



**Finance and Audit Committee
Meeting Agenda
Salt Lake City, Utah**

Meeting [link](#), Password: WECC | Dial-in Number: 1-415-655-0003, Attendee Access Code: 2631 430 9100

March 12, 2024, 11:15 a.m. to 12:30 p.m. Mountain Time

- 1. Welcome, Call to Order—Gary Leidich**
- 2. Review WECC Antitrust Policy—Joshuah Martinez**
[WECC Antitrust Policy](#).
Please contact WECC legal counsel if you have any questions.
- 3. Approve Agenda**
- 4. Review and Approve Previous Meeting Minutes**
Approval Item: Meeting Minutes from December 5, 2023
- 5. Review Previous Action Items—Joshuah Martinez**
- 6. Review Reserve Policy—Joshuah Martinez**
- 7. Review Draft 2025 Business Plan and Budget—Jillian Lessner**
- 8. Review Assessment Stabilization—Jillian Lessner**
- 9. MAC Budget Subcommittee Comments—Dana Cabbell**
- 10. Update on Mexican Regulatory Environment—Jeff Droubay**
- 11. Review of 2023 Unaudited Financial Results—Joshuah Martinez**
- 12. Review January 2024 Financial Results—Joshuah Martinez**
- 13. Public Comment**
- 14. Review New Action Items**



<Public>

FAC Meeting Agenda—March 12, 2024

15. Review Upcoming Meetings

June 11, 2024.....Salt Lake City, UT

December 10, 2024.....Salt Lake City, UT

16. Adjourn



<Public>



Finance and Audit Committee
DRAFT Meeting Minutes
December 5, 2023
Salt Lake City, UT

1. Welcome, Call to Order

Gary Leidich, Finance and Audit Committee (FAC) Chair, called the meeting to order at 10:45 a.m. MT on December 05, 2023. A quorum was present to conduct business. A list of attendees is attached as Exhibit A.

2. Review WECC Antitrust Policy

Jillian Lessner, Chief Financial and Administrative Officer, read aloud the WECC Antitrust Policy statement. The meeting agenda included a link to the posted policy.

3. Approve Agenda

Mr. Leidich introduced the proposed meeting agenda.

On a motion by Richard Woodward, the FAC approved the agenda.

4. Review and Approve Previous Meeting Minutes

Mr. Leidich introduced the minutes from the meeting on September 13, 2023.

On a motion by Joe McArthur, the FAC approved the minutes from September 13, 2023.

5. Review Previous Action Items

Ms. Lessner reviewed the previous action items.

6. Review Investment Performance and Adherence to WECC's Investment Policy Statement

Anthony Gardner, Wells Fargo Advisors, provided an update on WECC's portfolio, compliance with WECC's Investment Policy Statement, performance, and the outlook on interest rates over the next 12 months.

Scott Burnett, Zions Wealth Advisors, provided an update on its view of the economy, market, and WECC's portfolio performance.



FAC Meeting Minutes—December 5, 2023**7. Review Investment Policy Statement**

Mr. Leidich introduced the Investment Policy Statement and commented that there are no recommended changes.

8. Review 2025 Business Plan and Budget Schedule

Ms. Lessner noted that, per the FAC Charter, there is an annual obligation to review the Business Plan and Budget (BP&B) schedule, and she provided an overview of the proposed schedule to the FAC. She closed by announcing the MAC members who will serve on the MAC Budget Subcommittee (MBS).

9. Discuss Preliminary Assessment Stabilization Analysis for 2024-2027

Ms. Lessner provided an overview of the history and purpose of the assessment stabilization analysis. Ms. Lessner noted that the stabilization analysis has the dual goals of providing predictable assessments while ensuring reserve levels remain within policy range. Ms. Lessner emphasized that the presented analysis used numerous estimates and that final values will change when the analysis is refined during the 2025 budget cycle. Ms. Lessner reviewed the preliminary assessment stabilization analysis, including historical budget, assessments, and a sensitivity analysis of 5%, 10%, and 15% assessment increases for 2025–2027; she also discussed next steps.

Mr. Leidich recommended that the low, medium, and high assumptions be reviewed with the MBS and considered over a three-year period.

The committee commented on the growing demands placed on WECC, critical staffing needs, and the importance of providing stakeholders with the rationale and context related to future budgeted assessment increases.

Melanie Frye, President and CEO, commented that WECC has held assessments flat for a number of years and is now looking at the need for assessment increases to fund the demands being place on the organization.

10. Update on Mexican Regulatory Environment

Jeff Droubay, Vice President and General Counsel, provided an update on the Mexican regulatory environment and current outreach efforts in furtherance of a new contract.

11. Review 2023 Year-to-Date Results and 2023 Forecast

Ms. Lessner reviewed the 2023 year-to-date financial results and 2023 year-end forecast.



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FAC Meeting Minutes—December 5, 2023

12. Public Comment

Lorissa Cardoza, Bonneville Power Administration, commented that messaging regarding the rationale of the Assessment Stabilization Analysis will be helpful when reporting back to their respective executive teams on the assessment increases.

13. Review New Action Items

- Work with the MAC Budget Subcommittee to update the assessment stabilization analysis.
 - Assigned To: Jillian Lessner, Josh Martinez, and the MBS
 - Due Date: March 2024

14. Upcoming Meetings

March 12, 2024.....Salt Lake City, UT
June 11, 2024.....Salt Lake City, UT
December 10, 2024.....Salt Lake City, UT

15. Adjourn

Mr. Leidich adjourned the meeting without objection at 11:43 a.m. MT.



<Public>

FAC Meeting Minutes—December 5, 2023

Exhibit A: Attendance List

Members in Attendance

Gary Leidich.....	WECC Board
Shelley Longmuir	WECC Board
Joe McArthur.....	WECC Board
Richard Woodward.....	WECC Board



Status **Active** PolicyStat ID **14508700**

Origination 06/2020
 Last Approved 06/2023
 Effective 06/2023
 Last Revised 06/2020
 Next Review 06/2024

Owner Joshua Martinez:
 Controller
 Area Finance

Reserve Policy - Finance and Audit Committee

Purpose

This policy governs the determination of WECC's annual working capital and operating reserve requirements and the required authorization levels to access and use these funds.

Policy

WECC's annual target working capital and operating reserve requirement will be a range of one to three months of budgeted operating expenses. Operating expenses will include all recurring, predictable expenses such as salaries and benefits, rent, utilities, professional services, travel, and meeting expenses. Depreciation and fixed asset expenditures will be excluded from the calculation.

Any reserves in excess of the target range will be used to offset Assessments for the next budget year. If reserves fall below the low end of the range, assessments will be increased by an amount deemed appropriate by the Finance and Audit Committee in the next budget year to replenish reserves.

The CEO will have the authority to access and use reserves in an amount up to the CEO's budget overrun authorization limit of 3% of the annual WECC budget. The CEO will inform the Finance and Audit Committee of any reserve usage.

Access to and use of reserve funds greater than 3% of the annual WECC budget must be approved by the Board of Directors.

Process

The target reserve requirement will be calculated and approved annually as part of the Business Plan and Budget process.

This policy will be reviewed, at a minimum, annually.

This policy supersedes and revokes all past policies and practices, oral and written representations, or statements regarding terms and conditions of employment concerning the subject matter covered herein. WECC reserves the right to add to, delete, change, or revoke this policy at any time, with or without notice. This policy does not create a contract between WECC and any employee or contractor, nor does it create any entitlement to employment or any benefit provided by WECC to its employees or contractors. Caution!—This document may be out of date if printed.

Approval Signatures

Step Description	Approver	Date
Final Approval	Jillian Lessner: VP, Chief Fin & Admin Officer	01/2024
General Counsel Approval	Jeff Droubay: Vice President, General Counsel	10/2023
First Review	Chad Coleman: Technical Editor	10/2023
First Review	Chris Albrecht: Assistant General Counsel	10/2023
First Review	Jillian Lessner: VP, Chief Fin & Admin Officer	10/2023



2025 Draft Budget Overview

Jillian Lessner

March 12, 2024

Introduction

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events have intensified the need for a reliable, secure, and resilient BPS. These risks are further compounded by the increasing demand for and reliance on electricity, as well as the continued electrification of the economy. The 2025 Business Plan and Budget assumes that all these challenges will continue, as will the competition for talent and increasing costs to attract and retain a highly skilled distributed workforce.

Given this rapidly evolving context, the 2025 draft budget was developed with these things in mind:

1. Recognizing the growing complexity and pace of change in the industry;
2. Ensuring WECC is adequately resourced to meet the increasing demands placed on the organization;
3. Maintaining working capital reserves at adequate levels; and
4. Considering inflationary and distributed workforce impacts on meetings and travel.

WECC's 2025 draft budget is developed based on operational needs and meeting the terms of our Delegation Agreement without presupposing the availability of penalties to offset assessments. The statutory budget is increasing approximately \$4.4 million (12.3%) from 2024 to 2025. The two major drivers of the proposed budget increase are seven full-time equivalent (FTE) additions and a \$1.5 million contribution to a transmission planning project being coordinated with the Western Power Pool and WestTEC. WECC proposes using Peak Reliability Donation reserves to partially fund the analytical work to support the transmission project.

The 2025 assessment increases to \$34.0 million (36.0%) due in part to the budget increase, but also because of a major decrease in penalties currently available to offset assessments for the 2025 budget year. In 2024, \$10.1 million in penalties were available to offset assessments, and in the 2025 budget there are none. The 2025 year represents an unprecedented situation where the entire budget must be funded by assessments and reserves, unlike prior years where there were, in some instances, large penalties available to lower assessments.

Statutory working capital reserves are anticipated to be approximately \$12 million by December 31, 2024, which is over the Reserve Policy ceiling (one to three months operating expenses) by

2025 Draft Budget Overview

approximately \$2.5 million. Per this draft of the 2025 Business Plan and Budget, management proposes using approximately \$2.7 million of working capital reserves and \$1.5 million of Peak Reliability Donation reserves to fund the 2025 budget.

Reconciliation of 2024 to 2025 Statutory Budget—Major Drivers

Reconciliation of 2024 to 2025 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
2024 Approved Budget	35,405	
+ 7 FTE, 3% merit pool, 1% equity pool, labor float adj., refinement of taxes/benefits	2,679	
+ Transmission planning project in coordination with WPP and WestTEC	1,500	
- Changes in one-time IT consulting projects	(291)	
+ Net increase in travel due to distributed workforce, increase in FTE, inflationary impact on travel costs, and increase in on-site requirements for oversight activities	426	
+ Indirect expense allocation to WREGIS increases	(181)	
+ Increase in cost of meetings across the organization due to inflation and the Annual Meeting is anticipated to be off-site in 2025	81	
+ Proposed increase in board compensation	68	
+ Consulting for implementation of new HRIS	50	
+ Escalation in software maintenance licensing	50	
+ Other net changes	(27)	
2025 DRAFT Budget	39,760	12.3% increase

Reconciliation of 2024 to 2025 Statutory Budget—By Category

	2024 Budget	2025 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 25,000,000	\$ 34,000,000	\$ 9,000,000	36.0%	Increase in budget, decrease in penalties
Penalties	10,137,948	-	(10,137,948)	-100.0%	No penalties collected
Other Income	1,075,250	1,532,500	457,250	42.5%	Higher interest rates
Total Funding	\$ 36,213,198	\$ 35,532,500	\$ (680,698)	-1.9%	
Expenses					
Personnel Expenses	\$ 28,895,986	\$ 31,575,074	\$ 2,679,088	9.3%	7 FTE, 3% merit/1% Equity pools, labor float adj, refined tax/benefit rates
Meeting Expenses	1,353,934	1,861,091	507,157	37.5%	Additional Travel. Inflationary impacts, increases in FTE, and on-site requirements for oversight activities
Operating Expenses	6,008,620	7,334,719	1,326,099	22.1%	Peak donation project with WPP
Indirect Expenses	(980,785)	(1,161,459)	(180,674)	18.4%	
Total Expenses	\$ 35,277,755	\$ 39,609,425	\$ 4,331,670	12.3%	
Fixed Assets	\$ 127,040	\$ 150,714	\$ 23,674	18.6%	Server, storage, and data center upgrades
Total Budget	\$ 35,404,795	\$ 39,760,139	\$ 4,355,344	12.3%	
Change in Working Capital	\$ 808,403	\$ (4,227,639)	\$ (5,036,042)		
FTEs	168.0	175.0	7.0	4.2%	

¹ Depreciation excluded from these values



2025 Draft Budget Overview

Proposed FTE Additions in 2025

In the 2025 budget, WECC is adding 7.0 statutory FTEs (9.0 FTEs in total) due to increasing organizational needs and priorities driven by the environment in which WECC is operating.

Compliance Monitoring and Enforcement

Four new FTEs are added to the Compliance Monitoring and Enforcement (CMEP) and Organization Registration and Certification budget in 2025.

- One Enforcement Engineer will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
- One Enforcement Attorney will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
- One Compliance Program Coordinator will support workload associated with increased registrations and increased demands and expectations of the CMEP area.
- One Registration and Certification Manager will manage the registration and certification staff as a standalone team within the oversight planning group, reflective of the increasing workload in this area.

Reliability Assessment and Performance Analysis

One FTE is added to the Reliability Assessment and Performance Analysis (RAPA) program area. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models, specifically for understanding the behavior of inverter-based resources, will become increasingly important to ensure continued BPS reliability. One engineer is added to provide electromagnetic transient (EMT) expertise to WECC's modeling function.

One project coordinator is transferred from RAPA to General and Administrative to provide project management support to the broader organization.

Training and Outreach

One FTE is added to Training and Outreach to focus on and keep up with policy issues as they develop to help WECC respond to policy drivers and connect with policymakers on impacts to reliability.

Corporate Services

One FTE is added in Information Technology to provide expertise in cloud security due to the growing number of cloud-based applications being deployed across the organization and the number of software service providers that are integrating artificial intelligence into their products.



2025 Draft Budget Overview

One project coordinator is transferred from RAPA to General and Administrative to provide project management support to the broader organization.

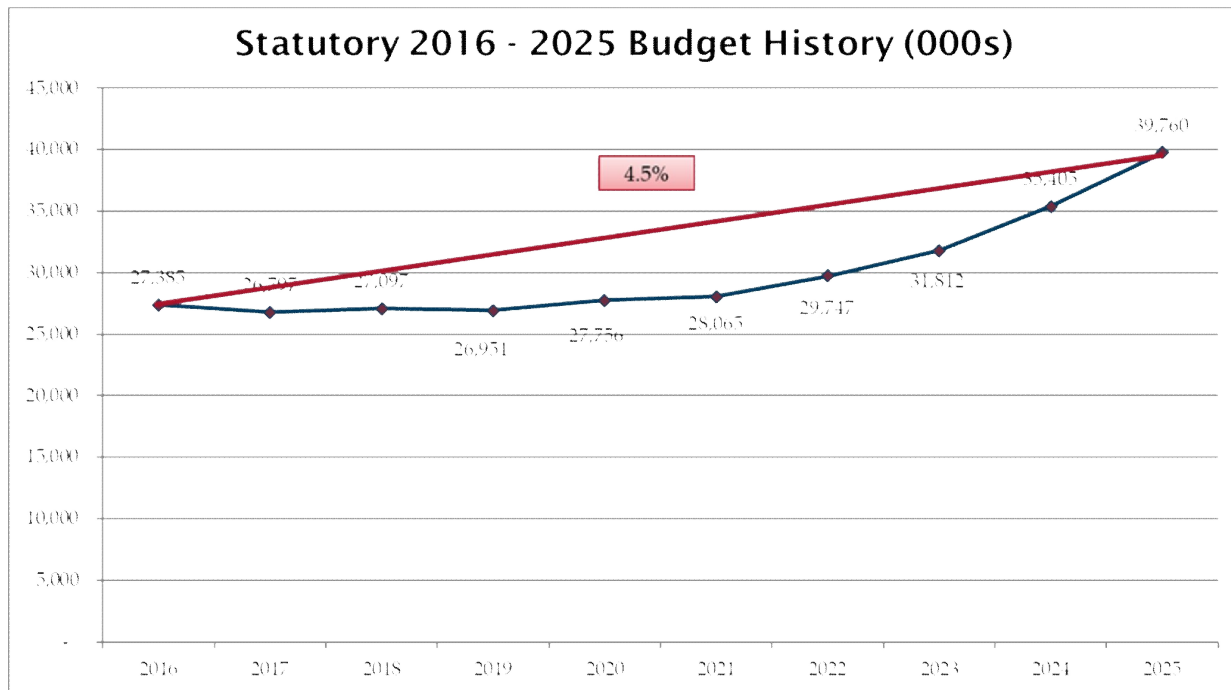
Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
STATUTORY					
Operational Programs					
Reliability Standards	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	73.00	77.00	-	77.00	4.00
Reliability Assessment and Performance Analysis	41.00	41.00	-	41.00	-
Training and Outreach	8.50	9.50	-	9.50	1.00
Situation Awareness and Infrastructure Security	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	127.50	132.50	-	132.50	5.00
Corporate Services					
Technical Committees and Member Forums	-	-	-	-	-
General and Administrative	18.00	19.00	-	19.00	1.00
Legal and Regulatory	3.50	3.50	-	3.50	-
Information Technology	12.00	13.00	-	13.00	1.00
Human Resources	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	42.50	-	42.50	2.00
Total FTEs	168.00	175.00	-	175.00	7.00

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

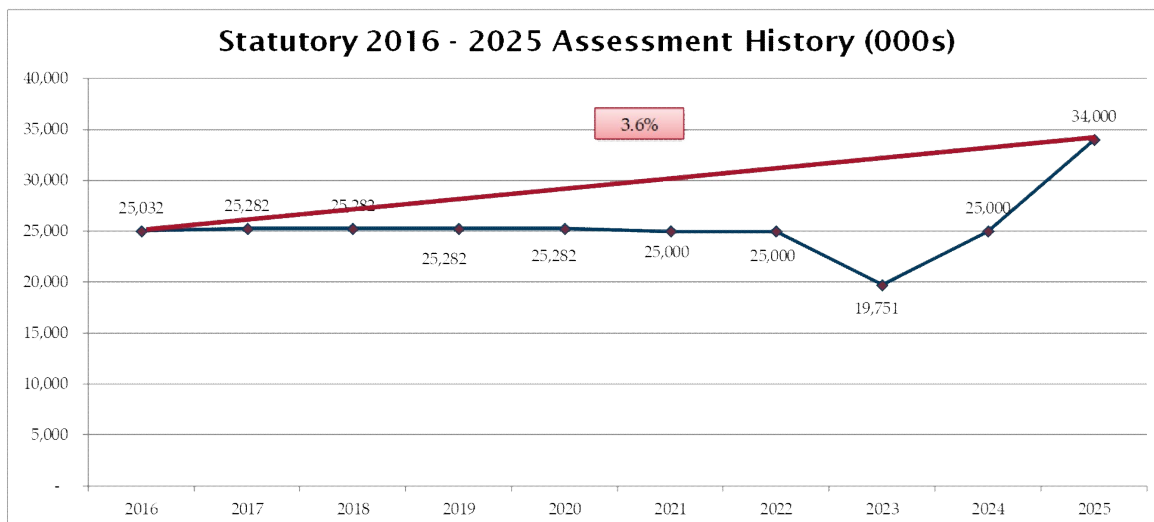


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10-Year Budget and Assessments Trend



WECC's budget has increased more in the past couple years than in the previous eight. Over the past decade, however, the average annual increase is 4.5%.



