FY 2009
PERFORMANCE AND ACCOUNTABILITY REPORT

FEDERAL ENERGY REGULATORY COMMISSION
NOVEMBER 2009

Jon Wellinghoff
Chairman

Table of Contents

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

Letter from Chairman Wellinghoff

I am pleased to present the Federal Energy Regulatory Commission Performance and Accountability Report for fiscal year 2009. This report was prepared in accordance with the guidelines set forth in Office of Management and Budget Circular A-136 and Section 230 of Circular A-11.

This report details the progress the Commission has made in achieving its mission to regulate and oversee energy industries in the economic, environmental, and safety interests of the American public. The strategic goals, objectives, and strategies that support the Commission's mission are included in Appendix B.

The Commission has completed evaluations of its management controls and financial management systems and, based on these evaluations, I am providing a statement of assurance that the Commission meets the objectives required by the Federal Managers' Financial Integrity Act and that our financial systems conform with government-wide standards. In addition, I can provide assurance that the performance information contained in this report is complete and reliable and describes the results achieved towards our goals.

Sincerely,

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission

This page intentionally left blank.

Management's Discussion and Analysis (Unaudited)

Introduction

In accordance with the guidelines set forth in Office of Management and Budget (OMB) Circular A-136 and Section 230 of Circular A-11, this report presents the Federal Energy Regulatory Commission's (the Commission's, FERC's) fiscal year (FY) 2009 audited annual financial statements and program performance report. The financial section includes the Commission's audited balance sheets, statements of net cost, changes in net position, budgetary resources, custodial activity, and notes to the financial statements. The performance report section includes performance measurement data for fiscal years 2006 through 2009. Additionally, this report includes an overview of the Commission, including its mission and organizational structure.

This Performance and Accountability Report serves as a guide to the Commission's key initiatives and activities during FY 2009. Approximately 1,396 full time equivalents (FTEs) carried out the Commission's mission in FY 2009 using a budget of $273.4 million.

Organizational Structure

The Federal Energy Regulatory Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

The Commission was created through the Department of Energy Organization Act on October 1, 1977. At that time, the Federal Power Commission (FPC), the Commission's predecessor that was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission.

FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve staggered five-year terms and have an equal vote on regulatory matters. To avoid any undue political influence or pressure, no more than three commissioners may belong to the same political party. One member of the Commission is designated by the President to serve as Chair and as FERC's administrative head. FERC's decisions are not reviewed by the President or Congress, maintaining FERC's independence as a regulatory agency, and providing for fair and unbiased decisions.

In addition to the Chairman and four Commissioners, FERC is organized into ten separate functional offices; each responsible for carrying out specific portions of the Commission's responsibilities. The offices work in close coordination to effectively carry out the Commission's statutory authority.

The Commission modified its organizational structure in FY 2009. The Commission established its tenth office, the Office of Energy Policy and Innovation on May 4, 2009. Formerly a division within the Office of Energy Market Regulation, this new office provides leadership in the development and formulation of policies and regulations to address emerging issues affecting wholesale and interstate energy markets. An organizational chart, as of June 30, 2009, is included in Appendix A. The following is a brief description of the ten offices and their operational roles.

Office of Administrative Law Judges - Resolves contested cases as directed by the Commission either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved.

Office of Administrative Litigation - Litigates or otherwise resolves cases set for hearing. Represents the public interest and seeks to litigate or settle cases in an equitable manner while ensuring the outcomes are consistent with Commission policy. The Dispute Resolution Service is located within this office and provides neutral, third-party assistance using alternative dispute resolution methods to parties in regulatory and environmental conflict; trains staff and energy stakeholders in collaborative problem-solving tools to develop and ensure a reliable infrastructure.

Office of Electric Reliability - Oversees the development and review of mandatory reliability and security standards; ensures compliance with the approved mandatory standards by the users, owners and operators of the bulk power system.

Office of Energy Market Regulation - Provides technical and policy advice on matters involving markets, tariffs and rates relating to electric, natural gas and oil pipeline facilities and services as well as demand response, energy efficiency, distributed generation, renewable energy issues, greenhouse gas emissions policies and advanced technologies relevant to the grid and wholesale markets.

Office of External Affairs - Responsible for all external communications with the public and media for the Commission.

Office of Energy Policy and Innovation - Issues, coordinates and develops proposed policy reforms to address emerging issues affecting wholesale and interstate energy markets, including such areas as climate change, the integration of renewable resources, and the deployment of demand response and distributed resources, smart grid and other advanced technologies.

Office of Energy Projects - Fosters economic and environmental benefits for the Nation through the approval and oversight of hydroelectric, natural gas (including pipelines, storage and liquefied natural gas facilities) and electric transmission projects that are in the public interest.

Office of Enforcement - Protects customers through understanding markets and their regulation, timely identifying and remedying market problems, assuring compliance with rules and regulations, and detecting violations and crafting appropriate remedies, including civil penalties.

Office of the Executive Director - Provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial and logistic functions.

Office of the General Counsel - Provides legal services to the Commission. Represents the Commission before the courts and Congress and is responsible for the legal aspects of the Commission's activities.

Mission
Regulate and oversee energy industries in the economic, environmental, and safety interests of the American public.

Vision
Abundant, reliable energy in a fair competitive market.

Strategic Plan Overview

The United States has the world's most durable market economy, every sector of which depends vitally on energy. The Commission has an important role in the development of a reliable energy infrastructure and the protection of wholesale customers from unjust and unreasonable rates and undue discrimination and preference. The Commission draws its authority from various statutes and laws, which are listed in Appendix C. The Commission's vision is to promote abundant, reliable energy in a fair, competitive market thereby supporting a strong, stable national economy. To accomplish this, the Commission has three main goals:

1. Energy Infrastructure

Goal: Promote the Development of a Strong Energy Infrastructure.
This goal encourages investment in the infrastructure needed to sustain energy markets by expediting the decision-making process, maintaining regulatory and cost certainty, and protecting the energy infrastructure. This goal, which focuses on infrastructure, covers many of the Commission's important responsibilities such as, pipeline certificates, hydropower licenses and preliminary permits, liquefied natural gas (LNG) siting and inspections, compliance activities, environmental and other licensing conditions, dam safety inspections and most rate determinations. This goal also captures the Commission's responsibilities over the reliability of the interstate transmission grid.

2. Competitive Markets

Goal: Support Competitive Markets.
This goal focuses on the competitive forces within the electric and gas markets, and the rules that govern those markets. This involves the Commission employing best practices in market rules, promoting transparency in electric and gas markets, and reforming market policies where necessary. Along with some traditional work in the area of rate determinations, this goal includes various initiatives to address market power.

3. Enforcement

Goal: Prevent Market Manipulation.

This goal ensures that competitive energy markets benefit the Nation over the long run by ensuring that the Commission will identify and remedy energy market problems. This entails recognizing problems quickly and addressing them before they become severe. Effective internal compliance programs within companies and self-policing will also help achieve this goal. The Commission will conduct traditional investigations and apply its expanded penalty authority where appropriate.

The Commission's Strategic Plan also includes several initiatives that support each of the strategic goals. These initiatives include functions such as enhancing the talents and skills of the staff through recruitment and training; building effective, customer-friendly information technology services; supporting the Commission with logistics and financial services; and strengthening strategic management processes. Additionally, the initiatives include the Commission's litigation, alternative dispute resolution services, communication, outreach and other collaboration efforts.

As the Commission works to achieve its mission, its focus remains on five guiding principles: organizational excellence, due process and transparency, regulatory certainty, stakeholder involvement, and timeliness. Whether the Commission is adjudicating a rate filing, ruling on a permit application, or developing a new policy, it strives to meet these criteria as a means of ensuring that each of its actions is consistent with the public interest.

Strategies for Carrying Out the Commission's Responsibilities

The backbone of the Commission's work is to ensure that energy infrastructure is developed in the public interest and that wholesale electric and natural gas rates are just and reasonable and not unduly discriminatory or preferential. As early as 1986, the Commission promoted effective competition in the wholesale markets it regulates by establishing rules for open access to transmission facilities. Over time, the natural gas and electric industries transformed from companies using their monopoly-owned transportation and transmission facilities to supply all the needs of their own wholesale customers, to companies providing competing suppliers and wholesale customers with open and non-discriminatory access to their facilities, under Commission-approved tariffs. This allows independent suppliers to compete for natural gas and electric energy sales and to offer market choices for customers at wholesale. The development and operation of regional transmission organizations (RTOs), independent transmission system operators (ISOs), and independent transmission companies in the electric industry and market hubs in the gas industry has increased competitive opportunities in the provision of services for buying and selling energy. The Commission monitors wholesale power and natural gas markets to ensure that its policies mitigate market power.

Regulation and competition work in concert and the Commission relies on a combination of both to carry out its duties across industries. While the Commission encourages competitive wholesale markets, they continue to be subject to the Commission's regulatory oversight. The Commission's energy market regulation will continue to refine market operations so competition encourages investment in infrastructure in a manner that is efficient and protects customers.

In addition to the regulation and oversight of energy markets, the Commission must respond timely to requests for infrastructure development to meet the growing demand for energy. The Commission's authority applies when companies propose to expand or construct additional hydropower, LNG, natural gas pipelines, storage, and related facilities, and electric transmission lines. In an effort to reduce the amount of time it takes to process an application, a perceived barrier to investment, the Commission has expedited the licensing and certification process of these facilities by having Commission staff actively participate in projects that undergo the pre-filing process. Pre-filing allows the environmental review process to start earlier in the project review and allows the public, government agencies, and other stakeholders to get involved at a time when fundamental decisions are being made, all of which helps to open the communication earlier in the project review process so problems can be averted later in the process. The Commission's participation and initiative in these efforts have allowed for the filing of more complete applications which enables more efficient and expeditious licensing actions by the Commission.

To protect and improve the reliability and security of the Nation's bulk power system, the Commission will oversee the development and review of mandatory reliability and security standards. The Commission will achieve this through active involvement in the standards development process of the Electric Reliability Organization (ERO) and review of all reliability standards filed by the ERO. The Commission will provide extensive oversight of the ERO processes and compliance efforts to ensure firm, fair, and consistent implementation of, and compliance with, the approved mandatory reliability standards, including cyber and physical security. FERC will also join or lead incident and alleged violation analyses and/or investigations following bulk-power system incidents or complaints. The Commission will also track and review all alleged violations, mitigation plans, and proposed penalties and conduct ERO and regional entity performance reviews and audits. Finally, the Commission will review all notices of appeal of ERO compliance registry decisions.

The Commission will rely on its Reliability Monitoring Center and its 24/7 emergency message system to monitor the integrity of the system continuously. In addition, FERC will monitor the reliability and adequacy planning of the bulk-power system by evaluating the ERO's and Regional Entities' short-term and long-term reliability assessments for compliance with reliability planning standards as well as the adequacy of the bulk-power system and evaluating siting applications within the DOE designated National Interest Electric Transmission Corridors.

To ensure that jurisdictional infrastructure projects are safe, the Commission performs detailed safety and security analysis during its comprehensive review of a proposal for a new LNG or hydropower facility. The Commission also monitors and inspects these projects throughout the life cycle to ensure safety and security compliance. During construction, Commission staff engineers frequently inspect a project and once construction is complete, the Commission follows inspection schedules depending on the type of facility. In addition, all LNG and hydropower facilities are required to coordinate with federal, state and local agencies and develop emergency response plans.

For the ongoing success of market operations and infrastructure development, the Commission must ensure that all of its rules and regulations are followed by regulated entities, and those doing business with regulated entities. Among the most notable, FERC has codified Market

Behavior Rules and the prohibition of energy market manipulation. In addition to actively monitoring compliance, the Commission also supports and strongly encourages regulated entities to maintain effective internal monitoring and compliance programs. If an entity is found to be in violation of any rules or regulation, the Commission has established factors it will consider when assessing civil penalties or developing remedies. This allows the Commission's enforcement to be fair; a key component of the Commission's approach to enforcement. The Commission has provided greater due process to industry by, for example, providing a no-action letter process and increasing the opportunities for companies to resolve disputed matters during the course of an audit. To facilitate fair and equitable compliance and enforcement efforts, the Commission conducts outreach efforts with the regulated community and adjusts enforcement polices where appropriate.

On September 30, 2009, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through fiscal year 2014. During this update process, the Commission reassessed its, mission, strategic goals and objectives. The Commission identified strategies and realigned resources to accomplish the updated mission of assisting consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In the updated Strategic Plan, the Commission has two strategic goals:

• *Just and Reasonable Rates, Terms and Conditions*: Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.

• *Infrastructure*: Promote the development of safe, reliable, and efficient infrastructure that serves the public interest.

Business Plan

The Commission's annual Business Plan details the activities and resources allocated to meet the Strategic Plan's goals and objectives. This increases internal accountability by enabling management to link individual office responsibility, due dates, priorities, and budget resources to Commission activities. The Business Plan is an iterative process that helps to identify which activities are leading the Commission towards achieving particular goals and objectives. During FY 2009, the Commission reported actual FTE usage at a detailed activity level in its Business Plan, which improved offices' ability to organize and allocate resources effectively.

Full Cost Recovery

The Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates as authorized by the Federal Power Act (FPA) and the Omnibus Budget Reconciliation Act of 1986. The Commission deposits this revenue into the Treasury as a direct offset to its appropriation, resulting in no net appropriations.

Program Performance Overview

The performance measurement data and other achievements included below constitute a few of the Commission's key achievements during FY 2009. The performance measures and targets were selected from the Commission's FY 2009 Performance Budget Request. A complete list of the Commission's performance measurement data for fiscal years 2006 through 2009 is included in the Performance Report section of this report.

Performance Measurement Data for Energy Infrastructure

Goal: Promote the Development of a Strong Energy Infrastructure

Market and Financial Regulation Accomplishments

Performance Measure	Performance Target	Results
Timeliness of processing complete applications for incentive rates	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later.	▪ Target Met - 100% of the 15 statutory incentive rate cases were processed within the statutory timeframes ▪ Target met; 100% (6 of 6) of declaratory orders related to incentive rates were filed within target dates.

In FY 2009, the Commission advanced its goal of stimulating investment in needed transmission infrastructure by approving applications for incentive rate treatment of 17 transmission projects to build over 7,000 miles of transmission lines at a total cost over $27 billion. Included in these applications were a number of proposals for 765 kV high-voltage transmission projects. The Green Power Express is one such proposal approved in April 2009. This $12 billion project will add 3,000 miles of transmission to the electric grid. This project aims to connect major population centers in Midwestern states with the large quantities of renewable generation present in nearby rural areas.

Performance Measure	Performance Target	Results
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions	▪ Target Met - 100% of the 3,808 statutory items, including cost recovery cases, were processed within the statutory deadlines ▪ Target Met. Provided timely rate inserts for 94% (47 out of 50) of the cases that were targeted for completion by the lead office during the fiscal year ▪ Target not met; 50% (2 of 4) filed within 12 months of Briefs Opposing Exceptions.

In FY 2009, the Commission promoted nondiscriminatory access to energy markets by allowing flexibility in rate design. For example, wind and other renewable resources are often "location-constrained" and do not have the flexibility to locate near existing transmission lines. To recognize this difference among transmission customers and reduce barriers to development of renewable resources, the Commission approved a proposal by Southwest Power Pool (SPP) in June 2009, which allows SPP to change their transmission cost allocation for wind resources and to designate them as "network resources." This designation makes more of the costs associated with wind resource projects eligible for "base plan" funding, or funding for certain network upgrades that are included in and constructed under the SPP transmission expansion plan.

In February 2009, the Commission revised the criteria it uses for evaluating merchant transmission projects and rates. At times, merchant transmission projects find it difficult to compete with existing transmission owners, as the existing transmission facilities may be subsidized by other sectors of the utilities' businesses. To help promote the development of transmission projects, the Commission introduced the concept of an anchor shipper to the process. Revising the way it evaluates negotiated-rate applications for merchant transmission lines, the Commission for the first time allowed developers to pre-subscribe half the capacity of their proposed lines to an anchor customer. This policy is particularly beneficial for large and costly projects of the type required for efficiently serving location-constrained renewable energy resources.

Performance Measure	Performance Target	Results
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target met. 100 percent of EQR submissions were verified within 10 business days.

The Commission launched its EQR Price Analysis in FY 2009. On an ongoing basis and in support of the Commission's market-based rate program, the Commission analyzes price, volume, and contract data to determine whether reported sales indicate that a seller may be charging excessive rates. Transactions that are outside expected ranges, as defined by the market, are investigated. Sellers that routinely charge high market-based rate prices relative to other sellers are identified and their sales scrutinized.

Other Significant Market and Financial Regulation Accomplishments

In July 2009, the Commission proposed to modify its contract reporting requirements for (1) intrastate pipelines providing interstate services pursuant to section 311 of the Natural Gas Policy Act of 1978 and (2) Hinshaw pipelines providing interstate services subject to the Commission's Natural Gas Act jurisdiction pursuant to blanket certificates issued under section 284.224 of the Commission's regulations. The Commission proposed to increase the availability and usefulness of the transactional information reported by intrastate and Hinshaw pipelines by requiring that the existing annual section 284.126(b) transactional reports be filed on a quarterly basis. In addition, the Commission proposed to require that the quarterly reports (1) include certain additional types of information and cover storage transactions as well as transportation transactions, (2) be filed in a uniform electronic format and posted on the Commission's web site, and (3) be public and not be filed with information redacted as privileged. These proposals are intended to improve market transparency without making it unduly burdensome for intrastate and Hinshaw pipelines to participate in interstate markets.

FY 2009 was also the inaugural filing year for FERC Form No. 552, *Annual Report of Natural Gas Transactions*. In FY 2009, approximately 1,100 filers submitted a Form No. 552, including approximately 300 which required follow up by Commission staff. The Commission staff also drafted a list of the most common filing errors and continues to work with companies to determine if they are required to file the Form No. 552. In response to requests by industry officials, Commission staff updated Commission's website in March 2009 to include a list of Frequently Asked Questions regarding Form No. 552. The guidance provides details on reporting requirements, fixed price trades, energy management agreements, exchange for physical transactions, physical basis transactions, Nymex Trigger and Nymex Plus transactions, cashouts, unprocessed gas, pre-bidweek transactions and take or release contracts.

Reliability Accomplishments

Performance Measure	Performance Target	Results
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2008	Target met. The draft order approving the 2009 ERO/RE budgets and business plans was issued in Docket No. RR08-6-000 on October 16, 2008.

In FY 2009, the Commission reviewed and approved the business plans and budgets for North American Electric Reliability Corporation, as the Electric Reliability Organization (the ERO) and for the eight Regional Entities, as well as the budget for the Western Interconnection Regional Advisory Body. However, the Commission expressed concern that the ERO's budget may not provide adequate funding for certain activities, and conditioned acceptance of the North American Electric Reliability Corporation (NERC) budget on a compliance filing that provided further explanation regarding funding levels by the ERO and a possible supplemental request for funding. Also, the order directed that additional information be supplied to the Commission to help the Commission assess the accomplishments achieved under the business plans.

Additional accomplishments in the Reliability Program Logistics & Security:

In FY 2009 the Commission reviewed and approved version 2 of the Critical Infrastructure Protection (CIP) Reliability Standards while concurrently directing significant modifications,[1] which pertain to cyber security protections for the bulk power system. These CIP Reliability Standards represent NERC's first phase of revisions to comply with the Commission directives contained in Order No. 706 and they will become effective on April 1, 2010. In addition, the Commission reviewed and approved the remaining 51 violation risk factors associated with the CIP Reliability Standards that had been directed for revision or completion by Order No. 706.

In order to assure that no cyber security regulatory gap occurs in the application of the CIP Reliability Standards, the Commission proposed and issued Order No. 706-B in March 2009 clarifying that the facilities within a nuclear generation plant in the United States that are not regulated by the U.S. Nuclear Regulatory Commission (NRC) are subject to compliance with the mandatory CIP standards. The Commission directed the ERO to establish a stakeholder process to determine the appropriate implementation timetable for nuclear power plants, and to submit a compliance filing to the Commission within 180 days of the date of the order, and is now addressing that compliance filing. In addition, on September 2, 2009, the Commission and the NRC executed a Memorandum of Agreement which outlines their cooperation and communication on matters of mutual interest such as the enforcement of CIP Reliability Standards at nuclear power plants. Further, the Commission participated in the discussions

[1] CIP-002-2 Critical Cyber Asset Identification, CIP-003-002 Security Management Controls, CIP-004-002 Personnel & Training, CIP-005-002 Electronic Security Perimeters, CIP-006-002 Physical Security Perimeters, CIP-007-002 System Security Management, CIP-008-002 Incident Reporting and Response Planning, and CIP-009-002 Recovery Plans for Critical Cyber Assets.

encouraged by Order No. 706-B between the ERO and the NRC on the development of a memorandum of understanding on enforcement of the CIP standards.

