

Draft

2010 Business Plan and Budget

Western Interconnection Regional Advisory Body

Approved by: (To Follow)

June 3, 2009

Table of Contents

Introduction

Organizational Overview

Section A – 2010 Business Plan

Section B – 2010 Budget

Section D – Statement of Financial Position

Introduction

Total Western Interconnection Regional Advisory Body Resources				
(in whole dollars)				
	2010 Budget	U.S.	Canada	Mexico
Statutory FTEs	2.75			
Non-statutory FTEs	0			
Total FTEs	2.75			
Statutory Expenses	\$616,810			
Non-statutory Expenses	0			
Total Expenses	\$616,810			
Statutory Funding	\$438,381			
Non-Statutory(Member) Funding	0			
Total Funding	\$438,381			
NEL	882,526,829	750,586,932	120,894,879	11,063,018
NEL %	100%	85.05%	13.70%	1.25%

Organizational Overview

In April 2006, ten Western Governors petitioned to create the Western Interconnection Regional Advisory Body under Section 215(j) of the Federal Power Act. The Governors indicated their interest in inviting all U.S. states, Canadian provinces and Mexico, which have territory in the Western Interconnection, to join WIRAB.

Pursuant to the order of the Federal Energy Regulatory Commission (FERC) in Docket No. RR06-2-000 issued on July 20, 2006 (the “Order”)¹, the FERC:

- Granted the Western Governors’ petition to establish the Western Interconnection Regional Advisory Body (WIRAB) under Section 215(j) of the Federal Power Act;
- Granted the request that WIRAB receive funding for reasonable costs of its Section 215(j) activities; and
- Directed WIRAB to develop a budget and related information and submit it to the ERO for review by the ERO and submission through the ERO budget approval process.

The Order states that funding for Regional Advisory Bodies should be part of the overall funding process for the Electric Reliability Organization (ERO). The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.² The July 20 Order specified that the WIRAB should annually develop and submit to the

¹ Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶61,061, Docket No. RR06-2-000, July 20, 2006.

² Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. “Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such Draft 2010 WIRAB Business Plan and Budget
Approved by Board of Trustees: XX, 2009

ERO its budget for 215(j) activities and an organization chart that the ERO will then review and submit to the Commission. The WIRAB submission also needs to identify the portion of its costs for 215(j) activities that will be funded from Canada and Mexico, and the basis for this allocation.

Membership and Governance

All of the states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the provinces of Alberta and British Columbia, and Mexico are members of WIRAB. Below is the list of members appointed by the Governor or Premier:

Alberta	Ian McKay, Department of Energy
Arizona	Mike Anable, Governor's Office
British Columbia	Shelley Murphy, Ministry of Energy, Mines and Petroleum Resources
California	Bill Chamberlain, California Energy Commission
Colorado	Morey Wolfson, Governor's Energy Office
Idaho	Marsha Smith, Public Utilities Commission
Mexico	Marcos Valenzuela, CFE
Montana	Tom Kaiserski, Department of Commerce
Nebraska	Tim Texel, Nebraska Power Review Board
Nevada	Rebecca Wagner, Public Utilities Commission
New Mexico	Joanna Prukop, Energy, Minerals and Natural Resources Department
Oregon	John Savage, Public Utility Commission
South Dakota	Dustin Johnson, Public Utilities Commission
Texas	Donna Nelson, Public Utility Commission
Utah	Dianne Nielson, Governor's Office
Washington	Tony Usibelli, Department of Community, Trade and Economic Development
Wyoming	Steve Ellenbecker, Governor's Office

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board, which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. Members of the WIRAB are appointees of the Governors and Premiers or their alternates. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB), which is the energy affiliate of Western Governors' Association. WIRAB operates under the bylaws of WINB as revised on April 4, 2006. (See organizational chart on page 13.)

activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States.”

Statutory Functional Scope

FERC has approved the petition of Western Governors to create WIRAB as regional advisory body under Section 215(j) of the Federal Power Act.

