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FEDERAL ENERGY REGULATORY COMMISSION
Other Federal Agency Cost Submission
For Fiscal Year 2015
Thursday, April 7, 2016
Time: 7:00 p.m.

Conference Room, 3M-1
888 First Street, N.E.
Washington, DC 20426

1 TECHNICAL CONFERENCE

2

3 FERC STAFF

4

5 Norman Richardson, Revenue Receivables Branch

6 Raven Rodriguez, Revenue Receivables Branch

7 Shiraz Ahmad, Revenue Receivables Branch

8 Liz Molloy, General Counsel

9

10 PARTICIPANTS

11

12 Frankie Green, Fish and Wildlife Services

13 Joan Harn, National Park Service

14 Cynthia Mallard, National Park Service

15 John Rudolph, Department of the Interior

16 Josh Epstein, Department of the Interior

17 Sharon White, Van Ness Feldman

18 Chuck Sensiba, Van Ness Feldman

19 Tara DiJohn, FERC

20 Steven Brombierisk, FERC

21 Ken Yu, FERC

22 Doug Foster, FERC

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24

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1 PARTICIPANTS (Continued)

2

3 Mary Josie Blanchard, Department of the Interior

4 Jeff Bayne, Spiegel & McDiarmid

5 Allison OBrien, Department of the Interior (via telephone)

6 Ryan Sloan, OEPC (via telephone)

7 Jamie Forest, SRUS (via telephone)

8 Lea Somarriba, FERC (via telephone)

9 Brian Pochatek, BOR (via telephone)

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

2 (2:03 p.m.)

3 MR. RICHARDSON: Alright, we will go ahead and
4 start. Welcome everyone to our 2015 OFA Technical
5 Conference. I think this is my 10th technical conference
6 that I've been a part of, and I can look around the room and
7 I've never seen this much participation.

8 I thank everyone for coming out today. Before we
9 get started, there are some logistical issues. The
10 restrooms, if you go out this door to the right, take a left
11 at the elevators. The women's restroom is on the left-hand
12 side; the men's restroom is on the right-hand side.

13 And today, this technical conference will be
14 transcribed. So if you could, just--I'll give my first
15 introduction. I'm Norman Richardson. I'm the Branch Chief
16 of the Revenue and Receivables. Primarily my area does the
17 assessment of Annual Charges and we offset the Commission's
18 appropriations.

19 If we could just go around the room and just give
20 your full name and organization that you represent.

21 MR. AHMAD: I am Shiraz Ahmad. I'm with the
22 Financial Services and I work closely with assessing Annual
23 Charges.

24 MS. RODRIGUEZ: I'm Raven Rodriguez with FERC in
25 Revenue and Receivables, and I do Annual Charges and OFA

1 analysis.

2 MS. MOLLOY: I'm Liz Molloy. I'm with the Office
3 of General Counsel for FERC, and I work with Raven, Shiraz,
4 and Norman on Annual Charges.

5 MR. RUDOLPH: My name is John Rudolph. I'm an
6 attorney in the Office of the Solicitor, U.S. Department of
7 the Interior, and I advise the Department on FERC--related
8 issues.

9 MS. WHITE: I'm Sharon White with the Law firm of
10 Van Ness Feldman, on behalf of the Idaho Falls Group.

11 MR. SENSIBA: My name is Chuck Sensiba, also with
12 the Law Firm of Van Ness Feldman, also on behalf of the
13 Idaho Falls Group.

14 MR. BAYNE: I'm Jeff Bayne with the Law Firm of
15 Spiegel and McDiarmid.

16 MS. GREEN: Frankie Green from the Fish & Wildlife
17 Service.

18 MR. BROMBERICK: Steve Bromberick, I work for
19 FERC. I'm actually the Director of the Financial Management
20 Division.

21 MS. BLANCHARD: Mary Josie Blanchard, Office of
22 Environmental Policy and Compliance, Department of the
23 Interior.

24 MR. EPSTEIN: Josh Epstein. I'm with the Office
25 of Hearings and Appeals, in the Department of the Interior.

1 MS. HARN: Joan Harn with the National Park
2 Service.

3 MS. MALLARD: Cynthia Mallard, also with the
4 National Park Service.

5 MS. DiJOHN: Tara DiJohn. I'm with FERC's Office
6 of General Counsel, Energy Projects section, and I work with
7 Norman and Shiraz and Raven and Liz on Annual Charges.

8 MR. YU: Ken Yu, FERC, OGC.

9 MR. RICHARDSON: Okay. Those offline?

10 MS. O'BRIEN (By Phone): This is Allison O'Brien
11 with Department of the Interior out in Portland, Oregon.

12 MR. SLOAN (By Phone): Hi. This is Bryan Sloan
13 with Department of the Interior's Office of Environmental
14 Policy and Compliance in Denver, Colorado.

15 MS. DAVIDSON (By Phone): This is Jamie Davidson
16 with the National Forest System in the Forest Service.

17 MS. PRICE (By Phone): Christina Price with the
18 Bureau of Land Management.

19 MR. RICHARDSON: And is that everyone?

20 MR. TUTUCK* (By Phone): Brian Tutuck*, Bureau of
21 Reclamation.

22 MS. SOMARRIBA (By Phone): Lea Somarriba, FERC,
23 Accounts Receivable, Annual Charges.

24 MR. RICHARDSON: Okay. Anyone else?

25 (No response.)

1 MR. RICHARDSON: Okay, we will go ahead and get
2 started. And for everyone who is off-site, Raven will get
3 the slides that we're going through, she'll get them up to
4 you either tomorrow or sometime this evening. So just bear
5 with us, and we'll get those to you pretty quickly.

6 Okay, our agenda for today, we're going to go
7 over some background materials in terms of some authority
8 and what we're looking at. Then we're going to go through
9 FERC's review process.

10 (Slides are being shown.)

11 This is essentially how we--the process that we
12 go through to adapt to accept or nullify costs -- .

13 Okay. And then we'll get to the actual meat of
14 the technical conference, which is the call to mission
15 itself.

16 After that, we will go through some questions and
17 comments. On questions and comments, we're going to go
18 through each agency. So you can save your questions and
19 comments after we submit each agency. So you don't
20 necessarily have to wait until the whole technical
21 conference is over.

22 Then we'll go through our timeline of events.
23 And then we'll provide some contact information.

24 Okay, the scope of our conference. What we are
25 here to do is we are here to determine the reasonableness of

1 the Other Federal Agencies costs related to the
2 administration of Part 1 of the Federal Power Act.

3 Also we are here to discuss how OFAs can improve
4 their future cost submissions.

5 These are just some relevant applications that we
6 use in terms of what gives us the authority to actually look
7 at the costs and actually assess them back to the Hydropower
8 Licenses.

9 First is the Federal Power Act. That kind of
10 gives us an authority. Then the Omnibus Reconciliation Act
11 of 1996. This gives us the authority to actually collect
12 and offset our appropriations.

13 Then we have the OMB Circular A-25 User Charges.
14 And then we have the Statement of Federal Financial
15 Accounting Standards Number 4, which is the "Managerial Cost
16 Accounting Concepts and Standards for the Federal
17 Government."