In FY 2009, some of the requirements of the eight approved CIP Reliability Standards became mandatory, enforceable and auditable compliant. During this first year, Commission staff attended as "observers" six Cyber Security audits of registered entities led by the Regional Entities. In addition, the Commission participated in approximately four compliance violation investigations and reviewed mitigation plans and proposed Notices of Penalty related to subsequent violations of the CIP Reliability Standards.

Additional accomplishments in Reliability Standards:

The Commission issued two notice of proposed rulemakings related to reliability standards that were particularly significant:

- Modeling data and analysis reliability standards related to available transmission capability - proposes to approve several reliability standards related to the calculation of available transmission capability, as directed in Order Nos. 890 and 693. This far-reaching set of issues focuses on many aspects of electric reliability and competitive markets, and thus required considerable coordination among numerous offices and specialties within the Commission.

- PRC-023 (Special Protection System Misoperations) – addresses an important recommendation from the Blackout Report [2] relating to the proper use of protective relays. Among other critical issues, the final rule will address jurisdictional issues and applicability concerns and help to ensure that reliability standards properly apply to components of the Bulk Electric System that affect reliability.

Performance Measure	Performance Target	Results
Number of ERO Regional Entity compliance audits in which FERC participates	At least one in each of the eight regions	Target met. Participated on 8 Regional Entity audits, one in each region, by June 25, 2009.

Commission staff has worked extensively with ERO and Regional Entity Compliance staff to help improve the quality of audits and investigations. This includes establishing a weekly conference call with ERO compliance staff to discuss and resolve current compliance issues. Discussions through this forum led to greater timeliness and effectiveness of the ERO's compliance investigations, including the initiation of a compliance inquiry process, improved auditing procedures, and processes to reduce the ERO's backlog of alleged violations. This also included participating with ERO staff on 45 investigations and inquiries into possible violations of the Reliability Standards arising from Bulk-Power System incidents or disturbances.

[2] Final Report on the August 14, 2003 Blackout in the United States and Canada dated April 2004 by the U.S.-Canada Power System Outage Task Force

Additional Significant Accomplishments in Reliability Compliance:

On September 24, 2009, Commission staff achieved a settlement between staff and Florida Power & Light Company of all Reliability Standards violations arising from the Florida Blackout. This was the first reliability-related Commission Part 1b investigation and it resulted in a $25 million penalty and extensive compliance measures to address concerns relating to a range of Reliability Standards, including improving frequency response, operator training and certification, equipment maintenance, operating procedures, and communications.

Commission staff developed and drafted an international data sharing protocol agreement concerning cross-border compliance violation investigations between FERC staff and the staff of the Manitoba Department of Science, Technology, Energy and Mines, signed on behalf of FERC staff on December 4, 2008.

Additional accomplishments of Bulk Power System Analysis:

The Commission expanded the abilities of the Reliability Monitoring Center to provide near real-time wide-area monitoring of the nation's bulk power system. Through the Situational Awareness for FERC, NERC and the Regions program, each NERC Region provided data in a geospatial format to display the power flows on the various transmission paths and interconnections. The need for increased situational awareness was cited as a contributing factor in the August 2004 Blackout Report.

Other Significant Reliability Program Accomplishments

The Commission reviewed approximately 260 filings in docketed rate proceedings to evaluate their engineering aspects and potential reliability implications to the Bulk Power System. The engineering issues examined include but were not limited to: (1) contingency reserve requirements; (2) reliability issues associated with industry tariff revisions; (3) generator reactive power and voltage control requirements; (4) transmission and generation facility interconnections and associated cost allocation; (5) interconnection of renewable generation resources; (6) various characteristics and performance criteria of generators such as ramping, derating and outages; (7) dynamic scheduling, eTag and OASIS matters; and (8) Reliability Must Run agreements; (9) market power analyses; (10) transmission and advanced transmission technology rate incentives; (11) demand response/load modifying resources; and (12) transmission loading relief reliability standard. The Commission also completed review of approximately 40 compliance filings to determine whether they met Order No. 890's requirements with respect to the available transmission capacity calculation, and directed additional compliance filings because the filing failed to satisfy one of the requirements.

Other Significant Accomplishments: Smart Grid

In 2009, the Commission issued a Policy Statement to provide guidance on the development and adoption of smart grid interoperability standards. Smart grid technologies can enable customers to receive information about the cost and impact of their consumption of electricity and enhance the ability of utilities to improve reliability, reduce outages, and increase the efficiency of the grid. The Policy Statement identified priorities for the development of standards to facilitate smart grid deployment, providing guidance to the National Institute of Standards in Technology in its work to prepare smart grid standards for Commission review. The functional areas that the Commission identified as priorities for standard development are: Wide-Area Situational Awareness, Demand Response, Electric Storage and Electric Vehicles. The cross-cutting areas identified are: a common semantic framework for communications and coordination across inter-system interfaces; and cyber security. The Commission's reliability program staff focused on cyber security protections for the Smart Grid so that the devices and systems developed for it will be protected from exploitation while improving the operation of the bulk power system. The Policy Statement also established an interim rate policy to encourage early investment in smart grid infrastructure

Other Significant Accomplishments: Hydrokinetic Technologies

Working within the existing regulations, FERC continued to foster the orderly and environmentally sound development of hydrokinetic technology. The Commission negotiated an memorandum of understanding between the Commission and the Department of the Interior, which resolved the long-standing jurisdictional dispute over siting hydrokinetic projects on the Outer Continental Shelf (OCS) and provided a cohesive process to accelerate the development of renewable energy on the OCS in an environmentally sensitive manner. The Commission also successfully negotiated a memorandum of understanding with the Governors of Washington and Maine and their respective state agency executives to coordinate procedures and schedules for review of hydrokinetic energy projects in Washington. In coordination with the U.S. Army Corps of Engineers, U. S. Coast Guard, U.S. Fish and Wildlife Service and the U.S. Environmental Protection Agency, FERC developed an innovative "lead project" approach to achieve efficiencies for an unprecedented number of hydrokinetic projects proposed to be located on the Mississippi River between St. Louis and New Orleans. There are nine pending hydrokinetic projects engaged in pre-filing and 12,192 megawatt (MW) of potential hydrokinetic capacity proposed in 166 issued preliminary permits.

Other Significant Accomplishments: Natural Gas Storage Capacity

To meet the growing demand for natural gas, the Commission must respond to these applications in a timely manner. In FY 2009, FERC approved 203.4 billion cubic feet (Bcf) of natural gas storage capacity. At the end of FY 2009, total working gas in storage in the United States was approximately 3,716 Bcf, approximately 500 Bcf above the five year historical range.

Performance Measurement Data for Competitive Markets

Goal: Support Competitive Markets

Performance Measure	Performance Target	Results
Timeliness of review of proposed RTO/ ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met - 100% of the 221 filings from PJM, ISO New England, New York ISO, Southwest Power Pool, Midwest ISO, and California ISO were acted on by the statutory due dates
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines or by the applicant's requested date, whichever is later	Target Met - 100% of the 15 filings to encourage demand response were acted on by the statutory deadlines

With the October 2008 issuance of Order No. 719, "Wholesale Competition in Regions with Organized Electric Markets," the Commission amended its regulations under the Federal Power Act to improve the operation of organized wholesale electric markets. The changes aim to improve the operation of organized wholesale electric markets in the areas of: (1) demand response and market pricing during periods of operating reserve shortage; (2) long-term power contracting; (3) market-monitoring policies; and (4) the responsiveness of RTOs and ISOs to their customers and other stakeholders, and ultimately to the consumers who benefit from and pay for electricity services. In July 2009, the Commission reaffirmed on rehearing that, because demand response directly affects wholesale rates, reducing barriers to demand response in organized wholesale electric markets helps the Commission to fulfill its responsibility to ensure those rates are just and reasonable.

The Commission has continued to implement its Order No. 890 transmission planning principles, conducting outreach, reviewing related filings, and obtaining stakeholder and customer input to help RTOs and ISOs refine their planning processes. In September 2009, the Commission convened regional conferences on transmission planning to assess the Order No. 890 transmission planning processes. The conferences focused on existing transmission planning processes and promoting discussion of the progress of current processes. The conferences included discussion on whether existing transmission planning processes adequately consider needs and solutions on a regional or interconnection-wide basis to ensure adequate and reliable supplies at just and reasonable rates. Additionally, the conferences allowed discussion of whether existing processes are sufficient to meet emerging challenges to the transmission system, such as the development of interregional transmission facilities, the integration of large amounts of location-constrained generation, and the interconnection of distributed energy resources into the electricity grid.

The Commission further encouraged the participation of demand response in energy markets by proposing to adopt North American Energy Standards Board business practice standards in September 2009. These standards categorize various demand response products and services and to support the measurement and verification of these products and services in wholesale electric energy markets.

Performance Measure	Performance Target	Results
Revise and clarify Standards of Conduct	Issue Final Rule by December 31, 2008	Target met. Order No. 717 revising Standards of Conduct for Transmission Providers issued October 16, 2008, and became effective November 26, 2008.

The Commission issued a Policy Statement on Compliance that emphasized the importance for regulated entities of developing adequate compliance measures. Where companies have active and effective compliance programs supported by senior management that identify, remediate, and report compliance lapses, the Commission may reduce or even eliminate penalties in certain cases. As part of its investigation of possible violations, the Commission reviews the compliance measures taken by the subject of the investigation, and includes information on compliance with its recommendations.

Other Significant Accomplishments

The Commission also fulfilled its statutory requirement under the Energy Independence and Security Act of 2007 to prepare a National Assessment of Demand Response Potential, which the Commission submitted to Congress in June 2009. The Assessment is the first national analysis of demand response done on a state-by-state basis. The report estimated demand response potential by analyzing how customers in each state respond to changing prices, and how their responses vary with climate, customer type, the type of demand response program, and other factors. The Assessment also identified an extensive list of barriers to fuller implementation of demand response and made a number of recommendations for overcoming these barriers.

Performance Measurement Data for Enforcement

Goal: Prevent Market Manipulation

Performance Measure	Performance Target	Results
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target met and exceeded. All market manipulation investigations completed in FY2009 were completed within two years.

In FY 2009, the Commission issued 21 orders approving settlements, collected more than $77 million in civil penalties and disgorged profits, increased efforts surrounding the enforcement of reliability standards, and encouraged regulated entities to improve their compliance practices.

Five market manipulation cases reached significant milestones in FY 2009. Three cases were set for hearings before Administrative Law Judges, with one case settling on the eve of the hearing with a record $30 million settlement. In two other cases currently pending before the Commission, the Commission issued orders to show cause why penalties should not be imposed for alleged manipulation.

In other matters involving alleged manipulation, the Commission authorized the release of two staff reports on investigations of potential manipulation in which staff found no manipulation.

The release of the staff reports provides information to the public about the circumstances of the transactions and why the conduct investigated did not constitute manipulation.

FY 2009 marks the first year in which the majority of new investigations opened by the Commission involved potential market manipulation.

Performance Measure	Performance Target	Results
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target met. 99 percent (75/76) of operational audit recommendations implemented in 6 months.
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (36/36) of financial audit recommendations implemented in 6 months.

In FY 2009, the Commission completed 28 audits of public utilities and natural gas pipeline and storage companies. The audits focused on reliability, RTOs and ISOs, Open Access Transmission Tariffs, gas tariff compliance, the Public Utility Holding Company Act of 2005, preservation of records, Fuel Adjustment Clauses, Order No. 890, and various Commission reporting requirements and regulations.

These 28 audits resulted in 112 recommendations for corrective action and included $2.4 million in recoveries from accounting and billing adjustments. The Commission was successful in overseeing jurisdictional companies' implementation of 100 percent of its recommendations to correct the areas of noncompliance discovered during the audit engagements within 6 months.

The Commission continues to require jurisdictional companies to implement compliance plans to ensure compliance with the Commission's regulatory requirements, including requirements to undertake comprehensive training of employees, periodic self-auditing, and establishing and monitoring of processes, practices, and procedures.

Financial Performance Overview

As of September 30, 2009, the financial condition of the Commission was sound with sufficient funds to meet program needs and adequate controls were in place to ensure Commission obligations did not exceed budget authority. The Commission prepared its financial statements in accordance with the accounting standards codified in the Statements of Federal Financial Accounting Standards and with OMB Circular No.A-136, Financial Reporting Requirements.

Sources of Funds. The Commission receives an appropriation from Congress that is available until expended. The Commission's FY 2009 new budget authority was $273.5 million. This represents an increase in new budget authority of approximately $13.0 million over FY 2008. Additional funds available to obligate in FY 2009 were $16.7 million from prior-year unobligated appropriations and $0.7 million of prior-year obligations that were subsequently de-obligated in the current year. The sum of all funds available to obligate in FY 2009 was $290.9 million. Additionally, the Commission receives an appropriation from Congress to pay states the fees it collected for the occupancy and use of public lands. The payments to states appropriation in FY 2009 was $3.4 million.

Consistent with the requirements of the Omnibus Budget Reconciliation Act of 1986, as amended, the Commission collected fees to offset 100% of its budget authority in FY 2009.

Costs by Function. The Commission incurred costs of $288.4 million in FY 2009, which was an increase of $34.2 million over FY 2008. Approximately 70 percent of costs were used for salaries and benefits. The remaining 30 percent was used to obtain technical assistance for the Commission's principal regulatory programs, to cover operating expenses, staff travel, and reimbursable work. Salaries and benefits increased by $22 million over 2008 while the net affect on the other cost categories was an increase of $12.2 million.

Costs by Function (millions)

Costs	FY 2009	FY 2008
Salaries and Benefits	$202.6	$180.6
Travel/Transportation	3.7	3.6
Rent/Comm/ Utilities	23.1	22.3
Contract Support	44.8	37.2
Printing/Supplies/Other	14.2	10.5
Total Costs	$288.4	$254.2

Audit Results. The Commission received an unqualified audit opinion on its FY 2009 financial statements. This was the sixteenth consecutive year the Commission has received an unqualified opinion. For FY 2009, no material weaknesses were identified by the audit.

Financial Statement Highlights. The Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements and footnotes appear in the financial section of this report.

Analysis of the Balance Sheet

The Commission's assets were approximately $91.3 million as of September 30, 2009. This is a decrease of $10.6 million from September 30, 2008. The assets reported in the Commission's Balance Sheet are summarized in the Asset Summary table.

Assets Summary (millions)

Assets	FY 2009	FY 2008
Fund Balance with Treasury	$63.5	$72.7
Accounts Receivable, net	23.0	22.9
Property and Equipment, net	4.8	6.3
Total Assets	$91.3	$101.9

The Fund Balance with Treasury represents the Commission's largest asset of $63.5 million as of September 30, 2009, a decrease of $9.2 million from the FY 2008 balance. This balance represents appropriated funds, collected penalties and other funds maintained at the Treasury until final disposition is determined. The decrease from FY 2009 to FY 2008 is primarily due to disposition of disgorged profits.

The Accounts Receivable, net has a balance of $23.0 million as of September 30, 2009. This balance represents the outstanding amounts due from either annual charges, civil penalties or other penalties issued by the Commission to entities under its regulation.

The Property and Equipment, net was $4.8 million as of September 30, 2009, a decrease of $1.5 million from FY 2008. The balance is comprised of the net value of the Commission's equipment, furniture, leasehold improvements, and computer hardware and software. The $1.5 million net decrease is primarily due to the decrease in Property and Equipment resulting from the depreciation of assets throughout the year.

The Commission's liabilities were $75.2 million as of September 30, 2009. The Liabilities Summary table shows a decrease in total liabilities of $12.2 million from FY 2008. The $75.2 million balance is primarily the result of accrued expenditures for payroll, benefits and operating expenses. The Commission also has $17.4 million in penalties issued to entities under its regulation that were found guilty of market manipulation that are subsequently due to other entities.

Liabilities Summary (millions)

Liabilities	FY 2009	FY 2008
Accounts Payable	$17.8	16.4
Federal Employee Benefits	10.2	7.7
Other Liabilities	47.2	63.3
Total Liabilities	$75.2	$87.4

The difference between total assets and total liabilities is net position. The Commission's net position was approximately $16.1 million as of September 30, 2009. The increase in net position in FY 2009 compared to FY 2008 is the result of the amount of adjusted annual charges assessed by the Commission which impacted the cumulative results of operations.

Net Position Summary (millions)

Position	FY 2009	FY 2008
Unexpended Appropriations	$20.1	$24.6
Cumulative Results of Operations	(4.0)	(10.1)
Total Net Position	$16.1	$14.5

Analysis of the Statement of Net Cost

The Statement of Net Cost presents the net cost of the Commission's three strategic goals as identified in the Commission's Strategic Plan. The purpose of the statement is to show, separately, the components of the net cost of operations that can be linked to the costs of program performance under the Government Performance and Results Act of 1993 (GPRA). Net costs by strategic goal are shown in the Net Cost of Operations table.

Net Cost of Operations

Operation	FY 2009	FY 2008
Energy Infrastructure	$(3,296)	$0
Competitive Markets	(527)	0
Enforcement	(571)	0
Net Cost of Ops	$(4,394)	$0

The Commission's net cost of operations for FY 2009 was ($4,394). The Commission is a full cost recovery agency and recovers all of its cost through the allocated annual charges to the entities that it regulates. In FY 2009, the Commission billed and collected some PY reimbursable costs.

Analysis of Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in net position during the reporting period. Net position is affected by changes in its two components: Cumulative Results of Operations and Unexpended Appropriations. The overall increase in Net Position of $1.6 million is the result of the amount of adjusted annual charges assessed by the Commission which impacted the cumulative results of operations for FY 2009 compared to FY 2008.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources shows the sources of budgetary resources available and the status at the end of the period. It represents the relationship between budget authority and budget outlays, and reconciles obligations to total outlays. For FY 2009, the Commission had budgetary resources available of $294.3 million, the majority of which was derived from new spending authority. This represents an increase of $26.7 million over FY 2008 budgetary resources available of $267.6 million. The unobligated budget authority available at September 30, 2009 was $7 million, which is a decrease of $9.8 million from the FY 2008 amount of $16.8 million.

The status of budgetary resources includes obligations incurred of $285.9 million, or 97 percent of funds available. Similarly, FY 2008 obligations incurred were $250.9 million or 94 percent of funds available. Total net outlays for FY 2009 were $(47.5) million, which represents a $19.3 million decrease from FY 2008 net outlays of $(66.8) million. The decrease from last year is a result of approximately $40 million in higher gross outlays offset by $20 million in higher offsetting collections and distributed receipts in FY 2009 compared to FY 2008.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity displays the total Custodial Revenue and the Disposition of Collections related to that revenue activity. This statement ensures that revenue billed and collected by the Commission on behalf of other federal agencies will not be reported twice as revenue on the consolidated government's Statement of Net Cost. In FY 2009, the Commission reported $69.0 million in custodial revenue as of September 30, 2009 compared to $55.6 million in FY 2008. The majority of the increase over FY 2008 is due to more civil penalties billed in FY 2009 to entities under the Commission's regulation.

Controls, Systems, and Legal Compliance

This section provides information on the Commission's compliance with the:

- Federal Managers' Financial Integrity Act of 1982;
- Federal Financial Management Improvement Act of 1996;
- Prompt Payment Act;
- Debt Collection Improvement Act of 1996; and
- Revised OMB A-123.

Integrity Act Statement

During Fiscal Year 2009, the Commission focused it efforts on four fundamental Commission responsibilities: developing needed energy infrastructure, fostering competitive energy markets, overseeing reliability standards and effectively enforcing both market and reliability rules. We are progressing in each of these areas while we continue to improve our capabilities to meet the challenges of the energy issues confronting our nation.

To accomplish our goals, we must manage our resources efficiently and integrate our budget, performance measures, and management controls to improve performance and accountability. Our OMB A-123 internal control program is helping us accomplish this by monitoring our financial, human capital and information resources to safeguard our assets, improve the integrity of our reporting, and use our resources more effectively in reaching our goals. Problems that impede our progress continue to be brought to the attention of management and resolved within the Commission at the appropriate level. The auditors' FY 2009 report on the Commission's internal control structure disclosed no material weaknesses and no instances of noncompliance with laws and regulations. We will continue to maintain a strong management control system.

