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August 22, 2014

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: North American Electric Reliability Corporation
Docket No. RR14-___-000
Request for Acceptance of 2015 Business Plans and Budgets of NERC and Regional Entities and for Approval of Proposed Assessments to Fund Budgets

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby submits this filing in accordance with 18 C.F.R. §39.4, requesting acceptance of the 2015 Business Plans and Budgets of NERC, the eight Regional Entities and the Western Interconnection Regional Advisory Body, and approval of the proposed assessments to fund the 2015 budgets. With this filing NERC is also submitting the proposed 2015 Business Plan and Budget of Peak Reliability, Inc.

NERC's filing consists of: (1) this transmittal letter, (2) the narrative text of this filing which follows this transmittal letter, and (3) Attachments 1 through 17, all of which are being transmitted in a single pdf file. Pages ii and iii in the Table of Contents to the narrative text list the 17 attachments.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Owen E. MacBride
Owen E. MacBride

Attorney for North American Electric Reliability Corporation

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION	)))	**Docket No. RR14-__-000**

REQUEST OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION FOR ACCEPTANCE OF ITS 2015 BUSINESS PLAN AND BUDGET AND THE 2015 BUSINESS PLANS AND BUDGETS OF REGIONAL ENTITIES AND FOR APPROVAL OF PROPOSED ASSESSMENTS TO FUND BUDGETS

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ATTACHMENTS

Attachment 1: Summary tables showing NERC's proposed 2015 budget; the proposed 2015 budget for statutory activities of each Regional Entity; and the 2015 U.S. ERO statutory assessments of NERC and the Regional Entities.

Attachment 2: NERC's Proposed 2015 Business Plan and Budget

Attachment 3: Florida Reliability Coordinating Council Proposed 2015 Business Plan and Budget

Attachment 4: Midwest Reliability Organization Proposed 2015 Business Plan and Budget

Attachment 5: Northeast Power Coordinating Council, Inc. Proposed 2015 Business Plan and Budget

Attachment 6: ReliabilityFirst Corporation Proposed 2015 Business Plan and Budget

Attachment 7: SERC Reliability Corporation Proposed 2015 Business Plan and Budget

Attachment 8: Southwest Power Pool Regional Entity Proposed 2015 Business Plan and Budget

Attachment 9: Texas Reliability Entity Proposed 2015 Business Plan and Budget

Attachment 10: Western Electricity Coordinating Council Proposed 2015 Business Plan and Budget

Attachment 11: Peak Reliability, Inc. Proposed 2015 Business Plan and Budget

Attachment 12: Western Interconnection Regional Advisory Body Proposed 2015 Business Plan and Budget

Attachment 13: Discussion of Comments Received During Development of NERC's 2015 Business Plan and Budget.

Attachment 14: Calculation of Adjustments to the AESO 2015 NERC Assessment, the IESO 2015 NERC Assessment, the New Brunswick 2015 Assessment and the Québec 2015 NERC Assessment.

Attachment 15: Status Report on the Achievement of NERC's 2014 Goals

Attachment 16: Metrics Comparing Regional Entity Operations Based on the 2015 Budgets

Attachment 17: Metrics on NERC and Regional Entity Administrative (Indirect) Costs Based on the 2014 and 2015 Budgets

I. INTRODUCTION

In accordance with 18 C.F.R. §39.4, the North American Electric Reliability Corporation (NERC) submits for the Commission's acceptance and approval:

(1) NERC's proposed Business Plan and Budget as the electric reliability organization (ERO), for the year ending December 31, 2015;

(2) the proposed Business Plans and Budgets for the year ending December 31, 2015, for the eight Regional Entities: (i) Florida Reliability Coordinating Council (FRCC), (ii) Midwest Reliability Organization (MRO), (iii) Northeast Power Coordinating Council, Inc. (NPCC), (iv) ReliabilityFirst Corporation (RF), (v) SERC Reliability Corporation (SERC), (vi) Southwest Power Pool Regional Entity (SPP RE), (vii) Texas Reliability Entity (Texas RE), and (viii) Western Electricity Coordinating Council (WECC);

(3) the proposed budget of the Western Interconnection Regional Advisory Body (WIRAB) for activities under Section 215(j) of the Federal Power Act (FPA) for the year ending December 31, 2015;

(4) the proposed Business Plan and Budget for the year ending December 31, 2015, for Peak Reliability, Inc. (Peak), which assumed responsibility for the Reliability Coordinator and Interchange Authority reliability functions in the Western Interconnection from WECC effective January 1, 2014; and

(5) NERC's proposed allocation of the proposed ERO statutory assessment of NERC, the Regional Entities, Peak and WIRAB by country and among the Regional footprints, and the proposed assessments to the load-serving entities (LSE) within each Region to collect the allocated statutory funding requirements.

This filing includes the following attachments:

Attachment 1 is a set of summary tables showing (i) NERC's proposed 2015 budget by program, (ii) the proposed 2015 budget for statutory activities of each Regional Entity, and (iii) the aggregate ERO statutory assessment of NERC and the Regional Entities allocated to the U.S., for which approval is requested.

Attachment 2 contains NERC's detailed 2015 Business Plan and Budget and the allocation of assessments by Region and LSE to recover the resulting statutory funding requirements for 2015 (as well as the assessments to recover the statutory funding requirements of the Regional Entities and WIRAB[1]).

Attachments 3 through 12 contain the detailed 2015 Business Plans and Budgets of,

[1] The assessments to recover Peak's funding requirements are provided in the Peak Business Plan and Budget (**Attachment 11**).

respectively, FRCC, MRO, NPCC, RF, SERC, SPP RE, Texas RE, WECC, Peak and WIRAB.

Attachment 13 describes how comments submitted by interested entities on posted drafts of NERC's 2015 Business Plan and Budget during the budgeting process were addressed in developing the final 2015 Business Plan and Budget.

Attachment 14 contains the calculation of the adjustment to the Alberta Electric System Operator (AESO) 2015 NERC assessment, the adjustment to the Ontario Independent Electric System Operator (IESO) 2015 NERC assessment, the adjustment to the New Brunswick 2015 NERC assessment, and the adjustment to the Québec 2015 NERC assessment, for credits for certain NERC Compliance Program and Event Analysis and Situation Awareness Program costs.

Attachment 15 is a status report on progress in achieving NERC's 2014 goals.

Attachment 16 provides metrics, based on the 2015 budgets, comparing Regional Entity operations.

Attachment 17 contains metrics, based on the 2014 and 2015 budgets, on NERC and Regional Entity administrative (indirect) costs.

The Commission's regulations require the ERO to file its proposed entire annual budget for statutory and non-statutory activities with the Commission 130 days before the beginning of the ERO's fiscal year. NERC's 2015 fiscal year will begin January 1, 2015. The filing must also contain the entire annual budget of each Regional Entity for statutory and non-statutory activities and include supporting materials, including the ERO's and each Regional Entity's complete business plan and organization chart, and explanation of the proposed collection of all dues, fees and charges and the proposed expenditure of funds collected. 18 C.F.R. §39.4(b). The information required by 18 C.F.R. §39.4(b) is included in this filing. In accordance with 18 C.F.R. §39.4(c), NERC requests issuance of an order by November 2, 2014, accepting the proposed Business Plans and Budgets and approving the assessments submitted in this filing.[2]

[2]18 C.F.R. §39.4(c) states: "The Commission, after public notice and opportunity for hearing, shall issue an order either accepting, rejecting, remanding or modifying the proposed Electric Reliability Organization budget and business plan no later than sixty (60) days in advance of the beginning of the Electric Reliability Organization's fiscal year." For reference, NERC notes that the Commission conditionally approved NERC's budget and funding requirement and the budgets and funding requirements of the Regional Entities and WIRAB for 2007 through 2013 in the following orders: (i) 2007: *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091 (2006), *order on reh'g and*

Entry of the Commission's order by November 2, 2014 will enable billings to be issued to the LSEs or their designees for assessments with initial payment dates commencing on or about January 1, 2015, to support the activities of NERC, the Regional Entities, WIRAB and Peak.

II. NOTICES AND COMMUNICATIONS

Notices and communications concerning this filing may be addressed to:

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III. OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS

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

1. Organization of NERC's 2015 Business Plan and Budget

In this filing NERC seeks acceptance of its 2015 Business Plan and Budget. NERC's 2015 Business Plan and Budget is organized based on its statutory program areas:

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establishing technical conference, 118 FERC ¶ 61,111, *order on reh'g*, 119 FERC ¶ 61,059 (2007); (ii) 2008: *North American Electric Reliability Corp.*, 121 FERC ¶ 61,057 (2007) (*2008 Budget Order*); (iii) 2009: *North American Electric Reliability Corp.*, 125 FERC ¶ 61,056 (2008) (*2009 Budget Order*) and *North American Electric Reliability Corp.*, 128 FERC ¶ 61,025 (2009) (*July 16, 2009 Budget Compliance Order*); (iv) 2010: *North American Electric Reliability Corp.*, 129 FERC ¶ 61,040 (2009); (v) 2011: *North American Electric Reliability Corp.*, 133 FERC ¶ 61,062 (2010) (*2011 Budget Order*); (vi) 2012: *North American Electric Reliability Corp.*, 137 FERC ¶ 61,071 (2011) (*2012 Budget Order*); 2013: *North American Electric Reliability Corp.*, 141 FERC ¶ 61,086 (2012); 2014: *North American Electric Reliability Corp.* 145 FERC 61,097 (2013) (*2014 Budget Order*).

- Reliability Standards
- Compliance Monitoring and Enforcement and Organization Registration and Certification; this program is comprised of three groups:
  - Regional Entity Assurance and Oversight
  - Compliance Analysis, Registration and Certification Group
  - Compliance Enforcement Department
- Reliability Assessment and Performance Analysis (RAPA)
- Reliability Risk Management; this program is comprised of two departments:
  - Situation Awareness Department
  - Event Analysis Department
- Critical Infrastructure Department (CID)
- Electricity Sector Information Sharing and Analysis Center (ES-ISAC)
- Training, Education, and Operator Certification

Each of these program areas carries out or supports implementation of one or more of the statutory activities of the ERO as specified in §215 of the FPA and the Commission's regulations and orders.[3] Detailed explanations of the functions and activities performed by each of these programs is provided in the individual subsections of Section A of **Attachment 2** where the detailed plans, objectives and activities for each program or group in 2015, and its 2015 budget, are discussed.

NERC's statutory, or "direct," programs are supported by its Administrative Services, or

[3] Exhibit B to the 2015 Business Plan and Budget (**Attachment 2**) describes how the major activities in the 2015 Business Plan and Budget meet the Commission-approved criteria for determining whether a reliability activity is eligible to be funded under FPA §215. The Commission approved the FPA §215 criteria (with modifications to the criteria originally proposed by NERC) in *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013) (*FPA §215 Criteria Order*).

"indirect," programs: Technical Committees and Member Forums,[4] General and Administrative, Legal and Regulatory, Information Technology (IT), Human Resources (HR), and Finance and Accounting. The functions and activities of each Administrative Services program are described in the individual sections on each indirect program, and in Exhibit B, to **Attachment 2**.

In its 2015 Business Plan and Budget, NERC has continued to provide increased granularity in the presentation of its planned activities and budgeted expenditures.

- NERC has previously presented individual budgets and related descriptions of functions, goals and objectives, resource requirements, and sources of variances from the previous year's budget, for five statutory programs. In the 2013 Business Plan and Budget, NERC disaggregated its presentation to provide individual budgets and the related supporting information for a total of eight statutory programs or departments. NERC is continuing to increase the granularity of its presentation in the 2015 Business Plan and Budget with (i) the Compliance Monitoring and Enforcement and Organization Registration Certification program now organized as three groups, rather than two groups, and (ii) the ES-ISAC now operated as a separate program from the CID with a separate business plan and budget.

- As was done in the 2013 and 2014 Business Plans and Budgets, in Section A of its 2015 Business Plan and Budget (**Attachment 2**), NERC has provided a more detailed discussion of each program's or department's 2015 goals and deliverables (objectives), as well as additional detail concerning the Consultants & Contracts expenses budgeted for the program or department.

- Also as was done in the 2013 and 2014 Business Plans and Budgets, in Exhibit C of the 2015 Business Plan and Budget (**Attachment 2**), NERC has provided detailed information on the activities and projects within each of the statutory programs and groups and Administrative Services departments for which Consultants & Contracts expense is budgeted.

- The 2015 Business Plan and Budget provides discussions of software application development projects and other infrastructure projects planned for 2015. These projects are described at pages xix-xx of **Attachment 2,** in the section on the IT department's 2015 budget (page 77 of **Attachment 2**), and in Exhibit D, Capital Financing (pages 128-129) of **Attachment 2**.

- In Exhibit D of the 2015 Business Plan and Budget (**Attachment 2**), NERC has provided detailed information on its capital financing program through which NERC

[4] No activities are planned and no budget is requested for Technical Committees and Member Forums in 2015.

is financing the development cost of certain software applications and hardware projects and amortizing the recovery of the principal and interest payments through its budgets and assessments over several years, rather than including the entire cost of the projects in the current year assessments.

- In Exhibit E of the 2015 Business Plan and Budget, NERC provides a discussion of its working capital and operating reserves requirements, in accordance with its Working Capital and Operating Reserve Policy that was adopted in 2012 and amended in 2013.

- In its General and Administrative budget, NERC has separately identified the amounts budgeted for Board of Trustees expenses (costs of quarterly Board, Board committee and Member Representatives Committee (MRC) meetings, Trustee Travel expenses, Trustee fees, and Trustee search fees. *See* page 67 of **Attachment 2**.[5]

- In the IT department budget, NERC has provided detailed cost information on both Operating Expenses (budgeted as Office Costs), such as Telephone, Internet, Computer Supplies, and Computer Maintenance and Service Agreements; and on Computer & Software Capital Expenditures (CapEx) and Equipment CapEx.

- In Table B-9 of its 2015 Business Plan and Budget (**Attachment 2**), NERC has provided budgeted 2015 amounts for miscellaneous expenses, employee rewards and recognition expenses, community responsibility and employee engagement expenses, and year-end holiday expenses.[6]

The information required by 18 C.F.R. §39.4(b) is contained in NERC's 2015 Business Plan and Budget, **Attachment 2** to this filing. The initial section of the document, About NERC, provides an overview of NERC's organization, membership and governance, scope of responsibilities, delegated authorities to Regional Entities, statutory and regulatory background and source of funding.

The Introduction and Executive Summary summarizes NERC's total resource requirements for 2015 including total full-time equivalent employees (FTEs) in statutory programs and administrative functions, statutory expenses, and required ERO funding

[5] This presentation addresses agreed Recommendations 4 (with Board of Trustees meetings defined as a "major activity") and 30 in the Settlement Agreement for the Commission's 2011 financial performance audit of NERC.

[6] This presentation addresses agreed Recommendations 22 from the Commission's 2011 financial performance audit of NERC.

assessments. It shows the distribution of the total net energy for load (NEL) among the U.S., Canada and Mexico to be used for allocating the ERO funding requirement among the three countries. It also highlights NERC's priorities and major activities for 2015 and the 2015 key business planning assumptions.[7] Finally, it provides an overview of NERC's budget and funding requirements for 2015 by major areas of expenditures.

NERC's 2015 strategic goals and objectives to carry out its statutory mission are based on its 2014-2017 *ERO Strategic Plan*, as approved by the NERC Board of Trustees (BOT or Board) in February 2014, as described in the Introduction and Executive Summary of the 2015 Business Plan and Budget. The 2015 strategic goals and objectives are focused on the areas of (i) continuing to implement NERC's risk-based strategy, with a focus on a set of current high-priority risk projects; (ii) physical and cyber security of the Bulk-Power System (BPS); (iii) continuing to implement NERC's Reliability Assurance Initiative (RAI); (iv) implementing the revised Bulk Electric System (BES) definition that the Commission has approved; (v) developing and implementing a risk-based registration system; and (vi) transforming the NERC Reliability Standards to a steady state.[8]

The Introduction and Executive Summary of the 2015 Business Plan and Budget provides an overview of the resource requirements and other factors driving NERC's proposed 2015 Budget. NERC is proposing an overall 2015 budget increase of $10,259,212 (18.2%) over the 2014 Budget. A significant portion of this budget increase is for NERC's costs to participate in the Cyber Risk Information Sharing Program (CRISP); $8,943,589 of NERC's costs for CRISP

[7] A detailed statement of the 2015-2017 Shared Business Plan and Budget Assumptions developed and used by NERC and the Regional Entities in developing their 2015 Business Plans and Budgets and 2016 and 2017 budget projections is provided in Exhibit A to **Attachment 2**.

[8] NERC defines "steady state" Reliability Standards as a set of clear, concise, high-quality, and technically sound Reliability Standards that are results based, and reflect the retirement of requirements that do little to promote reliability.

will be funded by participating utilities and other entities.[9] Without CRISP, NERC's 2015 budget would be increasing by $1,328,097 (2.4%) over its 2014 budget. As compared to the 2014 budget, the proposed 2015 budget with CRISP reflects an increase of $1,734,658 (5.1%) in Personnel Expenses; a decrease of $223,379 (5.9%) in Meeting Expenses; an increase of $8,251,224 (46.8%) in Operating Expenses (most of this increase is attributable to CRISP); and an increase of $500,710 (63.8%) in Fixed Assets expenditures. As shown on page xxiii of **Attachment 2**, the 2015 budget reflects an overall increase of only 2.8 FTE in staffing from the 2014 budget, although there are increases or decreases in budgeted FTEs for each program area or department, due in large part to reassignments of personnel between program areas.[10] The Introduction and Executive Summary also provides an overview of increases and decreases in Consultants & Contracts expenses, by program area, from the 2014 budget. The proposed 2015 budget provides for an overall increase in Consultants & Contracts expense of $7,482,493 from the 2014 budget, with $7,666,055 of the budgeted Consultants & Contracts Expense attributable to CRISP. Finally, the Introduction and Executive Summary section identifies the major components of NERC's proposed 2015 capital budget. NERC is planning that $1.9 million of the $3,618,500 capital budget for 2015 will be financed as part of the capital financing program that was described in and authorized by the approval of NERC's 2014 Business Plan and Budget.

NERC's 2015 resource and funding requirements reflect a variety of steps that have been taken during the last three years to control costs and increase the efficiency of NERC's operations. NERC management also evaluates resource needs and allocations on an ongoing

[9] NERC will place the funding received from third parties for CRISP in a separate account to be utilized solely to fund CRISP expenses.

[10] In terms of new positions added for 2015, the 2.8 FTE addition is (i) for the ES-ISAC to manage NERC's CRISP responsibilities; and (ii) to provide dedicated administrative staff support for the ES-ISAC, which NERC plans to physically separate from the other NERC operations in its Washington, D.C. office.

basis to ensure proper alignment between resources and priorities as set forth in the ERO Enterprise Strategic Plan.

The Introduction and Executive Summary provides tables showing (1) the 2014 Budget, 2015 Budget, and change from the 2014 Budget to the 2015 Budget, for each of the statutory programs and in total; and (2) the budgeted FTEs per the 2014 Budget and the 2015 Budget and the increase or decrease, for each of the statutory programs and Administrative Services departments. The Introduction and Executive Summary presents NERC's overall Statement of Activities and Fixed Asset Expenditures, showing information from the approved 2014 Budget, the 2014 Projection,[11] and proposed 2015 Budget, reflecting the proposed overall increase in the Total Budget of $10,259,212 over the 2014 Budget.

NERC's proposed 2015 statutory assessment to LSEs is $55,308,375, which is $3,906,993, or 7.6%, higher than the 2014 statutory assessments, and which takes into account (1) NERC's budgeted non-assessment Funding sources in 2014 and 2015 (which in the 2015 Budget consist of $8,943,589 of Third-Party Funding for CRISP, $1,155,000 of Penalty payments,[12] $50,000 of revenues from Services & Software, $1,670,000 of Testing Fees, $241,300 in attendance fees for Workshops, and $3,000 in Interest income, and in the aggregate are $9,728,889 higher than in the 2014 Budget), and (2) the proceeds from capital financing activities which, net of debt amortization, is $1,006,336.

Finally, the Introduction and Executive Summary presents NERC's budget projections for 2016 and 2017 (*see* §III.F below for further discussion of the 2016-2017 budget projections).

Section A of **Attachment 2** is NERC's detailed 2015 Business Plan and Budget. It is

[11] The 2014 Projection is NERC's June 2014 projection of 2014 financial results.

[12] NERC is proposing to use $1,000,000 of Penalty payments received on July 9, 2014, to reduce the required 2015 assessments, rather than holding this Penalty amount to reduce assessments in the 2016 budget. *See* §IV.D below and Table B-2 of **Attachment 2**.

designed to address the requirements of 18 C.F.R. §39.4(b), the Commission's Order certifying NERC as the ERO,[13] and applicable directives in subsequent Commission orders. Section A provides detailed program scope and functional descriptions, descriptions of key efforts under way in 2014, the 2015 goals and deliverables, and explanations of increases in resource requirements for 2015 over the 2014 budget by major component (*e.g.*, Personnel Expense, Consultants & Contracts Expense), for each of NERC's statutory programs (and groups or departments for those statutory programs that are comprised of more than one group or department) and Administrative Services functions. Section A includes a table at the start of the subsection on each statutory program or department and Administrative Services function showing total FTEs, total direct expenses, total indirect expenses,[14] other non-operating expenses, increase or decrease in Fixed Assets, and total budget for the statutory program (department) or Administrative Services function for the 2015 budget, with the comparable data from NERC's 2014 budget and the increase or decrease from the 2014 budget. A detailed Statement of Activities, Fixed Asset Expenditures and Changes in Working Capital is also provided for each statutory program or department and Administrative Services department. The Statements of Activities show funding and expense information from the 2014 budget, the 2014 projection and the 2015 budget, as well as variances from the 2014 budget to the 2014 projection and from the 2014 budget to the 2015 budget.

In the Statements of Activities for each program or department, Funding is shown from the NERC Assessments and, as applicable, from other anticipated sources (Penalty Sanctions,

[13] *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Corporation and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (*ERO Certification Order*), at P 202.

[14] Indirect expenses are the amount of Administrative Services expenditures that have been allocated to each of the statutory programs, on the basis of relative numbers of FTEs in each statutory program.

Testing Fees, fees from Services & Software, fees from Workshop attendance, Interest income; Third-Party Funding; and Miscellaneous Funding).[15] Expenses are shown by the major categories (and sub-categories) of Personnel Expenses (Salaries, Payroll Taxes, Benefits, Retirement Costs); Meeting Expenses (Meetings, Travel, Conference Calls); Operating Expenses (Consultants & Contracts, Office Rent, Office Costs, Professional Services, Miscellaneous, Depreciation); and Other Non-Operating Expenses.[16] Finally, the Statements of Activities show Fixed Assets activity, comprised of Depreciation (an equal and offsetting amount to the Depreciation included in Operating Expenses[17]), Computer & Software CapEx, Furniture & Fixtures CapEx, Equipment CapEx, Leasehold Improvements, and the Allocation of Fixed Assets activity from the Administrative Services programs.

Section B of **Attachment 2** provides Supplemental Financial Information comprised of tables detailing the components of certain Funding and Expense categories and explanations of variances from the 2014 budget, including analysis of the Working Capital and Operating Reserve balance (Table B-1), Penalties (Table B-2), Supplemental Funding (Table B-3), Personnel Expenses (Table B-4), Office Rent (Table B-6), Office Costs (Table B-7), Professional Services (Table B-8), Miscellaneous Expenses (Table B-9), and Other Non-Operating Expenses

[15] Some of these other sources of Funding are anticipated only for certain of the statutory programs. For example, the Third-Party Funding is budgeted only for the ES-ISAC, since the ES-ISAC will be responsible for NERC's participation in CRISP. Income from Testing Fees is budgeted only for the Training, Education, and Operator Certification Program. Additionally, the template for the Statements of Activities includes line items for funding from Membership Dues and Miscellaneous sources. NERC has no funding budgeted from either of these sources, but some of the Regional Entities have funding budgeted from these sources.

[16] In NERC's 2015 Budget, Other Non-Operating Expenses are budgeted only in General and Administrative, to cover (i) property tax obligations in Atlanta, Georgia on the value of property and equipment in NERC's Atlanta office and data center, and (ii) anticipated interest expense that will be incurred in 2015 under NERC's capital financing program. See Table B-10 and Exhibit D in **Attachment 2** and §IV.C below.

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

(Table B-10). As was the case in NERC's 2013 and 2014 Business Plans and Budgets, Table B-5, Consultants & Contracts Expenses, which was provided in NERC's Business Plans and Budgets for years prior to 2013, has been replaced with a more detailed presentation of Consultants & Contracts Expense in Exhibit C to **Attachment 2**.[18]

Section C, Non-Statutory Activity, of **Attachment 2** is reserved for presentation of business plan and budget information on non-statutory activities. This section is empty for NERC, because NERC does not engage in non-statutory activities, but in the business plans and budgets of those Regional Entities that have non-statutory activities, it includes business plan and budget information on their non-statutory activities.

Section D, Supplemental Financial Statements, of **Attachment 2** provides NERC's actual and projected Statements of Financial Position at December 31, 2013, 2014, and 2015. The data at December 31, 2013 is actual data per the independent financial audit of 2013 results;[19] the data at December 31, 2014 is based on NERC's 2014 year-end Projection (as of June 30, 2014); and the data at December 31, 2015 is based on the detailed 2015 budget. In addition, Section D provides NERC's 2015 Consolidated Statement of Activities, showing its 2015 budgeted line-item Funding sources, Expenses, and Fixed Asset activity, in total and by statutory program and Administrative Services function, as well as the direct expenses and indirect expenses for each statutory program.

Exhibit A to **Attachment 2** contains the 2014-2017 Shared Business Planning and Budget Assumptions developed and used by NERC and the Regional Entities in preparing their

[18] The Regional Entity business plans and budgets continue to provide information on Consultants & Contracts Expense in Table B-5.

[19] The audited financial statements of NERC and each Regional Entity for 2013 were filed with the Commission on May 30, 2014, in NERC's Report of Comparisons of Budgeted to Actual Costs for 2013 in Docket No. RR14-4-000 (*2013 Budget True-Up Report*).

2015 Business Plans and Budgets and their 2016-2017 budget projections.

Exhibit B to **Attachment 2** describes how the major activities included in the 2015 Business Plan and Budget for each of NERC's direct function programs and Administrative Services functions meet the NERC written criteria for eligibility for FPA §215 funding as approved by the Commission in the *FPA §215 Criteria Order*.

Exhibit C to **Attachment 2** contains a detailed list of NERC's budgeted 2015 Consultants & Contracts expenses, by program area and by major activity or project, including the changes from the 2014 Budget.

Exhibit D to **Attachment 2** describes proposed activities for 2015 under NERC's capital financing program for certain capital expenditures. Exhibit D includes an annual principal and interest repayment schedule for the 2015 borrowings required to finance these projects, based on projected interest rates and loan structure terms, as well as comparable information for the capital projects financings implemented in 2014.

Exhibit E to **Attachment 2** provides the budgeted 2015 amounts in each of the categories of working capital and operating reserves pursuant to NERC's Working Capital and Operating Reserve Policy adopted in 2012 and amended in 2013.[20] The policy provides for the separate budgeting and tracking of working capital and operating reserves.[21] Section IV.B below provides further discussion of the 2015 budgeted amounts for working capital and each category of operating reserves.

[20] The amended Working Capital and Operating Reserves Policy was provided in NERC's November 22, 2013 compliance filing to the *2014 Budget Order*. *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 23 of November 1, 2013 Order*, filed November 22, 2013 in Docket No. RR13-9-000. The Commission accepted the compliance filing in a letter order issued January 3, 2014, in Docket Nos. RR13-9-001 and RR13-9-002.

[21] The Working Capital and Operating Reserve Policy also sets forth guidelines and authorities regarding access to Working Capital and Operating Reserve funds and approvals for personnel additions in excess of budgeted staffing.

Exhibit F to **Attachment 2** provides a detailed description of CRISP and of NERC's participation in CRISP.

Appendix 1 to **Attachment 2** contains NERC's organization chart, as required by 18 C.F.R. §39.4(b).

Appendix 2 to **Attachment 2** contains the calculation of the NEL-based allocation factors for each LSE and designee and the allocation of the NERC, Regional Entity and WIRAB statutory assessments,[22] by allocation method, to each LSE and designee, for 2015.[23] Development of the assessments presented in the Appendices is discussed in more detail in §III.A.3 and III.D below.

The detailed information in the Introduction and Executive Summary and in Sections A and B and Exhibits A, B, C, D, E and F of **Attachment 2** demonstrates that the programs included in NERC's 2015 Business Plan and Budget are necessary and appropriate to carry out NERC's responsibilities as the ERO and that the specific resource requirements budgeted meet the Commission's objectives for affordability, sustainability and efficiency and effectiveness of the ERO's expenditures.[24] The discussion in the text and exhibits of **Attachment 2**, as well as in this narrative, demonstrates how the activities and expenditures included in NERC's 2015 Business Plan and Budget lend themselves to accomplishment of NERC's statutory responsibilities and objectives as the ERO.[25]

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[22] The calculation of the proposed assessments to LSEs for Peak are provided at the end of **Attachment 11** which is the Peak Business Plan and Budget,.

[23] The NEL-based allocation factors are calculated using NEL data for 2013, which is the most current actual NEL data available as of August 2014. As has been the case in allocating the NERC and Regional Entity statutory assessments by country and by Regional footprint and calculating the assessments to LSEs or their designees for prior years' budgets, the allocation and calculation of assessments for the 2015 Budget is based on actual NEL data for the second preceding calendar year, 2013.

[24] *ERO Certification Order*, P 202 (budget principle (5)).

[25] *ERO Certification Order*, P 202 (budget principle (2)).

2. Development of the 2015 Business Plans and Budgets

NERC prepared its 2015 Business Plan and Budget (and worked with the Regional Entities in the development of their business plans and budgets) through a rigorous process that provided ample opportunity for review and input by the NERC Board Finance and Audit Committee ("FAC") as well as by stakeholders. During the development process, successive versions of the 2015 NERC and Regional Entity business plans and budgets were discussed in meetings and conference calls of the FAC and of the full NERC Board, in each case with opportunities for stakeholders to make comments.[26] Throughout the development of its 2015 Business Plan and Budget, NERC management also held numerous conference calls with a Business Plan and Budget Input Group formed by the NERC MRC. The following list highlights important steps in the preparation of the NERC and Regional Entity 2015 Business Plans and Budgets:

- During the fourth quarter of 2013 and early first quarter of 2014, the ERO Executive Management Group (ERO EMG), comprised of NERC and Regional Entity senior management, met to review strategic goals and objectives for 2015.
- In January 2014, the NERC BOT requested policy input on the proposed 2014-2017 *ERO Strategic Plan*, to be provided by the end of January.
- In January 2014, meetings were held with trade associations to review the 2014-2017 *ERO Strategic Plan*.
- On January 22, 2014 the draft 2014-2017 *ERO Strategic Plan* was publicly posted as part of the agenda for the February 5, 2014 meeting of the NERC Board Corporate Governance and Human Resources Committee (CGHRC); the CGHRC reviewed the draft Strategic Plan at the February 5 meeting.
- During January and early February 2014, a proposed schedule for development of the 2015 NERC and Regional Entity Business Plans and Budgets was developed and circulated, and input on the schedule was obtained from stakeholder groups including the NERC MRC Business Plan and Budget Input Group, the FAC and the NERC

[26] During the process of developing NERC's Business Plans and Budget, comments were received from stakeholders on posted drafts of the Business Plan and Budget. **Attachment 13** describes how stakeholder comments were considered and addressed in NERC's final 2015 Business Plan and Budget.

BOT. The preparation schedule was reviewed with the FAC at its February 5, 2014 meeting.

- At the February 5, 2014 MRC meeting and February 6, 2014 BOT meeting, policy input on the 2015 Business Plan and Budget was provided and discussed.

- During February and March 2014, the NERC program areas provided input to the NERC Finance and Accounting department on their business plans and budget requirements for 2015.

- During March 2014, NERC and the Regional Entities worked to finalize the goals and objectives to be included in the first drafts of their 2015 Business Plans and Budgets.

- Early in the first quarter of 2014, drafts of common business planning and budget assumptions for the 2015 Business Plans and Budgets were circulated for comment internally at NERC and among the Regional Entities.

- During February, March and April 2014, NERC and Regional Entity managements worked on developing the underlying assumptions and inputs into, and first drafts of, their 2015 Business Plans and Budgets.

- On April 22, 2014, NERC met with representatives of trade associations and the MRC Business Plan and Budget Input Group to provide a preliminary overview of its 2015 Business Plan and Budget.

- On April 23, 2014, a meeting of the FAC was held with NERC management to review personnel (staffing), contracts and consultants, and other inputs for the 2015 Business Plan and Budget.

- In mid-April 2014, the Regional Entities submitted preliminary drafts of their 2014 Business Plans and Budgets to NERC for review and feedback by the NERC program managers. These drafts were prepared using a common template that was essentially the same as the common template used for the 2011, 2012, 2013 and 2014 NERC and Regional Entity Business Plans and Budgets. NERC program managers reviewed the sections of the draft Regional Entity business plans and budgets relevant to the program manager's program area and, where necessary, provided feedback to their Regional Entity counterparts.

- The May 6, 2014 MRC meeting included review of policy input for the 2015 NERC Business Plan and Budget and the Consolidated Overview ERO Enterprise (*i.e.*, including the Regional Entities) 2015 Business Plan and Budget. Additionally, NERC management presented a high-level summary of the Consolidated Overview ERO Enterprise 2015 Business Plan and Budget.

- The May 7, 2014 NERC Board meeting included a review of policy input for the 2015 NERC Business Plan and Budget and a review of the Consolidated Overview

ERO Enterprise Business Plan and Budget. At the May 7, 2014 Board meeting, management also advised the Board that it would be setting up a process to track policy input and comments on NERC's Business Plan and Budget, as well as a response thereto, and post this information on NERC's website.[27]

- On May 16, 2013, Draft #1 of the NERC 2015 Business Plan and Budget was posted on the NERC Website for a 45-day stakeholder review and comment period. Notification of the posting (and of all subsequent postings) was sent by e-mail to a broad distribution list of interested persons and entities. On June 10, 2014, an updated Draft #1 of the NERC 2015 Business Plan and Budget was posted with a number of additions, revisions and updates. Five sets of written stakeholder comments were received during the 45-day comment period that ended July 1, 2014.[28] These comments were posted on NERC's website.

- Also on May 16, 2014, drafts of the Regional Entities' 2015 Business Plans and Budgets, along with an overview document for each Business Plan and Budget, were posted on the NERC website.

- Additionally, during May, 2014, the Regional Entities posted drafts of their 2015 Business Plans and Budgets for review and comment by their stakeholders, in accordance with each Regional Entity's public review process. (*See* §III.B below for further discussion of the stakeholder review opportunities provided by each Regional Entity for its 2015 Business Plan and Budget.)

- On May 20, 2014, representatives of NERC and of each of the Regional Entities met with Commission budget staff to provide an overview of Draft #1 of their respective 2015 Business Plans and Budgets.

- On May 21, 2014, a conference call with the NERC FAC and NERC management was held, and a webinar was conducted, to review the NERC 2015 Business Plan and Budget and the Consolidated Overview ERO Enterprise 2015 Business Plan and Budget. Additionally, in this session, the Regional Entities made presentations concerning their 2015 Business Plans and Budgets to the NERC FAC.

- On June 6, 2014, NERC management met with the MRC Business Plan and Budget Input Group to review the draft NERC 2015 Business Plan and Budget and to obtain

[27] An Accountability Matrix has been developed by NERC management to track this information and is posted on NERC's website at: http://www.nerc.com/gov/bot/Documents/2014%20Stakeholder%20Input%20Matrix%20Tracking_August_2014.pdf.

[28] Comments were submitted by (1) the Edison Electric Institute (EEI), (2) the Canadian Electricity Association (CEA), (3) the National Rural Electric Cooperative Association, (4) the American Public Power Association, the Large Public Power Council and the Transmission Access Policy Study Group, and (5) the Northwest Public Power Association. In addition, WIRAB submitted advice on WECC's proposed 2015 Business Plan and Budget. The comments are discussed in the Accountability Matrix, which is included in **Attachment 13** to this filing.

informal input from the MRC Business Plan and Budget Input Group.

- At various dates from late May to early July 2014, the Boards or other governing bodies of the Regional Entities met to review and approve their respective proposed 2015 Business Plans and Budgets, and the approved Regional Entity Business Plans and Budgets were transmitted to NERC. The approved Regional Entity Business Plans and Budgets were posted on the NERC Website on July 15, 2014.

- On July 8, 2014 (following the receipt of written comments on the posted Draft #1 of the NERC 2015 Business Plan and Budget), NERC management met with the MRC Business Plan and Budget Input Group and trade associations to discuss the comments received and to receive additional input.

- On July 9, 2014, a closed call was held with the NERC FAC for the purpose of allowing the FAC to provide input to NERC management on personnel, contracts, and other assumptions in the 2015 Business Plan and Budget.

- On July 15, 2014, the final draft of the NERC 2015 Business Plan and Budget, and a redline to Draft #1, were posted on the NERC website. Any additional stakeholder comments were requested, with a due date of July 29, 2014.[29]

- Also on July 15, 2014, the final, approved versions of the Regional Entity 2015 Business Plans and Budgets were posted on the NERC website. (Several of the Regional Entity Business Plans and Budgets were subsequently revised and reposted to reflect minor corrections or updates.)

- On July 17, 2014, a conference call with the NERC FAC and NERC management was held, and a webinar was conducted, to review the final draft of the NERC 2015 Business Plan and Budget, the final Regional Entity 2015 Business Plans and Budgets, and the Consolidated ERO Enterprise 2015 Business Plan and Budget.

- On August 5, 2014, the final version of the NERC 2015 Business Plan and Budget, including the proposed NERC and Regional Entity 2015 assessments, was posted on the NERC website for the upcoming MRC, FAC and NERC Board meetings.

- At its August 13, 2014 meeting, the NERC FAC recommended NERC Board approval of the 2015 Business Plans and Budgets and associated statutory assessments for NERC, the Regional Entities and WIRAB.

- The final 2015 Business Plans and Budgets of NERC and the Regional Entities were presented to the NERC MRC at its August 13, 2014 meeting.

- At its August 14, 2014 meeting, the NERC Board approved the 2015 Business Plans and Budgets and the proposed 2015 statutory assessments for NERC, the Regional

[29] Comments on the final draft of the NERC Business Plan and Budget were submitted by EEI and CEA. *See* **Attachment 13**.

Entities and WIRAB.

In summary, the processes followed by NERC and the Regional Entities to develop the proposed 2015 Business Plans and Budgets were thorough and comprehensive, involved significant input from NERC and Regional Entity management and financial and program area staffs, as well as iterative review and comment by the NERC FAC, and provided numerous opportunities for stakeholder input and comment, including in particular from the MRC Business Plan and Budget Input Group and interested trade associations. NERC and the Regional Entities developed and used a set of shared business planning and budget assumptions (provided in Exhibit A to **Attachment 2**) and a common business plan and budget format. The process was open and inclusive at all steps.

3. Summary of NERC's Proposed 2015 Budget and Funding Requirement

NERC's proposed 2015 total Funding requirement is $67,371,264. This total encompasses U.S., Canadian and Mexican activities. The proposed 2015 Funding requirement represents an increase of $13,635,882 (25.4%) as compared to the 2014 total Funding requirement of $53,735,382. The 2015 budget is comprised of $65,363,815 of Expenses (including Depreciation) and a $1,285,494 increase in Fixed Assets (Capital Expenditures of $3,618,500 less Depreciation of $2,333,006[30]). The 2015 Funding requirement reflects a provision for Working Capital and Operating Reserve funding of $1,094,958, whereas the 2014 Funding requirement included a negative provision for Working Capital and Operating Reserve Funding of ($1,660,724); as well as (due to the capital financing plan) proceeds from financing activities of $1,900,000 and amortization of debt principal of $893,664.[31]

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

[31] *See* §IV.B below and Table B-1 and Exhibit E in **Attachment 2**.

As in past years, a portion of NERC's 2015 budget will be funded through Testing Fees charged to participants in certain NERC programs, including the System Operator Certification Program and the Continuing Education Program (budgeted at $1,670,000, a $50,000 (3.1%) increase from the 2014 Budget); by attendance fees for Workshops (budgeted at $241,300, a $112,700 (31.8%) decrease from the 2014 Budget[32]); by revenues from Services & Software (budgeted at $50,000, the same amount budgeted in the 2014 Budget); and by Interest earned on bank balances and short-term investments (budgeted at $3,000, a $17,000 decrease from the 2014 Budget). The Funding sources in the 2015 Budget also include $1,155,000 of Penalty payments received by NERC from July 1, 2013 through July 31, 2014 (including $1,000,000 received on July 9, 2014), which is an increase from the $290,000 of Penalty payments included in the 2014 budget.[33] Finally, funding for the 2015 budget includes $8,943,589 of Third-Party Funding, representing funding provided by participating utilities and other entities to support NERC's participation in CRISP.

These budgeted non-assessment sources of Funding are projected to be $12,062,889 in total. Additionally, based on its plan to finance the costs of certain ERO enterprise software applications and infrastructure projects, NERC projects proceeds of $1,900,000 in 2015 from financing activities, less $893,664 for amortization repayment of debt incurred in 2013-2014. Application of these funding sources results in a 2015 net Funding requirement of $55,308,375

[32] NERC strives to set Workshop fees to cover the costs of presenting the workshops, such as costs to rent meeting space (if necessary) and prepare printed materials. The number of Workshops planned, of course, also impacts the projected total Workshop fee revenues.

[33] The NERC policy, *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, and §1107.2 of the NERC Rules of Procedure (ROP), specify that Penalty payments received by NERC or a Regional Entity during the period from July 1 of the second year preceding the budget year through June 30 of the year preceding the budget year are used to offset assessments to LSEs in the U.S. for the budget year, unless an alternative treatment is approved by the Commission (as allowed by ROP §1107.4). As noted, NERC is proposing to apply a Penalty payment received on July 9, 2014 to the calculation of the 2015 assessment amount, in order to reduce the year-to-year variation in assessments. *See* §IV.D below.

to be funded by assessments to LSEs. Of this amount, $50,046,840 is allocated to the U.S., $5,111,411 is allocated to Canadian provinces (in the aggregate), and $150,123 is allocated to Mexico. Based on the aggregate NEL of the United States for 2013 on which the allocation of assessments is based,[34] the proposed U.S. net funding requirement for NERC represents less than $0.000013 per end-user kilowatt-hour.

NERC's 2015 Business Plan and Budget was developed and is organized based on its statutory programs and, where applicable, departments within each program (2014 budgeted amounts by program are shown for comparison):

Program	**2015 Budget**	**2014 Budget**
Reliability Standards	$10,247,145	$10,167,369
Compliance Monitoring and Enforcement		
Regional Entity Assurance and Oversight	$ 5,737,572	$ 5,712,007
Compliance Analysis, Certification and Registration	$ 4,864,863	$ 3,784,438
Compliance Enforcement	$ 5,806,866	$ 6,395,091
Reliability Assessment and Performance Analysis	$ 9,825,750	$ 8,350,598
Reliability Risk Management		
Situation Awareness	$ 3,646,902	$ 4,583,264
Event Analysis	$ 4,203,169	$ 4,048,371
Critical Infrastructure	$ 4,495,972	$ 5,507,708
ES-ISAC	$13,870,144	$ 4,103,777
Training, Education and Operator Certification	$ 3,950,926	$ 3,737,472
	$66,649,309	$56,390,096

The budgeted amounts for each program incorporate a total budget for Administrative Services of $27,848,038 (an increase of $2,612,565 (10.4%) from the 2014 budget), which has been allocated to the budgets for the direct function programs in proportion to the numbers of FTEs

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

budgeted for each direct function program.

The discussion in §IV below, as well as the detailed discussion of the individual programs (or of individual departments where the presentation is disaggregated to the department level within a program) in **Attachment 2**, demonstrates that each of NERC's programs is necessary and appropriate to the execution of NERC's responsibilities as the ERO. Section A of **Attachment 2** describes the activities encompassed in each program or department (Background and Scope), key activities under way in 2014, the 2015 Goals and Deliverables (Objectives) for the Program, and the 2015 Resource Requirements for the program, including the principal causes of changes (increases or decreases) in the funding and expenditure categories for the program as compared to the 2014 budget. A Statement of Activities, Fixed Assets Expenditures and Changes in Working Capital showing the line item components of the 2015 budget (as well as, for comparison, the 2014 budget and the 2014 projection), is provided for each program or department. The functions of and resource requirements and budgets for each Administrative Services department are also provided and discussed in Section A of **Attachment 2**.

NERC proposes an allocation of its 2015 net funding requirement (statutory assessment) of $55,308,375 to the Regional footprints as follows[35]:

- FRCC $ 2,795,837
- MRO $ 3,667,984[36]
- NPCC $ 6,936,475[37]

[35] As described in §III.D below, the aggregate NERC statutory assessment has been allocated to the Regional footprints on the basis of (i) 8-Region NEL and (ii) 8-Region NEL to allocate adjustments (credits) to certain Canadian entities for CMEP, Event Analysis and Investigations and Situation Awareness costs to the remaining LSEs. The detailed allocations of the NERC statutory assessment by allocation methodology are shown in Appendix 2 to **Attachment 2**.

[36] The total allocation to MRO consists of $3,066,780 allocated to the U.S. and $601,204 allocated to Canadian provinces.

[37] The total allocation to NPCC consists of $3,700,244 allocated to the U.S. and $3,236,731 allocated to Canadian provinces.

- RF $11,480,414
- SERC $12,747,985
- SPP RE $ 2,737,128
- TRE $ 4,203,151
- WECC $10,739,401[38]

Appendix 2 to **Attachment 2** contains tables showing (i) the development of the NEL-based allocation factors used to allocate the NERC and Regional Entity statutory assessments by country and among the Regional footprints (Appendix 2-A), and (ii) the allocation of the NERC and Regional Entity statutory assessments by country and by Region (Appendices 2-B, 2-C and 2-D). Appendix 2 shows the allocation of the NERC and Regional Entity assessments to the individual LSEs or designees within the footprint of each Regional Entity. These allocations are discussed in greater detail in §III.D below.[39] NERC's only sources of funding for its planned programs and operations will be the assessments to users, owners, and operators of the BPS provided for in 18 C.F.R. §39.4(e) and comparable collections from entities in Canada and Mexico, the other sources listed as "Funding" on its Statements of Activities and described

[38] The total allocation to WECC consists of $9,315,301 allocated to the U.S., $1,273,976 allocated to Canadian provinces and $150,123 allocated to Mexico.

[39] NERC will calculate and bill the assessments to certain entities, referred to as "designees," based on NEL values that include the NEL for other LSEs served by the designee, or for which the designee is otherwise responsible for assessments. The calculation and billing of assessments to designees is not a departure from the principle that the ERO funding requirement should be recovered through assessments to LSEs based on NEL, but rather is a matter of administrative convenience and efficiency (*e.g.*, a generation and transmission (G&T) cooperative and its member distribution cooperatives may find it more efficient for the assessment to be calculated and billed to the G&T cooperative rather than to the individual distribution cooperatives). The lists of LSEs and designees for which assessments will be calculated and billed have been provided to NERC by the Regional Entities. NERC has had no involvement in developing the lists of LSEs or in arrangements between LSEs and designees pursuant to which a designee agrees to accept responsibility for an assessment that would otherwise be calculated for and billed to the LSE and the LSE agrees to be financially responsible to reimburse the designee for the assessment. The assessments for the NPCC Region will be billed to ISO New England and the New York ISO (and to similar entities in Ontario, Québec, New Brunswick and Nova Scotia), each of which will be responsible for billing and collecting assessments from the LSEs within their respective footprints. The assessments for the Texas RE region will be billed to the Electric Reliability Council of Texas (ERCOT), which will bill and collect assessments from the LSEs in ERCOT.

above, including but not limited to Third-Party Funding for CRISP, and proceeds from the 2015 capital financing.[40]

B. Regional Entity Proposed 2014 Business Plans and Budgets

Section 39.4(b) of the Commission's regulations requires that the ERO's annual budget submission include "the entire annual budget for statutory and non-statutory activities for each Regional Entity, with supporting materials, including . . . each Regional Entity's complete business plan and organization chart, explaining . . . the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures . . . ." Section 39.4(b) further states that the ERO's annual budget submission "shall include the line item budgets for the activities of each Regional Entity that are delegated or assigned to each Regional Entity pursuant to § 39.8." This information for 2015 is provided in the individual Regional Entity Business Plans and Budgets in **Attachments 3 through 10**.[41]

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

[40] NERC's 2015 Business Plan and Budget includes no non-statutory activities; therefore, NERC has not developed or presented specific accounting processes to separate the funding of its statutory and non-statutory activities and to assure that funding derived from §215 of the FPA will exclusively support statutory activities.

[41] Additionally, **Attachment 11** is the 2015 Business Plan and Budget for Peak Reliability, which has been developed and presented in the same format as the Regional Entity Business Plans and Budgets.

Budgets will enable them to carry out the activities necessary in 2015 to meet their responsibilities under the approved delegation agreements.

In *Order No. 672*, the Commission stated that "The ERO must determine, at a minimum, whether each Regional Entity's proposed budget is adequate to carry out the functions delegated to it."[42] As described above in §III.A.2, NERC staff provided guidance to the Regional Entities in the development of their business plan and budget submissions, and worked collaboratively with the Regional Entities to develop a set of shared business planning and budget assumptions for the Regional Entities' 2015 Business Plans and Budgets. Further, the Regional Entities prepared their 2015 Business Plans and Budgets using a format that is essentially the same as the format used to prepare the 2011, 2012, 2013 and 2014 Business Plans and Budgets.[43] The use of the common format facilitates comparisons among the Regional Entities' budgets.[44] Additionally, in developing their 2015 Business Plans and Budgets, NERC and the Regional Entities continued to use the set of consistent accounting principles for presentation of the budgets, and the common definition of administrative (indirect) costs, that were originally developed in connection with preparation of the 2010 Business Plans and Budgets.

As described in greater detail in §III.A.2 above, NERC management and staff worked

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[42] *Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006) (*Order No. 672*), at P 229.

[43] NERC and the Regional Entities originally developed a common format to use in preparing the 2008 Business Plans and Budgets, and the format evolved through the development of the 2009, 2010 and 2011 Business Plans and Budgets, to the format used for the 2011, 2012, 2013 and 2014 Business Plans and Budgets and now the 2015 Business Plans and Budgets.

[44] Although the eight Regional Entities and NERC used a common format for their 2015 Business Plans and Budgets, the Regional Entities in general continue to present their 2015 Business Plans and Budgets based on the five statutory programs of Reliability Standards; CMEP; RAPA; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security; whereas NERC has presented 2015 business plan and budget information disaggregated into three departments or functions for the CMEP, two departments or functions for Situation Awareness and Infrastructure Security, and the CID and the ES-ISAC as separate programs.

iteratively with the Regional Entities from January through June, 2014, on the development of the Regional Entity 2015 Business Plans and Budgets. The Regional Entities submitted initial drafts of their Business Plans and Budgets to NERC in mid-April 2014, for internal review and feedback by NERC program area managers. On May 16, 2014, more developed drafts of each Regional Entity's 2015 Business Plan and Budget were submitted to NERC and posted on the NERC website for stakeholder comment. NERC staff also reviewed and provided feedback on these drafts. The draft Regional Entity Business Plans and Budgets were also the subject of presentations and discussion at meetings of the NERC FAC.

Additionally, each Regional Entity posted one or more drafts of its 2015 Business Plan and Budget on its own website for comment by its stakeholders, and/or provided other opportunities for stakeholder input, as follows:

> **FRCC:** FRCC posts its proposed budget to the FRCC website and sends a copy (along with all presentation materials that will be presented to the FRCC Board) to each Board Member, Corporate Compliance Finance and Audit Committee, Alternate Board Member, all Standing Committee Chairs, and all Voting Members from the Supplier, Non-Investor-Owned Utility Wholesale, Load Serving Entity, Generating Load Serving Entity, Investor Owned Utility, and General Sectors of the membership, approximately 45 days prior to the expected FRCC Board vote date. The recipients are encouraged to contact FRCC with any comments or questions, so they can be resolved prior to the Board meeting date. Ten days prior to the Board meeting at which the vote on the budget will take place, another distribution is made to the same recipients, and posted to the FRCC website with any changes from the first version. After approval is finalized the process is repeated with a copy marked as Final with the Approval Date.
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> **MRO:** MRO posted its draft 2015 Business Plan and Budget for comments on May 2, 2014. MRO's 2015 Business Plan and Budget was presented in several meetings of the MRO Board and its stakeholder. On June 26, 2014 MRO's Board of Directors approved a resolution that approved the 2015 budget, re-affirmed MRO's reserves policy of 45 days, and affirmed that the budget is sufficient to complete MRO's delegated responsibilities. The final version was posted on July 15, 2014.
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> **NPCC:** On April 10, 2014, a preliminary 2015 total NPCC Expense Budget, along with the Business Plans and Budgets for both the Regional Entity and Criteria Services divisions, were presented to NPCC's Finance and Audit Committee (NPCC FAC) for review and discussion. On April 29, 2014, NPCC's Board of Directors challenged the

preliminary draft of NPCC's 2015 Business Plan and Budget in terms of activities and services and associated financial resources as projected. On May 2, NPCC posted Draft #1 of its 2015 Business Plan and Budget on its website for stakeholder review and comment. Draft #1 was presented to the NPCC Reliability Coordinating Committee for comment, the Regional Standards Committee and the Compliance Committee at their respective meetings following this posting. NPCC did not receive any formal comments from either the posting or various presentations to the stakeholders on any of its draft 2015 Business Plans and Budgets during the posting periods. There were a few comments received after the June 10 comment period close, but the comments were received in time to share them with the NPCC FAC at its June 16 meeting. Areas of concern included (i) contracts and consultant costs, (ii) wage package increase for 2015, and (iii) reserves balance level. NPCC addressed each area with both stakeholders and the NPCC FAC. The NPCC FAC unanimously endorsed the "Draft for Approval" as presented. On June 26, the "Draft for Approval" of the 2015 Business Plan and Budget was presented to the NPCC Board, noting stakeholder areas of concern, and a final version was unanimously approved.

RF: RF's Board of Directors approved the first draft of its 2015 Business Plan and Budget on April 25, 2014. On May 1, 2014, the 2015 Business Plan and Budget was posted to the RF website for a 30 day industry review and comment period. A request for comments was also included in RF's May monthly newsletter. One set of informal comments was received. The responses to these comments were addressed with the Board of Directors. The final 2015 Business Plan and Budget was approved by the RF Board on June 25, 2014.

SERC: The SERC Board approved Draft #1 of the SERC 2015 Business Plan and Budget at its April 2014 meeting, after which it was posted on the SERC Website for a 30-day comment period (*i.e.*, during the month of May). Any comments received would be reviewed by the SERC President and the Director of Finance and Human Resources and responses to the comments would be presented to the Board Executive Committee and incorporated into the Business Plan and Budget before final approval; however, for the 2015 Business Plan and Budget, no comments were received, and the final version was approved and posted on July 9, 2014.

SPP RE: SPP RE presented a summary of the preliminary budget at the SPP RE Trustees public meeting on April 28, 2014. Following the meeting, the preliminary budget was posted on SPP RE's website on May 5, 2014 and the SPP RE April 2014 newsletter indicated that the budget would be posted for comments through May 30, 2014. The final SPP RE 2015 Business Plan and Budget was presented to the Trustees for approval at the June 17, 2014 public meeting. SPP RE posts all Board of Trustee materials on its public website prior to the meetings. SPP RE received no formal comments from stakeholders regarding the 2015 budget.

Texas RE: Texas RE's 2015 Business Plan and Budget was presented in multiple meetings of the Texas RE Board and member representatives committee. There were no written or oral challenges to the 2015 Business Plan and Budget. Texas RE posted the

draft 2015 Business Plan and Budget on June 17, 2014. The Board of Directors approved Texas RE's 2014 Business Plan and Budget on June 24, 2014.

WECC: WECC's draft 2015 Business Plan and Budget was posted on its website on May 2, 2014 for a two-week comment period. The WECC Board of Directors and WECC Members were notified of the posting. Three sets of comments were received from stakeholders on the draft 2015 Business Plan and Budget. WECC posted a response to the comments on its website on June 16, 2014. WECC's Board approved WECC's 2015 Business Plan and Budget on June 25, 2014.

Throughout the process of NERC's review of the draft Regional Entity business plans and budgets, where appropriate, additional information was requested and other suggested changes were made. As needed, NERC and Regional Entity management and finance staffs convened meetings and conference calls to provide feedback and refine their respective business plans and budgets. NERC's review focused on:

1. Adequacy of the resources and activities to perform delegated functions;
2. Alignment of the Regional Entity's goals, objectives and major activities to the ERO Strategic Plan;
3. Quality and completeness of the financial information presented, including:
    a. Conformance with Commission budget reporting requirements,
    b. Separation of statutory and non-statutory activities,
    c. Supporting detail for projections, and
    d. Working capital and operating reserve budgets, polices and controls; and
4. Descriptions of efforts to improve efficiency and control costs.

Through the processes described above and in §III.A.2, NERC has been able to satisfy itself that each Regional Entity's 2015 Business Plan and Budget provides necessary and adequate resources to carry out the Regional Entity's delegated functions in 2015.[45]

[45] In reviewing the Regional Entity Business Plans and Budgets, and in accordance with the Commission's directive in the *ERO Certification Order*, NERC afforded the proposed Regional Entity

The Regional Entities submitted their final 2015 Business Plans and Budgets, approved by their respective governing bodies, to NERC in early July 2014. These Business Plans and Budgets were submitted to the NERC FAC and the NERC Board, and reviewed at their respective meetings held on August 13 and 14. The Regional Entities' 2015 Business Plans and Budgets were approved by the NERC Board at the August 14, 2014 meeting, for submission to the Commission.

The table below shows the budgets for statutory and (where applicable) non-statutory functions for each Regional Entity as presented in their respective 2015 Business Plans and Budgets (**Attachments 3-10**).[46] For all Regional Entities, the total budget amount for statutory functions includes total Expenses and Fixed Asset activity. Because each Regional Entity has one or more other sources of income (*e.g.*, attendance fees for workshops; Penalty payments received from Registered Entities) that will be used to offset the costs of performing delegated functions, the requested ERO funding (assessments) for the Regional Entities is less than their budgets for statutory activities. The fourth column shows the total (*i.e.,* for all jurisdictions) net statutory assessment required for each Regional Entity, taking into account other sources of income including application of Penalty payments. The statutory assessment amounts include amounts (which for some Regional Entities are negative adjustments to the Funding requirement) to achieve the level of target Working Capital Reserve at December 31, 2015, determined to be appropriate by each Regional Entity.

Business Plans and Budgets no presumption of reasonableness due to having been approved by the Regional Entities' governing bodies. *See ERO Certification Order* at P 203.

[46] MRO, ReliabilityFirst and SERC do not plan to perform any non-statutory activities in 2015.

Regional Entity	Total Budget for Statutory Functions	Budget for Non-Statutory Functions	Total Net Statutory Assessment
FRCC	$ 7,162,233	$ 8,391,982	$ 6,062,838
MRO	$ 10,328,687	----------	$ 9,426,019[47]
NPCC	$ 14,778,539	$ 1,129,441	$14,068,878[48]
RF	$ 18,756,763	---------	$18,713,897
SERC	$ 15,995,840	---------	$13,731,034
SPP RE	$ 11,808,110	$188,883,890[49]	$ 9,680,648
Texas RE	$ 11,983,701	$ 999,100	$10,500,446
WECC	$ 26,300,035	$ 1,658,980	$25,032,135[50]

C. Western Interconnection Regional Advisory Board Funding Request

In its Order issued July 20, 2006, in Docket No. RR06-02-000 (*WIRAB Order*), the Commission concluded that reasonable costs incurred by WIRAB for activities under §215(j) of the FPA can be funded through the ERO funding process.[51] As specified in P 35 of the *WIRAB Order*, WIRAB submitted to NERC a proposed 2015 Business Plan and Budget for §215(j) activities, which is **Attachment 12** to this filing. NERC has reviewed WIRAB's submission and believes it complies with the requirements of P 35 of the *WIRAB Order*.

WIRAB's proposed 2015 budget for expenses is $1,013,581, which is an increase of $309,881 (44.0%) from its 2014 budget. As it did in preparing its 2014 budget, WIRAB anticipates monitoring the activities of, and potentially offering advice to, both WECC and Peak. WIRAB also anticipates the needs to devote increased attention to physical and cyber security

[47] The statutory assessment for MRO of $9,426,019 consists of $7,486,770 allocated to the U.S. and $1,579,249 allocated to Canadian provinces.

[48] The statutory assessment for NPCC of $14,068,878 consists of $8,759,736 allocated to the U.S. and $5,309,142 allocated to Canadian provinces.

[49] The figure of $188,883,890 is the total 2014 budget of Southwest Power Pool, Inc. ($200,692,000) less the 2015 Budget of SPP RE for statutory activities of $11,808,110. The overall annual budget of Southwest Power Pool, Inc. is prepared on a schedule that will not result in approval of its 2014 budget until October 2014. *See* §V.B.6 below and Section C of **Attachment 8**.

[50] The statutory assessment for WECC of $25,032,135 consists of $22,032,878 allocated to the U.S., $2,649,937 allocated to Canadian provinces and $349,320 allocated to Mexico.

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

issues and to implement recommendations resulting from investigations of the September 2011 Southwest outage event. WIRAB is planning an increase in staffing of 1.25 FTE from its 2014 budget, to 4.00 FTEs. With increased staffing, WIRAB's budgeted 2015 Personnel Expenses increase by $127,300 (49.0%) over its 2014 budget. WIRAB's 2015 budget includes $150,000 for Consultants & Contracts Expense (the same amount as provided in its 2014 budget) to provide technical expertise to WIRAB on issues related to Reliability Standards and compliance, including best practices for operation of the BPS, to support WIRAB in providing technically sound advice to WECC and Peak under §215(j) of the FPA. WIRAB is also budgeting increases totaling $57,020 (105%) in Meetings and Travel Expenses in order to attend an increased number of meetings (including Board meetings of both WECC and Peak) and the related travel expenses.

WIRAB's proposed statutory assessment for 2015 is $1,058,158, which is an increase of $469,750 (79.8%) from its 2014 assessment. The assessment increase includes a $45,027 incremental adjustment for Working Capital Reserve as compared to a $114,792 decremental adjustment in the 2014 budget. This incremental adjustment to the assessment is based on a target Working Capital Reserve amount of $100,000 at December 31, 2015 and a projected Working Capital Reserve at December 31, 2014 of $54,973.

WIRAB's overall statutory funding (assessment) request of $1,058,158 for 2015 consists of $898,314 (84.89%) allocated to the U.S., $145,693 (13.77%) allocated to Canadian provinces, and $14,150 (1.34%) allocated to Mexico, all based on NEL. At its August 14, 2014 meeting, the NERC Board approved WIRAB's 2015 budget request for submission to the Commission.

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

The total ERO statutory funding requirement for 2015, net of other NERC and Regional

Entity income sources, to be funded by assessments is $163,582,428, consisting of $55,308,375 for funding of NERC's programs and $108,274,053 for funding of Regional Entity statutory activities and the WIRAB. (These amounts do not include the assessment for Peak, which is discussed separately below.) NERC has allocated its statutory assessment of $55,308,375 to the LSEs within each Regional footprint primarily on the basis of NEL, as described below.[52]

First, a total of $1,485,926 of adjustments (credits) to the allocations to the AESO, the IESO, New Brunswick and Québec for certain Compliance Monitoring and Enforcement Program (CMEP), Event Analysis and Situation Awareness (SAFNR[53]) costs was allocated using 8-Region NEL. In accordance with NERC's *Expanded Policy on Allocation of Certain Compliance and Enforcement Costs*, adjustments were made in the calculations of the assessments to the AESO, the IESO, New Brunswick and Québec, to provide credits for certain activity costs. These adjustments recognize that entities in certain of these provinces (Ontario, Alberta and New Brunswick) expend resources to perform compliance and enforcement activities in those provinces that otherwise would be performed by NERC or a Regional Entity, and that the compliance and enforcement resources NERC needs for Alberta and Québec are reduced due to the very small number of entities subject to compliance and enforcement activities in those provinces.[54] These adjustments also recognize that certain NERC activities, including the SAFNR program, either overlap with Canadian regulatory programs or, as in the case of SAFNR, are not used by these Canadian provinces, and therefore these provinces were

[52]See Appendix 2-A of **Attachment 2** for the 2013 NEL data by Regional Entity and calculation of the country allocation factors for each Region. MRO, NPCC and WECC are the only Regional Entities whose footprints encompass Canadian provinces (and for WECC, Mexico). As noted earlier, the year 2013 is the most recent calendar year for which NEL data is available.

[53] SAFNR = Situation Awareness – FERC, NERC and the Regions.

[54] The Commission accepted NERC's *Expanded Policy on Allocation of Certain Compliance Costs* in the *July 16, 2009 Budget Compliance Order*, at P 42, finding that the Expanded Policy "provides reasonable guidelines for cost allocation in specific circumstances described in the document."

not allocated a share of these costs. This credit amount was allocated to all other LSEs (Balancing Authorities) on the basis of NEL.

Attachment 14 shows the calculations of these adjustments to the allocations to the AESO, the IESO, New Brunswick and Québec. These calculations have been reviewed with, respectively, the AESO, the IESO, New Brunswick Power Corporation and La Régie de l'energie du Québec, and each has agreed with and accepted the calculations. The allocation of the $1,485,926 of adjustments (credits) to the allocations to the AESO, the IESO, New Brunswick and Québec for certain CMEP, Event Analysis and Situation Awareness costs is reflected in Appendix 2-C of **Attachment 2**.

Second, an allocation based on the 8-Region NEL was used to allocate $55,308,375 of the NERC statutory assessment – comprised of $56,463,375 of assessments less $1,155,000 of Penalty payments – to the Regional footprints.[55] The NEL-based allocations to the eight Regional footprints are shown in Appendix 2-C of **Attachment 2**.

NEL has also been used to allocate the Regional Entity assessments, with these exceptions: First, 22.41% of NPCC's Compliance Monitoring and Enforcement and Organization Registration and Certification (CORC) Program costs, representing CORC program fundamentals, has been allocated among the six Balancing Authority Areas in NPCC on the basis of NEL; 51.71% of the CORC costs has been allocated between the U.S. and Canadian Balancing Authority Areas in NPCC using a compliance audit-based methodology; and the remaining 25.88% of the CORC costs has been allocated between the U.S. and Canadian Balancing Authority Areas using an enforcement activity-based methodology. As directed in the *July 16, 2009 Budget Compliance Order*, PP 38-41, the portion of NPCC CORC costs allocated

[55] Because the Penalty payments are collected solely from U.S. Registered Entities, the Penalty payments are allocated solely to offset statutory assessments to U.S. LSEs.

to the U.S. using the compliance audit-based methodology and the portion of NPCC CORC costs allocated to the U.S. using the enforcement activity-based methodology has then been re-allocated between the New England and New York Balancing Authority Areas based on NEL.[56]

Second, WECC's allocation of its assessment to the AESO for the Province of Alberta has been reduced by $880,629, representing WECC CMEP costs that are duplicative of programs of the AESO. The AESO credit amount was allocated to the remainder of the LSEs (Balancing Authorities) in the WECC Region on the basis of NEL.[57]

After allocating the appropriate portions of the NERC, Regional Entity and WIRAB funding requirements to Canadian provinces and Mexico (taking into account the NEL-based allocations, the adjustments to the NERC allocations to the AESO, the IESO, New Brunswick and Québec, the adjustments to the NPCC allocations to Canadian provinces, the adjustment to the WECC assessment to the AESO), the total ERO statutory assessment for 2015 allocable to U.S. LSEs for which Commission approval is sought is $148,273,401, comprised of:

NERC Assessment:	$50,046,840
Regional Entity Assessments:	$98,226,561 (includes the WIRAB assessment)

The funding requirement of each Regional Entity for statutory activities is of course allocated 100% to that Region. The funding requirement for the WIRAB is allocated 100% to the WECC Region. The following table shows the allocation to each Region of the total 2015 ERO statutory assessment of $148,273,401 for the U.S. statutory activities of NERC and the Regional Entities (including WIRAB). The table also shows the statutory assessments per kWh

[56] The allocation of NPCC CORC Program costs is described in greater detail in §V.B.3 below and at pages 73-75 of the NPCC 2015 Business Plan and Budget, **Attachment 5**.

[57] *See* Appendix C of the WECC 2015 Business Plan and Budget, **Attachment 10** to this filing, which shows the calculation of the $880,629 adjustment to the WECC assessment to the AESO. The adjustment to the WECC assessment to the AESO is provided for in a memorandum of understanding entered into effective July 15, 2010 among NERC, WECC and the AESO.

based on 2013 U.S. NEL of each Region.

Regional Entity	NERC Assessment	Regional Entity Assessments	Total U.S. Assessment	Assessment per kWH (2013 NEL)
FRCC	$ 2,795,837	$ 6,062,838	$ 8,858,675	$0.0000400
MRO	$ 3,066,780	$ 7,846,770	$ 10,913,550	$0.0000450
NPCC	$ 3,700,244	$ 8,759,736	$ 12,459,980	$0.0000425
RF	$ 11,480,414	$ 18,713,897	$ 30,194,311	$0.0000332
SERC	$ 12,747,985	$ 13,731,034	$ 26,479,019	$0.0000262
SPP RE	$ 2,737,128	$ 9,680,648	$ 12,417,776	$0.0000573
Texas RE	$ 4,203,151	$ 10,500,446	$ 14,703,597	$0.0000442
WECC	$ 9,315,301	$ 22,931,192[58]	$ 32,246,493	$0.0000437
Total	$ 50,046,840	$ 98,226,561	$ 148,273,401	$0.0000374

In addition to the NERC, Regional Entity and WIRAB assessments, the proposed 2015 statutory assessment for Peak is $41,953,236, which is allocated 100% to the WECC region and is allocated jurisdictionally as follows: $41,302,627 to U.S. LSEs and $650,609 to Mexican entities.[59]

NERC obtained from each Regional Entity a listing of the LSEs or their designees in the Region and a breakdown of the Region's 2013 NEL by LSE or designee.[60] NERC used this information to allocate the total ERO statutory assessment allocated to each Region among the LSEs, their designees or the other entities to be billed the assessments within that Region.[61] The

[58] The number for WECC includes the portion of the WIRAB assessment allocated to the U.S.

[59] *See* §V.D below for discussion of why none of the Peak Reliability 2015 assessment has been allocated to Canadian entities.

[60] For the NPCC Region, assessments are allocated on the basis of NEL in each Balancing Authority Area (New York, New England, Ontario, Québec, Nova Scotia and New Brunswick). For Texas RE, assessments are allocated on the basis of the NEL for ERCOT, which acts as the billing agent for the Texas RE Region.

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

amount of the NERC and Regional Entity statutory assessments allocated to each LSE or designee or other entity to be billed in each Region is shown in Appendix 2-B of **Attachment 2**. The statutory assessments to LSEs for Peak are provided in **Attachment 11**. NERC requests that the Commission approve the statutory assessment amounts for NERC and the Regional Entities allocated to each LSE or designee, as shown in Appendix 2-B of **Attachment 2**, so that the LSEs and their designees or other entities may be billed for these assessments in accordance with 18 C.F.R. §39.4(e).[62] Additionally, as noted, the proposed statutory assessments to U.S. LSEs for Peak are set forth at the end of **Attachment 11** and are presented to the Commission for its review and approval

NERC will directly invoice the approved assessments to LSEs or designees, or to the other entities to be billed, in all Regions except WECC.[63] WECC will invoice LSEs or Balancing Authorities or their designees within the WECC footprint, collect the assessments and remit the funds collected for the NERC, WECC and WIRAB assessments to NERC. These arrangements are provided for in Exhibit E to the delegation agreement with each Regional Entity. WECC will issue separate invoices to the LSEs in the WECC Region for the assessment for Peak. WECC will remit the collections on the Peak assessment directly to Peak.

E. Provision for Working Capital Reserve

In the development of their 2015 Business Plans and Budgets and their proposed assessment amounts to LSEs, NERC and the Regional Entities have taken into account the need to maintain appropriate amounts of working capital and operating reserves. In 2012, NERC

[62] As approved by the Commission in the *ERO Certification Order* at P 218, for reasons of administrative convenience billing and payment by LSEs of annual assessments less than $100 will not be required.

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

developed a new Working Capital and Operating Reserves Policy under which working capital and operating reserves are separately budgeted and accounted for.[64] The NERC Working Capital and Operating Reserves Policy also sets forth guidelines and authorities for accessing Working Capital and Operating Reserves and for use of funds for activities in excess of budgeted amounts, as well as for hiring personnel in excess of budgeted staffing levels. The amounts that NERC has budgeted for 2015 in the various reserves categories under its Policy, and the impacts on NERC's 2015 proposed statutory assessments, are discussed in detail in §IV.B below and in Exhibit E to **Attachment 2**. The remainder of the discussion in this §III.E describes the development of the Regional Entities' Working Capital Reserve amounts and associated adjustments to assessments for 2015.

The process takes into account each Regional Entity's actual and projected Working Capital Reserves at December 31, 2013 and December 31, 2014, respectively, resulting from its accumulated prior years' surpluses and deficits, and results in an incremental or decremental adjustment to each Regional Entity's proposed 2015 statutory assessment amount, in order to arrive at its target Working Capital Reserve at December 31, 2015. Table B-1, Reserve Balance, in Section B of each Regional Entity's 2015 Business Plan and Budget, shows the calculation of the increment or decrement to the Regional Entity's requested 2015 assessment to achieve the Regional Entity's desired Working Capital Reserve at December 31, 2015. The calculations shown on Table B-1 take into account: (1) the Regional Entity's actual Working Capital Reserve (Deficit) at December 31, 2013, (2) assessment Funding, projected other Funding, and projected

[64] The NERC Working Capital and Operating Reserves Policy was provided in Exhibit C to NERC's 2013 Business Plan and Budget filed in Docket No. RR12-13-000. An Amended Working Capital and Operating Reserves Policy, currently in effect, was provided as Attachment 1 to NERC's November 22, 2013 compliance filing to the *2014 Budget Order*. *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 23 of November 1, 2013 Commission Order*, filed November 22, 2013 in Docket No. 13-9-001.

Expenses and Capital Expenditures for 2014, resulting in (3) a projected Working Capital Reserve at December 31, 2014, (4) the desired (target) Working Capital Reserve at December 31, 2015, (5) the budgeted Expenses and Capital Expenditures, and projected other funding sources (including Penalties collected from Registered Entities), for 2015,[65] resulting in (6) the increment or decrement to the requested 2015 assessments to achieve the target Working Capital Reserve at December 31, 2015.

As shown on Table B-1 in each Regional Entity's 2015 Business Plan and Budget, each Regional Entity (except SPP RE; *see* §V.B.6 below) has established a target Working Capital Reserve for 2015. The basis for each entity's Working Capital Reserve for 2015 is stated on its Table B-1 or explained elsewhere in the text of its 2015 Business Plan and Budget. Further discussion of the adjustment (increase or decrease) to each Regional Entity's proposed 2015 statutory assessment to achieve its target Working Capital Reserve is provided in the discussions of the individual Regional Entity 2015 Business Plans and Budgets in §V.B below.

As of the end of the second quarter of 2014, NERC and the Regional Entities are projecting year-end 2014 balances in working capital and operating reserves that are collectively $10 million (70.9%), over the ending balance that were projected in their 2014 Business Plans and Budgets. This difference is due to higher beginning balances ($6.1 million), lower than budgeted expenses and capital expenditures in 2014 ($3.6 million), and other adjustments to reserves as reported by NERC (approximately $400,000).

The table below shows the difference between the projected 2014 year-end balances in

[65] With two exceptions, Penalty payments received by NERC or a Regional Entity between July 1, 2013 and June 30, 2014 are used to reduce the requested assessments for 2015; Penalty payments received after June 30, 2014 will be used to reduce the requested assessments for 2016. The two exceptions for 2015 are: (i) NERC is proposing to use $1,000,000 of Penalty payments received on July 9, 2014 to reduce its 2015 assessment amount (*see* §IV.D below); and (ii) WECC is proposing to use $2,000,000 of Penalty payments received from July 1, 2013 to June 30, 2014 to pay Penalties incurred by WECC registered functions, rather than to reduce assessments to LSEs (*see* §V.B.8 below).

working capital and operating reserves included in (i) the NERC and Regional Entity second quarter 2014 variance reports and (ii) the 2015 Business Plan and Budgets, by entity. The difference between the projected year-end balances for RF, SERC, SPP RE and Texas RE are related to the timing difference in the preparation of the projections. The projections included in the 2015 Business Plans and Budgets were prepared earlier than the second quarter variance reports, based upon information available at the time, and were approved by their Boards prior to preparation of their second quarter 2014 variance reports. The table also includes the planned increase or decrease in reserves included in the 2015 Business Plan and Budget by entity. Funds in excess of projected starting working capital and operating reserve balances will be subject to applicable Regional Entity controls over the expenditure of such funds and will be taken into account in developing 2016 funding requirements.

Entity	2014 Projection per Q2 2014 Variance Report ($)	2014 Projection per 2015 Budget ($)	Variance - Q22014 Report versus 2015 Budget ($)	2015 Budgeted Inc(Dec) in Reserves ($)
NERC	2,005,511	2,005,511	0	585,363
FRCC	1,407,247	1,407,247	-	(810,395)
MRO	1,917,568	1,781,068	136,500	(507,668)
NPCC	5,011,226	4,945,068	66,158	(355,161)
RF	618,301	280,940	337,361	469,060
SERC	3,162,273	3,461,951	(299,678)	76,549
SPP RE	3,137,804	1,662,962	1,474,842	(1,662,962)
TEXAS RE	4,411,872	2,966,210	1,445,662	(966,210)
WECC	2,402,950	2,662,817	(259,867)	-
	24,074,752	**21,173,774**	**2,900,978**	**(3,171,424)**

F. Budget Projections for 2016 and 2017

As it did its Business Plans and Budgets for each of the years 2008 through 2014, NERC is providing preliminary budget projections for the two years following the budget year (*i.e.*, 2016 and 2017).[66] This information is provided on pages xxv-xxvi of **Attachment 2**.[67] These budget projections show that NERC's 2016 total budget is projected to be $1,211,349, or 1.8%, than the 2015 total budget. For 2017, NERC's total budget is projected to be $1,170,787, or 1.7%, higher than the amount projected for 2016. The significant assumptions underlying these projections include: (i) no increases in total FTEs over budgeted 2015 FTEs; (ii) Personnel and Benefits costs increases consistent with the 2015 budget assumptions; (iii) no increases in Consultants & Contracts expense in 2016 and 2017 above the budgeted 2015 expense, with the exception of contract support for a Grid Security Exercise in 2016; (iv) debt service repayment obligations in connection with NERC's capital financing program consistent with the projected capital forecast for Enterprise IT applications; and (v) no increase in expenditures related to CRISP except for Personnel and Benefits cost increases consistent with the general assumption (noted above) for these costs.

IV. DISCUSSION OF NERC BUSINESS PLAN AND BUDGET

A. 2015 Business Plan and Budget by Program

This section summarizes NERC's proposed 2015 Business Plan and Budget by statutory program and Administrative Services department.[68] The proposed 2015 staffing and expenditure budgets for the individual NERC departments and programs are described in the subsections

[66] The 2015 Business Plan and Budget of each Regional Entity also includes budget projections for 2016 and 2017.

[67] The NERC Board has not approved the 2016-2017 projections as official budgets, and NERC is not seeking approval of these budget projections by the Commission or other applicable governmental authorities.

[68] **Attachment 15** is a status report on NERC's progress in achieving its 2014 goals.

below. However, there are several aspects of NERC's 2015 budget that impact the budgets for all programs and departments.

First, in presenting their budgeted staffing (FTEs) and related Personnel Expenses for 2015, all NERC programs and departments have applied a 6% personnel attrition adjustment factor. The personnel adjustment attrition factor reflects that actual staffing is typically less than budgeted staffing due to factors such as employees leaving NERC for other jobs and new positions being filled at a later date than was assumed in the preparation of the budget. In the 2014 NERC budget, a personnel attrition adjustment factor of 4% was used; in the 2015 budget, the adjustment factor is being increased to 6% based on experience.[69] This change in assumption causes a slight downward reduction in the budgeted 2015 Personnel Expenses for each program and department (which may be fully or partially offset by other factors).

Second, in the development of Personnel Expense in the 2015 budget, an average salary increase pool of 2.5% was used. The 2.5% average salary increase is slightly below the 3% market reference provided by NERC's compensation consultants.

Third, for 2015, a higher maximum salary is subject to FICA taxes. This change results in higher Payroll Tax Expense in Personnel Expense, all other things equal (*i.e.*, Payroll Tax Expense would be higher even assuming the same level of staffing and Salary Expense as in the 2014 budget).

Fourth, budgeted Benefits Expense is increased for all programs (all other things equal) due to anticipated market increases in medical and dental plan cost from the 2014 budget, based on information provided by NERC's benefits consultants.

Fifth, with the exception of subcontract support for CRISP, a 3% reduction was applied

[69] The 6% adjustment is based on a three-year average of actual to budgeted FTE data.

to each program's 2015 Consultants & Contracts budget to account for potential under-runs in actual expense, as has been experienced historically.

In addition, although the overall budgeted staffing for NERC's statutory direct programs is increased over the 2014 budget by only 2.8 FTEs, attributable to CRISP and the ES-ISAC, there has been considerable reallocation of positions among the NERC programs, so that some programs or departments are budgeted for increased staffing, and others for reduced staffing, as compared to the 2014 budget. The Administrative Services (Indirect) budget for expenses and Fixed Assets, which is budgeted to increase by $2,612,565 from the 2014 budget, are allocated to the statutory direct programs on the basis of the ratio of the budgeted FTEs in each statutory program to the total budgeted statutory program FTEs. The changes in the numbers of FTEs budgeted for each statutory direct program for 2015 impact the allocation of the Administrative Services costs among the statutory direct programs.

1. Reliability Standards Program

The Reliability Standards Program develops, adopts, obtains approval of, and modifies as and when appropriate, Reliability Standards for the reliable planning, operation and critical infrastructure protection of the BPS in North America. The major activities of the Reliability Standards Program include (1) delivering high-quality, continent-wide Reliability Standards, (2) facilitating continent-wide industry engagement in the standards development process, and (3) conducting balloting, disseminating information, and supporting regulatory filings on proposed standards. NERC manages the work of over 200 industry contributors serving on the NERC Standards Committee, subgroups and other project teams for the development of Reliability Standards. Additionally, thousands of industry volunteers within hundreds of registered entities and other entities review, comment on and vote on the products of the standard drafting teams, and all of this input must be reviewed and taken into account in the standards development

process. The NERC Reliability Standards Program staff also supports the Regional Entities' regional reliability standards development processes by providing technical advice, final quality review of Regional standards, presentation to the NERC Board, and submission to the applicable regulatory authorities in the U.S. and Canada for adoption.

The key standards production efforts of the Reliability Standards Program underway in 2014 are described at pages 2-4 of **Attachment 2**, and include addressing emerging issues that may require the development of new or revised Reliability Standards; continuing to respond to Commission directives; and continuing work on the Paragraph 81 initiative[70] and the results-based standards initiative to ensure that Reliability Standards are focused on required actions or results and not necessarily on the methods by which to accomplish them; as well as participating in cross-departmental and collaborative projects. Cross-departmental and collaborative projects include the Risk-Based Registration project, the development of related Reliability Standard Audit Worksheets (RSAWs) concurrently with development of Reliability Standards, working with other departments to conduct the technical analysis needed as foundation for standards projects, and verification of reliability risk evaluation with the Reliability Issues Steering Committee (RISC) prior to initiating a standards project.

The 2015 goals and deliverables for the Reliability Standards Program are provided at page 4 of **Attachment 2**, and they focus on: (1) the selection of standards projects so that resources are expended on issues determined to be a reliability risk through the Reliability Risk Management Process (RRMP); (2) addressing Commission directives and responding to

[70] The Paragraph 81 initiative is the result of the Commission's invitation, in a March 2012 order, to identify specific Reliability Standards or requirements that need to be revised or retired based on lack of meaningful benefit to BPS reliability. *North American Electric Reliability Corporation, Order Accepting with Conditions the Electric Reliability Organization's Petition Requesting Approval of New Enforcement Mechanisms and Requiring Compliance Filing*, 138 FERC ¶ 61,193 (2012), at P81.

Commission orders as necessary through the standards process; (3) transforming NERC's Reliability Standards to steady state; (4) improving the quality of standards to determine whether a Reliability Standard is of sufficient content and quality to be deemed steady state; and (5) working with other departments to facilitate smooth transitions to new standards such as the CIP Version 5 standards and the Physical Security standard.

NERC has budgeted 24.40 FTEs for the Reliability Standards Program for 2015, which is a decrease of 1.52 FTEs from the 2014 budget and reflects the transfer of one position to another department and the increase in the personnel attrition assumption from 4% to 6%. The 2015 budgeted direct expenses for this program are $4,800,751, which is a decrease of $350,103 (6.8%) from the 2013 budget. Budgeted 2015 Personnel Expenses are decreased by $278,373 (6.4%) from the 2014 budget, reflecting the decrease in staffing. Budgeted Meetings Expense is decreased by a total of $57,656 (8.1%), based on 2013 results, the anticipated level of standards development activity in 2015, and efforts to hold meetings at NERC's offices when possible. As was the case in the 2014 budget, no Consultant & Contracts expense is budgeted for this program for 2015. The allocation of Administrative Services expenses to this program is $5,139,603, the Allocation of Fixed Assets from the Administrative Services programs is $306,791, and no Fixed Asset additions or Depreciation Expense are included in the 2015 budget for the Reliability Standards Program.

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

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program carries out NERC's statutory responsibility to monitor, enforce and ensure registered entity compliance with mandatory Reliability Standards. This program is comprised of three operational groups: Regional Entity Assurance and Oversight (formerly Compliance

Operations); Compliance Analysis, Registration and Certification; and Compliance Enforcement.

a. Regional Entity Assurance and Oversight Group

Regional Entity Assurance and Oversight works collaboratively with the Regional Entities to ensure consistent and effective implementation of the CMEP. Regional Entity Assurance and Oversight is responsible for the following major activities and functions: (i) consistent implementation of the risk-based compliance monitoring program for reliability improvements; (ii) oversight of the Regional Entities' delegated compliance functions, including CMEP planning, implementation and reporting, compliance operations and coordination, and auditor training; (iii) CIP Version 5 transition, training and compliance design activities; (iv) development of minimum baseline monitoring requirements; (v) development and maintenance of the RSAWs; and (vi) supporting the NERC Compliance and Certification Committee.

The major activities under way for Regional Entity Assurance and Oversight for 2014 are described at pages 9-10 of **Attachment 2** and include development of a single ERO methodology for registered entity reliability risk assessments and evaluation and testing of registered entity internal controls; and implementation of a complete auditor manual with the approved auditor handbook and checklist. Another ongoing activity is managing the smooth transition of compliance activities from CIP Version 3 to Version 5 by providing training, webinars and other outreach.

The 2015 goals and deliverables for Regional Entity Assurance and Oversight are described at pages 10-11 of **Attachment 2**, and are focused on supporting the ongoing RAI activities, including: (1) developing a training program to support implementation of the common audit procedures and the ERO Auditor Capabilities and Competencies Guide; (2) replacing or enhancing the existing compliance, reporting, analysis tracking system (CRATS)

and other compliance tools to support RAI activities; (3) making effective internal controls models and information available to industry; (4) initiating compliance phase-in learning periods for new standards; (5) transitioning to a single ERO approach to compliance monitoring and common audit planning; (6) consolidating to a common set of RSAWs or successors for all standards; (7) enhancing the design of Regional Entity compliance audits to evaluate Regional Entity staffing, deployment of tools, and testing of compliance activities; (8) increasing the frequency of audits to validate the implementation of RAI program designs; and (9) creating technically sound training to support compliance methodologies and testing approaches for Reliability Standards.

The budgeted staffing for Regional Entity Assurance and Oversight for 2015 is 12.19 FTEs, which is a decrease of 1.18 FTEs from the 2014 budget and reflects the transfer of one position to another department and the increase in the personnel attrition adjustment factor from 4% to 6%. As a result, budgeted 2015 Personnel Expenses are decreased by $98,468 (4.1%) from the 2014 budget. Budgeted 2015 Meetings Expense is increased by a total of $30,469 (12.4%), due to an increase in budgeted Travel Expenses based on actual 2013 results and the anticipated level of activity in 2015. Regional Entity Assurance and Oversight has budgeted $388,000 in Consultants & Contracts Expense for 2015, a decrease of $12,000 from the 2014 budget.

The budgeted total direct expenses for Regional Entity Assurance and Oversight for 2015 are $3,016,607, which is a decrease of $94,244 (3.0%) from the 2014 budget, with the primary driver of the decrease being the reduced Personnel Expenses. The allocation of Administrative Services expenses to Regional Entity Assurance and Oversight is $2,567,695, Fixed Assets allocated to Regional Entity Assurance and Oversight are $153,270, and no Fixed Asset

additions or Depreciation are budgeted to Regional Entity Assurance and Oversight for 2015. In addition, Regional Entity Assurance and Oversight is not budgeting any funding from Workshop Fees for 2015 because auditor workshops are being held at NERC or Regional Entity offices, rather than at third-party facilities, at much lower costs.

b. Compliance Analysis, Registration and Certification Group

The Compliance Analysis, Registration and Certification Group is responsible for a range of requirements and activities embodied in Section 500 and Appendices 5A and 5B of the NERC ROP. Specific activities of this group include: (1) identification and registration of BES users, owners and operators who are responsible for compliance with Reliability Standards; (2) certification of the competency of reliability coordinators, balancing authorities, and transmission operators to perform their reliability functions; (3) compliance investigations; (4) investigating complaints alleging the violation of Reliability Standards; (5) technical assurance including development of quarterly gap and risk assessment reports and recommended responses; and (6) oversight of Regional Entity registration, certification, investigation and complaint programs. A major activity for the Compliance Analysis, Certification and Registration Group during 2014 is continued development of the Risk Based Registration design and registration criteria.

The 2015 goals and deliverables for the Compliance Analysis, Registration and Certification Group are described at page 15 of **Appendix 2** and include: (1) deploying a sustainable Risk Based Registration design; (2) developing an implementation plan with business practices and IT requirements that addresses unintended industry burden; (3) aligning changes to the registration criteria with other NERC activities; (4) assessing the current certification program for opportunities to mature the program; (5) addressing effects to registration from the

revised BES definition; (6) providing support to the continued development of RSAWs, aiding in the BES definition exception submittal process, aiding in the review of registration appeals, and assisting with the training modules for investigations, certifications and registrations; and (7) providing analysis in support of NERC projects addressing the top reliability risks.

The budgeted staffing for Compliance Analysis, Registration and Certification for 2015 is 11.25 FTEs, which is an increase of 1.65 FTEs from the 2014 budget and reflects the net effect of the reallocation of personnel from other departments and the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expenses for this group are increased by $408,809 (23.4%) from the 2014 budget. Budgeted 2015 Meetings Expense is increased by $16,310 (10.6%), reflecting the increased staffing, including positions requiring travel. As was the case in the 2014 budget, no Consultants & Contracts Expense is budgeted for this group in 2015.

The budgeted total direct expenses for Compliance Analysis, Registration and Certification for 2015 are $2,353,718, which is an increase of $427,249 (22.2%) from the 2014 budget, with the primary driver of the increase being the increased Personnel Expenses. The allocation of Administrative Services expenses to Compliance Analysis, Registration and Certification is $2,369,694; Fixed Assets allocated to Compliance Analysis, Registration and Certification are $141,451; and no Fixed Asset additions or Depreciation are budgeted to Compliance Analysis, Registration and Certification for 2015.

c. Compliance Enforcement

Compliance Enforcement is responsible for overseeing enforcement processes, application of penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. Compliance Enforcement monitors and provides

oversight over the Regional Entities' enforcement processes; collects and analyzes compliance enforcement data and trends to identify emerging risks and inform the development of enforcement policy and processes; files notices of penalties and other submittals associated with violations discovered through Regional Entity compliance, enforcement and monitoring activities or through NERC-led investigations and audits; and collaborates with other NERC departments including Standards and Regional Entity Assurance and Oversight.

Major activities under way for the Compliance Enforcement department during 2014 are described at pages 21-22 of **Attachment 2** and are focused on reducing and eventually eliminating the number of violations in inventory that are older than 24 months; promoting the self-identification and prompt mitigation of noncompliances by registered entities (including through development of the *ERO Enterprise Self-Report User Guide* and the *ERO Enterprise Mitigation Plan Guide*; and supporting RAI activities and related process improvements.

The 2015 goals and deliverables for Compliance Enforcement are described on pages 22-23 of **Attachment 2**, and are focused on identifying processing efficiencies to improve enforcement activities, including consolidating new enforcement processes; ensuring the timely processing of violations, particularly those that pose greater risk and can provide lessons learned to industry; and ensuring early dissemination of violation information to registered entities to enable them to learn from prior events and violations and take preventative actions to eliminate similar risks.

The budgeted staffing for Compliance Enforcement for 2015 is 15.01 FTEs, which is a decrease of 3.23 FTEs from the 2014 Budget and reflects the transfer of three positions to other departments and the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expenses are reduced by $378,931 (13.9%) from the 2014 budget,

reflecting the reduced staffing from the 2014 budget. The 2015 budget for Meeting Expenses is reduced by $30,079 (32.4%) from the 2014 budget, due primarily to a reduction in budgeted Travel Expenses. As in the 2012, 2013 and 2014 budgets, Compliance Enforcement is budgeting no Consultants & Contracts expense for 2015.

The budgeted total direct expenses for Compliance Enforcement for 2015 are $2,456,441, a decrease of $408,510 (14.3%) from the 2014 budget, with the primary drivers of the decrease being lower Personnel Expenses and lower Travel Expenses, as described above. The allocation of Administrative Services expenses to Compliance Enforcement is $3,161,698, the allocation of Fixed Asset additions to Compliance Enforcement is $188,727, and no Fixed Asset additions or Depreciation are budgeted for Compliance Enforcement for 2015.

3. Reliability Assessment and Performance Analysis Program

The RAPA Program carries out NERC's statutory responsibility to conduct periodic assessments of the reliability and adequacy of the BES in North America to provide insight and guidance about reliability risks and performance improvements. The activities of the RAPA Program also support identification of reliability performance issues and areas of concern, including equipment performance and reliability issues, for consideration in the development of new, or modification of existing, Reliability Standards, or other initiatives that enhance overall reliability. RAPA works to develop a solid technical framework and understanding of the reliability risks facing the industry and to communicate guidance and information to the industry to enhance reliability. The efforts of the RAPA Program are focused on preparing independent assessments of the overall reliability and adequacy of the BES and associated reliability risks that could impact the upcoming summer and winter seasons and the long-term (ten-year) planning horizon; performance analysis of and recommendations from historical reliability and associated trends; reliability assessment and BPS evaluation model development for analyzing steady state

and dynamic conditions; assurance that electrical elements necessary for the reliable operation of the BPS are appropriately identified as BES Elements; reliability risk program management for improving key risk areas using analyses of reliability gaps, risk controls, and management efforts; determination of RRMP priorities that align with the ERO Strategic Plan and the Business Plan and Budget for appropriate levels of resources, timing, completion and execution; and providing leadership and consistent, technically sound guidance and recommendations for industry and policy makers.

The major activities of the RAPA Program underway in 2014 are described at pages 26-32 of **Attachment 2**. These activities are focused on reliability risk analysis and the Reliability Risk Management Process, and include programs focused on managing the top priority reliability risks, as identified by the RISC, in the following areas: changing resource mix, resource planning, protection system reliability, uncoordinated protection systems, extreme physical events, availability of real-time tools and monitoring, protection system misoperations, and right-of-way clearances. The RAPA Program's 2014 activities also include preparation of the annual reliability assessments, and implementation of the revised BES definition which became effective July 1, 2014.

The 2015 goals and deliverables for the RAPA Program are summarized at pages 32-34 of **Attachment 2**. The 2015 goals and objectives include:

- issuing reliability assessment reports, guidelines, recommendations, and alerts as needed (including the annual 10-year Long-Term Reliability Assessment and Summer and Winter Reliability Assessments, the annual State of Reliability Report, a report on geomagnetic disturbance (GMD) BES effects and vulnerability assessment, and an additional special assessments on a key reliability issue);
- oversight of the Generating, Transmission and Demand Response Availability Data Systems (GADs, TADS and DADS) and the Spare Equipment Database (SED);
- strengthening the Program's data collection and validation processes;

- providing periodic updates in trends and measures of BPS reliability;
- developing a risk registry and systematic prioritization process consistent with the RISC framework and to support BES risk profile measurement and the assessment of standards;
- executing risk control strategies and plans across the ERO to address the highest priority existing or emerging risks to BES reliability, and measuring the results;
- supporting NERC standards development and responses to Commission directives by providing technical and system analysis expertise and supporting the technical foundation development for Reliability Standards;
- providing support and leadership to the NERC Planning Committee and the subcommittees, working groups and task forces of standing committees;
- developing a structured approach to evaluate and improve system models, model validation, system analysis, and assessments;
- assisting in development of approaches to registration and maintenance of the Actively-Monitored List based on reliability trends, risks and historical information;
- conducting major event investigations, analysis and reporting of major findings and recommendations that will improve reliability; and
- implementing effective oversight and tracking of various technical aspects of reliability, including frequency response performance, application of the TPL footnote b adoption, and root cause applications to assessments and analysis.

During 2015, RAPA will potentially conduct additional projects addressing top priority reliability risks identified by the RISC, such as development of standardized models for power flow and dynamic modeling components, gas coordination guidelines, assessment of potential impacts to BPS reliability of emerging and proposed environmental regulations, protection system reliability, guidelines for coordination of protection systems and other devices, emergency transformer replacement, and protection system guidelines.

The budgeted staffing for the RAPA Program for 2015 is 19.70 FTEs, which is an increase of 0.71 FTE over the 2014 budget. The staffing increase reflects the transfer of one FTE from another department, partially offset by the increase of the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expense is increased by $293,975

(8.7%) over the 2014 budget. Budgeted 2015 Meetings Expense is reduced by $71,439 (14.1%) from the 2014 budget, based on actual 2013 experience and projected 2014 results. The RAPA Program is budgeting $955,450 for Consultants & Contracts Expense for 2015, which is an increase of $317,365 (49.7%) from the 2014 budget. The budgeted consultant and contractor resources will support the following activities: (1) research concerning reliability effects of GMD; (2) vegetation management research; (3) the long-term and special reliability assessments and the State of Reliability analysis; (4) licensing and support of existing data bases; and (5) software application development, including replacement for the software application for industry access to GADS data and development of enterprise software applications such as the Reliability Assessment Database applications.

The total budgeted direct expense for the RAPA Program for 2015 is $5,456,456, which represents an increase of $553,152 (11.3%) from the 2014 budget. The RAPA Program is budgeting $50,000 of revenue from Services & Software and $17,500 of revenue from Workshop attendance fees in 2015. The allocation of Administrative Services expenses to this program is $4,149,598, the allocation of Fixed Asset additions to this program is $219,696, and Fixed Asset additions net of Depreciation are budgeted to increase by $200,000 from the 2014 Budget.

4. Reliability Risk Management

The Reliability Risk Management (RRM) group carries out NERC's statutory responsibility to perform assessments (including real-time or near-real-time assessments) of the reliability and adequacy of the BES, as well as identifying potential issues of concern relating to system, equipment, entity and human performance that may indicate a possible need to develop new or modified Reliability Standards. The RRM group includes four primary functions – (i)

BES awareness, (ii) event analysis and determination of root and contributing causes, (iii) assessment of human performance challenges affecting BES reliability and identification of improvement opportunities, and (iv) support of the NERC Operating Committee. RRM has two departments, Situation Awareness and Event Analysis. The 2015 budgets for Situation Awareness and Event Analysis are discussed separately below.

a. Situation Awareness

The Situation Awareness Department works with registered entities to monitor conditions on the BES using various software tools and applications. It also coordinates with Regional Entities and registered entities to notify them of various types of disturbances that could negatively impact the BES. When significant BES disturbances occur, Situation Awareness facilitates coordination of communications between registered entities and applicable governmental authorities.

During 2014, Situation Awareness is phasing out NERC's sponsorship of the North American Synchro-phasor Initiative. By the end of 2014, the NASPI will no longer be sponsored, funded or managed by NERC. During 2014, Situation Awareness is also focused on (1) operation and maintenance of the SAFNR Version 2 software application used for monitoring; (2) replacement of the current Secure Alerting System tool with a streamlined process that will notify industry via e-mail and direct entity representatives to the NERC alerts page for public alerts and to the ES-ISAC portal for confidential, non-public alerts; and (3) transfer of the NERCnet Interconnection Security Network to the Eastern Interconnection Data Sharing Network consortium, so that NERC will no longer be responsible for this tool.

The 2015 goals and deliverables for Situation Awareness are described on pages 39-40 of **Attachment 2** and include ensuring that the ERO is aware of all BES events above a threshold

of impact; ensuring the sharing of data and information to facilitate wide area situation awareness; during crisis situations, facilitating the exchange of information among industry, Regional Entities, and U.S. and Canadian governments; keeping the industry informed of emerging reliability threats and risks to the BES, including any expected actions; conducting the annual NERC Monitoring and Situation Awareness Conference and Human Performance Conference; enhancing tracking of notifications of expected actions in response to emerging actions, to promote greater industry accountability; and issuing timely updates regarding progress toward resolving issues identified in Recommendation and Essential Actions issued by NERC.

The 2015 budgeted staffing for Situation Awareness is 6.10 FTEs, which is a slight reduction of 0.14 FTEs from the 2014 budget. The change is due to the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expenses are decreased by $76,252 (6.4%) from the 2014 budget, although budgeted 2015 Benefits Expense is slightly higher than in the 2014 budget due to market increases in medical and dental plan costs. Budgeted 2015 Meetings Expense is decreased by $149,528 (73.7%) from the 2014 budget, primarily due to the transfer or allocation of the costs of certain meetings to other departments.

The 2015 Consultants & Contracts budget for Situation Awareness of $1,077,321 is a reduction of $211,787 (16.4%) from the 2014 budget. As noted above, in 2014, NERC is transferring its support for the NERCNet tool to an industry organization, resulting in a $154,594 reduction in budgeted Consultants & Contracts Expense. The budgeted 2015 Consultants & Contracts Expense also reflects reductions in costs for SAFNR ($72,216 reduction) and the Secure Alerting System ($79,373 reduction). However, the budgeted 2015 Consultants & Contracts expense also incorporates an increase of $94,396 for other reliability tools. Itemized

information on the 2015 Consultants & Contracts budget for Situation Awareness is provided in Exhibit C of **Attachment 2**.

The total budgeted direct expense for Situation Awareness for 2015 is $2,446,801, which represents a decrease of $444,292 (15.4%) from the 2014 budget. The allocation of Administrative Services expenses to this program is $1,284,901, the allocation of Fixed Asset additions to this program is $76,698, and Fixed Asset additions net of Depreciation are budgeted to decrease by $603,843 from the 2014 budget. In addition, budgeted funding from Workshops is reduced from $75,000 in the 2014 budget to zero in the 2015 budget due to the transfer of responsibility for the NASPI to private sector entities and the corresponding termination of related workshops.

b. Event Analysis

The Event Analysis Department performs assessments of the reliability and adequacy of the BES, including identifying potential issues related to system, equipment, entity and human performance that may indicate a need to develop remediation strategies, action plans, or data used to revise Reliability Standards or consider Reliability Standards. Event Analysis analyzes all reportable events for sequence of events, root cause, risk to reliability, and mitigation, assures tracking of corrective actions to prevent recurrence, and provides lessons learned, emerging trends, risk analysis and expected actions to the industry. Additionally, Event Analysis includes budgeted resources for the investigation team that reviews complaints and conducts compliance investigations; these resources are managed in the Compliance Analysis, Registration and Certification group. Further, Event Analysis focuses on identifying human-error risks and precursor factors that allow human error to impact system reliability.

The 2015 goals and deliverables for Event Analysis are described at pages 44-45 of

Attachment 2, and include: (1) working with Regional Entities to obtain and review information regarding qualifying events and disturbances in order to advance awareness of these events, facilitating analysis of root and contributing causes, risks to reliability, wide-area assessments, and remediation efforts, and disseminating information about events in a timely manner; (2) ensuring that all reportable events are analyzed for sequence of events, root cause, risk to reliability and mitigation; (3) refining risk-based methodologies to support better identification of reliability risks, including the use of more sophisticated cause codes; (4) ensuring consistency in reporting and analysis to support wide-area assessments of significant reliability risks and trends; (5) conducting training to inform industry and the ERO of lessons learned, root cause analysis, cause coding, human performance, and cold weather preparedness and recommendations; (6) developing reliability recommendations and alerts as needed; (7) tracking industry accountability for critical reliability recommendations; (8) ensuring that industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions; (9) conducting major event analysis and reporting of major findings and recommendations that will improve reliability; and (10) advancing the quality and usefulness of reliability assessments and event analysis data. Additionally, Event Analysis will support several of the top priority reliability risk projects described in the RAPA section above.

The 2015 budgeted staffing for Event Analysis is 9.38 FTEs, which is a decrease of 0.22 FTE from the 2014 budget, and results from the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expense is decreased by $22,052 (1.2%) from the 2014 budget, although budgeted Benefits Expense is increased slightly due to market increases in medical and dental plan costs. Budgeted 2015 Meetings Expense is decreased by $50,136 (19.7%) from the 2014 budget, based primarily on 2013 actual costs and 2014 projected

costs. As was the case in the 2014 budget, no Consultants & Contracts expense is budgeted for Event Analysis for 2015.

The total budgeted direct expense for Event Analysis for 2015 is $2,303,098, which represents a decrease of $80,970 (3.4%) from the 2014 budget. The allocation of Administrative Services expenses to Event Analysis is $1,975,798, the allocation of Fixed Asset additions to Event Analysis is $117,939, and Fixed Asset additions net of Depreciation are budgeted to increase by $64,784 from the 2014 budget.

5. Critical Infrastructure Department

The Critical Infrastructure Department supports the development and administration of CIP Reliability Standards. The CID conducts security outreach visits, provides training and exercise opportunities, and coordinates between industry and government on CIP matters. The CID actively participates in CIP standard drafting teams and through programs such as the Security Reliability Program (SRP; formerly known as the Sufficiency Review Program), the annual Grid Security Conference and the biennial Grid Security exercise. Further, the CID provides staff-level support to the NERC Critical Infrastructure Protection Committee (CIPC).

Major activities of the CID in 2014 are described at pages 49-50 0f **Attachment 2** and include providing support for the transition from CIP Version 3 to CIP Version 5, providing subject matter expertise in the development of the Physical Security standard, and providing support for addressing the Order No. 791 directives;[71] continuing the SRP; planning for the 2015 Grid Security Exercise; planning and holding the 2014 Grid Security Conference; and supporting the work of the CIPC and its task forces and working groups.

[71] *Version 5 Critical Infrastructure Protection Reliability Standards*, Order No. 791, 145 FERC ¶ 61,160 (2013).

The 2015 goals and deliverables for the CID are described on page 50 of **Attachment 2**, and include: (1) holding the annual Grid Security Conference, which will focus on physical security and cybersecurity issues facing the electricity sub-sector; (2) conducting Grid Exercise III, which will focus on analyzing industry's response to a physical security and cybersecurity scenario and gathering lessons learned; (3) coordinating with government departments and agencies on critical infrastructure policy issues; (4) supporting preparations for public presentations and follow on actions; (5) supporting CIP standards development and implementation through outreach presentations, webinars, and other training opportunities; and (6) working with the CIPC to address emerging risk issues and projects.

The 2015 budgeted staffing for the CID is 8.44 FTEs, which is a decrease of 4.04 FTEs from the 2014 budget. The decrease is due primarily to the transfer of the CIP auditors to the Regional Entity Assurance and Oversight group as well as to the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expenses for the CID are decreased by $609,195 (25.1%) from the 2014 budget. Budgeted 2015 Meeting Expenses for the CID are reduced by $74,582 (17.9%) due to the reduction in staffing as well as actual 2013 costs and projected 2014 costs. The 2015 budgeted Consultants & Contracts expense for the CID is $426,800, which is an increase of $236,800 (125%) over the 2014 budget. The increase is primarily due to the 2015 costs for the Grid Security Exercise, which is conducted every other year (*i.e.*, was not budgeted or held in 2014). The continuing portion of the budgeted Consultants & Contracts Expense is for support of the CIPC.

The budgeted direct expense for 2015 for the CID is $2,612,056, which is a decrease of $480,293 (15.5%) from the 2014 budget. The allocation of Administrative Services expenses to the CID is $1,777,797, the allocation of Fixed Assets to the CID is $106,120, and Fixed Asset

additions net of Depreciation are budgeted to increase by $37,019 over the 2014 budget.

6. ES-ISAC

The primary function of the ES-ISAC is the rapid and secure sharing of information with the electric industry and governmental entities regarding real and potential cyber related threats to the electricity sector, and maintenance of methods and tools used to avoid or mitigate the potential impact from these threats. The ES-ISAC facilitates sector coordination, mitigation development, and mitigation delivery for physical security, cybersecurity and all hazards events, and supports the Electricity Sub-sector Coordinating Council under the National Infrastructure Protection Plan. The ES-ISAC supports the functions of information sharing and analytics, develops alerts and notifications for registered entities, and utilizes its secure, private information-sharing portal to receive voluntary reports from industry members. The ES-ISAC also maintains a seat on the operations floor of the National Cybersecurity and Communications Integration Center within the Department of Homeland Security, which is the hub for real-time, classified threat and vulnerability work. The ES-ISAC maintains other information-sharing relationships with U.S. and Canadian government departments and agencies and with similar agencies in several other countries.

In the 2015 Business Plan and Budget, the ES-ISAC is being budgeted as a separate department. In the 2014 budget and previously, the ES-ISAC was budgeted within the Critical Infrastructure Protection function or the Situation Awareness and Infrastructure Security Program.

The major activities of the ES-ISAC in 2014 are described on pages 54-55 of **Attachment 2** and are focused on continued execution and maturation of its capabilities and processes. The ES-ISAC's key goals and deliverables for 2015 are described on pages 55-58 of

Attachment 2 and include improving the usability and functionality of the information-sharing portal; preparing and increasing analytical capabilities; portal monitoring; and information sharing. The ES-ISAC will continue to conduct Cyber Risk Preparedness Assessments (CRPA) for registered entities and will continue to develop, and deploy, a cyber risk preparedness toolkit to allow industry to conduct self-assessments of cyber risk preparedness. The ES-ISAC will also continue work with vendors to develop and license cyber intelligence tools that collect and analyze information and then alert the user about selected threats. In carrying out its activities, the ES-ISAC will continue to use software integration support services, the analyst workbench toolset, secure bidirectional communications including the U.S. Department of Energy's Contested Operational Network for Reporting and Defense (CONRAD) system, and intelligence services from a specialized security information service provider that focuses on the electricity sub-sector. ES-ISAC also plans to continue to provide webinars and other technical outreach support to industry in addressing the Aurora Vulnerability.

The major new initiative for the ES-ISAC in the 2015 Business Plan and Budget that was not included in the 2014 Business Plan and Budget is CRISP. The ES-ISAC will be responsible for NERC's participation in CRISP and for the program management role that NERC will take in CRISP.[72] NERC's costs and the funding for CRISP are budgeted within the ES-ISAC budget for 2015. CRISP is a public-private partnership whose purpose is to facilitate timely information sharing of cyber threat information and to develop situation awareness tools that enhance the electricity sector's ability to identify, prioritize, and coordinate the protection of its critical infrastructure. Participants include the U.S. Department of Energy, the Pacific Northwest National Laboratories (PNNL), and Argonne National Laboratories (ANL). NERC's 2015

[72] NERC's participation in CRISP is scheduled to begin on or about October 1, 2014. All of NERC's 2014 costs for CRISP will be funded by Third-Party Funding from industry participants.

budget for CRISP assumes that CRISP monitoring devices will be installed at 28 sites no later than the end of 2015. CRISP will provide near-real-time capability for critical infrastructure owners and operators to voluntarily share cyber threat data, analyze the data, and receive machine-to-machine mitigation measures. Passive sensors called information-sharing devices (ISDs) that are installed on participants' networks send encrypted data to a CRISP analysis center operated by PNNL, which analyzes the data and sends alerts and mitigation measures to CRISP participants through a secure network. In addition to the ISDs, CRISP uses (1) the Cyber Fed Model – software that enables the secure communication of cybersecurity threat information between PNNL, ANL, ES-ISAC, the participating sites, and other participating organizations, and (2) CONRAD – a secure communications device comprised of hardware and software that enables the secure transmission of voice communications and data.

CRISP provides the ability to integrate other cyber-related threat information provided through governmental sources with the cyber threat information gathered by the ISDs installed on participants' networks. CRISP also provides the ability to look across organizations within the electricity subsector to identify correlation and trends. A more detailed description of CRISP is provided in Exhibit F of **Attachment 2**.

The ES-ISAC will assume the role of program manager for CRISP and will be responsible for providing certain services to the participating utilities, including oversight of the installation of ISDs and associated analytical services. ES-ISAC will provide a central point for coordination and be the hub for collaborative analysis of CRISP data. Unattributed CRISP reporting and data will be shared with registered users of the ES-ISAC portal, thereby providing more widespread benefits to industry. NERC will subcontract substantially all of these services to PNNL. As detailed below, the vast majority of NERC's 2015 costs for CRISP will be funded

by Third-Party Funding from the other participants. In the future, the ES-ISAC may work with PNNL and utility participants to evaluate the costs and benefits of NERC developing the capability to either performing these services in-house without PNNL support, with reduced PNNL support, or through a combination of in-house, PNNL and other commercially available subcontractor capabilities. The results of any such evaluation, and any decision for NERC to assume responsibility for performing the CRISP services provided by PNNL in-house or through the use of subcontractors other than PNNL, will be subject to further review by NERC's FAC, approval of the CRISP utility participants, and the receipt of stakeholder input and all necessary corporate and budgetary approvals.

Also in 2015, in furtherance of efforts initiated in 2012 to maintain and enhance separation between the ES-ISAC and the NERC compliance monitoring and enforcement activities, NERC plans to exercise an option to acquire additional space in its Washington, D.C. office in order to physically separate the ES-ISAC from NERC's other operations and to restrict personnel access between the ES-ISAC and other operating areas.

The budgeted 2015 staffing for the ES-ISAC is 10.32 FTEs, which is an increase of 2.60 FTEs from the 2014 budget. The increase reflects the addition of two positions to support CRISP and a dedicated administrative support position (due to the planned physical separation of the ES-ISAC in NERC's Washington, D.C. office), net of the impact of increasing the personnel attrition adjustment factor applied to all program areas and departments from 4% to 6%. Budgeted 2015 Personnel Expenses are increased by $516,892 (30.4%) over the 2014 budget. Budgeted 2015 Meeting Expense is increased by $122,457 (138%) over the 2014 budget, due to the increased staffing and to the fact that in the 2014 budget, Meeting and conferencing expenses were included in the Critical Infrastructure Protection budget but were not specifically allocated

to the ES-ISAC. The budgeted 2015 expense for Consultants & Contracts is $8,329,300, which is an increase of $7,542,940 from the 2014 budget. Of the Budgeted 2015 Consultants & Contracts Expense, $7,666,055 is new costs for CRISP, while other Consultants & Contracts Expenses reflect a net reduction of $123,115 from the 2014 budget. In addition, budgeted 2015 Office Costs for the ES-ISAC are increased by $324,139 over the 2014 budget, due to data storage needs to support CRISP as well as expenses for certain software maintenance agreements that were included in the CID budget for 2014 but are now included in the ES-ISAC budget for 2015. Finally, $350,000 is budgeted for Professional Services (versus zero in the 2014 budget) for professional services support and insurance for CRISP.

The ES-ISAC budget for 2014 includes $8,943,589 of Third-Party Funding (versus zero in the 2014 budget), which represents the funding being provided by participating utilities and other entities, pursuant to the master services agreement for CRISP, to support NERC's participation and activities as program manager for CRISP. This Third-Party Funding substantially offsets the increase of $9,766,176 in the 2015 total budget for the ES-ISAC over the 2014 budget. Third-Party Funding for CRISP will be deposited in a separate account. Any underrun in the CRISP budget which is allocated to and funded by CRISP participants shall be applied as a credit against future CRISP participant funding requirements, pursuant to the terms of the CRISP agreements.

The budgeted direct expense for 2015 for the ES-ISAC is $11,466,588, which is an increase of 8,856,928 from the 2014 budget. The allocation of Administrative Services expenses to the ES-ISAC is $2,173,799, the allocation of Fixed Assets to the ES-ISAC is $229,758, and Fixed Asset additions net of Depreciation are budgeted to increase by $186,821 over the 2014 budget.

7. Training, Education, and Operator Certification Program

The Training, Education, and Operator Certification Program provides oversight and coordination of the delivery of training programs that support the ERO's statutory responsibilities, by providing training and education to NERC and Regional Entity staff, including compliance auditors, relating to their job responsibilities, and to industry participants on the requirements of Reliability Standards, the standards development process, and the compliance monitoring and enforcement process. The Training, Education, and Operator Certification Program also supports NERC's System Operator Certification and Continuing Education Programs for owners, operators and users of the BES and their operating personnel, which ensure that personnel operating the BES have the skills, training and qualifications needed to operate the system reliably. NERC maintains the credentials required to work in system control centers across North America for over 6,000 system operators. Certification exams are created by the Personnel Certification Governance Committee (PCGC), an industry group of operational experts, trainers and supervisors. Once an operator achieves certification by passing the examination, the operator's certification is maintained by completing NERC-approved continuing education courses and activities, under the oversight of the NERC Personnel Subcommittee.

The major activities of the Training, Education, and Operator Certification Program for 2014 are described at page 62 of **Attachment 2** and include providing training for industry and ERO personnel in the following areas: auditor training; standards and compliance training; training on registration and certification (for registered entities); continuing education for system operators and other industry personnel as appropriate and related to their reliability functions; and training on event analysis, cause analysis, and lessons learned.

The 2015 goals and deliverables of the Training, Education, and Operator Certification Program are described at page 62 of **Appendix 2**. A primary objective, in response to stakeholder and Regional Entity feedback, is to continue to further expand and focus training and education opportunities for NERC, Regional Entity and registered entity personnel, including on topics for registered entities such as objectives of Reliability Standards, standards compliance, emerging cyber-related issues that could affect BES reliability; and topics for ERO personnel such as consistent audit and investigation techniques, standards compliance reviews, compliance practices and enforcement practices such as RAI and FFT, and compliance auditor skills. Other training will focus on knowledge and skills development in a number of areas, including development and implementation of clear and technically sound reliability standards, lessons learned and trends from events, common cause analysis, effective compliance cultures, effective root, apparent, and common cause analysis methods, registered entity self-reporting and self-certification, and entity registration processes, issues, and alternatives.

Training and education opportunities will be provided through workshops hosted by NERC and the Regional Entities, webinars, training courses, and vendor-provided training modules and other offerings.

The budgeted staffing for the Training, Education, and Operator Certification Program for 2015 is 7.97 FTEs, which is a slight decrease of 0.19 FTE from the 2014 budget and is due to the increase in the personnel attrition adjustment factor from 4% to 6%. Budgeted 2015 Personnel Expense increases by $113,470 (10.3%) from the 2014 budget, due to budgeted salary increases and changes in job responsibilities for some positions, partially offset by the increase in the personnel attrition adjustment factor from 4% to 6%. The budgeted Consultants & Contracts Expense for 2015 of $752,130 represents a decrease of $96,700 (11.4%) from the 2014 budget.

The decrease in Consultants & Contracts Expense is primarily due to lower costs for system operator testing and exam development costs. Of the total budgeted amount of $752,130, $359,406 is for training and education (including continuing education) activities and $392,724 is for system operator certification activities.

The direct expense budgeted for the Training, Education, and Operator Certification Program for 2015 is $2,171,919, which is a small increase of $13,720 (0.6%) over the 2014 budget. The allocation of Administrative Services expenses to this Program is $1,678,797, the allocation of Fixed Assets to this Program is $100,210, and Fixed Asset additions net of Depreciation are budgeted to increase by $55,029 over the 2014 budget.

The System Operator Certification Program generates revenues from fees charged for system operator certification examinations and fees charged to continuing education providers, which are intended to recover the costs (including an allocation of indirect expenses) of the Program. The 2015 Budget includes projected revenues from Testing Fees totaling $1,670,000, which is an increase of $50,000 (3.1%) from the 2014 budget.

Under NERC's Working Capital and Operating Reserves Policy, a separate Operating Reserve account is established for any revenues realized by the System Operator Certification Program in excess of expenses incurred for the Program, to be used solely for operator training and certification needs as determined by NERC management and the PCGC. NERC has established a target Operating Reserve for this program of $591,388 at December 31, 2015, and has projected a $996,430 Operating Reserve balance for the System Operator Certification Program at December 31, 2014. Therefore, for 2014, the System Operator Certification Program will use $405,042 of Operating Reserves to fund budgeted costs in excess of program funding.

8. Administrative Services

The Administrative Services departments support the NERC statutory programs. Administrative Services comprises the following functions: (i) Technical Committees and Members' Forums (which has no budget for 2014); (ii) General and Administrative (which includes senior executive and administration and Board functions); (iii) Legal and Regulatory; (iv) Information Technology; (v) Human Resources, and (vi) Finance and Accounting. Descriptions of the responsibilities of each of the functions included in Administrative Services are provided in the text at pages 66-86 of **Attachment 2**.

The total amount budgeted for expenses and Fixed Assets in Administrative Services for 2015 (before provision for Working Capital and Operating Reserves) is $27,848,038, which is an increase of $2,612,565 (10.4%) over the 2014 budget and is reflective of the scope and depth of resources required to effectively support the ERO operations. All Administrative Services expenses and Fixed Asset additions are allocated to the statutory programs on the basis of proportional numbers of budgeted FTEs in the statutory programs.[73] The total budgeted staffing for the Administrative Services departments for 2015 is 67.54 FTEs, which is an increase of 8.40 FTEs over the 2014 budget.

The following paragraphs provide further detail on the 2015 activities and budgets for the individual Administrative Services departments.

Technical Committees and Members' Forums – While NERC management and staff will continue to interact with and support numerous reliability-related industry forums during

[73] NERC has installed enhancements to its accounting system to provide the capability to allocate expenses by major activity code and department utilizing time-keeping information from its workforce management system. Management has been testing and refining the system, activity codes and reports and plans to use the information from this system in 2015 as an input to the development of NERC's 2016 Business Plan and Budget.

2015, including the North American Transmission Forum and the North American Generator Forum, the 2015 budget does not include any specific projected expense or funding for any forum activities.

General and Administrative – The General and Administrative function is responsible for administration and general management of NERC. Expenses budgeted in this area include Office Rent; Personnel Expense and related costs of the Chief Executive Officer (CEO), the Chief Reliability Officer, and the CEO's executive assistant; communications, external affairs and governmental relations; and costs related to the Board. Budgeted staffing for this function for 2015 is 13.13 FTEs, which is an increase of 2.57 FTE over the 2014 budget. The staffing increase is due primarily to reallocations of certain positions to General and Administrative from other departments.

The 2015 budgeted direct expense for General and Administrative is $8,918,288, which is an increase of $890,552 (11.1%) over the 2014 budget. The most significant component of this increase is a $542,288 (21.5%) increase in Personnel Expenses. Budgeted 2015 Meetings Expense is increased by $80,525 (11.3%) over the 2014 budget, based on 2013 actual costs. Budgeted 2015 Operating Expenses are increased by $267,739 (5.6%) from the 2014 budget, which reflects an increase of $370,477 (14.2%) in Office Rent and decreases of $60,000 (80%) in Consultants & Contracts Expense and $57,738 (11.5%) in Office Costs. The increase in budgeted Office Rent is due to the proposal to acquire additional space in NERC's Washington, D.C. office in order to separate the ES-ISAC from other NERC operations, plus a projected decrease in rental income from the subtenant in NERC's former Washington, D.C. office.[74]

NERC is budgeting a total amount of $1,479,000 for Board of Trustee costs in 2015,

[74] Office Rent for all NERC facilities is budgeted in General and Administrative.

comprised of $244,000 for costs of quarterly Board, Board committee and MRC meetings, $150,000 for Trustee Travel expense for all their NERC activities (*i.e.*, not just travel in connection with the quarterly Board meetings), and $1,085,000 for Independent Trustee fees. This total is $20,000 higher than the 2014 budget of $1,459,000, with the increase due to a planned increase in Trustee fees of $85,000 (8.5%) and a net increase of $5,000 of the costs of quarterly Board meeting and Trustee Travel expense, less a reduction in Trustee search fees from $70,000 in the 2014 budget to zero in the 2015 budget. The table on page 67 of **Attachment 2** details the budgeted Board expenses.

The General and Administrative budget includes $131,000 of Other Non-Operating Expenses to cover NERC's property tax obligations in Atlanta, Georgia and Interest expense for 2015 under NERC's capital financing plan, which is discussed in §IV.C below. The 2015 budgeted amount is a decrease of $13,000 (9.0%) from the 2014 budget, and reflects changed assumptions as to the timing of draws on the capital financing loan.

Legal and Regulatory – The Legal and Regulatory function provides legal and regulatory support to the organization, including to Compliance Analysis, Registration and Certification, Reliability Risk Management, RAPA and Standards. In addition, Legal and Regulatory is responsible for providing a wide range of legal support to the organization in corporate, commercial, contractual, employment, insurance, real estate, intellectual property, tax and other legal matters.

The 2015 budget for Legal and Regulatory is $4,448,015, an increase of $149,202 (3.5%) over the 2014 budget. Budgeted staffing for 2015 for Legal and Regulatory is decreased slightly from 15.15 FTEs to 15.01 FTEs. Budgeted 2015 Personnel Expense is increased by $217,130 (6.5%) from the 2014 budget. Budgeted 2015 Travel expense is decreased by $15,579 (11.3%)

from the 2014 budget based on 2013 actual costs, and budgeted Professional Services expense is reduced by $60,000 (7.9%).

Information Technology – NERC's IT department is responsible for supporting the development and maintenance of ERO Enterprise applications, data analysis and ongoing operations. The IT's activities fall into three categories: (1) development (using well-qualified vendors), enhancement, and support of applications that are strategic to the ERO Enterprise but not readily available in a commercially-off-the-shelf solution; (2) ERO data analysis – professional services (vendor support) for implementation and configuration of data analytics; tools (software applications) used to mine data from databases; and support (ongoing upgrades, enhancements, and help desk support); and (3) ongoing operations to support existing software applications, network security testing and planning, website maintenance and development, and development and management of a document management system. Ongoing operations include maintenance and enhancements for the compliance data base (CRATS/webCDMS); maintenance and enhancements for various legacy databases; quarterly penetration and vulnerability testing for all NERC networks and systems; and NERC security program, which is the subject of ongoing enhancements; implementation of a document management system; and continuing enhancements to the NERC public website.

The 2015 budgeted expense for the IT Department is $8,526,886 which is an increase of $206,041 (2.4%) over the 2014 budget. The 2015 budgeted staffing for IT is 19.70 FTEs, which is an increase of 1.62 FTEs over the 2014 budget and reflects the transfer of positions from other departments and the addition of a Chief Information Officer in 2014. The 2015 budgeted Personnel Expense is increased by $574,665 (21.3%) over the 2014 budget. Budgeted 2015

Meetings Expense is decreased by $17,874 (25.9%) from the 2014 budget, based on 2013 actual costs.

The 2015 budget for Consultants & Contracts for IT is $1,729,600, which is a decrease of $214,400 (11.0%) from the 2014 budget. The reduction in this expense category is primarily due to lower budgeted costs for applications enhancements, consulting and help desk support, for which the budgeted Consultants & Contracts Expense is reduced by $353,700. This reduction is partially offset by the addition to the 2015 budget of $100,000 of Consultants & Contracts Expense for ERO data analysis (versus zero in the 2014 budget). The 2015 IT budget includes $2,143,420 for Office Costs, which is a decrease of $136,350 (4.9%) from the 2014 budget. The Office Costs budget includes $228,000 for Telephone and Telephone Answering Services expenses, $375,000 for Internet expenses ($100,000 increase from the 2014 budget), $9,000 for Computers expense (expenses for items that are not large enough to be capitalized), $100,100 for Computer Supplies, $1,333,320 for Maintenance & Service Agreements ($206,050 reduction from the 2014 budget), $88,000 for Software ($52,500 reduction from the 2014 budget), and $10,000 for express shipping of computers and computer supplies ($10,000 increase – not separately budgeted in 2014). Additional description of the costs budgeted in these expense categories is provided at pages 75-77 of **Attachment 2**.

The 2015 IT budget includes a total of $3,318,500 for Computer & Software Capital Expenditures ($2,953,500) and Equipment Capital Expenditures ($365,000), which is an increase of $846,700 (34.3%) over the 2014 budget. The IT Capital Expenditures budget includes both expenditures for major applications development, implementation and enhancement projects and costs for software, servers, laptops and other hardware to support NERC's daily operations. A more detailed list of 2015 capital expenditures is provided in Exhibit D – Capital Financing of

Attachment 2; all of the projects listed in the table on page 129 in Exhibit D are included in the 2015 IT capital expenditures budget, with the exception of the Generation Data Software project which is included in the RAPA budget.

Human Resources – HR manages all of NERC's human resources functions, including new hires, benefits and employee functions, and oversees employee performance appraisals and the incentive structure process. HR's activities are focused on executive training and development, staff development, use of compensation consultants to provide employment market data, stakeholder surveys including surveys of Board and committee effectiveness, succession planning, and automation of HR products and services.

The 2015 Budget for HR is $1,158,304, which is an increase of $53,330 (4.8%) from the 2014 budget. The 2015 budgeted staffing for HR is 2.81 FTEs, which is a slight reduction of 0.07 FTE from the 2014 budget due to the increase in the personnel attrition adjustment factor from 4% to 6%; no additions or deletions of positions is planned. The budgeted Consultants & Contracts expense for HR in 2015 of $298,275 is $40,775 (15.8%) higher than the 2014 budget amount, due primarily to the addition of $48,500 for HR consulting services to support HR's activities. As shown in Exhibit C of **Attachment 2**, use of consultants and contractors for HR is budgeted in the areas of executive training and development, staff training and development, compensation consulting, stakeholder surveys, succession planning, improvements to employee-facing HR processes, and other HR consulting services.

Finance and Accounting – Finance and Accounting manages all of NERC's finance and accounting functions, including employee payroll, retirement plans, travel and expense reporting, monthly financial reporting, sales and use taxes, meeting/events planning and services, insurance, internal audit, and facilities management. Finance and Accounting has primary

responsibility for development of the annual business plan and budget, and for NERC's internal controls and risk management function.

The 2015 budgeted expense for Finance and Accounting is $3,096,886, which is an increase of $479,739 (18.3%) from the 2014 budget. The 2015 budgeted staffing for this function is 16.89 FTEs, which is an increase of 4.41 FTEs from the 2014 budget and reflects the reallocation of several FTEs to this department from other departments and the addition of one new FTE to further strengthen internal control capabilities. As a result of the staffing additions and market increases in medical and dental plan costs (Benefits Expense), budgeted 2015 Personnel Expenses are increased by $527,491 (28.7%) over the 2014 budget.

The 2015 budgeted expense for Consultants & Contracts of $339,500 for Finance and Accounting is decreased by $60,500 (15.1%) from the 2014 budget, primarily due to a reduction in outside auditor and internal controls consulting support, as significant consulting support was used in implementing system and process improvements in 2014. Additionally, the 2015 budgeted expense for Professional Services is increased by $16,000 (5.7%) over the 2014 budget, primarily for services in the implementation of new systems to improve efficiency and controls in processing expenses.

B. Working Capital and Operating Reserves

NERC's Working Capital and Operating Reserve Policy, adopted by the NERC Board in 2012 and amended in 2013, provides for separation of Working Capital from Operating Reserves, establishes criteria and authorities for funding and access to Working Capital and Operating Reserves and transfers of funds between the reserve accounts, establishes controls and authorities regarding the reallocation of budgeted funds to other uses, establishes controls regarding annual headcount and FTE budgets, and establishes transparent reporting requirements. Exhibit E of **Attachment 2** sets forth and explains the amounts of Working

Capital and Operating Reserves proposed to be budgeted, and reflected in the setting of NERC's assessments, for 2015.[75]

The amounts budgeted for 2015 for each Working Capital and Operating Reserve category are as follows:

Working Capital: $3,250,000.

Primarily comprised of funding ($3,200,000) NERC has collected and is reserving to offset future liabilities in connection with lease agreements for the Atlanta and Washington DC offices. NERC does not anticipate a need to access working capital in 2014 to meet monthly cash flow needs or to satisfy conditions in its credit agreement.

Operating Reserves: $3,090,000.

Known Contingencies where timing and amount are uncertain: $0.

NERC's 2015 expense and fixed asset budget was developed taking known contingencies into consideration.

Unforeseen Contingencies: $2,000,000.

Represents contingency for unknowns which were not anticipated at the time of the preparation and approval of the Business Plan and Budget, including significant litigation, compliance with new governmental or regulatory mandates, major system event investigations, etc.

System Operator Certification Program: $591,400.

The projected December 31, 2014 reserve balance of the System Operator Certification Program is $996,430; of this amount, $405,042 is projected to be used in 2015 to fund budgeted costs of the program that are in excess of projected funding.

CRISP: $500,000

Pursuant to the terms of the master services agreement between NERC and the participating utilities, a separate CRISP participant (third party) funded reserve will be established for certain contingencies in connection with CRISP.

Total Desired Working Capital and Operating Reserve: $6,300,000.

Based on the beginning Working Capital and Operating Reserve at December 31, 2013, the projected funding and expenditures for 2014, the budgeted funding and expenditures for 2015, and the desired Working Capital and Operating Reserve at December 31, 2015, Table B-1

[75] Working Capital Reserves include funds reserved for future liabilities, such as deferred rent obligations.

on page 87 of **Attachment 2** shows the calculation of the resulting adjustment (increase) to NERC's 2015 statutory assessment of $1,094,958. (As shown on Table B-1, there are additional adjustments to the 2015 assessment calculation for (1) anticipated proceeds from financing activities, and (2) debt service, as discussed in the next section.) To the extent NERC's actual year-end 2014 Working Capital and Operating Reserves are higher than projected (as shown on Table B-1), the excess funds will be included in the Working Capital, Unforeseen Contingency Operating Reserve account or System Operator Certification Program account, as applicable, and subject to the limitations and authorities regarding their use set forth in the Working Capital and Operating Reserves Policy.

C. Capital Expenditures Financing Plan

As described in Exhibit D to NERC's 2014 Business Plan and Budget, NERC is financing the development costs of certain software applications and IT hardware and amortizing these investments over a three year period. As described in Exhibit D to **Attachment 2** of this filing, NERC successfully closed its capital financing program on January 10, 2014, establishing a $7,500,000 revolving line of credit. Consistent with the terms of the loan documentation and the approved 2014 budget, NERC made an initial draw on the revolving line of credit of $1,265,000 in late January 2014, leaving a balance of $1,416,000 available for draw in the remainder of 2014, consistent with the approved 2014 budget.

For 2015, NERC's proposed capital expenditures budget for 2015 is $3,618,000, of which it is proposing to finance $1,900,000. The capital expenditures in the 2015 budget are listed on page 129 of **Attachment 2** in Exhibit D, and include $3,253,500 of Computer & Software CapEx and $365,000 of Equipment CapEx. NERC plans to finance $1,900,000 of the Computer & Software CapEx, comprised of expenditures for development of ERO applications

($1,050,000), ERO data analysis tools ($550,000), generation data software (the Reliability Assessment Data System project) ($200,000), and other computer hardware ($100,000). The remaining Computer & Software CapEx is comprised of $1,353,500 for IT hardware and software including hardware and software for disaster recovery ($250,000), data storage ($425,000), replacement servers ($202,000), software licenses ($350,500), and replacement laptops ($126,000). The $365,000 of Equipment CapEx is for replacement network devices.

The table included in Exhibit D (page 130) of **Attachment 2** shows the projected principal and interest repayment schedule for the amounts of capital expenditures financed to date and the additional $1,900,000 of capital financing planned for 2015.[76] The 2015 financing plan assumes an average interest rate of 3.5%, as was used in the 2014 budget. Although the initial capital financing in 2014 was obtained at an interest rate lower than 3.5%, NERC believes that a 3.5% interest rate should again be used in 2015 for budgeting purposes in light of the prospects for interest rate increases in 2015.[77] The actual interest rate and interest rate expense will be reflected in the quarterly budget-to-actual variance reports that NERC posts on its website, reviews in open session with the NERC FAC and provides to the Commission. Any savings in interest expense compared to the budgeted expense will be captured and reported as a contribution to NERC's operating reserves, the expenditures of which are subject to the terms of its Working Capital and Operating Reserve Policy.

D. Proposal to Use Penalty Payments Received on July 9, 2014

The NERC policy, *Accounting, Financial Statement and Budgetary Treatment of*

[76] The amount financed to date totals $2,681,000 and consists of Tranche A, $1,265,000 (the initial draw from the line of credit in January 2014) and Tranche B, $1,416,000 (financing executed in the remainder of 2014). The 2015 capital financing of $1,900,000 (Tranche C) will bring the total amount financed through 2015 to $4,581,000.

[77] Any difference between actual and budgeted interest expense for draws under NERC's credit facility becomes an addition to NERC's Unforeseen Contingency Operating Reserve Balance.

Penalties Imposed and Received for Violations of Reliability Standards, and §1107.2 of the NERC ROP specify that Penalty payments received by NERC or a Regional Entity during the period from July 1 of the second year preceding the budget year through June 30 of the year preceding the budget year are used to offset assessments to LSEs in the U.S. for the budget year, unless an alternative treatment is approved by the Commission. However, on July 9, 2014, NERC received a significant Penalty payment of $1,000,000 (*see* Table B-2, Penalties, in **Attachment 2**). Pursuant to and as required by §1107.4 of the ROP, NERC is requesting the Commission's approval to apply the $1,000,000 Penalty payment received on July 9, 2014, to reduce 2015 assessments. This proposal is based on: (1) the increase in NERC's 2015 budget over the 2014 budget of $1,315,623 (this number excludes the budget increase for CRISP that will be supported by Third-Party Funding), (2) the decrease in Penalty funding in the 2015 budget of $135,000 from the 2014 budget that would otherwise occur, (3) the net decrease in other funding sources (Testing Fees, Services & Software, Workshops and Interest) in the 2015 budget of $79,700 from the 2014 budget, (4) the need to increase the 2015 assessment by $1,000,000 to maintain an appropriate Working Capital and Operating Reserve level (excluding the Working Capital Reserve for the System Operator Certification Program), in contrast to a downward adjustment to the assessment of approximately $1.22 million in 2014 for this purpose, and (5) the fact that the $1,000,000 Penalty payment was received shortly after June 30, 2014.

The proposed inclusion of the July 9, 2014 Penalty payment in the 2015 budget will help to dampen the increase in the 2015 assessment that would otherwise occur. With the use of the July 9, 2014 Penalty payment as Penalty funding in the 2015 budget, the 2015 assessment will be higher than the 2014 assessment by $3,906,993 (7.6%). If the July 9, 2014 Penalty payment is not used as Penalty funding in the 2015 budget, the 2015 assessment will be higher than the 2014

assessment by $4,906,993 (9.5%). Stakeholders have commented in this year and previous years that NERC should consider ways to dampen the fluctuations in assessment amounts from year-to-year, such as through management of Penalty revenues, in order to provide more predictability for LSEs in forecasting and budgeting for their assessment expense. The proposed use of the July 9, 2014 Penalty payment as Penalty funding in the 2015 budget would be consistent with this objective, and NERC requests that this exception to NERC's existing policy and to ROP §1107.2 be approved by the Commission, pursuant to ROP §1107.4, as part of its approval of NERC's 2015 Business Plan and Budget and assessments.

V. REGIONAL ENTITY BUSINESS PLANS AND BUDGETS

A. Consistency Among Regional Entity Budgets

In developing the 2015 Regional Entity Business Plans and Budgets, NERC and the Regional Entities continued the substantial efforts they devoted to achieving consistency of format and presentation of information in the 2008, 2009, 2010, 2011, 2012, 2013 and 2014 Business Plans and Budgets. NERC and the Regional Entities: (i) used a common and consistent format for the 2015 Business Plan and Budget documents, (ii) continued to use the consistent accounting methodologies that were developed in connection with the 2010 Business Plans and Budgets, (iii) continued to use the common definition of administrative (indirect) costs that was originally developed in connection with the 2010 Business Plans and Budgets, and (iv) again developed and used extensive Shared Business Plan and Budget Assumptions for their 2015 Business Plans and Budgets. The Shared Business Plan and Budget Assumptions are provided in Exhibit A to the NERC 2015 Business Plan and Budget (**Attachment 2**) and are cross-referenced

in the Regional Entity Business Plans and Budgets.[78]

In preparing their 2014 Business Plans and Budgets, the Regional Entities developed and applied adjustments to Personnel Expenses for labor "float" or "attrition." Use of this factor was intended to reflect the fact that, historically, the Regional Entities (and NERC) have often been unable to achieve or maintain budgeted staffing levels throughout the year due to (i) unanticipated departures of individual employees (*e.g.,* employees leave to take positions with other employers), and (ii) inability to fill budgeted positions within the time periods anticipated in preparing the budget (*e.g.*, it is assumed that a new position can be filled by the start of the second quarter but in fact it is not filled until the start of the third quarter). As a result, actual Personnel Expenses have often been less than budgeted. To recognize this experience in their 2014 Budgets, the Regional Entities applied labor float factors to either or both their budgeted staffing numbers (FTEs) or their budgeted Personnel Expenses. Each Regional Entity developed its own labor float or labor attrition factor based on its experience. In the preparation of the 2015 Business Plans and Budgets, however, some Regional Entities have elected not to use a labor float factor adjustment, while other Regional Entities have continued to apply this adjustment. The 2015 Business Plans and Budgets of the Regional Entities that have continued to use a labor float adjustment for 2015 discuss the specific adjustment that each Regional Entity used.

As discussed in NERC's 2014 Business Plan and Budget filing and the Regional Entity 2014 Business Plans and Budgets, the Regional Entities have jointly retained a coordinator, employed by SERC, to manage joint Regional Entity projects, including development of common IT applications that are being conducted under the auspices of the Regional Entity

[78] The Shared Business Plan and Budget Assumptions have been developed for the 2015-2017 period, and therefore are applicable to the NERC and Regional Entity 2016 and 2017 budget projections as well as to their 2015 Business Plans and Budgets.

Management Group. The development and implementation of common IT applications and other processes on a joint basis among the Regional Entities results in (i) lower costs for each Regional Entity and (ii) adoption of systems and processes that are consistent across the Regions, to the benefit of stakeholders, particularly stakeholders operating in multiple Regions. Each Regional Entity's 2015 Budget includes an expense for the Regional Entity's share of the costs for the coordinator position, which are paid to SERC.

Achieving and maintaining consistency among the Regional Entity business plans and budgets is an ongoing process, and NERC intends to continue to work collaboratively with the Regional Entities to maintain and enhance consistency in the presentation of the NERC and Regional Entity business plans and budgets in the future.

The Regional Entity Business Plans and Budgets follow a similar format to that used for the NERC Business Plan and Budget. Each Regional Entity Business Plan and Budget begins with an Introduction section that presents a table showing the Regional Entity's budgeted Total Resources for 2015, including statutory and (where applicable) non-statutory FTEs and expenses; the proposed increases or decreases in statutory and non-statutory Fixed Assets and Working Capital Requirement; the total statutory and non-statutory Funding Requirement; and the proposed Assessments to recover the Regional Entity's statutory Funding Requirement, allocated (where applicable) among the U.S., Canadian provinces and Mexico.[79] The Introduction also provides general information on the Regional Entity, including information on its organization, membership and governance; provides the Regional Entity's key assumptions and its goals and key deliverables for 2015; and provides an overview of the primary cost

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

impacts to the Regional Entity's 2015 budget. The Introduction section includes a table showing the Regional Entity's 2014 budget, 2014 projection, 2015 budget, and variance between the 2014 budget and 2015 budget, for each of the statutory programs. It also contains a chart comparing the Regional Entity's 2014 to 2015 budgeted expenses by statutory program; and a table showing the Regional Entity's FTEs, by statutory program and administrative department, for its 2014 budget, 2014 projection, and 2015 budget. Finally, the Introduction section includes the Regional Entity's overall statutory Statement of Activities, with information presented for its 2014 budget, 2014 projection, variance between its 2014 budget and 2014 projection, 2015 budget, and variance between its 2015 budget and 2014 budget.

The Regional Entity Business Plans and Budgets next contain, in Section A – Statutory Programs, separate subsections on each statutory program and administrative department or function of the Regional Entity. These sections are presented in similar format to the NERC Business Plan (Section A of **Attachment 2**), including: (i) a table for each statutory program and administrative function showing total FTEs, total Direct Expenses, total Indirect Expenses, increase or decrease in Fixed Assets, and total Funding Requirement, for the 2014 budget and 2015 budget and the Increase/(Decrease), and (ii) a Statement of Activities for the statutory program or administrative function showing Funding, Expenses and Fixed Asset activity by major line item categories, Total Budget and Total Change in Working Capital.[80] Information is presented in each of the Statements of Activities for the 2014 budget, the 2014 projection and the 2014 budget, and the variances between the 2014 budget and 2014 projection and between the

[80] The FRCC 2014 Business Plan and Budget (**Attachment 3**) provides a consolidated summary table, Statement of Activities, and discussion for General and Administrative covering all its administrative functions, and does not include separate tables, Statements of Activity and discussion for each individual administrative function.

2015 budget and 2014 budget.[81] The text of these sections for each statutory program includes discussion of the program scope and functional description, 2015 key assumptions, goals and key deliverables for 2015, and reasons for increases or decreases in funding sources and costs in 2015, for the program.

Section B of each Regional Entity Business Plan and Budget presents supplemental financial information supporting the 2015 statutory budget. Section B contains tables detailing the development of the adjustment to the Regional Entity's 2015 assessment to achieve its desired Working Capital Reserve at December 31, 2015 (Table B-1); Penalty payments received in the 12 months ended June 30, 2014, to be used as an offset to the Regional Entity's funding requirement (Table B-2); Supplemental Funding (*e.g.*, Workshop fees and Interest income) (Table B-3); Personnel Expenses (Table B-4); Consultants & Contracts expense (Table B-5); Office Rent (Table B-6); Office Costs (Table B-7); Professional Services expense (Table B-8); and Other Non-Operating Expenses (Table B-9). Tables B-3 through B-9 are followed, where applicable, by explanations of significant variances between the Regional Entity's 2014 and 2015 Budgets for the funding or cost category. Finally, Table B-10 provides the Regional Entity's statutory budget projections for 2016 and 2017 (along with, for comparison, its 2014 and 2015 budgets), in Statement of Activities format.[82]

Section C – Non-Statutory Activities of each Regional Entity Business Plan and Budget

[81] The Statement of Activities for each Regional Entity's General and Administrative function shows its proposed adjustment, if any, to its 2015 statutory assessment to provide for Working Capital Reserve as a Funding Requirement (positive or negative) for the General and Administrative function. All Expenses and Fixed Asset activity for the administrative programs are allocated to, and included in the Funding Requirements for, the statutory programs; therefore, no other Funding Requirement is shown for any of the Regional Entity's administrative functions.

[82] MRO has included its budget projections for 2016 and 2017 in Section D of its 2015 Business Plan and Budget, and WECC has included its budget projections for 2016 and 2017 in Appendix B to its 2015 Business Plan and Budget, rather than in Table B-10 of Section B.

provides (where applicable) information on the Regional Entity's non-statutory activities for 2015, including program descriptions and objectives, budget information, and FTEs.[83]

Following Section C, each Regional Entity Business Plan and Budget also provides, in Section D – Additional Consolidated Financial Statements, or in separate appendices: (1) a 2015 Consolidated Statement of Activities, Fixed Asset Expenditures and Changes in Working Capital showing the Regional Entity's 2015 budgeted line-item funding sources, expenses, and Fixed Asset activity, in total, by statutory and (if applicable) non-statutory, and by statutory program and Administrative Services department, as well as the Direct Expenses and Indirect Expenses for each statutory program; (2) a combined (statutory and, where applicable, non-statutory) Statement of Financial Position at (i) December 31, 2013, based on 2013 actual audited results;[84] (ii) December 31, 2014, based on the Regional Entity's 2014 projection; and (iii) December 31, 2015, based on the Regional Entity's 2015 budget; and (3) the Regional Entity's organization chart, showing staffing comparisons for 2015 versus 2014.

B. Discussion of Individual Regional Entity 2015 Business Plans and Budgets

This section summarizes highlights of the individual Regional Entity 2014 Business Plans and Budgets.

1. FRCC

FRCC's total statutory budget for 2015, before adjustment for Working Capital Reserve, is $7,162,233, an increase of $367,301 (5.4%) from its 2014 budget. FRCC's proposed 2015

[83] MRO, RF and SERC do not plan to have, and have not budgeted for, any non-statutory activities in 2014. SPP RE is unable to provide a non-statutory budget for 2015 because its planning and budgeting cycle does not result in finalization and SPP Board approval of the overall SPP, Inc. budget until October. SPP RE has included the overall SPP, Inc. 2014 budget and 2013 actual income statement, for information.

[84] The audited financial statements of each Regional Entity for 2013 were filed with the Commission on May 30, 2014, in NERC's *2013 Budget True-up Report*.

ERO Assessment amount of $6,062,838 is $574,781 (10.5%) higher than its 2014 ERO Assessment, reflecting (in addition to the increased budget) (i) a $175,000 offset from Penalty payments received from Registered Entities (as compared to $343,000 of Penalty payments in the 2014 budget, *i.e.*, a decrease of $168,000 in this Funding source); and (ii) a decremental adjustment of $810,395 to its 2015 ERO Assessment, based on the difference between its projected Working Capital Reserve at December 31, 2014 and its desired Working Capital Reserve at December 31, 2015 (as compared to a decremental adjustment to its 2014 ERO Assessment of $849,875 relating to Working Capital Reserve, *i.e.*, the adjustment for Working Capital Reserve provides a smaller offset to ERO Assessments, by $39,480, in FRCC's 2015 budget that was the case in its 2014 budget).

FRCC is budgeting for slightly decreased staffing of 0.17 FTEs in its five operational programs for 2015 and a slight increase in staffing of 0.68 FTE in its Administrative programs, resulting in a budgeted overall staffing increase of 0.51 FTEs. The increases and decreases in staffing in the individual programs are in each case less than 1.00 FTE. FRCC's budgeted Personnel Expenses are increased by $275,967 (5.2%) over its 2014 budget, with the most significant component of that increase occurring in Salaries expense ($275,676 (7.2%)), due primarily to merit increases and the full year impact of 2014 partial year budgeted positions; partially offset by a reduction in budgeted Benefits Expense of $77,772 (11.8%) which primarily reflects lower than expected medical expenses in 2014.

FRCC's budgeted 2015 staffing for its CMEP is 19.77 FTEs, an increase of 0.51 FTE from its 2014 budget. FRCC anticipates increased effort in 2015 in Organization Registration. In addition, budgeted Consultants & Contracts Expense for the CMEP is increased by $95,749 (80.3%) from the 2014 budget. The CMEP budget for Consultants & Contracts expense includes

SERC's estimated charges of $3,500 to perform the compliance monitoring and enforcement responsibilities for the FRCC registered functions, and also reflects increased costs for a security improvement initiative (costs for this initiative also impact the budgeted Consultants & Contracts expense for other statutory programs). As noted above, FRCC is not budgeting significant staffing changes (increases or decreases) in 2015 for any other operational or administrative program.

FRCC is budgeting the following changes in total resources (including allocated indirect costs) over its 2014 budget for each of its statutory programs: (i) Reliability Standards Development, increase of $13,552 (3.3%); (ii) CMEP, increase of $509,523 (10.8%); (iii) RAPA, decrease of $208,890 (15.0%); Training, Education and Operator Certification, increase of $49,215 (18.1%); and Situation Awareness and Infrastructure Security, increase of $3,901 (20.1%). The decrease in budgeted expenses for the RAPA Program is primarily due to (i) a reorganization in how program staff interacts with FRCC committees in preparing reliability assessments, (ii) an anticipated decrease in legal fees, and (iii) a reduction in certain consultant expenses which have been consistently over-budgeted. The increase in budgeted expenses for Training, Education and Operator Certification is due primarily to more personnel time being budgeted for training and education of registered entities, principally in connection with the RAI and the transition to the CIP Version 5 Reliability Standards.

FRCC's budgeted General and Administrative Expenses for 2015 are $782,663, which is a $159,080 (25.5%) increase from the 2014 budget. The principal component of this increase is increased budgeted Personnel Expense reflecting implementation of a succession plan for a forthcoming retirement and training costs associated with that transition.

FRCC's desired Working Capital Reserve at December 31, 2015 is $596,853, based on one month of the total annual budget, as approved by the FRCC Board of Directors. FRCC's Table B-1 shows projected Working Capital Reserve at December 31, 2014, of $1,407,248; therefore, FRCC's requested 2015 assessment amount is reduced by $810,395.

FRCC's 2015 budget for its non-statutory activities is $8,391,982.

2. MRO

MRO's total statutory budget for 2015, before adjustment for Working Capital Reserve, is $10,328,687, an increase of $583,886 (5.99%) over its 2014 budget. MRO's statutory assessment for 2015 of $9,426,019 is $684,575 (7.8%) higher than its 2014 assessments, reflecting (i) the increased budget; (ii) $395,000 of Penalty payment offsets, an increase from $136,500 of Penalty payment offsets in its 2014 budget; and (ii) a decremental adjustment (reduction) to its assessments of $507,668 for Working Capital Reserve, as compared to a decremental adjustment of $866,855 for this purpose in its 2014 budget, *i.e.*, the adjustment for Working Capital Reserve reduces the statutory assessment by $359,187 less in the 2015 budget than in MRO's 2014 budget.

MRO's budgeted 2015 staffing for statutory and administrative programs is 42.50 FTEs, an increase of 1.75 FTE over its 2014 budget. Of this increase, 1.29 FTEs are in the statutory programs and 0.46 FTE is in the Administrative programs. MRO's budgeted staffing for its CMEP for 2015 is 22.08 FTEs (comprised of 10.63 FTEs for Compliance, 7.03 FTEs for Compliance Risk Assessment and Mitigation, and 4.42 FTEs for Compliance Enforcement), a net increase of 0.82 FTE from its 2014 budget. MRO is budgeting small increases or decreases in staffing of less than 1.00 FTE in each of the other statutory programs and Administrative programs, with the minor exceptions of (i) a budgeted staffing increase of 1.06 FTE in the RAPA Program, (ii) a budgeted increase of 1.11 FTE in IT, and (iii) a budgeted decrease of 1.66 FTE in

Technical Committees and Member Forums. The staffing increase in RAPA is due to increased activities relating to the BES definition, new modeling, and protection system standards, as well as other RAPA and Event Analysis activities. The FTE increase in IT reflects the previous creation of a new position focused on implementing technologies to improve business efficiencies. The decreased staffing for Technical Committees and Member Forums reflects an accounting change, for consistency with the other Regional Entities, to budget and record personnel time spent in this program area in the employee's "home" program or department; as a result, there no Personnel Expenses or Travel Expenses budgeted in Technical Committees and Member Forums for 2015. Overall, MRO's budgeted Personnel Expenses for 2015 are $453,426 (6.6%) higher than in its 2014 budget.

MRO's 2015 budget for its CMEP is $6,994,216, which is a $296,623 (4.4%) increase over its 2014 budget. The principal components of this increase are increased Personnel Expense and increased Travel Expense; however, the increase in Travel Expense is largely due to a reallocation of travel expenses to the CMEP from another program. MRO is also budgeting an increase in expenses for the RAPA Program of $376,882 (17.2%). The primary components of this increase are increased Personnel Expense (described above) and increased Meetings and Travel Expense reflecting the increased activities in this program noted above relating to the BES definition, new modeling, and protection system standards, and other RAPA and Event Analysis activities.

MRO's budgeted 2015 expenses for the other three statutory programs represent the following decreases from its 2014 budget: (i) Reliability Standards, decrease of $47,431 (10.9%);[85] (ii) Training, Education and Operator Certification, decrease of $37,832 (11.4%); and

[85] MRO's Reliability Standard Program includes its Organization Registration and Certification functions.

(iii) Situation Awareness and Infrastructure Security, decrease of $4,356 (5.2%). The budgeted decreases for these three programs reflect both staffing decreases and changes in the allocation of MRO's Indirect Expenses due to changes in the relative numbers of FTEs in each statutory program due to the staffing increases and decreases. The 2015 budgeted amount for Administrative Services, which is allocated to the statutory programs on the basis of numbers of FTEs, is an increase of $71,794 (1.8%) from the 2014 budget.

MRO's desired Working Capital Reserve at December 31, 2015, is $1,273,400, representing 45 days of cash requirements for the 2015 budget. MRO's Table B-1 shows a projected Working Capital Reserve of $1,781,068 at December 31, 2014, resulting in a decremental adjustment (decrease) of $507,668 to its 2015 assessments.

MRO plans no non-statutory activities in 2015 and therefore has no 2015 budget for non-statutory activities.

3. NPCC

NPCC's statutory budget for 2015 is $14,778,540 before adjustment for Working Capital Reserve, an increase of $649,533 (4.6%) over its 2014 budget. NPCC's 2015 assessments are increased by $456,998 (3.4%) from its 2014 budget. The increase in assessments is less than the increase in the statutory budget due to (1) a $137,500 decrease in Penalty payments compared to the 2014 budget, and (ii) a decremental adjustment for Working Capital Reserve of $355,161, which is $55,035 higher than the decremental adjustment for Working Capital Reserve in NPCC's 2014 budget (that is, the decremental adjustment for Working Capital Reserve reduces NPCC's 2015 assessment by $55,035 more than did the adjustment for Working Capital Reserve in NPCC's 2014 budget).

NPCC's 2015 budget does not reflect any change in staffing in any statutory or administrative program from its 2014 budget. Budgeted total staffing is 36.86 FTEs, comprised

of 27.86 FTEs for the statutory programs and 9.00 FTEs for the administrative programs. Reflecting that there is no change in budgeted staffing, NPCC's budgeted 2015 Personnel Expense is increased by only $79,081 (0.9%) from its 2014 budget. The budgeted 2015 Personnel Expense reflects increased Salary Expense of $284,198, partially offset by decreases of $173,666 in Benefits Expense and $34,348 in Retirement Expense.

NPCC is budgeting increased total resources (including allocated indirect expenses) for each of its statutory programs in 2015, as follows: $8,799 (0.6%) in Reliability Standards; $488,774 (6.0%) in CMEP; $111,585 (3.8%) in RAPA; $3,154 (1.6%) in Training, Education, and Operator Certification; and $37,221 (2.5%) in Situation Awareness and Infrastructure Security. The principal component of the budgeted increase in expenses for the CMEP is an increase of $333,567 in budgeted Consultants & Contracts Expense to support increased workload related to initial implementation of the RAI, incorporating risk assessments and internal controls assessments of registered entities. The principal component of the budgeted increase in expenses for RAPA is also an increase in Consultants & Contracts Expense, of $90,000 over the 2014 budget, primarily to support implementation of the new BES definition. NPCC's budgeted 2015 Administrative Services expenses allocated to the statutory programs are lower by $52,629 (1.0%) than in the 2014 budget.[86]

NPCC's target Working Capital and Operating Reserve at December 31, 2015 is $4,589,907, comprised of $3,358,411 for Operating Reserve and $1,231,496 for Working Capital. As approved by the NPCC Board of Directors, the Operating Reserve target is within

[86] NPCC budgets Office Rent, Office Costs, Professional Services, Miscellaneous Operating Expense, and Depreciation as Indirect Expenses, rather than budgeting these costs individually in the statutory program budgets, and allocates them to the statutory programs on the basis of the proportion of direct statutory FTEs in each program. NPCC initiated this approach in its 2013 Budget, so that the 2014 and 2015 budgeted amounts are comparable.

the range of 30 days (8.33%) and 90 days (25.00%) of budgeted expenditures, while the Working Capital target is 30 days (8.33%) of budgeted expenditures. NPCC's Table B-1 shows a projected Working Capital and Operating Reserve of $4,945,068 (Operating Reserve - $3,713,572; Working Capital - $1,231,496) at December 31, 2014; thus, NPCC's 2015 assessment amount is reduced by $355,161 to reach its desired Working Capital and Operating Reserve at December 31, 2015.

For purposes of determining the assessments to recover NPCC's statutory funding requirement, the statutory funding requirement is allocated among the Balancing Authority Areas within NPCC in the U.S. (New York and New England), Ontario, Québec, New Brunswick and Nova Scotia. A portion (22.41%) of NPCC's statutory costs for the Compliance and Organization Registration Program (CORC) is allocated between the U.S. and Canadian Balancing Authority Areas on the basis of NEL, a portion (51.71%) of the CORC costs is allocated between the U.S. and the Canadian provinces using a compliance audit-based methodology, and the remaining portion (25.88%) of the CORC costs, representing mitigation and enforcement-related costs, is allocated between the U.S. and Canadian Balancing Authority Areas using an enforcement activity-based methodology.[87] The portion of the costs allocated to the U.S using the audit-based methodology and the enforcement activity-based methodology is then re-allocated between the New York and New England Balancing Authority Areas on the basis of NEL, as required by PP 40-41 of the *July 16, 2009 Budget Compliance Order*. The narrative discussion on pages 73-74, and the table on page 75, of NPCC's Business Plan and Budget (**Attachment 5**) explain and show the development of the 2015 assessments by

[87] These allocation percentages reflect the respective scopes of work to be performed by NPCC and the relevant provincial governmental and/or regulatory authorities in the Compliance area, as negotiated between NPCC and the relevant authorities in each of the provinces and reflected in the Memorandum of Understanding between NPCC and the relevant authorities for each province.

Balancing Authority Area within NPCC to recover NPCC's statutory funding requirement. Appropriate adjustments to the costs to be allocated are made for Penalty payments received by NPCC from U.S. registered entities (used solely to offset CORC costs to be charged to U.S. Balancing Authority Areas).

NPCC's total non-statutory (Criteria Services Division) Funding Requirement for 2015 is $1,035,221.

4. ReliabilityFirst

RF has a total statutory budget for 2015 of $18,756,763 before provision for Working Capital Reserve, an increase of $693,561 (3.8%) over its 2014 budget. However, RF's proposed statutory assessments are increasing by $3,554,113 (23.4%) over 2014. The increase in RF's 2015 statutory assessments is due to (i) the increased budget; (ii) a decrease in Penalty Sanctions of $788,133, from $1,358,133 in 2014 to $570,000 for 2015; (iii) an increase in Miscellaneous funding of $100,000 over 2014; and (iv) an incremental adjustment for Working Capital Reserve of $627,134, as compared to a decremental adjustment for Working Capital Reserve of $1,545,284 in the 2014 budget, *i.e.*, a difference of $2,172,418 which increases the 2015 statutory assessment by that amount. The need for the incremental adjustment to the 2015 assessment for Working Capital Reserve is discussed below.

RF has budgeted total 2015 staffing for statutory and administrative programs of 72.20 FTEs, which is an increase of 0.20 FTE from its 2014 Budget. RF has budgeted a staffing increase of 6.50 FTEs in Reliability Assurance and Compliance Monitoring, from 31.00 FTEs in the 2014 budget to 37.50 FTEs in the 2015 budget. RF has also budgeted staffing decreases for 2015 of 3.75 FTEs in Enforcement Management and 1.65 FTEs in RAPA. As a result of the decrease in staffing in Enforcement Management, the budgeted 2015 staffing for the CMEP areas is 45.75 FTEs, a net increase of 2.75 FTEs from the 2014 budget. The increase in budgeted

staffing for Reliability Assurance and Compliance Monitoring and the decrease in budgeted staffing for Enforcement Management is the result of reallocating staff to the former to support the reorganization that is necessary to advance the RAI. The budgeted changes in staffing for the other statutory and administrative programs range from 0 FTE to 0.50 FTE. The total 2015 budgeted staffing for the statutory programs is 57.60 FTEs, an increase of 0.40 FTEs over the 2014 budget. The budgeted 2015 staffing for Administrative Services is lower by 0.20 FTE from the 2014 budget.

The most significant component of the increase in RF's 2015 budgeted statutory expenses is an increase in budgeted Personnel Expenses of $789,132 (5.5%) from its 2014 budget. RF's budgeted 2015 Operating Expenses are lower than its 2014 budget by $105,846 (3.6%), reflecting a decrease of $234,808 in budgeted Office Costs partially offset by a $101,673 increase in Depreciation. The significant reduction in budgeted Office Costs is due primarily to reductions in Telecommunications and Internet costs due to the completion of contracts for services previously in effect.

RF's budgeted 2015 expense for its CMEP (comprised of (i) Reliability Assurance and Compliance Monitoring and (ii) Enforcement Management) is $1,287,701 (9.5%) higher than its 2014 budget. As noted above, RF has budgeted increased staffing for 2015 of 2.75 FTEs for this program area; reflecting this, budgeted 2015 Personnel Expenses are increased by $1,089,106 over the 2014 budget. Budgeted 2015 Consultants & Contracts Expense for the CMEP is reduced by a total of $79,000 from the 2014 budget, due in part to process improvements and efficiency gains in the CMEP that are reducing the need to utilize external resources.

The changes in the 2015 budget as compared to the 2014 budget for the other statutory programs are as follows: (i) Reliability Standards, decrease of $194,073 (100%); RAPA,

decrease of $462,826 (14.8%); (iii) Training, Education and Operator Certification, increase of $42,745 (4.7%); and (iv) Situation Awareness and Infrastructure Security, increase of $20,015 (8.1%). RF has allocated all of the resources associated with the Reliability Standards Program to the Reliability Assurance and Compliance Monitoring Program as a result of the reorganization necessary to advance the RAI. Similarly, the reduction in the 2015 budgeted expenses for the RAPA Program is due to the reassignment of staff to Reliability Assurance and Compliance Monitoring as part of the reorganization necessary to advance the RAI.

RF's total budgeted 2015 Administrative Services expenses (which are allocated to the statutory program budgets on the basis of total FTEs in each statutory program) are $5,314,643, an increase of $120,607 (2.3%) over the 2014 budget. The reductions in budgeting staffing for the Reliability Standards, Enforcement Management and RAPA programs and the increase in budgeted staffing for Reliability Assurance and Compliance Monitoring results in lesser and greater proportions, respectively, of the Administrative Services expenses being allocated to these statutory programs.

RF's target Working Capital and Operating Reserve at December 31, 2015 is $750,000, as approved by the RF Board of Directors. This amount is a reduction from the previous Working Capital and Operating Reserve target of $1,000,000. RF has indicated an intention to increase the Working Capital and Operating Reserve target back to $1,000,000 for the 2016 budget. RF's Working Capital and Operating Reserve at December 31, 2013 was $4,010,315, inclusive of $1,843,133 of restricted penalty funds. Excluding the $1,843,133 in restricted penalty funds, RF's Working Capital and Operating Reserve balance at December 31, 2013 was $2,167,182. As reflected in the total statutory Statement of Activities and Capital Expenditures on page 11 of **Attachment 6**, RF is projecting a reduction in Working Capital of $1,754,515 in

2014, leaving a balance of $412,667. In addition, as explained in RF's Table B-1, the Working Capital and Operating Reserve balance will be further reduced in 2014 by $131,728 due to transactions recorded on the Statement of Financial Position (refer to footnote 3 on Table B-1), resulting in the projected Working Capital Reserve at December 31, 2014 of $280,940. As a result of these factors, RF's requested assessment amount for 2015 reflects an incremental adjustment of $627,134 (which encompasses an adjustment to reserves of $158,074 due to a balance sheet-only transaction), which will enable RF to reach the desired Working Capital and Operating Reserve amount of $750,000 at December 31, 2015.

RF plans no non-statutory activities in 2015 and therefore has no 2015 Budget for non-statutory activities.

5. SERC

SERC's total statutory budget for 2015 is $15,995,840 before provision for Working Capital Reserve, a decrease of $881,448 (5.2%) from its 2014 budget. SERC's proposed 2015 assessment is almost the same as ($3,465 lower) its 2014 assessments; although SERC's 2015 budget is reduced by $881,000 from its 2014 budget, the following funding sources are also reduced from the 2014 budget: (i) Penalty revenues, by $267,500; (ii) Workshop fees, by $8,250; (iii) Interest income, by $9,000; and (iv) Miscellaneous funding, by $14,500.[88] Further, SERC proposes a $79,549 incremental adjustment to its assessment for Working Capital Reserve, as compared to a $502,184 decremental adjustment to its assessments for Working Capital Reserve in its 2014 budget, *i.e.*, the adjustment for Working Capital Reserve increases SERC's 2015

[88] SERC's Miscellaneous funding is comprised of (i) compensation for performing Compliance Enforcement Authority (CEA) functions for the FRCC and SPP RE registered functions, and (ii) payments from other Regional Entities for the coordinator position for joint Regional Entity projects, which is filled by a SERC employee. For 2015, SERC is budgeting $3,500 in payments from each of FRCC and SPP RE for performing the CEA function, and $287,000 in payments from the other Regional Entities ($41,000 per Regional Entity) for the coordinator position.

assessment by $578,733 more than in its 2014 budget.

SERC's budgeted total staffing for 2015 for statutory and administrative programs is 78.70 FTEs, a decrease of 0.50 FTEs from its 2014 budget. SERC's 2015 budget reflects staffing increases of 1.80 FTE in Situation Awareness and Infrastructure Security and 4.00 FTEs in General & Administrative, and staffing decreases of 5.00 FTEs in its CMEP (resulting in budgeted staff for the CMEP of 37.50 FTEs) and 1.70 FTE in RAPA, compared to its 2014 budget. Staffing changes of 0.30 FTE or less are budgeted for several other program areas. However, SERC's staffing changes for individual programs in its 2015 budget primarily reflect reclassification or repurposing of a number of positions among individual programs. SERC is reclassifying four existing positions into General & Administrative from statutory programs and from Technical Committees and Member Forums. SERC is also reclassifying 2.50 positions from RAPA to Situation Analysis and Infrastructure Security to provide better alignment of Event Analysis work. One FTE is being added to RAPA to perform support and validation checking for seasonal assessments, performance analysis, model validation and benchmarking, and tracking and reporting of events data. Two positions (with a net impact on the 2015 budget of 1.5 FTE due to the timing of the switch) are being moved from the CMEP to Technical Committees and Member Forums to support committee work related to Critical Infrastructure Protection. As a result of the slight decrease in overall budgeted staffing, reorganization of certain positions as described above, an assumption of a 3% vacancy rate, offset by a budgeted 3.0% salary increase for existing staff, SERC's budgeted 2015 Personnel Expenses are $569,529 (4.3%) lower than the 2014 budget.

The increases and decreases in SERC's 2015 budget for its statutory programs over its 2014 budget are as follows: (i) Reliability Standards, increase of $134,379 (24.6%); (ii) CMEP,

decrease of $1,095,774 (9.2%); (iii) RAPA, decrease of $391,537 (17.8%); (iv) Training, Education, and Operator Certification, decrease of $51,725 (4.7%); and (v) Situation Awareness and Infrastructure Security, increase of $523,209 (45.6%). As with the changes in staffing among program areas, described above, these increases and decreases are larger driven by reorganization of positions among and between programs. In addition, budgeted 2015 Consultants & Contracts Expense for the CMEP is reduced by $110,667 (45%) from the 2014 budget, due to (i) reduction in budgeted contractor support in Enforcement, as the work can be performed by SERC staff, and (ii) more software development projects are being capitalized rather than expensed. In RAPA, although the overall 2015 budget is lower than the 2014 budget, Consultants & Contracts Expense is being increased by $90,000, primarily for a benchmarking system-wide stability study. In the overall SERC 2015 budget, Consultants & Contracts Expense is reduced by $51,421 (4.2%) from the 2014 budget.

SERC's budgeted 2015 Administrative Services expenses are higher by $49,048 (0.8%) than the 2014 budget. Although the change in the Administrative Services budget is small, budgeted 2015 Consultants & Contracts expense is decreased by $95,000 for General and Administrative and is increased by $70,000 for HR, from SERC's 2014 budget. The increase in Consultants and Contracts Expense for HR is for a compensation and benefits study and an employee climate survey, which are historically performed every two years. The Administrative Services expenses are allocated to the statutory programs on the basis of the number of FTEs in each statutory program. While the change in budgeted Administrative Services expenses from the 2014 budget is small, the increases and decreases in FTE staffing for the various statutory program, described above, results in relative increases and decreases in the amounts of Administrative Services expenses allocated to the individual statutory programs.

SERC's target Working Capital Reserve at December 31, 2015 is $3,538,500, based on a permanent cash reserve of up to 10% of budgeted annual statutory operating costs ($1,600,000), and a temporary operating reserve, as approved by the SERC Board, of $1,938,500. SERC's Table B-1 shows a projected Working Capital Reserve at December 31, 2014 of $3,461,951, resulting in an incremental adjustment to SERC's 2015 assessments of $76,549 to achieve the desired Working Capital Reserve at December 31, 2015.

SERC plans no non-statutory activities in 2015 and therefore has no 2015 budget for non-statutory activities.

6. SPP RE

SPP RE's total 2015 statutory budget is $11,808,109, a slight decrease of $15,519 (0.1%) from its 2014 budget. SPP RE's proposed assessment amount for 2015 is $9,680,648, which is an increase of $461,525 (5.0%) from its 2014 assessment amount. The increase in the 2015 assessment compared to 2014 (notwithstanding the essentially unchanged budget from 2014) is due to (i) a $43,833 decrease in Penalty payments from the 2014 budget, net of (ii) a decremental adjustment to the assessment for Working Capital Reserve of $1,662,962, as compared to a decremental adjustment to the assessment for Working Capital Reserve in the 2014 budget of $2,096,173 (*i.e.*, this adjustment reduces the 2015 assessment amount by $433,211 less than it did in the 2014 budget).

SPP RE's budgeted total staffing for statutory and administrative programs for 2015 is 32.75 FTEs, a decrease of 1.10 FTE from its 2014 budget. SPP RE is reducing budgeted staffing by 0.10 FTE in its Reliability Standards Program, by 1.25 FTE in its CMEP, and by 1.25 FTE in its Training and Education Program, and is increasing budgeted staffing by 1.50 FTE in General & Administrative. No staffing changes are budgeted for any other statutory or administrative

programs. SPP RE's budgeted 2015 Personnel Expenses are reduced by $222,000 (4.5%) from its 2014 budget.

SPP RE's total budgeted 2015 staffing for its CMEP is 20.85 FTEs, which, as noted, represents a decrease of 1.25 FTE from its 2014 budget. One position in the CMEP has been eliminated and some time of CMEP staff has been budgeted in other program areas to reflect support provided to those programs. The 2015 budget for the CMEP is reduced by $79,159 (0.9%) from the 2014 budget, due primarily to a reduction in Personnel Expenses and a small reduction in indirect expenses, partially offset by an increase in Meetings and Travel Expense and a $238,600 (32.9%) increase in Consultants & Contracts Expense. The increased Consultants & Contracts Expense is to support SPP RE staff in the administration of the CMEP.

The 2015 budgeted amounts for the other four statutory programs show the following changes from the 2014 Budget: Reliability Standards, increase of $35,363 (44.6%); RAPA, increase of $221,476 (8.0%); Training and Education, decrease of $191,166 (68.5%); and Situation Awareness, decrease of $2,032 (4.5%). The reduced budget for the Reliability Standards program reflects a reduction of resources focused on development of regional Reliability Standards, consistent with most of the other Regional Entities. The principal increase in budgeted expenses for the RAPA Program is an increase of $100,000 in Consultants & Contracts Expenses as compared to the 2014 budget, primarily due to a SPP Inc. engineering model data validation project and the allocation of funds to the Eastern Interconnection Reliability Assessment Group. The reduction in budgeted expenses for the Training and Education Program is primarily due to a reduction in the amount of SPP Inc. Indirect expenses allocated to this program.

SPP RE's 2015 budgeted Administrative Services expense of $2,061,059 is $374,481

(22.2%) higher than its 2014 budget. This is the budget for administrative services performed by SPP RE staff. Overall 2015 budgeted staffing for Administrative Services is 1.25 FTE higher than in the 2014 budget, and budgeted Personnel Expenses for Administrative Services is increased by $148,204 (22.9%) from the 2014 budget. SPP RE's 2015 budgeted hourly indirect expense allocation rate for support services performed by SPP, Inc., based on 2013 actual results, is $74.26 per hour of direct statutory program activity, which is a reduction from the $75.88 per hour rate used in the preparation of the 2014 budget.[89] The calculation of the hourly indirect expense allocation rate follows the procedure and format detailed in Attachment 7 to the *2008 Budget True-up Filing*,[90] which the Commission accepted in an Order issued June 29, 2009.[91]

As discussed in previous years' Business Plan and Budget filings and in other filings, SPP RE has determined it does not need to establish or budget for a Working Capital Reserve, because it has access to operating cash balances and bank lines of credit of SPP, Inc. for short-term funding needs. However, Table B-1 in Section B of **Attachment 8** shows SPP RE would have a Working Capital Reserve of $1,662,962 at December 31, 2014. Accordingly, SPP RE has reduced its requested 2015 assessment amount by $1,662,962.

As in prior years' budget filings, SPP RE is unable to provide a 2015 Budget for SPP, Inc.'s non-statutory activities because SPP, Inc.'s annual budget for 2015 will not be approved, in accordance with SPP, Inc.'s normal planning and budgeting cycle, until October 2014. SPP

[89] The hourly indirect expense rate used in the 2015 budget is an estimated rate calculated using actual data for 2013 (*see* the calculation of the rate in Section E of **Attachment 8**). As the year progresses and better estimates can be made, this rate may be adjusted. At the end of the year (2015), an actual indirect charge rate will be calculated based on actual 2015 data and used to finalize SPP RE's actual expenses for the year.

[90] *Additional Compliance Filing of the North American Electric Reliability Corporation in Response to October 18, 2007 Order – Comparisons of Budgeted to Actual Costs for 2008 for NERC and the Regional Entities*, filed April 1, 2009 in Docket No. RR07-16-005 (*2008 Budget True-up Filing*).

[91] *North American Electric Reliability Corporation, Order Conditionally Accepting Compliance Filings*, 127 FERC ¶61,307 (2009), at PP 15-22.

RE has included the SPP, Inc. 2014 budget, as well as the SPP, Inc. 2013 actual results, in Section C of its Business Plan and Budget, for information.

7. Texas RE

Texas RE's total 2015 statutory budget is $11,983,702 before provision for Working Capital Reserve, an increase of $212,454 (1.8%) over its 2014 budget. Despite the increased budget, Texas RE's proposed 2015 assessment amount is $8,862 (0.1%) lower than its 2014 assessment amount. The principal reasons for the lower assessment amount compared to the 2014 budget are (1) an increase in Penalty payments of $80,667 from the 2014 budget; and (2) Texas RE is proposing a decremental adjustment to assessments for Working Capital Reserve of $966,230, compared to a decremental adjustment for Working Capital Reserve of $826,391 in the 2014 budget (*i.e.*, the decremental adjustment to the assessment for Working Capital Reserve is $139,819 larger than in the 2014 budget).

Texas RE's budgeted total staffing for statutory and administrative programs for 2015 is 60 FTEs, the same as in its 2014 budget (and its 2013 budget). Budgeted 2015 staffing is reduced by 6.50 FTEs in the CMEP and is increased by 1.75 FTE in RAPA, 1.50 FTE in Legal and Regulatory, 1.50 FTE in IT, and 2.00 FTEs in Finance and Accounting, as compared to the 2014 budget. Staffing changes of 0.75 FTE or less are budgeted in other statutory and administrative programs. Since overall budgeted 2015 staffing is not changing from the 2014 budget, the increases and decreases in staffing in individual programs reflects a reallocation of personnel among departments and programs to ensure consistency and to more appropriately classify costs based on the work being performed by Texas RE staff. Previously, Texas RE has allocated staff in various administrative programs directly to statutory programs; however, beginning with the 2015 budget, Texas RE is consolidating all administrative program staff in General and Administrative and then allocating indirectly to the statutory programs. The result

of this change suggests an increase in staffing for Administrative Services and a decrease in staffing for statutory programs; in fact, as noted, overall staffing has not changed.

Texas RE's budgeted 2015 Personnel Expenses are higher by $488,777 (5.7%) than its 2014 budget, due primarily to annual merit increases, promotions, and reassignment of certain employees to different positions, offset in part by a reduction in budgeted Benefits Expense based on actual experience. Other significant areas of change in the 2015 budget compared to the 2014 budget are (i) Consultants & Contracts Expense, reduced by $208,002 (41.9%), and (ii) Office Rent, reduced by $83,784 (16.4%). Budgeted Consultants & Contracts costs are being reduced in the CMEP (by $110,460) and Accounting and Finance (by $35,000) to reflect that work previously performed by consultants and contractors will be performed by Texas RE staff, and are being reduced by $60,000 in Human Resources to reflect that only one compensation study is planned for 2015. Budgeted 2015 Office Rent is reduced by taking advantage of a lease agreement provision that allows Texas RE to apply its security deposit to the payment of rent.

Texas RE's 2015 budget for its CMEP is $9,008,548, which is a reduction of $327,685 (3.5%) from its 2014 budget. The principal component of this reduction is a reduction in allocated Indirect Expenses of $235,055 reflecting the reduction in FTEs in the CMEP relative to the other statutory programs. The budgeted staffing for the CMEP has been reduced by 6.5 FTEs from the 2014 budget due to the reallocation of FTE time among programs, as described earlier, to better reflect employees' actual responsibilities. However, the total number of personnel directly working on the CMEP remains constant, as the 2015 budgeted FTE count now reflects only FTEs directly assigned to this program. The other significant reduction in the 2015 budget for the CMEP compared to the 2014 budget is the $110,460 reduction in Consultants & Contracts Expense noted above.

The changes in Texas RE's 2015 budget for the other four statutory programs, from the 2014 budget, are: (i) Reliability Standards, increase of $156,320 (34.7%); (ii) RAPA, increase of

$408,865 (28.2%); (iii) Training, Education, and Operator Certification, increase of $118,874 (30.3%); and (iv) Situation Awareness and Infrastructure Security, decrease of $143,920 (100%). The increased budgets for Reliability Standards, RAPA, and Training, Education and Operator Certification, reflect increased Personnel Expenses over the 2014 budgeted amounts due to the reallocation of staffing described above; and increased allocated Indirect Expenses due to the increase in numbers of FTEs in these programs relative to the total FTEs in the statutory programs. The budget for the Situation Awareness and Infrastructure Security Program has been eliminated because, beginning in 2015, this program will be included in the RAPA Program.

Texas RE's budgeted 2015 Administrative Services expenses are increased by $144,014 (3.6%) from its 2014 budget. Budgeted Personnel Expenses for the administrative programs are $201,142 higher than in the 2014 budget, reflecting the increased staffing in administrative programs due to the reclassification of some staff between departments. As noted earlier, there are decreases in budgeted Consultants & Contracts Expense and Office Rent in the administrative programs for 2015 compared to the 2014 budget.

Texas RE's desired Working Capital Reserve at December 31, 2014 is $2,000,000, representing an approximate 60-day cash reserve (the same target Working Capital Reserve amount as specified in Texas RE's 2013 and 2014 budgets). Texas RE has also obtained a $500,000 line of credit to provide liquidity for contingencies. Texas RE's Table B-1 shows projected Working Capital Reserve of $2,966,210 at December 31, 2014. As a result, Texas RE's proposed 2015 statutory assessment is reduced by $966,210 to achieve its target Working Capital Reserve.

Texas RE's total non-statutory budget for 2015 is $999,100, an increase of $29,100 from its 2014 non-statutory budget (*see* Section C of **Attachment 9**). Texas RE's non-statutory

activities consist of acting as the ERCOT Region Reliability Monitor for the Public Utility Commission of Texas (PUCT) and in that role, performing audits, investigations, monthly metrics reviews, and other monitoring and reporting of market participants' compliance with the reliability-related Protocols and Operating Guides of ERCOT and with PUCT Regional Rules, as well as monitoring the stakeholder Regional Rules creation and modification process and assisting the PUCT with comments on proposed changes to Regional Rules that impact reliability.

8. WECC

WECC's 2015 total statutory budget is $26,300,035 before provision for Working Capital, an increase of $661,950 (2.6%) from its 2014 budget. WECC's 2015 statutory assessment is increased by $9,401,283 (60.1%) over its 2014 assessment. The principal reasons for the increase in the assessment amount are (i) the increased budget, (ii) a decrease of $2,790,050 in Penalty funds (from $2,933,050 in the 2014 budget to $143,000 in the 2015 budget), (iii) a decrease of $3,628,308 in Federal Grant funds, due to the completion of the federal grant programs that WECC has participated in for several years, and (iv) no adjustment to the assessment for Working Capital Reserve, as compared to a $2,418,946 decremental adjustment to the assessment in the 2014 budget. These impacts are slightly offset by an increase in budgeted Workshop fees of $97,971. WECC received $3,520,000 in Penalty payments in the period from July 1, 2013 to June 30, 2014. However, pursuant to §1107.4 of the NERC ROP, WECC is requesting approval to deviate from the treatment of Penalty payments specified in ROP §1107.2 and in the NERC policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, in order to apply or reserve a total of $3,400,000 of this amount, collected from U.S. registered entities, to offset penalties imposed on WECC's registered Reliability Coordinator and

Interchange Authority functions, in order to ensure that only U.S. registered entities contribute to the payment of WECC registered function penalties paid to NERC and/or the Commission under FPA §215.[92]

WECC's budgeted total staffing for statutory and administrative programs for 2015 is 137.5 FTEs, which is an increase of 2.5 FTEs from the budgeted 2014 staffing. The budgeted 2015 staffing is comprised of 92.6 FTEs (increase of 4.5 FTEs) in statutory programs and 44.9 FTEs (decrease of 2.0 FTEs) in Administrative programs. WECC is budgeting an increase in staffing of 1.1 FTEs for its Training and Education Program, 7.2 FTEs for its RAPA Program, 0.7 FTEs for Situation Awareness and Infrastructure Security, 5.7 FTEs for General & Administrative, 1.0 FTE for IT, and 0.3 FTE for Finance and Accounting. WECC is budgeting decreased staffing of 4.5 FTEs for its CMEP and 9.0 FTEs for Technical Committees and Member Forums. No changes in budgeted staffing levels are proposed for the remaining statutory and administrative programs.

WECC's 2015 budgeted Personnel Expense is higher by $1,504,580 (10.0%) compared to its 2014 budget. This increase is primarily due to (i) the increased staffing; (ii) a reduction in the labor float adjustment factor from 15% used in the 2014 budget to a range of zero to 10%, depending on the department, and averaging 8%; and (ii) the elimination from the budget of $175,000 for severance and retention expense. Other components of the 2015 budget reflecting significant changes from the 2014 budget are: (i) Meetings and Travel Expense, reduced by $160,544 (6.5%); (ii) Consultants & Contracts Expense, reduced by $2,264,082 (51.6%); (iii) Office Costs, increased by $222,157 (15.8%); and (iv) Professional Services, increased by $229,594 (30.3%). Budgeted 2015 Consultants & Contracts expense is decreasing by

[92] Effective January 1, 2014, Peak, rather than WECC, is responsible for performing the RC and IA functions in the Western Interconnection.

$2,036,000 from the 2014 budget, due primarily to completion of the U.S. Department of Energy Regional Transmission Expansion Program grant and the completion of one-time 2014 projects (both of these decreases are reflected in the budget for the RAPA Program), offset in part by the transfer of some Consultants & Contracts costs from Technical Committees and Member Forums to the RAPA Program. Budgeted 2015 Office Costs are increased from the 2014 budget due primarily to increased costs for office supplies (based on actual experience) and computer supplies and maintenance. Budgeted 2015 Professional Services Expense is increased from the 2014 budget due primarily to a change in WECC's fee structure for its independent directors.

WECC's 2015 budget for its CMEP is $13,178,512, which represents a $1,584,836 (10.7%) decrease from its 2014 budget. The primary components of this decrease are a reduction of $600,890 (40.9%) in budgeted Meeting and Travel Expenses, and a reduction of $1,011,977 in allocated Indirect Expenses due to the reduced number of FTEs in the CMEP relative to the other statutory programs. A primary reason for the reduction in Meetings and Travel Expenses for the CMEP is that the stakeholder outreach function is being shifted to the Training and Education Program. Budgeted 2015 Meetings and Travel Expenses in Training and Education are increased from $64,680 in the 2014 budget to $450,220 in the 2015 budget.

The budgeted changes in total costs for each of the other four statutory programs from the 2014 Budget are as follows: (i) Reliability Standards, increase of $3,817 (0.4%); (ii) RAPA, increase of $1,247,940 (13.8%); (iii) Training, Education and Operator Certification, increase of $808,440 (117.3%); and (iv) Situation Awareness and Infrastructure Security, increase of $186,593 (172.1%).. For each of the latter three programs, the allocated Indirect Expenses increases over the 2014 Budget because the budgeted staffing in these three programs is increasing while the budgeted staffing in the CMEP is decreasing. Additionally, in RAPA, the

increased budgeted staffing of 7.2 FTEs is reflected in an increase in budgeted Personnel Expenses of $1,363,502. The increase in budgeted staffing for RAPA is due primarily to the transfer of nine positions to this program from Technical Committees and Member Forums. The increased 2015 budget for Training, Education and Operator Certification reflects, as noted, the transfer of the compliance outreach and stakeholder relations functions to this program, which is more consistent with the placement of these functions in other Regional Entity organizations.

WECC's budgeted 2015 Administrative Services expenses are reduced by $446,193 (4.4%) from its 2014 budget. Although overall budgeted staffing for Administrative Services is decreased by 2.0 FTEs from the 2014 budget, staffing is increased in General & Administrative by 5.7 FTEs, due primarily to the transfer of six positions from Compliance Program Administration to more closely align with the scope of work performed by these positions. The budgeted 2015 expenses for Technical Committees and Member Forums are reduced by $1,124,082 (50%) from the 2014 budget due primarily to the transfer of personnel and certain Meetings expense to the RAPA Program. Budgeted 2015 Office Costs are increased over the 2014 budget by $173,499 in General & Administrative, due primarily to the transfer of some license and maintenance fees from Compliance; by $94,117 in IT due to scheduled refreshes of laptop and desktop computers and fees for moving WECC's mail server to a cloud-hosted service; and by $59,257 in Finance and Accounting due to the State of Washington Business and Occupation Tax that WECC is now subject to with respect to Washington source income. Budgeted 2015 Consultants & Contracts Expense in HR is reduced by $125,000 from the 2014 budget due to the completion of a compensation and benefits survey in 2014.

WECC's target Working Capital Reserve at December 31, 2015 is $2,662,817, which is

equal to WECC's projected Working Capital reserve at December 31, 2014.[93] At December 31, 2013, WECC's Working Capital reserve balance was $5,416,545. In connection with the formation and commencement of operations of Peak effective January 1, 2014, WECC converted $5,874,245 of non-statutory reserves to statutory reserves and transferred $5,811,568 of reserves to Peak. Additionally, in its 2014 Business Plan and Budget, WECC used $2,418,946 of its Working Capital reserves to offset the impacts on its 2014 assessment amount due to the formation of Peak. WECC is not proposing any adjustment (upward or downward) to its 2015 assessment amount in respect of Working Capital Reserve, in order to maintain the projected December 31, 2014 Working Capital Reserve balance of $2,662,817, as shown on WECC's Table B-1, through 2015.

WECC's non-statutory budget for 2015 is $1,660,634, and its total non-statutory Funding requirement is $1,630,875. WECC's non-statutory activity is the maintenance and operation of the Western Renewable Energy Generation Information System.

WECC's allocation of its assessment to the AESO for the Province of Alberta has been reduced by $880,629, representing WECC CMEP costs (including allocated Indirect Costs and Fixed Asset Expenditures) that are considered duplicative of Compliance and Enforcement Programs of the AESO. The AESO credit amount is allocated to the remainder of the LSEs (Balancing Authorities) in the WECC Region on the basis of NEL. Appendix C to the 2015 WECC Business Plan and Budget (**Attachment 10**) shows the calculation of the $880,629 adjustment to the assessment to AESO.

C. Metrics Related to Regional Entity Budgets

Beginning with its 2008 Business Plan and Budget filing, NERC has included, as part of

[93] The WECC Board previously approved a Working Capital Reserve balance objective of one month of Personnel and Operating Expenses.

these annual filings, attachments providing and discussing metrics developed by NERC and the Regional Entities to be used as a further aid to understanding where and why differences exist among the Regional Entities' activities and budgets. The presentations in these attachments have been revised and expanded over time based on NERC's and the Regional Entities' analysis of appropriate and useful metrics, and directives in the Commission's Orders.[94] In Attachments 15 and 16 of each of the 2010, 2011, 2012 and 2013 Business Plan and Budget filings and Attachments 16 and 17 of its 2014 Business Plan and Budget filing, NERC provided two sets of metrics information. The metrics in the first of the listed attachments to these filings depicted and compared the Regional Entities' total statutory budgets and staffing, CMEP budgets and staffing, total statutory budget and CMEP budget dollars per registered entity and per registered function, registered entities and registered functions per statutory FTE and per CMEP FTE, numbers of "small," medium" and "large" non-CIP compliance audits and "small" and "large" CIP compliance audits, and cost per compliance audit by type and size of audit. The metrics in the second of the two attachments to these filings focused on the NERC and Regional Entity administrative (indirect) costs and staffing relative to total and direct program costs and staffing, including

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

[94] *See, e.g., 2008 Budget Order* at PP 34-35; *2009 Budget Order* at PP 47-48; *North American Electric Reliability Corporation, Order Conditionally Accepting Compliance Filing*, 123 FERC ¶ 61,282 (2008), at P 39; *2012 Budget Order* at PP 23-27.

Attachment 16 and **Attachment 17** of this 2015 Business Plan and Budget filing provide the same metrics information, in the same format, as presented in Attachments 15 and 16 of the 2010, 2011, 2012 and 2013 Business Plan and Budget filings and Attachments 16 and 17 of the 2014 Business Plan and Budget filing, from NERC's and the Regional Entities' 2015 Business Plans and Budgets. Each Attachment contains analysis and discussion of the metrics information presented in that Attachment.

D. Peak Reliability Business Plan and Budget

In accordance with the process followed for its 2014 Business Plan and Budget, Peak submitted its proposed 2015 Business Plan and Budget to NERC for inclusion in this Business Plan and Budget filing. As was the case with Peak's 2014 Business Plan and Budget, NERC has not participated in the development of Peak's 2015 Business Plan and Budget, or substantively reviewed and approved Peak's Business Plan and Budget in the same manner that NERC does for Regional Entity business plans and budgets.[95] NERC management has, however, reviewed Peak's 2015 Business Plan and Budget for consistency of presentation and format with Regional Entity business plans and budgets. The following paragraphs provide a brief summary of Peak's proposed 2015 Business Plan and Budget, which is **Attachment 11** to this filing.

Peak has presented its Business Plan and Budget in the same format as the Regional Entity business plans and budgets. However, Peak has only one direct function program, which Peak has labeled (as was done in 2014) the Situation Awareness and Infrastructure Security Program. Peak performs RC and IA registered functions in the WECC Region through this

[95] *See 2014 Budget Order* at P27. In the 2014 Business Plan and Budget case (Docket No. 13-9-000), Peak was referred to as the Reliability Coordination Company. At NERC's August 14, 2014 Board meeting, no review or action was taken regarding the Peak 2015 Business Plan and Budget. The chair of the FAC explained that it is NERC's position that review of a Registered Entity business plan and budget would not be appropriate given NERC's role as the ERO and that NERC would simply pass the Peak Business Plan and Budget to the Commission for its review.

program. Peak has also organized its Administrative Services functions under the same program categories used by NERC and the Regional Entities: Technical Committees and Member Forums, General and Administrative, Legal and Regulatory, IT, HR, and Finance and Accounting.

Peak's proposed budget for 2015, before provision for Working Capital, is $38,926,722, which is an increase of $5,968,073 (18.1%) over its 2014 budget. Peak's proposed statutory assessment for 2015 is $41,953,236, which is an increase of 12,385,205 (41.9%) over Peak's total 2014 assessment. Peak's only other budgeted source of funding, besides the assessment, is Interest Income of $78,000.

Peak's total proposed staffing for 2015 is 161.67 FTEs, comprised of 134.67 FTEs in the Situation Awareness and Infrastructure Security Program and 27.0 FTEs in Administrative Services. The budgeted staffing for 2015 represents an increase of 15.57 FTEs in the Situation Awareness and Infrastructure Security Program, and a decrease of 3.0 FTEs in Administrative Services, from the 2014 budget. The increase in budgeted FTEs represents the addition of 14 positions. Peak states that the new positions are being added as the result of the recommendations of the Reliability Coordination Task Force, which was appointed by the WECC Board, to enhance Peak's ability to carry out its functions in the Western Interconnection. The new positions will be focused primarily on the areas of operations planning and real-time operations, including monitoring and analyzing real-time system conditions, coordinating system restoration activities, responding to and mitigating potential adverse impacts to the BES, and identifying and directing corrective and mitigating actions for System Operating Limit and Interconnection Reliability Operating Limit exceedances.

Peak's budgeted 2015 staffing for its Administrative Services programs is as follows:

General and Administrative, 13.0 FTEs; Legal and Regulatory, 3.0 FTEs; IT, 3.0 FTEs; HR, 3.0 FTEs; and Finance and Accounting, 5.0 FTEs. Peak is increasing staffing in General & Administrative by 1.00 FTE and is decreasing staffing in Legal and Regulatory by 4.00 FTEs, from the 2014 budget.

Peak's total budgeted Personnel Expenses for 2015 are $24,072,756, which is an increase of $4,675,347 (19.4%) from the 2014 budget. In Peak's 2014 Business Plan and Budget, a 15% labor float adjustment factor was used; based on experience, in its 2015 budget, Peak has applied a 7% labor float adjustment factor. In addition to the increased staffing of 15.57 FTEs, the significantly reduced labor float adjustment is a significant factor in the increased Personnel Expenses. Peak is also budgeting $906,600 in Consultants & Contracts Expense, which is a $360,900 (28.5%) decrease from the 2014 budget. The principal reason for the decrease in Consultants & Contracts Expense is the completion of activities associated with the review of the September 8, 2011 Pacific Southwest outage event. Peak's budgeted total Operating Expenses (which include Consultants & Contracts Expense) are increasing by $1,569,836 (13.5%) over the 2014 budget. Budgeted Office Rent is increasing primarily due to the acquisition of additional space in Peak's Loveland, Colorado facility; budgeted Office Costs are increasing primarily due to increases in telephone and Internet expenses and to the fact that Peak's funding is now subject to State of Washington Business & Occupation Tax;[96] budgeted Professional Services Expense is increasing due to the reduction in FTEs in the Legal and Regulatory department; and Depreciation Expense is increasing, reflecting a full year of depreciation on assets purchased during 2014. Peak has budgeted $2,886,000 in Fixed Asset additions (before Depreciation Expense), with the most significant component being increased Computer & Software CapEx

[96] WECC is also subject to this tax on its Washington-sourced income.

primarily for information technology required to comply with the CIP Version 5 Reliability Standards, corporate monitoring equipment, and normal hardware replacements.

Peak's target Working Capital Reserve at December 31, 2015 is $3,230,000, representing approximately one month of operating costs. Although Peak began its separate operations in 2014 with $5,811,568 of reserves transferred from WECC, $3,234,617 of the initial reserves was used to reduce Peak's 2014 assessment. As the result of the use of reserves to reduce assessments for 2014 and Peak's projected 2014 expenses and capital expenditures being higher than budgeted, Peak's projected Working Capital Reserve at December 31, 2014 is $125,485. Peak states that in order to rebuild its Working Capital Reserve balance to a prudent level, it is proposing an incremental adjustment (increase) of $3,104,515 to its 2015 assessment amount.

On July 23, 2014, NERC filed a petition requesting authority for a special assessment for Peak, due to the fact that the portion of Peak's approved 2014 assessment allocated to the AESO and British Columbia Hydro & Power Authority (BC Hydro) had not been paid.[97] Although NERC understands that discussions between Peak and the AESO and Peak and BC Hydro on this matter are continuing, as of the date of this filing, no agreement has been reached as to any assessment or compensation amount that the AESO or BC Hydro would pay to Peak in respect of either 2014 or 2015. As a result, in this filing, Peak's entire proposed 2015 assessment amount of $41,953,236 is being allocated to LSEs and designees in the U.S. and Mexico portions of WECC.[98] If Peak ultimately receives assessment funding or other compensation from either or both of the AESO or BC Hydro in respect of either 2014 or 2015, NERC anticipates that Peak

[97] *Petition of the North American Electric Reliability Corporation for Approval of a Supplemental Assessment to Fund the 2014 Budget of Peak Reliability, Inc.*, filed July 23, 2014, Docket No. RR13-9-003.

[98] Tables showing the calculation of the Peak assessments by LSE are provided at the end of **Attachment 11**.

will initiate appropriate steps to reduce assessments prospectively to the LSEs in the U.S. and Mexico portions of WECC, in recognition of the compensation received from the Canadian entities.

VI. STATUS REPORT ON PROGRESS IN PROCESSING ALLEGED VIOLATIONS OF RELIABILITY STANDARDS

In its 2010, 2011, 2012, 2013 and 2014 Business Plan and Budget filings, NERC provided status reports on the progress achieved by NERC and the Regional Entities in reducing the backlog of alleged violations of reliability standards that had not been processed to completion.[99] The status reports have also described the initiatives being undertaken by NERC and the Regional Entities to process new allegations of violations in a more expeditious manner.

Following the approach used in its 2013 and 2014 Business Plan and Budget filings, NERC has incorporated the status report on violations processing into the Compliance Enforcement section of its Business Plan and Budget, at pages 19-21 of **Attachment 2**. The information presented shows that NERC and the Regional Entities have made steady progress in continuing to close out older violations. As of June 30, 2014, there were only 273 active violations discovered prior to January 1, 2013 that had not been processed and resolved.[100] These pre-2013 violations comprised approximately 11% of the active non-CIP violations and 22% of the active CIP violations at June 30, 2014. At June 30, 2014, there were only two active non-CIP violations that were discovered prior to January 1, 2012 and only 38 active non-CIP

[99] A status report on processing alleged violations was originally included in the 2010 Business Plan and Budget filing, in response to a Commission directive in the *July 16, 2009 Budget Compliance Order*, at P 18. The status reports were Attachment 19 to the 2010 Business Plan and Budget filing, Attachment 17 to the 2011 Business Plan and Budget filing, and Attachment 17 to the 2012 Business Plan and Budget filing. In the 2013 and 2014 Business Plan and Budget filings, the status reports were incorporated into the Compliance Enforcement section of NERC's Business Plan and Budget.

[100] The number of "active violations" excludes violations that are being held by an appeal, a regulator or a court.

violations that were discovered in 2012. There were only 34 active CIP violations that were discovered prior to January 1, 2012 and only 199 active CIP violations that were discovered in 2012. As of June 30, 2014, there were 1,453 instances of noncompliance in the ERO Enterprise inventory available for processing. During the 12 months ended June 30, 2014, 2,025 instances of noncompliance were filed, dismissed or posted.

VII. CONCLUSION

Based on the information in this filing, NERC requests that the Commission issue an order pursuant to 18 C.F.R. §39.4, by November 2, 2014: (1) accepting NERC's proposed 2015 Business Plan and Budget in **Attachment 2**; (2) approving the proposed application of Penalty payments received by NERC on July 9, 2014, to reduce 2015 funding requirements, as described in §IV.D above; (3) accepting the proposed 2015 Business Plans and Budgets of the eight Regional Entities for statutory activities in **Attachments 3 through 10**; (4) approving the proposed application of Penalty payments received by WECC as described in §V.B.8 above; (5) accepting the proposed budget and funding requirement of WIRAB for 2015 in **Attachment 12**; and (6) approving the proposed assessments to each LSE or designee or other entities to be billed within each Region, as set forth in Appendix 2 to **Attachment 2**, to be billed to and paid by each such load-serving entity or designee or other entity to fund the portion of NERC's 2015 Funding requirement allocated to the United States and the 2015 Funding requirement for statutory activities of each Regional Entity and WIRAB allocated to the U.S. NERC is also submitting for the Commission's approval the proposed 2015 Business Plan and Budget of Peak Reliability for statutory activities and the proposed assessments to LSEs or designees for the 2015 Funding requirement of Peak allocated to the U.S (**Attachment 11**).

Respectfully submitted,

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DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 1

SUMMARY TABLES FOR NERC AND REGIONAL ENTITY

PROPOSED 2015 BUDGETS AND ASSESSMENTS

NERC'S Proposed Budget by Program[1]

NERC Program	2014 Budget for Statutory Functions	2015 Budget for Statutory Functions
Reliability Standards	$ 10,167,369	$ 10,247,145
Compliance Monitoring and Enforcement		
Regional Entity Assurance and Oversight	$ 5,712,007	$ 5,737,572
Compliance Analysis, Certification and Registration	$ 3,784,438	$ 4,864,863
Compliance Enforcement	$ 6,395,091	$ 5,806,866
Reliability Assessments and Performance Analysis	$ 8,350,598	$ 9,825,750
Training, Education and Operator Certification	$ 3,737,472	$ 3,950,926
Reliability Risk Management		
Event Analysis	$ 4,048,371	$ 4,203,169
Situation Awareness	$ 4,583,264	$ 3,646,902
Critical Infrastructure Department [2]		
Critical Infrastructure Protection	$ 5,507,708	$ 4,495,972
ES-ISAC	$ 4,103,777	$ 13,870,144
Total Budget	$ 56,390,095	$ 66,649,309

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

[2] The 2014 budgets for Critical Infrastructure Protection and the ES-ISAC shown above are slightly different than the budgets presented in NERC's 2014 Business Plan and Budget due to a correction in the allocation of costs between the two departments after the 2014 Budget was filed. The 2014 budgets shown in the 2014 Business Plan and Budget as filed were $5,668,027 for Critical Infrastructure Protection and $3,943,457 for ES-ISAC.

Proposed Budget for Statutory Activities of NERC, each Regional Entity and WIRAB[1]

	2014 Budget for Statutory Functions	2015 Budget for Statutory Functions
NERC	$ 56,390,095	$ 66,649,309
FRCC	$ 6,794,932	$ 7,162,233
MRO	$ 9,744,799	$ 10,328,687
NPCC	$ 14,129,006	$ 14,778,539
RFC	$ 18,063,201	$ 18,756,763
SERC	$ 16,877,288	$ 15,995,840
SPP RE	$ 11,823,629	$ 11,808,110
TRE	$ 11,771,248	$ 11,983,701
WECC	$ 25,638,084	$ 26,300,035
WIRAB	$ 703,700	$ 1,013,857
Total Budget	**$ 182,195,196**	**$ 184,777,074**
Peak Reliability	$ 32,958,648	$ 38,926,722

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

Proposed Assessments for Statutory Activities of NERC and each Regional Entity

	Assessments for Statutory Functions 2014	Allocation to U.S. 2014	Assessments for Statutory Functions 2015	Allocation to U.S. 2015
NERC	$ 51,401,382	$ 46,708,699	$ 55,308,375	$ 50,046,840
FRCC	$ 5,488,057	$ 5,488,057	$ 6,062,838	$ 6,062,838
MRO	$ 8,741,444	$ 7,339,364	$ 9,426,019	$ 7,846,770
NPCC	$ 13,611,881	$ 8,447,921	$ 14,068,878	$ 8,759,736
RFC	$ 15,159,784	$ 15,159,784	$ 18,713,897	$ 18,713,897
SERC	$ 13,734,499	$ 13,734,499	$ 13,731,034	$ 13,731,034
SPP RE	$ 9,219,123	$ 9,219,123	$ 9,680,648	$ 9,680,648
TRE	$ 10,509,308	$ 10,509,308	$ 10,500,446	$ 10,500,446
WECC[1]	$ 16,219,260	$ 14,070,824	$ 26,090,293	$ 22,931,192
Total Budget	**$ 144,084,738**	**$ 130,677,579**	**$ 163,582,428**	**$ 148,273,401**
Peak [2]	$ 29,568,031	$ 29,108,411	$ 41,953,236	$ 41,302,627

[1] Includes assessments for WECC and WIRAB

[2] The 2014 Business Plan and Budget filing proposed a 2014 assessment for Peak to U.S. LSEs of $25,077,715. On July 23, 2014, NERC filed a Petition with the Commission requesting approval for a special assessment for Peak to U.S. LSEs of $4,030,696, which would result in a total 2014 assessment for Peak to U.S. LSEs of $29,108,411.

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 2

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

PROPOSED 2015 BUSINESS PLAN AND BUDGET

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 Business Plan and Budget

August 5, 2014

RELIABILITY | ACCOUNTABILITY

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About NERC

Overview

The North American Electric Reliability Corporation (NERC) is a not-for-profit entity organized under the New Jersey Nonprofit Corporation Act. NERC's mission is to improve and ensure the reliability of the Bulk Electric System (BES) in North America. NERC's area of responsibility spans the continental United States and Canada and the northern portion of Baja California, Mexico. Entities under NERC's jurisdiction are the users, owners, and operators of the bulk power system (BPS)—a system that serves the needs of over 340 million people, includes installed electricity production capacity of approximately 1,200 gigawatts, operates 475,000 miles of high-voltage transmission (100 kV and above), and is comprised of assets worth more than one trillion dollars.

Electric Reliability Organization (ERO)

The Federal Energy Regulatory Commission (FERC or Commission) certified NERC as the electric reliability organization (ERO) within the United States to establish and enforce Reliability Standards for the United States portion of the BPS, pursuant to section 215 of the Federal Power Act. NERC is subject to regulatory oversight by FERC. As of June 18, 2007, FERC granted NERC the legal authority to enforce Reliability Standards with all U.S. users, owners, and operators of the BES and made compliance with those standards mandatory and enforceable. Equivalent relationships have been sought and for the most part realized in Canada and Mexico.

International Relations

Prior to adoption of §215 in the United States, the provinces of Ontario (in 2002) and New Brunswick (in 2004) adopted all Reliability Standards that were approved by the NERC Board as mandatory and enforceable within their respective jurisdictions through market rules. Reliability legislation is in place or NERC has memoranda of understanding with provincial authorities in Ontario, New Brunswick, Nova Scotia, Québec, Manitoba, Saskatchewan, British Columbia, and Alberta, and with the National Energy Board of Canada (NEB). NERC standards are mandatory and enforceable in Ontario and New Brunswick as a matter of provincial law. Manitoba has adopted legislation, and standards are mandatory there. In addition, NERC has been designated as the "electric reliability organization" under Alberta's Transmission Regulation, and certain Reliability Standards have been approved in that jurisdiction; others are pending. NERC standards are now mandatory in British Columbia and Nova Scotia. NERC and the Northeast Power Coordinating Council (NPCC) have been recognized as standards-setting bodies by the Régie de l'énergie of Québec, and Québec has the framework in place for Reliability Standards to become mandatory. NEB has made Reliability Standards mandatory for international power lines.

In Mexico, the Comisión Federal de Electricidad (CFE) has signed WECC's reliability management system agreement, which only applies to Baja California Norte.

Membership and Governance

An eleven-member Board of Trustees (Board), comprised of ten independent directors and NERC's president and chief executive officer serving as the management trustee, governs NERC. The Board formed several committees to facilitate oversight of the organization in the areas of finance and audit, governance and human resources, compliance, standards oversight and technology, nominations, and most recently, enterprise-wide risk. In February 2014, the former risk management and internal controls subcommittee (RMICS) of the Finance and Audit Committee was approved as a separate committee of

the Board, known as the Enterprise-Wide Risk Committee (EWRC). The EWRC provides oversight and guidance regarding corporate risk management and internal audit functions. Additionally, the Reliability Issues Steering Committee (RISC) serves as an advisory committee that reports directly to the Board and triages and provides front-end, high-level leadership and accountability for nominated issues of strategic importance to BES reliability.

Membership in NERC is open to any person or entity that has an interest in the reliability of the North American BES. Membership in NERC is voluntary and affords participants the opportunity to engage in the governance of the organization through election to the Member Representatives Committee (MRC).[1] More than six hundred entities and individuals are members of NERC.

Scope of Oversight

As the international, multi-jurisdictional ERO, NERC is authorized to:

- Propose, monitor compliance with, and enforce mandatory Reliability Standards for the North American BPS, subject to regulatory oversight and approvals from FERC in the United States and applicable authorities in Canada;
- Conduct near-term and long-term assessments of the reliability and future adequacy of the North American BPS;
- Certify BPS operators as having and maintaining the necessary knowledge and skills to perform their reliability responsibilities;
- Maintain situational awareness of events and conditions that may threaten the reliability of the BPS;
- Coordinate efforts to improve physical and cyber security for the BPS of North America;
- Conduct detailed analyses and investigations of system disturbances and unusual events to determine root causes, uncover lessons learned, and issue relevant findings as advisories, recommendations, and essential actions to the industry; and
- Identify, based on lessons learned, the potential need for new or modified Reliability Standards, improved compliance monitoring and enforcement methods, or other initiatives.

Delegated Authorities

In executing its responsibility, NERC delegates certain authorities to eight regional reliability entities (Regional Entities or the Regions) to perform aspects of the ERO functions described through delegation agreements. FERC has approved delegation agreements between NERC and the eight Regional Entities (Florida Reliability Coordinating Council (FRCC), Midwest Reliability Organization (MRO), Northeast Power Coordinating Council, Inc. (NPCC), ReliabilityFirst (ReliabilityFirst), SERC Reliability Corporation (SERC), Southwest Power Pool Regional Entity (SPP RE), Texas Reliability Entity, Inc. (Texas RE), and the Western Electricity Coordinating Council (WECC)[2]). These agreements describe the authorities delegated and responsibilities assigned to the Regional Entities in the United States to address, among other things: (1) developing regional Reliability Standards, (2) monitoring compliance with and enforcing mandatory

[1] The Member Representatives Committee (MRC) comprises 28 voting representatives elected from the 12 membership sectors. The MRC elects the independent trustees and, along with the Board, votes on amendments to the Bylaws. The MRC also provides policy advice and recommendations to the Board on behalf of stakeholders with respect to annual budgets, business plans, and other matters pertinent to the purpose and operation of the organization.

[2] WECC has sub-delegated its Reliability Coordinator ("RC") and Interchange Authority ("IA") functions to Peak Reliability, which commenced operations and assumed the RC and IA functions within the WECC footprint on January 2, 2014.

Reliability Standards (both North American-wide and regional), (3) certifying registered entities and registering owners, operators, and users of the BES, (4) assessing reliability and analyzing performance, (5) training and education, (6) event analysis and reliability improvement, and (7) situation awareness and infrastructure security. NERC expects Regional Entities whose territories and geographic footprints extend into Canadian provinces and Mexico to perform equivalent functions in those jurisdictions.

ERO Enterprise Operating Model

The collective network of leadership, experience, judgment, skills, and technologies shared among NERC and the eight Regional Entities is referred to as the ERO Enterprise[3] (the enterprise). In 2014, a common operating model, Improving Coordinated Operations across the ERO Enterprise, was developed to define how NERC and the Regional Entities achieve excellence in the oversight and execution of statutory functions by collaborating and working together to mitigate reliability risks. The model also defines the division of the roles and responsibilities for NERC and the Regional Entities to efficiently and effectively execute services performed as the collective enterprise.

NERC has unique responsibilities within the enterprise to design the oversight of program areas; develop operational oversight and leadership; set qualifications and expectations for the performance of delegated activities; and assess, train, and give feedback to corresponding regional programs. NERC also reviews and provides input to the annual Regional Entity business plans and budgets, including but not limited to review of resource allocations, staffing capacity assessments, and program performance assessments. NERC input and review occurs before regional board approval.

Similarly, the Regional Entities have a mirrored set of responsibilities that include being responsive to the design of the operational model, providing input into the overall development of each ERO program area, providing training and development to meet ERO qualifications, and being receptive to feedback from the ERO and making responsive adjustments. Regional Entities also have an obligation to meet professional standards of independence and objectivity and to provide the best available expertise for addressing risks.

With due recognition and awareness of the distinction between individual roles, responsibilities, and corporate status, NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of an agreed-upon set of strategic goals and objectives that are designed to ensure the ERO fulfills its statutory obligations.

Statutory and Regulatory Background

NERC's authority as the ERO in the United States is based on Section 215 of the Federal Power Act, as added by the Energy Policy Act of 2005,[4] and the Commission's regulations and orders issued pursuant to Section 215. In Canada, NERC's authorities are established by the memoranda of understanding and regulations previously mentioned.

Funding

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

[3] The term ERO Enterprise refers to NERC and the eight Regional Entities.

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

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

Introduction and Executive Summary

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	192.30			
Non-statutory FTEs				
Total FTEs	192.30			
Statutory Expenses	$ 65,363,815			
Non-Statutory Expenses	$ -			
Total Expenses	$ 65,363,815			
Statutory Inc (Dec) in Fixed Assets	$ 1,285,494			
Non-Statutory Inc (Dec) in Fixed Assets	$ -			
Total Inc (Dec) in Fixed Assets	$ 1,285,494			
Statutory Working Capital Requirement	$ 1,094,958			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	$ 1,094,958			
Proceeds from Financing Activities	$ (373,003)			
Total Statutory Funding Requirement	$ 67,371,264			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 67,371,264			
Statutory Funding Assessments	$ 55,308,375	$ 50,046,840	$ 5,111,411	$ 150,123
Non-Statutory Fees				
NEL	4,494,892,394	3,961,433,109	521,817,390	11,641,895
NEL%	100.00%	88.13%	11.61%	0.26%

Strategic Goals, Objectives, and Metrics

Developing the common operating model for NERC and the Regional Entities aligned the enterprise's business planning goals, objectives, metrics, and assumptions for the 2014–2017 planning period. In February 2014, the NERC Board approved an updated version of the ERO Enterprise Strategic Plan with newly aligned goals, objectives, and deliverables for the 2014–2017 planning period. Prior to its approval, the NERC Board included the plan as part of the February 2014 policy input request letter to the MRC for member comment. NERC posted the written comments and policy input on the NERC website. NERC is tracking corresponding actions related to strategic planning and the business plan an ongoing basis as part of the business plan and budget process.

Performance Metrics

The strategic plan for 2014–2017 includes five consolidated goals within the existing areas of standards; compliance, registration, and certification; risks to reliability; and coordination and collaboration. New in 2014, NERC and the Regional Entities agreed to implement four overarching performance metrics designed to assess the overall effectiveness of the enterprise in addressing risk to the BES and improving BES reliability. These metrics concentrate on achieving reliability results, assuring standards and compliance effectiveness, and improving risk mitigation and program execution. The enterprise metrics are reviewed annually as part of the strategic planning process and are prioritized based on current year activities and major initiatives.

Demonstrating Success (2014–2017)

- Achieve reliability results
- Assure standards and compliance effectiveness
- Improve risk mitigation
- Execute effective ERO programs

In May 2014, the NERC Board approved the 2014 performance metrics. The four metrics, used in 2014 to measure the enterprise's success against the strategic goals, are not inclusive of all the objectives and deliverables identified for the entire three-year planning period; therefore, some of the deliverables listed in the strategic plan may not be specifically listed word-for-word in the four metrics approved for 2014. The 2015 performance metrics are expected to be finalized in fall of 2014.

NERC publicly posts and reviews quarterly corporate performance results with its Corporate Governance and Human Resources Committee.

Stakeholder Engagement

As one of the enterprise's guiding principles, NERC and the Regional Entities involved stakeholders with knowledge and expertise on a collaborative basis in the early development of the strategic plan, in the identification of prioritized risk-based activities, and in the development of the 2015 Business Plan and Budget. NERC obtained stakeholder input from a number of sources, including but not limited to the RISC, other standing committees of the Board, and the MRC's business planning and budget input group, which was specifically established in 2012 to provide and help coordinate annual input in the development of NERC's business plan and budget.

Priorities and Major Activities

The electric grid is one of the nation's most critical infrastructures, and the North American BES is one of the largest, most complex, and most robust systems ever created. Several, if not all, of the other critical infrastructure sectors are dependent on electric power. As the organization charged with ensuring the reliability and security of the North American power grid, NERC continues its focus on the changing risk landscape from conventional risks (such as extreme weather and equipment failures) to new and emerging risks in the security arena. Coordinated physical and cyber attacks intended to disable elements of the power grid or deny electricity to specific targets differ from conventional risks in that they result from intentional actions by adversaries and are not simply random failures or acts of nature. These threats are not new, but they have evolved and continue to demand more and more attention from industry and the ERO. Recognizing the costs to electricity users associated with these efforts requires prioritization, along with risk management, to ensure that the ERO is focusing resources on the greatest risks to the reliability of the BES.

NERC and the Regional Entities are invested in achieving positive results for reliability, demonstrating the effectiveness of the ERO by closing gaps in Reliability Standards, designing and implementing effective risk-based compliance monitoring and enforcement, and executing ERO programs and operational

activities that support transparent and reliability-focused strategic goals and objectives. The following paragraphs highlight key initiatives and priorities.

Risk-Based Strategy – (ERO Enterprise Goal 4 and Metric 3)
The enterprise continues to integrate risk management principles and set priorities to address the reliability issues of greatest importance. The focus in 2015 and beyond will be to solve specific issues that present risk to reliability, to improve reliability performance, to minimize the use of less-effective processes, and to avoid using already limited resources on less-important issues.

In 2013, the RISC presented priority recommendations[5] to the NERC Board and worked closely with NERC and Regional Entity staffs to review, analyze, and identify a number of high-priority reliability risk areas of strategic importance for the ERO. This collaborative risk-based prioritization is being integrated into a multi-year reliability risk management process to identify projects the enterprise will undertake year to year, ensure the efficient use of resources to focus on high-risk areas, maximize opportunities for industry input, and align with the ERO's strategic and business planning priorities.[6]

The following list identifies the current risk projects that were selected from this collaborative risk-based prioritization process and the areas for focus in 2014, with a number of these efforts extending into 2015. The list is not inclusive of all the activities planned for 2015. The complete 2015 list will be identified after risk control projects are compiled and as the RISC informs the ERO of its priorities and projects. A preliminary set of 2015 project areas is provided in the discussion of the Reliability Assessment and Performance Analysis Department's 2015 activities in Section A.

Current ERO Enterprise High-Priority Risk Projects:

1. **Changing Resource Mix** – As the generation and load on the power system change (e.g., as a result of integrated variable resources, increased dependence on natural gas, increased demand-side management, new technologies deployed, etc.), the system is being brought into states that are significantly different than when it was designed and planned, which exposes new vulnerabilities not previously considered. Fundamental operating characteristics and behaviors are no longer a certainty. Without focusing on how to respond, this risk will increase.

2. **Extreme Physical Events** – While the probability of physical events (such as physical attack, geomagnetic disturbance, or severe weather) that lead to extensive damage is low, the potential consequences are high enough that risk avoidance (reducing the probability) is insufficient as a sole risk management strategy. Risk mitigation efforts (reducing the potential consequence) are also underway, but additional focus is needed to address the risk of physical events and minimize both the magnitude and duration of their consequences.

3. **Protection System Misoperations** – NERC's 2012 and 2013 State of Reliability reports identified protection system misoperations as a significant threat to BES reliability. Additional activities are needed to ensure this risk is managed adequately.

[5] See http://www.nerc.com/comm/RISC/Related%20Files%20DL/RISC_Priority_Recommendations-Jul_26_2013.pdf for the complete report.

[6] Please refer to Reliability Assessment and Performance Analysis program in Section A for additional detail regarding the overall planned risk project portfolio and associated projects within the respective program area details, as well as the consolidated resource allocations.

4. **Cold Weather Preparedness** – Lack of generator preparedness for cold weather extremes may result in forced outages, de-ratings, and failures to start. Insufficient availability of intra-regional generation and limits on import transfer capability may result in insufficient generation to serve forecasted load, resulting in load shedding.

5. **Right-of-Way Clearances** – Transmission Owners and applicable Generation Owners may have established incorrect ratings that are based on design documents, rather than on the actual facilities built. Managing to stay within operating limits that are based on incorrect ratings may be inadequate to prevent equipment damage, cascading, instability, or separation.

6. **345 kV Breaker Failures** – NERC has identified a potential trend of 345 kV SF6 puffer-type breakers failing. In conjunction with another fault, circuit breaker failures may lead to more BES facilities being removed from service than is required to clear the original fault. This poses a risk to the reliability of the BES.

Using the 2014 projects as a baseline for gauging resource demands, NERC plans to provide an equivalent level of support in 2015 to address high-risk priority projects. Section A describes the resources anticipated to support risk projects in 2015 and includes the need to reallocate existing resources from 2014 to support the continuation and completion of project activities in 2015.[7]

Physical Security and Cybersecurity – (ERO Enterprise Goals 3 and 4)
In March 2014, FERC directed the ERO to create one or more physical grid security Reliability Standards that require registered entities to address physical security risks and vulnerabilities related to the reliable operation of the BES. NERC engaged subject matter experts throughout the Regions and among industry to assist in drafting a standard within a 90-day time period. The proposed standard requires registered entities to prioritize their most critical assets based on vulnerability and other criteria. The proposed standard final ballot closed on May 5, 2014, with 86 percent approval from the ballot body. It was adopted by the Board on May 13, 2014, and was filed with FERC for approval on May 23, 2014.

NERC has initiated a transition program to help industry understand and implement NERC's Critical Infrastructure Protection Version 5 (CIP Version 5) Reliability Standards in a timely, efficient manner. CIP Version 5 represents a significant improvement over the current CIP Version 3 standards. CIP Version 5 includes new cybersecurity controls and extends the scope of the systems that the CIP standards protect. The transition program will be in place through the enforcement date of the Version 5 standards. The goal of the transition program is to improve industry's understanding of the technical security requirements for CIP Version 5, as well as the expectations for compliance and enforcement.

NERC is also proposing to assume a program oversight role with respect to the Cyber Risk Information Sharing Program, a voluntary program to facilitate the exchange of detailed cybersecurity information between electric utilities, NERC's Electricity Sector-Information Sharing and Analysis Center (ES-ISAC), and the US Department of Energy to enable electric power critical infrastructure operators to better protect their networks from sophisticated cyber threats.

The company will also continue to focus on creating cybersecurity and physical security awareness through its annual GridSec conference and semiannual Grid-X national security exercise.

[7] In addition to the foregoing risk-based activities, NERC also incorporates risk considerations into other program area activities as further described in Section A.

Reliability Assurance Initiative (RAI) – (ERO Enterprise Goal 3 and Metric 4)
NERC and the Regional Entities continue to improve compliance and enforcement operations by focusing oversight and resources on improving processes as well as reducing unnecessary costs and administrative burdens on registered entities. Implementing RAI remains a multiyear effort to promote efficiencies, eliminate undue regulatory burdens, streamline documentation and reporting requirements, improve noncompliance processing, and develop new tools and training materials.

The major RAI activities underway in 2014 include: (1) development of a single ERO Enterprise method for registered entity reliability risk assessments to include an evaluation and test of registered entity internal controls; (2) consolidation of the expanded scope of matters that may be processed through the Find, Fix, Track, and Report (FFT) tool and initial implementation of aggregation and discretion processes; and (3) implementation of a complete auditor manual with an approved auditor handbook and checklist. Other enforcement enhancements will continue during 2014, including the development of tools that provide greater transparency into internal ERO processes, such as the assessment of risk from noncompliance and development of mitigation activities, and process improvements associated with coordination of compliance and enforcement activities for multi-Region registered entities. The ERO Auditor Capabilities and Competencies Guide, which was completed in 2014, has been posted on the NERC website and will be a critical component of auditor staff development and training.

Based on the results and successful implementation of the 2014 RAI activities, several RAI activities are planned for 2015 and beyond: (1) development and execution of a training program to support implementation of the ERO Auditor Capabilities and Competencies Guide; (2) development and delivery of training for the single compliance approach; (3) implementation of an enterprise-wide compliance tracking tool to support RAI activities; (4) compliance activities related to the successful transition to CIP Version 5; (5) design and implementation of governance, risk, and compliance management tools to support compliance oversight planning; and (6) consolidation of new enforcement processes and activities.

The 2015 RAI activities are necessary for implementing the strategic risk-based reforms intended to reduce unnecessary regulatory burden on industry. The activities are intended to increase efficiency by aligning resources associated with compliance monitoring and enforcement programs toward greater direct reliability benefit. The bulk of these activities will be resourced from NERC and Regional Entity staffs, but certain activities related to advancing the program implementation and the compliance application tool require third-party contractor support.

BES Implementation – (ERO Enterprise Goal 2 and Metric 4)
In 2010, FERC directed NERC to revise the BES definition to encompass all elements and facilities necessary to plan and reliably operate the BES. The revised definition becomes effective July 1, 2014, and the enterprise continues to guide the consistent evaluation of inclusions, exclusions, and self-notifications of BES elements. NERC and the Regional Entities will be engaged in activities supporting the implementation of the recent changes to the BES definition.

These implementation activities began in 2014 and will extend through 2015. They include: (1) the BES element evaluation process and associated procedures to provide a uniform, clear way of determining assets contained within the BES; (2) review of self-determined notifications by entities; (3) review of entity-submitted exceptions to the BES definition by Regions and NERC, (4) consideration of reviews and appeals of BES determinations and associated registration aspects; (5) providing guidance regarding Reliability Standard applicability; and (6) managing compliance and enforcement monitoring.

Risk-Based Registration – (ERO Enterprise Goal 2 and Metric 4)
In 2014, NERC and the Regional Entities are developing a risk-based registration (RBR) program that ensures entities are properly registered or de-registered commensurate with risk to the BES, are properly scoped, and are responsible for applicable Reliability Standards along with associated compliance obligations. NERC's registration rules and criteria are set forth in Section 500 and Appendices 5A and 5B of the NERC Rules of Procedure. The RBR program will focus on the scope of an entity's compliance responsibilities according to the BES reliability risks it poses. With the maturation of the ERO and associated industry experience, the registration criteria are now being revisited to adjust them with a risk-based technical foundation. These adjustments are focused on avoiding unnecessarily registering all potential entities without consideration of their materiality and risks to reliability. The goal of risk-based registration is to enhance the registration criteria so they contain threshold criteria complemented by risk-based methods. This approach will be used to exclude entities with smaller and lower voltage assets that would have a very low likelihood of posing a risk to the reliability of the BPS, while at the same time adjusting the scope of Reliability Standard requirements that must be followed.

The implementation of the RBR program is expected to:

- Align entity registration and compliance burden to its materiality and risk to BES reliability;
- Reduce the industry burden associated with registration, while sustaining continued BES reliability;
- Improve use of NERC, Regional Entity, and registered entity resources;
- Provide feedback during standards development to enhance the applicability of currently enforceable and future standards; and
- Increase consistency in registration across the eight Regional Entities by developing a common and repeatable approach and improving registration and de-registration procedures.

In addition, coordination of this effort will enhance the ERO's ability to:

- Evaluate risks to reliability across the ERO Enterprise; and
- Align changes to the registry criteria with other NERC activities and the BES definition.

Transformation of Standards to a Steady State – (ERO Enterprise Goal 1 and Metric 4)
In accordance with the approved Reliability Standards Development Plan (RSDP), the transformation of the NERC standards to a "steady state" remains a high priority. Steady state was defined in the 2014–2017 RSDP as a set of clear, concise, high-quality, and technically sound Reliability Standards that are results-based, including retiring requirements that do little to promote reliability. In their 2013 review of the NERC Reliability Standards,[8] a panel of independent experts also found that the standards should be stable, necessary for accountability, and sufficient to maintain the reliability of the BES. A steady-state standard should not require further work absent a change in reliability risks, technology, practice, or other impetus.

[8] http://www.nerc.com/pa/Stand/Standards%20Development%20Plan%20Library/Standards_Independent_Experts_Review_Project_Report.pdf

2015 Key Business Planning Assumptions

As part of the annual business planning process, NERC and the Regional Entities formed common business planning assumptions that they considered when developing their respective business plans and budgets. The Regional Entities used these assumptions to evaluate their projected workload and determine resource levels required to complete necessary tasks and meet the obligations of their Regional Delegation Agreements. The 2015 common business plan and budget assumptions are set forth in Exhibit A.

Application of Section 215 Criteria

In its order approving NERC's 2013 Business Plan and Budget, FERC required NERC to establish criteria for determining whether its proposed activities are eligible for funding under Section 215. In an order dated April 19, 2013, FERC approved NERC's proposed criteria, with certain modifications.[9] Exhibit B summarizes the major activities NERC proposes to undertake in 2015 and the approved Section 215 criteria applicable to such activities.

Overview of 2015 Budget and Funding Requirements

NERC's 2015 combined expense and fixed asset (capital) budget is approximately $66.6M, which represents an increase of approximately $10.3M (18.2%) over 2014. Total expenses are increasing approximately $9.8M (17.5%) over 2014. The total fixed asset (capital) budget, before accounting for depreciation,[10] is approximately $3.6M, an increase of approximately $500k over 2014. Of the $10.3M increase in the 2015 budget over the 2014 budget, $8.9M (87.0%) is related to the Cyber Risk Information Sharing Program (CRISP). In the absence of CRISP, the 2015 budget would increase approximately $1.3M (2.4%) over 2014. As further explained in Section A, Electricity Sector Information Sharing and Analysis Center (ES-ISAC) on page 52 and in Exhibit F, the majority of the NERC CRISP budget will be funded by participating utilities, with only a small portion funded through assessments.

NERC's total assessments are projected to increase $3.9M (7.6%) over 2014. Of this amount, $496.3k or roughly 1% percent of the total 7.7% increase is related to CRISP. The allocation of assessments to U.S., Canadian, and Mexican entities, after taking into account the application of NERC's policies regarding the allocation of United States penalty funds[11] and the allocation of certain compliance and enforcement costs,[12] and using 2013 net energy for load data, is $50.0M, $5.1M, and $150.4k, respectively. The allocation of NERC and Regional Entity assessments is detailed in Appendix 2.

The following table provides a high-level year-over-year comparison of the major categories of expenses, total budget, and FTEs.

[9] North American Electric Reliability Corporation, Order on Compliance, 143 FERC ¶ 61,052 (2013)
+ North American Electric Reliability Corporation, Order on 2014 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filing, 145 FERC ¶ 61,097 (2013).

[10] NERC and the Regional Entities budget Depreciation as an Operating Expense with an equal and offsetting credit against budgeted Fixed Asset Additions; as a result, the budgets do not include depreciation in the funding requirements.

[11] Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards, December 8, 2008 and as amended August 15, 2013

[12] Expanded Policy on allocation of Certain Compliance and Enforcement Costs, July 29, 2008

Statement of Activities and Fixed Assets Expenditures 2014 and 2015 Budgets

STATUTORY

	2014 Budget	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding			
ERO Funding			
NERC Assessments	$ 51,401,382	$ 55,308,375	$ 3,906,993
Penalty Sanctions	290,000	1,155,000	865,000
Total NERC Funding	**$ 51,691,382**	**$ 56,463,375**	**$ 4,771,993**
Third-Party Funding (CRISP)	-	8,943,589	8,943,589
Testing Fees	1,620,000	1,670,000	50,000
Services & Software	50,000	50,000	-
Workshops	354,000	241,300	(112,700)
Interest	20,000	3,000	(17,000)
Miscellaneous	-	-	-
Total Funding (A)	**$ 53,735,382**	**$ 67,371,264**	**$ 13,635,882**
Expenses			
Total Personnel Expenses	**$ 34,059,654**	**$ 35,803,312**	**$ 1,743,658**
Total Meeting Expenses	**$ 3,789,525**	**$ 3,566,146**	**$ (223,379)**
Total Operating Expenses	**$ 17,612,133**	**$ 25,863,357**	**$ 8,251,224**
Total Direct Expenses	**$ 55,461,313**	**$ 65,232,815**	**$ 9,771,502**
Indirect Expenses	**$ 0**	**$ (0)**	**$ (0)**
Other Non-Operating Expenses	**$ 144,000**	**$ 131,000**	**$ (13,000)**
Total Expenses (B)	**$ 55,605,313**	**$ 65,363,815**	**$ 9,758,502**
Change in Assets	**$ (1,869,930)**	**$ 2,007,449**	**$ 3,877,379**
Fixed Assets			
Depreciation	$ (2,333,006)	$ (2,333,006)	$ -
Computer & Software CapEx	2,904,790	3,253,500	348,710
Equipment CapEx	213,000	365,000	152,000
Inc(Dec) in Fixed Assets (C)	**784,784**	**1,285,494**	**500,710**
TOTAL BUDGET (=B + C)	**$ 56,390,096**	**$ 66,649,309**	**$ 10,259,212**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)[1]	**$ (2,654,714)**	**$ 721,955**	**$ 3,376,669**
FTEs	**189.5**	**192.3**	**2.8**

[1]The budgeted change in working capital reflects both a reduction in excess working capital and operating reserves and the assumptions related to capital financing. Refer to Table B-1 on page 115 for a complete

NERC's 2015 budget and funding requirements reflect the resources necessary to support achievement of the goals and objectives set forth in the Strategic Plan. The 2015 budget is comprised of both operating

and capital (fixed asset) costs. Operating costs include, but are not limited to: personnel costs based on projected 2014 year-end headcount, consulting costs to support specific program area needs, contracts for office space, software licensing, third-party data management, and communications and other customary services to support office operations. Fixed Asset (capital) costs primarily reflect investments in equipment and software to support operations, including investments in the development of software applications and infrastructure to facilitate improved business processes and efficiency.

Key Budget Assumptions

Key assumptions used in the development of NERC's 2015 budget included:

- An increase of 2.8 FTEs over 2014 to the ES-ISAC to support CRISP and provide administrative support to the ES-ISAC in connection with the physical separation of the ES-ISAC from other departments in NERC's Washington, D.C. office
- 6% adjustment to reduce budgeted FTEs to account for attrition and hiring delays
- 2.5% average salary increase pool
- Incentive compensation budget of 18.4% of base salary expense
- Market increases in medical and dental benefit plan costs

Management spends considerable efforts reviewing and reallocating personnel resources to ensure that appropriate resources are being dedicated to key priorities and activities. The 6% across-the-board FTE adjustment (reduction) for attrition and hiring delays is based on a three-year average of actual-to-budgeted FTE data. The 2.5% average salary increase is slightly below the 3% market reference provided by the company's compensation consultant. The incentive compensation budget of 18.4% of total base salary represents a three-year average. Incentive compensation is also tied to corporate, departmental, and individual performance results. Medical and dental premium cost estimates are based on market data provided by the company's benefits consultant.

- Meeting and Travel Expense
    - Forecast reduction based on review of 2013–2014 costs

The company has undertaken significant efforts over the past several years to reduce travel and meeting expenses. In 2013, NERC implemented additional policies, systems, and controls over travel expenses. The company has also worked closely with Regional Entities to share meeting space where possible, which has helped reduce meeting costs.

- Contractors and Consultants
    - Developed on a department-by-department basis, taking into account existing contractual commitments and individual department requirements
    - With the exception of proposed subcontract support for CRISP, applied 3% across-the-board reduction in each department's 2015 budget to account for potential under-runs in actual contractor and consulting expense (based on historic trends), as well as to help drive lower overall spending in this area.

The following table summarizes total year-over-year contractor and consulting costs by department, which were reduced by 3% across the board as noted above.

Consultants & Contracts	2014 BUDGET	2015 BUDGET	INC (DEC) OVER 2014
Regional Entity Assurance and Oversight	400,000	388,000	(12,000)
Total Reliability Assessments and Performance Analysis	638,085	955,450	317,365
Total Situation Awareness	1,289,108	1,077,321	(211,787)
Total Critical Infrastructure Department	190,000	426,800	236,800
Total ES-ISAC	786,450	8,329,390	7,542,940
Total Training, Education and Operator Certification	848,830	752,130	(96,700)
Total General & Administrative	75,000	15,000	(60,000)
Total Information Technology	1,944,000	1,729,600	(214,400)
Total Human Resources	257,500	298,275	40,775
Total Finance and Accounting	400,000	339,500	(60,500)
TOTAL CONSULTANTS AND CONTRACTS	6,828,973	14,311,466	7,482,493

Contractor and consulting expenses are developed on a department-by-department basis and reflect both known and anticipated expenses, based on both historic and current information. The Compliance and Registration (Regional Entity Assurance and Oversight) department budget is for consulting support for RAI implementation. Contract and consulting expenses for the Reliability Assessment and Performance Analysis program area is largely for software and services supporting reliability data management and analysis. Situation Awareness costs are primarily related to licenses and services supporting SAFNR, and other reliability information and notification (e.g., alerts) systems.

Critical Infrastructure Department expenses represent an increase over 2014 due to costs to support the biannual GridEx exercise. Other CID contractor and consulting costs are primarily to support the Critical Infrastructure Protection Committee consistent with historic experience and contract support levels. ES-ISAC costs are for software and services to support current operations, including the ES-ISAC portal. These costs do not include the incremental costs to participate in CRISP or to exercise an option to acquire additional space in the company's Washington, D.C. office. These items are discussed further below.

Training, Education, and Operator Certification contract and consulting costs include the cost of operator certification, training and continuing education programs, and training of NERC personnel. It also includes supporting compliance and enforcement (RAI) and other training initiatives. Policy and External Affairs costs are for Canadian policy analysis and communications training for NERC staff.

Information Technology contract and consulting support is primarily for systems and software maintenance services. Software development costs are primarily budgeted under fixed (capital) assets and are discussed further below. Human Resources contract and consulting costs are primarily for employee training, various surveys, compensation studies, and consulting services to support process improvements. Finance and Accounting costs are primarily for outside auditor services in connection with the annual financial statement audit and Form 990 preparation and filing, as well as audit and consulting services to support for the Enterprise Risk Management and Internal Control audit plan and CCC audit plan.

ES-ISAC

- **CRISP Program Participation –** The CRISP program is a public-private partnership to facilitate timely sharing of cybersecurity threat information and develop situation awareness tools to enhance the electricity sector's ability to identify, prioritize, and coordinate the protection of its critical infrastructure. CRISP provides near real-time capability for critical infrastructure owners and operators to voluntarily share cybersecurity threat data, analyze the data, and receive machine-to-machine mitigation measures. Information-sharing devices that are installed on the participants' networks send encrypted data to a CRISP analysis center operated by the Pacific Northwest National Labs, which analyzes the data it receives and sends alerts and mitigation measures back to CRISP participants through a secure network. There is significant industry interest in CRISP.

  NERC believes there is merit and broad stakeholder benefit from having NERC assume the role of program manager for CRISP through the ES-ISAC. As program manager, the ES-ISAC will have access to additional detailed cybersecurity threat information that it can analyze and share (without attribution and in appropriate declassified format) with ES-ISAC registered users. NERC's participation in CRISP is subject to receipt of allnecessary corporate and regulatory budget approvals. Additional detailed information regarding CRISP is set forth in Section A, Electricity Sector Information Sharing and Analysis Cener on page 52 and Exhibit F.

- **Physical Separation of ES-ISAC Personnel –** In February 2012, the Board approved an ES-ISAC Policy Statement that established a separation between the ES-ISAC and NERC's compliance and enforcement program. As a result, in June 2013 NERC requested comments from stakeholders regarding the impact, on NERC's compliance-related activities, of the walling off of certain staff from ES-ISAC activities. In response to the request for comments, stakeholders generally expressed support for this policy.[13] Numerous commenters recommended even stronger separation of the ES-ISAC information-sharing function from NERC's compliance and enforcement function. This would include, but not be limited to, physical separation of ES-ISAC personnel from other NERC personnel, coupled with strong process management and explicit access restrictions from all NERC personnel. Commenters also recommended that NERC adopt standards of conduct and procedures similar to those governing the separation of utility merchant and transmission functions, as well as a change in management reporting structure in which the ES-ISAC would report directly to the NERC president and chief executive officer. In consideration of this input, NERC management:

  - Separated the ES-ISAC from the Critical Infrastructure Department, with the ES-ISAC and chief security officer now reporting directly to NERC's president and chief executive officer.
  - Transferred Critical Infrastructure Department auditors to the Regional Entity Assurance and Oversight Department that provides oversight of Regional Entity compliance

[13] Entities submitting comments included SCE, EEI, the ISO/RTO Council, Duke, TECO, Entergy, PP&L, ITC Holdings, the APPA and LPPC. The full text of the comments may be found at the following link http://www.nerc.com/gov/bot/FINANCE/2014%20Business%20Plan%20and%20Budget2nd%20Draft/ES-ISAC%20Comments%20Received%20as%20of%2008-02-13.pdf

functions. In addition to removing these auditors from the same department as the ES-ISAC personnel, this transfer provides better functional alignment of auditors and more effective management of the compliance oversight and assurance audit function.

- Put into place a formal employee code of conduct to further memorialize the existing separation of the ES-ISAC from compliance and enforcement personnel. The code of conduct contains many of the principals incorporated in codes of conduct separating utility competitive and regulated operations.
- Subject to approval of its 2015 business plan and budget and the receipt of other necessary corporate authorizations, management plans to exercise an option to acquire additional space in the company's Washington, D.C. office to physically separate the ES-ISAC from the company's other operations and restrict personnel access between operating areas and the ES-ISAC. Exercise of the option would allow the company to lease the remaining space, consisting of approximately 6,200 rentable square feet on the 6th floor, where the company's offices are now located. The lease provides that the rent for the option space will be based on the "prevailing market." The projected annual cost of leasing the space at a lease rate equivalent to rate per square foot for the company's existing space of approximately $50 per square foot will add approximately $300k to the budget, assuming negotiation of a reasonable build-out allowance. Estimated incremental operating costs will add an additional $5k in annual costs to the budget.
- The ES-ISAC currently relies on administrative support from other departments in the Washington, D.C. office. As noted above, management is proposing to add 0.9 FTE to provide dedicated administrative support to ES-ISAC personnel. This FTE will be physically located in the ES-ISAC office space which will be separated from other operating areas.

Fixed Asset (Capital) Budget and Capital Financing

NERC's 2015 capital budget is approximately $3.6M, which represents an increase of approximately $500k over 2014. The table below provides a summary of the major capital budget components.

NERC 2015 CAPITAL BUDGET	
Computer & Software CapEx	
ERO Application Development	1,050,000
ERO Data Analysis Tools	550,000
Generation Data Software	200,000
Hardware	100,000
	$ 1,900,000
IT Hardware and Software	
Disaster Recovery	250,000
Data Storage	425,000
Replacement servers	202,000
NERC Software licenses	350,500
Replacement laptops	126,000
Total Computer & Software CapEx	$ 1,353,500
Equipment CapEx	
Replacement network devices	$ 365,000
Total Capital Budget	**$ 3,618,500**

NERC has budgeted 1.7M[14] in 2015 for services related to the planning, design, and implementation of software applications supporting common NERC and Regional Entity operations. Senior management of NERC and the Regional Entities have refined and updated the ERO Enterprise's long-term IT architecture and data management plans and the specific applications that will be under development in 2015. Further detail regarding updates to the Enterprise IT Strategy; the current status of the development of Enterprise IT applications; applications that will be under development in 2015 and steps that are being taken to improve its oversight of the identification, development and execution of Enterprise IT applications may be found under the Information Technology Department section on page 73. The proposed $1.7M budget represents a reduction in the forecast 2015 enterprise application development budget presented in NERC's 2014 Business Plan and Budget. The 2015 capital budget also includes $200k for development of a replacement software application for a legacy application called PC-GAR, which is used by industry to access information from the Generation Analysis Data System (GADS) database, as well as $100k for hardware to support ERO applications. Further information regarding the ERO Enterprise application development budget is contained in Section A, Information Technology department. NERC's 2015 capital budget also includes funding for development of a disaster recovery plan, data storage, replacement of servers and laptops, and software license costs.

The 2015 budget projection assumes that $1.9M of the total $3.6M capital budget will be financed as part of the capital financing program that was described and authorized as part of the 2014 Business Plan and Budget. Further information regarding capital financing may be found in Exhibit D.

Working Capital and Operating Reserves

Management is proposing a budget of $6.3M for working capital and operating reserves, which represents an increase of $772.7k from 2014. Working capital reserves, (i.e., funds reserved for future liabilities), are budgeted at $3.2M, which is a reduction of $322.2k compared to 2014. Befor accounting for third party funded CRISP reserves, the total combined budget for known and unforeseen contingencies is $2M, which is consistent with the 2014 budget.[15] However, unlike in the case of the 2014 budget, the entire amount is being budgeted for Unforeseen Contingencies. The operating reserve budget for the System Operator Certification Program is $591k, reflecting the planned use of $405k of program reserves to support budgeted costs in excess of funding. $500k in additional reserves for CRISP has also been added to reserves, with these additional reserves funded entirely by utilities participating in CRISP and segregated from other reserves pursuant to the terms of the CRISP agreements. Further information regarding working capital and operating reserves may be found in Exhibit E.

NERC senior management will be working with the senior management of the Regional Entities, the NERC Finance and Audit Committee, and the Board to develop additional long-term working capital and operating reserve policy guidance with the goal of mitigating large year-to-year swings in assessments. As always, NERC will also seek input from stakeholders in the development of this guidance and any associated policies.

[14] Depending on the nature of the expenditures that may or may not be capable of being capitalized. Examples would be expenses related to the development planning or to the extent a decision is made for a third party to develop, host and maintain the application. To the extent the expenditures cannot be capitalized they will be recorded as a variance in contractor and consulting expenses which are recorded under the operating expense portion of NERC's budget. However, management is committed to working with the limitations of its overall operating and capital budget with respect to enterprise software and hardware relate expenditures.

[15] The increase to $2M from the initial draft of NERC's 2015 business plan and budget is subject to the receipt of necessary board of trustees and FERC authorizations to apply $1M in penalty funds received on July 9, 2014 to reduce 2015 assessment funding requirements.

Department Budget and FTE Comparisons

The following tables set forth a 2014–2015 total budget (operating expenses plus fixed assets minus depreciation) comparison by department, followed by a bar chart comparison of funding by department. As further detailed in Section A, total indirect expenses and fixed asset costs allocated to the statutory departments and included in the total 2014 and 2015 budgets reflected below are approximately 10.4% higher in 2015 due to the (1) reallocation of personnel to support NERC and stakeholder committees, and (2) transfer of the budget for development of ERO software applications to the IT department. Since these applications benefit multiple departments, they should be allocated similarly to other IT expenditures.

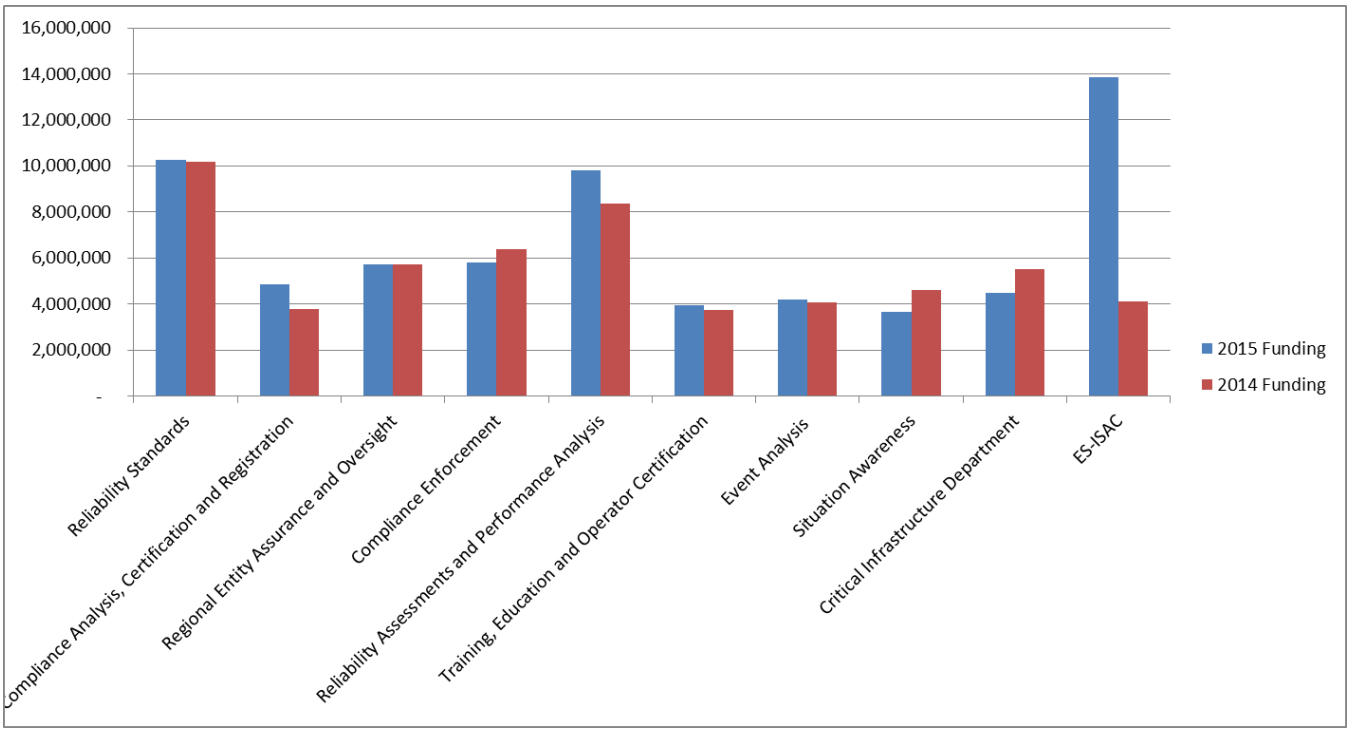
The increase in Compliance Analysis, Certification and Registration department costs is primarily due to the transfer of two positions to this department as part of the internal reorganization described above. The increase in the Reliability Assessment and Performance Analysis department budget is due to reallocation of resources to that department to further support risk assessment activities. The increase in the Training, Education and Operator Certification and Event Analysis budgets is generally due to an increase in the indirect expense and fixed asset allocations, as explained above. The increase in the Training, Education and Operator Certification budget was partially offset by lower contractor and consulting expenses. The reduction in the Situation Awareness department budget is due to reductions in contractor and consulting expense and capitalized software costs. The reduction in the Critical Infrastructure Department budget is primarily due to the transfer of personnel to the Regional Entity Assurance and Oversight department and the transfer of a position to the ES-ISAC. The ES-ISAC budget reflects the addition of an administrative FTEand includes the additional projected costs of CRISP participation discussed above. Exhibit F includes a comparison of the 2014 and 2015 ES-ISAC budgets with and without CRISP.

2014 – 2015 Total Budget by Department

Total Budget	Budget 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	10,167,369	10,247,145	79,776	0.8%
Compliance Analysis, Certificaton and Registration	3,784,438	4,864,863	1,080,425	28.5%
Regional Entity Assurance and Oversight	5,712,007	5,737,572	25,564	0.4%
Compliance Enforcement	6,395,091	5,806,866	(588,225)	-9.2%
Reliability Assessments and Performance Analysis	8,350,598	9,825,750	1,475,151	17.7%
Training, Education and Operator Certification	3,737,472	3,950,926	213,454	5.7%
Reliability Risk Management				
Event Analysis	4,048,371	4,203,169	154,798	3.8%
Situation Awareness	4,583,264	3,646,902	(936,363)	-20.4%
Critical Infrastructure Department*	5,507,708	4,495,972	(1,011,736)	-18.4%
ES-ISAC*	4,103,777	13,870,144	9,766,367	238.0%
Total Budget	56,390,096	66,649,309	10,259,213	18.2%

*The 2014 budget allocation between the Critical Infrastructure Department and ES-ISAC is slightly different than the allocation presented in the 2014 Business Plan and Budget due to a correction in the allocation of costs between the two departments.

2014 – 2015 Funding Requirement by Department



The following table presents a year-over-year comparison of FTEs by department and reflects 2014 personnel additions and interdepartmental transfers, attrition assumptions, and proposed 2015 personnel additions. It is followed by a statement of activities comparing the 2014 budget and the proposed 2015 budget.

The increase in FTEs in the General and Administrative area is due to a reallocation of personnel supporting the Member Representatives Committee and Regional Entity Management Group activities. The addition of FTEs in the Information Technology area reflects the addition of a Chief Information Officer and project management support to further IT strategy development and execution. The increase in the Finance and Accounting area reflects the addition of staff in 2014 to support the Risk Management and Internal Controls function, as well as the addition of an accounting position to further strengthen segregation of duties, cross training, and back-up functions.

2014-2015 Year-over-Year Comparison of FTEs by Department

Total FTE's by Program Area	Budget 2014	Budget 2015	Change from 2014 Budget	% Change from 2014
STATUTORY				
Operational Programs				
Reliability Standards	25.92	24.40	(1.5)	-5.9%
Compliance Analysis, Certification and Registration	9.60	11.25	1.7	17.2%
Regional Entity Assurance and Oversight	13.44	12.19	(1.3)	100.0%
Compliance Enforcement	18.24	15.01	(3.2)	-17.7%
Reliability Assessments and Performance Analysis	18.99	19.70	0.7	3.7%
Training, Education and Operator Certification	8.16	7.97	(0.2)	-2.3%
Event Analysis	9.60	9.38	(0.2)	-2.3%
Situation Awareness	6.24	6.10	(0.1)	-2.2%
Critical Infrastructure Department	12.48	8.44	(4.0)	-32.4%
ES-ISAC	7.72	10.32	2.6	33.7%
Total FTEs Operational Programs	**130.39**	**124.76**	**(5.6)**	**-4.3%**
Administrative Programs				
General & Administrative	10.56	13.13	2.6	24.3%
Legal and Regulatory	15.15	15.01	(0.1)	-0.9%
Information Technology	18.07	19.70	1.6	9.0%
Human Resources	2.88	2.81	(0.1)	-2.4%
Finance and Accounting	12.48	16.89	4.4	35.3%
Total FTEs Administrative Programs	**59.14**	**67.54**	**8.4**	**14.2%**
Total FTEs	**189.50**	**192.30**	**2.8**	**1.5%**

The NERC 2015 organizational chart can be found in Appendix 1.

Statement of Activities and Fixed Assets Expenditures 2014 and 2015 Budgets

STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 51,401,382	$ 51,401,382	$ (0)	$ 55,308,375	$ 3,906,993
Penalty Sanctions	290,000	290,000	-	1,155,000	865,000
Total NERC Funding	**$ 51,691,382**	**$ 51,691,382**	**$ (0)**	**$ 56,463,375**	**$ 4,771,993**
Third-Party Funding (CRISP)	-	-	-	8,943,589	8,943,589
Testing Fees	1,620,000	1,620,000	-	1,670,000	50,000
Services & Software	50,000	50,000	-	50,000	-
Workshops	354,000	239,000	(115,000)	241,300	(112,700)
Interest	20,000	2,500	(17,500)	3,000	(17,000)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 53,735,382**	**$ 53,602,882**	**$ (132,500)**	**$ 67,371,264**	**$ 13,635,882**
Expenses					
Personnel Expenses					
Salaries	$ 26,218,572	$ 26,168,292	$ (50,280)	$ 27,580,677	$ 1,362,105
Payroll Taxes	1,570,954	1,726,865	155,911	1,673,628	102,674
Benefits	3,385,917	3,179,008	(206,909)	3,547,178	161,261
Retirement Costs	2,884,211	2,715,383	(168,828)	3,001,829	117,618
Total Personnel Expenses	**$ 34,059,654**	**$ 33,789,548**	**$ (270,106)**	**$ 35,803,312**	**$ 1,743,658**
Meeting Expenses					
Meetings	$ 1,052,150	$ 1,061,453	$ 9,303	$ 1,050,000	$ (2,150)
Travel	2,419,525	2,109,344	(310,181)	2,203,395	(216,130)
Conference Calls	317,851	293,649	(24,202)	312,751	(5,100)
Total Meeting Expenses	**$ 3,789,525**	**$ 3,464,446**	**$ (325,079)**	**$ 3,566,146**	**$ (223,379)**
Operating Expenses					
Consultants & Contracts	$ 6,828,973	$ 7,516,119	$ 687,146	$ 14,311,466	$ 7,482,493
Office Rent	2,617,300	2,650,299	32,999	2,987,777	370,477
Office Costs	3,506,074	3,410,106	(95,968)	3,583,328	77,254
Professional Services	2,290,280	2,290,280	-	2,611,280	321,000
Miscellaneous	36,500	33,000	(3,500)	36,500	-
Depreciation	2,333,006	1,790,990	(542,016)	2,333,006	-
Total Operating Expenses	**$ 17,612,133**	**$ 17,690,794**	**$ 78,661**	**$ 25,863,357**	**$ 8,251,224**
Total Direct Expenses	**$ 55,461,313**	**$ 54,944,788**	**$ (516,525)**	**$ 65,232,815**	**$ 9,771,502**
Indirect Expenses	**$ 0**	**$ -**	**$ (0)**	**$ (0)**	**$ (0)**
Other Non-Operating Expenses	**$ 144,000**	**$ 79,367**	**$ (64,633)**	**$ 131,000**	**$ (13,000)**
Total Expenses (B)	**$ 55,605,313**	**$ 55,024,155**	**$ (581,157)**	**$ 65,363,815**	**$ 9,758,502**
Change in Assets	**$ (1,869,930)**	**$ (1,421,273)**	**$ 448,657**	**$ 2,007,449**	**$ 3,877,379**
Fixed Assets					
Depreciation	$ (2,333,006)	$ (1,790,990)	542,016	$ (2,333,006)	$ -
Computer & Software CapEx	2,904,790	2,025,476	(879,314)	3,253,500	348,710
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	213,000	186,721	(26,279)	365,000	152,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ (0)	$ (0)	$ -	$ -
Inc(Dec) in Fixed Assets (C)	**784,784**	**421,207**	**(363,577)**	**1,285,494**	**500,710**
TOTAL BUDGET (=B + C)	**$ 56,390,096**	**$ 55,445,362**	**$ (944,734)**	**$ 66,649,309**	**$ 10,259,212**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)[1]	**$ (2,654,714)**	**$ (1,842,480)**	**$ 812,234**	**$ 721,955**	**$ 3,376,669**
FTEs	**189.5**	**185.5**	**(4.0)**	**192.3**	**2.8**

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

Projections for 2016–2017

Management has developed preliminary operating and fixed asset (capital) budget projections for 2016 and 2017. The significant assumptions considered in preparing these projections include:

- No increase in the total FTEs over 2015 budgeted FTEs
- Personnel and benefit cost increases consistent with the 2015 budget assumptions
- No increase in contractor and consulting expense above 2015 budget levels with the exception of contract support for GridEx III in 2016
- Debt service repayment obligations in connection with the company's Capital Financing Program consistent with the projected Enterprise IT Applications capital forecast
- No increase in CRISP related expenditures, except for personnel and benefit cost increases as noted above

The 2016 and 2017 total budget is projected to increase $1.2M each year, or 1.8% and 1.7%, over 2015 and 2016, respectively. Average assessments are projected to increase $2.8M and $227.3k or 5.2% and 0.4% over 2015 and 2016, respectively. The projected increase in 2016 is primarily driven by the loss of $1.2M in penalty funding and the $1.2M increase in Total Budget.

