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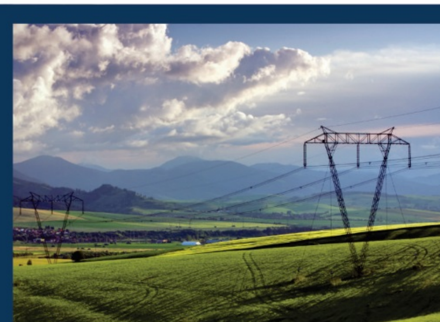
Federal Energy Regulatory Commission



Fiscal Year 2019 Agency Financial Report

November 2019

Chairman Neil Chatterjee

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

Letter from Chairman Chatterjee

I am pleased to present the Federal Energy Regulatory Commission (Commission) Annual Financial Report for fiscal year 2019. This report was prepared in accordance with the guidelines set forth in Office of Management and Budget Circular No. A-136.

The Commission's mission is to assist consumers to obtain reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. This report illustrates how we manage our resources and highlights our major accomplishments in meeting our mission.

As outlined in the Management Assurances section of this report, the Commission has completed evaluations of its assessment of the effectiveness of internal control over operations, system, and financial reporting. I am providing reasonable assurance that the Commission meets the objectives required by the Federal Managers' Financial Integrity Act and that our financial systems conform to 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,

Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
November 6, 2019

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Mission

Economically Efficient, Safe, Reliable, and Secure Energy for Consumers

Assist consumers in obtaining economically efficient, safe, reliable, and secure energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.

Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions.

Ensure that rates, terms, and conditions of jurisdictional energy services are just, reasonable, and not unduly discriminatory or preferential.

Objective 1.1: Establish Commission rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

Objective 1.2: Increase compliance with FERC rules; detect and deter market manipulation.

Goal 2: Promote Safe, Reliable, and Secure Infrastructure.

Promote the development of safe, reliable, and secure infrastructure that serves the public interest.

Objective 2.1: Facilitate benefits to the nation through the review of natural gas and hydropower infrastructure proposals.

Objective 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

Goal 3: Mission Support through Organizational Excellence.

Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.

Objective 3.1: Manage resources effectively through an engaged workforce.

Objective 3.2: Facilitate public trust and understanding of Commission activities by promoting transparency, open communication, and a high standard of ethics.

Management's Discussion and Analysis (Unaudited)

INTRODUCTION (Unaudited)

In accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular No. A-136 and Section 230 of Circular No. A-11, this report presents the Federal Energy Regulatory Commission's (the Commission, FERC) fiscal years (FY) 2019 and 2018 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. Additionally, this report includes an overview of the Commission, including its mission and organizational structure.

This Agency Financial Report (AFR) serves as a guide to the Commission's key initiatives and activities during FY 2019. Approximately 1,434 full time equivalents (FTEs) carried out the Commission's mission in FY 2019 using an appropriation of $369,900,000 that is 100% offset by collections at year-end.

The Commission has chosen to produce an AFR and Annual Performance Report (APR). The Commission will include its FY 2019 Annual Performance Report with its Congressional Budget Justification and will post it on the Commission's web site at www.ferc.gov.

ORGANIZATIONAL STRUCTURE (Unaudited)

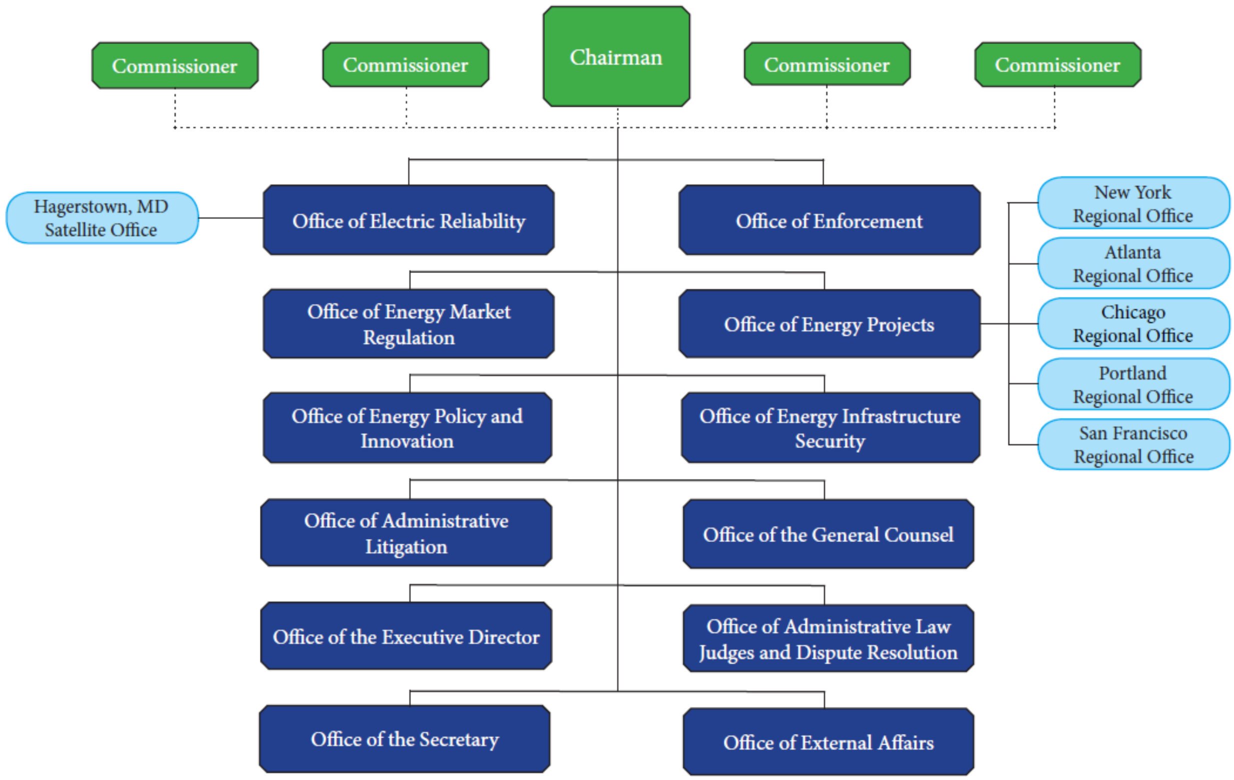
The Federal Energy Regulatory Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

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 Chairman 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 12 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.

An organizational chart, including a brief description of each office, is included below.



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

The Office of Energy Market Regulation
OEMR analyzes flings submitted by electric utilities and natural gas and oil pipelines to ensure that rates, terms, and conditions of service are just and reasonable and not unduly discriminatory or preferential. OEMR also analyzes flings submitted by the Electric Reliability Organization (ERO) dealing with its budget, rules of procedure, and bylaws.

The Office of Energy Policy and Innovation
OEPI provides leadership in the development of policies and regulations that advance the goals of the Commission, including policies to ensure the efficient development and use of transmission, generation, storage and emerging technologies, and wholesale energy and other jurisdictional markets. OEPI undertakes policy and quantitative analysis and conducts outreach with a range of entities.

The Office of Administrative Litigation
OAL advances the public interest in cases set for hearing by providing expert and independent analyses, building a full record, and leading negotiations to achieve beneficial settlements.

The Office of the Executive Director
OED provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial, and logistics.

The Office of the Secretary
OSEC serves as the focal point through which all flings are made for all proceedings before the Commission, notices of proceedings are given, and from which all official actions are issued by the Commission. OSEC promulgates and publishes all orders, rules, and regulations of the Commission and prescribes the issuance date for these unless such date is prescribed by the Commission.

The Office of Enforcement
OE protects customers by conducting oversight of energy markets, identifying and remedying market problems in a timely manner, assuring compliance with rules and regulations, and detecting and combating market manipulation.

The Office of Energy Projects
OEP fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric, natural gas pipeline, natural gas storage, and liquefied natural gas projects that are in the public interest.

The Office of Energy Infrastructure Security
OEIS identifies and—working with other governmental agencies, industry, and other stakeholders—seeks comprehensive solutions to potential threats to FERC-jurisdictional infrastructure from cyber and physical attacks, including geomagnetic disturbance and electromagnetic pulse events.

The Office of the General Counsel
OGC provides sound and timely counsel to the Commission and Commission staff as it fulfills responsibilities such as assisting in the development of Commission draft orders, rulemakings and other decisions; representing the Commission before the courts; advising the Commission and Commission staff on legal matters; and advising other government agencies, regulated entities, and the public on matters within the Commission’s jurisdiction.

The Office of Administrative Law Judges and Dispute Resolution
OALJDR conducts trial-type hearings and issues initial decisions to develop an evidentiary record in contested cases, as directed by the Commission. OALJDR also assists interested parties engaged in disputes to achieve consensual decision making through services such as mediation, negotiation, conciliation, arbitration, and facilitation.

The Office of External Affairs
OEA communicates and provides public relations for the Commission. OEA provides informational and educational services to Congress; federal, state and local governments; the news media and the public; regulated industries; and consumer and public interest groups. This office is also the Commission’s liaison with foreign governments.

FULL COST RECOVERY (Unaudited)

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 (Unaudited)

The United States has the world's most durable market economy, of which every sector depends vitally on energy. Within the energy realm, the Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries. The statutes and laws from which the Commission draws its authority are listed in Appendix A.

On October 1, 2018, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through fiscal year 2022. The full Strategic Plan can be found at http://www.ferc.gov.

As set forth in its Strategic Plan, FERC's mission is to assist consumers in obtaining economically efficient, safe, reliable, and secure energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts. Fulfilling this mission involves pursuing three primary goals: (1) ensuring that rates, terms, and conditions of jurisdictional services are just, reasonable, and not unduly discriminatory or preferential; (2) promoting the development of safe, reliable, and secure infrastructure that serves the public interest; and (3) achieving organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.

