

**2015 Business Plan and Budget**

**Western Interconnection Regional Advisory Body**

**Approved by:**  
**The Western Interconnection Regional Advisory Body**  
*July 1, 2014*

# Table of Contents

<b>Introduction</b> .....	<b>3</b>
<b>Section A — 2015 Business Plan</b> .....	<b>25</b>
Western Interconnection Regional Advisory Body .....	
<b>Section B — Supplemental Financial Information</b> .....	<b>29</b>
Reserve Balance .....	29
Breakdown by Statement of Activity Sections .....	30
<b>Section C — 2015 Non-Statutory Business Plan and Budget</b> .....	<b>34</b>
Not applicable to WIRAB.....	
<b>Section D</b> .....	<b>36</b>
2015 Consolidated Statement of Activities by Program, Statutory and Non-Statutory .....	36

## Introduction

<b>TOTAL RESOURCES</b> (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	4.00			
Non-statutory FTEs				
<b>Total FTEs</b>	4.00			
Statutory Expenses	\$ 1,013,581			
Non-Statutory Expenses	\$ -			
<b>Total Expenses</b>	\$ 1,013,581			
Statutory Inc(Dec) in Fixed Assets	\$ -			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ -			
Statutory Working Capital Requirement *	\$ 45,027			
Non-Statutory Working Capital Requirement				
<b>Total Working Capital Requirement</b>	\$ 45,027			
Total Statutory Funding Requirement	\$ 1,058,608			
Total Non-Statutory Funding Requirement	\$ -			
<b>Total Funding Requirement</b>	\$ 1,058,608			
<b>Statutory Funding Assessments</b>	\$ 1,058,158			
<b>Non-Statutory Fees</b>	\$ -	\$ -	\$ -	\$ -
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”)<sup>1</sup>, 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

<sup>1</sup> 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.<sup>2</sup> 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.)

<sup>2</sup> 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."

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## 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,<sup>3</sup> 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.

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<sup>3</sup> 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).

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- 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

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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<sup>4</sup>.

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

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<sup>4</sup> 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:

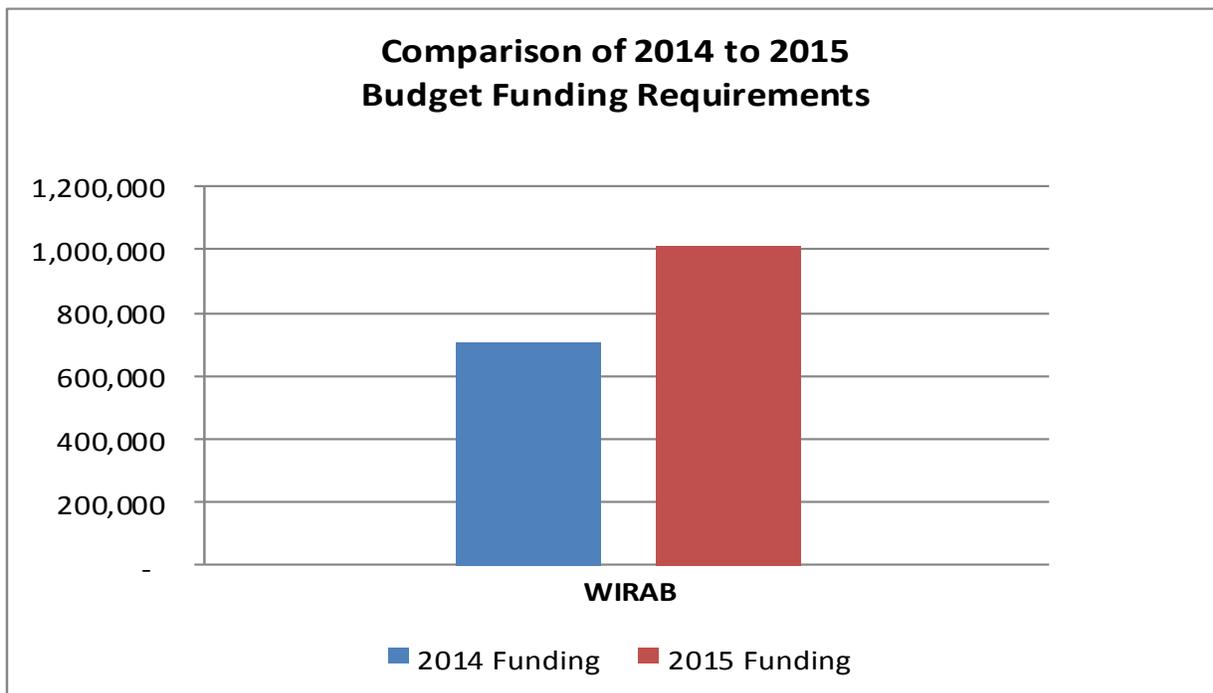
- WIRAB's advice has benefited greatly from the work of the State-Provincial Steering Committee, which is funded entirely by the Department of Energy's ARRA grant. Once its ARRA funding expires in 2015, the SPSC will likely disband. To continue providing well-informed advice, WIRAB will be taking on 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	
<b>Total Funding</b>	<b>588,908</b>	<b>588,908</b>	<b>1,058,608</b>	<b>469,700</b>	<b>79.8%</b>



