

MEMORANDUM

To: Texas Regional Entity Advisory Committee
From: Larry Grimm
Date: October 13, 2008
Re: Regional Entity Governance, Expense and Budget Metrics Comparison

The attached materials from the NERC Finance & Audit Committee meeting contain a comparison of the governance, expense, and budget metrics for the Regional Entities that might be of interest to you.



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda

Finance and Audit Committee Conference Call

August 18, 2008 | 2 p.m. EDT
Dial-In: 866-503-3045
Code: 59907183

Antitrust Compliance Guidelines

1. **Review 2009 Regional Entity Metrics**
2. **Review 2009 Expense Budget Metrics**
3. **2009 Finance and Audit Committee Objectives — Discuss Objectives with respect to Regional Entity and NERC Metrics**
4. **Establish 2009 Metrics Work Plan**
5. **Other Business**

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.

- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

2009 Metrics Development by Program

Organization-Wide

1. Organization Structure

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| FRCC | FRCC is a non-profit corporation and provides statutory functions and services for the FRCC Region through its Regional Entity Division, as well as non-statutory services for the FRCC Region through its Member Services Division. This divisional structure was approved by the Federal Energy Regulatory Commission on March 21, 2008. |
| MRO | MRO is a stand-alone non-profit corporation incorporated in Delaware. |
| NPCC | <p>The NPCC is a New York State not-for-profit corporation which provides international cross-border regional entity functions and services for its general membership within Northeastern North America through a Regional Entity division (U.S. statutory activities delegated through a Regional Delegation Agreement with NERC and individual Canadian provincial regulatory and/or governmental Memoranda of Understanding or agreements which provide for separate LSE designee funding), as well as Full Member services (regionally-specific criteria development and criteria compliance and enforcement - non-statutory separately funded by Independent System Operators and/or Balancing Authorities within the Region) for the NPCC Region through a Criteria Services division. This divisional structure has been in place since the August 1, 2007 merger of the NPCC Cross-Border Regional Entity, Inc. with and into the Northeast Power Coordinating Council, Inc. and was approved by the Federal Energy Regulatory Commission (FERC) on March 21, 2008.</p> <p>Ninety-one (91) percent of NPCC functions and services have been determined to be U.S. statutory based upon FERC definitions and nine (9) percent of NPCC functions and services relate exclusively to criteria development, criteria enforcement and administrative support of regionally-specific criteria.</p> |
| RFC | ReliabilityFirst Corporation (RFC) is a stand-alone, not for profit corporation. We engage in only those activities delegated to us by the ERO. |
| SERC | SERC Reliability Corporation (SERC) is a separate non-profit corporation, incorporated in Alabama, that performs only statutory functions delegated by the ERO. |
| SPP | SPP RE is an independent division of Southwest Power Pool, Inc. (SPP), a non-profit regional transmission organization incorporated in Arkansas. It is governed by a separate and independent Board of Trustees with sole authority over the Regional Entity functions and no role in the SPP RTO or other non-statutory activities. |
| TRE | TRE is an independent division of ERCOT (a non-profit corporation), and is functionally separated from the ERCOT ISO. |
| WECC | WECC is a stand-alone, Utah non-profit corporation. |

2. Staff: Distinct, shared, loaned

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| FRCC | The FRCC accomplishes this divisional separation with a combination of shared staff, loaned staff and distinct staff |
| MRO | MRO does not have shared or loaned employees. |

2009 Metrics Development by Program

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| NPCC | <p>27.2 full time equivalents (FTEs) are allocated to the RE division and those FTEs are comprised predominantly of members of staff and inclusive of a relatively small number of subject matter expert independent contractors</p> <p>NPCC has a distinct staff that is assigned to program areas. The corporation also retains independent contractors for specific program areas based on subject matter expertise. The NPCC is further strengthened by extensive volunteerism from industry technical experts, from within its international membership, who work tirelessly in support of all of the program areas through various NPCC and NERC committees, subcommittees, task forces and working groups.</p> |
| RFC | RFC has a distinct staff dedicated to the tasks above. No shared or loaned employees or services. |
| SERC | SERC has its own staff that is not shared or loaned from stakeholders. However, SERC operates an extensive network of stakeholder committees which provide technical expertise in power systems planning and operations and critical infrastructure protection. SERC has 2 contractors working in cyber security and information technology. SERC has retained outside counsel and has agreements with three independent hearing officers that are used as needed. |
| SPP | SPP RE has budgeted 17.2 FTE to perform statutory functions. This represents a mix of SPP Inc. "non-distinct" shared staff that has responsibilities in both SPP Inc. and the RE, and dedicated independent RE staff in the Compliance and Enforcement and Reliability Assessment programs. The "non-distinct" shared staff tracks time and expenses to the RE when performing statutory functions. |
| TRE | <p>We have distinct staffing for Texas RE; however we do have support services budgeted and provided by the ERCOT ISO. The services provided relate to the following areas:</p> <ul style="list-style-type: none"> • Insurance coverage • Risk management • Treasury management • Human resource services • Procurement and contract administration • Accounting, budget and payroll services • Facilities costs • Information technology allocation • Board of Trustees expense |
| WECC | WECC has 144 FTEs budgeted for 2009. WECC does not have shared staff or loaned employees. However, for non-compliance activities WECC relies on the support of industry volunteers. |
| 3. Describe Shared Services Arrangements | |
| FRCC | Each employee of the FRCC reports the number of hours spent daily on each function and division. Their costs and those of the staff will be split accordingly. Any costs that can be directly linked solely as either divisional and/or functional will be charged directly to those divisions. |
| MRO | MRO does not have any shared services arrangements. |
| NPCC | NPCC does not have shared services arrangements for 2009. Monthly timesheets track the time spent working in individual program areas. Most FTEs are fully allocated to a specific program area and those that work in more than one program area account for their time accordingly. |
| RFC | No such arrangements currently exist. |
| SERC | SERC has no shared service arrangements or financial relationships with any stakeholders, except the funding mechanism controlled by the delegation agreement and the ERO budget process. SERC has a shared support agreement with four other regional entities for the maintenance and development of the web based portal for compliance program management. |
| SPP | SPP Inc. defines shared services as those associated with overhead functions such as payroll, accounts payable, information technology, human resources, facilities, and various other functions. SPP Inc. staff who provide these shared services are not considered "non-distinct" shared staff and their time and expenses are captured in the SPP RE indirect rate. |

2009 Metrics Development by Program

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| TRE | \$566k is budgeted for support services from ERCOT |
| WECC | WECC does not currently have any shared services arrangements. |
| 4. Number of Registered Entities | |
| FRCC | The FRCC has 78 Registered Entities. |
| MRO | 113 |
| NPCC | Within its General Membership of 14 and Full Membership of 54 for a members total of 68, NPCC has 264 Registered Entities within the Region providing some 545 functions with associated total requirements of 29,310 at the time of this submittal. |
| RFC | 356 at the time of this submittal |
| SERC | 222 |
| SPP | 124 |
| TRE | 200 registered entities performing 292 functions at the time of submittal |
| WECC | As of July 10, 2008, WECC had 472 Registered Entities providing 1,271 functions, with associated total requirements of 76,511. |

2009 Metrics Development by Program

| Standards | |
|---|---|
| 1. Headcount (FTE's) | |
| FRCC | 1.76 |
| MRO | 2.5 |
| NPCC | 3.0 FTEs, consisting of both NPCC Staff and Independent Contractors |
| RFC | Two (2) although some compliance and engineering staff also support from time to time. |
| SERC | 1.4 |
| SPP | 1.0 |
| TRE | 1.7 FTEs budgeted for 2009 |
| WECC | 4.0 FTEs |
| 2. Develop regional standards? (Y/N) | |
| FRCC | Yes |
| MRO | <p>Yes, utilizing our FERC accepted MRO Standards Process Manual. Regional Reliability Standards, when approved by the Federal Energy Regulatory Commission (FERC) and applicable authorities in Canada, shall be made part of the body of NERC Reliability Standards and shall be enforced upon all applicable bulk-power system owners, operators, and users within the MRO region, regardless of membership in the region. The process is managed by the MRO Standards Committee to ensure that:</p> <ul style="list-style-type: none"> Midwest Reliability Organizational Standards are consistent with current NERC Standards. All requests for new or modifications to, MRO Standards are processed using the MRO's Standards process. New, or modifications to, MRO Standards are presented for adoption to the MRO Board upon recommendation of the MRO Balloting Pool. Assign the development of the standard to a Standard Drafting Team. <p>Develop criteria and certification processes for Balancing, Interchange, and Reliability Authorities, and for Transmission Operators and others as needed.</p> |
| NPCC | Yes, through a Regional Standards Committee (RSC). The RSC, utilizing the FERC filed and approved NPCC Regional Reliability Standards Development Procedure, manages the standards development process and ensures that regional standards will be developed, fully coordinated and consistent with the ERO standards and conform to all schedules appearing in the NERC standards development three-year work plan. |
| RFC | Yes, but only in support of NERC standards or to fill gaps until NERC standards are in place. |
| SERC | Yes |
| SPP | SPP RE develops any regional reliability standards per the guideline as defined in the delegation agreement. |
| TRE | Yes, to support reliable operation of the bulk power system in the ERCOT Region |
| WECC | Yes, WECC follows the FERC-filed and approved Process for Developing and Approving WECC Standards. |

