting Expenses

- Meeting expenses primarily relate to four Board meetings held at offsite facilities.
- Travel expenses relate to the reimbursement of Independent Director travel expenses.

Operating Expenses

- Professional Services relate to Independent Director retainers and meeting compensation.

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.

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

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
TECHNICAL COMMITTEES AND MEMBER FORUMS					
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 260,000	\$ 260,000
Travel	-	-	-	42,000	42,000
Conference Calls	-	-	-	2,680	2,680
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,680</u>	<u>\$ 304,680</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	2,350	2,350
Professional Services	-	-	-	362,280	362,280
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,630</u>	<u>\$ 364,630</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,310</u>	<u>\$ 669,310</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (669,310)</u>	<u>\$ (669,310)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	-	-
HC	-	-	-	-	-

General and Administrative

General and Administrative (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	12.0	12.0
Direct Expenses	\$ -	\$ 3,661,753	\$ 3,661,753
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 RCCo staff, committees, Members, and management, as well as logistics support to the Loveland, Colorado and Vancouver, Washington offices 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

- The RCCo will develop and launch a corporate identity.
- The RCCo will commence operations as an independent company requiring the full range of administrative, executive, and communications services.

2014 Goals and Key Deliverables

- Provide executive leadership and strategic guidance for the activities undertaken by the RCCo.
- Improve the quality and efficiency of support provided to staff and Members.
- Create a corporate identity for the RCCo.
- Redesign the RCCo Internet websites and develop an RCCo Intranet website.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- All Personnel Expenses relate to the addition of 12 positions in this area. Two new positions are related to the bifurcation of WECC. One new position is related to the RCTF recommendations. Three positions are being transferred from WECC's General and Administrative department. Five positions are being transferred from the RCCo SAIS budget to its General and Administrative area, where they are more appropriately classified. One position is being transferred to communications from the RTEP grant.

Meeting Expenses

- Meeting and Travel expenses all relate to the personnel in this area.

Operating Expenses

- Consulting & Contracts primarily relate to the RCCo Communications Department and the costs include items such as the development and launch of an RCCo corporate identity, newsletter publication, a stakeholder survey, collateral design and development, and various public relations services.
- Office Rent relates to the Loveland, Colorado and Vancouver, Washington offices. In 2013, rent for the RCO was included in the SAIS and in 2014 is more appropriately classified in General and Administrative. 2014 budgeted rent increases \$480,000 over the WECC SAIS rent budget due to the additional space required for the additional 59 positions being added.

Indirect Expenses

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

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- The Furniture & Fixtures CapEx budget of \$36,000 relates to cubicles for new personnel. Fixed Assets are also allocated to statutory functional areas based on FTEs.

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)
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 1,366,486	\$ 1,366,486
Payroll Taxes	-	-	-	74,191	74,191
Benefits	-	-	-	145,572	145,572
Retirement Costs	-	-	-	74,191	74,191
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660,440</u>	<u>\$ 1,660,440</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ 45,100	\$ 45,100
Travel	-	-	-	237,250	237,250
Conference Calls	-	-	-	19,620	19,620
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,970</u>	<u>\$ 301,970</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 197,500	\$ 197,500
Office Rent	-	-	-	1,248,732	1,248,732
Office Costs	-	-	-	246,111	246,111
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	7,000	7,000
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,699,343</u>	<u>\$ 1,699,343</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,661,753</u>	<u>\$ 3,661,753</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,661,753)</u>	<u>\$ (3,661,753)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	(7,000)	(7,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	36,000	36,000
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (29,000)	\$ (29,000)
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	12.0	12.0
HC	-	-	-	12.0	12.0

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	7.0	7.0
Direct Expenses	\$ -	\$ 1,318,643	\$ 1,318,643
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The Legal program area provides coordinated legal services to the RCCo 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 develops specific subject matter expertise to further assist the RCCo 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.

The RCCo'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

- The RCCo will commence operations as an independent company requiring the full range of corporate legal support services, as well as specialized legal expertise regarding compliance with mandatory reliability standards.

