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BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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 In the matter of: :
 TECHNICAL CONFERENCE ON :
 OTHER FEDERAL AGENCY COST : DN AD11-3-008
 SUBMISSIONS FOR FISCAL :
 YEAR 2010 :
 - - - - - x

Room 3M3, Third Floor

Federal Energy Regulatory Commission

888 First Street, Northeast

Washington, D.C. 20426

Thursday, March 24, 2011

The technical conference was convened, pursuant to notice, at 2:03 p.m., when were present:

ATTENDEES:

FERC STAFF:

- ANTON PORTER, Deputy Chief Financial Officer
- W. DOUG FOSTER, Director, Division of Financial Policy
- FANNIE KINGSBERRY, Supervisory Financial Specialist, RRB
- NORMAN RICHARDSON, Systems Analyst, RRB
- RAVEN LEWIS, Accountant, RRB
- RICHY PALMER
- ELIZABETH MOLLOY, ESQ.,

1 ATTENDEES (Continued):

2 CHARLES R. SENSIBA, ESQUIRE

3 ASHA VENKATARAMAN, ESQUIRE

4 VanNess Feldman

5 Washington, D.C.

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7 KATHARINE MAPES, ESQUIRE

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P R O C E E D I N G S

(2:02 p.m.)

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3 MR. FOSTER: Well good afternoon. We are about
4 to get started. Let me start off by just welcoming and
5 thanking everyone in advance for participating and attending
6 the Federal Energy Regulatory Commission's annual Other
7 Federal Agencies, or OFAs, Cost Submission Conference for
8 Fiscal Year 2010.

9 My name is Doug Foster. I am Director of the
10 Financial Management Division here in the Commission. My
11 Division is responsible for the calculation of costs that
12 are associated with the administration of Part I of the
13 Federal Power Act, as well as issuing related bills to the
14 regulated entities that are under the Commission's
15 jurisdiction.

16 Joining me here today from Commission staff, we
17 have Anton Porter. He's the Deputy Chief Financial Officer
18 here with the Commission. We have Fannie Kingsberry. She
19 is the Supervisor in the Revenue and Receivables Branch,
20 whose Branch is directly responsible for the assessment and
21 calculation of costs.

22 We have Norman Richardson. He's a Systems
23 Accountant here at the Commission within the Revenue and
24 Receivables Branch. We also have Raven Lewis, who is the
25 accountant here in the Revenue and Receivables Branch. And

1 also joining us from our General Counsel's office we have
2 Elizabeth, which we affectionately call "Liz," Molloy, who
3 is also joining us.

4 So what I would like to do now is just take a
5 brief moment for everyone just to give a quick, brief
6 introduction of our guests and who they represent so we kind
7 of know who we're talking to. So I guess I will start here
8 with the young lady on my right.

9 MS. MAPES: I am Katharine Mapes, and I am from
10 Spiegel & McDermott.

11 MR. FOSTER: Okay. I know you're here with the
12 Commission, right?

13 MR. PALMER: I'm here with the Commission as an
14 observer.

15 MR. FOSTER: Okay. All right?

16 MR. SENSIBA: My name is Chuck Sensiba, and I am
17 here with the Law Firm of VanNess Feldman on behalf of the
18 Idaho Falls Group.

19 MS. VENKATARAMAN: Asha Venkataraman with VanNess
20 Feldman.

21 (A Power Point presentation follows:)

22 MR. FOSTER: Okay. Well, welcome. We have some
23 familiar faces here, so welcome, and for everyone that is
24 new, welcome as well.

25 What we're going to do is we're going to get

1 started. The agenda that we're following today is similar
2 to the agenda we followed in past years. Basically what we
3 will do initially is we will cover some background materials
4 that will speak to the scope of the conference, and some
5 relevant guidance. Then we will get into our review
6 process, what exactly we look at when we review the costs
7 that are submitted by the other federal agencies.

8 Unlike years past, we don't seem to have anyone
9 representing the Other Federal Agencies here. So any
10 questions that relate specifically to the Other Federal
11 Agencies we will probably have to get back to you guys on.

12 Then we will go right into the Fiscal Year 2010
13 OFA Cost Analysis. This is where we will look at each
14 individual agency's cost submissions and what they actually
15 reported, and what we actually accepted.

16 Any questions that you might have as it relates
17 to any one of the costs or agencies that were submitted,
18 feel free to raise them at any point in time.