18 Okay, what you see here is, this is just the
19 blanket cost submission that every agency should submit.
20 Obviously there are detailed costs behind this cost
21 submission, but this kind of summarizes everything. As you
22 see, the actual table differentiates between "municipal" and
23 "non-municipal" costs, which give you a total amount of what
24 we're billing.

25 As you can see, there are different cost

1 categories. And when we have direct costs, the bulk of the
2 costs will be for salaries, which are you FTEs. And then
3 off of salaries you will have benefits. And then we also
4 have travel costs, and we have contract costs.

5 Now previously we've kind of not accepted some
6 contract costs, but we kind of entertained them this year.
7 So we'll get back into that when we get along with this
8 Technical Conference.

9 And also previously we used to have another cost
10 category called, "Other Costs." We've now removed that cost
11 for the last two years because it kind of divvied between
12 the "Other Costs" and the "Indirect Costs." And so now we
13 don't account for that cost in the Direct Cost pool. And
14 also we have the Indirect Costs, which is the agency's
15 overhead.

16 Okay, now right here we have some detailed
17 Support and Analysis. What we're kind of looking for, we're
18 kind of looking for accounting systems or queries which
19 detail cost submission forms.

20 We are also looking for detailed analyses which
21 explains related cost assumptions, and narratives detailing
22 time reporting processes, descriptions of account codes, and
23 overhead rates explanations.

24 And all of this serves the support for each
25 category listed on the OFA Cost Submittal Form.

1 Okay, first, Review Process. Here are some of
2 the items for review. And we need this to even accept
3 costs. First of all, we need the cost submission form. And
4 this cost submission form has to be certified by an
5 authorized official or CFO of the agency.

6 Then we need supplemental reports and analyses to
7 support that cost submission.

8 Then from that, we need the signed certification
9 statements. Now based on those signed certification
10 statements, every financial agency should go through an
11 audit. So we're under the premise that, you know, they've
12 gone through this audit and we're taking it at face value.

13 And then we need some narratives for the
14 submissions in terms of how do you allocate your indirect
15 costs. We need narratives to kind of explain that. Also,
16 nonspecific costs. What is your explanation in terms of how
17 you break out that cost between MUNI and non-MUNI?

18 Also , we need properly segregated costs. Now if
19 an agency tells us that they cannot segregate MUNI and
20 non-MUNI, well that's a red flag that we can't accept that
21 cost.

22 And specifically with this, an agency should not
23 just be putting all costs rolled up in a nonspecific pool.
24 We feel as though you should have a cost accounting system
25 that can break out your costs and have a cost code structure

1 that we can clearly see.

2 Also we need comparisons to conclude
3 reasonableness. So I mean if we feel as though the cost is
4 not reasonable, then that's another red flag for us to take
5 the cost off.

6 And here's just some cost improvements that we've
7 seen over the years. We've seen agencies have the ability
8 to segregate between MUNI and non-MUNI costs, and to clearly
9 segregate between FPA Part 1 and anything else that's not
10 related to Part 1.

11 Also we've seen narrative descriptions of account
12 codes and overhead rates. We've seen a significant
13 improvement in this area. Because if we don't have a
14 narrative behind the actual numbers, then we don't have
15 anything to substantiate what the cost is for. Also this
16 year we've taken on more contract costs. And with these
17 contracts, some of these contracts -- the statement of work,
18 it could be a broad range which could include more than just
19 FPA-related costs. So we want the agencies to kind of drill
20 down to that number.

21 Also, the period of performance could extend for
22 longer than maybe a year. So we want costs expense within
23 that specific year. And then we want these contracts to be
24 broken up between MUNI and non-MUNI.

25 Okay, right here you're seeing the list of

1 agencies. At the Cabinet level, you see Department of the
2 Interior. They have several bureaus that submit costs. You
3 also have the Department of Agriculture, which is Forest
4 Service. And you have the Department of Commerce, which is
5 the National Marine and Fisheries Service.

6 Okay, here is just a summary of the costs that
7 were reported and what was accepted. As you can see, \$7.6
8 million was reported. Through our review, we've accepted
9 \$6.9 million. And the \$7.6, that's been kind of consistent
10 the last three years with what the agencies have been
11 submitting, so we haven't seen a huge increase in terms of
12 the costs that are being submitted.

13 Here is just a chart just to show what was
14 reported and what was accepted between--it's a comparison
15 between 2015 and 2014.

16 Now we get into the actual cost that was
17 reported, the actual costs that were submitted per agency,
18 and Raven will entertain that.

19 MS. RODRIGUEZ: We'll start with BIA. The amounts
20 that BIA submitted was \$659,270. Out of that we accepted
21 \$568,617. BIA provided the segregation of costs between
22 municipal and non-municipal and non-specific. However, the
23 reduction in what was accepted versus what was submitted was
24 contracts. We only accepted the \$20,000 Hells Canyon
25 contract.

1 Any questions?

2 MR. RICHARDSON: Can I mention, before you ask a
3 question can you state your name for the transcriber?

4 MS. WHITE: Hi. I'm Sharon White with Van Ness
5 Feldman. Raven, hi. Nice to see you again. I was
6 wondering first, with a question, where did you get the
7 \$659,270 figure? Because from our review of the forms,
8 there were four grand totals for BIA, and we're a little
9 confused as to the total amount that they certified to.

10 MS. RODRIGUEZ: Well which pages were you looking
11 at? Because I know page 7--

12 MS. WHITE: On page 7 I see a grand total of
13 \$528,018.

14 MS. RODRIGUEZ: In this spreadsheet they included
15 supplies cost.

16 MS. WHITE: So that's in addition? So 528,018
17 plus supplies?

18 MS. RODRIGUEZ: No, no, no. The \$528,018
19 includes, if you look under non-MUNI and non-specific, it
20 includes like three hundred or so dollars in MUNI in
21 supplies, which we don't accept other costs anymore.

22 MS. WHITE: But then how did it go from 528 to
23 659,270 as the total you have?

24 MS. RODRIGUEZ: \$659,270? On which page? Page 3?

25 MS. WHITE: \$659,270 is how much you say they

1 submitted.

2 MS. RODRIGUEZ: Yes.

3 MS. WHITE: Where is that on any of their
4 spreadsheets? I'm just trying to locate that.

5 MS. RODRIGUEZ: It's their cost plus overhead for
6 DOI as well as BIA.

7 MS. WHITE: So is that number somewhere? Did they
8 certify to that number?

9 MS. RODRIGUEZ: Well they certified to the
10 \$659,658, but I reduced it by the supplies, which we no
11 longer accept, as well as the contract.

12 MS. WHITE: Okay, so you were looking at page 3 as
13 the grand total?

14 MS. RODRIGUEZ: As the grand total, and then I
15 backed out the things that we did not accept.

16 MS. WHITE: But the summary table for page 1, my
17 understanding is that's the summary form that they're
18 certifying to. And that number is \$527,631. That's the
19 approved form that you collect data from. So that's where
20 our confusion lies.