2014 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the RCCo Board, committees, and staff through a combination of in-house and outside resources.
- Update and advise the RCCo Board and CEO on pending legal issues.
- Advise RCCo departments on specified legal matters and general matters relating to RCCo business.
- Provide legal support to the RCCo Compliance Department and facilitate the processing of possible and alleged violations.
- Represent the RCCo in legal and regulatory proceedings.
- Review and advise RCCo business units on draft agreements.
- Improve tracking for development of RCCo regulatory policies.
- Implement a corporate records management system.
- Integrate the Corporate Compliance function into the newly created RCCo corporate structure. Corporate Compliance is focused on RCCo registered-function

compliance with applicable reliability standards as well as business unit compliance with internal RCCo policies and procedures.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- All Personnel Expenses relate to the addition of seven positions in this area. Two new positions are related to the bifurcation of WECC. Five positions are being transferred from WECC's Legal Department.

Meeting Expenses

- Meeting and Travel expenses all relate to the personnel in this area.

Operating Expenses

- Consultants and Contracts expenses relate to corporate compliance mock audits and inspections.
- Office Costs relate to the ongoing operations of this newly formed department, which include subscription services, continuing legal education, registered agent fees, cell phones, etc.
- Professional Services related to the RCCo's new business insurance program and a small budget for outside legal counsel.

Indirect Expenses

- Legal and Regulatory expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Legal and Regulatory

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

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

LEGAL AND REGULATORY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 753,162	\$ 753,162
Payroll Taxes	-	-	-	51,174	51,174
Benefits	-	-	-	87,069	87,069
Retirement Costs	-	-	-	51,174	51,174
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,579</u>	<u>\$ 942,579</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	36,000	36,000
Conference Calls	-	-	-	1,200	1,200
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,200</u>	<u>\$ 37,200</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	28,864	28,864
Professional Services	-	-	-	190,000	190,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,864</u>	<u>\$ 338,864</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,318,643</u>	<u>\$ 1,318,643</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,318,643)</u>	<u>\$ (1,318,643)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	7.0	7.0
HC	-	-	-	7.0	7.0

Information Technology

Information Technology (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	3.0	3.0
Direct Expenses	\$ -	\$ 523,045	\$ 523,045
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The RCCo's Information Technology (IT) program area provides system support to both the reliability coordination control centers and corporate functions. This includes: servers, data exchange, email, communications networks, 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, software applications, hardware infrastructure, and servers that is based on either a three-year cycle or on an as-needed basis.

2014 Key Assumptions

- The RCCo 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, the RCCo 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 the RCCo will demand greater ease of use, clearer communication, and the latest in security assurances.

2014 Goals and Key Deliverables

- Implement a corporate local area network (LAN) that is separate from WECC's LAN.
- Provide system 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 across the RC and with RC stakeholders.
- 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.
- Expand the usability and functionality of RCCo's website while continuing to maintain a high level of security.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- All Personnel Expenses relate to the addition of three positions in this area. Two new positions are related to the bifurcation of WECC. One position is being transferred from WECC's Information Technology department.

Meeting Expenses

- Meeting and Travel expenses relate to personnel in this area.

Operating Expenses

- Office Costs include expenses for supporting the corporate network, laptop refreshes, communications, and software licenses for the organization.

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 includes Microsoft software agreement additions.

Information Technology

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

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

INFORMATION TECHNOLOGY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 200,356	\$ 200,356
Payroll Taxes	-	-	-	13,787	13,787
Benefits	-	-	-	33,515	33,515
Retirement Costs	-	-	-	13,787	13,787
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,445</u>	<u>\$ 261,445</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	8,400	8,400
Conference Calls	-	-	-	4,800	4,800
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,200</u>	<u>\$ 13,200</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	248,400	248,400
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,400</u>	<u>\$ 248,400</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,045</u>	<u>\$ 523,045</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (523,045)</u>	<u>\$ (523,045)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	3.0	3.0
HC	-	-	-	3.0	3.0

Human Resources

Human Resources (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	3.0	3.0
Direct Expenses	\$ -	\$ 1,017,779	\$ 1,017,779
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 across the two RCCo offices, including: recruitment, staffing, compensation, benefits, safety and health, employee relations, performance management, and employee training and development.