Statement of Activities and Fixed Assets Expenditures
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	$ 55,308,375	$ 58,189,615	$ 2,881,240	5.21%	$ 58,416,933	$ 227,318	0.4%
Penalty Sanctions	1,155,000	-	(1,155,000)	-100.00%	-	-	
Total NERC Funding	**$ 56,463,375**	**$ 58,189,615**	**$ 1,726,240**	**3.1%**	**$ 58,416,933**	**$ 227,318**	**0.4%**
Third-Party Funding (CRISP)	8,943,589	8,233,470	(710,119)	-7.94%	8,243,076	9,606	0.1%
Testing Fees	1,670,000	1,670,000	-	0.00%	1,670,000	-	0.0%
Services & Software	50,000	50,000	-	0.00%	50,000	-	0.0%
Workshops	241,300	241,300	-	0.00%	241,300	-	0.0%
Interest	3,000	3,271	271	9.02%	3,000	(271)	-8.3%
Miscellaneous	-		-			-	
Total Funding (A)	**$ 67,371,264**	**$ 68,387,655**	**$ 1,016,391**	**1.5%**	**$ 68,624,309**	**$ 236,654**	**0.3%**
Expenses							
Personnel Expenses							
Salaries	$ 27,580,677	$ 28,264,569	$ 683,892	2.5%	$ 28,965,558	$ 700,989	2.5%
Payroll Taxes	1,673,628	1,700,161	26,533	1.6%	1,726,212	26,050	1.5%
Benefits	3,547,178	3,895,169	347,992	9.8%	4,158,206	263,037	6.8%
Retirement Costs	3,001,829	3,088,546	86,717	2.9%	3,167,455	78,909	2.6%
Total Personnel Expenses	**$ 35,803,312**	**$ 36,948,446**	**$ 1,145,134**	**3.2%**	**$ 38,017,431**	**$ 1,068,985**	**2.9%**
Meeting Expenses							
Meetings	$ 1,050,000	$ 1,050,000	$ -	0.0%	$ 1,050,000	-	0.0%
Travel	2,203,395	2,203,395	-	0.0%	2,203,395	-	0.0%
Conference Calls	312,751	312,751	-	0.0%	312,751	-	0.0%
Total Meeting Expenses	**$ 3,566,146**	**$ 3,566,146**	**$ -**	**0.0%**	**$ 3,566,146**	**$ -**	**0.0%**
Operating Expenses							
Consultants & Contracts	$ 14,311,466	14,533,113	221,647	1.5%	14,558,544	25,431	0.2%
Office Rent	2,987,777	2,987,777	-	0.0%	2,895,148	(92,629)	-3.1%
Office Costs	3,583,328	3,583,328	-	0.0%	3,583,328	-	0.0%
Professional Services	2,611,280	2,436,348	(174,932)	-6.7%	2,436,348	-	0.0%
Miscellaneous	36,500	36,500	-	0.0%	36,500	-	0.0%
Depreciation	2,333,006	1,056,592	(1,276,415)	-54.7%	517,374	(539,218)	-51.0%
Total Operating Expenses	**$ 25,863,357**	**$ 24,633,658**	**$ (1,229,699)**	**-4.8%**	**$ 24,027,242**	**$ (606,416)**	**-2.5%**
Total Direct Expenses	**$ 65,232,815**	**$ 65,148,250**	**$ (84,565)**	**-0.1%**	**$ 65,610,819**	**$ 462,569**	**0.7%**
Indirect Expenses	**$ -**	**$ -**			**$ -**	**$ -**	
Other Non-Operating Expenses	**$ 131,000**	**$ 203,000**	**$ 72,000**	**55.0%**	**163,000**	**(40,000)**	**-19.7%**
Total Expenses (B)	**$ 65,363,815**	**$ 65,351,250**	**$ (12,565)**	**0.0%**	**$ 65,773,819**	**422,569**	**0.6%**
Change in Assets	**$ 2,007,449**	**$ 3,036,405**	**$ 1,028,956**	**51.3%**	**$ 2,850,490**	**$ (185,915)**	**-6.1%**
Fixed Assets					-		
Depreciation	$ (2,333,006)	$ (1,056,592)	$ 1,276,415	-54.7%	$ (517,374)	$ 539,218	-51.0%
Computer & Software CapEx	3,253,500	2,920,500	(333,000)	-10.2%	3,192,000	271,500	9.3%
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	365,000	645,500	280,500	76.8%	583,000	(62,500)	-9.7%
Leasehold Improvements	-	-	-		-	-	
Allocation of Fixed Assets							
Inc(Dec) in Fixed Assets (C)	**$ 1,285,494**	**$ 2,509,408**	**$ 1,223,915**	**95.2%**	**$ 3,257,626**	**$ 748,218**	**29.8%**
TOTAL BUDGET (=B + C)	**$ 66,649,309**	**$ 67,860,658**	**$ 1,211,349**	**1.8%**	**$ 69,031,445**	**$ 1,170,787**	**1.7%**
FTEs	**192.30**	**192.30**	**-**		**192.30**	**-**	

Section A — 2015 Business Plan and Budget Program Area and Department Detail

Reliability Standards

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	25.92	24.40	(1.52)
Direct Expenses	$ 5,150,854	$ 4,800,751	$ (350,103)
Indirect Expenses	$ 4,872,999	$ 5,139,603	$ 266,604
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 143,517	$ 306,791	$ 163,274
TOTAL BUDGET	$ 10,167,369	$ 10,247,145	$ 79,775

Background and Scope

The Reliability Standards program carries out the ERO's statutory responsibility to develop, adopt, obtain approval of, and modify as and when appropriate, mandatory Reliability Standards (both continent-wide standards and regional reliability standards) for the reliable planning, operation, and critical infrastructure protection of the North American BES. The major activities undertaken by the Standards department include:

- **Delivering high-quality, continent-wide Reliability Standards**: NERC standards developers and other standards staff provide project management and leadership to develop solutions necessary to address reliability risks identified through the Reliability Risk Management Process (RRMP). These may include the development of or modifications to NERC Reliability Standards through standard development outreach activities, facilitation of drafting team activities, drafting support, assisting drafting teams in maintaining adherence to the development process as outlined in the Standard Processes Manual, and ensuring that the quality of documents produced are appropriate for approval by industry and the Board.
- **Facilitating continent-wide industry engagement**: NERC manages the work of over 200 industry contributors who serve on the Standards Committee, subgroups and other project teams for the development of NERC standards through the standards development program.
- **Conducting balloting, disseminating information, and supporting regulatory filings**: Through NERC's commenting and ANSI-accredited balloting process, industry consensus is built by engaging thousands of industry volunteers within hundreds of registered entities throughout North America who review, comment on, and approve the standards products created by the standard drafting teams. The department also supports the filing of standards with regulatory authorities and provides support in connection with regulatory proceedings.

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

Stakeholder Engagement and Cost-Effective Analysis Project

As part of the standard development process, industry technical experts scope, draft, and review the new or revised NERC Reliability Standards for approval by the industry ballot body, adoption by the Board, and filing with regulatory authorities in the United States and Canada. Additionally, stakeholders continue to pilot methods to address the cost-effectiveness of proposed standards.

The two-phased Cost-Effective Analysis Process (CEAP) attempts to ensure that the standards development process produces standards that cost-effectively address reliability gaps. The first phase of the CEAP is implemented during the Standards Authorization Request (SAR) stage to determine the cost impact of a proposed standard and whether it will meet or exceed an adequate level of reliability. The second phase is completed later in the standard development process to determine cost-effectiveness of the proposed approach and offer industry an opportunity to identify more cost-efficient solutions. A team comprised of the NERC Standards Committee and Standards Committee Process Subcommittee members, along with industry and NERC staff, continues to participate in the CEAP to promote information sharing and consensus and alleviate concerns regarding cost and effectiveness.

Key Standards Efforts Underway in 2014

Emerging Issues

In 2014, the Standards department continues to address "emerging issues" projects that either (1) have been identified through the RRMP; (2) respond to FERC orders and directives; or (3) are being addressed in an ongoing project. Two projects have been identified as key reliability issues through the RISC and the RRMP: (1) the Misoperations Reliability Standard,[16] and (2) the Real-Time Reliability Monitoring and Analysis Standard,[17] which is being included in the TOP/IRO Revision standard development project and which will provide specific requirements for real-time reliability monitoring and analysis capabilities. A number of FERC-responsive projects that were initiated in 2014 are anticipated to be completed by year-end. Among these are directives associated with CIP Version 5, Physical Security, the TOP/IRO Revisions, and the Geomagnetic Disturbance Mitigation Stage 2 Reliability Standards.

FERC Directives

NERC also continues to address other projects as necessary to respond to FERC directives. The number of outstanding FERC directives has been reduced to 122 as of March 1, 2014, which includes 18 directives that must be addressed by another NERC department or one of the NERC technical committees. Of the 104 directives that are standards-related, 35 were issued by FERC in 2013 or 2014, leaving 69 pre-December 2012 FERC directives to be resolved. The 2014–2017 RSDP provided a plan for 90% of the directives issued prior to 2013 to be completed in 2014. In total, 70% of all directives issued to date are on track to be completed in 2014, leaving approximately 30 directives to be resolved in 2015 and beyond. The 2015–2018 RSDP, which is being developed in the first half of 2014, will outline projects that address these remaining directives.

[16] See http://www.nerc.com/pa/Stand/Pages/Project2010-05_Protection_System_Misoperations.aspx
[17] See http://www.nerc.com/pa/Stand/Pages/Project-2009-02-Real-time-Reliability-Monitoring-and-Analysis-Capabilities.aspx

Cross-Departmental and Collaborative Projects

The Standards department is also addressing several other projects that involve multiple internal NERC departments and Regional Entities:

- **Risk-Based Registration:** The Risk-Based Registration project (see Compliance Monitoring and Enforcement and Organization Registration and Certification section for additional detail) involves the examination of registration criteria using a consistent and common approach to risk assessment and registration across the ERO Enterprise to ensure the right entities are subject to the right set of applicable Reliability Standards. This project involves the Regional Entities, stakeholders, and multiple departments within NERC. The project team is targeting approval of the program design and implementation plan for the November 2014 NERC Board meeting.
- **Concurrent development of Reliability Standard Audit Worksheets (RSAWs) with standards:** This project was initiated to ensure that compliance monitoring was consistent with the intent of standards. While the RSAW is merely a tool to assist auditors, this project has provided a useful vehicle to communicate the intent of standards projects to compliance and enforcement staffs, and also provide transparency for compliance monitoring to industry stakeholders.
- **Cross-departmental technical analysis and verification of solutions:** The Standards department is working with the Reliability Assessment and Performance Analysis department, Events Analysis department personnel, the RISC, and the technical committees to conduct the technical analysis needed as a foundation for standards projects.
- **Verification of Risk Evaluation with the RISC prior to initiating projects:** In 2014, the Standards department is taking all newly identified reliability risks to the RISC for verification prior to initiating a standards project. As an example, the Standards department requested that RISC examine three of the Independent Expert Review Panels' (IERPs') High-Priority Gaps prior to considering solutions. The RISC is conducting its evaluation in conjunction with the Operating Committee.

Steady State Transformation

In 2014, the transformation of the NERC Reliability Standards to a "steady state" continues, pursuant to the 2014–2017 RSDP. Steady state was defined in the 2014–2017 RSDP as a set of clear, concise, high-quality, and technically sound Reliability Standards that are results-based, including retirement of requirements that do little to promote reliability. In their 2013 review of the NERC Reliability Standards, the IERP also found that Reliability Standards should be stable, necessary for accountability, and sufficient to maintain BES reliability. A steady-state standard should not require further work absent a change in reliability risks, technology, practice, or other impetus.

As part of the steady-state transformation, two early initiatives continue to be implemented in 2014 and beyond to ensure standards address reliability risks and to eliminate standards or requirements that do not significantly benefit reliability. These include:

- **Paragraph 81 Initiative:** On March 15, 2012, FERC issued an order on NERC's Find, Fix, Track and Report (FFT) program. In the order, NERC was invited to make a proposal to FERC identifying specific standards or requirements that needed to be revised or retired because of the lack of any meaningful benefit to BES reliability. FERC approved NERC's proposed Phase 1 requirements in FERC Order 788, and NERC is evaluating additional candidates that were submitted by industry for Phase 2.

- **Results-Based Standards Initiative:** This initiative ensures that standards are focused on required actions or results (the "what"), and not necessarily on the methods by which to accomplish those actions or results (the "how"). NERC continues to evaluate the appropriate level for the required actions or results on a requirement-by-requirement basis.

These two initiatives, plus the requirements that were recommended for retirement by the independent experts, are being considered by the subject matter experts within each standards development project as part of the transformation to steady state. It is expected that these initiatives will ensure that standards have the necessary combination of risk-, performance-, and capability-based requirements to ensure BES reliability.

2015 Goals and Deliverables

In 2015, the NERC Standards department's major initiatives will be focused on ensuring that the Reliability Standards Development Plan is effectively executed and that Reliability Standards appropriately mitigate risks to reliability. Department resources will be focused on supporting the Strategic Plan, including but not limited to support of the RRMP, resolving FERC directives, and transforming the NERC Reliability Standards to steady state. The Standards department will:

1. **Focus on the selection of projects undertaken.** Resources will be expended on issues determined to be a reliability risk through the RRMP (see Reliability Assessment and Performance Analysis section for additional detail). The department will apply broader project management skills to implement a variety of solutions to a reliability concern. An effective solution to an identified reliability risk may be a Reliability Standard, or it may be a guideline, information request, training, NERC Alert(s), technical conference, research, or a combination of these or other tools.
2. **Address FERC directives and respond to FERC orders** through standards development projects, as necessary. Each project will determine whether: (1) the directive will be complied with as issued, (2) there is an equally effective and efficient way to address the concern that fostered the directive, or (3) if there is technical justification (including that the directive has been overcome by events, processes, or advances in technology) that the directive is no longer needed.
3. **Transform NERC's standards to steady state.** The department will complete the majority of its foundational transformation work by addressing possible outstanding Paragraph 81 Phase 2 requirement candidates and IERP recommendations for retirement.
4. **Improve the quality and content of standards** to determine whether a Reliability Standard is of sufficient content and quality to be deemed steady state. Beginning in 2015, each standard family that is not considered steady state will receive a periodic review to determine modifications necessary for the standard to meet the steady-state criteria.
5. **Facilitate smooth transition to new standards** such as CIP Version 5 and Physical Security. This includes working with the Compliance Monitoring and Enforcement, Registration, and Reliability Assessment and Performance Analysis Programs to develop guidelines, webinars, and other activities to support auditor and industry training for the new standards.

The 2015–2018 RSDP is being developed during the first half of 2014 in conjunction with the Standards Committee, RISC, and RRMP. It will outline the continued work plan for the transformation of NERC Reliability Standards, the Standards department's support of Reliability Risk Management, and resolution of FERC directives.

Resource Requirements

Personnel

As in prior years, industry engagement is vital to successful standards development. In 2015, industry subject matter expert engagement requirements will remain steady as the remaining projects from 2014 are finalized in 2015. The transformation of NERC standards to steady state will require additional industry engagement throughout 2015.

The NERC Standards department continues to focus resources on the production of standards, rather than solely on the monitoring and execution of the standards process. For 2015, no additional personnel resources are planned. Additionally, the departmental travel expenses are expected to be below 2014 levels, given the number of standards initiatives expected to be in process, coupled with cost savings resulting from holding more meetings at NERC's Atlanta and Washington, D.C. offices.

Contractors and Consultants

No contractor and consulting support is budgeted in 2015, which is consistent with the 2014 budget.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
RELIABILITY STANDARDS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 10,000,443	$ 10,000,443	$ 0	$ 9,911,464	$ (88,979)
Penalty Sanctions	58,951	58,951		231,095	172,144
Total NERC Funding	**$ 10,059,394**	**$ 10,059,394**	**$ 0**	**$ 10,142,558**	**$ 83,165**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	104,000	104,000	-	104,000	-
Interest	3,976	522	(3,454)	587	(3,389)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 10,167,369**	**$ 10,163,916**	**$ (3,454)**	**$ 10,247,145**	**$ 79,776**
Expenses					
Personnel Expenses					
Salaries	$ 3,308,688	$ 3,077,815	$ (230,873)	$ 3,082,972	$ (225,716)
Payroll Taxes	210,130	220,023	9,893	202,258	(7,872)
Benefits	454,850	412,948	(41,902)	441,383	(13,467)
Retirement Costs	377,588	320,130	(57,458)	346,269	(31,319)
Total Personnel Expenses	**$ 4,351,256**	**$ 4,030,916**	**$ (320,340)**	**$ 4,072,883**	**$ (278,373)**
Meeting Expenses					
Meetings	$ 185,000	$ 200,000	$ 15,000	$ 194,056	$ 9,056
Travel	400,000	332,684	(67,316)	339,300	(60,700)
Conference Calls	123,748	135,000	11,252	117,736	(6,012)
Total Meeting Expenses	**$ 708,748**	**$ 667,684**	**$ (41,064)**	**$ 651,092**	**$ (57,656)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	90,350	68,621	(21,729)	76,276	(14,074)
Professional Services	-	-	-	-	-
Miscellaneous	500	1,000	500	500	-
Depreciation	-	3,245	3,245	-	-
Total Operating Expenses	**$ 90,850**	**$ 72,866**	**$ (17,984)**	**$ 76,776**	**$ (14,074)**
Total Direct Expenses	**$ 5,150,854**	**$ 4,771,466**	**$ (379,387)**	**$ 4,800,751**	**$ (350,103)**
Indirect Expenses	**$ 4,872,999**	**$ 5,382,700**	**$ 509,701**	**$ 5,139,603**	**$ 266,604**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 10,023,853**	**$ 10,154,167**	**$ 130,314**	**$ 9,940,354**	**$ (83,499)**
Change in Assets	**$ 143,517**	**$ 9,749**	**$ (133,768)**	**$ 306,791**	**$ 163,274**
Fixed Assets					
Depreciation	$ -	$ (3,245)	$ (3,245)	$ -	$ -
Computer & Software CapEx	-	516,734	516,734	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	**$ 143,517**	48,920	(94,597)	306,791	163,274
Inc(Dec) in Fixed Assets (C)	**143,517**	**562,409**	**418,892**	**306,791**	**163,274**
TOTAL BUDGET (=B + C)	**$ 10,167,369**	**$ 10,716,575**	**$ 549,206**	**$ 10,247,145**	**$ 79,776**
FTEs	**25.92**	**25.30**	**(0.62)**	**24.40**	**(1.52)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Projected to be lower in 2015 due to the transfer of one position to another department in 2014, as well as an increase in across-the-board FTE adjustments to account for attrition and hiring delays (from 4% in 2014 to 6% in 2015).
- **Meetings, Travel, and Conferencing Expenses** – The increase in meeting expenses and decreases in conferencing and travel expenses are based upon prior year actual results, the anticipated level of Reliability Standards development activity in 2015, and continued focus on cost reduction, including holding meetings in NERC's offices when possible.
- **Office Costs** – The decrease is due to the reduction in FTEs and lower telecommunication costs as a result of having fewer telecommuters.
- **Indirect costs and allocation of fixed assets –** The increase is due to higher administrative service expenses allocated to the direct programs, as explained on page xxii.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area

The Compliance Monitoring Enforcement and Organization Registration and Certification Program Area's purpose is to monitor, enforce, and ensure registered entity compliance with the ERO's mandatory standards. This program area is broken down into three operational groups: (1) Regional Entity Assurance and Oversight, (2) Compliance Analysis, Certification and Registration, and (3) Compliance Enforcement.

Regional Entity Assurance and Oversight

Compliance Analysis, Certification and Registration (in whole dollars)	**2014 Budget**	**2015 Budget**	**Increase (Decrease)**
Total FTEs	9.60	11.25	1.65
Direct Expenses	$ 1,926,469	$ 2,353,718	$ 427,250
Indirect Expenses	$ 1,804,814	$ 2,369,694	$ 564,880
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 53,154	$ 141,451	$ 88,296
TOTAL BUDGET	$ 3,784,438	$ 4,864,863	$ 1,080,426

Background and Scope

NERC's Regional Entity Assurance and Oversight group (formerly the Compliance Operations department) works collaboratively with the eight Regional Entities to ensure consistent and effective implementation of the Compliance Monitoring and Enforcement Program (CMEP) across the entire ERO Enterprise. The CMEP identifies the monitoring processes for use by the Regional Entities, including compliance audits, self-certification, spot checking, investigations, self-reporting, periodic data submittals, and complaints. NERC and the Regional Entities ensure consistent and fair implementation of the CMEP, coalesce around best practices, and implement data management procedures that address data reporting requirements, data integrity, data retention, data security, and data confidentiality.

The Regional Entity Assurance and Oversight group's responsibilities include but are not limited to the following major activities and functions:

- Consistent implementation of the risk-based compliance monitoring program for reliability improvements, including developing and maintaining the necessary compliance-related processes, procedures, IT platforms, tools, and templates;
- Oversight of the Regional Entities' delegated compliance functions, including: (1) consistent and uniform CMEP planning, implementation, and reporting; (2) compliance operations and coordination; and (iii) auditor training;
- CIP V5 activities related to transition, training, and compliance design of ERO education programs that support industry compliance and the integration of risk assessment and internal controls;

- Development of minimum baseline monitoring requirements;
- Development and maintenance of RSAWs;
- Support for Regional Entity and industry committees, working groups, and task forces, such as the Compliance and Certification Committee; and
- Supporting standards development and education.

Stakeholder Engagement and Benefit

The Regional Entity Assurance and Oversight group is committed to ensuring that all registered entities understand their compliance obligations and how compliance will be assessed. Compliance department staff will continue its work in reducing the variety of compliance documents currently produced and revising the RSAW tool to be more effective.

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

NERC continues to promote registered entities' development of effective compliance programs and internal controls. As discussed in connection with the RAI, the Regional Entity Assurance and Oversight group is committed to a proactive and forward-looking method of supporting reliability assurance by taking into account greater consideration of internal controls. A common risk-based methodology for evaluating an entity's risk to the BES, and relevant internal controls, will support a consistent, risk-based approach to how compliance monitoring activities may be scoped.

As RAI focus group activities conclude in 2014, there will be additional opportunities to engage industry readiness and maximize stakeholder engagement during the implementation and deployment of various components of RAI into 2015 and beyond.

Key Efforts Underway in 2014

Reliability Assurance Initiative

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

The major activities of the Regional Entity Oversight and Compliance group for 2014 include: (1) development of a single ERO methodology for registered entity reliability risk assessments and evaluation and testing of registered entity internal controls, and (2) implementation of a complete auditor manual with the approved auditor handbook and checklist. Other enhancements are also expected to be implemented during 2014, including process improvements associated with the coordination of compliance and enforcement activities for multi-Region registered entities (MRREs).

Regional Entity Oversight and Compliance
The implementation of processes and procedures associated with the RAI will necessitate changes to the way NERC performs oversight of the Regional Entities. While the primary purpose of the RAI is to focus compliance monitoring activities on risk, an extremely important aspect of the design is to create a common ERO Enterprise approach. The common approach includes a single implementation plan, the use of a common checklist and handbook, a defined common approach to compliance monitoring, and an agreed-upon set of standards outlining the expectations for a compliance auditor's role. This convergence to a single design will also drive the adoption of common tools and systems. NERC is designing oversight and compliance activities to train compliance personnel on each aspect of the RAI, support the deployment of processes, and perform compliance activities that assure adoption and execution for each aspect of the RAI.

Critical Infrastructure Protection (CIP) Compliance and Transition
Consistent implementation of the risk-based CIP compliance monitoring program, including registration and certification, is necessary for reliability improvements. NERC and the Regional Entities continue to manage the smooth transition of compliance activities from Version 3 to Version 5 of the CIP standards by providing training, webinars, and other forms of outreach. The ERO education programs support industry compliance and the integration of risk assessment and internal controls.

2015 Goals and Deliverables

The Regional Entity Oversight and Compliance Group has several goals and objectives that support the ERO Strategic Plan. Resources will be focused on building upon the framework and improvements implemented as a result of the ongoing RAI activities in 2014. Specific 2015 objectives for this group include:

1. Developing a training program to support implementation of the common audit procedures and the ERO Auditor Capabilities and Competencies Guide.
2. Replacing/enhancing the existing compliance, reporting, analysis tracking system (CRATS) and other compliance tools to support RAI activities.
3. Making effective internal controls models and information available to industry.
4. Initiating compliance phase-in learning periods for new standards.
5. Transitioning to a single ERO approach to compliance monitoring and common audit planning, implementing RAI techniques and principles consistently.
6. Consolidating to a common set of RSAWs, or successors, for all standards.
7. Enhancing the design of regional compliance audits to evaluate regional staffing, deployment of tools, and testing of compliance activities;
8. Increasing the frequency of audits to validate the implementation of RAI program designs; and
9. Creating technically sound training to support compliance methodologies and testing approaches for Reliability Standards.

These 2015 activities are necessary to assure that RAI-developed policies, processes, and procedures are implemented both uniformly and consistently across the Regions. A number of RAI-related activities support the implementation of the strategic risk-based reforms intended to reduce regulatory burden on industry, increase efficiency, and provide greater direct reliability benefit by properly aligning resources associated with compliance monitoring programs. The increased oversight will assure industry benefits are achieved, validate methodologies, and identify continued process improvements. The bulk of these activities will be resourced from NERC and Regional Entity staffs, but certain activities related to advancing the program implementation and the compliance application tool will be supported through the use of outside consultants.

Resource Requirements

Personnel

No personnel additions are proposed for 2015. The 1.25 FTE decrease is the result of a 2014 reallocation of personnel to other departments. Management will continue to evaluate whether sufficient resources are available to support key departmental initiatives.

Contractors and Consultants

Funds have been budgeted for outside consultants to assist in the development of RAI documentation. The budgeted amount is generally consistent with the 2014 budget. In addition, the Information Technology budget includes funding for the maintenance, evaluation, and development of enterprise tools supporting compliance assessment, registration, certification, and enforcement activities.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
COMPLIANCE ANALYSIS, CERTIFICATION and REGISTRATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 3,264,067	$ 6,136,445	$ 2,872,378	$ 4,758,043	$ 1,493,976
Penalty Sanctions	$ 18,195	$ 34,206		106,550	88,355
Total NERC Funding	**$ 3,282,261**	**$ 6,170,651**	**$ 2,872,378**	**$ 4,864,593**	**$ 1,582,331**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops		-	-	-	-
Interest		254	254	271	271
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 3,282,261**	**$ 6,170,905**	**$ 2,872,632**	**$ 4,864,863**	**$ 1,582,602**
Expenses					
Personnel Expenses					
Salaries	$ 1,336,885	$ 1,770,102	$ 433,217	$ 1,658,833	$ 321,948
Payroll Taxes	86,509	118,354	31,845	105,003	18,494
Benefits	168,463	207,368	38,905	203,715	35,252
Retirement Costs	153,442	190,066	36,624	186,557	33,115
Total Personnel Expenses	**$ 1,745,299**	**$ 2,285,890**	**$ 540,591**	**$ 2,154,108**	**$ 408,809**
Meeting Expenses					
Meetings		$ 70,000	$ 70,000	$ 3,064	$ 3,064
Travel	154,500	197,898	43,398	164,158	9,658
Conference Calls		7,173	7,173	3,588	3,588
Total Meeting Expenses	**$ 154,500**	**$ 275,071**	**$ 120,571**	**$ 170,810**	**$ 16,310**
Operating Expenses					
Consultants & Contracts		$ 470,165	$ 470,165	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	26,670	29,531	2,861	28,550	1,880
Professional Services	-	-	-	-	-
Miscellaneous		-	-	250	250
Depreciation	-	2,555	2,555	-	-
Total Operating Expenses	**$ 26,670**	**$ 502,251**	**$ 475,581**	**$ 28,800**	**$ 2,130**
Total Direct Expenses	**$ 1,926,469**	**$ 3,063,212**	**$ 1,136,742**	**$ 2,353,718**	**$ 427,249**
Indirect Expenses	**$ 1,804,814**	**$ 2,608,376**	**$ 803,561**	**$ 2,369,694**	**$ 564,880**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 3,731,284**	**$ 5,671,587**	**$ 1,940,304**	**$ 4,723,412**	**$ 992,129**
Change in Assets	**$ (449,022)**	**$ 499,317**	**$ 932,328**	**$ 141,451**	**$ 590,473**
Fixed Assets					
Depreciation	-	(2,555)	(2,555)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	$ 53,154	$ 23,706	(29,448)	141,451	88,296
Inc(Dec) in Fixed Assets (C)	**$ 53,154**	**$ 21,151**	**$ (32,004)**	**$ 141,451**	**$ 88,296**
TOTAL BUDGET (=B + C)	**$ 3,784,438**	**$ 5,692,738**	**$ 1,908,300**	**$ 4,864,863**	**$ 1,080,425**
FTEs	**9.60**	**12.26**	**2.66**	**11.25**	**1.65**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Funding** – Workshop fees have not been budgeted in 2015 because auditor workshops are being held at NERC or Regional offices (rather than hotels) at a much lower cost; there are no fees.
- **Personnel** – The decrease is due to the transfer of one position to another department in 2014, as well as an increase in across-the-board FTE adjustments to account for attrition and hiring delays (from 4% in 2014 to 6% in 2015). The reduction in payroll taxes is not as significant as the reduction in salaries due to a higher maximum salary subject to FICA taxes.
- **Meetings, Travel, and Conferencing Expenses** – The increase in travel expenses and decrease in conferencing expenses are based upon prior year actual results, the anticipated level of activity in 2015, and continued focus on cost reduction, including holding meetings in NERC's offices when possible.
- **Office Costs** – The decrease is due to the reduction in FTEs and lower telecommunication costs as a result of having fewer telecommuters.
- **Indirect costs and allocation of fixed assets** – The increase is due to higher administrative service expenses allocated to the direct programs, as explained on page xxii.

Compliance Analysis, Registration and Certification Group

Compliance Analysis, Certification and Registration (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	9.60	11.25	1.65
Direct Expenses	$ 1,926,469	$ 2,353,718	$ 427,250
Indirect Expenses	$ 1,804,814	$ 2,369,694	$ 564,880
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 53,154	$ 141,451	$ 88,296
TOTAL BUDGET	$ 3,784,438	$ 4,864,863	$ 1,080,426

Background and Scope

The Compliance Analysis, Registration and Certification group is responsible for a range of requirements and activities embodied in Section 500 (Organization Registration and Certification) and Appendices 5A and 5B of the NERC Rules of Procedure. The department strives to ensure that: (1) Compliance Analysis, Registration and Certification informs standards development and compliance monitoring; (2) all entities impacting the BES are registered commensurate with risk; (3) all RCs, TOPs, and BAs are certified; (4) industry maintains effective internal control programs for reliability assurance risk; and (5) program gaps are assessed in all reportable events and addressed if appropriate. Specific activities of the department include:

- **Registration** – Identifies and registers BES users, owners, and operators who are responsible for compliance with the FERC-approved Reliability Standards. Organizations that are registered are

included on the NERC Compliance Registry (NCR) and are responsible for knowing the content of and for complying with all applicable Reliability Standards.

- **Certification** – The process by which NERC evaluates and certifies the competency of entities performing certain key reliability functions, specifically the RC, BA and TOP functions. Entities performing these three functions must be certified as having the necessary personnel, knowledge, facilities, programs, and other qualifications to carry out these important responsibilities, including demonstrating the ability to meet the Requirements/Sub-requirements of all of the Reliability Standards applicable to the reliability function(s) for which they are being certified.
- **Compliance Investigations** – Non-public, confidential investigations to identify possible violations of NERC Reliability Standards in response to complaints, BES disturbances, or other similar triggers. NERC staff participate as observers on investigations and inquiries conducted by FERC.
- **Complaints** – The process by which NERC addresses formal complaints that allege the violation of Reliability Standards.
- **Technical Assurance** — Development of quarterly gap and risk assessment reports and recommended responses. The department conducts inquiries and spot checks based on quarterly gap analysis.
- **Oversight** – Regional registration, certification, investigation, and complaint programs.

Stakeholder Engagement and Benefit

In 2014, NERC established a Risk-Based Registration Advisory Group (RBRAG) to provide input and advice for the Risk-Based Registration (RBR) design and implementation plan. The RBRAG is comprised of representatives from NERC, Regional Entity, and FERC staffs, along with United States and Canadian industry representatives. A white paper was developed with input from the RBRAG, industry responses to a survey, and assessment of information about the current Registration program attributes. The white paper was released for public comment in connection with NERC management's request for the MRC's policy input in April 2014. Further updates regarding the Registration program redesign and implementation plan will be periodically posted on NERC's website and discussed at NERC committee and Board meetings.

Reliability Benefits

NERC launched RBR to ensure the right entities are subject to the right set of applicable Reliability Standards by using a consistent and common approach to risk assessment and registration across the ERO. The goal of this effort is to develop registration criteria and thresholds that identify users, owners, and operators who have a material impact on reliability, preserving an adequate level of reliability and avoid causing or exacerbating instability, uncontrolled separation, or cascading failures. Registered entities will be given proper signals and incentives to focus on operational, planning, physical security, cybersecurity, and business decisions in the best interest of reliability, rather than focusing on managing compliance risks. Registered entities will have certainty as to compliance obligations with tailored Reliability Standard requirements, as appropriate.

NERC and Regional Entities will have increased awareness of individual and aggregate entity risks to the reliability of the BES. They will have the ability to devote time and resources to registration and compliance monitoring and enforcement activities commensurate with the risks posed. Applicable governmental entities also will have increased awareness of entities subject to their respective

jurisdictions and their role in ensuring reliability of the BES. All other stakeholders, including end-use customers, will be third-party beneficiaries of benefits from implementation of RBR.

Key Efforts Underway in 2014

In 2014, the Compliance Analysis, Certification and Registration group will continue the development of the new RBR design and registration criteria, which includes Board approval of a full implementation plan by year-end and an expected rollout in 2015.

The ultimate end-state vision considers the risk to reliability and ensures that the right entities are subject to the right set of applicable Reliability Standards, using a consistent and common approach to risk assessment and registration across the ERO Enterprise. Achieving the end-state vision is expected to occur in two phases. The first stage will focus on the development, refinement, and implementation of the RBR program design. The second stage will address any remaining non-design issues or considerations that may require longer lead times. The overall benefits of the RBR program include:

- Aligned entity registration and compliance burden to their risks and contributions to reliability, thereby reducing industry burden associated with registration and ensuring no gaps or duplication of compliance responsibilities, while sustaining continued reliability.
- Improved use of NERC, Regional Entity, and registered entity resources.
- Improved feedback to Reliability Standards development so applicability can be tailored for currently enforced and future standards.
- Increased consistency in registration with the eight Regional Entities by developing a common and repeatable approach as part of the design of the RBR program.

2015 Goals and Deliverables

In 2015, the Compliance Analysis, Registration and Certification group's resources will be focused on building upon the implementation of the RBR activities in 2014. Specific 2015 objectives for the department include:

1. Deploying a sustainable RBR design that incorporates evaluation of the reliability risks and benefits provided by an entity to ensure reliability, identifying a corresponding properly scoped set of Reliability Standard requirements.
2. Developing an implementation plan with business practices and IT requirements that addresses unintended industry burden.
3. Aligning changes to the registration criteria with other NERC activities.
4. Assessing the current certification program for opportunities to mature the program.
5. Addressing effects to registration from the enhanced BES definition.
6. Providing support to the continued development of RSAWs; aid in the BES definition exception submittal process; aid in the review of registration appeals and aid in the review of registration appeals and review of mitigating activities; and assist with training modules for investigations, certifications, and registrations.
7. Providing analysis in support of projects addressing top reliability risks.

Resource Requirements

Personnel
No additional personnel are slated for 2015. The 1.65 FTE increase is the result of a 2014 reallocation of personnel from other departments.

Contractor Expenses
To the extent required, operating reserves will be used to fund expert costs to support investigations.

Statement of Activities and Fixed Assets Expenditures 2014 Budget & Projection, and 2015 Budget COMPLIANCE ANALYSIS, CERTIFICATION and REGISTRATION	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 3,264,067	$ 6,136,445	$ 2,872,378	$ 4,758,043	$ 1,493,976
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Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops		-	-	-	-
Interest		254	254	271	271
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 3,282,261**	**$ 6,170,905**	**$ 2,872,632**	**$ 4,864,863**	**$ 1,582,602**
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Personnel Expenses					
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Meeting Expenses					
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Consultants & Contracts		$ 470,165	$ 470,165	$ -	$ -
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Professional Services	-	-	-	-	-
Miscellaneous		-	-	250	250
Depreciation	-	2,555	2,555	-	-
Total Operating Expenses	**$ 26,670**	**$ 502,251**	**$ 475,581**	**$ 28,800**	**$ 2,130**
Total Direct Expenses	**$ 1,926,469**	**$ 3,063,212**	**$ 1,136,742**	**$ 2,353,718**	**$ 427,249**
Indirect Expenses	**$ 1,804,814**	**$ 2,608,376**	**$ 803,561**	**$ 2,369,694**	**$ 564,880**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 3,731,284**	**$ 5,671,587**	**$ 1,940,304**	**$ 4,723,412**	**$ 992,129**
Change in Assets	**$ (449,022)**	**$ 499,317**	**$ 932,328**	**$ 141,451**	**$ 590,473**
Fixed Assets					
Depreciation	-	(2,555)	(2,555)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	$ 53,154	$ 23,706	(29,448)	141,451	88,296
Inc(Dec) in Fixed Assets (C)	**$ 53,154**	**$ 21,151**	**$ (32,004)**	**$ 141,451**	**$ 88,296**
TOTAL BUDGET (=B + C)	**$ 3,784,438**	**$ 5,692,738**	**$ 1,908,300**	**$ 4,864,863**	**$ 1,080,425**
FTEs	**9.60**	**12.26**	**2.66**	**11.25**	**1.65**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – The increase in personnel expense is primarily due to the transfer of personnel from other departments, offset by an increase in FTE adjustments to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015. Due to a higher maximum salary subject to FICA taxes, payroll tax expenses are increasing at a slightly higher percentage than the other expense categories.
- **Meetings, Travel and Conferencing Expenses** – The increase in travel is due to the increase in FTEs. The increase in meetings and conferencing expenses is based upon prior year actual and projected 2014 results.
- **Office Costs** – The increase is due to the increase in FTEs.
- **Indirect Expenses and Allocation of Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to higher administrative services expenses (to be allocated to the direct function programs) as previously explained on page xxi.

Compliance Enforcement Department

Compliance Enforcement (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	18.24	15.01	(3.23)
Direct Expenses	$ 2,864,951	$ 2,456,441	$ (408,509)
Indirect Expenses	$ 3,429,147	$ 3,161,698	$ (267,449)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 100,993	$ 188,727	$ 87,734
TOTAL BUDGET	$ 6,395,091	$ 5,806,866	$ (588,224)

Background and Scope

The Compliance Enforcement department is responsible for overseeing enforcement processes, the application of penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. The Compliance Enforcement department works collaboratively with the eight Regional Entities to ensure consistent and effective implementation of the Compliance Monitoring and Enforcement Program. Focus is also given to ensuring enterprise-wide resources are dedicated to the matters that have the greatest impact on reliability.

NERC's Compliance Enforcement department performs its responsibilities by:

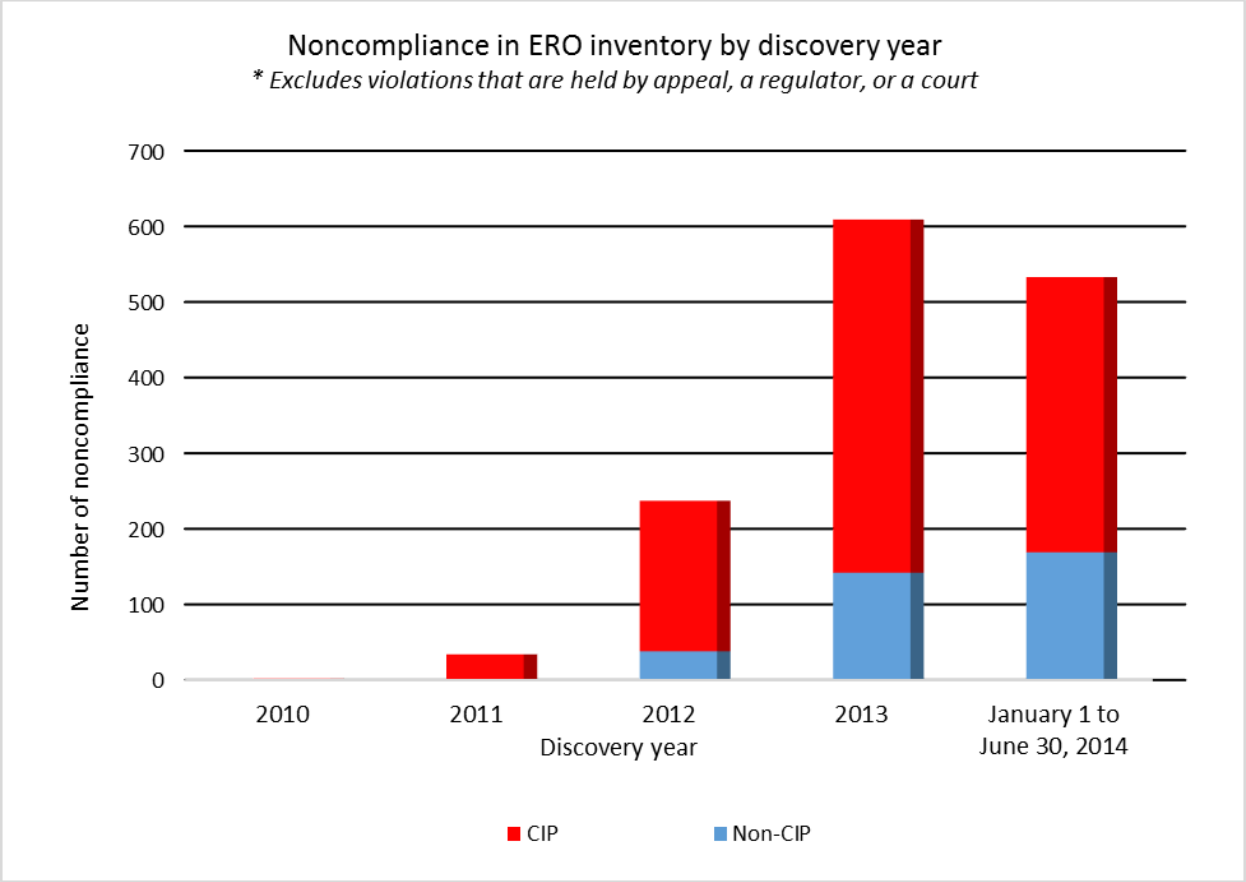
- Monitoring Regional Entities' enforcement processes and providing oversight over the outcome of such processes to ensure due process, to identify best practices and process efficiency opportunities, and to promote consistency among Regional Entities' business practices;
- Collecting and analyzing compliance enforcement data and trends to assist with the identification of emerging risks and to help inform the development of enforcement policy and processes;
- Filing notices of penalty and other submittals associated with noncompliance discovered through Regional Entity compliance, enforcement, and monitoring activities;
- Processing and filing notices of penalty and other submittals associated with violations discovered through NERC-led investigations and audits; and
- Collaborating with other NERC departments, including Standards and Regional Oversight Compliance.

Stakeholder Engagement and Benefit

Over the past few years, NERC and the Regional Entities made substantial progress in reducing the number of instances of noncompliance remaining to be evaluated and processed. The ERO Enterprise has held registered entities accountable for violations that created risk to the reliability of the BES while ensuring that enforcement actions are timely and transparent. NERC is also seeking to further promote a culture of reliability excellence by examining registered entities' internal compliance programs and considering them as mitigating factors in penalty determination.

Processing Efficiencies

In an effort to improve the efficiency of enforcement processing throughout the ERO Enterprise, NERC developed a series of key enforcement processing metrics, which are tracked and analyzed throughout the year. In addition, in 2012 and 2013, NERC established corporate goals to reduce the number of older violations remaining to be processed. Working with NERC, the Regional Entities invested significant time and resources in processing the older violations. As a result, the ERO Enterprise as a whole reduced the number of older violations substantially. For example, in 2012, NERC and the Regional Entities reduced the number of open violations dating from before 2011 (excluding violations that are held by appeal, a regulator, or a court, referred to as "on-hold" violations) by 80%. In 2013, NERC and the Regional Entities built on the successes of 2012. By January 1, 2014, the ERO Enterprise had reduced the number of pre-2012 violations (excluding "on hold" violations) by 93%. As of June 30, 2014, 43% of the pre-2013 noncompliance issues have been processed and resolved. The 237 pre-2013 remaining cases represent 2% of the total violations submitted to the ERO Enterprise from 2007 through June 30, 2014.



FFT Enhancements

NERC and the Regional Entities have worked together to implement the latest round of FFT improvements approved by FERC and reduce the amount of time required to process issues through the FFT program. As a result of these improvements, FFT treatment is now available for a limited pool of Possible Violations (PVs) that pose a moderate risk to the reliability of the BES (in addition to those posing a minimal risk). In addition, certain unmitigated PVs may be processed through the FFT program as long as mitigation is completed within 90 days of the date the FFT is posted.

To streamline processing of FFTs, Regional Entities now submit them for public posting on NERC's website at the end of each month. (The prior requirement was for NERC to submit monthly informational filings to FERC.) NERC maintains its enforcement oversight by reviewing a representative sample of FFTs during the 60-day window following the monthly posting as well as through an annual spot check. NERC's spot checks of FFT items ensure that issues selected for FFT treatment are appropriate for the program, that the issues are explained sufficiently in the posted documents, that the FFT program is implemented consistently across the Regions, and that information about FFT issues is presented consistently across the Regions.

Self-Report and Other Enforcement Improvements

As part of the RAI, NERC and Regional Entity enforcement staff also have worked closely with stakeholders to identify potential improvements to self-report processes and other enforcement processes. A number of improvements were designed and implemented in 2013 and 2014. In 2013, NERC and the Regional Entities began two pilot programs (the Aggregation of Minimal Risk Issues and Enforcement Discretion pilot programs) to develop and test the real-world application of risk-based enforcement concepts. Under the Aggregation of Minimal Risk Issues pilot program, NERC and certain Regional Entities are testing the ability of selected registered entities to self-assess, identify, and mitigate minimal-risk noncompliance proactively. This pilot is focused on allowing registered entities with demonstrated effective management practices to self-identify and assess instances of noncompliance to aggregate minimal risk issues that would otherwise be individually self-reported. The first six-month cycle of this pilot ended in March 2014. In reviewing the results of the first cycle, NERC and the Regional Entities decided to continue the program for the next six to nine months and include additional registered entities to obtain more data on the impact of the program.

Under the Enforcement Discretion pilot program, certain Regional Entities are reviewing minimal-risk issues identified by certain registered entities (in some cases, through the Aggregation of Minimal Risk Issues pilot program) to determine whether those issues warrant Enforcement Discretion treatment. If an issue is tracked for Enforcement Discretion treatment, NERC and FERC will be notified and the record will be available for review, but no notice of PV will be issued to the registered entity. Issues recorded for Enforcement Discretion are referred to as Compliance Exceptions. The scope of the program will be increased to include additional registered entities so the ERO Enterprise may collect more data over the next six to nine months.

These activities are timed such that the additional data can be collected and provided to inform a filing to FERC, reporting on the RAI program.

Key Enforcement Efforts Underway in 2014

In 2014, NERC and the Regional Entities are continuing to work together to reduce (and eventually eliminate) the number of violations in inventory that are older than 24 months. These efforts will ensure that Regional Entities are prioritizing and resolving older violations appropriately. Combined with efforts to decrease processing times through the use of alternative enforcement mechanisms and enforcement process refinements, the Regional Entities will reduce overall processing times and provide finality on compliance items more quickly to registered entities.

Promotion of Self-Identification of Noncompliance and Prompt Mitigation

Although dedicated primarily to the evaluation and enforcement of discovered violations, Regional Entity enforcement programs play an important role in improving the reliability of the BES. By deploying proper incentives to encourage the self-discovery and timely self-reporting of violations, NERC and the Regional Entities have encouraged registered entities to take proactive steps to identify noncompliance. In 2013,

internally discovered violations comprised the majority of violations submitted to the Regional Entities. This rate of internally discovered violations was slightly higher than in 2012, when 72% of violations were discovered through internal means. In 2014, NERC and the Regional Entities will continue to encourage self-identification of noncompliance by registered entities.
In 2014, NERC will also continue to focus on and closely track the completion of mitigating activities. NERC monitors all items with ongoing mitigating activities regardless of where the violations are in the enforcement process; NERC expects mitigating activities to be completed in a timely manner.

RAI Activities and Related Process Improvements
As of January 1, 2014, each of the Regional Entities implemented a triage process. Within the first 60 days after the discovery of a noncompliance, Regional Entities will review the noncompliance and make an initial determination as to whether the issue will proceed through enforcement or whether additional information is necessary for an initial determination. During the Enforcement Discretion pilot, only a limited set of minimal-risk issues from a select group of registered entities will be eligible for discretion treatment. Minimal-risk issues that do not qualify for discretion treatment may be tracked for FFT treatment or may be tracked for further review and analysis. By moving the initial determination to earlier in the enforcement process timeline, the triage process will promote the efficient processing of all issues, but particularly of FFTs. Ultimately, discretion will be available for minimal risk issues from all registered entities.

NERC and the Regional Entities developed two draft documents to enhance communication between registered entities and the Regional Entities and to facilitate the shift toward a risk-based enforcement approach. The first document, the *ERO Enterprise Self-Report User Guide*, provides registered entities with additional insight into the information NERC and the Regional Entities need to provide efficient and timely resolution of instances of potential noncompliance. The second document, the *ERO Enterprise Mitigation Plan Guide*, provides guidance on the information that should be considered when developing a Mitigation Plan and what elements and analysis to include.

Both the *ERO Enterprise Self-Report User Guide* and the *ERO Enterprise Mitigation Plan Guide* were posted for public comment in January 2014. NERC has reviewed comments and revised the documents. The newest version of each document will be posted to the RAI page of the NERC website.[18]

The goal of RAI is to shift the compliance and enforcement approach from one in which all instances of noncompliance are evaluated as PVs to an approach that strengthens management practices and reserves the enforcement process for instances of noncompliance that have been found to pose a greater risk to reliability. The enforcement initiatives described above, in conjunction with RAI compliance initiatives encouraging the development of strong management practices, will advance NERC's progress toward this goal in 2014. In addition, the process and communication improvements developed under RAI will improve overall processing times.

2015 Goals and Deliverables

Throughout 2015, NERC's Enforcement department will identify processing efficiencies to improve enforcement activities and focus on issues that reduce reliability risk. Specific 2015 objectives for the Compliance Enforcement department include:

1. Consolidate new processes, as discussed above.

[18] http://www.nerc.com/pa/comp/Pages/Reliability-Assurance-Initiative.aspx.

2. Ensure timely processing of violations, particularly those that pose greater risk and can provide lessons learned to industry.
3. Ensure early dissemination of violation information to registered entities to enable them to learn from prior events and violations and take preventative actions to eliminate similar risks.

The Compliance Enforcement department also will continue to work with the Regional Entities to significantly reduce their caseloads by closing prior PVs.

Resource Requirements

Personnel

No additional Enforcement personnel are being proposed in 2015; budgeted staffing is being reduced by 3.23 FTEs from the 2014 budget.

Contractor Expenses

The Information Technology budget includes funding for the maintenance, evaluation, and development of enterprise tools supporting compliance assessment, registration, certification, and enforcement activities.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
COMPLIANCE ENFORCEMENT

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 6,350,810	$ 6,350,810	$ 0	$ 5,664,344	$ (686,466)
Penalty Sanctions	41,484	$ 41,484		142,161	100,677
Total NERC Funding	**$ 6,392,293**	**$ 6,392,294**	**$ 0**	**$ 5,806,505**	**$ (585,789)**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,798	293	(2,505)	361	(2,437)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 6,395,091**	**$ 6,392,587**	**$ (2,504)**	**$ 5,806,866**	**$ (588,225)**
Expenses					
Personnel Expenses					
Salaries	$ 2,043,427	$ 1,750,912	$ (292,515)	$ 1,785,495	$ (257,932)
Payroll Taxes	132,855	121,198	(11,657)	110,866	(21,989)
Benefits	320,080	239,393	(80,687)	254,644	(65,436)
Retirement Costs	234,210	176,027	(58,183)	200,635	(33,575)
Total Personnel Expenses	**$ 2,730,572**	**$ 2,287,530**	**$ (443,042)**	**$ 2,351,641**	**$ (378,931)**
Meeting Expenses					
Meetings	$ 2,500	$ 1,770	$ (730)	$ 2,000	$ (500)
Travel	85,298	56,927	(28,371)	57,900	(27,398)
Conference Calls	5,081	1,314	(3,767)	2,900	(2,181)
Total Meeting Expenses	**$ 92,879**	**$ 60,011**	**$ (32,867)**	**$ 62,800**	**$ (30,079)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	41,000	25,739	(15,261)	41,500	500
Professional Services	-	-	-	-	-
Miscellaneous	500	-	(500)	500	-
Depreciation	-	2,846	2,846	-	-
Total Operating Expenses	**$ 41,500**	**$ 28,585**	**$ (12,915)**	**$ 42,000**	**$ 500**
Total Direct Expenses	**$ 2,864,951**	**$ 2,376,126**	**$ (488,824)**	**$ 2,456,441**	**$ (408,510)**
Indirect Expenses	**$ 3,429,147**	**$ 3,010,483**	**$ (418,665)**	**$ 3,161,698**	**$ (267,449)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 6,294,098**	**$ 5,386,609**	**$ (907,489)**	**$ 5,618,139**	**$ (675,959)**
Change in Assets	**$ 100,993**	**$ 1,005,978**	**$ 904,985**	**$ 188,727**	**$ 87,734**
Fixed Assets					
Depreciation	-	(2,846)	(2,846)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	$ 100,993	$ 27,360	(73,633)	188,727	87,734
Inc(Dec) in Fixed Assets (C)	**$ 100,993**	**$ 24,514**	**$ (76,479)**	**$ 188,727**	**$ 87,734**
TOTAL BUDGET (=B + C)	**$ 6,395,091**	**$ 5,411,123**	**$ (983,968)**	**$ 5,806,866**	**$ (588,225)**
FTEs	**18.24**	**14.15**	**(4.09)**	**15.01**	**(3.23)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – The reduction in personnel expenses is due to the transfer of three positions to other departments in 2014.
- **Meetings, Travel and Conferencing Expenses** – The decrease in travel is due to the transfer of positions to other departments and is based upon 2013 actual costs. The reduction in meetings and conferencing expenses is based upon prior year actual and projected 2014 results.
- **Indirect Expenses** – The decrease in indirect expenses is due to a reduction in FTEs in proportion to total FTEs in the statutory programs.

Reliability Assessments and Performance Analysis

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	18.99	19.70	0.71
Direct Expenses	$ 4,903,304	$ 5,456,456	$ 553,152
Indirect Expenses	$ 3,570,148	$ 4,149,598	$ 579,449
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (122,854)	$ 219,696	$ 342,550
TOTAL BUDGET	$ 8,350,598	$ 9,825,750	$ 1,475,150

Background and Scope

The Reliability Assessment and Performance Analysis (RAPA) department carries out the ERO's statutory responsibility to conduct assessments of the reliability and adequacy of the BES to provide insight and guidance about reliability risks and performance improvements. The department also identifies reliability performance issues and areas of concern (including equipment performance and related reliability issues) for consideration in the development of new mandatory Reliability Standards, the modification of existing standards as part of the Reliability Standards Development Program, or other initiatives that enhance overall reliability. The department develops effective approaches for achieving reliability, develops a solid technical framework and understanding of the reliability risks facing the industry, and utilizes those insights to communicate guidance and information to entities across North America. The department does this through its own engineering and analysis efforts, as well as through marshaling stakeholder resources with subject matter expertise. RAPA is responsible for the:

- Independent assessments and reports on the overall reliability, adequacy, and associated reliability risks that could impact the upcoming summer and winter seasons and the long-term (e.g., ten-year) planning horizon.

- Performance analysis and recommendations of historical reliability and associated trends, relying on data integrity and consistent methodology, which in turn leads to credible recommendations and guidance.
- Reliability assessment and bulk system evaluation model development for analyzing steady-state and dynamic conditions.
- Assurance that electrical elements necessary for the reliable operation of the BPS are appropriately identified as Bulk Electric System Elements.
- Reliability risk program management for improving key risk areas using analyses of reliability gaps, risks, controls, and management efforts.
- Determination of reliability risk program priorities that align with the Strategic Plan and business plan and budget for appropriate level of resources, timing, completion, and execution.
- Providing leadership and consistent, technically sound guidance and recommendations that position industry and policy makers to enhance reliability through effective outreach and communications.

Stakeholder Engagement and Benefit

The ERO monitors the reliability performance of the BES in North America through data gathered to analyze historic trends. The ERO provides reports and recommendations regarding the anticipated conditions that could impact the reliability, security, and stability of the BPS to the industry, Regional Entities, regulatory entities, and other designated entities.

RAPA works with industry leaders to create a reliability strategy that is relevant, timely, and effective at addressing the most important reliability risks. This effort includes understanding key information identified through analysis and assessment efforts; extracting and prioritizing the associated reliability risks from that information; sharing and integrating those risk analysis insights across the ERO Enterprise; and translating that knowledge into actionable guidance and recommendations for NERC management, the Board, and industry entities. This offers stakeholders an open and transparent approach for the development of NERC's reliability strategy, ultimately ensuring the ERO is accountable to industry, regulators, and the public at large.

Key RAPA Efforts Underway in 2014

In 2014, RAPA continues to focus its efforts in the following key areas:

Reliability Risk Analysis

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

The key trends, findings, and recommendations from Reliability Risk Analysis serve as technical input to the ERO's Reliability Standards and standards project prioritization, compliance process improvements, event analyses, reliability assessment, and critical infrastructure protection efforts. This analysis of BES

performance not only provides an industry reference for historical BES reliability, but it also offers analytical insights across the enterprise that lead toward industry action and enable the discovery and prioritization of specific actionable risk control steps. These analyses and results are summarized in the annual State of Reliability report, which provides guidance and recommendations that will lead to enhanced bulk system reliability.

NERC has identified specific areas of reliability risk in 2015. The set of programs and associated projects described in the following pages represents a focus on risk priority projects where NERC, in alignment with the industry, the RISC, and governments, can make a difference in improving or maintaining reliability. This represents an important aspect of the link between NERC's activities and its mission of ensuring the reliability of the North American Bulk Electric System.

Reliability risk management efforts involve identifying key reliability risk areas, setting priorities for addressing these areas, then determining appropriate efforts from the suite of tools available to address such risks, and compiling these into an overall portfolio of prioritized risk projects. Industry, NERC, RISC, and others undertook significant efforts to assemble event and performance analyses from published assessments into a prioritized set of appropriate reliability risk projects. These analyses led to recommendations based on technical committee discussions; industry perspectives at the Reliability Leadership Summit; and ongoing technical committee assessment, event analysis, and Reliability Assessment and Reliability Risk Analysis work products, such as the Long-Term Reliability Assessment, the State of Reliability report, and various special reports and seasonal assessments. These prioritized risk project recommendations have been incorporated for 2014 into eight project areas focused on managing the top-priority reliability risks. Each program contains one or more projects identified to produce specific deliverables. By structuring these projects and programs within the larger context of priority reliability risks, resources can be allocated across the ERO Enterprise and program areas.

These top-priority reliability risk programs have been identified for 2014 efforts in this business plan; further refinement and identification of a comparable list of priority efforts will emerge over the course of the year, representing the 2015 priority risk projects. For budget assumption purposes, NERC has planned for a comparable level of effort to be allocated within NERC program areas for these projects. This is not intended to be an exhaustive list of all the reliability-centered activities undertaken by NERC. Ongoing obligations regarding standards development, compliance and enforcement, reliability assessments, and performance analysis are expected to continue, as are the numerous activities to respond to regulatory directives and increase efficiency and effectiveness of the ERO.

Reliability Risk Management Process

The process used to develop this set of programs is an interim approach as NERC transitions to a broader planning effort, titled the Reliability Risk Management Process (RRMP). NERC staff worked with the RISC to develop this process in a way that ensures that the consideration of reliability risk and the development of associated reliability risk management projects are reflected in ERO business planning activities. Under the RRMP, the RISC will collect information to identify and prioritize broad areas of reliability risk. These areas then undergo a deeper analysis to identify specific reliability risks, associated measurements, and the most critical risks within those broad areas that should be considered for further risk management activity. Following this analysis, strategies for managing the risks are developed. Such strategies may include the use of guidelines, information requests, training, NERC Alerts, technical conferences, research, standards, and other tools. Strategies will be weighed for overall effectiveness and efficiency, and a plan will be developed that addresses each identified reliability risk with a set of approaches commensurate in scope to the level of risk being managed. Ultimately, these efforts are reflected in ERO activities and the overall ERO planning process.

Listed below are the eight programs focused on managing the top-priority reliability risks as identified by the RISC. Each program has associated projects that are supported by various NERC departments. The supporting department is listed after each project. Further information about each project may be found in the supporting department's section of this report.

Program: Changing Resource Mix
Associated Reliability Risk Areas: Long-Term Planning and System Analysis, Resource and Transmission Adequacy, Integration of New Technologies and Operations

Energy currently produced by large rotating machines is being replaced with energy produced by variable resources, demand-response programs, and other new types of resources that exhibit different characteristics with respect to some of the less-obvious fundamental components of reliable operation (e.g., inertia, frequency response, maneuverability). Continuing improvements in energy efficiency and other changes in load composition impact the characteristics and behavior of load, reactive power needs, and how the system operates and behaves during disturbances (e.g., fault-induced delayed voltage recovery). The ongoing shift in fuel from coal to natural gas brings challenges such as critical dependence on the just-in-time fuel supply chain of the natural gas infrastructure. All of these changes move the system toward different behaviors, operating characteristics, and levels of reliability risk.

- Project: Essential Reliability Services Special Assessment Phase II – RAPA
- Project: Development of Standardized Models – RAPA
- Project: Support for IEEE 1574 – RAPA
- Project: Load Composition Modeling Analysis – RAPA
- Project: Gas Coordination Guidelines – Reliability Risk Management (RRM) and RAPA

Program: Resource Planning
Associated Reliability Risk Areas: Resource and Transmission Adequacy

Environmental regulations, low natural gas prices, load forecasting uncertainty, and economic factors all contribute to an increased rate of plant retirements and a lack of construction. While demand response and energy efficiency may offset some of these losses, performance of those technologies can be uncertain, and each brings unique challenges. Long-term outages of multiple units to employ environmental retrofits also may have impacts. This all contributes to a lack of certainty regarding resource adequacy in North America over the next several years. Forecasts show potential deficiencies in reserve margins as early as 2014 and 2015 in the ERCOT and midcontinent ISOs.

- Project: Environmental Regulations Special Assessment – RAPA

Program: Protection System Reliability
Associated Reliability Risk Areas: Protection Systems

Protection Systems serve a vital role in defense against system disturbance events. However, cases exist in which design of a protection system may be insufficient—where a fault accompanied by a failure of any single Protection System component could result in a significant outage event on the BES. One example is the June 24, 2004, Western outage event, which resulted in the loss

of approximately 5,000 MW of generation and the potential for collapse of the Western Interconnection. NERC identified five events between 2004 and 2010 in which a single point of failure on a protection system caused, in whole or in part, an event on the BPS.

- Project: Protection System Reliability Analysis – RAPA

Program: Uncoordinated Protection Systems
Associated Reliability Risk Areas: Protection Systems

Protection Systems that trip unnecessarily can contribute significantly to the size of an event. When Protection Systems are not coordinated properly, the order of execution can result in either incorrect elements being removed from service or more elements being removed than necessary. This can also occur with special protection systems, remedial action schemes, and under-frequency and under-voltage load-shedding schemes. Such coordination errors occurred in the September 8, 2011, Southwest event and the August 14, 2003, Northeast blackout event.

- Project: Guidelines for Coordination of Protection Systems and Other Devices – RAPA

Program: Extreme Physical Events
Associated Reliability Risk Areas: Coordinated Attack on Multiple Facilities, Geomagnetic Disturbance, Extreme Weather/Acts of Nature, Localized Physical Attack, Electromagnetic Pulse

Coordinated sabotage attacks, severe weather events, and geomagnetic disturbances are physical events that, at the extreme, can cause extensive equipment damage. Because of the long time involved in manufacturing and replacing some BES assets, an extreme physical event that causes extensive damage to equipment would result in degraded reliability for an extended period of time. While events of this magnitude have a low probability of occurrence, the potential consequences of such an event are high enough that additional focus is needed to properly address this risk and minimize the consequences of an extreme physical event to acceptable levels.

- Project: Promoting Resiliency – RRM
- Project: Emergency Transformer Replacement – RAPA

Program: Availability of Real-Time Tools and Monitoring
Associated Reliability Risk Areas: Monitoring and Situational Awareness

Inadequate situational awareness could have significant negative reliability consequences and is often a precursor to an event or a contributing cause to an event. Experience has shown that not having the right tools and data available can play a critical role in reduced situational awareness, contributing to events such as those seen in the September 8, 2011, Southwest event and the August 14, 2003, Northeast blackout event. NERC has analyzed data and identified that outages of tools and monitoring systems are fairly common occurrences, with approximately an 89% chance of a tool or monitoring system outage occurring within a given month. Each time one of these outages occurs, it creates a potential lack of situational awareness, resulting in a latent risk that could combine with other risks to produce a large event. In addition to outages, not providing the correct tools or data to operators is also a key concern.

- Project: Latent Risk Awareness of Real-Time Tools – RRM
- Project: Real-Time Reliability Monitoring and Analysis Standards – Standards

- Project: Tool Failure Guidelines – RRM

Program: Protection System Misoperations
Associated Reliability Risk Areas: Protection Systems

Protection System Misoperations represent a double threat. Unnecessary trips can result in making a bad event worse and may start cascading failures as each successive trip can cause another protection system to trip. However, failures to trip and slow trips can damage equipment, which may result in degraded reliability for an extended period of time. Key Finding 4 from NERC's *2012 State of Reliability Report* concluded that protection system misoperations are a significant contributor to disturbance events and automatic transmission outage severity.

- Project: Protection System Guidelines – RAPA
- Project: Protection System Education – RRM

Program: Right-of-Way Clearances
Associated Reliability Risk Areas: Transmission Right-of-Way, Equipment Maintenance and Management

Reports from various entities have indicated that in a number of cases, actual conductor-to-ground clearances seen in the field have been inconsistent with those assumed during the design of the facility. Examples of inaccurate historical information that leads to these inconsistencies includes, but is not limited to, misplaced structures or supports, inadequate tower height, and ground profile inaccuracies. While an entity may address this concern by changing the facility ratings, modifying the transmission line configuration, or changing the topography, such cases must be identified before they can be addressed. Failure to address these misalignments could lead to incorrect ratings that are inadequate to prevent equipment damage or cascading, instability, or separation.

- Project: Right-of-Way Site Visit Evaluations – Compliance Analysis, Registration and Certification

Overall, it is anticipated that the resources expected to be deployed to address these reliability risk projects would be similar between 2015 and the comparable level of effort devoted to these efforts in 2014. Accordingly, each of the respective program areas provides a depiction of the efforts and resource allocation needed to support these projects and those anticipated to be identified for 2015. As the RISC and ERO continue to refine the efforts to establish a multi-year perspective addressing the key reliability initiatives, the specific projects and goals for 2015 (and potentially into 2016 and 2017) will be more clearly defined. At the same time, for business plan and budgeting purposes, it is expected that the level of effort allocated to these projects in 2014 would remain generally consistent with the levels expected in subsequent years.

Reliability Assessment
Reliability assessments serve to evaluate the expected reliability behavior of the BPS through extensive deterministic and probabilistic analyses to identify potential reliability conditions that could compromise overall reliability. These reviews include both evaluations at the edge of the planning horizon, as well as assessments of the anticipated performance during upcoming summer or winter seasons. These analyses

involved planned and anticipated changes within the generation resources, transmission infrastructure, and load behavior to formulate recommendations and related guidance, often by examining special scenarios and unique situations within the North American BPS. These analyses provide a technical platform for important policy discussions on challenges facing the interconnected North American BES, as well as focused recommendations that improve the overall reliability or lessen reliability risks.

Each year, NERC is responsible for independently assessing and reporting on the overall reliability, adequacy, and associated risks that could impact the upcoming summer and winter seasons and the long-term, ten-year period. As emerging risks and potential impacts to reliability are identified, RAPA conducts special reliability assessments and identifies recommendations and guidance actions that may be warranted to lessen identified risks or enhance reliability overall. RAPA's assessments are founded on solid engineering through collaborative and consensus-based approach.

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

Key assessments include:

(1) Long-Term Reliability Assessment

(2) Summer and Winter Reliability Assessments

(3) Special and Scenario Reliability Assessments

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

Reliability Initiatives and System Analysis

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

Based on NERC and industry priorities, and to meet business planning goals, RAPA has chosen not to pursue several issues and initiatives in 2015. Probabilistic analysis of reserve margins for NERC's Long-Term Reliability Assessment will be completed every two years rather than annually (none in 2013 or 2015); the smart grid follow-on work plan will be addressed sometime after 2014; and wind generator availability information (GADS) will be reprogrammed to the 2016 time frame. In 2015, RAPA will refine the composition of NERC's annual State of Reliability report to reflect post-seasonal reliability review, insights from analysis of transmission, generator, and demand response data systems (TADS, GADS, and DADS), and integration of event analysis and misoperations.

Further, RAPA will continue to work closely with other organizations, including but not limited to the Electric Power Research Institute (EPRI), the Institute of Electrical and Electronic Engineers (IEEE), the

North American Transmission Forum (NATF), the North American Generation Forum (NAGF), and the Canadian Electricity Association (CEA). RAPA collaborates with these groups on a number of fronts, including geomagnetic disturbance (GMD), vegetation management, TADS, GADS, and variable generation integration. RAPA will continue working with the Interstate Natural Gas Association of America (INGAA) and the Natural Gas Supply Association (NGSA) regarding studies pertaining to the interdependency of gas and electric systems.

Bulk Electric System (BES) Definition Implementation

During 2014, RAPA has been closely involved in the development of a revised definition for BES. RAPA has also been working closely with the Regional Entities to develop a software application to manage the implementation of the revised BES definition and exception process, by which a registered entity submits self-determined notifications or requests for exception of certain assets and systems from the BES. The associated business processes and guidance supporting the implementation are important elements aligned with the development of the BES tool. The BES tool and its functionality for Regions, registered entities, and NERC has been structured to conform to provisions of the Order 773 and 773-A directives and requirements.

The effective date for the implementation of the revised BES definition was July 1, 2014, and it is expected that during the remainder of 2014 and through 2015, reviews, evaluations, and confirmations of proposed changes to BES elements by registered entities will take place. This will involve both NERC and Regional Entity resources to manage effective implementation. Outside experts may be needed to conduct technical reviews of BES exception requests.

2015 Goals and Deliverables

In 2015, RAPA will seek to accomplish several specific goals and objectives as part of the strategic focus of the ERO Enterprise:

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

h. Provide periodic updates on trends and measures of BES reliability

2. Develop a risk registry and systematic prioritization process consistent with the RISC framework and support BES risk profile measurement and assessment of standards.
3. Execute integrated risk control strategies and plans across the organization to address the highest-priority existing or emerging risks to BES reliability, and explicitly measure the results.
4. Support NERC Reliability Standard development and response to FERC directives by providing technical and system analysis expertise.
5. Support the technical foundation development for Reliability Standards to address deficiencies or needs revealed by RAPA.
6. Provide support and leadership to (1) the Planning Committee and (2) standing committees' subcommittees, working groups, and task forces serving the standing committees.
7. Develop a structured approach to evaluate and improve system models, model validation, system analysis, and assessments.
8. Assist in the development of approaches to registration and maintenance of the actively monitored list based on reliability trends, risks, and historical information to ensure that the compliance focus remains on the most critical entities and associated Reliability Standards.
9. Conduct major event investigations, analyses, and reporting of major findings and recommendations that will improve reliability.
10. Build and sustain an enterprise RAPA team that encompasses risk-informed approaches and structured methodology to identify and address reliability risks.
11. Implement effective oversight and tracking of various technical aspects of reliability, including frequency response performance, application of TPL footnote b adoption, and root cause applications to assessments and analyses.

Projects Addressing the Top-Priority Reliability Risks as Identified by the RISC

The RISC identified the following top-priority reliability risk projects for consideration in 2015. The projects are supported by one or more NERC departments, as indicated in the list below. As the RISC and ERO refine efforts to establish a multiyear perspective addressing key reliability initiatives, the specific projects and goals for 2015—and potentially into 2016 and 2017—will be more clearly defined as departments take into consideration resource availability.

Project: Essential Reliability Services Special Assessment Phase II

The Reliability Assessments team will deliver the second part of its Special Assessment on Essential Reliability Services. The scope of this project consists of scenario analyses of different levels of Essential Reliability Services. (RAPA-RRM)

Project: Development of Standardized Models

The Reliability Initiatives and System Analysis team will continue developing a standardized set of power flow and dynamic modeling components to support industry's need for more accurate models. (RAPA)

Project: Support for IEEE 1574

The Reliability Initiatives and System Analysis team will continue its work with the standards-setting groups at IEEE to develop rules that establish frequency and voltage disturbance ride-through obligations for distributed energy resources. (RAPA)

Project: Load Composition Modeling Analysis

The Reliability Initiatives and System Analysis team will work with stakeholders at the Planning Committee to develop a guideline for performing analysis of loads to determine system needs for various essential reliability services. (RAPA)

Project: Gas Coordination Guidelines

The Reliability Assessments team, in cooperation with the Event Analysis team, will collaborate with stakeholders to develop a guideline that establishes protocols for operations and emergency coordination with gas suppliers and transporters. (RAPA)

Project: Environmental Regulations Special Assessment

The Reliability Assessments team will publish a special assessment on the potential impact of emerging and proposed environmental regulations to the reliability of the BPS. This will include updates to the previous report on the Reliability Impacts of Climate Change Initiatives (RICCI), as well as a focus on new and existing source CO_2 requirements. (RAPA)

Project: Protection System Reliability Analysis

The Reliability Initiatives and System Analysis team will continue analysis of single-point-of-failure data reported in response to Order No. 754 to determine whether an industry response is necessary. The results of that analysis will be presented to the RISC for their advice on possible ERO responses. (RAPA-RRM)

Project: Guidelines for Coordination of Protection Systems and Other Devices

The Reliability Initiatives and System Analysis team will work with stakeholders to develop a best practices document. Included in the scope is coordination of the design and operation of transmission system protection, generator protection and control, special protection systems, and under-frequency and under-voltage load-shedding programs. Additionally, modeling necessary for assessing coordination through planning and operating assessments of system performance will be considered. (RAPA)

Project: Emergency Transformer Replacement

The Reliability Assessments and the Performance Analysis teams will work with industry to encourage participation in coordination support programs such as the Spare Equipment Database and the Spare Transformer Equipment Program. Reliability Assessments and Performance Analysis will also work to share information regarding the Recovery Transformer Program. (RAPA)

Project: Protection System Guidelines

The Reliability Initiatives and System Analysis team will develop good industry practices and guidelines to aid in the proper application of relay elements to minimize setting errors, maintain microprocessor-based relay firmware, and apply power line carrier communication-aided protection. (RAPA-RRM)

The overall impact of resource allocations on the NERC budget reflected in the individual project program areas is reflected in the summary overview below.

Resource Requirements

Personnel
No additional personnel are proposed to be added in 2015. The 0.7 FTE increase is the result of a 2014 reallocation of personnel from other departments.

Contractor Expenses
The total contractor and consultant expenses for the department are projected at $955.5k, representing an approximate $317.4k increase over the 2014 budget. The 2015 contractor and consulting resources are described below and are grouped into four categories:

1. Research and Initiative Implementation, Tracking, and Reporting
    a. Reliability Effects of GMD
    b. Vegetation Management Research
2. Special and Long-Term Assessments and State of Reliability Analysis
    a. Scenario assessment consultants
3. Licensing and Support of Existing Databases
4. Software Application Development—Replacement for the software application for industry access to GADS data is included in the Information Technology Capital budget, as are costs related to the development of enterprise software applications such as the Reliability Assessment Database applications.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 8,214,496	$ 8,214,496	$ 0	$ 9,571,195	$ 1,356,699
Penalty Sanctions	43,190	43,190		186,581	143,391
Total NERC Funding	**$ 8,257,686**	**$ 8,257,686**	**$ 0**	**$ 9,757,776**	**$ 1,500,090**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	50,000	50,000	-	50,000	-
Workshops	40,000	40,000	-	17,500	(22,500)
Interest	2,913	405	(2,508)	474	(2,439)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,350,598**	**$ 8,348,091**	**$ (2,508)**	**$ 9,825,750**	**$ 1,475,151**
Expenses					
Personnel Expenses					
Salaries	$ 2,604,058	$ 2,869,006	$ 264,948	$ 2,833,480	$ 229,422
Payroll Taxes	159,156	192,226	33,070	176,963	17,807
Benefits	333,241	331,374	(1,867)	356,502	23,261
Retirement Costs	294,179	289,783	(4,396)	317,664	23,485
Total Personnel Expenses	**$ 3,390,634**	**$ 3,682,389**	**$ 291,755**	**$ 3,684,609**	**$ 293,975**
Meeting Expenses					
Meetings	$ 90,000	$ 90,000	$ -	$ 90,018	$ 18
Travel	385,000	314,691	(70,309)	313,993	(71,007)
Conference Calls	31,950	31,950	-	31,500	(450)
Total Meeting Expenses	**$ 506,950**	**$ 436,641**	**$ (70,309)**	**$ 435,511**	**$ (71,439)**
Operating Expenses					
Consultants & Contracts	$ 638,085	$ 804,652	$ 166,567	$ 955,450	$ 317,365
Office Rent	-	-	-	-	-
Office Costs	139,135	143,099	3,964	152,386	13,251
Professional Services	-	-	-	-	-
Miscellaneous	500	500	-	500	-
Depreciation	228,000	298,743	70,743	228,000	-
Total Operating Expenses	**$ 1,005,720**	**$ 1,246,994**	**$ 241,274**	**$ 1,336,336**	**$ 330,616**
Total Direct Expenses	**$ 4,903,304**	**$ 5,366,024**	**$ 462,720**	**$ 5,456,456**	**$ 553,152**
Indirect Expenses	**$ 3,570,148**	**$ 4,167,869**	**$ 597,721**	**$ 4,149,598**	**$ 579,449**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 8,473,452**	**$ 9,533,893**	**$ 1,060,441**	**$ 9,606,054**	**$ 1,132,601**
Change in Assets	**$ (122,854)**	**$ (1,185,803)**	**$ (1,062,949)**	**$ 219,696**	**$ 342,550**
Fixed Assets					
Depreciation	(228,000)	(298,743)	(70,743)	(228,000)	-
Computer & Software CapEx	-	-	-	200,000	200,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 105,146	$ 37,879	$ (67,267)	247,696	$ 142,550
Inc(Dec) in Fixed Assets (C)	**$ (122,854)**	**$ (260,864)**	**$ (138,010)**	**$ 219,696**	**$ 342,550**
TOTAL BUDGET (=B + C)	**$ 8,350,598**	**$ 9,273,029**	**$ 922,431**	**$ 9,825,750**	**$ 1,475,151**
FTEs	**18.99**	**19.59**	**0.60**	**19.70**	**0.71**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – The increase in personnel expense is primarily due to the transfer of one FTE from another department in 2014, partially offset by an increase in the across-the-board FTE adjustment to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015. Payroll tax expenses are increasing at a slightly higher percentage than the other expense categories due to a higher maximum salary subject to FICA taxes.
- **Meetings, Travel and Conferencing Expenses** – The decrease in travel expenses is based on prior year actual and projected 2014 costs.
- **Consultants and Contracts** – The increase is for (1) contracts related to vegetation research (FAC-003), (2) additional software application development and support requirements, and (3) maintenance for pc-GAR.
- **Indirect Expenses and Allocation of Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to higher administrative services expenses to be allocated to the direct programs, as explained on page xxi.

Reliability Risk Management

NERC's Reliability Risk Management (RRM) group carries out the ERO's statutory responsibility to perform assessments (real-time or near-real-time) of the reliability and adequacy of the BES, including identifying potential issues of concern relating to system, equipment, entity, and human performance that may indicate the need to develop new or modified Reliability Standards. RRM has two departments: (1) Situation Awareness and (2) Event Analysis. These departments are responsible for four primary functions: (1) BES awareness; (2) event analysis and determination of root and contributing causes; (3) assessment of human performance challenges that affect BES reliability and identification of improvement opportunities; and (4) support of the NERC Operating Committee.

RRM's functions and resources are directly focused on proactive awareness of BES conditions and all events over a threshold of certain risk or impact. Through awareness and continuous assessment, RRM identifies potential reliability risks to the BES. RRM analyzes events in detail, addresses the most significant risks to BES reliability, and ensures that industry is well informed of system events, emerging trends, risk analysis, and lessons learned. Through performing these functions, RRM provides data and analysis to inform the other aspects of NERC's statutory functions. The group also provides strategic direction for using risk-based concepts in planning and executing its responsibilities.

Situation Awareness Department

Situation Awareness (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	6.24	6.10	(0.14)
Direct Expenses	$ 2,891,092	$ 2,446,801	$ (444,292)
Indirect Expenses	$ 1,173,129	$ 1,284,901	$ 111,771
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	519,043	(84,800)	(603,843)
TOTAL BUDGET	$ 4,583,264	$ 3,646,902	$ (936,363)

Background and Scope

The ERO enhances BPS situation awareness by having Reliability Coordinators provide near-real-time operating information for their respective footprints to FERC, NERC, and the Regional Entities. This is a way to gauge the reliability of the interconnections and monitor parameters indicative of a developing crisis. The ERO monitors present conditions on the BPS and provides leadership coordination, technical expertise, and assistance to industry in responding to events.

Stakeholder Engagement and Benefit

The Situation Awareness department works with registered entities to monitor conditions on the high-voltage transmission lines, associated substations, and large generators using various software tools and applications. NERC coordinates with Regional Entities and registered entities to notify them of various types of disturbances (hurricanes, tornados, earthquakes, solar flares, etc.) that could negatively impact the BES. NERC relies on Regional Entity staff to facilitate communications between NERC and registered

entities. Additionally, when significant BES disturbances occur, NERC facilitates the coordination of communication between registered entities and applicable governmental authorities.

Key Situation Awareness Efforts Underway in 2014

Several reliability-related situation awareness and monitoring tools will undergo enhancement, replacement, streamlining, or adjustment in sponsorship by the end of 2014. Similar to the successful transition of the Interchange Distribution Calculator (IDC) to industry sponsorship, the North American Synchrophasor Initiative will no longer be sponsored, funded, or managed by NERC by the end of 2014.

Situation Awareness is focused on the following in 2014: (1) operation and maintenance of Situation Awareness for NERC, FERC, and Regions, Version 2 (SAFNRv2) software application used for monitoring; (2) replacement of the current secure alert tool with a streamlined alert process that will notify industry via email and direct entity representatives to the NERC alerts page for public alerts and to the ES-ISAC portal for confidential, non-public alerts; and (3) transfer of NERCnet (Frame Relay Contract) – Interconnection Security Network (ISN) to the Eastern Interconnection Data Sharing Network consortium.

2015 Goals and Deliverables

In 2015, Situation Awareness will seek to accomplish several specific goals and objectives as part of the strategic focus of the ERO Enterprise:

1. Ensure that the ERO is aware of all BES events above a threshold of impact.
2. Ensure the sharing of information and data to facilitate wide-area situational awareness.
3. During crisis situations, facilitate the exchange of information among industry, Regions, and U.S. and Canadian governments.
4. Keep industry informed of emerging reliability threats and risks to the BES, including any expected actions.
5. Conduct the annual NERC Monitoring and Situational Awareness Conference and Human Performance Conference.
6. Enhance tracking of notification of expected actions in response to emerging actions to promote greater industry accountability.
7. Issue timely updates regarding progress toward resolving issues identified in Recommendations and Essential Actions.

Situation Awareness utilizes the following reliability-related tools to support department activities:

<u>Resource Adequacy (ACE Frequency) Tool</u>

This software application provides continuous monitoring of key resource adequacy performance metrics, including pre-established thresholds and limits defined in standards. It alerts Reliability Coordinators and resource subcommittees to conditions that could result in critical inadequacies, such as major tie errors, inaccurate load forecasts, and inadequate frequency response.

<u>Inadvertent Interchange</u>

This tool facilitates the entering of monthly scheduling data and submittal of monthly inadvertent performance standards reports to NERC. It also assists in the monitoring and resolution of reliability issues originated by inadvertent interchange imbalances.

Frequency Monitoring and Analysis Tool
This tool detects frequency events and captures key frequency response information for each interconnection.

Intelligent Alarms Tool
This tool detects short-term and long-term frequency deviations using data transmitted to NERC by the Balancing Authorities. When coupled with the FNet[19] and Frequency Monitoring and Analysis tools, this tool allows immediate differentiation of the cause of a frequency deviation—a generator trip or a scheduling error.

Automated Reliability Reports
Automated Reliability Reports are daily and monthly summaries of historical load generation resource adequacy and control performance for the three interconnections. These reports are used for monitoring frequency response and performing trending analysis. This tool relies on data supplied to the Resource Adequacy Tool.

Area Interchange Error Monitoring Tool
This is an automatic data collection tool for post-analysis of frequency excursions. It is used in major system disturbances as part of the frequency response analysis.

Other Monitoring Tools
The company may procure additional, more granular tools to assist in maintaining situation awareness.

Resource Requirements

Personnel

No additional personnel are projected for the Situation Awareness department in 2015.

Contractor Expenses

The overall funding of approximately $1.1M for contractors and consultants (which includes the cost of the tools set forth above) to support the Situation Awareness department in 2015 is approximately $211.8k below 2014 budget levels. The detailed 2015 contractor and consulting budget for the Situation Awareness department is set forth in Exhibit C, together with a comparison to 2014 budgeted amounts.

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

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
SITUATION AWARENESS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 4,493,115	4,493,115	$ (0)	$ 3,588,981	$ (904,134)
Penalty Sanctions	14,192	14,192	0	57,774	43,582
Total NERC Funding	**$ 4,507,307**	**$ 4,507,307**	**$ (0)**	**$ 3,646,755**	**$ (860,552)**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	75,000	-	(75,000)	-	(75,000)
Interest	957	127	(830)	147	(810)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 4,583,264**	**$ 4,507,434**	**$ (75,830)**	**$ 3,646,902**	**$ (936,363)**
Expenses					
Personnel Expenses					
Salaries	$ 915,216	$ 848,082	$ (67,134)	$ 849,802	$ (65,414)
Payroll Taxes	60,207	62,308	2,101	55,831	(4,376)
Benefits	109,501	103,873	(5,628)	112,106	2,605
Retirement Costs	104,293	87,916	(16,377)	95,226	(9,067)
Total Personnel Expenses	**$ 1,189,217**	**$ 1,102,179**	**$ (87,038)**	**$ 1,112,965**	**$ (76,252)**
Meeting Expenses					
Meetings	$ 171,000	$ 5,000	$ (166,000)	$ 5,000	$ (166,000)
Travel	28,020	47,000	18,980	45,882	17,862
Conference Calls	4,000	792	(3,208)	2,610	(1,390)
Total Meeting Expenses	**$ 203,020**	**$ 52,792**	**$ (150,228)**	**$ 53,492**	**$ (149,528)**
Operating Expenses					
Consultants & Contracts	$ 1,289,108	$ 1,445,337	$ 156,229	$ 1,077,321	$ (211,787)
Office Rent	-	-	-	-	-
Office Costs	47,750	41,070	(6,680)	41,025	(6,725)
Professional Services	-	-	-	-	-
Miscellaneous	500	-	(500)	500	-
Depreciation	161,498	718	(160,779)	161,498	-
Total Operating Expenses	**$ 1,498,856**	**$ 1,487,125**	**$ (11,730)**	**$ 1,280,343**	**$ (218,512)**
Total Direct Expenses	**$ 2,891,092**	**$ 2,642,096**	**$ (248,996)**	**$ 2,446,801**	**$ (444,292)**
Indirect Expenses	**$ 1,173,129**	**$ 1,306,315**	**$ 133,186**	**$ 1,284,901**	**$ 111,771**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 4,064,222**	**$ 3,948,412**	**$ (115,810)**	**$ 3,731,701**	**$ (332,520)**
Change in Assets	**$ 519,043**	**$ 559,022**	**$ 39,980**	**$ (84,800)**	**$ (603,843)**
Fixed Assets					
Depreciation	(161,498)	(718)	160,779	(161,498)	-
Computer & Software CapEx	645,990	-	(645,990)	-	(645,990)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 34,550	$ 11,872	(22,678)	76,698	42,147
Inc(Dec) in Fixed Assets (C)	**$ 519,043**	**$ 11,154**	**$ (507,889)**	**$ (84,800)**	**$ (603,843)**
TOTAL BUDGET (=B + C)	**$ 4,583,264**	**$ 3,959,566**	**$ (623,699)**	**$ 3,646,902**	**$ (936,363)**
FTEs	**6.24**	**6.14**	**(0.10)**	**6.10**	**(0.14)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Funding** – The decrease in workshop fees is due to the transfer of the synchrophasor technology to the private sector. The 2014 budget for workshop fees was for the potential continued sponsorship of the North American Synchrophasor Initiative (NASPI) workshops during the transition.
- **Personnel** – The reduction in salaries, payroll taxes, and retirement costs is due to an increase in the across the board FTE adjustment to account for attrition and hiring delays from 4% in 2014 to 6% in 2015. The increase in benefits is due to budgeted market increases in medical and dental plan costs.
- **Meetings, Travel, and Conferencing Expenses** – The increase in Travel Expenses reflects budgeted staffing levels and expanded participation in cross-departmental efforts with RAPA and Standards. The decrease in meetings is due to allocation of the quarterly standing committee meetings to other departments and the transfer of costs associated with the Grid Security Conference to the CID program.
- **Consultants and Contracts** – The decrease is due to a reduction in costs related to SAFNR, NERCnet, and the Secure Alerting System, offset by an increase in the cost of Reliability Tools. The increase in Reliability Tools is due to new costs for tool additions, offset by a reduction in costs due to the elimination of Automated Reliability Reports and AIE Monitoring tools.
- **Office Costs** – The slight decrease is due to lower telecommunications costs on a per-FTE basis.
- **Indirect Expenses and Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to higher administrative services expenses to be allocated to the direct programs as explained on page 22. Total Fixed Assets is lower due to the transfer of application software development funding to Information Technology and Fixed Assets.

Event Analysis Department

Event Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	9.60	9.38	(0.22)
Direct Expenses	$ 2,384,069	$ 2,303,098	$ (80,969)
Indirect Expenses	$ 1,804,814	$ 1,975,798	$ 170,984
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (140,512)	$ (75,728)	$ 64,784
TOTAL BUDGET	$ 4,048,371	$ 4,203,169	$ 154,798

Background and Scope

The Event Analysis department performs assessments of the reliability and adequacy of the BES. This includes identifying potential issues of concern related to system, equipment, entity, and human performance that may indicate a need to develop remediation strategies, action plans, or data used to revise Reliability Standards or consider new Reliability Standards. The department analyzes and determines the cause of the events, promptly assures tracking of corrective actions to prevent recurrence, and provides lessons learned to the industry. Event Analysis ensures that reporting and analysis are consistent to allow wide-area assessment of trends and risks. The department analyzes all reportable events for sequence of events, root cause, risk to reliability, and mitigation and keeps the industry well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions.

The Event Analysis department also includes budgeted resources for the investigation team. These resources are currently managed in the Compliance Analysis and Certification department and are used to review formal complaints and conduct non-public compliance investigations. They are also used to assist in the review of registered entity compliance assessments to verify that compliance gaps are assessed in all reportable events. The event investigation group supports NERC's statutory responsibility of developing Reliability Standards and assessing the reliability and adequacy of the BES, as well as monitoring and enforcing compliance with mandatory Reliability Standards.

Additional resources within this department focus on identifying human-error risks and those precursor factors that allow human error to impact system reliability. The department educates industry regarding risks, precursors, and mitigation methods. Resources also support compliance and standards training initiatives, as well as trending and analysis to identify emerging reliability risks to the BES. These efforts are conducted in collaboration with industry human performance projects, including WECC's Human Performance Working Group, the NERC Operating Committee's Event Analysis Subcommittee, the Institute of Nuclear Power Operations (INPO), and the Electric Power Research Institute.

Stakeholder Engagement and Benefit

The Event Analysis department coordinates event analyses to support the use of collective resources, consistency in analysis, and timely delivery of event analysis reports.[20] The ERO disseminates to the

[20] The core process for Event Analysis is outlined in the Board-approved process: Electric Reliability Organization Event Analysis Process - Version 2 (July 2013).

electric industry lessons learned and other useful information obtained from or as a result of event analysis. The Event Analysis team has conducted in-depth analyses of over 135 events per year. In 2013, the team also conducted calls facilitated by the Regional Entities with over 70 registered entities to discuss in detail and finalize root and contributing causes for the categorized events analyzed. Major analysis to date includes assessment of Energy Management System (EMS) outages and the publication of an updated advisory with recommendations and actions to be taken upon loss of EMS and the identification of specific equipment failures and the associated remediation.

Collaboration with the Trade Associations and Forums

The activities of the North American Transmission Forum (NATF), the North American Generator Forum (NAGF), trade associations, and other industry groups are expected to compliment ERO Enterprise activities and limit the need to add incremental resources to the NERC and Regional Entity business plans and budgets that might otherwise be required in the absence of these forums.

In 2013, NERC entered into a memorandum of understanding (MOU) with the NATF to help ensure that the common objectives of each organization are achieved in the most efficient and effective manner. There is mutual agreement, with no commitment of funds, to coordinate sharing of selected information, engage in the development and maintenance of mutual reliability initiatives, and provide periodic reports to pertinent audiences. A similar agreement is under development with the NAGF in 2014.

Joint reliability initiative projects between the NATF and NERC that are expected to continue into 2015 include protection systems misoperations reduction, physical security, various activities related to reliability assurance initiatives, improvement of modeling practices, and complementary efforts on addressing the GMD challenges.

2015 Goals and Deliverables

In 2015, the Event Analysis department will seek to accomplish several specific goals and objectives as part of the strategic focus of the ERO Enterprise:

1. Work with the Regional Entities to obtain and review information from registered entities regarding qualifying events and disturbances in order to advance awareness of events above a threshold level; facilitate analysis of root and contributing causes, risks to reliability, wide-area assessments, and remediation efforts; and disseminate information regarding events in a timely manner.
2. Ensure that all reportable events (approximately 135 annually) are analyzed for sequence of events, root cause, risk to reliability, and mitigation.
3. Refine risk-based methodologies to support better identification of reliability risks, including the use of more sophisticated cause codes for analysis.
4. Ensure consistency in reporting and analysis to support wide-area assessments of significant reliability trends and risks.
5. Conduct training (webinars, workshops, and conference support) to inform industry and the ERO of lessons learned, root cause analysis, cause coding, human performance, and cold weather preparedness and recommendations.
6. Develop reliability recommendations and alerts as needed.
7. Track industry accountability for critical reliability recommendations.

8. Ensure that industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions.
9. Conduct major event analysis and reporting of major findings and recommendations that will improve reliability.
10. Advance the quality and usefulness of reliability assessments and event analysis data.

The Event Analysis department will also support several of the top-priority reliability risk projects during 2015–2016, as identified and described under the Reliability Assessment and Performance Analysis department section of this business plan and budget.

Resource Requirements

Personnel

No additional personnel are planned to be added to the Event Analysis department in 2015.

Contractor Expenses

No additional consulting and contractor support is budgeted in 2015.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
EVENT ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 3,975,065	$ 3,975,065	$ 0	$ 4,066,804	$ 91,740
Penalty Sanctions	21,834	$ 21,834		88,839	67,005
Total NERC Funding	**$ 3,996,898**	**$ 3,996,899**	**$ 0**	**$ 4,155,643**	**$ 158,745**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	50,000	50,000	-	47,300	(2,700)
Interest	1,473	197	(1,276)	226	(1,247)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 4,048,371**	**$ 4,047,096**	**$ (1,275)**	**$ 4,203,169**	**$ 154,798**
Expenses					
Personnel Expenses					
Salaries	$ 1,470,290	$ 1,441,975	$ (28,315)	$ 1,447,159	$ (23,131)
Payroll Taxes	91,480	97,486	6,006	92,831	1,351
Benefits	168,463	156,895	(11,568)	173,284	4,821
Retirement Costs	167,286	154,123	(13,163)	162,193	(5,093)
Total Personnel Expenses	**$ 1,897,519**	**$ 1,850,479**	**$ (47,040)**	**$ 1,875,467**	**$ (22,052)**
Meeting Expenses					
Meetings	$ 67,000	$ 95,000	$ 28,000	$ 79,228	$ 12,228
Travel	155,000	109,000	(46,000)	114,500	(40,500)
Conference Calls	31,864	10,000	(21,864)	10,000	(21,864)
Total Meeting Expenses	**$ 253,864**	**$ 214,000**	**$ (39,864)**	**$ 203,728**	**$ (50,136)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	38,519	45,718	7,199	29,736	(8,783)
Professional Services	-	-	-	-	-
Miscellaneous	500	-	(500)	500	-
Depreciation	193,667	704	(192,962)	193,667	-
Total Operating Expenses	**$ 232,686**	**$ 46,422**	**$ (186,264)**	**$ 223,903**	**$ (8,783)**
Total Direct Expenses	**$ 2,384,069**	**$ 2,110,901**	**$ (273,168)**	**$ 2,303,098**	**$ (80,970)**
Indirect Expenses	**$ 1,804,814**	**$ 2,021,172**	**$ 216,358**	**$ 1,975,798**	**$ 170,984**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 4,188,883**	**$ 4,132,073**	**$ (56,810)**	**$ 4,278,897**	**$ 90,014**
Change in Assets	**$ (140,512)**	**$ (84,977)**	**$ 55,535**	**$ (75,728)**	**$ 64,784**
Fixed Assets					
Depreciation	(193,667)	(704)	192,962	(193,667)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 53,154	$ 18,369	(34,785)	117,939	64,784
Inc(Dec) in Fixed Assets (C)	**$ (140,512)**	**$ 17,665**	**$ 158,177**	**$ (75,728)**	**$ 64,784**
TOTAL BUDGET (=B + C)	**$ 4,048,371**	**$ 4,149,738**	**$ 101,367**	**$ 4,203,169**	**$ 154,798**
FTEs	**9.60**	**9.50**	**(0.10)**	**9.38**	**(0.22)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Salaries and retirement expenses are projected to remain approximately the same in 2015. The slight variances are the result of an increase in the across-the-board FTE adjustment to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015. The percentage increase in payroll taxes is due to a higher maximum salary subject to FICA taxes. Benefits are projected to be higher due to a projected market increase in health and dental plan costs.
- **Meetings, Travel, and Conferencing Expenses** – A slight increase in meeting expenses is due to greater participation in RAPA and Standards activities. RRM supports various activities with technical experts and subject matter experts. The decrease in travel and conferencing expenses is based on 2013 actual and projected 2014 costs.
- **Office Costs** – The decrease is due to lower telecommunications costs on a per-FTE basis.
- **Indirect Expenses and Allocation of Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to higher administrative services expenses to be allocated to the direct programs, as explained on page xxii.

Critical Infrastructure

Critical Infrastructure Department (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	12.48	8.44	(4.04)
Direct Expenses	$ 3,092,349	$ 2,612,056	$ (480,293)
Indirect Expenses	$ 2,346,259	$ 1,777,797	$ (568,462)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 69,101	$ 106,120	$ 37,019
TOTAL BUDGET	$ 5,507,709	$ 4,495,972	$ (1,011,737)

Background and Scope

NERC's Critical Infrastructure Department (CID) supports efforts to develop and administer critical infrastructure standards. CID conducts security outreach visits, provides training and exercise opportunities, and coordinates between industry and governmental entities on critical infrastructure protection (CIP) matters. The department accomplishes these activities through active CIP Standards Drafting Team participation and through programs such as the Security Reliability Program (SRP),[21] the annual Grid Security Conference (GridSecCon), and the biennial Grid Security Exercise (GridEx). The department also leverages public-private partnerships to examine CIP policy issues and provides staff-level support to NERC's Critical Infrastructure Protection Committee (CIPC), an industry-led committee comprised of industry experts in the areas of cybersecurity, physical security, and operational security.

Stakeholder Engagement and Benefit

CID focuses its efforts on building partnerships and providing outreach to registered entities on emerging issues and best practices; in turn, the department relies on industry participation to strengthen, validate, and execute its programs. CID also coordinates with stakeholders to develop policy positions and determine the best strategies for program implementation. The department's continued coordination with government, across sectors, and through various other public-private partnerships also helps to keep stakeholders informed of policy activities on a national level and provides various opportunities for stakeholder comment and expertise. Through CIPC, industry experts also work together to discuss common concerns and develop policy recommendations to address those concerns.

[21] Security Reliability Program, formerly known as the Sufficiency Review Program, was renamed to reflect the program's focus.

Key Critical Infrastructure Efforts Underway in 2014

CIP Standards Support
The Critical Infrastructure Department continues to support the activities involved with Responsible Entities' transition from CIP Version 3 to Version 5.[22] Additionally, the department supported the Standards department by providing subject matter expertise to draft a physical security standard, as well as support for addressing FERC Order No. 791 directives.

Security Reliability Program (SRP)
The SRP is a continuation of the Sufficiency Review Program from previous years. The program has been modified to focus on transitioning from CIP Version 3 implementation to CIP Version 5 implementation and includes discussion of issues raised during the CIP Transition Study conducted in 2013–2014. The program continues to provide timely and actionable advice to entities and their security and compliance programs in support of the CIP standards.

GridEx III
In 2014, the department is following up on 2013's GridEx II distributed play and executive tabletop lessons learned and using them to plan for the 2015 GridEx III. This biennial security exercise focuses on analyzing industry's response to a physical and cybersecurity scenarios. The distributed play exercise and executive tabletop activities aim to: (1) exercise the electric industry's readiness to respond to a security incident, incorporating lessons learned; (2) review existing command, control, and communication plans and tools for NERC and its stakeholders; (3) identify potential improvements in cybersecurity and physical security plans, programs, and responder skills; and (4) explore senior leadership policy decisions and triggers in response to a coordinated cyber and physical event of national significance with long-term grid reliability issues.

GridSecCon 2014
GridSecCon 2014 will be NERC's fourth annual conference focused on physical security and cybersecurity issues facing the Electricity Sub-sector. NERC holds the annual conference to: (1) build on NERC's mission to ensure the reliability of the North American BES through education and training; (2) deliver expert analysis on emerging physical security and cybersecurity threats and vulnerabilities; (3) discuss potential solutions to emerging industrial control system security issues; (4) provide a strategic focus on related public-private partnerships; and (5) provide information regarding ES-ISAC activities and participant benefits.

Policy and Coordination
The department has been addressing policy issues from the 2013 Executive Order and Presidential Policy Directive and continues to monitor and contribute to these activities throughout 2014 and into 2015. In addition, the department continues to support the Policy and External Affairs department in tracking and analyzing legislation and congressional hearings, developing testimony, and completing other policy-related activities. CID also collaborates with NERC's government and private sector partners through both formal and informal structures.

CIPC
The CIPC fosters information sharing, provides industry leadership, and acts as a forum to exchange ideas pertaining to CIP security. In addition to analyzing reliability issues, the CIPC holds security briefings and

[22] In 2013, FERC approved CIP Version 5 (CIP-002-5 through CIP-011-1), which now categorizes cyber assets as Low, Medium, or High-Impact assets, requiring that all BES cyber assets be provided a level of protection based on their impact to the grid.

workshops throughout the year to educate industry about items such as physical security assessments and penetration testing. CIPC conducts its work by establishing task forces or working groups to address critical and timely security issues. Some existing working groups include: (1) Bulk Electric System Security Metrics Working Group; (2) Physical Response Guideline V3.0 Update Task Force; (3) Cyber Attack Tree Task Force; (4) Grid Exercise Working Group (GEWG) (which is instrumental in planning the scenario for NERC's GridEx series, as well as following up on lessons learned from the exercises); (5) Compliance Enforcement and Input Working Group; (6) Security Training Working Group; and (7) Physical Security Working Group.

These CIPC task forces and working groups continue their efforts to examine emerging security topics.

2015 Goals and Deliverables

In 2015, the Critical Infrastructure department will seek to accomplish several specific goals and objectives as part of the strategic focus of the ERO Enterprise:

1. Hold the annual GridSecCon, which focuses on physical security and cybersecurity issues facing the Electricity Sub-sector and builds on NERC's mission to ensure the reliability of the North American BES through education and training.
2. Conduct GridEx III, which focuses on analyzing industry's response to a physical security and cybersecurity scenario and gathering lessons learned.
3. Coordinate with government departments and agencies on critical infrastructure policy issues.
4. Support NERC External Affairs and CEO in preparations for public presentations and follow-on actions.
5. Support CIP standards development and implementation through outreach presentations, webinars, and other training opportunities.
6. Work with CIPC to address emerging risk issues and support risk projects in 2015, as needed.

Resource Requirements

Personnel

No additional personnel have been budgeted for this department; budgeted staffing is reduced from 12.48 FTEs in the 2014 budget to 8.44 FTEs in the 2015 budget due primarily to the transfer of CIP auditors to the Regional Entity Assurance and Oversight Department.

Contractor Expenses

The 2015 budget includes funds for contractor support for GridExIII and CIPC support, which is in line with prior expenditures and reflects the fact that GridEx was not conducted or budgeted in 2014.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
CRITICAL INFRASTRUCTURE DEPARTMENT

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 5,432,411	5,428,058	$ (4,353)	$ 4,343,333	$ (1,089,078)
Penalty Sanctions	28,383	28,383	-	79,936	51,553
Total NERC Funding	**$ 5,460,794**	**$ 5,456,441**	**$ (4,353)**	**$ 4,423,269**	**$ (1,037,525)**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	45,000	45,000	-	72,500	27,500
Interest	1,914	-	(1,914)	203	(1,711)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 5,507,708**	**$ 5,501,441**	**$ (6,267)**	**$ 4,495,972**	**$ (1,011,736)**
Expenses					
Personnel Expenses					
Salaries	$ 1,883,806	$ 1,274,053	$ (609,753)	$ 1,423,791	$ (460,015)
Payroll Taxes	113,362	81,027	(32,335)	$ 85,220	(28,142)
Benefits	219,000	132,612	(86,388)	$ 152,786	(66,214)
Retirement Costs	214,632	125,862	(88,770)	$ 159,808	(54,824)
Total Personnel Expenses	**$ 2,430,800**	**$ 1,613,554**	**$ (817,246)**	**$ 1,821,605**	**$ (609,195)**
Meeting Expenses					
Meetings	$ 145,000	$ 145,000	$ -	$ 133,134	$ (11,866)
Travel	240,000	170,000	(70,000)	$ 188,358	(51,642)
Conference Calls	32,574	5,000	(27,574)	$ 21,500	(11,074)
Total Meeting Expenses	**$ 417,574**	**$ 320,000**	**$ (97,574)**	**$ 342,992**	**$ (74,582)**
Operating Expenses					
Consultants & Contracts	$ 190,000	$ 240,000	$ 50,000	$ 426,800	$ 236,800
Office Rent	-	-	-	$ -	-
Office Costs	53,475	47,587	(5,888)	$ 20,158	(33,317)
Professional Services	-	-	-	$ -	-
Miscellaneous	500	-	(500)	$ 500	-
Depreciation	-	16,377	16,377	$ -	-
Total Operating Expenses	**$ 243,975**	**$ 303,964**	**$ 59,989**	**$ 447,458**	**$ 203,483**
Total Direct Expenses	**$ 3,092,349**	**$ 2,237,518**	**$ (854,831)**	**$ 2,612,056**	**$ (480,293)**
Indirect Expenses	**$ 2,346,259**	**$ 1,667,999**	**$ (678,260)**	**$ 1,777,797**	**$ (568,462)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 5,438,608**	**$ 3,905,517**	**$ (1,533,091)**	**$ 4,389,853**	**$ (1,048,755)**
Change in Assets	**$ 69,100**	**$ 1,595,924**	**$ 1,526,824**	**$ 106,120**	**$ 37,020**
Fixed Assets					
Depreciation	-	(16,377)	(16,377)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 69,101	$ 15,159	(53,942)	106,120	37,019
Inc(Dec) in Fixed Assets (C)	**$ 69,101**	**$ (1,217)**	**$ (70,318)**	**$ 106,120**	**$ 37,019**
TOTAL BUDGET (=B + C)	**$ 5,507,709**	**$ 3,904,299**	**$ (1,603,410)**	**$ 4,495,972**	**$ (1,011,737)**
FTEs	**12.48**	**7.84**	**(4.64)**	**8.44**	**(4.04)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Funding** – The increase in workshop fees is based upon 2013 actual results for the Grid Security Conference.
- **Personnel** – The reduction in personnel expenses is primarily related to the transfer of (4) positions to other departments in 2014 and also due to an increase in the across-the-board FTE adjustment to account for attrition and hiring delays from 4% in 2014 to 6% in 2015.
- **Meetings, Travel, and Conferencing Expenses** – The reduction in travel expenses is due to the transfer of FTEs to other departments in 2014. The reductions in meetings and conferencing expenses is based upon prior year actual and projected 2014 costs.
- **Consultants and Contracts** – The increase is related to costs for the GridEx, which is held every other year.
- **Office Costs** – The decrease is due to lower telecommunications expenses, resulting from having fewer FTEs in the department and a lower cost per FTE.
- **Indirect Expenses** – The decrease in indirect expenses is due to a reduction in FTEs and in proportion to total FTEs in the statutory programs.

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

ES-ISAC (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	7.72	10.32	2.60
Direct Expenses	$ 2,609,660	$ 11,466,588	$ 8,856,928
Indirect Expenses	$ 1,451,372	$ 2,173,799	$ 722,428
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 42,937	$ 229,758	$ 186,821
TOTAL BUDGET	$ 4,103,969	$ 13,870,144	$ 9,766,176

Background and Scope

The ES-ISAC was formed in 1998 when the U.S. Secretary of Energy requested that NERC serve as the ISAC[23] for the electricity sub-sector.[24] The ES-ISAC's primary function is the rapid and secure sharing of information with the electric industry and governmental entities regarding real and potential security threats to the electricity sector, as well as maintenance of the methods and tools used to avoid or mitigate the potential impact from these threats. ES-ISAC facilitates sector coordination, mitigation development, and mitigation delivery for physical security, cybersecurity, and all hazards events and is aligned to support ESCC intent under the National Infrastructure Protection Plan (NIPP).

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

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

The ES-ISAC also maintains a seat on the operations floor of the National Cybersecurity and Communications Integration Center (NCCIC) within the Department of Homeland Security (DHS). This

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

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

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

Stakeholder Engagement and Benefit

The ES-ISAC directly benefits stakeholders through the following activities:

- Serving as a central coordination hub for electricity sector cyber risk and security information sharing, provision of mitigation advice, sector coordination support and authoritative reference material.
- Sharing information derived (declassified format) from classified threat and security vulnerability briefings that is otherwise not generally available.
- Information shared through the ES-ISAC enhances participant security assessments and capabilities.

Key ES-ISAC Efforts Underway in 2014

In 2014 and into 2015, focus will remain on continued execution of capability maturation steps already underway, and process enhancements to ES-ISAC operations. For ES-ISAC, applied resources consist primarily of personnel and contractors who gather, analyze, and provide information regarding cybersecurity threats to industry through a secure communications portal, and the costs to operate and maintain that portal. Current capability maturation efforts include a portal update that will continue through 2015. Additionally, assessment support services and self-service assessment tool creation and refinement are planned for 2015. Having access to information regarding threats (including threats faced by other sectors, such as the financial and communications industries) and the ability to analyze the potential impact of these threats on the electric sector and rapidly share this information with industry enables the ES-ISAC to improve the security of the electricity sector.

Maintaining Separation from Compliance and Enforcement

In February 2012, the Board of Trustees approved an ES-ISAC Policy Statement that established a separation between the ES-ISAC and NERC's compliance and enforcement program. In support of this policy and in furtherance of one of the FERC recommendations from an audit of NERC, in June 2013, NERC requested comments from stakeholders regarding the impact on NERC's compliance-related activities of the walling off of certain staff from ES-ISAC activities (this is further detailed in the ES-ISAC Policy Statement). In response to the request for comments, stakeholders generally expressed support for this policy.[25] Commenters recommended even stronger separation of the ES-ISAC information-sharing function from NERC's compliance and enforcement function, including physical separation of ES-ISAC personnel from other NERC personnel, coupled with strong process management with explicit access restrictions from all NERC personnel. Commenters also recommended the adoption of standards of conduct and procedures similar to those governing separation of utility merchant and transmission functions, as well as a change in management reporting structure in which the ES-ISAC would report

[25] The full text of the comments may be found at the following link: http://www.nerc.com/gov/bot/FINANCE/2014%20Business%20Plan%20and%20Budget2nd%20Draft/ES-ISAC%20Comments%20Received%20as%20of%2008-02-13.pdf

directly to the NERC president and chief executive officer. In consideration of this input, NERC management undertook a number of initiatives, including:

- Separating the ES-ISAC from the Critical Infrastructure Department and having the ES-ISAC and the NERC chief security officer report directly to NERC's president and chief executive officer.
- Transferring CID auditors to the Regional Entity Assurance and Oversight Group which provides oversight of Regional Entity compliance functions. In addition to removing these auditors from the same department as ES-ISAC personnel, this transfer provides better functional alignment among the auditors and more efficient management of the compliance oversight and audit assurance function.
- Finalized and put in place a formal Employee Code of Conduct to further memorialize the existing separation of the ES-ISAC from Compliance Monitoring and Enforcement personnel. The Code of Conduct contains many of the principals incorporated in codes of conduct separating utility competitive and regulated operations.

Management also plans to exercise an option to acquire additional space in the company's Washington, D.C. office to physically separate the ES-ISAC from the company's other operations and restrict personnel access between operating areas and the ES-ISAC. In connection with the negotiation of that lease, management negotiated an option to lease the remaining space, which consists of approximately 6,200 rentable square feet on the 6th floor, where the company's offices are now located. The lease provides that the rent for the option space will be based on the "prevailing market." The projected annual cost of leasing the space at a lease rate equivalent to the rate per square foot for NERC's existing space of approximately $50 per square foot would add approximately $300k to the budget, assuming negotiation of a reasonable build out allowance. Estimated incremental operating costs would add an additional $5k in annual costs to the budget.

2015 Goals and Deliverables

To keep pace with the growth and risk of cyber attacks and the associated need for information sharing with other sectors and industry to mitigate potential BES reliability risk, NERC's 2015 budget provides stable resource investment levels devoted to supporting the ES-ISAC. This resource support is primarily directed to three areas:

1. Improve the usability and functionality of the information-sharing portal.
2. Prepare a cyber risk preparedness toolkit to allow industry to conduct self-assessments of cyber risk preparedness.
3. Increase analytical capabilities, portal monitoring, and information sharing. Costs in 2015 associated with improving the portal and information-sharing capabilities consist primarily of software licensing fees. The toolkit will reduce NERC's projected ongoing costs for conducting individual cyber risk preparedness assessments for industry. Plans for 2015 include the early steps toward transitioning to an industry self-assessment model with declining ES-ISAC level of effort.

CRISP Program Participation

The Cybersecurity Risk Information Sharing Program (CRISP) is a public-private partnership whose purpose is to facilitate timely information sharing of cyber threat information and to develop situation awareness tools that enhance the electricity sector's ability to identify, prioritize, and coordinate the protection of its critical infrastructure. CRISP provides near-real-time capability for critical infrastructure owners and

operators to voluntarily share cyber threat data, analyze this data, and receive machine-to-machine mitigation measures. Information-sharing devices that are installed on participants' networks send encrypted data to a CRISP analysis center operated by the Pacific Northwest National Labs, which analyzes the data it receives and sends alerts and mitigation measures back to CRISP participants through a secure network. NERC is proposing to assume a program managementrole of CRISP. Given the significance of this potential undertaking, a detailed description of NERC's oversight role, together with associated budgetary and funding projections is set forth in Exhibit F.

Resource Requirements

Personnel

An administrative FTE is proposed to be added to the ES-ISAC department. The ES-ISAC currently shares administrative support with other departments. This FTE will be dedicated to supporting ES-ISAC personnel to facilitate the functional separation of ES-ISAC personnel from other operating areas. In addition and as further described in Exhibit F, NERC is proposing to add 2 FTEs to support CRISP.

Contractor Expenses

Without CRISP, the 2015 contractor and consulting budget for ES-ISAC is approximately $663k, which represents a decrease of approximately $123k from the 2014 budget. The amount budgeted for 2015 includes funding for existing and added tools and technology. A discussion of the specific nature and need for these resources falls under three major categories: Program Level Support, Software and Services, and Events and Outreach. Exhibit C sets forth the budget for each of these categories of expense. Exhibit F sets forth additional detail regarding the CRISP budget, including contractor expenses.

Program Level Support

Portal Enhancement

The ES-ISAC communication portal capabilities include: publishing alerts and other informational products, exchanging threat indicator information, and providing self-service access to user security awareness services. The ES-ISAC will continue development of a new portal platform that was initiated in 2014 as part of a long-term improvement strategy. Important new enhancements and improved capabilities are presently in use and development. These include facilitation of direct data exchange with other ISACs and government partners. The portal's improved capabilities support ES-ISAC analysts in their information analysis functions and directly tie the ES-ISAC analysts with their counterparts in other sectors and national laboratories.

Cyber Risk Preparedness Assessments (CRPA)

The CRPA is a program that assesses the cybersecurity capabilities of registered entities through facilitated tabletop exercises. Conducting these assessments allows the ES-ISAC to gain a better understanding of industry capabilities, identify key sector-level areas for improvement, and share best practices across the industry. Through the CRPA, participants gain an improved understanding of their cybersecurity programs and capabilities. The CRPA allows them to identify areas for improvement and enhance their abilities to respond to and recover from cyber events. The CRPA also educates participants through defined deliverables and best practices. The program incorporates many Electricity Subsector Cybersecurity Capability Maturity Model practices, which allows the participating organization to assess its cybersecurity program and use the CRPA to validate its assessment. The ES-ISAC is continuing to develop, and will deploy, a CRPA "kit" for entities to use to develop and run their own CRPAs. This kit will allow more sector members to leverage the CRPA methodology, which will have a more significant impact on overall sector preparedness. ES-ISAC staff will host training and education sessions on the kit to accelerate adoption of the methodology across the sector and move the program toward self-sustainment within the industry. The contractor and consulting budget to support CRPA engagements, complete kit development, and initiate kit deployment for use by industry partners has begun to decrease. The decrease reflects early cost efficiencies resulting from the transition to an industry self-assessment model.

Cyber Awareness Monitoring

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

Software and Services

Software Integration Support Services

The ES-ISAC operations center includes monitors used to display intelligence information provided from various software applications. Software integration services are routinely required from vendors providing existing and new software applications. Additional software must be licensed and maintained to display and integrate BES maps that have cyber intelligence information. The 2015 budget for software integration support services is approximately $63k, a slight decrease from the 2014 budget. A portion of these costs is budgeted under Office Costs as software maintenance expenses.

Analyst Workbench

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

Secure Bidirectional Communications

Certain emergent security situations may require the ES-ISAC to quickly transmit secure information from the ES-ISAC to DHS's NCCIC, DOE and its National Laboratories, and among different ES-ISAC registered users. The DOE recently developed the Contested Operational Network for Reporting and Defense (CONRAD) system for its own internal communications; CONRAD is now available for the ES-ISAC's use. The CONRAD system is an "out-of-band" network that ES-ISAC cyber analysts will use to communicate with their peers. The CONRAD system implements a specific network architecture that is separate from all regular site enterprise networks like Voice over Internet Protocol, normal email, web-based applications, and standard telephony. The CONRAD deployment is a fee-based service per network interface device; each location that participates in CONRAD requires a network interface device. CONRAD is also incorporated into CRISP with the expectation that every CRISP participant will have a device at its facility allowing for secure communications between all participants. NERC has budget for one device in 2015. If other devices are added, they will need to be funded from reserves.

Events and Outreach

Aurora Webinars and Technical Support

In late 2006, a significant supply chain vulnerability was discovered in digital protective control devices that protect generators and motors in use throughout the BES. This vulnerability, named the Aurora Vulnerability, demonstrated a remote exploit that led to the destruction of a small generator as a proof of concept attack in early 2007. In June of 2007, NERC released a Level 1 Industry Advisory that specified actions that entities could take to help prevent exploitation. In October 2010, NERC released a second Aurora Alert, this time a Level 2 Recommendation to Industry. This second release also triggered a substantial increase in NERC's effort to close this vulnerability gap, and it required entities to report every six months until they closed the Alert actions. Prior to each required reporting period, the ES-ISAC holds three webinars to provide BES entities who are still working on their Aurora mitigations an opportunity to interact with the original authors and researchers who discovered the Aurora vulnerability. The ES-ISAC anticipates supporting limited webinar activity for this purpose until at least 2017.

Intelligence Reporting Services

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

The ES-ISAC comparative Statement of Acitivities on the following page is inclusive of CRISP. See Exhibit F for additional supporting detail.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection and 2015 Budget
ES-ISAC

	2014 Budget	2014 Projection	2014 Projection v 2014 Budget Over(Under)	2015 Budget	2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments*	$ 4,085,033	4,089,386	$ 4,353	$ 5,328,566	$ 1,243,533
Penalty Sanctions	17,558	17,558	-	97,742	80,184
Total NERC Funding	**$ 4,102,591**	**$ 4,106,944**	**$ 4,353**	**$ 5,426,307**	**$ 1,323,716**
Third-Party Funding (CRISP)	-	-	-	8,943,589	8,943,589
Interest	1,184	-	(1,184)	248	(936)
Total Funding (A)	**$ 4,103,775**	**$ 4,106,944**	**$ 3,169**	**$ 14,370,144**	**$ 10,266,369**
Expenses					
Personnel Expenses					
Salaries	$ 1,336,679	$ 1,283,028	$ (53,651)	$ 1,733,405	$ 396,726
Payroll Taxes	77,887	77,307	(580)	103,696	25,809
Benefits	135,474	128,072	(7,402)	186,739	51,265
Retirement Costs	151,967	141,032	(10,935)	195,059	43,092
Total Personnel Expenses	**$ 1,702,007**	**$ 1,629,439**	**$ (72,568)**	**$ 2,218,899**	**$ 516,892**
Meeting Expenses					
Meetings		$ -	$ -	$ 60,000	$ 60,000
Travel	88,428	95,000	6,572	126,000	37,572
Conference Calls		19,848	19,848	24,885	24,885
Total Meeting Expenses	**$ 88,428**	**$ 114,848**	**$ 26,420**	**$ 210,885**	**$ 122,457**
Operating Expenses					
Consultants & Contracts	$ 786,450	$ 701,600	$ (84,850)	$ 8,329,390	$ 7,542,940
Office Rent		$ -	-	-	-
Office Costs	32,775	$ 47,728	14,953	356,914	324,139
Professional Services		$ -	-	350,000	350,000
Miscellaneous		$ -	-	500	500
Depreciation		$ -	-	-	-
Total Operating Expenses	**$ 819,225**	**$ 749,328**	**$ (69,897)**	**$ 9,036,804**	**$ 8,217,579**
Total Direct Expenses	**$ 2,609,660**	**$ 2,493,615**	**$ (116,045)**	**$ 11,466,588**	**$ 8,856,928**
Indirect Expenses	**$ 1,451,372**	**$ 1,610,555**	**$ 159,183**	**$ 2,173,799**	**$ 722,428**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 4,061,032**	**$ 4,104,170**	**$ 43,138**	**$ 13,640,387**	**$ 9,579,355**
Fixed Assets					
Computer & Software CapEx	-	-	-	100,000	100,000
Allocation of Fixed Assets	$ 42,937	$ 14,637	(28,300)	129,758	86,821
Inc(Dec) in Fixed Assets (C)	**$ 42,937**	**$ 14,637**	**$ (28,300)**	**$ 229,758**	**$ 186,821**
TOTAL BUDGET (=B + C)	**$ 4,103,969**	**$ 4,118,807**	**$ 14,838**	**$ 13,870,144**	**$ 9,766,176**
FTEs	**7.72**	**7.57**	**(0.15)**	**10.32**	**2.60**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – The increase in personnel expenses is due to the addition of an administrative FTE as described above, and two positions to support CRISP, offset by an increase in the across-the-board FTE adjustment to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015.
- **Meetings, Travel, and Conferencing Expenses** – Meeting and conferencing expenses were not allocated to ES-ISAC in the 2014 budget but were collectively budgeted in the Critical Infrastructure Department. The increase in travel expense is due to the increase in FTEs.
- **Consultants and Contracts** – Expenses in this category are primarily related to CRISP as detailed in Exhibits C and F
- **Office Costs** – The increase is due to data storage needs to support CRISP and software maintenance agreements that were budgeted in the Critical Infrastructure Department in 2014, but have been properly budgeted as a cost of the ES-ISAC in 2015.
- **Professional Services** – The increases are for outside professional services support and additional insurance costs related to CRISP.
- **Indirect Expenses and Allocation of Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to the increase in FTEs in proportion to total FTEs in the statutory programs and to higher administrative services expenses to be allocated to the direct programs as explained on page xxi.

Training, Education, and Operator Certification

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	8.16	7.97	(0.19)
Direct Expenses	$ 2,158,199	$ 2,171,919	$ 13,720
Indirect Expenses	$ 1,534,092	$ 1,678,797	$ 144,704
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 45,181	$ 100,210	$ 55,029
TOTAL BUDGET	$ 3,737,472	$ 3,950,926	$ 213,454

Background and Scope

NERC's Training and Education Program provides oversight and coordination of the delivery of training programs that support the ERO's statutory responsibilities. This program provides training to NERC and Regional Entity staff members, including compliance auditors. It also provides training and education to industry participants on the requirements of Reliability Standards and the compliance monitoring and enforcement process. Further, this program provides training to industry participants on the Reliability Standards development process, thereby helping to support the more efficient and effective development of mandatory Reliability Standards. The Training and Education Program supports NERC's statutory ERO responsibilities to develop, adopt, and obtain approval of Reliability Standards and to monitor, enforce, and achieve compliance with the mandatory standards. Section 901 of the NERC Rules of Procedure addresses the Training and Education Program's activities in these areas. The responsibility for training in some key areas is shared among multiple departments at NERC. Guidance for these areas is expressed in the NERC Rules of Procedure and other governing documentation pertaining to the operation of NERC as the ERO.

The Training and Education Program also supports NERC's System Operator Certification and Continuing Education (SOCCED) programs, which ensure that personnel operating the BES have the skills, training, and qualifications needed to operate the system reliably. NERC maintains the required credentials for over 6,000 system operators to work in system control centers across North America. NERC's system operator certification exam is designed to test specific knowledge of job skills and Reliability Standards. It also prepares operators for complying with requirements of Reliability Standards and appropriately operating the BES during normal and emergency operations. Certification exams are created by the Personnel Certification Governance Committee, an industry group of operations experts, trainers, and supervisors. Under the PCGC oversight, the Examination Working Group periodically updates and publishes new exams. Once an operator passes the certification exam, certification is maintained by completing NERC-approved continuing education courses and activities. The Personnel Subcommittee, composed of industry training experts, provides oversight of the Continuing Education program. Sections 500 and 902 of the NERC Rules of Procedure address the Training and Education Program's activities in these areas.

Key Training, Education, and Operator Certification Efforts Underway in 2014

The ERO provides training for industry and ERO personnel to support their understanding of key program areas. These include:

1. Auditor Training
2. Standards and Compliance Training
3. Registration and Certification (for registered entities)
4. Continuing education for system operators and other industry personnel as appropriate and related to reliability functions
5. Event Analysis, Cause Analysis, and Lessons Learned

2015 Goals and Deliverables

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

- Development and implementation of clear and technically sound Reliability Standards,
- Key lessons learned and trends from events,
- Identified themes from trending and common cause analyses,
- Effective compliance cultures with practices, procedures, and controls to address reliability risks,
- Effective root, apparent, and common cause analysis methods,
- Quality improvement of registered entity self-reporting and self-certification,
- Entity registration processes, issues, and alternatives,
- Human performance fundamentals, and
- Systematic approach to training.

NERC will continue to provide learning opportunities through workshops hosted by the Regional Entities. NERC will also host workshops, webinars, and training courses, as well as use vendors to develop training modules and supplement internal training resources. The responsibility for the subject matter expertise for much of the training is shared among multiple departments at NERC. The Training and Education group will provide coordination and synchronization efforts for shared NERC and ERO training responsibilities in addition to advancing and improving the skills of NERC's operating staff. NERC's Human Resources department will continue to budget and manage the delivery of more traditional corporate employee training and continuing education programs in concert with the coordination and synchronizing efforts of the Training and Education group.

Resource Requirements

Personnel

The Training, Education, and Operator Certification department is not proposing the addition of staff in 2015.

Contractor Expenses

The total proposed consulting and contractor expenses of approximately $752k in 2015 is approximately $97k below the 2014 budget.

Further detail in support of the proposed 2015 contractor and consulting budget to support Training, Education, and Operator Certification is set forth in Exhibit C, which includes a comparison to 2014 budgeted amounts. The primary areas of contractor and consulting support include:

- Testing services to develop, administer, proctor, score, and support system operator certification exams across North America.
- Ongoing hosting and maintenance fees for the SOCCED database.
- Improvements to the SOCCED database described above.
- Supplemental support to Continuing Education Review Panel industry volunteers to review and audit over 2,500 individual learning activities and provider applications received each year.[26]
- Audit team leader soft skills training delivered by certified NERC staff using vendor-licensed materials to support effective dialogue and communications between audit teams and registered entities.
- Vendor supported BES technical training for select ERO staff, including auditors, technical, and support staff.
- Auditor training by recognized auditing specialists for NERC and Regional Entity staff to promote continued development of compliance staff.
- Web-based training development for ERO staff and industry, including standards applications, risk assessment training, industry human performance fundamentals, and BES events lessons learned.
- Learning management system to support web-based training for ERO staff.

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

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
TRAINING, EDUCATION and OPERATOR CERTIFICATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 1,665,959	$ 1,665,959	$ (0)	$ 1,826,822	$ 160,862
Penalty Sanctions	12,008	12,008	$ -	48,871	36,862
Total NERC Funding	**$ 1,677,968**	**$ 1,677,967**	**$ (0)**	**$ 1,875,692**	**$ 197,725**
Third-Party Funding	-	-	-	-	-
Testing Fees	1,620,000	1,620,000	-	1,670,000	50,000
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	1,252	162	(1,090)	192	(1,060)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 3,299,220**	**$ 3,298,129**	**$ (1,090)**	**$ 3,545,884**	**$ 246,665**
Expenses					
Personnel Expenses					
Salaries	$ 806,116	$ 859,928	$ 53,812	$ 903,106	$ 96,990
Payroll Taxes	56,919	67,624	10,705	60,937	4,018
Benefits	143,194	132,456	(10,738)	146,059	2,865
Retirement Costs	91,840	97,903	6,063	101,437	9,597
Total Personnel Expenses	**$ 1,098,069**	**$ 1,157,911**	**$ 59,842**	**$ 1,211,539**	**$ 113,470**
Meeting Expenses					
Meetings	$ 36,000	$ 65,000	$ 29,000	$ 59,931	$ 23,931
Travel	51,000	21,804	(29,196)	25,322	(25,678)
Conference Calls	25,500	25,500	-	29,320	3,820
Total Meeting Expenses	**$ 112,500**	**$ 112,304**	**$ (196)**	**$ 114,573**	**$ 2,073**
Operating Expenses					
Consultants & Contracts	$ 848,830	$ 679,305	$ (169,525)	$ 752,130	$ (96,700)
Office Rent	-	-	-	-	-
Office Costs	98,300	98,776	476	93,178	(5,122)
Professional Services	-	-	-	-	-
Miscellaneous	500	-	(500)	500	-
Depreciation	-	1,919	1,919	-	-
Total Operating Expenses	**$ 947,630**	**$ 780,000**	**$ (167,630)**	**$ 845,808**	**$ (101,822)**
Total Direct Expenses	**$ 2,158,199**	**$ 2,050,215**	**$ (107,984)**	**$ 2,171,919**	**$ 13,720**
Indirect Expenses	**$ 1,534,092**	**$ 1,665,871**	**$ 131,779**	**$ 1,678,797**	**$ 144,704**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 3,692,291**	**$ 3,716,086**	**$ 23,795**	**$ 3,850,716**	**$ 158,425**
Change in Assets	**$ (393,072)**	**$ (417,958)**	**$ (24,885)**	**$ (304,832)**	**$ 88,240**
Fixed Assets					
Depreciation	-	(3,838)	(1,919)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 45,181	$ 15,140	(30,041)	100,210	$ 55,029
Inc(Dec) in Fixed Assets (C)	**$ 45,181**	**$ 11,302**	**$ (31,960)**	**$ 100,210**	**$ 55,029**
TOTAL BUDGET (=B + C)	**$ 3,737,472**	**$ 3,727,388**	**$ (8,165)**	**$ 3,950,926**	**$ 213,454**
FTEs	**8.16**	**7.83**	**(0.33)**	**7.97**	**(0.19)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – In addition to the budgeted increase in salaries, the increase in salaries is due to changes in job responsibilities for some positions, resulting in higher expense per FTE, partially offset by the change an increase in the across the board FTE adjustment to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015. The higher salary expense per FTE also resulted in higher retirement expenses. The increase in payroll taxes is due to a higher maximum salary subject to FICA taxes. The increase in benefits is due to budgeted market increases in medical and dental plan costs.
- **Meetings, Travel, and Conferencing Expenses** –The increase in meeting expenses is primarily related to the PCGC and is offset by testing and certification fees. The increase in conferencing and the reduction in travel expenses, are based upon prior year actual and 2014 projected costs.
- **Consultants and Contracts** – The decrease is primarily due to lower costs for system operator testing and exam development costs.
- **Indirect Expenses and Allocation of Fixed Assets** – Indirect expenses and allocation of fixed assets is higher due to higher administrative services expenses to be allocated to the direct programs, as explained on page xxi.

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	59.14	67.54	8.40
Total Direct Expenses	$ 24,513,515	$ 26,279,380	$ 1,765,865
Inc(Dec) in Fixed Assets	$ 721,958	$ 1,568,658	$ 846,700
Total Allocation to Statutory Programs as Indirect Expenses	$ 25,235,473	$ 27,848,038	$ 2,612,565

Program Scope and Functional Description

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

Technical Committees and Members' Forum Program

While NERC management and staff will continue to interact with and support numerous reliability-related forums (e.g., the North American Transmission Forum and Generator Forum), NERC's 2015 budget does not contain specific funding for any forum activities.

General and Administrative

Background and Scope

The General and Administrative area is responsible for the administration and general management of the organization. Expenses allocated in this area include office rent; personnel and related costs of the CEO, the CRO, the CEO's executive assistant, communications, external affairs and government relations staff, and costs related to the Board. No additional personnel are budgeted for 2015 beyond current staffing. The increase in FTEs in the General and Administrative area is due to a reallocation occurring in 2014 of personnel supporting the Member Representatives Committee and Regional Entity Management Group activities.

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

Board of Trustee Expenses	Budget 2014	Projection 2014	Budget 2015	2015 v 2014 Budget	Variance %
Meetings and Travel Expenses					
Quarterly Board Meetings	$ 234,000	$ 250,000	$ 244,000	$ 10,000	
Trustee Travel	155,000	155,000	150,000	(5,000)	
Total Board of Trustees Meetings and Travel Expenses	**389,000**	**405,000**	**394,000**	**5,000**	
Professional Services				-	
Independent Trustee Fees	1,000,000	1,000,000	1,085,000	85,000	
Trustee Search Fees	70,000	70,000	-	(70,000)	
Total Board of Trustee Professional Services Expenses	**1,070,000**	**1,070,000**	**1,085,000**	**15,000**	
Total Board of Trustee Expenses	**$ 1,459,000**	**$ 1,475,000**	**$ 1,479,000**	**$ 20,000**	**1.37%**

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
GENERAL and ADMINISTRATIVE

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ (2,216,461)	$ (2,216,461)	$ -	$ 626,997	$ 2,843,458
Penalty Sanctions	-	-		-	-
Total NERC Funding	**$ (2,216,461)**	**$ (2,216,461)**	**$ -**	**$ 626,997**	**$ 2,843,458**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ (2,216,461)**	**$ (2,216,461)**	**$ -**	**$ 626,997**	**$ 2,843,458**
Expenses					
Personnel Expenses					
Salaries	$ 2,031,740	$ 2,370,008	$ 338,268	$ 2,425,909	$ 394,169
Payroll Taxes	89,250	133,897	44,647	122,928	33,678
Benefits	245,309	281,732	36,423	314,644	69,335
Retirement Costs	158,550	255,461	96,911	203,656	45,106
Total Personnel Expenses	**$ 2,524,849**	**$ 3,041,098**	**$ 516,249**	**$ 3,067,137**	**$ 542,288**
Meeting Expenses					
Meetings	$ 268,000	$ 372,500	$ 104,500	$ 338,900	$ 70,900
Travel	421,482	426,482	5,000	426,482	5,000
Conference Calls	24,206	24,361	155	28,831	4,625
Total Meeting Expenses	**$ 713,688**	**$ 823,343**	**$ 109,655**	**$ 794,213**	**$ 80,525**
Operating Expenses					
Consultants & Contracts	$ 75,000	$ 15,000	$ (60,000)	$ 15,000	$ (60,000)
Office Rent	2,617,300	2,650,299	32,999	2,987,777	370,477
Office Costs	502,000	485,878	(16,122)	444,262	(57,738)
Professional Services	1,170,000	1,200,000	30,000	1,185,000	15,000
Miscellaneous	5,500	5,500	-	5,500	-
Depreciation	419,399	423,228	3,829	419,399	-
Total Operating Expenses	**$ 4,789,199**	**$ 4,779,905**	**$ (9,294)**	**$ 5,056,938**	**$ 267,739**
Total Direct Expenses	**$ 8,027,736**	**$ 8,644,346**	**$ 616,610**	**$ 8,918,288**	**$ 890,552**
Indirect Expenses	**$ (8,171,736)**	**$ (8,723,713)**	**$ (551,977)**	**$ (9,049,288)**	**$ (877,552)**
Other Non-Operating Expenses	**$ 144,000**	**$ 79,367**	**$ (64,633)**	**$ 131,000**	**$ (13,000)**
Total Expenses (B)	**$ -**	**$ (0)**	**$ (0)**	**$ -**	**$ (0)**
Change in Assets	**$ (2,216,461)**	**$ (2,216,461)**	**$ 0**	**$ 626,997**	**$ 2,843,458**
Fixed Assets					
Depreciation	(419,399)	(423,228)	(3,829)	(419,399)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 419,399	$ 423,228	3,829	419,399	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ (0)**	**$ (0)**	**$ -**	**$ (0)**
FTEs	**10.56**	**13.11**	**2.55**	**13.13**	**2.57**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Personnel expenses are projected to increase in 2015 due primarily to FTEs reallocated to this department in 2014. The percentage increase in payroll taxes is higher than salaries and retirement expenses due to an increase in the maximum salary subject to FICA taxes. Benefits are projected to increase at a higher rate than other personnel expenses due to the higher cost per employee of employee benefits plans.
- **Travel and Conferencing Expenses** – The increases in meeting, travel and conferencing expenses for 2015 are based upon 2013 actual costs.
- **Consultants and Contracts** – The decrease in 2015 is due to the reduction in the projected cost of outside consulting to support communications.
- **Office Rent** – The increase is related to the plan to exercise an existing option to acquire additional space in the Washington, DC office for the separation of the ES-ISAC from other NERC operations and to a projected decrease in rental income from the subtenant in NERC's former Washington, DC offices.
- **Office Costs** – The decrease is primarily due to lower copying and use tax expenses based upon 2013 actual costs.
- **Professional Services** – The increase is due to an increase in Trustee compensation offset by the reduction in Trustee search fees.
- **Other Non-Operating Expenses** – The decrease is due to timing of draws on the capital financing loan which is expected to occur at the end of each year instead of the beginning of the year. Management has assumed a 3.5% rate of interest, which is higher than the current rate of interest, given the potential for interest rate increases in 2015.

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	15.15	15.01	(0.14)
Total Direct Expenses	$ 4,298,813	$ 4,448,015	$ 149,202
Inc(Dec) in Fixed Assets	$ -	$ -	$ -

Background and Scope

The Legal and Regulatory department's workload is derived from the following key NERC program areas: Compliance Analysis, Registration and Certification, Reliability Risk Management, Reliability Assessment and Performance Analysis, and Standards. In addition, the Legal and Regulatory department is also responsible for providing a wide range of legal support to the NERC management team regarding antitrust, corporate, commercial, insurance, contract, employment, real estate, copyright, tax, legislation, and other legal matters. The Legal and Regulatory department is extensively involved with the preparation of the Five-Year ERO Performance Assessment, which was filed with FERC on July, 21, 2014. The department also addresses legal and regulatory matters that arise in connection with the delegation agreements with the Regional Entities, including proposed amendments to agreements expected at the end of 2015. The legal and regulatory needs of the ERO are both demanding and increasingly more complex.

Resource Requirements

No additional personnel are budgeted in 2015 for this department.

Outside law firms and consultants supporting this area are budgeted and tracked as Professional Services. The Professional Services budget for 2015 is reduced from the 2014 budget.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
LEGAL and REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	$ -	$ -		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 2,637,399	$ 2,696,870	$ 59,471	$ 2,798,380	$ 160,981
Payroll Taxes	136,718	150,064	13,346	152,178	15,460
Benefits	265,856	257,444	(8,412)	288,597	22,741
Retirement Costs	296,887	293,893	(2,994)	314,835	17,948
Total Personnel Expenses	**$ 3,336,860**	**$ 3,398,271**	**$ 61,411**	**$ 3,553,990**	**$ 217,130**
Meeting Expenses					
Meetings	$ 5,000	$ 5,000	$ -	$ 7,500	$ 2,500
Travel	120,000	104,549	(15,451)	106,000	(14,000)
Conference Calls	12,953	7,024	(5,929)	8,874	(4,079)
Total Meeting Expenses	**$ 137,953**	**$ 116,573**	**$ (21,380)**	**$ 122,374**	**$ (15,579)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	63,500	60,942	(2,558)	71,152	7,652
Professional Services	760,000	790,000	30,000	700,000	(60,000)
Miscellaneous	500	-	(500)	500	-
Depreciation	-	4,458	4,458	-	-
Total Operating Expenses	**$ 824,000**	**$ 855,400**	**$ 31,400**	**$ 771,652**	**$ (52,348)**
Total Direct Expenses	**$ 4,298,813**	**$ 4,370,243**	**$ 71,430**	**$ 4,448,015**	**$ 149,202**
Indirect Expenses	**$ (4,298,813)**	**$ (4,370,243)**	**$ (71,430)**	**$ (4,448,015)**	**$ (149,202)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ 0**	**$ -**	**$ 0**
Change in Assets	**$ -**	**$ -**	**$ (0)**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation	-	(4,458)	(4,458)	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ 4,458		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ (4,458)**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ (4,458)**	**$ -**	**$ 0**
FTEs	**15.15**	**15.22**	**0.07**	**15.01**	**(0.14)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – The increases in salaries and retirement expenses reflect the general increases included in the 2015 budget. The percentage increase in payroll taxes is higher than salaries and retirement expenses due to an increase in the maximum salary subject to FICA taxes. Benefits are projected to increase at a higher rate than other personnel expenses due to the higher cost per employee of employee benefits plans due to budgeted market increases in medical and dental plan costs.
- **Meetings, Travel and Conferencing Expenses** – The slight increase in meetings expense and the decreases in travel and conferencing expenses are based upon prior year actual costs.
- **Office Costs** – The increase is due to projected higher subscription costs for legal research tools.
- **Professional Services** – The reduction is related to outside legal costs to complete the 5-year performance assessment in 2014.

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	18.07	19.70	1.63
Total Direct Expenses	$ 8,320,845	$ 8,526,886	$ 206,041
Inc(Dec) in Fixed Assets	$ 1,141,357	$ 1,988,057	$ 846,700

Background and Scope

NERC's information technology (IT) department plan and budget includes those resources necessary to support the development and maintenance of ERO Enterprise applications, data analysis and ongoing operations.

1. **ERO Enterprise Applications –**
   There are three major categories of expense which are included in the rolling three year Enterprise Application budget and forecast:

   a. **Development.** Applications deemed strategic to the ERO enterprise that are not readily available in a Commercially-off-the-Shelf (COTS) solution will require development by a well-qualified vendor, with expert level staff to develop the application to be used across the ERO enterprise, to include NERC, Regional Entities and in some instances registered entities.

   b. **Enhancement.** As enterprise applications are brought online and operational, ongoing, approved upgrades will be required to, enhance features, add functionality and meet the dynamic needs of the ERO enterprise to ensure the reliability of the North American bulk power system. The Bulk Electric System Notifications and Exceptions (BESnet) tool was brought online and operational on July 1, 2014, along with the Standards Balloting System (SBS) which is in the final stages of development and future enterprise applications will all require business approved enhancements following a disciplined process for approval and implementation.

   c. **Support.** Enterprise applications implemented for use by NERC, Regional Entities and sometimes registered entities e.g., BESnet, require ongoing support to ensure they are they are operational for business usage. Following industry accepted support practices funding for this line item is designed to ensure end user application issues are resolved, identification of errors, along with application and database maintenance is performed, to ensure the application is maintained and available in support of the ERO enterprise.

2. **ERO Data Analysis** –
   Data analysis expenses fall into three major categories: professional services, tools and support costs.
   a. **Professional Services.** Professional services include vendor support for implementation and configuration of data analytics for the ERO Enterprise. Data analytics are used to

describe, predict and improve business performance, as well as identify and assess reliability risks.

b. **Tools.** Tools include software applications used to mine data from a single, or multiple databases in order to create analytics (e.g., Microsoft's Analytics Platform System in order to determine business performance, or in the context of the ERO enterprise, possible risk to reliability).

c. **Support.** Support includes ongoing upgrades and enhancements, along with vendor help desk support as required.

3. Ongoing Operations –

NERC's IT budget includes costs to support existing software applications, as well as consulting and vendor costs for network security testing and planning, website maintenance and development, as well as the development and implementation of a document management system.

a. **Compliance Database (CRATS/webCDMS+).** The compliance database is used to track violations, mitigation plans to include reporting required by NERC as the certified ERO. In addition, the compliance database has additional modules included such as the Standards, Technical Feasibility Exceptions (TFE's) and Registration module, which contains a list of all registered entities. Funding requirements include ongoing maintenance and enhancements to the compliance tools (CRATS and webCDMS+).

b. **Application Broker, Meeting Manager, ERO Membership, NERC My Account, UMP, RCIS, CIPIS, CRC.** NERC maintains a number of legacy applications. Many of the legacy applications were developed and implemented five to ten years ago and are unable to take advantage of contemporary application development and will have to be completely re-written, or may be able to leverage to-be-developed functionality available in the ERO enterprise applications. Funding is required for ongoing maintenance and enhancements until the application can be re-written or, in some case, potentially divested or transferred to industry support.

c. **Quarterly Penetration, Vulnerability Testing all NERC network and systems.** Expert consulting services required to provide ongoing intrusion detection and vulnerability testing of the NERC public website, NERC's network, applications, and systems is an essential requirement of on-going operations. Multiple attempts are made to gain access, and any vulnerability identified is documented and provided to NERC IT for rapid remediation.

d. **NERC Security Program – enhance based on internal audit recommendations.** NERC's IT department performs a number of technology initiatives to ensure the security of the network and infrastructure. However, in order to continually improve security, a more holistic approach is required that implements technology improvements and constructs an overarching security program to ensure all aspects of security have been considered, including information classification, review of retention policies, and enforcement of security guidelines. During 2014, an outside vendor was retain to conduct an IT Risk Assessment. The outcome of the risk assessment will be used to guide and continually enhance the NERC IT security program as part of a multi-year initiative.

e. **Document Management System and Website Enhancement.** During 2014, NERC will complete the initial steps required to commence implementation of a document

management system. In addition, during 2013, NERC completed a major enhancement of its public website utilizing SharePoint 2010. The effort was focused on moving to a much more flexible product that would lay the foundation for future website enhancements, such as an improved document library and navigation, and greatly improved analytics and search capability. In 2014, NERC made additional enhancements to the public website designed to improve internal core functionality e.g., streamlined document posting, internal controls and approval process. During the 2015 – 2017 timeframe NERC's IT department, in conjunction with the program areas,, plans to conduct a review of the website architecture in order to streamline access to important industry information, enhance search capability by leveraging metadata, along with the overall view and presentation of data across the website.

Resource Requirements

Personnel

The increase in FTEs is due to the transfer of open positions from other departments in 2014, as well as the addition of a Chief Information Officer in 2014.

Contract and Consulting Resources to Support Internal Operations

The 2015 budgeted amounts are set forth in Exhibit C, with a comparison to 2014 budgeted amounts.

2015 IT Operating Expenses

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

Office Costs	Budget 2014	Budget 2015	Variance
Telephone	$ 225,000	$ 225,000	$ -
Telephone - Answering Service		3,000	3,000
Internet	275,000	375,000	100,000
Computer Supplies and Maintenance			
Computers	4,500	9,000	4,500
Computer Supplies	95,400	100,100	4,700
Maintenance & Service Agreements	1,539,370	1,333,320	(206,050)
Software	140,500	88,000	(52,500)
Network Supplies	-	-	
Express Shipping	-	10,000	10,000
Total Office Costs	**$ 2,279,770**	**$ 2,143,420**	**$ (136,350)**

Telephone Expenses

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

NERC-issued cell phones are provided to employees to ensure access and productivity before, during, and after business hours, and cost is minimized by leveraging pooled minutes. Individual NERC employees are provided with a basic pooled cell phone plan of 450 minutes, including a basic-level subscription for texting and data. This plan is designed to ensure persons who travel frequently have additional cell phone minutes by taking advantage of limited usage by employees who travel less frequently. In addition,

employees are encouraged to connect via wireless whenever possible to reduce cellular charges for data usage. The basic texting plan is provided for those instances when calling or email is not optimal. Cellular calling costs are included in the telephone expense item.

Mobile laptop cellular air cards are provided to ensure connectivity while traveling or in locations where wireless connectivity is unavailable. Wireless or cellular connectivity to the NERC network is enabled using virtual private network technology to ensure maximum security, logging, and encryption. In addition, IT support persons are required to be available for support 24 x 7 x 365, which in almost all instances requires them to have access to systems and network via secure Internet connectivity. Included in the line item "telephone" are those monthly costs associated with Internet access for systems, application, network, and security to enable IT resources to provide support and conduct emergency and non-emergency patching of systems, routers, firewalls, etc., as required to ensure the stability of the NERC technology environment.

Conference calling is conducted via an external service provider in order to minimize internal hardware, IT support, and internal conference lines capable of providing access to an external audience. Information Technology conference calling, webinars, recorded events, etc., are included in the telephone cost line item. During 2014, IT implemented Microsoft Lync to enhance productivity by leveraging Interactive Messaging and Desktop Sharing and will also work to reduce conference calling fees by implementing a solution for internal conference calling.

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

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

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

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

Maintenance and Service Agreements
Maintenance and Service Agreements comprise those items required to support internal and external access to routers, switches, firewalls, intrusion protection, 100-fileservers, audiovisual, storage area network, data backup services, network and security monitoring, co-location data center services, video conferencing, digital certificates, and development and virtualization software. Service agreements

related to the co-location data center, offsite backup of over 100 terabytes of data, conference calling, and network and security monitoring consume a large portion of the maintenance and service agreements budget.

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

Express Shipping
Express shipping is for shipping of IT computers and computer supplies. This expense item was not separately budgeted in 2014.

2015 IT Fixed Asset (Capital) Expenses
The following table presents a summary of NERC's 2015 fixed asset (capital) budget:

Fixed Assets	Budget 2014	Budget 2015	Variance
Computer & Software CapEx	**$ 2,258,800**	**$ 2,953,500**	**$ 694,700**
Equipment CapEx	**$ 213,000**	**$ 365,000**	**$ 152,000**
	$ 2,471,800	**$ 3,318,500**	**$ 846,700**

As in prior years, the goal of the 2015–2017 planning period is to provide access, visibility, and analysis of data from many different sources across the ERO; this will require significant investment in hardware, software, and associated tools. The overarching theme is to securely gather, analyze, and maintain data across the ERO Enterprise to support ERO operations. Adding the capability to centralize and mine data, in addition to foundational elements such as disaster recovery and application development, sets the stage for vastly improved reporting, business intelligence, and capability for collaboration and sharing of information vital to the ERO's mission.

In addition to the investments described above to support efficiency and consistency across the enterprise, the 2015 budget also includes the cost of software, servers, laptops, and other hardware to support daily operations.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	$ -	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 2,013,859	$ 2,202,292	$ 188,433	$ 2,477,896	$ 464,037
Payroll Taxes	136,366	165,042	28,676	160,263	23,897
Benefits	317,097	311,150	(5,947)	356,502	39,405
Retirement Costs	229,767	199,411	(30,356)	277,094	47,327
Total Personnel Expenses	**$ 2,697,089**	**$ 2,877,895**	**$ 180,806**	**$ 3,271,754**	**$ 574,665**
Meeting Expenses					
Meetings	$ 5,000	$ 4,798	$ (202)	$ 3,169	$ (1,831)
Travel	59,243	34,544	(24,699)	35,000	(24,243)
Conference Calls	4,800	15,000	10,200	13,000	8,200
Total Meeting Expenses	**$ 69,043**	**$ 54,342**	**$ (14,701)**	**$ 51,169**	**$ (17,874)**
Operating Expenses					
Consultants & Contracts	$ 1,944,000	$ 2,468,808	$ 524,808	$ 1,729,600	$ (214,400)
Office Rent	-	-	-	-	-
Office Costs	2,279,770	2,244,602	(35,168)	2,143,420	(136,350)
Professional Services	-	-	-	-	-
Miscellaneous	500	-	(500)	500	-
Depreciation	1,330,443	1,024,148	(306,295)	1,330,443	-
Total Operating Expenses	**$ 5,554,713**	**$ 5,737,558**	**$ 182,845**	**$ 5,203,963**	**$ (350,750)**
Total Direct Expenses	**$ 8,320,845**	**$ 8,669,795**	**$ 348,950**	**$ 8,526,886**	**$ 206,041**
Indirect Expenses	**(8,320,845)**	**$ (8,669,795)**	**$ (348,950)**	**$ (8,526,886)**	**$ (206,041)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ (0)**	**$ -**	**$ 0**
Change in Assets	**$ -**	**$ -**	**$ 0**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation	(1,330,443)	(1,024,148)	306,295	(1,330,443)	-
Computer & Software CapEx	2,258,800	1,508,742	(750,058)	2,953,500	694,700
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	213,000	186,721	(26,279)	365,000	152,000
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ (1,141,357)	$ (671,315)	470,042	$ (1,988,057)	$ (846,700)
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ (0)**	**$ -**	**$ 0**
FTEs	**18.07**	**18.40**	**0.33**	**19.70**	**1.63**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Personnel expenses are projected to increase in 2015 due primarily to FTEs reallocated to this department in 2014.
- **Meetings, Travel and Conferencing Expenses** – The projected reductions are based upon prior year actual and 2014 projected costs.
- **Consultants and Contracts** – The reduction is primarily due to lower budgeted costs for applications enhancements, consulting, and help desk support.
- **Office Costs** – The decrease is primarily related to software and hardware annual maintenance agreements and data center hosting expenses.

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.88	2.81	(0.07)
Total Direct Expenses	$ 1,104,974	$ 1,158,304	$ 53,330
Inc(Dec) in Fixed Assets	$ -	$ -	$ -

Background and Scope

Human Resources (HR) manages all of NERC's HR functions, including new hires, benefits, and employee functions. This area also oversees NERC's employee performance appraisal and incentive structure process. Management has implemented a robust, objective, and auditable performance management system to track corporate, departmental, and individual performance against pre-established goals, objectives, and measures. Each year NERC continues to refine and improve this system. In 2012, NERC implemented a new time accounting system to facilitate tracking of time by functional activities or, where appropriate, specific projects.

Executive Training and Development

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

Staff Development

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

Compensation Consulting

HR will continue to rely on market data to drive its attraction, engagement, and retention model. Periodically, HR will have a compensation consultant examine the current market data to ensure that decisions affecting compensation are made in light of the current market climate and that qualified employees are attracted and retained within a defined total remuneration range. To protect NERC's substantial investment in human capital, HR will also engage consultants to consider proven successful compensation models and practices prevalent within the market. Similarly, HR may retain compensation subject matter experts to perform periodic assessments of the BOT compensation model to ensure alignment with market practices. NERC's compensation policy and analysis of market data will be based

on total remuneration, taking into account base and incentive compensation, as well as the value of benefits.

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

Succession Planning
Minimizing disruption of knowledge, skill, and experience bases of key staff is critical to the company's success. HR works with senior management to identify essential roles and develop strategies to build succession and contingency plans for any loss of staff.

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

Resource Requirements

Personnel
No additional personnel are budgeted for this department in 2015.

Contractor Expenses
Contractor and consultant expenses are higher than 2014 budgeted amounts to support HR services and are set forth in additional detail in Exhibit C.

Miscellaneous Expenses
Miscellaneous expenses include Community Responsibility and Employee Engagement, Year-end Holiday Catering, and a portion of the budget for Employee Rewards and Recognition.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
HUMAN RESOURCES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	$ -	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 595,009	$ 557,071	$ (37,938)	$ 606,214	$ 11,205
Payroll Taxes	23,428	26,607	3,179	23,797	369
Benefits	50,539	49,725	(814)	50,929	390
Retirement Costs	42,721	44,262	1,541	42,964	243
Total Personnel Expenses	**$ 711,697**	**$ 677,665**	**$ (34,032)**	**$ 723,904**	**$ 12,207**
Meeting Expenses					
Meetings	$ 2,000	$ 1,000	$ (1,000)	$ 1,500	$ (500)
Travel	10,897	14,000	3,103	14,000	3,103
Conference Calls	600	600	-	1,247	647
Total Meeting Expenses	**$ 13,497**	**$ 15,600**	**$ 2,103**	**$ 16,747**	**$ 3,250**
Operating Expenses					
Consultants & Contracts	$ 257,500	$ 332,000	$ 74,500	$ 298,275	$ 40,775
Office Rent	-	-	-	-	-
Office Costs	16,500	13,791	(2,709)	14,099	(2,401)
Professional Services	80,280	75,280	(5,000)	80,280	-
Miscellaneous	25,500	25,500	-	25,000	(500)
Depreciation	-	7,733	7,733	-	-
Total Operating Expenses	**$ 379,780**	**$ 454,305**	**$ 74,525**	**$ 417,654**	**$ 37,874**
Total Direct Expenses	**$ 1,104,974**	**$ 1,147,570**	**$ 42,596**	**$ 1,158,304**	**$ 53,330**
Indirect Expenses	**$ (1,104,974)**	**$ (1,147,570)**	**$ (42,596)**	**$ (1,158,304)**	**$ (53,330)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ 0**	**$ -**	**$ 0**
Change in Assets	**$ -**	**$ -**	**$ (0)**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation	-	(7,733)	(7,733)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ 7,733	$ 7,733	-	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ 0**	**$ -**	**$ 0**
FTEs	**2.88**	**2.94**	**0.06**	**2.81**	**(0.07)**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Salaries expense includes a total corporate budget for employment agency fees and temporary office services. The budget for these expenses remains the same in 2015 as was budgeted in 2014.
- **Travel** – The increase is based upon 2013 actual and projected 2014 costs.
- **Consultants and Contracts** – The increase is to provide additional HR support services.
- **Office Costs** – The decrease is primarily related to a reduction in the cost of telecommunications on a per-FTE basis.

Finance and Accounting

Accounting and Finance (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	12.48	16.89	4.41
Total Direct Expenses	$ 2,617,147	$ 3,096,886	$ 479,739
Inc(Dec) in Fixed Assets	$ -	$ -	$ -

Background and Scope

NERC's Finance and Accounting department manages all finance and accounting functions, including employee payroll, 401(k) and 457(b) plans, travel and expense reporting, monthly financial reporting, sales and use tax, meeting and events planning and services, insurance, internal auditing, and facilities management. This area also holds primary responsibility for the development of the annual business plan and budget, as well as NERC's proposed ERO risk management framework. Over the past several years, NERC's Finance and Accounting department implemented additional policies, procedures, and controls governing day-to-day practices including contract and personnel procurements, meetings, conference planning and travel, expense reimbursement, and back office systems and procedures. The department will continue to refine, improve, and where necessary implement additional procedures and controls.

Resource Requirements

Personnel

Several FTEs have been reallocated to this department during 2014. One additional FTE will be added to this department in 2015 to strengthen segregation of duties, cross training, and back-up functions.

Contractor Expenses

Approximaely $339k is budgeted for outside contractor and consulting support, representing a decrease compared to the 2014 budget. These costs are primarily for outside professional support for auditors to support various risk management and internal control intiatives, as well as to provide finance and accounting support.

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection, and 2015 Budget
FINANCE and ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	$ -	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Third-Party Funding	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 1,379,476	$ 1,590,905	$ 211,429	$ 1,770,583	$ 391,107
Payroll Taxes	81,128	108,894	27,766	105,402	24,274
Benefits	219,002	253,392	34,390	288,597	69,595
Retirement Costs	155,391	171,089	15,698	197,906	42,515
Total Personnel Expenses	**$ 1,834,997**	**$ 2,124,280**	**$ 289,283**	**$ 2,362,488**	**$ 527,491**
Meeting Expenses					
Meetings	$ 5,650	$ 2,500	$ (3,150)	$ 2,500	$ (3,150)
Travel	62,500	48,765	(13,735)	48,500	(14,000)
Conference Calls	4,000	8,000	4,000	9,560	5,560
Total Meeting Expenses	**$ 72,150**	**$ 59,265**	**$ (12,885)**	**$ 60,560**	**$ (11,590)**
Operating Expenses					
Consultants & Contracts	$ 400,000	$ 359,252	$ (40,748)	$ 339,500	$ (60,500)
Office Rent	-	-	-	-	-
Office Costs	29,500	31,744	2,244	37,838	8,338
Professional Services	280,000	225,000	(55,000)	296,000	16,000
Miscellaneous	500	500	-	500	-
Depreciation	-	2,201	2,201	-	-
Total Operating Expenses	**$ 710,000**	**$ 618,697**	**$ (91,303)**	**$ 673,838**	**$ (36,162)**
Total Direct Expenses	**$ 2,617,147**	**$ 2,802,242**	**$ 185,095**	**$ 3,096,886**	**$ 479,739**
Indirect Expenses	**$ (2,617,147)**	**$ (2,802,242)**	**$ (185,095)**	**$ (3,096,886)**	**$ (479,739)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ (1)**	**$ -**	**$ (1)**
Change in Assets	**$ -**	**$ -**	**$ 1**	**$ -**	**$ 1**
Fixed Assets					
Depreciation	-	(2,201)	(2,201)	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ 2,201	$ 2,201	-	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ (1)**	**$ -**	**$ (1)**
FTEs	**12.48**	**14.98**	**2.50**	**16.89**	**4.41**

Summary of Variances by Category – 2015 Budget Compared to 2014 Budget

- **Personnel** – Personnel expenses are projected to increase in 2015 due primarily to FTEs reallocated to this department in 2014. Benefits are projected to increase at a slightly higher rate than other personnel expenses due to the higher cost per employee of employee benefits plans due to budgeted market increases in medical and dental plan costs.
- **Office Costs** – The increase is due to an increase in the number for FTEs in the department.
- **Professional Services** – The increase is due to implementation of new systems to improve efficiency and controls in processing expenses.

Section B — Supplemental Financial Information

Breakdown by Statement of Activity Sections

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

Table B-1
Working Capital and Operating Reserves Analysis

Working Capital and Operating Reserve Analysis Statutory		Total Reserves	Working Capital[1]	Known Contingencies	Unknown Contingencies	Operator Certification	CRISP
Beginning Balance							
Balance as of 12/31/13 - per audit		6,264,672	3,817,478	1,000,000	(69,672)	1,516,866	
Less: Adjustment for future liabilities		(3,817,478)	(3,817,478)				
Available Working Capital and Operating Reserves		**2,447,194**	**-**	**1,000,000**	**(69,672)**	**1,516,866**	**-**
Generation or (Use) from 2014 Operations							
From 2014 operations	[2]	(1,842,482)		(150,000)	(1,172,046)	(520,436)	
Proceeds from financing activities (non-current portion only)		1,400,799			1,400,799		
Projected Working Capital and Operating Reserves - 12/31/14		**2,005,511**	**-**	**850,000**	**159,081**	**996,430**	**-**
Required Working Capital and Operating Reserves - 12/31/15	[3]	**3,100,469**	**-**	-	2,009,081	591,388	500,000
Adjustment to achieve required reserve balance		1,094,958	-	(850,000)	1,850,000	(405,042)	500,000
		-		-			
Increase(decrease) in funding requirement to adjust reserve balance		**1,094,958**	**-**	**(850,000)**	**1,850,000**	**(405,042)**	**500,000**
2015 Expenses and Capital Expenditures		66,649,309			55,853,076	1,475,109	9,321,123
Less: Penalty Sanctions received 7/1/13 - 7/31/14		(1,155,000)			(1,155,000)		
Less: Other Funding Sources		(10,907,889)			(894,232)	(1,070,068)	(8,943,589)
Adjustment to achieve desired reserve balance		1,094,958	-	(850,000)	1,850,000	(405,042)	500,000
Less: Proceeds from financing activities (non-current only)		(1,266,667)			(1,266,667)		
Plus: debt service		893,664			893,664		
2015 NERC Assessment		**55,308,375**	**-**	**(850,000)**	**55,280,841**	**-**	**877,534**

[1] As further explained in the discussion of the Working Capital Reserve amount in Exhibit E, funds classified as Working Capital offset future, non-current liabilities. The calculation of Working Capital and Operating Reserve balances per 2013 audited financials and as projected for 2014 and 2015 is included with the Statements of Financial Position on page 97.

[2] The use of Unknown Contingency reserves includes the $1,222,471 budgeted reduction in reserves in 2014.

[3] On August 14, 2014, the NERC Board of Trustees approved the Working Capital and Operating Reserve Balance at 12/31/15.

Table B-2
Penalties

Penalty Sanctions

Penalty monies received prior to June 30, 2014, are to be used to offset assessments in the 2015 budget, as documented in *NERC Policy – Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard*, as well as Section 1107.2 of the Rules of Procedure. Penalty monies received from July 1, 2014, through June 30, 2015, will be used to offset assessments in the 2016 budget. In addition, pursuant to Section 1107.4 of the Rules of Procedure, management is requesting approval to apply $1M in penalty funds received on July 9, 2014 to offset 2015 assessments.

All penalties received as of July 9, 2014, are detailed below, including the amount and date received.

Allocation Method

Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards, Regional Entity Assurance and Oversight, Compliance Analysis, Registration and Certification, Compliance Enforcement, Reliability Assessments and Performance Analysis, Training and Education, Situational Awareness, Event Analysis and Investigations, the Critical Infrastructure Department, and the ES-ISAC. Penalty sanctions are allocated based upon the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Penalty Sanctions	Date Received	Amount Received
Penalties received between 7/1/2013 and 6/30/2014		
	7/15/2013	$ 25,000
	11/7/2013	120,000
	11/8/2013	5,000
	12/2/2013	5,000
		$ 155,000
Penalties received after 6/30/2014, but included in the 2015 Budget		
	7/9/2014	$ 1,000,000
Total Penalty Sanctions included in the 2015 Budget		$ 1,155,000

Table B-3
Outside Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards				
Workshops	$ 104,000	$ 104,000	$ 104,000	$ -
Interest Allocation	3,976	522	587	(3,389)
Total	$ 107,976	$ 104,522	$ 104,587	$ (3,389)
Compliance Analysis, Registration and Certification				
Interest Allocation	$ -	$ 254	$ 271	$ 271
Total	$ 46,332	$ 254	$ 271	$ 271
Regional Entity Assurance and Oversight				
Workshops	$ 40,000	$ -	$ -	$ (40,000)
Interest Allocation	3,534	254	293	(3,241)
Total	$ 46,332	$ 254	$ 293	$ (43,241)
Compliance Enforcement				
Interest Allocation	$ 2,798	$ 293	$ 361	$ (2,437)
Total	$ 46,332	$ 293	$ 361	$ (2,437)
Reliability Assessments and Performance Analysis				
pc_GAR Software	$ 50,000	$ 50,000	$ 50,000	$ -
Workshops	40,000	40,000	17,500	(22,500)
Interest Allocation	2,913	405	474	(2,439)
Total	$ 92,913	$ 90,405	$ 67,974	$ (24,939)
Training and Education				
Testing Fees and Certificate Renewals	$ 1,035,000	$ 1,020,000	$ 1,070,000	$ 35,000
CEH Fees	600,000	600,000	600,000	-
Interest Allocation	1,252	162	192	(1,060)
Total	$ 1,621,252	$ 1,620,162	$ 1,670,192	$ 33,940
Event Analysis				
Workshops	$ 50,000	$ 50,000	$ 47,300	$ (2,700)
Interest Allocation	1,473	197	226	(1,247)
Total	$ 51,473	$ 50,197	$ 47,526	$ (3,947)
Situation Awareness				
Workshops	$ 75,000	$ -	$ -	$ (75,000)
Interest Allocation	957	127	147	(810)
Total	$ 75,957	$ 127	$ 147	$ (75,810)
Critical Infrastructure Department				
Workshops	$ 45,000	$ 45,000	$ 72,500	$ 27,500
Interest Allocation	3,098	162	203	(2,895)
Total	$ 48,098	$ 45,162	$ 72,703	$ 24,605
ES-ISAC				
Third Party Funding (CRISP)			8,943,589	8,943,589
Interest Allocation		157	248	248
Total	$ -	$ 157	$ 8,943,837	$ 8,943,837
Total Outside Funding	$ 2,044,000	$ 1,910,986	$ 10,907,235	$ (49,270)

Explanation of Significant Variances – 2015 Budget Compared to 2014 Budget

- Regional Entity Assurance and Oversight – Workshop fees are not budgeted in 2015 because the workshops are being held in NERC or Regional Entity offices at significantly lower cost than hotels.
- Reliability Assessments and Performance Analysis – Historically, NERC charged nominal license fees to help defray a portion of the costs of operating, maintaining, and administering pc-GAR, a complex legacy software application used to provide industry with access to certain generator and transmission data. In response to its 2013 Business Plan and Budget (in which NERC indicated it would discontinue the licensing of this software and data availability and therefore excluded any projection of licensing fees in its 2013 budget), NERC received feedback from industry expressing a strong desire for continuing to provide access. Upon further review and consideration, NERC management felt that it was important to retain control of the licensing in order to ensure the protection of confidential information and that the assessment activities performed by RAPA would also benefit from the continued industry utilization of pc-GAR. As previously described under the RAPA section of this business plan and budget, NERC expects to commence development of a replacement software application for pc-GAR in Q4 2013, and funding is included in the Fixed Asset portion of the 2015 Business Plan and Budget for this activity. Any fees for licensing of the pc-GAR software in 2015 will be used to offset development costs of the replacement application, as well operation and maintenance costs for the existing and replacement applications.

  The reduction in workshop fees is due to the decision to not charge attendance fees at one of two meetings.
- Training and Education – The increase is related to a higher number of tests being administered in 2015.
- Situation Awareness – Reduced number of workshops due to the transition of the NASPI support to the private sector.
- Critical Infrastructure Protection – Workshop fees associated with the Grid Security Conference are budgeted to be higher than 2014 based upon 2013 actual results.
- ES-ISAC – The increase is related to third party funding of CRISP.

Table B-4
Personnel

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Total Salaries	$ 26,218,572	$ 26,168,292	$ 27,580,677	$ 1,362,105	5.2%
Total Payroll Taxes	1,570,954	1,726,865	1,673,628	102,674	6.5%
Total Benefits	3,385,917	3,179,008	3,547,178	161,261	4.8%
Total Retirement	2,884,211	2,715,383	3,001,829	117,618	4.1%
Total Personnel Costs	$ 34,059,654	$ 33,789,548	$ 35,803,312	$ 1,743,658	5.1%
FTEs	189.53	164.32	192.30	2.77	1.5%
Cost per FTE					
Salaries	$ 138,335	$ 159,252	$ 143,425	5,091	3.7%
Payroll Taxes	8,289	10,509	8,703	415	5.0%
Benefits	17,865	19,346	18,446	581	3.3%
Retirement	15,218	16,525	15,610	392	2.6%
Total Cost per FTE	**$ 179,706**	**$ 205,633**	**$ 186,185**	**$ 6,479**	**3.6%**

Explanation of Significant Variances – 2015 Budget Compared to 2014 Budget

The increase in salaries, payroll taxes, and retirement expenses is due to the increase in FTEs, budgeted salary increases, the addition of more senior staff in 2014, and the need to pay higher market-based compensation than previously budgeted to attract and retain employees. The average cost per FTE is also affected by an increase in the across-the-board FTE adjustment to account for attrition and hiring delays—from 4% in 2014 to 6% in 2015. This reduced the total number of FTEs budgeted in all departments, offset by the addition of three positions in the ES-ISAC department. In addition to the increase in the number of FTEs on staff, benefits are budgeted to increase based upon the most recent market data as provided by NERC's insurance broker. Payroll taxes are increasing at a higher percentage due to an increase in the maximum salary subject to FICA taxes.

Table B-5

NOTE: This table has been replaced by Exhibit C.

Table B-6
Rent

Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 2,617,300	$ 2,650,299	$ 2,987,777	$ 370,477	14.15%
Total Office Rent	**$ 2,617,300**	**$ 2,650,299**	**$ 2,987,777**	**$ 370,477**	**14.15%**

The increase is related to the proposal to acquire additional space in the Washington, DC office for the separation of the ES-ISAC from other NERC operations and to the projected decrease in rent income from the subtenant in NERC's former Washington, DC offices.

Table B-7
Office Costs

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 628,000	$ 464,422	$ 560,318	$ (67,682)	-10.78%
Telephone Answering Srv		2,341	3,000	3,000	
Internet	310,000	407,911	403,357	93,357	30.12%
Office Supplies	199,300	200,812	189,600	(9,700)	-4.87%
Computer Supplies and Maintenance				-	
Computers	4,500	4,500	9,000	4,500	100.00%
Computer Supplies	95,400	100,652	100,100	4,700	4.93%
Maintenance & Service Agreements	1,676,029	1,539,704	1,749,979	73,950	4.41%
Software	141,500	199,925	140,680	(820)	-0.58%
Network Supplies		5,400		-	
Publications & Subscriptions	32,995	47,184	40,495	7,500	22.73%
Dues	41,750	67,709	53,000	11,250	26.95%
Postage	19,600	12,965	12,300	(7,300)	-37.24%
Express Shipping	34,000	29,033	38,500	4,500	13.24%
Copying	115,000	116,257	65,000	(50,000)	-43.48%
Reports	8,000	3,000	3,000	(5,000)	-62.50%
Stationary/Forms	10,000	2,500	5,000	(5,000)	-50.00%
Equipment Repair/Service Contracts	70,000	70,000	100,000	30,000	42.86%
Bank Charges	20,000	43,000	20,000	-	0.00%
Taxes	15,000	5,000	5,000	(10,000)	-66.67%
Merchant Card Fees	85,000	87,792	85,000	-	0.00%
Total Office Costs	**$ 3,506,074**	**$ 3,410,107**	**$ 3,583,328**	**$ 77,254**	**2.20%**

Explanation of Significant Variances – 2015 Budget Compared to 2014 Budget

The increase in Office Costs is primarily due higher maintenance and service agreement costs related to data storage requirements of CRISP, offset by a reduction in costs resulting from the decision to purchase the necessary hardware and software to back up NERC data and eliminate the monthly service to provide this capability. The increases in Internet and Equipment Repair/Service Contracts and the decrease in Copying are based upon 2014 projected costs.

Table B-8
Professional Services

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Independent Trustee Fees	$ 1,000,000	$ 1,000,000	$ 1,085,000	$ 85,000	8.50%
Trustee Search Fee	70,000	70,000	-	(70,000)	-100.00%
Outside Legal	740,000	740,000	930,000	190,000	25.68%
Lobbying Fees	50,000	50,000	50,000	-	0.00%
Accounting & Auditing Fees	150,000	150,000	150,000	-	0.00%
Insurance Commercial	100,000	100,000	200,000	100,000	100.00%
Outside Services	180,280	180,280	196,280	16,000	8.88%
Total Services	**$ 2,290,280**	**$ 2,290,280**	**$ 2,611,280**	**$ 321,000**	**14.02%**

The Professional Services budget includes a previously approved increase in trustee fees, offset by the reduction in trustee search fees, which will not be required in 2015.[27] The increase in outside legal fees is related to outside counselto support CRISPoffset by a reduction in costs included in the 2014 budget for completion of the 5-year performance assessment which will not be incurred in 2015. The increase in Insurance is related to the purchase of certain addtional insurance required by the terms of the CRISP Master Serivces Agreement. The projected increase in outside service costs is primarily due to higher costs associated with accounting systems implemented at the beginning of 2014.

Table B-9
Miscellaneous

Miscellaneous Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Miscellaneous Expense	$ 6,500	$ 3,000	$ 6,500	$ -	0.00%
Employee Rewards and Recognition	$ 10,000	$ 10,000	10,000	-	0.00%
Community Resp & Employee Engagement	10,000	10,000	10,000	-	0.00%
Year-end Employee Recognition Event	10,000	10,000	10,000	-	0.00%
Total Miscellaneous Expenses	**$ 36,500**	**$ 33,000**	**$ 36,500**	**$ -**	**0.00%**

The 2015 Miscellaneous Expense budget is $36,500, which is equal to the 2014 budget. This budget is intended to cover the cost of (1) token gifts to retiring employees, condolence flowers in the event of a death in the family of an employee, and similar types of miscellaneous expenses ($6.5k); (2) funds to support Community Responsibility and Employee Engagement Committee activities ($10k); (3) departmental and company team-building activities and employee rewards and recognition expenses that are not otherwise included in personnel expense ($10k); and (4) year-end employee recognition meal expenses ($10k).

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

Table B-10
Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Gain/Loss from Sale of Assets				$ -	
Property Tax Expense	$ 50,000	50,000	$ 50,000	-	
Office Relocation	-		-	-	
Interest	94,000	29,367	81,000	(13,000)	
Total Other Non-Operating Expenses	**$ 144,000**	**$ 79,367**	**$ 131,000**	**$ (13,000)**	**-9.03%**

The decrease in budgeted interest expense is based on the assumption that2015 draws on the loan will occur at the end of the year instead of the beginning of the year, as further detailed in the Capital Financing, Exhibit D.

Section C — Non-Statutory Activity

NERC has no non-statutory activities.

Section D — Supplemental Financial Statements

NORTH AMERICAN ELECTRIC RELIABILITY COPORATION

STATEMENT OF FINANCIAL POSITION

	12/31/2013 per Audit	12/31/2014 Projection	12/31/2015 Projection
ASSETS			
Cash	26,182,060	26,822,930	27,521,607
Trade Accounts receivable, net of allowance for uncollectible accounts of $0 and $62,573 in 2013 and 2012	3,353,895	3,353,895	3,353,895
Other Receivables	-	-	-
Prepaid expenses and other current assets	869,876	869,876	869,876
Security deposit	99,136	99,136	99,136
Cash value of insurance policies	-	-	-
Plan Assets (457b)	320,660	320,660	320,660
Property and equipment	5,645,116	6,066,323	7,351,817
Total Assets	**36,470,743**	**37,532,820**	**39,516,991**
LIABILITIES AND NET ASSETS			
Liabilities			
Current Portion			
Accounts payable and accrued expenses (incl, vacation accrual)	2,917,304	2,917,304	2,917,304
Accrued Incentive Comp	4,025,979	3,972,691	4,194,752
Deferred rent-current	182,421	249,764	322,218
Deferred compensation-current	20,386	-	
Capital lease obligations - current	47,108	(0)	(0)
Accrued retirement liabilities	1,788,624	1,570,716	1,723,805
Deferred income	5,287,044	5,287,044	5,287,044
Regional assessments	9,427,293	9,427,293	9,427,293
Capital Project Financing - Current Portion		893,664	1,526,997
Total Current Portion	**23,696,159**	**24,318,477**	**25,399,414**
Long-Term Portion			
Deferred compensation[1]	597,514	597,514	597,514
Deferred rent - non-current	3,817,478	3,567,713	3,245,495
Capital lease obligations - non-current	-	-	-
Capital Project Financing - non-current		1,400,798	1,773,801
Total Non-Current Portion	**4,414,992**	**5,566,026**	**5,616,810**
Total Liabilities	**28,111,151**	**29,884,502**	**31,016,224**
Net Assets - unrestricted	7,914,592	6,493,318	8,500,767
Net Assets - restricted	445,000	1,155,000	-
Total Liabilities and Net Assets	**36,470,743**	**37,532,820**	**39,516,991**

[1]Includes 457b liability, life insurance for former executive, and retiree medical

	-	-	
Working Capital	**6,264,672**	**5,573,225**	**6,345,964**
Less: Restriction for future liabilities	(3,817,478)	(3,567,713)	(3,245,495)
Available Working Capital	**2,447,194**	**2,005,511**	**3,100,469**
CRISP			500,000
Known and Unknown	930,328	1,009,081	2,509,081
PCGC	1,516,866	996,430	591,388

NORTH AMERICAN ELECTRIC RELIABILITY COPRORATION

Statement of Activities, Fixed Asset Expenditures and Change in Working Capital by Program 2015 Budget	Statutory Total	Statutory Activities: Reliability Standards	Compliance Analysis&Cert	Regional Oversight	Compliance Enforcement	Reliability Assessment and Performance Analysis	Operator Certification	Training and Continuing Education	Event Analysis	Situation Awareness	Critical Infrastructure Department	ES-ISAC	General and Administrative (Includes Executive and Gov't Relations)	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding																	
ERO Funding																	
NERC Assessments	55,308,375	9,911,464	4,758,043	5,621,826	5,664,344	9,571,195		1,826,822	4,066,804	3,588,981	4,343,333	5,328,566	626,997	-	-	-	-
Penalty Sanctions	1,155,000	231,095	106,550	115,453	142,161	186,581		48,871	88,839	57,774	79,936	97,742			-		
Total NERC Funding	**56,463,375**	**10,142,558**	**4,864,593**	**5,737,279**	**5,806,505**	**9,757,776**		**1,875,692**	**4,155,643**	**3,646,755**	**4,423,269**	**5,426,307**	**626,997**	**-**	**-**	**-**	**-**
Third-Party Funding (CRISP)	8,943,589											8,943,589					
Testing Fees	1,670,000						1,070,000	600,000									
Services & Software	50,000					50,000											
Workshops	241,300	104,000				17,500			47,300	-	72,500						
Interest	3,000	587	271	293	361	474	68	124	226	147	203	248					
Miscellaneous	-																
Total Funding (A)	**67,371,264**	**10,247,145**	**4,864,863**	**5,737,572**	**5,806,866**	**9,825,750**	**1,070,068**	**2,475,817**	**4,203,169**	**3,646,902**	**4,495,972**	**14,370,144**	**626,997**	**-**	**-**	**-**	**-**
Expenses																	
Personnel Expenses																	
Salaries	27,580,677	3,082,972	1,658,833	1,783,650	1,785,495	2,833,480	261,314	641,792	1,447,159	849,802	1,423,791	1,733,405	2,425,909	2,798,380	2,477,896	606,214	1,770,583
Payroll Taxes	1,673,628	202,258	105,003	115,456	110,866	176,963	17,632	43,305	92,831	55,831	85,220	103,696	122,928	152,178	160,263	23,797	105,402
Benefits	3,547,178	441,383	203,715	220,692	254,644	356,502	50,929	95,130	173,284	112,106	152,786	186,739	314,644	288,597	356,502	50,929	288,597
Retirement Costs	3,001,829	346,269	186,557	200,525	200,635	317,664	29,451	71,986	162,193	95,226	159,808	195,059	203,656	314,835	277,094	42,964	197,906
Total Personnel Expenses	35,803,312	4,072,883	2,154,108	2,320,322	2,351,641	3,684,609	359,326	852,213	1,875,467	1,112,965	1,821,605	2,218,899	3,067,137	3,553,990	3,271,754	723,904	2,362,488
Meeting Expenses																	
Meetings	1,050,000	194,056	3,064	70,000	2,000	90,018	45,000	14,931	79,228	5,000	133,134	60,000	338,900	7,500	3,169	1,500	2,500
Travel	2,203,395	339,300	164,158	198,000	57,900	313,993	6,500	18,822	114,500	45,882	188,358	126,000	426,482	106,000	35,000	14,000	48,500
Conference Calls	312,751	117,736	3,588	7,200	2,900	31,500	1,420	27,900	10,000	2,610	21,500	24,885	28,831	8,874	13,000	1,247	9,560
Total Meeting Expenses	3,566,146	651,092	170,810	275,200	62,800	435,511	52,920	61,653	203,728	53,492	342,992	210,885	794,213	122,374	51,169	16,747	60,560
Operating Expenses																	
Consultants & Contracts	14,311,466			388,000		955,450	392,724	359,406		1,077,321	426,800	8,329,390	15,000		1,729,600	298,275	339,500
Office Rent	2,987,777												2,987,777				
Office Costs	3,583,328	76,276	28,550	32,834	41,500	152,386	42,911	50,267	29,736	41,025	20,158	356,914	444,262	71,152	2,143,420	14,099	37,838
Professional Services	2,611,280											350,000	1,185,000	700,000		80,280	296,000
Miscellaneous	36,500	500	250	250	500	500		500	500	500	500	500	5,500	500	500	25,000	500
Depreciation	2,333,006					228,000			193,667	161,498			419,399		1,330,443		
Total Operating Expenses	25,863,357	76,776	28,800	421,084	42,000	1,336,336	435,635	410,173	223,903	1,280,343	447,458	9,036,804	5,056,938	771,652	5,203,963	417,654	673,838
Total Direct Expenses	**65,232,815**	**4,800,751**	**2,353,718**	**3,016,607**	**2,456,441**	**5,456,456**	**847,881**	**1,324,038**	**2,303,098**	**2,446,801**	**2,612,056**	**11,466,588**	**8,918,288**	**4,448,015**	**8,526,886**	**1,158,304**	**3,096,886**
Indirect Expenses	(0)	5,139,603	2,369,694	2,567,695	3,161,698	4,149,598	591,897	1,086,900	1,975,798	1,284,901	1,777,797	2,173,799	(9,049,288)	(4,448,015)	(8,526,886)	(1,158,304)	(3,096,886)
Other Non-Operating Expenses	**131,000**	-	-	-	-	-	-	-	-	-	-	-	131,000				
Total Expenses (B)	**65,363,815**	**9,940,354**	**4,723,412**	**5,584,302**	**5,618,139**	**9,606,054**	**1,439,778**	**2,410,938**	**4,278,897**	**3,731,701**	**4,389,853**	**13,640,387**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**2,007,449**	**306,791**	**141,451**	**153,270**	**188,727**	**219,696**	**(369,711)**	**64,879**	**(75,728)**	**(84,800)**	**106,120**	**729,758**	**626,997**	**-**	**-**	**-**	**-**
Fixed Assets																	
Depreciation	(2,333,006)	-	-	-	-	(228,000)	-	-	(193,667)	(161,498)	-	-	(419,399)	-	(1,330,443)	-	-
Computer & Software CapEx	3,253,500					200,000						100,000			2,953,500		
Furniture & Fixtures CapEx	-																
Equipment CapEx	365,000														365,000		
Leasehold Improvements	-																
Allocation of Fixed Assets	-	306,791	141,451	153,270	188,727	247,696	35,331	64,879	117,939	76,698	106,120	129,758	419,399	-	(1,988,057)	-	-
Inc(Dec) in Fixed Assets (C)	**1,285,494**	**306,791**	**141,451**	**153,270**	**188,727**	**219,696**	**35,331**	**64,879**	**(75,728)**	**(84,800)**	**106,120**	**229,758**	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**66,649,309**	**10,247,145**	**4,864,863**	**5,737,572**	**5,806,866**	**9,825,750**	**1,475,109**	**2,475,817**	**4,203,169**	**3,646,902**	**4,495,972**	**13,870,144**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**721,955**	**-**	**(0)**	**(0)**	**-**	**0**	**(405,042)**	**0**	**-**	**-**	**0**	**500,000**	**626,997**	**-**	**-**	**-**	**-**
FTEs	**192.30**	**24.40**	**11.25**	**12.19**	**15.01**	**19.70**	**2.81**	**5.16**	**9.38**	**6.10**	**8.44**	**10.32**	**13.13**	**15.01**	**19.70**	**2.81**	**16.89**

Exhibit A – Common Assumptions

Shared Business Plan and Budget Assumptions – NERC and the Regional Entities 2014–2017 Planning Period (2015 Budget Cycle)

Throughout 2013 and early 2014, NERC and the eight Regional Entities worked to develop a common operating model with defined roles and responsibilities[28] that align with business planning goals, objectives, metrics, and assumptions for the ERO Enterprise for the 2014–2017 planning period (and specifically for the 2015 budget cycle). At its February 2014 meeting, the NERC Board of Trustees approved an updated version of the ERO Enterprise Strategic Plan with newly aligned goals, objectives, and deliverables for the 2014–2017 planning period. The ERO Enterprise's annual strategic planning and performance monitoring processes will remain transparent with results reported on a quarterly basis to NERC's corporate governance and human resources committee and Board in support of the ERO corporate oversight function.

As part of the updated strategic plan, NERC and the Regional Entities consolidated five goals within the existing focus areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration, and identified a number of associated objectives and deliverables expected of the ERO Enterprise. New in 2014, NERC and the Regional Entities added four overarching performance metrics to assess the overall effectiveness of the ERO Enterprise in addressing risk to the BES and improving BES reliability. These metrics concentrate on measuring progress in achieving reliability results, assuring standards and compliance effectiveness, and improving risk mitigation and program execution. The following set of common assumptions has been developed to guide ERO Enterprise resource projections[29] for the 2014–2017 business planning and budget period (and specifically for the 2015 budget cycle) in support of achievement of the goals and objectives set forth in the Strategic Plan.

Similar to prior planning cycles, the specific resource needs and budgets of NERC and the Regional Entities will be publicly posted and made available on NERC's website for review and will be approved in open session by NERC's Finance and Audit Committee as part of the annual business plan and budget processes. This is in addition to the process that the Regional Entities use to obtain their board and stakeholder review of their business plans and budgets. NERC's review of the Regional Entity business plans and budgets will be primarily focused on ensuring alignment of activities with the Strategic Plan and that resources are adequate to support performance of delegated functions and key initiatives. A 2015 Business Plan and Budget schedule has been developed to identify important meeting dates, review periods, posting dates, etc. associated with the development and completion of the NERC and Regional Entity plans.

These assumptions will continue to be refined based on comments received from stakeholders and the ongoing work conducted by NERC and Regional Entity leadership regarding specific goals, objectives and supporting activities over the planning period.

Legal and Operating Framework

NERC and the Regional Entities will continue to work under the existing regulatory framework governing the establishment and enforcement of Reliability Standards for the BPS established by applicable governmental authorities in the United States, Canada and portions of Mexico, as well as the authorizations contained in the FERC's order approving NERC as the ERO. Because the Regional Delegation Agreements (RDAs) expire on January

[28] See Operational Oversight Model Whitepaper

[29] NERC recognizes there are often unique factors that drive differences in each entity or organization's final determination of its resource needs and budget. Regional Entity-specific assumptions are stated in each Regional Entity's business plan and budget as appropriate.

1, 2016, NERC and the Regional Entities will work collaboratively to identify any necessary revisions to the RDAs as renewal efforts begin in 2014.

NERC will provide oversight of the Regional Entities' performance of their delegated functions to ensure that delegated responsibilities are adequately performed. NERC expects that the Regional Entities will continue to have the primary responsibility for day-to-day operations and interactions with registered entities. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measureable reliability outcomes, consistent with their respective roles and responsibilities.

Stakeholder Participation

NERC and the Regional Entities develop their business plans, budgets, and resource requirements based upon the assumption of continued stakeholder participation in support of key program areas initiatives, while recognizing that stakeholder resource limitations may affect specific levels of participation in any given activity. The availability and adequacy of industry resource support will be evaluated on an ongoing basis.

External Factors

Factors external to the ERO Enterprise have the potential to influence project prioritization, resource needs, and allocation. These factors include but are not limited to the following:

- FERC, or other governmental authority orders, directives, audits, and performance assessments
- The implementation and deployment of the BES definition, as well as the volume and complexity of exception, self-determined notifications, and registration requests
- The rate and severity of entity violations
- The rate and severity of system events requiring formal investigations beyond historic volumes and their causal factors
- New technologies and changing resource or demand composition that require additional reliability studies and reliability risk analysis
- Changes in applicable laws and regulations, including environmental laws and others
- Priority risk initiatives identified by the Reliability Issues Steering Committee, Board committees, and through other stakeholder input
- The pace at which Reliability Standards are revised to achieve sustainable high-quality and content scores[30]
- The ability of stakeholders to support the pace and scope of the various initiatives while implementing the results of earlier efforts

Collaboration with the Trade Associations and Forums

The activities of the North American Transmission Forum (NATF), North American Generator Forum (NAGF), and other trade forums and associations are expected to complement ERO Enterprise activities and limit the need to add incremental resources to the NERC and Regional Entity business plans and budgets that might otherwise be required in the absence of these forums. In 2013, NERC entered into a memorandum of understanding with the NATF to help ensure that the common objectives of each organization are achieved in the most efficient and effective manner. There is mutual agreement, with no commitment of funds, to coordinate information sharing,

[30] The approach for determining whether a Reliability Standard has met a sustainable high quality and content score will be developed by NERC staff and the Standards Committee and reviewed with stakeholders. Any needed changes to the Standard Processes Manual (SPM) required to implement this approach will be addressed prior to the pace being established.

engage in the development and maintenance of mutual reliability initiatives, and provide periodic reports to pertinent audiences. A similar agreement is under development with the NAGF in 2014.

Collaboration between the NATF and NERC is expected to continue into 2015 so that NATF members can more fully support NERC efforts on projects such as: protection systems misoperations reduction, physical security, various activities related to reliability assurance initiatives, improvement of modeling practices, and complementary efforts on addressing the geomagnetic disturbance challenges.

Key Assumptions by Program Area[31]

Reliability Standards Program

1. There will be continued focus on improving quality and content of Reliability Standards. This will require the allocation of resources from several internal NERC departments and support from across the enterprise.
    a. The implementation of a cost-effectiveness assessment of proposed standards and the involvement in various other reform activities will likely require resource support from other program areas. Resource requirements and impacts are not fully known at this time.
2. The focus on improving the quality and content of standards will likely increase the demand on NERC, the Regional Entities and stakeholders to review and comment on proposed revisions to standards, support regulatory filings, and support successful implementation of new standards as they become effective.
3. The number of projects contained in the Reliability Standards Development Plan will likely increase, depending upon the number of standards that require reviews and modifications to improve the quality and content.
    a. The scope of these projects, however, is expected to narrow as regulatory obligations in the form of directives and five-year reviews, Paragraph 81, and IERP recommendations are progressively addressed.
4. NERC and the Regional Entities must plan to develop or modify the Reliability Standards Audit Worksheets (RSAWs) required to support the Reliability Standards Development Plan. Sufficient resources must be allocated to do so in accordance with the new RSAW development process, which aims to produce RSAWs (or modifications to RSAWs) by the time a standard is balloted.
5. The number of interpretation and guidance requests is expected to remain low, based on the transformation to a steady state and the implementation of RAI.
6. Activity associated with regional standards development is expected to remain low.

Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs

Compliance and Enforcement

1. The implementation of the Reliability Assurance Initiative (RAI) and expansion of the Find-Fix-Track process will require the allocation of dedicated resources from both NERC and the Regional Entities to

[31] These statements, which are generally organized by program area, are intended to help generally guide resource allocation decision making in the development of the 2015 business plans and budgets.

complete the design and to begin developing the processes necessary to implement RAI for both compliance and enforcement.

   a. Regional Entities should anticipate at least the same level of participation in RAI as in 2013 and possibly slightly more if the transition to certain RAI elements is able to begin earlier in 2015.

2. NERC and the Regional Entities are expected to utilize consistent audit practices and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs for registered entities.
3. The *Compliance Auditor Capabilities and Competency Guide* is expected to be adopted in 2015. The Regional Entities will need to assess their existing resources, including potentially adjusting skill sets to meet these requirements. This may require additional resources or a reallocation of resources to attain and maintain these competencies as noted below.
4. NERC and the Regional Entities must plan to support the training requirements necessary to meet the criteria set forth by the *ERO Auditor Manual and Handbook* and the *Compliance Auditor Capabilities and Competency Guide*. Regional Entities will be expected to demonstrate the following:
   a. RSAWs, bulletins, compliance analysis reports (CARs), training documents, and other related compliance guidance are provided to compliance personnel and other staff, as necessary.
   b. Compliance Auditor job descriptions are reviewed and properly reflect the guidance provided in the *Compliance Auditor Capabilities and Competency Guide*.
   c. A gap analysis has been performed to specifically identify both individual training needs and organizational compliance resource needs to assure properly staffed engagements with individuals who are capable of performing work associated with identified engagement scope (e.g., appropriate individual and team knowledge, education, and collective skills).
   d. A process is in place for personnel to acknowledge their commitment to Professional Standards, Ethical Principles, and Rules of Conduct.
   e. An assessment process is in place to evaluate audit team competencies and capability needs.
   f. A training program is in place that addresses initial and continuing training for capability and competency development. Regional Entities will continue to budget to meet the strategic objective of acquiring, engaging, and retaining highly qualified talent.
5. The implementation will continue for Technical Feasibility Exception (TFE) processing per the revised Appendix 4D, NERC Rules of Procedure, which is expected to drive a less onerous process for TFE reporting and reviewing.
6. An assessment project will be completed in 2014 that evaluates systems used for compliance, registration, analysis, and tracking. The project will result in changes to or the replacement of existing systems. NERC and the Regional Entities should maintain current multiyear contractor and consultant services to support the continued maintenance and administration activities associated with existing systems.
7. Risk-based monitoring activities are expected to increase.
8. The use of spot checks and self-certifications is expected to increase as risk-based monitoring is implemented, but the increase should have little effect on overall resource requirements.

9. Non-CIP violations are expected to continue to decrease, as most registered entities have been audited and the standards and RSAWs have matured.
10. CIP compliance personnel will need to support the conversion from V3 to V5 and provide support to entities undergoing a CIP audit until stability in the standards is reached.
    a. NERC will lead the CIP Version 5 training development, coordination, and facilitation for the ERO CIP Auditors and Industry Outreach. ERO CIP Auditors will support these initiatives in collaboration with NERC, as needed, to ensure appropriate knowledge and guidance are developed, understood, and administered.
    b. Regional Entities must plan to support the ongoing CIP Version 5 transition plans and should anticipate an expansion in the number of registered entities that require guidance during 2015.
    c. Additional training requirements will be necessary to support the transition and will affect the annual training commitments.

    An impact study is being performed to determine staffing impacts associated with the transition from Version 3 to Version 5.

Organization Registration and Certification

1. A risk-based registration assessment project will occur in 2014 with the expectation that an implementation plan and possibly early deployments of revisions to the registration process will take place in 2015.
2. The implementation of the BES definition may place additional resource demands on the registration area.
    a. These demands cannot be fully assessed at this time. If a high number of BES exceptions is requested, a backlog situation in the first two or three years of implementation is possible.

Reliability Assessment and Performance Analysis Program (RAPA)

1. The implementation of the BES exception process will require the reallocation of resources from several NERC and Regional Entity departments.
    a. Resources are expected to manage the process execution, technical validation of the definition and exception requests, self-determined notification submittals, and requests for registration and certification reviews.
    b. The resource impacts are not fully known at this time but are expected to be driven by the number and complexity of exception requests, self-determined notification submittals, and registration requests received.
2. Invested and dedicated RAPA resources will also be required throughout the enterprise to jointly:
    a. Develop and implement improved enterprise-based data collection and analysis systems and capabilities.
    b. Support the integration of RAPA information systems for modeling and data requirements and achieve timelines for delivering high-quality reports (e.g., Long-Term Reliability Assessment and State of Reliability report).

c. Develop, verify, and validate quality reliability assessment and analyses model and data quality characteristics.

d. Address impacts of new technologies, changing resource, or demand resource composition, and environmental-related regulations or legislation.

e. Support the compilation of long-term sustainable Eastern Interconnection models.

f. Provide technical resources and expertise to perform analyses as needed for standards development, compliance, and enforcement activities.

g. Support quality analysis and overall assessment of the geomagnetic disturbance (GMD) vulnerability, planning guides, and planning standards.

3. The implementation of the Reliability Risk Management projects, identified in the ERO Performance Metric #3, will require varied resource commitments during the planning period (2014–2017) to ensure measurable improvements in reliability outcomes.

    a. The extent of the actual resource commitment cannot be determined at this time.

4. Contractor and consultant services may be necessary to maintain continued support and technical expertise associated with activities listed in the above assumptions and with supporting various research efforts such as Vegetation Management, GMD, etc.

    a. To the extent that significant events occur, contractor services may be required to support wide-area system analyses and root cause evaluations.

Training, Education, and Operator Certification Program

1. NERC will continue to budget and incur the cost of a unified learning management system (LMS) for the regional audit staff and work with the Regional Entities to consolidate training resources and promote better coordination, planning, delivery, and management of training efforts across the enterprise without adversely impacting Region-specific training requirements.
2. The time pressures associated with implementing auditor training and increasing competencies are expected to drive the allocation of training resources throughout the enterprise.

    a. NERC will continue development of training modules with the assistance of qualified auditors from the Regional Entities.

3. Additional resources will be required, and increases to NERC and Regional Entity training budgets are expected to support certain training initiatives of RAI.

    a. Regional Entities are also expected to allocate resources to meet the training requirements for the compliance and enforcement staff that are associated with the implementation of RAI.

4. The Regional Entities are expected to help determine training needs, including flexibility in approach between Regional Entities, and to anticipate areas of support for standards, compliance monitoring, and enforcement and IT for their staffs and stakeholders.
5. The Operating Personnel Certification program is expected to remain at a steady state with no additional resources required from the Regional Entities.

6. Contractor and consultant services may be necessary to maintain the continued support and technical expertise associated with some enterprise training activities.

Situation Awareness and Event Analysis Program

1. NERC will continue to budget and manage Event Analysis with Situation Awareness separate from the Compliance and Enforcement functions.
2. NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situation Awareness for NERC, FERC, and the Regions (SAFNR).
    a. Additional resource investments may be required to enhance the capabilities of SAFNR throughout the planning period, but with no increased cost to the Regional Entities.
3. As the depth of focused analysis improves, any identification of possible gaps in standards and compliance monitoring could potentially influence those program areas.
4. Regional Entities will continue to budget for Event Analysis and Situational Awareness, as in the past. Some Regional Entities will continue to allocate resources as part of the activities accounted for under their RAPA programs.

Critical Infrastructure Department (CID)

1. NERC will continue to fund and conduct the Grid Security Exercise (GridEx) program, with no increased cost to the Regional Entities. Planning activities will occur during even-numbered years, and execution of the exercise will take place in odd-numbered years.
2. NERC will continue to fund and conduct the Grid Security Conference as an annual event. Other than funding registration fees for individual attendees from their Regional Entities, no Regional Entity funding is anticipated.
3. NERC will continue to provide support for CIP compliance and security awareness and will continue to use available regional subject matter experts in providing this support.

ES-ISAC

1. NERC will continue to fund, operate, and maintain the Electricity Sector Information Sharing and Analysis Center (ES-ISAC) with no increased cost to the Regional Entities.

Information Technology and Project Management Office (PMO)

1. NERC and the Regional Entities will collaboratively work to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting both NERC and Regional Entity operations.
2. NERC's business plan and budget will include ongoing funding for the development, operation, and maintenance of NERC- and Regional Entity-approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. Regional Entities should include appropriate funding for applications and supporting systems designed to satisfy regional business needs that are not within the mutually agreed-upon scope of the ERO Enterprise applications that are funded by NERC.

3. Regional Entities may be required to allocate or augment business teams to help develop application business requirements and to test business functionality within the enterprise applications.
4. Ongoing investments will be required to develop, implement, and maintain enhancements to the NERC and Regional Entity websites required to improve access to information. NERC and the Regional Entities will separately fund any enhancements to their own websites.
5. NERC anticipates that its management of NERCnet will be transferred to the Eastern Interconnect Data Sharing Network (EIDSN) during 2014. Entities currently using NERCnet may see an increase or decrease in their costs going forward depending upon EISDN costs and billing arrangements. Users should consult EIDSN for further information.
6. NERC may consider transitioning other tools to third-party ownership, operation, and maintenance. NERC has not made a determination regarding which, if any, tools are likely to be transitioned or the timing of such transition. Any such transition will be accomplished in a collaborative manner with affected users, including advance notice and efforts to mitigate financial and operational impacts.

ERO Enterprise-wide Risk Management

1. A common ERO Enterprise risk management framework will be developed and implemented that focuses on identifying, assessing, prioritizing, and mitigating risks associated with the performance of both NERC and the Regional Entities. This will be a multiyear initiative.
2. NERC's director of risk management and internal controls will be responsible for the overall development of this framework under NERC's Enterprise-wide Risk Management Committee.
3. The development and implementation of this framework will require Regional Entity cooperation and support. Any decision to add risk management and internal control resources at the Regional Entity level is reserved for Regional Entity decision-making processes.

Exhibit B – Application of NERC Section 215 Criteria

DISCUSSION OF HOW THE NERC MAJOR ACTIVITIES IN THE 2015 BUSINESS PLAN AND BUDGET MEET THE NERC WRITTEN CRITERIA FOR DETERMINING WHETHER A RELIABILITY ACTIVITY IS ELIGIBLE TO BE FUNDED UNDER FEDERAL POWER ACT SECTION 215

I. Introduction

This Exhibit discusses how the major activities in NERC's 2015 Business Plan and Budget meet the NERC written criteria for determining whether a reliability activity is eligible to be funded under §215 of the Federal Power Act (FPA §215). This Exhibit is intended to satisfy Recommendation No. 38 resulting from the financial performance of NERC conducted by the Commission's Division of Audits "DA" in 2012–2013 and adopted by the Commission in its November 2, 2012, order on NERC's 2013 Business Plan and Budget.[32] NERC submitted the written criteria to the Commission in a compliance filing dated February 21, 2013, in Docket No. FA11-21-000.[33] The Commission approved the NERC written criteria, with modifications, in an order issued in that docket on April 18, 2013.[34] The NERC written criteria as used in this Exhibit incorporate the modifications specified in the Compliance Order.[35]

II. Reliability Standards Program 2015 Major Activities

The major activities of the Reliability Standards Program are described on pages 1-4 of the 2015 Business Plan and Budget. The Reliability Standards Program carries out the ERO's responsibility to develop, adopt, obtain approval of, and modify as and when appropriate, mandatory Reliability Standards for the reliable planning, operation, and critical infrastructure protection of the North American BES. The major activity areas for this program include (1) providing project management and leadership to the Reliability Standard development process to deliver high-quality, continent-wide Reliability Standards, including standard development outreach activities, facilitation of Standard Drafting Team activities, drafting support, assisting Standard Drafting Teams in adhering to the processes in the *Standard Processes Manual*, and ensuring that the quality of documents produced are appropriate for approval by industry and the NERC Board; (2) facilitating continent-wide industry engagement in the standard development processes; and (3) conducting industry balloting on standards, disseminating information on standards and the standard development processes, and supporting regulatory filings and proceedings relating to standards. Additionally, the Reliability Standards Program provides technical advice and quality review for Regional Entity Standards development processes, presents proposed regional standards to the NERC Board, and develops and supports regulatory filings for approval of regional standards. The Reliability Standards Program

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

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

[34] *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013) ("Compliance Order").

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

supports the Cost-Effective Analysis Process to ensure that the standards development process produces standards that cost-effectively address reliability gaps.

The Reliability Standards Program is involved in and supports cross-departmental and collaborative projects, including the Risk-Based Registration project; the concurrent development of RSAWs with the associated Reliability Standards; conducting, in conjunction with other departments, technical analysis needed as a foundation for standards projects; and submitting newly identified reliability risks to the Reliability Issues Steering Committee (RISC) for verification prior to initiation of a standards project.

For 2015, the major activities of the Reliability Standards Program will seek to ensure that the Reliability Standards Development Plan is effectively executed and that the Reliability Standards developed will appropriately mitigate risks to reliability. The major activities will include: (1) supporting the Reliability Risk Management Process, including focusing on the selection of standards projects undertaken; (2) addressing FERC directives and responding to FERC orders through standards development projects as necessary; (3) transforming NERC's standards to steady state, including addressing possible outstanding Paragraph 81 Phase 2 requirements candidates for retirement and Independent Expert Review Panel candidates for retirement; (4) improving the quality and content of standards to determine the specific criteria for determining whether a Reliability Standard is of sufficient content and quality to be deemed steady state; and (5) facilitating smooth transitions to new standards such as CIP Version 5 and the Physical Security standard by working with other departments to develop guidelines, webinars, and other activities to support auditor and industry training on the new standards.

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

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

I.B: Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?

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

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

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

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

V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provisions for these major activities are §300 and Appendix 3A.)

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

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

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

III. Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area 2015 Major Activities

The major activities of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area are described on pages 8-10, 13-15, and 19-23 of the 2015 Business Plan and Budget. This Program Area is comprised of three operational groups: (1) Regional Entity Assurance and Oversight, (2) Compliance Analysis, Certification and Registration, and (3) Compliance Enforcement.

The Regional Entity Assurance and Oversight group works collaboratively with the Regional Entities to ensure consistent and effective implementation of the Compliance Monitoring and Enforcement Program (CMEP) across the entire ERO Enterprise. This group's activities include the following major activities and functions: (1) ensuring consistent and fair implementation of the CMEP and of the risk-based compliance monitoring program for reliability improvements, including developing and maintaining the necessary compliance-related processes, procedures, IT platforms, tools, and templates; (2) oversight of the Regional Entities' delegated compliance functions, including consistent and uniform CMEP planning, implementation, and reporting, compliance operations and coordination, and auditor training; (3) CIP Version 5 activities related to transition, training, and compliance design of ERO education programs that support industry compliance and the integration of risk assessment and internal controls; (4) development of minimum baseline monitoring requirements; (5) development and maintenance of RSAWs; (6) support for Regional Entity and industry committees, working groups, and task forces, such as the Compliance and Certification Committee; and (7) supporting standards development and education. Regional Entity Assurance and Oversight provides information, statistics, and perspectives to Standard Drafting Teams and collaborates in the development of draft RSAWs during the standard development process. This program also supports and promotes the development by registered entities of effective compliance programs and internal controls.

The Regional Entity Assurance and Oversight group participates in and supports the implementation of RAI, including development of a single ERO methodology for registered entity risk assessments and evaluation and testing of registered entity internal controls; implementation of an auditor manual with an approved auditor handbook and checklist; and process improvements associated with coordination of compliance and enforcement activities for multi-region registered entities.

The ongoing and new major activities of the Regional Entity Assurance and Oversight group for 2015 include: developing a training program to support implementation of the common audit procedures and the ERO Auditor Capabilities and Competencies Guide; replacing/enhancing NERC's existing Compliance, Reporting, Analysis Tracking System (CRATS) and other compliance tools to support RAI activities; making effective internal controls models and information available to industry; initiating compliance phase-in learning periods for new standards; transitioning to a single ERO approach to compliance monitoring and common audit planning, and implementing RAI techniques and principles consistently; consolidating to a common set of RSAWs, or successors, for all standards; enhancing the design of regional compliance audits to evaluate regional staffing, deployment of tools, and testing of compliance activities; increasing the frequency of audits to validate the implementation of RAI program designs; and creating technically sound training to support compliance methodologies and testing approaches for Reliability Standards.

The Compliance Analysis, Registration and Certification Group is responsible for a range of requirements and activities embodied in Section 500 and Appendices 5A and 5B of the NERC ROP, including ensuring all entities impacting the BES are registered; ensuring Reliability Coordinators (RC), Balancing Authorities (BA) and Transmission Operators (TOP) are certified; supporting standards development and compliance monitoring; ensuring that industry maintains effective internal controls programs for reliability assurance risk; and ensuring that program gaps are assessed in all reportable events and addressed if appropriate. Major activities of this group include (1) registration of BES users, owners, and operators; (2) certification of RC, BA and TOP; (3) compliance investigations to identify possible violations of Reliability Standards; (4) processing complaints alleging violations of Reliability Standards; (5) technical assurance, including developing quarterly gap and risk assessment reports and recommended responses, and conducting inquiries and spot checks based on quarterly gap analysis; and (6) oversight of Regional Entity registration, certification, investigation, and complaint programs.

The Compliance Analysis, Registration and Certification Group is principally involved in the design and implementation of the Risk-Based Registration initiative, including the related registration criteria to identify users, owners, and operators of the BES that have a material impact on reliability and to ensure that the right entities are subject to the right set of applicable Reliability Standards, based on a consistent and common approach to risk assessment and registration across the ERO Enterprise.

The ongoing and new major activities of the Compliance Analysis, Registration and Certification Group for 2015 include: deploying a sustainable Risk-Based Registration design that incorporates evaluation of the reliability risks and benefits provided by an entity to ensure reliability; identifying a corresponding properly scoped set of Reliability Standard requirements; developing an implementation plan with business practices and IT requirements that addresses unintended industry burden, while preserving an adequate level of reliability; aligning changes to the registration criteria with other NERC activities; assessing the current certification program for opportunities to mature the program; incorporating changes in registration from the enhanced BES definition; providing support for the continued development of RSAWs; aiding in the BES definition exception submittal process; aiding in the review of registrations appeals and enforcement mitigation; assisting with training modules for investigations, certifications, and registrations; and providing analysis in support of projects addressing top reliability risks.

The Compliance Enforcement department is responsible for overseeing enforcement processes, the application of penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. The department works collaboratively with the Regional Entities to ensure consistent and effective implementation of the CMEP. Compliance monitors Regional Entities' enforcement processes and provides oversight over the outcomes of such processes to ensure due process, identify best practices and process efficiency opportunities, and promote consistency among Regional Entities' business practices. The department collects and analyzes compliance enforcement data and trends to assist with identification of emerging risks and help to inform development of enforcement policy and processes; it files notices of penalty and other submittals

associated with noncompliance discovered through Regional Entity compliance, monitoring, and enforcement activities; it processes and files notices of penalty and other submittals discovered through NERC-led investigations and audits; and it collaborates with other NERC departments, including Reliability Standards and Regional Entity Oversight and Assurance.

The Compliance Enforcement department works with the Regional Entities to reduce the number of violations in inventory, particularly those older than 24 months; ongoing identification and implementation of enforcement process improvements, including FFT and self-reporting; promoting self-identification, prompt mitigation of noncompliance, and timely completion of mitigating activities (including through development of the *ERO Enterprise Self-Report User Guide* and the *ERO Enterprise Mitigation Plan Guide*); and other RAI activities.

New and ongoing major activities of this department in 2015 will include continuing to identify processing efficiencies and enhancements to enforcement activities; consolidating new enforcement processes, including enhancements to the FFT program, self-reporting, and RAI activities and related process improvements; ensuring timely processing of violations, particularly those that pose greater risk and can provide lessons learned to industry; and ensuring early dissemination of violation information to registered entities to enable them to learn from prior events and violations and take preventative actions to eliminate similar risks.

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

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

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

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

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

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

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

II.F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with

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

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

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

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

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

IV. Reliability Assessment and Performance Analysis Program 2015 Major Activities

The major activities of the Reliability Assessment and Performance Analysis (RAPA) Program are described on pages 25-34 of the 2015 Business Plan and Budget. The RAPA Program carries out the ERO's responsibility to conduct assessments of the reliability and adequacy of the BES to provide insight and guidance about reliability risks and performance improvements. RAPA also identifies reliability performance issues and areas of concern (including equipment performance and reliability issues) for consideration in the development and modification of Reliability Standards or other initiatives to enhance reliability. The principal activity areas of the RAPA program include: independent assessments and reports on the overall reliability, adequacy, and associated reliability risks that could impact the upcoming summer and winter seasons and the long-term (e.g., 10-year) planning horizon; performance analysis and recommendations of historical reliability and associated trends, relying on data integrity and consistent methodology, leading to credible recommendations/guidance; reliability assessment and bulk system evaluation model development for analyzing steady-state and dynamic conditions; assurance that electrical elements necessary for the reliable operation of the BPS are appropriately identified as BES Elements; reliability risk program management for improving key risk areas using analyses of reliability gaps, risks, controls, and management efforts; determination of reliability risk program priorities to align with the strategic plan and business plan and budget for the appropriate level of resources, timing, completion, and execution; and providing leadership and consistent technically sound guidance and recommendations that position industry and policy makers to enhance reliability through effective outreach and communications.

The RAPA Program is engaged in reliability risk analysis and identification of top reliability risks and in supporting and implementing the Reliability Risk Management Process to identify, measure, prioritize, and develop strategies for managing and disseminating information on areas of reliability risk. Current programs focused on managing the top-priority reliability risks address the changing resource mix, resource planning, protection system reliability, uncoordinated protection systems, extreme physical events, availability of real-time tools and monitoring, protection system misoperations, and right-of-way clearances. RAPA works on a number of these programs in collaboration with other NERC departments and conducts analyses to understand the technical performance of the BES to guide recommendations and insights that enhance system performance and reliability. Additionally, RAPA continues to be heavily involved in the development and implementation of the revised BES definition and the BES Exception procedure (Appendix 5C of the NERC ROP), both of which became effective in mid-2014 and involve reviews, evaluations, and confirmations of proposed changes to BES elements by registered entities.

The ongoing and new major activities of the RAPA Program for 2015 include: issuing reliability reports, guidelines, recommendations and alerts as needed; preparing the long-term and seasonal reliability assessments; conducting special assessments addressing key reliability issues, including a report on Geomagnetic Disturbance BES effects and a vulnerability assessment; preparing an annual State of Reliability report; providing oversight of the Generating Availability System, Transmission Data Availability System and Demand Response Availability System, along with the Spare Equipment Database; strengthening data collection and validation processes by designing, creating, testing, and implementing data systems and management for reliability assessment and risk analysis; providing periodic updates on trends and measures of BES reliability; developing a risk registry and a systematic prioritization process with the RISC; executing integrated risk control strategies and plans across the organization to address the highest priority existing or emerging risks to BES reliability, and explicitly measure the results; supporting NERC Reliability Standard development and responses to FERC directives by providing technical and system analysis expertise; supporting the technical foundation development for Reliability Standards to address deficiencies or needs revealed by reliability assessments and performance analysis; providing support and leadership to the NERC Planning Committee, and to subcommittees, working groups and tasks forces of NERC standing committees; developing a structured approach to evaluate and improve system models, model validation, system analysis, and assessments; assisting in the development of approaches to registration and maintenance of the actively monitored standards list based on reliability trends, risks, and historical information to ensure that the compliance focus remains on the most critical entities and associated Reliability Standards; conducting major event investigations, analysis, and reporting of major findings and recommendations that will improve reliability; building and sustaining an enterprise reliability assessment and performance analysis team that encompasses risk-informed approaches and structured methodology to identify and address reliability risks; and implementing effective oversight and tracking of various technical aspects of reliability, including frequency response performance, application of the TPL footnote b adoption, and root cause applications to assessment and analyses.

The RAPA Program's top reliability risk projects for 2015 are expected to include the following: Essential Reliability Services Special Assessment Phase II (scenario analyses of different levels of Essential Reliability Services; development of standardized power flow models and dynamic modeling components; support for IEEE 1574 relating to rules that establish frequency and voltage disturbance ride-through obligations for distributed energy resources; load composition modeling analysis; development of guidelines for operations and emergency coordination with gas suppliers and transporters; special assessment of potential impacts to BPS reliability of emerging and proposed environmental regulations; analysis of single-point-of-failure data reported in response to FERC Order No. 754; development of a best practices document for coordination of protection systems and other devices including under-frequency and under-voltage load-shedding devices, and associated modeling for assessing coordination; development and promotion of coordinated industry support programs such as the Spare Equipment Database Program, Spare Transformer Equipment Program, and Recovery Transformer Program; and development of good industry practices and guidelines to aid in proper application of protection systems.

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

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

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

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

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

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

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

V. Is the activity one that is required or specified by, or carries out, the provisions of NERC's Rules of Procedure that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable Rules of Procedure provisions for this major activity are §801-806 and 809-811.)

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

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

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

V. Reliability Risk Management (Situation Awareness and Event Analysis) 2015 Major Activities

The major activities of the Reliability Risk Management (RRM) group, which is comprised of the Situation Awareness department and the Event Analysis department, are described on pages 38-40 and 43–45 of the 2015 Business Plan and Budget. The RRM group carries out the ERO's responsibility to perform assessments (including real-time and near-real-time assessments) of the reliability and adequacy of the BES. The four primary functions of the RRM group are BES awareness, event analysis and determination of root and contributing causes, assessment of human performance challenges that affect BES reliability and identification of improvement opportunities, and support of the NERC Operating Committee. These activities are carried out to identify potential issues of concern relating to system, equipment, entity, and human performance that may indicate a possible need to develop new or modified Reliability Standards.

The Situation Awareness department works with registered entities to monitor present conditions on the BES using various software tools and applications; communicates and coordinates with Regional Entities and registered entities to notify them of disturbances that could negatively impact the BES; and, in the event of significant BES disturbances, facilitates the coordination of communications between registered entities and applicable governmental authorities. The Situation Awareness department is involved in the operation and maintenance of the Situation Awareness for NERC, FERC, and Regions software application and the secure alert tool. The Situation Awareness department uses the following reliability-related tools to support its activities: Resource Adequacy (ACE Frequency) Tool, Inadvertent Interchange, Frequency Modeling and Analysis Tool, Intelligent Alarms Tool, Automated Reliability Reports, and Area Interchange Modeling Tool.

The ongoing and new major activities of the Situational Awareness department for 2015 include: ensuring that the ERO is aware of all BES events above a threshold of impact; ensuring the sharing of information and data to facilitate wide-area situational awareness; during crisis situations, facilitating the exchange of information among industry, Regions, and U.S. and Canadian governments; keeping the industry informed of emerging reliability threats and risks to the BES, including any expected actions; enhancing tracking of notification of expected actions in response to emerging actions to promote greater industry accountability; and issuing timely updates regarding progress toward resolving issues identified in Recommendations and Essential Actions.

The Event Analysis department performs assessments of the reliability and adequacy of the BES, including analyses to determine the causes of events, promptly assuring tracking of corrective actions to prevent recurrence, and providing lessons learned to the industry. Event Analysis assures that the industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions. Event Analysis also supports the development of Reliability Standards and monitoring and enforcing compliance with Reliability Standards. Additionally, Event Analysis identifies human error risks and precursor factors that allow human error to affect BES reliability and educates industry regarding such risks, precursors, and related mitigation methods. Event analysis also supports compliance and standards training initiatives and trending and analysis to identify emerging reliability risks to the BES.

The ongoing and new major activities for 2015 for the Event Analysis department include: (1) working with Regional Entities to obtain and review information from registered entities regarding qualifying events and disturbances in order to advance awareness of events above a threshold level; facilitating analysis of root and contributing causes, risks to reliability, wide-area assessments and remediation efforts; and disseminating information regarding events in a timely manner; (2) ensuring that all reportable events are analyzed for sequence of events, root cause, risk to reliability, and mitigation; (3) refining risk-based methodologies to support more effective and efficient identification of reliability risks, including use of more sophisticated cause codes for analysis; (4) ensuring consistency in reporting and analysis to support wide-area assessments of significant reliability trends and risks; (5) conducting the annual NERC Human Performance Conference and the NERC

Monitoring and Situation Awareness Conference; (6) conducting training (webinars, workshops and conference support) to inform industry and the ERO of lessons learned, root cause analysis, cause coding, human performance, and cold weather preparedness and recommendations; (7) developing reliability recommendations and alerts as needed; (8) tracking industry accountability for critical reliability recommendations; (9) ensuring that industry is well informed of system events, emerging trends, risk analysis, lessons learned, and expected actions; (10) conducting major event analysis and reporting of major findings and recommendations that will improve reliability; and (11) advancing the quality and usefulness of reliability assessments and event analysis data. The Event Analysis department will also support several top priority reliability risk projects being led by the RAPA program.

The major activities of the RRM group satisfy the following criteria:

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

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

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

II.G: Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and Bulk Power System disturbances?

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

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

III.F: Is the activity necessary or appropriate for the development and dissemination of

Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the Bulk Power System?

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

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

VI. Critical Infrastructure Department 2015 Major Activities

The major activities of the Critical Infrastructure Department (CID) are described on pages 48–50 of the 2015 Business Plan and Budget. These activities include supporting the development and administration of the Critical Infrastructure Protection (CIP) standards, conducting security outreach visits, providing training and exercise opportunities on CIP topics, and coordinating between industry and governmental entities on CIP matters. CID conducts the Security Reliability Program (formerly known as the Sufficiency Review Program), which provides timely and actionable advice to registered entities in support of CIP standards and is currently focused on the transition from the CIP Version 3 to CIP Version 5 standards. CID also conducts the periodic Grid Security Exercises and Grid Security Conferences. Further, CID supports the activities of the NERC Critical Infrastructure Protection Committee (CIPC) and its task forces and working groups.

CID's 2015 ongoing and new major activities include: holding the annual Grid Security Conference, which focuses on physical and cybersecurity issues facing the Electricity Sub-sector and builds on NERC's mission to ensure the reliability of the North American BES through education and training; conducting the biennial Grid Security Exercise (GridEx III), which focuses on analyzing industry's response to a physical security and cybersecurity scenario and gathering lessons learned; coordinating with government departments and agencies on critical infrastructure policy issues; supporting NERC External Affairs and CEO in preparation for public presentations and follow-on actions; supporting CIP standards development and implementation through outreach presentations, webinars, and other training opportunities; and supporting the activities of the CIPC and its subgroups, including working through the CIPC to address emerging risk issues and support risk projects in 2015 as needed.

The major activities of CID satisfy the following criteria:

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

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

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

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

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

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

VII. Electricity Sector Information Sharing and Analysis Center 2015 Major Activities

The major activities of the Electricity Sector Information Sharing and Analysis Center (ES-ISAC) are described on pages 53-58 and Exhibit F of the 2015 Business Plan and Budget. The primary function of ES-ISAC is the rapid and secure sharing of information with the electric industry and governmental entities regarding real and potential security threats to the electricity sector and methods and tools to avoid or mitigate the potential impact from these threats. ES-ISAC facilitates sector coordination, mitigation development, and mitigation delivery for physical security, cybersecurity, and all hazards events. ES-ISAC develops alerts and notifications for distribution to registered entities and uses its secure portal to receive reports from industry members. ES-ISAC manages and executes NERC's responsibilities in the Cybersecurity Risk Information Sharing Program (CRISP) and acts as the program manager for CRISP.ES-ISAC maintains a seat on the operations floor of the National Cybersecurity and Communications Integration Center within the Department of Homeland Security. ES-ISAC also conducts Cyber Risk Preparedness Assessments (CRPA) for registered entities.

The ongoing and new major activities of the ES-ISAC for 2015 include: improving the usability and functionality of the information-sharing portal; preparing a CRPA toolkit to allow industry to conduct self-assessments of cyber risk preparedness, and conducting training and education sessions on the toolkit; and increasing analytical capabilities (including cyber awareness monitoring), portal monitoring, and information sharing. ES-ISAC will act as program manager for CRISP, enter into and manage a master services agreement with participating electric utilities, oversee the installation of the passive information sharing devices (ISDs) at utility sites and the associated monitoring activities, enter into and manage sub-contracts as necessary, serve as the central point for coordination and collaborative analysis of CRISP data, and share CRISP reporting and data with the registered users of the ES-ISAC portal. In carrying out its activities, the ES-ISAC use various software integration support services, the analyst workbench toolset, the Contested Operational Network for Reporting and Defense system for secure bi-directional communications, and certain intelligence reporting services. Additionally, the ES-ISAC will conduct periodic webinars relating to reporting in response to the NERC Aurora Alerts. Finally, through an annual member conference, the ES-ISAC will continue to offer workshops and other industry training and collaboration capabilities such as the CRPA.

The major activities of the ES-ISAC satisfy the following criteria:

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

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

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

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

VIII. Training, Education, and Operator Certification Program 2015 Major Activities

The major activities of the Training, Education, and Operator Certification Program are described on pages 61-62 of the 2015 Business Plan and Budget. The major activities of this program include oversight and coordination of the delivery of training programs to NERC and Regional Entity staff, including compliance auditors, relating to their job responsibilities, as well as training for industry participants on the Reliability Standards development process, the requirements of Reliability Standards, and the compliance monitoring and enforcement process. Training is also provided on registration and certification and on event analysis, cause analysis, and lessons learned. The Training and Education Program supports the ERO's responsibilities to develop, adopt, and obtain approval of Reliability Standards and to monitor, enforce, and achieve compliance with the mandatory standards. The Training and Education Program also supports NERC's System Operator Certification and Continuing Education (SOCCED) programs, which ensure that personnel operating the BES have the skills, training, and qualifications needed to operate the BES reliably. This program maintains the credentials for over 6,000 system operators to work in system control centers across North America.

The major activities of the Training, Education, and Operator Certification Program for 2015 include providing training and education for ERO personnel and industry in the following areas: auditor training; standards and compliance training; registration and certification (for registered entities); continuing education for system operators and other industry personnel as appropriate and related to reliability functions; and event analysis, cause analysis, and lessons learned. Training offered in 2015 will focus on standards compliance and emerging cyber-related issues potentially affecting BES reliability; consistent audit and investigation techniques and standards compliance reviews, including the RAI, FFT, and other improvements in compliance and enforcement practices; other auditor skills; development and implementation of clear and technically sound Reliability Standards; lessons learned and trends from events, trending and common cause analyses; effective compliance cultures to address reliability risks; effective root, apparent and common cause analytical methods; improvements to registered entity self-reporting and self-certification; entity registration processes, issues and alternatives; human performance fundamentals; and systematic approaches to training.

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

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

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

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

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

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

IX. Administrative Services 2015 Major Activities

NERC's Administrative Services departments are Technical Committees and Member Forums (for which no activities are budgeted for 2015), General and Administrative, Legal and Regulatory, Information Technology (IT), Human Resources, and Finance and Accounting. The major activities of these departments are described on pages 66, 70, 73-77, 80-81, and 84 of the 2015 Business Plan and Budget. General and Administrative includes the administration and general management of the organization, the Chief Executive Officer, Board of Trustees fees and expenses, communications and public relations, and office rent. Legal and Regulatory provides legal support to the organization, including to the Board, executive management, and the Reliability Standards, Compliance Analysis, Registration, and Certification, Reliability Risk Management, and RAPA Programs, as well as general corporate legal support. IT supports NERC's computing, Internet, database and electronic data storage and maintenance, and telecommunications needs, programs, applications, and infrastructure, including management of the development and implementation of new software applications and infrastructure. The capital expenditure projects managed by IT represent capital expenditures in hardware, software, and associated tools to securely gather, store, analyze, and maintain data across the ERO Enterprise to support the ERO's operations, as well as necessary acquisition and replacement of computers, servers, and related devices. Human Resources manages all of NERC's human resources functions, including new hires, benefits, employee functions, and the employee performance appraisal and incentive structure processes. Finance and Accounting manages all finance and accounting functions of NERC, including payroll, 401(k) and 457(b) plans, travel and expense reporting, monthly financial reporting, sales and use tax, meetings and events planning and services, insurance, internal audit, facilities management, development of the annual business plan and budget, and the ERO risk management

framework.

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

I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?
II.A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the Bulk Power System that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?

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

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

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

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

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

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

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

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

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

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

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

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

I. Is the activity necessary or appropriate for the development of Reliability Standards?
   - A. Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?
   - B. Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
   - C. Is the activity necessary or appropriate for information gathering, collection, and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as:
     1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System[36] based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
     2. Monitoring, event analysis, and investigation of Bulk Power System major events, off-normal occurrences and near-miss events?
   - D. Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures, and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?

II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?
   - A. Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the Bulk Power System that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
   - B. Is the activity necessary or appropriate for the Certification of Reliability Coordinators, Transmission Operators, and Balancing Authorities as having the requisite personnel,

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

qualifications, facilities, and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?

C. Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?[37]

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

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

1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
2. Monitoring, event analysis, and investigation of Bulk Power System major events, off-normal occurrences, and near-miss events?

F. Is the activity necessary or appropriate for the provision of training, education, and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as:

1. Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
2. Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents.
3. Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, "lessons learned" information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of Bulk Power System major events, off-normal occurrences and near-miss events, and other Bulk Power System monitoring activities?
4. Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?

G. Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and Bulk Power System disturbances?

III. Is the activity necessary or appropriate for conducting and disseminating periodic assessments of the reliability of the Bulk Power System or monitoring the reliability of the Bulk Power System?

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

B. Is the activity necessary or appropriate for measuring reliability performance—past, present, and future; publishing or disseminating the results of such measurements; analyzing the results of

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

such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?

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

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

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

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

G. Is the activity necessary or appropriate for data collection and analysis of information regarding Bulk Power System reliability matters mandated by the Commission?

IV. Is the activity one that was required or directed by a Commission order issued pursuant to FPA §215? Justification of an activity as a FPA §215 activity based on this category must reference the particular Commission order and directive.

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

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

VII. Is the activity necessary or appropriate for maintaining NERC's certification as the Electric Reliability Organization? This Criterion includes conducting periodic assessments of NERC's and the Regional Entities' performance as the Electric Reliability Organization as required by 18 C.F.R. §39.3(c).

VIII. Does the activity respond to or is it necessary or appropriate for audits of NERC and the Regional Entities conducted by the Commission?

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

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

XI. Is the activity a governance or administrative/overhead function, activity, or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization? (Should NERC perform any non-FPA §215 activities, the costs of governance and administrative/overhead functions must be appropriately allocated.)

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

A. Technical Committees and Members' Forum Programs

B. General and Administrative (includes, but is not limited to, executive, board of trustees, communications, government affairs, and facilities and related services)

C. Legal and Regulatory

D. Information Technology

E. Human Resources

F. Accounting and Finance

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

A. Developing or enforcing requirements to enlarge Bulk Power System facilities, or to construct new transmission capacity or generation capacity, or requirements for adequacy or safety of electric facilities or services.

B. Activities entailing Real-time operational control of the Bulk Power System.

C. Activities pertaining to facilities used in the local distribution of electricity.

Exhibit C – Contractor and Consulting Costs

Program	Consultants & Contracts	2014 BUDGET	2015 BUDGET	INC (DEC) OVER 2014
RE Assurance and Oversight				
	Reliability Assurance Initiative	400,000	388,000	(12,000)
	Regional Entity Assurance and Oversight	**400,000**	**388,000**	**(12,000)**
Reliability Assessments and Performance Analysis				
	Reliability affects of GMD	250,000	242,500	(7,500)
	Vegetation Research (FAC 3)		242,500	242,500
	Reliability consulting support	120,000	169,750	49,750
	GADS/TADS/DADS/SED	268,085	300,700	32,615
	Total Reliability Assessments and Performance Analysis	**638,085**	**955,450**	**317,365**
Situation Awareness	Reliability Tools	377,816	472,212	94,396
	Secure Alerting System	79,373		(79,373)
	SAFNR - Phase II	531,825	459,609	(72,216)
	Frame Relay-RC's NERCnet Access	300,094	145,500	(154,594)
	Total Situation Awareness	**1,289,108**	**1,077,321**	**(211,787)**
Critical Infrastructure	CIPC Support	190,000	184,300	(5,700)
	GridEx Support		242,500	242,500
	Total Critical Infrastructure Department	**190,000**	**426,800**	**236,800**
ES-ISAC				
	Program-Level Capabilities	602,700	499,500	(103,200)
	Software & Services	111,750	113,285	1,535
	Events & Outreach	72,000	50,550	(21,450)
	CRISP		7,666,055	7,666,055
	Total ES-ISAC	**786,450**	**8,329,390**	**7,542,940**
Operator Certification	System Operator Testing Expenses	100,000	57,618	(42,382)
	System Operator Examination Development	100,000	66,176	(33,824)
	Job Task Analysis	14,000	25,784	11,784
	Database			
	Database Development	35,000	19,400	(15,600)
	Database Maintenance	24,000	23,746	(254)
	SOCCED Database Improvement Project (funded from Working Capital generated from fees in excess of expenses)	200,000	200,000	-
	Total System Operator Certification	**473,000**	**392,724**	**(80,276)**
Training & Education	Continuing Education Program	152,330	163,930	11,600
	Web-based course hosting (Learning Management System)	26,500	29,800	3,300
	Web-based course development	120,000	97,776	(22,224)
	Training Services-NERC and Regional Entities	47,000	38,800	(8,200)
	NERC Staff Technical Training	30,000	29,100	(900)
	Total Continuing Education, Training & Education	**375,830**	**359,406**	**(16,424)**
	Total Training, Education and Operator Certification	**848,830**	**752,130**	**(96,700)**

Program	Consultants & Contracts	2014 BUDGET	2015 BUDGET	INC (DEC) OVER 2014
General & Administrative	Communications support	75,000	15,000	(60,000)
	Total General & Administrative	**75,000**	**15,000**	**(60,000)**
Information Technology				
	ERO Application Development	790,000	829,350	39,350
	ERO Data Analysis		100,000	100,000
	Applications Enhancements, Consulting and Help Desk Support	1,154,000	800,250	(353,750)
	Total Information Technology	**1,944,000**	**1,729,600**	**(214,400)**
Human Resources	Executive Training and Development	90,000	87,300	(2,700)
	Staff Training and Development	65,000	63,050	(1,950)
	Compensation Consulting	30,000	29,100	(900)
	Employee, industry and Board Surveys, succession planning	45,000	43,650	(1,350)
	HR Process Improvements	27,500	26,675	(825)
	HR Consulting Services		48,500	48,500
	Total Human Resources	**257,500**	**298,275**	**40,775**
Finance and Accounting	Internal Controls and Outside Auditor Consulting Support	300,000	242,500	(57,500)
	Audit procedures, practices, tools and reports consulting support	50,000	48,500	(1,500)
	Finance and Accounting Support	50,000	48,500	(1,500)
	Total Finance and Accounting	**400,000**	**339,500**	**(60,500)**
	TOTAL CONSULTANTS AND CONTRACTS	**6,828,973**	**14,311,466**	**7,482,493**

Exhibit D – Capital Financing

The company successfully closed on its capital financing program on January 10, 2014. The interest rate is floating and equal to LIBOR plus 275 basis points, which yielded a rate of 2.91% at closing.[38] The total size of the non-revolving credit facility is $7.5M, with the total authorized borrowings each year limited to the amount approved by the Board of Trustees and FERC in that year's business plan and budget for IT hardware and the costs of developing software applications. Consistent with the terms of the loan documentation and its Board and FERC-approved 2014 budget, the company made an initial draw of $1.265M at the end of January. The company recorded new capital investments of approximately $1.65M in 2013 related to the development of software applications and IT hardware,[39] a portion of which was financed with the proceeds from this initial draw. This first tranche of capital financing will be amortized over three years, commencing January 31, 2014, and can be prepaid without penalty. A balance of $1.416M is available for draw during the remainder of 2014, which is also consistent with NERC's 2014 approved budget.

During 2013, NERC and the Regional Entities developed a common software application to process BES exception requests and commenced the development of an application to facilitate the management, analysis, and dissemination of information regarding events affecting BPS reliability (the Events Information Data System, or EIDS). As further detailed in the May 2014 presentations to the NERC Finance and Audit Committee and Standards Oversight and Technology Committee, the company encountered difficulties in the development of EIDS and put the project temporarily on hold, pending a review of the overall ERO Enterprise's enterprise IT architecture and enterprise application development strategy. An ERO Enterprise IT Strategy update was presented to the Standards Oversight and Technology Committee at its August 2014 meeting, including steps to improve application development strategy, oversight and execution.

As further described in NERC's 2014 and 2015 Business Plans and Budgets, as part of the ERO Enterprise IT strategy NERC and the Regional Entities are in the planning phases of several additional enterprise software applications including an application (the "RADS" application) to replace the legacy reliability assessment database, which currently requires hundreds of NERC and Regional Entity man-hours to process millions of data elements to populate up to 27 individual spreadsheets that are manually processed in connection with preparation of the summer and winter seasonal assessments. The replacement RADS application will allow regional staffs to input data into forms that would automatically populate a central database for almost immediate creation of the data required for seasonal assessments, reducing manual workload and potential for error. The resulting efficiency gains will be used to redirect resources in support of key reliability improvement initiatives. As contemplated in NERC's 2014 Business Plan and Budget, the company also engaged a consultant to help evaluate current software tools utilized to support compliance and registration systems currently used by NERC and the Regional Entities, including the merits of developing a replacement enterprise application.

As further discussed in the Introduction and Executive Summary and set forth in the table below, NERC has a 2015 proposed IT capital budget of approximately $3.6M, $1.9M of which it is proposing to finance.

[38] The interest rate at closing was lower than projected for purposes of the 2014 budget. As detailed in the company's approved 2014 Business Plan and Budget, any difference between actual and budgeted interest expense for draws under the credit facility becomes an addition to the company's Unforeseen Contingency Operating Reserve balance.

[39] This capital investment amount is exclusive of approximately $640k in expenses which were incurred in 2013 in the development of the Events Information Data System application and expensed rather than capitalized, as further discussed in the company's Q1 2014 budget variance report presented to the NERC Finance and Audit Committee.

NERC 2015 CAPITAL BUDGET

Computer & Software CapEx		
ERO Application Development		1,050,000
ERO Data Analysis Tools		550,000
Generation Data Software		200,000
Hardware		100,000
	$	1,900,000
IT Hardware and Software		
Disaster Recovery		250,000
Data Storage		425,000
Replacement servers		202,000
NERC Software licenses		350,500
Replacement laptops		126,000
Total Computer & Software CapEx	$	1,353,500
Equipment CapEx		
Replacement network devices	$	365,000
Total Capital Budget	**$**	**3,618,500**

The table below sets forth the projected principal and interest repayment schedule for the amounts financed to date and the additional planned $1.9M in capital financing. This projection assumes an average interest rate of 3.5% over the term of the financing, which is consistent with the 2014 budget. Management is recommending that 3.5% continue to be used given the potential for interest rate increases during 2015. The actual interest rate and interest rate expense will be reflected in the quarterly budget to actual variance reports the company posts on its website, reviews in open session with the NERC Finance and Audit Committee, and files with FERC. Any variations in interest expense will be captured and reported as a contribution to the company operating reserves, the expenditures of which are subject to the terms of the company's Working Capital and Operating Reserve Policy.

(000's)	Tranche A 2014	Tranche B 2014	Tranche C 2015
Enterprise Application Development	1265	1416	1050
Generation Data Software		0	200
Data Analysis Tools			550
Hardware			100
Total Needs	1265	1416	1900
3.50%			
	2013	2014	2015
Debt Balance Tranche A	0	1265	457
Amortization of Tranche A		387	422
Interest	0	41	16
Total Annual Payment	0	427	438
Debt Balance Tranche B	0	1416	1416
Amortization of Tranche B		0	472
Interest	0	4	50
Total Annual Payment	0	4	522
Debt Balance Tranche C	0	0	1900
Amortization of Tranche C		0	0
Interest	0	0	15
Total Annual Payment	0	0	15
Debt Balance Tranche D	0	0	0
Amortization of Tranche D		0	0
Interest	0	0	0
Total Annual Payment	0	0	0
Debt Balance Tranche E	0	0	0
Amortization of Tranche E		0	0
Interest	0	0	0
Total Annual Payment	0	0	0
Funded Debt Balance	0	2681	3773
Amortization of Debt	0	387	894
Interest Due	0	45	81
TOTAL ANNUAL PAYMENTS	**0**	**431**	**974**

Exhibit E – Working Capital and Operating Reserve Amounts

Management is proposing a budget of $6.3M for working capital and operating reserves, which represents an increase of $773k from 2014. Working capital reserves (which includes funds reserved for future liabilities) are budgeted at $3.2M, which is a reduction of $322.2k compared to 2014; this represents the amortization of the deferred rent liability. The total budget for known and unforeseen contingencies has been held at $2M, which is consistent with the 2014 budget. However, unlike in the case of the 2014 budget, the entire amount has been budgeted for unforeseen contingencies.

Working Capital – $3.25M

Based on its 2014 cash flow projection and taking into account the historic manner in which NERC's assessments have been billed and paid, NERC does not anticipate needing access to working capital in 2014 to meet monthly cash flow needs. In the unlikely event NERC experiences a temporary cash flow shortage, it has the ability to either request authorization from the Finance and Audit Committee and Board of Trustees to temporarily access operating reserve funds, or draw on its $4M line of credit, as long as NERC is in compliance with the covenants under its bank credit agreement.

Per its credit agreement, NERC must maintain a ratio of working capital and operating reserves to debt service that is greater than or equal to 1.2 to 1.0, and a ratio of liquidity to debt service that is greater than or equal to 1.5 to 1.0. Based upon NERC's 2014 projection and 2015 budget, these ratios are projected to be 3.8 to 1.0 and 11.5 to 1.0 at the end of 2015.

NERC has also posted letters of credit totaling approximately $101,236 in lieu of cash security deposits in connection with its offices leases. In the event these lines of credit are drawn upon, NERC is required to reimburse the draws in full. Management does not recommend at this time that working capital be maintained as security for this reimbursement obligation, as cash flows are projected to be sufficient in 2014–2015 to support timely payment of office rent without the letters of credit being drawn on.

NERC has collected funding to offset future liabilities under lease agreements for the Atlanta and Washington, D.C. offices. The projected $3.2M[40] year-end balance of these funds is being held as a segregated working capital reserve to offset these future liabilities. Pursuant to the company's Working Capital and Operating Reserve Policy, these funds may also be made available to satisfy debt service reserve and liquidity requirements as set forth therein and may be accessed for other purposes only upon receipt of necessary corporate and regulatory authorizations.[41]

[40] Refer to the Statement of Financial Position on page 99, Deferred rent – non-current

[41] To the extent the company seeks to utilize such funds for any other purpose, prior approval of the Finance and Audit Committee is required. In addition, in the event the amount requested to be utilized for such other purpose is $500,000 or more, prior approval of the Board of Trustees and filing with the Federal Energy Regulatory Commission is also required.

Operating Reserves – $3.1M Total (Known Contingency Category ($0M) + Unforeseen Contingency Category ($2M) + Personnel Certification and Operating Training Excess Revenues ($591.4k)

(1) Known Contingencies where timing and amount uncertain — $0M

(2) Unforeseen Contingencies — $2M

(3) System Operator Certification Program — $591.4k – The projected 12/31/14 reserve balance of the System Operator Certification Program is $996,430, $405,042 of which is projected to be used to fund budgeted costs that are in excess of projected funding.

(4) CRISP – Pursuant the terms of the Master Services Agreement between NERC and participating utilities, a separate $500k CRISP participant (third party) funded reserve will be established to fund certain contingencies in connection with CRISP.

Total Working Capital + Operating Reserves – $6.3M

Exhibit F – Additional CRISP Detail

Introduction and Executive Summary

This exhibit provides additional background on CRISP, NERC's proposed role, budget and funding requirements, as well as projected impacts on NERC's assessments to load serving entities.

Background

CRISP is a voluntary program to facilitate the exchange of detailed cybersecurity information between electric utilities, the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), the US Department of Energy (DOE), and Pacific Northwest National Laboratory (PNNL), to enable electric power critical infrastructure operators to better protect their networks from sophisticated cyber threats. The program uses passive sensors called Information Sharing Devices ("ISDs") to collect and transmit cybersecurity information from each site for analysis. CRISP also incorporates additional information exchange capabilities that permit some outputs from the analysis to be shared more broadly with the entire electricity sector, improving the overall sector cybersecurity posture. CRISP has two differentiators from other commercially available cyber risk monitoring services. The first is the intent and ability to integrate other cyber related threat information provided through governmental sources with the cyber threat information gathered from the ISDs installed at the participant's sites. Second is the ability of the program to look across organizations within the electricity subsector, identifying correlation and trends.

Scope

The CRISP technology was deployed across the DOE networks over ten years ago. During the past several years, the technology has been deployed across five electric utilities through a DOE pilot program. Under the direction of DOE and in coordination with the Electricity Subsector Coordinating Council (ESCC), the deployment of CRISP is now transitioning from a pilot to broader deployment. While it will still only deployed to a small subset of the industry, information derived from this program will be disseminated broadly to registered users of the ES-ISAC, enhancing the entire industry's cybersecurity posture. The ESCC has endorsed this program and its members have taken a leadership role in advocating industry participation and funding support. Twenty-eight (28) electric utility organizations have been preliminarily identified for deployment of the CRISP capability, requiring an estimated 68 ISDs to be installed at the various sites.

Roles and Responsibilities

ES-ISAC

Under the contemplated structure, the ES-ISAC will assume the role of program manager for CRISP and will be responsible for providing certain agreed upon services to the participating electric utilities, including the oversight of the installation of the ISDs and associated analytical services. The ES-ISAC will provide a central point for coordination and be the hub for collaborative analysis of CRISP data. Additionally, unattributed CRISP reporting and data will be shared with registered users of the ES-ISAC portal providing more widespread benefits to industry. NERC will subcontract substantially all of these services to PNNL. In the future, the ES-ISAC will work with PNNL and utility participants to evaluate the costs and benefits of NERC developing the capability to either performing these services in-house without PNNL support, with reduced PNNL support or through a combination of in-house, PNNL and other commercially available subcontractor capabilities.

PNNL and Argonne National Labs

PNNL is a United States Department of Energy National Laboratory, operated by Battelle with oversight by the Department of Energy. The main campus of the laboratory is in Richland, Washington. PNNL was the federal government's primary technical partner in establishing CRISP and will be the primary subcontractor to NERC in connection with the provision of CRISP services to participating utilities, subject to the potential use of different

subcontractors in the future and NERC building additional internal capabilities to provide the services which would initially be provided by PNNL.

Pursuant to its subcontract with NERC, PNNL will be responsible for the deployment of the required technology, supporting infrastructure, analysis, and the technical capabilities. Argonne National Lab (ANL) supports and maintains certain core components necessary for CRISP and would provide this support through an inter-lab agreement with PNNL.

Technology

CRISP has three main technology elements. Together these elements provide the site with analysis of cybersecurity information, the ability to exchange cybersecurity threat information, and a means for secure data and voice communications across all CRISP participants. CRISP supplements a site's existing cybersecurity program and enables a level of collaboration that does not currently exist in the sector.

These three technology elements are:

- ***Information Sharing Device (ISD)***
  Hardware installed at the site that captures cybersecurity threat information for transmission to PNNL for analysis.
- ***Cyber Fed Model (CFM)***
  Software that enable the secure communication of cybersecurity threat information between PNNL, ANL, ES-ISAC, sites, and other participating organizations (government and non-government)
- ***Contested Operations Network for Reporting and Detection (CONRAD)***
  A secure communications device comprised of hardware and software that enables the secure voice and data transmission.

Technical Overview

Information Sharing Devices (ISD)

The CRISP ISD is a network device which uses commercial off the shelf hardware. It's placed at the transmitting site's (e.g. utility) network border, just outside the corporate firewall. Once the ISD is configured and activated, the data is encrypted and transmitted to PNNL for analysis. The ISD is not an intrusion prevention or detection system. It is a completely passive device that gathers cyber threat information necessary to understand the cyber threat tactics, techniques and procedures, and correlate information from across the CRISP sites with other cyber threat information made available by the government and other sources.

PNNL, with assistance from utility site personnel, will be responsible for the installation of the ISD, which will be owned and operated by the participating utility. ES-ISAC personnel also plan to be present on-site during these installations. PNNL will provide technical support to maintain the sensor operations and ensure proper communications with the ISD data repository. PNNL has already installed a number of ISDs at utilities which are planning to participate in the program, including utilities who participated in the DOE pilot program.

Cyber Fed Model (CFM)

Developed and operated by ANL, CFM is a software program that is installed on the site's computer and enables the exchange of cyber threat information with other CFM sites. ANL will support CFM installation at the sites through an inter-lab agreement with PNNL and can be done in conjunction with ISD installation. CFM provides a near real-time exchange of cyber threat information to and from participating organizations. It includes an encryption-based information-exchange protocol that allows the site to specifically determine who receives its data. Along with reports, and other situational-analysis information generated through CRISP, the data shared includes information regarding a combination of hostile IP addresses, DNS domains, and other threat indicators. This actionable data is provided to sites automatically (machine to machine) every 5-15 minutes. The ES-ISAC has

already established a CFM node at the NERC Washington office. Given the proposed change in NERC and the ES-ISAC's role in overseeing CRISP, NERC has deferred making a decision regarding the installation of an ISD on its network and, assuming receipt of all necessary corporate and regulatory authorizations to proceed with the program, will instead focus on overseeing installation of the ISDs at participating utility sites and performing the other functions and service described herein. In the future, NERC may decide to install an ISD on its network.

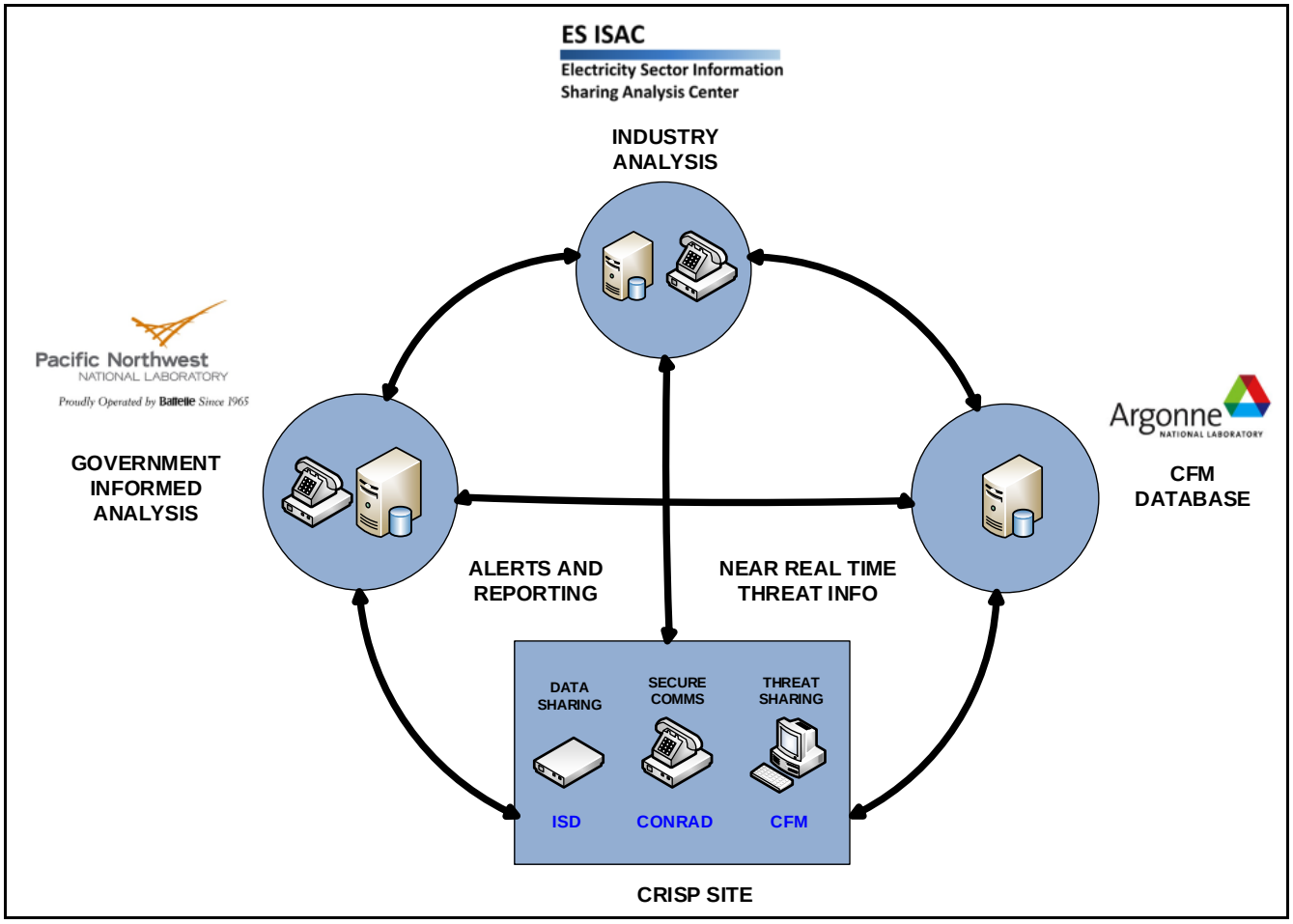
Contested Operations Network for Reporting and Detection (CONRAD)

The CONRAD device and communications network allows a compromised site to collaborate and coordinate with other sites to mitigate the threat without the perpetrating actor monitoring the communications. This secure network uses technologies which are approved by the National Security Agency and are commercially available.

CONRAD requires the installation of a network device at the site to encrypt and decrypt communications. CONRAD enables both data and voice communications. Installation of CONRAD can occur in conjunction with ISD installation.

Figure 1 on the next page provides a visual overview of CRISP's three primary technology elements.

Figure 1: Visual of CRISP Technologies and Capability



Overview of Contract Structure

Implementation of CRISP by NERC will be governed pursuant to a master agreement ("Master Agreement") between NERC and the participating utilities. NERC will subcontract the majority of the services and obligations under the Master Agreement to PNNL pursuant to the terms of a subcontract ("PNNL Contract") which will be executed contemporaneously with the execution of the Master Agreement. The terms and conditions of the Master Agreement and PNNL Contract are in the final stages of negotiation.

CRISP Budget

The MSA provides that NERC participation in CRISP is subject to receipt of necessary annual business plan and budget approvals.

NERC's projected CRISP budget will include two major categories of expense (1) the projected PNNL subcontract costs and (2) incremental ES-ISAC personnel, hardware, software, meeting, travel, legal, insurance and indirect expenses associated with NERC's management and administration of CRISP and sharing of CRISP derived information through the ES-ISAC portal. NERC's total projected 2015 CRISP budget is approximately $9.3M. Each of the major expense categories are further discussed below.

2015 PNNL Subcontract Budget

All 2015 PNNL subcontract costs will be allocated to and funded directly by participating utilities and not through assessments. PNNL 2015 subcontract will also contain a not to exceed price. The PNNL subcontract budget will

include hardware, personnel and other costs for ISD installation, as well as personnel, hardware, software, insurance and other expenses to provide the required monitoring and analytical services set forth in the Master Agreement.

The 2015 PNNL subcontract budget will assume 28 participating entities in 2015 and installation of 68 ISDs, several of which have already been installed pursuant to separate interim agreements between PNNL and participating utilities.

PNNL will be paid based on actual costs incurred, subject to the not to exceed price set forth in the agreement. Any increase in the PNNL 2015 subcontract price will require prior approval of NERC and the participating utilities, with NERC's approval conditioned upon agreement that any such additional costs are reimbursed entirely by the participating utilities and not funded through assessments.

Projected Additional Internal ES-ISAC Resource Needs and Expenses

In addition to projected PNNL subcontract expenses, NERC has developed a 2015 budget for the additional ES-ISAC resource needs and expenses to initially support CRISP. NERC is projecting a 2015 CRISP (internal) ES-ISAC CRISP budget of approximately $1.75M, which is in addition to the projected PNNL subcontract costs previously described.

Additional ES-ISAC Personnel Resources

Initial year one support for CRISP will require the addition of 2 FTEs in the ES-ISAC. One FTE will be a manager level position and will be responsible for the day-to-day oversight and management of the technical and financial aspects of the Master Agreement and PNNL subontract. The second FTE will be an analyst position focused on analysis of CRISP data and dissemination of information among CRISP participants and ES-ISAC registered users.

In the long term, additional personnel additions may be warranted to support CRISP, especially if the decision is made to transition significant portions of the CRISP support in-house as mentioned above. In the event NERC moves forward with this initiative, as the program gets up and running and moves through initial year, these needs will be further assessed in collaboration with participating utilities and subject to review as part of NERC's business plan and budget and associated processes, including the receipt of any required corporate and regulatory authorizations.

Additional ES-ISAC Data Storage, Hardware, Software, Meeting and Travel Expense and Professional Fees, Insurance and Indirect Cost Allocation

NERC is also projecting the need to increase data storage needs, acquire additional hardware and software and upgrade the ES-ISAC portal to facilitate the sharing of CRISP information with ES-ISAC registered users. Meeting and travel expenses are also projected to increase given the ES-ISAC's program oversight role. In addition, NERC anticipates the need to retain the assistance of outside professionals to support various MSA activities.

Indirect cost allocations are driven by the ratio of ES-ISAC FTEs to total FTEs. Therefore, the projected addition of FTEs to the ES-ISAC results in an increase in the allocation of indirect expenses

The following table provides a breakdown of the additional 2015 ES-ISAC personnel, data storage, hardware, software, meeting, travel, conference, cellular, offices and professional fees and insurance expenses, together with a revised ES-ISAC indirect cost allocation. Cost of professional liability and cyber insurance insurance required under the MSA which is in excess of $100k will be paid for by the participating utilities.

Personnel	$459,251
Data Storage	$300,000
Hardware and Software	$100,000
ES-ISAC Portal Upgrades	$100,000
Meetings, travel and conferences	$50,000
Cellular and other Office costs	$5,000
Professional Fees	$250,000
Insurance	$100,000
Indirect cost allocation	$390,817
Total	$1,755,068

Funding

All of the PNNL subcontract costs, which represent the majority of the CRISP budget and includes ISD installation costs and supporting data analysis provided by PNNL will be allocated to and funded directly by participating utilities pursuant to the terms of the Master Agreement. In addition, participating utilities will also fund a separate $500k CRISP reserve. CRISP participant funding is shown in the row labeled "Third Party Funding (CRISP)" on the ES-ISAC departmental comparative Statement of Activities in Attachment A.