21 MS. RODRIGUEZ: Okay, I will speak with the BIA
22 representatives and we'll get back to you.

23 MS. WHITE: Okay.

24 MR. SENSIBA: Raven, I think that what we're
25 asking--this is Chuck Sensiba with Van Ness--if BIA can

1 certify to more than what they appeared to have certified
2 to, which is the \$527,000 figure, they need to recertify.
3 Because the way we look at this is, the official form, and
4 Norman did a good job of kind of emphasizing in his opening
5 remarks today the importance of using the Commission's form.

6 So if we take this page 1 summary as the
7 Commission's designated form, as of today BIA has only
8 certified to the \$527,631 figure. If that's to go up, we
9 would ask for BIA to certify to the new increased amount.

10 MS. RODRIGUEZ: I don't think we have a BIA
11 representative here, but we will definitely communicate
12 that.

13 MS. O'BRIEN (By Phone): Yeah, Raven, this is
14 Allison O'Brien with DOI on the phone, and I can definitely
15 work with BIA to get that addressed. And I know there is
16 another clerical error that we need to address, as well.
17 And so we can definitely work on that.

18 MS. RODRIGUEZ: Okay. Thank you, Allison.
19 Any other questions?

20 MS. WHITE: Yeah. With respect to the \$20,000
21 contract that you accepted, it's my understanding that this
22 contract has been rejected by FERC in the past. Ultimately
23 it's a grant to the Tribe for participation in a FERC
24 licensing. And we would argue that this does not qualify as
25 a cost incurred under Part 1 and should be excluded.

1 MS. RODRIGUEZ: Okay, Liz?

2 MS. MOLLOY: We'll take another look at it.

3 MS. WHITE: Also, the BIA's backup documentation
4 for this contract is prospective. It is only in the form of
5 a proposal. And nowhere did we see anywhere that it shows
6 that it was actually occurred in 2015.

7 MR. SENSIBA: In fact, what's it dated?

8 MS. WHITE: It's dated 2015, but it's written
9 prospectively.

10 MR. SENSIBA: So it's dated before the end of the
11 last fiscal year, but it's written prospectively. Not
12 "here's what we did," it's "here's what we propose to do."
13 So if it's to abide by the Commission's standards of report
14 what happened, as again, Norman, as you said a few minutes
15 ago, we'd like to understand what we're paying for based on
16 the costs that were actually incurred.

17 MS. BLANCHARD: But isn't it when you actually
18 started? If a contract started in fiscal year 2015 and it's
19 paid for in 2015 and the work continues into 2016, wouldn't
20 that then be a cost incurred under 2015?

21 MS. SENSIBA: You know, I--are we using the
22 accrual method here? I mean, we're going into a pretty--
23 it's a good point, and I think there needs to be some
24 consistency here. Because contracts can clearly span
25 multiple years. So are annual charges to be based on when

1 those funds are actually--

2 MR. RICHARDSON: It's cost expensed.

3 MR. SENSIBA: It's cost expensed. Okay, so for
4 the non-accountants in the room, including myself, please
5 help me remember the difference between cost and accrual?

6 MR. RICHARDSON: Well an accrual can carry on for
7 a period of time. Like you say, a contract, there's a
8 period of performance, and you can accrue for it, and you
9 can accrue for five years. But there is some cost that has
10 been expensed along that way. What we're capturing is cost
11 that's actually expensed. So for '15, we would capture--
12 there should be a line item where we see the expense cost.

13 So to Mary's point, I mean a portion of that
14 could have been expensed, but carried on into '16.

15 MR. SENSIBA: Certainly. And I think this is
16 going to come up when we talk about NMFS cost in a few
17 minutes. So it's important that we're having this
18 discussion.

19 MR. RICHARDSON: Right, right.

20 MR. SENSIBA: But I think that--and so it's clear,
21 and there's no objection from us a contract can extend
22 multiple years, it just happens. I think what our concern
23 about the BIA description is, it was written, at least the
24 way it reads, it was written before the costs for the year
25 were actually occurred, because it's written in the form of

1 a proposal. "Please give us money for this."

2 MS. BLANCHARD: And wouldn't that be how it would,
3 I would presume, always be done? You know, it'd be done as
4 to do it, and then once they get the money they'd enter into
5 the contract? But they would have to do a proposal, I'm
6 presuming, and I don't know what--

7 MR. SENSIBA: True, but what we're asking for is
8 some sort of reporting on the back side of the year: Here's
9 what we actually did under this contract for the year.
10 Because that will help the Commission understand, for this
11 contract we did X, Y, and Z over this fiscal year, this past
12 fiscal year, and that will help the Commission decide
13 whether X, Y, and Z is within the scope of costs that are
14 recoverable under the Federal Power Act.

15 MS. BLANCHARD: And I guess the only question I
16 would have on that is, if you're expending it and you do say
17 one month in 2015 and the rest is to be done under 2016, but
18 all your money goes out in 2015, it seems--to pay for work
19 that would be done in 2015 and 2016, and that's I know how
20 things are done, that that would be able to be--you couldn't
21 charge it in 2016 for a contract that was done in 2015? I
22 don't see how you would do that.

23 MR. SENSIBA: So we're talking about contracts
24 that are paid up front?

25 MS. BLANCHARD: Yes.

1 MR. SENSIBA: For work? Well I don't think the
2 hydro industry should be paying for any costs that are paid
3 before services are rendered.

4 MS. O'BRIEN (By Phone): This is Allison O'Brien
5 out in Portland. And, you know, what I'm hearing here is
6 that we have some issues with the way that the work was
7 described, and the timing of the payment related to -- , and
8 I think that this is something that we could fix very
9 easily.

10 I think there was just an issue with perhaps the
11 scope of work being attached to something, and that's
12 created some confusion. So we'll definitely work on that.

13 In terms of whether or not BIA has the authority
14 or ability to contract with the Tribe to carry out BIA's
15 work for the government, I mean they certainly do. We have
16 the 638 contracting process that allows us, specifically
17 BIA, to determine whether a Tribe would be able to engage on
18 behalf of BIA.

19 And so before any of these costs are talked out
20 and characterized as a grant for the Tribes, we would
21 definitely need to have further discussion.

22 MR. SENSIBA: Well, and thank you for that. And
23 we're not arguing that that type of contractual arrangement
24 is inappropriate. Clearly it is. But what needs to be
25 looked at in conjunction with that is, in many instances-

1 -and I believe that Hells Canyon is one of those instances--
2 that the Tribe is independently involved as an intervener in
3 the hydro licensing and operates as its own party. They are
4 Sovereigns, after all, and they are operating and involved
5 not just as BIA's contractor but as a Sovereign entity. And
6 in those particular cases, it is inappropriate. That is
7 not--the costs that the Tribe incurs in furtherance of the
8 Tribe's independent and sovereign interests, is not
9 something that is recoverable under Section 10(e) of the
10 Federal Power Act.

11 And the Commission has I think a very difficult
12 task in trying to decide in those cases, is this a contract
13 that was a block grant to a Tribe, which has happened in the
14 past and continues to happen so that the Tribe can pursue
15 its Sovereign interests? Or is this an instance in which
16 the Tribe is acting on behalf of BIA as a BIA contractor?