2014 Key Assumptions

- The RCCo'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.
- Retention and competitive compensation of key individuals will continue to be critical.
- Succession planning, employee development, and training are vital to ensuring that the RCCo maintains a skilled, qualified workforce.

2014 Goals and Key Deliverables

- Implement a recruiting program in 2014 that will include both college and military recruiting. Increasing activity in non-traditional recruiting is intended to broaden the applicant pool for hard-to-fill positions and increase bench strength for key roles such as RC System Operators.
- Manage health and welfare benefits to deliver an attractive benefit package to employees while managing overall costs to the organization.
- Develop a competitive compensation strategy and educate management on compensation philosophies to enhance recruitment efforts, and retain skilled and talented employees.
- Track and monitor turnover rates, gather feedback to determine the cause of the turnover, and when appropriate, take action to lessen the turnover rate.
- Continue to develop and enhance management development and training programs.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- The majority of the Personnel Expenses relate to the addition of three positions in this area. Two new positions are related to the bifurcation of WECC. One position is being transferred from WECC's Human Resources Department. Additionally, \$175,000 is budgeted in Salaries for a retention/severance plan related to the bifurcation of WECC.
- Benefits expenses contain the costs of the RCCo's health reimbursement account program for everyone in the organization, which amounts to \$291,000. Relocation expenses of \$150,000 for new employees or transfers from WECC are also budgeted in HR Benefits.

Meeting Expenses

- Travel expenses relate to personnel in this area.

Operating Expenses

- Office Costs primarily relate to Human Resources Information System license fees, career fairs, job postings, drug testing, and background checks.
- Professional Services relate to outside counsel legal fees related to employment matters.

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

HUMAN RESOURCES					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 374,152	\$ 374,152
Payroll Taxes	-	-	-	13,775	13,775
Benefits	-	-	-	496,527	496,527
Retirement Costs	-	-	-	13,775	13,775
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,229</u>	<u>\$ 898,229</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	10,200	10,200
Conference Calls	-	-	-	1,000	1,000
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,200</u>	<u>\$ 11,200</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	83,350	83,350
Professional Services	-	-	-	25,000	25,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,350</u>	<u>\$ 108,350</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,017,779</u>	<u>\$ 1,017,779</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,017,779)</u>	<u>\$ (1,017,779)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	3.0	3.0
HC	-	-	-	3.0	3.0

Finance and Accounting

Finance and Accounting (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	5.0	5.0
Direct Expenses	\$ -	\$ 633,158	\$ 633,158
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 the RCCo. Finance is responsible for procurement, accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, payroll, and financial reporting.

2014 Key Assumptions

- The RCCo's creation will place high demands on a newly formed accounting function.
- One-time costs related to the bifurcation of WECC and the RCCo accounting function setup will have been incurred in 2013.
- Procurement is incorporated into Finance and Accounting in 2014.

2014 Goals and Key Deliverables

- Create financial policies for the new organization.
- Develop and document efficient accounting procedures.
- Ensure the RCCo 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 reporting and financial analysis to RCCo management, the Finance and Audit Committee, and the RCCo Board.
- Establish a procurement function to assist RCCo management in developing Requests for Proposals (RFP), vetting significant vendors, negotiating and drafting contracts for significant purchases, and ensuring all of the necessary approvals are obtained before the final contract is complete.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- All Personnel Expenses relate to the addition of five positions in this area. Three new positions are related to the bifurcation of WECC. One position is being transferred from WECC's Finance and Accounting Department and one is being transferred from WECC's General and Administrative Department.

Meeting Expenses

- Travel expenses relate to personnel in this area.

Operating Expenses

- Office Costs increase relate primarily to bank charges and software licenses for accounting, fixed asset, budget, and payroll systems.
- Professional Services relate to audit and tax fees.

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.