With respect to the remaining projected incremental (internal) ES-ISAC CRISP resource needs and expenses totaling approximately $1.75M described in the preceding section, these costs will be shared equally between Load Serving Entities and CRISP participating utilities, with fifty percent (50%) of these costs be recovered through assessments, after taking into account allocations of penalty funds and interest[42]. The remaining fifty percent (50%) would be recovered from participating utilities. Fifty (50%) of the total ES-ISAC internal budget of approximately $1.75M, exclusive of PNNL costs, is equal to approximately $878k (See Attachment A, row labeled "Total NERC Funding"). This effectively represents the cap on the amount of 2015 CRISP budget that will be funded through assessments.

Sharing of these costs is appropriate given that anonymized information derived from CRISP would be disseminated broadly to the entire electricity subsector through the ES-ISAC, enhancing the entire electric power industry's cybersecurity posture. In the future management may propose changes to this sharing formula based on experience gained in its management of CRISP. However, for the initial contract year, a 50/50 sharing of these costs is reasonable, especially as the vast majority of the program costs will be funded directly by participating utilities. Any future changes in this allocation formula and costs recovered through assessments would be subject to NERC finance and audit committee, board of trustees and FERC review and approval of NERC's future business plans and budgets and associated assessments, after due consideration of stakeholder feedback.

Projected ES-ISAC and NERC 2015 Budget and Assessment Impact

Attachment A contains an analysis of the combined impact of the current estimate of the cost of the PNNL subcontract and the additional ES-ISAC resource needs and expenses described above, compared to the ES-ISAC budget presented in NERC's final 2015 business plan and budget without CRISP. With CRISP, projected 2015 total funding requirements for the ES-ISAC are projected to increase from approximately $4.5M to $13.8M, an increase of approximately $9.3M. (See Attachment A, row labeled "Total Budget (=B+C)".

[42] Per FERC approved allocation policies applicable to NERC and Regional Entity budgets, penalty funds and interest earnings are allocated among departments based on the ratio of budgeted department FTEs to total FTEs.

Attachment B contains an analysis of the total impact of the estimated costs of CRISP on the budget and assessment projections presented in NERC's 2015 business plan and budget assuming, as previously described, fifty percent (50%) of the projected incremental internal ES-ISAC costs (exclusive of PNNL subcontract costs) will recovered through assessments and the balance of the CRISP costs (including PNNL subcontract costs) paid directly to NERC by participating utilities. This results in an approximate $496k, 1.0%, projected increase in total NERC assessments from draft 2, without CRISP, (6.6% increase to 7.6% increase).

The projected increase in assessments of approximately $496k shown in Attachment B is less than the projected assessment impact of approximately $861k shown in ES-ISAC comparative departmental comparative Statement of Activities in Attachment A due to the fact that the total amount of NERC's 2015 indirect costs would still be included in NERC's 2015 budget in the absence of CRISP.

Projections for 2016 and 2017

It is difficult at this stage to develop accurate projections of CRISP costs beyond 2015. For purposes of NERC's 2016 and 2017 overall budget projections it was assumed that CRISP costs would be approximately equal to 2015, except for a reduction in outside professional fees. It was also assumed that CRISP funding from third party participants would be consistent with 2015, except for the reduction for the one-time funding of reserves, with any increase in costs over and above the 2015 budget funded directly by CRISP participants.

Attachment A
2015 ES-ISAC Departmental Budget and CRISP Cost Analysis-Comparison

Statement of Activities and Fixed Assets Expenditures
2014 Budget & Projection and 2015 Budget
ES-ISAC

	2014 Budget	2014 Projection	2014 Projection v 2014 Budget Over(Under)	2015 Budget	2015 Budget v 2014 Budget Over(Under)	2015 Budget W/O CRISP	2015 Budget CRISP
Funding							
ERO Funding							
NERC Assessments*	$ 4,085,033	4,089,386	$ 4,353	$ 5,328,566	$ 1,243,533	$ 4,467,628	$ 860,938
Penalty Sanctions	17,558	17,558	-	97,742	80,184	81,188	16,554
Total NERC Funding	**$ 4,102,591**	**$ 4,106,944**	**$ 4,353**	**$ 5,426,307**	**$ 1,323,716**	**$ 4,548,815**	**$ 877,492**
Third-Party Funding (CRISP)	-	-	-	8,943,589	8,943,589	8,443,589	500,000
Interest	1,184	-	(1,184)	248	(936)	206	42
Total Funding (A)	**$ 4,103,775**	**$ 4,106,944**	**$ 3,169**	**$ 14,370,144**	**$ 10,266,369**	**$ 4,549,021**	**$ 1,377,534**
Expenses							
Personnel Expenses							
Salaries	$ 1,336,679	$ 1,283,028	$ (53,651)	$ 1,733,405	$ 396,726	$ 1,370,048	363,357
Payroll Taxes	77,887	77,307	(580)	103,696	25,809	82,706	20,990
Benefits	135,474	128,072	(7,402)	186,739	51,265	152,786	33,953
Retirement Costs	151,967	141,032	(10,935)	195,059	43,092	154,108	40,951
Total Personnel Expenses	**$ 1,702,007**	**$ 1,629,439**	**$ (72,568)**	**$ 2,218,899**	**$ 516,892**	**$ 1,759,648**	**459,251**
Meeting Expenses							
Meetings		$ -	$ -	$ 60,000	$ 60,000	$ 45,000	15,000
Travel	88,428	95,000	6,572	126,000	37,572	96,000	30,000
Conference Calls		19,848	19,848	24,885	24,885	19,885	5,000
Total Meeting Expenses	**$ 88,428**	**$ 114,848**	**$ 26,420**	**$ 210,885**	**$ 122,457**	**$ 160,885**	**50,000**
Operating Expenses							
Consultants & Contracts	$ 786,450	$ 701,600	$ (84,850)	$ 8,329,390	$ 7,542,940	$ 663,335	7,666,055
Office Rent		$ -	-	-	-	-	-
Office Costs	32,775	$ 47,728	14,953	356,914	324,139	51,914	305,000
Professional Services		$ -	-	350,000	350,000	-	350,000
Miscellaneous		$ -	-	500	500	500	-
Depreciation		$ -	-	-	-	-	-
Total Operating Expenses	**$ 819,225**	**$ 749,328**	**$ (69,897)**	**$ 9,036,804**	**$ 8,217,579**	**$ 715,749**	**$ 8,321,055**
Total Direct Expenses	**$ 2,609,660**	**$ 2,493,615**	**$ (116,045)**	**$ 11,466,588**	**$ 8,856,928**	**$ 2,636,282**	**$ 8,830,306**
Indirect Expenses	**$ 1,451,372**	**$ 1,610,555**	**$ 159,183**	**$ 2,173,799**	**$ 722,428**	**$ 1,804,996**	**$ 368,803**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**-**
Total Expenses (B)	**$ 4,061,032**	**$ 4,104,170**	**$ 43,138**	**$ 13,640,387**	**$ 9,579,355**	**$ 4,441,278**	**$ 9,199,108**
Fixed Assets							
Computer & Software CapEx	-	-	-	100,000	100,000	-	100,000
Allocation of Fixed Assets	$ 42,937	$ 14,637	(28,300)	129,758	86,821	$ 107,743	22,014
Inc(Dec) in Fixed Assets (C)	**$ 42,937**	**$ 14,637**	**$ (28,300)**	**$ 229,758**	**$ 186,821**	**$ 107,743**	**$ (100,000)**
TOTAL BUDGET (=B + C)	**$ 4,103,969**	**$ 4,118,807**	**$ 14,838**	**$ 13,870,144**	**$ 9,766,176**	**$ 4,549,021**	**$ 9,321,123**
FTEs	**7.72**	**7.57**	**(0.15)**	**10.32**	**2.60**	**8.44**	**1.88**

*The increase in assessments due to CRISP is on a 'stand alone' basis for the ES-ISAC Program. The increase in assessments for 'Total NERC' is approximately $460k, because indirect expenses and the fixed assets, excluding the $100k budgeted for CRISP, were already included in the total funding requirment without CRISP.

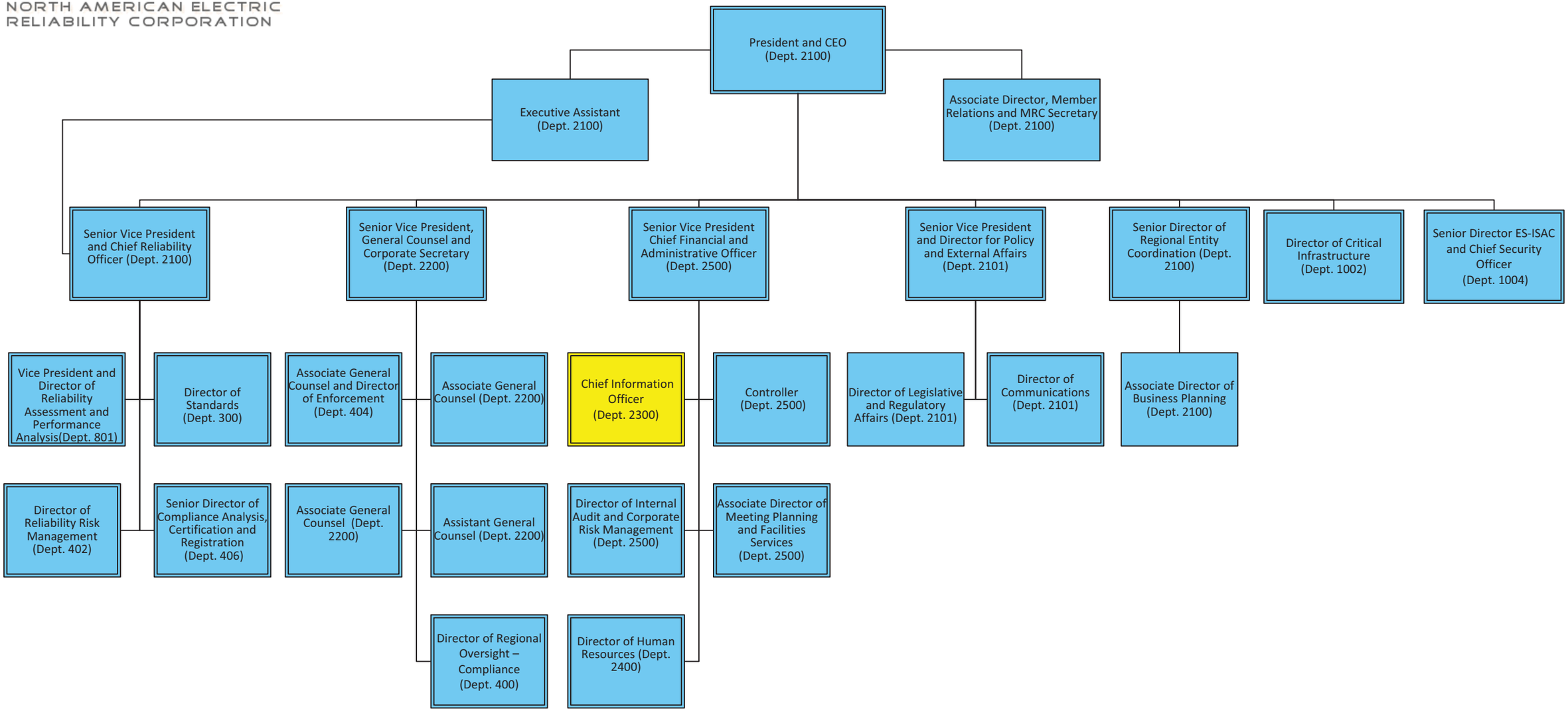
Attachment B
Comparison of Final 2015 Budget and Assessments with CRISP to Final 2015 Business Plan and Budget and Assessments without CRISP

Statement of Activities and Fixed Assets Expenditures
2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget with CRISP	Variance 2015 Budget v 2014 Budget Over(Under)	% Inc 2015 over 2014	2015 Budget without CRISP	Inc in Budget due to CRISP
Funding								
ERO Funding								
NERC Assessments	$ 51,401,382	$ 51,401,382	$ (0)	$ 55,308,375	$ 3,906,993	**7.6%**	$ 54,812,063	$ 496,312
Penalty Sanctions	290,000	290,000	-	1,155,000	865,000		1,155,000	-
Total NERC Funding	**$ 51,691,382**	**$ 51,691,382**	**$ (0)**	**$ 56,463,375**	**$ 4,771,993**		**$ 55,967,063**	**$ 496,312**
Third-Party Funding	-	-	-	8,943,589	8,943,589		-	8,943,589
Testing Fees	1,620,000	1,620,000	-	1,670,000	50,000		1,670,000	-
Services & Software	50,000	50,000	-	50,000	-		50,000	-
Workshops	354,000	239,000	(115,000)	241,300	(112,700)		241,300	-
Interest	20,000	2,500	(17,500)	3,000	(17,000)		3,000	-
Miscellaneous	-	-	-	-	-		-	-
Total Funding (A)	**$ 53,735,382**	**$ 53,602,882**	**$ (132,500)**	**$ 67,371,264**	**$ 13,635,882**	**25.4%**	**$ 57,931,363**	**$ 9,439,901**
Expenses								
Personnel Expenses								
Salaries	$ 26,218,572	$ 26,168,292	$ (50,280)	$ 27,580,677	$ 1,362,105		$ 27,217,320	363,357
Payroll Taxes	1,570,954	1,726,865	155,911	1,673,628	102,674		1,652,638	20,990
Benefits	3,385,917	3,179,008	(206,909)	3,547,178	161,261		3,513,225	33,953
Retirement Costs	2,884,211	2,715,383	(168,828)	3,001,829	117,618		2,960,878	40,951
Total Personnel Expenses	**$ 34,059,654**	**$ 33,789,548**	**$ (270,106)**	**$ 35,803,312**	**$ 1,743,658**	**5.1%**	**$ 35,344,061**	**459,251**
Meeting Expenses								
Meetings	$ 1,052,150	$ 1,061,453	$ 9,303	$ 1,050,000	$ (2,150)		$ 1,035,000	15,000
Travel	2,419,525	2,109,344	(310,181)	2,203,395	(216,130)		2,173,395	30,000
Conference Calls	317,851	293,649	(24,202)	312,751	(5,100)		307,751	5,000
Total Meeting Expenses	**$ 3,789,525**	**$ 3,464,446**	**$ (325,079)**	**$ 3,566,146**	**$ (223,379)**	**-5.9%**	**$ 3,516,146**	**50,000**
Operating Expenses								
Consultants & Contracts	$ 6,828,973	$ 7,516,119	$ 687,146	$ 14,311,466	$ 7,482,493		$ 6,645,411	7,666,055
Office Rent	2,617,300	2,650,299	32,999	2,987,777	370,477		2,987,777	-
Office Costs	3,506,074	3,410,106	(95,968)	3,583,328	77,254		3,278,328	305,000
Professional Services	2,290,280	2,290,280	-	2,611,280	321,000		2,261,280	350,000
Miscellaneous	36,500	33,000	(3,500)	36,500	-		36,500	-
Depreciation	2,333,006	1,790,990	(542,016)	2,333,006	-		2,333,006	-
Total Operating Expenses	**$ 17,612,133**	**$ 17,690,794**	**$ 78,661**	**$ 25,863,357**	**$ 8,251,224**	**46.8%**	**$ 17,542,302**	**$ 8,321,055**
Total Direct Expenses	**$ 55,461,313**	**$ 54,944,788**	**$ (516,525)**	**$ 65,232,815**	**$ 9,771,502**	**17.6%**	**$ 56,402,509**	**$ 8,830,306**
Indirect Expenses	**$ 0**	**$ -**	**$ (0)**	**$ (0)**	**$ (0)**		**$ -**	**$ (0)**
Other Non-Operating Expenses	**$ 144,000**	**$ 79,367**	**$ (64,633)**	**$ 131,000**	**$ (13,000)**	**-9.0%**	**$ 131,000**	**$ -**
Total Expenses (B)	**$ 55,605,313**	**$ 55,024,155**	**$ (581,157)**	**$ 65,363,815**	**$ 9,758,502**	**17.5%**	**$ 56,533,509**	**$ 8,830,306**
Change in Assets	**$ (1,869,930)**	**$ (1,421,273)**	**$ 448,657**	**$ 2,007,449**	**$ 3,877,379**		**$ 1,397,854**	**609,595**
Fixed Assets								
Depreciation	$ (2,333,006)	$ (1,790,990)	542,016	$ (2,333,006)	$ -		$ (2,333,006)	$ -
Computer & Software CapEx	2,904,790	2,025,476	(879,314)	3,253,500	348,710		3,153,500	100,000
Furniture & Fixtures CapEx	-	-	-	-	-		-	-
Equipment CapEx	213,000	186,721	(26,279)	365,000	152,000		365,000	-
Leasehold Improvements	-	-	-	-	-		-	-
Allocation of Fixed Assets	**$ -**	$ (0)	$ (0)	$ -	$ -		**$ 0**	**$ (0)**
Inc(Dec) in Fixed Assets (C)	**784,784**	**421,207**	**(363,577)**	**1,285,494**	**500,710**		**1,185,494**	**100,000**
TOTAL BUDGET (=B + C)	**$ 56,390,096**	**$ 55,445,362**	**$ (944,734)**	**$ 66,649,309**	**$ 10,259,212**	**18.2%**	**$ 57,719,003**	$ 8,930,306
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)[1]	**$ (2,654,714)**	**$ (1,842,480)**	**$ 812,234**	**$ 721,955**	**$ 3,376,669**		**$ 212,360**	**$ 509,595**
FTEs	**189.5**	**185.5**	**(4.0)**	**192.3**	**2.8**	**1.5%**	**190.42**	**1.88**

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

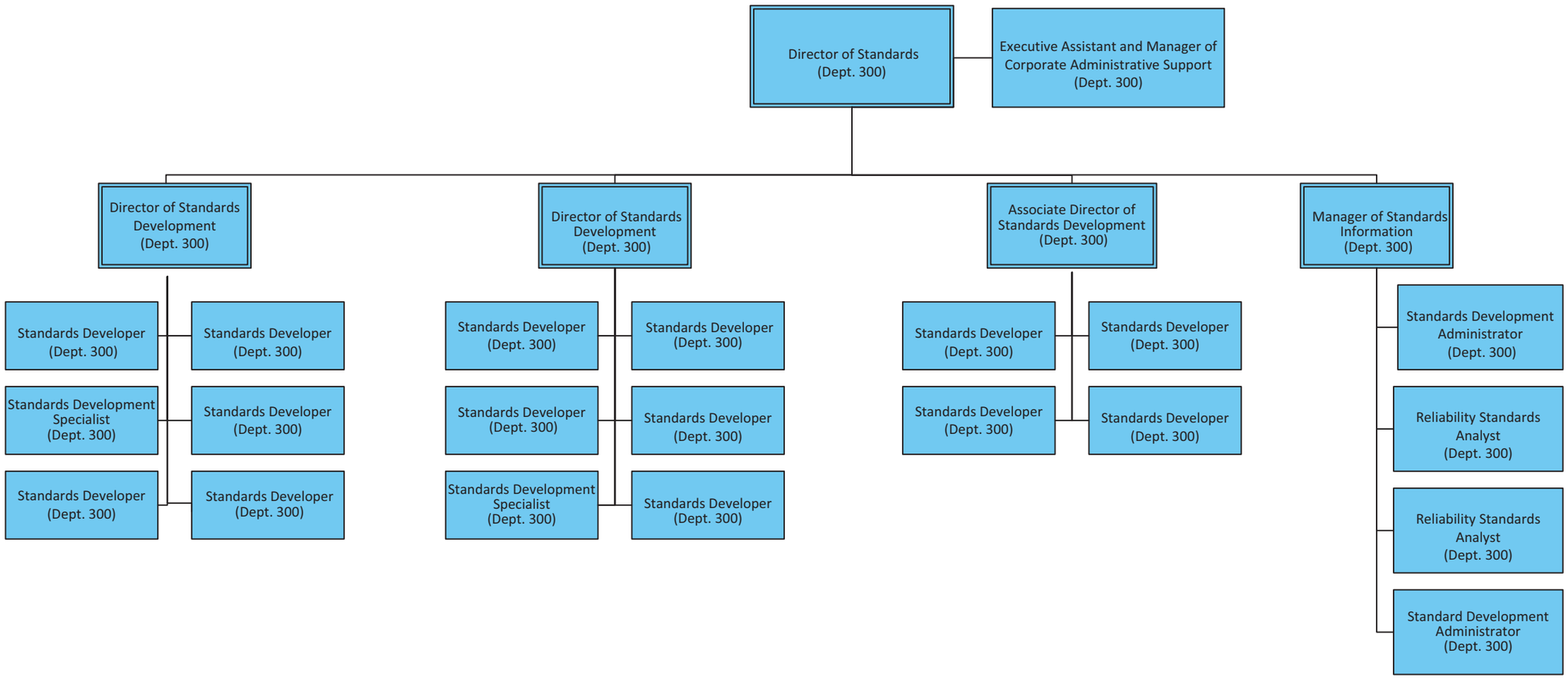
NERC Staff Organization Chart 2015 Budget



2015 Budget

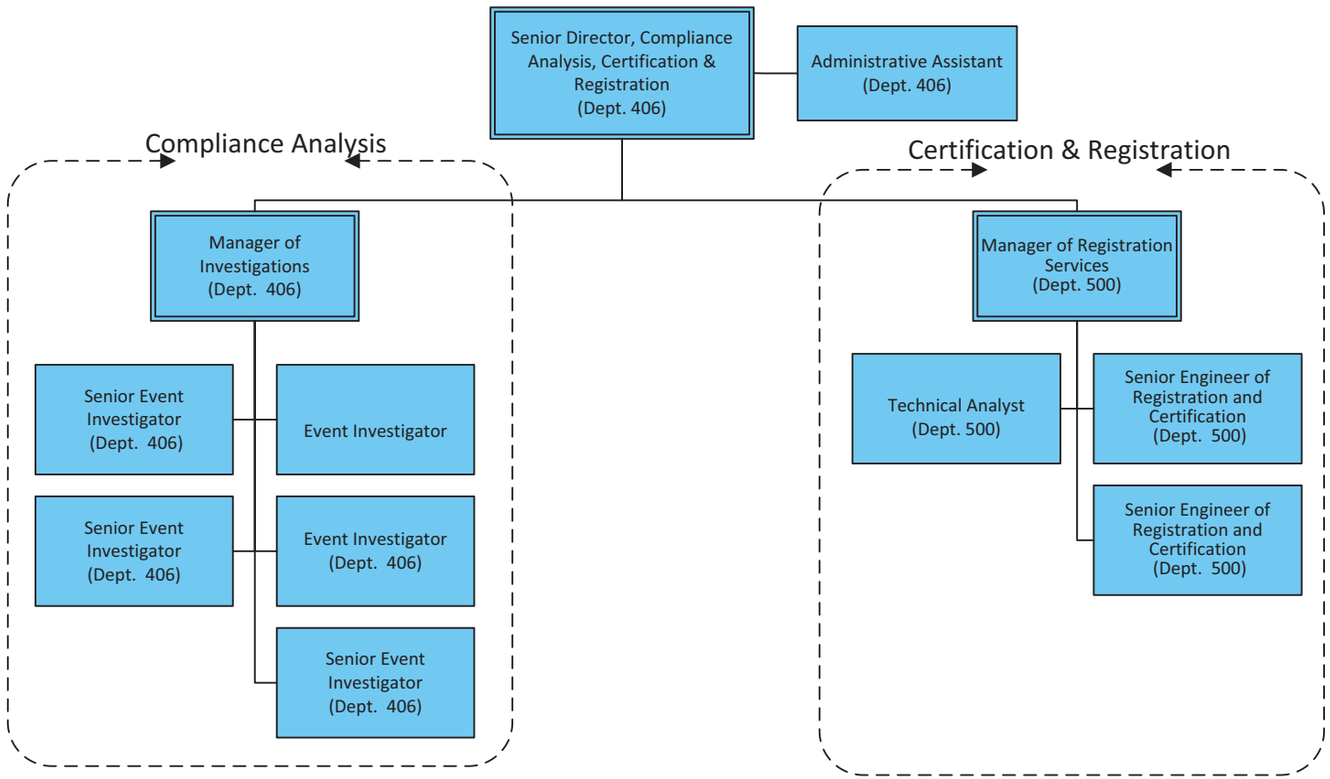
NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Reliability Standards 2015 (Dept. 300)



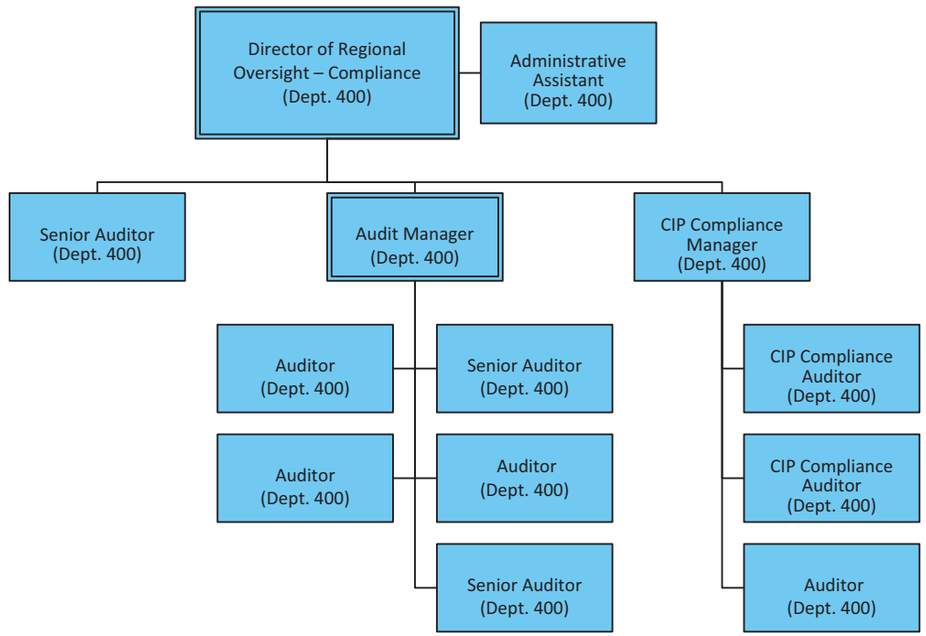
2015 Budget

Compliance Analysis, Certification and Registration 2015 (Dept. 406, 500)



2015 Budget

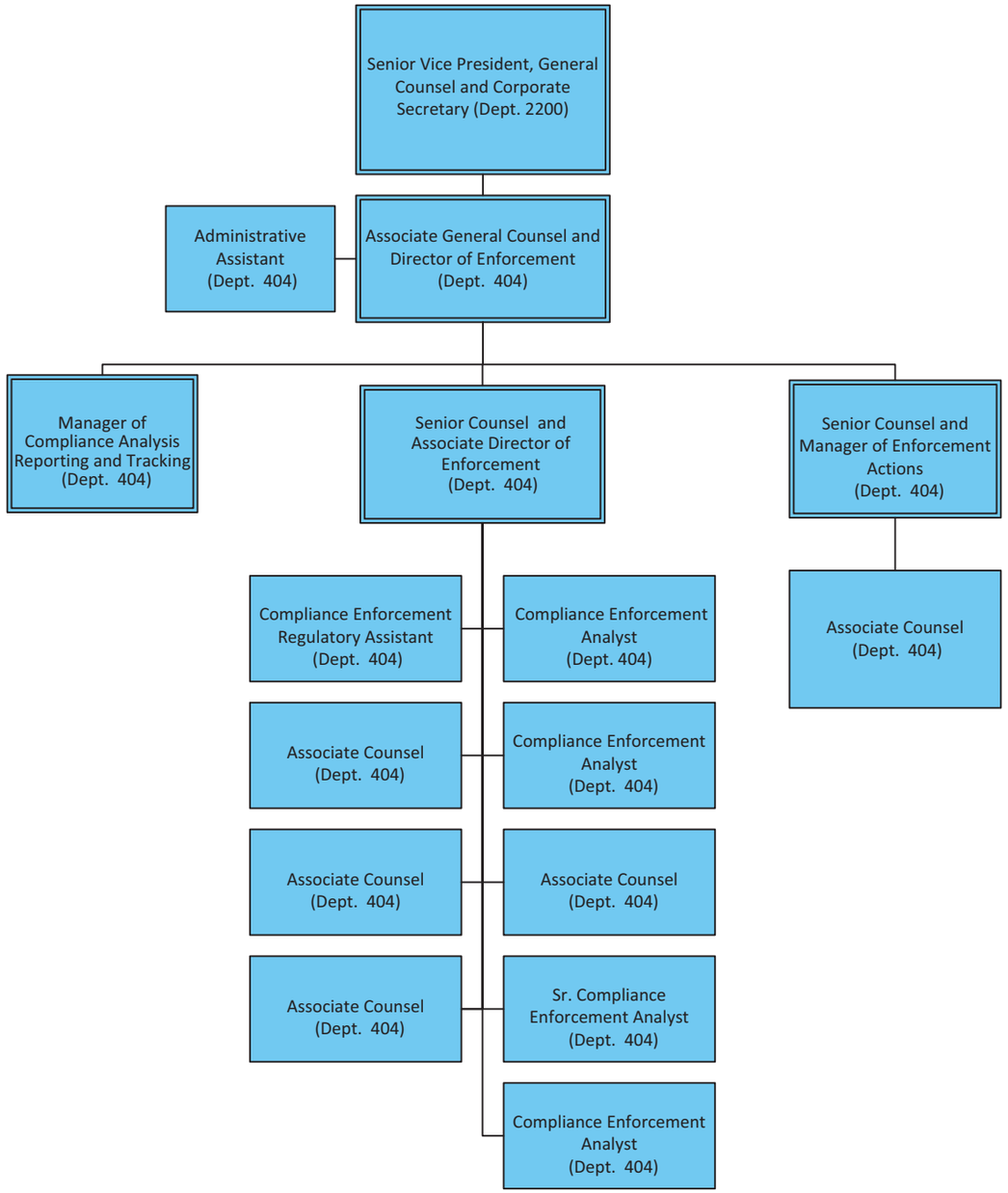
Regional Oversight - Compliance 2015 (Dept. 400)



2015 Budget

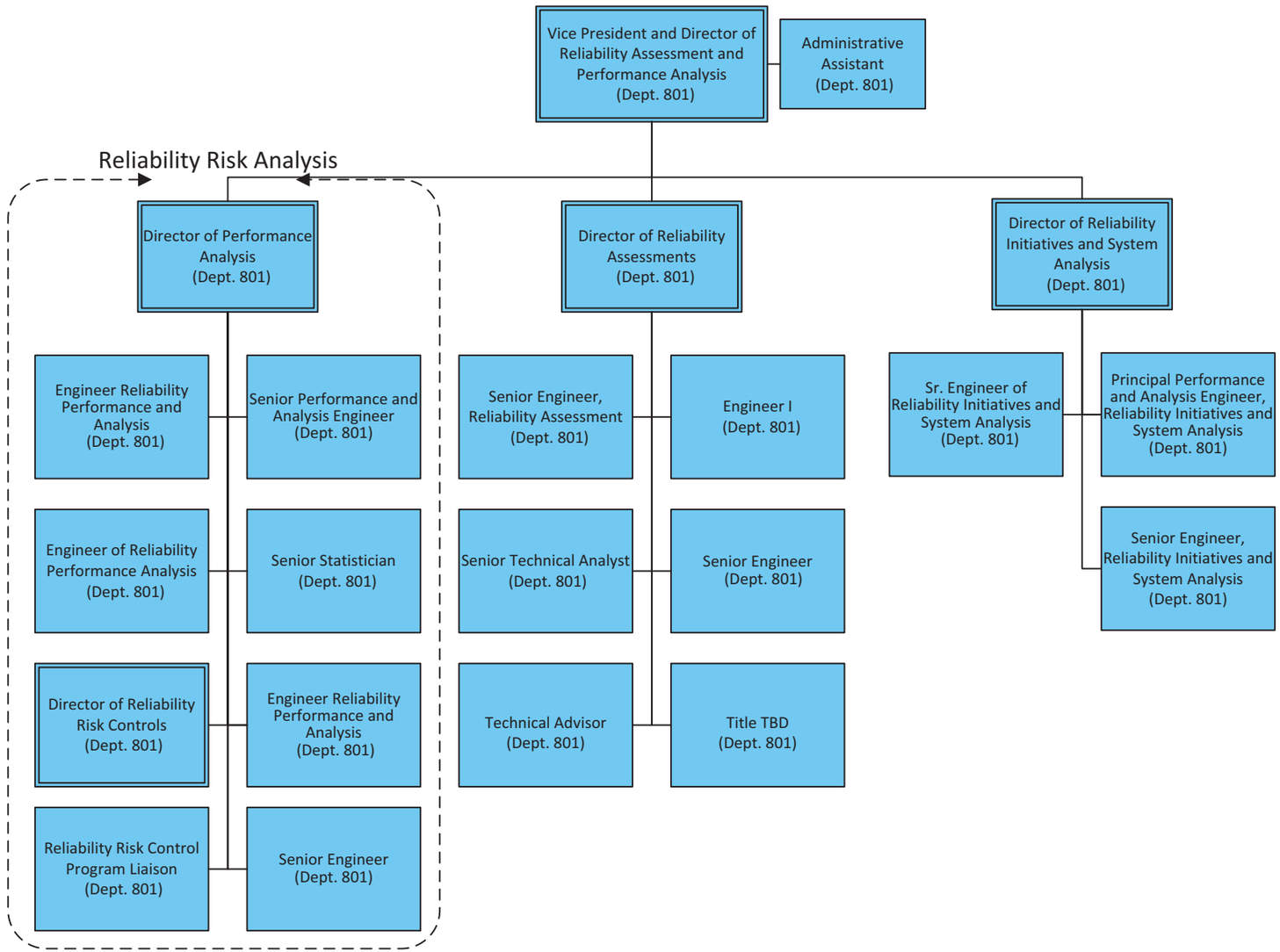
NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Compliance Enforcement 2015 (Dept. 404)



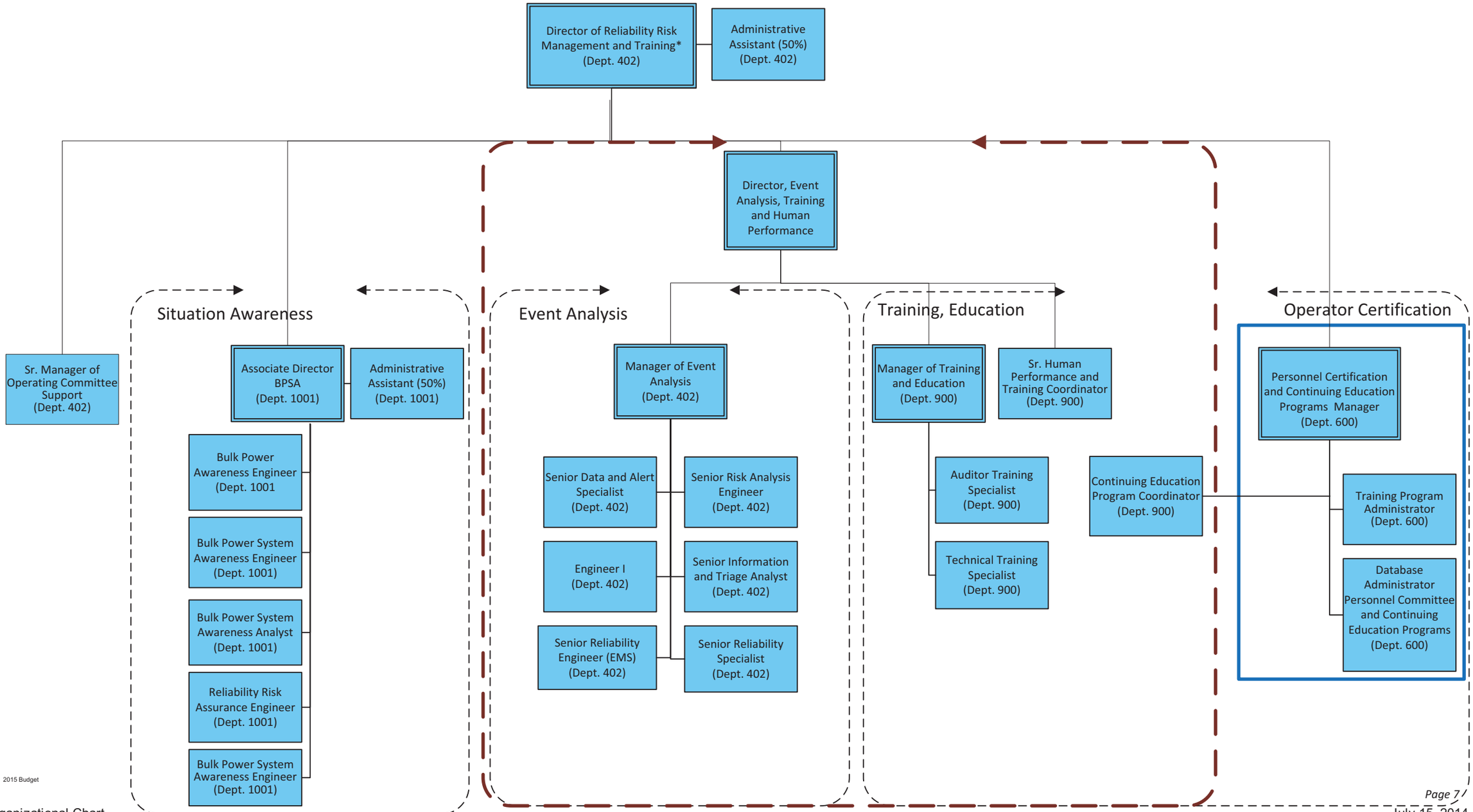
2015 Budget

Reliability Assessment and Performance Analysis 2015 (Dept. 801)



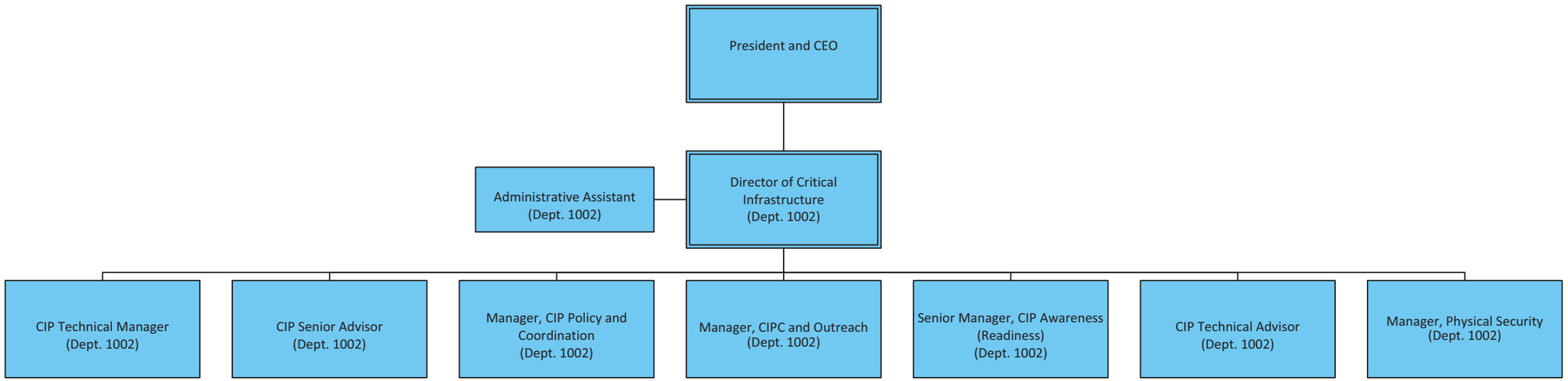
NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Reliability Risk Management 2015 (Dept. 402, 600, 900, 1001)



NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

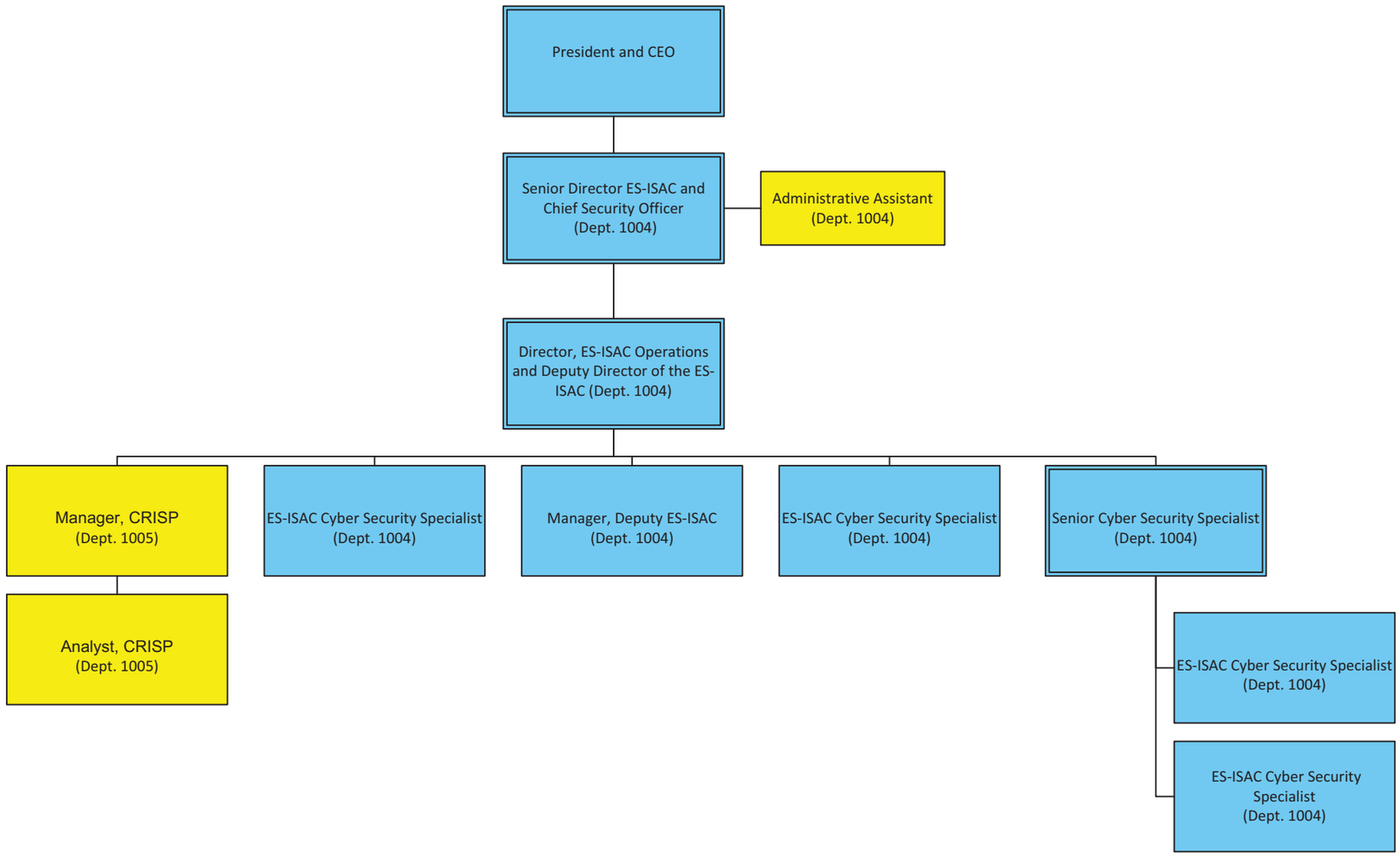
Critical Infrastructure Department 2015 (Dept. 1002)



2015 Budget

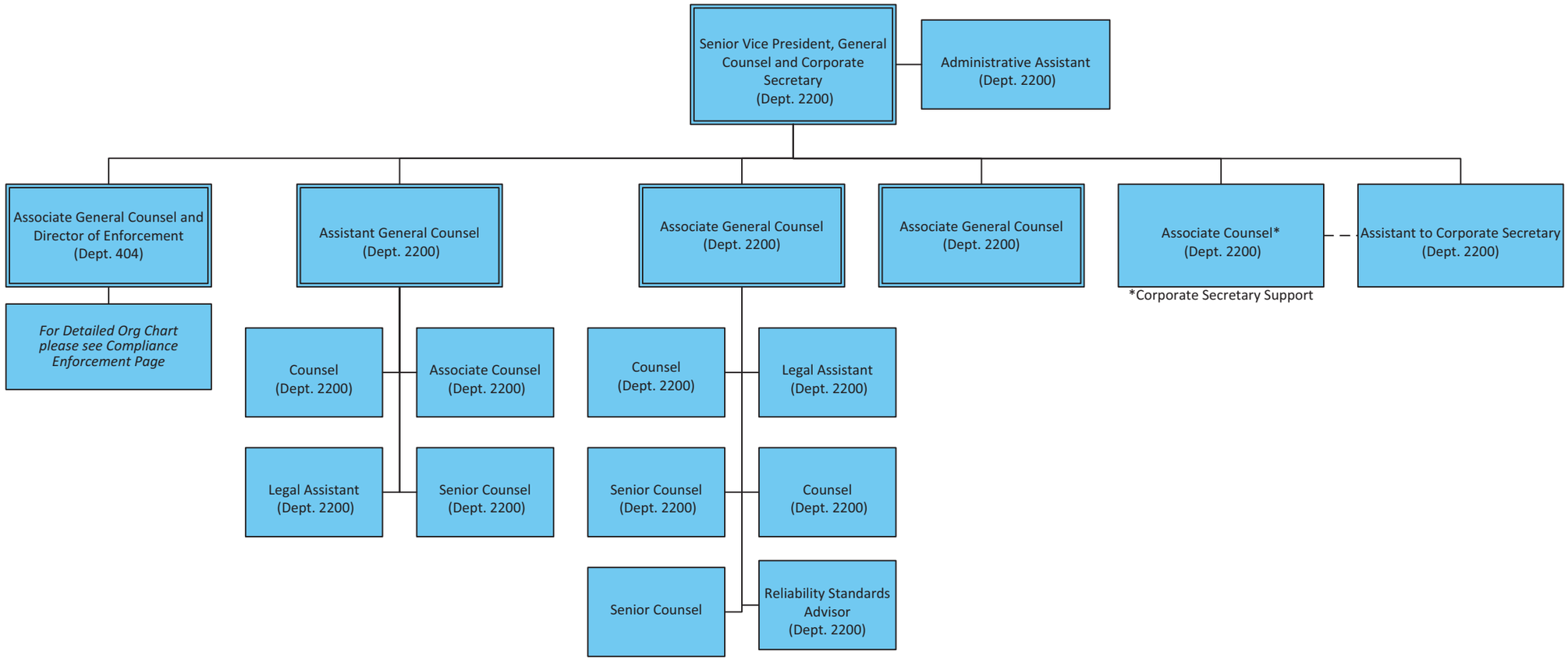
NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

ES-ISAC 2015 (Dept. 1004)



2015 Budget

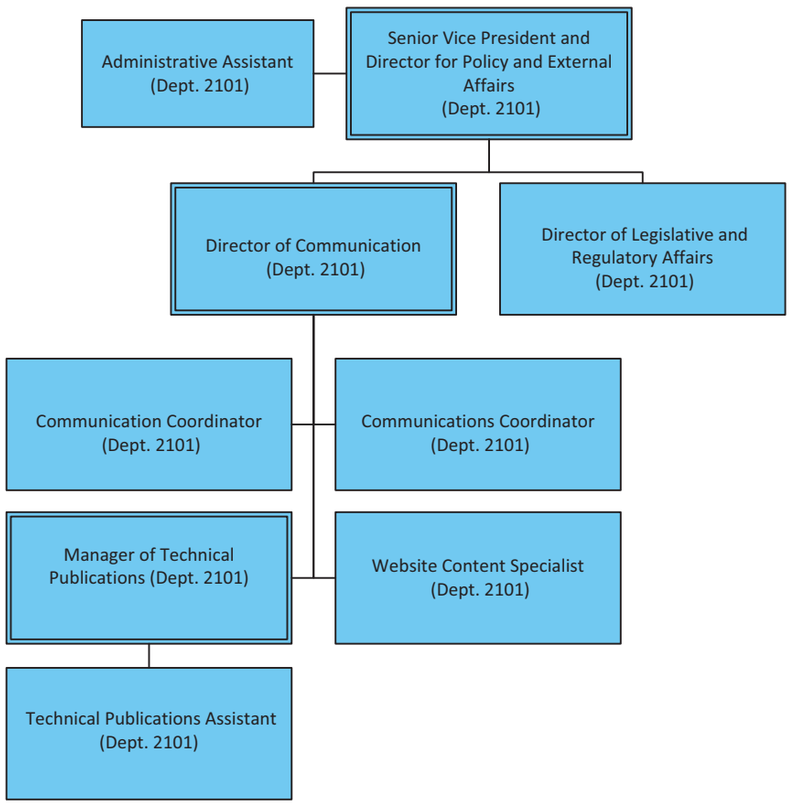
Legal and Regulatory 2015 (Dept. 2200)
Compliance Enforcement 2015 (Dept. 404)



2015 Budget

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

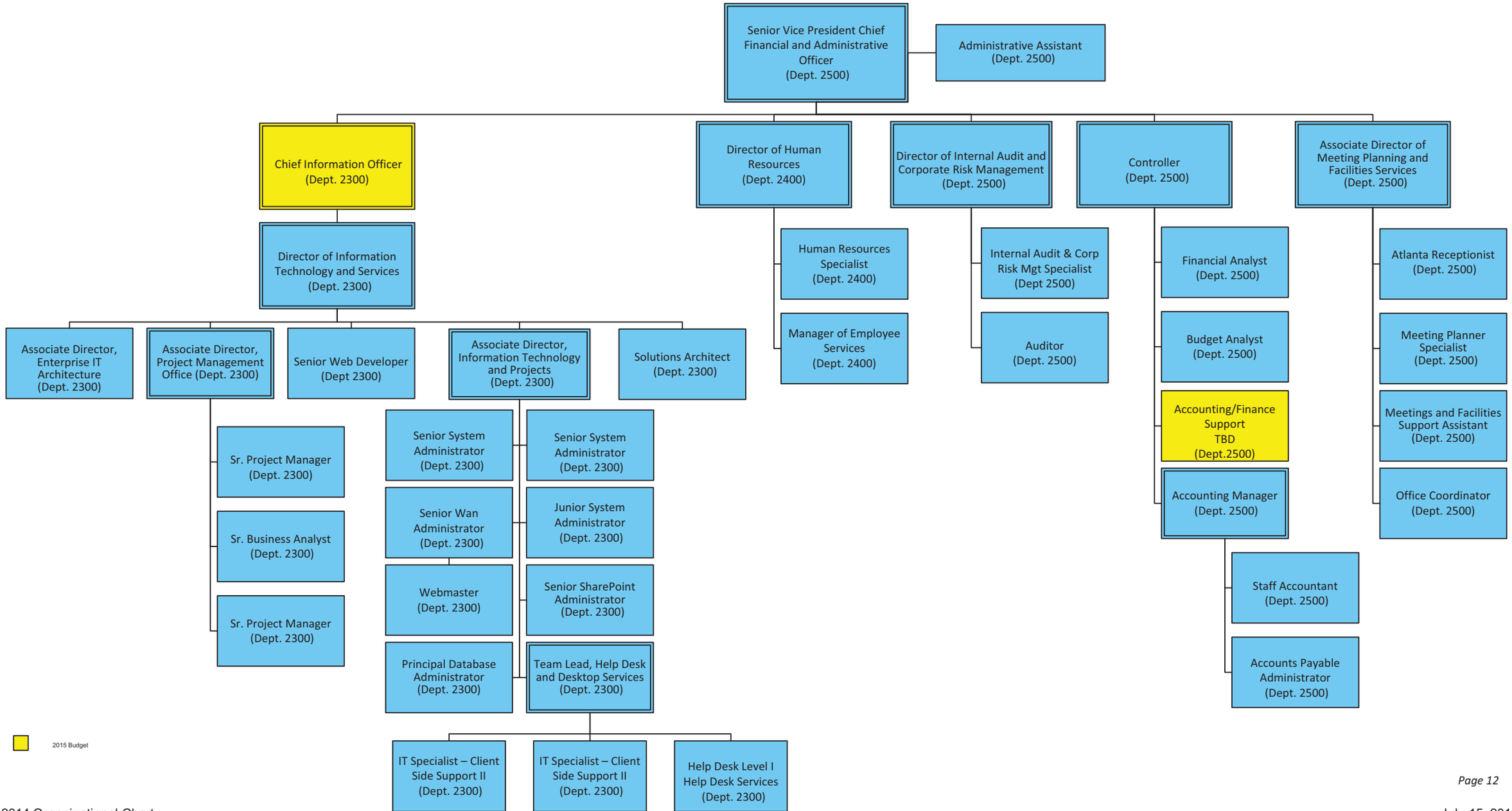
Policy and External Affairs 2015 (Dept. 2101)



2015 Budget

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Human Resources, Accounting & Finance and Information Technology 2015 (Dept. 2300, 2400, 2500)



Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	FRCC	1074	Alachua, City of	U.S.	120,437	120,437			0.054%	0.054%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	FRCC	1075	Bartow, City of	U.S.	271,500	271,500			0.123%	0.123%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	FRCC	1076	Chattahoochee, City of	U.S.	36,499	36,499			0.016%	0.016%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	719,000	719,000			0.325%	0.325%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2013	FRCC	1078	Florida Power & Light Co.	U.S.	109,491,600	109,491,600			49.476%	49.476%	0.000%	0.000%	2.436%	2.436%	0.000%	0.000%	2.764%
2013	FRCC	1079	Florida Public Utilities Company	U.S.	353,300	353,300			0.160%	0.160%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	FRCC	1080	Gainesville Regional Utilities	U.S.	1,760,000	1,760,000			0.795%	0.795%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.044%
2013	FRCC	1081	Homestead, City of	U.S.	510,000	510,000			0.230%	0.230%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2013	FRCC	1082	JEA	U.S.	11,962,000	11,962,000			5.405%	5.405%	0.000%	0.000%	0.266%	0.266%	0.000%	0.000%	0.302%
2013	FRCC	1083	Lakeland Electric	U.S.	2,919,000	2,919,000			1.319%	1.319%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2013	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	3,665,500	3,665,500			1.656%	1.656%	0.000%	0.000%	0.082%	0.082%	0.000%	0.000%	0.093%
2013	FRCC	1661	City of Lake Worth	U.S.	436,000	436,000			0.197%	0.197%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	FRCC	1084	Mount Dora, City of	U.S.	88,900	88,900			0.040%	0.040%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	386,000	386,000			0.174%	0.174%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	FRCC	1086	Orlando Utilities Commission	U.S.	5,693,500	5,693,500			2.573%	2.573%	0.000%	0.000%	0.127%	0.127%	0.000%	0.000%	0.144%
2013	FRCC	1087	Duke Energy Florida	U.S.	39,215,601	39,215,601			17.720%	17.720%	0.000%	0.000%	0.872%	0.872%	0.000%	0.000%	0.990%
2013	FRCC	1088	Quincy, City of	U.S.	136,000	136,000			0.061%	0.061%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	FRCC	1089	Reedy Creek Improvement District	U.S.	1,208,000	1,208,000			0.546%	0.546%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.030%
2013	FRCC	1090	St. Cloud, City of (OUC)	U.S.	603,000	603,000			0.272%	0.272%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2013	FRCC	1091	Tallahassee, City of	U.S.	2,684,000	2,684,000			1.213%	1.213%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2013	FRCC	1092	Tampa Electric Company	U.S.	19,177,000	19,177,000			8.665%	8.665%	0.000%	0.000%	0.427%	0.427%	0.000%	0.000%	0.484%
2013	FRCC	1603	City of Vero Beach	U.S.	739,000	739,000			0.334%	0.334%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2013	FRCC	1093	Wauchula, City of	U.S.	61,774	61,774			0.028%	0.028%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	FRCC	1094	Williston, City of	U.S.	32,000	32,000			0.014%	0.014%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	FRCC	1095	Winter Park, City of	U.S.	432,000	432,000			0.195%	0.195%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	FRCC	1072	Florida Municipal Power Agency	U.S.	5,524,000	5,524,000			2.496%	2.496%	0.000%	0.000%	0.123%	0.123%	0.000%	0.000%	0.139%
2013	FRCC	1073	Seminole Electric Cooperative	U.S.	13,077,500	13,077,500			5.909%	5.909%	0.000%	0.000%	0.291%	0.291%	0.000%	0.000%	0.330%
			TOTAL FRCC		221,303,111	221,303,111	-	-	100.000%	100.000%	0.000%	0.000%	4.923%	4.923%	0.000%	0.000%	5.586%
2013	MRO	1199	Basin Electric Power Cooperative	U.S.	14,198,724	14,198,724	-		4.909%	4.909%	0.000%	0.000%	0.316%	0.316%	0.000%	0.000%	0.358%
2013	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	2,845,657	2,845,657	-		0.984%	0.984%	0.000%	0.000%	0.063%	0.063%	0.000%	0.000%	0.072%
2013	MRO	1204	Corn Belt Power Cooperative	U.S.	2,048,324	2,048,324	-		0.708%	0.708%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.052%
2013	MRO	1207	Dairyland Power Cooperative	U.S.	5,506,600	5,506,600	-		1.904%	1.904%	0.000%	0.000%	0.123%	0.123%	0.000%	0.000%	0.139%
2013	MRO	1210	Great River Energy	U.S.	13,924,194	13,924,194	-		4.814%	4.814%	0.000%	0.000%	0.310%	0.310%	0.000%	0.000%	0.351%
2013	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	4,356,097	4,356,097	-		1.506%	1.506%	0.000%	0.000%	0.097%	0.097%	0.000%	0.000%	0.110%
2013	MRO	1230	Nebraska Public Power District	U.S.	13,628,644	13,628,644	-		4.711%	4.711%	0.000%	0.000%	0.303%	0.303%	0.000%	0.000%	0.344%
2013	MRO	1232	Omaha Public Power District	U.S.	11,453,844	11,453,844	-		3.960%	3.960%	0.000%	0.000%	0.255%	0.255%	0.000%	0.000%	0.289%
2013	MRO	1237	Southern Montana Generation and Transmission	U.S.	6,964	6,964	-		0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	MRO	1240	Western Area Power Administration (UM)	U.S.	9,040,686	9,040,686	-		3.125%	3.125%	0.000%	0.000%	0.201%	0.201%	0.000%	0.000%	0.228%
2013	MRO	1239	Western Area Power Administration (LM)	U.S.	126,885	126,885	-		0.044%	0.044%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	MRO	1217	Manitoba Hydro	CAN	23,856,518		23,856,518		8.247%	0.000%	8.247%	0.000%	0.531%	0.000%	0.531%	0.000%	0.000%
2013	MRO	1235	SaskPower	CAN	22,658,000		22,658,000		7.833%	0.000%	7.833%	0.000%	0.504%	0.000%	0.504%	0.000%	0.000%
2013	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	29,013,856	29,013,856	-		10.030%	10.030%	0.000%	0.000%	0.645%	0.645%	0.000%	0.000%	0.732%
2013	MRO	1216	Madison, Gas and Electric	U.S.	3,467,856	3,467,856	-		1.199%	1.199%	0.000%	0.000%	0.077%	0.077%	0.000%	0.000%	0.088%
2013	MRO	1220	MidAmerican Energy Company	U.S.	28,445,192	28,445,192	-		9.834%	9.834%	0.000%	0.000%	0.633%	0.633%	0.000%	0.000%	0.718%
2013	MRO	1221	Minnesota Power	U.S.	13,051,082	13,051,082	-		4.512%	4.512%	0.000%	0.000%	0.290%	0.290%	0.000%	0.000%	0.329%
2013	MRO	1226	Montana-Dakota Utilities Co.	U.S.	3,115,064	3,115,064	-		1.077%	1.077%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.079%
2013	MRO	1231	NorthWestern Energy	U.S.	1,564,096	1,564,096	-		0.541%	0.541%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.039%
2013	MRO	1233	Otter Tail Power Company	U.S.	4,588,910	4,588,910	-		1.586%	1.586%	0.000%	0.000%	0.102%	0.102%	0.000%	0.000%	0.116%
2013	MRO		Wisconsin Public Service (WPS)	U.S.	12,320,499	12,320,499	-		4.259%	4.259%	0.000%	0.000%	0.274%	0.274%	0.000%	0.000%	0.311%
2013	MRO		Upper Peninsula Power Company (UPPCO)	U.S.	822,962	822,962	-		0.285%	0.285%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2013	MRO	1244	Xcel Energy Company (NSP)	U.S.	45,155,059	45,155,059	-		15.610%	15.610%	0.000%	0.000%	1.005%	1.005%	0.000%	0.000%	1.140%
2013	MRO	1196	Ames Municipal Electric System	U.S.	772,397	772,397	-		0.267%	0.267%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2013	MRO	1604	Atlantic Municipal Utilities	U.S.	83,151	83,151			0.029%	0.029%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	403,818	403,818	-		0.140%	0.140%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	MRO	1200	Cedar Falls Municipal Utilities	U.S.	534,218	534,218	-		0.185%	0.185%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2013	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	467,024	467,024	-		0.161%	0.161%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2013	MRO	1203	City of Escanaba	U.S.	139,646	139,646	-		0.048%	0.048%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	MRO	1205	Falls City Water & Light Department	U.S.	56,969	56,969	-		0.020%	0.020%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	MRO	1206	Fremont Department of Utilities	U.S.	437,914	437,914	-		0.151%	0.151%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	MRO	1208	Geneseo Municipal Utilities	U.S.	66,522	66,522	-		0.023%	0.023%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	MRO	1209	Grand Island Utilities Department	U.S.	760,298	760,298	-		0.263%	0.263%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2013	MRO	1606	Harlan Municipal Utilities	U.S.	24,078	24,078			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	MRO	1211	Hastings Utilities	U.S.	437,707	437,707	-		0.151%	0.151%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	MRO	1212	Heartland Consumers Power District	U.S.	851,271	851,271	-		0.294%	0.294%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2013	MRO	1213	Hutchinson Utilities Commission	U.S.	289,957	289,957	-		0.100%	0.100%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	MRO	1215	Lincoln Electric System	U.S.	3,277,049	3,277,049	-		1.133%	1.133%	0.000%	0.000%	0.073%	0.073%	0.000%	0.000%	0.083%
2013	MRO	1218	Manitowoc Public Utilities	U.S.	541,613	541,613	-		0.187%	0.187%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2013	MRO	1223	Missouri River Energy Services	U.S.	2,458,959	2,458,959	-		0.850%	0.850%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2013	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	1,523,745	1,523,745	-		0.527%	0.527%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2013	MRO	1607	Montezuma Municipal Light & Power	U.S.	32,156	32,156			0.011%	0.011%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	1,177,524	1,177,524	-		0.407%	0.407%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2013	MRO	1228	Muscatine Power and Water	U.S.	874,185	874,185	-		0.302%	0.302%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2013	MRO	1229	Nebraska City Utilities	U.S.	171,711	171,711	-		0.059%	0.059%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	MRO	1234	Rochester Public Utilities	U.S.	5,381	5,381	-		0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	2,956,591	2,956,591	-		1.022%	1.022%	0.000%	0.000%	0.066%	0.066%	0.000%	0.000%	0.075%
2013	MRO	1241	Willmar Municipal Utilities	U.S.	263,089	263,089	-		0.091%	0.091%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	5,461,296	5,461,296	-		1.888%	1.888%	0.000%	0.000%	0.122%	0.122%	0.000%	0.000%	0.138%
			TOTAL MRO		289,263,982	242,749,464	46,514,518	-	100.00%	83.920%	16.080%	0.000%	6.435%	5.401%	1.035%	0.000%	6.128%
2013	NPCC	1336	New England	U.S.	129,377,000	129,377,000			19.947%	19.947%	0.000%	0.000%	2.878%	2.878%	0.000%	0.000%	3.266%
2013	NPCC	1339	New York	U.S.	163,514,000	163,514,000			25.210%	25.210%	0.000%	0.000%	3.638%	3.638%	0.000%	0.000%	4.128%
2013	NPCC	1337	Ontario	Canada	140,737,000		140,737,000		21.698%	0.000%	21.698%	0.000%	3.131%	0.000%	3.131%	0.000%	
2013	NPCC	1341	Quebec	Canada	189,722,000		189,722,000		29.251%	0.000%	29.251%	0.000%	4.221%	0.000%	4.221%	0.000%	
2013	NPCC	1338	New Brunswick	Canada	14,084,000		14,084,000		2.171%	0.000%	2.171%	0.000%	0.313%	0.000%	0.313%	0.000%	
2013	NPCC	1340	Nova Scotia	Canada	11,173,000		11,173,000		1.723%	0.000%	1.723%	0.000%	0.249%	0.000%	0.249%	0.000%	
			TOTAL NPCC		648,607,000	292,891,000	355,716,000	-	100.000%	45.157%	54.843%	0.000%	14.430%	6.516%	7.914%	0.000%	7.394%
2013	RF	1104	Bay City	U.S.	329,862	329,862			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	RF	1102	Cannelton Utilities	U.S.	16,213	16,213			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	RF	1105	City of Chelsea	U.S.	97,261	97,261			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	RF	1106	City of Croswell	U.S.	42,388	42,388			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1108	City of Eaton Rapids	U.S.	95,626	95,626			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	RF	1111	City of Hart	U.S.	48,870	48,870			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1490	City of Lansing	U.S.	2,224,945	2,224,945			0.245%	0.245%	0.000%	0.000%	0.049%	0.049%	0.000%	0.000%	0.056%
2013	RF	1112	City of Marquette Board of Light & Power	U.S.	332,934	332,934			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	RF	1114	City of Portland	U.S.	36,925	36,925			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1116	City of St. Louis	U.S.	40,348	40,348			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1118	City of Wyandotte	U.S.	219,715	219,715			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	RF	1120	Cloverland Electric Cooperative	U.S.	902,455	902,455			0.099%	0.099%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2013	RF	1122	CMS ERM Michigan LLC	U.S.	158,492	158,492			0.017%	0.017%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	RF	1124	Constellation New Energy (MECS-CONS)	U.S.	904,866	904,866			0.100%	0.100%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2013	RF	1123	Constellation New Energy (MECS-DET)	U.S.	1,093,115	1,093,115			0.120%	0.120%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.028%
2013	RF	1126	Consumers Energy Company	U.S.	32,556,015	32,556,015			3.583%	3.583%	0.000%	0.000%	0.724%	0.724%	0.000%	0.000%	0.822%
2013	RF	1128	Detroit Edison Company	U.S.	46,383,652	46,383,652			5.104%	5.104%	0.000%	0.000%	1.032%	1.032%	0.000%	0.000%	1.171%
2013	RF	1166	Duke Energy Indiana	U.S.	30,388,800	30,388,800			3.344%	3.344%	0.000%	0.000%	0.676%	0.676%	0.000%	0.000%	0.767%
2013	RF	1135	Ferdinand Municipal Light & Water	U.S.	47,529	47,529			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	687,811	687,811			0.076%	0.076%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	RF	1549	FirstEnergy Solutions (MECS-DET)	U.S.	2,382,157	2,382,157			0.262%	0.262%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%	0.060%
2013	RF	1612	Glacial Energy (MECS-DET)	U.S.	144,680	144,680			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	RF	1144	Holland Board of Public Works	U.S.	984,680	984,680			0.108%	0.108%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2013	RF	1145	Hoosier Energy	U.S.	7,319,807	7,319,807			0.806%	0.806%	0.000%	0.000%	0.163%	0.163%	0.000%	0.000%	0.185%
2013	RF	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	3,089,272	3,089,272			0.340%	0.340%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2013	RF	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	429,073	429,073			0.047%	0.047%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	RF	1486	Indiana Municipal Power Agency (SIGE)	U.S.	591,686	591,686			0.065%	0.065%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2013	RF	1149	Indianapolis Power & Light Co.	U.S.	14,785,670	14,785,670			1.627%	1.627%	0.000%	0.000%	0.329%	0.329%	0.000%	0.000%	0.373%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	RF	1553	Integrys Energy Services (MECS-CONS)	U.S.	1,025,220	1,025,220			0.113%	0.113%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2013	RF	1554	Integrys Energy Services (MECS-DET)	U.S.	579,916	579,916			0.064%	0.064%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2013	RF		Integrys Energy Services (WEPC)	U.S.	861,971	861,971			0.095%	0.095%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2013	RF	1614	Just Energy (MECS-DET)	U.S.	14,499	14,499			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	RF	1154	Michigan Public Power Agency	U.S.	1,277,731	1,277,731			0.141%	0.141%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2013	RF	1155	Michigan South Central Power Agency	U.S.	640,768	640,768			0.071%	0.071%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	RF	1158	MidAmerican Energy Company Retail	U.S.	99,497	99,497			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2013	RF	1163	Northern Indiana Public Service Co.	U.S.	17,596,567	17,596,567			1.936%	1.936%	0.000%	0.000%	0.391%	0.391%	0.000%	0.000%	0.444%
2013	RF	1164	Ontonagon County Rural Electrification Assoc.	U.S.	29,472	29,472			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1265	PJM Interconnnection, LLC	U.S.	695,629,380	695,629,380			76.550%	76.550%	0.000%	0.000%	15.476%	15.476%	0.000%	0.000%	17.560%
2013	RF	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	677,352	677,352			0.075%	0.075%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	RF	1171	Sempra Energy Solutions (MECS-DET)	U.S.	711,714	711,714			0.078%	0.078%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2013	RF	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	12,917	12,917			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	RF	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	372,127	372,127			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	RF	1581	Spartan Renewable Energy	U.S.	67,754	67,754			0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	RF	1180	Thumb Electric Cooperative	U.S.	180,729	180,729			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	RF	1662	Ohio Valley Electric Corporation	U.S.	644,612	644,612			0.071%	0.071%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	RF	1181	Vectren Energy Delivery of IN	U.S.	5,759,508	5,759,508			0.634%	0.634%	0.000%	0.000%	0.128%	0.128%	0.000%	0.000%	0.145%
2013	RF	1183	Village of Sebewaing	U.S.	44,183	44,183			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	RF	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	2,801,698	2,801,698			0.308%	0.308%	0.000%	0.000%	0.062%	0.062%	0.000%	0.000%	0.071%
2013	RF	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	1,688,010	1,688,010			0.186%	0.186%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2013	RF	1185	Wisconsin Electric Power Co.	U.S.	28,121,962	28,121,962			3.095%	3.095%	0.000%	0.000%	0.626%	0.626%	0.000%	0.000%	0.710%
2013	RF	1189	Wolverine Power Marketing Cooperative	U.S.	758,098	758,098			0.083%	0.083%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2013	RF	1191	Wolverine Power Supply Cooperative	U.S.	2,658,358	2,658,358			0.293%	0.293%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2013	RF	1190	Wolverine Power Marketing Cooperative	U.S.	137,689	137,689			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
			TOTAL RELIABILITYFIRST		908,726,579	908,726,579	-	-	100.000%	100.000%	0.000%	0.000%	20.217%	20.217%	0.000%	0.000%	22.939%
2013	SERC	1267	Alabama Municipal Electric Authority	U.S.	3,409,691	3,409,691			0.338%	0.338%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2013	SERC	1268	Alabama Power Company	U.S.	59,203,484	59,203,484			5.867%	5.867%	0.000%	0.000%	1.317%	1.317%	0.000%	0.000%	1.494%
2013	SERC	1269	Ameren - Illinois	U.S.	42,979,000	42,979,000			4.259%	4.259%	0.000%	0.000%	0.956%	0.956%	0.000%	0.000%	1.085%
2013	SERC	1271	Ameren - Missouri	U.S.	41,936,000	41,936,000			4.156%	4.156%	0.000%	0.000%	0.933%	0.933%	0.000%	0.000%	1.059%
2013	SERC	1272	APGI - Yadkin Division	U.S.	27,551	27,551			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	316,134	316,134			0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SERC	1273	Associated Electric Cooperative Inc.	U.S.	19,364,701	19,364,701			1.919%	1.919%	0.000%	0.000%	0.431%	0.431%	0.000%	0.000%	0.489%
2013	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	1,117,856	1,117,856			0.111%	0.111%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.028%
2013	SERC	1462	Benton Utility District	U.S.	272,291	272,291			0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	SERC	1274	Big Rivers Electric Corporation	U.S.	3,824,402	3,824,402			0.379%	0.379%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%	0.097%
2013	SERC	1275	Black Warrior EMC	U.S.	438,860	438,860			0.043%	0.043%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	SERC	1276	Blue Ridge EMC	U.S.	1,403,674	1,403,674			0.139%	0.139%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2013	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	430,513	430,513			0.043%	0.043%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	SERC	1463	Canton, MS	U.S.	121,271	121,271			0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	15,306,864	15,306,864			1.517%	1.517%	0.000%	0.000%	0.341%	0.341%	0.000%	0.000%	0.386%
2013	SERC		Century Aluminum - Hawesville	U.S.	4,271,731	4,271,731			0.423%	0.423%	0.000%	0.000%	0.095%	0.095%	0.000%	0.000%	0.108%
2013	SERC		Century Aluminum - Sebree	U.S.	3,252,188	3,252,188			0.322%	0.322%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2013	SERC	1278	City of Blountstown FL	U.S.	38,099	38,099			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1279	City of Camden SC	U.S.	188,872	188,872			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	SERC	1280	City of Collins MS	U.S.	49,787	49,787			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1281	City of Columbia MO	U.S.	1,188,481	1,188,481			0.118%	0.118%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2013	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	1,035,034	1,035,034			0.103%	0.103%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2013	SERC	1284	City of Evergreen AL	U.S.	58,711	58,711			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1285	City of Hampton GA	U.S.	23,585	23,585			0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1286	City of Hartford AL	U.S.	33,453	33,453			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	617,149	617,149			0.061%	0.061%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	SERC	1288	City of North Little Rock AR (DENL)	U.S.	958,745	958,745			0.095%	0.095%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2013	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	836,257	836,257			0.083%	0.083%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2013	SERC	1290	City of Robertsdale AL	U.S.	84,101	84,101			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SERC	1291	City of Ruston LA (DERS)	U.S.	296,978	296,978			0.029%	0.029%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2013	SERC	1292	City of Seneca SC	U.S.	159,906	159,906			0.016%	0.016%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	SERC	1115	City of Springfield (CWLP)	U.S.	1,808,586	1,808,586			0.179%	0.179%	0.000%	0.000%	0.040%	0.040%	0.000%	0.000%	0.046%
2013	SERC	1465	City of Thayer, MO	U.S.	23,197	23,197			0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1293	City of Troy AL	U.S.	427,446	427,446			0.042%	0.042%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	400,561	400,561			0.040%	0.040%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	671,322	671,322			0.067%	0.067%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	264,319	264,319			0.026%	0.026%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	SERC	1283	Dalton Utilities	U.S.	1,585,498	1,585,498			0.157%	0.157%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%
2013	SERC	1585	Dixie Electric Membership Corporation	U.S.	2,271,088	2,271,088			0.225%	0.225%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.057%
2013	SERC	1295	Dominion Virginia Power	U.S.	85,837,830	85,837,830			8.507%	8.507%	0.000%	0.000%	1.910%	1.910%	0.000%	0.000%	2.167%
2013	SERC	1296	Duke Energy Carolinas, LLC	U.S.	77,613,182	77,613,182			7.692%	7.692%	0.000%	0.000%	1.727%	1.727%	0.000%	0.000%	1.959%
2013	SERC	1466	Durant, MS	U.S.	26,044	26,044			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1478	LG&E and KU Services Company as agent for LG&E Company and KUCompany	U.S.	35,041,560	35,041,560			3.473%	3.473%	0.000%	0.000%	0.780%	0.780%	0.000%	0.000%	0.885%
2013	SERC	1297	East Kentucky Power Cooperative	U.S.	13,342,933	13,342,933			1.322%	1.322%	0.000%	0.000%	0.297%	0.297%	0.000%	0.000%	0.337%
2013	SERC	1298	East Mississippi Electric Power Association	U.S.	466,364	466,364			0.046%	0.046%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2013	SERC		Electricities of North Carolina Inc	U.S.	11,455,231	11,455,231			1.135%	1.135%	0.000%	0.000%	0.255%	0.255%	0.000%	0.000%	0.289%
2013	SERC	1300	EnergyUnited EMC	U.S.	2,561,495	2,561,495			0.254%	0.254%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2013	SERC	1301	Entergy	U.S.	110,500,922	110,500,922			10.951%	10.951%	0.000%	0.000%	2.458%	2.458%	0.000%	0.000%	2.789%
2013	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	2,148,077	2,148,077			0.213%	0.213%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2013	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	317,976	317,976			0.032%	0.032%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SERC	1304	French Broad EMC	U.S.	532,169	532,169			0.053%	0.053%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2013	SERC	1305	Georgia Power Company	U.S.	86,177,237	86,177,237			8.540%	8.540%	0.000%	0.000%	1.917%	1.917%	0.000%	0.000%	2.175%
2013	SERC	1306	Georgia System Optns Corporation	U.S.	37,429,348	37,429,348			3.709%	3.709%	0.000%	0.000%	0.833%	0.833%	0.000%	0.000%	0.945%
2013	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	291,567	291,567			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	315,927	315,927			0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SERC	1308	Gulf Power Company	U.S.	11,507,385	11,507,385			1.140%	1.140%	0.000%	0.000%	0.256%	0.256%	0.000%	0.000%	0.290%
2013	SERC	1586	Haywood EMC	U.S.	311,308	311,308			0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SERC	1309	Illinois Municipal Electric Agency	U.S.	1,928,400	1,928,400			0.191%	0.191%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2013	SERC	1480	Itta Bena, MS	U.S.	14,366	14,366			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	290,781	290,781			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	SERC	1617	Kentucky Municipal Power	U.S.	718,786	718,786			0.071%	0.071%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2013	SERC	1481	Kosciusko, MS	U.S.	69,929	69,929			0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SERC	1482	Leland, MS	U.S.	30,580	30,580			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1313	McCormick Commission of Public Works	U.S.	15,926	15,926			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	SERC	1314	Mississippi Power Company	U.S.	10,629,207	10,629,207			1.053%	1.053%	0.000%	0.000%	0.236%	0.236%	0.000%	0.000%	0.268%
2013	SERC	1630	Mt. Carmel Public Utility	U.S.	95,851	95,851			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SERC	1315	Municipal Electric Authority of Georgia	U.S.	10,667,071	10,667,071			1.057%	1.057%	0.000%	0.000%	0.237%	0.237%	0.000%	0.000%	0.269%
2013	SERC	1316	N.C. Electric Membership Corp.	U.S.	12,300,719	12,300,719			1.219%	1.219%	0.000%	0.000%	0.274%	0.274%	0.000%	0.000%	0.311%
2013	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	315,718	315,718			0.031%	0.031%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SERC	1574	Northern Virginia Electric Cooperative	U.S.	4,009,193	4,009,193			0.397%	0.397%	0.000%	0.000%	0.089%	0.089%	0.000%	0.000%	0.101%
2013	SERC	1319	Old Dominion Electric Cooperative	U.S.	5,883,258	5,883,258			0.583%	0.583%	0.000%	0.000%	0.131%	0.131%	0.000%	0.000%	0.149%
2013	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	185,449	185,449			0.018%	0.018%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	902,070	902,070			0.089%	0.089%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2013	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	507,378	507,378			0.050%	0.050%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2013	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	2,226,981	2,226,981			0.221%	0.221%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.056%
2013	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	271,727	271,727			0.027%	0.027%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	SERC	1266	PowerSouth Energy	U.S.	8,394,912	8,394,912			0.832%	0.832%	0.000%	0.000%	0.187%	0.187%	0.000%	0.000%	0.212%
2013	SERC	1330	Prairie Power, Inc.	U.S.	1,587,723	1,587,723			0.157%	0.157%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%
2013	SERC	1324	Progress Energy Carolinas	U.S.	45,597,000	45,597,000			4.519%	4.519%	0.000%	0.000%	1.014%	1.014%	0.000%	0.000%	1.151%
2013	SERC	1325	Rutherford EMC	U.S.	1,330,129	1,330,129			0.132%	0.132%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2013	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	1,789,204	1,789,204			0.177%	0.177%	0.000%	0.000%	0.040%	0.040%	0.000%	0.000%	0.045%
2013	SERC	1326	South Carolina Electric & Gas Company	U.S.	22,493,515	22,493,515			2.229%	2.229%	0.000%	0.000%	0.500%	0.500%	0.000%	0.000%	0.568%
2013	SERC	1327	South Carolina Public Service Authority	U.S.	11,134,017	11,134,017			1.103%	1.103%	0.000%	0.000%	0.248%	0.248%	0.000%	0.000%	0.281%
2013	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	631,016	631,016			0.063%	0.063%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	SERC	1328	South Mississippi Electric Power Association	U.S.	10,355,847	10,355,847			1.026%	1.026%	0.000%	0.000%	0.230%	0.230%	0.000%	0.000%	0.261%
2013	SERC	1329	Southern Illinois Power Cooperative	U.S.	1,547,015	1,547,015			0.153%	0.153%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.039%
2013	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	2,657,052	2,657,052			0.263%	0.263%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2013	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	425,036	425,036			0.042%	0.042%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2013	SERC	1331	Tennessee Valley Authority	U.S.	161,755,649	161,755,649			16.030%	16.030%	0.000%	0.000%	3.599%	3.599%	0.000%	0.000%	4.083%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	208,435	208,435			0.021%	0.021%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2013	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	132,281	132,281			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	SERC	1594	Town of Sharpsburg, N.C.	U.S.	19,830	19,830			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	SERC	1595	Town of Stantonsburg, N.C. JRO	U.S.	77,300	77,300			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SERC	1333	Town of Waynesville NC	U.S.	91,000	91,000			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SERC	1334	Town of Winnsboro SC	U.S.	55,421	55,421			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1335	Town of Winterville NC	U.S.	54,348	54,348			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	1,086,428	1,086,428			0.108%	0.108%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
			TOTAL SERC		1,009,060,489	1,009,060,489	-	-	100.000%	100.000%	0.000%	0.000%	22.449%	22.449%	0.000%	0.000%	25.472%
2013	SPP	1246	American Electric Power	U.S.	36,992,312	36,992,312			17.074%	17.074%	0.000%	0.000%	0.823%	0.823%	0.000%	0.000%	0.934%
2013	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	5,133,268	5,133,268			2.369%	2.369%	0.000%	0.000%	0.114%	0.114%	0.000%	0.000%	0.130%
2013	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	2,365,471	2,365,471			1.092%	1.092%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%	0.060%
2013	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	941,518	941,518			0.435%	0.435%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2013	SPP	1647	Carthage City Water & Light	U.S.	322,822	322,822			0.149%	0.149%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SPP	1469	Central Valley Electric Cooperative	U.S.	848,423	848,423			0.392%	0.392%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2013	SPP	1556	City of Bentonville	U.S.	646,929	646,929			0.299%	0.299%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	SPP	1557	City of Clarksdale, Mississippi	U.S.	163,899	163,899			0.076%	0.076%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	SPP	1558	Hope Water & Light (HWL)	U.S.	299,830	299,830			0.138%	0.138%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	SPP	1559	City of Minden	U.S.	161,831	161,831			0.075%	0.075%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	SPP	1635	The City of Osage City	U.S.	36,227	36,227			0.017%	0.017%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SPP	1636	City of Prescott	U.S.	88,179	88,179			0.041%	0.041%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	1,070,657	1,070,657			0.494%	0.494%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2013	SPP	1436	City Utilities of Springfield, MO	U.S.	3,183,351	3,183,351			1.469%	1.469%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.080%
2013	SPP	1249	Cleco Power LLC	U.S.	11,826,507	11,826,507			5.459%	5.459%	0.000%	0.000%	0.263%	0.263%	0.000%	0.000%	0.299%
2013	SPP	1437	East Texas Electric Coop, Inc.	U.S.	419,870	419,870			0.194%	0.194%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2013	SPP	1250	The Empire District Electric Company	U.S.	5,314,638	5,314,638			2.453%	2.453%	0.000%	0.000%	0.118%	0.118%	0.000%	0.000%	0.134%
2013	SPP	1470	Farmers' Electric Coop	U.S.	441,138	441,138			0.204%	0.204%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	SPP	1438	Golden Spread Electric Coop	U.S.	5,758,253	5,758,253			2.658%	2.658%	0.000%	0.000%	0.128%	0.128%	0.000%	0.000%	0.145%
2013	SPP	1251	Grand River Dam Authority	U.S.	4,887,388	4,887,388			2.256%	2.256%	0.000%	0.000%	0.109%	0.109%	0.000%	0.000%	0.123%
2013	SPP	1648	Jonesboro City Water & Light	U.S.	1,319,614	1,319,614			0.609%	0.609%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2013	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	15,799,704	15,799,704			7.293%	7.293%	0.000%	0.000%	0.352%	0.352%	0.000%	0.000%	0.399%
2013	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	2,230,757	2,230,757			1.030%	1.030%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.056%
2013	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	402,837	402,837			0.186%	0.186%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	SPP	1637	Kansas Power Pool	U.S.	1,535,998	1,535,998			0.709%	0.709%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.039%
2013	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	163,613	163,613			0.076%	0.076%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	SPP	1649	Kennett Board of Public Works	U.S.	170,169	170,169			0.079%	0.079%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	8,821,370	8,821,370			4.072%	4.072%	0.000%	0.000%	0.196%	0.196%	0.000%	0.000%	0.223%
2013	SPP	1471	Lafayette Utilities System	U.S.	2,100,204	2,100,204			0.969%	0.969%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.053%
2013	SPP	1472	Lea County Electric Coop	U.S.	1,295,858	1,295,858			0.598%	0.598%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2013	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	1,027,670	1,027,670			0.474%	0.474%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2013	SPP	1650	Malden Board of Public Works	U.S.	51,374	51,374			0.024%	0.024%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SPP	1441	Midwest Energy Inc.	U.S.	1,847,501	1,847,501			0.853%	0.853%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.047%
2013	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	2,593,744	2,593,744			1.197%	1.197%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.065%
2013	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	56,433	56,433			0.026%	0.026%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	3,296,126	3,296,126			1.521%	1.521%	0.000%	0.000%	0.073%	0.073%	0.000%	0.000%	0.083%
2013	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	28,869,838	28,869,838			13.325%	13.325%	0.000%	0.000%	0.642%	0.642%	0.000%	0.000%	0.729%
2013	SPP	1444	Oklahoma Municipal Power Auth	U.S.	2,743,902	2,743,902			1.266%	1.266%	0.000%	0.000%	0.061%	0.061%	0.000%	0.000%	0.069%
2013	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	212,558	212,558			0.098%	0.098%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2013	SPP	1651	Paragould Light, Water & Cable	U.S.	595,470	595,470			0.275%	0.275%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2013	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	41,912	41,912			0.019%	0.019%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	390,226	390,226			0.180%	0.180%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	124,607	124,607			0.058%	0.058%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	SPP	1473	Roosevelt County Electric Coop	U.S.	194,865	194,865			0.090%	0.090%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	406,682	406,682			0.188%	0.188%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	20,275,550	20,275,550			9.358%	9.358%	0.000%	0.000%	0.451%	0.451%	0.000%	0.000%	0.512%
2013	SPP	1256	Sunflower Electric Power Cooperative	U.S.	5,261,278	5,261,278			2.428%	2.428%	0.000%	0.000%	0.117%	0.117%	0.000%	0.000%	0.133%
2013	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	518,562	518,562			0.239%	0.239%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	SPP	1475	Tri County Electric Coop	U.S.	408,044	408,044			0.188%	0.188%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	SPP	1260	Westar Energy, Inc.	U.S.	21,518,819	21,518,819			9.932%	9.932%	0.000%	0.000%	0.479%	0.479%	0.000%	0.000%	0.543%
2013	SPP	1259	Western Farmers Electric Cooperative	U.S.	8,593,524	8,593,524			3.966%	3.966%	0.000%	0.000%	0.191%	0.191%	0.000%	0.000%	0.217%
2013	SPP	1501	West Texas Municipal Power Agency	U.S.	2,884,669	2,884,669			1.331%	1.331%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.073%
			TOTAL SPP		216,655,989	216,655,989	-	-	100.000%	100.000%	0.000%	0.000%	4.820%	4.820%	0.000%	0.000%	5.469%
2011	TRE	1019	ERCOT	U.S.	332,698,379	332,698,379			100.000%	100.000%	0.000%	0.000%	7.402%	7.402%	0.000%	0.000%	8.398%
					332,698,379	332,698,379	-	-	100.000%	100.000%	0.000%	0.000%	7.402%	7.402%	0.000%	0.000%	8.398%
2013	WECC		Alberta Electric System Operator	Canada	60,582,433		60,582,433		6.975%	0.000%	6.975%	0.000%	1.348%	0.000%	1.348%	0.000%	0.000%
2013	WECC		British Columbia Hydro & Power Authority	Canada	59,004,439		59,004,439		6.793%	0.000%	6.793%	0.000%	1.313%	0.000%	1.313%	0.000%	0.000%
2013	WECC		Comision Federal de Electricidad	Mexico	11,614,895			11,614,895	1.337%	0.000%	0.000%	1.337%	0.258%	0.000%	0.000%	0.258%	0.000%
2013	WECC		Aguila Irrigation District - APS	U.S.	31,010	31,010			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Aha Macav Power Service	U.S.	25,289	25,289			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Ajo Improvement District	U.S.	13,734	13,734			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Ak-Chin	U.S.	38,775	38,775			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Alcoa Inc	U.S.	3,458,150	3,458,150			0.398%	0.398%	0.000%	0.000%	0.077%	0.077%	0.000%	0.000%	0.087%
2013	WECC		Arizona Public Service Company	U.S.	29,805,265	29,805,265			3.432%	3.432%	0.000%	0.000%	0.663%	0.663%	0.000%	0.000%	0.752%
2013	WECC		Arkansas River Power Authority (ARPA)	U.S.	235,150	235,150			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Avista Corporation	U.S.	59,292	59,292			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Avista Corporation	U.S.	9,576,506	9,576,506			1.103%	1.103%	0.000%	0.000%	0.213%	0.213%	0.000%	0.000%	0.242%
2013	WECC		Barrick Goldstrike Mines Inc.	U.S.	1,179,964	1,179,964			0.136%	0.136%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2013	WECC		Basin Electric Power Cooperative	U.S.	59,554	59,554			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		Basin Electric Power Cooperative	U.S.	3,056,832	3,056,832			0.352%	0.352%	0.000%	0.000%	0.068%	0.068%	0.000%	0.000%	0.077%
2013	WECC		Benton REA	U.S.	551,563	551,563			0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	139,523	139,523			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	360,754	360,754			0.042%	0.042%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Blachly-Lane Electric Cooperative	U.S.	173,759	173,759			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	WECC		Black Hills Power	U.S.	1,927,008	1,927,008			0.222%	0.222%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2013	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	2,953,785	2,953,785			0.340%	0.340%	0.000%	0.000%	0.066%	0.066%	0.000%	0.000%	0.075%
2013	WECC		Black Hills State University South Dakota	U.S.	19,749	19,749			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Bonneville Power Administration	U.S.	6,817	6,817			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Bonneville Power Administration	U.S.	13,511	13,511			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Bonneville Power Administration	U.S.	779,199	779,199			0.090%	0.090%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2013	WECC		Bonneville Power Administration	U.S.	1,864,618	1,864,618			0.215%	0.215%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.047%
2013	WECC		Bonneville Power Administration	U.S.	3,834,849	3,834,849			0.442%	0.442%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%	0.097%
2013	WECC		BPA - Big Bend/Schrag Load	U.S.	37,344	37,344			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		BPA - Kittitas Load	U.S.	7,375	7,375			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		BPA - USBR Load	U.S.	131,805	131,805			0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	19,821	19,821			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	766	766			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	6,499	6,499			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Burlington	U.S.	36,727	36,727			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		California Independent System Operator	U.S.	232,339,960	232,339,960			26.750%	26.750%	0.000%	0.000%	5.169%	5.169%	0.000%	0.000%	5.865%
2013	WECC		Canby Public Utility Board	U.S.	181,172	181,172			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		Central Arizona Water Conservation District	U.S.	2,632,527	2,632,527			0.303%	0.303%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.066%
2013	WECC		Central Electric Cooperative	U.S.	609,107	609,107			0.070%	0.070%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2013	WECC		Central Lincoln PUD	U.S.	1,350,692	1,350,692			0.156%	0.156%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2013	WECC		Central Montana Electric Power Cooperative	U.S.	63,810	63,810			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		Central Montana Electric Power Cooperative	U.S.	317,843	317,843			0.037%	0.037%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		City of Aztec Electric Dept	U.S.	39,751	39,751			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of Bandon	U.S.	67,365	67,365			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		City of Blaine	U.S.	78,248	78,248			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		City of Bonners Ferry	U.S.	72,517	72,517			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		City of Cascade Locks	U.S.	19,641	19,641			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		City of Centralia	U.S.	270,593	270,593			0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		City of Cheney	U.S.	149,356	149,356			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	WECC		City of Chewelah	U.S.	23,809	23,809			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	WECC		City of Drain	U.S.	16,847	16,847			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		City of Ellensburg	U.S.	207,748	207,748			0.024%	0.024%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2013	WECC		City of Fallon	U.S.	37,292	37,292			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of Farmington	U.S.	1,025,393	1,025,393			0.118%	0.118%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2013	WECC		City of Forest Grove	U.S.	256,440	256,440			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2013	WECC		City of Gallup	U.S.	189,880	189,880			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		City of Henderson	U.S.	42,834	42,834			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	111,146	111,146			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2013	WECC		City of Las Vegas	U.S.	41,831	41,831			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of McCleary	U.S.	31,415	31,415			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of McMinnville	U.S.	770,559	770,559			0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2013	WECC		City of Mesa	U.S.	261,581	261,581			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		City of Milton	U.S.	60,532	60,532			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		City of Milton-Freewater	U.S.	113,514	113,514			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		City of Monmouth	U.S.	74,430	74,430			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		City of Needles	U.S.	30,990	30,990			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of North Las Vegas	U.S.	4,639	4,639			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		City of Page	U.S.	92,251	92,251			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		City of Plummer	U.S.	35,994	35,994			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of Port Angeles	U.S.	732,324	732,324			0.084%	0.084%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2013	WECC		City of Redding	U.S.	799,829	799,829			0.092%	0.092%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.020%
2013	WECC		City of Richland	U.S.	894,506	894,506			0.103%	0.103%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2013	WECC		City of Roseville	U.S.	1,235,079	1,235,079			0.142%	0.142%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2013	WECC		City of Shasta Lake	U.S.	193,187	193,187			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		City of Sumas	U.S.	31,016	31,016			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	310	310			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	5,010,435	5,010,435			0.577%	0.577%	0.000%	0.000%	0.111%	0.111%	0.000%	0.000%	0.126%
2013	WECC		City of Troy	U.S.	17,559	17,559			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		City of Williams	U.S.	39,158	39,158			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Clark County Water Resources	U.S.	77,436	77,436			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Clark Public Utilities	U.S.	4,487,612	4,487,612			0.517%	0.517%	0.000%	0.000%	0.100%	0.100%	0.000%	0.000%	0.113%
2013	WECC		Clatskanie PUD	U.S.	943,244	943,244			0.109%	0.109%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2013	WECC		Clearwater Cooperative, Inc	U.S.	39,974	39,974			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Clearwater Cooperative, Inc	U.S.	170,714	170,714			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	WECC		Colorado River Commission of Nevada	U.S.	872,387	872,387			0.100%	0.100%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2013	WECC		Colorado Springs Utilities	U.S.	61,174	61,174			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		Colorado Springs Utilities	U.S.	4,662,507	4,662,507			0.537%	0.537%	0.000%	0.000%	0.104%	0.104%	0.000%	0.000%	0.118%
2013	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	113,365	113,365			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		Columbia Falls Aluminum Company	U.S.	4,579	4,579			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Columbia Power Cooperative Association	U.S.	22,379	22,379			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	WECC		Columbia River PUD	U.S.	171,325	171,325			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	WECC		Columbia River PUD	U.S.	311,215	311,215			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		Columbia Rural Electric Association (REA)	U.S.	333,263	333,263			0.038%	0.038%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		Consolidated Irrigation District No. 19	U.S.	6,224	6,224			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Consumers Power, Inc.	U.S.	430,981	430,981			0.050%	0.050%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2013	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	355,309	355,309			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Deseret Generation & Transmission Cooperative	U.S.	144,583	144,583			0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	WECC		Douglas Electric Cooperative, Inc.	U.S.	96,240	96,240			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	19,291	19,291			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		El Paso Electric Company	U.S.	8,354,189	8,354,189			0.962%	0.962%	0.000%	0.000%	0.186%	0.186%	0.000%	0.000%	0.211%
2013	WECC		Electrical District #2	U.S.	179,643	179,643			0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	9,195	9,195			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	2,493	2,493			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	47,058	47,058			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	276,912	276,912			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Electrical Districts 1 & 3	U.S.	578,995	578,995			0.067%	0.067%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2013	WECC		Elmhurst Mutual Power & Light Company	U.S.	279,749	279,749			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Emerald PUD	U.S.	518,509	518,509			0.060%	0.060%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	WECC		Energy Northwest	U.S.	36,570	36,570			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Eugene Water & Electric Board	U.S.	2,495,053	2,495,053			0.287%	0.287%	0.000%	0.000%	0.056%	0.056%	0.000%	0.000%	0.063%
2013	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	28	28			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Flathead Electric Cooperative, Inc	U.S.	1,513,536	1,513,536			0.174%	0.174%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2013	WECC		Frederickson Power LP	U.S.	3,437	3,437			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Grand Valley Power	U.S.	245,738	245,738			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	90,674	90,674			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	98,753	98,753			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Harquahala Valley Power Districts - APS	U.S.	79,282	79,282			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Hermiston Power LLC	U.S.	1,953	1,953			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Holy Cross Energy	U.S.	1,218,703	1,218,703			0.140%	0.140%	0.000%	0.000%	0.027%	0.027%	0.000%	0.000%	0.031%
2013	WECC		Hood River Electric Cooperative	U.S.	44,095	44,095			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	59,313	59,313			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Idaho Power Company	U.S.	16,340,718	16,340,718			1.881%	1.881%	0.000%	0.000%	0.364%	0.364%	0.000%	0.000%	0.412%
2013	WECC		Imperial Irrigation District	U.S.	3,661,545	3,661,545			0.422%	0.422%	0.000%	0.000%	0.081%	0.081%	0.000%	0.000%	0.092%
2013	WECC		Inland Power and Light Company	U.S.	477,845	477,845			0.055%	0.055%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2013	WECC		Inland Power and Light Company	U.S.	499,781	499,781			0.058%	0.058%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2013	WECC		Intermountain Rural Electric Association	U.S.	2,153,915	2,153,915			0.248%	0.248%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2013	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	311,536	311,536			0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		Kootenai Electric Cooperative, Inc.	U.S.	469,569	469,569			0.054%	0.054%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2013	WECC		Lakeview Light & Power	U.S.	274,245	274,245			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Lane Electric Cooperative, Inc.	U.S.	230,340	230,340			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Las Vegas Valley Water District	U.S.	93,430	93,430			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Lincoln Electric Cooperative, Inc.	U.S.	118,451	118,451			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		Los Angeles Department of Water and Power	U.S.	28,866,202	28,866,202			3.323%	3.323%	0.000%	0.000%	0.642%	0.642%	0.000%	0.000%	0.729%
2013	WECC		Lost River Electric Cooperative, Inc.	U.S.	22	22			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Lower Valley Energy, Inc.	U.S.	87	87			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	52,365	52,365			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	69,883	69,883			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Merced Irrigation District	U.S.	470,352	470,352			0.054%	0.054%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2013	WECC		Midstate Electric Cooperative, Inc.	U.S.	414,182	414,182			0.048%	0.048%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	WECC		Mission Valley Power	U.S.	413,525	413,525			0.048%	0.048%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	WECC		Modern Electric Water Company	U.S.	234,810	234,810			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Modesto Irrigation District	U.S.	2,577,631	2,577,631			0.297%	0.297%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.065%
2013	WECC		Montana-Dakota Utilities Co.	U.S.	20,487	20,487			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	WECC		Mt. Wheeler Power	U.S.	560,779	560,779			0.065%	0.065%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	199,657	199,657			0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	669,387	669,387			0.077%	0.077%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	1,093	1,093			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Navajo Tribal Utility Authority	U.S.	54,383	54,383			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Navajo Tribal Utility Authority	U.S.	286,099	286,099			0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Navopache Electric Cooperative, Inc.	U.S.	370,656	370,656			0.043%	0.043%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Nebraska Public Power Marketing	U.S.	5,842	5,842			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	58,413	58,413			0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Nevada Power Company dba NV Energy	U.S.	26,587,371	26,587,371			3.061%	3.061%	0.000%	0.000%	0.592%	0.592%	0.000%	0.000%	0.671%
2013	WECC		Noble Americas Energy Solutions, LLC	U.S.	1,673,553	1,673,553			0.193%	0.193%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2013	WECC		Northern Lights, Inc.	U.S.	36,440	36,440			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Northern Lights, Inc.	U.S.	262,743	262,743			0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Northern Wasco County PUD	U.S.	556,511	556,511			0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	241,233	241,233			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	9,167,768	9,167,768			1.056%	1.056%	0.000%	0.000%	0.204%	0.204%	0.000%	0.000%	0.231%
2013	WECC		Ohop Mutual Light Company	U.S.	86,807	86,807			0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Orcas Power and Light Cooperative	U.S.	217,914	217,914			0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	354,194	354,194			0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Overton Power District No. 5	U.S.	381,124	381,124			0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2013	WECC		PacifiCorp	U.S.	1,876	1,876			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PacifiCorp	U.S.	2,156	2,156			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PacifiCorp	U.S.	70,407	70,407			0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	WECC		PacifiCorp	U.S.	116,284	116,284			0.013%	0.013%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		PacifiCorp	U.S.	50,590,830	50,590,830			5.825%	5.825%	0.000%	0.000%	1.126%	1.126%	0.000%	0.000%	1.277%
2013	WECC		PacifiCorp West (PACW)	U.S.	21,336,825	21,336,825			2.457%	2.457%	0.000%	0.000%	0.475%	0.475%	0.000%	0.000%	0.539%
2013	WECC		Parkland Light and Water Company	U.S.	122,305	122,305			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		Pend Oreille County PUD No. 1	U.S.	1,016,523	1,016,523			0.117%	0.117%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2013	WECC		Peninsula Light Company, Inc.	U.S.	608,193	608,193			0.070%	0.070%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2013	WECC		Platte River Power Authority	U.S.	3,244,570	3,244,570			0.374%	0.374%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.082%
2013	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	141,204	141,204			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	WECC		Port Townsend Paper Corporation	U.S.	166,731	166,731			0.019%	0.019%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	WECC		Portland General Electric Company	U.S.	18,600,632	18,600,632			2.142%	2.142%	0.000%	0.000%	0.414%	0.414%	0.000%	0.000%	0.470%
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	35,594	35,594			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	26,537,376	26,537,376			3.055%	3.055%	0.000%	0.000%	0.590%	0.590%	0.000%	0.000%	0.670%
2013	WECC		Public Service Company of New Mexico	U.S.	10,787,283	10,787,283			1.242%	1.242%	0.000%	0.000%	0.240%	0.240%	0.000%	0.000%	0.272%
2013	WECC		Public Utility District No. 1 of Chelan County	U.S.	4,025,516	4,025,516			0.463%	0.463%	0.000%	0.000%	0.090%	0.090%	0.000%	0.000%	0.102%
2013	WECC		PUD No. 1 of Asotin County	U.S.	290	290			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PUD No. 1 of Asotin County	U.S.	4,975	4,975			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PUD No. 1 of Benton County	U.S.	1,773,502	1,773,502			0.204%	0.204%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.045%
2013	WECC		PUD No. 1 of Clallam County	U.S.	680,465	680,465			0.078%	0.078%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	WECC		PUD No. 1 of Cowlitz County	U.S.	5,247,802	5,247,802			0.604%	0.604%	0.000%	0.000%	0.117%	0.117%	0.000%	0.000%	0.132%
2013	WECC		PUD No. 1 of Douglas County	U.S.	8,928	8,928			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PUD No. 1 of Douglas County	U.S.	1,486,659	1,486,659			0.171%	0.171%	0.000%	0.000%	0.033%	0.033%	0.000%	0.000%	0.038%
2013	WECC		PUD No. 1 of Ferry County	U.S.	109,044	109,044			0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2013	WECC		PUD No. 1 of Franklin County	U.S.	1,065,410	1,065,410			0.123%	0.123%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2013	WECC		PUD No. 1 of Grays Harbor	U.S.	1,186,461	1,186,461			0.137%	0.137%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2013	WECC		PUD No. 1 of Jefferson County	U.S.	246,380	246,380			0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		PUD No. 1 of Kittitas County	U.S.	16,412	16,412			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PUD No. 1 of Kittitas County	U.S.	75,702	75,702			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		PUD No. 1 of Klickitat County	U.S.	300,703	300,703			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		PUD No. 1 of Lewis County	U.S.	938,394	938,394			0.108%	0.108%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.024%
2013	WECC		PUD No. 1 of Mason County	U.S.	78,370	78,370			0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		PUD No. 1 of Skamania County	U.S.	134,732	134,732			0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		PUD No. 1 of Snohomish County	U.S.	6,824,113	6,824,113			0.786%	0.786%	0.000%	0.000%	0.152%	0.152%	0.000%	0.000%	0.172%
2013	WECC		PUD No. 1 of Wahkiakum County	U.S.	44,092	44,092			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		PUD No. 1 of Whatcom County	U.S.	4,995	4,995			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		PUD No. 1 of Whatcom County	U.S.	224,295	224,295			0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		PUD No. 2 of Grant County	U.S.	49,941	49,941			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		PUD No. 2 of Grant County	U.S.	93,675	93,675			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		PUD No. 2 of Grant County	U.S.	3,839,087	3,839,087			0.442%	0.442%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%	0.097%
2013	WECC		PUD No. 2 of Pacific County	U.S.	305,445	305,445			0.035%	0.035%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		PUD No. 3 of Mason County	U.S.	698,785	698,785			0.080%	0.080%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2013	WECC		Puget Sound Energy, Inc.	U.S.	24,437,530	24,437,530			2.814%	2.814%	0.000%	0.000%	0.544%	0.544%	0.000%	0.000%	0.617%
2013	WECC		Raft River Electric Cooperative	U.S.	46	46			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Raton Public Service	U.S.	51,732	51,732			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Roosevelt Irrigation District - APS	U.S.	37,851	37,851			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Sacramento Municipal Utility District	U.S.	11,226,639	11,226,639			1.293%	1.293%	0.000%	0.000%	0.250%	0.250%	0.000%	0.000%	0.283%
2013	WECC		Salem Electric	U.S.	331,171	331,171			0.038%	0.038%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2013	WECC		Salt River Project	U.S.	28,911,429	28,911,429			3.329%	3.329%	0.000%	0.000%	0.643%	0.643%	0.000%	0.000%	0.730%
2013	WECC		San Carlos Indian Irrigation Project	U.S.	7	7			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Seattle City Light	U.S.	10,035,929	10,035,929			1.155%	1.155%	0.000%	0.000%	0.223%	0.223%	0.000%	0.000%	0.253%
2013	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	11,116,111	11,116,111			1.280%	0.000%	0.000%	1.280%	0.247%	0.247%	0.000%	0.000%	0.281%
2013	WECC		Silver State Energy - c/o Colorado River Commission of Nevada	U.S.	515,076	515,076			0.059%	0.059%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2013	WECC		Southern Montana Electric Generation & Transmission	U.S.	522,515	522,515			0.060%	0.060%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2013	WECC		Southern Nevada Water Authority	U.S.	118,357	118,357			0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2013	WECC		Southwest Transmission Cooperative, Inc.	U.S.	2,012,236	2,012,236			0.232%	0.232%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2013	WECC		Springfield Utility Board	U.S.	867,593	867,593			0.100%	0.100%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2013	WECC		Surprise Valley Electrification Corporation	U.S.	38,220	38,220			0.004%	0.000%	0.004%	0.000%	0.001%	0.000%	0.001%	0.000%	0.001%
2013	WECC		Tanner Electric Cooperative	U.S.	99,115	99,115			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2013	WECC		The Incorporated County of Los Alamos	U.S.	364,095	364,095			0.042%	0.000%	0.000%	0.042%	0.008%	0.000%	0.000%	0.008%	0.009%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2013	WECC		Tillamook People's Utility District	U.S.	375,501	375,501			0.043%	0.043%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Tohono O'Odham Utility Authority	U.S.	67,110	67,110			0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2013	WECC		Tonopah Irrigation District - APS	U.S.	22,698	22,698			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Town of Center	U.S.	20,928	20,928			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	WECC		Town of Coulee	U.S.	17,416	17,416			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Town of Eatonville	U.S.	28,069	28,069			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Town of Fredonia	U.S.	10,953	10,953			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Town of Steilacoom	U.S.	41,331	41,331			0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Town of Wickenburg	U.S.	26,570	26,570			0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	2,062,440	2,062,440			0.237%	0.237%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.052%
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	7,419,925	7,419,925			0.854%	0.854%	0.000%	0.000%	0.165%	0.165%	0.000%	0.000%	0.187%
2013	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	2,642,944	2,642,944			0.304%	0.304%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2013	WECC		Truckee Donner Public Utility District	U.S.	154,280	154,280			0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2013	WECC		Tucson Electric Power Company	U.S.	15,085,818	15,085,818			1.737%	1.737%	0.000%	0.000%	0.336%	0.336%	0.000%	0.000%	0.381%
2013	WECC		Turlock Irrigation District	U.S.	2,135,260	2,135,260			0.246%	0.246%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2013	WECC		U.S. Army Yuma Proving Ground	U.S.	16,326	16,326			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		U.S. BOR Columbia Basin	U.S.	33,360	33,360			0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	4,176	4,176			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		U.S. Bor Spokane Indian Development`	U.S.	3,136	3,136			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		U.S. BOR The Dalles Project	U.S.	18,335	18,335			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	4,828	4,828			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Umatilla Electric Cooperative Association	U.S.	1,140,059	1,140,059			0.131%	0.131%	0.000%	0.000%	0.025%	0.025%	0.000%	0.000%	0.029%
2013	WECC		Unit B Irrigation District	U.S.	24	24			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		US Air Force Base, Fairchild	U.S.	49,053	49,053			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		US Dept of Energy - Kirtland AFB	U.S.	410,793	410,793			0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	WECC		USDOE Richland	U.S.	187,652	187,652			0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2013	WECC		USN Naval Station, Bremerton	U.S.	250,674	250,674			0.029%	0.029%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2013	WECC		USN Naval Station, Everett	U.S.	10,912	10,912			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		USN Submarine Base, Bangor	U.S.	170,292	170,292			0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2013	WECC		Vera Water and Power	U.S.	234,898	234,898			0.027%	0.027%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2013	WECC		Vigilante Electric Cooperative, Inc.	U.S.	15,897	15,897			0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Wasco Electric Cooperative	U.S.	97,027	97,027			0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2013	WECC		Wells Rural Electric Cooperative	U.S.	672,455	672,455			0.077%	0.077%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2013	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	401	401			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	12,860	12,860			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	56,442	56,442			0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2013	WECC		Western Area Power - Loveland, CO	U.S.	364,173	364,173			0.042%	0.042%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2013	WECC		Western Area Power - Loveland, CO	U.S.	2,054,674	2,054,674			0.237%	0.237%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.052%
2013	WECC		Western Area Power Administration - CRSP	U.S.	2,053,652	2,053,652			0.236%	0.236%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.052%
2013	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	1,324,532	1,324,532			0.152%	0.152%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2013	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	3,225,943	3,225,943			0.371%	0.371%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.081%
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	7,688	7,688			0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	391,282	391,282			0.045%	0.045%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2013	WECC		Wyoming Municipal Power Agency	U.S.	280,327	280,327			0.032%	0.032%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2013	WECC		Yakama Power	U.S.	21,718	21,718			0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2013	WECC		Yampa Valley Electric Association	U.S.	630,694	630,694			0.073%	0.073%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2013	WECC		Yuma Irrigation District	U.S.	3,112	3,112			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2013	WECC		Yuma-Mesa Irrigation District	U.S.	175	175			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
			TOTAL WECC		868,549,865	737,348,098	119,586,872	11,614,895	100.000%	83.568%	13.773%	2.659%	19.323%	16.395%	2.661%	0.267%	18.613%
	TOTAL ERO				4,494,865,394	3,961,433,109	521,817,390	11,614,895	800.000%	712.645%	84.696%	2.659%	100.000%	88.123%	11.610%	0.267%	100.000%

Data Year	Regional Entity	ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
Summary by Regional Entity					**Total NEL (MWh)**	**U.S. NEL**	**Canada NEL**	**Mexico NEL**									
2013	FRCC				221,303,111	221,303,111	-	-	100.000%	100.000%	0.000%	0.000%	4.923%	4.923%	0.000%	0.000%	5.586%
2013	MRO				289,263,982	242,749,464	46,514,518	-	100.000%	83.920%	16.080%	0.000%	6.435%	5.401%	1.035%	0.000%	6.128%
2013	NPCC				648,607,000	292,891,000	355,716,000	-	100.000%	45.157%	54.843%	0.000%	14.430%	6.516%	7.914%	0.000%	7.394%
2013	RF				908,726,579	908,726,579	-	-	100.000%	100.000%	0.000%	0.000%	20.217%	20.217%	0.000%	0.000%	22.939%
2013	SERC				1,009,060,489	1,009,060,489	-	-	100.000%	100.000%	0.000%	0.000%	22.449%	22.449%	0.000%	0.000%	25.472%
2013	SPP				216,655,989	216,655,989	-	-	100.000%	100.000%	0.000%	0.000%	4.820%	4.820%	0.000%	0.000%	5.469%
2013	TRE				332,698,379	332,698,379	-	-	100.000%	100.000%	0.000%	0.000%	7.402%	7.402%	0.000%	0.000%	8.398%
2013	WECC				868,549,865	737,348,098	119,586,872	11,614,895	100.000%	83.568%	13.773%	2.659%	19.323%	16.395%	2.661%	0.267%	18.613%
Total					4,494,865,394	3,961,433,109	521,817,390	11,614,895	800.000%	712.645%	84.696%	2.659%	100.000%	88.123%	11.610%	0.267%	100.000%

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	FRCC	1074	Alachua, City of	U.S.	4,821	4,821	-	-	1,522	1,522	-	-	3,300	3,300	-	-
2013	FRCC	1075	Bartow, City of	U.S.	10,868	10,868	-	-	3,430	3,430	-	-	7,438	7,438	-	-
2013	FRCC	1076	Chattahoochee, City of	U.S.	1,461	1,461	-	-	461	461	-	-	1,000	1,000	-	-
2013	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	28,781	28,781	-	-	9,084	9,084	-	-	19,698	19,698	-	-
2013	FRCC	1078	Florida Power & Light Co.	U.S.	4,382,905	4,382,905	-	-	1,383,264	1,383,264	-	-	2,999,641	2,999,641	-	-
2013	FRCC	1079	Florida Public Utilities Company	U.S.	14,142	14,142	-	-	4,463	4,463	-	-	9,679	9,679	-	-
2013	FRCC	1080	Gainesville Regional Utilities	U.S.	70,452	70,452	-	-	22,235	22,235	-	-	48,217	48,217	-	-
2013	FRCC	1081	Homestead, City of	U.S.	20,415	20,415	-	-	6,443	6,443	-	-	13,972	13,972	-	-
2013	FRCC	1082	JEA	U.S.	478,834	478,834	-	-	151,122	151,122	-	-	327,712	327,712	-	-
2013	FRCC	1083	Lakeland Electric	U.S.	116,846	116,846	-	-	36,877	36,877	-	-	79,969	79,969	-	-
2013	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	146,728	146,728	-	-	46,308	46,308	-	-	100,420	100,420	-	-
2013	FRCC	1661	City of Lake Worth	U.S.	17,453	17,453	-	-	5,508	5,508	-	-	11,945	11,945	-	-
2013	FRCC	1084	Mount Dora, City of	U.S.	3,559	3,559	-	-	1,123	1,123	-	-	2,436	2,436	-	-
2013	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	15,451	15,451	-	-	4,877	4,877	-	-	10,575	10,575	-	-
2013	FRCC	1086	Orlando Utilities Commission	U.S.	227,909	227,909	-	-	71,929	71,929	-	-	155,980	155,980	-	-
2013	FRCC	1087	Duke Energy Florida	U.S.	1,569,785	1,569,785	-	-	495,431	495,431	-	-	1,074,354	1,074,354	-	-
2013	FRCC	1088	Quincy, City of	U.S.	5,444	5,444	-	-	1,718	1,718	-	-	3,726	3,726	-	-
2013	FRCC	1089	Reedy Creek Improvement District	U.S.	48,356	48,356	-	-	15,261	15,261	-	-	33,094	33,094	-	-
2013	FRCC	1090	St. Cloud, City of (OUC)	U.S.	24,138	24,138	-	-	7,618	7,618	-	-	16,520	16,520	-	-
2013	FRCC	1091	Tallahassee, City of	U.S.	107,439	107,439	-	-	33,908	33,908	-	-	73,531	73,531	-	-
2013	FRCC	1092	Tampa Electric Company	U.S.	767,648	767,648	-	-	242,273	242,273	-	-	525,375	525,375	-	-
2013	FRCC	1603	City of Vero Beach	U.S.	29,582	29,582	-	-	9,336	9,336	-	-	20,246	20,246	-	-
2013	FRCC	1093	Wauchula, City of	U.S.	2,473	2,473	-	-	780	780	-	-	1,692	1,692	-	-
2013	FRCC	1094	Williston, City of	U.S.	1,281	1,281	-	-	404	404	-	-	877	877	-	-
2013	FRCC	1095	Winter Park, City of	U.S.	17,293	17,293	-	-	5,458	5,458	-	-	11,835	11,835	-	-
2013	FRCC	1072	Florida Municipal Power Agency	U.S.	221,124	221,124	-	-	69,788	69,788	-	-	151,336	151,336	-	-
2013	FRCC	1073	Seminole Electric Cooperative	U.S.	523,487	523,487	-	-	165,215	165,215	-	-	358,272	358,272	-	-
			TOTAL FRCC		8,858,675	8,858,675	-	-	2,795,837	2,795,837	-	-	6,062,838	6,062,838	-	-
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2013	MRO	1199	Basin Electric Power Cooperative	U.S.	638,347	638,347	-	-	179,380	179,380	-	-	458,968	458,968	-	-
2013	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	127,935	127,935	-	-	35,951	35,951	-	-	91,985	91,985	-	-
2013	MRO	1204	Corn Belt Power Cooperative	U.S.	92,089	92,089	-	-	25,878	25,878	-	-	66,211	66,211	-	-
2013	MRO	1207	Dairyland Power Cooperative	U.S.	247,566	247,566	-	-	69,568	69,568	-	-	177,998	177,998	-	-
2013	MRO	1210	Great River Energy	U.S.	626,005	626,005	-	-	175,912	175,912	-	-	450,093	450,093	-	-
2013	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	195,842	195,842	-	-	55,033	55,033	-	-	140,809	140,809	-	-
2013	MRO	1230	Nebraska Public Power District	U.S.	612,718	612,718	-	-	172,178	172,178	-	-	440,540	440,540	-	-
2013	MRO	1232	Omaha Public Power District	U.S.	514,943	514,943	-	-	144,702	144,702	-	-	370,240	370,240	-	-
2013	MRO	1237	Southern Montana Generation and Transmission	U.S.	313	313	-	-	88	88	-	-	225	225	-	-
2013	MRO	1240	Western Area Power Administration (UM)	U.S.	406,452	406,452	-	-	114,216	114,216	-	-	292,236	292,236	-	-
2013	MRO	1239	Western Area Power Administration (LM)	U.S.	5,705	5,705	-	-	1,603	1,603	-	-	4,102	4,102	-	-
2013	MRO	1217	Manitoba Hydro	CAN	1,118,318	-	1,118,318	-	308,347	-	308,347	-	809,971	-	809,971	-
2013	MRO	1235	SaskPower	CAN	1,062,135	-	1,062,135	-	292,856	-	292,856	-	769,279	-	769,279	-
2013	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	1,304,407	1,304,407	-	-	366,547	366,547	-	-	937,860	937,860	-	-
2013	MRO	1216	Madison, Gas and Electric	U.S.	155,908	155,908	-	-	43,811	43,811	-	-	112,097	112,097	-	-
2013	MRO	1220	MidAmerican Energy Company	U.S.	1,278,841	1,278,841	-	-	359,363	359,363	-	-	919,478	919,478	-	-
2013	MRO	1221	Minnesota Power	U.S.	586,752	586,752	-	-	164,881	164,881	-	-	421,870	421,870	-	-
2013	MRO	1226	Montana-Dakota Utilities Co.	U.S.	140,047	140,047	-	-	39,354	39,354	-	-	100,693	100,693	-	-
2013	MRO	1231	NorthWestern Energy	U.S.	70,319	70,319	-	-	19,760	19,760	-	-	50,559	50,559	-	-
2013	MRO	1233	Otter Tail Power Company	U.S.	206,309	206,309	-	-	57,974	57,974	-	-	148,334	148,334	-	-
2013	MRO		Wisconsin Public Service (WPS)	U.S.	553,906	553,906	-	-	155,651	155,651	-	-	398,255	398,255	-	-
2013	MRO		Upper Peninsula Power Company (UPPCO)	U.S.	36,999	36,999	-	-	10,397	10,397	-	-	26,602	26,602	-	-
2013	MRO	1244	Xcel Energy Company (NSP)	U.S.	2,030,085	2,030,085	-	-	570,467	570,467	-	-	1,459,617	1,459,617	-	-
2013	MRO	1196	Ames Municipal Electric System	U.S.	34,725	34,725	-	-	9,758	9,758	-	-	24,967	24,967	-	-
2013	MRO	1604	Atlantic Municipal Utilities	U.S.	3,738	3,738	-	-	1,050	1,050	-	-	2,688	2,688	-	-
2013	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	18,155	18,155	-	-	5,102	5,102	-	-	13,053	13,053	-	-
2013	MRO	1200	Cedar Falls Municipal Utilities	U.S.	24,017	24,017	-	-	6,749	6,749	-	-	17,268	17,268	-	-
2013	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	20,997	20,997	-	-	5,900	5,900	-	-	15,096	15,096	-	-
2013	MRO	1203	City of Escanaba	U.S.	6,278	6,278	-	-	1,764	1,764	-	-	4,514	4,514	-	-
2013	MRO	1205	Falls City Water & Light Department	U.S.	2,561	2,561	-	-	720	720	-	-	1,841	1,841	-	-
2013	MRO	1206	Fremont Department of Utilities	U.S.	19,688	19,688	-	-	5,532	5,532	-	-	14,155	14,155	-	-
2013	MRO	1208	Geneseo Municipal Utilities	U.S.	2,991	2,991	-	-	840	840	-	-	2,150	2,150	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

APPENDIX 2-B

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	MRO	1209	Grand Island Utilities Department	U.S.	34,182	34,182	-	-	9,605	9,605	-	-	24,576	24,576	-	-
2013	MRO	1606	Harlan Municipal Utilities	U.S.	1,083	1,083	-	-	304	304	-	-	778	778	-	-
2013	MRO	1211	Hastings Utilities	U.S.	19,678	19,678	-	-	5,530	5,530	-	-	14,149	14,149	-	-
2013	MRO	1212	Heartland Consumers Power District	U.S.	38,272	38,272	-	-	10,755	10,755	-	-	27,517	27,517	-	-
2013	MRO	1213	Hutchinson Utilities Commission	U.S.	13,036	13,036	-	-	3,663	3,663	-	-	9,373	9,373	-	-
2013	MRO	1215	Lincoln Electric System	U.S.	147,330	147,330	-	-	41,401	41,401	-	-	105,929	105,929	-	-
2013	MRO	1218	Manitowoc Public Utilities	U.S.	24,350	24,350	-	-	6,842	6,842	-	-	17,507	17,507	-	-
2013	MRO	1223	Missouri River Energy Services	U.S.	110,550	110,550	-	-	31,065	31,065	-	-	79,485	79,485	-	-
2013	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	68,505	68,505	-	-	19,250	19,250	-	-	49,254	49,254	-	-
2013	MRO	1607	Montezuma Municipal Light & Power	U.S.	1,446	1,446	-	-	406	406	-	-	1,039	1,039	-	-
2013	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	52,939	52,939	-	-	14,876	14,876	-	-	38,063	38,063	-	-
2013	MRO	1228	Muscatine Power and Water	U.S.	39,302	39,302	-	-	11,044	11,044	-	-	28,258	28,258	-	-
2013	MRO	1229	Nebraska City Utilities	U.S.	7,720	7,720	-	-	2,169	2,169	-	-	5,550	5,550	-	-
2013	MRO	1234	Rochester Public Utilities	U.S.	242	242	-	-	68	68	-	-	174	174	-	-
2013	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	132,923	132,923	-	-	37,352	37,352	-	-	95,571	95,571	-	-
2013	MRO	1241	Willmar Municipal Utilities	U.S.	11,828	11,828	-	-	3,324	3,324	-	-	8,504	8,504	-	-
2013	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	245,529	245,529	-	-	68,995	68,995	-	-	176,534	176,534	-	-
			TOTAL MRO		13,094,003	10,913,550	2,180,453	-	3,667,984	3,066,780	601,204	-	9,426,019	7,846,770	1,579,249	-
2013	NPCC	1336	New England	U.S.	5,503,872	5,503,872	-	-	1,634,487	1,634,487	-	-	3,869,386	3,869,386	-	-
2013	NPCC	1339	New York	U.S.	6,956,107	6,956,107	-	-	2,065,757	2,065,757	-	-	4,890,350	4,890,350	-	-
2013	NPCC	1337	Ontario	Canada	3,200,394	-	3,200,394	-	1,215,106	-	1,215,106	-	1,985,288	-	1,985,288	-
2013	NPCC	1341	Quebec	Canada	4,539,006	-	4,539,006	-	1,757,802	-	1,757,802	-	2,781,204	-	2,781,204	-
2013	NPCC	1338	New Brunswick	Canada	418,528	-	418,528	-	118,912	-	118,912	-	299,616	-	299,616	-
2013	NPCC	1340	Nova Scotia	Canada	387,446	-	387,446	-	144,412	-	144,412	-	243,034	-	243,034	-
			TOTAL NPCC		21,005,353	12,459,980	8,545,373	-	6,936,475	3,700,244	3,236,231	-	14,068,878	8,759,736	5,309,142	-
2013	RF	1104	Bay City	U.S.	10,960	10,960	-	-	4,167	4,167	-	-	6,793	6,793	-	-
2013	RF	1102	Cannelton Utilities	U.S.	539	539	-	-	205	205	-	-	334	334	-	-
2013	RF	1105	City of Chelsea	U.S.	3,232	3,232	-	-	1,229	1,229	-	-	2,003	2,003	-	-
2013	RF	1106	City of Croswell	U.S.	1,408	1,408	-	-	536	536	-	-	873	873	-	-
2013	RF	1108	City of Eaton Rapids	U.S.	3,177	3,177	-	-	1,208	1,208	-	-	1,969	1,969	-	-
2013	RF	1111	City of Hart	U.S.	1,624	1,624	-	-	617	617	-	-	1,006	1,006	-	-
2013	RF	1490	City of Lansing	U.S.	73,928	73,928	-	-	28,109	28,109	-	-	45,819	45,819	-	-
2013	RF	1112	City of Marquette Board of Light & Power	U.S.	11,062	11,062	-	-	4,206	4,206	-	-	6,856	6,856	-	-
2013	RF	1114	City of Portland	U.S.	1,227	1,227	-	-	466	466	-	-	760	760	-	-
2013	RF	1116	City of St. Louis	U.S.	1,341	1,341	-	-	510	510	-	-	831	831	-	-
2013	RF	1118	City of Wyandotte	U.S.	7,300	7,300	-	-	2,776	2,776	-	-	4,525	4,525	-	-
2013	RF	1120	Cloverland Electric Cooperative	U.S.	29,986	29,986	-	-	11,401	11,401	-	-	18,585	18,585	-	-
2013	RF	1122	CMS ERM Michigan LLC	U.S.	5,266	5,266	-	-	2,002	2,002	-	-	3,264	3,264	-	-
2013	RF	1124	Constellation New Energy (MECS-CONS)	U.S.	30,066	30,066	-	-	11,432	11,432	-	-	18,634	18,634	-	-
2013	RF	1123	Constellation New Energy (MECS-DET)	U.S.	36,321	36,321	-	-	13,810	13,810	-	-	22,511	22,511	-	-
2013	RF	1126	Consumers Energy Company	U.S.	1,081,741	1,081,741	-	-	411,297	411,297	-	-	670,444	670,444	-	-
2013	RF	1128	Detroit Edison Company	U.S.	1,541,192	1,541,192	-	-	585,989	585,989	-	-	955,204	955,204	-	-
2013	RF	1166	Duke Energy Indiana	U.S.	1,009,730	1,009,730	-	-	383,917	383,917	-	-	625,813	625,813	-	-
2013	RF	1135	Ferdinand Municipal Light & Water	U.S.	1,579	1,579	-	-	600	600	-	-	979	979	-	-
2013	RF	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	22,854	22,854	-	-	8,689	8,689	-	-	14,164	14,164	-	-
2013	RF	1549	FirstEnergy Solutions (MECS-DET)	U.S.	79,152	79,152	-	-	30,095	30,095	-	-	49,057	49,057	-	-
2013	RF	1612	Glacial Energy (MECS-DET)	U.S.	4,807	4,807	-	-	1,828	1,828	-	-	2,979	2,979	-	-
2013	RF	1144	Holland Board of Public Works	U.S.	32,718	32,718	-	-	12,440	12,440	-	-	20,278	20,278	-	-
2013	RF	1145	Hoosier Energy	U.S.	243,216	243,216	-	-	92,475	92,475	-	-	150,741	150,741	-	-
2013	RF	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	102,647	102,647	-	-	39,028	39,028	-	-	63,619	63,619	-	-
2013	RF	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	14,257	14,257	-	-	5,421	5,421	-	-	8,836	8,836	-	-
2013	RF	1486	Indiana Municipal Power Agency (SIGE)	U.S.	19,660	19,660	-	-	7,475	7,475	-	-	12,185	12,185	-	-
2013	RF	1149	Indianapolis Power & Light Co.	U.S.	491,284	491,284	-	-	186,795	186,795	-	-	304,489	304,489	-	-
2013	RF	1553	Integrys Energy Services (MECS-CONS)	U.S.	34,065	34,065	-	-	12,952	12,952	-	-	21,113	21,113	-	-
2013	RF	1554	Integrys Energy Services (MECS-DET)	U.S.	19,269	19,269	-	-	7,326	7,326	-	-	11,943	11,943	-	-
2013	RF		Integrys Energy Services (WEPC)	U.S.	28,641	28,641	-	-	10,890	10,890	-	-	17,751	17,751	-	-
2013	RF	1614	Just Energy (MECS-DET)	U.S.	482	482	-	-	183	183	-	-	299	299	-	-
2013	RF	1154	Michigan Public Power Agency	U.S.	42,455	42,455	-	-	16,142	16,142	-	-	26,313	26,313	-	-
2013	RF	1155	Michigan South Central Power Agency	U.S.	21,291	21,291	-	-	8,095	8,095	-	-	13,196	13,196	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	RF	1158	MidAmerican Energy Company Retail	U.S.	3,306	3,306	-	-	1,257	1,257	-	-	2,049	2,049	-	-
2013	RF	1163	Northern Indiana Public Service Co.	U.S.	584,682	584,682	-	-	222,307	222,307	-	-	362,376	362,376	-	-
2013	RF	1164	Ontonagon County Rural Electrification Assoc.	U.S.	979	979	-	-	372	372	-	-	607	607	-	-
2013	RF	1265	PJM Interconnnection, LLC	U.S.	23,113,718	23,113,718	-	-	8,788,247	8,788,247	-	-	14,325,471	14,325,471	-	-
2013	RF	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	22,506	22,506	-	-	8,557	8,557	-	-	13,949	13,949	-	-
2013	RF	1171	Sempra Energy Solutions (MECS-DET)	U.S.	23,648	23,648	-	-	8,991	8,991	-	-	14,657	14,657	-	-
2013	RF	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	429	429	-	-	163	163	-	-	266	266	-	-
2013	RF	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	12,365	12,365	-	-	4,701	4,701	-	-	7,663	7,663	-	-
2013	RF	1581	Spartan Renewable Energy	U.S.	2,251	2,251	-	-	856	856	-	-	1,395	1,395	-	-
2013	RF	1180	Thumb Electric Cooperative	U.S.	6,005	6,005	-	-	2,283	2,283	-	-	3,722	3,722	-	-
2013	RF	1662	Ohio Valley Electric Corporation	U.S.	21,419	21,419	-	-	8,144	8,144	-	-	13,275	13,275	-	-
2013	RF	1181	Vectren Energy Delivery of IN	U.S.	191,372	191,372	-	-	72,763	72,763	-	-	118,609	118,609	-	-
2013	RF	1183	Village of Sebewaing	U.S.	1,468	1,468	-	-	558	558	-	-	910	910	-	-
2013	RF	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	93,092	93,092	-	-	35,395	35,395	-	-	57,697	57,697	-	-
2013	RF	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	56,088	56,088	-	-	21,326	21,326	-	-	34,762	34,762	-	-
2013	RF	1185	Wisconsin Electric Power Co.	U.S.	934,410	934,410	-	-	355,279	355,279	-	-	579,131	579,131	-	-
2013	RF	1189	Wolverine Power Marketing Cooperative	U.S.	25,189	25,189	-	-	9,577	9,577	-	-	15,612	15,612	-	-
2013	RF	1191	Wolverine Power Supply Cooperative	U.S.	88,329	88,329	-	-	33,584	33,584	-	-	54,745	54,745	-	-
2013	RF	1190	Wolverine Power Marketing Cooperative	U.S.	4,575	4,575	-	-	1,739	1,739	-	-	2,836	2,836	-	-
			TOTAL RELIABILITYFIRST		30,194,311	30,194,311	-	-	11,480,414	11,480,414	-	-	18,713,897	18,713,897	-	-
									-							
2013	SERC	1267	Alabama Municipal Electric Authority	U.S.	89,475	89,475	-	-	43,076	43,076	-	-	46,398	46,398	-	-
2013	SERC	1268	Alabama Power Company	U.S.	1,553,574	1,553,574	-	-	747,948	747,948	-	-	805,626	805,626	-	-
2013	SERC	1269	Ameren - Illinois	U.S.	1,127,823	1,127,823	-	-	542,976	542,976	-	-	584,847	584,847	-	-
2013	SERC	1271	Ameren - Missouri	U.S.	1,100,453	1,100,453	-	-	529,799	529,799	-	-	570,654	570,654	-	-
2013	SERC	1272	APGI - Yadkin Division	U.S.	723	723	-	-	348	348	-	-	375	375	-	-
2013	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	8,296	8,296	-	-	3,994	3,994	-	-	4,302	4,302	-	-
2013	SERC	1273	Associated Electric Cooperative Inc.	U.S.	508,154	508,154	-	-	244,644	244,644	-	-	263,510	263,510	-	-
2013	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	29,334	29,334	-	-	14,122	14,122	-	-	15,211	15,211	-	-
2013	SERC	1462	Benton Utility District	U.S.	7,145	7,145	-	-	3,440	3,440	-	-	3,705	3,705	-	-
2013	SERC	1274	Big Rivers Electric Corporation	U.S.	100,357	100,357	-	-	48,316	48,316	-	-	52,041	52,041	-	-
2013	SERC	1275	Black Warrior EMC	U.S.	11,516	11,516	-	-	5,544	5,544	-	-	5,972	5,972	-	-
2013	SERC	1276	Blue Ridge EMC	U.S.	36,834	36,834	-	-	17,733	17,733	-	-	19,101	19,101	-	-
2013	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	11,297	11,297	-	-	5,439	5,439	-	-	5,858	5,858	-	-
2013	SERC	1463	Canton, MS	U.S.	3,182	3,182	-	-	1,532	1,532	-	-	1,650	1,650	-	-
2013	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	401,671	401,671	-	-	193,380	193,380	-	-	208,292	208,292	-	-
2013	SERC		Century Aluminum - Hawesville	U.S.	112,096	112,096	-	-	53,967	53,967	-	-	58,129	58,129	-	-
2013	SERC		Century Aluminum - Sebree	U.S.	85,342	85,342	-	-	41,087	41,087	-	-	44,255	44,255	-	-
2013	SERC	1278	City of Blountstown FL	U.S.	1,000	1,000	-	-	481	481	-	-	518	518	-	-
2013	SERC	1279	City of Camden SC	U.S.	4,956	4,956	-	-	2,386	2,386	-	-	2,570	2,570	-	-
2013	SERC	1280	City of Collins MS	U.S.	1,306	1,306	-	-	629	629	-	-	677	677	-	-
2013	SERC	1281	City of Columbia MO	U.S.	31,187	31,187	-	-	15,015	15,015	-	-	16,173	16,173	-	-
2013	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	27,161	27,161	-	-	13,076	13,076	-	-	14,084	14,084	-	-
2013	SERC	1284	City of Evergreen AL	U.S.	1,541	1,541	-	-	742	742	-	-	799	799	-	-
2013	SERC	1285	City of Hampton GA	U.S.	619	619	-	-	298	298	-	-	321	321	-	-
2013	SERC	1286	City of Hartford AL	U.S.	878	878	-	-	423	423	-	-	455	455	-	-
2013	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	16,195	16,195	-	-	7,797	7,797	-	-	8,398	8,398	-	-
2013	SERC	1288	City of North Little Rock AR (DENL)	U.S.	25,159	25,159	-	-	12,112	12,112	-	-	13,046	13,046	-	-
2013	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	21,944	21,944	-	-	10,565	10,565	-	-	11,380	11,380	-	-
2013	SERC	1290	City of Robertsdale AL	U.S.	2,207	2,207	-	-	1,062	1,062	-	-	1,144	1,144	-	-
2013	SERC	1291	City of Ruston LA (DERS)	U.S.	7,793	7,793	-	-	3,752	3,752	-	-	4,041	4,041	-	-
2013	SERC	1292	City of Seneca SC	U.S.	4,196	4,196	-	-	2,020	2,020	-	-	2,176	2,176	-	-
2013	SERC	1115	City of Springfield (CWLP)	U.S.	47,460	47,460	-	-	22,849	22,849	-	-	24,611	24,611	-	-
2013	SERC	1465	City of Thayer, MO	U.S.	609	609	-	-	293	293	-	-	316	316	-	-
2013	SERC	1293	City of Troy AL	U.S.	11,217	11,217	-	-	5,400	5,400	-	-	5,817	5,817	-	-
2013	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	10,511	10,511	-	-	5,060	5,060	-	-	5,451	5,451	-	-
2013	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	17,616	17,616	-	-	8,481	8,481	-	-	9,135	9,135	-	-
2013	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	6,936	6,936	-	-	3,339	3,339	-	-	3,597	3,597	-	-
2013	SERC	1283	Dalton Utilities	U.S.	41,605	41,605	-	-	20,030	20,030	-	-	21,575	21,575	-	-
2013	SERC	1585	Dixie Electric Membership Corporation	U.S.	59,596	59,596	-	-	28,692	28,692	-	-	30,904	30,904	-	-
2013	SERC	1295	Dominion Virginia Power	U.S.	2,252,493	2,252,493	-	-	1,084,434	1,084,434	-	-	1,168,059	1,168,059	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	SERC	1296	Duke Energy Carolinas, LLC	U.S.	2,036,668	2,036,668	-	-	980,528	980,528	-	-	1,056,140	1,056,140	-	-
2013	SERC	1466	Durant, MS	U.S.	683	683	-	-	329	329	-	-	354	354	-	-
2013	SERC	1478	LG&E and KU Services Company as agent for LG&E Company and KUCompany	U.S.	919,535	919,535	-	-	442,698	442,698	-	-	476,836	476,836	-	-
2013	SERC	1297	East Kentucky Power Cooperative	U.S.	350,135	350,135	-	-	168,568	168,568	-	-	181,567	181,567	-	-
2013	SERC	1298	East Mississippi Electric Power Association	U.S.	12,238	12,238	-	-	5,892	5,892	-	-	6,346	6,346	-	-
2013	SERC		Electricities of North Carolina Inc	U.S.	300,600	300,600	-	-	144,720	144,720	-	-	155,880	155,880	-	-
2013	SERC	1300	EnergyUnited EMC	U.S.	67,217	67,217	-	-	32,361	32,361	-	-	34,856	34,856	-	-
2013	SERC	1301	Entergy	U.S.	2,899,683	2,899,683	-	-	1,396,015	1,396,015	-	-	1,503,668	1,503,668	-	-
2013	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	56,368	56,368	-	-	27,138	27,138	-	-	29,230	29,230	-	-
2013	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	8,344	8,344	-	-	4,017	4,017	-	-	4,327	4,327	-	-
2013	SERC	1304	French Broad EMC	U.S.	13,965	13,965	-	-	6,723	6,723	-	-	7,242	7,242	-	-
2013	SERC	1305	Georgia Power Company	U.S.	2,261,399	2,261,399	-	-	1,088,722	1,088,722	-	-	1,172,678	1,172,678	-	-
2013	SERC	1306	Georgia System Optns Corporation	U.S.	982,193	982,193	-	-	472,864	472,864	-	-	509,329	509,329	-	-
2013	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	7,651	7,651	-	-	3,684	3,684	-	-	3,968	3,968	-	-
2013	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	8,290	8,290	-	-	3,991	3,991	-	-	4,299	4,299	-	-
2013	SERC	1308	Gulf Power Company	U.S.	301,968	301,968	-	-	145,379	145,379	-	-	156,590	156,590	-	-
2013	SERC	1586	Haywood EMC	U.S.	8,169	8,169	-	-	3,933	3,933	-	-	4,236	4,236	-	-
2013	SERC	1309	Illinois Municipal Electric Agency	U.S.	50,604	50,604	-	-	24,362	24,362	-	-	26,241	26,241	-	-
2013	SERC	1480	Itta Bena, MS	U.S.	377	377	-	-	181	181	-	-	195	195	-	-
2013	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	7,630	7,630	-	-	3,674	3,674	-	-	3,957	3,957	-	-
2013	SERC	1617	Kentucky Municipal Power	U.S.	18,862	18,862	-	-	9,081	9,081	-	-	9,781	9,781	-	-
2013	SERC	1481	Kosciusko, MS	U.S.	1,835	1,835	-	-	883	883	-	-	952	952	-	-
2013	SERC	1482	Leland, MS	U.S.	802	802	-	-	386	386	-	-	416	416	-	-
2013	SERC	1313	McCormick Commission of Public Works	U.S.	418	418	-	-	201	201	-	-	217	217	-	-
2013	SERC	1314	Mississippi Power Company	U.S.	278,924	278,924	-	-	134,284	134,284	-	-	144,639	144,639	-	-
2013	SERC	1630	Mt. Carmel Public Utility	U.S.	2,515	2,515	-	-	1,211	1,211	-	-	1,304	1,304	-	-
2013	SERC	1315	Municipal Electric Authority of Georgia	U.S.	279,917	279,917	-	-	134,763	134,763	-	-	145,155	145,155	-	-
2013	SERC	1316	N.C. Electric Membership Corp.	U.S.	322,786	322,786	-	-	155,401	155,401	-	-	167,385	167,385	-	-
2013	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	8,285	8,285	-	-	3,989	3,989	-	-	4,296	4,296	-	-
2013	SERC	1574	Northern Virginia Electric Cooperative	U.S.	105,206	105,206	-	-	50,650	50,650	-	-	54,556	54,556	-	-
2013	SERC	1319	Old Dominion Electric Cooperative	U.S.	154,384	154,384	-	-	74,326	74,326	-	-	80,058	80,058	-	-
2013	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	4,866	4,866	-	-	2,343	2,343	-	-	2,524	2,524	-	-
2013	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	23,671	23,671	-	-	11,396	11,396	-	-	12,275	12,275	-	-
2013	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	13,314	13,314	-	-	6,410	6,410	-	-	6,904	6,904	-	-
2013	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	58,439	58,439	-	-	28,135	28,135	-	-	30,304	30,304	-	-
2013	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	7,130	7,130	-	-	3,433	3,433	-	-	3,698	3,698	-	-
2013	SERC	1266	PowerSouth Energy	U.S.	220,293	220,293	-	-	106,057	106,057	-	-	114,236	114,236	-	-
2013	SERC	1330	Prairie Power, Inc.	U.S.	41,664	41,664	-	-	20,059	20,059	-	-	21,605	21,605	-	-
2013	SERC	1324	Progress Energy Carolinas	U.S.	1,196,523	1,196,523	-	-	576,051	576,051	-	-	620,472	620,472	-	-
2013	SERC	1325	Rutherford EMC	U.S.	34,904	34,904	-	-	16,804	16,804	-	-	18,100	18,100	-	-
2013	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	46,951	46,951	-	-	22,604	22,604	-	-	24,347	24,347	-	-
2013	SERC	1326	South Carolina Electric & Gas Company	U.S.	590,258	590,258	-	-	284,172	284,172	-	-	306,086	306,086	-	-
2013	SERC	1327	South Carolina Public Service Authority	U.S.	292,171	292,171	-	-	140,662	140,662	-	-	151,509	151,509	-	-
2013	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	16,559	16,559	-	-	7,972	7,972	-	-	8,587	8,587	-	-
2013	SERC	1328	South Mississippi Electric Power Association	U.S.	271,750	271,750	-	-	130,831	130,831	-	-	140,920	140,920	-	-
2013	SERC	1329	Southern Illinois Power Cooperative	U.S.	40,596	40,596	-	-	19,544	19,544	-	-	21,051	21,051	-	-
2013	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	69,724	69,724	-	-	33,568	33,568	-	-	36,156	36,156	-	-
2013	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	11,153	11,153	-	-	5,370	5,370	-	-	5,784	5,784	-	-
2013	SERC	1331	Tennessee Valley Authority	U.S.	4,244,672	4,244,672	-	-	2,043,543	2,043,543	-	-	2,201,129	2,201,129	-	-
2013	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	5,470	5,470	-	-	2,633	2,633	-	-	2,836	2,836	-	-
2013	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	3,471	3,471	-	-	1,671	1,671	-	-	1,800	1,800	-	-
2013	SERC	1594	Town of Sharpsburg, N.C.	U.S.	520	520	-	-	251	251	-	-	270	270	-	-
2013	SERC	1595	Town of Stantonsburg, N.C. JRO	U.S.	2,028	2,028	-	-	977	977	-	-	1,052	1,052	-	-
2013	SERC	1333	Town of Waynesville NC	U.S.	2,388	2,388	-	-	1,150	1,150	-	-	1,238	1,238	-	-
2013	SERC	1334	Town of Winnsboro SC	U.S.	1,454	1,454	-	-	700	700	-	-	754	754	-	-
2013	SERC	1335	Town of Winterville NC	U.S.	1,426	1,426	-	-	687	687	-	-	740	740	-	-
2013	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	28,509	28,509	-	-	13,725	13,725	-	-	14,784	14,784	-	-
			TOTAL SERC		26,479,019	26,479,019	-	-	12,747,985	12,747,985	-	-	13,731,034	13,731,034	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	SPP	1246	American Electric Power	U.S.	2,120,238	2,120,238	-	-	467,343	467,343	-	-	1,652,895	1,652,895	-	-
2013	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	294,217	294,217	-	-	64,851	64,851	-	-	229,365	229,365	-	-
2013	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	135,578	135,578	-	-	29,884	29,884	-	-	105,694	105,694	-	-
2013	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	53,964	53,964	-	-	11,895	11,895	-	-	42,069	42,069	-	-
2013	SPP	1647	Carthage City Water & Light	U.S.	18,503	18,503	-	-	4,078	4,078	-	-	14,424	14,424	-	-
2013	SPP	1469	Central Valley Electric Cooperative	U.S.	48,628	48,628	-	-	10,719	10,719	-	-	37,909	37,909	-	-
2013	SPP	1556	City of Bentonville	U.S.	37,079	37,079	-	-	8,173	8,173	-	-	28,906	28,906	-	-
2013	SPP	1557	City of Clarksdale, Mississippi	U.S.	9,394	9,394	-	-	2,071	2,071	-	-	7,323	7,323	-	-
2013	SPP	1558	Hope Water & Light (HWL)	U.S.	17,185	17,185	-	-	3,788	3,788	-	-	13,397	13,397	-	-
2013	SPP	1559	City of Minden	U.S.	9,275	9,275	-	-	2,044	2,044	-	-	7,231	7,231	-	-
2013	SPP	1635	The City of Osage City	U.S.	2,076	2,076	-	-	458	458	-	-	1,619	1,619	-	-
2013	SPP	1636	City of Prescott	U.S.	5,054	5,054	-	-	1,114	1,114	-	-	3,940	3,940	-	-
2013	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	61,365	61,365	-	-	13,526	13,526	-	-	47,839	47,839	-	-
2013	SPP	1436	City Utilities of Springfield, MO	U.S.	182,456	182,456	-	-	40,217	40,217	-	-	142,239	142,239	-	-
2013	SPP	1249	Cleco Power LLC	U.S.	677,844	677,844	-	-	149,410	149,410	-	-	528,433	528,433	-	-
2013	SPP	1437	East Texas Electric Coop, Inc.	U.S.	24,065	24,065	-	-	5,304	5,304	-	-	18,761	18,761	-	-
2013	SPP	1250	The Empire District Electric Company	U.S.	304,612	304,612	-	-	67,143	67,143	-	-	237,469	237,469	-	-
2013	SPP	1470	Farmers' Electric Coop	U.S.	25,284	25,284	-	-	5,573	5,573	-	-	19,711	19,711	-	-
2013	SPP	1438	Golden Spread Electric Coop	U.S.	330,038	330,038	-	-	72,747	72,747	-	-	257,291	257,291	-	-
2013	SPP	1251	Grand River Dam Authority	U.S.	280,124	280,124	-	-	61,745	61,745	-	-	218,379	218,379	-	-
2013	SPP	1648	Jonesboro City Water & Light	U.S.	75,635	75,635	-	-	16,671	16,671	-	-	58,963	58,963	-	-
2013	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	905,570	905,570	-	-	199,606	199,606	-	-	705,964	705,964	-	-
2013	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	127,857	127,857	-	-	28,182	28,182	-	-	99,675	99,675	-	-
2013	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	23,089	23,089	-	-	5,089	5,089	-	-	18,000	18,000	-	-
2013	SPP	1637	Kansas Power Pool	U.S.	88,037	88,037	-	-	19,405	19,405	-	-	68,632	68,632	-	-
2013	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	9,378	9,378	-	-	2,067	2,067	-	-	7,311	7,311	-	-
2013	SPP	1649	Kennett Board of Public Works	U.S.	9,753	9,753	-	-	2,150	2,150	-	-	7,604	7,604	-	-
2013	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	505,602	505,602	-	-	111,445	111,445	-	-	394,157	394,157	-	-
2013	SPP	1471	Lafayette Utilities System	U.S.	120,375	120,375	-	-	26,533	26,533	-	-	93,842	93,842	-	-
2013	SPP	1472	Lea County Electric Coop	U.S.	74,273	74,273	-	-	16,371	16,371	-	-	57,902	57,902	-	-
2013	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	58,902	58,902	-	-	12,983	12,983	-	-	45,918	45,918	-	-
2013	SPP	1650	Malden Board of Public Works	U.S.	2,945	2,945	-	-	649	649	-	-	2,295	2,295	-	-
2013	SPP	1441	Midwest Energy Inc.	U.S.	105,891	105,891	-	-	23,340	23,340	-	-	82,550	82,550	-	-
2013	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	148,662	148,662	-	-	32,768	32,768	-	-	115,894	115,894	-	-
2013	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	3,234	3,234	-	-	713	713	-	-	2,522	2,522	-	-
2013	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	188,920	188,920	-	-	41,642	41,642	-	-	147,278	147,278	-	-
2013	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	1,654,693	1,654,693	-	-	364,728	364,728	-	-	1,289,965	1,289,965	-	-
2013	SPP	1444	Oklahoma Municipal Power Auth	U.S.	157,268	157,268	-	-	34,665	34,665	-	-	122,603	122,603	-	-
2013	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	12,183	12,183	-	-	2,685	2,685	-	-	9,498	9,498	-	-
2013	SPP	1651	Paragould Light, Water & Cable	U.S.	34,130	34,130	-	-	7,523	7,523	-	-	26,607	26,607	-	-
2013	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	2,402	2,402	-	-	529	529	-	-	1,873	1,873	-	-
2013	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	22,366	22,366	-	-	4,930	4,930	-	-	17,436	17,436	-	-
2013	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	7,142	7,142	-	-	1,574	1,574	-	-	5,568	5,568	-	-
2013	SPP	1473	Roosevelt County Electric Coop	U.S.	11,169	11,169	-	-	2,462	2,462	-	-	8,707	8,707	-	-
2013	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	23,309	23,309	-	-	5,138	5,138	-	-	18,171	18,171	-	-
2013	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	1,162,106	1,162,106	-	-	256,152	256,152	-	-	905,954	905,954	-	-
2013	SPP	1256	Sunflower Electric Power Cooperative	U.S.	301,553	301,553	-	-	66,468	66,468	-	-	235,085	235,085	-	-
2013	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	29,722	29,722	-	-	6,551	6,551	-	-	23,170	23,170	-	-
2013	SPP	1475	Tri County Electric Coop	U.S.	23,387	23,387	-	-	5,155	5,155	-	-	18,232	18,232	-	-
2013	SPP	1260	Westar Energy, Inc.	U.S.	1,233,365	1,233,365	-	-	271,858	271,858	-	-	961,506	961,506	-	-
2013	SPP	1259	Western Farmers Electric Cooperative	U.S.	492,543	492,543	-	-	108,566	108,566	-	-	383,977	383,977	-	-
2013	SPP	1501	West Texas Municipal Power Agency	U.S.	165,337	165,337	-	-	36,444	36,444	-	-	128,893	128,893	-	-
			TOTAL SPP		12,417,776	12,417,776	-	-	2,737,128	2,737,128	-	-	9,680,648	9,680,648	-	-
2011	TRE	1019	ERCOT	U.S.	14,703,597	14,703,597	-	-	4,203,151	4,203,151	-	-	10,500,446	10,500,446	-	-
					14,703,597	14,703,597	-	-	4,203,151	4,203,151	-	-	10,500,446	10,500,446	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

APPENDIX 2-B

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Alberta Electric System Operator	Canada	1,460,515	-	1,460,515	-	511,339	-	511,339	-	949,176	-	949,176	-
2013	WECC		British Columbia Hydro & Power Authority	Canada	2,609,092	-	2,609,092	-	762,637	-	762,637	-	1,846,455	-	1,846,455	-
2013	WECC		Comision Federal de Electricidad	Mexico	513,594	-	-	513,594	150,123	-	-	150,123	363,471	-	-	363,471
2013	WECC		Aguila Irrigation District - APS	U.S.	1,356	1,356	-	-	392	392	-	-	964	964	-	-
2013	WECC		Aha Macav Power Service	U.S.	1,106	1,106	-	-	319	319	-	-	786	786	-	-
2013	WECC		Ajo Improvement District	U.S.	601	601	-	-	174	174	-	-	427	427	-	-
2013	WECC		Ak-Chin	U.S.	1,696	1,696	-	-	490	490	-	-	1,206	1,206	-	-
2013	WECC		Alcoa Inc	U.S.	151,236	151,236	-	-	43,689	43,689	-	-	107,547	107,547	-	-
2013	WECC		Arizona Public Service Company	U.S.	1,303,476	1,303,476	-	-	376,545	376,545	-	-	926,930	926,930	-	-
2013	WECC		Arkansas River Power Authority (ARPA)	U.S.	10,284	10,284	-	-	2,971	2,971	-	-	7,313	7,313	-	-
2013	WECC		Avista Corporation	U.S.	2,593	2,593	-	-	749	749	-	-	1,844	1,844	-	-
2013	WECC		Avista Corporation	U.S.	418,810	418,810	-	-	120,985	120,985	-	-	297,825	297,825	-	-
2013	WECC		Barrick Goldstrike Mines Inc.	U.S.	51,603	51,603	-	-	14,907	14,907	-	-	36,696	36,696	-	-
2013	WECC		Basin Electric Power Cooperative	U.S.	2,604	2,604	-	-	752	752	-	-	1,852	1,852	-	-
2013	WECC		Basin Electric Power Cooperative	U.S.	133,685	133,685	-	-	38,619	38,619	-	-	95,066	95,066	-	-
2013	WECC		Benton REA	U.S.	24,122	24,122	-	-	6,968	6,968	-	-	17,153	17,153	-	-
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	6,102	6,102	-	-	1,763	1,763	-	-	4,339	4,339	-	-
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	15,777	15,777	-	-	4,558	4,558	-	-	11,219	11,219	-	-
2013	WECC		Blachly-Lane Electric Cooperative	U.S.	7,599	7,599	-	-	2,195	2,195	-	-	5,404	5,404	-	-
2013	WECC		Black Hills Power	U.S.	84,274	84,274	-	-	24,345	24,345	-	-	59,929	59,929	-	-
2013	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	129,178	129,178	-	-	37,317	37,317	-	-	91,861	91,861	-	-
2013	WECC		Black Hills State University South Dakota	U.S.	864	864	-	-	249	249	-	-	614	614	-	-
2013	WECC		Bonneville Power Administration	U.S.	298	298	-	-	86	86	-	-	212	212	-	-
2013	WECC		Bonneville Power Administration	U.S.	591	591	-	-	171	171	-	-	420	420	-	-
2013	WECC		Bonneville Power Administration	U.S.	34,077	34,077	-	-	9,844	9,844	-	-	24,233	24,233	-	-
2013	WECC		Bonneville Power Administration	U.S.	81,545	81,545	-	-	23,557	23,557	-	-	57,989	57,989	-	-
2013	WECC		Bonneville Power Administration	U.S.	167,710	167,710	-	-	48,448	48,448	-	-	119,262	119,262	-	-
2013	WECC		BPA - Big Bend/Schrag Load	U.S.	1,633	1,633	-	-	472	472	-	-	1,161	1,161	-	-
2013	WECC		BPA - Kittitas Load	U.S.	323	323	-	-	93	93	-	-	229	229	-	-
2013	WECC		BPA - USBR Load	U.S.	5,764	5,764	-	-	1,665	1,665	-	-	4,099	4,099	-	-
2013	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	867	867	-	-	250	250	-	-	616	616	-	-
2013	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	33	33	-	-	10	10	-	-	24	24	-	-
2013	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	284	284	-	-	82	82	-	-	202	202	-	-
2013	WECC		Burlington	U.S.	1,606	1,606	-	-	464	464	-	-	1,142	1,142	-	-
2013	WECC		California Independent System Operator	U.S.	10,160,939	10,160,939	-	-	2,935,271	2,935,271	-	-	7,225,668	7,225,668	-	-
2013	WECC		Canby Public Utility Board	U.S.	7,923	7,923	-	-	2,289	2,289	-	-	5,634	5,634	-	-
2013	WECC		Central Arizona Water Conservation District	U.S.	115,128	115,128	-	-	33,258	33,258	-	-	81,870	81,870	-	-
2013	WECC		Central Electric Cooperative	U.S.	26,638	26,638	-	-	7,695	7,695	-	-	18,943	18,943	-	-
2013	WECC		Central Lincoln PUD	U.S.	59,070	59,070	-	-	17,064	17,064	-	-	42,006	42,006	-	-
2013	WECC		Central Montana Electric Power Cooperative	U.S.	2,791	2,791	-	-	806	806	-	-	1,984	1,984	-	-
2013	WECC		Central Montana Electric Power Cooperative	U.S.	13,900	13,900	-	-	4,015	4,015	-	-	9,885	9,885	-	-
2013	WECC		City of Aztec Electric Dept	U.S.	1,738	1,738	-	-	502	502	-	-	1,236	1,236	-	-
2013	WECC		City of Bandon	U.S.	2,946	2,946	-	-	851	851	-	-	2,095	2,095	-	-
2013	WECC		City of Blaine	U.S.	3,422	3,422	-	-	989	989	-	-	2,433	2,433	-	-
2013	WECC		City of Bonners Ferry	U.S.	3,171	3,171	-	-	916	916	-	-	2,255	2,255	-	-
2013	WECC		City of Cascade Locks	U.S.	859	859	-	-	248	248	-	-	611	611	-	-
2013	WECC		City of Centralia	U.S.	11,834	11,834	-	-	3,419	3,419	-	-	8,415	8,415	-	-
2013	WECC		City of Cheney	U.S.	6,532	6,532	-	-	1,887	1,887	-	-	4,645	4,645	-	-
2013	WECC		City of Chewelah	U.S.	1,041	1,041	-	-	301	301	-	-	740	740	-	-
2013	WECC		City of Drain	U.S.	737	737	-	-	213	213	-	-	524	524	-	-
2013	WECC		City of Ellensburg	U.S.	9,085	9,085	-	-	2,625	2,625	-	-	6,461	6,461	-	-
2013	WECC		City of Fallon	U.S.	1,631	1,631	-	-	471	471	-	-	1,160	1,160	-	-
2013	WECC		City of Farmington	U.S.	44,844	44,844	-	-	12,954	12,954	-	-	31,889	31,889	-	-
2013	WECC		City of Forest Grove	U.S.	11,215	11,215	-	-	3,240	3,240	-	-	7,975	7,975	-	-
2013	WECC		City of Gallup	U.S.	8,304	8,304	-	-	2,399	2,399	-	-	5,905	5,905	-	-
2013	WECC		City of Henderson	U.S.	1,873	1,873	-	-	541	541	-	-	1,332	1,332	-	-
2013	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	4,861	4,861	-	-	1,404	1,404	-	-	3,457	3,457	-	-
2013	WECC		City of Las Vegas	U.S.	1,829	1,829	-	-	528	528	-	-	1,301	1,301	-	-

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		City of McCleary	U.S.	1,374	1,374	-	-	397	397	-	-	977	977	-	-
2013	WECC		City of McMinnville	U.S.	33,699	33,699	-	-	9,735	9,735	-	-	23,964	23,964	-	-
2013	WECC		City of Mesa	U.S.	11,440	11,440	-	-	3,305	3,305	-	-	8,135	8,135	-	-
2013	WECC		City of Milton	U.S.	2,647	2,647	-	-	765	765	-	-	1,883	1,883	-	-
2013	WECC		City of Milton-Freewater	U.S.	4,964	4,964	-	-	1,434	1,434	-	-	3,530	3,530	-	-
2013	WECC		City of Monmouth	U.S.	3,255	3,255	-	-	940	940	-	-	2,315	2,315	-	-
2013	WECC		City of Needles	U.S.	1,355	1,355	-	-	392	392	-	-	964	964	-	-
2013	WECC		City of North Las Vegas	U.S.	203	203	-	-	59	59	-	-	144	144	-	-
2013	WECC		City of Page	U.S.	4,034	4,034	-	-	1,165	1,165	-	-	2,869	2,869	-	-
2013	WECC		City of Plummer	U.S.	1,574	1,574	-	-	455	455	-	-	1,119	1,119	-	-
2013	WECC		City of Port Angeles	U.S.	32,027	32,027	-	-	9,252	9,252	-	-	22,775	22,775	-	-
2013	WECC		City of Redding	U.S.	34,979	34,979	-	-	10,105	10,105	-	-	24,874	24,874	-	-
2013	WECC		City of Richland	U.S.	39,119	39,119	-	-	11,301	11,301	-	-	27,819	27,819	-	-
2013	WECC		City of Roseville	U.S.	54,014	54,014	-	-	15,603	15,603	-	-	38,410	38,410	-	-
2013	WECC		City of Shasta Lake	U.S.	8,449	8,449	-	-	2,441	2,441	-	-	6,008	6,008	-	-
2013	WECC		City of Sumas	U.S.	1,356	1,356	-	-	392	392	-	-	965	965	-	-
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	14	14	-	-	4	4	-	-	10	10	-	-
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	219,122	219,122	-	-	63,299	63,299	-	-	155,822	155,822	-	-
2013	WECC		City of Troy	U.S.	768	768	-	-	222	222	-	-	546	546	-	-
2013	WECC		City of Williams	U.S.	1,712	1,712	-	-	495	495	-	-	1,218	1,218	-	-
2013	WECC		Clark County Water Resources	U.S.	3,387	3,387	-	-	978	978	-	-	2,408	2,408	-	-
2013	WECC		Clark Public Utilities	U.S.	196,257	196,257	-	-	56,694	56,694	-	-	139,563	139,563	-	-
2013	WECC		Clatskanie PUD	U.S.	41,251	41,251	-	-	11,916	11,916	-	-	29,334	29,334	-	-
2013	WECC		Clearwater Cooperative, Inc	U.S.	1,748	1,748	-	-	505	505	-	-	1,243	1,243	-	-
2013	WECC		Clearwater Cooperative, Inc	U.S.	7,466	7,466	-	-	2,157	2,157	-	-	5,309	5,309	-	-
2013	WECC		Colorado River Commission of Nevada	U.S.	38,152	38,152	-	-	11,021	11,021	-	-	27,131	27,131	-	-
2013	WECC		Colorado Springs Utilities	U.S.	2,675	2,675	-	-	773	773	-	-	1,902	1,902	-	-
2013	WECC		Colorado Springs Utilities	U.S.	203,906	203,906	-	-	58,904	58,904	-	-	145,002	145,002	-	-
2013	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	4,958	4,958	-	-	1,432	1,432	-	-	3,526	3,526	-	-
2013	WECC		Columbia Falls Aluminum Company	U.S.	200	200	-	-	58	58	-	-	142	142	-	-
2013	WECC		Columbia Power Cooperative Association	U.S.	979	979	-	-	283	283	-	-	696	696	-	-
2013	WECC		Columbia River PUD	U.S.	7,493	7,493	-	-	2,164	2,164	-	-	5,328	5,328	-	-
2013	WECC		Columbia River PUD	U.S.	13,610	13,610	-	-	3,932	3,932	-	-	9,679	9,679	-	-
2013	WECC		Columbia Rural Electric Association (REA)	U.S.	14,575	14,575	-	-	4,210	4,210	-	-	10,364	10,364	-	-
2013	WECC		Consolidated Irrigation District No. 19	U.S.	272	272	-	-	79	79	-	-	194	194	-	-
2013	WECC		Consumers Power, Inc.	U.S.	18,848	18,848	-	-	5,445	5,445	-	-	13,403	13,403	-	-
2013	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	15,539	15,539	-	-	4,489	4,489	-	-	11,050	11,050	-	-
2013	WECC		Deseret Generation & Transmission Cooperative	U.S.	6,323	6,323	-	-	1,827	1,827	-	-	4,496	4,496	-	-
2013	WECC		Douglas Electric Cooperative, Inc.	U.S.	4,209	4,209	-	-	1,216	1,216	-	-	2,993	2,993	-	-
2013	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	844	844	-	-	244	244	-	-	600	600	-	-
2013	WECC		El Paso Electric Company	U.S.	365,354	365,354	-	-	105,543	105,543	-	-	259,811	259,811	-	-
2013	WECC		Electrical District #2	U.S.	7,856	7,856	-	-	2,270	2,270	-	-	5,587	5,587	-	-
2013	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	402	402	-	-	116	116	-	-	286	286	-	-
2013	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	109	109	-	-	31	31	-	-	78	78	-	-
2013	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	2,058	2,058	-	-	595	595	-	-	1,463	1,463	-	-
2013	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	12,110	12,110	-	-	3,498	3,498	-	-	8,612	8,612	-	-
2013	WECC		Electrical Districts 1 & 3	U.S.	25,321	25,321	-	-	7,315	7,315	-	-	18,006	18,006	-	-
2013	WECC		Elmhurst Mutual Power & Light Company	U.S.	12,234	12,234	-	-	3,534	3,534	-	-	8,700	8,700	-	-
2013	WECC		Emerald PUD	U.S.	22,676	22,676	-	-	6,551	6,551	-	-	16,125	16,125	-	-
2013	WECC		Energy Northwest	U.S.	1,599	1,599	-	-	462	462	-	-	1,137	1,137	-	-
2013	WECC		Eugene Water & Electric Board	U.S.	109,116	109,116	-	-	31,521	31,521	-	-	77,595	77,595	-	-
2013	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2013	WECC		Flathead Electric Cooperative, Inc	U.S.	66,192	66,192	-	-	19,121	19,121	-	-	47,070	47,070	-	-
2013	WECC		Frederickson Power LP	U.S.	150	150	-	-	43	43	-	-	107	107	-	-
2013	WECC		Grand Valley Power	U.S.	10,747	10,747	-	-	3,105	3,105	-	-	7,642	7,642	-	-
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	3,965	3,965	-	-	1,146	1,146	-	-	2,820	2,820	-	-
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	4,319	4,319	-	-	1,248	1,248	-	-	3,071	3,071	-	-
2013	WECC		Harquahala Valley Power Districts - APS	U.S.	3,467	3,467	-	-	1,002	1,002	-	-	2,466	2,466	-	-
2013	WECC		Hermiston Power LLC	U.S.	85	85	-	-	25	25	-	-	61	61	-	-
2013	WECC		Holy Cross Energy	U.S.	53,298	53,298	-	-	15,397	15,397	-	-	37,901	37,901	-	-
2013	WECC		Hood River Electric Cooperative	U.S.	1,928	1,928	-	-	557	557	-	-	1,371	1,371	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

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Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	2,594	2,594	-	-	749	749	-	-	1,845	1,845	-	-
2013	WECC		Idaho Power Company	U.S.	714,630	714,630	-	-	206,441	206,441	-	-	508,189	508,189	-	-
2013	WECC		Imperial Irrigation District	U.S.	160,131	160,131	-	-	46,258	46,258	-	-	113,872	113,872	-	-
2013	WECC		Inland Power and Light Company	U.S.	20,898	20,898	-	-	6,037	6,037	-	-	14,861	14,861	-	-
2013	WECC		Inland Power and Light Company	U.S.	21,857	21,857	-	-	6,314	6,314	-	-	15,543	15,543	-	-
2013	WECC		Intermountain Rural Electric Association	U.S.	94,197	94,197	-	-	27,212	27,212	-	-	66,986	66,986	-	-
2013	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	13,624	13,624	-	-	3,936	3,936	-	-	9,689	9,689	-	-
2013	WECC		Kootenai Electric Cooperative, Inc.	U.S.	20,536	20,536	-	-	5,932	5,932	-	-	14,603	14,603	-	-
2013	WECC		Lakeview Light & Power	U.S.	11,994	11,994	-	-	3,465	3,465	-	-	8,529	8,529	-	-
2013	WECC		Lane Electric Cooperative, Inc.	U.S.	10,073	10,073	-	-	2,910	2,910	-	-	7,163	7,163	-	-
2013	WECC		Las Vegas Valley Water District	U.S.	4,086	4,086	-	-	1,180	1,180	-	-	2,906	2,906	-	-
2013	WECC		Lincoln Electric Cooperative, Inc.	U.S.	5,180	5,180	-	-	1,496	1,496	-	-	3,684	3,684	-	-
2013	WECC		Los Angeles Department of Water and Power	U.S.	1,262,408	1,262,408	-	-	364,682	364,682	-	-	897,726	897,726	-	-
2013	WECC		Lost River Electric Cooperative, Inc.	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2013	WECC		Lower Valley Energy, Inc.	U.S.	4	4	-	-	1	1	-	-	3	3	-	-
2013	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	2,290	2,290	-	-	662	662	-	-	1,629	1,629	-	-
2013	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	3,056	3,056	-	-	883	883	-	-	2,173	2,173	-	-
2013	WECC		Merced Irrigation District	U.S.	20,570	20,570	-	-	5,942	5,942	-	-	14,628	14,628	-	-
2013	WECC		Midstate Electric Cooperative, Inc.	U.S.	18,113	18,113	-	-	5,233	5,233	-	-	12,881	12,881	-	-
2013	WECC		Mission Valley Power	U.S.	18,085	18,085	-	-	5,224	5,224	-	-	12,860	12,860	-	-
2013	WECC		Modern Electric Water Company	U.S.	10,269	10,269	-	-	2,966	2,966	-	-	7,302	7,302	-	-
2013	WECC		Modesto Irrigation District	U.S.	112,728	112,728	-	-	32,565	32,565	-	-	80,163	80,163	-	-
2013	WECC		Montana-Dakota Utilities Co.	U.S.	896	896	-	-	259	259	-	-	637	637	-	-
2013	WECC		Mt. Wheeler Power	U.S.	24,525	24,525	-	-	7,085	7,085	-	-	17,440	17,440	-	-
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	8,732	8,732	-	-	2,522	2,522	-	-	6,209	6,209	-	-
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	29,274	29,274	-	-	8,457	8,457	-	-	20,818	20,818	-	-
2013	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	48	48	-	-	14	14	-	-	34	34	-	-
2013	WECC		Navajo Tribal Utility Authority	U.S.	2,378	2,378	-	-	687	687	-	-	1,691	1,691	-	-
2013	WECC		Navajo Tribal Utility Authority	U.S.	12,512	12,512	-	-	3,614	3,614	-	-	8,898	8,898	-	-
2013	WECC		Navopache Electric Cooperative, Inc.	U.S.	16,210	16,210	-	-	4,683	4,683	-	-	11,527	11,527	-	-
2013	WECC		Nebraska Public Power Marketing	U.S.	255	255	-	-	74	74	-	-	182	182	-	-
2013	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	2,555	2,555	-	-	738	738	-	-	1,817	1,817	-	-
2013	WECC		Nevada Power Company dba NV Energy	U.S.	1,162,747	1,162,747	-	-	335,892	335,892	-	-	826,855	826,855	-	-
2013	WECC		Noble Americas Energy Solutions, LLC	U.S.	73,190	73,190	-	-	21,143	21,143	-	-	52,047	52,047	-	-
2013	WECC		Northern Lights, Inc.	U.S.	1,594	1,594	-	-	460	460	-	-	1,133	1,133	-	-
2013	WECC		Northern Lights, Inc.	U.S.	11,491	11,491	-	-	3,319	3,319	-	-	8,171	8,171	-	-
2013	WECC		Northern Wasco County PUD	U.S.	24,338	24,338	-	-	7,031	7,031	-	-	17,307	17,307	-	-
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	10,550	10,550	-	-	3,048	3,048	-	-	7,502	7,502	-	-
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	400,935	400,935	-	-	115,821	115,821	-	-	285,113	285,113	-	-
2013	WECC		Ohop Mutual Light Company	U.S.	3,796	3,796	-	-	1,097	1,097	-	-	2,700	2,700	-	-
2013	WECC		Orcas Power and Light Cooperative	U.S.	9,530	9,530	-	-	2,753	2,753	-	-	6,777	6,777	-	-
2013	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	15,490	15,490	-	-	4,475	4,475	-	-	11,015	11,015	-	-
2013	WECC		Overton Power District No. 5	U.S.	16,668	16,668	-	-	4,815	4,815	-	-	11,853	11,853	-	-
2013	WECC		PacifiCorp	U.S.	82	82	-	-	24	24	-	-	58	58	-	-
2013	WECC		PacifiCorp	U.S.	94	94	-	-	27	27	-	-	67	67	-	-
2013	WECC		PacifiCorp	U.S.	3,079	3,079	-	-	889	889	-	-	2,190	2,190	-	-
2013	WECC		PacifiCorp	U.S.	5,085	5,085	-	-	1,469	1,469	-	-	3,616	3,616	-	-
2013	WECC		PacifiCorp	U.S.	2,212,492	2,212,492	-	-	639,140	639,140	-	-	1,573,352	1,573,352	-	-
2013	WECC		PacifiCorp West (PACW)	U.S.	933,125	933,125	-	-	269,559	269,559	-	-	663,566	663,566	-	-
2013	WECC		Parkland Light and Water Company	U.S.	5,349	5,349	-	-	1,545	1,545	-	-	3,804	3,804	-	-
2013	WECC		Pend Oreille County PUD No. 1	U.S.	44,456	44,456	-	-	12,842	12,842	-	-	31,613	31,613	-	-
2013	WECC		Peninsula Light Company, Inc.	U.S.	26,598	26,598	-	-	7,684	7,684	-	-	18,915	18,915	-	-
2013	WECC		Platte River Power Authority	U.S.	141,895	141,895	-	-	40,990	40,990	-	-	100,905	100,905	-	-
2013	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	6,175	6,175	-	-	1,784	1,784	-	-	4,391	4,391	-	-
2013	WECC		Port Townsend Paper Corporation	U.S.	7,292	7,292	-	-	2,106	2,106	-	-	5,185	5,185	-	-
2013	WECC		Portland General Electric Company	U.S.	813,463	813,463	-	-	234,991	234,991	-	-	578,471	578,471	-	-
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	1,557	1,557	-	-	450	450	-	-	1,107	1,107	-	-
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	1,160,561	1,160,561	-	-	335,260	335,260	-	-	825,300	825,300	-	-
2013	WECC		Public Service Company of New Mexico	U.S.	471,761	471,761	-	-	136,281	136,281	-	-	335,480	335,480	-	-
2013	WECC		Public Utility District No. 1 of Chelan County	U.S.	176,048	176,048	-	-	50,856	50,856	-	-	125,192	125,192	-	-
2013	WECC		PUD No. 1 of Asotin County	U.S.	13	13	-	-	4	4	-	-	9	9	-	-

					Total ERO Assessments (NERC, RE & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		PUD No. 1 of Asotin County	U.S.	218	218	-	-	63	63	-	-	155	155	-	-
2013	WECC		PUD No. 1 of Benton County	U.S.	77,561	77,561	-	-	22,406	22,406	-	-	55,155	55,155	-	-
2013	WECC		PUD No. 1 of Clallam County	U.S.	29,759	29,759	-	-	8,597	8,597	-	-	21,162	21,162	-	-
2013	WECC		PUD No. 1 of Cowlitz County	U.S.	229,502	229,502	-	-	66,298	66,298	-	-	163,204	163,204	-	-
2013	WECC		PUD No. 1 of Douglas County	U.S.	390	390	-	-	113	113	-	-	278	278	-	-
2013	WECC		PUD No. 1 of Douglas County	U.S.	65,016	65,016	-	-	18,782	18,782	-	-	46,234	46,234	-	-
2013	WECC		PUD No. 1 of Ferry County	U.S.	4,769	4,769	-	-	1,378	1,378	-	-	3,391	3,391	-	-
2013	WECC		PUD No. 1 of Franklin County	U.S.	46,594	46,594	-	-	13,460	13,460	-	-	33,134	33,134	-	-
2013	WECC		PUD No. 1 of Grays Harbor	U.S.	51,888	51,888	-	-	14,989	14,989	-	-	36,898	36,898	-	-
2013	WECC		PUD No. 1 of Jefferson County	U.S.	10,775	10,775	-	-	3,113	3,113	-	-	7,662	7,662	-	-
2013	WECC		PUD No. 1 of Kittitas County	U.S.	718	718	-	-	207	207	-	-	510	510	-	-
2013	WECC		PUD No. 1 of Kittitas County	U.S.	3,311	3,311	-	-	956	956	-	-	2,354	2,354	-	-
2013	WECC		PUD No. 1 of Klickitat County	U.S.	13,151	13,151	-	-	3,799	3,799	-	-	9,352	9,352	-	-
2013	WECC		PUD No. 1 of Lewis County	U.S.	41,039	41,039	-	-	11,855	11,855	-	-	29,184	29,184	-	-
2013	WECC		PUD No. 1 of Mason County	U.S.	3,427	3,427	-	-	990	990	-	-	2,437	2,437	-	-
2013	WECC		PUD No. 1 of Skamania County	U.S.	5,892	5,892	-	-	1,702	1,702	-	-	4,190	4,190	-	-
2013	WECC		PUD No. 1 of Snohomish County	U.S.	298,439	298,439	-	-	86,213	86,213	-	-	212,227	212,227	-	-
2013	WECC		PUD No. 1 of Wahkiakum County	U.S.	1,928	1,928	-	-	557	557	-	-	1,371	1,371	-	-
2013	WECC		PUD No. 1 of Whatcom County	U.S.	218	218	-	-	63	63	-	-	155	155	-	-
2013	WECC		PUD No. 1 of Whatcom County	U.S.	9,809	9,809	-	-	2,834	2,834	-	-	6,975	6,975	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	2,184	2,184	-	-	631	631	-	-	1,553	1,553	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	4,097	4,097	-	-	1,183	1,183	-	-	2,913	2,913	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	167,895	167,895	-	-	48,501	48,501	-	-	119,394	119,394	-	-
2013	WECC		PUD No. 2 of Pacific County	U.S.	13,358	13,358	-	-	3,859	3,859	-	-	9,499	9,499	-	-
2013	WECC		PUD No. 3 of Mason County	U.S.	30,560	30,560	-	-	8,828	8,828	-	-	21,732	21,732	-	-
2013	WECC		Puget Sound Energy, Inc.	U.S.	1,068,728	1,068,728	-	-	308,732	308,732	-	-	759,996	759,996	-	-
2013	WECC		Raft River Electric Cooperative	U.S.	2	2	-	-	1	1	-	-	1	1	-	-
2013	WECC		Raton Public Service	U.S.	2,262	2,262	-	-	654	654	-	-	1,609	1,609	-	-
2013	WECC		Roosevelt Irrigation District - APS	U.S.	1,655	1,655	-	-	478	478	-	-	1,177	1,177	-	-
2013	WECC		Sacramento Municipal Utility District	U.S.	490,975	490,975	-	-	141,832	141,832	-	-	349,143	349,143	-	-
2013	WECC		Salem Electric	U.S.	14,483	14,483	-	-	4,184	4,184	-	-	10,299	10,299	-	-
2013	WECC		Salt River Project	U.S.	1,264,385	1,264,385	-	-	365,253	365,253	-	-	899,132	899,132	-	-
2013	WECC		San Carlos Indian Irrigation Project	U.S.	0	0	-	-	0	0	-	-	0	0	-	-
2013	WECC		Seattle City Light	U.S.	438,902	438,902	-	-	126,789	126,789	-	-	312,113	312,113	-	-
2013	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	486,142	486,142	-	-	140,436	140,436	-	-	345,706	345,706	-	-
2013	WECC		Silver State Energy - c/o Colorado River Commission of Nevada	U.S.	22,526	22,526	-	-	6,507	6,507	-	-	16,019	16,019	-	-
2013	WECC		Southern Montana Electric Generation & Transmission	U.S.	22,851	22,851	-	-	6,601	6,601	-	-	16,250	16,250	-	-
2013	WECC		Southern Nevada Water Authority	U.S.	5,176	5,176	-	-	1,495	1,495	-	-	3,681	3,681	-	-
2013	WECC		Southwest Transmission Cooperative, Inc.	U.S.	88,001	88,001	-	-	25,422	25,422	-	-	62,580	62,580	-	-
2013	WECC		Springfield Utility Board	U.S.	37,943	37,943	-	-	10,961	10,961	-	-	26,982	26,982	-	-
2013	WECC		Surprise Valley Electrification Corporation	U.S.	1,671	1,671	-	-	483	483	-	-	1,189	1,189	-	-
2013	WECC		Tanner Electric Cooperative	U.S.	4,335	4,335	-	-	1,252	1,252	-	-	3,082	3,082	-	-
2013	WECC		The Incorporated County of Los Alamos	U.S.	15,923	15,923	-	-	4,600	4,600	-	-	11,323	11,323	-	-
2013	WECC		Tillamook People's Utility District	U.S.	16,422	16,422	-	-	4,744	4,744	-	-	11,678	11,678	-	-
2013	WECC		Tohono O'Odham Utility Authority	U.S.	2,935	2,935	-	-	848	848	-	-	2,087	2,087	-	-
2013	WECC		Tonopah Irrigation District - APS	U.S.	993	993	-	-	287	287	-	-	706	706	-	-
2013	WECC		Town of Center	U.S.	915	915	-	-	264	264	-	-	651	651	-	-
2013	WECC		Town of Coulee	U.S.	762	762	-	-	220	220	-	-	542	542	-	-
2013	WECC		Town of Eatonville	U.S.	1,228	1,228	-	-	355	355	-	-	873	873	-	-
2013	WECC		Town of Fredonia	U.S.	479	479	-	-	138	138	-	-	341	341	-	-
2013	WECC		Town of Steilacoom	U.S.	1,808	1,808	-	-	522	522	-	-	1,285	1,285	-	-
2013	WECC		Town of Wickenburg	U.S.	1,162	1,162	-	-	336	336	-	-	826	826	-	-
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	90,197	90,197	-	-	26,056	26,056	-	-	64,141	64,141	-	-
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	324,496	324,496	-	-	93,740	93,740	-	-	230,756	230,756	-	-
2013	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	115,584	115,584	-	-	33,390	33,390	-	-	82,194	82,194	-	-
2013	WECC		Truckee Donner Public Utility District	U.S.	6,747	6,747	-	-	1,949	1,949	-	-	4,798	4,798	-	-
2013	WECC		Tucson Electric Power Company	U.S.	659,749	659,749	-	-	190,587	190,587	-	-	469,162	469,162	-	-
2013	WECC		Turlock Irrigation District	U.S.	93,381	93,381	-	-	26,976	26,976	-	-	66,406	66,406	-	-
2013	WECC		U.S. Army Yuma Proving Ground	U.S.	714	714	-	-	206	206	-	-	508	508	-	-
2013	WECC		U.S. BOR Columbia Basin	U.S.	1,459	1,459	-	-	421	421	-	-	1,037	1,037	-	-
2013	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	183	183	-	-	53	53	-	-	130	130	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total ERO Assessments (NERC, RE & WIRAB Costs) Total	US Total	Canada Total	Mexico Total	Total NERC Assessments Total	US Total	Canada Total	Mexico Total	Total Regional Entity Assessments (Including WIRAB Assessments) Total	US Total	Canada Total	Mexico Total
2013	WECC		U.S. Bor Spokane Indian Development`	U.S.	137	137	-	-	40	40	-	-	98	98	-	-
2013	WECC		U.S. BOR The Dalles Project	U.S.	802	802	-	-	232	232	-	-	570	570	-	-
2013	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	211	211	-	-	61	61	-	-	150	150	-	-
2013	WECC		Umatilla Electric Cooperative Association	U.S.	49,858	49,858	-	-	14,403	14,403	-	-	35,455	35,455	-	-
2013	WECC		Unit B Irrigation District	U.S.	1	1	-	-	0	0	-	-	1	1	-	-
2013	WECC		US Air Force Base, Fairchild	U.S.	2,145	2,145	-	-	620	620	-	-	1,526	1,526	-	-
2013	WECC		US Dept of Energy - Kirtland AFB	U.S.	17,965	17,965	-	-	5,190	5,190	-	-	12,775	12,775	-	-
2013	WECC		USDOE Richland	U.S.	8,207	8,207	-	-	2,371	2,371	-	-	5,836	5,836	-	-
2013	WECC		USN Naval Station, Bremerton	U.S.	10,963	10,963	-	-	3,167	3,167	-	-	7,796	7,796	-	-
2013	WECC		USN Naval Station, Everett	U.S.	477	477	-	-	138	138	-	-	339	339	-	-
2013	WECC		USN Submarine Base, Bangor	U.S.	7,447	7,447	-	-	2,151	2,151	-	-	5,296	5,296	-	-
2013	WECC		Vera Water and Power	U.S.	10,273	10,273	-	-	2,968	2,968	-	-	7,305	7,305	-	-
2013	WECC		Vigilante Electric Cooperative, Inc.	U.S.	695	695	-	-	201	201	-	-	494	494	-	-
2013	WECC		Wasco Electric Cooperative	U.S.	4,243	4,243	-	-	1,226	1,226	-	-	3,017	3,017	-	-
2013	WECC		Wells Rural Electric Cooperative	U.S.	29,409	29,409	-	-	8,495	8,495	-	-	20,913	20,913	-	-
2013	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	18	18	-	-	5	5	-	-	12	12	-	-
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	562	562	-	-	162	162	-	-	400	400	-	-
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	2,468	2,468	-	-	713	713	-	-	1,755	1,755	-	-
2013	WECC		Western Area Power - Loveland, CO	U.S.	15,926	15,926	-	-	4,601	4,601	-	-	11,326	11,326	-	-
2013	WECC		Western Area Power - Loveland, CO	U.S.	89,857	89,857	-	-	25,958	25,958	-	-	63,899	63,899	-	-
2013	WECC		Western Area Power Administration - CRSP	U.S.	89,812	89,812	-	-	25,945	25,945	-	-	63,868	63,868	-	-
2013	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	57,926	57,926	-	-	16,734	16,734	-	-	41,192	41,192	-	-
2013	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	141,080	141,080	-	-	40,755	40,755	-	-	100,325	100,325	-	-
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	336	336	-	-	97	97	-	-	239	239	-	-
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	17,112	17,112	-	-	4,943	4,943	-	-	12,169	12,169	-	-
2013	WECC		Wyoming Municipal Power Agency	U.S.	12,260	12,260	-	-	3,542	3,542	-	-	8,718	8,718	-	-
2013	WECC		Yakama Power	U.S.	950	950	-	-	274	274	-	-	675	675	-	-
2013	WECC		Yampa Valley Electric Association	U.S.	27,582	27,582	-	-	7,968	7,968	-	-	19,614	19,614	-	-
2013	WECC		Yuma Irrigation District	U.S.	136	136	-	-	39	39	-	-	97	97	-	-
2013	WECC		Yuma-Mesa Irrigation District	U.S.	8	8	-	-	2	2	-	-	5	5	-	-
			TOTAL WECC		36,829,694	32,246,493	4,069,607	513,594	10,739,401	9,315,301	1,273,976	150,123	26,090,293	22,931,192	2,795,630	363,471
	TOTAL ERO				163,582,428	148,273,401	14,795,433	513,594	55,308,375	50,046,840	5,111,411	150,123	108,274,053	98,226,561	9,684,022	363,471

Summary by Regional Entity

2013	FRCC				8,858,675	8,858,675	-	-	2,795,837	2,795,837	-	-	6,062,838	6,062,838	-	-
2013	MRO				13,094,003	10,913,550	2,180,453	-	3,667,984	3,066,780	601,204	-	9,426,019	7,846,770	1,579,249	-
2013	NPCC				21,005,353	12,459,980	8,545,373	-	6,936,475	3,700,244	3,236,231	-	14,068,878	8,759,736	5,309,142	-
2013	RF				30,194,311	30,194,311	-	-	11,480,414	11,480,414	-	-	18,713,897	18,713,897	-	-
2013	SERC				26,479,019	26,479,019	-	-	12,747,985	12,747,985	-	-	13,731,034	13,731,034	-	-
2013	SPP				12,417,776	12,417,776	-	-	2,737,128	2,737,128	-	-	9,680,648	9,680,648	-	-
2013	TRE				14,703,597	14,703,597	-	-	4,203,151	4,203,151	-	-	10,500,446	10,500,446	-	-
2013	WECC				36,829,694	32,246,493	4,069,607	513,594	10,739,401	9,315,301	1,273,976	150,123	26,090,293	22,931,192	2,795,630	363,471
Total					163,582,428	148,273,401	14,795,433	513,594	55,308,375	50,046,840	5,111,411	150,123	108,274,053	98,226,561	9,684,022	363,471

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	FRCC	1074	Alachua, City of	U.S.	1,522	1,522	-	-	1,513	1,513	-	-	(35)	(35)	44	44	-	-
2013	FRCC	1075	Bartow, City of	U.S.	3,430	3,430	-	-	3,411	3,411	-	-	(79)	(79)	99	99	-	-
2013	FRCC	1076	Chattahoochee, City of	U.S.	461	461	-	-	458	458	-	-	(11)	(11)	13	13	-	-
2013	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	9,084	9,084	-	-	9,032	9,032	-	-	(210)	(210)	261	261	-	-
2013	FRCC	1078	Florida Power & Light Co.	U.S.	1,383,264	1,383,264	-	-	1,375,406	1,375,406	-	-	(31,923)	(31,923)	39,782	39,782	-	-
2013	FRCC	1079	Florida Public Utilities Company	U.S.	4,463	4,463	-	-	4,438	4,438	-	-	(103)	(103)	128	128	-	-
2013	FRCC	1080	Gainesville Regional Utilities	U.S.	22,235	22,235	-	-	22,109	22,109	-	-	(513)	(513)	639	639	-	-
2013	FRCC	1081	Homestead, City of	U.S.	6,443	6,443	-	-	6,406	6,406	-	-	(149)	(149)	185	185	-	-
2013	FRCC	1082	JEA	U.S.	151,122	151,122	-	-	150,264	150,264	-	-	(3,488)	(3,488)	4,346	4,346	-	-
2013	FRCC	1083	Lakeland Electric	U.S.	36,877	36,877	-	-	36,668	36,668	-	-	(851)	(851)	1,061	1,061	-	-
2013	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	46,308	46,308	-	-	46,045	46,045	-	-	(1,069)	(1,069)	1,332	1,332	-	-
2013	FRCC	1661	City of Lake Worth	U.S.	5,508	5,508	-	-	5,477	5,477	-	-	(127)	(127)	158	158	-	-
2013	FRCC	1084	Mount Dora, City of	U.S.	1,123	1,123	-	-	1,117	1,117	-	-	(26)	(26)	32	32	-	-
2013	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	4,877	4,877	-	-	4,849	4,849	-	-	(113)	(113)	140	140	-	-
2013	FRCC	1086	Orlando Utilities Commission	U.S.	71,929	71,929	-	-	71,520	71,520	-	-	(1,660)	(1,660)	2,069	2,069	-	-
2013	FRCC	1087	Duke Energy Florida	U.S.	495,431	495,431	-	-	492,617	492,617	-	-	(11,434)	(11,434)	14,248	14,248	-	-
2013	FRCC	1088	Quincy, City of	U.S.	1,718	1,718	-	-	1,708	1,708	-	-	(40)	(40)	49	49	-	-
2013	FRCC	1089	Reedy Creek Improvement District	U.S.	15,261	15,261	-	-	15,175	15,175	-	-	(352)	(352)	439	439	-	-
2013	FRCC	1090	St. Cloud, City of (OUC)	U.S.	7,618	7,618	-	-	7,575	7,575	-	-	(176)	(176)	219	219	-	-
2013	FRCC	1091	Tallahassee, City of	U.S.	33,908	33,908	-	-	33,716	33,716	-	-	(783)	(783)	975	975	-	-
2013	FRCC	1092	Tampa Electric Company	U.S.	242,273	242,273	-	-	240,897	240,897	-	-	(5,591)	(5,591)	6,968	6,968	-	-
2013	FRCC	1603	City of Vero Beach	U.S.	9,336	9,336	-	-	9,283	9,283	-	-	(215)	(215)	269	269	-	-
2013	FRCC	1093	Wauchula, City of	U.S.	780	780	-	-	776	776	-	-	(18)	(18)	22	22	-	-
2013	FRCC	1094	Williston, City of	U.S.	404	404	-	-	402	402	-	-	(9)	(9)	12	12	-	-
2013	FRCC	1095	Winter Park, City of	U.S.	5,458	5,458	-	-	5,427	5,427	-	-	(126)	(126)	157	157	-	-
2013	FRCC	1072	Florida Municipal Power Agency	U.S.	69,788	69,788	-	-	69,391	69,391	-	-	(1,611)	(1,611)	2,007	2,007	-	-
2013	FRCC	1073	Seminole Electric Cooperative	U.S.	165,215	165,215	-	-	164,276	164,276	-	-	(3,813)	(3,813)	4,751	4,751	-	-
			TOTAL FRCC		2,795,837	2,795,837	-	-	2,779,954	2,779,954	-	-	(64,523)	(64,523)	80,406	80,406	-	-
					-													
2013	MRO	1199	Basin Electric Power Cooperative	U.S.	179,380	179,380	-	-	178,361	178,361	-	-	(4,140)	(4,140)	5,159	5,159	-	-
2013	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	35,951	35,951	-	-	35,746	35,746	-	-	(830)	(830)	1,034	1,034	-	-
2013	MRO	1204	Corn Belt Power Cooperative	U.S.	25,878	25,878	-	-	25,731	25,731	-	-	(597)	(597)	744	744	-	-
2013	MRO	1207	Dairyland Power Cooperative	U.S.	69,568	69,568	-	-	69,173	69,173	-	-	(1,606)	(1,606)	2,001	2,001	-	-
2013	MRO	1210	Great River Energy	U.S.	175,912	175,912	-	-	174,912	174,912	-	-	(4,060)	(4,060)	5,059	5,059	-	-
2013	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	55,033	55,033	-	-	54,720	54,720	-	-	(1,270)	(1,270)	1,583	1,583	-	-
2013	MRO	1230	Nebraska Public Power District	U.S.	172,178	172,178	-	-	171,200	171,200	-	-	(3,974)	(3,974)	4,952	4,952	-	-
2013	MRO	1232	Omaha Public Power District	U.S.	144,702	144,702	-	-	143,880	143,880	-	-	(3,339)	(3,339)	4,162	4,162	-	-
2013	MRO	1237	Southern Montana Generation and Transmission	U.S.	88	88	-	-	87	87	-	-	(2)	(2)	3	3	-	-
2013	MRO	1240	Western Area Power Administration (UM)	U.S.	114,216	114,216	-	-	113,567	113,567	-	-	(2,636)	(2,636)	3,285	3,285	-	-
2013	MRO	1239	Western Area Power Administration (LM)	U.S.	1,603	1,603	-	-	1,594	1,594	-	-	(37)	(37)	46	46	-	-
2013	MRO	1217	Manitoba Hydro	CAN	308,347	-	308,347	-	299,680	-	299,680	-	-	-	8,668	-	8,668	-
2013	MRO	1235	SaskPower	CAN	292,856	-	292,856	-	284,624	-	284,624	-	-	-	8,232	-	8,232	-
2013	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	366,547	366,547	-	-	364,465	364,465	-	-	(8,459)	(8,459)	10,542	10,542	-	-
2013	MRO	1216	Madison, Gas and Electric	U.S.	43,811	43,811	-	-	43,562	43,562	-	-	(1,011)	(1,011)	1,260	1,260	-	-
2013	MRO	1220	MidAmerican Energy Company	U.S.	359,363	359,363	-	-	357,321	357,321	-	-	(8,294)	(8,294)	10,335	10,335	-	-
2013	MRO	1221	Minnesota Power	U.S.	164,881	164,881	-	-	163,944	163,944	-	-	(3,805)	(3,805)	4,742	4,742	-	-
2013	MRO	1226	Montana-Dakota Utilities Co.	U.S.	39,354	39,354	-	-	39,131	39,131	-	-	(908)	(908)	1,132	1,132	-	-
2013	MRO	1231	NorthWestern Energy	U.S.	19,760	19,760	-	-	19,648	19,648	-	-	(456)	(456)	568	568	-	-
2013	MRO	1233	Otter Tail Power Company	U.S.	57,974	57,974	-	-	57,645	57,645	-	-	(1,338)	(1,338)	1,667	1,667	-	-
2013	MRO		Wisconsin Public Service (WPS)	U.S.	155,651	155,651	-	-	154,767	154,767	-	-	(3,592)	(3,592)	4,476	4,476	-	-
2013	MRO		Upper Peninsula Power Company (UPPCO)	U.S.	10,397	10,397	-	-	10,338	10,338	-	-	(240)	(240)	299	299	-	-
2013	MRO	1244	Xcel Energy Company (NSP)	U.S.	570,467	570,467	-	-	567,227	567,227	-	-	(13,165)	(13,165)	16,406	16,406	-	-
2013	MRO	1196	Ames Municipal Electric System	U.S.	9,758	9,758	-	-	9,703	9,703	-	-	(225)	(225)	281	281	-	-
2013	MRO	1604	Atlantic Municipal Utilities	U.S.	1,050	1,050	-	-	1,045	1,045	-	-	(24)	(24)	30	30	-	-
2013	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	5,102	5,102	-	-	5,073	5,073	-	-	(118)	(118)	147	147	-	-
2013	MRO	1200	Cedar Falls Municipal Utilities	U.S.	6,749	6,749	-	-	6,711	6,711	-	-	(156)	(156)	194	194	-	-
2013	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	5,900	5,900	-	-	5,867	5,867	-	-	(136)	(136)	170	170	-	-
2013	MRO	1203	City of Escanaba	U.S.	1,764	1,764	-	-	1,754	1,754	-	-	(41)	(41)	51	51	-	-
2013	MRO	1205	Falls City Water & Light Department	U.S.	720	720	-	-	716	716	-	-	(17)	(17)	21	21	-	-
2013	MRO	1206	Fremont Department of Utilities	U.S.	5,532	5,532	-	-	5,501	5,501	-	-	(128)	(128)	159	159	-	-
2013	MRO	1208	Geneseo Municipal Utilities	U.S.	840	840	-	-	836	836	-	-	(19)	(19)	24	24	-	-

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	MRO	1209	Grand Island Utilities Department	U.S.	9,605	9,605	-	-	9,551	9,551	-	-	(222)	(222)	276	276	-	-
2013	MRO	1606	Harlan Municipal Utilities	U.S.	304	304	-	-	302	302	-	-	(7)	(7)	9	9	-	-
2013	MRO	1211	Hastings Utilities	U.S.	5,530	5,530	-	-	5,498	5,498	-	-	(128)	(128)	159	159	-	-
2013	MRO	1212	Heartland Consumers Power District	U.S.	10,755	10,755	-	-	10,693	10,693	-	-	(248)	(248)	309	309	-	-
2013	MRO	1213	Hutchinson Utilities Commission	U.S.	3,663	3,663	-	-	3,642	3,642	-	-	(85)	(85)	105	105	-	-
2013	MRO	1215	Lincoln Electric System	U.S.	41,401	41,401	-	-	41,165	41,165	-	-	(955)	(955)	1,191	1,191	-	-
2013	MRO	1218	Manitowoc Public Utilities	U.S.	6,842	6,842	-	-	6,804	6,804	-	-	(158)	(158)	197	197	-	-
2013	MRO	1223	Missouri River Energy Services	U.S.	31,065	31,065	-	-	30,889	30,889	-	-	(717)	(717)	893	893	-	-
2013	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	19,250	19,250	-	-	19,141	19,141	-	-	(444)	(444)	554	554	-	-
2013	MRO	1607	Montezuma Municipal Light & Power	U.S.	406	406	-	-	404	404	-	-	(9)	(9)	12	12	-	-
2013	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	14,876	14,876	-	-	14,792	14,792	-	-	(343)	(343)	428	428	-	-
2013	MRO	1228	Muscatine Power and Water	U.S.	11,044	11,044	-	-	10,981	10,981	-	-	(255)	(255)	318	318	-	-
2013	MRO	1229	Nebraska City Utilities	U.S.	2,169	2,169	-	-	2,157	2,157	-	-	(50)	(50)	62	62	-	-
2013	MRO	1234	Rochester Public Utilities	U.S.	68	68	-	-	68	68	-	-	(2)	(2)	2	2	-	-
2013	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	37,352	37,352	-	-	37,140	37,140	-	-	(862)	(862)	1,074	1,074	-	-
2013	MRO	1241	Willmar Municipal Utilities	U.S.	3,324	3,324	-	-	3,305	3,305	-	-	(77)	(77)	96	96	-	-
2013	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	68,995	68,995	-	-	68,603	68,603	-	-	(1,592)	(1,592)	1,984	1,984	-	-
			TOTAL MRO		3,667,984	3,066,780	601,204	-	3,633,662	3,049,358	584,304	-	(70,776)	(70,776)	105,098	88,198	16,900	-
					-													
2013	NPCC	1336	New England	U.S.	1,634,487	1,634,487	-	-	1,625,202	1,625,202	-	-	(37,721)	(37,721)	47,007	47,007	-	-
2013	NPCC	1339	New York	U.S.	2,065,757	2,065,757	-	-	2,054,022	2,054,022	-	-	(47,674)	(47,674)	59,410	59,410	-	-
2013	NPCC	1337	Ontario	Canada	1,215,106	-	1,215,106	-	1,767,903	-	1,767,903	-	-	-	(552,797)	-	(552,797)	-
2013	NPCC	1341	Quebec	Canada	1,757,802	-	1,757,802	-	2,383,240	-	2,383,240	-	-	-	(625,439)	-	(625,439)	-
2013	NPCC	1338	New Brunswick	Canada	118,912	-	118,912	-	176,920	-	176,920	-	-	-	(58,008)	-	(58,008)	-
2013	NPCC	1340	Nova Scotia	Canada	144,412	-	144,412	-	140,352	-	140,352	-	-	-	4,059	-	4,059	-
			TOTAL NPCC		6,936,475	3,700,244	3,236,231	-	8,147,639	3,679,224	4,468,415	-	(85,396)	(85,396)	(1,125,768)	106,416	(1,232,184)	-
					-													
2013	RF	1104	Bay City	U.S.	4,167	4,167	-	-	4,144	4,144	-	-	(96)	(96)	120	120	-	-
2013	RF	1102	Cannelton Utilities	U.S.	205	205	-	-	204	204	-	-	(5)	(5)	6	6	-	-
2013	RF	1105	City of Chelsea	U.S.	1,229	1,229	-	-	1,222	1,222	-	-	(28)	(28)	35	35	-	-
2013	RF	1106	City of Croswell	U.S.	536	536	-	-	532	532	-	-	(12)	(12)	15	15	-	-
2013	RF	1108	City of Eaton Rapids	U.S.	1,208	1,208	-	-	1,201	1,201	-	-	(28)	(28)	35	35	-	-
2013	RF	1111	City of Hart	U.S.	617	617	-	-	614	614	-	-	(14)	(14)	18	18	-	-
2013	RF	1490	City of Lansing	U.S.	28,109	28,109	-	-	27,949	27,949	-	-	(649)	(649)	808	808	-	-
2013	RF	1112	City of Marquette Board of Light & Power	U.S.	4,206	4,206	-	-	4,182	4,182	-	-	(97)	(97)	121	121	-	-
2013	RF	1114	City of Portland	U.S.	466	466	-	-	464	464	-	-	(11)	(11)	13	13	-	-
2013	RF	1116	City of St. Louis	U.S.	510	510	-	-	507	507	-	-	(12)	(12)	15	15	-	-
2013	RF	1118	City of Wyandotte	U.S.	2,776	2,776	-	-	2,760	2,760	-	-	(64)	(64)	80	80	-	-
2013	RF	1120	Cloverland Electric Cooperative	U.S.	11,401	11,401	-	-	11,336	11,336	-	-	(263)	(263)	328	328	-	-
2013	RF	1122	CMS ERM Michigan LLC	U.S.	2,002	2,002	-	-	1,991	1,991	-	-	(46)	(46)	58	58	-	-
2013	RF	1124	Constellation New Energy (MECS-CONS)	U.S.	11,432	11,432	-	-	11,367	11,367	-	-	(264)	(264)	329	329	-	-
2013	RF	1123	Constellation New Energy (MECS-DET)	U.S.	13,810	13,810	-	-	13,731	13,731	-	-	(319)	(319)	397	397	-	-
2013	RF	1126	Consumers Energy Company	U.S.	411,297	411,297	-	-	408,961	408,961	-	-	(9,492)	(9,492)	11,829	11,829	-	-
2013	RF	1128	Detroit Edison Company	U.S.	585,989	585,989	-	-	582,660	582,660	-	-	(13,524)	(13,524)	16,853	16,853	-	-
2013	RF	1166	Duke Energy Indiana	U.S.	383,917	383,917	-	-	381,737	381,737	-	-	(8,860)	(8,860)	11,041	11,041	-	-
2013	RF	1135	Ferdinand Municipal Light & Water	U.S.	600	600	-	-	597	597	-	-	(14)	(14)	17	17	-	-
2013	RF	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	8,689	8,689	-	-	8,640	8,640	-	-	(201)	(201)	250	250	-	-
2013	RF	1549	FirstEnergy Solutions (MECS-DET)	U.S.	30,095	30,095	-	-	29,924	29,924	-	-	(695)	(695)	866	866	-	-
2013	RF	1612	Glacial Energy (MECS-DET)	U.S.	1,828	1,828	-	-	1,817	1,817	-	-	(42)	(42)	53	53	-	-
2013	RF	1144	Holland Board of Public Works	U.S.	12,440	12,440	-	-	12,369	12,369	-	-	(287)	(287)	358	358	-	-
2013	RF	1145	Hoosier Energy	U.S.	92,475	92,475	-	-	91,950	91,950	-	-	(2,134)	(2,134)	2,660	2,660	-	-
2013	RF	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	39,028	39,028	-	-	38,807	38,807	-	-	(901)	(901)	1,122	1,122	-	-
2013	RF	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	5,421	5,421	-	-	5,390	5,390	-	-	(125)	(125)	156	156	-	-
2013	RF	1486	Indiana Municipal Power Agency (SIGE)	U.S.	7,475	7,475	-	-	7,433	7,433	-	-	(173)	(173)	215	215	-	-
2013	RF	1149	Indianapolis Power & Light Co.	U.S.	186,795	186,795	-	-	185,734	185,734	-	-	(4,311)	(4,311)	5,372	5,372	-	-
2013	RF	1553	Integrys Energy Services (MECS-CONS)	U.S.	12,952	12,952	-	-	12,879	12,879	-	-	(299)	(299)	372	372	-	-
2013	RF	1554	Integrys Energy Services (MECS-DET)	U.S.	7,326	7,326	-	-	7,285	7,285	-	-	(169)	(169)	211	211	-	-
2013	RF		Integrys Energy Services (WEPC)	U.S.	10,890	10,890	-	-	10,828	10,828	-	-	(251)	(251)	313	313	-	-
2013	RF	1614	Just Energy (MECS-DET)	U.S.	183	183	-	-	182	182	-	-	(4)	(4)	5	5	-	-
2013	RF	1154	Michigan Public Power Agency	U.S.	16,142	16,142	-	-	16,051	16,051	-	-	(373)	(373)	464	464	-	-
2013	RF	1155	Michigan South Central Power Agency	U.S.	8,095	8,095	-	-	8,049	8,049	-	-	(187)	(187)	233	233	-	-

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	RF	1158	MidAmerican Energy Company Retail	U.S.	1,257	1,257	-	-	1,250	1,250	-	-	(29)	(29)	36	36	-	-
2013	RF	1163	Northern Indiana Public Service Co.	U.S.	222,307	222,307	-	-	221,044	221,044	-	-	(5,130)	(5,130)	6,393	6,393	-	-
2013	RF	1164	Ontonagon County Rural Electrification Assoc.	U.S.	372	372	-	-	370	370	-	-	(9)	(9)	11	11	-	-
2013	RF	1265	PJM Interconnnection, LLC	U.S.	8,788,247	8,788,247	-	-	8,738,322	8,738,322	-	-	(202,819)	(202,819)	252,743	252,743	-	-
2013	RF	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	8,557	8,557	-	-	8,509	8,509	-	-	(197)	(197)	246	246	-	-
2013	RF	1171	Sempra Energy Solutions (MECS-DET)	U.S.	8,991	8,991	-	-	8,940	8,940	-	-	(208)	(208)	259	259	-	-
2013	RF	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	163	163	-	-	162	162	-	-	(4)	(4)	5	5	-	-
2013	RF	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	4,701	4,701	-	-	4,675	4,675	-	-	(108)	(108)	135	135	-	-
2013	RF	1581	Spartan Renewable Energy	U.S.	856	856	-	-	851	851	-	-	(20)	(20)	25	25	-	-
2013	RF	1180	Thumb Electric Cooperative	U.S.	2,283	2,283	-	-	2,270	2,270	-	-	(53)	(53)	66	66	-	-
2013	RF	1662	Ohio Valley Electric Corporation	U.S.	8,144	8,144	-	-	8,097	8,097	-	-	(188)	(188)	234	234	-	-
2013	RF	1181	Vectren Energy Delivery of IN	U.S.	72,763	72,763	-	-	72,349	72,349	-	-	(1,679)	(1,679)	2,093	2,093	-	-
2013	RF	1183	Village of Sebewaing	U.S.	558	558	-	-	555	555	-	-	(13)	(13)	16	16	-	-
2013	RF	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	35,395	35,395	-	-	35,194	35,194	-	-	(817)	(817)	1,018	1,018	-	-
2013	RF	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	21,326	21,326	-	-	21,204	21,204	-	-	(492)	(492)	613	613	-	-
2013	RF	1185	Wisconsin Electric Power Co.	U.S.	355,279	355,279	-	-	353,261	353,261	-	-	(8,199)	(8,199)	10,218	10,218	-	-
2013	RF	1189	Wolverine Power Marketing Cooperative	U.S.	9,577	9,577	-	-	9,523	9,523	-	-	(221)	(221)	275	275	-	-
2013	RF	1191	Wolverine Power Supply Cooperative	U.S.	33,584	33,584	-	-	33,394	33,394	-	-	(775)	(775)	966	966	-	-
2013	RF	1190	Wolverine Power Marketing Cooperative	U.S.	1,739	1,739	-	-	1,730	1,730	-	-	(40)	(40)	50	50	-	-
			TOTAL RELIABILITYFIRST		11,480,414	11,480,414	-	-	11,415,196	11,415,196	-	-	(264,949)	(264,949)	330,168	330,168	-	-
					-													
2013	SERC	1267	Alabama Municipal Electric Authority	U.S.	43,076	43,076	-	-	42,832	42,832	-	-	(994)	(994)	1,239	1,239	-	-
2013	SERC	1268	Alabama Power Company	U.S.	747,948	747,948	-	-	743,699	743,699	-	-	(17,261)	(17,261)	21,510	21,510	-	-
2013	SERC	1269	Ameren - Illinois	U.S.	542,976	542,976	-	-	539,891	539,891	-	-	(12,531)	(12,531)	15,616	15,616	-	-
2013	SERC	1271	Ameren - Missouri	U.S.	529,799	529,799	-	-	526,790	526,790	-	-	(12,227)	(12,227)	15,237	15,237	-	-
2013	SERC	1272	APGI - Yadkin Division	U.S.	348	348	-	-	346	346	-	-	(8)	(8)	10	10	-	-
2013	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	3,994	3,994	-	-	3,971	3,971	-	-	(92)	(92)	115	115	-	-
2013	SERC	1273	Associated Electric Cooperative Inc.	U.S.	244,644	244,644	-	-	243,255	243,255	-	-	(5,646)	(5,646)	7,036	7,036		
2013	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	14,122	14,122	-	-	14,042	14,042	-	-	(326)	(326)	406	406		
2013	SERC	1462	Benton Utility District	U.S.	3,440	3,440	-	-	3,420	3,420	-	-	(79)	(79)	99	99		
2013	SERC	1274	Big Rivers Electric Corporation	U.S.	48,316	48,316	-	-	48,041	48,041	-	-	(1,115)	(1,115)	1,390	1,390		
2013	SERC	1275	Black Warrior EMC	U.S.	5,544	5,544	-	-	5,513	5,513	-	-	(128)	(128)	159	159		
2013	SERC	1276	Blue Ridge EMC	U.S.	17,733	17,733	-	-	17,633	17,633	-	-	(409)	(409)	510	510		
2013	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	5,439	5,439	-	-	5,408	5,408	-	-	(126)	(126)	156	156		
2013	SERC	1463	Canton, MS	U.S.	1,532	1,532	-	-	1,523	1,523	-	-	(35)	(35)	44	44		
2013	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	193,380	193,380	-	-	192,281	192,281	-	-	(4,463)	(4,463)	5,561	5,561		
2013	SERC		Century Aluminum - Hawesville	U.S.	53,967	53,967	-	-	53,660	53,660	-	-	(1,245)	(1,245)	1,552	1,552		
2013	SERC		Century Aluminum - Sebree	U.S.	41,087	41,087	-	-	40,853	40,853	-	-	(948)	(948)	1,182	1,182		
2013	SERC	1278	City of Blountstown FL	U.S.	481	481	-	-	479	479	-	-	(11)	(11)	14	14		
2013	SERC	1279	City of Camden SC	U.S.	2,386	2,386	-	-	2,373	2,373	-	-	(55)	(55)	69	69		
2013	SERC	1280	City of Collins MS	U.S.	629	629	-	-	625	625	-	-	(15)	(15)	18	18		
2013	SERC	1281	City of Columbia MO	U.S.	15,015	15,015	-	-	14,929	14,929	-	-	(347)	(347)	432	432		
2013	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	13,076	13,076	-	-	13,002	13,002	-	-	(302)	(302)	376	376		
2013	SERC	1284	City of Evergreen AL	U.S.	742	742	-	-	738	738	-	-	(17)	(17)	21	21		
2013	SERC	1285	City of Hampton GA	U.S.	298	298	-	-	296	296	-	-	(7)	(7)	9	9		
2013	SERC	1286	City of Hartford AL	U.S.	423	423	-	-	420	420	-	-	(10)	(10)	12	12		
2013	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	7,797	7,797	-	-	7,752	7,752	-	-	(180)	(180)	224	224		
2013	SERC	1288	City of North Little Rock AR (DENL)	U.S.	12,112	12,112	-	-	12,044	12,044	-	-	(280)	(280)	348	348		
2013	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	10,565	10,565	-	-	10,505	10,505	-	-	(244)	(244)	304	304		
2013	SERC	1290	City of Robertsdale AL	U.S.	1,062	1,062	-	-	1,056	1,056	-	-	(25)	(25)	31	31		
2013	SERC	1291	City of Ruston LA (DERS)	U.S.	3,752	3,752	-	-	3,731	3,731	-	-	(87)	(87)	108	108		
2013	SERC	1292	City of Seneca SC	U.S.	2,020	2,020	-	-	2,009	2,009	-	-	(47)	(47)	58	58		
2013	SERC	1115	City of Springfield (CWLP)	U.S.	22,849	22,849	-	-	22,719	22,719	-	-	(527)	(527)	657	657		
2013	SERC	1465	City of Thayer, MO	U.S.	293	293	-	-	291	291	-	-	(7)	(7)	8	8		
2013	SERC	1293	City of Troy AL	U.S.	5,400	5,400	-	-	5,369	5,369	-	-	(125)	(125)	155	155		
2013	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	5,060	5,060	-	-	5,032	5,032	-	-	(117)	(117)	146	146		
2013	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	8,481	8,481	-	-	8,433	8,433	-	-	(196)	(196)	244	244		
2013	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	3,339	3,339	-	-	3,320	3,320	-	-	(77)	(77)	96	96		
2013	SERC	1283	Dalton Utilities	U.S.	20,030	20,030	-	-	19,917	19,917	-	-	(462)	(462)	576	576		
2013	SERC	1585	Dixie Electric Membership Corporation	U.S.	28,692	28,692	-	-	28,529	28,529	-	-	(662)	(662)	825	825		
2013	SERC	1295	Dominion Virginia Power	U.S.	1,084,434	1,084,434	-	-	1,078,273	1,078,273	-	-	(25,027)	(25,027)	31,187	31,187		
2013	SERC	1296	Duke Energy Carolinas, LLC	U.S.	980,528	980,528	-	-	974,957	974,957	-	-	(22,629)	(22,629)	28,199	28,199		
2013	SERC	1466	Durant, MS	U.S.	329	329	-	-	327	327	-	-	(8)	(8)	9	9		
2013	SERC	1478	LG&E and KU Services Company as agent for LG&E Company and KUCompany	U.S.	442,698	442,698	-	-	440,183	440,183	-	-	(10,217)	(10,217)	12,732	12,732		
2013	SERC	1297	East Kentucky Power Cooperative	U.S.	168,568	168,568	-	-	167,611	167,611	-	-	(3,890)	(3,890)	4,848	4,848		
2013	SERC	1298	East Mississippi Electric Power Association	U.S.	5,892	5,892	-	-	5,858	5,858	-	-	(136)	(136)	169	169		
2013	SERC		Electricities of North Carolina Inc	U.S.	144,720	144,720	-	-	143,898	143,898	-	-	(3,340)	(3,340)	4,162	4,162		
2013	SERC	1300	EnergyUnited EMC	U.S.	32,361	32,361	-	-	32,177	32,177	-	-	(747)	(747)	931	931		
2013	SERC	1301	Entergy	U.S.	1,396,015	1,396,015	-	-	1,388,085	1,388,085	-	-	(32,218)	(32,218)	40,148	40,148		

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	27,138	27,138	-	-	26,984	26,984	-	-	(626)	(626)	780	780		
2013	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	4,017	4,017	-	-	3,994	3,994	-	-	(93)	(93)	116	116		
2013	SERC	1304	French Broad EMC	U.S.	6,723	6,723	-	-	6,685	6,685	-	-	(155)	(155)	193	193		
2013	SERC	1305	Georgia Power Company	U.S.	1,088,722	1,088,722	-	-	1,082,537	1,082,537	-	-	(25,126)	(25,126)	31,311	31,311		
2013	SERC	1306	Georgia System Optns Corporation	U.S.	472,864	472,864	-	-	470,178	470,178	-	-	(10,913)	(10,913)	13,599	13,599		
2013	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	3,684	3,684	-	-	3,663	3,663	-	-	(85)	(85)	106	106		
2013	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	3,991	3,991	-	-	3,969	3,969	-	-	(92)	(92)	115	115		
2013	SERC	1308	Gulf Power Company	U.S.	145,379	145,379	-	-	144,553	144,553	-	-	(3,355)	(3,355)	4,181	4,181		
2013	SERC	1586	Haywood EMC	U.S.	3,933	3,933	-	-	3,911	3,911	-	-	(91)	(91)	113	113		
2013	SERC	1309	Illinois Municipal Electric Agency	U.S.	24,362	24,362	-	-	24,224	24,224	-	-	(562)	(562)	701	701		
2013	SERC	1480	Itta Bena, MS	U.S.	181	181	-	-	180	180	-	-	(4)	(4)	5	5		
2013	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	3,674	3,674	-	-	3,653	3,653	-	-	(85)	(85)	106	106		
2013	SERC	1617	Kentucky Municipal Power	U.S.	9,081	9,081	-	-	9,029	9,029	-	-	(210)	(210)	261	261		
2013	SERC	1481	Kosciusko, MS	U.S.	883	883	-	-	878	878	-	-	(20)	(20)	25	25		
2013	SERC	1482	Leland, MS	U.S.	386	386	-	-	384	384	-	-	(9)	(9)	11	11		
2013	SERC	1313	McCormick Commission of Public Works	U.S.	201	201	-	-	200	200	-	-	(5)	(5)	6	6		
2013	SERC	1314	Mississippi Power Company	U.S.	134,284	134,284	-	-	133,521	133,521	-	-	(3,099)	(3,099)	3,862	3,862		
2013	SERC	1630	Mt. Carmel Public Utility	U.S.	1,211	1,211	-	-	1,204	1,204	-	-	(28)	(28)	35	35		
2013	SERC	1315	Municipal Electric Authority of Georgia	U.S.	134,763	134,763	-	-	133,997	133,997	-	-	(3,110)	(3,110)	3,876	3,876		
2013	SERC	1316	N.C. Electric Membership Corp.	U.S.	155,401	155,401	-	-	154,519	154,519	-	-	(3,586)	(3,586)	4,469	4,469		
2013	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	3,989	3,989	-	-	3,966	3,966	-	-	(92)	(92)	115	115		
2013	SERC	1574	Northern Virginia Electric Cooperative	U.S.	50,650	50,650	-	-	50,362	50,362	-	-	(1,169)	(1,169)	1,457	1,457		
2013	SERC	1319	Old Dominion Electric Cooperative	U.S.	74,326	74,326	-	-	73,904	73,904	-	-	(1,715)	(1,715)	2,138	2,138		
2013	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	2,343	2,343	-	-	2,330	2,330	-	-	(54)	(54)	67	67		
2013	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	11,396	11,396	-	-	11,332	11,332	-	-	(263)	(263)	328	328		
2013	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	6,410	6,410	-	-	6,374	6,374	-	-	(148)	(148)	184	184		
2013	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	28,135	28,135	-	-	27,975	27,975	-	-	(649)	(649)	809	809		
2013	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	3,433	3,433	-	-	3,413	3,413	-	-	(79)	(79)	99	99		
2013	SERC	1266	PowerSouth Energy	U.S.	106,057	106,057	-	-	105,455	105,455	-	-	(2,448)	(2,448)	3,050	3,050		
2013	SERC	1330	Prairie Power, Inc.	U.S.	20,059	20,059	-	-	19,945	19,945	-	-	(463)	(463)	577	577		
2013	SERC	1324	Progress Energy Carolinas	U.S.	576,051	576,051	-	-	572,778	572,778	-	-	(13,294)	(13,294)	16,567	16,567		
2013	SERC	1325	Rutherford EMC	U.S.	16,804	16,804	-	-	16,709	16,709	-	-	(388)	(388)	483	483		
2013	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	22,604	22,604	-	-	22,476	22,476	-	-	(522)	(522)	650	650		
2013	SERC	1326	South Carolina Electric & Gas Company	U.S.	284,172	284,172	-	-	282,558	282,558	-	-	(6,558)	(6,558)	8,173	8,173		
2013	SERC	1327	South Carolina Public Service Authority	U.S.	140,662	140,662	-	-	139,863	139,863	-	-	(3,246)	(3,246)	4,045	4,045		
2013	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	7,972	7,972	-	-	7,927	7,927	-	-	(184)	(184)	229	229		
2013	SERC	1328	South Mississippi Electric Power Association	U.S.	130,831	130,831	-	-	130,088	130,088	-	-	(3,019)	(3,019)	3,763	3,763		
2013	SERC	1329	Southern Illinois Power Cooperative	U.S.	19,544	19,544	-	-	19,433	19,433	-	-	(451)	(451)	562	562		
2013	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	33,568	33,568	-	-	33,377	33,377	-	-	(775)	(775)	965	965		
2013	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	5,370	5,370	-	-	5,339	5,339	-	-	(124)	(124)	154	154		
2013	SERC	1331	Tennessee Valley Authority	U.S.	2,043,543	2,043,543	-	-	2,031,934	2,031,934	-	-	(47,162)	(47,162)	58,771	58,771		
2013	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	2,633	2,633	-	-	2,618	2,618	-	-	(61)	(61)	76	76		
2013	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	1,671	1,671	-	-	1,662	1,662	-	-	(39)	(39)	48	48		
2013	SERC	1594	Town of Sharpsburg, N.C.	U.S.	251	251	-	-	249	249	-	-	(6)	(6)	7	7		
2013	SERC	1595	Town of Stantonsburg, N.C. JRO	U.S.	977	977	-	-	971	971	-	-	(23)	(23)	28	28		
2013	SERC	1333	Town of Waynesville NC	U.S.	1,150	1,150	-	-	1,143	1,143	-	-	(27)	(27)	33	33		
2013	SERC	1334	Town of Winnsboro SC	U.S.	700	700	-	-	696	696	-	-	(16)	(16)	20	20		
2013	SERC	1335	Town of Winterville NC	U.S.	687	687	-	-	683	683	-	-	(16)	(16)	20	20		
2013	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	13,725	13,725	-	-	13,647	13,647	-	-	(317)	(317)	395	395		
			TOTAL SERC		12,747,985	12,747,985	-	-	12,675,566	12,675,566	-	-	(294,203)	(294,203)	366,622	366,622	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	SPP	1246	American Electric Power	U.S.	467,343	467,343	-	-	464,688	464,688	-	-	(10,786)	(10,786)	13,440	13,440	-	-
2013	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	64,851	64,851	-	-	64,483	64,483	-	-	(1,497)	(1,497)	1,865	1,865	-	-
2013	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	29,884	29,884	-	-	29,714	29,714	-	-	(690)	(690)	859	859	-	-
2013	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	11,895	11,895	-	-	11,827	11,827	-	-	(275)	(275)	342	342	-	-
2013	SPP	1647	Carthage City Water & Light	U.S.	4,078	4,078	-	-	4,055	4,055	-	-	(94)	(94)	117	117	-	-
2013	SPP	1469	Central Valley Electric Cooperative	U.S.	10,719	10,719	-	-	10,658	10,658	-	-	(247)	(247)	308	308	-	-
2013	SPP	1556	City of Bentonville	U.S.	8,173	8,173	-	-	8,127	8,127	-	-	(189)	(189)	235	235	-	-
2013	SPP	1557	City of Clarksdale, Mississippi	U.S.	2,071	2,071	-	-	2,059	2,059	-	-	(48)	(48)	60	60	-	-
2013	SPP	1558	Hope Water & Light (HWL)	U.S.	3,788	3,788	-	-	3,766	3,766	-	-	(87)	(87)	109	109	-	-
2013	SPP	1559	City of Minden	U.S.	2,044	2,044	-	-	2,033	2,033	-	-	(47)	(47)	59	59	-	-
2013	SPP	1635	The City of Osage City	U.S.	458	458	-	-	455	455	-	-	(11)	(11)	13	13	-	-
2013	SPP	1636	City of Prescott	U.S.	1,114	1,114	-	-	1,108	1,108	-	-	(26)	(26)	32	32	-	-
2013	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	13,526	13,526	-	-	13,449	13,449	-	-	(312)	(312)	389	389	-	-
2013	SPP	1436	City Utilities of Springfield, MO	U.S.	40,217	40,217	-	-	39,988	39,988	-	-	(928)	(928)	1,157	1,157	-	-
2013	SPP	1249	Cleco Power LLC	U.S.	149,410	149,410	-	-	148,562	148,562	-	-	(3,448)	(3,448)	4,297	4,297	-	-
2013	SPP	1437	East Texas Electric Coop, Inc.	U.S.	5,304	5,304	-	-	5,274	5,274	-	-	(122)	(122)	153	153	-	-
2013	SPP	1250	The Empire District Electric Company	U.S.	67,143	67,143	-	-	66,761	66,761	-	-	(1,550)	(1,550)	1,931	1,931	-	-
2013	SPP	1470	Farmers' Electric Coop	U.S.	5,573	5,573	-	-	5,541	5,541	-	-	(129)	(129)	160	160	-	-
2013	SPP	1438	Golden Spread Electric Coop	U.S.	72,747	72,747	-	-	72,334	72,334	-	-	(1,679)	(1,679)	2,092	2,092	-	-
2013	SPP	1251	Grand River Dam Authority	U.S.	61,745	61,745	-	-	61,394	61,394	-	-	(1,425)	(1,425)	1,776	1,776	-	-
2013	SPP	1648	Jonesboro City Water & Light	U.S.	16,671	16,671	-	-	16,577	16,577	-	-	(385)	(385)	479	479	-	-
2013	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	199,606	199,606	-	-	198,472	198,472	-	-	(4,607)	(4,607)	5,741	5,741	-	-
2013	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	28,182	28,182	-	-	28,022	28,022	-	-	(650)	(650)	811	811	-	-
2013	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	5,089	5,089	-	-	5,060	5,060	-	-	(117)	(117)	146	146	-	-
2013	SPP	1637	Kansas Power Pool	U.S.	19,405	19,405	-	-	19,295	19,295	-	-	(448)	(448)	558	558	-	-
2013	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	2,067	2,067	-	-	2,055	2,055	-	-	(48)	(48)	59	59	-	-
2013	SPP	1649	Kennett Board of Public Works	U.S.	2,150	2,150	-	-	2,138	2,138	-	-	(50)	(50)	62	62	-	-
2013	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	111,445	111,445	-	-	110,812	110,812	-	-	(2,572)	(2,572)	3,205	3,205	-	-
2013	SPP	1471	Lafayette Utilities System	U.S.	26,533	26,533	-	-	26,382	26,382	-	-	(612)	(612)	763	763	-	-
2013	SPP	1472	Lea County Electric Coop	U.S.	16,371	16,371	-	-	16,278	16,278	-	-	(378)	(378)	471	471	-	-
2013	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	12,983	12,983	-	-	12,909	12,909	-	-	(300)	(300)	373	373	-	-
2013	SPP	1650	Malden Board of Public Works	U.S.	649	649	-	-	645	645	-	-	(15)	(15)	19	19	-	-
2013	SPP	1441	Midwest Energy Inc.	U.S.	23,340	23,340	-	-	23,208	23,208	-	-	(539)	(539)	671	671	-	-
2013	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	32,768	32,768	-	-	32,582	32,582	-	-	(756)	(756)	942	942	-	-
2013	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	713	713	-	-	709	709	-	-	(16)	(16)	21	21	-	-
2013	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	41,642	41,642	-	-	41,405	41,405	-	-	(961)	(961)	1,198	1,198	-	-
2013	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	364,728	364,728	-	-	362,656	362,656	-	-	(8,417)	(8,417)	10,489	10,489	-	-
2013	SPP	1444	Oklahoma Municipal Power Auth	U.S.	34,665	34,665	-	-	34,468	34,468	-	-	(800)	(800)	997	997	-	-
2013	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	2,685	2,685	-	-	2,670	2,670	-	-	(62)	(62)	77	77	-	-
2013	SPP	1651	Paragould Light, Water & Cable	U.S.	7,523	7,523	-	-	7,480	7,480	-	-	(174)	(174)	216	216	-	-
2013	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	529	529	-	-	526	526	-	-	(12)	(12)	15	15	-	-
2013	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	4,930	4,930	-	-	4,902	4,902	-	-	(114)	(114)	142	142	-	-
2013	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	1,574	1,574	-	-	1,565	1,565	-	-	(36)	(36)	45	45	-	-
2013	SPP	1473	Roosevelt County Electric Coop	U.S.	2,462	2,462	-	-	2,448	2,448	-	-	(57)	(57)	71	71	-	-
2013	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	5,138	5,138	-	-	5,109	5,109	-	-	(119)	(119)	148	148	-	-
2013	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	256,152	256,152	-	-	254,696	254,696	-	-	(5,912)	(5,912)	7,367	7,367	-	-
2013	SPP	1256	Sunflower Electric Power Cooperative	U.S.	66,468	66,468	-	-	66,091	66,091	-	-	(1,534)	(1,534)	1,912	1,912	-	-
2013	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	6,551	6,551	-	-	6,514	6,514	-	-	(151)	(151)	188	188	-	-
2013	SPP	1475	Tri County Electric Coop	U.S.	5,155	5,155	-	-	5,126	5,126	-	-	(119)	(119)	148	148	-	-
2013	SPP	1260	Westar Energy, Inc.	U.S.	271,858	271,858	-	-	270,314	270,314	-	-	(6,274)	(6,274)	7,818	7,818	-	-
2013	SPP	1259	Western Farmers Electric Cooperative	U.S.	108,566	108,566	-	-	107,950	107,950	-	-	(2,506)	(2,506)	3,122	3,122	-	-
2013	SPP	1501	West Texas Municipal Power Agency	U.S.	36,444	36,444	-	-	36,236	36,236	-	-	(841)	(841)	1,048	1,048	-	-
			TOTAL SPP		2,737,128	2,737,128	-	-	2,721,578	2,721,578	-	-	(63,168)	(63,168)	78,718	78,718	-	-
2011	TRE	1019	ERCOT	U.S.	4,203,151	4,203,151	-	-	4,179,274	4,179,274	-	-	(97,002)	(97,002)	120,879	120,879	-	-
					4,203,151	4,203,151	-	-	4,179,274	4,179,274	-	-	(97,002)	(97,002)	120,879	120,879	-	-

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Alberta Electric System Operator	Canada	511,339	-	511,339	-	761,021	-	761,021	-	-	-	(249,682)	-	(249,682)	-
2013	WECC		British Columbia Hydro & Power Authority	Canada	762,637	-	762,637	-	741,199	-	741,199	-	-	-	21,438		21,438	
2013	WECC		Comision Federal de Electricidad	Mexico	150,123	-	-	150,123	145,903	-	-	145,903	-	-	4,220	-	-	4,220
2013	WECC		Aguila Irrigation District - APS	U.S.	392	392	-	-	390	390	-	-	(9)	(9)	11	11	-	-
2013	WECC		Aha Macav Power Service	U.S.	319	319	-	-	318	318	-	-	(7)	(7)	9	9	-	-
2013	WECC		Ajo Improvement District	U.S.	174	174	-	-	173	173	-	-	(4)	(4)	5	5	-	-
2013	WECC		Ak-Chin	U.S.	490	490	-	-	487	487	-	-	(11)	(11)	14	14	-	-
2013	WECC		Alcoa Inc	U.S.	43,689	43,689	-	-	43,440	43,440	-	-	(1,008)	(1,008)	1,256	1,256	-	-
2013	WECC		Arizona Public Service Company	U.S.	376,545	376,545	-	-	374,406	374,406	-	-	(8,690)	(8,690)	10,829	10,829	-	-
2013	WECC		Arkansas River Power Authority (ARPA)	U.S.	2,971	2,971	-	-	2,954	2,954	-	-	(69)	(69)	85	85	-	-
2013	WECC		Avista Corporation	U.S.	749	749	-	-	745	745	-	-	(17)	(17)	22	22	-	-
2013	WECC		Avista Corporation	U.S.	120,985	120,985	-	-	120,298	120,298	-	-	(2,792)	(2,792)	3,479	3,479	-	-
2013	WECC		Barrick Goldstrike Mines Inc.	U.S.	14,907	14,907	-	-	14,822	14,822	-	-	(344)	(344)	429	429	-	-
2013	WECC		Basin Electric Power Cooperative	U.S.	752	752	-	-	748	748	-	-	(17)	(17)	22	22	-	-
2013	WECC		Basin Electric Power Cooperative	U.S.	38,619	38,619	-	-	38,399	38,399	-	-	(891)	(891)	1,111	1,111	-	-
2013	WECC		Benton REA	U.S.	6,968	6,968	-	-	6,929	6,929	-	-	(161)	(161)	200	200	-	-
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	1,763	1,763	-	-	1,753	1,753	-	-	(41)	(41)	51	51	-	-
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	4,558	4,558	-	-	4,532	4,532	-	-	(105)	(105)	131	131	-	-
2013	WECC		Blachly-Lane Electric Cooperative	U.S.	2,195	2,195	-	-	2,183	2,183	-	-	(51)	(51)	63	63	-	-
2013	WECC		Black Hills Power	U.S.	24,345	24,345	-	-	24,207	24,207	-	-	(562)	(562)	700	700	-	-
2013	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	37,317	37,317	-	-	37,105	37,105	-	-	(861)	(861)	1,073	1,073	-	-
2013	WECC		Black Hills State University South Dakota	U.S.	249	249	-	-	248	248	-	-	(6)	(6)	7	7	-	-
2013	WECC		Bonneville Power Administration	U.S.	86	86	-	-	86	86	-	-	(2)	(2)	2	2	-	-
2013	WECC		Bonneville Power Administration	U.S.	171	171	-	-	170	170	-	-	(4)	(4)	5	5	-	-
2013	WECC		Bonneville Power Administration	U.S.	9,844	9,844	-	-	9,788	9,788	-	-	(227)	(227)	283	283	-	-
2013	WECC		Bonneville Power Administration	U.S.	23,557	23,557	-	-	23,423	23,423	-	-	(544)	(544)	677	677	-	-
2013	WECC		Bonneville Power Administration	U.S.	48,448	48,448	-	-	48,172	48,172	-	-	(1,118)	(1,118)	1,393	1,393	-	-
2013	WECC		BPA - Big Bend/Schrag Load	U.S.	472	472	-	-	469	469	-	-	(11)	(11)	14	14	-	-
2013	WECC		BPA - Kittitas Load	U.S.	93	93	-	-	93	93	-	-	(2)	(2)	3	3	-	-
2013	WECC		BPA - USBR Load	U.S.	1,665	1,665	-	-	1,656	1,656	-	-	(38)	(38)	48	48	-	-
2013	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	250	250	-	-	249	249	-	-	(6)	(6)	7	7	-	-
2013	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	10	10	-	-	10	10	-	-	(0)	(0)	0	0	-	-
2013	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	82	82	-	-	82	82	-	-	(2)	(2)	2	2	-	-
2013	WECC		Burlington	U.S.	464	464	-	-	461	461	-	-	(11)	(11)	13	13	-	-
2013	WECC		California Independent System Operator	U.S.	2,935,271	2,935,271	-	-	2,918,596	2,918,596	-	-	(67,741)	(67,741)	84,416	84,416	-	-
2013	WECC		Canby Public Utility Board	U.S.	2,289	2,289	-	-	2,276	2,276	-	-	(53)	(53)	66	66	-	-
2013	WECC		Central Arizona Water Conservation District	U.S.	33,258	33,258	-	-	33,069	33,069	-	-	(768)	(768)	956	956	-	-
2013	WECC		Central Electric Cooperative	U.S.	7,695	7,695	-	-	7,651	7,651	-	-	(178)	(178)	221	221	-	-
2013	WECC		Central Lincoln PUD	U.S.	17,064	17,064	-	-	16,967	16,967	-	-	(394)	(394)	491	491	-	-
2013	WECC		Central Montana Electric Power Cooperative	U.S.	806	806	-	-	802	802	-	-	(19)	(19)	23	23	-	-
2013	WECC		Central Montana Electric Power Cooperative	U.S.	4,015	4,015	-	-	3,993	3,993	-	-	(93)	(93)	115	115	-	-
2013	WECC		City of Aztec Electric Dept	U.S.	502	502	-	-	499	499	-	-	(12)	(12)	14	14	-	-
2013	WECC		City of Bandon	U.S.	851	851	-	-	846	846	-	-	(20)	(20)	24	24	-	-
2013	WECC		City of Blaine	U.S.	989	989	-	-	983	983	-	-	(23)	(23)	28	28	-	-
2013	WECC		City of Bonners Ferry	U.S.	916	916	-	-	911	911	-	-	(21)	(21)	26	26	-	-
2013	WECC		City of Cascade Locks	U.S.	248	248	-	-	247	247	-	-	(6)	(6)	7	7	-	-
2013	WECC		City of Centralia	U.S.	3,419	3,419	-	-	3,399	3,399	-	-	(79)	(79)	98	98	-	-
2013	WECC		City of Cheney	U.S.	1,887	1,887	-	-	1,876	1,876	-	-	(44)	(44)	54	54	-	-
2013	WECC		City of Chewelah	U.S.	301	301	-	-	299	299	-	-	(7)	(7)	9	9	-	-
2013	WECC		City of Drain	U.S.	213	213	-	-	212	212	-	-	(5)	(5)	6	6	-	-
2013	WECC		City of Ellensburg	U.S.	2,625	2,625	-	-	2,610	2,610	-	-	(61)	(61)	75	75	-	-
2013	WECC		City of Fallon	U.S.	471	471	-	-	468	468	-	-	(11)	(11)	14	14	-	-
2013	WECC		City of Farmington	U.S.	12,954	12,954	-	-	12,881	12,881	-	-	(299)	(299)	373	373	-	-
2013	WECC		City of Forest Grove	U.S.	3,240	3,240	-	-	3,221	3,221	-	-	(75)	(75)	93	93	-	-
2013	WECC		City of Gallup	U.S.	2,399	2,399	-	-	2,385	2,385	-	-	(55)	(55)	69	69	-	-
2013	WECC		City of Henderson	U.S.	541	541	-	-	538	538	-	-	(12)	(12)	16	16	-	-
2013	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	1,404	1,404	-	-	1,396	1,396	-	-	(32)	(32)	40	40	-	-
2013	WECC		City of Las Vegas	U.S.	528	528	-	-	525	525	-	-	(12)	(12)	15	15	-	-

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2013	WECC		City of McCleary	U.S.	397	397	-	-	395	395	-	-	(9)	(9)	11	11	-	-
2013	WECC		City of McMinnville	U.S.	9,735	9,735	-	-	9,680	9,680	-	-	(225)	(225)	280	280	-	-
2013	WECC		City of Mesa	U.S.	3,305	3,305	-	-	3,286	3,286	-	-	(76)	(76)	95	95	-	-
2013	WECC		City of Milton	U.S.	765	765	-	-	760	760	-	-	(18)	(18)	22	22	-	-
2013	WECC		City of Milton-Freewater	U.S.	1,434	1,434	-	-	1,426	1,426	-	-	(33)	(33)	41	41	-	-
2013	WECC		City of Monmouth	U.S.	940	940	-	-	935	935	-	-	(22)	(22)	27	27	-	-
2013	WECC		City of Needles	U.S.	392	392	-	-	389	389	-	-	(9)	(9)	11	11	-	-
2013	WECC		City of North Las Vegas	U.S.	59	59	-	-	58	58	-	-	(1)	(1)	2	2	-	-
2013	WECC		City of Page	U.S.	1,165	1,165	-	-	1,159	1,159	-	-	(27)	(27)	34	34	-	-
2013	WECC		City of Plummer	U.S.	455	455	-	-	452	452	-	-	(10)	(10)	13	13	-	-
2013	WECC		City of Port Angeles	U.S.	9,252	9,252	-	-	9,199	9,199	-	-	(214)	(214)	266	266	-	-
2013	WECC		City of Redding	U.S.	10,105	10,105	-	-	10,047	10,047	-	-	(233)	(233)	291	291	-	-
2013	WECC		City of Richland	U.S.	11,301	11,301	-	-	11,237	11,237	-	-	(261)	(261)	325	325	-	-
2013	WECC		City of Roseville	U.S.	15,603	15,603	-	-	15,515	15,515	-	-	(360)	(360)	449	449	-	-
2013	WECC		City of Shasta Lake	U.S.	2,441	2,441	-	-	2,427	2,427	-	-	(56)	(56)	70	70	-	-
2013	WECC		City of Sumas	U.S.	392	392	-	-	390	390	-	-	(9)	(9)	11	11	-	-
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	4	4	-	-	4	4	-	-	(0)	(0)	0	0	-	-
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	63,299	63,299	-	-	62,940	62,940	-	-	(1,461)	(1,461)	1,820	1,820	-	-
2013	WECC		City of Troy	U.S.	222	222	-	-	221	221	-	-	(5)	(5)	6	6	-	-
2013	WECC		City of Williams	U.S.	495	495	-	-	492	492	-	-	(11)	(11)	14	14	-	-
2013	WECC		Clark County Water Resources	U.S.	978	978	-	-	973	973	-	-	(23)	(23)	28	28	-	-
2013	WECC		Clark Public Utilities	U.S.	56,694	56,694	-	-	56,372	56,372	-	-	(1,308)	(1,308)	1,630	1,630	-	-
2013	WECC		Clatskanie PUD	U.S.	11,916	11,916	-	-	11,849	11,849	-	-	(275)	(275)	343	343	-	-
2013	WECC		Clearwater Cooperative, Inc	U.S.	505	505	-	-	502	502	-	-	(12)	(12)	15	15	-	-
2013	WECC		Clearwater Cooperative, Inc	U.S.	2,157	2,157	-	-	2,144	2,144	-	-	(50)	(50)	62	62	-	-
2013	WECC		Colorado River Commission of Nevada	U.S.	11,021	11,021	-	-	10,959	10,959	-	-	(254)	(254)	317	317	-	-
2013	WECC		Colorado Springs Utilities	U.S.	773	773	-	-	768	768	-	-	(18)	(18)	22	22	-	-
2013	WECC		Colorado Springs Utilities	U.S.	58,904	58,904	-	-	58,569	58,569	-	-	(1,359)	(1,359)	1,694	1,694	-	-
2013	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	1,432	1,432	-	-	1,424	1,424	-	-	(33)	(33)	41	41	-	-
2013	WECC		Columbia Falls Aluminum Company	U.S.	58	58	-	-	58	58	-	-	(1)	(1)	2	2	-	-
2013	WECC		Columbia Power Cooperative Association	U.S.	283	283	-	-	281	281	-	-	(7)	(7)	8	8	-	-
2013	WECC		Columbia River PUD	U.S.	2,164	2,164	-	-	2,152	2,152	-	-	(50)	(50)	62	62	-	-
2013	WECC		Columbia River PUD	U.S.	3,932	3,932	-	-	3,909	3,909	-	-	(91)	(91)	113	113	-	-
2013	WECC		Columbia Rural Electric Association (REA)	U.S.	4,210	4,210	-	-	4,186	4,186	-	-	(97)	(97)	121	121	-	-
2013	WECC		Consolidated Irrigation District No. 19	U.S.	79	79	-	-	78	78	-	-	(2)	(2)	2	2	-	-
2013	WECC		Consumers Power, Inc.	U.S.	5,445	5,445	-	-	5,414	5,414	-	-	(126)	(126)	157	157	-	-
2013	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	4,489	4,489	-	-	4,463	4,463	-	-	(104)	(104)	129	129	-	-
2013	WECC		Deseret Generation & Transmission Cooperative	U.S.	1,827	1,827	-	-	1,816	1,816	-	-	(42)	(42)	53	53	-	-
2013	WECC		Douglas Electric Cooperative, Inc.	U.S.	1,216	1,216	-	-	1,209	1,209	-	-	(28)	(28)	35	35	-	-
2013	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	244	244	-	-	242	242	-	-	(6)	(6)	7	7	-	-
2013	WECC		El Paso Electric Company	U.S.	105,543	105,543	-	-	104,943	104,943	-	-	(2,436)	(2,436)	3,035	3,035	-	-
2013	WECC		Electrical District #2	U.S.	2,270	2,270	-	-	2,257	2,257	-	-	(52)	(52)	65	65	-	-
2013	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	116	116	-	-	116	116	-	-	(3)	(3)	3	3	-	-
2013	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	31	31	-	-	31	31	-	-	(1)	(1)	1	1	-	-
2013	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	595	595	-	-	591	591	-	-	(14)	(14)	17	17	-	-
2013	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	3,498	3,498	-	-	3,478	3,478	-	-	(81)	(81)	101	101	-	-
2013	WECC		Electrical Districts 1 & 3	U.S.	7,315	7,315	-	-	7,273	7,273	-	-	(169)	(169)	210	210	-	-
2013	WECC		Elmhurst Mutual Power & Light Company	U.S.	3,534	3,534	-	-	3,514	3,514	-	-	(82)	(82)	102	102	-	-
2013	WECC		Emerald PUD	U.S.	6,551	6,551	-	-	6,513	6,513	-	-	(151)	(151)	188	188	-	-
2013	WECC		Energy Northwest	U.S.	462	462	-	-	459	459	-	-	(11)	(11)	13	13	-	-
2013	WECC		Eugene Water & Electric Board	U.S.	31,521	31,521	-	-	31,342	31,342	-	-	(727)	(727)	907	907	-	-
2013	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2013	WECC		Flathead Electric Cooperative, Inc	U.S.	19,121	19,121	-	-	19,013	19,013	-	-	(441)	(441)	550	550	-	-
2013	WECC		Frederickson Power LP	U.S.	43	43	-	-	43	43	-	-	(1)	(1)	1	1	-	-
2013	WECC		Grand Valley Power	U.S.	3,105	3,105	-	-	3,087	3,087	-	-	(72)	(72)	89	89	-	-
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	1,146	1,146	-	-	1,139	1,139	-	-	(26)	(26)	33	33	-	-
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	1,248	1,248	-	-	1,241	1,241	-	-	(29)	(29)	36	36	-	-
2013	WECC		Harquahala Valley Power Districts - APS	U.S.	1,002	1,002	-	-	996	996	-	-	(23)	(23)	29	29	-	-
2013	WECC		Hermiston Power LLC	U.S.	25	25	-	-	25	25	-	-	(1)	(1)	1	1	-	-
2013	WECC		Holy Cross Energy	U.S.	15,397	15,397	-	-	15,309	15,309	-	-	(355)	(355)	443	443	-	-
2013	WECC		Hood River Electric Cooperative	U.S.	557	557	-	-	554	554	-	-	(13)	(13)	16	16	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	749	749	-	-	745	745	-	-	(17)	(17)	22	22	-	-
2013	WECC		Idaho Power Company	U.S.	206,441	206,441	-	-	205,268	205,268	-	-	(4,764)	(4,764)	5,937	5,937	-	-
2013	WECC		Imperial Irrigation District	U.S.	46,258	46,258	-	-	45,995	45,995	-	-	(1,068)	(1,068)	1,330	1,330	-	-
2013	WECC		Inland Power and Light Company	U.S.	6,037	6,037	-	-	6,003	6,003	-	-	(139)	(139)	174	174	-	-
2013	WECC		Inland Power and Light Company	U.S.	6,314	6,314	-	-	6,278	6,278	-	-	(146)	(146)	182	182	-	-
2013	WECC		Intermountain Rural Electric Association	U.S.	27,212	27,212	-	-	27,057	27,057	-	-	(628)	(628)	783	783	-	-
2013	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	3,936	3,936	-	-	3,913	3,913	-	-	(91)	(91)	113	113	-	-
2013	WECC		Kootenai Electric Cooperative, Inc.	U.S.	5,932	5,932	-	-	5,899	5,899	-	-	(137)	(137)	171	171	-	-
2013	WECC		Lakeview Light & Power	U.S.	3,465	3,465	-	-	3,445	3,445	-	-	(80)	(80)	100	100	-	-
2013	WECC		Lane Electric Cooperative, Inc.	U.S.	2,910	2,910	-	-	2,893	2,893	-	-	(67)	(67)	84	84	-	-
2013	WECC		Las Vegas Valley Water District	U.S.	1,180	1,180	-	-	1,174	1,174	-	-	(27)	(27)	34	34	-	-
2013	WECC		Lincoln Electric Cooperative, Inc.	U.S.	1,496	1,496	-	-	1,488	1,488	-	-	(35)	(35)	43	43	-	-
2013	WECC		Los Angeles Department of Water and Power	U.S.	364,682	364,682	-	-	362,610	362,610	-	-	(8,416)	(8,416)	10,488	10,488	-	-
2013	WECC		Lost River Electric Cooperative, Inc.	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2013	WECC		Lower Valley Energy, Inc.	U.S.	1	1	-	-	1	1	-	-	(0)	(0)	0	0	-	-
2013	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	662	662	-	-	658	658	-	-	(15)	(15)	19	19	-	-
2013	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	883	883	-	-	878	878	-	-	(20)	(20)	25	25	-	-
2013	WECC		Merced Irrigation District	U.S.	5,942	5,942	-	-	5,908	5,908	-	-	(137)	(137)	171	171	-	-
2013	WECC		Midstate Electric Cooperative, Inc.	U.S.	5,233	5,233	-	-	5,203	5,203	-	-	(121)	(121)	150	150	-	-
2013	WECC		Mission Valley Power	U.S.	5,224	5,224	-	-	5,195	5,195	-	-	(121)	(121)	150	150	-	-
2013	WECC		Modern Electric Water Company	U.S.	2,966	2,966	-	-	2,950	2,950	-	-	(68)	(68)	85	85	-	-
2013	WECC		Modesto Irrigation District	U.S.	32,565	32,565	-	-	32,380	32,380	-	-	(752)	(752)	937	937	-	-
2013	WECC		Montana-Dakota Utilities Co.	U.S.	259	259	-	-	257	257	-	-	(6)	(6)	7	7	-	-
2013	WECC		Mt. Wheeler Power	U.S.	7,085	7,085	-	-	7,044	7,044	-	-	(164)	(164)	204	204	-	-
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	2,522	2,522	-	-	2,508	2,508	-	-	(58)	(58)	73	73	-	-
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	8,457	8,457	-	-	8,409	8,409	-	-	(195)	(195)	243	243	-	-
2013	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	14	14	-	-	14	14	-	-	(0)	(0)	0	0	-	-
2013	WECC		Navajo Tribal Utility Authority	U.S.	687	687	-	-	683	683	-	-	(16)	(16)	20	20	-	-
2013	WECC		Navajo Tribal Utility Authority	U.S.	3,614	3,614	-	-	3,594	3,594	-	-	(83)	(83)	104	104	-	-
2013	WECC		Navopache Electric Cooperative, Inc.	U.S.	4,683	4,683	-	-	4,656	4,656	-	-	(108)	(108)	135	135	-	-
2013	WECC		Nebraska Public Power Marketing	U.S.	74	74	-	-	73	73	-	-	(2)	(2)	2	2	-	-
2013	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	738	738	-	-	734	734	-	-	(17)	(17)	21	21	-	-
2013	WECC		Nevada Power Company dba NV Energy	U.S.	335,892	335,892	-	-	333,984	333,984	-	-	(7,752)	(7,752)	9,660	9,660	-	-
2013	WECC		Noble Americas Energy Solutions, LLC	U.S.	21,143	21,143	-	-	21,023	21,023	-	-	(488)	(488)	608	608	-	-
2013	WECC		Northern Lights, Inc.	U.S.	460	460	-	-	458	458	-	-	(11)	(11)	13	13	-	-
2013	WECC		Northern Lights, Inc.	U.S.	3,319	3,319	-	-	3,301	3,301	-	-	(77)	(77)	95	95	-	-
2013	WECC		Northern Wasco County PUD	U.S.	7,031	7,031	-	-	6,991	6,991	-	-	(162)	(162)	202	202	-	-
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	3,048	3,048	-	-	3,030	3,030	-	-	(70)	(70)	88	88	-	-
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	115,821	115,821	-	-	115,163	115,163	-	-	(2,673)	(2,673)	3,331	3,331	-	-
2013	WECC		Ohop Mutual Light Company	U.S.	1,097	1,097	-	-	1,090	1,090	-	-	(25)	(25)	32	32	-	-
2013	WECC		Orcas Power and Light Cooperative	U.S.	2,753	2,753	-	-	2,737	2,737	-	-	(64)	(64)	79	79	-	-
2013	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	4,475	4,475	-	-	4,449	4,449	-	-	(103)	(103)	129	129	-	-
2013	WECC		Overton Power District No. 5	U.S.	4,815	4,815	-	-	4,788	4,788	-	-	(111)	(111)	138	138	-	-
2013	WECC		PacifiCorp	U.S.	24	24	-	-	24	24	-	-	(1)	(1)	1	1	-	-
2013	WECC		PacifiCorp	U.S.	27	27	-	-	27	27	-	-	(1)	(1)	1	1	-	-
2013	WECC		PacifiCorp	U.S.	889	889	-	-	884	884	-	-	(21)	(21)	26	26	-	-
2013	WECC		PacifiCorp	U.S.	1,469	1,469	-	-	1,461	1,461	-	-	(34)	(34)	42	42	-	-
2013	WECC		PacifiCorp	U.S.	639,140	639,140	-	-	635,509	635,509	-	-	(14,750)	(14,750)	18,381	18,381	-	-
2013	WECC		PacifiCorp West (PACW)	U.S.	269,559	269,559	-	-	268,028	268,028	-	-	(6,221)	(6,221)	7,752	7,752	-	-
2013	WECC		Parkland Light and Water Company	U.S.	1,545	1,545	-	-	1,536	1,536	-	-	(36)	(36)	44	44	-	-
2013	WECC		Pend Oreille County PUD No. 1	U.S.	12,842	12,842	-	-	12,769	12,769	-	-	(296)	(296)	369	369	-	-
2013	WECC		Peninsula Light Company, Inc.	U.S.	7,684	7,684	-	-	7,640	7,640	-	-	(177)	(177)	221	221	-	-
2013	WECC		Platte River Power Authority	U.S.	40,990	40,990	-	-	40,757	40,757	-	-	(946)	(946)	1,179	1,179	-	-
2013	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	1,784	1,784	-	-	1,774	1,774	-	-	(41)	(41)	51	51	-	-
2013	WECC		Port Townsend Paper Corporation	U.S.	2,106	2,106	-	-	2,094	2,094	-	-	(49)	(49)	61	61	-	-
2013	WECC		Portland General Electric Company	U.S.	234,991	234,991	-	-	233,656	233,656	-	-	(5,423)	(5,423)	6,758	6,758	-	-
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	450	450	-	-	447	447	-	-	(10)	(10)	13	13	-	-
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	335,260	335,260	-	-	333,356	333,356	-	-	(7,737)	(7,737)	9,642	9,642	-	-
2013	WECC		Public Service Company of New Mexico	U.S.	136,281	136,281	-	-	135,507	135,507	-	-	(3,145)	(3,145)	3,919	3,919	-	-
2013	WECC		Public Utility District No. 1 of Chelan County	U.S.	50,856	50,856	-	-	50,568	50,568	-	-	(1,174)	(1,174)	1,463	1,463	-	-
2013	WECC		PUD No. 1 of Asotin County	U.S.	4	4	-	-	4	4	-	-	(0)	(0)	0	0	-	-

					Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		PUD No. 1 of Asotin County	U.S.	63	63	-	-	62	62	-	-	(1)	(1)	2	2	-	-
2013	WECC		PUD No. 1 of Benton County	U.S.	22,406	22,406	-	-	22,278	22,278	-	-	(517)	(517)	644	644	-	-
2013	WECC		PUD No. 1 of Clallam County	U.S.	8,597	8,597	-	-	8,548	8,548	-	-	(198)	(198)	247	247	-	-
2013	WECC		PUD No. 1 of Cowlitz County	U.S.	66,298	66,298	-	-	65,922	65,922	-	-	(1,530)	(1,530)	1,907	1,907	-	-
2013	WECC		PUD No. 1 of Douglas County	U.S.	113	113	-	-	112	112	-	-	(3)	(3)	3	3	-	-
2013	WECC		PUD No. 1 of Douglas County	U.S.	18,782	18,782	-	-	18,675	18,675	-	-	(433)	(433)	540	540	-	-
2013	WECC		PUD No. 1 of Ferry County	U.S.	1,378	1,378	-	-	1,370	1,370	-	-	(32)	(32)	40	40	-	-
2013	WECC		PUD No. 1 of Franklin County	U.S.	13,460	13,460	-	-	13,383	13,383	-	-	(311)	(311)	387	387	-	-
2013	WECC		PUD No. 1 of Grays Harbor	U.S.	14,989	14,989	-	-	14,904	14,904	-	-	(346)	(346)	431	431	-	-
2013	WECC		PUD No. 1 of Jefferson County	U.S.	3,113	3,113	-	-	3,095	3,095	-	-	(72)	(72)	90	90	-	-
2013	WECC		PUD No. 1 of Kittitas County	U.S.	207	207	-	-	206	206	-	-	(5)	(5)	6	6	-	-
2013	WECC		PUD No. 1 of Kittitas County	U.S.	956	956	-	-	951	951	-	-	(22)	(22)	28	28	-	-
2013	WECC		PUD No. 1 of Klickitat County	U.S.	3,799	3,799	-	-	3,777	3,777	-	-	(88)	(88)	109	109	-	-
2013	WECC		PUD No. 1 of Lewis County	U.S.	11,855	11,855	-	-	11,788	11,788	-	-	(274)	(274)	341	341	-	-
2013	WECC		PUD No. 1 of Mason County	U.S.	990	990	-	-	984	984	-	-	(23)	(23)	28	28	-	-
2013	WECC		PUD No. 1 of Skamania County	U.S.	1,702	1,702	-	-	1,692	1,692	-	-	(39)	(39)	49	49	-	-
2013	WECC		PUD No. 1 of Snohomish County	U.S.	86,213	86,213	-	-	85,723	85,723	-	-	(1,990)	(1,990)	2,479	2,479	-	-
2013	WECC		PUD No. 1 of Wahkiakum County	U.S.	557	557	-	-	554	554	-	-	(13)	(13)	16	16	-	-
2013	WECC		PUD No. 1 of Whatcom County	U.S.	63	63	-	-	63	63	-	-	(1)	(1)	2	2	-	-
2013	WECC		PUD No. 1 of Whatcom County	U.S.	2,834	2,834	-	-	2,818	2,818	-	-	(65)	(65)	81	81	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	631	631	-	-	627	627	-	-	(15)	(15)	18	18	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	1,183	1,183	-	-	1,177	1,177	-	-	(27)	(27)	34	34	-	-
2013	WECC		PUD No. 2 of Grant County	U.S.	48,501	48,501	-	-	48,226	48,226	-	-	(1,119)	(1,119)	1,395	1,395	-	-
2013	WECC		PUD No. 2 of Pacific County	U.S.	3,859	3,859	-	-	3,837	3,837	-	-	(89)	(89)	111	111	-	-
2013	WECC		PUD No. 3 of Mason County	U.S.	8,828	8,828	-	-	8,778	8,778	-	-	(204)	(204)	254	254	-	-
2013	WECC		Puget Sound Energy, Inc.	U.S.	308,732	308,732	-	-	306,978	306,978	-	-	(7,125)	(7,125)	8,879	8,879	-	-
2013	WECC		Raft River Electric Cooperative	U.S.	1	1	-	-	1	1	-	-	(0)	(0)	0	0	-	-
2013	WECC		Raton Public Service	U.S.	654	654	-	-	650	650	-	-	(15)	(15)	19	19	-	-
2013	WECC		Roosevelt Irrigation District - APS	U.S.	478	478	-	-	475	475	-	-	(11)	(11)	14	14	-	-
2013	WECC		Sacramento Municipal Utility District	U.S.	141,832	141,832	-	-	141,026	141,026	-	-	(3,273)	(3,273)	4,079	4,079	-	-
2013	WECC		Salem Electric	U.S.	4,184	4,184	-	-	4,160	4,160	-	-	(97)	(97)	120	120	-	-
2013	WECC		Salt River Project	U.S.	365,253	365,253	-	-	363,178	363,178	-	-	(8,429)	(8,429)	10,504	10,504	-	-
2013	WECC		San Carlos Indian Irrigation Project	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2013	WECC		Seattle City Light	U.S.	126,789	126,789	-	-	126,069	126,069	-	-	(2,926)	(2,926)	3,646	3,646	-	-
2013	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	140,436	140,436	-	-	139,638	139,638	-	-	(3,241)	(3,241)	4,039	4,039	-	-
2013	WECC		Silver State Energy - c/o Colorado River Commission of Nevada	U.S.	6,507	6,507	-	-	6,470	6,470	-	-	(150)	(150)	187	187	-	-
2013	WECC		Southern Montana Electric Generation & Transmission	U.S.	6,601	6,601	-	-	6,564	6,564	-	-	(152)	(152)	190	190	-	-
2013	WECC		Southern Nevada Water Authority	U.S.	1,495	1,495	-	-	1,487	1,487	-	-	(35)	(35)	43	43	-	-
2013	WECC		Southwest Transmission Cooperative, Inc.	U.S.	25,422	25,422	-	-	25,277	25,277	-	-	(587)	(587)	731	731	-	-
2013	WECC		Springfield Utility Board	U.S.	10,961	10,961	-	-	10,898	10,898	-	-	(253)	(253)	315	315	-	-
2013	WECC		Surprise Valley Electrification Corporation	U.S.	483	483	-	-	480	480	-	-	(11)	(11)	14	14	-	-
2013	WECC		Tanner Electric Cooperative	U.S.	1,252	1,252	-	-	1,245	1,245	-	-	(29)	(29)	36	36	-	-
2013	WECC		The Incorporated County of Los Alamos	U.S.	4,600	4,600	-	-	4,574	4,574	-	-	(106)	(106)	132	132	-	-
2013	WECC		Tillamook People's Utility District	U.S.	4,744	4,744	-	-	4,717	4,717	-	-	(109)	(109)	136	136	-	-
2013	WECC		Tohono O'Odham Utility Authority	U.S.	848	848	-	-	843	843	-	-	(20)	(20)	24	24	-	-
2013	WECC		Tonopah Irrigation District - APS	U.S.	287	287	-	-	285	285	-	-	(7)	(7)	8	8	-	-
2013	WECC		Town of Center	U.S.	264	264	-	-	263	263	-	-	(6)	(6)	8	8	-	-
2013	WECC		Town of Coulee	U.S.	220	220	-	-	219	219	-	-	(5)	(5)	6	6	-	-
2013	WECC		Town of Eatonville	U.S.	355	355	-	-	353	353	-	-	(8)	(8)	10	10	-	-
2013	WECC		Town of Fredonia	U.S.	138	138	-	-	138	138	-	-	(3)	(3)	4	4	-	-
2013	WECC		Town of Steilacoom	U.S.	522	522	-	-	519	519	-	-	(12)	(12)	15	15	-	-
2013	WECC		Town of Wickenburg	U.S.	336	336	-	-	334	334	-	-	(8)	(8)	10	10	-	-
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	26,056	26,056	-	-	25,908	25,908	-	-	(601)	(601)	749	749	-	-
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	93,740	93,740	-	-	93,207	93,207	-	-	(2,163)	(2,163)	2,696	2,696	-	-
2013	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	33,390	33,390	-	-	33,200	33,200	-	-	(771)	(771)	960	960	-	-
2013	WECC		Truckee Donner Public Utility District	U.S.	1,949	1,949	-	-	1,938	1,938	-	-	(45)	(45)	56	56	-	-
2013	WECC		Tucson Electric Power Company	U.S.	190,587	190,587	-	-	189,504	189,504	-	-	(4,398)	(4,398)	5,481	5,481	-	-
2013	WECC		Turlock Irrigation District	U.S.	26,976	26,976	-	-	26,823	26,823	-	-	(623)	(623)	776	776	-	-
2013	WECC		U.S. Army Yuma Proving Ground	U.S.	206	206	-	-	205	205	-	-	(5)	(5)	6	6	-	-
2013	WECC		U.S. BOR Columbia Basin	U.S.	421	421	-	-	419	419	-	-	(10)	(10)	12	12	-	-
2013	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	53	53	-	-	52	52	-	-	(1)	(1)	2	2	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

Data Year	Regional Entity	ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		U.S. Bor Spokane Indian Development`	U.S.	40	40	-	-	39	39	-	-	(1)	(1)	1	1	-	-
2013	WECC		U.S. BOR The Dalles Project	U.S.	232	232	-	-	230	230	-	-	(5)	(5)	7	7	-	-
2013	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	61	61	-	-	61	61	-	-	(1)	(1)	2	2	-	-
2013	WECC		Umatilla Electric Cooperative Association	U.S.	14,403	14,403	-	-	14,321	14,321	-	-	(332)	(332)	414	414	-	-
2013	WECC		Unit B Irrigation District	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2013	WECC		US Air Force Base, Fairchild	U.S.	620	620	-	-	616	616	-	-	(14)	(14)	18	18	-	-
2013	WECC		US Dept of Energy - Kirtland AFB	U.S.	5,190	5,190	-	-	5,160	5,160	-	-	(120)	(120)	149	149	-	-
2013	WECC		USDOE Richland	U.S.	2,371	2,371	-	-	2,357	2,357	-	-	(55)	(55)	68	68	-	-
2013	WECC		USN Naval Station, Bremerton	U.S.	3,167	3,167	-	-	3,149	3,149	-	-	(73)	(73)	91	91	-	-
2013	WECC		USN Naval Station, Everett	U.S.	138	138	-	-	137	137	-	-	(3)	(3)	4	4	-	-
2013	WECC		USN Submarine Base, Bangor	U.S.	2,151	2,151	-	-	2,139	2,139	-	-	(50)	(50)	62	62	-	-
2013	WECC		Vera Water and Power	U.S.	2,968	2,968	-	-	2,951	2,951	-	-	(68)	(68)	85	85	-	-
2013	WECC		Vigilante Electric Cooperative, Inc.	U.S.	201	201	-	-	200	200	-	-	(5)	(5)	6	6	-	-
2013	WECC		Wasco Electric Cooperative	U.S.	1,226	1,226	-	-	1,219	1,219	-	-	(28)	(28)	35	35	-	-
2013	WECC		Wells Rural Electric Cooperative	U.S.	8,495	8,495	-	-	8,447	8,447	-	-	(196)	(196)	244	244	-	-
2013	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	5	5	-	-	5	5	-	-	(0)	(0)	0	0	-	-
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	162	162	-	-	162	162	-	-	(4)	(4)	5	5	-	-
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	713	713	-	-	709	709	-	-	(16)	(16)	21	21	-	-
2013	WECC		Western Area Power - Loveland, CO	U.S.	4,601	4,601	-	-	4,575	4,575	-	-	(106)	(106)	132	132	-	-
2013	WECC		Western Area Power - Loveland, CO	U.S.	25,958	25,958	-	-	25,810	25,810	-	-	(599)	(599)	747	747	-	-
2013	WECC		Western Area Power Administration - CRSP	U.S.	25,945	25,945	-	-	25,797	25,797	-	-	(599)	(599)	746	746	-	-
2013	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	16,734	16,734	-	-	16,638	16,638	-	-	(386)	(386)	481	481	-	-
2013	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	40,755	40,755	-	-	40,523	40,523	-	-	(941)	(941)	1,172	1,172	-	-
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	97	97	-	-	97	97	-	-	(2)	(2)	3	3	-	-
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	4,943	4,943	-	-	4,915	4,915	-	-	(114)	(114)	142	142	-	-
2013	WECC		Wyoming Municipal Power Agency	U.S.	3,542	3,542	-	-	3,521	3,521	-	-	(82)	(82)	102	102	-	-
2013	WECC		Yakama Power	U.S.	274	274	-	-	273	273	-	-	(6)	(6)	8	8	-	-
2013	WECC		Yampa Valley Electric Association	U.S.	7,968	7,968	-	-	7,923	7,923	-	-	(184)	(184)	229	229	-	-
2013	WECC		Yuma Irrigation District	U.S.	39	39	-	-	39	39	-	-	(1)	(1)	1	1	-	-
2013	WECC		Yuma-Mesa Irrigation District	U.S.	2	2	-	-	2	2	-	-	(0)	(0)	0	0	-	-
			TOTAL WECC		10,739,401	9,315,301	1,273,976	150,123	10,910,506	9,262,382	1,502,220	145,903	(214,982)	(214,982)	43,877	267,901	(228,244)	4,220
	TOTAL ERO				55,308,375	50,046,840	5,111,411	150,123	56,463,375	49,762,532	6,554,940	145,903	(1,155,000)	(1,155,000)	0	1,439,308	(1,443,528)	4,220

Summary by Regional Entity

2013	FRCC				2,795,837	2,795,837	-	-	2,779,954	2,779,954	-	-	(64,523)	(64,523)	80,406	80,406	-	-
2013	MRO				3,667,984	3,066,780	601,204	-	3,633,662	3,049,358	584,304	-	(70,776)	(70,776)	105,098	88,198	16,900	-
2013	NPCC				6,936,475	3,700,244	3,236,231	-	8,147,639	3,679,224	4,468,415	-	(85,396)	(85,396)	(1,125,768)	106,416	(1,232,184)	-
2013	RF				11,480,414	11,480,414	-	-	11,415,196	11,415,196	-	-	(264,949)	(264,949)	330,168	330,168	-	-
2013	SERC				12,747,985	12,747,985	-	-	12,675,566	12,675,566	-	-	(294,203)	(294,203)	366,622	366,622	-	-
2013	SPP				2,737,128	2,737,128	-	-	2,721,578	2,721,578	-	-	(63,168)	(63,168)	78,718	78,718	-	-
2013	TRE				4,203,151	4,203,151	-	-	4,179,274	4,179,274	-	-	(97,002)	(97,002)	120,879	120,879	-	-
2013	WECC				10,739,401	9,315,301	1,273,976	150,123	10,910,506	9,262,382	1,502,220	145,903	(214,982)	(214,982)	43,877	267,901	(228,244)	4,220
Total					55,308,375	50,046,840	5,111,411	150,123	56,463,375	49,762,532	6,554,940	145,903	(1,155,000)	(1,155,000)	0	1,439,308	(1,443,528)	4,220

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	FRCC	1074	Alachua, City of	U.S.	3,300	3,300	-	-	3,395	3,395	-	-	(95)	(95)											
2013	FRCC	1075	Bartow, City of	U.S.	7,438	7,438	-	-	7,653	7,653	-	-	(215)	(215)											
2013	FRCC	1076	Chattahoochee, City of	U.S.	1,000	1,000	-	-	1,029	1,029	-	-	(29)	(29)											
2013	FRCC	1077	Florida Keys Electric Cooperative Assn	U.S.	19,698	19,698	-	-	20,266	20,266	-	-	(569)	(569)											
2013	FRCC	1078	Florida Power & Light Co.	U.S.	2,999,641	2,999,641	-	-	3,086,224	3,086,224	-	-	(86,583)	(86,583)											
2013	FRCC	1079	Florida Public Utilities Company	U.S.	9,679	9,679	-	-	9,958	9,958	-	-	(279)	(279)											
2013	FRCC	1080	Gainesville Regional Utilities	U.S.	48,217	48,217	-	-	49,609	49,609	-	-	(1,392)	(1,392)											
2013	FRCC	1081	Homestead, City of	U.S.	13,972	13,972	-	-	14,375	14,375	-	-	(403)	(403)											
2013	FRCC	1082	JEA	U.S.	327,712	327,712	-	-	337,171	337,171	-	-	(9,459)	(9,459)											
2013	FRCC	1083	Lakeland Electric	U.S.	79,969	79,969	-	-	82,277	82,277	-	-	(2,308)	(2,308)											
2013	FRCC	1626	Lee County Electric Cooperative, Inc	U.S.	100,420	100,420	-	-	103,319	103,319	-	-	(2,899)	(2,899)											
2013	FRCC	1661	City of Lake Worth	U.S.	11,945	11,945	-	-	12,289	12,289	-	-	(345)	(345)											
2013	FRCC	1084	Mount Dora, City of	U.S.	2,436	2,436	-	-	2,506	2,506	-	-	(70)	(70)											
2013	FRCC	1085	New Smyrna Beach, Utilities Commission of	U.S.	10,575	10,575	-	-	10,880	10,880	-	-	(305)	(305)											
2013	FRCC	1086	Orlando Utilities Commission	U.S.	155,980	155,980	-	-	160,482	160,482	-	-	(4,502)	(4,502)											
2013	FRCC	1087	Duke Energy Florida	U.S.	1,074,354	1,074,354	-	-	1,105,364	1,105,364	-	-	(31,011)	(31,011)											
2013	FRCC	1088	Quincy, City of	U.S.	3,726	3,726	-	-	3,833	3,833	-	-	(108)	(108)											
2013	FRCC	1089	Reedy Creek Improvement District	U.S.	33,094	33,094	-	-	34,050	34,050	-	-	(955)	(955)											
2013	FRCC	1090	St. Cloud, City of (OUC)	U.S.	16,520	16,520	-	-	16,997	16,997	-	-	(477)	(477)											
2013	FRCC	1091	Tallahassee, City of	U.S.	73,531	73,531	-	-	75,654	75,654	-	-	(2,122)	(2,122)											
2013	FRCC	1092	Tampa Electric Company	U.S.	525,375	525,375	-	-	540,539	540,539	-	-	(15,165)	(15,165)											
2013	FRCC	1603	City of Vero Beach	U.S.	20,246	20,246	-	-	20,830	20,830	-	-	(584)	(584)											
2013	FRCC	1093	Wauchula, City of	U.S.	1,692	1,692	-	-	1,741	1,741	-	-	(49)	(49)											
2013	FRCC	1094	Williston, City of	U.S.	877	877	-	-	902	902	-	-	(25)	(25)											
2013	FRCC	1095	Winter Park, City of	U.S.	11,835	11,835	-	-	12,177	12,177	-	-	(342)	(342)											
2013	FRCC	1072	Florida Municipal Power Agency	U.S.	151,336	151,336	-	-	155,704	155,704	-	-	(4,368)	(4,368)											
2013	FRCC	1073	Seminole Electric Cooperative	U.S.	358,272	358,272	-	-	368,614	368,614	-	-	(10,341)	(10,341)											
			TOTAL FRCC		6,062,838	6,062,838	-	-	6,237,838	6,237,838	-	-	(175,000)	(175,000)											
2013	MRO	1199	Basin Electric Power Cooperative	U.S.	458,968	458,968	-	-	482,072	482,072	-	-	(23,104)	(23,104)											
2013	MRO	1201	Central Iowa Power Cooperative (CIPCO)	U.S.	91,985	91,985	-	-	96,615	96,615	-	-	(4,630)	(4,630)											
2013	MRO	1204	Corn Belt Power Cooperative	U.S.	66,211	66,211	-	-	69,544	69,544	-	-	(3,333)	(3,333)											
2013	MRO	1207	Dairyland Power Cooperative	U.S.	177,998	177,998	-	-	186,959	186,959	-	-	(8,960)	(8,960)											
2013	MRO	1210	Great River Energy	U.S.	450,093	450,093	-	-	472,751	472,751	-	-	(22,657)	(22,657)											
2013	MRO	1222	Minnkota Power Cooperative, Inc.	U.S.	140,809	140,809	-	-	147,897	147,897	-	-	(7,088)	(7,088)											
2013	MRO	1230	Nebraska Public Power District	U.S.	440,540	440,540	-	-	462,716	462,716	-	-	(22,176)	(22,176)											
2013	MRO	1232	Omaha Public Power District	U.S.	370,240	370,240	-	-	388,878	388,878	-	-	(18,638)	(18,638)											
2013	MRO	1237	Southern Montana Generation and Transmission	U.S.	225	225	-	-	236	236	-	-	(11)	(11)											
2013	MRO	1240	Western Area Power Administration (UM)	U.S.	292,236	292,236	-	-	306,947	306,947	-	-	(14,711)	(14,711)											
2013	MRO	1239	Western Area Power Administration (LM)	U.S.	4,102	4,102	-	-	4,308	4,308	-	-	(206)	(206)											
2013	MRO	1217	Manitoba Hydro	CAN	809,971	-	809,971	-	809,971	-	809,971	-	-	-											
2013	MRO	1235	SaskPower	CAN	769,279	-	769,279	-	769,279	-	769,279	-	-	-											
2013	MRO	1195	Alliant Energy (Alliant East - WPL & Alliant West IPL)	U.S.	937,860	937,860	-	-	985,071	985,071	-	-	(47,211)	(47,211)											
2013	MRO	1216	Madison, Gas and Electric	U.S.	112,097	112,097	-	-	117,740	117,740	-	-	(5,643)	(5,643)											
2013	MRO	1220	MidAmerican Energy Company	U.S.	919,478	919,478	-	-	965,764	965,764	-	-	(46,286)	(46,286)											
2013	MRO	1221	Minnesota Power	U.S.	421,870	421,870	-	-	443,107	443,107	-	-	(21,237)	(21,237)											
2013	MRO	1226	Montana-Dakota Utilities Co.	U.S.	100,693	100,693	-	-	105,762	105,762	-	-	(5,069)	(5,069)											
2013	MRO	1231	NorthWestern Energy	U.S.	50,559	50,559	-	-	53,104	53,104	-	-	(2,545)	(2,545)											
2013	MRO	1233	Otter Tail Power Company	U.S.	148,334	148,334	-	-	155,802	155,802	-	-	(7,467)	(7,467)											
2013	MRO		Wisconsin Public Service (WPS)	U.S.	398,255	398,255	-	-	418,303	418,303	-	-	(20,048)	(20,048)											
2013	MRO		Upper Peninsula Power Company (UPPCO)	U.S.	26,602	26,602	-	-	27,941	27,941	-	-	(1,339)	(1,339)											
2013	MRO	1244	Xcel Energy Company (NSP)	U.S.	1,459,617	1,459,617	-	-	1,533,093	1,533,093	-	-	(73,476)	(73,476)											
2013	MRO	1196	Ames Municipal Electric System	U.S.	24,967	24,967	-	-	26,224	26,224	-	-	(1,257)	(1,257)											
2013	MRO	1604	Atlantic Municipal Utilities	U.S.	2,688	2,688	-	-	2,823	2,823	-	-	(135)	(135)											
2013	MRO	1476	Badger Power Marketing Authority of Wisconsin, Inc.	U.S.	13,053	13,053	-	-	13,710	13,710	-	-	(657)	(657)											
2013	MRO	1200	Cedar Falls Municipal Utilities	U.S.	17,268	17,268	-	-	18,138	18,138	-	-	(869)	(869)											
2013	MRO	1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	15,096	15,096	-	-	15,856	15,856	-	-	(760)	(760)											
2013	MRO	1203	City of Escanaba	U.S.	4,514	4,514	-	-	4,741	4,741	-	-	(227)	(227)											
2013	MRO	1205	Falls City Water & Light Department	U.S.	1,841	1,841	-	-	1,934	1,934	-	-	(93)	(93)											
2013	MRO	1206	Fremont Department of Utilities	U.S.	14,155	14,155	-	-	14,868	14,868	-	-	(713)	(713)											
2013	MRO	1208	Geneseo Municipal Utilities	U.S.	2,150	2,150	-	-	2,259	2,259	-	-	(108)	(108)											
2013	MRO	1209	Grand Island Utilities Department	U.S.	24,576	24,576	-	-	25,813	25,813	-	-	(1,237)	(1,237)											
2013	MRO	1606	Harlan Municipal Utilities	U.S.	778	778	-	-	817	817	-	-	(39)	(39)											
2013	MRO	1211	Hastings Utilities	U.S.	14,149	14,149	-	-	14,861	14,861	-	-	(712)	(712)											
2013	MRO	1212	Heartland Consumers Power District	U.S.	27,517	27,517	-	-	28,902	28,902	-	-	(1,385)	(1,385)											
2013	MRO	1213	Hutchinson Utilities Commission	U.S.	9,373	9,373	-	-	9,845	9,845	-	-	(472)	(472)											
2013	MRO	1215	Lincoln Electric System	U.S.	105,929	105,929	-	-	111,262	111,262	-	-	(5,332)	(5,332)											
2013	MRO	1218	Manitowoc Public Utilities	U.S.	17,507	17,507	-	-	18,389	18,389	-	-	(881)	(881)											
2013	MRO	1223	Missouri River Energy Services	U.S.	79,485	79,485	-	-	83,486	83,486	-	-	(4,001)	(4,001)											
2013	MRO	1224	MN Municipal Power Agency (MMPA)	U.S.	49,254	49,254	-	-	51,734	51,734	-	-	(2,479)	(2,479)											
2013	MRO	1607	Montezuma Municipal Light & Power	U.S.	1,039	1,039	-	-	1,092	1,092	-	-	(52)	(52)											
2013	MRO	1227	Municipal Energy Agency of Nebraska	U.S.	38,063	38,063	-	-	39,979	39,979	-	-	(1,916)	(1,916)											
2013	MRO	1228	Muscatine Power and Water	U.S.	28,258	28,258	-	-	29,680	29,680	-	-	(1,422)	(1,422)											
2013	MRO	1229	Nebraska City Utilities	U.S.	5,550	5,550	-	-	5,830	5,830	-	-	(279)	(279)											
2013	MRO	1234	Rochester Public Utilities	U.S.	174	174	-	-	183	183	-	-	(9)	(9)											
2013	MRO	1236	Southern Minnesota Municipal Power Agency	U.S.	95,571	95,571	-	-	100,381	100,381	-	-	(4,811)	(4,811)											
2013	MRO	1241	Willmar Municipal Utilities	U.S.	8,504	8,504	-	-	8,932	8,932	-	-	(428)	(428)											
2013	MRO	1242	Wisconsin Public Power, Inc. (East and West regions)	U.S.	176,534	176,534	-	-	185,421	185,421	-	-	(8,887)	(8,887)											
			TOTAL MRO		9,426,019	7,846,770	1,579,249	-	9,821,019	8,241,770	1,579,249	-	(395,000)	(395,000)											
2013	NPCC	1336	New England	U.S.	3,869,386	3,869,386	-	-	1,155,172	1,155,172	-	-	(128,321)	(128,321)	2,842,535	2,842,535	-								
2013	NPCC	1339	New York	U.S.	4,890,350	4,890,350	-	-	1,459,971	1,459,971	-	-	(162,179)	(162,179)	3,592,558	3,592,558	-								
2013	NPCC	1337	Ontario	Canada	1,985,288	-	1,985,288	-	1,256,602	-	1,256,602	-			728,686	-	728,686								
2013	NPCC	1341	Quebec	Canada	2,781,204	-	2,781,204	-	1,693,975	-	1,693,975	-			1,087,229	-	1,087,229								
2013	NPCC	1338	New Brunswick	Canada	299,616	-	299,616	-	125,752	-	125,752	-			173,864	-	173,864								
2013	NPCC	1340	Nova Scotia	Canada	243,034	-	243,034	-	99,761	-	99,761	-			143,273	-	143,273								
			TOTAL NPCC		14,068,878	8,759,736	5,309,142	-	5,791,233	2,615,143	3,176,090	-	(290,500)	(290,500)	8,568,145	6,435,093	2,133,052	-	-	-	-	-	-	-	-

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	RF	1104	Bay City	U.S.	6,793	6,793	-	-	7,000	7,000	-	-	(207)	(207)											
2013	RF	1102	Cannelton Utilities	U.S.	334	334	-	-	344	344	-	-	(10)	(10)											
2013	RF	1105	City of Chelsea	U.S.	2,003	2,003	-	-	2,064	2,064	-	-	(61)	(61)											
2013	RF	1106	City of Croswell	U.S.	873	873	-	-	900	900	-	-	(27)	(27)											
2013	RF	1108	City of Eaton Rapids	U.S.	1,969	1,969	-	-	2,029	2,029	-	-	(60)	(60)											
2013	RF	1111	City of Hart	U.S.	1,006	1,006	-	-	1,037	1,037	-	-	(31)	(31)											
2013	RF	1490	City of Lansing	U.S.	45,819	45,819	-	-	47,215	47,215	-	-	(1,396)	(1,396)											
2013	RF	1112	City of Marquette Board of Light & Power	U.S.	6,856	6,856	-	-	7,065	7,065	-	-	(209)	(209)											
2013	RF	1114	City of Portland	U.S.	760	760	-	-	784	784	-	-	(23)	(23)											
2013	RF	1116	City of St. Louis	U.S.	831	831	-	-	856	856	-	-	(25)	(25)											
2013	RF	1118	City of Wyandotte	U.S.	4,525	4,525	-	-	4,663	4,663	-	-	(138)	(138)											
2013	RF	1120	Cloverland Electric Cooperative	U.S.	18,585	18,585	-	-	19,151	19,151	-	-	(566)	(566)											
2013	RF	1122	CMS ERM Michigan LLC	U.S.	3,264	3,264	-	-	3,363	3,363	-	-	(99)	(99)											
2013	RF	1124	Constellation New Energy (MECS-CONS)	U.S.	18,634	18,634	-	-	19,202	19,202	-	-	(568)	(568)											
2013	RF	1123	Constellation New Energy (MECS-DET)	U.S.	22,511	22,511	-	-	23,197	23,197	-	-	(686)	(686)											
2013	RF	1126	Consumers Energy Company	U.S.	670,444	670,444	-	-	690,864	690,864	-	-	(20,421)	(20,421)											
2013	RF	1128	Detroit Edison Company	U.S.	955,204	955,204	-	-	984,298	984,298	-	-	(29,094)	(29,094)											
2013	RF	1166	Duke Energy Indiana	U.S.	625,813	625,813	-	-	644,874	644,874	-	-	(19,061)	(19,061)											
2013	RF	1135	Ferdinand Municipal Light & Water	U.S.	979	979	-	-	1,009	1,009	-	-	(30)	(30)											
2013	RF	1646	FirstEnergy Solutions (MECS-CONS)	U.S.	14,164	14,164	-	-	14,596	14,596	-	-	(431)	(431)											
2013	RF	1549	FirstEnergy Solutions (MECS-DET)	U.S.	49,057	49,057	-	-	50,551	50,551	-	-	(1,494)	(1,494)											
2013	RF	1612	Glacial Energy (MECS-DET)	U.S.	2,979	2,979	-	-	3,070	3,070	-	-	(91)	(91)											
2013	RF	1144	Holland Board of Public Works	U.S.	20,278	20,278	-	-	20,896	20,896	-	-	(618)	(618)											
2013	RF	1145	Hoosier Energy	U.S.	150,741	150,741	-	-	155,332	155,332	-	-	(4,591)	(4,591)											
2013	RF	1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	63,619	63,619	-	-	65,557	65,557	-	-	(1,938)	(1,938)											
2013	RF	1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	8,836	8,836	-	-	9,105	9,105	-	-	(269)	(269)											
2013	RF	1486	Indiana Municipal Power Agency (SIGE)	U.S.	12,185	12,185	-	-	12,556	12,556	-	-	(371)	(371)											
2013	RF	1149	Indianapolis Power & Light Co.	U.S.	304,489	304,489	-	-	313,764	313,764	-	-	(9,274)	(9,274)											
2013	RF	1553	Integrys Energy Services (MECS-CONS)	U.S.	21,113	21,113	-	-	21,756	21,756	-	-	(643)	(643)											
2013	RF	1554	Integrys Energy Services (MECS-DET)	U.S.	11,943	11,943	-	-	12,306	12,306	-	-	(364)	(364)											
2013	RF		Integrys Energy Services (WEPC)	U.S.	17,751	17,751	-	-	18,292	18,292	-	-	(541)	(541)											
2013	RF	1614	Just Energy (MECS-DET)	U.S.	299	299	-	-	308	308	-	-	(9)	(9)											
2013	RF	1154	Michigan Public Power Agency	U.S.	26,313	26,313	-	-	27,114	27,114	-	-	(801)	(801)											
2013	RF	1155	Michigan South Central Power Agency	U.S.	13,196	13,196	-	-	13,598	13,598	-	-	(402)	(402)											
2013	RF	1158	MidAmerican Energy Company Retail	U.S.	2,049	2,049	-	-	2,111	2,111	-	-	(62)	(62)											
2013	RF	1163	Northern Indiana Public Service Co.	U.S.	362,376	362,376	-	-	373,413	373,413	-	-	(11,037)	(11,037)											
2013	RF	1164	Ontonagon County Rural Electrification Assoc.	U.S.	607	607	-	-	625	625	-	-	(18)	(18)											
2013	RF	1265	PJM Interconnnection, LLC	U.S.	14,325,471	14,325,471	-	-	14,761,806	14,761,806	-	-	(436,334)	(436,334)											
2013	RF	1172	Sempra Energy Solutions (MECS-CONS)	U.S.	13,949	13,949	-	-	14,374	14,374	-	-	(425)	(425)											
2013	RF	1171	Sempra Energy Solutions (MECS-DET)	U.S.	14,657	14,657	-	-	15,103	15,103	-	-	(446)	(446)											
2013	RF	1176	Direct Energy (fka:Strategic Energy,LLC) (MECS-CONS)	U.S.	266	266	-	-	274	274	-	-	(8)	(8)											
2013	RF	1174	Direct Energy (fka:Strategic Energy,LLC) (MECS-DET)	U.S.	7,663	7,663	-	-	7,897	7,897	-	-	(233)	(233)											
2013	RF	1581	Spartan Renewable Energy	U.S.	1,395	1,395	-	-	1,438	1,438	-	-	(42)	(42)											
2013	RF	1180	Thumb Electric Cooperative	U.S.	3,722	3,722	-	-	3,835	3,835	-	-	(113)	(113)											
2013	RF	1662	Ohio Valley Electric Corporation	U.S.	13,275	13,275	-	-	13,679	13,679	-	-	(404)	(404)											
2013	RF	1181	Vectren Energy Delivery of IN	U.S.	118,609	118,609	-	-	122,221	122,221	-	-	(3,613)	(3,613)											
2013	RF	1183	Village of Sebewaing	U.S.	910	910	-	-	938	938	-	-	(28)	(28)											
2013	RF	1184	Wabash Valley Power Association Inc. (DUKE CIN)	U.S.	57,697	57,697	-	-	59,454	59,454	-	-	(1,757)	(1,757)											
2013	RF	1488	Wabash Valley Power Association Inc.(NIPSCO)	U.S.	34,762	34,762	-	-	35,821	35,821	-	-	(1,059)	(1,059)											
2013	RF	1185	Wisconsin Electric Power Co.	U.S.	579,131	579,131	-	-	596,770	596,770	-	-	(17,640)	(17,640)											
2013	RF	1189	Wolverine Power Marketing Cooperative	U.S.	15,612	15,612	-	-	16,087	16,087	-	-	(476)	(476)											
2013	RF	1191	Wolverine Power Supply Cooperative	U.S.	54,745	54,745	-	-	56,412	56,412	-	-	(1,667)	(1,667)											
2013	RF	1190	Wolverine Power Marketing Cooperative	U.S.	2,836	2,836	-	-	2,922	2,922	-	-	(86)	(86)											
			TOTAL RELIABILITYFIRST		18,713,897	18,713,897	-	-	19,283,897	19,283,897	-	-	(570,000)	(570,000)											
2013	SERC	1267	Alabama Municipal Electric Authority	U.S.	46,398	46,398	-	-	52,437	52,437	-	-	(6,038)	(6,038)											
2013	SERC	1268	Alabama Power Company	U.S.	805,626	805,626	-	-	910,472	910,472	-	-	(104,847)	(104,847)											
2013	SERC	1269	Ameren - Illinois	U.S.	584,847	584,847	-	-	660,961	660,961	-	-	(76,114)	(76,114)											
2013	SERC	1271	Ameren - Missouri	U.S.	570,654	570,654	-	-	644,921	644,921	-	-	(74,267)	(74,267)											
2013	SERC	1272	APGI - Yadkin Division	U.S.	375	375	-	-	424	424	-	-	(49)	(49)											
2013	SERC	1660	APGI - Tapoco Division (ALCOA)	U.S.	4,302	4,302	-	-	4,862	4,862	-	-	(560)	(560)											
2013	SERC	1273	Associated Electric Cooperative Inc.	U.S.	263,510	263,510	-	-	297,804	297,804	-	-	(34,294)	(34,294)											
2013	SERC	1582	Beauregard Electric Cooperative, Inc.	U.S.	15,211	15,211	-	-	17,191	17,191			(1,980)	(1,980)											
2013	SERC	1462	Benton Utility District	U.S.	3,705	3,705	-	-	4,187	4,187	-	-	(482)	(482)											
2013	SERC	1274	Big Rivers Electric Corporation	U.S.	52,041	52,041	-	-	58,814	58,814	-	-	(6,773)	(6,773)											
2013	SERC	1275	Black Warrior EMC	U.S.	5,972	5,972	-	-	6,749	6,749	-	-	(777)	(777)											
2013	SERC	1276	Blue Ridge EMC	U.S.	19,101	19,101	-	-	21,587	21,587	-	-	(2,486)	(2,486)											
2013	SERC	1628	Brazos Electric Power Cooperative, Inc.	U.S.	5,858	5,858	-	-	6,621	6,621	-	-	(762)	(762)											
2013	SERC	1463	Canton, MS	U.S.	1,650	1,650	-	-	1,865	1,865	-	-	(215)	(215)											
2013	SERC	1277	Central Electric Power Cooperative Inc.	U.S.	208,292	208,292	-	-	235,400	235,400	-	-	(27,108)	(27,108)											
2013	SERC		Century Aluminum - Hawesville	U.S.	58,129	58,129	-	-	65,694	65,694	-	-	(7,565)	(7,565)											
2013	SERC		Century Aluminum - Sebree	U.S.	44,255	44,255	-	-	50,014	50,014	-	-	(5,759)	(5,759)											
2013	SERC	1278	City of Blountstown FL	U.S.	518	518	-	-	586	586	-	-	(67)	(67)											
2013	SERC	1279	City of Camden SC	U.S.	2,570	2,570	-	-	2,905	2,905	-	-	(334)	(334)											
2013	SERC	1280	City of Collins MS	U.S.	677	677	-	-	766	766	-	-	(88)	(88)											
2013	SERC	1281	City of Columbia MO	U.S.	16,173	16,173	-	-	18,277	18,277	-	-	(2,105)	(2,105)											
2013	SERC	1282	City of Conway AR (Conway Corporation)	U.S.	14,084	14,084	-	-	15,917	15,917	-	-	(1,833)	(1,833)											
2013	SERC	1284	City of Evergreen AL	U.S.	799	799	-	-	903	903	-	-	(104)	(104)											
2013	SERC	1285	City of Hampton GA	U.S.	321	321	-	-	363	363	-	-	(42)	(42)											
2013	SERC	1286	City of Hartford AL	U.S.	455	455	-	-	514	514	-	-	(59)	(59)											
2013	SERC	1287	City of Henderson (KY) Municipal Power & Light	U.S.	8,398	8,398	-	-	9,491	9,491	-	-	(1,093)	(1,093)											
2013	SERC	1288	City of North Little Rock AR (DENL)	U.S.	13,046	13,046	-	-	14,744	14,744	-	-	(1,698)	(1,698)											
2013	SERC	1289	City of Orangeburg SC Department of Public Utilities	U.S.	11,380	11,380	-	-	12,861	12,861	-	-	(1,481)	(1,481)											
2013	SERC	1290	City of Robertsdale AL	U.S.	1,144	1,144	-	-	1,293	1,293	-	-	(149)	(149)											
2013	SERC	1291	City of Ruston LA (DERS)	U.S.	4,041	4,041	-	-	4,567	4,567	-	-	(526)	(526)											
2013	SERC	1292	City of Seneca SC	U.S.	2,176	2,176	-	-	2,459	2,459	-	-	(283)	(283)											
2013	SERC	1115	City of Springfield (CWLP)	U.S.	24,611	24,611	-	-	27,814	27,814	-	-	(3,203)	(3,203)											
2013	SERC	1465	City of Thayer, MO	U.S.	316	316	-	-	357	357	-	-	(41)	(41)											

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	SERC	1293	City of Troy AL	U.S.	5,817	5,817	-	-	6,574	6,574	-	-	(757)	(757)											
2013	SERC	1294	City of West Memphis AR (West Memphis Utilities)	U.S.	5,451	5,451	-	-	6,160	6,160	-	-	(709)	(709)											
2013	SERC	1583	Claiborne Electric Cooperative, Inc.	U.S.	9,135	9,135	-	-	10,324	10,324			(1,189)	(1,189)											
2013	SERC	1584	Concordia Electric Cooperative, Inc.	U.S.	3,597	3,597	-	-	4,065	4,065			(468)	(468)											
2013	SERC	1283	Dalton Utilities	U.S.	21,575	21,575	-	-	24,383	24,383	-	-	(2,808)	(2,808)											
2013	SERC	1585	Dixie Electric Membership Corporation	U.S.	30,904	30,904	-	-	34,926	34,926			(4,022)	(4,022)											
2013	SERC	1295	Dominion Virginia Power	U.S.	1,168,059	1,168,059	-	-	1,320,074	1,320,074	-	-	(152,015)	(152,015)											
2013	SERC	1296	Duke Energy Carolinas, LLC	U.S.	1,056,140	1,056,140	-	-	1,193,589	1,193,589	-	-	(137,449)	(137,449)											
2013	SERC	1466	Durant, MS	U.S.	354	354	-	-	401	401	-	-	(46)	(46)											
2013	SERC	1478	LG&E and KU Services Company as agent for LG&E Company and KUCompany	U.S.	476,836	476,836	-	-	538,893	538,893	-	-	(62,057)	(62,057)											
2013	SERC	1297	East Kentucky Power Cooperative	U.S.	181,567	181,567	-	-	205,197	205,197	-	-	(23,630)	(23,630)											
2013	SERC	1298	East Mississippi Electric Power Association	U.S.	6,346	6,346	-	-	7,172	7,172	-	-	(826)	(826)											
2013	SERC		Electricities of North Carolina Inc	U.S.	155,880	155,880	-	-	176,167	176,167	-	-	(20,287)	(20,287)											
2013	SERC	1300	EnergyUnited EMC	U.S.	34,856	34,856	-	-	39,392	39,392	-	-	(4,536)	(4,536)											
2013	SERC	1301	Entergy	U.S.	1,503,668	1,503,668	-	-	1,699,360	1,699,360	-	-	(195,692)	(195,692)											
2013	SERC	1302	Fayetteville (NC) Public Works Commission	U.S.	29,230	29,230	-	-	33,035	33,035	-	-	(3,804)	(3,804)											
2013	SERC	1303	Florida Public Utilities (FL Panhandle Load)	U.S.	4,327	4,327	-	-	4,890	4,890	-	-	(563)	(563)											
2013	SERC	1304	French Broad EMC	U.S.	7,242	7,242	-	-	8,184	8,184	-	-	(942)	(942)											
2013	SERC	1305	Georgia Power Company	U.S.	1,172,678	1,172,678	-	-	1,325,293	1,325,293	-	-	(152,616)	(152,616)											
2013	SERC	1306	Georgia System Optns Corporation	U.S.	509,329	509,329	-	-	575,615	575,615	-	-	(66,286)	(66,286)											
2013	SERC	1479	Greenwood (MS) Utilities Commission	U.S.	3,968	3,968	-	-	4,484	4,484	-	-	(516)	(516)											
2013	SERC	1307	Greenwood (SC) Commissioners of Public Works	U.S.	4,299	4,299	-	-	4,859	4,859	-	-	(559)	(559)											
2013	SERC	1308	Gulf Power Company	U.S.	156,590	156,590	-	-	176,969	176,969	-	-	(20,379)	(20,379)											
2013	SERC	1586	Haywood EMC	U.S.	4,236	4,236	-	-	4,788	4,788			(551)	(551)											
2013	SERC	1309	Illinois Municipal Electric Agency	U.S.	26,241	26,241	-	-	29,656	29,656	-	-	(3,415)	(3,415)											
2013	SERC	1480	Itta Bena, MS	U.S.	195	195	-	-	221	221	-	-	(25)	(25)											
2013	SERC	1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	3,957	3,957	-	-	4,472	4,472	-	-	(515)	(515)											
2013	SERC	1617	Kentucky Municipal Power	U.S.	9,781	9,781	-	-	11,054	11,054	-	-	(1,273)	(1,273)											
2013	SERC	1481	Kosciusko, MS	U.S.	952	952	-	-	1,075	1,075	-	-	(124)	(124)											
2013	SERC	1482	Leland, MS	U.S.	416	416	-	-	470	470	-	-	(54)	(54)											
2013	SERC	1313	McCormick Commission of Public Works	U.S.	217	217	-	-	245	245	-	-	(28)	(28)											
2013	SERC	1314	Mississippi Power Company	U.S.	144,639	144,639	-	-	163,463	163,463	-	-	(18,824)	(18,824)											
2013	SERC	1630	Mt. Carmel Public Utility	U.S.	1,304	1,304	-	-	1,474	1,474	-	-	(170)	(170)											
2013	SERC	1315	Municipal Electric Authority of Georgia	U.S.	145,155	145,155	-	-	164,046	164,046	-	-	(18,891)	(18,891)											
2013	SERC	1316	N.C. Electric Membership Corp.	U.S.	167,385	167,385	-	-	189,169	189,169	-	-	(21,784)	(21,784)											
2013	SERC	1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	4,296	4,296	-	-	4,855	4,855			(559)	(559)											
2013	SERC	1574	Northern Virginia Electric Cooperative	U.S.	54,556	54,556	-	-	61,656	61,656			(7,100)	(7,100)											
2013	SERC	1319	Old Dominion Electric Cooperative	U.S.	80,058	80,058	-	-	90,477	90,477	-	-	(10,419)	(10,419)											
2013	SERC	1618	Osceola (Arkansas) Municipal Light and Power	U.S.	2,524	2,524	-	-	2,852	2,852	-	-	(328)	(328)											
2013	SERC	1320	Owensboro (KY) Municipal Utilities	U.S.	12,275	12,275	-	-	13,873	13,873	-	-	(1,598)	(1,598)											
2013	SERC	1322	Piedmont EMC in Duke and Progress Areas	U.S.	6,904	6,904	-	-	7,803	7,803	-	-	(899)	(899)											
2013	SERC	1323	Piedmont Municipal Power Agency (PMPA)	U.S.	30,304	30,304	-	-	34,248	34,248	-	-	(3,944)	(3,944)											
2013	SERC	1589	Pointe Coupee Electric Memb. Corp.	U.S.	3,698	3,698	-	-	4,179	4,179	-	-	(481)	(481)											
2013	SERC	1266	PowerSouth Energy	U.S.	114,236	114,236	-	-	129,103	129,103	-	-	(14,867)	(14,867)											
2013	SERC	1330	Prairie Power, Inc.	U.S.	21,605	21,605	-	-	24,417	24,417	-	-	(2,812)	(2,812)											
2013	SERC	1324	Progress Energy Carolinas	U.S.	620,472	620,472	-	-	701,222	701,222	-	-	(80,750)	(80,750)											
2013	SERC	1325	Rutherford EMC	U.S.	18,100	18,100	-	-	20,456	20,456	-	-	(2,356)	(2,356)											
2013	SERC	1631	Sam Rayburn G&T Electric Cooperative Inc.	U.S.	24,347	24,347	-	-	27,516	27,516	-	-	(3,169)	(3,169)											
2013	SERC	1326	South Carolina Electric & Gas Company	U.S.	306,086	306,086	-	-	345,921	345,921	-	-	(39,835)	(39,835)											
2013	SERC	1327	South Carolina Public Service Authority	U.S.	151,509	151,509	-	-	171,227	171,227	-	-	(19,718)	(19,718)											
2013	SERC	1590	South Louisiana Electric Cooperative Association	U.S.	8,587	8,587	-	-	9,704	9,704	-	-	(1,118)	(1,118)											
2013	SERC	1328	South Mississippi Electric Power Association	U.S.	140,920	140,920	-	-	159,259	159,259	-	-	(18,340)	(18,340)											
2013	SERC	1329	Southern Illinois Power Cooperative	U.S.	21,051	21,051	-	-	23,791	23,791	-	-	(2,740)	(2,740)											
2013	SERC	1591	Southwest Louisiana Electric Membership Corporation	U.S.	36,156	36,156	-	-	40,862	40,862	-	-	(4,706)	(4,706)											
2013	SERC	1619	Southwestern Electric Cooperative, Inc.	U.S.	5,784	5,784	-	-	6,536	6,536	-	-	(753)	(753)											
2013	SERC	1331	Tennessee Valley Authority	U.S.	2,201,129	2,201,129	-	-	2,487,591	2,487,591	-	-	(286,462)	(286,462)											
2013	SERC	1632	Tex-La Electric Cooperative of Texas, Inc	U.S.	2,836	2,836	-	-	3,205	3,205	-	-	(369)	(369)											
2013	SERC	1332	Tombigbee Electric Cooperative Inc.	U.S.	1,800	1,800	-	-	2,034	2,034	-	-	(234)	(234)											
2013	SERC	1594	Town of Sharpsburg, N.C.	U.S.	270	270	-	-	305	305	-	-	(35)	(35)											
2013	SERC	1595	Town of Stantonsburg, N.C. JRO	U.S.	1,052	1,052	-	-	1,189	1,189	-	-	(137)	(137)											
2013	SERC	1333	Town of Waynesville NC	U.S.	1,238	1,238	-	-	1,399	1,399	-	-	(161)	(161)											
2013	SERC	1334	Town of Winnsboro SC	U.S.	754	754	-	-	852	852	-	-	(98)	(98)											
2013	SERC	1335	Town of Winterville NC	U.S.	740	740	-	-	836	836	-	-	(96)	(96)											
2013	SERC	1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	14,784	14,784	-	-	16,708	16,708	-	-	(1,924)	(1,924)											
			TOTAL SERC		13,731,034	13,731,034	-	-	15,518,034	15,518,034	-	-	(1,787,000)	(1,787,000)											
2013	SPP	1246	American Electric Power	U.S.	1,652,895	1,652,895	-	-	1,732,205	1,732,205	-	-	(79,310)	(79,310)											
2013	SPP	1435	Arkansas Electric Cooperative Corporation (AEP)	U.S.	229,365	229,365	-	-	240,371	240,371	-	-	(11,005)	(11,005)											
2013	SPP	1247	Board of Public Utilities (Kansas City KS)	U.S.	105,694	105,694	-	-	110,766	110,766	-	-	(5,071)	(5,071)											
2013	SPP	1620	Board of Public Utilities, City of McPherson, Kansas	U.S.	42,069	42,069	-	-	44,088	44,088	-	-	(2,019)	(2,019)											
2013	SPP	1647	Carthage City Water & Light	U.S.	14,424	14,424	-	-	15,116	15,116	-	-	(692)	(692)											
2013	SPP	1469	Central Valley Electric Cooperative	U.S.	37,909	37,909	-	-	39,728	39,728	-	-	(1,819)	(1,819)											
2013	SPP	1556	City of Bentonville	U.S.	28,906	28,906	-	-	30,293	30,293	-	-	(1,387)	(1,387)											
2013	SPP	1557	City of Clarksdale, Mississippi	U.S.	7,323	7,323	-	-	7,675	7,675	-	-	(351)	(351)											
2013	SPP	1558	Hope Water & Light (HWL)	U.S.	13,397	13,397	-	-	14,040	14,040	-	-	(643)	(643)											
2013	SPP	1559	City of Minden	U.S.	7,231	7,231	-	-	7,578	7,578	-	-	(347)	(347)											
2013	SPP	1635	The City of Osage City	U.S.	1,619	1,619	-	-	1,696	1,696	-	-	(78)	(78)											
2013	SPP	1636	City of Prescott	U.S.	3,940	3,940	-	-	4,129	4,129	-	-	(189)	(189)											
2013	SPP	1248	Independence Power & Light (Independence, MO)	U.S.	47,839	47,839	-	-	50,135	50,135	-	-	(2,295)	(2,295)											
2013	SPP	1436	City Utilities of Springfield, MO	U.S.	142,239	142,239	-	-	149,064	149,064	-	-	(6,825)	(6,825)											
2013	SPP	1249	Cleco Power LLC	U.S.	528,433	528,433	-	-	553,789	553,789	-	-	(25,355)	(25,355)											
2013	SPP	1437	East Texas Electric Coop, Inc.	U.S.	18,761	18,761	-	-	19,661	19,661	-	-	(900)	(900)											
2013	SPP	1250	The Empire District Electric Company	U.S.	237,469	237,469	-	-	248,864	248,864	-	-	(11,394)	(11,394)											
2013	SPP	1470	Farmers' Electric Coop	U.S.	19,711	19,711	-	-	20,657	20,657	-	-	(946)	(946)											
2013	SPP	1438	Golden Spread Electric Coop	U.S.	257,291	257,291	-	-	269,636	269,636	-	-	(12,345)	(12,345)											
2013	SPP	1251	Grand River Dam Authority	U.S.	218,379	218,379	-	-	228,857	228,857	-	-	(10,478)	(10,478)											
2013	SPP	1648	Jonesboro City Water & Light	U.S.	58,963	58,963	-	-	61,792	61,792	-	-	(2,829)	(2,829)											
2013	SPP	1252	Kansas City Power & Light (KCPL)	U.S.	705,964	705,964	-	-	739,838	739,838	-	-	(33,874)	(33,874)											

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	SPP	1439	Kansas Electric Power Coop., Inc	U.S.	99,675	99,675	-	-	104,458	104,458	-	-	(4,783)	(4,783)											
2013	SPP	1440	Kansas Municipal Energy Agency (KCPL)	U.S.	18,000	18,000	-	-	18,863	18,863	-	-	(864)	(864)											
2013	SPP	1637	Kansas Power Pool	U.S.	68,632	68,632	-	-	71,925	71,925	-	-	(3,293)	(3,293)											
2013	SPP	1560	Kaw Valley Electric Cooperative, Inc.	U.S.	7,311	7,311	-	-	7,661	7,661	-	-	(351)	(351)											
2013	SPP	1649	Kennett Board of Public Works	U.S.	7,604	7,604	-	-	7,968	7,968	-	-	(365)	(365)											
2013	SPP	1598	KCP&L GMOC (Greater Missouri Operations Company)	U.S.	394,157	394,157	-	-	413,070	413,070	-	-	(18,913)	(18,913)											
2013	SPP	1471	Lafayette Utilities System	U.S.	93,842	93,842	-	-	98,344	98,344	-	-	(4,503)	(4,503)											
2013	SPP	1472	Lea County Electric Coop	U.S.	57,902	57,902	-	-	60,680	60,680	-	-	(2,778)	(2,778)											
2013	SPP	1253	Louisiana Energy & Power Authority (LEPA)	U.S.	45,918	45,918	-	-	48,122	48,122	-	-	(2,203)	(2,203)											
2013	SPP	1650	Malden Board of Public Works	U.S.	2,295	2,295	-	-	2,406	2,406	-	-	(110)	(110)											
2013	SPP	1441	Midwest Energy Inc.	U.S.	82,550	82,550	-	-	86,511	86,511	-	-	(3,961)	(3,961)											
2013	SPP	1443	Missouri Joint Municipal Electric Utility Commission	U.S.	115,894	115,894	-	-	121,455	121,455	-	-	(5,561)	(5,561)											
2013	SPP	1638	Nemaha Marshall Electric Cooperative (NMEC)	U.S.	2,522	2,522	-	-	2,643	2,643	-	-	(121)	(121)											
2013	SPP	1442	Northeast Texas Electric Cooperative, Inc.	U.S.	147,278	147,278	-	-	154,345	154,345	-	-	(7,067)	(7,067)											
2013	SPP	1255	Oklahoma Gas and Electric Co.	U.S.	1,289,965	1,289,965	-	-	1,351,861	1,351,861	-	-	(61,896)	(61,896)											
2013	SPP	1444	Oklahoma Municipal Power Auth	U.S.	122,603	122,603	-	-	128,486	128,486	-	-	(5,883)	(5,883)											
2013	SPP	1639	OzMo Ozark Missouri, West Plains MO	U.S.	9,498	9,498	-	-	9,953	9,953	-	-	(456)	(456)											
2013	SPP	1651	Paragould Light, Water & Cable	U.S.	26,607	26,607	-	-	27,884	27,884	-	-	(1,277)	(1,277)											
2013	SPP	1652	Piggott Municipal Light, Water & Sewer	U.S.	1,873	1,873	-	-	1,963	1,963	-	-	(90)	(90)											
2013	SPP	1653	Poplar Bluff Municipal Utilities	U.S.	17,436	17,436	-	-	18,273	18,273	-	-	(837)	(837)											
2013	SPP	1561	Public Service Commission of Yazoo City of Mississippi	U.S.	5,568	5,568	-	-	5,835	5,835	-	-	(267)	(267)											
2013	SPP	1473	Roosevelt County Electric Coop	U.S.	8,707	8,707	-	-	9,125	9,125	-	-	(418)	(418)											
2013	SPP	1654	Sikeston Board of Municipal Utilities	U.S.	18,171	18,171	-	-	19,043	19,043	-	-	(872)	(872)											
2013	SPP	1257	Southwestern Public Service Co. (SPS-XCEL)	U.S.	905,954	905,954	-	-	949,424	949,424	-	-	(43,470)	(43,470)											
2013	SPP	1256	Sunflower Electric Power Cooperative	U.S.	235,085	235,085	-	-	246,365	246,365	-	-	(11,280)	(11,280)											
2013	SPP	1445	Tex - La Electric Cooperative of Texas	U.S.	23,170	23,170	-	-	24,282	24,282	-	-	(1,112)	(1,112)											
2013	SPP	1475	Tri County Electric Coop	U.S.	18,232	18,232	-	-	19,107	19,107	-	-	(875)	(875)											
2013	SPP	1260	Westar Energy, Inc.	U.S.	961,506	961,506	-	-	1,007,642	1,007,642	-	-	(46,135)	(46,135)											
2013	SPP	1259	Western Farmers Electric Cooperative	U.S.	383,977	383,977	-	-	402,401	402,401	-	-	(18,424)	(18,424)											
2013	SPP	1501	West Texas Municipal Power Agency	U.S.	128,893	128,893	-	-	135,078	135,078	-	-	(6,185)	(6,185)											
			TOTAL SPP		9,680,648	9,680,648	-	-	10,145,148	10,145,148	-	-	(464,500)	(464,500)											
2011	TRE	1019	ERCOT	U.S.	10,500,446	10,500,446	-	-	10,983,946	10,983,946	-	-	(483,500)	(483,500)											
					10,500,446	10,500,446	-	-	10,983,946	10,983,946	-	-	(483,500)	(483,500)											
2013	WECC		Alberta Electric System Operator	Canada	949,176	-	949,176	-	1,755,997	-	1,755,997	-	-	-				(880,629)		(880,629)		73,808		73,808	
2013	WECC		British Columbia Hydro & Power Authority	Canada	1,846,455	-	1,846,455	-	1,710,258	-	1,710,258	-	-	-				64,311		64,311		71,885		71,885	
2013	WECC		Comision Federal de Electricidad	Mexico	363,471	-	-	363,471	336,661	-	-	336,661	-	-				12,659	-	-	12,659	14,150	-	-	14,150
2013	WECC		Aguila Irrigation District - APS	U.S.	964	964	-	-	899	899	-	-	(6)	(6)				34	34			38	38		
2013	WECC		Aha Macav Power Service	U.S.	786	786	-	-	733	733	-	-	(5)	(5)				28	28			31	31		
2013	WECC		Ajo Improvement District	U.S.	427	427	-	-	398	398	-	-	(3)	(3)				15	15			17	17		
2013	WECC		Ak-Chin	U.S.	1,206	1,206	-	-	1,124	1,124	-	-	(8)	(8)				42	42			47	47		
2013	WECC		Alcoa Inc	U.S.	107,547	107,547	-	-	100,235	100,235	-	-	(671)	(671)				3,769	3,769			4,213	4,213		
2013	WECC		Arizona Public Service Company	U.S.	926,930	926,930	-	-	863,913	863,913	-	-	(5,780)	(5,780)				32,486	32,486			36,312	36,312		
2013	WECC		Arkansas River Power Authority (ARPA)	U.S.	7,313	7,313	-	-	6,816	6,816	-	-	(46)	(46)				256	256			286	286		
2013	WECC		Avista Corporation	U.S.	1,844	1,844	-	-	1,719	1,719	-	-	(11)	(11)				65	65			72	72		
2013	WECC		Avista Corporation	U.S.	297,825	297,825	-	-	277,577	277,577	-	-	(1,857)	(1,857)				10,438	10,438			11,667	11,667		
2013	WECC		Barrick Goldstrike Mines Inc.	U.S.	36,696	36,696	-	-	34,202	34,202	-	-	(229)	(229)				1,286	1,286			1,438	1,438		
2013	WECC		Basin Electric Power Cooperative	U.S.	1,852	1,852	-	-	1,726	1,726	-	-	(12)	(12)				65	65			73	73		
2013	WECC		Basin Electric Power Cooperative	U.S.	95,066	95,066	-	-	88,603	88,603	-	-	(593)	(593)				3,332	3,332			3,724	3,724		
2013	WECC		Benton REA	U.S.	17,153	17,153	-	-	15,987	15,987	-	-	(107)	(107)				601	601			672	672		
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	4,339	4,339	-	-	4,044	4,044	-	-	(27)	(27)				152	152			170	170		
2013	WECC		Big Bend Electric Cooperative, Inc.	U.S.	11,219	11,219	-	-	10,457	10,457	-	-	(70)	(70)				393	393			440	440		
2013	WECC		Blachly-Lane Electric Cooperative	U.S.	5,404	5,404	-	-	5,036	5,036	-	-	(34)	(34)				189	189			212	212		
2013	WECC		Black Hills Power	U.S.	59,929	59,929	-	-	55,855	55,855	-	-	(374)	(374)				2,100	2,100			2,348	2,348		
2013	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	91,861	91,861	-	-	85,616	85,616	-	-	(573)	(573)				3,219	3,219			3,599	3,599		
2013	WECC		Black Hills State University South Dakota	U.S.	614	614	-	-	572	572	-	-	(4)	(4)				22	22			24	24		
2013	WECC		Bonneville Power Administration	U.S.	212	212	-	-	198	198	-	-	(1)	(1)				7	7			8	8		
2013	WECC		Bonneville Power Administration	U.S.	420	420	-	-	392	392	-	-	(3)	(3)				15	15			16	16		
2013	WECC		Bonneville Power Administration	U.S.	24,233	24,233	-	-	22,585	22,585	-	-	(151)	(151)				849	849			949	949		
2013	WECC		Bonneville Power Administration	U.S.	57,989	57,989	-	-	54,046	54,046	-	-	(362)	(362)				2,032	2,032			2,272	2,272		
2013	WECC		Bonneville Power Administration	U.S.	119,262	119,262	-	-	111,154	111,154	-	-	(744)	(744)				4,180	4,180			4,672	4,672		
2013	WECC		BPA - Big Bend/Schrag Load	U.S.	1,161	1,161	-	-	1,082	1,082	-	-	(7)	(7)				41	41			45	45		
2013	WECC		BPA - Kittitas Load	U.S.	229	229	-	-	214	214	-	-	(1)	(1)				8	8			9	9		
2013	WECC		BPA - USBR Load	U.S.	4,099	4,099	-	-	3,820	3,820	-	-	(26)	(26)				144	144			161	161		
2013	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	616	616	-	-	575	575	-	-	(4)	(4)				22	22			24	24		
2013	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	24	24	-	-	22	22	-	-	(0)	(0)				1	1			1	1		
2013	WECC		Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	202	202	-	-	188	188	-	-	(1)	(1)				7	7			8	8		
2013	WECC		Burlington	U.S.	1,142	1,142	-	-	1,065	1,065	-	-	(7)	(7)				40	40			45	45		
2013	WECC		California Independent System Operator	U.S.	7,225,668	7,225,668	-	-	6,734,432	6,734,432	-	-	(45,060)	(45,060)				253,235	253,235			283,061	283,061		
2013	WECC		Canby Public Utility Board	U.S.	5,634	5,634	-	-	5,251	5,251	-	-	(35)	(35)				197	197			221	221		
2013	WECC		Central Arizona Water Conservation District	U.S.	81,870	81,870	-	-	76,304	76,304	-	-	(511)	(511)				2,869	2,869			3,207	3,207		
2013	WECC		Central Electric Cooperative	U.S.	18,943	18,943	-	-	17,655	17,655	-	-	(118)	(118)				664	664			742	742		
2013	WECC		Central Lincoln PUD	U.S.	42,006	42,006	-	-	39,150	39,150	-	-	(262)	(262)				1,472	1,472			1,646	1,646		
2013	WECC		Central Montana Electric Power Cooperative	U.S.	1,984	1,984	-	-	1,850	1,850	-	-	(12)	(12)				70	70			78	78		
2013	WECC		Central Montana Electric Power Cooperative	U.S.	9,885	9,885	-	-	9,213	9,213	-	-	(62)	(62)				346	346			387	387		
2013	WECC		City of Aztec Electric Dept	U.S.	1,236	1,236	-	-	1,152	1,152	-	-	(8)	(8)				43	43			48	48		
2013	WECC		City of Bandon	U.S.	2,095	2,095	-	-	1,953	1,953	-	-	(13)	(13)				73	73			82	82		
2013	WECC		City of Blaine	U.S.	2,433	2,433	-	-	2,268	2,268	-	-	(15)	(15)				85	85			95	95		
2013	WECC		City of Bonners Ferry	U.S.	2,255	2,255	-	-	2,102	2,102	-	-	(14)	(14)				79	79			88	88		
2013	WECC		City of Cascade Locks	U.S.	611	611	-	-	569	569	-	-	(4)	(4)				21	21			24	24		
2013	WECC		City of Centralia	U.S.	8,415	8,415	-	-	7,843	7,843	-	-	(52)	(52)				295	295			330	330		
2013	WECC		City of Cheney	U.S.	4,645	4,645	-	-	4,329	4,329	-	-	(29)	(29)				163	163			182	182		
2013	WECC		City of Chewelah	U.S.	740	740	-	-	690	690	-	-	(5)	(5)				26	26			29	29		
2013	WECC		City of Drain	U.S.	524	524	-	-	488	488	-	-	(3)	(3)				18	18			21	21		
2013	WECC		City of Ellensburg	U.S.	6,461	6,461	-	-	6,022	6,022	-	-	(40)	(40)				226	226			253	253		
2013	WECC		City of Fallon	U.S.	1,160	1,160	-	-	1,081	1,081	-	-	(7)	(7)				41	41			45	45		
2013	WECC		City of Farmington	U.S.	31,889	31,889	-	-	29,721	29,721	-	-	(199)	(199)				1,118	1,118			1,249	1,249		

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		City of Forest Grove	U.S.	7,975	7,975	-	-	7,433	7,433	-	-	(50)	(50)				280	280			312	312		
2013	WECC		City of Gallup	U.S.	5,905	5,905	-	-	5,504	5,504	-	-	(37)	(37)				207	207			231	231		
2013	WECC		City of Henderson	U.S.	1,332	1,332	-	-	1,242	1,242	-	-	(8)	(8)				47	47			52	52		
2013	WECC		City of Hermiston, DBA Hermiston Energy Services	U.S.	3,457	3,457	-	-	3,222	3,222	-	-	(22)	(22)				121	121			135	135		
2013	WECC		City of Las Vegas	U.S.	1,301	1,301	-	-	1,212	1,212	-	-	(8)	(8)				46	46			51	51		
2013	WECC		City of McCleary	U.S.	977	977	-	-	911	911	-	-	(6)	(6)				34	34			38	38		
2013	WECC		City of McMinnville	U.S.	23,964	23,964	-	-	22,335	22,335	-	-	(149)	(149)				840	840			939	939		
2013	WECC		City of Mesa	U.S.	8,135	8,135	-	-	7,582	7,582	-	-	(51)	(51)				285	285			319	319		
2013	WECC		City of Milton	U.S.	1,883	1,883	-	-	1,755	1,755	-	-	(12)	(12)				66	66			74	74		
2013	WECC		City of Milton-Freewater	U.S.	3,530	3,530	-	-	3,290	3,290	-	-	(22)	(22)				124	124			138	138		
2013	WECC		City of Monmouth	U.S.	2,315	2,315	-	-	2,157	2,157	-	-	(14)	(14)				81	81			91	91		
2013	WECC		City of Needles	U.S.	964	964	-	-	898	898	-	-	(6)	(6)				34	34			38	38		
2013	WECC		City of North Las Vegas	U.S.	144	144	-	-	134	134	-	-	(1)	(1)				5	5			6	6		
2013	WECC		City of Page	U.S.	2,869	2,869	-	-	2,674	2,674	-	-	(18)	(18)				101	101			112	112		
2013	WECC		City of Plummer	U.S.	1,119	1,119	-	-	1,043	1,043	-	-	(7)	(7)				39	39			44	44		
2013	WECC		City of Port Angeles	U.S.	22,775	22,775	-	-	21,227	21,227	-	-	(142)	(142)				798	798			892	892		
2013	WECC		City of Redding	U.S.	24,874	24,874	-	-	23,183	23,183	-	-	(155)	(155)				872	872			974	974		
2013	WECC		City of Richland	U.S.	27,819	27,819	-	-	25,927	25,927	-	-	(173)	(173)				975	975			1,090	1,090		
2013	WECC		City of Roseville	U.S.	38,410	38,410	-	-	35,799	35,799	-	-	(240)	(240)				1,346	1,346			1,505	1,505		
2013	WECC		City of Shasta Lake	U.S.	6,008	6,008	-	-	5,600	5,600	-	-	(37)	(37)				211	211			235	235		
2013	WECC		City of Sumas	U.S.	965	965	-	-	899	899	-	-	(6)	(6)				34	34			38	38		
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	10	10	-	-	9	9	-	-	(0)	(0)				0	0			0	0		
2013	WECC		City of Tacoma DBA Tacoma Power	U.S.	155,822	155,822	-	-	145,229	145,229	-	-	(972)	(972)				5,461	5,461			6,104	6,104		
2013	WECC		City of Troy	U.S.	546	546	-	-	509	509	-	-	(3)	(3)				19	19			21	21		
2013	WECC		City of Williams	U.S.	1,218	1,218	-	-	1,135	1,135	-	-	(8)	(8)				43	43			48	48		
2013	WECC		Clark County Water Resources	U.S.	2,408	2,408	-	-	2,245	2,245	-	-	(15)	(15)				84	84			94	94		
2013	WECC		Clark Public Utilities	U.S.	139,563	139,563	-	-	130,075	130,075	-	-	(870)	(870)				4,891	4,891			5,467	5,467		
2013	WECC		Clatskanie PUD	U.S.	29,334	29,334	-	-	27,340	27,340	-	-	(183)	(183)				1,028	1,028			1,149	1,149		
2013	WECC		Clearwater Cooperative, Inc	U.S.	1,243	1,243	-	-	1,159	1,159	-	-	(8)	(8)				44	44			49	49		
2013	WECC		Clearwater Cooperative, Inc	U.S.	5,309	5,309	-	-	4,948	4,948	-	-	(33)	(33)				186	186			208	208		
2013	WECC		Colorado River Commission of Nevada	U.S.	27,131	27,131	-	-	25,286	25,286	-	-	(169)	(169)				951	951			1,063	1,063		
2013	WECC		Colorado Springs Utilities	U.S.	1,902	1,902	-	-	1,773	1,773	-	-	(12)	(12)				67	67			75	75		
2013	WECC		Colorado Springs Utilities	U.S.	145,002	145,002	-	-	135,144	135,144	-	-	(904)	(904)				5,082	5,082			5,680	5,680		
2013	WECC		Columbia Basin Electric Cooperative, Inc.	U.S.	3,526	3,526	-	-	3,286	3,286	-	-	(22)	(22)				124	124			138	138		
2013	WECC		Columbia Falls Aluminum Company	U.S.	142	142	-	-	133	133	-	-	(1)	(1)				5	5			6	6		
2013	WECC		Columbia Power Cooperative Association	U.S.	696	696	-	-	649	649	-	-	(4)	(4)				24	24			27	27		
2013	WECC		Columbia River PUD	U.S.	5,328	5,328	-	-	4,966	4,966	-	-	(33)	(33)				187	187			209	209		
2013	WECC		Columbia River PUD	U.S.	9,679	9,679	-	-	9,021	9,021	-	-	(60)	(60)				339	339			379	379		
2013	WECC		Columbia Rural Electric Association (REA)	U.S.	10,364	10,364	-	-	9,660	9,660	-	-	(65)	(65)				363	363			406	406		
2013	WECC		Consolidated Irrigation District No. 19	U.S.	194	194	-	-	180	180	-	-	(1)	(1)				7	7			8	8		
2013	WECC		Consumers Power, Inc.	U.S.	13,403	13,403	-	-	12,492	12,492	-	-	(84)	(84)				470	470			525	525		
2013	WECC		Coos-Curry Electric Cooperative, Inc	U.S.	11,050	11,050	-	-	10,299	10,299	-	-	(69)	(69)				387	387			433	433		
2013	WECC		Deseret Generation & Transmission Cooperative	U.S.	4,496	4,496	-	-	4,191	4,191	-	-	(28)	(28)				158	158			176	176		
2013	WECC		Douglas Electric Cooperative, Inc.	U.S.	2,993	2,993	-	-	2,790	2,790	-	-	(19)	(19)				105	105			117	117		
2013	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	600	600	-	-	559	559	-	-	(4)	(4)				21	21			24	24		
2013	WECC		El Paso Electric Company	U.S.	259,811	259,811	-	-	242,148	242,148	-	-	(1,620)	(1,620)				9,105	9,105			10,178	10,178		
2013	WECC		Electrical District #2	U.S.	5,587	5,587	-	-	5,207	5,207	-	-	(35)	(35)				196	196			219	219		
2013	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	286	286	-	-	267	267	-	-	(2)	(2)				10	10			11	11		
2013	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	78	78	-	-	72	72	-	-	(0)	(0)				3	3			3	3		
2013	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	1,463	1,463	-	-	1,364	1,364	-	-	(9)	(9)				51	51			57	57		
2013	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	8,612	8,612	-	-	8,026	8,026	-	-	(54)	(54)				302	302			337	337		
2013	WECC		Electrical Districts 1 & 3	U.S.	18,006	18,006	-	-	16,782	16,782	-	-	(112)	(112)				631	631			705	705		
2013	WECC		Elmhurst Mutual Power & Light Company	U.S.	8,700	8,700	-	-	8,109	8,109	-	-	(54)	(54)				305	305			341	341		
2013	WECC		Emerald PUD	U.S.	16,125	16,125	-	-	15,029	15,029	-	-	(101)	(101)				565	565			632	632		
2013	WECC		Energy Northwest	U.S.	1,137	1,137	-	-	1,060	1,060	-	-	(7)	(7)				40	40			45	45		
2013	WECC		Eugene Water & Electric Board	U.S.	77,595	77,595	-	-	72,320	72,320	-	-	(484)	(484)				2,719	2,719			3,040	3,040		
2013	WECC		Fall River Rural Electric Cooperative, Inc.	U.S.	1	1	-	-	1	1	-	-	(0)	(0)				0	0			0	0		
2013	WECC		Flathead Electric Cooperative, Inc	U.S.	47,070	47,070	-	-	43,870	43,870	-	-	(294)	(294)				1,650	1,650			1,844	1,844		
2013	WECC		Frederickson Power LP	U.S.	107	107	-	-	100	100	-	-	(1)	(1)				4	4			4	4		
2013	WECC		Grand Valley Power	U.S.	7,642	7,642	-	-	7,123	7,123	-	-	(48)	(48)				268	268			299	299		
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	2,820	2,820	-	-	2,628	2,628	-	-	(18)	(18)				99	99			110	110		
2013	WECC		Harney Electric Cooperative, Inc.	U.S.	3,071	3,071	-	-	2,862	2,862	-	-	(19)	(19)				108	108			120	120		
2013	WECC		Harquahala Valley Power Districts - APS	U.S.	2,466	2,466	-	-	2,298	2,298	-	-	(15)	(15)				86	86			97	97		
2013	WECC		Hermiston Power LLC	U.S.	61	61	-	-	57	57	-	-	(0)	(0)				2	2			2	2		
2013	WECC		Holy Cross Energy	U.S.	37,901	37,901	-	-	35,324	35,324	-	-	(236)	(236)				1,328	1,328			1,485	1,485		
2013	WECC		Hood River Electric Cooperative	U.S.	1,371	1,371	-	-	1,278	1,278	-	-	(9)	(9)				48	48			54	54		
2013	WECC		Idaho County Light and Power Cooperative Association, Inc.	U.S.	1,845	1,845	-	-	1,719	1,719	-	-	(12)	(12)				65	65			72	72		
2013	WECC		Idaho Power Company	U.S.	508,189	508,189	-	-	473,640	473,640	-	-	(3,169)	(3,169)				17,810	17,810			19,908	19,908		
2013	WECC		Imperial Irrigation District	U.S.	113,872	113,872	-	-	106,131	106,131	-	-	(710)	(710)				3,991	3,991			4,461	4,461		
2013	WECC		Inland Power and Light Company	U.S.	14,861	14,861	-	-	13,850	13,850	-	-	(93)	(93)				521	521			582	582		
2013	WECC		Inland Power and Light Company	U.S.	15,543	15,543	-	-	14,486	14,486	-	-	(97)	(97)				545	545			609	609		
2013	WECC		Intermountain Rural Electric Association	U.S.	66,986	66,986	-	-	62,432	62,432	-	-	(418)	(418)				2,348	2,348			2,624	2,624		
2013	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	9,689	9,689	-	-	9,030	9,030	-	-	(60)	(60)				340	340			380	380		
2013	WECC		Kootenai Electric Cooperative, Inc.	U.S.	14,603	14,603	-	-	13,611	13,611	-	-	(91)	(91)				512	512			572	572		
2013	WECC		Lakeview Light & Power	U.S.	8,529	8,529	-	-	7,949	7,949	-	-	(53)	(53)				299	299			334	334		
2013	WECC		Lane Electric Cooperative, Inc.	U.S.	7,163	7,163	-	-	6,676	6,676	-	-	(45)	(45)				251	251			281	281		
2013	WECC		Las Vegas Valley Water District	U.S.	2,906	2,906	-	-	2,708	2,708	-	-	(18)	(18)				102	102			114	114		
2013	WECC		Lincoln Electric Cooperative, Inc.	U.S.	3,684	3,684	-	-	3,433	3,433	-	-	(23)	(23)				129	129			144	144		
2013	WECC		Los Angeles Department of Water and Power	U.S.	897,726	897,726	-	-	836,694	836,694	-	-	(5,598)	(5,598)				31,462	31,462			35,168	35,168		
2013	WECC		Lost River Electric Cooperative, Inc.	U.S.	1	1	-	-	1	1	-	-	(0)	(0)				0	0			0	0		
2013	WECC		Lower Valley Energy, Inc.	U.S.	3	3	-	-	3	3	-	-	(0)	(0)				0	0			0	0		
2013	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	1,629	1,629	-	-	1,518	1,518	-	-	(10)	(10)				57	57			64	64		
2013	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	2,173	2,173	-	-	2,026	2,026	-	-	(14)	(14)				76	76			85	85		
2013	WECC		Merced Irrigation District	U.S.	14,628	14,628	-	-	13,633	13,633	-	-	(91)	(91)				513	513			573	573		
2013	WECC		Midstate Electric Cooperative, Inc.	U.S.	12,881	12,881	-	-	12,005	12,005	-	-	(80)	(80)				451	451			505	505		
2013	WECC		Mission Valley Power	U.S.	12,860	12,860	-	-	11,986	11,986	-	-	(80)	(80)				451	451			504	504		
2013	WECC		Modern Electric Water Company	U.S.	7,302	7,302	-	-	6,806	6,806	-	-	(46)	(46)				256	256			286	286		
2013	WECC		Modesto Irrigation District	U.S.	80,163	80,163	-	-	74,713	74,713	-	-	(500)	(500)				2,809	2,809			3,140	3,140		

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Montana-Dakota Utilities Co.	U.S.	637	637	-	-	594	594	-	-	(4)	(4)				22	22			25	25		
2013	WECC		Mt. Wheeler Power	U.S.	17,440	17,440	-	-	16,254	16,254	-	-	(109)	(109)				611	611			683	683		
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	6,209	6,209	-	-	5,787	5,787	-	-	(39)	(39)				218	218			243	243		
2013	WECC		Municipal Energy Agency of Nebraska	U.S.	20,818	20,818	-	-	19,402	19,402	-	-	(130)	(130)				730	730			816	816		
2013	WECC		Navajo Agricultural Products Industry (NAPI)	U.S.	34	34	-	-	32	32	-	-	(0)	(0)				1	1			1	1		
2013	WECC		Navajo Tribal Utility Authority	U.S.	1,691	1,691	-	-	1,576	1,576	-	-	(11)	(11)				59	59			66	66		
2013	WECC		Navajo Tribal Utility Authority	U.S.	8,898	8,898	-	-	8,293	8,293	-	-	(55)	(55)				312	312			349	349		
2013	WECC		Navopache Electric Cooperative, Inc.	U.S.	11,527	11,527	-	-	10,744	10,744	-	-	(72)	(72)				404	404			452	452		
2013	WECC		Nebraska Public Power Marketing	U.S.	182	182	-	-	169	169	-	-	(1)	(1)				6	6			7	7		
2013	WECC		Nespelem Valley Electric Cooperative, Inc.	U.S.	1,817	1,817	-	-	1,693	1,693	-	-	(11)	(11)				64	64			71	71		
2013	WECC		Nevada Power Company dba NV Energy	U.S.	826,855	826,855	-	-	770,642	770,642	-	-	(5,156)	(5,156)				28,978	28,978			32,392	32,392		
2013	WECC		Noble Americas Energy Solutions, LLC	U.S.	52,047	52,047	-	-	48,508	48,508	-	-	(325)	(325)				1,824	1,824			2,039	2,039		
2013	WECC		Northern Lights, Inc.	U.S.	1,133	1,133	-	-	1,056	1,056	-	-	(7)	(7)				40	40			44	44		
2013	WECC		Northern Lights, Inc.	U.S.	8,171	8,171	-	-	7,616	7,616	-	-	(51)	(51)				286	286			320	320		
2013	WECC		Northern Wasco County PUD	U.S.	17,307	17,307	-	-	16,131	16,131	-	-	(108)	(108)				607	607			678	678		
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	7,502	7,502	-	-	6,992	6,992	-	-	(47)	(47)				263	263			294	294		
2013	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	285,113	285,113	-	-	265,730	265,730	-	-	(1,778)	(1,778)				9,992	9,992			11,169	11,169		
2013	WECC		Ohop Mutual Light Company	U.S.	2,700	2,700	-	-	2,516	2,516	-	-	(17)	(17)				95	95			106	106		
2013	WECC		Orcas Power and Light Cooperative	U.S.	6,777	6,777	-	-	6,316	6,316	-	-	(42)	(42)				238	238			265	265		
2013	WECC		Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	11,015	11,015	-	-	10,266	10,266	-	-	(69)	(69)				386	386			432	432		
2013	WECC		Overton Power District No. 5	U.S.	11,853	11,853	-	-	11,047	11,047	-	-	(74)	(74)				415	415			464	464		
2013	WECC		PacifiCorp	U.S.	58	58	-	-	54	54	-	-	(0)	(0)				2	2			2	2		
2013	WECC		PacifiCorp	U.S.	67	67	-	-	62	62	-	-	(0)	(0)				2	2			3	3		
2013	WECC		PacifiCorp	U.S.	2,190	2,190	-	-	2,041	2,041	-	-	(14)	(14)				77	77			86	86		
2013	WECC		PacifiCorp	U.S.	3,616	3,616	-	-	3,371	3,371	-	-	(23)	(23)				127	127			142	142		
2013	WECC		PacifiCorp	U.S.	1,573,352	1,573,352	-	-	1,466,388	1,466,388	-	-	(9,811)	(9,811)				55,141	55,141			61,635	61,635		
2013	WECC		PacifiCorp West (PACW)	U.S.	663,566	663,566	-	-	618,453	618,453	-	-	(4,138)	(4,138)				23,256	23,256			25,995	25,995		
2013	WECC		Parkland Light and Water Company	U.S.	3,804	3,804	-	-	3,545	3,545	-	-	(24)	(24)				133	133			149	149		
2013	WECC		Pend Oreille County PUD No. 1	U.S.	31,613	31,613	-	-	29,464	29,464	-	-	(197)	(197)				1,108	1,108	-	-	1,238	1,238	-	-
2013	WECC		Peninsula Light Company, Inc.	U.S.	18,915	18,915	-	-	17,629	17,629	-	-	(118)	(118)				663	663			741	741		
2013	WECC		Platte River Power Authority	U.S.	100,905	100,905	-	-	94,045	94,045	-	-	(629)	(629)				3,536	3,536			3,953	3,953		
2013	WECC		Port of Seattle - Seattle-Tacoma International Airport	U.S.	4,391	4,391	-	-	4,093	4,093	-	-	(27)	(27)				154	154			172	172		
2013	WECC		Port Townsend Paper Corporation	U.S.	5,185	5,185	-	-	4,833	4,833	-	-	(32)	(32)				182	182			203	203		
2013	WECC		Portland General Electric Company	U.S.	578,471	578,471	-	-	539,144	539,144	-	-	(3,607)	(3,607)				20,273	20,273			22,661	22,661		
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	1,107	1,107	-	-	1,032	1,032	-	-	(7)	(7)				39	39			43	43		
2013	WECC		Public Service Company of Colorado (Xcel)	U.S.	825,300	825,300	-	-	769,192	769,192	-	-	(5,147)	(5,147)				28,924	28,924			32,331	32,331		
2013	WECC		Public Service Company of New Mexico	U.S.	335,480	335,480	-	-	312,672	312,672	-	-	(2,092)	(2,092)				11,757	11,757			13,142	13,142		
2013	WECC		Public Utility District No. 1 of Chelan County	U.S.	125,192	125,192	-	-	116,681	116,681	-	-	(781)	(781)				4,388	4,388			4,904	4,904		
2013	WECC		PUD No. 1 of Asotin County	U.S.	9	9	-	-	8	8	-	-	(0)	(0)				0	0			0	0		
2013	WECC		PUD No. 1 of Asotin County	U.S.	155	155	-	-	144	144	-	-	(1)	(1)				5	5			6	6		
2013	WECC		PUD No. 1 of Benton County	U.S.	55,155	55,155	-	-	51,405	51,405	-	-	(344)	(344)				1,933	1,933			2,161	2,161		
2013	WECC		PUD No. 1 of Clallam County	U.S.	21,162	21,162	-	-	19,723	19,723	-	-	(132)	(132)				742	742			829	829		
2013	WECC		PUD No. 1 of Cowlitz County	U.S.	163,204	163,204	-	-	152,109	152,109	-	-	(1,018)	(1,018)				5,720	5,720			6,393	6,393		
2013	WECC		PUD No. 1 of Douglas County	U.S.	278	278	-	-	259	259	-	-	(2)	(2)				10	10			11	11		
2013	WECC		PUD No. 1 of Douglas County	U.S.	46,234	46,234	-	-	43,091	43,091	-	-	(288)	(288)				1,620	1,620			1,811	1,811		
2013	WECC		PUD No. 1 of Ferry County	U.S.	3,391	3,391	-	-	3,161	3,161	-	-	(21)	(21)				119	119			133	133		
2013	WECC		PUD No. 1 of Franklin County	U.S.	33,134	33,134	-	-	30,881	30,881	-	-	(207)	(207)				1,161	1,161			1,298	1,298		
2013	WECC		PUD No. 1 of Grays Harbor	U.S.	36,898	36,898	-	-	34,390	34,390	-	-	(230)	(230)				1,293	1,293			1,445	1,445		
2013	WECC		PUD No. 1 of Jefferson County	U.S.	7,662	7,662	-	-	7,141	7,141	-	-	(48)	(48)				269	269			300	300		
2013	WECC		PUD No. 1 of Kittitas County	U.S.	510	510	-	-	476	476	-	-	(3)	(3)				18	18			20	20		
2013	WECC		PUD No. 1 of Kittitas County	U.S.	2,354	2,354	-	-	2,194	2,194	-	-	(15)	(15)				83	83			92	92		
2013	WECC		PUD No. 1 of Klickitat County	U.S.	9,352	9,352	-	-	8,716	8,716	-	-	(58)	(58)				328	328			366	366		
2013	WECC		PUD No. 1 of Lewis County	U.S.	29,184	29,184	-	-	27,200	27,200	-	-	(182)	(182)				1,023	1,023			1,143	1,143		
2013	WECC		PUD No. 1 of Mason County	U.S.	2,437	2,437	-	-	2,272	2,272	-	-	(15)	(15)				85	85			95	95		
2013	WECC		PUD No. 1 of Skamania County	U.S.	4,190	4,190	-	-	3,905	3,905	-	-	(26)	(26)				147	147			164	164		
2013	WECC		PUD No. 1 of Snohomish County	U.S.	212,227	212,227	-	-	197,799	197,799	-	-	(1,323)	(1,323)				7,438	7,438			8,314	8,314		
2013	WECC		PUD No. 1 of Wahkiakum County	U.S.	1,371	1,371	-	-	1,278	1,278	-	-	(9)	(9)				48	48			54	54		
2013	WECC		PUD No. 1 of Whatcom County	U.S.	155	155	-	-	145	145	-	-	(1)	(1)				5	5			6	6		
2013	WECC		PUD No. 1 of Whatcom County	U.S.	6,975	6,975	-	-	6,501	6,501	-	-	(43)	(43)				244	244			273	273		
2013	WECC		PUD No. 2 of Grant County	U.S.	1,553	1,553	-	-	1,448	1,448	-	-	(10)	(10)				54	54			61	61		
2013	WECC		PUD No. 2 of Grant County	U.S.	2,913	2,913	-	-	2,715	2,715	-	-	(18)	(18)				102	102			114	114		
2013	WECC		PUD No. 2 of Grant County	U.S.	119,394	119,394	-	-	111,277	111,277	-	-	(745)	(745)				4,184	4,184			4,677	4,677		
2013	WECC		PUD No. 2 of Pacific County	U.S.	9,499	9,499	-	-	8,853	8,853	-	-	(59)	(59)				333	333			372	372		
2013	WECC		PUD No. 3 of Mason County	U.S.	21,732	21,732	-	-	20,254	20,254	-	-	(136)	(136)				762	762			851	851		
2013	WECC		Puget Sound Energy, Inc.	U.S.	759,996	759,996	-	-	708,328	708,328	-	-	(4,739)	(4,739)				26,635	26,635			29,772	29,772		
2013	WECC		Raft River Electric Cooperative	U.S.	1	1	-	-	1	1	-	-	(0)	(0)				0	0			0	0		
2013	WECC		Raton Public Service	U.S.	1,609	1,609	-	-	1,499	1,499	-	-	(10)	(10)				56	56			63	63		
2013	WECC		Roosevelt Irrigation District - APS	U.S.	1,177	1,177	-	-	1,097	1,097	-	-	(7)	(7)				41	41			46	46		
2013	WECC		Sacramento Municipal Utility District	U.S.	349,143	349,143	-	-	325,407	325,407	-	-	(2,177)	(2,177)				12,236	12,236			13,677	13,677		
2013	WECC		Salem Electric	U.S.	10,299	10,299	-	-	9,599	9,599	-	-	(64)	(64)				361	361			403	403		
2013	WECC		Salt River Project	U.S.	899,132	899,132	-	-	838,005	838,005	-	-	(5,607)	(5,607)				31,511	31,511			35,223	35,223		
2013	WECC		San Carlos Indian Irrigation Project	U.S.	0	0	-	-	0	0	-	-	(0)	(0)				0	0			0	0		
2013	WECC		Seattle City Light	U.S.	312,113	312,113	-	-	290,894	290,894	-	-	(1,946)	(1,946)				10,938	10,938			12,227	12,227		
2013	WECC		Sierra Pacific Power Company dba NV Energy	U.S.	345,706	345,706	-	-	322,203	322,203	-	-	(2,156)	(2,156)				12,116	12,116			13,543	13,543		
2013	WECC		Silver State Energy - c/o Colorado River Commission of Nevada	U.S.	16,019	16,019	-	-	14,930	14,930	-	-	(100)	(100)				561	561			628	628		
2013	WECC		Southern Montana Electric Generation & Transmission	U.S.	16,250	16,250	-	-	15,145	15,145	-	-	(101)	(101)				570	570			637	637		
2013	WECC		Southern Nevada Water Authority	U.S.	3,681	3,681	-	-	3,431	3,431	-	-	(23)	(23)				129	129			144	144		
2013	WECC		Southwest Transmission Cooperative, Inc.	U.S.	62,580	62,580	-	-	58,325	58,325	-	-	(390)	(390)				2,193	2,193			2,452	2,452		
2013	WECC		Springfield Utility Board	U.S.	26,982	26,982	-	-	25,147	25,147	-	-	(168)	(168)				946	946			1,057	1,057		
2013	WECC		Surprise Valley Electrification Corporation	U.S.	1,189	1,189	-	-	1,108	1,108	-	-	(7)	(7)				42	42			47	47		
2013	WECC		Tanner Electric Cooperative	U.S.	3,082	3,082	-	-	2,873	2,873	-	-	(19)	(19)				108	108			121	121		
2013	WECC		The Incorporated County of Los Alamos	U.S.	11,323	11,323	-	-	10,553	10,553	-	-	(71)	(71)				397	397			444	444		
2013	WECC		Tillamook People's Utility District	U.S.	11,678	11,678	-	-	10,884	10,884	-	-	(73)	(73)				409	409			457	457		
2013	WECC		Tohono O'Odham Utility Authority	U.S.	2,087	2,087	-	-	1,945	1,945	-	-	(13)	(13)				73	73			82	82		
2013	WECC		Tonopah Irrigation District - APS	U.S.	706	706	-	-	658	658	-	-	(4)	(4)				25	25			28	28		
2013	WECC		Town of Center	U.S.	651	651	-	-	607	607	-	-	(4)	(4)				23	23			25	25		
2013	WECC		Town of Coulee	U.S.	542	542	-	-	505	505	-	-	(3)	(3)				19	19			21	21		
2013	WECC		Town of Eatonville	U.S.	873	873	-	-	814	814	-	-	(5)	(5)				31	31			34	34		

2013 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2015 NERC and RE Assessments

					Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments			
Data Year	Regional Entity	ID	Entity	Country	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Total	US Total	Canada Total	Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2013	WECC		Town of Fredonia	U.S.	341	341	-	-	317	317	-	-	(2)	(2)				12	12			13	13		
2013	WECC		Town of Steilacoom	U.S.	1,285	1,285	-	-	1,198	1,198	-	-	(8)	(8)				45	45			50	50		
2013	WECC		Town of Wickenburg	U.S.	826	826	-	-	770	770	-	-	(5)	(5)				29	29			32	32		
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	64,141	64,141	-	-	59,780	59,780	-	-	(400)	(400)				2,248	2,248			2,513	2,513		
2013	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	230,756	230,756	-	-	215,068	215,068	-	-	(1,439)	(1,439)				8,087	8,087			9,040	9,040		
2013	WECC		Tri-State Generation & Transmission Association, Inc.	U.S.	82,194	82,194	-	-	76,606	76,606	-	-	(513)	(513)				2,881	2,881			3,220	3,220		
2013	WECC		Truckee Donner Public Utility District	U.S.	4,798	4,798	-	-	4,472	4,472	-	-	(30)	(30)				168	168			188	188		
2013	WECC		Tucson Electric Power Company	U.S.	469,162	469,162	-	-	437,266	437,266	-	-	(2,926)	(2,926)				16,443	16,443			18,379	18,379		
2013	WECC		Turlock Irrigation District	U.S.	66,406	66,406	-	-	61,891	61,891	-	-	(414)	(414)				2,327	2,327			2,601	2,601		
2013	WECC		U.S. Army Yuma Proving Ground	U.S.	508	508	-	-	473	473	-	-	(3)	(3)				18	18			20	20		
2013	WECC		U.S. BOR Columbia Basin	U.S.	1,037	1,037	-	-	967	967	-	-	(6)	(6)				36	36			41	41		
2013	WECC		U.S. BOR East Greenacres (Rathdrum)	U.S.	130	130	-	-	121	121	-	-	(1)	(1)				5	5			5	5		
2013	WECC		U.S. Bor Spokane Indian Development`	U.S.	98	98	-	-	91	91	-	-	(1)	(1)				3	3			4	4		
2013	WECC		U.S. BOR The Dalles Project	U.S.	570	570	-	-	531	531	-	-	(4)	(4)				20	20			22	22		
2013	WECC		U.S. DOE National Energy Technology Laboratory	U.S.	150	150	-	-	140	140	-	-	(1)	(1)				5	5			6	6		
2013	WECC		Umatilla Electric Cooperative Association	U.S.	35,455	35,455	-	-	33,045	33,045	-	-	(221)	(221)				1,243	1,243			1,389	1,389		
2013	WECC		Unit B Irrigation District	U.S.	1	1	-	-	1	1	-	-	(0)	(0)				0	0			0	0		
2013	WECC		US Air Force Base, Fairchild	U.S.	1,526	1,526	-	-	1,422	1,422	-	-	(10)	(10)				53	53			60	60		
2013	WECC		US Dept of Energy - Kirtland AFB	U.S.	12,775	12,775	-	-	11,907	11,907	-	-	(80)	(80)				448	448			500	500		
2013	WECC		USDOE Richland	U.S.	5,836	5,836	-	-	5,439	5,439	-	-	(36)	(36)				205	205			229	229		
2013	WECC		USN Naval Station, Bremerton	U.S.	7,796	7,796	-	-	7,266	7,266	-	-	(49)	(49)				273	273			305	305		
2013	WECC		USN Naval Station, Everett	U.S.	339	339	-	-	316	316	-	-	(2)	(2)				12	12			13	13		
2013	WECC		USN Submarine Base, Bangor	U.S.	5,296	5,296	-	-	4,936	4,936	-	-	(33)	(33)				186	186			207	207		
2013	WECC		Vera Water and Power	U.S.	7,305	7,305	-	-	6,809	6,809	-	-	(46)	(46)				256	256			286	286		
2013	WECC		Vigilante Electric Cooperative, Inc.	U.S.	494	494	-	-	461	461	-	-	(3)	(3)				17	17			19	19		
2013	WECC		Wasco Electric Cooperative	U.S.	3,017	3,017	-	-	2,812	2,812	-	-	(19)	(19)				106	106			118	118		
2013	WECC		Wells Rural Electric Cooperative	U.S.	20,913	20,913	-	-	19,491	19,491	-	-	(130)	(130)				733	733			819	819		
2013	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	12	12	-	-	12	12	-	-	(0)	(0)				0	0			0	0		
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	400	400	-	-	373	373	-	-	(2)	(2)				14	14			16	16		
2013	WECC		West Oregon Electric Cooperative, Inc.	U.S.	1,755	1,755	-	-	1,636	1,636	-	-	(11)	(11)				62	62			69	69		
2013	WECC		Western Area Power - Loveland, CO	U.S.	11,326	11,326	-	-	10,556	10,556	-	-	(71)	(71)				397	397			444	444		
2013	WECC		Western Area Power - Loveland, CO	U.S.	63,899	63,899	-	-	59,555	59,555	-	-	(398)	(398)				2,239	2,239			2,503	2,503		
2013	WECC		Western Area Power Administration - CRSP	U.S.	63,868	63,868	-	-	59,526	59,526	-	-	(398)	(398)				2,238	2,238			2,502	2,502		
2013	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	41,192	41,192	-	-	38,392	38,392	-	-	(257)	(257)				1,444	1,444			1,614	1,614		
2013	WECC		Western Area Power Administration-Desert Southwest Region	U.S.	100,325	100,325	-	-	93,505	93,505	-	-	(626)	(626)				3,516	3,516			3,930	3,930		
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	239	239	-	-	223	223	-	-	(1)	(1)				8	8			9	9		
2013	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	12,169	12,169	-	-	11,341	11,341	-	-	(76)	(76)				426	426			477	477		
2013	WECC		Wyoming Municipal Power Agency	U.S.	8,718	8,718	-	-	8,125	8,125	-	-	(54)	(54)				306	306			342	342		
2013	WECC		Yakama Power	U.S.	675	675	-	-	630	630	-	-	(4)	(4)				24	24			26	26		
2013	WECC		Yampa Valley Electric Association	U.S.	19,614	19,614	-	-	18,281	18,281	-	-	(122)	(122)				687	687			768	768		
2013	WECC		Yuma Irrigation District	U.S.	97	97	-	-	90	90	-	-	(1)	(1)				3	3			4	4		
2013	WECC		Yuma-Mesa Irrigation District	U.S.	5	5	-	-	5	5	-	-	(0)	(0)				0	0			0	0		
			TOTAL WECC		26,090,293	22,931,192	2,795,630	363,471	25,175,135	21,372,219	3,466,255	336,661	(143,000)	(143,000)				(0)	803,659	(816,318)	12,659	1,058,158	898,314	145,693	14,150
	TOTAL ERO				108,274,053	98,226,561	9,684,022	363,471	102,956,250	94,397,995	8,221,595	336,661	(4,308,500)	(4,308,500)	8,568,145	6,435,093	2,133,052	(0)	803,659	(816,318)	12,659	1,058,158	898,314	145,693	14,150

Summary by Regional Entity

2013	FRCC	6,062,838	6,062,838	-	-	6,237,838	6,237,838	-	-	(175,000)	(175,000)	-	-	-	-	-	-	-	-	-	-	
2013	MRO	9,426,019	7,846,770	1,579,249	-	9,821,019	8,241,770	1,579,249	-	(395,000)	(395,000)	-	-	-	-	-	-	-	-	-	-	
2013	NPCC	14,068,878	8,759,736	5,309,142	-	5,791,233	2,615,143	3,176,090	-	(290,500)	(290,500)	8,568,145	6,435,093	2,133,052	-	-	-	-	-	-	-	
2013	RF	18,713,897	18,713,897	-	-	19,283,897	19,283,897	-	-	(570,000)	(570,000)	-	-	-	-	-	-	-	-	-	-	
2013	SERC	13,731,034	13,731,034	-	-	15,518,034	15,518,034	-	-	(1,787,000)	(1,787,000)	-	-	-	-	-	-	-	-	-	-	
2013	SPP	9,680,648	9,680,648	-	-	10,145,148	10,145,148	-	-	(464,500)	(464,500)	-	-	-	-	-	-	-	-	-	-	
2013	TRE	10,500,446	10,500,446	-	-	10,983,946	10,983,946	-	-	(483,500)	(483,500)	-	-	-	-	-	-	-	-	-	-	
2013	WECC	26,090,293	22,931,192	2,795,630	363,471	25,175,135	21,372,219	3,466,255	336,661	(143,000)	(143,000)	-	-	-	(0)	803,659	(816,318)	12,659	1,058,158	898,314	145,693	14,150
Total		108,274,053	98,226,561	9,684,022	363,471	102,956,250	94,397,995	8,221,595	336,661	(4,308,500)	(4,308,500)	8,568,145	6,435,093	2,133,052	(0)	803,659	(816,318)	12,659	1,058,158	898,314	145,693	14,150

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 3

FLORIDA RELIABILITY COORDINATING COUNCIL

PROPOSED 2015 BUSINESS PLAN AND BUDGET

FRCC
Florida Reliability Coordinating Council, Inc.

FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
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Approved

2015 Business Plan and Budget

Florida Reliability Coordinating Council, Inc.

Approved: 6/25/2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	30.91			
Non-statutory FTEs	18.35			
Total FTEs	49.26			
Statutory Expenses	$ 7,179,844			
Non-Statutory Expenses	$ 8,422,053			
Total Expenses	$ 15,601,897			
Statutory Inc(Dec) in Fixed Assets	$ (17,611)			
Non-Statutory Inc(Dec) in Fixed Assets	$ (30,071)			
Total Inc(Dec) in Fixed Assets	$ (47,682)			
Statutory Working Capital Requirement*	**(810,395)**			
Non-Statutory Working Capital Requirement**	**122,583**			
Total Working Capital Requirement	**(687,812)**			
Total Statutory Funding Requirement	$ 6,351,838			
Total Non-Statutory Funding Requirement	$ 8,514,565			
Total Funding Requirement	$ 14,866,403			
Statutory Funding Assessments	$ 6,062,838	$ 6,062,838		
Non-Statutory Fees	$ 8,240,106	$ 8,240,106		
NEL				
NEL%				

*Refer to Table B-1 on page 42 in Section B.
**Refer to the Reserve Analysis on page 58 in Section C.

Organizational Overview

The Florida Reliability Coordinating Council (FRCC) is a Florida not-for-profit corporation that was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). The FRCC's mission is to ensure and enhance the reliability and adequacy of the Bulk Electric System (BES) in Florida now and into the future. The FRCC's Web site is www.frcc.com. The FRCC Region is comprised of all of Florida east of the Apalachicola River. Florida's unique geography and its highly integrated transmission system coupled with its single interface boundary to the rest of the Eastern Interconnection required the development of a reliability focus in the FRCC Region. Membership in the FRCC's Regional Entity Division is open to any entity, without cost, that has a material interest in the reliability of the BES in the FRCC Region. Currently there are 69 Registered Entities within the FRCC

Region. The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes its activities through qualified professional staff and standing committees which also have balanced stakeholder governance.

The FRCC provides the statutory functions and services for the FRCC Region through its Regional Entity Division. Non-statutory services for the FRCC Region are provided through its Member Services Division. This divisional structure is an efficient and effective means of clearly separating statutory and non-statutory activities and related funding for each. The revised FRCC Bylaws, creating this divisional structure, were first approved by the Federal Energy Regulatory Commission ("FERC") on March 21, 2008.

The FRCC Regional Entity Division works to enhance the reliability of the BES in the FRCC Region pursuant to the approved Regional Delegation Agreement with NERC, as the Electric Reliability Organization ("ERO"), under the authority of the FERC. The functions performed by the FRCC Regional Entity Division include regional reliability standards development, compliance monitoring and enforcement of reliability standards, reliability assessment and performance analysis, event analysis and reliability improvement, training and education, situation awareness and infrastructure security. The Regional Entity division of the FRCC has one standing committee, the FRCC Regional Entity Committee and Compliance Forum (RECCF). This committee provides input to the FRCC in support of the delegated activities and functions.

The Member Services division of the FRCC provides, coordinates and administers a variety of services relating to the reliable planning and operation of the BES within the FRCC Region. These services are carried out by the FRCC Planning Committee (PC) and the FRCC Operating Committee (OC) and their various subcommittees, task forces and working groups, as well as FRCC Staff.

The FRCC PC and OC actively participate in the development and approval of their committee's budget. The budgets reflect activities of each committee's responsibilities, such as reliability coordination, resource adequacy, stability studies, transmission studies, operations tools, telecommunication tools and infrastructure.

Each year, the total FRCC budget is presented to the FRCC Board of Directors early in the second quarter for informational purposes prior to final approval in June. This process gives all FRCC members advanced indication of the funding level, both statutory and non-statutory, which will be required for the coming fiscal year (January 1 – December 31). This allows for timely inclusion of each member's funding responsibility in their individual budgeting process. The final budget is presented for approval to the FRCC Board of Directors in June of each year and is then submitted to NERC for approval by the NERC Board of Trustees and then by FERC.

Membership and Governance

The FRCC's members (in both divisions) include investor-owned utilities, cooperative utilities, municipal utilities, power marketers, independent power producers and others. Membership is currently 30 FRCC members in the Regional Entity Division and 23 FRCC members in the Member Services Division including affiliate and adjunct members.

The FRCC has six (6) membership sectors which include the following:

- Non-Investor Owned Utility Wholesale
- Load Serving Entity
- Generating Load Serving Entity
- Investor Owned Utility
- Suppliers
- General

There are currently two (2) members in the General Sector of the Regional Entity Division and no members in the General Sector of the Member Services Division.

The activities of FRCC are governed by its Board of Directors. The Board is comprised of senior level executives from members of FRCC.

As part of its responsibilities, NERC, as the ERO, delegates its authority to Regional Entities to perform certain functions through delegation agreements. On October 21, 2010, FERC approved revised delegation agreements between NERC and the eight (8) Regional Entities that became effective January 1, 2011 and will expire at the end of 2015. These delegation agreements describe the responsibility and authority delegated to the Regional Entities. NERC and the Regional Entities revised the delegation agreements in 2010 to improve the efficiency, transparency, quality and effectiveness of the combined NERC and Regional Entity operations. The funding for Regional Entities is approved separately with each Regional Entity submitting its own business plan and budget for consideration by NERC and FERC.

Statutory Functional Scope

The FRCC carries out its delegated functions as outlined and detailed in Exhibits A, B, C, D and E of the delegation agreement. NERC and the Regional Entities will continue to work under the existing regulatory framework governing the establishment and enforcement of reliability standards for the BPS. The existing delegation agreements expire on January 1, 2016. NERC and the Regional Entities will work collaboratively to identify any necessary revisions to the delegation agreements as renewal efforts begin in 2014 and continue through 2015. The delegated functions as defined by the NERC Rules of Procedures include:

- Reliability Standards Development ("RSD") - Section 300
- Compliance Monitoring and Enforcement ("CMEP") - Section 400
- Organization Registration and Certification - Section 500 (This program budget has been combined with the Compliance Monitoring and Enforcement function budget.)
- Reliability Assessment and Performance Analysis ("RA") - Section 800 (including necessary data gathering activities and Events Analysis)
- Training, Education and Operator Certification ("TE") - Section 900
- Situation Awareness and Infrastructure Security ("SA") - Section 1000

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions (see Exhibit A of the 2015 NERC Business Plan and Budget) developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The significant assumptions underlying FRCC's 2015 business plan include:

- NERC will provide oversight of the Regional Entities performance of their delegated functions to ensure that the delegated responsibilities are adequately performed. The Regional Entities are expected to continue to have the primary responsibility for day-to-day operations and interactions with Registered Entities. NERC and the Regional Entities will also work to refine and revise procedures and processes to eliminate duplication, increase operational efficiencies, to enhance ERO-wide consistency and to achieve measurable reliability outcomes, consistent with their respective roles and responsibilities.
- Cost pressures may affect some stakeholder resources available to participate in NERC and Regional Entity activities. However, the assumption of continued industry participation in support of key program areas such as event analysis, reliability assessments and standards development is included in this business plan and budget. NERC and the Regional Entities will evaluate projected initiatives involving stakeholder participation to determine the availability and adequacy of industry resources to support these undertakings.
- The effective date for compliance with the CIP Version 5 standards will be April 1, 2016 for High and Medium impact assets and April 1, 2017 for Low impact assets. The transition between V3 to V5 will be a mission critical activity in 2015. The Regional Entities must plan to support the ongoing CIP v5 transition plans and should anticipate an expansion in the number of Registered Entities that require guidance during 2015. For most CIP activities, the resource demands are expected to increase throughout the planning period.
- The implementation of a BES exception process will require the allocation of resource requirements from several FRCC departments. Resources are expected to manage the process execution, technical validation of the definition and exception requests, and requests for registration and certification reviews. However, the long-term impact cannot be fully assessed at this time as the resource requirements will be based on the number and complexity of exception and registration requests received.
- NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situational Awareness for FERC, NERC, and Regional Entities ("SAFNR"). Additional resource investments may be required to enhance the capabilities of SAFNR throughout the planning period; however, there will be no increased cost to the Regional Entities. NERC will continue to review the appropriateness of continued funding of existing reliability tools, with any proposed changes thereto subject to review and input from the Regional Entities, appropriate NERC Committees and working groups, and other affected parties.
- NERC and the Regional Entities will collaboratively work to build and develop ERO Enterprise applications supporting both NERC and Regional Entity operations that will maximize efficiency of technology hardware, consistency of application, resources and data security. These will be managed by a single Project Management Office (PMO) at

NERC. ERO Enterprise funding for the development and maintenance of Enterprise applications will be subject to the budget and funding limits set forth in the approved Business Plan and Budget. The FRCC will also continue to fund applications and systems to satisfy our regional business needs.

- Improved disaster recovery mechanisms and improved IT security procedures will increase capital and operating costs at the Regional Entities.

2015 Goals and Key Deliverables (Regional Entity Division)

- Support NERC's goals that will continue to improve the quality and content of Reliability Standards, including a cost effectiveness assessment of proposed standards.
- Continue to encourage stakeholder awareness and participation in the NERC standards development process through educational outreach efforts and participation in Standard Drafting Teams, the NERC Standards Committee and related subcommittees. Support NERC's efforts to develop the bulk power system risk profile and assess standards compared to the profile and address the most important risk gaps.
- Work with NERC and the other Regional Entities, to continue refinement, improvement and prioritization of risk based compliance monitoring efforts. Continue support of the Reliability Assurance Initiative, including providing the necessary training for compliance and enforcement staff.
- Work with NERC and the other Regional Entities to register entities commensurate with risk to the Bulk Power System (BPS). Support the implementation of any changes resulting from the registration review that began in 2014.
- Continue the implementation of the BES exception process which began mid-2014.
- Work with NERC and the other Regional Entities to hold the industry accountable for violations that create serious risk to the BPS. Improve consistency, quality, and timeliness of compliance monitoring and enforcement activities while utilizing more enforcement discretion for those violations that have minimal impact to the reliability of the BES.
- Continue to be a strong enforcement authority that is independent, without conflict of interest, objective and fair, using enforcement discretion when warranted and imposing penalties and sanctions that are commensurate with risk.
- Support an ERO culture of reliability excellence. Work with NERC and the other Regional Entities to facilitate a learning environment throughout the industry. Work to improve event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.
- Continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.
- Support NERC's efforts to move toward and implement an outcome based approach in Reliability Assessments to achieve measureable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.

- Work closely with the other Regional Entities and NERC to ensure that the delegated functions are implemented consistently and rationally and to promote the success of the ERO as a collaborative enterprise. Perform delegated functions with independence, without conflict of interest, with objectivity and fairness and with increased transparency.
- Support the ERO in addressing and mitigating reliability risks. Work with NERC and the other Regional Entities and the industry to effectively address security vulnerabilities and threats. During crisis situations, support ERO sharing of information among industry, Regions, and government.

2015 Overview of Cost Impacts

The FRCC's proposed 2015 Regional Entity budgeted expenses and net fixed assets (see page 12) is $7,162,233, which is a $368,944 or 5.4% increase over the 2014 budget. The major drivers of this increase are the net effect of:

- Increased compliance software maintenance and development to reflect current costs from the vendor, implement changes necessary to implement RAI and for needed portal efficiencies and program improvements.
- Increased allocated General and Administrative expense due to implementing succession plans for key functions involving a temporary increase of 1 FTE for training to succeed an anticipated retirement
- Budgeted 3% annual merit increase.
- Full year impact of 2014 partial year budgeted positions.
- Reduced Medical Benefits expense based on actual experience.
- Decrease in legal fees due to in house legal support.

Statutory Accounting Methodology

The FRCC, in order to be consistent with all the regions, has modified its accounting reporting as follows:

- ERO assessments needed to fund working capital are reflected in the General and Administrative Program within Administrative Services.
- The majority of the Operating Expenses are accounted for within their related department's budget. If an expense cannot be specifically linked to a department, it is included in the General and Administrative Program, within Administrative Services.
- All expenses for the Administrative Services Programs, referred to as indirect expenses for 2015, are allocated to the delegated program areas by their respective FTEs and are shown on one line of each delegated program area Statement of Activities as "Indirect Expenses".
- Capital expenditures are broken out as fixed assets at the end of each statement of activities rather than being included in their related lines in the operating expenses section.

- Expenses include depreciation, but since funding is not being requested for depreciation expense, it has been deducted from the funding requirement for capital expenditures.

2015 Key Deliverables by Program

In 2015, FRCC will achieve the following key deliverables:

- **Reliability Standards Development** — Continue support of NERC in its efforts to improve the quality and content of Reliability Standards and to support NERC's implementation of a cost effectiveness assessment of proposed standards. Support NERC in its efforts to evaluate significant BPS events (Category 3 and above) to identify gaps in standards and address any gaps identified. Support NERCs plan to develop or modify the Reliability Standard Audit Worksheets (RSAWs) by the time a Reliability Standard is balloted. Develop regional reliability standards as needed to support NERC's prioritized work plan and provide increased coordination of standards development activities.
- **Compliance Monitoring and Enforcement** — Continue to support the development and implementation of the Reliability Assurance Initiative, including implementation of the ERO Auditor Handbook and Manual and implementation of the common methodology to assess risk and determine the scope of monitoring activities. Ensure timely and thorough mitigation of all violations of mandatory reliability standards with the most focus on those violations that create serious risk to the Bulk Electric System. Promote a strong culture of compliance excellence, reliability improvement, and risk-based methods among all registered entities in the FRCC Region.
- **Event Analysis** — Continue to support improved reliability through reporting and categorizing of system events and security incidents. Consistently analyze events and system performance for sequence, cause, and remediation to identify reliability risks and trend, and to inform standards, compliance, and other programs. Work to ensure that the industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions. Provide timely written lessons learned and recommendations from events and provide all BPS system event reports to the industry through a secure portal.
- **Critical Infrastructure Protection and Cyber Security** — Facilitate, educate and support Registered Entities in complying with CIP reliability standards and responding to cyber security alerts. Facilitate a proactive action plan by industry that demonstrates effective identification and mitigation of security risks, including safeguarding of assets, developing mitigation alternatives, and preparing and testing recovery plans. Support the transition from CIP V3 to V5 including provision of necessary training to FRCC staff, and providing education and outreach to stakeholders to ensure their understanding of the technical aspects of the requirements.
- **Reliability Assessments** — Provide annual, seasonal, probabilistic, scenario and special reliability assessments of the reliability of the FRCC BES in accordance with definitions and requirements. Work with NERC and the other Regional Entities to develop and demonstrate BES performance metrics for the purpose of analyzing and trending reliability improvements and benefits, as well as risk/severity based methods. Work with NERC and the other Regional Entities to support the exception process for the evaluation

of Exception Requests as permitted by the revised definition of the BES and the NERC Rules of Procedure.

- **Situation Awareness** — Continue to support NERC in maintaining and enhancing the current and future situation awareness capabilities that include near real-time information and communications protocols that meet the needs of FERC, NERC, and applicable Registered Entities. Issue and track security recommendation to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned.
- **Effective Financial Controls** — Continue to provide rigorous cost controls and efficient management of resources to remain an efficient provider of ERO delegated functions.

Long Term Business Planning

NERC and the Regional Entities continue to work together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2015 Business Plan and Budget process builds upon the improvements made over the past several years including face-to-face meetings, conference calls and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness.

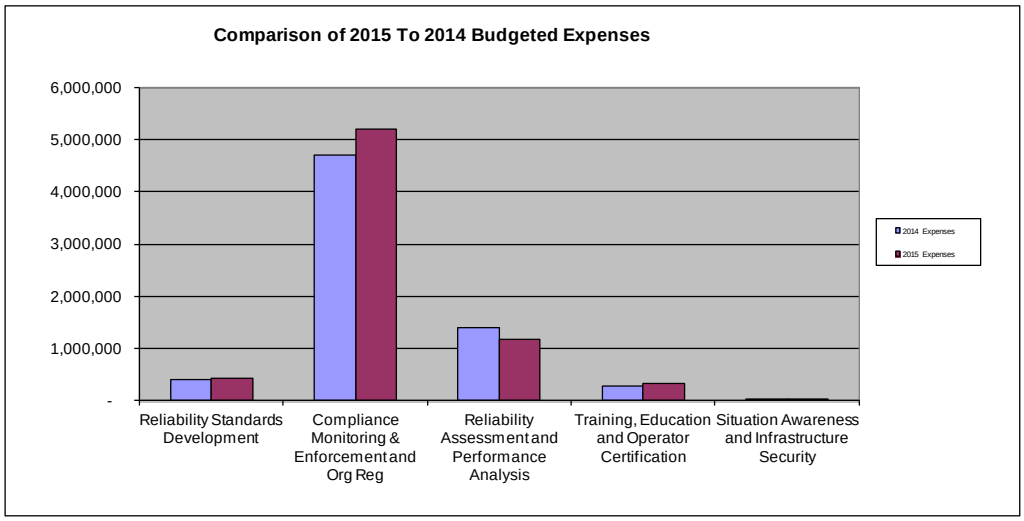
Throughout 2013 and into early 2014, NERC and the Regional Entities worked to develop a common operating model with defined roles and responsibilities that align with business planning goals, objectives, metrics and assumptions for the ERO Enterprise. As part of updating the ERO Strategic Plan, NERC and the Regional Entities consolidated five goals within the existing focus areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration. A number of objectives and deliverables expected of the ERO Enterprise were identified. NERC and the Regional Entities added four overarching performance metrics to assess the overall effectiveness of the ERO Enterprise in addressing risk to the Bulk Power System and improving reliability. With the ERO Strategic Plan, the developed performance metrics, and the set of common assumptions, the 2015 Business Plan and Budgets of NERC and the Regional Entities will support and complement each other. The Shared Business Plan and Budget Assumptions (Exhibit A of the 2015 NERC Business Plan and Budget) incorporate assumptions affecting resource demands through the 2017 planning horizon.

NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations and improve the reliability of the BES of North America.

Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B. Below is an overall summary of the changes by program area.

Funding by Program	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards Development	409,591	409,592	423,143	13,552	3.3%
Compliance Monitoring & Enforcement and Org Reg	4,702,351	4,702,351	5,211,874	509,523	10.8%
Reliability Assessment and Performance Analysis	1,391,299	1,391,299	1,182,409	(208,890)	-15.0%
Training, Education and Operator Certification	272,310	297,679	321,525	49,215	18.1%
Situation Awareness and Infrastructure Security	19,380	19,380	23,281	3,901	20.1%
Total Funding All Sources	6,794,932	6,820,302	7,162,233	367,301	5.4%



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

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
Reliability Standards Development	1.74	1.33	1.71		1.71	-0.03
Compliance Monitoring & Enforcement and Org Reg	19.26	18.25	19.77		19.77	0.51
Reliability Assessment and Performance Analysis	5.29	4.26		4.40	4.40	-0.89
Training, Education and Operator Certification	0.67	0.50		0.90	0.90	0.23
Situation Awareness and Infrastructure Security	0.08	0.06		0.09	0.09	0.01
Total FTEs Operational Programs	**27.04**	**24.40**	**21.48**	**5.39**	**26.87**	**-0.17**
Administrative Programs						
General & Administrative	3.36	3.57		4.04	4.04	0.68
Total FTEs Administrative Programs	**3.36**	**3.57**	**0.00**	**4.04**	**4.04**	**0.68**
Total FTEs	**30.40**	**27.97**	**21.48**	**9.43**	**30.91**	**0.51**

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

2014 Statutory Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget

STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 5,488,057	$ 5,488,058	$ 0	6,062,838	$ 574,781
Penalty Sanctions	343,000	343,000	-	175,000	(168,000)
Total ERO Funding	**$ 5,831,057**	**$ 5,831,058**	**$ 0**	**$ 6,237,838**	**$ 406,781**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	24,000	-
Workshops	90,000	115,369	25,369	90,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 5,945,057**	**$ 5,970,427**	**$ 25,369**	**$ 6,351,838**	**$ 406,781**
Expenses					
Personnel Expenses					
Salaries	$ 3,806,631	3,630,346	$ (176,285)	$ 4,082,307	$ 275,676
Payroll Taxes	239,599	231,599	(8,000)	253,874	14,275
Benefits	657,255	608,521	(48,734)	579,483	(77,772)
Retirement Costs	602,881	594,403	(8,478)	666,669	63,788
Total Personnel Expenses	**$ 5,306,366**	**$ 5,064,869**	**$ (241,497)**	**$ 5,582,333**	**$ 275,967**
Meeting Expenses					
Meetings	$ 80,930	$ 48,138	$ (32,792)	$ 69,292	$ (11,638)
Travel	167,209	137,943	(29,266)	191,753	24,544
Conference Calls	18,771	14,732	(4,039)	9,482	(9,289)
Total Meeting Expenses	**$ 266,910**	**$ 200,813**	**$ (66,097)**	**$ 270,527**	**$ 3,617**
Operating Expenses					
Consultants & Contracts	$ 348,768	$ 416,262	$ 67,494	$ 393,718	$ 44,950
Office Rent	555,089	554,412	(677)	547,586	(7,503)
Office Costs	118,343	122,974	4,631	132,069	13,726
Professional Services	116,642	41,315	(75,327)	51,324	(65,318)
Miscellaneous	-	-	-	-	-
Depreciation	110,490	157,036	46,546	202,287	91,797
Total Operating Expenses	**$ 1,249,332**	**$ 1,291,999**	**$ 42,667**	**$ 1,326,984**	**$ 77,652**
Total Direct Expenses	**$ 6,822,608**	**$ 6,557,681**	**$ (264,927)**	**$ 7,179,844**	**$ 357,236**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 6,822,608**	**$ 6,557,681**	**$ (264,927)**	**$ 7,179,844**	**$ 357,236**
Change in Assets	**$ (877,551)**	**$ (587,254)**	**$ 290,296**	**$ (828,006)**	**$ 49,545**
Fixed Assets					
Depreciation	$ (110,490)	$ (157,036)	$ (46,546)	$ (202,287)	$ (91,797)
Total Fixed Asset Purchases	82,814	129,422	46,608	184,676	101,862
Change in Fixed Assets	**27,676**	**27,614**	**(62)**	**17,611**	**(10,065)**
TOTAL BUDGET	$ 6,794,932	$ 6,530,067	$ (264,865)	$ 7,162,233	$ 367,301
TOTAL CHANGE IN WORKING CAPITAL	**$ (849,875)**	**$ (559,640)**	**$ 290,234**	**$ (810,395)**	**$ 39,480**
FTEs	30.40	27.97	(2.43)	30.91	0.51

Section A – Statutory Programs
2015 Business Plan and Budget

Reliability Standards Development Program

Reliability Standards Development Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.74	1.71	(0.03)
Direct Expenses	$ 369,582	$ 370,389	$ 807
Indirect Expenses	$ 40,021	$ 49,808	$ 9,787
Inc(Dec) in Fixed Assets	$ (12)	$ 2,946	$ 2,958
Total Funding Requirement	$ 409,591	$ 423,143	$ 13,552

Program Scope and Functional Description

The FRCC may develop, through the FRCC Regional Reliability Standards Development Process, separate Regional Reliability Standards that are specific to the FRCC Region and go beyond, add detail to, or implement NERC Reliability Standards. FRCC Regional Reliability Standards will not be inconsistent with or less stringent than NERC Reliability Standards.

The FRCC Regional Reliability Standards Development Process is an open, balanced and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards for the FRCC Region.

While the FRCC may develop separate Regional Reliability Standards, the preference is to support the development of continent wide reliability standards. The FRCC staff follows and participates in NERC's Standards Development Process. This includes FRCC standards staff participation in the NERC Standards Committee, the NERC Standards Committee Process Subcommittee, and NERC standards drafting teams as appropriate. In addition, the FRCC supports and encourages stakeholder awareness and participation in the NERC standards development process through educational outreach efforts at workshops, webinars and committee meetings.

2015 Key Assumptions

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

1. NERC will continue to focus on reaching a steady state, and improving quality and content of Reliability Standards. This will require the allocation of resources from NERC and the Regional Entities. The implementation of a cost effectiveness assessment of proposed standards and other reform activities are expected to require additional resources however the impacts are not fully known at this time.

2. The number of projects contained in NERC's Reliability Standards Development Plan is expected to increase over the planning period reflecting the transformation of standards to

a steady-state. However, the scope of these projects is expected to narrow as regulatory obligations in the form of directives and five-year reviews, Paragraph 81, and other recommendations are addressed.

3. The focus on improving the quality and content of standards will likely increase the demand on NERC, the Regional Entities and stakeholders to review and comment on proposed revisions to standards, support regulatory filings and support successful implementation of new standards as they become effective.

4. The number of interpretation and guidance requests is expected to remain low, reflecting the initiative to reach steady state and implementation of the Reliability Assurance Initiative (RAI).

5. NERC and the Regional Entities must provide sufficient resources to develop or modify the RSAWs by the time a Standard is balloted which is required to support the Reliability Standards Development Plan.

6. Activity associated with FRCC Regional Reliability Standards development is expected to remain low. FRCC will continue to keep several regional standards development projects on hold while NERC development, on standards addressing the same reliability issues, proceeds to a conclusion.

7. NERC and the Regional Entities will continue to provide communication and outreach opportunities, project level communications and will continue education and training for new or revised standards.

2015 Goals and Key Deliverables

The Standards Program objectives for 2015 are outlined below:

- Continue to follow and participate in NERC's Standards Development Process. This includes FRCC standards staff participation in the NERC Standards Committee, the NERC Standards Committee Process Subcommittee and on NERC standards drafting teams as appropriate.
- Continue to encourage stakeholder awareness and participation in the NERC standards development process.
- Continue to monitor the need for development of Regional Reliability Standards that are required by NERC Reliability Standards or are needed for reliability within the FRCC region.
- Assist the FRCC members and registered entities in following and understanding NERC standards development activities by increasing education and outreach programs to include:
    - Development and presentation at Standards Workshops, Webinars and committee meetings to address continent-wide and regional reliability issues.
    - Develop and deliver project level communications, education and training for new or revised reliability standards.
    - Review, analyze and identify potential Regional concerns associated with NERC Reliability Standards under development.

- Establish a stronger relationship with the FRCC Regional Entity Committee to fully vet and identify any concerns and assist in articulating the concern to standard drafting teams as appropriate.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The slight decrease in the number of FTEs is due to the expectation of more time being spent in Reliability Assessment program implementing the NERC BES Definition and the BES Definition Exception Process and the expectation of more time being spent in review of Registered Entity registration. The increase in personnel expenses is due to budgeted annual merit increases partially offset by a reduction in Medical Benefit expense.
- **Meeting Expenses** - Less travel is expected in 2015 with the BES Standards Writing Project being complete.
- **Operating Expenses** – The decrease in Operating Expenses is primarily the anticipated decrease in legal fees partially offset by increased contract costs included in Contracts, Consultants and Software for a security improvement initiative.
- **Indirect Expenses -** The increase in Indirect Expense is the result of a succession plan for expected future retirements.
- **Fixed Assets –** The increase in Fixed Assets is due to increased physical and cyber security measures and planned replacement of old computer equipment.

Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
Reliability Standards Development

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 387,520	$ 387,520	$ 0	$ 412,007	$ 24,487
Penalty Sanctions	$ 22,072	$ 22,072		11,137	(10,935)
Total ERO Funding	**$ 409,591**	**$ 409,592**	**$ 0**	**$ 423,143**	**$ 13,552**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 409,591**	**$ 409,592**	**$ 0**	**$ 423,143**	**$ 13,552**
Expenses					
Personnel Expenses					
Salaries	$ 217,880	$ 173,035	$ (44,845)	$ 225,465	$ 7,585
Payroll Taxes	13,714	11,039	(2,675)	14,021	307
Benefits	33,809	23,651	(10,158)	32,602	(1,207)
Retirement Costs	34,595	28,420	(6,175)	36,074	1,479
Total Personnel Expenses	**$ 299,998**	**$ 236,145**	**$ (63,853)**	**$ 308,162**	**$ 8,164**
Meeting Expenses					
Meetings	$ 2,080	$ 969	$ (1,111)	$ 2,606	$ 526
Travel	24,913	16,324	(8,589)	17,469	(7,444)
Conference Calls	174	456	282	203	29
Total Meeting Expenses	**$ 27,167**	**$ 17,749**	**$ (9,418)**	**$ 20,278**	**$ (6,889)**
Operating Expenses					
Consultants & Contracts	$ 4,529	$ 5,222	$ 693	$ 7,381	$ 2,852
Office Rent	23,230	19,312	(3,918)	21,993	(1,237)
Office Costs	6,324	5,968	(356)	7,681	1,357
Professional Services	7,482	2,257	(5,225)	3,261	(4,221)
Miscellaneous	-	-	-	-	-
Depreciation	852	1,073	221	1,633	781
Total Operating Expenses	**$ 42,417**	**$ 33,832**	**$ (8,585)**	**$ 41,949**	**$ (468)**
Total Direct Expenses	**$ 369,582**	**$ 287,726**	**$ (81,856)**	**$ 370,389**	**$ 807**
Indirect Expenses	**$ 40,021**	**$ 37,186**	**$ (2,835)**	**$ 49,808**	**$ 9,787**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 409,603**	**$ 324,912**	**$ (84,691)**	**$ 420,197**	**$ 10,594**
Change in Assets	**$ (12)**	**$ 84,680**	**$ 84,692**	**$ 2,946**	**$ 2,958**
Fixed Assets					
Depreciation	$ (852)	$ (1,073)	$ (221)	$ (1,633)	$ (781)
Total Fixed Asset Purchases	840	371	(469)	4,579	3,739
Change in Fixed Assets	**$ 12**	**$ 702**	**$ 690**	**$ (2,946)**	**$ (2,958)**
TOTAL BUDGET	$ 409,591	$ 324,210	$ (85,381)	$ 423,143	$ 13,552
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ 85,382**	**$ 85,382**	**$ -**	**$ (0)**
FTEs	1.74	1.33	(0.41)	1.71	(0.03)

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	19.26	19.77	0.51
Direct Expenses	$ 4,281,909	$ 4,658,890	$ 376,981
Indirect Expenses	$ 442,994	$ 575,856	$ 132,862
Inc(Dec) in Fixed Assets	$ (22,552)	$ (22,872)	$ (320)
Total Funding Requirement	$ 4,702,351	$ 5,211,874	$ 509,523

Program Scope and Functional Description

Monitoring, evaluating, investigating and enforcing compliance with Reliability Standards by owners, operators and users of the BES, as well as the development and adoption of the reliability standards themselves, are at the core of FRCC's mission. Reliable operation of the BES is in the public interest, because it will benefit all owners, operators and users of the BES, and, ultimately, all users and consumers of electric power in the FRCC Region.

Compliance and Enforcement activities are carried out by the FRCC compliance staff and are independent of all users, owners and operators of the BES. Compliance activities are governed by the delegation agreement between the North American Electric Reliability Corporation (NERC) and the FRCC. Through a risk-based program of monitoring, evaluating, enforcing, and if necessary, the imposition of penalties and sanctions for noncompliance with Reliability Standards, FRCC will strive to increase the level of reliable operation of the BES in the FRCC Region.

The NERC Compliance Monitoring and Enforcement Program (CMEP) is the program used by the FRCC to monitor, assess, and enforce compliance with Reliability Standards within the FRCC Region. The FRCC compliance staff works with the compliance staff of the other Regional Entities and with NERC to achieve as much consistency and transparency as possible in the implementation of the CMEP. The development and implementation of the Reliability Assurance Initiative (RAI) throughout 2014 and into early 2015 provides the foundation and guidance for NERC and the Regional Entities in moving to a risk-based environment aimed at focusing on those risks that are most important to the reliability of the BES.

2015 Highlights Compliance Monitoring and Enforcement Processes

In 2015 the FRCC will monitor, assess and enforce compliance with Reliability Standards using seven (7) monitoring processes (Compliance Audits, Self-Certifications, Spot Checking, Compliance Investigations, Self-Reporting, Periodic Data Submittals, and Complaints) to collect information in order to make assessments of compliance to Reliability Standards. However as risk based monitoring activities increase, strong consideration will be given by NERC and the

Regions to modify the current three (3) and six (6) year audit cycles for registered entities. The rigor, scope, depth and recurrence of audits and spot checks will be assessed by the reliability risk and not a predetermined schedule.

Registration and Certification

The FRCC has registered the organizations responsible for complying with Reliability Standards in accordance with Section 500 of the NERC Rules of Procedure. Currently there are 69 Registered Entities with a total of 244 registered functions. Maintaining a complete and accurate registration database will be an ongoing activity. The FRCC will develop, maintain and provide to NERC accurate information on entity registration within the FRCC Region with updates as changes occur. NERC and the Regional Entities began a review of the organization registration process in 2014 which may result in changes to the registration process that could begin in 2015. While expectations of increased activity are associated with the implementation of the BES Exception Process mid-2014, there is some uncertainty in the amount of activity associated with registration and certification of registered entities. The FRCC may consider the reallocation of existing resources should the need arise for additional support in this area.

Enforcement and Mitigation

Enforcement actions taken by FRCC may include the imposition of remedial action directives, sanctions and penalties which are applied per the NERC Rules of Procedure. Mitigation of violations of the approved Reliability Standards remains central to the FRCC's reliability focus. Registered Entities found in violation of a Reliability Standard will be required to fully mitigate the violation regardless of any enforcement actions taken. The year 2014 continued to bring advances in enforcement discretion of violations with minimal impact to the reliability of the BES. This additional discretion will continue in 2015 through the development and implementation of the NERC Reliability Assurance Initiative allowing for more focus being placed on those violations that pose a more serious risk to the reliability of the BES.

2015 Key Assumptions

- Audits are expected to continue under the current three and six year schedules until NERC and the Regional Entities transition to a more risk-based approach to compliance monitoring as developed in the Reliability Assurance Initiative (RAI).
- Reliability risk profiles for all Registered Entities will be developed and audit scopes will be tailored to the risk profiles which may increase the depth and complexity of some audits and decrease the depth and complexity of others. The consistent approach to audit scope methodology being developed as part of the RAI in 2014 is expected to be used in early 2015.
- Integration of the assessment of Registered Entity internal controls programs as part of the compliance monitoring program will allow NERC and the Regional Entities to further prioritize risk based compliance monitoring activities. Greater emphasis on internal controls provides positive incentives for industry to demonstrate effective management of compliance programs that are focused on reliability, as well as place downward pressure on compliance resource requirements for industry, NERC and the Regional Entities.
- The use of spot checks and self-certifications is expected to increase as risk-based monitoring is implemented, but that should have little effect on FRCC's overall resource requirements. The implementation of the Reliability Assurance Initiative and the

expansion of the Find Fix and Track (FFT) process will require resources to complete the design and to begin implementing RAI for both compliance and enforcement.

- The approval of CIP V5 is anticipated to significantly increase the compliance monitoring activities. The effective date for compliance with the CIP Version 5 standards will be April 1, 2016 for High and Medium impact assets and April 1, 2017 for Low impact assets. The transition between V3 to V5 will be a mission critical activity for the ERO Enterprise in 2015. FRCC plans to support the ongoing CIP v5 transition plans and anticipates an expansion in the number of Registered Entities that require guidance during 2015. Additional training requirements will be necessary to support the transition and will affect the annual training commitments. For most CIP activities, the resource demands are expected to increase throughout the planning period.
- The number of non-CIP violations is expected to decrease as most registered entities have been audited and the standards and RSAWs have matured.
- The Technical Feasibility Exception (TFE) program will continue however the processing per the revised Appendix 4D, of the NERC Rules of Procedure, is expected to drive a less onerous process for TFE reporting and reviewing.
- Applications planned to be centralized, such as a common audit management tool, at NERC to improve consistency and efficiency, will require Regional Entity support and resources for development and implementation. A significant multiyear investment will be required to develop and implement the system which will be funded by NERC.
- NERC and the Regional Entities are expected to utilize consistent audit practices and focus on higher target reliability risks to increase efficiency and mitigate overall compliance costs.
- NERC and the Regional Entities will provide sufficient resources to develop or modify the RSAWs by the time a Standard is balloted which is required to support the Reliability Standards Development Plan.
- NERC and the Regional Entities must plan to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook and the Compliance Auditor Capabilities and Competency Guide. Regional Entities will be expected to provide training documents and other related compliance guidance to compliance staff, review Auditor job descriptions and properly reflect the guidance provided in the Compliance Auditor Capabilities and Competency Guide, perform a gap analysis to identify both individual training needs and organizational compliance resource needs, provide an assessment process to evaluate audit team competencies and capability needs, and put a training program in place that addresses initial and continuing training for capability and competency development.
- NERC will continue to budget and incur the cost of a unified learning management system (LMS) for the regional audit staff and work with the Regional Entities to consolidate training resources and promote better coordination, planning, delivery and management of training efforts across the ERO.
- Additional resources will be required, and increases to NERC and Regional Entity training budgets are expected to support certain training initiatives of the RAI. Regional Entities are expected to allocate resources to meet the training requirements for the compliance and enforcement staff that are associated with the implementation of the RAI.

- Maintaining budgeted qualified compliance and enforcement staff will continue to be a challenge driven by a limited pool of qualified people and an aging work force. Investments in training less experienced personnel are likely to increase.

2015 Goals and Key Deliverables

The Compliance Monitoring and Enforcement Program objectives for 2015 are outlined below:

- Continue to assess and update entity registration and certification. The FRCC will support the implementation of the changes resulting from the registration review that began in 2014.
- Support the development and implementation of NERC's Reliability Assurance Initiative, including providing the necessary training for compliance and enforcement staff. Enforce compliance with mandatory reliability standards in accordance with the CMEP and ROP while improving consistency, quality, timeliness and utilizing more enforcement discretion for those violations that have minimal impact to the reliability of the BES.
- Develop and maintain reliability risk profiles of all registered entities in the FRCC Region for use in the continued transition to a more risk-based compliance monitoring.
- Implement the ERO Auditor Handbook and Manual and continue to work with NERC Compliance staff and other Regional Entity Compliance staff to modify compliance procedures to increase consistency in the determination of violations and penalties.
- Implement the common methodology developed in 2014 to assess risk and determine scope of monitoring activities. Conduct periodic audits, spot checks, self-certifications, and compliance investigations as required by the NERC Compliance Monitoring and Enforcement Program.
- Continue to promote the self-identification of non-compliance by Registered Entities and utilize increased discretion as appropriate. Ensure timely and thorough mitigation of all violations of mandatory reliability standards.
- Promote a culture of compliance excellence through education, transparency, information sharing and incentives.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The increase in FTEs and personnel expense can be primarily attributed to expected increased effort in the Organization Registration Program and the effect of having an addition to staff budgeted for May of 2014 for a full year in 2015. The increase in personnel expense is also due to a budgeted annual merit increase. These increases are partially offset by reduced expected benefit expenses based from medical expenses being less than anticipated in the 2014 budget.
- **Meeting Expenses** – Increased travel is expected in 2015 to meet expectations of NERC for meetings to ensure consistent implementation of the Reliability Assurance Initiative (RAI), RAI associated updates to the Auditor Handbook, and to support ERO IT development projects.
- **Operating Expenses** – Anticipated increased cost of the Compliance Software to implement RAI and NERC business rules, increased contract costs included in Contracts,

Consultants and Software for a security improvement initiative and the increased depreciation effect of the additions of same in 2014 and 2015 partially offset by an anticipated decrease in legal fees.

- **Indirect Expenses -** The increase in Indirect Expense is the result of a succession plan for expected future retirements.
- **Fixed Assets –** The increase in Fixed Assets is due to increased cost in enhancements of the Compliance Software, increased physical and cyber security measures and planned replacement of old computer equipment.

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
Compliance Monitoring & Enforcement and Organization Registration & Certification

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 4,458,040	$ 4,458,040	$ -	$ 5,083,115	$ 625,075
Penalty Sanctions	244,311	244,311	-	128,759	(115,553)
Total ERO Funding	**$ 4,702,351**	**$ 4,702,351**	**$ -**	**$ 5,211,874**	**$ 509,523**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 4,702,351**	**$ 4,702,351**	**$ -**	**$ 5,211,874**	**$ 509,523**
Expenses					
Personnel Expenses					
Salaries	$ 2,411,701	$ 2,368,964	$ (42,737)	$ 2,611,174	$ 199,473
Payroll Taxes	151,798	151,129	(669)	162,386	10,588
Benefits	452,812	421,727	(31,085)	385,976	(66,836)
Retirement Costs	382,958	389,089	6,131	431,288	48,330
Total Personnel Expenses	**$ 3,399,269**	**$ 3,330,909**	**$ (68,360)**	**$ 3,590,824**	**$ 191,555**
Meeting Expenses					
Meetings	$ 4,915	$ 7,412	$ 2,497	$ 12,729	$ 7,814
Travel	92,966	81,240	(11,726)	122,194	29,228
Conference Calls	4,565	8,805	4,240	4,390	(175)
Total Meeting Expenses	**$ 102,446**	**$ 97,457**	**$ (4,989)**	**$ 139,313**	**$ 36,867**
Operating Expenses					
Consultants & Contracts	$ 119,235	$ 225,494	$ 106,259	$ 214,984	$ 95,749
Office Rent	406,366	413,633	7,267	404,082	(2,284)
Office Costs	69,926	74,111	4,185	80,150	10,224
Professional Services	83,069	30,900	(52,169)	37,762	(45,307)
Miscellaneous	-	-	-	-	-
Depreciation	101,598	148,536	46,938	191,775	90,177
Total Operating Expenses	**$ 780,194**	**$ 892,674**	**$ 112,480**	**$ 928,753**	**$ 148,559**
Total Direct Expenses	**$ 4,281,909**	**$ 4,321,040**	**$ 39,131**	**$ 4,658,890**	**$ 376,981**
Indirect Expenses	**$ 442,994**	**$ 509,116**	**$ 66,122**	**$ 575,856**	**$ 132,862**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 4,724,903**	**$ 4,830,156**	**$ 105,253**	**$ 5,234,746**	**$ 509,843**
Change in Assets	**$ (22,552)**	**$ (127,805)**	**$ (105,253)**	**$ (22,872)**	**$ (320)**
Fixed Assets					
Depreciation	$ (101,598)	$ (148,536)	$ (46,938)	$ (191,775)	$ (90,177)
Total Fixed Asset Purchases	79,046	127,708	48,662	168,903	89,857
Change in Fixed Assets	**$ 22,552**	**$ 20,828**	**$ (1,724)**	**$ 22,872**	**$ 320**
TOTAL BUDGET	$ 4,702,351	$ 4,809,328	$ 106,977	$ 5,211,874	$ 509,523
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ (106,977)**	**$ (106,977)**	**$ -**	**$ -**
FTEs	19.26	18.25	(1.01)	19.77	0.51

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5.29	4.39	(0.90)
Direct Expenses	$ 1,270,439	$ 1,049,392	$ (221,047)
Indirect Expenses	$ 121,674	$ 127,871	$ 6,197
Inc(Dec) in Fixed Assets	$ (814)	$ 5,146	$ 5,960
Total Funding Requirement	$ 1,391,299	$ 1,182,409	$ (208,890)

Program Scope and Functional Description

The FRCC will assess the reliability of the BES in the FRCC region and will continue to ensure that the planned system is robust, reliable and stable. The FRCC will participate in Event Analysis Teams to analyze any disturbances that may occur within the FRCC region.

The FRCC performs transmission reliability studies in order to provide an assessment to NERC for its periodic NERC Reliability Assessments. These studies evaluate regional and inter-regional facilities. The FRCC prepares a minimum of three reliability assessments each year and a probabilistic assessment every other year in support of NERC Reliability Assessments:

- A 20 year long-term reliability assessment report
- A summer assessment report
- A winter assessment report
- A probabilistic long-term reliability assessment (biennial)

These reports evaluate electricity demand, the adequacy of supply and its deliverability, fuel reliability and the adequacy of the transmission system within the FRCC. The FRCC will prepare special reliability assessment reports as conditions warrant.

The FRCC Reliability Assessment and Performance Analysis Program (RA) will support NERC's efforts to move toward and implement an outcome based approach in Reliability Assessments to achieve measureable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality of assessments, projected resources, and emerging issues. The FRCC will support NERC's efforts for collection and analysis of data, as well as support any of NERC's special reliability assessments and the efforts related to the collection of data via the Generation Availability Data System (GADS), Transmission Availability Data System (TADS) and Demand Response Availability Data System (DADS). In addition, the FRCC will work with NERC to gather data and/or complete

analysis in support of U.S. Federal initiatives, including high impact/low frequency events such as geomagnetic disturbances, system frequency response analysis, climate change and other environmental regulations.

The FRCC will support a new ERO initiative focused on identifying essential reliability services and providing the industry with technical papers and guidelines as appropriate.

The FRCC actively participates in the Eastern Interconnection Reliability Assessment Group (ERAG) which is responsible for the Eastern Interconnection transmission models and inter-regional studies. The FRCC will support NERC's and ERAG's efforts to improve the data quality of the Eastern Interconnection (EI) transmission models and validate the performance of these models compared to system events. The FRCC is an active participant on the NERC Reliability Assessment Subcommittee which is responsible for performing an independent review of reliability assessments.

The FRCC Events Analysis Program will analyze or support the analysis of significant events and system performance that impact the BES within the FRCC Region. The FRCC will facilitate consistent identification of sequence, root cause and remediation to identify reliability risks and trends, and lessons learned. FRCC's analysis will result in the identification of any gaps in standards, compliance effectiveness, registration and risk controls effectiveness. The FRCC will provide lessons learned and recommendations from events and identified risks.

The FRCC will support NERC to improve event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices. The FRCC will support NERC to continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.

2015 Key Assumptions

- NERC will continue to incrementally improve definitions, refine data reporting requirements for Registered Entities and review adequate level of reliability related metrics used in reliability assessments.
- NERC and Regional Entities will be requested to gather data or perform analysis in support of federal initiatives related to critical infrastructure protection including high impact/low frequency, climate change, environmental regulations, and/or renewable energy initiatives. Generation Availability Data System (GADS), Spare Equipment Database (SED) and Demand Response Data System (DADS) collection will continue to be mandatory in 2015.
- NERC and the Regional Entities are expected to provide independent reviews of assessments to assure a high level of technical rigor.
- Implementation of the BES exception process will require the re-allocation of resources from several NERC and Regional Entity departments. The resources will be expected to manage the process execution, technical validation of the definition and exception requests, self-determined notification submittals and requests for registration and certification review. The resource impacts are not fully known at this time, but are expected to be driven by the number and complexity of exception requests, self-determined notification submittals and registration requests received.

- NERC has established an Essential Reliability Services Task Force that may have an impact on resource requirements in order to support the work of this task force which is expected to have weekly conference calls and two or three in person meetings.
- NERC will sustain a Reliability Assessment and Performance Analysis team with representatives from the Regional Entities to:
    - Develop and implement improved enterprise-based data collection and analysis systems and capabilities
    - Support the integration of RAPA information systems for modeling and data requirements and achieve timelines for delivering high quality reports
    - Develop, verify and validate quality reliability assessment and analyses model and data quality characteristics
    - Address impacts of new technologies, changing resource or demand resource composition, and environmental related regulations or legislation
    - Support the compilation of long-term sustainable Eastern Interconnection models
    - Provide technical resources and expertise to perform analyses as needed for standards development, compliance and enforcement activities
    - Support quality analysis and overall assessment of the geomagnetic disturbance (GMD) vulnerability, planning guides and planning standards.
- The number of "qualified system events" as defined in the NERC Events Analysis Process, is expected to remain steady (approximately 10 per month across North America). Greater collaboration with the region and the registered entity is leading to more detailed analysis and supporting the identification of reliability issues and challenges.

2015 Goals and Key Deliverables

The Reliability Assessment and Performance Analysis Objectives for 2015 are outlined below:

- Perform a reliability assessment of the FRCC Region to determine if the planned resources and proposed transmission expansion plans will meet the needs of the projected demand throughout the planning horizon.
- Support NERC in preparing its reliability assessment reports.
- Support the implementation of the BES exception process. This will include providing a technical review of exception requests that are submitted by the registered entities.
- Support the work of the newly created Essential Reliability Services Task Force by assigning an FRCC Staff person to support this NERC initiative.
- Evaluate, track and assess severity/risk and reliability metrics and risk indices – including providing support to update reliability metrics and risk indices.
- Support data gathering and reporting efforts for the Generating Availability Data System (GADS), the Transmission Availability Data System (TADS), Spare Equipment Database (SED) and Demand Response Availability Data System (DADS).

- Strengthen data collection and validation processes by designing, creating, testing and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, scenarios and special reliability assessments along with the databases supporting reliability performance assessments.
- Review and/or analyze significant events that impact the FRCC BES and work with NERC to identify the root causes of events that may be precursors of potentially more serious events.
- Assess past reliability performance for potential lessons learned.
- Maintain relationships with NERC, regulatory and governmental organizations involved with BES reliability (e.g., Florida Public Service Commission (FPSC), Department of Energy (DOE), FERC, Energy Information Administration (EIA), etc.).
- Maintain a databank of power flow, short circuit and dynamic models to use in planning and evaluating future systems and current operating conditions.
- Work with ERAG Multi-Area Modeling Working Group (MMWG) to develop Eastern Interconnection steady-state and dynamics models and develop model validation processes.
- Conduct Loss of Load Probability and the Scenario Analysis studies as needed.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – In 2014, the committee structure was streamlined to reduce the amount of time that staff spent preparing for meetings and participating in meetings. Previously, the FRCC conducted business associated with Reliability Assessments in both the Operating Committee and the Planning Committee. This approach resulted in staff members attending multiple meetings each month to cover the same topics. With the revised structure, all Regional Entity activities will be conducted in one forum; the new Regional Entity Committee and Compliance Forum (RECCF). In addition to consolidating the Regional Entity activities under the RECCF, it was also determined that the RECCF will not need to meet monthly, but will meet face-to-face six times in 2015. This new construct will allow FRCC staff to complete the Reliability Assessment deliverables much more efficiently and drives the decrease to FTEs and personnel expenses.
- **Meeting Expenses** – With the formation of the RECCF, there will be fewer meetings required to complete the RA deliverables decreasing Meeting Expenses.
- **Operating Expenses** –The decrease is due to an anticipated decrease in legal fees and a reduction in certain consultant expenses which have been consistently over-budgeted.
- **Indirect Expenses -** The increase in Indirect Expense is the result of a succession plan for expected future retirements.
- **Fixed Assets –** The increase in Fixed Assets is due to increased physical and cyber security measures and planned replacement of old computer equipment.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget

Reliability Assessment and Performance Analysis

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,300,196	$ 1,300,196	$ -	$ 1,129,818	$ (170,378)
Penalty Sanctions	67,103	67,103	-	28,591	(38,512)
Total ERO Funding	**$ 1,367,299**	**$ 1,367,299**	**$ -**	**$ 1,158,409**	**$ (208,890)**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	24,000	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 1,391,299**	**$ 1,391,299**	**$ -**	**$ 1,182,409**	**$ (208,890)**
Expenses					
Personnel Expenses					
Salaries	$ 662,404	$ 552,292	$ (110,112)	$ 580,711	$ (81,693)
Payroll Taxes	41,693	35,234	(6,459)	36,114	(5,579)
Benefits	99,378	84,437	(14,941)	82,646	(16,732)
Retirement Costs	105,185	90,711	(14,474)	92,914	(12,271)
Total Personnel Expenses	**$ 908,660**	**$ 762,674**	**$ (145,986)**	**$ 792,385**	**$ (116,275)**
Meeting Expenses					
Meetings	$ 6,674	$ 1,307	$ (5,367)	$ 1,612	$ (5,062)
Travel	43,265	34,637	(8,628)	47,375	4,110
Conference Calls	8,543	1,437	(7,106)	447	(8,096)
Total Meeting Expenses	**$ 58,482**	**$ 37,381**	**$ (21,101)**	**$ 49,434**	**$ (9,048)**
Operating Expenses					
Consultants & Contracts	$ 192,989	$ 130,637	$ (62,352)	$ 122,547	$ (70,442)
Office Rent	70,623	61,640	(8,983)	56,646	(13,977)
Office Costs	13,480	12,843	(637)	14,617	1,137
Professional Services	22,829	7,204	(15,625)	8,398	(14,431)
Miscellaneous	-	-	-	-	-
Depreciation	3,376	4,213	837	5,365	1,989
Total Operating Expenses	**$ 303,297**	**$ 216,537**	**$ (86,760)**	**$ 207,573**	**$ (95,724)**
Total Direct Expenses	**$ 1,270,439**	**$ 1,016,592**	**$ (253,847)**	**$ 1,049,392**	**$ (221,047)**
Indirect Expenses	**$ 121,674**	**$ 118,694**	**$ (2,980)**	**$ 127,871**	**$ 6,197**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 1,392,113**	**$ 1,135,286**	**$ (256,827)**	**$ 1,177,263**	**$ (214,850)**
Change in Assets	**$ (814)**	**$ 256,013**	**$ 256,827**	**$ 5,146**	**$ 5,960**
Fixed Assets					
Depreciation	$ (3,376)	$ (4,213)	$ (837)	$ (5,365)	(1,989)
Total Fixed Asset Purchases	2,562	1,186	(1,376)	10,511	7,949
Change in Fixed Assets	**$ 814**	**$ 3,027**	**$ 2,213**	**$ (5,146)**	**$ (5,960)**
TOTAL BUDGET	$ 1,391,299	$ 1,132,259	$ (259,040)	$ 1,182,409	$ (208,890)
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ 259,040**	**$ 259,040**	**$ -**	**$ -**
FTEs	5.29	4.26	(1.03)	4.40	(0.89)

Training, Education, and Operator Certification Program

Training, Education and Operator Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.67	0.91	0.24
Direct Expenses	$ 257,163	$ 295,452	$ 38,289
Indirect Expenses	$ 15,410	$ 26,506	$ 11,096
Inc(Dec) in Fixed Assets	$ (263)	$ (433)	$ (170)
Total Funding Requirement	$ 272,310	$ 321,525	$ 49,215

Program Scope and Functional Description

The FRCC is a NERC-approved Continuing Education (CE) Provider. The FRCC System Operator Subcommittee (SOS) develops and delivers training in which FRCC grants NERC CE hours to those individuals who successfully complete a course. FRCC will utilize the NERC database to accommodate the recordkeeping requirements for the continuing education program. Maintaining the reliability of the BES requires informed and trained personnel. The FRCC supports training activities through its staff and its System Operator Subcommittee which reports to the FRCC Operating Committee.

The FRCC provides educational workshops and web based seminars to improve Registered Entity understanding of the FRCC CMEP, NERC Standards Development and CIP topics and trends. These outreach efforts are aimed at improving the effectiveness, understanding of and adherence to NERC reliability initiatives. The workshops also improve the working relationships between the FRCC Regional Entity program areas and the Registered Entities within the FRCC region.

System Operator Certification Program

The FRCC SOS identifies and manages annual training activities for the FRCC System Operators and provides information to FRCC members regarding the NERC training standards and any issues they may have related to system operators obtaining/retaining required NERC Certification.

The training and education program activities are carried out by FRCC's professional/technical staff and SOS members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training are also used. Providing the FRCC training and education programs helps to achieve a high level of knowledge and competence among the operating personnel in the performance of their reliability-related functions.

Compliance Workshops

Compliance workshops will be held in the spring and fall of 2015 consisting of three (3) sessions each. These workshops will be aimed at providing updates to the Registered Entities on

compliance procedures, instructions on changes to FRCC compliance website, lessons learned for previous violations and providing sufficient and appropriate evidence in a compliance audit. The entities will also be apprised of changes in rules and expectations of NERC and FERC with regard to the CMEP. The effect on compliance monitoring as a result of on-going changes in the NERC and Regional Reliability Standards will also be addressed.

In addition, there will be at least one (1) CIP Compliance Workshop that will address technical aspects of the CIP Reliability Standards, including, providing quality evidence, lessons learned and compliance processes specific to the monitoring and enforcement of the CIP standards. In addition, particular focus will be made on the transition from CIP V3 to CIP V5 standards.

In addition to the face to face venues, in 2015 FRCC compliance staff projects holding at least three (3) webinars (two sessions each) that will address specific topics that may be identified by registered entities or by emerging trends within the FRCC.

Standards Workshops

The FRCC Standards Department will be supporting and participating in various FRCC sponsored workshops (e.g., FRCC Compliance Workshops and FRCC SOS seminars) throughout 2015. The Standards Department contribution to the workshops will be designed to promote stakeholder awareness of Reliability Standards activities as well as education and training for new or revised Reliability Standards. In addition, the FRCC Standards Department plans to hold at least four (4) workshops or webinars that will educate stakeholders on the NERC Reliability Standards Development Procedure, and specific changes to existing reliability standards or specifics on new reliability standards. To help encourage stakeholder participation at the continent-wide level, the workshops will provide stakeholders with details of associated NERC Reliability Standards Development Projects, identifying key areas that may be of concern or interest to the stakeholders and identifying areas that are in need of industry support.

2015 Key Assumptions

- The Operating Personnel Certification program is expected to remain at steady state therefore no significant changes are expected in System Operator Certification CEH requirements through 2015.
- The System Operator Certification Program and Continuing Education Program will continue to be self-funded through a fee based structure for the exams and applications for approval of continuing education activities.
- The Regional Entities are expected to help determine training needs and anticipate areas of support for standards, compliance monitoring and enforcement and information technology (IT) for their staffs and stakeholders.

2015 Goals and Key Deliverables

The training, education and operator certification program objectives for 2015 are outlined below:

- Provide assistance to Regional Entity members in any issues they may have related to System Operator Certification.

- Conduct the annual system operator training seminars over a five (5) week period, with two (2) days each for the training. The training seminars involve from two (2) to four (4) FRCC staff members, as well as industry volunteers who participate as presenters. This activity is funded primarily through registration fees.
- Host FRCC Compliance Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing updates on compliance procedures, instructions on changes to compliance tools, changes associated with the implementation of the RAI and guidance on the providing of appropriate and sufficient evidence in a compliance audit.
- Host Reliability Standards Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing information concerning reliability standards under development, as well as the identification of technical concerns or issues that may impact the reliability of the FRCC BES.
- Conduct FRCC Reliability Standards Department presentations to support multiple training objectives (i.e., FRCC Compliance Workshops and FRCC SOS Seminars) to promote stakeholder awareness of continent wide and regional standards activities.
- Work with NERC and the other Regional Entities to achieve improvements in the coordination, content and manner of internal and external training programs.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The increase in FTEs and Personnel Expenses is due to more time planned to be spent on training and education of registered entities in elements pertaining to the Reliability Assurance Initiative and in expectation of the transition to CIP Version 5. The increase in personnel expense is also due to a budgeted annual merit increase.
- **Meeting Expenses** – The decrease in Meeting Expenses is due to the anticipation that the cost for the SOS meeting facility will be less than it has been in the past.
- **Operating Expenses** –The increase in Operating Expenses is due to the cost of a security improvement initiative offset by an anticipated decrease in legal fees.
- **Indirect Expenses -** The increase in Indirect Expense is the result of a succession plan for expected future retirements.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget

Training, Education and Operator Certification

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 173,812	$ 173,812	$ -	$ 225,599	$ 51,787
Penalty Sanctions	8,499	8,499	-	5,927	(2,572)
Total ERO Funding	**$ 182,310**	**$ 182,310**	**$ -**	**$ 231,525**	**$ 49,215**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	90,000	115,369	25,369	90,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 272,310**	**$ 297,679**	**$ 25,369**	**$ 321,525**	**$ 49,215**
Expenses					
Personnel Expenses					
Salaries	$ 83,896	$ 65,388	$ (18,508)	$ 119,243	$ 35,347
Payroll Taxes	5,281	4,171	(1,110)	7,416	2,135
Benefits	11,616	20,293	8,677	14,228	2,612
Retirement Costs	13,325	10,740	(2,585)	19,079	5,754
Total Personnel Expenses	**$ 114,118**	**$ 100,592**	**$ (13,526)**	**$ 159,966**	**$ 45,848**
Meeting Expenses					
Meetings	$ 67,248	$ 38,432	$ (28,816)	$ 52,311	$ (14,937)
Travel	5,996	5,674	(322)	4,616	(1,380)
Conference Calls	5,481	4,013	(1,468)	4,433	(1,048)
Total Meeting Expenses	**$ 78,725**	**$ 48,119**	**$ (30,606)**	**$ 61,360**	**$ (17,365)**
Operating Expenses					
Consultants & Contracts	$ 29,259	$ 51,473	$ 22,214	$ 37,104	$ 7,845
Office Rent	8,945	7,298	(1,647)	11,632	2,687
Office Costs	22,610	26,705	4,095	22,613	3
Professional Services	2,916	853	(2,063)	1,725	(1,191)
Miscellaneous	-	-	-	-	-
Depreciation	590	774	184	1,052	462
Total Operating Expenses	**$ 64,320**	**$ 87,103**	**$ 22,783**	**$ 74,126**	**$ 9,806**
Total Direct Expenses	**$ 257,163**	**$ 235,814**	**$ (21,349)**	**$ 295,452**	**$ 38,289**
Indirect Expenses	**$ 15,410**	**$ 14,055**	**$ (1,355)**	**$ 26,506**	**$ 11,096**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 272,573**	**$ 249,869**	**$ (22,704)**	**$ 321,958**	**$ 49,385**
Change in Assets	**$ (263)**	**$ 47,810**	**$ 48,073**	**$ (433)**	**$ (170)**
Fixed Assets					
Depreciation	$ (590)	$ (774)	$ (184)	$ (1,052)	$ (462)
Total Fixed Asset Purchases	327	140	(187)	619	292
Change in Fixed Assets	**$ 263**	**$ 634**	**$ 371**	**$ 433**	**$ 170**
TOTAL BUDGET	$ 272,310	$ 249,235	$ (23,075)	$ 321,525	$ 49,215
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ 48,444**	**$ 48,444**	**$ -**	**$ -**
FTEs	0.67	0.50	(0.17)	0.90	0.23

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.08	0.09	0.01
Direct Expenses	$ 19,932	$ 23,058	$ 3,126
Indirect Expenses	$ 1,840	$ 2,621	$ 781
Inc(Dec) in Fixed Assets	$ (2,392)	$ (2,398)	$ (6)
Total Funding Requirement	$ 19,380	$ 23,281	$ 3,901

Program Scope and Functional Description

The FRCC and the other Regional Entities support the ERO's situational awareness, cyber security preparedness and provide independent reliability information to policy makers and regulators. The Reliability Process for the FRCC Bulk Electric System documents the various reliability roles and functions that are coordinated, monitored and established by FRCC to provide situation awareness of the reliability of the FRCC BES. Two of the primary reliability goals of the FRCC are continuous improvement of the situation awareness of the operators within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions' shared communications networks.

The FRCC supports NERC's situation awareness/event analysis coordination conference calls, the Situation Awareness for FERC, NERC and the Regions (SAFNR) Version 2 project and the FRCC satellite phone for situation awareness.

The NERC Rules of Procedure, Section 1000, requires that NERC monitor present conditions on the BES and provide leadership coordination, technical expertise and assistance to the industry in responding to events as necessary.

The Situation Awareness process will be used to support NERC and FERC's efforts for situation awareness of current system conditions.

2015 Key Assumptions

- NERC's Critical Infrastructure Department will have responsibility for the identification and management of the specialized critical infrastructure protection resources needed to support overall ERO CIP goals and objectives, as well as the specialized CIP resources needs of the other program areas (e.g., Standards, Compliance, Situation Awareness)

- NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situational Awareness for NERC, FERC and Regions (SAFNR). NERC will also continue to fund the Grid Security Exercise (GridEx) and the Security Readiness Program to help Registered Entities with CIP compliance and security

awareness. The Regional Entities will be expected to provide subject matter experts for support of these activities.

- NERC will continue to fund, operate and maintain the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), with no increased cost to Regional Entities.

- There will be increased need and demand for CIP-related training and workshops. CIP compliance activities are budgeted within compliance. FRCC will continue to support and facilitate the development of NERC's secure portal for the management of alerts and infrastructure security information.

- There will be continued focus on detecting off-normal events to be analyzed by the responsible entity, FRCC or NERC.

2015 Goals and Key Deliverables

- Ensure that FRCC goals and activities support the mission to provide FERC, NERC and the staffs from the eight Regional Entities a visualization tool that enables the appropriate level of situation awareness for the near real-time conditions on the BES. Continue to work with the FRCC Reliability Coordinator to ensure that SAFNR and appropriate hardware and software resources are allocated. Continue to support future development of the situation awareness project capabilities.
- Issue and track security recommendations to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – There is a de minimus (0.01) increase in FTEs. The increase in personnel expense is due to a budgeted annual merit increase.
- **Operating Expenses** –The increase in Operating Expenses is driven by the cost of a security improvement initiative offset by an anticipated decrease in legal fees.
- **Indirect Expenses -** The increase in Indirect Expense is the result of a succession plan for expected future retirements.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget

Situation Awareness and Infrastructure Security

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 18,365	$ 18,365	$ -	$ 22,695	$ 4,330
Penalty Sanctions	1,015	1,015	$ -	586	(429)
Total ERO Funding	**$ 19,380**	**$ 19,380**	**$ -**	**$ 23,281**	**$ 3,901**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 19,380**	**$ 19,380**	**$ -**	**$ 23,281**	**$ 3,901**
Expenses					
Personnel Expenses					
Salaries	$ 10,017	$ 7,735	$ (2,282)	$ 12,256	$ 2,239
Payroll Taxes	631	493	(138)	762	131
Benefits	1,387	1,015	(372)	1,463	76
Retirement Costs	1,591	1,270	(321)	1,961	370
Total Personnel Expenses	**$ 13,626**	**$ 10,513**	**$ (3,113)**	**$ 16,442**	**$ 2,816**
Meeting Expenses					
Meetings	$ 13	$ 18	$ 5	$ 34	$ 21
Travel	69	68	(1)	99	30
Conference Calls	8	21	13	9	1
Total Meeting Expenses	**$ 90**	**$ 107**	**$ 17**	**$ 142**	**$ 52**
Operating Expenses					
Consultants & Contracts	$ 209	$ 234	$ 25	$ 401	$ 192
Office Rent	1,068	863	(205)	1,196	128
Office Costs	2,162	1,540	(622)	2,237	75
Professional Services	346	101	(245)	178	(168)
Miscellaneous	-	-	-	-	-
Depreciation	2,431	2,440	9	2,462	31
Total Operating Expenses	**$ 6,216**	**$ 5,178**	**$ (1,038)**	**$ 6,474**	**$ 258**
Total Direct Expenses	**$ 19,932**	**$ 15,798**	**$ (4,134)**	**$ 23,058**	**$ 3,126**
Indirect Expenses	**$ 1,840**	**$ 1,660**	**$ (180)**	**$ 2,621**	**$ 781**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 21,772**	**$ 17,458**	**$ (4,314)**	**$ 25,679**	**$ 3,907**
Change in Assets	**$ (2,392)**	**$ 1,922**	**$ 4,314**	**$ (2,398)**	**$ (6)**
Fixed Assets					
Depreciation	$ (2,431)	$ (2,440)	$ (9)	$ (2,462)	$ (31)
Total Fixed Asset Purchases	39	17	(22)	64	25
Change in Fixed Assets	**$ 2,392**	**$ 2,423**	**$ 31**	**$ 2,398**	**$ 6**
TOTAL BUDGET	$ 19,380	$ 15,035	$ (4,345)	$ 23,281	$ 3,901
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ 4,345**	**$ 4,345**	**$ -**	**$ -**
FTEs	0.08	0.06	(0.02)	0.09	0.01

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.36	4.04	0.68
Expenses	$ 623,583	$ 782,663	$ 159,080
Inc(Dec) in Fixed Assets	$ (1,643)	$ -	$ 1,643
Total Allocation to Statutory Programs	$ 621,940	$ 782,663	$ 160,723
Working Capital Requirement	$ (849,875)	$ (810,395)	$ 39,480

Program Scope and Functional Description Background

Charges included in General and Administrative are general legal expenses, executive time and expenses, human resources, information technology and accounting and finance. Every effort is made to charge items and time directly to activities and to designate as statutory or non-statutory. Undesignated items are shared costs between the Regional Entity Division and the Member Services Division and are allocated based on actual labor hours charged.

Legal and Regulatory Background

The FRCC General Counsel serves as the chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. FRCC may use additional specialized legal resources on an as-needed basis, such as for tax matters, employee benefit plan issues and significant policy or FERC matters.

2015 Goals and Key Deliverables

- Assist the FRCC in carrying out its responsibilities as required by the approved delegation agreement between NERC and FRCC.
- Provide general corporate legal advice, legal training and timely, accurate filings to Regulatory authorities.

2015 Assumptions

In the 2015 Budget, as in the 2014 and 2013 budgets, there are no specific funds for hearings under CMEP Rules.

Information Technology Background

The FRCC maintains a number of tools and other support services for the benefit of its members, Registered Entities, Reliability Coordinator agent(s) and other system operators. These services include the FRCC Load and Resource Database (LRDB), the Compliance Tracking System (CTS), Compliance Issues Tracking System (CITS), Models on Demand (MOD), the FRCC corporate website, as well as other systems for collaboration, communication, data gathering and analysis.

Several years ago, NERC and the eight (8) Regional Entities formed an executive management group (known as the ERO EMG) which has, among other things, concentrated on developing enterprise-wide IT applications; with a goal of improving efficiency and consistency across NERC and the Regional Entities. As enterprise-wide projects are identified and prioritized by the ERO EMG, they are managed through a single Project Management Office (PMO) at NERC. The PMO has developed an ERO Enterprise application roadmap that will identify projects that NERC and the Regional Entities have agreed upon that are necessary to support improved efficiency and consistency across the ERO.

The NERC IT budget does not supplant the FRCC's need for IT expenditures for specific regional projects, but to the extent that agreed –upon ERO Enterprise applications provide greater efficiencies, there is no unnecessary, redundant expenditures contained in the FRCC business plan and budget.

2015 Goals and Key Deliverables

- Maintain IT and telecommunications systems and resources for efficient utilization of FRCC personnel.
- Improve the physical security of the FRCC office with additional access control and logging.
- Implement updated communications tools and technologies.
- Develop and enhance tools to automate and improve FRCC data collection and analysis processes.
- Expand IT support of the FRCC CMEP and provide additional metrics to improve accuracy and tracking within the CMEP processes.
- Continue the process of Document Management conversion in the Operating and Planning and Administrative programs.
- Implement needed changes to improve the FRCC corporate security posture as identified in the security assessment performed in 2014; improve overall security in all programs, enhance access controls with improved authentication mechanisms and increase security awareness and training.
- Improve disaster recovery and business continuity capabilities by implementing new geographically diverse data recovery solutions.

Human Resources Background

The FRCC has assembled an exceptional team of highly qualified employees to carry out the activities of the FRCC. The human resources department, in adherence with applicable federal and state laws, develops plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2015 Goals and Key Deliverables

- Recruit successful employees
- Improve human resource policies and procedures

- Provide management and training programs
- Ensure competitive employee compensation and benefits

Finance and Accounting Background

The FRCC will submit its annual budget for statutory and non-statutory activities to the FRCC Board of Directors for approval and then file the approved annual budget for statutory and non-statutory activities to NERC. This includes supporting materials such as a complete business plan and organizational chart, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

The Finance and Accounting Department will: direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget preparation and reporting, tax, and audit activities; and oversee financial and accounting system controls and standards.

2015 Goals and Key Deliverables

- Prepare the 2016 statutory and non-statutory budgets
- Report budget variances to the FRCC Corporate Compliance Finance and Audit Committee, the FRCC Board and to NERC on a quarterly basis
- Evaluate and advise on the impact of long-range planning
- Continue to provide on-going training to employees to ensure employees charge their time correctly
- Carry out succession planning and training in anticipation of retirement of key personnel

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The increase is the result of a succession plan for an anticipated retirement and the training costs associated with that transition. The increase in personnel expense is also due to a budgeted annual merit increase.
- Operating Expenses –The increase in Operating Expenses is driven by the increased contract costs included in Contracts, Consultants and Software for a security improvement initiative.

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
General and Administrative

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ (849,875)	$ (849,875)	$ -	$ (810,395)	$ 39,480
Penalty Sanctions			-		
Total ERO Funding	**$ (849,875)**	**$ (849,875)**	**$ -**	**$ (810,395)**	**$ 39,480**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ (849,875)**	**$ (849,875)**	**$ -**	**$ (810,395)**	**$ 39,480**
Expenses					
Personnel Expenses					
Salaries	$ 420,733	$ 462,932	$ 42,199	$ 533,458	$ 112,725
Payroll Taxes	26,482	29,533	3,051	33,175	6,693
Benefits	58,253	57,398	(855)	62,568	4,315
Retirement Costs	65,227	74,173	8,946	85,353	20,126
Total Personnel Expenses	**$ 570,695**	**$ 624,036**	**$ 53,341**	**$ 714,554**	**$ 143,859**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 2,547	$ 3,202	$ 655	$ 11,301	$ 8,754
Office Rent	44,857	51,666	6,809	52,037	7,180
Office Costs	3,841	1,807	(2,034)	4,771	930
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	1,643	-	(1,643)	-	(1,643)
Total Operating Expenses	**$ 52,888**	**$ 56,675**	**$ 3,787**	**$ 68,109**	**$ 15,221**
Total Direct Expenses	**$ 623,583**	**$ 680,711**	**$ 57,128**	**$ 782,663**	**$ 159,080**
Indirect Expenses	**$ (621,940)**	**$ (680,711)**	**$ (58,771)**	**$ (782,663)**	**$ (160,723)**
Other Non-Operating Expenses	$ -	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 1,643**	**$ -**	**$ (1,643)**	**$ -**	**$ (1,643)**
Change in Assets	**$ (851,518)**	**$ (849,875)**	**$ 1,643**	**$ (810,395)**	**$ 41,123**
Fixed Assets					
Depreciation	$ (1,643)	$ -	$ 1,643	$ -	1,643
Total Fixed Asset Purchases	-	-	-	-	-
Change in Fixed Assets	**$ 1,643**	**$ -**	**$ (1,643)**	**$ -**	**$ (1,643)**
TOTAL BUDGET	$ -	$ -	$ 0	$ -	$ 0
TOTAL CHANGE IN WORKING CAPITAL	**$ (849,875)**	**$ (849,875)**	**$ (0)**	**$ (810,395)**	**$ 39,480**
FTEs	3.36	3.57	0.21	4.04	0.68

Section B – Supplemental Financial Information
2015 Business Plan and Budget

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015		
STATUTORY		
Beginning Working Capital Reserve (Deficit), December 31, 2013		1,966,888
Plus: 2014 ERO Funding (from LSEs or designees)		5,488,058
Plus: Projected 2014 Other funding sources		139,369
Plus: Penalty Sanctions Applied		343,000
Less: 2014 Projected expenses & capital expenditures		**(6,530,067)**
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2014		**1,407,248**
Desired Working Capital Reserve, December 31, 2015	[2]	596,853
Less: Projected Working Capital Reserve, December 31, 2014		**(1,407,248)**
Increase(decrease) in assessments to achieve desired Working Capital Reserve		**(810,395)**
2015 Assessment for Expenses and Capital Expenditures		7,162,233
Less: Penalty Sanctions	[1]	**(175,000)**
Less: Other Funding Sources		**(114,000)**
Adjustment to achieve desired Working Capital Reserve		**(810,395)**
2015 Assessment		6,062,838

[1] Represents collections prior to June 30, 2014.

[2] On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC has a $1.5 million line of credit.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Table on page 13, of the 2015 FRCC Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to June 30, 2014 are detailed below.

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

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
Penalty #1	10/25/2013	$ 38,000
Penalty #2	11/26/2013	100,000
Penalty #3	12/27/2013	7,000
Penalty #4	1/22/2014	2,000
Penalty #5	1/22/2014	2,000
Penalty #6	3/25/2014	4,000
Penalty #7	6/15/2014	22,000
Total Penalties Received		$ 175,000

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards Development				
Total	$ -	$ -	$ -	$ -
Compliance Monitoring, Enforcement & Org. Registration				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
Services & Software Fees	$ 24,000	$ 24,000	$ 24,000	$ -
	-	-	-	-
Total	$ 24,000	$ 24,000	$ 24,000	$ -
Training, Education and Operator Certification				
Workshops	$ 90,000	$ 115,369	$ 90,000	$ -
Total	$ 90,000	$ 115,369	$ 90,000	$ -
Situation Awareness and Infrastructure Security				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
General and Administrative*				
Interest	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	$ 114,000	$ 139,369	$ 114,000	$ -

Assumes that no appreciable excess cash will be in the Bank Accounts and due to current low interest rates, no Interst is being budgeted.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Total Salaries	$ 3,806,631	$ 3,630,346	$ 4,082,307	$ 275,676	7.24%
Total Payroll Taxes	$ 239,599	$ 231,599	$ 253,874	$ 14,275	5.96%
Benefits					
Workers Compensation	$ 10,241	$ 10,006	$ 11,179	$ 938	9.16%
Medical, LTD, STD Insurances	483,409	418,850	445,548	(37,861)	-7.83%
Employment Fees	-		-	-	
Education	100,319	88,994	100,676	357	0.36%
Employee Welfare & Contract Labor	18,936	55,671	22,080	3,144	16.60%
Relocation	44,350	35,000		(44,350)	-100.00%
Total Benefits	$ 657,255	$ 608,521	$ 579,483	$ (77,772)	-11.83%
Retirement					
Retirement Costs	$ 602,881	$ 594,403	$ 666,669	$ 63,788	10.58%
		-		-	
Total Retirement	$ 602,881	$ 594,403	$ 666,669	$ 63,788	10.58%
Total Personnel Costs	$ 5,306,366	$ 5,064,869	$ 5,582,333	$ 275,967	5.20%
FTEs	30.40	27.97	30.91	0.5	1.68%
Cost per FTE					
Salaries	$ 125,218	$ 129,794	$ 132,071	6,853	5.47%
Payroll Taxes	7,882	8,280	8,213	332	4.21%
Benefits	21,620	21,756	18,747	(2,873)	-13.29%
Retirement	19,832	21,251	21,568	1,736	8.76%
Total Cost per FTE	**$ 174,552**	**$ 181,082**	**$ 180,600**	**$ 6,048**	**3.46%**

Consultants and Contracts

Table B-5

Contracts & Consultants and Software & Licenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts & Consultants and Software & Licenses					
Reliability Standards Development	$ 4,529	$ 5,222	$ 7,381	$ 2,852	62.97%
Compliance Monitoring & Enforcement and Org Reg	119,235	225,494	214,984	95,749	80.30%
Reliability Assessment and Performance Analysis	192,989	130,637	122,547	(70,442)	-36.50%
Training, Education and Operator Certification	29,259	51,473	37,104	7,845	26.81%
Situation Awareness and Infrastructure Security	209	234	401	192	91.87%
General and Administrative	2,547	3,202	11,301	8,754	343.70%
Total Contracts & Consultants and Software & Licenses	$ 348,768	$ 416,262	$ 393,718	$ 44,950	12.89%

"The amount for Consultants & Contracts in the Compliance Monitoring and Enforcement Program includes $16,000 in the 2014 budget, $25,500 in the projected 2014 and $3,500 in the 2015 budget estimated by SERC as the costs for SERC to perform compliance monitoring and enforcement responsibilities for the FRCC registered functions."

Office Rent

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 555,089	$ 554,412	$ 547,586	$ (7,503)	-1.35%
Total Office Rent	**$ 555,089**	**$ 554,412**	**$ 547,586**	**$ (7,503)**	**-1.35%**

Office Costs

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 50,931	$ 49,865	$ 43,767	$ (7,164)	-14.07%
Internet	2,618	2,566	4,020	$ 1,402	53.55%
Office Supplies	14,172	19,313	17,719	$ 3,547	25.03%
Computer Supplies	4,226	4,191	9,322	$ 5,096	120.59%
Publications, Subscriptions & Dues	9,710	7,445	13,533	$ 3,823	39.37%
Postage	1,558	1,528	1,523	$ (35)	-2.25%
Equipment Maintenance	930	917	6,750	$ 5,820	625.81%
Copying	-			$ -	
Printing	23,166	26,334	21,069	$ (2,097)	-9.05%
Stationary Forms				$ -	
Commerical Insurance	11,032	10,815	14,366	$ 3,334	30.22%
Miscellaneous				$ -	
Total Office Costs	**$ 118,343**	**$ 122,974**	**$ 132,069**	**$ 13,726**	**11.60%**

Professional Services

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Outside Legal	$ 100,000	$ 25,000	$ 35,000	$ (65,000)	-65.00%
Accounting & Auditing Fees	16,642	16,315	16,324	$ (318)	-1.91%
Total Services	**$ 116,642**	**$ 41,315**	**$ 51,324**	**$ (65,318)**	**-56.00%**

Other Non-Operating Expenses

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -		$ -	
Office Relocation	-	-		$ -	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Projected Expenses

The following table showing 2016 and 2017 budget projections is based on the following assumptions:

Personnel Expenses

- No additional staffing beyond the 2015 budget
- A 3% increase in personnel costs due to salary increases
- Educational Benefits remains level at its current rate of $101k per annum

Meeting Expenses – Travel, Meetings and Conference Calls remain level with 2015 budgeted costs.

Operating Expenses

- 2016 Contracts & Consultants increase from 2015 for the Load Forecast development and an Extreme Event Study and for 2017 those costs return to the 2015 cost level
- Software Maintenance, which is primarily software for the Compliance function, increases each year approximately 10% to accommodate changes necessary for business process rules and RAI
- Office Rent, Telecommunications, Office Supplies, Dues & Subscriptions, Printing & Copying, Computer Supplies and Depreciation remain level with 2015 expenses
- Internet Services, Postage, Commercial Insurance, Accounting Fees, Legal Fees and Equipment Maintenance increase 3% each year from 2015

Indirect Expenses – Administrative costs increase 3% each year from 2015

Fixed Assets

- Compliance Portal Software increases by 15% each year
- No new software would be necessary (there is a "one-time purchase" software package budgeted for RA in 2015 that is not projected to continue into 2016)
- All other Fixed Assets remain level with 2015 expenditures

2015, 2016 and 2017 Projections

Table B-10

Statement of Activities and Capital Expenditures
2015, 2016 and 2017 Projections
Regional Entity

	2014 Budget	2015 Budget	$ Change 2015:2014 Over(Under)	% Chg 2015:2014 Over(Under)	2016 Projection	$ Change 2016:2015 Over(Under)	% Chg 2016:2015 Over(Under)	2017 Projection	$ Change 2017:2016 Over(Under)	% Chg 2017:2016 Over(Under)
Funding										
ERO Funding										
ERO Assessments	$ 5,488,057	$ 6,062,838	$ 574,781	10.47%	$ 7,271,064	$ 1,208,226	19.93%	$ 7,506,418	$ 235,354	3.24%
Penalty Sanctions	343,000	175,000	(168,000)	0.00%	-		-100.00%	-	-	
Total ERO Funding	**$ 5,831,057**	**$ 6,237,838**	**$ 406,781**	6.98%	**$ 7,271,064**	**$ 1,208,226**	16.56%	**$ 7,506,418**	**$ 235,354**	3.24%
Membership Dues	$ -	$ -	$ -		$ -	$ -		$ -	$ -	
Testing Fees	-	-	-		-	-		-	-	
Services & Software	24,000	24,000	-	0.00%	24,000	-	0.00%	24,000	-	0.00%
Workshops	90,000	90,000	-	0.00%	90,000	-	0.00%	90,000	-	0.00%
Interest	-	-	-		-	-		-	-	
Miscellaneous	-	-	-		-	-		-	-	
Total Funding	**$ 5,945,057**	**$ 6,351,838**	**$ 406,781**	6.84%	**$ 7,385,064**	**$ 1,208,226**	16.27%	**$ 7,620,418**	**$ 235,354**	3.19%
Expenses										
Personnel Expenses										
Salaries	$ 3,806,631	$ 4,082,307	$ 275,676	7.24%	$ 4,204,776	$ 122,469	3.00%	$ 4,330,919	$ 126,143	3.00%
Payroll Taxes	239,599	253,874	14,275	5.96%	261,490	7,616	3.00%	269,335	7,845	3.00%
Benefits	657,255	579,483	(77,772)	-11.83%	594,062	14,579	2.52%	609,082	15,020	2.53%
Retirement Costs	602,881	666,669	63,788	10.58%	686,264	19,595	2.94%	706,447	20,183	2.94%
Total Personnel Expenses	**$ 5,306,366**	**$ 5,582,333**	**$ 275,967**	5.20%	**$ 5,746,592**	**$ 164,259**	2.94%	**$ 5,915,783**	**$ 169,191**	2.94%
Meeting Expenses										
Meetings	$ 80,930	$ 69,292	$ (11,638)	-14.38%	$ 69,588	$ 296	0.43%	$ 69,892	$ 304	0.44%
Travel	167,209	191,753	24,544	14.68%	192,612	859	0.45%	193,497	885	0.46%
Conference Calls	18,771	9,482	(9,289)	-49.49%	9,564	82	0.86%	9,648	84	0.88%
Total Meeting Expenses	**$ 266,910**	**$ 270,527**	**$ 3,617**	1.36%	**$ 271,764**	**$ 1,237**	0.46%	**$ 273,037**	**$ 1,273**	0.47%
Operating Expenses										
Consultants & Contracts	$ 348,768	$ 393,718	$ 44,950	12.89%	$ 422,443	$ 28,725	7.30%	$ 448,117	$ 25,674	6.08%
Office Rent	555,089	547,586	(7,503)	-1.35%	559,532	11,946	2.18%	571,837	12,305	2.20%
Office Costs	118,343	132,069	13,726	11.60%	134,291	2,222	1.68%	136,578	2,287	1.70%
Professional Services	116,642	51,324	(65,318)	-56.00%	52,864	1,540	3.00%	54,450	1,586	3.00%
Miscellaneous	-	-	-		-	-		-	-	
Depreciation	110,490	202,287	91,797	83.08%	202,897	610	0.30%	203,525	628	0.31%
Total Operating Expenses	**$ 1,249,332**	**$ 1,326,984**	**$ 77,652**	6.22%	**$ 1,372,027**	**$ 45,043**	3.39%	**$ 1,414,507**	**$ 42,480**	3.10%
Total Direct Expenses	**$ 6,822,608**	**$ 7,179,844**	**$ 357,236**	5.24%	**$ 7,390,383**	**$ 210,539**	2.93%	**$ 7,603,327**	**$ 212,944**	2.88%
Indirect Expenses	**$ (1,643)**	$ -	$ 1,643		**$ -**	**$ 1,643**	#DIV/0!	**$ -**	**$ 212,944**	#DIV/0!
Other Non-Operating Expenses	$ -	$ -	$ -		$ -	$ -		$ -	$ -	
Total Expenses	**$ 6,820,965**	**$ 7,179,844**	**$ 358,879**	5.26%	**$ 7,390,383**	**$ 212,182**	2.93%	**$ 7,603,327**	**$ 425,889**	2.88%
Change in Assets	**$ (875,908)**	**$ (828,006)**	**$ 47,902**	-5.47%	**$ (5,319)**	**$ 996,044**	-99.36%	**$ 17,091**	**$ (190,534)**	-421.32%
Fixed Assets										
Depreciation	$ (110,490)	$ (202,287)	$ (91,797)	83.08%	$ (202,897)	$ (610)	0.30%	$ (203,525)	$ (628)	0.31%
Total Fixed Asset Purchases	82,814	184,676	101,862	123.00%	197,578	12,902	6.99%	220,616	23,038	11.66%
								-	-	
Change in Fixed Assets	**$ 27,676**	**$ 17,611**	**$ (10,065)**	-36.37%	**$ 5,319**	**$ (12,292)**	-69.80%	**$ (17,091)**	**$ (22,410)**	-421.32%
TOTAL BUDGET	$ 6,793,289	$ 7,162,233	$ 368,944	5.43%	$ 7,385,064	$ 224,474	3.11%	$ 7,620,418	$ 448,299	3.19%
TOTAL CHANGE IN WORKING CAPITAL	**$ (848,232)**	**$ (810,395)**	**$ 37,837**	-4.46%	**$ -**	**$ 983,752**	-100.00%	**$ -**	**$ (212,944)**	
FTEs	30.40	30.91	0.51	1.68%	30.91	-	0.00%	30.91	-	0.00%

Section C – Non-Statutory Activities
2015 Business Plan and Budget

Member Services Activities (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	16.8	18.4	1.5
Direct Expenses	7,454,381	8,422,053	967,672
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	1,614	(30,071)	(31,685)
Total Funding Requirement	7,455,995	8,391,982	935,987

Non-Statutory Functional Scope Background

The Member Services (MS) division of the FRCC provides, coordinates and administers a variety of services relating to the reliable planning and operation of the BES within the FRCC Region. These services are carried out by the FRCC Member Services Planning Committee (PC) and the FRCC Member Services Operating Committee (OC), various subcommittees, task forces and working groups, as well as FRCC Staff.

Member Services Objectives

- Ensure the reliability of the BES in the FRCC region.
- Coordination, planning, operation and maintenance of reliable bulk electricity supply in the FRCC region.

Membership and Governance

The FRCC's Members in the Member Services Division include investor-owned utilities, cooperative utilities, municipal utilities, power marketers and independent power producers. Current membership is 23 FRCC Members in 2014 and is not expected to change in 2015.

The activities of FRCC are directed by its Board of Directors. The Board is comprised of senior level executives from the FRCC membership.

Planning Committee (PC) Functional Scope

The PC promotes the reliability of the BES within the FRCC Region by assessing and encouraging generation and transmission adequacy. The PC assesses generation adequacy by performing a reliability assessment taking into account projected load and resources. The PC, through the FRCC Regional Transmission Planning Process, provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The Regional Transmission Planning Process is a coordinated transmission planning process that evaluates all BES and non-BES transmission facilities. The major goal of this process is to ensure that the planning of transmission facilities

will meet the needs of all market participants in a coordinated, open and transparent transmission planning environment.

The FRCC will continue to develop, on an annual basis, a Regional Transmission Plan following the Regional Transmission Planning Process. The Regional Transmission Planning process will be revised to incorporate the planning principles from FERC Order 1000. The Regional Plan is based on the Ten Year Site Plans that are required to be submitted to the Florida Public Service Commission (FPSC) on April 1st of each year. The FRCC participates in an annual Ten Year Site Plan Workshop held by the FPSC where the results of resource and transmission adequacy assessments are presented.

The FRCC PC relies on the following subordinate groups to achieve its goals: Resource Working Group (RWG), Stability Working Group (SWG), and the Transmission Working Group (TWG).

The PC, supported by FRCC MS staff, has the primary responsibility of the Planning Authority (PA) function including implementation of all applicable PA NERC Reliability Standards.

Resource Working Group
The RWG performs reliability assessments of FRCC resource adequacy for the future 10-year period for peninsular Florida based on individual utility information that was the basis of their respective EIA-411 and Ten Year Site Plan filings with the Florida Public Service Commission. These reliability assessments are based upon the FRCC resource adequacy criteria.

Stability Working Group
The SWG is responsible for assessing the dynamic performance of the FRCC BES under various credible system conditions. In addition, the SWG performs the following assessments and studies: Coordination and performance of Special Protection Systems, the effectiveness of FRCC under-frequency load shedding program and coordination with other protection and control systems, Extreme Event Study and other assessments in support of the FRCC Regional Transmission Planning Process. The SWG annually develops FRCC dynamic models.

Transmission Working Group
The TWG engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee in support of the FRCC Regional Transmission Planning Process. The TWG annually performs a FRCC Long Range Study, sensitivity studies as directed by the PC, evaluates Transmission Service Requests and evaluates Generator Interconnection Service Requests. In addition, the TWG annually develops a FRCC Transmission Map, FRCC power flow models and FRCC short circuit models.

Operating Committee (OC) Functional Scope

The primary goal of the OC is to promote the reliability of the BES within the FRCC Region. The OC is responsible for the coordination, operations planning, operation and maintenance of the interconnected systems operating in the Region. The OC's primary reliability goals include effective implementation of the Regional Reliability Plan (*Reliability Process for the FRCC Bulk Electric System*), continuous improvement of operator awareness and communications and ensuring that adequate physical, operational and cyber security objectives are in place for the Region's shared communications network. The OC subordinate groups include the Operating

Reliability Subcommittee (ORS), Data Exchange Working Group (DEWG), Fuel Reliability Working Group (FRWG), Operations Planning Working Group (OPWG), Telecommunications Subcommittee (TS), System Protection and Control Subcommittee (SPCS) and the Critical Infrastructure Protection Subcommittee (CIPS). The OC ensures reliable operations are maintained through the implementation and oversight of the FRCC Reliability Coordinator (RC) functions as established in the Regional Reliability Plan.

The FRCC RC responsibilities include the real-time operating function and the next-day operations planning function. The RC tasks are performed by a designated agent of the FRCC with direction and oversight by FRCC committees and support staff. The designated agent performs real-time operations and next-day planning operations. FRCC staff supports Regional reliability by performing the roles of the Operations Planning Coordinator (OPC), and State Capacity Emergency Coordinator (SCEC) as defined in the *Reliability Process for the FRCC Bulk Electric System* document.

The FRCC RC function is accountable to the FRCC OC who has overall responsibility of the administration, development and implementation of operating procedures provided by the ORS for the NERC Operations & Planning (Non-CIP) Standards.

The FRCC continues to improve FRCC PA and RC compliance management programs under the Member Services Division based on the evolving regulatory requirements. The FRCC has improved its oversight of PA and RC functions by creating an independent Member Services Regulatory Department with a dedicated Regulatory Director who reports directly to the FRCC President and CEO and who has direct access to the FRCC Board of Directors. This position is responsible for the implementation, maintenance and oversight of the FRCC Internal Compliance Program (ICP) including all compliance activities for the FRCC registered entity functions and is the primary interface for all regulatory activities associated with the FRCC Member Services committees and is the FRCC liaison between external Compliance Enforcement Authorities.

Operating Reliability Subcommittee (ORS)

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters including the oversight of the FRCC RC function for Operating and Planning (non-CIP) NERC Standards. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides formal oversight and implementation of the Reliability Process for the FRCC Bulk Electric System which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agent responsible for performing the RC functions.

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other operating entities. It is also responsible for developing methodologies to facilitate the exchange of real-time, modeling and other operational data to help ensure reliable electric power system operations. Accurate modeling of the FRCC BES is essential to maintaining situation awareness and ensuring reliability. Within the FRCC, operating entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives electric system reliability data from the operating entities on a real-time basis and allows the data to be made available.

Fuel Reliability Working Group (FRWG)
The FRWG, also subordinate to the ORS, has been established to deal with matters relating to fuel and impacts to BES reliability. Specifically, the FRWG provides the administrative oversight of a Regional fuel reliability forum that studies the interdependencies of fuel availability and electric reliability and supports coordinated Regional responses to fuel issues and fuel emergencies.

Operations Planning Working Group (OPWG)
The OPWG, as a part of the ORS, has been established to provide oversight, guidelines and procedures to the FRCC Operations Planning Coordinator (OPC) in accordance with the Reliability Process for the FRCC BES document. The OPWG focuses on BES reliability and developing processes and documentation that support regional reliability and adherence to the NERC Reliability Standards as they relate to the OPC function.

FRCC Telecommunications Subcommittee (TS)
The TS provides oversight for the TS budget which is included in the OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities within the FRCC, including the FRCC Reliability Coordinator. The TS administers the FRCC Hotline program, Satellite phone program, and also ensures that reliable and redundant communications are maintained by the Eastern Interconnect Data Sharing Network, Inc. (EIDSN). All TS programs are non-statutory and support the Reliability Coordinator functions; with the exception of the FRCC satellite phone (located at the FRCC office) which is a tool that can be used by the Regional Entity to perform situation awareness and thus is budgeted as statutory.

FRCC System Protection and Control Subcommittee (SPCS)
The FRCC System Protection and Control Subcommittee (SPCS) has primary responsibility for the coordination of protection and control systems within the FRCC region, including regional disturbance monitoring equipment, review of protective mis-operations, protection related disturbance analysis and implementation of specific regional programs and procedures including the assessments of the FRCC Under-Frequency Load Shedding Program. The SPCS also reviews and coordinates system protection and control equipment installations, settings, protection philosophies and testing criteria within the region, when installations impact multiple entities. The SPCS serves as an important forum for sharing subject matter expert guidance and lessons learned / best practices for equipment issues and protection coordination.

FRCC Critical Infrastructure Protection Subcommittee (CIPS)
The purpose of the FRCC CIPS is to enhance the physical and cyber security of the critical BES infrastructure in the FRCC Region, with an emphasis on protecting, preventing, limiting and recovering from malicious activities directed at the FRCC critical energy infrastructure. The CIPS provides guidance to the OC on matters of critical energy infrastructure security, including cyber and physical security. The CIPS provides advice to the OC including implementation of all applicable FRCC RC CIP-002 through CIP-009 Reliability Standards.

Major 2015 Cost Impacts

The FRCC's proposed 2015 Members Services budgeted expenses and net fixed assets are $8,391,982, which is a $935,987 or 12.6% increase over the 2014 budgeted expenses. The cost impacts by function of this increase are:

Planning Committee (PC)
The Member Services Planning Committee (PC) expenses for 2015 are made up of the PC Committee budget, as well as the administrative costs to provide support personnel for implementation of the FRCC Planning Authority (PA) functions and all other Member Services PC activities. In 2015, staff will spend additional time enhancing FRCC steady state planning studies and has budgeted $150,000 for additional stability studies to prepare to meet the requirements of the new NERC Transmission Planning (TPL) Standard. In addition, staff is expected to add one FTE in 2015 to support the implementation of FERC Order 1000 as recommended by the PC.

The 2015 PC budget is developed based on the activities of the Resource Working Group (RWG), the Stability Working Group (SWG) and the Transmission Working Group (TWG). These budgets are primarily for the labor involved in coordination activities performed by member representatives, software and meeting costs.

Operating Committee (OC)
The Member Services Operating Committee (OC) expenses for 2015 are made up of a 2015 OC budget as well as the administrative costs to provide support personnel for implementation of the FRCC Reliability Coordinator (RC) functions and other Member Services OC activities. In 2015, staff will spend additional time coordinating activities with member companies to ensure continued reliability and compliance with changing NERC Reliability Standards.

The 2015 OC budget is developed based primarily on the activities of the Operating Reliability Subcommittee (ORS), the Telecommunications Subcommittee (TS), the Fuel Reliability Working Group (FRWG) and the Critical Infrastructure Protection Subcommittee (CIPS). These budgets are related to, or in support of both the FRCC Reliability Coordinator (RC) and Member Services entity's reliability functions and includes consulting costs, contract costs, computer software purchases and expenses to support the associated activities. These budgets do not include FRCC staff salaries or associated personnel costs.

The administrative costs associated with the FRCC OC support personnel include FRCC staff that support implementation of the FRCC RC functions and staff that support overall OC activities. The staff includes dedicated employees as well as shared employees.

Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The increase in FTEs is attributed to an additional employee in the planning area to support new long range planning activities, the effect of a complete year for the 2014 addition to staff to support the Reliability Coordinator function that was budgeted to be filled in mid-2014 and the result of the implementation of a succession plan for a key accounting position.
- **Operating Expenses** – The increase in Operating Expenses is attributed to increases in consultant and contractor costs for the RC and PA functions.

2014 Member Services Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
NON-STATUTORY MEMBER SERVICES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	$ 6,916,762	$ 6,916,762	$ -	8,240,106	1,323,344
Testing Fees	-	-	-	-	-
Services & Software	277,419	312,531	35,112	254,459	(22,960)
Workshops	-	-	-	20,000	20,000
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 7,194,181**	**$ 7,229,293**	**$ 35,112**	**$ 8,514,565**	**$ 1,320,384**
Expenses					
Personnel Expenses					
Salaries	$ 2,108,824	$ 2,134,834	$ 26,010	$ 2,423,514	$ 314,690
Payroll Taxes	132,734	136,193	3,459	150,716	17,982
Benefits	350,795	320,232	(30,563)	351,746	951
Retirement Costs	328,267	343,386	15,119	387,762	59,495
Total Personnel Expenses	**$ 2,920,620**	**$ 2,934,645**	**$ 14,025**	**$ 3,313,738**	**$ 393,118**
Meeting Expenses					
Meetings	$ 37,515	$ 39,955	$ 2,440	$ 26,582	$ (10,933)
Travel	63,716	55,451	(8,265)	60,205	(3,511)
Conference Calls	27,108	30,959	3,851	45,286	18,178
Total Meeting Expenses	**$ 128,339**	**$ 126,365**	**$ (1,974)**	**$ 132,073**	**$ 3,734**
Operating Expenses					
Consultants & Contracts	$ 3,657,668	$ 3,843,855	$ 186,187	$ 4,260,160	$ 602,492
Office Rent	224,835	238,262	13,427	236,403	11,568
Office Costs	419,112	472,831	53,719	375,314	(43,798)
Professional Services	79,910	35,385	(44,525)	45,476	(34,434)
Miscellaneous	-	75,000	75,000	-	-
Depreciation	23,897	45,496	21,599	58,889	34,992
Total Operating Expenses	**$ 4,405,422**	**$ 4,710,829**	**$ 305,407**	**$ 4,976,242**	**$ 570,820**
Total Direct Expenses	**$ 7,454,381**	**$ 7,771,839**	**$ 317,458**	**$ 8,422,053**	**$ 967,672**
Indirect Expenses	$ -	$ -	**$ -**	**$ -**	**$ -**
Other Non-Operating Expenses	$ -	$ -	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 7,454,381**	**$ 7,771,839**	**$ 317,458**	**$ 8,422,053**	**$ 967,672**
Change in Assets	**$ (260,200)**	**$ (542,546)**	**$ (282,346)**	**$ 92,512**	**$ (352,712)**
Fixed Assets					
Depreciation	$ (23,897)	$ (45,496)	$ (21,599)	$ (58,889)	$ (34,992)
Total Fixed Asset Purchases	25,511	78,929	53,418	28,818	3,307
	-	-			
Change in Fixed Assets	**$ (1,614)**	**$ (33,433)**	**$ (31,819)**	**$ 30,071**	**$ 31,685**
TOTAL BUDGET	$ 7,455,995	$ 7,805,272	$ 349,277	$ 8,391,982	$ 935,987
TOTAL CHANGE IN WORKING CAPITAL	**$ (261,814)**	**$ (575,979)**	**$ (314,165)**	**$ 122,583**	**$ 384,397**
FTEs	16.84	15.73	(1.11)	18.35	1.51

Personnel Analysis

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
NON-STATUTORY						
Operational Programs						
Operations Committee	10.48	9.94		10.27	10.27	-0.21
Planning Committee	3.27	3.52		4.57	4.57	1.30
Total FTEs Operational Programs	**13.75**	**13.46**	**0.00**	**14.84**	**14.84**	**1.09**
Administrative Programs						
General & Administrative	3.09	2.99		3.51	3.51	0.42
Total FTEs Administrative Programs	**3.09**	**2.99**	**0.00**	**3.51**	**3.51**	**0.42**
Total FTEs	**16.84**	**16.45**	**0.00**	**18.35**	**18.35**	**1.51**

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

Member Services Reserve Analysis — 2014 – 2015

Working Capital Reserve Analysis 2014-2015 NON-STATUTORY MEMBER SERVICES		
Beginning Working Capital Reserve (Deficit), December 31, 2013		587,073
Change in Post Retirement Benefit Obligation - Noncash Item		565,655
2014 Funding (from members)		6,916,762
2014 Projected Other funding sources		312,531
Total Cash Available 2014		8,382,021
Less: '2014 Projected expenses & capital expenditures		**(7,805,272)**
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2014		**576,749**
Desired Working Capital Reserve, December 31, 2015	[1]	699,332
Less: Projected Working Capital Reserve, December 31, 2014		**(576,749)**
Increase(decrease) in assessments to achieve desired Working Capital Reserve		**122,583**
2015 Funding for Expenses and Capital Expenditures		8,391,982
Less: Other Funding Sources		**(274,459)**
Adjustment to achieve desired Working Capital Reserve		**122,583**
2015 Funding (reserve adjustment)		8,240,106

[1] On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC has a $1.5 million line of credit.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget

Section D — 2015 Additional Consolidated Financial Information

Statement of Activities and Capital Expenditures by Program 2014 Budget	Total	Statutory Total	Reliability Standards Development (Section 300)	Compliance Monitoring and Org Reg % Cert(Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Non-Statutory Total	Operating Committee	Planning Committee
Funding											
ERO Funding											
ERO Assessments	$ 6,062,838	$ 6,062,838	$ 412,007	$ 5,083,115	$ 1,129,818	$ 225,599	$ 22,695	$ (810,395)	$ -	$ -	$ -
Penalty Sanctions	175,000	175,000	11,137	128,759	28,591	5,927	586		-	-	-
Total ERO Funding	**6,237,838**	**6,237,838**	**423,143**	**5,211,874**	**1,158,409**	**231,525**	**23,281**	**(810,395)**	**-**	**-**	**-**
Membership Dues	$ 8,240,106	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,240,106	$ 6,792,087	$ 1,448,019
Testing Fees	-	-							-		
Services & Software	278,459	24,000			24,000				254,459	254,459	
Workshops	110,000	90,000				90,000			20,000	20,000	
Interest	-	-							-		
Miscellaneous	-	-							-		
Total Funding	**$ 14,866,403**	**$ 6,351,838**	**$ 423,143**	**$ 5,211,874**	**$ 1,182,409**	**$ 321,525**	**$ 23,281**	**$ (810,395)**	**$ 8,514,565**	**$ 7,066,546**	**$ 1,448,019**
Expenses											
Personnel Expenses											
Salaries	$ 6,505,821	$ 4,082,307	$ 225,465	$ 2,611,174	$ 580,711	$ 119,243	$ 12,256	$ 533,458	$ 2,423,514	$ 1,676,219	$ 747,295
Payroll Taxes	404,590	253,874	14,021	162,386	36,114	7,416	762	33,175	150,716	104,243	46,473
Benefits	931,229	579,483	32,602	385,976	82,646	14,228	1,463	62,568	351,746	235,709	116,037
Retirement Costs	1,054,431	666,669	36,074	431,288	92,914	19,079	1,961	85,353	387,762	268,195	119,567
Total Personnel Expenses	$ 8,896,071	$ 5,582,333	**$ 308,162**	**$ 3,590,824**	**$ 792,385**	**$ 159,966**	**$ 16,442**	**$ 714,554**	$ 3,313,738	$ 2,284,366	$ 1,029,372
Meeting Expenses											
Meetings	$ 95,874	$ 69,292	$ 2,606	$ 12,729	$ 1,612	$ 52,311	$ 34		$ 26,582	$ 18,286	$ 8,296
Travel	251,958	191,753	17,469	122,194	47,375	4,616	99		60,205	53,700	6,505
Conference Calls	54,768	9,482	203	4,390	447	4,433	9		45,286	30,491	14,795
Total Meeting Expenses	$ 402,600	$ 270,527	**$ 20,278**	**$ 139,313**	**$ 49,434**	**$ 61,360**	**$ 142**	**$ -**	$ 132,073	$ 102,477	$ 29,596
Operating Expenses											
Consultants & Contracts	$ 4,653,878	$ 393,718	$ 7,381	$ 214,984	$ 122,547	$ 37,104	$ 401	$ 11,301	$ 4,260,160	$ 4,036,905	$ 223,255
Office Rent	783,989	547,586	21,993	404,082	56,646	11,632	1,196	52,037	236,403	163,508	72,895
Office Costs	507,383	132,069	7,681	80,150	14,617	22,613	2,237	4,771	375,314	351,537	23,777
Professional Services	96,800	51,324	3,261	37,762	8,398	1,725	178		45,476	31,435	14,041
Miscellaneous	-	-							-		
Depreciation	261,176	202,287	1,633	191,775	5,365	1,052	2,462		58,889	50,230	8,659
Total Operating Expenses	$ 6,303,226	$ 1,326,984	**$ 41,949**	**$ 928,753**	**$ 207,573**	**$ 74,126**	**$ 6,474**	**$ 68,109**	$ 4,976,242	$ 4,633,615	$ 342,627
Total Direct Expenses	**$ 15,601,897**	**$ 7,179,844**	**$ 370,389**	**$ 4,658,890**	**$ 1,049,392**	**$ 295,452**	**$ 23,058**	**$ 782,663**	**$ 8,422,053**	**$ 7,020,458**	**$ 1,401,595**
Indirect Expenses	-	-	**49,808**	**575,856**	**127,871**	**26,506**	**2,621**	**(782,663)**			
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**$ 15,601,897**	**$ 7,179,844**	**$ 420,197**	**$ 5,234,746**	**$ 1,177,263**	**$ 321,958**	**$ 25,679**	**$ -**	**$ 8,422,053**	**$ 7,020,458**	**$ 1,401,595**
Change in Assets	**$ (735,494)**	**$ (828,006)**	**$ 2,946**	**$ (22,872)**	**$ 5,146**	**$ (433)**	**$ (2,398)**	**$ (810,395)**	**$ 92,512**	**$ 46,088**	**$ 46,424**
Fixed Assets											
Depreciation	$ (261,176)	$ (202,287)	$ (1,633)	$ (191,775)	$ (5,365)	$ (1,052)	$ (2,462)	$ -	$ (58,889)	$ (50,230)	$ (8,659)
Total Fixed Asset Purchases	213,494	184,676	4,579	168,903	10,511	619	64		28,818	11,545	17,273
Change in Fixed Assets	**$ 47,682**	**$ 17,611**	**$ (2,946)**	**$ 22,872**	**$ (5,146)**	**$ 433**	**$ 2,398**	**$ -**	**$ 30,071**	**$ 38,685**	**$ (8,614)**
TOTAL CHANGE IN WORKING CAPITAL	**$ (687,812)**	**$ (810,395)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (810,395)**	**$ 122,583**	**$ 84,773**	**$ 37,810**

Statement of Financial Position

Statement of Financial Position
2013 Audited, 2014 Projection, 2015 Budget and 2016 Projected

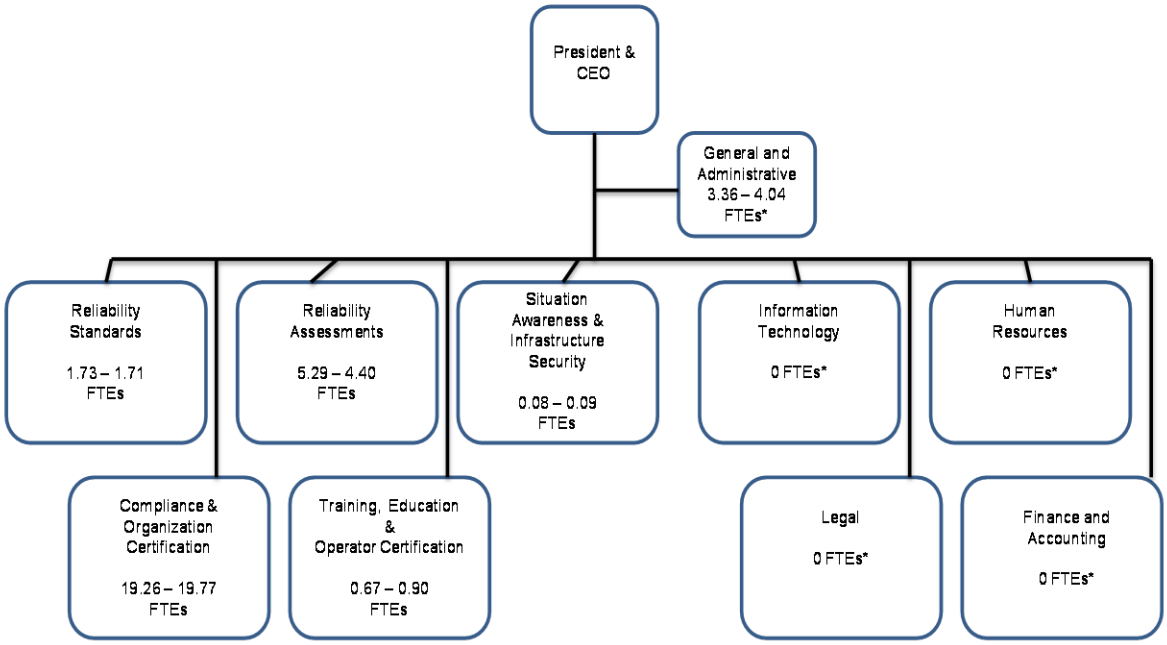
STATUTORY and NON-STATUTORY

	(Per Audit) 12/31/2013	Projected 12/31/2014	Budget 12/31/2015	Projected 12/31/2016
ASSETS				
Cash	6,558,632	4,763,059	3,577,263	3,665,908
Accounts receivable	2,855,070	2,955,070	3,155,070	3,355,070
Other receivables	-	-	-	-
Prepaid expenses and other current assets	18,526	15,000	15,000	15,000
Other Assets	259,175	150,000	150,000	150,000
Property and equipment (net of depreciation)	418,454	300,000	300,000	300,000
Total Assets	**10,109,857**	**8,183,129**	**7,197,333**	**7,485,978**
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	2,556,119	2,540,000	1,800,000	1,900,000
Deferred income	3,111,955	3,657,736	3,846,312	3,957,406
Compliance Penalty Assessment	481,000	-	-	-
Accrued postretirement benefits obligation	1,406,822	1,477,163	1,551,021	1,628,572
Total Liabilities	**7,555,896**	**7,674,899**	**7,197,333**	**7,485,978**
Net Assets - unrestricted	2,553,961	508,230	-	-
Total Liabilities and Net Assets	**10,109,857**	**8,183,129**	**7,197,333**	**7,485,978**

Statutory Organizational Chart

Florida Reliability Coordinating Council, Inc.
Statutory Organization Chart

2014 Budgeted FTEs 30.40
2015 Budgeted FTEs 30.91



*All FTEs for Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 4

MIDWEST RELIABILITY ORGANIZATION

PROPOSED 2015 BUSINESS PLAN AND BUDGET

MIDWEST RELIABILITY ORGANIZATION

2015 Business Plan and Budget

Approved by:
MRO Board of Directors

Date: June 26, 2014

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CLARITY ▪ ASSURANCE ▪ RESULTS

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Summary of Financials and Resources

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	42.50			
Non-statutory FTEs				
Total FTEs	42.50			
Statutory Expenses	$ 10,512,887			
Non-Statutory Expenses	$ -			
Total Expenses	$ 10,512,887			
Statutory Inc(Dec) in Fixed Assets	$ (184,200)			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ (184,200)			
Statutory Working Capital Requirement	$ (507,668)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	$ (507,668)			
Total Statutory Funding Requirement	$ 9,821,019			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 9,821,019			
Statutory Funding Assessments	$ 9,426,019	$ 7,846,770	$ 1,579,249	-
Non-Statutory Fees				
NEL	289,263,982	242,749,464	46,514,518	-
NEL%	100.00%	83.92%	16.08%	0.00%

The Midwest Reliability Organization ("MRO") 2015 Business Plan and Budget was developed by MRO staff and reviewed and approved by the MRO Board of Directors ("Board") following the opportunity for stakeholder review and comment.

1. Organizational Overview

Under section 215(e)(4) of the Federal Power Act (FPA), the Commission approved NERC's delegation of certain statutory functions to the Regional Entities (REs). NERC executed a Delegation Agreement with MRO on May 2, 2007 for the purpose of delegating to MRO certain responsibilities and authorities of a Regional Entity as defined by FPA section 215. The most recent Delegation Agreement was approved by the Federal Energy Regulatory Commission in June 2013. MRO's delegated functions under the agreement are: Development and Proposal of Reliability Standards and Organization Registration and Certification, Compliance, Risk Assessment and Mitigation, Enforcement, Reliability Assessment and Performance Analysis, Event Analysis, Training and Education, Situation Awareness, and Infrastructure Security.

2. *Governance*

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

The governance structure of MRO is a hybrid stakeholder board with seventeen board members elected by seven sectors and two independent directors elected by all members. No two sectors can control a vote. This governance structure is permitted under the Energy Policy Act of 2005 for Regional Entities operating under delegated authority from the Electric Reliability Organization. The Board has four committees:

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

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

In addition, the Board has four standing technical committees:

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

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

3. *Statutory Functional Scope*

The primary purposes of MRO are to:

1. Determine compliance with reliability standards, including enforcement determinations in a non-discriminatory manner consistent with the NERC Rules of Procedure.
2. Perform seasonal, long-term, and other assessments of reliability.
3. Provide independent technical analysis of system events and work with industry on recommendations and lessons learned.

[1] See Policy and Procedure 3 (Establishment, Responsibilities, and Procedures of Organizational Groups) on MRO's website at: http://www.midwestreliability.org/01_about_mro/overview/policies_procedures/PP3_%20Organizational%20Groups.pdf

4. Develop, propose, and/or adopt regional reliability standards or variances to reliability standards.
5. Perform other services consistent with its reliability charter, delegation agreement, and the Rules of Procedure.

MRO provides a transparent, effective, and efficient reliability organization across a broad geographic region with open meetings:

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

The 2015 Business Plan and Budget fulfills MRO's commitments related to the delegated functions, consistent with FERC and Canadian authorities to:

- Implement compliance and enforcement programs to those subject to reliability standards.
- Execute a non-discriminatory, consistent enforcement process to those subject to reliability standards.
- Adopt reliability standards to ensure enforceability. Canadian enforceability has been sought through agreements with Saskatchewan and in Manitoba pursuant to the Manitoba Hydro-Act (2012) as implemented in the Manitoba Reliability Standards Regulation.
- Maintain a Standards Process Manual that provides for an open, technically valid process to adopt standards as needed to benefit the reliability of the MRO Region.
- Provide education and resources for operators, users, and owners of the BES.
- Assess and report on regional BES reliability and adequacy.
- Analyze and report on regional BES system events.

4. Budget, Accounting, and Recordkeeping

Budget

MRO prepares an annual Business Plan and Budget each calendar year. The development of the Business Plan and Budget begins with an annual MRO Board strategic planning session,

at which long-term goals are set for MRO. The Business Plan and Budget is then developed by MRO staff between March and June of the year preceding the budget year with input from MRO's stakeholders. The Business Plan and Budget is developed in conjunction with those of other Regional Entities and NERC to ensure consistency in the budgets of entities charged with FPA section 215 responsibilities. MRO staff also participates in NERC's ERO Executive Management Group to review strategic goals and objectives for the REs, and to review common assumptions included in their business plans and budgets.

MRO's budget development employs both a "top-down" and a "bottom-up" approach. The top-down approach is initiated by MRO's CEO, who sets the parameters for number of staff and an initial overall percent increase in the budget based on the strategic initiatives of the organization. The bottom-up approach is coordinated among MRO's managers and vice presidents, who calculate budget amounts for their respective departments using a detailed, line-by-line approach after reviewing actual costs from the most recent year end as well as current year-to-date costs. This is a zero based budgeting approach. The bottom-up figures from all departments are then aggregated and reconciled with the CEO's top-down budget figures.

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

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

Accounting and Recordkeeping

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

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

5. Organizational Structure and Staffing

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

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

The Compliance Department encompasses MRO's reliability audit, spot checks and self-certification activities and is headed by a director.

The Risk Assessment and Mitigation and Registration and Reliability Standards functions are two departments reporting to one vice president.

Enforcement and Regulatory Affairs is responsible for enforcement of reliability standard violations within the MRO Region based upon the evaluations provided by the risk assessment and mitigation staff and is headed by a vice president.

MRO's Operations Department is responsible for reliability assessment, performance analysis, event analysis, situation awareness, infrastructure security, and IT functions. This department is headed by a vice president.

MRO's Vice President, General Counsel, Corporate Secretary and Director of External Affairs provides legal advice to MRO, serves as the corporate secretary, and heads MRO's communications efforts and external affairs.

MRO's Finance and Administration Department performs human resources, accounting, finance, budget, and treasury functions and is headed by a vice president.

6. Financial Controls and Expense Approval

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

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

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

MRO's Contract Management Procedures (Procedures) govern the procurement of goods and services in excess of $500. The Procedures dictate that an employee must have a Master Purchase Order approved by MRO's VP of Finance and his or her department VP for all purchases in excess of $500. Additionally, purchases in excess of $10,000 must also be approved by the MRO President.

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

7. Compensation Process

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

8. Other Personnel Costs and Policies

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

9. 2015 Key Assumptions

NERC and the Regional Entities aligned the ERO Enterprise's business planning goals, objectives, metrics and assumptions for the 2014-2017 planning period. The ERO Enterprise Strategic Plan for 2014-2017 includes five consolidated goals, within the existing areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration. New in 2014, NERC and the Regional Entities agreed to implement performance metrics to assess the overall effectiveness of the ERO Enterprise. These metrics will be reviewed and revised as necessary to ensure the metrics are meaningful to the performance of the ERO Enterprise.

10. 2015 Goals and Key Deliverables

The vision of MRO is to "Maintain and improve the quality of life through a highly reliable regional Bulk Power System." MRO's purpose is to: "Strive to assure each Bulk Power System owner and operator within our region is a Highly Effective Reliability Organization." MRO will leverage industry experts to address risks and improve reliability and security for the overall benefit of regional reliability. Through stakeholder processes, MRO will provide clarity on expectations and requirements; look to embed risk controls for assurance across the networked Bulk Electric System; and demonstrate results that improve reliability. For

more information on MRO's Vision, Purpose, and Principles, please refer to MRO's website at http://www.midwestreliability.org/.

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

1. Develop CMEP processes, procedures and practices to scope work around risk and reserve enforcement for significant matters across the ERO Enterprise.
2. Seek closer coordination within the Eastern Interconnection and North America.
3. Establish key indicators of reliable and secure performance and reduction of risk with ERO Enterprise and stakeholders.
4. Address reliability risks and communicate lessons learned and trends from events, assessments, technical analysis, compliance, and enforcement activities in a timely, transparent manner with stakeholders.
5. Develop guidance with stakeholders for Registered Entities on reliability standards and model controls/procedures to assure compliance with the requirements.

Long-Term Business Planning

NERC and the Regional Entities are actively working together to improve the overall business planning and budgeting process, including long-term resource and financial planning. The 2015 Business Plan and Budget process included numerous face-to-face meetings, conference calls, and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness, including factors affecting resource needs beyond the 2015 planning horizon. As an important first step in the development of a long-term business plan and budgeting process, the Common Business Plan and Budget Assumptions attached as Exhibit A in the NERC 2015 Business Plan and Budget, incorporate assumptions affecting resource demands through the 2016 planning horizon. NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long-term business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of operations. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measurable reliability outcomes, consistent with their respective roles and responsibilities.

11. 2015 Overview of Cost Impacts

MRO proposes to increase its operating budget from $9.74 million to $10.33 million, an increase of $583,888. Funding assessments from 2014 will increase by $684,575 or 7.8%.

Operational Programs

Funding Requirements — Explanation of Increase (Decrease)

Standards and Organization Registration and Certification

For 2015, MRO will maintain flat staffing levels in the Standards area. MRO will continue to focus on continent-wide standards and leveraging experts from the industry to assure proper technical application of existing standards. MRO registers all known entities subject to the Reliability standards.

Compliance Monitoring and Enforcement Program
MRO has three independent programs within the NERC-defined Compliance Monitoring and Enforcement program:

Compliance
The mission of the compliance staff is to conduct audits and spot checks. Budgeted costs for this program will increase in 2015.

Risk Assessment and Mitigation
Risk Assessment and Mitigation undertakes an independent review of the facts and circumstances surrounding each potential noncompliance discovered by Compliance Monitoring, and then determines whether sufficient evidence supports each Possible Violation (PV). Risk Assessment and Mitigation works with the Registered Entity to develop an effective mitigation plan in the event that a violation has been validated. MRO is anticipating an increase in costs for this program in 2015 and has budgeted for the same.

Enforcement
Validated violations move to the Enforcement staff, who review recommendations made by Risk Assessment and Mitigation staff, verify all relevant facts, and evaluate appropriate enforcement actions for final disposition and resolution. Enforcement staff reports to NERC regarding the status of all PVs. MRO Enforcement staff may negotiate penalty settlements with Registered Entities, and coordinates review of settlement agreements by MRO's Hearing Body Committee. Enforcement determinations are submitted by MRO staff to NERC for approval. Costs for this program are budgeted to increase in 2015.

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

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

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

Situation Awareness & Infrastructure Security Program

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

Infrastructure Security Program
In recognition of the criticality of protection of cyber infrastructure and BES control systems, the 2015 Budget includes dollars for MRO representatives to participate in infrastructure security-related activities and travel to attend security-related meetings. Critical infrastructure compliance training and education are budgeted in the applicable areas of the budget.

Administrative Programs

Technical Committees and Member Forums (Committees that meet for NERC business)
MRO staff and Registered Entity staff will continue to participate in NERC committees and working groups. By policy, MRO reimburses Registered Entities for approved regional representative travel expenses. In 2014 business travel relating to quarterly NERC Board of Trustees (NERC BOT) was captured in the Technical Committees and Member Forums program area. The 2015 Budget reflects the elimination of this program area to conform with the other regions and NERC. All other regions and NERC record costs in the program of the participant. We will track all the technical committees and member forums along with the NERC BOT travel and time separately by program of the MRO participant.

General and Administrative
The 2015 Budget includes no change in travel dollars, reflecting a stable trend of expense reimbursements for the MRO Board of Directors.

The 2014 Budget fees for independent MRO board members were included in General and Administrative. The 2015 Budget includes these fees under Legal and Regulatory.

Information Technology
In 2015 MRO will continue to maintain the security of its IT systems and information, along with addressing any recommendations from external and internal evaluations. MRO uses independent third parties to provide periodic assessments of its infrastructure security. MRO subscribes to compliance and standards applications from a third party vendor; these applications are subject to independent third party audits and reside on a secure platform.

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

Legal and Regulatory
For 2015, overall Legal and Regulatory budgeted costs for outside counsel will remain flat with 2014. However the fees for independent MRO board members were moved from General

and Administrative in 2014 to Legal and Regulatory in 2015. The dollar shift from one program to another does not include an increase in dollars.

Accounting / Human Resources

Personnel Costs - Employee Paid Benefits

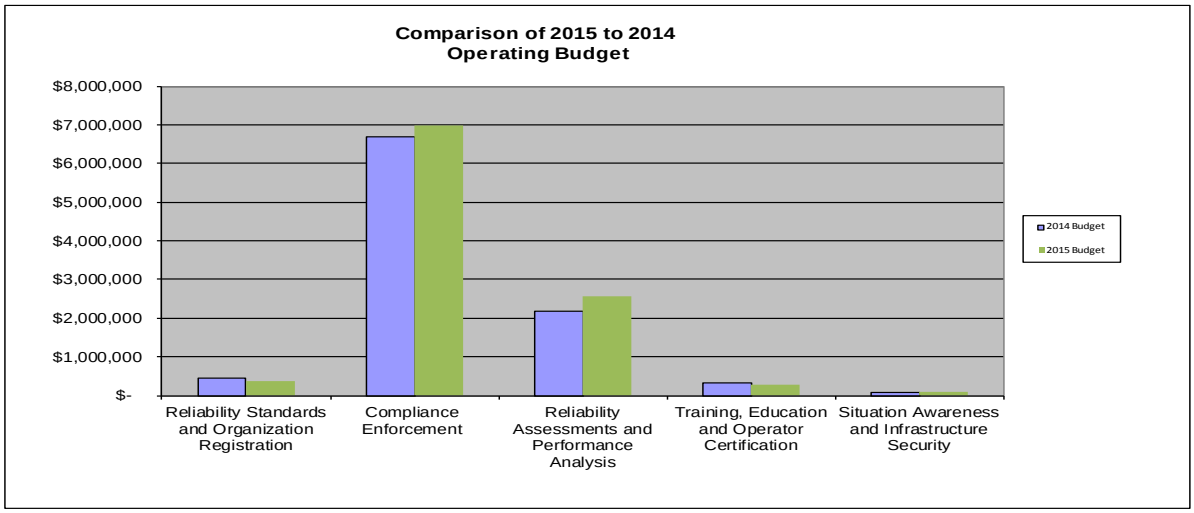
The 2015 Budget has an increase in the number of FTEs from 3.30 to 3.63. The additional .33 staff came from a transfer of staff from General and Administrative. The part-time administrative meeting coordinator was moved from General and Administrative to Finance, Accounting and Human Resources.

MRO's overall FTE staffing has increased from 20.0 in 2007 to 42.5 in 2015. MRO does not include attrition/vacancy assumptions in personnel cost projections. In addition, the budget includes a slight decrease in building, rent and facilities costs.

Other Non-Operating Expenses

None

Program	2014 Budget	2015 Budget	Variance 2015 Budget v 2014 Budget	% of Change
Reliability Standards and Organization Registration	$ 435,359	$ 387,929	$ (47,431)	-10.89%
Compliance Enforcement	6,697,593	6,994,216	296,623	4.43%
Reliability Assessments and Performance Analysis	2,194,427	2,571,309	376,882	17.17%
Training, Education and Operator Certification	333,138	295,306	(37,832)	-11.36%
Situation Awareness and Infrastructure Security	84,283	79,927	(4,356)	-5.17%
TOTAL BUDGET	$ 9,744,801	$ 10,328,687	$ 583,886	5.99%



Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs 2015 Budget[1]	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
Reliability Standards and Organization and Certification	1.17	1.17	1.01		1.01	(0.16)
Compliance	11.16	11.24	10.63		10.63	(0.53)
Compliance Risk Assessment and Mitigation	6.31	6.53	7.03		7.03	0.72
Compliance Enforcement	3.79	3.90	4.42		4.42	0.63
Training and Education	0.65	0.65	0.28		0.28	(0.37)
Reliability Assessment and Performance Analysis	6.49	7.47	7.55		7.55	1.06
Situation Awareness and Infrastructure Security	0.22	0.22	0.16		0.16	(0.06)
Total FTEs Operational Programs	**29.79**	**31.18**	**31.08**	**-**	**31.08**	**1.29**
Administrative Programs						
Technical Committees and Member Forums	1.66	-	-		-	(1.66)
General and Administrative	1.94	2.06	2.24		2.24	0.30
Legal and Regulatory	0.93	1.08	1.31		1.31	0.38
Information Technology	3.13	3.13	4.24		4.24	1.11
Human Resources	-	-	-		-	-
Finance and Accounting	3.30	3.30	3.63		3.63	0.33
Total FTEs Administrative Programs	**10.96**	**9.57**	**11.42**	**-**	**11.42**	**0.46**
Total FTEs	**40.75**	**40.75**	**42.50**	**-**	**42.50**	**1.75**

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

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget STATUTORY						
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 8,741,444	$ 8,741,444	$ -	$ 9,426,019	$ 684,575
Penalty Sanctions	136,500	136,500	-	395,000	258,500
Total NERC Funding	**$ 8,877,944**	**$ 8,877,944**	**$ -**	**$ 9,821,019**	**$ 943,075**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,877,944**	**$ 8,877,944**	**$ -**	**$ 9,821,019**	**$ 943,075**
Expenses					
Personnel Expenses					
Salaries	$ 5,178,538	$ 5,178,538	-	$ 5,522,559	$ 344,021
Payroll Taxes	339,154	339,154	-	357,594	18,440
Benefits	412,222	412,222	-	438,920	26,698
Retirement Costs	968,920	968,920	-	1,033,187	64,267
Total Personnel Expenses	**$ 6,898,834**	**$ 6,898,834**	**$ -**	**$ 7,352,260**	**$ 453,426**
Meeting Expenses					
Meetings	$ 100,514	$ 100,514	$ -	$ 106,600	$ 6,086
Travel	598,900	598,900	-	622,200	23,300
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 699,414**	**$ 699,414**	**$ -**	**$ 728,800**	**$ 29,386**
Operating Expenses					
Consultants & Contracts	$ 543,100	$ 543,100	$ -	$ 676,436	$ 133,336
Office Rent	524,827	524,827	-	501,000	(23,827)
Office Costs	503,124	503,124	-	539,891	36,767
Professional Services	205,000	205,000	-	193,500	(11,500)
Miscellaneous	-	-	-	-	-
Depreciation	471,000	471,000	-	521,000	50,000
Total Operating Expenses	**$ 2,247,051**	**$ 2,247,051**	**$ -**	**$ 2,431,827**	**$ 184,776**
Total Direct Expenses	**$ 9,845,299**	**$ 9,845,299**	**$ -**	**$ 10,512,887**	**$ 667,588**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 9,845,299**	**$ 9,845,299**	**$ -**	**$ 10,512,887**	**$ 667,588**
Change in Assets	**$ (967,355)**	**$ (967,355)**	**$ -**	**$ (691,868)**	**$ 275,487**
Fixed Assets					
Depreciation	$ (471,000)	$ (471,000)	$ -	$ (521,000)	$ (50,000)
Computer & Software CapEx	320,500	320,500	-	316,800	(3,700)
Furniture & Fixtures CapEx	-	-	-	20,000	20,000
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	50,000	50,000	-	-	(50,000)
Allocation of Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Inc(Dec) in Fixed Assets (C)	**(100,500)**	**(100,500)**	**-**	**(184,200)**	**(83,700)**
TOTAL BUDGET (=B + C)	**$ 9,744,799**	**$ 9,744,799**	**$ -**	**$ 10,328,687**	**$ 583,888**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (866,855)**	**$ (866,855)**	**-**	**$ (507,668)**	**$ 359,187**
FTEs	40.75	40.75	0.00	42.50	1.75

Section A — Statutory Programs

1. Reliability Standards, Organization Registration and Certification Program

(in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.17	1.01	(0.16)
Direct Expenses	$ 279,428	$ 261,242	$ (18,186)
Indirect Expenses	$ 159,877	$ 132,672	$ (27,205)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (3,947)	$ (5,986)	$ (2,039)
Total Funding Requirement	$ 435,359	$ 387,929	$ (47,431)

Program Scope and Functional Description

NERC uses stakeholder-driven processes consistent with the Rules of Procedure to develop and maintain reliability standards that apply to Bulk Electric System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Electric System owners, operators and users; and to hold them accountable for reliable operation of the Bulk Electric Systems. The reliability standards must be technically sound, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable requirements.

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

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

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Reliability Standards Program and the Organization Registration and Certification Program can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

MRO utilizes a balanced stakeholder Standards Committee ("SC") to administer the regional standards program, educate stakeholders about the application of reliability standards, and provide

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

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

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

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

MRO staff and stakeholders provide technical advice and comment to NERC when developing reliability standards applicable across North America and the Eastern Interconnection. MRO staff

and Registered Entities participate in NERC and MRO standards drafting teams, hold meetings and conferences to discuss standards, and actively work with NERC on its standards development plan.

NERC's Four Year Standards Development Plan, supports the significant effort required by MRO to participate in standards development.

Organization Registration

- 2015 variance: no material changes; BES definition may impact workload
- Workload associated with maintaining the registry will continue
- Registration is ongoing
- Continue to inventory generator facilities and transmission elements that meet NERC Criteria of Registration
- Joint Registration Organization (JRO) maintenance
- Coordinated Registration Organization (CFR) development and maintenance
- Modify registry if it is discovered an entity meets additional functional criteria through compliance monitoring processes
- Continue to obtain and review system on-line diagrams, maps, and agreements used to identify owners and operators of the Bulk Electric System
- Continue to manage overall registry by having a staff person directly assigned to this task

Organization Certification

- 2015 variance: no material changes.
- Work performed to certify additional functions with Registered Entities, and work performed to certify new Registered Entities, are expected to continue with no change.

2015 Goals and Key Deliverables

- Provide comments and support to other NERC and MRO SC activities
- Work with NERC to improve interpretation of existing reliability standards
- Work with NERC to improve the timeliness of reliability standards development
- Comment on all NERC Standards Authorization Requests (SAR) and draft standards
- Communicate with stakeholders and vote on all NERC Standards
- Support and inform MRO SC and Board of standards-related activities
- Participate on various NERC committees and subgroups
- MRO SME teams and staff train and educate Registered Entities on the application of standards by participating in MRO workshops (costs are captured in Training and Education)

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2015, MRO will maintain relatively flat staffing levels in the Standards and Organization Registration and Certification area. Since Standards are primarily an industry activity, MRO has leveraged staff from Registered Entities in drafting teams and in other areas to gain more subject matter expertise applied to the standards process. While MRO reimburses travel expenses for approved representatives, there are staff cost savings.

Funding Sources (Other than ERO Assessments)
Penalty Sanctions – Total penalty monies received and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 58.

Personnel Expenses
- MRO continues to facilitate additional technical resources from the industry in drafting teams and in other areas to augment staff involvement, which has resulted in a relatively stabilized number of FTEs. MRO reimburses travel expenses for stakeholder participation.
- The 2015 budgeted salaries is relatively flat when compared to the 2014 budget, with a slight decrease in FTEs as MRO staff is shifted in response to realigning staff in the program areas.

Meeting Expenses
- 2015 Meeting expenses will be reduced from the 2014 Budget. The reduction is a reflection of lower meeting costs by using the new facility.
- The travel increase in 2015 is largely reflective of the change in moving the expenses from Technical Committees and Member Forums, (department 1100) to the traveling employee's department.

Operating Expenses
- 2015 Consultant and Contract costs reflects a third party vendor's annual escalation starting March 2014.
- 2015 Office Costs will increase in the area of training costs. A certain amount of training is required over a two or three year span rather than each year. In 2013 staff did not take as much training as they will in 2014 and 2015.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2015 as a result of a lower total allocation to statutory programs as indirect expenses.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Standards and Organization Registration and Certification Program

Funding sources and related expenses for the reliability standards section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2013 Budget & Projection, and 2014 Budget
RELIABILITY STANDARDS AND ORGANIZATIONAL REGISTRATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 429,997	$ 429,997	$ -	$ 375,092	$ (54,905)
Penalty Sanctions	5,361	5,361		12,836	7,475
Total NERC Funding	**$ 435,358**	**$ 435,358**	**$ -**	**$ 387,929**	**$ (47,430)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 435,358**	**$ 435,358**	**$ -**	**$ 387,929**	**$ (47,430)**
Expenses					
Personnel Expenses					
Salaries	$ 175,057	$ 175,057	$ -	$ 156,160	$ (18,897)
Payroll Taxes	9,981	9,981	-	9,024	(957)
Benefits	12,129	12,129	-	10,705	(1,424)
Retirement Costs	34,167	34,167	-	31,123	(3,044)
Total Personnel Expenses	**$ 231,334**	**$ 231,334**	**$ -**	**$ 207,012**	**$ (24,322)**
Meeting Expenses					
Meetings	$ 4,000	$ 4,000	$ -	$ 2,000	$ (2,000)
Travel	28,900	28,900	-	33,600	4,700
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 32,900**	**$ 32,900**	**$ -**	**$ 35,600**	**$ 2,700**
Operating Expenses					
Consultants & Contracts	$ 12,000	$ 12,000	$ -	$ 13,236	$ 1,236
Office Rent	-	-	-	-	-
Office Costs	3,194	3,194	-	5,394	2,200
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 15,194**	**$ 15,194**	**$ -**	**$ 18,630**	**$ 3,436**
Total Direct Expenses	**$ 279,428**	**$ 279,428**	**$ -**	**$ 261,242**	**$ (18,186)**
Indirect Expenses	**$ 159,877**	**$ 137,167**	**$ (22,710)**	**$ 132,672**	**$ (27,205)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 439,305**	**$ 416,595**	**$ (22,710)**	**$ 393,914**	**$ (45,391)**
Change in Assets	**$ (3,947)**	**$ 18,763**	**$ 22,710**	**$ (5,986)**	**$ (2,039)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (3,947)	**(3,947)**	-	**(5,986)**	**(2,039)**
Inc(Dec) in Fixed Assets (C)	**(3,947)**	**(3,947)**	-	**(5,986)**	**(2,039)**
TOTAL BUDGET (=B + C)	**$ 435,358**	**$ 412,648**	**$ (22,710)**	**$ 387,929**	**$ (47,430)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 22,710**	**$ 22,710**	**$ -**	**$ -**
FTEs	1.17	1.17	-	1.01	(0.16)

2. Compliance Monitoring and Enforcement Program (CMEP)

Compliance Monitoring and Enforcement Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	21.26	22.08	0.82
Direct Expenses	$ 3,864,192	$ 4,224,673	$ 360,482
Indirect Expenses	$ 2,905,124	$ 2,900,403	$ (4,721)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (71,723)	$ (130,860)	$ (59,137)
Total Funding Requirement	$ 6,697,593	$ 6,994,216	$ 296,624

Program Scope and Functional Description

In 2015, the MRO Compliance Monitoring and Enforcement Program includes performing CMEP activities with approximately 125 Registered Entities in the MRO Region.

All Registered Entities are subject to periodic compliance audits and/or spot checks. For 2015, there are a total of 25 compliance audits planned, and spot checks will be conducted as needed.

In addition to the normal and ongoing compliance discovery activities under the NERC CMEP, MRO Compliance staff will be prepared to assist with compliance investigations, system performance monitoring and assessment, and compliance reviews for all events in which the NERC Event Analysis and Compliance Review Process is initiated. These activities are included in the business plan for 2015. Investigations are handled through MRO's Risk Assessment and Mitigation team.

2015 Key Assumptions

NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measureable reliability outcomes, consistent with their respective roles and responsibilities. The common assumptions for the Compliance Monitoring can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

The Reliability Assurance Initiative (RAI) and CIP v5 transition are anticipated to continue to be major activities throughout 2015. These joint ERO Enterprise initiatives provide benefits to NERC, the Regional Entities and Registered Entities.

MRO will monitor compliance with reliability standards for each Registered Entity that has compliance responsibilities as defined in the Compliance Registry for MRO. In the United States,

MRO monitors reliability standards according to Commission-approved Rules. In Manitoba, MRO monitors reliability standards under provincial law as implemented in the Manitoba Reliability Standards Regulation. In Saskatchewan, MRO carries out its compliance monitoring responsibilities according to an agreement with the Saskatchewan Electric Reliability Authority.

2015 Compliance Monitoring Program Goals and Key Deliverables

- Assure professionally-trained staff is available to perform the required activities under the NERC Rules of Procedure
- Deliver consistent results when processing all instances of noncompliance
- Process initial compliance determinations of standards in a fair, uniform, systematic, and timely manner
- Maintain internal controls to assure all determinations receive adequate "due care" and review
- Conduct secondary independent review to assure all determinations of possible violations are accurate, complete, and technically sufficient
- Ensure an accurate and complete discovery record is created, maintained, and retained for each possible violation discovered and where there are no findings as well
- Conduct system performance compliance monitoring (such as due diligence review of misoperations, physical inspections, etc.)
- Conduct compliance investigations as warranted
- Continue to maintain information in a secured environment through webCDMS; expand use of webCDMS tool suite for staff to drive more efficiencies in the conduct of the work and make the work more meaningful to Registered Entities
- Participate in working groups where ERO-wide compliance and enforcement program processes and procedures will be developed to drive consistency
- Continue to implement the Auditor Checklist and Auditor Handbook for compliance audits to ensure utilization of consistent audit practices across all Regions
- Implement applicable Reliability Assurance Initiatives

Funding Requirements — Explanation of Increase (Decrease)

Compliance Monitoring Explanation of Variances – 2015 Budget versus 2014 Budget
Annual Implementation Plan

- Monitor compliance with all regulatory-approved reliability standards as defined in the NERC Annual Implementation Plan
- Adopt risk-based audit principles of the Reliability Assurance Initiative (RAI), potentially reducing scope of individual audits but incurring additional effort when reviewing Registered Entities' internal controls
- It is assumed that the NERC 2015 Implementation Plan will hold steady for the other monitoring methods including annual self-certification, periodic data submittals, and spot checks, when compared to the 2014 Implementation Plan
- Unscheduled spot checks and/or compliance audits are conducted if:
    - Entity registration changes
    - Evidence of compliance provided during an audit (or other method) is found to be non-compliant and the entity is using another entity's program or process

- Follow-up is needed as a result of self-certifications or events

Compliance Audits

- 2015 variance: increase of workload.
- The number of audits to be performed in 2015 is 25, which is an increase by five compared to 2014.
- The rigor, scope, depth and recurrence of audits and spot checks will be driven by reliability risk and not a predetermined schedule. While the impact of this transition is difficult to predict for 2015, there will be a long-term shift of resources away from compliance audits as the primary compliance monitoring tool in favor of self-certifications and spot checks.

Annual Self-Certification Requirement

- 2015 variance: consistent in workload
- The number of entities participating in the annual self-certification is approximately 125 for 2015
- It is assumed that the NERC 2015 Implementation Plan, which identifies the Reliability Standard requirements to be monitored through annual self-certification, is reduced due to the exclusion of Standards audited at an entity during 2015

Spot Checks

- 2015 variance: increase of workload
- The use of spots checks is expected to increase as risk-based monitoring is implemented, but should have little effect on overall resource requirements

Technical Feasibility Exceptions (TFEs)

- 2015 variance: consistent workload
- The implementation will continue for Technical Feasibility Exception (TFE) processing and will likely include equipment class-based exceptions, audit sampling and a less onerous process for reporting and reviewing

Compliance Investigations (CIs)

- 2015 variance: no change
- MRO Risk Assessment and Mitigation staff will assume the lead on investigations in the MRO Region

Compliance Possible Violation Discovery

- 2015 variance: consistent workload
- For every potential noncompliance, MRO Risk Assessment and Mitigation performs a fact and circumstance review
- The workload in this area will stabilize as MRO continues to expand the scope of compliance monitoring resulting from the new reliability standards, the expanded scope of system performance monitoring, and the instability of CIP standards (version 3/5 transition)
- MRO expects self-reported violations to continue on its past trend

Compliance Possible Violation Record Development

- 2015 variance: increase of workload
- A discovery record is developed for every instance of noncompliance. The discovery record and supplemental forms represent the initial development of the record to support the processing determinations.

Mitigation Plan Acceptance and Verification of Completion

- 2015 variance: workload expects to stabilize in 2015; cost impact of RAI unclear at this time.
- MRO uses number of days in violation process (DIVP) and violation aging as key indicators for process efficiency and effectiveness. Due primarily to CIP violations, the number of days has increased, and therefore we are devoting more resources in this area. Dedicated CIP personnel will need to be allocated to address the conversion from v3 to v5 and provide support to Registered Entities during the transition. Instances of noncompliance related to operations and planning standards are expected to continue to decrease as most Registered Entities have been audited and their compliance programs have matured.
- For every Alleged Violation identified by MRO staff, a description of mitigating activities/mitigation plan must be submitted. MRO Risk Assessment and Mitigation staff reviews each submission to assess whether the proposed actions will mitigate and prevent recurrence of the subject noncompliance. The development of the mitigating activities/mitigation plan provides the information necessary to determine the potential and actual risk to the reliability of the BES.

Compliance Enforcement Explanation of Variances – 2015 Budget versus 2014 Budget

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measureable reliability outcomes, consistent with their respective roles and responsibilities. The common assumptions for Enforcement can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

Reliability Assurance Initiative

The implementation of the Reliability Assurance Initiative (RAI) and expansion of the Find, Fix, Track and Report process (FFT) will require the allocation of dedicated resources from MRO to complete the design and to continue developing the processes necessary to implement RAI for compliance and enforcement. With regard to enforcement, the "end state" vision reserves the enforcement process for significant matters by creating a new path outside of the enforcement process for matters that do not pose significant risk to reliability of the BPS. This alternative path allows NERC and the Regional Entities to exercise appropriate discretion to determine whether to initiate an enforcement action or to resolve an issue outside of the enforcement process as a "Compliance Exception."

Leveraging the successful implementation of the FFT, throughout 2012 and 2013 MRO led efforts across the ERO to achieve this end state vision arriving at the point in 2014 where an instance of noncompliance that would have been processed as a violation in past years, does not trigger an enforcement action. Rather, MRO has the discretion not to initiate an enforcement action. This is an essential component of the work the ERO has done in the Reliability Assurance Initiative.

CIP Version 5 Transition

The transition to CIP v5 will be a mission critical activity in 2015. MRO plans to support the ongoing CIP v5 transition and anticipates an expansion in the number of Registered Entities that require guidance during 2015. While resource demands are expected to increase throughout the planning period on account of the CIP v5 transition, prior efficiency gains related to CIP compliance monitoring will likely lead to no significant net increase in workload.

Processing of Alleged Violations

For every instance of noncompliance identified by MRO Compliance staff or a Registered Entity, MRO Enforcement staff performs a review to confirm its validity. For instances of noncompliance resolved as Compliance Exceptions, MRO Enforcement staff verifies that there is a sufficient record to support the determination, based on the risk posed by the noncompliance and the documentation available to support processing as a Compliance Exception.

For possible violations deemed valid and subject to enforcement, MRO Enforcement staff prepares and issues a Notice of Possible Violation and performs a facts and circumstances review to determine if the Registered Entity was or was not in violation of the Reliability Standard(s). If the Registered Entity is in violation of a standard, MRO Enforcement staff prepares a Notice of Alleged Violation which may include a Disposition Document for each alleged violation or a Notice of Find, Fix, Track and Report processing for each remediated issue. Where a Notice of Alleged Violation is issued, a proposed penalty is calculated and reviewed and considered by at least two MRO Enforcement staff. Upon acceptance or lapse of the required time for response to the Notice of Alleged Violation, MRO Enforcement staff prepares a Notice of Confirmed Violation. The drafting of these notices is an iterative process and requires resources.

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

MRO will continue to encourage self-identification of noncompliance as a factor in determining how to resolve instances of noncompliance. It is anticipated that a high percentage of self-identified instances of noncompliance will be resolved as Compliance Exceptions. Additionally, instances of noncompliance related to operations and planning standards are expected to continue to decrease as most Registered Entities have been audited and their compliance efforts and programs have matured.

Record Development and Maintenance
Processes have been formalized and necessary documentation identified to complete the record. The webCDMS application provides for a central repository accessible to each Registered Entity. While an assessment project is planned to be completed in 2014, NERC and the Regions should maintain current multi-year contractor and consultant services to support the needs associated with maintaining the current system for compliance, registration, analysis and tracking.

Funding Sources and Requirements — Explanation of Increase (Decrease)
For 2015, MRO is devoting more resources to the compliance monitoring and enforcement area due to the increasing workload in mitigation and risk assessment.

Funding Sources (Other than ERO Assessments)
Penalty Sanctions – Total penalty monies to be received (and currently in escrow) and the allocation method used to allocate funds to this program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 58.

Personnel Expenses
The overall budgeted FTE count for Compliance reflects a .8 increase for 2015 when compared to the FTE count for the 2014 business plan and budget due to additional personnel required to support the RAI.

Travel Expense
The travel increase in 2015 is largely reflective of the change in moving the expenses from 1100 Technical Committees and Member Forums to the traveling employee's department.

Operating Expenses
Consultants and Contracts
Greater efficiencies are expected with the third party vendor as additional regions expand the common IT platform increasing scale and reducing MRO's costs by spreading total costs across the increased number of participating regions.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2015 as a result of lower total allocation to statutory programs as indirect expenses.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Compliance Monitoring and Enforcement Program

Funding sources and related expenses for the Compliance Enforcement section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
COMPLIANCE MONITORING, AND ENFORCEMENT

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 6,600,178	$ 6,600,178	$ -	$ 6,713,598	$ 113,420
Penalty Sanctions	97,415	97,415		280,618	183,203
Total NERC Funding	**$ 6,697,593**	**$ 6,697,593**	**$ -**	**$ 6,994,216**	**$ 296,623**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 6,697,593**	**$ 6,697,593**	**$ -**	**$ 6,994,216**	**$ 296,623**
Expenses					
Personnel Expenses					
Salaries	$ 2,631,450	$ 2,696,387	$ 64,937	$ 2,894,581	$ 263,131
Payroll Taxes	179,885	183,349	3,464	192,689	12,804
Benefits	222,055	225,747	3,692	233,912	11,857
Retirement Costs	461,742	471,999	10,257	475,589	13,847
Total Personnel Expenses	**$ 3,495,132**	**$ 3,577,482**	**$ 82,350**	**$ 3,796,771**	**$ 301,639**
Meeting Expenses					
Meetings	$ 5,500	$ 5,500	$ -	$ 6,250	$ 750
Travel	137,000	173,550	36,550	221,900	84,900
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 142,500**	**$ 179,050**	**$ 36,550**	**$ 228,150**	**$ 85,650**
Operating Expenses					
Consultants & Contracts	$ 127,000	$ 127,000	$ -	$ 111,000	$ (16,000)
Office Rent	-	-	-	-	-
Office Costs	94,560	94,560	-	88,752	(5,808)
Professional Services	5,000	5,000	-	-	(5,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 226,560**	**$ 226,560**	**$ -**	**$ 199,752**	**$ (26,808)**
Total Direct Expenses	**$ 3,864,192**	**$ 3,983,092**	**$ 118,900**	**$ 4,224,673**	**$ 360,481**
Indirect Expenses	**$ 2,905,124**	**$ 2,484,501**	**$ (420,623)**	**$ 2,900,403**	**$ (4,721)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 6,769,316**	**$ 6,467,593**	**$ (301,723)**	**$ 7,125,076**	**$ 355,760**
Change in Assets	**$ (71,723)**	**$ 230,000**	**$ 301,723**	**$ (130,860)**	**$ (59,137)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (71,723)	(71,723)	-	(130,860)	(59,137)
Inc(Dec) in Fixed Assets (C)	**$ (71,723)**	**$ (71,723)**	**$ -**	**$ (130,860)**	**$ (59,137)**
TOTAL BUDGET (=B + C)	**$ 6,697,593**	**$ 6,395,870**	**$ (301,723)**	**$ 6,994,216**	**$ 296,623**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 301,723**	**$ 301,723**	**$ -**	**$ -**
FTEs	**21.26**	**21.67**	**0.41**	**22.08**	**0.82**

3. Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	6.49	7.55	1.06
Direct Expenses	$ 1,329,480	$ 1,624,296	$ 294,816
Indirect Expenses	$ 886,842	$ 991,759	$ 104,917
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (21,895)	$ (44,746)	$ (22,851)
Total Funding Requirement	$ 2,194,427	$ 2,571,309	$ 376,881

Program Scope and Functional Description

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

1. Review pre- and post-seasonal and long-term reliability assessments for the MRO Region in order to assess operating reliability and resource adequacy.
2. Review event analysis efforts by Registered Entities to ensure causes are identified and corrected and that lessons learned are shared with industry.
3. Assemble modeling data and prepare models.
4. Perform legacy Regional Reliability Organization functions until those functions are assigned to Registered Entities through reliability standards (fill in the blank standards).
5. Support MRO stakeholder groups and participate in NERC efforts.
6. Implement enhancements to improve ERO enterprise-wide efficiency and effectiveness of RAPA related functions.

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for the Reliability Assessment and Performance Analysis (RAPA) program can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

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

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

within the MRO Region conform to MRO and NERC reliability standards related to system performance.

Regarding other activities included in the RAPA program, in 2015 continued attention will be given to transmission adequacy and security, protection and control standards, special protection scheme reviews, resource adequacy, demand response, reliability metrics, integration of renewable generation per renewable portfolio standards, operational issues and event analysis, Eastern Interconnection Reliability Assessment Group ("ERAG"), NERC and regulatory data requests, electric system modeling data, and reviews of regional reliability criteria and procedures. The collection and validation of Generating Availability Data System, Transmission Availability Data System, and Demand Response Availability Data System will add to MRO's workload as will efforts related to BES exception reporting. MRO did not include any resource requirements directly relating to the BES exception reporting due to the uncertainty.

2015 Goals and Key Deliverables

- Annually review the overall reliability of the MRO Region and interregional BES for near-term and long-term planning horizons and provide planning horizon assessment reports to the Board and NERC
- Review the seasonal assessments (summer and winter) of the MRO Region and interregional BES from an operational perspective
- Review the post-seasonal assessments (summer and winter) of the BES to determine if the system performed according to the preseason plans
- Review system disturbance reports and event analyses to assure the appropriate analysis is performed and that lessons learned are identified and shared with the industry
- Annually (or as often as required by NERC) assess the MRO Region for an emerging issue/scenario. Address impacts of new technologies, changing resource or demand resource composition, and environmental-related regulations or legislation.
- Perform special reliability assessments on a regional, interregional, and interconnection basis as conditions warrant, or as directed by the Board or NERC
- Coordinate with NERC on system event analyses on a regional, interregional, and interconnection basis as conditions warrant

Annually prepare an MRO set of electric system modeling data. Support the compilation of long-term sustainable Eastern Interconnection models.

- Develop, verify and validate quality reliability assessment and analyses model and data quality characteristics
- Perform legacy Regional Reliability Organization ("RRO") responsibilities associated with "fill in the blank" standards until they are transitioned to Registered Entities
- Participate in and represent the MRO Region in all ERAG and NERC groups, as required, that report to the ERAG Management Committee ("MC") and NERC Planning Committee ("PC") and Operating Committee ("OC")
- The implementation of BES exception process will require resources to manage the process execution and the technical validation of the definition and exception requests. Resource time will be driven by the number and complexity of exception requests received.

- Develop and implement improved enterprise-based data collection and analysis systems and capabilities
- Support the integration of RAPA information systems for modeling and data requirements and achieve timelines for delivering high quality reports (e.g., Long-Term Reliability Assessment and State of Reliability Report)
- Support the establishment of a sustainable and technically-grounded working group to perform analyses as needed for standards development and compliance and enforcement activities.
- Support quality analysis and overall assessment of the geomagnetic disturbance (GMD) vulnerability, planning guides, and planning standards.
- Support implementation of the Reliability Risk Management projects, identified in the ERO Performance Metric #3, which will require varied resource commitments over a 14-17 month period to ensure measurable improvements in reliability outcomes.

To the extent that significant events occur, contractor services may be required to support wide-area system analyses and root cause evaluations.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)
Penalty Sanctions – Total penalty monies to be received (and in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 58.

Personnel Expenses
The overall budgeted FTE count for Reliability Assessment and Performance Analysis reflects a 1.06 increase for 2015 when compared to the FTE count for the 2014 business plan and budget. The increased FTE reflects the increased activities in BES definition, new modeling, Protection System standards, RAPA and Event Analysis.

Meeting Expenses
The increased activities in BES definition, new modeling, Protection System standards, RAPA and Event Analysis require increased meeting expenses. The numbers are based on anticipated travel and attendance. These numbers are supported by actual 2013 costs which are anticipated to remain at the increased level of activity.

Operating Expenses
Consultants and contracts decreased in 2015 primarily because MRO removed the contingency dollars for model building cost over runs.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is an increase in the indirect expenses for 2015 as a result of higher percent total of FTEs in the direct programs.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 2,164,689	$ 2,164,689	$ -	$ 2,475,355	$ 310,666
Penalty Sanctions	29,738	29,738		95,954	66,216
Total NERC Funding	**$ 2,194,427**	**$ 2,194,427**	**$ -**	**$ 2,571,309**	**$ 376,882**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 2,194,427**	**$ 2,194,427**	**$ -**	**$ 2,571,309**	**$ 376,882**
Expenses					
Personnel Expenses					
Salaries	$ 793,111	$ 941,468	$ 148,357	$ 934,523	$ 141,412
Payroll Taxes	53,718	63,351	9,633	63,510	9,792
Benefits	68,241	79,315	11,074	79,541	11,300
Retirement Costs	170,310	206,252	35,942	210,377	40,067
Total Personnel Expenses	**$ 1,085,380**	**$ 1,290,386**	**$ 205,006**	**$ 1,287,951**	**$ 202,571**
Meeting Expenses					
Meetings	$ 5,500	$ 5,500	$ -	$ 7,700	$ 2,200
Travel	81,000	224,150	143,150	187,100	106,100
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 86,500**	**$ 229,650**	**$ 143,150**	**$ 194,800**	**$ 108,300**
Operating Expenses					
Consultants & Contracts	$ 126,700	$ 126,700	$ -	$ 118,700	$ (8,000)
Office Rent	-	-	-	-	-
Office Costs	30,900	30,900	-	22,845	(8,055)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 157,600**	**$ 157,600**	**$ -**	**$ 141,545**	**$ (16,055)**
Total Direct Expenses	**$ 1,329,480**	**$ 1,677,636**	**$ 348,156**	**$ 1,624,296**	**$ 294,816**
Indirect Expenses	**$ 886,842**	**$ 741,846**	**$ (144,996)**	**$ 991,759**	**$ 104,917**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 2,216,322**	**$ 2,419,482**	**$ 203,160**	**$ 2,616,055**	**$ 399,733**
Change in Assets	**$ (21,895)**	**$ (225,055)**	**$ (203,160)**	**$ (44,746)**	**$ (22,851)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (21,895)	(21,895)	$ -	(44,746)	$ (22,851)
Inc(Dec) in Fixed Assets (C)	**$ (21,895)**	**$ (21,895)**	**$ -**	**$ (44,746)**	**$ (22,851)**
TOTAL BUDGET (=B + C)	**$ 2,194,427**	**$ 2,397,587**	**$ 203,160**	**$ 2,571,309**	**$ 376,882**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ (203,160)**	**$ (203,160)**	**$ -**	**$ -**
FTEs	**6.49**	**7.47**	**0.98**	**7.55**	**1.06**

4. Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.65	0.28	(0.37)
Direct Expenses	$ 246,509	$ 260,185	$ 13,676
Indirect Expenses	$ 88,821	$ 36,780	$ (52,040)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (2,193)	$ (1,659)	$ 533
Total Funding Requirement	$ 333,138	$ 295,306	$ (37,831)

Program Scope and Functional Description

Maintaining reliability requires informed and trained Regional Registered Entity personnel. The education and training program specifically pertains to the implementation of the CMEP, the application of reliability standards, reviewing reliability assessments, performing quality event analysis, identifying lessons learned from event analysis, defining expectations and responsibilities for the "fill in the blank" standards, and other related information pertinent to system reliability and compliance. The target audience for this program is Registered Entities.

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

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

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measurable reliability outcomes, consistent with their respective roles and responsibilities. The common assumptions for the Training, Education, and Operator Certification Program can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

Registered Entities should have processes and procedures in place to ensure adherence with the reliability standards and address risks to reliability, which is why education and training is a key

initiative for MRO. The MRO Compliance Committee assists and oversees the compliance and enforcement training and education initiatives for Registered Entities, including participation in Compliance Monitoring and Enforcement Program workshops, and stakeholder forums and group training initiatives. The MRO Standards Committee assists and oversees the reliability standards requirement and application training for Registered Entities. The Planning and Operating Committees contribute to planning Reliability Conferences and other technical workshops as appropriate.

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

2015 Goals and Key Deliverables

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

Funding Sources and Requirements — Explanation of Increase (Decrease)

For 2015, MRO will provide training to Registered Entities through workshops and other opportunities at industry meetings and by providing lessons learned in MRO's newsletter and other publications. MRO will continue to identify training options for Registered Entities in the MRO Region so that they can also accomplish the objectives of the NERC program through a third party.

Funding Sources (Other than ERO Assessments)

Penalty Sanctions – Total penalty monies to be received (in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 58.

Personnel Expenses

FTE count remains relatively flat in 2015 when compared to 2014 business plan and budget because we expect that the executive involvement in the workshops, newsletters, and speaker engagements to remain at the current levels.

Meeting Expenses

Expenditures in the "meeting expense" account will increase in 2015. MRO will provide three training forums. The additional cost reflects the trending of higher attendance.