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Prior to 2025, assessments were stable, with each of the last nine years being approximately \$25 million or less. When annualized over the past decade, the average assessment increase is 3.6%, which is slightly above CPI for that same period. The availability of penalties to offset assessments in that time frame created a scenario where assessments have not fully funded the annual budgets.





2025 Business Plan and Budget

Approved by: WECC Board of Directors

Date: June xx, 2024

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2025 Budget	U.S.	Canada	Mexico
Statutory FTEs*	175.0	<i>To be completed after NEL collection</i>		
Non-statutory FTEs	13.0			
Total FTEs	188.0			
Statutory Budget	\$ 39,760,139			
Non-Statutory Budget	\$ 3,707,938			
Total Expenses	\$ 43,468,078			
Statutory Assessments	\$ 34,000,000	#REF!	#REF!	#REF!
Non-Statutory Fees	\$ 3,259,875	2,613,626	615,475	30,774
NEL**	#REF!	#REF!	#REF!	#REF!
NEL%	#REF!	#REF!	#REF!	#REF!

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

**NEL is defined as Net Energy for Load.

Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its bylaws. WECC executes its mission informed and assisted by working with a broad community of stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity are synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration and certification, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through strategic engagement regarding system modeling and information



2025 Business Plan and Budget

Introduction

sharing, reliability assessments, performance analysis, situation awareness, and event analysis; and

- Targeted training, outreach, and dialogue to build relationships that foster a culture of reliability and security throughout the West.

Three principles guide WECC's business philosophy:

Independence—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

Perspective—We are uniquely situated, with an interconnection-wide view, to develop comprehensive and influential work products for the benefit of reliability and security.

Partnership—We collaborate with, learn from, and inform industry leaders and technical experts, and decision-makers at the state, provincial, and national levels, to reduce risks to reliability and security.

WECC is evolving to better serve stakeholders by:

- Increasing our leadership through strategic partnerships, proactive and deliberate engagements, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework;
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls; and
- Identifying and mitigating known and emerging risks to the reliability and security of the Western Interconnection.

Membership and Governance

WECC has 329 members¹ divided into the following five Membership Classes:

1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

¹ As of February 22, 2024.



2025 Business Plan and Budget

Introduction

WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.²

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board:

- Joint Guidance Committee (JGC);
- Member Advisory Committee (MAC);
- Reliability Assessment Committee (RAC);
- Reliability Risk Committee (RRC); and
- WECC Standards Committee (WSC).

2025 Strategic Goals

The electric industry is undergoing profound changes nationally, especially in the West. WECC's role continues to be the voice of reliability and security. WECC works closely with its diverse breadth of stakeholders to build trust, promote transparency, set priorities, and enhance the reliability and security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to the Western Interconnection's reliability and security are acute or less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its stakeholders (including its technical committees) can make a significant contribution to Western BPS reliability and security. Enhancing our strategic engagement allows WECC to thoughtfully and intentionally interact with stakeholders to ensure WECC's work is targeted and valuable.

WECC's Board-approved [Long-Term Strategy](#) builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term focus areas

² Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.



2025 Business Plan and Budget**Introduction**

to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2025 and beyond.

Additionally, the Board approved the following [WECC Reliability Risk Priorities \(RRP\)](#) at its June 2022 meeting. These risk priorities guide both committee and program-area work plans. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan. In 2025, these priorities may change depending upon the outcomes of the biennial Reliability Risk Priorities refresh, beginning with the February 2024 stakeholder workshop and culminating with the planned Board approval of updated priorities at its June 2024 Board meeting.

Reliability Risk Priorities

The WECC RRP approved in 2022 [to be updated based on 2024 RRP Workshop] are further described below.

Cybersecurity

Cyber-threats can result in loss of control or damage to communications, data, monitoring, protection and control systems, and operational tools. Attacks can cause the loss of situational awareness or even the loss of load. These attacks may also hinder resilience and recovery measures, further jeopardizing reliable grid operations. While cybersecurity threats are not unique to the West, the threat is so pervasive that it will require the focused efforts of all participants. WECC will continue to facilitate efforts to share E-ISAC information, best practices, and lessons learned with all registered entities to mitigate cyber-risks.

Extreme Natural Events

Extreme natural events are becoming more common in the Western Interconnection due to wide-ranging changes in climate and weather patterns. Record-breaking temperatures, extended and widespread hot and cold weather, prolonged drought, and increasing intensity of wildfires have forced entities to rethink how they plan and operate the system. WECC has monitored, participated in, and led work in this area and will continue to do so to better understand and communicate the reliability and resilience threats.

Resource Adequacy and Performance

Resource adequacy has grown more complex and intertwined with other important considerations, such as transmission adequacy. Extreme events, clean energy policies, wide variance in state regulatory and policy actions, customer choice patterns (e.g., the move toward vehicle electrification), and other drivers are increasing variability and causing the generation and load patterns in the West to shift.



2025 Business Plan and Budget**Introduction**

WECC studies and evaluates resource adequacy and transmission plans in the Western Interconnection. It gathers data and uses input from industry, policymakers, and regulators to shape its work. WECC then shares information from its analysis with planning entities, regulators, policymakers, and the broader group of stakeholders. WECC will continue to improve its stakeholder engagement to gather input; shape analytical work; and share useful, actionable, and timely information, particularly with its regulatory and policy partners.

Impact of Changing Resources and Customer Loads on the BPS

New and emerging technologies such as inverter-based resources (IBR) and electric vehicles make grid planning and operations more complex. Emerging technologies must be integrated into the system in a way that does not degrade reliability. To do this, the behavior and operation of new technology must be understood in the context of bulk power system operations. To date, the West has experienced several system disturbances specifically related to the performance of solar IBRs that demonstrate the need to urgently address this risk.

WECC has been and will continue to work with industry to explore the range of solutions to address this issue. Through its technical committees, WECC will continue to study, gather, and share information on the performance of resource technology (both utility- and customer-owned) and load technology and best practices for integration. WECC and industry will collaborate to create guidelines and share best practices. In addition, WECC will accelerate its work with entities to improve model accuracy and data quality.

ERO Enterprise

In 2019, the ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC) identified BPS risks. The WECC Board acknowledged this strategy on December 4, 2019, as a valuable input to the WECC strategic planning process and recognized it as a beneficial collaboration by NERC and the Regional Entities. The ERO Long-Term Strategy served as the foundational input for developing WECC's Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure they align with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as the work products specific to WECC that are described in each statutory program, discussed in [Statutory Programs](#).

The ERO Enterprise strives for process consistency when appropriate while recognizing that each Regional Entity addresses reliability in unique ways. The ERO Enterprise model allows Regional Entities to locally address these unique reliability risks and challenges using innovative and distinctive approaches. The ERO Enterprise recognizes that, as the electric industry ecosystem is rapidly evolving,



2025 Business Plan and Budget

Introduction

the ERO programs and practices must continue to transform to meet the future needs of reliability and security.

NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to the overall development of each ERO program area;
- Providing training and development to meet ERO qualifications; and
- Ensuring delegated responsibilities are completed.

Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise to address regional risks. This way of working is represented by this visual.



2025 Business Plan and Budget**Statutory Budget Overview****2025 Statutory Budget Overview**

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events, coupled with the increasing demand for and reliance on electricity, as well as the continued electrification of the economy, have intensified the need for a reliable, secure, and resilient BPS. The 2025 Business Plan and Budget assumes that all these challenges will continue, as will the ongoing transition to the post-pandemic new normal, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.

Budget and Funding Summary

WECC's proposed 2025 statutory budget is \$39,760,000, a \$4,355,000 (12.3%) increase from the 2024 statutory budget. WECC's proposed statutory assessment is \$34,000,000, a \$9,000,000 (36.0%) increase over the 2024 statutory assessment. Major drivers of the increase in budgeted expenditures are outlined below. The assessment increase is attributed in part to the increase in budget and also to a reduction in penalties available to offset assessments from \$10.1 million in 2024 to \$0 in 2025. 2025 funding includes the use of working capital reserves of \$2,728,000, Peak Donation reserves of \$1,500,000, and \$1,533,000 of other income.

Major Budget Drivers**Personnel Expenses**

- Seven new full-time equivalents (FTE) to support increasing demands on the organization:
 - One FTE is added in Organization Registration and Certification due to increasing registrations;
 - Three FTE are added in Compliance Monitoring and Enforcement in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants;
 - One FTE is added in Reliability Assessment and Performance Analysis to enhance EMT modeling capabilities;
 - One FTE is added in Training and Outreach to focus on and keep up with policy issues as they develop, so we know how to best respond to policy decisions that may have an impact on reliability; and
 - One FTE is added in IT to provide cloud security expertise due to continual increases in cloud-based applications.
- 3% merit and 1% equity pools;
- Refinement of payroll tax and benefits enrollment rates and premiums; and



2025 Business Plan and Budget

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- Labor float assumption changes based on actual turnover and vacancy rates.

Meeting Expenses

- Additional travel due to the distributed workforce;
- Inflationary impacts on airfare and hotel rates;
- Increases in FTEs contributes to increased travel costs; and
- Increases in on-site requirements for oversight activities.

Operating Expenses

- Consulting increases due to a transmission planning project performed in conjunction with WPP and WestTEC, which will be funded with Peak Reliability donation funds.

Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator (RC) operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak before its dissolution. Per the agreement, Peak donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used to fund projects focused on the reliability and security of the BPS in the Western Interconnection. This portion was recorded as a statutory donation. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak's formal closure on December 31, 2020. This amount was recorded as a non-statutory liability. The statutory amount is currently included in WECC's reserves, which are further detailed in the [Overview of Changes in Reserves](#). Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. One major transmission-related project is being explored for inclusion in the 2025 BP&B.

Following stakeholder feedback and confirmation of the independence of the work and content of the work product, WECC proposes to use a total of \$2.2 million over three budget years to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC's investment of Peak reserve funds would help finance the analytical work being conducted by an independent third party. The project duration is March, 2024 through February, 2026.



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WECC proposes to use \$1,500,000 from the Peak Reliability Donation reserve to fund this project in 2025. Approximately \$500,000 of the reserve will be used to fund a portion of this project in 2024, and \$200,000 will be budgeted in 2026 for the remainder of the project.

Future projects will be identified in the relevant annual BP&B using a similar stakeholder outreach approach. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate, one-time filings.



2025 Business Plan and Budget

Statutory Budget Overview

2024 Statutory Budget and Projection and 2025 Budget

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget & Projection, and 2025 Budget						
STATUTORY						
	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance (\$)	Variance (%)
Revenue						
Statutory Funding						
WECC Assessments	\$25,000,000	\$25,000,000	\$ -	\$34,000,000	\$ 9,000,000	36.00%
Penalties Released ¹	10,137,948	10,137,948	\$ -	-	\$ (10,137,948)	-100.00%
Total Statutory Funding	\$35,137,948	\$35,137,948	\$ -	\$34,000,000	\$ (1,137,948)	-3.24%
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	475,250	\$ 475,250	\$ -	532,500	\$ 57,250	12.05%
Interest	600,000	\$ 600,000	\$ -	1,000,000	\$ 400,000	66.67%
Total Revenue (A)	\$36,213,198	\$36,213,198	\$ -	\$35,532,500	\$ (680,698)	-1.88%
Expenses						
Personnel Expenses						
Salaries	\$22,648,808	\$22,648,808	\$ -	\$24,751,595	\$ 2,102,787	9.28%
Payroll Taxes	1,436,739	\$ 1,436,739	\$ -	1,556,875	\$ 120,136	8.36%
Benefits	2,770,166	\$ 2,770,166	\$ -	3,039,180	\$ 269,014	9.71%
Retirement Costs	2,040,273	\$ 2,040,273	\$ -	2,227,424	\$ 187,151	9.17%
Total Personnel Expenses	\$28,895,986	\$28,895,986	\$ -	\$31,575,074	\$ 2,679,088	9.27%
Meeting Expenses						
Meetings & Conference Calls	\$ 604,764	\$ 604,764	\$ -	\$ 686,076	\$ 81,312	13.45%
Travel	749,170	\$ 749,170	\$ -	1,175,015	\$ 425,845	56.84%
Total Meeting Expenses	\$ 1,353,934	\$ 1,353,934	\$ -	\$ 1,861,091	\$ 507,157	37.46%
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 728,900	\$ 728,900	\$ -	\$ 1,909,400	\$ 1,180,500	161.96%
Office Rent	1,327,202	\$ 1,327,202	\$ -	1,328,263	\$ 1,061	0.08%
Office Costs	2,691,307	\$ 2,691,307	\$ -	2,769,356	\$ 78,049	2.90%
Professional Services	1,261,211	\$ 1,261,211	\$ -	1,327,700	\$ 66,489	5.27%
Miscellaneous	-	\$ -	\$ -	-	\$ -	
Total Operating Expenses	\$ 6,008,620	\$ 6,008,620	\$ -	\$ 7,334,719	\$ 1,326,099	22.07%
Total Direct Expenses	\$36,258,540	\$36,258,540	\$ -	\$40,770,884	\$ 4,512,344	12.44%
Indirect Expenses	\$ (980,785)	\$ (980,785)	\$ -	\$ (1,161,459)	\$ (180,674)	18.42%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$35,277,755	\$35,277,755	\$ -	\$39,609,425	\$ 4,331,670	12.28%
Change in Net Assets (=A-B)	\$ 935,443	\$ 935,443	\$ -	\$ (4,076,925)	\$ (5,012,368)	-535.83%
Fixed Asset Additions, excluding Right of Use Asset	\$ 127,040	\$ 127,040	\$ -	\$ 150,714	\$ 23,674	18.64%
TOTAL BUDGET (B+C)	\$35,404,795	\$35,404,795	\$ -	\$39,760,139	\$ 4,355,344	12.30%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 808,403	\$ 808,403	\$ -	\$ (4,227,639)	\$ (5,036,042)	-622.96%
FTEs	168.00	168	-	175.00	7.00	4.17%
HC	168.00	168	-	175.00	7.00	4.17%

¹ Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).



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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 before June 30, 2024, will be used to offset assessments in the 2025 WECC budget.

WECC received \$19,919,000 in penalty monies between July 1, 2021, and June 30, 2022. Of this amount, WECC obtained FERC approval through the 2023 Business Plan and Budget process to release \$11,219,000 in penalty monies to offset 2023 assessments, with the remaining unreleased penalties of \$8,700,000 to be used to offset and stabilize assessments in 2024.

No penalties have currently been collected to offset assessments for 2025. Penalty collections between 2024 and 2025 have decreased over \$10 million, which is a major contributor to the increase in assessments in 2025.

Allocation Method: Penalty monies collected and released to offset assessments are allocated to the following Statutory Programs:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training and Outreach; 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.



2025 Business Plan and Budget

Statutory Budget Overview

Major Budget Drivers—Statutory Programs

Program Area	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ 877,746	\$ 957,973	\$ 80,227	9.14%
Compliance Monitoring and Enforcement and Organization Registration and Certification	19,593,217	21,638,846	2,045,629	10.44%
Reliability Assessment and Performance Analysis	11,598,010	13,419,878	1,821,868	15.71%
Training and Outreach	2,755,239	3,143,404	388,165	14.09%
Situation Awareness and Infrastructure Security	580,583	600,038	19,455	3.35%
Total*	\$ 35,404,795	\$ 39,760,139	\$ 4,355,344	12.30%

*includes allocated Corporate Services costs

Reliability Standards

Personnel Expenses

- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

Compliance Monitoring and Enforcement and Organization Registration and Certification

Personnel Expenses

- Four new FTEs are added to the Compliance Monitoring and Enforcement (CMEP) and Organization Registration and Certification budget in 2025.
 - One Enforcement Engineer will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
 - One Enforcement Attorney will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
 - One Compliance Program Coordinator will support workload associated with increased registrations and increased demands and expectations of the CMEP area.
 - One Registration and Certification Manager will manage the registration and certification staff as a standalone team within the oversight planning group, reflective of the increasing workload in this area.



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- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

Meeting Expenses

- Travel increases due to increases in FTE, increases in on-site oversight activities, like physical security audits, increases in the number of Registered Entities, and a distributed workforce.

Office Costs

- Software licensing costs decrease due to the removal of WebCDMS from the budget in 2025.

Reliability Assessment and Performance Analysis

Personnel Expenses

- One FTE is added to the Reliability Assessment and Performance Analysis (RAPA) program area. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models, specifically for understanding the behavior of inverter-based resources, will become increasingly important to ensure continued BPS reliability. One engineer is added to provide electromagnetic transient (EMT) expertise to WECC's modeling function.
- One FTE is transferred from RAPA to Corporate Services. This project coordinator's focus has evolved to provide project management support to the entire organization.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

Consultants and contracts

- Consulting increases due to a transmission planning project performed in conjunction with WPP and WestTEC, which will be funded with Peak Reliability donation funds.