19 We also have--and we encourage you to use--after
20 the conference, if you would like to file officially your
21 comments or questions, you can do so through our e-filing
22 system. If you would like to, you can file it against the
23 document number, Docket No. AD-11-3-008.

24 Once we go through the cost analysis, we will
25 just entertain questions and comments. Then I will go

1 through a brief timeline of events moving forward as it
2 relates to OFA as well as the annual charges process.

3 Then we are going to leave you with some contact
4 information for any additional questions that you might have
5 after you leave the conference here today.

6 So moving forward, the scope of the conference:

7 As we know, the reason why we are here today is
8 to determine the reasonableness of the Other Federal
9 Agencies' costs for 2010 as it relates to their
10 administration of Part I of the Federal Power Act.

11 We also want to discuss, and we'll do this on a
12 slide-by-slide basis, if necessary, how they can improve
13 their future cost submissions.

14 Application of relevant federal guidance: We
15 have the Federal Power Act, which of course gives the
16 Commission the authority to assess annual charges and filing
17 fees to the hydro power industry.

18 You have the Omnibus Budget Reconciliation Act of
19 1986, which gave the Commission the authority to collect
20 costs for Other Federal Agencies as it relates to the
21 Federal Power Act.

22 You have OMB Circular A-25 User Charges, which
23 assesses the ground rules and framework for how we can come
24 up and determine user charges, including filing fees, or
25 annual charges, as well as how to determine how special

1 benefits are derived by the industry; and it also speaks to
2 full cost recovery of the government.

3 And finally, we have the Statement of Federal
4 Financial Accounting Standards Number 4, which is the
5 "Managerial Cost Accounting Concepts and Standards for the
6 Federal Government." This just gives us the foundation and
7 background for the cost accounting systems, indirect or
8 direct costing, as well as just cost accounting, full cost
9 recovery.

10 Right here we have, which is the standard form
11 that is required as part of all of the submissions. It is
12 the Cost Submission Form. Each agency is required to
13 complete, fully complete this form as part of their package.
14 If they do not, it is a requirement so if they do not none
15 of their costs would be accepted. This is a form we have
16 been using for the past several years.

17 These are the things that we look at when we go
18 through our analysis. We're looking for detailed
19 information that will assist us in the review process. We
20 want to make sure--this is where we're determining the
21 reasonableness of costs. So we're looking for accounting
22 system reports that detail cost submissions.

23 In other words, are there reports or system
24 reports that can isolate or allocate or identify costs that
25 are related to FPA Part I related activities.

1 We also do a detailed analysis and try to gather
2 an understanding and so we can feel comfortable about the
3 cost assumptions. We also look for and we expect detailed
4 narratives of the entire reporting process, a description of
5 accounting codes, and an explanation for the overhead rate.

6 Support is requires for each agency, because
7 again we are not looking for absolute assurance but we're
8 looking to get some type of assurance as to whether or not
9 the costs that are submitted are reasonable. So we need
10 support, documented support to validate the information that
11 is being submitted.

12 Things that we look at through our process: We
13 look at the Cost Submission Forms, like I spoke to earlier.
14 Also, Supplemental reports and analyses. A very important
15 item is the signed certification statements. It is pretty
16 much a statement that is signed by either the CFO or some
17 other designated official of the agency or bureau that
18 basically attests that the numbers that are being reported
19 are valid and accurate.

20 If we do not have this signed certification, our
21 position is if the CFO or related individual are not willing
22 to to certify the statements, then for us we don't waste our
23 time in trying to review it; we automatically just deny or
24 reject those amounts.

25 Then also we have narrative submissions, like I

1 spoke to earlier, to just kind of give us some detailed
2 explanation of the information that is being reported.

3 We also look for properly segregated costs. In
4 other words, we want to be able to have reports that
5 actually separate costs that are related to FPA--that are
6 related to the Federal Power Act; cost accounting reports
7 and other analyses that support the totals. In other words,
8 the submission form will have the totals of the costs being
9 reported, but we want to see detail behind that that kind of
10 gives us a good feeling that the supporting details actually
11 reconcile back to the submission, the numbers on the
12 submission form.

13 And then, just other statistical analyses. In
14 other words, we take a look at what was reported in like
15 prior years, and what's being reported this year, and kind
16 of question as to whether or not that seems reasonable.

