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BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

- - - - -X  
IN THE MATTER OF:                   :  
OFA TECHNICAL CONFERENCE       :  
- - - - -X

Hearing Room 2  
888 First Street, N.E.  
Washington, D.C. 20426

Wednesday, April 14, 2010

The above-entitled matter came on for  
technical conference, pursuant to notice, at 2:06 p.m.

BEFORE:

- W. DOUG FOSTER, Director,
- Division of Financial Policy
- FANNIE KINGSBERRY, Supervisory Financial
- Specialist, Assessment Team
- RAVEN RODRIGUEZ-LEWIS, Staff Accountant,
- Assessment Team
- NORMAN RICHARDSON, Lead Systems Accountant,
- Assessment Team

1 ELIZABETH MOLLOY, Tribal Liaison,  
2 Office of General Counsel

3 PARTICIPANTS:

4 CHARLES F. SENSIBA, ESQ.

5 JEFFREY L. WINMILL, ESQ.

6 Van Ness Feldman, P.C.

7 1050 Thomas Jefferson Street, N.W.

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9

10 EMILY J. DUNCAN, ESQ.

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14

15 LYNELL GREEN

16 JONATHAN HOUSE

17 Department of Interior

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19

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1 P-R-O-C-E-E-D-I-N-G-S

2 (2:06 P.M.)

3 MR. FOSTER: Welcome everyone to the  
4 Commission's Sixth Annual Other Federal Agency Cost  
5 Submissions for Fiscal Year 2009.

6 Let me first start off by apologizing about  
7 the accommodations. We had another room scheduled,  
8 but because of some scheduling conflicts we kind of  
9 got bumped to this room.

10 I know it may not be as comfortable as rooms  
11 in the past, you may have difficulty seeing the  
12 slides, but if there is anything that we can do to  
13 kind of minimize the discomfort, please let us know  
14 and we will try to accommodate you as best as  
15 possible.

16 As I said, this is our sixth conference for  
17 OFA cost submissions. This is actually my second. I  
18 think it is safe to assume, at least from my part,  
19 that each year the conference seems to be getting  
20 better and better and at least seems to be invaluable  
21 and a very informative resource as it relates to OFA  
22 cost submissions.

23 My name is Doug Foster. I am the Accounting  
24 Officer here at FERC. My staff is directly  
25 responsible for the OFA cost submission process. What

1 I would like to do is briefly introduce my staff who  
2 are here, present, today and then kind of go around  
3 the room and have everyone briefly introduce  
4 themselves and who they are representing, if anyone.

5 Back here (indicating) is Fannie Kingsberry,  
6 she is the supervisor of the Assessment Team. To my  
7 left, we have Norman Richardson. He is the lead  
8 systems accountant on the Assessment Team.

9 To my immediate right is Ms. Raven  
10 Rodriguez-Lewis, who is the staff accountant here on  
11 the Assessment Team. She is the individual from FERC  
12 who works closely, very closely, with the OFAs in  
13 gathering information and responding to inquiries and  
14 forwarding inquiries to them. She has been a very  
15 valuable resource in this process, and I am very  
16 thankful to have her here with us today.

17 If we can just briefly go around the room,  
18 just a brief introduction, I will appreciate it.

19 MS. DUNCAN: Emily Duncan, Winston & Strawn.

20 MR. FOSTER: Okay.

21 MR. SENSIBA: Chuck Sensiba with Van Ness  
22 Feldman.

23 MR. FOSTER: Okay.

24 MR. WINMILL: Jeff Winmill with Van Ness  
25 Feldman.

1                   MR. FOSTER: Okay. Just entering the room  
2 is our consultant from the General Counsel,  
3 Ms. Elizabeth Molloy. She has been very helpful in  
4 providing guidance and advice on issues that have come  
5 up as it relates to the OFA process. I guess with  
6 that being said, we will move on.

7                   Basically, for those who have been here  
8 before, the agenda that we will be going through today  
9 is pretty much the same agenda that we have gone  
10 through in previous years.

11                   We will go through some background materials  
12 first, which we will briefly touch on the scope of the  
13 conference and some relevant guidance, federal  
14 guidance; then we will talk a little bit about FERC's  
15 review process; and then we will jump right into the  
16 nuts and the bolts of the conference, which is the OFA  
17 cost analysis. Of course, we will have time for  
18 questions and comments.

19                   Keep in mind, we will go through the slides  
20 on an individual basis. But if you have any questions  
21 as it relates the cost submissions, feel free at any  
22 time to raise those questions.

23                   If myself or any of my staff members or Liz  
24 cannot respond, we will certainly take that  
25 information down, and we will get that response to you

1 at a later point in time.

2 Then, we will go through some time lines of  
3 events as it relates to OFA moving forward and then we  
4 will have some contact information at the end of the  
5 presentation, if you need to get in touch with us with  
6 any questions after the conference.

7 (Slide 1)

8 MR. FOSTER: All right. The scope of the  
9 conference is basically to determine the  
10 reasonableness of OFA fiscal year 2009 costs as it  
11 relates to the administration of Part I of the Federal  
12 Power Act and also to discuss how OFAs can improve  
13 their future cost submissions. We will probably  
14 discuss some improvements as we go through each  
15 individual bureau on a slide-by-slide basis.

16 (Slide 2)

17 MR. FOSTER: Here is some relevant federal  
18 guidance. You have the Federal Power Act, which  
19 basically gives the authority to the Commission to  
20 assess annual charges; the Omnibus as it relates to  
21 hydropower activity, the Omnibus Budget Reconciliation  
22 Act of 1986, which allows the Commission the ability,  
23 the authority, to collect other agency costs; "OMB  
24 Circular A-25, User Charges," which gives us the  
25 policy and procedures for implementing user fees

1 related to full cost recovery of the government; and  
2 then finally we have "Statement of Federal Financial  
3 Accounting Standards Number 4," which is the  
4 "Managerial Cost Accounting Concepts and Standards for  
5 the Federal Government," and this basically talks  
6 about cost accounting methodology, direct or indirect  
7 costing.

8 (Slide 3)

9 MR. FOSTER: Okay. Right here, you have the  
10 "OFA Cost Submission Form." This is a required form  
11 required for all OFAs when they submit their cost  
12 submission forms. This pretty much is a form that  
13 summarizes the total cost as it relates to Part I of  
14 the FPA.

15 As you can see, it breaks down different  
16 cost categories: direct, indirect, as well as  
17 municipal, and non-municipal costs. It is a very,  
18 very useful form because we can use this and we can  
19 use the support and details and documentation that  
20 they provide to kind of reconcile and tie back to the  
21 cost numbers, so it is a very helpful and useful form  
22 that we utilize in this process.

23 (Slide 4)

24 MR. FOSTER: Detailed support and analyses,  
25 this is a lot of information that we expect to come to

1 a company, the cost submission forms, in providing us  
2 with the detail behind the numbers; accounting system  
3 reports or queries; detailed analyses which explain  
4 related cost assumptions; and also a narrative  
5 detailing time reporting process, description of  
6 accounting codes and an overhead rate explanation, if  
7 applicable.

8 Support is required for each category listed  
9 on an OFA cost submittal form. You know, this is  
10 important because we just want to get a good feel, a  
11 general feel, that there is an accounting system in  
12 place that requires reviews, has system internal  
13 controls, and gives us an extra layer of assurance  
14 that the amounts that are being put forth are  
15 appropriate.