2009 Metrics Development by Program

| 3. How many? | |
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| FRCC | <p>4 as follows: Regional Generator Performance During Frequency and Voltage Excursions; Automatic Under Frequency Load Shedding Program; Analysis of Misoperations of Transmission and Generation Protection System; and Disturbance Monitoring and Reporting Requirements.</p> |
| MRO | <p>For 2009 a minimum of 3 regional reliability standards will be developed;</p> <ul style="list-style-type: none"> • Under Frequency Load Shedding • Special Protection Systems • Disturbance Control Performance <p>This is contingent on the NERC Drafting Teams completing their process of developing the necessary regional characteristics to allow the MRO to develop regional standards that are consistent with the NERC Work Plan.</p> |
| NPCC | <p>A minimum of 3 regional reliability standards will be developed/completed. These NPCC regional standards will include, but not be restricted to:</p> <ul style="list-style-type: none"> Under Frequency Load Shedding (UFLS) Special Protection Systems Balancing Resource and Demand, Reserve Sharing and Requirements <p><i>(The schedule for completing these three standards is predicated on the ability of NERC's Drafting Teams and process to provide NPCC with the fundamental core attributes for each of these to allow NPCC to begin developing the corresponding regional standards, consistent with the NERC 2008-2010 Workplan for deliverables in these areas.)</i></p> |
| RFC | <p>Currently RFC has 5 Standards Under Development in the drafting phase in support of NERC standards or to fill gaps until NERC standards are in place:</p> <ul style="list-style-type: none"> • Automatic Under frequency Load Shedding (Gone through 3 comment posting. Additional postings needed in 2008 & 2009 since NERC recently issued 1st posting for regional characteristic that need to be confirmed.) • Verification and Data Reporting of Generator Gross and Net Real Power Capability (Needed to replace 3 legacy documents. Will be updated as appropriate when NERC continent wide standard is completed – 1st NERC posting is expected August 2008.) • Verification and Data Reporting of Gen Gross and Net Reactive Power Capability (Needed to replace 3 legacy documents. Will be updated as appropriate when NERC continent wide standard is completed – 1st NERC posting is expected September 2008.) • Disturbance Monitoring and Reporting Requirements (Needed to replace 3 legacy documents. Extent of additional work dependent on RFC Board action fall 2008 meeting. If put in place, it will be updated as appropriate when NERC continent wide standard is completed – 1st NERC posting is expected August 2008.) • Special Protection System Requirements (Consider need to replace RFC procedures and limitations on installation. NERC has not begun related SPS Project and may include some level of SPS limitation in current NERC TPL Project.) <p>Currently RFC has 1 Standard Under Development which is unique to the RFC region and not in support of a NERC standard:</p> <ul style="list-style-type: none"> • Planning Resource Adequacy Analysis, Assessment and Documentation (This is a revision of currently RFC approved document.) <p>Currently RFC has 1 Standard Under Development in support of a NERC standard that was referred back to RFC after being submitted to NERC for approval:</p> <ul style="list-style-type: none"> • Operating Reserves (Depending on RFC Board action in fall of 2008, this standard may continue to move forward to NERC after additional modification.) <p>Currently RFC has 2 Standards Under Development on hold in support of NERC standards or to fill gaps until NERC standards are in place:</p> <ul style="list-style-type: none"> • Sub-regional Adequacy (Work may begin in 2009 when additional SDT resources are available.) • Capacity Benefit Margin (This effort may be terminated depending on outcome of current NERC Project work.) |

2009 Metrics Development by Program

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| SERC | <p>3 as follows: SERC's main focus is supporting the development of North American bulk power system reliability standards. Currently SERC has one regional standard under development. Efforts on development of two additional regional standards are scheduled to start in the fourth quarter of 2008. Plans are to develop a total of four SERC regional standards as identified in the NERC Three-Year Reliability Standards Work Plan.</p> |
| SPP | <p>SPP RE will develop regional reliability standards as needed to meet NERC standards requirements. Primary emphasis for 2009 in the area of regional "fill-in-the-blank" standards currently budgeted for one.</p> |
| TRE | <p>Currently, 2 technical standards have been approved for development. There is also 1 administrative modification to the Standards Development Process, and 1 remanded SAR in process.</p> |
| WECC | <p>WECC Standards staff is currently working on 12 standards with additional effort directed toward the NERC "Fill-in-the Blank Standards." Details on the status of these activities are provided as follows:</p> <ol style="list-style-type: none"> The WECC Automatic Time Error Control (ATEC) Standard was approved by the NERC Board of Trustees on March 26, 2008. WECC Standards staff is working with NERC to finalize NERC's submittal for filing with FERC by January 1, 2009. The WECC Standards staff continues to work with NERC on the seven Tier 1 Standards replacements that were approved by the WECC Board of Directors on April 16, 2008. WECC submitted the seven replacement standards to the NERC staff on June 10 and 11, 2008. WECC Standards staff will work with NERC staff to provide any additional information necessary for the submittal of these standards by the NERC staff to the NERC Board of Trustees; and their subsequent submittal to FERC for regulatory approval. WECC is in the initial development stage of a new WECC Frequency Responsive Reserve Regional Reliability Standard. WECC has identified a potential need for a new WECC Regional Reliability Voltage Ride-Through Standard. This effort may move forward as a Regional Criteria rather than as a Regional Reliability Standard. WECC is in the initial development stages of modifying the WECC Unscheduled Flow Mitigation Plan. WECC is in the initial development stages of a new WECC Operations Network Regional Reliability Standard. <p>In addition, WECC's Standards staff will participate in the development of all Regional Reliability Standards necessary for supporting NERC's "Fill-in-the-Blank Standards."</p> |
| 4. How many NERC standards processes (drafting teams, coordinate, review standards, comments, remind to vote) do regional employees participate in? | |
| FRCC | <p>The FRCC participates in all standards processes. Linda Campbell is the representative on the NERC Standards Committee. John Odom is Chair of the Standard Drafting Team and Eric Senkowicz has participated on numerous standard drafting teams.</p> |
| MRO | <p>MRO staff and Registered Entity volunteers are heavily involved in the support of NERC standards process. MRO staff participates in all aspects of the NERC standards development (NERC Standards Committee and key standard and SAR drafting teams), regional standards development (MRO Standards Committee and all standards and SAR drafting teams), NERC Regional Reliability Standards Working Group and neighboring regional processes (RFC, SERC, TRE, NPCC, WECC and SPP), NERC BOT and process improvement (NERC Standards Workshops, communication outreach, education). MRO provides the coordination for the review, commenting of all NERC standards and SAR and provides recommendations on voting of standards. MRO also solicits volunteers for all drafting teams to ensure representation for our region.</p> |
| NPCC | <p>The NPCC FTEs participate in all standards processes including ERO standards development (NERC Standards Committee, NERC Functional Model Working Group, and key ERO standard and SAR drafting teams), regional standards development (NPCC Regional Standards Committee, NERC Regional Reliability Standards Working Group), general standards improvement activities (monitoring of adjoining regional drafting activities, specifically RFC, MRO and SERC drafting teams and in their processes), business practices interface (North American Electricity Standards Board, NERC Member Representatives Committee and Board of Trustees) process improvement (NERC Reliability Standards Workshops, NERC Standards Process Subcommittee), and communications. Coordination, review, commenting, consensus building, education and reminders and recommendations with regard to standards, SARs and voting are all services provided by NPCC as well as ensuring that representatives from the Northeast are on all ERO drafting teams.</p> |