The Strategic Plan also includes key challenges and opportunities relative to each strategic objective. The Commission set forth a plan to address these challenges and take advantage of the opportunities. Included below is the Commission's program performance overview which describes its annual accomplishments related to these strategic challenges.

GOAL 1: Ensure that rates, terms, and conditions of jurisdictional services are just, reasonable, and not unduly discriminatory or preferential.

The nation's security and economic prosperity depend on maintaining economically efficient, safe, reliable, and secure energy services at a reasonable cost for consumers. FERC's jurisdiction includes the wholesale sales and transmission of electricity and natural gas in interstate commerce, as well as the transportation of oil by pipeline in interstate commerce. FERC's regulation ensures just and reasonable rates, terms, and conditions for those jurisdictional services.

In carrying out its regulatory role, FERC uses a range of ratemaking activities as well as market oversight and enforcement. FERC's orders, rules, and policies use both market and cost-based ratemaking means to regulate energy service providers' rates and practices. Through these efforts, FERC ensures that consumers have reasonable access to the services they need and that service providers are appropriately compensated.

Fraud, market manipulation, and other violations pose a significant threat to the markets overseen by the Commission, and the financial harm imposed by such actions ultimately is borne by consumers. The Commission's enforcement activities include both promoting compliance and detecting and deterring market manipulation. Promoting compliance and inhibiting market misconduct strengthen markets and increase market confidence.

Objective 1.1: Establish Commission rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

Strategic Challenge: Changes in Energy Supply and Demand

Changes in both energy supply and demand are having an impact on the fuel mix of resources participating in wholesale electric markets, the dynamics of competitive markets, incentives for investment in infrastructure, and the security and resilience of the bulk-power system. These changes create new challenges and increase the complexity of maintaining just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

In FY 2019, the Commission took several notable actions to address this challenge from multiple perspectives. For example, the Commission continued to focus on promoting market competitiveness by removing barriers to market participation by technologies that can bring economic benefits to consumers, as well as enhancing bulk-power system reliability, security, and resilience. In FY 2019, the Commission issued Order No. 841-A, an order on rehearing and clarification generally affirming its determinations in Order No. 841, which amended Commission regulations to remove barriers to the participation of electric storage resources in the competitive wholesale electric markets operated by regional transmission organizations (RTOs) and independent system operators (ISOs).

In addition, the Commission issued a Notice of Proposed Rulemaking (NOPR) proposing to revise its regulations implementing the Public Utility Regulatory Policies Act of 1978 (PURPA), in light of changes in the electric markets since enactment of that law, as well as changes in energy supply and demand.

The Commission also continued to examine how changes in energy supply and demand, including the increasing use of natural gas to generate electricity, may present issues related to reliability and resilience. Among other efforts, the Commission held a March 28, 2019 joint conference with the U.S. Department of Energy to discuss the potential need for security investments in energy infrastructure that go beyond measures already required by mandatory reliability standards, where applicable, and whether additional incentives for making such investments are needed.

The Commission’s efforts will directly impact participation in the power industry, including new participants seeking entry into wholesale electric markets. As regulated entities comply with orders, the Commission expects to see changes in electric market access by different technologies, a change in the incentives for market participants to provide key services and products, changes in infrastructure investment, and reduced regulatory burdens.

Objective 1.2: Increase compliance with FERC rules; detect and deter market manipulation

Strategic Challenge: Non-traditional Market Participants

The Commission recognizes that jurisdictional energy markets are continuing to evolve, including the increasing participation of non-traditional market participants, which offers opportunity to engage with traditional and new stakeholders to bolster compliance. Compared to traditional market participants like public utilities and natural gas companies, non-traditional market participants encompass a wider range of entities, including financial traders that possess different strategies and incentives for participating in jurisdictional energy markets. As such, these non-traditional participants may be less familiar with the Commission’s requirements and, therefore, may face may different types of compliance challenges.

In FY 2019, the Commission continued to conduct outreach through industry conferences and other venues to educate non-traditional market participants about compliance with FERC requirements and enforcement processes. FERC participated in more conferences, workshops, and one-on-one discussions that included non-traditional market participants. FERC has also looked for ways to provide more transparency into its non-public surveillance and investigative activities by providing additional detail in its annual report on enforcement on matters that close with no public action.

Although it is early in the implementation process, staff has already observed that interest in FERC staff participation in industry conferences and workshops that cater to non-traditional market participants has increased, providing greater opportunity for outreach to these market participants. In addition, non-traditional market participants have expressed appreciation for the information and feedback they have received as part of the surveillance inquiry process. This suggests that the situational assessment item remains both an issue and an opportunity.

The Commission expects to see a number of compliance related impacts, particularly with regard to the non-traditional market participants. Specifically, the Commission expects that the time non-traditional participants take to establish their compliance programs will decrease and that the quality of those programs will increase. The Commission also expects to see compliance programs in smaller operations. Beyond the compliance programs, the Commission expects non-traditional, as well as traditional, market participants to provide better and more prepared responses to inquiries and investigations. Further, the Commission expects to see an increase in self-reporting of violations. Ultimately, of course, the Commission expects that there will be a decrease in violations due to a lack of familiarity with Commission requirements.

In FY 2019, the Commission's actions were impacted by the fact that non-traditional participants, which are often smaller than traditional market participants and subject to fewer FERC requirements, can enter and exit the market more quickly than traditional market participants. This makes it difficult for FERC to maintain a clear picture of the full population of new participants and their activities. New participants are also more diverse and may have different compliance challenges. Therefore, the public information provided by FERC related to its enforcement program and compliance issues relevant for some non-traditional market participants may not be relevant for others. The diversity thus precludes the use of a single message or outreach mechanism and makes it more difficult to reach everyone.

GOAL 2: Promote the development of safe, reliable, and secure infrastructure that serves the public interest.

Infrastructure for which FERC approval is required includes non-federal hydropower facilities, interstate natural gas pipelines and gas storage projects, and LNG facilities. Hydropower facilities provide reliable, flexible, renewable, domestic energy that supports the electric grid. In addition to power generation, hydropower projects can also provide other public benefits such as environmental protection and enhancement and recreational opportunities. The development of shale gas resources has led to unprecedented growth in domestic gas production. This, in turn, has led to an increase in natural gas infrastructure – pipelines, storage, and LNG facilities – to enable that growing natural gas supply to reach market areas. In the Federal Power Act and the Natural Gas Act, Congress charged the Commission with ensuring that these types of energy infrastructure are in the public interest and that they provide energy for consumers at a reasonable cost. The Commission must also oversee the development and review of, as well as compliance with, mandatory reliability standards for the bulk-power system. In addition to these efforts, the Commission helps to secure energy infrastructure from cyber and physical attacks through a collaborative approach that encourages voluntary architecture assessments of energy infrastructure and the promotion of best practices to mitigate existing and emerging vulnerabilities. Accordingly, the Commission's goal of promoting the development of safe, reliable, and secure infrastructure serves the public interest.

Objective 2.1: Facilitate benefits to the nation through the review of natural gas and hydropower infrastructure proposals.

Strategic Challenge: Permitting Challenges

It is increasingly difficult for the Commission to complete its permitting process for needed energy infrastructure on a schedule that is timely and predictable.

The Commission continued to take actions in FY 2019 to seek and implement ways to make the Commission's permitting process more efficient. The Commission continued its efforts under Title 41 of the Fixing America's Surface Transportation Act (FAST-41) by working with project sponsors and agencies to update and maintain the permitting dashboard and the Coordinated Project Plans which describe the consultation process and responsibilities of each agency in the process. In addition, the Commission continued efforts in response to the One Federal Decision (OFD) Memorandum of Understanding (MOU), pursuant to Executive Order (EO) 13807 "Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects." Under the MOU, agencies agreed to work towards an average project permit decision of two years or less. In FY 2019, FERC conducted interagency outreach under the MOU. The Commission held workshops in Washington, DC for agency headquarters' staff and in Colorado with the United States Forest Service to explain the Commission's OFD Implementation Plan.

In order to provide the public more detailed information on its website, in FY 2019 the Commission undertook steps to make the webpage more user-friendly and to provide more readily accessible information. To do so, the Commission unveiled a Landowner Topics landing webpage on www.ferc.gov in September 2019. This new webpage provides landowners around proposed projects with more direct and efficient access to information pertinent to their participation in the review process.

Additionally, the Commission issued order No. 858, as required by the America's Water Infrastructure Act of 2018. The rulemaking established an expedited process for issuing and amending licenses for qualifying facilities at existing non-powered dams. The process seeks to ensure a final decision by the Commission on an application for a license is taken no later than two years after receipt of a complete license application.

Finally, as both the number of LNG projects (proposed, in construction, and in operation) and the complexity of each project have grown, the need has developed for additional staff and more focused oversight in this program area. To this end, the Commission created a new Division of LNG Facility Review and Inspection comprising 20 LNG existing staff currently located in the Division of Gas Environment and Engineering who will continue to be located at headquarters and ultimately eight new staff who will be located in a newly created regional office in the Houston, TX metropolitan area. This location is situated in an area of LNG expertise providing a potential staffing pool for the regional office. Staff at this location will be fully integrated with the headquarters staff and will perform the same tasks. In addition, this location, proximate to many of the existing projects under FERC's jurisdiction, will facilitate the efficient implementation of required compliance inspections during the construction and operational phases of a jurisdictional facility's life cycle.

Objective 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure

Strategic Challenge: Public and Environmental Safety Impacts

The Commission has witnessed recent incidents at jurisdictional facilities that have highlighted the safety and environmental impacts that can be associated with hydropower and natural gas infrastructure. To address these, the Commission identified two areas for improvement: the Commission's dam safety program and its natural gas pipeline compliance program.