Training and Outreach

Personnel Expenses

- One FTE is added to Training and Outreach to focus on and keep up with policy issues as they develop to help WECC respond to policy drivers and connect with policy-makers on impacts to reliability.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.



2025 Business Plan and Budget**Statutory Budget Overview***Meeting Expenses*

- Meeting costs increase due to inflationary impacts on hotel food and beverage, audiovisual, and room rental rates.

Situation Awareness and Infrastructure Security*Personnel Expenses*

- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

Corporate Services

Corporate Services (in whole dollars)						
Direct Expenses and Fixed Assets						
	2024 Budget	2025 Budget	Increase (Decrease)	FTEs 2024 Budget	FTEs 2025 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,703,604	\$ 6,170,290	\$ 466,686	18.00	19.00	1.00
Legal and Regulatory	\$ 1,077,139	\$ 1,142,835	\$ 65,696	3.50	3.50	-
Information Technology	\$ 3,836,034	\$ 3,847,994	\$ 11,960	12.00	13.00	1.00
Human Resources	\$ 1,212,919	\$ 1,285,256	\$ 72,337	4.00	4.00	-
Accounting and Finance	\$ 657,274	\$ 718,535	\$ 61,261	3.00	3.00	-
Total Corporate Services*	\$ 12,486,970	\$ 13,164,910	\$ 677,940	40.50	42.50	2.00

Personnel Expenses

- One FTE is transferred to General and Administrative from RAPA. This project coordinator's focus has evolved to provide project management support to the entire organization.
- One FTE is added in Information Technology to provide expertise in cloud security due to the growing number of cloud-based applications being deployed across the organization.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

Meeting Expenses

- Meeting expenses increase due to the 2025 Annual Meeting being held off-site in the Western Interconnection (the 2024 meeting was budgeted to be held in the Salt Lake City office space).



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Office Costs

- Board Director retainers increase, and an additional Board Committee will exist in 2025 to oversee WECC's Structure and Governance Review mandated by Section 4.9 of the bylaws. This review occurs at least every five years.



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Personnel—Overview of FTEs and Expenses

Over the last several years, many events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, cybersecurity breaches, and physical security attacks on substations, to name a few. What used to be considered low probability events have become more frequent and continue to come at an unprecedented pace and complexity. Work associated with these increasing demands is seen in WECC's two primary operational areas: CMEP and RAPA. In both program areas, WECC needs additional specific expertise and resources to effectively work with stakeholders, manage the increasing workload, and minimize risks to the reliability and security of the Western Interconnection. Enhancing our stakeholder interaction, facilitation and outreach will ensure that reliability remains paramount in the discussions with our wide range of stakeholders as the Interconnection transforms to meet policy objectives. As a result, in the 2025 budget, WECC is adding seven statutory FTEs (with an additional two FTEs in its non-statutory program for a total of nine FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
STATUTORY					
Operational Programs					
Reliability Standards	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	73.00	77.00	-	77.00	4.00
Reliability Assessment and Performance Analysis	41.00	41.00	-	41.00	-
Training and Outreach	8.50	9.50	-	9.50	1.00
Situation Awareness and Infrastructure Security	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	127.50	132.50	-	132.50	5.00
Corporate Services					
Technical Committees and Member Forums	-	-	-	-	-
General and Administrative	18.00	19.00	-	19.00	1.00
Legal and Regulatory	3.50	3.50	-	3.50	-
Information Technology	12.00	13.00	-	13.00	1.00
Human Resources	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	42.50	-	42.50	2.00
Total FTEs	168.00	175.00	-	175.00	7.00

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



2025 Business Plan and Budget

Statutory Budget Overview

Personnel Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Salaries				
Salaries	\$ 22,648,811	\$ 24,751,595	\$ 2,102,784	9.3%
Employment Agency Fees	-	-	-	(100.0%)
Temporary Office Services	-	-	-	
Total Salaries	\$ 22,648,811	\$ 24,751,595	\$ 2,102,784	9.3%
Total Payroll Taxes	\$ 1,436,740	\$ 1,556,876	\$ 120,136	8.4%
Benefits				
Workers Compensation	\$ 19,800	\$ 19,800	-	0.0%
Medical Insurance	2,465,138	2,694,874	229,736	9.3%
Life-LTD-STD Insurance	114,795	124,357	9,562	8.3%
Education	145,437	172,151	26,714	18.4%
Relocation	-	-	-	
Other	24,996	28,000	3,004	12.0%
Total Benefits	\$ 2,770,166	\$ 3,039,182	\$ 269,016	9.7%
Retirement				
Discretionary 401(k) Contribution	\$ 2,010,272	\$ 2,197,424	\$ 187,152	9.3%
Retirement Administration Fees	30,000	30,000	-	
Total Retirement	\$ 2,040,272	\$ 2,227,424	\$ 187,152	9.2%
Total Personnel Costs	\$ 28,895,989	\$ 31,575,077	\$ 2,679,088	9.3%
FTEs	168.0	175.0	7.0	4.2%
Cost per FTE				
Salaries	\$ 134,814	\$ 141,438	\$ 6,623	4.9%
Payroll Taxes	8,552	8,896	344	4.0%
Benefits	16,489	17,367	878	5.3%
Retirement	12,144	12,728	584	4.8%
Total Cost per FTE	\$ 172,000	\$ 180,429	\$ 8,429	4.9%

Explanation of Significant Variances

- FTEs increase by seven. More detailed information is presented in [Major Budget Drivers—Statutory Programs](#).
- Merit pool of 3%.
- Equity adjustment pool of 1%.
- Labor float assumptions based on turnover and vacancy rates.
- Insurance premium increases.
- Benefits enrollment rate refinement.



2025 Business Plan and Budget

Statutory Budget Overview

Meeting Expenses

Meeting & Conference Call Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	59,228	38,676	(20,552)	(34.7%)
Training and Outreach	470,133	525,720	55,587	11.8%
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	75,403	121,680	46,277	61.4%
Total Meeting Expenses	\$ 604,764	\$ 686,076	\$ 81,312	13.4%

Travel Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ 11,315	\$ 21,236	\$ 9,921	87.7%
Compliance Monitoring and Enforcement and Organization Registration and Certification	323,430	675,360	351,930	108.8%
Reliability Assessment and Performance Analysis	215,878	225,365	9,487	4.4%
Training and Outreach	32,540	46,080	13,540	41.6%
Situation Awareness and Infrastructure Security	17,470	21,810	4,340	24.8%
Corporate Services	148,537	185,164	36,627	24.7%
Total Travel Expenses	\$ 749,170	\$ 1,175,015	\$ 425,845	56.8%

Explanation of Significant Variances

Compliance Monitoring and Enforcement and Organization Registration and Certification

- Travel increases due to an increase in FTE, increased on-site oversight activities in 2025, particularly related to physical security, increasing number of registered entities, and a distributed workforce model. While the increase between 2024 and 2025 is a large year-over-year change, the 2025 budget for travel is lower than pre-pandemic travel expenses.

Training and Outreach

- Meetings increase due to inflationary impacts on hotel rates for food and beverage, audio visual, and space rental for training and outreach events.
- Travel increases due to increases in outreach activities and inflationary impacts on airfare and hotel rates.



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Corporate Services

- Meetings increase due to the Annual Meeting location changing from the Salt Lake City office in 2024 to an off-site location in the Western Interconnection in 2025.
- Travel increases due to increases in outreach activities and inflationary impacts on airfare and hotel rates.

Consultants and Contracts

Consultants	Budget 2024	Budget 2025	Variance \$	Variance %
Consultants				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	36,000	12,000	(24,000)	(66.7%)
Reliability Assessment and Performance Analysis	133,400	1,608,400	1,475,000	1,105.7%
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	559,500	289,000	(270,500)	(48.3%)
Consultants Total	\$ 728,900	\$ 1,909,400	\$ 1,180,500	162.0%

Contracts	Budget 2024	Budget 2025	Variance \$	Variance %
Contracts				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	-	-	-	
Contracts Total	\$ -	\$ -	\$ -	
Total Consulting and Contracts	\$ 728,900	\$ 1,909,400	\$ 1,180,500	162.0%

Explanation of Significant Variances

Reliability Assessment and Performance Analysis

- Consulting increases to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC proposes to use \$1,500,000 from the Peak Reliability Donation reserve to fund this project in 2025. WECC's investment of Peak reserve funds would help finance the analytical work being conducted by an independent third party. The project duration is March, 2024 through February, 2026.



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Corporate Services

- Consulting decreases due to the higher cost and number of one-time IT consulting projects in 2024 (SharePoint cloud migration, Microsoft Dynamics CRM cloud migration, security upgrades, and a dynamic data reporting tool) compared to 2025 (intranet upgrade, data integrations, and data management).



2025 Business Plan and Budget

Statutory Budget Overview

Overview of Changes in Reserves

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
Beginning Reserve, January 1, 2024	\$ 25,666,917	\$ 12,070,916	\$ 10,137,948	\$ 3,458,053
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	25,000,000	25,000,000	-	-
Plus: Penalties released	-	10,137,948	(10,137,948)	-
Plus: Penalties received	-	-	-	-
Plus: 2024 Other funding sources	1,075,250	1,075,250	-	-
Less: 2024 Projected expenses & capital expenditures	(35,404,795)	(34,654,795)	-	(750,000)
Projected Reserve (Deficit), December 31, 2024	\$ 16,337,372	\$ 13,629,319	\$ -	\$ 2,708,053
Plus: 2025 Funding (from Load-Serving Entities (LSE) or designees)	34,000,000	34,000,000	-	-
Plus: Penalties released	-	-	-	-
Plus: 2025 Other funding sources	1,532,500	1,532,500	-	-
Less: 2025 Projected expenses & capital expenditures	(39,760,139)	(38,260,139)	-	(1,500,000)
2025 Increase(Decrease) in Reserve	\$ (4,227,639)	(2,727,639)	\$ -	\$ (1,500,000)
Projected Reserve, December 31, 2025	\$ 12,109,733	\$ 10,901,680	\$ -	\$ 1,208,053
2025 Expenses and Capital Expenditures	39,760,139			
Less: Penalties Released	-			
Less: Other Funding Sources	(1,532,500)			
Change to Working Capital & Peak Reliability Donation Reserves	(4,227,639)			
2025 WECC Assessment	\$ 34,000,000			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy.

In 2025, reserves are being used to fund a portion of the budget. \$2,728,000 of working capital reserves are funding normal operations and \$1,500,000 of the Peak Reliability Donation reserves are funding the WPP/WestTEC transmission planning project.

WECC received \$0 in penalty sanctions between July 1, 2023, and June 30, 2024. Each budget year, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, WECC proposes to release penalty sanctions collected during the applicable period to offset assessments in the Business Plan and Budget.



2025 Business Plan and Budget**Statutory Budget Overview****Three-Year Budget Projections**

Table to be inserted after 2026 and 2027 projections have been fined tuned with budget managers.

In the 2024 Business Plan and Budget process, WECC fine-tuned its resource planning efforts by creating a more robust process for workforce planning and analysis for the current budget and two future years' projections. During the 2025 budget cycle, the planning process for tools and systems is being refined along with the development of the two future years' projections, in general.





Statutory Programs

Goals, Budget Assumptions, and Statements of Activities



Statutory Programs—Goals, Budget Assumptions, and Statements of Activities

Reliability Standards Program

Program Scope, Purpose, and Impact

The Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WSC to aid the development of RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria to ensure the BES operates reliably.

The Reliability Standards Program deliverables include a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document if no longer needed for reliability, or a finding that no changes are necessary.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address complex Western reliability issues. The variances are required by a physical difference in the BPS or instances in which Western stakeholders want more stringent performance requirements. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

In most instances a continent-wide standard addresses reliability risks because the physics of the electric grid are the same everywhere, but in a few instances a regional variance or Regional Reliability Standard is necessary to address risks that are based on the specific geographic conditions in the region.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

NERC recently rated all of their Standards projects as High, Medium, or Low priority. High priority projects are expected to be completed in 2024. Several of these projects are related to inverter-based resources and their potential impact on the Bulk Electric System. Medium and Low priority projects are expected to be completed in 2025 or 2026.

2025 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on the potential retirement of existing RRSs—due to the subject matter being included in NERC Reliability Standards—and



Statutory Programs**Reliability Standards**

necessary revisions identified during the five-year review. It is possible, but not likely, that regulatory directives could result in RRS projects.

- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholders.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices has resulted in several new or modified NERC Reliability Standards and could potentially result in new or revised RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate. WECC standards staff, as well as other subject matter experts, will participate in the grading process.

2025 Goals and Deliverables

- Ensure Western viewpoints are represented and incorporated in the development of NERC Reliability Standards, regional standards, and regional variances to NERC Reliability Standards by encouraging Western participation on standards drafting teams and commenting on standards under development.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Ensure the development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Review existing RRSs to determine candidates for a Regional Variance to a NERC Reliability Standard and, if found, coordinate with NERC to address the change during NERC's periodic review.
- Review existing RRSs and Regional Criteria to improve their content and quality.
- Evaluate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.



Statutory Programs

Reliability Standards

Reliability Standards Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget RELIABILITY STANDARDS				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ 645,130	\$ 833,471	\$ 188,341	29.19%
Penalties Released	238,540	-	\$ (238,540)	-100.00%
Total Statutory Funding	<u>\$ 883,670</u>	<u>\$ 833,471</u>	<u>\$ (50,199)</u>	<u>-5.68%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	14,118	22,642	\$ 8,524	60.38%
Total Revenue (A)	<u>\$ 897,788</u>	<u>\$ 856,113</u>	<u>\$ (41,675)</u>	<u>-4.64%</u>
Expenses				
Personnel Expenses				
Salaries	\$ 479,911	\$ 537,566	\$ 57,655	12.01%
Payroll Taxes	30,188	33,324	\$ 3,136	10.39%
Benefits	40,466	43,605	\$ 3,139	7.76%
Retirement Costs	42,482	47,843	\$ 5,361	12.62%
Total Personnel Expenses	<u>\$ 593,047</u>	<u>\$ 662,338</u>	<u>\$ 69,291</u>	<u>11.68%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	11,315	21,236	\$ 9,921	87.68%
Total Meeting Expenses	<u>\$ 11,315</u>	<u>\$ 21,236</u>	<u>\$ 9,921</u>	<u>87.68%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,907	2,957	\$ 50	1.72%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 2,907</u>	<u>\$ 2,957</u>	<u>\$ 50</u>	<u>1.72%</u>
Total Direct Expenses	<u>\$ 607,269</u>	<u>\$ 686,531</u>	<u>\$ 79,262</u>	<u>13.05%</u>
Indirect Expenses	<u>\$ 267,487</u>	<u>\$ 268,029</u>	<u>\$ 542</u>	<u>0.20%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 874,756</u>	<u>\$ 954,560</u>	<u>\$ 79,804</u>	<u>9.12%</u>
Change in Net Assets (=A-B)	<u>\$ 23,032</u>	<u>\$ (98,447)</u>	<u>\$ (121,479)</u>	<u>-527.44%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 2,990</u>	<u>\$ 3,413</u>	<u>\$ 423</u>	<u>14.15%</u>
TOTAL BUDGET (B+C)	<u>\$ 877,746</u>	<u>\$ 957,973</u>	<u>\$ 80,227</u>	<u>9.14%</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ 20,042</u>	<u>\$ (101,860)</u>	<u>\$ (121,902)</u>	<u>-608.23%</u>
FTEs	3.00	3.00	-	0.00%
HC	3.00	3.00	-	0.00%



Statutory Programs

Compliance Monitoring and Enforcement

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Program Scope, Purpose, and Impact

The reliability and security of the BPS is the central focus of WECC's mission. The Reliability and Security Oversight department is integral to maintaining that focus and works with a growing number of Registered Entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and emerging risks. Program area staff, who are independent of all users, owners, and operators of the BPS, ensure that Registered Entities mitigate risks to the BPS by implementing the NERC Organization Registration and Certification Program (ORCP) and the CMEP. Staff monitors and enforces the NERC Reliability Standards across 453³ registered owners, operators, and users of the BPS through a variety of risk-based activities, delivering consistent, impartial, and meaningful, real-time feedback to the entities.

To accomplish its objectives, the program is divided into five main areas:

- Organization Registration and Certification;
- Oversight Planning;
- Entity Monitoring;
- Enforcement and Mitigation; and
- Program Analysis and Administration.

Staff will perform delegated activities, consistent with ERO Enterprise guidance, including:

- Regional Risk Assessments;
- Compliance Oversight Plans (COP) and Inherent Risk Assessments (IRA);
- Organization Registration and Certification;
- Mitigation plan review, acceptance, and verification;
- Potential noncompliance reviews to assess extent of condition, root cause, and risk to BPS;
- Processing and disposition of entity self-logging and other minimal-risk issues;
- Enforcement of moderate- and serious-risk noncompliance through established risk-based approaches;
- Periodic Data Submittal review and validation;
- Internal Compliance Program assessments;
- Internal Controls Program reviews;
- Entity monitoring including, audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- BES Exception Requests.

³ As of February 22, 2024.



Statutory Programs

Compliance Monitoring and Enforcement

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection 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 Reguladora de Energía (CRE)⁴, under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection.

2025 Key Budget Assumptions

- In accordance with FERC's Order on inverter-based resources and integration of renewable resources and related energy storage devices in the Western Interconnection, WECC expects significant increases in registration requests.
- All Inherent Risk Assessment/Compliance Oversight Plans activities are aligned around identifying, prioritizing, and addressing risks to the Western Interconnection. With trends in registration requests, the changing reliability and security landscape, and risk mitigation strategies, workloads of all program areas of the Reliability Security and Oversight department will increase under the risk-based framework.
- For non-U.S. jurisdictions, compliance will continue monitoring activities according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities. In accordance with the NERC Rules of Procedure, Appendix 5A, WECC staff continues to participate in NERC-led Registration Review Panels.
- WECC fully supports ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Staff will provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, monitoring approaches, enforcement considerations, and potential gaps.
- Legal fees related to any hearing that may arise are not budgeted and will be funded through working capital reserves. Costs related to hearing officers and procedures will be funded by NERC.
- WECC will continue to support development, design, testing, training, and implementation of ERO Enterprise-wide maintenance and enhancement of the risk-based CEMP practices and tools. Specifically, WECC staff resources will be allocated to these activities for ERO Enterprise Align tool, and the Secure Evidence Locker (SEL).