2009 Metrics Development by Program

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| RFC | <p>RFC staff is heavily involved in support of NERC standards drafting teams and processes:</p> <p>a. SAR DT involvement:</p> <p>1 – Member of Project 2008-05, Credible Multiple Element Contingencies</p> <p>b. SDT involvement:</p> <p>1 – Member and SAR requestor for Project 2007-11, Disturbance Monitoring PRC-002 — Define and Document Disturbance Monitoring Equipment Requirements PRC-018 — Disturbance Monitoring Equipment Installation and Data 2 – Member of Project 2006-09, Facility Ratings • FAC-008-2 - Facility Ratings</p> <p>3 – Member of Project 2008-04, Modifications to FAC-010, FAC-011, and FAC-014 for Order 705 • FAC-010-2 — System Operating Limits Methodology for the Planning Horizon • FAC-011-2 — System Operating Limits Methodology for the Operations Horizon • FAC-014-2 — Establish and Communicate System Operating Limits</p> <p>4 – Chairman and SAR requestor for Project 2007-09, Generator Verification PRC-019 — Coordination of Generator Voltage Regulator Controls with Unit Capabilities and Protection PRC-024 — Generator Performance during Frequency and Voltage Excursions MOD-026 — Verification of Models and Data for Generator Excitation System Functions MOD-027 — Verification of Generator Unit Frequency Response MOD-024 — Verification of Generator Gross and Net Real Power Capability MOD-025 — Verification of Generator Gross and Net Reactive Power Capability</p> <p>5 – Vice-chairman and Supplemental SAR requestor for Project 2006-02, Assess Transmission Future Needs and Develop Transmission Plans • TPL-001 — System Performance under Normal Conditions • TPL-002 — System Performance Following Loss of a Single BES Element • TPL-003 — System Performance Following Loss of Two or More BES Elements • TPL-004 — System Performance Following Extreme BES Events • TPL-005 — Regional and Interregional Self-Assessment Reliability Reports • TPL-006 — Data from the Regional Reliability Organization Needed to Assess Reliability</p> <p>6 - Member and SAR requestor for Project 2007-01, Under frequency Load Shedding • PRC-006 — Development and Documentation of Regional Reliability Organizations' Under frequency Load Shedding Programs • PRC-007 — Assuring Consistency with Regional UFLS Programs • PRC-009 — UFLS Performance Following an Under frequency Event</p> <p>c. NERC Working Group & Subcommittee involvement:</p> <p>1 – Member of Functional Model WG 2 – Member of Regional Reliability Standards WG 3 – Member of Standards Committee Process Subcommittee</p> <p>d. Interpretation Drafting Team involvement:</p> <p>1 – Chairman of two past IDT with approved interpretations concerning VAR-001 and VAR-002 2 – Chairman of Project Number: 2008-11, Interpretation of VAR-002a by ICF Consulting</p> <p>e. FERC involvement:</p> <p>1 – As a member of NERC SDT, RFC has been on a number of NERC/FERC calls helping explain the development of NERC standards.</p> |
| SERC | <p>SERC staff facilitates and promotes participation of SERC regional technical groups to develop and file comments on nearly all NERC draft SARs and standards. SERC staff and volunteers are actively engaged on all NERC drafting teams as well as comment and vote on nearly all NERC SARs and standards through the Registered Ballot Body.</p> |
| SPP | <p>There are no SPP Regional Entity dedicated staff (those reporting to the Executive Director of Compliance and Enforcement) who participate on any NERC standards drafting teams, assemble NERC comments, or any other part of the NERC standards development process. A limited number of SPP Inc. shared staff are involved in assembling stakeholder comments and reminders to stakeholders to comment and vote but are performing those functions under SPP Inc. and not for the SPP Regional Entity. Currently, there is one SPP Inc. shared staff who is participating on the NERC Regional Standards Working Group. Since the purpose of this group is to coordinate the development of regional standards, this shared staff person tracks time and expenses for this activity to the SPP Regional Entity.</p> |

2009 Metrics Development by Program

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| TRE | All but one (drafting team) of the NERC standards processes |
| WECC | <p>The WECC Standards staff, two engineers and shared administrative support, participates in all aspects of the NERC Standards Development Process. Some specific examples include:</p> <ul style="list-style-type: none"> a. One WECC Standards staff member is a member of the NERC Standards Committee. b. One WECC Standards staff member is a member of the NERC Regional Reliability Standards Work Group. c. Two WECC Standards staff members participate in the comment process for all NERC Standards activities and distribute additional reminders to industry participants in the WECC regions. d. One WECC staff member (not from the standards function) is on the NERC Generator Verification Standard drafting team. e. Two WECC Standards staff members participate in the activities of each of the five drafting teams for the Tier 1 Regional Reliability Replacement Standards. f. One WECC Standards staff member participates as an observer on the Assess Transmission Future Needs and Develop Transmission Plans drafting team. g. One WECC Standards staff member is a member of the NERC Credible Multiple Element Contingencies Standard drafting team. <p>One WECC staff member (not from the Standards function) is a member of the NERC Transmission Issues Subcommittee, which recently has provided input to the NERC Assess Transmission Future Needs Standards drafting team.</p> |

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| 5. Staff vs. paid consultants? | |
| FRCC | All Staff |
| MRO | MRO staff. MRO industry volunteer are active on the Standards Committee and the Standard Drafting teams. |
| NPCC | 2 FTEs Staff and 1 FTE Independent Contractors. NPCC industry volunteers are active on the Standards Committee and the standard drafting teams. |
| RFC | RFC does not use contractors or consultants for standards work. Industry volunteers are used on the Standards Committee and the standard drafting teams. |
| SERC | The standards staff is entirely SERC payroll employees. |
| SPP | SPP RE staff |
| TRE | TRE has not specifically budgeted for paid consultants. |
| WECC | Although WECC will use FTEs in the Standards function, it has budgeted a small amount (\$28,800) for consultants. In addition, WECC industry volunteers are active in many areas of the Standards development process. |

2009 Metrics Development by Program

Compliance Enforcement & Organization Registration

1. Headcount (FTE's)

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|------|---|
| FRCC | 9.1 |
| MRO | 10.00 |
| NPCC | 9.0 FTEs, consisting of both NPCC Staff and Independent Contractors |
| RFC | Currently 13. Budgeted for 23 in 2009. |
| SERC | 21.5 |
| SPP | 6.0 |
| TRE | 14.15 FTEs budgeted for 2009 |
| WECC | 30 FTEs. |

2. How many registered entities?

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|------|--|
| FRCC | 78 |
| MRO | 113 |
| NPCC | 264 |
| RFC | 356 |
| SERC | 222 |
| SPP | 124 |
| TRE | 200 Registered Entities as of 6/30/2008 |
| WECC | As of July 10, 2008, WECC had 472 Registered Entities providing 1,271 functions, with associated total requirements of 76,511. |

3. Number of functions per each registered entity?

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| FRCC | It varies, but on average 3.2 per registered entity. |
| MRO | On average there are 5.2 functions per registered entity (total of 587 functions). However, the larger entities on a 3 year cycle average 8-10 functions and the smaller 6 year cycle entities average 2 to 3. |
| NPCC | Of the 545 functions, the number of functions per registered entity ranges from 1 to 11 functions. |
| RFC | There are 356 entities registered with a total of 676 functions that averages to 1.90 functions per entity. However, the larger 3 year audit cycle entities average 4.17 functions, while the smaller, 6 year cycle ones average 1.45. |
| SERC | It varies, but on average 2.8 per registered entity. |
| SPP | On average there are 3.12 functions per registered entity (total of 387 functions). |

2009 Metrics Development by Program

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| TRE | 292 functions being performed by 200 entities- average approximately 1.46 functions per entity | | | | |
| WECC | | | | | |
| | Function | Total Entities | Total Functions | Average per Entity | Total # of Requirements Applicable |
| | BA | 33 | 320 | 9.70 | 5,544 |
| | DP | 179 | 718 | 4.01 | 5,370 |
| | GO | 225 | 824 | 3.66 | 16,650 |
| | GOP | 211 | 795 | 3.77 | 15,825 |
| | LSE | 155 | 739 | 4.77 | 11,160 |
| | PA | 32 | 328 | 10.25 | 960 |
| | PSE | 156 | 671 | 4.30 | 1,092 |
| | MO | 0 | 0 | 0.00 | 0 |
| | RRO | 0 | 0 | 0.00 | 0 |
| | RC | 3 | 3 | 1.00 | 450 |
| | RSG | 3 | 3 | 1.00 | 18 |
| | RP | 57 | 479 | 8.40 | 684 |
| | TOP | 50 | 451 | 9.02 | 8,200 |
| | TOP | 82 | 574 | 7.00 | 7,380 |
| | TP | 46 | 437 | 9.50 | 1,150 |
| | TSP | 39 | 357 | 9.15 | 2,028 |
| | IA | 0 | 0 | 0.00 | 0 |

| 4. Number of Audits? Cost per audit? (Different registrants require different audit schedules and timeframes necessary for audits.) | |
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| FRCC | <p>9 On-Site Compliance Audits; 9 Table Top Compliance Audits; 79 Self-Certifications; 44 Spot checks and 948 Periodic Data Submittals are anticipated in 2009.</p> <p>The cost per audit depends on the complexity of the type of audit and the location of the entity. The total cost of the Compliance Audit Program is approximately \$2,338,249 which would be approximately \$9,467 per function or an average of \$30,293 per registered entity.</p> |
| MRO | <p>7 on-site (BA, TOP, RC) and 14 (other type) audits for a total of 21 audits to be performed in 2009. Cost per audit is approximately \$2,150 per person per audit (assuming 3 staff on an audit); different registrants require different audit schedules and timeframes necessary for audit; MRO has included two hearings, two investigations, and two system event investigations in its budget for 2009.</p> |