17 Improvements: Some of the improvements that we
18 are seeing now is that the majority of the agencies that are
19 submitting costs, or seem to have a cost accounting system,
20 which is ideal. Because, again, they are able to utilize
21 specific project codes that relate to FPA Part I activities.
22 They are able to separate between muni and non-muni, as well
23 as nonspecifics.

24 And then everyone seems to be, or at least the
25 majority of them seem to be providing narrative descriptions

1 to describe the supporting documentation against things like
2 what certain codes relate to, how did they come up with
3 determining overhead rates, and other explanations of direct
4 costs or indirect costs that have been submitted for review.

5 This is the list of our Other Federal Agencies.
6 This list has not changed from prior years. As you see, the
7 Department of the Interior is the biggest agency. This is
8 the same list we had last year. There are no new agencies.

9 You can see at the bottom, the U.S. Army Corps of
10 Engineers was non responsive.

11 This is a summary of the reported and accepted
12 costs. Just to briefly throw out some percentages, as you
13 can see the total costs that are actually reported and
14 certified by the Agency was \$12.9 million; and we have
15 actually accepted \$10.1 million; 79 percent of the costs
16 reported were accepted; 74 percent of municipal costs that
17 were reported were accepted; 82 percent of non-municipal
18 costs.

19 Like I said, 79 percent we accepted this year
20 compared to 84 percent that was accepted last year. Total
21 reported costs decreased by 1 percent over last year, as
22 well as total accepted costs decreased by 9 percent compared
23 to last year.

24 Municipal reported costs increased by 20 percent
25 compared to last year; and we accepted 11 percent more

1 compared to last year.

2 Non-municipal reported costs decreased by 16
3 percent compared to last year; and we accepted 21 percent
4 less than we did last year.

5 This is just a graph to kind of illustrate what I
6 just talked about.

7 All right, now we're going to get down into the
8 actual, to talk about the actual departments and bureaus.
9 Again, any questions that anyone has as we move forward,
10 feel free to raise them.

11 We're starting off with the Department of
12 Interior, the Bureau of Indian Affairs. Costs submitted and
13 certified by the Agency was a little over \$1 million. We
14 accepted \$620,255. They basically provided their costs. It
15 was based on--they provided detailed accounting reports that
16 was generated from a financial system. Again, what we're
17 trying to look for in the reports that we're provided with,
18 we want to get a sense that there's an accounting system in
19 place. So that's why we look at reports. And we look for
20 reports that have codes, or accounting codes, product codes
21 that can identify costs, that can segregate costs that are
22 applicable to FPA Part I.

23 BIA provided that information. What we excluded
24 from the contract costs, the difference, is the money they
25 had in for Tribal funding. I think this was a point that

1 was made last year that that should have been excluded from
2 total contract costs, so it was submitted with those costs
3 again this year and we excluded that from the total costs
4 this year.

5 BIA's reported costs increased by about 30
6 percent in comparison to last year.

7 Do we have any questions as it relates to BIA?

8 MR. SENSIBA: Doug, I just have a comment.

9 The math in the Commission's report here is
10 consistent with what we found, as well. And I certainly
11 think that the reduction in cost based on the block grants
12 to the Tribes was appropriate.

13 It is consistent with the Commission's approach
14 last year. But what I would say about BIA, which is not
15 exactly true for all the other agencies, is that BIA does a
16 very good job of actually giving a narrative description of
17 what its other costs are.

18 So it does allow the reviewers to determine
19 whether the costs that are in this big category, and this
20 growing category of "other costs" were actually incurred for
21 the purposes of administering Part I of the Federal Power
22 Act.

23 So while we obviously support the Commission in
24 this reduction, we also think that BIA's approach here is a
25 model for other agencies. We appreciate the Commission's

1 trying to get the other agencies to bring them along on
2 this. And I think that as the technical conference kind of
3 proceeds today, we are going to talk about some areas where
4 we think that other agencies could do a little bit better
5 job of reporting and describing these "other costs" instead
6 of just assigning a code to them.

7 MR. FOSTER: And that is good to point out,
8 because again even if there's not--if we determine that
9 what's being provided is not adequate, we can also make that
10 request moving forward. So thanks for pointing that out.
11 We note that BIA did a good job in providing that
12 information.

13 All right, BLM. They certified \$337,000 but we
14 didn't accept any of it. That's simply because they did not
15 submit a signed certification. Even after we requested
16 it--they initially submitted it without a signed
17 certification. We requested it, made additional requests,
18 and we still did not get one. So again we rejected their
19 whole amount.

