

# **Western Interconnection Regional Advisory Body**

## **2020 Business Plan and Budget**

**June 28, 2019**

**Approved by  
Appointed Members of the  
Western Interconnection Regional Advisory Body**

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## Introduction

The Western Interconnection Regional Advisory Body (WIRAB) proposed budget for 2020 is \$1,255,200. This amount is \$92,500 (8.0%) higher than the amount in WIRAB's approved 2019 budget. Total proposed FTEs for 2020 remain constant at 5.0. WIRAB's total funding requirement is \$986,900. WIRAB's proposed funding assessment is \$986,300, an increase of \$236,300 (31.5%) from the 2019 funding assessment.<sup>1</sup> WIRAB's proposed funding assessment is allocated \$826,096 (84%) to the U.S. portion, \$144,259 (15%) to the Canadian portion, and \$15,944 (1%) to the Mexican portion of the Western Interconnection. The following table summarizes the WIRAB proposed budget for 2020.

| WIRAB - Total Resources<br>(in whole dollars) | 2020 Budget  | U.S.        | Canada      | Mexico     |
|---|--------------|-------------|-------------|------------|
| Statutory FTEs                                | 5.00         |             |             |            |
| Non-statutory FTEs                            |              |             |             |            |
| <b>Total FTEs</b>                             | 5.00         |             |             |            |
| Statutory Expenses                            | \$ 1,255,200 |             |             |            |
| Non-Statutory Expenses                        |              |             |             |            |
| <b>Total Expenses</b>                         | \$ 1,255,200 |             |             |            |
| Statutory Inc(Dec) in Fixed Assets            |              |             |             |            |
| Non-Statutory Inc(Dec) in Fixed Assets        |              |             |             |            |
| <b>Total Inc(Dec) in Fixed Assets</b>         | \$ -         |             |             |            |
| Statutory Working Capital Requirement         | \$ (268,300) |             |             |            |
| Non-Statutory Working Capital Requirement     | 0            |             |             |            |
| <b>Total Working Capital Requirement</b>      | \$ (268,300) |             |             |            |
| Total Statutory Funding Requirement           | \$ 986,900   |             |             |            |
| Total Non-Statutory Funding Requirement       | \$ -         |             |             |            |
| <b>Total Funding Requirement</b>              | \$ 986,900   |             |             |            |
|   |              |             |             |            |
| <b>Statutory Funding Assessments</b>          | \$ 986,300   | \$ 826,096  | \$ 144,259  | \$ 15,944  |
| <b>Non-Statutory Fees</b>                     |              |             |             |            |
| NEL   | 867,599,555  | 726,676,149 | 126,897,939 | 14,025,467 |
| NEL%  | 100.00%      | 83.8%       | 14.6%       | 1.6%       |

**Table 1. WIRAB Budget for 2020**

<sup>1</sup> Additional detail regarding the proposed funding assessment is provided in Section B – Supplemental Financial Information. Specifically, Section B describes the need to increase WIRAB's 2020 funding by 31% over 2019 funding in order to stabilize statutory assessments while reducing its surplus financial reserves over several budget cycles.

## Organizational Overview

The Federal Energy Regulatory Commission (FERC or Commission) created the Western Interconnection Regional Advisory Body (WIRAB) in April 2006, upon petition of ten Western Governors and in accordance with Section 215(j) of the Federal Power Act (FPA). The Governors indicated an interest in inviting all U.S. states, Canadian provinces, and Mexican jurisdictions with territory in the Western Interconnection to join WIRAB and to participate in WIRAB's activities as a regional advisory body charged with advising FERC, the North American Electric Reliability Corporation (NERC) and the Regional Entity (i.e., WECC) on matters of electric grid reliability.

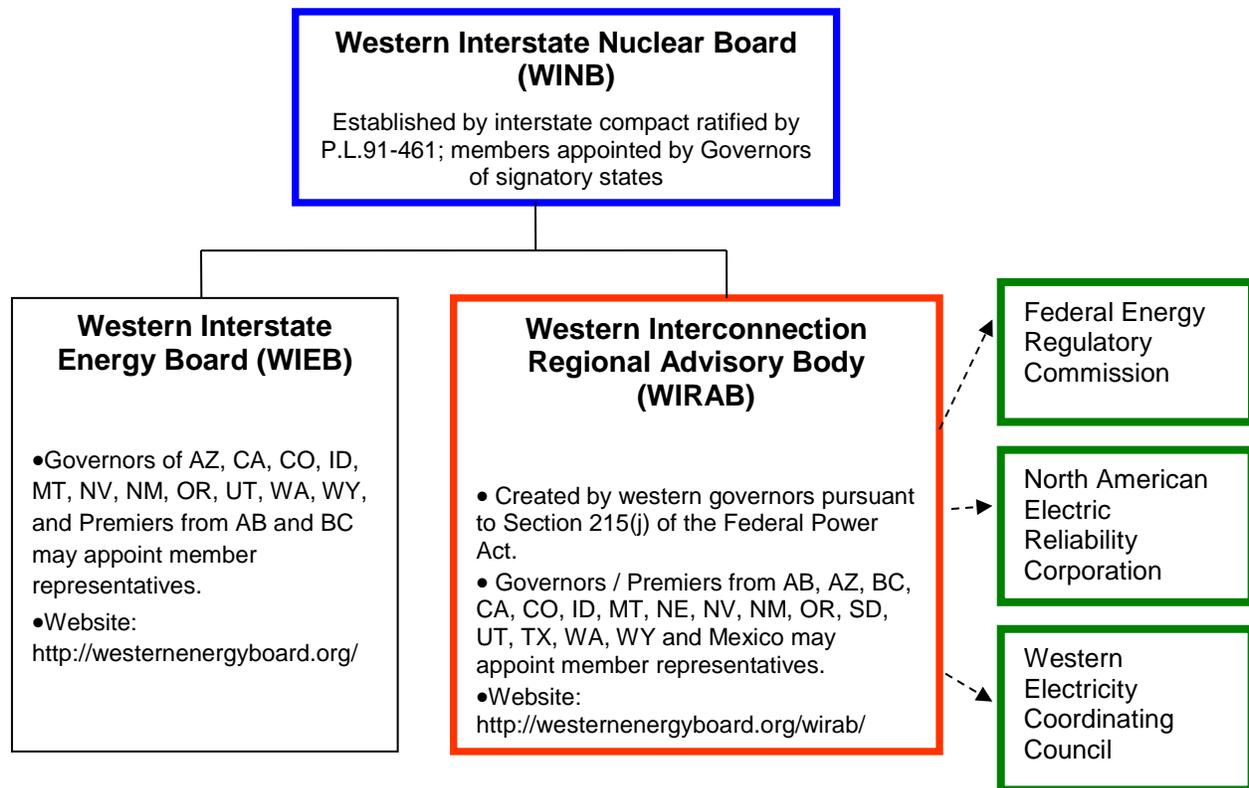
In July 2006, FERC issued an order granting the Governors' petition to establish WIRAB.<sup>2</sup> In FERC's order, the Commission determined that WIRAB should receive funding for its Section 215(j) activities and directed WIRAB to annually develop a budget and related information for submission through the Electric Reliability Organization (ERO) budget approval process. The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.<sup>3</sup> The Commission also required WIRAB to identify the portion of its funding to be received from Canada and Mexico.

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB). Below is a chart that illustrates these organizational relationships.

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

<sup>3</sup> Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."