2009 Metrics Development by Program

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| NPCC | <p>The 2009 Compliance Audit Schedule for NPCC includes 125 compliance audits. Four categories have been established using the scope and complexity of the audit, based on the number of requirements for each registered entity contained on the monitored list of reliability standards to be audited. Large On-Site audits are characterized by +150 requirements; Large Off-Site are characterized by +75 requirements; Medium Off-Site are characterized by 26-75 requirements; Small Off-Site are characterized by 1-25 requirements.</p> <p>NPCC has scheduled 16 "large" On-Site Compliance Audits; 80 "large" off-site audits, 16 "medium" audits and 13 "small" audits. Two hundred (200) limited, unscheduled, "spot checks" will be utilized to verify self certification, self reporting and periodic data submittals in 2009. These estimates have taken into consideration the projected total number of registered entities for each type and the established three-year cycle for RC, BA, TOP Compliance Audits and the established six-year cycle for all other registered entity types.</p> <p>The cost per audit depends on the complexity of the type of audit and the number of requirements being audited. With the expanding scope, data acquisition and retention requirements, as well as the increase in the number of requirements, the cost of audits has increased. NPCC developed estimates of \$40,000 per large on-site audit, \$12,000 per large off-site audit, \$5,000 per medium off-site audit and \$2,000 per small off-site audit to project possible costs.</p> |
| RFC | <p>12 to 15 larger entities, per 3 year cycle. 55 to 65 smaller entity audits per 6 year cycle. Of the 65, most will be off-site (ReliabilityFirst offices).</p> <p>Cost/Audit - 3 year audit estimates are \$18,000 for travel (these audits are 4-5 days) and 1 contractor support. Does not include staff labor costs. For 6 year audits, we figure to do 20 on-site at cost of \$6,000 per audit (these are anticipated as 1-2day audits). The remaining audits would have no cost above labor, as these will be off site.</p> |
| SERC | <p>SERC plans 88 total audits in 2009, as broken down below by size:</p> <ul style="list-style-type: none"> • 8 large audits (5 days onsite for 4.5 staff plus additional volunteers) • 7 medium audits (3 days onsite for 3 staff plus additional volunteers) • 28 small audits (2 days onsite for 2 staff plus additional volunteers) • 20 cyber security audits (2 days onsite for 2 staff plus additional volunteers) • 20 off-site audits • 5 cross regional audits <p>These audits are per entity, with the assumption that all registered functions will be addressed during the audit. The total cost of the audit program is approximately \$2,630,486, which averages \$29,892 per audit.</p> |
| SPP | <p>Seven to nine on-site compliance audits of registered RC, BA, and TOP entities and fifteen to twenty on-site (or other approved methods) of compliance audits of other registered entities</p> |
| TRE | <p>Tentatively 46 audits (24 onsite audits and 22 tabletop audits) and 10 spot checks are planned for FY2009. Audit expense consists of the following: Drive: 20 audits x 4.5 people x \$360 per person for a total of \$32,400 Fly: 4 audits x 4 people x \$650 per person for a total of \$10,400 Spot Checks: 10 audits x 3 people x \$360 per person for a total of \$10,800 Total Cost - \$53,600. Total expense per person includes meals, travel, lodging & other expenses.</p> |
| WECC | <p>22 on-site audits are planned for 2009, 19 of which are already scheduled. WECC's Compliance Department will conduct on-site audits of Balancing Authorities, Transmission Operators and Reliability Coordinators¹ on a three-year cycle. WECC's Compliance Department will audit all other Registered Entities on a six-year cycle.</p> <p><u>2009 On-site Audits (22):</u> WECC estimates the total cost for on-site audits to be \$782,500. The cost per on-site audit will be \$35,600.</p> <p><u>2009 Off-site Audits (80):</u> WECC estimates the total cost for off-site audits to be \$300,000. The cost per off-site audit will be \$3,750.</p> |

2009 Metrics Development by Program

| 5. Staff vs. paid consultants? | |
|--------------------------------|--|
| FRCC | Staff |
| MRO | MRO audits are performed with the Regional Entity staff only |
| NPCC | 7 FTEs Staff and 2 FTEs Independent Contractors |
| RFC | RFC supplements the compliance auditors with contractors periodically. |
| SERC | All staff are on the SERC payroll. |
| SPP | SPP RE staff and consultants as needed |
| TRE | TRE does not have amounts specifically budgeted for paid consultants. |
| WECC | 30 FTEs (staff) and five independent consultants. |
| 6. Volunteer support? | |
| FRCC | In 2009, FRCC will cease the use of volunteers. |
| MRO | No. Only MRO staff. |
| NPCC | No. NPCC does not use volunteers for its audits under the Compliance Monitoring and Enforcement Program. Audits are conducted by 1 member of staff and a minimum of 2 independent contractors per audit depending on the number of requirements being audited. NPCC industry volunteers are active on the NPCC Compliance Committee. |
| RFC | ReliabilityFirst Corporation does not permit stakeholders to participate in compliance audits. Only the independent staff of RFC or independent contractors can participate. |
| SERC | SERC uses volunteer subject matter experts to supplement audit teams. SMEs do not have a decision-making role during an audit – they advise the audit team leader, who is a staff member. |
| SPP | No |
| TRE | No Volunteer support is planned in 2009 - Texas RE Staff only |
| WECC | WECC's Compliance Department does not utilize volunteer support. |

2009 Metrics Development by Program

Readiness Evaluations

1. Headcount (FTE's)

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|------|--|
| FRCC | This program has been eliminated effective 1/1/2009 |
| MRO | .5 FTE |
| NPCC | The RREI program, having concluded its post Blackout 2003 mission, has been eliminated effective 1/1/2009 for NPCC from its 2009 Business Plan and Budget. |
| RFC | See response below in question #2. |
| SERC | This program has been eliminated effective 1/1/2009. |
| SPP | 0.5 |
| TRE | 0 FTEs budgeted in 2009 |
| WECC | 2.0 FTEs. |

2. Number of evaluations in each region (NERC)? – NERC to provide

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| FRCC | |
| MRO | This program has been eliminated effective 1/1/2009. However, NERC has identified 26 entities that need the registration evaluated. Of the 26 outstanding entities, 5 are in MRO's footprint. The funding that was anticipated for readiness evaluations will be maintained in MRO's Business Plan and Budget for the said registration evaluations. |
| NPCC | |
| RFC | NERC has eliminated the Reliability Readiness Evaluation and Improvement Program. 2009 will be a transition year, during which open Readiness recommendations in the Region will be monitored to their completion and a reduced set of Evaluations will take place. Consequently, ReliabilityFirst has eliminated the Reliability Readiness Evaluation and Improvement Program funding requirements, FTE count, and activities from the 2009 Business Plan and Budget. ReliabilityFirst resources required to support any remaining required activities of this NERC program are assumed to be minimal and will be absorbed by existing ReliabilityFirst staff. |
| SERC | |
| SPP | In its 2009 business plan, developed after approval of the plan by SPP, NERC has eliminated the Reliability Readiness Evaluation and Improvement Program. In the NERC approved plan, 2009 will be a transition year, during which open Readiness recommendations in the Region will be monitored to their completion and a reduced set of Evaluations will take place. Due to the uncertainty associated with the final disposition of the NERC program and the expectations delegated to SPP at the time this plan was developed and finalized, the potential for an under run of 2009 expenditures compared to budget exists, but is difficult to quantify at this time. |
| TRE | |

2009 Metrics Development by Program

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| WECC | Under the existing Readiness Evaluation Program, WECC has 21 evaluations tentatively scheduled for 2009. |
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Reliability Assessments and Performance Analysis

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| 1. Headcount (FTE's) | |
| FRCC | 3.67 |
| MRO | 4.75 |
| NPCC | 3.9 FTEs, consisting of NPCC Staff |
| RFC | 5.5 |
| SERC | 4.5 |
| SPP | 3.4 |
| TRE | 2.2 FTEs budgeted for 2009 |
| WECC | 14 FTEs. |
| 2. Member vs. staff support of the assessment development? (Winter, summer, long-term) | |
| FRCC | The FRCC staff prepares three reliability assessments each year: a long-term assessment report, a summer assessment report and a winter assessment report using Member data. These assessment reports analyze electricity demand, the adequacy of supply and the adequacy of the transmission system with the FRCC. Members are also involved in the development of the FRCC databank and in reviewing the results. |
| MRO | The MRO Reliability Assessment Committee and its subcommittees prepare three reliability assessments each year; a long-term assessment report, a summer assessment report and a winter assessment report using Member data. In 2008, NERC added a fourth assessment, called the Scenario Assessment. The Scenario Assessment focuses on an emerging issue that has been identified in the previous year's Long-Term Reliability Assessment. |
| NPCC | NPCC staff, along with volunteer technical experts within the Northeast and from adjacent Regions, conduct seasonal reliability assessments of the overall NPCC resource adequacy each year. NPCC additionally reviews operations and disturbances both internal and external to the region. NPCC conducts inter Area and interregional studies to enhance reliability and operational effectiveness and mitigate potential problems identified. NPCC periodically develops a long-term resource adequacy assessment report that analyzes electricity demand, and the adequacy of supply and the adequacy of the transmission system with the NPCC. Consulting services are contracted for with regard to bulk power system modeling and analysis. |
| RFC | ReliabilityFirst Corporation staff develops the power flow cases using the member data, and conducts the transmission assessment in-house. Stakeholders are involved in developing the transmission study assumptions and reviewing the results. We have the power flow assessment tools in-house. Resource assessments are conducted by ReliabilityFirst Corporation staff using member data. Stakeholders are involved in reviewing the results. |
| SERC | SERC member volunteers develop the models and perform the studies. SERC staff facilitates the study groups and reviews the results and prepares assessments in concert with the responsible committee. Assessments are reviewed and approved by the SERC Board Executive Committee. |