20 Any questions on BLM?

21 MS. VENKATARAMAN: Yes. I did want to point out
22 that their description of "contract costs" are pretty much
23 nonexistent. There's not really a great description of what
24 those contract costs are.

25 MR. FOSTER: For BLM?

1 MS. VENKATARAMAN: Yes.

2 MR. FOSTER: Okay.

3 MS. VENKATARAMAN: They put through about, over
4 \$14,000 in contract costs and they didn't describe much of
5 what those were.

6 MR. FOSTER: And that's probably why they didn't
7 sign a certified statement. I mean, we don't even look
8 beyond--if they're not certifying the statement, to sign the
9 certification statement, then we don't even look beyond
10 that. So that's probably why they didn't, because he or she
11 probably wouldn't signed off on this. But thanks.

12 All right, Bureau of Reclamation. They submitted
13 \$187,619 in costs. We have accepted the entire amount.
14 Again, they provided accounting reports that kind of
15 supported the numbers on their submission forms. They had a
16 total of \$114,000 in direct costs, and \$72,000 in indirects.
17 Do we have any questions for Reclamation?

18 (No response.)

19 MR. FOSTER: The reason I look at you, Chuck, is
20 because of course--

21 MR. SENSIBA: You need to start looking at Asha.

22 MR. FOSTER: Okay, to Asha. Okay.

23 Department of Interior, National Park Service,
24 total cost submitted was \$909,000. We accepted \$909,000.
25 Again it was based on the accounting reports that they

1 provided. Again, other costs, they had total directs of
2 \$789,000; indirects was approximately \$120,000. Some of the
3 other costs included cooperative agreements, wireless
4 communications equipment, reno. They did provide a detailed
5 cost report showing FP-1 related expenditures. They did
6 have budget costs that related to direct and indirects. And
7 they did establish project codes that related to FPA-related
8 work.

9 So any questions?

10 MS. VENKATARAMAN: Yes, we did have a couple of
11 things on that.

12 In their description of "other costs," there are
13 a whole bunch of contracts, or costs associated with
14 individuals. And so I wasn't sure what exactly those
15 entailed. There's a cost here to a Kelly Pierce for a
16 couple of different categories, for wireless communications,
17 for office supplies. And there are a couple of other
18 individuals that are listed on there that aren't associated,
19 at least to what I could see, with a cost with a company,
20 maybe? I just wasn't sure what those entailed.

21 And the other thing I wasn't sure about was
22 there's a contract with Energy Ocean Pacific for contracting
23 and professional services, and there's not really any
24 description of what that is. And so I wasn't entirely sure
25 how those costs were associated with FPA administration.

1 MR. FOSTER: Raven, do you have anything on that?

2 (Pause.)

3 I guess as it relates--we will ask for additional
4 information, but I think as it relates to individuals we
5 will try to get some specifics. I know we contract--I know
6 "we," I can speak for the Commission, we do a lot of
7 contracting out with individuals for particular work that's
8 related to FPA. So I believe, again our assumption is that
9 this was related to, along that line it was related to that
10 type of activity.

11 But again, to get more specifics, I guess to
12 provide the same type of maybe documentation as Reclamation,
13 we will ask for additional information on those specifics
14 and provide that at a later point in time.

15 MR. SENSIBA: That's exactly right. The amounts
16 that we're talking about here are not significant. I mean,
17 there are quite a few of these little individual entries for
18 some of these individuals, but what I think would give us
19 more comfort is just to understand what these costs were
20 incurred for.

21 MR. FOSTER: Okay.

22 MR. SENSIBA: Just exactly--and you pointed this
23 out--exactly what BIA has done with their description of
24 their contracts.

25 MS. LEWIS: Well they only have two contracts.

1 NPS only has Wilco and American Rivers, and they did provide
2 an explanation for those.

3 MR. SENSIBA: So I guess these are just more of
4 the "other" category?

5 MS. LEWIS: Yes, the "direct" is "other."

6 MR. SENSIBA: Thank you for that, Raven. Sorry.

7 MR. FOSTER: But we will definitely follow up on
8 the individuals.

9 Is that it? Okay, all right, Fish and Wildlife
10 Service, total costs certified and submitted was \$4.8
11 million. Total cost accepted was \$4.7. Again, they had
12 provided costs based on accounting reports that to us
13 appeared to be from a cost accounting system. We considered
14 that they established project codes and were able to
15 separate--segregate costs, I'm sorry, between municipal and
16 non-munis. Again, they did not provide a detailed
17 explanation of the Other Direct Costs. So that's the
18 difference between what they certified and what we actually
19 accepted. Since they didn't provide a detailed explanation
20 of the Other Directs, we excluded that amount in the Overall
21 Costs from what we accepted.