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					
FINANCE AND ACCOUNTING					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
RCCo Funding					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 332,861	\$ 332,861
Payroll Taxes	-	-	-	22,889	22,889
Benefits	-	-	-	67,369	67,369
Retirement Costs	-	-	-	22,889	22,889
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,008</u>	<u>\$ 446,008</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	-	-
Travel	-	-	-	15,000	15,000
Conference Calls	-	-	-	400	400
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,400</u>	<u>\$ 15,400</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	85,750	85,750
Professional Services	-	-	-	86,000	86,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,750</u>	<u>\$ 171,750</u>
Total Direct Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,158</u>	<u>\$ 633,158</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (633,158)</u>	<u>\$ (633,158)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	-
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	-	-	-	5.0	5.0
HC	-	-	-	5.0	5.0

Section B – Supplemental Financial Information
2014 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2012-2013	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2012	0
Plus: 2013 RCCo Funding (from Load Serving Entities (LSE) or designees)	0
Plus: 2013 Other funding sources	0
Less: 2013 Projected expenses & capital expenditures	0
Projected Working Capital Reserve (Deficit), December 31, 2013	0
Desired Working Capital Reserve, December 31, 2014	1 4,606,412
Less: Projected Working Capital Reserve, December 31, 2013	0
Less: Transfer of Reserves from WECC, January 1, 2014	(7,841,029)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(3,234,617)
2013 Expenses and Capital Expenditures	32,958,648
Less: Other Funding Sources	(156,000)
Adjustment to achieve desired Working Capital Reserve	(3,234,617)
2014 RCCo Assessment	29,568,031

1 – On June XX, 2013, the WECC Board of Directors approved this reserve level.

As a result of the bifurcation, WECC's working capital reserves were split between WECC and the RCCo. The calculation used to split the reserves was based on each entity's percent-to-total ratio of operating expenses. The RCCo's portion is \$7.8 million. The WECC Board anticipates that both entities will use reserves in 2014-2015 to mitigate the impact of the RCTF recommendations and the bifurcation on annual Assessments.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 7. All significant variances have been disclosed by program area in the preceding pages. For comparative purposes, the WECC 2013 SAIS budget has been included in the supplemental tables.

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 Regional Entity Budgets. Penalty monies received from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2015 Budgets.

The RCo does not collect monetary penalties for compliance violations.

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

Not Applicable.

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding Assessments & Penalty Sanctions)	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
Reliability Standards				
Interest	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	\$ -	\$ -	-	\$ -
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Situation Awareness and Infrastructure Security				
Federal Grants	\$ 2,786,077	\$ 2,786,076	\$ -	\$ (2,786,077)
Interest	154,450	154,450	156,000	1,550
Miscellaneous	2,060	2,059	-	(2,060)
Total	\$ 2,942,586	\$ 2,942,585	\$ 156,000	\$ (2,786,586)
Technical Committees and Member Forms				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 2,942,586	\$ 2,942,585	\$ 156,000	\$ (2,786,586)

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Situation Awareness and Infrastructure Security

- Revenues from the WISP grant are expected to decrease by \$2.8 million. The WISP grant will end on March 31, 2014, but management expects the project to be completed by December 2013; therefore, no grant funding is included in the 2014 budget.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Salaries					
Salaries	\$ 10,464,212	\$ 10,464,211	\$ 14,959,388	\$ 4,495,176	43.0%
Employment Agency Fees	20,000	20,000	-	(20,000)	-100.0%
Temporary Office Services	16,000	16,000	-	(16,000)	-100.0%
Total Salaries	\$ 10,500,212	\$ 10,500,212	\$ 14,959,388	\$ 4,459,176	42.5%
Total Payroll Taxes	\$ 745,846	\$ 745,846	\$ 963,709	\$ 217,863	29.2%
Benefits					
Workers Compensation	\$ -	\$ -	\$ -	\$ -	
Medical Insurance	903,327	903,327	1,890,424	987,097	109.3%
Life-LTD-STD Insurance	79,974	79,974	108,827	28,853	36.1%
Education	70,292	70,292	319,352	249,060	354.3%
Relocation	33,596	33,596	192,000	158,404	471.5%
Other	6,231	6,231	-	(6,231)	-100.0%
Total Benefits	\$ 1,093,420	\$ 1,093,420	\$ 2,510,603	\$ 1,417,183	129.6%
Retirement					
Discretionary 401k Contribution	\$ 647,167	\$ 647,167	\$ 963,709	\$ 316,542	48.9%
Savings Plan	-	-	-	-	
Total Retirement	\$ 647,167	\$ 647,167	\$ 963,709	\$ 316,542	48.9%
Total Personnel Costs	\$ 12,986,645	\$ 12,986,645	\$ 19,397,409	\$ 6,410,764	49.4%
FTEs	85.0	85.0	149.1	64.1	75.4%
Cost per FTE					
Salaries	\$ 123,532	\$ 123,532	\$ 100,342	(23,189)	-18.8%
Payroll Taxes	8,775	8,775	6,464	(2,310)	-26.3%
Benefits	12,864	12,864	16,840	3,977	30.9%
Retirement	7,614	7,614	6,464	(1,149)	-15.1%
Total Cost per FTE	\$ 152,784	\$ 152,784	\$ 130,111	(22,673)	-14.8%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Salaries

