

2025 Report on Enforcement

A Staff Report to the Commission

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FEDERAL ENERGY REGULATORY COMMISSION
Office of Enforcement

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INTRODUCTION

The staff of the Office of Enforcement and Regulatory Accounting (Enforcement)¹ of the Federal Energy Regulatory Commission (Commission) is issuing this report as directed by the Commission in its Revised Policy Statement on Enforcement.² This report informs the public and the regulated community of Enforcement's activities during Fiscal Year 2025 (FY2025),³ including an overview of, and statistics reflecting, the activities of the three divisions within Enforcement: Division of Investigations (DOI), Division of Audits and Accounting (DAA), and Division of Analytics and Surveillance (DAS).

Enforcement recognizes the importance of informing the public of the activities of its staff and prepares this report with that objective in mind. Most of the information the public receives about Enforcement's activities comes from public Commission orders approving settlements, orders to show cause, publicly released staff reports, Commission and delegated letter orders addressing accounting and financial reporting matters, and audit reports. This report summarizes the status and resolution of various matters that were public in FY2025. However, not all of Enforcement's activities result in public actions by the Commission. Like reports in previous years, the FY2025 report provides the public with more information regarding the nature of non-public Enforcement activities, such as investigations that are closed without action, self-reported violations, and examples of surveillance inquiries initiated by DAS that are terminated short of opening an investigation. This report also highlights Enforcement's work administering the audit and accounting programs and performing surveillance and analysis of conduct in wholesale natural gas and electric markets. In addition, DAA points out several areas to help companies enhance their compliance programs.

OFFICE OF ENFORCEMENT AND REGULATORY ACCOUNTING PRIORITIES

The Commission's current Strategic Plan sets forth a mission to account for significant changes in energy supply due to a number of factors, such as the changes in the fuel mix of resources participating in the organized electric markets and the emergence and growth of new energy technologies.⁴ In addition, the Strategic Plan sets forth a mission to address increasing threats to the nation's energy infrastructure, such as extreme weather events and cybersecurity threats. As

¹ In August 2025, the Office of Enforcement was renamed the Office of Enforcement and Regulatory Accounting.

² *Enforcement of Statutes, Regulations and Orders*, 123 FERC ¶ 61,156, at P 12 (2008) (Revised Policy Statement). Enforcement's current organizational chart is attached as Appendix A to this report.

³ The Commission's fiscal year begins October 1 and ends September 30 of the following year. FY2025, the subject of this report, began on October 1, 2024, and ended on September 30, 2025.

⁴ See The Federal Energy Regulatory Commission, Strategic Plan FY 2022-2026 (Mar. 28, 2022) (Strategic Plan), <https://www.ferc.gov/media/ferc-fy22-26-strategic-plan>.

the Strategic Plan notes, both the nation’s energy infrastructure and energy markets must adapt to these changes to ensure that consumers have access to economically efficient, safe, reliable, and secure energy at a reasonable cost.⁵ The Strategic Plan identifies three primary goals to fulfill this mission: (1) ensure just and reasonable rates, terms, and conditions; (2) promote safe, reliable, and secure infrastructure consistent with the public interest; and (3) support the mission through organizational excellence.⁶ To further those goals and assist the Commission in its obligation to oversee regulated markets, Enforcement gathers information about market rules, market participants, and market behavior through its investigations, audits, and surveillance. Enforcement also gathers information regarding energy infrastructure, as appropriate. Each of the divisions continues to work to bring entities into compliance with applicable statutes, Commission rules, orders, regulations, and tariff provisions.

In FY2025, Enforcement’s priorities focused on matters involving:

- Fraud and market manipulation;
- Serious violations of the Reliability Standards;
- Anticompetitive conduct;
- Threats to the nation’s energy infrastructure and associated impacts on the environment and surrounding communities; and
- Conduct that threatens the transparency of regulated markets.

Enforcement focuses on deterring, investigating, and remedying misconduct involving the greatest harm to the public, where there may be significant gain to the violator or loss to the victims. Conduct involving fraud and market manipulation also poses a significant threat to the markets the Commission oversees. Such misconduct undermines the Commission’s goal of ensuring efficient energy services at a reasonable cost because the losses imposed by fraud and manipulation are ultimately passed on to consumers. Similarly, anticompetitive conduct and conduct that threatens market transparency undermines confidence in the energy markets and harm consumers and competitors. Such conduct might also involve the violation of rules designed to limit market power or to ensure the efficient operation of regulated markets.

The Reliability Standards established by the North American Electric Reliability Corporation (NERC), and approved by the Commission, protect the public interest by ensuring a reliable and secure bulk power system. Enforcement investigates and remedies noncompliance with these standards and focuses primarily on violations resulting in actual harm, through the loss of load or other means. Enforcement also focuses on cases involving repeat violations of the Reliability Standards or violations that present a substantial risk to the bulk power system. In addition, Enforcement investigates and remedies noncompliance with Certificates of Public Convenience

⁵ *Id.* at 22.

⁶ *Id.* at 7-9.

and Necessity and hydroelectric licenses to minimize the impact of these projects on the environment, landowners, and communities.

In FY2025, Enforcement staff opened 24 new investigations, while bringing 17 pending investigations to closure without further action. During the fiscal year, Enforcement staff negotiated 13 settlements that were approved by the Commission, 11 of which resolved investigations for a total of approximately \$36.57 million (\$22.84 million in civil penalties and \$13.73 million in disgorgement). The remaining two Commission-approved settlements resolved one administrative proceeding for \$5 million in restitution and a Commission Penalty Order for a payment of \$30,000 to the owner of a dam at which a hydroelectric project was located.

In FY2025, DAA completed 10 audits of public utility, natural gas, and oil companies covering a wide array of topics. The audits resulted in 63 findings of noncompliance and 260 recommendations for corrective action, the majority of which were implemented within six months, and directed approximately \$80 million in refunds and other recoveries. Additionally, during the fiscal year, DAA acted through the Chief Accountant's delegated authority or advised on 447 proceedings, including acting on 143 accounting filings requesting approval of a proposed accounting treatment or financial reporting matter and assisting with 304 rate, pipeline certificate, merger and acquisition, and debt and security issuance proceedings before the Commission. Also, in FY2025, the Commission received Electric Quarterly Report (EQR) submittals from nearly 3,600 entities each quarter. DAA assessed whether sellers had timely complied with the filing requirements set forth in section 35.10b of the Commission's regulations, 18 C.F.R. § 35.10b, and through automated validations, whether the data submitted was accurate. DAA also administered and oversaw compliance with the regulatory requirement to file FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q (gas and electric), 6, 6-Q (oil), 60, and FERC-61, and responded to email inquiries pertaining to reporting and accounting instructions. During FY2025, the Commission received approximately 2,556 such financial form submittals.

In FY2025, DAS surveillance staff identified and reviewed numerous instances of potential misconduct, some of which resulted in DAS opening a surveillance inquiry or an in-depth review of a market participant's conduct to determine whether to recommend an investigation. During the fiscal year, natural gas surveillance staff conducted 1,780 surveillance reviews, which resulted in 24 natural gas surveillance inquiries and one referral to DOI for investigation. In total, DAS closed 22 natural gas surveillance inquiries with no referral⁷ and, as of the end of the fiscal year, continued its analytic work on four. Electric surveillance conducted 1,920 surveillance reviews, which resulted in 36 electric surveillance inquiries and 10 referrals to DOI for investigation. In total, DAS closed 21 electric surveillance inquiries with no referral and, as of the end of the fiscal year, continued its analytic work on five. In addition, DAS made improvements to both its natural gas and electric surveillance processes, by developing and implementing more sophisticated, interactive dashboards and moving analytic capabilities to the cloud. DAS also provided analytical support on approximately 70 investigations with DOI and 10 other matters involving inquiries or litigation. During FY2025, DAS staff reviewed nearly 2.7 million transactions filed through the Commission's EQRs by all market-based rate sellers in the bilateral wholesale energy markets.

⁷ Two of these closed inquiries commenced in FY2024.

DIVISION OF INVESTIGATIONS

A. Overview

This section of the report provides details on DOI's current investigative processes and practices to give the energy industry and the public added insight into investigations and to provide investigative subjects general guidance on what to expect during an investigation.

DOI staff conducts investigations of potential violations of the statutes, regulations, rules, orders, tariffs, certificates, and licenses administered by the Commission. DOI staff learns of potential violations from various sources, including referrals from other program offices within the Commission and other divisions within Enforcement, referrals from Independent System Operators/Regional Transmission Organizations (ISOs/RTOs) in organized markets or their market monitoring units (both internal and external), referrals from other agencies (both federal and state), self-reports, calls to the Enforcement Hotline, whistleblowers, and information gathered in other investigations. After learning of a potential violation, DOI staff evaluates whether to open an investigation based on the factors outlined in the Commission's Revised Policy Statement on Enforcement.⁸

If, after opening an investigation and gathering and reviewing relevant facts, DOI staff finds no violation, insufficient evidence to prove a violation, or that a violation should not be subject to sanctions, DOI staff closes the investigation without further action and so informs the subject.⁹ Most of DOI staff's investigations are closed without further action.¹⁰ On the other hand, if DOI staff finds that a violation occurred that warrants sanctions, it provides the subject with its preliminary findings. This has been done either orally, in writing, or both. The subject then has the opportunity to respond to DOI staff's preliminary findings with any additional information or defenses. This stage presents an important opportunity for the subject to supplement factual information or to point out its views and theories of the case. Where warranted, DOI staff conducts additional fact-finding after reviewing a subject's response and may modify its findings based on

⁸ *Revised Policy Statement*, 123 FERC ¶ 61,156 at P 25.

⁹ The 17 investigations DOI closed with no action in FY2025 were closed because Enforcement staff found there was either no violation, insufficient evidence to establish that a violation had occurred, or that a violation should not be subject to sanctions under the circumstances.

¹⁰ In some circumstances, even where DOI staff has determined that an investigation should be terminated, it has also identified broader market issues that may warrant attention. For example, the investigation may expose vague or ambiguous market rules that appear to undermine, distort, or otherwise inject uncertainty into market performance and participant obligations. To address these types of issues, Enforcement has a process whereby its staff can share its concerns about existing tariffs, market rules, or business practice manuals with senior management in Enforcement and the Commission's Office of Energy Market Regulation (OEMR), Office of the General Counsel (OGC), and Office of Technical Reporting and Economics (OTRE) and explain how the identified issues may be resulting in poor or inefficient market outcomes.

the response and further fact-finding. At the preliminary findings stage, DOI staff provides investigative subjects with third-party evidence it gathered during the investigation.

If, after reviewing the subject's response to the preliminary findings and conducting any supplemental fact-finding, DOI staff continues to conclude that violations occurred and that the violations warrant sanctions, it seeks authority from the Director of Enforcement and Regulatory Accounting to enter into settlement negotiations with the subject. If the Director of Enforcement and Regulatory Accounting grants settlement authority, DOI staff seeks a negotiated resolution within the authorized settlement authority range and terms. Investigative subjects can indicate a desire to explore settlement and/or submit a unilateral offer of settlement at any point in the investigative process.

Enforcement staff will generally seek settlement terms designed to clearly inform the regulated industry about what conduct constitutes the violation(s). If Enforcement staff and the investigative subject agree on a settlement offer, DOI staff submits the offer to the Commission for approval, along with any information that may aid the Commission's determination as to whether the settlement offer is in the public interest, such as details about the alleged violation(s), investigative facts, relevant law, and, if available, the subject's response to preliminary findings issued by DOI staff. The settlement offer is then executed by the investigative subject but remains non-public unless and until it is approved by the Commission. If the Commission approves the settlement offer, it issues a public order that states why the settlement serves the public interest and attaches the executed settlement agreement.

In FY2025, Enforcement resolved 11 investigations via settlements approved by the Commission. These settlements involved Enforcement's allegations of:

- (1) a public utility violating the Commission's Duty of Candor Rule, 18 C.F.R. § 35.41(b), by failing to provide PJM Interconnection, LLC (PJM), the regional transmission provider, with accurate information in the transmission expansion planning process about the condition of a transmission line it sought to replace;
- (2) a battery storage facility violating the California Independent System Operator Corporation (CAISO) Tariff and the Commission's Duty of Candor Rule, 18 C.F.R. § 35.41(b), by submitting false and misleading initial state of charge and outage-related information;
- (3) a generating station violating the PJM Tariff and the Commission's Duty of Candor Rule, 18 C.F.R. § 35.41(b), by misclassifying a forced outage as a maintenance outage;
- (4) a corporation violating the ISO New England, Inc. (ISO-NE) Tariff and the Commission's Market Behavior Rule on Unit Operation, 18 C.F.R. § 35.41(a), by improperly operating, offering, and scheduling a generating plant;
- (5) a company and its former CEO violating the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.2, and the Midcontinent Independent System Operator, Inc. (MISO) Tariff by registering demand response resources and accepting capacity payments from MISO for those resources without those resources' knowledge or consent;

- (6) two affiliated companies violating the PJM Tariff by failing to offer the full available capacity of a generating plant into PJM's energy markets so they could withhold enough energy to meet the energy needs of their behind-the-meter cryptocurrency mining operations;
- (7) a company violating the Commission's Market Behavior Rules on Unit Operation and Duty of Candor, 18 C.F.R. §§ 35.41(a) and (b), and the PJM Tariff by failing to offer the available capacity of eight of its generating units into the PJM energy markets;
- (8) a company violating the Commission's Anti-Manipulation Rule and the Natural Gas Act (NGA) by selling monthly physical gas during certain bidweeks at MichCon, a natural gas trading hub, at a loss or negligible profit, while holding leveraged short financial basis positions that settled off the IFERC MichCon index;
- (9) affiliated companies violating the Southwest Power Pool (SPP) Tariff by failing to convert a non-dispatchable variable energy resource to a dispatchable variable energy resource by the required tariff deadline;
- (10) a company violating the Natural Gas Policy Act of 1978 (NGPA) by charging fees to transport natural gas on behalf of interstate pipelines without having approved rates or a Statement of Operating Conditions on file with the Commission; and
- (11) a company violating the PJM Tariff and the Commission's Market Behavior Rules on Unit Operation and Duty of Candor, 18 C.F.R. §§ 35.41(a) and (b), by not meeting its must-offer obligations as a capacity resource and by failing to properly submit Generating Availability Data System data to PJM.

These settlements are described more fully below in DOI section C.

If a settlement cannot be reached, and Enforcement intends to recommend to the Commission that it issue an Order to Show Cause (OSC), initiating an on-the-record proceeding before the Commission, DOI staff will provide the investigative subject with notice and an opportunity to respond pursuant to section 1b.19 of the Commission's regulations, 18 C.F.R. § 1b.19. If DOI staff continues to believe violations occurred after reviewing this response (if any), it drafts an Enforcement Staff Report and Recommendation, which includes its findings of fact and conclusions of law regarding the investigation, as well as its recommendation to issue an OSC. This Enforcement staff report, the investigative subject's response to the section 1b.19 notice, and, when applicable, other submissions from the subject are then submitted to the Commission for consideration along with a proposed OSC. If the Commission concurs with Enforcement staff's recommendation, it issues an OSC in a public docket directing the subject to explain why it did not commit a violation and why penalties, disgorgement, or any other proposed remedies are not warranted. The subject then has an opportunity to respond to the OSC, and Enforcement staff may reply to the subject's response. The Commission's issuance of an OSC initiates a contested on-the-record proceeding, with Enforcement and subjects as participants and the Commission as a neutral adjudicator, which triggers the Commission's *Ex Parte* and Separation of Functions

Rules.¹¹ The Commission therefore issues a public notice designating Enforcement staff generally as “non-decisional,” with the exception of the specific identified Enforcement staff designated as “decisional,” who had no prior involvement in the underlying investigation.

After considering the factual record and legal arguments submitted by the subject and Enforcement, the Commission issues a decision, which will take different forms depending on the relevant statute.¹² Aspects of the Commission’s processes have been challenged in light of the Supreme Court’s decision in *SEC v. Jarkesy*, 144 S. Ct. 2117 (2024).¹³ That opinion found that the Securities and Exchange Commission’s use of Administrative Law Judges (ALJs) to adjudicate civil penalty actions in securities fraud cases violated the Seventh Amendment right to a jury trial.

As of the end of FY2025, Enforcement staff was litigating one United States district court action, and one in United States bankruptcy court. Enforcement staff also fully resolved one administrative proceeding and one Commission Penalty Order through settlement during FY2025. As of the end of the fiscal year, there was one enforcement-related NGA trial-type ALJ proceeding pending before the Commission, which is currently stayed. Further, during FY2025, there were one FPA-related OSC proceeding and one NGA-related OSC proceeding pending before the Commission. These litigation matters are described more fully below in DOI section B.

B. Significant Pending Matters

During FY2025, DOI staff prepared briefs, reports, and other public filings related to litigation in federal courts and administrative proceedings before the Commission. During FY2025, DOI represented the Commission in one litigation matter in federal district court, and one in bankruptcy court following a default judgment in favor of the Commission. Currently pending at the Commission is one NGA trial-type proceeding before an ALJ, which is stayed. During FY2025, there were two other OSC proceedings pending before the Commission (one FPA-related and one NGA-related).

