

August 22, 2014

VIA ELECTRONIC FILING

David Erickson
President and Chief Executive Officer
Alberta Electric System Operator
2500, 330 - 5 Avenue SW
Calgary, Alberta
T2P 0L4

RE: *North American Electric Reliability Corporation*

Dear Mr. Erickson:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of Filing of the North American Electric Reliability Corporation of a Supplemental Assessment to Fund the 2014 Budget of Peak Reliability, Inc. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Nina H. Jenkins-Johnston

Nina H. Jenkins-Johnston
*Counsel for the North American Electric
Reliability Corporation*

Enclosure

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Attachment 1: Letter from Peak Reliability, Inc. to NERC Requesting Special Assessment Filing

Attachment 2: Calculation and Allocation of Proposed Special Assessment Amounts by Load-Serving Entity

Attachment 3: Alberta Electric System Operator Letter to Western Electricity Coordinating Council, September 25, 2013

Attachment 4: Table B-1 from the Reliability Coordination Company’s 2014 Business Plan and Budget

Attachment 5: Revised Total Resources Table from the Reliability Coordination Company’s 2014 Business Plan and Budget

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) is hereby providing notice that on July 23, 2014, NERC, on behalf of Peak Reliability, Inc. (“Peak”) filed a request to the Federal Energy Regulatory Commission (“FERC”) for authority for a special assessment in the aggregate amount of \$4,030,696 to be collected from load-serving entities and designees (collectively, “LSEs”) in the United States portion of the Western Electricity Coordinating Council (“WECC”) region to fund the approved 2014 budget of Peak.¹ This filing was made by NERC given the “transfer” of the reliability coordinator (“RC”) function to Peak as a sub-delegation of a Section 215 function that NERC had delegated to WECC.² FERC recognized Peak’s assumption of the RC and interchange authority (“IA”) functions in the WECC region as a sub-delegation of these statutory functions by WECC to Peak, and that as sub-delegated statutory functions, the RC and IA functions continue to be eligible for funding under §215 of the Federal Power Act. Further, in its November 1, 2013 order on the 2014 Business Plans and Budgets of NERC and the Regional Entities, FERC conditionally approved Peak’s proposed 2014 Business Plan and Budget and the related assessments. Given its responsibility over the Business Plan and Budget of WECC and those functions funded under that Business Plan and Budget, NERC submitted this request on behalf of Peak. The need for the special assessment arises because Peak has not received payment of the 2014 assessments that were allocated and billed to the two Canadian entities in the WECC region, the Alberta Electricity System Operator (“AESO”) and the British Columbia Hydro & Power Authority (“BC Hydro”). These assessments total \$4,094,340 and represent 13.8% of Peak’s total 2014 assessment and 12.4% of Peak’s total 2014 budget.

¹ The \$4,030,696 amount is the U.S.-allocated portion of a total special assessment of \$4,094,340; the balance of \$63,644 will be assessed to the LSE in the Mexico portion of the WECC region.

² 18 C.F.R. § 39.4(d) requires “the Electric Reliability Organization [to] file with FERC for authorization to collect a special assessment” on behalf of any Regional Entity.

The facts stated in this filing are based on information provided or represented to NERC by Peak (or with respect to some information, by the AESO, BC Hydro, or WECC), unless a separate source is indicated. **Attachment 1** to this filing is a letter from Gary Stephenson, President and Chief Executive Officer (“CEO”) of Peak, to Gerry Cauley, President and CEO of NERC, requesting that NERC make a filing with FERC seeking authority for the special assessment and setting forth Peak’s reasons for requesting the special assessment.

AESO has advised Peak that it intends to make arrangements to self-provide, within its footprint, all or substantially all of the RC and IA functions that Peak is providing in the WECC region effective January 1, 2014.³ Peak and AESO have not reached agreement on the terms (including compensation) for any services and tools Peak is currently providing or for any tools and services Peak may provide prospectively for the AESO footprint. NERC is also informed that in June 2014, BC Hydro advised Peak that BC Hydro is willing to negotiate an agreement for Peak to continue to provide some RC and IA services for the BC Hydro footprint. However, Peak and BC Hydro have not yet arrived at an agreement or the related compensation terms. Pending a resolution, in the short term, Peak states that it is continuing to provide RC functions for the AESO and BC Hydro footprints necessary for the reliability of the bulk power system (“BPS”) in the Western Interconnection, and that it has not been able to identify any material reductions in the costs that were budgeted for 2014 to carry out its operations.⁴ Peak states that with the non-receipt of the assessments allocated to AESO and BC Hydro, it faces a serious shortfall in revenues and that its ability to fund its operations as the RC and IA for the Western Interconnection through the end of 2014 is in question.

NERC’s overriding concern is to maintain the reliability of the BPS in the Western Interconnection. NERC has reached out individually to Peak, AESO and BC Hydro to discuss

³ See **Attachment 3** to this filing.

⁴ The AESO has advised NERC that it does not believe Peak is providing any RC services to the AESO. NERC does not have a basis to resolve these competing contentions, but for purposes of this filing is focused on Peak’s imminent funding shortfall, as described herein.

the current situation and finds no reason to believe the parties are not acting in good faith and seeking to achieve a resolution and establish permanent arrangements going forward between Peak and AESO and Peak and BC Hydro. NERC has been assured by the parties that information related to maintaining the reliability of the BPS continues to be a priority of each of them throughout this transition. Nonetheless, based on the information provided by Peak, the AESO and BC Hydro, these entities have been unable to reach agreement as to the functions Peak will perform and the compensation it will receive; since January 1, 2014, Peak has continued to perform RC and IA functions for the entire Western Interconnection; Peak has not received payment of the assessments that were allocated to the AESO and BC Hydro, or any other compensation from these entities; and Peak has not been able to identify or implement any cost savings that could reduce the amount of the funding needed to sustain continued operations.

Peak represents that it is necessary to replace the assessment revenue that was allocated to the AESO and BC Hydro by about mid-November 2014 in order to have sufficient funds to continue its operations through the end of 2014. As noted above, Peak has represented that it is unable to effect any significant reduction in its operating costs to offset the shortfall in assessment funding. Peak has further represented that, for the longer term, even if the AESO and BC Hydro were to develop and implement their own RC and IA capabilities, Peak would not be able to significantly reduce the scope of its operations or its costs without material modifications to Peak's business model. While NERC has not performed an analysis of Peak's costs and operations, NERC does not necessarily accept these premises from a long-term perspective. However, based on the information available to NERC, it appears that in the short-term, Peak does not have sufficient operating reserves or cost reduction options to offset the approximately \$4.1 million shortfall in assessments. This is due in significant part to the fact that in the 2014 Business Plan and Budget that WECC prepared and submitted for Peak, WECC designated that \$3,234,617 of the reserve balance that WECC transferred to Peak was to be used to reduce

Peak's 2014 assessment amount below the level required to fund its 2014 budget, leaving Peak with only about \$2.6 million in available reserves.

Therefore, NERC requested that, as a necessary short-term solution, FERC authorize the collection of a special assessment from U.S. LSEs in the WECC region in the amount of the U.S.-allocated portion of the \$4,094,340 that has not been paid by AESO and BC Hydro. The amount of the special assessment to U.S. LSEs in the WECC region is \$4,030,696; the remaining \$63,644 will be allocated to the LSE in the Mexico portion of the WECC region.⁵ NERC also proposed that FERC, in connection with authorizing the special assessment, use its authority to require Peak to do the following:

- Peak should be required to file with FERC, by on or before October 31, 2014, a report that (i) summarizes the progress and status of Peak's negotiations with AESO and BC Hydro (including reporting any agreements or other resolutions that have been reached with either entity), and (ii) presents Peak's plan (to the extent it can be articulated at that point in time) for reducing the scope of its operations and its costs going forward under the assumption that the AESO and/or BC Hydro, as applicable, does not pay its assessment (or, if agreement has been reached with either entity, pays a reduced level of assessment or other compensation to Peak).
- If agreements with both the AESO and BC Hydro have not been reached and reported in the initial report due by October 31, 2014, Peak should be required to file with FERC quarterly status reports, due on or before the end of each succeeding calendar quarter, updating the progress of discussions with the AESO and BC Hydro, until agreement is reached with both entities or FERC terminates the reporting requirement (either on its own motion or in response to a request by Peak).
- If Peak receives any compensation from the AESO or BC Hydro for 2014 (whether as a full or partial payment of the original assessment to the entity, or payment of other agreed-to compensation), Peak shall use the amount received as a funding source to reduce its requested assessment in the next year for which it submits a budget. (FERC may also wish to consider requiring that any such compensation received by Peak be segregated from other funds and separately accounted for.)

These proposed requirements are intended to provide transparency and to allow FERC to exert more direct control over the resolution of the underlying situation.

Peak projects that its available funding (from paid assessments, reserves, and its other

⁵ The special assessment will be allocated to the LSEs in the U.S. and Mexico portions of the WECC region on the basis of the 2012 Net Energy for Load ("NEL") of each such LSE to the total 2012 NEL of LSEs in the U.S. and Mexico portions of the WECC region.

2014 funding sources (which are relatively insignificant)) will be exhausted at some point during November 2014. Based on the information available to NERC, this is a credible projection. Based on this projection, NERC asked FERC to issue an order authorizing the requested special assessment by on or about October 1, 2014. Receipt of an order authorizing the special assessment by October 1 will allow WECC to issue invoices to the LSEs in the U.S. and Mexico portions of the WECC region, with the normal 45-day payment due date for assessments, so that revenues from the special assessment can be collected in mid to late November 2014.

This filing includes the following attachments:

- **Attachment 1** is a letter from Gary Stephenson, President and CEO of Peak, to Gerry Cauley, President and CEO of NERC, requesting that NERC make a filing with FERC seeking authority for the special assessment and setting forth Peak's reasons for requesting the special assessment.
- **Attachment 2** is a schedule showing the calculations of (i) the original 2014 Peak assessments to LSEs in the WECC region, (ii) revised 2014 Peak assessments assuming no assessments are allocated to AESO and BC Hydro, and (iii) the resulting proposed special assessment (*i.e.*, (ii) minus (i)) to each LSE in the U.S. and Mexico portions of WECC.
- **Attachment 3** is a copy of the AESO's September 25, 2013 letter to WECC advising that AESO intends to self-provide the RC function in its footprint.
- **Attachment 4** is a copy of Table B-1, Working Capital Reserve Analysis, from Peak's 2014 Business Plan and Budget previously filed in FERC docket no. RR13-9-000.
- **Attachment 5** is a revised Total Resources statement for Peak for 2014, reflecting that with the requested special assessment, Peak's total assessment funding would come from LSEs in the U.S. and Mexico portions of the WECC region. This revised Total Resources statement replaces the Total Resources statement on page 3 of Peak's approved 2014 Business Plan and Budget.