As a result of the Oroville Spillway emergency in FY 2017, the Commission convened an After-Action Panel Assessment to study the incident and provide recommendations for future program improvements. The Commission received the recommendations from the Panel in FY 2019. Included among the recommendations was that security inspections be separated from the duties of dam safety engineers; civil engineering staff should concentrate solely on dam structure integrity and performance and proper review of auxiliary/ancillary structures, and security aspects and other non-civil engineering issues should be handled by separate staff specializing in those areas. To address this, the Commission posted positions for physical and cyber security specialists and, as of the end of FY 2019, had hired additional staff to fill these roles.

Additionally in FY 2019, efforts continued to improve the Commission's compliance program to ensure that the regulated community is held to the high standards set forth in project-specific certificate conditions. The Commission issued draft guidance which incorporated public comments to provide best practices to minimize the number and impact of incidents associated with horizontal directional drilling.

Strategic Challenge: New and Evolving Threats

FERC-jurisdictional infrastructure and facilities are at increased risk from new and evolving threats, including physical and cyber security threats, by sophisticated actors that often have access to significant resources.

In FY 2019, the Commission approved NERC's proposal to broaden the mandatory reporting of Cyber Security Incidents as to ensure that the full scope of cyber-related threats to the bulk power system are reported and disseminated to appropriate authorities. This action closes a gap in the prior Critical Infrastructure Protection (CIP) Standards that required entities to report only when an incident was compromised or disrupted one or more reliability tasks. The Commission concluded that those prior standards may understate the true scope of threats by excluding from reporting incidents that could facilitate subsequent efforts to harm the reliable operation of the grid.

In FY 2019, the Commission continued to conduct CIP Reliability Standards audits of jurisdictional entities. These audits help the Commission evaluate jurisdictional entities' compliance with the CIP Reliability Standards. While some potential compliance infractions were discovered during the audits, most of the cyber security processes and procedures adopted by the jurisdictional entities met the mandatory requirements of the CIP Reliability Standards. In addition, the information gained during the audits provided the basis for the Commission to make recommendations to the entities regarding cybersecurity best practices. These recommendations were shared with the industry in the annual Lessons Learned staff reports that the Commission issued in FY 2019.

In addition, the Commission conducted voluntary and collaborative cyber and physical security assessments at electric, natural gas, LNG, and hydropower facilities to assist in identifying vulnerabilities and threats as well as mitigation strategies to combat both. These assessments take a holistic view of the entities' information technology (IT) and operational technology (OT) systems and provide valuable techniques and strategies that can be implemented quickly to protect IT/OT systems as needed.

In FY 2019 the Commission strengthened its internal expertise related to the cyber and physical security of jurisdictional facilities through the hiring of additional qualified staff.

Strategic Challenge: New Challenges to Bulk-Power System Performance

Multiple internal and external factors -- including the development, application and increased penetration of new technologies, including electric storage; the deployment of distributed energy resources; increased dependence on computing and telecommunications; and threats from extreme weather and natural disasters –

are creating new challenges and opportunities to maintain and improve reliability, security, and resilience. All of these trends are occurring in an environment of greater customer needs, expectations, and capabilities.

In FY 2019, Commission staff has engaged with the ERO in alerting the industry regarding the potential adverse characteristics of inverter-based resource performance during bulk power system faults that could present potential risks to the reliability of the BPS, which included the ERO's issuance of a guideline. Regarding extreme weather and natural disasters, Commission staff completed an inquiry into the January 2018 Midwest cold weather, identifying a range of coordination and improvement opportunities. This included recommending the development of a cold-weather preparedness standard for generators.

Goal 3: Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.

The public interest is best served when the Commission operates in an efficient, responsive, and transparent manner. The Commission pursues this goal by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. The Commission's staff, while serving in different component offices, must work collaboratively and execute processes that work in concert with each other to produce the high-quality results expected by the American people. In accomplishing this goal, the Commission will use its resources efficiently, empower its employees, and earn the public trust. These essential outcomes are indicative of a model regulatory agency.

Objective 3.1: Manage resources effectively through an engaged workforce

Strategic Challenge: New Challenges and Opportunities for Mission-Related Information

Availability of mission-related information is increasing, which presents new challenges and opportunities for FERC to leverage analytics. This strategic challenge is guided by the President's Management Agenda CAP Goal, "Leveraging Data as a Strategic Asset" and OMB's Memorandum M-19-23, "Foundations for Evidence-Based Policymaking Act of 2018." A Federal Data Strategy, released by the CAP Goal Leaders in the spring of 2019, set forth principles, practices, and an action plan for agencies to deliver a more consistent approach to federal data stewardship, access, and use.

In FY 2019, the Commission established a data governance organization and hired a Chief Data Officer (CDO) and Business Data Analyst to further develop FERC's data governance program for leveraging data as a strategic asset. FERC developed an initial framework and charter detailing the related mission, scope and services required to guide the strategic management of its data assets.

Strategic Challenge: Maintaining a Secure and Reliable IT Infrastructure

FERC is challenged with maintaining a secure and reliable IT infrastructure to meet the needs of the Commission and provide innovative solutions to support employees.

In FY 2019, FERC executed multiple initiatives to support modernization efforts for the enterprise IT infrastructure, core mission applications, and endpoint hardware. For example, the Commission began to upgrade its unified telecommunications platform and endpoint operating systems that provides the continued reliability and security of enterprise services while enhancing the employee experience. In respect to application improvements, the Commission's public facing mission application, Company Registration, was completed to allow for external entities to make tariff filings efficiently and accurately. In supporting the Commission's XBRL Final Rule, the Commission also awarded a contract to support the modernization of the financial information collection forms.

Strategic Challenge: New and Emerging Knowledge/Skill Demands

The challenges of new and emerging knowledge/skill demands and the loss of institutional knowledge will create increasing staffing vulnerabilities, employee development pressures, and a need for cross-functional collaboration.

In FY 2019, the Commission completed the assessment of gaps and vulnerabilities existing within its current staffing pool in all mission critical occupations. Staff has initiated the process of planning employee development opportunities and developing a targeted hiring initiative in those areas determined to be the highest priority. In addressing this challenge, Commission staff have identified enterprise-wide solutions that can be deployed to address these gaps prospectively. In FY 2019, the competency-based training efforts have helped to inform and prioritize training for mission critical competencies and served as a resource to help guide staff's career development efforts. In addition, FERC has implemented these competencies in its hiring criteria and to focus on key positions where long-time employees are close to retirement.

In FY 2019, the Commission's actions were impacted by available talent pool in these areas. By better defining the skill sets needed in these occupations, FERC expects to be able to conduct targeted recruitment for needed competencies, and be able to implement robust training and development programs for current staff.

Objective 3.2: Facilitate public trust and understanding of Commission activities by promoting transparency, open communication, and a high standard of ethics.

Strategic Challenge: Greater Public Interest in Regulatory Issues

Greater public interest in and concern about issues that are or may come before the Commission are creating the need for more dynamic engagement processes with the public.

In FY 2019, the Commission took a number of actions to engage more effectively with the public. Throughout FY 2019, the Commission did extensive work to rebuild and redesign the FERC.gov website to make it more user-friendly and to improve transparency and accessibility of the large amount of complex information available on FERC's website. The Commission also produced multiple videos and podcasts, covering the Commission's agenda for FY 2019 and the launch of its Instagram page. The Commission successfully adapted its podcast and video efforts to improve their relevance and interest to stakeholders and enhance their integration with social media. The Commission focused its efforts to increase its engagement with the public through more regular social media postings of events, issuances, and other agency actions that are of interest to the public. Additionally, the Commission launched a new external monthly newsletter which presents the Commission's actions that occurred over the past month. This will improve the Commission's outreach and educational efforts to the public and a variety of stakeholders.

Although it is early in the implementation process, staff has already discovered through user testing that planned changes to the FERC.gov website will be helpful to the public from accessibility and transparency standpoints. The agency has also observed increased engagement from those who follow the Commission on social media and who also have an interest in FERC's redesigned website.

FINANCIAL PERFORMANCE OVERVIEW (Unaudited)

As of September 30, 2019, the financial condition of the Commission was strong with sufficient funds to meet program needs and adequate controls 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 OMB Circular No. A-136, Financial Reporting Requirements.

Sources of Funds. The Commission is financed from offsetting collections. However, the Commission initially receives a General Fund appropriation at the beginning of the fiscal year, which is used to fund its operating and capital expenditures. Throughout the year, the Commission collects monies through annual charges and filing fees, and returns the appropriated amount to the Treasury by year-end, resulting in a net zero appropriation. The offsetting collections serve as the financing source for any unexpended appropriations at year-end.

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 2019.

The Commission received an appropriation for FY 2019 in the amount of $369.9 million and $0.4 million of reimbursable authority. Additional funds available to obligate in FY 2019 were $35.4 million from prior-year unobligated appropriations and $6.6 million of prior-year obligations that were subsequently de-obligated in the current year. The sum of all operating funds available to obligate in FY 2019 was $412.3 million. Separately, the Commission pays states the fees collected for the occupancy and use of public lands. The Commission's payment to states budget authority for FY 2019 was $4.4 million, which included a $0.3 million sequestered amount that was identified as temporarily unavailable.

Costs by Function. The Commission incurred costs of $373.3 million in FY 2019, which was an increase of $14.2 million from FY 2018. 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. For FY 2019, salaries and benefits increased by $7.6 million as compared to FY 2018 with the net effect on the other cost categories of an increase of $6.6 million.