The Commission's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). In accordance with OMB Circular A-123, Management's Responsibility for Internal Controls; we evaluated the effectiveness and efficiency of our internal controls over operations and our compliance with applicable laws and regulations as of September 30, 2009. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

In addition, the Commission assessed the effectiveness of internal controls over financial reporting, which includes the safeguarding of assets and our compliance with applicable laws and regulations in accordance with the requirements of OMB Circular A-123, Appendix A. The results of this assessment found no material weaknesses in the design or operation of our controls over financial reporting. The Commission can provide reasonable assurance that its internal controls over financial reporting as of September 30, 2009, are operating effectively.

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
September 2009

Federal Managers Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982 (Integrity Act) mandates that agencies establish controls that reasonably ensure that: (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses program, operational, and administrative areas as well as accounting and financial management. The Integrity Act requires the Chairman to provide an assurance statement on the adequacy of management controls and conformance of financial systems with Government wide standards.

Management Control Review Program

Managers throughout the Commission are responsible for ensuring that effective controls are implemented in their areas of responsibilities. Each office director and regional administrator prepared an annual assurance statement that identified any control weaknesses that required the attention of the Chairman. These statements were based on various sources and included:

- Management knowledge gained from the daily operation of agency programs and reviews;
- Management reviews;
- Annual performance plans; and,
- Inspector General and Government Accountability Office reports.

The Commission's ongoing management control program requires, among other things, that management control deficiencies be integrated into office action plans. The action plan process has provisions for periodic updates and attention from senior managers. The management control information in these plans, combined with the individual assurance statements discussed previously, provides the framework for monitoring and improving the agency's management controls on an ongoing basis.

FY 2009 Integrity Act Results

The Commission evaluated its management control systems for the fiscal year ending September 30, 2009. This evaluation provided reasonable assurance that the Commission’s management controls achieved their intended objectives. As a result, management concluded that the Commission did not have any material weaknesses in its programmatic or administrative activities.

FY 2009 OMB A-123 Results

The Commission evaluated its internal controls over financial reporting for the fiscal year ending September 30, 2009. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (Improvement Act) requires each agency to implement and maintain systems that comply substantially with: (i) Federal financial management system requirements, (ii) applicable Federal accounting standards, and (iii) the U.S. Government standard general ledger at the transaction level. The Improvement Act requires the Chairman to determine whether the agency's financial management systems comply with the Improvement Act and to develop remediation plans for systems that do not comply.

FY 2009 Improvement Act Results

As of September 30, 2009, the Commission evaluated its financial management system to determine if it complied with applicable federal requirements and accounting standards required by the Improvement Act. We found that the Commission's financial management system was in substantial compliance with the Federal financial management system requirements, applicable Federal accounting standards and the U.S. standard general ledger at the transaction level. In making this determination, we undertook financial reporting tests of the system and reviewed entries at the transaction level, and determined compliance with Federal requirements and accounting standards required by the Improvement Act.

Prompt Payment. The Prompt Payment Act requires Federal agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. As of September 30, 2009, the Commission made 94% of its payments, that were subject to the Prompt Payment Act, on-time. The Commission incurred $3,864 in interest penalties in FY 2009, which was an increase compared to the FY 2008 amount of $304. The agency made 99% of its vendor payments electronically in FY 2009.

Debt Collection. The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the Federal Government to service and collect debts. The agency goal is to maintain the delinquent debt owed to the Commission at year-end at less than two percent of its current annual billings. As of September 30, 2009, delinquent debt was $0.3 million, which was approximately one-tenth of a percent of its current annual billings. The Commission continues to aggressively pursue the collection of delinquent debt and continues to meet the requirement that all eligible delinquent debt over 180 days is referred to the U.S. Treasury for collection.

Possible Future Effects of Existing Events and Conditions

As of September 30, 2009, the Commission has a pending case where the probability of success is reasonably possible. The amount of monetary relief, if awarded, is estimated to be approximately $78,000.

Limitations of the Financial Statements

The financial statements have been prepared to report the financial position and results of operations of the FERC, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Commission in accordance with accounting principles generally accepted in the United States of America for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

Improper Payments Information Act (IPIA) Reporting

The Commission has performed a review of its payments through September 30, 2009 and it has processed 99% of its payments without error. The Commission found only 60 erroneous payments out of 9,120 total payments. The value of those erroneous payments totaled $39,108 out of total payments of $84,236,070 for fiscal year 2009.

Financial Section

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

Office of the
Executive Director

Message from the Chief Financial Officer

I am pleased to present the Federal Energy Regulatory Commission's (Commission) comparative financial results for fiscal years 2009 and 2008. The accompanying financial statements and related notes fairly present the Commission's financial position and were prepared in conformity with accounting principles generally accepted in the United States of America, and requirements set forth in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements.*

The Commission has maintained a continued focus on its primary mission to regulate energy industries in the economic, environmental and safety interest of the American public. Given the current economic climate prevailing in this country and the challenges it has placed before the very same individuals in which the Commission strives to protect, senior management has placed added emphasis on the effective management of the Commission's limited resources. Specifically, the Commission has enhanced its acquisition processes to better leverage competitive forces to obtain goods and services. These process enhancements have facilitated the acquisition of engineering support services, information technology support services, and major hardware purchases at lower costs. Moreover, the Commission issued a new Strategic Plan on September 30, 2009 that sets clear goals and objectives it will strive to reach over the next 5 years. In this plan, the Commission establishes key milestones and other performance targets that will demonstrate the Commission's effectiveness at reaching its desired outcomes.

Following are more achievements which demonstrate the Commission's commitment to managing its financial resources effectively.

- The Commission obtained an unqualified opinion on its principal financial statements for the 16th consecutive year. In addition, it strengthened its internal control program by continuing on-going self-assessment efforts as required by OMB Circular A-123, *Management's Responsibility for Internal Control*. The Commission for the 4th consecutive year asserted reasonable assurance that its internal controls over financial reporting were operating effectively.

- The Commission collected over $296 million in offsetting receipts during the fiscal year. Financial management staff issued 100% of the related regulatory assessments electronically to jurisdictional entities and hydropower licensees. As a result of these efforts, the Commission exceeded statutory collection requirements to offset its annual appropriation by more than $23 million.

- The Commission maintained effective and efficient financial management operations. It paid over 99% of its vendor invoices electronically while remitting 94% of these payments within statutorily mandated due dates at an error rate of less than 1%. Moreover, it collected 98% of established accounts receivable by their respective due dates.

- The Commission awarded over 31% of its total contract dollars to small, women-owned and minority businesses. It exceeded its performance target by 6 %. The Commission values the pivotal role small businesses play in supporting the accomplishment of its mission.

Our accomplishments indicate a keen focus on financial management, accountability and public disclosure. Senior leadership has promoted a culture of accountability throughout the agency that has resonated with all employees. This report demonstrates a lasting commitment to fulfill our fiduciary responsibilities to Commission stakeholders. I am proud of the role financial management staff has played in being effective stewards protecting the interests of the American public.

Thomas R. Herlihy
Chief Financial Officer
Federal Energy Regulatory Commission
November 6, 2009

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Federal Energy Regulatory Commission and the
Inspector General, United States Department of Energy:

We have audited the accompanying balance sheets of the Federal Energy Regulatory Commission (the Commission) as of September 30, 2009 and 2008, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity (hereinafter referred to as "financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2009 audit, we also considered the Commission's internal control over financial reporting and tested the Commission's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on these financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that the Commission's financial statements as of and for the years ended September 30, 2009 and 2008, are presented fairly, in all material respects, in conformity with United States (U.S.) generally accepted accounting principles.

Our consideration of internal control over financial reporting was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control Over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin Number (No.) 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The following sections discuss our opinion on the Commission's financial statements; our consideration of the Commission's internal control over financial reporting; our tests of the Commission's compliance with certain provisions of applicable laws, regulations, and contracts; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the Federal Energy Regulatory Commission as of September 30, 2009 and 2008, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federal Energy Regulatory Commission as of September 30, 2009 and 2008, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the Performance and Accountability Report and the Appendices are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Internal Control Over Financial Reporting

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

In our fiscal year 2009 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

We noted certain additional matters that we have reported to management of the Commission in a separate letter.

Compliance and Other Matters

The results of our other tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in Federal Financial Management Improvement Act (FFMIA), disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

The results of our tests of FFMIA disclosed no instances in which the Commission's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

* * * * * * *

Responsibilities

Management's Responsibilities. Management is responsible for the financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, and contracts applicable to the Commission.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2009 and 2008 financial statements of the Commission based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04, as amended. Those standards and OMB Bulletin No. 07-04, as amended require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2009 audit, we considered the Commission's internal control over financial reporting by obtaining an understanding of the Commission's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. We did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Commission's fiscal year 2009 financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, as amended, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts, applicable to the Commission. However, providing an opinion on compliance with laws, regulations, and contracts, was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Commission's management, the Department of Energy's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 6, 2009

FEDERAL ENERGY REGULATORY COMMISSION

Balance Sheets

As of September 30, 2009 and 2008

(in dollars)

	2009	2008
Assets (note 3):		
Intragovernmental:		
Fund balances with Treasury (note 4)	$ 63,517,742	$ 72,693,742
Accounts receivable (note 5)	13,399	13,399
Total intragovernmental assets	63,531,141	72,707,141
Accounts receivable, net (note 5)	23,038,373	22,896,225
Property and equipment, net (note 6)	4,767,683	6,307,483
Total assets	$ 91,337,197	$ 101,910,849
Liabilities:		
Intragovernmental:		
Accounts payable	$ 2,983,283	$ 3,037,177
Other (note 7):		
Accrued payroll benefits	1,661,681	1,291,035
Resources transferable to Treasury and other Federal entities	6,891,089	478,500
Miscellaneous receipts transferable to Treasury	7,193	5,254
Workers' compensation payable (note 9)	540,739	850,484
Total intragovernmental liabilities	12,083,985	5,662,450
Accounts payable	14,777,141	13,346,630
Other (note 7):		
Accrued payroll and benefits	8,529,456	6,397,959
Collections due to states	33,603	-
Commitments and contingencies (note 11)	78,000	100,000
Revenue collected under protest	5,918,701	-
Refunds and other amounts due	3,256,910	10,534,131
Accrued leave (note 9)	13,175,159	12,425,724
Resources transferable to other entities from disgorged funds	17,366,517	38,905,088
Total liabilities	$ 75,219,471	$ 87,371,982
Net Position:		
Unexpended appropriations	20,135,673	24,646,344
Cumulative results of operations	(4,017,948)	(10,107,477)
Total net position	$ 16,117,725	$ 14,538,867
Total liabilities and net position	$ 91,337,197	$ 101,910,849

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Net Cost
For the Years Ended September 30, 2009 and 2008
(in dollars)

Program costs:		2009		2008
Regulation:				
Energy Infrastructure(note 14):				
Gross costs	$	214,681,859	$	194,110,589
Less: earned revenue		214,685,155		194,110,589
Net program costs	$	(3,296)	$	-
Competetive Markets (note 14):				
Gross costs	$	34,861,156	$	30,313,293
Less: earned revenue		34,861,683		30,313,293
Net program costs	$	(527)	$	-
Enforcement (note 14):				
Gross costs	$	38,872,810	$	29,818,284
Less: earned revenue		38,873,381		29,818,284
Net program costs	$	(571)	$	-
Total (note 14):				
Gross costs	$	288,415,825	$	254,242,166
Less: earned revenue		288,420,219		254,242,166
Net program costs	$	(4,394)	$	-

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Changes in Net Position
For the Years Ended September 30, 2009 and 2008

(in dollars)

	2009	2008
Cumulative Results of Operations:		
Beginning balances	$ (10,107,477)	$ 2,410,871
Budgetary Financing Sources:		
Appropriations used	277,910,671	240,272,102
Other Financing Sources (Non-Exchange):		
Transfers – out to Treasury without reimbursement	(284,451,789)	(263,440,238)
Imputed financing from costs absorbed by others (note 10)	12,626,253	10,649,788
Total Financing Sources	6,085,135	(12,518,348)
Net Cost of Operations	4,394	-
Net Change	6,089,529	(12,518,348)
Cumulative Results of Operations	$ (4,017,948)	$ (10,107,477)
Unexpended Appropriations:		
Beginning balances	$ 24,646,344	$ 4,493,446
Budgetary Financing Sources:		
Appropriations received	273,400,000	260,425,000
Appropriations used	(277,910,671)	(240,272,102)
Total Budgetary Financing Sources	(4,510,671)	20,152,898
Total Unexpended Appropriations	$ 20,135,673	$ 24,646,344
Net Position	$ 16,117,725	$ 14,538,867

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Budgetary Resources

For the Years Ended September 30, 2009 and 2008

(in dollars)

	2009	2008
Budgetary Resources:		
Unobligated balance, beginning of period	$ 16,783,887	$ 3,429,691
Recoveries of prior year unpaid obligations	675,206	651,567
Budgetary authority		
Appropriation	3,384,427	3,127,077
Collected	273,458,072	260,474,032
Change in unfilled customer orders		
Without advance from Federal Sources	(4,394)	(43,057)
Subtotal	276,838,105	263,558,052
Total Budgetary Resources	$ 294,297,198	$ 267,639,310
Status of Budgetary Resources:		
Obligations incurred: (note 15)		
Direct	$ 285,853,828	$ 250,815,633
Reimbursable	53,678	39,790
Subtotal	285,907,506	250,855,423
Unobligated balances available and apportioned		
Apportioned	7,023,066	16,783,887
Unobligated balance not available	1,366,626	
Total status of budgetary resources	$ 294,297,198	$ 267,639,310
Change in Obligated Balance:		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 31,987,901	$ 20,628,189
Less: Uncollected customer payments from Federal sources, brought forward, October 1	(44,226)	(87,283)
Total unpaid obligated balance, net	31,943,675	20,540,906
Obligations incurred, net	285,907,506	250,855,423
Less: Gross outlays	(277,419,325)	(238,844,144)
Less: Recoveries of prior year unpaid obligations, actual	(675,206)	(651,567)

(Continued)

Change in uncollected customer payments from Federal sources		4,394		(43,057)
Obligations balance, net, end of period				
Unpaid obligations		39,800,875		31,987,901
Less: Uncollected customer payments from from Federal sources		(39,832)		(44,226)
Total, unpaid obligated balance, net, end of period	$	39,761,044	$	31,943,675
Net Outlays:				
Gross outlays	$	277,419,325	$	238,844,144
Less: Offsetting collections		(273,458,072)		(260,474,032)
Less: Distributed offsetting receipts		(51,434,365)		(45,163,340)
Net outlays	$	(47,473,112)	$	(66,793,228)

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Custodial Activity

For the Years Ended September 30, 2009 and 2008

(in dollars)

		2009		2008
Sources of collections:				
Cash collections – annual charges	$	62,695,804	$	56,548,067
Accrual adjustment		6,277,748		(940,339)
Total custodial revenue (note 12)		68,973,552		55,607,728
Disposition of collections:				
Transferred to others:				
United States Army – Corps of Engineers		(6,874,323)		(7,743,045)
Department of Interior		(7,567,858)		(6,726,135)
United States Treasury		(44,897,379)		(38,948,424)
Various states		(3,350,971)		(3,127,077)
Decrease (increase) in Amounts Yet to be transferred		(6,283,021)		936,953
Net Custodial Activities	$	-	$	-

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Notes to Financial Statements
September 30, 2009 and 2008

(1) Description of Reporting Entity

The Federal Energy Regulatory Commission (the Commission) is an independent Federal agency that oversees key operating functions of the United States' natural gas and oil pipeline transportation, electric utility and hydroelectric power industries.

The Commission was created through the Department of Energy's (DOE) Organization Act on October 1, 1977. The Commission's predecessor, the Federal Power Commission (FPC), established in 1920, was abolished, and the Commission inherited a significant portion of FPC's energy agenda.

The Commission administers laws and regulations involving key energy issues. These include the transportation and sale of natural gas and oil in interstate commerce; regulation of electric utility wholesale rates and transactions; licensing and inspection of private, municipal, and state hydroelectric projects; and oversight of related environmental matters.

The Commission's main legal authority is derived from the Federal Power Act of 1935 (FPA), the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978, and the Public Utility Regulatory Policies Act of 1978.

The Commission's activities are separated into the following three segments:

Energy Infrastructure

The Commission's overall objective is to encourage investment in the infrastructure needed to sustain energy markets by removing roadblocks, providing cost recovery clarity and welcoming innovative thinking about rates and the use of new technology. By focusing on infrastructure, this segment covers many of the Commission's important traditional activities, for example, pipeline certificates, hydropower licenses and preliminary permits, compliance activities, environmental and other licensing conditions, dam safety inspections and most rate determinations.

Competitive Markets

Another Commission objective is to complete the transition to competitive energy markets as comprehensively as possible. This requires the growth of certain new institutions, particularly clearly defined and independent regional transmission organizations (RTOs), to make electric markets work. The Commission also needs to establish balanced, self-enforcing market rules in wholesale electric markets, and encourage continued efforts by industry groups to standardize reliability and business practice standards, promote the use of demand-side participation in energy markets, and establish regional transmission planning. Along with some traditional work in the area of rate determinations, this segment includes work on initiatives begun in the last couple of years such as RTOs and new policies for natural gas.

Enforcement

The Commission also needs to ensure that competitive energy markets benefit the Nation over the long run. The Commission must offer the public and market participants credible assurance that the Commission will identify and remedy energy market problems to maintain just and reasonable rates. At the systemic level, the Commission needs to recognize problems before or when they develop and craft solutions quickly. Effective internal compliance programs within companies and self-policing will also help achieve this goal. The Commission will conduct traditional investigations and apply its expanded penalty authority when appropriate.

Cost Recovery

As described below, the Commission recovers 100% of its annual appropriation from the U.S. Treasury (the Treasury) through annual charges and filing fees authorized by the Omnibus Budget Reconciliation Act of 1986 and other laws.

Annual Charges

The Commission recovers most of its administrative program costs through allocated annual charges to the entities it regulates, regardless of the number or type of services rendered to any particular entity during the year. The annual charge assessed in a fiscal year is based on an estimate of costs to be incurred during that year. Final program costs are determined from year-end accounting reports and time distribution reports by office and program. The difference in assessments that results from estimated versus final program costs is an adjustment to the following fiscal year's assessments. The authority and related implementation methods for the annual changes are summarized as follows:

Hydropower

Authority – Section 10(e) of FPA makes the general provision that licensees under Part I of FPA shall pay reasonable annual charges to compensate the federal government for the costs of administering Part I.

Implementation – The methods for assessing annual charges to hydropower licensees are codified at 18 Code of Federal Regulations (C.F.R.) Part 11. Costs are prorated based on capacity (municipal projects), on capacity and generation (non-municipal projects), or on a flat rate per horsepower under 1,000 (minor projects).

Gas, Electric, and Oil

Authority – Section 3401 of the Omnibus Budget Reconciliation Act of 1986 provides that the Commission shall "assess and collect fees and annual charges in any fiscal year in amounts equal to all of the costs incurred by the Commission in that fiscal year." It further provides that "fees or annual charges assessed shall be computed on the basis of methods that the Commission determines, by rule, to be fair and equitable."

Implementation – The methods for assessing annual charges to gas and oil pipelines and to electric utilities and power marketing administrations are codified at 18 C.F.R. Parts 382.201-203. Costs are prorated to gas pipelines based on volume transported and sold, to electric utilities and power marketing administrations based on energy sold, and to oil pipelines based on operating revenues.

Filing Fees

Filing fees are calculated annually. Regulated entities pay the current fee when filing with the Commission for a specific service. The fees are based on the average time spent to perform the particular type of service and the average cost per employee, including salary, benefits, and indirect costs. Fee structure and procedures are codified in 18 C.F.R. Part 381.

The Independent Offices Appropriations Act of 1952 (IOAA) authorizes agencies to prescribe regulations establishing charges for services, benefits, or items of value provided by an agency. In establishing a fee under the IOAA, the Commission must:

- Identify the service for which the fee is to be assessed;
- Explain why that particular service benefits an identifiable recipient more than it benefits the general public;
- Base the fee on as small a category of service as possible; and
- Demonstrate what direct and indirect costs are incurred by the Commission in rendering the service.

Section 3401 of the Omnibus Budget Reconciliation Act of 1986 also provides for fees and annual charges "computed on the basis of methods that the Commission determines, by rule, to be fair and equitable."