Travel Expenses

Expenditures in the "Business Travel" account reflect increased travel in response to the stakeholders that want increased outreach.

Operating Expenses

Office Costs were eliminated in the 2015 business plan and budget because actuals were trending at minimal or zero costs.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2015 as a result of a lower total allocation to statutory programs as indirect expenses.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TRAINING, EDUCATION and OPERATOR CERTIFICATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 330,159	$ 330,159	$ -	$ 291,747	$ (38,411)
Penalty Sanctions	2,978	2,978		3,559	580
Total NERC Funding	**$ 333,137**	**$ 333,137**	**$ -**	**$ 295,306**	**$ (37,831)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 333,137**	**$ 333,137**	**$ -**	**$ 295,306**	**$ (37,831)**
Expenses					
Personnel Expenses					
Salaries	$ 135,804	$ 135,804	$ -	$ 135,117	$ (687)
Payroll Taxes	6,128	6,128	-	6,618	490
Benefits	6,856	6,856	-	6,209	(647)
Retirement Costs	22,921	22,921	-	22,841	(80)
Total Personnel Expenses	**$ 171,709**	**$ 171,709**	**$ -**	**$ 170,785**	**$ (924)**
Meeting Expenses					
Meetings	$ 49,000	$ 49,000	$ -	$ 60,000	$ 11,000
Travel	20,800	20,800	-	29,400	8,600
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 69,800**	**$ 69,800**	**$ -**	**$ 89,400**	**$ 19,600**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	5,000	5,000	-	-	(5,000)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 5,000**	**$ 5,000**	**$ -**	**$ -**	**$ (5,000)**
Total Direct Expenses	**$ 246,509**	**$ 246,509**	**$ -**	**$ 260,185**	**$ 13,676**
Indirect Expenses	**$ 88,821**	**$ 76,204**	**$ (12,617)**	**$ 36,780**	**$ (52,040)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 335,330**	**$ 322,713**	**$ (12,617)**	**$ 296,965**	**$ (38,364)**
Change in Assets	**$ (2,193)**	**$ 10,424**	**$ 12,617**	**$ (1,659)**	**$ 533**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (2,193)	(2,193)	-	(1,659)	$ 533
Inc(Dec) in Fixed Assets (C)	**$ (2,193)**	**$ (2,193)**	**$ -**	**$ (1,659)**	**$ 533**
TOTAL BUDGET (=B + C)	**$ 333,137**	**$ 320,520**	**$ (12,617)**	**$ 295,306**	**$ (37,831)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 12,617**	**$ 12,617**	**$ -**	**$ -**
FTEs	**0.65**	**0.65**	**-**	**0.28**	**(0.37)**

5. Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.22	0.16	(0.06)
Direct Expenses	$ 54,963	$ 59,858	$ 4,895
Indirect Expenses	$ 30,062	$ 21,017	$ (9,045)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (742)	$ (948)	$ (206)
Total Funding Requirement	$ 84,283	$ 79,927	$ (4,356)

Situation Awareness Program Scope and Functional Description

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

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. NERC and the Regional Entities will also continue to work collaboratively to refine and revise procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measureable reliability outcomes, consistent with their respective roles and responsibilities. The common assumptions for the Situation Awareness and Infrastructure Security Program can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

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

2015 Goals and Key Deliverables

The goal of the Situation Awareness program is to maintain awareness about the conditions of the Bulk Electric System and to respond to events by providing coordination assistance and communications between key parties. In 2015, staff will continue to try to fully utilize and improve the second version of the situation awareness tools and related processes.

Infrastructure Security Program Scope and Functional Description

NERC and the Regions coordinate electric industry activities to promote critical infrastructure protection of the Bulk Electric System in North America by taking a leadership role in critical infrastructure protection of the electricity sector to reduce vulnerabilities of the electricity sector's critical infrastructure.

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The common assumptions for Critical Infrastructure Protection can be located in the Key Assumptions section of Exhibit A in NERC's 2015 Business Plan and Budget.

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

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

The Operations Group within MRO has Situation Awareness responsibilities, which are budgeted in their respective areas.

2015 Goals and Key Deliverables

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

Funding Requirements – Explanation of Increase (Decrease)

The 2015 Budget reflects a reduction from 2014 in the Situation Awareness and Infrastructure Security Program area due to a decrease in the allocation of the indirect expenses.

Funding Sources (Other than ERO Assessments)

Penalty Sanctions – Total penalty monies to be received (in escrow) and the allocation method used to allocate funds to this Program as an offset to assessments are disclosed in MRO's Supplemental Financial Information section, Table B-2, page 58.

Personnel Expenses

Personnel costs for 2015 slightly decrease as operator accountability reduces the scope of MRO's work.

Meeting Expenses

MRO has included travel costs for MRO staff and MRO sector representatives attending four NERC CIPC meetings.

Operating Expenses

There is a reduction in Office Costs for training since current staff has already received SCADA training.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs. There is a decrease in the indirect expenses for 2015 as a result of a lower total allocation to statutory programs as indirect expenses.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
SITUATION AWARENESS and INFRASTRUCTURE SECURITY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 83,275	$ 83,275	$ -	$ 77,894	$ (5,381)
Penalty Sanctions	1,008	1,008	-	2,033	1,025
Total NERC Funding	**$ 84,283**	**$ 84,283**	**$ -**	**$ 79,927**	**$ (4,356)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 84,283**	**$ 84,283**	**$ -**	**$ 79,927**	**$ (4,356)**
Expenses					
Personnel Expenses					
Salaries	$ 39,332	$ 39,332	$ -	$ 32,947	$ (6,385)
Payroll Taxes	2,173	2,173	-	1,976	(197)
Benefits	2,320	2,320	-	2,141	(179)
Retirement Costs	6,138	6,138	-	4,794	(1,344)
Total Personnel Expenses	**$ 49,963**	**$ 49,963**	**$ -**	**$ 41,858**	**$ (8,105)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	16,000	16,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ 16,000**	**$ 16,000**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	5,000	5,000	-	2,000	(3,000)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 5,000**	**$ 5,000**	**$ -**	**$ 2,000**	**$ (3,000)**
Total Direct Expenses	**$ 54,963**	**$ 54,963**	**$ -**	**$ 59,858**	**$ 4,895**
Indirect Expenses	**$ 30,062**	**$ 25,792**	**$ (4,270)**	**$ 21,017**	**$ (9,045)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 85,025**	**$ 80,755**	**$ (4,270)**	**$ 80,875**	**$ (4,150)**
Change in Assets	**$ (742)**	**$ 3,528**	**$ 4,270**	**$ (948)**	**$ (206)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (742)	(742)	-	(948)	(206)
Inc(Dec) in Fixed Assets (C)	**$ (742)**	**$ (742)**	**$ -**	**$ (948)**	**$ (206)**
TOTAL BUDGET (=B + C)	**$ 84,283**	**$ 80,013**	**$ (4,270)**	**$ 79,927**	**$ (4,356)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 4,270**	**$ 4,270**	**$ -**	**$ 0**
FTEs	**0.22**	**0.22**	**-**	**0.16**	**(0.06)**

6. Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	10.96	11.42	0.46
Total Direct Expenses	$ 4,070,727	$ 4,082,633	$ 11,906
Inc(Dec) in Fixed Assets	$ (100,500)	$ (184,200)	$ (83,700)
Less: Other Funding Sources	$ -	$ -	$ -
Total Allocation to Statutory Programs as Indirect Expenses	$ 3,970,227	$ 3,898,433	$ (71,794)
Funding Requirement for Working Capital	$ (866,855)	$ (507,668)	$ 359,187

Methodology for Allocation of Administrative Services Expenses to Programs

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

Program Scope and Functional Description

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

6a. Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.66	-	(1.66)
Total Direct Expenses	$ 605,216	$ -	$ (605,216)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

MRO staff and Registered Entities participate in various NERC committees, working groups and task forces. This participation provides for Regional Entity staff input as well as Registered Entity input into NERC governance and other activities. In order to conform to NERC and the other Regions, in mid-2013 MRO began recording these costs in the traveling employee's department rather than in 1100 Technical Committees and Member Forums. Therefore no costs are budgeted for this program in 2015.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TECHNICAL COMMITTEES and MEMBER FORUMS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 286,447	$ -	$ (286,447)	$ -	$ (286,447)
Payroll Taxes	15,986	-	(15,986)	-	(15,986)
Benefits	15,715	-	(15,715)	-	(15,715)
Retirement Costs	58,368	-	(58,368)	-	(58,368)
Total Personnel Expenses	**$ 376,516**	**$ -**	**$ (376,516)**	**$ -**	**$ (376,516)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	228,700	-	(228,700)	-	(228,700)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 228,700**	**$ -**	**$ (228,700)**	**$ -**	**$ (228,700)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 605,216**	**$ -**	**$ (605,216)**	**$ -**	**$ (605,216)**
Indirect Expenses	**$ (605,216)**	**$ -**	**$ 605,216**	**$ -**	**$ 605,216**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	1.66	-	(1.66)	-	(1.66)

6b. General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.94	2.24	0.30
Total Direct Expenses	$ 692,365	$ 689,147	$ (3,218)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ (866,855)	$ (507,668)	$ 359,187

Program Scope and Functional Description

The MRO General and Administrative function provides executive management over the day-to-day operations of the Corporation.

2015 Key Assumptions

- Work related to NERC and Regional Entity initiatives may impact existing staff resources, training, and business travel costs
- MRO will continue to reimburse approved stakeholder travel costs for participation on NERC committees and working groups
- Any increase or decrease in assessments to achieve desired working capital reserve will be included in the General and Administrative area and will be allocated proportionately based on FTE to the direct program area

2015 Goals and Key Deliverables

The MRO General and Administrative function assures that there is adequate attention to the day-to-day management of the corporation, including facilities and maintenance, board governance, policies and procedures to maintain and enhance operation of the corporation, proper record-keeping, and related responsibilities under applicable regulations as well as MRO's Delegation Agreement.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Assessments

The Board approved an Operating and Working Capital Reserves Policy on March 14, 2013 (see Section B) which is subject to re-evaluation on an annual basis.

Funding Sources

In 2015, the expenses related to the indirect program areas are being allocated entirely to the direct programs.

Personnel Expenses

Budgeted FTEs increase in 2015 as a result of supporting an increase in MRO staff.

Meeting Expenses

The 2015 budgeted meeting expenses decreased because of efficiencies and cost savings realized from hosting meetings at MRO's facility in Saint Paul, Minnesota. The travel increase in 2015 is largely reflective of the change in moving the expenses from Technical Committees and Member Forums, (department 1100) to the traveling employee's department.

Operating Expenses

- The 2015 budget for Consultants and Contracts increased as a result of a shared project manager for REMG initiatives
- The 2015 Budget for Professional Services has been shifted to Legal and Regulatory which supports the independent director fees

Indirect Expenses

Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs.

Other Non-Operating Expenses

N/A

Fixed Asset Additions

N/A

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
GENERAL and ADMINISTRATIVE

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ (866,855)	$ (866,855)	$ -	$ (507,668)	$ 359,187
Penalty Sanctions	-	-		-	-
Total NERC Funding	**$ (866,855)**	**$ (866,855)**	**$ -**	**$ (507,668)**	**$ 359,187**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ (866,855)**	**$ (866,855)**	**$ -**	**$ (507,668)**	**$ 359,187**
Expenses					
Personnel Expenses					
Salaries	$ 289,381	$ 329,681	$ 40,300	$ 335,471	$ 46,090
Payroll Taxes	15,884	17,203	1,319	17,104	1,220
Benefits	14,661	15,610	949	26,121	11,460
Retirement Costs	49,575	56,491	6,916	77,751	28,176
Total Personnel Expenses	**$ 369,501**	**$ 418,986**	**$ 49,485**	**$ 456,447**	**$ 86,946**
Meeting Expenses					
Meetings	$ 35,864	$ 35,864	$ -	$ 30,000	$ (5,864)
Travel	83,000	121,000	38,000	100,000	17,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 118,864**	**$ 156,864**	**$ 38,000**	**$ 130,000**	**$ 11,136**
Operating Expenses					
Consultants & Contracts	$ 40,000	$ 40,000	$ -	$ 70,000	$ 30,000
Office Rent	-	-	-	-	-
Office Costs	64,000	64,000	-	32,700	(31,300)
Professional Services	100,000	100,000	-	-	(100,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 204,000**	**$ 204,000**	**$ -**	**$ 102,700**	**$ (101,300)**
Total Direct Expenses	**$ 692,365**	**$ 779,850**	**$ 87,485**	**$ 689,147**	**$ (3,218)**
Indirect Expenses	**$ (692,365)**	**$ (692,365)**	**$ -**	**$ (689,147)**	**$ 3,218**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ 87,485**	**$ 87,485**	**$ -**	**$ -**
Change in Assets	**$ (866,855)**	**$ (954,340)**	**$ (87,485)**	**$ (507,668)**	**$ 359,187**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	-	-	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ 87,485**	**$ 87,485**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (866,855)**	**$ (954,340)**	**$ (87,485)**	**$ (507,668)**	**$ 359,187**
FTEs	**1.94**	**2.06**	**0.12**	**2.24**	**0.30**

6c. Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.93	1.31	0.38
Total Direct Expenses	$ 271,822	$ 471,607	$ 199,785
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

MRO has one internal corporate legal counsel to provide advice to the Board, the President and CEO, and staff on legal and regulatory matters affecting MRO. MRO may use additional specialized legal resources on an as-needed basis, such as for tax matters, employee benefit plan issues, and significant policy or FERC matters.

2015 Key Assumptions

- In the 2015 Budget, as in the 2014 and 2013 budgets, there are no specific funds for hearings under CMEP Rules; therefore if there were a hearing, MRO would use its current budget resources and reserves to fund the expense
- Travel costs will increase due to more external affairs and communication activities related to new initiatives
- A flat cost of $100,000 is anticipated for the fees and expenses related to participation of the two independent board directors who joined the MRO Board in January 2013

2015 Goals and Key Deliverables

Legal and Regulatory functions are responsible for general corporate legal advice, legal training, and timely, accurate filings to Regulatory authorities. The staff member in this function also serves as the primary MRO staff person to the MRO Board Governance and Personnel Committee. External affairs and communications are also incorporated into this function including outreach to stakeholders and regulators (federal, state and provincial). Outside legal will be used exclusively for any hearings and to supplement internal resources as necessary due to the need for specialized advice or workflow volume.

Communications training is also part of the Legal and Regulatory budget. Communications training is provided as part of MRO's Crisis Communication function. Internal legal counsel serves as the communication coordinator of the MRO Crisis Communication Team and the Vice President of Regulatory Affairs and Enforcement serves as the legal advisor.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources
In 2015, the expenses related to the indirect program areas are allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses
2015 Budget has increased from the 2014 budget reflecting an anticipated personnel shift supporting Legal and Regulatory.

Meeting Expenses
The travel increase in 2015 is partially reflective of the change in moving the expenses from Technical Committees and Member Forums, (department 1100) to the traveling employee's department. Travel costs were also increased to reflect the increased engagement of members of the MRO Board of Director's outreach to U.S. federal regulators and Canadian provincial regulators, two unspecified trips (there were three such trips in 2013) offset by a decrease in the number of trade meetings attended as the Regions are rotating attendance at these meetings.

Operating Expenses
The 2015 Professional Services account has been shifted from General and Administrative to Legal and Regulatory which supports the independent directors. A flat cost of $100,000 is anticipated for the fees and expenses related to the participation of the two independent board directors who joined the MRO Board in January 2013.

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs.

Other Non-Operating Expenses
N/A

Fixed Asset Additions
N/A

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
LEGAL and REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-			-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 173,407	$ 206,260	$ 32,853	$ 252,886	$ 79,479
Payroll Taxes	8,754	10,323	1,569	11,417	2,663
Benefits	2,848	2,848	-	1,499	(1,349)
Retirement Costs	28,163	33,416	5,253	38,255	10,092
Total Personnel Expenses	**$ 213,172**	**$ 252,847**	**$ 39,675**	**$ 304,057**	**$ 90,885**
Meeting Expenses					
Meetings	$ 150	$ 150	$ -	$ 150	$ -
Travel	12,500	23,500	11,000	21,700	9,200
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 12,650**	**$ 23,650**	**$ 11,000**	**$ 21,850**	**$ 9,200**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	6,000	6,000	-	5,700	(300)
Professional Services	40,000	40,000	-	140,000	100,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 46,000**	**$ 46,000**	**$ -**	**$ 145,700**	**$ 99,700**
Total Direct Expenses	**$ 271,822**	**$ 322,497**	**$ 50,675**	**$ 471,607**	**$ 199,785**
Indirect Expenses	**$ (271,822)**	**$ (271,822)**	**$ -**	**$ (471,607)**	**$ (199,785)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ 50,675**	**$ 50,675**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ (50,675)**	**$ (50,675)**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ -		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ 50,675**	**$ 50,675**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ (50,675)**	**$ (50,675)**	**$ -**	**$ -**
FTEs	**0.93**	**1.08**	0.15	**1.31**	**0.38**

6d. Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.13	4.24	1.11
Total Direct Expenses	$ 1,294,652	$ 1,683,178	$ 388,526
Inc(Dec) in Fixed Assets	$ (150,500)	$ (184,200)	$ (33,700)
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

MRO's Information Technology ("IT") program responds to business needs by collaborating with NERC on enterprise business systems and providing the technology and communications tools for MRO staff to perform Regional Entity functions.

2015 Key Assumptions

NERC and the Regional Entities will collaboratively work to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting both NERC and Regional Entity operation, and maintenance of NERC and Regional Entity approved enterprise applications. MRO shall include appropriate funding for applications and supporting systems designed to satisfy Regional business needs that are not within the mutually agreed upon scope of the ERO Enterprise applications which are funded by NERC.

IT deploys business systems and provides technical support and training for the technologies used at MRO. Systems include secure networks, business applications, office equipment such as copiers and fax machines, servers to support connected and shared resources, personal computers, printers, handheld devices, telephones, remote access, and conference solutions.

IT has a keen focus on availability of networks and systems, maintenance of those systems, investigation of issues, and deployment of new tools. Managing IT is essential to staff productivity.

2015 Goals and Key Deliverables

The IT program's goal is to provide secure technology solutions that enable staff to have information and data to perform business functions, both locally and remotely, along with communications technologies to support interaction among staff, Registered Entities, and others.

The SharePoint application will continue to grow in terms of functionality implemented by MRO to provide greater support for business needs.

A detailed network review will be completed in 2015 to ensure maximum efficiency and security of the MRO network. This effort started in 2014.

To continue building and implementing enterprise applications, resources will be required from NERC and the Regions. New ERO applications will be centralized in one location to maximize efficiency of technology hardware, resources and data security.

NERC and the Regions anticipate a need to support the following projects: (i) an ERO Enterprise project resulting from the compliance assessment project being conducted in 2014, which may include a common audit management tool and some level of work associated with the CRATS platform and (ii) the development of a Reliability Assessment Data System (RADS).

NERC will continue to fund the development and maintenance of Enterprise applications. Regional Entities may be required to allocate or augment business teams to help develop application business requirements and to test business functionality within the enterprise applications.

Funding Sources and Requirements — Explanation of Increase (Decrease)
Funding Sources
In 2015, the expenses related to indirect program areas are being allocated entirely to the direct programs.

Personnel Expenses
Personnel costs increased in 2015 as a result of adding a business analyst to the MRO staff as well as increasing executive support in this area. In 2013 MRO added a Business System Analyst to its staff. The role of this position is to work with IT staff to implement technologies to enable greater business efficiencies. The position was added at the beginning of the MRO SharePoint and website projects and is responsible for coordinating the SharePoint implementation along with all future enhancements, the new MRO website implementation, as well as other business applications in the Compliance and Finance areas.

Meeting Expenses
Travel costs increased as a result of additional staff.

Operating Expenses
- 2015 Consultants and Contracts expense has increased due to one-time set-up costs for SharePoint expansion and a detailed network review
- 2015 Office Costs have gone up due to the impact of higher FTEs at MRO. MRO's overall FTE staffing has increased from 20.00 in 2007 to 42.50 in 2015

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs.

Other Non-Operating Expenses
N/A

Fixed Asset Additions

2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

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
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	$ -	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 305,832	$ 305,832	$ -	$ 427,779	$ 121,947
Payroll Taxes	23,186	23,186	-	32,213	9,027
Benefits	33,013	33,013	-	45,177	12,164
Retirement Costs	66,171	66,171	-	103,259	37,088
Total Personnel Expenses	**$ 428,202**	**$ 428,202**	**$ -**	**$ 608,428**	**$ 180,226**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	4,000	4,000	-	8,000	4,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 4,000**	**$ 4,000**	**$ -**	**$ 8,000**	**$ 4,000**
Operating Expenses					
Consultants & Contracts	$ 212,400	$ 212,400	$ -	$ 332,600	$ 120,200
Office Rent	-	-	-	-	-
Office Costs	179,050	179,050	-	213,150	34,100
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	471,000	471,000	-	521,000	50,000
Total Operating Expenses	**$ 862,450**	**$ 862,450**	**$ -**	**$ 1,066,750**	**$ 204,300**
Total Direct Expenses	**$ 1,294,652**	**$ 1,294,652**	**$ -**	**$ 1,683,178**	**$ 388,526**
Indirect Expenses	**(1,294,652)**	**$ (1,294,652)**	**$ -**	**$ (1,683,178)**	**$ (388,526)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(471,000)	(471,000)	-	(521,000)	(50,000)
Computer & Software CapEx	320,500	320,500	-	316,800	(3,700)
Furniture & Fixtures CapEx	-	-	-	20,000	20,000
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ 150,500	$ 150,500	-	$ 184,200	$ 33,700
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	**3.13**	**3.13**	**-**	**4.24**	**1.11**

6e. Human Resources

Human Resources costs are included in Finance and Accounting.

6f. Human Resources, Finance, and Accounting

Accounting and Finance (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.30	3.63	0.33
Total Direct Expenses	$ 1,206,672	$ 1,238,701	$ 32,029
Inc(Dec) in Fixed Assets	$ 50,000	$ -	$ (50,000)
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

Human Resources

The Human Resource function of MRO designs, plans, and implements Human Resource policies and procedures in adherence with applicable federal and state laws. The Human Resource function also organizes the recruitment efforts of the organization and coordinates onboarding, training, personnel development, and best practice employee retention initiatives.

MRO has developed a culture and talent management program that features an in-depth communication and training plan. New hire training initiatives and employee collaborations are planned to create an opportunity for peer-to-peer internal mentorship and team building. The program also facilitates MRO's enterprise-wide corporate compliance and ethics program. MRO reviewed its employee engagement and culture enrichment activities in an effort to positively impact both the experience of new employees upon arrival at MRO, as well as the overall corporate culture to be an "employer of choice."

Finance and Accounting

The Finance and Accounting function directs the overall financial plans and accounting practices of the organization, oversees treasury, accounting, budget, tax, and audit activities, and oversees financial and accounting system controls and standards. The Finance and Accounting function also administrates employee benefit plans, and reports the overall outcome of is annual activities to the MRO Board.

2015 Goals and Key Deliverables

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

- Annual Independent Audit initiated by the Regional Entity
- Enterprise-wide Corporate Compliance and Ethics Program
- Treasury Functions with MRO Board
- 401(k) and VEBA Trust Administration

Funding Sources and Requirements — Explanation of Increase (Decrease)
MRO's efforts include maintenance of core employee benefits, offsets to non-core benefits when necessary, analysis of office and other operational costs, improving efficiencies, and establishing uniformity in methodologies of cost allocation. MRO staff further explores improved cost effectiveness of routine expenses, and pursues early detection and quick resolution of budget concerns, lessening the impact of cost adjustments. It is our intent to continuously detect and address any risks.

Funding Sources (Other than ERO Assessments)
In 2015, the expenses related to indirect program areas are being allocated entirely to the direct programs and therefore have no ERO assessment revenue.

Personnel Expenses
Personnel expenses increase in 2015 due to an increase in FTEs in this department offset by a reduction of other program executive support.

Meeting Expenses
Costs are expected to increase for attending regional budget group meetings rather than teleconferencing in as in the past.

Operating Expenses
- The Office Rent from 2014 to 2015 decreased based on actual trending of common area maintenance (CAM) and taxes
- An increase in Consultants and Contracts costs is due to the upgrade of accounting and human resource information systems
- The 2015 increase in Office Costs is a result of relocation of office supply and employee-related expenses from General and Administrative to Finance
- Professional Services expenses decrease as a result of negotiated service costs and reduction in the scope of professional services needed

Indirect Expenses
Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs.

Other Non-Operating Expenses
No dollars are necessary in 2015.

Fixed Asset Additions
2015 fixed assets related to indirect programs have been allocated proportionately based on FTE to the direct programs.

Human Resources, Finance, and Accounting

Funding sources and related expenses for the Human Resources, Accounting, and Finance section of the 2015 business plan is shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
FINANCE and ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 348,717	$ 348,717	$ -	$ 353,095	$ 4,378
Payroll Taxes	23,459	23,459	-	23,043	(416)
Benefits	34,384	34,384	-	33,615	(769)
Retirement Costs	71,365	71,365	-	69,199	(2,166)
Total Personnel Expenses	**$ 477,925**	**$ 477,925**	**$ -**	**$ 478,951**	**$ 1,026**
Meeting Expenses					
Meetings	$ 500	$ 500	$ -	$ 500	$ -
Travel	3,000	3,000	-	4,500	1,500
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 3,500**	**$ 3,500**	**$ -**	**$ 5,000**	**$ 1,500**
Operating Expenses					
Consultants & Contracts	$ 25,000	$ 25,000	$ -	$ 30,900	$ 5,900
Office Rent	524,827	524,827	-	501,000	(23,827)
Office Costs	115,420	115,420	-	169,350	53,930
Professional Services	60,000	60,000	-	53,500	(6,500)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 725,247**	**$ 725,247**	**$ -**	**$ 754,750**	**$ 29,503**
Total Direct Expenses	**$ 1,206,672**	**$ 1,206,672**	**$ -**	**$ 1,238,701**	**$ 32,029**
Indirect Expenses	**$ (1,206,672)**	**$ (1,206,672)**	**$ -**	**$ (1,238,701)**	**$ (32,029)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ (1)**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ 1**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	50,000	50,000	-	-	(50,000)
Allocation of Fixed Assets	$ (50,000)	$ (50,000)	$ -	-	50,000
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ (1)**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ 1**	**$ -**	**$ -**
FTEs	**3.30**	**3.30**		**3.63**	**0.33**

Section B — Supplemental Financial Information

1. Supplemental Financial Information Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2013	2,784,423
Plus: 2014 MRO Funding (from LSEs or designees)	8,741,444
Less: 2014 Projected expenses & capital expenditures	(9,744,799)
Projected Working Capital Reserve (Deficit), December 31, 2014 [1]	**1,781,068**
Targeted Working Capital Reserve, December 31, 2015 (($10,328,687 / 365 days) X 45 days)	1,273,400
Less: Projected Working Capital Reserve, December 31, 2014	(1,781,068)
Increase(decrease) in assessments to achieve targeted Working Capital Reserve	(507,668)
2015 Expenses and Capital Expenditures	10,328,687
Less: Penalty Sanctions [2]	(395,000)
Less: Other Funding Sources	0
Adjustment to achieve targeted Working Capital Reserve	(507,668)
2015 MRO Assessment	9,426,019

[1] MRO's projected reserve December 31, 2014 assumes that there will not be a material difference between budgeted versus actual/projected results from 2014.

[2] Represents collections on or prior to June 30, 2014. See page 54 for full disclosure.

2. Explanation of Changes in Reserve Policy from Prior Years to Current Year

MRO previously had a cash reserve policy to maintain 45 days of cash beginning in 2010 with funding increments of one-third each year, subject to periodic re-evaluation. On March 14, 2013, the MRO Board approved an Operating and Working Capital Reserve Policy. Pursuant to the approved policy the amount of MRO's operating capital reserves shall be identified and quantified each year in the business plan and budget (shown in Table B-1) submitted first to the MRO FAC for review, and then to the MRO Board of Directors for approval. If the approved amount is different than what MRO will have available for the upcoming budget year, then MRO will increase or decrease the reserve requirement as appropriate by the difference.

3. Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Statement of Activities on page 15 of the MRO 2015 Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARDS. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to June 30, 2014 are listed below, including the amount and date received.

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

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
	8/8/2013	$ 10,000
	8/12/2013	20,000
	10/31/2013	250,000
	12/23/2013	6,000
	12/20/2013	34,000
	2/27/2014	10,000
	3/5/2014	45,000
	5/8/2014	20,000
Total Penalties Received		$ 395,000

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Compliance Monitoring, Enforcement & Org. Registration				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
Total	$ -	$ -	$ -	$ -
Training and Education				
Testing Fees and Certificate Renewals	$ -	$ -	$ -	-
CEH Fees	-	-	-	-
Workshops	-	-	-	-
Total	$ -	$ -	$ -	$ -
Situation Awareness and Infrastructure Security				
FIST Royalties	$ -	$ -	$ -	$ -
TSIN Fees				
Total	$ -	$ -	$ -	$ -
General and Administrative				
Interest Income	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	$ -	$ -	$ -	$ -

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

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

4. Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Total Salaries	$ 5,178,538	$ 5,178,538	$ 5,522,559	$ 344,021	6.6%
Total Payroll Taxes	339,154	339,154	357,594	18,440	5.4%
Total Benefits	412,222	412,222	438,920	26,698	6.5%
Total Retirement	968,920	968,920	1,033,187	64,267	6.6%
Total Personnel Costs	$ 6,898,834	$ 6,898,834	$ 7,352,260	$ 453,426	6.6%
FTEs	40.75	40.75	42.50	1.75	4.3%
Cost per FTE					
Salaries	$ 127,081	$ 127,081	$ 129,943	2,862	2.3%
Payroll Taxes	8,323	8,323	8,414	91	1.1%
Benefits	10,116	10,116	10,328	212	2.1%
Retirement	23,777	23,777	24,310	533	2.2%
Total Cost per FTE	**$ 169,297**	**$ 169,297**	**$ 172,994**	**$ 3,698**	**2.2%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

5. Consultants and Contracts

Table B-5

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards and Organization Registration and Certification	$ -	$ -	$ -	$ -	
Compliance	3,000	3,000	28,000	25,000	833%
Reliability Assessment and Performance Analysis (Alert)	20,000	20,000	20,000	-	0%
Event Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	40,000	40,000	70,000	30,000	75%
Legal and Regulatory	-	-	-	-	
Information Technology	100,000	100,000	205,000	105,000	105%
Human Resources	-	-	-	-	
Accounting and Finance	5,000	5,000	5,000	-	0
Consultants Total	$ 168,000	$ 168,000	$ 328,000	$ 160,000	95%
				-	

Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts					
Outsource Standards Tracking Software Applications	$ 12,000	$ 12,000	$ 13,236	1,236	10%
Subtotal - Reliability Standards Contracts	**$ 12,000**	**$ 12,000**	**$ 13,236**	1,236	10%
Outsource Compliance Information Tracking Applications				-	
Subtotal - Compliance and Organization Registration and Certification Contracts	$ 124,000	$ 124,000	$ 83,000	(41,000)	-33%
	$ 124,000	**$ 124,000**	**$ 83,000**	(41,000)	-33%
Model Series Development (MRO's portion of expenses of the MMWG/ERAG)	$ 26,700	$ 26,700	$ 25,400	(1,300)	-5%
Model Building	38,000	38,000	30,100	(7,900)	-21%
PTI Software	22,000	22,000	23,200	1,200	5%
Data Collection Expansion	20,000	20,000	20,000	-	0%
Subtotal - Reliability Assessments Contracts	**$ 106,700**	**$ 106,700**	**$ 98,700**	**$ (8,000)**	-7%
Cisco	20,000	20,000	25,000	5,000	25%
Barracuda	5,500	5,500	2,600	(2,900)	-53%
Domain Registration	500	500	500	-	0%
EFT Maintenance	6,900	6,900	7,200	300	4%
Symantec Antivirus	5,000	5,000	5,000	-	0%
Varonis File Maintenance	8,500	8,500	8,500	-	0%
Net App Data Storage Maintenance	20,000	20,000	23,000	3,000	15%
Lyris	-	-	1,300	1,300	
VMWare	14,000	14,000	14,000	-	0%
SmartPhone Maintenance	6,000	6,000	6,000	-	0%
Server Support	6,000	6,000	6,000	-	0%
Great Plains	-	-	4,000	4,000	
Comodo-Certificates	1,500	1,500	1,500	-	0%
CRM and Scribe	11,500	11,500	-	(11,500)	-100%
NetApp Multistore-Security software for SAN	7,000	7,000	8,000	1,000	14%
Load Balancer Support			5,500	5,500	
Network Monitor			3,300	3,300	
Somus HW Support			4,000	4,000	
Anitspam Service			2,200	2,200	
Subtotal - Information Technology Contracts	**$ 112,400**	**$ 112,400**	**$ 127,600**	**$ 15,200**	**14%**
401K / 457b, 457f 3rd Party Administrator	4,000	4,000	-	(4,000)	-100%
FSA 3rd Party Administrator	1,200	1,200	1,800	600	50%
Transportation 3rd Party Administrator	2,800	2,800	1,200	(1,600)	-57%
Benefits 3rd Party Administrator	2,000	2,000	3,900	1,900	95%
Payroll 3rd Party Administrator	10,000	10,000	19,000	9,000	90%
HR-Employment Costs	-	-	-	-	
Subtotal - HR and Finance Contracts	**$ 20,000**	**$ 20,000**	**$ 25,900**	5,900	30%
Contracts Total	$ 375,100	$ 375,100	$ 348,436	$ (26,664)	-7%
Total Consulting and Contracts	**$ 543,100**	**$ 543,100**	**$ 676,436**	**$ 133,336**	25%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Consulting Expenses

- Compliance consulting expenses are budgeted to increase in 2015 caused by change orders for webCDMS design which is more than offset by the decrease in compliance contract costs. Enhancements are either paid by a single upgrade consulting cost or by increasing the monthly contractual amount. In this instance it is anticipated to be charged through a consulting cost.
- Reliability Assessments and Performance Analysis remains flat in 2015.
- General and Administrative increased as a result of shared project manager for REMG.
- IT increased as SharePoint application will continue to grow in terms of functionality implemented by MRO to provide greater support for business needs. A detailed network review will be completed in 2015 to ensure maximum efficiency and security of the MRO network. This effort started in 2014.

Contract Expenses

- Compliance contract costs decreased as offset by the compliance consulting expense is increased.
- Reliability Assessments and Performance Analysis costs decreased in 2015 primarily because MRO removed the contingency dollars for Model Building cost over runs.
- Information Technology costs remain flat in this timeline.
- Human Resources and Finance costs increase for 2015 due to the time recording system upgrade and additional functionality.

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 513,827	$ 513,827	$ 490,000	$ (23,827)	-4.6%
Utilities	5,000	5,000	6,000	1,000	20.0%
Maintenance	6,000	6,000	5,000	(1,000)	-16.7%
Office Cleaning	-	-	-	-	
Waste Management	-	-	-	-	
Total Office Rent	**$ 524,827**	**$ 524,827**	**$ 501,000**	**$ (23,827)**	**-4.54%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office Rent

The Office Rent from 2014 to 2015 decreased based on actual trending of common area maintenance (CAM) and taxes.

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Phone Service					
Data Circuit (qmoe)	$ 13,500	$ 13,500	$ 60,000	$ 46,500	344.44%
Data Circuit (dsl)	14,300	14,300	-	(14,300)	-100.00%
Voice Circuits	14,000	14,000	14,000	-	0.00%
Business Cable	2,000	2,000	2,000	-	0.00%
Internet Service Provider	32,850	32,850	23,800	(9,050)	-27.55%
Internet/Cell	45,864	45,864	47,291	1,427	3.11%
Office Supplies	24,300	24,300	24,000	(300)	-1.23%
Employee Member Events	15,000	15,000	15,000	-	0.00%
Employee Related Expense (Drug Testing, Finder Fees Etc)	9,000	9,000	9,500	500	5.56%
Computer Supplies and Maintenance	60,300	60,300	61,300	1,000	1.66%
Publications & Subscriptions	5,400	5,400	5,900	500	9.26%
Professional Dues	22,960	22,960	17,850	(5,110)	-22.26%
Postage	2,700	2,700	2,700	-	0.00%
Temporary Services	-	-	-	-	
Finance-Filing/Reg Fees	6,000	6,000	7,000	1,000	16.67%
Equipment Repair/Service Contracts	20,800	20,800	28,150	7,350	35.34%
Bank Charges	15,500	15,500	18,600	3,100	20.00%
Sales & Use Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity & Supplies Promotional	-	-	5,000	5,000	
Departmental Functional Training	148,650	148,650	147,800	(850)	-0.57%
Insurance Expense	50,000	50,000	50,000	-	0.00%
Total Office Costs	**$ 503,124**	**$ 503,124**	**$ 539,891**	**$ 36,767**	**7.31%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Phone Service

Increased our internet connection by a factor of 10 and added a redundant circuit. Part of the increase is offset by elimination of the DSL and a reduction of costs by our internet service provider.

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Independent Trustee Fees	$ 100,000	$ 100,000	$ 100,000	$ -	0.00%
Outside Legal	45,000	45,000	40,000	(5,000)	-11.11%
Accounting and Auditing Fees	45,000	45,000	28,500	(16,500)	-36.67%
Actuarial Fees	15,000	15,000	25,000	10,000	66.67%
Total Services	**$ 205,000**	**$ 205,000**	**$ 193,500**	**$ (11,500)**	**-5.61%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget
IT audit scope for 2015 is included in IT consulting fees.

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	
Line of Credit Payment		-		-	
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**100.00%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget
No dollars are necessary in 2015 Budget.

Section C — 2014 Non-Statutory Business Plan and Budget

In the 2015 Business Plan and Budget, MRO will not have non-statutory functions.

Section D - Additional Financial Statements

1. 2015 Consolidated Statement of Activities by Program, Statutory and Non Statutory

				Statutory Activities												Non-Statutory Functions		
Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards and Organizational Registration (Section 300 and 500)	Compliance and Organization Registration (Section 400)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total		
Funding																		
ERO Funding																		
NERC Assessments	9,426,019	9,426,019	-	9,426,019	375,092	6,713,598	2,475,355	291,747	77,894		(507,668)	-	-	-	-	-	-	
Penalty Sanctions	395,000	395,000	-	395,000	12,836	280,618	95,954	3,559	2,033		-					-		
Total NERC Funding	**9,821,019**	**9,821,019**	**-**	**9,821,019**	**387,929**	**6,994,216**	**2,571,309**	**295,306**	**79,927**		**(507,668)**	**-**	**-**	**-**	**-**	**-**		
Membership Dues	-	-	-	-												-		
Testing Fees	-	-	-	-												-		
Services & Software	-	-	-	-												-		
Workshops	-	-	-	-												-		
Interest	-	-	-	-	-	-	-	-	-							-		
Miscellaneous	-	-	-	-												-		
Total Funding (A)	**9,821,019**	**9,821,019**	**-**	**9,821,019**	**387,929**	**6,994,216**	**2,571,309**	**295,306**	**79,927**		**(507,668)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses																		
Personnel Expenses																		
Salaries	5,522,559	5,522,559	-	5,522,559	156,160	2,894,581	934,523	135,117	32,947		335,471	252,886	427,779	-	353,095	-		
Payroll Taxes	357,594	357,594	-	357,594	9,024	192,689	63,510	6,618	1,976		17,104	11,417	32,213	-	23,043	-		
Benefits	438,920	438,920	-	438,920	10,705	233,912	79,541	6,209	2,141		26,121	1,499	45,177	-	33,615	-		
Retirement Costs	1,033,187	1,033,187	-	1,033,187	31,123	475,589	210,377	22,841	4,794		77,751	38,255	103,259	-	69,199	-		
Total Personnel Expenses	7,352,260	7,352,260	-	7,352,260	207,012	3,796,771	1,287,951	170,785	41,858		456,447	304,057	608,428	-	478,951	-	-	-
Meeting Expenses																		
Meetings	106,600	106,600	-	106,600	2,000	6,250	7,700	60,000	-		30,000	150	-	-	500	-		
Travel	622,200	622,200	-	622,200	33,600	221,900	187,100	29,400	16,000		100,000	21,700	8,000	-	4,500	-		
Conference Calls	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-		
Total Meeting Expenses	728,800	728,800	-	728,800	35,600	228,150	194,800	89,400	16,000		130,000	21,850	8,000	-	5,000	-	-	-
Operating Expenses																		
Consultants & Contracts	676,436	676,436	-	676,436	13,236	111,000	118,700	-	-		70,000	-	332,600	-	30,900	-		
Office Rent	501,000	501,000	-	501,000	-	-	-	-	-		-	-	-		501,000	-		
Office Costs	539,891	539,891	-	539,891	5,394	88,752	22,845	-	2,000		32,700	5,700	213,150	-	169,350	-		
Professional Services	193,500	193,500	-	193,500	-	-	-	-	-		-	140,000	-	-	53,500	-		
Miscellaneous	-	-	-	-	-	-	-	-	-			-		-		-		
Depreciation	521,000	521,000	-	521,000	-	-	-	-	-		-	-	521,000		-	-		
Total Operating Expenses	2,431,827	2,431,827	-	2,431,827	18,630	199,752	141,545	-	2,000		102,700	145,700	1,066,750	-	754,750	-	-	-
Total Direct Expenses	**10,512,887**	**10,512,887**	**-**	**10,512,887**	**261,242**	**4,224,673**	**1,624,296**	**260,185**	**59,858**		**689,147**	**471,607**	**1,683,178**	**-**	**1,238,701**	**-**	**-**	
Indirect Expenses	-	-	-	-	132,672	2,900,403	991,759	36,780	21,017		(689,147)	(471,607)	(1,683,178)	-	(1,238,701)	-		
Other Non-Operating Expenses	**-**	**-**	**-**	**-**	-	-	-	-	-		-	-	-	-		-		
Total Expenses (B)	**10,512,887**	**10,512,887**	**-**	**10,512,887**	**393,914**	**7,125,076**	**2,616,055**	**296,965**	**80,875**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**(691,868)**	**(691,868)**	**-**	**(691,868)**	**(5,986)**	**(130,860)**	**(44,746)**	**(1,659)**	**(948)**		**(507,668)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fixed Assets																		
Depreciation	(521,000)	(521,000)	-	(521,000)	-	-	-	-	-		-	-	(521,000)	-	-	-	-	
Computer & Software CapEx	316,800	316,800	-	316,800									316,800			-		
Furniture & Fixtures CapEx	20,000	20,000	-	20,000									20,000			-		
Equipment CapEx	-	-	-	-												-		
Leasehold Improvements	-	-	-	-												-		
Allocation of Fixed Assets	0	0	-	0	(5,986)	(130,860)	(44,746)	(1,659)	(948)		-	-	184,200	-	-	-	-	
Inc(Dec) in Fixed Assets (C)	**(184,200)**	**(184,200)**	**-**	**(184,200)**	**(5,986)**	**(130,860)**	**(44,746)**	**(1,659)**	**(948)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**10,328,687**	**10,328,687**	**-**	**10,328,687**	**387,929**	**6,994,216**	**2,571,309**	**295,306**	**79,927**		**-**	**-**	**-**	**-**	**-**	**-**		
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**9,636,819**	**9,636,819**	**-**	**(507,668)**	**-**	**(0)**	**(0)**	**(0)**	**0**		**(507,668)**	**-**	**-**	**-**	**-**	**-**		
FTEs	**42.50**	**42.50**	**-**	**42.50**	**1.01**	**22.08**	**7.55**	**0.28**	**0.16**		**2.24**	**1.31**	**4.24**	**-**	**3.63**	**-**		

2. Statement of Financial Position

- As of December 31, 2013
- As of December 31, 2014
- As of December 31, 2015

Statement of Financial Position
2013 Audited, 2014 Projection, and 2015 Budget

STATUTORY

	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS			
Cash	3,739,705	2,364,464	2,500,964
Restricted Cash	136,516	136,500	395,000
Other Receivables	34,726	-	-
Prepaid expenses and other current assets	263,633	138,237	138,237
Security deposit	39,858	39,858	39,858
Restricted Cash - non-curernt	320,013	-	-
Property and equipment and capitalized software	1,380,789	1,437,129	1,336,629
Total Assets	**5,915,240**	**4,116,188**	**4,410,688**
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	1,390,156	1,437,500	2,340,168
Postretirement medical benefit obligation	153,171	478,064	357,946
Deferred assessments - non-current	320,013	-	-
Deferred rent - non-current	309,572	439,174	439,174
Total Liabilities	**2,172,912**	**2,354,738**	**3,137,288**
Net Assets - unrestricted	3,742,327	1,761,450	1,273,400
Total Liabilities and Net Assets	**5,915,239**	**4,116,188**	**4,410,688**

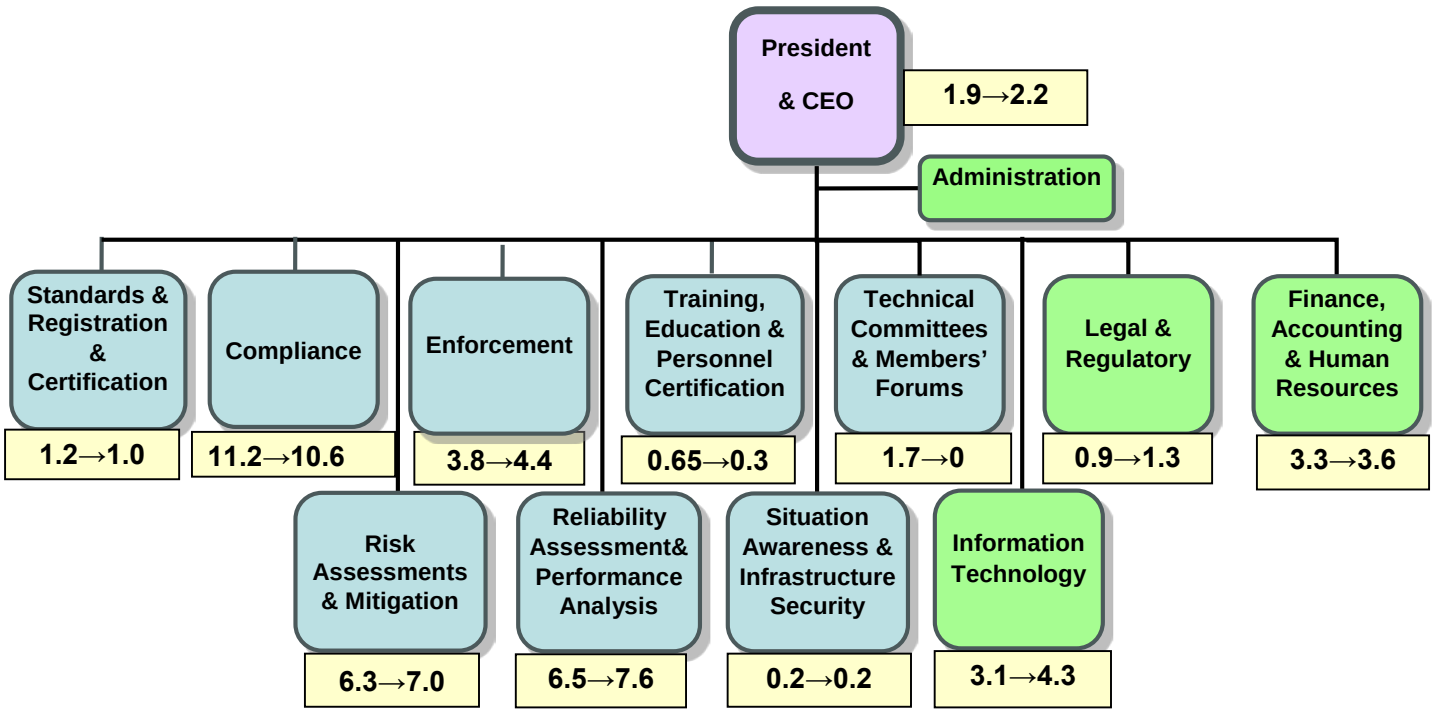
3. Statement of Activities and Capital Expenditures

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2016 and 2017 Projections

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	$ 9,426,019	$ 9,569,450	$ 143,431	1.52%	$ 9,892,630	$ 323,180	3.3%
Penalty Sanctions	395,000	-	(395,000)	-100.00%	-	-	
Total NERC Funding	**$ 9,821,019**	**$ 9,569,450**	**$ (251,569)**	**-2.6%**	**$ 9,892,630**	**$ 323,180**	**3.3%**
Membership Dues	-		-			-	
Testing Fees	-		-			-	
Services & Software	-		-			-	
Workshops	-		-			-	
Interest	-		-			-	
Miscellaneous	-		-			-	
Total Funding (A)	**$ 9,821,019**	**$ 9,569,450**	**$ (251,569)**	**-2.6%**	**$ 9,892,630**	**$ 323,180**	**3.4%**
Expenses							
Personnel Expenses							
Salaries	$ 5,522,559	$ 5,688,236	$ 165,677	3.0%	$ 5,887,324	$ 199,088	3.5%
Payroll Taxes	357,594	368,322	10,728	3.0%	381,213	12,891	3.5%
Benefits	438,920	452,087	13,168	3.0%	467,910	15,823	3.5%
Retirement Costs	1,033,187	1,064,183	30,996	3.0%	1,101,429	37,246	3.5%
Total Personnel Expenses	**$ 7,352,260**	**$ 7,572,828**	**$ 220,568**	**3.0%**	**$ 7,837,877**	**$ 265,049**	**3.5%**
Meeting Expenses							
Meetings	$ 106,600	$ 109,798	$ 3,198	3.0%	$ 113,641	3,843	3.5%
Travel	622,200	640,866	18,666	3.0%	663,296	22,430	3.5%
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	**$ 728,800**	**$ 750,664**	**$ 21,864**	**3.0%**	**$ 776,937**	**$ 26,273**	**3.5%**
Operating Expenses							
Consultants & Contracts	$ 676,436	$ 703,493	27,057	4.0%	$ 731,633	28,140	4.0%
Office Rent	501,000	513,525	12,525	2.5%	526,363	12,838	2.5%
Office Costs	539,891	556,088	16,197	3.0%	572,770	16,683	3.0%
Professional Services	193,500	199,305	5,805	3.0%	205,284	5,979	3.0%
Miscellaneous	-	-	-		-	-	
Depreciation	521,000	534,025	13,025	2.5%	547,376	13,351	2.5%
Total Operating Expenses	**$ 2,431,827**	**$ 2,506,436**	**$ 74,609**	**3.1%**	**$ 2,583,426**	**$ 76,990**	**3.1%**
Total Direct Expenses	**$ 10,512,887**	**$ 10,829,928**	**$ 317,041**	**3.0%**	**$ 11,198,240**	**$ 368,312**	**3.4%**
Indirect Expenses	**$ -**	**$ -**			**$ -**	**$ -**	
Other Non-Operating Expenses	**$ -**		**$ -**			-	
Total Expenses (B)	**$ 10,512,887**	**$ 10,829,928**	**$ 317,041**	**3.0%**	**$ 11,198,240**	**368,312**	**3.4%**
Change in Assets	**$ (691,868)**	**$ (1,260,478)**	**$ (568,610)**	**82.2%**	**$ (1,305,610)**	**$ (45,132)**	**3.6%**
Fixed Assets					-		
Depreciation	$ (521,000)	$ (534,025)	$ (13,025)	2.5%	$ (547,376)	$ (13,351)	2.5%
Computer & Software CapEx	316,800	323,136	6,336	2.0%	332,830	9,694	3.0%
Furniture & Fixtures CapEx	20,000	20,400	400	2.0%		(20,400)	-100.0%
Equipment CapEx	-	-	-			-	
Leasehold Improvements	-	-	-		-	-	
Allocation of Fixed Assets							
Inc(Dec) in Fixed Assets (C)	**$ (184,200)**	**$ (190,489)**	**$ (6,289)**	**3.4%**	**$ (214,546)**	**$ (45,132)**	**0.0%**
TOTAL BUDGET (=B + C)	**$ 10,328,687**	**$ 10,639,439**	**$ 310,752**	**3.0%**	**$ 10,983,695**	**$ 368,312**	**3.5%**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (507,668)**	**$ (1,069,989)**	**$ (562,321)**	**110.8%**	**$ (1,091,065)**	(21,076)	**2.0%**

Attachment A

2014 to 2015 Full Time Equivalent (FTE)
Comparison Organization Chart



40.75→42.5

FTE Trend from 2014 to 2017

2014	2015	2016 Estimate	2017 Estimate
40.75	42.5	42.5	42.5

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 5

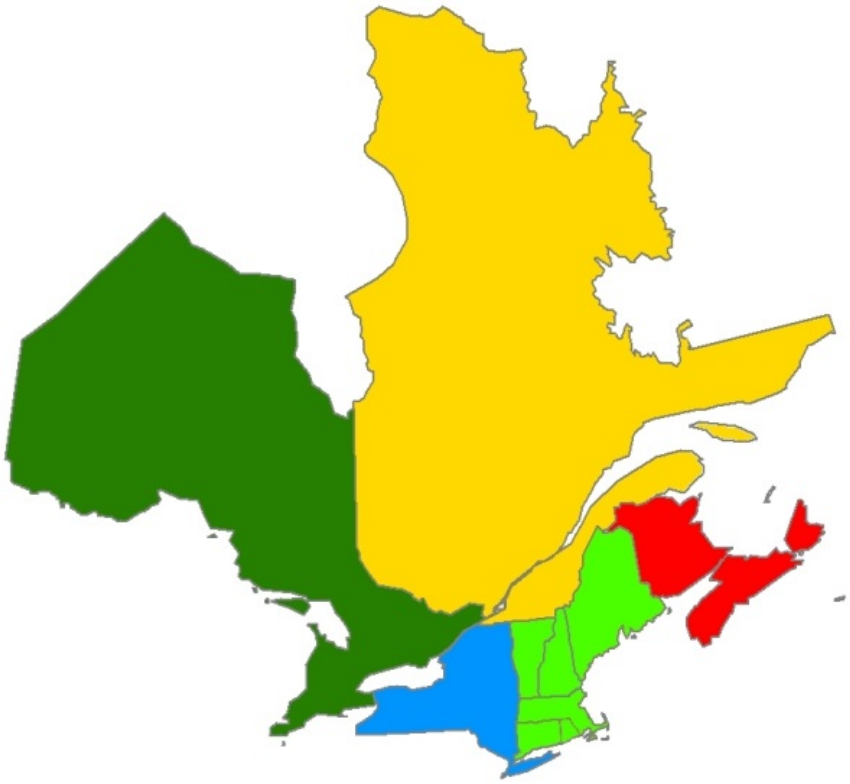
NORTHEAST POWER COORDINATING COUNCIL, INC.

PROPOSED 2015 BUSINESS PLAN AND BUDGET

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

Northeast Power Coordinating Council, Inc. (NPCC)

2015 Business Plan and Budget



Approved by the
NPCC Board of Directors
at its June 26, 2014 meeting and
Resubmitted to NERC June 27, 2014

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Introduction

Total NPCC Resources (in w hole dollars)	2015 Budget	U.S.	Canada	Mexico
Regional Entity Division FTEs	36.86			
Criteria Services Division FTEs	2.14			
Total FTEs	**39.0**			
Regional Entity Division Expenses	$14,758,558			
Criteria Services Division Expenses	$1,139,452			
Total Expenses	**$15,898,011**			
Regional Entity Division Inc(Dec) in Fixed Assets	**$19,981**			
Criteria Services Division Inc(Dec) in Fixed Assets	**($10,011)**			
Total Inc(Dec) in Fixed Assets	**$9,970**			
Regional Entity Division Working Capital Requirement**	**($355,161)**			
Criteria Services Division Working Capital Requirement***	**($94,220)**			
Total Working Capital Requirement	**($449,381)**			
Total Regional Entity Division Funding Requirement	$14,423,378			
Total Criteria Services Division Funding Requirement	$1,035,221			
Total Funding Requirement	**$15,458,599**			
Regional Entity Division Assessments	**$14,068,878**	**$8,759,736**	**$5,309,142**	
Regional Entity Division Assessments Percentage	**100.0%**	**62.3%**	**37.7%**	
Criteria Services Division Membership Fees	**$1,035,221**	**$467,474**	**$567,747**	
Total NPCC Assessments & Membership Fees	**$15,104,099**	**$9,227,210**	**$5,876,889**	
NEL	648,607,000	292,891,000	355,716,000	
NEL %	100%	45.16%	54.84%	

** Refer to Table B-1 on page 77 in Section B.
*** Refer to the Reserve Analysis on page 96 in Section C.

2015 Overview of Total NPCC Resource Requirements

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

NPCC proposes to increase its total funding requirement from $14,818,588 to $15,458,599 in 2015, an increase of $640,011 or 4.3%. The proposed 2015 funding requirements will be satisfied by a Regional Entity division assessment of $14,068,878 and Criteria Services division fees of $1,035,221, an overall increase of 3.4% compared to the 2014 total assessments and fees of $14,601,588. NPCC believes that the Region remains an effective provider of Regional Entity and Criteria Services division functions. NPCC's corporate culture centers on consistent delivery of excellent results at a cost that is considerate of the longstanding tradition in the Northeast of affordable and reliable electricity.

Organizational Overview

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

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

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 56 million people. NPCC U.S. includes the six New England states and the state of New York. NPCC Canada includes the provinces of Ontario, Québec and the Maritime provinces of New Brunswick and Nova Scotia. In total, from a net energy for load perspective, NPCC is approximately 45% U.S. and 55% Canadian. With regard to Canada, approximately 70% of Canadian net energy for load is within the NPCC Region.

Effective January 1, 2012, NPCC executed an Amended and Restated Regional Delegation Agreement with the North American Electric Reliability Corporation (NERC) that delegates to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by *Section 215* of the Federal Power Act in the U.S. In addition, NPCC has executed Memoranda of Understanding or Agreements with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick and Nova Scotia.

In this 2015 business plan, NPCC has included activities consistent with NERC initiatives including the implementation of the revised BES definition, risk-based registration, the Reliability Assurance Initiative, and expanded training for compliance auditing.

It is imperative that NPCC maintain its ability to carry out delegated authorities and responsibilities. NPCC has a flat 2015 targeted staffing level of 39 power industry professionals and support personnel. Details of the 2015 business plans and budget for each program area are included in Section A for the Regional Entity division. The 2015 Regional Entity division schedules are shown in Section B. Section C details the 2015 criteria services division business plan and budget.

Membership and Governance

NPCC monitors approximately 300 registered entities and some 602 functions in the Region for compliance with mandatory Reliability Standards. NPCC currently has approximately 78 members. There are two categories of membership, General and Full. The two categories distinguish between Regional Entity delegated services that are provided in support of the U.S. FERC and Canadian provincial MOUs or Agreements with regulatory and/or governmental authorities, and Criteria Services which FERC references as U.S. non-delegated activities.

General Membership is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the Electric Reliability Organization (ERO) that has an interest in the reliable operation of the Northeastern North American bulk power system. General Members which are also registered entities within the NPCC Region are subject to compliance with Reliability Standards, consistent with their registration, and also receive additional services from the Regional Entity division of NPCC.

Full Membership is available to Members which are already General Members and participate in electricity markets in the Northeast. Independent system operators (ISOs), Regional transmission organizations (RTOs), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional

reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with Regionally-specific more stringent reliability criteria for their generation and transmission facilities on which faults or disturbances can have a significant adverse impact outside of the local area and which are identified utilizing a reliability impact-based methodology, in addition to Reliability Standards, and receive additional services from the Criteria Services division of NPCC, which is not funded through the ERO.

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

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

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

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

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

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

International Foundation

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

a) U.S. Foundation

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

b) Ontario

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

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

The IESO is subject to compliance monitoring and enforcement by NPCC. The IESO is also subject to compliance monitoring and enforcement of the Ontario market rules by the IESO's Market Assessment and Compliance Division (MACD) that operates at arm's length from the IESO's business units. The MOU notes that where MACD, NERC, and NPCC engage in

investigations pursuant to their respective mandates regarding compliance, MACD can request to take the lead. Moreover, of the three, MACD is the only entity that can assess financial penalties for any Ontario market participant's or the IESO's non-compliance with Ontario market rules, which includes non-compliance with NERC standards and NPCC criteria.

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

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

c) Québec

The Régie de l'énergie, NERC and NPCC are parties to the May 8, 2009 *Agreement on the Development of Electric Power Transmission Reliability Standards and of Procedures and a Program for the Monitoring of the Application of These Standards for Québec* (the Agreement). Under the terms of the Agreement, the Régie de l'énergie , which is charged with ensuring the reliability of the electric transmission in Québec, retained NPCC and NERC as experts to develop reliability standards and monitoring program procedures for the Province.

The Régie de l'énergie is a public body established by the *Act respecting the Régie de l'énergie* (the Act). Pursuant to its authority under the Act, the Régie de l'énergie, through a series of decisions in 2007, designated Hydro-Québec TransÉnergie (HQTE) as the Reliability Coordinator for Québec. In accordance with its mandate and as recognized in the Agreement, it is this entity that is responsible for the filing with the Régie de l'énergie for approval of reliability standards in Québec. HQTE has filed for the approval of certain reliability standards and the Régie de l'énergie has begun the proceedings required to make such reliability standards mandatory in Québec.

The Agreement contemplates the execution of a second agreement that will detail the mandates granted by the Régie de l'énergie to NPCC and NERC with respect to the implementation of the procedures and program for the monitoring of the application of electric power transmission Reliability Standards in Québec and the provision of opinions and recommendations to the Régie in this regard. The second agreement is currently being negotiated by the Régie de l'énergie, NPCC and NERC. The intent, once all the appropriate authorizations are in place, is that NPCC and NERC will act as the Régie's agents in all compliance monitoring and enforcement activities through the implementation of a Québec specific compliance monitoring and enforcement program.

Currently, as there are only a limited number of mandatory standards that have come into effect, and as the second agreement and all the appropriate authorizations covering compliance monitoring and enforcement arrangements are not in place, there has been limited mandatory compliance activity under the formal Québec regime. However, the Hydro-Québec companies, including Hydro-Québec TransÉnergie and Hydro-Québec Production have been subject to voluntarily compliance monitoring, including comprehensive audits by NPCC. Additionally, NPCC has and continues to proceed with its reliability assurance activities within Québec,

including but not limited to events analysis, Reliability Assessment and Performance Analysis and compliance investigations, consistent with the NPCC *Amended and Restated Bylaws*.

d) New Brunswick

The New Brunswick Energy and Utilities Board ("EUB") and NPCC entered into an Agreement dated October 1, 2013, whereby NPCC provides services for the EUB. The EUB is a not-for-profit corporation which was established on October 1, 2004 under the Electricity Act (NB) and charged with developing and administering the wholesale electricity market and maintaining reliability of the integrated power system in New Brunswick.

Effective October 1, 2013, the Electricity Act (NB) and implementing regulations (together, "NB Electricity Act") amended how Reliability Standards are approved, monitored, and enforced in the province of New Brunswick. The NB Electricity Act designates NPCC as a compliance body and NERC as a standards body within the meaning of the NB Electricity Act. The October 1, 2013 Agreement between NPCC and the EUB is intended to be the preliminary step with respect to the implementation of the NB Electricity Act.

With respect to the approval of reliability standards, the NB Electricity Act provides that all of the NERC Reliability Standards that were effective in New Brunswick prior to October 1, 2013 continue to be effective in New Brunswick after October 1, 2013. Additionally, the New Brunswick Power Corporation (formed from several amalgamating corporations) ("NBPC") is required to file for approval, modification, or retirement of NERC Reliability Standards 60 days after a NERC Reliability Standard is approved, modified, or retired by the Federal Energy Regulatory Commission ("FERC"). The EUB rules on the filed Reliability Standard after considering (a) the potential impact on the reliability of the bulk power system, (b) the potential cost and benefits (c) the public interest, and (d) any other factors that the NBUEB considers relevant. The Electricity Act requires the NBEUB to notify NPCC and NERC of an application by the NBPC with respect to reliability standards and provide for a 60 day comment period. The NBEUB is required to approve the reliability standards if there are not substantive modifications proposed from the FERC approved NERC Reliability Standard and there were no substantive comments filed. Amendments to the reliability standard to make them compatible with New Brunswick or Canadian law are considered non-substantive. The approval of reliability standards may be subject to a hearing for several reasons, including substantive comments from NPCC or NERC.

With respect to the monitoring and enforcement of the Reliability Standards in New Brunswick, the NB Electricity Act requires NPCC to identify entities that must register with the EUB in the New Brunswick specific registry. Additionally, NPCC is required to carry out the compliance monitoring and assessment for the EUB and assist and advise the enforcement for the EUB, including financial penalties. NPCC is also permitted to carry out or exercise any power in the implementing regulations that is specific to the EUB. Additionally, NPCC has the powers of an inspector, which permits NPCC to audit and spot check entities within New Brunswick.

e) Nova Scotia

Nova Scotia Power Incorporated (NSPI), NPCC and NERC are parties to a May 11, 2010 Memorandum of Understanding regarding the approval and implementation of mandatory NERC reliability standards and NPCC Regional reliability criteria. Pursuant to the MOU's terms, NERC and NPCC filed standards and criteria with the Nova Scotia Utility and Review Board (NSUARB) for approval on June 30, 2010 and June 29, 2010, respectively. A decision from the NSUARB on both NERC and NPCC filings was rendered on July 20, 2011. Hence, the

standards and criteria are mandatory in Nova Scotia and NSPI will be subject to the NERC compliance monitoring and enforcement program, as implemented by NPCC.

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

Regional Entity Division Functional Scope

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

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

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

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

2015 Key Assumptions and 2015 Goals and Key Deliverables

NERC and the eight Regional Entities collaborated in the development of a common operating model with complementary roles and responsibilities, an ERO Enterprise Strategic Plan, and a set of business planning assumptions, goals, metrics and key deliverables for the 2014 through 2017 period. The results from that collaboration are included as a set of Shared Business Plan and Budget Assumptions that will be contained in Exhibit A to the NERC 2015 Business Plan and Budget and may be referenced by the users of this document. In each of the following program area sections footnotes are used to reference the specific ERO Enterprise Goals that NPCC's activities support.

2015 Overview of Regional Entity Division Cost Impacts

NPCC proposes to increase its Regional Entity division funding requirement from $13,828,880 to $14,423,378 in 2015, an increase of $594,498 or 4.3%. The proposed Regional Entity division assessment of $14,068,878 to support the budget is an increase of 3.4% compared to the 2014 assessment of $13,611,880.

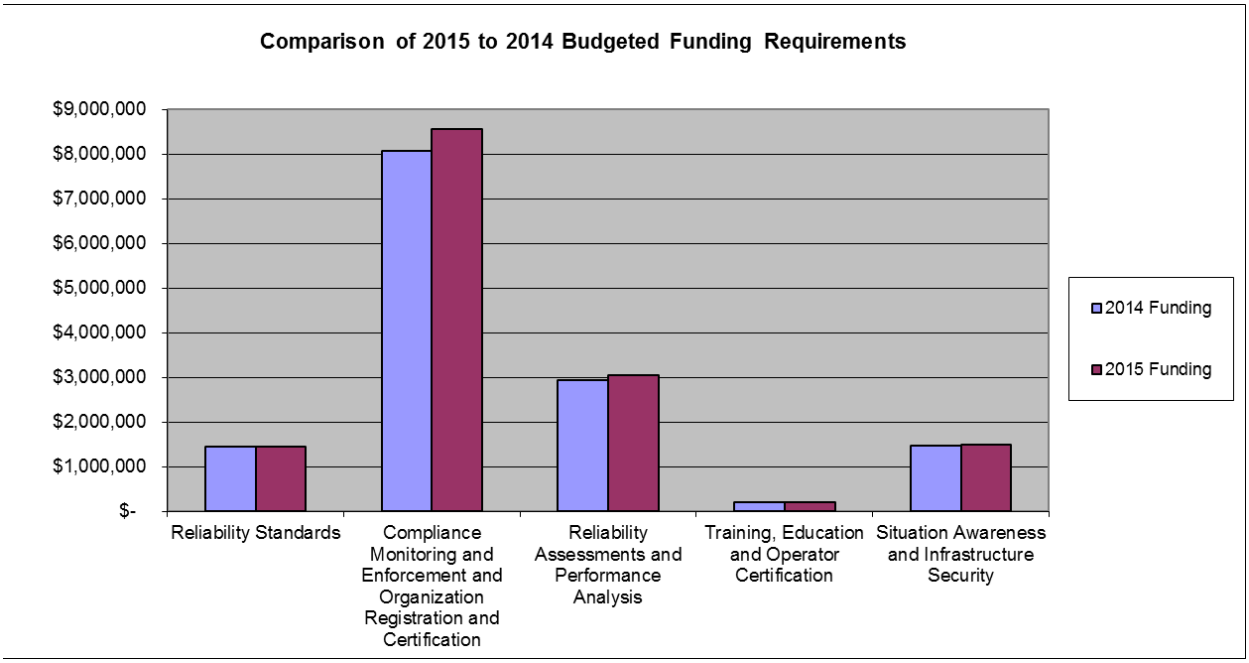
2014 Projections

Current year projections are taken into consideration in development of the budget. Expenses are currently projected to be on budget or slightly under budget in all areas. 2014 Projections reflect expectations based on the first quarter statement of activities. It is anticipated that projections could change throughout 2014 and would be reflected in each subsequent quarter's statement of activities.

Summary by Program

Program	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards	$ 1,447,330	$ 1,447,330	$ 1,456,129	$ 8,799	0.6%
Compliance Monitoring and Enforcement and Organization Registration and Certification	$ 8,079,371	$ 8,079,371	$ 8,568,145	$ 488,774	6.0%
Reliability Assessments and Performance Analysis	$ 2,942,339	$ 2,942,339	$ 3,053,923	$ 111,585	3.8%
Training, Education and Operator Certification	$ 195,855	$ 195,855	$ 199,010	$ 3,154	1.6%
Situation Awareness and Infrastructure Security	$ 1,464,111	$ 1,464,111	$ 1,501,332	$ 37,221	2.5%
Total	$ 14,129,006	$ 14,129,006	$ 14,778,539	$ 649,533	4.6%

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



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

Personnel Analysis

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.93	2.93	2.00	0.93	2.93	0.00
Compliance Monitoring and Enforcement and Organization Registration and Certification	16.00	16.00	16.00	0.00	16.00	0.00
Training, Education, and Operator Certification	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	5.83	5.83	4.90	0.93	5.83	0.00
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00	3.00	0.00
Total FTEs Operational Programs	**27.86**	**27.86**	**26.00**	**1.86**	**27.86**	**0.00**
Administrative Programs						
Technical Committees and Member Forums	0.50	0.50	0.50	0.00	0.50	0.00
General and Administrative	2.50	2.50	2.50	0.00	2.50	0.00
Information Technology	3.00	3.00	3.00	0.00	3.00	0.00
Legal and Regulatory	1.00	1.00	1.00	0.00	1.00	0.00
Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Accounting and Finance	1.00	1.00	1.00	0.00	1.00	0.00
Total FTEs Administrative Programs	**9.00**	**9.00**	**9.00**	**0.00**	**9.00**	**0.00**
Total FTEs	**36.86**	**36.86**	**35.00**	**1.86**	**36.86**	**0.00**

[1]A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget

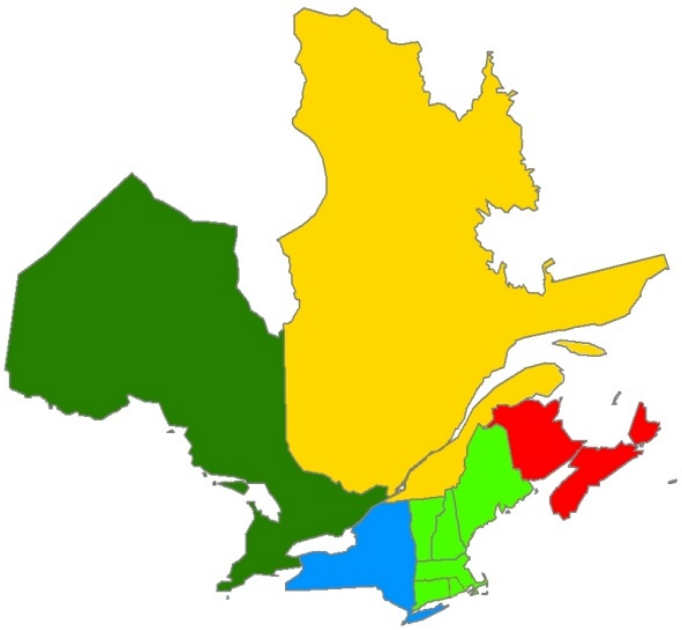
REGIONAL ENTITY DIVISION

		2014 Budget	2014 Projection	Variance[2] 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding						
ERO Funding						
	ERO Assessments	$ 13,611,880	$ 13,611,880	$ -	$ 14,068,878	$ 456,998
	Penalty Sanctions[1]	153,000	153,000	-	290,500	137,500
Total ERO Funding		**$ 13,764,880**	**$ 13,764,880**	**$ -**	**$ 14,359,378**	**$ 594,498**
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	64,000	64,000	-	64,000	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
Total Funding (A)		**$ 13,828,880**	**$ 13,828,880**	**$ -**	**$ 14,423,378**	**$ 594,498**
Expenses						
Personnel Expenses						
	Salaries	$ 5,911,227	$ 5,911,227	$ -	$ 6,195,425	$ 284,198
	Payroll Taxes	384,311	384,311	-	387,209	2,898
	Benefits	1,430,261	1,430,261	-	1,256,595	(173,666)
	Retirement Costs	1,124,361	1,124,361	-	1,090,013	(34,348)
Total Personnel Expenses		**$ 8,850,160**	**$ 8,850,160**	**$ -**	**$ 8,929,241**	**$ 79,081**
Meeting Expenses						
	Meetings	$ 365,000	$ 365,000	$ -	$ 365,000	$ -
	Travel	890,000	890,000	-	890,000	-
	Conference Calls	77,000	77,000	-	45,000	(32,000)
Total Meeting Expenses		**$ 1,332,000**	**$ 1,332,000**	**$ -**	**$ 1,300,000**	**$ (32,000)**
Operating Expenses						
	Consultants & Contracts	$ 1,924,433	$ 1,924,433	$ -	$ 2,342,000	$ 417,567
	Office Rent	737,272	737,272	-	751,500	14,228
	Office Costs	536,500	536,500	-	578,700	42,200
	Professional Services	966,500	966,500	-	1,025,000	58,500
	Computer & Equipment Leases	-	-	-	-	-
	Miscellaneous	80,000	80,000	-	40,000	(40,000)
	Depreciation	250,000	250,000	-	202,019	(47,981)
Total Operating Expenses		**$ 4,494,705**	**$ 4,494,705**	**$ -**	**$ 4,939,219**	**$ 444,514**
	Total Direct Expenses	**$ 14,676,865**	**$ 14,676,865**	**$ -**	**$ 15,168,460**	**$ 491,595**
Indirect Expenses		**$ (405,859)**	**$ (405,859)**	**$ -**	**$ (409,902)**	**$ (4,043)**
Other Non-Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)		**$ 14,271,006**	**$ 14,271,006**	**$ -**	**$ 14,758,558**	**$ 487,552**
Change in Assets		**$ (442,126)**	**$ (442,126)**	**$ -**	**$ (335,180)**	**$ 106,946**
Fixed Assets						
	Depreciation	$ (250,000)	$ (250,000)	$ -	$ (202,019)	$ 47,981
	Computer & Software CapEx	108,000	108,000	-	222,000	114,000
	Furniture & Fixtures CapEx	-	-	-	-	-
	Equipment CapEx	-	-	-	-	-
	Leasehold Improvements	-	-	-	-	-
	Allocation of Fixed Assets	(0)	(0)	-	(0)	-
Inc(Dec) in Fixed Assets (C)		**(142,000)**	**(142,000)**	**-**	**19,981**	**161,981**
TOTAL BUDGET (=B+C)		**$ 14,129,006**	**$ 14,129,006**	**$ -**	**$ 14,778,539**	**$ 649,533**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ (300,126)**	**$ (300,126)**	**$ -**	**$ (355,161)**	**$ (55,035)**

[1] $290,500 of penalty sanctions collected to date and prior to June 30, 2014.

[2] 2014 Projections reflect expectations based on the 1st quarter statement of activities. It is anticipated that projections could change throughout 2014 and would be reflected in each subsequent quarter's statement of activities.

Section A – Regional Entity Division
2015 Business Plan and Budget



Section A — 2015 Business Plan

Reliability Standards Program

Reliability Standards Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.93	2.93	0.00
Direct Expenses	$917,936	$905,638	($12,299)
Indirect Expenses	$555,686	$561,221	$5,535
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	($26,292)	($10,729)	$15,563
Total Funding Requirement	$1,447,330	$1,456,129	$8,799

Program Scope and Functional Description

The NPCC Reliability Standards program operates in accordance with NPCC's filed and approved Delegation Agreement "Exhibit C", and NERC Rules of Procedure Section 300. The program supports the ERO standards program area roles and responsibilities by providing supporting activities for the development of clear, concise, sustainable, high quality and technically sound mandatory "results based" reliability standards which provide for an adequate level of reliability in a timely and efficient manner. The primary objective of NPCC's program area is to support the development of ERO standards which establish threshold requirements for ensuring the bulk electric system is planned, operated, and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment, is responsive to risks, or limits interruptions of bulk power supply. At a Regional level, the program develops Regional Reliability Standards and ensures that Regional reliability criteria, contained in the form of Directories, are not inconsistent with any applicable NERC and Regional Reliability Standards. The NPCC Reliability Standards program also supports and participates in the development, revision, and maintenance of NERC Reliability Standards, initiates new regional or continent wide reliability standards when necessary, and provides a forum for the comprehensive review and improvement of existing and developing standards.

The NPCC Reliability Standards Program Area supports the reliability of the bulk electric system by:

- Facilitating active participation of NPCC Regional industry stakeholders in all NERC Reliability Standards activities to promote the development of results based, cost effective quality standards in a timely and efficient manner.
- Promote awareness by holding workshops and conducting Regional Standards Committee meetings to inform and educate stakeholders.
- Internally and informally training staff for the new and developing standards through meetings.
- Regional coordination activities with Standards Program Areas from other Regions.

- Development and maintenance of Regional Standards as necessary to address Regional reliability related issues or risks and ensure those standards are not inconsistent with the NERC continent wide standards. These Regional standards contain requirements that are more stringent, add specificity to or augment the NERC Continent-wide standards.
- NPCC maintains and abides by the NPCC Regional Standards Processes Manual assuring compliance with all FERC filed documents with respect to standards development.

Funding Drivers and Reliability Benefits

- Expanded Scope of Standards activities
    - Utilize NPCC RSC, Task Forces and Working Groups to comment on developing NERC Standards to ensure they are results based and directionally consistent with the Independent Experts Review Panel Report (IERP)[1]
    - Develop process for ensuring lessons learned from Event Analysis are evaluated for any gaps in standards or criteria[2]
    - Responding to increasing amount of FERC Rulings, NOPRs, preliminary staff assessments, and FERC issued Directives[3]
    - Providing support for increased standard development activities as outlined in the NERC 2014-2016 Reliability Standards Development Plan and assuming an active role in the newly formed NERC Project Management Oversight Subcommittee ("PMOS")
    - Participating in informal activities of standards development to promote consensus early in project development and provide technical guidance
    - Providing a forum for all NPCC representatives on the NERC drafting teams
    - Actively coordinating and reviewing Reliability Standards Audit Worksheets (RSAW) for correctness
    - Provide NPCC Regional point of contact for the new Reliability Issues Steering Committee ("RISC") to provide emerging and existing BES reliability related risks and potential gaps in the existing NERC standards
- Increased Number of Standards Projects
    - Active NERC Projects in the standards area are also expected to increase to achieve the ERO goal of reaching "steady state" for standards.
    - The concept of informal development was introduced in 2013 and will be expanded to include more standards development projects in 2015 requiring more technical support, participation, and facilitation from NPCC staff to address industry resources shortfalls.
    - NERC has developed procedures and processes to allow it to revise standards in a more expeditious manner that may need clarification or address some deficiency.
    - NPCC is assisting with the Project Management Oversight Subcommittee (PMOS) which is responsible for managing the development of NERC standards projects and tracking Paragraph 81 Phase 2 retirement candidates

[1] In support of ERO Goal 1a Develop Standards which are clear, responsive to reliability and security risks, practical to implement, and cost-effective

[2] In support of ERO Goal 1a Develop Standards which are clear, responsive to reliability and security risks, practical to implement, and cost-effective

[3] In support of ERO Goal 1a Develop Standards which are clear, responsive to reliability and security risks, practical to implement, and cost-effective

  - Promote and assist with the development of the "second generation" of the Cost Effective Analysis Process ("CEAP") to provide NERC with a tool which will help ensure standards have the most cost effective requirements which meet the reliability objectives of standards under development[4]

- Further resources required to evaluate the standards from a "cost benefit" and also a "cost effectiveness" perspective will be required.
- NERC Reliability Standards will continue to require Violation Risk Factors (VRFs) to be developed and NERC is reviewing additional levels of VRF and development of a Sanction Matrix which is envisioned to replace the Violation Severity Levels (VSLs).
- Reliability Standards Audit Worksheets (RSAWs) are now being posted with draft standards during the development process for industry review and comment. These RSAWs must be evaluated for accuracy from a technical basis.
- Expanded efforts to educate and inform stakeholders in the areas of NERC and NPCC Regional Standards through NPCC Workshops and with anticipated additional forums such as increases in the amount of Internet based meetings and technical conferences. [5]

2015 Key Assumptions

- Facilitate stakeholder review, comment on, and develop ballot recommendations or list of Regional issues, for all NERC Reliability Standards Projects under informal or formal development or revision prior to the end of ballots
  - NERC and NPCC benefit from NPCC's Regional coordination consisting of a broad stakeholder review process and development of consensus recommendations to assure proposed standards will support international reliability and provide appropriate reliability objectives for the Continent-wide standards
  - Coordinate a comprehensive review of the results based standards initiative processes and standards being implemented
  - Conduct and obtain training for performing Quality Reviews of standards at both the Regional level and to assist the ERO with analysis of the continent wide standards
  - Coordinate the review of all Reliability Standards Audit Worksheets during their postings for comment for potential expansion of their associated standard's requirements
  - Refine the NPCC triage process to assess posted standards and related material to ensure it is properly routed to and addressed by the appropriate NPCC technical or process resources.
- Participate in the stakeholder efforts to develop Standards Authorization Requests (SARs) and Regional SARs to further improve standards in response to any potential inadequacies in reliability or to improve standards
- Monitor and participate in the drafting of key NERC Reliability Standards-CIP, Protections Systems, Balancing Control Performance, and Frequency Response, etc.

[4] In support of ERO Goal 1a Develop Standards which are clear, responsive to reliability and security risks, practical to implement, and cost-effective

[5] In support of ERO Goal 1a Develop Standards which are clear, responsive to reliability and security risks, practical to implement, and cost-effective

  - The NPCC monitoring of the development of standards helps to ensure reliability requirements that are clear, measureable, and enforceable and support international reliability in the Northeast
- Continue with the development and maintenance of a set of NPCC Phase II Directories not inconsistent with the NERC Reliability Standards which clearly delineate the more stringent NPCC criteria requirements
  - The combination of North American and Regional Reliability Standards with the more-stringent NPCC Regional criteria provides for consistency and operational clarity while providing robust defense in–depth, results based, standards to ensure BES reliability
  - Ensure no redundancies exist between the criteria found in the NPCC Directories and the ERO standards
  - Retire Directories that have been overtaken by improved NERC standards
  - Continually file the more stringent requirements with the New York State Department of Public Service and Canadian Provinces as applicable
- Review reliability requirements of ERO and NPCC Regional Standards, NPCC Criteria and ensure consistency, remove redundancies, adopt Functional Model language and ensure requirements are "results based"
  - The unambiguous assignment of reliability requirements to specific functional entities benefits international reliability
  - Participate in the continuing refinement of the Functional Model to capture evolving issues essential to reliability and new objectives in the industry, i.e. demand resource operator, planning functions, new activities yet to be identified such as those associated with Smart Grid, "Synchro-Phasor" technology, etc.
  - Participate in the continual improvement of the NERC standards development processes and initiatives such as the CEAP, PMOS and Single Portal Project.
  - Contribute to the improvement of process related to NERC providing interpretations.
- Review all FERC orders and Provincial regulations as they relate to the standards, their revision and adoption
  - Northeast reliability benefits from careful analyses of governmental orders or actions adopting standards to assure consistency in interpretation
  - Review rulings that are issued and all FERC Directives for potential reliability related issues
  - Conduct and support Regulatory/Governmental Provincial filings on a periodic basis based on individual Provincial Laws and requirements outlined in the Memorandum of Understandings for each Province.
- Enhance NPCC standards website pages to provide uniform and clear information to the stakeholders while also providing the historical and archived information to support NERC and FERC approvals and expanding requirements

2015 Goals and Key Deliverables

The Reliability Standards program goals and objectives for 2015 are grouped into seven categories:

1) <u>Participate in the ERO Results-Based Standards Development</u>

- Participate in the development and revision of the NERC three year work plan through review, commenting and drafting activities

- Participate in the Standards Committee Strategic initiatives to develop results based standards that will provide a defense in depth, complete the standards due for 5 year review, and address all existing and outstanding FERC Directives.
- Support the implementation of the NERC Board of Trustees ("BOT") resolutions specifically supporting the timeliness, cost effectiveness, timely development, and quality of new standards
- Coordinate the development of ERO Reliability Standards within NERC's three-year standards work plan with the emphasis placed on reducing the amount of new FERC Directives issues by closer coordination with the Commission staff
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America driving consensus to the extent possible
- Facilitate and enhance the NERC Cost Effective Analysis Procedure both within NPCC throughout the industry
- Conduct thorough reviews of all Industry requested NERC Formal Interpretations of standards and develop and promote the NERC Informal Guidance Process, a comprehensive process to deal with all standards related questions, e.g. Single Portal
- NPCC staff along with NPCC solicited Regional drafting team volunteers, will participate in the drafting of all ERO standards affecting or potentially affecting reliability in the Eastern Interconnection and provide support for review and development of comments and propose improvements with specific emphasis on CIP
- NPCC and its members will review and coordinate potential comment on FERC preliminary staff assessments as appropriate
- Participate in ballots for ERO standards and provide consensus recommendations to the NPCC Members of the NERC Registered Ballot Body or provide a list of issues to allow the Members to cast a ballot based on Regional concerns prior to the end of the ballots
- Review and develop issues on FERC Notice of Proposed Rulemakings for any and all standards related issues as appropriate
- Coordinate and evaluate proposed standards utilizing NPCC's Regional technical task forces, working groups and committees
- Educate and notify stakeholders and regulators about issues related to standards development through various means such as webinars and workshops
- Provide outreach to industry trade groups to educate and drive consensus such as the North American Generator Forum and North American Transmission Forum
- Provide a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC) and NPCC Task Force on Infrastructure Security and Technology (TFIST)
- Provide support to NERC's strategy in the prioritization, identification, scheduling and development of NERC directed Regional Reliability Standards
- Participate in NERC's Standards Committee standards prioritization process, to identify immediate standards needs and prioritization based on need
- Participate in the NERC RISC by providing a Regional point of contact for all potential reliability related risks and gaps within the Northeast or as noted by NPCC stakeholders
- Participate in and provide support to critical standards, such as UVLS, Voltage and Reactive Control, Real Time Tools, Frequency Response, etc.
- Identify and initiate Regional Variances to the NERC Reliability Standards as soon as possible, allowing incorporation into the continent wide standard at its inception

- Identify potential drivers for standards revisions based on revisions to the BES to a bright line criteria and any document revisions required as a result of consideration of the "Exception Process".
- Support additional standards workload from further economic stimulus, i.e. standards on integrating variable generation resources or EHV backbone, Smart Grid, Electric Vehicles or "Synchro-Phasor" projects as necessary
- Provide continued input and leadership to NERC, based on NPCC experiences, regarding strategy for developing cost effectiveness analysis for standards and support activities to enhance this to identify "benefits" for the draft standards.
- Provide support and assistance to the ERO for conducting Quality Review activities on NERC continent-wide standards as possible
- Continually file the NPCC Directories with the Canadian Provincial Regulatory Authorities within the NPCC "footprint", on an as needed basis, as the directories are developed and revised and as the Provinces establish procedures and agreements with NPCC.
- Continue to develop new and innovative processes to better utilize the limited internal and external resources in the Region to enable sufficient technical review of posted standards and related materials
- Support the ERO and the relationships with FERC and the provincial governmental authorities for standards development activities as necessary to accomplish the ERO goals and objectives
- Support the development of system protection and control, communication, transmission operation standards and other critical standards efforts.

2) Regional Standards Development

- NPCC does not anticipate developing further Regional Standards but reserves the right to do so if a reliability issue exists that is not appropriate for Continent-wide development and also will perform clarifications as needed to existing approved Regional Standards.
- Draft any additional standard NERC directs NPCC to develop to meet an urgent reliability related needs, i.e. Geomagnetic disturbance system hardening
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to Regional Standards development and procedures
- Adhere to and surpass, where practical, the 2014-2016 NERC Work plan milestones as they pertain to targets for the Regional Standards
- Respond to any FERC Directives that may arise as a result of the filing of NPCC's Regional Standards with the FERC or any Provincial "directives" that may be issued by the Canadian Regulatory Authorities

3) Standards Improvement

- Achieve NPCC reliability goals and objectives by initiating, participating in, and efficiently completing standards related activities
- Leverage internet and web based tools functionality to ensure inter-Regional consistency and quality of Regional Reliability Standards
- Establish long-term strategy for standards improvement and initiate implementation
- Continually identify additional future Regional Standard opportunities if Continent-wide standards are not an appropriate solution
- Ensure the topics addressed by the Reliability Standards parallel changing industry needs

- Participate in reliability metrics activities to identify potential measures for benchmarking of reliability to determine if an adequate level of reliability is being achieved
- Support and develop cost-benefit analysis activities to determine if any potential incremental increases in costs of implementing a standard have sufficient enough reliability benefit to implement that standard

4) Coordination of review of RSAWs

- Develop a process to review the RSAWs consisting of subject matter experts to determine if the RSAWs are technically representative of the standard's requirements and also to review the evidence suggested in the RSAW for satisfactory compliance assessment
- The Regional Standards Committee ("RSC") will oversee and provide the results of the coordination to the appropriate NERC SDT charged with development of the RSAW

5) Business Practices Interface

- Coordinate the review of standards through NPCC RSC, staff, and other members participating in activities of the North American Electric Standards Review Board (NAESB)
- Identify potential market related issues for Regional Standards through NPCC RSC coordination and reviews

6) Opportunities for Process Improvement

- Identify efficiencies for a coordinated NERC standards development process and NPCC Regional Standards Development Procedure and recommend revisions as applicable to either process
- Refine the NERC and NPCC CEAP s to evaluate the costs and effectiveness of proposed new and revised reliability standards to achieve an adequate level of reliability and a steady state set of standards
- Participate in any potential revision and redrafting of the NERC Standards Development Process to consider expedited standards development and cost effectiveness analysis and maintaining the ANSI Accreditation for standards development
- Participate in the enhancement of the Single Portal on the NERC website to provide one stop shopping for stakeholders seeking answers to questions.
- Identify potential future processes to obtain expedited interpretations
- Identify expedited processes for adjusting NERC glossary terms
- Identify refinements for credentialing standard drafting team members to ensure the correct subject matter experts are developing the standards at both the Regional level and the ERO level.
- Establish targets for NERC and NPCC standards procedure improvement and support initiation of implementation of the strategy
- Streamline and improve the Regional Standards program tools and IT based solutions
- Refine the records retention programs to ensure sufficient documentation exists for regulatory approvals
- Develop document management systems to allow the efficient and effective revisions of documents, control of authorship and security of documents
- Identify improvements in process for feedback loops to ensure that event analysis and investigation lessons learned and compliance issues involving violations are fed into the

standards program area, as appropriate for review and potential consideration when revising standards
- Support the creation of an ERO standards database, available to industry and online, to identify and review issues related to all approved and developing standards
- Participate in the Functional Model Working Group activities to refine functions, tasks and responsibilities of applicable entities
- Solicit and provide outreach to FERC in the Regional Standards Development Processes

7) Communications
- Improve automated notifications process to assure awareness of dates and proceedings of all standard development activities
- Strengthen the relationship with the industry's technical committees to ensure adequate input to standards development, such as the North American Generator Forum.
- Participate in NPCC and NERC workshops as necessary, to promote awareness and educate the industry
- Develop and institute a consensus building and notification process(es) for engaging stakeholders and providing immediate notification for the need to review standards. Provide the associated coordination for this review utilizing subject matter experts, both internal and external to the Regional Entity staff
- Promote the reliability objectives of the NERC standards as appropriate to the NPCC members of the NERC Registered Ballot Body in order to achieve consensus and support of beneficial standards and to promote the "One-Enterprise" model.

Technically excellent, results based standards that enhance reliability and are developed in a timely and efficient fashion, require the full participation of the right industry experts from all Regional Entities when developing Reliability Standards. The NPCC RSC promotes the drafting team process and solicits drafting team members from appropriate NPCC technical bodies and others in the industry and adjoining Regional Entities. In addition the NPCC RSC works with the individual NERC standards developers to participate in Regional outreach and coordination of issues at each NPCC RSC meeting.

NPCC RSC will also assist in providing notifications and announcements to NPCC participants in the Northeastern North America NERC Registered Ballot Body of important applicable deadlines for ballot pool registration and for casting ballots thereby enhancing participation, promulgation of important information and increasing awareness. In the fourth quarter of 2014 NERC will "roll out" a new Standards Balloting System (SBS). This new system will require training and an implementation communication plan. NERC will develop the training and NPCC will assist in providing it throughout the Northeast. The SBS will require all users to reregister to cast ballots as well as submit comments. This support will enhance efficiency of the NERC procedure and help to ensure the necessary quorums are present at ballot and help to clean up the registered ballot body list. NPCC will also, when practical, promote important standards and the requirements of those standards through various communications.

NPCC will also participate in the development and revision of standards as directed by FERC, Canadian provincial and other regulatory and/or governmental authorities. FERC to date has identified numerous NERC Reliability Standards needing further work and has issued numerous Directives appearing in FERC Orders. In 2013 FERC also issued remanded interpretations and standards which require NERC to address commissions concerns as outlined in the associated Orders. These remands have created a need for NERC to review existing processes and

determine approaches going forward. NPCC will support these efforts and will lead the review and potential revision of the NERC Interpretation process. These standards needing revision are delineated in the 2014 – 2016 NERC Reliability Standards Development Plan, and will be ready to be reviewed and revised throughout 2015.

NPCC will provide support and coordination of NERC standards development activities as outlined in the 2014-2016 Reliability Standards Development Plan and the Standards Committee and ERO strategic goals and initiatives.

Regional Standards Development

The NPCC currently has two FERC approved Regional standards, Disturbance Monitoring and Underfrequency Load Shedding. NPCC has undertaken the review of the Disturbance Monitoring standard for adequacy from the perspective of a "bright line" BES definition and currently developing PRC-002-2 Disturbance Monitoring continent wide standard. This review of the standard and proposed revision to the standard will be performed in the 2014-2015 timeframe. In addition there are two other Regional standards that NPCC may review to determine if they should move forward into active formal development. These Regional Standards will include, but not be restricted to the following:

- Special Protection Systems (SPS) scheduled to begin development in 2014
  Balancing Authority Controls (BA - Reserve Sharing)

Whether NPCC pursues these Regional standard will depend in large part to how comprehensive their associated continent-wide standards are. NPCC will review the continent wide standards as they are develop, participating in those activities and providing supporting subject matter expertise as it is available.

Based on the portion of professional/technical staff time and other resources devoted to Reliability Standards development, NPCC estimates that it will expend approximately 10 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/13 through 6/30/14 reduce U.S. LSE designee assessments for 2015.

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Retirement expense decreased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via WebEx and teleconferences, at the NPCC offices or member facilities when possible, as well as lower meeting space rental rates through negotiations. However, meeting volume is expected to increase in 2015. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum. Conference calls and Internet meetings, which are budgeted as a part of G&A and then allocated to the direct programs through indirect expenses, will be conducted for business when practical.

Operating Expenses and Indirect Expenses

- 2015 Reliability Standards program funding is driven by the need for additional activities to support NERC standards activity to achieve a results based, adequate, set of steady state standards, FERC activity and increased number of rulings and directives are anticipated as a result of the NERC three year work plan. NPCC anticipates expanded activity and plans to prioritize the efforts of existing resources to meet this expanded workload to support reliability and the ERO Strategic Goals. In addition, as standards reviews increase in number, there may be a need to have contractors assist due to constrained resources of NPCC Staff and members.

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget

Reliability Standards

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,431,239	$ 1,431,239	$ -	$ 1,425,578	$ (5,662)
Penalty Sanctions	16,091	16,091	-	30,552	14,461
Total ERO Funding	**$ 1,447,330**	**$ 1,447,330**	**$ -**	**$ 1,456,129**	**$ 8,799**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 1,447,330**	**$ 1,447,330**	**$ -**	**$ 1,456,129**	**$ 8,799**
Expenses					
Personnel Expenses					
Salaries	$ 502,840	$ 502,840	$ -	$ 535,458	$ 32,618
Payroll Taxes	31,305	31,305	-	31,420	115
Benefits	131,342	131,342	-	93,684	(37,658)
Retirement Costs	87,449	87,449	-	85,075	(2,374)
Total Personnel Expenses	**$ 752,936**	**$ 752,936**	**$ -**	**$ 745,638**	**$ (7,299)**
Meeting Expenses					
Meetings	$ 25,000	$ 25,000	$ -	$ 20,000	$ (5,000)
Travel	110,000	110,000	-	115,000	5,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 135,000**	**$ 135,000**	**$ -**	**$ 135,000**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 30,000	$ 30,000	$ -	$ 25,000	$ (5,000)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 30,000**	**$ 30,000**	**$ -**	**$ 25,000**	**$ (5,000)**
Total Direct Expenses	**$ 917,936**	**$ 917,936**	**$ -**	**$ 905,638**	**$ (12,299)**
Indirect Expenses	**$ 555,686**	**$ 555,686**	**$ -**	**$ 561,221**	**$ 5,535**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,473,622**	**$ 1,473,622**	**$ -**	**$ 1,466,858**	**$ (6,764)**
Change in Assets	**$ (26,292)**	**$ (26,292)**	**$ -**	**$ (10,729)**	**$ 15,563**
Fixed Assets					
Depreciation	$ -	-	$ -	-	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(26,292)	(26,292)	-	(10,729)	15,563
Inc(Dec) in Fixed Assets (C)	**(26,292)**	**(26,292)**	**-**	**(10,729)**	**15,563**
TOTAL BUDGET (=B+C)	**$ 1,447,330**	**$ 1,447,330**	**$ -**	**$ 1,456,129**	**$ 8,799**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ 0**	**$ 0**

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	16.00	16.00	0.00
Direct Expenses	$5,080,485	$5,440,048	$359,564
Indirect Expenses	$3,034,462	$3,064,686	$30,225
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	($35,575)	$63,410	$98,985
Total Funding Requirement	$8,079,371	$8,568,145	$488,774

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program scope covers: 1) the identification, registration and certification of those entities responsible for meeting the NERC Reliability Standards and any approved Regional Standards; 2) the implementation of the NERC Compliance Monitoring and Enforcement Program (CMEP) in the United States, including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards. and 3) the implementation of compliance monitoring, assessment and enforcement recommendations in accordance with individual executed MOUs or Agreements in the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia.

The NPCC Compliance Committee (CC) is charged with providing objective stakeholder policy input to NPCC's implementation of the CMEP in the U.S. and compliance related activities under the above mentioned MOUs in the NPCC portion of Canada. With regard to NERC Reliability Standards and Regional Reliability Standards, the CC provides an oversight role of the independent NPCC compliance staff's implementation of the CMEP. In this oversight role the CC will review and endorse the processes used by the NPCC compliance staff in the conduct of the CMEP.

The NPCC compliance staff makes the initial and final determination of alleged violations and determines appropriate penalties and sanctions in accordance with the NERC *Sanction Guidelines*. To accomplish this objective, NPCC's compliance staff is further divided into four sub- program areas: Compliance Implementation and Registration; Compliance Audit Program; Compliance Enforcement; and Compliance Investigation:

Compliance Implementation and Registration

The Compliance Implementation and Registration sub-program is responsible for:

a) Identifying for registration, using a risk based registration model, all entities that are required to meet the NERC and Regional Reliability Standards. During the course of this activity, regular communication with registered entities is promoted through face-to face meetings, compliance workshops, teleconferences and email;
b) Development and maintenance of all CMEP Compliance Procedures, Compliance Instructions and all other CMEP related documentation;
c) Development and maintenance of Performance Metrics that are used to measure the quality and effectiveness of CMEP Implementation and its impact on the reliability of the Bulk Electric System;
d) Coordinating the implementation of NPCC Compliance Staff responsibilities as they pertain to the executed MOU with each of the Canadian Provinces in the NPCC Region.
e) Day-to-day implementation of the CMEP;
f) Development of annual CMEP Implementation Plan;
g) Monitoring and assessment of self-certification, self-report, exception reporting, periodic data and complaint submittals;
h) Development and maintenance of CMEP Data Administration Application (CDAA);
i) Development and maintenance of compliance website.
j) Support the anticipated expansion of the number of registered entities in NPCC due to the implementation of the FERC Order related to the definition of Bulk Electric System
k) Conduct Entity Impact Evaluations. Conduct certification(s) of newly identified Transmission Operators (TOPs), as needed.
l) Maintain database of BES assets subject to NERC and NPCC Reliability Standards
m) Participation on various NERC and NPCC working groups to remain apprised of changes to Compliance processes, and commonality of registration, monitoring, auditing, and enforcement approaches.

Compliance Audit Program

The Compliance Audit Program is charged with conducting both on-site and off-site compliance audits, and spot checks, of NERC Reliability Standards in accordance with the NERC Rules of Procedure and associated NPCC procedures developed under the NPCC Compliance Implementation Program. These audits are performed on the basis of risk to the BES. The yearly schedule is produced consistent with Risk Assessment of registered entities and the frequency of their last audit. The schedule is posted annually on NERC and NPCC public websites. Flexibility may be used in the predefined frequency based on the risk assessment and performance based assessment of each entity scheduled for an audit, and changes requiring certification. The audits are led by qualified senior NPCC Staff and the audit teams prepare public and non-public audit reports with their findings, including the identification of any possible violations. Contents and processing of the reports are in accordance with NERC directives for audit reporting. Specific lessons learned are factored into the audit program to promote continuous improvement and are presented at workshops in conjunction with the Compliance Implementation Program. The comprehensive spot-check program is established based on the NERC actively monitored list, NPCC's assessment of self-certifications, follow–ups on entities who have previously violated a Reliability Standard, follow-up on entities that have been involved in a significant system event, and other requirements which at the discretion

of NPCC could pose a higher risk to reliability if not followed properly. The schedule for Spot Checks is not public.

Resources from the Compliance Audit Program are also used to implement the Certification process for entities intending to register as new TOPs, BAs or RCs, as well as certification reviews of changes made by existing TOPs, BAs and RCs that meet the threshold requiring same. These actions are performed in support of the Compliance Registration Program which encompasses the Certification process. Resources for this activity, which is independent of the audit process, depend on the scope, function, and location of the entity being certified.

Compliance Investigation

A Compliance Investigation (CI) may be initiated at any time by NPCC in response to a system disturbance, complaint, or possible violation of a Reliability Standard identified by any other means. The CI process requires the establishment of an investigation team that coordinates with NERC and FERC as necessary; and also coordinates with the Situation Awareness Program Area.

Compliance Enforcement

In processing identified violations NPCC Compliance Enforcement will strive to promote both timeliness and transparency of compliance results, including those efforts associated with meeting the enforcement metrics described below. In addition NPCC will promote the use of self-identification of non-compliance and implementation of discretion, including increased utilization of streamlined tracks such as FFT and discretion as shown below.

Compliance Enforcement responsibilities:

a) Issuing all Notices as described in the CMEP including the Notice of Possible Violation (NOPV), Notice of Find, Fix and Track (FFT) Treatment; Notice of Alleged Violation (NOAV), and the Notice of Confirmed Violation (NOCV);
b) Conducting comprehensive enforcement investigations based on the facts and circumstances related to all possible violations of Reliability Standards, whether identified in an audit, a self-report, complaint, or other source, and determining whether further action is warranted;
c) Reviewing, approving, submitting to NERC and tracking the progress of all mitigation plans /mitigating activities associated with confirmed violations;
d) Coordinating settlement activities once they have been initiated and submitting settlement agreements to NERC for approval;
e) Identifying and processing candidates for the FFT Process;
f) Participating in the Hearing Process by representing NPCC before the Hearing Body. Compliance Hearings would be conducted at NPCC under the supervision of a qualified, independent hearing officer contracted by NPCC;
g) Issuing Remedial Action Directives when appropriate; and
h) Implementing of the Reliability Assurance Initiative (RAI), including :
    i. Notifying the registered entity, within 60 days on average, whether a non-compliance will proceed through enforcement, be treated as a compliance exception or additional information is needed (“Triage”);
    ii. Utilizing the Aggregation of Minimal Risk Process; and
    iii. Utilizing the Enforcement Discretion Process.

A set of enforcement metrics, that include those metrics included in the ERO Corporate Goals, are produced that cover the following:

a. Caseload Index and Violation Aging
b. Mitigation Aging
c. Percentage of self-identified violations
d. Percentage of minimal and moderate risk violations through FFT, SNOP or discretion

Each of these metrics will have target values defined that are consistent with those target values identified in the ERO Corporate Goals.

2015 Key Assumptions and Cost Impacts

2014	Projected 2015
3 Large On-Site Audits	4 Large On-Site Audits
0 Medium On-Site Audits	0 Medium On-Site Audits
3 Small On-Site Audits	3 Small On-Site Audits
12 On-Site CIP Audits	4 On-Site CIP Audits
20 Large Off-Site Audits	8 Large Off-Site Audits
7 Medium Off-Site Audits	21 Medium Off-Site Audits
7 Small Off-Site Audits	10 Small Off-Site Audits
22 Off-Site CIP Audits	24 Off-Site CIP Audits
300 Spot Checks	350 Spot Checks
8 On-site TFE Part B reviews	4 TFE Part B Reviews
200 Violations (Estimated)	200 Violations (Estimated)
Settlements Covering 100 Violations	Settlements Covering 100 Violations
2 Hearings (Unbudgeted)	2 Hearings (Unbudgeted)
1 CI (Estimated)	1 CI (Estimated)
0 Entity Certifications	2 Entity Certifications

- Regarding the Compliance Audit Program, Technical Feasibility Exception (TFE) reviews are conducted both on-site at the entity's facility and at the NPCC offices when possible. TFE's continue to be requested as entities replace and install new equipment/devices/components that meet the criteria set forth in Rules of Procedure Appendix 4D. Compliance estimates 4 on-site reviews will be performed in 2015.

- Increases in Audit costs reflect Risk Assessment activity that is the basis for audit scoping. The Risk Assessment includes an assessment of an entity's Internal Controls which will be used for future audits in the scoping and frequency of engagements.
- Potential increases due to the newly identified role related to implementing the QCMEP in Quebec and the continuing role of implementing the NB CMEP in New Brunswick.

- The 2015 Business Plan projects no increases in Enforcement Processing activities over the 2014 Budget.
- The 2015 Business Plan projects the need for 1 Compliance Investigation. These Compliance Investigations are manpower intensive for NPCC staff (requiring allocation of more resources and potentially higher than normal costs) since previous Compliance Investigations have also included entities outside of NPCC's footprint for which NPCC is the Compliance Enforcement Authority.

2015 Goals and Key Deliverables

- Conduct 2015 CMEP consistent with the Reliability Assurance Initiative, incorporating Risk Assessment; Internal Control assessment; Aggregation of Minimal Risk Violations; and Enforcement Discretion and all NERC Reliability Standards contained in the NERC actively-monitored list for 2015 and any approved and applicable Regional Reliability Standards
  - Process identified violations as effectively as possible, including the timely identification of a violation, timely issuance of violation notices including the NOPV; the Notice of Alleged Violation and the NOCV
  - Implement settlement process when applicable and send proper notifications to NERC and FERC
  - Conduct necessary Hearings related to resolution of outstanding disputes regarding violations and/or sanctions. Send results of hearings to NERC and FERC[6];
- Continue to enhance the settlement process by modifying existing practices and adopting new practices to reduce the duration of settlement negotiations without sacrificing the rigor and quality of the negotiated settlements. Develop and analyze appropriate performance metrics that track settlement process duration and utilize results of analysis to further enhance process.
- Implement compliance responsibilities identified in the approved Canadian MOUs[7];
- Annual report to NERC and Régie on NPCC implementation of QCMEP
- Annual report to NERC and New Brunswick Electric Utility Board (EUB) on NPCC implementation of NB CMEP.
- Review and revise NPCC Compliance Registry based on a risk-based approach[8] ;
- Evaluate CMEP and Canadian entity compliance program implementation with the objective of establishing a long-term strategy for compliance improvement, and initiate the implementation of the long term strategy[9];
- Provide NPCC Regional Entity input, through participation in appropriate NERC compliance committees, on policy and implementation issues related to compliance and enforcement including the development of compliance elements for all new or revised NERC Reliability Standards[10];

[6] In support of ERO Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.
[7] In support of ERO Goal 3. Promote a culture of compliance that supports reliability excellence within industry.
[8] In support of ERO Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.
[9] ERO Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.
[10] ERO Goal 6. Promote a culture of reliability excellence.

- Provide required information to NERC on a timely basis including reporting of alleged violations and confirmed violations[11];
- Track the progress of, report status of, and approve mitigation plans[12];
- Conduct 2015 Compliance Audit Schedule based on risk to the BES and number of registered entities (Each audit covers a single registered entity that could be audited for multiple Functional Model types that they are registered for and is done in accordance with the 2015 Compliance Audit Program schedule)[13] ; and promote RAI initiatives by:
    - Utilizing the Audit Checklist and Auditor's Handbook for all on-site and off-site audits
    - Preparing a Risk Assessment and Internal Control Assessment for all on-site audits[14];
- In addition, 28 registered entities will be audited for the requirements of the version in place for CIP 002 to CIP 009. These will be separate audits. On-site CIP audits may be combined with the normally scheduled 2015 on-site audits[15];
- A spot check can be viewed as a limited unscheduled small off-site compliance audit that will be utilized to verify self-certification submittals that have been done earlier in the year or other requirements based on factors as described in the Compliance Audits section. In 2015 the number of spot checks to be done is estimated to be 350[16] ;
- Assure that NPCC Staff is trained to conduct Compliance Audits including CIP Compliance Audit training[17];
- Assure that NPCC Staff is trained to conduct Certification of entities intending to Register as BA, RC or TOP for the first time, or Certification Reviews of changes by existing BAs, RCs or TOPs that meet the criteria requiring a Certification Review[18];
- NPCC is working with the other Regions to access, train and perform certifications (and re-certification) in an effort to be consistent across the ERO[19] ;
- Continue to actively perform a risk profile of each entity prior to audit and upon completion of an audit, continue to identify risk and reliability gaps[20] ;

[11] ERO Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.
[12] ERO Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.; ERO Goal 5. Be accountable for mitigating reliability risks.
[13] In support of ERO Goal 3a. and 3b. Promote a culture of compliance that supports reliability excellence within industry.
[14] In support of ERO Goal 3. Promote a culture of compliance that supports reliability excellence within industry.
[15] In support of ERO Goal 3. Promote a culture of compliance that supports reliability excellence within industry.
[16] In support of ERO Goal 3. Promote a culture of compliance that supports reliability excellence within industry.
[17] In support of ERO Goal 3. Promote a culture of compliance that supports reliability excellence within industry.
[18] In support of Goal 2a. Be a strong enforcement authority that is independent, without conflict of interest, objective, and fair, and promote a culture of reliability excellence through risk-informed compliance monitoring and enforcement. a. The ERO registers and deregisters entities commensurate with risk to the BES and ensures all key reliability entities are certified to have essential capabilities.
[19] In support of Goal 2a. Be a strong enforcement authority that is independent, without conflict of interest, objective, and fair, and promote a culture of reliability excellence through risk-informed compliance monitoring and enforcement. a. The ERO registers and deregisters entities commensurate with risk to the BES and ensures all key reliability entities are certified to have essential capabilities.
[20] In support of Goal 4a. Identify the most significant risks to reliability, be accountable for mitigating reliability risks, and promote a culture of reliability excellence. a. Risks are identified and prioritized based on reliability impacts, cost and practicality of assessments, projected resources, and emerging issues.

- Develop and implement compliance reform via the Reliability Assurance Initiative (RAI) by being an integral participant in committees and workgroups involved in the RAI[21];
- Promote a culture of compliance that addresses reliability risks of NPCC registered entities by using reliability gap analysis. Assess and evaluate registered entity's Internal Controls as part of the audit and spot check process[22];
- Continue to expand the use of discretion through the utilization of compliance exception. [23] ;
- NPCC will collaborate with NERC to promote better coordination, planning, delivery and management of training efforts across the enterprise through a unified learning management system (LMS), without adversely impacting region-specific training requirements;
- Continue to implement physical security outreach and Cyber Security outreach by visiting four registered entity sites to perform an assessment of their physical security, evaluate their Cyber Security and supply recommendations for improvements[24];
- Enhance the CDAA to expand its capabilities from both the registered entity perspective and the NPCC Compliance Staff perspective[25];
- Conduct 2015 Compliance Workshops and interim information sessions for registered entities as necessary as a part of Training and Education program area[26].

Adopt and promote practices to enhance the benefits of the self-reporting of violations by both the Regional Entity and the registered entity. This would include improvement to the registered entity internal processes used for identifying and submitting self-reports (e.g. adoption of an aggregated approach for submittal of self-reports, etc.), improvement in the way Regional Entities process self-reports and the streamlining and standardizing of the amount and type of data needed to evaluate a self-report.

[21]In support of Goal 3a. Promote a culture of compliance that supports reliability excellence within industry. a. Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.

[22]In support of Goal 3a and 4a Goal 3. Promote a culture of compliance that supports reliability excellence within industry. Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues. Goal 4. Identify the most significant risks to reliability, be accountable for mitigating reliability risks, and promote a culture of reliability excellence. a. Risks are identified and prioritized based on reliability impacts, cost and practicality of assessments, projected resources, and emerging issues.

[23]In support of Goal 2b. Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective, and fair, and promote a culture of reliability excellence through risk-informed compliance monitoring and enforcement. 2.b. The ERO holds industry accountable for violations that create serious risk to the BES; resulting actions are timely and transparent to industry.

[24]In support of Goal 4c. Goal 4. Identify the most significant risks to reliability, be accountable for mitigating reliability risks, and promote a culture of reliability excellence. 4.c. ERO supports industry situational awareness and cybersecurity preparedness and provides independent reliability information to policy makers.

[25]In support of Goal 5c. Goal 5. Improve transparency, consistency, quality, and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost-effectiveness. 5.c. The ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.

[26]In support of Goal 5a. Goal 5. Improve transparency, consistency, quality, and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost-effectiveness. 5.a. The ERO acts in a coordinated and collaborative manner with stakeholders.

Based on the portion of professional/technical staff time and other resources devoted to Compliance monitoring and enforcement and organizational registration and certification, NPCC estimates that it will expend 58 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/13 through 6/30/14 reduce U.S. LSE designee assessments for 2015.

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Retirement expense decreased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.

Meeting and Travel Expenses

- Meeting expenses will be minimized due to a continued effort to keep costs down by holding more meetings via teleconference, at the NPCC offices or member facilities, combining or appending meetings to other mandatory training/meetings, as well as lower meeting space rental rates through negotiations. Travel expenses due to continued practice of advance bookings, adjustments to class of hotel used, increased meetings at NPCC's offices, and meetings conducted via teleconference will be held to a minimum, however, the amount of activity is expected to increase in 2015. Conference calls and internet meetings, which are budgeted as a part of G&A and then allocated to the direct programs through indirect expenses, will be conducted for business when possible.

Operating Expenses and Indirect Expenses

- Consultant and contractor costs increased due to increased workload related to the initial implementation of RAI, incorporating Risk Assessment and Internal Control assessment. Without this one time ramp up in RAI endeavors for 2015, contractor costs would have remained relatively flat. These joint ERO Enterprise initiatives are intended to benefit the registered entities, Regional Entities and NERC. With a risk and performance based assessment of each registered entity, audits will transition to a periodicity more reflective of the risk profile of the entity such that some audits will be more in-depth while others may have a reduced scope which will require less independent contractor resources.

- NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- Software development costs related to CMEP Data Administration Application (CDAA) and Compliance Issues Tracking System (CITS) enhancements are projected to continue into 2015.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Compliance Monitoring and Enforcement and Organization Registration and Certification

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 7,991,503	$ 7,991,503	$ -	$ 8,401,311	$ 409,808
Penalty Sanctions	87,868	87,868	-	166,834	78,966
Total ERO Funding	**$ 8,079,371**	**$ 8,079,371**	**$ -**	**$ 8,568,145**	**$ 488,774**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,079,371**	**$ 8,079,371**	**$ -**	**$ 8,568,145**	**$ 488,774**
Expenses					
Personnel Expenses					
Salaries	$ 2,287,504	$ 2,287,504	$ -	$ 2,393,832	$ 106,328
Payroll Taxes	162,571	162,571	-	162,511	(59)
Benefits	537,087	537,087	-	479,499	(57,588)
Retirement Costs	298,890	298,890	-	284,206	(14,684)
Total Personnel Expenses	**$ 3,286,052**	**$ 3,286,052**	**$ -**	**$ 3,320,048**	**$ 33,997**
Meeting Expenses					
Meetings	$ 25,000	$ 25,000	$ -	$ 32,000	$ 7,000
Travel	375,000	375,000	-	360,000	(15,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 400,000**	**$ 400,000**	**$ -**	**$ 392,000**	**$ (8,000)**
Operating Expenses					
Consultants & Contracts	$ 1,394,433	$ 1,394,433	$ -	$ 1,728,000	$ 333,567
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 1,394,433**	**$ 1,394,433**	**$ -**	**$ 1,728,000**	**$ 333,567**
Total Direct Expenses	**$ 5,080,485**	**$ 5,080,485**	**$ -**	**$ 5,440,048**	**$ 359,564**
Indirect Expenses	**$ 3,034,462**	**$ 3,034,462**	**$ -**	**$ 3,064,686**	**$ 30,225**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 8,114,946**	**$ 8,114,946**	**$ -**	**$ 8,504,735**	**$ 389,788**
Change in Assets	**$ (35,575)**	**$ (35,575)**	**$ -**	**$ 63,410**	**$ 98,985**
Fixed Assets					
Depreciation	$ -	-	$ -	$ -	$ -
Computer & Software CapEx	108,000	108,000	-	122,000	14,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(143,575)	(143,575)	-	(58,590)	84,985
Inc(Dec) in Fixed Assets (C)	**(35,575)**	**(35,575)**	**-**	**63,410**	**98,985**
TOTAL BUDGET (=B+C)	**$ 8,079,371**	**$ 8,079,371**	**$ -**	**$ 8,568,145**	**$ 488,774**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (0)**	**$ (0)**	**$ -**	**$ (0)**	**$ 0**

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5.83	5.83	0.00
Direct Expenses	$1,888,972	$1,958,577	$69,605
Indirect Expenses	$1,105,682	$1,116,695	$11,013
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	($52,315)	($21,349)	$30,967
Total Funding Requirement	$2,942,339	$3,053,923	$111,585

Program Scope and Functional Description

NPCC, through its top technical committee, the Reliability Coordinating Committee (RCC), integrates the deliverables of its Task Force's and Working Group's Reliability Assessment and Performance Analysis related activities. Consistent with the applicable NERC Reliability Standards, these efforts include:

- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserves in accordance with NPCC Reliability Directory No. 1 and other related reliability directories; and,
- Assessing the impact of planned transmission and resource additions or modifications on NPCC system reliability in accordance with NPCC Reliability Directory No. 1 and other related reliability directories.

Seasonal assessments of the overall NPCC resource adequacy assessments are performed and possible actions to mitigate any potential problems are identified. NPCC reviews operations and disturbances both internal and external to the Region in order to identify any lessons to be learned and recommends any necessary follow-up actions.

If appropriate, enhancements to Regional Standards or NPCC's more stringent, Regionally-specific reliability requirements are also recommended. NPCC promotes and conducts both inter-Area and inter-Regional studies to enhance reliability and operational effectiveness, and provides a forum for the discussion and coordination of operating issues within the NPCC Region and with other Regions.

2015 Key Assumptions

Support of identified key NERC Reliability Assessment and Performance Analysis (RAPA) projects; [27] NERC and Regional Entities will gather data or perform analysis in support of U.S. Federal and NERC initiatives, such as:

- Report Recommendation from the "*NERC Special Reliability Assessment Interim Report: Effects of Geomagnetic Disturbances (GMD) on the Bulk Power System*", including:
  i. enhancing system models in support of the study of GMD impacts;
  ii. Enhancing GMD notification procedures; and,
  iii. Determining optimum locations for monitoring capability on transformers, based on studies and operational experience.
- Follow-up study from the recommendations of the "*2013 NERC Special Reliability Assessment: Increasing Dependence on Natural Gas for Electric Power – Phase II: A Vulnerability and Scenario Assessment for the North American Bulk Power System;*"
- System frequency response analysis; and,
- Assessing reliability issues resulting from compliance to final EPA environmental regulations, reliable integration of new technologies such as renewable energy, smart grid, energy storage, and/or reliability assessment of increased penetration of electric vehicles.

In support of NERC's 2015 Business Plan and Budget Program Area Services and Activities, NPCC will continue to:

- Vet proposed and future metric development, collection, and analysis with industry stakeholders and identify and spotlight trends through assessments of the availability data systems and metrics (e.g., TADS, DADS, GADS, TADS, SED, etc.)
- Conduct post-seasonal assessments (Summer and Winter) and additional scenario and special reliability assessments as required. Specialized contractors may be used to complete detailed analysis to support scenario assessments. Special reliability assessments currently proposed may include: changes in resource mix due to environmental regulations, electric/gas system interdependency, delays in proposed transmission development in the reliable integration of renewable resources.

In addition, NPCC supports:

- Development of NERC's Reliability Assessment Data System (RADS), [28] for the reporting and validation of the NERC Reliability Assessment Subcommittee Seasonal and Long-Term Reliability Assessment data requirements.
- Evaluation of a common set of probabilistic reliability indices and probabilistic-based work products to supplement the NERC Long-Term Reliability Assessments;

[27] In support of ERO Goal 4.- Identify the most significant risks to reliability, be accountable for mitigating reliability risks, and promote a culture of reliability excellence

[28] In support of ERO Goal 5.c - The ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.

- Coordination with event analysis, lesson learned [29] and model validation activities. [30] Specialized contractors may be used to complete detailed analysis to support model data collection and validation;
- Support of NERC PMO IT deployments; [31] and,
- Provide support and technical input for related BES risks identified by the NERC Reliability Issues Steering Committee (RISC). [32]

Definition of the Bulk Electric System (BES) Definition [33]

Implementation of the Bulk Electric System (BES) definition and Exception Process as of the July 1, 2014 BES Effective Date is not expected to significantly impact resources requirements in this program area for 2015. NPCC's 2014 survey of its registered entities did not indicate that an overwhelming number of NPCC BES Exception requests would be sought based on the filed BES Definition. Based on the Commission approved BES Definition [34] and the NPCC BES 2014 survey results, the 2015 RAPA personnel should be sufficient to process any NPCC BES Exception requests received in 2015.

NPCC will use the NERC PMO developed BESnet application and related BES reference and guidance documents to assist industry in the implementation of the BES definition approved by the Federal Energy Regulatory Commission. The BES reference and guidance documents, processes and tool are designed to provide industry with certainty and clarity about the implementation of the revised BES definition.

The procedure to request an exception from application of the BES definition is set forth in Appendix 5C to the NERC Rules of Procedure, effective July 1, 2014. The REMG formed the BES Exception Process Working Group (BEPWG) in 2012 – comprised of representations from the eight Regional Entities and NERC staff - to help create an efficient and effective Regional mechanism for processing Entity self-determined BES notifications and BES Exception requests. The activities of the BEPWG are expected to continue in 2015, in order to provide a Regional forum for consistent Regional BES Exception request review and 'lessons learned.'

Eastern Interconnection Reliability Assessment Group [35]

The primary function of the Eastern Interconnection Reliability Assessment Group (ERAG) is to augment reliability of the bulk-power system in the Eastern Interconnection through periodic reviews of generation and transmission expansion. These assessments are conducted by the

[29] In support of ERO Goal 4.b - Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends and lessons learned.
[30] In support of ERO Goal 4.d - Reliability models and data accurately represent system behavior and are shared among stakeholders.
[31] In support of ERO Goal 5.c - The ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.
[32] In support of ERO Goal 4.a - Risks are identified and prioritized based on reliability impacts, cost and practicality of assessments, projected resources, and emerging issues.
[33] In support of ERO Goal 2.a - The ERO registers and deregisters entities commensurate with risk to the BES and ensures all key reliability entities are certified to have essential capabilities.
[34] FERC Order Accepting the Revised [BES] Definition at: http://www.nerc.com/pa/RAPA/BES%20DL/2014-03-20%20BES%20-%20FERC%20Order%20Approving%20Revised%20Definition.pdf
[35] In support of ERO Goal 4.d - Reliability models and data accurately represent system behavior and are shared among stakeholders.

ERAG Steering Committees. In addition, ERAG has the responsibility to develop the annual set of seasonal and future steady state and dynamic simulation base cases for use by the Regional Entities and other industry groups in the Eastern Interconnection. This is done through the ERAG Multi-Regional Modeling Working Group (MMWG). NPCC participates in the ERAG activities as one of the six Eastern Interconnection Regional Entities.

NPCC RAPA staff participates with the ERAG Management Committee and acts as the liaison between the ERAG MMWG and the NPCC SS-37 Working Group; activities include:

Management Committee Activities

- ✓ Oversee the steady state and dynamic simulation base case development;
- ✓ Make necessary changes to the modeling of governor-turbine control systems to achieve frequency response that more closely reflects actual response during system frequency deviation events. Oversee ERAG Multi-Regional Modeling Working Group (MMWG) changes to the dynamics base cases;
- ✓ Continue the review of the NERC governor survey information to assess how to revise the governor-turbine plant control models at most generators;
- ✓ Review the 2015 Summer and 2015-2016 Winter Assessments, including, the MRSS (MRO-RFC-SERC-SPP) and the R-N (RFC-NPCC) Assessments of anticipated inter-Regional, inter-Balancing Authority transfer limit conditions and sensitivities;
- ✓ Participate in discussions with NERC staff, North American Transmission Forum, NERC System Analysis and Modeling Subcommittee, FERC staff and possibly North American Generation Forum representatives regarding base case modeling improvements and future general industry modeling improvements;
- ✓ Develop ERAG Strategic Direction (i.e. anticipated new developments in MMWG process and system assessments); and,
- ✓ Confirm MMWG cases and assessments continue to have sufficient protections in place for use and transmittal of confidential data and information.

Multi-Regional Modeling Working Group Items

- ✓ Complete the steady state and dynamic simulation base cases for the 2015 series of cases;
- ✓ Complete necessary changes to the modeling of governor-turbine control systems to achieve frequency response that more closely reflects actual response during system frequency deviation events;
- ✓ Continue the review of the NERC governor survey information to assess how to revise the governor-turbine plant control models at most generators. Recommend the necessary changes in the models for specific generators;
- ✓ Incorporate dispatch information into the future and seasonal ERAG MMWG base cases so that the dispatches are more closely aligned with economic dispatch practices;
- ✓ Determine how the Regional MMWG case development processes will change due to the use of the new web-based System Dynamics Data Base program;
- ✓ Verify procedures in the MMWG manual are followed;
- ✓ Check and confirm that the dynamic model data passes all applicable checks and acceptance criteria. Include 60 second steady state simulation of each case to detect numerical errors; and,
- ✓ Apply changes to the MMWG dynamics case so they are available for interconnection dynamics studies.

System Assessments Items

- ✓ Completion of 2015 Summer and 2015-2016 Winter Assessments, including, the MRSS and the R-N Assessments of anticipated inter-Regional, inter-Balancing Authority transfer limit conditions and sensitivities; and,
- ✓ Take additional steps to achieve consistency among the MRSS and the R-N study forums assessments and practices. Make additional recommendations to the ERAG Management Committee on how to complete this process.

NERC [36]

Through its Task Forces and Working Groups, NPCC will continue to provide the NPCC Regional perspective with active NPCC RAPA staff participation on the NERC Planning and Operating Committees and key related NERC Subcommittees, Task Forces and Working Groups:

- ✓ Reliability Assessment Data Working Group (RADWG);
- ✓ Protection System Mis-operations Task Force (PSMTF);
- ✓ Spare Equipment Database Task Force (SEDTF);
- ✓ Demand Response Availability Data System Working Group (DADSWG);
- ✓ Generating Availability Data System Working Group (GADSWG);
- ✓ Transmission Availability Data System Working Group (TADSWG);
- ✓ Model Validation Working Group (MVWG);
- ✓ Reliability Assessment Subcommittee (RAS) - Seasonal and Long-Term Reliability Assessments;
- ✓ System Analysis and Modeling Subcommittee (SAMS);
- ✓ Performance Analysis Subcommittee (PAS);
- ✓ Regional support and coordination of the NERC:
  - o Generator Availability Data System (GADS);
  - o Demand Availability Data System (DADS);
  - o Transmission Availability Data System (TADS);
  - o Spare Equipment Data Base System (SEDS);
- ✓ Incorporating any probabilistic reliability metrics required for the 2015 NERC Long-Term Reliability Assessment through the NPCC 2015 Long Range Adequacy Overview;
- ✓ Providing analytic support to ERO-RAPA group for the:
  - o Analysis of Relay and Special Protection System mis-operations;
  - o Regional coordination of data required for the calculation of metrics proposed by the NERC Reliability Metrics Working Group; and,
  - o Other activities as directed by the ERO-Executive Management Group.

As well as:

- ✓ Updating the NPCC Electric System Map; Producing the annual NPCC Load, Capacity, Energy, Fuels, and Transmission (LCEFT) Report
- ✓ Liaison with the New York Defensive Strategies Working Group in coordination and implementation of Synchro-Phasor measurement devices on the NPCC and neighboring systems and monitor related efforts of the NERC North American Synchro-Phasor Initiative;
- ✓ Processing BES Exception requests received through the BES Exception Process;

[36] In support of ERO Goal 4 - Identify the most significant risks to reliability, be accountable for mitigating reliability risks, and promote a culture of reliability excellence.

- ✓ Participating in on-going NERC analysis of the Eastern Interconnection Frequency Response;
- ✓ Developing NPCC guidelines for load modeling in system reliability studies;
- ✓ Conducting NPCC resource adequacy assessments addressing impacts of emerging reliability issues identified by NERC (e.g., environmental requirements, gas-electric system interdependency, distributed generation, delays in transmission plans, etc.);
- ✓ Coordinating any resulting NPCC inter-Area reliability analyses required to assess the proposed integration of related large-scale renewable resource proposals from Regional activities;
- ✓ Completing the 2015 NERC Seasonal (and post Seasonal) Reliability Assessments; and,
- ✓ Completing the 2015 NERC Long-Term Reliability Assessment.

2015 Goals and Key Deliverables

Task Force on Coordination of Planning

The primary mission of the NPCC Task Force on Coordination of Planning (TFCP) is to promote reliability through the coordination of NPCC Area and NERC planning processes and activities. In addition, the TFCP provides technical support regarding operating expertise to the NPCC Regional Standards Committee and the NPCC Compliance Committee as requested.

TFCP activities include, but are not limited to:

- Leading the NPCC Task Force review of the revision of NPCC criteria, guidelines, and procedures related to planning, and of those documents which provide for the uniform implementation, interpretation and monitoring of compliance with criteria, guidelines and procedures related to planning.
- Supporting the NPCC Directory Project by either drafting, reviewing or approving directories.
- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems.
- Facilitating Wide-Area Planning by supporting the Joint ISO/RTO Planning Committee Activities, implementation of the Northeast Planning Protocol, and performing any NPCC interconnection reliability analyses, as required.
- Reviewing the overall reliability of the NPCC Areas and performing multi-Area probabilistic reliability assessments.
- Identifying and assisting in the development of new Regional Reliability Standards.
- Assisting the NPCC Compliance Subcommittee, to monitor and coordinate the compliance efforts of the Areas with NPCC planning documents and registered entities with NERC Reliability Standards.
- Reviewing the Standards Authorization Requests and NERC Reliability Standards as well as participating in the NERC process. Educating and informing NPCC membership and registered entities of developments.
- Ensuring coordination of data and assumptions for conducting NPCC planning studies (i.e. load forecasts, reserve requirements, DOE EIA 411 data, and new facilities)
- Monitoring the activities of other NPCC Task Forces to ensure coordination with planning activities.
- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with NPCC Directory No. 1 based on a schedule set forth in the Reliability Assessment Program.

- Coordinating the review of the compliance of future Area plans with the Basic Criteria, including an analysis of resource and transmission system additions, and the potential inter-Area effects of special protection systems, in accordance with NPCC Reliability Directory No.1 based on a schedule set forth in the Reliability Assessment Program. (Specific projects, which in the opinion of the Task Force could have an impact on the reliability of the NPCC Bulk Power System, may be reviewed outside of the set schedule).

Key TFCP Reliability Assessment and Performance Analysis Deliverables

- ✓ Coordinating activities related to reactive power and voltage control practices, which includes Under Voltage Load Shedding (UVLS) with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC Planning Committee and its Subcommittees are addressed.
- ✓ Monitoring the actions of the NERC Performance Analysis Subcommittee (PAS).
- ✓ Monitoring the actions of the NERC System Analysis and Modeling Subcommittee (SAMS).
- ✓ Overseeing the A-10 BPS Implementation Plan.
- ✓ Overseeing the summer 2015 and winter 2015-2016 NPCC multi-area probabilistic reliability evaluations.
- ✓ Overseeing the 2015 NPCC Long-Range Adequacy Overview.
- ✓ Evaluating and approving Balancing Authority Area Transmission Reviews.
- ✓ Coordinating, monitoring, reviewing, and making recommendations on the retirement of existing in-service Special Protection Systems (SPS); and the implementation of proposed new or modified Special Protection Systems.
- ✓ Review the NPCC SPS criteria with respect to proposed NERC SPS Standards.
- ✓ Monitoring industry practices and making recommendations to NPCC on transmission adequacy standards related to intermittent generation such as wind or solar-voltaic.
- ✓ Reviewing and giving direction to other task forces on changes required to the Underfrequency Load Shedding (UFLS) program required to take into account increasing amounts of distribution connected generation and/or intermittent generation.
- ✓ Evaluating and recommending approval of NPCC Balancing Authority Area Resource Adequacy Assessments.
- ✓ Monitoring the developments in demand resources, energy efficiency, distributed generation and conservation methods including all intermittent renewable resources.
- ✓ Conducting resource adequacy assessment studies addressing emerging reliability issues as identified by the NERC Planning Committee (e.g., environmental requirements, etc.)
- ✓ Supporting Joint ISO/RTO Planning Committee activities.
- ✓ Facilitating Wide-Area Planning through participation in Regional and coordinating any resulting required inter-Area Reliability Assessment of the proposed integration related large-scale renewable resource proposals.
- ✓ Completion of the NERC 2015 Long-Term Reliability Assessment.
- ✓ Completion of the 2015 Review of NPCC Interconnection Assistance Reliability Benefits Study.
- ✓ Review NERC Events Analysis Lessons Learned for consideration in TFCP activities and processes.

Task Force on System Studies

The primary mission of the NPCC Task Force on System Studies (TFSS) is to provide active overall coordination of system studies of the reliability of the interconnected bulk power systems

and for the review of certain NPCC documents. In addition, the TFSS provides technical support regarding operating expertise to the NPCC Regional Standards Committee and the NPCC Compliance Committee as requested.

The activities of the TFSS include, but are not limited to:

- Participating with the Task Force on Coordination of Planning, the Task Force on Coordination of Operation, and the Task Force on System Protection in reviews of the NPCC Reliability Directory No.1 and other NERC Reliability Standards and NPCC criteria, guidelines, procedures and documents which provide for the uniform implementation, interpretation and monitoring of conformance to criteria, guidelines and procedures related to system studies.
- Conducting NPCC Balancing Authority Area Reviews, in accordance with NPCC Reliability Directory No. 1, based on material presented by the Balancing Authority Areas. These reviews will assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Balancing Authority Area's conformance with the NPCC Basic Criteria.
- Reviewing and approving changes to Balancing Authority Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10). Annually review and update the NPCC BPS List.
- Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7. Annually reviewing and updating the NPCC Special Protection System List.
- Conducting such load flow, transient stability, and other studies as required analyzing the overall reliability of the planned bulk power transmission systems of NPCC and the interconnections between NPCC and other Regional reliability organizations. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.
- Conducting analytical studies as appropriate to support the coordination of system planning, system operation and system protection in NPCC.
- Maintaining, through the SS-37 Working Group, a library of load flow base cases and associated dynamics data, for use in and support of Balancing Authority Area Reviews, overall transmission assessments, operational studies, inter-Regional studies, etc. Coordinate this effort with the NERC inter-Regional base case development process.
- In conjunction with other Task Forces, reviewing major system disturbances to ascertain the adequacy of the interconnected systems. Also, reviewing any associated recommendations for system modifications and considering the need for criteria changes.
- Identifying and recommending improved system study techniques. This includes, but is not limited to, the following:
    - improved techniques and models for power system simulation;
    - improved techniques for power system Reliability Assessment;
- Conducting a periodic review of the adequacy of the NPCC underfrequency load shedding program. Annually reviewing and updating the NPCC underfrequency load shedding database.
- Maintaining a listing and monitoring the status of major transmission and generation projects within NPCC.
- Maintaining liaison with other NPCC Task Forces and report to the Reliability Coordinating Committee as required.
- Monitoring the work of industry research and development organizations such as the IEEE, Canadian Electricity Association, Electric Power Research Institute, CIGRE and other technical organizations.

- Annually developing updates to the NPCC Electric System Map

Key TFSS Reliability Assessment and Performance Analysis Deliverables:

- ✓ Conducting Balancing Authority Area reviews, in accordance with the *Guidelines for NPCC Area Transmission Reviews* (Appendix B of NPCC Reliability Directory No. 1), based on material presented by the Balancing Authority Areas. These reviews assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Area's conformance with the NPCC Basic Criteria. Through the Area Transmission Reviews, re-evaluate the performance and classification of existing SPSs and Dynamic Control Systems as appropriate.
- ✓ Reviewing and classifying new and modified Special Protection Systems, in accordance with NPCC Reliability Directory No. 7 *Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems* as required.
- ✓ Reviewing and approving changes to the Balancing Authority Areas' lists of bulk power system elements, in accordance with the *Classification of Bulk Power System Elements* (Document A-10), as required.
- ✓ Updating the NPCC Bulk Power System List.
- ✓ Through the ad hoc Load Modeling Task Force, address the recommendations from the SS-38 Load Modeling White Paper regarding the use of dynamic load models for transient stability analysis.
- ✓ Perform the Overall NPCC Transmission Assessment.
- ✓ Reviewing and updating NPCC Undervoltage Load Shedding Database.
- ✓ Participation in on-going NERC analysis of the Eastern Interconnection Frequency Response.
- ✓ Through the SS-37 Working Group, develop the annual library of power flow base cases and associated dynamic models for use by NPCC members and input into the development of the MMWG library of power flow and dynamic cases and databases for the Eastern Interconnection
    - i. Final development of NPCC power flow models for 2015
    - ii. Final development of NPCC dynamic models for 2015
    - iii. Address wind modeling issues including maintaining a database of NPCC wind models for use in the MMWG library of power flow and dynamic cases and databases for the Eastern Interconnection.
- ✓ Annually performing event replication and exercise the procedure. Reviewing existing Regional criteria and procedures for validation of data used in power flow and dynamic simulations by benchmarking against actual system performance. If the existing criteria or procedures are found to be deficient, propose changes to provide for adequate data validation
- ✓ Updating the NPCC SS-37 Working Group Procedure Manual and other related documents including the Master Tie line Data, and Interchange Schedule, as required.
- ✓ Providing mid-term updates to the Library of NPCC/MMWG cases
- ✓ Enhancing the governor modeling on a unit by unit basis suitable for use in the system simulation.
- ✓ Annually reviewing and updating a list of NPCC underfrequency load shedding.
- ✓ Coordinate activities with those of the New York State Defensive Strategies Working Group, regarding the coordination and implementation of Synro-Phasor measurement devices.
- ✓ Incorporate NPCC guidelines for load and power system modeling approved by the RCC
- ✓ Classification of Bulk Power System Elements.

- ✓ Participate at Siemens PTI User Group meetings to provide PSSE program enhancements
- ✓ Supporting Regional system studies to integrate large-scale renewable resources.
- ✓ Provide support to NERC Event Analysis process, as needed.
- ✓ Develop updates to the NPCC Electric System Map.
- ✓ Provide support to the NERC Model Validation Working Group (MVWG) as needed.
- ✓ Review NERC Events Analysis Lessons Learned for consideration in TFSS activities and processes.

Task Force on System Protection (TFSP)

The purpose of the NPCC Task Force on System Protection (TFSP) is to promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America through the establishment of directories, criteria, guidelines, and procedures and coordination of design, relative to the protection associated with the bulk power systems. In addition, the TFSP provides technical support regarding operating expertise to the NPCC Regional Standards Committee and the NPCC Compliance Committee as requested.

The Reliability Assessment and Performance Analysis activities of the TFSP include, but are not limited to:

- Assessing proposed protection systems and special protection systems in accordance with NPCC Reliability Directory No. 4 and No. 7.
- Reviewing and analyzing the performance of protection systems following selected major power system disturbances and events, inside as well as outside NPCC in accordance with NPCC Reliability Directory No. 4. Issue recommendations for changes to NPCC Documents, as appropriate.
- Providing technical advice on protection issues to NPCC and coordinate with other Task Forces on the application of Intelligent Electronic Devices (IEDs) that include functions related to energy management systems in addition to their protective functions, in order to safeguard the integrity of the protective functions.
- Through the SP-7 Working Group, review, on a quarterly basis all protection system (including special protection system) misoperations reported to NPCC.
- Reviewing and assessing significant protection issues of common interest or informational value.
- Reviewing and assessing regulatory and industry based documents as they relate to system protection.
- Maintaining an effective liaison with North America groups working in the protection areas (for example: NERC System Protection & Control Subcommittee.)
- Exchanging information with other power pools, Regional Reliability Councils, Regional Transmission Organizations and other industry groups on matters concerned with system protection.
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee.

Key TFSP Reliability Assessment and Performance Analysis Deliverables:

- ✓ Assessing proposed protection systems and special protection systems for compliance with NPCC Directory No. 4 and No. 7 criteria.
- ✓ Reviewing and analyzing the performance of protection systems in power system disturbances and events, brought to the attention of the Task Force, inside as well as outside NPCC in accordance with *Procedures for Task Force on System Protection*

Review of Disturbances (Document C-30). Issuing recommendations for changes to NPCC Documents, as appropriate.

- ✓ Develop a new NPCC Directory for Disturbance Monitoring Equipment for related criteria, guides and procedures.
- ✓ Participate or serve as lead Task Force in the development and/or implementation of Regional Reliability Standards.
- ✓ Providing support to the NERC Event Analysis process as required.
- ✓ Participate in the ongoing development and submission of NPCC input into the development of related NERC Reliability Standards.
- ✓ Conducting any follow-up to the bulk power system protection risk assessment as directed by the Reliability Coordinating Committee.
- ✓ Through the SP-7 Working Group, monitor the review of protection system (including special protection system) mis-operations as they occurred in the NPCC Region and participation in providing the NPCC input for NERC Metric ALR4-1 on Protection Mis-operations.
- ✓ Monitor and review industry activities on the mitigation of the effects of SMD on protection systems. Report to RCC on any significant findings.
- ✓ Review mitigations and/or progress reports for BPS Risk Reduction Implementation at each meeting and annually report to the RCC on the status of this implementation.
- ✓ Participate in the development and submission of NPCC inputs/comments into the development of protection related NERC technical documents.
- ✓ Review best practices from its members and industry to pull together design considerations for the new IEC 61850 protection implementation with the output being possible additions to NPCC Directory No. 4 and Directory No. 7.
- ✓ Review NERC Events Analysis Lessons Learned for consideration in TFSP activities and processes.

Task Force on Coordination of Operation

The NPCC Task Force on Coordination of Operation (TFCO) facilitates the coordination of operations among the NPCC Reliability Coordinator areas and adjacent NERC Regions to enhance the reliability of the bulk power system. In addition, the TFCO provides technical support regarding operating expertise to the NPCC Regional Standards Committee and the NPCC Compliance Committee as requested.

The activities of the NPCC TFCO include, but are not limited to:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC, and coordinating these efforts with parallel assessments conducted by the NPCC Task Force on Coordination of Planning and by NERC. Reviewing the operational preparedness of NPCC and recommending possible actions to mitigate any potential problems identified for each operating period.
- Reviewing operations and system disturbances and providing any necessary follow-up, including the recommendation of remedial or mitigating actions.
- Facilitating the reliable operational integration of new bulk power system facilities.
- Coordinating the development of operating NPCC requirements and procedures affecting the reliability and operability of the bulk power system in coordination with, and as directed by, NERC and NPCC.
- Promoting and sponsoring inter-Balancing Authority Area and inter-Regional studies to enhance reliability and operational effectiveness of the bulk power system.

- Providing coordination of operating issues with other NPCC Task Forces and other Regions.
- Reviewing, and acting upon, NERC actions, motions and recommendations in relation to the operation of the power system.
- Formulating the position of the TFCO on NERC Standards, and providing this position to the NPCC Regional Standards Committee as appropriate.
- Providing assistance as requested by the NPCC Regional Standards Committee in the development of Regional Standards and Directories.
- Providing assistance as requested by the NPCC Compliance Committee in monitoring and coordinating the compliance efforts of the registered entities of NPCC.

Key TFCO Reliability Assessment and Performance Analysis Deliverables:

- ✓ Review and analyze the performance of Simultaneous Activation of Reserve implementation following an event to enhance the process. Manage the implementation of action items emanating from the NERC report, "High-Impact, Low-Frequency Event Risk to the North American Bulk Power System-June 2010," and its subsequent reports:
  - ➢ Severe Impact Resilience Severe Impact Resilience Task Force
  - ➢ Geomagnetic Disturbance Task Force
  - ➢ Cyber Attack Task Force
  - ➢ Spare Equipment Database Task Force
  - ➢ Smart Grid Task Force
- ✓ Monitor the development of the NERC North American Synchro-Phasor Initiative in its effort to establish an effective control monitoring tool.
- ✓ Provide assistance to the NPCC Regional Standards Committee in the second phase of the NPCC directories process.
- ✓ Review NPCC Reliability Coordinator Area Restoration Plans.
- ✓ Complete the NPCC 2015 summer and winter Operational Reliability Assessments.
- ✓ Completion of the NERC 2015 Seasonal Reliability Assessments.
- ✓ Review NERC Events Analysis Lessons Learned for consideration in TFCO activities and processes.
- ✓ Support the implementation of the NERC Cyber Standards, as required.

NPCC Regulatory/Governmental Affairs Advisory Group

The purpose of the NPCC Regulatory/Governmental Affairs Advisory Group is to promote NPCC interaction and coordination with Federal/State/Provincial governmental and/or regulatory agencies on a coordinated Regional basis, and identify and develop policy input for NPCC and Northeast Regional governmental and/or regulatory bodies.

The NPCC Governmental/Regulatory Affairs Advisory Group provides a forum where industry and governmental and/or regulatory representatives can exchange views and strive to develop consensus policy recommendations on reliability issues specific to the NPCC Region (Northeastern United States and Eastern Canada) and share actionable information among NPCC, NERC and other related governmental and/or regulatory agencies related to Regional energy and reliability matters.

Based on the portion of professional/technical staff time and other resources devoted to Reliability Assessment and Performance Analysis, NPCC estimates that it will expend 21 percent of its resources on these activities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/13 through 6/30/14 reduce U.S. LSE designee assessments for 2015.

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Retirement expense decreased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.

Meeting and Travel Expenses

- While the amount of activity continues to increase in 2015, due to the volume of work described above, meeting expenses will be minimized to the extent possible due to continued efforts to keep costs down by holding meetings via conference calls and internet meetings, which are budgeted as a part of G&A and then allocated to the direct programs through indirect expenses, conducting meetings at the NPCC offices or member facilities, as well as negotiating lower meeting space rental rates.

Operating Expenses and Indirect Expenses

- Reliability Assessment and Performance Analysis contracts expense increase is related to implementation of the revised BES definition.
- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Assessment and Performance Analysis

		2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding						
ERO Funding						
	ERO Assessments	$ 2,910,322	$ 2,910,322	$ -	$ 2,993,133	$ 82,811
	Penalty Sanctions	32,017	32,017	-	60,790	28,773
Total ERO Funding		**$ 2,942,339**	**$ 2,942,339**	**$ -**	**$ 3,053,923**	**$ 111,585**
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	-	-	-	-	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
Total Funding (A)		**$ 2,942,339**	**$ 2,942,339**	**$ -**	**$ 3,053,923**	**$ 111,585**
Expenses						
Personnel Expenses						
	Salaries	$ 904,028	$ 904,028	$ -	$ 937,098	$ 33,070
	Payroll Taxes	60,329	60,329	-	61,387	1,058
	Benefits	226,225	226,225	-	196,252	(29,973)
	Retirement Costs	190,390	190,390	-	172,840	(17,550)
Total Personnel Expenses		**$ 1,380,972**	**$ 1,380,972**	**$ -**	**$ 1,367,577**	**$ (13,395)**
Meeting Expenses						
	Meetings	$ 45,000	$ 45,000	$ -	$ 41,000	$ (4,000)
	Travel	175,000	175,000	-	185,000	10,000
	Conference Calls	-	-	-	-	-
Total Meeting Expenses		**$ 220,000**	**$ 220,000**	**$ -**	**$ 226,000**	**$ 6,000**
Operating Expenses						
	Consultants & Contracts	$ 275,000	$ 275,000	$ -	$ 365,000	$ 90,000
	Office Rent	-	-	-	-	-
	Office Costs	13,000	13,000	-	-	(13,000)
	Professional Services	-	-	-	-	-
	Computer & Equipment Leases	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
	Depreciation	-	-	-	-	-
Total Operating Expenses		**$ 288,000**	**$ 288,000**	**$ -**	**$ 365,000**	**$ 77,000**
	Total Direct Expenses	**$ 1,888,972**	**$ 1,888,972**	**$ -**	**$ 1,958,577**	**$ 69,605**
Indirect Expenses		**$ 1,105,682**	**$ 1,105,682**	**$ -**	**$ 1,116,695**	**$ 11,013**
Other Non-Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)		**$ 2,994,654**	**$ 2,994,654**	**$ -**	**$ 3,075,272**	**$ 80,618**
Change in Assets		**$ (52,315)**	**$ (52,315)**	**$ -**	**$ (21,349)**	**$ 30,967**
Fixed Assets						
	Depreciation	$ -	-	$ -	$ -	$ -
	Computer & Software CapEx	-	-	-	-	-
	Furniture & Fixtures CapEx	-	-	-	-	-
	Equipment CapEx	-	-	-	-	-
	Leasehold Improvements	-	-	-	-	-
	Allocation of Fixed Assets	(52,315)	(52,315)	-	(21,349)	30,967
Inc(Dec) in Fixed Assets (C)		**(52,315)**	**(52,315)**	**-**	**(21,349)**	**30,967**
TOTAL BUDGET (=B+C)		2,942,339	2,942,339	-	3,053,923	111,585
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ 0**	**$ 0**	**$ -**	**$ 0**	**$ 0**

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.10	0.10	0.00
Direct Expenses	$177,787	$180,222	$2,434
Indirect Expenses	$18,965	$19,154	$189
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	($897)	($366)	$531
Total Funding Requirement	$195,855	$199,010	$3,154

Program Scope and Functional Description

The NPCC Training, Education, and Operator Certification program supports NERC Rules of Procedure Section 900. The program provides education and training necessary to understand and operate the bulk electric system. The target audience of the program is bulk power system operating personnel - including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. This program also supports the administration of records necessary to maintain status as a NERC Continuing Education provider. NPCC staff training and development is incorporated within each respective program area.

Training Program Background and Description

NPCC establishes and coordinates programs for system operator training relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. It develops and conducts training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, the implementation of NPCC standards and procedures are discussed, significant disturbances are reviewed for lessons to be learned and table-top drills and communication and coordination exercises are conducted. The seminars promote camaraderie and better communication among system operators from the NPCC Reliability Coordinator Areas.

NPCC shares, evaluates and proposes new techniques and training aids as they become available; reviews opportunities to consolidate training among the NPCC Reliability Coordinators, which includes opportunities to share training material and training sessions and exchanges information on internal methods of system operator selection and training.

In addition, NPCC participates in the activities of the NERC Staff Training Group (STG). The main objective of the NERC STG is to coordinate the development of Regional Entity and NERC staff training and registered entity education materials to support and continually enhance reliability across North America for the benefit of all bulk electric system users, owners, and operators. The main focus of this group has been on NERC compliance auditor training.

Funding Drivers and Reliability Benefits

- Provide two high-quality continuing education seminars for system operators
    - System operators participating in the Seminars get exposure to NPCC issues and current industry operations topics, review recent NPCC or major external disturbances, discuss projected conditions for the coming summer or winter peak season and participate in hands on "table top exercises" pertaining to system operation practices. PJM operators also attend and participate in these seminars.
    - Seminar attendees also receive Continuing Education Hours (CEHs) and each Balancing Authority Area utilizes the seminar content by including it in their internal training programs to provide CEHs to all system operators
    - The seminars help to improve system operation coordination through better camaraderie among operators
- Review and revise the curriculum of the training seminars to better emphasize NERC standards, Regional Standards and business practices, NPCC wide-area operations and Regionally-specific criteria and procedures.[37]
- Enhance the system operator's awareness and knowledge of the standards, criteria and procedures they apply in real time operation.[38]
- Provide more sharing of new training approaches, exchange of information on internal methods of system operator selection, training material and training sessions.
    - Enhance efficiency and cost savings in the training programs in the NPCC Balancing Authority Areas
- Provide a forum among NPCC Reliability Coordinator / Balancing Authority (RC / BA) Areas for sharing of approaches to meet the requirements of the NERC PER standards. The sharing of approaches used by some NPCC Areas to address the PER-005-1, Requirement 3.1 on Training using simulator technology has been especially valuable to CO-2 Working Group members.
- Determine what changes would be needed for the NPCC Reliability Coordinator / Balancing Authority Areas to meet proposed expanded Systematic Approach to Training (SAT) requirement for operations support staff in PER-005-2.

2015 Key Assumptions

NPCC will conduct two workshops in 2015, for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the Compliance Monitoring and Enforcement Program (CMEP). These workshops are specifically designed, primarily through the conduct of targeted breakout class room sessions and presentations on current industry related activities, to provide for the most efficient exchange of information between the NPCC Compliance and Standards Staff and the NPCC Stakeholders. Presentations in the past have been conducted by FERC, NERC and Stakeholder representatives in addition to NPCC Staff members. To supplement these workshops, NPCC is also considering expanding the use of on-

[37] In support of ERO goal 4.b. Provide lessons learned and recommendations from events and identified risks.
[38] In support of ERO goal 4.b. Analyze significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness.

line webinars. These webinars will focus on a specific topic pertinent to developments related to compliance program implementation, standards development or technical topics.

NPCC also regularly conducts spring and fall System Operator Seminars. These seminars involve system operators from the NPCC Reliability Coordinator / Balancing Authority Areas and PJM. These will be held in early May and early November.

With the exception of meeting expenses, it is proposed that the NPCC resources to support Training and Education will remain virtually unchanged for the calendar year. In 2015, to be consistent with NERC and other Regional Entities, NPCC will charge for participation in NPCC workshops in an effort to defray some of the costs.

2015 Goals and Key Deliverables

- Prepare and conduct the spring and autumn NPCC System Operator Seminars
- Review approaches to reliability related-task definition, task instruction, and instruction tracking on an individual basis. Coordinate the effects of the PER-005-2 expanded SAT training requirements within the NPCC RC / BA Area programs.
- Expand the content of the Reliability Coordinator training programs, based on the new requirements generated by PER-005-2.
- Continue collaboration and sharing of the intended RC / BA approaches, experiences and materials to task identification and training development associated with NERC Standard PER-005-2.
- Create and expand the restricted-access NPCC repository of training resources and learning verification activities addressing fundamental power system topics, training methods and operation procedure training exercises, which may be shared as elements of operator training in compliance with NERC Standard PER-005, “System Personnel Training”.
- Participate in NERC Staff Training Group activities and provide NPCC input to the development of training policies by this group.

Based on the portion of professional/technical staff time and other resources devoted to training, education, and operator certification, NPCC estimates that it will expend 1 percent of its resources on this activity.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/13 through 6/30/14 reduce U.S. LSE designee assessments for 2015.

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Retirement expense decreased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Training, Education, and Operator Certification

		2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding						
ERO Funding						
	ERO Assessments	$ 131,306	$ 131,306	$ -	$ 133,967	$ 2,661
	Penalty Sanctions	549	549	-	1,043	494
Total ERO Funding		**$ 131,855**	**$ 131,855**	**$ -**	**$ 135,010**	**$ 3,154**
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	64,000	64,000	-	64,000	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
Total Funding (A)		**$ 195,855**	**$ 195,855**	**$ -**	**$ 199,010**	**$ 3,154**
Expenses						
Personnel Expenses						
	Salaries	$ 17,448	$ 17,448	$ -	$ 18,460	$ 1,012
	Payroll Taxes	1,063	1,063	-	1,274	211
	Benefits	4,500	4,500	-	4,052	(448)
	Retirement Costs	4,776	4,776	-	4,436	(341)
Total Personnel Expenses		**$ 27,787**	**$ 27,787**	**$ -**	**$ 28,222**	**$ 434**
Meeting Expenses						
	Meetings	$ 135,000	$ 135,000	$ -	$ 137,000	$ 2,000
	Travel	15,000	15,000	-	15,000	-
	Conference Calls	-	-	-	-	-
Total Meeting Expenses		**$ 150,000**	**$ 150,000**	**$ -**	**$ 152,000**	**$ 2,000**
Operating Expenses						
	Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer & Equipment Leases	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
	Depreciation	-	-	-	-	-
Total Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Direct Expenses	**$ 177,787**	**$ 177,787**	**$ -**	**$ 180,222**	**$ 2,434**
Indirect Expenses		**$ 18,965**	**$ 18,965**	**$ -**	**$ 19,154**	**$ 189**
Other Non-Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)		**$ 196,753**	**$ 196,753**	**$ -**	**$ 199,376**	**$ 2,623**
Change in Assets		**$ (897)**	**$ (897)**	**$ -**	**$ (366)**	**$ 531**
Fixed Assets						
	Depreciation	$ -	-	$ -	$ -	$ -
	Computer & Software CapEx	-	-	-	-	-
	Furniture & Fixtures CapEx	-	-	-	-	-
	Equipment CapEx	-	-	-	-	-
	Leasehold Improvements	-	-	-	-	-
	Allocation of Fixed Assets	(897)	(897)	-	(366)	531
Inc(Dec) in Fixed Assets (C)		**(897)**	**(897)**	**-**	**(366)**	**531**
TOTAL BUDGET (=B+C)		195,855	195,855	-	199,010	3,154
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ (0)**	**$ (0)**	**$ -**	**$ (0)**	**$ (0)**

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	0.00
Direct Expenses	$922,070	$937,689	$15,619
Indirect Expenses	$568,962	$574,629	$5,667
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	($26,920)	($10,986)	$15,935
Total Funding Requirement	$1,464,111	$1,501,332	$37,221

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is the combination of near real time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure, including the operation and maintenance of tools and other support services for the benefit of Reliability Coordinators and the system operators within the registered entities. Maintaining the real-time awareness of conditions on the interconnected bulk power systems by the NPCC Reliability Coordinator is critical to maintaining reliable operation within NPCC, including the communication of information concerning system conditions and abnormal events among the neighboring system operators responsible for the reliable operation of the bulk power systems. When a disturbance does occur, it is critical to use the event as a learning opportunity and provide a forum for the active coordination of reliability and operation among the NPCC Reliability Coordinator areas and neighboring NERC Regions to enhance the reliability of the interconnected bulk power system through the lessons to be learned which can be gleaned from such an event.

Event Analysis Program[39]

NERC and the industry pursue three avenues in the analysis of a disturbance: the identification of lessons to be learned, a formal cause code analysis and a review of applicable standards.

The Event Analysis Program recognizes that many events which occur on the bulk power system beyond the routine reporting requirements previously in place can have varying levels of significance to the electric system, providing otherwise unrealized lessons to be learned from these events and the trending of such events to identify possible reliability concerns. By integrating a "bottom-up" approach to a disturbance review within the framework of the NERC Event Analysis Program, consistency, comparability, flexibility and timeliness in the event analysis process will be promoted by NPCC, the registered entities and NERC in a collaborative initiative. Upon the identification of an event, the goal of the Event Analysis Program is to:

- identify what transpired;
- categorize the event within the NERC Event Analysis Program;

[39] In support of ERO Goal 4.b. Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends and lessons learned.

- establish the sequence of events;
- understand the essential root causes of the event;
- identify recommendations or corrective actions; and
- develop and disseminate to the industry, lessons to be learned so that the operational reliability of the bulk power system can be further enhanced.

In assessing any system event, it is recognized that, if the timely dissemination of lessons learned from an event or disturbance is to be realized, any potential compliance implications associated with an event must be addressed and dismissed. Throughout an event analysis effort, to make this process successful and complete, and to solidify the "bottom-up" approach, registered entities are encouraged to establish a liaison between the event analysis and compliance functions internal to the registered entity during the event analysis process. This serves to facilitate the development of a registered entity compliance self-assessment report which will perform a sufficiency review of the reliability standards deemed applicable to the event, assisting in the self-reporting of possible violations should any be discovered.

To complete this effort, the entity, the Region and NERC staff collaborate to assess the NERC Event Analysis Report and perform a formal cause code analysis, identifying a root cause and complementing any lessons learned gathered from the disturbance.

The adoption by NERC of the Event Analysis Program brings clarity and certainty about what system events are relevant to analyze and to what level of detail, targeting potential vulnerabilities to the reliability of the bulk power system for detailed and in depth analysis; only concise and succinct reviews are desired for more minor events. It also delineates the expectations of roles and responsibilities of the registered entities, NPCC and NERC in a uniform review of system disturbances by the industry, and, ultimately, the program promotes the timely development and dissemination of valuable lessons learned to the industry. The identification and tracking of emerging common elements in system events will further distinguish trends which may be of concern to reliability. By rigorously pursuing the lesser events on the system and learning from these disturbances, the larger event can be avoided or mitigated.

NPCC Staff works step-by-step with the registered entity in the total event analysis process, permitting the entity to assume the primary role in the initial analysis, the development of lessons learned which may benefit the industry and the Standards sufficiency review.

NERC Alert Process[40]

NPCC Staff works with the registered entities to appropriately respond to the NERC Alert system, a process through which notifications of potential threats to electric reliability are disseminated to the industry with the expectations placed on the entity proportional to the severity of the Alert being issued.

NPCC Staff is also working closely with the NERC Staff to incorporate greater efficiencies, industry input and precision into the NERC proposal for a more streamlined NERC Alert process which can disseminate critical information to the appropriate Subject Matter Expert within the organization who can promptly act on the alert.

[40] In support of ERO Goal 4.c. ERO supports industry situational awareness and cybersecurity preparedness and provides independent reliability information to policy makers.

Operational Status[41]

On an ongoing, but non-real time basis, NPCC monitors the operational status of the bulk power system and coordinates normal and pre-emergency communication, awareness and assistance in addition to the same during an emergency among the Reliability Coordinators within NPCC and its neighboring RCs: the New Brunswick Power Corporation, Hydro-Québec TransÉnergie, the ISO New England, Inc., the New York ISO and the Independent Electricity System Operator in Ontario. The industry is notified of significant bulk power system events that have occurred in one Reliability Coordinator Area, and which have the potential to impact reliability in other NPCC Reliability Coordinator Areas or Regions external to NPCC. These events include contingencies on the bulk power system, potential shortfalls of operating reserve, operating problems, potential security threats and potential threats or disruptions to the cyber systems.

The "NPCC Emergency Preparedness Conference Call Procedures" provide a mechanism that enables the Reliability Coordinator in NPCC, and, as circumstances may require, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions, to facilitate the procurement of assistance during emergency conditions and to identify potential physical or cyber threats to the system.

Items of particular concern that can be discussed during the calls may include, but are not limited to, the following: anticipated weather conditions critical to the system or systems experiencing or projecting resource deficiencies; load forecast; largest first and second contingencies; potential need for emergency transfers; operating reserve requirements and expected available operating reserve capacity deficiencies; potential fuel shortages or potential fuel supply disruptions which could lead to energy shortfalls; identified or projected voltage conditions; status of short term transactions; additional capability available within four hours and additional capability available within twelve hours; generator outages; significant transmission outages; expected transfer limits and limiting elements; anticipated implementation of NERC Transmission Loading Relief (TLR); changes in the status of relay protection systems; arming of special protection systems not normally armed; and/or the application of abnormal operating procedures.

NPCC has also established a daily conference call to serve as a complement to the NPCC Emergency Preparedness Conference Call. The participants of the call are the Reliability Coordinators within NPCC and its neighboring RCs, the Midwest ISO and PJM. The conference call is implemented through a bridge, the initiation of the call quickly ringing all pre-selected telephones simultaneously. The goal of the call is to alert all Reliability Coordinators of emerging problems. If no system difficulties are anticipated for the day, no unnecessary information is to be discussed. Subjects for discussion are limited to credible events which could impact the ability of an entity to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection, including the following: Projected Load; Adverse Weather; Operating Reserve; Generation; Transmission; and Sabotage. If conditions worsen in the course of the day, the NPCC Emergency Preparedness Conference Call will be implemented.

NPCC monitors the status of the bulk power system through the NERC Situational Awareness-FERC, NERC, Regions (SAFNR) initiative, a near real-time operating display for the United States portion of the Reliability Coordinators footprints of North America. Transmission voltage

[41] In support of ERO Goal 4.c. ERO supports industry situational awareness and cybersecurity preparedness and provides independent reliability information to policy makers.

levels of 230 kV and above are displayed, and the tool provides the ability to "drill down" to detailed bus information.

To ensure the capability for continued voice communications among NPCC and its Reliability Coordinators, a satellite telephone network was also established, and it is tested on a monthly basis. This back-up communications system will function in the event of a collapse of the Public Switched Telephone Network (PSTN), and cross-border voice communications can still be maintained among the Canadian Reliability Coordinators of NPCC and the Reliability Coordinators in the United States.

Critical Infrastructure Objectives

NPCC's critical infrastructure objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) and include, but are not confined to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security

NPCC's 2015 critical infrastructure goals and objectives, as identified by the 2014-2015 Work Plan of the Task Force on Infrastructure Security and Technology include, but are not confined to:

- Oversee the implementation of version 5 of the CIP Standards
- Monitor the Homeland Security Information Network (HSIN), ES-ISAC, Critical Information Protection Information Sharing (CIPIS), NERC Alerts and Canadian Information Sharing and share information with CO-8[42]
- Coordinate Cyber Protection activities, discussions and hold workshops as may be required to maintain Cyber Security of BES Cyber Assets.[43]
- Provide continued support and participation in NERC's Critical Infrastructure Protection Committee (CIPC)[44]
- Review and submit comments on NERC proposed Reliability Standards, modified Reliability Standards, proposed Guidelines and modified Guidelines related to Infrastructure Security and Technology
- Keep current on all governmental agencies regarding applicable security recommendations and requirements, and other applicable security and reliability recommendations and keep the RCC and its committees appropriately informed, e.g. Sector Specific Plan.
- Develop and maintain levels of expertise in those areas of concern to the task force through activities such as periodic workshop presentations, seminars, and meetings, open to the general NPCC membership[45].
- Regarding the Cross Border Emergency Telecommunications recommendation
    - Continue to annually report to RCC on this testing

[42] In support of ERO Goal 5.b. Issue and track security recommendations to protect the bulk power system (related to 5.a.ii.)

[43] In support of ERO Goal 1. b. Facilitate smooth transition of new standards (e.g., CIP Version 5); and ERO Goal 3.a. Initiate compliance phase-in learning periods for new standards

[44] In support of ERO Goal 5.a. Manage risk control initiatives to be completed by ERO and coordinate other initiatives with industry (e.g., relay misoperations, situational awareness, human error, cyber attack)

[45] In support of ERO Goal 5.b. Expand the use and value of security threat and vulnerability information sharing, analytics, and analysis

    - Continue to support CO-8's monthly testing
- Assess the telecommunications industry's desire to convert Frame Relay customers to Multiprotocol Label Switching (MPLS) and potentially provide recommendations to RCC

System Operations Security Objectives

NPCC's system operations security objectives are defined within the scope of the NPCC Task Force on Coordination of Operation (TFCO) and include, but are not confined to:

- Coordinating inter-Regional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system[46]
- Assisting in the development of real time operating tools assuring cyber security concerns are addressed[47]

NPCC's 2015 operational situation awareness goals and objectives, as identified by the 2014-2015 Work Plan of the NPCC Task Force on Coordination of Operation (TFCO) include, but are not confined to:

- Continue to monitor the reliable implementation of version 5 of the Cyber Standards.[48]
- Work directly with applicable NPCC Task Forces to provide an in depth assessment of Lessons Learned unique to the NPCC members and NPCC criteria.

2015 Key Assumptions

- The monitoring of Lessons Learned will be a major focus of NERC in 2015.
- Critical infrastructure protection will fully integrate the requirements of version 5 of the Cyber Standards in 2015.

2015 Goals and Key Deliverables

- Continue to monitor the reliable implementation of version 5 of the Cyber Standards.
- Work directly with applicable NPCC Task Forces to provide an in depth assessment of Lessons Learned unique to the NPCC members and NPCC criteria.
- Establish a unique NPCC Event Analysis web site to post NPCC Lessons Learned.
- Contribute to the reduction of Category 3 events and no Category 4 or 5 events in NPCC- by disseminating to the RCC compiled information on NPCC Region specific, as well as industry wide, event related causal analysis and analysis of Lessons Learned.[49]

Based on the portion of professional/technical staff time and other resources devoted to situation awareness and infrastructure security, NPCC estimates that it will expend 10 percent of its resources on this activity.

[46] In support of ERO Goal 5.b.Issue and track security recommendations to protect the bulk power system (related to 5.a.ii.)

[47] In support of ERO Goal 5.a. Manage risk control initiatives to be completed by ERO and coordinate other initiatives with industry (e.g., relay misoperations, situational awareness, human error, cyber attack)

[48] In support of ERO Goal 5.a. Manage risk control initiatives to be completed by ERO and coordinate other initiatives with industry (e.g., relay misoperations, situational awareness, human error, cyber attack)

[49] In support of ERO Goal 4.b. Provide lessons learned and recommendations from events and identified risks

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- U.S. Penalty Sanctions remitted from 7/1/13 through 6/30/14 reduce U.S. LSE designee assessments for 2015.

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense relects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Retirement expense decreased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.
- Consultants and contracts expense increase in support of NPCC's efforts to assess and improve system frequency and generator governor response.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Situation Awareness and Infrastructure Security

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,447,636	$ 1,447,636	$ -	$ 1,470,051	$ 22,415
Penalty Sanctions	16,475	16,475	-	31,281	14,806
Total ERO Funding	**$ 1,464,111**	**$ 1,464,111**	**$ -**	**$ 1,501,332**	**$ 37,221**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 1,464,111**	**$ 1,464,111**	**$ -**	**$ 1,501,332**	**$ 37,221**
Expenses					
Personnel Expenses					
Salaries	$ 522,672	$ 522,672	$ -	$ 541,258	$ 18,586
Payroll Taxes	32,961	32,961	-	32,811	(150)
Benefits	88,851	88,851	-	80,801	(8,049)
Retirement Costs	117,586	117,586	-	107,819	(9,767)
Total Personnel Expenses	**$ 762,070**	**$ 762,070**	**$ -**	**$ 762,689**	**$ 619**
Meeting Expenses					
Meetings	$ 25,000	$ 25,000	$ -	$ 15,000	$ (10,000)
Travel	60,000	60,000	-	60,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 85,000**	**$ 85,000**	**$ -**	**$ 75,000**	**$ (10,000)**
Operating Expenses					
Consultants & Contracts	$ 75,000	$ 75,000	$ -	$ 100,000	$ 25,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 75,000**	**$ 75,000**	**$ -**	**$ 100,000**	**$ 25,000**
Total Direct Expenses	**$ 922,070**	**$ 922,070**	**$ -**	**$ 937,689**	**$ 15,619**
Indirect Expenses	**$ 568,962**	**$ 568,962**	**$ -**	**$ 574,629**	**$ 5,667**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,491,031**	**$ 1,491,031**	**$ -**	**$ 1,512,318**	**$ 21,286**
Change in Assets	**$ (26,920)**	**$ (26,920)**	**$ -**	**$ (10,986)**	**$ 15,935**
Fixed Assets					
Depreciation	$ -	-	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(26,920)	(26,920)	-	(10,986)	15,935
Inc(Dec) in Fixed Assets (C)	**(26,920)**	**(26,920)**	**-**	**(10,986)**	**15,935**
TOTAL BUDGET (=B+C)	1,464,111	1,464,111	-	1,501,332	37,221
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (0)**	**$ (0)**	**$ -**	**$ (0)**	**$ (0)**

Administrative Services

Administrative Services Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	9.00	9.00	0.00
Total Direct Expenses	$5,689,616	$5,746,287	$56,671
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Less: Other Funding Sources	$0	$0	$0
Total Allocation to Regional Entity Division Programs as Indirect Expenses	($5,283,757)	($5,336,385)	($52,629)
Total Allocation to Criteria Services Division Programs as Indirect Expenses	($405,859)	($409,902)	($4,043)
Funding Requirement for Working Capital and Operating Reserves	($300,126)	($355,161)	($55,035)

Program Scope and Functional Description

Administrative services support the previously identified five program areas of: reliability standards; compliance monitoring and enforcement and organization registration and certification; training, education, and operator certification; reliability assessment and performance analysis; and situation awareness and infrastructure security. Administrative services consist of: technical committees and members' forums; general and administrative; legal and regulatory; information technology; human resources; and finance and accounting.

Methodology for Allocation of Administrative Services Expenses to Programs

NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Personnel Expenses

- NPCC anticipates no need to hire additional personnel in this program area in 2015.
- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.

Administrative Services

Funding sources and related expenses for the Administrative Services section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures 2014 Budget & Projection, and 2015 Budget ADMINISTRATIVE SERVICES						
		2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding						
ERO Funding						
	ERO Assessments	$ (300,126)	$ (300,126)	$ -	$ (355,161)	$ (55,035)
	Penalty Sanctions	-	-	-	-	-
Total ERO Funding		**$ (300,126)**	**$ (300,126)**	**$ -**	**$ (355,161)**	**$ (55,035)**
	Membership Dues	-	-	-	-	-
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	-	-	-	-	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
Total Funding (A)		**$ (300,126)**	**$ (300,126)**	**$ -**	**$ (355,161)**	**$ (55,035)**
Expenses						
Personnel Expenses						
	Salaries	$ 1,676,735	$ 1,676,735	$ -	$ 1,769,318	$ 92,583
	Payroll Taxes	96,083	96,083	-	97,804	1,722
	Benefits	442,256	442,256	-	402,307	(39,949)
	Retirement Costs	425,270	425,270	-	435,638	10,368
Total Personnel Expenses		**$ 2,640,344**	**$ 2,640,344**	**$ -**	**$ 2,705,068**	**$ 64,724**
Meeting Expenses						
	Meetings	$ 110,000	$ 110,000	$ -	$ 120,000	$ 10,000
	Travel	155,000	155,000	-	155,000	-
	Conference Calls	77,000	77,000	-	45,000	(32,000)
Total Meeting Expenses		**$ 342,000**	**$ 342,000**	**$ -**	**$ 320,000**	**$ (22,000)**
Operating Expenses						
	Consultants & Contracts	$ 150,000	$ 150,000	$ -	$ 124,000	$ (26,000)
	Office Rent	737,272	737,272	-	751,500	14,228
	Office Costs	523,500	523,500	-	578,700	55,200
	Professional Services	966,500	966,500	-	1,025,000	58,500
	Computer & Equipment Leases	-	-	-	-	-
	Miscellaneous	80,000	80,000	-	40,000	(40,000)
	Depreciation	250,000	250,000	-	202,019	(47,981)
Total Operating Expenses		**$ 2,707,272**	**$ 2,707,272**	**$ -**	**$ 2,721,219**	**$ 13,947**
	Total Direct Expenses	**$ 5,689,616**	**$ 5,689,616**	**$ -**	**$ 5,746,287**	**$ 56,671**
Indirect Expenses		**$ (5,689,616)**	**$ (5,689,616)**	**$ -**	**$ (5,746,287)**	**$ (56,671)**
Other Non-Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)		**$ -**	**$ -**	**$ -**	**$ (0)**	**$ (0)**
Change in Assets		**$ (300,126)**	**$ (300,126)**	**$ -**	**$ (355,161)**	**$ (55,035)**
Fixed Assets						
	Depreciation	(250,000)	(250,000)	$ -	(202,019)	$ 47,981
	Computer & Software CapEx	-	-	-	100,000	100,000
	Furniture & Fixtures CapEx	-	-	-	-	-
	Equipment CapEx	-	-	-	-	-
	Leasehold Improvements	-	-	-	-	-
	Allocation of Fixed Assets	250,000	250,000	-	102,019	(147,981)
Inc(Dec) in Fixed Assets (C)		**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B+C)		-	-	-	(0)	(0)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ (300,126)**	**$ (300,126)**	**$ -**	**$ (355,161)**	**$ (55,035)**

Technical Committees and Member Forums

Technical Committees and Members Forum Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.50	0.50	0.00
Total Direct Expenses	$75,711	$73,779	($1,932)
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	$0	$0	$0

Program Scope and Functional Description

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. The stakeholders are the source of expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging issues related to the reliability of the NPCC Region.

2015 Key Assumptions

- NPCC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2015
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs that require less stakeholder travel and face-to-face meetings, as the economy improves in 2015
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability

2015 Goals and Key Deliverables

The 2015 NPCC General Meeting provides an opportunity for NPCC Members to meet high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior NERC and NPCC executives to discuss topics related to the reliable planning and operation of the power system, including consideration of emerging reliability, critical infrastructure and environmental issues.

2015 Public Information Committee Goals and Objectives

The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and coordinate with related NPCC Area, NERC media and public information activities. Activities anticipated for include, but are not limited to:

- Conducting the Media Event – release of the Summer 2015 NPCC Reliability Assessment

- Participation in NERC Regional communication initiatives:
    - Regional communications teleconferences as required
    - Coordination of Emergency or Blackout communications plans
    - Coordination with other NERC activities as required (i.e., situation awareness, event analysis, reliability assessments, etc.)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

General and Administrative

General and Administrative Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.50	2.50	0.00
Total Direct Expenses	$3,293,356	$3,209,290	($84,066)
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	($300,126)	($355,161)	($55,035)

Program Scope and Functional Description

The NPCC general and administrative function provides executive management of the corporation, management of NPCC office, and other administrative support programs.

NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Funding Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Legal and Regulatory

Legal and Regulatory Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	0.00
Total Direct Expenses	$621,004	$628,183	$7,179
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	$0	$0	$0

Program Scope and Functional Description

NPCC's professional legal services provide counsel to the President and CEO, Board of Directors, Vice President and COO, Treasurer and staff on a wide range of legal and regulatory matters including legislation, corporate law, code of conduct, confidentiality, governance, employment law, tax matters, contract law and other areas affecting NPCC. Regulatory counsel provides legal advice to advance significant corporate policy and strategic planning initiatives and also provides legal support to other program areas on matters arising in connection with the performance of NPCC's delegated functions. Regulatory counsel drafts agreements and pleadings and provides interpretations of relevant statutes, regulations, court opinions, and regulatory decisions of FERC, state agencies and provincial authorities. Outside counsel, as necessary, reviews items filed with the governmental agencies for legal sufficiency, maintains relationships with U.S. and Canadian jurisdictions and provides contract review.

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Information Technology

Information Technology Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	0.00
Total Direct Expenses	$1,037,624	$1,111,674	$74,050
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	$0	$0	$0

Program Scope and Functional Description

NPCC's Information Technology services ensure information assets and the environment in which they operate are secure and in conformance to NPCC IT Policies and Procedures. NPCC maintains an offsite backup server for continuity of essential operations in the event that its primary location is unavailable.

2015 Key Assumptions

- Continue to develop and maintain the compliance portal through collaboration with other Regions and NERC (CUG).
- Achieve greater consistency with the other Regions and NERC by participating in the NERC IT Steering Group (ITSG) and deriving the efficiencies and cost savings which may result from the projects of this group.[50]
    - The ERO EMG identifies and prioritizes ERO-wide applications to be developed under a PMO housed at NERC. The NERC IT budget does not supplant the Regional Entities' need for IT expenditures for specific regional projects, but to the extent that agreed-upon ERO Enterprise applications provide greater efficiencies, there should not be any unnecessary, redundant expenditures at the regional level.
- Support the Event Analysis program through continued participation in the tools used for the tracking and analysis of system events.[51]
- Support the Bulk Electric System Exception Process "BEP" to enable and facilitate tracking and processing of exceptions submitted.[52] Maintenance of the BESNET support services such as updates, patching, coordinating issues with NERC.
- Support Cyber Security Reviews done by compliance to provide advisory role during those reviews.

[50] ERO Goal 7.b. Develop test and deploy ERO enterprise applications, platform and database

[51] ERO Goal 6.b. Evaluate event disturbances using phasor measurements and other methods to assess sufficiency of data and models;
ERO Goal 4.b. Provide lessons learned and recommendations from events and identified risks;
ERO Goal 4.b. Merge event driven databases and cause codes into one (e.g., event analysis, TADS, GADS, relay mis-operations)

[52] ERO Goal 2.a. Develop and implement BES exception process.

2015 Goals and Key Deliverables

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Create an information security program and environment aimed at reducing breach of security risks
- Determine long-term software and systems needs and hardware acquisitions
- Develop and implement information security standards and procedures
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security
- Plan and implement organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems
- Provide outreach and education to NPCC members in IT best practices
- Continually improve Disaster Recovery policies and practices to ensure continuity of service

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Human Resources

Human Resources Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	0.00
Total Direct Expenses	$178,931	$183,817	$4,886
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	$0	$0	$0

Program Scope and Functional Description

NPCC has assembled an exceptional team of highly qualified employees to carry out the activities of NPCC. The human resources function, in adherence with applicable federal and state laws, designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

An enhanced employee time tracking system was implemented in 2013 based on FERC audit recommendations. Employee time tracking and reporting is also handled by the human resources program area.

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Accounting and Finance

Accounting and Finance Program Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	0.00
Total Direct Expenses	$482,991	$494,544	$11,554
Other Non-Operating Expenses	$0	$0	$0
Inc(Dec) in Fixed Assets	$0	$0	$0
Working Capital Requirement	$0	$0	$0

Program Scope and Functional Description

The accounting and finance function directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have identified this system as a best practice.

2015 Goals and Key Deliverables

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Cash Management
- Budget Development using the NERC budget template formats
- Forecasts and Projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the programs
- Payroll and expense administration
- Preparation of unaudited Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable

Operating Expenses and Indirect Expenses

- NPCC total overhead expenses, such as office rent and office costs will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

Regional Entity Assessment Analysis

In the area of assessments there are distinct funding mechanisms as outlined in the following table. For the Regional Entity division, the North American Electric Reliability Corporation (NERC) will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario and Québec) based upon 2013 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July and October. For funding associated with the criteria services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2012 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee.

NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the Regional Entity division and the criteria services division of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the BAAs within NPCC as the designees for the load-serving-entities in New York, New England, Ontario, Québec, New Brunswick and Nova Scotia (Column A-1).

In order to reflect and respect the international membership and nature of NPCC, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique Memoranda of Understanding or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year (Columns B-1 and C-1, respectively). In order to establish the RE division funding requirements for each balancing authority area on a NEL basis for all programs except for compliance (Column F-1), the proposed expenses and fixed assets of all other programs are calculated (Column D-1) and the adjustment for the RE division cash reserve requirement is identified (Column E-1). Any penalty monies received from NPCC registered entities within the U.S. prior to June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs (Columns B-1a., C-1a. and G-1, respectively). Consistent with each of the Canadian provincial MOUs and agreements, all penalty monies resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit

(Column H-1), with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis (Column I-1).

In accordance with the *NPCC Amended and Restated Bylaws* the CS division proposed expenses and fixed assets of all programs are calculated (Column J-1) and the adjustment for the CS division cash reserve requirement is identified (Column K-1), with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis (Column L-1).

For costs associated with the RE division compliance program, NPCC's allocation methodology apportions 22.41% of the costs for the program, attributed to CORC Fundamentals (CF), between the BAAs in the United States and Canada on a NEL basis (Column B-2).

Audits and Investigations (AI) related costs, representing 51.71% of the costs of the compliance program, are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology (Columns C-2a., C-2c., and D-2b., respectively). The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. The portion allocated to the U.S. BAAs in NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL (Columns C-2b. and D-2a.).

The remaining 25.88% of the costs of the compliance program represent Mitigation and Enforcement (ME) related costs and are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an enforcement activity based methodology, (Columns E-2a., E-2c., and F-2b., respectively). Based on historical data, NPCC reviewed each BAAs percentage of violations, mitigation plans and settlement agreements to determine each BAAs total average percentage of enforcement activities. The portion allocated to the U.S. BAAs in NPCC is calculated using the enforcement activity based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL (Columns E-2b. and F-2a.).

Any penalty monies received from NPCC registered entities within the U.S. by June 30th of the year preceding the business plan and budget year are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment (Columns C-1a., H-2, G-2 and I-2, respectively).

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined (Column M).

NPCC 2015 Regional Entity (RE) and Criteria Services (CS) Divisional Funding Information

A-1	B-1	B-1a.	C-1	C-1a.	D-1	E-1	F-1	G-1	H-1	I-1	J-1	K-1	L-1
NPCC Balancing Authorities (LSE Designees)	2013 Net Energy for Load (MWh)	2013 NPCC US NEL (MWh)	2013 NEL % of NPCC Total	2013 NEL % of NPCC U.S.	2015 [1] NPCC RE Division Expenses & Fixed Assets Minus CORC Program	Adjustment to RE Division Cash Reserve Requirement	2015 [1] NPCC RE Division Funding Requirement Minus CORC Program	Penalty Monies Applied to RE Division Minus CORC Program	Budgeted Workshop Fees	2015 [1] NPCC RE Division Assessment Minus CORC Program *(F-1 plus G-1 plus H-1)*	2015 NPCC CS Division Expenses & Fixed Assets	2015 Adjustment to CS Division Cash Reserve Requirement	2015 NPCC CS Division Funding Requirement & Member Fees *(J-1 plus K-1)*
New England	129,377,000	129,377,000	19.94690%	44.17241%	1,238,781	-70,844	1,167,938	-54,626	-12,766	1,100,545	225,289	-18,794	206,495
New York	163,514,000	163,514,000	25.21003%	55.82759%	1,565,642	-89,536	1,476,106	-69,040	-16,134	1,390,932	284,732	-23,753	260,980
Ontario	140,737,000		21.69835%		1,347,553	-77,064	1,270,489	0	-13,887	1,256,602	245,070	-20,444	224,626
Québec	189,722,000		29.25069%		1,816,583	-103,887	1,712,696	0	-18,720	1,693,975	330,369	-27,560	302,809
New Brunswick	14,084,000		2.17142%		134,854	-7,712	127,142	0	-1,390	125,752	24,525	-2,046	22,479
Nova Scotia	11,173,000		1.72261%		106,981	-6,118	100,863	0	-1,102	99,761	19,456	-1,623	17,833
Total	648,607,000	292,891,000	100.00000%	100.00000%	$6,210,394	-$355,161	$5,855,233	-$123,666	-$64,000	$5,667,567	$1,129,441	-$94,220	$1,035,221

		CORC Audit and Investigation Cost Allocation [3]					CORC Mitigation and Enforcement Cost Allocation [4]										
A-2	B-2	C-2			D-2		E-2			F-2		G-2	H-2	I-2	J-2	K-2	L-2	M
	2013 NEL Based	2015			2015		2015			2015		2015		2015	2015	2015	2015	2015 NPCC
NPCC Balancing Authorities	Allocation of 22.41% of 2014 CORC Program	Audit and Investigation Allocation Methodology a	b	c	51.71% of CORC Program a	b	Mitigation and Enforcement Allocation Methodology a	b	c	25.88% of CORC Program a	b	Total CORC Program Expenses &	Penalty Monies Applied to	Total CORC Program Assessment	RE Division Total Funding Requirement	RE Division Total Assessment	NPCC Total Funding Requirement	Total Assessment & Member Fees
(LSE Designees)	Fundamentals [2]	Total NPCC Audit Based	U.S. NEL Based	Canada Audit Based	U.S. NEL Based	Canada Audit Based	Enforcement Activity Based	U.S. NEL Based	Canada Activity Based	U.S. NEL Based	Canada Activity Based	Fixed Assets	CORC Program	*(G-2 plus H-2)*	*(F-1 plus G-2)*	*(I-1 plus I-2)*	*(L-1 plus J-2)*	*(L-1 plus K-2)*
New England	383,005	47.39467%	36.35833%		1,610,888		53.26680%	38.27137%		848,643		2,842,535	-73,695	2,768,841	4,010,473	3,869,386	4,216,968	4,075,881
New York	484,063	34.91537%	45.95172%		2,035,931		33.37410%	48.36953%		1,072,563		3,592,558	-93,140	3,499,418	5,068,664	4,890,350	5,329,643	5,151,330
Ontario	416,635	5.14634%		5.14634%		228,013	3.78990%		3.78990%		84,039	728,686	0	728,686	1,999,175	1,985,288	2,223,801	2,209,914
Québec	561,649	7.64011%		7.64011%		338,502	8.43670%		8.43670%		187,078	1,087,229	0	1,087,229	2,799,925	2,781,204	3,102,734	3,084,014
New Brunswick	41,694	2.73304%		2.73304%		121,090	0.49970%		0.49970%		11,081	173,864	0	173,864	301,006	299,616	323,485	322,095
Nova Scotia	33,076	2.17047%		2.17047%		96,165	0.63280%		0.63280%		14,032	143,273	0	143,273	244,136	243,033	261,969	260,866
Total	$1,920,121	100.00000%	82.31005%	17.68995%	$3,646,819	$783,769	100.00000%	86.64090%	13.35910%	$1,921,206	$296,229	$8,568,145	-$166,834	$8,401,311	$14,423,378	$14,068,878	$15,458,599	$15,104,099
					Total =	$4,430,588				Total =	$2,217,436							

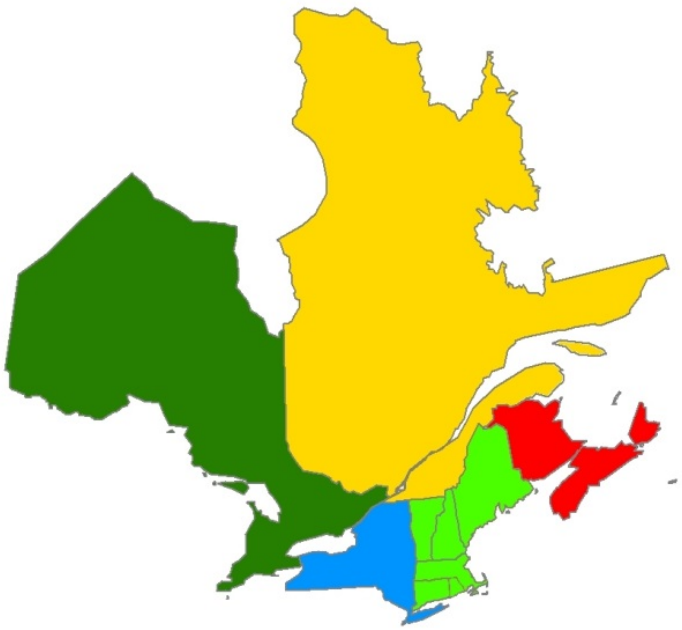
1 Consistent with NERC's Policy on Allocation of Certain Compliance and Enforcement Costs, the NPCC Board approved Allocation Methodologies for Certain NPCC Compliance Program Area Costs Assessed to Non-U.S. Entities.

2 CORC Program Fundamentals expenses of $1,920,121 represent 22.41% of the Total CORC Program Costs and are allocated using the Regional NEL based methodology.

3 Audit and Investigation expenses of $4,430,588 represent 51.71% of the Total CORC Program Costs. The Canadian costs are allocated utilizing an audit based methodology. The portion of 82.31005% attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a. and C-1a. The ratios in C-1a. are applied to the 82.31005% of U.S. audit costs to obtain the percentages (Column C-2 b) which are then applied to the 51.71% of CORC costs. Audit based allocation uses Compliance Registry Data registrants as of May 1, 2014.

4 Mitigation and Enforcement expenses of $2,217,436 represent 25.88% of the Total CORC Program Costs. The Canadian costs are allocated utilizing an enforcement activity based methodology. The portion of the 86.64090% attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a. and C-1a. The ratios in C-1a. are applied to the 86.64090% of U.S. audit costs to obtain the percentages (Column E-2 b) which are then applied to the 25.88% of CORC costs.

Section B – Supplemental Financial Information
2015 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1 – Reserve Balance

Working Capital and Operating Reserve Analysis 2014-2015
REGIONAL ENTITY DIVISION

	Total Reserve	Operating Reserve	Working Capital
Beginning Total Reserve, December 31, 2013	**5,245,194**	4,013,698	1,231,496
Plus: 2014 ERO Funding (from LSEs or designees)	13,611,880	13,611,880	0
Plus: 2014 Other funding sources	217,000	217,000	0
Less: 2014 Projected expenses & capital expenditures	(14,129,006)	(14,129,006)	0
Projected Total Reserve, December 31, 2014	**4,945,068**	**3,713,572**	**1,231,496**
Desired Total Reserve, December 31, 2015 [1]	**4,589,907**	3,358,411 [2]	1,231,496 [3]
31.06% of Total Regional Entity Budget of $14,778,539			
Less: Projected Working Capital and Operating Reserve, December 31, 2014	(4,945,068)	(3,713,572)	(1,231,496)
Increase(decrease) in assessments to achieve desired Total Reserve	**(355,161)**	(355,161)	0

2015 Expenses and Capital Expenditures	14,778,539
Less: Penalty Sanctions [4]	(290,500)
Less: Other Funding Sources	(64,000)
Adjustment to achieve desired Total Reserve balance	(355,161)
2015 Assessment	**14,068,878**

[1] Total Reserve within a range of 16.67% - 33.33% of Budget.
[2] Operating Reserve within a range from 8.33% to 25.00% of Budget. $3,358,411 represents 22.72% of the 2015 budget of $14,778,539
[3] Working Capital equal to 8.33% of Budget. $1,231,496 represents 8.33% of the 2015 budget of $14,778,539
[4] Represents collections prior to June 30, 2014.

Explanation of Changes in Reserve Policy from Prior Year

On October 29, 2013 NPCC's Board of Directors approved management's proposed Working Capital and Operating Reserve Policy. The policy calls for a range between 8.33% (30 days) and 25.00% (90 days) rather than the specific required level of Operating Reserves of 8.33%. This range will allow for more stability in Assessments. The Working Capital required balance remains unchanged at 8.33% (30 days).

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Regional Entity division Statement of Activities on page 13 of the 2015 Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

U.S. penalty monies received prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – Accounting, Financial Statement, and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset U.S. load serving entity designee assessments in the 2016 Budget.

All penalties received prior to June 30, 2014 are detailed below, including date received and the penalty amount.

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

Table B-2 – Penalty Sanctions

Penalty Sanctions Received Prior to June 30, 2014	Date Received	Amount Received
Penalty Payment 1	7/5/2013	$ 50,000.00
Penalty Payment 2	7/5/2013	$ 10,000.00
Penalty Payment 3	7/5/2013	$ 30,000.00
Penalty Payment 4	7/5/2013	$ 25,000.00
Penalty Payment 5	9/4/2013	$ 7,000.00
Penalty Payment 6	10/16/2013	$ 25,000.00
Penalty Payment 7	11/1/2013	$ 5,000.00
Penalty Payment 8	1/8/2014	$ 25,000.00
Penalty Payment 9	3/6/2014	$ 14,000.00
Penalty Payment 10	4/30/2014	$ 90,000.00
Penalty Payment 11	6/18/2014	$ 9,500.00
Total Penalties Received		**$ 290,500.00**

Table B-3 – Supplemental Funding

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards				
Total	$ -	$ -	$ -	$ -
Compliance Monitoring, Enforcement & Org. Registration				
	$ -	$ -	$ -	$ -
	-	-	-	-
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
	$ -	$ -	$ -	$ -
	-	-	-	-
Total	$ -	$ -	$ -	$ -
Training and Education				
Workshops	$ 64,000	$ 64,000	$ 64,000	$ -
Total	$ 64,000	$ 64,000	$ 64,000	$ -
Situation Awareness and Infrastructure Security				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Technical Committees and Member Forums				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Administrative Services Programs				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	$ 64,000	$ 64,000	$ 64,000	$ -

Explanation of Significant Variances –2015 Budget versus 2014 Budget

- NPCC assumed no interest income because of continuing low market interest rates.

Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salary	$ 5,886,227	$ 5,886,227	$ 6,175,425	$ 289,198	4.9%
Employment Agency Fees	$ 15,000	$ 15,000	$ 10,000	$ (5,000)	-33.3%
Temporary Office Services	$ 10,000	$ 10,000	$ 10,000	$ -	0.0%
Total Salaries	$ 5,911,227	$ 5,911,227	$ 6,195,425	$ 284,198	4.8%
Total Payroll Taxes	$ 384,311	$ 384,311	$ 387,209	$ 2,898	0.8%
Benefits					
Education Reimbursement	$ -	$ -	$ 10,000	$ 10,000	-
Training and Seminars	$ 36,123	$ 36,123	$ 36,123	$ -	0.0%
Medical Insurance	$ 915,306	$ 915,306	$ 720,337	$ (194,969)	-21.3%
Life-LTD-STD Insurance	$ 63,552	$ 63,552	$ 64,366	$ 815	1.3%
Worker's Compensation	$ 14,700	$ 14,700	$ 14,700	$ -	0.0%
Vacation	$ 400,580	$ 400,580	$ 410,868	$ 10,288	2.6%
Relocation	$ -	$ -	$ -	$ -	-
Total Benefits	$ 1,430,261	$ 1,430,261	$ 1,256,395	$ (173,866)	-12.2%
Retirement					
Pension Contribution	$ 590,892	$ 590,892	$ 353,723	$ (237,169)	-40.1%
Employee Savings Plan	$ 478,469	$ 478,469	$ 644,290	$ 165,821	34.7%
Savings Admin	$ 32,000	$ 32,000	$ 32,000	$ -	0.0%
Deferred Compensation	$ 23,000	$ 23,000	$ 60,000	$ 37,000	160.9%
Total Retirement	$ 1,124,361	$ 1,124,361	$ 1,090,013	$ (34,348)	-3.1%
Total Personnel Costs	**$ 8,850,160**	**$ 8,850,160**	**$ 8,929,041**	**$ 78,881**	**0.9%**
FTEs	36.86	36.86	36.86	-	0.0%
Cost per FTE					
Salaries	$ 160,370	$ 160,370	$ 168,080	$ 7,710	4.8%
Payroll Taxes	$ 10,426	$ 10,426	$ 10,505	$ 79	0.8%
Benefits	$ 38,803	$ 38,803	$ 34,086	$ (4,717)	-12.2%
Retirement	$ 30,504	$ 30,504	$ 29,572	$ (932)	-3.1%
Total Cost per FTE	**$ 240,102**	**$ 240,102**	**$ 242,242**	**$ 2,140**	**0.9%**

Explanation of Significant Variances –2015 Budget versus 2014 Budget

- The increase in Salaries reflects an overall general wage increase of 3%, at risk (variable incentives) compensation at less than 100% of program levels, and implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.
- Benefits expense decreased due to more staff opting out of company sponsored health insurance for superior coverage through prior employer or spouse.
- Pension contribution decreased while employee savings plan increased due to transition of employees formerly accruing benefits under the defined benefit plan to receiving defined contribution benefits in 2015.
- The decrease in Employment Agency Fee is due to no planned staff additions in 2015. Agencies would be used only to fill positions vacated during the year.
- A 2% vacancy factor is assumed based on historical vacancy trends.

Table B-5 – Consultants and Contracts

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards	$ -	$ -	$ -	$ -	-
Compliance Enforcement and Organization Registration and Certification	$ 10,000	$ 10,000	$ 15,000	$ 5,000	50.0%
Reliability Assessment and Performance Analysis	$ -	$ -	$ -	$ -	-
Training and Education	$ -	$ -	$ -	$ -	-
Situation Awareness and Infrastructure Security	$ -	$ -	$ -	$ -	-
Member Forums	$ -	$ -	$ -	$ -	-
General and Administrative	$ 50,000	$ 50,000	$ 35,000	$ (15,000)	-30.0%
Legal and Regulatory	$ -	$ -	$ -	$ -	-
Information Technology	$ -	$ -	$ -	$ -	-
Human Resources	$ -	$ -	$ -	$ -	-
Accounting and Finance	$ -	$ -	$ -	$ -	-
Consultants Total	**$ 60,000**	**$ 60,000**	**$ 50,000**	**$ (10,000)**	**-16.7%**

Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards	$ 30,000	$ 30,000	$ 25,000	$ (5,000)	-16.7%
Compliance Enforcement and Organization Registration and Certification	$ 1,384,433	$ 1,384,433	$ 1,713,000	$ 328,567	23.7%
Reliability Assessment and Performance Analysis	$ 275,000	$ 275,000	$ 365,000	$ 90,000	32.7%
Training and Education	$ -	$ -	$ -	$ -	-
Situation Awareness and Infrastructure Security	$ 75,000	$ 75,000	$ 100,000	$ 25,000	33.3%
Member Forums	$ -	$ -	$ -	$ -	-
General and Administrative	$ 90,000	$ 90,000	$ 82,000	$ (8,000)	-8.9%
Legal and Regulatory	$ -	$ -	$ -	$ -	-
Information Technology	$ -	$ -	$ -	$ -	-
Human Resources	$ -	$ -	$ -	$ -	-
Accounting and Finance	$ 10,000	$ 10,000	$ 7,000	$ (3,000)	-30.0%
Contracts Total	**$ 1,864,433**	**$ 1,864,433**	**$ 2,292,000**	**$ 427,567**	**22.9%**
Total Consultants and Contracts	**$ 1,924,433**	**$ 1,924,433**	**$ 2,342,000**	**$ 417,567**	**21.7%**

Explanation of Significant Variances –2015 Budget versus 2014 Budget

- Compliance Enforcement and Organization Registration and Certification consultant and contractor costs increased due to increased workload related to the initial implementation of the RAI, incorporating Risk Assessment and Internal Control assessment. Without this one time ramp up in RAI endeavors for 2015, contractor costs would have remained relatively flat. These joint ERO Enterprise initiatives are intended to benefit the registered entities, Regional Entities and NERC. With a risk and performance based assessment of each registered entity, audits will transition to a periodicity more reflective of the risk profile of the entity such that some audits will be more in-depth while others may have a reduced scope which will require less independent contractor resources.

- Reliability Assessment and Performance Analysis contracts expense increase is related to implementation of the revised BES definition.

Table B-6 – Office Rent

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 654,772	$ 654,772	$ 645,000	$ (9,772)	-1.5%
Utilities	$ 35,000	$ 35,000	$ 40,000	$ 5,000	14.3%
Maintenance	$ 15,000	$ 15,000	$ 22,000	$ 7,000	46.7%
Security	$ 2,500	$ 2,500	$ 2,500	$ -	0.0%
Real Estate Taxes	$ 30,000	$ 30,000	$ 42,000	$ 12,000	40.0%
Total Office Rent	**$ 737,273**	**$ 737,273**	**$ 751,501**	**$ 14,228**	**1.9%**

Table B-7 – Office Costs

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 110,000	$ 110,000	$ 110,000	$ -	0.0%
Internet Expense	$ 80,000	$ 80,000	$ 80,000	$ -	0.0%
Office Supplies	$ 35,000	$ 35,000	$ 36,000	$ 1,000	2.9%
Computer Supplies and Maintenance	$ 213,000	$ 213,000	$ 260,000	$ 47,000	22.1%
Subscriptions & Publications	$ 13,000	$ 13,000	$ 13,500	$ 500	3.8%
Dues	$ 4,000	$ 4,000	$ 4,000	$ -	0.0%
Postage	$ 1,500	$ 1,500	$ 1,200	$ (300)	-20.0%
Express Shipping	$ 10,000	$ 10,000	$ 10,000	$ -	0.0%
Copying	$ 25,000	$ 25,000	$ 25,000	$ -	0.0%
Reports	$ -	$ -	$ 5,000	$ 5,000	-
Stationary and Office Forms	$ 5,000	$ 5,000	$ 3,000	$ (2,000)	-40.0%
Equipment Repair/Service Contracts	$ 10,000	$ 10,000	$ 8,000	$ (2,000)	-20.0%
Bank Charges	$ 30,000	$ 30,000	$ 23,000	$ (7,000)	-23.3%
Sales and Use Tax	$ -	$ -	$ -	$ -	-
Merchant Credit Card Fees	$ -	$ -	$ -	$ -	-
Presentation and Publicity	$ -	$ -	$ -	$ -	-
Total Office Costs	**$ 536,500**	**$ 536,499**	**$ 578,700**	**$ 42,200**	**7.9%**

Explanation of Significant Variances –2015 Budget versus 2014 Budget

- Computer Supplies and Maintenance expense is based on contracts currently in place and historical actual expense.

Table B-8 - Professional Services

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
BOT Fee	$ 280,000	$ 280,000	$ 325,000	$ 45,000	16.1%
BOT Search Fee	$ -	$ -	$ -	$ -	-
Legal - Reorganization	$ -	$ -	$ -	$ -	-
Accounting & Auditing Fees	$ 300,000	$ 300,000	$ 310,000	$ 10,000	3.3%
Legal Fees - Other	$ 350,000	$ 350,000	$ 350,000	$ -	0.0%
Insurance - Commercial	$ 36,500	$ 36,500	$ 40,000	$ 3,500	9.6%
Total Services	**$ 966,500**	**$ 966,501**	**$ 1,025,000**	**$ 58,500**	**6.1%**

Table B-9 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	-
Office Relocation	$ -	$ -	$ -	$ -	-
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**-**

Table B-10 – 2016 and 2017 Projections

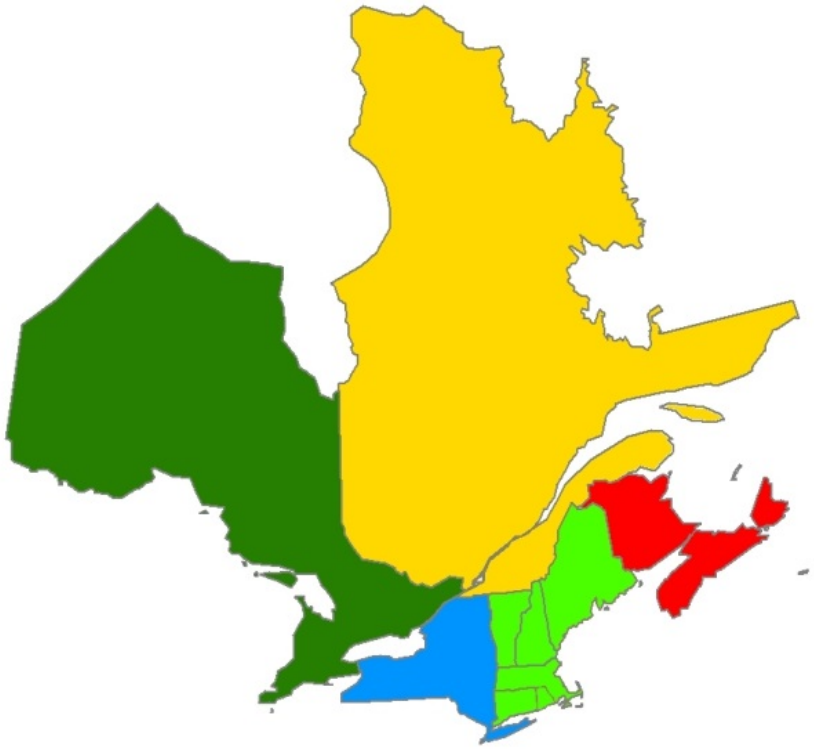
Statement of Activities and Capital Expenditures
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 15 v 16	% Change 15 v 16	2017 Projection	$ Change 16 v 17	% Change 16 v 17
Funding							
ERO Funding							
ERO Assessments	$ 14,068,878	$ 14,914,805	$ 845,927	6.0%	$ 15,256,789	$ 341,984	2.2%
Penalty Sanctions	290,500	-	(290,500)	-100.0%	-	-	
Total ERO Funding	**$ 14,359,378**	**$ 14,914,805**	**$ 555,427**	**3.9%**	**$ 15,256,789**	**$ 341,984**	**2.2%**
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	64,000	64,000	-	0.0%	64,000	-	0.0%
Interest	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Total Funding (A)	**$ 14,423,378**	**$ 14,978,805**	**$ 555,427**	**3.9%**	**$ 15,320,789**	**$ 341,984**	**2.3%**
Expenses							
Personnel Expenses							
Salaries	$ 6,195,425	$ 6,381,287	$ 185,863	3.0%	$ 6,572,726	$ 191,439	3.0%
Payroll Taxes	387,209	398,825	11,616	3.0%	410,790	11,965	3.0%
Benefits	1,256,595	1,331,990	75,396	6.0%	1,411,910	79,919	6.0%
Retirement Costs	1,090,013	1,122,713	32,700	3.0%	1,156,395	33,681	3.0%
Total Personnel Expenses	**$ 8,929,241**	**$ 9,234,816**	**$ 305,575**	**3.4%**	**$ 9,551,820**	**$ 317,004**	**3.4%**
Meeting Expenses							
Meetings	$ 365,000	$ 368,650	$ 3,650	1.0%	$ 372,337	$ 3,687	1.0%
Travel	890,000	898,900	8,900	1.0%	907,889	8,989	1.0%
Conference Calls	45,000	45,450	450	1.0%	45,905	455	1.0%
Total Meeting Expenses	**$ 1,300,000**	**$ 1,313,000**	**$ 13,000**	**1.0%**	**$ 1,326,130**	**$ 13,130**	**1.0%**
Operating Expenses							
Consultants & Contracts	$ 2,342,000	$ 2,212,000	(130,000)	-5.6%	$ 2,212,000	$ -	0.0%
Office Rent	751,500	759,015	7,515	1.0%	766,605	7,590	1.0%
Office Costs	578,700	590,274	11,574	2.0%	602,079	11,805	2.0%
Professional Services	1,025,000	1,025,000	-	0.0%	1,025,000	-	0.0%
Miscellaneous	40,000	40,800	800	2.0%	41,616	816	2.0%
Depreciation	202,019	206,059	4,040	2.0%	210,181	4,121	2.0%
Total Operating Expenses	**$ 4,939,219**	**$ 4,833,148**	**$ (106,071)**	**-2.1%**	**$ 4,857,481**	**$ 24,333**	**0.5%**
Total Direct Expenses	**$ 15,168,460**	**$ 15,380,965**	**$ 212,504**	**1.4%**	**$ 15,735,432**	**$ 354,467**	**2.3%**
Indirect Expenses	**$ (409,902)**	**$ (418,100)**	**$ (8,198)**	**2.0%**	**$ (426,462)**	**$ (8,362)**	**2.0%**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Total Expenses (B)	**$ 14,758,558**	**$ 14,962,865**	**$ 204,306**	**1.4%**	**$ 15,308,970**	**$ 346,105**	**2.3%**
Change in Assets	**$ (335,180)**	**$ 15,941**	**$ 351,121**	**-104.8%**	**$ 11,819**	**$ (4,121)**	**-25.9%**
Fixed Assets							
Depreciation	$ (202,019)	$ (206,059)	$ (4,040)	2.0%	$ (210,181)	$ (4,121)	2.0%
Computer & Software CapEx	222,000	222,000	-	0.0%	222,000	-	0.0%
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
(Incr)Dec in Fixed Assets (C)	**$ 19,981**	**$ 15,941**	**$ (4,040)**	**-20.2%**	**$ 11,819**	**$ (4,121)**	**-25.9%**
TOTAL BUDGET (=B+C)	**$ 14,778,539**	**$ 14,978,805**	**$ 200,266**	**1.4%**	**$ 15,320,789**	**$ 341,984**	**2.3%**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (355,161)**	**$ (0)**	**$ 355,161**	**-100.0%**	**$ (0)**	**$ 0**	**-21.4%**
FTEs	36.86	36.86	0	0.0%	36.86	0.00	0.0%

Projections for 2016 and 2017

- No increase in FTE's above 2015 budgeted levels.
- Wage package increase of 3%.
- Decrease in consultants and contracts expenses due to anticipated decrease in contractor workload after the initial implementation of the RAI, Risk Assessment, Internal Control assessment and revised BES definition implementation.
- Resource reprioritization and efforts to contain meeting, travel and overall operating expenses continue.

Section C – Criteria Services Division Activities
2015 Business Plan and Budget



Section C —2014 Criteria Services Division Business Plan and Budget

Criteria Services Division (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.14	2.14	0.00
Total Direct Expenses	$683,240	$729,550	$46,310
Total Indirect Expenses	$405,859	$409,902	$4,043
Other Non-Operating Expenses	$0	$0	$0
Working Capital and Operating Reserves Requirement	($75,391)	($94,220)	($18,829)
Inc(Dec) in Fixed Assets	($24,000)	($10,011)	$13,989
Funding Requirement	$989,708	$1,035,221	$45,513

NPCC Regionally-Specific Criteria Services Background

NPCC Criteria Services division activities are based on the development, maintenance and promulgation of Regionally-specific more stringent criteria as well as criteria establishing resource adequacy requirements within the Region. These criteria contain requirements which are more stringent and more specific than the existing NERC Reliability Standards requirements. These criteria require continual evaluation to ensure they are "not inconsistent with" any NERC reliability standards.

Membership and Governance

Full members are subject to compliance with Regionally-specific criteria, in addition to continent-wide Reliability Standards, and receive criteria-related services from the Criteria Services division.

Full Members, aside from those who perform the Balancing Authority function, are not assessed an annual membership fee. Those that perform Balancing Authority functions are assessed and remit a proportional net energy for load share of expenses for criteria services. NPCC would also directly assign criteria service division costs to a Balancing Authority Area or entity, where significant costs are incurred for that Balancing Authority Area. The funding for NPCC's Criteria Services division is approved by the NPCC Board of Directors.

Criteria Services Division Functional Scope

Through its Criteria Services division, NPCC promotes the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria.

NPCC provides Full Members with Regional reliability assurance services, and acts as the vehicle through which States and Provinces can fulfill their political mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

Major 2015 Assumptions and Cost Impacts

The Criteria Services division services are expected to remain stable throughout 2015 when compared to the Regional Entity division.

- The Criteria Compliance Enforcement Program (CCEP) review and evaluation process has matured and been enhanced after its inception in 2012. Criteria Compliance submittals to the CC are done as necessary.
- Past non-compliances, if any, followed the due process stated in the CCEP-1 process document and proper resolution/enforcement action taken.

2015 Primary Goals and Objectives

- Review, maintain, and revise the NPCC Regional Reliability Directories to facilitate compliance assessments and ensure the Criteria portions of the Directories are "not inconsistent" with, nor duplicative with, the approved and effective NERC Standards.
- The criteria services division and CCEP Working Group (reporting to the Compliance Committee) will work with the various Task Forces to develop Criteria Compliance Reporting Forms for additional NPCC Directories to ensure that the more stringent or Regionally-specific criteria is being met.
- The criteria services division and CCEP working group will work with TFCO, TFCP, TFSS, and TFSP to review criteria and measures within each specific NPCC Directory to identify and develop them into specific reporting forms for approval.
- Review impact of Bulk Electric System definition on Directory and Criteria content and compliance reporting.
- Review impact of Sector or NPCC organizational changes on the Directory and Criteria review, enforcement and arbitration processes
- Assist Legal with preparation of revised Directories for Regulatory filings with the individual Provinces in accordance with their respective Memorandum of Understandings (MOUs) as well as the State of New York Public Service Commission
- Facilitate any requested interpretations for NPCC Criteria with the necessary subject matter experts and identify potential opportunities for clarifications of the Criteria.

NPCC Reliability Directory Maintenance and Development

The NPCC Regional Reliability Directories were developed to demonstrate that the NPCC more stringent criteria are not inconsistent with the NERC Reliability Standards as mandated by the NERC Rules of Procedure. The Directory project was also undertaken to remove any redundancies with the NERC Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements. In 2013 the directories were further reviewed and revision of the directories is underway to transition the criteria language into a "requirement type" format. This further revision facilitates the NPCC Region's CCEP and ensures the continued delineation of the more stringent and more specific Regional criteria from the latest approved and effective set of NERC ERO standards.

In 2015, work will proceed with maintenance and revision of the Directories to address any future redundancies with NERC or NPCC Reliability Standards as well as the continued need for additional more stringent or specific NPCC Regional criteria requirements as new NERC Reliability Standards are developed and existing standards are revised. NPCC will continue to rely on contractors for subject matter expertise on an as-needed basis throughout 2015. The amount of Regional documents being converted into Directories and the maintenance of the Directories require subject matter expert input. In addition, changes will be necessary to bring the Phase II Directory project to completion. This project will require significant resources to translate the existing criteria language into "requirements" that are clear, concise and measurable. Also a standards template will be applied to the existing Directories to make them more consistent with the look of the standards. As NERC standards improve, the need for NPCC Directories and amount of criteria contained therein will gradually decrease over time however in the interim, significant review is necessary to ensure the criteria remain "not inconsistent with" the NERC standards as outlined in the NERC Rules of Procedure.

The following Directories will either be under revision or reviewed for further development based on a schedule set forth in the NPCC Reliability Assessment Program:

Operations and Planning Directories

Directory #1, *Basic Criteria for Design and Operation of Interconnected Power Systems*
This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP, PRC and VAR standards. The NPCC Task Force on Coordination of Planning will lead a multi-disciplinary working group, consisting of operations and planning subject matter experts to review and revise this directory to reflect the FERC ruling on TPL and other TOP changes.

Directory #2, *Emergency Operations*
This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 3, *Maintenance Requirements for BPS Protection*
This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 4, *BPS Protection*
This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 5, *Operating Reserve Requirements*
This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 7, *Special Protection Systems*
This Directory documents NPCC's Regionally-specific, more stringent criteria for application and approval of SPS. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 8 System Restoration
This Directory documents NPCC's Regionally-specific, more stringent criteria with which each applicable entity must plan for and perform power system restoration following a major or a total blackout, and demonstrates coordination and consistency with applicable NERC EOP standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 9, *Verification of Generator Gross and Net Reactive Power Capability*
This Directory documents NPCC's Regionally-specific, more stringent criteria for verifying the Gross Reactive Power
Capability and Net Reactive Power Capability of generators or generating facilities. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 11, *Disturbance Monitoring*, This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision until such time as the NPCC PRC-002-01 Disturbance Monitoring Regional Standard is adopted by FERC and the applicable governmental authorities.

Directory # 12, *UFLS Program*, This directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC and NPCC developing PRC standard(s). The NPCC Task Force on System Studies will lead this review and revision until such time as the NPCC PRC-006-01 UFLS Regional Standard is approved by the NPCC membership, NERC BOT, the FERC and all the applicable governmental authorities in the Provinces of Canada within NPCC's footprint.

NPCC Criteria Compliance Background

The NPCC criteria services division promotes the reliable operation of the bulk power system through implementation of a comprehensive compliance program. The compliance program that includes monitoring, assessing and enforcing compliance with more stringent, Regionally specific NPCC Criteria requirements, is known as the NPCC Criteria Compliance and Enforcement Program (CCEP) described in process document CCEP-1. This program was developed by the criteria services division and the CCEP Working Group under the purview of the NPCC Compliance Committee. The products of this program support the various Task Forces in their assessments of the NPCC Directories in meeting their goals for the Reliability Coordinating Committee as stated in Section A of this Business Plan.

The more stringent, Regionally-specific NPCC Criteria requirements reflect the unique operational and planning aspects of the bulk power system within the NPCC Region and are included in the NPCC "A" documents and their successors, the NPCC Directories.

NPCC issues non-monetary sanctions to enforce compliance with NPCC Criteria.

- The CCEP program is described in document CCEP-1, *NPCC Criteria Compliance and Enforcement Program (CCEP) Process Document*
- The implementation plan is described in document CCEP-2, *Implementation Plan for 2011 NPCC Criteria Compliance and Enforcement Program*
- On April 5, 2011, the above became effective upon Full Member approval of CCEP-1, and CCEP-2 and retired the following
    - NPCC Criteria A-8, Reliability Compliance and Enforcement Program (RCEP)
    - NPCC Guide B-22, Guidelines for Implementation of the NPCC Inc. Compliance Program
    - NPCC Procedure C-32, Review Process for NPCC Reliability Compliance Enforcement Program
    - Each of the above have been annotated as "retired effective 4/5/11 upon Full Member approval of CCEP-1… and CCEP-2…" on the NPCC public website

The CCEP-1 document

- recognizes the applicability of NPCC's Regionally-specific, more stringent reliability criteria to the Full Members of NPCC, consistent with the *Amended and Restated ByLaws*, and respects the provisions of the several Canadian Memoranda of Understanding in the execution of the processes described
- provides a comprehensive CCEP Process Diagram showing the process of evaluating and approving Criteria Certification submittals, and additional processes and responsibilities in the event that non-compliances, disputes and sanctions arise
- describes the roles and responsibilities of Reporting Members, CC, RCC and Enforcement Panel in the compliance review and enforcement process
- describes Levels of Non-Compliance, associated non-monetary Sanctions, Lateness Policy and the Arbitration/Dispute Resolution process
- addresses Mitigation Plans for any violations under the enforcement process; and
- lists the mandatory Certification Forms to be submitted for review by the Task Forces to ensure compliance with NPCC Directories are being met

The CCEP currently requires annual submittal of Certification Forms by the Reliability Coordinators and Balancing Authorities to confirm compliance with various NPCC Directories. Currently the required Certification forms are for Directory #1- *Area Transmission Review*, Directory #8 - *Key Facility List*, Directory #9 – *Generator Real Power Verification*, Directory #10 - *Verification of Generator Gross and Net Reactive Power Capability*, and Directory #12 - *UFLS Program Requirements*. In 2014 NPCC anticipates expansion of the CCEP to include compliance assessment activities to all active Directories.

The CCEP identifies those specific NPCC Directories that are subject to monitoring, assessment and enforcement. These Directories also are subject to NPCC Criteria Compliance Audits.

The NPCC Compliance Committee (CC) has final approval of compliance assessments related to CCEP. The CCEP describes the roles and responsibilities of committees and panels used to resolve contested compliance and/or sanction or penalty determinations related to NPCC Directories.

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Personnel Expenses

- Salaries expense reflects implementation of recommendations of NPCC's Management Development and Compensation Committee, which were based on an independent compensation study.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities
2014 Budget & Projection, and 2015 Budget
CRITERIA SERVICES DIVISION

		2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding						
ERO Funding						
	ERO Assessments	$ -	$ -	$ -	$ -	$ -
	Penalty Sanctions	-	-	-	-	-
Total ERO Funding		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Membership Dues	989,708	989,708	-	760,033	(229,675)
	Testing Fees	-	-	-	-	-
	Services & Software	-	-	-	-	-
	Workshops	-	-	-	-	-
	Interest	-	-	-	-	-
	Miscellaneous	-	-	-	-	-
Total Funding (A)		**$ 989,708**	**$ 989,708**	**$ -**	**$ 760,033**	**$ (229,675)**
Expenses						
Personnel Expenses						
	Salaries	$ 312,166	$ 312,166	$ -	$ 369,319	$ 57,153
	Payroll Taxes	21,536	21,536	-	22,681	1,145
	Benefits	64,153	64,153	-	76,900	12,747
	Retirement Costs	129,818	129,818	-	145,639	15,821
Total Personnel Expenses		**$ 527,674**	**$ 527,674**	**$ -**	**$ 614,539**	**$ 86,866**
Meeting Expenses						
	Meetings	$ 10,000	$ 10,000	$ -	$ 10,000	$ -
	Travel	63,000	63,000	-	63,000	-
	Conference Calls	-	-	-	-	-
Total Meeting Expenses		**$ 73,000**	**$ 73,000**	**$ -**	**$ 73,000**	**$ -**
Operating Expenses						
	Consultants & Contracts	$ 55,000	$ 55,000	$ -	$ 30,000	$ (25,000)
	Office Rent	-	-	-	-	-
	Office Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Computer & Equipment Leases	-	-	-	-	-
	Miscellaneous	3,567	3,567	-	2,000	(1,567)
	Depreciation	24,000	24,000	-	10,011	(13,989)
Total Operating Expenses		**$ 82,567**	**$ 82,567**	**$ -**	**$ 42,011**	**$ (40,556)**
	Total Direct Expenses	**$ 683,240**	**$ 683,240**	**$ -**	**$ 729,550**	**$ 46,310**
Indirect Expenses		**$ 405,859**	**$ -**	**$ -**	**$ 409,902**	**$ 4,043**
Other Non-Operating Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)		**$ 1,089,100**	**$ 1,089,100**	**$ -**	**$ 1,139,452**	**$ 50,353**
Change in Assets		**$ (99,391)**	**$ (99,391)**	**$ -**	**$ (379,419)**	**$ (280,027)**
Fixed Assets						
	Depreciation	$ (24,000)	(24,000)	$ -	$ (10,011)	$ 13,989
	Computer & Software CapEx	-	-	-	-	-
	Furniture & Fixtures CapEx	-	-	-	-	-
	Equipment CapEx	-	-	-	-	-
	Leasehold Improvements	-	-	-	-	-
	Allocation of Fixed Assets	-	-	-	-	-
Inc(Dec) in Fixed Assets (C)		**(24,000)**	**(24,000)**	**-**	**(10,011)**	**13,989**
TOTAL BUDGET (=B+C)		1,065,100	1,065,100	-	1,129,441	64,342
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ (75,391)**	**$ (75,391)**	**$ -**	**$ (369,408)**	**$ (294,016)**

Personnel Analysis

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
CRITERIA SERVICES DIVISION						
Operational Programs						
Reliability Standards	1.07	1.07	1.00	0.07	1.07	0.00
Compliance Enforcement and Organization Registration and Certification	0.00	0.00	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00	0.00	0.00
Reliability Assessment and Performance Analysis	1.07	1.07	1.00	0.07	1.07	0.00
Situation Awareness and Infrastructure Security	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Operational Programs	**2.14**	**2.14**	**2.00**	**0.14**	**2.14**	**0.00**
Administrative Programs						
Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General and Administrative	0.00	0.00	0.00	0.00	0.00	0.00
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Accounting and Finance	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total FTEs	**2.14**	**2.14**	**2.00**	**0.14**	**2.14**	**0.00**

[1]A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

Reserve Analysis 2014-2015

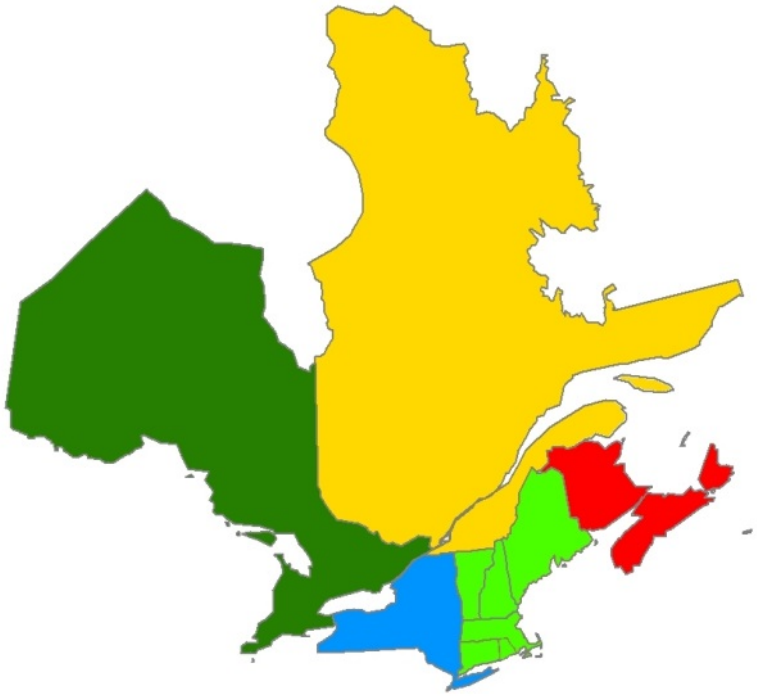
Working Capital and Operating Reserve Analysis 2014-2015			
CRITERIA SERVICES DIVISION			
	Total Reserve	**Operating Reserve**	**Working Capital**
Beginning Working Capital and Operating Reserves, December 31, 2013	816,612	727,857	88,755
2014 Non-Statutory Funding (from members)	989,708	989,708	0
2014 Other funding sources	0	0	0
Less: 2014 Projected expenses & fixed asset additions	(1,065,100)	(1,065,100)	0
Projected Working Capital, December 31, 2014	**741,220**	**652,465**	**88,755**
Desired Working Capital and Operating Reserve, December 31, 2015	**647,000**	552,884	94,116
Less: Projected Working Capital Reserve Balance December 31, 2014	(741,220)	(652,465)	(88,755)
Increase(decrease) in assessments to achieve desired Total Reserve	(94,220)	(99,581)	5,361
2015 Funding requirement for expenses and fixed asset additions	1,129,441		
Adjustment to achieve desired Working Capital and Operating Reserve balance	(94,220)		
2015 Funding and reserve requirement	1,035,221		

Explanation of Changes in Reserve Policy from Prior Year

On October 29, 2013 NPCC's Board of Directors approved management's proposed Working Capital and Operating Reserve Policy. The policy calls for a range between 8.33% (30 days) and 25.00% (90 days) rather than the specific required level of Operating Reserves of 8.33%. This range will allow for more stability in Assessments. The Working Capital required balance remains unchanged at 8.33% (30 days).

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget



Section D

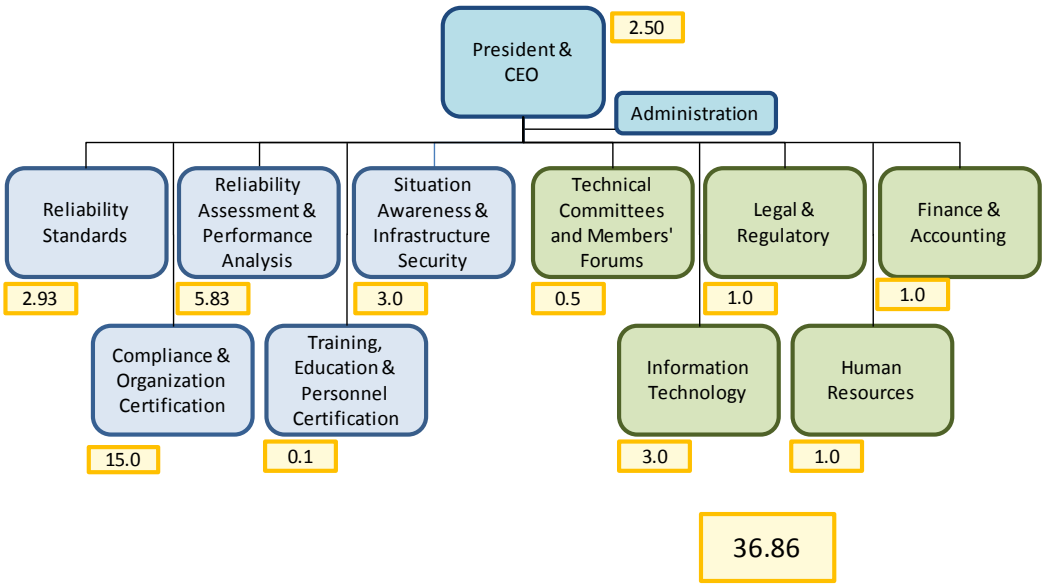
Statement of Financial Position

Statement of Financial Position 2013 Audited, 2014 Projection, and 2015 Budget			
Regional Entity and Criteria Services Division			
	(Per Audit)	Projected	Budget
	31-Dec-13	31-Dec-14	31-Dec-15
ASSETS			
Cash and cash equivalents	7,412,184	6,161,000	5,660,000
Restricted cash	611,021	581,000	300,000
Temporary cash investments	2,210,944	2,211,000	2,211,000
Prepaid expenses	236,551	237,000	237,000
Other assets	137,191	19,000	17,000
Equipment and leasehold improvements, net	1,142,418	939,000	883,000
Total Assets	**11,750,309**	**10,148,000**	**9,308,000**
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued expenses and other liabilities	1,572,583	1,400,000	1,400,000
Accrued liability for pension	1,135,117	1,100,000	1,100,000
Deferred revenue	734,117	-	-
Deferred rent	774,268	741,000	687,000
Total Liabilities	**4,216,085**	**3,241,000**	**3,187,000**
Net Assets - unrestricted	7,534,224	6,907,000	6,121,000
Total Liabilities and Net Assets	**11,750,309**	**10,148,000**	**9,308,000**

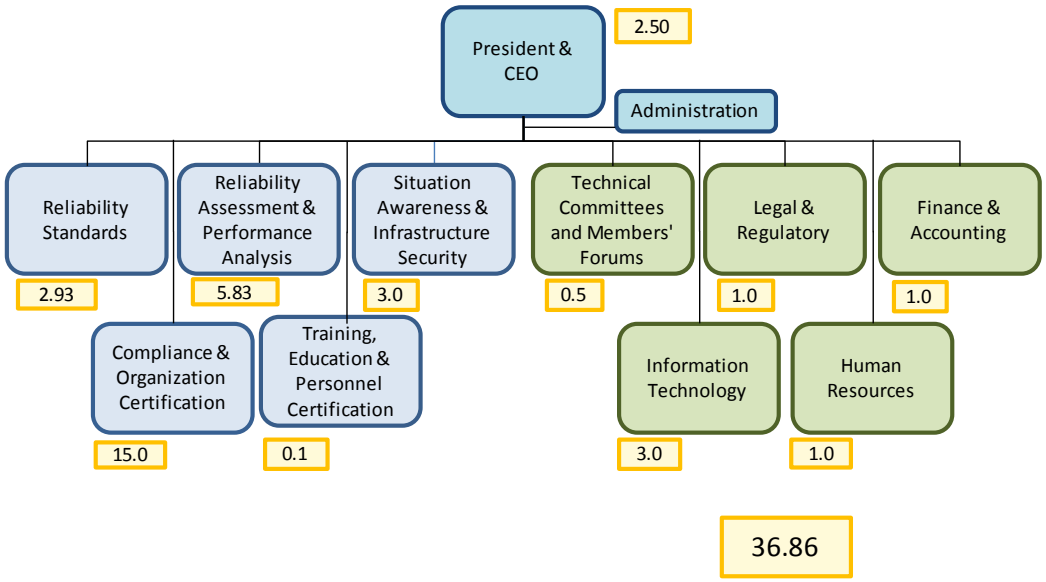
NPCC Statement of Activities 2015 Budget	RE Division Total	Reliability Standards (Section 300)	Compliance Monitoring and Enforcement and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training, Education, and Operator Certification (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Technical Committees and Member Forums	Administrative Services
Funding								
ERO Funding								
ERO Assessments	14,068,878	1,425,578	8,401,311	2,993,133	133,967	1,470,051	-	(355,161)
Penalty Sanctions	290,500	30,552	166,834	60,790	1,043	31,281		-
Total ERO Funding	**14,359,378**	**1,456,129**	**8,568,145**	**3,053,923**	**135,010**	**1,501,332**	**-**	**(355,161)**
Membership Dues	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-
Workshops	64,000	-	-	-	64,000	-	-	-
Interest	-	-	-	-	-	-	-	-
Miscellaneous	-		-					-
Total Funding (A)	**14,423,378**	**1,456,129**	**8,568,145**	**3,053,923**	**199,010**	**1,501,332**	**-**	**(355,161)**
Expenses								
Personnel Expenses								
Salaries	6,195,425	535,458	2,393,832	937,098	18,460	541,258	38,534	1,730,785
Payroll Taxes	387,209	31,420	162,511	61,387	1,274	32,811	3,318	94,486
Benefits	1,256,595	93,684	479,499	196,252	4,052	80,801	14,779	387,528
Retirement Costs	1,090,013	85,075	284,206	172,840	4,436	107,819	10,148	425,490
Total Personnel Expenses	8,929,241	745,638	3,320,048	1,367,577	28,222	762,689	66,779	2,638,289
Meeting Expenses								
Meetings	365,000	20,000	32,000	41,000	137,000	15,000	2,000	118,000
Travel	890,000	115,000	360,000	185,000	15,000	60,000	5,000	150,000
Conference Calls	45,000	-	-	-	-	-	-	45,000
Total Meeting Expenses	1,300,000	135,000	392,000	226,000	152,000	75,000	7,000	313,000
Operating Expenses								
Consultants & Contracts	2,342,000	25,000	1,728,000	365,000	-	100,000	-	124,000
Office Rent	751,500	-	-	-	-	-	-	751,500
Office Costs	578,700	-	-	-	-	-	-	578,700
Professional Services	1,025,000	-	-	-	-	-	-	1,025,000
Miscellaneous	40,000	-	-	-	-	-	-	40,000
Depreciation	202,019	-	-	-	-	-	-	202,019
Total Operating Expenses	4,939,219	25,000	1,728,000	365,000	-	100,000	-	2,721,219
Total Direct Expenses	**15,168,460**	**905,638**	**5,440,048**	**1,958,577**	**180,222**	**937,689**	**73,779**	**5,672,508**
Indirect Expenses	**(409,902)**	561,221	3,064,686	1,116,695	19,154	574,629	(73,779)	(5,672,508)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-
Total Expenses (B)	**14,758,558**	**1,466,858**	**8,504,735**	**3,075,272**	**199,376**	**1,512,318**	**-**	**-**
Change in Assets	**(335,180)**	**(10,729)**	**63,410**	**(21,349)**	**(366)**	**(10,986)**	**-**	**(355,161)**
Fixed Assets								
Depreciation	(202,019)	-	-	-	-	-	-	(202,019)
Computer & Software CapEx	222,000	-	122,000	-	-	-	-	100,000
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	**(0)**	**(10,729)**	**(58,590)**	**(21,349)**	**(366)**	**(10,986)**	**-**	**102,019**
Inc (Dec) in Fixed Assets (C)	**19,981**	**(10,729)**	**63,410**	**(21,349)**	**(366)**	**(10,986)**	**-**	**-**
TOTAL BUDGET (=B + C)	**14,778,539**	**1,456,129**	**8,568,145**	**3,053,923**	**199,010**	**1,501,332**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**(355,161)**	**0**	**(0)**	**0**	**(0)**	**(0)**	**-**	**(355,161)**
FTEs	**36.86**	**2.93**	**16.00**	**5.83**	**0.10**	**3.00**	**0.50**	**8.50**

NPCC Statement of Activities 2015 Budget	CS Division Total	Criteria Services Total	Criteria Development	Criteria Assessment	General and Administrative
Funding					
ERO Funding					
ERO Assessments	-	-			
Penalty Sanctions	-	-			
Total ERO Funding	**-**	**-**	**-**	**-**	**-**
Membership Dues	1,035,221	1,035,221	562,072	567,370	(94,220)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-			
Total Funding (A)	**1,035,221**	**1,035,221**	**562,072**	**567,370**	**(94,220)**
Expenses					
Personnel Expenses					
Salaries	369,319	369,319	170,163	199,156	-
Payroll Taxes	22,681	22,681	10,708	11,973	-
Benefits	76,900	76,900	25,418	51,482	-
Retirement Costs	145,639	145,639	71,832	73,807	-
Total Personnel Expenses	614,539	614,539	278,121	336,419	-
Meeting Expenses					
Meetings	10,000	10,000	5,000	5,000	-
Travel	63,000	63,000	48,000	15,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	73,000	73,000	53,000	20,000	-
Operating Expenses					
Consultants & Contracts	30,000	30,000	25,000	5,000	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	2,000	2,000	1,000	1,000	-
Depreciation	10,011	10,011	5,005	5,006	-
Total Operating Expenses	42,011	42,011	31,005	11,006	-
Total Direct Expenses	**729,550**	**729,550**	**362,126**	**367,425**	**-**
Indirect Expenses	409,902	409,902	204,951	204,951	
Other Non-Operating Expenses	-	-	-	-	-
Total Expenses (B)	**1,139,452**	**1,139,452**	**567,077**	**572,376**	**-**
Change in Assets	**(104,231)**	**(104,231)**	**(5,005)**	**(5,006)**	**(94,220)**
Fixed Assets					
Depreciation	(10,011)	(10,011)	(5,005)	(5,006)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	**-**	**-**	**-**	**-**	**-**
Inc (Dec) in Fixed Assets (C)	**(10,011)**	**(10,011)**	**(5,005)**	**(5,006)**	**-**
TOTAL BUDGET (=B + C)	**1,129,441**	**1,129,441**	**562,072**	**567,370**	**-**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**(94,220)**	**(94,220)**	**-**	**-**	**(94,220)**
FTEs	**2.14**	**2.14**	**1.07**	**1.07**	**0**

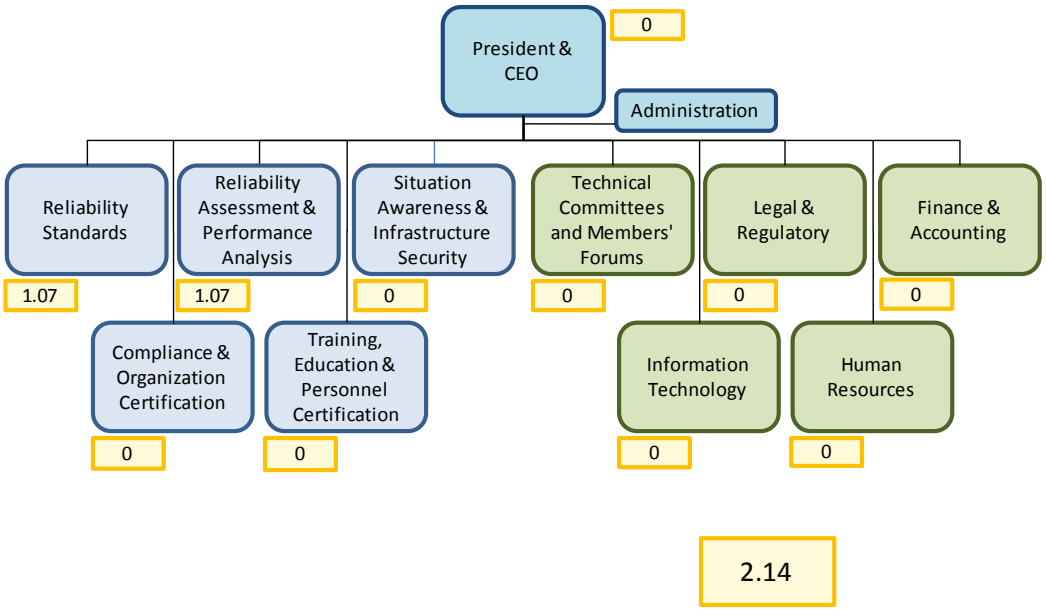
2014 Budget Staff Allocations - RE Division



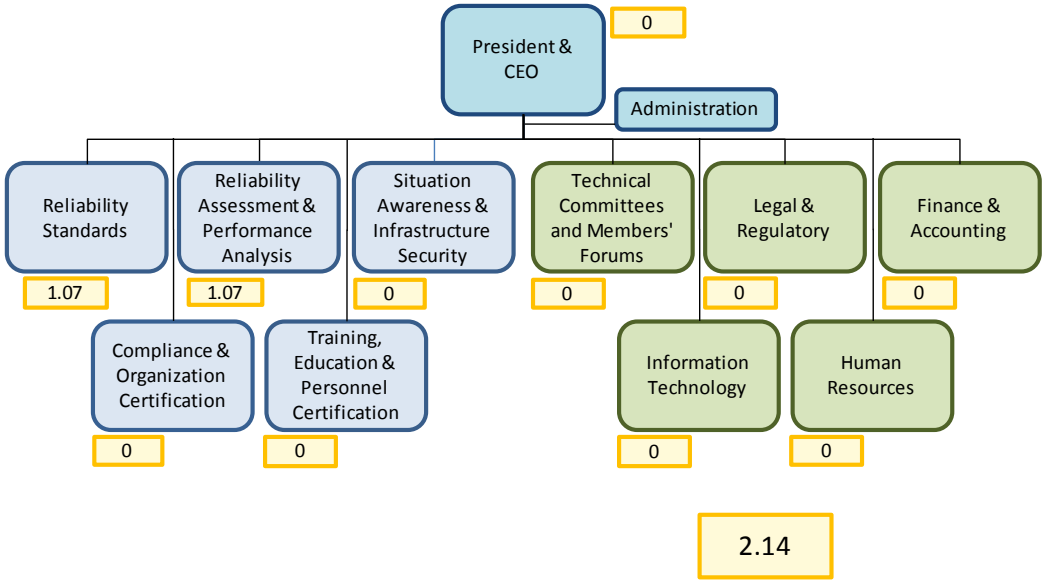
2015 Budget Staff Allocations - RE Division



2014 Budget Staff Allocations - CS Division



2015 Budget Staff Allocations - CS Division



DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 6

RELIABILITYFIRST CORPORATION

PROPOSED 2015 BUSINESS PLAN AND BUDGET

RELIABILITY FIRST

2015 Business Plan and Budget
Final Version

Approved by ReliabilityFirst Board of Directors

June 25, 2014

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About ReliabilityFirst

2015 Budget (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	72.2			
Non-statutory FTEs	-			
Total FTEs	72.2			
Statutory Expenses	$ 18,997,869			
Non-Statutory Expenses	$ -			
Total Expenses	$ 18,997,869			
Statutory Inc(Dec) in Fixed Assets	$ (241,106)			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ (241,106)			
Statutory Working Capital Requirement*	$ 627,134			
Non-Statutory Working Capital Requirement**	$ -			
Total Working Capital Requirement	$ 627,134			
Total Statutory Funding Requirement	$ 19,383,897			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 19,383,897			
Statutory Funding Assessments	$ 18,713,897	$ 18,713,897		
Non-Statutory Fees	$ -	$ -		
NEL (MWH)	908,726,579	908,726,579		
NEL%	100%	100%		

Organizational Overview

ReliabilityFirst Corporation (ReliabilityFirst) is a not-for-profit company incorporated in the State of Delaware and authorized by the Federal Energy Regulatory Commission (FERC) to operate as a Regional Entity. ReliabilityFirst is responsible for overseeing the reliability of the Bulk Electric System (BES) in all or parts of thirteen states and the District of Columbia. As a Regional Entity, ReliabilityFirst performs key reliability functions delegated to it by the Electric Reliability Organization (ERO) or North American Electric Reliability Corporation (NERC). These functions include:

- Active participation in the development of North American Reliability Standards for the BES, and as needed, development of Reliability Standards applicable within the ReliabilityFirst Region.
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed, certification of such entities.

- Assessment of the present and future reliability, adequacy, and security of the BES.
- Promoting effective training and education of personnel.
- Promoting situational awareness and the protection of critical infrastructure.

In 2015, ReliabilityFirst intends to perform only the functions delegated to it by the ERO.

Membership and Governance

Members

- ReliabilityFirst has an open membership policy that permits participation of all industry stakeholders through their designated representatives. There is no annual fee for ongoing membership in ReliabilityFirst; however, members are required to pay a nominal one-time fee to cover the costs of processing the membership application, which can be waived by the President for proper cause. There are six (6) Industry Sectors: Suppliers, Transmission Companies, Regional Transmission Organizations (RTOs), Small Load Serving Entities (LSEs), Medium LSEs, and Large LSEs.

- There are three (3) Classes of Members: Regular Members, Associate Members, and Adjunct Members.
  - A Regular Member is any entity that has joined an Industry Sector that either (i) has no Affiliates or Related Parties that are Members or (ii) is the entity designated to be the Regular Member by any related group of Associate Members.
  - An Associate Member is any entity that has joined an Industry Sector and is an Affiliate or Related Party of a Regular Member.
  - An Adjunct Member is any entity that does not qualify to join an Industry Sector but has been approved for membership. Adjunct Members may include Regulatory Participants.

There are currently 66 members of ReliabilityFirst; 43 are Regular with voting rights, 17 are Associates, and 6 are Adjunct. ReliabilityFirst's foundation has been and continues to be the broad, active participation of volunteer technical and policy experts representing electricity industry stakeholders within the Region who are committed to the reliability of the BES. ReliabilityFirst believes that extensive use of industry expert resources, combined with a competent and independent ReliabilityFirst staff, provides a strong and cost effective approach to reliability that is consistent with the industry self-regulatory model envisioned by Congress in the Energy Policy Act of 2005.

Board of Directors

ReliabilityFirst is governed by a hybrid, independent, and balanced stakeholder Board that consists of 14 directors.

- Eight (8) directors are elected by the Industry Sectors as follows:
  - Suppliers elect two (2) directors;
  - Transmission Companies elect two (2) directors;
  - RTOs elect one (1) director;
  - Small LSEs elect one (1) director;
  - Medium LSEs elect one (1) director; and
  - Large LSEs elect one (1) director.
- Three (3) directors are at-large. At-large directors are elected by all of the Industry Sectors voting together as a single class.
- Three (3) directors are independent from ReliabilityFirst, any Member, Affiliate or Related Party of any Member. Independent directors are elected by all of the Industry Sectors voting together as a single class.

Budget Overview

In developing this Business Plan and Budget, ReliabilityFirst, NERC, and the other Regional Entities met and agreed upon common foundational and unique program assumptions. The common foundational assumptions can be found in the ERO Enterprise 2014-2017 Shared Business Plan and Budget Assumptions document, provided as Exhibit A to the ERO Enterprise 2015 Business Plan and Budget. Additionally, NERC and the Regional Entities collaborated on the Electric Reliability Organization Enterprise Strategic Plan 2014-2017 which also guides the activities and directions of ReliabilityFirst throughout this document.

This Business Plan and Budget reflects ReliabilityFirst's best estimate of the costs it will incur in carrying out its delegated functions in support of the ERO in 2015. Overall, the ReliabilityFirst 2015 budget of $18,756,763 increased 3.84% over the 2014 budget $18,063,201. The 2015 assessment $18,713,897 represents a 23.44% increase over the 2014 assessment $15,159,784.

The personnel costs of $789,132 increased by 5.48% over the 2014 budget $14,386,100. Incorporated into the personnel costs is a 3% general wage increase and a 12% medical premium increase. For 2015, ReliabilityFirst did not include a personnel vacancy rate because the unused personnel dollars resulting from vacancies are to be

used to fund the company's graduate program that the board of directors approved in 2012 and recruitment activities to attract necessary employee candidates.

The operating and fixed asset costs of $3,581,531 decreased by 2.6% over the 2014 budget $3,677,100. This decrease can be attributed to the reduction of telephone and internet costs as a result of the office move. Although the operating and fixed asset costs decreased significantly, the new office rent increased 26%.

Even though the 2015 Budget reflects a 3.84% increase over that of 2014, the 2015 assessment of $18,713,897, an increase of 23.44%, represents the actual monies collected to fund the total operating expenses of the organization for the calendar year. Many variables affect the calculation of the annual assessment, including the amount of penalties that have been collected which cannot be reasonably forecasted and is not budgeted, the working capital, operating reserve, actual, projected, and budgeted financials, and in the case of the 2015 budget the impact of the new office lease incentives. ReliabilityFirst has experienced a substantial decrease in revenue collected from monetary penalties due to improved performance by the industry and a shift in the enforcement philosophy to focus on incenting continuous improvement within our registered entities and reserving monetary penalties to deter, and send clear signals of what constitutes, undesirable entity behavior.

With the 2015 Assessment as presented, the ReliabilityFirst board has approved a $250,000 reduction in the desired operating reserve of $1,000,000 to $750,000, with the intent to elevate it back to the historical $1,000,000 in 2016, believed to be appropriate for the organization.

Several years ago, NERC and the eight Regional Entities formed an executive management group (known as the ERO EMG) which has, among other things, concentrated on developing enterprise-wide applications, thus improving efficiency and consistency across NERC and the Regional Entities. As enterprise-wide projects are identified and prioritized by the ERO EMG, they are managed through a single Project Management Office at NERC. As an example, the ERO EMG collectively prioritized the Bulk Electric System (BES) exception project and developed an application that is a single interface for NERC and the Regional Entities, promoting consistency and eliminating cost duplications. In return, there is no expected regional IT expenditure for the BES project, or other centralized applications in the individual regional business plans and budgets for 2015. The region will periodically incur expenses in its budget to address region specific applications that may be necessary and not included within an ERO enterprise wide application.

In the development of each annual Business Plan and Budget, ReliabilityFirst examines projected workload using the common assumptions referenced above and conducts a

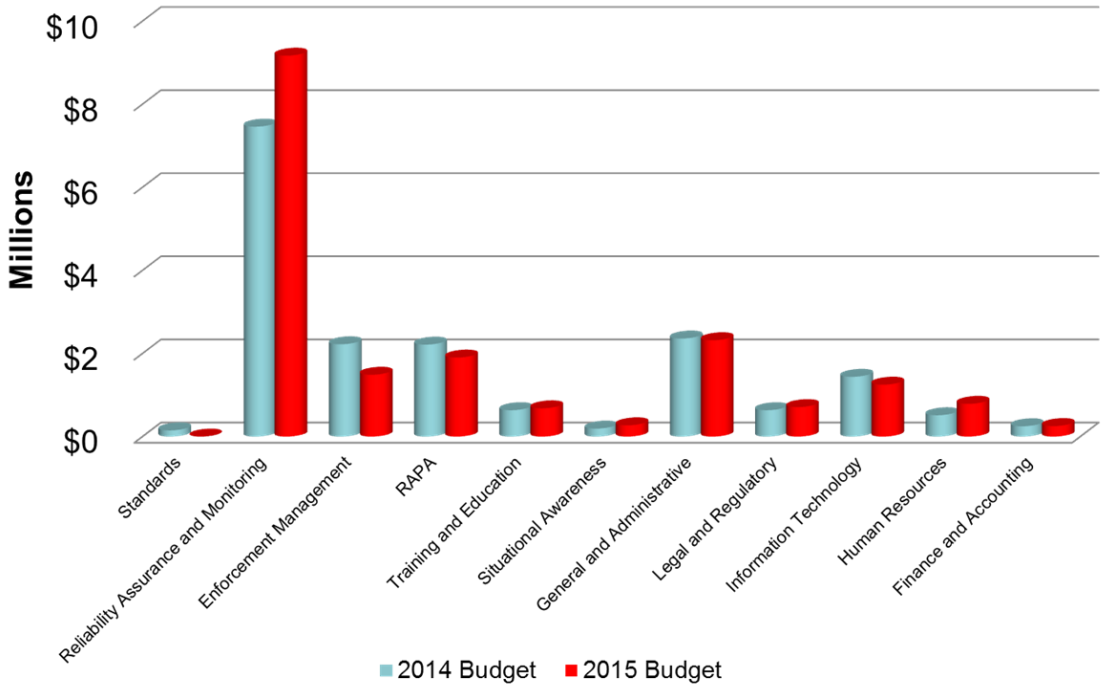
manpower analysis to determine staffing levels required to complete necessary tasks and meet the obligations of the Regional Delegation Agreement. The manpower analysis for 2015 yielded a requirement of 76 Full Time Equivalents (FTEs) in order to fully address the expected workload. Even though the manpower analysis indicates a need for 76 FTEs, the staffing level incorporated into the 2015 budget reduces staffing to 72.2 FTEs, a reduction from the manpower analysis of 4 FTEs, which holds staffing levels flat compared to 2013 and 2014. The .20 increase reflects actual budgeted part time staff hours. There are many variables that affect these analyses, many of which are subject to change. Also, with the enhancements being considered in many process areas, the organization continues to mature and expects to achieve efficiency improvements. This practice of reducing the outcome of the manpower analysis to reflect expected efficiency gains is consistent with past practice at ReliabilityFirst. At some point, the organization and the ERO will be fully mature and this practice may need to be re-evaluated, but ReliabilityFirst is confident that we have not yet reached that state.

ReliabilityFirst relocated its corporate headquarters in March 2014. The new office space includes expanded conferencing capabilities, more convenient air and hotel accommodations, and has capacity for the number of in-office FTEs presently on staff. The budget impacts of the larger office space are incorporated into the 2016-2017 budget forecasts.

Summary of Expenses

Program	Budget 2014	Projection 2014	Budget 2015	Variance 2014 Budget v 2015 Budget	Variance %
Reliability Standards	194,073	40,492	(0)	(194,073)	-100.0%
Reliability Assurance and Compliance Monitoring	10,273,995	12,972,352	12,726,123	2,452,128	23.9%
Enforcement Management	3,310,952	2,451,596	2,146,525	(1,164,427)	-35.2%
Reliability Assessments and Performance Analysis	3,121,331	2,983,534	2,658,505	(462,826)	-14.8%
Training, Education and Operator Certification	916,353	1,007,145	959,098	42,745	4.7%
Situation Awareness and Infrastructure Security	246,497	263,486	266,512	20,015	8.1%

2015 Versus 2014 Cost Allocation by Program Summary of Expenses



FTEs by Program Area

Total FTEs by Program Area	Budget 2014	Projection 2014	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY				
Operational Programs				
Reliability Standards	0.50	0.00	0.00	-0.50
Reliability Assurance and Compliance Monitoring	31.00	37.50	37.50	6.50
Enforcement Management	12.00	8.25	8.25	-3.75
Reliability Assessment and Performance Analysis	10.00	8.35	8.35	-1.65
Training and Education	3.10	3.00	3.00	-0.10
Situation Awareness and Infrastructure Security	0.60	0.50	0.50	-0.10
Total FTEs Operational Programs	**57.20**	**57.60**	**57.60**	**0.40**
Administrative Programs				
General & Administrative	3.30	3.00	3.00	-0.30
Legal and Regulatory Affairs	2.00	2.00	2.00	0.00
Information Technology	5.00	5.00	5.00	0.00
Human Resources	3.00	3.00	3.00	0.00
Finance and Accounting	1.50	1.60	1.60	0.10
Total FTEs Administrative Programs	**14.80**	**14.60**	**14.60**	**-0.20**
Total FTEs	**72.00**	**72.20**	**72.20**	**0.20**

Statement of Activities and Capital Expenditures

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
Reliability*First* Assessments	$ 15,159,785	$ 15,159,785	$ 0	$ 18,713,897	$ 3,554,112
Penalty Sanctions	1,358,133	1,358,133	0	570,000	(788,133)
Total Reliability*First* Funding	**$ 16,517,918**	**$ 16,517,918**	**$ 0**	**$ 19,283,897**	**$ 2,765,979**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	1,446,172	1,446,172	100,000	100,000
Total Funding	**$ 16,517,918**	**$ 17,964,090**	**$ 1,446,172**	**$ 19,383,897**	**$ 2,865,979**
Expenses					
Personnel Expenses					
Salaries	$ 10,674,553	$ 10,637,591	$ (36,962)	$ 11,085,279	$ 410,726
Payroll Taxes	646,319	631,387	(14,932)	646,939	620
Benefits	1,405,661	1,326,799	(78,862)	1,666,553	260,892
Retirement Costs	1,659,567	1,819,054	159,487	1,776,461	116,894
Total Personnel Expenses	**$ 14,386,100**	**$ 14,414,831**	**$ 28,731**	**$ 15,175,232**	**$ 789,132**
Meeting Expenses					
Meetings	$ 149,980	$ 158,034	$ 8,054	$ 177,350	$ 27,370
Travel	788,600	751,129	(37,471)	781,779	(6,821)
Conference Calls	38,400	38,400	0	40,800	2,400
Total Meeting Expenses	**$ 976,980**	**$ 947,564**	**$ (29,416)**	**$ 999,929**	**$ 22,949**
Operating Expenses					
Consultants & Contracts	$ 627,597	$ 469,269	$ (158,328)	$ 620,734	$ (6,863)
Office Rent	504,952	811,048	306,096	548,330	43,378
Office Costs	981,284	910,830	(70,454)	746,476	(234,808)
Professional Services	460,732	456,436	(4,296)	455,571	(5,161)
Miscellaneous	34,555	33,390	(1,165)	30,491	(4,064)
Depreciation	319,433	495,662	176,229	421,106	101,673
Total Operating Expenses	**$ 2,928,553**	**$ 3,176,635**	**$ 248,082**	**$ 2,822,707**	**$ (105,846)**
Total Direct Expenses	**$ 18,291,633**	**$ 18,539,030**	**$ 247,397**	**$ 18,997,869**	**$ 706,235**
Indirect Expenses	**$ 2**	**$ -**	**$ (2)**	**$ (0)**	**$ (2)**
Other Non-Operating Expenses	**$ -**	**$ 41,431**	**$ 41,431**	**$ -**	**$ -**
Total Expenses	**$ 18,291,635**	**$ 18,580,461**	**$ 288,826**	**$ 18,997,869**	**$ 706,233**
Change in Assets	**$ (1,773,718)**	**$ (616,371)**	**$ 1,157,346**	**$ 386,028**	**$ 2,159,746**
Fixed Assets					
Depreciation	(319,433)	(495,662)	(176,229)	(421,106)	(101,673)
Computer & Software CapEx	91,000	172,730	81,730	140,000	49,000
Furniture & Fixtures CapEx	-	123,701	123,701	40,000	40,000
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	1,337,374	1,337,374	-	-
	$ (228,433)	$ 1,138,143	$ 1,366,576	$ (241,106)	$ (12,673)
Allocation of Fixed Assets	$ (1)	$ 0	$ 1	$ -	$ 1
Inc/(Dec) in Fixed Assets	**$ (228,434)**	**$ 1,138,143**	**$ 1,366,577**	**$ (241,106)**	**$ (12,672)**
Total Budget	**$ 18,063,201**	**$ 19,718,605**	**$ 1,655,403**	**$ 18,756,763**	**$ 693,561**
Change in Working Capital	**$ (1,545,284)**	**$ (1,754,515)**	**$ (209,231)**	**$ 627,134**	**$ 2,172,418**

Section A - Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.50	0.00	(0.50)
Direct Expenses	$ 148,671	$ (0)	$ (148,671)
Indirect Expenses	$ 46,452	$ -	$ (46,452)
Inc(Dec) in Fixed Assets	$ (1,050)	$ -	$ 1,050
Total Funding Requirement	$ 194,073	$ (0)	$ (194,073)

Program Scope and Functional Description

ReliabilityFirst has reallocated the resources and expenses associated with the Reliability Standards Program to the Reliability Assurance and Compliance Monitoring Program as a result of the reorganization that is necessary to advance the Reliability Assurance initiatives. The described activities below will continue to be addressed as part of the risked based philosophy applied to the various technical programs.