2009 Metrics Development by Program

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| SPP | The SPP Inc. shared staff prepare three reliability assessments each year; a long-term assessment report, a summer assessment report and a winter assessment report using Member data. In 2008, NERC added a fourth assessment, called the Scenario Assessment. The Scenario Assessment focuses on an emerging issue that has been identified in the previous year's Long-Term Reliability Assessment. SPP Inc. shared staff track time and expenses to the SPP Regional Entity when performing these activities. |
| TRE | Applicable market participants provide data and input; assessments are coordinated and performed by the ERCOT ISO; TRE does review their assessments after they are completed. |
| WECC | WECC staff develops these assessments using data from its members, and performs reliability assessments. WECC's Loads and Resources Subcommittee (LRS), which is made up of WECC members, reviews the information and accepts the assessments prior to providing them to NERC. |
| 3. Any other assessments being done within the region? (Statutory only – Y/N) | |
| FRCC | Yes, the FRCC will also prepare special reliability assessment reports as conditions warrant. Further, FRCC will analyze unusual events that occur on the bulk power systems, identify the causes of such events, assess past reliability performance and disseminate the findings. |
| MRO | Interregional analyses are performed by the Eastern Interconnection Reliability Assessment Group (ERAG), which was formed to prepare Eastern Interconnection models and to perform interregional transfer studies. ERAG has assumed responsibility for the Multi-regional Modeling Working Group (MMWG). Eastern Interconnection model development is the responsibility of the MMWG. MRO staff and member volunteers participate in the ERAG and MMWG groups. |
| NPCC | Yes, periodic assessments as required by the Eastern Interconnection Reliability Assessment Group (ERAG). ERAG oversees Eastern Interconnection study activities and interregional matters of interest. NPCC staff develops power flow cases using member data and conducts the transmission assessments in-house. The NPCC also prepares special reliability assessment reports as conditions warrant. Further, NPCC analyzes unusual events that occur on the bulk power systems, identifies the cause(s) of such events, assesses past reliability performance and disseminates the findings. |
| RFC | Periodic assessments as required by former NERC standards applicable to regions (stability, under-frequency, under-voltage, etc.). |
| SERC | SERC performs its own annual reliability assessment in addition to its input to the NERC reliability assessment. SERC facilitates a dozen or more additional reliability studies to coordinate among member systems, the five sub-regions and neighboring systems. SERC provides to NERC the consolidated data and policy, assessment work product for NERC reliability assessment products. |
| SPP | SPP Inc. is a member of the Eastern Interconnection Reliability Assessment Group (ERAG), which was formed to prepare Eastern Interconnection models and to perform interregional transfer studies. ERAG has assumed responsibility for the Multi-regional Modeling Working Group (MMWG). Eastern Interconnection model development is the responsibility of the MMWG. MRO staff and member volunteers participate in the ERAG and MMWG groups. |
| TRE | Periodic assessments as required by NERC standards applicable to regions (stability, under-frequency, under-voltage, etc) |

2009 Metrics Development by Program

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| WECC | <p>No. There are no other assessments being done within the WECC region for submission to NERC. However, the 2009 Budget and Business Plan describes a number of other studies, analyses and assessments, for reliable planning and operation of the bulk electric system in the Western Interconnection.</p> <p>The WECC staff and a consultant, based upon direction from the Transmission Expansion Planning Policy Committee (TEPPC), perform a robust set of resource portfolio cases. Its 2008 study plan cases include 15 percent renewable penetration, as well as carbon constrained, and high energy-efficiency targets. It also includes associated transmission expansion scenarios for long-term planning purposes. These studies are related in large part to FERC Order 890 requirements. WECC staff and TEPPC also direct the historical analysis of transmission congestion in conjunction with the Department of Energy. The historic analyses are performed by an outside consultant.</p> <p>The WECC staff, based on guidance from the LRS, performs the annual Power Supply Assessment (PSA). The PSA is a 10-year study of the resource capacity margins on a WECC-wide basis, and is based on reported demand, resource data and transmission constraints.</p> <p>WECC staff, with guidance from the WECC Technical Studies Subcommittee (TSS), performs studies on operating and transfer conditions and stability limits. WECC staff annually prepares a 10-year data bank of powerflow base cases. Staff also prepares associated stability data reflecting 11 case scenarios, system configurations and operating conditions specified by TSS.</p> |
| 4. Does the region perform the analysis of critical assumptions of member assessments or does the region rely on the members for this analysis? | |
| FRCC | Yes, the data bank used to perform these assessments is maintained by FRCC and is developed through coordination with the Members within FRCC. Additionally, FRCC performs analysis of several critical parameters while relying on member systems for others in which case FRCC would review the analysis. FRCC consolidates the plans and runs an analysis to ensure there are no violations within the region. |
| MRO | Yes, MRO relies on the planning coordinators, industry technical expert volunteers and consultants to perform this analysis. |
| NPCC | <p>Critical assumptions used in the pre-seasonal (summer/winter) resource adequacy and transmission reliability assessments are jointly developed by NPCC staff and the industry technical expert volunteers, reviewed by the stakeholders (Reliability Coordinating Committee) and presented to the NPCC Board of Directors.</p> <p>NPCC staff (with the help of a consultant (GE Energy) and industry technical expert volunteers (the CP-8 Working Group) independently reviews, on a consistent basis, NPCC Area (Members') assumptions used in their interconnection assistance reliability benefits, for the near term (5 year horizon).</p> <p>On a periodic basis, NPCC staff (with the help of a consultant (GE Energy) and industry technical expert volunteers (the CP-8 Working Group) independently evaluates the long-range (5-year horizon) resource adequacy of NPCC Area (Members') and neighboring regions.</p> <p>On a periodic basis, NPCC staff, with the help of industry technical expert volunteers, (the Task Force on System Studies) performs an overall transmission system assessment to evaluate the thermal and dynamic performance of the NPCC Region, including the calculation of Inter-Area transfer capabilities and extreme contingency performance. NPCC has the PSS/e power flow/dynamics assessment tools in house.</p> |
| RFC | ReliabilityFirst Corporation performs the analysis and prepares the reports using independent staff. Critical assumptions used in both resource and transmission assessments are jointly developed by ReliabilityFirst Corporation staff and stakeholders. |
| SERC | Yes, staff reviews the critical assumptions, validity and accuracy of the data and the reasonableness of the results and conclusions. |
| SPP | SPP Regional Entity relies on the SPP Inc. shared staff who perform the role of planning authority in SPP. Activities performed by shared staff related to the SPP Regional Entity Reliability Assessment are tracked to the SPP Regional Entity. A dedicated SPP Regional Entity staff person, reporting to the Executive Director of Compliance and Enforcement, monitors the development of assessments to ensure an independent regional entity perspective. |

2009 Metrics Development by Program

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| TRE | TRE primarily relies on market participants and the ERCOT ISO to perform analysis of critical assumptions of member assessment; however TRE does verify the analyses (i.e. "trust, but verify") |
| WECC | Yes - WECC staff performs the analysis of critical assumptions of member assessments. The WECC LRS, which is made up of WECC members, reviews and gives final approval of the analysis and assessments. |
| 5. Who supports the NERC RAS effort and ERAG (in the Eastern Interconnection)? | |
| FRCC | The FRCC Transmission Planning Staff |
| MRO | MRO staff and MRO industry technical expert volunteers. |
| NPCC | NPCC staff and NPCC volunteer industry technical experts. |
| RFC | Staff and stakeholders |
| SERC | The SERC Director of Reliability Assessment, the SERC Reliability Review Subcommittee Chairman, and other member subject matter experts as needed. |
| SPP | SPP Inc. staff track their time and expenses for participation on ERAG to the SPP Regional Entity. |
| TRE | The ERCOT ISO performs this function. We are not in the Eastern interconnection. |
| WECC | WECC has two staff and one member volunteer who support the NERC RAS. WECC's LRS is also involved with NERC RAS efforts. |
| 6. Who supports the NERC Planning Committee and Operating Committee? | |
| FRCC | The FRCC appoints Stakeholder Members to the NERC Operating Committee and the NERC Planning Committee. In addition, FRCC staff attends meetings and provides backup and support for our Stakeholder Representatives. |
| MRO | MRO staff and MRO industry technical expert volunteers. |
| NPCC | NPCC staff and NPCC volunteer industry technical experts |
| RFC | Staff |
| SERC | Stakeholders are members, while SERC Reliability Services staff participates and attends meetings of both committees. |
| SPP | SPP Regional Entity relies on stakeholder volunteers to represent the region on NERC Operating and Planning committees. |
| TRE | TRE's CEO/CCO ensures that these positions are filled. The positions are filled by ERCOT ISO or market participant staff. |
| WECC | The WECC region has two industry volunteer members: one serves on the NERC Planning Committee and the other on the NERC Operating Committee. One WECC staff member is assigned to each of these NERC committees, but resource constraints often result in one WECC staff member covering both committee meetings. |