17 And as we sit here today, I don't see enough
18 information from these descriptions to make the case that
19 the Tribe was strictly just a contractor on behalf of BIA.
20 Again, given the history of the Hells Canyon proceeding.

21 MR. RUDOLPH: Yeah, and this is John--

22 MS. O'BRIEN (By Phone): Well I think that your
23 point is very well taken, that we need to do a better job of
24 teasing apart those roles. Because we do need to have
25 additional transparency in these submittals.

1 MR. SENSIBA: Thank you. And we would very much
2 appreciate that, because again, we're not trying to--we're
3 not making the argument that a Tribe can never be a
4 contractor for BIA. Clearly that can happen.

5 But it is distinguishing those two very different
6 roles, and what costs the hydro industry should pay versus
7 which costs they shouldn't, is very important to us.

8 MR. RUDOLPH: This is John Rudolph with the
9 Solicitor's Office. I guess I would make the point, and I
10 don't think anybody disagrees with this, but that, you know,
11 it is certainly reasonable and appropriate for a Tribe to
12 wear both hats in any particular FERC licensing proceeding.
13 You know, playing the role on the one hand of the consultant
14 contractor to the Bureau of Indian Affairs, and then on the
15 other hand representing its own interests. It would be, you
16 know, inappropriate to suggest that a Tribe could only play
17 one or the other role.

18 And I think everyone is on the same page. I just
19 wanted to --

20 MR. SENSIBA: -- Clearly.

21 MS. MOLLOY: Everyone is on--one thing, you know,
22 as Norman pointed out, that the payment for costs that we
23 assess are coming from Federal Power Act 10(e), and 10(e) is
24 going to the agencies, us, and to the other federal agencies
25 in their performance of work under Part 1.

1 So I think that's where some of the tension comes
2 in, is sort of the target beneficiary.

3 MR. SENSIBA: Sure. And I agree with you, John,
4 they do wear those two different hats. The question here is
5 purely one of payment. Because, as Liz said, the Federal
6 Power Act limits cost recovery to the costs incurred by the
7 United States.

8 MR. RUDOLPH: Sure.

9 MR. SENSIBA: And a tribe can wear the hat of
10 being a United States contractor. We have no problem with
11 that. But in those cases where they wear two different
12 hats, trying to figure out whether this particular contract
13 was a block grant to help the Tribe participate under its
14 interests, which again is something that has happened in the
15 past, and continues to happen, versus this is a role where
16 they play a role as a contractor, that's the distinction
17 that needs to be made just for purposes of deciding where
18 the costs go.

19 MR. RUDOLPH: Sure. And that's understandable. I
20 think that, as Allison suggested, yeah, we can certainly
21 provide that clarification.

22 MS. RODRIGUEZ: Thank you. Any other questions
23 regarding the BIA?

24 Bureau of Land Management. The total cost they
25 submitted was \$167,854. The amount we accepted was

1 \$162,517. Originally the discrepancy between BLA's admitted
2 and accepted was their original cost submission that did
3 have typo errors, but the documentation, the detail that
4 they provided from their accounting report was consistent
5 with prior years.

6 So Christina, I think, is on the phone. She
7 provided me with an additional submission worksheet, as well
8 as another signed certification. So that is how we got down
9 to the \$162,517. And I also corrected the overhead
10 calculation to reflect the salary and benefits.

11 Any questions for BLM?

12 (No response.)

13 MS. RODRIGUEZ: The Bureau of Reclamation
14 submitted \$20,680. And we also accepted their--we accepted
15 them at \$20,680. They, this year supported via--presented
16 via regions, but they only submitted two regions with cost
17 and supported documentation.

18 Any questions for Reclamation?

19 MR. SENSIBA: Yes. Norm, how long have we been at
20 this? Over a decade? Has anyone ever raised any question
21 about Reclamation's cost at all?

22 MS. RODRIGUEZ: No.

23 MR. SENSIBA: And I'm glad that someone from
24 Reclamation is at least on the phone, because I believe
25 wholeheartedly in giving credit where credit is due. And

1 even though Reclamation, I mean if you look at their costs,
2 this year it's, what, \$20,000. You can go to the bank in
3 terms of the amount of documentation and support that they
4 have. They have done just a fantastic job over the years,
5 and they deserve a lot of credit for that.

6 PHONE PARTICIPANT: Well, thanks.

7 (Laughter.)

8 MS. RODRIGUEZ: National Park Service has
9 submitted a total of \$782,000, and we accepted their costs
10 at 100 percent. They provided segregation between municipal
11 and non-municipal, and nonspecific. Out of that \$782,000,
12 they had a contract total of \$63,000, I think--yes, \$63,000.
13 And they have overhead for NPS and Departmental DOI
14 overhead, as well.

15 Any questions for NPS?

16 MS. WHITE: Yes. I see that you accepted the
17 \$63,000 in contract costs. We believe that the one page of
18 backup that they provided does not provide a sufficient
19 explanation of costs. Particularly, for example, they have
20 expenses to create a best practices guideline manual. We
21 have no idea, based on this explanation, if that manual is
22 for National Park Service employees, or if it's for third
23 parties, or for public participation. We can't tell from
24 here, and we don't think the Commission can tell from here,
25 if these are reasonable costs that should be accepted.

1 MS. HARN: That was not one of the ones that you
2 had--FERC had had additional questions on, but, you know, I
3 can respond to that question--

4 MS. RODRIGUEZ: Okay. Joan Harn.

5 MS. HARN: --in that--I'm sorry, Joan Harn from
6 the National Park Service. So it is an internal guidance
7 document for NPS staff dealing with Hydro power licensing,
8 FERC Federal Power Act, Part 1.

9 MR. SENSIBA: So my thought about this, and the
10 reason we have a concern, is--and it's great that there are
11 so many people here today to kind of take advantage of this
12 discussion, which I think is helpful.

13 From our perspective, as we go through every year
14 and look at these costs, we have come a long way over the
15 years. Because it used to be that we would see something on
16 a computer printout that we might have been able to tell if
17 it was a contract cost, maybe not, and there was certainly
18 no narrative description of what this large, lump sum on a
19 computer printout meant.

20 So looking to where we started, to where we are
21 today, much better. It is much more transparent. Someone
22 used that word a few minutes ago, and I think that that is
23 an important word to use, is we've seen the progress that
24 we've made.

25 That being said, I think that we can still go-

1 -see a little bit more with some of these contract
2 descriptions to help us understand, as we review these every
3 year, to help us understand how the National Park Service
4 thinks, or this could be any agency really, that this was a
5 cost that was incurred under Part 1 of the Federal Power
6 Act.

7 That will I think make these technical
8 conferences more streamlined, and help the regulated
9 industry understand how these fees that we pay are being
10 used.

11 MS. HARN: Right. No, and Raven and I have gone
12 back and forth a couple of times on improving the
13 descriptions for a couple of the other contracts that we
14 identify to make it very explicit as to why it is the
15 Federal Power Act, Part 1.