16 (Slide 5)

17 MR. FOSTER: Okay. The FERC review process,  
18 these are the things that we look at. We look for the  
19 cost submission forms; the supplemental report  
20 analyses, which is the detail that directs us back to  
21 cost submission forms; signed certification  
22 statements, which is required; and also narratives to  
23 accompany any questions or issues that we might raise  
24 on detail that has been provided.

25 (Slide 6)

1                   MR. FOSTER: Also, the review criteria, we  
2 look for properly segregated costs, which is basically  
3 a requirement for any type of cost accounting system;  
4 cost accounting reports or other analyses supporting  
5 totals; as well other statistical analysis, trend  
6 data.

7                   I think as far as the trend data, we tend to  
8 look at comparative years to see if there is any large  
9 variances that might cause concern. Those are the  
10 things that we tend to look for of course unless it is  
11 a dollar variance, all right, and then it is not a  
12 problem. Those are some of the things that we look  
13 at.

14                   (Slide 7)

15                   MR. FOSTER: Some of the 2009 cost  
16 submission improvements, the cost accounting reports  
17 utilizing specific project codes which enable  
18 segregation of FPA Part I-related costs, municipal,  
19 non-municipal and non-specifics; and a narrative  
20 detailing time reporting process, description of  
21 account codes, and overhead rate explanation.

22                   It seems that a lot of the OFAs are  
23 providing a lot more detailed information and they are  
24 providing descriptive queries that makes it easier for  
25 us to kind of do our reconciliations and our analyses.

1 We are not quite where we need to be, but things are  
2 certainly improving over the years.

3 (Slide 8)

4 MR. FOSTER: Right here, we have the list of  
5 the other federal agencies that participate or should  
6 be participating in the OFA process. As you see, we  
7 have a lot of bureaus from the Department of Interior.  
8 I won't go through each individual bureau. We have  
9 the Department of Agriculture, the Department of  
10 Commerce and the Corps of Engineers, who were  
11 nonresponsive this year.

12 (Slide 9)

13 MR. FOSTER: Okay. Right here, is the  
14 summary of the reported costs and accepted costs for  
15 2009. What I want to do is kind of drill down to some  
16 of the detail on this.

17 In fiscal year 2009, 86 percent of total  
18 costs reported were accepted, and that is in  
19 comparison to 88 percent in 2008. Eighty-one percent  
20 of total municipal costs reported were accepted, and  
21 89 percent of nonmunicipal costs reported were  
22 accepted.

23 Total fiscal year, for fiscal year 2009 the  
24 total reported costs decreased by 8 percent compared  
25 to 2008, and total accepted costs decreased by

1 9 percent compared to fiscal year 2008. In 2009,  
2 total municipal reported costs decreased by 3 percent  
3 and, likewise, accepted costs decreased by 11 percent  
4 in 2009.

5 Finally, nonmunicipal reported costs  
6 decreased overall by 11 percent compared to 2008, and  
7 accepted costs for nonmunicipal decreased by 8 percent  
8 in 2008.

9 That's all. We can move on.

10 (Slide 10)

11 MR. FOSTER: This is basically an overall  
12 cost comparison from 2008-2009. As you can see,  
13 overall reported cost for 2009 was \$13.1 million; for  
14 2008, reported cost was \$14.2 million. You see what  
15 is reported is about \$1 million less in overall cost.

16 The accepted cost in 2009 was \$11.3 million  
17 in comparison to fiscal year 2008, which was  
18 \$12.3 million. Again, we accepted about a million  
19 dollars less as well in overall cost.

20 That is just a brief introduction, a  
21 summary, of the cost. Now I believe we are going to  
22 start to get into the details for the individual  
23 submissions.

24 Again, as we go through these individual  
25 submissions, any questions that you might have, feel

1 free to raise them. Again, we will try to address  
2 them here, but if not, we will certainly note those  
3 questions and take them back and get the appropriate  
4 responses and forward those responses to you.

5 (Slide 11)

6 MR. FOSTER: Okay. We will start off with  
7 the Department of Interior, Bureau of Indian Affairs.  
8 The total costs submitted were \$780,410. The total  
9 costs certified by the Commission was \$700,129.

10 They did provide, the costs that they  
11 provided were supported by accounting reports that  
12 were generated from their financial system, and they  
13 did have supporting documentation.

14 They did provide the basis for their  
15 indirect cost allocation. They had a total of  
16 \$663,731 in direct cost and \$116,679 in indirect cost.  
17 Their overall reported cost increased by 50 percent in  
18 comparison to fiscal year 2008. Are there any  
19 questions regarding BIA?

20 Chuck?

21 MR. SENSIBA: You have to raise with BIA, if  
22 you're going to lead with maybe, I don't know, Office  
23 of Hearings and Appeals, we may not have any  
24 questions, but with BIA we actually have questions.

25 MR. FOSTER: Well, we rather hit the ground

1 running.

2 MR. SENSIBA: All right. Well, we are going  
3 to do that.

4 MR. FOSTER: Okay.

5 MR. SENSIBA: My first question, Doug, is  
6 maybe to your staff who actually worked on BIA is: Can  
7 you explain the difference between where costs  
8 submitted by the BIA actually were reduced from what  
9 they submitted?

10 MR. FOSTER: Yes. Some of their contracts  
11 cost that they submitted we determined were not  
12 relevant or related to administering Part I of the  
13 FPA, so we declined those costs or didn't accept those  
14 costs.

15 Of course, right now we are going back and  
16 forth because they feel as though it should be  
17 included, but as of now we have determined that they  
18 shouldn't be.

19 MR. SENSIBA: Can you tell us which  
20 contracts you are talking about? Because we have some  
21 questions about the contracts from BIA as well.

22 MR. FOSTER: Okay. Let's see here, it was  
23 the one that was identified as CTP06T12013,  
24 CTP12T10347, and H69T617. Those were the three that  
25 we declined.

1                   MR. SENSIBA: What was the reason? What is  
2 the thought process behind why these are not related  
3 to Part I?

4                   MR. FOSTER: I think, Liz might can speak to  
5 it further, but I think the general thought process  
6 was that funding, I guess, of Indian tribes for their  
7 participation in the licensing and implementation  
8 wasn't acceptable or wasn't appropriate. I think that  
9 was the general.

10                  Liz, I don't know if you would like to  
11 comment on that?

12                  MS. MOLLOY: That's pretty much it.

13                  MR. FOSTER: That was pretty much it? Okay.

14                  (Lynell Green and Jonathan House enter the  
15 room.)

16                  MR. SENSIBA: Well, certainly we endorse  
17 that. That was going to be one of the issues that we  
18 were going to raise today.

19                  Before getting to that, and I'm glad that  
20 Interior just arrived, because I would like to commend  
21 BIA for putting together a list of the contracts.  
22 This is something that we asked for last year in the  
23 Technical Conference.

24                  It is one thing from our perspective to look  
25 at a seemingly never-ending report of salaries,

1 benefits, travel. It is pretty obvious what the cost  
2 there is. It is people's time and their expenses for  
3 travel. However, there are large, and I'm speaking  
4 generally across all agencies here, expenditures that  
5 are just simply, say, a contract cost where the only  
6 documentation that we have to demonstrate that this  
7 particular cost was incurred in administering Part I  
8 is the fact that someone somewhere in that agency  
9 decided to code it to the correct code.

10 While we don't dispute that those kinds of  
11 costs can go in furtherance of the agency's  
12 administration of Part I, it is really helpful from  
13 the industry's perspective to understand what those  
14 costs were incurred for.