**Figure 1. Organizational Relationships**

## Membership and Governance

All U.S. states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the Canadian provinces of Alberta and British Columbia, and Mexico are eligible to appoint members to WIRAB. Member representatives of WIRAB are appointees of the Governors and Premiers, or representative-designated alternates. Below is the list of current WIRAB member representatives:

| WIRAB Member Representatives |                       |   |
|------------------------------|-----------------------|---|
| <b>Alberta</b>               | Christine Lazaruk     | Executive Director, Strategy and Integration, Alberta Energy                    |
| <b>Arizona</b>               | Brian Goretzki        | Chief, Bureau of Radiation Control, Arizona Department of Health Services       |
| <b>British Columbia</b>      | Les MacLaren          | Assistant Deputy Minister, Ministry of Energy, Mines and Petroleum Resources    |
| <b>California</b>            | Janea Scott           | Commissioner, California Energy Commission                                      |
| <b>Colorado</b>              | Frances Koncilja      | Commissioner, Colorado Public Utilities Commission                              |
| <b>Idaho</b>                 | Kristine Raper        | Commissioner, Idaho Public Utilities Commission                                 |
| <b>Montana</b>               | Dan Lloyd             | Section Supervisor, Montana Department of Environmental Quality                 |
| <b>Nebraska</b>              | Tim Texel             | Executive Director, Nebraska Power Review Board                                 |
| <b>Nevada</b>                | David Bobzien         | Director, Nevada Governor's Office of Energy                                    |
| <b>New Mexico</b>            | Sarah Cottrell Propst | Cabinet Secretary, New Mexico Energy, Minerals and Natural Resources Department |
| <b>Oregon</b>                | Janine Benner         | Director, Oregon Department of Energy   |
| <b>South Dakota</b>          | Greg Rislov           | Commission Advisor, South Dakota Public Utility Commission                      |
| <b>Utah</b>                  | Jordan White          | Commissioner, Utah Public Service Commission                                    |
| <b>Washington</b>            | Elizabeth Osborne     | Senior Energy Policy Analyst, Washington State Energy Office                    |
| <b>Wyoming</b>               | Kara Fornstrom        | Chair, Wyoming Public Service Commission  |

**Figure 2. WIRAB Membership List**

WIRAB holds two in-person meetings each year, usually in April and October. These meetings are open to the public. WIRAB also holds monthly conference calls to discuss current and emerging issues and hosts periodic webinars with presentations from subject matter experts on key electric grid reliability topics.

## Statutory Functional Scope

FERC established WIRAB as a Regional Advisory Body under section 215(j) of the FPA. The language in Section 215(j) specifically provides for WIRAB's authority to advise FERC, NERC, and WECC on whether reliability standards, budgets and fees, governance, compliance, assessments, strategic direction and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WIRAB's advice to FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA, including:

1. Governance and Strategic Planning;

2. Emerging Trends and System Risks;
3. Periodic Reliability Assessments; and
4. Reliability Standards and Proactive Enforcement.

WIRAB's activities in each of these categories are described in Section A – Statutory Activities.

## **2020 Strategic Priorities and Initiatives**

The resource mix of the Western power system is rapidly changing. Environmental regulations (including those to reduce regional haze and mercury emissions), efforts to transition to a lower carbon economy, and shifting market forces have resulted in announced retirements of coal-fired, natural gas-fired, and nuclear generating units. Utility-scale wind and solar generation is being built in many parts of the West. California and the Desert Southwest are experiencing rapid growth in the installation of distributed solar photovoltaic generation. State energy storage procurement mandates are also incentivizing a broader implementation of energy storage technologies that may support higher penetrations of asynchronous, variable energy resources (VER). These changes to the generation resource mix will present new reliability challenges and opportunities for the Western Interconnection.

Grid modernization efforts also present new reliability challenges and opportunities for the West. Efforts to increase electrification of energy end uses, such as transportation and space and water heating, and increased reliance on distributed energy resources (DER) is creating a need for better coordination between Bulk Power System (BPS) operators and distribution system operators as well as a greater need for implementation, research, and development of new technologies and operational tools that can be used to improve system reliability throughout the West. Grid modernization also necessitates an increasing focus on cyber security, grid resilience, and physical hardening of electric grid infrastructure. Physical and cyber threats to the grid will continue to impact the availability of data and the transparency of periodic reliability assessments, creating a need for better data sharing protocols to improve information sharing, coordination, and overall situational awareness.

The structure of Western power markets is also undergoing significant change, creating new reliability challenges and opportunities for the Western Interconnection.

The California Independent System Operator (ISO) Western Energy Imbalance Market (EIM) continues to gain new participants and the California ISO is working to offer day ahead market services to EIM participants. The Southwest Power Pool (SPP) is also offering market services, including energy imbalance market services, to Balancing Authorities (BAs) and Transmission Operators (TOPs) within the Western Interconnection. These market reforms could result in significant changes to system operations (e.g., transmission scheduling, congestion management, and reliability coordination).

The fragmentation of Reliability Coordinator (RC) responsibilities across the Western Interconnection also raises questions about ongoing reliable operations of the BPS. In 2020, Peak Reliability will no longer provide RC services for the Western Interconnection. The Alberta Electric System Operator (AESO) will continue to provide RC services in Alberta, BC Hydro will provide RC services in British Columbia, and the California ISO's RC West, SPP, and GridForce will provide RC services to BAs and TOPs throughout the U.S. portion of the Western Interconnection. These changes raise concerns about shared responsibilities for coordinated RC operations across RC boundaries and seams.

In response to these on-going changes in the Western Interconnection, WIRAB has identified four strategic initiatives that it will pursue in 2020:

**Initiative 1: Encourage WECC to improve its assessment of long-term resource adequacy to ensure that state and provincial regulators, FERC, and NERC have access to accurate, consistent, and timely information to inform capacity expansion decisions in the West.**

In the Western Interconnection, determinations of resource adequacy and capacity expansion are primarily the responsibility of the regulatory commissions of 14 western states and two Canadian provinces. Regulators need access to accurate, consistent, and timely information on long-term resource adequacy (i.e., over a 5- to 10-year planning horizon) to determine whether the power system will have sufficient generation resources available to meet future loads and to inform near-term decisions about capacity expansion. Overbuilding of generation capacity could encumber customers with unnecessary costs and result in stranded assets. Underbuilding of

generation capacity, on the other hand, could cause an increase in electricity costs, interfere with utilities' ability to serve load, and create risks to reliability.

A robust assessment of long-term resource adequacy is essential to informing decisions about capacity expansion in the West. However, questions of resource adequacy are complicated by a number of factors, including a changing resource mix and an increasing reliance on short-term market purchases and “front-office transactions” (FOTs). Economic and environmental considerations are driving early retirements of traditional baseload units, incentivizing replacement with variable generation resources, and increasingly contributing to ongoing changes in the Western resource mix. Despite these replacements, capacity within the region is declining and some utilities are looking to rely upon short-term market purchases and FOTs to address future capacity shortages. FOTs are anonymized market transactions for capacity that utilities, regulators, and other entities cannot trace to a specific physical generator. Therefore, it is uncertain whether multiple utilities may be relying upon the same surplus generating capacity to “guarantee” their ability to serve load. The U.S. Government Accountability Office has pointed to a lack of data on capacity commitments as a barrier to ensuring resource adequacy in regions without capacity markets.<sup>4</sup> If future surplus capacity is insufficient or unavailable, utilities relying on short-term market purchases or FOTs to serve load risk not having affordable or sufficient capacity available.

Resource adequacy assessments are important to informing capacity expansion decisions and to ensuring that utilities will be able to meet all future end-use electricity consumer loads under a wide range of conditions. As the Regional Entity for the Western Interconnection, WECC is well-positioned to use its best judgment and professional expertise to perform quality, independent, and robust assessments for various regions in the West. In 2020, WIRAB will encourage WECC to improve its assessment of long-term resource adequacy to ensure that state and provincial regulators, FERC, and NERC have access to accurate, consistent, and timely information to inform their decisions on resource adequacy and capacity expansion.

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<sup>4</sup> GAO. *Electricity Markets: Four Regions Use Capacity Markets to Help Ensure Adequate Resources, but FERC Has Not Fully Assessed Their Performance*. GAO-18-131. (December 2017). <https://www.gao.gov/assets/690/689293.pdf>

The goals of this initiative are to:

- Improve collection of data on physical capacity and utility reliance on short-term market purchases and FOTs within the Western Interconnection.
- Produce robust and independent assessments of long-term resource adequacy.
- Disseminate findings to regulators, policymakers, industry and other stakeholders in the West.