II. NOTICES AND COMMUNICATIONS

Notices and communications concerning this filing should be directed to:

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III. DISCUSSION

A. Peak's 2014 Assessments as the RC and IA for the Western Interconnection

Effective January 1, 2014, Peak assumed the performance of the RC and IA functions in the WECC region that were formerly performed by WECC. FERC recognized Peak's assumption of the RC and IA functions in the WECC region as a sub-delegation of these statutory functions by WECC to Peak, and that as sub-delegated statutory functions, the RC and IA functions continue to be eligible for funding under §215 of the Federal Power Act. Further, in its November 1, 2013 order on the 2014 Business Plans and Budgets of NERC and the Regional Entities, FERC conditionally approved Peak's proposed 2014 Business Plan and Budget and the related assessments.⁶ In that order, however, FERC expressly "[did] not authorize the issuance of billing invoices to fund the fiscal 2014 operations of [Peak] until the Commission issues an order" in certain related, then-pending dockets. Subsequently, in a February 12, 2014 order, FERC authorized the issuance of billing invoices to fund Peak's 2014

⁶ Peak's 2014 Business Plan and Budget was filed as an attachment to NERC's 2014 Business Plan and Budget filing. In that filing, Peak was identified as the "Reliability Coordination Company" ("RCCo" or "RC Company"). As FERC pointed out in its order on the 2014 Business Plans and Budgets, at P 27, NERC stated in its filing that: "NERC did not participate in the development of RC Company's budget or substantively review and approve its budget in the same manner that NERC does for Regional Entity business plans and budgets."

operations. Additionally, in the February 12, 2014 order, FERC approved an amended version of Exhibit E to the Delegation Agreement between NERC and WECC that (i) continues to delegate the RC and IA functions to WECC (so that the RC and IA functions can be sub-delegated by WECC to the RCCo), (ii) specifies that costs for functions sub-delegated to the RCCo will not be included in WECC's budget but rather will be included in the budget of the RCCo, and (iii) contemplates that WECC will issue invoices to LSEs for the approved RCCo assessments, collect payments on the invoices, and remit the collections to the RCCo.⁷

As noted, in the 2014 Budget Order, FERC conditionally approved Peak's 2014 Business Plan and Budget and the proposed assessments to LSEs in the WECC region to fund Peak's approved 2014 budget. The approved total statutory budget for Peak for 2014 is \$32,958,648, the approved total statutory funding requirement is \$29,794,031, and the total approved statutory assessment to LSEs in the U.S., Canada and Mexico within the WECC region is \$29,568,031.⁸ Peak's total statutory funding requirement for 2014 is lower than its total statutory budget because Peak is using \$3,234,617 of its initial working capital reserves (which were transferred to Peak by WECC) to fund Peak's 2014 operations and thereby to reduce the amount of the 2014 assessment for Peak that otherwise would be necessary.⁹ Peak's total 2014 assessment amount is

⁷ The FERC orders referred to in the preceding paragraph are: *Western Electricity Coordinating Council*, 143 FERC ¶ 61,239, *reh'g denied*, 145 FERC ¶ 61,202 (2013), *appeal docketed sub nom. Edison Electric Institute v. FERC*, No. 14-1012 (D.C. Cir. Jan. 27, 2014); *North American Electric Reliability Council, Order on 2014 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filing*, 145 FERC ¶ 61,097 (2013) ("2014 Budget Order"); *Western Electricity Coordinating Council, Order Denying Rehearing*, 145 FERC ¶ 61,202 (2013) ("December 2013 Rehearing Order"); *North American Electric Reliability Corporation and Western Electricity Coordinating Council, Order on Compliance*, 146 FERC ¶ 61,092 (2014) ("February 2014 Order on Compliance").

⁸ See the 2014 Business Plan and Budget of the Reliability Coordination Company, Attachment 11 to NERC's August 23, 2013 filing in FERC docket no. RR13-9-000, at 3 and 7.

⁹ The use of \$3,234,617 of reserves to reduce Peak's 2014 assessment amount is shown on **Attachment 4**, which is Table B-1 from Peak's 2014 Business Plan and Budget previously filed in FERC docket no. RR13-9-000.

slightly less than its total 2014 statutory funding requirement due to a small amount of funding from other sources, primarily \$156,000 of budgeted interest income.¹⁰

Columns 5 through 13 in **Attachment 2** to this filing show the calculation of the allocation of the original RCCo 2014 statutory assessment to each LSE in the WECC region, as previously approved in this Docket.¹¹ The total original RCCo statutory assessment was allocated to the LSEs in the WECC region on the basis of 2012 NEL.¹² The allocated assessments included assessments of \$2,020,960 to the AESO (which represents 6.835% of total 2012 NEL in WECC) and \$2,073,380 to BC Hydro (which represents 7.012% of total 2012 NEL in WECC).

Pursuant to and shortly after FERC's February 12, 2014 order, WECC, as billing agent for Peak, issued invoices to the LSEs in the WECC region, including the AESO and BC Hydro, for Peak's approved assessments for 2014.¹³ As is the normal practice for assessment invoices, the invoices carried a 45-day payment due date.

B. Negotiations Between Peak and AESO and Between Peak and BC Hydro

In August, 2013, the AESO advised WECC that the AESO intended to seek approval of

¹⁰ See NERC's Business Plan and Budget filing in FERC docket no. RR13-9-000 at 97-100, where the RCCo's proposed 2014 budget, funding sources and assessment are described.

¹¹ The information on **Attachment 2** reflects NERC's December 3, 2013 filing of a corrected Appendix 2 to its 2014 Business Plan and Budget to FERC (that filing was assigned FERC docket no. RR13-9-002) and NERC's December 17, 2013 notice of the filing to the National Energy Board. Appendix 2 to the NERC Business Plan and Budget shows the calculation and amounts of the assessments to all LSEs, by Regional Entity, to collect the approved NERC, Regional Entity, Western Interconnection Regional Advisory Board ("WIRAB"), and RCCo funding requirements. The originally-filed Appendix 2 had inadvertently hidden a number of rows on the spreadsheet so that the assessment amounts for a total of 14 LSEs in the WECC region were not visible. The corrected Appendix 2 filed on December 3, 2013 corrected this deficiency so that all rows are visible.

¹² In calculating the allocation of assessments to individual LSEs and designees, NERC has consistently used actual NEL data from the second calendar year preceding the budget year (in this case, 2012 NEL data to allocate the 2014 assessments). The NEL data for the second year preceding the budget year is the most recent available calendar year data at the time the budgets and assessments are approved by the NERC Board and filed with the applicable governmental authorities preceding the budget year.

¹³ As provided for in Exhibit E to the NERC-WECC Delegation Agreement, WECC, as billing and collection agent, issues one invoice to LSEs and designees in the WECC region for the entire annual assessment amount for each of NERC, WECC, WIRAB and now Peak. The other Regional Entities issue invoices to LSEs for the assessments, and collect payments, in four quarterly installments.

its Board to terminate the use of RC services, beginning January 1, 2014, from WECC or the entity that would be performing the RC function following the WECC bifurcation, and to thereafter self-provide those services.¹⁴ On September 25, 2013, the AESO advised WECC that the AESO Board had approved AESO management's proposal to assume all responsibilities relating to the functions of a RC for the Alberta Interconnected Electric System effective January 1, 2014.¹⁵ Peak and BC Hydro have advised NERC that (1) in early 2014, BC Hydro advised Peak that BC Hydro intended to self-provide RC and IA services in its footprint; but that (2) subsequently, in June 2014, BC Hydro advised Peak that BC Hydro is interested in negotiating an agreement pursuant to which Peak will continue to perform some or all of the RC and IA functions in the BC Hydro footprint.

Prior to filing its filing with FERC, NERC discussed the situation involving Peak, AESO and BC Hydro individually with each of these entities. NERC is advised that Peak has been engaged in ongoing discussions with the AESO and BC Hydro to attempt to reach agreements with each of these entities as to what services and tools, if any, Peak will provide to the AESO and to BC Hydro and what payments the AESO and BC Hydro will make to Peak. NERC has strongly encouraged the parties to continue these discussions and to reach agreements that establish permanent relationships and compensation arrangements going forward. NERC is informed, however, that as of the date of this filing, Peak has not reached agreement with either the AESO or BC Hydro on payments to be received by Peak, and Peak has not received any assessment payments or other payments from either entity for 2014.¹⁶

¹⁴ See NERC's 2014 Business Plan and Budget filing in FERC docket no. RR13-9-000 at 101.

¹⁵ See **Attachment 3** to this filing.

¹⁶ Although WECC issued invoices to the AESO and BC Hydro for their allocated portions of the 2014 Peak assessment, Peak has called to NERC's attention the following provision (§13.2) of Peak's By-laws: "International Funding: In the event that an International Entity seeks Membership in Peak Reliability, the International Entity and Peak Reliability shall negotiate an agreement that provides the terms upon which that Entity will become a Member and, among other things, participate in and fund Peak Reliability. Until such time as the International Entity and Peak Reliability come to such agreement, the International Entity shall not be a Member and shall not have an obligation to fund activities undertaken by Peak

C. The Need for a Special Assessment to Enable Peak to Continue to Perform its RC and IA Responsibilities Through the End of 2014

Ideally, Peak, AESO and BC Hydro would be left to continue their discussions, with the objective of ultimately reaching agreement on the scope of services, if any, to be provided by Peak for each entity and the compensation to be paid. However, NERC's overriding concern is the reliability of the BPS in the Western Interconnection. Based on the information provided to NERC by Peak or otherwise available to NERC, it appears to NERC that, at this juncture, Peak's ability to sustain its operations through the end of 2014 without an infusion of funding to substantially replace the assessments that have not been collected is in question. Further, Peak represents that it is not able to effectuate any material reductions in its budgeted 2014 costs in the short term, particularly given the ongoing negotiations and the unknown scope of Peak's ultimate RC and IA responsibilities for the AESO and BC Hydro footprints. Mathematically, without receipt of the AESO and BC Hydro assessments, there is a shortfall of \$4,094,340 in Peak's 2014 funding. This shortfall is equal to 13.8% of Peak's total approved 2014 statutory funding requirement and to approximately 12.4% of Peak's approved 2014 budget.

Although approximately \$5.8 million of reserves were transferred from WECC to Peak in connection with the formation of the RCCo, Peak's 2014 Business Plan and Budget indicates that Peak does not have sufficient working capital reserves to cover the approximately \$4.1 million funding shortfall. As shown on Table B-1 on page 35 of Peak's 2014 Business Plan and Budget (**Attachment 4** to this filing is a copy of Table B-1),¹⁷ reserves totaling \$5,811,568 were transferred from WECC to Peak effective January 1, 2014; however, the Business Plan and Budget provided for \$3,234,617 of these reserves to be used to reduce Peak's required assessments to LSEs for 2014. As a result, as also shown on Table B-1 of Peak's 2014 Business

Reliability.” At this time, Peak has not entered into such an agreement with either the AESO or BC Hydro.

¹⁷ As noted earlier, Peak's 2014 Business Plan and Budget was previously filed in FERC docket no. RR13-9-000 as Attachment 11 to NERC's August 23, 2013 filing to FERC and Attachment 6 to NERC's November 4, 2013 notice of the filing to the National Energy Board.