- Salaries increase by \$4.5 million due to the addition of 64.1 FTEs (as discussed in the previous sections), merit increases of 4.0 percent, and a retention/severance plan (due to the bifurcation of WECC).

Payroll Taxes

- Payroll Taxes increase due to the addition of 64.1 FTEs.

Benefits

- Medical Insurance increases by \$987,000 due to the increase in FTEs and an estimated 20 percent increase in insurance rates.
- Life, Long-Term Disability, and Short-Term Disability Insurance increases by \$29,000 due to the increase in FTEs.
- Education increases by \$249,000 due to the increase in FTEs.

- Relocation increases by \$158,000 due to the increase in FTEs and the bifurcation of WECC.

Retirement

- Contributions to 401k plans increase by \$317,000 due to the increase in FTEs.

DRAFT

Consultants and Contracts

Table B-5

Consultants	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	-	-	-	-	
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	922,290	922,290	950,000	27,710	3.0%
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	197,500	197,500	
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Consultants Total	\$ 922,290	\$ 922,290	\$ 1,147,500	\$ 225,210	24.4%
Contracts	Budget 2012	Projection 2012	Budget 2013	Variance 2013 Budget v 2012 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	-	-	-	-	
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	1,500,000	1,500,000	-	(1,500,000)	-100.0%
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	-	-	120,000	120,000	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	\$ 1,500,000	\$ 1,500,000	\$ 120,000	\$ (1,380,000)	-92.0%
Total Consulting and Contracts	\$ 2,422,290	\$ 2,422,290	\$ 1,267,500	\$ (1,154,790)	-47.7%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Consultants

- Situation Awareness consultants increase by a net \$28,000. The primary drivers are a decrease of \$754,000 due to the completion of the WISP grant and an increase of \$822,000 due to the ECC project.
- General and Administrative consultants increase by \$197,000 mainly due to the introduction of a RCCo stakeholder survey, website design fees, development of marketing collateral and public relations, and advertising expenses.

Contracts

- Situation Awareness Contracts decrease by \$1.5 million due to the completion of the WISP grant.
- Legal contracts increase by \$120,000 due to corporate compliance mock audits and inspections.

Office Rent

Table B-6

Office Rent	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Office Rent	\$ 553,064	\$ 553,064	\$ 1,006,764	453,700	82.0%
Utilities	128,712	128,712	186,876	58,164	45.2%
Maintenance	79,305	79,305	75,084	(4,221)	-5.3%
Security	7,000	7,000	8,004	1,004	14.3%
Total Office Rent	\$ 768,081	\$ 768,081	\$ 1,276,728	\$ 508,647	66.2%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Office Rent increases \$454,000 due to additional space required for an additional 64.1 FTEs.
- Utilities increase \$58,000 due to additional space required for an additional 64.1 FTEs.