The actions that WIRAB staff will take to achieve these goals include:

- Convening stakeholders to discuss technical and institutional opportunities to collect data on physical capacity and utility reliance on short-term market purchases and FOTs within the Western Interconnection.
- Participating directly with the WECC Reliability Assessment Committee (RAC) to conduct robust and independent long-term resource adequacy assessments and to ensure that sufficient dispatchable generation is available to meet future loads.
- Assisting WECC to disseminate findings to state regulators and policymakers, industry, and other stakeholders in the West.

## **Initiative 2: Encourage WECC to study and publish findings on the interrelationship between distributed energy resources and the reliability of the Bulk-Power System in the West.**

Recent events in the West have demonstrated the potential for distributed energy resources to impact the BPS. During the 2018 Angeles Forest and Palmdale Roost disturbance events in Southern California, the California Independent System Operator (ISO) witnessed a noticeable increase in net load following faults on the BPS, indicating that a disturbance on the BPS can impact distributed resources behind the customer meters.<sup>5</sup> Under a three-year WIEB project focused on mitigating or removing barriers to

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<sup>5</sup> NERC and WECC Staff. *April and May 2018 Fault Induced Solar Photovoltaic Resource Interruption Disturbances Report*. (January 2019).

the deployment of distributed solar photovoltaic (PV) generation in the West, the National Renewable Energy Laboratory (NREL) conducted research, modeling this phenomenon in a round-trip study from the BPS to the distribution system and back to the BPS. The research found that transmission-level faults may cause adverse voltages at inverters connecting distributed energy resources to the grid, which may cause the resources to trip offline, further impacting the BPS.

Generation is becoming more distributed. Like distributed solar PV, the cost of battery technology is enabling electric vehicles and behind-the-meter storage to be adopted at an ever-increasing rate. The distribution system is becoming bi-directional, and BPS planners cannot sit back and assume that distribution-level analysis will interact with the BPS in a well-defined and predictable manner.

In 2020, WIRAB will encourage WECC to study and publish findings on the interrelationship between distributed energy resources, including solar PV, behind-the-meter storage, and electric vehicles, and the reliability of the BPS in the West.

The goals of this initiative are to:

- Share lessons learned and modeling techniques used by NREL to conduct its assessment of reliability concerns associated with distributed solar PV systems with the WECC RAC.
- Expand modeling techniques to assess reliability implications associated with other distributed energy resources including battery storage and electric vehicles.
- Disseminate findings on the interrelationship between distributed energy resources and the BPS to regulators, policymakers, industry, and other stakeholders in the West.
- Improve the understanding around DER and the impacts they have on the operational and planning performance at the BPS.

The actions that WIRAB staff will take to achieve these goals include:

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[https://www.nerc.com/pa/rrm/ea/April\\_May\\_2018\\_Fault\\_Induced\\_Solar\\_PV\\_Resource\\_Int/April\\_May\\_2018\\_Solar\\_PV\\_Disturbance\\_Report.pdf](https://www.nerc.com/pa/rrm/ea/April_May_2018_Fault_Induced_Solar_PV_Resource_Int/April_May_2018_Solar_PV_Disturbance_Report.pdf)

- Working with WECC's RAC to conduct round trip analysis between the BPS and distribution system to determine scenarios where there is a significant risk to regional and interconnection-wide reliability.
- Helping WECC identify the type and periodicity of information needed from DERs to ensure the aggregate technical specification of generation connected to local distribution grids are known to planners and operators.
- Monitoring and reviewing efforts to identify potential gaps in, and to provide necessary clarification for, NERC Reliability Standards that are related to the control and performance of inverter-based resources operating under abnormal grid conditions (e.g., PRC-024-2: *Generator Frequency and Voltage Protection Relay Settings*).<sup>6</sup>
- Monitoring and participating in NERC's Inverter-Based Resource Performance Task Force to better inform WIRAB's engagement at WECC.
- Monitoring and participating in the NERC System Planning Impacts from Distributed Energy Resources Working Group to better inform WIRAB's engagement at WECC.

**Initiative 3: Encourage western Reliability Coordinators to adopt a set of consistent metrics to measure performance, to identify best practices, and to strive for exceptional reliability in the West.**

Since 2014, Peak Reliability (Peak) has served as the RC for most of the Western Interconnection, maintaining a system-wide view of the bulk power system and working to ensure reliability within all or parts of fourteen western states, British Columbia, and the northern reaches of Baja California, Mexico. By 2020, as many as four other entities will be responsible for providing the RC function within this same footprint, while the AESO will continue to provide RC services in the province of Alberta.

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<sup>6</sup> NERC Inverter-Based Resource Performance Task Force. *PRC-024-2 Gaps Whitepaper*. NERC (Feb. 2019).  
[https://www.nerc.com/comm/PC/InverterBased%20Resource%20Performance%20Task%20Force%20IRPT/NERC\\_IRPTF\\_PRC-024-2\\_Gaps\\_Whitepaper\\_FINAL\\_CLEAN.pdf](https://www.nerc.com/comm/PC/InverterBased%20Resource%20Performance%20Task%20Force%20IRPT/NERC_IRPTF_PRC-024-2_Gaps_Whitepaper_FINAL_CLEAN.pdf)

This transition has triggered concerns that reliability performance could potentially deteriorate.

In its efforts to improve system-wide reliability, Peak invested a significant amount of time and resources to develop and improve a set of effective RC performance metrics, which measured Peak's performance of the RC function and the quality of information being provided by BAs and TOPs. Peak's effort affected behavioral change within the Western Interconnection, advanced the operational performance of the RC, BAs, and TOPs, and significantly improved the overall level of reliability in the West.

In 2020, WIRAB will encourage all western RCs to adopt a similar set of performance metrics, conduct transparent evaluations of operational performance, and identify best practices in an effort to maintain or improve the overall level of reliability in the West. Use of a consistent set of performance metrics across all RCs in the West would allow entities to evaluate and demonstrate whether system-wide reliability has been maintained or improved over time. This set of performance metrics could also be used to inform and incentivize the implementation of best practices.

The goals of this initiative are to:

- Develop a set of consistent metrics to measure and track RC performance in the West.
- Maintain or improve the overall level of reliability in a new RC environment.
- Identify and disseminate best practices for RC service providers in the West.

The actions that WIRAB staff will take to achieve these goals include:

- Engaging with RCs to understand the current performance evaluation framework.
- Encouraging RCs to develop a consistent set of RC performance metrics.
- Encouraging RCs to identify and share best practices with each another.
- Working with WECC's Event Analysis program to identify potential power system events that produce unique lessons learned to be shared with all RCs.
- Encouraging WECC to develop and improve real-time indicators of interconnection health.

- Working with WECC to disseminate findings to state regulators and policymakers, industry, and other stakeholders in the West.

#### **Initiative 4: Assist WECC in assessing the reliability benefits and risks associated with wholesale electricity market expansion in the West.**

The structure of power markets in the West continues to undergo significant change, creating new reliability challenges and opportunities for the Western Interconnection. The California ISO continues to expand participation in its EIM; expanding to include entities in ten western states and British Columbia's PowerEx. The CAISO is also discussing the potential of extending day-ahead services to EIM participants in addition to exploring day-ahead enhancements to improve flexibility and the unit commitment process. The SPP has announced that it is also considering the development of an energy imbalance market to serve the Western Interconnection and called on utilities and other stakeholders to join in its market design and implementation.

In 2013, FERC staff released a whitepaper titled "Qualitative Assessment of Potential Reliability Benefits from a Western Energy Imbalance Market," which analyzed the reliability benefits of the then-proposed EIM.<sup>7</sup> Now, as the CAISO-EIM has been a success and continues to grow, and as further market expansion continues in the West, WECC's Market Interface Committee (MIC) has begun a project to qualitatively assess the potential reliability benefits and risks of the expanding wholesale markets.

In 2020, WIRAB will assist WECC in assessing and disseminating findings of the reliability benefits and risks associated with wholesale electricity market expansion in the West, in an effort to improve the understanding of markets and potential impacts to reliability.