Plan and Budget, Peak was effectively provided with only \$2,576,951 of reserves as it began operations. Thus, Table B-1 indicates that Peak does not have sufficient reserves to withstand an approximate \$4.1 million shortfall in its anticipated 2014 funding and still be able to cover its budgeted 2014 expenditures.¹⁸

Peak projects, based on its operating experience and expenditures to date and its financial projections for the remainder of 2014, that without the unpaid \$4.1 million of assessment funding, it will exhaust its available funding at some time during November 2014. NERC has not performed any further analysis of Peak's expenditures or operations to date in 2014. However, the likelihood of Peak exhausting its available funding before year-end 2014 can be tested in a simplified manner, using the assumption that Peak's budgeted 2014 expenditures of \$32,958,648 occur on approximately a straight-line basis throughout the year. As shown on **Attachment 4**, Peak's 2014 budget provided for available working capital reserves of approximately \$2.6 million; and, absent the unpaid assessments, Peak expects to receive approximately \$25.5 million in assessments, plus \$150,000 of other funding, resulting in total available funding of \$28.2 million.¹⁹ The \$28.2 million of available funding is equal to approximately 86% of Peak's budgeted 2014 expenditures, which indicates (again, assuming that the budget is expended on approximately a straight-line basis throughout 2014) that Peak will exhaust its available funding in about mid-November (*i.e.*, $12 \text{ months} \times 0.86 = 10.3 \text{ months}$).

Peak represents that it has endeavored to identify ways in which it could reduce its budgeted 2014 staffing and/or other expenditures if Peak were not performing the RC and IA functions for the BC Hydro and AESO footprints. Peak states, however, that because it is currently continuing to provide the full RC function for the BC Hydro footprint and only a

¹⁸ As described below, Peak states that its 2014 expenditures have been impacted by a lower-than-budgeted personnel attrition rate, which has also impacted WECC's available reserves.

¹⁹ WECC advises that a total of approximately \$402,000 of assessments billed to LSEs in the U.S. portion of the WECC region has not been collected, but that there are no indications that these LSEs do not intend to pay.

slightly modified RC function for the AESO footprint, in order to continue to ensure the reliability of the BPS in the Western Interconnection, Peak has not been able to identify any material, achievable near-term cost reductions.²⁰ Moreover, Peak represents that in light of the interconnected nature of the BPS in the Western Interconnection, and absent an agreement as to the ultimate allocation of responsibilities between Peak and the AESO and between Peak and BC Hydro, Peak cannot readily (or at least not in the short term) isolate its RC and IA operations in the U.S. portion of the Interconnection from the Canadian portion of the Interconnection. NERC also notes that the revised Western Interconnection Reliability Coordinator and Interchange Authority Agreement Between Western Electricity Coordinating Council and Peak Reliability, Inc., which FERC conditionally approved in the December 2013 Rehearing Order and finally approved (as revised) in the February 2014 Order on Compliance, imposes the following obligation on Peak:

1.2 Scope of Functions. Peak shall perform the RC and IA functions in accordance with the applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC (collectively, the “NERC Standards”), **to maintain or restore the reliability of the Western Interconnection’s Bulk Electric System** for the duration of the Term in accordance with WECC’s RDA and the terms and conditions of this Agreement. In accordance with its obligations under this Section 1.1, **Peak shall direct and coordinate timely and appropriate actions within the Western Interconnection**, including but not limited to directing the curtailment of transmission service or energy schedules, directing the re-dispatching of generation and directing the shedding of load, in each case, **to avoid adverse effects on the Western Interconnection Bulk Electric System.** (Emphasis added.)

NERC notes that while the largest component (approximately 59%) of Peak’s budgeted 2014 expenditures is personnel costs, a significant portion of its budgeted expenditures are fixed costs such as leasing, owning and operating costs of buildings and other facilities, costs of computer hardware and software and other infrastructure facilities, and other costs, which Peak represents cannot be reduced in the short term and may not be materially scalable based on a

²⁰ See footnote 3 above.

reduction in the geographic scope of Peak's RC and IA responsibilities. Peak points out that its 2014 budget was developed by WECC based on the resources required to perform the RC and IA functions for the entire Western Interconnection.²¹ NERC notes that the assessments amounts for the AESO and BC Hydro are based on the percentage of 2012 NEL in each of those areas to the total 2012 WECC region NEL, which FERC has accepted as an equitable method to allocate the costs of the Electric Reliability Organization among regions and LSEs; the assessments are not based on a calculation of Peak's specific costs to perform the RC and IA functions in the AESO and BC Hydro footprints.

It is reasonable to expect that, given a longer time horizon and finalization of arrangements with the AESO and BC Hydro, Peak should be able to reduce its costs somewhat from the current budgeted level. However, despite the parties' mutual efforts, agreements have not been reached, and NERC has concluded that for the near term – specifically, the remainder of 2014 – it is necessary to request authority for a supplemental assessment to replace Peak's 2014 funding shortfall.

As reported earlier in this filing, in August 2013, AESO management indicated to WECC that, subject to approval of the AESO Board, the AESO did not intend to obtain RC services for the Province of Alberta from the RCCo, and that in September 2013, the AESO notified WECC that the AESO Board had approved the self-provision of the RC function (**Attachment 3**). Similarly, as reported above, BC Hydro previously advised Peak that BC

²¹ With respect to personnel costs, in the preparation of Peak's 2014 budget, the budgeted personnel costs (salaries, payroll taxes, medical benefits and retirement plan contributions) for Peak's full planned staffing were reduced by 15 percent to reflect attrition during the course of the year and delays in hiring to fill new or vacated positions. See page 12 of the RCCo's 2014 Business Plan and Budget filed as Attachment 11 to NERC's August 23, 2013 filing in FERC docket no. RR13-9-000. This type of generic "labor float" adjustment has been used by NERC and the Regional Entities in preparing their business plans and budgets, and was a reasonable assumption for Peak given Peak's plans to hire a number of new employees to fill new positions and the potential attrition from employees who decided not to transfer from WECC to Peak. In fact, however, Peak reports that its labor attrition rate in 2014 has been much lower than 15 percent. While this outcome is good from the perspective of retention and maintenance of experienced staff and continuity of Peak's operations, it means that Peak's actual 2014 personnel expenses have been higher than budgeted.

Hydro planned to self-provide RC and IA services, but has subsequently advised Peak that BC Hydro is willing to negotiate an agreement by which Peak will continue to provide RC and IA functions for the BC Hydro footprint. As described above, Peak has engaged in considerable discussions and other efforts with the AESO and BC Hydro to attempt to reach agreements with these entities as to services and tools that Peak will provide and the compensation that Peak will receive. Unfortunately, as described above, these efforts have not yet been successful, and given the press of time and Peak's funding picture, NERC concluded that it is necessary to request authorization for a special assessment from FERC.

D. Calculation of the Proposed Special Assessment and Allocation to LSEs

Columns 14 to 22 of **Attachment 2** to this filing show the calculation of the allocation of the special assessment amount to each LSE in the portions of the WECC region in the U.S. and Mexico. The total special assessment amount of \$4,094,340 has been allocated to the LSEs in the portion of the WECC region in the U.S. and Mexico on the basis of 2012 NEL. Column 14 shows each LSE's percentage of the total 2012 NEL in the portions of the WECC region in the U.S. and Mexico (*i.e.*, excluding the NEL of the Canadian portion of the WECC region). Column 15 shows the re-allocated assessment amount to each LSE based on application of the LSE's revised 2012 NEL percentage (Column 14) to the total assessment amount of \$29,568,031. Column 19, in the section of the spreadsheet captioned "Change by LSE," shows the proposed special assessment amount for each LSE in the portions of the WECC region in the U.S. and Mexico. The proposed special assessment amount for each LSE in Column 19 is calculated as the difference between the LSE's original assessment amount (in Column 10) and the LSE's revised assessment amount (in Column 15).²² Of the total special assessment amount of \$4,094,360, a total of \$4,030,696 is allocated to LSEs in the U.S. portion of WECC and

²² The amounts of all special assessments will be rounded to the nearest whole dollar amount.

\$63,644 is allocated to the Comision Federal de Electricidad (“CFE”).²³ NERC requested FERC authorization for the special assessment amounts shown in Column 19 of **Attachment 2** to be billed to each LSE in the U.S. portion of WECC.

E. Proposed Reporting Requirements for Peak

In order to enable FERC and interested stakeholders to follow the progress of Peak’s efforts to achieve ultimate resolution with the AESO and BC Hydro, with greater transparency, NERC proposed that FERC direct Peak to file the following reports with FERC:

1. Peak should be required to file with FERC, by on or before October 31, 2014, a report that (i) summarizes the progress and status of Peak’s negotiations with the AESO and BC Hydro (including reporting any agreements or other resolutions that have been reached with either entity), and (ii) presents Peak’s plan (to the extent it can be articulated at that point in time) for reducing the scope of its operations and its costs going forward under the assumption that the AESO and/or BC Hydro, as applicable, does not pay its assessments (or, if agreement has been reached with either entity, pays a reduced level of assessment or other compensation to Peak).
2. If agreements with both the AESO and BC Hydro have not been reached and reported in the initial report due by October 31, 2014, Peak should be required to file with FERC quarterly status reports, due on or before the end of each succeeding calendar quarter, updating the progress of discussions with the AESO and BC Hydro, until agreement is reached with both entities or FERC terminates the reporting requirement (either on its own motion or on request by Peak).

In addition, NERC recommended that FERC’s order specify that if Peak receives any compensation from the AESO or BC Hydro for 2014 (whether as a full or partial payment of the original assessments to the AESO and/or BC Hydro, or as payment of other agreed-to compensation), Peak shall use the amount(s) of 2014 assessments or compensation received from these entities as a funding source to reduce its requested assessment in the next year for which it submits its budget to the applicable governmental authorities. This requirement will provide some return to the LSEs in the U.S. and Mexico portion of the WECC region for having provided supplemental funding to Peak to enable it to continue to perform its RC and IA responsibilities for the entirety of 2014.

²³ As the result of the special assessment, the total Peak 2014 assessment amounts by country are \$29,108,411 to U.S. LSEs in the WECC region and \$459,620, to the CFE, as shown on **Attachment 5**.

Respectfully submitted,

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President and Chief Executive Officer
Michael Walker
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Financial and Administrative Officer
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ATTACHMENT 1

**LETTER FROM PEAK RELIABILITY, INC. TO NERC
REQUESTING SPECIAL ASSESSMENT FILING**



Mr. G. Cauley
President and CEO
North American Electric Reliability Corporation
3353 Peachtree Road, NE
Suite 600, North Tower
Atlanta, GA 30326

July 16, 2014

Dear Gerry,

Peak Reliability ("Peak") requests that NERC, on Peak's behalf, file a petition with FERC seeking authority for a special assessment to be billed to load-serving entities in the U.S. portion of the Western Interconnection to fund a shortfall in Peak's 2014 funding.

REASON FOR REQUEST

On January 1, 2009, Western Electricity Coordinating Council ("WECC") began providing Reliability Coordinator (RC) services for the entire Western Interconnection including the Alberta Electric System Operator's ("AESO") and British Columbia Hydro and Power Authority's ("BC Hydro") Balancing Authority (BA) Areas as that term is defined in the NERC Glossary of Terms. The original rationale being to reduce fragmentation by consolidating RC services for more than 35 BAs (now 38) and monitoring and coordinating the reliable operation of the Interconnection.