22 Questions?

23 MR. SENSIBA: Just one, really. We I think went
24 through probably the same exercise as the Commission did in
25 looking at these Other Costs, and our numbers are a little

1 bit different as far as what we could substantiate. And so
2 I just would like to get kind of an understanding of maybe
3 more specifically what this reduction of--if I did my math
4 right--just shy of \$139,000, Raven, if you could do that?

5 MS. LEWIS: The total reduction for Other Costs
6 was \$101,753. The other \$37,244 was a reduction because
7 they allocate overhead to all Direct Costs instead of
8 Salaries and Benefits.

9 MR. SENSIBA: Okay. I was going to say our
10 numbers came out to \$101,753. So--

11 MS. LEWIS: We have that.

12 MR. SENSIBA: So thank you for that.

13 MR. FOSTER: This is kind of self-explanatory,
14 but USGS submitted--we accepted what they submitted. Any
15 questions?

16 (No response.)

17 MR. FOSTER: All right, Office of the Solicitor.
18 They submitted \$274,000. We accepted \$269,000. Again, like
19 with most of the bureaus and agencies whose cost amounts we
20 have accepted, they at least show reports that seem to be
21 generated from a cost accounting system. They had codes
22 that could segregate costs.

23 The difference is related to travel costs that we
24 couldn't determine came from the same system as all the
25 other costs that were being reported. So therefore we

1 excluded it. That's about the \$5,000 difference.

2 So, questions?

3 MS. VENKATARAMAN: Yes. We did actually note the
4 travel costs, as well. But one of the things within those
5 travel costs that we had noticed was a couple of them are
6 for water rights' meetings. And we flagged that because
7 water rights' technically are excluded from Federal Power
8 Act administration in the first place. So we just wanted to
9 point that out in terms of the costs that they even included
10 on their summary sheet, even though you've excluded it.

11 MR. FOSTER: Okay.

12 MR. SENSIBA: And I think that the point there
13 is, if the purpose of these meetings was to go--and this is
14 from their description--to participate in water rights'
15 meetings and water rights' adjudication, that there's an
16 element here that's beyond just the travel costs; that while
17 they were there they incurred time, and we assume that their
18 time is also included in this report. And we would
19 appreciate a clarification from the Solicitor's Office
20 because, again, water rights' adjudications are--it's an
21 area that's outside the scope. Specifically under the
22 statute it's outside the scope of Part I of the Federal
23 Power Act.

24 MR. FOSTER: Okay. We'll go back and look into
25 that.

1 MR. SENSIBA: And if it would help, what we're
2 reacting to is a trip to Missoula, Montana. The costs for
3 the trip were \$957.60. Another trip totalling \$892.88 for
4 the Confederated Salish and Kootnai Water Rights
5 adjudication. So the travel costs made us wonder and assume
6 that there's some time element there, as well.

7 And of course if there's time that needs to be
8 reduced, then you have the overhead, and the indirect. It
9 all kind of cascades from that.

10 MR. FOSTER: Okay. All right, Office of
11 Environmental Police and Compliance. They submitted
12 \$198,852 in costs. We accepted it all. Again, it appeared
13 to us that the system, they had a cost accounting system
14 that they were using to determine their costs. They
15 provided codes that were associated with--that they used to
16 identify FPA Part I activities.

17 They provided a detailed query showing all the
18 related activities. And they did not include any bureau-
19 level overhead.

20 Any questions with OEPC?

21 (No response.)

22 MR. FOSTER: Okay. Office of Policy Analysis.
23 They submitted \$189,000 in costs. We didn't accept
24 anything, and that was because they just didn't have the
25 documents to support the reported costs. They just did not

1 provide a detailed description of accounting codes, nor a
2 written description on how the data was captured or
3 reported. So therefore we just rejected their total costs.