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared to report the financial position of the Commission and its net costs, changes in net position, budgetary resources, and custodial activity in accordance with accounting principles generally accepted in the United States of America applicable to federal government entities.

These financial statements have also been prepared in accordance with the form and content for financial statements specified by Office of Management and Budget (OMB) Circular Number (No.) A-136, *Financial Reporting Requirements.*

The financial statements include all activity related to the Commission's portion of appropriation (89X0212), including the budget authority allotted by DOE to other DOE agencies. In addition, the Commission receives small allotments from DOE appropriation (89X5105). Both of the Commission's appropriations relate to budget functional classification code 276, Energy Information Policy and Regulation.

Entity assets disclosed in notes 3 and 5 include those assets that the Commission has the authority to use in its operations.

Non-entity assets disclosed in notes 3 and 5 include those assets that result from the Commission's custodial billing activities for other federal agencies, including the U.S. Army Corps of Engineers, the Treasury and the U.S. Department of Interior.

(b) Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides the Commission with authority to use funds from the Treasury to meet its operating and capital expenditure requirements. The appropriated funds are not restricted to use in a specific fiscal year. All revenue from annual charges and filing fees is remitted to the Treasury when received.

(c) Basis of Accounting

The Commission's financial statements are prepared using the accrual method of accounting. The accrual method of accounting requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. The Commission also uses budgetary accounting to facilitate compliance with legal constraints and to monitor its budget authority at the various stages of execution, including allotment, obligation, and eventual outlay.

(d) Revenue and Financing Sources

As described above, the Commission receives funds for its operating and capital expenditures through an appropriation allotment from DOE. For financial statement purposes, the appropriation allotment is recognized as a financing source when operating expenses (primarily salaries and benefits), other than depreciation, are incurred and when capital assets are purchased.

The Commission recognizes revenue for hydropower, gas, oil, and electric annual charges when earned. Annual charges are based on estimated current year program costs and adjustments from the prior year. At year-end, the Commission records a financial statement adjustment to accurately reflect the amount to be billed or credited to regulated entities based on the difference between the charges and the actual program costs for the year. The Commission adjusts the subsequent year's charge for such amount. Revenue is recognized for filing fees when received.

The Commission recognizes an imputed financing source for the estimated annual pension, life and health insurance costs in excess of contributions made by the Commission during the year. These costs will ultimately be funded by the Office of Personnel Management.

Reimbursable work agreement revenue is recognized when the related services are rendered.

Transfers-out represent receipts collected and remitted to the Treasury during the year and net accounts receivable that, once collected, will be returned to the Treasury, less any amounts due to regulated entities for the excess of estimated and billed costs over actual costs incurred.

(e) Fund balance with Treasury

The Commission does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the Treasury. The balance of funds with the Treasury represents appropriated funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services that have not been received and monies held in suspense until final disposition is determined.

(f) Allowance for Doubtful Accounts

The Commission calculates its allowance for doubtful accounts using historical collection data and specific account analysis.

(g) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Commission capitalizes property (other than furniture) and equipment purchases with a cost greater than $25,000 and a total useful life exceeding two years. The Commission capitalizes furniture purchases with a cost greater than $50,000, and commercially purchased or internally developed software with a cost greater than $100,000. Depreciation is calculated based on an estimated useful life of 20 years for leasehold improvements, 10 years for furniture, 2 to 5 years for commercially purchased or internally developed software, and 5 years for all remaining assets. Expenditures for repairs and maintenance are charged to program costs as incurred.

(h) Liabilities

Liabilities represent amounts owed by the Commission as the result of transactions or events that have occurred as of year-end. Liabilities for which Congress has not appropriated funds are disclosed in note 9 as liabilities not covered by budgetary resources.

(i) Workers' Compensation Payable

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to cover federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for the Commission's employees under FECA are administered by the United States Department of Labor (DOL) and are ultimately paid by the Commission. The workers' compensation payable represents billings from DOL that are unpaid at year-end. An actuarial estimate of unbilled claims is recorded by DOE at the departmental level and was not separately calculated for the Commission.

(j) Collections Due to States

The Commission disburses 50% of the fees it collects from licensees for the occupancy and use of public lands to affected states in the year following collection. These collections are initially deposited into the Treasury's miscellaneous receipts fund.

(k) Revenue Collected Under Protest

Revenue collected under protest is deferred and recorded as a liability until the protest is resolved.

(l) Accrued Leave

Annual leave is accrued as a liability as it is earned. The accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations. Sick leave and other types of nonvested leave are charged to expense as the leave is used.

(m) Disgorged Funds

The Commission seeks to detect abuses of market power or statutory or rule violations by investigating observed market anomalies, complaints, and referrals from regional transmission organizations and/or independent system operators, and by conducting both targeted and random audits. Once the Commission identifies violations, it applies remedies to mitigate the effects of market power, requires disgorgement of unjust profits where appropriate, and imposes civil penalties or other sanctions when available under existing laws. The Commission records disgorged funds as a liability until they are disbursed to appropriate entities.

(n) Net Position Accounts

Net position account balances consist of the following components:

Unexpended appropriations – Represents amounts of spending authority that are unobligated and available to the Commission, or obligated but not expended.

Cumulative results of operations – Represents the Commission's net results of operations since inception, including (1) the amount in the Special Receipts fund balance with Treasury, (2) the cost of property and equipment acquired that has been financed by appropriations, less accumulated depreciation, and (3) the amount of appropriated funding that will be needed in future periods to liquidate liabilities incurred through the current fiscal year. Funding for these items is generally received in the year that amounts become due and payable.

(o) Tax Status

The Commission, as a Federal agency, is not subject to Federal, state, or local income taxes, and accordingly, no provision for income tax is recorded.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Also affected are the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(3) Non-Entity Assets

Non-entity assets at September 30, 2009 and 2008 consisted of:

		2009		2008
Intragovernmental:				
Fund balances with treasury:				
Collections due to states	$	33,603	$	-
Revenue collected under protest		5,918,701		-
Disgorged funds		1,258,064		16,523,256
Miscellaneous receipts held in suspense		960,056		214,752
Special receipts fund		7,222,919		7,222,919
Other		7,193		5,254
Total intragovernmental	$	15,400,536	$	23,966,181
Accounts receivable, net		22,640,111		22,673,141
Total non-entity assets	$	38,040,647	$	46,639,322
Total entity assets		53,253,774		55,271,527
Total assets	$	91,337,197	$	101,910,849

(4) Fund balance with Treasury

Fund balance with Treasury at September 30, 2009 and 2008 consisted of:

		2009		2008
Fund Balances:				
General:				
Appropriated funds	$	48,117,206	$	48,727,561
Other:				
Revenue collected under protest		5,918,701		-
Disgorged funds		1,258,064		16,523,256
Miscellaneous receipts held in suspense		960,056		214,752
Special receipts fund		7,222,919		7,222,919
Other		40,796		5,254
Total	$	63,517,742	$	72,693,742
Status of Fund Balance with Treasury				
Unobligated balance:				
Available	$	7,023,066	$	16,068,828
Unavailable		16,693,801		24,637,013
Obligated balance not yet disbursed		39,800,875		31,987,901
Total	$	63,517,742	$	72,693,742

(5) Accounts Receivable, net

Entity and nonentity accounts receivable at September 30, 2009 and 2008 consisted of:

		2009				
		Annual Charges		Other		Total
Entity						
Uncollected billings	$	320,305	$	88,693	$	408,998
Uncollected intragovernmental billings		-		13,399		13,399
Allowance for doubtful accounts		(468)		(10,268)		(10,736)
Total entity accounts receivable, net		319,837		91,824		411,661
Non-entity						
Uncollected billings		76,766		55,113,499		55,190,265
Allowance for doubtful accounts		(5,554)		(32,544,600)		(32,550,154)
Total non-entity accounts receivable, net		71,212		22,568,899		22,640,111
Total accounts receivable, net	$	391,049	$	22,660,723	$	23,051,772

		2008				
		Annual Charges		Other		Total
Entity						
Uncollected billings	$	4,262,767	$	75,960	$	4,338,727
Uncollected intragovernmental billings		-		13,399		13,399
Allowance for doubtful accounts		(4,115,170)		(473)		(4,115,643)
Total entity accounts receivable, net		147,597		88,886		236,483
Non-entity						
Uncollected billings		30,350		56,921,696		56,952,046
Allowance for doubtful accounts		-		(34,278,905)		(34,278,905)
Total non-entity accounts receivable, net		30,350		22,642,791		22,673,141
Total accounts receivable, net	$	177,947	$	22,731,677	$	22,909,624

(6) Property and Equipment, net

Property and equipment and related accumulated depreciation at September 30, 2009 and 2008 consisted of:

	2009		
	Acquisition Amount	Accumulated depreciation	Net
Equipment	$ 3,025,782	$ 2,659,908	$ 365,874
Furniture	9,146,826	9,071,407	75,419
Leasehold improvements	9,491,416	6,604,682	2,886,734
ADP software	17,863,793	16,424,137	1,439,656
Internal software developed - WIP	-	-	-
Capital assets	29,000	29,000	-
Total Property and Equipment, net	$ 39,556,817	$ 34,789,134	$ 4,767,683

	2008		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 2,631,985	$ 2,468,514	$ 163,471
Furniture	9,070,773	9,070,773	-
Leasehold improvements	9,491,415	6,130,111	3,361,304
ADP software	17,034,785	14,917,698	2,117,087
Internal software developed - WIP	655,955	-	655,955
Capital assets	29,000	19,334	9,666
Total Property and Equipment, net	$ 38,913,913	$ 32,606,430	$ 6,307,483

(7) Other Liabilities

Other liabilities at September 30, 2009 and 2008 consisted of:

	2009		
	Current	**Non-Current**	**Total**
Intragovernmental			
Accrued payroll and benefits	$ 1,661,681	$ -	$ 1,661,681
Resources transferable to Treasury and other Federal entities	6,891,089	-	6,891,089
Miscellaneous receipts transferable to Treasury	7,193	-	7,193
Workers' compensation payable	245,220	295,519	540,739
Total intragovernmental liabilities	8,805,183	295,519	9,100,702
Accrued payroll and benefits	8,529,456	-	8,529,456
Collections due to states	33,603	-	33,603
Commitments and Contingencies	78,000	-	78,000
Revenue collected under protest	5,918,701	-	5,918,701
Refunds and other amounts due	3,256,910	-	3,256,910
Accrued leave	13,175,159	-	13,175,159
Resources transferable to other entities from disgorged funds	1,258,064	16,108,453	17,366,517
Total other liablities	$ 41,055,076	$ 16,403,972	$ 57,459,048

	2008		
	Current	**Non-Current**	**Total**
Intragovernmental			
Accrued payroll and benefits	$ 1,291,035	-	$ 1,291,035
Resources transferable to Treasury and other Federal entities	478,500	-	478,500
Miscellaneous receipts transferable to Treasury	5,254	-	5,254
Workers' compensation payable	605,264	245,220	850,484
Total intragovernmental liabilities	2,380,053	245,220	2,625,273
Accrued payroll and benefits	6,397,959	-	6,397,959
Collections due to states	-	-	-
Commitments and Contingencies	100,000	-	100,000
Revenue collected under protest	-	-	-
Refunds and other amounts due	10,534,131	-	10,534,131
Accrued leave	12,425,724	-	12,425,724
Resources transferable to other entities from disgorged funds	-	38,905,088	38,905,088
Total other liablities	$ 31,837,867	$ 39,150,308	$ 70,988,175

Resources transferable to Treasury represents future collections on accounts receivable that will be forwarded to Treasury upon receipt.

Revenue collected under protest represents monies that may be forwarded to the Commission or protesting entities once the protest is resolved.

Refunds and other amounts due represent monies that ultimately will be returned to entities due to overpayments of prior billings.

Resources transferable to other entities from disgorged funds represents monies that will be disbursed to specific entities in the future.

(8) Leases

The General Services Administration (GSA) enters into lease agreements for government buildings and maintains those lease agreements. The Commission pays GSA a standard level users charge for the annual rental of building space, of which Commission Headquarters is in Washington, DC and several other regional offices are located in various parts of the country. The standard level users charge approximates the commercial rental rates for similar properties. The Commission generally does not execute an agreement with GSA; the Commission, however, is normally required to give 30-120 days notice to vacate. Expenses incurred for building leases amounted to $21.7 million and $21.5 million for periods ended September 30, 2009 and 2008, respectively.

Real Property Operating Leases - Future Payments

Fiscal Year	GSA	Non-GSA	Total
FY 2010	11,827,414	94,882	11,922,296
FY 2011	11,827,414	58,027	11,885,441
FY 2012	11,827,414	48,854	11,876,268
FY 2013	11,827,414	32,307	11,859,721
FY 2014	11,827,414	32,307	11,859,721
Beyond FY 2015	15,040,895	-	15,040,895
Total future minimum lease payments	$ 74,177,965	$ 266,377	$ 74,444,342

(9) Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources at September 30, 2009 and 2008 consisted of:

	2009	2008
Intragovernmental		
Workers' compensation payable	$ 540,739	$ 850,484
Total intragovernmental	540,739	850,484
Accrued leave	13,175,159	12,425,724
Total liabilities not covered by budgetary resources	$ 13,715,898	$ 13,276,208

(10) Pension Expense

Commission employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7% of their basic pay to the plan, and the Commission makes a matching contribution. For employees participating in the FERS program, the Commission makes a contribution of 10.7% of basic pay.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect either to join FERS and Social Security or remain in CSRS. FERS offers a savings plan in which the Commission automatically contributes 1% of employees' basic pay and matches any employee contribution up to an additional 4% of basic pay. For most employees hired since December 31, 1983, the Commission also contributes the employer's matching share for Social Security.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is, therefore, not disclosed by the Commission. Total pension expense paid by the Commission for both plans for fiscal years 2009 and 2008 was approximately \$14.6 million and \$12.8 million, respectively as of September 30th. During fiscal years 2009 and 2008 as of September 30th, an additional \$12.6 million and \$10.6 million, respectively, of pension and life and health insurance expense was recognized by the Commission for amounts that will ultimately be funded through the Office of Personnel Management. This amount is also recorded as an imputed financing source.

(11) Commitments and Contingencies

The Commission has a Freedom of Information Act pending where the probability of success for the claimants is reasonable possible. The amount of monetary relief, if awarded, would not exceed \$78,000 as of September 30, 2009.

(12) Custodial Activity

The Commission currently bills regulated companies annual charges as a custodian for certain Federal agencies. These agencies include the United States Army Corps of Engineers, the Department of Interior's Bureau of Reclamation, and the Treasury. Accrual accounting is used to account for the Commission's custodial activities. The receivables are maintained by the Commission, and the collections are processed to each Federal agency on a monthly basis. In addition to the annual charges, penalty and administrative costs are assessed on past-due bills and remitted to the Treasury when received. For fiscal years 2009 and 2008, these custodial collections totaled approximately \$62.7 million and \$56.5 million, respectively as of September 30th. For fiscal years 2009 and 2008, custodial revenue totaled approximately \$68.9 million and \$55.6 million, respectively as of September 30th.

(13) Earmarked Funds

In accordance with the Federal Accounting Standards Advisory Board's Statement on Federal Financial Accounting Standards (SFFAS) No. 27, *Identifying and Reporting Earmarked Funds*, the Commission is required to report separately on the Balance Sheets and Statements of Changes in Net Position, the non-exchange revenue, other financing sources, net cost of operations and net position attributable to earmarked funds. In addition, the Commission must disclose the earmarked fund for which it has program management responsibility. The Commission's Collections Due to States fund meets the criteria for earmarked funds. The balances as of September 30, 2009 and 2008 were $ 33,000 and $0 respectively.

Fund 89X5105 and 895105 pertains to the Use of Government lands. "Reasonable annual charges for recompensing the United States for the use, occupancy, and enjoyment of its lands or its other property will be fixed by the Commission." 18 CFR CH 1, part 11.2(a)

The Commission disposes of the charges arising from licenses in accordance with USC, Title 16, CH 12, Part I, Sec 810 "All other charges arising from licenses hereunder, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this subchapter, shall be paid into the Treasury of the United States and credited to Miscellaneous Receipts. 37.5 per centum of the charges arising from licenses hereunder for the occupancy and use of national forests and public lands from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such state"

The Commission bills out of the receipt account 895105, requests a warrant for the amount of the collections, which is used to transfer the collections into the expenditure account, 89X5105. The actual payments to the states are made from account 89X5105.

Since the earmarked funds managed by the Commission are custodial in nature, there are no equity balances to report on the financial statements as of September 30, 2009 and 2008.

(14) Intragovernmental Costs and Exchange Revenue

Costs classified as "Intragovernmental" represent the cost of goods or services obtained from Federal entities. Costs classified as "Public" represent the cost of goods or services obtained from non-Federal entities. Revenues classified as "Intragovernmental earned" are generated when the buyer and seller of services are Federal entities. Revenues classified as "Public earned" are generated when the buyer of services is a non-Federal entity.

Intragovernmental costs and exchange revenue at September 30, 2009 and 2008 consisted of:

	2009	2008
Energy Infrastructure:		
Intragovernmental costs	$ 42,859,578	$ 39,344,434
Public costs	171,822,281	154,766,155
Total Energy Infrastructure costs	214,681,859	194,110,589
Intragovernmental earned revenue	67,897	47,870
Public earned revenue	214,617,258	194,062,719
Total Energy Infrastructure earned revenue	214,685,155	194,110,589
Competitive Markets		
Intragovernmental costs	6,857,531	6,144,226
Public costs	28,003,625	24,169,067
Total Competitive Markets costs	34,861,156	30,313,293
Intragovernmental earned revenue	10,863	7,476
Public earned revenue	34,850,820	30,305,817
Total Competitive Markets earned revenue	34,861,683	30,313,293
Enforcement		
Intragovernmental costs	7,428,994	6,043,892
Public costs	31,443,816	23,774,392
Total Enforcement costs	38,872,810	29,818,284
Intragovernmental earned revenue	11,769	7,353
Public earned revenue	38,861,612	29,810,931
Total Enforcement earned revenue	38,873,381	$ 29,818,284
Costs		
Intragovernmental Costs	57,146,103	51,532,552
Public Costs	231,269,722	202,709,614
Total Costs	288,415,825	254,242,166
Revenue		
Intragovernmental Revenue	90,529	62,699
Public Revenue	288,329,690	254,179,467
Total Revenue	288,420,219	254,242,166

(15) Apportionment Categories of Obligations Incurred

Apportionment categories of obligations incurred as of September 30, 2009 and 2008 consisted of:

	2009	2008
Category A:		
Direct	$ 285,853,828	$ 250,815,633
Reimbursable	53,678	39,790
Total obligations incurred	$ 285,907,506	$ 250,855,423

Category A apportionments distribute budgetary resources by fiscal quarters.

(16) Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

The Commission had no differences between the Statement of Budgetary Resources and the Budget of the United States as of September 30, 2008. The statement can be reconciled to the President's budget by combining both of the budgets for Federal Energy Regulatory Commission (89-0212-0-1-176) and Payments to States under Federal Power Act (89-5105-0-2-806). The reconciliation as of September 30, 2009 is not presented, because the submission of the FY 2011 budget occurs after publication of these financial statements. The Commission's Budget Appendix can be found under the Department of Energy on the OMB website (http://www.whitehouse.gov/omb/budget) and will be available in early February 2010.

(17) Undelivered Orders at the End of the Period

Undelivered orders are obligations made by the Commission for services and purchases that have not been received and accepted as of the balance sheet date. The amount of Commission budgetary resources reported as undelivered orders as of September 30th for fiscal years 2009 and 2008 were $11.8 million and $7.9 million respectively.

(18) Reconciliation of Net Cost of Operations to Budget

The objective of this information is to provide an explanation of the differences between budgetary and financial (proprietary) accounting. This is accomplished by means of a reconciliation of budgetary obligations and non-budgetary resources available to the reporting entity with its net cost of operations.