Costs by Function (millions)

Costs by Function	FY 2019	FY 2018
Salaries and Benefits	$261.7	$254.1
Travel/Transportation	3.2	3.0
Rent/Communication/Utilities	34.3	34.2
Contract Support	56.0	52.2
Printing/Supplies/Other	18.1	15.6
Total Costs	**$373.3**	**$359.1**

Audit Results. The Commission received an unmodified audit opinion on its FY 2019 financial statements. This was the 26th consecutive year that the Commission has received an unmodified opinion. For FY 2019, no material weaknesses or significant deficiencies in internal control over financial reporting 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 $170.8 million and $157.8 million as of September 30, 2019 and 2018, respectively. FY 2019 increased by $13.0 million as compared to September 30, 2018. The assets reported in the Commission's Balance Sheet are summarized in the Asset Summary table below.

Assets Summary (millions)

Assets	**FY 2019**	**FY 2018**
Fund Balance with Treasury	$156.3	$145.2
Accounts Receivable, net	1.6	2.0
Unbilled Receivable	0.2	-
Other Assets	0.7	-
Property and Equipment, net	12.0	10.6
Total Assets	**$170.8**	**$157.8**

The Fund Balance with Treasury represents the Commission's largest asset of $156.3 million as of September 30, 2019, which is an increase of $11.1 million over the FY 2018 balance. This increase is primarily due to a higher amount of available resources for operations but not yet paid as of year-end.

The Accounts Receivable, net and Unbilled Receivable has a balance of $1.8 million as of September 30, 2019. This balance represents the outstanding amounts due from annual charges, civil penalties or other penalties issued by the Commission to entities under its regulation net of allowance for estimated uncollectible amounts. Approximately $1.4 million of the accounts receivable balance is represented by agreed upon civil penalty cases. The $0.2 million net decrease in net receivables is due to a $0.4 million decrease in net accounts receivable from civil penalties and annual charges at the end of FY 2019 compared to FY 2018, and a $0.2 million increase in unbilled receivables due to costs exceeding billings this year, resulting in additional billings for next year.

The Property and Equipment, net was $12.0 million as of September 30, 2019, an increase of $1.4 million compared to FY 2018. The balance is comprised of the net value of the Commission's equipment, furniture, leasehold improvements, computer hardware and software and construction in process. The $1.4 million net increase is primarily due to additional construction in process projects, equipment and software offset with a decrease in capital leases, furniture and leasehold improvements.

The Commission's liabilities were $57.8 million and $64.4 million as of September 30, 2019 and 2018, respectively. The Liabilities Summary table shows a decrease in total liabilities of $6.6 million over FY 2018. FY 2019 total liabilities included a decrease of approximately $0.4 million in resources transferable to Treasury and other Federal entities, a decrease in refunds and other amounts due of $7.2 million and a decrease in the capital lease liability of $0.7 million. The remaining increase of $1.7 million is made up of normal fluctuations in accounts payable.

Liabilities Summary (millions)

Liabilities	**FY 2019**	**FY 2018**
Accounts Payable	$20.3	$20.9
Accrued Payroll and Benefits	10.8	9.5
Resources Transferable to Treasury and Other Federal Entities	1.5	1.9
Accrued Leave	15.3	14.8
Other Liabilities	9.9	17.3
Total Liabilities	**$57.8**	**$64.4**

The difference between total assets and total liabilities is the Net Position. The Commission's net position was approximately $113.0 million as of September 30, 2019.

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. The Commission's net position was $113.0 million and $93.4 million at September 30, 2019 and 2018, respectively. Net Position is affected by changes in the Commission's Cumulative Results of Operations. The increase in Cumulative Results of Operations is primarily related to the Commission financing more of its operations using its offsetting collections as compared to the prior year.

Net Position Summary (millions)

Position	**FY 2019**	**FY 2018**
Unexpended Appropriations	$0	$0
Cumulative Results of Operations	113.0	93.4
Total Net Position	**$113.0**	**$93.4**

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).

The Commission's net cost by strategic goal for FY 2019 and FY 2018 was $0. The Commission is a full cost recovery agency and recovers all of its costs through the allocated annual charges to the entities that it regulates. Overall, FY 2019 costs increased by approximately $14.2 million over FY 2018 costs. This increase was due to additional costs incurred of $4.3 million within the Just and Reasonable Rates goal, $3.3 million within the Infrastructure strategic goal, and $6.6 million within the Mission Support goal as compared to FY 2018.

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 total obligations to total outlays. For FY 2019, the Commission had budgetary resources available of $416.6 million, the majority of which was derived from offsetting collections. This represents an increase of $8.3 million over FY 2018 budgetary resources available of $408.3 million. The FY 2019 increase in the Commission's budgetary resources was primarily the result of higher spending authority and carryover authority in FY 2019 compared to FY 2018. The status of budgetary resources includes obligations incurred of $376.6 million, or 90.4 percent of funds available. Similarly, FY 2018 obligations incurred were $372.9 million, or 91.3 percent of funds available. The unobligated budget authority available at September 30, 2019 was $40.0 million, which is an increase of $4.6 million over the FY 2018 amount of $35.4 million.

Total net outlays for FY 2019 were $23.5 million, which represents a $92.2 million decrease over FY 2018 net outlays of $115.7 million. The decrease from last year is the result of a $15.3 million decrease in gross outlays primarily due to a higher unobligated ending balance and to a $76.9 million reduction in distributed offsetting receipts in FY 2019 as compared to FY 2018.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity displays the total Custodial Revenue and 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. The Commission reported $51.8 million in custodial revenue in FY 2019, which represents a $1.7 million increase over FY 2018 of $50.1 million. The increase is primarily due to a $1.5 million net increase in civil penalties and annual charges as compared FY 2018.

SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE (Unaudited)

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

- Federal Managers' Financial Integrity Act of 1982 (FMFIA);
- Revised Office of Management and Budget Circular No. A-123;
- Federal Financial Management Improvement Act of 1996 (FFMIA);
- Prompt Payment Act; and
- Debt Collection Improvement Act of 1996;

Management Assurances

During Fiscal Year 2019, the Commission focused its efforts on assisting consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In fulfilling this mission, the Commission has pursued three primary goals. First, we have worked diligently to ensure that rates, terms and conditions for jurisdictional services, including wholesale sales and transmission of electric energy and natural gas, are just, reasonable and not unduly discriminatory or preferential. Second, we continue to promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest. Third, we are achieving organizational excellence by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. 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. The Commission's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the FMFIA. Our internal control program is helping us meet these responsibilities 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 or our ability to safeguard our assets continue to be brought to the attention of management and are addressed appropriately.

The Commission conducted its assessment of risk and internal control in accordance with the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. In accordance with OMB Circular A-123, we evaluated the effectiveness and efficiency of our internal controls over operations, reporting and compliance. Based on the results of our evaluations, 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 as of September 30, 2019.

Furthermore, the Federal Financial Management Improvement Act (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with federal financial management system requirements, federal accounting standards promulgated by the Federal Accounting Standards Advisory Board, and the U.S. Standard General Ledger (USSGL) at the transaction level. The results of related reviews did not disclose any material weaknesses and found the Commission to be in substantial compliance with FFMIA.

Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
November 2019

Federal Managers' Financial Integrity Act of 1982

The FMFIA mandates that agencies establish controls that reasonably ensure that: (i) obligations and costs comply with applicable laws; (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 annual assurance statement on the adequacy of management controls and conformance of financial systems with Government wide standards.

Management Control Review Program
Annually, 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 2019 FMFIA Results
The Commission evaluated its management control systems for the fiscal year ending September 30, 2019. 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 2019 OMB Circular No. A-123, Appendix A

The Commission evaluated its internal controls over financial reporting for the fiscal period ending September 30, 2019. 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 of 1996

The FFMIA requires each agency to implement and maintain systems that comply substantially with: (i) FFMIA system requirements, (ii) applicable Federal accounting standards, and (iii) the USSGL at the transaction level. The FFMIA requires the Chairman to determine whether the agency's financial management systems comply with the FFMIA and to develop remediation plans for systems that do not comply.

FY 2019 FFMIA Results
As of September 30, 2019, the Commission evaluated its financial management system to determine if it complied with applicable Federal requirements and accounting standards required by FFMIA. 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 USSGL 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 FFMIA.

Prompt Payment Act

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, 2019, the Commission made 99 percent of its payments, that were subject to the Prompt Payment Act, on-time. The Commission incurred $377.95 in interest penalties in FY 2019 and $16.52 in FY 2018. The agency made 100 percent of its vendor payments electronically in FY 2019.

Debt Collection Improvement Act of 1996

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, 2019, delinquent debt was approximately $0.11 million, which is approximately two-hundredths 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 120 days is referred to the U.S. Treasury for collection.

POSSIBLE FUTURE EFFECTS OF EXISTING EVENTS AND CONDITIONS

Certain licensees have filed appeals against their hydropower administrative annual charges to seek a partial or 100% municipal exemption. The combined liability of these appeals total $1.2 million and $1.2 million as of September 30, 2019 and 2018, respectively, and is included in the balance sheet as revenue collected under protest. The FY 2019 liability is fully funded and therefore poses no adverse or material future effect on the Commission's financial position.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared to report the financial position and results of operations of the Commission, 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.

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 2019 and 2018. 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 No. A-136, Financial Reporting Requirements.

During FY 2019, the Commission continued to focus on its statutory responsibilities. Through strict adherence to its primary mission, the Commission assisted consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In fulfilling this mission, the Commission continued to establish policies and processes designed to ensure that rates, terms, and conditions for wholesale sales and transmission of electric energy and natural gas are just, reasonable, and not unduly discriminatory or preferential. Additionally, the agency took action to continually promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest.

My organization continued to focus on core responsibilities that supported mission accomplishment through organizational excellence. In this regard, we maintained a robust internal control environment which facilitated compliance with an extensive regulatory framework. We continued to implement innovative processes that allowed us to effectively manage Commission resources while providing quality services that met our customers' needs. Moreover, we have built and maintained a highly-skilled workforce that successfully executed operational and policy requirements. This strategic approach to managing our acquisition and financial functions has aligned my organization's efforts with the broader mission of the agency. This Agency Financial Report further demonstrates this vital alignment of resources to agency mission.