In September 2013, AESO notified Peak's predecessor, WECC that it intended to self-provide RC services effective January 1, 2014 and as a result would not pay for RC services from Peak. This withdrawal has created a deficit in Peak's 2014 budget of approximately \$2M.

In October 2013, BC Hydro verbally notified WECC that it desired to modify its relationship including paying a substantially discounted amount compared with its existing Net Energy for Load calculated assessment. Although there is no agreement in place, and BC Hydro has not paid for RC services received in 2014, Peak is currently providing the same RC services that it has always provided. BC Hydro's decision creates an additional deficit of \$2.1M in 2014.

In each case WECC, and subsequently Peak, sought to enter into agreements that specifically memorialize the relationship between our respective entities and ensure that the reliability of the Western Interconnection remains unimpaired.

Since January 1, 2014 neither AESO nor BC Hydro have provided any of the funding to Peak that was anticipated when WECC filed its 2014 Business Plan and Budget request with NERC in July 2013 for what was then known as the Reliability Coordination Company. As a consequence, Peak forecasts that without the special assessment it will consume its cash on hand to fund its operations by mid-November 2014.

The potential for filing a special assessment has been socialized with our stakeholders during open meetings of the Peak Board and Member Advisory Committee meetings. Furthermore, I can attest that in my conversations with industry leaders throughout the West, the majority articulated their support for a filing that ensures the financial viability of Peak because of its role in maintaining the reliability of the Bulk Electric System (BES). While we all recognize that an intra-year special assessment is not optimal, this filing is absolutely necessary to ensure that Peak has sufficient funding to fulfill its reliability mission through December 2014.

AESO

AESO's action has created a degree of operational and compliance uncertainty for Peak. AESO's Notice Letter to WECC included with this filing appears somewhat ambiguous as to AESO's intentions. The letter states that AESO plans to "assume all responsibilities that relate to the functions of a RC, effective January 1, 2014." However, AESO has explained that provincial law does not require AESO to register as an RC, and as a result, AESO has not registered as an RC either with the Alberta Utility Commission ("AUC") or any other governmental authority. Indeed, many if not most of the operational standards applicable to an RC have not been enacted by the AUC, and there is no clear date as to when they will be enacted. As a result, there is no regulatory framework to assure that the RC function is being adequately performed and monitored in Alberta. Moreover, there is no indication that AESO has had or will have an RC as intended in the NERC Functional Model and established in the rest of the Western Interconnection.

Due to the interconnected nature of AESO and Peak's systems, this uncertainty surrounding AESO's performance of RC services as envisioned in the NERC Functional Model is reflected in its relationship with Peak. While Peak can commit to not declaring Energy Emergency Alerts for or issuing Directives to AESO, Peak is unclear what other aspects of its interaction with AESO can be reduced. Peak has had to continue to monitor AESO's operational data to ensure that Peak reacts appropriately to circumstances that may arise (e.g. ensuring an AESO outage does not cascade beyond AESO). More pointedly, because there are no approved reliability standards against which AESO's self-provision of services will be judged, Peak does not have clarity on the responsibilities of AESO in terms of maintaining reliability in an interconnected system and coordination with a neighboring RC. As a result, Peak has very little ability to alter its operations and its interaction with AESO and still ensure reliability.

This issue is further exacerbated by AESO's continued reliance on Peak to provide services to support reliable operations when AESO encounters operational issues such as a lack of data or software tool unavailability. During the course of 2014, Peak has logged several instances where AESO has requested that Peak provide information or studies that an RC that operates consistent with the NERC Functional Model and applicable standards should be able to access directly or perform. Furthermore, there have been occasions where AESO has encountered a software problem and has asked Peak to provide study results unavailable to AESO as a result of that problem.

As a result of continuing these activities, Peak has not seen a significant reduction in workload and subsequent cost reductions as a result of AESO's withdrawal.

REVIEW OF POTENTIAL COST REDUCTIONS

Peak is focused on cost-effective, efficient operations reflecting our commitment to providing value to our stakeholders and demonstrating fiscal prudence. Consequently, we have undertaken an internal review of cost reductions that may be associated with AESO's withdrawal and BC Hydro's redefined relationship. This review has determined that Peak's scope and costs have not been materially reduced as a result of these specific events and are not materially scalable based on the inclusion or exclusion of one or two BAs and their associated Transmission Operators. Since Peak did not dedicate resources to AESO and BC Hydro exclusively, the reduction of its RC Area by one or two of 38 BAs and their associated Transmission Operators, does not result in a material change in Peak's workload – and therefore does not present material cost reduction opportunities. For example, it is not practical to presume that Peak could reduce the number of system operators, engineers, or Information Technology staff in response to what is, so far, only a slightly changed relationship with AESO and a yet to be determined relationship with BC Hydro.

A reduction in staffing (Peak's primary cost driver) would be inconsistent with the recommendations from the April 2012 FERC/NERC Joint Report "Arizona – Southern California Outages September 8, 2011 – Causes and Recommendations" which recommended that the WECC RC increase staffing to meet its obligations to maintain grid reliability. Additionally, a separate analysis by WECC's RC Task Force (RCTF) was undertaken at the direction of the WECC Finance and Audit Committee between June and December of 2012. The RCTF which was partially comprised of industry experts, concluded that WECC needed to add additional staff to its RC function to reach levels appropriate to perform its function for its area and to be consistent with the staffing level of other RCs in the United States.

Nevertheless, Peak will continue to search for efficiencies although Peak notes that until it has agreements with AESO and BC Hydro in place, reporting on possible cost reductions by October 31, 2014 seems premature

CURRENT STATUS – AGREEMENTS WITH AESO AND BC HYDRO

AESO – Peak is working to establish an Operations Coordination Agreement with AESO. It is Peak's objective to also establish a Tools and Data Access Agreement wherein AESO will pay for certain services. At the time of writing, neither of these two agreements are in place.

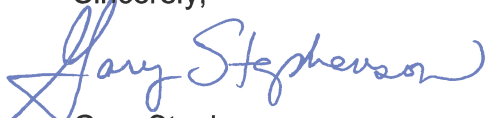
BC Hydro – Pursuant to the notice from BC Hydro in June 2014, Peak is actively discussing a Membership Agreement with BC Hydro and are looking forward to concluding those discussions expeditiously.

In addition, BC Hydro has indicated its intention to pay Peak for RC and Interchange Authority services provided by Peak during 2014. Exact details – including the level of 2014 funding – will be determined by both parties during the on-going discussions. BC Hydro also took the opportunity to express to me its continued strong support for effective Interconnection reliability coordination both financially and operationally.

CONCLUSION

Peak supports NERC's filing of the petition for a special assessment with FERC to ensure that Peak has the funds to allow it to perform its statutory duties as the RC. Peak is committed to the reliability of the BES in the Western Interconnection which is the primary driver for this filing. In addition, Peak is doing its utmost to prevent RC fragmentation from eroding its ability to deliver its mission and would welcome the opportunity to discuss our concerns about RC fragmentation in further detail with NERC.

Sincerely,



Gary Stephenson

President and Chief Executive Officer

¹ As NERC states in its filing: "If Peak receives any compensation from the AESO or BC Hydro for 2014 (whether as a full or partial payment of the original assessment to the entity, or payment of other agreed-to compensation), Peak shall use the amount received as a funding source to reduce its requested assessment in the next year for which it submits a budget."