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 FTEs <sup>1</sup> 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
WIRAB	2.75	2.75	4.00		4.00	1.25
<b>Total FTEs Operational Programs</b>	<b>2.75</b>	<b>2.75</b>	<b>4.00</b>	<b>-</b>	<b>4.00</b>	<b>1.25</b>
<b>Administrative Programs</b>						
WIRAB (included in indirect expense)	-	-	-	-	-	-
<b>Total FTEs Administrative Programs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total FTEs</b>	<b>2.75</b>	<b>2.75</b>	<b>4.00</b>	<b>-</b>	<b>4.00</b>	<b>1.25</b>

<sup>1</sup>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)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 588,408	\$ 588,408	\$ -	1,058,158	\$ 469,750
Penalty Sanctions	-	-	-	-	-
<b>Total NERC Funding</b>	<b>\$ 588,408</b>	<b>\$ 588,408</b>	<b>\$ -</b>	<b>\$ 1,058,158</b>	<b>\$ 469,750</b>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	500	500	\$ -	450	\$ (50)
Miscellaneous	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 588,908</b>	<b>\$ 588,908</b>	<b>\$ -</b>	<b>\$ 1,058,608</b>	<b>\$ 469,700</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 260,000	\$ 260,000	\$ -	\$ 387,300	\$ 127,300
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
<b>Total Personnel Expenses</b>	<b>\$ 260,000</b>	<b>\$ 260,000</b>	<b>\$ -</b>	<b>\$ 387,300</b>	<b>\$ 127,300</b>
<b>Meeting Expenses</b>					
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
<b>Total Meeting Expenses</b>	<b>\$ 54,500</b>	<b>\$ 59,200</b>	<b>\$ 4,700</b>	<b>\$ 111,520</b>	<b>\$ 57,020</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 464,500</b>	<b>\$ 469,200</b>	<b>\$ 4,700</b>	<b>\$ 648,820</b>	<b>\$ 184,320</b>
<b>Indirect Expenses</b>	<b>\$ 239,200</b>	<b>\$ 240,000</b>	<b>\$ 800</b>	<b>\$ 364,761</b>	<b>\$ 125,561</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 703,700</b>	<b>\$ 709,200</b>	<b>\$ 5,500</b>	<b>\$ 1,013,581</b>	<b>\$ 309,881</b>
<b>Change in Assets</b>	<b>\$ (114,792)</b>	<b>\$ (120,292)</b>	<b>\$ (5,500)</b>	<b>\$ 45,027</b>	<b>\$ 159,819</b>
<b>Fixed Assets</b>					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Inc(Dec) in Fixed Assets ( C )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$ 703,700</b>	<b>\$ 709,200</b>	<b>\$ 5,500</b>	<b>\$ 1,013,581</b>	<b>\$ 309,881</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (114,792)</b>	<b>\$ (120,292)</b>	<b>\$ (5,500)</b>	<b>\$ 45,027</b>	<b>\$ 159,819</b>
<b>FTEs</b>	<b>2.85</b>	<b>2.85</b>	<b>-</b>	<b>4.00</b>	<b>-</b>