The goals of this initiative are to:

- Develop a report on the reliability benefits and risks of expanding wholesale markets in the West.

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<sup>7</sup> FERC Staff. *Qualitative Assessment of Potential Reliability Benefits from a Western Energy Imbalance Market*. (February 2013). <https://www.westerneim.com/Documents/QualitativeAssessment-PotentialReliabilityBenefits-WesternEnergyImbalanceMarket.pdf>

- Disseminate findings to industry, regulators, policymakers, and stakeholders in the West.
- Improve the understanding around markets and the impacts wholesale markets have on operational performance and reliability.

The actions that WIRAB staff will take to achieve these goals include:

- Participating directly with the WECC MIC to conduct research and develop a report on the reliability benefits and risks of expanding wholesale markets in the West.
- Encouraging the WECC Board of Directors to discuss the findings of the report at an open Board meeting.
- Encouraging WECC to disseminate the findings to the industry and encourage follow-up assessments from stakeholder input.
- Assisting WECC to disseminate the findings at a WIRAB meeting and encourage feedback from regulators and policymakers in the West.

## 2020 Budget and Assessment Impacts

The WIRAB proposed budget for 2020 is \$1,255,200. This amount is \$92,500 (8.0%) higher than the amount in WIRAB's approved budget for 2019. Total proposed FTEs for 2020 are 5.0. WIRAB's total funding requirement is \$986,900. WIRAB's proposed funding assessment is \$986,300, an increase of \$236,300 (31.3%) from the 2019 funding assessment.

### Personnel and Indirect Expenses

Personnel expenses increase from \$436,500 in the 2019 Budget to \$478,300 (9.6%) in the 2020 Budget due to personnel changes and cost-of-living and merit-based salary increases. WIRAB uses a single rate method for indirect expenses. The indirect expenses include office expenses, medical and retirement expenses as well as holiday, vacation and sick leave for WIRAB staff. The indirect rate is a percent of direct staff time spent on WIRAB. The indirect rate increases from 101% of direct labor costs in the

2019 Budget to 111% in the 2020 Budget. The increase is due to increased expenses for office rent, medical insurance, employee retirement, and other office costs. Table 2 shows personnel and indirect expenses per FTE for the approved 2019 Budget and the proposed 2020 Budget.

| WIRAB - Personnel and Indirect Expense Analysis 2019-2020 |                |                    |                |  |            |  |
|---|----------------|--------------------|----------------|--|------------|--|
| STATUTORY   |                |                    |                |  |            |  |
|   | Budget<br>2019 | Projection<br>2019 | Budget<br>2020 | Variance<br>2020 Budget v<br>2019 Budget | Variance % |  |
| Salary Expense  | \$ 436,500     | \$ 446,000         | \$ 478,300     | \$ 41,800                                | 9.6%       |  |
| FTEs  | 5.00           | 5.00               | 5.00           | -  | 0.0%       |  |
| Cost per FTE  | \$ 87,300      | \$ 89,200          | \$ 95,660      | \$ 8,360                                 | 9.6%       |  |
| Indirect Rate   | 101.3%         | 105.0%             | 111.7%         |  |            |  |
| Indirect Expense  | \$ 442,200     | \$ 468,300         | \$ 534,100     | \$ 91,900                                | 20.8%      |  |
| FTEs  | 5.00           | 5.00               | 5.00           | -  | 0.0%       |  |
| Cost per FTE  | \$ 88,440      | \$ 93,660          | \$ 106,820     | \$ 18,380                                | 20.8%      |  |

**Table 2. Personnel and Indirect Expense Analysis, 2019-2020.**

### Meeting Expense

Meeting costs decrease by \$27,900 to \$52,900. WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection. Wherever feasible, WIRAB meetings will be coordinated with other meetings of the Western states and provinces. Webinars on topics of concern will continue to be utilized between meetings. WIRAB also conducts monthly conference calls to update members on current activities and to develop positions on reliability issues in the Western Interconnection. Conference call costs remain constant at \$3,200.

### Travel Expense

Travel costs decrease by \$13,300 to \$86,700. WIRAB member travel to biannual meetings and reliability conferences accounts for \$30,200. WIRAB staff travel to attend

meetings of WIRAB, WECC and NERC accounts for \$56,500. Hotel and travel costs are based on experience from the last year.

### **Consultants and Contracts**

The budget includes \$100,000 in contract funding for technical expertise on issues related to improved grid operating practices, reliability standards and compliance; the same amount as budgeted for 2019. This expertise will help WIRAB to prepare and provide technically-sound advice to be submitted to FERC, NERC, and WECC as authorized under Section 215(j).

### **Budget Comparison**

Table 3 shows the 2019 Budget and 2019 Projection compared to the 2020 Budget.