ATTACHMENT 2

**CALCULATION AND ALLOCATION
OF PROPOSED SPECIAL ASSESSMENT AMOUNTS
BY LOAD-SERVING ENTITY**

2012 NEL Calculations and Re-Allocation to Load Serving Entities (or Designee) for the 2014 Peak Reliability Assessments

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Data Year	Regional Entity	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	Peak Reliability (RCCo) - Original				% of RE (Peak only) w/o AESO or BC Hydro	Peak Reliability - Revised				Change by LSE			
									Total	US Total	Canada Total	Mexico Total		Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	WECC	Alberta Electric System Operator	Canada	59,238,767	0	59,238,767		6.835%	2,020,960		2,020,960							(2,020,960)	-	(2,020,960)	-
2012	WECC	British Columbia Hydro & Power Authority	Canada	60,775,320	0	60,775,320		7.012%	2,073,380		2,073,380							(2,073,380)	-	(2,073,380)	-
2012	WECC	Comision Federal de Electricidad	Mexico	11,606,918	0		11,606,918	1.339%	395,976	-	-	395,976	1.554%	459,620	-		459,620	63,644	-	-	63,644
2012	WECC	Agulla Irrigation District - APS	U.S.	43,546	43,546			0.005%	1,486	1,486			0.006%	1,724	1,724			239	239	-	-
2012	WECC	Aha Macav Power Service	U.S.	27,451	27,451			0.003%	937	937			0.004%	1,087	1,087			151	151	-	-
2012	WECC	Ajo Improvement District	U.S.	13,708	13,708			0.002%	468	468			0.002%	543	543			75	75	-	-
2012	WECC	Ak-Chin	U.S.	35,880	35,880			0.004%	1,224	1,224			0.005%	1,421	1,421			197	197	-	-
2012	WECC	Alcoa Inc	U.S.	3,396,749	3,396,749			0.392%	115,882	115,882			0.455%	134,507	134,507			18,625	18,625	-	-
2012	WECC	Arizona Public Service Company	U.S.	30,130,819	30,130,819			3.476%	1,027,928	1,027,928			0.435%	1,193,145	1,193,145			165,217	165,217	-	-
2012	WECC	Arkansas River Power Authority (ARPA)	U.S.	302,804	302,804			0.035%	10,330	10,330			0.041%	11,991	11,991			1,660	1,660	-	-
2012	WECC	Avista Corporation	U.S.	65,181	65,181			0.008%	2,224	2,224			0.009%	2,581	2,581			357	357	-	-
2012	WECC	Avista Corporation	U.S.	9,309,092	9,309,092			1.074%	317,584	317,584			1.247%	368,629	368,629			51,045	51,045	-	-
2012	WECC	Barrick Goldstrike Mines Inc.	U.S.	1,232,684	1,232,684			0.142%	42,054	42,054			0.165%	48,813	48,813			6,759	6,759	-	-
2012	WECC	Basin Electric Power Cooperative	U.S.	62,100	62,100			0.007%	2,119	2,119			0.008%	2,459	2,459			341	341	-	-
2012	WECC	Basin Electric Power Cooperative	U.S.	3,196,806	3,196,806			0.369%	109,061	109,061			0.428%	126,590	126,590			17,529	17,529	-	-
2012	WECC	Benton REA	U.S.	543,689	543,689			0.063%	18,548	18,548			0.073%	21,529	21,529			2,981	2,981	-	-
2012	WECC	Big Bend Electric Cooperative, Inc.	U.S.	134,046	134,046			0.015%	4,573	4,573			0.018%	5,308	5,308			735	735	-	-
2012	WECC	Big Bend Electric Cooperative, Inc.	U.S.	138,903	138,903			0.016%	4,739	4,739			0.019%	5,500	5,500			762	762	-	-
2012	WECC	Big Bend Electric Cooperative, Inc.	U.S.	349,832	349,832			0.040%	11,935	11,935			0.047%	13,853	13,853			1,918	1,918	-	-
2012	WECC	Blachly-Lane Electric Cooperative	U.S.	165,608	165,608			0.019%	5,650	5,650			0.022%	6,558	6,558			908	908	-	-
2012	WECC	Black Hills Power	U.S.	1,927,772	1,927,772			0.222%	65,767	65,767			0.258%	76,337	76,337			10,571	10,571	-	-
2012	WECC	Black Hills Power/Cheyenne Light Fuel & Power	U.S.	3,727,062	3,727,062			0.430%	127,151	127,151			0.499%	147,587	147,587			20,437	20,437	-	-
2012	WECC	Black Hills State University South Dakota	U.S.	19,604	19,604			0.002%	669	669			0.003%	776	776			107	107	-	-
2012	WECC	Bonneville Power Administration	U.S.	6,678	6,678			0.001%	228	228			0.001%	264	264			37	37	-	-
2012	WECC	Bonneville Power Administration	U.S.	18,644	18,644			0.002%	636	636			0.002%	738	738			102	102	-	-
2012	WECC	Bonneville Power Administration	U.S.	767,035	767,035			0.089%	26,168	26,168			0.103%	30,374	30,374			4,206	4,206	-	-
2012	WECC	Bonneville Power Administration	U.S.	1,791,914	1,791,914			0.207%	61,132	61,132			0.240%	70,958	70,958			9,826	9,826	-	-
2012	WECC	Bonneville Power Administration	U.S.	4,628,633	4,628,633			0.534%	157,908	157,908			0.620%	183,288	183,288			25,380	25,380	-	-
2012	WECC	BPA - Big Bend/Schrag Load	U.S.	38,074	38,074			0.004%	1,299	1,299			0.005%	1,508	1,508			209	209	-	-
2012	WECC	BPA - USBR Load	U.S.	7,293	7,293			0.001%	249	249			0.001%	289	289			40	40	-	-
2012	WECC	Buckeye Water Conservation and Drainage District - APS	U.S.	20,484	20,484			0.002%	699	699			0.003%	811	811			112	112	-	-
2012	WECC	Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	794	794			0.000%	27	27			0.000%	31	31			4	4	-	-
2012	WECC	Bureau of Reclamation (Wellfield) - c/o DSW EMMO	U.S.	5,111	5,111			0.001%	174	174			0.001%	202	202			28	28	-	-
2012	WECC	Burlington	U.S.	32,911	32,911			0.004%	1,123	1,123			0.004%	1,303	1,303			180	180	-	-
2012	WECC	California Independent System Operator	U.S.	234,650,307	234,650,307			27.074%	8,005,212	8,005,212			31.425%	9,291,876	9,291,876			1,286,663	1,286,663	-	-
2012	WECC	Canby Public Utility Board	U.S.	177,351	177,351			0.020%	6,050	6,050			0.024%	7,023	7,023			972	972	-	-
2012	WECC	Central Arizona Water Conservation District	U.S.	4,968,360	4,968,360			0.573%	169,498	169,498			0.665%	196,741	196,741			27,243	27,243	-	-
2012	WECC	Central Electric Cooperative	U.S.	499,899	499,899			0.058%	17,054	17,054			0.067%	19,795	19,795			2,741	2,741	-	-
2012	WECC	Central Lincoln PUD	U.S.	1,345,266	1,345,266			0.155%	45,894	45,894			0.180%	53,271	53,271			7,377	7,377	-	-
2012	WECC	Central Montana Electric Power Cooperative	U.S.	354,818	354,818			0.041%	12,105	12,105			0.048%	14,050	14,050			1,946	1,946	-	-
2012	WECC	City of Aztec Electric Dept	U.S.	37,611	37,611			0.004%	1,283	1,283			0.005%	1,489	1,489			206	206	-	-
2012	WECC	City of Bandon	U.S.	67,840	67,840			0.008%	2,314	2,314			0.009%	2,686	2,686			372	372	-	-
2012	WECC	City of Blaine	U.S.	77,768	77,768			0.009%	2,653	2,653			0.010%	3,080	3,080			426	426	-	-
2012	WECC	City of Bonners Ferry	U.S.	69,429	69,429			0.008%	2,369	2,369			0.009%	2,749	2,749			381	381	-	-
2012	WECC	City of Boulder City	U.S.	167,400	167,400			0.019%	5,711	5,711			0.022%	6,629	6,629			918	918	-	-
2012	WECC	City of Cascade Locks	U.S.	18,979	18,979			0.002%	647	647			0.003%	752	752			104	104	-	-
2012	WECC	City of Centralia	U.S.	271,211	271,211			0.031%	9,252	9,252			0.036%	10,740	10,740			1,487	1,487	-	-
2012	WECC	City of Cheney	U.S.	143,828	143,828			0.017%	4,907	4,907			0.019%	5,695	5,695			789	789	-	-
2012	WECC	City of Chewelah	U.S.	23,814	23,814			0.003%	812	812			0.003%	943	943			131	131	-	-
2012	WECC	City of Drain	U.S.	16,486	16,486			0.002%	562	562			0.002%	653	653			90	90	-	-
2012	WECC	City of Ellensburg	U.S.	208,566	208,566			0.024%	7,115	7,115			0.028%	8,259	8,259			1,144	1,144	-	-
2012	WECC	City of Fallon	U.S.	122,771	122,771			0.014%	4,188	4,188			0.016%	4,862	4,862			673	673	-	-
2012	WECC	City of Farmington	U.S.	276,194	276,194			0.032%	9,422	9,422			0.037%	10,937	10,937			1,514	1,514	-	-
2012	WECC	City of Forest Grove	U.S.	241,716	241,716			0.028%	8,246	8,246			0.032%	9,572	9,572			1,325	1,325	-	-
2012	WECC	City of Gallup	U.S.	197,998	197,998			0.023%	6,755	6,755			0.027%	7,840	7,840			1,086	1,086	-	-
2012	WECC	City of Henderson	U.S.	42,415	42,415			0.005%	1,447	1,447			0.006%	1,680	1,680			233	233	-	-
2012	WECC	City of Hermiston, DBA Hermiston Energy Services	U.S.	106,437	106,437			0.012%	3,631	3,631			0.014%	4,215	4,215			584	584	-	-
2012	WECC	City of Las Vegas	U.S.	42,877	42,877			0.005%	1,463	1,463			0.006%	1,698	1,698			235	235	-	-
2012	WECC	City of McCleary	U.S.	31,289	31,289			0.004%	1,067	1,067			0.004%	1,239	1,239			172	172	-	-
2012	WECC	City of McMinville	U.S.	732,458	732,458																

