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FERC Releases 2015 Report on Enforcement

The Federal Energy Regulatory Commission's Office of Enforcement continued to focus on fraud and market manipulation, serious violations of mandatory Reliability Standards, and conduct that threatens the transparency of regulated markets in fiscal 2015.

The latest Report on Enforcement describes the activities of the Office's four divisions: Investigations, Audits, Energy Market Oversight, and Analytics and Surveillance. The report, issued annually, provides additional transparency and guidance about the FERC enforcement process for regulated entities and the public, and is available at <http://www.ferc.gov/legal/staff-reports/2015/11-19-15-enforcement.pdf>

Some highlights of today's Enforcement report:

- **Investigations** staff opened 19 new investigations and brought 22 pending investigations to closure with settlement or no action. Staff obtained settlements resulting in almost \$26.25 million in civil penalties and disgorgement of \$1 million in unjust profits. All settlements included reporting requirements and provisions requiring the subjects to enhance compliance programs. The most significant settlements concerned the 2011 power outage in the Southwest that left more than 5 million people without power for up to 12 hours, and the Commission's approval of four settlements in fiscal 2015 marked the end of staff's multi-year investigation related to that outage. Enforcement also tried an anti-manipulation case before an agency Administrative Law Judge and filed three new petitions in federal district court to enforce Commission orders assessing civil penalties. Including those four matters, staff is seeking to recover more than a half-billion dollars in civil penalties and disgorgement through district court and administrative litigation.
- **Audits and Accounting** staff reviewed the conduct of regulated entities through 22 financial and operational audits of public utilities and oil and natural gas pipelines, resulting in 360 recommendations for corrective action and refunds and recoveries totaling more than \$26.3 million.
- **Market Oversight** staff continued to analyze market fundamentals, including significant trends and developments, market structure and operations to identify market anomalies, and flawed market rules. As in prior years, Market Oversight also presented its annual State of the Markets report, assessing significant events of the previous year. Market Oversight also continued ensuring compliance with various Commission forms and reports, including filing requirements for Electric Quarterly Reports.
- **Analytics and Surveillance** staff analyzed market and other data in more than 30 investigations and continued to perform and refine its market surveillance capabilities. Staff performed daily, weekly and monthly screening of the wholesale natural gas and electricity markets to identify anomalies. Staff conducted a number of inquiries into anomalous market behavior, reviewed instances of potential misconduct and referred some of these matters to Investigations. Staff also developed a Notice of Proposed Rulemaking regarding collection of connected entity data that, if adopted as a final rule, will enhance its screening and investigative activities and will reduce the number of informal inquiries that staff must make based on false surveillance screen trips.

The report also outlines those investigations that Enforcement closed without action in 2015, an effort intended to provide guidance to the public while preserving the non-public nature of DOI's investigations.