16 MR. SENSIBA: If we could--are those going to be
17 placed on the record, Raven?

18 MS. RODRIGUEZ: Yes.

19 MR. SENSIBA: The more in-depth explanation?

20 MS. RODRIGUEZ: It should have been on E-Library.
21 It's not on there?

22 MS. HARN: I didn't see --

23 MS. RODRIGUEZ: -- the more recent one.

24 MS. HARN: No.

25 MS. RODRIGUEZ: I can email it to you guys, and I

1 can also make sure that it gets published.

2 MS. HARN: So if--excuse me, Raven--if I could
3 just clarify. So the last round that we had when FERC did
4 make the decision to accept those, that was just through an
5 email. Would it be helpful if I were to send you a revised
6 package, or is that not necessary?

7 MS. RODRIGUEZ: I don't think that's necessary.
8 Just the contracts that you guys want more description on.
9 So I think that should suffice.

10 MR. SENSIBA: The contracts that the Commission
11 wants more description on.

12 MS. RODRIGUEZ: Yes.

13 MR. SENSIBA: As long as they're on E-Library, we
14 can see them. It doesn't matter to us. Just help us
15 understand what those costs were.

16 MS. RODRIGUEZ: Fish & Wildlife Service?

17 MR. SENSIBA: I have a question about National
18 Park Service. This is a general question. And again, it's
19 not something that we were planning on raising before the
20 technical conference today because we didn't know that the
21 National Park Service was going to be here.

22 So just a perspective question. I do a lot of
23 Hydro power licensing across the U.S., and I've been
24 involved in a lot of proceedings. And so I bring that
25 experience each year to reviewing the annual cost

1 submissions.

2 And clearly it makes a lot of sense that agencies
3 like the U.S. Fish & Wildlife Service is going--there's
4 going to be a lot of costs there because there are a lot of
5 hydro projects that touch on the stewardship of the U.S.
6 Fish & Wildlife Service. That makes sense.

7 BIA makes sense. BLM makes sense. Bureau of
8 Reclamation and its \$20,000, that makes sense because
9 they're FERC-licensed projects at Reclamation projects.
10 Again, it all makes sense.

11 National Park Service. We understand and know
12 that there's the National Recreation Program that the
13 National Park Service has been involved in over the years.
14 I was in a meeting just last week in Anchorage and Cassie
15 Thomas was there for three straight days of meetings, and
16 she has wonderful insight and was really helpful in the
17 process.

18 But that's really the exception rather than the
19 rule. Most of the time--and of course I've worked with
20 Duncan Hay. I've worked with Kevin over the years. But
21 most of the time in most projects, for better or for worse,
22 the National Park Service is not at the table. And I
23 understand it has to do with resource allocation and all of
24 those things, but when I go and look at the cost reports,
25 National Park Service's cost reports are second only to U.S.

1 Fish & Wildlife Service when you look at all of Interior's
2 reported costs.

3 So the question I have is: What is the hydro
4 industry paying for here when the Park Service's role on a
5 case-by-case basis, on most cases is just not there. Is
6 there stuff being done behind the scenes? Help me
7 understand why the hydro industry should not be concerned
8 about such high percent of costs that are incurred by the
9 Park Service as opposed to its sister agencies within the
10 Department of the Interior?

11 MR. RUDOLPH: Well, and this is John Rudolph with
12 the Office of the Solicitor. I guess, you know maybe some
13 clarification on your question, Chuck, is there--I guess
14 you're speaking very generally--is there a specific cost
15 that you have concerns about? Because I think, you know, if
16 you speak generally and say, well, you know, the Park
17 Service's costs seem high, I mean that's difficult to
18 respond to.

19 If you have specific costs, you know, certainly
20 we would be willing to discuss them.

21 MR. SENSIBA: And, John, you've touched on kind of
22 the core issue that we've been--that we've danced around for
23 the better part of a decade or more in these technical
24 conferences, because I don't have a specific concern because
25 all we get from these reports are just accounting-based

1 reports that have all kinds of codes, and there's not much
2 to glean from that.

3 And we don't want to do a full-blown
4 cost-by-cost, that help us understand what these costs are.
5 We could do that. We don't think that it would be
6 productive, and certainly no one would want to respond to
7 that.

8 But I think that's why I wanted to phrase it in a
9 very general way to help us understand that, at least
10 relative to the National Park Service's participation in
11 hydro licensings, which seems to be low, which is low based
12 on my experience and others as well, but its cost-submission
13 reports are much higher relative to other agencies.

14 MS. HARN: So--this is Joan Harn--if I could
15 respond, I think it's a reflection of the amount of
16 reporting that we're actually capturing our actual costs.
17 If BLM, Fish & Wildlife Service, the other agencies, had a
18 line budget item that, as does the Park Service, then likely
19 you would see much higher costs from those agencies, as
20 well.

21 MR. SENSIBA: So explain that a little bit more.
22 So you have a line budget--

23 MS. HARN: So we have a--we have, from Congress in
24 our actual Park Service budget, we have a line item for
25 hydropower recreation assistance. And so that--and, you

1 know, we--so that's the cost that we're reporting on.

2 MS. MOLLOY: I think some of the questions might
3 be more sort of--and I'm wondering if this might answer it--
4 is how, so Chuck is saying that it's not every proceeding
5 that there's someone from the Park Service at the table.

6 MS. HARN: Right, right.

7 MS. MOLLOY: So I'm wondering if you work with the
8 other Bureaus not at the table, but in the projects, not
9 advising others, or something? Or is it just--

10 MS. HARN: No--yeah, the times that you see people
11 at the table, those are the--that's the times that you're
12 seeing people involved, and that's what's being reported,
13 when people are working on projects and showing up at
14 projects.

15 MR. SENSIBA: So I'm going to look next year. I'm
16 going to make sure that Cassie reported her time for three
17 lovely days in a basement in Anchorage.

18 MS. HARN: And, you know, Cassie--so, you know,
19 Cassie spends--is funded, half of her time goes to
20 hydropower work. And she's been putting in the hours
21 working on the project that you're referring to that kept
22 her in that basement. But she was working, and she's
23 continuing to work for the next two months trying to write
24 her comment letters and such.

25 MR. SENSIBA: I know. I know she will, and we

1 look forward to getting those, but that's not what we're
2 here--

3 MS. HARN: Right.

4 (Laughter.)

5 MS. BLANCHARD: Are you advocating that they get
6 more money in their budget so they can provide more people
7 at various meetings?

8 MR. SENSIBA: She is a very effective advocate,
9 and she's doing very fine, hard work. Thank you, very much.

10 (Laughter.)

11 MS. HARN: I will highlight that in the transcript
12 and send it to her.

13 (Laughter.)

14 MR. SENSIBA: I don't mean to single her out, but
15 it is--

16 MS. HARN: Well she is worthy of singling out.

17 MR. SENSIBA: So, so--

18 MS. O'BRIEN (By Phone): This is Allison O'Brien
19 again, out in Portland. And my role as a representative
20 from the Office of the Secretary out here is to work with
21 all of our departmental bureaus on a variety of activities.
22 One of my favorite of which is hydropower licensing.