In support of the ERO, ReliabilityFirst may develop Regional Reliability Standards as deemed necessary. These standards must be developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure and must be more stringent than a NERC Reliability Standard, addressing a regional difference where a NERC Reliability Standard does not, or shall be a regional difference necessitated by a physical difference in the BES.

ReliabilityFirst may also develop regional criteria. Regional criteria are good utility practices used to enhance the reliability of the BES and may augment Reliability Standards. Regional Criteria are not Reliability Standards, and therefore are not enforceable. ReliabilityFirst regional criteria will be developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure.

Given the ERO's increased emphasis on aligning activities with the set of identified risks that have the most impact on reliability, there will be activities assuring that a specific risk targeted by a particular Standard is being adequately addressed. That is, whether the Standard as written, and as monitored and enforced for compliance, is successful in having the intended impact on, and effectively mitigating, the identified risk. Therefore, the following activities are contemplated:

i. **Standards Effectiveness** – Report on whether programs or actions mandated (either intentionally or unintentionally) by the Standards, seen

via monitoring or enforcement, are effectively mitigating the intended targeted risk.

ii. **Standards Efficiency** – Report on whether monitoring and enforcing a Standard is a necessary (or the most efficient) method for ensuring the mitigation of a specific risk or achieving a particular reliability outcome.

iii. **Standards Completeness** – Report on whether any identified risk remains unaddressed by a Standard.

2015 Key Assumptions

The Reliability Standards Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 - 2017 Shared Business Plan and Budget Assumptions document. There are no additional assumptions unique to the ReliabilityFirst Reliability Standards Program.

2015 Key Deliverables

- Submit to NERC, and subsequently file with FERC any new regional standards that:
  - May be needed to support revised NERC Reliability Standards,
  - May address reliability gaps not currently covered by NERC Reliability Standards, and
- Submit to ReliabilityFirst Board any new regional criteria that:
  - Addresses issues not within the scope of NERC Reliability Standards,
  - Promotes more consistent implementation of a NERC Reliability Standard within the Region,
  - May be needed to provide an "interim" solution to reliability enhancement until replaced by a revised NERC Reliability Standard.
- Review and possibly modify the Reliability Standards Development Procedure to align with changing NERC and FERC requirements.
- Initiate and coordinate revisions to regional standards or regional criteria in any stage of development to align with NERC and FERC requirements.
  - Prioritize the regional standards and criterion drafting effort to align with the timing of NERC Reliability Standards revisions.
  - Retire regional standards and regional criteria that are duplicative with NERC Reliability Standards or no longer needed for reliability.
- Review and provide feedback on potential Regional concerns associated with NERC Reliability Standards and RSAWs under development.
- Support and participate in Reliability Assurance Initiative activities and provide input from a standards perspective.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Reliability Standards Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 0 FTEs for this program area, a decrease of 0.50 FTE from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Meeting Expenses

- Meeting expenses have been re-allocated from the Reliability Standards Program to the Reliability Assurance and Compliance Monitoring Program.

Operating Expense

- Operating expenses have been re-allocated from the Reliability Standards Program to the Reliability Assurance and Compliance Monitoring Program.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2014. This method of accounting results in a decrease compared to 2013 as a result of the reallocation of 0.50 FTE to the Reliability Assurance and Compliance Monitoring Program.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.

Reliability Standards Program

Funding Sources and related expenses for the Reliability Standards Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Standards

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 182,202	$ 182,202	$ 0	$ (0)	$ (182,202)
Penalty Sanctions	11,872	11,872	0	-	(11,872)
Total Reliability*First* Funding	**$ 194,074**	**$ 194,074**	**$ 0**	**$ (0)**	**$ (194,074)**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 194,074**	**$ 194,074**	**$ 0**	**$ (0)**	**$ (194,074)**
Expenses					
Personnel Expenses					
Salaries	$ 102,707	$ 26,796	$ (75,911)	$ -	$ (102,707)
Payroll Taxes	5,794	1,876	(3,918)	-	(5,794)
Benefits	11,195	2,623	(8,572)	-	(11,195)
Retirement Costs	14,462	6,000	(8,462)	-	(14,462)
Total Personnel Expenses	**$ 134,158**	**$ 37,295**	**$ (96,863)**	**$ -**	**$ (134,158)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	12,000	2,442	(9,558)	-	(12,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 12,000**	**$ 2,442**	**$ (9,558)**	**$ -**	**$ (12,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	2,513	575	(1,938)	(0)	(2,513)
Professional Services	-	-	-	-	-
Miscellaneous	-	180	180	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 2,513**	**$ 755**	**$ (1,758)**	**$ (0)**	**$ (2,513)**
Total Direct Expenses	**$ 148,671**	**$ 40,492**	**$ (108,179)**	**$ (0)**	**$ (148,671)**
Indirect Expenses	**$ 46,452**	**$ -**	**$ (46,452)**	**$ -**	**$ (46,452)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 195,123**	**$ 40,492**	**$ (154,631)**	**$ (0)**	**$ (195,123)**
Change in Assets	**$ (1,050)**	**$ 153,582**	**$ 154,632**	**$ -**	**$ 1,050**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
Allocation of Fixed Assets	$ (1,050)	$ -	$ 1,050	$ -	$ 1,050
Inc/(Dec) in Fixed Assets	**$ (1,050)**	**$ -**	**$ 1,050**	**$ -**	**$ 1,050**
Total Budget	**$ 194,073**	**$ 40,492**	**$ (153,581)**	**$ (0)**	**$ (194,073)**
Total Change in Working Capital	**$ 0**	**$ 153,582**	**$ 153,582**	**$ -**	**$ (0)**

Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs

Monitoring, and Enforcement, and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	43.00	45.75	2.75
Direct Expenses	$ 9,788,248	$ 10,677,953	$ 889,705
Indirect Expenses	$ 3,994,893	$ 4,391,664	$ 396,771
Inc(Dec) in Fixed Assets	$ (198,194)	$ (196,970)	$ 1,224
Total Funding Requirement	$ 13,584,947	$ 14,872,648	$ 1,287,701

Program Scope and Functional Description

The Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs are structured to achieve maximum effectiveness, consistency, and provide the requisite due diligence in monitoring, investigations and assessments, data and status reporting, enforcement actions, and settlement and hearing activities with regard to compliance with the Reliability Standards, in the furtherance of ReliabilityFirst's mission to assure reliability.

ReliabilityFirst compliance staff consists of three groups including Reliability Assurance, Compliance Monitoring, which are presented together for budget purposes, and the Enforcement Management Group.

The organization registry consists of approximately 331 registered entities covering the listed functions:

- Balancing Authority (BA),
- Distribution Provider (DP),
- Generator Operator (GOP),
- Generator Owner (GO),
- Interchange Authority (IA),
- Load Serving Entity (LSE),
- Planning Authority (PA),
- Purchase-Selling Entity (PSE),
- Reliability Coordinator (RC),
- Reserve Sharing Group (RSG),
- Resource Planner (RS),
- Transmission Owner (TO),

- Transmission Operator (TOP),
- Transmission Planner (TP) and
- Transmission Service Provider (TSP).

Compliance staff will continue to monitor compliance to Reliability Standards of registered owners, operators, and users of the BES through a variety of activities, including:

- Performing compliance audits against standard requirements applicable to their respective functions.
- Spot checking for compliance with selected standard requirements as part of a planned assessment of compliance.
- Validating mitigation plans, settlement actions, and/or other follow-up activities.
- Reviewing and verifying self-certifications and self-reports.
- Conduct investigations and assess complaints received by any parties interested in the reliable operation of the BES, including government entities.
- In proportion to the significance of the event/risk to the BES, reviewing system events to ensure that registered entities are performing a thorough compliance self-assessment and when required, developing self-reports that identify compliance issues to the standards.
- Requesting data submittals for standards to support reporting requirements as indicated in the standards, studies, modeling, and seasonal assessments.
- Conducting risk-based assessments of Registered Entities to determine scope and frequency of compliance monitoring.
- Developing lessons learned from all aspects of the compliance monitoring processes and corrective action activities resulting from Registered Entity performance.
- Supporting the mitigation plan activities associated with violations by :
    - Reviewing proposed Mitigation Plans and accepting those that contain effective corrective and preventative actions.
    - Communicating with the Registered Entity throughout the Mitigation Plan review process to ensure that corrective actions will mitigate the violation, prevent reoccurrence, and return the Registered Entity to compliance.
    - Verifying Mitigation Plan completion through the evaluation of evidence provided by entities to demonstrate that agreed to actions have been

implemented according to established milestones and to ensure the Registered Entity has returned to compliance.

To facilitate compliance monitoring and enforcement activities, all owners, operators, and users of the BES are required to register for the functions that are applicable to their organizations. ReliabilityFirst maintains organization registration information and submits updated information to NERC, who maintains the official compliance registry. Certification of organizations performing reliability responsibilities will continue for entities required to satisfy the RC, BA, and TOP functions.

The RAI implementation, Risk-Based Registration initiative, and CIP v5 transition are major activities through 2014 to 2016. These are all joint ERO Enterprise level initiatives that will benefit NERC, the Regional Entities, and the Registered Entities. Resource demands are not fully appreciated at this point in time and as such, ReliabilityFirst will continue to assess resource conditions and will reallocate existing staff, utilize contract resources, or provide a manpower evaluation for additional staffing to provide the resource support which is determined to be necessary to support the implementation of these major activities.

2015 Key Assumptions

The Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs incorporate the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The ReliabilityFirst Compliance Monitoring and Enforcement and Organization and Certification Programs include the following unique regional assumptions:

1. Compliance monitoring is conducted using a risk and performance based process where scope of monitoring will be determined by a Registered Entity's risk to BES reliability. This change in monitoring is not expected to result in a reduction in resource needs during the 2015 - 2017 timeframe.

2. ReliabilityFirst and NERC will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the compliance staff. As part of the training effort, at least two auditor workshops and monthly auditor calls will be provided to auditors with updates on compliance policies, actions, and requirements in order to promote consistency of audit practices and procedures. It is expected that this training and future credentialing will have an impact on staffing needs and costs (e.g., travel and lodging) to attend, certify, and maintain training and associated credentials.

3. Provide time for staff to maintain industry certifications, such as NERC System Operator Certification, Critical Infrastructure Protection (CIP) certifications,

Professional Engineer certifications, legal licensure, etc. Additional time to incorporate the appropriate audit, internal control evaluation, event/failure analysis and investigative skills is also being included.

4. Work with NERC to place priority on developing educational materials for Registered Entities regarding expectations for new and changed Reliability Standards. Given the complexity and number of standards and requirements that are being enhanced, changed, etc., these will be required in the near term to develop guidance and training to the industry on all of the new and emerging enhanced standards.

5. The implementation of the Reliability Assurance Initiative (RAI) and expansion of the Find-Fix-Track process will require the redeployment of existing resources within ReliabilityFirst to begin developing the processes necessary to implement RAI and to provide the operational staff to support those activities on an on-going basis (in support of the ERO timeline of full implementation in 2016).

6. ReliabilityFirst will use the consistent audit practices developed by NERC and the other Regional Entities and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs.

7. The Compliance Auditor Capabilities and Competency Guide, if approved, will be adopted in 2015. ReliabilityFirst will assess our existing resources and potentially adjust skill sets to meet these requirements. This may require additional resources to attain and maintain these competencies.

8. ReliabilityFirst will plan to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook and the Compliance Auditor Capabilities and Competency Guide.

9. Continued implementation for Technical Feasibility Exception (TFE) processing per the revised Appendix 4D, NERC Rules of Procedure, which is expected to drive a less onerous process for TFE reporting and reviewing.

10. Support the assessment project to evaluate systems used for compliance, registration, analysis and tracking which may result in changes to or the replacement of existing systems.

11. Risk-based monitoring activities are expected to increase and strong consideration will need to be given to modifying the current time-based audit cycles for registered entities. The rigor, scope, depth and recurrence of audits and spot checks will be driven by reliability risk and not a predetermined three and six year schedule.

12. The use of spot checks and self-certifications, to assure all corrective actions are completed for known existing risks or that, proactively, significant reliability risks do not exist, is expected to increase as risk-based monitoring is implemented, and should have a minor effect on overall resource requirements.

13. Non-CIP violations are expected to continue to decrease as most registered entities have been audited and the standards and RSAWs have matured.

14. CIP compliance personnel will need to support the conversion from Version 3 to Version 5 and provide support to entities undergoing a CIP audit until stability in the standards is reached.

15. ReliabilityFirst will support NERC as the lead in the CIP Version 5 training development, coordination and facilitation for the ERO CIP Auditors and Industry Outreach. ReliabilityFirst Auditors will support these initiatives in collaboration with NERC, as needed, to ensure appropriate knowledge and guidance are developed, understood and administered.

16. ReliabilityFirst will plan to support the ongoing CIP Version 5 transition plans and should anticipate an expansion in the number of registered entities that require guidance during 2015.

17. A registration assessment project will occur in 2014 with the expectation that an implementation plan and possibly early deployments of revisions to the registration process will take place in 2015.

18. The implementation of the revised BES definition may place additional resource demands in the registration area. These demands cannot be fully assessed at this time. If a high number of BES exception requests are received, the potential for a backlog situation in the first two or three years of implementation is possible.

2015 Key Deliverables

- Manage all compliance activities in an unbiased, fair, and consistent manner, affording all Registered Entities appropriate due process.
- Ensure all auditors receive training and meet all NERC auditor training requirements.
- Develop and enhance processes, databases, and reporting tools for accurate tracking and reporting of compliance activities including compliance audits, spot checks, self-certifications, alleged and confirmed violations of Reliability Standards, penalty and sanction actions, settlements, hearings, disposition of all

violations, mitigation plans, and management of the compliance monitoring process records.

- Maintain a reporting relationship with NERC and establish processes and procedures to report monitoring results, violations, levied penalties and sanctions, and track mitigation plans and settlement actions for violations. Also, develop statistical information of compliance activities to identify any trends requiring action.
- Manage all enforcement actions to ensure consistent application of penalties for violations of Reliability Standards.
- Prepare and distribute all compliance monitoring process reports to NERC and Registered Entities.
- Provide enhanced analysis reports of violations and violation trends of Reliability Standards to the ReliabilityFirst Board Compliance Committee and NERC.
- Identify trends pertaining to problem areas, entities that may require additional follow-up review, and communicate any lessons learned to other Registered Entities while protecting confidentiality.
- Support the development of the compliance elements for all new or revised Reliability Standards within the ReliabilityFirst and NERC Standards Program.
- Support NERC standards drafting teams as resources are available.
- Increase efficiencies across all areas to reduce redundancy and increase productivity.
- Support NERC with any ongoing training (e.g. auditor) and credentialing efforts to maintain an appropriate mix of credentialed and/or experienced staff to conduct and demonstrate competence in all CMEP activities.

Reliability Assurance and Compliance Monitoring (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	31.00	37.50	6.50
Direct Expenses	$ 7,569,428	$ 9,292,640	$ 1,723,212
Indirect Expenses	$ 2,880,039	$ 3,599,725	$ 719,686
Inc(Dec) in Fixed Assets	$ (175,472)	$ (166,242)	$ 9,230
Total Funding Requirement	$ 10,273,995	$ 12,726,123	$ 2,452,128

Reliability Assurance

Program Scope and Functional Description

The Reliability Assurance functions include: assist/appraisal visits, organization registration, organization certification, mitigation plan acceptance, approval, and verification, assessment of self-certifications and periodic data submittals, review and analyze events for risk trending, analysis and reporting of system disturbances and events, risk-harm analysis and analytics (e.g., in support of discretional enforcement treatment of lesser issues), the creation of compliance monitoring plans and schedules to align with potential risk impacts, the provision of industry training, and serving as a technical resource for the Corporation.

2015 Key Assumptions

The Reliability Assurance area incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The Reliability Assurance area includes the following unique regional assumptions:

1. Review the criteria and processes used to encourage prompt and complete guided self-analysis to promote continuous improvement, shared lessons learned, and information sharing. The number of reviews requiring this analysis and follow up is expected to be significant as value to reliability is demonstrated.

2. Conduct event analysis assessments, determine the need for compliance investigations (to be executed through the Compliance Monitoring group), as required. It is anticipated that the reviews will include a request for the Registered Entities' Compliance Self-Assessment and at least one request for information to acquire any needed clarification in order to make a determination if a formal monitoring process is initiated.

3. Analyze BES exception requests, entity questions, and all entity submittals that will determine what elements are captured as part of the BES. With an expected uniform BES definition and exception process being implemented in 2014, a resulting increased workload will be required to handle these new tasks and may evolve in 2015. This activity coupled with the existing compliance monitoring activity workload increases will potentially increase the overall compliance workload. It is expected that a large number of registration evaluations will be necessary based on this process.

4. Entities have expressed a desire to consolidate and where applicable, increase the number of Joint Registration Organizations, and Coordinated Functional Registrations. Requests are expected to increase as entities better delineate shared responsibilities and seek to achieve efficiency and effectiveness in compliance management by registering as a corporate entity. This increase will have a direct impact on the workload associated with registration and certification.

5. Entities have expressed a desire to implement the Multi-Regional Registered Entity (MRRE) process within the Regions. Requests are expected to increase as entities seek to achieve efficiency and effectiveness in compliance. The increase in requests might have a direct impact on the workload associated with implementing various compliance monitoring processes and development of a formal MRRE process.

6. Document and continue to conduct Assist/Appraisal Visits in an effort to improve entities' compliance culture, their capability in key management practice areas and to assure reliability performance.

7. Work with NERC on updating, modifying and streamlining the CMEP Implementation Plan process.

8. Work with NERC on updating and improving the Organization Certification process by looking for efficiencies and when appropriate perform these using a risk based assessment.

9. Make use of tabletop (off-site) reviews and use a risk based assessment to determine when a review is needed.

10. Work with NERC on reviewing and modifying the registration process by moving towards an ERO wide common registration database.

ReliabilityFirst does not expect a significant number of registration challenges, with efforts in registration focusing on refining the current registries across the Region.

However, with the continued merger and acquisition activities in the industry and changing BES definition, some registration changes are anticipated and will require administrative, technical, and legal reviews.

2015 Key Deliverables

- Work within the region and NERC to implement criteria for processing, analyzing, and reporting BES inclusions and exclusions, and exception requests.
- Develop criteria and a process to encourage prompt and complete compliance self-analysis associated with system events.
- Develop material for Registered Entities regarding expectations for new and existing Reliability Standards.
- In proportion to the significance of the incident and risk to the BES, review and make a timely decision whether an additional compliance monitoring process needs to be implemented. Encourage entities to perform a thorough compliance self-assessment for all system events.
- Process all registration issues including the Joint Registration Organization and Coordinated Functional Registration requests in a timely fashion.
- In 2015, develop a process and share it with NERC to review and determine if applying the MRRE process to an entity is appropriate and reasonable.
- Complete a registry review of all entities based upon the FERC approved BES definition to assure registration accuracy. Develop an Entity Company Profile database whereby entities can update their company information on-line and the data can be used for the entity and regional risk assessment.
- Expand the documentation for the Assist Visit Program to include various RAI initiatives.
- Collect, review, and analyze disturbances as described in the NERC ERO Event Analysis Process and cooperate with NERC and FERC staff and other Regional Entity staff to assure root cause, corrective actions, and lessons learned are identified.
- Collect and review disturbance reports as required in NERC Standard EOP-004 and as required by the Department of Energy in form OE-417.
- Assist NERC in the collection and validation of data for the Events Information Data System (EIDS).
- Administer the BES definition processes for self-determined notifications to the BES and the Exception Request process using the BESnet software.

Compliance Monitoring

Program Scope and Functional Description

The Compliance Monitoring Group is responsible for the completion of the Operations/Planning (OP/PLAN) and Critical Infrastructure Protection (CIP) audits, complaints, investigations, spot checks, and management of TFEs, which address the NERC Reliability Standards.

2015 Key Assumptions

The Compliance Monitoring area incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The ReliabilityFirst Compliance Monitoring area includes the following unique regional assumptions:

1. Monitor compliance to the NERC Reliability Standards for applicable registered entities through compliance audits and/or spot checks ensuring that all pre-audit, onsite or offsite, and post audit activities are completed per the established process and timelines.

2. Audits will continue under the on-going schedule to complete the BA, TOP, and RC audits on a three year cycle. All Registered Entities that are registered for other functions will be audited on a six year cycle. Beginning in 2015, audit schedules may be determined through an assessment of a Registered Entity's risk profile and no longer subject to the predefined periodicity identified above.

3. Audits will continue to be scoped on a risk and performance based assessment of the individual entity. The scope of audits will be determined through a more comprehensive audit planning process through implementation of the Auditor Checklist.

4. The Audit Handbook and Checklist was rolled out in 2014 as part of the RAI Initiative. ReliabilityFirst will continue to implement the guidance contained in the documents and other ERO Enterprise tools in 2015. The extent of any resource impact is unknown at this time. Inclusion of these requirements may increase auditor time and resources needed to complete monitoring processes.

5. Competency and Training will be assessed to improve the understanding of auditing practices and skills of the team members. Through NERC training and other available auditing courses, ReliabilityFirst will provide the necessary training to continue to provide an excellent and respected audit staff.

6. ReliabilityFirst will continue to seek and employ initiatives to increase efficiencies and production in 2015. The MKInsight audit management system will be fully

functional for audits and ReliabilityFirst will look to further develop the system to address other monitoring processes. In addition, ReliabilityFirst will continue to work with NERC to develop a global audit management system which will utilized by all regions This will improve the efficiency of monitoring processes and NERC oversight for all regions.

7. FERC issued a Final Rule approving the CIP Version 5 Reliability Standards in Order No. 791, effective February 3, 2014. The Final Rule established the following:

    a. Effective date for Compliance with all non-periodic requirements as **April 1, 2016** for High and Medium Impact, and **April 1, 2017** for Low Impact

    b. Compliance with initial performance of periodic requirements as discussed in the Implementation Plan, using an Effective Date of **April 1, 2016**

    A resource impact is anticipated along with the potential for additional burden and workload added to the CIP Monitoring Program during the ensuing transition period from CIP Version 3 to CIP Version 5. The actual impact is yet to be realized so in the interim, existing CIP staff will manage and monitor the impact, which will guide the development of any future resource recommendations.

8. The ERO is evaluating the possibility of transitioning away from the Actively Monitored List (AML) methodology and process in 2015 and instead, empowering Regional Entities to define unique audit scopes and periodicity for each audited entity based on the risk and impact that entity poses on the reliability of the BES. Regional Entities would start with the complete library of Reliability Standards and, by employing a risk-based entity profile assessment, apply only a subset of Reliability Standards to a Registered Entity. This approach has yet to be defined, evaluated and implemented within the ERO.

9. The time required to complete the onsite CIP audit reviews also includes site visits and field visits (i.e. substations, generation facilities, etc.) that may be warranted based on the scope of the audit and if initial evidence is not sufficient to substantiate that an entity is compliant.

10. For Registered Entities subject to compliance to the CIP Version 3 standards that have no Critical Cyber Assets, the audit scope will continue to focus on CIP-002 and CIP-003 R2. These audits will be conducted offsite by one team consisting of two auditors.

11. **NOTE**: With the FERC approval of the CIP Version 5 Standards, the ERO is evaluating:

a. Whether changes being proposed in CIP Version 5 will materially change the amount of time Regional Entities will need to spend on audit/ monitoring activities for registered entities with and without Critical Assets and Critical Cyber Assets, including whether field visits will be required; and

b. Whether material changes or additions are going to be required by the Regional Entity and NERC outreach efforts to communicate requirements to these entities.

Results of this evaluation may impact the audit scope, regional resource requirements and expectations that will need to be factored into future resource recommendations for the budget.

12. It is expected that CIP spot checks will take place in 2015 and may increase with the implementation of the risk-based approach to compliance monitoring. This may increase audit time and resources; however, appropriately scoped audits resulting from risk-based entity profile assessments should lead to a focused and efficient monitoring program.

13. With the FERC approval of the revised NERC Rules of Procedure Appendix 4D, the TFE program is becoming more streamlined. ReliabilityFirst will continue to support the TFE program with existing CIP staff and will incorporate any changes in TFE processing to improve overall efficiency according to the revised Appendix 4D.

14. Any approved and/or terminated TFEs will continue to be audited as part of a scheduled CIP audit according to Appendix 4D. This rule is applicable to entities that have identified Critical Assets and Critical Cyber Assets and have such TFEs. The review of these TFEs has been incorporated into the existing audit review schedule. The effort required to review these TFEs continues to be monitored and may extend the audit review schedule or result in a separate unscheduled audit review, resulting in additional time and/or resources required to complete the audit of such TFEs.

15. CIP Staff will support the NERC Sufficiency Review Program – CIP-OS Outreach sessions in 2015 as requested by NERC.

2015 Key Deliverables

- Conduct thorough and formal compliance audits consistently with all regions through incorporation of the Auditor Handbook and Checklist. Audit teams will consist of ReliabilityFirst staff supplemented, only if necessary by independent

contractors. No industry volunteers will serve on audit teams. Approximately 45 OP/PLAN audits will be performed.

- Conduct spot checks and unscheduled audits on entities to assess risk and performance of OP/PLAN standards or as determined through any other assessments utilized by ReliabilityFirst. This type of monitoring may rise in 2015 and subsequent years. Risk assessments will provide a focused determination of the risks, which will affect the scope of an engagement.
- Provide efficiencies in audit and spot check processes through continued auditor training and process improvements. We will be utilizing an audit management software package which became fully operational in the beginning of 2014 and is expected to provide efficiency gains in years to come.
- Support two reliability workshops each year, monthly "open" compliance calls, assist visits, and provide Registered Entity assistance as needed.
- Provide support to satisfy NERC and FERC oversight and monitoring activities.
- CIP audits will be performed as separate audits from the OP/PLAN audits unless agreed to otherwise between ReliabilityFirst Audit Management and the audited entity. The CIP audits can be categorized as medium and small sized audits as defined by NERC and the number of requirements. The number of CIP audits targeted for 2015 is defined below and will be based on the number of entities that identify Critical Assets in accordance with the latest Cyber Security Standards Transition Guidance (CSSTG) published by NERC. It is expected that the number of CIP audits will be greater than or at least the same as in 2014 resulting in approximately:
    - 1-3 CIP medium audits of entities on the 3 year cycle (onsite).
        - Registered Entities are expected to be compliant with the CIP requirements identified in the ReliabilityFirst Compliance Monitoring Schedule (CMS) (at a minimum) and any added CIP requirements based on the results of the risk-based entity profile assessment. These entities typically have many Critical Assets and Critical Cyber Assets due to being registered for multiple functions such as a BA, TOP, and RC.
    - 3-5 CIP medium audits of entities on the 6 year cycle (onsite).
        - Registered Entities are expected to be compliant with the CIP requirements identified in the ReliabilityFirst Compliance Monitoring Schedule (CMS) (at a minimum) and any added CIP requirements based on the results of the risk-based entity profile assessment. These entities typically have fewer Critical Cyber Assets as a result

of being registered for multiple functions such as a GO, GOP, LSE, TO, etc.

- 42-48 CIP small audits of entities on the 6 year cycle (offsite).
  - Registered Entities are expected to be compliant with the CIP requirements identified in the ReliabilityFirst Compliance Monitoring Schedule (CMS) (at a minimum) and any added CIP requirements based on the results of the risk-based entity profile assessment, within CIP-002 and CIP-003 R2. These entities may or may not have Critical Assets but have identified no Critical Cyber Assets.

- CIP spot checks will be used to assess performance to selected CIP Standards as outlined in the annual CMEP Implementation Plan and/or as defined by ReliabilityFirst monitoring activities. This monitoring process will also be used to confirm self-certifications, self-reports, the status of mitigation plans or agreed-to activities associated with settlement agreements.
- Manage the TFE processing in accordance with the revised NERC Rules of Procedure Appendix 4D. The effort required to process TFEs will continue into 2015. The rate of TFE submittals is not expected to reduce to zero in the next few years due to technology changes, changes in the identification of Critical Assets and Critical Cyber Assets, and the full understanding of the CIP Version 5 Reliability Standards. ReliabilityFirst projects 500 man-hours will be expended on processing TFEs in 2015. It is expected that one equivalent FTE will continuously be allocated to provide oversight and management of the TFE process.
- In 2015, compliance audits of CIP Standards will continue to include the review of Approved and Terminated TFEs. The plan is to continue incorporating the review of these TFEs into the existing audit review schedule for 2015 and beyond.
- Participate in the 2015 NERC Sufficiency Review Program - CIP-OS Outreach sessions. The expectation is that NERC will conduct 1 or 2 sufficiency reviews of entities registered in the ReliabilityFirst region in 2015.
- Support NERC in developing and supporting training and outreach for Registered Entities to successfully transition to CIP Version 5 standards.
- Support the execution of the ERO 2014-2017 Strategic Plan by supporting the successful implementation of Goals 1 through 5 and their associated Objectives and valued outcomes. For 2015, there will be a focus on the 2015 Goals and Deliverables applicable to Compliance Operations. Resources are being expended throughout 2014 and expected to continue into 2015 and beyond.

Additional support for any other goals will be provided as agreed to between ReliabilityFirst and NERC.

The anticipated workload may exceed the 2015 available resources based upon proposed NERC initiatives for the auditing and monitoring processes and personnel turnover, however, no additional FTEs in 2015 are being requested. For audits, contractor support will supplement the audit staff in some instances where unplanned scheduling constraints arise that affect the available resources.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Reliability Assurance and Compliance Monitoring Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 37.50 FTEs for this program area, an increase of 6.50 FTEs from 2014. This change is a result of reallocating staff to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Meeting Expenses

- Meeting expenses are consistent with the 2014 budget.
- Travel expenses increased as a result of the reallocation of staff to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Operating Expense

- Consultants and Contracts decreased due to the process improvements and efficiency gains that are being achieved.
- Office Costs decreased as a result of changing our wireless plan to a data share plan, along with the reduction in change orders expected for the compliance portal.
- Depreciation expense decreased as a result of some fixed assets being fully depreciated.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2015. This method of accounting results in an increase compared to 2014 as a result of the reallocation of 6.50 FTEs.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.
- Depreciation expense decreased as a result of some fixed assets being fully depreciated.

Reliability Assurance and Compliance Monitoring

Funding Sources and related expenses for the Reliability Assurance and Compliance Monitoring Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Assurance and Compliance Monitoring

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 9,537,944	$ 9,537,944	$ -	$ 12,289,925	$ 2,751,981
Penalty Sanctions	736,051	736,051		371,094	(364,957)
Total Reliability*First* Funding	**$ 10,273,995**	**$ 10,273,995**	**$ -**	**$ 12,661,018**	**$ 2,387,023**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	941,518	941,518	65,104	65,104
Total Funding	**$ 10,273,995**	**$ 11,215,513**	**$ 941,518**	**$ 12,726,123**	**$ 2,452,128**
Expenses					
Personnel Expenses					
Salaries	$ 4,579,063	$ 5,386,685	$ 807,622	$ 5,931,175	$ 1,352,112
Payroll Taxes	282,675	319,132	36,457	350,077	67,402
Benefits	627,993	678,539	50,546	837,400	209,407
Retirement Costs	720,292	888,522	168,230	928,260	207,968
Total Personnel Expenses	**$ 6,210,023**	**$ 7,272,879**	**$ 1,062,856**	**$ 8,046,912**	**$ 1,836,889**
Meeting Expenses					
Meetings	$ 9,050	$ 7,304	$ (1,746)	$ 9,400	$ 350
Travel	467,000	500,172	33,172	522,379	55,379
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 476,050**	**$ 507,476**	**$ 31,426**	**$ 531,779**	**$ 55,729**
Operating Expenses					
Consultants & Contracts	$ 425,000	$ 186,079	$ (238,921)	$ 375,000	$ (50,000)
Office Rent	-	-	-	-	-
Office Costs	346,007	257,304	(88,703)	310,613	(35,394)
Professional Services	-	-	-	-	-
Miscellaneous	1,965	160	(1,805)	1,765	(200)
Depreciation	110,383	85,843	(24,540)	26,571	(83,812)
Total Operating Expenses	**$ 883,355**	**$ 529,386**	**$ (353,969)**	**$ 713,949**	**$ (169,406)**
Total Direct Expenses	**$ 7,569,428**	**$ 8,309,740**	**$ 740,312**	**$ 9,292,640**	**$ 1,723,212**
Indirect Expenses	**$ 2,880,039**	**$ 3,945,305**	**$ 1,065,266**	**$ 3,599,725**	**$ 719,686**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 10,449,467**	**$ 12,255,046**	**$ 1,805,579**	**$ 12,892,365**	**$ 2,442,898**
Change in Assets	**$ (175,472)**	**$ (1,039,533)**	**$ (864,061)**	**$ (166,242)**	**$ 9,230**
Fixed Assets					
Depreciation	$ (110,383)	$ (85,843)	$ 24,540	$ (26,571)	$ 83,812
Computer & Software CapEx	-	13,608	13,608	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ (110,383)	$ (72,235)	$ 38,148	$ (26,571)	$ 83,812
Allocation of Fixed Assets	$ (65,089)	$ 789,541	$ 854,630	$ (139,671)	$ (74,582)
Inc/(Dec) in Fixed Assets	**$ (175,472)**	**$ 717,306**	**$ 892,778**	**$ (166,242)**	**$ 9,230**
Total Budget	**$ 10,273,995**	**$ 12,972,352**	**$ 2,698,357**	**$ 12,726,123**	**$ 2,452,128**
Total Change in Working Capital	**$ -**	**$ (1,756,839)**	**$ (1,756,839)**	**$ -**	**$ -**

Enforcement Management

Enforcement Management (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	12.00	8.25	(3.75)
Direct Expenses	$ 2,218,820	$ 1,385,313	$ (833,507)
Indirect Expenses	$ 1,114,854	$ 791,939	$ (322,915)
Inc(Dec) in Fixed Assets	$ (22,722)	$ (30,728)	$ (8,006)
Total Funding Requirement	$ 3,310,952	$ 2,146,525	$ (1,164,427)

Program Scope and Functional Description

Enforcement work burden (defined as all necessary activities needed to successfully complete an enforcement action including but not limited to fact and circumstance review, final disposition method selection, negotiation, final document drafting, post-filing support, advocacy, etc.), is driven by the complexity of the violations and the associated mitigation plans and above and beyond action items.

Historical violation levels (i.e., enforcement actions undertaken) are shown below for 2010 thru 2013. To project the complexity of potential violations in advance is a difficult task. With its increased focus on risk and the anticipated use of enforcement discretion, ReliabilityFirst anticipates that the complexity of enforcement actions may increase. However, ReliabilityFirst estimates the number of violations during this budget year and beyond will decrease slightly and then stabilize.

CIP		693			
Year	# of Violations	Year	# of Violations	Total	
2010	254	2010	215	**469**	Actual
2011	408	2011	177	**585**	Actual
2012	358	2012	191	**549**	Actual
2013	560	2013	105	**665**	Actual
2014	450	2014	100	**550**	Estimate
2015	350	2015	100	**450**	Estimate
2016	400	2016	100	**500**	Estimate

ReliabilityFirst Enforcement activities are centered on risk assessment, risk management, and risk communication. As the ERO (including the Regions) bases more decisions on risks to reliability, risk analysis becomes key in dynamically managing ReliabilityFirst enforcement activities and driving informed decision making. ReliabilityFirst Enforcement will continue to utilize risk-harm analysis and leverage internal control appraisal results from the Reliability Assurance group to inform the management of its enforcement actions.

2015 Key Assumptions

The Enforcement Management group incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The ReliabilityFirst Enforcement Management group includes the following unique regional assumptions:

1. ReliabilityFirst Enforcement believes the number of non-CIP violations will increase slightly in 2015 as entities improve their detective controls. Additionally, ReliabilityFirst Enforcement believes the number of CIP violations will decrease slightly until second quarter 2016, when CIP Version 5 will become enforceable. Although the transition to CIP Version 5 may increase the number of CIP violations in 2016, that number could be partially offset by a decreased scope of assets monitored for CIP compliance, also due to CIP Version 5. Also, as additional entities are granted logging/aggregation privileges as a result of internal controls assessments, there will be minimal risk issues that are eligible for enforcement discretion and therefore not processed as “violations.”

2. It is expected that the majority of possible violations will continue to be handled through the settlement process (30% to 40%) and the Find, Fix, Track and Report (FFT) program (60% to 70%). It is anticipated that the expansion of the logging/aggregation pilots involving enforcement discretion for minimal risk issues may affect the FFT percentages, as FFT issues are likely to be logged discretion items.

3. Increased process efficiencies offset the increased complexity of enforcement activity and the level of effort and resources for a moderate and minimal risk enforcement activity continues to decrease. However, enforcement activity involving violations that pose a greater risk, include significant mitigating activities and/or above and beyond action items, and/or programmatic changes within a Registered Entity, which are becoming more frequent commensurate with the growing focus on internal controls, tend to involve increased effort and resources.

4. The number of hearings to be conducted in 2015 is unknown, and therefore no external legal resources have been budgeted.

5. ReliabilityFirst will continue to shift from punishing past behavior (although still necessary and required in serious circumstances) to partnering with Registered Entities to ensure compliance and reliability going forward in a proactive manner. Enforcement will continue to participate in cross-functional efforts to analyze the effectiveness of Reliability Standards, conduct Registered Entity internal controls appraisals in support of RAI, and ensure that the anticipated future use of discretion is internally documented, repeatable, and consistent with NERC directives and FERC orders, rules, and regulations.

6. The RAI will require increased and ongoing Enforcement effort to design and implement processes through the budget period.

2015 Key Deliverables

- Continue to increase efficiency, through process improvement, in dispositioning enforcement actions and preparing settlement agreements.
- Conduct initial violation fact and circumstance reviews and communicate with the entity through each step of the enforcement process. Manage all necessary activities of the enforcement process through final closure with FERC, including mitigation plans, settlements, hearings, and participate as necessary in any appeals to NERC, FERC, or regulatory agencies for alleged violations that are contested.
- Enforcement will resolve serious violations in a manner that deters entities from engaging in similarly risky behavior that resulted in the serious violations.
- Enforcement will continue to tailor resolutions of violations to the risk posed by each violation.
- Enforcement will recognize that an aged violation may result in mitigating activities that are stale, and therefore, do not address reliability risks as effectively as they otherwise might. Therefore, Enforcement will work to derive internal goals that encourage addressing violations in a timely manner.
- Report all violations of Standards for which investigation, decision, and hearing processes have been completed, including the identity of the organizations involved in those violations.
- Provide the necessary information regarding all financial penalties to support the collection and disbursement of the penalty funds.
- Continue to use the risk-harm analysis process to inform enforcement actions.
- Leverage the knowledge gained from internal controls and other risk assessments to inform enforcement decision making through expansion of the

logging/aggregation privilege and use of enforcement discretion for minimal risk issues.

- Ensure that the anticipated future use of discretion in Compliance Monitoring and Enforcement is internally documented, repeatable, and consistent with NERC directives and FERC orders, rules, and regulations.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Enforcement Management Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 8.25 FTEs for this program area, a decrease of 3.75 FTEs from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Meeting Expenses

- Meeting expenses increased due to the plan to increase entity outreach efforts.
- Travel expenses decreased as a result of the reallocation of staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Operating Expense

- There are no contractors expected to be used in this budget year.
- Office Costs decreased as a result of changing our wireless plan to a data share plan
- Professional Services decreased due to the expiration and non-renewal of a retainer agreement for a hearing officer.
- Depreciation expense decreased due to the transfer of an asset and its depreciation expense to the Reliability Assurance and Compliance Monitoring Program, therefore there is no depreciation expense for this budget year.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2015. This method of accounting results in a decrease compared to 2014 as a result of the reallocation of 3.75 FTEs to the Reliability Assurance and Compliance Monitoring Program.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.
- Depreciation expense decreased due to the transfer of an asset and its depreciation expenses to the Reliability Assurance and Compliance Monitoring Program, therefore there is no depreciation expense for this budget year.

Enforcement Management

Funding Sources and related expenses for the Enforcement Management Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Enforcement Management

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 3,026,029	$ 3,026,029	$ -	$ 2,050,561	$ (975,468)
Penalty Sanctions	284,923	284,923	$ -	81,641	(203,282)
Total Reliability*First* Funding	**$ 3,310,952**	**$ 3,310,952**	**$ -**	**$ 2,132,202**	**$ (1,178,750)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	207,134	207,134	14,323	14,323
Total Funding	**$ 3,310,952**	**$ 3,518,086**	**$ 207,134**	**$ 2,146,525**	**$ (1,164,427)**
Expenses					
Personnel Expenses					
Salaries	$ 1,492,316	$ 954,692	$ (537,624)	$ 902,267	$ (590,049)
Payroll Taxes	97,808	72,147	(25,661)	64,104	(33,704)
Benefits	241,020	157,303	(83,717)	202,968	(38,052)
Retirement Costs	230,194	162,914	(67,280)	144,216	(85,978)
Total Personnel Expenses	**$ 2,061,338**	**$ 1,347,056**	**$ (714,282)**	**$ 1,313,555**	**$ (747,783)**
Meeting Expenses					
Meetings	$ 1,680	$ 3,679	$ 1,999	$ 8,000	$ 6,320
Travel	66,000	45,231	(20,769)	40,000	(26,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 67,680**	**$ 48,910**	**$ (18,770)**	**$ 48,000**	**$ (19,680)**
Operating Expenses					
Consultants & Contracts	$ 29,000	$ 3,500	$ (25,500)	$ -	$ (29,000)
Office Rent	-	-	-	-	-
Office Costs	35,520	10,343	(25,177)	23,258	(12,262)
Professional Services	15,000	-	(15,000)	-	(15,000)
Miscellaneous	756	120	(636)	500	(256)
Depreciation	9,526	2,215	(7,311)	-	(9,526)
Total Operating Expenses	**$ 89,802**	**$ 16,179**	**$ (73,623)**	**$ 23,758**	**$ (66,044)**
Total Direct Expenses	**$ 2,218,820**	**$ 1,412,145**	**$ (806,675)**	**$ 1,385,313**	**$ (833,507)**
Indirect Expenses	**$ 1,114,854**	**$ 867,967**	**$ (246,887)**	**$ 791,939**	**$ (322,915)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 3,333,674**	**$ 2,280,112**	**$ (1,053,562)**	**$ 2,177,253**	**$ (1,156,421)**
Change in Assets	**$ (22,722)**	**$ 1,237,974**	**$ 1,260,696**	**$ (30,728)**	**$ (8,006)**
Fixed Assets					
Depreciation	$ (9,526)	$ (2,215)	$ 7,311	$ -	$ 9,526
Computer & Software CapEx	12,000	-	(12,000)	-	(12,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ 2,474	$ (2,215)	$ (4,689)	$ -	$ (2,474)
Allocation of Fixed Assets	$ (25,196)	$ 173,699	$ 198,895	$ (30,728)	$ (5,532)
Inc/(Dec) in Fixed Assets	**$ (22,722)**	**$ 171,484**	**$ 194,206**	**$ (30,728)**	**$ (8,006)**
Total Budget	**$ 3,310,952**	**$ 2,451,596**	**$ (859,356)**	**$ 2,146,525**	**$ (1,164,427)**
Total Change in Working Capital	**$ -**	**$ 1,066,490**	**$ 1,066,490**	**$ -**	**$ -**

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	10.00	8.35	(1.65)
Direct Expenses	$ 2,213,282	$ 1,888,067	$ (325,215)
Indirect Expenses	$ 929,045	$ 801,539	$ (127,506)
Inc(Dec) in Fixed Assets	$ (20,996)	$ (31,100)	$ (10,104)
Total Funding Requirement	$ 3,121,331	$ 2,658,505	$ (462,826)

Program Scope and Functional Description

In support of the ERO, ReliabilityFirst's Reliability Assessment and Performance Analysis staff will independently analyze, assess, and report on the reliability and adequacy of the BES within its footprint. This includes performance of seasonal, near-term and long-term resource and transmission assessments, special investigations as warranted, and collection and dissemination of data, lessons learned, and other information.

2015 Key Assumptions

The Reliability Assessment and Performance Analysis Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document for the 2015 budget cycle. There are no additional assumptions unique to the ReliabilityFirst Reliability Assessment and Performance Program.

2015 Key Deliverables

- Assessments of Reliability Performance
    - Perform seasonal (summer and winter) and long term resource adequacy assessments and produce reports.
    - Perform seasonal (summer and winter) transmission assessment studies, a near-term (1 through 5 years into the future) transmission assessment, and a long-term (5 through 10 years into the future) transmission assessment and produce reports.
    - Collect data and produce assessment reports for the NERC Reliability Assessment Subcommittee's seasonal, long-term, and post-seasonal operational reports.

  - Work with neighboring Regional Entities in the Eastern Interconnection Reliability Assessment Group (ERAG) to perform seasonal, near-term, and long-term transmission assessment studies and produce reports.

- Model Development to Conduct Assessments
  - Develop a series of thirteen power flow base case models (ERAG/Multiregional Modeling Working Group (MMWG) effort).
  - Update power flow base case models for regional and interregional study efforts.
  - Develop a series of eight dynamic base case models (ERAG/MMWG effort).
  - Develop any needed dynamic base case models (regional and interregional study efforts).
- Reporting Requirements
  - Submit ReliabilityFirst load, capacity, and transmission data and power flow base cases annually for the DOE EIA-411 report.
  - Assist NERC in the collection and validation of data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS) and the Demand Response Availability Data System (DADS)
  - Assist NERC in the collection and validation of data for the Reliability Assessment Data System (RADS). This project has been created to help automate the data collection, validation, submission and analysis process for the reliability assessment reports.
  - Submit ReliabilityFirst power flow data annually for the FERC 715 report.
  - Submit an assessment report to the Public Utilities Commission of Ohio as required by Ohio administrative law.
- Other Requirements and Activities
  - Publish any lessons learned that are developed from misoperation reporting, and other sources.
  - Continue to actively participate in ERAG, which includes the Management Committee, MMWG, and the study forums.
  - Analyze protective relay misoperation information and track corrective action plans.
  - Conduct initial and periodic Special Protection System (SPS) reviews and maintain a database of regional SPSs.
  - Conduct under-frequency load shed (UFLS) reviews.

- Conduct under-voltage load shed (UVLS) reviews.
- Develop and maintain a ReliabilityFirst BES facilities map for EIA-411 reporting.
- Develop and maintain a linear contingency database for transmission assessment studies.
- In support of the ERO, actively participate in NERC committees, subcommittees, task forces, and other technical groups, such as the Planning Committee, Operating Committee, and associated subgroups.
- Continue to support stakeholder participation through various regional technical groups. The Reliability Committee is the primary technical advisory body to the ReliabilityFirst Board of Directors. Other technical subcommittees analyze and discuss technical issues related to reliability assessments, disturbance reporting, event analysis, and other technical and assessment related activities.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Reliability Assessment and Performance Analysis Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 8.35 FTEs for this program area, a decrease of 1.65 FTEs from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Meeting Expenses

- Meeting expenses decreased due to the plan to hold meetings at entity facilities and ReliabilityFirst's corporate office.
- Travel expenses decreased as a result of the reallocation of staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Operating Expense

- Operating expenses are consistent with the 2014 budget.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2015. This method of accounting results in a decrease compared to 2014 as a result of the reallocation of 1.65 FTEs to the Reliability Assurance and Compliance Monitoring Program.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.

Reliability Assessment and Performance Analysis Program

Funding Sources and related expenses for the Reliability Assessment and Performance Analysis Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Assessment and Performance Analysis

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 2,883,895	$ 2,883,895	$ -	$ 2,561,379	$ (322,516)
Penalty Sanctions	237,436	237,436		82,630	(154,806)
Total Reliability*First* Funding	**$ 3,121,331**	**$ 3,121,331**	**$ -**	**$ 2,644,009**	**$ (477,322)**
Membership Dues			$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	209,645	209,645	14,497	14,497
Total Funding	**$ 3,121,331**	**$ 3,330,976**	**$ 209,645**	**$ 2,658,505**	**$ (462,826)**
Expenses					
Personnel Expenses					
Salaries	$ 1,495,659	$ 1,282,345	$ (213,314)	$ 1,242,644	$ (253,015)
Payroll Taxes	90,649	82,696	(7,953)	76,842	(13,807)
Benefits	150,700	123,818	(26,882)	143,664	(7,036)
Retirement Costs	236,514	216,737	(19,777)	198,437	(38,077)
Total Personnel Expenses	**$ 1,973,522**	**$ 1,705,596**	**$ (267,926)**	**$ 1,661,587**	**$ (311,935)**
Meeting Expenses					
Meetings	$ 22,000	$ 7,356	$ (14,644)	$ 15,000	$ (7,000)
Travel	85,500	75,000	(10,500)	80,000	(5,500)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 107,500**	**$ 82,356**	**$ (25,144)**	**$ 95,000**	**$ (12,500)**
Operating Expenses					
Consultants & Contracts	$ 77,097	$ 91,155	$ 14,058	$ 80,734	$ 3,637
Office Rent	-	-	-	-	-
Office Costs	54,963	50,034	(4,929)	50,686	(4,277)
Professional Services	-	-	-	-	-
Miscellaneous	200	100	(100)	60	(140)
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 132,260**	**$ 141,290**	**$ 9,030**	**$ 131,480**	**$ (780)**
Total Direct Expenses	**$ 2,213,282**	**$ 1,929,242**	**$ (284,040)**	**$ 1,888,067**	**$ (325,215)**
Indirect Expenses	**$ 929,045**	**$ 878,488**	**$ (50,557)**	**$ 801,539**	**$ (127,506)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 3,142,327**	**$ 2,807,730**	**$ (334,597)**	**$ 2,689,606**	**$ (452,721)**
Change in Assets	**$ (20,996)**	**$ 523,246**	**$ 544,242**	**$ (31,100)**	**$ (10,104)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
Allocation of Fixed Assets	$ (20,996)	$ 175,805	$ 196,801	$ (31,100)	$ (10,104)
Inc/(Dec) in Fixed Assets	**$ (20,996)**	**$ 175,805**	**$ 196,801**	**$ (31,100)**	**$ (10,104)**
Total Budget	**$ 3,121,331**	**$ 2,983,534**	**$ (137,797)**	**$ 2,658,505**	**$ (462,826)**
Total Change in Working Capital	**$ -**	**$ 347,442**	**$ 347,442**	**$ -**	**$ -**

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.10	3.00	(0.10)
Direct Expenses	$ 634,858	$ 682,294	$ 47,436
Indirect Expenses	$ 288,004	$ 287,978	$ (26)
Inc(Dec) in Fixed Assets	$ (6,509)	$ (11,174)	$ (4,665)
Total Funding Requirement	$ 916,353	$ 959,098	$ 42,745

Program Scope and Functional Description

The Training, Education, and Operator Certification staff focuses on providing relevant training to entities operating in the ReliabilityFirst region and participates in the NERC Staff Training Group (STG) in identifying training needs of the industry and Regional Entity staff. This training is structured to provide timely information in a concise format to enable participation at all levels within an organization.

2015 Key Assumptions

The Training, Education, and Operator Certification Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. There are no additional assumptions unique to the ReliabilityFirst Training, Education, and Operator Certification Program.

2015 Key Deliverables

- Board of Directors' Training
    - Per the Bylaws of ReliabilityFirst, the Board of Directors will receive training annually to keep current with activities within the ReliabilityFirst footprint and to stay abreast of changes affecting the industry.
    - In addition, ReliabilityFirst also has a requirement to conduct orientation training for newly-elected Directors. This training is conducted soon after a new Director has been elected and provides an overview of ReliabilityFirst including our organization, governance, goals, and objectives.
- Industry Education and Workshops

- In 2015, ReliabilityFirst will increase and add greater focus to its activities aimed at helping industry participants achieve excellence in reliability. These activities include:
  - The development and publication of lessons learned/best practices from system events.
  - Identification of common reasons why Reliability Standards are violated.
  - Efforts to better prepare entities for compliance audits and also for enforcement activities.
  - Increased focus on any lessons learned or trends in reliability assessments.
  - Continued workshops and forums to allow for free exchange of information between ReliabilityFirst and its stakeholders. Workshops to be conducted in 2015 include:
    - Two Compliance Monitoring and Enforcement Program workshops to promote an understanding of the concepts of Risk Based and Internal Control Programs, as well as targeted discussion on methods to demonstrate compliance. This effort includes "Open" compliance calls.
    - Open forums to provide insight into new standards developed and approved by the industry, changes in the Compliance Monitoring and Enforcement Program, Critical Infrastructure Protection issues, or other topics requested by Members/Registered Entities.
    - CIP Version 5 Standards Seminar to provide insight into the evolution of these standards and to provide a forum for registered entities to share thoughts, problems, and solutions.
    - Updates to the base case development process used for developing computer models used to perform reliability assessments.
    - Develop and post timely compliance-related lessons learned.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Training, Education, and Operator Certification Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 3 FTEs for this program area, a decrease of 0.10 FTE from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.
- Salaries decreased due to a variance in Vacation Expense. Vacation Expense decreased due the change in the company's vacation policy regarding the maximum annual carryover and the banked vacation.
- Benefits increased due to a variance in Medical Insurance. Medical Insurance increased due to an estimated 12% increase in the insurance rates.

Meeting Expenses

- Meeting expenses increased due to the addition of a CIP Version 5 Standards Seminar to provide insight into the evolution of these standards and to provide a forum for registered entities to share thoughts, problems, and solutions.

Operating Expense

- There are no operating expenses expected for this budget year.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2015. This method of accounting results in a decrease compared to 2014 as a result of the reallocation of 0.10 FTE to the Reliability Assurance and Compliance Monitoring program.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.

Training, Education, and Operator Certification Program

Funding Sources and related expenses for the Training, Education, and Operator Certification Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Training, Education, and Operator Certification Program

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 842,748	$ 842,748	$ -	$ 924,202	$ 81,454
Penalty Sanctions	73,605	73,605		29,688	(43,918)
Total Reliability*First* Funding	**$ 916,353**	**$ 916,353**	**$ -**	**$ 953,890**	**$ 37,537**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	75,321	75,321	5,208	5,208
Total Funding	**$ 916,353**	**$ 991,674**	**$ 75,321**	**$ 959,098**	**$ 42,745**
Expenses					
Personnel Expenses					
Salaries	$ 428,516	$ 422,168	$ (6,348)	$ 426,419	$ (2,097)
Payroll Taxes	28,687	28,136	(551)	28,864	177
Benefits	53,484	51,277	(2,207)	57,040	3,556
Retirement Costs	67,571	71,238	3,667	67,971	400
Total Personnel Expenses	**$ 578,258**	**$ 572,819**	**$ (5,439)**	**$ 580,294**	**$ 2,036**
Meeting Expenses					
Meetings	$ 45,000	$ 55,538	$ 10,538	$ 90,000	$ 45,000
Travel	11,600	-	(11,600)	12,000	400
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 56,600**	**$ 55,538**	**$ (1,062)**	**$ 102,000**	**$ 45,400**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 634,858**	**$ 628,357**	**$ (6,501)**	**$ 682,294**	**$ 47,436**
Indirect Expenses	**$ 288,004**	**$ 315,624**	**$ 27,620**	**$ 287,978**	**$ (26)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 922,862**	**$ 943,982**	**$ 21,120**	**$ 970,272**	**$ 47,410**
Change in Assets	**$ (6,509)**	**$ 47,692**	**$ 54,201**	**$ (11,174)**	**$ (4,665)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
Allocation of Fixed Assets	$ (6,509)	$ 63,163	69,672	(11,174)	$ (4,665)
Inc/(Dec) in Fixed Assets	**$ (6,509)**	**$ 63,163**	**$ 69,672**	**$ (11,174)**	**$ (4,665)**
Total Budget	**$ 916,353**	**$ 1,007,145**	**$ 90,792**	**$ 959,098**	**$ 42,745**
Total Change in Working Capital	**$ -**	**$ (15,471)**	**$ (15,471)**	**$ -**	**$ -**

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.60	0.50	(0.10)
Direct Expenses	$ 192,439	$ 220,378	$ 27,939
Indirect Expenses	$ 55,743	$ 47,996	$ (7,747)
Inc(Dec) in Fixed Assets	$ (1,685)	$ (1,862)	$ (177)
Total Funding Requirement	$ 246,497	$ 266,512	$ 20,015

Program Scope and Functional Description

In support of the ERO, Situation Awareness and Infrastructure Security (SAIS) staff, in coordination with members of the Engineering staff, will monitor present conditions on the BES.

The SAIS activity continues to evolve to provide the tools and information required by the staff and stakeholders to promote infrastructure protection. The SAIS program area addresses two separate but related functions, Situation Awareness and CIP.

The SAIS program area focuses on supporting the staff and Registered Entities in understanding potential threats to the electricity sector, implementation of Reliability Standards developed to reinforce infrastructure security, and maintaining an awareness of conditions on the BES.

2015 Key Assumptions

The SAIS Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The ReliabilityFirst SAIS Program includes the following unique regional assumption:

1. National level security exercises will be conducted to examine industry's cyber security and physical security preparedness and response capabilities through simulation of coordinated cyber and physical attacks on industrial control systems, System Control and Data Acquisition, and information technology assets. ReliabilityFirst will participate in these exercises as appropriate.

2015 Key Deliverables

- Support of the ReliabilityFirst Critical Infrastructure Protection Committee (CIPC)

  - The purpose of the ReliabilityFirst CIPC is to share information concerning CIP and to promote CIP within the ReliabilityFirst region. SAIS staff will support the committee through scheduling and facilitation of committee meetings and webinars and dissemination of messages, alerts, and warnings from NERC and the U.S. Department of Homeland Security (U.S. DHS).

- Support/Oversee ReliabilityFirst Staff Resources Compliance to the NERC Cyber Security Standards (CIP-002 - CIP-011)
  - ReliabilityFirst is committed to complying with the NERC Cyber Security Standards. The SAIS staff will provide training, guidance, and oversight to the staff, particularly the Information Technology staff, in achieving compliance to these standards.
- Provide Information on CIP-Related Issues
  - This activity involves dissemination of information to Registered Entities from agencies such as the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), the U.S. DHS, and others containing information on events or suspected events representing potential threats to the electricity sector.
  - SAIS staff will work with other members of the NERC CIPC and NERC staff to develop a robust messaging system for dissemination of CIP-related messages to the appropriate target audience and will promote the use of this messaging system for exchange of security-related information.
- Monitor the Health of the BES
  - The use of situation awareness tools by staff has been evolving over the last few years. SAIS staff continues to participate in the Situation Awareness for FERC, NERC, and the Regional Entities (SAFNR) project and is making use of the SAFNR displays developed through this project. ReliabilityFirst is a signatory to the NERC Operating Reliability Data Confidentiality Agreement and the SAFNR Subscriber Agreement and as such, ReliabilityFirst has been using tools such as the Reliability Coordinator Information System (RCIS), System Data eXchange (SDX), Area Control Error (ACE), and Abnormal Frequency System Monitoring, in addition to SAFNR Version 2, to monitor the health of the BES within the ReliabilityFirst geographical area.
- Maintain and Test Business Continuity/Disaster Recovery and Pandemic Plans for the ReliabilityFirst Office
  - A business continuity plan deals with the ability to continue business functions in a degraded situation such as the loss of corporate assets

including office space or computer assets. Disaster recovery deals with a more complete loss of access to corporate assets due to a large-scale event such as a tornado or blackout. A pandemic plan focuses on business continuity in the face of a declared pandemic.

  - In 2012, the ReliabilityFirst Board of Directors approved the implementation of a full Disaster Recovery site. In 2014, ReliabilityFirst relocated its corporate offices and, at the same time, moved its data center to a separate colocation facility. Due to the increased redundancy of support functions (electric power, data communications facilities, etc.) the Board of Directors directed staff to revisit the need for a Disaster Recovery site. ReliabilityFirst is researching the need for, and options associated with, Disaster Recovery and will communicate with the Board of Directors when that research is complete.

- Assist stakeholders in complying with NERC and ReliabilityFirst Standards Dealing with CIP
  - The Standards currently addressing this issue continue to be the NERC Cyber Security Standards (CIP-002 - CIP-011). As these standards evolve, ReliabilityFirst stakeholders will continue to monitor and implement revisions to the standards as those revisions are completed and approved. ReliabilityFirst SAIS staff will be available to answer questions concerning these standards and, in coordination with the ReliabilityFirst CIPC, will sponsor regional workshops and webinars as needed to foster the exchange of ideas and solutions developed by stakeholders.
- Support the ReliabilityFirst Compliance Monitoring and Enforcement Program
  - The SAIS program area will support the activities involving CIP related issues and events and Compliance Monitoring and Enforcement program area by providing expertise on CIP monitoring, mitigation plans and settlements that include assessment of compliance to the NERC Cyber Security Standards (CIP-002 - CIP-011).

Funding Sources and Requirements — Explanation of Variance

Funding Source

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the United States) and penalty sanctions, as the Situation Awareness and Infrastructure Security Program is a delegated function.

Personnel Expenses

- Salaries, payroll taxes, benefits, and retirement costs for 2015 are budgeted for 0.50 FTE for this program area, a decrease of 0.10 FTE from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.

Meeting Expenses

- Meeting expenses decreased due to the plan to hold meetings at entity facilities and ReliabilityFirst's corporate office.

Operating Expense

- Consultants and contracts increased due to the planned vulnerability and penetration testing of ReliabilityFirst's electronic infrastructure to ensure the company's compliance with CIP Standards.
- Depreciation expense decreased due to the transfer of an asset and its depreciation expense to the General and Administrative Program, therefore there is no depreciation expense for this budget year.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE count to the direct programs for 2015. This method of accounting results in a decrease compared to 2014 as a result of the reallocation of 0.10 FTE to the Reliability Assurance and Compliance Monitoring Program.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.
- Depreciation expense decreased due to the transfer of an asset and its depreciation expense to the General and Administrative Program, therefore there is no depreciation expense for this budget year.

Situation Awareness and Infrastructure Security Program

Funding Sources and related expenses for the Situation Awareness and Infrastructure Security Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Situation Awareness and Infrastructure Security

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ 232,251	$ 232,251	$ -	$ 260,696	$ 28,445
Penalty Sanctions	14,246	14,246	$ -	4,948	(9,298)
Total Reliability*First* Funding	**$ 246,497**	**$ 246,497**	**$ -**	**$ 265,644**	**$ 19,147**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	12,554	12,554	868	868
Total Funding	**$ 246,497**	**$ 259,051**	**$ 12,554**	**$ 266,512**	**$ 20,015**
Expenses					
Personnel Expenses					
Salaries	$ 123,160	$ 120,096	$ (3,064)	$ 106,160	$ (17,000)
Payroll Taxes	6,112	6,468	356	5,276	(836)
Benefits	7,265	6,521	(744)	7,958	693
Retirement Costs	19,593	20,635	1,042	16,899	(2,694)
Total Personnel Expenses	**$ 156,130**	**$ 153,720**	**$ (2,410)**	**$ 136,293**	**$ (19,837)**
Meeting Expenses					
Meetings	$ 7,000	$ 11,578	$ 4,578	$ 2,400	$ (4,600)
Travel	25,000	25,000	-	19,500	(5,500)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 32,000**	**$ 36,578**	**$ 4,578**	**$ 21,900**	**$ (10,100)**
Operating Expenses					
Consultants & Contracts	$ -	$ 8,000	$ 8,000	$ 60,000	$ 60,000
Office Rent	-	-	-	-	-
Office Costs	3,036	1,990	(1,046)	2,185	(851)
Professional Services	-	-	-	-	-
Miscellaneous	848	67	(781)	-	(848)
Depreciation	425	142	(283)	-	(425)
Total Operating Expenses	**$ 4,309**	**$ 10,199**	**$ 5,890**	**$ 62,185**	**$ 57,876**
Total Direct Expenses	**$ 192,439**	**$ 200,497**	**$ 8,058**	**$ 220,378**	**$ 27,939**
Indirect Expenses	**$ 55,743**	**$ 52,604**	**$ (3,139)**	**$ 47,996**	**$ (7,747)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 248,182**	**$ 253,101**	**$ 4,919**	**$ 268,374**	**$ 20,192**
Change in Assets	**$ (1,685)**	**$ 5,950**	**$ 7,635**	**$ (1,862)**	**$ (177)**
Fixed Assets					
Depreciation	$ (425)	$ (142)	$ 283	$ -	$ 425
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ (425)	$ (142)	$ 283	$ -	$ 425
Allocation of Fixed Assets	$ (1,260)	$ 10,527	11,787	$ (1,862)	$ (602)
Inc/(Dec) in Fixed Assets	**$ (1,685)**	**$ 10,385**	**$ 12,070**	**$ (1,862)**	**$ (177)**
Total Budget	**$ 246,497**	**$ 263,486**	**$ 16,989**	**$ 266,512**	**$ 20,015**
Total Change in Working Capital	**$ -**	**$ (4,435)**	**$ (4,435)**	**$ -**	**$ -**

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	14.80	14.60	(0.20)
Total Direct Expenses	$ 5,314,135	$ 5,529,178	$ 215,043
Inc(Dec) in Fixed Assets	$ (120,099)	$ (214,535)	$ (94,436)
Less: Other Funding Sources	$ -	$ -	$ -
Total Allocation to Statutory Programs as Indirect Expenses	$ 5,194,036	$ 5,314,643	$ 120,607
Funding Requirements for Working Capital Requirement	$ (1,545,284)	$ 627,134	$ 2,172,418

Program Scope and Functional Description

Administrative Services is comprised of the following programs: General and Administrative, Legal and Regulatory Affairs, Information Technology, Human Resources, and Finance and Accounting.

- Methodology for Allocation of Administrative Services Expenses to Programs
    - The majority of the Operating Expenses are accounted for within the related department's budget. If an expense cannot be specifically associated to a department, it is included in one of the Administrative Services programs. All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides improved financial perspective for the direct program areas.

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.30	3.00	(0.30)
Total Direct Expenses	$ 2,401,885	$ 2,435,993	$ 34,108
Inc(Dec) in Fixed Assets	$ (41,920)	$ (121,003)	$ (79,083)
Working Capital Requirement	$ (1,545,284)	$ 627,134	$ 2,172,418

Program Scope and Functional Description

The General and Administrative Department consists of the President and CEO, Senior Vice President, and Executive Assistant. Responsibilities include leadership, oversight, and management of all ReliabilityFirst Corporation's activities, interaction with the Board of Directors and other Regional Entity Management Groups, Corporate Treasurer, managing the relationships with governmental agencies, regulators, members, stakeholders, and other industry organizations.

2015 Key Assumptions & Deliverables

The General and Administrative Program incorporates the regional specific common business planning assumptions as described in the Electric Reliability Organization Enterprise Strategic Plan 2014-2017 and the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. There are no additional assumptions or deliverables unique to the ReliabilityFirst General and Administrative Program.

Funding Sources and Requirements — Explanation of Variance

Funding Source

- The increase or decrease in ERO Assessments to achieve the desired working capital reserve balance, and transactions recorded only on the Statement of Financial Position, including true-up of current versus non-current deferred rent obligations are reflected in the General and Administrative Program.

Personnel Expenses

- Salaries, Payroll Taxes, Benefits, and Retirement Costs for 2015 are budgeted for 3 FTEs for this program area, a decrease of 0.30 FTE from 2014. This change is a result of reallocating staff to the Reliability Assurance and Compliance Monitoring Program to support the reorganization that is necessary to advance the Reliability Assurance initiatives.
- Benefits increased due to a variance in Medical Insurance. Medical Insurance increased due to an estimated 12% increase in the insurance rates.

Meeting Expenses

- Meeting and Travel expenses decreased due to the plan to hold one board meeting at an entity facility and three board meetings at the ReliabilityFirst corporate office.

Operating Expense

- Office rent increased due to the costs associated with the new office.
- Professional services decreased as a result of budgeting for commercial insurance within the Human Resources program, instead of the General and Administrative program.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the fixed assets purchased for the 2014 office relocation, depreciation expense is expected to increase.

Indirect Expenses

- Expenses related to Administrative Services, including General and Administrative have been allocated proportionately based on FTE count to the direct programs for 2015.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- Fixed assets increased due to the planned purchase of new office furniture.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the fixed assets purchased for the 2014 office relocation, depreciation expense is expected to increase.

General and Administrative Program

Funding Sources and related expenses for the General and Administrative Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
General and Administrative

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	$ (1,545,284)	$ (1,545,284)	$ -	$ 627,134	$ 2,172,418
Penalty Sanctions				-	
Total ReliabilityFirst Funding	**$ (1,545,284)**	**$ (1,545,284)**	**$ -**	**$ 627,134**	**$ 2,172,418**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	0	-	-	-
Total Funding	**$ (1,545,284)**	**$ (1,545,284)**	**$ -**	**$ 627,134**	**$ 2,172,418**
Expenses					
Personnel Expenses					
Salaries	$ 1,134,062	$ 1,101,123	$ (32,939)	$ 1,104,339	$ (29,723)
Payroll Taxes	46,893	31,584	(15,309)	32,866	(14,027)
Benefits	68,963	69,952	989	71,682	2,719
Retirement Costs	155,262	170,276	15,014	149,943	(5,319)
Total Personnel Expenses	**$ 1,405,180**	**$ 1,372,935**	**$ (32,245)**	**$ 1,358,830**	**$ (46,350)**
Meeting Expenses					
Meetings	$ 47,500	$ 45,552	$ (1,948)	$ 32,800	$ (14,700)
Travel	57,500	53,314	(4,186)	46,500	(11,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 105,000**	**$ 98,866**	**$ (6,134)**	**$ 79,300**	**$ (25,700)**
Operating Expenses					
Consultants & Contracts	$ 59,500	$ 58,644	$ (856)	$ 56,000	$ (3,500)
Office Rent	404,952	770,017	365,065	477,530	72,578
Office Costs	71,057	146,077	75,020	65,614	(5,443)
Professional Services	302,400	306,177	3,777	227,750	(74,650)
Miscellaneous	11,876	12,061	185	9,966	(1,910)
Depreciation	41,920	164,918	122,998	161,003	119,083
Total Operating Expenses	**$ 891,705**	**$ 1,457,894**	**$ 566,189**	**$ 997,863**	**$ 106,158**
Total Direct Expenses	**$ 2,401,885**	**$ 2,929,695**	**$ 527,810**	**$ 2,435,993**	**$ 34,108**
Indirect Expenses	**$ (2,401,885)**	**$ (2,971,127)**	**$ (569,242)**	**$ (2,435,993)**	**$ (34,108)**
Other Non-Operating Expenses	**$ -**	**$ 41,431**	**$ 41,431**	**$ -**	**$ -**
Total Expenses	**$ -**	**$ 0**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ (1,545,284)**	**$ (1,545,284)**	**$ -**	**$ 627,134**	**$ 2,172,418**
Fixed Assets					
Depreciation	$ (41,920)	$ (164,918)	$ (122,998)	$ (161,003)	$ (119,083)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx		123,701	123,701	40,000	40,000
Equipment CapEx	-		-	-	-
Leasehold Improvements		1,337,374	1,337,374	-	-
	$ (41,920)	$ 1,296,157	$ 1,338,077	$ (121,003)	$ (79,083)
Allocation of Fixed Assets	$ 41,920	$ (1,296,157)	(1,338,077)	$ 121,003	$ 79,083
Inc/(Dec) in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Budget	**$ -**	**$ 0**	**$ -**	**$ -**	**$ (0)**
Total Change in Working Capital	**$ (1,545,284)**	**$ (1,545,284)**	**$ -**	**$ 627,134**	**$ 2,172,418**

Legal and Regulatory Affairs

Legal and Regulatory Affairs (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.00	2.00	0.00
Total Direct Expenses	$ 634,132	$ 708,440	$ 74,308
Inc(Dec) in Fixed Assets	$ -	$ -	$ -

Program Scope and Functional Description

Legal activities include the areas of Corporate Governance; Legal and Regulatory Compliance; Contract Law; Employment Law; General Counsel Activities; FERC Filings; General Corporate Needs; serving as Advisor to the President & CEO and the Board of Directors; Corporate Secretary; working with FERC, NERC, industry, and other entities or individuals on specific issues relating to ReliabilityFirst and/or the performance of its delegated functions; advising senior executives on strategic planning, governance, corporate risk, and various strategic and tactical initiatives for the corporation; and advocating and advancing the corporation's strategic initiatives to FERC and other government authorities, NERC and the Regional Entities, stakeholders, and the general public.

2015 Key Assumptions

The Legal and Regulatory Affairs Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. The ReliabilityFirst Legal and Regulatory Affairs Program includes the following unique regional assumption:

1. The Legal and Regulatory Affairs Program will provide legal support and perform the Corporate Secretary function for the Board of Directors and support the governance needs of the organization.

2. The Legal and Regulatory Affairs Program provides legal support to all other programs to ensure those programs and their actions are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.

3. The Legal and Regulatory Affairs Program provides legal support to all other programs to make all necessary regulatory filings with NERC, the Commission, and any other agency, as well as support NERC in its efforts to do the same.

4. The Legal and Regulatory Affairs Program will continue to lead interactions with the Commission, NERC, state utility commissions, and other governmental agencies, as well as public external communications, regarding ReliabilityFirst and its mission.

2015 Key Deliverables

- Support all legal and regulatory needs of the corporation.

Funding Sources and Requirements — Explanation of Variance

Personnel Expenses

- Salaries, Payroll Taxes, Benefits, and Retirement Costs for 2015 are budgeted for 2 FTEs for this program area, consistent with 2014. Therefore, with no change in FTEs the increase is mainly due to the additional expenses to retain qualified staff, and a promotion that was received in 2014, that was not included in the 2014 budget.

Meeting Expenses

- Travel expenses increased due to the additional travel anticipated of the general counsel.

Operating Expense

- Operating expenses remained consistent.

Indirect Expenses

- Expenses related to Administrative Services, including Legal and Regulatory Affairs, have been allocated proportionately based on FTE count to the direct programs for 2015.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.

Legal and Regulatory Program

Funding Sources and related expenses for the Legal and Regulatory Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Legal and Regulatory Affairs

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions				-	
Total ReliabilityFirst Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 399,449	$ 424,395	$ 24,946	$ 461,191	$ 61,742
Payroll Taxes	20,114	20,757	643	21,115	1,001
Benefits	28,452	27,044	(1,408)	32,017	3,565
Retirement Costs	62,462	72,712	10,250	67,743	5,281
Total Personnel Expenses	**$ 510,477**	**$ 544,908**	**$ 34,431**	**$ 582,066**	**$ 71,589**
Meeting Expenses					
Meetings	$ -	$ 501	$ 501	$ 750	$ 750
Travel	38,000	30,000	(8,000)	42,000	4,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 38,000**	**$ 30,501**	**$ (7,499)**	**$ 42,750**	**$ 4,750**
Operating Expenses					
Consultants & Contracts	$ 5,000	$ 8,000	$ 3,000	$ 5,000	$ -
Office Rent	-	-	-	-	-
Office Costs	15,655	10,896	(4,759)	13,624	(2,031)
Professional Services	65,000	65,000	-	65,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 85,655**	**$ 83,896**	**$ (1,759)**	**$ 83,624**	**$ (2,031)**
Total Direct Expenses	**$ 634,132**	**$ 659,305**	**$ 25,173**	**$ 708,440**	**$ 74,308**
Indirect Expenses	**$ (634,132)**	**$ (659,305)**	**$ (25,173)**	**$ (708,440)**	**$ (74,308)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Inc/(Dec) in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Budget	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Total Change in Working Capital	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5.00	5.00	0.00
Total Direct Expenses	$ 1,513,858	$ 1,367,130	$ (146,728)
Inc(Dec) in Fixed Assets	$ (75,583)	$ (115,835)	$ (40,252)

Program Scope and Functional Description

The strategy of the Information Technology (IT) Program is one of cost-effectively providing users with information technology tools and proactively delivering enabling technologies to assist the departments in meeting their goals, objectives, and deliverables. The IT department minimizes the outsourcing of any of the critical infrastructure services and as such must implement and manage controls to maintain a security posture that minimizes ReliabilityFirst's risks. IT provides necessary technical services to cover the following categories:

- Data Center Management (Local/Remote)
- Website Hosting
- VOIP Phone System
- Voice Conferencing (outsource)
- Web Conferencing (outsource)
- Email
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Desktop Support
- Telecommuter Support
- Application Support and Development
- Business Analysis
- Information Security Awareness and Monitoring
- Business Continuity and Disaster Recovery

ReliabilityFirst will continue to support NERC in the implementation of centralized enterprise IT applications, from refining existing strategies, governance and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, and the development of software and data systems that support both NERC and Regional Entity operations. NERC's business plan and budget will

include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity approved enterprise applications. Enterprise application funding will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. ReliabilityFirst has included appropriate funding for applications and supporting systems necessary to satisfy our business needs that are not within the mutually agreed upon scope of the ERO Enterprise applications funded by NERC.

2015 Key Assumptions

The IT Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document, specifically the support for building and implementing centralized enterprise applications for the ERO. The IT Program includes the following unique regional assumptions:

1. Provide IT support services to all corporate functions to ensure efficient and effective performance.
2. Continue monitoring of the security posture across the company-wide data infrastructure and remediate any vulnerability to protect sensitive data.
3. Maintain lower fixed asset costs (infrastructure servers) by extending useful life of these systems, therefore minimizing replacement costs.
4. Continue to improve departmental processes and efficiencies where automation is needed.
5. Continue departmental training exercises for implemented technologies in order to maintain proficiency.

2015 Key Deliverables

- Perform necessary software upgrades including, but not limited to, the upgrade of various workstation and server applications and targeted server operating systems.
- Continue hardware preventative maintenance program to replace aging hardware before end-of-life affects organizational productivity. In 2015, a portion of the infrastructure servers are scheduled to be replaced. Warranty coverage on remaining infrastructure servers will be extended into 2015+ to extend usage and level costs.
- Continue the enhancements in the development, integration, and expansion of databases and applications into a unified company-wide Information Management System.

- Continue enhancements of the internal "intranet" website and related applications to further improve employee efficiency. Focus will continue to be with the Document Management System, Time Management System, and Report Management System.
- Working closely with the SAIS staff to continue security awareness of staff by providing training documents, questionnaires, simulated exercises, and/or seminars on existing workplace vulnerabilities. Vulnerability Assessment is scheduled to occur in 2015.
- Continue supporting ERO initiatives of developing, testing, and deploying ERO enterprise solutions.

Funding Sources and Requirements — Explanation of Variance

Personnel Expenses

- Salaries, Payroll Taxes, Benefits, and Retirement Costs for 2015 are budgeted for 5 FTEs for this program area, consistent with 2014. Therefore, with no change in FTEs the decrease is due to a vacant position that is budgeted at a lower compensation level.
- Benefits increased due to an increase in employee training in 2015.

Meeting Expenses

- Meeting expenses remained consistent.

Operating Expense

- Office Rent decreased due to the actual cost of outsourcing the data center being lower than originally expected.
- Office Costs decreased due to the termination of the large capacity phone line and the completion of the contract relating to the high bandwidth data line.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the fixed assets purchased for the 2014 office and data center relocation, depreciation expense is expected to increase.

Indirect Expenses

- Expenses related to Administrative Services, including Information Technology, have been allocated proportionately based on FTE count to the direct programs for 2015.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- Fixed Assets increased due to the scheduled replacement of aging servers and the purchase of the latest version of software to be installed on these new servers.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the fixed assets purchased for the 2014 office and data center relocation, depreciation expense is expected to increase.

Information Technology Program

Funding Sources and related expenses for the Information Technology Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Information Technology

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions				-	
Total Reliability*First* Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 541,390	$ 477,098	$ (64,292)	$ 504,653	$ (36,737)
Payroll Taxes	38,462	35,103	(3,359)	37,227	(1,235)
Benefits	89,227	72,139	(17,088)	106,396	17,169
Retirement Costs	86,074	83,916	(2,158)	80,521	(5,553)
Total Personnel Expenses	**$ 755,153**	**$ 668,256**	**$ (86,897)**	**$ 728,797**	**$ (26,356)**
Meeting Expenses					
Meetings	$ 720	$ 720	$ -	$ 1,200	$ 480
Travel	11,000	6,632	(4,368)	10,000	(1,000)
Conference Calls	38,400	38,400	0	40,800	2,400
Total Meeting Expenses	**$ 50,120**	**$ 45,752**	**$ (4,368)**	**$ 52,000**	**$ 1,880**
Operating Expenses					
Consultants & Contracts	$ 22,000	$ 22,000	$ (0)	$ 26,000	$ 4,000
Office Rent	100,000	41,031	(58,969)	70,800	(29,200)
Office Costs	432,002	419,065	(12,937)	261,898	(170,104)
Professional Services	-	-	-	-	-
Miscellaneous	-	2,479	2,479	1,800	1,800
Depreciation	154,583	239,948	85,365	225,835	71,252
Total Operating Expenses	**$ 708,585**	**$ 724,523**	**$ 15,938**	**$ 586,333**	**$ (122,252)**
Total Direct Expenses	**$ 1,513,858**	**$ 1,438,531**	**$ (75,327)**	**$ 1,367,130**	**$ (146,728)**
Indirect Expenses	**$ (1,513,858)**	**$ (1,438,531)**	**$ 75,327**	**$ (1,367,130)**	**$ 146,728**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Fixed Assets					
Depreciation	$ (154,583)	$ (239,948)	$ (85,365)	$ (225,835)	$ (71,252)
Computer & Software CapEx	79,000	159,122	80,122	110,000	31,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ (75,583)	$ (80,826)	$ (5,243)	$ (115,835)	$ (40,252)
Allocation of Fixed Assets	$ 75,583	$ 80,826	5,243	115,835	$ 40,252
Inc/(Dec) in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Budget	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Total Change in Working Capital	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	0.00
Total Direct Expenses	$ 514,231	$ 763,728	$ 249,497
Inc(Dec) in Fixed Assets	$ (799)	$ 23,201	$ 24,000

Program Scope and Functional Description

ReliabilityFirst realizes that talented, experienced employees are its greatest resource, and that finding, nurturing, and developing that talent is one of our most important tasks. Therefore, the responsibilities of the Human Resources program center on its greatest resource, the ReliabilityFirst staff. These responsibilities include attraction and retention, employee development through performance management and training initiatives, policy and procedure development and adherence measures, as well as compensation and benefits administration. The Human Resources staff must be vigilant in understanding and complying with federal and state employment laws covering five (5) states and the respective reporting requirements for each.

In 2015, ReliabilityFirst will maintain its staff of 73 individuals including two part-time positions equaling one (1) FTE, which brings the total to an equivalent of 72.2 FTEs. The ReliabilityFirst staff is comprised of qualified management, professional, and technical employees with the expertise necessary to serve our stakeholders and to support the ERO by properly carrying out our delegated functions.

2015 Key Assumptions

The Human Resource Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. There are no additional assumptions unique to the ReliabilityFirst Human Resource Program.

2015 Key Deliverables

- Recruit highly skilled and excellent employees.
- Provide training programs and career development.
    - Beginning in 2013, ReliabilityFirst began conducting an entire week of training for staff directed at providing cost-effective training. ReliabilityFirst will continue this training in 2015. The training topics are selected to

improve the knowledge of staff in areas relevant to staff members' functions and strategic business initiatives as specified in our Strategic Plan.

- Review and manage employee benefits.
- Review succession plans.

Funding Sources and Requirements — Explanation of Variance

Personnel Expenses

- Salaries, Payroll Taxes, Benefits, and Retirement Costs for 2015 are budgeted for 3 FTEs for this program area, consistent with 2014. Therefore, with no change in FTEs the increase is due to a promotion that was received in 2014, that was not included in the 2014 budget; and budgeting for yearly compensation increases based on labor market conditions, merit, inflation, etc.
- Benefits increased due to the training costs associated with the annual week of corporate training and education for the entire staff, along with workers compensation insurance now being budgeted in the Human Resources Program instead of allocating it to the individual programs.
- Retirement costs increased due to administrative costs relating to the management of the company's retirement plans.

Meeting Expenses

- Travel expenses decreased due to the plan to hold one board meeting at an entity facility and three board meetings at the ReliabilityFirst corporate office.

Operating Expense

- Consultants & Contracts increased due to a compensation and benefits analysis that is planned to be performed, along with budgeting for recruitment services to assist with filling the vacant technical positions.
- Professional Services increased due to the addition of the commercial insurance premiums that were previously budgeted for in the General & Administrative Program.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the increase in budgeted fixed asset purchases depreciation expense is increasing.

Indirect Expenses

- Expenses related to Administrative Services, including Human Resources, have been allocated proportionately based on FTE count to the direct programs for 2015.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- Fixed Assets increased due to budgeting for a Human Resources Information System.
- Depreciation expense directly correlates to current and prior year fixed asset activities. As a result of the increase in budgeted fixed asset purchases depreciation expense is increasing.

Human Resources Program

Funding Sources and related expenses for the Human Resources Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Human Resources

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Reliability*First* Funding					
ERO Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions				-	
Total Reliability*First* Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 250,049	$ 276,968	$ 26,919	$ 274,648	$ 24,599
Payroll Taxes	18,989	20,536	1,547	20,019	1,030
Benefits	103,512	117,857	14,345	181,893	78,381
Retirement Costs	46,682	98,326	51,644	101,388	54,706
Total Personnel Expenses	**$ 419,232**	**$ 513,687**	**$ 94,455**	**$ 577,948**	**$ 158,716**
Meeting Expenses					
Meetings	$ 17,030	$ 25,806	$ 8,776	$ 17,800	$ 770
Travel	9,000	9,000	-	5,400	(3,600)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 26,030**	**$ 34,806**	**$ 8,776**	**$ 23,200**	**$ (2,830)**
Operating Expenses					
Consultants & Contracts	$ 10,000	$ 91,891	$ 81,891	$ 18,000	$ 8,000
Office Rent	-	-	-	-	-
Office Costs	4,428	4,522	94	3,660	(768)
Professional Services	34,832	34,634	(198)	117,721	82,889
Miscellaneous	18,910	18,223	(687)	16,400	(2,510)
Depreciation	799	799	(0)	6,799	6,000
Total Operating Expenses	**$ 68,969**	**$ 150,069**	**$ 81,100**	**$ 162,580**	**$ 93,611**
Total Direct Expenses	**$ 514,231**	**$ 698,561**	**$ 184,330**	**$ 763,728**	**$ 249,497**
Indirect Expenses	**$ (514,231)**	**$ (698,561)**	**$ (184,330)**	**$ (763,728)**	**$ (249,497)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation	$ (799)	$ (799)	$ 0	$ (6,799)	$ (6,000)
Computer & Software CapEx	-	-	-	30,000	30,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ (799)	$ (799)	$ 0	$ 23,201	$ 24,000
Allocation of Fixed Assets	$ 799	$ 799	$ (0)	$ (23,201)	$ (24,000)
Inc/(Dec) in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Budget	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Total Change in Working Capital	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**

Finance and Accounting

Finance and Accounting (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.50	1.60	0.10
Total Direct Expenses	$ 250,029	$ 253,887	$ 3,858
Inc(Dec) in Fixed Assets	$ (1,797)	$ (898)	$ 899

Program Scope and Functional Description

The Finance and Accounting department is responsible for linking the strategy of ReliabilityFirst and its major departments to their annual operating budgets, managing accounting practices to ensure the accuracy of reported results, and making meaningful financial information available to decision makers. The Finance and Accounting department is responsible for directing the complete cycle of financial management activities of ReliabilityFirst Corporation, including:

- Leading the creation of the annual business plan and budget that adequately supports its delegated functions;
- Establishing and maintaining accounting policies and procedures to guide the preparation of ReliabilityFirst's internal and external financial statements in accordance with Generally Accepted Accounting Principles;
- Overseeing the annual external audit of ReliabilityFirst's financials and all required filings;
- Supporting the ERO's funding/collection mechanism, ReliabilityFirst will annually collect and supply the ERO with a list of LSEs within the ReliabilityFirst footprint and their associated Net Energy for Load (NEL) data as mandated by FERC; and
- Working with the ERO to develop common accounting practices throughout NERC and the Regions.

2015 Key Assumptions

The Accounting and Finance Program incorporates the regional specific common business planning assumptions as described in the ERO Enterprise 2014 – 2017 Shared Business Plan and Budget Assumptions document. There are no additional assumptions unique to the Finance and Accounting Program.

2015 Key Deliverables

- Work with all Regional Entities through the Electric Reliability Organization Finance Group (EROFG) to provide consistency in budget submittals to the ERO and to FERC.
- Provide all ReliabilityFirst program areas, the Board of Directors, and the ERO with financial clarity and understanding of ReliabilityFirst's financial position.
- Direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, tax, audit activities, and financial and accounting system controls and standards.
- Participate with NERC on the annual Regional Entity true-up filing.
- In an effort to continuously improve the entire accounting and budgeting process, actions to monitor operating expenses at a more granular level will be advanced and implemented.
- Provide advice from the financial perspective on contracts into which the organization may enter.

Funding Sources and Requirements — Explanation of Variance

Personnel Expenses

- Salaries, Payroll Taxes, Benefits, and Retirement Costs for 2015 are budgeted for 1.60 FTEs for this program area, consistent with 2014. Therefore, with no change in FTEs the increase is mainly due to budgeting for yearly compensation increases based on labor market conditions, merit, inflation, etc.

Meeting Expenses

- Travel expenses decreased due to the plan to hold one board meeting at an entity facility and three board meetings at the ReliabilityFirst corporate office.

Operating Expense

- Operating Expenses remained consistent.

Indirect Expenses

- Expenses related to Administrative Services, including Finance and Accounting, have been allocated proportionately based on FTE count to the direct programs for 2015.

Other Non-Operating Expenses

- There are no other non-operating expenses expected for this budget year.

Fixed Assets

- There are no fixed asset additions expected for this budget year.

Finance and Accounting Program

Funding Sources and related expenses for the Finance and Accounting Program are shown in table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Finance and Accounting

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total ReliabilityFirst Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 128,182	$ 165,225	$ 37,043	$ 131,783	$ 3,601
Payroll Taxes	10,136	12,951	2,815	10,549	413
Benefits	23,850	19,726	(4,124)	25,535	1,685
Retirement Costs	20,461	27,778	7,317	21,083	622
Total Personnel Expenses	**$ 182,629**	**$ 225,680**	**$ 43,051**	**$ 188,950**	**$ 6,321**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	6,000	4,338	(1,662)	4,000	(2,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 6,000**	**$ 4,338**	**$ (1,662)**	**$ 4,000**	**$ (2,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	16,103	10,025	(6,078)	14,939	(1,164)
Professional Services	43,500	50,625	7,125	45,100	1,600
Miscellaneous	-	-	-	-	-
Depreciation	1,797	$ 1,797	(0)	898	(899)
Total Operating Expenses	**$ 61,400**	**$ 62,447**	**$ 1,047**	**$ 60,937**	**$ (463)**
Total Direct Expenses	**$ 250,029**	**$ 292,465**	**$ 42,436**	**$ 253,887**	**$ 3,858**
Indirect Expenses	**$ (250,029)**	**$ (292,465)**	**$ (42,436)**	**$ (253,887)**	**$ (3,858)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Fixed Assets					
Depreciation	$ (1,797)	$ (1,797)	$ 0	$ (898)	$ 899
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	$ (1,797)	$ (1,797)	$ 0	$ (898)	$ 899
Allocation of Fixed Assets	$ 1,797	$ 1,797	(0)	$ 898	$ (899)
Inc/(Dec) in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Budget	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Total Change in Working Capital	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**

Section B – Supplemental Financial Information

Table B-1: Working Capital Reserve Analysis

Working Capital Reserve Analysis 2014-2015	
STATUTORY	
Beginning Working Capital Reserve, December 31, 2013 Per Audited Financial Statements	4,010,315
Less: Temporarily Restricted Funds as of December 31, 2013	(1,843,133)
Plus: Penalty Funds Released from Restriction January 1, 2014	1,358,133
Plus: 2014 Reliability*First* Funding (from LSEs or designees)	15,159,785
Plus: 2014 Other funding sources [1]	1,446,172
Less: 2014 Projected expenses & capital expenditures [2]	(19,718,605)
Other Adjustments to Reserves [3]	(131,728)
Projected Working Capital Reserve, December 31, 2014	**280,940**
Desired Operating Reserve, December 31, 2015 [4]	750,000
Less: Projected Working Capital Reserve, December 31, 2014	(280,940)
Increase/(Decrease) in Assessments to Achieve Desired Operating Reserve	469,060
2015 Expenses and Capital Expenditures	18,756,763
Less: Penalty Sanctions [5]	(570,000)
Less: Other Funding Sources [6]	(100,000)
Adjustment to achieve desired Operating Reserve	469,060
Other Adjustments to Reserve [3]	158,074
2015 Reliability*First* Assessment	18,713,897

[1] Includes relocation grant money from the City of Independence and lease incentives received from landlord.

[2] Includes 2014 budgeted expenses and expenditures associated with the office and data center relocation.

[3] Represents transactions recorded only on the Statement of Financial Position (balance sheet) that do not impact the Statement of Activities (income statement), including true-up of current versus non-current deferred rent obligation.

[4] On April 25, 2014, the ReliabilityFirst Board of Directors approved a desired operating reserve of $750,000.

[5] Represents penalty sanctions collected from July 1, 2013 to June 30, 2014.

[6] Includes relocation grant money from the City of Independence.

Explanation of Operating Reserve

The amount of ReliabilityFirst's operating reserve fund is determined and recommended for approval by the Audit Committee during the annual budget process. During the 2015 budgeting process, it was determined that the operating reserve fund would be $750,000 for the year, with the intent to elevate it back to the historical $1,000,000 in 2016, believed to be appropriate for our organization.

Breakdown of Statement of Activity Sections

The following detailed schedules are in support of the Statement of Activities and Capital Expenditures Tables (as seen on page 10) in the Introduction section. The explanations of variances are provided based on the following criteria:

- Variances equal to or greater than +/- 10% and
- Variances greater than $10,000

Table B-2: Penalty Sanctions

Penalty Sanctions Collected Between July 1, 2013 and June 30, 2014	
Dates Received	**Amount Received**
Collected July 1, 2013 to December 31, 2013	420,000
Collected January 1, 2014 to June 30, 2014	150,000
Total	**570,000**

Penalty monies received between July 1, 2013 and June 30, 2014, are totaled above and are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – "Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard." Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

Allocation Method

Penalty monies received have been allocated based upon the number of FTEs to the following direct programs to reduce assessments:

- Reliability Standards;
- Reliability Assurance and Compliance Monitoring;
- Enforcement Management;
- Reliability Assessments and Performance Analysis;
- Training, Education and Operator Certification; and
- Situation Awareness and Infrastructure Security

Table B-3: Supplemental Funding

Outside Funding Breakdown By Program (excluding Reliability*First* Assessments & Penalty Sanctions)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Interest Income	$ -	$ -	$ -	$ -
Miscellaneous Income	-	1,446,172	100,000	100,000
Total Outside Funding	$ -	$ 1,446,172	$ 100,000	$ 100,000

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The board has directed staff to invest in a low risk, low return cash portfolio to assure capital preservation, therefore no interest income has been budgeted in 2015.
- Miscellaneous Income includes relocation grant money that will be received from the City of Independence.

Table B-4: Personnel Expenses

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salaries	$ 10,565,531	$ 10,591,715	$ 11,039,403	$ 473,872	4.49%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Vacation Expense	109,022	45,876	45,876	(63,146)	-57.92%
Total Salaries	$ 10,674,553	$ 10,637,591	$ 11,085,279	$ 410,726	3.85%
Total Payroll Taxes	$ 646,319	$ 631,387	$ 646,939	$ 620	0.10%
Benefits					
Workers Compensation	$ 19,492	$ 25,580	$ 26,000	$ 6,508	33.39%
Medical Insurance	1,096,713	1,018,220	1,277,315	180,602	16.47%
Life-LTD Insurance	88,706	88,302	93,328	4,622	5.21%
Education	184,750	188,698	249,910	65,160	35.27%
Relocation	16,000	6,000	20,000	4,000	25.00%
Total Benefits	$ 1,405,661	$ 1,326,800	$ 1,666,553	$ 260,892	18.56%
Retirement					
Discretionary 401k Contribution	$ 1,032,854	$ 1,124,851	$ 1,074,351	$ 41,497	4.02%
Savings Plan	619,713	643,361	644,610	24,897	4.02%
Pension & Savings Admin	7,000	50,843	57,500	50,500	721.43%
Total Retirement	$ 1,659,567	$ 1,819,055	$ 1,776,461	$ 116,894	7.04%
Total Personnel Costs	$ 14,386,100	$ 14,414,833	$ 15,175,232	$ 789,132	5.49%
FTEs	72.00	72.20	72.20	0.20	0.28%
Cost per FTE					
Salaries	$ 148,258	$ 147,335	$ 153,536	5,278	3.56%
Payroll Taxes	8,977	8,745	8,960	(16)	-0.18%
Benefits	19,523	18,377	23,082	3,559	18.23%
Retirement	23,050	25,195	24,605	1,555	6.75%
Total Cost per FTE	**$ 199,807**	**$ 199,651**	**$ 210,183**	**$ 10,376**	**5.19%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The decrease in **Vacation Expense** is due the change in the company's vacation policy regarding the maximum annual carryover and the banked vacation.
- The increase in **Medical Insurance** is due to an estimated 12% increase in the insurance rates, along with updating budget numbers to accurately represent what medical packages employees are selecting (family, single, dual, etc.).
- The increase in **Education** is due to the increase costs associated with the annual week of corporate training and education for the entire staff.
- The increase in **Pension & Savings Admin** is due to administrative costs relating to the management of the company's retirement plans.

Table B-5: Consultants and Contracts

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards	$ -	$ -	$ -	$ -	
Reliability Assurance and Compliance Monitoring	425,000	186,079	375,000	(50,000)	-11.76%
Enforcement Management	29,000	3,500	-	(29,000)	-100.00%
Reliability Assessment and Performance Analysis	77,097	91,155	80,734	3,637	4.72%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	8,000	60,000	60,000	
General and Administrative	59,500	58,644	56,000	(3,500)	-5.88%
Legal and Regulatory	5,000	8,000	5,000	-	0.00%
Information Technology	22,000	22,000	26,000	4,000	18.18%
Human Resources	10,000	91,891	18,000	8,000	80.00%
Accounting and Finance	-	-	-	-	
Consultants Total	$ 627,597	$ 469,269	$ 620,734	$ (6,863)	-1.09%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The decrease in **Reliability Assurance and Compliance Monitoring** is due to the process improvements and efficiency gains that are being achieved
- The decrease in **Enforcement Management** is due to not expecting to utilize contractors this budget year.
- The increase in **Situation Awareness and Infrastructure Security** is due to the planned vulnerability and penetration testing of ReliabilityFirst's electronic infrastructure to ensure the company's compliance with CIP Standards.
- The increase in **Human Resources** is due to a compensation and benefits analysis that is planned to be performed, along with budgeting for recruitment services to assist with filling the vacant technical positions.

Table B-6: Office Rent

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 347,634	$ 705,118	$ 437,530	$ 89,896	25.86%
Data Center Rent	100,000	41,031	70,800	(29,200)	-29.20%
Utilities	57,318	64,899	40,000	(17,318)	-30.21%
	-	-		-	
Total Office Rent	**$ 504,952**	**$ 811,048**	**$ 548,330**	**$ 43,378**	**8.59%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The increase in **Office Rent** is due to the costs associated with the new office.
- The decrease in the **Data Center Rent** is due to the actual cost of outsourcing the data center being lower than originally expected.
- The decrease in **Utilities** is due to the savings recognized by outsourcing the data center.

Table B-7: Office Costs

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 156,534	$ 105,559	$ 75,587	$ (80,947)	-51.71%
Internet	168,124	134,888	36,545	(131,579)	-78.26%
Office Supplies	31,925	107,674	25,575	(6,350)	-19.89%
Computer Supplies and Maintenance	568,310	524,155	555,634	(12,676)	-2.23%
Publications & Subscriptions	17,903	7,319	14,691	(3,212)	-17.94%
Dues	16,712	10,968	18,617	1,905	11.40%
Postage	2,946	2,480	2,263	(683)	-23.19%
Express Shipping	2,830	1,083	1,540	(1,290)	-45.58%
Copying	14,000	14,379	13,680	(320)	-2.29%
Reports	-	-	600	600	
Stationary Forms	540	344	40	(500)	-92.59%
Equipment Repair/Service Contracts	960	1,816	1,704	744	77.50%
Bank Charges	500	165	-	(500)	-100.00%
Total Office Costs	**$ 981,284**	**$ 910,830**	**$ 746,476**	**$ (234,808)**	**-23.93%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The decrease in **Telephone** is due to the termination of the large capacity phone line.
- The decrease in **Internet** is due to the completion of the contract relating to the high bandwidth data line.

Table B-8: Professional Services

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Independent Trustee Fees	$ 225,900	$ 223,331	$ 227,750	$ 1,850	0.82%
Outside Legal	80,000	85,259	65,000	(15,000)	-18.75%
Accounting & Auditing Fees	78,332	65,000	80,821	2,489	3.18%
Insurance Commercial	76,500	82,846	82,000	5,500	7.19%
				-	
Total Services	**$ 460,732**	**$ 456,436**	**$ 455,571**	**$ (5,161)**	**-1.12%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

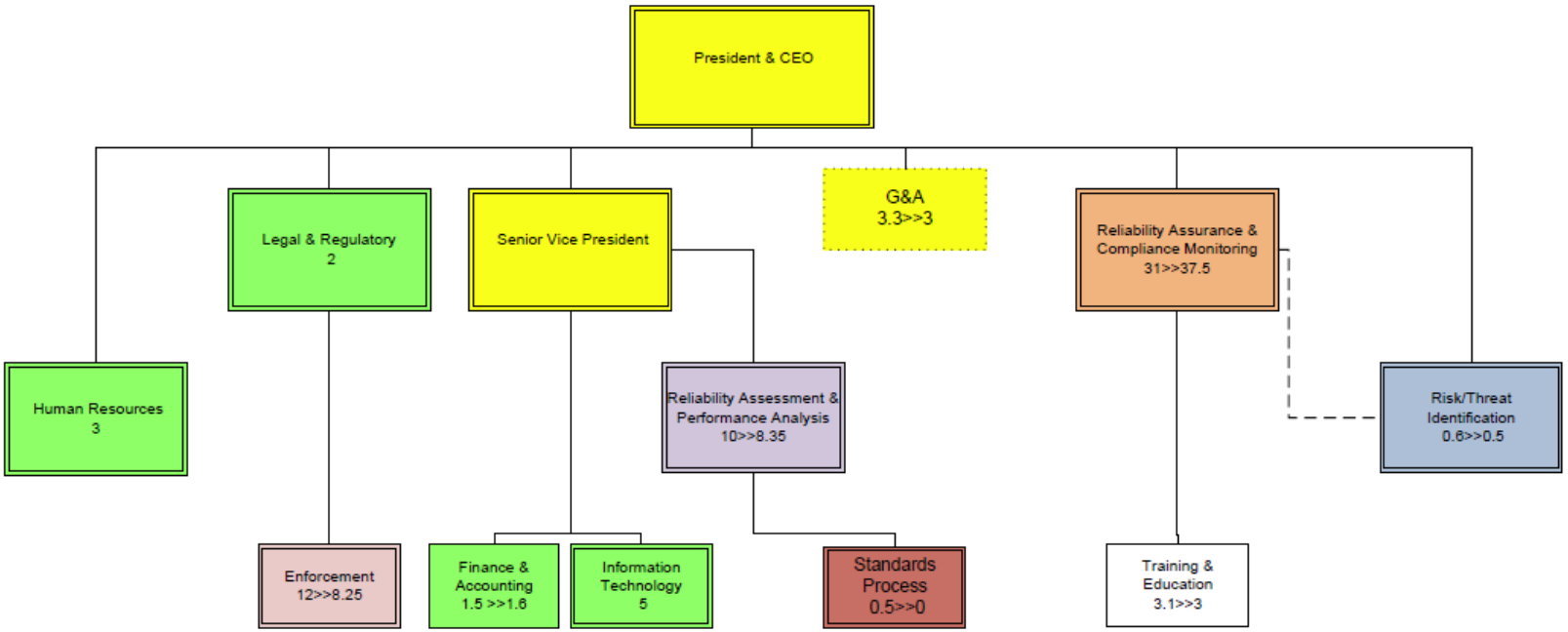
- The decrease in **Outside Legal** is due to the expiration and non-renewal of a retainer agreement for a hearing officer.

Section C – Non-Statutory Activities

ReliabilityFirst performed only those functions delegated to it by the ERO in 2014 and the organization does not intend to perform any functions outside its ERO delegated activities in 2015, therefore Section C is not applicable.

Section D – Supplemental Information

Organizational Chart



Statement of Financial Position

Statement of Financial Position
2013 Audited, 2014 Projection, and 2015 Budget

STATUTORY and NON-STATUTORY

	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS			
Cash	7,060,030	4,350,011	4,977,145
Accounts receivable, net of allowance for uncollec	164,055	-	-
Lease Incentives	855,301	-	-
Prepaid expenses and other current assets	424,736	424,736	424,736
Security deposit	-	-	-
Cash value of insurance policies	-	-	-
Property and equipment	1,308,999	2,439,900	2,619,900
Total Assets	**9,813,121**	**7,214,647**	**8,021,781**
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	4,265,459	4,265,459	4,265,459
Deferred income	-	-	-
Regional assessments collected in advance	-	-	-
Deferred compensation	-	-	-
Accrued retirement liabilities	-	-	-
Total Current Liabilities	**4,265,459**	**4,265,459**	**4,265,459**
Long Term Liabilities			
Accrued expenses	228,348	515,638	531,108
Deferred Rent	855,301	1,923,228	1,765,155
Total Long Term Liabilities	**1,083,649**	**2,438,866**	**2,296,262**
Net Assets - unrestricted	2,620,880	229,381	710,060
Net Assets - restricted	1,843,133	280,940	750,000
Total Liabilities and Net Assets	**9,813,121**	**7,214,646**	**8,021,781**

Statement of Activities

Statement of Activities and Capital Expenditures by Program 2013 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Reliability Assurance and Compliance Monitoring	Enforcement Management	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding															
Reliability*First* Funding															
ReliabilityFirst Assessments	18,713,897	18,713,897	-	18,713,897	(0)	12,289,925	2,050,561	2,561,379	924,202	260,696	627,134	-	-	-	-
Penalty Sanctions	570,000	570,000	-	570,000	-	371,094	81,641	82,630	29,688	4,948					
Total Reliability*First* Funding	**19,283,897**	**19,283,897**	**-**	**19,283,897**	**(0)**	**12,661,018**	**2,132,202**	**2,644,009**	**953,890**	**265,644**	**627,134**	**-**	**-**	**-**	**-**
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	100,000	100,000	-	100,000	-	65,104	14,323	14,497	5,208	868	-	-	-	-	-
Total Funding	**19,383,897**	**19,383,897**	**-**	**19,383,897**	**(0)**	**12,726,123**	**2,146,525**	**2,658,505**	**959,098**	**266,512**	**627,134**	**-**	**-**	**-**	**-**
Expenses															
Personnel Expenses															
Salaries	11,085,279	11,085,279	-	11,085,279	-	5,931,175	902,267	1,242,644	426,419	106,160	1,104,339	461,191	504,653	274,648	131,783
Payroll Taxes	646,939	646,939	-	646,939	-	350,077	64,104	76,842	28,864	5,276	32,866	21,115	37,227	20,019	10,549
Benefits	1,666,553	1,666,553	-	1,666,553	-	837,400	202,968	143,664	57,040	7,958	71,682	32,017	106,396	181,893	25,535
Retirement Costs	1,776,461	1,776,461	-	1,776,461	-	928,260	144,216	198,437	67,971	16,899	149,943	67,743	80,521	101,388	21,083
Total Personnel Expenses	15,175,232	15,175,232	-	15,175,232	-	8,046,912	1,313,555	1,661,587	580,294	136,293	1,358,830	582,066	728,797	577,948	188,950
Meeting Expenses															
Meetings	177,350	177,350	-	177,350	-	9,400	8,000	15,000	90,000	2,400	32,800	750	1,200	17,800	-
Travel	781,779	781,779	-	781,779	-	522,379	40,000	80,000	12,000	19,500	46,500	42,000	10,000	5,400	4,000
Conference Calls	40,800	40,800	-	40,800	-	-	-	-	-	-	-	-	40,800	-	-
Total Meeting Expenses	999,929	999,929	-	999,929	-	531,779	48,000	95,000	102,000	21,900	79,300	42,750	52,000	23,200	4,000
Operating Expenses															
Consultants & Contracts	620,734	620,734	-	620,734	-	375,000	-	80,734	-	60,000	56,000	5,000	26,000	18,000	-
Office Rent	548,330	548,330	-	548,330	-	-	-	-	-	-	477,530	-	70,800	-	-
Office Costs	746,476	746,476	-	746,476	(0)	310,613	23,258	50,686	-	2,185	65,614	13,624	261,898	3,660	14,939
Professional Services	455,571	455,571	-	455,571	-	-	-	-	-	-	227,750	65,000	-	117,721	45,100
Miscellaneous	30,491	30,491	-	30,491	-	1,765	500	60	-	-	9,966	-	1,800	16,400	-
Depreciation	421,106	421,106	-	421,106	-	26,571	-	-	-	-	161,003	-	225,835	6,799	898
Total Operating Expenses	2,822,707	2,822,707	-	2,822,707	(0)	713,949	23,758	131,480	-	62,185	997,863	83,624	586,333	162,580	60,937
Total Direct Expenses	**18,997,869**	**18,997,869**	**-**	**18,997,869**	**(0)**	**9,292,640**	**1,385,313**	**1,888,067**	**682,294**	**220,378**	**2,435,993**	**708,440**	**1,367,130**	**763,728**	**253,887**
Indirect Expenses	(0)	(0)	-	(0)	-	3,599,725	791,939	801,539	287,978	47,996	(2,435,993)	(708,440)	(1,367,130)	(763,728)	(253,887)
Other Non-Operating Expenses	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**18,997,869**	**18,997,869**	**-**	**18,997,869**	**(0)**	**12,892,365**	**2,177,253**	**2,689,606**	**970,272**	**268,374**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**386,028**	**386,028**	**-**	**386,028**	**-**	**(166,242)**	**(30,728)**	**(31,100)**	**(11,174)**	**(1,862)**	**627,134**	**-**	**-**	**-**	**-**
Fixed Assets															
Depreciation	(421,106)	(421,106)	-	(421,106)	-	(26,571)	-	-	-	-	(161,003)	-	(225,835)	(6,799)	(898)
Computer & Software CapEx	140,000	140,000	-	140,000	-	-	-	-	-	-	-	-	110,000	30,000	-
Furniture & Fixtures CapEx	40,000	40,000	-	40,000	-	-	-	-	-	-	40,000	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(241,106)	**(241,106)**	**-**	**(241,106)**	**-**	**(26,571)**	**-**	**-**	**-**	**-**	**(121,003)**	**-**	**(115,835)**	**23,201**	**(898)**
Allocation of Fixed Assets	-	-	-	-	-	(139,671)	(30,728)	(31,100)	(11,174)	(1,862)	121,003	-	115,835	(23,201)	898
Inc/(Dec) Fixed Assets	**(241,106)**	**(241,106)**	**-**	**(241,106)**	**-**	**(166,242)**	**(30,728)**	**(31,100)**	**(11,174)**	**(1,862)**	**-**	**-**	**-**	**-**	**-**
Total Budget	**18,756,763**	**18,756,763**	**-**	**18,756,763**	**(0)**	**12,726,123**	**2,146,525**	**2,658,505**	**959,098**	**266,512**	**-**	**-**	**-**	**-**	**-**
Change in Working Capital	**627,134**	**627,134**	**-**	**627,134**	**-**	**-**	**-**	**-**	**-**	**-**	**627,134**	**-**	**-**	**-**	**-**
FTEs	**72.20**	**72.20**	**-**	**72.20**	**-**	**37.50**	**8.25**	**8.35**	**3.00**	**0.50**	**3.00**	**2.00**	**5.00**	**3.00**	**1.60**

2016 and 2017 Projections

Statement of Activities
2016 and 2017 Projections

	2015 Budget	2016 Projection	$ Change 15 v 16	% Change 15 v 16	2017 Projection	$ Change 16 v 17	% Change 16 v 17
Funding							
ERO Funding							
ERO Assessments	$ 18,713,897	$ 19,418,155	$ 704,258	3.8%	$ 20,094,739	$ 676,584	3.5%
Penalty Sanctions	570,000	-	-570,000	-100%	-	-	
Total ERO Funding	**$ 19,283,897**	**$ 19,418,155**	**$ 134,258**	**0.7%**	**$ 20,094,739**	**$ 676,584**	**3.5%**
Membership Dues	$ -	$ -	$ -		$ -	$ -	
Federal Grants	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	-	-	-		-	-	
Miscellaneous	100,000	-	(100,000)	-100.0%	-	-	
Total Funding	**$ 19,383,897**	**$ 19,418,155**	**$ 34,258**	**0.2%**	**$ 20,094,739**	**$ 676,584**	**3.5%**
Expenses							
Personnel Expenses							
Salaries	$ 11,085,279	$ 11,425,650	$ 340,371	3.1%	$ 11,768,419	$ 342,769	3.0%
Payroll Taxes	646,939	654,943	8,004	1.2%	662,870	7,927	1.2%
Benefits	1,666,553	1,824,084	157,531	9.5%	1,989,046	164,962	9.0%
Retirement Costs	1,776,461	1,836,779	60,318	3.4%	1,898,933	62,154	3.4%
Total Personnel Expenses	**$ 15,175,232**	**$ 15,741,456**	**$ 566,224**	**3.7%**	**$ 16,319,268**	**$ 577,812**	**3.7%**
Meeting Expenses							
Meetings	$ 177,350	$ 179,124	$ 1,774	1.0%	$ 180,915	$ 1,791	1.0%
Travel	781,779	809,141	27,362	3.5%	837,461	28,320	3.5%
Conference Calls	40,800	43,248	2,448	6.0%	45,843	2,595	6.0%
Total Meeting Expenses	**$ 999,929**	**$ 1,031,513**	**$ 31,584**	**3.2%**	**$ 1,064,219**	**$ 32,706**	**3.2%**
Operating Expenses							
Consultants & Contracts	$ 620,734	$ 639,356	$ 18,622	3.0%	$ 658,536	$ 19,181	3.0%
Office Rent	548,330	553,813	5,483	1.0%	559,351	5,538	1.0%
Office Costs	746,476	776,335	29,859	4.0%	807,388	31,053	4.0%
Professional Services	455,571	464,682	9,111	2.0%	473,976	9,294	2.0%
Miscellaneous	30,491	31,000	509	1.7%	32,000	1,000	3.2%
Depreciation	421,106	421,106	-	0.0%	421,106	-	0.0%
Total Operating Expenses	**2,822,707**	**2,886,292**	**63,585**	**2.3%**	**2,952,358**	**66,066**	**2.3%**
Total Direct Expenses	**$ 18,997,869**	**$ 19,659,261**	**$ 661,393**	3.5%	**$ 20,335,845**	**$ 676,584**	3.4%
Indirect Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Total Expenses	**$ 18,997,869**	**$ 19,659,261**	**$ 661,393**	**3.5%**	**$ 20,335,845**	**$ 676,584**	**3.4%**
Change in Assets	**$ 386,028**	**$ (241,106)**	**$ (627,134)**	**-162.5%**	**$ (241,106)**	**$ -**	**0.0%**
Fixed Assets							
Depreciation	$ (421,106)	$ (421,106)	$ -	0.0%	$ (421,106)	$ -	0.0%
Computer & Software CapEx	140,000	140,000	-	0.0%	140,000	-	0.0%
Furniture & Fixtures CapEx	40,000	40,000	-	0.0%	40,000	-	0.0%
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
	$ (241,106)	$ (241,106)	$ -	0.0%	$ (241,106)	$ -	0.0%
Allocation of Fixed Assets	$ -	$ -	$ -		$ -	$ -	
Inc/(Dec) in Fixed Assets	**$ (241,106)**	**$ (241,106)**	**$ -**	**0.0%**	**$ (241,106)**	**$ -**	**0.0%**
Total Budget	**$ 18,756,763**	**$ 19,418,155**	**$ 661,393**	**3.5%**	**$ 20,094,739**	**$ 676,584**	**3.5%**
Change in Working Capital	**$ 627,134**	**$ -**	**$ (627,134)**	**-100.0%**	**$ -**	**$ -**	

Explanation of 2016 and 2017 Projections

ReliabilityFirst identified a range for its projected budget increases for 2016 and 2017. The projected range for 2016 is 3.5% to 6.8%; and for 2017 is 3.5% to 7.2%. (Note that ReliabilityFirst identified the lower end of the range in its "Statement of Activities – 2016 and 2017 Projections" on page 92.) ReliabilityFirst identified a range for its 2016 and 2017 projections to reflect both its baseline projections (the lower end of the range) and its projections of significant at-risk initiatives (the higher end of the range).

These at-risk initiatives primarily concern projected staffing needs to support increased internal work load to implement various initiatives currently under way or in consideration. They also concern the need to mature ReliabilityFirst's document and data management capability and risk management applications. Below is an overview of each of these at-risk initiatives.

Additional Staffing

- To effectively implement the Reliability Assurance Initiative, ReliabilityFirst projects that a small investment may be needed to increase regional staffing to yield significant savings for stakeholders. This staffing increase is intended to effectively reduce and otherwise shift the current administrative burden from the stakeholders to ReliabilityFirst. The staffing increase is intended to position ReliabilityFirst to perform meaningful internal control evaluations, entity development, risk management activities, and ensure ReliabilityFirst's activities are focused on reliability.

Fixed Asset Additions

- With eight years of accumulating significant amounts of documentation and data, the present documentation management tools need to be updated to assure improved controls, improved configuration management, and advanced data mining capabilities.
- Risk management software will enable more robust risk assessment capability in support of RAI activities.

The following is a breakdown of the projected budget ranges for 2016 and 2017.

2016 Lower Range Baseline: 3.5%

- Personnel Expense: 3.7%
  - Salaries: 3%
  - Medical/Dental: 10%/8%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%

2016 Higher Range Increase to Address At-Risk Initiatives: 6.8%

- Personnel Expense: 6.1%
  - Salaries: 3%
  - Hire 2 FTEs: RAI/Appraisal/Entity Development
  - Medical/Dental: 10%/8%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%
- Fixed Asset Additions:
  - Document/Data Management Application: $200,000
  - Risk Management Software: $50,000

2017 Lower Range Baseline: 3.5%

- Personnel Expense: 3.7%
  - Salaries: 3%
  - Medical/Dental/Vision: 10%/8%/8%
  - Life Insurance: 5%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%

2017 Higher Range Increase to Address At-Risk Initiatives: 7.2%

- Personnel Expense: 7.2%
  - Salaries: 3%
  - Hire 3 FTEs: RAI/Appraisal/Entity Development
  - Medical/Dental/Vision: 10%/8%/8%
  - Life Insurance: 5%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%
- Fixed Asset Additions:
  - Document/Data Management Application: $100,000
  - Risk Management Software: $50,000

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 7

SERC RELIABILITY CORPORATION

PROPOSED 2015 BUSINESS PLAN AND BUDGET

SERC Reliability Corporation
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Charlotte, NC 28273
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SERC Reliability Corporation

2015 Business Plan and Budget

FINAL 1.0

July 4, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	78.70			
Non-statutory FTEs**	-			
Total FTEs	78.70			
Statutory Expenses	$ 16,074,577			
Non-Statutory Expenses**	$ -			
Total Expenses	$ 16,074,577			
Statutory Inc(Dec) in Fixed Assets	$ (78,737)			
Non-Statutory Inc(Dec) in Fixed Assets**	$ -			
Total Inc(Dec) in Fixed Assets	$ (78,737)			
Statutory Working Capital Requirement*	$ 76,549			
Non-Statutory Working Capital Requirement**	$ -			
Total Working Capital Requirement	$ 76,549			
Total Statutory Funding Requirement	$ 16,072,389			
Total Non-Statutory Funding Requirement**	$ -			
Total Funding Requirement	$ 16,072,389			
Statutory Funding Assessments	$ 13,731,034	$ 13,731,034	$ -	$ -
Non-Statutory Fees**	$ -	$ -	$ -	$ -
NEL	1,009,060,489	1,009,060,489	-	-
NEL%	100.00%	100.00%	0.00%	0.00%

*Refer to Table B-1 on page 57 in Section B.
**As noted in Section C, SERC does not support any non-statutory functions.

Organizational Overview

The SERC Reliability Corporation (SERC) is a nonprofit corporation responsible for promoting and improving the reliability of the BPSs (BPS) in all or portions of 16 central and southeastern states. The SERC Region covers an area of approximately 560,000 square miles. Electric systems in the Region serve approximately 25.5% of the net energy for load (NEL) in North America and 30.6% of the NEL in the Eastern Interconnection.

On May 2, 2007, SERC executed an agreement with the North American Electric Reliability Corporation (NERC) that delegated to SERC certain responsibilities and authorities of a Regional Entity as defined in these documents:

- Section 215 of the *Federal Power Act*; Chapter I, Title 18, *Code of Federal Regulations*, Part 39;
- Other Federal Energy Regulatory Commission (FERC) regulations and directives; and
- NERC Rules of Procedure

SERC, originally called the Southeastern Electric Reliability Council, was formed in 1970 as a voluntary association of members comprising electric industry reliability stakeholders in the Southeast. Throughout its history, SERC has successfully promoted the reliability of the BPS

using an industry electric reliability organization (ERO) model that relies on reciprocity, peer influence, and the mutual reliability focus of BPS owners, operators, and users to ensure that the system remains reliable and secure.

SERC was incorporated as a 501(c)(6) nonprofit corporation in the state of Alabama on April 29, 2005 to position SERC to become a Regional Entity with an appropriate stakeholder governance structure. In April 2006, SERC changed its name to SERC Reliability Corporation.

SERC has a 2015 targeted staffing level of 78.7 Full-Time Equivalents (FTEs) (2015 total headcount of 79.7) comprised of power industry professionals and support personnel.

Membership and Governance

As part of its delegated duties, SERC monitors 236 Registered Entities in the SERC Region for compliance with the NERC Reliability Standards. Membership in SERC is voluntary and free. SERC's 57 member companies participate in the technical activities and governance of the organization. SERC currently has 57 member companies.

A Board of Directors (Board), comprised of a representative from each member company governs SERC. The Board delegates operational oversight of the corporation to an Executive Committee of 12 directors. The Board has formed the following committees:

- Compliance Committee (BCC): Oversees the program that monitors and enforces compliance of Registered Entities in the Region to FERC-approved Reliability Standards;
- Human Resources and Compensation Committee (HRCC): Advises the President, Board officers, and the Board about employee compensation and human resources;
- Finance and Audit Committee (FAC): Advises the President, Board officers and Board about the organization's finances and internal controls.

Statutory Functional Scope

SERC provides statutory functions that support the ERO, in accordance with its delegation agreement between SERC and NERC. SERC's functions are the following:

- Analyze events to identify Lessons Learned that will improve reliability.
- Promote the BPS's reliability, adequacy, and security.
- Help develop Reliability Standards for the North American BPS and the SERC Region.
- Monitor and enforce approved Reliability Standards, to include registering and certifying responsible entities, as needed.
- Assess the BPS's past, present and future reliability, adequacy, and security.
- Train reliable personnel and assist in certifying operating personnel.

SERC does not perform any non-statutory functions at this time.

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The *2015-2017 Shared Business Plan and Budget Assumptions* document is located in Exhibit A of NERC's *2015 Business Plan and Budget*.

NERC and the Regional Entities have worked to have joint coordination and collaboration to develop the multi-year ERO Enterprise Strategic Plan and metrics.

2015 Goals and Key Deliverables

1. **Serve as an independent, objective, and fair enforcement authority, without conflicts of interest.**
   a. Register entities commensurate to the risk to the BPS and ensure all key reliability entities are certified to have essential capabilities.
   b. Enforce compliance of SERC Registered Entities with mandatory Reliability Standards in accordance with the delegation agreement and Compliance Monitoring and Enforcement Program (CMEP). Perform timely and transparent reviews.
   c. Ensure that all violations of mandatory Reliability Standards are mitigated in a timely, thorough and comprehensive manner to prevent recurrence.

2. **Promote a culture of compliance that addresses reliability risks across the SERC Region and the ERO.**
   a. Ensure that the industry understands the essential purpose of standards and compliance expectations.
   b. Work with the industry to maintain effective risk control programs for compliance, reliability and security.
   c. Use efficient processes and proportional exercise of discretion to verify that the industry meets compliance objectives.

3. **Identify the most significant risks to reliability in the SERC Region.**
   a. Identify and prioritize risks based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.
   b. Analyze events and system performance consistently to determine sequence, cause, and remediation. Identify reliability risks and trends to inform standards, compliance and other programs.
   c. Ensure that the industry is well informed of emerging trends, risk analysis, Lessons Learned and expected actions.

4. **Mitigate reliability risks.**
   a. Ensure that the industry understands security threats and addresses them effectively.
   b. Facilitate information sharing among industry, Regions, ERO, and government.
   c. Work with the ERO to track industry accountability for critical reliability and security recommendations.

5. **Promote a culture of reliability excellence.**
   a. Ensure reliable data modeling. Verify that the data represents system behavior accurately. Facilitate data sharing among reliability entities.
   b. Serve as a leading resource to industry and policy makers to supply reliability information.

6. **Improve transparency, consistency, quality and timeliness of results; collaborate with NERC and the other Regions; improve efficiencies and cost effectiveness.**
   a. Identify, understand, and manage internal risks.
   b. Ensure processes are effective, efficient, and continually improving.

2015 Overview of Cost Impacts

SERC proposes to decrease its operating budget from $16,877,288 to $15,995,840 in 2015, a decrease of $881,448 or 5.22%. The proposed 2015 assessment of $13,731,035 is a decrease of 0.025% from the 2014 assessment of $13,734,499. SERC believes that in 2015 it will continue to realize material efficiencies that allow the Region to remain an efficient provider of statutory functions as SERC will continue to be one of the lowest cost Regional Entities on a cost per NEL basis. SERC's culture promotes consistent delivery of excellent results at a cost that respects the longstanding tradition of affordable and reliable electricity across SERC's geography.

SERC has applied its penalty funds as an offset to assessments and as a temporary increase to SERC's Operating Reserve, as detailed in Table B-1.

The following is a list of targeted budget increases to allow SERC to accomplish the specific objectives outlined in the *2015 Business Plan and Budget* (dollars are stated as an increase in the 2015 budget compared to the 2014 budget). SERC will continue to perform Cross-Regional Compliance Monitoring and Enforcement for other Regions, if requested. The Regional Entity that contracts with SERC for its services will pay the costs in accordance with the contract. $7,000 is included in the *2015 Business Plan and Budget* under Other Funding and various expense accounts for the performance of these services. Additionally, the costs associated with the Regional Entity Coordinator position will be shared equally with the other Regional Entities and included in Contracts and Consultant Expense in each of the Regional Entity's respective budgets, $41,000 each, and the related offset of $287,000 is included in SERC's Miscellaneous Income.

The most significant changes to the budget are in personnel, which is includes two components:

- **Staff changes proposed in 2015** – The targeted staffing level for 2015 is 78.7 Full-time Equivalents (FTEs), a decrease of 0.5 FTEs (no change in headcount) as compared to the 2014 budget, due to staggering the hire dates for two FTEs. In 2014, SERC budgeted for three entry level engineering positions to assist in information transfer and succession planning. SERC has continued to fund these entry level positions.
- **Cost decrease for maintaining staff budgeted in 2015** – The net decrease in Personnel costs of $569,529 compared to 2014 reflects a decrease of 0.5 FTEs and a change in personnel structure. This decrease is offset by a budgeted average increase in salary of 3% for existing staff, and an overall increase in employee benefits costs. Additionally, a 3% vacancy rate has been applied to all Personnel Expenses, further reducing costs.

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

- **Consultants & Contracts** – A decrease of $51,421 or 4.2% is primarily due to a reduction in anticipated participation in the schedule checkout tool.
- **Depreciation** – An increase of $199,417 or 91.2% is due to an increase in the capital assets purchased in previous years which would now incur a full year of depreciation.

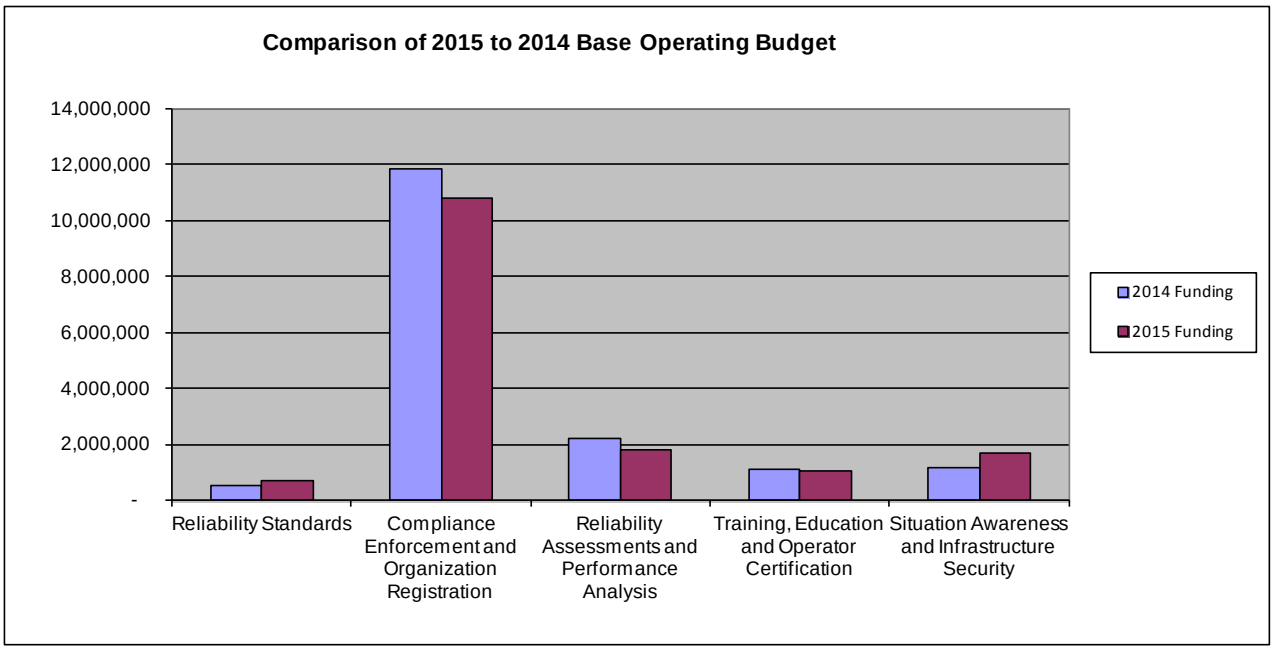
SERC's budget is defined and approved by the Board of Directors in aggregate. SERC works within the total budget to perform its delegated duties. Any variances will be explained in the quarterly variance reports.

Summary by Program

The following table and figure summarize and illustrate SERC's budget by program area.

Base Operating Budget	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	**546,740**	**809,350**	**681,119**	**134,379**	**24.6%**
Compliance Enforcement and Organization Registration	**11,875,409**	**10,817,881**	**10,779,635**	**(1,095,774)**	**-9.2%**
Reliability Assessments and Performance Analysis	**2,201,059**	**1,487,068**	**1,809,522**	**(391,537)**	**-17.8%**
Training, Education and Operator Certification	**1,107,144**	**1,113,549**	**1,055,419**	**(51,725)**	**-4.7%**
Situation Awareness and Infrastructure Security	**1,146,936**	**1,375,039**	**1,670,145**	**523,209**	**45.6%**
Total	**16,877,288**	**15,602,887**	**15,995,840**	**(881,448)**	**-5.2%**
Working Capital Reserve	(502,184)	712,922	76,549	578,733	
Total Funding	**16,375,104**	**16,315,809**	**16,072,389**	**(302,715)**	**-1.8%**

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



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

Reliability Standards – Changes in personnel accounted for the 24.6% increase in total funding from $546,740 budgeted in 2014 to $681,119 budgeted in 2015. SERC reclassified a net 0.3 FTE into the Reliability Standards program, as described below in the Total FTEs by Program Area schedule, as well as the increase in salaries and benefits costs for existing staff. This increase is offset by an overall 3% vacancy rate to Personnel costs, based on historical data. The increase in indirect expenses being allocated to the Reliability Standards program is due to the addition of FTEs, as well as the increase of FTEs in General and Administrative.

Compliance Enforcement and Organization Registration – The 9.2% decrease in total funding from $11,875,409 budgeted in 2014 to $10,779,635 budgeted in 2015 results from the decrease of 5.0 FTEs as described below in the Total FTEs by Program Area schedule, as well as the 3% vacancy rate applied to Personnel costs, based on historical data. The increase in indirect expenses being allocated to the Compliance Enforcement and Organization Registration program is due to the increase of FTEs in General and Administrative.

Reliability Assessments and Performance Analysis – The 17.8% decrease in total funding from $2,201,059 budgeted in 2014 to $1,809,522 budgeted in 2015 is due to the decrease of 1.7 FTEs as described below in the Total FTEs by Program Area schedule, as well as the 3% vacancy rate applied to Personnel costs, based on historical data. Additionally, there is a decrease in Meetings and Travel. The decrease is offset by an increase in Consultants and Contracts to perform a benchmarking system-wide stability study. The decrease in indirect expenses being allocated to the Reliability Assessments program is due to the decrease in FTEs.

Training, Education and Operator Certification – The 4.7% decrease in total funding, from $1,107,144 budgeted in 2014 to $1,055,419 budgeted in 2015, is a cost savings in Meetings Expense by bringing some external meetings in-house. Additionally, SERC applied an overall 3% vacancy rate to Personnel costs, based on historical data, thus decreasing Personnel Expenses. The increase in indirect expenses being allocated to the Training, Education and Operator Certification program is due to the addition of FTEs in General and Administrative.

Situation Awareness and Infrastructure Security – The 45.6% increase in total funding from $1,146,936 budgeted in 2014 to $1,670,145 budgeted in 2015 is due to the addition of 1.8 FTEs as described below in the Total FTEs by Program Area schedule, as well as the increase in salaries and benefits costs for existing staff. This increase is offset by an overall 3% vacancy rate applied to Personnel costs, based on historical data. The increase in indirect expenses being allocated to the Situation Awareness and Infrastructure Security program is due to the addition of FTEs, as well as the increase of FTEs in General and Administrative.

The following table displays total FTEs by program area.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
Reliability Standards	2.31	2.80	2.61	-	2.61	0.30
Compliance Monitoring and Enforcement and Organization Registration and Certification	42.50	33.88	37.50	-	37.50	(5.00)
Reliability Assessment and Performance Analysis	7.60	4.67	5.90	-	5.90	(1.70)
Training and Education	2.81	2.85	2.61	-	2.61	(0.20)
Situation Awareness and Infrastructure Security	4.15	4.45	5.95	-	5.95	1.80
Total FTEs Operational Programs	**59.37**	**48.65**	**54.57**	**-**	**54.57**	**(4.80)**
Administrative Programs						
Technical Committees and Member Forums	4.83	4.46	5.13	-	5.13	0.30
General & Administrative	15.00	15.12	19.00	-	19.00	4.00
Legal and Regulatory	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Finance and Accounting	-	-	-	-	-	-
Total FTEs Administrative Programs	**19.83**	**19.58**	**24.13**	**-**	**24.13**	**4.30**
Total FTEs	**79.20**	**68.22**	**78.70**	**-**	**78.70**	**(0.50)**

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

This chart reflects the following changes:

1. A decrease of 2.5 FTEs in the Reliability Assessments and a corresponding increase of 2.5 FTEs in Situation Awareness and Infrastructure Security programs are due to a reclassification of positions to provide better alignment of Events Analysis work.
2. An increase of 1 FTE in the Reliability Assessment program is for an analyst to perform seasonal assessments review and accuracy, performance analysis, quantification, increased support in models validation and model benchmarking, along with an increased effort to track and report events data. This cost increase is offset by a corresponding decrease of 1.0 FTE in Compliance.
3. SERC reclassified four existing positions into General and Administrative that were previously recorded in Compliance, Reliability Assessments, Reliability Standards, Training and Education, Situation Awareness and Infrastructure Security, and Technical Committees and Member Forums, as follows:
    - Two positions, Executive Assistant to the President and Technical Writer, were reclassified between program areas, causing a decrease of 0.2 FTE in Reliability Standards, Training and Education, Reliability Assessments, Situation Awareness, and Technical Committees and a decrease of 1.0 FTE in Compliance.
    - Two positions, Communications and Outreach Specialist and Internal Training Coordinator, were repurposed from an existing position, causing a decrease of 1.0 FTE in Compliance and 1.0 FTE in Technical Committees and Member Forums.
        - The Communications and Outreach Specialist will provide communication services to help SERC programs, projects and business units effectively

develop and deliver useful, accurate and relevant information to their audiences.
- The Internal Training Coordinator will coordinate and provide training programs for SERC staff.

4. An increase of 0.5 FTE in Technical Committees and Member Forums relates to a position to assist with the CIP uncertainty. This increase is offset by a corresponding decrease of 1.0 FTE in Compliance. Due to the staggered entry of the position, there is an overall net decrease in FTEs of 0.5.
5. An increase of 1.0 FTE in Technical Committees and Member Forums relates to additional CIP committee support. This increase is offset by a corresponding decrease of 1.0 FTE in Compliance.
6. An increase of 0.5 FTE in Reliability Standards and a corresponding decrease of 0.5 FTE in Situation Awareness and Infrastructure Security is due to a reclassification of a pro-rated position to provide better alignment of Standards work.

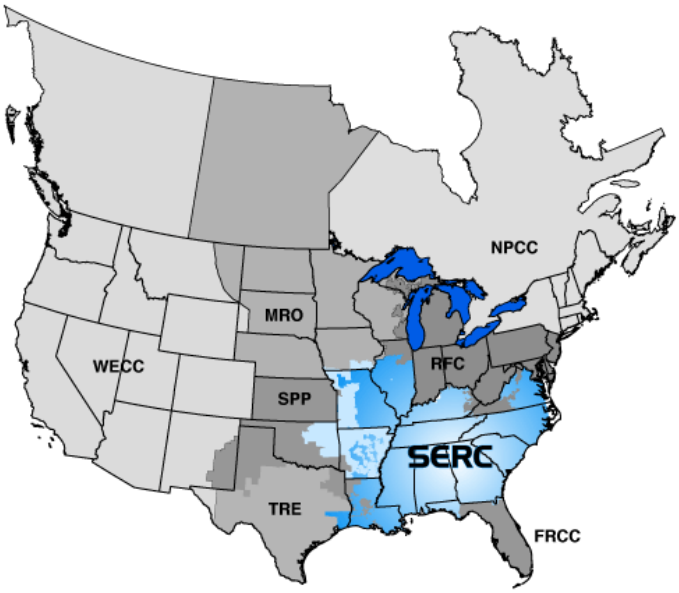
2014 Budget and Projection and 2015 Budget Comparisons

The following table lists the 2014 budget and projection compared to the 2015 budget.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 13,734,499	$ 13,734,499	$ -	$ 13,731,034	$ (3,465)
Penalty Sanctions	2,054,500	2,054,500	-	1,787,000	(267,500)
Total NERC Funding	**$ 15,788,999**	**$ 15,788,999**	**$ -**	**$ 15,518,034**	**$ (270,965)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	267,605	211,060	(56,545)	259,355	(8,250)
Interest	10,000	4,000	(6,000)	1,000	(9,000)
Miscellaneous	308,500	322,750	14,250	294,000	(14,500)
Total Funding (A)	**$ 16,375,104**	**$ 16,326,809**	**$ (48,295)**	**$ 16,072,389**	**$ (302,715)**
Expenses					
Personnel Expenses					
Salaries	$ 10,187,444	$ 9,162,486	$ (1,024,958)	$ 9,717,873	$ (469,571)
Payroll Taxes	611,246	549,749	(61,497)	583,072	(28,174)
Benefits	941,806	958,793	16,987	938,825	(2,981)
Retirement Costs	1,394,422	1,198,071	(196,351)	1,325,619	(68,803)
Total Personnel Expenses	**$ 13,134,918**	**$ 11,869,099**	**$ (1,265,819)**	**$ 12,565,389**	**$ (569,529)**
Meeting Expenses					
Meetings	$ 317,195	$ 263,164	$ (54,031)	$ 273,110	$ (44,085)
Travel	605,484	477,000	(128,484)	585,639	(19,845)
Conference Calls	48,000	48,000	-	48,000	-
Total Meeting Expenses	**$ 970,679**	**$ 788,164**	**$ (182,515)**	**$ 906,749**	**$ (63,930)**
Operating Expenses					
Consultants & Contracts	$ 1,229,030	$ 1,223,261	$ (5,769)	$ 1,177,609	$ (51,421)
Office Rent	419,861	412,224	(7,637)	464,809	44,948
Office Costs	477,400	563,154	85,754	430,551	(46,849)
Professional Services	120,400	125,860	5,460	111,400	(9,000)
Miscellaneous	-	10,000	10,000	-	-
Depreciation	218,653	275,000	56,347	418,070	199,417
Total Operating Expenses	**$ 2,465,344**	**$ 2,609,499**	**$ 144,155**	**$ 2,602,439**	**$ 137,095**
Total Direct Expenses	**$ 16,570,941**	**$ 15,266,762**	**$ (1,304,179)**	**$ 16,074,577**	**$ (496,364)**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Other Non-Operating Expenses	**$ 15,000**	**$ 7,000**	**$ (8,000)**	**$ -**	**$ (15,000)**
Total Expenses (B)	**$ 16,585,941**	**$ 15,273,762**	**$ (1,312,179)**	**$ 16,074,577**	**$ (511,364)**
Change in Assets	**$ (210,837)**	**$ 1,053,047**	**$ 1,263,884**	**$ (2,188)**	**$ 208,649**
Fixed Assets					
Depreciation	$ (218,653)	$ (275,000)	$ (56,347)	$ (418,070)	$ (199,417)
Computer & Software CapEx	460,000	460,000	-	309,333	(150,667)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	30,000	30,000
Leasehold Improvements	50,000	155,125	105,125	-	(50,000)
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Inc(Dec) in Fixed Assets (C)	**291,347**	**340,125**	**48,778**	**(78,737)**	**(370,084)**
TOTAL BUDGET (=B + C)	**$ 16,877,288**	**$ 15,613,887**	**$ (1,263,401)**	**$ 15,995,840**	**$ (881,448)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (502,184)**	**$ 712,922**	**$ 1,215,106**	**$ 76,549**	**$ 578,733**
FTEs	79.20	68.22	(10.98)	78.70	(0.50)

Section A – Statutory Programs
2015 Business Plan and Budget



Section A — Statutory Programs

Reliability Standards Program

The following table lists the 2015 budget for the Reliability Standards program.

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.31	2.61	0.30
Direct Expenses	$ 302,921	$ 380,205	$ 77,284
Indirect Expenses	$ 232,483	$ 304,680	$ 72,197
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 11,336	$ (3,766)	$ (15,102)
Total Funding Requirement	$ 546,740	$ 681,119	$ 134,379

Program Scope and Functional Description

The SERC Reliability Standards program will develop regional Reliability Standards in accordance with Exhibit C to the *Delegation Agreement* as well as develop regional criteria. The program will also promote the development and maintenance of NERC Reliability Standards that enable NERC and Regional Entities to measure the reliability performance of BPS owners, operators, and users.

2015 Key Assumptions

SERC's 2015 key assumptions are:

- SERC regional standards development activity will be limited
- SERC resources will support ERO initiatives in the areas of:
  - Improvements in the timely and efficient development of clear, reasonable, and technically sound mandatory Reliability Standards
  - Standards guidance including related training activities
- The ERO Regional Standards Development Plan goal is to transition from the current set of Reliability Standards to a world class body of Reliability Standards. These clear, concise standards will ensure the reliability of the BPS in North America. They will also require a significant increase in throughput.
  - In developing these standards, web-based tools will facilitate collaboration and consensus.
- The ERO goal is to implement a cost effectiveness analysis or assessment of proposed standards. This goal will require additional stakeholder review and input on developing standards.
  - In developing these standards, web-based tools will facilitate collaboration and consensus.

2015 Goals and Key Deliverables

SERC's 2015 goals and key deliverables are the following:

- Manage SERC's catalog of Regional Criteria and administer the SERC Regional Reliability Standards development procedure
- Support the ERO in development of clear, reasonable and technically sound mandatory Reliability Standards in a timely and efficient manner

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Reliability Standards budget increased by 0.3.
  - During 2014, SERC reclassified the Technical Writer position out of Reliability Standards, into General and Administrative, causing a decrease of 0.2 FTE.
  - An increase of 0.5 FTE in Reliability Standards and a corresponding decrease of 0.5 FTE in Situation Awareness and Infrastructure Security is due to a reclassification of a pro-rated position to provide better alignment of Standards work.
- SERC applied an overall 3% vacancy rate to Personnel costs, further reducing Personnel Expenses. This decrease is offset by the increase in salaries and benefits for existing FTEs.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Reliability Standards Program

The following table shows funding sources and related expenses for the Reliability Standards section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY STANDARDS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 466,802	$ 466,802	$ -	$ 595,650	$ 128,848
Penalty Sanctions	79,938	79,938	-	85,469	5,531
Total NERC Funding	**$ 546,740**	**$ 546,740**	**$ -**	**$ 681,119**	**$ 134,379**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 546,740**	**$ 546,740**	**$ -**	**$ 681,119**	**$ 134,379**
Expenses					
Personnel Expenses					
Salaries	$ 221,774	$ 323,196	$ 101,422	$ 284,511	$ 62,737
Payroll Taxes	13,306	19,392	6,086	17,071	3,765
Benefits	24,786	40,983	16,197	31,214	6,428
Retirement Costs	31,259	42,859	11,600	40,080	8,821
Total Personnel Expenses	**$ 291,125**	**$ 426,430**	**$ 135,305**	**$ 372,876**	**$ 81,751**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	11,696	6,000	(5,696)	7,329	(4,367)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 11,696**	**$ 6,000**	**$ (5,696)**	**$ 7,329**	**$ (4,367)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	100	-	(100)	-	(100)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 100**	**$ -**	**$ (100)**	**$ -**	**$ (100)**
Total Direct Expenses	**$ 302,921**	**$ 432,430**	**$ 129,509**	**$ 380,205**	**$ 77,284**
Indirect Expenses	**$ 232,483**	**$ 357,340**	**$ 124,857**	**$ 304,680**	**$ 72,197**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 535,404**	**$ 789,770**	**$ 254,366**	**$ 684,885**	**$ 149,481**
Change in Assets	**$ 11,336**	**$ (243,030)**	**$ (254,366)**	**$ (3,766)**	**$ (15,102)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	**$ 11,336**	19,580	8,244	(3,766)	(15,102)
Inc(Dec) in Fixed Assets (C)	**11,336**	**19,580**	**8,244**	**(3,766)**	**(15,102)**
TOTAL BUDGET (=B + C)	**$ 546,740**	**$ 809,350**	**$ 262,610**	**$ 681,119**	**$ 134,379**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ (262,610)**	**$ (262,610)**	**$ -**	**$ -**
FTEs	2.31	2.80	0.49	2.61	0.30

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

The following table lists the budget for the Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	42.50	37.50	(5.0)
Direct Expenses	$ 7,389,556	$ 6,456,152	$ (933,404)
Indirect Expenses	$ 4,277,293	$ 4,377,590	$ 100,297
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 208,560	$ (54,107)	$ (262,667)
Total Funding Requirement	$ 11,875,409	$ 10,779,635	$ (1,095,774)

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program is implemented by SERC's Compliance and Enforcement personnel, who are independent of stakeholders and Registered Entities. To accomplish this objective, SERC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program area is further divided into three areas: compliance monitoring, compliance programs, and enforcement.

Compliance

SERC's Compliance staff implements the Compliance Monitoring processes and organization and registration activities pursuant to the Delegation Agreement and Uniform CMEP. The Compliance Program consists of three functional areas:

- Monitoring
  - Conducts compliance audits, spot checks, and investigations.
  - Personnel serve as subject matter experts for all standards and for implementing the process for Technical Feasibility Exceptions to the CIP standards.
- Compliance Programs and Services
  - Implements and deploys Entity risk assessment, CMEP-related analytics, and Compliance assessments.
- Organization Registration and Certification
  - Registers owners, operators, and users of the BPS for compliance with Reliability Standards.
  - Certifies applicable entities.

Enforcement

Enforcement personnel evaluate all Possible Violations of Reliability Standards and conduct a thorough assessment to determine if there is a violation. The Enforcement personnel follow these steps:

1. Determine the complete scope of the violation and the actual and potential risk to the BPS reliability.
2. Notify the Registered Entity of the findings regarding the violation and any applicable penalties or sanctions.

3. Review the Registered Entity's mitigating activities to ensure that the entity corrects the issue and prevents recurrence.
4. Negotiate settlement with the Registered Entity.
5. Submit the proposed Enforcement action, along with any proposed penalty or sanctions, to NERC for review, approval, and subsequent submittal to FERC.
6. If a Registered Entity challenges the findings of the violation and/or penalty, the Enforcement staff prosecutes the case before the Board Compliance Committee, which acts as SERC's hearing body.

2015 Key Assumptions

Compliance

- SERC will collaborate with NERC in the development of procedures, IT platforms, and tools.
- SERC will address complaints submitted to the Regions that allege a violation of a Reliability Standard.
- Risk-based monitoring activities are expected to increase. SERC must consider whether to modify the current time-based audit cycles for Registered Entities.
- SERC will employ consistent audit practices and focus on higher target reliability risks to increase efficiency of Compliance Monitoring and mitigate overall compliance costs.
- SERC will continue training Compliance staff on risk principles and enhanced audit practices, including credentialing and Reliability Assurance Initiative (RAI). Training activity will affect staffing needs and costs (e.g., travel, lodging, and labor).
- SERC will support the training requirements necessary to meet the criteria set forth by the *ERO Auditor Manual and Handbook* and the *Compliance Auditor Capabilities and Competency Guide*. SERC will demonstrate the following:
    - Compliance staff and other personnel, as necessary, understand guidance documents.
    - An annual process exists for personnel to acknowledge their commitment to Professional Standards, Ethical Principles, and Rules of Conduct.
    - An annual assessment process exists to evaluate audit team content and capability needs.
    - A training program exists that addresses initial and continuing training for capability and competency development.
- The use of spot checks is expected to increase as risk-based monitoring is implemented, but spot checks should have little effect on overall resource requirements.
- Non-Critical Infrastructure Protection (CIP) violations are expected to decrease as most Registered Entities have been audited and the standards and Reliability Standards Audit Worksheets (RSAWs) have matured.
    - Dedicated CIP compliance personnel must be allocated to address the conversion from V3 to V5 and to support entities undergoing a CIP audit, until the standards are stable.
- SERC estimates it will perform 7 onsite and 9 offsite CIP audits or spot checks and 12 onsite and 9 offsite Operations and Planning audits or spot checks.
- The Technical Feasibility Exception (TFE) processing implementation will continue. This implementation will probably include equipment class-based exceptions, audit sampling and a simpler process for reporting and reviewing
- SERC will provide to NERC timely and accurate information about registrations.
- The plan developed for the 2014 registration assessment project will be implemented.

- SERC will review the analyses of system events to confirm that all necessary entities are registered and Registered Entities initiate corrective actions, as appropriate.
- SERC will collaborate with NERC to determine if certification is appropriate or if a new certification is required to accommodate a change in a registered entity's status.
- In certifying Registered Entities, SERC will collaborate with NERC and implement the NERC-approved certification process to assess a Registered Entity's capability for performing its registered function(s) and to use the tools NERC provides.
- SERC will document the information obtained during the certification process and make recommendations to NERC regarding certification.
- SERC estimates that it will conduct four certification reviews.
- The implementation of the Bulk Electric System (BES) definition may place additional resource demands on the registration area.
- The volume of documents for Joint Registration Organization, Coordinated Functional Registration, and Multi-Regional Entity Registration will increase as entities better delineate shared responsibilities and promote efficiency and effectiveness in compliance. This increase will affect the workload for registration and Compliance Monitoring within SERC.
- Consideration will be given to reallocating existing staff and/or contract resources, or using available reserves to provide the resource support which is determined to be necessary by SERC to support the successful implementation (or transition) of these major activities: RAI, Risk-Based Registration and CIP v5.

Enforcement

- The rate of incoming Possible Violations will remain steady (approximately 370 violations per year).
- Actions to process or dismiss Possible Violations will be timely and transparent to the industry
- As the RAI is defined and implemented, SERC will provide training to ensure that personnel have the necessary skills.
- SERC will require dedicated resources to design and implement RAI for Enforcement and to expand the Find-Fix-Track (FFT) process.
- Staff will maintain professional credentials, such as industry certifications, NERC System Operator Certification, CIP certifications, Professional Engineering licenses, and certified auditor credentials, to ensure that staff skills remain current on industry trends and standards.
- There will be no significant increase in travel for Enforcement staff to process Possible Violations and Mitigation Plans.
- No SERC BCC hearings will be held to resolve contested findings of a violation or penalty.
- Consideration will be given to reallocating existing staff and/or contract resources, or using available reserves to provide the resource support which is determined to be necessary by SERC to support the successful implementation (or transition) of these major activities: RAI, Risk-Based Registration and CIP v5.

2015 Goals and Key Deliverables

Compliance

- Conduct scheduled Compliance Monitoring activities pursuant to the 2015 Implementation Plan and in conformance with current three and six year audit intervals.
- Facilitate efficient and collaborative transition to new standards through:
    - Workshops focused on upcoming enforceable standards
    - Review of Registered Entities' progress towards compliance with upcoming standards
- Work with ERO to consolidate to a common set of RSAWs, or successors, for all standards.
- Work with the industry to provide information on effective procedures and programs to monitor, detect, correct, report, and prevent deficiencies in compliance, reliability, and security.
    - Develop and implement compliance reform through the RAI.
    - Implement RAI techniques and principles consistently.
    - Collaborate with the industry regarding best practices to encourage effective internal controls models.
    - Initiate compliance phase-in learning periods for new standards
- Monitor each Registered Entity, by role, for its standards requirements commensurate with the reliability risk.
- Train Compliance staff on risk principles and implementation of enhanced audit practices, including credentialing for audit team leads and other audit team members, as appropriate, to manage employee development.
- Continue outreach to Registered Entities for implementation of CIP Version 5 transition.
- Develop and deliver Lessons Learned from all aspects of the Compliance Monitoring processes and corrective action activities resulting from entity performance.
- Continue implementing the BES exception process.
- Evaluate the certification program for sufficiency and effectiveness. Modify the program, as needed.
- Develop the implementation plan
- Deploy the plan for registration commensurate with risk to the BPS.
- Work with ERO to develop common and consistent registration processes, information systems, and methods among Regions
- Register entities commensurate with risk to the BPS
- Ensure that all key reliability entities are certified to have essential capabilities.

Enforcement

- Manage all Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for all Registered Entities.
- Develop and implement the Enforcement reform through RAI, including the following:
    - Focus on serious risk violations to improve the effectiveness of SERC operations.
    - Reduce unnecessary costs of compliance on Registered Entities while, ensuring that reliability objectives are achieved.
- Hold the industry accountable for violations that create a serious risk to the BPS . Ensure resulting actions are timely and transparent to the industry, including appropriate

exercise of discretion, FFT, Spreadsheet Notice of Penalty (SNOP), and Full Notice of Penalty (NOP). To achieve this, SERC will do the following:

- Increase the percentage of self-identified non-compliances (self-reports and self-certifications).
- Decrease the Caseload Index and violation aging.
- Allocate a higher percentage of lower and moderate risk violations to the BPS to be processed through discretion, FFT or SNOP.
- Expand use of Enforcement discretion.

- Review and accept Mitigation Plans that contain effective corrective actions.
- Ensure timely mitigation of all violations to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS. Timely mitigation will cause the aging curve to trend positively.
- Develop and implement violation processing management tools and training based on the RAI to improve the efficiency, transparency, consistency, quality, and timeliness of violation processing.
- Identify trends in violations and their causes.
- Provide Lessons Learned and outreach to Registered Entities, including V5 implementation training.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation. Miscellaneous Funding includes costs for SERC conducting Cross-Regional Compliance Monitoring of Registered Entity functions performed by other Regional Entity organizations. The Regional Entity contracting with SERC for such services will pay the costs according to the contract.

Personnel Expenses

- The FTEs included in the 2015 Compliance Monitoring and Enforcement budget decreased by 5.0. The 2014 budget included the following personnel to fill emerging needs:
  - Two Enforcement Engineer/Specialists, reclassified to Technical Committees
  - Manager of Audit Programs, reclassified to Reliability Assessments
  - Program Coordinator, reclassified to General and Administrative
  - Program Support Assistant, reclassified to General and Administrative
- SERC applied an overall 3% vacancy rate to Personnel costs, further reducing Personnel Expenses. The cost reduction is offset by the increase in salaries and benefits for existing FTEs.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- Consultants and Contracts decreased $110,667 from 2014. The 2014 budget included contractor support in lieu of FTEs for Enforcement of $80,000, which was eliminated in the 2015 budget. The remaining decrease of $30,667 because more software development projects are being capitalized and included in fixed assets in 2015.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Compliance Enforcement and Organization Registration and Certification Program

The following table shows funding sources and related expenses for the Compliance Enforcement And Organization Registration and Certification section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 10,372,696	$ 10,372,696	$ -	$ 9,544,624	$ (828,072)
Penalty Sanctions	1,470,713	1,470,713	-	1,228,011	(242,702)
Total NERC Funding	**$ 11,843,409**	**$ 11,843,409**	**$ -**	**$ 10,772,635**	**$ (1,070,774)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	32,000	32,000	-	7,000	(25,000)
Total Funding (A)	**$ 11,875,409**	**$ 11,875,409**	**$ -**	**$ 10,779,635**	**$ (1,095,774)**
Expenses					
Personnel Expenses					
Salaries	$ 5,224,607	$ 4,349,099	$ (875,508)	$ 4,592,037	$ (632,570)
Payroll Taxes	313,476	260,946	(52,530)	275,522	(37,954)
Benefits	523,055	483,512	(39,543)	455,748	(67,307)
Retirement Costs	716,689	581,549	(135,140)	631,558	(85,131)
Total Personnel Expenses	**$ 6,777,827**	**$ 5,675,106**	**$ (1,102,721)**	**$ 5,954,865**	**$ (822,962)**
Meeting Expenses					
Meetings	$ 14,010	$ 19,120	$ 5,110	$ 21,700	$ 7,690
Travel	323,862	263,000	(60,862)	319,455	(4,407)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 337,872**	**$ 282,120**	**$ (55,752)**	**$ 341,155**	**$ 3,283**
Operating Expenses					
Consultants & Contracts	$ 245,000	$ 275,000	$ 30,000	$ 134,333	$ (110,667)
Office Rent	-	-	-	-	-
Office Costs	13,857	15,800	1,943	15,799	1,942
Professional Services	15,000	10,000	(5,000)	10,000	(5,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 273,857**	**$ 300,800**	**$ 26,943**	**$ 160,132**	**$ (113,725)**
Total Direct Expenses	**$ 7,389,556**	**$ 6,258,026**	**$ (1,131,530)**	**$ 6,456,152**	**$ (933,404)**
Indirect Expenses	**$ 4,277,293**	**$ 4,322,977**	**$ 45,684**	**$ 4,377,590**	**$ 100,297**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 11,666,849**	**$ 10,581,003**	**$ (1,085,846)**	**$ 10,833,742**	**$ (833,107)**
Change in Assets	**$ 208,560**	**$ 1,294,406**	**$ 1,085,846**	**$ (54,107)**	**$ (262,667)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	208,560	$ 236,878	28,318	(54,107)	(262,667)
Inc(Dec) in Fixed Assets (C)	**$ 208,560**	**$ 236,878**	**$ 28,318**	**$ (54,107)**	**$ (262,667)**
TOTAL BUDGET (=B + C)	**$ 11,875,409**	**$ 10,817,881**	**$ (1,057,528)**	**$ 10,779,635**	**$ (1,095,774)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 1,057,528**	**$ 1,057,528**	**$ -**	**$ -**
FTEs	**42.50**	**33.88**	**(8.62)**	**37.50**	**(5.00)**

Reliability Assessment and Performance Analysis Program

The following table lists the budget for the Reliability Assessments and Performance Analysis program (RAPA).

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	7.60	5.90	(1.70)
Direct Expenses	$ 1,398,882	$ 1,129,294	$ (269,588)
Indirect Expenses	$ 764,881	$ 688,741	$ (76,140)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 37,296	$ (8,513)	$ (45,809)
Total Funding Requirement	$ 2,201,059	$ 1,809,522	$ (391,537)

Program Scope and Functional Description

SERC's RAPA program provides BES analysis, data gathering, and analysis of events. RAPA identifies reliability risks to the BES in the SERC footprint, in accordance with the Delegation Agreement and NERC's Rules of Procedure. RAPA's mission is to promote a culture of reliability excellence within the SERC BES. The program accomplishes this mission by identifying risks to reliability, analyzing performance and prioritizing significant risks.

SERC conducts an independent reliability assessment of the BES within the SERC Region, including data gathering and analysis. The assessment program uses information from its internal data collection sources along with other programs, such as NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), and Demand Response Availability Data System (DADS). SERC evaluates the overall reliability, performance, and adequacy of the SERC Region and reports its results to NERC. SERC's work supports NERC's obligation to perform similar analysis of the interconnected North American BPS.

2015 Key Assumptions

- Work-loads will increase to provide the processes, data, and information required to sustain SERC's analytical efforts. Additional resources and improved project and matrix management procedures will minimize workloads and maximize existing resources.
- Workloads will increase to support requirements for risk identification and mitigation. SERC will use project management software to collaborate, balance workloads, and manage resources effectively.

2015 Goals and Key Deliverables

- Improve model and data management to support reliability risk management and performance analysis reporting.
- Analyze projected, historical, and operational data to observe seasonal system performance.
- Implement new Reliability Assessment Portal improvements to support RAPA information analysis and reporting requirements.
- Complete quarterly TADS, GADS, and DADS data submittals.

- Complete reliability assessment studies and support through the NERC Reliability Assessment Subcommittee (RAS). These studies include Summer, Winter, Post-Seasonal, Long-Term, Scenario, and Probabilistic Reliability Assessments. Regional planning requirements include SERC seasonal and long-term operational scenario studies.
- Complete FERC form 715 and EIA submittals on behalf of SERC entities within specified time frames.
- Continue to develop the reliability risk identification process to determine risk control initiatives and necessary mitigation actions.
- Publish to stakeholders the reports and notices of 2015 SERC primary reliability risks and 2014 mitigation efforts.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 RAPA budget decreased by 1.7.
  - During 2014, SERC reallocated 2.5 FTE positions between the Reliability Assessments and Situation Awareness programs for better alignment, causing a decrease in Personnel costs.
  - SERC reclassified the Technical Writer position that was allocated among the Reliability program areas into General and Administrative, causing a decrease of 0.2 FTE.
  - SERC repurposed an existing budgeted position into RAPA for an analyst to do the following:
    - Review seasonal assessments for accuracy
    - Provide performance analysis and quantification.
    - Support model validation and benchmarking.
    - Track and report events data.
- SERC applied an overall 3% vacancy rate to Personnel costs, further reducing Personnel Expenses. The increase in salaries and benefits for existing FTEs offset this decrease.

Meeting Expenses

- SERC's new office location has a large meeting space. Most meetings will be held in-house or at a member's facilities, substantially reducing the hotel hosting costs and decreasing Meeting Expense.

Operating Expenses

- Consultants and contracts expenses increased by $90,000 from the 2014 budget. Of this increase, SERC has budgeted $100,000 for a benchmarking system-wide stability study. This increase is offset by a $10,000 decrease for the Dynamic Reduction Study to align with historical costs.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Reliability Assessment and Performance Analysis Program

The following table lists the funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 1,938,061	$ 1,938,061	$ -	$ 1,616,315	$ (321,746)
Penalty Sanctions	262,998	262,998	-	193,207	(69,791)
Total NERC Funding	**$ 2,201,059**	**$ 2,201,059**	**$ -**	**$ 1,809,522**	**$ (391,537)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 2,201,059**	**$ 2,201,059**	**$ -**	**$ 1,809,522**	**$ (391,537)**
Expenses					
Personnel Expenses					
Salaries	$ 818,555	$ 459,618	$ (358,937)	$ 553,482	$ (265,073)
Payroll Taxes	49,113	27,577	(21,536)	33,209	(15,904)
Benefits	95,406	68,737	(26,669)	76,022	(19,384)
Retirement Costs	115,313	64,121	(51,192)	77,407	(37,906)
Total Personnel Expenses	**$ 1,078,387**	**$ 620,053**	**$ (458,334)**	**$ 740,120**	**$ (338,267)**
Meeting Expenses					
Meetings	$ 39,990	$ 30,260	$ (9,730)	$ 21,030	$ (18,960)
Travel	45,487	45,500	13	43,032	(2,455)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 85,477**	**$ 75,760**	**$ (9,717)**	**$ 64,062**	**$ (21,415)**
Operating Expenses					
Consultants & Contracts	$ 232,500	$ 160,000	$ (72,500)	$ 322,500	$ 90,000
Office Rent	-	-	-	-	-
Office Costs	2,518	2,600	82	2,612	94
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 235,018**	**$ 162,600**	**$ (72,418)**	**$ 325,112**	**$ 90,094**
Total Direct Expenses	**$ 1,398,882**	**$ 858,413**	**$ (540,469)**	**$ 1,129,294**	**$ (269,588)**
Indirect Expenses	**$ 764,881**	**$ 595,997**	**$ (168,884)**	**$ 688,741**	**$ (76,140)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 2,163,763**	**$ 1,454,410**	**$ (709,353)**	**$ 1,818,035**	**$ (345,728)**
Change in Assets	**$ 37,296**	**$ 746,649**	**$ 709,353**	**$ (8,513)**	**$ (45,809)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 37,296	$ 32,658	$ (4,638)	(8,513)	$ (45,809)
Inc(Dec) in Fixed Assets (C)	**$ 37,296**	**$ 32,658**	**$ (4,638)**	**$ (8,513)**	**$ (45,809)**
TOTAL BUDGET (=B + C)	**$ 2,201,059**	**$ 1,487,068**	**$ (713,991)**	**$ 1,809,522**	**$ (391,537)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ 713,991**	**$ 713,991**	**$ -**	**$ -**
FTEs	**7.60**	**4.67**	**(2.93)**	**5.90**	**(1.70)**

Training, Education, and Operator Certification Program

The following table summarizes the budget for Training, Education, and Operator Certification.

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.81	2.61	(0.20)
Direct Expenses	$ 810,549	$ 754,505	$ (56,044)
Indirect Expenses	$ 282,805	$ 304,680	$ 21,875
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 13,790	$ (3,766)	$ (17,556)
Total Funding Requirement	$ 1,107,144	$ 1,055,419	$ (51,725)

Program Scope and Functional Description

The SERC Training, Education, and Operator Certification program provides education and training necessary to understand and operate the BPS. The program's target audience is BPS operating personnel, including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. The program also supports SERC's staff training and development initiative, and facilitates administrating the records necessary to maintain SERC's status as a NERC Continuing Education provider.

2015 Key Assumption

- The ERO goal is to implement RAI changes by 2016 to develop a mature Compliance Monitoring program and enhance the program's effectiveness. Achieving this goal will require robust training.
    - SERC will use contract support and shared, common ERO training to defray the cost of training auditors and other key staff on the required qualification and competencies.
- Transitioning SERC to a world-class body of clear, concise Reliability Standards will ensure the reliability of the BPS in North America. It will also necessitate great change.
    - SERC will provide the training required for BPS operating personnel to understand the changes to ERO procedures and programs while continuing to operate the BPS reliability. These procedures and programs detect, monitor, report, correct, and prevent recurrence of problems with compliance, reliability, and security.

2015 Goals and Key Deliverables

- The SERC Training program will maintain SERC's status as a NERC-certified Continuing Education Provider.
- Additionally, the SERC Training program will support the following goals:
    - Develop and deliver shared, common training on required knowledge, skills and abilities for auditors and other key staff positions across the ERO.
    - Deliver of four System Operator Conferences to ensure that real-time operating personnel have the competencies required to operate the BES with the highest reliability.
    - Deliver one Wide Area Restoration Drill to ensure that restoration plans and real-time operating personnel have the resources and competencies required to

recover the BES after a major system disturbance, and to restore available resources and load to a stable interconnected operating state.

- Deliver Standards Focused Workshops to BPS operating personnel (including system operations personnel, operations support personnel, supervisors and managers, and training personnel) to explain changed expectations within new or revised Reliability Standards and related procedures and programs.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- During 2014, SERC reclassified the Technical Writer position out of Training and Education, into General and Administrative, causing a decrease. Additionally, SERC applied an overall 3% vacancy rate to Personnel costs, further reducing Personnel Expenses. This decrease is offset by the increase in salaries and benefits for existing FTEs.

Meeting Expenses

- SERC's new office location has a large meeting space. Most meetings will be held in-house or at a member's facilities, substantially reducing the hotel hosting costs and decreasing Meeting Expense.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Training, Education, and Operator Certification Program

The following table shows funding sources and related expenses for the Training, Education, and Operator Certification section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TRAINING, EDUCATION and OPERATOR CERTIFICATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 742,299	$ 742,299	$ -	$ 710,595	$ (31,704)
Penalty Sanctions	97,240	97,240	-	85,469	(11,771)
Total NERC Funding	**$ 839,539**	**$ 839,539**	**$ -**	**$ 796,064**	**$ (43,475)**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	267,605	211,060	(56,545)	259,355	(8,250)
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 1,107,144**	**$ 1,050,599**	**$ (56,545)**	**$ 1,055,419**	**$ (51,725)**
Expenses					
Personnel Expenses					
Salaries	$ 374,069	$ 390,945	$ 16,876	$ 333,898	$ (40,171)
Payroll Taxes	22,444	23,457	1,013	20,034	(2,410)
Benefits	28,459	38,192	9,733	25,990	(2,469)
Retirement Costs	52,656	48,911	(3,745)	46,584	(6,072)
Total Personnel Expenses	**$ 477,628**	**$ 501,505**	**$ 23,877**	**$ 426,506**	**$ (51,122)**
Meeting Expenses					
Meetings	$ 183,360	$ 122,063	$ (61,297)	$ 144,100	$ (39,260)
Travel	19,241	15,000	(4,241)	18,875	(366)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 202,601**	**$ 137,063**	**$ (65,538)**	**$ 162,975**	**$ (39,626)**
Operating Expenses					
Consultants & Contracts	$ 130,000	$ 90,000	$ (40,000)	$ 163,000	$ 33,000
Office Rent	-	-	-	-	-
Office Costs	320	2,000	1,680	2,024	1,704
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 130,320**	**$ 92,000**	**$ (38,320)**	**$ 165,024**	**$ 34,704**
Total Direct Expenses	**$ 810,549**	**$ 730,568**	**$ (79,981)**	**$ 754,505**	**$ (56,044)**
Indirect Expenses	**$ 282,805**	**$ 363,086**	**$ 80,281**	**$ 304,680**	**$ 21,875**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,093,354**	**$ 1,093,654**	**$ 300**	**$ 1,059,185**	**$ (34,169)**
Change in Assets	**$ 13,790**	**$ (43,055)**	**$ (56,845)**	**$ (3,766)**	**$ (17,556)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 13,790	$ 19,895	6,105	(3,766)	$ (17,556)
Inc(Dec) in Fixed Assets (C)	**$ 13,790**	**$ 19,895**	**$ 6,105**	**$ (3,766)**	**$ (17,556)**
TOTAL BUDGET (=B + C)	**$ 1,107,144**	**$ 1,113,549**	**$ 6,405**	**$ 1,055,419**	**$ (51,725)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ (62,950)**	**$ (62,950)**	**$ -**	**$ -**
FTEs	**2.81**	**2.85**	**0.04**	**2.61**	**(0.20)**

Situation Awareness and Infrastructure Security Program

The following table lists the budget for Situation Awareness and Infrastructure Security.

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	4.15	5.95	1.80
Direct Expenses	$ 708,906	$ 984,152	$ 275,246
Indirect Expenses	$ 417,665	$ 694,578	$ 276,913
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	20,365	(8,585)	(28,950)
Total Funding Requirement	$ 1,146,936	$ 1,670,145	$ 523,209

Program Scope and Functional Description

Situation Awareness and Events Analysis (SAEA) program identifies and analyzes conditions that impact or might impact reliable operations. The SERC Situation Awareness and Infrastructure Security program accomplishes this by monitoring sources of information and maintaining communications with stakeholders, NERC, and other organizations. This program identifies initiatives to mitigate and improve reliability by analyzing significant BES events and existing technical reliability guidance for risks and vulnerabilities that could recur elsewhere within the BPS.

2015 Key Assumptions

- SERC will continue to work with other Regional SAEA groups to identify conditions or best practices that improve reliability within the BES.
- SERC will continue outreach efforts to communicate Events Analysis (EA) and Compliance Assessment (CA) reporting importance.
- SERC will share mitigating measures and other BES improvements with SERC entities and the ERO.
- SERC will continue to review and analyze reliability events to reduce events that affect the BES reliability.

2015 Goals and Key Deliverables

- Complete process improvements and metric activities.
- Develop Reliability Bulletins and support NERC Lessons Learned initiatives.
- Continue stakeholder outreach efforts that support the program.
- Continue post-event reporting initiatives that promote entity and regulatory organization awareness.
- Evaluate events information to identify risk trends and benchmarking efforts.
- Identify and prioritize risks based on reliability impacts, cost/practicality assessments, projected resources and emerging issues.
- Complete the annual report on SERC Causal Analysis and Lessons Learned.
- Provide the annual report to SERC entities, other Regions, and NERC to support engagement objectives.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Situation Awareness and Infrastructure Security budget increased by 2.3.
  - During 2014, SERC reclassified 2.5 FTEs from the Reliability Assessments program into the Situation Awareness program for Events Analysis work, causing an increase in Personnel costs.
  - SERC reclassified the Technical Writer position that was allocated among the Reliability program areas into General and Administrative, causing a decrease of 0.2 FTE.
- SERC applied an overall 3% vacancy rate to Personnel costs, reducing Personnel Expenses. The increase in salaries and benefits for existing FTEs offset this decrease.

Meeting Expenses

- SERC's new office location has a large meeting space. Most meetings will be held in-house or at a member's facilities, substantially reducing the hotel hosting costs and decreasing Meeting Expense.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Situation Awareness and Infrastructure Security Program

The following table shows funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
SITUATION AWARENESS and INFRASTRUCTURE SECURITY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 1,003,325	$ 1,003,325	$ -	$ 1,475,301	$ 471,976
Penalty Sanctions	143,611	143,611	-	194,844	51,233
Total NERC Funding	**$ 1,146,936**	**$ 1,146,936**	**$ -**	**$ 1,670,145**	**$ 523,209**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 1,146,936**	**$ 1,146,936**	**$ -**	**$ 1,670,145**	**$ 523,209**
Expenses					
Personnel Expenses					
Salaries	$ 505,718	$ 548,525	$ 42,807	$ 724,538	$ 218,820
Payroll Taxes	30,343	32,911	2,568	43,472	13,129
Benefits	52,881	67,506	14,625	71,381	18,500
Retirement Costs	61,798	67,965	6,167	91,105	29,307
Total Personnel Expenses	**$ 650,740**	**$ 716,907**	**$ 66,167**	**$ 930,496**	**$ 279,756**
Meeting Expenses					
Meetings	$ 10,350	$ 10,800	$ 450	$ -	$ (10,350)
Travel	47,556	47,500	(56)	52,766	5,210
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 57,906**	**$ 58,300**	**$ 394**	**$ 52,766**	**$ (5,140)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	260	900	640	890	630
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 260**	**$ 900**	**$ 640**	**$ 890**	**$ 630**
Total Direct Expenses	**$ 708,906**	**$ 776,107**	**$ 67,201**	**$ 984,152**	**$ 275,246**
Indirect Expenses	**$ 417,665**	**$ 567,818**	**$ 150,153**	**$ 694,578**	**$ 276,913**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,126,571**	**$ 1,343,925**	**$ 217,354**	**$ 1,678,730**	**$ 552,159**
Change in Assets	**$ 20,365**	**$ (196,989)**	**$ (217,354)**	**$ (8,585)**	**$ (28,950)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 20,365	$ 31,114	10,749	(8,585)	(28,950)
Inc(Dec) in Fixed Assets (C)	**$ 20,365**	**$ 31,114**	**$ 10,749**	**$ (8,585)**	**$ (28,950)**
TOTAL BUDGET (=B + C)	**$ 1,146,936**	**$ 1,375,039**	**$ 228,103**	**$ 1,670,145**	**$ 523,209**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ (228,103)**	**$ (228,103)**	**$ -**	**$ -**
FTEs	**4.15**	**4.45**	**0.30**	**5.95**	**1.80**

Administrative Services

The following table lists the budget for Administrative Services.

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	19.83	24.13	4.30
Total Direct Expenses	$ 5,960,127	$ 6,370,269	$ 410,142
Inc(Dec) in Fixed Assets	$ 291,347	$ (78,737)	$ (370,084)
Less: Other Funding Sources	$ (10,000)	$ (1,000)	$ 9,000
Total Allocation to Statutory Programs as Indirect Expenses	$ 6,241,474	$ 6,290,532	$ 49,058
Funding Requirement for Working Capital	$ (502,184)	$ 76,549	$ 578,733

Methodology for Allocation of Administrative Services Expenses to Programs

Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Technical Committees and Member Forums

The following table lists the budget for Technical Committees and Member Forums.

Technical Committees and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	4.83	5.13	0.30
Total Direct Expenses	$ 988,258	$ 927,215	$ (61,043)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Technical Committees and Members' Forums serve to strengthen capabilities within the Region to plan and operate the BES reliably and in compliance with Reliability Standards. The success of SERC's reliability programs depends on the active and direct participation of its members. The forums are also a source of expertise in the industry for enhancing reliability through technical excellence.

2015 Key Assumptions

- SERC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2015 with each committee maintaining a three-year work plan.
- SERC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability
- The ERO goal to identify the most significant risks to reliability, prioritize them, facilitate effective solutions and interventions, and monitor results will continue to build the efficacy of an expanded toolkit used to address reliability issues.
    - The management of the three-year work plans will focus on deploying the most appropriate tool for the need, to produce outcomes that address reliability risks. This will help to mitigate the required increase in resources, including industry and ERO staff.

2015 Goals and Key Deliverables

- The SERC Technical Committees and Members' Forums programs will manage committee work according to the *Organization and Procedures Manual for SERC Technical Committees*.
- The SERC Technical Committees and Members' Forums programs will promote an expanded available toolkit that comprehends reliability risks by doing the following:
    - Convene regular meetings of the standing committees each year and of the subordinate groups, as necessary.
    - Communicate to the SERC Board of Directors and SERC staff on issues pertaining to operation, planning and engineering of electric systems and the advancement of the physical and cyber security of the BPS.
    - Provide a forum for representatives to share experience and discuss issues of operating, planning and engineering, and physical and cyber security.
    - Perform special projects at the request of the SERC Board of Directors.
    - Participate in the establishment of Reliability Standards.
    - Participate in the measurement of performance relative to Reliability Standards.

- Promote compliance with Reliability Standards through review and discussion of compliance statistics.
- Develop and exchange information about operating, planning and engineering, and physical and cyber security that affect the reliability and adequacy of the BPS.
- Review activities within the SERC Region on reliability and adequacy, as necessary, to meet Reliability Standards.
- Perform technical functions through the assignment of specific tasks to subordinate groups.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Technical Committees and Member Forum budget increased by 0.3.
  - SERC reclassified the Technical Writer position from the Technical Committees and Members Forums program into the General and Administrative program, causing a decrease of 0.2 FTE.
  - This decrease is offset by the addition of 0.5 FTE, with a staggered hire date, to assist with CIP uncertainty.
- SERC applied an overall 3% vacancy rate to Personnel costs, further reducing Personnel Expenses. This decrease is offset by the increase in salaries and benefits for existing FTEs.

Meeting Expenses

- SERC's new office location has a large meeting space. Most meetings will be held in-house or at a member's facilities, substantially reducing hotel hosting costs and decreasing Travel Expense.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Technical Committees and Member Forums

The following table shows funding sources and related expenses for the Technical Committees and Member Forums section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TECHNICAL COMMITTEES and MEMBER FORUMS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 700,576	$ 601,288	$ (99,288)	$ 666,420	$ (34,156)
Payroll Taxes	42,035	36,077	(5,958)	39,985	(2,050)
Benefits	53,772	65,352	11,580	65,860	12,088
Retirement Costs	94,071	75,070	(19,001)	89,873	(4,198)
Total Personnel Expenses	**$ 890,454**	**$ 777,787**	**$ (112,667)**	**$ 862,138**	**$ (28,316)**
Meeting Expenses					
Meetings	$ 22,300	$ 14,300	$ (8,000)	$ 25,750	$ 3,450
Travel	75,139	30,000	(45,139)	38,383	(36,756)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 97,439**	**$ 44,300**	**$ (53,139)**	**$ 64,133**	**$ (33,306)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	365	950	585	944	579
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 365**	**$ 950**	**$ 585**	**$ 944**	**$ 579**
Total Direct Expenses	**$ 988,258**	**$ 823,037**	**$ (165,221)**	**$ 927,215**	**$ (61,043)**
Indirect Expenses	**$ (988,258)**	**$ (823,037)**	**$ 165,221**	**$ (927,215)**	**$ 61,043**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	4.83	4.46	**(0.37)**	5.13	0.3

General and Administrative

The following table lists the General and Administrative budget.

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	15.00	19.00	4.00
Total Direct Expenses	$ 4,240,339	$ 4,700,115	$ 459,776
Inc(Dec) in Fixed Assets	$ 291,347	$ (78,737)	$ (370,084)
Working Capital Requirement	$ (512,184)	$ 75,549	$ 587,733

Program Scope and Functional Description

The SERC General and Administrative function provides the following:

- Executive management of the corporation
- Executive management of the SERC office and other administrative support programs
- Coordinated and consistent outreach to stakeholders and members

2015 Key Assumptions

- Each of the delegated functional areas will evolve with continued emphasis on effective execution, efficiency, transparency, and consistency.
- Continued focus will be placed on facilitating activities that enhance reliability.
- Increase outreach and communication with members/stakeholders to ensure SERC's effectiveness.

2015 Goals and Key Deliverables

- Continue high-quality performance of delegated functions while leveling resource requirements.
- Provide training and education to members/stakeholders to improve efficiency of interactions with SERC staff.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- Miscellaneous Funding includes reimbursement from the other Regional Entities for the costs associated with the Coordinator position.

Personnel Expenses

- The 2015 budget reflects the following:
  - Two new positions were repurposed from previously budgeted positions for a Communications and Outreach Specialist and an Internal Training Coordinator.
  - Two staff positions were reclassified from the Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments, Training and Education, and Technical Committees programs into the General and Administrative program.
- SERC applied an overall 3% vacancy rate to Personnel costs, decreasing Personnel Expenses, which is offset by the increase in salaries and benefits for existing FTEs.
- All Personnel costs for the other administrative functions, including Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative to keep individual compensation information confidential.

Meeting Expenses

- SERC increased the budgeted 2015 meetings expense by $13,345, as the amount budgeted historically has been low compared to actual expenses incurred.
- SERC increase in the travel budget by $23,296 to support travel related to the Coordinator position and additional off-site meetings.

Operating Expenses

- Consultants and contractors decreased by $95,000. The budget includes ongoing training and development of SERC's management team and development of a communications plan, at a reduced level.
- Office rent increased by $44,948 due to the increase in square footage obtained in the new office space to accommodate additional in-house meetings
- In the 2014 budget, Office Costs included a one-time expenditure of $72,000 for purchasing office furniture and equipment for the new office space. This expenditure primarily explains the decrease of $45,861 in 2015. The off-setting increases or decreases align the budget with historical costs for subscriptions, dues, postage, shipping, copying, equipment repairs, bank charges, property tax, and merchant credit card fees.
- Professional fees increased by $10,000 for corporate insurance coverage to align the budget with historical costs.
- Depreciation expense increased $199,417 due to an increase in the capital assets purchased in previous years. These capital assets will incur a full year of depreciation in 2015.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- Computer and Software capital expenditures include enhancements to the Compliance portal. The 2014 budget included several large projects decreasing the 2015 budget by $150,667.
- Increase in Equipment of $30,000 is for the purchase of additional servers for data analysis systems.
- SERC incurred all expenses related to the relocation of the office space in 2014, causing a decrease in Leasehold Improvements of $50,000.

General and Administrative

The following table shows funding sources and related expenses for the General and Administrative section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
GENERAL and ADMINISTRATIVE

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ (788,684)	$ (788,684)	$ -	$ (211,451)	$ 577,233
Penalty Sanctions	-	-		-	-
Total NERC Funding	**$ (788,684)**	**$ (788,684)**	**$ -**	**$ (211,451)**	**$ 577,233**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	276,500	290,750	14,250	287,000	10,500
Total Funding (A)	**$ (512,184)**	**$ (497,934)**	**$ 14,250**	**$ 75,549**	**$ 587,733**
Expenses					
Personnel Expenses					
Salaries	$ 2,342,145	$ 2,489,815	$ 147,670	$ 2,562,987	$ 220,842
Payroll Taxes	140,529	149,389	8,860	153,779	13,250
Benefits	163,447	194,511	31,064	212,610	49,163
Retirement Costs	322,636	317,596	(5,040)	349,012	26,376
Total Personnel Expenses	**$ 2,968,757**	**$ 3,151,311**	**$ 182,554**	**$ 3,278,388**	**$ 309,631**
Meeting Expenses					
Meetings	$ 47,185	$ 66,621	$ 19,436	$ 60,530	$ 13,345
Travel	82,503	70,000	(12,503)	105,799	23,296
Conference Calls	48,000	48,000	-	48,000	-
Total Meeting Expenses	**$ 177,688**	**$ 184,621**	**$ 6,933**	**$ 214,329**	**$ 36,641**
Operating Expenses					
Consultants & Contracts	$ 180,000	$ 205,731	$ 25,731	$ 85,000	$ (95,000)
Office Rent	419,861	412,224	(7,637)	464,809	44,948
Office Costs	250,380	406,212	155,832	204,519	(45,861)
Professional Services	25,000	35,000	10,000	35,000	10,000
Miscellaneous	-	10,000	10,000	-	-
Depreciation	218,653	275,000	56,347	418,070	199,417
Total Operating Expenses	**$ 1,093,894**	**$ 1,344,167**	**$ 250,273**	**$ 1,207,398**	**$ 113,504**
Total Direct Expenses	**$ 4,240,339**	**$ 4,680,099**	**$ 439,760**	**$ 4,700,115**	**$ 459,776**
Indirect Expenses	**$ (4,255,339)**	**$ (4,680,099)**	**$ (424,760)**	**$ (4,700,115)**	**$ (444,776)**
Other Non-Operating Expenses	**$ 15,000**	**$ 7,000**	**$ (8,000)**	**$ -**	**$ (15,000)**
Total Expenses (B)	**$ -**	**$ 7,000**	**$ 7,000**	**$ -**	**$ -**
Change in Assets	**$ (512,184)**	**$ (504,934)**	**$ 7,250**	**$ 75,549**	**$ 587,733**
Fixed Assets					
Depreciation	(218,653)	(275,000)	(56,347)	(418,070)	(199,417)
Computer & Software CapEx	460,000	460,000	-	309,333	(150,667)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	30,000	30,000
Leasehold Improvements	50,000	155,125	105,125	-	(50,000)
Allocation of Fixed Assets	$ (291,347)	$ (340,125)	(48,778)	78,737	370,084
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ 7,000**	**$ 7,000**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (512,184)**	**$ (504,934)**	**$ 7,250**	**$ 75,549**	**$ 587,733**
FTEs	**15.00**	**15.12**	**0.12**	**19.00**	**4.00**

Legal and Regulatory

The following table lists the Legal and Regulatory budget.

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	$ 36,900	$ 31,605	$ (5,295)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

SERC maintains legal counsel in-house and hires outside legal consultants. These legal resources provide the following legal services:

- Provide legal advice to the CEO, Board of Directors, and staff on legal and regulatory matters that affect SERC.
- Review items filed with governmental agencies for legal sufficiency.
- Review contracts and corporate documents, as needed.
- Ensure continuing recognition of SERC as a Regional Entity.
- Obtain regulatory approvals for new and revised regional Reliability Standards on a timely basis.
- Review legal documents, including notices of penalty, required to be filed with FERC.
- Provide legal support for contested compliance actions and other assistance, as needed.
- Provide legal counsel during Compliance and Enforcement proceedings, as needed.
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders.
- Review all contracts and changes to personnel policies.
- Coordinate outside legal support.

2015 Key Assumptions

- Support enforcement action cycle time.
- Limit (or keep unchanged) the number of incoming violations.
- No hearings are conducted.

2015 Goals and Key Deliverables

- Work with Enforcement to support processing violations.
- Support corporate legal needs.
- Work with NERC and other Regions on revisions to Regional Delegation Agreements.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no significant changes requiring an explanation. There are no FTEs included in the Legal and Regulatory program. All in-house attorneys are recorded under the General and Administrative program.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Legal and Regulatory

The following table shows funding sources and related expenses for the Legal and Regulatory section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
LEGAL and REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	1,900	1,600	(300)	1,605	(295)
Professional Services	35,000	25,000	(10,000)	30,000	(5,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 36,900**	**$ 26,600**	**$ (10,300)**	**$ 31,605**	**$ (5,295)**
Total Direct Expenses	**$ 36,900**	**$ 26,600**	**$ (10,300)**	**$ 31,605**	**$ (5,295)**
Indirect Expenses	**$ (36,900)**	**$ (26,600)**	**$ 10,300**	**$ (31,605)**	**$ 5,295**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ -		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	-	-		-	-

Information Technology

The following table lists the Information Technology budget.

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	$ 638,870	$ 590,626	$ (48,244)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Information Technology (IT) department of SERC offers network services including design and maintenance for the SERC IT infrastructure, as well as project and vendor management for all current and future technology-related contracts. The IT group at SERC supports other staff and SERC members with the portal systems and core technology infrastructure. Current SERC projects include:

- Host, develop, and maintain SERC Portals, Compliance Issues Tracking System (CITS) and Intranet SharePoint system.
- Maintain equipment for the Operating Committee hot-line.
- Maintain telecommunication circuits, including SERC's internal conference bridge and the Operating Committee hotline service.
- Provide and maintain web-based solutions for meetings and collaboration.
- Maintain the document management system.
- Maintain the data storage and back-up system through Storage Area Network (SAN).

Several years ago, NERC and the eight (8) Regional Entities formed an executive management group (known as the ERO EMG) which works to develop enterprise-wide IT applications to improve efficiency and consistency across NERC and the Regional Entities. As the ERO EMG identifies and prioritizes enterprise-wide projects, these projects are managed through a single Project Management Office (PMO) at NERC. As an example, the ERO EMG collectively prioritized the BES exception project and developed an application that is a single interface for NERC and the Regional Entities, promoting consistency and reducing cost duplications. SERC will be a leading influence in the IT Steering Group (ITSG), working to further support the ERO EMG initiative. SERC, Northeast Power Coordinating Council (NPCC) and Florida Reliability Coordinating Council (FRCC) together develop and maintain the Portal and CITS. This allows for a common system and cost sharing.

SERC supports the NERC PMO in its efforts to provide IT tools across the ERO Enterprise. SERC's budget assumes the availability of new and existing IT tools from the PMO and other sources. If the required IT tools are not available as planned, SERC could incur additional costs to ensure its core responsibilities are fulfilled.

NERC and the Regional Entities will collaboratively work to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting both NERC and Regional Entity operations. NERC's business plan and budget will include ongoing funding support for the development, operation and maintenance of NERC and Regional Entity

approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget.

The NERC IT budget does not supplant SERC's need for IT expenditures for specific regional projects. SERC's *2015 Business Plan and Budget* assumes that the agreed-upon ERO Enterprise applications will be available, providing greater efficiencies. Based on this assumption, SERC's budget includes only necessary, anticipated expenditures.

2015 Key Assumptions

- FRCC, NPCC, and SERC will continue to work together on the Compliance Portal, enabling SERC to share the total costs of maintenance and development.
- The ERO Project Management Office (PMO) will deliver necessary IT tools for key business processes, for which SERC will be expected to pay a pro-rata share.
- The ERO will continue to design and develop an ERO-wide Compliance Tool.

2015 Goals and Key Deliverables

- Coordinate with NERC ITSG on IT projects that affect the ERO.
- Maintain IT and telecommunications systems and resources for efficient use by SERC personnel.
- Implement updated communications tools and technologies.
- Continue to improve SERC's Protected Entity Information (PEI) infrastructure to allow data transfer to and from SERC's Entities.
- Work with SERC internal areas to develop analytic tools.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no significant changes requiring an explanation. All personnel for Information Technology are included under the General and Administrative program.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- Consultants & Contracts decreased $38,754 primarily due to an anticipated decrease in participation in the scheduled checkout tool.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Information Technology

The following table shows funding sources and related expenses for the Information Technology section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 441,530	$ 432,530	$ (9,000)	$ 402,776	$ (38,754)
Office Rent	-	-	-	-	-
Office Costs	197,340	119,792	(77,548)	187,850	(9,490)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 638,870**	**$ 552,322**	**$ (86,548)**	**$ 590,626**	**$ (48,244)**
Total Direct Expenses	**$ 638,870**	**$ 552,322**	**$ (86,548)**	**$ 590,626**	**$ (48,244)**
Indirect Expenses	**$ (638,870)**	**$ (552,322)**	**$ 86,548**	**$ (590,626)**	**$ 48,244**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ -	-	$ -	$ -
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	-	-	-	-	-

Human Resources

The following table lists the Human Resources budget.

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	$ 10,360	$ 81,308	$ 70,948
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SERC Human Resources function is responsible to recruit stellar employees, maintain appropriate salaries and benefits based on industry data, provide employee training programs, and update the employee handbook.

2015 Key Assumptions

- Provide competitive compensation and benefits.
- Provide a 3.0% average salary increase. This assumption is reflected in the salary expense budget for all program areas.
- Assume a 3.0% vacancy rate to total Personnel Expenses.
- Assume an increased expectation for staff training.
- Ensure that staff develops and maintains the appropriate professional credentials to remain current with industry standards and trends.
- Maintain and update job descriptions to include all new requirements, such as the *Compliance Auditor Capabilities and Competency Guide*.

2015 Goals and Key Deliverables

- Attract, develop and retain highly competent and motivated staff.
- Review compensation and benefits continually in targeted classifications.
- Increase employee retention.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- There are no significant changes requiring an explanation.

Personnel Expenses

- There are no significant changes requiring an explanation. All personnel for Human Resources are included under the General and Administrative program.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- The increase in Consultants and Contracts is to support two studies: a total cash value compensation and benefit study and an employee climate survey. SERC historically performs these studies every two years.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015, based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Human Resources

The following table shows funding sources and related expenses for the Human Resources section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
HUMAN RESOURCES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	$ -	$ -	$ -	$ -	$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	$ -	$ -	$ -	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	$ -	$ -	$ -	$ -	$ -
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	$ -	$ -	$ -	$ -	$ -
Operating Expenses					
Consultants & Contracts	$ -	$ 60,000	$ 60,000	$ 70,000	$ 70,000
Office Rent	-	-	-	-	-
Office Costs	360	1,300	940	1,308	948
Professional Services	10,000	10,000	-	10,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	$ 10,360	$ 71,300	$ 60,940	$ 81,308	$ 70,948
Total Direct Expenses	$ 10,360	$ 71,300	$ 60,940	$ 81,308	$ 70,948
Indirect Expenses	$ (10,360)	$ (71,300)	$ (60,940)	$ (81,308)	$ (70,948)
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ -
Change in Assets	$ -	$ -	$ -	$ -	$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ -	$ -	-	-
Inc(Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ -
FTEs	-	-		-	-

Finance and Accounting

The following table lists the Finance and Accounting budget.

Finance and Accounting (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	$ 45,400	$ 39,400	$ (6,000)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ 10,000	$ 1,000	$ (9,000)

Program Scope and Functional Description

The objectives are to provide the financial and accounting services for SERC by doing the following:

- Provide payroll and expense administration.
- Prepare quarterly financial statements.
- Develop SERC's *Business Plan and Budget*.
- File federal and state tax and other forms required of non-profit corporations.
- Review and improve fiscal controls and complete a year-end external audit.

2015 Key Assumptions

- Current accounting systems and controls are adequate.
- There are no major changes in accounting regulations.

2015 Goals and Key Deliverables

- Prepare and review monthly, quarterly and annual financial statements.
- Exercise budgetary controls.
- Process payroll and expense reports.
- Maintain necessary internal controls.
- Continue improvements in the annual business planning process within SERC and the ERO.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (other than ERO Assessments)

- A decrease of $9,000 in interest is to reflect historical earnings accurately.

Personnel Expenses

- There are no significant changes requiring an explanation. All personnel for Finance and Accounting are included under the General and Administrative program.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- There are no significant changes requiring an explanation.

Indirect Expenses

- Expenses related to indirect programs are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

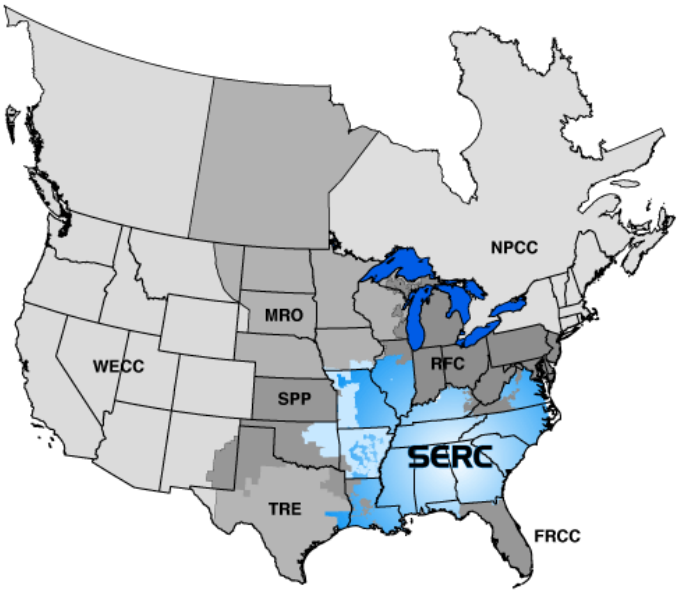
Finance and Accounting

The following table shows funding sources and related expenses for the Finance and Accounting section of the *2015 Business Plan and Budget*.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
FINANCE and ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	10,000	4,000	(6,000)	1,000	(9,000)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 10,000**	**$ 4,000**	**$ (6,000)**	**$ 1,000**	**$ (9,000)**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	10,000	12,000	2,000	13,000	3,000
Professional Services	35,400	45,860	10,460	26,400	(9,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 45,400**	**$ 57,860**	**$ 12,460**	**$ 39,400**	**$ (6,000)**
Total Direct Expenses	**$ 45,400**	**$ 57,860**	**$ 12,460**	**$ 39,400**	**$ (6,000)**
Indirect Expenses	**$ (45,400)**	**$ (53,860)**	**$ (8,460)**	**$ (39,400)**	**$ 6,000**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ 4,000**	**$ 4,000**	**$ -**	**$ -**
Change in Assets	**$ 10,000**	**$ -**	**$ (10,000)**	**$ 1,000**	**$ (9,000)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ -	$ -	$ -	-	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ 4,000**	**$ 4,000**	**$ -**	**$ -**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ 10,000**	**$ -**	**$ (10,000)**	**$ 1,000**	**$ (9,000)**
FTEs	-	-		-	-

Section B – Supplemental Financial Information
2015 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1 – Working Capital Reserve Analysis 2014-2015

Working Capital Reserve Analysis 2014-2015			
STATUTORY			
Beginning Working Capital Reserve (Deficit), December 31, 2013		$	2,749,029
Plus: 2014 Funding (from LSEs or designees)			15,788,999
Plus: 2014 Other funding sources			537,810
Less: 2013 Projected expenses & capital expenditures			(15,613,887)
Projected Working Capital Reserve (Deficit), December 31, 2014		**$**	**3,461,951**
Desired Working Capital Reserve, December 31, 2015	[1]	$	3,538,500
Minus: Projected Working Capital Reserve, December 31, 2014			3,461,951
Increase(decrease) in funding requirement to achieve Working Capital Reserve		$	76,549
2015 Expenses and Capital Expenditures		$	15,995,840
Less: Penalty Sanctions	[2]		(1,787,000)
Less: Other Funding Sources			(554,355)
Adjustment to achieve desired Working Capital Reserve			76,549
2015 ERO Assessment		$	13,731,034

[1] As documented in the April 23, 2008 minutes, the SERC Board of Directors has approved the establishment of a cash reserve equal to up to 10% of its budgeted annual statutory operating costs, which is approximately two months of operating expenses, with the understanding that should it become necessary to spend any of the reserve funds, the President shall provide a report detailing such expenditures at the next regular meeting of the Board of Directors. The reserve was established for contingencies. At the July 10, 2013 meeting of the SERC Board Executive Committee, the BEC approved the establishment of a working capital policy. Any excess income greater than two months of statutory operating costs will be treated as a temporary increase in SERC's operating reserve. Any expenditures from the increased working capital are subject to SERC's applicable policies and procedures, including approval limits, signature authorities, and disclosure in SERC's quarterly variance report.

[2] Represents collections on or prior to June 30, 2014.

Explanation of Changes in Reserve Policy from Prior Years

There was no change to the Working Capital and operating reserve policy.

Persuant to SERC's Working Capital and Operating Reserve policies, the $3,538,500 desired working capital reserve included in SERC's *2015 Business Plan and Budget* (shown in Table B-1) is comprised of $1,600,000 as an operating reserve and $1,938,500 as a temporary increase to the operating reserve.

Breakdown by Statement of Activity Sections

The following detailed schedules support the information in the Statement of Activities, Fixed Assets Expenditures and Change in Working Capital, shown on page 11, of the *2015 Business Plan and Budget*. All significant variances are disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received on or prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to July 1, 2014 are detailed below, including the amount, and date received.

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

Table B-2 – Penalty Sanctions Received

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
Penalty payment 1	7/1/2013	$ 5,000
Penalty payment 2	8/6/2013	12,000
Penalty payment 3	9/6/2013	10,000
Penalty payment 4	9/6/2013	12,000
Penalty payment 5	9/6/2013	175,000
Penalty payment 6	10/2/2013	13,000
Penalty payment 7	12/2/2013	24,000
Penalty payment 8	12/2/2013	41,000
Penalty payment 9	12/2/2013	14,000
Penalty payment 10	1/3/2014	30,000
Penalty payment 11	1/31/2014	198,000
Penalty payment 12	1/31/2014	175,000
Penalty payment 13	1/31/2014	250,000
Penalty payment 14	1/31/2014	120,000
Penalty payment 15	1/31/2014	350,000
Penalty payment 16	1/31/2014	110,000
Penalty payment 17	1/31/2014	50,000
Penalty payment 18	1/31/2014	5,000
Penalty payment 19	1/31/2014	40,000
Penalty payment 20	1/31/2014	15,000
Penalty payment 21	1/31/2014	45,000
Penalty payment 22	3/5/2014	48,000
Penalty payment 23	5/5/2014	30,000
Penalty payment 24	6/5/2014	15,000
Total Penalties Received		$ 1,787,000

Table B-3 - Supplemental Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Compliance Monitoring, Enforcement & Org. Registration				
Miscellaneous - CEA function in FRCC	$ 16,000	$ 16,000	$ 3,500	$ (12,500)
Miscellaneous - CEA function in SPP	16,000	16,000	3,500	(12,500)
Total	$ 32,000	$ 32,000	$ 7,000	$ (25,000)
Reliability Assessment and Performance Analysis				
Total	$ -	$ -	$ -	$ -
Training and Education				
Workshops	267,605	211,060	259,355	(8,250)
Total	$ 267,605	$ 211,060	$ 259,355	$ (8,250)
Situation Awareness and Infrastructure Security				
Total	$ -	$ -	$ -	$ -
General and Administrative				
Interest Income	$ 10,000	$ 4,000	$ 1,000	$ (9,000)
Miscellaneous Income	276,500	290,750	287,000	10,500
Total	$ 286,500	$ 294,750	$ 288,000	$ 1,500
Total Outside Funding	$ 321,000	$ 537,810	$ 554,355	$ (31,750)

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Miscellaneous funding included in Compliance Monitoring, Enforcement and Organization Registration includes the costs associated with SERC performing Cross-Regional Compliance Monitoring of Registered Entity functions performed by other Regional Entity organizations. The costs associated with any Cross-Regional Compliance Monitoring performed by SERC with respect to affiliated Registered Entity functions of another Regional Entity are to be funded by payments from the Regional Entity contracting with SERC for such services, in accordance with the contract between SERC and the other Regional Entities. The 2015 budgeted amount includes projected direct costs plus an appropriate allocation of SERC's General and Administrative costs, as required by the contracts with FRCC and Southwest Power Pool (SPP).

Miscellaneous funding included in General and Administrative includes the reimbursement from the other Regional Entities for the costs associated with the Coordinator position.

Table B-4 - Personnel Expenses

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Total Salaries	$ 10,187,444	$ 9,162,486	$ 9,717,873	$ (469,571)	-4.6%
Total Payroll Taxes	611,246	549,749	583,072	(28,174)	-4.6%
Total Benefits	941,806	958,793	938,825	(2,981)	-0.3%
Total Retirement	1,394,422	1,198,071	1,325,619	(68,803)	-4.9%
Total Personnel Costs	$ 13,134,918	$ 11,869,099	$ 12,565,389	$ (569,529)	-4.3%
FTEs	79.20	68.22	78.70	(0.50)	-0.6%
Cost per FTE					
Salaries	$ 128,629	$ 134,304	$ 123,480	(5,149)	-4.0%
Payroll Taxes	7,718	8,058	7,409	(309)	-4.0%
Benefits	11,891	14,054	11,929	38	0.3%
Retirement	17,606	17,561	16,844	(762)	-4.3%
Total Cost per FTE	**$ 165,845**	**$ 173,978**	**$ 159,662**	**$ (6,183)**	**-3.7%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Total Personnel Expenses decreased due to the reduction of 0.5 FTE compared to the 2014 budget, off-set by an increase in salaries of 3.0% and benefits for existing FTEs. The budget also reflects a 3.0% vacancy rate applied to all Personnel costs.

Table B-5 - Consultants and Contracts

Consultants and Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	245,000	275,000	134,333	(110,667)	-45%
Reliability Assessment and Performance Analysis	232,500	160,000	322,500	90,000	39%
Training and Education	130,000	90,000	163,000	33,000	25%
Situation Awareness and Infrastructure Security					
Situation Awareness	-	-	-	-	
Critical Infrastructure Protection	-	-	-	-	
Total Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	180,000	205,731	85,000	(95,000)	-53%
Legal and Regulatory	-	-	-	-	
Information Technology	441,530	432,530	402,776	(38,754)	-9%
Human Resources	-	60,000	70,000	70,000	100%
Accounting and Finance	-	-	-	-	
Consultants Total	**$ 1,229,030**	**$ 1,223,261**	**$ 1,177,609**	**$ (51,421)**	**-4%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

A decrease of $110,667 in the Compliance program reflects a reduction in two areas:

- $80,000 previously budgeted in 2014 for Enforcement contractor support, in lieu of hiring FTEs
- $30,667 is because more software development projects are being capitalized in 2015. Any development project over SERC's capitalization policy is included as a capitalized asset.

An increase of $90,000 in the Reliability Assessments program consists of these budget items:

- $100,000 for a benchmarking system-wide stability study
- A decreasing offset of $10,000 for the Dynamic Reduction Study to align with historical costs.

A decrease of $95,000 in the General and Administrative program reflects a reduction in two areas:

- Ongoing training and development of SERC's management team
- Development of a communications plan.

An increase of $70,000 in the Human Resources program is for a compensation and benefit study and an employee climate survey, which are historically performed every two years.

Table B-6 – Office Rent

Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 419,861	$ 412,224	$ 464,809	$ 44,948	10.71%
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Total Office Rent	**$ 419,861**	**$ 412,224**	**$ 464,809**	**$ 44,948**	**10.71%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office rent increased by $44,948 due to additional space obtained in the new office space.

Table B-7 – Office Costs

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 146,628	174,236	$ 144,684	$ (1,944)	-1.33%
Telephone Answering Srv	-	-	-	-	
Internet	7,608	7,000	6,588	(1,020)	-13.41%
Office Supplies	84,580	198,526	44,530	(40,050)	-47.35%
Computer Supplies and Maintenance					
Computers	61,500	61,500	95,800	34,300	55.77%
Computer Supplies	41,950	56,642	35,960	(5,990)	-14.28%
Maintenance & Service Agreements	-		-	-	
Software	77,150	13,650	50,850	(26,300)	-17.32%
Network Supplies	12,000	-	-	(12,000)	-100.00%
Publications & Subscriptions	4,980	10,000	10,657	5,677	114.00%
Dues	5,316	8,000	7,717	2,401	45.17%
Postage	1,500	600	500	(1,000)	-66.67%
Express Shipping	4,500	4,000	3,500	(1,000)	-22.22%
Copying	10,000	6,000	6,000	(4,000)	-40.00%
Reports	-	-	-	-	
Stationary/Forms	-	-	-	-	
Equipment Repair/Service Contracts	9,688	10,500	10,765	1,077	11.12%
Bank Charges	-	1,000	1,000	1,000	
Taxes	-	5,000	5,000	5,000	
Merchant Card Fees	10,000	6,500	7,000	(3,000)	-30.00%
Total Office Costs	**$ 477,400**	**563,154**	**$ 430,551**	**$ (46,849)**	**-9.81%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office supplies decreased by $40,050 from 2014. The 2014 budget included a one-time expense for office furnishings in the new office space.

A net decrease of $9,990 in Computer, Supplies and Maintenance consists of the following one-time purchases for the new office space in 2014:

- Increase: $34,300 increase in computer purchases
- Decrease: $5,990 decrease in computer supplies, $26,300 decrease in software, $12,000 decrease in networking supplies, for a total decrease of $44,290.

Table B-8 – Professional Services

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Candidate Search	$ 10,000	$ 10,000	$ 10,000	$ -	0.00%
Outside Legal	50,000	35,000	40,000	(10,000)	-20.00%
Accounting & Auditing Fees	35,400	45,860	26,400	(9,000)	-25.42%
Insurance Commercial	25,000	35,000	35,000	10,000	40.00%
Total Services	**$ 120,400**	**$ 125,860**	**$ 111,400**	**$ (9,000)**	**-7.48%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The decrease in Legal of $10,000 and the increase in Insurance of $10,000 is to align with historical costs. The decrease in Accounting fees is due to a reduction in cost from a change in the expense reporting platform.

Table B-9 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	
Line of Credit Payment	-	-	-	-	
Office Relocation	15,000	7,000	-	(15,000)	-100.00%
Total Non-Operating Expenses	**$ 15,000**	**$ 7,000**	**$ -**	**$ (15,000)**	**100.00%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

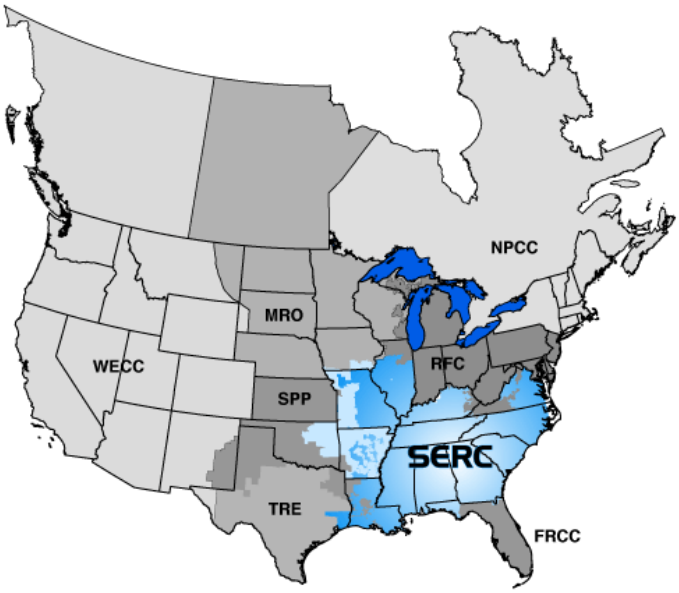
In 2014, SERC included $15,000 for a moving company as a one-time cost related to the relocation of office space.

Table B-10 – 2015 Budget with 2016-2017 Projection

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	$ 13,731,034	$ 13,737,616	$ 6,582	0.05%	$ 13,720,338	$ (17,278)	-0.1%
Penalty Sanctions	1,787,000	-	(1,787,000)	-100.00%	-	-	
Total NERC Funding	**$ 15,518,034**	**$ 13,737,616**	**$ (1,780,418)**	**-11.5%**	**$ 13,720,338**	**$ (17,278)**	**-0.1%**
Membership Dues	-		-			-	
Testing Fees	-		-			-	
Services & Software	-		-			-	
Workshops	259,355	259,355	-	0.00%	259,355	-	0.0%
Interest	1,000	1,000	-	0.00%	1,000	-	0.0%
Miscellaneous	294,000	406,350	112,350	38.21%	351,418	(54,933)	-13.5%
Total Funding (A)	**$ 16,072,389**	**$ 14,404,321**	**$ (1,668,068)**	**-10.4%**	**$ 14,332,110**	**$ (72,211)**	**-0.5%**
Expenses							
Personnel Expenses							
Salaries	$ 9,717,873	$ 9,709,127	$ (8,746)	-0.1%	$ 9,700,389	$ (8,738)	-0.1%
Payroll Taxes	583,072	582,548	(524)	-0.1%	582,023	(524)	-0.1%
Benefits	938,825	956,193	17,368	1.9%	973,883	17,690	1.9%
Retirement Costs	1,325,619	1,324,426	(1,193)	-0.1%	1,323,234	(1,192)	-0.1%
Total Personnel Expenses	**$ 12,565,389**	**$ 12,572,294**	**$ 6,905**	**0.1%**	**$ 12,579,529**	**$ 7,235**	**0.1%**
Meeting Expenses							
Meetings	$ 273,110	$ 275,841	$ 2,731	1.0%	$ 284,116	8,275	3.0%
Travel	585,639	603,208	17,569	3.0%	621,304	18,096	3.0%
Conference Calls	48,000	48,000	-	0.0%	48,000	-	0.0%
Total Meeting Expenses	**$ 906,749**	**$ 927,049**	**$ 20,300**	**2.2%**	**$ 953,421**	**$ 26,371**	**2.8%**
Operating Expenses							
Consultants & Contracts	$ 1,177,609	$ 1,020,432	(157,177)	-13.3%	$ 1,224,720	204,288	20.0%
Office Rent	464,809	514,267	49,458	10.6%	525,804	11,537	2.2%
Office Costs	430,551	434,857	4,306	1.0%	439,205	4,349	1.0%
Professional Services	111,400	112,514	1,114	1.0%	115,889	3,375	3.0%
Miscellaneous	-	-	-		-	-	
Depreciation	418,070	354,993	(63,077)	-15.1%	210,317	(144,676)	-40.8%
Total Operating Expenses	**$ 2,602,439**	**$ 2,437,063**	**$ (165,376)**	**-6.4%**	**$ 2,515,936**	**$ 78,873**	**3.2%**
Total Direct Expenses	**$ 16,074,577**	**$ 15,936,406**	**$ (138,171)**	**-0.9%**	**$ 16,048,885**	**$ 112,479**	**0.7%**
Indirect Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Total Expenses (B)	**$ 16,074,577**	**$ 15,936,406**	**$ (138,171)**	**-0.9%**	**$ 16,048,885**	**$ 112,479**	**0.7%**
Change in Assets	**$ (2,188)**	**$ (1,532,085)**	**$ (1,529,897)**	**69922.2%**	**$ (1,716,775)**	**$ (184,690)**	**12.1%**
Fixed Assets					-		
Depreciation	$ (418,070)	$ (354,993)	$ 63,077	-15.1%	$ (210,317)	$ 144,676	-40.8%
Computer & Software CapEx	309,333	100,000	(209,333)	-67.7%	100,000	-	0.0%
Furniture & Fixtures CapEx	-	-	-			-	
Equipment CapEx	30,000	-	(30,000)	-100.0%		-	
Leasehold Improvements	-	-	-			-	
Allocation of Fixed Assets	-	-	-		-	-	
Inc(Dec) in Fixed Assets (C)	**$ (78,737)**	**$ (254,993)**	**$ (176,256)**	**223.9%**	**$ (110,317)**	**$ 144,676**	**-56.7%**
TOTAL BUDGET (=B + C)	**$ 15,995,840**	**$ 15,681,413**	**$ (314,427)**	**-2.0%**	**$ 15,938,568**	**$ 257,155**	**1.6%**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ 76,549**	**$ (1,277,092)**	**$ (1,353,641)**	**-1768.3%**	**$ (1,606,458)**	(329,366)	**25.8%**
FTEs	78.70	78.70	-	-	78.70	-	-

Section C – Non-Statutory Activities
2015 Business Plan and Budget



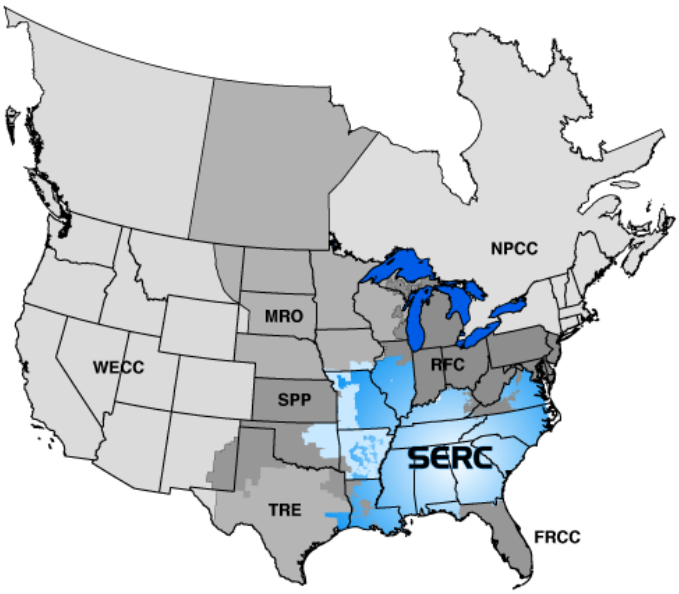
Section C — 2015 Non-Statutory Activities

Non-Statutory Activities (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Direct Expenses	-	-	-
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	-	-	-
Total Funding Requirement	-	-	-

SERC does not provide any non-statutory functions at this time, although SERC may in the future consider providing non-statutory functions from time to time as appropriate and as permitted by its Board and applicable statutes and regulations.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget



Section D – Additional Consolidated Financial Statements

2015 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

				Statutory Activities											Non-Statutory Functions
Statement of Activities and Capital Expenditures by Program 2015 Budget	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																
ERO Funding																
NERC Assessments	13,731,034	13,731,034	-	13,731,034	595,650	9,544,624	1,616,315	710,595	1,475,301	-	(211,451)	-	-	-	-	-
Penalty Sanctions	1,787,000	1,787,000	-	1,787,000	85,469	1,228,011	193,207	85,469	194,844				-			-
Total NERC Funding	**15,518,034**	**15,518,034**	**-**	**15,518,034**	**681,119**	**10,772,635**	**1,809,522**	**796,064**	**1,670,145**	**-**	**(211,451)**	**-**	**-**	**-**	**-**	**-**
Membership Dues	-	-	-	-												-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	259,355	259,355	-	259,355	-	-	-	259,355	-	-	-	-	-	-	-	-
Interest	1,000	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Miscellaneous	294,000	294,000	-	294,000	-	7,000	-	-	-	-	287,000	-	-	-	-	-
Total Funding (A)	**16,072,389**	**16,072,389**	**-**	**16,072,389**	**681,119**	**10,779,635**	**1,809,522**	**1,055,419**	**1,670,145**	**-**	**75,549**	**-**	**-**	**-**	**1,000**	**-**
Expenses																
Personnel Expenses																
Salaries	9,717,873	9,717,873	-	9,717,873	284,511	4,592,037	553,482	333,898	724,538	666,420	2,562,987	-	-	-	-	-
Payroll Taxes	583,072	583,072	-	583,072	17,071	275,522	33,209	20,034	43,472	39,985	153,779	-	-	-	-	-
Benefits	938,825	938,825	-	938,825	31,214	455,748	76,022	25,990	71,381	65,860	212,610	-	-	-	-	-
Retirement Costs	1,325,619	1,325,619	-	1,325,619	40,080	631,558	77,407	46,584	91,105	89,873	349,012	-	-	-	-	-
Total Personnel Expenses	12,565,389	12,565,389	-	12,565,389	372,876	5,954,865	740,120	426,506	930,496	862,138	3,278,388	-	-	-	-	-
Meeting Expenses																
Meetings	273,110	273,110	-	273,110	-	21,700	21,030	144,100	-	25,750	60,530	-	-	-	-	-
Travel	585,639	585,639	-	585,639	7,329	319,455	43,032	18,875	52,766	38,383	105,799	-	-	-	-	-
Conference Calls	48,000	48,000	-	48,000	-	-	-	-	-	-	48,000	-	-	-	-	-
Total Meeting Expenses	906,749	906,749	-	906,749	7,329	341,155	64,062	162,975	52,766	64,133	214,329	-	-	-	-	-
Operating Expenses																
Consultants & Contracts	1,177,609	1,177,609	-	1,177,609	-	134,333	322,500	163,000	-	-	85,000	-	402,776	70,000	-	-
Office Rent	464,809	464,809	-	464,809	-	-	-	-	-	-	464,809	-	-	-	-	-
Office Costs	430,551	430,551	-	430,551	-	15,799	2,612	2,024	890	944	204,519	1,605	187,850	1,308	13,000	-
Professional Services	111,400	111,400	-	111,400	-	10,000	-	-	-	-	35,000	30,000	-	10,000	26,400	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	418,070	418,070	-	418,070	-	-	-	-	-	-	418,070	-	-	-	-	-
Total Operating Expenses	2,602,439	2,602,439	-	2,602,439	-	160,132	325,112	165,024	890	944	1,207,398	31,605	590,626	81,308	39,400	-
Total Direct Expenses	**16,074,577**	**16,074,577**	**-**	**16,074,577**	**380,205**	**6,456,152**	**1,129,294**	**754,505**	**984,152**	**927,215**	**4,700,115**	**31,605**	**590,626**	**81,308**	**39,400**	**-**
Indirect Expenses	-	-	-	-	304,680	4,377,590	688,741	304,680	694,578	(927,215)	(4,700,115)	(31,605)	(590,626)	(81,308)	(39,400)	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	**16,074,577**	**16,074,577**	**-**	**16,074,577**	**684,885**	**10,833,742**	**1,818,035**	**1,059,185**	**1,678,730**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**(2,188)**	**(2,188)**	**-**	**(2,188)**	**(3,766)**	**(54,107)**	**(8,513)**	**(3,766)**	**(8,585)**	**-**	**75,549**	**-**	**-**	**-**	**1,000**	**-**
Fixed Assets																
Depreciation	(418,070)	(418,070)	-	(418,070)	-	-	-	-	-	-	(418,070)	-	-	-	-	-
Computer & Software CapEx	309,333	309,333	-	309,333							309,333					-
Furniture & Fixtures CapEx	-	-	-	-							-					-
Equipment CapEx	30,000	30,000	-	30,000							30,000					-
Leasehold Improvements	-	-	-	-							-					-
Allocation of Fixed Assets	-	-	-	-	(3,766)	(54,107)	(8,513)	(3,766)	(8,585)		78,737	-	-	-	-	-
Inc(Dec) in Fixed Assets (C)	**(78,737)**	**(78,737)**	**-**	**(78,737)**	**(3,766)**	**(54,107)**	**(8,513)**	**(3,766)**	**(8,585)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**15,995,840**	**15,995,840**	**-**	**15,995,840**	**681,119**	**10,779,635**	**1,809,522**	**1,055,419**	**1,670,145**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**76,549**	**76,549**	**-**	**76,549**	**-**	**-**	**-**	**-**	**-**	**-**	**75,549**	**-**	**-**	**-**	**1,000**	**-**
FTEs	**78.70**	**78.70**	**-**	**78.70**	**2.61**	**37.50**	**5.90**	**2.61**	**5.95**	**5.13**	**19.00**	**-**	**-**	**-**	**-**	**-**

Statement of Financial Position

- As of December 31, 2013, per audit
- As of December 31, 2014, projected
- As of December 31, 2015, as budgeted

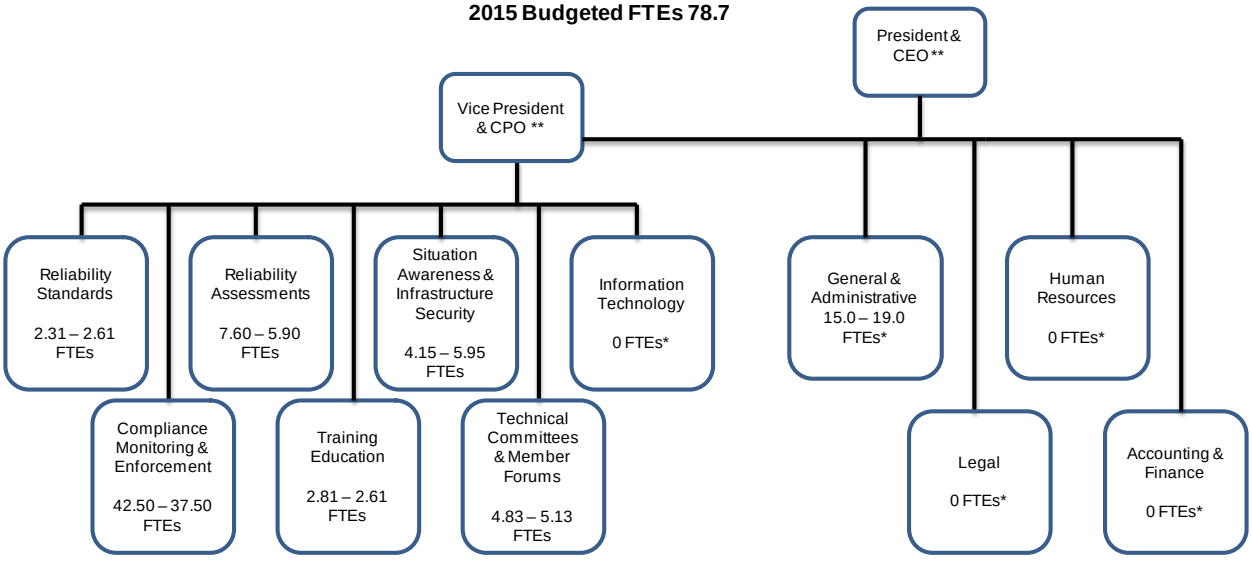
Statement of Financial Position
2013 Audited, 2014 Projection, and 2015 Budget
STATUTORY

	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS			
Cash	7,685,935	8,553,984	8,244,651
Trade Accounts receivable, net of allowance for uncollectible accounts of $0	68,691	68,691	68,691
Other Receivables	-	-	-
Prepaid expenses and other current assets	172,214	172,214	172,214
Security deposit	-	-	-
Cash value of insurance policies	-	-	-
Property and equipment	662,477	322,352	401,089
Total Assets	**8,589,317**	**9,117,241**	**8,886,645**
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	1,019,185	1,019,185	1,019,185
Deferred income	11,610	11,610	11,610
Deferred penalty income	2,306,573	1,787,000	
Regional assessments	-	-	-
Deferred compensation	-	-	-
Accrued retirement liabilities	412,321	409,018	498,943
Accrued incentive compensation	1,428,122	1,112,772	1,234,905
Total Liabilities	**5,177,811**	**4,339,585**	**2,764,643**
Net Assets - unrestricted	4,659,665	4,777,656	6,122,002
Total Liabilities and Net Assets	**9,837,476**	**9,117,241**	**8,886,645**

Organizational Chart

SERC Reliability Corporation
Organization Chart

2014 Projected FTEs 68.22
2015 Budgeted FTEs 78.7



*All FTEs for Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative
** Executive positions are recorded within General and Administrative

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 8

SOUTHWEST POWER POOL REGIONAL ENTITY

PROPOSED 2015 BUSINESS PLAN AND BUDGET

2015 Business Plan and Budget

Southwest Power Pool Regional Entity

Approved by SPP Regional Entity Trustees

June 17, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	32.75			
Non-statutory FTEs	-			
Total FTEs	32.75			
Statutory Expenses	$ 11,808,110			
Non-Statutory Expenses	$ -			
Total Expenses	$ 11,808,110			
Statutory Inc(Dec) in Fixed Assets	$ -			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ -			
Statutory Working Capital Requirement Adjustment	$ (1,662,962)			
Non-Statutory Working Capital Requirement	$ -			
Total Working Capital Requirement	$ (1,662,962)			
Total Statutory Funding Requirement	$ 10,145,148			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 10,145,148			
Statutory Funding Assessments	$ 10,145,148	$ 10,145,148		
Non-Statutory Fees	$ -	$ -		
NEL	216,655,989	216,655,989		
NEL%	100%	100%		

Organizational Overview

Southwest Power Pool, Inc. (SPP), founded in 1941 and based in Little Rock, Arkansas, is a nonprofit organization whose primary mission is maintaining electric reliability. SPP is one of nine Federal Energy Regulatory Commission (FERC) approved Independent System Operators/Regional Transmission Organizations and one of eight North American Electric Reliability Corporation (NERC) Regional Entities.

Southwest Power Pool Regional Entity (SPP RE), an independent and functionally separate division of SPP, was created to fulfill the functions and duties specified in the SPP Regional Delegation Agreement with NERC originally approved by FERC in 2007 and again in October 2010. As a NERC Regional Entity, SPP RE promotes and works to improve the reliability of the bulk power system (BPS). Specifically, SPP RE is responsible for developing regional reliability standards, monitoring and enforcing registered entity compliance with reliability standards, and assessing and evaluating BPS reliability. SPP RE provides technical expertise and assistance to BPS owners, operators and users, in particular to the approximately 150 registered entities located within the SPP RE's footprint, an eight-state area that includes all or a portion of Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.

Sections A and B of this business plan and budget (BP&B) detail the programs and costs for the activities the SPP RE performs to fulfill the duties specified in the Regional Entity Delegation Agreement between SPP and NERC.

The SPP's RTO activities, which are listed in Section C of this BP&B, are non-statutory, and as such, are not included in the SPP RE's BP&B.

Membership and Governance

Pursuant to the SPP bylaws, SPP RE is governed by three independent Regional Entity Trustees, who are not on the SPP Board and operate separately from the SPP Board. The SPP RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as oversight of SPP RE decisions on regional standards, compliance enforcement actions, and penalties. The SPP RE's General Manager reports directly to the SPP RE Trustees. Only the SPP RE Trustees and certain direct SPP RE Staff members have the authority to make compliance and enforcement decisions. SPP RE direct staff is independent of all BPS users, owners, and operators.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region.

SPP RE's governance, which has been approved by NERC and FERC, meets the requirements of the Energy Policy Act of 2005.

Statutory Functional Scope

SPP RE performs various activities in the execution of its delegated functions and in support of NERC's responsibilities as the electric reliability organization (ERO). These activities include:

- Reliability Standard Development
- Compliance Enforcement
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis
- Training and Education
- Situation Awareness and Infrastructure Security

2015 Key Assumptions

The key assumptions underlying the SPP RE 2015 Business Plan and Budget (BP&B) are consistent with ERO BP&B Assumptions as found in NERC's 2015 BP&B. The assumptions that are of particular importance to the SPP RE's 2015 BP&B include the expectation that:

1. NERC and the Regional Entities will continue to work collaboratively to promote and improve the reliability of the BPS.

2. NERC and the Regional Entities will continue to work under the regulatory framework governing the establishment and enforcement of reliability standards for the BPS established by Energy Policy Act of 2005.

3. SPP RE's delegated authorities and responsibilities will remain relatively constant.

4. NERC and the Regional Entities will work collaboratively to identify additional ways to improve efficiency and leverage overall ERO resources.

5. Cyber and critical asset security will continue to be a priority in the United States, with significant oversight by applicable government authorities.

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

7. Cost pressures may affect stakeholder resources available to participate in NERC and Regional Entity activities. NERC and the Regional Entities business plans, budgets, and resource requirements will continue to be established based upon the assumption of continued industry participation in support of key program areas, including but not limited to event analysis, reliability assessments, and standards development.

8. NERC and the Regional Entities will work collaboratively on the Reliability Assurance Initiative (RAI) to improve focus on high-risk areas of reliability and give credit to entities that demonstrate a strong culture of reliability.

9. NERC and the Regional Entities will work collaboratively to improve the registration and certification process through Risk-Based Registration. NERC and the Regions will work to ensure entities are properly registered and have been assigned the proper compliance responsibilities.

10. SPP RE supports NERC's efforts to determine if a shared compliance and enforcement tool is needed to replace the current tools utilized by the regions and NERC.

In addition to the above assumptions, which are shared among NERC and the Regional Entities, assumptions that are unique to SPP RE include:

1. SPP RE continues to operate as an independent and functionally separate division of SPP.

2. SPP RE continues to utilize SPP Shared staff to conduct certain activities in the SPP RE's Reliability Assessment and Performance Analysis program.

3. SPP Inc. recently became a Balancing Authority as part of the Integrated Marketplace project. As a result, the number of SPP RE's Balancing Authority registrations have decreased and the Operations and Planning audit team is expected to see a slight decrease in compliance activity.

4. SPP RE will continue to engage SERC to perform the compliance enforcement authority activities for the SPP registered functions that would otherwise be performed by SPP RE.

Key assumptions specific to individual programs are provided in Section A of this BP&B.

Goals and Key Deliverables

As part of the implementation of the Electric Reliability Organization Strategic Goals through 2017 (ERO Strategic Plan)[1], NERC and the Regional Entities developed a set of Common Assumptions[2] that are now used to guide budget resource projections for each regional entity and the ERO overall. In addition to the ERO Strategic Goals, the SPP RE Strategic Plan – 2012-2015[3], which was developed in a collaborative manner, seeking input from RE staff, RTO staff, stakeholders, RE Trustees, the SPP Board, and the SPP Strategic Planning Committee, also serves as a guide for SPP RE's planning processes and ongoing actions.

SPP RE-specific goals and deliverables include:

- Effectively and efficiently perform the delegated functions of registration, compliance monitoring and enforcement, reliability assessments, performance analysis, and situational awareness with independence, without conflict of interest, with objectivity and fairness.

- Conduct outreach activities, including compliance workshops, training seminars and videos, and newsletters, that facilitate a learning environment and promote a strong culture of reliability excellence and compliance.

- Identify current "gap" areas for reliability and grid security improvement and pursue implementation through new or revised reliability standards and other SPP RE or NERC processes.

- Participate in NERC-sponsored ERO compliance auditor and enforcement staff training.

[1] http://www.nerc.com/gov/bot/FINANCE/Hidden%20Documents/Electric%20Reliability%20Organization%20Enterprise%20Strategic%20Plan%202014–2017.pdf
[2] See NERC 2015 Business Plan and Budget, Exhibit A.
http://www.nerc.com/gov/bot/FINANCE/2015nercbsnsplnbgt/2015%20NERC%20Business%20Plan%20and%20Budget.pdf
[3] http://www.spp.org/publications/RE_Strategy_2012_2015%20Clean.pdf

2015 Overview of Cost Impacts

The $11.8 million operating budget reflects an approximate $16 thousand decrease or -0.1%. Funding assessments increased by $462 thousand or 5%, from $9.2 million to $9.7 million. A partial reduction of the SPPRE cash position will be used to offset the increase in the 2015 funding assessment. A summary of the funding by program area is shown in the chart below.

Program	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	79,330	65,857	114,693	35,363	44.6%
Compliance Enforcement and Regist	8,662,902	8,523,804	8,583,743	(79,159)	-0.9%
Reliability Assess and Perf Analysis	2,756,961	2,685,907	2,978,437	221,476	8.0%
Training and Education	279,252	96,006	88,086	(191,166)	-68.5%
Situation Awareness	45,184	45,300	43,152	(2,032)	-4.5%
	11,823,629	11,416,874	11,808,110	(15,519)	-0.1%
Working Capital Reserve	$ -	$ -	$ -	$ -	
Total Funding	11,823,629	11,416,874	11,808,110	(15,519)	-0.1%

As shown in the chart that follows, the net decrease in budgeted FTEs is 1.10 and reflects the reduction in the number of SPP Shared Staff FTEs used to help coordinate and facilitate the development of regional reliability standards and the elimination of a full-time enforcement case manager. Other changes in individual program FTEs are primarily due to reallocation of existing staff.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2015 Budget
	STATUTORY					
Operational Programs						
Reliability Standards	0.25	0.15	0.15	0.00	0.15	-0.10
Compliance and Organization Registration and Certification	22.10	21.35	20.85	0.00	20.85	-1.25
Training and Education	1.25	0.00	0.00	0.00	0.00	-1.25
Reliability Assessment and Performance Analysis	7.13	6.63	3.38	3.75	7.13	0.00
Situation Awareness and Infrastructure Security	0.13	0.13	0.13	0.00	0.13	0.00
Total FTEs Operational Programs	**30.85**	**28.25**	**24.50**	**3.75**	**28.25**	**-2.60**
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	3.00	4.50	4.50	0.00	4.50	1.50
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	**3.00**	**4.50**	**4.50**	**0.00**	**4.50**	**1.50**
Total FTEs	**33.85**	**32.75**	**29.00**	**3.75**	**32.75**	**-1.10**

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

Compared to the 2014 budget, the net increase in direct expenses and the net decrease in SPP, Inc. indirect expenses are approximately $241 thousand and $257 thousand, respectively. The increase in direct expenses is principally due to an increase in consultant costs. The primary driver of this increase is a SPP, Inc. Engineering Data Validation tool. The decrease in SPP, Inc. indirect expenses is due to a decrease in the indirect expense rate compared to the rate used in preparation of the 2014 budget.[4] Additional information regarding the changes to the SPP RE operating budget is detailed in the Statutory Statement of Activities and Capital Expenditures table on the next page.

[4] A table showing the derivation of the Indirect Expense Rate is presented in Section E.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 9,219,123	$ 9,219,123	$ -	$ 9,680,648	$ 461,525
Penalty Sanctions	508,333	508,333	-	464,500	(43,833)
Total SPP RE Funding	**$ 9,727,456**	**$ 9,727,456**	**$ -**	**$ 10,145,148**	**$ 417,692**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 9,727,456**	**$ 9,727,456**	**$ -**	**$ 10,145,148**	**$ 417,692**
Expenses					
Personnel Expenses					
Salaries	$ 4,103,334	$ 3,714,463	$ (388,871)	$ 3,890,082	$ (213,252)
Payroll Taxes	313,905	284,156	(29,749)	297,591	(16,314)
Benefits	330,805	332,045	1,240	346,900	16,095
Retirement Costs	164,133	148,579	(15,555)	155,603	(8,530)
Total Personnel Expenses	**$ 4,912,177**	**$ 4,479,243**	**$ (432,934)**	**$ 4,690,177**	**$ (222,000)**
Meeting Expenses					
Meetings	$ 91,500	$ 91,500	$ -	$ 86,500	$ (5,000)
Travel	486,000	551,200	65,200	603,000	117,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 577,500**	**$ 642,700**	**$ 65,200**	**$ 689,500**	**$ 112,000**
Operating Expenses					
Consultants & Contracts	$ 1,031,000	$ 1,155,000	$ 124,000	$ 1,370,600	$ 339,600
Office Rent	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-
Professional Services	466,100	460,000	(6,100)	477,645	11,545
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 1,505,100**	**$ 1,623,000**	**$ 117,900**	**$ 1,856,245**	**$ 351,145**
Total Direct Expenses	**$ 6,994,777**	**$ 6,744,943**	**$ (249,834)**	**$ 7,235,922**	**$ 241,145**
SPP Inc. Indirect Expenses	$ 4,828,852	$ 4,671,931	$ (156,921)	$ 4,572,188	$ (256,664)
SPP RE Indirect Expenses [1]	-	-	-	-	-
Total Indirect Expenses	**$ 4,828,852**	**$ 4,671,931**	**$ (156,921)**	**$ 4,572,188**	**$ (256,664)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 11,823,629**	**$ 11,416,874**	**$ (406,755)**	**$ 11,808,110**	**$ (15,519)**
Change in Assets	**$ (2,096,173)**	**$ (1,689,418)**	**$ 406,755**	**$ (1,662,962)**	**$ 433,211**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -		$ -
Inc(Dec) in Fixed Assets (C)	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**$ 11,823,629**	**$ 11,416,874**	**$ (406,755)**	**$ 11,808,110**	**$ (15,519)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (2,096,173)**	**$ (1,689,418)**	**$ 406,755**	**$ (1,662,962)**	**$ 433,211**

(1) SPP RE Indirect Expenses which represent direct expenses for SPP RE Administrative Services, are included in direct expenses.

Section A – Statutory Programs
2015 Business Plan and Budget

Section A — 2015 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.25	0.150	(0.100)
Direct Expenses	$ 33,744	$ 69,181	$ 35,437
Indirect Expenses- SPP Inc.	$ 35,664	$ 20,941	$ (14,723)
Indirect Expenses- SPP RE	$ 9,922	$ 24,571	$ 14,649
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 79,330	$ 114,693	$ 35,363

Program Scope and Functional Description

The Reliability Standards Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 300. The 0.10 FTE reduction in this program area is due to the expectation that there will not be a regional standard under development during 2015.

The 0.15 FTEs represents the time spent by the Enforcement Group staff member on reliability standards development activities. Specifically, SPP RE Staff coordinate with NERC to develop and maintain technically sound, fair and balanced reliability standards that enable NERC and Regional Entities to measure the reliability performance of bulk power system owners, operators, and users.

2015 Key Assumptions

The key assumptions concerning the SPP RE's Reliability Standards Program are consistent with the assumptions contained in the ERO BP&B Assumptions.

2015 Goals and Key Deliverables

- Meet directives of ERO governmental authorities regarding standards development and procedures;
- Communicate with stakeholders and regulators regarding standards development;
- Participate and represent SPP region in NERC standard development activities that may have significant influence on the planning and business practices of the entities registered with SPP RE

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- The decrease in personnel expenses of $14,563 is due to a reduction of allocated resources focused on the development of regional reliability standards.

Meeting Expenses

- The $50,000 increase in meeting expenses is for travel reimbursement for registered entities representing the SPP region on Standard Drafting Teams.

Operating Expenses

- There are no changes in operating expenses for this program, i.e. the budgeted amount remains zero.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been adjusted to reflect the 0.10 FTE reduction in this program area.

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Standards

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 75,211	$ 75,211	$ -	$ 112,227	$ 37,016
Penalty Sanctions	4,119	4,119	-	$ 2,466	(1,653)
Total SPP RE Funding	**$ 79,330**	**$ 79,330**	**$ -**	**$ 114,693**	**$ 35,363**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 79,330**	**$ 79,330**	**$ -**	**$ 114,693**	**$ 35,363**
Expenses					
Personnel Expenses					
Salaries	$ 28,372	$ 29,167	$ 795	$ 16,019	$ (12,353)
Payroll Taxes	2,170	2,231	61	1,225	(945)
Benefits	2,067	1,240	(827)	1,296	(771)
Retirement Costs	1,135	1,167	32	641	(494)
Total Personnel Expenses	**$ 33,744**	**$ 33,805**	**$ 61**	**$ 19,181**	**$ (14,563)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	50,000	50,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ 50,000**	**$ 50,000**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 33,744**	**$ 33,805**	**$ 61**	**$ 69,181**	**$ 35,437**
SPP Inc. Indirect Expenses	$ 35,664	$ 21,398	$ (14,266)	$ 20,941	$ (14,723)
SPP RE Indirect Expenses	9,922	10,654	732	24,571	14,649
Total Indirect Expenses	**$ 45,586**	**$ 32,052**	**$ (13,534)**	**$ 45,512**	**$ (74)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 79,330**	**$ 65,857**	**$ (13,473)**	**$ 114,693**	**$ 35,363**
Change in Assets	**$ -**	**$ 13,473**	**$ 13,473**	**$ -**	**$ 1**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 79,330	$ 65,857	$ (13,473)	$ 114,693	$ 35,363
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 13,473	$ 13,473	$ -	$ 1
FTEs	0.25	0.15	-0.10	0.15	-0.10

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	22.10	20.85	(1.25)
Direct Expenses	$ 4,258,217	$ 4,186,132	$ (72,085)
Indirect Expenses- SPP Inc.	$ 3,152,662	$ 2,910,843	$ (241,819)
Indirect Expenses- SPP RE	$ 1,252,024	$ 1,486,767	$ 234,743
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 8,662,903	$ 8,583,743	$ (79,160)

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CMEP) is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 400. There are approximately 150 registered entities with a combined total of approximately 420 registered functions located within the SPP RE's footprint. The SPP RE CMEP is administered by the SPP RE Staff. Only the SPP RE Trustees and certain SPP RE Staff members have the authority to make compliance and enforcement decisions.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region. In accordance with the terms of the agreement between SERC and SPP, SPP RE has included $3,500 in its budget to compensate SERC for performing the 2015 CMEP activities for SPP's registered functions in the SPP RE region.

SPP RE CMEP activities are organized into three distinct groups: Compliance Monitoring; Critical Infrastructure Protection (CIP); and Enforcement. The SPP RE Director of Compliance and Events is responsible for the oversight of the Compliance Monitoring Group, the Director of Critical Infrastructure Protection (CIP) is responsible for the oversight of the CIP Group, and the SPP RE Manager of Enforcement is responsible for the oversight of the Enforcement Group.

<u>Compliance Groups</u>

The FTEs assigned to the Compliance Groups are responsible for registering owners, operators and users of the BPS and monitoring and assessing registered entities' compliance with NERC-approved reliability standards. The various activities performed by the staff members assigned to the Compliance groups include: 1) conducting compliance audits, spot checks, and self-certifications of entities registered in the SPP RE footprint, 2) reviewing CIP technical feasibility exception requests (TFEs), periodic data submittals and self-reports made by entities registered in the SPP RE footprint, 3) participating in SPP RE workshops and webinars, and 4) participating in various SPP and NERC working groups. The Compliance Groups also make the initial determination of whether a registered entity is non-compliant with a reliability standard.

A total of 11.00 FTEs are assigned to the Compliance Groups, and include: the SPP RE Director of Compliance and Events, allocated at 0.5 FTEs, five Compliance Monitoring positions, Director of Critical Infrastructure Protection, four CIP audit positions, and one Compliance Coordinator, allocated at 0.5 FTEs.

In addition to the SPP RE Staff, SPP RE uses consultants to assist the SPP RE with operations and planning (693) and CIP audits. On average, two consultants participate on each SPP RE onsite 693 and CIP audit team and one consultant participates on SPP's offsite 693 audit team and CIP field tests audit team. SPP RE has included $705,100 in its budget for compliance consulting costs.

Enforcement Group

The FTEs assigned to the Enforcement group are responsible for reviewing the Compliance Groups' findings of non-compliance, notifying registered entities and NERC of possible violations, reviewing and verifying the registered entities' mitigation plans, determining proposed monetary penalties and non-monetary sanctions, and participating in settlement negotiations. The various activities performed by the staff members assigned to the Enforcement Group include: 1) conducting discovery, 2) preparing and issuing Preliminary Notice of Possible Violations, Notice of Alleged Violations and Penalties and Sanctions, and Confirmed Notice of Violation, 3) reviewing, accepting, and verifying completion of mitigation plans, 4) participating in settlement negotiations, 5) participating in hearings of contested violations, as necessary, and 6) participating in various SPP and NERC working groups and SPP RE workshops.

A total of 9.85 FTEs are assigned to this group, and include: the Manager of Enforcement, four enforcement attorneys, one compliance enforcement specialist, one mitigation plan analyst, one mitigation plan engineer, one paralegal, and two law clerks (an equivalent of 1.0 FTEs). To recognize that staff members assigned to the Enforcement group are also responsible for participating and representing SPP RE in NERC standard development activities, 0.15 FTEs assigned to the Enforcement group has been allocated to the Reliability Standards Program.

In addition to the SPP RE Staff, SPP RE uses consultants to assist SPP RE with reviewing, accepting, verifying completion of mitigation plans, and processing possible violations. SPP RE has included $150,000 in its budget for compliance consulting costs.

2015 Key Assumptions

The assumptions for this program are consistent with those contained in the ERO BP&B Assumptions. NERC and the Regional Entities will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the auditors, enforcement, and investigation staff. As part of the training effort, at least two compliance enforcement authority (CEA) workshops will occur. It is expected that this training and possible certification effort will have an impact on staffing needs and costs (e.g., travel, lodging, and labor) to participate and attend this training. SPP RE has provided time for staff to maintain industry certifications, such as NERC System Operator Certification, Critical Infrastructure Protection (CIP) certifications, professional auditing certifications, Professional Engineering License, etc.

Given these key assumptions and based on actual 2013 resource requirements, SPP RE believes the resources assigned to this program area are adequate to achieve the goals and deliverables detailed below.

2015 Goals and Key Deliverables

- Ensure that bulk power system owners, operators, and users are correctly registered, ensure the revised BES definition is correctly applied, and process Exception Requests in a timely manner;

- Engage contractors to assist in the evaluation of whether to grant or deny a registered entity's request for a declaration that elements of its system are not part of the Bulk Electric System

- Perform six to eight on-site FERC Order 693 compliance audits of registered TOP entities (3-year cycle entities);

- Perform fifteen to eighteen off-site FERC Order 693 compliance audits of other registered entities (6-year cycle entities);

- Perform six to eight on-site CIP compliance audits of registered entities;

- Perform fifteen to twenty off-site CIP compliance audits of registered entities;

- Perform spot check, self-certifications, and periodic data submittals of specified standards as dictated by NERC's 2015 Compliance Monitoring and Enforcement Program Annual Implementation Plan;

- Perform Compliance Investigations, as necessary;

- Perform secondary review of initial findings of possible violations;

- Create Notices of Alleged Violation and Penalties and Sanctions (NAVAPS) and Notices of Confirmed Violations (NOCV);

- Negotiate and develop settlements of violations;

- Verify that findings of non-compliance are and/or have been appropriately mitigated;

- Serve as SPP RE liaisons to SPP working groups and attend approximately 30 SPP working group meetings in 2015;

- SPP RE supports NERC's implementation of the Reliability Assurance Initiative (RAI), expansion of the Find, Fix and Track process, the Risk-Based Registration Initiative and CIP v5 transition as joint ERO Enterprise initiatives that have benefit to NERC, the Regional Entities and Registered Entities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- Personnel expenses are expected to decrease by $369,630, which reflects the elimination of one attorney case manager position and reassignment of RE staff to Administrative and General. Partially offsetting this decrease is the budgeted merit pay increase for 2015 and a slight increase in benefit costs. The RAI initiatives, Risk-Based Registration Initiative and CIP v5 transition are major ERO-Enterprise Initiatives and the impact to staffing in 2015 is unknown. However, SPP RE will reallocate existing staff and/or utilize the open positions to provide the resource support to successfully implement these major activities.

Meeting Expenses

- Meeting expenses are expected to increase by $35,000. This increase is primarily due to increased travel by the enforcement and compliance groups related to NERC RAI initiatives and increased participation in NERC working group meetings.

Operating Expenses

- The net change in Consultant and Contract Expenses is an increase of approximately $238,600 or 33%. Due to staff reassignment, the number of contractors budgeted for CIP audits was increased.

- The budgeted amount for Professional Services is due to the cost associated with professional licenses, certifications and training for SPP RE staff. SPP RE staff training and certifications were previously captured in the Training & Education program area. Beginning in 2015, the Training and Education program area will only contain costs associated with training and education for Registered Entities.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been decreased to reflect a 1.25 FTE reduction and a slight reduction in the SPP fixed rate.

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Compliance and Organization Registration and Certification

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 8,298,748	$ 8,298,748	$ -	$ 8,240,917	$ (57,831)
Penalty Sanctions	364,154	364,154	-	342,826	(21,328)
Total SPP RE Funding	**$ 8,662,902**	**$ 8,662,902**	**$ -**	**$ 8,583,743**	**$ (79,159)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,662,902**	**$ 8,662,902**	**$ -**	**$ 8,583,743**	**$ (79,159)**
Expenses					
Personnel Expenses					
Salaries	$ 2,680,693	$ 2,505,302	$ (175,391)	$ 2,349,882	$ (330,811)
Payroll Taxes	205,073	191,656	(13,417)	179,766	(25,307)
Benefits	222,723	216,522	(6,201)	222,444	(279)
Retirement Costs	107,228	100,212	(7,016)	93,995	(13,232)
Total Personnel Expenses	**$ 3,215,717**	**$ 3,013,691**	**$ (202,025)**	**$ 2,846,087**	**$ (369,630)**
Meeting Expenses					
Meetings	$ 6,500	$ 6,500	$ -	$ 1,500	$ (5,000)
Travel	310,000	375,200	65,200	350,000	40,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 316,500**	**$ 381,700**	**$ 65,200**	**$ 351,500**	**$ 35,000**
Operating Expenses					
Consultants & Contracts	$ 726,000	$ 770,000	$ 44,000	$ 964,600	$ 238,600
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	23,945	23,945
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 726,000**	**$ 770,000**	**$ 44,000**	**$ 988,545**	**$ 262,545**
Total Direct Expenses	**$ 4,258,217**	**$ 4,165,391**	**$ (92,825)**	**$ 4,186,132**	**$ (72,085)**
SPP Inc. Indirect Expenses	$ 3,152,662	$ 3,045,671	$ (106,991)	$ 2,910,843	$ (241,819)
SPP RE Indirect Expenses	1,252,024	1,312,741	60,717	1,486,767	234,743
Total Indirect Expenses	**$ 4,404,686**	**$ 4,358,412**	**$ (46,274)**	**$ 4,397,610**	**$ (7,076)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 8,662,902**	**$ 8,523,804**	**$ (139,098)**	**$ 8,583,743**	**$ (79,160)**
Change in Assets	**$ -**	**$ 139,098**	**$ 139,098**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 8,662,902	$ 8,523,804	$ (139,098)	$ 8,583,743	$ (79,160)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 139,098	$ 139,098	$ -	$ -
FTEs	22.10	21.35	(0.75)	20.85	(1.25)

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	7.13	7.13	-
Direct Expenses	$ 1,345,065	$ 1,463,824	$ 118,760
Indirect Expenses- SPP Inc.	$ 1,016,413	$ 994,713	$ (21,700)
Indirect Expenses- SPP RE	$ 395,483	$ 519,899	$ 124,416
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 2,756,961	$ 2,978,437	$ 221,476

Program Scope and Functional Description

The Reliability Assessment and Performance Analysis Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 800. SPP RE direct and Shared Staff members assigned to this program support NERC's efforts in preparing three reliability assessments each year: a long-term reliability assessment (LTRA) report, a summer assessment report, and a winter assessment report. These reports analyze electricity demand and adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP Shared staff also conducts inter-regional studies and other planning studies.

SPP RE is responsible for overseeing and conducting Event Analyses on reliability events within the SPP RE footprint. The analysis may be conducted by the entity involved in the event, an assigned SPP Working Group/Committee, a technical team comprised of industry experts or may be conducted by the RE, NERC or FERC staff. SPP RE is responsible for producing a final technical report on each reportable event. Any issues that surface which may lead to standards compliance questions will be handled through the CMEP portion of this Business Plan.

2015 Key Assumptions

SPP RE expects to continue to utilize SPP Shared Staff to assist SPP RE in fulfilling its non-CMEP activities in this program. Key assumptions shared by NERC and the Regional Entities affecting the SPP RE budget in this program area include:

- NERC and the Regional Entities will prioritize and budget for two special reliability assessment initiatives per year;
- SPP RE will continue to support the NERC Reliability Assessment Subcommittee;
- NERC and the Regional Entities will continue to define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents;
- NERC and the Regional Entities will continue to work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues;

- NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations;
- NERC and the Regional Entities will continue to refine the criteria and process to encourage prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing; and
- The number of events requiring review and analysis are expected to increase.

2015 Goals and Key Deliverables

- Maintain and host a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their registered entities to assist with planning and evaluating future systems and current operating conditions;
- Provide regional input to NERC's three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report;
- Perform a Probabilistic Assessment in support of the LTRA;
- Participate in NERC meetings to discuss reliability assessment and analyses of the impact of these assessments;
- Conduct inter-regional and other planning studies, including participation in the Eastern Interconnection Reliability Assessment Group (ERAG);
- Participate in NERC's model validation efforts;
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system;
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members; and
- Participate actively in the following NERC working groups/committees/task forces:
    - Event Analysis Subcommittee (EAS)
    - Reliability Assessment Database Working Group (RADWG)
    - Reliability Assessment Subcommittee (RAS)
    - Performance Analysis Subcommittee (PAS)
        - Generator Availability Data System Working Group (GADSWG)
        - Transmission Availability Data System Working Group (TADSWG)
        - Demand Response Availability Data System Working Group (DADSWG)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- Personnel Expenses for this program increased by $16,160 as a result of budgeted merit pay increases for existing employees and estimated salaries for two open positions.

Meeting Expenses

- There are no changes in meeting expenses for this program.

Operating Expenses

- Operating Expenses, specifically budgeted consultant expenses, are expected to increase by $100,000. This increase is primarily due to funds allocated to ERAG and a SPP Inc. Engineering Model Data Validation project.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have decreased to reflect a decrease in the fixed rate.

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Reliability Assessment and Performance Analysis

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 2,639,558	$ 2,639,558	$ -	$ 2,861,284	$ 221,726
Penalty Sanctions	117,403	117,403	-	117,153	(250)
Total SPP RE Funding	**$ 2,756,961**	**$ 2,756,961**	**$ -**	**$ 2,978,437**	**$ 221,476**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 2,756,961**	**$ 2,756,961**	**$ -**	**$ 2,978,437**	**$ 221,476**
Expenses					
Personnel Expenses					
Salaries	$ 835,786	$ 712,842	$ (122,944)	$ 847,886	$ 12,100
Payroll Taxes	63,938	54,532	(9,405)	64,863	926
Benefits	61,910	57,776	(4,134)	64,560	2,651
Retirement Costs	33,431	28,514	(4,918)	33,915	484
Total Personnel Expenses	**$ 995,065**	**$ 853,664**	**$ (141,401)**	**$ 1,011,224**	**$ 16,160**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	100,000	100,000	-	100,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 100,000**	**$ 100,000**	**$ -**	**$ 100,000**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 250,000	$ 370,000	$ 120,000	$ 350,000	$ 100,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	2,600	2,600
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 250,000**	**$ 370,000**	**$ 120,000**	**$ 352,600**	**$ 102,600**
Total Direct Expenses	**$ 1,345,065**	**$ 1,323,664**	**$ (21,401)**	**$ 1,463,824**	**$ 118,760**
SPP Inc. Indirect Expenses	$ 1,016,413	$ 945,085	$ (71,328)	$ 994,713	$ (21,700)
SPP RE Indirect Expenses	395,483	417,158	21,675	519,899	124,416
Total Indirect Expenses	**$ 1,411,896**	**$ 1,362,243**	**$ (49,653)**	**$ 1,514,612**	**$ 102,716**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 2,756,961**	**$ 2,685,907**	**$ (71,054)**	**$ 2,978,437**	**$ 221,476**
Change in Assets	**$ -**	**$ 71,054**	**$ 71,054**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 2,756,961	$ 2,685,907	$ (71,054)	$ 2,978,437	$ 221,476
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 71,054	$ 71,054	$ -	$ -
FTEs	7.13	6.63	(0.50)	7.13	-

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.25	-	(1.25)
Direct Expenses*	$ 78,000	$ 65,000	$ (13,000)
Indirect Expenses- SPP Inc.	$ 178,318	$ -	$ (178,318)
Indirect Expenses- SPP RE	$ 22,934	$ 23,086	$ 152
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 279,252	$ 88,086	$ (191,166)
* To maintain confidentiality, Personnel Expenses are included in General & Administrative.			

Program Scope and Functional Description

The Training, Education, and Operator Certification Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 900. SPP RE Staff design, develop, and conduct training and education via compliance workshops, CIP workshops, webinars, and videos.

Operator Certification Training is provided by SPP RTO staff, and as such, the expenses for this training continue to be excluded from the SPP RE budget and are included in the SPP, Inc. budget.

2015 Key Assumptions

SPP RE will continue its outreach activities designed to increase regional BPS reliability, educate stakeholders about compliance matters, and inform stakeholders of emerging issues and compliance program changes. NERC will continue to budget and incur the cost of a unified learning system for the regional audit staff and work with the Registered Entities to consolidate training resources. This promotes better coordination, planning, delivery and management of training efforts across the enterprise without adversely impacting region-specific training requirements.

2015 Goals and Key Deliverables

- Host three compliance workshops, one focused on CIP
- Publish a monthly newsletter
- Host at least five compliance webinars
- Maintain an online training video library to share compliance information with stakeholders.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- The personnel expenses for the Training and Education program are accounted for within the General and Administrative program.

Meeting Expenses

- Travel Expenses are expected to decrease by $13,000 due to the ability to host some SPP RE workshops and meetings at the SPP corporate center.

Operating Expenses

- There are no changes in operating expenses for this program.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been decreased to reflect a 1.25 FTE reduction in this program area and a slight decrease in the fixed rate.

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Training and Education

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 258,655	$ 258,655	$ -	$ 88,086	$ (170,569)
Penalty Sanctions	20,597	20,597	-	-	(20,597)
Total SPP RE Funding	**$ 279,252**	**$ 279,252**	**$ -**	**$ 88,086**	**$ (191,166)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 279,252**	**$ 279,252**	**$ -**	**$ 88,086**	**$ (191,166)**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ 60,000	$ 60,000	$ -	$ 60,000	$ -
Travel	13,000	13,000	-	-	(13,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 73,000**	**$ 73,000**	**$ -**	**$ 60,000**	**$ (13,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	5,000	-	(5,000)	5,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 5,000**	**$ -**	**$ (5,000)**	**$ 5,000**	**$ -**
Total Direct Expenses	**$ 78,000**	**$ 73,000**	**$ (5,000)**	**$ 65,000**	**$ (13,000)**
SPP Inc. Indirect Expenses	$ 178,318	$ -		$ -	$ (178,318)
SPP RE Indirect Expenses	22,934	23,006		23,086	152
Total Indirect Expenses	**$ 201,252**	**$ 23,006**	**$ (178,246)**	**$ 23,086**	**$ (178,166)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 279,252**	**$ 96,006**	**$ (183,246)**	**$ 88,086**	**$ (191,166)**
Change in Assets	**$ -**	**$ 183,246**	**$ 183,246**	**$ -**	**$ (2)**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 279,252	$ 96,006	$ (183,246)	$ 88,086	$ (191,166)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 183,246	$ 183,246	$ -	$ -
FTEs	1.25	-	(1.25)	-	(1.25)

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.13	0.13	-
Direct Expenses	$ 21,137	$ 18,965	$ (2,172)
Indirect Expenses- SPP Inc.	$ 17,832	$ 17,451	$ (381)
Indirect Expenses- SPP RE	$ 6,215	$ 6,736	$ 521
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 45,184	$ 43,152	$ (2,032)

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 1000.

NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP Reliability Coordinator actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members. These activities are non-statutory. SPP also sponsors a Critical Infrastructure Protection Working Group (CIPWG), which:

- Serves as an expert advisory panel to the SPP Board of Directors, committees, and members, provides a forum for discussion of physical and cyber security issues within the SPP Region;
- Provides general guidance to SPP members on CIP Standards and related compliance efforts; and
- Serves as the interface between the NERC Critical Information Protection Committee (CIPC) and the SPP membership, including:
    - Serving as a conduit for information flow between the CIPC and SPP members

- Developing guidance and recommendations to CIPC members representing the SPP

The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002 through CIP-009) and is facilitated by an SPP staff member. The working group meets quarterly at a member location. Additional meetings and conference calls are scheduled as required.

SPP RE is represented on the CIPC by three SPP member company representatives who represent the physical, cyber, and operations disciplines. Per the SPP Bylaws, SPP RE reimburses the member representatives for travel expenses incurred while performing CIPC responsibilities.

CIP compliance monitoring and enforcement is included in Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

2015 Key Assumptions

In addition to the assumptions that are shared among NERC and the Regional Entities, SPP RE expects the continued support of the SPP CIPWG, and continued support for CIPC participation from designated SPP member representatives.

2015 Goals and Key Deliverables

- Continue sponsoring the Critical Infrastructure Protection Working Group (CIPWG)
  - Continue quarterly meetings
  - Maintain and Increase CIPWG membership
  - Provide progress updates on CIP standards drafting and CIP Version 3 to Version 5 transition
  - Provide a discussion forum for NERC-requested comments and ballot issues
  - Provide support to the RE-sponsored CIP "How-To" Workshop

- Provide enhanced support to SPP registered entities about CIP Standards
  - Provide general recommendations and discussion/outreach forum for CIP Version 5 implementation issues
  - Provide general recommendations on appropriate security best practices
  - Provide opportunities for technical and compliance-related training
  - Provide registered entities-Only discussion periods regarding CIP compliance progress
  - Maintain the CIPWG electronic mail lists for group discussion of CIP-related issues

- Continue supporting CIPC attendance by CIPWG representatives
  - Reimburse expenses for Physical, Cyber, and Operations representatives (or designated alternates)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- There is no change to the budgeted FTEs for this program area.

Meeting Expenses

- There are no changes in the budgeted Meeting Expenses for this program, i.e. the budgeted amount remains zero.

Operating Expenses

- There are no changes in the budgeted Operating Expenses for this program, i.e. the budgeted amount remains zero.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been adjusted to reflect a slight decrease in the fixed rate.

- The SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Situation Awareness and Infrastructure Security

	2014 Budget	2014 Projection	Variance 2014 Projection v 2015 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 43,124	$ 43,124	$ -	$ 41,097	$ (2,027)
Penalty Sanctions	2,060	2,060	-	2,055	(5)
Total SPP RE Funding	**$ 45,184**	**$ 45,184**	**$ -**	**$ 43,152**	**$ (2,032)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 45,184**	**$ 45,184**	**$ -**	**$ 43,152**	**$ (2,032)**
Expenses					
Personnel Expenses					
Salaries	$ 18,006	$ 17,781	$ (225)	$ 16,019	$ (1,987)
Payroll Taxes	1,377	1,360	(17)	1,225	(152)
Benefits	1,034	1,034	-	1,080	47
Retirement Costs	720	711	(9)	641	(79)
Total Personnel Expenses	**$ 21,137**	**$ 20,886**	**$ (251)**	**$ 18,965**	**$ (2,172)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 21,137**	**$ 20,886**	**$ (251)**	**$ 18,965**	**$ (2,172)**
SPP Inc. Indirect Expenses	$ 17,832	$ 17,832		$ 17,451	$ (381)
SPP RE Indirect Expenses	6,215	6,582		6,736	521
Total Indirect Expenses	**$ 24,047**	**$ 24,414**	**$ 367**	**$ 24,187**	**$ 140**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 45,184**	**$ 45,300**	**$ 116**	**$ 43,152**	**$ (2,031)**
Change in Assets	**$ -**	**$ (116)**	**$ (116)**	**$ -**	**$ (1)**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 45,184	$ 45,300	$ 116	$ 43,152	$ (2,031)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ (116)	$ (116)	$ -	$ (1)
FTEs	0.13	0.13	-	0.13	-

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015Budget	Increase (Decrease)
Total FTEs	3.25	4.50	1.25
Total Direct Expenses	$ 1,686,578	$ 2,061,059	$ 374,481
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Less: Other Funding Sources	$ -	$ -	$ -
Total Allocation to Statutory Programs as Indirect Expenses	$ 1,686,578	$ 2,061,059	$ 374,481
Funding Requirement for Working Capital Requirement	$ (2,096,173)	$ (1,662,962)	$ 433,211

Methodology for Allocation of Administrative Services Expenses to Programs

The expenses for finance and accounting, information technology, and human resources administrative support services that are provided to SPP RE by SPP (SPP, Inc. Indirect Expenses), which are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors, are assessed to SPP RE based on a fixed rate per hour per FTE. The SPP Indirect Expense rate is calculated by dividing the total costs for these support functions (excluding certain IT costs that are specific to SPP's RTO functions) by the total hours worked by non-support personnel in the entire SPP organization. The indirect expense rate is then multiplied by each hour directly charged to SPP RE by SPP Shared staff and for designated number of hours for SPP RE direct staff. A table showing the derivation of the SPP, Inc. Indirect Expense rate is presented in Section E of this BP&B.

SPP RE Administrative Services Expenses, which are limited to expenses incurred for SPP RE General and Administrative and Legal and Regulatory programs, are allocated among the five operational programs based on the program's pro rata share of the total direct operational program expense.

Technical Committees and Member Forums

Technical Committes and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

SPP RE provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas. The expenses incurred by SPP RE for these forums are included in the direct expenses of the applicable program.

SPP RE also conducts a minimum of three public workshops per year where registered entities are able to interact with SPP RE Staff and NERC staff and discuss reliability issues. These expenses are included in the Training, Education, and Operator Certification Program.

2015 Key Assumptions

- SPP RE liaisons to SPP working groups are projected to attend approximately 30 SPP working group meetings in 2015.

2015 Goals and Key Deliverables

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees

- Provide technical committee forums to act as standards-drafting teams in development of SPP regional reliability standards

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- N/A

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	4.50	1.50
Expenses	$ 1,386,578	$ 1,761,059	$ 374,481
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ (2,096,173)	$ (1,662,962)	$ 433,211

Program Scope and Functional Description

The General and Administrative function consists of the RE General Manager, the RE Manager of Regulatory Interface and Process Improvement, RE Administrative Assistant, RE Outreach Coordinator, RE Business Analyst, and three independent Regional Entity Trustees.

The RE Trustees, who are independent of the SPP Board of Directors, any SPP member, SPP registered entity, industry stakeholder, or organizational group, have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as decisions on regional standards, compliance enforcement actions, and penalties.

The RE General Manager provides executive level support through, among other means, participation in meetings and conference calls with other Regional Entities and Senior NERC staff. The RE General Manager reports directly to the three independent RE Trustees.

The RE Manager of Regulatory Interface and Process Improvement is responsible for coordinating and developing the SPP RE processes for SPP RE's Regulatory Interface and performing process improvement activities for the RE operational program functions. The RE Manager of Regulatory Interface and Process Improvement also coordinates and facilitates the development of compliance plans, policies, and procedures and implementation of appropriate systems/software for the SPP RE compliance monitoring and enforcement activities to enhance implementation of the NERC Compliance Monitoring and Enforcement Program (CMEP) and Rules of Procedure (RoP).

The RE Administrative Assistant provides support to all SPP RE programs and SPP RE direct staff members.

2015 Key Assumptions

- SPP RE continues to operate as an independent and functionally separate division of SPP

2015 Goals and Key Deliverables

- Ensure that SPP RE fulfills the responsibilities of the Regional Delegation Agreement between SPP and NERC;

- Ensure that SPP RE is adequately staffed and has the resources needed to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC; and

- Continue to explore opportunities to enhance the effectiveness and efficiency of SPP RE in promoting and improving the reliability of the bulk power system

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The General and Administrative costs are allocated to the five operational programs resulting in zero funding requirements. The negative Funding amount shown for SPP RE Assessment in the Statement of Activities is the activity relating to the Working Capital Reserve – see Table B-1.

Personnel Expenses

- Personnel Expenses in this program area are expected to increase by approximately $148,000 to reflect reassignment of 1.50 FTEs to the program area.

Meeting Expenses

- Meeting Expenses are expected to remain the same at $25,000. Travel Expenses are expected to increase by $40,000 due to reassignment of personnel and increased travel cost.

Operating Expenses

Operating Expenses are expected to decrease by $14,000 due primarily to a decreased need for consultants.

Indirect Expenses

- SPP, Inc. Indirect Expenses are assessed to SPP RE based on a fixed rate per hour per FTE. The increase in the SPP, Inc. Indirect Expenses is due to an increase in budgeted FTEs offset by a slightly decreased fixed rate.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2015business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
General and Administrative

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2015 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ (2,096,173)	$ (2,096,173)	$ -	$ (1,662,962)	$ 433,211
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	**$ (2,096,173)**	**$ (2,096,173)**	**$ -**	**$ (1,662,962)**	**$ 433,211**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ (2,096,173)**	**$ (2,096,173)**	**$ -**	**$ (1,662,962)**	**$ 433,211**
Expenses					
Personnel Expenses					
Salaries	$ 540,477	$ 449,371	$ (91,106)	$ 660,277	$ 119,800
Payroll Taxes	41,346	34,377	(6,970)	50,511	9,165
Benefits	43,072	55,474	12,402	57,520	14,448
Retirement Costs	21,619	17,975	(3,644)	26,411	4,792
Total Personnel Expenses	**$ 646,515**	**$ 557,197**	**$ (89,318)**	**$ 794,719**	**$ 148,204**
Meeting Expenses					
Meetings	$ 25,000	$ 25,000	$ -	$ 25,000	$ -
Travel	63,000	63,000	-	103,000	40,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 88,000**	**$ 88,000**	**$ -**	**$ 128,000**	**$ 40,000**
Operating Expenses					
Consultants & Contracts	$ 55,000	$ 15,000	$ (40,000)	$ 56,000	$ 1,000
Office Rent	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-
Professional Services	161,100	160,000	(1,100)	146,100	(15,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 224,100**	**$ 183,000**	**$ (41,100)**	**$ 210,100**	**$ (14,000)**
Total Direct Expenses	**$ 958,615**	**$ 828,197**	**$ (130,418)**	**$ 1,132,819**	**$ 174,204**
SPP Inc. Indirect Expenses	**$ 427,963**	**$ 641,945**		**$ 628,240**	**$ 200,277**
SPP RE Indirect Expenses	**$ (1,386,578)**	**$ (1,470,142)**		**$ (1,761,059)**	**$ (374,481)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ (2,096,173)**	**$ (2,096,173)**	**$ -**	**$ (1,662,962)**	**$ 433,211**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	
Computer & Software CapEx	-	-	-	-	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	-	-	-	-	
Leasehold Improvements	-	-	-	-	
Allocation of Fixed Assets	-	-	-	-	
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ (2,096,173)	$ (2,096,173)	$ -	$ (1,662,962)	$ 433,211
FTEs	3.00	4.50	1.50	4.50	1.50

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ 300,000	$ 300,000	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

SPP RE has a Manager of Enforcement and Legal who provides exclusive legal support to SPP RE. The expenses related to the Manager of Enforcement and Legal are included in the Compliance Enforcement and Organization Registration Program area. If SPP RE is required to convene hearings under the Compliance Enforcement and Organization Registration program, independent hearing officers and outside legal counsel may be utilized.

2015 Key Assumptions

- Estimated hearing costs are included to support one fully litigated hearing in 2015.

2015 Goals and Key Deliverables

- Provide hearing officer if SPP RE is required to convene hearings

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The Legal and Regulatory costs are allocated to the five operational programs resulting in zero funding requirements.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2014 Budget & Projection, and 2015 Budget
Legal and Regulatory

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	300,000	300,000	-	300,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 300,000**	**$ 300,000**	**$ -**	**$ 300,000**	**$ -**
Total Direct Expenses	**$ 300,000**	**$ 300,000**	**$ -**	**$ 300,000**	**$ -**
SPP Inc. Indirect Expenses	**$ -**	**$ -**		**$ -**	**$ -**
SPP RE Indirect Expenses	**$ (300,000)**	**$ (300,000)**		**$ (300,000)**	**$ -**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ -
FTEs	0.00	0.00	0.00	0.00	0.00

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Information Technology department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Information Technology department continues to provide resources for SPP RE.

- NERC and the Regional Entities will collaboratively work to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting both NERC and Regional Entity operations. NERC's business plan and budget will include ongoing funding support for the development, operation and maintenance of NERC and Regional Entity approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget.

- SPP RE will include appropriate funding for applications and supporting systems designed to satisfy Regional business needs, that are not within the mutually agreed upon scope of the ERO Enterprise applications which are funded by NERC.

2015 Goals and Key Deliverables

- To provide adequate information technology support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for IT services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses. The SPP, Inc. cost for IT services does not include funding for the development of NERC's ERO Enterprise IT applications.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Human Resource department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Human Resource department continues to provide resources for SPP RE.

2015 Goals and Key Deliverables

- To provide adequate human resource support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for human resource services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Finance and Accounting

Accounting and Finance (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Accounting department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Accounting department continues to provide resources for SPP RE.

2015 Goals and Key Deliverables

- To provide adequate accounting and finance support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for accounting and finance services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses, except for the expenses of the RE Manager of Financial and Process Improvement, which are budgeted and recorded in General and Administration.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Section B – Supplemental Financial Information
2015 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015

STATUTORY

Beginning Working Capital Reserve (Deficit), December 31, 2013	$	3,498,977
Less Penalties Received 7/1/2013- 12/31/2013		(115,000)
Less: 2013 Year-End True-Up		(23,264)
Plus: 2014 SPP RE Funding (from LSEs or designees)		9,219,123
Plus: Partial Return of SPP RE Cash Build-up		500,000
Less: 2014 Projected expenses & capital expenditures		(11,416,874)
Projected Working Capital Reserve (Deficit), December 31, 2014		**1,662,962**
Desired Working Capital Reserve, December 31, 2014 [2]	$	-
Less: Projected Working Capital Reserve, December 31, 2014		(1,662,962)
Increase(decrease) in assessments to achieve desired Working Capital Reserve		(1,662,962)
2015 Expenses and Capital Expenditures		11,808,110
Less: Penalty sanctions to be used as offset to 2015 assessments [1]		(464,500)
Less: Other Funding Sources		0
Adjustment to achieve desired Working Capital Reserve		(1,662,962)
2015 SPP RE Assessment		9,680,648

[1] Represents collections on or prior to June 30, 2014. See Table B-2 for full disclosure.

[2] The SPP RE does not require a working capital reserve in that on a cash basis SPP, Inc. is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a bank credit facility.

Explanation of Changes in Reserve Policy from Prior Years

There have not been any changes in the SPP RE Reserve Policy. SPP RE does not maintain a working capital reserve. The expenses incurred by SPP RE are paid by SPP, Inc. from its operating cash balances and then reimbursed from SPP RE statutory funding on a monthly basis. If at any time SPP RE does not have sufficient statutory funds to finance its expenses, the statutory funding will be increased by the amount of the deficiency in the following year. When the funding is received from NERC, the SPP RE General Manager will authorize a reimbursement to SPP, Inc. for the amount of the shortfall. If needed, a line of credit is also available to SPP, Inc. to fund any shortfalls. SPP, Inc. would not charge any interest or penalties to SPP RE in the case of a shortfall.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Statement of Activities and Capital Expenditures on page 8 of the 2015 RE Business Plan and Budget. All significant variances have been disclosed by program in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to June 30, 2014 are detailed below, including the amount and date received.

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

Table B-2

``	Date Received		Amount Received
Name of Entity			
Entity 1	07/18/13	$	34,000.00
Entity 2	8/2/2013	$	3,500.00
Entity 3	10/2/2013	$	15,000.00
Entity 4	10/3/2013	$	30,000.00
Entity 5	11/4/2013	$	3,000.00
Entity 6	11/27/2013	$	4,500.00
Entity 7	11/15/2013	$	25,000.00
Entity 8	1/9/2014	$	9,000.00
Entity 9	1/9/2014	$	53,000.00
Entity 10	3/7/2014	$	6,000.00
Entity 11	3/5/2014	$	34,000.00
Entity 12	3/14/2014	$	15,000.00
Entity 13	3/13/2014	$	74,500.00
Entity 14	3/5/2014	$	5,000.00
Entity 15	2/28/2014	$	100,000.00
Entity 16	04/18/14	$	8,000.00
Entity 17	05/29/14	$	26,000
Entity 18	06/27/14	$	19,000
Entity 19			
Entity 20			
Entity 21			
Entity 22			
Total Penalties Received		$	464,500

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (excluding SPP RE Assessments & Penalty Sanctions)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Compliance Monitoring, Enforcement & Org. Registration				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
	$ -	$ -	$ -	$ -
	-	-	-	-
Total	$ -	$ -	$ -	$ -
Training and Education				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Situation Awareness and Infrastructure Security				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Technical Committees and Member Forums				
Total	$ -	$ -	$ -	$ -
General and Administrative				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	$ -	$ -	$ -	$ -

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

SPP RE has not projected any interest income for 2015 because at the current market interest rate any interest income would be minimal.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salaries	$4,103,334	3,714,463	$3,890,082	$ (213,252)	-5.2%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	$4,103,334	$3,714,463	$3,890,082	$ (213,252)	-5.2%
Total Payroll Taxes	$ 313,905	$ 284,156	$ 297,591	$ (16,314)	-5.2%
Benefits					
Workers Compensation	$ -	$ -	$ -	$ -	
Medical Insurance	274,568	275,597	287,927	13,359	4.9%
Life-LTD-LTC Insurance	19,848	19,923	20,814	966	4.9%
Education	36,389	36,525	38,159	1,770	4.9%
Relocation		-	-	-	
Total Benefits	$ 330,805	$ 332,045	$ 346,900	$ 16,095	4.9%
Retirement					
Discretionary 401k Contribution	$ 164,133	$ 148,579	$ 155,603	$ (8,530)	-5.2%
Savings Plan	-	-	-	-	
Total Retirement	$ 164,133	$ 148,579	$ 155,603	$ (8,530)	-5.2%
Total Personnel Costs	$4,912,177	$4,479,243	$4,690,177	$ (222,000)	-4.5%
FTEs	33.85	32.75	32.75	-1.10	-3.2%
Cost per FTE					
Salaries	$ 121,221	$ 113,419	$ 118,781	(2,440)	-2.0%
Payroll Taxes	9,273	8,677	9,087	(186)	-2.0%
Benefits	9,773	10,139	10,592	819	8.4%
Retirement	4,849	4,537	4,751	(98)	-2.0%
Total Cost per FTE	**$ 145,116**	**$ 136,771**	**$ 143,212**	**$ (1,904)**	**-1.3%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The decrease in salaries is principally due to the elimination of an Attorney Case Manager position.

Consultants and Contracts

Table B-5

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	566,000	610,000	855,100	289,100	51%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	250,000	370,000	350,000	100,000	40%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	55,000	15,000	56,000	1,000	2%
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Consultants Total	$ 871,000	$ 995,000	$1,261,100	$ 390,100	45%

Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	160,000	160,000	109,500	(50,500)	-32%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	$ 160,000	$ 160,000	$ 109,500	$ (50,500)	-32%
Total Consulting and Contracts	**$1,031,000**	**$1,155,000**	**$1,370,600**	**$ 339,600**	33%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The $339,600 increase in consultant and contracts costs is primarily due to the increase in budgeted consultant costs engaged to assist the SPP RE direct staff in the administration of its CMEP and RAPA programs.

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ -	$ -	$ -	$ -	
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Security	-	-	-	-	
Total Office Rent	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

This cost is included in the SPP, Inc. Indirect Expense rate.

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ -	$ -	$ -	$ -	
Internet	-	-	-	-	
Office Supplies	8,000	8,000	8,000	-	
Computer Supplies and Maintenance	-	-	-	-	
Publications & Subscriptions	-	-	-	-	
Dues	-	-	-	-	
Postage	-	-	-	-	
Express Shipping	-	-	-	-	
Copying	-	-	-	-	
Reports	-	-	-	-	
Equipment Repair/Service Contracts	-	-	-	-	
Bank Charges	-	-	-	-	
Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity	-	-	-	-	
Total Office Costs	**$ 8,000**	**$ 8,000**	**$ 8,000**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office Costs are included in the SPP, Inc. Indirect Expense rate. The $8,000 reflects the costs for miscellaneous office supplies such as supplies needed for RE workshops and RE Trustee meetings.

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Independent Trustee Fees	$ 145,000	$ 145,000	$ 145,000	$ -	0.00%
Outside Legal	300,000	300,000	300,000	-	0.00%
Accounting & Auditing Fees	-	-	-	-	
Insurance Commercial	-	-	-	-	
Other	21,100	15,000	50,000	28,900	136.97%
Total Services	**$ 466,100**	**$ 460,000**	**$ 495,000**	**$ 28,900**	**6.20%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The $28,900 increase in Professional Services costs is primarily due to reimbursement for registered entities representing the SPP region on Standard Drafting Teams.

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
	$ -	$ -		$ -	
	$ -	$ -		$ -	
	$ -	$ -		$ -	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

N/A

2015, 2016 and 2017 Projections

Table B-10

Statement of Activities and Capital Expenditures
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
ERO Assessments	$ 9,680,648	$ 12,162,353	$ 2,481,706	25.64%	$ 12,527,224	$ 364,871	2.9%
Penalty Sanctions	464,500	-	(464,500)	-100.00%	-	-	
Total ERO Funding	**$ 10,145,148**	**$ 12,162,353**	**$ 2,017,206**	**19.9%**	**$ 12,527,224**	**$ 364,871**	**2.9%**
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Total Funding	**$ 10,145,148**	**$ 12,162,353**	**$ 2,017,206**	**19.9%**	**$ 12,527,224**	**$ 364,871**	**3.0%**
Expenses							
Personnel Expenses							
Salaries	$ 3,890,082	$ 4,006,785	$ 116,702	3.0%	$ 4,126,988	$ 120,204	3.0%
Payroll Taxes	297,591	306,519	8,928	3.0%	315,715	9,196	3.0%
Benefits	346,900	357,307	10,407	3.0%	368,026	10,719	3.0%
Retirement Costs	155,603	160,271	4,668	3.0%	165,080	4,808	3.0%
Total Personnel Expenses	**$ 4,690,177**	**$ 4,830,882**	**$ 140,705**	**3.0%**	**$ 4,975,809**	**$ 144,926**	**3.0%**
Meeting Expenses							
Meetings	$ 86,500	$ 89,095	$ 2,595	3.0%	$ 91,768	2,673	3.0%
Travel	603,000	621,090	18,090	3.0%	639,723	18,633	3.0%
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	**$ 689,500**	**$ 710,185**	**$ 20,685**	**3.0%**	**$ 731,491**	**$ 21,306**	**3.0%**
Operating Expenses							
Consultants & Contracts	$ 1,370,600	$ 1,411,718	41,118	3.0%	$ 1,454,070	42,352	3.0%
Office Rent	-	-	-		-	-	
Office Costs	8,000	8,240	240	3.0%	8,487	247	3.0%
Professional Services	477,645	491,974	14,329	3.0%	506,734	14,759	3.0%
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	**$ 1,856,245**	**$ 1,911,932**	**$ 55,687**	**3.0%**	**$ 1,969,290**	**$ 57,358**	**3.0%**
Total Direct Expenses	**$ 7,235,922**	**$ 7,453,000**	**$ 217,078**	**3.0%**	**$ 7,676,590**	**$ 223,590**	**3.0%**
Indirect Expenses	**$ 4,572,188**	**$ 4,709,354**	**$ 137,166**	**3.0%**	**$ 4,850,634**	**$ 141,281**	**3.0%**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**-**	
Total Expenses	**$ 11,808,110**	**$ 12,162,353**	**$ 354,243**	**3.0%**	**$ 12,527,224**	**364,871**	**3.0%**
Change in Assets	**$ (1,662,962)**	**$ -**	**$ 1,662,962**	**-100.0%**	**$ -**	**$ -**	
Fixed Assets							
Depreciation	$ -	$ -	$ -		$ -	$ -	
Computer & Software CapEx	-	-	-		-	-	
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
TOTAL CHANGE IN NET ASSETS	**$ (1,662,962)**	**$ -**	**$ 1,662,962**	**-100.0%**	**$ -**	**$ -**	**0.0%**
FTEs	32.75	32.75	0.00	0.0%	32.75	0.00	0.0%

Explanation of 2015 and 2016 and 2017 Projections

At this time, SPP RE does not anticipate material changes in its personnel or business operations for the years 2016 and 2017.

- No projected change in FTEs
- No projected change in operating costs other than inflationary adjustments
- Budgeted merit pay increases

Section C – Non-Statutory Activities
2015 Business Plan and Budget

Section C — 2015 Non-Statutory Business Plan and Budget

Non-Statutory Functional Scope

As discussed in the Introduction, SPP is one of nine FERC-approved Independent System Operators/Regional Transmission Organizations (ISOs/RTOs). As an RTO, SPP helps ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. These activities are budgeted for separately from SPP RE and constitute the non-statutory activities further described below.

Membership and Governance (for non-statutory activities)

SPP is a relationship-based organization with member-driven processes offering independence through diversity in Organizational Group membership and recognition that reliability and economic/equity issues are inseparable. SPP strives to continuously improve and implement new concepts in a deliberate evolutionary manner.

SPP membership is voluntary and open to any electric utility, federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership is also open to entities eligible to take service under the SPP Open Access Transmission Tariff (OATT). SPP offers its Members greater efficiency and service reliability through better coordination.

SPP members serve over 15 million customers across nine states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

SPP is governed in accordance with its Bylaws by an independent Board of Directors consisting of seven directors independent of any SPP Member. The Board of Directors works to ensure equity to all Members and acts in the best interest of SPP through its management, control and direction of the general business of SPP.

Non-Statutory Functional Scope

SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: SPP provides independent administration of the Open Access Transmission Tariff that offers one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP began developing new energy markets in 2009 to bring additional regional benefit to our members. The Integrated Marketplace launched in 2014 and includes a Day-Ahead Market with Transmission Congestion Rights, a Reliability Unit Commitment process, a Real-Time Balancing Market, replacing the Energy Imbalance Marketplace, and the incorporation of price-based Operating Reserve Procurement. The Integrated Marketplace also consolidated SPP footprint's 16 legacy Balancing Authorities into an SPP Balancing Authority.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.

Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's activities and has ordered that SPP's budgets be filed with the Commission. [5]

Schedule for Preparation and Approval of SPP Inc.'s Overall Annual Budget

SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process SPP is unable to provide an accurate 2015 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October. The SPP overall annual budget is then submitted to FERC for approval. Because the 2015 SPP budget is not yet available, SPP is providing its Commission-approved 2014 budget and its 2013 actual results on the following table:

[5] See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).

SOUTHWEST POWER POOL
NET REVENUE REQUIREMENT GROWTH
$000'S

	2014 Budget	2013 Actual
Income		
Tariff Administration Service	$132,600	$112,623
Fees & Assessments	26,764	25,188
Contract Services Revenue	453	425
Miscellaneous Income	3,350	4,502
Total Income	**$163,166**	**$142,737**
Expense		
Salary & Benefits	$82,247	$79,661
Employee Travel	2,192	1,868
Administrative	4,675	3,967
Assessments & Fees	15,300	14,699
Meetings	919	930
Communications	3,916	3,666
Leases	183	432
Maintenance	15,866	11,300
Services	14,313	15,870
Regional State Committee	328	207
Depreciation & Amortization	49,718	19,398
Other Expense	11,035	910
Total Expense	**$200,692**	**$152,906**
Net Income (Loss)	**($37,526)**	**($10,168)**
Debt Repayment	$13,000	$12,700
MW/h Forecast	348,200	357,534
Net Revenue Requirement	$132,600	$123,336
Calculated Admin Fee / MWh	$0.381	$0.345
Recommended Admin Fee / MWh	$0.381	$0.315
Capital Expense	$37,214	$46,312
Headcount (including open positions)	598	569

2013 actual data corresponds to SPP's annual Accountant's Report. For footnote information and other statements and schedules please refer to spp.org>Newsroom from the *Southwest Power Pool, Inc. Accountant's Report and Financial Statements December 31, 2013 and 2012.*

Section D – Additional Consolidated Financial Statements
2015 Business Plan and Budget

Section D 2015 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

					Functions in Delegation Agreement											Non-Statutory Functions
Statement of Activities and Capital Expenditures by Program 2015 Budget	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																
SPP RE Funding																
SPP RE Assessments	9,680,648	9,680,648	-	9,680,648	112,227	8,240,917	2,861,284	88,086	41,097	-	(1,662,962)	-	-	-	-	-
Penalty Sanctions	464,500	464,500	-	464,500	2,466	342,826	117,153	-	2,055	-	-	-	-	-	-	-
Total SPP RE Funding	**10,145,148**	**10,145,148**	**-**	**10,145,148**	**114,693**	**8,583,743**	**2,978,437**	**88,086**	**43,152**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	**10,145,148**	**10,145,148**	**-**	**10,145,148**	**114,693**	**8,583,743**	**2,978,437**	**88,086**	**43,152**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**
Expenses																
Personnel Expenses																
Salaries	3,890,082	3,890,082	-	3,890,082	16,019	2,349,882	847,886	-	16,019	-	660,277	-	-	-	-	-
Payroll Taxes	297,591	297,591	-	297,591	1,225	179,766	64,863	-	1,225	-	50,511	-	-	-	-	-
Benefits	346,900	346,900	-	346,900	1,296	222,444	64,560	-	1,080	-	57,520	-	-	-	-	-
Retirement Costs	155,603	155,603	-	155,603	641	93,995	33,915	-	641	-	26,411	-	-	-	-	-
Total Personnel Expenses	4,690,177	4,690,177	-	4,690,177	19,181	2,846,087	1,011,224	-	18,965	-	794,719	-	-	-	-	-
Meeting Expenses																
Meetings	86,500	86,500	-	86,500	-	1,500	-	60,000	-	-	25,000	-	-	-	-	-
Travel	603,000	603,000	-	603,000	50,000	350,000	100,000	-	-	-	103,000	-	-	-	-	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	689,500	689,500	-	689,500	50,000	351,500	100,000	60,000	-	-	128,000	-	-	-	-	-
Operating Expenses																
Consultants & Contracts	1,370,600	1,370,600	-	1,370,600	-	964,600	350,000	-	-	-	56,000	-	-	-	-	-
Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-	-	-	-	-	-	8,000	-	-	-	-	-
Professional Services	477,645	477,645	-	477,645	-	23,945	2,600	5,000	-	-	146,100	300,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,856,245	1,856,245	-	1,856,245	-	988,545	352,600	5,000	-	-	210,100	300,000	-	-	-	-
Total Direct Expenses	**7,235,922**	**7,235,922**	**-**	**7,235,922**	**69,181**	**4,186,132**	**1,463,824**	**65,000**	**18,965**	**-**	**1,132,819**	**300,000**	**-**	**-**	**-**	**-**
SPP Inc. Indirect Expenses	4,572,188	4,572,188	-	4,572,188	20,941	2,910,843	994,713	-	17,451	-	628,240	-	-	-	-	-
SPP RE Indirect Expenses	0	0	-	0	24,571	1,486,767	519,899	23,086	6,736	-	(1,761,059)	(300,000)	-	-	-	-
Total Indirect Expenses	4,572,188	4,572,188	-	4,572,188	45,512	4,397,610	1,514,612	23,086	24,187	-	(1,132,819)	(300,000)	-	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**11,808,110**	**11,808,110**	**-**	**11,808,110**	**114,693**	**8,583,743**	**2,978,437**	**88,086**	**43,152**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**(1,662,962)**	**(1,662,962)**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**
Fixed Assets																
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN NET ASSETS	**(1,662,962)**	**(1,662,962)**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,662,962)**	**-**	**-**	**-**	**-**	**-**
FTEs	**32.75**	**32.8**	**-**	**32.75**	**0.15**	**20.85**	**7.13**	**-**	**0.13**	**-**	**4.50**	**-**	**-**	**-**	**-**	**-**
Percentage of FTEs				**100%**	**0.5%**	**63.7%**	**21.8%**	**0.0%**	**0.4%**	**0.0%**	**13.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	0
Percentage of Functional Program FTEs				**100%**	**0.5%**	**73.8%**	**25.2%**	**0.0%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Percentage of Functional Program Direct Expenses				**100%**	**1.2%**	**72.1%**	**25.2%**	**1.1%**	**0.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Indirect Cost Allocation																
SPP Inc. Indirect Costs	4,572,188	4,572,188	-	4,572,188	20,941	2,910,843	994,713	-	17,451	-	628,240	-	-	-	-	-
SPP RE Indirect Costs	2,061,059	2,061,059	-	2,061,059	24,571	1,486,767	519,899	23,086	6,736	-	-	-	-	-	-	
Total Indirect Costs	6,633,247	6,633,247	-	6,633,247	45,512	4,397,610	1,514,612	23,086	24,187	-	628,240	-	-	-	-	-
Fixed Assets Allocation	-	-	-	-												
Penalty Sactions Allocation	464,500	464,500	-	464,500	2,466	342,826	117,153	-	2,055	-	-	-	-	-	-	

Section E – Calculation of SPP, Inc. Indirect Expense Rate
2015 Business Plan and Budget

Section E

CALCULATION OF THE SPP INC. INDIRECT EXPENSE RATE[1]

Support Groups[2]		**Overhead Costs to Allocate**	
Administration	$	18,800,747 *	
Officers		5,121,360 **	
Accounting		1,245,053	
Corporate Services		5,101,970	
SPP Compliance- Physical Security		-	
Human Resources		-	
Customer Services		-	
Legal		1,470,717	
Communications		378,593	
Information Technology		15,066,273	
Total Costs	**$**	**47,184,713**	**A**
Non-Support Resource Groups			
Ending 2013 Headcounts		338	
Average Work Hours/FTE in 2013		1880	
# of Work Hours in 2013		**635,440**	**B**
2013 Indirect Overhead Expense Rate (A/B)	**$**	**74.26**	
Times Budgeted SPP RE FTEs		**32.75**	
Times Average Work Hours/FTE in 2015		**1,880**	
Budgeted SPP Inc. Indirect Costs	**$**	**4,572,188**	

[1]Due to the timing of the budget process/schedule, the estimated overhead rate for 2015 is based on actual 2013 costs. Any variance between the estimated overhead rate and the actual 2013 overhead rate will be included in the annual 2015 Business Plan and Budget true-up filing.

[2] The services provided by these support groups are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors.

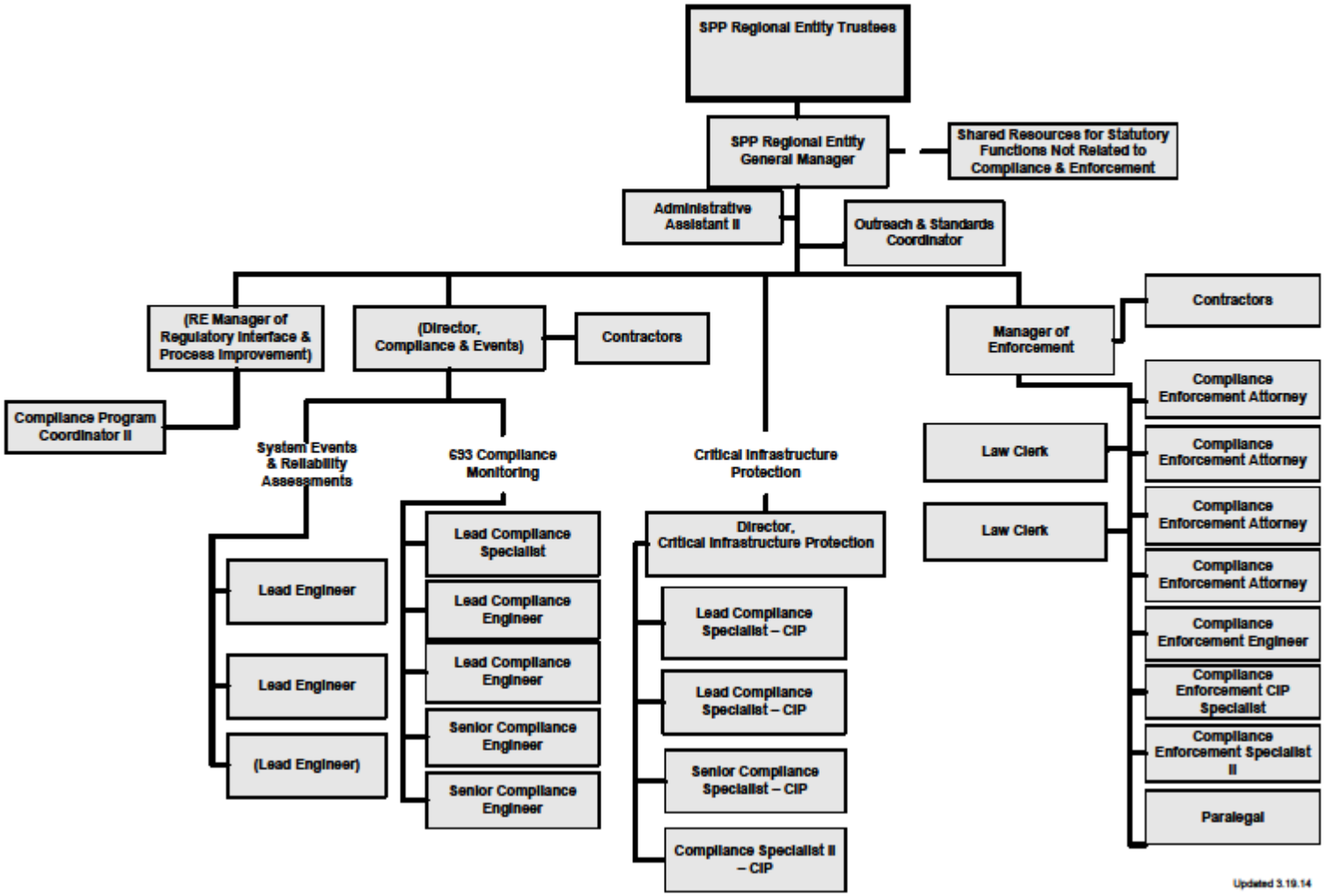
* Does not include FERC Pass-Thru Fees and depreciation of market and transmission assets.

** Does not include costs for executives performing delegated functions.

Section F– Organizational Chart
2015 Business Plan and Budget

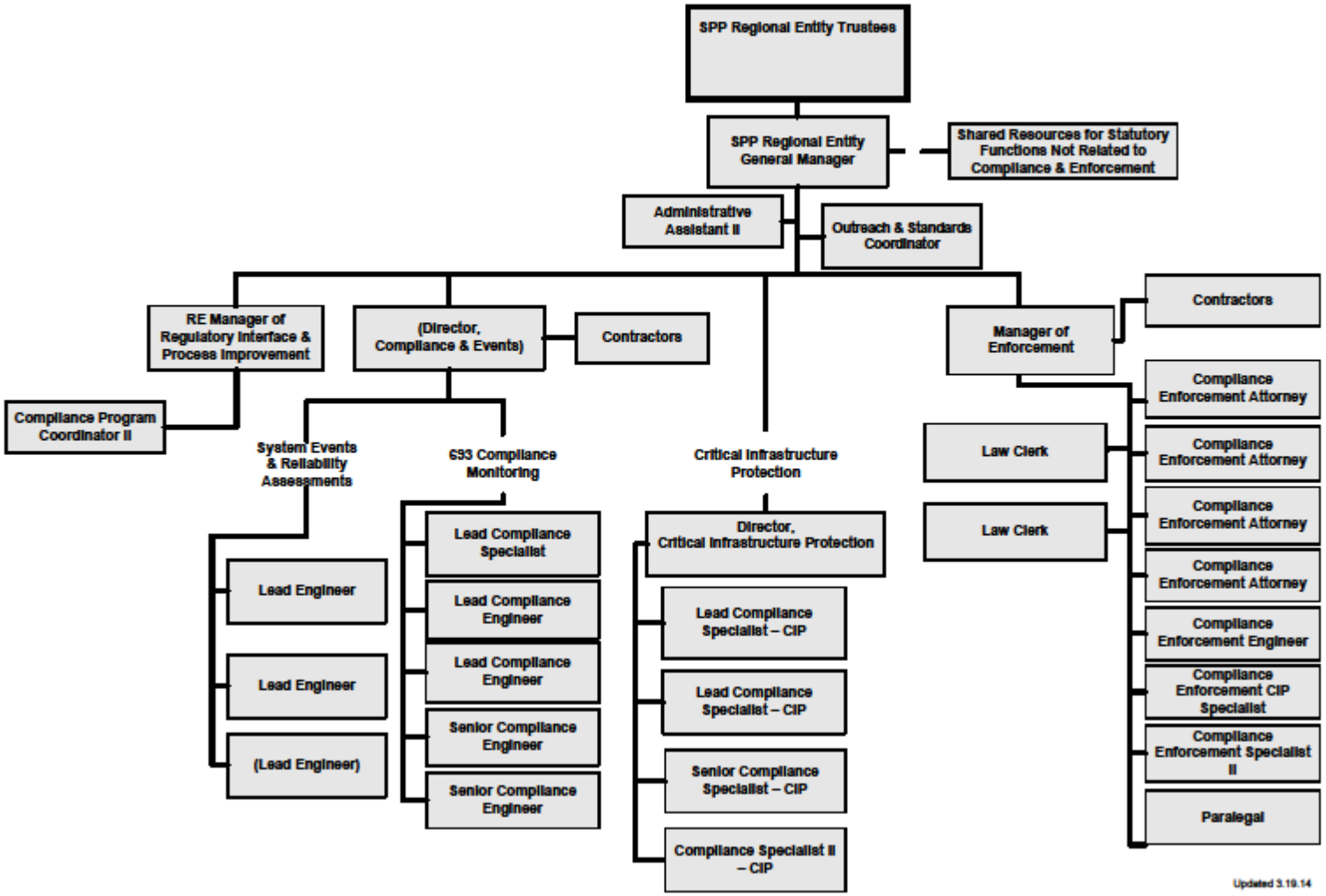
SPP Southwest Power Pool Regional Entity

Organizational Chart – 2014



SPP Southwest Power Pool Regional Entity

Organizational Chart – 2015 Proposed



DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 9

TEXAS RELIABILITY ENTITY

PROPOSED 2015 BUSINESS PLAN AND BUDGET

2015 Business Plan and Budget

Texas Reliability Entity, Inc.

Approved by Texas RE Board of Directors

Date: June 24, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	60.00			
Non-statutory FTEs	5.0			
Total FTEs	65.00			
Statutory Expenses	$ 12,152,761			
Non-Statutory Expenses	$ 999,100			
Total Expenses	$ 13,151,861			
Statutory Inc(Dec) in Fixed Assets	$ (169,060)			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ (169,060)			
Statutory Working Capital Requirement	$ (966,210)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	$ (966,210)			
Total Statutory Funding Requirement	$ 11,017,491			
Total Non-Statutory Funding Requirement	$ 999,100			
Total Funding Requirement	$ 12,016,591			
Statutory Funding Assessments	$ 10,500,446			
Non-Statutory Fees	$ 999,100			
NEL	332,698,379	332,698,379		
NEL%	100.00%	100.00%		

*Refer to Table B-1 Reserve Analysis on page 51 in Section B.

Organizational Overview

Texas Reliability Entity, Inc. (Texas RE) is a Texas non-profit corporation that is the Regional Entity and Reliability Monitor for the Electric Reliability Council of Texas, Inc. (ERCOT) region, pursuant to its Amended and Restated Delegation Agreement (Delegation Agreement) with North American Electric Reliability Corporation (NERC). Texas RE's current Delegation Agreement was approved by the Federal Energy Regulatory Commission (FERC) in October 2010 for a five-year period beginning January 1, 2011. Texas RE ensures the reliability of the ERCOT region bulk-power system (BPS).

Texas RE also performs non-statutory activities as the Reliability Monitor for the ERCOT region, pursuant to its Agreement with the Public Utility Commission of Texas (PUCT) and Electric

Reliability Council of Texas, Inc. (ERCOT) (the independent system operator for the ERCOT region), dated July 1, 2010 and subsequently amended. As the Reliability Monitor, Texas RE monitors and reports to the PUCT regarding market participants' compliance with reliability-related ERCOT Protocols, Operating Guides, and Texas rules (ERCOT Regional Rules).

The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the PUCT and is not synchronously interconnected with any electric utilities operating outside of Texas. The ERCOT region includes approximately 85% of Texas load and 75% of the Texas land area.

Membership and Governance

Members

Texas RE has the following six membership sectors under its Bylaws:

- System Coordination and Planning
- Transmission and Distribution
- Cooperative Utility
- Municipal Utility
- Generation
- Load-Serving and Marketing

Membership in Texas RE is voluntary and open to any entity that is a user, owner, or operator in the ERCOT region BPS, who registers with Texas RE and complies with the Texas RE Bylaws requirements. Texas RE charges a nominal fee for membership, but the membership fee can be waived upon good cause shown. Any person or entity that has a direct and material interest in the BPS has a right to participate in the Texas RE Standards Development Process, even if not a Texas RE member.

Texas RE has two stakeholder committees, the Member Representatives Committee (MRC) and the Reliability Standards Committee (RSC). The MRC includes representatives from members in each of the six membership sectors and provides advice and recommendations to the Board on administrative, financial, reliability-related, or any other matters, except for standards development issues, through its elected Chair and Vice Chair, who serve as directors. The RSC includes representatives from the six sectors described above, whether or not members of Texas RE, which may include any entity with a direct and material interest in the ERCOT region BPS. The RSC facilitates the Regional Standards Development Process, and coordinates the development of regional standards and variances with the development of national standards. A subcommittee of the RSC, the NERC Standards Review Subcommittee (NSRS), monitors, reviews, and discusses NERC (continent-wide) standards under development and standards interpretation requests.

Board of Directors

Texas RE is governed by a hybrid board of directors (Board), comprised of the following nine directors:

- The Texas RE President & Chief Executive Officer
- Four Independent Directors (elected by membership)
- Two Member Directors (the Chair and Vice-Chair of the Member Representatives Committee)
- Chairman of the PUCT or another PUCT Commissioner designated by the Chairman, as an ex officio non-voting member
- Texas Public Counsel, from the Texas Office of Public Utility Counsel, as an ex officio non-voting member

The Board's primary role is to oversee the management of Texas RE, including assuring that Texas RE meets its requirements under the Bylaws and Delegation Agreement, and appointing a chief executive officer to manage and be responsible for the day-to-day on-going activities of Texas RE.

Statutory Functional Scope

In accordance with its Delegation Agreement with NERC and in compliance with the NERC Rules of Procedure (NERC ROP), Texas RE performs the following statutory (or delegated) functions:

- Participation in the development of NERC Reliability Standards (Standards), or modifications thereof, and facilitation of developing needed regional standards or variances through Texas RE's Standards Development Process.
- Identification and registration of responsible entities with NERC and, as needed, certification of such entities within the ERCOT region.
- Monitoring and enforcement of compliance with approved Standards and regional standards, in accordance with the NERC ROP, in the ERCOT region.
- Analysis and assessment of system events and disturbances.
- Assessment of the present and future reliability, adequacy, and security of the BPS.
- Promotion of effective training and education of personnel, and assistance in the certification of operating personnel.
- Promotion of situation awareness and the protection of critical infrastructure.

Financial Policies

Texas RE has policies and procedures in place that address its overall financial management, including procurement, business expense reimbursement, and line of credit. Additionally, Texas RE has a working capital and operating reserve policy to ensure the stability of the ongoing operations of the organization. This policy is intended to provide funds for situations such as a sudden unanticipated increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

2015 Overview of Cost Impacts

In developing the Texas RE 2015 Business Plan and Budget, Texas RE, NERC, and the other Regional Entities collaborated and agreed upon common foundational and program assumptions which are contained in the *Shared Business Plan and Budget Assumptions for the 2014-2017 Planning Period (2015 Budget Cycle)*. Texas RE used these shared assumptions as well as the Electric Reliability Organization Enterprise Strategic Goals in developing this 2015 Business Plan and Budget. Prior to obtaining final approval from its Board of Directors, Texas RE seeks NERC input and review of its annual Regional Entity Business Plan and Budget, including coordination of program requirements and any related key initiative for the Electric Reliability Organization (ERO) Enterprise.

Overall, the Texas RE 2015 statutory expenses ($12,152,761) increased by 1.3% over the 2014 statutory expenses ($11,992,461).

The 2015 statutory assessment ($10,500,466) represents a decrease from the 2014 assessment ($10,509,308).

Significant statutory expense changes (including capital expenditures) include:

- Total Personnel expenses are increasing by 5.7%. Salaries are increasing 7.3% due to anticipated annual merit increases and promotions and to reflect the reassignment of certain full-time equivalents (FTEs) to higher-salary positions. However, Benefits expense is decreasing to better align with actual experience. Employee benefits also include training and professional development costs consistent with the NERC budget guidelines.

- Reallocation of FTEs assigned to various departments caused variances from 2014 in most programs. This FTE Reallocation is explained on page 8.

- Total Meeting and Travel expenses are increasing by 2.5%. Meeting expense is decreasing 54% while travel expense is increasing 13.5%. The increase in travel expense is due in part to activities related to implementation of the Reliability Assurance Initiative (RAI).

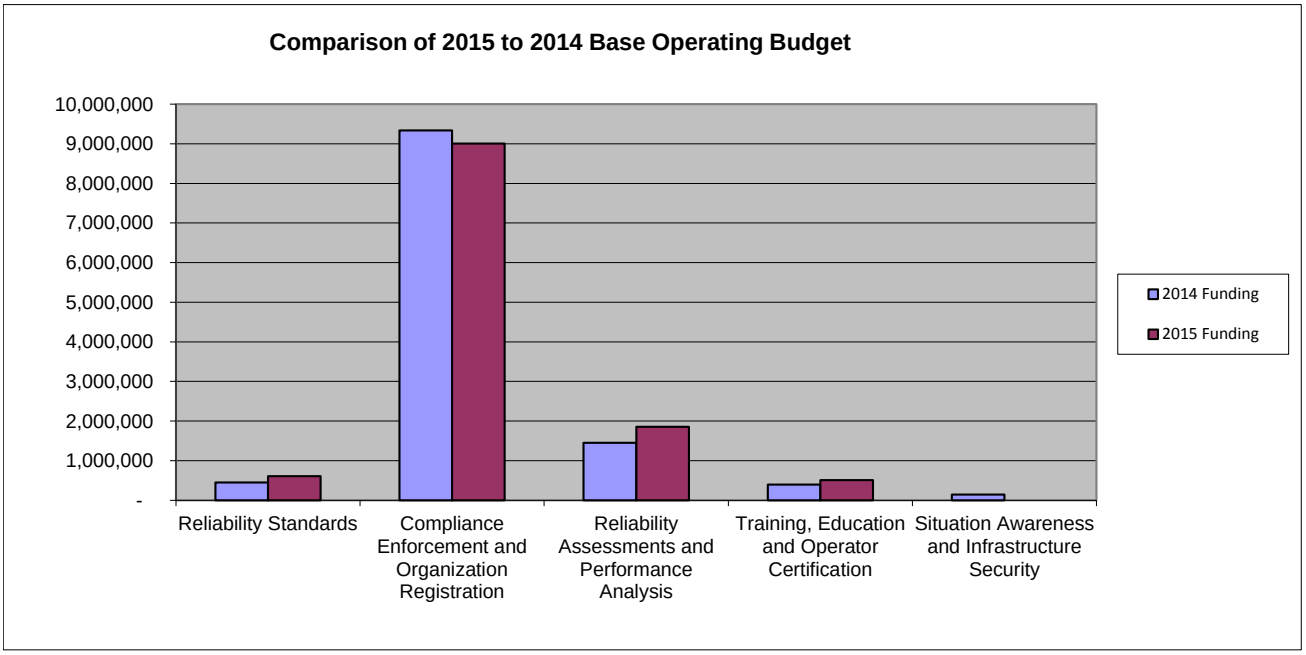
- Total Operating Expenses are decreasing 11.4%. The Consultants and Contracts category is decreasing due to work previously assumed to be completed by consultants being performed by in-house personnel. Rent cost previously included a contract with a security services provider, which will not be renewed in 2015. The Professional Services costs are remaining constant primarily due to contingency for the anticipated cost of outside legal counsel for one contested enforcement case, based upon actual experience.

All statutory activity in the 2015 Business Plan and Budget aligns with the NERC Enterprise Strategic Plan.

Summary of Costs

A summary of funding requirement for Texas RE's primary statutory functional areas is shown in the following table and graphs. The SAIS department has been rolled in to the RAPA department for 2015.

Base Operating Budget	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards	450,487	450,487	606,806	156,320	34.7%
Compliance Enforcement and Organization Registration	9,336,233	9,336,233	9,008,548	(327,685)	-3.5%
Reliability Assessments and Performance Analysis	1,448,152	1,448,152	1,857,017	408,865	28.2%
Training, Education and Operator Certification	392,456	392,456	511,329	118,874	30.3%
Total Situation Awareness and Infrastructure Security	143,920	143,920	-	(143,920)	-100.0%
Total by Program	11,771,248	11,771,248	11,983,701	212,453	1.8%



FTEs by Program Area

Personnel Analysis

The number of FTEs is remaining constant for 2015. The 2015 budget reflects a reallocation of personnel among departments and programs to ensure consistency and to more appropriately classify costs based on the work being performed (FTE Reallocation). Previously, FTEs in the various Administrative Programs were directly allocated to various Operational Programs. Beginning in 2015, Administrative Program FTEs will be consolidated in General and Administrative and then indirectly allocated to the Operational Programs.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
	STATUTORY					
Operational Programs						
Reliability Standards	2.00	2.00	2.25	-	2.25	0.25
Compliance and Organization Registration and Certificatior	40.00	40.00	33.50	-	33.50	(6.50)
Training and Education	1.75	1.75	2.25	-	2.25	0.50
Reliability Assessment and Performance Analysis	4.75	4.75	6.50	-	6.50	1.75
Situation Awareness and Infrastructure Security	0.75	0.75	-	-	-	(0.75)
Total FTEs Operational Programs	**49.25**	**49.25**	**44.50**	**-**	**44.50**	**(4.75)**
Administrative Programs						
Technical Committees and Member Forums	0.50	0.50		-	-	(0.50)
General & Administrative	1.75	1.75		2.00	2.00	0.25
Legal and Regulatory	3.00	3.00		4.50	4.50	1.50
Information Technology	2.50	2.50		4.00	4.00	1.50
Human Resources	1.00	1.00		1.00	1.00	-
Finance and Accounting	2.00	2.00		4.00	4.00	2.00
Total FTEs Administrative Programs	**10.75**	**10.75**	**-**	**15.50**	**15.50**	**4.75**
Total FTEs	**60.00**	**60.00**	**44.50**	**15.50**	**60.00**	**-**

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

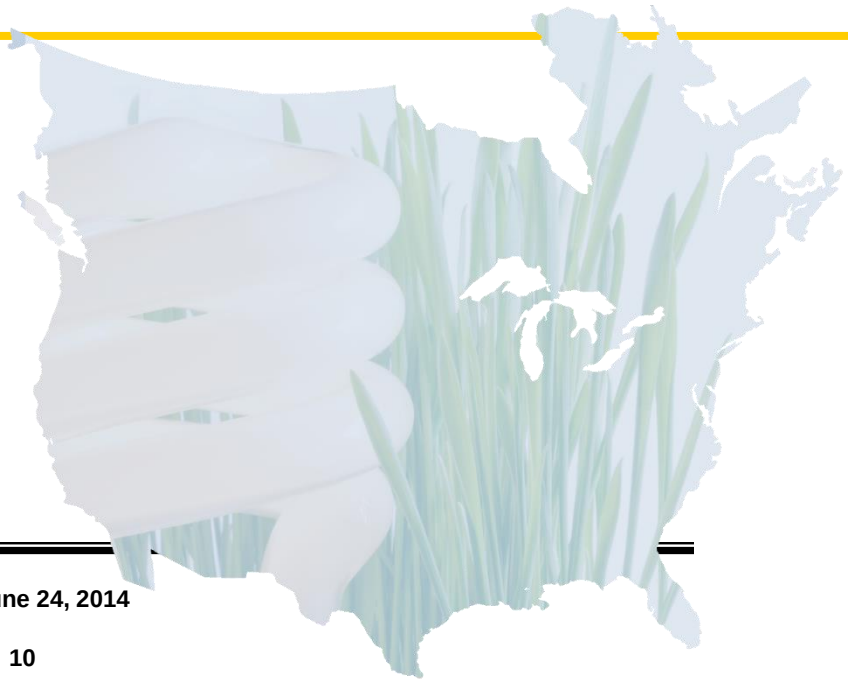
2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 10,509,308	$ 10,509,308	$ -	$ 10,500,446	$ (8,862)
Penalty Sanctions	402,833	402,833	-	483,500	80,667
Total NERC Funding	**$ 10,912,141**	**$ 10,912,141**	**$ -**	**$ 10,983,946**	**$ 71,805**
Membership Dues	18,250	18,250	-	18,500	$ 250
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	14,466	14,466	-	15,045	579
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 10,944,857**	**$ 10,944,857**	**$ -**	**$ 11,017,491**	**$ 72,634**
Expenses					
Personnel Expenses					
Salaries	$ 6,087,779	$ 6,087,779	$ -	$ 6,531,781	$ 444,002
Payroll Taxes	571,040	571,040	-	617,840	46,799
Benefits	971,875	971,875	-	917,129	(54,746)
Retirement Costs	882,728	882,728	-	935,450	52,722
Total Personnel Expenses	**$ 8,513,423**	**$ 8,513,424**	**$ -**	**$ 9,002,199**	**$ 488,777**
Meeting Expenses					
Meetings	$ 95,213	$ 95,213	$ -	$ 43,726	$ (51,487)
Travel	397,591	397,591	-	451,108	53,517
Conference Calls	3,500	3,500	-	13,640	10,140
Total Meeting Expenses	**$ 496,304**	**$ 496,304**	**$ -**	**$ 508,474**	**$ 12,170**
Operating Expenses					
Consultants & Contracts	$ 496,072	$ 496,072	$ -	$ 288,070	$ (208,002)
Office Rent	510,864	510,864	-	427,080	(83,784)
Office Costs	639,498	639,498	-	636,958	(2,540)
Professional Services	1,073,088	1,073,088	-	1,077,240	4,152
Miscellaneous	-	-	-	-	-
Depreciation	263,213	263,213	-	212,740	(50,473)
Total Operating Expenses	**$ 2,982,735**	**$ 2,982,735**	**$ -**	**$ 2,642,088**	**$ (340,647)**
Total Direct Expenses	**$ 11,992,461**	**$ 11,992,462**	**$ -**	**$ 12,152,761**	**$ 160,300**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ (0)**	**$ (0)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 11,992,461**	**$ 11,992,462**	**$ -**	**$ 12,152,761**	**$ 160,300**
Change in Assets	**$ (1,047,604)**	**$ (1,047,605)**	**$ -**	**$ (1,135,270)**	**$ (87,666)**
Fixed Assets					
Depreciation	$ (263,213)	$ (263,213)	$ -	$ (212,740)	$ 50,473
Computer & Software CapEx	42,000	42,000	-	43,680	1,680
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	**$ (0)**	**$ (0)**	$ -	$ -	**$ 0**
Inc(Dec) in Fixed Assets (C)	**(221,213)**	**(221,213)**	**-**	**(169,060)**	**52,153**
TOTAL BUDGET (=B + C)	**11,771,248**	**$ 11,771,249**	**$ -**	**$ 11,983,701**	**$ 212,453**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (826,391)**	**$ (826,392)**	**$ -**	**$ (966,210)**	**$ (139,819)**

Section A – Statutory Programs

2015 Business Plan and Budget



Section A — 2015 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.00	2.25	0.25
Direct Expenses	$ 283,258	$ 394,711	$ 111,454
Indirect Expenses	$ 176,009	$ 220,643	$ 44,634
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (8,780)	$ (8,548)	$ 232
Total Funding Requirement	$ 450,487	$ 606,806	$ 156,320

Program Scope and Functional Description

The Texas RE Reliability Standards Program supports the NERC Reliability Standards program and facilitates the development of regional standards and variances, in accordance with the Texas RE Standards Development Process, which was approved as Exhibit C to the Delegation Agreement. Texas RE Standards staff coordinates and publicly posts information regarding the activities of the Texas RE Reliability Standards Committee (RSC), NERC Standards Review Subcommittee (NSRS) and all regional standard drafting teams (SDTs).

The Texas RE Standards Development Process is open to all individuals and organizations that are directly and materially affected by the ERCOT region BPS, with no undue financial barriers and regardless of Texas RE membership status. Texas RE's Standards Development Process provides for fair and due process by providing sufficient public notice of the intent to develop a regional standard. In addition, all proposed regional standards are posted on the Texas RE Reliability Standards Tracking Site for public comments. The Tracking Site allows all interested parties to access materials related to regional standards and to submit comments on Standard Authorization Requests (SARs) and draft standards during designated commenting periods. The Tracking Site allows members of the Registered Ballot Body to join any open Registered Ballot Pool and to vote online. The Standards Development Process includes an appeals process and an interpretation process.

Texas RE Standards staff supports and participates in the NERC Standards Committee and other NERC activities relating to standards development. Texas RE regularly comments and votes on proposed NERC standards and revisions from its perspective as the Compliance Enforcement Authority, based on recommendations and input from subject matter experts employed by Texas RE.

In addition, Texas RE reviews proposed reliability standards from NERC and other regions, and staff from NERC and other Regional Entities have the opportunity to review proposed Texas RE

regional standards. This Program area supports and facilitates meetings of the Texas RE RSC and the NSRS. The RSC is a stakeholder committee that oversees the execution of the Texas RE Standard Development Process. The NSRS provides a regional stakeholder forum for education and discussion of NERC standards activities, both regional and continent-wide.

Texas RE Standards staff provides education and advice to other Texas RE departments regarding issues relating to standards, including applicability and interpretation of requirements in accordance with NERC processes.

When developing regional Reliability Standards, Texas RE is responsible for adhering to the approved Regional Reliability Standards development processes, and for assisting NERC as needed with obtaining Board approval and subsequent filing(s) with FERC and other regulatory authorities, as appropriate, including developing the record necessary to support approval.

2015 Key Assumptions

The Reliability Standards Program incorporates the regional assumptions from the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Encourage stakeholder awareness and participation in the NERC standards development process through educational outreach efforts and participation in Standard Drafting Teams, the NERC Standards Committee and related subcommittees.

- Educate and train their staff regarding new or revised Reliability Standards in concert with the training provided by NERC.

- Coordinate with each other and NERC on standards development activities to establish clear, results-based reliability standards in concert with NERC reliability standards across the interconnected bulk-power systems of North America.

- In accordance with the approved regional standard development process, submit to NERC requests to approve, revise, or withdraw a regional Reliability Standard.

- Participate in and provide outreach to regional stakeholders regarding nation-wide Standard development (including through announcements, meetings and webinars, enhancement to the Texas RE website, and expansion of the NSRS), to help ensure that ERCOT region perspective is represented in continent-wide Standards.

- Facilitate Texas RE participation in NERC standards development activities, including preparation of recommendations for voting and comments on NERC ballots, and provide standards-related expertise to other Program areas.

- Meet all FERC and NERC directives with regard to regional standards development and procedures and maintain effective relationships and communications with the standards staff at NERC and the other Regional Entities.

- Work closely with other Texas RE departments to ensure that staff is appropriately educated and informed regarding proper application and interpretation of standards and requirements while performing functions under the Compliance Monitoring and Enforcement Program (CMEP).

- Work closely with NERC and registered entities within the ERCOT region to, when required, develop regional standards that go beyond, add detail to, or implement NERC Reliability Standards; obtain regional variances; and otherwise address issues that are not adequately addressed in NERC Reliability Standards (such as improving fill-in-the-blank requirements).

- Continue to enhance communication to and education of the registered entities in the ERCOT region to increase awareness of regional standards development activities and to ensure adequate representation on the Registered Ballot Body.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- Funding received for this activity is through statutory assessments, penalties, and Texas RE membership dues, which fully funds total expenses and fixed asset requirements.

Personnel Expenses

- FTEs are increasing by 0.25 and personnel expenses for this Program are 47.5% higher than 2014 due to anticipated annual merit increases and promotions and an organization-wide FTE reallocation of personnel among programs.

Meeting Expenses and Travel Expenses

- Meeting and travel expenses and travel decreased 15.5% for 2015 due to less travel required for the department, based on actual experience.

Operating Expenses

- Operating Expenses decrease by approximately 86.6% due to no cost being budgeted to Consultants and Contracts in 2015.

Indirect Expenses

- Administrative expenses are allocated based on FTEs in this department.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY STANDARDS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 430,111	$ 430,111	$ -	$ 530,921	$ 100,811
Penalty Sanctions	19,635	19,635		24,447	4,812
Total NERC Funding	**$ 449,745**	**$ 449,745**	**$ -**	**$ 555,368**	**$ 105,623**
Membership Dues	$ 741	741	-	935	194
Interest	-	-	-	761	761
Total Funding	**$ 450,487**	**$ 450,487**	**$ -**	**$ 557,064**	**$ 106,578**
Expenses					
Personnel Expenses					
Salaries	$ 184,058	$ 184,058	$ -	287,955	$ 103,897
Payroll Taxes	20,720	20,720	-	27,208	6,488
Benefits	28,527	28,527	-	26,670	(1,857)
Retirement Costs	26,688	26,688	-	41,754	15,065
Total Personnel Expenses	**$ 259,993**	**$ 259,993**	**$ -**	**$ 383,586**	**$ 123,593**
Meeting & Travel Expenses					
Meetings	$ -	$ -	$ -	-	$ -
Travel	11,268	11,268	-	9,521	(1,747)
Conference Calls	-	-	-	-	-
Total Meeting& Travel Expenses	**$ 11,268**	**$ 11,268**	**$ -**	**$ 9,521**	**$ (1,747)**
Operating Expenses					
Consultants & Contracts	$ 10,992	$ 10,992	$ -	-	$ (10,992)
Office Rent	-	-	-	-	-
Office Costs	1,004	1,004	-	1,604	600
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 11,996**	**$ 11,996**	**$ -**	**$ 1,604**	**$ (10,392)**
Total Direct Expenses	**$ 283,258**	**$ 283,258**	**$ -**	**$ 394,711**	**$ 111,454**
Indirect Expenses	**$ 176,009**	**$ 176,009**	**$ -**	**$ 220,643**	**$ 44,634**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 459,267**	**$ 459,267**	**$ -**	**$ 615,354**	**$ 156,087**
Change in Assets	**$ (8,780)**	**$ (8,780)**	**$ -**	**$ (58,290)**	**$ (49,510)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(8,780)	(8,780)	-	(8,548)	232
Inc(Dec) in Fixed Assets (C)	**$ (8,780)**	**$ (8,780)**	**-**	**$ (8,548)**	**232**
TOTAL BUDGET	**$ 450,487**	**$ 450,487**	**$ -**	**$ 606,806**	**$ 156,320**
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ -**	**$ -**	**$ (49,742)**	**$ (49,742)**

Approved by the Texas RE Board of Directors June 24, 2014

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	40.00	33.50	(6.5)
Direct Expenses	$ 5,991,654	$ 5,850,689	$ (140,964)
Indirect Expenses	$ 3,520,184	$ 3,285,129	$ (235,055)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (175,605)	$ (127,270)	$ 48,335
Total Funding Requirement	$ 9,336,233	$ 9,008,548	$ (327,685)

Program Scope and Functional Description

Texas RE's Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CMEP) includes the key activities of registering (and where required, certifying) responsible entities, monitoring and assessing compliance with the NERC Reliability Standards and regional standards, and enforcing and ensuring mitigation of violations of Standards in accordance with the NERC ROP. The primary monitoring and assessment methods include audits, self-reports, self-certifications, complaints, spot checks, compliance investigations, exception reporting, and data submittals.

There are several major ERO-wide activities that are expected to benefit NERC, the Regional Entities, and the Registered Entities. The Reliability Assurance Initiative (RAI) a multi-year effort to identify and implement changes to enhance the effectiveness of the ERO's compliance and enforcement functions. RAI is designed to improve BES reliability by refocusing efforts on serious and substantial reliability risks and on the internal controls that mitigate those risks. The Risk-Based Registration Inititaive (RBR), is a project that is assessing the current registration criteria and practices to ensure the right entities are subject to the right set of applicable Reliability Standards, using a consistent and common approach to risk assessment and registration across the ERO Enterprise. Critical Infrastructure Protection Version 5 (CIP Version 5) is a significant improvement over the current CIP Version 3 standards. CIP Version 5 adopts new cybersecurity controls and extends the scope of the systems that the CIP standards protect, and the transition to CIP Version 5 will be a major activity in 2015.

Many elements of RAI, which will affect the overall CMEP,RBR, and the CIP Version 5 transition are expected to be implemented major activities in 2015. RAI, for example, will require Texas RE to allocate resources to complete the design and to begin developing the processes necessary to implement RAI for both compliance and enforcement. Additionally, increased resources may be required to meet the training requirements for the compliance and enforcement staff associated with the implementation of RAI 2015 Key Assumptions. Because resource demands are unknown, consideration will be given to reallocating existing staff or using available reserves to

provide the resource support, if Texas RE determines this to be necessary to support the successful implementation(or transition) of these major activities.

CMEP Program incorporates the regional assumptions from the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

COMPLIANCE MONITORING

- Perform formal, in depth, risk-based compliance audits for the functions posing risk to the BPS. The frequency of audits will vary as a result of new RAI process implementation. The number of anticipated audits provided below are similar to the current cyclic approach, but may increase or decrease.
- For 2015, perform:
  - Approximately 8 Critical Infrastructure Protection (CIP) audits of entities that have identified Critical Cyber Assets (CCAs) (on-site)
  - Approximately 25 CIP audits of entities required to be CIP-compliant that have identified no CCAs (off-site)
  - Approximately 40 non-CIP (693) audits per the updated 2015 schedule
- Perform spot checks where warranted due to system events, complaints, or other reliability concerns.
- Perform no more than one compliance investigation triggered by a significant system event, if warranted, and no more than 15 compliance reviews regarding lesser events or disturbances.
- Continue to work with NERC and other Regional Entities to improve consistency of audits and spot checks of registered entities.
- Conduct self-certifications of registered entities as needed.
- Increase coordination with Enforcement regarding all compliance monitoring engagements.
- Enhance registered entities' understanding of standard requirements by capturing lessons learned from compliance monitoring engagements and distributing to registered entities via training programs, newsletters, and announcements.
- Incorporate Reliability Assurance Initiative (RAI) processes and tools.
- Participation in the RSAW development process.
- Implementation of a common methodology for determining the scope of monitoring activities.

- Training related to transition to a risk-based monitoring approach.

ENFORCEMENT

- Assure timely mitigation of all violations, assessing all mitigating activities and mitigation plans for effectiveness and reasonableness of implementation, tracking completion of accepted plans to closure, and verifying completion of mitigation plans.

- Review, validate, and process or dismiss all possible violations in a more timely fashion, to enhance visibility of violations and penalties.

- Manage all settlements and contested cases to completion, as efficiently as possible. This budget anticipates one contested enforcement matter will occur during the year.

- Coordinate appropriate engineering, other subject matter experts, and legal resources for the processing of alleged violations, including all settlements, appeals, and contested cases.

- Use targeted, aggressive enforcement for the violations posing the most risk to BPS reliability.

- Support the Find, Fix, Track and Report (FFT) process and any other streamlined mechanisms implemented to expedite possible violations which pose a lesser reliability risk to the BPS.

- Improve the consistency and timeliness of all compliance and enforcement data tracking to enable review and reporting for compliance and enforcement staff, management, the Texas RE Board, NERC, and stakeholders.

- Promotion of timeliness and transparency of compliance results, including those efforts associated with meeting the caseload index, average violation aging and mitigation aging metrics,

- Promotion of self-identification of noncompliance and implementation of discretion, including increased utilization of streamlined tracks such as FFT and discretion in connection with self-identified noncompliance.

REGISTRATION AND CERTIFICATION

- Continue to monitor activity in the region and to register and certify entities in accordance with Texas RE procedures and the NERC ROP, including revisions to registrations and annual maintenance to reflect new and revised NERC standards. The level of activity is expected to be consistent with 2014.

- Continue to work with NERC and other Regional Entities to improve efficiency and consistency in performing registration and certification functions.

- Register new entities associated with generation and transmission facilities that may be planned and constructed during the applicable period, and conduct any required certifications.

- Continue to implement the revised Bulk Electric System definition, including execution of the exception process, handling exclusion notices, tracking the status of exclusions and exceptions, and dealing with related issues.

- Implementation of risk-based registration criteria, including development of business processes and tools. There is some uncertainty regarding the amount of resources that will be required to support this process.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- Funding received for this activity is through statutory assessments, penalties, and Texas RE membership dues which fully fund total expenses and fixed asset requirements.

Personnel Expenses

- FTEs are decreasing from 40 FTEs in 2014 to 33.5 FTEs in 2015 due to an organization-wide FTE reallocation as described on page 8. The total number of personnel directly working on this Program remains constant, as the 2015 FTE count now reflects directly assigned FTEs only. There is a slight decrease in costs as a result of a prior direct allocation of FTEs from Administrative Programs to this Program.

Meeting and Travel Expenses

- Meetings and travel for this Program is consistent with 2014.

Operating Expenses

- Operating expenses for this Program will decrease by 14% primarily due to decrease in Consultant and Contracts because work previously expected to be completed by consultants is being performed by in-house personnel

Indirect Expenses

- Administrative expenses are allocated based on FTEs in this department.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

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 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 8,928,721	$ 8,928,721	$ -	$ 7,904,830	$ (1,023,890)
Penalty Sanctions	392,690	$ 392,690		363,983	(28,707)
Total NERC Funding	**$ 9,321,411**	**$ 9,321,411**	**$ -**	**$ 8,268,813**	**$ (1,052,598)**
Membership Dues	14,822	14,822	-	13,927	(895)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	11,326	11,326
Miscellaneous	-	-	-	-	-
Total Funding	**$ 9,336,233**	**$ 9,336,233**	**$ -**	**$ 8,294,066**	**$ (1,042,167)**
Expenses					
Personnel Expenses					
Salaries	$ 3,520,283	$ 3,520,283	$ -	$ 3,664,126	$ 143,843
Payroll Taxes	357,639	357,639	-	352,833	(4,807)
Benefits	640,999	640,999	-	442,593	(198,407)
Retirement Costs	510,441	510,441	-	531,298	20,857
Total Personnel Expenses	**$ 5,029,363**	**$ 5,029,363**	**$ -**	**$ 4,990,849**	**$ (38,514)**
Meeting & Travel Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	236,385	236,385	-	236,096	(289)
Conference Calls	-	-	-	-	-
Total Meeting& Travel Expenses	**$ 236,385**	**$ 236,385**	**$ -**	**$ 236,096**	**$ (289)**
Operating Expenses					
Consultants & Contracts	$ 287,280	$ 287,280	$ -	$ 176,820	$ (110,460)
Office Rent	-	-	-	-	-
Office Costs	13,626	13,626	-	4,924	(8,702)
Professional Services	425,000	425,000	-	442,000	17,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 725,906**	**$ 725,906**	**$ -**	**$ 623,744**	**$ (102,162)**
Total Direct Expenses	**$ 5,991,654**	**$ 5,991,654**	**$ -**	**$ 5,850,689**	**$ (140,964)**
Indirect Expenses	**$ 3,520,184**	**$ 3,520,184**	**$ -**	**$ 3,285,129**	**$ (235,055)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 9,511,838**	**$ 9,511,838**	**$ -**	**$ 9,135,818**	**$ (376,020)**
Change in Assets	**$ (175,605)**	**$ (175,605)**	**$ -**	**$ (841,752)**	**$ (666,147)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	0
Equipment CapEx	-	-	-	-	0
Leasehold Improvements	-	-	-	-	0
Allocation of Fixed Assets	(175,605)	$ (175,605)	-	(127,270)	48,335
Inc(Dec) in Fixed Assets	**$ (175,605)**	**$ (175,605)**	**$ -**	**$ (127,270)**	**$ 48,335**
TOTAL BUDGET	**$ 9,336,233**	**$ 9,336,233**	**$ -**	**$ 9,008,548**	**$ (327,685)**
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ -**	**$ -**	**$ (714,482)**	**$ (714,482)**

Approved by the Texas RE Board of Directors June 24, 2014

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	4.75	6.50	1.75
Direct Expenses	$ 1,055,983	$ 1,244,298	$ 188,315
Indirect Expenses	$ 418,022	$ 637,413	$ 219,391
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (25,853)	$ (24,694)	$ 1,159
Total Funding Requirement	$ 1,448,151	$ 1,857,017	$ 408,865

Program Scope and Functional Description

Texas RE's Reliability Assessment and Performance Analysis (RAPA) Program provides input to seasonal and long-term reliability assessments for the adequacy of resources and operating reliability of the BPS in the ERCOT region, both existing and planned, as well as review of system events and disturbances that impact the ERCOT region BPS. In addition to support for these assessments and analyses, Texas RE will continue to participate with NERC in ongoing work to evaluate risk and severity from reliability performance, measure progress in improving current reliability and track leading indicators of future reliability. This program requires validation and analysis of data collected from registered entities, which is used in measurement of ongoing reliability performance of generation, transmission, and demand response. RAPA also identifies risks and analyzes key issues that may affect reliability, such as market practices, legislation, regulation, technology developments, high-impact low frequency (HILF) events, industry trends, or proposed public policy measures. Event analyses will determine causative factors for system disturbances as well as best practices used in preparing or recovering from them. Texas RE will disseminate these insights to industry and seek broader collaboration among stakeholders to identify and reduce threats to reliability.

RAPA also includes Situation Awareness and Infrastructure Security. Situation Awareness covers the assessment of the current condition of and threats to the BPS and development and application of situation awareness tools for monitoring the BPS. Infrastructure Security resources participate in the on-going development of CIP standards, improving regional coordination and cooperation of the CIP program, and to support the NERC-led efforts to develop industry alerts and guidance and to support NERC's role as the Electricity Sector – Information Sharing and Analysis Center. Most of the Texas RE CIP resources functionally reside in the Compliance, Enforcement and Organizational Registration and Certification Program, and much of situation awareness involves initial event review, which is primarily performed as part of the Event Analysis Process, in the RAPA Program.

2015 Key Assumptions

The RAPA Program incorporates the regional assumptions from the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities. Current staffing levels are expected to meet known and predicted program needs; however, as many RAPA tasks are presently in preliminary stages of definition, potential additional program staffing demands are not known. Additionally, there is some uncertainty regarding the amount of resources that will be required to support joint Enterprise-wide modeling and data collection systems. Continued ERCOT stakeholder support is expected in Regional planning activities that meet ERO schedules for seasonal, long-term and probabilistic risk assessments as well as events analysis and performance metrics.

2015 Goals and Key Deliverables

- Provide independent reviews of reliability assessments for the ERCOT region and assist NERC in its overall development of the long-term, winter and summer assessments, along with the post-seasonal reviews.

- Provide independent review of the two anticipated special reliability assessments in 2015, involving topics such as the impact of physical security, new technologies and environmental regulations, changes in resource mix, gas dependency, or delays in transmission development.

- Oversee collection of reliability data for the ERCOT Region, provide analysis and validation, and support stakeholders as enhancements for databases and portals are added or as new systems are developed. Systems include:

    - Transmission Availability Data System (TADS),
    - Generation Availability Data System (GADS),
    - Demand Response Availability Data System (DADS)
    - Spare Equipment Database (SED)

- Participate in ERO development of an outcome-based approach to achieve measurable improvements in reliability, utilizing the data above and NERC's adequate level of reliability (ALR) metrics. Collect data and perform analysis as needed to evaluate the ALR metrics. The number of metrics and level of analysis is expected to remain consistent in 2015.

- Provide regional data collection and analysis to meet NERC or FERC initiatives, orders or directives. These may include continuing review of high impact/low frequency events (such as geomagnetic disturbances), physical security, protection system mis-operations, system frequency response, human performance, drought, environmental regulations, single point of failure in protection systems, characterization of contingent load loss and new technology integration. Additional topics are likely to develop based on emerging reliability concerns.

- Review NERC Standards and process developments.

- Review proposed Regional criteria and processes for reliability.

- Continue to implement the NERC event analysis process within the ERCOT Region, expecting a similar volume of events as 2014, estimated at 12 Category 1 (minor), three Category 2 or 3 (moderate impact) and 1 Category 4 or 5 event (significant impact). Conduct follow-up on recommendations from past major events within ERCOT and other Regions and event trends associated with events across the ERO.

- Review approximately 100 lesser system events, such as special protection system mis-operations, communications issues, and frequency disturbances, which do not meet the threshold for NERC events analysis, in order to monitor trends and system impacts in these areas.

- Contribute to the implementation of the BES Definition exception process by providing technical review of exception requests and coordination internally and with other Regions and NERC for consistent application. At this time, the number of such requests is uncertain but is expected to be handled by existing staff.

- Engage ERCOT stakeholders to identify system issues that lead to reliability concerns, including those identified and prioritized by the NERC Reliability Issues Steering Committee.

- Provide workshops, webinars, and other outreach to support industry participation in RAPA programs and to disseminate lessons learned, best practices, trends and observations.

- Texas RE staff will continue ongoing monitoring of system data, weather, technological developments, industry news, and media to understand trends that affect reliability both in the near and long term horizon.

- Texas RE's regional implementation of the Situation Awareness for FERC, NERC and the Regional Entities (SAFNR) tool.
- Texas RE will support utilization of data for Situation Awareness, including regular weekly reporting to NERC along with providing current information on on-going events in the ERCOT Region.
- Texas RE will continue to monitor and follow up on NERC alerts and anticipates that the volume of alerts will be similar to 2014, or approximately 4, with one the alert expected to require responses and analysis.
- Texas RE's cyber security staff will continue to support initiatives in the Situation Awareness area that concern infrastructure security, working closely NERC cyber security staff. An example is participation in the NERC Grid-X Security exercise.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- Funding received for this activity is through assessments, penalties, and Texas RE membership dues, which fully funds total expenses and fixed asset requirements.

Personnel Expenses

- FTEs are increasing by 1.75 to reflect the inclusion of Situation Awareness in RAPA beginning in 2015 and due to the organization-wide FTE reallocation described on page 8. As a result, personnel expenses are increasing by 24%. No additional staffing is anticipated as a result of the BES Exception Process.

Meeting and Travel Expenses

- Meeting and travel expenses are increasing by 38.2% due to increased travel required for NERC and stakeholder meetings.

Operating Expenses

- Operating Expenses for the RAPA Program will decrease by 92%. The maintenance agreement for the PI Software will be charged through General and Administrative costs and allocated among departments based on FTE count.

Indirect Expenses

- Administrative expenses are allocated based on FTEs in this department.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 1,399,760	$ 1,399,760	$ -	$ 1,533,773	$ 134,013
Penalty Sanctions	46,632	46,632		70,624	23,992
Total NERC Funding	**$ 1,446,392**	**$ 1,446,392**	**$ -**	**$ 1,604,397**	**$ 158,005**
Membership Dues	$ 1,760	1,760	-	$ 2,702	942
Testing Fees	-	-	-	-	-
Services & Software	$ -	-	-	$ -	-
Workshops	-	-	-	-	-
Interest	$ -	-	-	$ 2,198	2,198
Miscellaneous	-	-	-	-	-
Total Funding	**$ 1,448,152**	**$ 1,448,152**	**$ -**	**$ 1,609,296**	**$ 161,145**
Expenses					
Personnel Expenses					
Salaries	$ 689,636	$ 689,636	$ -	$ 836,623	$ 146,987
Payroll Taxes	52,409	52,409	-	79,049	26,640
Benefits	95,813	95,813	-	129,673	33,860
Retirement Costs	99,997	99,997	-	121,310	21,313
Total Personnel Expenses	**$ 937,855**	**$ 937,855**	**$ -**	**$ 1,166,654**	**$ 228,799**
Meeting & Travel Expenses					
Travel	52,288	52,288	-	72,284	19,996
Conference Calls	-	-	-	-	-
Total Meeting& Travel Expenses	**$ 52,288**	**$ 52,288**	**$ -**	**$ 72,284**	**$ 19,996**
Operating Expenses					
Office Costs	60,840	60,840	-	5,360	(55,480)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	5,000	5,000	-	-	(5,000)
Total Operating Expenses	**$ 65,840**	**$ 65,840**	**$ -**	**$ 5,360**	**$ (60,480)**
Total Direct Expenses	**$ 1,055,983**	**$ 1,055,983**	**$ -**	**$ 1,244,298**	**$ 188,315**
Indirect Expenses	**$ 418,022**	**$ 418,022**	**$ -**	**$ 637,413**	**$ 219,391**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 1,474,005**	**$ 1,474,005**	**$ -**	**$ 1,881,711**	**$ 407,706**
Change in Assets	**$ (25,853)**	**$ (25,853)**	**$ -**	**$ (272,415)**	**$ (246,562)**
Fixed Assets					
Depreciation	(5,000)	(5,000)	-	-	5,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(20,853)	$ (20,853)	$ -	(24,694)	$ (3,841)
Inc(Dec) in Fixed Assets	**$ (25,853)**	**$ (25,853)**	**$ -**	**$ (24,694)**	**$ 1,159**
TOTAL BUDGET	**$ 1,448,152**	**$ 1,448,152**	**$ -**	**$ 1,857,017**	**$ 408,865**
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ -**	**$ -**	**$ (247,721)**	**$ (247,721)**

Approved by the Texas RE Board of Directors June 24, 2014

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.75	2.25	0.50
Direct Expenses	$ 246,130	$ 299,234	$ 53,104
Indirect Expenses	$ 154,008	$ 220,643	$ 66,635
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (7,683)	$ (8,548)	$ (865)
Total Funding Requirement	$ 392,455	$ 511,329	$ 118,874

Program Scope and Functional Description

The Texas RE Training, Education, and Operator Certification Program provides education and training primarily focused on implementation of the CMEP (including processes and expectations), application of Standards, lessons learned from event analysis, and other related information pertinent to system reliability and compliance. Texas RE subject matter experts from other Programs provide expertise for educational materials, meetings, and workshops. In addition, Texas RE provides assistance for the annual ERCOT Operations Training Seminar. The Training, Education, and Operator Certification Program coordinates with NERC and the other Regional Entities to identify training needs of the industry and Regional Entity staff and to ensure consistency in training and education through its participation on the NERC Training and Education Group.

Texas RE will continue to coordinate Standards and Compliance workshops and other education and sharing meetings and webinars, including *Talk with Texas RE,* in 2015. The purpose of these workshops, meetings, and webinars is to provide standards, compliance, and procedural information and expectations, share lessons learned and best practices, obtain feedback from stakeholders, and provide sharing opportunities for registered entities and other stakeholders. Texas RE will use cost effective additional education mechanisms such as webinars, newsletters, and conference calls, and will coordinate presentations by Texas RE subject matter experts at other industry meetings.

2015 Key Assumptions

The Training, Education, and Operator Certification Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Develop technical materials for and present Standards and Compliance workshops for registered entities.

- Present) additional workshops, webinars, meetings or other industry outreach, including *Talk with Texas RE* meetings supporting CMEP implementation and any new or modified NERC standards, procedures, or programs.

- Create and publish newsletters that disseminate lessons learned for registered entities and include useful updates regarding standard revisions and interpretations, other reliability or compliance-related information, and Texas RE and NERC activities.

- Coordinate with and provide Texas RE subject matter experts as a resource for ERCOT regional stakeholder training and NERC compliance working groups.

- Provide a mechanism for workshop, webinar, and meeting participants and other stakeholders to provide feedback and suggestions to be used to enhance future workshops, webinars, and meetings.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- Funding received for this activity is through assessments, penalties, and Texas RE membership dues, which fully funds total expenses and fixed asset requirements.

Personnel Expenses

- The number of FTEs assigned to this Program are increasing by 0.5 due to the organization-wide FTE reallocation. This results in a 37.6% increase in personnel expenses. Personnel expenses also include professional development and training costs for employees assigned to this Program.

Meeting and Travel Expenses

- Total meeting and travel expenses are decreasing by 30.2%. The meeting costs are less than 2014 due to cooperation with registered entities, who often host training and workshops in their facilities with minimal or no charge to Texas RE. Travel expenses include costs incurred by Texas RE employees that present or facilitate workshops for registered entities. The increase in conference calls reflects a reallocation of online meeting hosting and call-in costs, which had previously been allocated to meeting costs.

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TRAINING, EDUCATION and OPERATOR CERTIFICATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 374,627	$ 374,627	$ -	$ 530,921	$ 156,294
Penalty Sanctions	17,180	17,180	$ -	24,447	7,266
Total NERC Funding	**$ 391,807**	**$ 391,807**	**$ -**	**$ 555,368**	**$ 163,561**
Membership Dues	648	648	-	935	287
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	761	761
Miscellaneous	-	-	-	-	-
Total Funding	**$ 392,456**	**$ 392,456**	**$ -**	**$ 557,064**	**$ 164,608**
Expenses					
Personnel Expenses					
Salaries	$ 121,945	$ 121,945	$ -	$ 180,683	$ 58,739
Payroll Taxes	14,985	14,985	-	17,072	2,087
Benefits	28,111	28,111	-	27,385	(726)
Retirement Costs	17,682	17,682	-	26,199	8,517
Total Personnel Expenses	**$ 182,722**	**$ 182,722**	**$ -**	**$ 251,339**	**$ 68,617**
Meeting & Travel Expenses					
Meetings	$ 62,136	$ 62,136	$ -	$ 30,900	$ (31,236)
Travel	312	312	-	2,705	2,393
Conference Calls	-	-	-	10,000	10,000
Total Meeting& Travel Expenses	**$ 62,448**	**$ 62,448**	**$ -**	**$ 43,605**	**$ (18,843)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ 2,250	$ 2,250
Office Rent	-	-	-	-	-
Office Costs	960	960	-	2,040	1,080
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 960**	**$ 960**	**$ -**	**$ 4,290**	**$ 3,330**
Total Direct Expenses	**$ 246,130**	**$ 246,130**	**$ -**	**$ 299,234**	**$ 53,104**
Indirect Expenses	**$ 154,008**	**$ 154,008**	**$ -**	**$ 220,643**	**$ 66,635**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 400,138**	**$ 400,138**	**$ -**	**$ 519,877**	**$ 119,739**
Change in Assets	**$ (7,683)**	**$ (7,683)**	**$ -**	**$ 37,187**	**$ 44,869**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(7,683)	$ (7,683)	-	(8,548)	$ (865)
Inc(Dec) in Fixed Assets	**$ (7,683)**	**$ (7,683)**	**$ -**	**$ (8,548)**	**$ (865)**
TOTAL BUDGET	**$ 392,456**	**$ 392,456**	**$ -**	**$ 511,329**	**$ 118,874**
TOTAL CHANGE IN WORKING CAPITAL	**$ -**	**$ -**	**$ -**	**$ 45,735**	**$ 45,735**

Approved by the Texas RE Board of Directors June 24, 2014

Situation Awareness and Infrastructure Security Program

Included in RAPA Program beginning in 2015.

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	10.75	15.50	4.75
Total Direct Expenses	$ 4,334,227	$ 4,363,828	$ 29,601
Inc(Dec) in Fixed Assets	$ (216,213)	$ (169,060)	$ 47,153
Less: Other Funding Sources	$ (67,260)	$ -	$ 67,260
Total Allocation to Statutory Programs as Indirect Expenses	$ 4,050,754	$ 4,194,768	$ 144,014
Funding Requirement for Working Capital	$ (826,390)	$ -	$ 826,390

Assumptions

The Administrative Services Program is comprised of the following programs: 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.

This program incorporates the Shared NERC and the Regional Entities' Methodology for Allocation of Administrative Services Expenses to Programs.

- Texas RE allocates its indirect expenses to the functional/direct areas proportionately based on FTE count. Each direct activity receives a pro-rata allocation of expense based on its FTEs compared to total FTEs.
- Texas RE maintains the Fines and Penalty money collected and it is used to reduce the amount of the assessments to the region.
- Fixed assets that benefit the entire corporation that are not specific to any one activity/function will be allocated based on FTEs to all of the direct activities.

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.50	-	(0.50)
Total Direct Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

This Texas RE Program supports all membership activities, including membership registration and voting, and will continue to facilitate and provide limited administrative support for the Texas RE Member Representatives Committee (MRC) and its subcommittees. This support includes the scheduling and coordinating of MRC and MRC subcommittee meetings, distributing and posting of meeting materials and minutes, maintaining applicable information on the Texas RE website, and facilitating MRC and MRC subcommittee announcements and communications.

The MRC meets approximately eight times per year to discuss Texas RE business plans, budgets, funding, metrics, and other matters relevant to Texas RE's operations and purpose, including compliance and the reliability of the BPS. The MRC also discusses proposed new or modified NERC processes, procedures, and initiatives. The MRC normally meets prior to the Texas RE Board meetings and provides feedback and input to Texas RE staff and the Board of Directors. The Chair and Vice Chair of MRC are also on the Texas RE Board.

2015 Key Assumptions

This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities. In addition, regionally specific assumptions include:

- Texas RE will hold approximately six MRC meetings per year.
- The MRC will have several active subcommittees.
- Support of the RSC is included in the Reliability Standards Program.
- Meetings will be held at the Texas RE office or, in the case of regional stakeholder meetings, at stakeholder offices, or by conference call, so no outside meeting space will normally be required.

2015 Goals and Key Deliverables

The goal of the Technical Committee and Member Forums Program is to coordinate MRC and MRC subcommittee meetings, voting, and communications, and to provide and facilitate efficient mechanisms for owners, users, and operators of the BPS to communicate, coordinate and share procedural, reliability and compliance best practices, and to provide input to Texas RE staff and the Texas RE Board of Directors.

Texas RE employees will continue to work with MRC and its subcommittees in 2015 to help define ways to improve reliability in the region. Texas RE will also continue to provide requested support, including coordination of subject matter experts and materials, to other regional stakeholder groups that are focused on reliability, events, or compliance with Standards.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A.

Personnel Expenses

- Personnel expenses are accounted for under General and Administrative.

Meeting Expenses

- The meeting expenses associated with MRC and committees are reflected under General and Administrative.

Operating Expenses

- There are no significant operating expenses for this area.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the 2015 business plan are included in General & Administrative.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TECHNICAL COMMITTEES and MEMBER FORUMS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	$ -	$ -	$ -	$ -	$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	$ -	$ -	$ -	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	$ -	$ -	$ -	$ -	$ -
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	$ -	$ -	$ -	$ -	$ -
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Direct Expenses	$ -	$ -	$ -	$ -	$ -
Indirect Expenses	$ -	$ -	$ -	$ -	$ -
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ -
Change in Assets	$ -	$ -	$ -	$ -	$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc(Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ -

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.75	2.00	0.25
Total Direct Expenses	$ 1,960,223	$ 1,706,001	$ (254,222)
Inc(Dec) in Fixed Assets	$ (258,213)	$ (172,740)	$ 85,473
Working Capital Requirement	$ (826,390)	$ -	$ 826,390

Program Scope and Functional Description

This Program includes the President and CEO who carries out the general affairs of Texas RE, including administrative and corporate facilities support, and includes the time and expenses of the Texas RE Board. The President and CEO reports to the Board and is responsible for leading, overseeing and managing the activities of Texas RE, managing relationships with NERC, FERC, registered entities, and other stakeholders, and for making final decisions with respect to non-contested enforcement actions. The CEO's time is expended for and charged to other operational Program activities.

2015 Key Assumptions

This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A

Personnel Expenses

- Personnel expenses are decreasing 31%. This decrease is due in part to the Vice President position being reallocated from General and Administrative to the statutory Program areas.

Meeting and Travel Expenses

- Meeting expenses are decreasing by 98% because off-site Board of Directors meetings are not anticipated.
- Travel expenses for this program are increasing by 54% due to the expected increases in travel costs for independent Board members. Increased travel costs also reflect the attendance of the CEO at more committee meetings and NERC meetings.

Operating Expenses

- Total operating expenses are decreasing 4.9%. This reflects a 16.4% decrease resulting from the termination of a security services contract, which was previously charged to office rent.
- Office Costs are increasing by 100% because certain items including property taxes, commercial insurance, Board-related software were previously included in Finance and Accounting and are now included in General and Administrative.
- Depreciation is decreasing by 33% because certain assets have fully depreciated.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget GENERAL and ADMINISTRATIVE						
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ (840,856)	$ (840,856)	$ -	$ -	$ 840,856
Penalty Sanctions	-	-		-	-
Total NERC Funding	**$ (840,856)**	**$ (840,856)**	**$ -**	**$ -**	**$ 840,856**
Membership Dues	$ -	$ -	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	14,466	14,466	-	-	(14,466)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ (826,390)**	**$ (826,390)**	**$ -**	**$ -**	**$ 826,390**
Expenses					
Personnel Expenses					
Salaries	$ 539,315	$ 539,315	$ -	$ 369,448	$ (169,866)
Payroll Taxes	33,225	33,225	-	28,963	(4,262)
Benefits	7,906	7,906	-	13,635	5,730
Retirement Costs	78,201	78,201	-	41,912	(36,289)
Total Personnel Expenses	**$ 658,645**	**$ 658,645**	**$ -**	**$ 453,958**	**$ (204,687)**
Meeting and Travel Expenses					
Meetings	$ 21,427	$ 21,427	$ -	$ 510	$ (20,917)
Travel	57,045	57,045	-	87,944	30,899
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 78,472**	**$ 78,472**	**$ -**	**$ 88,454**	**$ 9,982**
Operating Expenses					
Consultants & Contracts	$ 42,600	$ 42,600	$ -	$ 47,004	$ 4,404
Office Rent	510,864	510,864	-	427,080	(83,784)
Office Costs	27,427	27,427	-	84,164	56,737
Professional Services	384,000	384,000	-	432,600	48,600
Depreciation	258,213	258,213	-	172,740	(85,473)
Total Operating Expenses	**$ 1,223,105**	**$ 1,223,105**	**$ -**	**$ 1,163,588**	**$ (59,517)**
Total Direct Expenses	**$ 1,960,223**	**$ 1,960,223**	**$ -**	**$ 1,706,001**	**$ (254,222)**
Indirect Expenses	**$ (1,960,223)**	**$ (1,960,223)**	**$ -**	**$ (1,706,001)**	**$ 254,222**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ (826,390)**	**$ (826,390)**	**$ -**	**$ -**	**$ 826,390**
Fixed Assets					
Depreciation	(258,213)	(258,213)	-	(172,740)	85,473
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	258,213	$ 258,213	-	172,740	(85,473)
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (826,390)**	**$ (826,390)**	**$ -**	**$ -**	**$ 826,390**

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	4.50	1.50
Total Direct Expenses	$ 455,706	$ 641,648	$ 185,943
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Legal and Regulatory area provides legal advice, counsel, and governmental and external relations support to Texas RE management, Board, and employees, on all legal and regulatory matters affecting the organization. The Legal and Regulatory group also oversees (1) corporate membership enrollment, meetings and voting; (2) Board meetings, minutes, support, training and other activities; (3) corporate documents and transactions; (4) governmental, regulatory relations and communications; (5) the work of any outside legal counsel; and (6) the prosecution of any contested enforcement matters.

Previously, a significant portion of the time of Legal and Regulatory employees was allocated to other activities including primarily enforcement, but also compliance monitoring, registration, standards, event analysis, training, and technical committees. Due to personnel shifts and organizational changes, a majority of the Legal and regulatory employees are allocated to this department in 2015.

2015 Key Assumptions

This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Assist with the prosecution and any appeal of contested enforcement or disputed registration matters.
- Provide timely, useful legal advice to the CEO, the Board, and all Program areas, and provide annual employee and Board ethics and antitrust compliance training.
- Effectively communicate information to the Board, Texas RE members, and registered entities.
- Oversee membership registration, membership voting and meetings, and maintain an accurate roster of members.

- Maintain effective relationships and communications with NERC, FERC, PUCT, and other state and federal representatives, and timely file all documents required by NERC or FERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A

Personnel Expenses

- The budgeted number of FTEs for this Program is 4.50, an increase of 1.5 FTEs over 2014 as a result of the organization-wide FTE reallocation. Personnel expenses are increasing by 46.5%.

Meeting and Travel Expenses

- Meetings and travel expenses are increasing slightly by 2.9% to reflect increased air and hotel costs for travel for NERC meetings attended by Legal and Regulatory personnel.

Operating Expenses

- Operating expenses are decreasing by 2.9%.

- Professional Services costs include legal fees for corporate-related issues, which remained at $30,000. Professional Services costs for contested cases are included in the Enforcement budget, but are managed by the Legal Department.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Legal and Regulatory

Funding sources and related expenses for the legal and regulatory section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
LEGAL and REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	$ -		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 278,656	$ 278,656	$ -	$ 427,144	$ 148,488
Payroll Taxes	29,665	29,665	-	40,359	10,694
Benefits	52,190	52,190	-	58,004	5,814
Retirement Costs	40,405	40,405	-	61,936	21,531
Total Personnel Expenses	**$ 400,916**	**$ 400,916**	**$ -**	**$ 587,442**	**$ 186,527**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	17,099	17,099	-	17,591	492
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 17,099**	**$ 17,099**	**$ -**	**$ 17,591**	**$ 492**
Operating Expenses					
Consultants & Contracts	$ 2,299	$ 2,299	$ -	$ 3,000	$ 701
Office Rent	-	-	-	-	-
Office Costs	5,392	5,392	-	3,615	(1,777)
Professional Services	30,000	30,000	-	30,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 37,691**	**$ 37,691**	**$ -**	**$ 36,615**	**$ (1,076)**
Total Direct Expenses	**$ 455,706**	**$ 455,706**	**$ -**	**$ 641,648**	**$ 185,943**
Indirect Expenses	**$ (455,706)**	**$ (455,706)**	**$ -**	**$ (641,648)**	**$ (185,943)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-		-	-
Furniture & Fixtures CapEx	-	-		-	-
Equipment CapEx	-	-		-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	-	$ -		-	
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**

Approved by the Texas RE Board of Directors June 24, 2014

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.50	4.00	1.50
Total Direct Expenses	$ 1,071,277	$ 1,228,708	$ 157,431
Inc(Dec) in Fixed Assets	$ 42,000	$ 3,680	$ (38,320)
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

Texas RE's Information Technology (IT) program provides information technology and security support to Texas RE, including the following: hardware (servers, security devices, computers and peripherals), systems (email, storage, backups, networks, electronic security, secure communications, and databases), software, and applications; physical security, electronic security, data center operations, IT & security-related vendor management, strategy, planning, development, and deployment of enterprise systems, application, and training, research, and planning for improvement and efficiency of business process and operations.

Texas RE's approach is to keep its in-house IT staff small and efficiently outsource maintenance, services, and major development to ensure that applications and hardware are well maintained, service levels remain high, costs are controlled, and systems are consistent with business, federal, and regional requirements.

2015 Key Assumptions

- Texas RE's IT staff will continue to focus on better leverage of current technology to support business functions and workflow as well as increasing knowledge of industry best practices for security, data management and system administration.
- This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Provide IT and security support to all Texas RE's operations, including; IT and security budget; infrastructure; service support; service design and delivery; service transition; and hardware and network security in a secure and efficient manner, with the following strategy:
  - Continue to maintain the appropriate number of employees to oversee the strategy, policies and procedures, service and performance, budget, and vendor management. Cross-train employees to serve as backups and mentors to each other.

  - Continue to outsource IT and security services that are not within the core competencies or IT's cost containment plan, and augment employees with temporary contractors as needed to meet business requirements while developing knowledge of systems through training and experience to reduce the reliance on external vendors.

- Assist business staff with development of webCDMS enhancement requests and other IT-related project requirements, and prioritize and oversee all IT or security-related projects.
- Coordinate and share best practices with other Regional Entities and NERC.
- Participate in the design, planning and implementation of ERO Centralized Applications.
- Implement a Security Awareness Program that addresses, through education and training, social vulnerabilities that pose threats to Texas RE systems.
- Train and support Texas RE staff on software and applications.
- Continue to develop and test failover and disaster recovery methods for all Texas RE systems.
- Improve the usability and functionality of Texas RE's website and Extranet site.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A

Personnel Expenses

- FTEs are increasing by 1.50, resulting in a personnel expense increase of 17.6%. Benefits include an increase in training for a required security component in IT. Salary expense is decreasing despite higher FTEs and Payroll taxes are increasing despite lower salary costs. This is a result of reviewing costs to more accurately reflect actual experience.

Meeting and Travel Expenses

- Meeting and travel expenses for this Program are increasing by 4%, consistent with the 2014 increase.

Operating Expenses

- Total Operating Expenses are increasing by 13%. Office costs are increasing 7% to include IT maintenance and support contract costs. Professional services include costs for Penetration Testing and for an external audit of the IT department, resulting in a 4% increase. Depreciation costs are increasing 100% for the cost of an Extranet Site to replace the current Secure FTP server.

- This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities. Pursuant to these assumptions, Texas RE will participate in the EROEMG and ERO ITS development of the NERC ERO Enterprise IT applications but no costs are included in this budget for development

of the applications. NERC and the Regional Entities will collaboratively work to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting both NERC and Regional Entity operations. NERC's business plan and budget will include ongoing funding support for the development, operation and maintenance of NERC and Regional Entity approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. Texas RE's budget includes appropriate funding for applications and supporting systems designed to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise applications and that are funded by NERC.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- There is a slight increase of $1,680.

Information Technology

Funding sources and related expenses for the information technology section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	$ -	$ -	$ -	$ -	$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	$ -	$ -	$ -	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ 336,221	$ 336,221	$ -	$ 328,978	$ (7,242)
Payroll Taxes	20,306	20,306	-	31,084	10,778
Benefits	37,002	37,002	-	112,354	75,352
Retirement Costs	48,752	48,752	-	47,702	(1,050)
Total Personnel Expenses	$ 442,281	$ 442,281	$ -	$ 520,118	$ 77,837
Meeting Expenses					
Meetings	$ 2,900	$ 2,900	$ -	$ 3,016	$ 116
Travel	17,556	17,556	-	18,258	702
Conference Calls	3,500	3,500	-	3,640	140
Total Meeting Expenses	$ 23,956	$ 23,956	$ -	$ 24,914	$ 958
Operating Expenses					
Consultants & Contracts	$ 37,500	$ 37,500	$ -	$ 38,996	$ 1,496
Office Rent	-	-	-	-	-
Office Costs	486,540	486,540	-	520,440	33,900
Professional Services	81,000	81,000	-	84,240	3,240
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	40,000	40,000
Total Operating Expenses	$ 605,040	$ 605,040	$ -	$ 683,676	$ 78,636
Total Direct Expenses	$ 1,071,277	$ 1,071,277	$ -	$ 1,228,708	$ 157,431
Indirect Expenses	$ (1,071,277)	$ (1,071,277)	$ -	$ (1,228,708)	$ (157,431)
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ 0
Change in Assets	$ -	$ -	$ -	$ -	$ (0)
Fixed Assets					
Depreciation	-	-	-	(40,000)	(40,000)
Computer & Software CapEx	42,000	42,000	-	43,680	1,680
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-		-	-
Allocation of Fixed Assets	$ (42,000)	$ (42,000)	-	$ (3,680)	$ 38,320
Inc(Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ 0
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ (0)

Approved by the Texas RE Board of Directors June 24, 2014

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.00	1.00	-
Total Direct Expenses	$ 248,306	$ 193,440	$ (54,867)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Texas RE Human Resource (HR) program area is responsible for the delivery of all HR functions including: recruitment, staffing, compensation, benefits, health and safety, employee relations, performance management, and employee training and development. HR maintains Human Resources related databases and ensures compliance with all federal and state requirements.

2015 Key Assumptions

This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Recruit highly skilled employees.
- Review and update employee handbook and policies and procedures, as needed.
- Review and manage employee benefit plans.
- Review Texas RE compensation strategy in concert with executive management team to ensure Texas RE remains a competitive employer in its industry.
- Provide harassment training to managers and employees.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A

Personnel Expenses

- The total number of FTEs and personnel expenses are remaining consistent with 2014. Personnel expenses includes $15,000 for employee education reimbursement and $10,000 for employee relocation. Personnel expenses also include professional development and training costs.

Meeting and Travel Expenses

- Total meeting and travel expenses are increasing by 21.9%, which includes team building events. Travel costs include attendance at a professional development conference with related travel.

Operating Expenses

- Operating expenses are decreasing 71.8% in 2015 to reflect that only one compensation study will be conducted in 2015.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Human Resources

Funding sources and related expenses for the human resources section of the 2015 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
HUMAN RESOURCES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	$ -	$ -	$ -	$ -	$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	$ -	$ -	$ -	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ 91,052	$ 91,052	$ -	$ 88,066	$ (2,986)
Payroll Taxes	12,804	12,804	-	8,321	(4,484)
Benefits	36,740	36,740	-	47,840	11,099
Retirement Costs	13,203	13,203	-	12,769	(433)
Total Personnel Expenses	$ 153,799	$ 153,799	$ -	$ 156,996	$ 3,196
Meeting Expenses					
Meetings	$ 8,750	$ 8,750	$ -	$ 9,300	$ 550
Travel	1,705	1,705	-	3,449	1,744
Conference Calls	-	-	-	-	-
Total Meeting Expenses	$ 10,455	$ 10,455	$ -	$ 12,749	$ 2,294
Operating Expenses					
Consultants & Contracts	$ 80,400	$ 80,400	$ -	$ 20,000	$ (60,400)
Office Rent	-	-	-	-	-
Office Costs	3,652	3,652	-	3,695	43
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	$ 84,052	$ 84,052	$ -	$ 23,695	$ (60,357)
Total Direct Expenses	$ 248,306	$ 248,306	$ -	$ 193,440	$ (54,867)
Indirect Expenses	$ (248,306)	$ (248,306)	$ -	$ (193,440)	$ 54,867
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ 0
Change in Assets	$ -	$ -	$ -	$ -	$ (0)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	$ -	-	-
Inc(Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ 0
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ (0)

Approved by the Texas RE Board of Directors June 24, 2014

Finance and Accounting

Accounting and Finance (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.00	4.00	2.00
Total Direct Expenses	$ 598,716	$ 594,032	$ (4,684)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Finance and Accounting function provides all accounting services and financial analysis for Texas RE. Texas RE Finance and Accounting personnel are responsible for general accounting and reporting, budget preparation and reporting, cash management, and tax filing.

2015 Key Assumptions

This Program incorporates the Shared Business Plan and Budget Assumptions of NERC and the Regional Entities.

2015 Goals and Key Deliverables

- Work with all Regional Entities to provide consistency in budget submittals to NERC and FERC.
- Provide improved reporting and financial analysis to the Texas RE CEO, managers and the Texas RE Board.
- Ensure strong internal controls designed to protect the assets of Texas RE and ensure accurate financial reporting.
- Identify and implement efficiencies in the financial processes.
- Ensure that Texas RE receives an unqualified opinion on the audit of its financial statements.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources

- N/A

Personnel Expenses

- FTEs are increasing by 2.0 to reflect an organization-wide FTE Reallocation. Personnel expenses for this Program are increasing by 33.5% increased to reflect this reallocation as well as professional development and training costs.

Meeting Expenses

- Travel expenses are increasing 24.4% due to increased travel costs for two finance and budget meetings included in 2015.

Operating Expenses

- Total Operating expenses are decreasing by 56.4%. A contract accountant was included in the 2014 budget, which will be replaced with in-house personnel in 2015. Office costs are decreasing 72.3% and include software maintenance and professional dues. Professional services are decreasing 42.3% due to commercial insurance and property taxes being charged to General & Administrative in the 2015 budget. Professional services costs also include audit fees for 2015.

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Finance and Accounting

Funding sources and related expenses for the finance and accounting section of the 2015 business plan are shown in the table below.

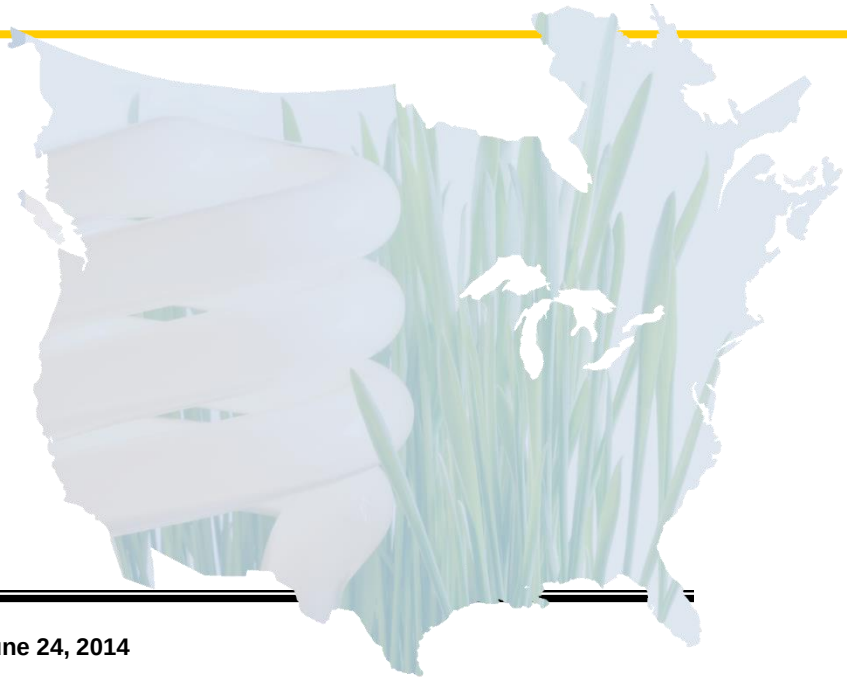
Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
FINANCE and ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-		-	
Total NERC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 278,344	278,344	$ -	$ 348,758	$ 70,413
Payroll Taxes	18,970	18,970	-	32,953	13,983
Benefits	30,277	30,277	-	58,976	28,699
Retirement Costs	40,360	40,360	-	50,570	10,210
Total Personnel Expenses	**$ 367,951**	**$ 367,951**	**$ -**	**$ 491,256**	**$ 123,305**
Meeting Expenses					
Meetings	$ -	-	$ -	$ -	$ -
Travel	2,620	2,620	-	3,260	640
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 2,620**	**$ 2,620**	**$ -**	**$ 3,260**	**$ 640**
Operating Expenses					
Consultants & Contracts	$ 35,000	35,000	$ -	$ -	$ (35,000)
Office Rent	-	-	-	-	-
Office Costs	40,057	40,057	-	11,116	(28,941)
Professional Services	153,088	153,088	-	88,400	(64,688)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 228,145**	**$ 228,145**	**$ -**	**$ 99,516**	**$ (128,629)**
Total Direct Expenses	**$ 598,716**	**$ 598,716**	**$ -**	**$ 594,032**	**$ (4,684)**
Indirect Expenses	**$ (598,716)**	**$ (598,716)**	**$ -**	**$ (594,032)**	**$ 4,684**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	$ -	-	-	-
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ (0)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0**

Approved by the Texas RE Board of Directors June 24, 2014

Section B – Supplemental Financial Information

2015 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015 STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2013	3,792,602
Plus: 2014 Funding (from LSEs or designees)	10,912,141
Plus: 2014 Other funding sources	32,716
Less: 2014 Projected expenses & capital expenditures	(11,771,249)
Projected Working Capital Reserve (Deficit), December 31, 2014	**2,966,210**
Desired Working Capital Reserve, December 31, 2015 [1]	2,000,000
Minus: Projected Working Capital Reserve, December 31, 2014	(2,966,210)
Minus: adjustment to Cash Reserve, December 31, 2014	0
Increase(decrease) in funding requirement to achieve Working Capital Reserve	(966,210)
2015 Expenses and Capital Expenditures	11,983,701
Less: Penalty Sanctions [2]	(483,500)
Less: Other Funding Sources	(33,545)
Adjustment to achieve desired Working Capital Reserve	(966,210)
2015 NERC Assessment	10,500,446

[1] On June 24, 2014, the Finance and Audit Committee of the NERC Board of Trustees approved management's proposed 2015 business plan and budget which included a projected year end working capital reserve of approximately $2M.

[2] Represents collections on or prior to June 30, 2014.

Explanation of Changes in Reserve Policy from Prior Years

- Consistent with its Working Capital and Operating Reserve Policy, Texas RE is retaining its $2,000,000 cash reserve requirement and has obtained a $500,000 line of credit to ensure it has appropriate liquidity for contingencies.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the statement of activities on page 10 of the 2015 Texas RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Texas RE anticipates no variance between budgeted and actual/forecasted results for 2014. The 2015 budget was based on this information.

Penalty Sanctions

Penalty monies received by June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – *ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD*. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received by June 30, 2014 are detailed in exhibit B-2.

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

Table B-2 – Penalty Sanctions

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
	7/10/2013	137,000.00
	7/10/2013	200,000.00
	9/3/2013	9,000.00
	9/6/2013	38,000.00
	10/1/2013	12,000.00
	10/1/2013	4,800.00
	10/1/2013	15,000.00
	10/1/2013	17,200.00
	10/1/2013	12,000.00
	12/19/2013	19,000.00
	1/15/2014	19,500.00
Total Penalties Received		$ 483,500

Table B-3 – Supplemental Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards				
Total	$ -	$ -	$ -	$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
Total	$ -	$ -	$ -	$ -
Training and Education				
Workshops	$ -	$ -	$ -	-
Total	$ -	$ -	$ -	$ -
Situation Awareness and Infrastructure Security				
Total	$ -	$ -	$ -	$ -
General and Administrative				
Interest Income	$ 14,466	$ 14,466	$ 15,045	$ 579
Membership Dues	$ 18,250	$ 18,250	$ 18,500	$ 250
Total	$ 32,716	$ 32,716	$ 33,545	$ 829
Total Outside Funding	$ 32,716	$ 32,716	$ 33,545	$ 829

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Texas RE anticipates its investments will earn interest of approximately $15,045 in 2015. This revenue is allocated to the Statutory programs based on FTEs.

- Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Total Salaries	$ 6,087,779	$ 6,087,779	$ 6,531,781	$ 444,002	7.3%
Total Payroll Taxes	571,040	571,040	617,840	46,799	8.2%
Total Benefits	971,875	971,875	917,129	(54,746)	-5.6%
Total Retirement	882,728	882,728	935,450	52,722	6.0%
Total Personnel Costs	$ 8,513,423	$ 8,513,423	$ 9,002,199	$ 488,777	5.7%
FTEs	60.00	60.00	60.00	-	0.0%
Cost per FTE					
Salaries	$ 101,463	$ 101,463	$ 108,863	7,400	7.3%
Payroll Taxes	9,517	9,517	10,297	780	8.2%
Benefits	16,198	16,198	15,285	(912)	-5.6%
Retirement	14,712	14,712	15,591	879	6.0%
Total Cost per FTE	**$ 141,890**	**$ 141,890**	**$ 150,037**	**$ 8,146**	**5.7%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Total costs for Texas RE personnel expenses are increasing by 5.7%. Salaries are increasing 7.3% due to anticipated promotions and annual merit increases and to reflect the reassignment of certain FTEs to higher-salary positions. Employee benefits are decreasing by 5.6% to more accurately reflect actual expenses.
- Total benefits include employee training, relocation, and employee education reimbursement.

Table B-5 – Consultants and Contracts

Consultants and Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Reliability Standards	$ 10,992	$ 10,992	$ -	$ (10,992)	-100%
Compliance and Organization Registration and Certification	287,280	287,280	176,820	(110,460)	-38%
Training and Education	-	-	2,250	2,250	100%
General and Administrative	42,600	42,600	47,004	4,404	10%
Legal and Regulatory	2,299	2,299	3,000	701	30%
Information Technology	37,500	37,500	38,996	1,496	4%
Human Resources	80,400	80,400	20,000	(60,400)	-75%
Accounting and Finance	35,000	35,000	-	(35,000)	-100%
Consultants Total	**$ 496,072**	**$ 496,072**	**$ 288,070**	**$ (208,002)**	**-42%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- The reduction in Consultants and Contracts for the Reliability Standards and Compliance and Organization Registration and Certification Programs is based on the actual 2013 costs. Work previously expected to be performed by consultants is being performed by in-house personnel.

- The 100% increase in Consultants and Contracts costs for the Training and Education Program results from the reallocation of software to this Program from General and Administrative.

- The reduction in costs to the Human Resources department is due to only one compensation study planned for 2015.

- The costs to the Accounting and Finance department in 2014 are being replaced as the work will be completed by in-house personnel.

Table B-6 – Office Rent

Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 510,864	$ 510,864	$ 246,660	$ (264,204)	-51.72%
Utilities			180,420	180,420	
Maintenance			-	-	
Total Office Rent	**$ 510,864**	**$ 510,864**	**$ 427,080**	**$ (83,784)**	**-16.40%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- 2015 rent expense is decreasing by 16.4%. Per the lease agreement, the security deposit has been applied to reduce rent payments for 2015. An adjustment for deferred rent was not considered in the 2014 budget.

Table B-7 – Office Costs

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone/Cell Phone	$ 23,280	$ 23,280	$ 17,280	$ (6,000)	-25.77%
Internet Expense	142,600	142,600	140,000	(2,600)	-1.82%
Office Supplies	13,232	13,232	28,779	15,547	117.50%
Computer Supplies & Maintenance	133,728	133,728	31,530	(102,198)	-76.42%
Software & Software Maintenance	6,000	6,000	142,080	136,080	2268.00%
Subscriptions & Publications	6,510	6,510	23,300	16,790	257.92%
Dues	8,904	8,904	7,419	(1,486)	-16.69%
Postage	1,660	1,660	535	(1,125)	-67.77%
Express Shipping	4,685	4,685	575	(4,110)	-87.73%
Copying	1,071	1,071	-	(1,071)	-100.00%
Stationary & Office Forms	2,673	2,673	3,910	1,237	46.29%
Equipment Repair/Srv. Contracts	2,000	2,000	2,000	-	0.00%
Bank Charges	643	643	2,100	1,457	226.74%
Property Taxes	25,944	25,944	25,200	(744)	-2.87%
Merchant Credit Card Fee	4,368	4,368	2,250	(2,118)	-48.49%
IT-Leased Equipment	262,200	262,200	210,000	(52,200)	-19.91%
Total Office Costs	**$ 639,498**	**$ 639,498**	**$ 636,958**	**$ (2,540)**	**-0.40%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- All categories in the Office Costs have been adjusted in the 2015 budget to more accurately reflect actual experience.
- Software & Software Maintenance increased to cover the cost of licenses and maintenance agreements for ongoing and new software programs.
- Subscriptions and Publications increased to cover costs for Board of Director meeting package publication software.
- IT-Leased equipment is 19.9% less than in the 2014 budget due to the final cost for leasing computer equipment being less than originally budgeted.

Table B-8 – Professional Services

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Board of Director Fees	$ 338,000	$ 338,000	$ 351,600	$ 13,600	4.02%
Accounting & Auditing Fees	81,328	81,328	88,400	7,072	8.70%
Legal Fees	455,000	455,000	472,000	17,000	3.74%
Insurance - Commercial	71,760	71,760	81,000	9,240	12.88%
Professional Services-Other	81,000	81,000	84,240	3,240	4.00%
Security Services	46,000	46,000	-	(46,000)	-100.00%
Total Professional Services	**$ 1,073,088**	**$ 1,073,088**	**$ 1,077,240**	**$ 4,152**	**0.39%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Assumes fees paid to the Independent Board of Directors will increase 4%.
- Accounting and Auditing fees are increasing 8% due to increase in fees for the external financial auditor and other personnel-related services.
- Commercial Insurance is projected to increase 12% based on an estimate from the broker.
- Security Services costs are being eliminated because a security services contract will not be renewed for 2015.

Table B-9 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	
Line of Credit Payment		-		-	
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- N/A

Table B-10 – 2016 and 2017 Projection

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	$ 10,500,446	$ 11,423,304	$ 922,858	8.79%	$ 11,880,236	$ 456,932	3.8%
Penalty Sanctions	483,500	-	(483,500)	-100.00%	-	-	
Total NERC Funding	**$ 10,983,946**	**$ 11,423,304**	**$ 439,358**	**4.0%**	**$ 11,880,236**	**$ 456,932**	**3.8%**
Membership Dues	18,500	$ 19,240	740	4.00%	20,010	770	4.0%
Interest	15,045	15,647	602	4.00%	16,273	626	4.0%
Total Funding (A)	**$ 11,017,491**	**$ 11,458,191**	**$ 440,700**	**4.0%**	**$ 11,916,518**	**$ 458,328**	**4.0%**
Expenses							
Personnel Expenses							
Salaries	$ 6,531,781	$ 6,793,052	$ 261,271	4.0%	$ 7,064,774	$ 271,722	4.0%
Payroll Taxes	617,840	642,553	24,714	4.0%	668,256	25,702	4.0%
Benefits	917,129	953,814	36,685	4.0%	991,967	38,153	4.0%
Retirement Costs	935,450	972,868	37,418	4.0%	1,011,782	38,915	4.0%
Total Personnel Expenses	**$ 9,002,199**	**$ 9,362,287**	**$ 360,088**	**4.0%**	**$ 9,736,779**	**$ 374,492**	**4.0%**
Meeting Expenses							
Meetings	$ 43,726	$ 45,475	$ 1,749	4.0%	$ 47,294.04	1,819	4.0%
Travel	451,108	469,152	18,044	4.0%	487,918	18,766	4.0%
Conference Calls	13,640	14,186	546	4.0%	14,753	567	4.0%
Total Meeting Expenses	**$ 508,474**	**$ 528,813**	**$ 20,339**	**4.0%**	**$ 549,965**	**$ 21,153**	**4.0%**
Operating Expenses							
Consultants & Contracts	$ 288,070	$ 299,593	11,523	4.0%	$ 311,577	11,984	4.0%
Office Rent	427,080	444,163	17,083	4.0%	461,930	17,767	4.0%
Office Costs	636,958	662,436	25,478	4.0%	688,934	26,497	4.0%
Professional Services	1,077,240	1,120,330	43,090	4.0%	1,165,143	44,813	4.0%
Depreciation	212,740	221,250	8,510	4.0%	230,100	8,850	4.0%
Total Operating Expenses	**$ 2,642,088**	**$ 2,747,772**	**$ 105,684**	**4.0%**	**$ 2,857,682**	**$ 109,911**	**4.0%**
Total Direct Expenses	**$ 12,152,761**	**$ 12,638,872**	**$ 486,110**	**4.0%**	**$ 13,144,427**	**$ 505,555**	**4.0%**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**0.0%**	**$ -**	**$ -**	**0.0%**
Other Non-Operating Expenses	**$ -**		**$ -**		-	-	
Total Expenses (B)	**$ 12,152,761**	**$ 12,638,872**	**$ 486,110**	**4.0%**	**$ 13,144,427**	**505,555**	**4.0%**
Change in Assets	**$ (1,135,270)**	**$ (1,180,681)**	**$ (45,411)**	**4.0%**	**$ (1,227,909)**	**$ (47,227)**	**4.0%**
Fixed Assets							
Depreciation	$ (212,740)	$ (221,250)	$ (8,510)	4.0%	$ (230,100)	$ (8,850)	4.0%
Computer & Software CapEx	43,680	45,427	1,747	4.0%	47,244	1,817	4.0%
Inc(Dec) in Fixed Assets (C)	**$ (169,060)**	**$ (175,823)**	**$ (6,762)**	**4.0%**	**$ (182,855)**	**$ (47,227)**	**0.0%**
TOTAL BUDGET (=B + C)	**$ 11,983,701**	**$ 12,463,049**	**$ 479,348**	**4.0%**	**$ 12,961,571**	**$ 505,555**	**4.1%**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (966,210)**	**$ (1,004,859)**	**$ (38,648)**	**4.0%**	**$ (1,045,053)**	(40,194)	**4.0%**
FTEs	60	60	-	**0.0%**	60	-	-

2016 and 2017 Projection Analysis

- Assumes overall workload will remain consistent; reflects no additional FTEs and an overall expense increase of approximately 4% per year.

Section C – 2015 State (Non-Statutory) Activities

2015 Business Plan and Budget

Section C — 2015 State (Non-Statutory) Business Plan and Budget

Non-Statutory Activities (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5.0	5.0	
Direct Expenses	970,000	999,100	29,100
Indirect Expenses	223,856	-	(223,856)
Inc(Dec) in Fixed Assets	-	-	
Total Funding Requirement	1,193,856	999,100	29,100

State (Non-Statutory) Functional Scope

Texas RE is authorized by Public Utility Commission of Texas (PUCT), and is permitted by NERC, to serve as PUCT's Reliability Monitor for the ERCOT Region. Under the direction of PUCT, Texas RE performs audits, investigations, monthly metrics review, and other monitoring and reporting of market entities' compliance with the reliability-related ERCOT Protocols, Operating Guides, and PUCT rules (Regional Rules). Texas RE also monitors the stakeholder Regional Rules creation and modification process and provides technical support to PUCT regarding proposed reliability-related changes. Texas RE does not perform any enforcement activities related to Regional Rules, but, when needed, provides testimony and technical support to PUCT for its enforcement cases.

Major 2015 Assumptions and Cost Impacts

- Texas RE will continue to be the Reliability Monitor and perform Regional Rules compliance monitoring and reporting for PUCT in 2015.

2015 State (Non-Statutory) Goals and Objectives

- Appropriately monitor, investigate, and report to PUCT regarding stakeholder compliance with the Regional Rules.
- Review and assess system disturbances for potential violations of Regional Rules and report all findings to PUCT.
- Provide technical expertise to PUCT for the review and modification of Regional Rules that impact reliability of the BES.
- Provide technical or testimony support as needed to the PUCT for its enforcement of Regional Rules violations.

Funding Sources

- Funding will be obtained through a contract between Texas RE, the PUCT, and ERCOT, which requires ERCOT to make quarterly fixed fee payments to Texas RE from its PUCT-approved system administration fee. Texas RE's total 2015 non-statutory budget and funding is $999,100.

Personnel Expenses

- State (Non-statutory) personnel are remaining constant at 5 FTEs, and personnel expenses are consistent with 2014 increasing only 3%. One FTE will continue to represent the composite of time spent on non-statutory activities by employees who report to statutory and G&A program areas.

Meeting Expenses

- Meeting and travel is consistent with 2014.

Operating Expenses

- Operating expenses are consistent with 2014.

Indirect Expenses

- Costs are being charged directly to the expense line item in 2015, rather than the previous practice of indirectly charging expenses.

2015 Budget and Projection and 2014 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget STATE (NON-STATUTORY)						
		2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding						
Total Funding (A)	**PUCT**	**$ 970,000**	**$ 970,000**	**$ -**	**$ 999,100**	**$ 29,100**
Expenses						
Personnel Expenses						
	Salaries	$ 560,604	$ 560,604		$ 600,736	$ 40,131
	Payroll Taxes	48,231	48,231		48,624	393
	Benefits	81,929	81,929		62,841	(19,088)
	Retirement Costs	77,001	77,001		86,607	9,606
Total Personnel Expenses		**$ 767,765**	**$ 767,765**	**$ -**	**$ 798,807**	**$ 31,042**
Meeting Expenses						
	Meetings	$ -			$ -	-
	Travel	$ 12,480	$ 12,480		$ 1,500	$ (10,980)
	Conference Calls	$ -			$ -	-
Total Meeting Expenses		**$ 12,480**	**$ 12,480**	**$ -**	**$ 1,500**	**$ (10,980)**
Operating Expenses						
	Consultants & Contracts	$ 18,855	$ 18,855		$ 99,593	80,738
	Office Rent	44,423	44,423		32,146	(12,277)
	Office Costs	53,747	53,747		41,625	(12,121)
	Professional Services	34,758	34,758		8,640	(26,118)
	Depreciation	37,973	37,973		16,789	(21,184)
Total Operating Expenses		**$ 189,756**	**$ 189,756**	**$ -**	**$ 198,793**	**$ 9,037**
	Total Direct Expenses	**$ 970,000**	**$ 970,000**	**$ -**	**$ 999,100**	**$ 29,100**
Indirect Expenses		**$ 223,856**	**$ 223,856**			**$ (223,856)**
Other Non-Operating Expenses		**$ -**	**$ -**		**$ -**	**$ -**
Total Expenses (B)		**$ 1,193,856**	**$ 1,193,856**	**$ -**	**$ 999,100**	**$ (194,755)**
Change in Assets		**$ (223,856)**	**$ (223,856)**	**$ -**	**$ 0**	**$ 223,856**
Fixed Assets						
Depreciation		-	-	-	-	-
Allocation of Fixed Assets		$ -	$ -	$ -	$ -	$ -
Inc(Dec) in Fixed Assets (C)		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (=B + C)		**$ 1,193,856**	**$ 1,193,856**	**$ -**	**$ 999,100**	**(194,755)**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		**$ (223,856)**	**$ (223,856)**	**$ -**	**$ 0**	**$ 223,855**
FTEs		5	5		5	

Personnel Analysis

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATE (NON-STATUTORY)						
Operational Programs						
Protocol	4.40	4.40	4.00	0.00	4.00	-0.40
Total FTEs Operational Programs	**4.40**	**4.40**	**4.00**	**0.00**	**4.00**	**-0.40**
Administrative Programs						
G&A	0.60	0.60	0.00	1.00	1.00	0.40
Total FTEs Administrative Programs	**0.60**	**0.60**	**0.00**	**1.00**	**1.00**	**0.40**
Total FTEs	**5.00**	**5.00**	**4.00**	**1.00**	**5.00**	**0.00**

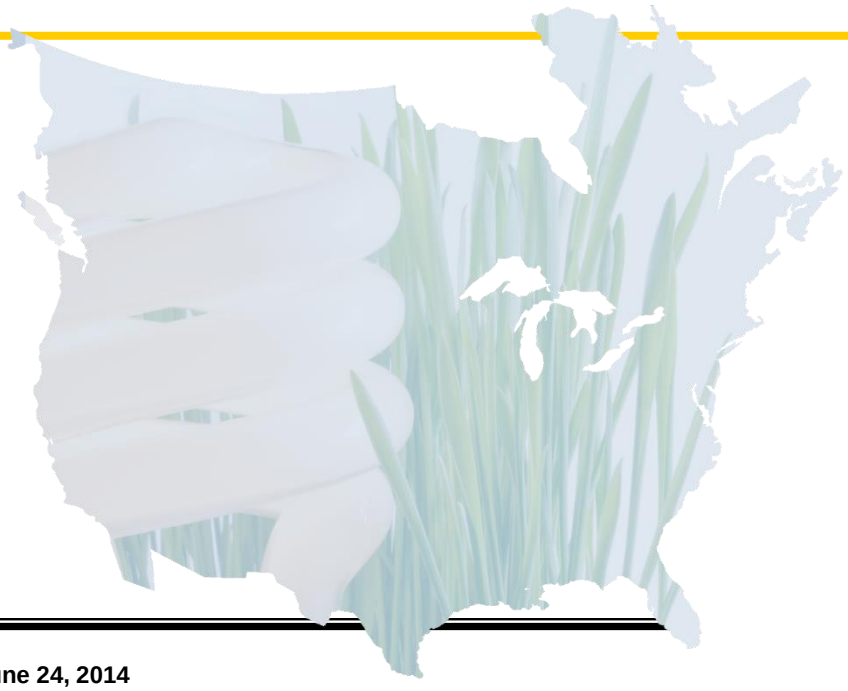
A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

Reserve Analysis — 2014–2015

Texas RE does not have reserves for State (non-statutory) activities, due to contractual provisions ensuring minimal risk for this funding.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget



Approved by the Texas RE Board of Directors June 24, 2014

Section D – Supplemental Information

2015 Consolidated Statement of Activities by Program, Statutory and State (Non-Statutory)

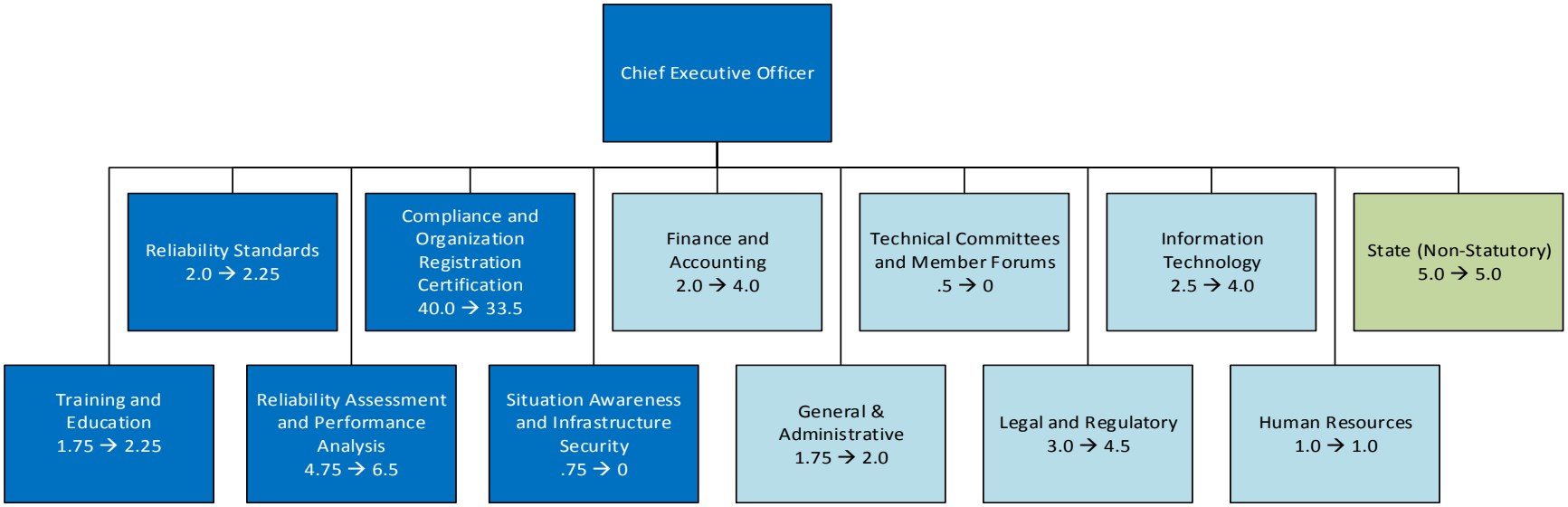
Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statutory Total	State (Non-Statutory) Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 &	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	State (Non-Statutory) Total
Funding														
ERO Funding														
NERC Assessments	10,500,446	10,500,446	-	10,500,446	530,921	7,904,830	1,533,773	530,921	-	-		-		-
Penalty Sanctions	483,500	483,500	-	483,500	24,447	363,983	70,624	24,447						-
Total NERC Funding	**10,983,946**	**10,983,946**	**-**	**10,983,946**	**555,368**	**8,268,813**	**1,604,397**	**555,368**	**-**	**-**	**-**	**-**	**-**	**-**
Membership Dues	18,500	18,500	-	18,500	935	13,927	2,702	935						
PUCT Fees	999,100	-	999,100	-										999,100
Interest	15,045	15,045	-	15,045	761	11,326	2,198	761	-					-
Total Funding (A)	**12,016,591**	**11,017,491**	**999,100**	**11,017,491**	**557,064**	**8,294,066**	**1,609,296**	**557,064**	**-**	**-**	**-**	**-**	**-**	**999,100**
Expenses														
Personnel Expenses														
Salaries	7,132,516	6,531,781	600,736	6,531,781	287,955	3,664,126	836,623	180,683	369,448	427,144	328,978	88,066	348,758	600,736
Payroll Taxes	666,464	617,840	48,624	617,840	27,208	352,833	79,049	17,072	28,963	40,359	31,084	8,321	32,953	48,624
Benefits	979,970	917,129	62,841	917,129	26,670	442,593	129,673	27,385	13,635	58,004	112,354	47,840	58,976	62,841
Retirement Costs	1,022,056	935,450	86,607	935,450	41,754	531,298	121,310	26,199	41,912	61,936	47,702	12,769	50,570	86,607
Total Personnel Expenses	9,801,006	9,002,199	798,807	9,002,199	383,586	4,990,849	1,166,654	251,339	453,958	587,442	520,118	156,996	491,256	798,807
Meeting Expenses														
Meetings	43,726	43,726	-	43,726	-	-	-	30,900	510	-	3,016	9,300	-	-
Travel	452,608	451,108	1,500	451,108	9,521	236,096	72,284	2,705	87,944	17,591	18,258	3,449	3,260	1,500
Conference Calls	13,640	13,640	-	13,640	-	-	-	10,000	-	-	3,640	-	-	-
Total Meeting Expenses	509,974	508,474	1,500	508,474	9,521	236,096	72,284	43,605	88,454	17,591	24,914	12,749	3,260	1,500
Operating Expenses														
Consultants & Contracts	387,663	288,070	99,593	288,070	-	176,820	-	2,250	47,004	3,000	38,996	20,000	-	99,593
Office Rent	459,226	427,080	32,146	427,080	-	-	-	-	427,080	-	-	-	-	32,146
Office Costs	678,583	636,958	41,625	636,958	1,604	4,924	5,360	2,040	84,164	3,615	520,440	3,695	11,116	41,625
Professional Services	1,085,880	1,077,240	8,640	1,077,240	-	442,000	-	-	432,600	30,000	84,240	-	88,400	8,640
Depreciation	229,529	212,740	16,789	212,740	-	-	-	-	172,740	-	40,000	-	-	16,789
Total Operating Expenses	2,840,881	2,642,088	198,793	2,642,088	1,604	623,744	5,360	4,290	1,163,588	36,615	683,676	23,695	99,516	198,793
Total Direct Expenses	**13,151,861**	**12,152,761**	**999,100**	**12,152,761**	**394,711**	**5,850,689**	**1,244,298**	**299,234**	**1,706,001**	**641,648**	**1,228,708**	**193,440**	**594,032**	**999,100**
Indirect Expenses	**(0)**	**(0)**	**-**	**(0)**	**220,643**	**3,285,129**	**637,413**	**220,643**	**(1,706,001)**	**(641,648)**	**(1,228,708)**	**(193,440)**	**(594,032)**	
Other Non-Operating Expenses	-	-	-	-	-	-	-	-						-
Total Expenses (B)	**13,151,861**	**12,152,761**	**999,100**	**12,152,761**	**615,354**	**9,135,818**	**1,881,711**	**519,877**	**-**	**-**	**-**	**-**	**-**	**999,100**
Change in Assets	**(1,135,270)**	**(1,135,270)**	**0**	**(1,135,270)**	**(58,290)**	**(841,752)**	**(272,415)**	**37,187**	**-**	**-**	**-**	**-**	**-**	-
Fixed Assets														
Depreciation	(212,740)	(212,740)	-	(212,740)	-	-	-	-	(172,740)	-	(40,000)	-	-	-
Computer & Software CapEx	43,680	43,680	-	43,680	-	-		-	-	-	43,680	-	-	-
Allocation of Fixed Assets	-	-	-	-	(8,548)	(127,270)	(24,694)	(8,548)	172,740	-	(3,680)	-	-	-
Inc(Dec) in Fixed Assets (C)	**(169,060)**	**(169,060)**	**-**	**(169,060)**	**(8,548)**	**(127,270)**	**(24,694)**	**(8,548)**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**11,983,701**	**11,983,701**	**-**	**11,983,701**	**606,806**	**9,008,548**	**1,857,017**	**511,329**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**(966,210)**	**(966,210)**	**0**	**(966,210)**	**(49,742)**	**(714,482)**	**(247,721)**	**45,735**	**-**	**-**	**-**	**-**	**-**	**-**
FTEs	**65.00**	**60.00**	**5.00**	**60.00**	**2.25**	**33.50**	**6.50**	**2.25**	**2.00**	**4.50**	**4.00**	**1.00**	**4.00**	**5.00**

Approved by the Texas RE Board of Directors June 24, 2014

Statement of Financial Position

Statement of Financial Position			
STATUTORY and STATE (NON- STATUTORY)			
	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS			
Cash	5,584,176	3,869,812	3,869,812
Accounts receivable, net of allowance for uncollecti	-	-	-
Other Receivables	-	-	-
Prepaid expenses and other current assets	199,435	199,435	199,435
Security deposit	39,705	39,705	39,705
Cash value of insurance policies	-	-	-
Property and equipment	602,903	430,163	430,163
Total Assets	**6,426,219**	**4,539,115**	**4,539,115**
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	504,035	504,035	504,035
Deferred income/rent	181,440	181,440	181,440
Deferred penalty income		-	
Regional assessments	-	-	-
Deferred compensation	-	-	-
Accrued retirement liabilities	-		
Accrued incentive compensation	-		
Total Liabilities	**685,475**	**685,475**	**685,475**
Unrestricted Net Assets			
Undesignated	4,853,666	3,370,140	3,370,140
Regulator designated	887,078	483,500	483,500
Total Net Assets	5,740,744	3,853,640	3,853,640
Total Liabilities and Net Assets	**6,426,219**	**4,539,115**	**4,539,115**

2015 Texas RE Combined Statutory and Non-statutory Organization Chart



Arrow indicates number of FTEs from 2014 to 2015.

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 10

WESTERN ELECTRICITY COORDINATING COUNCIL

PROPOSED 2015 BUSINESS PLAN AND BUDGET

2015 Business Plan and Budget

Western Electricity Coordinating Council

Approved by:
WECC Board of Directors

Date:
June 25, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs*	137.5			
Non-statutory FTEs	5.0			
Total FTEs	142.5			
Statutory Expenses	$ 25,699,428			
Non-Statutory Expenses	$ 1,669,241			
Total Expenses	$ 27,368,669			
Statutory Inc(Dec) in Fixed Assets	$ 600,607			
Non-Statutory Inc(Dec) in Fixed Assets	$ 8,607			
Total Inc(Dec) in Fixed Assets	$ 609,214			
Statutory Working Capital Requirement**	2,662,817			
Non-Statutory Working Capital Requirement	3,096,156			
Total Working Capital Requirement	5,758,973			
Total Statutory Funding Requirement	$ 26,300,035			
Total Non-Statutory Funding Requirement	$ 1,630,875			
Total Funding Requirement	$ 27,930,910			
Statutory Funding Assessments	$ 25,032,135	$ 22,042,259	$ 2,662,329	$ 350,548
Non-Statutory Fees	$ 1,630,875	$ 1,549,331	$ 81,544	$ -
NEL****	868,549,865	737,348,098	119,586,872	11,614,895
NEL%	100.00%	84.89%	13.77%	1.34%

*An FTE is defined as a full-time equivalent employee.
**Refer to the Statutory Reserve Analysis on page 51 in Section B.
***Refer to the Non-Statutory Reserve Analysis on page 69 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 foster and promote reliability and efficient coordination in the Western Interconnection. WECC's website is http://www.wecc.biz.

The Western Interconnection is a geographic 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 will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing:

1) impartial independent review and analysis of reliability issues impacting the Western Interconnection;
2) development of electric reliability standards incorporating Western Interconnection experience and knowledge;

3) consistent and fair monitoring and enforcement activities for compliance with reliability standards;
4) event analysis and lessons-learned from system events; and
5) value for its membership through cost effective and efficient services and practices through:
    a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System (BES) in the Western Interconnection;
    b) coordinating system planning and modeling;
    c) sharing of, and providing comment on adherence to, recognized industry best practices;
    d) facilitating resolution of market seams and coordination issues;
    e) secure sharing of critical reliability data; and
    f) providing a robust stakeholder forum.

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[1] 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

[1] As of June 10, 2014

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.[2]

WECC is governed by a nine-member Independent Board of Directors and a Chief Executive Officer. The WECC Board is elected by the WECC membership and the Directors are compensated for their time. The nine Independent Directors are not:

- full-time employees of any Registered Entity;
- affiliated with any member or Registered Entity operating in the Western Interconnection; or
- Directors of an entity performing the function of Reliability Coordinator in the Western Interconnection.

WECC has seven Board Committees that provide additional oversight of WECC operations:

- Finance and Audit Committee
- Governance Committee
- Human Resources and Compensation Committee
- Nominating Committee
- RMS Reliability Compliance Committee
- WECC Standards Committee
- Transmission Expansion Planning and Policy Committee

Under the direction of the WECC Board, five Standing Committees provide the Board with technical work and policy recommendations.

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 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 three representatives from each of the five Member Classes, for a total of 15 members. MAC representatives communicate and obtain input from their respective class membership.

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

[2] 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 3.23 of the WECC Bylaws and the Participating Stakeholder Application Process is described in Section 8.7.4. WECC's Reliability Standards Voting Procedures are detailed in the Reliability Standards Development Procedures.

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. All member organizations are eligible for representation on the committee.

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. All member organizations are eligible for representation on the committee.

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 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. All member organizations are eligible for representation on the committee.

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.

2015 Key Assumptions

NERC and the eight Regional Entities collaborated in the development of a common operating model with complementary roles and responsibilities, an ERO Enterprise Strategic Plan, and a set of business planning assumptions, goals, metrics and key deliverables for the 2014 through 2017 period. NERC and the Regional Entities' business plans and budgets reflect the work mentioned above. The entire set of Common Assumptions is provided in Exhibit A to the NERC 2015 Business Plan and Budget. WECC supports these Common Assumptions as well as assumptions specific to WECC, which are described in each statutory program area in Section A of this document.

2015 WECC Business Objectives

WECC's business objectives for 2015 are as follows:

1. Continue to develop and track Bulk Electric System performance metrics to measure the impact of WECC programs and initiatives.
2. Deliver efficiencies while ensuring a high degree of excellence in the Compliance, Monitoring and Enforcement Program.
3. Enhance the website to facilitate the distribution of information and user interface.

4. Strengthen the employee value proposition to enhance employee engagement.
5. Review WECC's existing organizational structure and identify areas for synergies and efficiencies.
6. Improve policy documentation and training to create well-defined boundaries and manager tools.
7. Publicize the value of WECC products to ensure their use by industry, policy makers and opinion leaders.
8. Engage senior leadership in the Western Interconnection to develop a shared vision of WECC's mission and value.
9. Engage policy makers and opinion leaders to develop a shared vision of WECC's mission and value.
10. Provide cross-training opportunities to strengthen and deepen bench strength.
11. Refine the employee performance measures to enhance professionalism.
12. Develop a greater sense of business acumen to ensure financial stewardship over the budget.
13. Develop problem-solving and decision-making models that drive value-added expenditures.

2015 Overview of Cost Impacts

WECC's proposed 2015 statutory budget is $26.3 million, a $662,000 (2.58 percent) increase from the 2014 statutory budget. The increase is mainly attributable to Remedial Action Scheme (RAS) modeling software enhancements, labor float assumption changes, and the end of the Regional Transmission Expansion Program (RTEP) U.S. Department of Energy (DOE) grant. Expenses associated with the RTEP grant decrease by $3.6 million. Non-grant expenditures increase by $4.2 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 2015 statutory budget from the 2014 statutory budget are as follows:

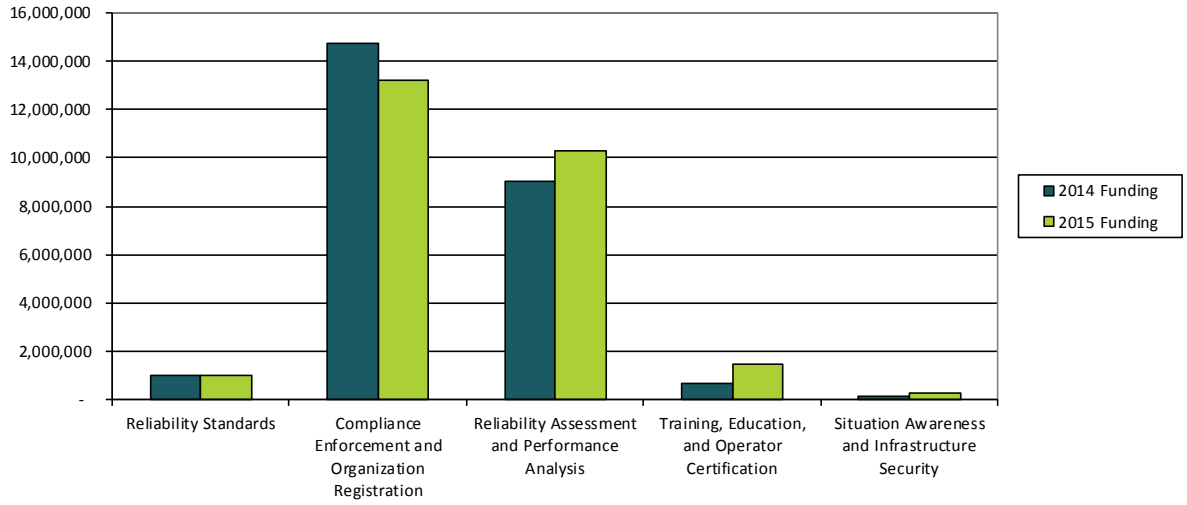
- Personnel Expenses increase by $1.5 million primarily due to a change in labor float percentages and the net addition of three positions. In 2014, WECC budgeted for a 15 percent labor float adjustment across every department. In 2015, the labor float reductions were specific to more recent turnover rates in each department, ranging from zero to 10 percent, and averaging out to approximately an 8 percent rate. However, Benefits expense is decreasing to better reflect actual experience.
- Consultants and Contracts decrease by $2.3 million, mainly due to the conclusion of the RTEP grant.
- Office costs increase by $222,000 primarily due to increases in software license fees, which include rate increases as well as new user licenses.
- Professional Fees increase by a net of $230,000 primarily due to recent changes in WECC's Independent Director compensation structure.

- Fixed Assets increase by $1.0 million mainly due to enhanced RAS modeling as a result of findings in the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report.

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

Program	Budget 2014	Projection 2014	Budget 2015	2014 Budget v 2015 Budget	Variance %
Reliability Standards	1,023,001	987,096	1,026,818	3,817	0.4%
Compliance Enforcement and Organization Registration	14,763,348	13,881,416	13,178,512	(1,584,836)	-10.7%
Reliability Assessment and Performance Analysis	9,054,046	10,510,468	10,301,986	1,247,940	13.8%
Training, Education, and Operator Certification	689,277	531,214	1,497,717	808,440	117.3%
Situation Awareness and Infrastructure Security	108,410	280,465	295,002	186,593	172.1%
Total By Program	25,638,082	26,190,659	26,300,035	661,954	

Comparison of 2015 to 2014 Budgeted Funding Requirements



*This graphical representation does not include an allocation of working capital requirements among the program areas.

Personnel Analysis

In 2015, there is a net increase of 2.5 FTEs (three positions). Four new auditors are being added in 2015 and one position in General and Administrative is being eliminated. Additionally, WECC realigned and shifted some positions between program areas in 2015 to more appropriately classify costs based on the scope of work. Those shifts account for the balance of the changes in FTEs between 2014 and 2015.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs* 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
Reliability Standards	4.0	4.0	4.0	0.0	4.0	-
Compliance and Organization Registration and Certification	58.0	52.0	53.5	0.0	53.5	(4.5)
Training and Education	2.0	2.0	3.1	0.0	3.1	1.1
Reliability Assessment and Performance Analysis	23.6	31.9	30.8	0.0	30.8	7.2
Situation Awareness and Infrastructure Security	0.5	1.2	1.2	0.0	1.2	0.7
Total FTEs Operational Programs	**88.1**	**91.1**	**92.6**	**0.0**	**92.6**	**4.5**
Administrative Programs						
Technical Committees and Member Forums	9.0	1.5	0.0	0.0	0.0	(9.0)
General & Administrative	15.2	18.0	20.9	0.0	20.9	5.7
Information Technology	9.0	7.5	10.0	0.0	10.0	1.0
Legal and Regulatory	6.0	6.0	6.0	0.0	6.0	-
Human Resources	3.0	2.8	3.0	0.0	3.0	-
Finance and Accounting	4.7	4.0	5.0	0.0	5.0	0.3
Total FTEs Administrative Programs	**46.9**	**39.8**	**44.9**	**0.0**	**44.9**	**(2.0)**
Total FTEs	**135.0**	**130.9**	**137.5**	**0.0**	**137.5**	**2.5**

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

WECC's budgeted percentages for labor float (turnover, hiring delays, etc.) changed in 2015 to better reflect actual conditions. In 2014, a flat 15 percent was removed from salaries, payroll taxes, retirement contributions, and insurance across the organization. For 2015, WECC tailored the labor float percentage to each department based on the most recent turnover information available. The percentages range from zero to 10 percent in 2015.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 15,630,852	$ 15,630,852	$ -	$ 25,032,135	$ 9,401,283
Penalty Sanctions	2,933,050	2,933,050	-	143,000	(2,790,050)
Total WECC Funding	**$ 18,563,902**	**$ 18,563,902**	**$ -**	**$ 25,175,135**	**$ 6,611,233**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	3,628,308	3,628,308	-	(0)	(3,628,308)
Services & Software	-	-	-	-	-
Workshops	957,929	1,117,184	159,255	1,055,900	97,971
Interest	69,000	64,860	(4,140)	69,000	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 23,219,139**	**$ 23,374,254**	**$ 155,115**	**$ 26,300,035**	**$ 3,080,896**
Expenses					
Personnel Expenses					
Salaries	$ 12,096,225	$ 12,945,375	$ 849,150	$ 13,095,525	$ 999,300
Payroll Taxes	774,001	940,446	$ 166,445	960,685	186,684
Benefits	2,129,744	1,864,756	$ (264,988)	2,100,312	(29,432)
Retirement Costs	774,001	1,105,210	$ 331,209	1,122,028	348,027
Total Personnel Expenses	**$ 15,773,971**	**$ 16,855,787**	**$ 1,081,816**	**$ 17,278,551**	**$ 1,504,580**
Meeting Expenses					
Meetings	$ 873,476	$ 770,927	$ (102,549)	$ 813,548	$ (59,928)
Travel	1,484,456	1,095,962	(388,494)	1,422,823	(61,633)
Conference Calls	114,222	61,981	(52,241)	75,239	(38,983)
Total Meeting Expenses	**$ 2,472,154**	**$ 1,928,870**	**$ (543,284)**	**$ 2,311,610**	**$ (160,544)**
Operating Expenses					
Consultants & Contracts	$ 4,387,302	$ 4,205,741	$ (181,561)	$ 2,123,220	$ (2,264,082)
Office Rent	936,072	939,767	3,695	987,136	51,064
Office Costs	1,405,454	1,294,815	(110,639)	1,627,611	222,157
Professional Services	758,756	1,103,692	344,936	988,350	229,594
Miscellaneous	-	-	-	-	-
Depreciation	580,000	654,069	74,069	875,000	295,000
Total Operating Expenses	**$ 8,067,584**	**$ 8,198,084**	**$ 130,500**	**$ 6,601,317**	**$ (1,466,267)**
Total Direct Expenses	**$ 26,313,709**	**$ 26,982,741**	**$ 669,032**	**$ 26,191,478**	**$ (122,231)**
Indirect Expenses	**$ (541,111)**	**$ (419,120)**	**$ 121,991**	**$ (492,049)**	**$ 49,062**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 25,772,598**	**$ 26,563,621**	**$ 791,023**	**$ 25,699,428**	**$ (73,170)**
Change in Assets	**$ (2,553,459)**	**$ (3,189,367)**	**$ (635,908)**	**$ 600,607**	**$ 3,154,066**
Fixed Assets					
Depreciation	$ (580,000)	$ (654,069)	$ (74,069)	$ (875,000)	$ (295,000)
Computer & Software CapEx	309,487	228,107	(81,380)	1,319,000	1,009,513
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	136,000	53,000	(83,000)	148,000	12,000
Leasehold Improvements	-	-	-	-	-
			-		-
Allocation of Fixed Assets	$ -	$ -	$ -	$ 8,607	$ 8,607
Incr(Dec) in Fixed Assets (C)	**$ (134,513)**	**$ (372,962)**	**$ (238,449)**	**$ 600,607**	**$ 735,120**
TOTAL BUDGET (B+C)	**25,638,085**	**26,190,659**	**552,574**	**26,300,035**	**661,951**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (2,418,946)**	**$ (2,816,405)**	**$ (397,459)**	**$ -**	**$ 2,418,945**
FTEs	135.0	130.9	(4.1)	137.5	2.5
HC	135.0	129.0	(6.0)	138.0	3.0

Section A – Statutory Programs
2015 Business Plan and Budget

Reliability Standards Program

Reliability Standards Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	4.0	4.0	-
Direct Expenses	$ 597,739	$ 640,064	$ 42,325
Indirect Expenses	$ 432,890	$ 393,639	$ (39,251)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (7,628)	$ (6,885)	$ 743
Total Funding Requirement	$ 1,023,001	$ 1,026,818	$ 3,817

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) and Regional Criteria.

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. Once approved by the WECC Board, the standards are sent to the NERC Board of Trustees (BOT) for adoption. Upon NERC BOT adoption, WECC staff works with NERC to file these reliability standards with FERC for approval. The WECC Reliability Standards Development Procedures are also used for the development of WECC Regional Criteria.

2015 Key Assumptions

- WECC expects that a significant proportion of the work required to develop regional standards and regional criteria will continue to be performed by voluntary stakeholder participation.
- WECC will continue to rely on stakeholder volunteers for the staffing of the majority of NERC Standards drafting teams. WECC staff may, at times, participate as drafting team members or observers.
- WECC Standards staff will take an active role in the coordination and communication of NERC Standards drafting teams' activities to the Western stakeholders.
- 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.
- Completion of several current WECC RRS and Regional Criteria projects will allow for the development work on unforeseen future projects.
- Integration of renewable resources may require new or modified NERC Reliability Standards.

2015 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC continent-wide Reliability Standards.
- Ensure that the RRSs and Regional Criteria developed by the WECC Standards Department meet the needs of the Western stakeholders.
- Ensure that WECC members and stakeholders are informed and engaged in the NERC Standards development efforts.
- Provide leadership and guidance to encourage Western Interconnection stakeholder awareness and participation in the development of NERC Results-Based Standards.
- 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.
- Provide support to the NERC Cost Effective Analysis Process.
- Ensure that WECC's procedures are developed and updated as necessary to comply with the requirements of any remaining NERC Fill-in-the-Blank Standards.
- Monitor NERC Standards development projects and provide timely analyses to Western Stakeholders.
- Post updates and provide enhancements to the WECC Standards Outreach Web page.
- Facilitate and support the activities of the WECC Standards Committee.
- Continue support of the NERC Standards Committee and its subcommittees.

Funding Sources and Requirements — Explanation of Increase (Decrease)

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

- Assessments are offset by the allocation of $5,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by $42,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- No material changes.

Operating Expenses

- No material changes.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The reliability standards allocation decrease is primarily due to an overall reduction of costs in the Administrative Services areas and the increase in FTEs in other Statutory Program Areas. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to more appropriately classify costs based on the scope of work.

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 2015 Business Plan and Budget are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY STANDARDS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 790,180	$ 790,180	$ -	$ 1,017,660	$ 227,480
Penalty Sanctions	133,169	133,169	-	6,177	(126,992)
Total WECC Funding	**$ 923,349**	**$ 923,349**	**$ -**	**$ 1,023,837**	**$ 100,488**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-		-	-	-
Workshops	-	-	-	-	-
Interest	3,133	2,945	(188)	2,981	(152)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 926,482**	**$ 926,294**	**$ (188)**	**$ 1,026,818**	**$ 100,336**
Expenses					
Personnel Expenses					
Salaries	$ 447,768	$ 446,025	$ (1,743)	$ 477,416	$ 29,648
Payroll Taxes	30,138	31,353	1,215	34,358	4,220
Benefits	48,499	30,314	(18,185)	44,967	(3,532)
Retirement Costs	30,138	40,570	10,432	41,514	11,376
Total Personnel Expenses	**$ 556,543**	**$ 548,262**	**$ (8,281)**	**$ 598,255**	**$ 41,712**
Meeting Expenses					
Meetings	$ 528	$ 396	$ (132)	$ 528	$ -
Travel	28,360	24,618	(3,742)	32,175	3,815
Conference Calls	4,188	3,624	(564)	3,027	(1,161)
Total Meeting Expenses	**$ 33,076**	**$ 28,638**	**$ (4,438)**	**$ 35,730**	**$ 2,654**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	8,120	5,985	(2,135)	6,079	(2,041)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 8,120**	**$ 5,985**	**$ (2,135)**	**$ 6,079**	**$ (2,041)**
Total Direct Expenses	**$ 597,739**	**$ 582,885**	**$ (14,854)**	**$ 640,064**	**$ 42,325**
Indirect Expenses	**$ 432,890**	**$ 407,979**	**$ (24,911)**	**$ 393,639**	**$ (39,251)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,030,629**	**$ 990,864**	**$ (39,765)**	**$ 1,033,703**	**$ 3,074**
Change in Assets	**$ (104,147)**	**$ (64,570)**	**$ 39,577**	**$ (6,885)**	**$ 97,262**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (7,628)	$ (3,768)	$ 3,860	$ (6,885)	$ 743
Incr(Dec) in Fixed Assets (C)	**$ (7,628)**	**$ (3,768)**	**$ 3,860**	**$ (6,885)**	**$ 743**
TOTAL BUDGET (B+C)	**1,023,001**	**987,096**	**(35,905)**	**1,026,818**	**3,817**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (96,519)**	**$ (60,802)**	**$ 35,717**	**$ -**	**$ 96,519**
FTEs	4.0	4.0	-	4.0	-
HC	4.0	4.0	-	4.0	-

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	58.0	53.5	(4.5)
Direct Expenses	$ 8,592,053	$ 8,025,682	$ (566,371)
Indirect Expenses	$ 6,276,897	$ 5,264,920	$ (1,011,977)
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (105,602)	$ (112,090)	$ (6,488)
Total Funding Requirement	$ 14,763,348	$ 13,178,512	$ (1,584,836)

Program Scope and Functional Description

WECC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area (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 and the Critical Infrastructure Protection (CIP) standards under FERC Order 706. To accomplish its objectives, Compliance staff is divided into three areas: 1) Audits and Investigations for both Operations and Planning (O&P) and Critical Infrastructure Protection (CIP) Standards, 2) Enforcement, and 3) Registration.

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.

2015 Key Assumptions

- An increase in the number of audits and other monitoring activities scheduled for 2015 and beyond drives the addition of four auditors (two CIP and two O&P).
- WECC will provide support for activities undertaken subject to NERC's Strategic Plan, and in fulfilling WECC's role as noted above.
- WECC Compliance may be expected to respond to FERC directives and orders as well as to significant new initiatives not currently identified that may be generated by NERC or by NERC and the Regional Entities.
- WECC expects that activities relating to the transition from CIP Version 3 standards to CIP Version 5 as well as the transition to activities under the Reliability Assurance

Initiative may cause additional workload; however, due to the uncertainty of the impact on staffing, no additional resources have been added related to these initiatives.

- WECC does not anticipate any hearings in 2015.
- WECC will move Compliance Outreach and Stakeholder Relations revenues and expenses to the Training and Education Program Area in 2015 to more closely align the budget with the scope of work.
- WECC will move the Program Administration expenses to the General and Administrative Program Area to more closely align the budget with the scope of work.

2015 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.
- 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.
- Participate in and represent the Western Interconnection on issues that will impact WECC in NERC and regional initiatives, for example: refining risk-based monitoring, participating in the Reliability Assurance Initiative (RAI), streamlining enforcement processing, increasing consistency across the Regions, and reviewing information technology needs.
- Monitor and manage enforcement measures and metrics in support of NERC's Strategic Plan including caseload index, violation aging, and mitigation plan aging or other measures as implemented by NERC.
- Work toward implementing RAI in enforcement processes; continue to process minimal and moderate risk noncompliance through all available CMEP-approved processes such as the Find, Fix and Track, Spreadsheet Notice of Penalty, and Notice of Alleged Violation processes, or other processes that may develop as part of the RAI initiative; including for example, discretion not to pursue violations.
- Implement the BES exception process.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of $69,000 in penalty sanctions received by WECC on or prior to June 30, 2014.

- Workshop Revenue decreases by $438,000 due to the shift of stakeholder outreach to the Training and Education Program Area.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- FTEs decrease by a net of 4.5. Seven FTEs are being transferred to the new Business Services Department in the General and Administrative Program Area, one FTE is being transferred to the Training and Education Program Area and four new auditors (3.5 FTEs) are being added due to a 40 percent increase in the 2015 audit schedule.
- Personnel Expenses increase by a net of $324,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Meetings decrease by $456,000 due to the shift of stakeholder outreach to the Training and Education Program Area.
- Travel decreases by $116,000 due to the shift of positions to other program areas as well as budget assumption refinement.

Operating Expenses

- Consultants and Contracts increase by $43,000 due to an increase in the use of contractors for specific expertise and the increased audit schedule, net of the effect of shifting some Consultants and Contracts expense to General and Administrative.
- Office Costs decrease by $318,000 primarily due to the shift of the Program Administration Department to General and Administrative.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Compliance allocation decreases by $1.2 million due to the reduction of FTEs in Compliance and reduced expenses in the Administrative Services areas. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Compliance Enforcement and Organization and Registration and Certification Program

Funding sources and related expenses for the Compliance Enforcement and Organization and Registration and Certification section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
COMPLIANCE AND ORGANIZATION REGISTRATION AND CERTIFICATION

	2014 Budget	2014 Projection	Variance 2013 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 10,955,928	$ 10,955,928	$ -	$ 13,056,028	$ 2,100,100
Penalty Sanctions	1,930,952	1,930,952	-	82,619	(1,848,333)
Total WECC Funding	**$ 12,886,880**	**$ 12,886,880**	**$ -**	**$ 13,138,647**	**$ 251,767**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	438,125	592,480	154,355	-	(438,125)
Interest	45,426	42,700	(2,726)	39,865	(5,561)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 13,370,431**	**$ 13,522,060**	**$ 151,629**	**$ 13,178,512**	**$ (191,919)**
Expenses					
Personnel Expenses					
Salaries	$ 4,769,767	$ 5,153,937	$ 384,170	$ 5,032,890	$ 263,123
Payroll Taxes	322,315	389,211	66,896	387,555	65,240
Benefits	795,563	617,345	(178,218)	675,026	(120,537)
Retirement Costs	322,315	428,856	106,541	438,745	116,430
Total Personnel Expenses	**$ 6,209,960**	**$ 6,589,349**	**$ 379,389**	**$ 6,534,216**	**$ 324,256**
Meeting Expenses					
Meetings	$ 462,503	$ 556,477	$ 93,974	$ 6,685	$ (455,818)
Travel	966,340	655,399	(310,941)	849,896	(116,444)
Conference Calls	41,780	16,444	(25,336)	13,152	(28,628)
Total Meeting Expenses	**$ 1,470,623**	**$ 1,228,320**	**$ (242,303)**	**$ 869,733**	**$ (600,890)**
Operating Expenses					
Consultants & Contracts	$ 424,800	$ 636,625	$ 211,825	$ 467,920	$ 43,120
Office Rent	-	252	252	1,600	1,600
Office Costs	450,670	166,883	(283,787)	132,213	(318,457)
Professional Services	-	5,245	5,245	-	-
Miscellaneous	-	-	-	-	-
Depreciation	36,000	28,662	(7,338)	20,000	(16,000)
Total Operating Expenses	**$ 911,470**	**$ 837,667**	**$ (73,803)**	**$ 621,733**	**$ (289,737)**
Total Direct Expenses	**$ 8,592,053**	**$ 8,655,336**	**$ 63,283**	**$ 8,025,682**	**$ (566,371)**
Indirect Expenses	**$ 6,276,897**	**$ 5,303,725**	**$ (973,172)**	**$ 5,264,920**	**$ (1,011,977)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 14,868,950**	**$ 13,959,061**	**$ (909,889)**	**$ 13,290,602**	**$ (1,578,348)**
Change in Assets	**$ (1,498,519)**	**$ (437,001)**	**$ 1,061,518**	**$ (112,090)**	**$ 1,386,429**
Fixed Assets					
Depreciation	(36,000)	(28,662)	7,338	(20,000)	16,000
Computer & Software CapEx	10,000	-	(10,000)	-	(10,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	31,000	-	(31,000)	-	(31,000)
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (110,602)	$ (48,984)	$ 61,618	$ (92,090)	$ 18,512
Incr(Dec) in Fixed Assets (C)	**$ (105,602)**	**$ (77,646)**	**$ 27,956**	**$ (112,090)**	**$ (6,488)**
TOTAL BUDGET (B+C)	**14,763,348**	**13,881,416**	**(881,932)**	**13,178,512**	**(1,584,836)**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (1,392,917)**	**$ (359,355)**	**$ 1,033,562**	**$ -**	**$ 1,392,917**
FTEs	58.0	52.0	(6.0)	53.5	(4.5)
HC	58.0	52.0	(6.0)	54.0	(4.0)

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	23.6	30.8	7.2
Direct Expenses	$ 6,516,514	$ 6,543,983	$ 27,469
Indirect Expenses	$ 2,554,048	$ 3,031,019	$ 476,971
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (16,516)	$ 726,984	$ 743,500
Total Funding Requirement	$ 9,054,046	$ 10,301,986	$ 1,247,940

Program Scope and Functional Description

WECC conducts a variety of studies and assessments essential to the reliable planning and operation of the BES in the Western Interconnection. In addition, WECC compiles and distributes planning data and information that is used by WECC stakeholders 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.

In addition, the Reliability Assessment and Performance Analysis (RAPA) Program Area performs Events Analysis (EA) activities, consistent with the NERC EA process, with the objective that system conditions that impact or have the potential to impact reliable operations are recognized and analyzed in detail to ensure a full understanding of the events. The process supports the identification of specific findings, the development of recommendations, and the creation and distribution of lessons learned. This ensures a high level of reliability within the BES while minimizing the possibility of significant events and preventing reoccurrence of similar type events.

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

2015 Key Assumptions

- The Operations Performance Analysis group will move from Technical Committees and Member Forums to RAPA in 2015.
- Planning Services is proposing a one-time capital expenditure to develop RAS and contingency definition models for use in power flow and stability simulation programs.
- The RAPA Program Area will not have any Department of Energy grants in 2015.
- The RAPA Program Area will support the 2014-2017 NERC and Regional Entity Shared Business Plan and Budget Assumptions.

2015 Goals and Key Deliverables

- Continue development of enhanced RAS and contingency file models to address recommendations from the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report and work toward incorporating these models into the primary power flow and stability software programs used in the Western Interconnection.
- Gather necessary RAS data for inclusion in WECC base cases. This will promote reliable planning of the system by enabling the sharing of RAS models so that their effects can be studied by Transmission Planners and Planning Coordinators through various system impact studies.
- Develop, validate and maintain a library of Interconnection-wide models and datasets for use in near- and long-term power flow, stability, production cost and capital expansion studies.
- Conduct independent studies and assessments to determine near- and long-term system adequacy, operability and reliability.
- Collect, review and analyze system performance data to identify reliability vulnerabilities and trends to assure root cause, corrective actions and lessons learned are identified.
- Continue to implement the NERC EA process within the Interconnection. Conduct follow up on recommendations from events.
- Publish WECC Transmission Maps of the existing and planned system.
- Contribute to the implementation of the BES Definition exception process by providing technical review of exception requests and coordination internally and with other Regions for consistent application.
- Verify and submit data for various NERC data collection efforts, including Transmission Availability Data System (TADS), Generator Availability Data System (GADS), and Demand Response Availability Data System (DADS) filings.
- Facilitate coordination of various stakeholder activities through technical committees to assure that the Western Interconnection is planned and operated in a reliable manner.
- Ensure the Western Interconnection is represented in reliability matters by participating in the NERC Operating Committee, NERC Integration of Variable Generation Taskforce, NERC Planning Committee, and other NERC and industry forums.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of $40,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Grant Funding decreases $3.6 million due to the completion of the RTEP project.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- FTEs increase by a net of 7.2 FTEs (nine positions). Nine positions are being transferred to RAPA from Technical Committees and Member forums, one position is being transferred from General and Administrative and one position is being transferred from RAPA to General and Administrative. No new positions are being added.
- Personnel Expenses increase $1.4 million primarily due to the shift of positions from Administrative Services to RAPA and the refinement of the labor float percentage.

Meeting Expenses

- Meeting Expenses increase by $144,000 due to the shift of positions and expenses from Administrative Services to RAPA.

Operating Expenses

- Consultants and Contracts decrease by a net of $2.0 million due to the completion of the RTEP grant ($2.0 million), an increase for Wind and Solar Plant Model Validation ($100,000), an increase due to the transfer of some costs from Technical Committees and Member Forums to RAPA related to voltage stability software enhancements and phasor measurement unit data validation ($260,000), and a decrease related to 2014 one-time projects undertaken for the development of additional RAS models and phase two of the composite load model implementation ($400,000).
- Office Costs increase by $247,000 primarily due to increases in software license and maintenance fees that include first-year fees after implementation and rate increases as well as new licenses.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Reliability Assessment and Performance Analysis Program allocation increases by $371,000 due to the increase in FTEs and expenditures as discussed earlier in this section. As noted in the Introduction, WECC realigned and shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- CapEx increases by a net $1.1 million, primarily due to enhanced RAS modeling as a result of findings in the *Arizona-Southern California Outages on September 8, 2011: Causes and Recommendations* report.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 3,767,309	$ 3,767,309	$ -	$ 10,231,472	$ 6,464,163
Penalty Sanctions	785,698	785,698	-	47,564	(738,134)
Total WECC Funding	**$ 4,553,007**	**$ 4,553,007**	**$ -**	**$ 10,279,036**	**$ 5,726,029**
Membership Dues	-	-	-	-	-
Federal Grants	3,628,308	3,628,308	-	-	(3,628,308)
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	18,484	17,375	(1,109)	22,950	4,466
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,199,799**	**$ 8,198,690**	**$ (1,109)**	**$ 10,301,986**	**$ 2,102,187**
Expenses					
Personnel Expenses					
Salaries	$ 2,014,830	$ 2,776,489	$ 761,659	$ 3,062,768	$ 1,047,938
Payroll Taxes	134,116	220,139	86,023	238,217	104,101
Benefits	296,187	350,478	54,291	375,438	79,251
Retirement Costs	134,116	277,588	143,472	266,328	132,212
Total Personnel Expenses	**$ 2,579,249**	**$ 3,624,694**	**$ 1,045,445**	**$ 3,942,751**	**$ 1,363,502**
Meeting Expenses					
Meetings	$ 65,065	$ 64,791	$ (274)	$ 137,430	$ 72,365
Travel	148,800	158,097	9,297	221,552	72,752
Conference Calls	30,750	23,510	(7,240)	29,600	(1,150)
Total Meeting Expenses	**$ 244,615**	**$ 246,398**	**$ 1,783**	**$ 388,582**	**$ 143,967**
Operating Expenses					
Consultants & Contracts	$ 3,368,000	$ 3,148,501	$ (219,499)	$ 1,332,000	$ (2,036,000)
Office Rent	-	-	-	-	-
Office Costs	113,650	210,186	96,536	360,650	247,000
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	211,000	315,591	104,591	520,000	309,000
Total Operating Expenses	**$ 3,692,650**	**$ 3,674,278**	**$ (18,372)**	**$ 2,212,650**	**$ (1,480,000)**
Total Direct Expenses	**$ 6,516,514**	**$ 7,545,370**	**$ 1,028,856**	**$ 6,543,983**	**$ 27,469**
Indirect Expenses	**$ 2,554,048**	**$ 3,253,632**	**$ 699,584**	**$ 3,031,019**	**$ 476,971**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 9,070,562**	**$ 10,799,002**	**$ 1,728,440**	**$ 9,575,002**	**$ 504,440**
Change in Assets	**$ (870,763)**	**$ (2,600,312)**	**$ (1,729,549)**	**$ 726,984**	**$ 1,597,747**
Fixed Assets					
Depreciation	(211,000)	(315,591)	(104,591)	(520,000)	(309,000)
Computer & Software CapEx	239,487	57,107	(182,380)	1,300,000	1,060,513
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (45,003)	$ (30,050)	$ 14,953	$ (53,016)	$ (8,013)
Incr(Dec) in Fixed Assets (C)	**$ (16,516)**	**$ (288,534)**	**$ (272,018)**	**$ 726,984**	**$ 743,500**
TOTAL BUDGET (B+C)	**9,054,046**	**10,510,468**	**1,456,422**	**10,301,986**	**1,247,940**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (854,247)**	**$ (2,311,778)**	**$ (1,457,531)**	**$ -**	**$ 854,247**
FTEs	23.6	31.9	8.3	30.8	7.2
HC	23.0	32.0	9.0	32.0	9.0

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.0	3.1	1.1
Direct Expenses	$ 496,262	$ 1,197,983	$ 701,721
Indirect Expenses	$ 196,829	$ 305,070	$ 108,241
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (3,814)	$ (5,336)	$ (1,522)
Total Funding Requirement	$ 689,277	$ 1,497,717	$ 808,440

Program Scope and Functional Description

The Training, Education, and Operator Certification Program Area provides education and training on the application of standards, compliance issues, improvement of compliance programs, and technical training for system operators and schedulers.

2015 Key Assumptions

- Attendance will continue to trend upward for 2015.
- There will be no significant changes in operator certification continuing education unit requirements for 2015.
- The Training, Education, and Operator Certification Program Area will remain primarily self-funded in 2015.
- Operator training sessions will mostly be held at the Salt Lake City Training Center, with the balance hosted by WECC members.
- Compliance Outreach and Stakeholder Relations will move to this area in 2015 from Compliance to more closely align with other Regional Entities.
- Stakeholder outreach activities and initiatives will increase in 2015.

2015 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;
  - Continue to enhance and 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 coupled with the Real-time Tools Training Module; and

  - Evaluate member feedback and concerns, and address through training program improvements.
- Deliver three Compliance User Group and three CIP User Group meetings.
- Create and deliver additional outreach for CIP Version 5.
- Provide 12 monthly "Compliance Open-webs."

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of $4,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Workshop revenue increases by $536,000 primarily due to the transfer of Compliance Outreach and Stakeholder Relations from Compliance to Training and Education. Additionally, there is a small increase in the preliminary estimate of attendees scheduled to attend operator training sessions, which has increased that revenue stream slightly over 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by $254,000 due to the realignment of staff between program areas, which increases FTEs by 1.1, and the refinement of the labor float percentage.

Meeting Expenses

- Meetings increase by $450,000 primarily due to the shift of stakeholder outreach to the Training and Education Program Area.

Operating Expenses

- Consultants and Contracts decrease by $15,000 due to a reduction in the use of consultants to conduct training sessions.
- Office Costs increase by $12,000 due to the shift of Stakeholder Outreach from Compliance to Training. This mainly relates to merchant credit card processing fees for the CUG/CIPUG transactions.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The Training and Education Program allocation increases by $98,000 due to the increase in FTEs and expenditures as discussed earlier in this section. As noted in the Introduction, WECC realigned and

shifted some positions between program areas in 2015 to ensure consistency with other Regions and to more appropriately classify costs based on the work being performed.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TRAINING AND EDUCATION

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 36,290	$ 36,290	$ -	$ 434,720	$ 398,430
Penalty Sanctions	66,585	66,585	-	4,787	(61,798)
Total WECC Funding	**$ 102,875**	**$ 102,875**	**$ -**	**$ 439,507**	**$ 336,632**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	519,804	524,704	4,900	1,055,900	536,096
Interest	1,566	1,472	(94)	2,310	744
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 624,245**	**$ 629,051**	**$ 4,806**	**$ 1,497,717**	**$ 873,472**
Expenses					
Personnel Expenses					
Salaries	$ 146,942	$ 83,078	$ (63,864)	$ 351,089	$ 204,147
Payroll Taxes	10,136	7,328	(2,808)	25,665	15,529
Benefits	22,654	8,641	(14,013)	36,173	13,519
Retirement Costs	10,136	8,241	(1,895)	30,530	20,394
Total Personnel Expenses	**$ 189,868**	**$ 107,288**	**$ (82,580)**	**$ 443,457**	**$ 253,589**
Meeting Expenses					
Meetings	$ 56,040	$ 23,329	$ (32,711)	$ 489,300	$ 433,260
Travel	7,836	117	(7,719)	16,850	9,014
Conference Calls	804	-	(804)	8,750	7,946
Total Meeting Expenses	**$ 64,680**	**$ 23,446**	**$ (41,234)**	**$ 514,900**	**$ 450,220**
Operating Expenses					
Consultants & Contracts	$ 106,502	$ 76,452	$ (30,050)	$ 92,000	$ (14,502)
Office Rent	47,472	44,867	(2,605)	47,676	204
Office Costs	87,740	77,056	(10,684)	99,950	12,210
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 241,714**	**$ 198,375**	**$ (43,339)**	**$ 239,626**	**$ (2,088)**
Total Direct Expenses	**$ 496,262**	**$ 329,109**	**$ (167,153)**	**$ 1,197,983**	**$ 701,721**
Indirect Expenses	**$ 196,829**	**$ 203,989**	**$ 7,160**	**$ 305,070**	**$ 108,241**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 693,091**	**$ 533,098**	**$ (159,993)**	**$ 1,503,053**	**$ 809,962**
Change in Assets	**$ (68,846)**	**$ 95,953**	**$ 164,799**	**$ (5,336)**	**$ 63,510**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (3,814)	$ (1,884)	$ 1,930	$ (5,336)	$ (1,522)
Incr(Dec) in Fixed Assets (C)	**$ (3,814)**	**$ (1,884)**	**$ 1,930**	**$ (5,336)**	**$ (1,522)**
TOTAL BUDGET (B+C)	**689,277**	**531,214**	**(158,063)**	**1,497,717**	**808,440**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (65,032)**	**$ 97,837**	**$ 162,869**	**$ -**	**$ 65,032**
FTEs	2.0	2.0	-	3.1	1.1
HC	2.0	2.0	-	3.0	1.0

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.5	1.2	0.7
Direct Expenses	$ 60,156	$ 178,977	$ 118,821
Indirect Expenses	$ 49,207	$ 118,092	$ 68,884
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (953)	$ (2,066)	$ (1,113)
Total Funding Requirement	$ 108,410	$ 295,002	$ 186,593

Program Scope and Functional Description

WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area maintains real-time awareness about the conditions of the BES in the Western Interconnection and responds to events by providing coordination, assistance and communications with Peak Reliability (Peak), stakeholders, WECC management, and the NERC SAIS personnel.

2015 Key Assumptions

- The Situation Awareness – FERC, NERC, and Regions (SAFNR) tool will provide additional situation awareness capabilities at both NERC and Regional Entity levels.
- The WECC Situation Awareness process will be used to support NERC and FERC's efforts for situation awareness of current system conditions.
- Staff time is allocated to better reflect actual time spent on SAIS activities. There is a corresponding decrease of staff time in other areas.

2015 Goals and Key Deliverables

- Monitor System Events, collect information and coordinate the distribution of timely updates on System Events to WECC Management, industry stakeholders and NERC SAIS staff.
- Continue to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Participate on daily NERC SAIS calls to coordinate, report, and receive any critical information
- Continue to develop and enhance ways to improve on the use of SAFNR data to further support SAIS.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Assessments are offset by the allocation of $2,000 in penalty sanctions received by WECC on or prior to June 30, 2014.
- Interest revenue is allocated based on FTEs.

Personnel Expenses

- Personnel Expenses increase by $119,000 primarily due to the incremental .7 FTE allocation which more appropriately reflects actual time spent on SAIS activities.

Meeting Expenses

- Not applicable

Operating Expenses

- Not applicable.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. The SAIS allocation increases by $65,000 due to the increase in FTEs allocated to the Program Area.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ 81,145	$ 81,145	$ -	$ 292,255	$ 211,111
Penalty Sanctions	16,646	16,646	-	1,853	(14,793)
Total WECC Funding	**$ 97,791**	**$ 97,791**	**$ -**	**$ 294,108**	**$ 196,318**
Membership Dues	$ -	$ -	$ -	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	391	368	(23)	894	503
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 98,182**	**$ 98,158**	**$ (23)**	**$ 295,002**	**$ 196,821**
Expenses					
Personnel Expenses					
Salaries	$ 47,976	$ 131,656	$ 83,680	$ 141,605	$ 93,629
Payroll Taxes	3,228	10,590	7,362	11,010	7,782
Benefits	5,724	3,639	(2,085)	14,048	8,324
Retirement Costs	3,228	13,317	10,089	12,313	9,085
Total Personnel Expenses	**$ 60,156**	**$ 159,202**	**$ 99,046**	**$ 178,977**	**$ 118,821**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 60,156**	**$ 159,202**	**$ 99,046**	**$ 178,977**	**$ 118,821**
Indirect Expenses	**$ 49,207**	**$ 122,394**	**$ 73,186**	**$ 118,092**	**$ 68,884**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 109,363**	**$ 281,596**	**$ 172,232**	**$ 297,068**	**$ 187,705**
Change in Assets	**$ (11,181)**	**$ (183,437)**	**$ (172,256)**	**$ (2,066)**	**$ 9,115**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (953)	$ (1,130)	$ (177)	$ (2,066)	$ (1,113)
Incr(Dec) in Fixed Assets (C)	**$ (953)**	**$ (1,130)**	**$ (177)**	**$ (2,066)**	**$ (1,113)**
TOTAL BUDGET (B+C)	**108,410**	**280,465**	**172,056**	**295,002**	**186,593**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (10,228)**	**$ (182,307)**	**$ (172,079)**	**$ -**	**$ 10,228**
FTEs	0.5	1.2	0.7	1.2	0.7
HC	-	-	-	-	-

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	46.9	44.9	(2.0)
Direct Expenses	$ 10,050,982	$ 9,604,789	$ (446,193)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

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

Technical Committees and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	9.0	-	(9.0)
Total Direct Expenses	$ 2,246,509	$ 1,122,427	$ (1,124,082)
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. These forums also include the Board of Directors, Board committees and Joint Guidance committee in 2015.

2015 Key Assumptions

- The same level of meetings and meeting support will carry forward into 2015.
- Board members will be compensated for meeting participation in accordance with the Board Compensation Schedule.
- WECC budgets for meeting space, meals, and logistics associated with Board activities and assumes that one meeting will be held at an offsite hotel location and three meetings will be held at the Salt Lake City meeting facilities. Any additional meetings are expected to be held by teleconference.
- The Nominating Committee will engage a search firm to identify candidates for any open Independent Director positions in 2015. Expenses include consulting fees and consultant travel.
- Several committees will be moved to RAPA in 2015 to more closely align with the staff work being performed.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses decrease by $1.1 million and are zero in 2015 due to the shift of positions from Technical Committees and Member Forums to RAPA.

Meeting Expenses

- Meetings decrease by $136,000 due to the shift of personnel and expenses from Technical Committees and Member Forums to RAPA.

Operating Expenses

- Consultants and Contracts decrease by a net $132,000 primarily due to one-time costs related to 2014 projects for the validation and incorporation of synchrophasor data into operations.
- Professional Services increase $283,000 due to WECC's revised Board compensation structure.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TECHNICAL COMMITTEES AND MEMBER FORUMS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	$ -	$ -	$ -	$ -	$ -
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	$ -	$ -	$ -	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ 874,612	$ 70,916	$ (803,696)	$ -	$ (874,612)
Payroll Taxes	59,075	6,573	(52,502)	-	(59,075)
Benefits	115,178	16,326	(98,852)	-	(115,178)
Retirement Costs	59,075	6,698	(52,377)	-	(59,075)
Total Personnel Expenses	**$ 1,107,940**	**$ 100,513**	**$ (1,007,427)**	$ -	**$ (1,107,940)**
Meeting Expenses					
Meetings	$ 278,090	$ 114,314	$ (163,776)	$ 165,705	$ (112,385)
Travel	128,720	67,037	(61,683)	121,500	(7,220)
Conference Calls	18,800	3,990	(14,810)	2,552	(16,248)
Total Meeting Expenses	**$ 425,610**	**$ 185,341**	**$ (240,269)**	**$ 289,757**	**$ (135,853)**
Operating Expenses					
Consultants & Contracts	$ 212,000	$ -	$ (212,000)	$ 80,000	$ (132,000)
Office Rent	-	-	-	-	-
Office Costs	35,203	7,286	(27,917)	3,420	(31,783)
Professional Services	465,756	663,363	197,607	749,250	283,494
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 712,959**	**$ 670,649**	**$ (42,310)**	**$ 832,670**	**$ 119,711**
Total Direct Expenses	**$ 2,246,509**	**$ 956,503**	**$ (1,290,006)**	**$ 1,122,427**	**$ (1,124,082)**
Indirect Expenses	**$ (2,246,509)**	**$ (956,503)**	**$ 1,290,006**	**$ (1,122,427)**	**$ 1,124,082**
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ -
Change in Assets	$ -	$ -	$ -	$ -	$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$ -	$ -	$ -	$ -	$ -
FTEs	9.0	1.5	(7.5)	-	(9.0)
HC	9.0	-	(9.0)	-	(9.0)

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	15.2	20.9	5.7
Direct Expenses	$ 3,695,570	$ 4,192,980	$ 497,410
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

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

2015 Key Assumptions

- One position is eliminated in 2015.
- One position is transferred to RAPA and one is transferred from RAPA in 2015 to more closely align costs with scope of work.
- Six positions are transferred from Compliance Program Administration to more closely align costs with scope of work.

2015 Goals and Key Deliverables

- Continue to enhance stakeholder relations program.
- 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.
- Enhance the Business Services group to continue to drive efficiencies and effective services throughout the company.

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 $305,000 primarily due to the net addition of 5.7 FTEs as previously mentioned.

Meeting Expenses

- Travel expenses decrease by a net $24,000 primarily due to the elimination of one position that traveled extensively and the transfer of one position to RAPA, which involves regular travel.

Operating Expenses

- Rent increases by $47,000 due to estimated maintenance charges and to align the budget with the straight-lined actual expense over the lease term.
- Office Costs increase by $173,000 primarily due to the transfer of some license and maintenance fees from Compliance to General and Administrative.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
GENERAL AND ADMINISTRATIVE

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 1,801,127	$ 1,975,306	$ 174,179	$ 1,990,286	$ 189,159
Payroll Taxes	92,319	110,132	17,813	109,878	17,559
Benefits	188,224	189,939	1,715	238,323	50,099
Retirement Costs	92,319	136,360	44,041	140,513	48,194
Total Personnel Expenses	**$ 2,173,989**	**$ 2,411,737**	**$ 237,748**	**$ 2,479,000**	**$ 305,011**
Meeting Expenses					
Meetings	$ 11,250	$ 11,787	$ 537	$ 13,900	$ 2,650
Travel	121,750	151,602	29,852	97,750	(24,000)
Conference Calls	8,100	6,437	(1,663)	10,000	1,900
Total Meeting Expenses	**$ 141,100**	**$ 169,826**	**$ 28,726**	**$ 121,650**	**$ (19,450)**
Operating Expenses					
Consultants & Contracts	$ 90,000	$ 130,059	$ 40,059	$ 86,300	$ (3,700)
Office Rent	888,600	894,648	6,048	935,650	47,050
Office Costs	196,881	288,004	91,123	370,380	173,499
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	205,000	209,064	4,064	200,000	(5,000)
Total Operating Expenses	**$ 1,380,481**	**$ 1,521,775**	**$ 141,294**	**$ 1,592,330**	**$ 211,849**
Total Direct Expenses	**$ 3,695,570**	**$ 4,103,338**	**$ 407,768**	**$ 4,192,980**	**$ 497,410**
Indirect Expenses	**$ (3,695,570)**	**$ (4,103,338)**	**$ (407,768)**	**$ (4,192,980)**	**$ (497,410)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(205,000)	(209,064)	(4,064)	(200,000)	5,000
Computer & Software CapEx	-	41,000	41,000	9,000	9,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	27,000	27,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 205,000	$ 168,064	$ (36,936)	$ 164,000	$ (41,000)
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	15.2	18.0	2.8	20.9	5.7
HC	16.0	17.0	1.0	21.0	5.0

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	6.0	6.0	-
Direct Expenses	$ 1,099,606	$ 1,098,349	$ (1,257)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

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

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.

2015 Key Assumptions

- WECC will maintain the scope of its current operations.
- The operating environment may change in the event of unanticipated direction from FERC, NERC, or both.

2015 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.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase $50,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel decreases by $6,000 due to lower anticipated travel to external meetings.

Operating Expenses

- Professional Services decrease by $46,000 due to lower actual business insurance premiums than the 2014 estimate.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
LEGAL AND REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 657,788	$ 846,558	$ 188,770	$ 695,671	$ 37,883
Payroll Taxes	44,388	58,835	14,447	46,009	1,621
Benefits	77,152	89,083	11,931	71,186	(5,966)
Retirement Costs	44,388	66,156	21,768	60,493	16,105
Total Personnel Expenses	**$ 823,716**	**$ 1,060,632**	**$ 236,916**	**$ 873,359**	**$ 49,643**
Meeting Expenses					
Meetings	$ -	$ (317)	$ (317)	$ -	$ -
Travel	48,000	21,715	(26,285)	42,000	(6,000)
Conference Calls	1,200	1,732	532	1,200	-
Total Meeting Expenses	**$ 49,200**	**$ 23,130**	**$ (26,070)**	**$ 43,200**	**$ (6,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ 675	$ 675	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	28,690	23,745	(4,945)	29,790	1,100
Professional Services	190,000	332,674	142,674	144,000	(46,000)
Miscellaneous	-	-	-	-	-
Depreciation	8,000	8,488	488	8,000	-
Total Operating Expenses	**$ 226,690**	**$ 365,582**	**$ 138,892**	**$ 181,790**	**$ (44,900)**
Total Direct Expenses	**$ 1,099,606**	**$ 1,449,344**	**$ 349,738**	**$ 1,098,349**	**$ (1,257)**
Indirect Expenses	**$ (1,099,606)**	**$ (1,449,344)**	**$ (349,738)**	**$ (1,098,349)**	**$ 1,257**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(8,000)	(8,488)	(488)	(8,000)	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 8,000	$ 8,488	$ 488	$ 8,000	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	6.0	6.0	-	6.0	-
HC	6.0	6.0	-	6.0	-

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	9.0	10.0	1.0
Direct Expenses	$ 1,365,441	$ 1,646,668	$ 281,227
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

WECC's Information Technology (IT) Department 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. IT provides resources and tools to enable the organization to meet the evolving requirements to support activities and responsibilities as directed by NERC and FERC.

2015 Key Assumptions

- Personal computer equipment is replaced on a four-year refresh cycle, servers are refreshed every five years, and network equipment is replaced every seven-to-10 years. WECC will replace approximately 25 percent of employee laptops in 2015.
- To maintain compliance with industry best practices for security and data protection, WECC will incur additional costs to engage third-party network management and security monitoring services.
- New technology solutions will be required to accommodate the secure transfer of a growing amount of data, as well as to provide data storage and analytic capabilities to the organization.
- One position is transferred from Compliance Program Administration to more closely align costs with scope of work.

2015 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 solutions to enable secure, reliable, and efficient transmission of a growing number of data types.

- Increase redundancy and reduce support burdens by shifting email services to an externally hosted provider.
- Support a modern website that enhances stakeholder communications, promotes WECC initiatives, and encourages confidence in WECC's capabilities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses increase by $167,000 due to the transfer of one FTE to IT and the refinement of the labor float percentage.

Meeting Expenses

- No material changes.

Operating Expenses

- Office Costs increase by $94,000 primarily due to scheduled laptop and desktop refreshes and fees for moving WECC's mail server to a cloud-hosted service.

Indirect Expenses

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

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software CapEx decreases by $50,000 due to one-time projects budgeted in 2014.
- Equipment CapEx increases by $16,000 due to a scheduled server refresh.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 670,107	$ 649,174	$ (20,933)	$ 780,760	$ 110,653
Payroll Taxes	45,103	51,457	6,354	63,536	18,433
Benefits	101,928	92,016	(9,912)	117,503	15,575
Retirement Costs	45,103	56,238	11,135	67,892	22,789
Total Personnel Expenses	**$ 862,241**	**$ 848,885**	**$ (13,356)**	**$ 1,029,691**	**$ 167,450**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	13,200	7,690	(5,510)	13,500	300
Conference Calls	7,200	5,286	(1,914)	6,600	(600)
Total Meeting Expenses	**$ 20,400**	**$ 12,976**	**$ (7,424)**	**$ 20,100**	**$ (300)**
Operating Expenses					
Consultants & Contracts	$ 36,000	$ 63,429	$ 27,429	$ 40,000	$ 4,000
Office Rent	-	-	-	1,960	1,960
Office Costs	340,800	332,811	(7,989)	434,917	94,117
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	106,000	85,048	(20,952)	120,000	14,000
Total Operating Expenses	**$ 482,800**	**$ 481,288**	**$ (1,512)**	**$ 596,877**	**$ 114,077**
Total Direct Expenses	**$ 1,365,441**	**$ 1,343,149**	**$ (22,292)**	**$ 1,646,668**	**$ 281,227**
Indirect Expenses	**$ (1,365,441)**	**$ (1,343,149)**	**$ 22,292**	**$ (1,646,668)**	**$ (281,227)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(106,000)	(85,048)	20,952	(120,000)	(14,000)
Computer & Software CapEx	60,000	130,000	70,000	10,000	(50,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	105,000	53,000	(52,000)	121,000	16,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (59,000)	$ (97,952)	$ (38,952)	$ (11,000)	$ 48,000
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	9.0	7.5	(1.5)	10.0	1.0
HC	9.0	8.0	(1.0)	10.0	1.0

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	$ 1,072,064	$ 874,047	$ (198,017)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

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

2015 Key Assumptions

- WECC's staffing levels will increase slightly from 2014 to 2015.
- Competition for talent will increase due to the economic recovery and a shrinking talent pool.
- Enhanced scope of succession planning, employee development, and training are vital to ensuring that WECC maintains a skilled, qualified workforce.

2015 Goals and Key Deliverables

- Continue to enhance the recruiting program in 2015 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 and in RAPA.
- Build strong network relationships with area universities to promote WECC as a viable employer in the community.
- Manage all employee benefits to deliver an attractive benefit package to employees and to attract potential employees while managing overall costs to the organization.
- Continue to educate management on compensation as well as other employee engagement philosophies to enhance recruitment efforts and retain skilled and talented employees.
- Identify training needs and develop and deliver programs to enhance employee development.
- Track and monitor turnover rates, gather feedback to determine cause of turnover, and when appropriate, take action to reduce the turnover rate.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries Expense decreases due to the elimination of budgeted severance/retention payments that were included in the 2014 budget as potential costs related to bifurcation.
- Benefits and Retirement Costs increase $53,000 and $22,000 respectively primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel increases by $11,000 primarily due the transfer of employee appreciation events from General and Administrative to HR.

Operating Expenses

- Consultants decrease by $125,000 due to the completion of a compensation and benefits survey in 2014.
- Office Costs decrease by $13,000 due to decreases in job postings, drug testing, and background checks.
- Professional Services decrease by $6,000 due to an estimated reduction in ERISA audit and legal fees.

Indirect Expenses

- Human Resource expenses are allocated to statutory functional areas based on FTEs.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Not applicable.

Human Resources

Funding sources and related expenses for the Human Resources section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
HUMAN RESOURCES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 384,508	$ 431,210	$ 46,702	$ 245,335	$ (139,173)
Payroll Taxes	14,190	27,578	13,388	19,451	5,261
Benefits	414,876	422,975	8,099	468,014	53,138
Retirement Costs	14,190	31,399	17,209	36,334	22,144
Total Personnel Expenses	**$ 827,764**	**$ 913,162**	**$ 85,398**	**$ 769,134**	**$ (58,630)**
Meeting Expenses					
Meetings	$ -	$ 3	$ 3	$ -	$ -
Travel	10,200	5,933	(4,267)	21,600	11,400
Conference Calls	1,000	664	(336)	108	(892)
Total Meeting Expenses	**$ 11,200**	**$ 6,600**	**$ (4,600)**	**$ 21,708**	**$ 10,508**
Operating Expenses					
Consultants & Contracts	$ 150,000	$ 150,000	$ -	$ 25,000	$ (125,000)
Office Rent	-	-	-	250	250
Office Costs	59,100	69,542	10,442	46,355	(12,745)
Professional Services	17,000	11,410	(5,590)	10,600	(6,400)
Miscellaneous	-	-	-	-	-
Depreciation	7,000	692	(6,308)	1,000	(6,000)
Total Operating Expenses	**$ 233,100**	**$ 231,644**	**$ (1,456)**	**$ 83,205**	**$ (149,895)**
Total Direct Expenses	**$ 1,072,064**	**$ 1,151,406**	**$ 79,342**	**$ 874,047**	**$ (198,017)**
Indirect Expenses	**$ (1,072,064)**	**$ (1,151,406)**	**$ (79,342)**	**$ (874,047)**	**$ 198,017**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(7,000)	(692)	6,308	(1,000)	6,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 7,000	$ 692	$ (6,308)	$ 1,000	$ (6,000)
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	3.0	2.8	(0.3)	3.0	-
HC	3.0	3.0	-	3.0	-

Finance and Accounting

Finance and Accounting (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	4.7	5.0	0.3
Direct Expenses	$ 571,792	$ 670,318	$ 98,526
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

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

2015 Key Assumptions

- WECC is subject to Washington Business and Occupancy Tax, which is based on Washington source revenue.
- WECC will not have any grant activity in 2015.
- Efficiencies are gained in the Accounting Department.

2015 Goals and Key Deliverables

- Review financial policies and update 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.
- 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

- Personnel Expenses increase by a net of $47,000 primarily due to the refinement of the labor float percentage.

Meeting Expenses

- Travel decreases by $5,000 due to an anticipated reduction in travel requirements.

Operating Expenses

- Office Costs increase by $59,000 due to the State of Washington Business and Occupation Tax that WECC is now subject to, which is based on Washington source income.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
FINANCE AND ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 280,800	$ 381,026	$ 100,226	$ 317,705	$ 36,905
Payroll Taxes	18,992	27,250	8,258	25,006	6,014
Benefits	63,758	44,000	(19,758)	59,634	(4,124)
Retirement Costs	18,992	39,787	20,795	27,366	8,374
Total Personnel Expenses	**$ 382,542**	**$ 492,063**	**$ 109,521**	**$ 429,711**	**$ 47,169**
Meeting Expenses					
Meetings	$ -	$ 147	$ 147	$ -	$ -
Travel	11,250	3,754	(7,496)	6,000	(5,250)
Conference Calls	400	294	(106)	250	(150)
Total Meeting Expenses	**$ 11,650**	**$ 4,195**	**$ (7,455)**	**$ 6,250**	**$ (5,400)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	84,600	113,317	28,717	143,857	59,257
Professional Services	86,000	91,000	5,000	84,500	(1,500)
Miscellaneous	-	-	-	-	-
Depreciation	7,000	6,524	(476)	6,000	(1,000)
Total Operating Expenses	**$ 177,600**	**$ 210,841**	**$ 33,241**	**$ 234,357**	**$ 56,757**
Total Direct Expenses	**$ 571,792**	**$ 707,099**	**$ 135,307**	**$ 670,318**	**$ 98,526**
Indirect Expenses	**$ (571,792)**	**$ (707,099)**	**$ (135,307)**	**$ (670,318)**	**$ (98,526)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(7,000)	(6,524)	476	(6,000)	1,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 7,000	$ 6,524	$ (476)	$ 6,000	$ (1,000)
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	4.7	4.0	(0.7)	5.0	0.3
HC	5.0	5.0	-	5.0	-

Section B – Supplemental Financial Information
2015 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015

STATUTORY

Beginning Working Capital Reserve (Deficit), December 31, 2013	$	5,416,545
Plus: 2014 WECC Funding (from Load Serving Entities (LSE) or designees)		18,563,902
Plus: 2014 Other funding sources		4,810,352
Plus: Convert Non-statutory Reserves to Statutory		5,874,245
Less: 2014 Projected expenses & capital expenditures		(26,190,659)
Less: Transfer of Reserves to Peak Reliability		(5,811,568)
Projected Working Capital Reserve (Deficit), December 31, 2014	**$**	**2,662,817**
Desired Working Capital Reserve, December 31, 2015 [2]	$	2,662,817
Less: Projected Working Capital Reserve, December 31, 2014		(2,662,817)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	$	-
2015 Expenses and Capital Expenditures	$	26,300,035
Less: Penalty Sanctions [1]		(143,000)
Less: Other Funding Sources		(1,124,900)
Adjustment to achieve desired Working Capital Reserve		0
2015 WECC Assessment	**$**	**25,032,136**

1 – Represents collections between July, 1 2013 and June 30, 2014. See page 53 for full disclosure.

2 – On June 25, 2014, the WECC Board of Directors approved this reserve level.

WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses. In 2014, WECC transferred $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 are exclusive of the Non-statutory Reserves related to the Western Renewable Energy Generation Information System and have not been used for any purpose in the past seven years. WECC Management and the WECC Board believed it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014. The total working capital reserves were used to offset the impact of the creation of Peak and other increases on Assessments for both WECC and Peak in 2014.

As a result of the creation of Peak, WECC's working capital reserves were split between WECC and Peak to provide reserves for both entities. The same population of entities

provides funding for both companies and WECC management as well as WECC's Finance and Audit Committee believed reserves should be split equitably as a result. The calculation used to split the reserves was based on each entity's percent-to-total ratio of operating expenses. Peak's portion was $5.8 million.

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, 2014 will be used to offset assessments in the 2015 WECC Budget. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalty monies received on or prior to June 30, 2014 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.

As outlined in WECC's 2012 Business Plan and Budget, WECC uses penalty monies collected from U.S. registered entities within the Western Interconnection to pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards. This ensures that only U.S. entities contribute to the payment of WECC registered-function penalties paid to NERC and/or FERC under Section 215 of the Federal Power Act.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2014					
Date Received	Amount Received	Date Received	Amount Received	Date Received	Amount Received
7/8/2013	$ 53,000	12/18/2013	$ 9,000	5/14/2014	$ 8,000
7/8/2013	58,000	12/18/2013	92,000	5/20/2014	465,000
7/15/2013	60,000	12/27/2013	8,000	5/20/2014	45,000
7/18/2013	291,000	1/2/2014	50,000	6/2/2014	40,000
7/25/2013	62,500	1/21/2014	20,000	6/2/2014	40,000
8/1/2013	7,000	1/21/2014	55,000	6/16/2014	9,000
8/6/2013	20,000	1/27/2014	215,000	6/24/2014	14,000
8/12/2013	10,000	2/6/2014	40,000		
8/14/2013	60,000	2/6/2014	6,000		
8/16/2013	81,000	2/7/2014	70,000		
8/29/2013	10,000	2/11/2014	45,000		
8/30/2013	10,000	2/18/2014	15,000		
9/5/2013	65,000	2/24/2014	60,000		
9/5/2013	130,000	2/27/2014	144,000		
9/9/2013	36,000	3/10/2014	35,000		
9/11/2013	10,000	3/19/2014	12,000		
9/12/2013	15,000	3/25/2014	150,000		
9/20/2013	10,000	3/25/2014	7,000		
9/23/2013	17,000	3/25/2014	25,000		
10/2/2013	55,000	3/25/2014	16,000		
10/4/2013	198,000	3/31/2014	36,000		
10/15/2013	22,000	3/31/2014	5,000		
10/28/2013	20,000	3/31/2014	185,000		
11/19/2013	10,000	4/4/2014	30,000		
11/25/2013	25,000	4/4/2014	9,500		
12/6/2013	150,000	4/14/2014	15,000		
12/6/2013	20,000	4/22/2014	7,000		
12/17/2013	35,000	5/1/2014	20,000		

Total Penalties Received	$ 3,543,000
Recognized in 2013 to offset registered function penalties expense*	(1,400,000)
Withheld for estimated registered function penalties to be recognized in 2014*	(2,000,000)
Net Penalties to Offset Assessments	**$ 143,000**

*To pay compliance penalties incurred by the WECC registered functions as a result of alleged non-compliance with NERC mandatory reliability standards.

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (Excluding WECC Assessments & Penalty Sanctions)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards				
Interest	$ 3,133	$ 2,945	$ 2,981	$ (152)
Miscellaneous	-	-	-	-
Total	$ 3,133	$ 2,945	$ 2,981	$ (152)
Compliance Monitoring, Enforcement & Org. Registration				
Workshops	$ 438,125	$ 592,480	-	$ (438,125)
Interest	45,426	42,700	39,865	(5,561)
Miscellaneous	-	-	-	-
Total	$ 483,551	$ 635,180	$ 39,865	$ (443,686)
Reliability Assessment and Performance Analysis				
Federal Grants	$ 3,628,308	$ 3,628,308	$ -	$ (3,628,308)
Interest	18,484	17,375	22,950	4,466
Miscellaneous	-	-	-	-
Total	$ 3,646,792	$ 3,645,683	$ 22,950	$ (3,623,842)
Training and Education				
Workshops	$ 519,804	$ 524,704	$ 1,055,900	$ 536,096
Interest	1,566	1,472	2,310	744
Miscellaneous	-	-	-	
Total	$ 521,370	$ 526,176	$ 1,058,210	$ 536,840
Situation Awareness and Infrastructure Security				
Federal Grants	$ -	$ -	$ -	$ -
Interest	391	368	894	503
Miscellaneous	-	-	-	-
Total	$ 391	$ 368	$ 894	$ 503
Technical Committees and Member Forms				
Federal Grants	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	**$ 4,655,237**	**$ 4,810,352**	**$ 1,124,900**	**$ (3,530,337)**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

WECC anticipates its investments will earn interest of approximately $69,000 in 2015. This revenue is allocated to the Statutory and Non-Statutory Programs based on FTEs.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- A decrease of $438,000 in workshop revenue is related to the shift of Outreach and Stakeholder Relations out of Compliance to Training and Education in 2015. The workshop revenue is related to the Compliance User Group and Critical Infrastructure Protection User Group meetings.

Reliability Assessment and Performance Analysis

- The RTEP grant ends in 2014 and Grant revenue is zero in 2015 as a result.

Training and Education

- Workshop revenue increases by $536,000 due to an increase in the estimated training session attendance as well as the shift of Outreach and Stakeholder Relations out of Compliance to Training and Education in 2015. WECC's System Operator Training program continues to be self-funded.

Situation Awareness and Infrastructure Security

- Not applicable.

Technical Committees and Member Forums

- Not applicable.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salaries	$ 12,092,325	$ 12,945,375	$ 13,095,525	$ 1,003,200	8.3%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	3,900	-	-	(3,900)	-100.0%
Total Salaries	$ 12,096,225	$ 12,945,375	$ 13,095,525	$ 999,300	8.3%
Total Payroll Taxes	$ 774,001	$ 940,446	$ 960,685	$ 186,684	24.1%
Benefits					
Workers Compensation	$ 12,000	$ 26,148	$ 19,000	$ 7,000	58.3%
Medical Insurance	1,753,689	1,519,506	$ 1,658,341	(95,348)	-5.4%
Life-LTD-STD Insurance	64,708	101,302	$ 74,911	10,203	15.8%
Education	286,375	194,768	$ 286,878	503	0.2%
Relocation	16,200	16,803	$ 50,000	33,800	208.6%
Other	-	6,229	$ 11,182	11,182	
Total Benefits	$ 2,132,972	$ 1,864,756	$ 2,100,312	$ (32,660)	-1.5%
Retirement					
Discretionary 401k Contribution	$ 770,774	$ 1,095,748	$ 1,107,028	$ 336,254	43.6%
Retirement Administration Fees	-	9,462	15,000	15,000	
Total Retirement	$ 770,774	$ 1,105,210	$ 1,122,028	$ 351,254	45.6%
Total Personnel Costs	$ 15,773,972	$ 16,855,787	$ 17,278,550	$ 1,504,578	9.5%
FTEs	135.0	130.9	137.5	2.5	1.9%
Cost per FTE					
Salaries	$ 89,602	$ 98,933	$ 95,240	5,639	6.3%
Payroll Taxes	5,733	7,187	6,987	1,253	21.9%
Benefits	15,800	14,251	15,275	(525)	-3.3%
Retirement	5,709	8,446	8,160	2,451	42.9%
Total Cost per FTE	**$ 116,844**	**$ 128,818**	**$ 125,662**	**$ 8,818**	**7.5%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Salaries

- Salaries increase by a net $1.0 million primarily due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs. In 2014, WECC budgeted for $175,000 of severance and retention, which is zero in the 2015 budget.

Payroll Taxes

- Payroll Taxes increase by $190,000 primarily due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs.

Benefits

- Medical Insurance decreases by $87,000 to reflect a more accurate estimate of actual employee usage.
- Life, Long-Term Disability, and Short-Term Disability Insurance increases by $11,000 due to the refinement of WECC's labor float percentage as well as the net addition of 2.5 FTEs.
- Relocation decreases by $13,000 to reflect estimated actual expenses.

Retirement

- Contributions to 401k plans increase by $351,000 due to a 2 percent increase in WECC's defined contribution percentage as well as the refinement of WECC's labor float percentage and the net addition of 2.5 FTEs.

Consultants and Contracts

Table B-5

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	64,000	12,760	$ 35,640	(28,360)	-44.3%
Reliability Assessment and Performance Analysis	2,968,000	2,498,300	$ 1,332,000	(1,636,000)	-55.1%
Training and Education	106,502	76,452	$ 92,000	(14,502)	-13.6%
Situation Awareness and Infrastructure Security	-	-	$ -	-	
Committee and Member Forums	12,000	-	$ 80,000	68,000	566.7%
General and Administrative	90,000	130,059	$ 81,500	(8,500)	-9.4%
Legal and Regulatory	-	675	$ -	-	
Information Technology	36,000	49,884	$ 40,000	4,000	11.1%
Human Resources	150,000	150,000	$ 25,000	(125,000)	-83.3%
Accounting and Finance	-	-	$ -	-	
Consultants Total	$ 3,426,502	$ 2,918,130	$ 1,686,140	$ (1,740,362)	-50.8%

Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	360,800	623,865	$ 432,280	71,480	19.8%
Reliability Assessment and Performance Analysis	400,000	650,201	$ -	(400,000)	-100.0%
Training and Education	-	-	$ -	-	
Situation Awareness and Infrastructure Security	-	-	$ -	-	
Committee and Member Forums	200,000	-	$ -	(200,000)	-100.0%
General and Administrative	-	-	$ 4,800	4,800	
Legal and Regulatory	-	-	$ -	-	
Information Technology	-	13,545	$ -	-	
Human Resources	-	-	$ -	-	
Accounting and Finance	-	-	$ -	-	
Contracts Total	$ 960,800	$ 1,287,611	$ 437,080	$ (523,720)	-54.5%
Total Consulting and Contracts	**$ 4,387,302**	**$ 4,205,741**	**$ 2,123,220**	**$ (2,264,082)**	-51.6%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Consultants

- Compliance and Organization Registration and Certification decreases by $28,000 primarily due to the shift of some costs to General and Administrative based on scope of work.
- RAPA decreases by a net $1.6 million due to the following:
  - A decrease of $2.0 million is due to the completion of the RTEP grant
  - An increase of $100,000 in Planning Services for Wind and Solar Plant Model Validation.
  - An increase of $260,000 due to the transfer of some costs from Technical Committees and Member Forums to RAPA. These costs are related to voltage stability software enhancements and phasor measurement unit data validation.
- Training and Education consultants decrease by $15,000 due to a decrease in use of consultants to conduct training sessions.

- Committee and Member Forums consultants increase by $68,000 primarily due to Board Director search fees.
- Human Resources decreases $125,000 due to a one-time cost for a compensation and benefits survey in 2014.

Contracts

- Compliance and Organization Registration and Certification contracts increase by $71,000 due to an increase in the use of contractors for specific expertise and the increased audit schedule in 2015.
- RAPA Contracts decrease by $400,000 due to one-time costs in Planning Services related to 2014 projects undertaken for the development of additional RAS models and phase two of the composite load model implementation.
- Committee and Member Forums decrease by $200,000 due to one-time costs related to 2014 projects for the validation and incorporation of synchrophasor data into operations.

Office Rent

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 926,196	$ 933,542	$ 969,480	43,284	4.7%
Utilities	-	-	-	-	0.0%
Maintenance	9,876	6,225	17,656	7,780	78.8%
Security	-	-	-	-	0.0%
Total Office Rent	**$ 936,072**	**$ 939,767**	**$ 987,136**	**$ 51,064**	**5.5%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Office Rent increases by $43,000 to align the budget with the straight-lined expense.

Office Costs

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 97,610	$ 69,448	$ 96,747	$ (863)	-0.9%
Internet	145,310	82,150	117,618	(27,692)	-19.1%
Office Supplies	192,336	200,295	104,859	(87,477)	-45.5%
Computer Supplies and Maintenance	690,027	622,420	908,990	218,963	31.7%
Publications & Subscriptions	22,835	47,334	17,535	(5,300)	-23.2%
Dues and Fees	126,233	128,981	159,314	33,081	26.2%
Postage	3,790	5,215	5,699	1,909	50.4%
Express Shipping	13,147	5,248	11,304	(1,843)	-14.0%
Copying	43,536	31,532	67,545	24,009	55.1%
Bank Charges	57,630	58,889	74,000	16,370	28.4%
Taxes	13,000	43,303	64,000	51,000	392.3%
Total Office Costs	**$ 1,405,454**	**$ 1,294,815**	**$ 1,627,611**	**$ 222,157**	**15.8%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Internet expenses decrease by a net $27,000 to more accurately reflect actual expenses post-bifurcation.
- Office Supplies decrease by $87,000 to more accurately reflect actual expenses post-bifurcation.
- Computer Supplies and Maintenance increase by $219,000 due to first-year fees after implementation, rate increases, and new licenses, including the Base Case Coordination System and cloud-based email hosting.
- Dues and Fees increase by $33,000 primarily due to eDiscovery and backup services for the cloud-based email service.
- Copying increases by $24,000 to more accurately reflect estimated expenditures.
- Bank Charges increase $16,000 to more accurately reflect actual expenses post-bifurcation.
- Taxes increase $51,000 primarily due to the State of Washington Business and Occupation Tax that WECC is now subject to.

Professional Services

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Non-affiliated Director fees	$ 465,756	$ 661,750	$ 749,250	$ 283,494	60.9%
Outside Legal	28,000	236,257	30,600	2,600	9.3%
Accounting & Auditing Fees	97,000	105,245	88,500	(8,500)	-8.8%
Insurance Commercial	168,000	100,440	120,000	(48,000)	-28.6%
Total Services	**$ 758,756**	**$ 1,103,692**	**$ 988,350**	**$ 229,594**	**30.3%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Non-Affiliated Director fees increase by $283,000 due to the revised Board Director compensation structure.
- Insurance Commercial decreases $48,000 to more accurately reflect actual costs post-bifurcation.

Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	
Line of Credit Payment	-	-	-	-	
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Not applicable.

Section C – Non-Statutory Activities
2015 Business Plan and Budget

Section C — 2015 Non-Statutory Business Plan and Budget

Western Renewable Energy Generation Information System (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5	5	-
Direct Expenses	1,117,869	1,177,192	59,323
Indirect Expenses	541,111	492,049	(49,062)
Inc(Dec) in Fixed Assets	-	(8,607)	(8,607)
Total Funding Requirement	244,820	(29,759)	(274,579)

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 greater than three years. WREGIS' 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 member committee consisting of representatives from the WECC membership and various WREGIS stakeholder groups.

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. 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 2015 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 (generation capacity) 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 are based 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 large WREGIS reserves to allow for normal operations during years in which fee levels are low and to fund large non-recurring expenditures such as major software upgrades.

2015 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

- Personnel Expenses increase a net $18,000 mainly due to merit increases and an increase in the defined contribution percentage.

Travel Expenses

- Meeting Expenses decrease by a net $17,000 due to estimates of actual travel and meeting expenditure requirements in 2015.

Operating Expenses

- Office Costs increase by $59,000 primarily due to increases in WREGIS software licensing fees as well as system upgrades.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. WECC calculates a quarterly allocation for WREGIS's indirect costs, based on actual results.

Other Non-Operating Expenses

- Not applicable.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
NON-STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
WECC Funding					
WECC Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total WECC Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	1,896,000	2,416,545	520,545	1,626,000	(270,000)
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	7,800	7,800	-	4,875	(2,925)
Interest	-	15,667	15,667	-	-
Miscellaneous	-	5,633	5,633	-	-
Total Funding (A)	**$ 1,903,800**	**$ 2,445,645**	**$ 541,845**	**$ 1,630,875**	**$ (272,925)**
Expenses					
Personnel Expenses					
Salaries	$ 350,730	$ 280,749	$ (69,981)	$ 358,476	$ 7,747
Payroll Taxes	23,715	23,973	258	29,669	5,954
Benefits	65,935	26,680	(39,255)	62,675	(3,260)
Retirement Costs	23,715	24,469	754	31,172	7,457
Total Personnel Expenses	**$ 464,094**	**$ 355,871**	**$ (108,223)**	**$ 481,992**	**$ 17,898**
Meeting Expenses					
Meetings	$ 13,225	$ 12,004	$ (1,221)	$ 3,975	$ (9,250)
Travel	61,000	37,982	(23,018)	52,000	(9,000)
Conference Calls	-	-	-	1,200	1,200
Total Meeting Expenses	**$ 74,225**	**$ 49,986**	**$ (24,239)**	**$ 57,175**	**$ (17,050)**
Operating Expenses					
Consultants & Contracts	$ 6,000	$ 5,105	$ (895)	$ 2,400	$ (3,600)
Office Rent	-	-	-	-	-
Office Costs	557,050	474,268	(82,782)	616,125	59,075
Professional Services	16,500	-	(16,500)	19,500	3,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	74,069	-	-
Total Operating Expenses	**$ 579,550**	**$ 479,373**	**$ (26,108)**	**$ 638,025**	**$ 58,475**
Total Direct Expenses	**$ 1,117,869**	**$ 885,230**	**$ (158,570)**	**$ 1,177,192**	**$ 59,323**
Indirect Expenses	**$ 541,111**	**$ 419,120**	**$ (121,991)**	**$ 492,049**	**$ (49,062)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 1,658,980**	**$ 1,304,350**	**$ (280,561)**	**$ 1,669,241**	**$ 10,261**
Change in Assets	**$ 244,820**	**$ 1,141,295**	**$ 822,406**	**$ (38,366)**	**$ (283,186)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
	-			-	
Allocation of Fixed Assets	$ -	$ -	$ -	$ (8,607)	$ (8,607)
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ (8,607)**	**$ (8,607)**
TOTAL BUDGET (=B+C)	**1,658,980**	**1,304,350**	**(280,561)**	**1,660,634**	**1,654**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ 244,820**	**$ 1,141,295**	**$ 822,406**	**$ (29,759)**	**$ (274,579)**
FTEs	5.0	4.0	(1.0)	5.0	-
HC	5.0	4.0	(1.0)	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 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs[1] 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
		NON-STATUTORY				
Operational Programs						
Total FTEs Operational Programs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Administrative Programs						
WREGIS	5.0	4.0	5.0	0.0	5.0	0.0
Total FTEs Administrative Programs	**5.0**	**4.0**	**5.0**	**0.0**	**5.0**	**0.0**
Total FTEs	**5.0**	**4.0**	**5.0**	**0.0**	**5.0**	**0.0**

[1]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 function.

Reserve Analysis — 2014–2015

Working Capital Reserve Analysis NON-STATUTORY	WREGIS Reserves	WECC Non-Statutory Reserves
Beginning Working Capital Reserve (Deficit), December 31, 2013	1,954,861	5,874,245
Plus: 2014 WREGIS Funding	2,445,645	
Plus: 2014 Other funding sources		
Less: 2014 Projected expenses & capital expenditures	(1,304,350)	
Transfer Reserves to Statutory		(5,874,245)
Projected Working Capital Reserve (Deficit), December 31, 2014	**3,096,156**	**0**
Projected Working Capital Reserve, December 31, 2015	3,096,156	0
Less: Projected Working Capital Reserve, December 31, 2014	(3,096,156)	0
Adjustments to achieve Working Capital Reserve, December 31, 2014	0	0
2014 Funding Sources	1,630,875	
Less: Expenses and Capital Expenditures	(1,660,634)	
2015 Funding (reserve adjustment)	(29,759)	0

WECC's Board has approved a Working Capital Reserve balance equal to one month of Personnel and Operating Expenses. In 2014, WECC transferred $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 are exclusive of the Non-statutory Reserves related to WREGIS and have not been used for any purpose in the past seven years. WECC Management and the WECC Board believed it would be prudent to use that money to minimize the impact on Assessments due to the budget increases in 2014. The total working capital reserves were used to offset the impact of the creation of Peak and other increases on Assessments for both WECC and Peak in 2014.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget

Section D – Additional Consolidated Financial Statements

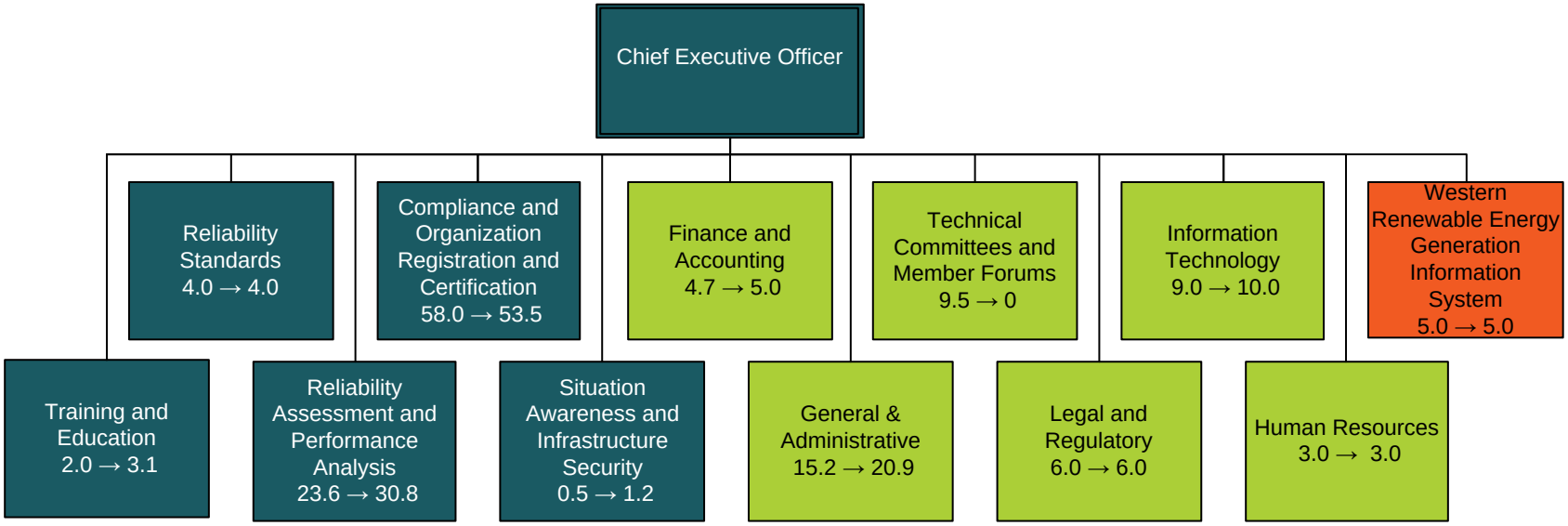
2015 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

				Functions in Delegation Agreement												Non-Statutory Functions	
Statement of Activities and Capital Expenditures by Program 2015 Budget	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	WREGIS
Funding																	
WECC Funding																	
WECC Assessments	25,032,135	25,032,135	-	25,032,135	1,017,660	13,056,028	10,231,472	434,720	292,255		-	-	-	-	-	-	-
Penalty Sanctions	143,000	143,000	-	143,000	6,177	82,619	47,564	4,787	1,853							-	
Total WECC Funding	**25,175,135**	**25,175,135**	**-**	**25,175,135**	**1,023,837**	**13,138,647**	**10,279,036**	**439,507**	**294,108**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-statutory Funding	1,626,000	-	1,626,000	-	-	-	-	-	-	-	-	-	-	-	-	1,626,000	1,626,000
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	1,060,775	1,055,900	4,875	1,055,900	-	-	-	1,055,900	-	-	-	-	-	-	-	4,875	4,875
Interest	69,000	69,000	-	69,000	2,981	39,865	22,950	2,310	894	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding (A)	**27,930,910**	**26,300,035**	**1,630,875**	**26,300,035**	**1,026,818**	**13,178,512**	**10,301,986**	**1,497,717**	**295,002**	**-**	**-**	**-**	**-**	**-**	**-**	**1,630,875**	**1,630,875**
Expenses																	
Personnel Expenses																	
Salaries	13,454,002	13,095,525	358,476	13,095,525	477,416	5,032,890	3,062,768	351,089	141,605	-	1,990,286	695,671	780,760	245,335	317,705	358,476	358,476
Payroll Taxes	990,355	960,686	29,669	960,686	34,358	387,555	238,217	25,665	11,010	-	109,878	46,009	63,536	19,451	25,006	29,669	29,669
Benefits	2,162,986	2,100,312	62,675	2,100,312	44,967	675,026	375,438	36,173	14,048	-	238,323	71,186	117,503	468,014	59,634	62,675	62,675
Retirement Costs	1,153,200	1,122,028	31,172	1,122,028	41,514	438,745	266,328	30,530	12,313	-	140,513	60,493	67,892	36,334	27,366	31,172	31,172
Total Personnel Expenses	17,760,542	17,278,550	481,992	17,278,550	598,255	6,534,216	3,942,750	443,457	178,977	-	2,479,000	873,359	1,029,691	769,134	429,711	481,992	481,992
Meeting Expenses																	
Meetings	817,523	813,548	3,975	813,548	528	6,685	137,430	489,300	-	165,705	13,900	-	-	-	-	3,975	3,975
Travel	1,474,823	1,422,823	52,000	1,422,823	32,175	849,896	221,552	16,850	-	121,500	97,750	42,000	13,500	21,600	6,000	52,000	52,000
Conference Calls	76,439	75,239	1,200	75,239	3,027	13,152	29,600	8,750	-	2,552	10,000	1,200	6,600	108	250	1,200	1,200
Total Meeting Expenses	2,368,785	2,311,610	57,175	2,311,610	35,730	869,733	388,582	514,900	-	289,757	121,650	43,200	20,100	21,708	6,250	57,175	57,175
Operating Expenses																	
Consultants & Contracts	2,125,620	2,123,220	2,400	2,123,220	-	467,920	1,332,000	92,000	-	80,000	86,300	-	40,000	25,000	-	2,400	2,400
Office Rent	987,136	987,136	-	987,136	-	1,600	-	47,676	-	-	935,650	-	1,960	250	-	-	-
Office Costs	2,243,736	1,627,611	616,125	1,627,611	6,079	132,213	360,650	99,950	-	3,420	370,380	29,790	434,917	46,355	143,857	616,125	616,125
Professional Services	1,007,850	988,350	19,500	988,350	-	-	-	-	-	749,250	-	144,000	-	10,600	84,500	19,500	19,500
Miscellaneous	-	-	-	-						-	-	-	-	-	-	-	
Depreciation	875,000	875,000	-	875,000	-	20,000	520,000	-	-	-	200,000	8,000	120,000	1,000	6,000	-	-
Total Operating Expenses	7,239,342	6,601,317	638,025	6,601,317	6,079	621,733	2,212,650	239,626	-	832,670	1,592,330	181,790	596,877	83,205	234,357	638,025	638,025
Total Direct Expenses	**27,368,669**	**26,191,477**	**1,177,192**	**26,191,477**	**640,064**	**8,025,682**	**6,543,982**	**1,197,983**	**178,977**	**1,122,427**	**4,192,980**	**1,098,349**	**1,646,668**	**874,047**	**670,318**	**1,177,192**	**1,177,192**
Indirect Expenses	0	(492,049)	492,049	(492,049)	393,639	5,264,920	3,031,019	305,070	118,092	(1,122,427)	(4,192,980)	(1,098,349)	(1,646,668)	(874,047)	(670,318)	492,049	492,049
Other Non-Operating Expenses	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	**27,368,669**	**25,699,428**	**1,669,241**	**25,699,428**	**1,033,703**	**13,290,602**	**9,575,002**	**1,503,053**	**297,068**	**-**	**-**	**-**	**-**	**-**	**-**	**1,669,241**	**1,669,241**
Change in Assets	**562,241**	**600,607**	**(38,366)**	**600,607**	**(6,885)**	**(112,090)**	**726,984**	**(5,336)**	**(2,066)**	**-**	**-**	**-**	**-**	**-**	**-**	**(38,366)**	**(38,366)**
Fixed Assets																	
Depreciation	(875,000)	(875,000)	-	(875,000)	-	(20,000)	(520,000)	-	-	-	(200,000)	(8,000)	(120,000)	(1,000)	(6,000)	-	-
Computer & Software CapEx	1,319,000	1,319,000	-	1,319,000	-	-	1,300,000	-		-	9,000	-	10,000	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Equipment CapEx	148,000	148,000	-	148,000	-	-	-	-		-	27,000	-	121,000	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	8,607	(8,607)	8,607	(6,885)	(92,090)	(53,016)	(5,336)	(2,066)	-	164,000	8,000	(11,000)	1,000	6,000	(8,607)	(8,607)
Inc(Dec) in Fixed Assets (C)	**592,000**	**600,607**	**(8,607)**	**600,607**	**(6,885)**	**(112,090)**	**726,984**	**(5,336)**	**(2,066)**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,607)**	**(8,607)**
TOTAL BUDGET (B+C)	**27,960,669**	**26,300,035**	**1,660,634**	**26,300,035**	**1,026,818**	**13,178,512**	**10,301,986**	**1,497,717**	**295,002**	**-**	**-**	**-**	**-**	**-**	**-**	**1,660,634**	**1,660,634**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**(29,759)**	**-**	**(29,759)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29,759)**	**(29,759)**
FTEs	**142.5**	**137.5**	**5.0**	**137.5**	**4.0**	**53.5**	**30.8**	**3.1**	**1.2**	**-**	**20.9**	**6.0**	**10.0**	**3.0**	**5.0**	**5.0**	**5.0**
HC	**143.0**	**138.0**	**5.0**	**138.0**	**4.0**	**54.0**	**32.0**	**3.0**	**-**	**-**	**21.0**	**6.0**	**10.0**	**3.0**	**5.0**	**5.0**	**5.0**

Statement of Financial Position

Statement of Financial Position 2013 Audited, 2014 Projection, and 2015 Budget STATUTORY and NON-STATUTORY	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS			
Cash and cash equivalents	$ 24,741,100	$ 12,865,224	$ 12,993,876
Certificates of deposit	2,044,097	681,366	688,179
Investments	2,942,933	980,978	990,787
Accounts receivable, net	4,099,826	2,049,913	2,070,412
Prepaid expenses and other assets	1,451,697	389,484	393,379
Property and equipment	11,042,682	1,691,682	2,691,682
Total Assets	**$ 46,322,335**	**$ 18,658,647**	**$ 19,828,316**
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	5,380,399	1,614,120	1,775,532
Accrued Expenses	4,145,493	1,043,648	1,148,013
Deferred revenue	11,679,055	6,628,811	7,390,649
Other liabilities	1,665,866	1,420,546	1,562,601
Total Liabilities	**$ 22,870,813**	**$ 10,707,125**	**$ 11,876,794**
Unrestricted net assets	23,451,522	7,951,522	7,951,522
Total Liabilities and Net Assets	**$ 46,322,335**	**$ 18,658,647**	**$ 19,828,316**

Appendix A: Organizational Chart



■ Statutory Program Area
■ Administrative Services Program Area
■ Non-statutory Program Area

Appendix B: 2015 Budget & Projected 2016 and 2017 Budgets

Statement of Activities and Capital Expenditures

2015 Budget & Projected 2016 and 2017 Budgets

Statutory

	2015 Budget	2016 Projection	$ Change 15 v 16	% Change 15 v 16	2017 Projection	$ Change 16 v 17	% Change 16 v 17
Funding							
ERO Funding							
WECC Assessments	$ 25,055,135	$ 25,656,467	$ 601,332	2.4%	$ 26,215,027	$ 558,559	2.2%
Penalty Sanctions	120,000	-	(120,000)	-100.0%	-	-	
Total ERO Funding	**$ 25,175,135**	**$ 25,656,467**	**$ 481,332**	**1.9%**	**$ 26,215,027**	**$ 558,559**	**2.2%**
Membership Dues							
Federal Grants	-	-	-		-	-	
Workshops	1,055,900	1,108,695	52,795	5.0%	1,164,130	55,435	5.0%
Interest	69,000	69,000	-	0.0%	69,000	-	0.0%
Miscellaneous	-	-	-		-	-	
Total Funding (A)	**$ 26,300,035**	**$ 26,834,162**	**$ 534,127**	**2.0%**	**$ 27,448,157**	**$ 613,994**	**2.3%**
Expenses							
Personnel Expenses							
Salaries	$ 13,095,525	$ 14,046,346	950,821	7.3%	$ 14,683,200	636,854	4.5%
Payroll Taxes	960,685	1,033,272	72,587	7.6%	$ 1,080,603	47,331	4.6%
Benefits	2,100,312	2,259,325	159,012	7.6%	$ 2,364,698	105,373	4.7%
Retirement Costs	1,122,028	1,205,340	83,311	7.4%	$ 1,260,303	54,964	4.6%
Total Personnel Expenses	**$ 17,278,551**	**$ 18,544,283**	**$ 1,265,732**	**7.3%**	**$ 19,388,804**	**$ 844,521**	**4.6%**
Meeting Expenses							
Meetings	$ 813,548	$ 846,090	32,542	4.0%	$ 879,934	33,844	4.0%
Travel	1,422,823	1,479,736	56,913	4.0%	1,509,331	29,595	2.0%
Conference Calls	75,239	75,239	-	0.0%	75,239	-	0.0%
Total Meeting Expenses	**$ 2,311,610**	**$ 2,401,065**	**$ 89,455**	**3.9%**	**$ 2,464,503**	**$ 63,438**	**2.6%**
Operating Expenses							
Consultants & Contracts	$ 2,123,220	$ 2,208,149	84,929	4.0%	$ 2,296,475	88,326	4.0%
Office Rent	987,136	990,000	2,864	0.3%	990,000	-	0.0%
Office Costs	1,627,611	1,692,715	65,104	4.0%	1,760,424	67,709	4.0%
Professional Services	988,350	990,000	1,650	0.2%	990,000	-	0.0%
Miscellaneous	-	-	-		-	-	
Depreciation	875,000	1,050,000	175,000	20.0%	-	(1,050,000)	-100.0%
Total Operating Expenses	**$ 6,601,317**	**$ 6,930,864**	**$ 329,547**	**5.0%**	**$ 6,036,899**	**$ (893,965)**	**-12.9%**
Total Direct Expenses	**$ 26,191,478**	**$ 27,876,212**	**$ 1,684,734**	**6.4%**	**$ 27,890,206**	**$ 13,994**	**0.1%**
	-						
Indirect Expenses	**(492,049)**	**(492,049)**	**-**	**0.0%**	**(492,049)**	**-**	**0.0%**
Other Non-Operating Expenses	-	-	-		-	-	
Total Expenses (B)	**$ 25,699,428**	**$ 27,384,162**	**$ 1,684,734**	**6.6%**	**$ 27,398,157**	**$ 13,994**	**0.1%**
Change in Assets	**$ 600,607**	**$ (550,000)**	**$ (1,150,607)**	**-191.6%**	**$ 50,000**	**$ 600,000**	**-109.1%**
Fixed Assets							
Depreciation	$ (875,000)	$ (1,050,000)	$ (175,000)	20.0%	$ -	$ 1,050,000	-100.0%
Computer & Software CapEx	1,467,000	500,000	(967,000)	-65.9%	50,000	(450,000)	-90.0%
Furniture & Fixtures CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
Incr(Dec) in Fixed Assets (C)	**$ 592,000**	**$ (550,000)**	**$ (1,142,000)**	**-192.9%**	**$ 50,000**	**$ 600,000**	**-109.1%**
TOTAL BUDGET (B+C)	**$ 26,291,428**	**$ 26,834,162**	**$ 542,734**	**2.1%**	**$ 27,448,157**	**$ 613,994**	**2.3%**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ 8,607**	**$ -**	**$ (8,607)**	**100.0%**	**$ -**	**$ -**	
FTEs	**137.5**	**143.0**	**5.5**	**4.0%**	**144.0**	**1**	**0.7%**
HC	**138.0**	**143.0**	**5.0**	**3.6%**	**144.0**	**1**	**0.7%**

Appendix C: Adjustment to the AESO 2015 Assessment

Adjustment to the AESO 2014 and 2015 Assessments Credit for WECC Compliance Costs	2014 Compliance Budget AESO NEL Allocation	2015 Compliance Budget AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	$ 8,108,502	$ 7,985,817
Indirect Costs	6,276,897	5,264,920
Fixed Asset Expenditures	(105,602)	(112,090)
Total Net Costs, including Fixed Assets	**$ 14,279,797**	**$ 13,138,647**
Reserve Offset	**$ (1,392,917)**	**$ -**
Net total to be allocated	**$ 12,886,880**	**$ 13,138,647**
AESO NEL Share (2011 & 2012)	6.835%	7.000%
AESO Proportional Share of Compliance Costs, including Fixed Assets	**$ 880,818**	**$ 919,649**
% Credit (54.98 of 58.0 FTE for 2014, 51.23 of 53.5 FTE for 2015)	94.79%	95.76%
AESO Credit for Compliance Costs	**$ 834,928**	**$ 880,629**

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 11

PEAK RELIABILITY, INC.

PROPOSED 2015 BUSINESS PLAN AND BUDGET

2015 Business Plan and Budget

Peak Reliability

Approved by:
Peak Board of Directors

Date:
June 5, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2015 Budget	U.S.	Mexico
Statutory FTEs*	161.7		
Non-statutory FTEs	1.0		
Total FTEs	162.7		
Statutory Expenses	$ 40,423,417		
Non-Statutory Expenses	$ 416,796		
Total Expenses	$ 40,840,213		
Statutory Inc(Dec) in Fixed Assets	$ (1,564,000)		
Non-Statutory Inc(Dec) in Fixed Assets	$ (26,000)		
Total Inc(Dec) in Fixed Assets	$ (1,590,000)		
Statutory Working Capital Requirement**	3,230,000		
Non-Statutory Working Capital Requirement	89,855		
Total Working Capital Requirement	3,319,855		
Total Statutory Funding Requirement	$ 42,031,236		
Total Non-Statutory Funding Requirement	$ 456,000		
Total Funding Requirement	$ 42,487,236		
Statutory Funding Assessments	$ 41,953,236	$ 41,302,627	$ 650,609
Non-Statutory Fees	$ 456,000	$ 456,000	$ -
NEL****	748,962,993	737,348,098	11,614,895
NEL%	100.00%	98.45%	1.55%

*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

At its December 2013 meeting, after eighteen months of outreach and input from its stakeholders and members, the Western Electricity Coordinating Council (WECC) Board of Directors approved the bifurcation of WECC into the Regional Entity (WECC) and the Reliability Coordinator Peak Reliability (Peak). On February 12, 2014, the Federal Energy Regulatory Commission (FERC) issued its final Order[1] approving the bifurcation of WECC. Peak is registered for and fulfills the duties of the Reliability Coordinator (RC) and the Interchange Authority (IA), as defined by the North American

[1] RR13-10-001 and RR13-12-001 - http://www.ferc.gov/CalendarFiles/20140212175906-RR13-10-001.pdf

Electric Reliability Corporation (NERC), and agreed upon by FERC, for Peak's RC Area in the Western Interconnection.
Peak is a 501(c)(4) entity operating in the "best interest of the public welfare." Peak's mission is fully described in the Peak Bylaws[2] 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 Peak's 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 mission goes on to say, "Peak will create value by delivering cost-effective services and engaging in efficient and non-discriminatory practices. Upon approval by the Peak Board of Directors, Peak will perform additional functions that promote BES reliability and support."

Membership and Governance

Peak has 121 companies who are members[3] of Peak, divided into the following six membership classes:

1. Large Transmission Owners
2. Small Transmission Owners
3. Generation Owners and Operators
4. End Users
5. Representatives of State and Provincial Governments
6. Members at Large

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

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

Input comes to the Peak Board from the member organizations, through recommendations from the Peak Member Advisory Committee (MAC) and from other interested parties. 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 fifteen elected Members and includes three representatives elected by each of Classes 1 through 5. As set forth in the Peak Bylaws, each of Member Classes 1 through 5 may subdivide into up to three subdivisions for purposes of electing a Class' MAC Members.[4]

[2] Peak Bylaws - https://www.peakrc.com/Business/Peak%20Reliability%20Bylaws%20with%20appendices_final.pdf
[3] As of May 21, 2014.
[4] Peak Bylaws, Section VII.A.

Member Entities

a) U.S. Entities

The FERC certified NERC as the Electric Reliability Organization (ERO) on July 20, 2006. The ERO is responsible for developing and enforcing reliability standards within the United States. In executing part of its responsibilities, NERC delegates authority to perform certain functions through delegation agreements. Ensuring the reliability of the bulk power system in the Western Interconnection was delegated from NERC to WECC through an Amended and Restated Regional Delegation Agreement. The reliability coordinator function was sub-delegated to Peak through compliance filings approved by FERC.

b) International Entities

Historically, Peak has supplied RC services to international entities within the Western Interconnection. Per the terms of Peak's Bylaws, international entities are not required to participate in and fund Peak until such time as the international entity becomes a member pursuant to a membership agreement. International entities without an agreement at this time have not been allocated a portion of Peak's total assessment for 2015.

Effective February 13th, 2014, Peak and the Comisión Federal de Electricidad (CFE), the Baja California Electric System Operator, agreed to CFE becoming a member of Peak. The agreement has Peak continuing to perform the RC and IA functions for CFE. Pursuant to CFE's agreement, their funding of Peak will be based upon the proportion of their Net Energy for Load.

Peak has historically supplied RC services to two Provinces of Canada, British Columbia and Alberta. Agreements for the electric system operators in those Provinces, BC Hydro and Alberta Electric System Operator (AESO) to become members of Peak have not yet been executed. Although a final agreement has not yet been executed, Peak and BC Hydro are negotiating and have agreed to most of the terms of service. Peak and AESO are continuing to negotiate an operations coordination agreement but no funding agreement is expected to result. It is also Peak's objective to establish a tools and data access agreement wherein AESO will pay for certain services, however any potential funding level is unknown at this time.

Statutory Functional Scope

Peak is listed on the NERC Compliance Registry to perform the RC and IA functions as statutory activities.

2015 Peak Business Objectives

Peak's business objectives for 2015 position Peak as the catalyst for system reliability by:

1. Providing comprehensive real-time monitoring, clear real-time communications and coordination, robust operations planning processes and detailed studies and analyses to identify and evaluate mitigation strategies for system risks.
2. Enhancing system reliability through the advancement of new tools and data.
3. Providing stakeholder value through Peak core services, tools, and data.
4. Promoting a culture of compliance, safety and fiscal prudence.
5. Establishing a stable funding mechanism for Peak.

2015 Overview of Cost Impacts

Peak's proposed 2015 statutory budget is $38.9 million, a $6.0 million (18.1 percent) increase from its 2014 statutory budget[5]. The primary drivers of the increase are the recommendations from the WECC Board-appointed Reliability Coordination Task Force (RCTF).

Working Capital Reserves increase in 2015. This increase is a result of the depletion of reserves in 2014 that were used to mitigate the percentage increase in Assessments associated with the creation of Peak and the RCTF recommendations. 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. Headcount represents either vacant or filled positions. Significant changes to the 2015 statutory budget from the 2014 statutory budget and other noteworthy items are as follows:

- Personnel Expenses increase by $4.7 million primarily due to the RCTF recommendations and a change in the assumed employee turnover rate. Employee turnover is the level or rate of unfilled positions that occur during the year. For example, turnover occurs in the time between when an employee leaves and that position is refilled. In 2015, the overall labor turnover assumption is 7.5 percent, compared to the 2014 budget assumption of 15 percent. This results in an increase in costs.
- Consultants & Contracts decrease by $0.4 million, primarily due to project work being completed in 2014, including situational awareness enhancements to Remedial Action Schemes (RAS) modeling and study automation.
- Other operating costs increase primarily due to an increase in legal fees and rent of additional space in Loveland, Colorado.

[5] Prior to incorporation on October 10, 2013 Peak was known as the Reliability Coordination Company (RCCo). Filings made prior to that date such as the 2014 Business Plan and Budget were filed as the RCCo.

Personnel Analysis

Total staffing for Peak is 161.67 FTEs in 2015.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs* 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
Situation Awareness and Infrastructure Security	119.10	114.10	134.67	0	134.67	15.57
Total FTEs Operational Programs	**119.10**	**114.10**	**134.67**	**0.00**	**134.67**	**15.57**
Administrative Programs						
General & Administrative	12.00	12.00	13.00	0.00	13.00	1.00
Information Technology	3.00	3.00	3.00	0.00	3.00	0.00
Legal and Regulatory	7.00	3.00	3.00	0.00	3.00	-4.00
Human Resources	3.00	3.00	3.00	0.00	3.00	0.00
Finance and Accounting	5.00	5.00	5.00	0.00	5.00	0.00
Total FTEs Administrative Programs	**30.00**	**26.00**	**27.00**	**0.00**	**27.00**	**-3.00**
Total FTEs	**149.10**	**140.10**	**161.67**	**0.00**	**161.67**	**12.57**

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

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ 29,568,031	$ 29,568,031	$ -	$ 41,953,236	$ 12,385,205
Penalty Sanctions	-	-	-	-	-
Total Funding	**$ 29,568,031**	**$ 29,568,031**	**$ -**	**$ 41,953,236**	**$ 12,385,205**
Membership Dues	$ -	$ -	$ -	$ -	$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	156,000	26,800	(129,200)	78,000	(78,000)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 29,724,031**	**$ 29,594,831**	**$ (129,200)**	**$ 42,031,236**	**$ 12,307,206**
Expenses					
Personnel Expenses					
Salaries	$ 14,959,387	$ 16,965,760	$ 2,006,373	$ 18,424,141	$ 3,464,753
Payroll Taxes	963,710	1,307,150	343,440	1,299,123	335,414
Benefits	2,510,604	2,072,244	(438,360)	2,874,619	364,015
Retirement Costs	963,708	1,219,871	256,162	1,474,873	511,164
Total Personnel Expenses	**$ 19,397,409**	**$ 21,565,024**	**$ 2,167,615**	**$ 24,072,756**	**$ 4,675,347**
Meeting Expenses					
Meetings	$ 306,183	$ 256,605	$ (49,578)	$ 196,445	$ (109,738)
Travel	804,138	714,834	(89,304)	914,035	109,897
Conference Calls	45,084	29,223	(15,861)	29,144	(15,940)
Total Meeting Expenses	**$ 1,155,405**	**$ 1,000,662**	**$ (154,743)**	**$ 1,139,624**	**$ (15,781)**
Operating Expenses					
Consultants & Contracts	$ 1,267,500	$ 1,742,632	$ 475,132	$ 906,600	$ (360,900)
Office Rent	1,276,728	1,519,151	242,423	1,562,120	285,392
Office Costs	6,986,326	6,626,139	(360,187)	7,159,750	173,424
Professional Services	663,280	813,366	150,086	1,310,200	646,920
Miscellaneous	-	-	-	0	0
Depreciation	3,625,000	3,891,221	266,221	4,450,000	825,000
Total Operating Expenses	**$ 13,818,834**	**$ 14,592,510**	**$ 773,676**	**$ 15,388,670**	**$ 1,569,836**
Total Direct Expenses	**$ 34,371,648**	**$ 37,158,196**	**$ 2,786,548**	**$ 40,601,050**	**$ 6,229,402**
Indirect Expenses	**$ -**	**$ (86,122)**	**$ (86,122)**	**$ (110,328)**	**$ (110,328)**
Other Non-Operating Expenses	**$ -**	**$ 56**	**$ 56**	**$ -**	**$ -**
Total Expenses (B)	**$ 34,371,648**	**$ 37,072,131**	**$ 2,700,482**	**$ 40,490,722**	**$ 6,119,073**
Change in Assets	**$ (4,647,618)**	**$ (7,477,300)**	**$ (2,829,682)**	**$ 1,540,515**	**$ 6,188,132**
Fixed Assets					
Depreciation	$ (3,625,000)	$ (3,891,221)	$ (266,221)	$ (4,450,000)	$ (825,000)
Computer & Software CapEx	1,373,000	1,118,740	(254,260)	2,025,000	652,000
Furniture & Fixtures CapEx	36,000	18,000	(18,000)	11,000	(25,000)
Equipment CapEx	803,000	963,264	160,264	850,000	47,000
Leasehold Improvements	-	-	-	-	-
			-		-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ (1,413,000)**	**$ (1,791,217)**	**$ (378,217)**	**$ (1,564,000)**	**$ (151,000)**
TOTAL BUDGET (B+C)	**32,958,648**	**35,280,914**	**2,322,265**	**38,926,722**	**5,968,073**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (3,234,618)**	**$ (5,686,083)**	**$ (2,451,465)**	**$ 3,104,515**	**$ 6,339,132**
FTEs	149.1	140.1	(9.0)	161.7	12.6
HC	155.0	151.0	(4.0)	166.0	11.0

Section A – Statutory Programs
2015 Business Plan and Budget

Section A — 2015 Business Plan

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	119.1	134.7	15.6
Direct Expenses	$ 26,547,960	$ 31,469,777	$ 4,921,817
Indirect Expenses	$ 7,823,688	$ 9,020,944	$ 1,197,256
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ (1,413,000)	$ (1,564,000)	$ (151,000)
Total Funding Requirement	$ 32,958,648	$ 38,926,722	$ 5,968,074

Program Scope and Functional Description

The Reliability Coordinator and Interchange Authority functions oversee situation awareness for Peak's RC area.

Reliability Coordinator

Peak's primary role is assuring the reliable operation of the Bulk Electric System (BES) for its RC Area in real-time and next-day study time frames. Peak maintains real-time operating reliability with a wide-area view. This view includes situational awareness of both transmission and balancing operations. Peak has the authority to direct other functional entities to take actions to ensure reliable operation within its RC Area. Peak ensures that the BES is operated within specified limits, and that operations are planned and coordinated within its RC Area. 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.

Interchange Authority

Peak assumed the role as the IA for the Western Interconnection in 2014. The primary role of the IA is to coordinate communication and validation of Arranged Interchange for reliability evaluation and implementation purposes. Peak currently uses a software system called the Western Interchange Tool (WIT) to perform the functions of the IA in the Western Interconnection. Pending INT (Interchange) standards remove operational requirements for the IA, which may result in changes to Peak's obligation as the registered IA.

2015 Key Assumptions

- During 2015, Peak 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. Uncertainties that may have a significant impact on resources include NERC standards that have been filed with FERC, such as EOP-010 (Geo-Magnetic Disturbances), PER-005-2 (Operations Personnel Training), CIP Version 5, and the suite of IRO and TOP standards. 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 Information Technology (IT) system infrastructure will occur .

2015 Goals and Key Deliverables

1. Implement the recommendations for Peak 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 RC Area throughout 2015, based on the RCTF recommendations presented to the WECC Board of Directors in December 2012.
3. Pending NERC standards will create additional training workload for the RC staff. Changes to EOP-010 and the IRO/TOP standards may change the requirements of the RC System Operators. This will require additional training on any changing tasks or expectations. Changes to the PER-005 standard may change training requirements that will also require additional training.
4. NERC CIP Version 5 is effective April 1, 2016. In preparation, Peak must make significant changes to its procedural and electronic controls in 2015. These changes include tracking revisions of operating systems, installing software product version numbers, monitoring baseline changes, and making physical security perimeter changes.
5. The Enhance Curtailment Calculator (ECC) will provide Peak with the ability to manage congestion through pro-active curtailments, and generation re-dispatch.

Funding Sources and Requirements — Explanation of Increase (Decrease)

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

- Interest revenue is allocated to the only Statutory Program Area within Peak.

Personnel Expenses

- Salaries increase by $3.5 million, primarily due to the net addition of 15.6 FTEs (14 positions). All of the new positions are being added as a result of the RCTF recommendations, primarily to enhance Peak's ability to carry out its function. These positions will focus primarily on the areas of:
  - Operations Planning
    - Current-day/Real-time support
    - Next-day study data validation and mapping
    - Seasonal System Operating Limit (SOL) coordination and validation
    - Emergency plan coordination
    - Model validation
  - Real-time Operations
    - Monitor and analyze Real-time system conditions

  - Coordinate system restoration activities
  - Proactively respond to and mitigate potential adverse impacts to the BES
  - Communicate with and direct corrective actions of Registered Entities for SOL exceedances
  - Identify and mitigate potential/actual Interconnection Reliability Operating Limits in Real-time operations horizon
- Overtime costs in 2015 increase $0.4 million as a result of the implementation of the union contract.
- Payroll Taxes and Benefits increase with Salaries.
- Retirement Costs increase due to the Salaries increase and a 2 percent increase in Peak's fixed 401(k) contribution rate.
- In 2015, the labor turnover assumption was changed to a 7.5 percent reduction in each department. This results in an increase in salaries, payroll taxes, employer retirement contributions, and medical benefits compared to the 2014 budget of 15 percent for labor turnover.

Meeting Expenses

- Meeting costs increase by $15,000 due to more employees.
- Travel costs increase by $19,500 due to more employees.

Operating Expenses

- Consultants & Contracts decrease by a net $487,000 primarily due to the implementation of activities in 2014 associated with the September 8, 2011 Pacific Southwest event. Many of these activities have been subsumed into ongoing RC operations.
- Office Rent decreases by $8,000 due to lower levels of office maintenance.
- Office Costs increase by $49,000 primarily due to maintenance and service agreements for RC equipment and software. Alstom contracts for 2015 licenses will increase $30,000 due to payment structure of Peak's 3rd payment of a 5-year contract.
- Depreciation increases by $832,000 due to the full year of depreciation for assets purchased in 2014 and the increase in Fixed Assets expenditures in 2015.