15 I think that a model example of that is  
16 BIA's decision to not only describe what the contracts  
17 are, the narrative format, but also to provide those  
18 reference numbers so that as we go back through the  
19 detailed accounting type reports we can match them up.

20 MR. FOSTER: Okay.

21 MR. SENSIBA: I would like to start there  
22 because that is wonderful.

23 MS. GREEN: Okay. Good, that was what I was  
24 wanting to do. Again, I don't want to take the credit  
25 because the bureaus are trying to give us as much as

1 we can get. Am I understanding that this does  
2 suffice, or you would want more?

3 MR. SENSIBA: More is always better. Liz  
4 started laughing before I even answered. I would like  
5 the record to reflect that, by the way.

6 (General laughter.)

7 MS. GREEN: More is better.

8 MR. FOSTER: More is better.

9 MS. GREEN: The more detailed description of  
10 what these contracts and what these other cost  
11 expenditures are, the more helpful it is going to be  
12 for the industry. I can say that just unqualified.

13 That being said, the one- to two-sentence  
14 descriptions that were provided this year by BIA that  
15 provide the project name and number and generally what  
16 the contract and the services were was great.

17 On that basis, I think it is great that you  
18 started with BIA today because that is one of the good  
19 developments that we see in this year's cost  
20 reporting.

21 MS. GREEN: Excellent.

22 MR. SENSIBA: We would encourage all of the  
23 agencies that something like this is moving towards  
24 best practices.

25 MR. FOSTER: Okay. That is something that

1 we can also encourage in our request for information.  
2 We will encourage them, and use this as a model.

3 MS. GREEN: Exactly. This is our example,  
4 too. When I put out my data call this year, I made a  
5 few changes with the overhead, et cetera, and that was  
6 one of the things that we did talk about is, "If  
7 you're going to have other costs in the contract area,  
8 give us something so that we can" -- again, from my  
9 and Raven's standpoint, it gets huge. This kind of  
10 detail is only going to be out there on the ground.

11 MR. SENSIBA: We have another --

12 MR. FOSTER: I'm sorry. Just real quick for  
13 the record, Lynell Green from the Department of the  
14 Interior just joined us. And?

15 MS. GREEN: Jonathan House.

16 MR. FOSTER: Jonathan House, okay. Who is  
17 the "fresh meat," so to speak?

18 MS. GREEN: Yes, he is going to be replacing  
19 me.

20 MR. FOSTER: Yes. Okay, so Jonathan House  
21 also from the Department of the Interior just joined  
22 us, okay. We are just getting started on our analyses  
23 of the individual bureaus' costs. BIA was the very  
24 first bureau that we looked at.

25 MR. SENSIBA: I'm sorry, Are you finished?

1 MR. FOSTER: Yes, I'm finished. I'm sorry.

2 MR. SENSIBA: Before leaving BIA, I have one  
3 other question regarding these contract costs. As you  
4 go through the reports and review the contract costs  
5 and you compare them to the list that was provided  
6 that describes them in more detail, there are a few --  
7 I think we identified, Jeff, three or did we narrow it  
8 down to one?

9 MR. WINMILL: There are several.

10 MR. SENSIBA: There are several, actually  
11 there are five it looks like, where they appear to be  
12 coded correctly to a hydropower-type cost, but the  
13 contract description is not on this list that BIA  
14 provided. We can go through those now, if you would  
15 like. Again, we would appreciate a description of  
16 those costs.

17 MS. LEWIS: Okay. Go ahead.

18 MR. SENSIBA: The first one is a \$50,000  
19 expenditure and the reference number is 04861096.

20 MS. LEWIS: The \$50,000 one, they provided  
21 recently a spreadsheet similar to the Cost Submission  
22 Form.

23 MR. SENSIBA: You are holding out on me,  
24 Raven, aren't you?

25 (General laughter.)

1 MS. LEWIS: It ties into the contract form  
2 that they submitted. That will be on eLibrary. Do  
3 you want to go through it? We can go through it now.

4 MR. SENSIBA: Well, let's just make sure  
5 that we are all on the same page.

6 MS. LEWIS: Okay.

7 MR. FOSTER: Okay.

8 MR. SENSIBA: Let's make sure that we have  
9 identified the same ones. I hope that a little bit of  
10 levity is appropriate.

11 MR. FOSTER: Yes, that's fine.

12 MR. SENSIBA: We are familiar with each  
13 other enough. We've been here before.

14 The second one the reference number is  
15 6547660.

16 MS. LEWIS: What is the amount?

17 MR. SENSIBA: Twenty thousand.

18 MR. FOSTER: Okay.

19 MS. LEWIS: That is the contract ending in  
20 2014, RS09K4.

21 MR. SENSIBA: Ah, so this is funding to the  
22 Office of the Solicitor for staff attorney awards,  
23 completion of the Cushman, Spokane River, and Box  
24 Canyon settlements?

25 MS. LEWIS: Yes.

1           MR. SENSIBA: We are going to have another  
2 comment about that particular expense when we get to  
3 the Solicitor's Office, but I appreciate that  
4 clarification.

5           MS. LEWIS: Okay.

6           MR. SENSIBA: The other one in the amount of  
7 \$10,000, the number is 09P06T12001.

8           MS. LEWIS: That is the 12013 one that was  
9 excluded.

10          MR. SENSIBA: Okay.

11          MS. LEWIS: The exclusion amount is \$80,280.

12          MR. FOSTER: The total exclusion amount.

13          MS. LEWIS: It is the total exclusion from  
14 the contracts, and that \$10,000 is part of that.

15          MR. SENSIBA: Okay. Then, another one in  
16 the amount of \$4,700. Does that give you enough to  
17 find it?

18          MS. LEWIS: No.

19          MR. SENSIBA: The reference number is  
20 6546707.

21          MS. LEWIS: No, it must be lumped in.

22          MR. FOSTER: We might have to --

23          MS. GREEN: What was it again?

24          MR. SENSIBA: The amount was \$4,700, and the  
25 reference number is 6546707. I think the amounts that

1 I'm giving here may be kind of more of a rounded  
2 number.

3 MR. WINMILL: It would be located at the  
4 bureau of submission, and it will be posted on  
5 eLibrary.

6 MR. SENSIBA: The exact amount is \$4,695.76.  
7 Then, the last one looks like it is -- I will give you  
8 the reference number while my colleague gets the exact  
9 amount -- JP090728001. It looks like the amount is  
10 \$2,013.70. I don't know if that shows up in your  
11 updated report.

12 MR. FOSTER: No.

13 MR. SENSIBA: Again, just to clarify, what  
14 they ask here is, as we read the reports, these are  
15 contract costs that we couldn't match the reference  
16 number to the overall list that BIA provided and we  
17 just wanted a description of what those costs are.

18 MR. FOSTER: Okay.

19 MS. GREEN: These are the ones that were in  
20 the other field, though; right?

21 MS. LEWIS: Yes.

22 MR. FOSTER: Okay. Any more questions on  
23 the BIA?

24 MR. SENSIBA: No.

25 MR. FOSTER: Okay. All right.

1 (Slide 12)

2 MR. FOSTER: All right. BLM, "Bureau of  
3 Land Management," again, they submitted their costs  
4 yesterday, as a matter of fact, so obviously we did  
5 not certify any. We haven't even had an opportunity  
6 to review it, but we did include it for transparency  
7 purposes since we did get it yesterday. It should be  
8 out on eLibrary tomorrow, I guess.