Office Costs

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Telephone	\$ 69,500	\$ 69,500	\$ 117,000	\$ 47,500	68.3%
Internet	904,404	904,404	907,860	3,456	0.4%
Office Supplies	97,300	97,300	172,456	75,156	77.2%
Computer Supplies and Maintenance	3,340,100	3,340,100	5,480,775	2,140,675	64.1%
Publications & Subscriptions	-	-	21,615	21,615	
Dues and Fees	15,000	15,000	112,400	97,400	649.3%
Postage	400	400	1,080	680	170.0%
Express Shipping	3,600	3,600	7,540	3,940	109.4%
Copying	88,000	88,000	123,600	35,600	40.5%
Bank Charges	-	-	42,000	42,000	
Taxes	-	-	-	-	
Total Office Costs	\$ 4,518,304	\$ 4,518,304	\$ 6,986,326	\$ 2,468,022	54.6%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Telephone expense increases \$47,000 due to the addition of 64.1 FTEs.
- Office Supplies increase by \$75,000 due to the increase in FTEs.
- Computer Supplies and Maintenance increase by \$2.1 million due to the increase in FTEs and the completion of the WISP grant.
- Dues and fees increase by \$77,000 due to the increase in FTEs.
- Copying increases by \$36,000 due to the bifurcation of WECC, the RCTF recommendations, and the need for additional copy machine rentals and supplies.
- Bank Charges increase \$42,000 due to the bifurcation of WECC and separate bank accounts for the RCo.

Professional Services

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Non-affiliated Director fees	\$ -	\$ -	\$ 362,280	\$ 362,280	
Outside Legal	5,000	5,000	47,000	42,000	840.0%
Accounting & Auditing Fees	-	-	86,000	86,000	
Insurance Commercial	-	-	168,000	168,000	
Total Services	\$ 5,000	\$ 5,000	\$ 663,280	\$ 658,280	13165.6%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Non-affiliated Director fees decrease by \$362,000 due to the setup of the new organization and a new Board of Independent Directors.
- Outside Legal increases by \$42,000 due to the bifurcation of WECC and the setup of the new organization.
- Accounting & Auditing Fees increase by \$86,000 due to the setup of the new organization and the need for an annual audit and informational tax returns.
- Insurance Commercial increases by \$168,000 due to the setup of the new organization and the need for stand-alone insurance policies for the RCCo.

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	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

- Not applicable

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

Section C – Additional Consolidated Financial Statements
2014 Consolidated Statement of Activities by Program