| WIRAB - Statement of Activities and Change in Working Capital<br>2019 Budget & Projection, and 2020 Budget |                     |                     |  |               |                     |  |               |
|--|---------------------|---------------------|--|---------------|---------------------|--|---------------|
| STATUTORY  |                     |                     |  |               |                     |  |               |
|  | 2019<br>Budget      | 2019<br>Projection  | Variance<br>2019 Projection<br>v 2019 Budget |               | 2020<br>Budget      | Variance<br>2020 Budget<br>v 2019 Budget |               |
|  |                     |                     | Over(Under)                                  | % Change      |                     | Over(Under)                              | % Change      |
| <b>Funding</b>   |                     |                     |  |               |                     |  |               |
| <b>WIRAB Funding</b>   |                     |                     |  |               |                     |  |               |
| Assessments  | \$ 750,000          | \$ 750,000          | \$ -   | 0.0%          | \$ 986,300          | \$ 236,300                               | 31.5%         |
| Penalty Sanctions  | -                   | -                   | -  | -             | -                   | -  | -             |
| <b>Total WIRAB Funding</b>   | <b>\$ 750,000</b>   | <b>\$ 750,000</b>   | <b>\$ -</b>                                  | <b>0.0%</b>   | <b>\$ 986,300</b>   | <b>\$ 236,300</b>                        | <b>31.5%</b>  |
| Membership Dues  | -                   | -                   | -  | -             | -                   | -  | -             |
| Testing Fees   | -                   | -                   | -  | -             | -                   | -  | -             |
| Services & Software  | -                   | -                   | -  | -             | -                   | -  | -             |
| Workshops  | -                   | -                   | -  | -             | -                   | -  | -             |
| Interest   | 600                 | 600                 | \$ -   | 0.0%          | 600                 | \$ -                                     | 0.0%          |
| Miscellaneous  | -                   | -                   | -  | -             | -                   | -  | -             |
| <b>Total Funding (A)</b>   | <b>\$ 750,600</b>   | <b>\$ 750,600</b>   | <b>\$ -</b>                                  | <b>0.0%</b>   | <b>\$ 986,900</b>   | <b>\$ 236,300</b>                        | <b>31.5%</b>  |
| <b>Expenses</b>  |                     |                     |  |               |                     |  |               |
| <b>Personnel Expenses</b>  |                     |                     |  |               |                     |  |               |
| Salaries   | 436,500             | 446,000             | 9,500  | 2.2%          | 478,300             | \$ 41,800                                | 9.6%          |
| Payroll Taxes  | -                   | -                   | -  | -             | -                   | -  | -             |
| Benefits   | -                   | -                   | -  | -             | -                   | -  | -             |
| Retirement Costs   | -                   | -                   | -  | -             | -                   | -  | -             |
| <b>Total Personnel Expenses</b>  | <b>\$ 436,500</b>   | <b>\$ 446,000</b>   | <b>\$ 9,500</b>                              | <b>2.2%</b>   | <b>\$ 478,300</b>   | <b>\$ 41,800</b>                         | <b>9.6%</b>   |
| <b>Meeting Expenses</b>  |                     |                     |  |               |                     |  |               |
| WIRAB Meetings   | \$ 80,800           | \$ 65,000           | \$ (15,800)                                  | -19.6%        | \$ 52,900           | \$ (27,900)                              | -34.5%        |
| State Travel   | 28,200              | 32,000              | \$ 3,800                                     | 13.5%         | 30,200              | \$ 2,000                                 | 7.1%          |
| Staff Travel   | 71,800              | 60,000              | \$ (11,800)                                  | -16.4%        | 56,500              | \$ (15,300)                              | -21.3%        |
| Conference Calls   | 3,200               | 3,200               | \$ -   | 0.0%          | 3,200               | \$ -                                     | 0.0%          |
| <b>Total Meeting Expenses</b>  | <b>\$ 184,000</b>   | <b>\$ 160,200</b>   | <b>\$ (23,800)</b>                           | <b>-12.9%</b> | <b>\$ 142,800</b>   | <b>\$ (41,200)</b>                       | <b>-22.4%</b> |
| <b>Operating Expenses</b>  |                     |                     |  |               |                     |  |               |
| Consultants & Contracts  | \$ 100,000          | \$ 75,000           | \$ (25,000)                                  | -25.0%        | \$ 100,000          | \$ -                                     | 0.0%          |
| Office Rent  | -                   | -                   | -  | -             | -                   | -  | -             |
| Office Costs   | -                   | -                   | -  | -             | -                   | -  | -             |
| Professional Services  | -                   | -                   | -  | -             | -                   | -  | -             |
| Miscellaneous  | -                   | -                   | -  | -             | -                   | -  | -             |
| Depreciation   | -                   | -                   | -  | -             | -                   | -  | -             |
| <b>Total Operating Expenses</b>  | <b>\$ 100,000</b>   | <b>\$ 75,000</b>    | <b>\$ (25,000)</b>                           | <b>-25.0%</b> | <b>\$ 100,000</b>   | <b>\$ -</b>                              | <b>0.0%</b>   |
| <b>Total Direct Expenses</b>   | <b>\$ 720,500</b>   | <b>\$ 681,200</b>   | <b>\$ (39,300)</b>                           | <b>-5.5%</b>  | <b>\$ 721,100</b>   | <b>\$ 600</b>                            | <b>0.1%</b>   |
| <b>Indirect Expenses</b>   | <b>\$ 442,200</b>   | <b>\$ 468,300</b>   | <b>\$ 26,100</b>                             | <b>5.9%</b>   | <b>\$ 534,100</b>   | <b>\$ 91,900</b>                         | <b>20.8%</b>  |
| <b>Other Non-Operating Expenses</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>                                  | <b>-</b>      | <b>\$ -</b>         | <b>\$ -</b>                              | <b>-</b>      |
| <b>TOTAL BUDGET (B)</b>  | <b>\$ 1,162,700</b> | <b>\$ 1,149,500</b> | <b>\$ (13,200)</b>                           | <b>-1.1%</b>  | <b>\$ 1,255,200</b> | <b>\$ 92,500</b>                         | <b>8.0%</b>   |
| <b>CHANGE IN WORKING CAPITAL (=A-B)<sup>1</sup></b>  | <b>\$ (412,100)</b> | <b>\$ (398,900)</b> | <b>\$ 13,200</b>                             | <b>-</b>      | <b>\$ (268,300)</b> | <b>\$ 143,800</b>                        | <b>-</b>      |
| <b>FTEs</b>  | <b>5.00</b>         | <b>5.00</b>         | <b>-</b>                                     | <b>0.0%</b>   | <b>5.00</b>         | <b>-</b>                                 | <b>0.0%</b>   |

<sup>1</sup> Fixed Asset included in Indirect Expenses.

**Table 3. Budget Comparison, 2019 to 2020.**

## Statutory Assessments

WIRAB's proposed funding assessment of \$986,300 is allocated \$826,096 (84%) to the U.S. portion, \$144,259 (15%) to the Canadian portion, and \$15,944 (1%) to the Mexican portion of the Western Interconnection.

## Key Assumptions

The WIRAB 2020 Business Plan and Budget is based on the following assumptions:

- There will be no significant expansion of FERC, NERC, or WECC responsibilities as a result of legislation or administrative actions.
- WIRAB will no longer provide advice to Peak Reliability and instead will monitor reliability coordination activities at the California ISO's RC West, SPP, GridForce, the AESO, and BC Hydro.
- WIRAB will hold two in-person meetings in 2020.
- WIRAB will organize and sponsor webinars and workshops on key reliability issues for WIRAB members, state and provincial representatives, industry representatives, and other interested stakeholders.
- WIRAB will attend all WECC Board of Directors and Member Advisory Committee (MAC) meetings.
- WIRAB will attend selected NERC meetings and workshops on relevant topics.
- WIRAB will annually visit with FERC in its offices.
- WIRAB will monitor all FERC business meetings.
- WIRAB will attend FERC technical conferences on reliability issues.

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## **Section A – Statutory Activities**

### 2020 Business Plan and Budget

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## Section A – Statutory Activities

WIRAB's advice to FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA:

1. **Governance and Strategic Planning:** Section 215(j) of the FPA authorizes WIRAB to provide advice to FERC on the governance, strategic direction, budget and fees of WECC.
2. **Emerging Trends and System Risks:** WIRAB must maintain awareness of system conditions, emerging trends, and system risks in order to provide effective and technically sound advice regarding the strategic direction of FERC, NERC, and WECC. WIRAB also uses knowledge of emerging trends and risks to provide advice to WECC on reliability readiness activities and proactive compliance efforts. These activities are appropriately funded under Section 215(j) of the FPA.
3. **Periodic Reliability Assessments:** Section 215(g) of the FPA requires NERC to conduct periodic assessments of the reliability and adequacy of the BPS. WECC assists NERC in performing this statutory activity. WIRAB works closely with WECC to improve reliability and resource adequacy assessments in the Western Interconnection.
4. **Reliability Standards and Proactive Enforcement:** Section 215(j) of the FPA authorizes WIRAB to provide advice to FERC on whether reliability standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB works closely with WECC to identify emerging problems or conditions that should be considered in the course of drafting and voting on amendments to existing standards and in developing new standards.

WIRAB's activities in each of these categories are described in the following subsections.

## Governance and Strategic Planning

Section 215(j) of the FPA authorizes WIRAB to advise FERC on the governance, strategic direction, budget, and fees of WECC. The WIRAB staff engages with, and attends meetings of, the WECC Board of Directors, standing committees, staff, WECC's MAC, and MAC work groups to monitor developments related to WECC's organizational governance, strategic direction, and budget. This engagement is necessary to evaluate the effectiveness and efficiency of operations at WECC and to ensure that all "activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest."

The WIRAB staff also conducts monthly webinars to provide WIRAB Members, WECC's Class 5 Representatives (i.e., representatives of state and provincial governments), and other interested stakeholders with regular updates on current and upcoming activities at WECC and to review and develop WIRAB's written advice and guidance to the WECC Board of Directors. WIRAB provides WECC with independent expert advice on operational practices and performance, annual business plans and budgets, strategic planning, committee charters, proposed bylaw amendments, fees, and other matters. WIRAB and the WIRAB staff will continue to engage with WECC and to provide advice and recommendations to the organization as necessary.

## Emerging Trends and System Risks

WIRAB staff engage in the following on-going activities in order to provide independent expert advice on emerging reliability trends and system risks:

### **Event Analysis and Situational Awareness:**

Understanding important operational issues confronting the BPS today, as well as in the past, is key to maintaining and improving reliability in the Western Interconnection. Event analysis and situational awareness topics need to be discussed in open and transparent forums that bring together utility operators who deal with these types of issues on a day-to-day basis and thought leaders with a diverse set of expertise. It is important to share lessons learned and to promote best practices to ensure that system operators have access to the tools and knowledge available and necessary to maintain a reliable grid in real-time.

WIRAB members and the WIRAB staff engage in relevant discussions and activities by attending and participating in WECC's Operating Committee and MIC meetings, monitoring reliability coordination at the California ISO's RC West, SPP, GridForce, AESO, and BC Hydro, and monitoring reliability activities at other forums outside of WECC and the Western Interconnection's RCs. The WIRAB staff also provides leadership by conducting periodic outreach webinars and developing panel sessions for WIRAB's in-person meetings that are designed to promote discussions among Western regulators, policy makers, and other stakeholders regarding emerging trends and risks associated with system events.