4 MS. VENKATARAMAN: There was one thing on that
5 report. There's a math error that I found when adding up
6 the benefits for non-municipal, under non-municipals for
7 three employees, the certified costs of \$18,520, but the
8 math only comes to \$14,993. And it's about a \$4,000
9 difference, but just in terms of our security and how
10 accurate their reporting is, it raised a flag.

11 MR. FOSTER: Okay.

12 MR. SENSIBA: Which may explain why, I guess
13 these were certified, weren't they?

14 MR. FOSTER: Yes.

15 MR. SENSIBA: Which doesn't explain the
16 certification, I guess.

17 MR. FOSTER: I mean, I think, like I said, that's
18 important. So moving forward, we look at how they did last
19 year, and the questions that were raised about their
20 submissions, we can put that level of attention. If we know
21 they're having summation problems, then we will make sure
22 that those types of things--I think in this particular
23 instance, since we didn't have the necessary support, I
24 don't think we had Raven waste her valuable time in looking
25 at it too closely.

1 MR. SENSIBA: And obviously we think that was the
2 right approach, and we support the conclusion.

3 MR. FOSTER: Okay. Office of Hearing and
4 Appeals. They submitted a little more than \$5,800 in costs.
5 We accepted the whole amount. Again, they had--at least
6 they had reports that appeared to be generated from a cost
7 accounting system. They were able to show us codes for
8 activities, detailed queries showing all FPA-related
9 activity. They did not handle any hydro licensing hearings.
10 Due to this, costs were allocated--I'm sorry, they did not
11 include bureau-level overhead, so they had \$5,000 in Directs
12 and \$848 in Indirects.

13 Any question on Hearings and Appeals?

14 (No response.)

15 MR. FOSTER: All right, Forest Service.
16 Department of Agriculture, Forest Service, total costs
17 submitted was a little more than \$3.3 million. Total cost
18 accepted was \$3.2 million, \$3,287,086. Again, they did
19 provide detailed accounting reports that showed that they
20 were using a cost accounting system. They had appropriate
21 codes that identified, that were able to segregate costs as
22 it related to FPA.

23 They did not provide detailed explanation of
24 Contracts & Services. Therefore, we rejected some of the
25 costs. I believe a total of \$62,633 of the, I believe,

1 \$94,000 in Other Costs we rejected because they did not
2 provide the appropriate amount of documentation for the
3 Contract & Services.

4 And then we also--we accepted only \$209,000 of
5 the \$220,000 in Indirect Costs because they allocated, again
6 similar to an earlier agency, they allocated their Indirect
7 percentage to All Direct Costs, as opposed to just Salaries
8 & Benefits.

9 Any questions?

10 MR. SENSIBA: A few on the Forest Service.

11 MR. FOSTER: Okay.

12 MR. SENSIBA: So if I understand your explanation
13 correctly, the Commission sent a follow-up letter to the
14 Forest Service in February that basically said you reported
15 \$32,612 under the category of Contracts & Services. The
16 Commission asked for the Forest Service to provide
17 additional information, which it did not?

18 MR. FOSTER: Correct.

19 MR. SENSIBA: And then--so what we're seeing
20 there is, in the final tally, an overall reduction of what
21 was reported versus what the Commission has accepted of
22 about \$44,000. And that difference is attributable to both
23 the \$32,000 plus all of the Overhead and Indirect Costs? Is
24 that a fair assessment?

25 MR. FOSTER: Correct.

1 MS. LEWIS: Correct.

2 MR. SENSIBA: And we certainly agree that these
3 flags of \$32,000 as well, there are other cost categories in
4 the Forest Service's report that we think fit within the
5 same scope.

6 MR. FOSTER: Okay.

7 MR. SENSIBA: One of those is a cost category
8 called "Grants and Agreements--Agreements--Other." And
9 under that category, again the number is not large, it is
10 \$7,500, but we would like an explanation from the Forest
11 Service on that because it's an agreement, it's a contract,
12 it seems to be within the same scope.

13 And then there are other types of costs, as well,
14 that we think just almost by the description do not fit
15 within the administration of Part I of the Federal Power
16 Act. And here are some examples:

17 The Forest Service logged \$3,200 into a category
18 called "Security, Civil Defense." It does not seem to be
19 within the Forest Service's realm of administration
20 responsibilities to be providing any kind of security or
21 civil defense in this area. I've been to some stakeholder
22 meetings that maybe there should have been, and I'm sure
23 that Liz has been to some of those as well, but I don't
24 think that that's the Forest Service's responsibility under
25 Part I.