2010 Key Assumptions

- WIRAB continues to operate with the participation of all U.S. States and Canadian Provinces in the Western Interconnection, and Mexico.
- WIRAB continues to meet by conference call roughly monthly and holds two in-person meetings in 2010. WIRAB representatives will meet with FERC at its offices once in 2010.
- The current delegated model continues.
- There is no significant expansion of FERC, NERC or WECC responsibilities as a result of legislation pending in the U.S. Congress.
- Fiscal constraints in State and Provincial agency budgets make the reimbursement of travel costs associated with WIRAB activities more important.

2010 Goals and Key Deliverables

- Advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.
- Roughly monthly conference calls or in-person meetings of WIRAB which include opportunities for public comment.
- Webinars or workshops to expand the understanding of States and Provinces on reliability issues.
- Monitoring of reliability issues important to the Western Interconnection including, but not limited to: application of the definition of an “adequate level of reliability” to standards development; promising approaches to evaluating the cost-effectiveness of reliability standards; new regional standards; operation of the standards interpretation process; alternatives to the current micromanagement approach to compliance; trends in violations; compliance concerns raised by Registered Entities; definition of “Bulk Electric System;” transmission and integration of variable generation; FERC and NERC audits of WECC; WECC’s Section 4.9 review; and opportunities for state, particularly PUCs, to assist in improving the cyber security preparedness of western entities.

2010 Overview of Cost Impacts

WIRAB's proposed 2010 budget is \$616,810, a \$21,000 (3.5 percent) increase over the 2009 budget. The increase is a result of higher anticipated travel and meeting costs.

Staff costs and indirect expenses are the same in the 2010 budget as the 2009 budget. Staff and indirect costs in 2009 are \$85,500 lower than budgeted because of delays in hiring qualified technical staff in 2009. Total FTEs in 2010 are 2.75. Contract costs are \$75,000. Meeting costs will increase from \$6,000 to \$12,000 reflecting two in-person meetings per year rather than one. Travel cost will increase from \$35,000 to \$50,000 reflecting two in-person meetings per year and travel to additional WECC and NERC meetings. A working capital reserve of \$100,000 will be maintained.

Section A — 2010 Business Plan

Western Interconnection Regional Advisory Body

Western Interconnection Regional Advisory Body Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	2.25	2.75	
Total Direct Expenses	355,600	376,600	21,000
Total Indirect Expenses ³	240,210	240,210	
Inc(Dec) in Fixed Assets	0	0	
Total Expenses & Fixed Assets	595,810	616,810	21,000

Program Scope and Functional Description

The western governors created WIRAB to provide advice to FERC, NERC and WECC on whether standards, budgets and fees, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WIRAB meetings are open to all. There are monthly meetings via web conferencing and, in 2010, there will be two in-person meetings. These meetings are expected to be held in April and October.

Funding Requirements — Explanation of Increase (Decrease)

WIRAB's proposed 2010 budget is \$616,810, a \$21,000 (3.5 percent) increase over the 2009 budget. The increase is a result of higher anticipated travel and meeting costs.

Staff costs and indirect expenses are the same in the 2010 budget as in the 2009 budget. Estimated actual staff and indirect costs in 2009 are \$85,500 lower than budgeted because of delays in hiring qualified technical staff in 2009. Total FTEs will increase from 2.25 in 2009 to 2.75 in 2010. However, personnel costs will remain the same due to a change in focus. WIRAB has been looking for an experienced electrical engineer for two years. We have changed the requirements to an entry level engineer, which will lower the salary requirement. This change allows us to add a part-time policy analyst while keeping the salary requirements constant. Contract costs are \$75,000. Meeting costs will increase from \$6,000 to \$12,000 reflecting two in-person meetings per year rather than one. Travel cost will increase from \$35,000 to 50,000

³ Indirect funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

Section A — 2010 Business Plan

reflecting two in-person meetings per year and travel to additional WECC and NERC meetings. A working capital reserve of \$100,000 will be maintained.