Additionally, I would like to offer the following major achievements to demonstrate the effectiveness and efficiency of the Commission's acquisition and financial functions.

- The Commission obtained an unmodified opinion on its financial statements for the 26th consecutive year. In addition, it strengthened its internal control program by continuing on-going self-assessment efforts as required by OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. This assessment resulted in the Commission's assertion that it has reasonable assurance that its internal controls over financial reporting were operating effectively during FY 2019.

- The Commission collected $378.9 million in offsetting receipts during the fiscal year, which was more than $9.0 million in excess of its statutory collections requirements. In FY 2019, the Financial Management staff issued 100 percent of the related regulatory assessments electronically to jurisdictional entities.

- The Commission successfully implemented an updated Annual Charges assessment system that replaced the Commission's previous antiquated annual charges system. We successfully accessed industry annual charges using the new system.

- The Commission awarded 28.8% of its contract actions to small businesses, which exceeded our small business target for FY 2019.

- The Commission awarded over 99 percent of its contract actions without successful protests.

- The Commission paid 99 percent of its invoices on time according to the Prompt Payment Act with an error rate of less than 1 percent.

Our keen focus on program performance and significant financial accomplishments demonstrate the high regard we have for accountability and public disclosure. This report demonstrates a lasting commitment to fulfill our fiduciary responsibilities to Commission stakeholders. In striving to be a partner within the Commission by providing high quality services and products through financial stewardship, innovative solutions, and customer engagement, I am proud of the role my organization has played in furthering the cause of the mission of the Commission and protecting the interests of the American public.

W. Doug Foster, Jr.
Chief Financial Officer
Federal Energy Regulatory Commission
November 2019

INDEPENDENT AUDITORS' REPORT

KPMG

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Federal Energy Regulatory Commission (the Commission), which comprise the balance sheets as of September 30, 2019 and 2018 and the related statements of net cost, changes in net position, custodial activity, and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019 and 2018, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the basic financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Letter from Chairman Chatterjee, Strategic Plan Summary, Message from the Chief Financial Officer, Other Information – (including the Improper Payments Information Act (IPIA) Reporting, Fraud Reduction Report, and Civil Monetary Penalty Adjustment for Inflation), Appendix A: Statutory Authority, and Appendix B: Acronym Listing of the Agency Financial Report are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2019, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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 material weakness is a deficiency, or a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements as of and for the year ended September 30, 2019 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 6, 2019

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FEDERAL ENERGY REGULATORY COMMISSION
Balance Sheets
As of September 30, 2019 and 2018
(in dollars)

		2019		2018
Assets (note 3):				
Intragovernmental:				
Fund balance with Treasury (note 4)	$	156,325,330	$	145,165,827
Accounts receivable (note 5)		60,887		39,817
Other assets (note 3)		675,849		-
Total intragovernmental		157,062,066		145,205,644
Accounts receivable, net (note 5)		1,715,708		1,997,755
Property and equipment, net (note 6)		11,978,980		10,601,297
Total assets	$	170,756,754	$	157,804,696
Liabilities:				
Intragovernmental:				
Accounts payable	$	1,154,952	$	4,143,360
Other (note 7):				
Accrued payroll and benefits		2,115,487		1,893,004
Resources transferable to Treasury and other Federal entities		1,496,790		1,924,792
Workers' compensation payable (note 9)		657,188		734,851
Total intragovernmental		5,424,417		8,696,007
Accounts payable		19,133,629		16,745,030
Other (note 7):				
Accrued payroll and benefits		8,688,338		7,636,613
Collections due to states (note 13)		270,934		305,503
Commitments and contingencies (note 11)		-		80,000
Revenue collected under protest (note 11)		1,177,303		1,177,303
Refunds and other amounts due		233,837		7,382,169
Accrued leave (note 9)		15,265,963		14,775,628
FECA actuarial liability (note 9)		2,799,383		3,555,026
Other liabilities with related budgetary obligations		4,160,271		2,699,017
Capital Lease Liability (note 8)		662,028		1,324,057
Other		-		40,000
Total liabilities	$	57,816,103	$	64,416,353

continued on next page

FEDERAL ENERGY REGULATORY COMMISSION
Balance Sheets, continued
As of September 30, 2019 and 2018
(in dollars)

	2019	2018
Net Position:		
Unexpended appropriations - other funds	$ -	$ -
Cumulative results of operations - other funds	112,940,651	93,388,343
Total net position	112,940,651	93,388,343
Total liabilities and net position	$ 170,756,754	$ 157,804,696

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Net Cost
For the Years Ended September 30, 2019 and 2018
(in dollars)

		2019		2018
Program costs:				
Regulation:				
Ensure Just and Reasonable Rates, Terms, and Conditions (note 14):				
Gross costs	$	170,619,091	$	166,313,529
Less: earned revenue		170,619,091		166,313,529
Net program costs	$	-	$	-
Promote Safe, Reliable, and Secure Infrastructure (note 14):				
Gross costs	$	127,559,891	$	124,250,034
Less: earned revenue		127,559,891		124,250,034
Net program costs	$	-	$	-
Mission Support Through Organizational Excellence (note 14):				
Gross costs	$	75,111,803	$	68,552,670
Less: earned revenue		75,111,803		68,552,670
Net program costs	$	-	$	-
Total (note 14):				
Gross costs	$	373,290,785	$	359,116,233
Less: earned revenue		373,290,785		359,116,233
Net Cost of Operations	$	-	$	-

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, 2019 and 2018
(in dollars)

		2019		2018
Unexpended Appropriations:				
Beginning balances	$	-	$	-
Budgetary Financing Sources:				
Appropriations received		369,900,000		367,600,000
Appropriations used		(286,899,196)		(265,195,395)
Other Adjustments - Appropriations Returned to Treasury		(83,000,804)		(102,404,605)
Total Budgetary Financing Sources		-		-
Total Unexpended Appropriations	$	-	$	-
Cumulative Results of Operations:				
Beginning balances	$	93,388,343	$	73,225,803
Budgetary Financing Sources:				
Appropriations used		286,899,196		265,195,395
Other Financing Sources (Non-Exchange):				
Transfers – out to Treasury without reimbursement		(282,831,749)		(259,725,007)
Imputed financing from costs absorbed by others (note 10)		15,484,861		14,692,152
Total Financing Sources		19,552,308		20,162,540
Net Cost of Operations		-		-
Net Change		19,552,308		20,162,540
Cumulative Results of Operations	$	112,940,651	$	93,388,343
Net Position	$	112,940,651	$	93,388,343

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Budgetary Resources
For the Years Ended September 30, 2019 and 2018
(in dollars)

		2019		2018
Budgetary Resources:				
Unobligated balance from prior year budget authority, net		41,971,038		35,915,738
Appropriations		4,404,469		4,622,618
Spending authority from offsetting collections		370,210,324		367,768,250
Total Budgetary Resources	$	416,585,831	$	408,306,606
Status of Budgetary Resources:				
New obligations and upward adjustments (note 15)	$	376,572,951	$	372,890,645
Unobligated balances, end of year:				
Apportioned, unexpired accounts		36,673,382		35,311,117
Unapportioned, unexpired accounts		3,339,498		104,844
Unobligated balance, end of year (total)		40,012,880		35,415,961
Total budgetary resources	$	416,585,831	$	408,306,606
Budget Authority and Outlays, Net:				
Outlays, net		(6,724,138)		(22,014,945)
Less: Distributed offsetting receipts		(16,750,966)		(93,659,326)
Agency outlays, net	$	(23,475,104)	$	(115,674,271)

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Custodial Activity
For the Years Ended September 30, 2019 and 2018
(in dollars)

	2019	2018
Revenue Activity:		
Sources of Cash Collections:		
Annual Charges	$ 44,455,283	$ 37,076,004
Other	7,650,000	108,569,230
Total Cash Collections	52,105,283	145,645,234
Accrual adjustments	(282,239)	(95,525,699)
Total Custodial Revenue (note 12)	51,823,044	50,119,535
Disposition of Collections:		
Transferred to others:		
United States Treasury	(20,672,650)	(99,005,011)
United States Army – Corps of Engineers	(18,266,291)	(10,018,263)
Department of Interior	(8,795,894)	(9,206,067)
Various states	(4,369,899)	(4,628,838)
Decrease (increase) in amounts yet to be transferred	281,690	72,738,644
Total Disposition of Collections	(51,823,044)	(50,119,535)
Net Custodial Activity	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

(1) Description of Reporting Entity

The Federal Energy Regulatory Commission (the Commission or FERC) 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 Organization Act on October 1, 1977. The Commission's predecessor, the Federal Power Commission (FPC), established in 1920, was abolished, and the Commission inherited most of FPC's regulatory mission.

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, the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978, the Interstate Commerce Act, the Public Utility Regulatory Policies Act of 1978, and the Energy Policy Act of 2005.

On October 1, 2018, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through FY 2022. As part of the update process, the Commission reviewed and updated its strategic objectives to align its core functions and authorities with the intended outcome. Further, the Commission added a third goal to capture management initiatives and responsibilities related to public trust, transparency and communication. The Commission reviewed its resource alignment and made changes where appropriate.

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

Ensure Just and Reasonable Rates, Terms and Conditions

One of the Commission's fundamental statutory responsibilities is to ensure that rates, terms and conditions for wholesale sales and transmission of electric energy and natural gas are just and reasonable and not unduly discriminatory or preferential. The Commission uses a combination of regulatory and market means to achieve this goal, including: reviewing and analyzing tariffs and other filings; establishing rules and policy that will result in appropriate rates; and employing competitive forces through markets. Oversight of the energy markets and enforcement of the associated laws, rules and regulations are essential complements to the regulatory and market means. The Commission uses a balanced approach in its oversight and enforcement efforts, including: conducting surveillance and analysis of market trends and data; educating affected entities about market rules and other regulations; promoting internal compliance programs; employing robust audit and investigation programs; and, where appropriate, exercising the Commission's civil penalty authority as a deterrent to violations.