⁴ WECC has historically entered into an annual agreement with CRE; at the time of this filing, the regulatory environment in Mexico remains uncertain. WECC is monitoring this situation, while using other means to monitor the reliability of the Mexican portion of the BPS, and is engaging with the appropriate Mexican authorities regarding the drafting of a new agreement.



Statutory Programs**Compliance Monitoring and Enforcement**

- With the development of new or modified Reliability Standards that tackle changing risks in the Western Interconnection, WECC anticipates the need for additional outreach, training and monitoring to help enhance registered entity programs.
- Travel for monitoring activities within the Western Interconnection will focus on areas where on-site tours or interviews will add value, and travel prioritization will include enhanced focus on physical security and cold weather preparedness assessments.

2025 Goals and Deliverables

- Enhance CMEP oversight strategies focused on a holistic approach to enhance the efficiency and effectiveness of the ERO Enterprise Risk-Based Framework and enhance Compliance Oversight Plan processes and provide a targeted approach for monitoring and outreach.
- Continue to enhance and improve processing times to reduce backlog and inventory statistics.
- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Consult with the international compliance enforcement authorities to determine which elements of the risk based CMEP could provide value and should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Provide continued outreach and training on the Align tool to staff and Registered Entities.
- Participate in ERO Enterprise collaboration groups to continue to build effective relationships and ensure ORCP and CMEP consistency, where applicable and appropriate, across Regional Entities.
- Complete audits and spot-checks for 31 Registered Entities that include an on-site component. Schedule additional monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) based on BPS risk.
- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive mitigation strategies.
- Ensure that WECC provides NERC with timely and accurate information about changes in registrations.



Statutory Programs

Compliance Monitoring and Enforcement

Compliance Monitoring and Enforcement Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ 13,892,589	\$ 18,756,884	\$ 4,864,295	35.01%
Penalties Released	5,804,472	-	\$ (5,804,472)	-100.00%
Total Statutory Funding	<u>\$ 19,697,061</u>	<u>\$ 18,756,884</u>	<u>\$ (940,177)</u>	<u>-4.77%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	343,529	581,132	\$ 237,603	69.17%
Total Revenue (A)	<u>\$ 20,040,590</u>	<u>\$ 19,338,016</u>	<u>\$ (702,574)</u>	<u>-3.51%</u>
Expenses				
Personnel Expenses				
Salaries	\$ 9,910,169	\$ 10,999,881	\$ 1,089,712	11.00%
Payroll Taxes	639,015	704,545	\$ 65,530	10.25%
Benefits	1,012,416	1,168,244	\$ 155,828	15.39%
Retirement Costs	879,599	975,833	\$ 96,234	10.94%
Total Personnel Expenses	<u>\$ 12,441,199</u>	<u>\$ 13,848,503</u>	<u>\$ 1,407,304</u>	<u>11.31%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	323,430	675,360	\$ 351,930	108.81%
Total Meeting Expenses	<u>\$ 323,430</u>	<u>\$ 675,360</u>	<u>\$ 351,930</u>	<u>108.81%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ 36,000	\$ 12,000	\$ (24,000)	-66.67%
Office Rent	-	-	\$ -	
Office Costs	211,009	135,986	\$ (75,023)	-35.55%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 247,009</u>	<u>\$ 147,986</u>	<u>\$ (99,023)</u>	<u>-40.09%</u>
Total Direct Expenses	<u>\$ 13,011,638</u>	<u>\$ 14,671,849</u>	<u>\$ 1,660,211</u>	<u>12.76%</u>
Indirect Expenses	<u>\$ 6,508,843</u>	<u>\$ 6,879,413</u>	<u>\$ 370,570</u>	<u>5.69%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 19,520,481</u>	<u>\$ 21,551,262</u>	<u>\$ 2,030,781</u>	<u>10.40%</u>
Change in Net Assets (=A-B)	<u>\$ 520,109</u>	<u>\$ (2,213,246)</u>	<u>\$ (2,733,355)</u>	<u>-525.54%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 72,736</u>	<u>\$ 87,584</u>	<u>\$ 14,848</u>	<u>20.41%</u>
TOTAL BUDGET (B+C)	<u>\$ 19,593,217</u>	<u>\$ 21,638,846</u>	<u>\$ 2,045,629</u>	<u>10.44%</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ 447,373</u>	<u>\$ (2,300,830)</u>	<u>\$ (2,748,203)</u>	<u>-614.30%</u>
FTEs	73.00	77.00	4.00	5.48%
HC	73.00	77.00	4.00	5.48%



Reliability Assessment and Performance Analysis Program

Program Scope, Purpose, and Impact

As the West continues to face ever-growing and complex threats to the reliability and security of the BPS, it is essential that WECC staff and stakeholders collaborate to develop strategies to identify and mitigate these risks. RAPA staff, in conjunction with the technical committees, conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Additionally, staff compiles and distributes data and information used by WECC and its stakeholders to help with regional and local planning efforts. These integrated assessment and planning activities enhance the West's overall ability to assess and mitigate potential reliability and security risks in the Western Interconnection.

To accomplish its objectives, the program is organized into four departments:

1. The **Operations Analysis Department** is responsible for three primary functional areas—Event Analysis, Performance Analysis, and Situation Awareness and Infrastructure Security (SAIS), whose budget is outlined in the SAIS Program. The department analyzes system conditions and events that affect or may affect the reliable operation of the BPS and analyzes the historical operation and performance of the Western Interconnection. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability. The analyses are used to assess interconnection-wide risks and vulnerabilities. The information produced helps identify best practices and mitigate potential risks.
2. The **Risk Analysis and Data Services Department** performs two main functions. The first, Risk Analysis, assesses interconnection-wide risks and vulnerabilities at the regional and entity levels. Using information gathered throughout the organization, and in coordination with the technical committees, the department identifies and tracks mitigation activities related to interconnection-wide risks. The second, Data Services, develops meaningful approaches to analyze and visualize information and data for consumption by the entire RAPA program area. The department collects various types of data such as NERC TADS, GADS, MIDAS and supports WECC's performance analysis obligations. Data Services specializes in data visualization used in reports, dashboards, and maps to help convey reliability risks to a wide stakeholder base.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms, timeframes, and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include, but are not limited to, historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability analysis, and transmission utilization. Analysis is performed on a variety of future (up to 20



Statutory Programs

Reliability Assessment and Performance Analysis

years out) scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's RRP's and other risks that may affect the reliability of the BPS.

4. The **Reliability Modeling Department** produces and distributes power system models of the Western Interconnection for use both within WECC and by stakeholders to perform reliability assessments. WECC is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department collects and distributes model data in a variety of formats and across multiple software tools.

The RAPA Program supports NERC's RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and special assessments. The program also provides a technical advisory role in studies led by organizations such as national labs, universities, and the Department of Energy.

2025 Key Budget Assumptions

- Staff and technical committees will focus on assessment activities that address the WECC RRP's approved by the Board in June 2022 **[to be updated after Board-approval of the 2024 RRP's]**.
- Staff will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- Staff will continue to participate in many external meetings concerning the reliability, security, and resiliency of the BES.
- Staff will focus on expanding resource adequacy studies and assessments of regional resource adequacy programs and increase stakeholder outreach.
- There will be a focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- Regional Risk Assessment results provide input on focus areas in the ERO CMEP Implementation Plan.
- Staff will continue to explore opportunities and implement new activities to provide value in transmission planning.
- The ERO Enterprise will identify ways to incorporate transfer capability analysis into ongoing reliability assessments.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with inverter-based resources and extreme natural events will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies and events.
- Staff will support various NERC reliability assessments and perform additional independent reliability assessments.



Statutory Programs**Reliability Assessment and Performance Analysis****2025 Goals and Deliverables**

- Work with technical committees to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC RRP.
- Ensure high precision of information and models used to assess the reliability of the BPS.
- Use advanced tools, techniques, and industry subject matter experts to identify system performance trends and vulnerabilities.
- Hold reliability and security risk forums.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items.
- Deliver high-quality and influential work products focused on the WECC RRP.
- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC RRP.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP and is refreshed annually.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.
- Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations and transmission/resource planning.
- Facilitate production cost, dynamic model, electromagnetic transient (EMT), and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings.
- Implement technology solutions for enhanced data collection, validation, and storage.
- Support Reliability Standards drafting activities by providing subject matter expertise to appropriate Standards Drafting Teams.
- Promote reliability of the future transmission system in the Western Interconnection by supporting the WestTEC effort.
- Successfully carry out all other RAPA delegated responsibilities.



Statutory Programs

Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ 8,409,843	\$ 11,683,529	\$ 3,273,686	38.93%
Penalties Released	3,260,046	-	\$ (3,260,046)	-100.00%
Total Statutory Funding	<u>\$ 11,669,889</u>	<u>\$ 11,683,529</u>	<u>\$ 13,640</u>	<u>0.12%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	192,941	309,434	\$ 116,493	60.38%
Total Revenue (A)	<u>\$ 11,862,830</u>	<u>\$ 11,992,963</u>	<u>\$ 130,133</u>	<u>1.10%</u>
Expenses				
Personnel Expenses				
Salaries	\$ 5,548,711	\$ 5,856,351	\$ 307,640	5.54%
Payroll Taxes	355,291	371,086	\$ 15,795	4.45%
Benefits	589,838	595,398	\$ 5,560	0.94%
Retirement Costs	493,293	520,189	\$ 26,896	5.45%
Total Personnel Expenses	<u>\$ 6,987,133</u>	<u>\$ 7,343,024</u>	<u>\$ 355,891</u>	<u>5.09%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ 59,228	\$ 38,676	\$ (20,552)	-34.70%
Travel	215,878	225,365	\$ 9,487	4.39%
Total Meeting Expenses	<u>\$ 275,106</u>	<u>\$ 264,041</u>	<u>\$ (11,065)</u>	<u>-4.02%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ 133,400	\$ 1,608,400	\$ 1,475,000	1105.70%
Office Rent	-	-	\$ -	
Office Costs	505,867	494,713	\$ (11,154)	-2.20%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 639,267</u>	<u>\$ 2,103,113</u>	<u>\$ 1,463,846</u>	<u>228.99%</u>
Total Direct Expenses	<u>\$ 7,901,506</u>	<u>\$ 9,710,178</u>	<u>\$ 1,808,672</u>	<u>22.89%</u>
Indirect Expenses	<u>\$ 3,655,652</u>	<u>\$ 3,663,064</u>	<u>\$ 7,412</u>	<u>0.20%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 11,557,158</u>	<u>\$ 13,373,242</u>	<u>\$ 1,816,084</u>	<u>15.71%</u>
Change in Net Assets (=A-B)	<u>\$ 305,672</u>	<u>\$ (1,380,279)</u>	<u>\$ (1,685,951)</u>	<u>-551.56%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 40,852</u>	<u>\$ 46,636</u>	<u>\$ 5,784</u>	<u>14.16%</u>
TOTAL BUDGET (B+C)	<u>\$ 11,598,010</u>	<u>\$ 13,419,878</u>	<u>\$ 1,821,868</u>	<u>15.71%</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ 264,820</u>	<u>\$ (1,426,915)</u>	<u>\$ (1,691,735)</u>	<u>-638.82%</u>
FTEs	41.00	41.00	-	0.00%
HC	41.00	41.00	-	0.00%



Statutory Programs**Training and Outreach****Training and Outreach Program****Program Scope, Purpose, and Impact**

The Training and Outreach Program informs, educates, and interacts directly with stakeholders on a range of topics including Reliability Standards, risk assessments, reliability planning and performance analysis, seasonal preparedness, the impact of policy on reliability, grid operations and security.

This program is comprised of two of the three departments that make up the Strategic Engagement group—Training and Outreach and External Affairs. Both departments work with external stakeholders to facilitate and enhance the work of CMEP and RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Strategic Engagement also focuses on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers throughout the Western Interconnection. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

2025 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues.
- Two Reliability and Security Workshops will be held in-person at off-site locations.
- One Grid Fundamentals course will be held in-person at the WECC office.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will increase partnerships and collaboration with the ERO Enterprise where appropriate to expand stakeholder participation and to share subject matter expertise.
- Eventbrite fees for meeting registrations are anticipated to increase.
- WECC will co-host the 2025 Grid Security Conference with NERC.

2025 Goals and Deliverables

- Maintain and continue to cultivate effective relationships with industry groups, WECC technical committees, ERO Enterprise, federal, state, and provincial regulators, policy- and decision-makers, national labs and educational institutions, and the broader reliability and security community.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the reliability and security of the BPS.
- Increase inclusion of stakeholder perspectives and opportunities for collaboration into the product development process.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy and RRP.



Statutory Programs**Training and Outreach**

- Continue to refine stakeholder engagement and outreach plans.
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
- Increase utilization of digitally dynamic products to improve stakeholder outreach and education.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver Reliability & Security Oversight Monthly Update to educate and collaborate with stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.
- Continue to promote and facilitate three Grid Fundamentals courses to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability & Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection. Specific topics include:
 - Lessons learned and process improvement for implementation of risk-based concepts;
 - Enforcement trends and statistics; and
 - Information on audit approach for standards.
- Provide opportunities for further education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
 - Current and future transmission planning studies throughout the Western Interconnection;
 - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
 - Contingency studies and analyses;
 - Scenario planning and regulatory issues and trends; and
 - Event analysis.



Statutory Programs

Training and Outreach

Training and Outreach Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget TRAINING AND OUTREACH				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ 1,627,037	\$ 2,204,973	\$ 577,936	35.52%
Penalties Released	675,863	-	\$ (675,863)	-100.00%
Total Statutory Funding	<u>\$ 2,302,900</u>	<u>\$ 2,204,973</u>	<u>\$ (97,927)</u>	<u>-4.25%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	475,250	532,500	\$ 57,250	12.05%
Interest	40,000	71,698	\$ 31,698	79.25%
Total Revenue (A)	<u>\$ 2,818,150</u>	<u>\$ 2,809,171</u>	<u>\$ (8,979)</u>	<u>-0.32%</u>
Expenses				
Personnel Expenses				
Salaries	\$ 1,145,832	\$ 1,310,264	\$ 164,432	14.35%
Payroll Taxes	71,219	80,854	\$ 9,635	13.53%
Benefits	123,107	136,291	\$ 13,184	10.71%
Retirement Costs	101,715	116,505	\$ 14,790	14.54%
Total Personnel Expenses	<u>\$ 1,441,873</u>	<u>\$ 1,643,914</u>	<u>\$ 202,041</u>	<u>14.01%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ 470,133	\$ 525,720	\$ 55,587	11.82%
Travel	32,540	46,080	\$ 13,540	41.61%
Total Meeting Expenses	<u>\$ 502,673</u>	<u>\$ 571,800</u>	<u>\$ 69,127</u>	<u>13.75%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	44,345	68,125	\$ 23,780	53.62%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 44,345</u>	<u>\$ 68,125</u>	<u>\$ 23,780</u>	<u>53.62%</u>
Total Direct Expenses	<u>\$ 1,988,891</u>	<u>\$ 2,283,839</u>	<u>\$ 294,948</u>	<u>14.83%</u>
Indirect Expenses	<u>\$ 757,879</u>	<u>\$ 848,759</u>	<u>\$ 90,880</u>	<u>11.99%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 2,746,770</u>	<u>\$ 3,132,598</u>	<u>\$ 385,828</u>	<u>14.05%</u>
Change in Net Assets (=A-B)	<u>\$ 71,380</u>	<u>\$ (323,427)</u>	<u>\$ (394,807)</u>	<u>-553.11%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 8,469</u>	<u>\$ 10,806</u>	<u>\$ 2,337</u>	<u>27.59%</u>
TOTAL BUDGET (B+C)	<u>\$ 2,755,239</u>	<u>\$ 3,143,404</u>	<u>\$ 388,165</u>	<u>14.09%</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ 62,911</u>	<u>\$ (334,233)</u>	<u>\$ (397,144)</u>	<u>-631.28%</u>
FTEs	8.50	9.50	1.00	11.76%
HC	8.00	9.00	1.00	12.50%



Statutory Programs**Situation Awareness and Infrastructure Security****Situation Awareness and Infrastructure Security Program****Program Scope, Purpose, and Impact**

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness of conditions and potential risks to the reliability and security of the BPS in the Western Interconnection. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, the Plant Information (PI) system, and the University of Tennessee Frequency Monitoring NETwork (FNET), as well as messaging systems used by the RCs notifying the SA team when there has been an outage to a line or generation source.

The SAIS Program works to understand system and security issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. SAIS work also supports event analysis capabilities.

2025 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid digitizes and evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Forums, and other stakeholder groups to focus on security outreach and education.
- WECC will support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.
- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

2025 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items.
- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.



Statutory Programs

Situation Awareness and Infrastructure Security

- Coordinate the communication of critical information in daily NERC SAIS meetings and the NERC Crisis Action Plan meetings.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR, the PI system, and other tools to further support SAIS.
- Improve reliability readiness by participating in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of appropriate security information.