9 MR. SENSIBA: Now, this is a little bit  
10 inconsistent with the communication that BLM submitted  
11 to someone.

12 MR. FOSTER: Right.

13 MR. SENSIBA: We have an email where they  
14 said that they have the inability to segregate their  
15 hydro costs from other hydro costs because of the  
16 implementation of the new financial system.

17 MS. GREEN: FBMS, exactly.

18 MR. FOSTER: Based on a quick review of  
19 their submission, that still might be the case. Like  
20 we said, we haven't had an opportunity to take a look  
21 at it. Apparently, later on they said they did have  
22 something to submit, and then yesterday they submitted  
23 it.

24 MR. SENSIBA: Those flipflopers.

25 MR. FOSTER: Yes.

1 MS. GREEN: Exactly. But again, I'm going  
2 to be kind of sensitive because that's why I'm leaving  
3 is I'm going to work on FBMS, and it is a four-letter  
4 word.

5 Again, when he came up with these costs,  
6 it's like, "Well, I want to know where they came  
7 from." I have not found it yet. That is why when we  
8 talked to them -- they provided it yesterday, that's  
9 great. But we are not going to tell you -- we can't  
10 prove nothing. I haven't see anything. I haven't  
11 seen the tieback, any reports, nothing on this.

12 MR. SENSIBA: Just so I understand, what is  
13 the status of the reporting of BLM's costs? Are they  
14 on your desk right now, Lynell? Have they been  
15 reported to the Commission?

16 MS. LEWIS: They were just reported  
17 yesterday.

18 MR. SENSIBA: Has the Commission started to  
19 look at them at all?

20 MS. LEWIS: No.

21 MR. SENSIBA: Okay. When can we expect  
22 those to be posted to eLibrary?

23 MS. LEWIS: They should be there tomorrow,  
24 perhaps tomorrow morning.

25 MR. SENSIBA: When will we know what the

1 Commission's preliminary analysis are of those costs?  
2 When can we expect it?

3 MR. FOSTER: Well, I guess we need to  
4 discuss that because of the timing of the submission.  
5 When I know, I guess you will know. I'm not a hundred  
6 percent sure yet at this point in time, I guess.

7 MS. GREEN: I don't mean to --

8 MR. FOSTER: It is being recorded by the  
9 way, so be careful.

10 MS. GREEN: If I can get out there and  
11 substantiate these, even though they are late, would  
12 you be agreeable to accepting them?

13 MR. FOSTER: Well, again, I think that is a  
14 discussion we will have to have internally.

15 MS. GREEN: Okay.

16 MS. MOLLOY: We will kind of have to do what  
17 we did last year.

18 MR. FOSTER: Yes. I think we probably have  
19 set a precedence with these late filers, so we will  
20 just have to see if that is something we can accept.

21 MS. GREEN: Okay. Because I'll fall on my  
22 sword.

23 MR. SENSIBA: Please don't because you've  
24 been very helpful in this process.

25 (Slide 13)

1                   MR. FOSTER: Bureau of Reclamation, they  
2 submitted costs of \$87,726 and we certified the entire  
3 amount. They said they had \$54,950 in directs and  
4 \$32,776 in indirects.

5                   Any questions as it relates to BOR?

6                   (No verbal response.)

7                   MR. FOSTER: None, okay.

8                   (Slide 14)

9                   MR. FOSTER: All right. Interior, NPS,  
10 "National Park Service," the total costs submitted  
11 were \$875,580. We certified the entire costs. Again,  
12 in directs they had \$756,906, and indirects were  
13 \$118,674.

14                   Just briefly, their other costs included:  
15 cooperative agreements, wireless communication,  
16 equipment rental, real property fees, photo lab,  
17 tuition, training, conference registration fees,  
18 office and building supplies.

19                   Any questions?

20                   MR. SENSIBA: We don't have any specific  
21 questions on the National Park Service. This is one  
22 of those examples, though, where the more detailed  
23 explanation as regarding the other cost category would  
24 be very much appreciated from the industry's  
25 perspective. Again, I would point everyone to what

1 BIA has done as at least a very, very good start.

2 MR. FOSTER: Now, are we talking about as it  
3 relates to just contracts specifically, or anything  
4 that falls under that other cost category?

5 MR. SENSIBA: Well, some of those are  
6 self-explanatory.

7 MR. FOSTER: Self-explanatory, right.

8 MR. SENSIBA: However, I think as we get  
9 more into particularly the Forest Service's cost  
10 reports where we are talking about maybe utilities and  
11 rentals, I want to talk about what maybe the agencies  
12 can do to help demonstrate how they come up with that  
13 figure and how they can justify that being directly  
14 assigned to an identifiable customer as opposed to a  
15 type of cost that is intended to be recovered through  
16 the indirect and overhead costs.

17 MR. FOSTER: Okay.

18 MR. SENSIBA: To the extent I would say, and  
19 this is I know is very generally speaking, if it is a  
20 contract or some other significant expenditure, it  
21 could be a significant expenditure for some kind of  
22 purchase, for example, it doesn't have to be a  
23 contract, anything that could help explain those costs  
24 would really be helpful.

25 MS. GREEN: All right.

1 (Slide 15)

2 MR. FOSTER: Okay. All right. U.S. Fish  
3 and Wildlife Service, their total costs submitted was  
4 \$5,131, 059, and we certified all of their costs.  
5 Direct costs totaled \$3,724,147; indirect costs,  
6 \$1,376,329. Their other costs represented: supplies,  
7 contractor support, leased space costs, IT  
8 infrastructure costs, finance, HR, and budget support.

9 Okay. Any questions on the U.S. Fish and  
10 Wildlife Service?

11 MR. SENSIBA: We are going to have a few on  
12 these, on this submittal.

13 MR. FOSTER: Okay.

14 MR. SENSIBA: The first question that we  
15 have has to do with salary costs.

16 MR. FOSTER: Okay.

17 MR. SENSIBA: As we step through the  
18 individual line-by-line report, which is quite  
19 lengthy, it is clear or at least it seems clear that  
20 what is going on at the Fish and Wildlife Service is  
21 that perhaps on a weekly or biweekly basis when time  
22 is being reported, that chunk of time is being entered  
23 into the FFS where you have a salary cost of maybe  
24 several hundred dollars and in some cases a few  
25 thousand dollars obviously, at least from what we can

1 tell, representing some chunk of time over a period of  
2 time.

3 Some of them are even less than \$10, but  
4 some of them range up to the low thousands. In a few  
5 limited instances -- and, Jeff, do you know how many  
6 right off the top of your head?

7 MR. WINMILL: Oh, maybe 20.

8 MR. SENSIBA: In maybe 15 or 20 instances,  
9 that pattern has changed. What we found were very  
10 large lump sum salary entries. One of them was as  
11 high as over \$125,000, so one entry for salary.

12 MR. FOSTER: Okay.

13 MR. SENSIBA: What we don't know is  
14 obviously is, and it is obviously different from the  
15 others, what's going on there. What we would ask  
16 Interior to provide for these is some kind of  
17 explanation as to why these are different and what the  
18 costs represent.

19 We would like to get the backup  
20 documentation for these very limited but very  
21 substantial one-time, as we call them, "lump sum  
22 salary entries." According to our math, together all  
23 of these lump sum salary entries total just under  
24 \$1.25 million in more than 20 percent of the Fish and  
25 Wildlife Service's total cost report.