Statement of Activities and Capital Expenditures by Program 2014 Budget	Functions in Delegation Agreement														Non-Statutory Functions		
	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources		Accounting and Finance	Non-Statutory Total
Funding																	
WECC Funding																	
WECC Assessments	29,568,031	29,568,031	-	29,568,031	-	-	-	-	29,568,031	-	-	-	-	-	-	-	-
Penalty Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total WECC Funding	29,568,031	29,568,031	-	29,568,031	-	-	-	-	29,568,031	-	-	-	-	-	-	-	-
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	156,000	156,000	-	156,000	-	-	-	-	156,000	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding (A)	29,724,031	29,724,031	-	29,724,031	-	-	-	-	29,724,031	-	-	-	-	-	-	-	-
Expenses																	
Personnel Expenses																	
Salaries	14,959,388	14,959,388	-	14,959,388	-	-	-	-	11,932,371	-	1,366,486	753,162	200,356	374,152	332,861	-	-
Payroll Taxes	963,709	963,709	-	963,709	-	-	-	-	787,893	-	74,191	51,174	13,787	13,775	22,889	-	-
Benefits	2,510,603	2,510,603	-	2,510,603	-	-	-	-	1,680,551	-	145,572	87,069	33,515	496,527	67,369	-	-
Retirement Costs	963,709	963,709	-	963,709	-	-	-	-	787,893	-	74,191	51,174	13,787	13,775	22,889	-	-
Total Personnel Expenses	19,397,409	19,397,409	-	19,397,409	-	-	-	-	15,188,708	-	1,660,440	942,579	261,445	898,229	446,008	-	-
Meeting Expenses																	
Meetings	306,183	306,183	-	306,183	-	-	-	-	1,083	260,000	45,100	-	-	-	-	-	-
Travel	804,138	804,138	-	804,138	-	-	-	-	455,288	42,000	237,250	36,000	8,400	10,200	15,000	-	-
Conference Calls	45,084	45,084	-	45,084	-	-	-	-	15,384	2,680	19,620	1,200	4,800	1,000	400	-	-
Total Meeting Expenses	1,155,405	1,155,405	-	1,155,405	-	-	-	-	471,755	304,680	301,970	37,200	13,200	11,200	15,400	-	-
Operating Expenses																	
Consultants & Contracts	1,267,500	1,267,500	-	1,267,500	-	-	-	-	950,000	-	197,500	120,000	-	-	-	-	-
Office Rent	1,276,728	1,276,728	-	1,276,728	-	-	-	-	27,996	-	1,248,732	-	-	-	-	-	-
Office Costs	6,986,326	6,986,326	-	6,986,326	-	-	-	-	6,291,501	2,350	246,111	28,864	248,400	83,350	85,750	-	-
Professional Services	663,280	663,280	-	663,280	-	-	-	-	-	362,280	-	190,000	-	25,000	86,000	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3,625,000	3,625,000	-	3,625,000	-	-	-	-	3,618,000	-	7,000	-	-	-	-	-	-
Total Operating Expenses	13,818,834	13,818,834	-	13,818,834	-	-	-	-	10,887,497	364,630	1,699,343	338,864	248,400	108,350	171,750	-	-
Total Direct Expenses	34,371,648	34,371,648	-	34,371,648	-	-	-	-	26,547,960	669,310	3,661,753	1,318,643	523,045	1,017,779	633,158	-	-
Indirect Expenses																	
	-	-	-	-	-	-	-	-	7,823,688	(669,310)	(3,661,753)	(1,318,643)	(523,045)	(1,017,779)	(633,158)	-	-
Other Non-Operating Expenses																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	34,371,648	34,371,648	-	34,371,648	-	-	-	-	34,371,648	-	-	-	-	-	-	-	-
Change in Assets	(4,647,617)	(4,647,617)	-	(4,647,617)	-	-	-	-	(4,647,617)	-	-	-	-	-	-	-	-
Fixed Assets																	
Depreciation	(3,625,000)	(3,625,000)	-	(3,625,000)	-	-	-	-	(3,618,000)	-	(7,000)	-	-	-	-	-	-
Computer & Software CapEx	1,373,000	1,373,000	-	1,373,000	-	-	-	-	1,373,000	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	36,000	36,000	-	36,000	-	-	-	-	-	-	36,000	-	-	-	-	-	-
Equipment CapEx	803,000	803,000	-	803,000	-	-	-	-	803,000	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-	-	-	-	29,000	-	(29,000)	-	-	-	-	-	-
Inc(Dec) in Fixed Assets (C)	(1,413,000)	(1,413,000)	-	(1,413,000)	-	-	-	-	(1,413,000)	-	-	-	-	-	-	-	-
TOTAL BUDGET (B+C)	32,958,648	32,958,648	-	32,958,648	-	-	-	-	32,958,648	-	-	-	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	(3,234,617)	(3,234,617)	-	(3,234,617)	-	-	-	-	(3,234,617)	-	-	-	-	-	-	-	-
FTEs	149.1	149.1	-	149.1	-	-	-	-	119.08	-	12.0	7.0	3.0	3.0	5.0	-	-
HC	155.0	155.0	-	155.0	-	-	-	-	125.00	-	12.0	7.0	3.0	3.0	5.0	-	-