As of the end of FY2025, a total of approximately \$26.5 million in civil penalties and \$500,000 in disgorgement of unjust profits, plus interest, remained pending in the *Ketchup Caddy* federal district court matter. In addition, based upon the *Powhatan* bankruptcy proceeding, the Commission should receive payment under its proof of claim of approximately \$25,000.

¹¹ See 18 C.F.R. §§ 385.2201, 385.2202 (2025) (outlining the Commission’s rules governing off-the-record communications and separation of functions). See also 5 U.S.C. § 554(d) (2014).

¹² See *Process for Assessing Civil Penalties*, 117 FERC 61,317 (2006).

¹³ For example, after the Commission issued an OSC against American Efficient (discussed below), American Efficient filed a complaint in federal district court seeking an injunction on the basis that the proceeding violates the Seventh Amendment, among other claims. The Commission, represented by the Department of Justice, has argued that there is no Seventh Amendment violation where, under the FPA, the defendant has elected a prompt penalty assessment followed by de novo review of the facts and law in federal district court.

1. District Court Litigation

Since 2013, Enforcement has filed 11 enforcement actions in district courts across the country, including the *Powhatan* and *Ketchup Caddy* actions that were still pending at the end of FY2025. In those proceedings, district courts have issued rulings to address a variety of procedural and substantive legal issues, including: (1) when a claim accrues for purposes of the federal statute of limitations under 28 U.S.C. § 2462, (2) whether the Commission’s civil actions seeking to enforce its penalty assessments should follow the Federal Rules of Civil Procedure, (3) the sufficiency of the Commission’s notice of fraud and deceptive conduct pleadings, (4) what constitutes individual culpability under the FPA, (5) particular activity that establishes manipulation, (6) what evidence satisfies the scienter requirement under section 222 of the FPA, 16 U.S.C. § 824v, (7) what is required to establish “due diligence” to overcome a section 35.41(b) violation, and (8) the sufficiency of defendants’ affirmative defenses.

In FY2025, Enforcement staff litigated two matters in federal courts to enforce the Commission’s penalty assessments under the FPA. Those federal court litigation matters are:

a) FERC v. Powhatan Energy Fund, LLC, et al., No. 3:15-cv-00452 (E.D. Va.)

On May 29, 2015, in Docket No. IN15-3-000, the Commission issued an Order Assessing Civil Penalties in which it determined that Powhatan Energy Fund, LLC (Powhatan), Houlian “Alan” Chen, HEEP Fund, Inc. (HEEP), and CU Fund, Inc. (CU) (collectively, the Powhatan Defendants) had violated the Commission’s Anti-Manipulation Rule by engaging in fraudulent Up-To Congestion (UTC) trades in the PJM market during the summer of 2010. The Commission determined that the Powhatan Defendants had engaged in trades to improperly collect certain market payments (called Marginal Loss Surplus Allocation, or “MLSA”). Specifically, the Commission found that the Powhatan Defendants had placed fraudulent round-trip trades (trades in opposite directions on the same paths, in the same volumes, during the same hours) that involved no economic risk and constituted wash trades. The Commission assessed civil penalties of \$16.8 million against Powhatan, \$1 million against Chen, \$1.92 million against HEEP, and \$10.08 million against CU and ordered disgorgement of unjust profits, plus interest, in the amounts of \$3,465,108 from Powhatan, \$173,100 from HEEP, and \$1,080,576 from CU.

On July 31, 2015, Enforcement staff filed a petition in the United States District Court for the Eastern District of Virginia to enforce the Commission’s penalty assessment order. Over the ensuing seven years, staff engaged in extensive proceedings in the district court, which led to decisions rejecting the Powhatan Defendants’ statute of limitations defense in both the district court and the United States Court of Appeals for the Fourth Circuit.¹⁴ On October 29, 2021, the

¹⁴ On September 24, 2018, the district court found that the Commission had met the statute of limitations established in 28 U.S.C. § 2462, but authorized Defendants to seek interlocutory appeal. On October 4, 2018, Defendants petitioned the United States Court of Appeals for the Fourth Circuit to review the district court order, and the Commission did not oppose the appeal. After granting the petition for review and holding oral arguments, on February 11, 2020, the Fourth Circuit issued an opinion affirming the district court and endorsing the Commission’s construction and application of the statute of limitations to civil penalty actions arising under section 31 of the

Commission approved a settlement between Enforcement staff and Chen, HEEP, and CU (collectively, Chen Defendants). The terms of that settlement, which are laid out in more detail in 177 FERC ¶ 61,076, required the Chen Defendants to disgorge \$600,000 to PJM after the Chen Defendants demonstrated an inability to pay the entire amount of the Commission-assessed penalty and disgorgement. Chen also agreed to a trader ban of two years in FERC jurisdictional markets.

Enforcement staff continued the Commission’s case against Powhatan, completing both fact and expert discovery. On February 16, 2022, following the close of fact and expert discovery, Powhatan filed for Chapter 7 bankruptcy, resulting in the United States District Court for the Eastern District of Virginia staying the litigation pending the disposition of proceedings in the United States Bankruptcy Court for the District of Delaware.

On March 7, 2023, after successfully moving for an order lifting the stay, the Commission filed a motion for default judgment against Powhatan. The Commission moved for the judgment after the Trustee for Powhatan’s bankruptcy estate determined he would no longer defend the district court litigation. On March 22, 2023, the United States District Court for the Eastern District of Virginia granted that motion and issued a final judgment against Powhatan.¹⁵ The court fully affirmed both the legal holding and penalties contained in the Commission’s Order Assessing Penalties. In reaching this decision, the court held that “[t]he well-pleaded allegations, deemed admitted as a result of Powhatan’s default, meet the requirements for market manipulation because FERC shows Powhatan committed (1) fraud, with the (2) requisite scienter, (3) in connection with the purchase or sale of electric energy within FERC’s jurisdiction.”¹⁶ While most enforcement actions conclude in settlements, this marks the first time a federal district court has issued a final judgment against an entity the Commission has found to have committed market manipulation.

Enforcement staff has worked in conjunction with the United States Department of Justice in pursuing remedies in the Powhatan Bankruptcy Court proceeding, including filing in August 2022 a proof of claim seeking payment based on the Commission’s Order Assessing Penalties. On August 11, 2025, the bankruptcy court signed an “Order of Distribution” that requires the proceeds of the estate to be paid out to claimants pursuant to specific distribution schedules. This should result in a payment under the Commission’s proof of claim of approximately \$25,000.

FPA. In upholding the district court’s opinion, the Fourth Circuit recognized that “Congress plainly conditioned FERC’s right to bring an action in federal district court on the occurrence of a number of statutorily-mandated events,” and that “[o]nly upon satisfaction of these requirements . . . did § 2462’s statutory limitations period for filing suit commence.” *FERC v. Powhatan Energy Fund, LLC*, 949 F.3d 891, 899 (4th Cir. 2020).

¹⁵ *FERC v. Powhatan Energy Fund, LLC*, No. 3:15-452, 2023 WL 2603381 (E.D. Va. Mar. 22, 2023).

¹⁶ *Id.* at *4.

b) FERC v. Ketchup Caddy, LLC & Philip Mango, No. 3:25-cv-3116 (C.D. Ill.)

On December 5, 2024, the Commission issued an Order Assessing Civil Penalties that found that Ketchup Caddy, LLC (Ketchup Caddy) and Philip Mango (Mango) violated section 222 of the FPA along with 18 C.F.R. § 1c.2, by engaging in a manipulative scheme to register demand response resources with MISO without those resources' knowledge or consent, as well as violating sections 69A.3.5 and 69A.7.1 of the MISO Tariff by offering uncontracted resources into the annual planning resource auctions that MISO uses to procure capacity necessary to maintain the reliability of the MISO grid. The Commission assessed civil penalties of \$25,000,000 against Ketchup Caddy and \$1.5 million against Mango, and ordered payment of \$506,502 in disgorgement, plus interest, by Mango.

On May 6, 2025, Enforcement staff filed a complaint in the United States District Court for the Central District of Illinois seeking an order to enforce the Commission's Order Assessing Civil Penalties. Mango and Ketchup Caddy waived service of process. Their response to the complaint was due July 21, 2025. No response was filed. On August 29, 2025, Enforcement staff requested an entry of default against the Defendants. The clerk entered default on September 15, 2025. On October 6, 2025, the Commission submitted a motion for default judgment. Defendants did not respond, and on October 22, 2025, the court entered an order of default judgment of \$26,323,033.17 against Ketchup Caddy and \$2,262,137.99 against Mango, inclusive of disgorgement and interest.

2. Administrative Proceedings at the Commission

a) Total Gas & Power North America, Inc., et al., Docket No. IN12-17-000

On April 28, 2016, the Commission issued an OSC directing Total Gas & Power North America, Inc. (TGPNA), Aaron Hall, and Therese Tran (collectively, Respondents) to show cause why they should not be found to have violated section 4A of the NGA and the Commission's Anti-Manipulation Rule by engaging in a scheme to manipulate the price of natural gas at four locations in the southwest United States between June 2009 and June 2012. The OSC further directed TGPNA's ultimate parent company, Total, S.A. (Total), and TGPNA's affiliate, Total Gas & Power, Ltd. (TGPL), to show cause why they should not be held liable for Respondents' conduct and held jointly and severally liable for their disgorgement and civil penalties based on Total's and TGPL's significant control and authority over TGPNA's daily operations. Finally, the OSC directed Respondents to show cause why disgorgement and civil penalties should not be assessed in the following amounts: \$9,180,000 in disgorgement and \$213,600,000 in civil penalties against TGPNA, Total, and TGPL, jointly and severally; a \$1,000,000 civil penalty against Hall (jointly and severally with TGPNA, Total, and TGPL), and a \$2,000,000 civil penalty against Tran (jointly and severally with TGPNA, Total, and TGPL).

In advance of the OSC, on January 27, 2016, Respondents filed a lawsuit in the United States District Court for the Western District of Texas, challenging (among other things) the

Commission's authority to assess penalties for violations of the NGA.¹⁷ After the case was transferred to the United States District Court for the Southern District of Texas, that court rejected Respondents' challenge on multiple grounds. Respondents appealed that dismissal to the United States Court of Appeals for the Fifth Circuit on September 26, 2016, which on June 8, 2017 affirmed the dismissal. Respondents subsequently sought rehearing in the Fifth Circuit *en banc*, which was denied on August 8, 2017. Respondents then petitioned the United States Supreme Court for certiorari, which the Court denied on June 18, 2018.

On July 15, 2021, the Commission ordered a hearing before an ALJ to determine whether TGPNA, Hall, Tran, Total, and TGPL were liable for market manipulation. The hearing order also directed the ALJ to determine facts relevant to applying the Commission's Penalty Guidelines.

During 2022, the parties engaged in extensive motions practice regarding discovery and privilege disputes and then conducted discovery later that year. Discovery closed in December 2022, and on December 12, 2022, the parties filed prehearing briefs and motions, with the hearing scheduled to commence on January 23, 2023.

On December 13, 2022, Respondents filed a complaint against the Commission in the United States District Court for the Southern District of Texas, citing *Jarkesy v. SEC*, 34 F.4th 446 (5th Cir. 2022), and *BP America, Inc. v. FERC*, 52 F.4th 204 (5th Cir. 2022), and asking the court to enjoin the Commission proceeding. On December 16, 2022, Respondents filed for a preliminary injunction from the same court. On March 10, 2023, the district court stayed both the district court and Commission proceedings pending the United States Supreme Court's resolution of *SEC v. Cochran* and *Axon Enterprise, Inc. v. FTC*, which the Supreme Court decided on April 14, 2023.

On June 14, 2023, the Commission issued an order directing the Chief Administrative Law Judge to reassign the proceeding to another ALJ not previously involved in the proceeding. The order further directed that the new ALJ offer the participants the opportunity to specify alleged defects in the hearing procedures, request further discovery, or seek reconsideration of past decisions by the prior ALJ. The order also directed that the new ALJ not extend any deference to past decisions made by the prior ALJ. On July 18, 2023, the Chief Administrative Law Judge reassigned the proceeding to Judge Patricia M. French. The Commission proceeding otherwise remained stayed.

On June 27, 2024, the Supreme Court issued its decision in *SEC v. Jarkesy*, 144 S. Ct. 2117 (2024). On September 19, 2024, the Commission, citing *Jarkesy*, issued an order terminating the ALJ hearing procedures at the Commission (pending permission from the district court to do so in light of the district court's ongoing stay). The Commission stated that no trial-type proceeding would be conducted by a Commission ALJ in Docket No. IN12-17-000, nor would any subsequent initial decision, findings, or determinations be made in the proceeding by a Commission ALJ. The Commission stated that it was examining *Jarkesy's* impact and expected to issue a further order about the status of the proceeding.

¹⁷ Additional details about this district court matter and subsequent appeals can be found in the 2018 Annual Report on Enforcement, Docket No. AD07-13-012, at 10 (2018), <https://www.ferc.gov/legal/staff-reports/2018/11-15-18-enforcement.pdf>.

On January 8, 2025, the Commission approved a Stipulation and Consent Agreement between the Office of Enforcement and TGPNA that resolved all claims and allegations: (1) in Docket No. IN12-17, including the OSC and the matters set for hearing; and (2) the proceeding initiated by TGPNA, Hall, and Tran in the United District Court for the Southern District of Texas. On January 28, 2025, TGPNA filed a joint motion to dismiss the federal district court litigation with prejudice. Shortly following, the Commission issued an order dismissing its claims and allegations with prejudice and terminating the proceeding before the Commission. On February 19, 2025, the United States District Court for the Southern District of Texas terminated the district court case.

b) Rover Pipeline, LLC and Energy Transfer Partners, LP, Docket No. IN19-4-000

On March 18, 2021, the Commission issued an OSC directing Rover Pipeline, LLC and Energy Transfer Partners, LP (collectively, Rover) to show cause why they should not be found to have violated 18 C.F.R. § 157.5 by misleading the Commission in its Application for a Certificate of Public Convenience and Necessity and attendant filings. Section 157.5 requires that certificate applications and attendant filings contain full and forthright information. Rover stated in its certificate application that it was “committed to a solution that results in no adverse effects” to a historic 1843 farmstead, the Stoneman House, located near Rover’s largest proposed compressor station. The Commission asked Rover to address allegations that Rover was planning to purchase the Stoneman House with the intent to demolish it, and ultimately did demolish it, without notifying the Commission of the purchase or demolition. The OSC further directed Rover to show cause why it should not be assessed civil penalties in the amount of \$20,160,000. Rover’s answer to the OSC was filed on June 21, 2021, and Enforcement staff’s response to the answer was filed on July 21, 2021. On September 15, 2021, Rover filed a proposed supplemental answer.

On June 20, 2022, the Commission issued an order setting this matter for a hearing before an ALJ to make factual findings. In particular, the Commission ordered the ALJ to: (1) determine the number of violations, if any, committed by Rover and the number of days on which any such violations occurred; (2) make findings regarding the amount of loss; (3) make findings with respect to Respondents’ compliance programs based on the factors specified in the relevant sections of the Penalty Guidelines; and (4) make findings with respect to Respondents’ culpability based on the factors specified in the Penalty Guidelines. Then-Chief Administrative Law Judge Carmen Cintron ordered a hearing to commence by March 6, 2023, and designated Judge Joel deJesus as the presiding judge.

On February 1, 2022, Rover filed a civil action in the United States District Court for the Northern District of Texas (No. 3:22-cv-00232), seeking a Declaratory Judgment that Enforcement staff must litigate its claims in federal district court, rather than in an ALJ proceeding (Declaratory Judgment action). Rover alleged that the ALJ proceeding would violate multiple constitutional provisions, *i.e.*, Article II, Article III, the Fifth Amendment Due Process Clause, and the Seventh Amendment right to a jury trial. That same day, Rover filed with the Commission a motion to stay the ALJ proceedings pending the outcome of the Declaratory Judgment action and noting the Supreme Court’s grant of a writ of certiorari on January 24, 2022, in *Axon v. FTC*, Case No. 21-86, which, Rover claimed, could resolve whether a respondent may go to federal court to challenge the lawfulness of an agency proceeding. On May 24, 2022, the district court stayed the ALJ proceeding, without prejudice, under 5 U.S.C. § 705. Consistent with that Order, on June 13, 2022, Judge Joel deJesus issued an order suspending the procedural schedule in the ALJ proceeding.

On June 14, 2023, the Commission issued an order directing the Chief Administrative Law Judge to reassign the proceeding to another ALJ not previously involved in the proceeding. According to the order, it was issued out of an abundance of caution and to remove any doubt about the authority of the presiding officer in the proceeding. The Commission stated that the order would take effect upon an order from the district court either clarifying that its stay does not prevent the order from taking effect or lifting its stay for the limited purpose of allowing the order to take effect.