### **Distributed Solar PV Generation Resources:**

By 2026, distributed solar PV nameplate capacity in the Western U.S. is projected to total more than 16,000 MW. Significant benefits of this trend include distributed solar PV generation's increased capacity, partial coincidence with peak power demand, potential for the provision of grid support services (e.g., frequency support and voltage control), and reductions in greenhouse gas and conventional air pollutant emissions. Several potential challenges are also associated with distributed solar PV capacity, including the potential for simultaneous disconnection of distributed solar PV generation systems with narrow tolerance ranges for frequency and/or voltage deviations. Disconnection may be triggered by and/or exacerbate deviations created by a system contingency in the BPS, such as a fault or the loss of a significant generator. However, advanced inverters have a number of capabilities that can support system stability and support reliability in the event of a system contingency, such as providing frequency and/or voltage ride through.

WIEB and WIRAB are leading efforts by the National Renewable Energy Laboratory (NREL) to study potential reliability problems associated with increasing distributed solar PV generation in the Western Interconnection and to disseminate research findings and policy recommendations for addressing these problems to regulators and policymakers in Western Interconnection states.

### **Expanding Market Operations:**

Expanding market operations is a growing trend in the Western Interconnection. Western states have engaged in discussions on the potential creation of a regional ISO that would involve a multi-state grid using the California ISO's technology to coordinate

and optimize electric systems across the states. The California ISO's EIM, which began operation in 2014, has been continuously expanding to include new participants. Now, the California ISO is developing plans to extend day ahead market services to EIM participants. Entities in the eastern part of the Western Interconnection continue to explore membership in an existing regional transmission organization. These market reforms could result in significant changes to system operations (e.g., transmission scheduling, congestion management) and create new reliability challenges and opportunities for the Western Interconnection.

The WIRAB staff monitors market reform efforts in the West and provides a forum for discussions about related issues such as the potential for a regional ISO, expansion of the California ISO's EIM to new participants, extending the California ISO's day ahead market services to EIM participants, and opportunities for joining the SPP as a full member or its proposed EIM. The WIRAB staff monitors and participates in other forums that are exploring these issues, such as public utility commission and regional TOP meetings and workshops. Additionally, the WIRAB staff attends and participates in relevant WECC committee meetings and activities, such as those of WECC's MIC. WIRAB will continue to provide advice to WECC and to make recommendations as appropriate on reliability challenges and opportunities associated with expanding market operations.

### **Essential Reliability Services:**

With increasing numbers of synchronous generator retirements in the West, the BPS is becoming increasingly reliant on variable, asynchronous generating resources. As the resource mix continues to change, some reliability services that have traditionally been provided by synchronous generating resources may not be available to the same extent in the future. It is important that the electric utility industry examine alternative opportunities to provide these essential reliability services and ensure that practices set today support ongoing BPS reliability. Non-synchronous generation technologies, specifically solar PV generation, have historically been regarded as unable to provide the grid support services commonly associated with these synchronous generation resources; services such as frequency support and voltage control. However, new power electronic technologies, which can be implemented through advanced inverters, now enable non-synchronous generation to provide grid support more rapidly than

synchronous generators. New policies and practices accounting for these emerging technologies can help support grid reliability in the future.

WIRAB staff provides leadership and advice by attending, participating in, and monitoring WECC's RAC, Operating Committee and MIC meetings; NERC's Reliability Issues Steering Committee, Operating Committee and Planning Committee meetings; FERC's Reliability Technical Conferences; and other forums within the industry. WIRAB provides written advice to WECC and FERC on policies regarding the risks associated with the provision of essential reliability services. WIRAB staff also provides periodic outreach webinars and develops panel sessions for WIRAB's in-person meetings to discuss emerging trends and to inform Western policy makers and other interested stakeholders of the emerging risks associated with the changing resource mix and changes to the provision of essential reliability services.

## **Periodic Reliability Assessments**

WIRAB staff engage in the following on-going activities in order to provide guidance and independent expert advice on WECC's periodic reliability assessments:

### **Variable Energy Resources:**

High priority reliability topics for the Western Interconnection include the increasing penetration of variable renewable resources, increasing retirements of baseload coal generation that would reduce inertia on the grid, and the growth of distributed energy resources that interface with the BPS. WIRAB strives for high quality resource assessments that address the reliability implications of the changing resource mix in the Western Interconnection over a 10- to 20-year timeframe. Production cost modeling can identify economic dispatch of a potential new resource mix for every hour over a future year and identify critical hours of system stress. Power flow analysis then examines these critical stress hours for traditional reliability parameters. The integrated use of production cost modeling and power flow analysis will be an essential tool for future reliability assessments of the Western Interconnection.

WIRAB monitors, advises, and participates in WECC's RAC to promote improved reliability assessments of the Western Interconnection. WIRAB will encourage and support the RAC in its efforts to integrate WECC's data and modeling capability to

perform roundtrip reliability assessments that combine power flow analysis and production cost modeling. WIRAB will also monitor, engage, and communicate findings on leading research about the integration of variable energy resources into the Western Interconnection, such as the work of NERC's Inverter-Based Resource Performance Joint Task Force. Further, WIRAB staff monitors and engages with NREL, the Lawrence Berkeley National Laboratory (LBNL), the Energy Systems Integration Group (ESIG), the California ISO, and other researchers investigating the flexibility and reliability of the power system to integrate higher levels of renewable energy. WIRAB also provides outreach to Western states and provinces on the policy implications associated with new research.

### **Gas-Electric Interdependencies:**

The North American power sector's reliance on natural gas for electric generation has grown significantly. Low natural gas prices, environmental regulations, and improving technologies have all contributed to rapid and sustained investment in new gas-fired power plants across the U.S. The natural gas and electricity industries evolved independently but are now inextricably interdependent. In the West, issues surrounding the Aliso Canyon natural gas storage field in southern California highlighted these interdependencies. In response to growing concerns about electric reliability, both FERC and NERC directed focused inquiries into issues related to gas-electric coordination, including NERC's assessment of single points of disruption.

In 2014, WIRAB's sister organization, WIEB, commissioned a Western-Interconnection-wide assessment of gas-electric interdependencies. Phase 1 of the study assessed natural gas infrastructure. Phase 2 of the study assessed short term operational flexibility. In 2017-2018, WIRAB staff participated in WECC's Gas and Electric Interface Study, which analyzed potential vulnerabilities between the gas sector and the electric sector in the Western Interconnection. WIRAB members and the WIRAB staff continue to work with WIRAB's partners in the Western Interconnection to assess the adequacy, security, and risks associated with natural gas infrastructure and its ability to reliably meet evolving BPS needs.

## **Reliability Standards and Proactive Enforcement**

WIRAB staff engage in the following on-going activities in order to provide independent expert advice on the development and proactive enforcement of reliability standards:

### **Reliability Standards:**

NERC reliability standards were created to provide minimum requirements for planning and operating the electric grid. The compliance and enforcement of these reliability standards ensures there is oversight and accountability of BPS owners and operators and that system-wide reliability is maintained. It is important that reliability standards are strict enough to guarantee that system reliability is maintained, but flexible enough to respond to the changing industry. It is important to develop and review reliability standards to ensure they effectively preserve reliability while not being overly burdensome on the entities required to comply.

WIRAB staff provides independent expert advice on the development and proactive enforcement of reliability standards by contracting with subject matter experts with direct knowledge of the efficacy of reliability standards and the burden of compliance on regulated entities. WIRAB staff attends, participates and/or monitors WECC's Operating Committee meetings, WECC's Standards Committee meetings, NERC's standard development process and other industry forums. When necessary, WIRAB provides written advice to WECC, NERC and FERC on the implementation of specific standards within the Western Interconnection. WIRAB staff also conducts periodic outreach webinars and develops panel sessions for WIRAB's in-person meetings to lead discussions on emerging trends with Western policy makers and other stakeholders and to provide independent, expert advice on reliability standards.