	2009	2008
Resources used to finance activities:		
Budgetary resources obligated:		
Obligations incurred	$ 285,907,506	$ 250,855,423
Less: spending authority from offsetting collections	(274,128,884)	(261,082,542)
Obligations, net of offsetting collections	11,778,622	(10,227,119)
Less: offsetting receipts	(51,434,365)	(45,163,340)
Net obligations	(39,655,743)	(55,390,459)
Other resources:		
Transfers-out, net of appropriations received	(19,074,316)	6,183,584
Imputed financing from costs absorbed by others	12,626,253	10,649,788
Net other resources used to finance activities	(6,448,063)	16,833,372
Total resources used to finance activities	(46,103,806)	(38,557,087)
Resources used to finance items not part of the net cost of operations		
Change in budgetary resources obligated for goods/services/benefits ordered but not yet provided (+/-)	(3,905,079)	(6,778,893)
Budgetary offsetting receipts that do not affect the net cost of operations	51,434,365	45,163,340
Resources that finance the acquisition of assets	(642,903)	(977,244)
Payments to States	(3,384,427)	(3,127,077)
Total resources used to finance items not part of the net cost of operations	43,501,956	34,280,126
Total resources used to finance the net cost of operations	(2,601,850)	(4,276,961)
Components of the net cost of operations that will not require or generate resources in the current period:		
Components requiring or generating resources in the future periods:		
Increase in unfunded liabilities	417,691	1,644,014
Total components of net cost of operations that will require or generate resources	417,691	1,644,014

Components not requiring or generating resources:		
Depreciation and amortization	2,182,703	2,656,772
Other	(2,938)	(23,825)
Total components of net cost of operations that will not require or generate resources	2,179,765	2,632,947
Total net cost of operations that do not require or generate resources in the current period	2,597,456	4,276,961
Net Cost of Operations	$ (4,394)	$ -

Performance Report (Unaudited)

Introduction

In accordance with Government Performance and Results Act of 1993, the Commission developed its Strategic and Business Plans, as well as its performance measures, to ensure it is fulfilling its mission. When comparing the planned and actual performance according to the guidelines set forth in Section 230 of OMB Circular A-11, the Commission:

- determined that its performance results are complete and reliable based on the fact that results are listed for every performance measure and target, that decision-makers use the information contained in the results "on an ongoing basis in the normal course of their duties," and that the information contained in the results are derived via internal tracking mechanisms; and

- identified no "significant or material" performance shortfalls based on the fact that none of the Commission's unmet performance measures or targets had an adverse effect on overall program performance.

In addition to the FY 2009 performance results that were highlighted in the Management's Discussion and Analysis, the tables on the following pages include the Commission's complete performance measurement data for fiscal years 2006 through 2009.

The Performance Measures for fiscal years 2005 through 2006 are aligned with the Commission's former Strategic Plan. The Performance Measures for fiscal years 2007 through 2009 are aligned with the Commission's FY 2006 – 2011 Strategic Plan which was submitted to Congress on September 29, 2006. The FY 2006 – 2011 Strategic Plan can be found in Appendix B.

Performance Measurement Data for Energy Infrastructure: FY 2006 – FY 2009

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Develop strategic plan and timeline for transmission line siting group	By August 31, 2006	Target Met. The strategic plan and timeline were in place by August 31, 2006. Steps have been taken to establish a transmission line siting group including: the issuance of a Notice of Proposed Rulemaking to establish the necessary rules and regulations to process applications filed with the Commission and posting openings to fill these essential positions.
Issue final rules on mandatory pre-filing process for LNG terminal proposals	Within 60 days of enactment of EPAct 2005	Target Met. The Commission issued regulations on the mandatory pre-filing process for LNG terminal proposals within 60 days of the enactment of EPAct 2005. The Pre-Filing Rule was issued on October 7, 2005 in Docket No. RM 05-31-000, Order 665; the effective date of the rule was November 17, 2005.
Complete MOU with Secretary of Defense on coordination of LNG facilities affecting active military installations	By March 31, 2006	Target Not Met. Both DoD contacts retired or were transferred during negotiations. A new DoD contact was assigned in July 2006 and negotiations are underway again. This did not impact operations.
Issue reports to Congress on Alaska Natural Gas Pipeline	Reports issued in February 2006 and August 2006	Target Met. Reports issued February 1 and July 10, 2006.
Establish rules for transmission infrastructure incentives	Issue rules by August 8, 2006	Target Met. Docket No. RM06-4-000; Final Rule, Order No. 679, "Promoting Transmission Investment through Pricing Reform," issued July 20, 2006.
Identify requirements for establishing a communications system with transmission owners and RTOs on status of transmission lines	Issue report to Congress by February 4, 2006	Target Met. Report entitled "Steps to Establish a Transmission Monitoring System for Transmission Owners and Operators within the Eastern and Western Interconnections," submitted to Congress on February 2, 2006.
Establish process to review ERO proposed initial reliability standards	By March 31, 2006	Target Met. Developed a rulemaking process and timeline for addressing the initial reliability standards; the process and timeline were approved by the Commission in March 2006.
Issue report to Congress on operator training	By December 31, 2005	Target Not Met. Although a comprehensive study of the current state of control room operator training across the bulk power system of the United States was completed in early December, the report has not yet been sent to Congress. The Commission is currently involved in a comprehensive rulemaking related to ERO reliability standards which will include standards related to operator training. This did not negatively impact operations.

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	100%
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotested cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	➢ 94% ➢ 100%
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within one year of filing	100%
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 18 months of filing	100%
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected at least once every eight weeks	100%
Percentage of LNG import terminals inspected	100% inspected annually	100%
Percentage of LNG peak-shaving terminals inspected	50% inspected annually	50%
Percentage of ILP pre-filing notices for NOI/PAD and initial scoping document issued	85% within 60 days of NOI/PAD filing	100%
Percentage of ILP pre-filing scoping meetings and site visits completed	85% within 90 days of NOI/PAD filing	100%
Percentage of ILP pre-filing study plan determinations completed	85% within 315 days of NOI/PAD filing	100%
Percentage of final NEPA documents issued for ALP/TLP cases with settlement agreements	85% within 12 months	94%
Percentage of final NEPA documents issued for ALP/TLP cases without settlement agreements	85% within 24 months	94%

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Percentage of non-independent transmission provider open access transmission tariffs that have standard generator interconnection procedures in compliance with Order No. 2003 and small generator final rule	75% by September 30, 2006	Target Met. 100% compliance with Order No. 2006, "Standardization of Small Generator Interconnection Agreements and Procedures," issued May 12, 2005, was established through language contained in paragraph 544 of the Final Rule, as follows: "On the effective date of this Final Rule…the OATTs [open access transmission tariffs] of all non-independent Transmission Providers are deemed revised to include the Final Rule SGIP [Standard Generator Interconnection Procedures] and SGIA [Standard Generator Interconnection Agreement]." In accordance with other language in the same paragraph, no further amendment to include the SGIP and SGIA in a Transmission Provider's OATT is required until compliance is due in the Commission's pending rulemaking on Electronic Tariff Filings. Compliance with Order No. 2003 (large generator rule) was completed and reported on during FY 2005 (see previous results).
Percentage of cases for cost recovery, new services, or changes to existing services processed	➢ 100% of NGA section 4 cases in 30 days ➢ 100% of FPA section 205 cases in 60 days	Target Met. 100% of the more than 3,350 statutory cases were completed by the statutory action date.
Percentage of rate cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	➢ There were no Track I cases ➢ 90% of Track II cases in 47 weeks ➢ 94% of Track III cases in 63 weeks
Percentage of rate cases set for hearing that achieve partial or complete consensual agreement	75%	78%
Percentage of Commission Opinions issued once Briefs Opposing Exceptions to Initial Decisions are filed	90% within 12 months	Target met. 100% (10 of 10) Initial Decisions processed within 12 months of Briefs Opposing Exceptions.
Percentage of merit orders accepting, modifying, or rejecting timely filed cost recovery proposals for new infrastructure submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 96% of the 120 merit orders to resolve cost recovery proposals for new infrastructure were issued by statutory or requested date as applicable. In the case of gas pipeline certificate applications, contributed rate inserts to allow timely completion.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 45 days of license issuances.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	100%
Participation in NERC / industry reliability readiness reviews	➢ 100% of the Reliability Coordinators ➢ Large entities which represent 80% of the load served by all entities reviewed by NERC	Target Met. FERC participated in 100% of NERC's Reliability Coordinator reviews (5 of 5), and participated in 22 readiness reviews of large entities which represent 94.5% (125,503 MW) of the load served by all entities reviewed by NERC (132,796 MW).

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Issue final rule on Electric Reliability Organization (ERO) certification and mandatory reliability standards enforcement	Rule issued by February 4, 2006	Target Met. Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of new RTOs or ISOs performing reliability functions included in Orders No. 2000 or No. 888, respectively	100%	No new RTOs or ISOs were established during the performance period.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred reliability costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 394 merit orders to resolve cost recovery proposals for reliability were issued by statutory or requested date, as applicable.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred safety and security costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 20 relevant filings (i.e., oil pipelines) were completed by the statutory action date.
Percentage of high- and significant-hazard-potential dams inspected annually	100%	100%
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	100%
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	100%
Number of instances of unauthorized access to Critical Energy Infrastructure Information (CEII)	No instances	Target met. No instances.
Number of complaints from CEII requesters on inability to participate in a proceeding due to failure to obtain CEII in a timely manner	None	Target met. None.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Resolve Regulatory and Other Challenges to Needed Development		
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2007	Target Met. Reports were issued on January 31 and August 15, 2007.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotested cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	Targets Met. ➢ 98% of unprotested cases were completed within 159 days of filing. ➢ 100% of protested cases were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 100% of cases of first impression or larger policy implications were completed within 365 days of filing.
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 480 days of filing	Target Met. 94% of cases requiring a major environmental assessment or environmental impact statement were completed within 480 days of filing.
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants (6 of 6) where construction was occurring were inspected at least every 8 weeks.
Percentage of ILP pre-filing study plan determinations completed	85% within 150 days of applicant's filing of the proposed study plan	Target Met. 90% (9 out 10) ILP pre-filing study plan determinations were completed within 150 days of applicant's filing of the proposed study plan.
Percentage of infrastructure studies completed	➢ 100% for regional and issue-based infrastructure conferences ➢ 100% for Commission- and Congressional-directed studies	Targets Met. ➢ 100% of infrastructure studies completed for regional and issue-based conference. ➢ 100% of infrastructure studies completed for Commission- and Congressional-directed studies.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. Of the 18 projects that utilized the pre-filing process, 100% had final NEPA documents within 8 months of filing a complete application.
Timeliness of filings processed containing amendments to non-independent electric transmission provider OATTs	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 126 amendments to non-RTO/ISO OATTs completed within 60-day statutory timeframe.
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of applications processed for incentive rates under section 205 of the FPA	Processed by the statutory deadline for rate filings or the applicants' requested date, whichever is later	Target Met. 100% of the 11 statutory incentive rates cases were processed within statutory timeframes.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Process cost recovery cases within reasonable timeframes (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	➢ 100% of statutory cases addressed by Commission order within statutory deadlines ➢ 95% of certificate cases within 12 months or applicants' requested date, whichever is later ➢ 90% of cases set for hearing within 12 months of briefs opposing exceptions	Targets Met. ➢ 100% of all 3,164 statutory items, including cost recovery cases, were completed within statutory due dates. ➢ In certificate work, 97%, or 60 of 62 cases requiring rate inserts, were completed timely. Even in the cases that were unavoidably delayed—one due to Coast Guard involvement in approving LNG facility, and the other subject to environmental issues because the company did not use the NEPA pre-filing process—the rate analyses were provided to the lead Office within the required time period. ➢ 100% issued within 12 months.
Establish price volatility baseline	By September 30, 2007	Not Applicable. The Commission proposed to establish a price volatility baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff reviewed available price data and concluded that a price volatility baseline was not feasible. Because of the lack of available data, this performance measure has been discontinued. Program performance was not negatively impacted as a result of not establishing a price volatility baseline.
Establish out-of-merit dispatch baseline	By September 30, 2007	Not Applicable. The Commission proposed to establish an out-of-merit dispatch baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff contacted transmission operators and found that their data is inconsistent across transmission systems and does not allow for meaningful analyses to establish this baseline. Because of the lack of consistent data, this performance measure has been discontinued. Program performance was not negatively impacted as a result of not establishing an out-of-merit dispatch baseline.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Assure Reliability of Interstate Transmission Grid		
Percentage of proposed reliability standards reviewed	100%	Target Met. Docket No. RM06-16-000; Final Rule, Order No. 693, "Mandatory Reliability Standards for the Bulk-Power System," issued March 16, 2007, in which the Commission approved 83 of 107 proposed Reliability Standards, and directed significant improvements to 56 of those standards. The Commission also required submission of further information in order to evaluate the adequacy of the remaining 24 standards. The initial 83 standards became mandatory and enforceable on June 18, 2007. In addition, the Commission approved 8 regional standards in Docket No. RM07-11-000; "Order Approving Regional Reliability Standards for the Western Interconnection and Directing Modifications," issued June 8, 2007.
Develop procedures to review the performance of the ERO	Complete by March 31, 2007	Target Met. Procedures were outlined in Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of NERC / industry reliability readiness reviews of Reliability Coordinators in which FERC participates	100%	Target Met. FERC participated in all 4 of NERC's Reliability Coordinator reviews.
Percentage of load served, included in NERC / industry reliability readiness reviews, in which FERC participates	50%	Target Met. FERC participated in 22 readiness reviews of large entities which represent just over 80% (332,244 MW) of the load served by all entities reviewed by NERC (414,101 MW).
Percentage of ERO penalty action rulings reviewed to prevent inappropriate rulings from going into effect by default	100%	No activity, as the standards only became mandatory on June 18, 2007, and no ERO proposed penalties were filed in FY 2007.
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of all high and significant hazard-potential dams were inspected annually.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of all high- and significant-hazard potential dams meet current structural standards or are undergoing investigation or remediation.
Percentage inspected annually: ➢ LNG import terminals ➢ LNG peak-shaving facilities	➢ 100% ➢ 50%	Targets Met. ➢ All 5 of the operating LNG import terminals were inspected. ➢6 of the 12 peak-shaving facilities were inspected.
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of LNG facilities met all current safety standards or were subject to a compliance letter.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of EIS documents that contain sections addressing safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities	100%	Target Met. 100% of EIS documents contain sections relating to safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities.
Control access to Critical Energy Infrastructure Information	No instances of improper access or improper denial affecting national security or Commission proceedings	Target met. No instances.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Percentage of LNG facility authorizations that incorporate consultation with all appropriate agencies on security related matters	100%	Target Met. 100% of LNG facility authorizations incorporate consultation with all appropriate agencies on security related matters.

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final NEPA documents issued for ALP/TLP cases: ➢ with settlement agreements ➢ without settlement agreements	➢ 85% within 12 months ➢ 85% within 24 months	Targets Met. □ 100% of final NEPA documents (5 of 5) were issued within 12 months for ALP/TLP cases with settlement agreements. □ 100% of final NEPA documents (16 of 16) were issued within 24 months for ALP/TLP cases without settlement agreements.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were sent out within 45 business days of license issuance date.
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	Target Met. Of the 30 pipeline projects under active construction in FY 2007, 100% were inspected at least once every four weeks.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**

Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met. 100% (125 out of 125) amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe.
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2008	Target Met. Reports were issued February 19 and August 29, 2008.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotested cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	➢Target Met. 94% of unprotested pipeline certificate cases with no precedential issues were completed within 159 days of filing. ➢Target Met. 100% of protested pipeline certificate cases with no precedential issues were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 97% of pipeline certificate cases of first impression or containing larger policy implications were completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 480 days of filing	Target Not Met. 75% (6 of 8) of pipeline certificate cases requiring a major environmental assessment or environmental impact state were completed within 480 days of filing. Bradwood Landing Project (CP08-365-000, et al, issued September 18, 2008) required additional time due to an unusually large number of environmental issues which resulted in processing delays beyond FERC's control. This project was the first new LNG import terminal and related sendout pipeline to serve the Pacific Northwest. Broadwater Energy Project (CP06-54 issued March 20, 2008) also required additional time due to novel environmental issues which resulted in processing delays beyond FERC's control. This project was the first floating terminal for the storage and delivery of liquefied natural gas in the United States. There were no adverse impacts as a result of these two delays.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 87% of NEPA documents were completed within 8 months of determining a pipeline or LNG facility application was complete for projects utilizing the pre-filing process.
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction.
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of ILP pre-filing study plans determinations were completed within 30 days of the applicant filing a revised study plan.
Percentage of infrastructure studies completed	➢ 95% for regional and issue-based infrastructure conferences ➢ 95% for Commission- and Congressional-directed studies	➢ Target Met. 100% of regional and issue-based infrastructure studies were completed for regional and issue-based infrastructure conferences. ➢ Target Met. 100% of infrastructure conferences were completed for Commission- and Congressional-directed studies.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of processing complete applications for incentive rates	➢ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ➢ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later.	➢ Target Met. 100% (16 out of 16) statutory incentive rate cases were processed within the statutory timeframes. ➢ Target Met. 100% filed within 180 days.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	➢ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ➢ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ➢ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions	➢ Target Met. 100% (3,498 out of 3,499) statutory items, including cost recovery cases, were processed within statutory deadlines; only one filing missed its deadline by three business days ➢ Target Met. 96% (55 out of 57) of rate inserts were processed within the appropriate timeframe. ➢ Target Met. 100% filed within 12 months of briefs opposing exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target Met. All EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target Met. 100% of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target Met. 100% of financial accounting filings were completed within 60 days of filing date.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target Met. 99% of reporting requirement filings were completed within 60 days.

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2007	Target Met. Order was issued on October 18, 2007.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target Met. 100% of Reliability Standards were remanded or approved within 18 months of filing. 100% of Cyber Security Standards were approved within 18 months of being filed.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	N/A. The ERO's submission is not due until July 2009. The Commission will review the performance of the ERO within 12 months of their submission.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	Target Met. Participated in 100% of ERO/industry reliability readiness evaluations of Reliability Coordinators (i.e., California-Mexico, Rocky Mountain-Desert Southwest, SPP, and ERCOT Reliability Coordinators).

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 11 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target Met. 100% (37 out of 37) penalty action rulings were reviewed to prevent inappropriate rulings from going into effect. They were accepted by operation of law, *Guidance on Filing Notices of Penalty*, 124 FERC ¶ 61,015 (July 3, 2008)
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of high- and significant-hazard-potential dams met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of peak shaving plants were inspected according to the biennial schedule.
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of the LNG facilities either met all current safety standards or received a compliance letter.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Control access to Critical Energy Infrastructure Information	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.
Incorporate Environmental Considerations into Commission Decisions		
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 60 days of license issue date.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Percentage of final NEPA documents issued for ALP/TLP cases: ➢ with settlement agreements ➢ without settlement agreements	➢ 75% within 12 months of settlement filing date ➢ 75% within 24 months of REA date	➢ Target Met. 100% of final NEPA documents were issued for ALP/TLP cases with settlement agreements within 12 months of the settlement filing date ➢ Target Met. 100% of final NEPA of final NEPA documents were issued for ALP/TLP cases without settlement agreements within 24 months of the REA date
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 98% of qualifying, major, onshore-pipeline projects were inspected at least once every four weeks during ongoing construction activity.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 62 amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2009	Target Met. Reports issued in February and August 2009.
Percentage of pipeline certificate cases with no precedential issues completed	▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing	▪ Target Met. 96.8% of unprotested cases completed within 159 days of filing ▪ Target Met. 100% of protested cases completed within 304 days of filing
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 94.7% of first impression cases completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 100% of major cases completed within 480 days of filing
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 100% of NEPA documents completed for projects utilizing the pre-filing process within 8 months of determining an application was complete
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction activity
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of determinations were completed within 30 days of applicant filing revised study plan for Commission approval
Percentage of infrastructure studies completed	▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies	▪ Target Met. 100% studies completed for regional and issue-based infrastructure conferences ▪ Target Met. 100% studies completed for Commission- and Congressional-directed studies

FY 2009		
Performance Measure	**Performance Target**	**Results**
Percentage of electric transmission siting cases completed	90% within 365 days of filing	n/a. One electric transmission case entered the pre-filing stage, but it was withdrawn.
Timeliness of processing complete applications for incentive rates	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later.	▪ Target Met - 100% of the 15 statutory incentive rate cases were processed within the statutory timeframes ▪ Target met; 100% (6 of 6) of declaratory orders related to incentive rates were filed within target dates.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions	▪ Target Met - 100% of the 3,808 statutory items, including cost recovery cases, were processed within the statutory deadlines ▪ Target Met. Provided timely rate inserts for 94% (47 out of 50) of the cases that were targeted for completion by the lead office during the fiscal year ▪ Target not met; 50% (2 of 4) filed within 12 months of Briefs Opposing Exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target met. 100 percent of EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target met. 100 percent of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target met. 97 percent of financial accounting filings were completed on time.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target met. 100 percent of reporting requirement filings were completed within 60 days.

