
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION FINALIZES PROCEDURES FOR CONTESTED AUDITS

The Federal Energy Regulatory Commission today finalized procedures to allow for enhanced due process for companies who disagree with the findings of staff operational audits. The new procedures will allow the subject of an operational audit to challenge an audit finding or proposed remedy before the Commission issues an order on the disputed matter in the audit. The new procedures do not apply to audits pertaining to reliability that the Commission authorized in Order No. 672 on February 2, 2006.

“The goal of this final rule is to assure fairness towards companies subject to staff operational audits, through which the Commission seeks to assure compliance with regulatory obligations,” said Commission Chairman Joseph T. Kelliher.

The Commission had traditionally conducted financial audits to determine compliance with its accounting regulations. The Commission’s regulations currently allow such audited companies an opportunity to challenge the staff’s financial audit findings before they are made public. In recent years, the Commission has begun conducting operational audits to assure compliance with the Commission’s Standards of Conduct and other requirements. Today’s final rule extends the same procedural opportunity to challenge staff findings in operational audits as is currently afforded in financial audits.

The final rule says that once the audit process is complete, if a company disputes any part of an audit, it may elect a shortened procedure with briefing of matters only or a trial-type procedure, in appropriate circumstances, to move forward with the challenged portions of the audit. This process will give companies additional procedural rights prior to the Commission making a decision on the merits of the audit.

The new regulations take effect 30 days from the date the final rule is published in the *Federal Register*.