Statement of Financial Position

TO BE INSERTED

DRAFT

Appendix A: Organizational Chart

TO BE INSERTED

DRAFT

Appendix B: 2014 Budget & Projected 2015 and 2016 Projections

Statement of Activities and Capital Expenditures								
2014 Budget & Projected 2015 and 2016 Budgets								
Statutory								
	2014 Budget	2015 Projection	\$ Change 14 v 15	% Change 14 v 15	2016 Projection	\$ Change 15 v 16	% Change 15 v 16	
Funding								
ERO Funding								
WECC Assessments	\$ 29,568,031	\$ 33,018,241	\$ 3,450,210	11.7%	\$ 34,873,580	\$ 1,855,339	5.6%	
Penalty Sanctions	-	-	-		-	-		
Total ERO Funding	\$ 29,568,031	\$ 33,018,241	\$ 3,450,210	11.7%	\$ 34,873,580	\$ 1,855,339	5.6%	
Membership Dues								
Federal Grants	-	-	-		-	-		
Workshops								
Interest	156,000	162,240	6,240	4.0%	168,730	6,490	4.0%	
Miscellaneous	-	-	-		-	-		
Total Funding (A)	\$ 29,724,031	\$ 33,180,481	\$ 3,456,450	11.6%	\$ 35,042,310	\$ 1,861,829	5.6%	
Expenses								
Personnel Expenses								
Salaries	\$ 14,959,388	\$ 16,776,778	1,817,390	12.1%	\$ 17,901,020	1,124,242	6.7%	
Payroll Taxes	963,709	1,040,161	76,452	7.9%	\$ 1,081,767	41,606	4.0%	
Benefits	2,510,603	2,463,000	(47,603)	-1.9%	\$ 2,561,520	98,520	4.0%	
Retirement Costs	963,709	1,040,161	76,452	7.9%	\$ 1,081,767	41,606	4.0%	
Total Personnel Expenses	\$ 19,397,409	\$ 21,320,100	\$ 1,922,691	9.9%	\$ 22,626,074	\$ 1,305,974	6.1%	
Meeting Expenses								
Meetings	\$ 306,183	\$ 318,430	12,247	4.0%	\$ 331,168	12,738	4.0%	
Travel	804,138	836,304	32,166	4.0%	869,756	33,452	4.0%	
Conference Calls	45,084	46,887	1,803	4.0%	48,763	1,876	4.0%	
Total Meeting Expenses	\$ 1,155,405	\$ 1,201,621	\$ 46,216	4.0%	\$ 1,249,687	\$ 48,066	4.0%	
Operating Expenses								
Consultants & Contracts	\$ 1,267,500	\$ 690,300	(577,200)	-45.5%	\$ 448,811	(241,489)	-35.0%	
Office Rent	1,276,728	1,327,797	51,069	4.0%	1,380,909	53,112	4.0%	
Office Costs	6,986,326	7,540,679	554,353	7.9%	6,818,426	(722,253)	-9.6%	
Professional Services	663,280	689,811	26,531	4.0%	717,404	27,593	4.0%	
Miscellaneous	-	-	-		-	-		
Depreciation	3,625,000	3,987,500	362,500	10.0%	4,386,250	398,750	10.0%	
Total Operating Expenses	\$ 13,818,834	\$ 14,236,087	\$ 417,253	3.0%	\$ 13,751,800	\$ (484,287)	-3.4%	
Total Direct Expenses	\$ 34,371,648	\$ 36,757,808	\$ 2,386,160	6.9%	\$ 37,627,561	\$ 869,753	2.4%	
Indirect Expenses	-	-	-		-	-		
Other Non-Operating Expenses	-	-	-		-	-		
Total Expenses (B)	\$ 34,371,648	\$ 36,757,808	\$ 2,386,160	6.9%	\$ 37,627,561	\$ 869,753	2.4%	
Change in Assets	\$ (4,647,617)	\$ (3,577,327)	\$ 1,070,290	-23.0%	\$ (2,585,251)	\$ 992,076	-27.7%	
Fixed Assets								
Depreciation	\$ (3,625,000)	\$ (3,987,500)	\$ (362,500)	10.0%	\$ (4,386,250)	\$ (398,750)	10.0%	
Computer & Software CapEx	1,373,000	2,463,520	1,090,520	79.4%	1,762,061	(701,459)	-28.5%	
Furniture & Fixtures CapEx	36,000	37,440	1,440	4.0%	38,938	1,498	4.0%	
Leasehold Improvements	803,000	65,625	(737,375)	-91.8%	-	(65,625)	-100.0%	
Incr(Dec) in Fixed Assets (C)	\$ (1,413,000)	\$ (1,420,915)	\$ (7,915)	0.6%	\$ (2,585,251)	\$ (1,164,336)	81.9%	
TOTAL BUDGET (=B+C)	\$ 32,958,648	\$ 35,336,893	\$ 2,378,245	7.2%	\$ 35,042,310	\$ (294,583)	-0.8%	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (3,234,617)	\$ (2,156,412)	\$ 1,078,205	\$ -	\$ -	\$ 2,156,412	-100.0%	
FTEs	149.1	158.6	9.6	6.4%	163.0	4.4	2.7%	
HC	155.0	163.0	8.0	5.2%	163.0	-	0.0%	