1 MR. FOSTER: Okay.

2 MR. SENSIBA: There are no issues here as to  
3 these being logged into the correct category. All  
4 that seems to be in line. We are just reacting to the  
5 fact that they are so much bigger on one certain line.

6 MS. GREEN: Right.

7 MR. FOSTER: Right.

8 MR. SENSIBA: What would be the best way for  
9 us -- we could either provide the information for  
10 those entries to you.

11 MS. GREEN: That would be best, and then we  
12 could go back down them.

13 MR. FOSTER: Yes, that would probably be the  
14 best.

15 MR. SENSIBA: Okay. Can we do this offline  
16 because there are so many of them?

17 MR. FOSTER: Yes, okay.

18 MR. SENSIBA: Maybe I can make sure I have  
19 your email address, Lynell, as we can even email that  
20 to you. I will make sure that we cc Jonathan.

21 MS. GREEN: Yes, do that.

22 Don't worry, I'll give you a paddle, too, so  
23 when we go down that street --

24 MR. HOUSE: I'll need it.

25 MR. FOSTER: Okay. Will you submit that on

1 eLibrary as well?

2 MR. SENSIBA: Would you like us to?

3 MR. FOSTER: Yes, I think so.

4 MR. SENSIBA: Or, we could copy, just copy  
5 on email.

6 MR. FOSTER: Okay. That's fine, and we can  
7 submit it. We will submit it.

8 MR. SENSIBA: I don't think that there is  
9 any reason why we need to waste Liz's time today in  
10 going line by line.

11 MS. MOLLOY: That's appreciated.

12 MR. FOSTER: You said you had some  
13 additional questions?

14 MR. SENSIBA: That is Question 1. The other  
15 question has to do with, again, these line-by-line  
16 reports. As we review the line-by-line reports from  
17 the Fish and Wildlife Service, the Fish and Wildlife  
18 Service is one of these agencies that has the FFS  
19 Codes and they have three of them -- municipal, I  
20 think it's pub for the nonmunicipal, and then the  
21 common costs -- and then they have the activity based  
22 codes.

23 In some cases, the costs, as I understand  
24 it, are entered where they use both the FFS Codes and  
25 the ABC Codes.

1 MR. FOSTER: Okay.

2 MR. SENSIBA: In other costs, the Fish and  
3 Wildlife Service just reported the FFS Codes without  
4 an ABC Code. That is at least from the opening part  
5 of the summary report that we received. It is a  
6 combination of FFS and ABC and then just the FFS  
7 Codes.

8 However, as you walk through and look  
9 through the detailed line-by-line, there are some  
10 costs that are on this very extensive line-by-line  
11 that have just an ABC Code or there is an ABC Code  
12 with a different type of FFS Code.

13 It is not clear to us if this very detailed,  
14 many page long expenditure-by-expenditure report, if  
15 that is overinclusive as to what the Fish and Wildlife  
16 Service provided, or if there are some costs that are  
17 included in the Fish and Wildlife Service's report  
18 that perhaps are only coded to an ABC Code that we  
19 don't know about.

20 I guess the question that I have, then,  
21 maybe for the Commission staff is let's just take one  
22 example so I can be clear on these accounting type  
23 questions, one of the ABC Codes/FFS Codes is E4-Com.  
24 Did someone at the Commission go through this maybe  
25 40- or 50-page line-by-line report to make sure that

1 the E4-Com costs total, according to what I am  
2 looking, \$114,976.37?

3 MS. LEWIS: How I do it is -- I can't give  
4 you exactly how I do it because I'm not in front of  
5 the computer, but it is like a two-tier kind of sort  
6 mechanism with it. One column has the E4 code, then  
7 another column has another code, and then you tie into  
8 that number.

9 I can't tell you what column it is or right  
10 at this second how I did it. Do I tie into these  
11 numbers based on this report? Yes.

12 MR. SENSIBA: Okay. Let me ask the question  
13 in another way, just so that I can make sure that I  
14 understand what is going on. Let's say that there was  
15 a cost in this huge table that was coded to the ABC  
16 Code which says E4 but the FFS Code was something  
17 completely different -- not Com, not Muni, or not Pub  
18 -- is it possible that that type of cost is included  
19 in the Fish and Wildlife Service's cost report for the  
20 year?

21 MS. GREEN: I would say no because they were  
22 so careful about doing that when they were running  
23 their queries to not do that. That is why we have  
24 those two codes. I think we have talked about this  
25 before, have we not?

1                   MR. SENSIBA: I think that we might have,  
2 but it is a conversation that happens once a year.

3                   MS. GREEN: Yes, I know. Well, I remember  
4 everything last year, don't you?

5                   MR. SENSIBA: That is why you're getting the  
6 promotion.

7                   MS. GREEN: Oh, all right.

8                   MS. LEWIS: Is it possible that something  
9 listed under the FFS Codes of Com, Muni, and Pub is  
10 duplicated under the ABC Code?

11                  MR. FOSTER: I guess he is asking if there  
12 is, let's just say, the E4-Com Code, and I know you  
13 said there was a two-tier kind of tab, a review, that  
14 you can tie back to the number, is it possible that  
15 what could be included is an E4-Com without the ABC  
16 Code associated with it, or just without --

17                  MR. SENSIBA: It's the other way around, I  
18 think.

19                  MR. FOSTER: I'm sorry, yes, the ABC Code  
20 without one of the Com or Muni or Pub Codes associated  
21 with it. Is that possible?

22                  MS. GREEN: I don't think so since we had  
23 such a conversation about this to make sure that we  
24 had the parameters go just with the hydropower codes.,  
25 so their queries and reports were just in those

1 parameters.

2 MR. FOSTER: In other words I guess, and  
3 maybe that's something we probably might have to go  
4 back and take a look at, but when you tie back to that  
5 number, did you see both an E4 Code and an ABC -- not  
6 an ABC Code but also --

7 (Simultaneous discussion.)

8 MS. GREEN: I have to look at it.

9 MS. LEWIS: Off the top of my head, I cannot  
10 remember. It is two ways, either you have to have the  
11 ABC Code and the FFS Code and that is the expense that  
12 is picked up or just the ABC Code, but I'm not sure  
13 which way it goes off the top of my head.

14 MR. SENSIBA: Or, just the FFS Code?

15 MS. LEWIS: Okay. It is possible that it  
16 can be, but I can't attest to that.

17 MR. SENSIBA: I would just like to read it,  
18 the explanation that the Fish and Wildlife Service  
19 provides, just so that we are all clear. At the  
20 bottom of the summary report it says:

21 "The Service uses a dual-cost code system of  
22 capturing hydropower costs through the Service's FFS  
23 Project Code and Activity-Based Cost Code to ensure  
24 our FERC hydropower costs are accurately reflected.  
25 In most cases, the FFS Code."

1                   Then, skipping down it says: "In certain  
2 instances due to the employee interpretation of the  
3 ABC Code and multiple missions within the Service, the  
4 ABC Code will be a non-hydropower code; however, the  
5 FFS Project Code will indicate a hydropower activity."

6                   What that is telling me is really what is  
7 important is to make sure that the cost fits within  
8 the accounting system that the Commission has  
9 required, the cost necessarily needs to be to one of  
10 the three FFS Codes and it really doesn't matter in  
11 most instances whether there is an ABC Code or not.