23 And I guess, Chuck, we need to get you up to the
24 Northwest more, because Park Service is typically very
25 active in any relicensing proceedings, and provides

1 extensive comment on various documents that are issued, and
2 recreation studies. And so I guess, you know, that of
3 course kind of ebbs and flows, but it's been my experience
4 that Park Service is very active in my region.

5 MR. SENSIBA: And they are active in the
6 Northwest. I think what Cassie is doing highlights that.
7 And of course there's big projects in the Northwest in which
8 there's a lot of National Park Service land very close to
9 our National Recreation Areas that are associated with
10 hydro, and I get that.

11 But it's just more like an eyeball, does it pass
12 the eyeball test, given kind of the nationwide scope? And I
13 just wanted to ask the question. And it sounds like the
14 answer is: You have a very specific mission to fulfill
15 that's funded--that's appropriated directly by Congress, and
16 because it is that special role and money is appropriated
17 for that purpose, that there is the time that's incurred to
18 take up that budget amount.

19 I'm not trying to suggest that, you know, money
20 equals participation, because it is an important role, but I
21 think as you said if money is made available for a specific
22 purpose you're going to use it for that.

23 MS. HARN: Absolutely.

24 MS. O'BRIEN (By Phone): And I want to also add
25 that I do think Park Service is one of the most diligent

1 bureaus in terms of really making sure that they're
2 tracking. Because they have to, because of the way their
3 budget was set up. So I think they're one of the best in
4 really accurately reporting the full amount of time spent on
5 projects.

6 MR. SENSIBA: Okay. Well, thank you. This has
7 been very helpful.

8 MS. HARN: Yeah. I'm happy to follow up and talk
9 through it.

10 MR. SENSIBA: I would encourage no agency to have
11 that same type of level of reporting--

12 (Laughter.)

13 MS. RODRIGUEZ: Are there any other questions or
14 comments for National Park Service?

15 (No response.)

16 MS. RODRIGUEZ: Moving on to Fish & Wildlife
17 Services. They submitted a total cost of \$1,692,763. We
18 accepted \$1,687,583. The reason for the reduction of
19 accepted is we corrected the allocation of overhead to just
20 salary and benefits, as well as we reduced their cost
21 submission by the \$912 that they submitted for "other
22 costs," which is no longer a category.

23 Fish & Wildlife questions?

24 (No response.)

25 MS. RODRIGUEZ: Solicitors submitted a total of

1 \$116,383, and we accepted their cost at 100 percent. They
2 do not report Bureau overhead, and they properly segregated
3 MUNI, non-, and nonspecific.

4 Any questions for SOL?

5 (No response.)

6 MS. RODRIGUEZ: OEPC submitted a total of
7 \$153,320, and we accepted them at 100 percent as well. They
8 properly segregated MUNI, non-, and nonspecific costs.

9 Any questions of OEPC?

10 (No response.)

11 MS. RODRIGUEZ: Office of Hearing and Appeals
12 submitted a total of \$3,760 and we accepted them at 100
13 percent. OEPC'S total caseload is nonspecific--I mean, OHA,
14 pardon me, is nonspecific, so we did a caseload split as we
15 have in the past based on OEPC's workload. And it was
16 80/20--well, 20 MUNI, 80 non-municipal.

17 Any questions on OEPC?

18 MS. WHITE: Yeah. We see, based on their
19 paperwork, that they only do non-project-specific casework,
20 but there's no evidence based on their documentation that
21 they have an established accounting system with the ability
22 to segregate MUNI and non-MUNI costs, if they arose. That's
23 an essential element in order for those costs to be
24 accepted, and only when they have that system established
25 can they use OEPC to allocate non-project-specific costs.

1 So we would contest all of those expenses.

2 MR. RUDOLPH: Yes, so this is John Rudolph with
3 the Office of the Solicitor. We appreciate the question and
4 the comments, and we will respond within the next several
5 weeks.

6 MS. WHITE: Thank you.

7 MR. RUDOLPH: And this is John Rudolph again with
8 Office of the Solicitor. If--and this is maybe a question
9 for the Commission--are there any additional questions, or
10 issues that would require the Department of the Interior to
11 participate? Because if the answer is 'no,' we may, you
12 know, excuse ourselves, in the spirit of course of being
13 cost-effective and, you know, time-efficient.

14 MS. BLANCHARD: As we always are.

15 (Laughter.)

16 MS. MOLLOY: Before you head out, just to let you
17 know, we do have this slide back here that has a timetable,
18 just so that you're aware. We specifically--it's too small
19 for me to read--if we could just quickly go through that.

20 MR. RICHARDSON: Yes. After this proceeding, we
21 will get this slide up pretty quickly, and then we'll go out
22 to Licensing for comments based on this technical
23 conference. We will also have the transcript posted, and
24 typically that takes about two weeks before we can get that
25 up. So we will get that up for comments, and then the

1 Licensees can respond back to those comments--or they can
2 issue their comments.

3 Based on those comments, we will be reaching back
4 out to the OFAs, if we have to. And then from there, we
5 will issue a notice based on what we've accepted as costs.
6 And then from that notice that we issue, this costs will be
7 included in our administrative annual charges.

8 So typically we bill those out in mid- to late
9 July. And that is pretty much the time frame for the
10 conclusion of this fiscal year. And then we'll reconvene
11 the whole process next year. So is there any questions
12 around the timeline?

13 (No response.)

14 MR. RUDOLPH: Thank you.

15 MR. RICHARDSON: I think this concludes the last
16 part of the presentation?

17 MS. RODRIGUEZ: Yes.

18 MR. RICHARDSON: If you would like, we can send
19 any questions to the annual charges by mail, or email. So
20 we will get that to you quickly. Or you can reach out to
21 myself or Raven directly.

22 MR. RUDOLPH: Well thank you. This is John
23 Rudolph again. I would like to extend our thanks to the
24 Commission for your careful consideration of our costs, as
25 well as our colleagues in the municipal industry who have

1 also taken the time to review our costs. Thanks again.

2 MR. RICHARDSON: Thank you for attending. We
3 appreciate it.

4 MS. RODRIGUEZ: For the DOI representatives on the
5 phone, if you would like the PowerPoint presentation,
6 sometimes E-Library straggles a bit behind, shoot me an
7 email at raven.rodriguez@ferc.gov, or
8 annualcharges@ferc.gov, and I can get you that concluding
9 the conference.

10 PHONE PARTICIPANT: Thank you, Raven.

11 MS. RODRIGUEZ: You're welcome.

12 MS. MOLLOY: So now we will in a moment move on to
13 Forest Service.

14 (Pause and off-the-record simultaneous speaking.)

15 (Some participants are leaving the room.)

16 MS. RODRIGUEZ: Forest Service. They submitted a
17 total of \$2,097,586, and we accepted \$1,962,933. Their cost
18 submission was reduced by \$67,000 in "Other." We corrected
19 the overhead percentage. I reduced travel by \$54,000. And
20 we noticed that this year, as well as in prior years, they
21 had high salaries. But we were told that it's a combination
22 of people in a coding structure in the pivot table.