Statutory Programs

Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget				
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ 425,401	\$ 521,143	\$ 95,742	22.51%
Penalties Released	159,027	-	\$ (159,027)	-100.00%
Total Statutory Funding	<u>\$ 584,428</u>	<u>\$ 521,143</u>	<u>\$ (63,285)</u>	<u>-10.83%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	9,412	15,094	\$ 5,682	60.37%
Total Revenue (A)	<u>\$ 593,840</u>	<u>\$ 536,237</u>	<u>\$ (57,603)</u>	<u>-9.70%</u>
Expenses				
Personnel Expenses				
Salaries	\$ 302,007	\$ 314,546	\$ 12,539	4.15%
Payroll Taxes	19,875	20,700	\$ 825	4.15%
Benefits	31,235	30,426	\$ (809)	-2.59%
Retirement Costs	26,879	27,995	\$ 1,116	4.15%
Total Personnel Expenses	<u>\$ 379,996</u>	<u>\$ 393,667</u>	<u>\$ 13,671</u>	<u>3.60%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	17,470	21,810	\$ 4,340	24.84%
Total Meeting Expenses	<u>\$ 17,470</u>	<u>\$ 21,810</u>	<u>\$ 4,340</u>	<u>24.84%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,800	3,600	\$ 800	28.57%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 2,800</u>	<u>\$ 3,600</u>	<u>\$ 800</u>	<u>28.57%</u>
Total Direct Expenses	<u>\$ 400,266</u>	<u>\$ 419,077</u>	<u>\$ 18,811</u>	<u>4.70%</u>
Indirect Expenses	<u>\$ 178,324</u>	<u>\$ 178,686</u>	<u>\$ 362</u>	<u>0.20%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 578,590</u>	<u>\$ 597,763</u>	<u>\$ 19,173</u>	<u>3.31%</u>
Change in Net Assets (=A-B)	<u>\$ 15,250</u>	<u>\$ (61,526)</u>	<u>\$ (76,776)</u>	<u>-503.45%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 1,993</u>	<u>\$ 2,275</u>	<u>\$ 282</u>	<u>14.15%</u>
TOTAL BUDGET (B+C)	<u>\$ 580,583</u>	<u>\$ 600,038</u>	<u>\$ 19,455</u>	<u>3.35%</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ 13,257</u>	<u>\$ (63,801)</u>	<u>\$ (77,058)</u>	<u>-581.26%</u>
FTEs	2.00	2.00	-	0.00%
HC	2.00	2.00	-	0.00%



Statutory Programs

Corporate Services

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2024 Budget	2025 Budget	Increase (Decrease)	FTEs 2024 Budget	FTEs 2025 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,703,604	\$ 6,170,290	\$ 466,686	18.00	19.00	1.00
Legal and Regulatory	\$ 1,077,139	\$ 1,142,835	\$ 65,696	3.50	3.50	-
Information Technology	\$ 3,836,034	\$ 3,847,994	\$ 11,960	12.00	13.00	1.00
Human Resources	\$ 1,212,919	\$ 1,285,256	\$ 72,337	4.00	4.00	-
Accounting and Finance	\$ 657,274	\$ 718,535	\$ 61,261	3.00	3.00	-
Total Corporate Services*	\$ 12,486,970	\$ 13,164,910	\$ 677,940	40.50	42.50	2.00

Program Scope, Purpose, and Impact

Corporate Services encompasses the following areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These support functions are foundational for the existence and successful operation of the organization. Corporate Services also provides executive leadership, corporate communications, and administrative and technical support for staff, committees, members, and stakeholders.

Method for Allocation of Corporate Services Expenses to Programs

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



Statutory Programs**Corporate Services****Technical Committees and Member Forums****Program Scope, Purpose, and Impact**

WECC undertook technical committee restructuring efforts in 2021 and 2022 to streamline the committee structure and governance and optimize stakeholder engagement. As a result, this budget was merged into the RAPA Program, beginning in 2024, where most of the committee work is facilitated.

General and Administrative**Program Scope, Purpose, and Impact**

The General and Administrative Program provides executive leadership; enterprise security; communications; project management, and administrative support for staff, committees, and members to ensure successful business operations, consistency of service delivery, and high-quality customer service for internal and external stakeholders; as well as logistics support for the office and meeting facilities. In addition, this program accounts for indirect costs like Office Rent that benefit multiple functional areas.

2025 Key Budget Assumptions

- WECC staff will provide the same level of meetings and meeting support as 2024 for the Board of Directors and Board Committees.
- **TBD** is the Board-approved location for the 2025 Annual Meeting.
- Board Directors will be compensated according to the 2025 Board compensation structure, and compensation is expected to increase.

2025 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Identify opportunities for efficiencies and increased effectiveness of meetings and stakeholder services teams.
- Enhance internal and external communications.
- Improve WECC's security posture and programs.



Statutory Programs**Corporate Services****Legal and Regulatory****Program Scope, Purpose, and Impact**

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. This program is also responsible for enterprise risk management: identifying particular events or circumstances relevant to the organization, assessing their likelihood and their magnitude of impact, determining a response strategy, and monitoring risk status over time. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with Legal and Regulatory. WECC's broad scope of activities requires 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.

2025 Key Budget Assumptions

- The scope of current Legal operations will be maintained.
- Reliance on outside legal counsel is minimal.
- Business insurance premiums increase by a modest amount.

2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

Information Technology**Program Scope, Purpose, and Impact**

The Information Technology (IT) Program provides enterprise and desktop systems, applications, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation - including end-user training, and operational support for hardware, software, database, system administration, network, data center and cloud operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities. System and operational enhancements enable higher levels of security



Statutory Programs**Corporate Services**

and enhanced business capabilities for our hybrid workforce, including evolving cloud-based services and tools.

2025 Key Budget Assumptions

- WECC will increase security capabilities with more access controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Internal and external penetration tests on the network and systems will be performed annually.
- IT will select, implement, and train users on a more robust organization-wide data reporting tool for increased data visualization, analytical, and reporting capabilities.
- Consultants will be used for project-based work to augment staff skill sets.
- IT will continue to drive long-term leveled costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- IT will continue to work collaboratively to share and make the most of the knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency, in support of the ERO Enterprise IT Strategy.
- One security analyst is added to provide cloud-focused security analysis, reporting, coordination, and support as more business tools and functions migrate to cloud-based services and integrate artificial intelligence with services and technology.

2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide enhanced enterprise data management and reporting tools and communication capabilities.
- Create centralized database service, automated workflow processes, network and traffic monitoring, and other tools to organize a growing volume of electronic data.
- Enhance the capabilities, performance, and security controls for mobile device use and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.
- Provide increased business intelligence and reporting tools to the enterprise.



Statutory Programs**Corporate Services****Human Resources****Program Scope, Purpose, and Impact**

The Human Resources (HR) Program is responsible for the delivery of all HR functions to ensure WECC is viewed as an employer of choice with highly skilled, collaborative, and engaged employees who are committed to WECC's mission. Responsibilities include recruitment, compensation, benefits, safety, health and wellness, employee relations, personal and professional development, succession planning, knowledge transfer, and leadership and employee engagement. HR also maintains employee-data systems and ensures compliance with employment-related federal and state requirements.

2025 Key Budget Assumptions

- Total WECC headcount increases by 9 FTEs in 2025.
- WECC's current benefit levels are maintained, with an anticipated premium increase to adjust for claims escalation and market increases.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific focus will be on supporting and enhancing interactions and relationships with a distributed workforce.
- Management development and training will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- NERC's Learning Management System and LinkedIn Learning are used as training resources for employees.
- A new human resources information system (HRIS) to be implemented in 2025.

2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Target national markets for most positions, allowing WECC to hire from a larger and more diverse candidate pool of highly skilled talent.
- Enhance all facets of the employee experience to achieve lower levels of turnover.
- Minimize employee skills gaps through the identification of critical technical skills, knowledge assessment criteria, and competency-based career pathing with a focus on targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct training on interpersonal skills; harassment prevention; and diversity, equity, and inclusion (DE&I) for all employees and managers.



Statutory Programs**Corporate Services**

- Deliver a comprehensive yet affordable benefits package to retain current employees and attract prospective employees while managing costs.
- Expand recruiting efforts through college campus outreach, WECC and industry trainings and meetings, social media platforms, and employee referral programs.

Finance and Accounting**Program Scope, Purpose, and Impact**

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting. The program reports financial results in a timely and effective manner to help departments recognize and seize opportunities for improvement in current and future activities. Accounting works with stakeholders and provides outreach to help increase understanding of annual budget requests.

2025 Key Budget Assumptions

- Interest rates remain stable and investment income is conservatively budgeted.
- Bank and investment fees increase.
- Current accounting systems and controls are effective.
- A new HRIS to be implemented in 2025.

2025 Goals and Deliverables

- Continuously improve accounting processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide regular financial education to the management team and budget managers.
- Identify and implement efficiencies in financial processes and increase the effectiveness of budgeting and financial reporting.
- Help departments effectively manage resources and operate within approved budgets.
- Ensure effective financial controls are in place, including routine monitoring of spending compared to budget.
- Provide quality reporting and financial analysis to managers, executives, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.



Statutory Programs

Corporate Services

Corporate Services Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget CORPORATE SERVICES				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
Revenue				
Statutory Funding				
WECC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	-	
Total Statutory Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	-	
Interest	-	-	-	
Total Revenue (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Expenses				
Personnel Expenses				
Salaries	\$ 5,262,178	\$ 5,732,987	\$ 470,809	8.95%
Payroll Taxes	321,151	346,366	\$ 25,215	7.85%
Benefits	973,104	1,065,216	\$ 92,112	9.47%
Retirement Costs	496,305	539,059	\$ 42,754	8.61%
Total Personnel Expenses	<u>\$ 7,052,738</u>	<u>\$ 7,683,628</u>	<u>\$ 630,890</u>	<u>8.95%</u>
Meeting Expenses				
Meetings & Conference Calls	\$ 75,403	\$ 121,680	\$ 46,277	61.37%
Travel	148,537	185,164	\$ 36,627	24.66%
Total Meeting Expenses	<u>\$ 223,940</u>	<u>\$ 306,844</u>	<u>\$ 82,904</u>	<u>37.02%</u>
Operating Expenses, excluding Depreciation				
Consultants & Contracts	\$ 559,500	\$ 289,000	\$ (270,500)	-48.35%
Office Rent	1,327,202	1,328,263	\$ 1,061	0.08%
Office Costs	1,924,379	2,063,975	\$ 139,596	7.25%
Professional Services	1,261,211	1,327,700	\$ 66,489	5.27%
Miscellaneous	-	-	\$ -	
Total Operating Expenses	<u>\$ 5,072,292</u>	<u>\$ 5,008,938</u>	<u>\$ (63,354)</u>	<u>-1.25%</u>
Total Direct Expenses	<u>\$ 12,348,970</u>	<u>\$ 12,999,410</u>	<u>\$ 650,440</u>	<u>5.27%</u>
Indirect Expenses	<u>\$ (12,348,970)</u>	<u>\$ (12,999,410)</u>	<u>\$ (650,440)</u>	<u>5.27%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Change in Net Assets (=A-B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
TOTAL BUDGET (B+C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
FTEs	40.50	42.50	2.00	4.94%
HC	41.00	43.00	2.00	4.88%





Non-Statutory Program

Goals, Budget Assumptions, and Statements of Activities

Non-Statutory Program**Budget Overview****2025 Non-Statutory Budget Overview**

Over the last decade, the use of renewable energy and the need to have reliable, credible information for compliance and voluntary renewable usage has increased. States and provinces across the continent are increasing both the amount of renewable energy they are requiring and how they count this energy for compliance. Current and proposed legislation around the West anticipates the increased use of renewable energy through the end of the decade. The Western Renewable Energy Generation Information System (WREGIS) budget assumes that increased renewable energy penetration will require increased resources from WREGIS.

Budget and Funding Summary

WECC's proposed 2025 non-statutory budget is \$3,708,000 a \$453,000 (13.9%) increase from the 2024 non-statutory budget. Non-statutory funding, derived predominantly from activity-based fees, is budgeted at \$3,260,000, a \$328,000 (11.2%) increase from 2024.

Major Budget Drivers**Funding Sources**

- Membership Fees increase due to an anticipated increase in program participation and expansions of some programs.
- Interest increases due to anticipated rates of return on investments.

Personnel Expenses

- Two FTE are added due to program growth, program expansion, and new fuel type tracking requirements, which are all being driven by state renewable portfolio standards targets in the coming years.
- 3% merit and 1% equity pools.
- Refinement of payroll tax and benefits enrollment rates and premiums.
- Labor float assumption changes based on actual turnover and vacancy rates.

Meeting Expenses

- Travel increases due to increased on-site audit activities to assist program participants with training and compliance.

Indirect Expenses

- Indirect Expenses increase due to two new FTEs added in this program and an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



Non-Statutory Program

Budget Overview

WREGIS Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget & Projection, and 2025 Budget NON-STATUTORY						
	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance (\$)	Variance (%)
Revenue						
Statutory Funding						
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	
Penalties Released	-	-	-	-	-	
Total Statutory Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Membership Fees	\$ 2,857,000	\$ 2,857,000	\$ -	3,077,375	\$ 220,375	7.71%
Workshops & Miscellaneous	2,500	2,500	\$ -	2,500	\$ -	0.00%
Interest	72,000	72,000	\$ -	180,000	\$ 108,000	150.00%
Total Revenue (A)	<u>\$ 2,931,500</u>	<u>\$ 2,931,500</u>	<u>\$ -</u>	<u>\$ 3,259,875</u>	<u>\$ 328,375</u>	<u>11.20%</u>
Expenses						
Personnel Expenses						
Salaries	\$ 958,109	\$ 958,109	\$ -	\$ 1,139,845	\$ 181,736	18.97%
Payroll Taxes	61,639	61,639	\$ -	72,898	\$ 11,259	18.27%
Benefits	144,047	144,047	\$ -	174,656	\$ 30,609	21.25%
Retirement Costs	85,154	85,154	\$ -	101,295	\$ 16,141	18.96%
Total Personnel Expenses	<u>\$ 1,248,949</u>	<u>\$ 1,248,949</u>	<u>\$ -</u>	<u>\$ 1,488,694</u>	<u>\$ 239,745</u>	<u>19.20%</u>
Meeting Expenses						
Meetings & Conference Calls	\$ 4,200	\$ 4,200	\$ -	\$ 5,200	\$ 1,000	23.81%
Travel	25,880	25,880	\$ -	46,830	\$ 20,950	80.95%
Total Meeting Expenses	<u>\$ 30,080</u>	<u>\$ 30,080</u>	<u>\$ -</u>	<u>\$ 52,030</u>	<u>\$ 21,950</u>	<u>72.97%</u>
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	-	\$ -	
Office Costs	984,423	984,423	\$ -	990,968	\$ 6,545	0.66%
Professional Services	-	-	\$ -	-	\$ -	
Miscellaneous	-	-	\$ -	-	\$ -	
Total Operating Expenses	<u>\$ 984,423</u>	<u>\$ 984,423</u>	<u>\$ -</u>	<u>\$ 990,968</u>	<u>\$ 6,545</u>	<u>0.66%</u>
Total Direct Expenses	<u>\$ 2,263,452</u>	<u>\$ 2,263,452</u>	<u>\$ -</u>	<u>\$ 2,531,692</u>	<u>\$ 268,240</u>	<u>11.85%</u>
Indirect Expenses	<u>\$ 980,785</u>	<u>\$ 980,785</u>	<u>\$ -</u>	<u>\$ 1,161,459</u>	<u>\$ 180,674</u>	<u>18.42%</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Expenses (B)	<u>\$ 3,244,237</u>	<u>\$ 3,244,237</u>	<u>\$ -</u>	<u>\$ 3,693,151</u>	<u>\$ 448,914</u>	<u>13.84%</u>
Change in Net Assets (=A-B)	<u>\$ (312,737)</u>	<u>\$ (312,737)</u>	<u>\$ -</u>	<u>\$ (433,276)</u>	<u>\$ (120,539)</u>	<u>38.54%</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>\$ 10,960</u>	<u>\$ 10,960</u>	<u>\$ -</u>	<u>\$ 14,787</u>	<u>\$ 3,827</u>	<u>34.92%</u>
TOTAL BUDGET (B+C)	<u>\$ 3,255,197</u>	<u>\$ 3,255,197</u>	<u>\$ -</u>	<u>\$ 3,707,938</u>	<u>\$ 452,741</u>	<u>13.91%</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ (323,697)</u>	<u>\$ (323,697)</u>	<u>\$ -</u>	<u>\$ (448,063)</u>	<u>\$ (124,366)</u>	<u>38.42%</u>
FTEs	11.00	11	-	13.00	2.00	18.18%
HC	11.00	11	-	13.00	2.00	18.18%



Non-Statutory Program

Budget Overview

Personnel—Overview of FTEs and Expenses

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 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
NON-STATUTORY					
Operational Programs					
Total FTEs Operational Programs	-	-	-	-	-
Administrative Programs					
WREGIS	11.00	13.00	-	13.00	2.00
Total FTEs Administrative Programs	11.00	13.00	-	13.00	2.00
Total FTEs	11.00	13.00	-	13.00	2.00

Overview of Changes in Reserves

Working Capital Reserve Analysis	
NON-STATUTORY	
	Total
Beginning Reserve (Deficit), January 1, 2024	\$ 6,418,140
Plus: 2024 Funding	2,931,500
Less: 2024 Projected expenses & capital expenditures	(3,255,199)
Projected Working Capital Reserve (Deficit), December 31, 2024	<u>\$ 6,094,441</u>
Plus: 2025 Funding	3,259,875
Less: 2025 Projected expenses & capital expenditures	(3,707,938)
Projected Working Capital Reserve, December 31, 2025	<u>\$ 5,646,378</u>



Non-Statutory Program—Goals and Budget Assumptions

WREGIS

Program Scope, Purpose, and Impact

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 by 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 for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: the Stakeholder Advisory Committee, which is open to all interested participants, and the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs is allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering customers and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.

2025 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by Generator and General Organizations and are based on size (generation capacity) and organization type. Transaction fees are paid by General Organizations. WREGIS also charges fees for ad hoc reporting and e-Tag-related data services.

- Transaction fees are based on organization type.
 - Approximately 4% of revenues are based on annual fees.



Non-Statutory Program**WREGIS**

- Approximately 92% of revenues are based on transaction fees, which may depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
- Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues vary from year to year, so WREGIS reserves are held to allow for normal operations or special large-scale improvements.
- The new software is a cloud-based software as a service product and all costs, including upgrades, maintenance and licenses are built into the monthly fee.
- Interest rates will continue to increase.
- Travel for training and audits will increase after a reduction caused by the COVID-19 pandemic.
- Two analysts are added due to program growth, increasing customer audit requirements, and software needs.

2025 Goals and Key Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Refine and improve data collection to ensure high-quality data.
- Perform four customer audits each for Qualified Reporting Entities and REC holding customers.
- Deliver two in-person customer training sessions and quarterly virtual customer training sessions.
- Deliver one in-person and two virtual Qualified Reporting Entity training sessions.