### **Physical Security and Cybersecurity:**

Physical security and cybersecurity of the electric grid represent issues of growing concern in the West and across the Nation. Until recent years, most physical and cyber security incidents were confined to other sectors. Recently, however, physical and cyber incidents have represented a greater threat to the electric grid reliability.

WIRAB has monitored incidents that have compromised both the physical security and cybersecurity of the grid for several years. In 2014, 2015, and 2017, WIRAB conducted webinars on the physical security and/or cybersecurity of the grid. WIRAB will continue to monitor the development of NERC's Critical Infrastructure Protection (CIP) standards and, as appropriate, WIRAB will update its members on CIP standards. WIRAB will also continue to observe NERC's GridEX exercises, which provide utilities with opportunities to demonstrate how they would respond to coordinated cyber and physical security events.

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## **Section B – WIRAB Supplemental Financial Information**

### **2020 Business Plan and Budget**

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## Section B – Supplemental Financial Information

### Working Capital Reserve

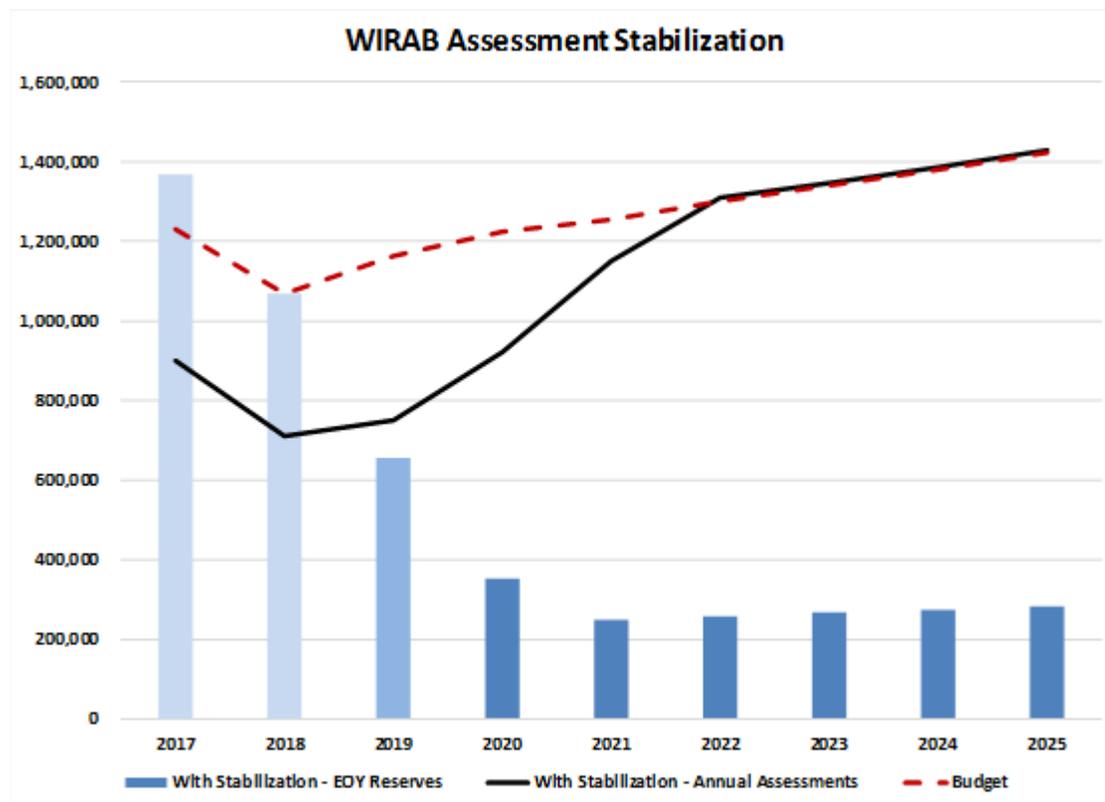
WIRAB projects it will have a working capital reserve of \$545,700 on December 31, 2019, as compared to a desired working capital reserve at December 31, 2020, of \$277,400. The surplus working capital reserve results in a \$268,300 reduction in WIRAB's funding requirement for 2020.

In its 2018 Business Plan and Budget, WIRAB changed its reserve policy to stabilize statutory assessments while reducing its surplus financial reserve over several budget cycles. FERC allows WIRAB to carry a financial reserve under the proviso that any excess reserves be used to offset future assessments. WIRAB's funding assessments are calculated roughly nine months in advance of each budget year. This assessment is fixed, meaning that, once approved, it cannot be decreased or increased mid-year to more closely match actual expenses. The financial reserve allows for some budgetary flexibility.

WIRAB reduced its working capital reserve from \$1,368,238 on December 31, 2017 to \$1,068,456 on December 31, 2018 and is projecting a balance of \$545,700 on December 31, 2019. The desired working capital reserve for December 31, 2020 is \$277,400 or 22% of WIRAB's proposed budget for 2020. WIRAB is targeting a working capital reserve equal to 20% of budgeted expenses beginning in 2021. The higher reserves in 2020 are intended to stabilize the change in assessments during the transition from the period of surplus reserves. Table B-1 shows WIRAB's analysis of its working capital reserves. Table B-2 shows past and projected assessments under WIRAB's Assessment Stabilization Plan.

| <b>WIRAB - Working Capital Reserve Analysis 2019-2020</b>                           |                    |
|---|--------------------|
| <b>STATUTORY</b>  |                    |
| <b>Beginning Working Capital Reserve (Deficit), December 31, 2018</b>               | 944,599            |
| Plus: 2019 Funding (from LSEs or designees)   | 750,000            |
| Plus: 2019 Other funding sources  | 600                |
| Minus: 2019 Projected expenses & capital expenditures                               | <b>(1,149,500)</b> |
| <b>Projected Working Capital Reserve (Deficit), December 31, 2019</b>               | <b>545,700</b>     |
| <b>Desired Working Capital Reserve, December 31, 2020<sup>1</sup></b>               | 277,400            |
| Minus: Projected Working Capital Reserve, December 31, 2019                         | <b>(545,700)</b>   |
| <b>Increase(decrease) in funding requirement to achieve Working Capital Reserve</b> | <b>(268,300)</b>   |
| 2020 Expenses and Capital Expenditures  | 1,255,200          |
| Less: Penalty Sanctions <sup>2</sup>  | 0                  |
| Less: Other Funding Sources   | <b>(600)</b>       |
| Adjustment: To achieve desired Working Capital Reserve                              | <b>(268,300)</b>   |
| <b>2020 NERC Assessment</b>   | <b>986,300</b>     |
| <sup>1</sup> Desired working capital reserve is 25 percent of budgeted expenses.    |                    |
| <sup>2</sup> Penalty sanctions are not applicable to WIRAB.                         |                    |

Table B-1. Working Capital Reserve Analysis 2019 – 2020.



**Table B-2. Assessment Stabilization Plan.**

WIRAB's total statutory assessment is ultimately paid by ratepayers through transmission fees. Using WIRAB's surplus reserves to reduce statutory assessments has an intergenerational impact on these ratepayers. In the 2014-2016 time period, ratepayers paid assessments that exceeded the cost of WIRAB services. In the 2017-2019 time period, ratepayers paid assessments that were less than the full cost of WIRAB services. As noted above, in 2020, ratepayers would continue to receive an intergenerational subsidy in the amount of \$268,300. WIRAB's goal is to get back to parity between assessments and expenses in 2022.