23 Do you have any questions for Forest Services?

24 MS. WHITE: No questions, thank you.

25 MR. SENSIBA: We agree with what you did. We

1 would have raised those questions had you not decided to
2 change that.

3 MR. RICHARDSON: Since 2008, we've come to expect
4 the kind of questions, so -- .

5 MR. SENSIBA: They're working some people really
6 hard.

7 (Laughter.)

8 MR. RICHARDSON: Yes.

9 MS. MOLLOY: So do we have anyone from Forest
10 Service on?

11 MS. RODRIGUEZ: No. They couldn't attend.

12 MS. MOLLOY: Okay.

13 MS. RODRIGUEZ: So National Marine Fisheries
14 Services. They submitted a total of \$1,931,876, and we
15 accepted \$1,471,273. We reduced their submitted cost by the
16 elimination of the OGC Region, which does not segregate
17 municipal and non-municipal costs. We reduced the West
18 Coast Region in travel because their cost reports failed to
19 itemize the amount that was spent in travel. And we reduced
20 in the Greater Atlantic Region contract costs for the lack
21 of them also being itemized in their cost reports. And we
22 eliminated the overhead from Region 3020 because there was
23 no description narrative of overhead rates. Any questions
24 for NMFS?

25 MS. WHITE: Our first concern on NMFS's report is

1 that they did not submit FERC's template cost submission
2 form, as they have in previous years, and as all agencies
3 are required to do. They have two cost breakdown forms in
4 the first two pages of their filings. They have conflicting
5 numbers as the grand total number.

6 So on this basis alone, we would at least want to
7 see them submitting the required form, as all other agencies
8 did here. You know, based on what we have here, we have
9 conflicting numbers.

10 MR. SENSIBA: Well, I think that what we would say
11 is, based on what they've submitted, they didn't certify to
12 anything. They included a certification form, but the
13 required form that is at the beginning of this presentation
14 that Norman says is required, at least in the materials that
15 were loaded that we saw on E-Library, they didn't do that.
16 They prepared their own little spreadsheet that probably did
17 not get OMB pass-off like the Commission's form has gone
18 through and gotten the required sign off on its use.

19 So on that basis alone, we think that all the
20 costs are questionable. Then beyond that, we have some very
21 specific concerns.

22 MS. RODRIGUEZ: Is there someone from NMFS on the
23 phone?

24 (No response.)

25 MS. RODRIGUEZ: Who is on the phone? Someone is

1 on the phone. I was hoping you could address your questions
2 directly to them.

3 MS. MOLLOY: Who is on the phone? Is it one of
4 us?

5 MS. RODRIGUEZ: It might be Lea.

6 MS. MOLLOY: Lea?

7 MS. RODRIGUEZ: It could be Lea. She's one of us.

8 MR. SENSIBA: Are you making a "us" versus "them"
9 argument?

10 (Laughter.)

11 MS. MOLLOY: No, "us" the other agencies.

12 MR. SENSIBA: Those who are in the room?

13 MS. MOLLOY: As opposed to some stranger listening
14 in.

15 MS. RODRIGUEZ? I will take your questions.

16 MS. WHITE: Okay, we appreciate you eliminating
17 the OGC costs, but we have the same concern for the Office
18 of Habitat Conservation, which uses the exact same
19 methodology with only a non-project-specific code. No
20 specific MUNI and non-MUNI codes.

21 In previous years they've submitted an
22 explanation for that, which you did accept last year. We
23 see no explanation for that this year in their cost
24 submissions. And, based on what they have submitted, they
25 don't segregate costs, and the costs shouldn't be accepted.

1 MR. SENSIBA: I want to touch on that. The
2 argument is that this particular office--this is the Office
3 of Habitat Conservation--its accounting system has no
4 ability to segregate costs by code into the different
5 categories that the Commission requires.

6 We understand that last year the Commission saw
7 fit to accept those costs anyway because of a written
8 explanation by this office. I would note that we appealed
9 that particular finding by the Commission because the
10 bedrock requirement that we've all been working from for the
11 last decade plus, is that agencies need to have a cost
12 accounting system that is capable in the system itself of
13 segregating their hydropower costs from other non-hydropower
14 costs, and within their hydropower costs segregated between
15 municipal and non-municipal costs.

16 From a factual standpoint in this particular
17 instance with NMFS, this office, OHC, has no such accounting
18 system, and it should be, these costs should be rejected
19 just on that basis alone.

20 The Commission has done that in the past. For
21 whatever reason, the Commission departed from that standard
22 last year, which we have appealed, and we would like the
23 Commission to grant that appeal. And, for the same reason,
24 we think that those costs should be stricken for this year
25 as well. It just violates the fundamental baseline of what

1 we are all working for here.

2 MS. MOLLOY: Okay. Anything else on their's? Any
3 specifics?

4 MS. WHITE: Raven, can you clarify? You've
5 excluded the \$112,000 in contract costs from Greater
6 Atlantic? Did you say that?

7 MS. RODRIGUEZ: Yes. I excluded that.

8 MS. WHITE: In its entirety?

9 MS. RODRIGUEZ: In its entirety.

10 MS. WHITE: Okay.

11 MS. RODRIGUEZ: As well as a portion from the
12 greater--from Alaska Region.

13 MS. WHITE: What portion? Can you tell me that?

14 MS. RODRIGUEZ: Yes, I can. \$1750 CDI maintenance
15 contract.

16 MS. WHITE: Is that the one for the heat pump?

17 MS. RODRIGUEZ: Yes.

18 MS. WHITE: Okay. Good. We were going to mention
19 that.

20 MR. SENSIBA: Yeah, we were going to go off on
21 that.

22 (Laughter.)

23 MR. SENSIBA: You're not going to let me talk
24 about the heat pump?

25 MS. WHITE: Darnit.

1 (Laughter.)

2 MS. MOLLOY: If we'd only thought ahead, we would
3 have avoided omitting that and let you go off.

4 (Laughter.)

5 MR. SENSIBA: I wanted--I'm going to say it
6 anyway, because I prepared this. So they're saying that
7 only hydropower personnel can get warm from that heat pump?

8 (Laughter.)

9 MR. SENSIBA: Alright, I'm done with it. We can
10 move forward.

11 MS. WHITE: Well with regard to the remainder of
12 the Alaska Office Contract Costs, if you notice in the
13 breakdown and in the backup documentation they report a
14 \$60,000 and a \$90,000--a \$60,000 and a \$30,000 contract in
15 their backup. But if you look at the breakdown, neither of
16 those were paid in fiscal year 2015.

17 The "paid expense" shows zero. This is right
18 towards the back of their filing. The "other expenses" that
19 were paid show that those were fiscal year 2014 expenses, in
20 the left-hand column, but were posted with transaction dates
21 in fiscal year 2015.

22 We would argue that if the cost was incurred in
23 fiscal year 2014, then it should be excluded for this year.

24 MS. RODRIGUEZ: I would have to ask them. Because
25 the way I read the document, it's a paid expense in fiscal

1 year 2015.