## 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 gas 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
<b>Funding</b>							
<b>ERO Funding</b>							
NERC Assessments	\$ 1,058,158	\$ 1,364,342	\$ 306,184	28.94%	\$ 1,409,547	\$ 45,205	3.2%
Penalty Sanctions							
<b>Total NERC Funding</b>	<b>\$ 1,058,158</b>	<b>\$ 1,364,342</b>	<b>\$ 306,184</b>	<b>28.9%</b>	<b>\$ 1,409,547</b>	<b>\$ 45,205</b>	<b>3.2%</b>
Membership Dues	-						
Testing Fees							
Services & Software							
Workshops							
Interest	450	550	100	22.22%	650	100	18.2%
Miscellaneous							
<b>Total Funding (A)</b>	<b>\$ 1,058,608</b>	<b>\$ 1,364,892</b>	<b>\$ 306,284</b>	<b>28.9%</b>	<b>\$ 1,410,197</b>	<b>\$ 45,305</b>	<b>3.3%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 387,300	\$ 539,500	\$ 152,200	39.3%	\$ 555,700	\$ 16,200	3.0%
Payroll Taxes							
Benefits							
Retirement Costs							
<b>Total Personnel Expenses</b>	<b>\$ 387,300</b>	<b>\$ 539,500</b>	<b>\$ 152,200</b>	<b>39.3%</b>	<b>\$ 555,700</b>	<b>\$ 16,200</b>	<b>3.0%</b>
<b>Meeting Expenses</b>							
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%
<b>Total Meeting Expenses</b>	<b>\$ 111,520</b>	<b>\$ 162,854</b>	<b>\$ 51,334</b>	<b>46.0%</b>	<b>\$ 170,997</b>	<b>\$ 8,143</b>	<b>5.0%</b>
<b>Operating Expenses</b>							
Consultants & Contracts	\$ 150,000	\$ 150,000	-	0.0%	\$ 150,000	-	0.0%
Office Rent							
Office Costs							
Professional Services							
Miscellaneous							
Depreciation							
<b>Total Operating Expenses</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Direct Expenses</b>	<b>\$ 648,820</b>	<b>\$ 852,354</b>	<b>\$ 203,534</b>	<b>31.4%</b>	<b>\$ 876,697</b>	<b>\$ 24,343</b>	<b>2.9%</b>
<b>Indirect Expenses</b>	<b>\$ 364,761</b>	<b>\$ 512,538</b>	<b>\$ 147,777</b>	<b>40.5%</b>	<b>\$ 533,500</b>	<b>\$ 20,962</b>	<b>4.1%</b>
<b>Other Non-Operating Expenses</b>							
<b>Total Expenses (B)</b>	<b>\$ 1,013,581</b>	<b>\$ 1,364,892</b>	<b>\$ 351,311</b>	<b>34.7%</b>	<b>\$ 1,410,197</b>	<b>\$ 45,305</b>	<b>3.3%</b>
<b>Change in Assets</b>	<b>\$ 45,027</b>	<b>\$ -</b>	<b>\$ (45,027)</b>	<b>-100.0%</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Fixed Assets</b>							
Depreciation			\$ -		\$ -		
Computer & Software CapEx							
Furniture & Fixtures CapEx							
Equipment CapEx							
Leasehold Improvements							
Allocation of Fixed Assets							
<b>Inc(Dec) in Fixed Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$ 1,013,581</b>	<b>\$ 1,364,892</b>	<b>\$ 351,311</b>	<b>34.7%</b>	<b>\$ 1,410,197</b>	<b>\$ 45,305</b>	<b>3.3%</b>

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## Section A – Statutory Programs 2015 Business Plan and Budget

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## Section A — 2015 Business Plan

### Western Interconnection Regional Advisory Body

<b>WIRAB</b> (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.<sup>5</sup>

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.

<sup>5</sup> “[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.