Section B — 2010 Budget

2009 Budget and Projection and 2010 Budget Comparisons

Table 1

WIRAB Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
STATUTORY					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
WIRAB Funding					
WIRAB Assessments	\$ 378,272	\$ 378,272	\$ -	\$ 438,381	\$ 60,109
Penalty Sanctions ⁽¹⁾	-	-	-	-	-
Total Funding	\$ 378,272	\$ 378,272	\$ -	\$ 438,381	\$ 60,109
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,976	2,976	-	3,567	591
Miscellaneous	-	-	-	-	-
Total Funding	\$ 381,248	\$ 381,248	\$ -	\$ 441,948	\$ 60,700
Expenses					
Personnel Expenses					
Salaries	\$ 235,500	\$ 150,000	\$ (85,500)	\$ 235,500	\$ -
Payroll Taxes (see Indirect expense)	-	-	-	-	-
Benefits (see Indirect Expense)	-	-	-	-	-
Retirement Costs (see Indirect Expense)	-	-	-	-	-
Total Personnel Expenses	\$ 235,500	\$ 150,000	\$ (85,500)	\$ 235,500	\$ -
Meeting Expenses					
Meetings	\$ 6,000	\$ 12,000	\$ 6,000	\$ 12,000	\$ 6,000
Travel	35,000	43,000	\$ 8,000	50,000	15,000
Conference Calls	3,500	2,000	\$ (1,500)	3,500	-
Total Meeting Expenses	\$ 44,500	\$ 57,000	\$ 12,500	\$ 65,500	\$ 21,000
Operating Expenses					
Consultants & Contracts	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -
Office Rent (see Indirect Expense)	-	-	0	-	-
Office Costs (see Indirect Expense)	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	600	300	\$ (300)	600	-
Depreciation (see Indirect Expense)	-	-	-	-	-
Total Operating Expenses	\$ 75,600	\$ 75,300	\$ (300)	\$ 75,600	\$ -
Total Direct Expenses	\$ 355,600	\$ 282,300	\$ (73,300)	\$ 376,600	\$ 21,000
Indirect Expenses	\$ 240,210	\$ 153,000	\$ -	\$ 240,210	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 595,810	\$ 435,300	\$ (73,300)	\$ 616,810	\$ 21,000
Change in Assets	\$ (214,562)	\$ (54,052)	\$ 73,300	\$ (174,862)	\$ 39,700
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN ASSETS	\$ (214,562)	\$ (54,052)	\$ 73,300	\$ (174,862)	\$ 39,700

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Statutory Funding

Personnel Expenses

- Payroll Taxes, Benefits, and Retirement Costs are budgeted in Indirect Costs but are detailed in Table B-3. Salaries are estimated to remain the same.

Meeting Expenses

- The 2009 budget anticipated one in-person meeting per year and monthly conference calls. In 2010, there will be two in-person meetings, therefore meeting costs will increase from \$6,000 to \$12,000.
- Travel costs will increase from \$35,000 to \$50,000 due to increased meetings and travel to additional WECC and NERC meetings.

Operating Expenses

- No change

Indirect Expenses

- No change

Other Non-Operating Expenses

- No change

Fixed Asset Additions

- None

Personnel Analysis

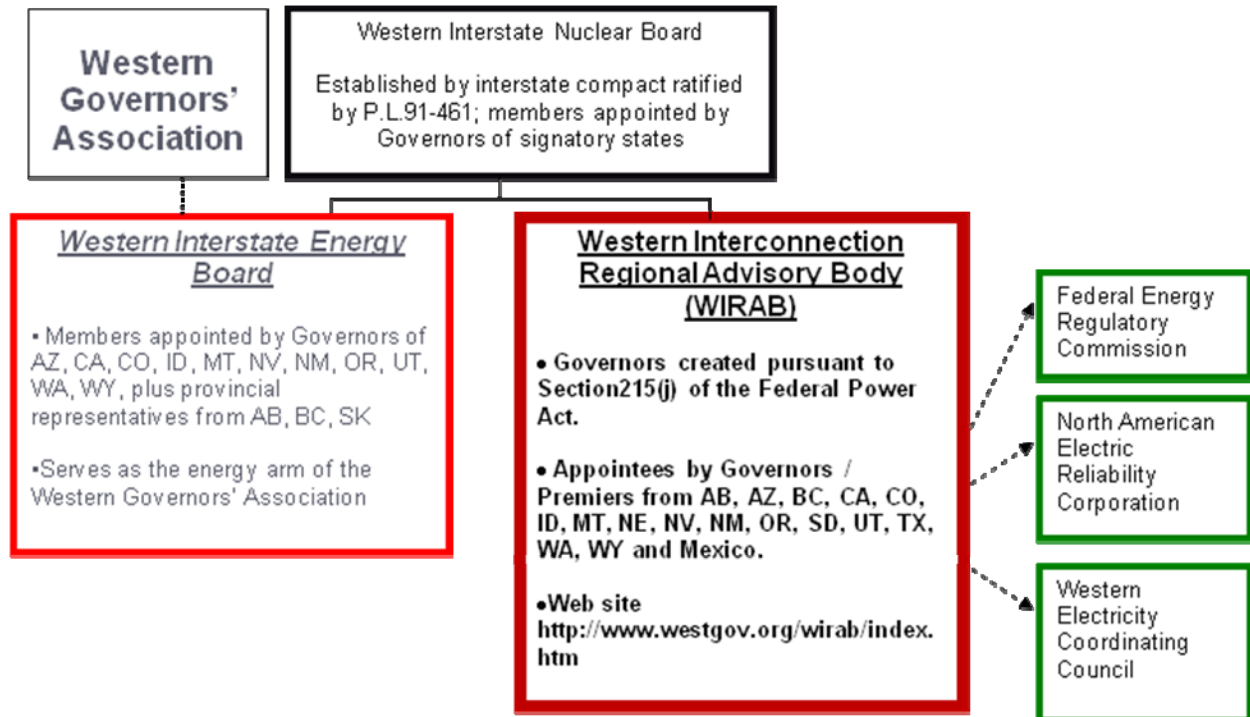
FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Table 2