1 There are some others, as well. They recorded
2 about--pardon me here--there were several costs logged to a
3 category called "Transfer of Station," including a "house
4 hunting trip," "relocation income tax allowance", and
5 "miscellaneous moving expenses connected with a transfer of
6 station."

7 I don't think that the hydro industry should be
8 paying for government workers to relocate. And we would ask
9 for those costs--again, just by the description provided in
10 the Forest Service's cost report itself, that these are
11 beyond the scope.

12 \$6,570 logged to a "truck rental for
13 transportation of things". \$5,300 logged to what's called
14 "communications" including, it looks like, "international
15 telephone service," which again I don't think that
16 international calls are something that are within the scope
17 of Part I of the Federal Power Act.

18 The others that we would note is Rental Payments.
19 Building rental. It looks like they also repaired, altered,
20 or maintenance of space, so they had some remodeling work
21 done in rental spaces. Together, both the building rental
22 and the renovation totalled, it looks like about \$12,000.
23 Again, you know, some of these they might be within the
24 scope. We just don't know.

25 I think that this goes to the issue that I raised

1 at the very beginning; that if the Agencies want these costs
2 passed through, our clients are willing to pay for that as
3 long as we have comfort knowing that they were really
4 incurred in the administration of Part I.

5 I think that some of these are clearly not.
6 Moving expenses for individuals is not administering Part I
7 of the Federal Power Act. Security and civil defense? Not
8 within the scope. And so we would like some support from
9 the Commission at the very minimum going back to the Forest
10 Service and asking some additional questions on these cost
11 categories to get some clarification so that the Commission
12 can make a determination as to whether, one, they're within
13 the scope of 10E(1), and even if they are, whether they are
14 reasonable.

15 MS. LEWIS: Would it help to provide you with the
16 codes that are applicable to the description--

17 MR. SENSIBA: I have it right here. We can talk
18 off-line, Raven.

19 MS. LEWIS: Okay.

20 MR. FOSTER: I appreciate that, Chuck. We will
21 certainly take that back and get some further clarification
22 and request some further information as it relates to those
23 areas.

24 MR. SENSIBA: Thank you. I appreciate that.

25 MR. FOSTER: Last but not least, we're ending on

1 a good note where we can all agree. Commerce, National
2 Marine Fisheries Service submitted \$1.6 million, and we
3 didn't accept any of it. They just didn't provide the cost
4 submission documentation that we require to substantiate or
5 to validate their costs. So we did not accept any of it.

6 Questions?

7 (No response.)

8 MR. FOSTER: Okay. Moving forward to the
9 timeline. Again I guess we'll talk off-line, Chuck, but
10 also if you want to file your questions like you have
11 typically done in the past as it relates to the issues that
12 you brought up today, we will go back to the OFA to get some
13 clarification, or some additional information.

14 We will issue our Final Cost Analysis sometime in
15 July of this year. We will actually plan on issuing the
16 Annual Charges also in July of this year. Then we will
17 start for the Fiscal Year 2011 OFA review.

18 Again we will go out with the requests around
19 October of this year. We would expect that to be returned,
20 have that information returned in the December/January
21 timeframe. Similar to this year, we will post all the
22 information in January. We will hold another conference in
23 March. And we will publish the comments in April 2012. Any
24 additional submissions we will consolidate in May of 2012.
25 Then we will issue our analysis as well as go out with the

1 actual Annual Charges in July of 2012, as well.

2 So any questions on the timeline moving forward?

3 (No response.)

4 MR. FOSTER: Okay, contact information is there.
5 Our AnnualCharges inbox, as well as my contact information,
6 and Fannie's information. If you need Raven's or Norman's
7 information, feel free. Both of them are very good
8 resources as it relates to OFAs, so feel free to get their
9 contact information, as well.

10 I guess that's it. So in closing, I just want to
11 say thank you again for taking the time out to come and be a
12 participant in this very valuable conference. We really
13 appreciate it. Overall, our goal is just we just want to
14 make sure we are capturing all the costs that have been
15 incurred in administering the process. So this is a very
16 important piece to that overall process.

17 So we thank you. We appreciate your feedback and
18 your comments and we look forward to seeing you next year.
19 Thank you.

20 (Whereupon, at 2:42 p.m., Thursday, March 24,
21 2011, the technical conference in the above-entitled matter
22 was adjourned.)

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