On September 13, 2023, the district court denied FERC's motion for clarification or, in the alternative, to lift the stay for the limited purpose of allowing the Commission's Chief ALJ to assign a different ALJ. The case remains stayed pending resolution of *Jarkesy* and is administratively closed without prejudice to it being reopened upon a motion by any party or to enter a judgement. The Commission proceeding also remains stayed. On July 12, 2024, attorneys for Rover Pipeline, LLC and Energy Transfer, LP filed a notice of decision, informing the United States District Court for the Northern District of Texas that the United States Supreme Court issued its decision in *Jarkesy*. The court has not taken any action since this filing.

c) Rover Pipeline, LLC and Energy Transfer Partners, LP, Docket No. IN17-4-000

On December 16, 2021, the Commission issued an OSC directing Rover Pipeline, LLC and Energy Transfer Partners, LP to show cause why they should not be found to have violated section 7(e) of the NGA; section 157.20 of the Commission's regulations, 18 C.F.R. § 157.20; and the Commission's Order Issuing Certificates, issued to Rover in 2017, by: (1) intentionally including diesel fuel, other toxic substances, and unapproved additives in the drilling mud during its horizontal directional drilling (HDD) operations under the Tuscarawas River in Stark County, Ohio; (2) failing to adequately monitor the right-of-way at the site of the Tuscarawas River HDD operation; and (3) improperly disposing of inadvertently released drilling mud that was contaminated with diesel fuel and hydraulic oil. Rover filed an answer to the OSC on March 21, 2022, and Enforcement staff filed its response to the answer on April 20, 2022. Rover filed a surreply on May 13, 2022. This matter is pending before the Commission.

d) American Efficient LLC, et al., Docket No. IN24-2-000

On December 16, 2024, the Commission issued an OSC and Notice of Proposed Penalty directing American Efficient, LLC and its affiliates (American Efficient) to show cause why they should not be found to have violated section 222 of the FPA along with section 1c.2 of the Commission's regulations, 18 C.F.R. § 1c.2 (2025), and multiple provisions of the PJM and MISO Tariffs by seeking and receiving capacity payments for a purported energy efficiency program that did not cause reductions in energy consumption or otherwise comply with relevant tariff requirements. The Order proposes civil penalties and disgorgement as follows: \$722,000,000 civil penalty; \$2,116,057 in disgorgement to MISO, plus interest; and \$250,937,821 (plus additional unjust profits received after April 2024) in disgorgement to PJM, plus interest.

American Efficient filed its notice of election of the "prompt penalty assessment path" under the FPA on January 15, 2025 and filed its answer to the OSC on March 17, 2025 (after receiving a 60-day extension). Enforcement staff filed its reply brief on April 16, 2025. American Efficient filed a motion for leave to submit a surreply on May 7, 2025; submitted financial information on

May 13, 2025; filed an additional response on June 2, 2025; and submitted a letter to the Commission on July 10, 2025. On August 22, 2025, American Efficient and PJM filed a joint letter urging the Commission to issue decisions in this pending proceeding and a related complaint proceeding pending before the Commission (Docket No. EL24-124-000, a dispute between American Efficient and PJM regarding PJM holding collateral posted by American Efficient).

On January 29, 2025, American Efficient filed a complaint in the United States District Court for the Middle District of North Carolina seeking an injunction prohibiting FERC from further investigating this matter or continuing the OSC proceeding. The complaint alleges that the Commission's penalty assessment process violates the Seventh Amendment under *Jarkesy*, and that the Commission's structure violates Article II of the United States Constitution by improperly insulating the Commissioners from at-will removal by the President. Along with the complaint, American Efficient sought a preliminary injunction on its *Jarkesy* claim, which FERC opposed on March 3. American Efficient filed its reply brief in support of the preliminary injunction on March 10, 2025. On March 4, 2025, the Citizens Utility Board of Illinois (CUB) filed a motion to intervene, which American Efficient opposed on March 20. The Commission responded that, while it does not oppose CUB's motion to intervene, it believes intervention is unnecessary. These motions are pending before the district court.

e) Ampersand Cranberry Lake Hydro, LLC, Docket No. P-9685-034

On April 21, 2022, the Commission issued an Order Assessing Penalty, holding that Ampersand Cranberry Lake Hydro, LLC (Ampersand Cranberry Lake) had violated Article 5 of its hydroelectric project license by failing to retain possession of all project property covered by the license and requiring it to pay a civil penalty of \$600,000. Ampersand Cranberry Lake did not pay the civil penalty; however, it communicated with Enforcement staff regarding potential settlement and dam safety issues. On December 7, 2022, Ampersand Cranberry Lake filed an application to surrender the project license, and Commission staff granted that application under delegated authority (thereby terminating the project license) on October 20, 2023. On December 15, 2023, Ampersand Cranberry Lake sent Enforcement staff a draft proposal to settle payment of the outstanding civil penalty.

On May 19, 2025, the Commission issued an Order Approving Stipulation and Consent Agreement (Agreement) between Enforcement staff and Ampersand Cranberry Lake and its parent company, Ampersand Hydro LLC (Ampersand Hydro). In the Agreement, Ampersand Cranberry Lake stipulated to the facts and admitted to the Commission's conclusions in the Order Assessing Penalty that the conduct of Ampersand Cranberry Lake violated the project license. Ampersand Cranberry Lake also agreed to, and did, make a payment of \$30,000 to the owner of the dam at which the project is located to contribute to repairs and maintenance at the dam.¹⁸ Ampersand Hydro also agreed to the compliance measures and related compliance reporting set forth in the Agreement, including filing with the Commission a proposed Hydropower Compliance Management Program for each of its licensed or exempted hydropower projects not in the license surrender process as of the date of the Agreement.

¹⁸ Ampersand Cranberry Lake and its parent company provided documentation to Enforcement staff demonstrating an inability to pay the \$600,000 penalty.

3. Joint Reliability Review

During FY2025, Enforcement staff participated on a joint review, with staff from the Office of Electric Reliability and the Office of General Counsel, NERC, and the regional entities, of the performance of the natural gas and electric industries during the extreme cold weather events that accompanied Winter Storms Blair, Cora, Demi, and Enzo in January 2025. The week of January 19-25, 2025 was the third coldest winter week across the United States since 2000. The team focused on four key areas: weather conditions, operating conditions, electric grid performance, and natural gas system performance. The team's review compared these industries' January 2025 performance to their performance during prior storms and found that they had made progress in responding to cold weather events. The staff team made several key observations, including that many of the entities that participated in the review set new winter peak demand. The natural gas industry also met record natural gas demand and supported near record level natural gas demand for power generation using a combination of real-time production and storage during these events. In addition, the team noted steps taken by industry to improve energy transfers and minimize natural gas production declines. The team continued to observe that because the natural gas and electric systems heavily rely on one another to maintain reliable operations, both the natural gas and electric systems must increase and further improve communication to prepare for and respond to these extreme cold weather events and consider infrastructure needs to maintain reliability and resilience. The team recommended that both systems continue to implement recommendations and beneficial practices, as feasible, from the Commission's November 2021 Winter Storm Uri and October 2023 Winter Storm Elliott reports. The team presented these findings at the Commission's April 17, 2025 open meeting.

C. Settlements

In FY2025, the Commission approved 13 settlement agreements to resolve pending enforcement matters, including 11 investigations, one administrative proceeding, and one Commission Penalty Order. The settlements totaled approximately \$22.84 million in civil penalties and disgorgement of \$18.73 million.¹⁹ Since 2007, Enforcement has negotiated settlements totaling approximately \$899.8 million in civil penalties²⁰ and approximately \$664.17 million in disgorgement.²¹

In 2010, the Commission issued revised Penalty Guidelines, which apply to organizations.²² Under the Penalty Guidelines, an organization's civil penalty can vary significantly depending on the amount of market harm caused by the violation, the amount of unjust profits, an organization's efforts to remedy the violation, and other culpability factors, such as senior-level personnel involvement, prior history of violations, the existence and robustness of compliance programs, self-reporting of the violation, acceptance of responsibility, and cooperation with Enforcement's investigation. For example, under the Penalty Guidelines, an organization's culpability score can be reduced to zero through favorable culpability factors, lowering the base penalty by as much as 95 percent.²³

In FY2025, the Commission approved settlement agreements that resolved investigations concerning several different types of violations, including violations of the Anti-Manipulation Rule, 18 C.F.R. Part 1c; the Commission's Market Behavior Rules on Unit Operation and Duty of Candor, 18 C.F.R. §§ 35.41(a) and (b); and the ISO/RTO tariffs.

¹⁹ The settlement of the Commission Penalty Order resulted in a payment of \$30,000 to the owner of a dam at which a hydroelectric project was located, as discussed above.

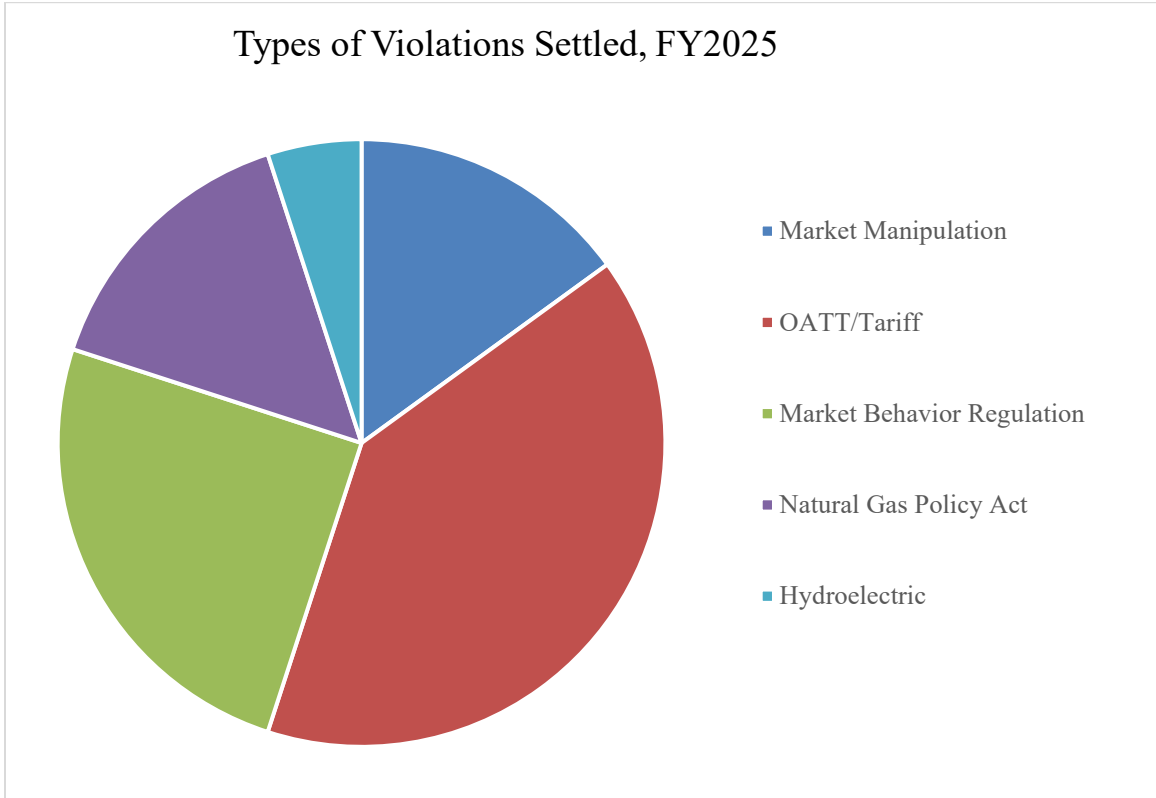
²⁰ Total civil penalties do not include the \$30,000,000 assessed in *Hunter* and overturned on jurisdictional grounds by the United States Court of Appeals for the District of Columbia Circuit. It also does not include penalties proposed or assessed in the following currently pending matters: \$15,000,000 civil penalty assessed against Boyce Hydro Power, LLC; \$20,160,000 civil penalty proposed against Rover Pipeline Company, LLC and Energy Transfer Partners, LP (Docket No. IN19-4-000); \$40,000,000 civil penalty proposed against Rover Pipeline Company, LLC and Energy Transfer Partners, L.P. (Docket No. IN17-4-000); \$25,000,000 civil penalty against Ketchup Caddy and \$1,500,000 civil penalty against Philip Mango (United States District Court for the Central District of Illinois); and \$722,000,000 civil penalty proposed against American Efficient (Docket No. IN24-2-000).

²¹ Total disgorgement does not include amounts proposed or ordered in the following currently pending matters: \$506,502 in *Ketchup Caddy*; and approximately \$253 million proposed in *American Efficient*.

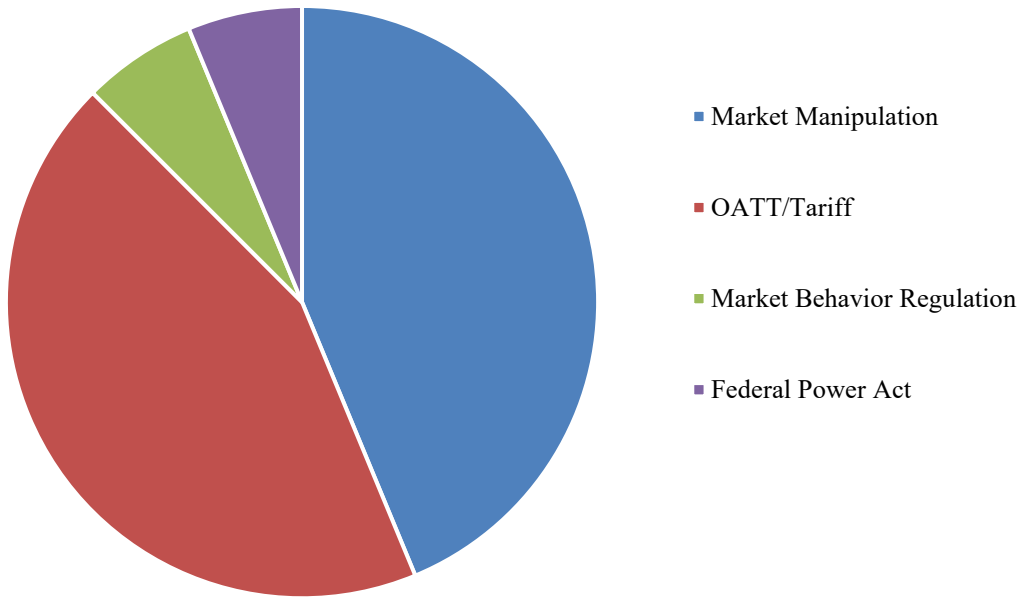
²² *Enforcement of Statutes, Orders, Rules, and Regulations*, 132 FERC ¶ 61,216 (2010) (Revised Penalty Guidelines), <https://www.ferc.gov/whats-new/comm-meet/2010/091610/M-1.pdf>.

²³ *Id.* P 109.

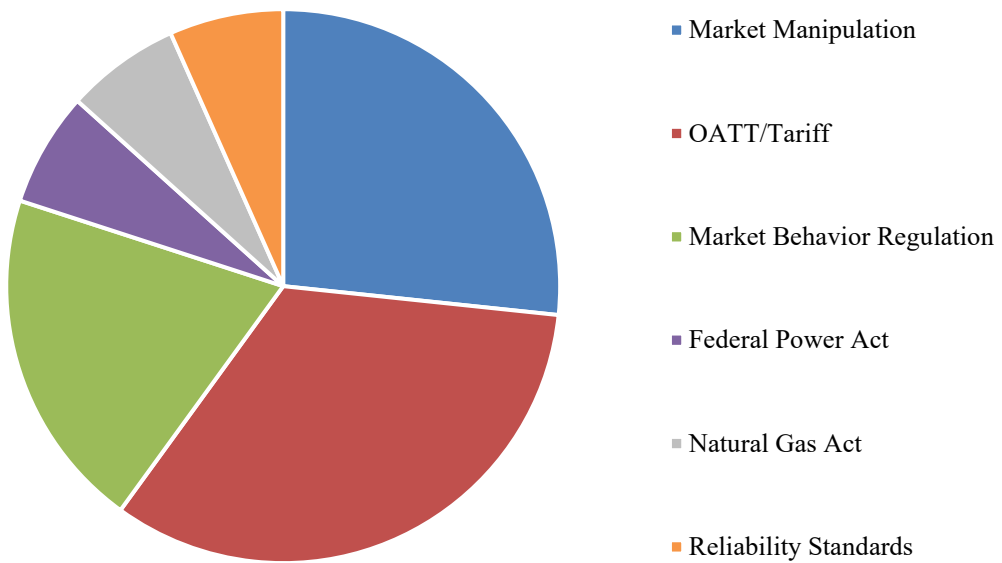
The charts below illustrate the types of violations settled in the last five fiscal years, Fiscal Years 2021-2025. Some settlements resolved multiple types of violations, and they are each included in the charts.