Promote Safe, Reliable, and Secure Infrastructure

The Commission plays an important role in the development of a strong energy infrastructure that operates efficiently, safely and reliably. The Commission authorizes the construction and operation of interstate natural gas pipelines and storage projects, liquefied natural gas (LNG) facilities, and non-federal hydropower projects. Other Commission responsibilities include ensuring the safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle; overseeing the development and review of, as well as compliance with, mandatory reliability and security standards for the bulk power system; and collaborating with regulated entities and other federal and state governmental agencies to identify and seek solutions to cyber and physical threats to FERC-jurisdictional infrastructure.

Mission Support Through Organizational Excellence

The public interest is best served when the Commission operates in an efficient, responsive and transparent manner. The Commission achieves this operational state by maintaining processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices.

Cost Recovery

As described below, the Commission recovers 100 percent of its annual budget authority from offsetting collections through annual charges and filing fees which are authorized by the Omnibus Budget Reconciliation Act of 1986 and other laws.

Annual Charges

The Commission recovers 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 charges are summarized as follows:

Hydropower

Authority – Section 10(e) of the 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.

(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 OMB Circular 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 allotments from DOE appropriation (89X5105). Both of the Commission's appropriations relate to budget functional classification code 276, Energy Information Policy and Regulation, and appropriation (89X5105) relates to budget functional classification code 806, 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 budget authority that provides the Commission with authority to use funds from the Treasury to meet its operating and capital expenditure requirements. The budget authority is not restricted to use in a specific fiscal year. All revenue from annual charges and filing fees in excess of its budget authority is remitted to the Treasury by the end of the fiscal year.

(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 is granted budget authority from offsetting collections. The Commission receives an appropriated amount from the Treasury general fund at the beginning of the fiscal year, which is used for its operating and capital expenditures. Throughout the year, the Commission collects monies through annual charges and filing fees and returns the appropriated amount to the Treasury general fund at year-end. The offsetting collections serve as the financing source for any unexpended budget authority.

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.

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 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 and equipment purchases (other than furniture and software) with a cost greater than $100,000 and a total useful life exceeding two years. The Commission capitalizes individual furniture purchases with a cost greater than $50,000 and bulk furniture purchases related to the acquisition of newly leased space or total renovation of existing Commission space with a cost greater than $250,000. The Commission also capitalizes commercially purchased or internally developed software with a cost greater than $500,000 and leasehold improvements over $250,000 that are related to initial move-ins, build-outs of newly leased space, and/or a complete renovation of already leased space. Depreciation is calculated based on an estimated useful life of the shorter of 20 years or the life of the lease 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 and liabilities not requiring 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 U.S. 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.

(j) Collections Due to States

The Commission disburses 37.5% 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 non-vested leave are charged to expense as the leave is used.

(m) Civil Penalties and 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 an accounts receivable and liability for both civil penalties and unjust disgorged funds at the time the fine/penalty is imposed by a Commission Order. Pursuant to federal regulations imposed civil penalties are required to be paid to the U.S. Treasury and unjust disgorged profits are required to be paid to the impacted entities and/or the U.S. Treasury in accordance to the agreed upon stipulations and consents. The Commission records disgorged funds as a liability until they are disbursed to appropriate entities.

(n) Net Position Accounts

Cumulative results of operations – Represents the Commission's net results of operations since inception, including (1) the amount in the fund balance with Treasury from spending authority from offsetting collections less outstanding payables, (2) the cost of property and equipment acquired that has been financed by prior-year appropriations or financing sources, 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.

(q) Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

(3) Non-Entity Assets

Non-entity assets at September 30, 2019 and 2018 consisted of:

	2019		2018
Intragovernmental:			
Fund balance with Treasury:			
Collections due to states	4,675,403	$	305,503
Revenue collected under protest	1,177,303		1,177,303
Miscellaneous receipts held in suspense	178,176		112,710
Total non-entity intragovernmental assets	6,030,882		1,595,516
Total non-entity accounts receivable, net (note 5)	1,439,711		1,697,305
Total entity assets	163,286,161		154,511,875
Total assets	170,756,754	$	157,804,696

(4) Fund Balance with Treasury

Fund balance with Treasury at September 30, 2019 and 2018 consisted of:

		2019		2018
Status of Fund Balance with Treasury:				
Unobligated balance:				
Available	$	36,673,382	$	35,311,117
Unavailable		18,662,706		15,428,052
Obligated balance not yet disbursed		99,362,830		92,831,142
Non-budgetary FBWT		1,626,412		1,595,516
Total	$	156,325,330	$	145,165,827

(5) Accounts Receivable, net

Entity and non-entity accounts receivable at September 30, 2019 and 2018 consisted of:

		2019		
		Annual Charges	Other	Total
Entity				
Uncollected billings	$	77,461	49,367	126,828
Unbilled receivables		181,879	-	181,879
Uncollected intragovernmental billings		-	60,887	60,887
Allowance for doubtful accounts		(20,382)	(12,328)	(32,710)
Total entity accounts receivable, net		238,958	97,926	336,884
Non-entity				
Uncollected billings		28,121	107,610,900	107,639,021
Allowance for doubtful accounts		(11,118)	(106,188,192)	(106,199,310)
Total non-entity accounts receivable, net (note 3)		17,003	1,422,708	1,439,711
Total accounts receivable, net and unbilled receivable	$	255,961	1,520,634	1,776,595

		2018		
		Annual Charges	Other	Total
Entity				
Uncollected billings	$	233,350	72,963	306,313
Unbilled receivables		-	-	-
Uncollected intragovernmental billings		-	39,817	39,817
Allowance for doubtful accounts		(5,863)	-	(5,863)
Total entity accounts receivable, net		227,487	112,780	340,267
Non-entity				
Uncollected billings		17,418	105,446,580	105,463,998
Allowance for doubtful accounts		-	(103,766,693)	(103,766,693)
Total non-entity accounts receivable, net		17,418	1,679,887	1,697,305

Total accounts receivable, net and unbilled receivable	$ 244,905	$ 1,792,667	$ 2,037,572

As of September 30, 2019, there were six civil penalty cases, totaling $99.2 million, that elected to have the district court procedures of section 31(d)(3)(a) of the FPA apply. Under these proceedings, the district court of the United States may rule to find these defendants not liable for the imposed civil penalty in whole or part. Until final determination of the district courts, the Commission is not allowed under the FPA to collect any imposed civil penalties. Because of the uncertainties of the outcome in the final determination of the district courts, the Commission has included the related civil penalties in the Allowance for Doubtful Accounts. In addition to the six civil penalty cases in district court proceedings, as of September 30, 2019 there was one civil penalty case totaling $5.0 million being litigated through a bankruptcy court proceeding and is deemed as uncollectible until a final determination on the amount subject to be collected is settled. As a result of the bankruptcy court proceeding, the Commission has included the aforementioned civil penalty in the Allowance for Doubtful Accounts.

(6) Property and Equipment, net

Property and equipment and related accumulated depreciation at September 30, 2019 and 2018 consisted of:

	2019		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 9,976,089	$ 7,728,856	$ 2,247,233
Furniture	11,500,547	11,189,278	311,269
Leasehold improvements	12,231,517	12,040,332	191,185
ADP software	25,454,040	25,454,040	-
Construction in process	4,318,194	-	4,318,194
Internal software in development	2,822,058	-	2,822,058
Capital leases	4,774,951	2,685,910	2,089,041
Total property and equipment, net	$ 71,077,396	$ 59,098,416	$ 11,978,980

	2018		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 9,343,416	$ 7,157,583	$ 2,185,833
Furniture	11,500,547	10,946,933	553,614
Leasehold improvements	12,231,517	11,501,429	730,088
ADP software	25,454,040	25,345,304	108,736
Construction in process	1,961,539	-	1,961,539
Internal software in development	1,181,839	-	1,181,839
Capital leases	4,774,951	895,303	3,879,648
Total property and equipment, net	$ 66,447,849	$ 55,846,552	$ 10,601,297

As of September 30, 2019, the Commission has one year remaining on a five year Capital Lease and has recorded the equipment received and related installation costs totaling $4.8 million in Property and Equipment.

(7) Other Liabilities

Other liabilities at September 30, 2019 and 2018 consisted of:

	2019		
	Current	**Non-Current**	**Total**
Intragovernmental			
Accrued payroll and benefits	$ 2,115,487	-	2,115,487
Resources transferable to Treasury and other Federal entities	1,496,790	-	1,496,790
Workers' compensation payable (note 9)	586,909	70,279	657,188
Total other intragovernmental liabilities	4,199,186	70,279	4,269,465
Accrued payroll and benefits	8,688,338	-	8,688,338
Collections due to states (note 9)	270,934	-	270,934
Commitments and Contingent Liability	-	-	-
Revenue collected under protest	1,177,303	-	1,177,303
Refunds and other amounts due	233,837	-	233,837
Accrued leave (note 9)	15,265,963	-	15,265,963
FECA actuarial liability (note 9)	-	2,799,383	2,799,383
Other liabilities with related budgetary obligations	4,160,271	-	4,160,271
Capital lease liability	662,028	-	662,028
Other	-	-	-
Total other liabilities	$ 34,657,860	2,869,662	37,527,522

	2018		
	Current	Non-Current	Total
Intragovernmental			
Accrued payroll and benefits	$ 1,893,004	$ -	$ 1,893,004
Resources transferable to Treasury and other Federal entities	1,924,792	-	1,924,792
Workers' compensation payable (note 9)	657,502	77,349	734,851
Total other intragovernmental liabilities	4,475,298	77,349	4,552,647
Accrued payroll and benefits	7,636,613	-	7,636,613
Collections due to states (note 9)	305,503	-	305,503
Commitments and Contingent Liability	80,000	-	80,000
Revenue collected under protest	1,177,303	-	1,177,303
Refunds and other amounts due	7,382,169	-	7,382,169
Accrued leave (note 9)	14,775,628	-	14,775,628
FECA Actuarial Liability (note 9)	-	3,555,026	3,555,026
Other liabilities with related budgetary obligations	2,699,017	-	2,699,017
Capital lease liability	662,028	662,029	1,324,057
Other	40,000	-	40,000
Total other liabilities	$ 39,233,559	$ 4,294,404	$ 43,527,963

Resources transferable to Treasury and other Federal entities represent future collections on accounts receivable that will be forwarded to Treasury upon receipt.