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2008	Target met. The draft order approving the 2009 ERO/RE budgets and business plans was issued in Docket No. RR08-6-000 on October 16, 2008.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target met. 100% of filed reliability standards have orders issued within 18 months.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	n/a. ERO performance assessment filing was made on July 20, 2009 in Docket No. RR09-7-000, with a targeted completion date of December 2009.
Number of ERO Regional Entity compliance audits in which FERC participates	At least one in each of the eight regions	Target met. Participated on 8 Regional Entity audits, one in each region, by June 25, 2009.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	N/A. The ERO/industry reliability readiness evaluations of Reliability Coordinators were discontinued in FY2009.
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 2 readiness evaluations which represented 78% of load served.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target met. In FY 2009, 35 Notices of Penalty covering 83 violations were filed. All 35 were reviewed for appropriateness of the finding of violation and penalty and accepted by operation of law, with a public notice of each acceptance issued within the required period for Commission action.
Assess Notices of Alleged Violation and Sanction received from the ERO	Review 60% of Notices of Alleged Violation and Sanction received from ERO within two weeks of receipt for appropriateness of sanction	Target met. In FY2009, 149 Notices of Alleged Violations and Sanctions covering 579 alleged violations were submitted through the portals. Each was reported on and recorded routinely by way of (1) The Overview of Reliability Orders, Matters and Deadlines Chart, and (2) The Pending Case Report prepared by the Division of Investigations.
Timeliness of reporting to the Commission on ERO and Regional Entity audits	Within 120 days of the Commencement Letter	Target met. 100 percent (3/3) of Regional Entity audits reported to the Commission within 120 days.
Percentage of ERO and Regional Entity audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (20/20) of Regional Entity audit recommendations implemented in 6 months.

Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant- hazard-potential dams inspected annually	90%	Target Met. 90% of high- and significant- hazard-potential dams inspected
Percentage of high- and significant- hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	90%	Target Met. 90% of high- and significant hazard-potential dams either met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of LNG peak-shaving facilities were inspected
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	90%	Target Met. 90% of qualifying dams complied with EAP requirements or are conducting follow-up action(s) on outstanding item(s)
Control access to CEII	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final inspection reports completed	75% within 4 months of inspection	Target Met. 100% of final inspection reports completed within 4 months of inspection
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 days of license issuance date	Target Met. All licensing responsibility letters sent within 60 days of license issuance date
Percentage of final NEPA documents issued for ALP/TLP cases: ▪ with settlement agreements ▪ without settlement agreements	▪ 75% within 12 months of settlement filing date ▪ 75% within 24 months of REA date	▪ Target Met. 100% within 12 months of settlement filing date ▪ Target Met. 100% within 24 months of REA date

FY 2009		
Performance Measure	**Performance Target**	**Results**
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 97% of qualifying projects were inspected at least once every 4 weeks.

Performance Measurement Data for Competitive Markets: FY 2006 – FY 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Review and propose revisions to OASIS standards	By June 30, 2006	Target Met. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 25, 2006.
Assess demand response	Issue annual report by August 8, 2006	Target Met. Staff report, "Assessment of Demand Response & Advanced Metering" (Docket No. AD-06-2-000) was delivered to Congress on August 4, 2006.
Issue final rule to implement PUHCA provisions of EPAct 2005	By January 31, 2006	Target Met. Final rule was issued on December 8, 2005.
Issue rules governing market manipulation in electricity and gas markets	By September 30, 2006	Target Met. The final rule (Order 670) was issued January 19, 2006 and an order denying rehearing was issued March 22, 2006 in Docket Nos. RM06-3, et al., Final Rule Prohibiting Energy Market Manipulation.
Movement toward competitive markets in each region, including greater interregional coordination of broader, more efficient, and non-discriminatory energy markets	Increase in: ➢ new, independent regional transmission providers ➢ coordination between RTOs or between RTOs and neighboring non-member utilities	Target Met. Some examples: ➢ In order to create a more seamless administration between the tariffs of the Midwest ISO's energy markets and the non-market operations of Mid-Continent Area Power Pool's (MAPP) members that do not belong to the Midwest ISO, the Commission approved MAPP's proposal to conform its Available Transfer Capability (ATC) calculation methodologies to provisions of the Seams Operating Agreement between MAPP and the Midwest ISO. ➢ The Commission approved proposed revisions to the SPP/Midwest ISO Joint Operating Agreement (JOA) and to the Congestion Management Process (CMP) which is incorporated in the JOA to align them more closely with the JOA and CMP of the Midwest ISO/PJM. ➢ Action was taken on Midwest ISO and PJM and their respective transmission owners' proposed revisions to the JOA for allocating to customers in each RTO the cost of new transmission facilities that are built in one RTO but provide benefits to customers in the other RTO (the so-called cross-border facilities).
Increased presence at RTOs, to improve relationships with and knowledge of existing RTOs	Creation and staffing of an office at any new RTO within 6 months of commencement of operations (including establishment of virtual office processes)	No new RTOs were established during the performance period. All existing RTOs have either staff on location or a virtual office process in effect.
Percentage of filings to establish RTOs, ISOs, or Independent Transmission Companies (ITCs) processed	100% completed within 6 months of filing or before applicants' proposed effective date (whichever is later)	No filings were received to establish new RTOs, ISOs, or ITCs during the performance period.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
RTO / ISO establishment of cost-effective market design elements per Order No. 2000	Within three years of commencement of operation, each approved RTO or ISO will implement (if cost effective): ➢ firm transmission rights ➢ resource adequacy approaches ➢ regional independent grid operation ➢ regional transmission planning process ➢ appropriate market monitoring and market power mitigation ➢ transparency and efficiency in congestion management ➢ spot markets to meet customers' real-time energy needs ➢ fair cost allocation for existing and new transmission	Target Met. With the exception of Southwest Power Pool (SPP), all RTOs/ISOs (PJM, ISO-NE, NY-ISO, Midwest ISO, and CAISO) have been operational over 3 years and all have implemented cost-effective market design elements. SPP has been operating as an RTO since November 1, 2004, and has received authorization during FY 2006 to commence a real-time energy imbalance market, as well as having received approvals for its market monitoring and mitigation plans.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Demonstrable improvements in regional competitive market transparency and independence	In each region of the country, there will be: ➢ RTO adoption of additional market-oriented features, programs or rules ➢ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ➢ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs	Target Met. During FY 2006, the Commission acted on a number of proceedings related to improving competitive market transparency and independence. Some actions by the Commission will have nationwide impact. In May 2006, the Commission issued a notice of proposed rulemaking (NOPR) proposing amendments to its regulations and the *pro forma* OATT to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. The NOPR aims to strengthen the OATT and address deficiencies that have become apparent since its adoption 10 years ago, particularly in the areas of available transfer capability calculation and transmission planning. In addition, the Commission approved four proposals by vertically integrated utilities (Duke, MidAmerican, Entergy, and Louisville Gas & Electric) to contract with an independent entity to serve as the independent coordinator of transmission (ICT). The ICT performs oversight over these utilities' transmission systems, including authority to administer utilities' OATT. Other actions taken on proceedings related to establishing new or revised market rules, rule changes in RTOs, and increased transmission independence were region-specific. For example: <u>East</u> In the New England area, the Commission issued an order accepting a proposal filed by ISO-NE and NEPOOL which included, most significantly, the addition of a locational component to the existing Forward Reserve Market and the coordination and optimization of pricing of energy and reserves in real time to be effective October 1, 2006, or later date. In addition, the Commission approved a contested settlement that provided an alternative to the Locational Installed Capacity mechanism called the Forward Capacity Market (FCM). The Commission found that the FCM, in conjunction with an interim mechanism, will provide the revenues needed by generators to preserve reliability in New England. The Commission also found that the forward looking nature of the FCM will provide appropriate price signals to investors when new infrastructure resources are necessary with sufficient lead time to allow that infrastructure to be put in place before reliability is sacrificed. (Continue on next page)

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
(continued from previous page) Demonstrable improvements in regional competitive market transparency and independence	(continued from previous page) In each region of the country, there will be: ➢ RTO adoption of additional market-oriented features, programs or rules ➢ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ➢ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs	(Continued from previous page) With respect to the PJM area, the Commission issued an initial order on PJM's proposed reliability pricing model (RPM) designed to replace its existing capacity obligation rules. The Commission found the existing capacity rules to be unjust and unreasonable to ensure energy resources to meet reliability responsibilities, and established further procedures to resolve the remaining issues. At the same time, the Commission encouraged the parties to continue to seek a negotiated resolution, and offered the Commission's settlement judge procedures to facilitate these discussions. <u>Central</u> For the Midwest ISO region, the Commission approved the continuation of mitigation in Broad Constrained Areas; action on proposed revisions to real-time revenues sufficiency guarantee (RSG) payments; approval of revised rules defining less-than-seasonal financial transmission right (FTR) entitlements for network resources; approval of contractual arrangements related to the market monitor and balancing authorities; as well as offering guidance on Midwest ISO's future plans to implement ancillary service markets and an energy-only market. For the SPP region, the Commission provided guidance and approvals related to SPP's proposal to establish a real-time energy imbalance market. Regarding revisions to the OATT, the Commission approved various revisions to the Midwest ISO's creditworthiness provisions, reactive power requirements, as well as changes to the Midwest ISO *pro forma* interconnection agreement which reflect improvements or regional variations needed based upon its operational experience, including new pricing provisions. <u>West</u> In September 2006, the Commission conditionally approved the CAISO Market Redesign and Technology Upgrade (MRTU) market reforms and enhancements, such as a financially binding day-ahead market and more effective congestion management system. Elements of MRTU are intended to fix market design flaws, enhance reliability, better protect wholesale customers from price volatility and gaming, incorporate price-responsive demand in the markets, and encourage construction of new resources.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of section 203 applications processed	98% completed within 90 days of the comments filing date	Target Met. 100% of the 145 section 203 corporate filings were processed by target completion dates in FY 2006.
Issue final rule on RTO and ISO accounting to improve oversight of RTO and ISO costs	By January 31, 2006	Target met. A final order on RTO accounting and financial reporting was issued on December 16, 2005 in Docket RM04-12-000, Order No. 668.
Percentage of market-based rate filings processed	100% of new filings within 60 days of filing date	Target Met. 100% of the 534 market-based rate filings were completed by the targeted deadline in FY 2006.
Percentage of competitive energy markets and market institution cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	➢ There were no Track I cases ➢ 87% of Track II cases in 47 weeks ➢ There were no Track III cases
Percentage of competitive energy markets and market institution cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Percentage of applications filed by RTOs and ISOs to revise market rules to not inhibit demand response processed	100% within statutory deadlines	Target Met. The Commission processed all 5 filings involving demand response enhancements within the statutory deadlines: ➢ PJM submitted agreements to enhance demand response in the PJM region in a number of ways, including allowing demand resources to participate in PJM's ancillary services market by bidding into the PJM reserve markets. ➢ ISO-NE's Ancillary Services Market (ASM) Phase II will include measures allowing the owners of demand resources to bid their resources directly into the energy and reserve markets on an equal footing with generating resources. This change will establish the supporting market infrastructure that is needed to develop fully the potential for demand participation in the wholesale markets. ➢ NYISO's filing eliminated the sunset dates for NYISO's Day-Ahead Demand Response Program and its Emergency Demand Response Program. ➢ ISO-NE's proposal to establish a demand response reserve pilot program to test whether certain resources can reliably provide 30-minute and 10-minute Operating Reserve services. ➢ CAISO's MRTU tariff provides loads with demand response capability the opportunity to participate in the CAISO day-ahead, real-time, and ancillary services markets under comparable terms as supply.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Support development of robust customer demand-side participation in energy markets in areas where it does not exist	Meet at least annually to discuss demand response issues with appropriate state commission officials	Target Met. Held technical conference on demand response in January 2006, where state representatives, including several state commissioners from all regions of the U.S., participated on panels. Met with NARUC officials in January 2006 to discuss Commission demand response report and seek their assistance in the FERC demand response and advanced metering survey. Met in April 2006 with Midwestern state officials, primarily Illinois Commissioners, on the development of a regional demand response initiative. Discussed demand response report with state officials and Commissioners at various events including the NARUC Winter Meeting in February 2006 and an EPRI Summer Seminar on Energy Efficiency and End-Use Technologies in August 2006.
Percentage of proposed NAESB business practice standards rulemakings completed	➢ 100% of non-controversial rulemakings within 9 months ➢ 100% of controversial rulemakings within 12 months	Target Met. During FY 2006, the Commission issued a final rule adopting the Wholesale Electric Quadrant's controversial first set of business practice and communication standards within 12 months of receiving NAESB's complete proposal. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," was issued April 25, 2006.
Percentage of initial orders completed on third-party complaints	➢ 80% within 60 days ➢ 95% within 180 days	➢ 60-day target not met. 49% (28 of 57 {1 projected}) issued within 60 days. This was an internal deadline, not statutorily based, and did not have a negative impact on operations. ➢ 180-day target met. 95% (49 {1 projected} of 51 {1 projected}) issued within 180 days.
Percentage of initial orders completed on fast track third-party complaints	90% within prescribed time frame	Target Met. One filing was received and completed on time.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Employ Best Practices In Market Rules		
Timeliness of review of proposed market rules	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 358 filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of proposed NAESB business practice standards rulemakings completed	➢ 100% of unopposed rulemakings within 9 months ➢ 100% of all rulemakings within 12 months	Targets Met. The Commission issued two NAESB business practice standards rulemakings during the fiscal year, both completed within 9 months of issuance of the notice of proposed rulemaking, as follows: Docket No. RM05-5-003; NOPR issued February 20, 2007; Final Rule, Order No. 676-B, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 19, 2007; and Docket Nos. RM96-1-027 and RM05-5-001; NOPR issued October 25, 2006; Final Rule, Order 698, "Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities," issued June 25, 2007.
Timeliness of applications processed on requests to encourage demand response in organized markets	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 15 filings were acted on within 60-day statutory due dates.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of review of filings to reduce or eliminate seams between organized markets	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 10 filings dealing with seams issues were completed by statutory due dates. In addition, two major orders were issued related to the California ISO's Market Redesign Technology Update (MRTU) addressing seams issues between CAISO and neighboring systems in the Western Interconnect. A technical conference was held on December 15, 2006, in Phoenix, Arizona, to address these western seams issues; and on March 29, 2007, a second conference was held in Washington, DC, to address eastern seams issues.
Assure Proposed Mergers and Acquisition Are in the Public Interest		
Percentage of merger authorizations upheld by the courts	90%	Target met. 100% of merger authorizations have been upheld by the courts.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of merged applicants reporting on compliance with merger conditions imposed by the Commission	100%	Target Met. 100% of the 9 merger applicants reported on compliance, *if* or *as* applicable, with the four types of conditions—summary, notice of consummation, proposed accounting entries, and additional conditions—imposed by the Commission. It should be noted that most of the "additional" conditions only require compliance in the event that the merger applicants subsequently take some specific action. For example, in 5 of the 9 mergers, the Commission imposed a "hold-harmless" condition, requiring that if the applicants seek to recover merger-related costs through jurisdictional rates, they must show offsetting merger-related cost savings. As of yet, none of the applicants have sought to recover any merger-related costs, so they haven't needed to make a compliance filing.
Timeliness of processing applications for the disposition, consolidation, or acquisition under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	➢ Within 180 days for non-major mergers ➢ Within 360 days for major mergers	Targets Met. ➢ 100% of the 100 non-major dispositions were completed within 180 days. ➢ 100% of the 9 major merger cases were completed within 360 days.
Address Market Power in Jurisdictional Wholesale Markets		
Revise open access transmission tariff	Issue final rule by June 30, 2007	Target Met. Docket Nos. RM05-17-000 and RM05-25-000; Final Rule, Order 890, "Preventing Undue Discrimination and Preference in Transmission Service," issued February 16, 2007.
Timeliness of processing initial market-based rate filings	Within 60 days of filing date or by applicant's requested date, whichever is later	Target Met. 100% of the 167 initial market-based rate applications were completed by the established target date.
Develop generation market power screens for electric market based rates	Issue final rule by June 30, 2007	Target Met. Docket No. RM04-7-000; Final Rule, Order 697, "Market-Based Rates for Wholesale Sales Of Electric Energy, Capacity And Ancillary Services By Public Utilities," issued June 21, 2007.
Act timely on complaints	80% within 60 days or, for fast-track cases only, within the designated timeframe	Target not met; 78%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	➢ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ➢ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later	➢ Target Met. 83% (40 of 48) filed within 60 days of the date of the answer. ➢ Target met. 98% (47 of 48) filed within 180 days of the date of the answer.
Timeliness of review of proposed RTO/ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met. 100% (410 out of 410) filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates
Percentage of proposed NAESB business practice standards rulemakings completed	100% of all proposed rulemakings within 12 months of receipt of comments	Target Met. The Commission issued one NAESB business practice standards rulemaking. Docket No. RM05-5-005, NOPR issued April 21, 2008; Final Rule, Order No. 676-C, "Standards for Business Practices and Communication Protocols for Public Utilities," issued July 21, 2008 (three months later)
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines, or by the applicant's requested date, whichever is later	Target Met. 100% (10 out of 10) filings were acted on by statutory due dates.
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met. Participated in and/or facilitated 34 sessions in first quarter, 36 sessions in second quarter, 33 sessions in third quarter, and 28 sessions in fourth quarter.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met. 100% (6 out of 6) filings dealing with border utility issues between markets were completed by statutory due dates.
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	➢ 100% processed within 180 days for non-major dispositions ➢ 100% processed within 360 days for major dispositions	➢ Target Met. 100% (142 out of 142) of non-major dispositions were completed by the statutory deadlines ➢ Target Met. 100% (7 out of 7) of major merger cases were completed by the statutory deadline.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met. 100% (156 out of 156) of initial market-based rate applications were completed by the established target date.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later	▪ Target met; 78% (28 of 36) filed within 60 days. ▪ Target met; 97% (35 of 36) filed within the 180 days.
Timeliness of review of proposed RTO/ ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met - 100% of the 221 filings from PJM, ISO New England, New York ISO, Southwest Power Pool, Midwest ISO, and California ISO were acted on by the statutory due dates
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines or by the applicant's requested date, whichever is later	Target Met - 100% of the 15 filings to encourage demand response were acted on by the statutory deadlines
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met - Participated in and/or facilitated 23 sessions in the first quarter, 24 sessions in the second quarter, 17 sessions in the third quarter, and 11 sessions in the fourth quarter of the fiscal year
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 8 filings dealing with border utility issues between markets were completed by the statutory due dates
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met - 100% of the 95 non-major dispositions and the 1 major merger case were completed by the established deadlines

FY 2009		
Performance Measure	**Performance Target**	**Results**
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met - 100% of the 189 initial market-based rate applications were completed by the established target date
Revise and clarify Standards of Conduct	Issue Final Rule by December 31, 2008	Target met. Order No. 717 revising Standards of Conduct for Transmission Providers issued October 16, 2008, and became effective November 26, 2008.

Performance Measurement Data for Enforcement: FY 2006 – FY 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Reduce duplicative information requests through coordination with CFTC	50% reduction by September 30, 2006	Target met. Investigations coordinated with CFTC on all known cases of joint interest and there were no known duplicative information requests.
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. Verified within 10 business days.
Review EQR submissions for completeness and contact companies that make up at least 80% of reported revenue for incomplete submissions	Within 10 business days of submission	Target met. Contacted 100% of companies in the EQR database that had filed incomplete submissions within 10 business days of filing deadline.
Conduct follow up reviews of companies that make up at least 80% of reported revenue on exercise of market power or market manipulation	Within 60 days of final submission	Target Met. Conducted follow-up reviews of EQR filers that make up at least 80% of reported revenue for the third quarter of 2005 for market manipulation or exercise of market power within 60 days of final submission.
Timeliness of reporting to Commission on important market events	Analysis complete within 60 days of event	Target Met. Provided the Commission with seven presentations at open Commission meetings, 26 Weekly Market Reviews beginning in April 2006 reviewing weekly market developments and performance, and seven end-of-day summaries on market conditions during heat waves in the summer of 2006.
Percentage of Hotline calls resolved	60% within 2 weeks of initial contact	Target Met. Since October 1, 2005, 80% of hotline calls were resolved within two weeks of initial contact.
Percentage of non-environmental, non-tribal ADR processes (agreed to by parties) concluded	75% within 120 days (convening and process)	Target Met. The DRS completed 25 cases in FY 2006 that were non-environmental and non-tribal, and in which the parties agreed to pursue an ADR process. Of these, 22 were completed within 120 days after being referred the DRS (88%)
Number of ADR requests and referrals to the Dispute Resolution Service	Minimum number of requests and referrals equal to FY 2004	Target Met. The DRS addressed 70 new requests or ongoing cases from a previous year, involving gas, electric, hydroelectric, oil, and pipeline matters. This represents a 29.6% increase over FY 2004
Favorable Dispute Resolution Service customer satisfaction	80% customer satisfaction rate	Target Met. For training given by DRS, customer satisfaction rate was 89%. For casework concluded in FY 2006, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Percentage of market manipulation cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	There were no Track I, II, or III cases
Percentage of market manipulation cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Timeliness of reporting to the Commission on operational audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of operational audits were reported to the Commission within 120 days of Commencement Letters.
Percentage of operational audit recommendations issued and implemented	85%	Target Met. 100% of operational audit recommendations have been issued and implemented.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of reporting to the Commission on financial audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of financial audits were reported to the Commission within 120 days of Commencement Letters.
Percentage of financial audit recommendations issued and implemented	85%	Target Met. 100% of financial audit recommendations have been issued and implemented.
Timeliness of reporting to the Commission on Standards of Conduct compliance audits	85% reported to the Commission within 120 days of Commencement Letter	No Standards of Conduct compliance audits were initiated during FY 2006.
Percentage of Enforcement investigations completed	75% within one year	Target Met. From October 1, 2005 to the present, 88% of cases were closed within one year (84% within 9 months and 60% within 6 months).