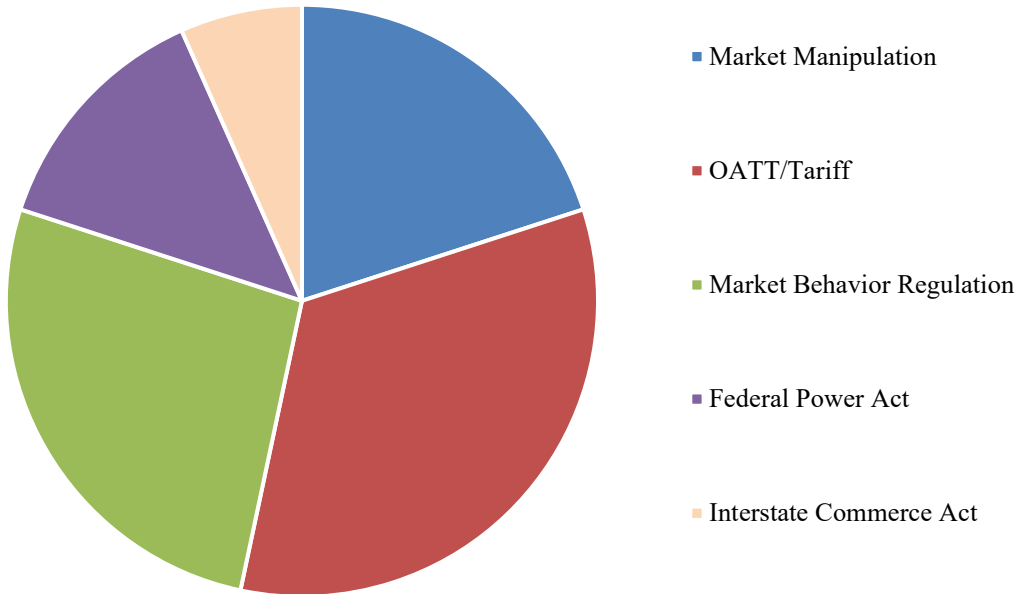
Types of Violations Settled, FY2024



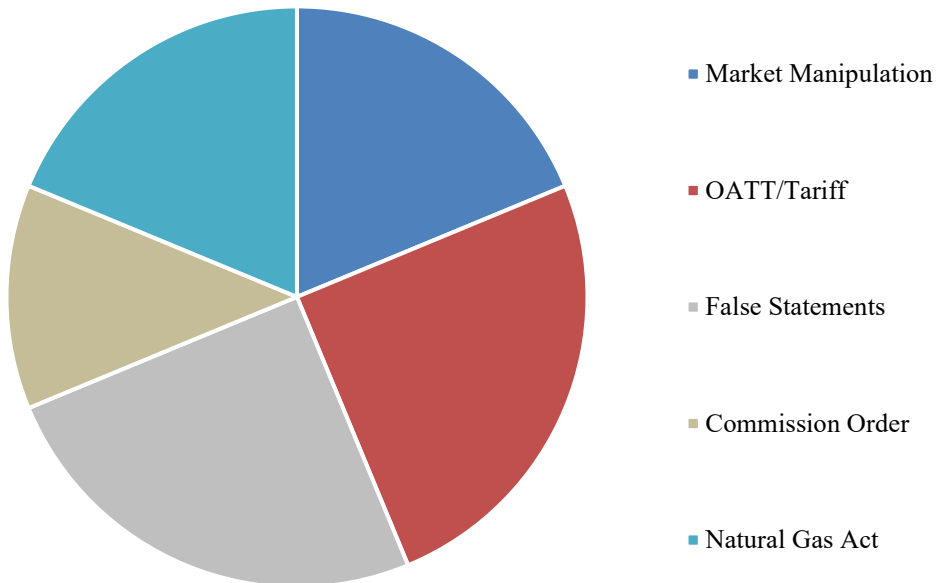
Types of Violations Settled, FY2023



Types of Violations Settled, FY2022



Types of Violations Settled, FY2021



The Commission approved the following settlement agreements resolving investigations in FY2025:

a) Public Service Electric and Gas Company, Docket No. IN21-5-000

On December 5, 2024, the Commission issued an order approving the settlement of Enforcement staff’s investigation of Public Service Electric & Gas Company (PSE&G). In the settlement agreement, Enforcement staff concluded that PSE&G violated the Duty of Candor Rule, 18 C.F.R. § 35.41(b) of the Commission’s regulations, by failing to fully and accurately provide information in PSE&G’s presentations to PJM about the “RPV” transmission line in connection with a request for approval of a \$546 million transmission project under PJM’s regional transmission expansion plan process. Under the terms of the settlement agreement, PSE&G neither admitted nor denied the violation but stipulated to the facts contained therein. PSE&G agreed to pay a civil penalty of \$6,600,000 to the United States Treasury and be subject to compliance monitoring for one year with an option for Enforcement staff to extend it an additional year.

b) Sonoran West Solar Holdings, LLC and Sonoran West Solar Holdings 2, LLC, Docket No. IN24-13-000

On December 5, 2024, the Commission issued an order approving the settlement of Enforcement staff’s investigation of Sonoran West Solar Holdings, LLC and Sonoran West Solar Holdings 2, LLC (collectively, the Sonoran Entities), which own a utility scale battery storage facility in CAISO. Enforcement staff investigated whether, among other things, the Sonoran Entities submitted initial state of charge parameters that reflected the batteries’ forecasted starting physical position, as required by CAISO’s Tariff.

Enforcement staff concluded that, during the period from October 1, 2022 through February 17, 2023, the Sonoran Entities submitted initial state of charge values to CAISO that did not reflect such forecasts and were false and misleading and violated the CAISO Tariff and the Commission’s Duty of Candor Rule, 18 C.F.R. § 35.41(b). Enforcement staff also concluded that, on at least four dates, the Sonoran Entities submitted false and misleading outage information to CAISO. Under the terms of the settlement agreement, the Sonoran Entities neither admitted nor denied the violations but stipulated to the facts contained therein. The Sonoran Entities agreed to: (1) pay a civil penalty of \$1,000,000 to the United States Treasury; (2) disgorge \$2,473,265, plus interest, to CAISO; and (3) be subject to compliance monitoring for one year, with a second year at Enforcement staff’s discretion.

c) Montpelier Generating Station, LLC and Rockland Capital, LP, Docket No. IN24-15-000

On December 6, 2024, the Commission issued an order approving the settlement of Enforcement staff’s investigation of Montpelier Generating Station, LLC and Rockland Capital, LP (together, the Companies). Enforcement staff concluded that the Companies misclassified a forced outage as a maintenance outage in submissions made to PJM in violation of the PJM Tariff and the Commission’s Duty of Candor Rule, 18 C.F.R. § 35.41(b). Under the terms of the settlement agreement, the Companies neither admitted nor denied the violations but stipulated to

the facts contained therein. The Companies also agreed to: (a) disgorge \$674,064 in avoided penalties to PJM, plus \$84,690 in interest; (b) pay a civil penalty of \$105,000 to the United States Treasury; and (c) be subject to compliance monitoring for two years with an option for Enforcement staff to extend it an additional year.

d) EWP Renewable Corporation, Docket No. IN24-12-000

On December 23, 2024, the Commission issued an order approving the settlement of Enforcement staff's investigation of EWP Renewable Corporation (EWP). EWP owned and operated the Hemp Hill biomass generator (Hemp Hill), located in Springfield, New Hampshire, through its wholly owned subsidiary, Springfield Power, LLC (Springfield). Enforcement staff concluded that Springfield improperly operated, offered, and scheduled the Hemp Hill plant while participating in the ISO-NE capacity market on certain days between November 2019 and August 2020. First, between November 6, 2019 and December 18, 2019, Springfield's offers indicated that Hemp Hill was simultaneously available and unavailable. Then, between July 10, 2020 and August 4, 2020, Hemp Hill's boiler did not have a valid license from the state and therefore was not legally allowed to operate, but Springfield did not update its offers for Hemp Hill to reflect the unit's unavailability and failed to submit outage tickets. Finally, Enforcement staff concluded that Springfield was unable to respond to a dispatch award on July 27, 2020 notwithstanding its offers for that day indicating that the Hemp Hill unit was available.

Enforcement staff found that EWP violated the ISO-NE Tariff and the Commission's Market Behavior Rule on Unit Operation, 18 C.F.R. § 35.41(a). Under the terms of the settlement agreement, EWP neither admitted nor denied the violations but stipulated to the facts contained therein. EWP also agreed to: (a) disgorge \$259,669 in unjust capacity payments, inclusive of interest, to ISO-NE; (b) pay a civil penalty of \$722,000 to the United States Treasury; and (c) be subject to compliance monitoring for one year with an option for Enforcement staff to extend it an additional year.

e) Voltus, Inc. and Gregg Dixon, Docket No. IN21-10-000

On January 6, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation of Voltus, Inc. (Voltus) and Gregg Dixon (Dixon). Enforcement staff concluded that, from October 1, 2016 through June 1, 2020, Dixon, the former CEO of Voltus, engaged in a fraudulent scheme in violation of the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.2, to obtain capacity payments from MISO that included (1) improperly obtaining customer data and using that data in connection with jurisdictional transactions, (2) registering demand response resources to which Voltus lacked contractual rights, and (3) offering uncontracted resources into MISO's capacity auction. Enforcement staff further concluded that Voltus violated provisions of the MISO Tariff by registering demand response resources without those resources' knowledge or consent and clearing load-modifying resource capacity that would not have performed if the resources were dispatched. Under the terms of the settlement agreement, Voltus and Dixon stipulated to the facts in the agreement, but neither admitted nor denied the violations. Voltus agreed to: (a) disgorge \$7,080,543 in revenue; (b) pay a civil penalty of \$10,919,457 to the United States Treasury; and (c) undertake compliance monitoring for two years with an option for Enforcement staff to extend it for as many as two additional years. Dixon agreed to pay a civil penalty of \$1,000,000 to the United States Treasury and to step down from Voltus's

Board of Directors. The settlement also restricts Dixon's ability to be involved with Voltus, or Voltus successor entities or affiliates, going forward.

f) Stronghold Digital Mining Inc. and Scrubgrass Reclamation Company, L.P., Docket No. IN24-14-000

On January 30, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation of Stronghold Digital Mining Inc. and Scrubgrass Reclamation Company, L.P. (collectively, the Companies). The Companies owned and operated an 85 MW coal refuse plant (the Plant) and behind-the-meter cryptocurrency mining facility located in northwestern Pennsylvania during the period from June 2021 to May 2022 (Relevant Period). From 2018 to 2022, the Plant was a capacity resource in PJM. Enforcement staff determined that during the Relevant Period, the Companies regularly failed to offer the Plant's full available capacity into PJM's energy markets and instead, submitted supply offers with artificially lowered parameters to withhold enough energy to meet the energy needs of its behind-the-meter Bitcoin mining operations. Enforcement staff found, and the Companies admitted, that such behavior violated the PJM Tariff. Under the settlement agreement, the Companies agreed to: (1) pay a civil penalty of \$741,365 to the United States Treasury; (2) pay disgorgement of \$678,635 to PJM; and (3) be subject to compliance monitoring for two years, with a third year at Enforcement staff's option.

g) GenOn Holdings, Inc., Docket No., IN25-3-000

On May 20, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation of GenOn Holdings, Inc. (GenOn). Enforcement staff concluded that, between August 2021 and March 2022, GenOn failed to satisfy PJM's must-offer requirement when GenOn did not offer the available capacity of eight of its generating units into the PJM energy markets, despite the facilities' obligations as capacity resources to do so.

Enforcement staff found that GenOn violated PJM's Tariff, as well as the Commission's Market Behavior Rules on Unit Operation and Duty of Candor, 18 C.F.R. § 35.41(a)-(b). Under the terms of the settlement agreement, GenOn neither admitted nor denied the violations but stipulated to the facts contained therein. GenOn also agreed to: (a) disgorge \$172,306, plus interest, in unjust capacity payments to PJM; (b) pay a civil penalty of \$390,000 to the United States Treasury; and (c) undertake compliance monitoring for one year with an option for Enforcement staff to extend it an additional year.

h) Green Plains, Inc., Docket No. IN25-2-000

On June 13, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation into Green Plains, Inc. Enforcement staff concluded that Green Plains' natural gas bidweek trading at MichCon, a physical natural gas trading hub, during four months in 2023 violated section 4A of the NGA and the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.1. Specifically, Green Plains sold monthly physical gas during certain bidweeks at MichCon at a loss or negligible profit, while holding leveraged short financial basis positions that settled off the IFERC MichCon index. Under the terms of the settlement agreement, Green Plains neither admitted nor denied the violations but stipulated to the facts contained therein. Green Plains agreed to pay restitution of \$19,069, plus interest, and a civil penalty of \$927,990 to the United States

Treasury. Green Plains also agreed to compliance monitoring and to be subject to a trading restriction.

j) Enel North America, Inc., Chisholm View Wind Project, LLC, Docket No. IN25-5-000

On July 10, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation of Enel North America, Inc., on behalf of Enel Green Power North America, Inc.; EGPNA REP Holdings, LLC; Enel Trading North America, LLC; EGPNA Renewable Energy Partners, LLC; EGPNA REP Wind Holdings, LLC (collectively, the Enel Companies); Chisholm View Wind Project, LLC (Chisholm View I) and Chisholm View Wind Project II, LLC (collectively, Chisholm View, and with the Enel Companies, Enel). Under the SPP Tariff, Attachment AE, Section 2.2(10), certain generating resources were required to convert from being a non-dispatchable variable energy resource to a dispatchable variable energy resource (DVER) status as of the later of January 1, 2021, or the 10-year anniversary of the resource's original commercial operation date.

Enforcement concluded that, based on its original commercial operation date, Enel was required to convert the Chisholm View I Project to DVER status by December 7, 2022, but did not complete conversion until June 1, 2023, in violation of the SPP Tariff. Under the terms of the settlement agreement, Enel neither admitted nor denied the violation but stipulated to the facts contained therein. Enel also agreed to pay a civil penalty of \$20,000 to the United States Treasury and to institute additional compliance measures for no shorter than two years.

j) Skye MS, LLC, Docket No. IN25-9-000

On August 8, 2025, the Commission issued an order approving the settlement of Enforcement's investigation of Skye MS, LLC (Skye). Enforcement determined that from May 2023 to April 2025, Skye operated five pipeline segments in violation of Section 311(a)(2) of the NGPA by charging fees to transport natural gas on behalf of interstate pipelines without having approved rates or a statement of operating conditions on file with the Commission, as required by 18 C.F.R. § 284.123. Under the settlement agreement's terms, Skye admitted the violations, stipulated to the facts set forth therein, and agreed to: (a) pay a civil penalty of \$45,000 to the United States Treasury and (b) submit an annual compliance monitoring report, as well as a copy of its quarterly Form No. 549D reports, to Enforcement for one year.

k) Cordova Energy Company LLC, Docket No. IN25-8-000

On September 3, 2025, the Commission issued an order approving the settlement of Enforcement staff's investigation of Cordova Energy Company LLC (Cordova). Enforcement staff determined that Cordova, a capacity resource in PJM, violated Attachment K, Appendix, § 1.10.1A(d) of the PJM Tariff; Schedule 1, § 1.10.1A(d) of the PJM Operating Agreement; and the Commission's Market Behavior Rules on Unit Operation and Duty of Candor, 18 C.F.R. § 35.41(a) and (b) through its offers into PJM and its submissions of generating availability data system (GADS) data in PJM's electronic GADS submission program from January 1, 2020 to September 30, 2023. Enforcement staff determined that Cordova did not meet its daily ICAP must-offer obligations between March 28 and May 18, 2022 because it failed to remove a derate

after a previous maintenance outage was resolved. Further, Cordova failed to properly submit GADS data in compliance with NERC requirements from January 1, 2020 to September 30, 2023. Under the terms of the settlement agreement, Cordova admitted the violations, stipulated to the facts set forth therein, and agreed to pay disgorgement of \$1,964,436 million, plus interest, to PJM and a civil penalty of \$370,000 to the United States Treasury, and to undertake compliance monitoring for two years with an option for Enforcement staff to extend it an additional year.

The Commission also approved the settlement of the Total Gas & Power North America administrative proceeding and the Ampersand Cranberry Lake Penalty Order, as more fully described above in DOI section B(2).

D. Self-Reports

Over the previous five fiscal years (Fiscal Years 2021-2025), Enforcement staff received approximately 731 self-reports. The vast majority of those self-reports were concluded without further enforcement action because, among several factors, there was no material harm (or the reporting companies already had agreed to remedy any harms) and the companies had taken appropriate corrective measures (including appropriate curative filings) to remedy the violation and, through enhancements to their compliance programs, to avoid future violations.