2012 NEL Calculations and Re-Allocation to Load Serving Entities (or Designee) for the 2014 Peak Reliability Assessments

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Data Year	Regional Entity	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	Peak Reliability (RCCo) - Original				% of RE (Peak only) w/o AESO or BC Hydro	Peak Reliability - Revised				Change by LSE			
									Total	US Total	Canada Total	Mexico Total		Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	WECC	City of Shasta Lake	U.S.	186,609	186,609			0.022%	6,366	6,366			0.025%	7,389	7,389			1,023	1,023	-	-
2012	WECC	City of Sumas	U.S.	29,499	29,499			0.003%	1,006	1,006			0.004%	1,168	1,168			162	162	-	-
2012	WECC	City of Tacoma DBA Tacoma Power	U.S.	334	334			0.000%	11	11			0.000%	13	13			2	2	-	-
2012	WECC	City of Tacoma DBA Tacoma Power	U.S.	4,974,262	4,974,262			0.574%	169,699	169,699			0.666%	196,975	196,975			27,275	27,275	-	-
2012	WECC	City of Troy	U.S.	17,288	17,288			0.002%	590	590			0.002%	685	685			95	95	-	-
2012	WECC	City of Williams	U.S.	40,144	40,144			0.005%	1,370	1,370			0.005%	1,590	1,590			220	220	-	-
2012	WECC	Clark County Water Resources	U.S.	78,024	78,024			0.009%	2,662	2,662			0.010%	3,090	3,090			428	428	-	-
2012	WECC	Clark Public Utilities	U.S.	4,404,221	4,404,221			0.508%	150,252	150,252			0.590%	174,402	174,402			24,150	24,150	-	-
2012	WECC	Clatskanie PUD	U.S.	977,748	977,748			0.113%	33,356	33,356			0.131%	38,718	38,718			5,361	5,361	-	-
2012	WECC	Cleanwater Cooperative, Inc	U.S.	38,101	38,101			0.004%	1,300	1,300			0.005%	1,509	1,509			209	209	-	-
2012	WECC	Cleanwater Cooperative, Inc	U.S.	163,452	163,452			0.019%	5,576	5,576			0.022%	6,473	6,473			896	896	-	-
2012	WECC	Colorado River Commission of Nevada	U.S.	835,200	835,200			0.096%	28,493	28,493			0.112%	33,073	33,073			4,580	4,580	-	-
2012	WECC	Colorado Springs Utilities	U.S.	94,659	94,659			0.011%	3,229	3,229			0.013%	3,748	3,748			519	519	-	-
2012	WECC	Colorado Springs Utilities	U.S.	4,582,253	4,582,253			0.529%	156,326	156,326			0.614%	181,452	181,452			25,126	25,126	-	-
2012	WECC	Columbia Basin Electric Cooperative, Inc.	U.S.	110,678	110,678			0.013%	3,776	3,776			0.015%	4,383	4,383			607	607	-	-
2012	WECC	Columbia Falls Aluminum Company	U.S.	4,067	4,067			0.000%	139	139			0.001%	161	161			22	22	-	-
2012	WECC	Columbia Power Cooperative Association	U.S.	23,981	23,981			0.003%	818	818			0.003%	950	950			131	131	-	-
2012	WECC	Columbia River PUD	U.S.	169,868	169,868			0.020%	5,795	5,795			0.023%	6,727	6,727			931	931	-	-
2012	WECC	Columbia River PUD	U.S.	303,997	303,997			0.035%	10,371	10,371			0.041%	12,038	12,038			1,667	1,667	-	-
2012	WECC	Columbia Rural Electric Association (REA)	U.S.	302,941	302,941			0.035%	10,335	10,335			0.041%	11,996	11,996			1,661	1,661	-	-
2012	WECC	Consolidated Irrigation District No. 19	U.S.	6,020	6,020			0.001%	205	205			0.001%	238	238			33	33	-	-
2012	WECC	Constellation New Energy, Inc.	U.S.	70,269	70,269			0.008%	2,397	2,397			0.009%	2,783	2,783			385	385	-	-
2012	WECC	Consumers Power, Inc.	U.S.	419,431	419,431			0.048%	14,309	14,309			0.056%	16,609	16,609			2,300	2,300	-	-
2012	WECC	Coos-Curry Electric Cooperative, Inc	U.S.	356,639	356,639			0.041%	12,167	12,167			0.048%	14,122	14,122			1,956	1,956	-	-
2012	WECC	Deseret Generation & Transmission Cooperative	U.S.	69,219	69,219			0.008%	2,361	2,361			0.009%	2,741	2,741			380	380	-	-
2012	WECC	Deseret Generation & Transmission Cooperative	U.S.	74,391	74,391			0.009%	2,538	2,538			0.010%	2,946	2,946			408	408	-	-
2012	WECC	Douglas Electric Cooperative, Inc.	U.S.	93,789	93,789			0.011%	3,200	3,200			0.013%	3,714	3,714			514	514	-	-
2012	WECC	Douglas Palisades	U.S.	18,373	18,373			0.002%	627	627			0.002%	728	728			101	101	-	-
2012	WECC	El Paso Electric Company	U.S.	8,397,918	8,397,918			0.969%	286,499	286,499			1.125%	332,548	332,548			46,048	46,048	-	-
2012	WECC	Electrical District #2	U.S.	195,842	195,842			0.023%	6,681	6,681			0.026%	7,755	7,755			1,074	1,074	-	-
2012	WECC	Electrical District #2 - Coolidge Generating Station	U.S.	8,672	8,672			0.001%	296	296			0.001%	343	343			48	48	-	-
2012	WECC	Electrical District No. 6 of Pinal County - APS	U.S.	3,135	3,135			0.000%	107	107			0.000%	124	124			17	17	-	-
2012	WECC	Electrical District No. 7 of Maricopa County - APS	U.S.	55,320	55,320			0.006%	1,887	1,887			0.007%	2,191	2,191			303	303	-	-
2012	WECC	Electrical District No. 8 of Maricopa County - APS	U.S.	294,857	294,857			0.034%	10,059	10,059			0.039%	11,676	11,676			1,617	1,617	-	-
2012	WECC	Electrical Districts 1 & 3	U.S.	642,964	642,964			0.074%	21,935	21,935			0.086%	25,461	25,461			3,526	3,526	-	-
2012	WECC	Elmhurst Mutual Power & Light Company	U.S.	273,161	273,161			0.032%	9,319	9,319			0.037%	10,817	10,817			1,498	1,498	-	-
2012	WECC	Emerald PUD	U.S.	508,954	508,954			0.059%	17,363	17,363			0.068%	20,154	20,154			2,791	2,791	-	-
2012	WECC	Energy Northwest	U.S.	31,529	31,529			0.004%	1,076	1,076			0.004%	1,249	1,249			173	173	-	-
2012	WECC	Eugene Water & Electric Board	U.S.	2,469,521	2,469,521			0.285%	84,249	84,249			0.331%	97,790	97,790			13,541	13,541	-	-
2012	WECC	Fall River Rural Electric Cooperative, Inc.	U.S.	51	51			0.000%	2	2			0.000%	2	2			0	0	-	-
2012	WECC	Farmington Electric Utility System	U.S.	1,381,121	1,381,121			0.159%	47,118	47,118			0.185%	54,691	54,691			7,573	7,573	-	-
2012	WECC	Flathead Electric Cooperative, Inc	U.S.	1,452,590	1,452,590			0.168%	49,556	49,556			0.195%	57,521	57,521			7,965	7,965	-	-
2012	WECC	Frederickson Power LP	U.S.	5,315	5,315			0.001%	181	181			0.001%	210	210			29	29	-	-
2012	WECC	Grand Valley Power	U.S.	232,224	232,224			0.027%	7,922	7,922			0.031%	9,196	9,196			1,273	1,273	-	-
2012	WECC	Harney Electric Cooperative, Inc.	U.S.	96,729	96,729			0.011%	3,300	3,300			0.013%	3,830	3,830			530	530	-	-
2012	WECC	Harney Electric Cooperative, Inc.	U.S.	124,379	124,379			0.014%	4,243	4,243			0.017%	4,925	4,925			682	682	-	-
2012	WECC	Harquahala Valley Power Districts - APS	U.S.	82,214	82,214			0.009%	2,805	2,805			0.011%	3,256	3,256			451	451	-	-
2012	WECC	Hermiston Power LLC	U.S.	4,831	4,831			0.001%	165	165			0.001%	191	191			26	26	-	-
2012	WECC	Holy Cross Energy	U.S.	554,441	554,441			0.064%	18,915	18,915			0.074%	21,955	21,955			3,040	3,040	-	-
2012	WECC	Hood River Electric Cooperative	U.S.	39,730	39,730			0.005%	1,355	1,355			0.005%	1,573	1,573			218	218	-	-
2012	WECC	Idaho County Light and Power Cooperative Association, Inc	U.S.	56,349	56,349			0.007%	1,922	1,922			0.008%	2,231	2,231			309	309	-	-
2012	WECC	Idaho Power Company	U.S.	14,845,770	14,845,770			1.713%	506,471	506,471			1.988%	587,875	587,875			81,404	81,404	-	-
2012	WECC	Imperial Irrigation District	U.S.	3,720,853	3,720,853			0.429%	126,939	126,939			0.498%	147,341	147,341			20,403	20,403	-	-
2012	WECC	Inland Power and Light Company	U.S.	463,321	463,321			0.053%	15,806	15,806			0.062%	18,347	18,347			2,541	2,541	-	-
2012	WECC	Inland Power and Light Company	U.S.	478,629	478,629			0.055%	16,329	16,329			0.064%	18,953	18,953			2,624	2,624	-	-
2012	WECC	Intermountain Rural Electric Association	U.S.	896,045	896,045			0.103%	30,569	30,569			0.120%	35,482	35,482			4,913	4,913	-	-
2012	WECC	Kaiser Aluminum Fabricated Products LLC	U.S.	324,656	324,656			0.037%	11,076	11,076			0.043%	12,856	12,856			1,780	1,780	-	-
2012	WECC	Kootenai Electric Cooperative, Inc.	U.S.	463,268	463,268			0.053%	15,805	15,805			0.062%	18,345	18,345			2,540	2,540	-	-
2012	WECC	Lakeview Light & Power	U.S.	272,994	272,994			0.031%	9,313	9,313			0.037%	10,810	10,810			1,497	1,497	-	-
2012	WECC	Lane Electric Cooperative, Inc.	U.S.	221,792	221,792			0.026%	7,567	7,567			0.030%	8,783	8,783			1,216	1,216	-	-
2012	WECC	Las Vegas Valley Water District	U.S.	218,806	218,806			0.025%	7,465	7,465			0.029%	8,664	8,664			1,200	1,200	-	-
2012	WECC	Lincoln County Power District No. 1	U.S.	90,748	90,748			0.010%	3,096	3,096			0.012%	3,594	3,594			498	498	-	-
2012	WECC	Lincoln Electric Cooperative, Inc.	U.S.	117,576	117,576			0.014%	4,011	4,011			0.016%	4,656	4,656			645	645	-	-
2012	WECC	Los Angeles Department of Water and Power	U.S.	29,495,538	29,495,538			3.403%	1,006,255	1,006,255			3.950%	1,167,989	1,167,989			161,734	161,734	-	-
2012	WECC	Lost River Electric Cooperative, Inc.	U.S.	40	40			0.000%	1	1			0.000%	2	2			0	0	-	-
2012	WECC	Lower Valley Energy, Inc.	U.S.	161	161			0.000%	5	5			0.000%	6	6			1	1	-	-
2012	WECC	Maricopa County Municipal Water Conservation Dist No. 1	U.S.	56,505	56,505			0.007%	1,928	1,928			0.008%	2,238	2,238			310	310	-	-
2012	WECC	McMullen Valley Water Conservation & Drainage District -	U.S.	73,296	73,296			0.008%	2,501	2,501			0.010%	2,902	2,902						