12                   MR. FOSTER: Correct.

13                   MR. SENSIBA: What our view of the Fish and  
14 Wildlife Service's cost report would be is we need to  
15 make sure that cost that only have been assigned to an  
16 ABC Code and not one of the three FFS Codes are not  
17 being included. That is what they ask here. You  
18 know, the disadvantage that we have is that everything  
19 that has been provided to us through eLibrary is PDFs.

20                   MR. FOSTER: Right.

21                   MR. SENSIBA: We don't have the Excel  
22 spreadsheets. If we did have the Excel spreadsheets,  
23 we could quickly do what you have done, Raven, and  
24 just go through it ourselves and do the sum and verify  
25 that. We just don't have the manpower to be able to

1 use our little calculators. I don't know, most  
2 lawyers aren't trusted with a calculator, but we try.

3 MS. MOLLOY: You could use an Abacus.

4 MR. SENSIBA: What's that?

5 (General laughter.)

6 MR. RICHARDSON: An Abacus.

7 MR. SENSIBA: I used fingers and toes  
8 myself.

9 That is what the request there is.

10 MR. FOSTER: Okay. All right.

11 MR. SENSIBA: There is a very similar issue,  
12 and this kind of goes back to the earlier slide, Doug,  
13 on providing feedback to the agencies on improvements.

14 MR. FOSTER: Right.

15 MR. SENSIBA: What is interesting is if you  
16 go through, again, the 40- or 50-page line-by-line  
17 expenditures for the Fish and Wildlife Service, in  
18 some instances the FFS Code will indicate a municipal  
19 project. It will be tagged to the Mun category, but  
20 the ABC Code will be for a nonmunicipal project code.

21 MR. FOSTER: Okay.

22 MR. SENSIBA: It tells me that the person  
23 who enters this in doesn't know whether the particular  
24 project was municipal or nonmunicipal. I think, and  
25 this relates to the question that we just worked

1 through, that those costs are not being reported back  
2 to FERC in the Fish and Wildlife Service's cost  
3 reports because the Fish and Wildlife Service says,  
4 "We're only going to report on these seven  
5 categories."

6 Those seven categories would be the ABC  
7 Codes coupled with the FFS Codes only where it would  
8 be appropriate to do so. You are not going to get  
9 according to the Fish and Wildlife Service's summary  
10 table the FFS Code as MUN, M-U-N, with an ABC Code  
11 that is Z4, because Z4 represents a cost that was  
12 incurred in a nonmunicipal project.

13 MR. FOSTER: Okay.

14 MR. SENSIBA: What it does demonstrate is  
15 data entry error, not an understanding of whether this  
16 particular project is a municipal or a nonmunicipal  
17 project.

18 MS. GREEN: We have all new people that were  
19 pulling this together this year. Stephanie may be  
20 back. She was my smart girl on the ground, and for  
21 some reason she thought that she needed to take off  
22 and have a child right in the new year. I will find  
23 out about this, and it's possible that we thought that  
24 condition existed.

25 MR. SENSIBA: Would it be possible for us to

1 get the Excel spreadsheet that you are working on? Do  
2 you have any concern with that?

3 MS. LEWIS: Oh, I can't submit it via  
4 eLibrary.

5 MR. SENSIBA: Can we still by email? I  
6 mean, it is the same --

7 MS. KINGSBERRY: We have to give it that  
8 way. I know they don't want that on the eLibrary.

9 MR. SENSIBA: I think that by providing it  
10 that way, we can kind of crunch the numbers. I am  
11 assuming that Jeff knows how to crunch Excel better  
12 than a calculator. That actually may go very far to  
13 alleviating some of these questions. I wouldn't even  
14 categorize these are concerns at this point but just  
15 questions that we have.

16 MR. FOSTER: Right.

17 MS. LEWIS: Okay. I just need your email  
18 address.

19 MR. SENSIBA: The last question that I have  
20 for Fish and Wildlife Service has to do, Doug, with  
21 the other costs category. This goes to the rents,  
22 supplies, utilities. These types of costs, we have  
23 been talking about this for a number of years.

24 The way we think about these particular  
25 expenditures is you have personnel at the Fish and

1 Wildlife Service, and the same question is going to  
2 apply for the Forest Service, where perhaps one person  
3 in this office is full-time hydro or maybe it is half  
4 of this person's time.

5 How is it that that type of periodic  
6 intermittent work on hydropower matters can translate  
7 into direct recovery of rents and utilities to the  
8 hydropower industry?

9 It seems to us that that is the intent of  
10 the indirect costs on a rate basis and the overhead  
11 costs as a rate basis. How is it that some of these  
12 costs can be directly assigned to us?

13 I can certainly see it if, just for example,  
14 someone goes to Office Max or Staples or any of those  
15 stores and buys a ream of paper to prepare a report  
16 for an ongoing hydro licensing. Clearly, that entire  
17 expense was incurred directly in the administration of  
18 Part I.

19 However, what happens if someone goes and  
20 buys a ream of paper and half of it is used for hydro,  
21 maybe a third of it is used for some kind of other BSA  
22 review, and you just really can't track it? Now we  
23 are not talking about paper here, we are talking about  
24 rent, and we are talking about utilities, but it is  
25 the same concern that we have.

1                   What we would ask the Fish and Wildlife  
2 Service to provide is just an explanation as to how it  
3 allocated that rent, that portion of the rent,  
4 directly to the hydro industry.

5                   We need to be able to understand how it gets  
6 from partial participation and half the time or a  
7 portion of the time in hydro-related activities over  
8 to something that is an expense that is directly  
9 captured to and assigned to the hydro industry.

10                  The underlying concern here is the  
11 department's manual and all the departments' manuals  
12 say that these types of costs typically are captured  
13 in the indirect rate and in the overhead rate.

14                  MR. FOSTER: Right. We will definitely  
15 follow that up. The one thing that jumped out on me  
16 is the leased cost space, the leased space costs. It  
17 is very possible, and we do this here at the  
18 Commission, where you lease separate space outside of  
19 your main office for a particular purpose or project.

20                  When I saw "leased space cost," that is one  
21 of the things that jumped out at me. It is very easy  
22 to identify rents and those types of things  
23 specifically relating to that space. We will  
24 certainly follow up with that and try to get an  
25 explanation.

1                   MR. SENSIBA: Exactly. I think that an  
2 explanation is all we need here. If that is what is  
3 going on, then I don't think we have a concern about  
4 it.

5                   MR. FOSTER: Right.

6                   MR. SENSIBA: What I am going to have a  
7 concern with I think is if what we are finding is that  
8 they are somehow piecemealing because that to me  
9 something that the manual is very clear on that, that  
10 these are the types of costs that are captured in the  
11 indirect cost rate. If we are trying to direct bill  
12 licensees for these particular costs, it becomes a  
13 double billing because we are already paying the  
14 indirect costs.

15                  MR. FOSTER: Okay.

16                  MR. SENSIBA: Oh, I agree. I agree. We  
17 will certainly look into that.

18                  MR. SENSIBA: It is an old issue. We have  
19 been talking about it for years, but that is how we  
20 want to kind of approach it this year, to help us  
21 understand what is going on.

22                  MR. FOSTER: I think that is reasonable,  
23 okay, all right; okay.

24                  MR. SENSIBA: We have no other questions or  
25 comments about the Fish and Wildlife Service.

1 (Slide 16)

2 MR. FOSTER: All right. Let's move forward  
3 to the U.S. Geological Survey. Total costs submitted  
4 were \$5,108, and we certified the entire \$5,108. We  
5 had \$3,965 in direct costs and \$1,144 indirect costs.