Appendix

Additional Information

Non-Statutory Program—Goals and Budget Assumptions

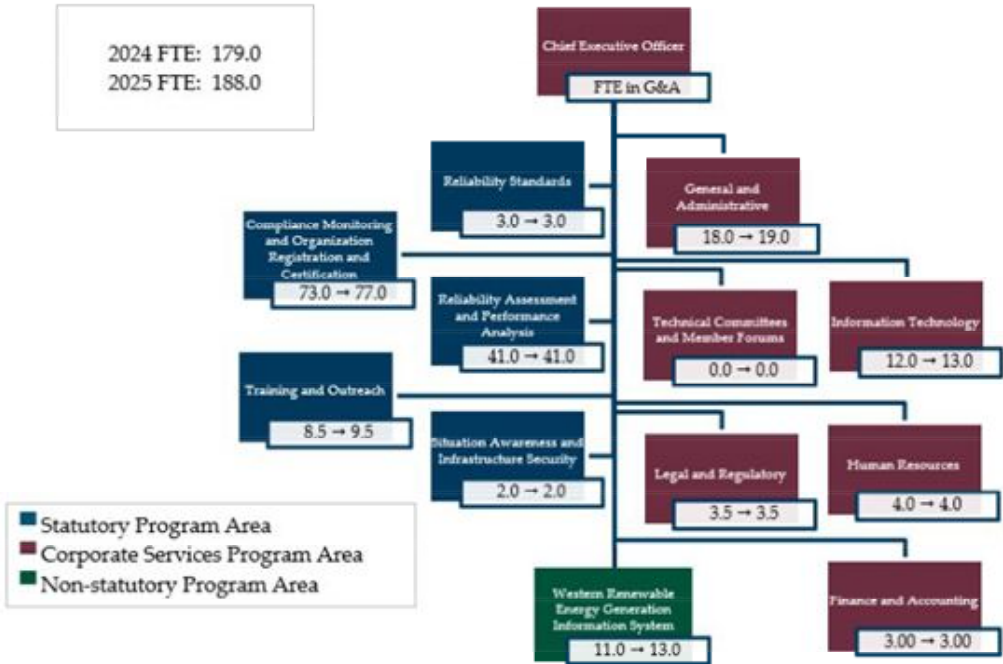
Appendix A

Appendix A—2025 Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions							Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
Revenue												
Statutory Funding												
WECC Assessments	\$ 34,000,000	\$ 34,000,000	\$ -	\$ 34,000,000	\$ 833,471	\$ 18,756,884	\$ 11,683,529	\$ 2,204,973	\$ 521,143	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-	-	-	-	-	-	-	-
Total Statutory Funding	\$ 34,000,000	\$ 34,000,000	\$ -	\$ 34,000,000	\$ 833,471	\$ 18,756,884	\$ 11,683,529	\$ 2,204,973	\$ 521,143	\$ -	\$ -	\$ -
Non-statutory Funding												
Workshops & Miscellaneous	\$ 3,077,375	\$ -	\$ 3,077,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,077,375	\$ 3,077,375
Interest	535,000	532,500	2,500	532,500	-	-	-	532,500	-	-	2,500	2,500
	1,180,000	1,000,000	180,000	1,000,000	22,642	581,132	309,434	71,698	15,094	-	180,000	180,000
Total Revenue (A)	\$ 38,792,375	\$ 35,532,500	\$ 3,259,875	\$ 35,532,500	\$ 856,113	\$ 19,338,016	\$ 11,992,963	\$ 2,809,171	\$ 536,237	\$ -	\$ 3,259,875	\$ 3,259,875
Expenses												
Personnel Expenses												
Salaries	\$ 25,891,440	\$ 24,751,595	\$ 1,139,845	\$ 24,751,595	\$ 537,566	\$ 10,999,881	\$ 5,856,351	\$ 1,310,264	\$ 314,546	\$ 5,732,987	\$ 1,139,845	\$ 1,139,845
Payroll Taxes	1,629,773	1,556,875	72,898	1,556,875	33,324	704,545	371,086	80,854	20,700	346,366	72,898	72,898
Benefits	3,213,836	3,039,180	174,656	3,039,180	43,605	1,168,244	595,398	136,291	30,426	1,065,216	174,656	174,656
Retirement Costs	2,328,719	2,227,424	101,295	2,227,424	47,843	975,833	520,189	116,505	27,995	539,059	101,295	101,295
Total Personnel Expenses	\$ 33,063,768	\$ 31,575,074	\$ 1,488,694	\$ 31,575,074	\$ 662,338	\$ 13,848,503	\$ 7,343,024	\$ 1,643,914	\$ 393,667	\$ 7,683,628	\$ 1,488,694	\$ 1,488,694
Meeting Expenses												
Meetings & Conference Calls	\$ 691,276	\$ 686,076	\$ 5,200	\$ 686,076	\$ -	\$ -	\$ 38,676	\$ 525,720	\$ -	\$ 121,680	\$ 5,200	\$ 5,200
Travel	1,221,845	1,175,015	46,830	1,175,015	21,236	675,360	225,365	46,080	21,810	185,164	46,830	46,830
Total Meeting Expenses	\$ 1,913,121	\$ 1,861,091	\$ 52,030	\$ 1,861,091	\$ 21,236	\$ 675,360	\$ 264,041	\$ 571,800	\$ 21,810	\$ 306,844	\$ 52,030	\$ 52,030
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 1,909,400	\$ 1,909,400	\$ -	\$ 1,909,400	\$ -	\$ 12,000	\$ 1,608,400	\$ -	\$ -	\$ 289,000	\$ -	\$ -
Office Rent	1,328,263	1,328,263	-	1,328,263	-	-	-	-	-	1,328,263	-	-
Office Costs	3,760,324	2,769,356	990,968	2,769,356	2,957	135,986	494,713	68,125	3,600	2,063,975	990,968	990,968
Professional Services	1,327,700	1,327,700	-	1,327,700	-	-	-	-	-	1,327,700	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 8,325,687	\$ 7,334,719	\$ 990,968	\$ 7,334,719	\$ 2,957	\$ 147,986	\$ 2,103,113	\$ 68,125	\$ 3,600	\$ 5,008,938	\$ 990,968	\$ 990,968
Total Direct Expenses	\$ 43,302,576	\$ 40,770,884	\$ 2,531,692	\$ 40,770,884	\$ 686,531	\$ 14,671,849	\$ 9,710,178	\$ 2,283,839	\$ 419,077	\$ 12,999,410	\$ 2,531,692	\$ 2,531,692
Indirect Expenses	\$ -	\$ (1,161,459)	\$ 1,161,459	\$ (1,161,459)	\$ 268,029	\$ 6,879,413	\$ 3,663,064	\$ 848,759	\$ 178,686	\$ (12,999,410)	\$ 1,161,459	\$ 1,161,459
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 43,302,576	\$ 39,609,425	\$ 3,693,151	\$ 39,609,425	\$ 954,560	\$ 21,551,262	\$ 13,373,242	\$ 3,132,598	\$ 597,763	\$ -	\$ 3,693,151	\$ 3,693,151
Change in Net Assets (=A-B)	\$ (4,510,201)	\$ (4,076,925)	\$ (433,276)	\$ (4,076,925)	\$ (98,447)	\$ (2,213,246)	\$ (1,380,279)	\$ (323,427)	\$ (61,526)	\$ -	\$ (433,276)	\$ (433,276)
Depreciation												
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	165,500	165,500	-	165,500	-	-	-	-	-	165,500	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	1	(14,786)	14,787	(14,786)	3,413	87,584	46,636	10,806	2,275	(165,500)	14,787	14,787
Fixed Assets, excluding Right of Use Assets (C)	\$ 165,501	\$ 150,714	\$ 14,787	\$ 150,714	\$ 3,413	\$ 87,584	\$ 46,636	\$ 10,806	\$ 2,275	\$ -	\$ 14,787	\$ 14,787
TOTAL BUDGET (B+C)	\$ 43,468,077	\$ 39,760,139	\$ 3,707,938	\$ 39,760,139	\$ 957,973	\$ 21,638,846	\$ 13,419,878	\$ 3,143,404	\$ 600,038	\$ -	\$ 3,707,938	\$ 3,707,938
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (4,675,702)	\$ (4,227,639)	\$ (448,063)	\$ (4,227,639)	\$ (101,860)	\$ (2,300,830)	\$ (1,426,915)	\$ (334,233)	\$ (63,801)	\$ -	\$ (448,063)	\$ (448,063)
FTEs	188.00	175.00	13.00	175.00	3.00	77.00	41.00	9.50	2.00	42.50	13.00	13.00
HC	188.00	175.00	13.00	175.00	3.00	77.00	41.00	9.00	2.00	43.00	13.00	13.00



Appendix B—Organizational Chart—Changes in FTE by Program



Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

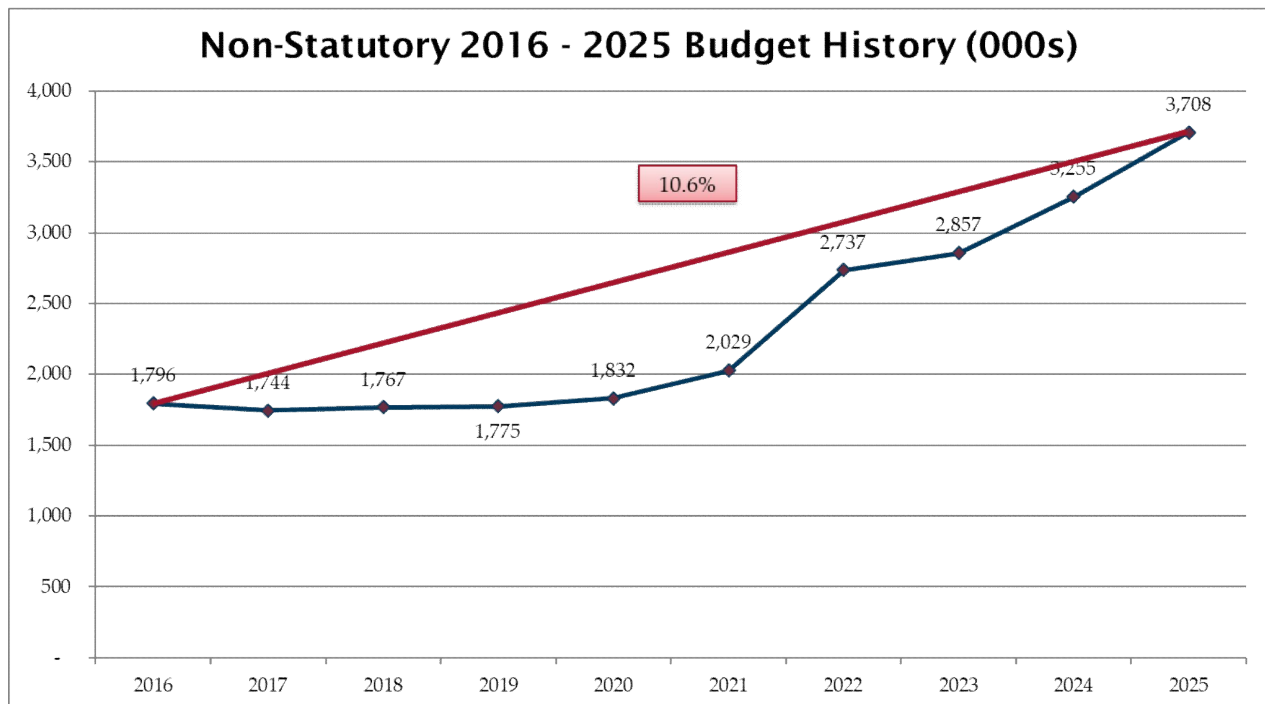
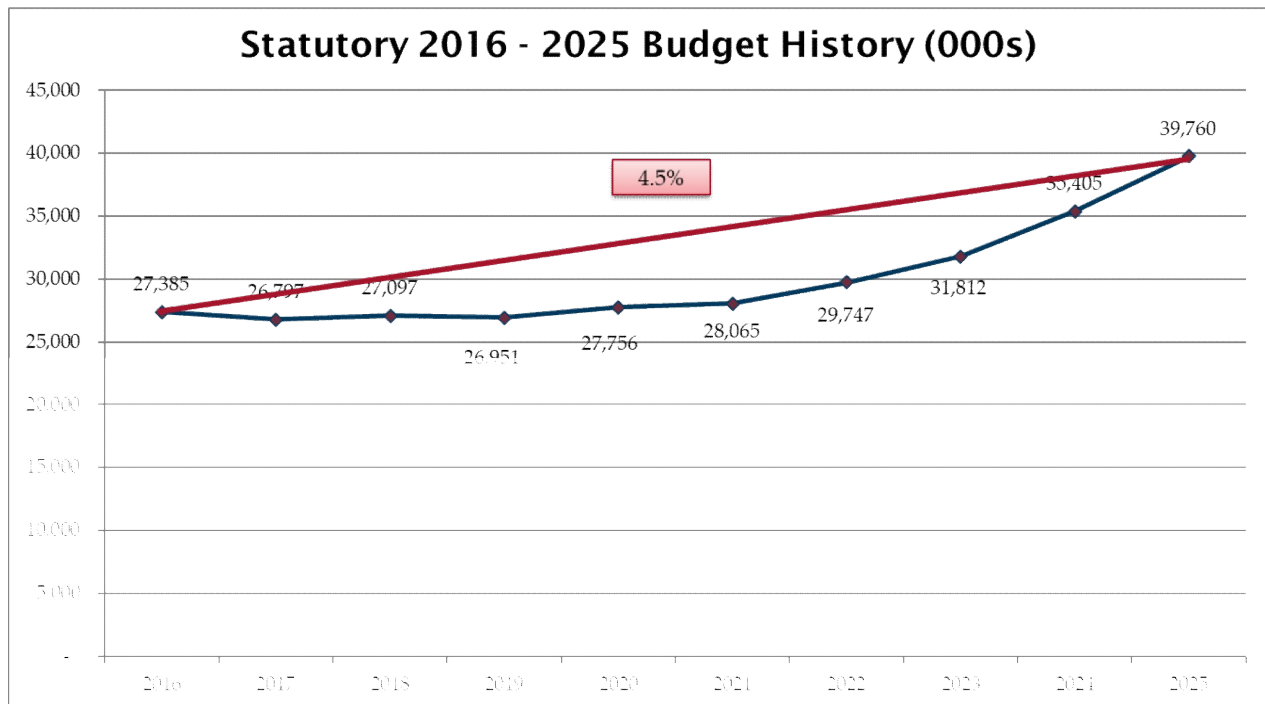
To be calculated and inserted after NEL data is collected.



Non-Statutory Program—Goals and Budget Assumptions

Appendix D

Appendix D—Statutory and Non-Statutory Budget History Charts



<Public>



2025 Business Plan and Budget Overview

March 12, 2024

Jillian Lessner
Chief Financial and
Administrative Officer

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<Public>

2025 Budget Context

- Recognize growing complexity and pace of change
- Ensure adequate resources to support increasing workload
- Maintain working capital reserves
- Consider inflationary and distributed workforce impacts on meetings and travel

<Public>

2025 Statutory Budget Overview

- Statutory budget increase—\$4.4 million (12.3%)
 - Budget total—\$39.7 million
- 7 additional FTE
- Assessments increase—\$9 million (36%)
 - Assessments total—\$34.0 million
- Penalties collected and released—\$0
- Reserve usage
 - Peak Reliability Donation Reserves—\$1.5 million
 - Working Capital Reserves—\$2.7 million

<Public>

Major Statutory Budget Drivers

- 7 Statutory FTE additions
- Transmission planning project in coordination with WPP and WestTEC
- Changes in one-time IT projects
- Increased travel volume and cost
- Increased meetings volume and cost

<Public>

2024 to 2025 Change Drivers

Reconciliation of 2024 to 2025 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
2024 Approved Budget	35,405	
+ 7 FTE, 3% merit pool, 1% equity pool, labor float adj., refinement of taxes/benefits	2,679	
+ Transmission planning project in coordination with WPP and WestTEC	1,500	
- Changes in one-time IT consulting projects	(291)	
+ Net increase in travel due to distributed workforce, increase in FTE, inflationary impact on travel costs, and increase in on-site requirements for oversight activities	426	
+ Indirect expense allocation to WREGIS increases	(181)	
+ Increase in cost of meetings across the organization due to inflation and the Annual Meeting is anticipated to be off-site in 2025	81	
+ Proposed increase in board compensation	68	
+ Consulting for implementation of new HRIS	50	
+ Escalation in software maintenance licensing	50	
+ Other net changes	(27)	
2025 DRAFT Budget	39,760	12.3% increase

<Public>

Sarah Edmonds, CEO WPP

<Public>

Statutory FTE by Program

Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
STATUTORY					
Operational Programs					
Reliability Standards	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	73.00	77.00	-	77.00	4.00
Reliability Assessment and Performance Analysis	41.00	41.00	-	41.00	-
Training and Outreach	8.50	9.50	-	9.50	1.00
Situation Awareness and Infrastructure Security	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	127.50	132.50	-	132.50	5.00
Corporate Services					
Technical Committees and Member Forums	-	-	-	-	-
General and Administrative	18.00	19.00	-	19.00	1.00
Legal and Regulatory	3.50	3.50	-	3.50	-
Information Technology	12.00	13.00	-	13.00	1.00
Human Resources	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	42.50	-	42.50	2.00
Total FTEs	168.00	175.00	-	175.00	7.00