1. Statistics on Self-Reports

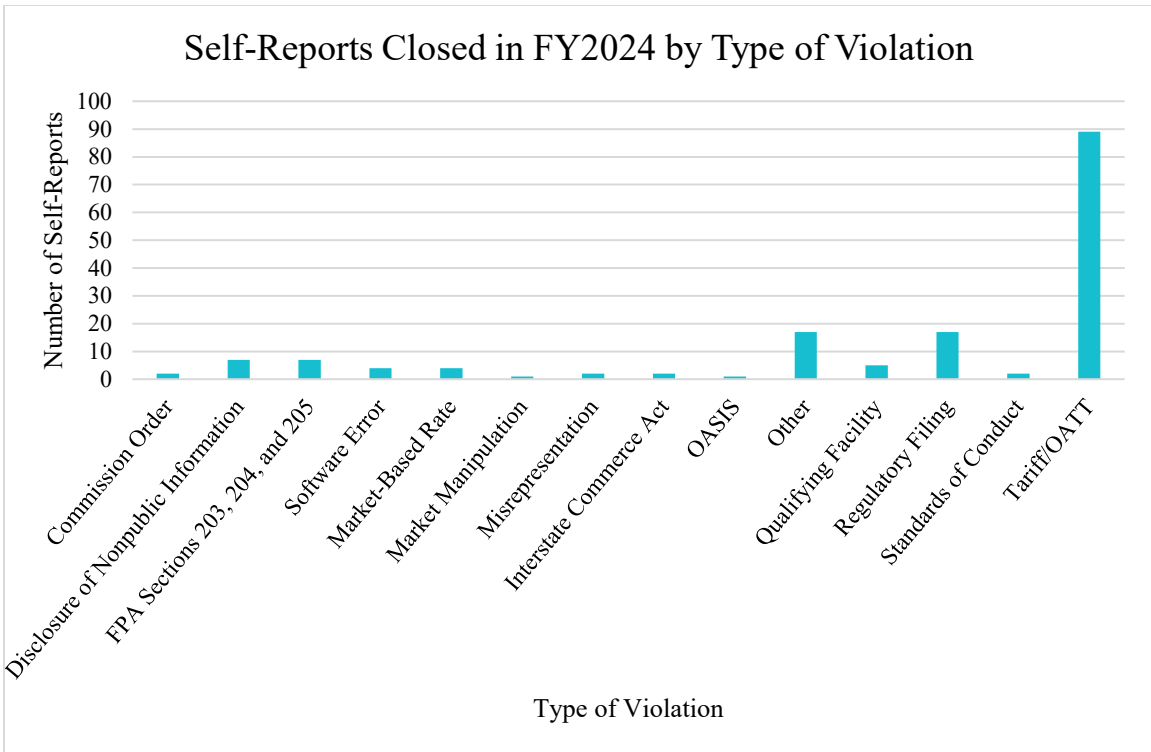
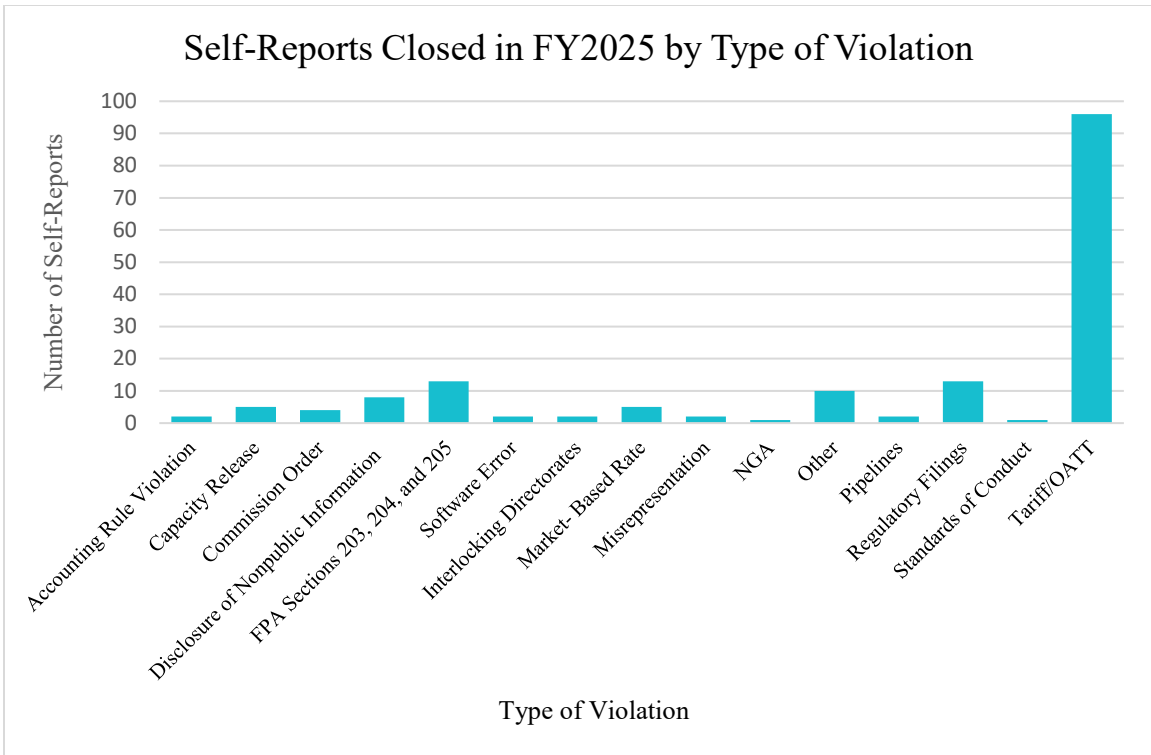
In FY2025, Enforcement staff received 153 new self-reports from a variety of market participants, including public utilities, natural gas companies, generators, and ISOs/RTOs. Many of these self-reports (79) were from ISOs/RTOs and many involved relatively minor violations of tariff provisions. Enforcement staff closed 163 self-reports in FY2025, 31 of which were carried over from previous fiscal years. Of the self-reports received in FY2025, 21 remained pending at the end of the fiscal year.

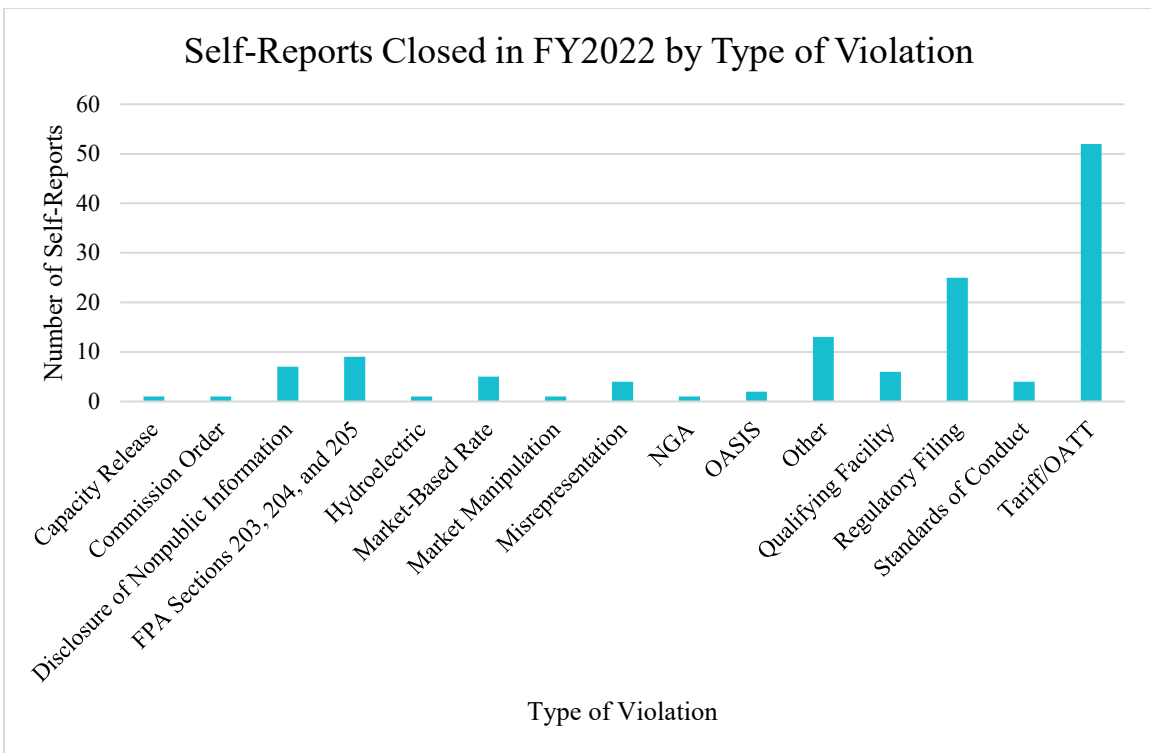
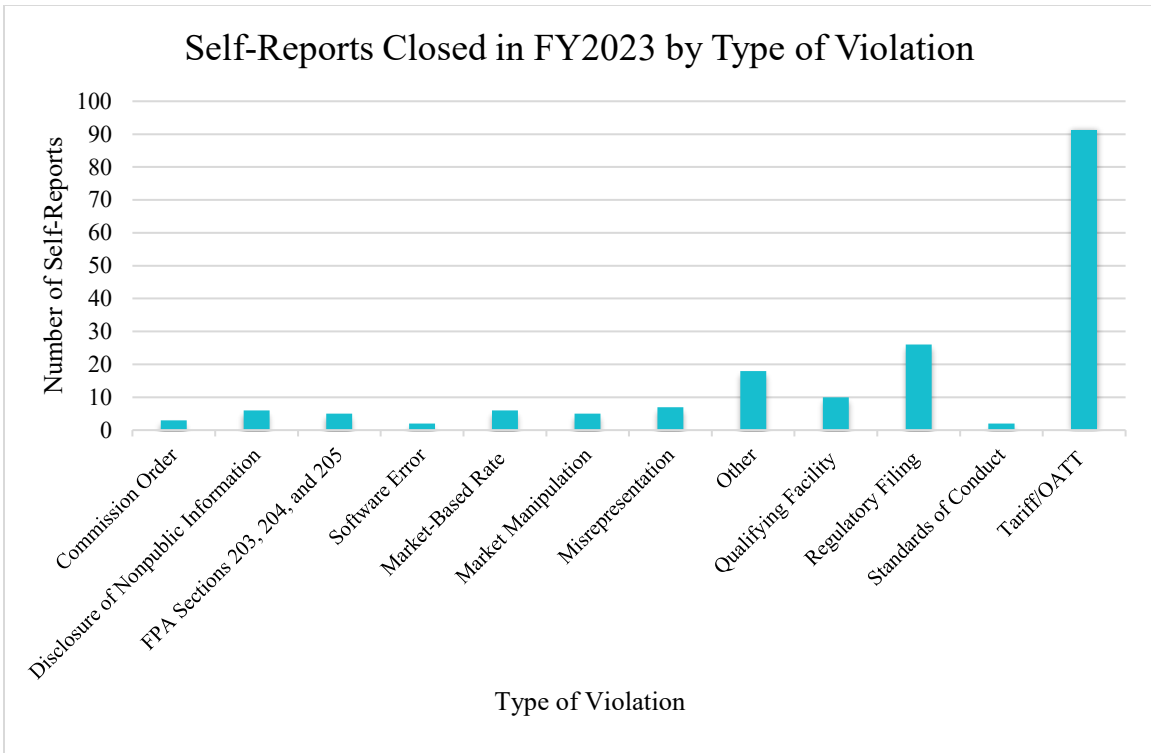
The Penalty Guidelines emphasize the importance of self-reporting by providing credit that can significantly mitigate penalties if a self-report is made.²⁴ Enforcement staff continues to encourage the submission of self-reports and views self-reports as a reflection of a company's commitment to compliance. Additional information about self-reports, including how to submit them to DOI, is contained on the Commission's website at www.ferc.gov/self-reports.

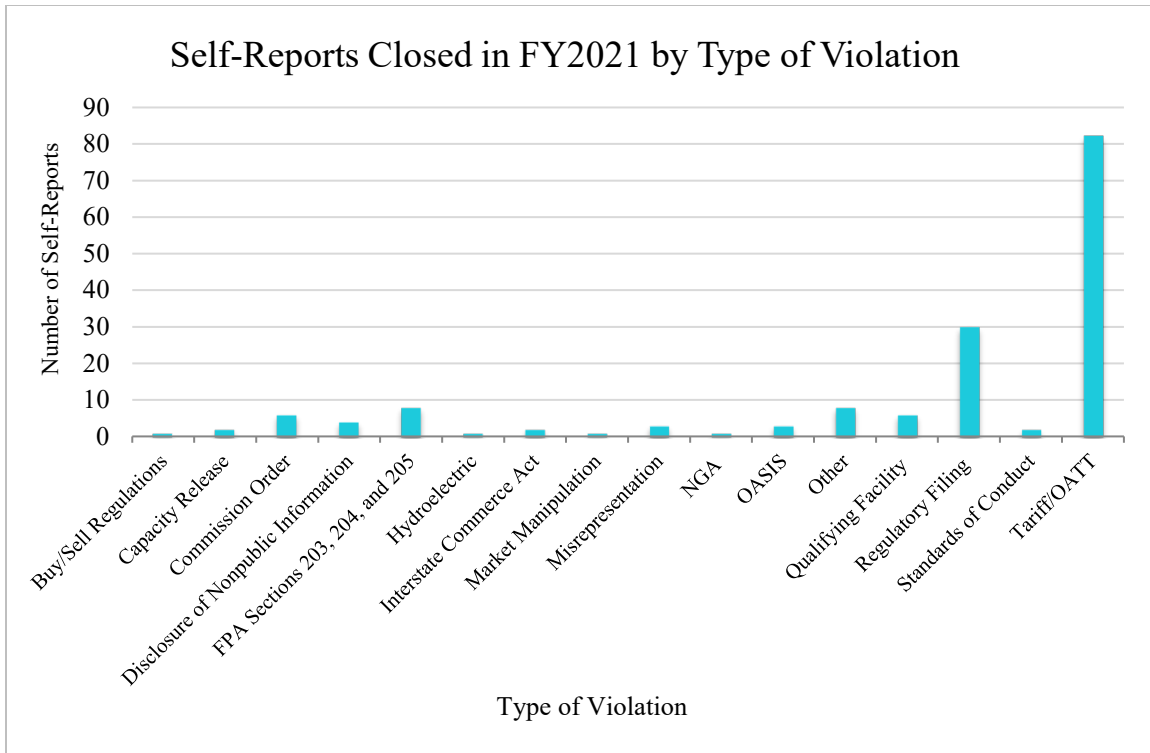
The following charts depict the types of violations for which Enforcement staff received self-reports from Fiscal Years 2021 through 2025.²⁵ Some self-reports include more than one type of violation, and they are each included in the charts.

²⁴ *Revised Penalty Guidelines*, 132 FERC ¶ 61,216 at P 127.

²⁵ The Self-Reports Closed chart in this FY2025 Annual Report includes the violations reported by an ISO/RTO.







2. Illustrative Self-Reports Closed with No Action

As discussed in section D (1), the Penalty Guidelines emphasize the importance of self-reports. They also show a commitment to compliance and inform Enforcement of types of violations that are occurring. In a continuing effort to promote transparency while encouraging the compliance efforts of regulated entities, Enforcement presents the following illustrative examples of self-reports that Enforcement closed in FY2025 without conversion to an investigation. In determining whether to close a self-report or open an investigation, Enforcement staff considers the factors set forth in the Commission’s Revised Policy Statement on Enforcement.²⁶ The illustrative summaries below are intended to provide guidance to the public and to regulated entities as to why Enforcement staff chose not to pursue an investigation or enforcement action, while preserving the non-public nature of the self-reports.

Tariff/OATT Violation (Electric). A utility and its subsidiary self-reported that, due to faulty meters at one of its generating facilities, the subsidiary had under-reported auxiliary load and therefore over-reported the energy it was making available to the ISO/RTO and thus being paid for. The companies promptly fixed the meters and worked with Enforcement staff and the ISO/RTO to return the over-collected funds. Because the error was inadvertent and the company acted promptly to remedy the harm, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A solar generating facility reported its failure to meet the requirements of multiple provisions of its Large Generator Interconnection Agreement with an

²⁶ *Revised Policy Statement*, 123 FERC ¶ 61,156 at P 25.

ISO/RTO when its inverters tripped during voltage disturbance events. After learning about the violations, the facility worked with the ISO/RTO to develop and then execute a corrective action plan to cure the breaches. Enforcement staff closed this self-report without further action because the violations were inadvertent, did not appear to result in market harm, and were promptly remedied.