## Budget Projections for 2020-2022

| WIRAB - Statement of Activities and Change in Working Capital<br>2020 Budget & 2021 and 2022 Projections |                     |                     |   |              |                     |   |             |
|--|---------------------|---------------------|---|--------------|---------------------|---|-------------|
| STATUTORY  |                     |                     |   |              |                     |   |             |
|  | 2020                | 2021                | Variance  |              | 2022                | Variance                                  |             |
|  | Budget              | Projection          | 2021 Projection<br>v 2020 Budget<br>Over(Under) | % Change     | Projection          | 2022 v 2021<br>Projections<br>Over(Under) | % Change    |
| <b>Funding</b>   |                     |                     |   |              |                     |   |             |
| <b>WIRAB Funding</b>   |                     |                     |   |              |                     |   |             |
| Assessments  | \$ 986,300          | \$ 1,281,900        | \$ 295,600                                      | 30.0%        | \$ 1,355,100        | \$ 73,200                                 | 5.7%        |
| Penalty Sanctions  | -                   | -                   | -   | -            | -                   | -   | -           |
| <b>Total WIRAB Funding</b>   | <b>\$ 986,300</b>   | <b>\$ 1,281,900</b> | <b>\$ 295,600</b>                               | <b>30.0%</b> | <b>\$ 1,355,100</b> | <b>\$ 73,200</b>                          | <b>5.7%</b> |
| Membership Dues  | -                   | -                   | -   | -            | -                   | -   | -           |
| Testing Fees   | -                   | -                   | -   | -            | -                   | -   | -           |
| Services & Software  | -                   | -                   | -   | -            | -                   | -   | -           |
| Workshops  | -                   | -                   | -   | -            | -                   | -   | -           |
| Interest   | 600                 | 600                 | \$ -  | 0.0%         | 600                 | \$ -                                      | 0.0%        |
| Miscellaneous  | -                   | -                   | -   | -            | -                   | -   | -           |
| <b>Total Funding (A)</b>   | <b>\$ 986,900</b>   | <b>\$ 1,282,500</b> | <b>\$ 295,600</b>                               | <b>30.0%</b> | <b>\$ 1,355,700</b> | <b>\$ 73,200</b>                          | <b>5.7%</b> |
| <b>Expenses</b>  |                     |                     |   |              |                     |   |             |
| <b>Personnel Expenses</b>  |                     |                     |   |              |                     |   |             |
| Salaries   | 478,300             | 497,400             | 19,100  | 4.0%         | 517,300             | \$ 19,900                                 | 4.0%        |
| Payroll Taxes  | -                   | -                   | -   | -            | -                   | -   | -           |
| Benefits   | -                   | -                   | -   | -            | -                   | -   | -           |
| Retirement Costs   | -                   | -                   | -   | -            | -                   | -   | -           |
| <b>Total Personnel Expenses</b>  | <b>\$ 478,300</b>   | <b>\$ 497,400</b>   | <b>\$ 19,100</b>                                | <b>4.0%</b>  | <b>\$ 517,300</b>   | <b>\$ 19,900</b>                          | <b>4.0%</b> |
| <b>Meeting Expenses</b>  |                     |                     |   |              |                     |   |             |
| WIRAB Meetings   | \$ 52,900           | \$ 54,500           | \$ 1,600  | 3.0%         | \$ 56,100           | \$ 1,600                                  | 2.9%        |
| State Travel   | \$ 30,200           | \$ 31,100           | \$ 900  | 3.0%         | \$ 32,000           | \$ 900                                    | 2.9%        |
| Staff Travel   | \$ 56,500           | \$ 58,200           | \$ 1,700  | 3.0%         | \$ 59,900           | \$ 1,700                                  | 2.9%        |
| Conference Calls   | \$ 3,200            | \$ 3,300            | \$ 100  | 3.1%         | \$ 3,400            | \$ 100                                    | 3.0%        |
| <b>Total Meeting Expenses</b>  | <b>\$ 142,800</b>   | <b>\$ 147,100</b>   | <b>\$ 4,300</b>                                 | <b>3.0%</b>  | <b>\$ 151,400</b>   | <b>\$ 4,300</b>                           | <b>2.9%</b> |
| <b>Operating Expenses</b>  |                     |                     |   |              |                     |   |             |
| Consultants & Contracts  | \$ 100,000          | \$ 100,000          | \$ -  | 0.0%         | \$ 100,000          | \$ -                                      | 0.0%        |
| Office Rent  | -                   | -                   | -   | -            | -                   | -   | -           |
| Office Costs   | -                   | -                   | -   | -            | -                   | -   | -           |
| Professional Services  | -                   | -                   | -   | -            | -                   | -   | -           |
| Miscellaneous  | -                   | -                   | -   | -            | -                   | -   | -           |
| Depreciation   | -                   | -                   | -   | -            | -                   | -   | -           |
| <b>Total Operating Expenses</b>  | <b>\$ 100,000</b>   | <b>\$ 100,000</b>   | <b>\$ -</b>                                     | <b>0.0%</b>  | <b>\$ 100,000</b>   | <b>\$ -</b>                               | <b>0.0%</b> |
| <b>Total Direct Expenses</b>   | <b>\$ 721,100</b>   | <b>\$ 744,500</b>   | <b>\$ 23,400</b>                                | <b>3.2%</b>  | <b>\$ 768,700</b>   | <b>\$ 24,200</b>                          | <b>3.3%</b> |
| <b>Indirect Expenses</b>   | <b>\$ 534,100</b>   | <b>\$ 555,400</b>   | <b>\$ 21,300</b>                                | <b>4.0%</b>  | <b>\$ 577,700</b>   | <b>\$ 22,300</b>                          | <b>4.0%</b> |
| <b>Other Non-Operating Expenses</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>                                     | <b>-</b>     | <b>\$ -</b>         | <b>\$ -</b>                               | <b>-</b>    |
| <b>TOTAL BUDGET (B)</b>  | <b>\$ 1,255,200</b> | <b>\$ 1,299,900</b> | <b>\$ 44,700</b>                                | <b>3.6%</b>  | <b>\$ 1,346,400</b> | <b>\$ 46,500</b>                          | <b>3.6%</b> |
| <b>CHANGE IN WORKING CAPITAL (=A-B)<sup>1</sup></b>  | <b>\$ (268,300)</b> | <b>\$ (17,400)</b>  | <b>\$ 250,900</b>                               | <b>-</b>     | <b>\$ 9,300</b>     | <b>\$ 26,700</b>                          | <b>-</b>    |
| FTEs   | 5.00                | 5.00                | -   | 0.0%         | 5.00                | -   | 0.0%        |

<sup>1</sup> Fixed Asset included in Indirect Expenses.

Table B-3. Budget 2020 Compared with 2020-2022 Projections.

WIRAB projects a 3.6% increase to its annual budgets in 2021 and 2022. These increases reflect expected cost-of-living adjustments to personnel expenses for employees working in Denver, Colorado and increased costs for meetings and travel.

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## **Section C – Non-Statutory Activities**

### 2020 Business Plan and Budget

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## **Section C – Non-Statutory Activities**

WIRAB does not engage in non-statutory activities.

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## **Section D – Additional Consolidated Financial Statements**

### **2020 Business Plan and Budget**

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## Section D – Additional Consolidated Financial Statements

### Statement of Financial Position

Table D-1 provides WIRAB's Statement of Financial Position as of the following dates:

- As of June 30, 2018, per audit
- As of December 31, 2019, projected
- As of December 31, 2020, as budgeted

| <b>WIRAB - Statement of Financial Position</b> |  |  |   |  |
|--|--|--|---|--|
| <b>STATUTORY</b>                               |  |  |   |  |
|  | <b>As of<br/>June 30, 2018<br/>(Audit)</b> | <b>As of<br/>December 31, 2019<br/>(Projected)</b> | <b>As of<br/>December 31, 2020<br/>(Budgeted)</b> |  |
| <b>Assets</b>                                  |  |  |   |  |
| Cash and Investments                           | \$ 1,369,826                               | \$ 545,700   | \$ 277,400  |  |
| <b>Total Assets</b>                            | <b>\$ 1,369,826</b>                        | <b>\$ 545,700</b>                                  | <b>\$ 277,400</b>                                 |  |

**Table D-1. Statement of Financial Position, Three-Year Comparison**

## Appendix A Organization Chart

The WIRAB Organization Chart is shown below.