2009 Metrics Development by Program

Training and Education

1. Internal (Compliance/Readiness) job responsibility training.

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| FRCC | The FRCC Compliance Staff participates in all NERC Training. |
| MRO | MRO Staff participates in external and internal conferences, seminars, workshops and training programs in many job responsibility areas including compliance audits and enforcement. In 2008, MRO began hosting system Operating Training Software ("SOTS") which the main function is to provide training materials that can be accessed through the internet. This should increase the efficiencies in operator certification. |
| NPCC | NPCC staff participates in external and internal conferences, seminars and training programs in job responsibility areas. |
| RFC | ReliabilityFirst Corporation budgets for individual training. For 2007, we have approximately \$65K budgeted for individual enhancement training. |
| SERC | SERC has a full time trainer whose responsibilities include both member company and SERC staff training, including training of compliance staff and other SERC staff and the conduct of system operator seminars, compliance workshops, etc. |
| SPP | On a yearly basis, the SPP training program offers to registered entities within the SPP RE footprint the following training opportunities: <ul style="list-style-type: none"> • Three System Operations Conferences (20 hours each) • Two Regional Restoration Drills (24 hours each) • Eight Subregional Restoration Drills (16 hours each) • 24 Regional Emergency Operations Net Conferences (2 hours each) • Three Train-the-Trainer sessions (12 hours each) |
| TRE | For 2009, TRE has \$11,160 budgeted specifically for training. |
| WECC | WECC has budgeted a total of \$313,797 in 2009 for staff training. Of that total, \$75,004 is for Compliance and Readiness training and \$97,671 is for Situational Awareness training. |

2. External workshops for members or Board training

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| FRCC | FRCC is a NERC-approved Continuing Education Provider and conducts annual seminars both here and at external locations. The FRCC System Operator Subcommittee (SOS) identifies and manages annual training activities for the FRCC System Operators, and provides assistance to FRCC members for compliance with NERC training standards and any issues that may have related to system operators obtaining/retaining required NERC Certification. |
| MRO | Using NERC developed training materials, MRO coordinates with RFC, SPP, and TRE to share training resources and implement training for Regional Entities. |
| NPCC | NPCC is a NERC-approved Continuing Education Provider and conducts semi-annual seminars both on-site and at external locations. The NPCC System Operator Training working group identifies and manages training activities for the NPCC System Operators, and provides assistance to NPCC members for compliance with NERC training standards and any issues that are related to system operators obtaining/retaining required NERC Certification. Implementation of NPCC policies is discussed, significant disturbances are reviewed for lessons to be learned and "table-top" drills are conducted to simulate selected operational problems. NPCC also evaluates and proposes the utilization of new techniques and training aids as they become available. The working group also continually looks for ways to share and improve the efficiency of existing training programs. Board education is provided by outside counsel. |
| RFC | ReliabilityFirst Corporation Bylaws require at least one day of training for the Board of Directors annually. We also conduct compliance workshops annually (due to size of footprint and number of entities, we repeat the workshop in two other locations) and other training as necessary. |

2009 Metrics Development by Program

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| SERC | SERC conducts approximately 10 large training conferences per year, including five system operator training sessions, three compliance workshops and two "train the trainer" sessions. |
| SPP | SPP RE's training classes are available for both registered and non-registered participants. |
| TRE | There are two compliance workshops budgeted for 2009, expected cost \$35,000. Additionally, \$70,000 is budgeted for Operations Training, however this is offset by fees paid by attendees to attend. |
| WECC | WECC provides continuing education training for operators, schedulers and dispatchers. Classes are conducted 24-26 weeks per year in Salt Lake City. Once a year, a Leadership Training session is held for Board members, Committee, Subcommittee, Work Group and Task Force chairs. |

2009 Metrics Development by Program

Situational Awareness and Infrastructure Security

1. Support of NERC's CIPC

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| FRCC | The FRCC has a staff member serving on that committee. |
| MRO | MRO has an employee assigned to CIP. This person participates in NERC CIPC area including outreach, raining, information dissemination, and the NERC CIP Committee. The MRO also has its own CIP working group. |
| NPCC | NPCC Staff and NPCC volunteer industry experts |
| RFC | RFC has it's own CIP Subcommittee, facilitated by staff. In addition, a great deal of time is dedicated to aiding NERC in the CIPC area - standards writing, training, outreach, information, dissemination, and the NERC CIP Committee. |
| SERC | SERC operates its own Critical Infrastructure Protection Committee. SERC volunteers actively participate as members of the NERC CIPC and SERC has a staff person who participates in the NERC CIPC meetings. |
| SPP | SPP RE actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP RE registered entities. SPP RE will: <ul style="list-style-type: none"> • Provide assistance to NERC as Liaison with the U.S. Department of Homeland Security and state emergency management offices • Work with NERC to implement Situation Awareness Tools (new activities for 2009) • Assist in development of Morning Reports • Participate in NERC/RE Situation Awareness Communications Team • Exchange SAIS information and foster collaboration with information sharing partners • Work with NERC to further clarify SAIS roles and responsibilities |
| TRE | 1 CIP FTE budgeted that will be active in this area related to CIP standards and activities. |
| WECC | WECC has three primary representatives and four alternate representatives on the NERC Critical Infrastructure Protection Committee (CIPC). WECC has a Critical Infrastructure and Information Management Subcommittee, which also provides support to the NERC CIPC. |
| 2. Hotline (Y/N) | |
| FRCC | Yes, the FRCC has a satellite phone to provide situational awareness information to staff in the event of an emergency situation. It also operates a hot line phone system to support the Reliability Coordinator function. |
| MRO | No |

2009 Metrics Development by Program

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| NPCC | <p>No. The NPCC office is not connected to the NERC hotline. However, NPCC maintains a supplementary dedicated regional phone to coordinate situational awareness information between NPCC Reliability Coordinator control rooms on a daily basis and in the event of an emergency situation.</p> <p>Situational awareness among the Reliability Coordinators of NPCC is achieved and maintained through a layered series of conference calls.</p> <p><u>Weekly Conference Call</u> A weekly conference call is initiated by the NPCC Staff to discuss, with management personnel from the NPCC Reliability Coordinators, the operational conditions expected during the forthcoming ten-day period (weekend and following week). Items of particular concern that may be discussed during the weekly conference call can include, but are not limited to, anticipated weather, maximum peak load expected during the ten-day period, the largest first and second contingencies expected for the period, operating reserve obligations for the period, capacity deficiencies, potential fuel shortages or potential supply disruptions which could lead to energy shortfalls, generator or transmission outages that could impact a neighboring system, a change in the status of a special protection system which could impact a neighboring system and the potential for light load concerns.</p> <p><u>Daily Area Control Room Conference Call</u> The senior shift supervisors of the Reliability Coordinator control rooms within NPCC take part in a daily conference call to serve as a complement to the Weekly Conference Call. The participants of the call are staff from the control rooms of the New Brunswick System Operator, ISO New England, Inc., the New York ISO, Hydro-Québec TransÉnergie, the Independent Electricity System Operator and NPCC Staff. The conference call is implemented through a bridge, ringing all pre-selected control room telephones simultaneously. The goal of the call is to alert neighboring Reliability Coordinators within NPCC of emerging operational problems. Subjects for discussion are limited to credible events which could impact the ability of a Reliability Coordinator to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection.</p> <p><u>Pre-Emergency/Emergency Preparedness Conference Call</u> The NPCC pre-emergency/emergency preparedness conference call establishes communications among the Operations Managers of the NPCC Reliability Coordinators, and their counterparts in PJM and the MISO, in the event of a possible capacity shortfall or a physical threat to the security of the interconnected bulk power supply system of the NPCC systems. The conference call is initiated by NPCC Staff, or through the control rooms, and provides a process which permits a timely assessment of the overall system conditions by each Reliability Coordinator and which facilitates the procurement of assistance during emergency conditions. During the course of an emergency, the Operations Managers will conduct the emergency preparedness conference call as frequently as deemed necessary to assess and monitor system conditions.</p> |
| RFC | No |
| SERC | Yes, SERC maintains, operates and tests a secure, dedicated hotline among all the reliability coordinators, transmission operators and balancing authorities in the region. |
| SPP | Yes |
| TRE | TRE does not have a hotline. However, the ISO is required to report issues to TRE. |
| WECC | Yes, a hotline number exists for use between the three existing Reliability Coordination centers. The number is not published because it is used exclusively by the Reliability Coordinators. |