Tariff/OATT Violation (Electric). A transmission owner self-reported that it had disclosed certain interconnection information about one unaffiliated interconnection customer to another in violation of the ISO/RTO tariff. The interconnection information at issue related to a proposed point of interconnection that had been rejected by the ISO/RTO. Given that there appeared to be no market harm, the incident was isolated, and the transmission owner updated its internal processes to reduce the likelihood of recurrence, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). An independent power producer self-reported that it had submitted inaccurate daily generation data for several years because of small metering errors at a generation facility in violation of the ISO/RTO tariff. The power producer demonstrated a net overreporting of power over the period and returned funds received in connection with the overreporting. Because the incident was inadvertent, the harm was remedied, and the power producer implemented measures to prevent future recurrence, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A solar and battery energy storage project self-reported suspected breaches of its Large Generator Interconnection Agreement with an ISO/RTO related to voltage disturbance ride through and data recording requirements. The subsequent investigation by the solar and battery project revealed that some of the project's inverters were set incorrectly to allow momentary cessation and that a device had failed to record data properly due to a programming error. The solar and battery project conducted a full review of all facility settings and deployed necessary changes to correct the momentary cessation and reporting failures. Given that the violations were inadvertent, did not impact customers or reliability, and were promptly and effectively remedied, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A solar power producer that was performing site testing self-reported that it had breached several inverter-related provisions of its ISO/RTO Large Generator Interconnection Agreement when a voltage disturbance—not caused by the producer—led to 53 of its inverters tripping, affecting 73 MW of its output. After a root cause analysis was performed, new settings were implemented on its inverters and several software updates were deployed. Given that the producer was still in a testing phase, that remedial measures were undertaken to reduce the likelihood of a similar event in the future, and that the tripping did not impact customers or reliability, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A power generator self-reported that, for nine months after completing upgrades to two of its natural gas turbines, it had: (1) failed to seek approval from its ISO/RTO to deliver an additional 87 MW, so it was out of compliance with its service limit; and (2) offered generation into the ISO/RTO's markets in excess of its previously approved limit. Upon identification of these errors, the generator moved swiftly to coordinate with its ISO/RTO

and FERC, followed the ISO/RTO's instructions to curtail its generation until it could apply for a new service limit, and eventually made a new service limit submission. Because the violation was inadvertent, the generator coordinated with both the ISO/RTO and FERC, there appeared to be no market harm, and its parent company implemented appropriate remedial actions to reduce the likelihood of recurrence, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A power marketer self-reported that it had not met its commitment to supply a specific amount of energy, in violation of an ISO/RTO tariff. The marketer received unearned revenues over the course of months for the unsatisfied commitment, and it offered to repay those revenues to the ISO/RTO. Because the incident was inadvertent and the marketer made efforts to remedy the violation, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A demand response provider self-reported that an administrative error caused bidding errors for some of its resources, resulting in a de minimis amount of unearned revenue. The provider updated its processes to prevent future similar problems. Because the incident was inadvertent and quickly rectified, and because the market harm was low, Enforcement staff closed this self-report without further action.

Tariff/OATT Violation (Electric). A generation and transmission firm self-reported that it had engaged in certain sales that should have been conducted pursuant to its cost-based rate tariff because the sales occurred during a brief period when its market-based rate authority for the relevant location had been revoked. The firm promptly refunded the over-collected amounts with interest and publicly disclosed the activity in a Commission filing. Because the incident was inadvertent and quickly corrected, Enforcement staff closed this self-report without further action.

Various Tariff/OATT Violations (ISOs/RTOs). Multiple ISOs/RTOs self-reported what staff determined upon factual review to be relatively minor violations of their tariffs, resulting from either software or human error. Those errors included: not flagging conduct potentially subject to mitigation because of a software issue; prematurely withdrawing interconnection rights; inadvertently disclosing market participant information; inadvertently qualifying excess capacity for a resource (that did not wind up selling that excess capacity); miscalculating collateral requirements; posting day-ahead market results after the deadline required by the tariff; making a typographical error resulting in a unit having an erroneous summer capability rating; miscalculating capacity requirements for load serving entities; improperly adjusting some energy cost curves; miscalculating interest on some market participants' invoices; miscalculating charges and credits due because an analyst input inaccurate information; miscalculating some demand response payments; improperly calculating certain payments due to software or manual data entry/calculations errors; and incorrectly allocating FERC fees amongst market participants. The ISOs/RTOs also reported certain other potential mistakes in implementing tariff provisions. In all such instances, the violations were inadvertent, resulted in minimal harm, and were promptly and effectively remedied to mitigate the harm and prevent future violations. Accordingly, staff closed these self-reports without further action.

Regulatory Violation (Electric). A parent company and its market participant subsidiary self-reported that they had inadvertently submitted inaccurate cost-based offers into an ISO/RTO that were contrary to the fuel cost policy approved by the ISO/RTO and the ISO/RTO's tariff. The

companies corrected the error in the offers and paid a fuel cost policy penalty to the ISO/RTO. Given these facts, Enforcement staff closed the matter without further action.

Regulatory Violation (Electric). A public utility self-reported that it had violated 18 C.F.R. § 37.6(k) by inadvertently posting a file containing only error messages as its area control error data to OASIS instead of providing the correct information. This error was for 2019 and posted in January 2020, but it was not discovered until 2025 when an employee attempted to open the file. The corrected information was posted the same day as the discovery. Because the error was quickly corrected and no apparent harm occurred due to the error, Enforcement staff closed this self-report without further action.

Regulatory Violation (Electric). An electric cooperative self-reported that it had cleared an ISO/RTO's day-ahead market for a day that it should have been on a forced outage, in violation of the Commission's Duty of Candor Rule, 18 C.F.R. § 35.41(b). The cooperative reported that it had done so due to a missed communication between its plant operators and its marketer. Upon discovering the error, the cooperative bought back its day-ahead energy obligation in the real-time market, thereby covering its commitment and minimizing the likelihood of market harm. The cooperative also reinforced and expanded communication protocols between its employees and its marketer to prevent a recurrence. Given these facts, Enforcement staff closed this self-report without further action.

Regulatory Violation (Electric). A public utility self-reported that on two occasions it had failed to timely post certain changes to its available transfer capacity to OASIS, in violation of 18 C.F.R. § 38.1 and the North American Energy Standards Board Business Practice Standards. The utility attributed these failures to an analyst applying an incorrect filter in the relevant software. Upon discovery, the utility promptly posted the changes to OASIS, notified regulatory compliance, and updated its protocols for instructing employees on how to use the associated software filters. Given that there appeared to be no market harm, the two incidents were inadvertent, and the utility took prompt and effective mitigating actions, Enforcement staff closed this self-report without further action.

Regulatory Violation (Electric). A merchant transmission facility self-reported that it had failed to maintain its books in accordance with the Uniform System of Accounts, 18 C.F.R. Part 101, as required by the Commission when it granted it negotiated rate authority. Upon discovery, the facility hired a consultant to evaluate the facility's accounting records. The consultant determined that the facility's use of a different accounting method still largely complied with the Uniform System of Accounts. For the remaining accounts, which were limited in scope, the facility updated its accounting methods moving forward to ensure compliance with the Uniform System of Accounts. Given that there appeared to be no market harm and the facility updated its internal processes to reduce the likelihood of a recurrence, Enforcement staff closed this self-report without further action.

Regulatory Violation (Gas). A natural gas transportation company self-reported its discovery of a coding error that had caused a shipper to overpay an affiliate for contracted capacity. Because the error was inadvertent and resulted only in an imbalanced exchange of money between two affiliates, Enforcement staff closed this self-report without further action.

Regulatory Violation (Gas). A natural gas supplier self-reported its failure to send to landowners timely notices of its prior notice application requesting authorization to plug and abandon two storage wells. Upon discovering its failure, the company sent the notices and instituted internal communication protocols and revised its compliance manual to ensure timely notifications. As this was the company's first notification failure, the notices were received within days of the original deadline, and the company took steps to ensure future compliance, Enforcement staff closed this self-report without further action.

Regulatory Filing Violation (Electric). The operator of a regional power market self-reported that it had failed to file quarterly reports regarding the implementation of a resource adequacy program. The Commission had ordered the operator to file information-only reports during the non-binding phase of the program's implementation. The failure to file was attributed to the operator not assigning responsibility for the reports to a specific employee. To prevent a recurrence, the operator implemented additional internal procedures to ensure future filings were timely made, including placing responsibility for the filings with the operator's general counsel. Given that the violations were inadvertent, caused no apparent market harm, the necessary filings were promptly submitted, the violations promptly self-reported, and measures were implemented to prevent a recurrence, Enforcement staff closed this self-report without further action.

Regulatory Filing Violation (Gas). An intrastate pipeline self-reported that it had failed to comply with 18 C.F.R. § 284.123(g)(9), which requires pipelines to submit their transmission rates for periodic review and approval by the Commission. The pipeline failed to do so, however, because new personnel were unaware of the regulation. Enforcement staff closed this self-report without further action because the pipeline promptly submitted the self-report once the violation was discovered, applied for Commission approval of new rates, and modified its internal compliance procedures to expressly include 18 C.F.R. § 284.123(g)(9). Further, Enforcement staff concluded that the violation did not cause significant harm to the market or ratepayers.

Regulatory Filing Violation (FERC Form 552). A natural gas-fueled electric generating facility self-reported that it had failed to file its Form 552 for calendar year 2023. The company discovered the filing error while gathering data to file its calendar year 2024 Form 552. The company filed its calendar year 2023 Form 552 five calendar days after discovering its previous error. The company has implemented a reminder system via its compliance program to ensure that future filings are timely. Given that the error was inadvertent and posed little risk of harm to market participants and that the company implemented improved processes to prevent a recurrence, Enforcement staff closed this self-report without further action.

Regulatory Filing Violation (FPA Section 203). Several small, affiliated generation resources self-reported a potential violation of FPA Section 203 for incorrectly identifying their potential owners in acquisition-related filings with the Commission. Both the actual owner and listed owner were managed and controlled by the same holding company. The ownership structure was changed during the acquisition for tax purposes and an internal communications error led to it not being reported to individuals responsible for FERC compliance. Upon discovery, the entities filed the appropriate notices with the Commission, noting that the actual ownership structure did not impact any previously conducted market power analysis submitted to the Commission. Given the unintentional nature of the violation, the lack of market harm, and the unlikely occurrence of future violations, Enforcement staff closed this self-report with no further action.

Regulatory Filing Violation (FPA Section 205). The owner-operator of a solar generating facility self-reported violations associated with its temporary ownership of transmission facilities necessary to interconnect the solar facility to the transmission system. The solar facility's owner had constructed the transmission facilities and intended for ownership of them to pass to the transmission system owner at the point of interconnection before the solar facility was energized, but the transmission grid owner refused to take ownership of the transmission facilities until certain site access issues were resolved. The solar facility's owner discovered that because the transmission facilities were energized while it retained ownership, it qualified as a transmission owner and, absent a waiver from the Commission, was required to: (1) comply with the open access transmission tariff, open access same-time information system (OASIS), and Standards of Conduct requirements under 18 C.F.R. Parts 35 & 358, and (2) have a rate schedule on file with the Commission pursuant to FPA section 205. The solar facility's owner made the necessary filings to cure these deficiencies, which were approved by the Commission. Because the violations were inadvertent and quickly discovered, the required filings were made, and because no market harm resulted from the conduct and the solar facility implemented safeguards to prevent a recurrence, Enforcement staff closed this self-report without further action.

Regulatory Filing Violation (FERC Form 556). The owner of a solar-powered generation facility self-reported that it had failed to file FERC Form 556 and certify as a qualifying facility until after its energization date. The company indicated the oversight and subsequent late filing/certification was due to an inadvertent internal communication error following a delay with respect to the facility's permission to operate date. The company took steps to prevent future errors of this kind. Given that the error was inadvertent and posed little risk of harm to market participants, Enforcement staff closed this self-report without further action.

Standards of Conduct Violation (Training). A utility self-reported that it had provided its annual FERC-mandated Standards of Conduct training nine days late to a small group of its employees. The violations resulted, in part, because the utility's learning management system did not send out reminders to personnel who had failed to complete the training until December, when many employees had already taken leave for the holidays. In response, the utility moved the start date for its annual Standards of Conduct training from October to July. It also updated its learning management system, changing the dates for when reminder notifications are sent and generating a list of past due employees that goes to supervisors. Given the inadvertent nature of the error, the lack of any apparent harm, and the utility's proactive mitigation efforts, Enforcement staff closed this self-report without further action.

E. Investigations

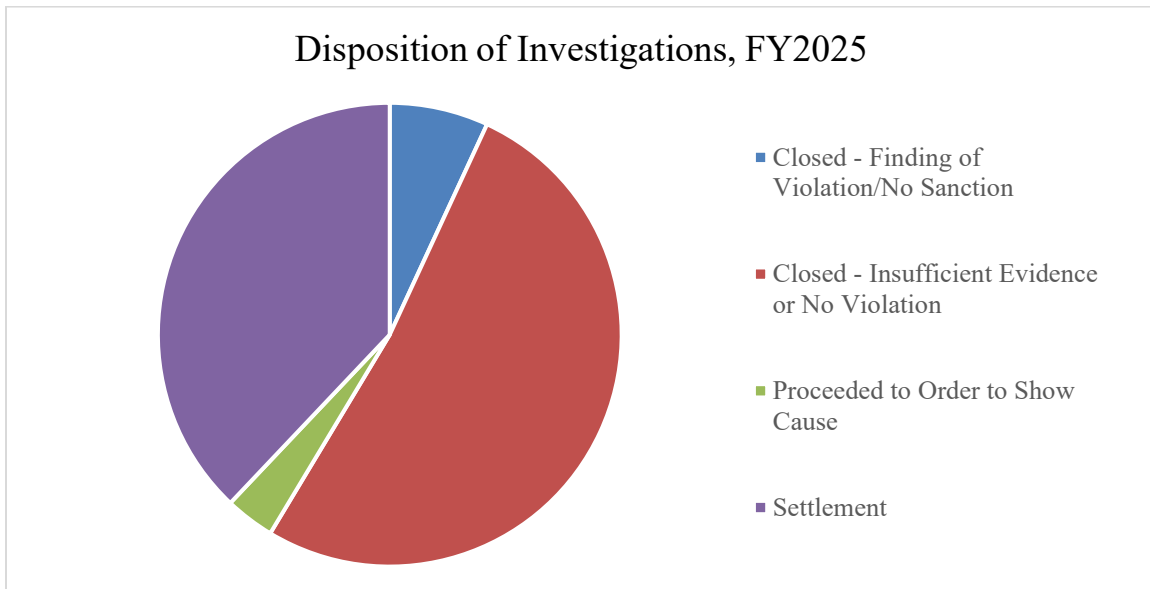
In FY2025, Enforcement staff opened 24 new investigations, as compared with 30 investigations opened in FY2024 and 19 investigations opened in FY2023. These investigations arose from several sources, including referrals by ISO/RTO Market Monitors and Enforcement's other divisions. In addition to cases closed through settlement, Enforcement staff closed 17 investigations without further action in FY2025, as compared to 10 closed without further action in FY2024. In addition to closing these investigations during the fiscal year, Enforcement staff closed one Market Monitoring Unit (Market Monitor) referral following analysis of the referred conduct and alleged violations. This Market Monitor referral, discussed in DOI section F below, was closed without being converted into an investigation.

1. Statistics on Investigations

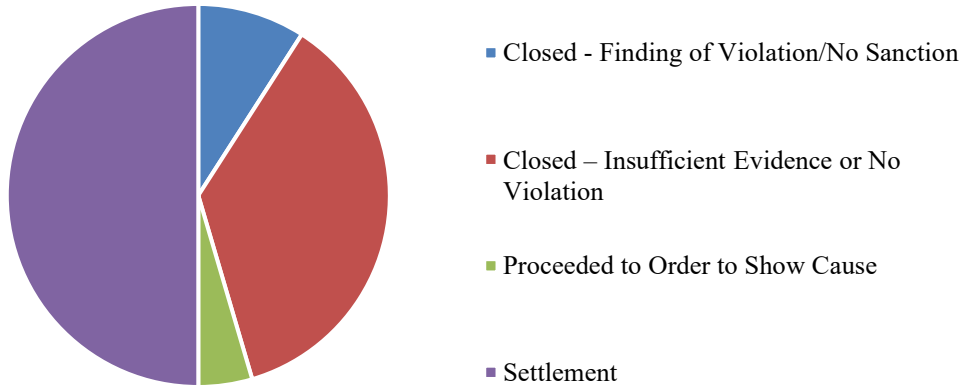
Of the 24 investigations Enforcement staff opened in FY2025 (some of which involved more than one type of potential violation or multiple subjects), at least 11 involved potential market manipulation, 17 involved potential tariff violations, and six involved potential misrepresentations prohibited by the Commission’s Duty of Candor Rule. The 24 investigations also involved a wide range of additional issues, including potential NERC reliability standard violations and potential violations of the Commission’s Market Behavior Rule on Unit Operation.

In each of the 17 investigations DOI closed with no action in FY2025, Enforcement staff found that there was either no violation, insufficient evidence to establish that a violation had occurred, or that a violation existed but should not be subject to sanctions. The 17 closings were in addition to the 11 investigations closed pursuant to settlements that staff reached with subjects. The Commission-approved settlements in these 11 investigations are summarized above in DOI section C. The investigations closed without enforcement action are discussed below.