2012 NEL Calculations and Re-Allocation to Load Serving Entities (or Designee) for the 2014 Peak Reliability Assessments

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Data Year	Regional Entity	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	Peak Reliability (RCCo) - Original				% of RE (Peak only) w/o AESO or BC Hydro	Peak Reliability - Revised				Change by LSE			
									Total	US Total	Canada Total	Mexico Total		Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	WECC	Municipal Energy Agency of Nebraska	U.S.	195,844	195,844			0.023%	6,681	6,681			0.026%	7,755	7,755			1,074	1,074	-	-
2012	WECC	Municipal Energy Agency of Nebraska	U.S.	648,687	648,687			0.075%	22,130	22,130			0.087%	25,687	25,687			3,557	3,557	-	-
2012	WECC	Navajo Agricultural Products Industry (NAPI)	U.S.	3,893	3,893			0.000%	133	133			0.001%	154	154			21	21	-	-
2012	WECC	Navajo Tribal Utility Authority	U.S.	42,282	42,282			0.005%	1,442	1,442			0.006%	1,674	1,674			232	232	-	-
2012	WECC	Navajo Tribal Utility Authority	U.S.	305,478	305,478			0.035%	10,422	10,422			0.041%	12,097	12,097			1,675	1,675	-	-
2012	WECC	Navopache Electric Cooperative, Inc.	U.S.	405,902	405,902			0.047%	13,848	13,848			0.054%	16,073	16,073			2,226	2,226	-	-
2012	WECC	Nebraska Public Power Marketing	U.S.	3,752	3,752			0.000%	128	128			0.001%	149	149			21	21	-	-
2012	WECC	Nespelem Valley Electric Cooperative, Inc.	U.S.	53,266	53,266			0.006%	1,817	1,817			0.007%	2,109	2,109			292	292	-	-
2012	WECC	Nevada Power Company dba NV Energy	U.S.	22,288,258	22,288,258			2.572%	760,375	760,375			2.985%	882,589	882,589			122,214	122,214	-	-
2012	WECC	Noble Americas Energy Solutions, LLC	U.S.	1,203,124	1,203,124			0.139%	41,045	41,045			0.161%	47,642	47,642			6,597	6,597	-	-
2012	WECC	Northern Lights, Inc.	U.S.	33,899	33,899			0.004%	1,156	1,156			0.005%	1,342	1,342			186	186	-	-
2012	WECC	Northern Lights, Inc.	U.S.	293,617	293,617			0.034%	10,017	10,017			0.039%	11,627	11,627			1,610	1,610	-	-
2012	WECC	Northern Wasco County PUD	U.S.	558,178	558,178			0.064%	19,043	19,043			0.075%	22,103	22,103			3,061	3,061	-	-
2012	WECC	NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	302,519	302,519			0.035%	10,321	10,321			0.041%	11,979	11,979			1,659	1,659	-	-
2012	WECC	NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	9,104,734	9,104,734			1.051%	310,613	310,613			1.219%	360,537	360,537			49,924	49,924	-	-
2012	WECC	Ohop Mutual Light Company	U.S.	83,823	83,823			0.010%	2,860	2,860			0.011%	3,319	3,319			460	460	-	-
2012	WECC	Orcas Power and Light Cooperative	U.S.	215,495	215,495			0.025%	7,352	7,352			0.029%	8,533	8,533			1,182	1,182	-	-
2012	WECC	Oregon Trail Electric Consumers Cooperative, Inc.	U.S.	320,693	320,693			0.037%	10,941	10,941			0.043%	12,699	12,699			1,758	1,758	-	-
2012	WECC	Overton Power District No. 5	U.S.	378,930	378,930			0.044%	12,927	12,927			0.051%	15,005	15,005			2,078	2,078	-	-
2012	WECC	PacifiCorp	U.S.	1,973	1,973			0.000%	67	67			0.000%	78	78			11	11	-	-
2012	WECC	PacifiCorp	U.S.	2,731	2,731			0.000%	93	93			0.000%	108	108			15	15	-	-
2012	WECC	PacifiCorp	U.S.	60,340	60,340			0.007%	2,059	2,059			0.008%	2,389	2,389			331	331	-	-
2012	WECC	PacifiCorp	U.S.	116,987	116,987			0.013%	3,991	3,991			0.016%	4,633	4,633			641	641	-	-
2012	WECC	PacifiCorp	U.S.	49,465,347	49,465,347			5.707%	1,687,535	1,687,535			6.625%	1,958,769	1,958,769			271,234	271,234	-	-
2012	WECC	PacifiCorp West (PACW)	U.S.	20,941,681	20,941,681			2.416%	714,436	714,436			2.805%	829,266	829,266			114,830	114,830	-	-
2012	WECC	Page Electric Utility	U.S.	10,986	10,986			0.001%	375	375			0.001%	435	435			60	60	-	-
2012	WECC	Parkland Light and Water Company	U.S.	120,353	120,353			0.014%	4,106	4,106			0.016%	4,766	4,766			660	660	-	-
2012	WECC	Pend Oreille County PUD No. 1	U.S.	1,040,915	1,040,915			0.120%	35,511	35,511			0.139%	41,219	41,219			5,708	5,708	-	-
2012	WECC	Peninsula Light Company, Inc.	U.S.	607,163	607,163			0.070%	20,714	20,714			0.081%	24,043	24,043			3,329	3,329	-	-
2012	WECC	Platte River Power Authority	U.S.	3,244,772	3,244,772			0.374%	110,697	110,697			0.435%	128,489	128,489			17,792	17,792	-	-
2012	WECC	Port of Seattle - Seattle-Tacoma International Airport	U.S.	144,541	144,541			0.017%	4,931	4,931			0.019%	5,724	5,724			793	793	-	-
2012	WECC	Port Townsend Paper Corporation	U.S.	205,020	205,020			0.024%	6,994	6,994			0.027%	8,119	8,119			1,124	1,124	-	-
2012	WECC	Portland General Electric Company	U.S.	45,375	45,375			0.005%	1,548	1,548			0.006%	1,797	1,797			249	249	-	-
2012	WECC	Portland General Electric Company	U.S.	18,694,794	18,694,794			2.157%	637,782	637,782			2.504%	740,292	740,292			102,510	102,510	-	-
2012	WECC	Public Service Company of Colorado (Xcel)	U.S.	35,278	35,278			0.004%	1,204	1,204			0.005%	1,397	1,397			193	193	-	-
2012	WECC	Public Service Company of Colorado (Xcel)	U.S.	31,152,666	31,152,666			3.594%	1,062,789	1,062,789			4.172%	1,233,609	1,233,609			170,820	170,820	-	-
2012	WECC	Public Service Company of New Mexico	U.S.	10,775,114	10,775,114			1.243%	367,598	367,598			1.443%	426,682	426,682			59,083	59,083	-	-
2012	WECC	Public Utility District No. 1 of Chelan County	U.S.	3,976,046	3,976,046			0.459%	135,645	135,645			0.532%	157,447	157,447			21,802	21,802	-	-
2012	WECC	PUD No. 1 of Asotin County	U.S.	308	308			0.000%	11	11			0.000%	12	12			2	2	-	-
2012	WECC	PUD No. 1 of Asotin County	U.S.	4,867	4,867			0.001%	166	166			0.001%	193	193			27	27	-	-
2012	WECC	PUD No. 1 of Benton County	U.S.	1,696,614	1,696,614			0.196%	57,881	57,881			0.227%	67,184	67,184			9,303	9,303	-	-
2012	WECC	PUD No. 1 of Clallam County	U.S.	683,391	683,391			0.079%	23,314	23,314			0.092%	27,061	27,061			3,747	3,747	-	-
2012	WECC	PUD No. 1 of Cowlitz County	U.S.	5,189,414	5,189,414			0.599%	177,039	177,039			0.695%	205,495	205,495			28,455	28,455	-	-
2012	WECC	PUD No. 1 of Douglas County	U.S.	7,610	7,610			0.001%	260	260			0.001%	301	301			42	42	-	-
2012	WECC	PUD No. 1 of Douglas County	U.S.	1,433,750	1,433,750			0.165%	48,913	48,913			0.192%	56,775	56,775			7,862	7,862	-	-
2012	WECC	PUD No. 1 of Ferry County	U.S.	106,187	106,187			0.012%	3,623	3,623			0.014%	4,205	4,205			582	582	-	-
2012	WECC	PUD No. 1 of Franklin County	U.S.	1,017,782	1,017,782			0.117%	34,722	34,722			0.136%	40,303	40,303			5,581	5,581	-	-
2012	WECC	PUD No. 1 of Grays Harbor	U.S.	1,215,161	1,215,161			0.140%	41,456	41,456			0.163%	48,119	48,119			6,663	6,663	-	-
2012	WECC	PUD No. 1 of Kittitas County	U.S.	16,386	16,386			0.002%	559	559			0.002%	649	649			90	90	-	-
2012	WECC	PUD No. 1 of Kittitas County	U.S.	72,707	72,707			0.008%	2,480	2,480			0.010%	2,879	2,879			399	399	-	-
2012	WECC	PUD No. 1 of Klickitat County	U.S.	281,076	281,076			0.032%	9,589	9,589			0.038%	11,130	11,130			1,541	1,541	-	-
2012	WECC	PUD No. 1 of Lewis County	U.S.	932,733	932,733			0.108%	31,821	31,821			0.125%	36,935	36,935			5,114	5,114	-	-
2012	WECC	PUD No. 1 of Mason County	U.S.	78,858	78,858			0.009%	2,690	2,690			0.011%	3,123	3,123			432	432	-	-
2012	WECC	PUD No. 1 of Skamania County	U.S.	132,923	132,923			0.015%	4,535	4,535			0.018%	5,264	5,264			729	729	-	-
2012	WECC	PUD No. 1 of Snohomish County	U.S.	6,807,290	6,807,290			0.785%	232,234	232,234			0.912%	269,561	269,561			37,327	37,327	-	-
2012	WECC	PUD No. 1 of Wahkiakum County	U.S.	44,119	44,119			0.005%	1,505	1,505			0.006%	1,747	1,747			242	242	-	-
2012	WECC	PUD No. 1 of Whatcom County	U.S.	5,326	5,326			0.001%	182	182			0.001%	211	211			29	29	-	-
2012	WECC	PUD No. 1 of Whatcom County	U.S.	199,266	199,266			0.023%	6,798	6,798			0.027%	7,891	7,891			1,093	1,093	-	-
2012	WECC	PUD No. 2 of Grant County	U.S.	48,354	48,354			0.006%	1,650	1,650			0.006%	1,915	1,915			265	265	-	-
2012	WECC	PUD No. 2 of Grant County	U.S.	90,549	90,549			0.010%	3,089	3,089			0.012%	3,586	3,586			497	497	-	-
2012	WECC	PUD No. 2 of Grant County	U.S.	3,840,259	3,840,259			0.443%	131,012	131,012			0.514%	152,070	152,070			21,057	21,057	-	-
2012	WECC	PUD No. 2 of Pacific County	U.S.	303,584	303,584			0.035%	10,357	10,357			0.041%	12,022	12,022			1,665	1,665	-	-
2012	WECC	PUD No. 3 of Mason County	U.S.	699,975	699,975			0.081%	23,880	23,880			0.094%	27,718	27,718			3,838	3,838	-	-
2012	WECC	Puget Sound Energy, Inc.	U.S.	24,346,006	24,346,006			2.809%	830,576	830,576			3.261%	964,073	964,073			133,497	133,497	-	-
2012	WECC	Raft River Electric Cooperative	U.S.	85	85			0.000%	3	3			0.000%	3	3			0	0	-	-
2012	WECC	Roosevelt Irrigation District - APS	U.S.	41,177	41,177			0.005%	1,405	1,405			0.006%	1,631	1,631			226	226	-	-
2012	WECC	Sacramento Municipal Utility District	U.S.	11,239,860	11,239,																