6 Any questions on the USGS?

7 (No verbal response.)

8 (Slide 17)

9 MR. FOSTER: Okay. The Solicitor's Office,  
10 \$346,228 were submitted and we certified \$346,228.  
11 They had direct costs in the amount of \$296,327 and  
12 indirects are \$49,901. It did not include  
13 bureau-level overhead.

14 I know you mentioned earlier you had some  
15 questions for the Solicitor's Office.

16 MR. SENSIBA: I think we just have one.  
17 This goes back to kind of a cost that is related to  
18 both BIA and the Solicitor.

19 MR. FOSTER: Okay.

20 MR. SENSIBA: I think it makes sense if we  
21 go back to the BIA cost entry. One of the contracts  
22 that is listed about halfway down the page, this is  
23 the first page of the contract, it says: "Funding to  
24 the Office of the Solicitor for staff attorney awards  
25 on completion of FERC settlement agreements: Box

1 Canyon, Spokane River, Cushman hydroelectric project  
2 settlements.

3 Here is the question. When BIA pays the  
4 Solicitor's Office for attorney time and then BIA  
5 bills the hydro industry for that let's call it  
6 "contract cost," we need to be sure that attorneys on  
7 the other side of the Solicitor's Office aren't  
8 reporting time that also is billed through to us.

9 I will tell you why this is a concern for  
10 us. Our office was involved in some of these  
11 settlements. We know the attorneys from the  
12 Solicitor's Office who were sitting across the table  
13 from them, and they reported time in the Solicitor's  
14 Office report. Now, certainly these attorneys did  
15 more than just the Cushman settlement this year.

16 MS. MOLLOY: Say that again?

17 MR. FOSTER: Staff attorney awards.

18 MR. SENSIBA: Awards on completion -- oh, it  
19 is a bonus. It is a bonus. Well, I don't think the  
20 hydro industry should have to pay for bonuses. I am  
21 without speech. I mean, these are government  
22 employees. I mean, are they subject to these types  
23 of --

24 MS. MOLLOY: Even government employees get  
25 bonuses.



1 the question. Say, there is a contract where a  
2 solicitor is brought in to BIA to do work and if there  
3 is an interagency pass through of costs, do solicitor  
4 attorneys then bill their costs to a different time  
5 code then the FERC hydropower codes such that those  
6 costs are not being also billed back? I guess what I  
7 am saying is we are assuming, there is an assumption  
8 that this attorney awards is not time?

9 MS. MOLLOY: Right.

10 MR. SENSIBA: I don't think that based on  
11 this description we can assume one way or the other,  
12 that's all I am saying.

13 MS. MOLLOY: Certainly, it is something we  
14 can check on.

15 MR. FOSTER: Right, we can ask the question.

16 MS. MOLLOY: Now, I can't speak to Interior  
17 on different bureaus and such. I know in a single  
18 agency where have been offices one office can  
19 designate certain funds to award employees in another  
20 office. I know there can be cross-office allocation.

21 MR. SENSIBA: Let's just ask. Our concern  
22 is that there is not a double billing.

23 MS. MOLLOY: Sure.

24 MR. SENSIBA: This could be an instance of  
25 some kind of -- it says an award but we don't know

1 exactly what it was for. If it was for time, if it is  
2 to represent time spent negotiating with either  
3 outside counsel --

4 MS. MOLLOY: The way it is phrased, "award  
5 for completion" of the monumental things, it implies  
6 but it is not certain.

7 MR. SENSIBA: There is an implication there  
8 but let's make sure what we are talking about there.  
9 They certainly did not give any awards to outside  
10 counsel for completing the settlements.

11 MS. MOLLOY: I'm fairly certain that is not  
12 included.

13 MR. SENSIBA: All right. I think we  
14 understand the potential concern that if there is some  
15 kind of pass-through, that if one agency like BIA is  
16 charging us for a contract awarded to the Solicitor or  
17 anyone else for time, that the employees in that other  
18 agency that are actually logging their time are not  
19 reporting that at the same time.

20 MS. MOLLOY: Right. Your question is that  
21 there is not double billing for whatever?

22 MR. SENSIBA: For whatever, yes. This one  
23 is the closest to that. We have seen this in the  
24 past, Liz, and that is why we were aware of it. In  
25 this particular case, since we know the attorneys who

1 are involved and they log time, it just raised the  
2 issue.

3 I think that the issue can be resolved by  
4 understanding how the agencies log time when it is  
5 through a pass through of that cost. If it comes back  
6 and this was an award, then this issue is not an issue  
7 as far as I am concerned.

8 MR. FOSTER: That is it for the Solicitor's  
9 office?

10 MR. SENSIBA: (Moving head up and down.)

11 (Slide 18)

12 MR. FOSTER: Okay. Office of Environmental  
13 Policy and Compliance, the total costs submitted were  
14 \$224,266 and \$224,266 were accepted. Direct costs was  
15 \$191,943 and indirect was \$32,323. They also did not  
16 include bureau-level overhead.

17 Any questions?

18 MR. SENSIBA: (Moving head from side to  
19 side.)

20 (Slide 19)

21 MR. FOSTER: All right. We will move on to  
22 Office of Policy and Analysis. Nothing was submitted,  
23 nothing was certified.

24 Any questions?

25 (No verbal response.)

1 MR. FOSTER: We are okay with that,  
2 hopefully.

3 MS. GREEN: Oh, wait, this came up before  
4 EPA or OPA?

5 MR. FOSTER: That is the only question?

6 MS. GREEN: I know it is an internal thing  
7 at DOI.

8 MS. LEWIS: So, not privileged.

9 MS. GREEN: No, not privileged.

10 (General laughter.)

11 MS. GREEN: It is very complicated because  
12 they wanted the "P" to match the scheme of the way  
13 their office symbols were set up. It is real  
14 complicated.

15 (Slide 20)

16 MR. FOSTER: Okay. The Office of Hearings  
17 and Appeals, the total submitted costs are \$5,226, and  
18 the total certified costs are \$5,226. Direct costs is  
19 \$4,473 and \$753 in indirects. They did not have any  
20 bureau-level overhead as well.

21 Any questions?

22 (No verbal response.)

23 MR. FOSTER: No questions, okay.

24 (Slide 21)

25 MR. FOSTER: All right. Now we are on to

1 the Department of Agriculture. The total costs  
2 submitted was \$3,995,846. The total costs certified  
3 was \$3,964,165. The total directs were \$3,710,163,  
4 and the total indirect was \$285,683 in indirects. The  
5 reason we had a difference they applied an overhead  
6 rate to all direct costs to cover the full project as  
7 opposed to just salaries and benefits, so that is the  
8 reason for the difference.

9 All right. Do you have any questions?

10 MR. SENSIBA: Thank you for catching that  
11 one.

12 MR. FOSTER: Oh, no problem.

13 MR. SENSIBA: Yes, we do have one.

14 MR. FOSTER: Okay. No problem.

15 MR. SENSIBA: The one question that we have,  
16 and I know that there is no one here from the Forest  
17 Service, but because we are on the record we would  
18 like to raise this for the Forest Service's cost  
19 report.

20 It is very similar to other direct costs  
21 that we raised with respect to the Fish and Wildlife  
22 Service. Again, they provide kind of a one-line  
23 explanation as to what all of their other costs will  
24 be, and it is pretty significant. It is \$340,000.  
25 They just say it is -- let's see, what do they say.