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Identify and Remedy Problems with Structure and Operations In Energy Markets		
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. 100% verification within 10 business days.
Evaluate and improve the usefulness of EQR data	➢ Issue a data dictionary for all undefined fields with restricted entries ➢ Review the current EQR data structure and develop written recommendations for improvements	Targets met. Issued Final Order in Docket No. RM01-8-006 on September 24, 2007 which defined all EQR fields and improved EQR data structure.
Number of RTO and ISO MMU performance metrics	Increase over FY 2006	Target met. One new RTO and ISO MMU performance metric was developed in FY2007 (increasing the number of performance metrics from 11 in FY 2006 to 12 in FY 2007).
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. 100% acted on within 30 days.
Percentage of organized markets reviewed and market structure and operations problems or deficiencies identified	100% reviewed and reports completed identifying market problems or deficiencies, if any, and recommended solutions	Target met. 100% of organized markets reviewed in daily oversight meetings, including all RTO/ISO markets, NYMEX, ICE and other relevant markets. Results of continuing review communicated to Commissioners via Weekly Reports and to the public via the Market Oversight website and the State of the Markets Report. Seven major structure and operations problems were identified.
Timeliness of actions on problems or discrepancies identified in reviews of organized markets	With 6 months of completed report	Target met. Addressed all seven identified issues within six months of identification. Issues included: prices over $400 in West, lack of transparency for intrastate pipelines, lack of transparency for natural gas sales and purchases, need to clarify role of MMUs in RTOs, PJM/MISO transmission issues, CenterPoint data reporting, and Rockies Gas Prices.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Publish annual assessment of infrastructure and market conditions for each region	Complete by June 30, 2007	Target met. The State of the Markets Report was completed in February 2007 and detailed market and infrastructure issues for the country as a whole. In addition the Seasonal Assessment was published for electric power on May 17, 2007, specifically addressing summer 2007 and the new Market Oversight website provides updates and detailed information for each region on a monthly basis.

Establish Clear and Fair Processes		
Improve Forensic Audits and Investigations information technology tools	Implement capability to search e-mails and voice recordings by June 30, 2007	Target met. The capability to search voice recordings was implemented beginning in September 2006 and the capability to search e-mails was implemented beginning in August 2006.
Improve Forensic Audits and Investigations capabilities	90% of enforcement and compliance staff participate in forensics training and interviewing skills by June 30, 2007	Target met. 95% of enforcement and compliance staff received training on forensic interviewing and auditing. Classes were held in August 2005 and May 2006.
Timeliness of reporting to the Commission on operational audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of operational audits (24 out of 24 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of operational audit recommendations issued and implemented	90%	Target met. 100% of operational audit recommendations issued were implemented within 6 months.
Timeliness of reporting to the Commission on financial audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of financial audits (43 out of 43 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of financial audit recommendations issued and implemented	90%	Target met. 100% of financial audit recommendations issued were implemented within 6 months.

Conduct Investigations Promptly and Impose Penalties Where Appropriate		
Percentage of enforcement investigations completed	75% within one year of initiation	Target met. 94.8% of investigations were closed within a year of being initiated.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. 75% of Hotline calls were resolved within 2 weeks of initial contact.

Encourage Self-Policing and –Reporting of Violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 95% of regulated entities included in the annual audit plan were audited (74 out of 78).
Timeliness of responses to regulated entities seeking guidance and clarification on compliance issues	Within 60 days	Target met. Responded to 100% of regulated entities seeking guidance and clarification on compliance issues within 60 days.
Timeliness of completing recommendations on compliance issues raised by regulated entities	Within 180 days, where Commission action is required	Target met. 100% of recommendations to the Commission (where Commission action was required) were completed within 180 days of completing an investigation originated by a self report.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. The Pending Case Report is issued at the end of each month and reports on compliance issues (i.e., self reports) raised by regulated entities.

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. 45 Weekly Market Reviews (WMR) were produced. In 2 other instances, market conditions were summarized at the Commission's monthly meeting. In addition to the 45 WMRs published, 13 special reports providing in-depth analysis of emerging market issues were also published.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. Actions on all significant issues were completed within 6 months.
Complete transition of consolidated reporting to a web strategy	Complete by June 30, 2008	Target Met. The transition of this web strategy was completed in March 2008 when the State of the Markets report was published to the Oversight page (http://www.ferc.gov/market-oversight/market-oversight.asp) on the external FERC website.
Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. The Commission was provided with a written memo and recommendations for each of the six settlements approved in FY 2008.
Develop and provide further guidance to the industry on FERC's expanded penalty authority	By September 30, 2008	Target met. The revised Policy Statement on Enforcement was issued on May 15, 2008.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target Met. 100% (30 out of 30)
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target Met. 99% (94 out of 95)
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target Met. 100% (37 out of 37)

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target Met. 100% (23 out of 23)
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target Met. 100% acted on within 30 days.
Percentage of enforcement investigations not including market manipulation issues completed	75% within one year of initiation	Target Met. 89% completed within one year of initiation.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target Met. 100% completed within two years of initiation.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target Met. 78% resolved within 2 weeks of initial contact.
Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target Met. 97% (77 out of 79).
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target Met. All five requested no-action letters were all completed in less than 60 days.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target Met. Monthly pending case reports were issued for self-reports of compliance issues.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. The Division of Energy Market Oversight (DEMO) produced a Weekly Market Review (WMR) in 48 weeks during FY 2008. The weeks during which we did not publish a WMR occurred during holiday periods. These WMRs included 24 special reports that provided in depth analysis of emerging market issues.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. The Division of Energy Market Oversight completed all items within 6 months.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Fully implement the Research in Market Oversight (RIMO) program	Perform at least four RIMO projects per year	Target Met. The Division of Energy Market Oversight hosted staff of Italy's Regulatory Authority for Electricity and Gas. In addition, DEMO has hosted over ten foreign delegations and State Public Service Commission representatives in the Market Monitoring Center.

Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. Submitted recommendations for civil penalties to be assessed on 16 subjects. Each recommendation included discussion of facts, analysis of applicable Policy Statement factors, and comparison to actions taken in similar cases.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target met. 100 percent (19/19) of operational audits reported to the Commission within 120 days.
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target met. 99 percent (75/76) of operational audit recommendations implemented in 6 months.
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target met. 100 percent (9/9) of financial audits reported to the Commission within 120 days.
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (36/36) of financial audit recommendations implemented in 6 months.

Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. Four MMU referrals were received and all were acted on within 30 days.
Percentage of enforcement investigations not involving market manipulation issues completed	75% within one year of initiation	Target not met. 41% of non-manipulation investigations completed in FY 2009 (9 of 22) were completed within one year. This target was missed due to circumstances surrounding two major market manipulation cases in which management was required to shift staff resources from non-market manipulation cases to these two high-profile market manipulation cases. This did not have a negative impact on the performance of the enforcement program. To the contrary, the successful outcome of these market manipulation cases demonstrates the strength of the Commission's enforcement program. The Commission has consistently met this target in previous years.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target met. All market manipulation investigations completed in FY2009 were completed within two years.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. DOI received 502 Hotline calls and closed 485 Hotline matters. 70.5% of the calls were resolved within two weeks of initial contact.

Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 100 percent of regulated entities included in annual audit plan audited to ensure internal compliance programs and processes are in place.
Process complete requests for “No Action”	Within 60 days of receipt of final request	Target not met. Three out of four No-Action letters were issued in fewer than 60 days; the fourth was issued in 69 days. This did not have a negative impact on the program.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. Compliance issues raised by regulated entities are reported monthly as part of the DOI Pending Case Report.

Performance Measurement Data for Supporting Initiatives: FY 2006 – FY 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of summer interns hired into permanent positions	30%	Target Not Met. 14.3% of summer interns eligible to be rehired accepted offers of permanent employment. Conversions of summer interns have steadily declined since its high in 2003 with 33%. As EPAct of 2005 requirements have evolved, the need for skill sets not represented in the summer intern population has dictated hiring from other sources. This measure is omitted in 2007 and reduced in 2008 to 20%.
Implement entry-level Professional Development Program	Complete by September 30, 2006	Target Met. FERC Entry-Level Retention Program distributed to Program Offices in September 2006.
Percentage of minorities among senior-level positions (GS-14, GS-15, SL, and SES positions)	Increase over FY 2005	Target Met. Percentage of minorities among senior-level positions increased by 1% over FY 2005.
Implement Commission-wide Business Requirements guidelines	Complete by September 30, 2006	Target Met. Commission-wide Business Requirements Guidelines distributed to the Training Council in September 2006
Reliability of IT infrastructure	99% network availability rate	Target Met.
FISMA compliance according to the Putnam scorecard	Grade of "A"	Target Met. FERC received a grade of an "A" based on the Putnam scorecard for its most recent FISMA report which ended September 30, 2006.
Integrate the Business Plan, CPIC process, and IT architecture into the Commission's Enterprise Architecture	Complete by September 30, 2006	Target Met. DCIO's current CPIC process requires all requests to map to the FERC Business Plan. Pursuant to the CPIC process Information Technology (IT) projects are approved or denied based on a number of criteria one being whether or not it supports the Commission's mission. Approved IT projects generate a Control Board action producing document. The data from the approved CCN is used to update the IT architecture which is entered into the Commission's Enterprise Architecture through the use of the Metis tool.
Percentage of approved IT initiatives with supporting documentation per the Commission's CPIC process	100%	Target Met. The CPIC Investment Review Board approved 21 projects of which all 21 went through the CPIC review process. Therefore, 100% of the approved IT projects went through the CPIC approval process.
Establish earned value management schedule and cost performance indices for all major projects	Complete by September 30, 2006	Target Met. As implemented in FERC Capability Maturity Model Integration level 2 (CMMI-2) policies and procedures, EVM is used to measure progress on major projects and major phases of multi-phased projects.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Develop and implement automated Business plan	Complete by September 30, 2006	Target Not Met. Though Software development for Phase 2 of the Activity and Tracking Management System (ATMS) has been completed, the target was not met because extensive testing of Phase 2 due to integration with other eGovernment systems will push deployment to February 2007. Though Phase 2 will support business plan reporting that is integrated with the HR time reporting system (MAPS), that reporting will depend on requisite information (e.g. proper use of time reporting codes, MAPS data, etc.) input by FERC's program and other offices. And since full automation will require Commission-wide deployment (Phases 3 and 4) and additional reporting requirements definition and software development, the target will not be fully met until ATMS Phase 4. Since manual processes for business planning will remain in place until they are replaced by an automated Business plan, there is no impact on operations or program performance.
Percentage of qualified-procurements that are performance-based	100%	Target Met. Of the 676 actions awarded during the period, a total of 78 actions were identified as performance-based. All 78 of these actions were awarded under performance-based contracts.
Percentage of qualified-procurements that are advertised on-line	100%	Target Met. Of the 676 actions awarded during the period, a total of 4 actions qualified for on-line advertisement, and all 4 actions were advertised on-line with Federal Business Opportunities (fedbizops.)
Percentage of total procurement dollars awarded to small, women-owned, and minority businesses	5% increase over FY 2005	Target Met. In FY 2005, the Commission awarded 22% of its total procurement dollars to small, women-owned and minority businesses. In FY 2006, the Commission awarded 34% of its total procurement dollars to these entities which constitutes a 12% increase over the FY 2005 performance level.
Percentage of invoices paid via electronic funds transfer	99%	Target Met. During FY 2006, the Commission paid 99% of its invoices via EFT.
Percentage of payments in compliance with Prompt Payment Act deadlines	100%	Target Not Met. During FY 2006, the Commission processed 94% of its payments in compliance with Prompt Payment Act deadlines. The primary cause was the Commission's acceptance of invoices during the FY 2006 Continuing Resolution (October - December) which could not be paid. Since January, the Commission has processed 98% of its payments in compliance with Prompt Payment Act deadlines.
Percentage of payments made without error	100%	Target Not Met. During FY 2006, the Commission made 99% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable	90% of invoices collected by due dates	Target Met. During FY 2006, the Commission collected 94% of its invoice balances by the stated due date.
Complete and accurate annual financial statements	Unqualified opinion on audited financial statements	Target Met

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of filings capable of being received electronically	95%	Target Not Met. 42% of all document types are currently capable of being received electronically. Meeting the target has been delayed because of two primary factors: 1) The Commission has been responsive to industry feedback regarding the most efficient way for tariff filings to be filed electronically and has extended the prototyping and discussion of proposed solutions; and 2) The Commission has delayed to improve infrastructure (supporting database, storage, server, and disaster recovery infrastructure). To mitigate the effects of the delay the Commission encourages the filing of non-eFiling-capable documents on digital media (CD, DVD); routinely accepts non-eFiling-capable documents electronically on an exception basis when requested by filers; and performs OCR and full-text indexing on documents submitted on paper. In addition, the Commission is actively planning and gathering requirements for an eFiling system release that will meet the target. Given the mitigation efforts, there have been no negative impacts on program performance or operations.
Percentage of Commission orders approved during open meetings issued	99% within 5 business days	Target Met. 321 agenda items were approved in open meeting during the rating period. All but 2 were issued within 5 business days.
Percentage of Commission orders approved by notational vote issued	99% within 1 business day of adoption date	Target Not Met. 933 agenda items were approved through the notational process. 40 items were issued after one day of adoption date; these were all issued on the following business day. Percentage is 96%. This is a remarkable accomplishment considering the significant increase in notational items during this appraisal period and the target did not change from last appraisal period. This did not have a negative impact on operations.
Percentage of legally required notices issued	95% within 3 business days of being posted on eLibrary	Target Not Met. This measure includes notices for electric rate filings prepared by the Secretary; notices for other industries are prepared by program offices. Number of electric rate notices during the appraisal period is 2,667. Of these, 632, or 76%, were issued three days after filing was posted on eLibrary. This target was not met due to staff shortages. However, no Commission proceeding or action was negatively affected.
Percentage of press releases on important agency actions issued	95% within 1 hour of order being issued	Target Met. In FY 2006, 90 out of 92 or 97.8% of press releases were issued within 1 hour of action being taken.
Percentage of responses to public inquiries	➢ 60% within 3 business days ➢ 100% within 5 business days	Target Met. In FY 2006, OEA responded to approximately 2,800 public inquiries. Over 90% of these inquiries were responded to within 1 business day of receipt. All public inquiries were responded to within 5 business days.
Percentage of agency actions and time-sensitive content posted on the FERC Internet Website	95% within 1 hour of order being issued	Target Met. In FY 2006, 3,159 of 3,201 or 98.7% of important agency actions were posted on the Commission's internet website within 1 hour of issuance.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of notices to NEB (Canada) and CRE (Mexico) of FERC activities pursuant to Memorandum of Understanding	Within 1 business day	Target Met. The NEB and CRE are routinely notified of significant Commission activities that impact their respective countries through emails with summaries and links to these orders within one business day of the order being issued.
Timeliness of regional hearings or conferences email notifications sent to State officials and Governors	Within 1 business day	No regional hearings/conferences took place during the review period.
Submit FY 2005 Annual Report to Congress	Complete by June 30, 2006	Target Not Met. FY 2005 Annual Report has not been sent to Congress. The target was not met due to a significant change in the format of the Annual Report to improve the overall product by making it more targeted to the audience groups. The decision to re-format the Annual Report to track the agency's Strategic Plan resulted in a significantly more time-consuming review process and an extended period for obtaining the content for the Annual Report. There were no negative impacts on operations. The process for the FY 2006 Annual Report has already been initiated and the expectation is that the target will be met.
Submit FY 2005 international exchange and training activity data to U.S. Department of State	Complete by April 1, 2006	Target Met. FY 2005 international exchange and training activity data was sent to the U.S. Department of State in March 2006.
Submit FY 2005 FOIA Annual Report to Department of Justice	Complete by February 1, 2006	Target Met. FY 2005 FOIA Annual Report to the Department of Justice was submitted on January 27, 2006.
Submit FY 2005 Information Quality Agency Annual Report to OMB	Complete by January 1, 2006	Target Met. FY 2005 Information Quality Agency Annual Report was submitted to OMB prior to January 1, 2006.

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
Develop and implement a competency-based requirements framework	Complete by January 31, 2007	Target Met. Framework developed in January, 2007. Implementation ongoing with mainstream occupations.
Percentage of women and/or minorities among all positions	Increase over FY 2006	Target Met. FY 2007 percentage for women was 52.9%. Increased percentage over FY06 by 8% (FY 2006 - 44.5%). FY 2007 percentage for minority women was 20.6%. Increased percentage over FY06 by 1.1% (FY 2006 – 19.5%).
Improve retention ratio of entry-level new hires	Increase FY 2006 ratio by 10%	Target Met. Retention ration for FY 2007 hires was 100% (FY 2006 percentage was 95%).
Implement workforce planning tools	Complete by September 30, 2007	Target Met. Implemented Hiring Gap Spreadsheet and Personnel Status Report. Continue to prepare and publish the Human Capital Plan.
Timeliness of submitting Fair Act Inventory to OMB per Circular A-76 requirements	Complete by June 30, 2007	Target Met. FY 2007 FAIR Act was submitted to OMB 6/30/07.