2012 NEL Calculations and Re-Allocation to Load Serving Entities (or Designee) for the 2014 Peak Reliability Assessments

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Data Year	Regional Entity	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	Peak Reliability (RCCo) - Original				% of RE (Peak only) w/o AESO or BC Hydro	Peak Reliability - Revised				Change by LSE			
									Total	US Total	Canada Total	Mexico Total		Total	US Total	Canada Total	Mexico Total	Total	US Total	Canada Total	Mexico Total
2012	WECC	Springfield Utility Board	U.S.	840,678	840,678			0.097%	28,680	28,680			0.113%	33,290	33,290			4,610	4,610	-	-
2012	WECC	Surprise Valley Electrification Corporation	U.S.	38,293	38,293			0.004%	1,306	1,306			0.005%	1,516	1,516			210	210	-	-
2012	WECC	Tanner Electric Cooperative	U.S.	95,182	95,182			0.011%	3,247	3,247			0.013%	3,769	3,769			522	522	-	-
2012	WECC	The Incorporated County of Los Alamos	U.S.	383,796	383,796			0.044%	13,093	13,093			0.051%	15,198	15,198			2,104	2,104	-	-
2012	WECC	Tillamook People's Utility District	U.S.	372,060	372,060			0.043%	12,693	12,693			0.050%	14,733	14,733			2,040	2,040	-	-
2012	WECC	Tohono O'odham Utility Authority	U.S.	67,825	67,825			0.008%	2,314	2,314			0.009%	2,686	2,686			372	372	-	-
2012	WECC	Tonopah Irrigation District - APS	U.S.	26,197	26,197			0.003%	894	894			0.004%	1,037	1,037			144	144	-	-
2012	WECC	Town of Center	U.S.	12,367	12,367			0.001%	422	422			0.002%	490	490			68	68	-	-
2012	WECC	Town of Coulee	U.S.	15,550	15,550			0.002%	530	530			0.002%	616	616			85	85	-	-
2012	WECC	Town of Eatonville	U.S.	28,693	28,693			0.003%	979	979			0.004%	1,136	1,136			157	157	-	-
2012	WECC	Town of Fredonia	U.S.	776	776			0.000%	26	26			0.000%	31	31			4	4	-	-
2012	WECC	Town of Steilacoom	U.S.	41,343	41,343			0.005%	1,410	1,410			0.006%	1,637	1,637			227	227	-	-
2012	WECC	Town of Wickenburg	U.S.	27,250	27,250			0.003%	930	930			0.004%	1,079	1,079			149	149	-	-
2012	WECC	Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	21,787	21,787			0.003%	743	743			0.003%	863	863			119	119	-	-
2012	WECC	Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	2,118,103	2,118,103			0.244%	72,260	72,260			0.284%	83,874	83,874			11,614	11,614	-	-
2012	WECC	Tri-State Generation & Transmission Assoc. Inc - Reliability	U.S.	7,531,559	7,531,559			0.869%	256,943	256,943			1.009%	298,241	298,241			41,298	41,298	-	-
2012	WECC	Tri-State Generation & Transmission Association, Inc.	U.S.	2,774,540	2,774,540			0.320%	94,655	94,655			0.372%	109,869	109,869			15,214	15,214	-	-
2012	WECC	Truckee Donner Public Utility District	U.S.	148,646	148,646			0.017%	5,071	5,071			0.020%	5,886	5,886			815	815	-	-
2012	WECC	Tucson Electric Power Company	U.S.	14,155,948	14,155,948			1.633%	482,937	482,937			1.896%	560,559	560,559			77,622	77,622	-	-
2012	WECC	Turlock Irrigation District	U.S.	2,112,514	2,112,514			0.244%	72,069	72,069			0.283%	83,653	83,653			11,584	11,584	-	-
2012	WECC	U.S. Army Yuma Proving Ground	U.S.	20,743	20,743			0.002%	708	708			0.003%	821	821			114	114	-	-
2012	WECC	U.S. BOR Columbia Basin	U.S.	30,459	30,459			0.004%	1,039	1,039			0.004%	1,206	1,206			167	167	-	-
2012	WECC	U.S. BOR East Greenacres (Rathdrum)	U.S.	3,306	3,306			0.000%	113	113			0.000%	131	131			18	18	-	-
2012	WECC	U.S. Bor Spokane Indian Development	U.S.	3,126	3,126			0.000%	107	107			0.000%	124	124			17	17	-	-
2012	WECC	U.S. BOR The Dalles Project	U.S.	18,193	18,193			0.002%	621	621			0.002%	720	720			100	100	-	-
2012	WECC	U.S. DOE National Energy Technology Laboratory	U.S.	4,555	4,555			0.001%	155	155			0.001%	180	180			25	25	-	-
2012	WECC	Umatilla Electric Cooperative Association	U.S.	1,021,091	1,021,091			0.118%	34,835	34,835			0.137%	40,434	40,434			5,599	5,599	-	-
2012	WECC	Unit B Irrigation District	U.S.	23	23			0.000%	1	1			0.000%	1	1			0	0	-	-
2012	WECC	US Air Force Base, Fairchild	U.S.	50,233	50,233			0.006%	1,714	1,714			0.007%	1,989	1,989			275	275	-	-
2012	WECC	US Dept of Energy - Kirtland AFB	U.S.	425,159	425,159			0.049%	14,505	14,505			0.057%	16,836	16,836			2,331	2,331	-	-
2012	WECC	USDOE Richland	U.S.	182,352	182,352			0.021%	6,221	6,221			0.024%	7,221	7,221			1,000	1,000	-	-
2012	WECC	USN Naval Station, Bremerton	U.S.	274,291	274,291			0.032%	9,358	9,358			0.037%	10,862	10,862			1,504	1,504	-	-
2012	WECC	USN Naval Station, Everett	U.S.	10,447	10,447			0.001%	356	356			0.001%	414	414			57	57	-	-
2012	WECC	USN Submarine Base, Bangor	U.S.	174,768	174,768			0.020%	5,962	5,962			0.023%	6,921	6,921			958	958	-	-
2012	WECC	Valley Electric Association, Inc.	U.S.	473,273	473,273			0.055%	16,146	16,146			0.063%	18,741	18,741			2,595	2,595	-	-
2012	WECC	Vera Water and Power	U.S.	230,012	230,012			0.027%	7,847	7,847			0.031%	9,108	9,108			1,261	1,261	-	-
2012	WECC	Vigilante Electric Cooperative, Inc.	U.S.	15,801	15,801			0.002%	539	539			0.002%	626	626			87	87	-	-
2012	WECC	Wasco Electric Cooperative	U.S.	94,790	94,790			0.011%	3,234	3,234			0.013%	3,754	3,754			520	520	-	-
2012	WECC	Wells Rural Electric Cooperative	U.S.	667,128	667,128			0.077%	22,759	22,759			0.089%	26,417	26,417			3,658	3,658	-	-
2012	WECC	Wellton-Mohawk Irrigation & Drainage District	U.S.	7,129	7,129			0.001%	243	243			0.001%	282	282			39	39	-	-
2012	WECC	West Oregon Electric Cooperative, Inc.	U.S.	12,706	12,706			0.001%	433	433			0.002%	503	503			70	70	-	-
2012	WECC	West Oregon Electric Cooperative, Inc.	U.S.	51,927	51,927			0.006%	1,772	1,772			0.007%	2,056	2,056			285	285	-	-
2012	WECC	Western Area Power - Loveland, CO	U.S.	239,860	239,860			0.028%	8,183	8,183			0.032%	9,498	9,498			1,315	1,315	-	-
2012	WECC	Western Area Power - Loveland, CO	U.S.	1,590,635	1,590,635			0.184%	54,265	54,265			0.213%	62,987	62,987			8,722	8,722	-	-
2012	WECC	Western Area Power Administration - CRSP	U.S.	1,367,212	1,367,212			0.158%	46,643	46,643			0.183%	54,140	54,140			7,497	7,497	-	-
2012	WECC	Western Area Power Administration - Sierra Nevada Region	U.S.	1,557,395	1,557,395			0.180%	53,131	53,131			0.209%	61,671	61,671			8,540	8,540	-	-
2012	WECC	Western Area Power Administration-Desert Southwest Reg	U.S.	2,159,853	2,159,853			0.249%	73,684	73,684			0.289%	85,528	85,528			11,843	11,843	-	-
2012	WECC	Western Area Power Administration-Upper Great Plains Re	U.S.	7,448	7,448			0.001%	254	254			0.001%	295	295			41	41	-	-
2012	WECC	Western Area Power Administration-Upper Great Plains Re	U.S.	231,184	231,184			0.027%	7,887	7,887			0.031%	9,155	9,155			1,268	1,268	-	-
2012	WECC	Wyoming Municipal Power Agency	U.S.	233,439	233,439			0.027%	7,964	7,964			0.031%	9,244	9,244			1,280	1,280	-	-
2012	WECC	Yakama Power	U.S.	21,869	21,869			0.003%	746	746			0.003%	866	866			120	120	-	-
2012	WECC	Yampa Valley Electric Association	U.S.	578,293	578,293			0.067%	19,729	19,729			0.077%	22,900	22,900			3,171	3,171	-	-
2012	WECC	Yuma Irrigation District	U.S.	3,246	3,246			0.000%	111	111			0.000%	129	129			18	18	-	-
2012	WECC	Yuma-Mesa Irrigation District	U.S.	178	178			0.000%	6	6			0.000%	7	7			1	1	-	-
TOTAL WECC				866,703,757	735,082,752	120,014,087	11,606,918	100.000%	29,568,031	25,077,715	4,094,340	395,976	100.000%	29,568,031	29,108,411	-	459,620	-	4,030,696	(4,094,340)	63,644

ATTACHMENT 3

ALBERTA ELECTRIC SYSTEM OPERATOR

LETTER TO

WESTERN ELECTRICITY COORDINATING COUNCIL

September 25, 2013

Mark Maher
Chief Executive Officer
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103

Dear Mark:

Re: **Notification of AESO Board Approval re AESO's Assumption of All Reliability Coordinator-Related Functions**

This letter confirms to the Western Electricity Coordinating Council (WECC) that on September 11, 2013, the AESO Board approved AESO Management's proposal to assume all responsibilities that relate to the functions of a Reliability Coordinator (RC), effective January 1, 2014. The effective date aligns with the bifurcation efforts of the WECC that will see it retain its function as a Regional Entity and no longer provide RC-type services in the Western Interconnection. Over the next several months, the AESO will integrate all RC-related requirements into AESO normal operations as it relates to the Alberta Interconnected Electric System.

As you are aware, the AESO has been an active member of the WECC, and will continue to support the WECC to ensure a reliable interconnected electric system in the west. We look forward to being able to participate in the newly-created Member Advisory Committee such that international perspectives can be identified to the WECC, and other member forums as may be required.

Our current agreements with the WECC require review in alignment with the bifurcation date, and we look forward to working with you on amendments required to the WECC AESO Membership and Operating Agreement. Among other matters, this agreement confirms AESO's commitment to provide funding to the WECC's operations, which we intend to continue to provide as laid out in the agreement. Additionally, we would work with you to terminate the Security Coordination Agreement that sets out the current RC-services provided by the WECC.

As the WECC strategic direction is implemented, we look forward to our continuing partnership.

Please contact me at diana.pommen@aeso.ca or 403-539-2510 if you have questions or require additional information.

Sincerely,

Original signed by

Diana Pommen
Director, Interjurisdictional Affairs and Compliance

c.c. Mike Law, Vice President Operations

Larry Kram, General Counsel

ATTACHMENT 4

**TABLE B-1 FROM
THE RELIABILITY COORDINATION COMPANY'S
2014 BUSINESS PLAN AND BUDGET**

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2012-2013	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2012	0
Plus: 2013 RCCo Funding (from Load Serving Entities (LSE) or designees)	0
Plus: 2013 Other funding sources	0
Less: 2013 Projected expenses & capital expenditures	0
Projected Working Capital Reserve (Deficit), December 31, 2013	<u>0</u>
Desired Working Capital Reserve, December 31, 2014	1 2,576,951
Less: Projected Working Capital Reserve, December 31, 2013	0
Less: Transfer of Reserves from WECC, January 1, 2014	(5,811,568)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(3,234,617)</u>
2014 Expenses and Capital Expenditures	32,958,648
Less: Other Funding Sources	(156,000)
Adjustment to achieve desired Working Capital Reserve	(3,234,617)
2014 RCCo Assessment	<u>29,568,031</u>

1 – On June 28, 2013, the WECC Board of Directors approved this reserve level.

As a result of the creation of the RCCo, WECC's working capital reserves were split between WECC and the RCCo to provide reserves for both entities. The same population of entities provides funding for both companies and WECC management as well as WECC's Finance and Audit Committee believe reserves should be split equitably as a result. The calculation used to split the reserves was based on each entity's percent-to-total ratio of operating expenses. The RCCo's anticipated portion is \$5.8 million. The WECC Board expects that both entities will use reserves in 2014 to mitigate the impact of the RCTF recommendations and the creation of the new entity on annual Assessments.

ATTACHMENT 5

REVISED TOTAL RESOURCES TABLE

FROM

THE RELIABILITY COORDINATION COMPANY'S

2014 BUSINESS PLAN AND BUDGET

TOTAL RESOURCES (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs*	149.1			
Non-statutory FTEs	-			
Total FTEs	149.1			
Statutory Expenses	\$ 34,371,648			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 34,371,648			
Statutory Inc(Dec) in Fixed Assets	\$ (1,413,000)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (1,413,000)			
Statutory Working Capital Requirement**	2,576,951			
Non-Statutory Working Capital Requirement	0			
Total Working Capital Requirement	2,576,951			
Total Statutory Funding Requirement	\$ 29,724,031			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 29,724,031			
Statutory Funding Assessments	\$ 29,568,031	\$ 29,108,411	\$ -	\$ 459,620
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL *****	746,689,670	735,082,752	-	11,606,918
NEL%	100.00%	98.45%	0.00%	1.55%