2009 Metrics Development by Program

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| General |
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| 1. Meetings: | |
| a. Host/off-site/Member sites | |
| FRCC | The FRCC hosts and facilitates numerous meetings for its Board Committees, subcommittees, working groups and task forces at our corporate offices. Our meeting facilities include state-of-the-art telephone conferencing capability to meet the needs for conference calls and Webex. FRCC regularly makes its facilities available to other industry groups. |
| MRO | Yes to all, plus numerous conference calls and webex. |
| NPCC | The NPCC hosts and facilitates numerous meetings for its Board, committees, working groups and task forces at its corporate offices as well as its members' meeting facilities. NPCC also conducts meetings at various hotel sites throughout the Region. For a few larger meetings (40 or greater) NPCC hosts at outside counsel's Board Room or at a member site. Meetings held at member sites are cost effective (lower meeting room rate, if any and generally catering costs) or hotels (higher meeting room rate and catering costs) in a rotational fashion within the region at NPCC's cost. |
| RFC | RFC does not plan to host meetings at member sites to maintain our independence from stakeholders. Some meetings are hosted at the RFC offices. The majority will be spread around the footprint, at neutral sites at our cost. Due to increasing cost of travel RFC hosts many conference calls with web capabilities that use our equipment. |
| SERC | SERC hosts and facilitates numerous meetings for its Board standing committees, subcommittees, working groups and task forces at our corporate offices. Our meeting facilities include telephone conferencing capability to meet the needs for conference calls and Webex. Additionally, SERC hosts meetings at various hotel sites throughout the Region, especially for the larger meetings. |
| SPP | Yes, in addition to teleconferencing and WebEx meetings |
| TRE | There are two compliance workshops and one, 6-week Operator Training Seminar for 2009. |
| WECC | WECC utilizes its members' facilities, hotels and WECC facilities for WECC-specific and NERC Committee meetings. WECC has a large conference room in its Salt Lake City office that is used for approximately 20 meetings each year. |
| 1. Meetings: | |
| b. # of meetings | |
| FRCC | The compliance committee meets monthly. The other committee meeting and Board of Directors meetings are both Statutory and Non-Statutory. The FRCC also hosts meeting that are Non-Statutory in nature. |
| MRO | MRO holds quarterly Board of Directors meetings and one annual membership. MRO has four standing committees which meet at least quarterly. MRO has eight subcommittees which meet 3 to 6 times a year. |
| NPCC | The NPCC Board meets 6-8 times per year (1-2 via teleconference), the Audit and Finance Committee meets 1-3 times per year, the Pension Committee meets quarterly (3 via teleconference), and the Compensation Committee meets two times per year (via teleconference). In addition, NPCC holds an Annual Member Meeting and a General Meeting. The Compliance Committee meets 6 times per year, the Standards Committee meets 6 times per year, the Reliability Coordinating Committee meets 4 times per year, the Public Information Committee meets 2 times per year, and the Governmental/Regulatory Affairs Advisory Group meets two times per year. There are 20-30 or so drafting team meetings per year, 2 compliance workshops, 4-5 Task Force on Infrastructure & Security meetings, 4 Task Force on Coordination of Planning meetings, 8 Task Force on Coordination of Operation meetings, 6 Task Force on System Protection meetings, plus other task force and working group meetings totaling another 80+ meetings per year. |
| RFC | 4 Board meetings per year, Annual Member meeting, 4 Reliability Committee meetings per year, 20-30 or so drafting team meetings per year, 3 compliance workshops per year, 4 CIP committee meetings per year, 3 Regional forums, 1 base case development seminar plus other working groups and subcommittees totaling another 10-15 meetings per year. |

2009 Metrics Development by Program

| | |
|---|---|
| SERC | SERC facilitates approximately 150 meetings per year. |
| SPP | SPP RE holds quarterly Regional Entity Trustee meetings and a minimum of two public workshops where registered entities can interact with SPP RE and NERC staff |
| TRE | There are two compliance workshops budgeted for 2009, expected cost \$35,000. Additionally, we have \$70,000 budgeted for Operations Training, however this is offset by fees paid by attendees to attend. |
| WECC | WECC holds four Board Meetings a year and one Annual Membership Meeting. There are six Board-level Committees that meet approximately three times per year, and are generally coordinated with Board meetings to save on expenses. Three Joint Standing Committee meetings are held each year (Planning, Operating and Market Interface). Four Joint Guidance Committee meetings are held each year. Each of WECC Subcommittees (approximately 15) meet between three and four times a year. Work Groups and Task Forces (approximately 40-45) meet approximately three times a year. WECC also holds approximately 30 drafting team meetings a year. |
| 1. Meetings: c. Average size | |
| FRCC | 20 |
| MRO | MRO holds quarterly Board of Directors meetings (30-35 people) and one annual membership (60 people). MRO has four standing committees which meet at least quarterly (10-30 people). MRO has six subcommittees which meet 3 to 6 times a year (20 people). |
| NPCC | Ranges from 15 (standards drafting) to 20 (task forces and working groups) to 50 (Reliability Coordinating Committee) to over 100 participants for the NPCC General Meeting. |
| RFC | Ranges from 10 (Standards Drafting) to 100 (seminars) |
| SERC | Average size is approximately 22 people, although the larger workshops run from 100 to 180 people. |
| SPP | SPP Regional Entity Trustees meetings are typically attended by the three Regional Entity Trustees, and three to four SPP RE dedicated and shared staff. Since these meetings are open, any interested party may also attend. In the past few meetings, this has been an additional two to four persons. The SPP compliance workshops have seen on average over 100 attendees in the past year. SPP also held a CIP workshop in 2007 where 65 persons attended. |
| TRE | Expect 100 attendees at each of the compliance workshops and approximately 700 attendees at the Operations Training Seminar. |
| WECC | The size of meetings varies depending on membership interest and public participation. Drafting team meetings and most task force meetings have approximately 10 attendees. Work group and some smaller subcommittees have between 15 and 35 attendees. Other subcommittees have between 40 and 70 attendees. Joint Standing Committee meetings average 170 attendees. Board of Directors meetings average 60-70 attendees. |

2009 Metrics Development by Program

Administrative

1. Rent (\$ per sq. ft.)

| | |
|------|---|
| FRCC | \$25.51/square foot |
| MRO | \$15.43 on average, includes improvements, maintenance and taxes. |
| NPCC | In 2008 NPCC pays approximately \$39 with real estate tax escalations. NPCC's License Agreement terminates 5/09. Rent in current building is \$90/square foot necessitating an office relocation. The NPCC BOD approved a \$55/square foot rent initiating in 6/09. |
| RFC | \$16.83 per square foot |
| SERC | \$17.51/square foot in 2009 |
| SPP | N/A |
| TRE | Rent is budgeted at \$25.00 per square foot. TRE does intend to move from its current location to an offsite location before the end of 2008. |
| WECC | WECC pays an average of \$17.91 per square foot, not including building maintenance costs. |

2. Total Square Feet

| | |
|------|--|
| FRCC | 13,209 sq ft |
| MRO | 13,100 |
| NPCC | NPCC pays for approximately 9,000 square feet until relocation. The NPCC BOD approved a space plan of approximately 12,500 square feet. |
| RFC | approximately 14, 000 |
| SERC | 10,477 sq ft |
| SPP | N/A |
| TRE | Approximately 5,200 square feet within its current location. TRE will need approximately 10,000 square feet when it relocates. |
| WECC | 35,715 square feet of leased space is planned for 2009. Of this total, 15,900 square feet relates to the Reliability Coordination Centers. |

3. Do you have a telecommuter policy?

| | |
|------|--|
| FRCC | The FRCC does not allow its employees to Tele-commute. It does however, allow its employees to take their lap tops home and to be able to dial into the servers maintained at FRCC in order to work (on occasion) from home. |
| MRO | Yes. If arranged in advance, MRO allows for up to two days per week on a continuous basis or until business requirements or employee personal requirements cause the termination of the arrangement. |
| NPCC | Yes. NPCC allows employees to work at home or at another location during some portion of the work week. NPCC's telecommuting policy and procedures establish the requirements for personnel who have appropriate job tasks and responsibilities that enable telecommuting to be beneficial for the organization. Telecommuting is also considered to be an integral part of NPCC's business continuity planning in the event of a terrorist or other catastrophic event. |