Total FTE's by Program Area	Budget 2009	Projection 2009	Budget 2010	Change from 2009 Budget
STATUTORY				
Operational Programs				
Reliability Standards	0.0	0.0	0.0	0.0
Compliance and Organization Registration and Certification	0.0	0.0	0.0	0.0
Reliability Readiness Evaluation and Improvement	0.0	0.0	0.0	0.0
Training and Education	0.0	0.0	0.0	0.0
Reliability Assessment and Performance Analysis	0.0	0.0	0.0	0.0
Situational Awareness and Infrastructure Security	0.0	0.0	0.0	0.0
WIRAB	2.25	1.75	2.75	0.50
Total FTEs Operational Programs	2.25	1.75	2.75	0.50
Administrative Programs				
Member Forums	0.0	0.0	0.0	0.0
General & Administrative	0.0	0.0	0.0	0.0
Information Technology	0.0	0.0	0.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
Total FTEs Administrative Programs	0.0	0.0	0.0	0.0
Total FTEs	2.25	1.75	2.75	0.50

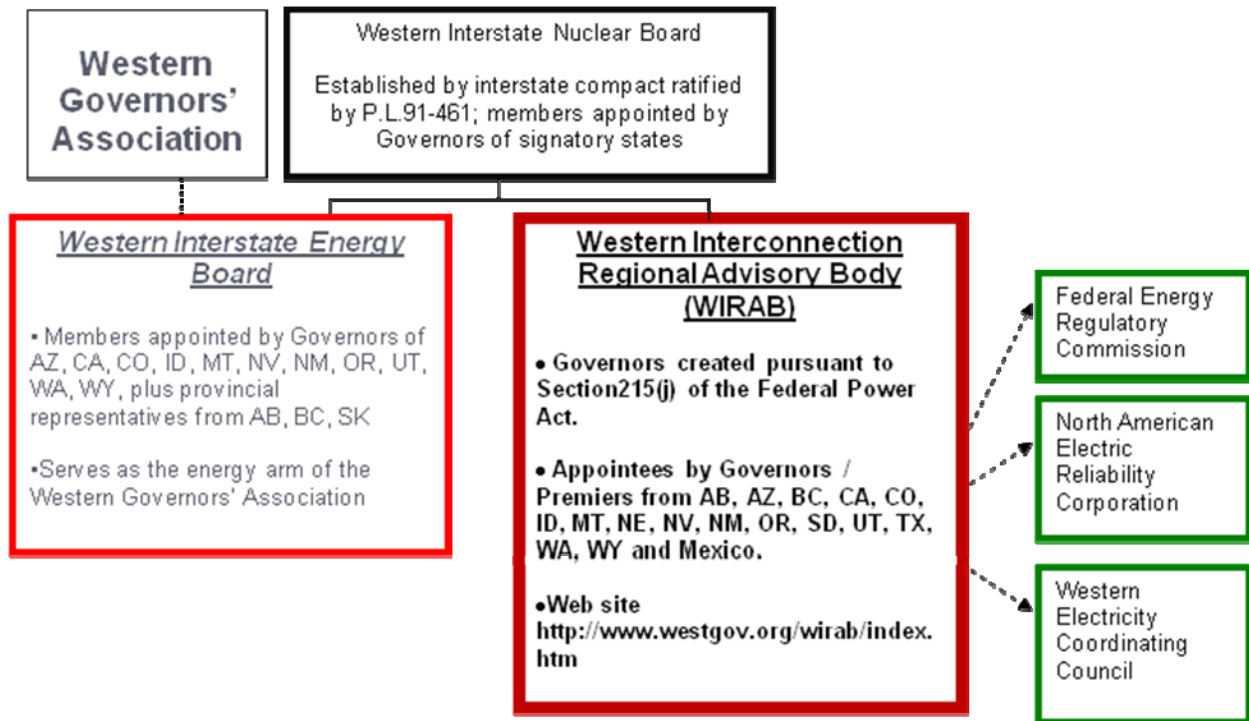
2009 Organizational Chart

Table 3



2010 Organizational Chart

Table 4



Reserve Balance

Table 5

WIRAB

Working Capital Reserve Analysis 2009-2010

STATUTORY

Beginning Working Capital Reserve (Deficit), December 31, 2008		328,914
Less: Penalty sanctions to be used as offset to 2010 assessments ¹		0
Plus: 2009 ERO Funding (from LSEs or designees)		378,272
Plus: 2009 Other funding sources		2,976
Less: '2009 Projected expenses & capital expenditures		(435,300)
Projected Working Capital Reserve (Deficit), December 31, 2009		274,862
Desired Working Capital Reserve, December 31, 2009	²	100,000
Less: Projected Working Capital Reserve, December 31, 2009		(274,862)
Increase(decrease) in assessments to achieve desired Working Capital Reserve		(174,862)
2010 Assessment for Expenses and Capital Expenditures		616,810
Less: Penalty Sanctions ¹		0
Less: Other Funding Sources		(3,567)
Adjustment to achieve desired Working Capital Reserve		(174,862)
2010 Assessment		438,381

¹ Represents collections prior to June 30, 2009. See page xx for full disclosure.

² On xxxxxxx, 2009, WIRAB members approved a desired working capital reserve of \$x,xxx,xxx.

The reserve consists of the following components:

\$100,000 for contingencies

Regional Entity Assessment Analysis

Assessments by Country

Table 6