Revenue collected under protest represents monies that, once the protest is resolved, may either be recognized as revenue by the Commission or returned to the protesting entity.

Refunds and other amounts due represent monies that ultimately will be returned to entities due to billings exceeding costs and interim reporting of deferred revenues.

(8) Leases

Capital Leases:

As of September 30, 2019, the Commission has a future minimum Capital Lease Liability for $662,028 related to leased equipment over a five year period, and has placed the equipment into service. This amount is included in Other Liabilities (note 7). The lease agreement includes four option years and at the end of the lease the equipment becomes the Commission's asset. For future lease payments, the Commission calculates the capital lease liability based on the total lease payments and subtracts the maintenance costs associated with the leased equipment to arrive at the net capital lease liability. The interest rate implicit in the lease is 0%. Therefore, the discount rate is 0% and there is no impact to the capital lease liability. The equipment will be depreciated over the length of the lease using the straight line method once it is placed into service.

		2019		2018
Summary of Assets Under Capital Lease:				
Acquisition Cost	$	4,774,951	$	4,774,951
Less: Accumulated Amortization	$	(2,685,910)	$	(895,303)
Capital Lease Asset	$	2,089,041	$	3,879,648

Capital Leases – Future Payments

Fiscal Year		Equipment
FY 2020		987,122
Total future minimum lease payments		987,122
Less: Executory costs		325,094
Net capital lease liability (not covered by budgetary resources)		662,028
Total liability	$	662,028

Operating 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 executes an occupancy agreement with GSA, which normally includes a requirement to give 30-120 days' notice to vacate. Expenses incurred for building leases amounted to $31.9 million and $31.4 million for the periods ended September 30, 2019 and 2018, respectively.

The table below identifies minimum lease amounts, net of executory costs, that the Commission may be liable for in the future based on current agreements or current negotiations to renew existing lease agreements. The Commission also anticipates renewing expiring leases that are not currently in negotiations, for similar terms and conditions upon the expiration of those current agreements.

Real Property Operating Leases – Future Payments

Fiscal Year		GSA		Non-GSA		Total
FY 2020		20,614,830		-		20,614,830
FY 2021		20,089,711		-		20,089,711
FY 2022		19,139,088		-		19,139,088
FY 2023		18,722,428		-		18,722,428
FY 2024		18,502,738		-		18,502,738
Beyond FY 2024		19,432,402		-		19,432,402
Total future minimum lease payments	$	116,501,197	$	-	$	116,501,197

(9) Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources at September 30, 2019 and 2018 consisted of:

		2019		2018
Intragovernmental				
Workers' compensation payable (note 7)	$	657,188	$	734,851
Total intragovernmental		657,188		734,851
Accrued leave (note 7)		15,265,963		14,775,628
FECA Actuarial Liability (note 7)		2,799,383		3,555,026
Collections Due to States (note 7)		270,934		305,503
Commitments and Contingent Liability		-		80,000
- Capital Lease Liability (note 7)		662,028		1,364,057
Total liabilities not covered by budgetary resources	$	19,655,496	$	20,815,065
Total liabilities covered by budgetary resources	$	35,252,678	$	33,117,024
Total liabilities not requiring budgetary resources		2,907,929		10,484,264
Total liabilities	$	57,816,103	$	64,416,353

The Other liabilities without budgetary resources is comprised of a $0.7 million capital lease liability. Additionally the Total liabilities not requiring budgetary resources is comprised of $2.8 million of liabilities in FERCs receipt accounts.

(10) Employee Benefits

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 hired before January 1, 2013, the Commission makes a contribution of 13.7% of basic pay. For employees participating in the FERS-Revised Annuity Employees (RAE) program hired after January 1, 2013, the Commission makes a contribution of 11.9% of basic pay. For employees participating in the FERS-Further Revised Annuity Employees (FRAE) program hired after December 31, 2013, the Commission makes a contribution of 11.9% of base 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. Public Law 112-96, Section 5001 of the "Middle Class Tax Relief and Job Creation Act of 2013," makes a significant change to the FERS program. Beginning January 1, 2013, new employees under FERS-RAE contribute 3.1% of their basic pay compared to 0.8% contributed by employees hired prior to January 1, 2013. Furthermore, new employees hired after December 31, 2013 under FERS-FRAE contribute 4.4% of their basic pay compared to the contribution rates of FERS and FERS-RAE employees.

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. For the periods ended September 2019 and 2018 both plans cost approximately $23.3 million and $22.5 million, respectively. The total imputed costs for pension, life and health insurance recognized by the Commission for FY 2019 and FY 2018 are $15.5 million and $14.7 million, respectively and will ultimately be funded through the Office of Personnel Management.

(11) Commitments and Contingencies

Certain licensees have filed appeals against their hydropower administrative annual charges to seek a partial or 100% municipal exemption. The combined liability of these appeals total $1.2 million and $1.2 million as of September 30, 2019 and 2018, respectively, and is included in the balance sheet as revenue collected under protest. The FY 2019 liability is fully funded and therefore poses no adverse or material future effect on the Commission's financial position.

In addition, the Commission has two legal cases where the probability of success for the claimants is reasonably possible. The amount of monetary relief in the two District Court Matters cases could total $100,000 as of September 30, 2019.

(12) Custodial Activity

The Commission currently bills regulated companies annual charges as a custodian for certain Federal agencies. These agencies include the U.S. Army Corps of Engineers, the Department of Interior, 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 FY 2019 and FY 2018, these custodial collections totaled approximately $52.1 million and $145.6 million, respectively.

(13) Funds from Dedicated Collections

In accordance with the Federal Accounting Standards Advisory Board's Statement on Federal Financial Accounting Standards (SFFAS) No. 27 *Identifying and Reporting Earmarked Funds* and as amended by SFFAS No. 43 *Funds from Dedicated Collections: Amendment Statement of Federal Financial Accounting Standards 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 funds from dedicated collections. In addition, the Commission must disclose the fund for which it has program management responsibility. The Commission's Collections Due to States fund meets the criteria for funds from dedicated collections, however, these funds are custodial in nature and therefore do not impact the Balance Sheet's net position or the Statement of Changes in Net Position. The balances as of September 30, 2019 and 2018 were $0.3 million and $0.3 million, respectively.

Funds 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 C.F.R. 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."

(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 for the years ended September 30, 2019 and 2018 consisted of:

	2019	2018
Ensure Just and Reasonable Rates, Terms, and Conditions		
Intragovernmental costs	$ 38,249,684	$ 39,655,475
Public costs	132,369,407	126,658,054
Total Just and Reasonable Rates, Terms, and Conditions costs	170,619,091	166,313,529
Intragovernmental earned revenue	46,330	68,584
Public earned revenue	170,572,761	166,244,945
Total Just and Reasonable Rates, Terms, and Conditions earned revenues	170,619,091	166,313,529
Promote Safe, Reliable, and Secure Infrastructure		
Intragovernmental costs	28,596,597	29,625,937
Public costs	98,963,294	94,624,097
Total Infrastructure costs	127,559,891	124,250,034
Intragovernmental earned revenue	34,638	51,238
Public earned revenue	127,525,253	124,198,796
Total Infrastructure earned revenues	127,559,891	124,250,034
Mission Support Through Organizational Support		
Intragovernmental costs	16,838,694	16,345,566
Public costs	58,273,109	52,207,104
Total Infrastructure costs	75,111,803	68,552,670
Intragovernmental earned revenue	20,396	28,269
Public earned revenue	75,091,407	68,524,401
Total Infrastructure earned revenues	75,111,803	68,552,670
Costs		
Intragovernmental costs	83,684,975	85,626,978
Public costs	289,605,810	273,489,255
Total costs	$ 373,290,785	$ 359,116,233
Revenue		
Earned intragovernmental revenue	101,364	148,091
Earned public revenue	373,189,421	358,968,142
Total earned revenue	$ 373,290,785	$ 359,116,233

(15) Apportionment Categories of Obligations Incurred

Apportionment categories of obligations incurred for the years ended as of September 30, 2019 and 2018 consisted of:

		2019		2018
Category A:				
Direct	$	376,291,602	$	372,783,050
Reimbursable		281,349		107,595
Total obligations incurred	$	376,572,951	$	372,890,645

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, 2018. 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, 2019 is not presented because the submission of the FY 2021 budget occurs after publication of these financial statements. The Commission's Budget Appendix can be found under the DOE on the OMB website and will be available in early February 2020.

(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's budgetary resources reported as undelivered orders as of September 30, 2019 and 2018 were $65.3 million and $59.9 million, respectively, of which $64.6 million are in an unpaid status and $0.7 million are in a paid status. The undelivered orders reported as of September 30, 2019 consisted of $25.6 million Federal and $39.7 million Non-Federal amounts.