2009 Metrics Development by Program

| | |
|------|---|
| RFC | Yes |
| SERC | Yes, SERC allows employees whose job responsibilities allow telecommuting may do so up to one day per week. |
| SPP | No |
| TRE | No official policy. Nevertheless; employees are able to log into the ERCOT system from remote locations to check email, etc. |
| WECC | WECC does not have a formal telecommuting policy. However, WECC has adopted an informal practice of allowing telecommuting (one to two days a week) for positions where it does not affect the employee's ability to perform the functions of their job. Employees are given permission to telecommute on a case-by-case basis. |

2009 Metrics Development by Program

Professional Services

1. Independent trustee fees? (Y/N- If yes, annual per trustee.)

| | |
|------|--|
| FRCC | The FRCC does not pay its directors and does not have any independent directors. |
| MRO | No |
| NPCC | No independent trustees or fees other than Chairman. NPCC retains an independent consultant Chairman of the Board at an annual retainer of \$45,000 with a per meeting per diem of \$1,250 and a \$500 fee per teleconference meeting. The NPCC hybrid board is comprised of stakeholder directors from all industry sectors and NPCC does not pay its directors. NPCC's voting protocols ensure that no two sectors may control a vote, nor may a single sector veto a measure. |
| RFC | ReliabilityFirst Corporation is governed by a hybrid independent and balanced stakeholder board. The board consists of fourteen (14) directors that include three (3) independent directors. We pay our independent directors an annual retainer fee \$30,000 |
| SERC | No, all directors are stakeholders compensated by the member companies, including travel expense. |
| SPP | Yes |
| TRE | \$150,000 budgeted for 5 independent trustees. |
| WECC | WECC has seven Non-affiliated Directors. They receive a \$30,000 annual retainer fee plus \$1,500 for in-person meetings, \$750 for telephone meetings, and \$500 if an in-person meeting is in conjunction with another meeting for which they are being paid. |

2. Staff legal vs. outside counsel

| | |
|------|--|
| FRCC | All legal counsel is outside counsel. |
| MRO | Outside Counsel |
| NPCC | All legal counsel is outside counsel, which for the RE amounts to 1.8 FTEs with regard to headcount. |
| RFC | Outside counsel, no in-house counsel |
| SERC | SERC utilizes outside counsel and does not have a legal staff. |
| SPP | Both |
| TRE | Some outside counsel (\$300k budgeted) in addition to 2.55 FTEs budgeted in legal for 2009 |
| WECC | In February 2008, WECC recruited a General Counsel. In 2009, WECC will expand its in-house legal department and add two additional attorneys. Legal services are also provided by outside counsel. |

3. Are there any one-time costs in this year's budget, i.e. reorganization, severance, moving

| | |
|------|---|
| FRCC | Yes, the FRCC has budget for 2 "seasoned" professionals to be hired, which in the estimation of the FRCC's management will require moving costs to be expended and costs associated with the build out of additional offices. |
|------|---|

2009 Metrics Development by Program

| | |
|---|--|
| MRO | No |
| NPCC | Yes, the NPCC has budgeted for approximately \$1.4 million associated with a required one-time office relocation project and execution of a 15 year lease due to current lease expiration. This figure includes build out leasehold improvements, equipment and furniture purchases, partial year office rent differential, and other associated office relocation cost components. Total office relocation costs are allocated to the regional entity and criteria services divisions on a proportional FTE basis of 91% (27.2 FTEs of total 30 FTEs) and 9% (2.8 FTEs of total 30 FTEs) respectively or approximately \$1,269,339 and \$125,530 RE and CS apportionment. |
| RFC | None |
| SERC | No |
| SPP | No |
| TRE | No |
| WECC | Yes, half of the Reliability Coordination Initiative loan repayment plus interest is included in the 2009 budget. This amounts to \$3,256,063. The balance plus interest will be included in the 2010 budget. |
| 4. D&O Insurance? Coverage levels. | |
| FRCC | Currently the FRCC maintains coverage of \$5,000,000 |
| MRO | \$5,000,000 |
| NPCC | \$5,000,000 |
| RFC | \$20 million coverage |
| SERC | Currently SERC maintains coverage of \$5,000,000. |
| SPP | Coverage of \$5,000,000 |
| TRE | Yes, we have \$80 million in coverage through the MOU signed with ERCOT. |
| WECC | WECC maintains \$5,000,000 of Directors and Officers coverage. |

2009 Metrics Development by Program

Computer Purchase and Maintenance

1. Capitalization Policy

| | |
|------|---|
| FRCC | \$500. or greater are capitalized |
| MRO | Capital asset threshold is over \$500. Computer Equipment is depreciated over three years, all other depreciated over five years. Unless leasehold improvement and it is the shorter of the estimated useful life or the remaining lease term. |
| NPCC | Furniture and Equipment over \$3,000 will be capitalized and depreciated for 5 yrs. Laptop purchases depreciated over 3 years. |
| RFC | Furniture and Equipment over \$3,000 will be capitalized and depreciated over the life of the asset |
| SERC | \$5,000 or greater are capitalized |
| SPP | N/A: Computers and systems for SPP RE staff use is included in the indirect rate calculation |
| TRE | Texas RE capitalizes item purchased that exceeds \$1,000 and has a useful life of greater than 1 year. |
| WECC | Equipment over \$5,000 will be capitalized and depreciated over three years. |

2. Replacement cycle (computers, etc.)

| | |
|------|---|
| FRCC | Equipment and software is depreciated over 2 to 5 years; Furniture & Fixtures over 7 years; and Leasehold Improvements over the balance of the life of the lease at the time of purchase. |
| MRO | MRO has a three year replacement cycle. |
| NPCC | 36 month lease replacements for computer equipment, peripherals and software. Leasehold Improvements over the balance of the life of the lease at the time of purchase. |
| RFC | Laptops and servers are on a 3 to 4 year replacement cycle depending on the critical function they provide. |
| SERC | Equipment and software is depreciated over 3 years; Furniture & Fixtures over 5 years; and Leasehold Improvements over the balance of the life of the lease at the time of purchase. |
| SPP | N/A |
| TRE | Texas RE leases computers through ERCOT. A memorandum of understanding has been signed to ensure that the lease of equipment (computers included) is appropriate. The replacement cycle is on an "as-needed" basis. |
| WECC | WECC has a three-year replacement cycle. |

2009 BUDGETS

| | <u>NERC</u> | <u>RFC</u> | <u>SERC</u> | <u>MRO</u> | <u>NPCC</u> | <u>WECC</u> | <u>FRCC</u> | <u>TRE</u> | <u>SPP</u> | <u>TOTAL</u> |
|--|-------------|------------|-------------|------------|-------------|-------------|-------------|------------|------------|--------------|
| Personnel Expenses(\$000) | \$ 18,915 | \$ 7,627 | \$ 6,853 | \$ 4,253 | \$ 5,193 | \$ 21,227 | \$ 2,631 | \$ 3,313 | \$ 2,159 | \$ 72,171 |
| Meeting Expenses(\$000) | \$ 2,644 | \$ 923 | \$ 1,266 | \$ 475 | \$ 993 | \$ 2,865 | \$ 336 | \$ 212 | \$ 385 | \$ 10,099 |
| Operating Expenses(\$000) | \$ 11,495 | \$ 2,884 | \$ 1,766 | \$ 1,678 | \$ 3,671 | \$ 10,344 | \$ 1,033 | \$ 1,787 | \$ 3,937 | \$ 38,595 |
| Total Expenses(\$000) | \$ 33,054 | \$ 11,434 | \$ 9,885 | \$ 6,406 | \$ 9,857 | \$ 34,436 | \$ 4,000 | \$ 5,312 | \$ 6,481 | \$ 120,865 |
| FTE's | 100.5 | 44 | 43 | 26.5 | 27.2 | 140 | 18.34 | 26.95 | 17.2 | 443.69 |
| Assessments(\$000) | \$ 31,925 | \$ 8,834 | \$ 9,653 | \$ 6,376 | \$ 10,009 | \$ 37,089 | \$ 3,898 | \$ 3,431 | \$ 7,142 | \$ 118,357 |
| 2009 Expenses vs. 2008 Proj | 22% | 13% | 20% | 19% | 28% | 24% | 3% | 36% | 35% | 22% |
| Expenses per FTE(\$000) | \$ 329 | \$ 260 | \$ 230 | \$ 242 | \$ 362 | \$ 246 | \$ 218 | \$ 197 | \$ 377 | \$ 272 |
| Registered Entities | n/a | 356 | 222 | 115 | 264 | 472 | 78 | 200 | 124 | 1831 |
| Expenses per Registered Entity(\$000) | n/a | \$ 32 | \$ 45 | \$ 56 | \$ 37 | \$ 73 | \$ 51 | \$ 27 | \$ 52 | \$ 66 |
| Assessments per Registered Entity(\$000) | n/a | \$ 25 | \$ 43 | \$ 55 | \$ 38 | \$ 79 | \$ 50 | \$ 17 | \$ 58 | \$ 65 |