Data Year	Regional Entity	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE Total	US Total	Canada Total	Mexico Total
-----------	-----------------	-----------	----------	------------	------------	---------------	----------	--------------	--------------

Summary by Regional Entity

2008	FRCC	-							
2008	MRO	-							
2008	NPCC	-							
2008	RFC	-							
2008	SERC	-							
2008	SPP	-							
2008	TRE	-							
2008	WECC	-							
2008	WIRAB	882,526,829	750,568,932	120,894,879	11,063,018	100.000%	85.050%	13.700%	1.250%
	TOTAL	882,526,829	750,568,932	120,894,879	11,063,018	100%	85.050%	13.700%	1.250%

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page 9, of the 2010 WIRAB Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Not applicable to WIRAB

Supplemental Funding

No supplemental funding

Personnel Expenses

Table B-3

Personnel Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Salaries					
Salary	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
Total Payroll Taxes					
	\$ -	\$ -	\$ -	\$ -	
Benefits (included in Indirect Expense)					
Workers Compensation	\$ -	\$ -	\$ -	\$ -	
Medical Insurance	-	-	-	-	
Life-LTD-LTC Insurance	-	-	-	-	
Education	-	-	-	-	
Relocation	-	-	-	-	
Total Benefits	\$ -	\$ -	\$ -	\$ -	
Retirement (Included in Indirect Expense)					
Discretionary 401k Cont.	\$ -	\$ -	\$ -	\$ -	
Savings Plan	-	-	-	-	
Total Retirement	\$ -	\$ -	\$ -	\$ -	
Total Personnel Costs	\$ 235,500	\$ 150,000	\$ 235,500	\$ -	0.0%
FTEs	2.25	1.75	2.75	1	22.2%
Cost per FTE					
Salaries	\$ 104,667	\$ 85,714	\$ 85,636	(19,030)	-18.2%
Payroll Taxes	8,426	6,900	6,894	(1,532)	-18.2%
Benefits	8,200	8,200	8,200	-	0.0%
Retirement	7,850	6,429	6,423	(1,427)	-18.2%
Total Cost per FTE	\$ 129,142	\$ 107,243	\$ 107,153	\$ (21,990)	-17.0%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Total FTEs will increase from 2.25 in 2009 to 2.75 in 2010. However, personnel costs will remain the same due to a change in focus. WIRAB has been looking for an experienced electrical engineer for two years. We have changed the requirements to an entry level engineer, which will lower the salary requirement. This change allows us to add a part-time policy analyst while keeping the salary requirements constant.