Indirect Expenses

- Indirect Expenses are allocated based on FTEs. Because it is Peak's only Statutory function, 100 percent of the indirect cost allocation is accounted for in the Situational Awareness and Infrastructure Security (SAIS) Program Area.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer and Software CapEx increases by a net $652,000 primarily due to information technology required to comply with NERC CIP Version 5, corporate monitoring equipment, and hardware replacements under normal refresh cycles.
- Equipment CapEx increases by $12,000. The increase relates primarily to costs to increase system visibility.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ 29,568,031	$ -	$ (29,568,031)	$ -	$ (29,568,031)
Penalty Sanctions	-	-	-	-	-
Total Funding	**$ 29,568,031**	**$ -**	**$ (29,568,031)**	**$ -**	**$ (29,568,031)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	156,000	26,800	(129,200)	78,000	(78,000)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 29,724,031**	**$ 26,800**	**$ (29,697,231)**	**$ 78,000**	**$ (29,646,031)**
Expenses					
Personnel Expenses					
Salaries	$ 11,932,371	$ 14,000,158	$ 2,067,787	$ 15,388,055	$ 3,455,684
Payroll Taxes	787,893	1,092,114	304,221	1,119,451	331,558
Benefits	1,680,551	1,426,156	(254,395)	1,936,480	255,929
Retirement Costs	787,893	1,012,859	224,966	1,247,283	459,390
Total Personnel Expenses	**$ 15,188,708**	**$ 17,531,287**	**$ 2,342,579**	**$ 19,691,270**	**$ 4,502,562**
Meeting Expenses					
Meetings	$ 1,083	$ 26,838	$ 25,755	$ 15,840	$ 14,757
Travel	455,288	404,283	(51,005)	474,800	19,512
Conference Calls	15,384	16,238	854	14,640	(744)
Total Meeting Expenses	**$ 471,755**	**$ 447,360**	**$ (24,395)**	**$ 505,280**	**$ 33,525**
Operating Expenses					
Consultants & Contracts	$ 950,000	$ 1,486,622	$ 536,622	$ 463,000	$ (487,000)
Office Rent	27,996	50,666	22,670	20,000	(7,996)
Office Costs	6,291,501	5,988,030	(303,471)	6,340,227	48,726
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	3,618,000	3,834,316	216,316	4,450,000	832,000
Total Operating Expenses	**$ 10,887,497**	**$ 11,359,634**	**$ 472,137**	**$ 11,273,227**	**$ 385,730**
Total Direct Expenses	**$ 26,547,960**	**$ 29,338,281**	**$ 2,790,321**	**$ 31,469,777**	**$ 4,921,817**
Indirect Expenses	**$ 7,823,688**	**$ 7,733,850**	**$ (89,838)**	**$ 9,020,944**	**$ 1,197,256**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 34,371,648**	**$ 37,072,131**	**$ 2,700,483**	**$ 40,490,722**	**$ 6,119,074**
Change in Assets	**$ (4,647,617)**	**$ (37,045,331)**	**$ (32,397,714)**	**$ (40,412,722)**	**$ (35,765,105)**
Fixed Assets					
Depreciation	(3,618,000)	(3,834,316)	(216,316)	(4,450,000)	(832,000)
Computer & Software CapEx	1,373,000	1,118,740	(254,260)	2,025,000	652,000
Furniture & Fixtures CapEx	-	-	-	11,000	11,000
Equipment CapEx	803,000	963,264	160,264	815,000	12,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ 29,000	$ (38,905)	$ (67,905)	$ 35,000	$ 6,000
Incr(Dec) in Fixed Assets (C)	**$ (1,413,000)**	**$ (1,791,217)**	**$ (378,217)**	**$ (1,564,000)**	**$ (151,000)**
TOTAL BUDGET (B+C)	**32,958,648**	**35,280,914**	**2,322,266**	**38,926,722**	**5,968,074**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (3,234,617)**	**$ (35,254,114)**	**$ (32,019,497)**	**$ (38,848,722)**	**$ (35,614,105)**
FTEs	119.1	114.1	(5.0)	134.7	15.6
HC	125.0	125.0	-	139.0	14.0

Administrative Services

Administrative Services (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	30.0	27.0	(3.0)
Direct Expenses	$ 7,823,688	$ 9,131,273	$ 1,307,585
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

Peak's Administrative Services comprises 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

The budget explanations in subsequent sections include explanations of increases and decreases from the previous year's budget.

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Total Direct Expenses	$ 669,310	$ 925,115	$ 255,805
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Peak Board of Directors provides the governance and strategic direction for the organization. It performs its duties with input from the Peak MAC and other interested stakeholders.

2015 Key Assumptions

- Peak budgets for meeting space, meals, administrative support and logistics associated with:
  - Five in person Peak Board of Directors meetings.
  - An Annual Members' meeting held in conjunction with one of the Board of Directors meetings.
  - Monthly MAC meetings some in-person some via webinar.
- All Peak in-person meetings will be held at off-site facilities.

2015 Goals and Key Deliverables

- Provide organizational governance and ensures that Peak operates in compliance with the Peak Bylaws and obligations set forth in law or contract.
- Determine strategic direction for the organization.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Not applicable.

Meeting Expenses

- Meeting expenses decrease $103,000 primarily due to a decrease in the cost of Board and MAC meetings.
- Travel expenses increase $78,000 due to the addition of select MAC representative travel costs and the transfer of Peak employee travel costs associated with attending

Board meetings. The employee travel costs were previously accounted for in the employees' functional area.

Operating Expenses

- Consultants & Contracts cost increase $30,000 due to Independent Director development.
- Professional Services increase $252,000 due to the Independent Director Compensation criteria adopted by the WECC Board of Directors in August 2013.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
TECHNICAL COMMITTEES AND MEMBER FORUMS

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ -	$ 450	$ 450	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ 450**	**$ 450**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ 260,000	$ 188,899	$ (71,101)	$ 157,500	$ (102,500)
Travel	42,000	55,571	13,571	119,575	77,575
Conference Calls	2,680	2,010	(670)	740	(1,940)
Total Meeting Expenses	**$ 304,680**	**$ 246,480**	**$ (58,200)**	**$ 277,815**	**$ (26,865)**
Operating Expenses					
Consultants & Contracts	$ -	$ 619	$ 619	$ 30,000	$ 30,000
Office Rent	-	-	-	-	-
Office Costs	2,350	1,280	(1,070)	2,800	450
Professional Services	362,280	527,111	164,831	614,500	252,220
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 364,630**	**$ 529,010**	**$ 164,380**	**$ 647,300**	**$ 282,670**
Total Direct Expenses	**$ 669,310**	**$ 775,940**	**$ 106,630**	**$ 925,115**	**$ 255,805**
Indirect Expenses	**$ (669,310)**	**$ (775,940)**	**$ (106,630)**	**$ (925,115)**	**$ (255,805)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	-	-	-	-	-
HC	-	-	-	-	-

General and Administrative

General and Administrative (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	12.0	13.0	1.0
Direct Expenses	$ 3,661,753	$ 4,231,504	$ 569,751
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The General and Administrative program area provides executive leadership, communications, and administrative support for Peak staff, committees, members, and management, as well as logistics support to the Loveland, Colorado and Vancouver, Washington offices. In addition, indirect costs such as office rent that benefit multiple functional areas are accounted for in this budget.

2015 Key Assumptions

- Peak will require a full range of administrative, executive, and communications services.
- A stable funding mechanism is established in 2015.

2015 Goals and Key Deliverables

- Provide executive leadership and strategic guidance for the activities undertaken by Peak.
- Establish a stable funding mechanism for Peak.
- Provide quality and efficient support to staff and the Board.
- Build and maintain strong relationships with FERC.
- Build and maintain strong relationships with key stakeholders.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries increase $296,000, driven by anticipated increases in salaries of current employees and one new position related to the RCTF recommendations.
- Payroll Taxes and Benefits increases are driven by the Salaries increase.
- Retirement Costs increase due to the Salaries increase and a 2 percent increase in Peak's fixed 401(k) contribution rate.

- In 2015, the labor turnover assumption was changed to a 7.5 percent reduction in each department. This results in an increase in salaries, payroll taxes, employer retirement contributions, and medical benefits compared to the 2014 budget of 15 percent for labor turnover.

Meeting Expenses

- Meeting and Travel expenses decrease $51,000 due to an expected reduction in travel.

Operating Expenses

- Office Rent increases $262,000 due to acquisition of additional space in the Loveland, Colorado office.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- The Furniture & Fixtures CapEx decreases $36,000 due to projects completed in 2014.

General and Administrative

Funding sources and related expenses for the General and Administrative section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
GENERAL AND ADMINISTRATIVE

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	-	$ -
Penalty Sanctions	-	-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 1,366,486	$ 1,638,031	$ 271,545	1,662,553	$ 296,067
Payroll Taxes	74,191	103,671	29,480	83,670	9,479
Benefits	145,572	104,109	(41,463)	169,845	24,273
Retirement Costs	74,191	109,564	35,373	119,587	45,396
Total Personnel Expenses	**$ 1,660,440**	**$ 1,955,374**	**$ 294,934**	**$ 2,035,656**	**$ 375,216**
Meeting Expenses					
Meetings	$ 45,100	$ 35,438	$ (9,662)	22,700	$ (22,400)
Travel	237,250	185,392	(51,858)	221,000	(16,250)
Conference Calls	19,620	8,729	(10,891)	6,800	(12,820)
Total Meeting Expenses	**$ 301,970**	**$ 229,560**	**$ (72,410)**	**$ 250,500**	**$ (51,470)**
Operating Expenses					
Consultants & Contracts	$ 197,500	$ 157,613	$ (39,887)	210,000	$ 12,500
Office Rent	1,248,732	1,468,485	219,753	1,511,120	262,388
Office Costs	246,111	246,367	256	224,228	(21,883)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	7,000	46,693	39,693	-	(7,000)
Total Operating Expenses	**$ 1,699,343**	**$ 1,919,158**	**$ 219,815**	**$ 1,945,348**	**$ 246,005**
Total Direct Expenses	**$ 3,661,753**	**$ 4,104,093**	**$ 442,340**	**$ 4,231,504**	**$ 569,751**
Indirect Expenses	**$ (3,661,753)**	**$ (4,104,093)**	**$ (442,340)**	**$ (4,231,504)**	**$ (569,751)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	(7,000)	(46,693)	(39,693)	-	7,000
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	36,000	18,000	(18,000)	-	(36,000)
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ (29,000)	$ 28,693	$ 57,693	$ -	$ 29,000
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	12.0	12.0	-	13.0	1.0
HC	12.0	12.0	-	13.0	1.0

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	7.0	3.0	(4.0)
Direct Expenses	$ 1,318,643	$ 1,302,724	$ (15,919)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The Legal program area provides coordinated legal services to the Peak organization. In addition, the program area provides interpretations of relevant statutes, regulations, court opinions, contracts, international law, and regulatory decisions. Peak's broad scope of activities, corresponding compliance and regulatory obligations and international operations require significant legal support and review.

The Legal program area develops specific subject matter expertise to further assist Peak with its legal needs. Specialized issues will be outsourced to select law firms, but the responsibility for all legal matters remains with the General Counsel and the Legal program area.

2015 Key Assumptions

- Peak, as an independent company, requires the full range of corporate legal support services, as well as specialized legal expertise.

2015 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the Peak Board, Peak's management and staff, and Peak committees through a combination of in-house and outside resources.
- Update and advise the Peak Board and CEO on pending legal issues.
- Advise Peak departments on specific legal matters and general matters relating to Peak business especially including legal, regulatory, and contractual rights and obligations.
- Provide legal support to the Peak Compliance Department and facilitate the processing of possible and alleged violations.
- Represent Peak in legal and regulatory proceedings.
- Draft, review and advise Peak on agreements.
- Implement a corporate records management system.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Personnel Expenses decrease $474,000 due to the elimination of four positions in this area. Due to the lower number of positions, Peak expects to incur higher expenses for outside legal counsel.

Meeting Expenses

- Travel expenses decrease $6,000 due to the personnel reduction in this area.

Operating Expenses

- Consultants & Contracts expenses increase $80,000 due to the use of outside specialists.
- Office Costs increase $3,000 due to subscription services, continuing legal education, registered agent fees, cell phones, etc.
- Professional Services increase $381,000 due to the increase in outside legal fees associated with four less positions.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget

LEGAL AND REGULATORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 753,162	$ 358,411	$ (394,751)	$ 367,003	$ (386,159)
Payroll Taxes	51,174	37,746	(13,428)	25,777	(25,397)
Benefits	87,069	39,162	(47,907)	43,964	(43,105)
Retirement Costs	51,174	29,626	(21,548)	31,760	(19,414)
Total Personnel Expenses	**$ 942,579**	**$ 464,946**	**$ (477,633)**	**$ 468,504**	**$ (474,075)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	36,000	27,360	(8,640)	30,000	(6,000)
Conference Calls	1,200	811	(389)	1,200	-
Total Meeting Expenses	**$ 37,200**	**$ 28,171**	**$ (9,029)**	**$ 31,200**	**$ (6,000)**
Operating Expenses					
Consultants & Contracts	$ 120,000	$ 97,778	$ (22,222)	$ 200,000	$ 80,000
Office Rent	-	-	-	-	-
Office Costs	28,864	23,379	(5,485)	32,020	3,156
Professional Services	190,000	197,625	7,625	571,000	381,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 338,864**	**$ 318,782**	**$ (20,082)**	**$ 803,020**	**$ 464,156**
Total Direct Expenses	**$ 1,318,643**	**$ 811,899**	**$ (506,744)**	**$ 1,302,724**	**$ (15,919)**
Indirect Expenses	**$ (1,318,643)**	**$ (811,899)**	**$ 506,744**	**$ (1,302,724)**	**$ 15,919**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	7.0	3.0	(4.0)	3.0	(4.0)
HC	7.0	3.0	(4.0)	3.0	(4.0)

Information Technology

Information Technology (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	$ 523,045	$ 617,162	$ 94,117
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

Peak's Information Technology (IT) program area provides system support to the corporate functions. This includes: servers, data exchange, email, communications networks, telephone systems, and Internet and Intranet website maintenance. In addition, IT develops new technology solutions using both internal staff and external service providers. The IT program area provides resources and tools to enable the organization to meet evolving requirements and 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 based on either a five-year cycle or an as-needed basis.

2015 Key Assumptions

- Peak will comply with industry best practices on security and data protection, as well as the evolving NERC Standards and audit practices. As a result, Peak will require increased storage management, processes, and network infrastructure.
- Peak will incorporate, as appropriate, new technologies that facilitate more efficient business processes, enhance collaboration, eliminate duplication of effort and streamline workflow.
- Entities required to exchange data with Peak will demand greater ease of use, clearer communication, and the latest in security assurances.

2015 Goals and Key Deliverables

- 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 Peak and with Peak stakeholders.
- Provide custom solutions to enable secure, reliable, and efficient transmission of a growing number of data types.

- Expand the usability and functionality of Peak'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

- Salaries increase $27,000 due to the change in the labor turnover assumption. In 2015, the labor turnover assumption was changed to a 7.5 percent reduction in each department. This results in an increase in salaries, payroll taxes, benefits, and employer retirement costs compared to the 2014 budget of 15 percent for labor turnover.
- Retirement Costs also increase due to a 2 percent increase in Peak's fixed 401(k) contribution rate.

Meeting Expenses

- Meeting and Travel expenses are consistent with the 2014 budget.

Operating Expenses

- Office Rent is $31,000 higher due to the allocation of security related to the Administrative Services groups.
- Office Costs are $16,000 higher due to increased costs of computer maintenance and licenses for the Administrative Services groups.

Other Non-Operating Expenses

- Not applicable.

Fixed Asset Additions

- Computer & Software CapEx increases $35,000 due to software agreement additions to support the Administrative Services group.

Information Technology

Funding sources and related expenses for the Information Technology section of the 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
INFORMATION TECHNOLOGY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 200,356	$ 257,283	$ 56,927	$ 227,207	$ 26,851
Payroll Taxes	13,787	21,870	8,083	18,945	5,158
Benefits	33,515	21,982	(11,533)	44,347	10,832
Retirement Costs	13,787	20,999	7,212	19,662	5,875
Total Personnel Expenses	**$ 261,445**	**$ 322,133**	**$ 60,688**	**$ 310,162**	**$ 48,717**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	8,400	9,374	974	6,600	(1,800)
Conference Calls	4,800	445	(4,355)	4,800	-
Total Meeting Expenses	**$ 13,200**	**$ 9,819**	**$ (3,381)**	**$ 11,400**	**$ (1,800)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	31,000	31,000
Office Costs	248,400	168,933	(79,467)	264,600	16,200
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	7,699	7,699	-	-
Total Operating Expenses	**$ 248,400**	**$ 176,632**	**$ (71,768)**	**$ 295,600**	**$ 47,200**
Total Direct Expenses	**$ 523,045**	**$ 508,585**	**$ (14,460)**	**$ 617,162**	**$ 94,117**
Indirect Expenses	**$ (523,045)**	**$ (508,585)**	**$ 14,460**	**$ (617,162)**	**$ (94,117)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	(7,699)	(7,699)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	35,000	35,000
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ 7,699	$ 7,699	$ (35,000)	$ (35,000)
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-

Human Resources

Human Resources (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	$ 1,017,779	$ 1,204,986	$ 187,207
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 within Peak, including: recruitment, staffing, compensation, benefits, safety and health, employee relations, performance management, and employee training and development.

2015 Key Assumptions

- Peak's staffing level will continue to increase during 2015.
- 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 costs will increase.
- Retention and competitive compensation of key individuals will continue to be critical.
- Succession planning, employee development, and training will occur to ensure that Peak maintains a skilled, qualified workforce.

2015 Goals and Key Deliverables

- Increase activity in non-traditional recruiting (college and military 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 reduce 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

- Salaries increase $11,000 due to the change in the labor turnover assumption. In 2015, the labor turnover assumption was changed to a 7.5 percent reduction in each department. This results in an increase in salaries, payroll taxes, benefits, and employer retirement costs compared to the 2014 budget of 15 percent for labor turnover.
- Benefits expense increases $111,000 due to additional health reimbursement account (HRA) costs for new employees and the centralization of tuition reimbursements. Peak's HRA program for all employees is budgeted in Human Resources.
- Retirement Costs also increase due to a 2 percent increase in Peak's fixed 401(k) contribution rate.

Meeting Expenses

- Travel expenses increase $34,000 due primarily to an increase in travel to the Loveland, Colorado office.

Operating Expenses

- Office Costs increase slightly due to job postings, drug testing, and background checks for new employees.
- Professional Services increase $8,700 due to outside legal fees related to employment matters.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
HUMAN RESOURCES

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 374,152	$ 365,502	$ (8,650)	$ 384,856	$ 10,704
Payroll Taxes	13,775	26,337	12,562	20,840	7,065
Benefits	496,527	437,680	(58,847)	607,608	111,081
Retirement Costs	13,775	19,285	5,510	24,218	10,443
Total Personnel Expenses	**$ 898,229**	**$ 848,803**	**$ (49,426)**	**$ 1,037,522**	**$ 139,293**
Meeting Expenses					
Meetings	$ -	$ 5,430	$ 5,430	$ -	$ -
Travel	10,200	18,294	8,094	44,460	34,260
Conference Calls	1,000	739	(261)	514	(486)
Total Meeting Expenses	**$ 11,200**	**$ 24,463**	**$ 13,263**	**$ 44,974**	**$ 33,774**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ 3,600	$ 3,600
Office Rent	-	-	-	-	-
Office Costs	83,350	81,301	(2,049)	85,190	1,840
Professional Services	25,000	22,529	(2,471)	33,700	8,700
Miscellaneous	-	-	-	0	0
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 108,350**	**$ 103,830**	**$ (4,520)**	**$ 122,490**	**$ 14,140**
Total Direct Expenses	**$ 1,017,779**	**$ 977,096**	**$ (40,683)**	**$ 1,204,986**	**$ 187,207**
Indirect Expenses	**$ (1,017,779)**	**$ (977,096)**	**$ 40,683**	**$ (1,204,986)**	**$ (187,207)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-

Finance and Accounting

Finance and Accounting (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	5.0	5.0	-
Direct Expenses	$ 633,158	$ 849,782	$ 216,624
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 Peak. Finance is responsible for procurement, accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, payroll, and financial reporting.

2015 Key Assumptions

- Peak's continuing growth and the potential change to its funding mechanism will place increased demands on the newly formed accounting function.

2015 Goals and Key Deliverables

- Refine financial policies for the new organization.
- Review and refine accounting procedures for better efficiency.
- Ensure Peak has strong internal controls designed to protect the organization's assets and ensure accurate financial reporting.
- Develop a budget to address the risks created by the uncertain operating environment.
- Provide reporting and financial analysis to Peak management, the Finance and Audit Committee, and the Peak Board.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- Not applicable.

Personnel Expenses

- Salaries increase $62,000 due to increased wages.
- Payroll Taxes and Benefits increases are driven by the Salaries increase.
- Retirement Costs increase due to the Salaries increase and a 2 percent increase in Peak's fixed 401(k) contribution rate.
- In 2015, the labor turnover assumption was changed to a 7.5 percent reduction in each department. This results in an increase in salaries, payroll taxes, employer retirement contributions, and medical benefits compared to the 2014 budget of 15 percent for labor turnover.

Meeting Expenses

- Travel expenses increase due to personnel training.

Operating Expenses

- Office Costs increase $125,000 due to Business and Occupation taxes.
- Professional Services increase $5,000 for audit and tax filing services.

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 2015 Business Plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget
FINANCE AND ACCOUNTING

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ 332,861	$ 345,926	$ 13,065	$ 394,466	$ 61,605
Payroll Taxes	22,889	25,412	2,523	30,439	7,550
Benefits	67,369	43,155	(24,214)	72,374	5,005
Retirement Costs	22,889	27,538	4,649	32,362	9,473
Total Personnel Expenses	**$ 446,008**	**$ 442,031**	**$ (3,977)**	**$ 529,642**	**$ 83,634**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ 405	$ 405
Travel	15,000	14,560	(440)	17,600	2,600
Conference Calls	400	250	(150)	450	50
Total Meeting Expenses	**$ 15,400**	**$ 14,809**	**$ (591)**	**$ 18,455**	**$ 3,055**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	85,750	116,849	31,099	210,685	124,935
Professional Services	86,000	66,100	(19,900)	91,000	5,000
Miscellaneous	-	-	-	-	-
Depreciation	-	2,513	2,513	-	-
Total Operating Expenses	**$ 171,750**	**$ 185,462**	**$ 13,712**	**$ 301,685**	**$ 129,935**
Total Direct Expenses	**$ 633,158**	**$ 642,303**	**$ 9,145**	**$ 849,782**	**$ 216,624**
Indirect Expenses	**$ (633,158)**	**$ (642,359)**	**$ (9,145)**	**$ (849,782)**	**$ (216,624)**
Other Non-Operating Expenses	**$ -**	**$ 56**	**$ 56**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation	-	(2,513)	(2,513)	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
				-	
Allocation of Fixed Assets	$ -	$ 2,513	$ 2,513	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL BUDGET (B+C)	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
FTEs	5.0	5.0	-	5.0	-
HC	5.0	5.0	-	5.0	-

Section B – Supplemental Financial Information
2015 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015		
STATUTORY		
Beginning Working Capital Reserve (Deficit), December 31, 2013		0
Plus: Transfer of Reserves from WECC, January 2, 2014		5,811,568
Plus: 2014 Funding (from Load Serving Entities (LSE) or designees)		29,568,031
Plus: 2014 Other funding sources		26,800
Less: 2014 Projected expenses & capital expenditures		(35,280,914)
Projected Working Capital Reserve (Deficit), December 31, 2014		**125,485**
Desired Working Capital Reserve, December 31, 2015	[1]	3,230,000
Less: Projected Working Capital Reserve, December 31, 2014		(125,485)
Increase(decrease) in assessments to achieve desired Working Capital Reserve		3,104,515
2015 Expenses and Capital Expenditures		38,926,722
Less: Other Funding Sources		(78,000)
Adjustment to achieve desired Working Capital Reserve		3,104,515
2015 Peak Assessment		**41,953,236**

1 –Peak's Board of Directors approved on June 5, 2014.

Assessments increase over the 2014 budget due to projected increases in costs of $5.7 million as described in Section A, as well as a rebuilding of the reserves to $3.2 million, that were depleted during 2014 to cover expenses. The desired Working Capital balance includes a single month of operating costs.

Breakdown by Statement of Activity Sections

The following detailed schedules, which are presented in the format used in the Regional Entity Business Plans and Budgets, are in support of the Statutory Statement of Activities and Capital Expenditures on page 8. All significant variances have been disclosed by program area in the preceding pages.

Monetary Penalties

Peak does not collect monetary penalties for compliance violations.

Penalty Sanctions

Table B-2

Penalty Sanctions Received on or Prior to June 30, 2014					
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 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Situation Awareness and Infrastructure Security				
Federal Grants	$ -	$ -	$ -	$ -
Interest	156,000	26,800	78,000	(78,000)
Miscellaneous	-	-	-	-
Total Outside Funding	**$ 156,000**	**$ 26,800**	**$ 78,000**	**$ (78,000)**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Situation Awareness and Infrastructure Security

- Interest income is lower than 2014 due to lower levels of cash on hand.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salaries	$ 14,959,389	$ 16,965,760	$ 18,424,141	$ 3,464,752	23.2%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	$ 14,959,389	$ 16,965,760	$ 18,424,141	$ 3,464,752	23.2%
Total Payroll Taxes	$ 963,708	$ 1,307,150	$ 1,299,123	$ 335,415	34.8%
Benefits					
Workers Compensation	$ -	$ 15,156	$ 15,450	$ 15,450	
Medical Insurance	1,890,424	1,617,546	2,203,214	312,790	16.5%
Life-LTD-STD Insurance	108,827	121,085	136,180	27,353	25.1%
Education	319,352	217,696	323,285	3,933	1.2%
Relocation	192,000	96,079	162,000	(30,000)	-15.6%
Wellness Programs	-	100	24,350	24,350	
Other	-	4,581	10,140	10,140	
Total Benefits	$ 2,510,603	$ 2,072,244	$ 2,874,619	$ 364,016	14.5%
Retirement					
Discretionary 401k Contribution	$ 963,710	$ 1,219,871	$ 1,474,873	$ 511,163	53.0%
Savings Plan	-	-	-	-	
Total Retirement	$ 963,710	$ 1,219,871	$ 1,474,873	$ 511,163	53.0%
Total Personnel Costs	$ 19,397,409	$ 21,565,024	$ 24,072,756	$ 4,675,347	24.1%
FTEs	149.1	140.1	161.7	12.6	8.4%
Cost per FTE					
Salaries	$ 100,331	$ 121,098	$ 113,961	13,630	13.6%
Payroll Taxes	6,464	9,330	8,036	1,572	24.3%
Benefits	16,838	14,791	17,781	942	5.6%
Retirement	6,464	8,707	9,123	2,659	41.1%
Total Cost per FTE	**$ 130,097**	**$ 153,926**	**$ 148,901**	**$ 18,804**	**14.5%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Salaries

- Salaries increase by $3.5 million due to the addition of 12.6 FTEs (as discussed in the previous sections), merit increases of 4.0 percent and the lowering of the assumed turnover rate to 7.5 percent in 2015, from 15 percent in 2014.

Payroll Taxes

- Payroll Taxes increase due to the increase in Salaries.

Benefits

- Medical Insurance increases by $313,000 due to the increase in FTEs.
- Life, Long-Term Disability, and Short-Term Disability Insurance increases by $27,000 due to the increase in FTEs.

- Relocation decreases by $30,000 due to a decrease in hiring levels after bifurcation.

Retirement

- Contributions to 401(k) plans increase by $511,000 due to an increase in the contribution rate and the increase in FTEs.

Consultants and Contracts

Table B-5

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Situation Awareness and Infrastructure Security	$ 950,000	$ 1,486,622	$ 463,000	$ (487,000)	-51.3%
Committee and Member Forums	-	619	30,000	30,000	
General and Administrative	197,500	157,613	210,000	12,500	6.3%
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	3,600	3,600	
Accounting and Finance	-	-	-	-	
Consultants Total	$ 1,147,500	$ 1,644,854	$ 706,600	$ (440,900)	-38.4%

Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts					
Situation Awareness and Infrastructure Security	$ -	$ -	$ -	$ -	
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	120,000	97,778	200,000	80,000	66.7%
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	$ 120,000	$ 97,778	$ 200,000	$ 80,000	66.7%
Total Consulting and Contracts	**$ 1,267,500**	**$ 1,742,632**	**$ 906,600**	**$ (360,900)**	-28.5%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Consultants

- Situation Awareness consultants decrease by a net $487,000. The primary driver being the completion of activities associated with the September 8th, 2011 Pacific Southwest event.
- Committee and Member Forums consultants increase by $30,000 mainly due to board development.

Contracts

- Legal contracts increase by $80,000 due to the need for specific expertise.

Office Rent

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	$ 1,006,764	$ 1,286,307	$ 1,286,120	279,356	27.7%
Utilities	166,884	103,505	150,000	(16,884)	-10.1%
Maintenance	95,076	124,003	119,000	23,924	25.2%
Security	8,004	5,336	7,000	(1,004)	-12.5%
Total Office Rent	**$ 1,276,728**	**$ 1,519,151**	**$ 1,562,120**	**$ 285,392**	**22.4%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office Rent

- Office Rent increases $279,000 due to additional space in the Loveland, Colorado facility.

Office Costs

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	$ 117,000	$ 195,934	$ 211,600	$ 94,600	80.9%
Internet	907,860	833,442	1,003,073	95,213	10.5%
Office Supplies	172,456	163,700	177,473	5,017	2.9%
Computer Supplies and Maintenance	5,480,775	5,098,924	5,347,681	(133,094)	-2.4%
Publications & Subscriptions	21,615	26,289	22,475	860	4.0%
Dues and Fees	112,400	100,014	110,709	(1,691)	-1.5%
Postage	1,080	901	1,564	484	44.8%
Express Shipping	7,540	8,198	7,460	(80)	-1.1%
Copying	123,600	127,827	104,315	(19,285)	-15.6%
Bank Charges	42,000	17,509	38,400	(3,600)	-8.6%
Taxes	-	53,400	135,000	135,000	
Total Office Costs	**$ 6,986,326**	**$ 6,626,139**	**$ 7,159,750**	**$ 173,424**	**2.5%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Telephone expense increases $94,600 due to a change in cost classification and the increase in staff.
- Internet expense increases $95,000 due to a change in cost classification and the increase in staff.
- Computer Supplies and Maintenance decrease by $133,000 due to the cycle of hardware and software refresh cycle and a change in cost classification.
- Copying decreases by $19,000 due to the replacement of current vendor with a more cost effective provider.
- Taxes increase $135,000 due to State of Washington Business & Occupation tax application to funding received by Peak.

Professional Services

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Non-affiliated Director fees	$ 362,280	$ 527,111	$ 614,500	$ 252,220	69.6%
Outside Legal	47,000	77,362	483,700	436,700	929.1%
Accounting & Auditing Fees	86,000	66,100	91,000	5,000	5.8%
Insurance Commercial	168,000	142,793	121,000	(47,000)	-28.0%
Total Services	**$ 663,280**	**$ 813,366**	**$ 1,310,200**	**$ 646,920**	**97.5%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Non-affiliated Director fees increase by $252,000 due to the implementation of a new compensation program approved by the Peak MAC.
- Outside Legal increases by $437,000 due to the decrease in legal positions.
- Insurance Commercial decreases by $47,000 based on estimates provided by the underwriters to date.

Other Non-Operating

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Interest Expense	$ -	$ -	$ -	$ -	
Line of Credit Payment	-	-	-	-	
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

- Not applicable

Section C — Non-Statutory Activities
2015 Business Plan and Budget

Section C — 2015 Non-Statutory Business Plan and Budget

Non- Statutory - Hosted Advanced Applications (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	1.0	1.0
Direct Expenses	-	306,468	306,468
Indirect Expenses	-	110,328	110,328
Inc(Dec) in Fixed Assets	-	26,000	26,000
Total Funding Requirement	-	13,204	13,204

Program Scope and Functional Description

Hosted Advanced Applications (HAAs) is a set of reliability tools that can be used by Transmission Operators and Balancing Authorities within the Western Interconnection to provide enhanced situational awareness of the Western Interconnection.

The tools and data include:

The West-wide System Model (WSM) – provides visualization of the entire Western Interconnection, with a level of detail that includes individual substations, BA and regional overviews, and full Interconnection visualization. The WSM contains real-time SCADA data as well as network model information such as equipment parameters and connectivity data.

State Estimation – provides a snapshot of the entire Western Interconnection power system every five minutes. This provides situational awareness through the identification of System Operating Limit violations, electrical islands, power flows, voltages, and phase angles.

Contingency Analysis – simulates over 8,000 contingencies (potential transmission or generation outages) to identify where the bulk electric system (BES) may not be adequately prepared for the next contingency.

Study Network Applications – allow users to perform ad-hoc studies based on actual BES conditions. The studies include power flow and study contingency analysis applications. This study environment also can be used for performing day-ahead studies, providing a platform to better coordinate day-ahead study results.

HAAs provide each TOP with access to the most comprehensive data set and tool suite available in the Western Interconnection. Some of the situational awareness enhancements are:

- Awareness of events outside a TOP's area, such as providing information about what caused a swing in frequency;
- Awareness of other Balancing Authority Area Control Errors and their contribution to SOL exceedances; and
- Awareness of external contingency impacts on a TOPs area, and awareness of internal contingency impacts on the larger BES.

2015 Primary Goals and Objectives

The HAAs primary objective is to improve TOP and BA situational awareness, while also improving the quality of Peak Reliability's advanced applications through improved data and modeling of the participating TOP and BA areas. Specifically, key objectives include:

- Allowing participating entities to more adequately monitor for SOL and IROL exceedances, both pre- and post-contingency;
- Improving real-time communications between Peak Reliability and participating entities through a common view of power system conditions in the Western Interconnection;
- Providing a platform for sharing and coordinating studies, including next-day studies;
- Helping TOPs monitor their systems reliably and meet their compliance obligations; and
- Providing engineers and operators with the best possible tools to perform their reliability functions.

2015 will be the initial full year of operational use of the HAAs. Peak will provide appropriate training materials and resources to ensure a successful launch of the tools.

Funding Sources and Requirements

Funding Sources (Other than ERO Assessments)

- HAA's implementation began during 2014. Sources of funding for the project are through bi-lateral contracts with entities receiving the service.

Personnel Expenses

- Personnel Expenses consist of the costs of 1 FTE to monitor and maintain the computer systems utilized by the participants.

Operating Expense

- Primarily Office costs related to computer maintenance.

Indirect Expenses

- Indirect Expenses are allocated to HAA based on a proportional allocation of overhead costs to program costs. Charges and funds for HAA's indirect costs will be based on actual overhead costs, calculated quarterly.

Other Non-Operating Expenses

- Not applicable.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2014 Budget & Projection, and 2015 Budget

NON-STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
Funding					
Assessments		$ -	$ -	$ -	$ -
Penalty Sanctions		-	-	-	-
Total Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Non-statutory Funding		540,000	540,000	456,000	456,000
Federal Grants		-	-	-	-
Services & Software		-	-	-	-
Workshops		-	-	-	-
Interest		-	-	-	-
Miscellaneous		-	-	-	-
Total Funding (A)	**$ -**	**$ 540,000**	**$ 540,000**	**$ 456,000**	**$ 456,000**
Expenses					
Personnel Expenses					
Salaries		$ 77,592	$ 77,592	$ 112,126	$ 112,126
Payroll Taxes		6,207	6,207	8,970	8,970
Benefits		10,863	10,863	15,698	15,698
Retirement Costs		6,207	6,207	8,970	8,970
Total Personnel Expenses	**$ -**	**$ 100,870**	**$ 100,870**	**$ 145,764**	**$ 145,764**
Meeting Expenses					
Meetings		$ -	$ -	$ -	$ -
Travel		-	-	-	-
Conference Calls		-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts		$ -	$ -	$ -	$ -
Office Rent		-	-	-	-
Office Costs		138,357	138,357	160,704	160,704
Professional Services		-	-	-	-
Miscellaneous		-	-	-	-
Depreciation		-	-	-	-
Total Operating Expenses	**$ -**	**$ 138,357**	**$ 138,357**	**$ 160,704**	**$ 160,704**
Total Direct Expenses	**$ -**	**$ 239,227**	**$ 239,227**	**$ 306,468**	**$ 306,468**
Indirect Expenses		**$ 86,122**	**$ 86,122**	**$ 110,328**	**$ 110,328**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ 325,349**	**$ 325,349**	**$ 416,796**	**$ 416,796**
Change in Assets	**$ -**	**$ 214,651**	**$ 214,651**	**$ 39,204**	**$ 39,204**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	138,000	138,000	26,000	26,000
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx		-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Incr(Dec) in Fixed Assets (C)	**$ -**	**$ 138,000**	**$ 138,000**	**$ 26,000**	**$ 26,000**
TOTAL BUDGET (B+C)	**-**	**463,349**	**463,349**	**442,796**	**442,796**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ -**	**$ 76,651**	**$ 76,651**	**$ 13,204**	**$ 13,204**
FTEs	-	0.3	0.3	1.0	1.0
HC	-	1.0	1.0	1.0	1.0

Personnel Analysis

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs* 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Administrative Programs						
Information Technology	0.0	0.3	1.0	0.0	1.0	1.0
Total FTEs Administrative Programs	**0.0**	**0.3**	**1.0**	**0.0**	**1.0**	**1.0**
Total FTEs	**0.0**	**0.3**	**1.0**	**0.0**	**1.0**	**1.0**

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

Reserve Analysis – 2014-2015

Working Capital Reserve Analysis 2014-2015 NON-STATUTORY	Non-Statutory Reserves
Beginning Working Capital Reserve, December 31, 2013	0
Plus: 2014 Funding sources	540,000
Less: 2014 Projected expenses & capital expenditures	(463,349)
Projected Working Capital Reserve, December 31, 2014	**76,651**
Working Capital Reserve, December 31, 2015	89,855
Less: Projected Working Capital Reserve, December 31, 2014	(76,651)
Adjustments to achieve Working Capital Reserve, December 31, 2015	13,204
Less: Other funding Sources	0
2015 Expenses and Capital Expenditures	442,796
Adjustment to achieve Working Capital Reserve	13,204
2015 Funding	**456,000**

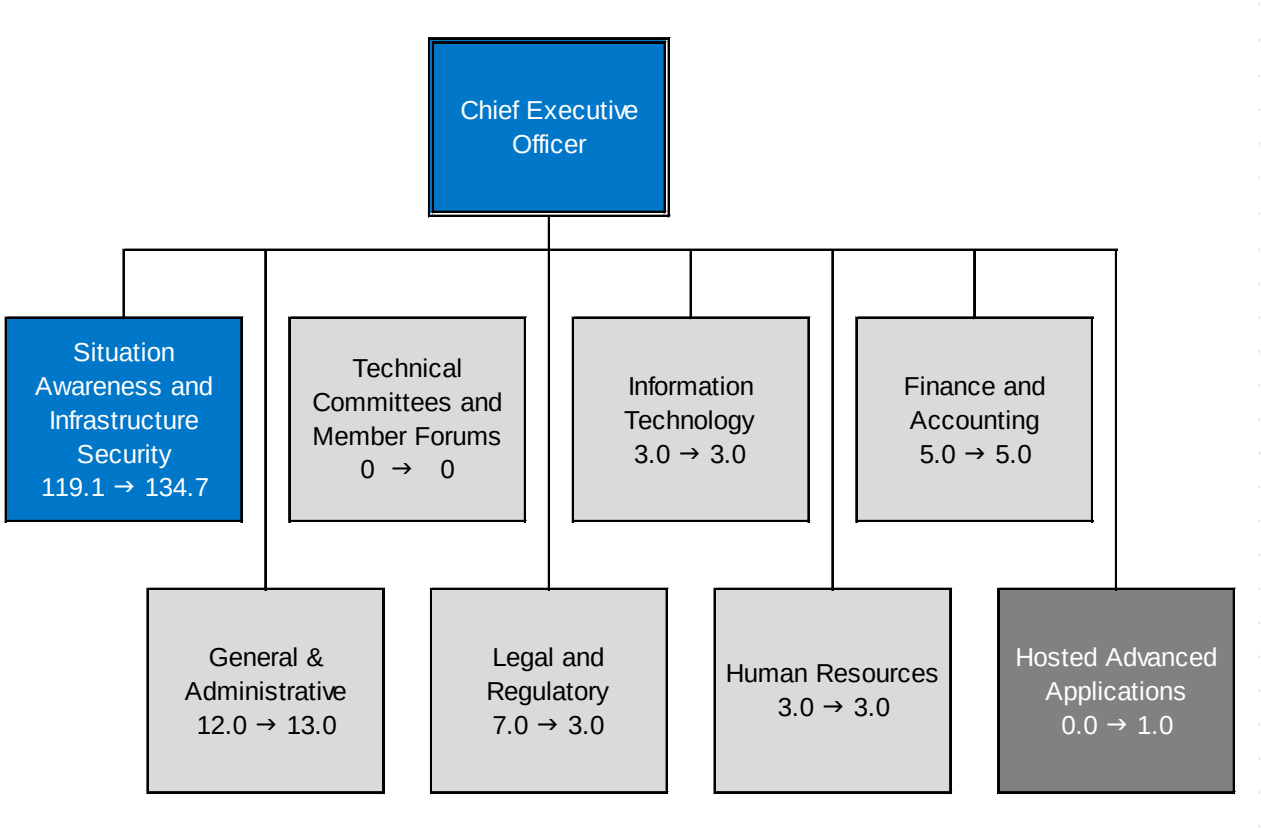
Section D – Additional Consolidated Financial Statements
2015 Business Plan and Budget

Section D — Additional Consolidated Financial Statements

2015 Consolidated Statement of Activities by Program

Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement: Statutory Total	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 Functions: Non-Statutory Total
Funding												
Funding												
Peak Assessments	41,953,236	41,953,236	-	41,953,236	41,953,236							-
Total Funding	**41,953,236**	**41,953,236**	**-**	**41,953,236**	**41,953,236**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-statutory Funding	456,000	-	456,000	-	-	-	-	-	-	-	-	456,000
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-
Interest	78,000	78,000	-	78,000	78,000	-	-	-	-	-	-	-
Total Funding (A)	**42,487,236**	**42,031,236**	**456,000**	**42,031,236**	**42,031,236**	**-**	**-**	**-**	**-**	**-**	**-**	**456,000**
Expenses												
Personnel Expenses												
Salaries	18,536,267	18,424,141	112,126	18,424,141	15,388,055	-	1,662,553	367,003	227,207	384,856	394,466	112,126
Payroll Taxes	1,308,094	1,299,123	8,970	1,299,123	1,119,451	-	83,670	25,777	18,945	20,840	30,439	8,970
Benefits	2,890,317	2,874,619	15,698	2,874,619	1,936,480	-	169,845	43,964	44,347	607,608	72,374	15,698
Retirement Costs	1,483,843	1,474,873	8,970	1,474,873	1,247,283	-	119,587	31,760	19,662	24,218	32,362	8,970
Total Personnel Expenses	24,218,520	24,072,756	145,764	24,072,756	19,691,270	-	2,035,656	468,504	310,162	1,037,522	529,642	145,764
Meeting Expenses												
Meetings	196,445	196,445	-	196,445	15,840	157,500	22,700	-	-	-	405	-
Travel	914,035	914,035	-	914,035	474,800	119,575	221,000	30,000	6,600	44,460	17,600	-
Conference Calls	29,144	29,144	-	29,144	14,640	740	6,800	1,200	4,800	514	450	-
Total Meeting Expenses	1,139,624	1,139,624	-	1,139,624	505,280	277,815	250,500	31,200	11,400	44,974	18,455	-
Operating Expenses												
Consultants & Contracts	906,600	906,600	-	906,600	463,000	30,000	210,000	200,000	-	3,600	-	-
Office Rent	1,562,120	1,562,120	-	1,562,120	20,000	-	1,511,120	-	31,000	-	-	-
Office Costs	7,320,454	7,159,750	160,704	7,159,750	6,340,227	2,800	224,228	32,020	264,600	85,190	210,685	160,704
Professional Services	1,310,200	1,310,200	-	1,310,200	-	614,500	-	571,000	-	33,700	91,000	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	4,450,000	4,450,000	-	4,450,000	4,450,000	-	-	-	-	-	-	-
Total Operating Expenses	15,549,374	15,388,670	160,704	15,388,670	11,273,227	647,300	1,945,348	803,020	295,600	122,490	301,685	160,704
Total Direct Expenses	**40,907,518**	**40,601,050**	**306,468**	**40,601,050**	**31,469,777**	**925,115**	**4,231,504**	**1,302,724**	**617,162**	**1,204,986**	**849,782**	**306,468**
Indirect Expenses	(67,305)	(177,634)	110,328	(177,634)	8,953,639	(925,115)	(4,231,504)	(1,302,724)	(617,162)	(1,204,986)	(849,782)	110,328
Other Non-Operating Expenses	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
Total Expenses (B)	**40,840,213**	**40,423,417**	**416,796**	**40,423,417**	**40,423,417**	**-**	**-**	**-**	**-**	**-**	**-**	**416,796**
Change in Assets	**1,647,023**	**1,607,820**	**39,204**	**1,607,820**	**1,607,820**	**-**	**-**	**-**	**-**	**-**	**-**	**39,204**
Fixed Assets												
Depreciation	(4,450,000)	(4,450,000)	-	(4,450,000)	(4,450,000)	-	-	-	-	-	-	-
Computer & Software CapEx	2,051,000	2,025,000	26,000	2,025,000	2,025,000	-	-	-	-	-	-	26,000
Furniture & Fixtures CapEx	11,000	11,000	-	11,000	11,000	-	-	-	-	-	-	-
Equipment CapEx	850,000	850,000	-	850,000	815,000	-	-	-	35,000	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	35,000	-	-	-	(35,000)	-	-	-
Inc(Dec) in Fixed Assets (C)	**(1,538,000)**	**(1,564,000)**	**26,000**	**(1,564,000)**	**(1,564,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**26,000**
TOTAL BUDGET (B+C)	**39,302,213**	**38,859,417**	**442,796**	**38,859,417**	**38,859,417**	**-**	**-**	**-**	**-**	**-**	**-**	**442,796**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**3,185,023**	**3,171,820**	**13,204**	**3,171,820**	**3,171,820**	**-**	**-**	**-**	**-**	**-**	**-**	**13,204**
FTEs	**162.7**	**161.7**	**1.0**	**161.7**	**134.67**	**-**	**13.0**	**3.0**	**3.0**	**3.0**	**5.0**	**1.0**
HC	**167.0**	**166.0**	**1.0**	**166.0**	**139.00**	**-**	**13.0**	**3.0**	**3.0**	**3.0**	**5.0**	**1.0**

Appendix A: Organizational Chart



Appendix B: 2015 Budget & Projected 2016 and 2017 Budgets

Statement of Activities and Capital Expenditures
2015 Budget & Projected 2016 and 2017 Budgets
Statutory

	2015 Budget	2016 Projection	$ Change 15 v 16	% Change 15 v 16	2017 Projection	$ Change 16 v 17	% Change 16 v 17
Funding							
ERO Funding							
WECC Assessments	$ 41,953,236	$ 44,528,912	$ 2,575,676	6.1%	$ 42,329,158	$ (2,199,755)	-4.9%
Penalty Sanctions	-		-		-	-	
Total ERO Funding	**$ 41,953,236**	**$ 44,528,912**	**$ 2,575,676**	**6.1%**	**$ 42,329,158**	**$ (2,199,755)**	**-4.9%**
Membership Dues							
Federal Grants	-		-			-	
Workshops	-		-			-	
Interest	78,000	50,000	(28,000)	-35.9%	52,000	2,000	4.0%
Miscellaneous	-		-			-	
Total Funding (A)	**$ 42,031,236**	**$ 44,578,912**	**$ 2,547,676**	**6.1%**	**$ 42,381,158**	**$ (2,197,755)**	**-4.9%**
Expenses							
Personnel Expenses							
Salaries	$ 18,424,141	$ 19,681,529	1,257,388	6.8%	$ 20,439,326	757,797	3.9%
Payroll Taxes	1,299,123	1,358,216	59,093	4.5%	1,382,437	24,221	1.8%
Benefits	2,874,619	3,179,637	305,018	10.6%	3,206,054	26,417	0.8%
Retirement Costs	1,474,873	1,713,846	238,973	16.2%	1,779,789	65,943	3.8%
Total Personnel Expenses	**$ 24,072,756**	**$ 25,933,228**	**$ 1,860,472**	**7.7%**	**$ 26,807,606**	**$ 874,378**	**3.4%**
Meeting Expenses							
Meetings	$ 196,445	$ 204,303	7,858	4.0%	$ 212,475	8,172	4.0%
Travel	914,035	950,596	36,561	4.0%	988,620	38,024	4.0%
Conference Calls	29,144	30,310	1,166	4.0%	31,522	1,212	4.0%
Total Meeting Expenses	**$ 1,139,624**	**$ 1,185,209**	**$ 45,585**	**4.0%**	**$ 1,232,617**	**$ 47,408**	**4.0%**
Operating Expenses							
Consultants & Contracts	$ 906,600	$ 942,864	36,264	4.0%	$ 980,579	37,715	4.0%
Office Rent	1,562,120	1,624,605	62,485	4.0%	1,689,589	64,984	4.0%
Office Costs	7,159,750	6,796,140	(363,610)	-5.1%	7,093,986	297,846	4.4%
Professional Services	1,310,200	1,362,608	52,408	4.0%	1,417,112	54,504	4.0%
Miscellaneous	0		(0)	-100.0%	-	-	
Depreciation	4,450,000	4,628,000	178,000	4.0%	4,813,120	185,120	4.0%
Total Operating Expenses	**$ 15,388,670**	**$ 15,354,217**	**$ (34,453)**	**-0.2%**	**$ 15,994,386**	**$ 640,169**	**4.2%**
Total Direct Expenses	**$ 40,601,050**	**$ 42,472,654**	**$ 1,871,604**	**4.6%**	**$ 44,034,609**	**$ 1,561,955**	**3.7%**
	-						
Indirect Expenses	**(110,328)**	**(114,742)**	**(4,413)**	**4.0%**	**(119,331)**	**(4,590)**	**4.0%**
	-						
Other Non-Operating Expenses	-		-		-	-	
Total Expenses (B)	**$ 40,490,722**	**$ 42,357,912**	**$ 1,867,191**	**4.6%**	**$ 43,915,278**	**$ 1,557,365**	**3.7%**
Change in Assets	**$ 1,540,515**	**$ 2,221,000**	**$ 680,485**	**44.2%**	**$ (1,534,120)**	**$ (3,755,120)**	**-169.1%**
Fixed Assets							
Depreciation	$ (4,450,000)	$ (4,628,000)	$ (178,000)	4.0%	$ (4,813,120)	$ (185,120)	4.0%
Computer & Software CapEx	2,875,000	3,224,000	349,000	12.1%	3,054,000	(170,000)	-5.3%
Furniture & Fixtures CapEx	11,000	25,000	14,000	127.3%	25,000	-	0.0%
Leasehold Improvements	-	-	-		-	-	
Incr(Dec) in Fixed Assets (C)	**$ (1,564,000)**	**$ (1,379,000)**	**$ 185,000**	**-11.8%**	**$ (1,734,120)**	**$ (355,120)**	**25.8%**
TOTAL BUDGET (=B+C)	**$ 38,926,722**	**$ 40,978,912**	**$ 2,052,191**	**5.3%**	**$ 42,181,158**	**$ 1,202,245**	**2.9%**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ 3,104,515**	**$ 3,600,000**	**$ 495,485**	**$ -**	**$ 200,000**	**$ (3,400,000)**	**-94.4%**
FTEs	**161.7**	**153.6**	**-8.1**	**-5.0%**	**153.6**	**-**	**0.0%**
HC	**166.0**	**166.0**	**0.0**	**0.0%**	**166.0**	**-**	**0.0%**

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
Aguila Irrigation District - APS	31,010	31,010		0.004%	0.004%	0.000%	1,737
Aha Macav Power Service	25,289	25,289		0.003%	0.003%	0.000%	1,417
Ajo Improvement District	13,734	13,734		0.002%	0.002%	0.000%	769
Ak-Chin	38,775	38,775		0.005%	0.005%	0.000%	2,172
Alcoa Inc	3,458,150	3,458,150		0.462%	0.469%	0.000%	193,709
Alder Mutual Light Company		0		0.000%	0.000%	0.000%	-
Arizona Public Service Company	29,805,265	29,805,265		3.980%	4.042%	0.000%	1,669,545
Arkansas River Power Authority (ARPA)	235,150	235,150		0.031%	0.032%	0.000%	13,172
Avista Corporation	9,576,506	9,576,506		1.279%	1.299%	0.000%	536,429
Avista Corporation	59,292	59,292		0.008%	0.008%	0.000%	3,321
Barrick Goldstrike Mines Inc.	1,179,964	1,179,964		0.158%	0.160%	0.000%	66,096
Basin Electric Power Cooperative	3,056,832	3,056,832		0.408%	0.415%	0.000%	171,229
Basin Electric Power Cooperative	59,554	59,554		0.008%	0.008%	0.000%	3,336
Benton REA	551,563	551,563		0.074%	0.075%	0.000%	30,896
Big Bend Electric Cooperative, Inc.	139,523	139,523		0.019%	0.019%	0.000%	7,815
Big Bend Electric Cooperative, Inc.	360,754	360,754		0.048%	0.049%	0.000%	20,208
Blachly-Lane Electric Cooperative	173,759	173,759		0.023%	0.024%	0.000%	9,733
Black Hills Power	1,927,008	1,927,008		0.257%	0.261%	0.000%	107,942
Black Hills Power/Cheyenne Light Fuel & Power	2,953,785	2,953,785		0.394%	0.401%	0.000%	165,457
Black Hills State University South Dakota	19,749	19,749		0.003%	0.003%	0.000%	1,106
Bonneville Power Administration	3,834,849	3,834,849		0.512%	0.520%	0.000%	214,809
Bonneville Power Administration	1,864,618	1,864,618		0.249%	0.253%	0.000%	104,447
Bonneville Power Administration	779,199	779,199		0.104%	0.106%	0.000%	43,647
Bonneville Power Administration	6,817	6,817		0.001%	0.001%	0.000%	382
Bonneville Power Administration	13,511	13,511		0.002%	0.002%	0.000%	757
BPA - Big Bend/Schrag Load	37,344	37,344		0.005%	0.005%	0.000%	2,092
BPA - Kittitas Load	7,375	7,375		0.001%	0.001%	0.000%	413
BPA - USBR Load	131,805	131,805		0.018%	0.018%	0.000%	7,383
Buckeye Water Conservation and Drainage District - APS	19,821	19,821		0.003%	0.003%	0.000%	1,110
Bureau of Reclamation (Desalter) - c/o DSW EMMO	766	766		0.000%	0.000%	0.000%	43
Bureau of Reclamation (Wellfield) - c/o DSW EMMO	6,499	6,499		0.001%	0.001%	0.000%	364
Burlington	36,727	36,727		0.005%	0.005%	0.000%	2,057
California Independent System Operator	232,339,960	232,339,960		31.022%	31.510%	0.000%	13,014,538
Canby Public Utility Board		0		0.000%	0.000%	0.000%	-
Canby Public Utility Board	181,172	181,172		0.024%	0.025%	0.000%	10,148
Central Arizona Water Conservation District	2,632,527	2,632,527		0.351%	0.357%	0.000%	147,461
Central Electric Cooperative	609,107	609,107		0.081%	0.083%	0.000%	34,119
Central Lincoln PUD	1,350,692	1,350,692		0.180%	0.183%	0.000%	75,659
Central Montana Electric Power Cooperative	317,843	317,843		0.042%	0.043%	0.000%	17,804
Central Montana Electric Power Cooperative	63,810	63,810		0.009%	0.009%	0.000%	3,574

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
City of Aztec Electric Dept	39,751	39,751		0.005%	0.005%	0.000%	2,227
City of Bandon	67,365	67,365		0.009%	0.009%	0.000%	3,773
City of Blaine	78,248	78,248		0.010%	0.011%	0.000%	4,383
City of Bonners Ferry	72,517	72,517		0.010%	0.010%	0.000%	4,062
City of Cascade Locks	19,641	19,641		0.003%	0.003%	0.000%	1,100
City of Centralia	270,593	270,593		0.036%	0.037%	0.000%	15,157
City of Cheney	149,356	149,356		0.020%	0.020%	0.000%	8,366
City of Chewelah	23,809	23,809		0.003%	0.003%	0.000%	1,334
City of Drain	16,847	16,847		0.002%	0.002%	0.000%	944
City of Ellensburg	207,748	207,748		0.028%	0.028%	0.000%	11,637
City of Fallon	37,292	37,292		0.005%	0.005%	0.000%	2,089
City of Farmington	1,025,393	1,025,393		0.137%	0.139%	0.000%	57,437
City of Forest Grove	256,440	256,440		0.034%	0.035%	0.000%	14,365
City of Gallup	189,880	189,880		0.025%	0.026%	0.000%	10,636
City of Henderson	42,834	42,834		0.006%	0.006%	0.000%	2,399
City of Hermiston, DBA Hermiston Energy Services	111,146	111,146		0.015%	0.015%	0.000%	6,226
City of Las Vegas	41,831	41,831		0.006%	0.006%	0.000%	2,343
City of McCleary	31,415	31,415		0.004%	0.004%	0.000%	1,760
City of McMinnville	770,559	770,559		0.103%	0.105%	0.000%	43,163
City of Mesa	261,581	261,581		0.035%	0.035%	0.000%	14,652
City of Milton	60,532	60,532		0.008%	0.008%	0.000%	3,391
City of Milton-Freewater	113,514	113,514		0.015%	0.015%	0.000%	6,358
City of Monmouth	74,430	74,430		0.010%	0.010%	0.000%	4,169
City of Needles	30,990	30,990		0.004%	0.004%	0.000%	1,736
City of North Las Vegas	4,639	4,639		0.001%	0.001%	0.000%	260
City of Page	92,251	92,251		0.012%	0.013%	0.000%	5,167
City of Plummer	35,994	35,994		0.005%	0.005%	0.000%	2,016
City of Port Angeles	732,324	732,324		0.098%	0.099%	0.000%	41,021
City of Redding	799,829	799,829		0.107%	0.108%	0.000%	44,803
City of Richland	894,506	894,506		0.119%	0.121%	0.000%	50,106
City of Roseville	1,235,079	1,235,079		0.165%	0.168%	0.000%	69,183
City of Shasta Lake	193,187	193,187		0.026%	0.026%	0.000%	10,821
City of Sumas	31,016	31,016		0.004%	0.004%	0.000%	1,737
City of Tacoma DBA Tacoma Power	310	310		0.000%	0.000%	0.000%	17
City of Tacoma DBA Tacoma Power	5,010,435	5,010,435		0.669%	0.680%	0.000%	280,660
City of Troy	17,559	17,559		0.002%	0.002%	0.000%	984
City of Williams	39,158	39,158		0.005%	0.005%	0.000%	2,193
Clark County Water Resources	77,436	77,436		0.010%	0.011%	0.000%	4,338
Clark Public Utilities	4,487,612	4,487,612		0.599%	0.609%	0.000%	251,374
Clatskanie PUD	943,244	943,244		0.126%	0.128%	0.000%	52,836

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
Clearwater Cooperative, Inc	170,714	170,714		0.023%	0.023%	0.000%	9,563
Clearwater Cooperative, Inc	39,974	39,974		0.005%	0.005%	0.000%	2,239
Colorado River Commission of Nevada	872,387	872,387		0.116%	0.118%	0.000%	48,867
Colorado Springs Utilities	61,174	61,174		0.008%	0.008%	0.000%	3,427
Colorado Springs Utilities	4,662,507	4,662,507		0.623%	0.632%	0.000%	261,171
Columbia Basin Electric Cooperative, Inc.	113,365	113,365		0.015%	0.015%	0.000%	6,350
Columbia Falls Aluminum Company	4,579	4,579		0.001%	0.001%	0.000%	256
Columbia Power Cooperative Association	22,379	22,379		0.003%	0.003%	0.000%	1,254
Columbia River PUD	171,325	171,325		0.023%	0.023%	0.000%	9,597
Columbia River PUD	311,215	311,215		0.042%	0.042%	0.000%	17,433
Columbia Rural Electric Association (REA)	333,263	333,263		0.044%	0.045%	0.000%	18,668
Comision Federal de Electricidad	11,614,895		11,614,895	1.551%	0.000%	100.000%	650,609
Consolidated Irrigation District No. 19	6,224	6,224		0.001%	0.001%	0.000%	349
Consumers Power, Inc.	430,981	430,981		0.058%	0.058%	0.000%	24,141
Coos-Curry Electric Cooperative, Inc	355,309	355,309		0.047%	0.048%	0.000%	19,903
Deseret Generation & Transmission Cooperative	144,583	144,583		0.019%	0.020%	0.000%	8,099
Douglas Electric Cooperative, Inc.	96,240	96,240		0.013%	0.013%	0.000%	5,391
Douglas Palisades / PUD No. 1 of DC	19,291	19,291		0.003%	0.003%	0.000%	1,081
El Paso Electric Company	8,354,189	8,354,189		1.115%	1.133%	0.000%	467,961
Electrical District #2	179,643	179,643		0.024%	0.024%	0.000%	10,063
Electrical District #2 - Coolidge Generating Station	9,195	9,195		0.001%	0.001%	0.000%	515
Electrical District No. 6 of Pinal County - APS	2,493	2,493		0.000%	0.000%	0.000%	140
Electrical District No. 7 of Maricopa County - APS	47,058	47,058		0.006%	0.006%	0.000%	2,636
Electrical District No. 8 of Maricopa County - APS	276,912	276,912		0.037%	0.038%	0.000%	15,511
Electrical Districts 1 & 3	578,995	578,995		0.077%	0.079%	0.000%	32,432
Elmhurst Mutual Power & Light Company	279,749	279,749		0.037%	0.038%	0.000%	15,670
Emerald PUD	518,509	518,509		0.069%	0.070%	0.000%	29,044
Energy Northwest	36,570	36,570		0.005%	0.005%	0.000%	2,048
Eugene Water & Electric Board	2,495,053	2,495,053		0.333%	0.338%	0.000%	139,761
Fall River Rural Electric Cooperative, Inc.	28	28		0.000%	0.000%	0.000%	2
Flathead Electric Cooperative, Inc	1,513,536	1,513,536		0.202%	0.205%	0.000%	84,781
Frederickson Power LP	3,437	3,437		0.000%	0.000%	0.000%	193
Grand Valley Power	245,738	245,738		0.033%	0.033%	0.000%	13,765
Harney Electric Cooperative, Inc.	98,753	98,753		0.013%	0.013%	0.000%	5,532
Harney Electric Cooperative, Inc.	90,674	90,674		0.012%	0.012%	0.000%	5,079
Harquahala Valley Power Districts - APS	79,282	79,282		0.011%	0.011%	0.000%	4,441
Hermiston Power LLC	1,953	1,953		0.000%	0.000%	0.000%	109
Holy Cross Energy	1,218,703	1,218,703		0.163%	0.165%	0.000%	68,266
Hood River Electric Cooperative	44,095	44,095		0.006%	0.006%	0.000%	2,470
Idaho County Light and Power Cooperative Association, Inc.	59,313	59,313		0.008%	0.008%	0.000%	3,322

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
Idaho Power Company	16,340,718	16,340,718		2.182%	2.216%	0.000%	915,327
Imperial Irrigation District	3,661,545	3,661,545		0.489%	0.497%	0.000%	205,102
Inland Power and Light Company	477,845	477,845		0.064%	0.065%	0.000%	26,767
Inland Power and Light Company	499,781	499,781		0.067%	0.068%	0.000%	27,995
Intermountain Rural Electric Association	2,153,915	2,153,915		0.288%	0.292%	0.000%	120,652
Kaiser Aluminum Fabricated Products LLC	311,536	311,536		0.042%	0.042%	0.000%	17,451
Kootenai Electric Cooperative, Inc.	469,569	469,569		0.063%	0.064%	0.000%	26,303
Lakeview Light & Power	274,245	274,245		0.037%	0.037%	0.000%	15,362
Lane Electric Cooperative, Inc.	230,340	230,340		0.031%	0.031%	0.000%	12,903
Las Vegas Valley Water District	93,430	93,430		0.012%	0.013%	0.000%	5,233
Lincoln Electric Cooperative, Inc.	118,451	118,451		0.016%	0.016%	0.000%	6,635
Los Angeles Department of Water and Power	28,866,202	28,866,202		3.854%	3.915%	0.000%	1,616,943
Lost River Electric Cooperative, Inc.	22	22		0.000%	0.000%	0.000%	1
Lower Valley Energy, Inc.	87	87		0.000%	0.000%	0.000%	5
Maricopa County Municipal Water Conservation Dist No. 1 - APS	52,365	52,365		0.007%	0.007%	0.000%	2,933
McMullen Valley Water Conservation & Drainage District - APS	69,883	69,883		0.009%	0.009%	0.000%	3,915
Merced Irrigation District	470,352	470,352		0.063%	0.064%	0.000%	26,347
Midstate Electric Cooperative, Inc.	414,182	414,182		0.055%	0.056%	0.000%	23,200
Mission Valley Power	413,525	413,525		0.055%	0.056%	0.000%	23,164
Modern Electric Water Company	234,810	234,810		0.031%	0.032%	0.000%	13,153
Modesto Irrigation District	2,577,631	2,577,631		0.344%	0.350%	0.000%	144,386
Montana-Dakota Utilities Co.	20,487	20,487		0.003%	0.003%	0.000%	1,148
Mt. Wheeler Power	560,779	560,779		0.075%	0.076%	0.000%	31,412
Municipal Energy Agency of Nebraska	199,657	199,657		0.027%	0.027%	0.000%	11,184
Municipal Energy Agency of Nebraska	669,387	669,387		0.089%	0.091%	0.000%	37,496
Navajo Agricultural Products Industry (NAPI)	1,093	1,093		0.000%	0.000%	0.000%	61
Navajo Tribal Utility Authority	54,383	54,383		0.007%	0.007%	0.000%	3,046
Navajo Tribal Utility Authority	286,099	286,099		0.038%	0.039%	0.000%	16,026
Navopache Electric Cooperative, Inc.	370,656	370,656		0.049%	0.050%	0.000%	20,762
Nebraska Public Power Marketing	5,842	5,842		0.001%	0.001%	0.000%	327
Nespelem Valley Electric Cooperative, Inc.	58,413	58,413		0.008%	0.008%	0.000%	3,272
Nevada Power Company dba NV Energy	26,587,371	26,587,371		3.550%	3.606%	0.000%	1,489,294
Noble Americas Energy Solutions, LLC	1,673,553	1,673,553		0.223%	0.227%	0.000%	93,744
Northern Lights, Inc.	36,440	36,440		0.005%	0.005%	0.000%	2,041
Northern Lights, Inc.	262,743	262,743		0.035%	0.036%	0.000%	14,718
Northern Wasco County PUD	556,511	556,511		0.074%	0.075%	0.000%	31,173
NorthWestern Corp. dba NorthWestern Energy, LLC	9,167,768	9,167,768		1.224%	1.243%	0.000%	513,533
NorthWestern Corp. dba NorthWestern Energy, LLC	241,233	241,233		0.032%	0.033%	0.000%	13,513
Ohop Mutual Light Company	86,807	86,807		0.012%	0.012%	0.000%	4,863
Orcas Power and Light Cooperative	217,914	217,914		0.029%	0.030%	0.000%	12,206

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
Oregon Trail Electric Consumers Cooperative, Inc.	354,194	354,194		0.047%	0.048%	0.000%	19,840
Overton Power District No. 5	381,124	381,124		0.051%	0.052%	0.000%	21,349
PacifiCorp	70,407	70,407		0.009%	0.010%	0.000%	3,944
PacifiCorp	2,156	2,156		0.000%	0.000%	0.000%	121
PacifiCorp	50,590,830	50,590,830		6.755%	6.861%	0.000%	2,833,850
PacifiCorp	1,876	1,876		0.000%	0.000%	0.000%	105
PacifiCorp	116,284	116,284		0.016%	0.016%	0.000%	6,514
PacifiCorp West (PACW)	21,336,825	21,336,825		2.849%	2.894%	0.000%	1,195,184
Parkland Light and Water Company	122,305	122,305		0.016%	0.017%	0.000%	6,851
Pend Oreille County PUD No. 1	1,016,523	1,016,523		0.136%	0.138%	0.000%	56,941
Peninsula Light Company, Inc.	608,193	608,193		0.081%	0.082%	0.000%	34,068
Platte River Power Authority	3,244,570	3,244,570		0.433%	0.440%	0.000%	181,745
Port of Seattle - Seattle-Tacoma International Airport	141,204	141,204		0.019%	0.019%	0.000%	7,910
Port Townsend Paper Corporation	166,731	166,731		0.022%	0.023%	0.000%	9,339
Portland General Electric Company	18,600,632	18,600,632		2.484%	2.523%	0.000%	1,041,916
Public Service Company of Colorado (Xcel)	26,537,376	26,537,376		3.543%	3.599%	0.000%	1,486,494
Public Service Company of Colorado (Xcel)	35,594	35,594		0.005%	0.005%	0.000%	1,994
Public Service Company of New Mexico	10,787,283	10,787,283		1.440%	1.463%	0.000%	604,251
Public Utility District No. 1 of Chelan County	4,025,516	4,025,516		0.537%	0.546%	0.000%	225,490
PUD No. 1 of Asotin County	4,975	4,975		0.001%	0.001%	0.000%	279
PUD No. 1 of Asotin County	290	290		0.000%	0.000%	0.000%	16
PUD No. 1 of Benton County	1,773,502	1,773,502		0.237%	0.241%	0.000%	99,343
PUD No. 1 of Clallam County	680,465	680,465		0.091%	0.092%	0.000%	38,116
PUD No. 1 of Cowlitz County	5,247,802	5,247,802		0.701%	0.712%	0.000%	293,956
PUD No. 1 of Douglas County	8,928	8,928		0.001%	0.001%	0.000%	500
PUD No. 1 of Douglas County	1,486,659	1,486,659		0.198%	0.202%	0.000%	83,275
PUD No. 1 of Ferry County	109,044	109,044		0.015%	0.015%	0.000%	6,108
PUD No. 1 of Franklin County	1,065,410	1,065,410		0.142%	0.144%	0.000%	59,679
PUD No. 1 of Grays Harbor	1,186,461	1,186,461		0.158%	0.161%	0.000%	66,460
PUD No. 1 of Jefferson County	246,380	246,380		0.033%	0.033%	0.000%	13,801
PUD No. 1 of Kittitas County	75,702	75,702		0.010%	0.010%	0.000%	4,240
PUD No. 1 of Kittitas County	16,412	16,412		0.002%	0.002%	0.000%	919
PUD No. 1 of Klickitat County	300,703	300,703		0.040%	0.041%	0.000%	16,844
PUD No. 1 of Lewis County	938,394	938,394		0.125%	0.127%	0.000%	52,564
PUD No. 1 of Mason County	78,370	78,370		0.010%	0.011%	0.000%	4,390
PUD No. 1 of Skamania County	134,732	134,732		0.018%	0.018%	0.000%	7,547
PUD No. 1 of Snohomish County	6,824,113	6,824,113		0.911%	0.925%	0.000%	382,253
PUD No. 1 of Wahkiakum County	44,092	44,092		0.006%	0.006%	0.000%	2,470
PUD No. 1 of Whatcom County	224,295	224,295		0.030%	0.030%	0.000%	12,564
PUD No. 1 of Whatcom County	4,995	4,995		0.001%	0.001%	0.000%	280

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
PUD No. 2 of Grant County	93,675	93,675		0.013%	0.013%	0.000%	5,247
PUD No. 2 of Grant County	49,941	49,941		0.007%	0.007%	0.000%	2,797
PUD No. 2 of Grant County	3,839,087	3,839,087		0.513%	0.521%	0.000%	215,047
PUD No. 2 of Pacific County	305,445	305,445		0.041%	0.041%	0.000%	17,110
PUD No. 3 of Mason County	698,785	698,785		0.093%	0.095%	0.000%	39,143
Puget Sound Energy, Inc.	24,437,530	24,437,530		3.263%	3.314%	0.000%	1,368,871
Raft River Electric Cooperative	46	46		0.000%	0.000%	0.000%	3
Raton Public Service	51,732	51,732		0.007%	0.007%	0.000%	2,898
Ravalli County Electric Cooperative, Inc.		0		0.000%	0.000%	0.000%	-
Ravalli County Electric Cooperative, Inc.		0		0.000%	0.000%	0.000%	-
Riverside Electric Company, Ltd		0		0.000%	0.000%	0.000%	-
Riverside Electric Company, Ltd		0		0.000%	0.000%	0.000%	-
Rocky Mountain Generation Cooperative, Inc.		0		0.000%	0.000%	0.000%	-
Roosevelt Irrigation District - APS	37,851	37,851		0.005%	0.005%	0.000%	2,120
Sacramento Municipal Utility District	11,226,639	11,226,639		1.499%	1.523%	0.000%	628,861
Salem Electric	331,171	331,171		0.044%	0.045%	0.000%	18,551
Salmon River Electric Cooperative, Inc.		0		0.000%	0.000%	0.000%	-
Salt River Project	28,911,429	28,911,429		3.860%	3.921%	0.000%	1,619,477
Seattle City Light	10,035,929	10,035,929		1.340%	1.361%	0.000%	562,164
Sierra Pacific Power Company dba NV Energy	11,116,111	11,116,111		1.484%	1.508%	0.000%	622,670
Silver State Energy - c/o Colorado River Commission of Nevada	515,076	515,076		0.069%	0.070%	0.000%	28,852
Southern Montana Electric Generation & Transmission	522,515	522,515		0.070%	0.071%	0.000%	29,269
Southern Nevada Water Authority	118,357	118,357		0.016%	0.016%	0.000%	6,630
Southwest Transmission Cooperative, Inc.	2,012,236	2,012,236		0.269%	0.273%	0.000%	112,716
Springfield Utility Board	867,593	867,593		0.116%	0.118%	0.000%	48,598
Surprise Valley Electrification Corporation	38,220	38,220		0.005%	0.005%	0.000%	2,141
Tanner Electric Cooperative	99,115	99,115		0.013%	0.013%	0.000%	5,552
The Incorporated County of Los Alamos	364,095	364,095		0.049%	0.049%	0.000%	20,395
Tillamook People's Utility District	375,501	375,501		0.050%	0.051%	0.000%	21,034
Tohono O'Odham Utility Authority	67,110	67,110		0.009%	0.009%	0.000%	3,759
Tonopah Irrigation District - APS	22,698	22,698		0.003%	0.003%	0.000%	1,271
Town of Center	20,928	20,928		0.003%	0.003%	0.000%	1,172
Town of Coulee	17,416	17,416		0.002%	0.002%	0.000%	976
Town of Eatonville	28,069	28,069		0.004%	0.004%	0.000%	1,572
Town of Fredonia	10,953	10,953		0.001%	0.001%	0.000%	614
Town of Steilacoom	41,331	41,331		0.006%	0.006%	0.000%	2,315
Town of Wickenburg	26,570	26,570		0.004%	0.004%	0.000%	1,488
Tri-State Generation & Transmission Assoc. Inc - Reliability	2,062,440	2,062,440		0.275%	0.280%	0.000%	115,528
Tri-State Generation & Transmission Assoc. Inc - Reliability	7,419,925	7,419,925		0.991%	1.006%	0.000%	415,628
Tri-State Generation & Transmission Association, Inc.	2,642,944	2,642,944		0.353%	0.358%	0.000%	148,045

Allocation of 2015 Peak Reliability Assessments
2013 NEL

Load Serving Entity	NEL w/o AESO & BC Hydro	US NEL	Mexico NEL	Percent Peak Total (w/o AESO and BC Hydro)	Percent US Total	Percent Mexico Total	Funding Allocation
Truckee Donner Public Utility District	154,280	154,280		0.021%	0.021%	0.000%	8,642
Tucson Electric Power Company	15,085,818	15,085,818		2.014%	2.046%	0.000%	845,034
Turlock Irrigation District	2,135,260	2,135,260		0.285%	0.290%	0.000%	119,607
U.S. Army Yuma Proving Ground	16,326	16,326		0.002%	0.002%	0.000%	915
U.S. BOR Columbia Basin	33,360	33,360		0.004%	0.005%	0.000%	1,869
U.S. BOR East Greenacres (Rathdrum)	4,176	4,176		0.001%	0.001%	0.000%	234
U.S. Bor Spokane Indian Development`	3,136	3,136		0.000%	0.000%	0.000%	176
U.S. BOR The Dalles Project	18,335	18,335		0.002%	0.002%	0.000%	1,027
U.S. DOE National Energy Technology Laboratory	4,828	4,828		0.001%	0.001%	0.000%	270
Umatilla Electric Cooperative Association	1,140,059	1,140,059		0.152%	0.155%	0.000%	63,861
Unit B Irrigation District	24	24		0.000%	0.000%	0.000%	1
US Air Force Base, Fairchild	49,053	49,053		0.007%	0.007%	0.000%	2,748
US Dept of Energy - Kirtland AFB	410,793	410,793		0.055%	0.056%	0.000%	23,011
USDOE Richland	187,652	187,652		0.025%	0.025%	0.000%	10,511
USN Naval Station, Bremerton	250,674	250,674		0.033%	0.034%	0.000%	14,042
USN Naval Station, Everett	10,912	10,912		0.001%	0.001%	0.000%	611
USN Submarine Base, Bangor	170,292	170,292		0.023%	0.023%	0.000%	9,539
Vera Water and Power	234,898	234,898		0.031%	0.032%	0.000%	13,158
Vigilante Electric Cooperative, Inc.	15,897	15,897		0.002%	0.002%	0.000%	890
Wasco Electric Cooperative	97,027	97,027		0.013%	0.013%	0.000%	5,435
Wells Rural Electric Cooperative	672,455	672,455		0.090%	0.091%	0.000%	37,668
Wellton-Mohawk Irrigation & Drainage District	401	401		0.000%	0.000%	0.000%	22
West Oregon Electric Cooperative, Inc.	56,442	56,442		0.008%	0.008%	0.000%	3,162
West Oregon Electric Cooperative, Inc.	12,860	12,860		0.002%	0.002%	0.000%	720
Western Area Power - Loveland, CO	364,173	364,173		0.049%	0.049%	0.000%	20,399
Western Area Power - Loveland, CO	2,054,674	2,054,674		0.274%	0.279%	0.000%	115,093
Western Area Power Administration - CRSP	2,053,652	2,053,652		0.274%	0.279%	0.000%	115,036
Western Area Power Administration - Sierra Nevada Region	1,324,532	1,324,532		0.177%	0.180%	0.000%	74,194
Western Area Power Administration-Desert Southwest Region	3,225,943	3,225,943		0.431%	0.438%	0.000%	180,702
Western Area Power Administration-Upper Great Plains Region	7,688	7,688		0.001%	0.001%	0.000%	431
Western Area Power Administration-Upper Great Plains Region	391,282	391,282		0.052%	0.053%	0.000%	21,918
Wyoming Municipal Power Agency	280,327	280,327		0.037%	0.038%	0.000%	15,703
Yakama Power	21,718	21,718		0.003%	0.003%	0.000%	1,217
Yampa Valley Electric Association	630,694	630,694		0.084%	0.086%	0.000%	35,328
Yuma Irrigation District	3,112	3,112		0.000%	0.000%	0.000%	174
Yuma-Mesa Irrigation District	175	175		0.000%	0.000%	0.000%	10
	748,962,993	**737,348,098**	**11,614,895**	**100.000%**	**100.000%**	**100.000%**	**41,953,236**
		98.4%	**1.6%**				

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 12

WESTERN INTERCONNECTION REGIONAL ADVISORY BODY

PROPOSED 2015 BUSINESS PLAN AND BUDGET

2015 Business Plan and Budget

Western Interconnection Regional Advisory Body

Approved by:
The Western Interconnection Regional Advisory Body
July 1, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	4.00			
Non-statutory FTEs				
Total FTEs	4.00			
Statutory Expenses	$ 1,013,581			
Non-Statutory Expenses	$ -			
Total Expenses	$ 1,013,581			
Statutory Inc(Dec) in Fixed Assets	$ -			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ -			
Statutory Working Capital Requirement *	$ 45,027			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	$ 45,027			
Total Statutory Funding Requirement	$ 1,058,608			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 1,058,608			
Statutory Funding Assessments	$ 1,058,158			
Non-Statutory Fees	$ -	$ -	$ -	$ -
NEL	866,703,757	735,082,752	120,014,087	11,606,918
NEL%	100.00%	84.81%	13.85%	1.34%

*Refer to Table B-1 on page 30 in Section B.

Organizational Overview

In April 2006, ten Western Governors petitioned to create the Western Interconnection Regional Advisory Body under Section 215(j) of the Federal Power Act. The Governors indicated their interest in inviting all U.S. states, Canadian provinces, and Mexico (which have territory in the Western Interconnection) to join WIRAB.

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued on July 20, 2006 (the "Order")[1], the FERC:

- Granted the Western Governors' petition to establish the Western Interconnection Regional Advisory Body (WIRAB) under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the Electric Reliability Organization (ERO) for review by the ERO and submission through the ERO budget approval process.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the ERO. The Commission instructed WIRAB to develop a budget in a form similar

[1] Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

to that specified for regional entities as set forth in Order 672.[2] The July 20 Order specified that the WIRAB should annually develop and submit to the ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The WIRAB submission also needs to identify the portion of its costs for 215(j) activities that will be funded from Canada and Mexico, and the basis for this allocation.

Membership and Governance

All of the states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the Canadian provinces of Alberta and British Columbia, and Mexico are members of WIRAB. Below is the list of members appointed by the Governor or Premier:

Alberta	David James, Department of Energy
Arizona	Leisa Brug, Governor's Office
British Columbia	Les MacLaren, Ministry of Energy, Mines and Petroleum Resources
California	Janea Scott, California Energy Commission
Colorado	Jeff Ackermann, Colorado Energy Office
Idaho	Marsha Smith, Public Utilities Commission
Mexico	Marcos Valenzuela, CFE
Montana	Jeff Blend, Department of Environmental Quality
Nebraska	Tim Texel, Nebraska Power Review Board
Nevada	Rebecca Wagner, Public Utilities Commission
New Mexico	Vacant
Oregon	John Savage, Public Utility Commission
South Dakota	Brian Rounds, Public Utilities Commission
Texas	Vacant
Utah	Dave Clark, Public Service Commission
Washington	Tony Usibelli, Department of Commerce, Trade and Economic Development
Wyoming	Shawn Reese, Governor's Office

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors and Premiers or their alternates. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB). WIRAB operates under the bylaws of WINB as revised on April 4, 2006. (See organizational chart on page 24.)

[2] Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Statutory Functional Scope

FERC approved the petition of the Western Governors to create WIRAB as a regional advisory body under Section 215(j) of the Federal Power Act.

2015 Key Assumptions

- The Western power marketplace will continue to become more diverse and more complex and will rely on a changing mix of generation sources, creating more reliability challenges.
- There will be an increasing focus on physical and cyber security.
- New technologies and applications provide opportunities to improve the reliability of the Western grid.
- The Western Electricity Coordinating Council (WECC) and Peak Reliability will be in full operation following bifurcation. WIRAB will continue to advise both organizations.
- WIRAB will operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB will meet regularly by conference call and topical webinars, and will hold two in-person meetings in 2015. WIRAB representatives will meet with FERC at its offices once in 2015.
- There will be no significant expansion of FERC, NERC, WECC, or Peak Reliability responsibilities as a result of legislation or administrative actions.
- WIRAB has benefited greatly to date from the work of the State-Provincial Steering Committee (SPSC), which is funded entirely by an American Recovery and Reinvestment Act (ARRA) grant. ARRA funding ends in 2015 and the SPSC likely will disband. To fulfill its mission, WIRAB will need to take on SPSC's reliability-focused activities that can be funded under Section 215(j) of the Federal Power Act.
- State and provincial agency budgets are constrained making travel difficult. Reimbursement of travel costs is necessary to ensure effective state and provincial involvement in reliability issues.

2015 Goals and Key Deliverables

A. Goals

Pursuant to its authority to advise NERC, FERC, WECC and Peak Reliability on whether reliability standards, budgets and fees, governance, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest,[3] WIRAB has established the following system reliability goals and priorities for 2015:

- Rectify shortcomings in grid reliability practices of Balancing Authorities, Transmission Operators and other key registered entities.

- Create high performance organizations at WECC and Peak Reliability. Develop meaningful performance metrics, expand the scope of WECC and Peak Reliability activities necessary to achieve reliability, and ensure adequate, stable funding for both organizations.

- Improve the ability of Western reliability organizations to identify, analyze, and recommend actions to address current and looming reliability challenges.

- Adopt more open and transparent information sharing practices.

- Ensure best practices to maintain physical and cyber security of the grid.

- Maximize the use of synchrophasor technology and other technologies and tools that will improve the reliability of the system.

B. Key Deliverables

To achieve the aforementioned goals and priorities, WIRAB has identified key deliverables and initiatives. The "2015 Initiatives" section further explains WIRAB's priorities for WECC and Peak Reliability. Key deliverables are set forth below and include:

- Offer timely, concise and relevant advice to FERC, NERC, WECC and Peak Reliability that reflects the public interest of Western states, Western provinces, and Mexico and will improve the reliability of the Western Interconnection. Promote consistent, reasoned positions among state, provincial, and Mexican representatives.

[3] The language in Section 215(j) of the Federal Power Act specifically provides for WIRAB's authority to advise NERC, FERC and WECC on these topics. FERC has additionally authorized WIRAB to advise Peak Reliability on these topics: "[D]eference to WIRAB is appropriate here because Peak Reliability funding implicates the following topics listed in FPA section 215(j) on which a Regional Advisory Body may give advice: 'governance of an existing or proposed regional entity … [and] whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest.'" FERC Order on Rehearing, Docket No. EL13-52 et al., P. 46 (Dec. 6, 2013).

- Evaluate Registered Entity, WECC, Peak Reliability, NERC and FERC actions to implement the recommendations from the NERC/FERC inquiry into the September 8, 2011 Pacific Southwest outage – the largest outage in the Western Interconnection since 1996 – and make recommendations, take actions, and work with industry leaders and reliability organizations to promote best practices throughout the Western Interconnection.

- Participate in task forces and conduct research to promote more open data sharing practices.

- Assess the effectiveness and efficiency of WECC and Peak Reliability operations and make recommendations.

- Analyze the reliability impacts of changes to the Western power system such as the growth in distributed generation, demand response, and storage technologies; the increasing reliance on variable solar and wind generation and natural gas generation; the increasing number of coal plant retirements; and the introduction of new technologies.

- Examine the reliability impacts of Western Interconnection reforms such as energy imbalance markets, changes to reserve sharing practices, and congestion management tools.

- Evaluate federal physical and cyber security actions, with a focus on opportunities for states and PUCs to assist in improving the physical and cyber security practices of the Western Interconnection's Registered Entities.

- Conduct regular conference calls, webinars, and in-person meetings of WIRAB and provide opportunities for public comment. Post notice of in-person meetings and meeting recordings to the WIRAB website.

- Organize and sponsor webinars and workshops on key reliability issues for WIRAB members, state and provincial representatives, industry, and others.

I. 2015 Initiatives

To fulfill its goals and priorities, and to provide input to the deliverables identified above, WIRAB has established the following initiatives for 2015:

A. Rectify shortcomings in grid reliability practices at WECC and Peak Reliability

The September 8, 2011 Southwest outage highlighted significant deficiencies in the operation of the Western grid. These shortcomings have been confirmed by: WECC's 2012 and 2013 Operational Practices Surveys of Registered Entities; WECC's "Entity Report Cards" (shared between the WECC CEO and entity CEOs); and by a 2013 report prepared for the SPSC ("Perspectives on Real-Time Grid Operating Technologies to Manage Reliability in the Western Interconnection") regarding the application of new transmission technologies in the Western Interconnection.

Specifically, gaps still exist in Registered Entity operating practices in the Western Interconnection in the following areas: (1) post-contingency mitigation; (2) utilization of real-time tools for Real-Time Contingency Analysis (RTCA); (3) sharing of next-day studies; (4) coordination between neighboring Transmission Operators (TOPs) on seasonal studies; (5) utilization and quality of studies; (6) improvement of the dynamic model; and (7) practice and quality of benchmarking system models. Because poor reliability practices by one company can impact the reliability of other companies and ultimately, undermine the reliability of the entire grid, Peak Reliability's services to Balancing Authorities (BAs) and TOPs in the Western Interconnection will be critical.

In order to rectify these shortcomings, in 2015, WIRAB will:

- Promote actions by Peak Reliability to improve operational practices, maintain central network models and tools, provide services (particularly to smaller Western Interconnection entities), and foster technological innovation in the Western Interconnection.

- Continue examining alternatives to the current fragmented grid operational structure in the Western Interconnection that includes 38 autonomous BAs. Such alternatives include, but are not limited to: geographically-broad BAs; consolidation of functions across multiple BAs or TOPs (e.g., measures such as an energy imbalance market); other alternatives (e.g., Peak Reliability's congestion management tool and energy storage options); and closer operational coordination between Peak Reliability and Registered Entities (e.g., centrally managed models and real-time analysis tools).

- Continue reviewing and providing feedback to WECC on its annual Operational Practices Survey of Registered Entities, as well as its annual State of the Interconnection report. WIRAB's input will continue to encourage WECC to make entity results public, where doing so would not reveal violations of Critical Infrastructure Protection (CIP) reliability standards, but would encourage the adoption of best operating practices by Western Interconnection entities in order to fill gaps in these practices.

- Continue advising Peak Reliability on its ongoing development and implementation of reliability performance metrics. In so doing, WIRAB will encourage Peak Reliability to make the results of its "Reliability Performance Scorecards" (for BAs

and TOPs) public, where doing so would not reveal violations of CIP reliability standards, but would encourage the adoption of best operating practices by Western Interconnection entities in order to fill gaps in these practices.

- Expand the scope of Peak Reliability's services to BAs and TOPs necessary to achieve grid reliability. Although follow-up to the September 8 outage ultimately requires coordination between both WECC and Peak Reliability, Peak is uniquely situated to make improvements to its own models and can best assist its member BAs and TOPs to make their modeling efforts more accurate, through the services it provides. To further encourage this important outage follow-up work by Peak Reliability, in 2015, WIRAB will:

    1. Continue evaluating Peak Reliability's progress in responding to the recommendations from the September 8, 2011 outage report, including important work on the coordination of seasonal studies, coordination of planned outages, and improving situational awareness of sub-100 kV facilities that could potentially impact the reliability of the Bulk Electric System in the Western Interconnection. WIRAB will advise Peak Reliability as needed as this work progresses.

    2. Support Peak Reliability's services to BAs and TOPs, including: (1) the "Hosted Advanced Applications Project" (i.e., the "Idaho Project," where Peak Reliability shares its State Estimator and RTCA results, situational awareness screens, interconnection-wide Network Model and model validation activities, and a platform for conducting and sharing next-day studies with contracting BAs and TOPs); and (2) the "Flow Forecast Tool" (to manage transmission congestion by forecasting transmission flows and minimizing curtailments – currently under development and intended for the Northwest Power Pool MC's Phase 3 effort only). WIRAB will continue to evaluate the success of these tools and will advise Peak Reliability on the value, in terms of improved reliability, of making these tools available to all BAs and TOPs within its footprint.

    3. Work with industry leaders to highlight high-performing organizations and foster best practices.

B. Improve WECC's ability to identify, analyze and recommend actions to address major reliability challenges and participate in the analysis of those challenges

Following bifurcation, WECC serves only the Regional Entity (RE) function in the Western Interconnection (while Peak Reliability serves the RC and Interchange Authority

functions). As the RE, WECC is responsible for enforcing reliable grid operations in the Western Interconnection and, in order to perform this job most effectively, must improve its ability to identify, analyze and address reliability challenges. To accomplish this, WECC will need to maintain or expand its existing analytical staff and build on the successful model of WECC's Transmission Expansion Planning and Policy Committee (TEPPC) for stakeholder-driven, transparent, and credible analyses. WECC should also follow the example NERC has set, by identifying and proposing solutions to these challenges, including solutions that may require follow-up actions by other parties.

In addition, WIRAB will be deeply involved in key reliability assessments. For example, WIRAB's January 2014 request that WECC evaluate the reliability of the grid under two different future generation mixes will be a pilot test of the new organization's ability to identify, analyze and make recommendations on major grid reliability challenges. Specifically, WIRAB has requested that WECC study the reliability of the grid under futures with significantly greater variable energy resources than presently expected and with significantly less coal-fired generation than presently expected. With financial support from the State-Provincial Steering Committee and the Department of Energy, this first-of-a-kind interconnection-wide reliability assessment will generate results in late 2014 and early 2015.

In 2015, WIRAB will be involved in the development of this analysis, will examine the study findings and, as appropriate, provide advice to WECC and Peak Reliability on: (1) needed improvements in future grid reliability assessments; and (2) potential changes in reliability standards or practices at WECC, Peak Reliability, and by Registered Entities necessary to reliably operate the Western Interconnection with significantly different generation mixes than today. WIRAB will also communicate with Western Interconnection states and provinces to keep them apprised as this important work unfolds.

In addition, using information from a study currently underway by the State-Provincial Steering Committee, WIRAB will more closely examine the reliability impacts of distributed generation, as well as the reliability impacts from impending regulations from the Environmental Protection Agency (EPA) restricting carbon emissions from existing power plants. WIRAB will also examine the adequacy of the combined Western natural gas and electricity systems (including the capability of the gas system to fuel power plants needed to meet ramping requirements driven by changes in load and the output of variable energy resources).

Specifically, in 2015, WIRAB will take on the following activities related to this initiative:

- The grid reliability impacts from the deployment of significant amounts of distributed generation (DG) are not well understood. Grid reliability standards are based on the assumption that power flows from the bulk power system into the distribution system to meet a relatively well understood electricity demand. Advances in DG may undermine this traditional assumption that underlies current reliability standards. New reliability standards may be needed so that grid operators have greater visibility

into generation connected into the distribution system. WIRAB will monitor the expected level of deployment of DG in the Western Interconnection and will identify ways to improve two-way communications between the distribution system and bulk power system.

- WIRAB will build upon the findings from the SPSC's consulting project for technical support in evaluating the implications for Western Interconnection states regarding the draft EPA regulations on greenhouse gas emissions from existing power plants (to be released in June 2014, with state plans due by June 30, 2016).

- WIRAB will examine the potential reliability implications to grid operations associated with compliance with EPA's new regulations and will identify how best to avoid or mitigate these risks. WIRAB will also evaluate state and/or regional efforts to develop compliance plans.

- Offer advice to WECC and Peak Reliability on actions needed to reduce electricity outages due to gas supply disruptions.

- Evaluate actions at FERC, NERC, WECC, Peak Reliability, NAESB, and in different regions of the country to improve coordination at the interface of the natural gas and electric industries (e.g., FERC's "Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities" NOPR). WIRAB will offer advice on these actions where it is warranted.

- Examine the impact of new generation technologies on the electric side, including "fast-ramping" gas plants (i.e., "fast starts"), and how such advancements may impact system reliability due to an inability to meet gas deliverability needs.

C. Create a high performance organization at Peak Reliability

Beginning at its Fall 2013 meeting (and before Peak Reliability began formal operations), WIRAB recommended that in order to ensure grid reliability and that it was a high performance organization, Peak Reliability needed to develop performance metrics for its RC function, as well as for its member BAs and TOPs. Once Peak Reliability began operations in February 2014, it started developing metrics. In 2015, WIRAB will:

- Continue to advise Peak Reliability on its ongoing development and implementation of performance metrics for the RC, BAs, and TOPs. In so doing, WIRAB will strive to ensure that Peak Reliability's metrics follow Peak's mission and vision of supporting grid reliability.

- Advise Peak Reliability to make the results of its "Reliability Performance Scorecards" (metrics for BAs and TOPs) public, where doing so would not reveal

violations of CIP reliability standards, but would encourage the adoption of best operating practices by Western Interconnection entities. Peak Reliability already has plans to make the results of its "Reliability Metrics Dashboard" (metrics for the RC) public, and WIRAB will continue to support that effort.

- In order to communicate entity performance effectively with entities, WIRAB will continue to recommend that Peak Reliability's CEO hold one-on-one meetings with the CEOs of BAs and TOPs, in order to review their "Reliability Performance Scorecard" results and to point out specific areas of high performance and low performance, so that entities in the Western Interconnection can continually improve their operational practices.

D. Encourage WECC and Peak Reliability to adopt more open and transparent data sharing practices

One of the recommendations stemming from the joint NERC/FERC inquiry into the September 8, 2011 Pacific Southwest outage was that Western Interconnection BAs and TOPs improve their data sharing practices to enable better coordination in the planning and operations time horizons. Before bifurcation, the Universal Non-Disclosure Agreement (UNDA) effectively accomplished this goal. However, once bifurcation became final in February 2014, Peak Reliability effectively "owned" the UNDA, since it was the RC function that originally entered into the agreement with Western Interconnection BAs and TOPs. As a result, the sharing of operational data between Peak Reliability and WECC (which is critical for TEPPC's important transmission expansion and grid reliability analyses at WECC) has become increasingly difficult. Although efforts are currently underway to obtain consents from UNDA signatories to share this data between WECC and Peak Reliability until the UNDA expires in April 2015, WIRAB still believes more flexible data sharing practices should be adopted at Peak and WECC (i.e., resolving data sharing issues between WECC and Peak Reliability solves only the issue of sharing data between these two entities, but does not address the public sharing of data). WIRAB continues to believe the public sharing of data is critical to enable independent researchers to conduct reliability analyses of the Western Interconnection's grid. As this issue continues to grow in importance, in 2015, WIRAB will:

- Continue to encourage more flexible data sharing practices by WECC and Peak Reliability. WIRAB will examine best practices in other regions of the country and will consider recommendations to WECC and Peak Reliability based on those best practices, in order to change the "culture of secrecy" in the Western Interconnection and to encourage the adoption of more transparent data sharing practices by entities.

- Facilitate actions to improve data sharing practices in the Western Interconnection including, but not limited to: (1) the potential filing of a Petition for Declaratory Order at FERC; (2) WECC exercising its authority under Section 1600 of the NERC Rules of Procedure to secure data from Registered Entities (independent of Peak

Reliability or the UNDA); (3) modifications to the existing UNDA; and/or (4) the development of a new and improved UNDA.

- Closely evaluate the evolution of data sharing practices between WECC and Peak Reliability to improve reliability and minimize costs to consumers. This will involve WIRAB staff participation on WECC's Information Sharing Policy Task Force, as well as the joint WECC-Peak Reliability Data Sharing Task Force, where WIRAB will continue to advocate for improved data sharing practices between WECC and Peak Reliability, and between both organizations and the public.

E. Secure adequate and reliable funding and staffing for Peak Reliability

The RC function in the Western Interconnection has historically struggled with staffing issues – specifically, with staffing the 24/7 shift engineers critical to grid monitoring. This was a concern highlighted by NERC and FERC in their joint September 8, 2011 Pacific Southwest outage investigation, in which the RC function was implicated. In response to the joint recommendations, WECC formed an RC Task Force (RCTF), which released formal recommendations for improving the Western Interconnection's RC function in late 2012. Before bifurcation, WECC began addressing the issues identified in the RCTF's report, including the RC staffing issues. Now that bifurcation is final, Peak Reliability is addressing these critical RC issues and has already made significant progress, with full staffing of shift engineers anticipated by the end of 2015.

WIRAB continues to believe that Section 215 funding is the most reliable and secure funding source for both WECC and Peak Reliability. However, Peak Reliability's bylaws require it to consider alternative funding mechanisms within its first year of operation. Any funding alternative would need to be approved by Peak Reliability's members, Peak Reliability's Board of Directors, and ultimately, FERC. Currently, the Edison Electric Institute is facilitating alternative funding discussions taking place among Class 1 and Class 2 members of Peak Reliability[4].

To ensure adequate staffing and funding for Peak Reliability going forward, in 2015, WIRAB will:

- Continue to assess Peak Reliability's ongoing efforts to respond to the recommendations from the RCTF report, including the hiring of all necessary shift engineers to improve the RC's situational awareness and monitoring, as well as the other non-staffing recommendations from the report (e.g., increasing the capability of Peak's State Estimator by increasing the number of measurements applied to the

[4] There are a total of five "classes" that are members of Peak Reliability (and WECC). States and provinces are Class 5. Class 1 members are defined as "Electric Line of Business Entities owning, controlling, or operating more than one thousand (1,000) circuit miles of transmission lines of 115 kV or higher voltage within the Western Interconnection." Class 2 members are defined as "Electric Line of Business Entities owning, controlling, or operating transmission or distribution lines."

model, resolving discrepancies in the West-Wide System Model and the WECC planning model, and making the best use of synchrophasor data to improve Peak's modeling and monitoring tools). WIRAB will advise Peak Reliability on these efforts as necessary.

- Continue evaluating and offering input on the budgets of both WECC and Peak Reliability. This will include WIRAB advice focused on a need to increase reserves at both organizations in order to adequately "cover" both organizations in the event of large, unforeseen contingencies (including large-scale outages such as the September 8, 2011 outage).

F. Ensure that both Peak Reliability and WECC can effectively identify and disseminate best practices to maintain physical and cyber security of the Western Interconnection

WIRAB supports the identification and dissemination of best practices by both WECC and Peak Reliability. It is WIRAB's position that promoting the adoption of best practices by Registered Entities will be more effective at improving reliability than focusing on the enforcement of mandatory reliability standards alone. Both WECC and Peak Reliability are already working in this area, including WECC's "Entity Report Cards" and Peak's development of entity performance metrics. However, more work remains to be done. To encourage more progress by both WECC and Peak Reliability in the identification and dissemination of best practices to improve grid security and reliability in the Western Interconnection, in 2015, WIRAB will:

- Explore options to current training and audit programs at WECC and Peak Reliability to accelerate the use of best operating practices, including examining successful practices in other regions and industries.

- Continue to review and provide feedback to WECC on its annual Operational Practices survey of Registered Entities and its annual State of the Interconnection report.

- Continue to analyze Peak Reliability's development and implementation of its performance metrics for the RC, BAs, and TOPs, and assess how effectively Peak is using this information to identify and disseminate best practices to its members.

- Advise the CEOs of both Peak Reliability and WECC to continue holding one-on-one meetings with entity CEOs to evaluate individual entity performance and effectively disseminate best practices to the true "decision-makers" for these entities.

- Evaluate the impact of pending federal legislation in the area of physical and cyber security and assess NERC's, WECC's and Peak Reliability's implementation of any newly-enacted federal legislation in this area.

- Assess Western Interconnection Registered Entities' implementation of, and compliance with, the new CIP version 5 standards and host an educational webinar for Western Interconnection states and provinces on the importance of these new standards and how they differ from the CIP version 4 standards.

- Evaluate the impact of NERC's new physical security standard (CIP-014-1) and host an educational webinar for Western Interconnection states and provinces on this new standard and how entities are proposing to comply with the standard.

G. Collaborate with FERC and NERC to Identify Future Grid Reliability Challenges

In 2015, WIRAB will also analyze ongoing work by FERC and NERC that identifies reliability challenges facing North American reliable grid operations– and whether those challenges warrant further examination in the Western Interconnection by WECC and/or Peak Reliability. This work includes, but is not limited to, NERC's "special assessments" (e.g., geomagnetic disturbances, distributed generation performance after a disturbance, and interconnection requirements for variable energy resource integration), and FERC's "technical conferences" (e.g., third party supply of reactive and voltage supply and control). On those topics where WIRAB members show particular interest, WIRAB will host educational webinars for Western Interconnection states and provinces.

WIRAB will also offer advice, as warranted, on important FERC and NERC developments in the area of integrating variable generation and its impacts to grid reliability (e.g., FERC's Order 764 covering 15-minute scheduling, FERC's Order 784 regarding reserve requirements for regulation and frequency response, and NERC's BAL-003 frequency response reliability standard).

H. Other Activities

1. *Risk-based Standards and Entity Registration*

- WIRAB will review NERC's implementation of risk-based standards and risk-based entity registration.

2. *Consistency in Standards and the Sharing of Data Across International Borders*

- WIRAB will foster consistency in standards and the sharing of data across international borders.

3. *Deployment of Advanced Grid Monitoring and Operating Technologies*

- Building upon the Fall 2013 Western Interconnection Transmission Technology Forum, WIRAB will continue to examine why Western Interconnection utilities remain hesitant to adopt new transmission technologies and will identify ways in which to encourage adoption of these technologies going forward.
- This work will build upon the deployment of Phasor Measurement Units (PMUs, or synchrophasors) in the Western Interconnection, and the ongoing development of tools to use synchrophasor data at Peak Reliability.
- This work will focus on real-time practices, tools, and technologies in the areas of: (1) network models; (2) outage management; (3) next-day studies; (4) RTCA tools; and (5) advanced grid monitoring technologies.

4. ***Path Ratings***
   - WIRAB will examine the relationship between WECC's Path Rating and Seasonal Study processes and the implementation of Peak Reliability's methodology for establishing System Operating Limits and Interconnection Reliability Operating Limits.
   - This work will build upon the findings of a project by the State-Provincial Steering Committee examining ways to increase power transfers while improving system reliability. The study findings are expected in late 2014 or early 2015.

II. WIRAB Board Operations

- Hold regular meetings with FERC staff and/or Commissioners.
- Coordinate with WECC and NERC on receipt of revenues to support the 2015 WIRAB budget.
- Develop the 2016 proposed WIRAB business plan and budget.
- Execute annual audit of WIRAB finances.

III. Meetings and Technical Conferences

- Attend all WECC and Peak Reliability Boards of Directors meetings.
- Participate in all WECC and Peak Reliability Member Advisory Committee (MAC) meetings.
- Attend WECC and Peak Reliability committee and subcommittee meetings on germane issues.
- Attend WECC and Peak Reliability workshops on system operations and standards.
- Attend some, but not all, NERC Board meetings and NERC Member Representatives Committee meetings.
- Attend selected NERC meetings and workshops on relevant topics.
- Monitor all FERC business meetings.
- Attend, by webcast or in person, FERC technical conferences on reliability issues.
- Annually visit with FERC in its offices.

IV. WIRAB Educational Seminars and Webinars

- Hold briefings and webinars for WIRAB members and other Western state and provincial officials on reliability issues important to regulatory commissions and energy agencies in the Western Interconnection.

2015 Overview of Cost Impacts

WIRAB's proposed 2015 budget is $1,013,581, a notable increase from the 2014 budget. Total projected FTEs in 2015 are 4. Staffing and indirect costs will increase in 2015 for the following reasons:

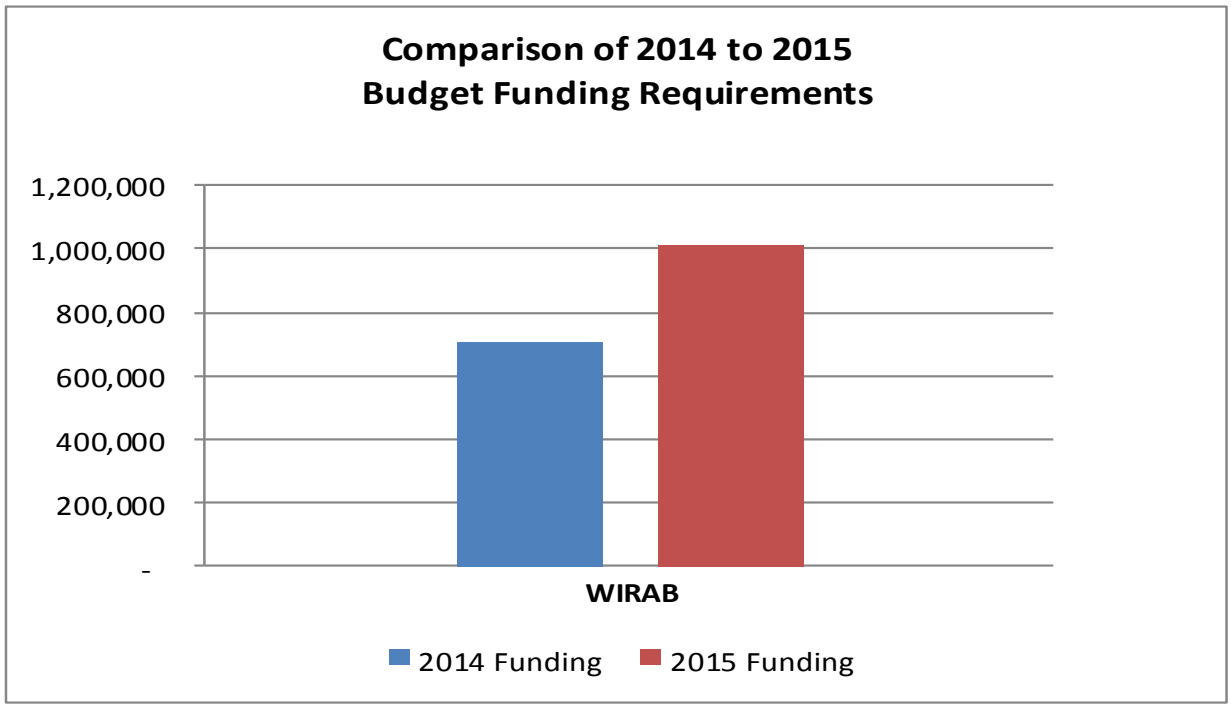
- WIRAB's advice has benefited greatly from the work of the State-Provincial Steering Committee, which is funded entirely by the Department of Energy's ARRA grant. Once its ARRA funding expires in 2015, the SPSC will likely disband. To continue providing well-informed advice, WIRAB will be taking on those reliability-related SPSC activities that should be funded by Section 215(j) of the Federal Power Act.
- WIRAB will be monitoring and offering advice on the activities of two regional organizations – WECC and Peak Reliability – rather than just one organization, as it has in the past.
- Changes that may be initiated by the independent Boards of Directors of WECC and Peak Reliability will require monitoring and evaluation by WIRAB.
- Due to WECC and Peak Reliability having independent Boards of Directors, membership input is now provided through Member Advisory Committees, or MACs, for both organizations. The activities of both MACs will require monitoring and evaluation by WIRAB, as well.
- WIRAB will be delving more deeply into actions that Peak Reliability, WECC and the industry are taking to rectify the deficiencies in grid operations highlighted by the September 8, 2011 Pacific Southwest outage.
- With input from state/provincial energy policy makers and regulators, WIRAB will be considering ways to improve the analysis of the reliability implications of future generation mixes being evaluated by WECC.
- WIRAB will be examining the reliability impacts of reforms to lower the cost of integrating variable energy resources and increase system efficiencies, such as establishment of a California ISO/PacifiCorp energy imbalance market and development of new practices in congestion management (e.g., the Northwest Power Pool MC's Phase 3 initiative).

The budget includes $150,000 for contracting for technical expertise on issues related to improved grid operating practices, standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215(j). Travel costs will increase to $70,700 due to the need for both staff and states/provinces to attend some meetings of both WECC and Peak Reliability. Meeting costs will increase significantly because WIRAB will no longer be able to

rely on meetings of the SPSC to generate input on reliability issues from all state/provincial agencies in the Western Interconnection with electric power responsibilities. To fill this gap, WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection. Wherever feasible, WIRAB meetings will be coordinated with other meetings of Western states and provinces. A working capital reserve of $100,000 will be maintained.

The following diagrams depict changes in WIRAB's 2014 and 2015 budgets:

Base Operating Budget	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Western Interconnection Regional Advisory Body	**703,700**	**703,700**	**1,013,581**	**309,881**	**44.0%**
TOTAL	**703,700**	**709,200**	**1,013,581**	**309,881**	**44.0%**
Working Capital Reserve	(114,792)	(120,292)	45,027	159,819	
Total Funding	**588,908**	**588,908**	**1,058,608**	**469,700**	**79.8%**



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

WIRAB FTE's

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs1 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
STATUTORY						
Operational Programs						
WIRAB	2.75	2.75	4.00		4.00	1.25
Total FTEs Operational Programs	**2.75**	**2.75**	**4.00**	**-**	**4.00**	**1.25**
Administrative Programs						
WIRAB (included in indirect expense	-	-	-		-	-
Total FTEs Administrative Programs	**-**	**-**	**-**	**-**	**-**	**-**
Total FTEs	**2.75**	**2.75**	**4.00**	**-**	**4.00**	**1.25**

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

2014 Budget and Projection and 2015 Budget Comparisons

WIRAB - Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2014 Budget & Projection, and 2015 Budget

STATUTORY

	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	Draft 2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	$ 588,408	$ 588,408	$ -	1,058,158	$ 469,750
Penalty Sanctions	-	-	-	-	-
Total NERC Funding	**$ 588,408**	**$ 588,408**	**$ -**	**$ 1,058,158**	**$ 469,750**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	500	500	$ -	450	$ (50)
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 588,908**	**$ 588,908**	**$ -**	**$ 1,058,608**	**$ 469,700**
Expenses					
Personnel Expenses					
Salaries	$ 260,000	$ 260,000	$ -	$ 387,300	$ 127,300
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ 260,000**	**$ 260,000**	**$ -**	**$ 387,300**	**$ 127,300**
Meeting Expenses					
Meetings	$ 12,000	$ 18,000	$ 6,000	$ 35,320	$ 23,320
Travel	40,000	40,000	$ -	70,700	$ 30,700
Conference Calls	2,500	1,200	$ (1,300)	5,500	$ 3,000
Total Meeting Expenses	**$ 54,500**	**$ 59,200**	**$ 4,700**	**$ 111,520**	**$ 57,020**
Operating Expenses					
Consultants & Contracts	$ 150,000	$ 150,000	$ -	$ 150,000	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ 150,000**	**$ -**
Total Direct Expenses	**$ 464,500**	**$ 469,200**	**$ 4,700**	**$ 648,820**	**$ 184,320**
Indirect Expenses	**$ 239,200**	**$ 240,000**	$ 800	**$ 364,761**	$ 125,561
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 703,700**	**$ 709,200**	**$ 5,500**	**$ 1,013,581**	**$ 309,881**
Change in Assets	**$ (114,792)**	**$ (120,292)**	**$ (5,500)**	**$ 45,027**	**$ 159,819**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Inc(Dec) in Fixed Assets (C)	-	-	-	-	-
TOTAL BUDGET (=B + C)	**$ 703,700**	**$ 709,200**	**$ 5,500**	**$ 1,013,581**	**$ 309,881**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (114,792)**	**$ (120,292)**	**$ (5,500)**	**$ 45,027**	**$ 159,819**
FTEs	2.85	2.85	-	4.00	-

Projections for 2016 – 2017

WIRAB has developed preliminary operating and fixed asset (capital) budget projections for 2016 and 2017. The following assumptions were included in these projections:

- An increase of one FTE to conduct reliability-related work essential to WIRAB's mission that has been funded under a American Recovery and Reinvestment Act (ARRA) grant to the State-Provincial Steering Committee that expires at the end of April 2015.
- An overall personnel expense increase of 3% in 2016 and 2017.
- No increase in consulting services from 2015 levels.
- An increase in travel and meeting expenses to the budgeted levels effective May 2015 (post ARRA grant) and inflationary increases of 5% in meeting and travel expenses in 2016 and 2017.
- No change in working capital that would remain at $100,000.

Based on these assumptions, WIRAB is projecting a 34.7% increase in 2016 and a 3.3 % increase in 2017. This will allow WIRAB to address the following priorities expected in 2016 and 2017:

- Continue WIRAB's focus on measuring, conveying and improving the reliability performance of Registered Entities. Work with WECC, Peak Reliability, and Western industry leaders to pursue actions to raise the level of performance by all Registered Entities.
- Advocate for and participate in robust analyses of the reliability of the Western Interconnection under resource changes, such as coal plant retirements and increasing distributed, natural gas and renewable generation. Participate in WECC reliability analyses of State Implement Plans required by the proposed EPA rule governing greenhouse case emissions from existing power plants.
- Monitor precipitation conditions, and if needed, pursue studies of the reliability implications of an extension of the severe drought in many parts of the West. Analyze the reliability impacts of changing weather conditions throughout the Western Interconnection.
- Monitor progress in implementing physical and cyber security measures and standards.
- Examine the increasing interaction of distribution systems and the bulk power system in the Western Interconnection and determine if new standards or operating procedures are needed. WIRAB's interest is driven by the significant growth of distributed generation in many parts of the West and generation technology trajectories that may accelerate this trend.
- Pursue deployment of new technologies that will improve reliability of the grid, including support for the use of PMU data for monitoring and grid control.
- Examine whether standards and criteria governing transmission path usage in the Western Interconnection should change with the advent of widespread deployment of real-time situational awareness tools such as synchrophasors.

- As necessary, reassess Peak Reliability's performance metrics to determine if the metrics are capturing activities that improve reliability and make recommendations for change.
- Examine the reliability impacts from the implementation of potentially large Energy Imbalance Market(s) in the Western Interconnection.
- Identify looming reliability changes and propose recommendations for ways to address those challenges. Participate in, and determine the effectiveness of the proposed WECC Reliability Assurance Model to identify, analyze and make recommendations on reliability challenges in the Western Interconnection.
- Evaluate the effectiveness and efficiency of WECC and Peak Reliability operations and, as necessary, recommend operational, governance and organizational changes.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2015 Budget & Projected 2016 and 2017 Budgets

	2015 Budget	2016 Projection	$ Change 16 v 15	% Change 16 v 15	2017 Projection	$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
NERC Assessments	$ 1,058,158	$ 1,364,342	$ 306,184	28.94%	$ 1,409,547	$ 45,205	3.2%
Penalty Sanctions			-			-	
Total NERC Funding	**$ 1,058,158**	**$ 1,364,342**	**$ 306,184**	**28.9%**	**$ 1,409,547**	**$ 45,205**	**3.2%**
Membership Dues	-		-			-	
Testing Fees			-			-	
Services & Software			-			-	
Workshops			-			-	
Interest	450	550	100	22.22%	650	100	18.2%
Miscellaneous			-			-	
Total Funding (A)	**$ 1,058,608**	**$ 1,364,892**	**$ 306,284**	**28.9%**	**$ 1,410,197**	**$ 45,305**	**3.3%**
Expenses							
Personnel Expenses							
Salaries	$ 387,300	$ 539,500	$ 152,200	39.3%	$ 555,700	$ 16,200	3.0%
Payroll Taxes			-			-	
Benefits			-			-	
Retirement Costs			-			-	
Total Personnel Expenses	**$ 387,300**	**$ 539,500**	**$ 152,200**	**39.3%**	**$ 555,700**	**$ 16,200**	**3.0%**
Meeting Expenses							
Meetings	$ 35,320	$ 58,000	$ 22,680	64.2%	$ 60,900	2,900	5.0%
Travel	70,700	96,600	25,900	36.6%	101,430	4,830	5.0%
Conference Calls	5,500	8,254	2,754	50.1%	8,667	413	5.0%
Total Meeting Expenses	**$ 111,520**	**$ 162,854**	**$ 51,334**	**46.0%**	**$ 170,997**	**$ 8,143**	**5.0%**
Operating Expenses							
Consultants & Contracts	$ 150,000	$ 150,000	-	0.0%	$ 150,000	-	0.0%
Office Rent			-			-	
Office Costs			-			-	
Professional Services			-			-	
Miscellaneous			-			-	
Depreciation			-			-	
Total Operating Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**0.0%**	**$ 150,000**	**$ -**	**0.0%**
Total Direct Expenses	**$ 648,820**	**$ 852,354**	**$ 203,534**	**31.4%**	**$ 876,697**	**$ 24,343**	**2.9%**
Indirect Expenses	**$ 364,761**	**$ 512,538**	**$ 147,777**	**40.5%**	**$ 533,500**	**$ 20,962**	**4.1%**
Other Non-Operating Expenses			**$ -**			**$ -**	
Total Expenses (B)	**$ 1,013,581**	**$ 1,364,892**	**$ 351,311**	**34.7%**	**$ 1,410,197**	**45,305**	**3.3%**
Change in Assets	**$ 45,027**	**$ -**	**$ (45,027)**	**-100.0%**	**$ -**	**$ -**	
Fixed Assets					-		
Depreciation			$ -			$ -	
Computer & Software CapEx			-			-	
Furniture & Fixtures CapEx			-			-	
Equipment CapEx			-			-	
Leasehold Improvements			-			-	
Allocation of Fixed Assets							
Inc(Dec) in Fixed Assets (C)	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	**#DIV/0!**
TOTAL BUDGET (=B + C)	**$ 1,013,581**	**$ 1,364,892**	**$ 351,311**	**34.7%**	**$ 1,410,197**	**$ 45,305**	**3.3%**

Section A – Statutory Programs
2015 Business Plan and Budget

Section A — 2015 Business Plan

Western Interconnection Regional Advisory Body

WIRAB (in whole dollars)	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	2.75	4.00	1.25
Direct Expenses	$ 464,500	$ 648,820	$ 184,320
Indirect Expenses	$ 239,200	$ 364,761	$ 125,561
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 703,700	$ 1,013,581	$ 309,880

Program Scope and Functional Description

Western governors created WIRAB to provide advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Effective February 12, 2014, WECC bifurcated into WECC and Peak Reliability and FERC has acknowledged WIRAB's authority to advise Peak Reliability on these same issues.[5]

WIRAB meetings are open to all. There are regular meetings via web conferencing and topical webinars. In 2015, there will be two in-person meetings. These meetings are expected to be held in April and October.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Interest income will be $50 lower due to continued low interest rates and a reduction in the carry-over amount.

Personnel Expenses

- Total expenses for salaries will increase from $260,000 to $387,300 due to the hiring of additional staff. Payroll taxes, Benefits, and Retirement Costs are included in Indirect Costs and are detailed in Table B-4 on Page 31.

[5] "[D]eference to WIRAB is appropriate here because Peak Reliability funding implicates the following topics listed in FPA section 215(j) on which a Regional Advisory Body may give advice: 'governance of an existing or proposed regional entity … [and] whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest.'" FERC Order on Rehearing, Docket No. EL13-52 et al., P. 46 (Dec. 6, 2013).

Meeting Expenses

- Travel costs will increase by $30,700 due to increased state/provincial and staff travel. There will be two major WIRAB meetings per year, additional travel to WECC and Peak Reliability Board meetings and Member Advisory Committee meetings, and NERC and FERC meetings.
- Meeting expenses will increase by $23,320. There will be at least two major meetings in 2015. Additionally, meeting costs (including costs for audio-visual, meeting room internet access, and meeting room rental) will increase. These meetings will be central to the development of well-informed WIRAB advice that reflects the collective judgment of state and provincial electric power experts on actions that FERC, NERC, WECC and Peak Reliability should take to support improved grid reliability and that are just, reasonable, not unduly discriminatory or preferential, and in the public interest.
- Conference call expenses will increase by $3,000 due to an increasing need to hold conference calls and webinars on critical issues between WIRAB meetings.

Operating Expenses

- The budget includes $150,000 (no change) for contracting for technical expertise on issues related to standards and compliance. This expertise will help WIRAB prepare technically-sound advice under Section 215(j).

Indirect Expenses

- Indirect expenses are based on direct labor expenses. Due to additional staffing for WIRAB in 2015, labor expenses will increase by 49 percent. This has a direct impact on total indirect expenses. Indirect expenses will increase by 52 percent. The indirect rate includes all office expenses such as rent, phone, internet and supplies, as well as all personnel expenses other than direct salaries, such as payroll taxes, benefits, retirement, and vacation, sick and holiday leave. We know rent/phone/internet will increase in 2015. There will also be increases in payroll taxes and benefits. Therefore, indirect expenses are estimated to increase by 52 percent. If the actual increase is lower, then indirect rate will also be lower.

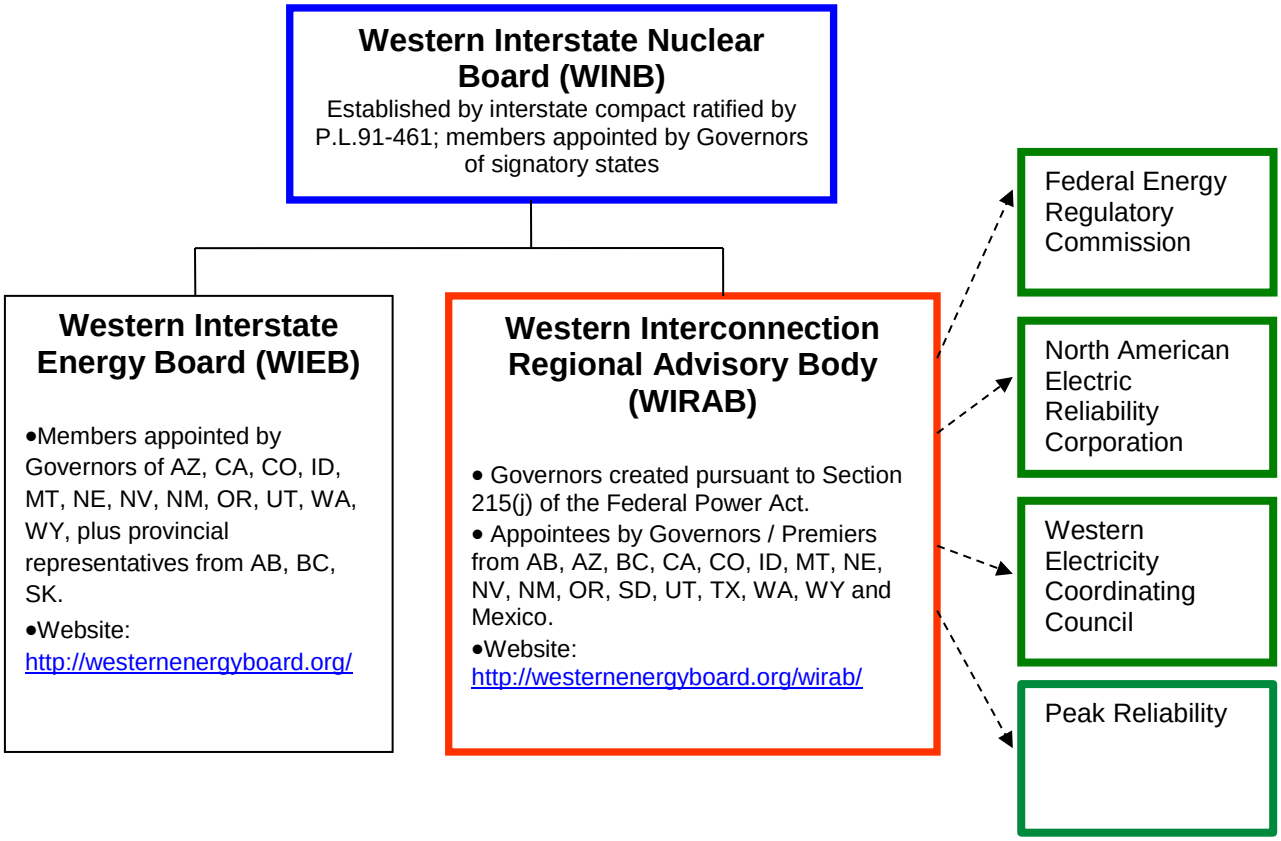
Other Non-Operating Expenses

- None

Fixed Asset Additions

- None

2015 Organizational Chart



Section B – Supplemental Financial Information

2015 Business Plan and Budget

Section B — Supplemental Financial Information
Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015		
STATUTORY		
Beginning Working Capital Reserve (Deficit), December 31, 2013		169,765
Plus: 2014 Funding (from LSEs or designees)		588,408
Plus: 2014 Other funding sources		500
Less: 2014 Projected expenses & capital expenditures		(703,700)
Projected Working Capital Reserve (Deficit), December 31, 2013		**54,973**
Desired Working Capital Reserve, December 31, 2015	[1]	100,000
Minus: Projected Working Capital Reserve, December 31, 2014		54,973
Increase(decrease) in funding requirement to achieve Working Capital Reserve		45,027
2015 Expenses and Capital Expenditures		1,013,581
Less: Penalty Sanctions	[2]	0
Less: Other Funding Sources		(450)
Adjustment to achieve desired Working Capital Reserve		45,027
2015 NERC Assessment		1,058,158

[1] On June 29, 2009 WIRAB membera approved a desired working capital reserve of $100,000
The reserve consists of the following components: $100,000 for contingencies

[2] Penalty sanctions are not applicable to WIRAB

Explanation of Changes in Reserve Policy from Prior Years

None

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, of the 2015 WIRAB Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Not applicable to WIRAB

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Total Salaries	$ 260,000	$ 260,000	$ 387,300	$ 127,300	49.0%
Total Payroll Taxes	-	-	-	-	
Total Benefits	-	-	-	-	
Total Retirement	-	-	-	-	
Total Personnel Costs	$ 260,000	$ 260,000	$ 387,300	$ 127,300	49.0%
FTEs	2.85	2.80	4.00	1.15	40.4%
Cost per FTE					
Salaries	$ 91,228	$ 92,857	$ 96,825	5,597	6.1%
Payroll Taxes	7,207	7,336	7,649	442	6.1%
Benefits	9,488	9,657	10,070	582	6.1%
Retirement	6,842	6,964	7,262	420	6.1%
Total Cost per FTE	**$ 114,765**	**$ 116,814**	**$ 121,806**	**$ 7,041**	**6.1%**

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

With the bifurcation of WECC, there is increased workload for WIRAB in terms of monitoring and advising WECC and Peak Reliability. There will be additional staff hired to work on WIRAB issues. Additionally, due to the expiration of ARRA funding in April 2015 for the SPSC's important work (which has historically provided input into WIRAB's advice under Section 215(j) of the Federal Power Act to NERC, FERC, and WECC), there will be a need for WIRAB to take over SPSC's reliability-focused activities post-April 2015.

Consultants and Contracts

WIRAB is budgeting $150,000 for consultants and contracts in 2015, the same amount as in 2014. WIRAB will acquire technical consulting services related to deficiencies and best practices in operation of the grid by Generator Owners, Generator Operators, Transmission Operators, Balancing Authorities, and the Reliability Coordinator.

Section C – Non-Statutory Activities

2015 Business Plan and Budget

Section C — 2015 Non-Statutory Business Plan and Budget

None

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget

Section D

2014 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Financial Position

	As of December 31, 2013 (per July 2012 - June 2013 audit)	As of December 31, 2014, projected	As of December 2015, as budgeted
ASSETS			
Cash and Investments	$ 169,765	$ 100,000	$ 100,000
Total Assets	$ 169,765	$ 100,000	$ 100,000

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 13

DISCUSSION OF COMMENTS RECEIVED

DURING DEVELOPMENT OF NERC'S

2015 BUSINESS PLAN AND BUDGET

ATTACHMENT 13

DISCUSSION OF COMMENTS RECEIVED DURING DEVELOPMENT OF NERC'S 2015 BUSINESS PLAN AND BUDGET

During the preparation of its 2015 Business Plan and Budget, NERC posted several drafts on its website for stakeholder review and comment. Formal comments were solicited on the first and second drafts. The final draft was posted as part of the agenda for the open Finance and Audit Committee meeting, during which an opportunity for comments from stakeholders was provided. In addition, the NERC Board of Trustees invited stakeholders to provide policy input on the 2014 Business Plan and Budget. Copies of the comments and policy input received were posted on NERC's website.[1]

Comments on Draft #1 of the NERC Business Plan and Budget were received from Edison Electric Institute ("EEI"), the Canadian Electricity Association ("CEA"), the National Rural Electric Cooperative Association, the Northwest Public Power Association, and (jointly) the American Public Power Association, the Large Public Power Council and the Transmission Access Policy Study Group. Comments on Draft #2 of the NERC Business Plan and Budget were received from EEI and the CEA. NERC regarded these comments as generally supportive, although commenters raised some specific issues and questions. As NERC considered participation in the Cyber Risk Information Sharing Program, the comments included questions about the impacts of and funding for CRISP. NERC addressed the comments and questions in its final Business Plan and Budget, as well as during the webinar presentation associated with the posting of Draft #2 of its Business Plan and Budget and during the final presentation of its recommended Business Plan and Budget before the NERC Finance and Audit Committee at its open August 13, 2014 meeting.

During the February 2014 meetings of the NERC Member Representatives Committee and Board of Trustees, management indicated it would be developing and posting an Accountability Matrix to track stakeholder recommendations and policy input, as well as management's actions and response to this input. The Accountability Matrix is posted on NERC's Website on the Business Plan and Budget page[2] and will be updated on a quarterly basis. The remainder of this Attachment 13 is the most recently-updated version of the Accountability Matrix, updated as of August 12, 2014. It shows NERC's responses and action items to the stakeholder comments received on Draft #1 and Draft #2 of the 2015 Business Plan and Budget, as well as NERC's responses and action items to policy input received from stakeholders.

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[1] Copies of the comments received on the posted drafts of the 2015 Business Plan and Budget are available at: http://www.nerc.com/gov/bot/FINANCE/Pages/2015NERCBusinessPlanandBudget.aspx. The policy input received is available at: http://www.nerc.com/gov/bot/Pages/Agenda-Highlights-and-Minutes-.aspx.

[2] Available at: http://www.nerc.com/gov/bot/Documents/2014%20Stakeholder%20Input%20Matrix%20Tracking_August_2014.pdf.

ERO Enterprise Strategic Plan, 2014-2017

Goal 5: *Improve transparency, consistency, quality, and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost-effectiveness.*

Objective 5a – The ERO acts in a coordinated and collaborative manner with stakeholders.

Key deliverable – Maintain a list of suggestions and recommendations made by stakeholders (e.g., through policy input) and ERO responses to each.

Strategic and Business Planning Input

Entity / Stakeholder (Date)		Stakeholder Comment (Abridged version)	Action/Response and Notes
CEA	Business Plan & Budget (Draft 2 comments)	CEA recommends that, where NERC management makes trade-offs or conducts prioritization exercises to help mitigate the impact of new initiatives or requirements, NERC provide greater disclosure of the risks considered, the business impacts, and quantitative impacts of the options considered.	NERC will take this into consideration in the development of the 2016 BP&B.
		For purposes of future budget cycles, CEA recommends that NERC publish projected entity assessments so they are available to entities and can assist in informing comments on the draft budget.	Providing assessment information on an individual load serving entity basis earlier will require that NERC receive updated NEL data from the Regional Entities earlier and this will be difficult given timing of business plan and budget cycle.
		CEA agrees that this sharing formula may need to be refined based on experience and participation, and would support discussion to this effect as part of the 2016 budget cycle. Moreover, with the CRISP budget for the ES-ISAC appearing to assume a certain number of program participants, CEA believes that any funding shortfall risk related to subcontracting or other relevant costs should not be borne by NERC.	The contracts which are being negotiated take this into consideration. NERC will not be in a position of taking the risk of future utility participation.
		CEA recommends that NERC develop projections of ongoing CRISP-related costs, and provide these in the final draft of the 2015 budget.	NERC has included a discussion of the CRISP projections in the final draft of the 2015 BP&B.
		As the 2015 budget is finalized, CEA respectfully recommends that NERC examine options for efficiencies or trade-offs to offset cost impacts associated with CRISP.	NERC undertook this examination in arriving at the proposal for limited CRISP funding through assessments.
CEA	Business Plan & Budget (Draft 1 comments)	Concerned about facing an assessment increase of a substantial margin. Looks for greater stability in NERC assessments.	Considerable efforts were undertaken by NERC and the Regional Entities to minimize assessment impacts. An initiative is also being launched to stabilize assessments and reduce the swings experienced by the industry from year to year.

		The absence of 2016 and 2017 projections makes it difficult to assess whether NERC's proposed resource needs are isolated to 2015 or reflect a longer-term direction towards a steady state in NERC funding requirements.	The information provided in the updated version of the composite budget will include projections for 16-17, reflecting ongoing budget stabilization initiatives.
		Would appreciate demonstration of reprioritization of existing NERC initiatives to accommodate high-priority reliability risk projects, relative to priority level.	The BP&B identifies current priorities, including those identified through various stakeholder processes, rather than the work that has been deferred or curtailed.
		Encourages identifying activities that can be deferred – reflecting a maturation in NERC's prioritization process and further clarifying which NERC activities are core priorities and which are lesser ones.	This budget reflects conscious decisions to defer or delay action on certain Program Area activities to balance resource demand and available resources within budget constraints.
		Prefers to see NERC weigh the additional costs for ES-ISAC activity (in terms of CRISP deployment and physical separation of the ES-ISAC) against other expenses and make the difficult judgment call as to which take precedence and which can be deferred.	NERC's Finance and Audit Committee and Board of Trustees will consider this and all information, together with feedback from stakeholders, in connection with the review and approval of NERC's 2015 business plan and budget. Given the significance of this undertaking and the special funding arrangements being proposed, this information is being presented as a separate addendum to the July 15, 2014 business plan and budget rather than being directly incorporated into the July 15, 2014 updated draft of NERC's 2015 business plan and budget which is being posted contemporaneously with the posting of this addendum.
		Typo on page 4, under "International Relations." Standards are approved in Alberta in accordance with the Transmission Regulation (not Transportation Regulation).	Corrected in final draft.
EEI	Business Plan & Budget (Draft 1 comments)	Suggests NERC consider removing Right-of-Way Clearances and 345kV Breaker Failures from the "High Priority" Project list or acknowledge the improvements made by the Industry in these areas.	These items are 'monitoring' items, to ascertain the effectiveness of the reliability actions put in place, recognize the extensive industry response well along the way to sustainable posture.

		Questions whether alignment between registration and the newly approved BES Definition should really be identified as a "High Priority" since we are unaware of any imminent risks associated with entity registration.	RBR is focused on ensuring that registered entities are appropriately registered and assigned the proper set of standards to ensure reliability. RBR is complementary to, and aligned with, the BES Definition. Ensuring effectiveness and efficiencies in program areas and driving consistent application throughout the ERO Enterprise are properly high priorities for the ERO Enterprise. As the RBR work continues, we will ensure that we articulate the relationship with the BES Definition.
NRECA	Business Plan & Budget (Draft 1 comments)	Requests that the BP&B clearly state that all entities which have signed up for ES-ISAC portal access, not only NERC registered entities, will receive and have access to CRISP and other security information and analysis at no additional cost above the net energy for load assessment.	Final draft of BP&B makes clear that ES-ISAC registered users will have access to CRISP derived data.
		Requests that NERC clarify who is an ES-ISAC member (any entity who signs up and is approved for ES-ISAC portal access). In the third line of the "Secure Bidirectional Communications" section, NRECA requests that "registered entities" be replaced with "ES-ISAC members" as NRECA understands the term.	Corrected in final draft.
APPA/LPPC/ TAPS	Business Plan & Budget (Draft 1 comments)	Encourage NERC to consider developing a policy and accounting methods to normalize the impact of extraordinary revenue and expense items that exceed some threshold. In particular, penalty revenues received in a particular year may have an outsized impact on NERC and Regional Entity assessments, by reducing assessments in one year, only to have such assessments balloon upward in the next year as those credits disappear and expenses increase.	NERC and the regional entities are working on policies to stabilize assessments to industry and reduce the swings currently experienced. This has been discussed on recent Finance and Audit Committee Calls and will continue to be a focus.
NWPPA	Business Plan & Budget (Draft 1 comments)	Encourage NERC to consider developing a policy and accounting methods to normalize the impact of extraordinary revenue and expense items that exceed predetermined threshold criteria. In particular, penalty revenues received in a particular year may have an outsized impact on NERC and Regional Entity assessments, by reducing assessments in one year, only to have such assessments balloon upward in the next year as those credits disappear and expenses increase. Spreading such revenues over a multi-year period may make more sense for load-serving entity budgeting purposes and provide better transparency at the RE level.	NERC and the regional entities are working on policies to stabilize assessments to industry and reduce the swings currently experienced. This has been discussed on recent Finance and Audit Committee Calls and will continue to be a focus.
		NWPPA supports the efforts of NERC exploring the various options to share sensitive information with the utility industry. NWPPA also supports NERC as the focal point for the collection and sharing of this sensitive data with the utility community. While we are supportive of the concept, these types of efforts can easily become expansive and expensive. NERC needs to evaluate each approach for collecting and sharing of sensitive data for reasonableness and cost effectiveness, as ultimately the costs will be borne by the utilities in the respective Regions.	ES-ISAC is reviewing the classification and categorization of information that will inform how NERC gathers information and makes it available to industry.

CEA (April 2014)	Business Plan & Budget (ES-ISAC)	Requests clarity regarding the alternative voluntary funding for ES-ISAC: • What are the reliability benefits of the expanded capability? • Are there questions/ concerns regarding fair allocation of costs under the ES-ISAC's funding structure? • Is there a risk of establishing a precedent for seeking outside, voluntary funding for an activity under NERC's statutory functions? • How will NERC ensure registrants do not unfairly subsidize the expanded activities where other entities derive a benefit? • Do all of the separate pieces of the proposal have to be covered under new, supplemental outside funding? Suggests drawing on NERC reserves to cover a portion of these expenses. • What decision-making mechanisms has NERC implemented to guide the transition towards an alternate funding mechanism? • How do the estimated expenses associated with supplemental ES-ISAC funding fit into the overall ERO budget?	See draft 2 and final draft of the Business Plan and Budget.
		Imperative for the debate around the ES-ISAC's existing funding and governance structure be settled before committing to additional funding for expanded ES-ISAC capabilities and operations.	Funding and governance structure addressed in the Business Plan and Budget.
	NERC Five-Year Performance Assessment	Requests including more detail around, or basic acknowledgment of, growth in NERC's budget, stakeholders' enduring concerns and NERC's plans to control costs going forward in the five-year assessment.	Annual business plans and budgets and presentations have reflected and will continue to reflect ongoing efforts to control costs.
EEI (April 2014)	Business Plan & Budget (ES-ISAC)	Propose additional stakeholder outreach regarding ES-ISAC's proposed 2015 budget, including a breakdown of scope of work, costs and timing, for its role in CRISP to help inform and expedite the funding approach suggested.	See draft 2 of the Business Plan and Budget.
IRC (April 2014)	Business Plan & Budget	Need more information with respect to how the alternative funding mechanism, to support expanded security capabilities, relates to the overall NERC fee structure and the risk of unfunded mandates.	See draft 2 of the Business Plan and Budget.
NPCC (April 2014)	Business Plan & Budget	Recommends that the NERC 2015 Business Plan include descriptions of NERC's oversight role to provide better certainty to performance metrics and that NERC include the projected resource impacts to registered entities of proposed initiatives in its annual business plans.	NERC's oversight role is explained in a number of areas throughout the BP&B. Additional detail for the oversight program will be developed as part of implementation of the ERO enterprise operating model action items. Work to assess projected resource impacts on registered entities is ongoing.
		Recommends that the sharing of security information be funded within the NERC budget.	To be considered by NERC management in the development of the 2nd draft of the 2015 BP&B.
NRECA (April 2014)	Business Plan & Budget (ES-ISAC)	Requests clarification that the alternative funding mechanism for expanded security capabilities is not a pay to play arrangement. Information gained with any new capabilities should be shared with all industry participants regardless of whether financial support is provided.	Addressed in the 2nd draft and final postsing of the 2015 BP&B.

Sector 4 (April 2014)	Business Plan & Budget (ES-ISAC)	Requests further investigation into the feasibility of ES-ISAC participation in the CFM and CRISP programs, and to share with stakeholder's probable costs and benefits at a future date.	Addressed in the 2nd draft and final postsing of the 2015 BP&B.
		If voluntary funding is pursued, requests that NERC guarantee that no entity could buy a benefit for itself.	Addressed in the 2nd draft and final postsing of the 2015 BP&B.
Sector 12 (April 2014)	Business Plan & Budget	Requests further update regarding efforts in 2014 relative to cost-benefit tools incorporated into NERC activities, including the status of the CEAP project. • Concerned that some of the expedited standard setting processes in play right now will shift focus away from this important initiative to quantify the impact of NERC standards.	The BP&B describes the development of a two-phased Cost Effective Analysis Process (CEAP) to ensure that the standards development process produces standards that cost-effectively address reliability gaps. The first phase of the CEAP is implemented during the Standards Authorization Request (SAR) stage to determine the cost impact of a proposed standard and whether it will meet or exceed an adequate level of reliability. The second phase is completed later in the standard development process to determine cost effectiveness of the proposed approach and offer the industry an opportunity to identify more cost efficient solutions. NERC and the Standards Committee are now reviewing the results of the pilot effort determining the usefulness of this approach, and enhancements needed towards measuring potential benefits from Reliability Standards. A CEAP team, comprised of NERC Standards Committee and Standards Committee Process Subcommittee members, along with industry and NERC staff, continue to participate in the CEAP to promote information sharing and consensus and alleviate concerns regarding cost and effectiveness.
SERC (April 2014)	Business Plan & Budget (ES-ISAC)	Recommends that the ES-ISAC be required to present a robust business plan that ensures goals are sustainably deliverable.	See draft 2 of the Business Plan and Budget.
SM-TDUs (April 2014)	Business Plan & Budget (ES-ISAC)	Expanded funding should be included within NERC's section 215 Business Plan and Budget and annual assessments to load-serving entities.	Addressed in the 2nd draft and final posting of the 2015 BP&B.
		If and when NERC or the ES-ISAC undertakes analytical projects that do not provide broad benefits to the electricity sector as a whole, those costs should be directly assigned to the beneficiaries, with the revenues received credited to NERC's operating reserves, thereby reducing next year's NERC budget assessment on load-serving entities.	See draft 2 and final draft of the Business Plan and Budget.

CEA (Jan 2014)	Business Plan & Budget	Goal 4: Determine if there can be a deliverable to identify and develop a suite of tools to address reliability issues (as alternatives to standards).	Under consideration by NERC management and referred to RISC and standing committees for input.
		Goal 5: Recognize the obligations to all applicable governmental authorities and modify to indicate "all applicable authorities".	Agreed. Processes are in place to coordinate with both US and Canadian government authorities.
	Strategic Plan	Requests that NERC present # of new or modified standards to NERC BOT for approval.	Addressed in the standards development plan.
EEI (Jan 2014)	Business Plan & Budget	Include a strategic internal management goal with clear accountability of goals and objectives, deliverables and meaningful metrics.	Already in place with integration of NERC metrics to NERC performance management system.
	Business Plan & Budget	Map existing program area plans and processes to strategic plan. Specifically, how NERC's plan complements or conflicts with the standards development work plan or the RISC's proposal to address reliability issues.	NERC's priorities for the standards review process are addressed on an ongoing basis and reflected in the Reliability Standards Development Plan developed in collaboration with the Standards Committee. RISC coordination is ongoing in 2014 and will be reflected in plans for 2015.
	Business Plan & Budget	Align various metrics with goals and deliverables. • Set clear and measurable metrics for regulatory outreach and advocacy.	Regulatory outreach and advocacy are embedded in our normal work processes and aligned with key initiatives. Consideration to specific metrics for this area will be given for future years.
SM-TDUs (Jan 2014)	Business Plan & Budget	Define measures by which the Regional Entities and NERC will evaluate entity risk (as part of RAI).	Will be addressed in the ongoing implementation and development of RAI.
NRECA (Jan 2014)	Business Plan & Budget	Recommend replacing BPS with BES throughout the plan	Adopted. NERC updated the Board approved (Feb 6) Strategic Plan replacing BPS throughout.
		Goal 1: Include the SC role and focus on retiring standards and requirements that are not needed to support BES reliability.	The Standards Committee's role in the standards review process will be addressed as part of developing the long term quality review process.
		Goal 2: Include deliverable to add a deregistration process for currently registered entities that have a change. Also add a deliverable that requires development of a single document/resource that describes RAI.	Adopted. NERC updated the Board approved (Feb 6) Strategic Plan adding deregistration.
		Goal 4: Add SC responsibilities.	Standards Committee's responsibilities in the standards development process will be addressed on an ongoing basis.
	Strategic Plan	Consider the challenges of too many initiatives in play at any one time and focus on doing less, better.	Agree and will continue to work with stakeholders to pace initiatives.
EPSA (Jan 2014)	Business Plan & Budget	Combine metric 1 and 2. These metrics seem interrelated as to not represent two different metrics to score and evaluate.	Not adopted. Metric 1 measures the effectiveness of the ERO Enterprise to influence reliability overall as measured by the frequency and severity of events. Metric 2 focuses on conducting analysis of severe

			events to assess whether there are gaps in reliability standards as currently in force or compliance monitoring on the part on the ERO. Both metrics are focused on accountability of the ERO Enterprise to influence reliability and reduce the occurrence of severe events.
ELCON (Jan 2014)	Business Plan & Budget	Encourage specific metrics to allow the measurement of: • Maintain a list of suggestions made by stakeholders and ERO responses • Engage expertise of stakeholders in reliability initiatives • Implement collaborative governance (ERO and Regions) bound by consensus	1. Not appropriate for a "metric," but we agree conceptually. 2. Not appropriate for a "metric," but engagement of industry expertise and stakeholders is an essential component of the ERO mission. 3. Not appropriate for a "metric," but that governance exists in the form of the ERO EMG, which is comprised of the CEOs of all nine entities.
Standards Committee, Brian Murphy (Jan 2014)	Business Plan & Budget	Goal 1: Revise to align with the RSDP and SC's work plan (refer to policy input attachment)	Adopted.
NPCC (Jan 2014)	Business Plan & Budget	Recommends the implementation of the registration framework and criteria be advanced to 2015 to better align with the implementation of the BES definition.	To be considered during the registration initiative project and will be reflected in the development of the 2015 BP&B if time permits.
	RRM	Recommends prioritization be given to the development of a secure portal to enable confidential sharing of post-event report.	The portal is in place as is the process for vetting and gaining permission from entities.
	List of approved risk projects for metric 3	Limit any risk project related to resource adequacy assessments of the reliability impacts of planned resource capacity and projected reserve margins.	That is the intent of that RISC identified project. Resource adequacy was not selected as a major 2014 risk project for the ERO Enterprise. Will be considered in future updates to the risk projects.
SERC (Jan 2014)	Business Plan & Budget	Encourages ERO Enterprise to conduct a clean slate review of the strategic plan's content with a particular focus beyond the current 3 year horizon.	To be discussed with ERO EMG.
		Encourages further coordination of processes and timelines for "feeder" activities which are significant inputs into the business planning processes (RISC, LTRA, etc.).	Will be addressed in ongoing improvement to BP&B process between NERC and the Regional Entities.
MRC BP&B Input Group (Jan 2014)	Business Plan & Budget	Add important MRC meeting and conference call dates to BP&B schedule.	NERC staff updated BP&B schedule prior to the Jan 30 Finance and Audit Committee meeting to reflect this input.

EEI (Jan 2014)	Business Plan & Budget	Describe/ address budget and cost management, coordination among the core operational areas and duplicative activities among the Regions. • Consider cost-benefit analysis, similar to Standards, to help inform decision-making and determine priorities for limited resources.	Reviewed in the context of the annual BP&B process.
Sector 4 (Jan 2014)	Business Plan & Budget	Consider cost impacts to industry. There are mounting pressures to manage costs and minimize rate impacts to customers. NERC must ensure resources are spent appropriately.	Reviewed in the context of the annual BP&B process.
ELCON (Jan 2014)	Business Plan & Budget	Specific "IT solution" benefits to Registered Entities should be quantified through cost savings in dollars. Strongly encourages restraint in the amount that will be proposed and recommends keeping the amount level if not reduced.	Reviewed in the context of the annual BP&B process.
IRC ISO/RTO (Jan 2014)	2014 Metrics	Consider developing a structured approach and metrics for exploring and applying alternative approaches to standards Work with the RISC on an approach that expands on the suite of tools.	Under consideration by NERC management and referred to RISC and standing committees for input. NERC uses various forms to address reliability issues: RISC, technical committees, and staff analysis. NERC has a suite of tools at its disposal to address reliability issues when identified to include, but not limited to, technical committee guidelines, NERC advisories and alerts, webinars, training, lessons learned, and various reliability assessments.
NPCC (Jan 2014)	Business Plan & Budget	Identify "benefits" associated with standards to provide more information surrounding standards' costs vs. benefits.	Efforts are underway to consider cost benefit in the standards development process.
Texas RE (Jan 2014)	Business Plan & Budget	Requests there be additional clarity and transparency regarding amounts that the Regional Entities will be expected to expend to support specific enterprise efforts. • If particular ERO-level projects are required the amounts should be identified and incorporated into the Regional Entities' budgets.	Addressed through the coordination and development of the NERC and Regional Entities BP&Bs.
SERC (Jan 2014)	Business Plan & Budget	Resource needs and budgets should reflect the stable nature of the enterprise. Effectiveness parameters, including cost, should be established for ERO activities.	Addressed through the coordination and development of the NERC and Regional Entities BP&Bs.
RISC (Jan 2014)	Business Plan & Budget	Encourages the inclusion of more explicit focus on reliability risk management and RISC's priority recommendations in the BP&B.	RISC intends to produce its next recommendations in February 2015 for the 2016 BP&B.

Other Input – Related to ERO Enterprise Activities and Priorities

Entity / Stakeholder (Date)		**Stakeholder Comment (Abridged version)**	**Action/Response and Notes**

CEA (April 2014)	RSAW Review and Revision Process	Requests clarification in subsequent refinements to the draft RSAW process: • An RSAW should not change the scope or intent of a standard. Delete the word "material". • Clarify that RSAW changes cannot increase compliance requirements. • Provide examples of what is deemed to be a "substantive" revision. • Provide some type of implementation schedule. • Provide justification if SOTC chair of full SOTC determines no action is required for the remaining comments submitted to them for review. Identify an appeal process beyond the SOTC for entities which feel that their comments or concerns have not been adequately addressed by either the SOTC Chair or the full SOTC.	The final version of the process has been revised to: • Remove the terms material and substantive. • Clarify the wording around changes increasing compliance requirements. • Allow for an implementation schedule. • Include a requirement for the SOTC chair to notify industry the status of his/her review and for NERC to post a summary of the SOTC's determination. Final version is being implemented by NERC's Compliance Operations.
	Risk-Based Registration Initiative	Requests the Preface of the Risk-Based Registration Whitepaper reference the authority of Canadian jurisdictions to provide entity registration/ oversight.	The current draft design framework recognizes Applicable Governmental Authority jurisdiction, including the U.S. and Canada.
		Any option to revise standards should be coordinated with existing standards revision efforts, wherever possible.	To the extent that Reliability Standards need to be revised as a result of the design framework, this will be addressed in the detailed implementation plan and reflected in the Reliability Standard Development process.
EEI (April 2014)	Risk-Based Registration Initiative	Urges the Board to ensure that any new registration process avoids developing into another costly and opaque bureaucracy.	The new registration process is expected to be more efficient and effective and to reduce undue burdens for all reliability stakeholders.
	RSAW Review and Revision Process	Urges NERC to continue seeking processes and methods that provide companies with clear compliance guidance and stresses the importance for NERC to make sure that RSAWs not inadvertently change FERC-approved requirements, and, once approved, that RSAW documents not receive any further editorial treatment outside the RSAW process.	The new RSAW process will provide a platform for industry comment and enhancement. Additionally, using the CIP V5 transition as a template, NERC is looking to further improve guidance to support both transition and implementation of new standards.
	CIP V5 Implementation	Urges NERC to begin a focused discussion aimed at developing a complete set of guidance materials by no later than August 2014.	NERC is developing these plans and materials.
		Urges NERC to develop, communicate, and execute a single plan for CIP V5 guidance materials as an urgent priority.	NERC is developing these plans and materials.
ELCON (April 2014)	Risk-Based Registration Initiative	Seeks clarification on the important point that the RBR initiative should focus on reducing unnecessary registrations as a threshold matter, as well as on reducing the compliance scope for entities that are registered but should not be subject to the full GO/GOP or TO/TOP requirements.	RBR is focused on ensuring that registered entities are appropriately registered and assigned the proper set of standards to ensure reliability. RBR further drives consistent application throughout the ERO Enterprise.
		Suggests that risk-based registration allow behind-the-meter generators to exceed the thresholds if such sales are deemed to be free of any negative impacts to reliability.	The proposal is reflected in the current draft of the design document.

		Suggests that the compliance burden of the small entities could be further reduced by having different audit schedules (as part of the RAI).	RAI considers size, nature and location of entities, among other factors, in determining the duration and scope of an audit.
	RSAW Review and Revision Process	Additional steps should be mandatory when feedback from an industry stakeholder established that the modification is inconsistent with the scope or intent of the standard. Evidence of such inconsistency should be more than mere opinion and in the event that the industry stakeholder's position is rejected, the ERO Enterprise should issue a written response so that, if appropriate, the decision can be appealed.	A requirement was added to the process for NERC to post a summary of the SOTC's determination.
Merchant Electricity Generator and Electricity Marketer Sectors (April 2014)	RSAW Review and Revision Process	Effective date should be an agreed upon fixed period after the RSAW is approved and not the subject of individual comments.	A requirement was added to the process.
		RSAWs should not apply to open audits or any entity that has received its 90-day notification of an audit.	A requirement was added to the process.
		What is sent to the SOTC chair should be posted for all stakeholders and a requirement for posting should be added to paragraph 3 of the process.	A requirement was added to step 3 of the process to post the unresolved comments that are sent to the SOTC chair on the NERC website.
		The proposed process should also apply to an RSAW for a new standard.	Currently RSAWs are posted alongside all Reliability Standards. Working together, RSAWs should include the intent of the SDT. Else changes to the Standard and RSAW can bring these into alignment.
		Suggests that the Board consider whether RSAWs are needed to ensure consistent compliance and if so, RSAWs should be based solely on the measures in a standard that are developed through the standards process.	RSAWs are only a tool for the Auditor, and not the full extent of tools available.
	Risk-Based Registration Initiative	Develop simple criteria that can be used to quickly eliminate entities from the Registry that do not have a material impact on reliability. This would be analogous to a P81 approach.	Simple criteria for registration and deactivation of an entity for functional registration categories have been developed and are reflected in draft revisions to the NERC Rules of Procedure.
		Recommend a detailed project plan be developed and communicated to industry regarding the implementation of the entire risk-based registration initiative in 2016.	A detailed project plan and communication plan are included in the latest draft Implementation Plan.
IRC (April 2014)	RSAW Review and Revision Process	Recommends that the proposed RSAW Process be amended to add: (1) An initial step that addresses how registered entities raise issues with existing RSAWs and suggests using a CCC subcommittee to review and assess whether an RSAW needs to be modified; and (2) An added step if comments were not accepted. After the revised RSAW is posted, comments not accepted could be reviewed by the CCC subcommittee to determine if: a) A technical error or inaccuracy regarding the proposed change is identified in the submitted comments; or b) The submitted comments identify that the proposed change incorrectly expands what is required by the Standard through its requirements.	The RSAW Review and Revision process document addresses each one of these through a formalized process related to the ongoing maintenance of RSAWs.

	Risk-Based Registration Initiative	In addition to considering new approaches to registration, the ERO should also consider whether the current registration process is appropriate, and whether there are other means to address disparate risk profiles of functional entities.	The BES definition, RBR and RAI will work in concert to address these issues.
		Suggests that another option to address the issue, depending on the underlying concerns behind the risk-based registration effort, is appropriate revisions to the NERC standards.	The current draft of the RBR Implementation Plan addresses issues related to Reliability Standard revisions that arise due to RBR.
		In its assessment of any risk-based registration initiative, the ERO should consider 1) whether the new BES definition and associated procedures present opportunities for relevant entities to be exempt from registration via the specific exclusions in the BES definition, or, alternatively, to seek exemption via the ad hoc exemption process; and 2) the issue of stranded BES assets.	RBR is complementary to the BES definition. There is no automatic deactivation of functional registration due to determinations through the BES exclusion or exception processes. However, the process for consideration is set forth in draft revisions to the NERC Rules of Procedure. The RBR process is designed so that entities that are material to BES reliability are registered for the appropriate functions.
MRO (April 2014)	RSAW Review and Revision Process	Recommends adoption of professional standards framework and guidance for Regional Entity and NERC staff in performing CMEP activities to assure adherence to the standards as well as high quality work with competence, integrity, objectivity, and independence.	The ROP identifies GAGAS and IIA guidance as two professional associations that should be used as standards for performing compliance work. RAI, the improved audit checklist, the auditor handbook, the inherent risk assessment, and internal controls evaluation all incorporate these professional standards.
NPCC (April 2014)	RSAW Review and Revision Process	Recommends documentation around RSAWs continue to identify them as one of a number of tools available to auditors in their thorough and unbiased monitoring of compliance, especially with the introduction of the RAI. Any revisions made to RSAWs should be prospective so as not to be disruptive to registered entities undergoing audits, and that compliance continue to be measured against the reliability standard, not the RSAW.	Agreed and part of the process.
	Risk-Based Registration Initiative	Recommends that any risk assessment of functional registration should consider both individual registered entity risks, as well as their potential aggregate reliability impacts.	NERC agrees that functional registration should consider individual and aggregate entity risks and impacts. This is reflected in the technical analyses in support of RBR.
NRECA (April 2014)	RSAW Review and Revision Process	Request clarification of the RSAW proposal: • Unsure of meaning of “substantive” and “material” • Need to better understand how a revised RSAW could apply to a currently open audit. • What basis will be used to determine if the full SOTC should review a revised RSAW? Does the SOTC Chair have a time limit on making the decision of whether the full SOTC should review a revised RSAW? Same	The final version of the process has been revised to: • Remove the terms material and substantive. • Remove language regarding a revised RSAW applying to a currently open audit. • Add a requirement for the SOTC chair to notify industry the status of his/her review within 120 days of receipt of the unresolved

		question for the full SOTC if they review RSAW. How will industry learn of the SOTC Chair's decision on who will review RSAW revisions? • Is the SOTC the appropriate committee to perform this role? Should it be the BOTCC? • Need further explanation regarding the retroactive nature of compliance requirements.	comments from NERC staff and for NERC to post a summary of the SOTC's determination. • The Board agreed that the SOTC is the right committee. • The revised RSAWs will not be retroactive.
		Recommend that NERC consider making the posting of RSAWs, with new or revised standards posted for comment/ballot, a required action for the NERC Compliance and Enforcement department.	NERC is posting RSAWs while Standards are posted and before the start of a ballot period for a new or revised standard.
		Focus of the working group should be expanded to address potential NERC Rules of Procedure (ROP) modifications to address the need for RSAWs to be posted at the same time a new or revised standard is posted for comment/ballot.	NERC is taking this up as a policy issue. No Rules of Procedures changes are needed.
	Risk-Based Registration Initiative	Recommend close examination of the risk-based registration initiative: • Replace BPS and 100 kV with BES throughout the SCRC • Reduce the number of undefined terms in the SCRC • Add simple and straightforward procedures to the NERC ROP for deregistration based on self-determined application of the current and future SCRC. • Add procedures to the NERC ROP for exceptions to the self-determined application of the current and future SCRC. • Review current MW, kV and other thresholds/criteria to determine if changes are supported. • Assess whether the use of automatic protective devices should impact whether an entity should be registered. • Renew focus on revising the applicability language for existing standards and those under development. • For entities with minimal compliance responsibilities, consider replacing mandatory six-year audits with self-certifications and spot checks. • Eliminate the requirement for entities to submit unnecessary and repetitious attestations certifying that certain standards continue not to apply to them.	Each of these issues is addressed in the current design framework and implementation plan.
REMG (April 2014)	Risk-Based Registration Initiative	• Initially target the DP, PSE, and LSE functions. • Threshold criteria must consider risk based on past performance and potential harm in the future. • Risks must include consideration of the aggregate effects of removing subsets of Registered Entities and/or functions and assessing their respective impacts to reliability. • Reclassifying TOs as DPs or developing multiple thresholds for other functions may overcomplicate the registration process and have	The current design and implementation plan address these issues.

		unintended consequences such as creating ambiguity in the applicability of certain standards. • Attempting to define regulatory oversight in a "global" manner with diverse and unique entities through the registration process may unintentionally overlook specific risks which impact reliability. • The proposed changes to registration may have the effect of replacing a "one-size fits all" approach with a "two or three sizes fits all" approach and may make registration much more complex for Registered Entities.	
Sector 4 (April 2014)	RSAW Review and Revision Process	Recommends further consideration of the following: • Any proposed change to an RSAW ***shall not*** change the scope or intent of a standard. There is ***no correct way*** for an RSAW to expand what is required by a standard. • An implementation timeframe of sufficient duration should be integrated to the process to enable Registered Entities to similarly learn and adapt to new expectations.	Agree that an RSAW shall not change the scope or intent of a standard and that there is no correct way for an RSAW to expand what is required by a standard. The final process has been revised to reflect this. The final version of the process also allows for an implementation schedule.
	Risk-Based Registration Initiative	Materiality should be better defined and assessments to determine materiality should be consistently applied throughout the ERO Enterprise.	A new materiality test is included as part of the current draft design and implementation plan.
Sector 12 (April 2014)	Essential Reliability Services	Request the proposed Essential Reliability Services Task Force (ERSTF) include a State Government Sector representative to contribute an important perspective to the work.	A representative from NARUC has been added to the distribution list to participate in ERSTF meetings.
SM-TDUs (April 2014)	RSAW Review and Revision Process	Urges NERC to codify procedures that ensure consistency and quality in the revision process.	NERC management will implement as an internal Policy.
	Risk-Based Registration Initiative	Urges the Board to endorse this initiative and ensure that NERC staff has the resources necessary to meet the proposed deadlines.	NERC is on schedule to deliver RBR to the Board in November for approval.
	Reliability Assurance Initiative	Urges the Board to press NERC staff and the regions to complete their work on the RAI's design and bring the field trials to conclusion. RAI needs to be brought to implementation in a form that is actionable by and beneficial to registered entities.	Agreed that this is a priority consideration.
WECC (April 2014)	RSAW Review and Revision Process	Suggests an addition to the proposed policy, if the Board does adopt it: With respect to the SOTC review, we ask that the Board consider specifying a time limit within which the SOTC must consider appeals, or the RSAW is deemed accepted. This would provide greater certainty to all stakeholders with an interest in RSAWS.	Added to the final process.
		Respectfully suggests that the Board cannot adequately decide whether a policy is necessary, or whether the proposed policy is the right one, until there is a precise statement of the problem to be solved (are RSAWs being changed in ways that exceed the scope of standards or is there a fear that might happen).	Policy is being implemented by NERC.

CEA (Jan 2014)	CIP Version 5	Clarify whether the proposed application of the U.S. Department of Energy's Electricity Subsector Cyber Security Capabilities Maturity Model (ES-C2M2) is intended to be globally applied as a *de facto* compliance instrument.	No, ES-C2M2 will not be used as a compliance instrument.
	Risk-Based Registration Assessment	Examine where efficiencies can be gained and where resources can be better focused on core reliability priorities. • Focus on registration criteria for PSEs.	The current design proposes elimination of PSEs and seeks to implement efficiencies in the registration program.
EEI (Jan 2014)	Reliability Assurance Initiative	Fully implement the RAI before the implementation date of CIP v5, ensure the completion of regional pilots by mid-2014, and address compliance process issues and expectations for entities operating in multiple regions.	RAI compliance pilots are complete and the enforcement pilots will be complete in April. RAI final compliance design will be complete in Q4 2014. Integration with CIP V5 implementation is being planned.
	COM-002-4	Questions the need to include DPs, a function that has an extremely limited relationship to the bulk system.	DP's are included because they can be and are on the receiving end of some Operating Instructions.
		As currently drafted, questions how the regions may seek to interpret "Emergency" for compliance purposes, or how various operations personnel would act under it.	The NERC Glossary of Terms defines Emergency as "Any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Bulk Electric System." It is expected that these are abnormal and rare circumstances.
	CIP Version 5	Effective communications with all companies on the broad range of compliance expectations is needed as soon as possible for companies to plan appropriately.	NERC is developing a broader approach and plan for discussion at the August MRC meeting.
SM-TDUs (Jan 2014)	Reliability Assurance Initiative	Afford RAI as the highest priority since it is relied upon in standards development.	RAI is one of the highest priorities this year.
	COM-002-4	Complete RAI and finalize RSAW before this standard becomes effective.	The RSAW was posted with the standard during the ballot and presented to the Board with the standard. The ERO's goal is to complete and implement RAI prior to this standard becoming effective.
		After standard is approved by the ballot body, require Board approval for changes to RSAWs.	An RSAW review and revision process was developed to address any proposed changes to the RSAW after the standard is in effect.
		Write standards in a systematic approach (believes PER-005 should be the home of all system operator-related training).	The OPCP SDT has included an initial training requirement in the standard in response to the NERC Board of Trustees' resolution, which directs that a training requirement be included in the COM-002-4 standard. Ongoing training would fall under an entity's training program in PER-005 or could be listed as a type of corrective action under Requirement R4.

	CIP Version 5	Complete RAI before standards become effective.	This is the ERO's goal.
		Reach out to industry and explain how a compliance approach developed with RAI principles will address the industry's previous concerns regarding "zero tolerance."	NERC is developing a broader approach and plan for discussion at the August MRC meeting.
	Risk-Based Registration Assessment	Suggests approaches that can be used in combination to achieve a risk-based approach to registration: • Increase the size thresholds or add new refining criteria to limit registration of entities that do not perform core BES reliability functions. • Use the GO-TO model to address the limited BES reliability impacts of DPs with limited BES transmission elements, by extending the applicability of certain requirements to such DPs, rather than registering such entities as TO/TOPs. • Reexamine the need for registration of entities performing functions that seem to have an insignificant reliability impact (i.e., PSEs).	The current draft design and implementation plan address these issues.
NRECA (Jan 2014)	Volume of NERC Initiatives	Attention is still needed on reducing the amount of comment requests, ballots and other review activities that are out for stakeholder attention at any one particular time.	NERC has consolidated requests and reduced the number of items out for comment at any given time. NERC will continue to monitor the number of ongoing and potential initiatives, so as not to overload industry and stakeholders.
	Risk-Based Registration Initiative	Develop a revised Statement Compliance Registry Criteria (SCRC) and other needed ROP modifications for BOT approval at its November 2014 meeting. • Develop a project plan with timelines and milestones.	The current draft design and implementation plan address these issues.
	COM-002-4	Recommends that modifications be made to the current draft standard as it relates to applicability for DPs to match the DP applicability in the recently FERC-approved CIP-003-5.	The OPCP SDT included these Functional Entities in the Applicability section because they can be and are on the receiving end of some Operating Instructions. The OPCP SDT determined that it would leave a gap to not cover them in a standard that addresses communications protocols for operating personnel.
		Recommends removing the "assess adherence and assess effectiveness" language from R4 in the draft standard.	Requiring entities to assess and provide feedback to its operating personnel, was also included in the November 7, 2013 NERC Board of Trustees' resolution as an element to include in the standard. Further, the OPCP SDT believes that it is good operating practice for an entity to periodically evaluate the effectiveness of their protocols and improve them when possible.
	CIP Version 5	Progress and understanding of RAI needs to sufficiently advance prior to any CIP V5 ballots, in order to gain support for removing the IAC language.	Agree.
IRC ISO/RTO (Jan 2014)	COM-002-4	Review and address comments/outstanding issues submitted through the standards development process to ensure an industry acceptable standard.	The standard drafting team reviewed and responded to all comments received. The responses to

			comments are posted on the standard development project page.
		Urges NERC and the Standards Committee to continue posting standards and RSAWs simultaneously.	NERC and the Standards Committee are committed to continue posting standards and RSAWs simultaneously.
	CIP Version 5	Vet RAI through pilots.	RAI pilots are nearing completion.
		Monitor and understand how CIP, RAI, and ES-C2M2 would be integrated before adopting ES-C2M2.	ES-C2M2 will not be used as a compliance instrument.
		Focus on RAI in the immediate future and incorporate ES-C2M2 at a later time.	ES-C2M2 will not be used as a compliance instrument.
		The SDT should consider a tiered approach when defining communication networks and standards to protect those elements.	This input is being considered by the SDT.
ELCON (Jan 2014)	Reliability Assurance Initiative	Risk-based approach is not fully defined yet and needs to be encoded in priorities such as enforcement principles related to CIP v5 requirements.	RAI implementation will take into consideration, including the CIP v5 implementation.
	CIP Version 5	Include enforceable principles somewhere that govern how compliance with the CIP V5 requirements are to be assessed (i.e., NERC ROP).	An information only filing is expected for RAI, and no ROP changes are expected.
		Find automated process tracking solutions that seamlessly fit into routine activities without adding over burdensome administrative activities.	NERC, through RAI and CIP V5 transition guidance, will provide consistent tools, processes, methods, to support the industry. Internal RE business processes will not be dictated by the ERO.
	BES Definition and Exception Process	Suggests that Note 2 in the Phase 2 revision of Exclusion E1 ("Radial Systems") is not suitable for large manufacturing facilities.	Guidance was updated to clarify the application of the BES definition and it addresses this situation.
		Suggests that Exclusion E1 should be allowed for any industrial facility (currently registered or not) served by multiple feeds unless the Regional Entity or other operating entity deems it appropriate to pursue an Exception Request.	Guidance was updated to clarify the application of the BES definition and it addresses this situation.
NPCC (Jan 2014)	COM-002-4	In the RSAW, document that compliance with the standard will not be assessed to a "zero defect" measure.	This will be addressed in RAI.
	CIP Version 5	Develop and post the RSAWs for the revised standards during balloting with the obligation to use RAI for compliance monitoring.	Draft RSAWs were posted with the revised standards during balloting.
		Recommends that the SDT focus its initial efforts on the FERC directives with a one year deadline.	The SDT is focusing on all directives at this time, with the ability to bifurcate if need be later in the year.
MRO (Jan 2014)	Risk-Based Registration Assessment	Continue risk-based work in the RAI and incorporate risk based concepts across all programs. The work being done in the RAI and through the implementation of the BES definition addresses how risk is to be considered in scoping the ERO's work.	NERC agrees and addresses the relationship of the BES definition, RAI and RBR in the current draft design framework.
		Recommends that NERC expand its work beyond relieving unnecessary burdens, and include resolving existing inconsistencies among the Regions that create potential gaps in registration.	This is one of the goals of RBR.

	COM-002-4	Resolve discrepancy between M4 and R4 (practice in M4 appears to be beyond the requirement by suggesting assessments and corrective actions must occur more frequently than required by R4 which is “at least once every (12) calendar months…”)	The assessments and corrective actions are not required to occur more than once every (12) calendar months. The measure does not address frequency, only that instances must be addressed.
EPSA (Jan 2014)	CIP Version 5	ES-C2M2 needs to be further studied to determine the validity of its benchmarks for different entities.	Agreed.
Sector 4 (Jan 2014)	CIP Version 5	Rather than endorsing a single model (ES-C2M2), NERC should look to industry working through organizations, such as NATF and NAGF, to develop and adhere to best practices.	Agreed.

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NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 14

CALCULATION OF ADJUSTMENTS

THE AESO 2015 NERC ASSESSMENT,

THE IESO 2015 NERC ASSESSMENT,

THE NEW BRUNSWICK 2015 NERC ASSESSMENT,

AND THE QUEBEC 2015 NERC ASSESSMENT

2015 Alberta Electric System Operator Adjustment
Credit for NERC Compliance Costs

		Total NERC Compliance Budget AESO NEL Allocation 2015		Total NERC Compliance Budget AESO NEL Allocation 2014
NERC Compliance Budget				
Compliance Operations, Investigations & Org Registration and Certification	$	10,602,435	$	9,496,446
Event Analysis		4,203,169		4,048,371
Enforcement		5,806,866		6,395,091
Total Compliance Budget, including Fixed Assets	**$**	**20,612,470**	**$**	**19,939,908**
AESO NEL Share (2013)		1.350%		1.323%
AESO Proportional Share of Compliance Costs, including Fixed Assets	**$**	**278,268**	**$**	**263,860**
Net Total Staff		**47.83**		**50.88**
% Credit (41.85 of 47.83 FTEs)		87.50%		88.60%
$ Credit (41.85 of 47.83 FTEs)	$	18,035,373	$	17,666,884
AESO credit for compliance costs	**$**	**243,478**	**$**	**233,782**
Additional Credits for 2015				
Credit for SAFNR	$	459,609	$	531,825
	$	459,609	$	531,825
AESO NEL Share (2013)		1.350%		1.323%
AESO credit for additional costs not allocated	**$**	**6,205**	**$**	**7,038**
Total AESO Credit	**$**	**249,682**	**$**	**240,819**

			2015 FTEs	
			Total	Credit
400 & 406	Operations & Investigations		19.60	15.00
500	Org Registration		3.84	3.84
402	Event Analysis		9.38	8.00
404	Enforcement		15.01	15.01
			47.83	41.85
				87.5%

		2014 FTEs	
		Total	Credit
400	Operations & Investigations	19.20	15.00
500	Org Registration	3.84	3.84
402	Event Analysis	9.60	8.00
404	Enforcement	18.24	18.24
		50.88	45.08
			88.6%

2015 IESO Adjustment
Credit for NERC Compliance Costs

	2015	2014
NERC Compliance Budget		
Compliance Analysis, Certification and Registration	$ 4,864,863	$ 3,784,438
Regional Entity Assurance and Oversight	$ 5,737,572	$ 5,712,007
Event Analysis	4,203,169	4,048,371
Enforcement	5,806,866	6,395,091
Total Compliance Budget, including Fixed Assets	**20,612,470**	**19,939,907**
IESO NEL Share (2013)	3.137%	3.156%
IESO Proportional Share of Compliance Costs, including Fixed Assets	**$ 646,517**	**$ 629,303**
Total Compliance Staff	47.83	50.88
% Credit (39.83 of 47.83 FTEs)	83.27%	84.28%
$ Credit (39.83 of 47.83 FTEs)	$ 538,381	$ 530,356
Additional Credit for SAFNR Contract	$ 459,609	531,825
IESO NEL Share (2013)	3.137%	3.156%
Additional Credit for SAFNR Contract	**$ 14,416**	**$ 16,784**
IESO Credit - NERC Costs, including Fixed Assets	**$ 552,797**	**$ 547,141**
Total NERC Assessment	**$ 1,215,106**	**$ 1,084,277**

2015 New Brunswick Adjustment
Credit for NERC Compliance Costs

	2015	2014
NERC Compliance Budget		
Compliance Operations, Investigations & Org Registration and Certification	$ 10,602,435	$ 9,496,446
Event Analysis	4,203,169	4,048,371
Enforcement	5,806,866	6,395,091
Total Compliance Budget	**20,612,470**	**19,939,908**
New Brunswick NEL Share (2013)	0.314%	0.311%
NB Proportional Share of Compliance Costs, including Fixed Assets	**$ 64,694**	**$ 62,013**
Total Compliance Staff	47.83	50.88
% Credit (41.83 of 47.83 FTEs)	87.46%	86.64%
$ Credit (41.83 of 47.83 FTEs)	**$ 56,579**	**$ 53,725**
Additional Credits for 2015 - SAFNR Contract	$ 459,609	531,825
New Brunswick NEL Share (2013)	0.311%	0.311%
Additional Credits for SAFNR	**$ 1,429**	**$ 1,654**
New Brunswick Credit - NERC Costs, including Fixed Assets	**$ 58,008**	**$ 55,379**
NERC Assessment	**$ 119,221**	**$ 105,191**

2015 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation
NERC Compliance Budget	
Compliance Operations, Investigations & Org Registration and Certification	$ 10,602,435
Event Analysis	4,203,169
Enforcement	5,806,866
Total Costs, including Fixed Assets	**20,612,470**
Quebec NEL Share (2013)	4.228%
Quebec Proportional Share of Compliance Costs, including Fixed Assets	**$ 871,477**
Total Compliance Staff	**47.83**
% Credit (33.26 of 47.83 FTEs)	69.54%
$ Credit (33.26 of 47.83 FTEs)	$ 14,333,488
Quebec Credit (Proportional share of all costs x % Credit)	**$ 606,007**
Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	**$ 265,470**
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column I-2, page 75, 2014 NPCC Business Plan and Budget)	**$ 1,087,229**
2015 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	**$ 1,352,699**
Additional Credits for 2015	
Credit for SAFNR	$ 459,609
	$ 459,609
Quebec NEL Share (2013)	4.228%
Quebec credit for additional costs not allocated	**$ 19,432**
Total Quebec Credit for 2015	**$ 625,439**

		2015 Compliance FTEs	
		Total	Credit
400 & 406	Regional Oversight	19.60	7.50
500	CompAnalysis&Cert	3.84	2.75
402	Event Analysis	9.38	8.00
404	Enforcement	15.01	15.01
		47.83	33.26

		2014 Compliance FTEs	
		Total	Credit
400	Operations	19.20	5.80
500	Org Registration	3.84	2.84
402	Event Anal & Investigation	9.60	8.00
404	Enforcement	18.24	18.24
		50.88	34.88

2014 Quebec Adjustment
Credit for NERC Compliance Costs

	Total NERC Compliance Budget Quebec NEL Allocation
NERC Compliance Budget	
Compliance Operations, Investigations & Org Registration and Certification	$ 9,496,446
Event Analysis	4,048,371
Enforcement	6,395,091
Total Costs, including Fixed Assets	**19,939,908**
Quebec NEL Share (2013)	4.129%
Quebec Proportional Share of Compliance Costs, including Fixed Assets	**$ 823,319**
Total Compliance Staff	**50.88**
% Credit (33.26 of 47.83 FTEs)	68.55%
$ Credit (33.26 of 47.83 FTEs)	$ 13,669,497
Quebec Credit (Proportional share of all costs x % Credit)	**$ 564,414**
Proportional Share of NERC Compliance Costs paid by Régie de l'énergie	**$ 258,905**
Proportional Share of NPCC CORC Program paid by Régie de l'énergie (Refer to Column I-2, page 75, 2014 NPCC Business Plan and Budget)	**$ 869,409**
2015 Billing to Régie de l'énergie for Compliance Program Costs-NERC and NPCC	**$ 1,128,314**
Additional Credits for 2015	
Credit for SAFNR	$ 725,500
	$ 725,500
Quebec NEL Share (2013)	4.129%
Quebec credit for additional costs not allocated	**$ 29,956**
Total Quebec Credit for 2015	**$ 594,369**

		2014 Compliance FTEs	
		Total	Credit
400	Operations & Investigations	19.20	5.80
500	Org Registration	3.84	2.84
402	Event Analysis	9.60	8.00
404	Enforcement	18.24	18.24
		50.88	34.88

		2013 Compliance FTEs	
		Total	Credit
400	Operations	15.00	
500	Org Registration	3.00	2.00
402	Event Anal & Investigation	15.50	13.50
403	Reporting & Tracking	5.00	4.00
404	Enforcement	16.00	16.00
		54.50	35.50

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NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 15

STATUS REPORT ON THE ACHIEVEMENT

OF NERC'S 2014 GOALS

ATTACHMENT 15

Status Report on the Achievement of NERC's 2014 Goals and Objectives

This Attachment provides a summary of NERC's 2014 goals and objectives and a status report on their achievement as of June 30, 2014.

NERC and the Regional Entities continued to improve and refine the ERO business planning and budgeting process through the development and integration of a multi-year Strategic Plan, which goes through an open and transparent stakeholder review process and is posted publicly on NERC's website. In 2014 NERC and the Regional Entities introduced a common set of ERO Enterprise performance metrics. These metrics are intended as indicators of the overall effectiveness of the ERO Enterprise in achieving its mission and the goals and objectives outlined in the ERO Enterprise Strategic Plan, 2014-2017. There are four overarching metrics focused on overall effectiveness in addressing bulk power system risks and improving reliability. There are a number of supporting measures that assess the effectiveness of the key operational elements of the ERO Enterprise. Exhibit 1 to this Attachment 15 sets forth the specific 2014 metrics which were approved by NERC's board in open session on May 2014.

Exhibit 2 to this Attachment 15 is the summary of corporate performance measures as of June 30, 2014 which was presented before stakeholders and NERC's Board of Trustees at the August 13, 2014 open meeting of NERC's Corporate Governance and Human Resources Committee. Similar reports are prepared and presented each quarter at approximately the same time NERC prepares and presents in open session to the NERC's Finance and Audit Committee its quarterly and year to date financial reports comparing budgeted to actual expenditures, together with a year-end rolling year end projection.

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Electric Reliability Organization Enterprise Performance Metrics

In 2014, NERC and the Regional Entities introduced a common set of ERO Enterprise performance metrics. These metrics are intended as indicators of the overall effectiveness of the ERO Enterprise in achieving its mission and the goals and objectives outlined in the ERO Enterprise Strategic Plan, 2014-2017. There are four overarching metrics focused on overall effectiveness in addressing bulk power system risks and improving reliability. There are a number of supporting measures that assess the effectiveness of the key operational elements of the ERO Enterprise.

The intent is to report the results of these metrics on an ERO Enterprise-wide basis, and also as applicable distinguish results for NERC and individual regions. NERC and the Regional Entities are encouraged to further use relevant portions of these measures in their internal corporate performance management programs.

Metric 1: Reliability Results

Measure – Determine the frequency of BPS events, excluding weather[1], flood, or earthquake. The target is fewer, less severe events during 2014-2017; no Category 4 and 5 events and Category 3 events are trending down.

Metric 2: Assurance Effectiveness

Measure – Assess all Category 3 and above events. The target is to reach zero gaps in Reliability Standards and compliance monitoring by 2017.

Metric 3: Risk Mitigation Effectiveness

Measure – Review the BES risk profile each year to determine actual and potential risks. The target is to identify, select and mitigate the high priority risks (and issue specific metrics for each established project).

[1] Terrestrial weather excluded from metric, however space weather (GMD) is included in metric.

1. **Changing Resource Mix** - As the generation and load on the power system changes, new vulnerabilities may be exposed that the system was not previously designed to address or respond to. Fundamental operating characteristics and behaviors are no longer a certainty and focused action is needed to address this risk.
2. **Extreme Physical Events** – Risk mitigation efforts (reducing the potential consequence) are underway, but additional focus is needed to address and minimize both the magnitude and duration of the consequences of an extreme physical event.
3. **Protection System Misoperations** – NERC's 2012 and 2013 State of Reliability Reports identified protection system misoperations as a significant threat to BPS reliability. Additional activities are needed to ensure this risk is managed adequately.
4. **Cold Weather Preparedness** - Lack of generator preparedness for cold weather extremes may result in forced outages, de-ratings, and failures to start. Insufficient availability of intra-regional generation and limits on import transfer capability may result in insufficient generation to serve forecasted load, resulting in load shedding.
5. **Right of Way Clearances** - Transmission Owners and applicable Generation Owners may have established incorrect ratings based on design documents, rather than on the actual facilities built. Managing to stay within SOL and IROL limits that are based on incorrect ratings may be inadequate to prevent equipment damage and/or cascading, instability, or separation.
6. **345kV Breaker Failures** - NERC has identified a potential trend of 345 kV SF6 puffer type breakers failing. Circuit breaker failures, in conjunction with another fault, may lead to more BES Facilities removed from service than required to clear the original fault. This poses a risk to the reliability of the BES.

Metric 4: Program Execution Effectiveness

Measure – Sum of the weighted sub-metrics.

Sub metric A *(Primary NERC)* - Percent of all board-approved standards[2] meet quality criteria and results-based construct[3].

The Standards Committee and NERC Staff will work together to develop a periodic review process for steady state Reliability Standards. The process will include a quality and content review and the use or adaptation of the 2013 Independent Expert Review Team's quality and content scoring system will be considered during development. The review will be conducted by a cross-functional task force that will consist of Committee chairs, NERC management, NERC and stakeholder subject matter experts, and

[2] Regional standards are not included, this applies to NERC only.

[3] Based on Independent Expert Review Team scoring method 3 out of 3 on content and at least 10 out of 12 on quality.

other parties as deemed necessary and appropriate. This review may also be incorporated into the current Standards Processes Manual periodic review process to avoid duplication of effort. So that the task force will be able to identify Reliability Standards for inclusion in the 2016-2018 Reliability Standards Development Plan, the task force will be operational no later than mid-2015 to allow ample time for the development of the annual task force review timeline.

Sub metric B *(Primary NERC)* - Quality, up-to-date Reliability Standard Audit Worksheets, or any successor guidance, developed for board-approved Reliability Standards.

2014 = Every standard that goes to ballot will have a posted RSAW alongside. Every standard that is reviewed as part of the 5 year review cycle will have a current up-to-date RSAW or successor.

2015 = All RSAWs are converted to the new format and are available to industry.

2016 – 2017 = Violations for new standards do not occur at rates higher than the average rate for standards (or for which they replace) and repeat violations for standards is trending down.

Sub metric C *(Joint ERO Enterprise)* – Implementation of risk-based registration criteria to achieve efficient and effective allocation of compliance obligations. Registration is commensurate with risk and RAI and in light of new BES definition implementation.

2014 = Assessment complete with recommended framework and registration criteria. Implementation plan following assessment, criteria and framework completed.

2015 = Business processes / tools

2016 = Implementation launch

2017 = Stable state

Sub metric D *(Joint ERO Enterprise)* – Timeliness and transparency of compliance results: 12 month rolling average of the ERO Enterprise caseload index trending favorably.[4] Maximum age of unclosed cases is less than 24 months and improving.

2014 = ERO Enterprise caseload index less than or equal to 7 months, with all Regional Entities above average trending downward. ERO Enterprise average violation aging less than or equal to 13.5 months.

[4] ERO Enterprise Caseload Index is defined as Violations in ERO Inventory (defined as Active violations that have not been filed with FERC) divided by the total number of violations filed with FERC over previous 12-months (NOPs, SNOPs, FFTs and Dismissals) multiplied by 12.

2015 = ERO Enterprise caseload index of 8 months, with all Regional Entities above average trending downward. ERO Enterprise average violation aging less than or equal to 13 months.

2016 = ERO Enterprise caseload index of 8 months, with all Regional Entities above average trending downward. ERO Enterprise average violation aging less than or equal to 12.5 months.

2017 = ERO Enterprise caseload index of 8 months. ERO Enterprise average violation aging less than or equal to 12 months.

Sub metric E *(Joint ERO Enterprise)* - Percent of self-identified non-compliances (includes self-reports and self-certifications).

2014 = 70%

2015 = 74%

2016 = 78%

2017 = 80%

Sub metric F *(Joint ERO Enterprise)* - Mitigation aging curve improving[5].

2014 = Percentage of the noncompliance items discovered in that year that are mitigated as of December 31, 2014)

- 2013: 80%
- 2012: 95%
- 2011: 98%
- 2010 (and older): 100%

2015 - 2017 = Mitigation aging curve trending favorably.

Sub metric G *(Joint ERO Enterprise)* - RAI reforms and percent of total findings (excluding dismissals) not going to enforcement or filed with FFT or spreadsheet.

2014 =

- ERO auditor handbook deployment;
- RAI compliance reform design complete and reflected in the CMEP implementation plan for 2015;

[5] Final metrics to be discussed and approved at the February 2014 BOTCC meeting.

- Enforcement pilots completed and FERC filings made, if required;
- Train at least two partnering entities to complete maturity model assessments and complete either directly or through trained partners 20 maturity model assessments;
- At least 75% of noncompliance posing a minimal or moderate risk to the BPS is processed through discretion (i.e.: does not trigger an enforcement action), FFT or SNOP;
- Average time from discovery to posting FFT is 6 months;
- Average time from discovery to decision to enforce or not (i.e.: the triage process) is 60 days.

2015 = Higher percentage of lower and moderate risk violations staying in compliance through exercise of discretion to initiate an enforcement action; audit scope based on common ERO methodology.

2016 = Compliance and enforcement end state designs implemented; continued increase in lower and moderate risk violations staying in compliance through exercise of discretion to initiate an enforcement action.

2017 = Achieve fewer, less severe violations. Positive trend in number of matters dispensed outside of enforcement.

Sub metric H *(Primary NERC)* - Participation in ES-ISAC increased (2013 statistics used as baseline)

2014 =

- 90% of all RCs and TO/TOPs;
- 10% increase in enrollment of all other registered entities;
- 20% increase in information share activity on portal (baseline 2013 uploads figures).
- Develop an ES-ISAC mission performance program, including Key Performance Indicators (KPIs) and benchmarks, by end of Q3.

2015 - 2017 = KPIs trending favorably.

Sub metric I *(Joint ERO Enterprise)* – Assessment of quality and availability of planning and engineering models and data.

2014 = Methodology to validate models developed and endorsed by appropriate technical committees.

2015 = Acquire data and capability for set up / start up.

2016 = Assessment of state and quality of modeling. Establish plan to implement assessment recommendations.

2017 = Implement plan.

Sub metric J *(Joint ERO Enterprise)* – Achieving transition laid out in oversight model regarding ERO Enterprise personnel and ERO Enterprise (NERC and Regional Entity) infrastructure and applications qualifications.

2014= Report quarterly progress and achieve 25% completion of action items.

2015= Report quarterly progress and achieve 50% completion of action items.

2016= Report quarterly progress and achieve 75% completion of action items.

2017= Report quarterly progress and achieve 100% completion of action items.

Sub metric K *(Joint ERO Enterprise)* –Stakeholder annual satisfaction/perception survey of the ERO's effectiveness to manage risk, budget and stewardship.

2014 = Develop questionnaire with stakeholder input and vetting. Survey complete and benchmarks Established.

2015 – 2017 = Performance trending favorably.

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Corporate Governance and Human Resources Committee

August 14, 2014 | 7:30 a.m. – 8:30 a.m. Pacific

The Westin Bayshore
1601 Bayshore Drive
Vancouver, BC V6G 2V4

RELIABILITY | ACCOUNTABILITY

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2014 NERC Performance Report

Quarter 2 Status

Mark Lauby, Senior Vice President and Chief Reliability Officer

Corporate Governance and Human Resources Committee Meeting

August 13, 2014

RELIABILITY | ACCOUNTABILITY

Leading at Q2

Metric 1: Reliability Results

- No Category 4 or 5 events

Metric 3: Risk Mitigation Effectiveness

- Changing Resource Mix
- Extreme Physical Events
- Cold Weather Preparedness
- 345 kV Breaker Failures

Metric 4: Program Execution Effectiveness

- Sub-metric B: Quality, up-to-date RSAWs
- Sub-metric C: Implementation of risk-based registration criteria
- Sub-metric E: Percent of self-identified non-compliances
- Sub-metric H: Participation in ES-ISAC
- Sub-metric I: Designating system events used in model validation

Watching at Q2

Metric 2: Assurance Effectiveness

- Category 3 event occurred on May 25 and a gap analysis underway

Metric 3: Risk Mitigation Effectiveness

- **Protection System Misoperations** – Progress continues towards approval/filing of PRC-004-3. Data gathering ongoing to identify trends.
- **Right-of-Way Clearances** – Site visits scheduled and best practice/assurance activities continue. Joint report under development

Metric 4: Program Execution Effectiveness

- **Sub-metric A:** Standards prepared for approval
- **Sub-metric D:** Caseload index trending and active violations increased
- **Sub-metric F:** Mitigation aging curve slowing among recent years
- **Sub-metric G:** RAI reforms continue
- **Sub-metric J:** ERO oversight activities ongoing
- **Sub-metric K:** Stakeholder perception survey plan under development

Emerging Activities in Q3

Metric 3: Risk Mitigation Effectiveness

- **Protection System Misoperations:** Report will be completed
- **Right-of-Way Clearances:** Site visits will be initiated

Metric 4: Program Execution Effectiveness

- **Sub-metric A:** Standards will achieve industry approval
- **Sub-metric G:** RAI risk elements, CMEP implementation and maturity model assessments will progress
- **Sub-metric J:** ERO oversight model action item joint board

- **Sub-metric K:** Stakeholder perception survey with CCC and industry coordination will be launched

Questions and Answers

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 16

METRICS COMPARING

REGIONAL ENTITY OPERATIONS

BASED ON

THE 2015 BUDGETS

ATTACHMENT 16

METRICS COMPARING REGIONAL ENTITY OPERATIONS BASED ON THE 2015 BUDGETS

Introduction

This Attachment provides metrics on the Regional Entities' operations based on their 2015 Business Plans and Budgets, and analysis of the metrics. Consistent with the similar attachments provided in NERC's 2010, 2011, 2012, 2013, and 2014 Business Plan and Budget filings, this Attachment focuses on providing quantitative data and information for the Regional Entities. The metrics focus primarily on the Regional Entities' Compliance Monitoring and Enforcement Programs (Compliance Program). This Attachment contains:

- a table providing the 2015 budget metrics values for each Regional Entity (page 4);
- a series of bar charts comparing the Regional Entities' Compliance Program 2015 budgeted costs (pages 5-7);
- a series of bar charts comparing the Regional Entities' projected costs for 2015 for "small," "medium" and "large" on-site and off-site operational compliance audits[1] and "small" and "large" on-site and off-site CIP compliance audits[2] (pages 8-10);

[1] An "operational" audit as referred to in this Attachment is an audit of the registered entity's compliance with the operations and planning or "Order 693" reliability standards. For purposes of this presentation (and consistent with the definitions used in the 2010, 2011, 2012, 2013, and 2014 Business Plan and Budget filings), a "small" operational compliance audit involves 25 or fewer reliability standard requirements to be audited; a "medium" operational compliance audit involves 26 to 75 requirements to be audited; and a "large" operational compliance audit involves more than 75 requirements to be audited. An on-site compliance audit takes place at the registered entity's site, while an off-site compliance audit takes place at another location, typically the Regional Entity's offices. As can be seen from the table on page 4 and from the bar charts on pages 8-10, MRO, ReliabilityFirst, (RF), SPP RE, Texas RE and WECC are not planning any "small" on-site operational compliance audits in 2015; NPCC, SPP RE and WECC are not planning any "medium" on-site operational compliance audits in 2015; and MRO and RF are not planning any "large" on-site operational audits in 2015. Also, Texas RE is not planning any "small" off-site operational compliance audits in 2015; FRCC, RF, SERC, and SPP RE are not planning any "medium" off-site operational audits in 2015; and FRCC, MRO, RF, and SPP RE are not planning any "large" off-site audits.

[2] For purposes of this presentation, a "small" CIP compliance audit involves an entity with no critical cyber assets and 5 requirements. (There are requirements of the CIP standards that apply to registered entities with no critical cyber assets, for example, the requirements of CIP-002 which require the registered entity to have a risk-based assessment methodology and to use it annually to identify any critical assets and critical cyber assets, even if the result is "none;" and the requirements of CIP-003 that the registered entity have in place a cyber security policy and a designated, single senior manager with overall responsibility for leading the entity's compliance with the CIP standards.) A "large" CIP compliance audit involves any entity with critical cyber assets and 5 requirements, auditing 43 requirements or 162 sub-requirements. These definitions are the same as used in Attachment 15 of the

- trend line plots of the Regional Entities' 2015 Compliance Program budgets against numbers of registered entities and numbers of registered functions in each Region (page 11);

- bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTE[3] and numbers of registered functions per Compliance Program FTE based on their 2015 budgets (page 12);

- bar charts comparing the Regional Entities' numbers of registered entities per Compliance Program FTE and numbers of registered functions per Compliance Program FTE in their 2014 and 2015 Business Plans and Budgets (page 13); and,

- discussion and analysis of the metrics (pages 14-19). The discussion and analysis focuses on variations in the Regional Entity metrics based on their 2015 budgets and possible reasons for the variations.

The table on page 4 shows the following quantitative data for each Regional Entity based on its 2015 Business Plan and Budget. This data is used to develop the bar charts and trend line graphs that follow based on the Regional Entities' 2015 budgets.

- Numbers of registered entities
- Numbers of registered functions
- Total NEL (GWh)
- NEL (GWh) per registered entity
- Total ERO funding
- ERO (statutory) funding[4] per registered entity
- ERO funding per registered function

2012 and 2013 Business Plan and Budget filings, and Attachment 16 of the 2014 Business Plan and Budget filing. As can be seen from the table on page 4 and the bar charts on page 10, only SERC is planning any "small" on-site CIP audits in 2015 and all the Regional Entities are planning only "small" off-site CIP audits in 2015. This fact reflects that if there is a need to audit the registered entity's compliance with 43 or more requirements or 162 or more sub-requirements of CIP standards, the Regional Entity will likely conclude that an on-site compliance audit should be conducted. The decision to conduct an on-site CIP audit can also be influenced by the need for the Regional Entity's CIP audit staff to review facilities and equipment that are the subject of Technical Feasibility Exception (TFE) requests or audit the registered entity's compliance with the terms of an approved TFE.

[3] FTE = full-time equivalent employee. Each FTE is assumed to work 2,080 hours per year. An employee working less than 2,080 hours per year is counted as a fractional FTE based on number of hours divided by 2,080 hours.

[4] ERO funding is defined as the sum of assessments and penalty sanctions.

- Total statutory budget
- Total statutory budget[5] per registered entity
- Total statutory budget per registered function
- Total statutory FTE
- Registered entities per statutory FTE
- Registered functions per statutory FTE
- Total Compliance Program budget
- Compliance Program budget per registered entity
- Compliance Program budget per registered function
- Total Compliance FTE
- Registered entities per Compliance Program FTE
- Registered functions per Compliance Program FTE
- Projected numbers of small, medium and large on-site operational audits in 2015
- Estimated costs for small, medium and large on-site operational audits in 2015
- Projected numbers of small, medium and large off-site operational audits in 2015
- Estimated costs for small, medium and large off-site operational audits in 2015
- Projected numbers of small and large on-site CIP audits in 2015
- Estimated costs for small and large on-site CIP audits in 2015
- Projected numbers of small and large off-site CIP audits in 2015
- Estimated costs of small and large off-site CIP audits in 2015
- Average number of contractors used and projected contractor costs for small, medium and large on-site operational audits
- Average number of contractors used and projected contractor costs for small, medium and large off-site operational audits

[5] Total budget is defined as the sum of total expenses and the total increase in fixed assets.

2015 Metrics for Budget Submissions

	Budget Metrics	FRCC	MRO [6]	NPCC [6]	RF	SERC	SPP RE	Texas RE	WECC
1	Number of registered entities	**68**	**136**	**300**	**331**	**242**	**150**	**226**	**439**
2	Number of registered functions	**243**	**459**	**602**	**669**	**681**	**420**	**444**	**1182**
3	Total NEL (GWh)	**221,297**	**289,264**	**648,607**	**908,727**	**1,009,060**	**216,656**	**332,698**	**3,226**
4	NEL (GWh) per registered entity	3,254	2,127	2,162	2,745	4,170	1,444	1,472	7
5	Total ERO Funding[1]	**$6,237,838**	**$ 9,821,019**	**$ 14,359,378**	**$ 19,383,897**	**$ 15,518,034**	**$ 10,145,148**	**$ 10,983,946**	**$ 25,175,135**
6	ERO Funding per registered entity	$ 91,733	$ 72,213	$ 47,865	$ 58,562	$ 64,124	$ 67,634	$ 48,602	$ 57,347
7	ERO Funding per registered function	$ 25,670	$ 21,397	$ 23,853	$ 28,974	$ 22,787	$ 24,155	$ 24,739	$ 21,299
8	Total Budget[2]	**$7,162,233**	**$ 10,328,687**	**$ 14,778,539**	**$ 18,756,763**	**$ 15,995,840**	**$ 11,808,110**	**$ 11,983,701**	**$ 26,300,035**
9	Total Budget per registered entity	$ 105,327	$ 75,946	$ 49,262	$ 56,667	$ 66,099	$ 78,721	$ 53,025	$ 59,909
10	Total Budget per registered function	$ 29,474	$ 22,503	$ 24,549	$ 28,037	$ 23,489	$ 28,115	$ 26,990	$ 22,250
11	Total Statutory FTE[3]	**30.91**	**42.5**	**36.86**	**72.2**	**78.7**	**32.75**	**60**	**137.5**
12	Registered entity per Statutory FTE	2.200	3.200	8.139	4.584	3.075	4.580	3.767	3.193
13	Registered function per Statutory FTE	7.862	10.800	16.332	9.266	8.653	12.824	7.400	8.596
14	Total Compliance Budget [4]	**$5,211,874**	**$ 6,994,216**	**$ 8,568,145**	**$ 10,651,382**	**$ 10,779,635**	**$ 8,583,743**	**$ 9,008,548**	**$ 13,178,512**
15	Compliance budget per registered entity	$ 76,645	$ 51,428	$ 28,560	$ 32,179	$ 44,544	$ 57,225	$ 39,861	$ 30,019
16	Compliance budget per registered function	$ 21,448	$ 15,238	$ 14,233	$ 15,921	$ 15,829	$ 20,437	$ 20,290	$ 11,149
17	Total Compliance FTE[3]	**19.77**	**22.08**	**16**	**45.75**	**37.5**	**20.85**	**33.5**	**53.5**
18	Registered entity per Compliance FTE	3.4	6.2	18.8	7.2	6.5	7.2	6.7	8.2
19	Registered function per Compliance FTE	12.3	20.8	37.6	14.6	18.2	20.1	13.3	22.1
20	Number of Small (non-CIP/693) Audits Onsite[5]	2	0	3	0	10	0	0	0
21	Estimated Cost per Small (non-CIP/693) Audit Onsite[5]	$ 7,582	$ -	$ 13,320	$ -	$ 10,731	$ -		$ -
22	Number of Medium (non-CIP/693) Audits Onsite[5]	1	7	0	10	15	0	4	0
23	Estimated Cost per Medium (non-CIP/693) Audit Onsite[5]	$ 18,956	$ 44,049	$ -	$ 39,857	$ 18,492	-	$ 37,246	$ -
24	Number of Large (non-CIP/693) Audits Onsite[5]	6	0	4	0	6	6	6	20
25	Estimated Cost per Large (non-CIP/693) Audit Onsite[5]	$ 37,912	$ -	$ 44,815	$ -	$ 41,137	$ 54,413	$ 57,534	$ 30,239
26	Number of Small (non-CIP/693) Audits Offsite[5]	2	11	10	35	15	14	0	22
27	Estimated Cost per Small (non-CIP/693) Audit Offsite[5]	$ 2,771	$ 11,404	$ 12,740	$ 10,102	$ 9,635	$ 10,457	$ -	$ 2,765
28	Number of Medium (non-CIP/693) Audits Offsite[5]	0	1	21	0	0	0	7	47
29	Estimated Cost per Medium (non-CIP/693) Audit Offsite[5]	$ -	$ 40,549	$ 21,955	$ -	$ -	-	$ 30,011	$ 7,960
30	Number of Large (non-CIP/693) Audits Offsite[5]	0	0	8	0	0	0	23	5
31	Estimated Cost per Large (non-CIP/693) Audit Offsite[5]	$ -	$ -	$ 27,730	$ -	$ 30,485	$ -	$ 48,347	$ 21,899
32	Number of Small (CIP/706B) Audits Onsite[5]	0	0	0	0	4	0	0	0
33	Estimated Cost per Small (CIP/706B) Audit Onsite[5]	$ -	$ -	$ -	$ -	$ 11,235	$ -	$ -	$ -
34	Number of Large (CIP/706B) Audits Onsite[5]	2	2	4	4	6	6	8	21
35	Estimated Cost per Large (CIP/706B) Audit Onsite[5]	$ 75,824	$ 57,520	$ 44,800	$ 75,366	$ 48,447	$ 96,238	$ 58,093	$ 32,629
36	Number of Small (CIP/706B) Audits Offsite[5]	9	9	24	50	9	9	24	51
37	Estimated Cost per Small (CIP/706B) Audit Offsite[5]	$ 2,771	$ 5,702	$ 9,490	$ 6,164	$ 15,790	$ 4,802	$ 17,118	$ 2,151
38	Number of Large (CIP/706B) Audits Offsite[5]	0	0	0	0	0	0	0	0
39	Estimated Cost per Large (CIP/706B) Audit Offsite[5]	$ -	$ -	$ -	$ -	$ -	$ -		$ -
40	Avg. Number of Contractors Per Small Audits Onsite	0	0	0	0	0	1	0	0
41	Avg. Number of Contractors Per Medium Audits Onsite	0	0	0	0	1	0	0	0
42	Avg. Number of Contractors Per Large Audits Onsite	0	0	0	0	2	2	0	0
43	Avg. Number of Contractors Per Small Audits Offsite	0	0	0	0	0	0	0	0
44	Avg. Number of Contractors Per Medium Audits Offsite	0	0	0	0	0	0	0	0
45	Avg. Number of Contractors Per Large Audits Offsite	0	0	0	0	0	2	0	0

[1] ERO Funding is a sum of Assessments and Penalty Sanctions

[2] Total Budget is a sum of Total Expenses and Capital Expenditures

[3] Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

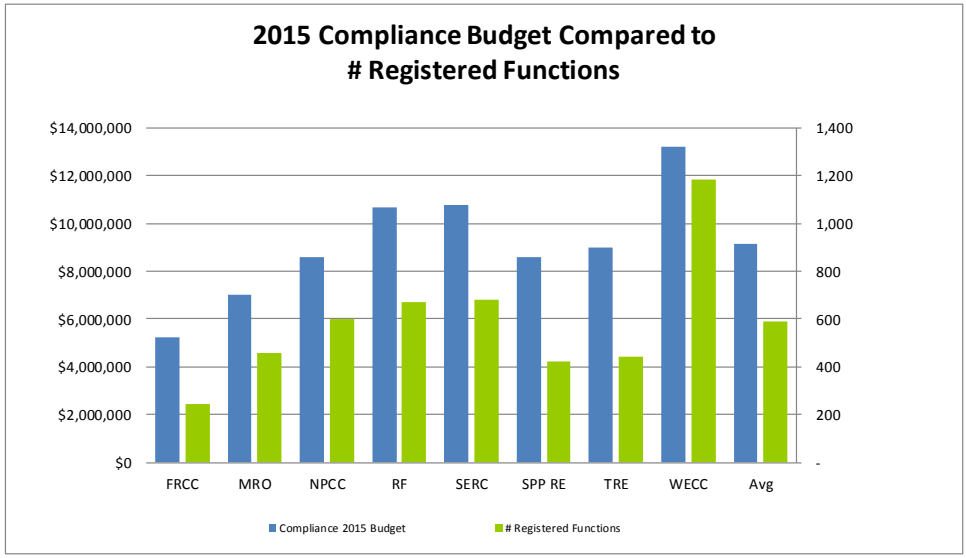
[4] Total Compliance Budget is a sum of Direct Expenses, Indirect Expenses and Capital Expenditures

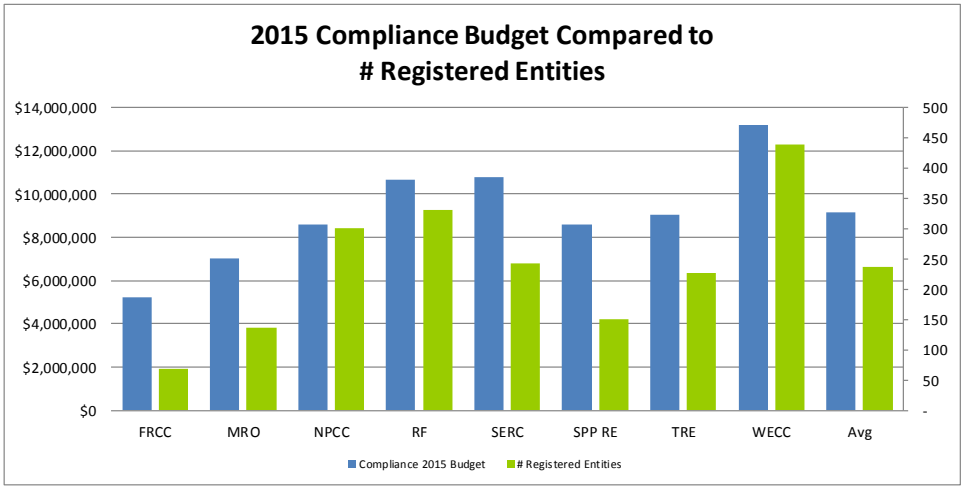
[5] Size of audits are defined by number of requirements:

Small	25 or less
Medium	26 to 75
Large	More than 75

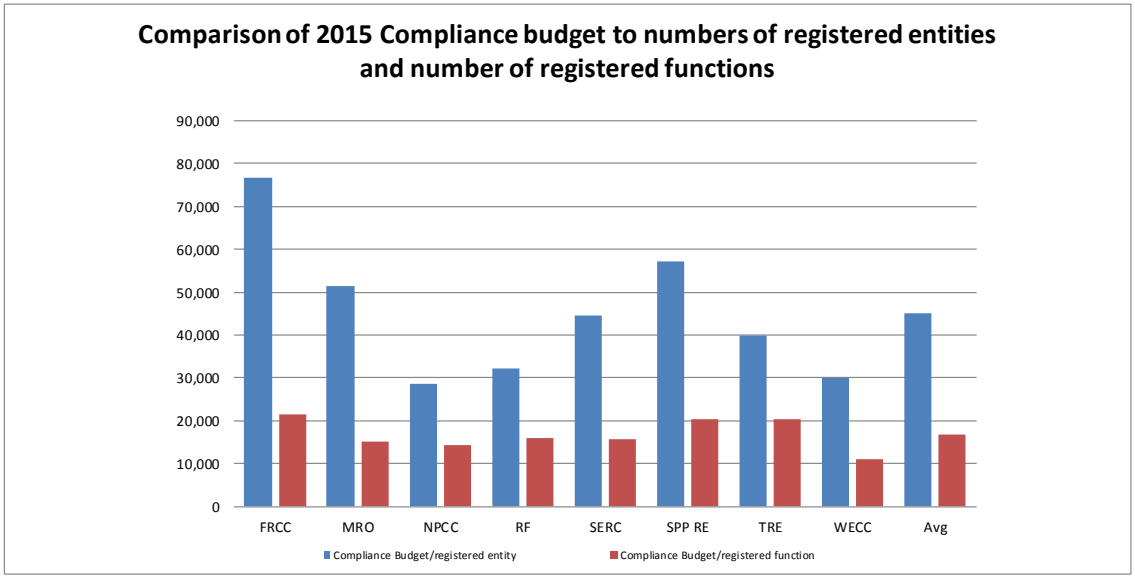
[6] Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Compliance 2015 Budget	5,211,874	6,994,216	8,568,145	10,651,382	10,779,635	8,583,743	9,008,548	13,178,512	9,122,007
# Registered Entities	68	136	300	331	242	150	226	439	237
# Registered Functions	243	459	602	669	681	420	444	1,182	588

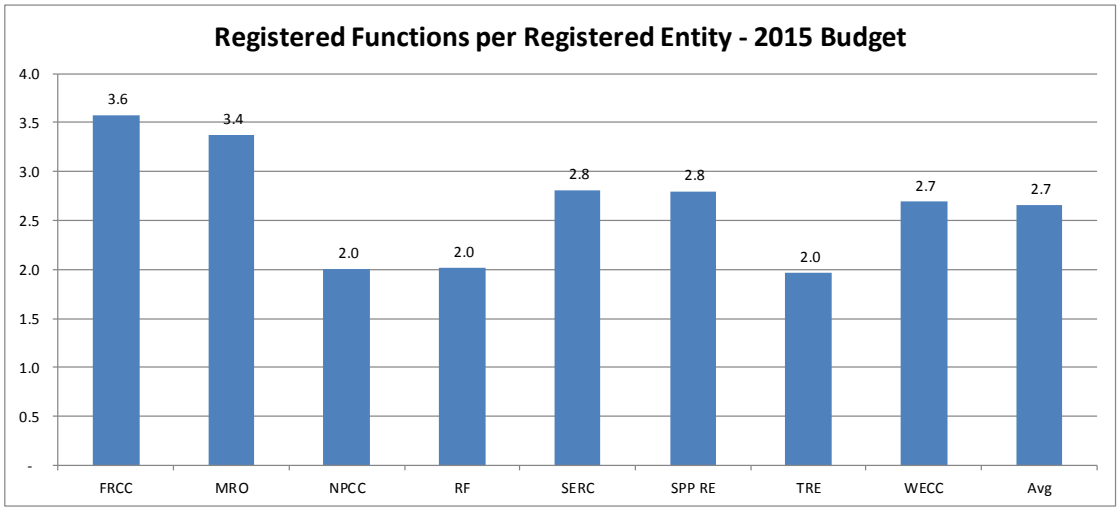




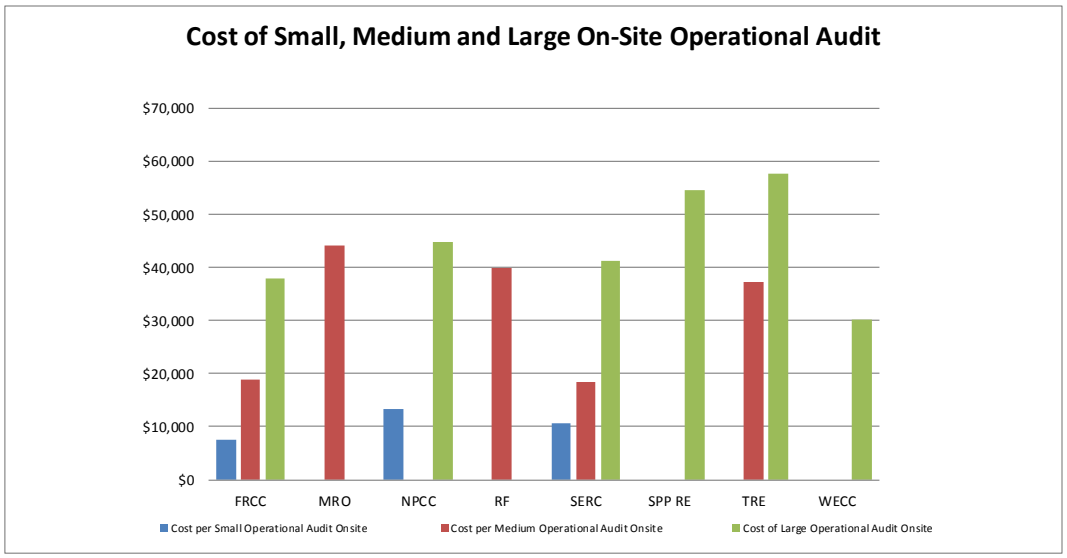
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Compliance Budget/registered entity	76,645	51,428	28,560	32,179	44,544	57,225	39,861	30,019	45,058
Compliance Budget/registered function	21,448	15,238	14,233	15,921	15,829	20,437	20,290	11,149	16,818



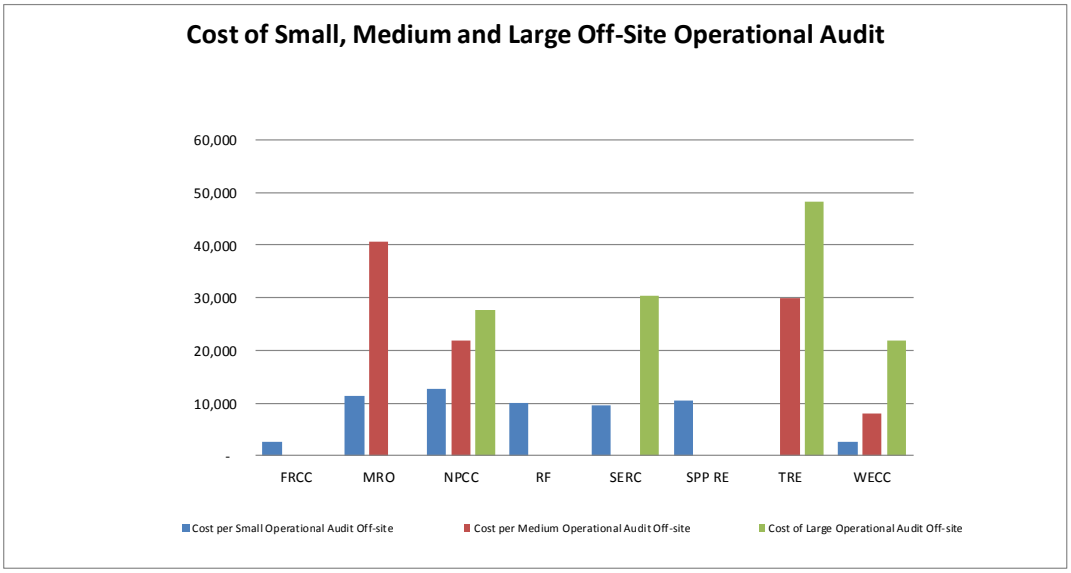
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Registered Functions per Registered Entity 2015 Budget	3.6	3.4	2.0	2.0	2.8	2.8	2.0	2.7	2.7



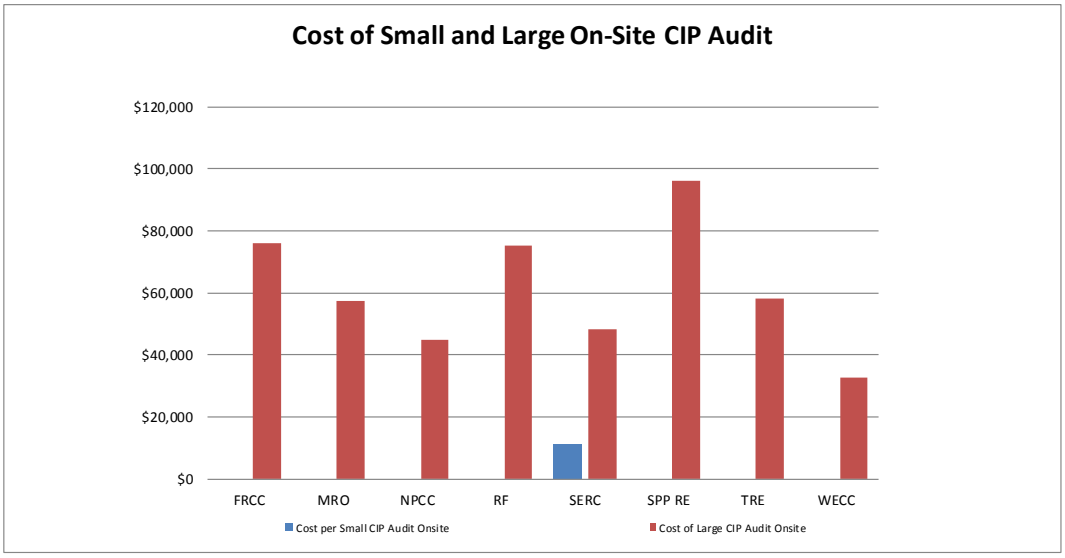
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Cost per Small Operational Audit Onsite	7,582	-	13,320	-	10,731	-	-	-	10,545
Cost per Medium Operational Audit Onsite	18,956	44,049	-	39,857	18,492	-	37,246	-	31,720
Cost of Large Operational Audit Onsite	37,912	-	44,815	-	41,137	54,413	57,534	30,239	44,342



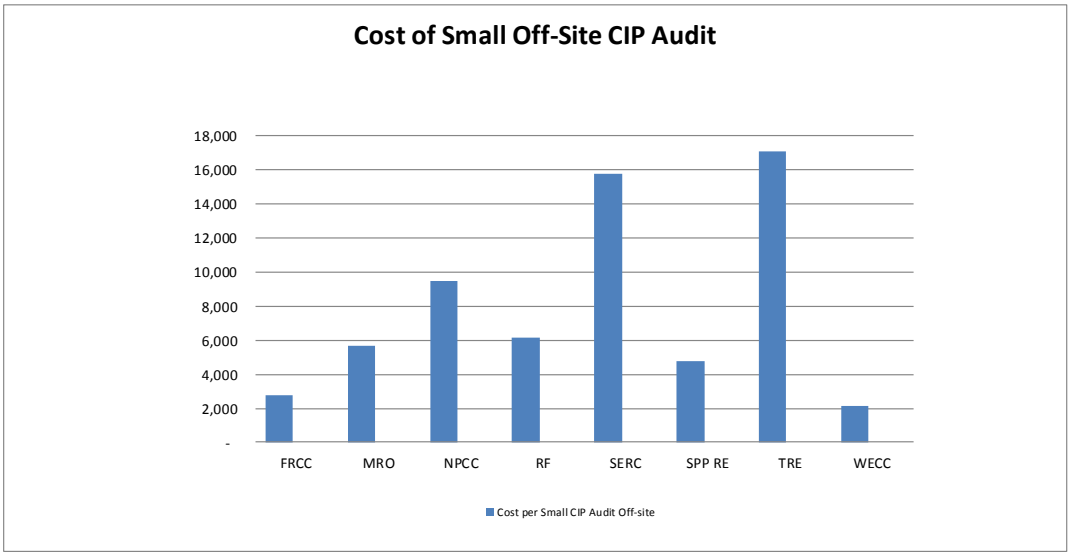
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Cost per Small Operational Audit Off-site	2,771	11,404	12,740	10,102	9,635	10,457	-	2,765	8,554
Cost per Medium Operational Audit Off-site	-	40,549	21,955	-	-	-	30,011	7,960	25,119
Cost of Large Operational Audit Off-site	-	-	27,730	-	30,485	-	48,347	21,899	32,115

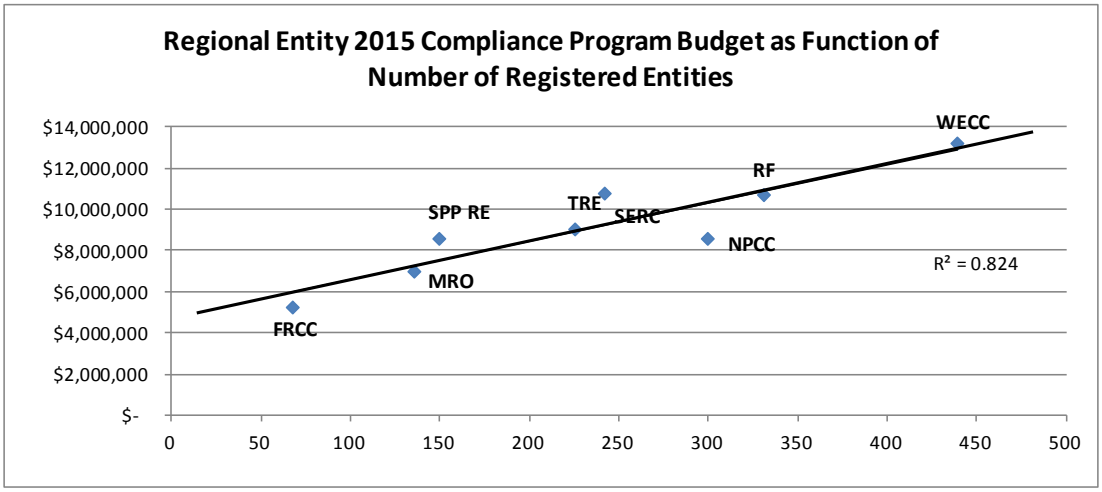


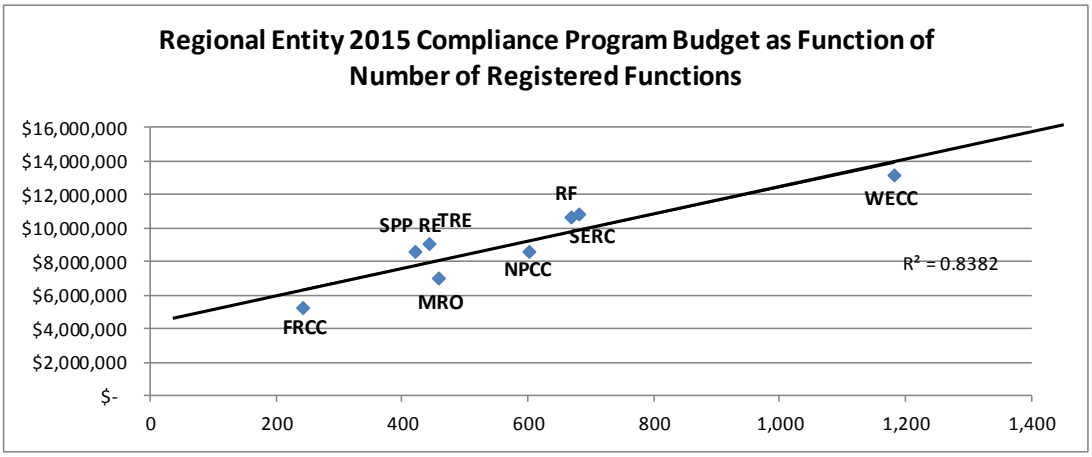
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Cost per Small CIP Audit Onsite	-	-	-	-	11,235	-	-	-	11,235
Cost of Large CIP Audit Onsite	75,824	57,520	44,800	75,366	48,447	96,238	58,093	32,629	69,845



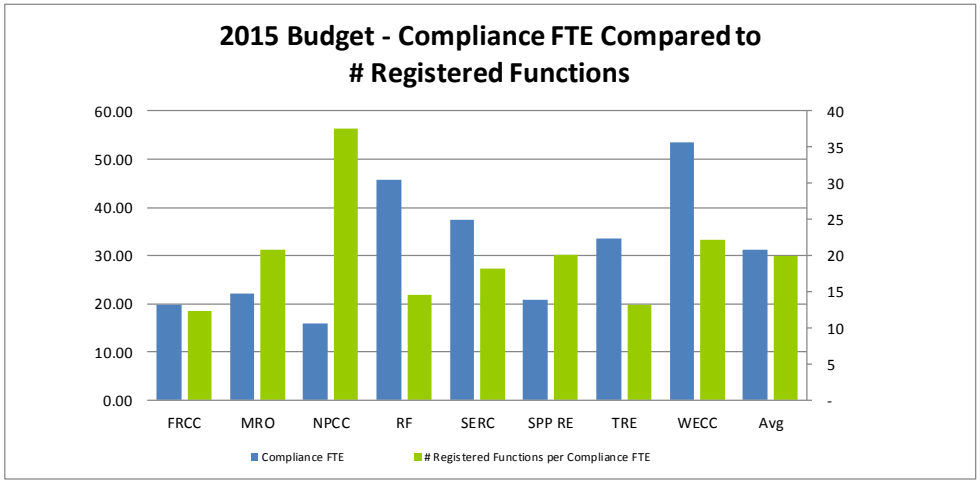
	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Cost per Small CIP Audit Off-site	2,771	5,702	9,490	6,164	15,790	4,802	17,118	2,151	9,141
Cost of Large CIP Audit Off-site	-	-	-	-	-	-	-	-	-

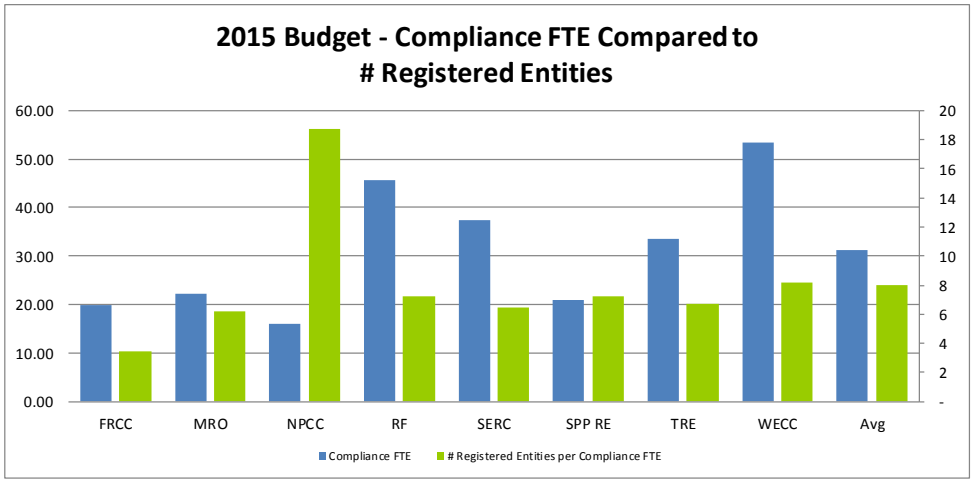



Regional Entity 2015 Compliance Program Budget as Function of Number of Registered Entities
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
0
50
100
150
200
250
300
350
400
450
500
WECC
RF
TRE
SERC
SPP RE
NPCC
MRO
FRCC
R² = 0.824

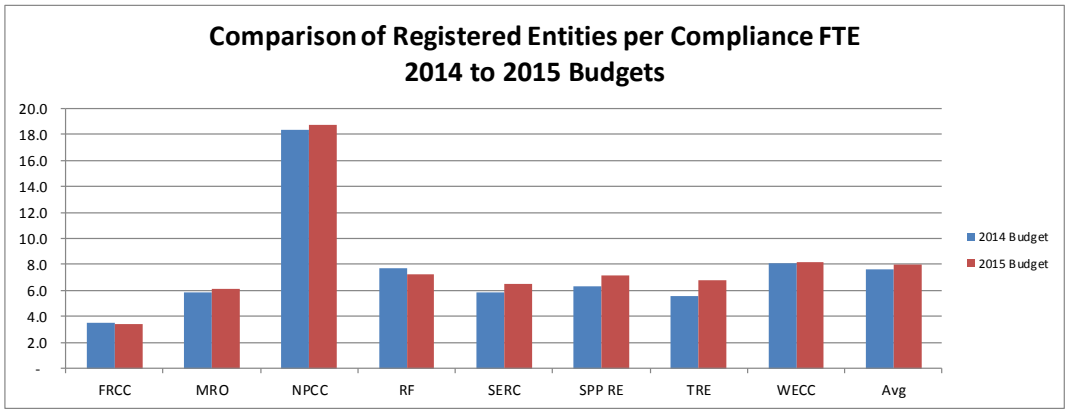

Regional Entity 2015 Compliance Program Budget as Function of Number of Registered Functions
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
0
200
400
600
800
1,000
1,200
1,400
RF
WECC
SPP RE
TRE
SERC
NPCC
MRO
FRCC
R² = 0.8382

	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
Compliance FTE	19.77	22.08	16.00	45.75	37.50	20.85	33.50	53.50	31.12
# Registered Entities per Compliance FTE	3.4	6.2	18.8	7.2	6.5	7.2	6.7	8.2	8.0
# Registered Functions per Compliance FTE	12.3	20.8	37.6	14.6	18.2	20.1	13.3	22.1	19.9

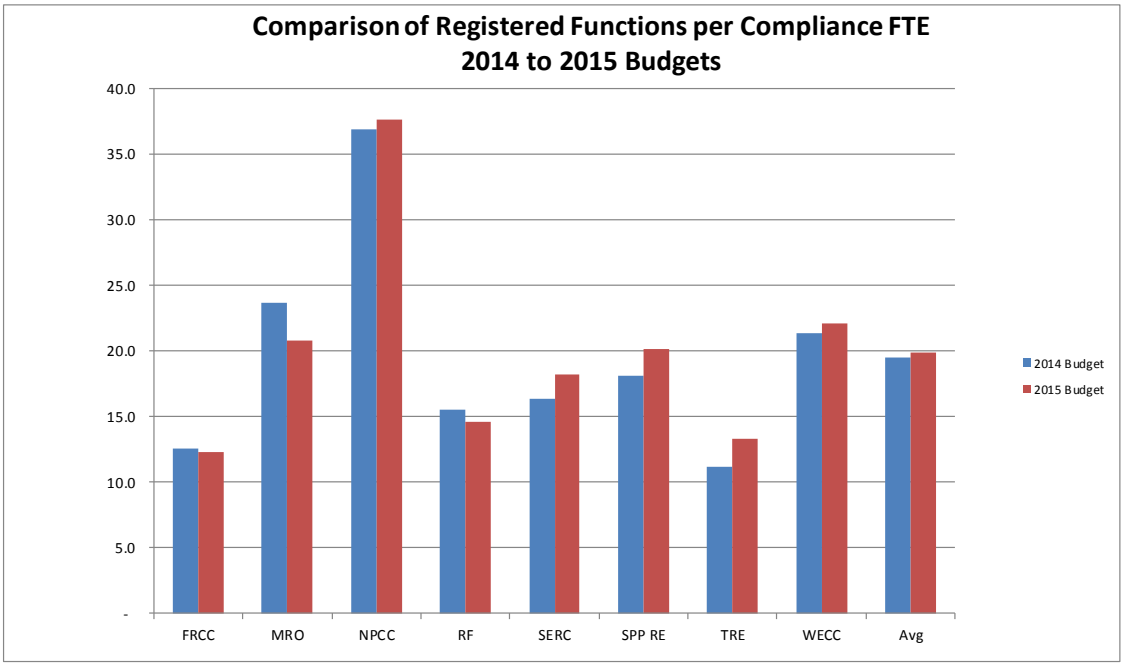




	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
2014 Budget	3.5	5.9	18.3	7.7	5.8	6.3	5.6	8.1	7.7
2015 Budget	3.4	6.2	18.8	7.2	6.5	7.2	6.7	8.2	8.0



	FRCC	MRO	NPCC	RF	SERC	SPP RE	TRE	WECC	Avg
2014 Budget	12.6	23.6	36.9	15.6	16.3	18.1	11.2	21.4	19.5
2015 Budget	12.3	20.8	37.6	14.6	18.2	20.1	13.3	22.1	19.9



Discussion and Analysis

Metrics Based on 2015 Regional Entity Budgets

The development, collection, analysis and comparison of Regional Entity Compliance Program metrics data continues to be a complicated and time-consuming process, requiring careful consideration of many complex factors. In analyzing the Regional Entity metrics based on their 2015 budgets, NERC has in a number of instances looked at the average value among the Regional Entities for the metric, as well as the range of the individual values around the average. This data has been considered as part of the effort to understand and explain the differences among the Regional Entities' budgeted values, and not because NERC believes the deviation from an average, standing alone, is a measure of an individual Regional Entity's efficiency or effectiveness.

The Regional Entity metrics provided in this Attachment, based on the Regional Entities' 2015 Business Plans and Budgets, continue to show, in general, that the Regional Entities with the larger numbers of registered entities and registered functions have the larger Compliance Program budgets. The bar charts and accompanying data on page 5 of this Attachment depict the relative positions of the Regional Entities with respect to (i) total Compliance Program budget for 2015 and (ii) numbers of registered entities and registered functions.[6] Three exceptions to this relationship (*i.e.*, that more registered entities and more registered functions means a larger Compliance Program budget) are (i) NPCC, which has a smaller Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest, (ii) SPP RE, which has a larger Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest, and (iii) Texas RE which also has a larger Compliance Program budget than its rank order position in terms of numbers of registered entities and registered functions would suggest . NPCC has the third highest number of registered entities and the fourth highest number of registered functions, but NPCC's Compliance Program budget is the third lowest of the eight Regional Entities. This is due to the reduced scope of compliance activities in the Canadian Provinces that are part of the NPCC Region, as governed by the Memoranda of Understanding between NPCC and the Canadian Provinces within the NPCC Region. SPP RE has the third lowest number of registered entities and second lowest number of registered functions, but the fifth highest Compliance Program budget. Texas RE has the fourth lowest number of registered entities and third lowest number of registered functions, but the fourth highest Compliance Program budget.

The bar chart and accompanying data on page 6 of this Attachment show the 2015 Compliance Program budget per registered entity and per registered function for each Regional Entity. There are variations among the Regional Entities with respect to Compliance Program budget per registered entity and Compliance Program budget per registered function. The average of the Regional Entity values for Compliance Program budget per registered function is $16,818 (a decrease of $431 from this average based on the 2014 Budgets); the three highest

[6] The data on numbers of registered entities and registered functions in each Region used in the 2015 budget metrics are as of April, 2014 for the MRO, NPCC, RF, SERC, and SPP RE Regions, and June 2014 for the FRCC, Texas RE and WECC Regions.

values (FRCC - $21,448, SPP RE - $20,437 and Texas RE - $20,290 and) are approximately 127%, 121% and 120% of the average, respectively, while the lowest value (WECC - $11,149) is 66% of the average and the next lowest value (NPCC - $14,233) is 85% of the average. With respect to Compliance Program budget per registered entity, the average for the Regional Entities is $45,058 (a decrease of approximately $1,675 from the average of the 2014 Budgets); the two highest values (FRCC - $76,645 and SPP RE - $57,225) are approximately 170% and 127% of the average, respectively; and the lowest value (NPCC - $28,560) is 63% of the average.[7]

As noted, FRCC and SPP RE have the two highest values for Compliance Program budget per registered entity, and FRCC, SPP RE and Texas RE have the three highest values for Compliance Program budget per registered function. At the same time, FRCC, SPP RE and Texas RE have three of the four lowest totals of registered entities, and the three lowest totals of registered functions, among the eight Regional Entities. At the other end of the spectrum, WECC has the lowest values among the Regional Entities for Compliance Program budget per registered function and the second lowest value for Compliance Program budget per registered entity (only NPCC has lower value for Compliance Program budget per registered entity), and WECC has (by far) the highest numbers of registered entities and registered functions in its Region of all the Regional Entities. These data indicate, again (as indicated by these metrics as presented in previous years' business plan and budget filings), and in general, that there are economies of scale in Compliance Program operations and costs.

The graphs on page 11 of this Attachment, which display the results of two simple least-squares regression analyses using the Regional Entities' 2015 budgets, help to further illustrate the relationship between numbers of registered entities and registered functions, on the one hand, and total Compliance Program budget, on the other hand. Each Regional Entity's 2015 Compliance Program budget has been plotted against its number of registered entities, and its number of registered functions. On each of these charts, a linear trend line has been drawn based on the data points, and the correlation coefficient (R^2) of the data points is indicated. The disparity between the R^2 value for the plot based on number of registered entities (0.824) and the R^2 value for the plot based on number of registered functions (0.8382) is similar to this analysis in the previous three years' Business Plan and Budget filings.[8] NERC continues to believe that

[7] There is a variation among the Regional Entities in terms of registered functions per registered entity, ranging from a high value of 3.6 registered functions per registered entity for FRCC to a low value of 2.0 registered functions per registered entity for NPCC, RF and Texas RE. The overall average is 2.7 registered functions per registered entity. (*See* the data lines on page 7.) The values of this metric for each Regional Entity are generally consistent with the values based on the 2011, 2012, 2013, and 2014 Business Plans and Budgets. Not surprisingly, neither the average nor the values of this metric for the individual Regional Entities have changed significantly. There is not an obvious reason why some Regional Entities (MRO and FRCC) have 1.68 to 1.78 times more registered functions per registered entity than do other Regional Entities (NPCC, Texas RE and RF), and in any event this is a metric that is outside the control of the Regional Entities.

[8] In the regression analysis that was provided in Attachment 15 of the 2012 Business Plan and Budget filing, the R^2 value for the plot based on number of registered functions was 0.7126 while the R^2 value for the plot based on number of registered entities was 0.725. In the regression analysis that was provided in Attachment 15 of the 2013 Business Plan and Budget filing, the R^2 value for the plot based on number of registered functions was 0.7758 while the R^2 value for the plot based on number of registered entities was

the regression analyses continue to indicate that neither number of registered entities or number of registered functions is a significantly better predictor of a Regional Entity's total Compliance Program budget than the other number. Further, a visual inspection of the two graphs shows that the data point for each Regional Entity is at approximately the same point relative to the trend line on both graphs. Specifically, the data points for FRCC, MRO, NPCC and WECC are on or below the trend line on both graphs, and the data points for SPP RE, Texas RE, SERC and RF are on or above the trend line on both graphs. (These are the same positional relationships for the individual Regional Entities that were shown in the regression plots provided in Attachment 15 of the 2013 Business Plan and Budget filing and Attachment 16 of the 2014 Business Plan and Budget filing). It can also be observed that on both of the regression graphs, the data points for each of the Regional Entities are either on or fairly close to the regression trend line; that is, there are no obvious "outliers" from the trend line among the Regional Entities, for either the regression based on Compliance Program budget as a function of number of registered entities or the regression based on Compliance Program budget as a function of the number of registered functions. Finally, the fact that the y-intercept for each trend line is significantly greater than zero is a further indication that a simple comparison of the individual Regional Entity values to an average is not a strong indicator of relative efficiencies of the Regional Entities in their Compliance Programs.

The bar charts and accompanying data lines on page 12 of this Attachment show the numbers of registered functions per Compliance Program FTE and registered entities per Compliance Program FTE for each Regional Entity, based on the 2015 budgets. The average for the eight Regional Entities for numbers of registered entities per Compliance Program FTE is 8.0, (compared to the average of 8.1 and 7.7 based on the 2013 and 2014 budgets, respectively); the lowest value (FRCC – 3.4) is 43% of the average and the highest value (NPCC – 18.8), is 234% of the average. This is about the same range of values around the average that was the case for the 2013 and 2014 Budgets (48% to 241%, and 46% to 239%, respectively). The average for numbers of registered functions per Compliance Program FTE is 19.9 (a 0.4% increase from the average based on the 2014 budgets); the lowest value (FRCC – 12.3) is 62% of the average and the highest value (NPCC – 37.6), is 189% of the average. This is also a comparable range of values around the average that was the case for the 2013 and 2014 Budgets (52% to 187% and 58% to 190%, respectively).

The bar charts and accompanying data lines on page 13 of this Attachment provide a comparison of the metrics for registered entities per Compliance Program FTE and registered functions per Compliance Program FTE, for each Regional Entity, based on the 2015 budgets, to the values of these metrics based on the Regional Entities' 2014 budgets as provided in the 2014 Business Plan and Budget filing. The values of this metric have decreased from the 2014 Budget to the 2015 Budget for FRCC and RF (*i.e.*, these Regional Entities now have fewer registered entities per Compliance Program FTE than in their 2014 budgets), while the values for this metric have increased from the 2014 budgets for MRO, NPCC, SERC, SPP RE, Texas RE, and WECC (*i.e.*, these Regional Entities now have more registered entities per Compliance Program

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0.6704. In the regression analysis that was provided in Attachment 16 of the 2014 Business Plan and Budget filing, the R^2 value for the plot based on number of registered functions was 0.7128 while the R^2 value for the plot based on number of registered entities was 0.7908.

FTE than in their 2014 budgets). With respect to registered functions per Compliance Program FTE, the 2015 budget values of this metric are lower than the 2014 budget values for FRCC, MRO, and RF (*i.e.*, these Regional Entities each now has fewer registered functions per Compliance Program FTE than its 2014 budget), while the 2015 budget values of this metric are higher than the 2014 budget values for NPCC, SERC, SPP RE, Texas RE, and WECC (*i.e.*, these Regional Entities now have more registered functions per Compliance Program FTE than in their 2014 budgets. The change in the value of these metrics for FRCC, NPCC, and WECC from their 2014 budgets to their 2015 budgets is generally 5 percent or less for number of registered entities per Compliance Program FTE and is generally 5 percent or less for number of registered functions per Compliance Program FTE. This observation is consistent with the facts that (1) eight years after NERC was certified as the ERO, the population of registered entities and registered functions is fairly mature (*i.e.*, for the most part, the users, owners, and operators of the bulk power system that should be registered, have been registered, and for the relevant reliability functions[9]), and (2) the Regional Entities have significantly grown their Compliance Program staffs over time and are not planning significant staffing changes for their Compliance Programs in their 2015 budgets as compared to their 2014 budgets. For MRO, RF, SERC, SPP RE and Texas RE, the change in the value of these metrics from their 2014 budgets to their 2015 budgets is 4.8, 6.3, 11.0, 13.6, and 21.6 percent, respectively for number of registered entities per Compliance Program FTE and is 12.0, 6.0, 11.2, 11.3, and 18.3 percent, respectively for the number of registered functions per Compliance Program FTE.[10]

The bar charts and accompanying data lines on pages 8 through 10 of this Attachment provide the Regional Entities' estimated costs for 2015 to perform each type (operational and CIP; on-site and off-site) and size category of compliance audit.[11] The estimated costs to perform a compliance audit include the costs to prepare for the audit (including review of the registered entity's completed pre-audit questionnaire and Reliability Standards Audit Worksheets (RSAWs) and other registered entity-provided documents and information, and any pre-audit meetings), to perform the audit (whether on-site or off-site), and to report the results of the audit. Costs incurred in issuing and processing notices of alleged violations and proposed penalties resulting from the compliance audit (*i.e.*, the costs of enforcement activities, as contrasted with the costs of compliance monitoring activities) are not included in the estimated cost to perform the compliance audit. The costs per audit for each category of audit, shown in the table on page 4 and the bar charts on pages 8 through 10, are based on the Regional Entities' estimates of the man-hours required to complete the preparation, performance and reporting functions for each category of compliance audit in 2015. The costs include the direct Salary expense and related Personnel Expense (Payroll Taxes, Benefits and Retirement Costs) for the man-hours of the Regional Entity personnel involved in preparation, performance and reporting for the audit

[9] It is possible that implementation the revised Bulk Electric System (BES) definition, which became effective on July 1, 2014, and the application of the BES Definition exception procedure (Appendix 5C to the NERC Rules of Procedure), will result in some changes in registrations, at least in some Regions.

[10] These two metrics, however, do not capture other Compliance Program resources, most notably contractor or consultant support, nor support that other departments (such as Legal and Regulatory) may provide to the Regional Entities' Compliance Programs.

[11] Estimated costs of a particular size or type of audit are not provided in the table on page 4 or in the applicable bar chart on pages 8 through 10 if no audits are planned.

and/or the costs for consultant/contractor resources used by the Regional Entity to perform the audit, but do not include any allocation of Regional Entity indirect costs. The costs also include Travel Expense for personnel in connection with on-site audits at the registered entity's location.

NERC and the Regional Entities note the following factors, among others, that can contribute to the differences in estimated costs per compliance audit among the Regional Entities for the various compliance audit size and site categories, as reported in the table on page 4 and shown in the bar charts on pages 8 through 10:

- Some Regional Entities are using consultants or contractors on their audit teams, which may entail a higher cost per hour than the use of Regional Entity employees.[12] For example, as shown on the table on page 4, SERC and SPP RE are planning on the use of contractors in compliance audits in 2015. (In general and over time, as the Regional Entities have continued to build their Compliance Program staffs, they have been able to reduce their use of consultants or contractors in compliance audits. An exception is where very specialized subject matter expertise is required and there may not be cost justification for maintaining that expertise on staff in FTE positions.)

- The Regional Entity's footprint may affect the extent to which travel costs must be incurred in the performance of on-site compliance audits within the Region.

- Although consistent definitions of "large" operational and CIP audits have been used, *i.e.*, an operational audit encompassing more than 75 reliability standards requirements and a CIP audit encompassing more than 43 CIP standards requirements or 162 sub-requirements), some Regional Entities may project a greater number of requirements to be audited in a typical "large" compliance audit than other Regional Entities. A Regional Entity that projects a larger number of requirements to be audited in a "large" audit would, all other things equal, estimate a greater amount of resources to conduct its "large" audit (*e.g.*, more auditors, more days at the registered entity's site and/or more man-hours to review the registered entity's documentation and to prepare the audit report).

- Some Regional Entities may simply be planning more steps, or budgeting higher man-hours, for the preparation, completion and/or reporting phases of their compliance audits. In particular, there may be variations in the levels of activity and man-hours budgeted by the Regional Entities for review of registered entity responses to pre-audit questionnaires and RSAWs, and other registered entity documents and information, prior to the on-site phase of a compliance audit. In this regard, NERC notes that one of its initiatives during 2014 and continuing into 2015, in conjunction with the Regional Entities, is the development of, training of auditors on, and implementation of, a common compliance audit manual and checklist and set of

[12] It should be noted that although the cost to use a contractor or consultant on an individual audit assignment may be more costly than using a Regional Entity employee, the annual cost to the Regional Entity of retaining a contractor or consultant for a specific targeted assignment such as participating in certain compliance audits may be less than the cost of maintaining a FTE employee on staff for the year.

compliance audit procedures, in order to increase the consistency of compliance audit processes across the Regional Entities. *See* the discussion in the Regional Entity Assurance and Oversight section of NERC's 2015 Business Plan and Budget, **Attachment 2** to this filing.

- With respect to CIP compliance audits, the need to examine equipment or facilities that are the subject of one or more TFE Requests or to audit the registered entity's compliance with one or more approved TFEs complicates the difficulty of projecting the resource requirements for a CIP audit.

In addition to these factors, differences in estimated costs per audit among Regional Entities may reflect general differences in the market compensation levels in the different areas of the U.S. in which the various Regional Entities operate, thereby impacting their respective overall Personnel Expenses.

In conclusion, NERC reiterates that the development, collection, analysis and comparison of metrics on the Regional Entities' costs, operations and performance is an ongoing process. NERC and the Regional Entities will continue to work collaboratively to develop and refine appropriate metrics and to improve their analysis of the reported metrics values and the factors that may cause variations in values among the Regional Entities. In addition, NERC and the Regional Entities are evaluating whether additional or revised metrics should be developed to better reflect current practices in compliance auditing and other compliance monitoring activities, including the impacts of the ERO's Reliability Assurance Initiative.

DOCKET NO. RR14-__-000

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

2015 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 17

METRICS ON NERC AND REGIONAL ENTITY

ADMINISTRATIVE (INDIRECT) COSTS

BASED ON

THE 2014 AND 2015 BUDGETS

ATTACHMENT 17

Analysis of
NERC and Regional Entity Budgeted Indirect (Administrative Services) Costs
2015 Budgets versus 2014 Budgets

In the preparation of the NERC and Regional Entity 2015 Business Plans and Budgets, indirect expenses have been defined as those expenses which cannot be directly attributed to one of the statutory program functions.[1]

The metrics presented in the tables on the last page of this Attachment are the same metrics presented in Attachment 16 to the 2010, 2011, 2012 and 2013 Business Plan and Budget filings and Attachment 17 to the 2014 Business Plan and Budget filing. These tables provide several metrics comparing indirect costs and FTEs[2] in relation to total statutory costs and FTEs and direct statutory costs and FTEs, for NERC and each of the Regional Entities, in their 2015 Business Plans and Budgets and their 2014 Business Plans and Budgets.

Overall, the tables show a decrease in the average indirect costs as a percent of total statutory costs and an increase in the average statutory indirect FTEs as a percentage of total statutory FTEs, in the NERC and Regional Entity 2015 budgets as compared to the 2014 budgets. This result is reflective of consistent application of the definition of indirect costs, as described above, in the preparation of the 2015 budgets.

Following is discussion of the individual metrics presented in the tables.

Percent of Statutory Indirect Budget to Total Statutory Budget

For NERC and the Regional Entities, the average percent of Statutory Indirect Budget to Total Statutory Budget (top row of tables) in the 2015 budgets is 34.8%, versus 35.5% in the 2014 budgets. For 2015, FRCC, MRO, NPCC, RF, Texas RE and WECC show percentages below or only slightly above (less than 10% higher than) the overall average. SERC's 2015 value for this metric is only 13% higher than the overall average.

FRCC's percentages for this metric calculated from both its 2014 budget and its 2015 budget are considerably lower than the overall average, which is reflective of the methodology used by FRCC to identify and allocate staff time and Office Costs to the appropriate program. SPP RE continues to have a higher percentage than the average (the highest percentage among the Regional Entities) for this metric, reflecting the allocation of indirect costs (support services charges) from SPP, Inc., which are driven by SPP, Inc.'s operating budget.

For NERC, MRO, NPCC, RF, SPP RE and WECC the percentages of Statutory Indirect Budget to Total Statutory Budget decreased in their 2015 budgets from the percentages based on

[1] NERC and Regional Entity provisions for Working Capital Reserve are not included in the budget data used to calculate these metrics.

[2] FTE = Full-time equivalent employee.

their 2014 budgets, ranging from a 0.2 percentage point decrease for NPCC to a 3 percentage point decrease for NERC. NERC's decrease for this metric is largely due to the increase in its budgeted statutory direct expenses in 2015 due to the commencement of NERC's participation in the Cyber Risk Information Sharing Program (CRISP), which in turn is being funded largely through Third-Party Funding payments from the electric utilities participating in the CRISP rather than through increased statutory assessments to all load-serving entities. For FRCC and SERC, the percentages increased by 1.7 percentage points and 2.2 percentage points, respectively. For Texas RE the percentages remained the same.

The overall average for the ratio of Statutory Direct Budget to Statutory Indirect Budget decreased from 2.57 based on the 2014 Business Plans and Budgets to 2.43 based in the 2015 Business Plans and Budgets. Overall, the changes in the average values of the two metrics shown in the top row of tables from the 2014 Budgets to the 2015 Budgets do not represent significant movement.

Budgeted Indirect FTEs as a Percent of Budgeted Total FTEs

In the NERC and Regional Entity 2015 Business Plans and Budgets, on average the budgeted statutory indirect FTEs are 24.7% of total statutory FTEs, compared to an average of 22.3% for the 2014 budgets, an increase of 2.4 percentage points (second row of tables). In the 2014 budget compared to the 2013 budget, the average number of statutory direct FTEs per statutory indirect FTE increased by 0.09, from 4.32 to 4.41. On average, there are 3.53 statutory direct FTEs per statutory indirect FTE in the 2015 budgets, compared to 4.41 statutory direct FTEs per statutory indirect FTEs in the 2014 budgets, for an average decrease of 0.88 statutory direct FTEs per statutory indirect FTE.

NERC, FRCC, SERC, SPP RE and Texas RE have higher percentages of budgeted statutory indirect FTEs to total statutory FTEs reflected in their 2015 budgets than in their 2014 budgets. RF and WECC have lower percentages of budgeted statutory indirect FTEs to total statutory FTEs reflected in their 2015 budgets than in their 2014 budgets. MRO's and NPCC's percentage of budgeted statutory indirect FTEs to total statutory FTEs reflected in their 2015 budgets are the same as in their 2014 budgets. NERC, FRCC, SPP RE and Texas RE have the largest decreases in the ratio of direct statutory FTEs to indirect statutory FTEs from their 2014 Budgets to their 2015 Budgets. SPP RE continues to have a very low percentage of indirect statutory FTEs to total statutory FTEs, which reflects the fact that SPP RE has a very small staff of indirect FTEs and obtains many of its administrative services from SPP, Inc. rather than through its own administrative staff as is the case for NERC and the other seven Regional Entities.

In considering this metric, it should be kept in mind that neither NERC nor any of the other Regional Entities are planning significant changes (increases or decreases) in overall staffing levels in their 2015 budgets from their 2014 budgets. Thus, the changes in the percentages of budgeted statutory indirect FTEs to total statutory FTEs and in the ratios of direct statutory FTEs to indirect statutory FTEs represent, primarily, reallocations of resources among direct and indirect program areas within each entity to support the goals and objectives of each entity.

Statutory Indirect Budget per Total FTE

The Statutory Indirect Budget per Total FTEs has increased from an average of $95,164 in the 2014 NERC and Regional Entity budgets to $97,312 in the 2015 budgets, an increase of $2,148, or 2.3% (bottom row of tables). In prior years, the increases in the statutory Indirect Budget per Total FTEs were generally reflective of an increased percentage of Statutory Indirect Budget to Total Statutory Budget (first row of tables). In 2015, this relationship is similar for FRCC and SERC. The statutory Indirect Budget per Total FTEs metric has decreased from the 2014 budget to the 2015 budget for MRO and WECC, and is reflective of their decreased percentages of Statutory Indirect Budget to Total Statutory Budget (first row of tables). The statutory Indirect Budget per Total FTEs metric has increased from the 2014 budget to the 2015 budget for NERC, NPCC, RF and SPP RE, while the percentage of Statutory Indirect Budget to Total Statutory Budget (first row of tables) decreased for these entities. The percentage differences in these two metrics from the 2014 Budgets to the 2015 Budgets for NPCC (2%), RF (4%) and SPP RE (2%) are not significant. For NERC, the statutory Indirect Budget per Total FTEs metric has increased 8.8% from the 2014 budget to the 2015 budget, while the percentage of Statutory Indirect Budget to Total Statutory Budget (first row of tables) decreased 3.0%. The increase in NERC's statutory Indirect Budget per Total FTEs (bottom row of tables) is reflective of the small increase in total FTEs, 189.53 FTEs in 2014 to 192.3 FTEs in 2015, or 1.5%, compared to the increase in NERC's statutory indirect budget, from $25.2M in 2014 to $27.8M in 2015, or 10.4%. While NERC's statutory indirect budget increased 10.4% in 2015 over 2014, NERC's statutory direct budget increased 24.5% in 2015 over 2014 ($38.8M in 2015 compared to $31.2M in 2014), due largely to the incorporation of the CRISP in the 2015 Budget, resulting in the decrease in NERC's percentage of Statutory Indirect Budget to Total Statutory Budget (first row of tables).

Analysis of Indirect (Administrative Services) Costs
2015 Budget versus 2014 Budget

2014 BUDGET						2015 BUDGET				
Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory	Ratio of Statutory Direct Budget to Indirect Budget		Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory	Ratio of Statutory Direct Budget to Indirect Budget
$ 56,390,096	$ 31,154,625	$ 25,235,471	44.8%	1.23	NERC	$ 66,649,306	38,801,269	27,848,037	41.8%	1.39
6,794,932	6,172,992	621,940	9.2%	9.93	FRCC	7,162,233	6,379,570	782,663	10.9%	8.15
9,744,799	5,774,572	3,970,227	40.7%	1.45	MRO	10,328,687	6,430,254	3,898,433	37.7%	1.65
14,129,006	9,095,248	5,033,758	35.6%	1.81	NPCC	14,778,540	9,544,174	5,234,366	35.4%	1.82
18,063,201	12,869,165	5,194,036	28.8%	2.48	RF	18,756,764	13,442,121	5,314,643	28.3%	2.53
16,877,288	10,610,814	6,266,474	37.1%	1.69	SERC	15,995,840	9,704,308	6,291,532	39.3%	1.54
11,823,629	5,736,162	6,087,467	51.5%	0.94	SPP RE	11,808,109	5,803,102	6,005,007	50.9%	0.97
11,771,248	7,653,236	4,118,012	35.0%	1.86	Texas RE	11,983,701	7,788,932	4,194,769	35.0%	1.86
25,638,084	16,296,214	9,341,870	36.4%	1.74	WECC	26,300,034	17,346,688	8,953,346	34.0%	1.94
			35.5%	2.57	AVERAGE				34.8%	2.43

2014 BUDGETED FTEs						2015 BUDGETED FTEs				
Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs		Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs
189.53	130.39	59.14	31.2%	2.20	NERC	192.30	124.76	67.54	35.1%	1.85
30.40	27.04	3.36	11.1%	8.05	FRCC	30.91	26.87	4.04	13.1%	6.65
40.75	29.79	10.96	26.9%	2.72	MRO	42.50	31.08	11.42	26.9%	2.72
36.86	27.86	9.00	24.4%	3.10	NPCC	36.86	27.86	9.00	24.4%	3.10
72.00	57.20	14.80	20.6%	3.86	RF	72.20	57.60	14.60	20.2%	3.95
79.20	59.37	19.83	25.0%	2.99	SERC	78.70	54.57	24.13	30.7%	2.26
33.86	30.86	3.00	8.9%	10.29	SPP RE	32.75	28.25	4.50	13.7%	6.28
60.00	49.25	10.75	17.9%	4.58	Texas RE	60.00	44.50	15.50	25.8%	2.87
135.00	88.10	46.90	34.7%	1.88	WECC	137.50	92.60	44.90	32.7%	2.06
			22.3%	4.41	AVERAGE				24.7%	3.53

2014 BUDGET per FTE					2015 BUDGET per FTE				
Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total FTE		Total Statutory	Total Statutory Direct	Total Statutory Indirect	Statutory Indirect Budget per Total FTE	
$ 297,526	$ 238,934	$ 426,707	$ 133,148	NERC	$ 346,590	$ 311,007	$ 412,319	$ 144,816	
223,518	228,291	185,101	20,459	FRCC	231,712	237,424	193,728	25,321	
239,136	193,843	362,247	97,429	MRO	243,028	206,894	341,369	91,728	
383,315	326,463	559,306	136,564	NPCC	400,937	342,576	581,596	142,007	
250,878	224,985	350,948	72,139	RF	259,789	233,370	364,017	73,610	
213,097	178,723	316,010	79,122	SERC	203,251	177,832	260,735	79,943	
349,192	185,877	2,029,156	179,783	SPP RE	360,553	205,420	1,334,446	183,359	
196,187	155,396	383,071	68,634	Texas RE	199,728	175,032	270,630	69,913	
189,912	184,974	199,187	69,199	WECC	191,273	187,329	199,406	65,115	
			$ 95,164	AVERAGE				$ 97,312	