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

<Public>

2024 to 2025 Budget Comparison

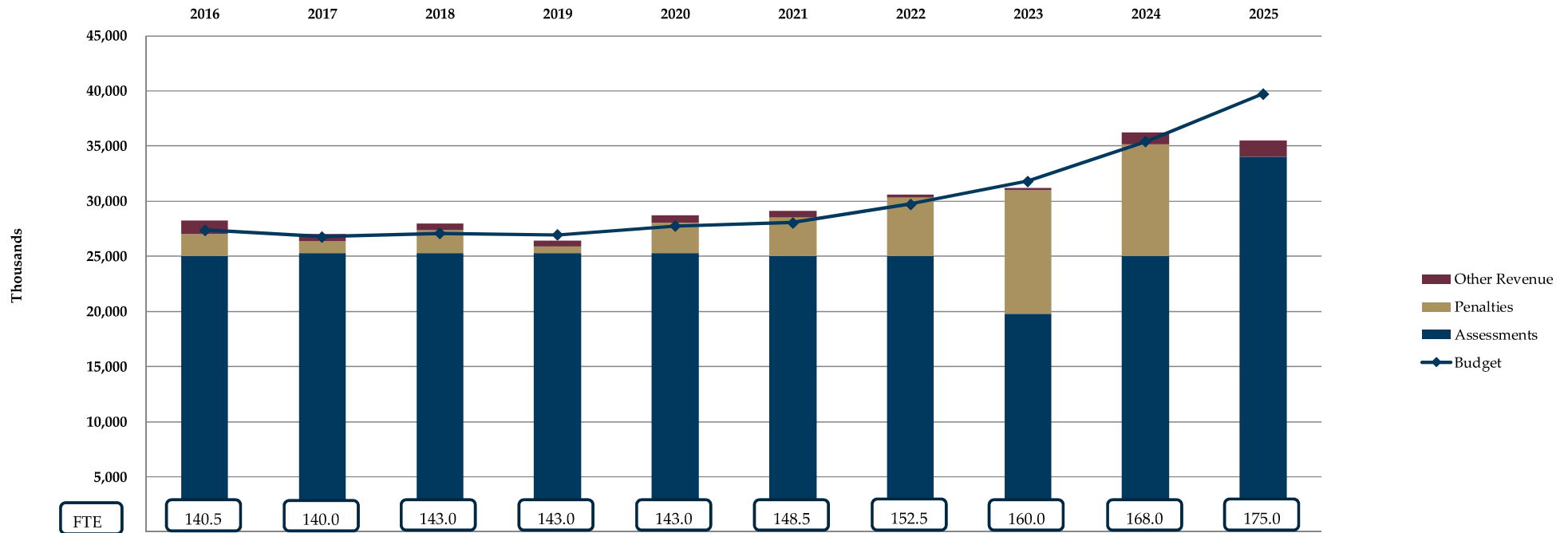
	2024 Budget	2025 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 25,000,000	\$ 34,000,000	\$ 9,000,000	36.0%	Increase in budget, decrease in penalties
Penalties	10,137,948	-	(10,137,948)	-100.0%	No penalties collected
Other Income	1,075,250	1,532,500	457,250	42.5%	Higher interest rates
Total Funding	\$ 36,213,198	\$ 35,532,500	\$ (680,698)	-1.9%	
Expenses					
Personnel Expenses	\$ 28,895,986	\$ 31,575,074	\$ 2,679,088	9.3%	7 FTE, 3% merit/1% Equity pools, labor float adj, refined tax/benefit rates
Meeting Expenses	1,353,934	1,861,091	507,157	37.5%	Additional Travel, Inflationary impacts, increases in FTE, and on-site requirements for oversight activities
Operating Expenses	6,008,620	7,334,719	1,326,099	22.1%	Peak donation project with WPP
Indirect Expenses	(980,785)	(1,161,459)	(180,674)	18.4%	
Total Expenses	\$ 35,277,755	\$ 39,609,425	\$ 4,331,670	12.3%	
Fixed Assets	\$ 127,040	\$ 150,714	\$ 23,674	18.6%	Server, storage, and data center upgrades
Total Budget	\$ 35,404,795	\$ 39,760,139	\$ 4,355,344	12.3%	
Change in Working Capital	\$ 808,403	\$ (4,227,639)	\$ (5,036,042)		
FTEs	168.0	175.0	7.0	4.2%	

¹ Depreciation excluded from these values

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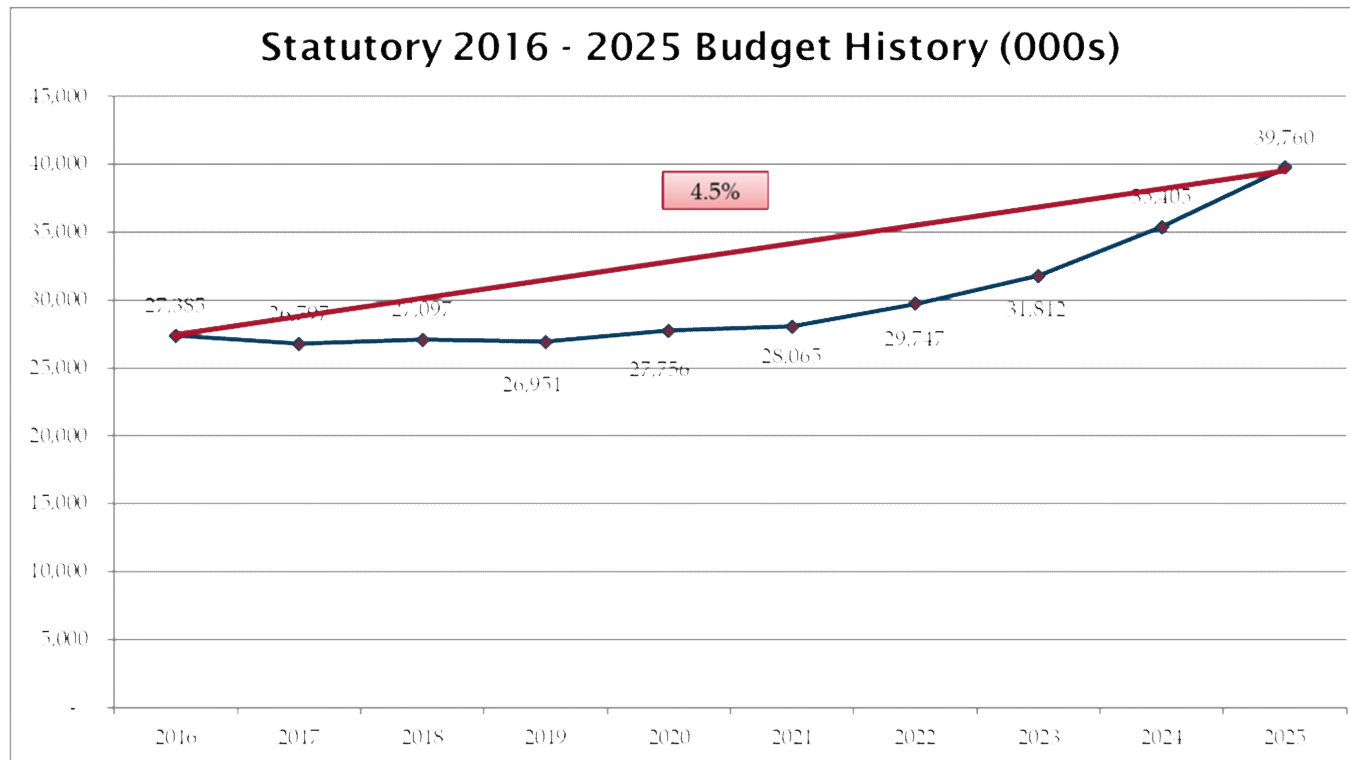
Budget Compared to Funding Sources

Historical Budget, Assessments, and FTE



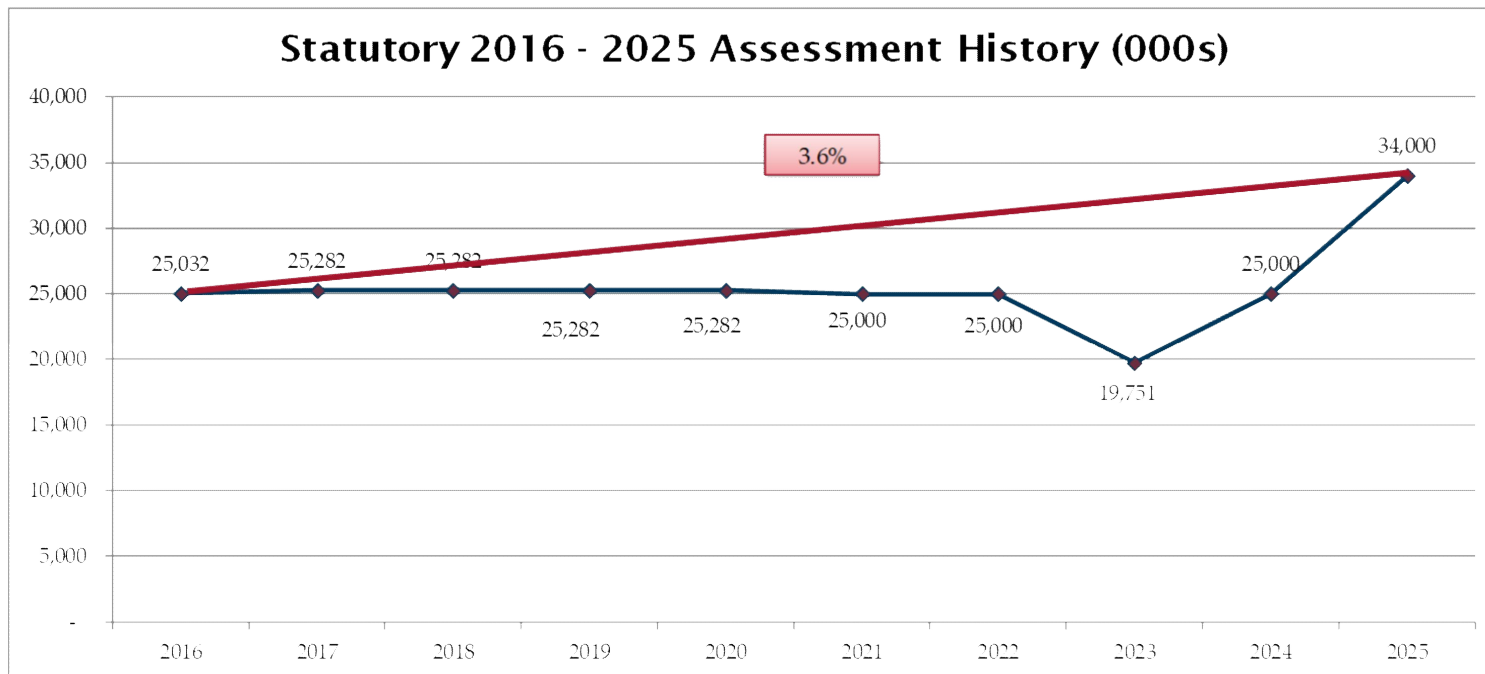
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10-Year Statutory Budget Trend



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10-Year Assessments Trend



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2025 Non-Statutory Budget Overview

- Non-Statutory budget increase—\$453K (13.9%)
 - Budget total—\$3.7 million
- 2 additional FTE
- Revenue increase—\$328K (11.2%)

<Public>

Next Steps

- March through April
 - Meet with and provide information to the MBS
 - MBS members provide feedback
- April 26—Post draft 1 of BP&B for stakeholder comment
- April 30, May 2 (WIRAB monthly meeting), May 13—stakeholder overview webinars
- May 17—stakeholder comment period ends
- June 12—Board of Directors meeting

<Public>



<Public>



Finance and Audit Committee
Assessment Stabilization

Verbal Update

Jillian Lessner, Vice President and Chief Financial and Administrative Officer

March 12, 2024

<Public>



Finance and Audit Committee
MAC Budget Subcommittee Comments

Verbal Update

Dana Cabbell, Chair

March 12, 2024

<Public>



Finance and Audit Committee
Update on Mexican Regulatory Environment

Verbal Update

Jeff Droubay, Vice President and General Counsel

March 12, 2024

<Public>

**2023 Unaudited Financial Results****Joshuah Martinez****March 12, 2024****Summary**

As of December 31, 2023, statutory programs were over budget by a net of \$9,134,000. The non-statutory program was under budget by a net of \$539,000. The main driver of the net statutory underrun relates to the timing of penalty revenue recognition allowed under Generally Accepted Accounting Principles (GAAP). For financial reporting purposes, WECC recognizes penalties when FERC approves them, rather than in the year in which the penalties offset assessments. Penalties revenue is under budget by \$10,169,000 for that reason. Additionally, other funding sources are \$1,626,000 over budget and expenditures are \$592,000 over budget through December 31.

Variances greater than \$100,000 are explained in subsequent sections. Two versions of the statutory year-end results are provided. The first table (Figure 1) represents GAAP reporting, with the penalty revenue recognition changes included. The second table (Figure 2) represents results without the penalty variance to isolate other, more relevant variances.

Statutory Program Statement of Activities**Major Drivers of Statutory Program Variances (Greater than \$100,000)****Figure 1: Statutory Year-End Results
(GAAP)**

	Actual 2023	Budget 2023	Variance (over) /under
Funding			
ERO Funding	20,800,537	30,969,183	(10,168,646)
Other Funding	1,874,044	248,100	1,625,944
Total Funding	22,674,581	31,217,283	(8,542,702)
Expenses			
Personnel Expenses	26,519,032	25,820,126	(698,906)
Meeting & Travel Expenses	1,139,141	947,289	(191,852)
Operating Expenses	5,357,847	5,833,037	475,190
Indirect Allocation	(756,470)	(843,037)	(86,567)
Total Expenses	32,259,550	31,757,415	(502,135)
Fixed Assets	144,250	54,868	(89,382)
Total Expenditures	32,403,800	31,812,283	(591,517)
Funding Less Expenditures	(9,729,219)	(595,000)	(9,134,219)

**Figure 2: Statutory Year-End Results
(Excluding Penalty Variance)**

	Actual 2023	Budget 2023	Variance (over) /under
Funding			
ERO Funding	30,969,183	30,969,183	-
Other Funding	1,874,044	248,100	1,625,944
Total Funding	32,843,227	31,217,283	1,625,944
Expenses			
Personnel Expenses	26,519,032	25,820,126	(698,906)
Meeting & Travel Expenses	1,139,141	947,289	(191,852)
Operating Expenses	5,357,847	5,833,037	475,190
Indirect Allocation	(756,470)	(843,037)	(86,567)
Total Expenses	32,259,550	31,757,415	(502,135)
Fixed Assets	144,250	54,868	(89,382)
Total Expenditures	32,403,800	31,812,283	(591,517)
Funding Less Expenditures	439,427	(595,000)	1,034,427

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2023 Unaudited Financial Results*Year-End (GAAP)*

- ERO Funding: \$10,169,000 under budget due to the net of:
 - A change in the revenue recognition of penalty funding per GAAP. The underrun represents the net of:
 - \$11,219,000 in penalties recognized as revenue in 2021 and 2022 for financial reporting purposes, but budgeted to offset assessments in the 2023 Business Plan and Budget (BP&B); and
 - \$1,050,000 in penalties recognized as revenue in 2023 for financial reporting purposes to be used to offset assessments in the 2024 BP&B.
- Other Funding: \$1,626,000 over budget primarily due to the net of
 - Higher-than-budgeted returns on WECC's investments; and
 - Higher-than-budgeted workshop revenue for the October Reliability & Security Workshop.
- Personnel Expenses: \$699,000 over budget primarily due to the net of:
 - Unbudgeted recruiting and retention initiatives;
 - Changes in position levels; and
 - Budgeted labor float rate assumptions compared to actual vacancy rates.
- Meeting & Travel Expenses: \$192,000 over budget primarily due to the net of:
 - Unbudgeted travel costs related to inflationary impacts on airfare, hotel rates, and meals;
 - Higher-than-budgeted cost of the October Reliability & Security Workshop, which was completely offset by the workshop revenue; and
 - Unbudgeted travel activity due to an increasingly distributed workforce.
- Operating Expenses: \$475,000 under budget primarily due to the net of:
 - Timing of consulting expenses and the elimination of the IT/RPPA data project; and
 - Unbudgeted R&SO contract labor to gain expertise in protection and control systems Standards.



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2023 Unaudited Financial Results**Non-Statutory Program Statement of Activities*****Major Drivers of Non-Statutory Program Variances (Greater than \$100,000)*****Figure 3: Non-Statutory Year-End Results**

	Actual 2023	Budget 2023	Variance (over) /under
Funding			
ERO Funding	-	-	-
Other Funding	3,079,023	2,679,861	399,162
Total Funding	3,079,023	2,679,861	399,162
Expenses			
Personnel Expenses	1,067,982	1,008,500	(59,482)
Meeting & Travel Expenses	13,560	20,970	7,410
Operating Expenses	879,348	980,399	101,051
Indirect Allocation	756,470	843,037	86,567
Total Expenses	2,717,360	2,852,906	135,546
Fixed Assets	-	4,132	4,132
Total Expenditures	2,717,360	2,857,038	139,678
Funding Less Expenditures	361,663	(177,177)	538,840

Year-End

- Other Funding: \$399,000 over budget primarily due to:
 - Higher-than-budgeted increases in program participation and certificate volume; and
 - Higher-than-budgeted rates of return on cash and investments.
- Operating Expenses: \$101,000 under budget due to unanticipated discounts on software licensing fees for delays in the roll-out of some functionality.



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**January 2024 Financial Results****Joshuah Martinez****March 12, 2024****Summary**

As of January 31, 2024, statutory programs were over budget by a net of \$9,862,000. The non-statutory program was under budget by a net of \$165,000. The main driver of the net statutory underrun relates to a timing difference of penalty revenue recognition allowed under Generally Accepted Accounting Principles (GAAP). For purposes of financial reporting, WECC recognizes penalties when FERC approves them, rather than in the year in which the penalties offset assessments. Penalties revenue is less than budget by \$10,134,000 due to the accounting change. Additionally, other funding sources are \$114,000 over budget and expenditures are \$158,000 under budget through January 31.

Variances greater than \$100,000 are explained in subsequent sections. Two versions of the statutory year-to-date results are provided. The first table (Figure 1) represents GAAP reporting, with the penalty revenue recognition changes included. The second table (Figure 2) represents results without the penalty variance, to isolate other and more relevant variances.