Consultants and Contracts

Table B-4

Consultants		Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Consultants	WIRAB	\$ 75,000	\$ 75,000	\$ 75,000		
	Reliability Standards				\$ -	0.00%
	Compliance and Organization Registration and Certification-Database	-	-	-	-	
	Reliability Readiness Evaluation and Improvement-instead of FTE	-	-	-	-	
	Reliability Assessment and Performance Analysis-Support Event Analysis and	-	-	-	-	
	Training and Education	-	-	-	-	
	Situational Awareness and Infrastructure Security-NASPI	-	-	-	-	
	Committee and Member Forums	-	-	-	-	
	General and Administrative	-	-	-	-	
	Legal and Regulatory-Self Assessment	-	-	-	-	
	Information Technology	-	-	-	-	
	Human Resources-Executive Search	-	-	-	-	
	Accounting and Finance	-	-	-	-	
	Consultants Total	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	0.00%
-						
Contracts		Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Contracts						
	Subtotal - Reliability Assessment Contracts	\$ -	\$ -	\$ -	\$ -	
	Subtotal -Situational Awareness Contracts	\$ -	\$ -	\$ -	\$ -	
	Frame Relay	\$ -	\$ -	\$ -	\$ -	
	Contract - IDC					
	Contracts - IDC Total	\$ -	\$ -	\$ -	\$ -	
	Education and Training					
	Education and Training Total	\$ -	\$ -	\$ -	\$ -	
	Contracts Total	\$ -	\$ -	\$ -	\$ -	
-						
	Total Consulting and Contracts	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	0.00%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

None

Table B-5

Office Rent	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
WIRAB office expenses are included in Indirect Expense					
Office Rent	\$ -	\$ -	\$ -	\$ -	
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Security	-	-	-	-	
Total Office Rent	\$ -	\$ -	\$ -	\$ -	

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

None

Table B-6

Office Costs	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
WIRAB office costs are included in Indirect Expense					
Telephone	\$ -	\$ -	\$ -	\$ -	
Internet	-	-	-	-	
Office Supplies	-	-	-	-	
Computer Supplies and Maintenance	-	-	-	-	
Publications & Subscriptions	-	-	-	-	
Dues	-	-	-	-	
Postage	-	-	-	-	
Express Shipping	-	-	-	-	
Copying	-	-	-	-	
Reports - Graphics	-	-	-	-	
Stationary Forms	-	-	-	-	
Equipment Repair/Service Contracts	-	-	-	-	
Bank Charges	-	-	-	-	
Sales & Use Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity	-	-	-	-	
Total Office Costs	\$ -	\$ -	\$ -	\$ -	

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

None

Table B-7

Professional Services	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Independent Trustee Fees	\$ -	\$ -	\$ -	\$ -	-
Outside Legal	-	-	-	-	-
Accounting & Auditing Fees	-	-	-	-	-
Other Legal Fees	-	-	-	-	-
Insurance Commercial	-	-	-	-	-
Total Services	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

None

Table B-8

Other Non-Operating Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Interest Expense				\$ -	-
Office Relocation				\$ -	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

None

Section D

**WIRAB Statement of Financial Position
Statutory**

	(per audit) July 2007-June 2008	Projected Dec. 31, 2009	Budget Dec. 31, 2101
ASSETS			
Cash and Investments	\$ 225,913	\$ 274,862	\$ 100,000
Total Assets	225,913	274,862	100,000