1 "Materials and supplies, printing and reproduction,  
2 other services, and rents, communications, and  
3 utilities."

4 We would like to get from the Forest Service  
5 and we are asking from the Forest Service to produce  
6 the backup information associated with these other  
7 costs. Again, if these are types of costs that go to  
8 more of the Forest Service's general program  
9 objectives and not something that is directly  
10 assignable to the hydropower industry, these are the  
11 types of costs that the Department's manuals required  
12 to be included in the indirect cost rates. That is  
13 why we pay the indirect costs. We feel like we are  
14 being double charged for these costs, again, not  
15 knowing what they are.

16 If the rental payment, for example, has to  
17 do with, like you said, an outsource building, that  
18 one person uses it and that person only does  
19 hydropower stuff, that is probably appropriate.  
20 However, when they have just the description being  
21 "contracts and services," we have no idea what that  
22 means.

23 Again, kind of with respect to contracts in  
24 the BIA model a more detailed description of what  
25 these contracts are would be great.

1 MR. FOSTER: Okay.

2 MR. SENSIBA: We are asking for that.

3 Second, for some of these other types of costs --  
4 service, utilities, rents, supplies -- help us  
5 understand how those types of costs can be assigned  
6 directly to the hydro industry.

7 MR. FOSTER: Okay.

8 You've got that?

9 MS. LEWIS: Yes.

10 MR. FOSTER: All right.

11 (Slide 23)

12 MR. FOSTER: Lastly, I guess, is the  
13 Department of Commerce, the National Marine Fishery  
14 Service. This has become, I guess, an annual thing  
15 with them. They submitted \$1,190,000 in costs, but we  
16 did not certify any of it. They do not care to  
17 provide the appropriate documentation, showing  
18 properly segregated costs applicable to FPA activity,  
19 so therefore we didn't certify anything.

20 MS. GREEN: Do you want me to go over there?

21 MR. FOSTER: Is that where you're going?

22 MS. LEWIS: She needs to.

23 MS. GREEN: I'm going to Denver.

24 MR. FOSTER: Oh.

25 MR. SENSIBA: Since we are on the record,

1 can I just raise a couple of comments about NMFS'  
2 report?

3 MR. FOSTER: Sure.

4 MR. SENSIBA: First of all, we think that th  
5 Commission's decision to strike all of this cost is  
6 appropriate. That is not just because NMFS has never  
7 come forward with an explanation as far as how its FFS  
8 system works and whether it has the appropriate codes,  
9 but in reviewing their costs there are substantial  
10 errors that I think need to be brought to the  
11 Commission's attention that demonstrate why this kind  
12 of cost accounting is necessary. I will raise two.

13 The first has to do with the Commission's  
14 system of billing licensees according to whether you  
15 are a municipal or a nonmunicipal licensee. In  
16 several instances, NMFS in the description talks about  
17 what projects its costs were devoted to. In some  
18 cases, an employee will log something to what appears  
19 to be a municipal cost category, but the description  
20 says it is a project that is owned by a nonmunicipal  
21 entity. They are putting it into the wrong pool.

22 In some cases, costs associated with the  
23 same project are logged to both a municipal and a  
24 nonmunicipal cost pool. They are trying to cover the  
25 bases there, I guess. I don't know.

1           I mean, sometimes it is the same person,  
2           Liz, really. Sometimes the same person will log the  
3           same description to, say, a PG&E project to both the  
4           municipal and nonmunicipal. These are relicensing  
5           projects.

6           This might be true if they are doing, say, a  
7           Section 7 consultation on neighboring projects in the  
8           same base and one is a Muni project and one is a  
9           Non-Muni project. Again, we are involved in a lot of  
10          these projects. One of them that I know that you are  
11          involved in is one big project where the licensee is a  
12          municipal licensee and the costs were assigned to both  
13          sides. There are inconsistencies there.

14          MS. MOLLOY: You're right.

15          MR. FOSTER: This goes to the second issue I  
16          would like to raise. I don't believe that there is  
17          any nuance here. They include in their cost reports  
18          costs incurred in doing Section 7 consultation or  
19          whatever NMFS does for an LNG facility and also for a  
20          gas pipeline.

21          Again, I think NMFS cost report, and again I  
22          am on a soapbox here, demonstrated why this type of  
23          FFS is absolutely necessary to capture only FPA Part I  
24          costs and according to the nonmunicipal and municipal  
25          cost categories it helps the Commission fulfill its

1 regulatory responsibilities in allocating those annual  
2 charges.

3 MR. FOSTER: Okay. That concludes the  
4 review of the individual bureaus cost submissions.

5 (Slide 23)

6 MR. FOSTER: We need to talk about a time  
7 line moving forward. OFA has already submitted cost  
8 information. Moving forward we had licensees formally  
9 submit any comments or questions that you had here at  
10 the Technical Conference.

11 The Commission will issue its cost analyses  
12 sometime in July of this year, and then we will issue  
13 the hydropower administrative annual charges also  
14 probably around the mid-July time frame, similar to  
15 last year.

16 Fiscal year 2010 OFA review, we request  
17 fiscal year 2010 data in October of 2010. We want the  
18 OFAs to submit their 2010 data. They can submit their  
19 data, and we will of course forward it on to eLibrary.  
20 It will be due somewhere between the December 2010 and  
21 January 2011 time frame. We will publish that data in  
22 January 2011 as well as forward any clarifying  
23 questions.

24 Next year, we plan to have the Technical  
25 Conference sometime in March. Again, the same process

1 moving forward, we will publish any comments derived  
2 from the conference in April 2011.

3 We will consolidate/publish any additional  
4 OFA submissions in May, and then we will issue our  
5 cost analysis for 2010, again, probably a little bit  
6 earlier next year. We will issue our administrative  
7 charges probably, again, in July 2011 for fiscal year  
8 2010.

9 Do you have any questions?

10 (No verbal response.)

11 (Slide 24)

12 MR. FOSTER: If you do not have my contact  
13 information or have contact information how to get in  
14 contact with any of us as it relates to any of your  
15 annual charge questions, go to [annualcharges@ferc.gov](mailto:annualcharges@ferc.gov).  
16 My number of Fannie's number is on the slide. Feel  
17 free. We all kind of answer that email and respond to  
18 that email.

19 If you need to get in contact with any one  
20 of us, feel free to do so. Also, Norman, I can give  
21 you his number. For anybody who wants to contact  
22 Norman, his is 502-6219. Raven's number is 502-6276.

23 Any more questions? Is that it?

24 MR. SENSIBA: Is there going to be a notice  
25 on the comment deadline?

1 MS. LEWIS: Sure.

2 MS. MOLLOY: That is not saying that we are  
3 necessarily going to comment.

4 MS. LEWIS: Sure.

5 (General laughter.)

6 MS. GREEN: Are you going to give them one  
7 of them little comment boxes?

8 MS. LEWIS: Just for check.

9 MR. FOSTER: The answer is yes.

10 Okay. Any other questions?

11 (No verbal response.)

12 MR. FOSTER: All right. Well, I want to  
13 thank everyone for coming out today. I hope, again,  
14 this has been a valuable conference. Hopefully, it  
15 won't be another year, but if it is, we will see you  
16 guys next year.

17 Thank you.

18 (Whereupon, at 3:22 a.m., the conference was  
19 concluded.)

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