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
Customers are satisfied with the use of eGovernment initiatives to interact with FERC	90%	Target Met. The customer satisfaction level for FERC eGov Services exceeds 96% based on data collected from the external users surveys.
Federal FTE time is mapped through systems to workload and strategic goals and objectives	Fully implemented by September 30, 2007	Target Not met. With the deployment of ATMS Phase 2 in February FY07 the following offices are fully able to map workload to strategic goals and objectives using an enterprise-wide system: OAL, OED, OGC, and OEMR (now OEMR and OER). For the following offices, some divisions are able to map workload to strategic goals and objectives using an enterprise-wide system while other divisions can map workload to strategic goals and objectives but must continue to use legacy, departmental, and/or cuff systems: OEA, OALJ, OE, OEP. Mapping of workload in terms of FTE time requires both a revision of budget reporting codes and development of a report that correlates information in the enterprise-wide workload tracking system with information in the FERC HR system. The complete implementation of all ATMS phases will take longer than planned due to contract staffing reductions from funding shortages under a yearlong FY 2007 continuing resolution and because the effort was underestimated. A detailed plan for ATMS Phase 3 is currently under review and the target may not be fully met in FY 2008.
Align Commission costs to strategic objectives	Complete by September 2007	Target Met. The FY2009 Budget Request has been structured to map both FTEs and the Commissions costs to strategic objectives and was completed on September 10, 2007.
Percentage of vendor payments made by established due dates	99%	Target Not Met. During FY07, the Commission processed 97.1% (1897 out of 1953) of payments in compliance with Prompt Payment Act deadlines. 37 of the 56 late payments did not result in interest begin paid to the vendor. The failure to meet this target did not have an adverse affect on overall program performance.
Percentage of payments made without error	100%	Target Not Met. During FY 2007, the Commission made 99.7% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable that offset the Commission's appropriation	95% collected by due dates	Target met. During FY 2007, the Commission collected 99.5% of its offsetting accounts receivable by their stated due date.
Financial statements that present fairly, in all material aspects, the Commission's financial position	Unqualified audit opinion on FY 2006 financial statements	Target Met. Unqualified opinion received November, 2006

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of transactional case assessments or convening sessions concluded	75% within 20 days	Target Met. DRS completed 100% (41 out of 41) transactional case assessments or convening sessions within 20 days after being referred to the DRS.
Percentage of transactional ADR processes agreed to by parties concluded	75% within 120 days total (convening and process)	Target Met. Dispute Resolution Services completed 34 transactional processes or cases, both environmental and non-environmental in which parties agreed to pursue an ADR process. Of these, 31 were completed within 120 days after being referred to the DRS (91%).
Number of ADR requests and referrals to the Dispute Resolution Service	Increase number over FY 2004 (base year)	Target Met. DRS addressed a total of 79 new requests or ongoing cases from a previous fiscal year involving gas, electric, hydropower, and pipelines. This represents a 46.3 % increase over FY2004, in which there were 54 new requests or ongoing cases.
Favorable Dispute Resolution Service customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. The DRS requests customer feedback through evaluations of casework processes, and training sessions. For casework concluded in FY2007, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%. In training sessions during FY2007, participant ranking for Course Content averaged 90%, Course Materials averaged 88%, and Instructor Effectiveness averaged 94%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004 (base year)	Target Met. There were 65 active outreach projects in FY2007. This represents a 1.6 % increase over 2004 in which there were 64 projects. Note: The projects were both internal and external to FERC.
Ensure timely and effective communication to all stakeholders	➢ Issue 95% of press releases for important agency actions on the same day as the underlining action ➢ Post 95% of important agency actions on the same day as the underlining action ➢ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ➢ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals	Targets Met. ➢ In FY 2007, 80 out of 80 or 100% of press releases were issued within 1 hour of action being taken. ➢ In FY 2007, 3816 of 3820 or 99% of important agency actions were posted on the Commission's internet website within 1 hour of issuance ➢ In FY 2007, the office provided an initial and complete response to 2272 of 2791 or 81% of public inquiries at the time of receipt. ➢ In FY 2007, the Commission developed the following webpages in the assigned timeframe: Market Oversight, Electric Competition, OATT Reform, Blanket Certificates, Transmission Investment, Pipeline, Hydrokinetic Energy, MOU, Policy Statement, Hydro licensing, Annual Charges, Career, Media form, and FOIA form.

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
Enhance communication with National and International groups	➢ Respond to 50% of Official Congressional correspondence within 10 business days ➢ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlining action along with briefing offers where appropriate ➢ Provide timely and effective briefings to members of Congress ➢ Provide email notification of significant Commission actions to effected State regulatory agencies within 1 to 2 business days of the underlining action ➢ Accommodate visitation requests from delegations from various countries and organizations	Targets Met. ➢ 130 out of 205 pieces of official Congressional correspondence, or 63%, were responded to within 10 business days. ➢ In FY 2007, email notifications to members of Congress were sent out on 340 significant Commission actions within 1 to 2 business days of the underlining action. Briefing offers were made on appropriate items. ➢ In FY 2007, the Commission provided 38 briefings to members of Congress. ➢ In FY 2007, 178 email notifications to State regulatory agencies were sent out on significant Commission actions within 1 to 2 business days of the underlining action. ➢ In FY 2007, OEA hosted 71 visits from 75 countries and organizations.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 88% of cases set for hearing achieved partial or complete consensual agreement.
Percentage of cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	Targets Met. ➢ There were no Track I cases. ➢ 80% of Track II cases in 47 weeks. ➢ 88% of Track III cases in 63 weeks.
Issue well-reasoned initial decisions, based on facts, law, and Commission policies which are upheld in whole or in part	80% of initial decisions upheld in whole or in part	Target Met. 91% of initial decisions were upheld in whole or in part.

FY 2008		
Performance Measure	**Performance Target**	**Results**
Number of ADR requests and referrals addressed by the Dispute Resolution Service	Increase number over FY 2004	Target Met. The DRS addressed 57 new ADR requests and referrals; 3 more than FY 2004.
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target Met. The DRS had a 90% (18 out of 20) success rate in assisting parties achieve consensual resolution of cases.
Favorable Dispute Resolution Service customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. In trainings and workshops during the period, participant ranking for Course Content averaged 89% and Instructor Effectiveness 93%. For casework, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target Not Met. The DRS delivered or assisted with 37 outreach events, equal to the number in FY 2004. The DRS met all of the outreach needs and there

FY 2008		
Performance Measure	**Performance Target**	**Results**
		were no negative program impacts.
Of ADR processes concluded, percentage that resulted in savings of time and/or money over traditional processes	75%	Target Met. 100% of participants who completed a survey indicated that the use of ADR resulted in savings of time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 91%
Ensure timely and effective communication to all stakeholders	➢ Issue 95% of press releases for important agency actions within 1 hour of action being taken ➢ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ➢ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ➢ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals	➢ Target Met. 95% (71 out of 75) press releases were issued within 1 hour of action being taken. ➢ Target Met. 100% (4,004 out of 4,005) important and time-sensitive actions were posted within 1 hour of action being taken by the Commission. ➢ Target Met. 74% (3,833 out of 5,149) of inquiries were provided a complete response at the time of the receipt of the request. ➢ Target met. 19 new web pages and/or sections on FERC.gov were developed within the assigned timeframe.
Enhance communication with National and International groups	➢ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ➢ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ➢ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ➢ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ➢ Respond to 80% of international delegation meeting requests within 3 business days of rendering a decision	➢ Target Met. 100% (61 out of 61) briefings were held and (318 out of 318) congressional inquiries were responded to within 10 business days of the request. ➢ Target Met. Email notifications concerning 292 significant Commission actions were sent within 1 to 2 business days of the underlying action. ➢ Target Met. 61 timely and effective briefings with members of Congress were held. Briefings on the top priority issues of cyber security; market manipulation; and transmission line siting were held within appropriate time frames. State officials were also briefed on these issues. ➢ Target Met. Staff provided 19 notifications of outreach efforts within 3 business days, and within at least 30 days' notice of public meetings for two additional outreach items. ➢ Target Met. 82% (40 out of 47) of requests were responded to within 3 business days.
Maintain an effective recruiting program	➢ Recruit at least 3 students each from at least 4 target universities ➢ Increase new hires from recruiting program by 10 over FY 2007 ➢ Hire 20% of interns into permanent positions	➢ Target Met. A total of 19 students were recruited from 4 target universities. ➢ Target Met. 58 new hires in FY 2008; 41 more than FY 2007 ➢ Target Met. 36% (4 out of 11) of summer interns from FY 2007 hired in FY 2008.

FY 2008		
Performance Measure	**Performance Target**	**Results**
Implement employee development programs	➢ Launch leadership development program ➢ Develop competency based training for mainstream occupations	➢ Target Met. The LDP was launched in October 2007. 15 candidates will graduate from program in February 2009. ➢ Target Met. A competency assessment tool for competency based training needs analysis was launched in September 2008 and will be included in the FY 2009 Central Training Fund prioritization.
Maintain an effective performance management system	➢ All employees receive training annually ➢ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ➢ High achievers are rewarded appropriately	➢ Target Met. FERC Non-Supervisory Employees received training in August and September 2008. ➢ Target Met. All FERC managers received feedback on ratings and training on meaningful distinctions during the corresponding rating cycle of their program office. ➢ Target Met. Report analysis shows that higher monetary awards are commensurate with higher performance ratings.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2007 baseline	Target Not Met. ➢ Women. The representation of women was 45.5% in FY 2008, a 7.4% decrease from FY 2007. ➢ Minorities. Overall, the representation of minorities was 32.7% in FY 2008, a 0.5% decrease from FY 2007.
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	➢ Unqualified audit opinion on financial statements ➢ Unqualified assurance assertion on internal controls	➢ Target Met. Unqualified opinion received November 6, 2008. ➢ Target Met. Unqualified assurance asserted over internal controls September 12, 2008.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	➢ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ➢ 100% of qualified procurements are performanced-based	➢ Target Met. 31% of total procurement dollars awarded to small, women-owned and minority businesses. ➢ Target met. 100% of all qualified procurements were performance based awards.
Full implementation of FERC's eGovernment initiatives	Completed by September 30, 2008	Target Met. eFiling 7.0 was completed by September 30, 2008. eFiling will increase the number of documents that can be submitted and provides a secure process for submitting Privileged and CEII materials. Also, ATMS 3.0 successfully developed the infrastructure to capture the tracking of all docketed and non-docketed work. Customer satisfaction with eGov services was over 90%.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target met. In FY 2009, DRS addressed 71 new ADR requests and referrals. FY 2009 results exceeded the results of the base year, FY 2004, by 17 requests/referrals. (In FY 2004 DRS received 54 total requests and referrals.)
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target met. Of 18 cases DRS completed in FY 2009, all achieved consensual agreement through mediation and facilitation, resulting in a 100% success rate.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target met. In FY 2009, customers for all casework and outreach services expressed favorable satisfaction with DRS. Of respondents to casework surveys, DRS received a 100% customer satisfaction rate. Of respondents to outreach surveys, DRS received a 91% customer satisfaction rate.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target met. In FY 2009, DRS delivered 24 outreach events, 13 more events than FY 2004's 11 outreach events. (In FY 2004, the DRS delivered 13 outreach events.)
Of ADR processes concluded, percentage that resulted in savings of time and/ or money over traditional processes	75%	Target met. 100% of respondents to casework surveys affirmed that involvement of DRS saved them time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 90%
Ensure timely and effective communication to all stakeholders	▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals	▪ Target met. In FY 2009, 42 out of 43or 99% of press releases were issued within 1 hour of action being taken. ▪ Target met. In FY 2009, 4066 out of 4066 or 100% of important agency actions were posted on the Commission's internet website within 1 hour of issuance. ▪ Target met. In FY 2009, the office provided an initial and complete response to 3476 out of 4753 or 73% of public inquiries at the time of receipt. ▪ Target met. In FY 2009, this office developed 11 out of 11 web page requests. All were completed on schedule.
Enhance communication with National and International groups	▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials	▪ Target met. In FY 2009, External Affairs responded to 100% (211 out of 211) of congressional inquiries and briefing requests within 10 business days. ▪ Target met. In FY 2009, 165 email notifications to members of Congress were sent out on top priority issues regarding significant Commission actions within 1 to 2 business days of the underlining action ▪ Target met. In FY 2009, 46 briefings for Congress and State Officials were

FY 2009		
Performance Measure	**Performance Target**	**Results**
	within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meetings requests within 3 business days of rendering a decision	conducted on priority issues of natural gas pipelines, transmission planning and integration of renewables, demand response, and cyber security. ▪ Target met. In FY 2009, email notifications were sent out simultaneously for 142 out of 142 (100%) Commission actions of interest to State regulatory agencies on significant Commission actions within 1 to 2 business days of the underlining action. ▪ Target met. In FY 2009, OEA responded to and coordinated 52 approved visits; 44 or 84.6% received responses within 3 business days.
Maintain an effective recruiting program	▪ Increase retention rate of new hires over FY 2008 ▪ Hire 20% of interns into permanent positions ▪ Implement a formal mid-career recruiting program by December 31, 2008	• Target Met - The annualized retention rate of new hires increased from 91.7% (144/157) for FY 08 to 92.1% (187/203) for FY 09. • Target Met - 34% (12 of 35) of interns from summer 2008 program were converted in FY 09. • Target Not Met. The formal four phase mid-level recruitment program strategy was launched on 6/1/09. No negative impact by the delay in meeting original date.
Implement employee development programs	▪ Launch competency based training program for mainstream occupations ▪ Develop competency based training for all occupations	• Target Met - Competency-based training needs assessment was conducted during April 2009. • Target Not Met. The implementation of competency based training for all occupations was deferred, pending the selection and acquisition of a learning management system which will not be available until FY 2011 due to resource constraints. Accordingly, FERC will reevaluate its employee develop program measures for FY 2010.
Maintain an effective performance management system	▪ All employees and managers receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately	• Target Met - all employees and managers received Performance Management Training • Target Met. Managers received feedback which explained meaningful distinctions between performance. • Target Met – The Commission's analysis identified that on average, FERC rewarded: o highly successful employees 31% higher monetary awards than fully successful employees; o outstanding employees 49% higher monetary awards than highly successful employees; and

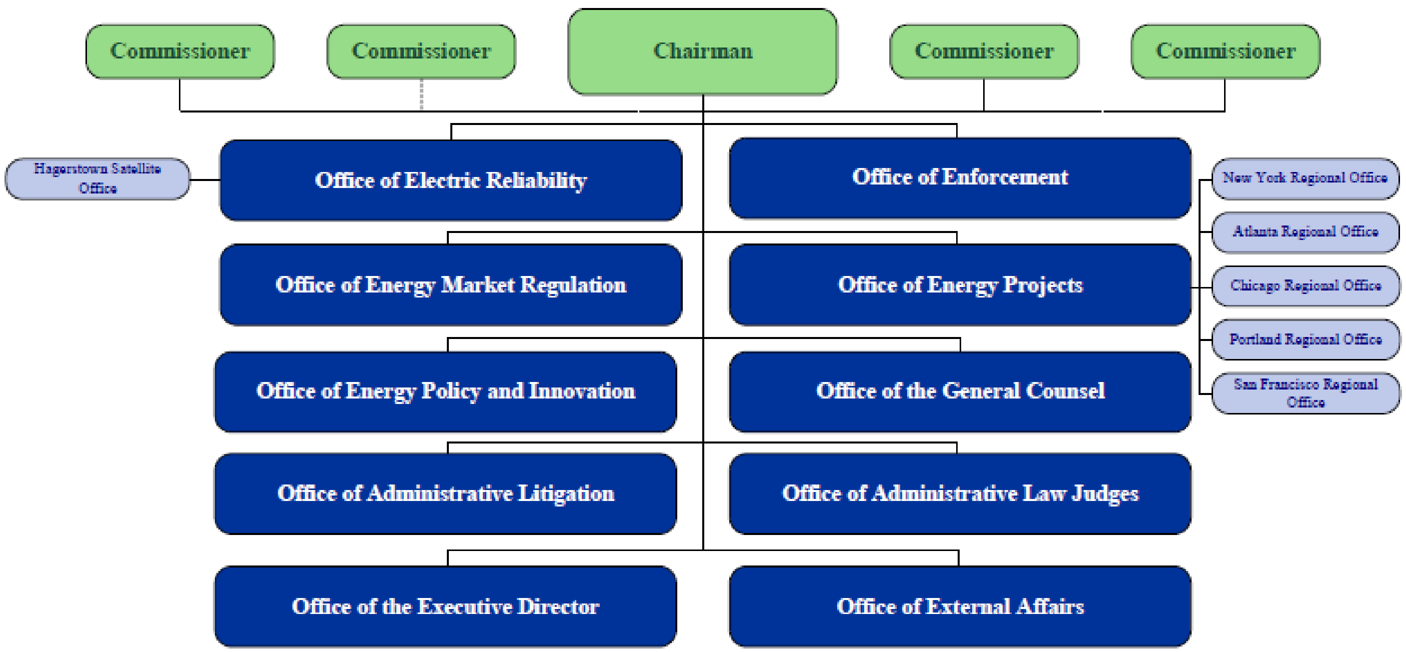
FY 2009		
Performance Measure	**Performance Target**	**Results**
		o outstanding employees with 96% higher monetary awards than fully successful employees.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2008 baseline	▪ Target Not Met - FY09 percentage for women was 44.6%. Decreased percentage from FY08 by less than 1% (FY08 – 45.5%). Modify target for FY 2010 and future years to be "Equal to or greater than Total Federal Workforce percentage." ▪ Target Not Met - FY09 percentage for minorities was 32.3%. Decreased percentage from FY08 by less than 1% (FY08 – 32.9%). Modify target for FY 2010 and future years to be "Equal to or greater than Total Federal Workforce percentage."
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls	▪ Target Met – Received unqualified audit opinion on FY 09 principal statements 11/6/09. ▪ Target Met – Issued unqualified assurance assertion on controls in place as of 6/30/09.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performanced-based	▪ Target Met - 33% of total available procurement dollars were awarded to small businesses during FY09. ▪ Target Met - 100% of qualified FY09 procurements were performance-based acquisitions.

This page intentionally left blank.

Appendix A
Organizational Chart

This page intentionally left blank.

FEDERAL ENERGY REGULATORY COMMISSION
Organizational Chart



As of June 30, 2009

This page intentionally left blank.

Appendix B

Strategic Plan

This page intentionally left blank.

Federal Energy Regulatory Commission

Strategic Plan FY 2006 – FY 2011

Mission

Regulate and oversee energy industries in the economic, environmental, and safety interests of the American public.

Vision

Abundant, reliable energy in a fair competitive market.

Guiding Principles that Strengthen the Commission's Overall Performance

To fulfill its Mission, the Federal Energy Regulatory Commission commits to…

Organizational Excellence

Use resources efficiently and effectively to achieve its strategic priorities.

Due Process & Transparency

Complete regulatory proceedings in an open and fair manner, consistent with established regulations.

Regulatory Certainty

Provide regulatory certainty through consistent Commission approaches and actions.

Stakeholder Involvement

Ensure that interested parties are informed and provided an appropriate opportunity to participate in Commission proceedings.

Timeliness

Act on regulatory matters in an expeditious manner.

Goal 1: Energy Infrastructure

Promote the Development of a Strong Energy Infrastructure

Objective A: Stimulate Appropriate Infrastructure Development

- Resolve regulatory and other challenges to needed development
- Encourage investment and effect timely cost recovery

Objective B: Maintain a Reliable and Safe Infrastructure

- Assure reliability of interstate transmission grid
- Protect safety at LNG and hydropower facilities
- Incorporate environmental considerations into Commission decisions

Goal 2: Competitive Markets

Support Competitive Markets

Objective A: Develop Rules that Encourage Fair and Efficient Competitive Markets

- Employ best practices in market rules
- Reduce barriers to trade between markets and among regions

Objective B: Prevent Accumulation and Exercise of Market Power

- Assure proposed mergers and acquisitions are in the public interest
- Address market power in jurisdictional wholesale markets

Goal 3: Enforcement

Prevent Market Manipulation

Objective A: Provide Vigilant Oversight

- Identify and remedy problems with structure and operations in energy markets

Objective B: Provide Firm but Fair Enforcement

- Establish clear and fair processes
- Conduct investigations promptly and impose penalties where appropriate
- Encourage self-policing and -reporting of violations

Appendix C

Statutory Authority

This page intentionally left blank.

Provided below is a listing of federal statutes applicable to the Commission. Links to these statutes are available on the Commission's website at www.ferc.gov under Legal Resources.

Electric, Hydropower, & General Statutes

Federal Power Act
Energy Policy Act of 2005
Energy Policy Act of 1992
Power Plant & Industrial Fuel Use Act
Department of Energy Organization Act
Electric Consumers Protection Act (ECPA)
Electronic Freedom of Information Act of 1996
Energy Independence and Security Act of 2007 (EISA)
Public Utility Holding Company Act of 1935 and 2005
Public Utility Regulatory Policies Act of 1978 (PURPA)
Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)
Information Technology Management Reform Act of 1996 (ITMRA/Clinger-Cohen Act)

Natural Gas Statutes

Natural Gas Act
Natural Gas Policy Act of 1978
Alaska Natural Gas Pipeline Act of 2004
Alaska Natural Gas Transportation Act of 1976
Outer Continental Shelf Lands Act of 1978 (OCSLA)
Natural Gas Wellhead Decontrol Act of 1989 (NGWDA)

Oil Statutes

Interstate Commerce Act
Oil Pipeline Regulatory Reform

Environmental and Other Statutes

Clean Air Act
Clean Water Act
Rivers and Harbors Act
Endangered Species Act
Wild and Scenic Rivers Act
Coastal Zone Management Act
National Historic Preservation Act
Fish and Wildlife Coordination Act
National Environmental Policy Act (NEPA)

This page intentionally left blank.

Appendix D

Acronyms

This page intentionally left blank.

Acronym	**Full Description**
Bcf	Billion Cubic Feet
CIP	Critical Infrastructure Protection
DOE	Department of Energy
ERO	Electric Reliability Organization
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FPC	Federal Power Commission
FTE	Full Time Equivalent
FY	Fiscal Year
ISO	Independent Transmission System Operator
LNG	Liquefied Natural Gas
MW	megawatt
NERC	North American Electric Reliability Corporation
NRC	U.S. Nuclear Regulatory Commission
OCS	Outer Continental Shelf
OMB	Office of Management and Budget
RTO	Regional Transmission Organization
SPP	Southwest Power Pool