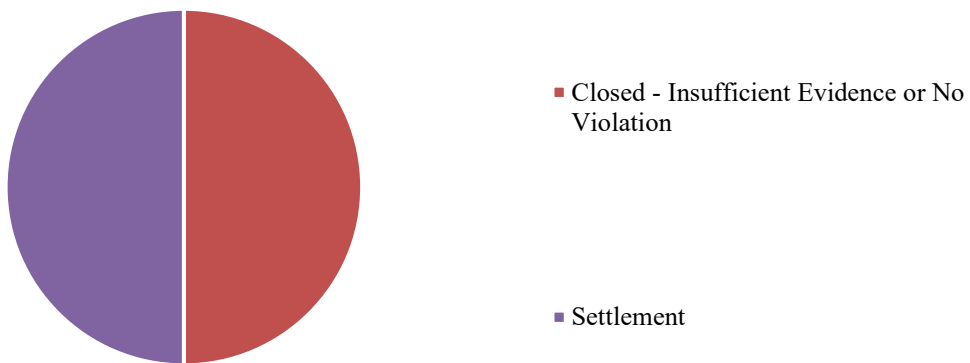
The following charts show the year-by-year disposition of investigations that closed over the past five years (FY2021-2025) and the aggregate disposition of investigations that closed from Fiscal Years 2015 through 2025.



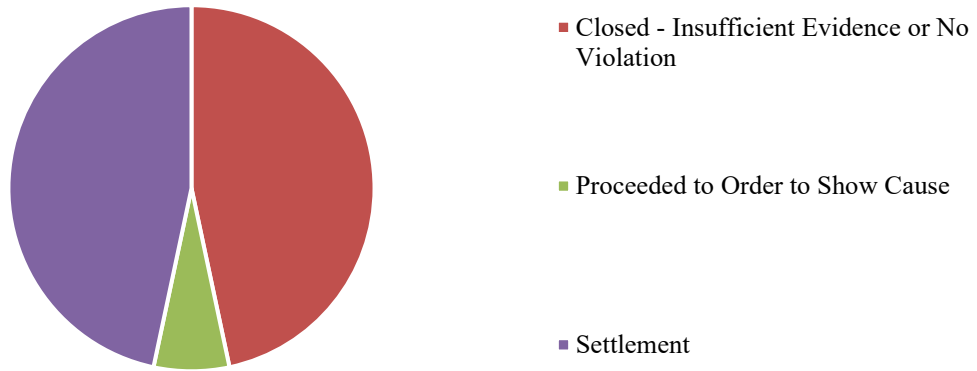
Disposition of Investigations, FY2024



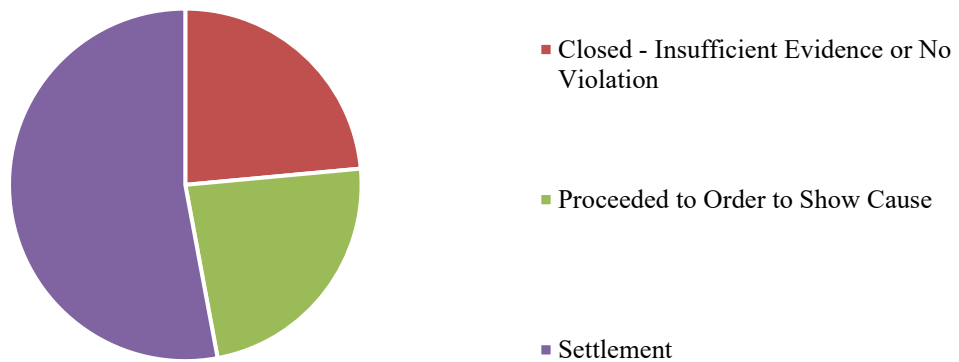
Disposition of Investigations, FY2023



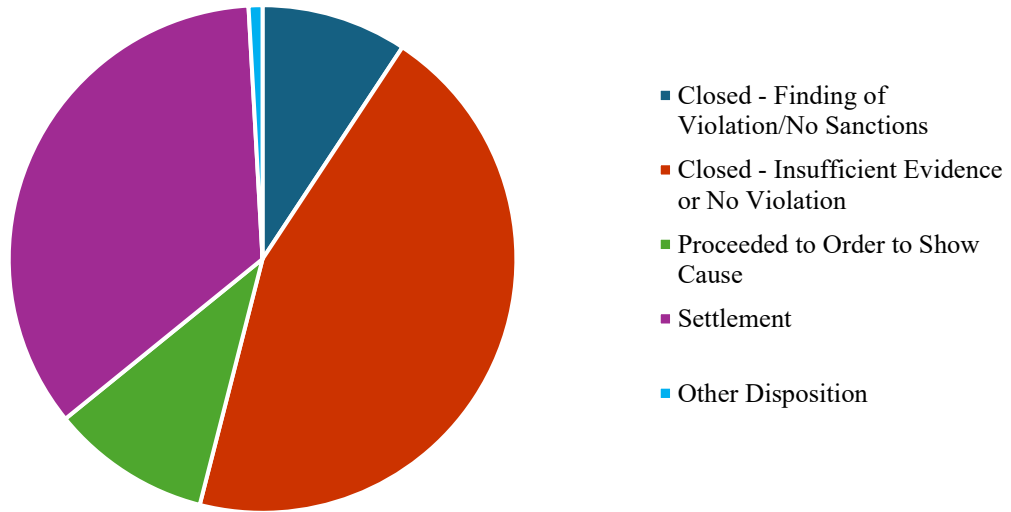
Disposition of Investigations, FY2022



Disposition of Investigations, FY2021

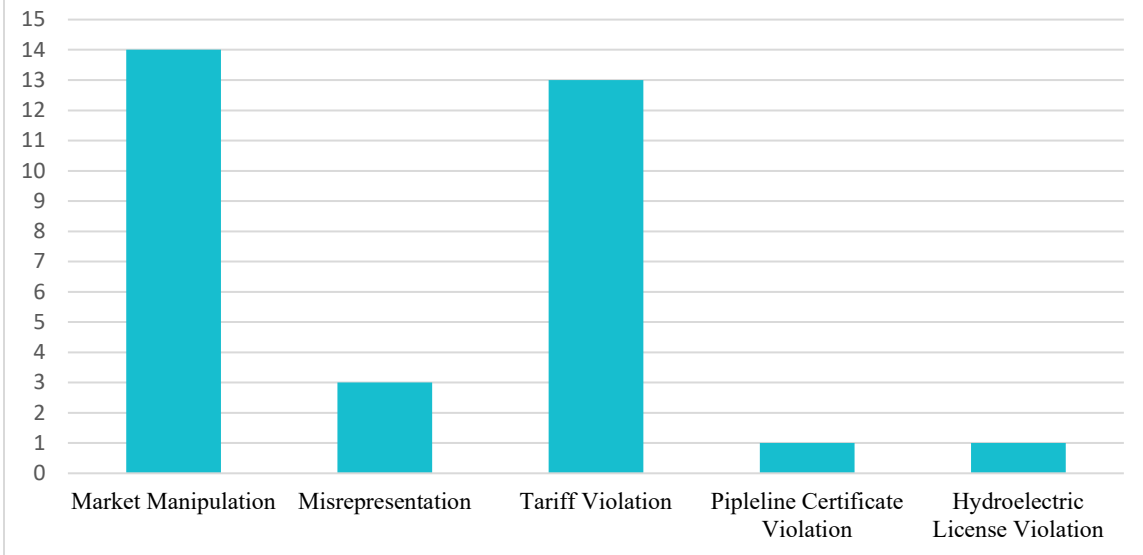


Disposition of Investigations, FY2015 -FY2025

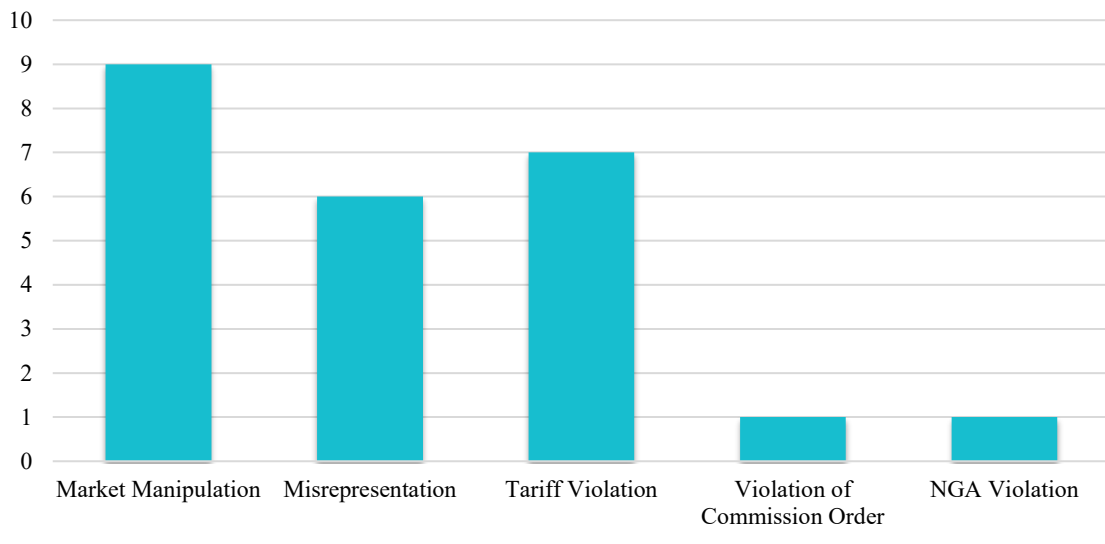


The following charts summarize the nature of the conduct at issue for those investigations that were closed without further action in Fiscal Years 2021-2025.

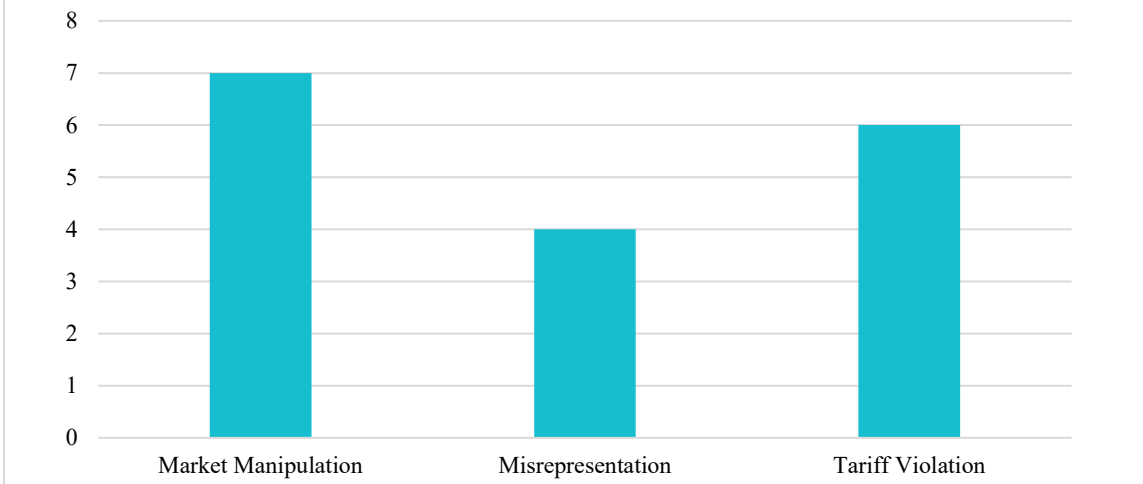
Types of Alleged Violation in Investigations Closed With No Action, FY2025

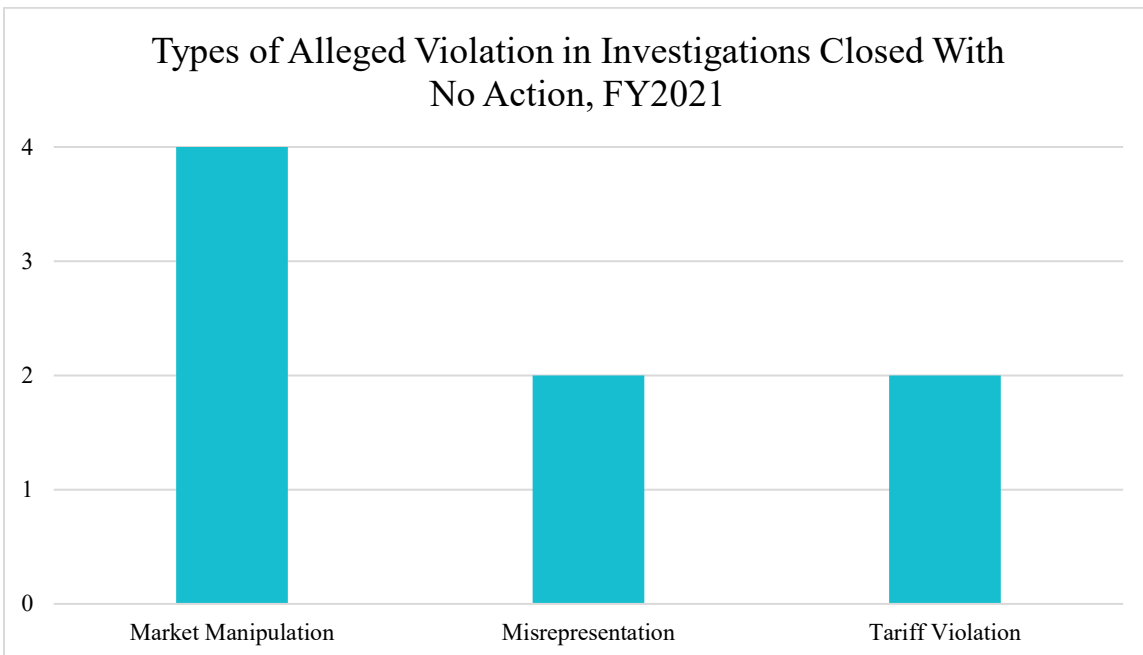
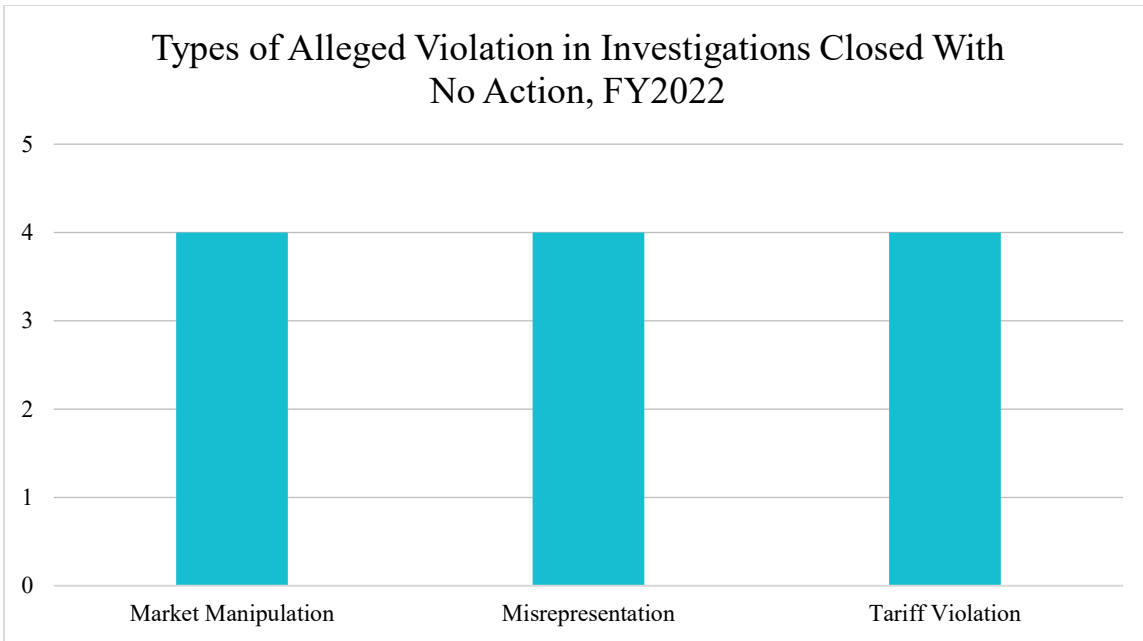


Types of Alleged Violation in Investigations Closed With No Action, FY2024



Types of Alleged Violation in Investigations Closed With No Action, FY2023





2. Illustrative Investigations Closed with No Action

The following summaries of investigations that Enforcement closed without further action in FY2025 are intended to provide guidance to the public and the regulated community while preserving the non-public nature of DOI’s investigations.

Market Manipulation and Tariff Violation (Electric). Following an IMM/MMU referral, Enforcement staff investigated whether a transmission owner improperly derated its transmission lines to benefit its transmission congestion rights positions. After evaluating the transmission

owner's explanations for its actions, contemporaneous evidence concerning the ratings changes, and additional information from the transmission owner's counsel (including details about a related NERC settlement), Enforcement staff found insufficient evidence of intent to establish a violation of the Commission's Anti-Manipulation Rule. Accordingly, this investigation was closed without further action.