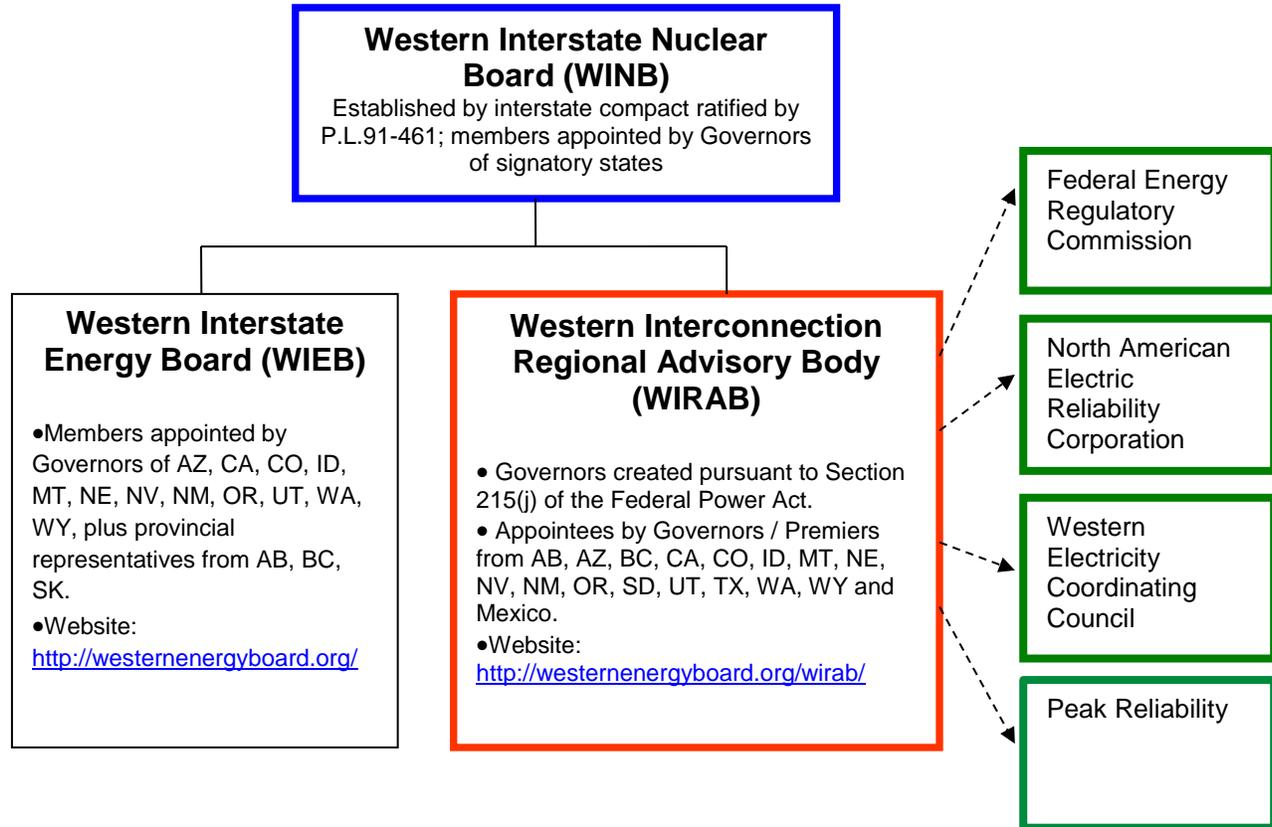
### Other Non-Operating Expenses

- None

### Fixed Asset Additions

- None

## 2015 Organizational Chart



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## Section B – Supplemental Financial Information 2015 Business Plan and Budget

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## Section B — Supplemental Financial Information

### Reserve Balance

#### Table B-1

Working Capital Reserve Analysis 2014-2015	
STATUTORY	
<b>Beginning Working Capital Reserve (Deficit), December 31, 2013</b>	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)
<b>Projected Working Capital Reserve (Deficit), December 31, 2013</b>	<u><u>54,973</u></u>
<b>Desired Working Capital Reserve, December 31, 2015</b>	<sup>1</sup> 100,000
Minus: Projected Working Capital Reserve, December 31, 2014	54,973
<b>Increase(decrease) in funding requirement to achieve Working Capital Reserve</b>	<u><u>45,027</u></u>
2015 Expenses and Capital Expenditures	1,013,581
Less: Penalty Sanctions <sup>2</sup>	0
Less: Other Funding Sources	(450)
Adjustment to achieve desired Working Capital Reserve	45,027
<b>2015 NERC Assessment</b>	<u><u>1,058,158</u></u>

<sup>1</sup> On June 29, 2009 WIRAB members approved a desired working capital reserve of \$100,000. The reserve consists of the following components: \$100,000 for contingencies.

<sup>2</sup> 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	-	-	-	-	
<b>Total Personnel Costs</b>	<b>\$ 260,000</b>	<b>\$ 260,000</b>	<b>\$ 387,300</b>	<b>\$ 127,300</b>	<b>49.0%</b>
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%
<b>Total Cost per FTE</b>	<b>\$ 114,765</b>	<b>\$ 116,814</b>	<b>\$ 121,806</b>	<b>\$ 7,041</b>	<b>6.1%</b>

### 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.

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## Section C – Non-Statutory Activities 2015 Business Plan and Budget

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## Section C — 2015 Non-Statutory Business Plan and Budget

None

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**Section D – Additional Consolidated Financial  
Statements  
2015 Business Plan and Budget**

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## 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
<b>ASSETS</b>			
Cash and Investments	\$ 169,765	\$ 100,000	\$ 100,000
Total Assets	\$ 169,765	\$ 100,000	\$ 100,000