2 MS. WHITE: Because there's a transaction date?

3 MS. RODRIGUEZ: I'm not sure if the fiscal year
4 date is actually maybe when the contract was first obtained.
5 I'd have to ask them that.

6 MS. MOLLOY: We'll ask for clarification, but
7 we'll look at that.

8 MS. WHITE: And we did raise this last year, too.
9 So, you know, if you do choose to accept these expenses, we
10 would like to see sort of an explanation as to why so we
11 know for our--

12 MS. RODRIGUEZ: Okay.

13 MR. SENSIBA: That's really an important point.
14 And it goes back to what we were talking about with BIA.
15 You know, when is the cost accrued? When is it paid? When
16 was the work done? When was it paid for? So because of
17 these multi-year contracts, I think some guidance from the
18 Commission to the agencies on this would be helpful so that
19 there is some level of consistency.

20 MS. RODRIGUEZ: Okay.

21 MS. WHITE: Did you--Raven, did you eliminate the
22 \$804 for supplies and materials that was reported as a
23 direct cost?

24 MS. RODRIGUEZ: Yes.

25 MS. WHITE: Going back to that same concern about

1 fiscal year 2014, if you look at their entire cost report we
2 identified \$48,000 in miscellaneous costs throughout their
3 expense report that logs fiscal year 2014 in that left-hand
4 column.

5 MS. RODRIGUEZ: Okay.

6 MS. WHITE: So if we do choose to omit those, it
7 should capture that as well as that contract expense in
8 Alaska for \$87,000, plus \$30,000.

9 MS. RODRIGUEZ: Now the cost for 2014 is just in
10 Region 30-60?

11 MS. WHITE: Thirty--no, I think it's scattered in
12 other regions, as well.

13 MS. RODRIGUEZ: Okay.

14 MS. WHITE: It's sort of all over there.

15 MS. RODRIGUEZ: I will present them with the
16 general question, and then we'll kind of drill down to each
17 region.

18 MS. WHITE: Okay. Now did you say that you
19 eliminated all travel expenses for the West Coast Region?

20 MS. RODRIGUEZ: Yes.

21 MS. WHITE: Thank you.

22 MR. SENSIBA: I'll do the next one. You knew this
23 was coming, too, in terms of a final comment about NMFS.

24 First, a question:

25 Will the Commission please ask NMFS to release

1 all of the backup documentation? We've made note of this in
2 our--we have two appeals pending before the Commission now
3 that are focused only on NMFS's costs. And part of the
4 problem, in fact the whole problem here, is we asked NMFS
5 for backup documentation. They have certified that that
6 backup documentation is available for our review. And then
7 they put us into this never-ending FOIA-due loop.

8 They sometimes upwards of \$10,000 for us to have
9 the privilege of looking at documents that would
10 substantiate costs that we are required to pay the Federal
11 Government. And even despite the Commission's letter
12 issued, oh, was it January of 2014? Yes. That FOIA is not
13 the right vehicle here, we're still being--they still demand
14 that we go through FOIA and that we pay for it.

15 So there is no way for us to get this backup
16 documentation. You know that we're going to ask for NMFS to
17 provide that to us for this year. It's coming. But I also
18 think that if we really want to problem-solve here, the
19 Commission should ask for that backup documentation, because
20 I think that NMFS is much more likely to respond favorably
21 to a sister agency rather than the industry.

22 But more--so there's the ask: Please ask NMFS to
23 give us their backup documentation.

24 But the other thing here going on, and this goes
25 towards our general argument that zero costs of NMFS ought

1 to be accepted here, is we have a decades' long pattern of
2 NMFS's costs being completely out of sorts and unreliable.

3 We have documented this year, after year, after
4 year. The only years in which we have not been able to show
5 things that, quite honestly, are sillier than a heat pump in
6 South Carolina, is because NMFS has taken the approach of
7 not providing documentation when we have asked for it.

8 So one can only assume that the reason why
9 they're not giving us documentation is that they know that
10 there are some costs that cannot be substantiated, and
11 frankly are probably quite embarrassing like a heat pump for
12 what was one from a prior year, cookies at a meeting, a
13 pickup truck--

14 MS. MOLLOY: They weren't truck.

15 MR. SENSIBA: That was--

16 MS. MOLLOY: That was BIA.

17 (Laughter.)

18 MR. SENSIBA: That was BIA. My apologies to the
19 good people at NMFS. But the point is made. And we don't
20 think that there's any basis for the Commission, absent a
21 full and complete review of NMFS's backup documentation, to
22 accept one penny of the cost that NMFS provides. Because
23 it's just reliable.

24 The Commission has no basis for concluding that
25 any of these costs were incurred on behalf of the hydro

1 power industry because they are completely unreliable. We
2 have made this case for many years. For many years the
3 Commission agreed with us. And we find it very troubling
4 that the moment that NMFS stopped providing data--they
5 didn't make any changes; they just stopped providing data--
6 --was the year that the Commission started accepting these
7 changes, just because they happened to be coded to the right
8 codes.

9 That is not the right approach here, guys. We
10 need to do better here. And we would ask the Commission to
11 work with us in making sure that NMFS's costs are reliable,
12 that they're substantiated before we bill the hydro industry
13 for these costs. Otherwise, I think that there is a fair
14 chance--and of course this is not surprising to anyone in
15 this room--that another appeal is coming this year.

16 MS. MOLLOY: We will take a look, and we will ask
17 the questions of them and see what we get back from them,
18 and the others. And all the others should be working right
19 now on getting their answers together.

20 MR. SENSIBA: I'm sure that's exactly why they
21 left the meeting early.

22 MS. MOLLOY: Rushing off to get their stuff
23 together.

24 (Laughter.)

25 MS. MOLLOY: But we will pass on the questions and

1 see what responses we get from them. And we will ask for
2 the backup documentation, as we did a year-and-a-half ago.
3 We sent a similar letter. We'll see what they respond.

4 They were invited, just like the other agencies,
5 to the meeting.

6 MR. SENSIBA: It was great that we had so many
7 people here. And I think that we were able to get some good
8 answers to questions, which is really what these technical
9 conferences are all about.

10 MR. RICHARDSON: And, yes, we can kind of a little
11 disappointed because we have been having communication with
12 NMFS throughout the year. It's a little disheartening that
13 they haven't shown up. I mean, some of the questions you
14 had today maybe they could have possibly entertained.

15 MS. MOLLOY: So any other questions on them?

16 (No response.)

17 MS. WHITE: Do we have a date by which comments
18 are due? Or will you release that by notice?

19 MR. RICHARDSON: Yeah, we'll release it by notice.
20 Like I said before, the transcript will be available within
21 two weeks. And we won't post notice for comments until the
22 transcript is posted.

23 MR. SENSIBA: That is really helpful, Norman.
24 Thank you. And it probably goes without saying, some of the
25 documents that we talked about today, like the National Park

1 Service's further description of those contracts, it would
2 be helpful to have those on the record before we have to
3 comment. That would be very helpful.

4 MR. RICHARDSON: Okay. All right, this concludes
5 the technical conference. Thank you.

6 (Whereupon, at 3:13 p.m., the technical
7 conference was adjourned.)

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