Statutory Program Statement of Activities**Major Drivers of Statutory Program Variances (Greater than \$100,000)****Figure 1: Statutory Year-to-Date Results (GAAP)**

	Actual 2024	Budget 2024	Variance (over) /under
Funding			
ERO Funding	25,004,400	35,137,948	(10,133,548)
Other Funding	163,526	50,000	113,526
Total Funding	25,167,926	35,187,948	(10,020,022)
Expenses			
Personnel Expenses	2,127,728	2,196,935	69,207
Meeting & Travel Expenses	24,431	85,852	61,421
Operating Expenses	382,157	409,470	27,313
Indirect Allocation	-	-	-
Total Expenses	2,534,316	2,692,257	157,941
Fixed Assets	-	-	-
Total Expenditures	2,534,316	2,692,257	157,941
Funding Less Expenditures	22,633,610	32,495,691	(9,862,081)

Figure 2: Statutory Year-to-Date Results (Excluding Penalty Variance)

	Actual 2024	Budget 2024	Variance (over) /under
Funding			
ERO Funding	35,137,948	35,137,948	-
Other Funding	163,526	50,000	113,526
Total Funding	35,301,474	35,187,948	113,526
Expenses			
Personnel Expenses	2,127,728	2,196,942	69,214
Meeting & Travel Expenses	24,431	85,852	61,421
Operating Expenses	382,157	409,470	27,313
Indirect Allocation	-	-	-
Total Expenses	2,534,316	2,692,264	157,948
Fixed Assets	-	-	-
Total Expenditures	2,534,316	2,692,264	157,948
Funding Less Expenditures	32,767,158	32,495,684	271,474

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January 2024 Financial Results*Year-to-Date (GAAP)*

- ERO Funding: \$10,134,000 under budget due to a change in the revenue recognition of penalty funding per GAAP. The underrun represents \$10,134,000 in penalties recognized as revenue in 2022 and 2023 for financial reporting purposes, but budgeted to offset assessments in the 2024 Business Plan and Budget.

Non-Statutory Program Statement of Activities***Major Drivers of Non-Statutory Program Variances (Greater than \$100,000)*****Figure 3: Non-Statutory Year-to-Date Results**

	Actual 2024	Budget 2024	Variance (over) /under
Funding			
ERO Funding	-	-	-
Other Funding	337,436	227,000	110,436
Total Funding	337,436	227,000	110,436
Expenses			
Personnel Expenses	88,434	87,367	(1,067)
Meeting & Travel Expenses	601	1,260	659
Operating Expenses	27,450	82,056	54,606
Indirect Allocation	-	-	-
Total Expenses	116,485	170,683	54,198
Fixed Assets	-	-	-
Total Expenditures	116,485	170,683	54,198
Funding Less Expenditures	220,951	56,317	164,635

Year-to-Date

- Other Funding: \$110,000 over budget due to higher-than-budgeted certificate activity and rates of return on investments.



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Financial Results

March 12, 2024

Joshuah Martinez
Controller

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2023 Unaudited Financial Results

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2023 Statutory Funding

- Total funding—\$32.8M (\$1.6M/5.2% over budget)
 - Assessments—\$19.8M (at budget)
 - Penalties—\$11.2M (at budget)
 - Other—\$1.9M (\$1.6M/655.4% over budget)
 - Rates of return on cash and investments

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2023 Statutory Expenditures

- Total expenditures—\$32.4M (\$592K/1.9% over budget)
 - Personnel Expenses—\$26.5M (\$699K/2.7% over budget)
 - Unbudgeted recruiting and retention initiatives
 - Budgeted labor float rate assumptions compared to actual
 - Meeting & Travel Expenses—\$1.1M (\$192K/20.3% over budget)
 - Inflationary impacts on airfare and hotel rates
 - Higher-than-budgeted cost of the October Reliability & Security Workshop (offset by workshop revenue)
 - Unbudgeted travel activity due to an increasingly distributed workforce

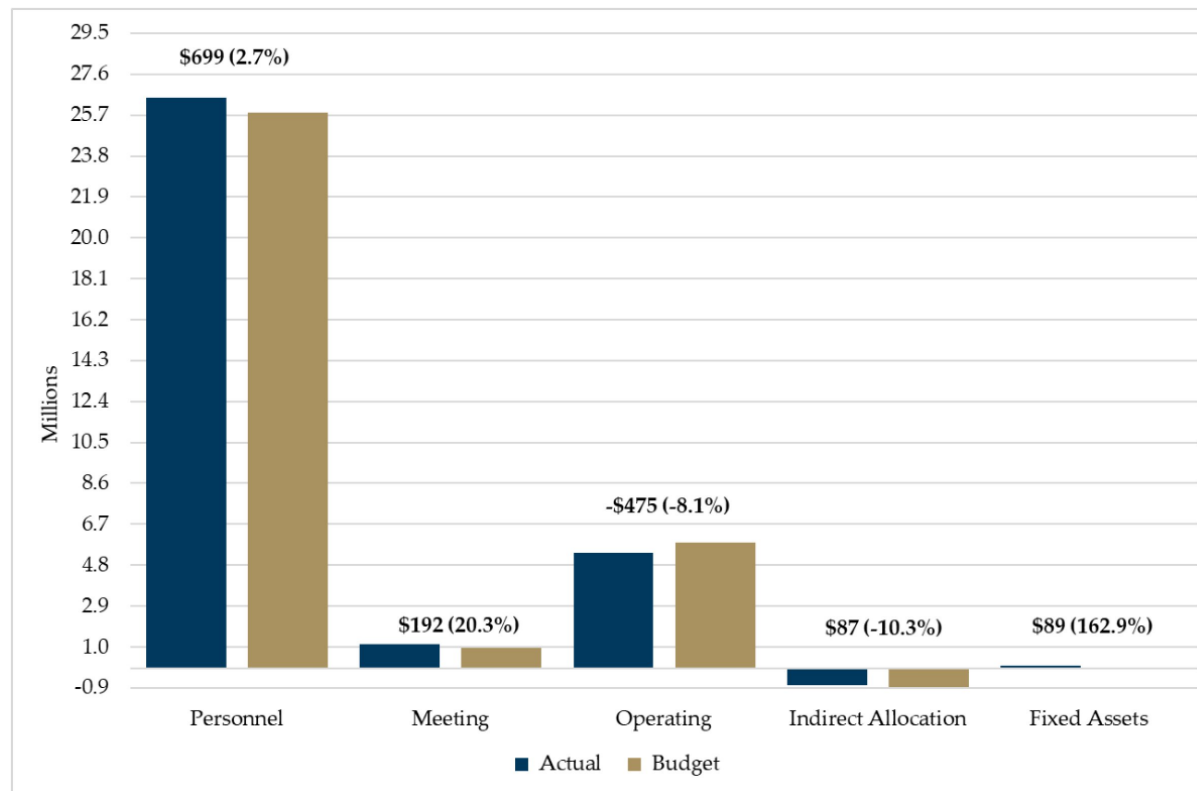
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2023 Statutory Expenditures, Cont.

- Operating Expenses—\$5.4M (\$475K/8.1% under budget)
 - Data management project deferral to 2024
 - Unbudgeted contract labor to augment skill sets

<Public>

Year-end Statutory Results



<Public>

Year-end Non-Statutory Results

- Total funding—\$3M (\$399K/14.9% over budget)
 - Higher-than-budgeted certificate activity
 - Rates of return on cash and investments
- Total expenditures—\$2.7M (\$136K/4.8% under budget)
 - Operating Expenses—\$879K (\$101K/10.3% under budget)
 - Timing of and discount on software licensing fees

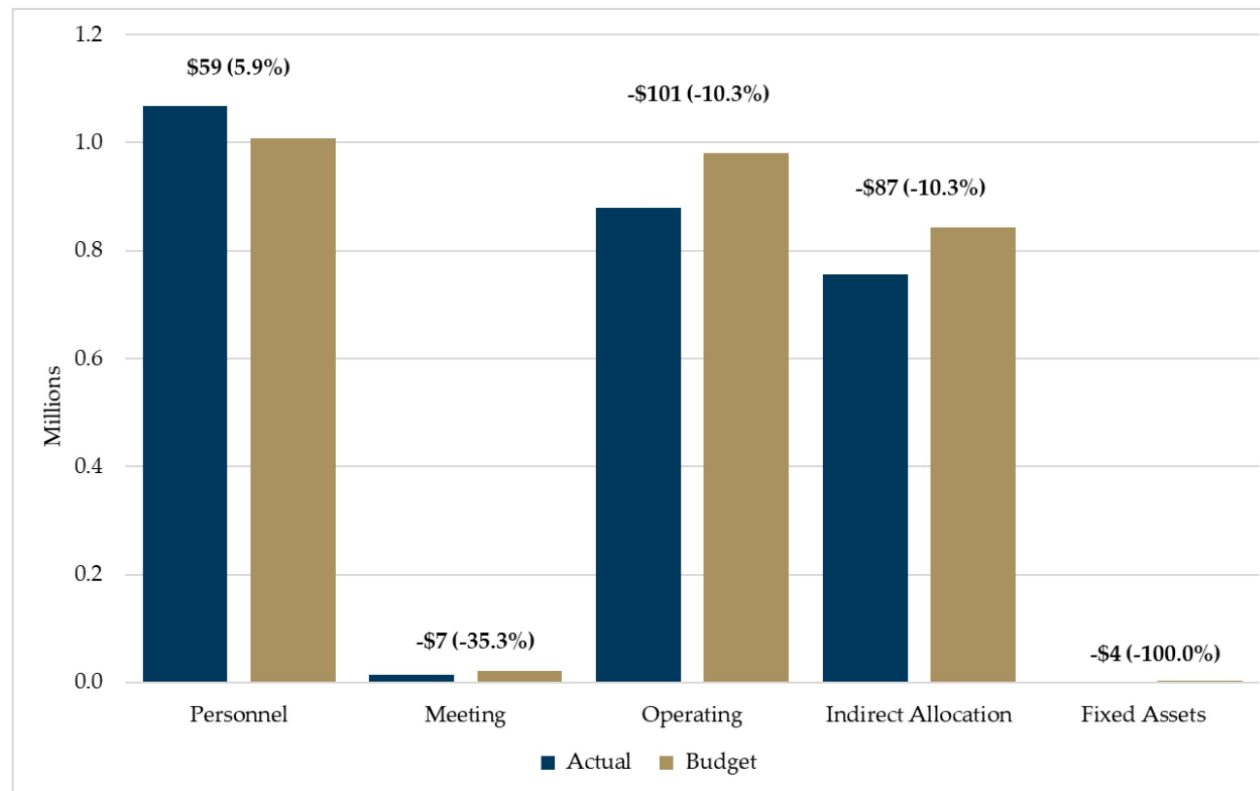
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Year-end Statutory Reserves

- Total reserves—\$25.7M
 - Working capital—\$12.1M
 - Unreleased penalties—\$10.1M
 - All will offset 2024 assessments
 - Peak Reliability Donation—\$3.5M

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Year-end Non-Statutory Results



<Public>

January 2024 Financial Results

<Public>

Year-to-Date Statutory Funding

- Total funding—\$35.3M (\$114K/0.3% over budget)
 - Assessments—\$25M (at budget)
 - Penalties—\$10.1M (at budget)
 - Other—\$164K (\$114K/227.1% over budget)
 - Rates of return on cash and investments

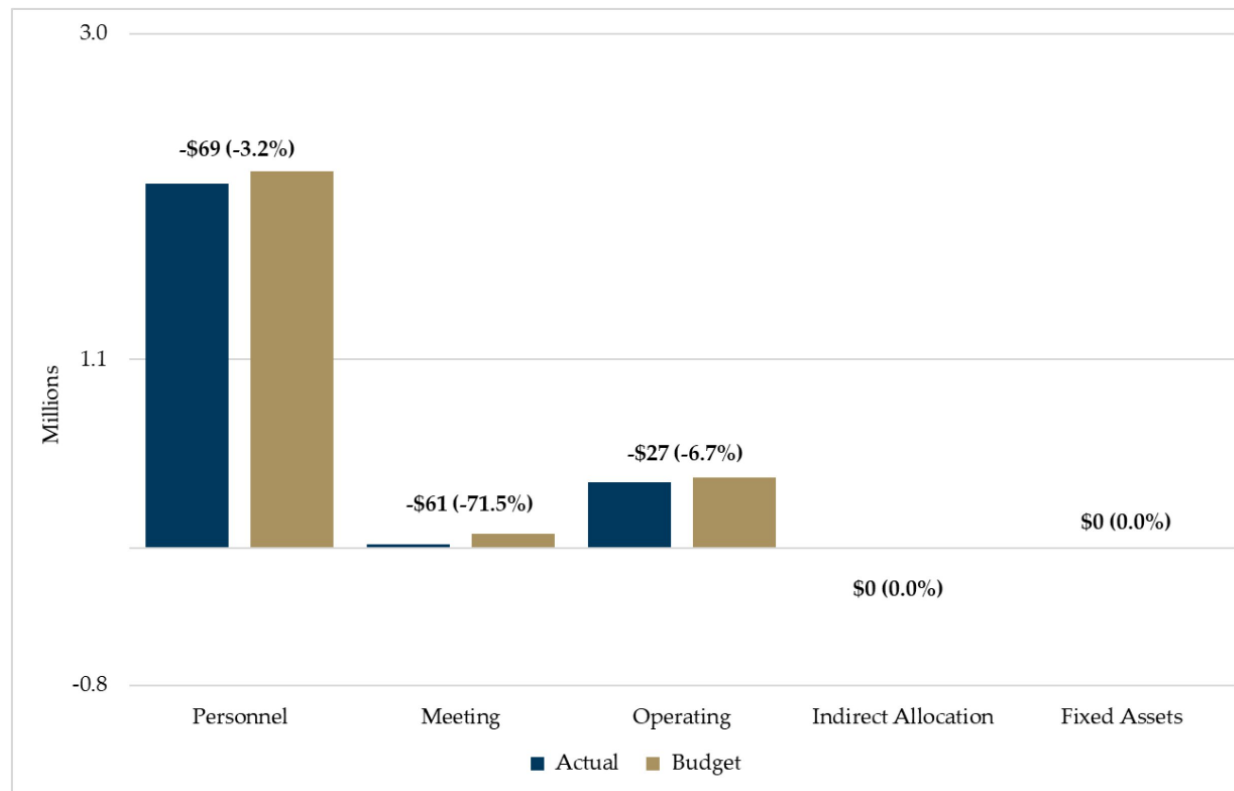
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Year-to-Date Statutory Expenditures

- Total expenditures—\$2.5M (\$158K/5.9% under budget)
 - Personnel Expenses—\$2.1M (\$69K/3.2% under budget)
 - Budgeted labor float rate assumptions compared to actual
 - Meeting & Travel Expenses—\$24k (\$61K/71.5% under budget)
 - Timing of actual travel expenses compared to budget

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Year-to-Date Statutory Results



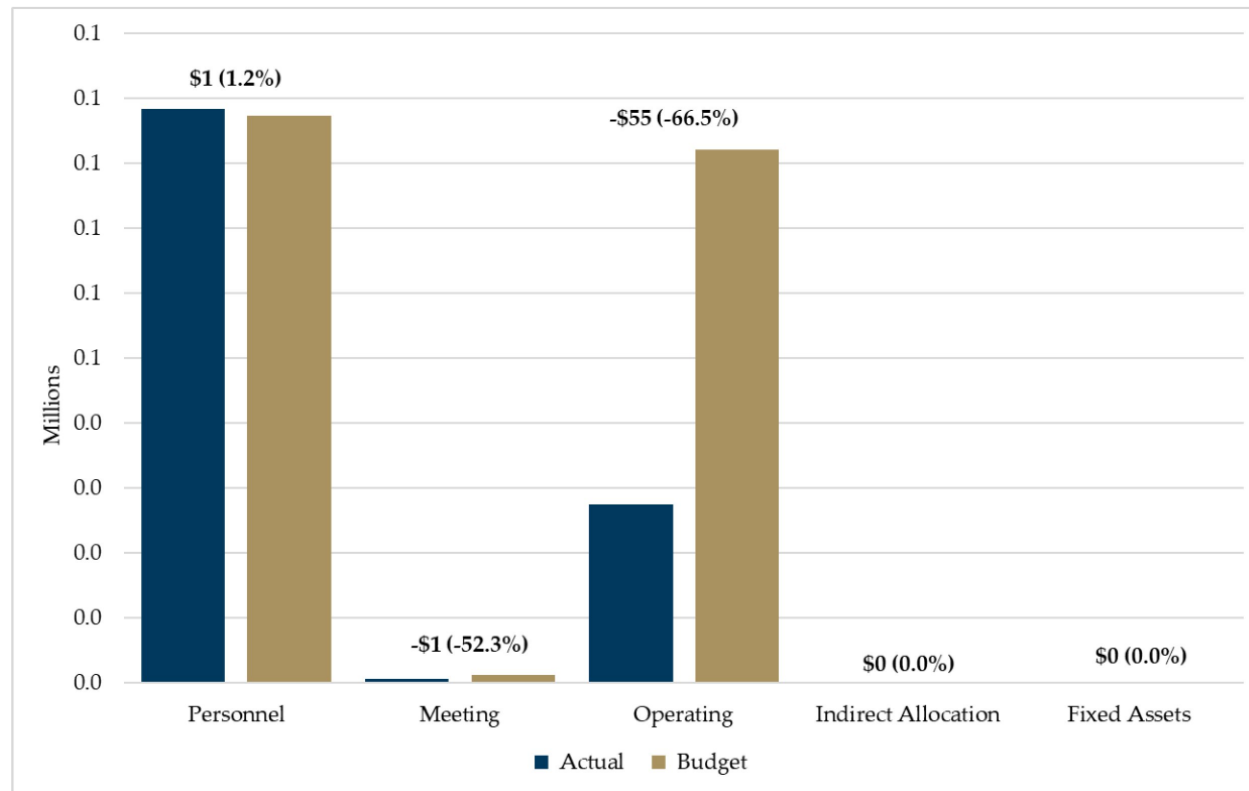
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Year-to-Date Non-Statutory Results

- Total funding—\$337K (\$110K/48.7% over budget)
 - Higher-than-budgeted certificate activity
 - Rates of return on cash and investments
- Total expenditures—\$116K (\$54K/31.8% under budget)
 - Operating Expenses—\$27K (\$55K/66.5% under budget)
 - No significant variances

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Year-to-Date Non-Statutory Results



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