(18) Reconciliation of Net Cost to Outlays – For the period ended September 30, 2019

The Budget and Accrual Reconciliation reconciles budgetary and financial accounting information by reconciling net cost of operations to net outlays. The BAR explains the relationship between the Commission's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

		2019		
		Intra-governmental	With the public	Total FY 2019
Net Cost				
Components of Net Cost That Are Not Part of Net Outlays:	$	99,068,472	(99,068,472)	-
Change in Property, plant, and equipment depreciation		-	(3,251,864)	(3,251,864)
Other		-	3,830,322	3,830,322
Increase/(decrease) in assets:				
Accounts receivable		21,070	(282,047)	(260,977)
Other assets		675,848	-	675,848
(Increase)/decrease in liabilities:				
Accounts payable		3,073,591	(3,935,037)	(861,446)
Salaries and benefits		(222,483)	(1,051,725)	(1,274,208)
Pension and PRB		-	755,643	755,643
Other liabilities		811,168	6,507,065	7,318,233
Other financing sources:				
Federal employee retirement benefit costs paid by OPM and imputed to the agency		(15,484,861)	-	(15,484,861)
Transfers out (in) without reimbursement		(145,763)	-	(145,763)
Other imputed financing		(3,921,684)	4,404,469	482,785
Total Components of Net Cost That Are Not Part of Net Outlays:		(15,193,114)	6,976,826	(8,216,288)
Components of Net Cost That Are Not Part of Net Cost:				
Acquisition of capital assets		(85,184)	1,546,437	1,461,253
Acquisition of other assets		30,897	-	30,897
Other		(54,287)	1,546,437	1,492,150
Total Components of Net Cost That Are Not Part of Net Cost:				
Other Temporary Timing Differences:		-	-	-
Net Outlays - Calculation		83,821,071	(90,545,209)	(6,724,138)
Related amounts on the Statement of Budgetary Resources:				
Outlays, net (SBR 4210)		-	(6,724,138)	(6,724,138)
Distributed offsetting receipts		(16,750,966)	-	(16,750,966)
Agency Outlays, net		(16,750,966)	(6,724,138)	(23,475,104)

Other Information

(Unaudited)

Improper Payments Information Act (IPIA) Reporting (Unaudited)

The Commission has performed a review of its payments through September 30, 2019 and it has processed 99.5 percent of its payments without error. The Commission found only 44 erroneous payments out of 8,819 total payments. The value of those erroneous payments totaled $516,171 out of total payments of $82,005,365 for FY 2019.

Fraud Reduction Report (Unaudited)

In response to the Fraud Reduction and Data Analytics Act of 2015 (FRDAA) and OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, FERC continues to assess fraud risks and the effectiveness of control activities in order to prevent, detect, and respond to fraud. Specifically, for FY 2019, the Commission has completed the following actions to evaluate and address fraud risk.

FERC assessed fraud risk as part of its annual FMFIA assessment in accordance with the "GAO Standards for Internal Control in the Federal Government." During this assessment, management concluded that control activities addressing the fraud risk principle were designed, implemented, and operating effectively in FY 2019. FERC continues to assess fraud risk as low.

In FY 2019, FERC conducted a review of financial transactions covering FYs 2017 and 2018 to assess improper payments. The review confirmed FERC's reporting of improper payments and concluded there were no improper payments. As part of this internal review, FERC also concluded that adequate controls are in place to prevent and detect fraud related to vendor payments.

In FY 2019, FERC also assessed fraud risk and the related control activities over administrative leave reporting. The review concluded that controls over administrative leave reporting are operating effectively and no significant recommendations were made.

Additionally, FERC requires that all employees complete annual training for ethics, IT security, sensitive document handling and how to identify personally identifiable information. As FERC continues to implement and mature its Enterprise Risk Management program, fraud risk will be fully integrated with FERC's risk profile. FERC will continue to enhance fraud risk assessments and identify strategies and other procedures to deter and detect fraud.

Civil Monetary Penalty Adjustment for Inflation (Unaudited)

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information section the most recent inflationary adjustments to civil monetary penalties to ensure penalty adjustments are both timely and accurate.

Penalty (Name of Penalty)	Authority (Statute)	Date of Previous Adjustment	Date of Current Adjustment	Current Penalty Level ($)
Violation of any provision of Part II of the FPA or related rule or order	16 U.S.C. § 825o-1(b), Sec. 316A of the Federal Power Act	Jan-18	Jan-19	$1,269,500 per violation, per day
Violation of or failure/refusal to comply with any rule or regulation issued under Part I of the FPA or any related order or term of a license, permit, or exemption	16 U.S.C. § 823b(c), Sec. 31(c) of the Federal Power Act	Jan-18	Jan-19	$22,927 per violation, per day
Violation of or willful failure to comply with any order of the Commission; file any report required under the FPA; or submit any information or document or respond to subpoena required by the Commission in the course of an investigation conducted under the FPA	16 U.S.C. § 825n(a), Sec. 315(a) of the Federal Power Act	Jan-18	Jan-19	$2,994 per violation
Violation of any provision of the NGA or any related rule, regulation, restriction, condition, or order	15 U.S.C. § 717t-1, Sec. 22 of the Natural Gas Act	Jan-18	Jan-19	$1,269,500 per violation, per day
Violation of any provision of the NGPA or any related rule or order	15 U.S.C. § 3414(b)(6)(A)(i), Sec. 504(b)(6)(A)(i) of the Natural Gas Policy Act of 1978	Jan-18	Jan-19	$1,269,500 per violation, per day
Violation of or failure/refusal to comply with regulations or orders concerning posting and filing rate schedules issued by the Commission under section 6 of the ICA	49 App. U.S.C. § 6(10) (1988), Sec. 6(10) of the Interstate Commerce Act	Jan-18	Jan-19	$1,329 per offense and $67 per day after the first day
Violation of or failure to comply orders issued by the Commission under sections 3, 13, or 15 of the ICA	49 App. U.S.C. § 16(8) (1988), Sec. 16(8) of the Interstate Commerce Act	Jan-18	Jan-19	$13,291 per violation, per day
Violation of or failure to comply with Commission's requirements to provide information in connection with the Commission's valuation of a pipeline carrier's property under section 19(a) of the ICA	49 App. U.S.C. § 19a(k) (1988), Sec. 19a(k) of the Interstate Commerce Act	Jan-18	Jan-19	$1,329 per offense, per day
Violation of or failure to keep or submit certain accounts, records, or memoranda required by the Commission under authority granted in section 20 of the ICA	49 App. U.S.C. § 20(7)(a) (1988), Sec. 20(7)(a) of the Interstate Commerce Act	Jan-18	Jan-19	$1,329 per offense, per day

Appendix A: Statutory Authority

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

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)
Energy Policy Act of 1992
Energy Policy Act of 2005
Federal Power Act
Hydropower Regulatory Efficiency Act of 2013
Information Technology Management Reform Act of 1996 (ITMRA/Clinger-Cohen Act)
Power Plant & Industrial Fuel Use Act
Public Utility Holding Company Act of 2005 (PUHCA)
Public Utility Regulatory Policies Act of 1978 (PURPA)
Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)

Natural Gas Statutes

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

Oil Statutes

Interstate Commerce Act
Oil Pipeline Regulatory Reform

Environmental and Other Statutes

Clean Air Act
Clean Water Act
Coastal Zone Management Act
Endangered Species Act
Federal Deepwater Ports Act of 1974 (DWPA)
Fish and Wildlife Coordination Act
National Environmental Policy Act (NEPA)
National Historic Preservation Act
Rivers and Harbors Act
Wild and Scenic Rivers Act

Appendix B: Acronym Listing

Acronym	Full Description
AFR	Agency Financial Report
APR	Annual Performance Report
CSRS	Civil Service Retirement System
C.F.R.	Code of Federal Regulations
CIP	Critical Infrastructure Protection
DOE	Department of Energy
DOL	Department of Labor
ECPA	Electric Consumers Protection Act
EISA	Energy Independence and Security Act of 2007
ERO	Electric Reliability Organization
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees Compensation Act
FERS	Federal Employees' Retirement System
FERC	Federal Energy Regulatory Commission
FFMIA	Federal Financial Management Improvement Act of 1996
FMFIA	Federal Managers' Financial Integrity Act
FPA	Federal Power Act
FPC	Federal Power Commission
FY	Fiscal Year
FTE	Full Time Equivalent
FRAE	Further Revised Annuity Employees
GSA	General Services Administration
GPRA	Government Performance and Results Act
IOAA	Independent Offices Appropriations Act of 1952
IPIA	Improper Payments Information Act
ISO	Independent System Operator
IT	Information Technology
ITMRA	Information Technology Management Reform Act of 1996
LNG	Liquefied Natural Gas
MISO	Midcontinent Independent System Operator
NAESB	North American Energies Standards Board
NEPA	National Environmental Policy Act
NGWDA	Natural Gas Wellhead Decontrol Act of 1989
OAL	Office of Administrative Litigation
OALJDR	Office of Administrative Law Judges and Dispute Resolution
OCSLA	Outer Continental Shelf Lands Act of 1978
OE	Office of Enforcement
OEA	Office of External Affairs

Acronym	Full Description
OED	Office of the Executive Director
OEIS	Office of Energy Infrastructure Security
OEMR	Office of Energy Market Regulation
OEP	Office of Energy Projects
OEPI	Office of Energy Policy and Innovation
OER	Office of Electric Reliability
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OSEC	Office of the Secretary
PJM	PJM Interconnection
PUHCA	Public Utility Holding Company Act of 2005
PURPA	Public Utility Regulatory Policies Act of 1978
RTO	Regional Transmission Organization
RAE	Revised Annuity Employees
RIDM	Risk-informed Decision Making
SPP	Southwest Power Pool
SBR	Statement of Budgetary Resources
SBREFA	Small Business Regulatory Enforcement Fairness Act of 1996
SFFAS	Statement on Federal Financial Accounting Standards
USSGL	United States Standard General Ledger