Market Manipulation, Tariff Violation, and Misrepresentations Prohibited by Duty of Candor Rule (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether two companies violated the ISO/RTO tariff, the Commission's Anti-Manipulation Rule, the Commission's Duty of Candor Rule, or the Commission's Market Behavior Rule on Unit Operation. More specifically, Enforcement staff analyzed whether the companies: violated their Generation Interconnection Agreement (GIA) and were truthful in their associated capacity submissions to the RTO, took unauthorized derates or outages of their generating facilities, and/or falsified the metering of their facilities. Enforcement staff gathered data and information from the relevant ISO/RTO, its IMM/MMU, and the companies regarding the companies' operation of their facilities and submissions to the ISO/RTO. Staff also interviewed a key company employee. Enforcement staff determined that the GIA violations were minimal and likely inadvertent, and that there was insufficient evidence that the companies provided false information to the ISO/RTO or that there was manipulative intent in connection with their derates, outages, metering data, and capacity submissions. For these reasons, Enforcement staff closed this investigation without further action.

Market Manipulation and Tariff Violation (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether a demand response aggregator and a demand response asset violated the Commission's Anti-Manipulation Rule or the ISO/RTO tariff at issue. More specifically, Enforcement staff investigated whether the offer pattern and behind-the-meter generation schedule used by the asset and aggregator were made to manipulate the asset's demand response baseline to increase capacity payments. Enforcement staff found that there was insufficient evidence to justify further enforcement action and closed this investigation without further action.

Market Manipulation and Tariff Violation (Electric). Following an IMM/MMU referral, Enforcement staff opened an investigation into whether an electricity generator violated the ISO/RTO tariff and the Commission's Anti-Manipulation Rule by failing to: (1) meet its capacity market obligations, (2) properly inform the ISO/RTO of derates and outages, and (3) submit accurate generating availability data system information. After obtaining data request responses and taking testimony, Enforcement staff elected to exercise its prosecutorial discretion to close this investigation without further action because, among other things, (1) the generator previously had incurred substantial performance assessment interval penalties arising from the conduct and, as a result, had to terminate executive team members and make capital calls to avoid bankruptcy and (2) the generator had informed the ISO/RTO of changes to its notification times in its offer parameters.

Market Manipulation and Tariff Violation (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether a market participant violated the Commission's Anti-Manipulation Rule or the ISO/RTO tariff by economically withholding a wind resource in an export constrained area to benefit the resource owner's other assets. After

reviewing documents and data produced by the company and taking sworn testimony from company employees, Enforcement staff determined that the inflated offers submitted by the resource owner were a mistake and were not part of a scheme to withhold generation or to impermissibly increase prices behind the constraint. Accordingly, Enforcement staff concluded that there was insufficient evidence to find that the conduct violated the tariff or the Commission's Anti-Manipulation Rule. Based on these findings, Enforcement staff closed this investigation without further action.

Market Manipulation and Tariff Violation (Electric). Following an IMM/MMU referral, Enforcement staff opened an investigation into whether an electricity generator violated the ISO/RTO tariff and the Commission's Anti-Manipulation Rule in connection with its failure to: (1) report a forced outage that lasted two days; (2) meet its must-offer requirement on those two days; and (3) submit correct notification and start times, as well as a correct minimum run time. After reviewing the evidence, Enforcement staff concluded that the generator followed the ISO/RTO's erroneous advice to record its unavailability as a forced outage (even though the generator believed that advice was incorrect), and that the generator previously had incurred substantial performance assessment interval penalties arising from the same winter event. Accordingly, Enforcement staff closed this investigation without further action as a matter of prosecutorial discretion.

Market Manipulation and Tariff Violation (Electric). Following an IMM/MMU referral, Enforcement staff opened an investigation into whether an electricity generator violated the ISO/RTO tariff and the Commission's Anti-Manipulation Rule by failing to report forced outages accurately during December 2022. After staff opened the investigation, the generator agreed to pay deficiency charges directly to the ISO/RTO via daily assessments. Enforcement staff reviewed the relevant calculations and underlying data and agreed that the deficiency charges fully divested the generator of any benefit it had derived from its outage reporting failures. The generator also corrected the relevant outage reporting entries and improved its reporting practices such that no similar reporting errors have occurred. Based on the generator's outstanding cooperation and the actions the generator took to reduce the likelihood of a similar mistake in the future, Enforcement staff exercised its discretion to close this investigation without further action.

Tariff Violation (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether an RTO violated its tariff and bylaws by initially failing to produce certain documents in response to data requests from the Market Monitor. Enforcement staff analyzed documents from the RTO and the Market Monitor and interviewed employees of the RTO but found no evidence that the RTO knowingly or deliberately failed to provide the Market Monitor with responsive documents. Enforcement staff further determined that the RTO, after meeting with the Market Monitor, produced responsive documents that had not been produced previously. The RTO informed Enforcement staff that it plans to improve its communications and approach with the Market Monitor going forward. For these reasons, Enforcement staff closed this investigation without further action.

Market Manipulation, Tariff Violation, and Misrepresentations Prohibited by Duty of Candor Rule (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether an electric utility violated the Commission's Anti-Manipulation Rule, an ISO/RTO's tariff, or the Commission's Duty of Candor Rule, 18 C.F.R. § 35.41(b), by violating

the ISO/RTO's requirements relating to resource adequacy. The referral suggested that the utility may have submitted false information to the ISO/RTO about the availability of certain generators for the upcoming season. After reviewing documents and a detailed timeline provided by the utility, Enforcement staff concluded that the evidence did not support a finding that the utility had provided false or inaccurate information to the ISO/RTO about its generators. Based on these findings, Enforcement staff closed this investigation without further action.

Market Manipulation and Tariff Violation (Electric). Following a referral from an IMM/MMU, Enforcement staff opened an investigation into whether a municipal utility violated the Commission's Anti-Manipulation Rule or the ISO/RTO tariff by failing to meet a resource's must-offer obligation while retaining its capacity supply obligation for over two years. After reviewing documents produced by the municipality and the resource's operator and having numerous conversations with both, Enforcement staff determined that the resource was unavailable to generate during the relevant period and that the municipality was not responsible for that unavailability. Enforcement staff further concluded that the municipality did not improperly withhold information from the ISO/RTO regarding the resource's unavailability. Accordingly, having concluded that there was insufficient evidence to show that the resource violated the tariff or engaged in market manipulation, Enforcement staff closed this investigation without further action.

Market Manipulation and Tariff Violation (Electric). Following an IMM/MMU referral, Enforcement staff opened an investigation into whether a municipal electric utility failed to properly report forced outages for one of its generators, instead reporting them as reserve shutdowns, over a period of several years. The municipal utility promptly admitted that the outage reporting violations were caused by inadequate employee training and proactively made changes to its internal processes to prevent future such errors. The municipality voluntarily calculated the excess capacity revenues it received because of the misreporting, which were distributed to the adversely affected market participants. Under the circumstances, Enforcement staff exercised its discretion to close this investigation without further action.

Market Manipulation (Electric). Following a referral from DAS, Enforcement staff opened an investigation into whether a company violated the Commission's Anti-Manipulation Rule by potentially placing a large volume of virtual supply trades to lower day-ahead prices, thereby benefitting a large related financial power position. After taking sworn testimony from company employees, reviewing documents produced by the company and by the ISO/RTO, and performing extensive data analysis, Enforcement staff concluded that it would be difficult to meet its burden of proving a violation of the Anti-Manipulation Rule given the totality of the evidence. Enforcement staff therefore closed this investigation without further action.

Market Manipulation, Tariff Violation, and Misrepresentations Prohibited by Duty of Candor Rule (Electric). Following a referral from DAS, Enforcement staff opened an investigation into whether a generator engaged in potentially improper self-scheduling in an ISO/RTO's energy market to prevent a reduction in future capacity payments due to a previously incurred forced outage. After reviewing the evidence, Enforcement staff found the generator's behavior was consistent with the ISO/RTO tariff, profitable and economic in nature, and could not be considered a deception on the energy or capacity markets based on the evidence adduced. Therefore, Enforcement staff concluded that the evidence did not support a violation of the

Commission’s prohibition on market manipulation, the ISO/RTO tariff, or other Commission rules. Accordingly, this investigation was closed without further action.

Market Manipulation and Tariff Violation (Electric). Following a referral from DAS, Enforcement staff opened an investigation into whether an electric utility violated the Commission’s Anti-Manipulation Rule or the ISO/RTO tariff by clearing uneconomic virtual bids to financially benefit another position. After taking sworn testimony from utility employees and reviewing documents produced by the utility, which supported the utility’s contention that the observed behavior constituted permissible hedging and not finding evidence that the activity in question violated the tariff or constituted market manipulation, Enforcement staff closed this investigation without further action.

Market Manipulation and Misrepresentations Prohibited by Duty of Candor Rule (Electric). Following an IMM/MMU referral, Enforcement staff opened an investigation into whether a company was uneconomically scheduling one of its plants to cause congestion and inflate revenue from its financial transmission rights position, and whether it made false statements to the IMM/MMU about the reasons for its uneconomic scheduling. After receiving a presentation from the company, issuing data requests, and conducting interviews, Enforcement staff concluded that the evidence did not support a market manipulation or Duty of Candor Rule violation and closed this investigation without further action.

Failure to Comply with Hydroelectric Project License. Following a referral from the Commission’s Division of Hydropower Administration and Compliance (DHAC), Enforcement staff opened an investigation into a licensee’s failure to comply with the requirements of its hydroelectric project license. Enforcement staff served data requests and had several communications with counsel for the licensee, after which the licensee took several actions to come into compliance with the requirements of its project license. Enforcement staff and DHAC then agreed that DHAC would work with the licensee to come into full compliance with the remaining license requirements. On that basis, Enforcement staff closed this investigation with the understanding that it can be reopened if the licensee does not resolve the remaining compliance issues.

F. Market Monitor Referrals

ISO and RTO Market Monitors perform a critical function surveilling organized electric markets to detect potential violations, including market manipulation, anticompetitive behavior, and tariff noncompliance. As the Commission has recognized, “effective market monitoring requires close collaboration between the [Market Monitors], ISOs, RTOs, and [Enforcement].”²⁷ This collaboration occurs formally, through certain reporting requirements set forth in Commission regulations, as well as informally, through regular dialogue with Enforcement. Both types of collaboration facilitate a high level of situational awareness among Enforcement staff and ensure a robust knowledge base for investigations and surveillance. To promote transparency and provide guidance to regulated entities and Market Monitors, this section highlights the Market Monitors’ functions, describes the types of conduct Market Monitors review and refer to

²⁷ *Southwest Power Pool, Inc.*, 137 FERC ¶ 61,046, at P 20 (2011).

Enforcement, and provides illustrative examples of Market Monitor referrals that Enforcement closed in FY2025 following initial inquiries that did not lead to an investigation.

By regulation, Market Monitors are required “to make a non-public referral to the Commission in all instances where the [Market Monitor] has reason to believe that a Market Violation has occurred.”²⁸ This referral requirement applies to potential “misconduct by the ISO or RTO, as well as by a market participant.”²⁹ The Commission has not prescribed a specific level of detail or length for referrals. However, they must be: (1) non-public, (2) in writing, and (3) addressed to the head of Enforcement with copies to the heads of OEMR and OGC.³⁰ In addition, they must include: (1) “sufficient credible information to warrant further investigation by the Commission;” (2) the names and contact information for suspected violators; (3) the dates of the alleged violations and whether the behavior is ongoing; (4) the rule, regulation, or tariff provisions allegedly violated; (5) the specific conduct that allegedly constitutes the violation; (6) the consequences to the market; (7) if the referral includes allegations of manipulation, a description of the alleged manipulative effect; and (8) any other information the Market Monitor wishes to include.³¹ There is also a continuing obligation to update referrals with any information the Market Monitor learns that is “related to the referral.”³² After receiving a referral, Enforcement conducts an inquiry into the alleged conduct and determines whether to open a full investigation.

To help facilitate these regulatory requirements, Enforcement assigns staff to serve as liaisons with the Market Monitors for each ISO or RTO as well as with the ISO and RTO itself. Market Monitors refer a wide range of potential violations – both in terms of type and seriousness. Examples of referrals illustrating this broad range include: (1) Stronghold Digital Mining Inc. and Scrubgrass Reclamation Company, L.P. for violating the PJM Tariff by failing to offer the full available capacity of a plant into PJM’s energy markets so they could withhold enough energy to meet the energy needs of their behind-the-meter cryptocurrency mining operations;³³ (2) GenOn Holdings, Inc. for violating 18 C.F.R. §§ 35.41(a) and (b) and the PJM Tariff by failing to offer

²⁸ 18 C.F.R. § 35.28(g)(3)(iv)(A). A Market Violation is a violation of a tariff, Commission order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies. *Id.* § 35.28(b)(8).

²⁹ *Wholesale Competition in Regions with Organized Elec. Mkt.*, Order No. 719, 125 FERC ¶ 61,071, at P 311 (2008).

³⁰ 18 C.F.R. §§ 35.28(g)(3)(iv)(B)-(C).

³¹ *Id.* § 35.28(g)(3)(iv)(D).

³² *Id.* § 35.28(g)(3)(iv)(E). Separate and apart from this referral requirement, Market Monitors also must “[i]dentify and notify [Enforcement] of instances in which a market participant’s or [ISO’s/RTO’s] behavior may require investigation, including, but not limited to, suspected Market Violations.” 18 C.F.R. § 35.28(g)(3)(ii)(C). These notifications are more informal, can be made orally or in writing, and do not require the documentation involved in a referral.

³³ *Stonghold Digital Mining, Inc. and Scrubgrass Reclamation Company, L.P.*, 190 FERC ¶ 61,059 (2025) (approving settlement agreement in which the company admitted to the violation and agreed to pay a \$741,365 penalty and disgorgement of \$678,635).

the available capacity of eight of its generating units into the PJM energy markets;³⁴ (3) Sonoran West Solar Holdings, LLC and Sonoran West Solar Holdings 2, LLC for violating the CAISO Tariff by submitting inaccurate initial state of charge and outage information;³⁵ and (4) Cordova Energy Company LLC for violating the PJM Tariff and 18 C.F.R. §§ 35.41(a) and (b) by not meeting its must-offer obligations and by failing to properly submit generating availability data system data to PJM.³⁶

1. Statistics on Market Monitor Referrals

In FY2025, Enforcement staff received 22 new Market Monitor referrals. Of these referrals (some of which involved more than one type of violation or multiple subjects), at least 11 involved potential market manipulation, at least 19 involved potential tariff violations, and at least eight involved potential misrepresentations prohibited by the Commission's Duty of Candor Rule. Sixteen of these Market Monitor referrals became the sources for investigations opened in FY2025.

Enforcement staff elected not to open a full investigation of one Market Monitor referral in FY2025. This referral was analyzed and closed without further action because Enforcement staff concluded that there was insufficient evidence of a violation.

2. Illustrative Market Monitor Referrals Closed with No Action

Enforcement presents the following summary of the one Market Monitor referral inquiry that Enforcement staff closed in FY2025 without converting to an investigation. In determining whether to open an investigation based on a Market Monitor referral, Enforcement staff considers the factors set forth in the Commission's Revised Policy Statement on Enforcement.³⁷ The summary below is intended to provide guidance to the public and to regulated entities as to why Enforcement staff chose not to pursue an investigation or enforcement action, while preserving the non-public nature of the Market Monitor referral.

Potential Tariff Violation. Following a referral from a Market Monitor alleging that an ISO violated its tariff, staff analyzed the ISO's practice of committing certain generators in advance of the day-ahead energy market deadline and then paying uplift to the generators based on their updated offers, rather than their offers at the time of early commitment. Following the referral,

³⁴ *GenOn Holdings, Inc.*, 191 FERC ¶ 61,144 (2025) (approving settlement agreement that included a \$390,000 penalty and disgorgement of \$172,306).

³⁵ *Sonoran West Solar Holdings, LLC and Sonoran West Solar Holdings 2, LLC*, 189 FERC ¶ 61,174 (2024) (approving settlement agreement that included a \$1,000,000 penalty and disgorgement of \$2,877,418).

³⁶ *Cordova Energy Company LLC*, 192 FERC ¶ 61,205 (2025) (approving settlement agreement in which the company admitted to the violations and agreed to pay a \$370,000 penalty and disgorgement of \$1,964,436).

³⁷ *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,156 at P 25.

Enforcement staff conducted an inquiry, researched the relevant tariff provisions, reviewed the supporting materials provided in the referral, spoke with the Market Monitor and ISO staff, reviewed the relevant generators' offers, and confirmed the generators' cost inputs. Enforcement staff ultimately determined that an investigation was not necessary because: (1) the ISO committed the generators early to ensure system reliability; (2) there was no evidence that the generators' offers were updated for any reason other than to reflect the generators' costs; and (3) following the commencement of Enforcement staff's inquiry, the ISO initiated a stakeholder process to address the relationship between early commitments, offer prices, and uplift, and the ISO told staff it plans to file proposed tariff revisions with the Commission following the conclusion of the stakeholder process. Therefore, Enforcement staff closed this referral without further action.

G. Enforcement Hotline

DOI staff fields phone calls and other inquiries made to the Enforcement Hotline (Hotline).³⁸ The Hotline is a means for people, anonymously if preferred, to inform Enforcement staff of potential violations of statutes, Commission rules, orders, regulations, and tariff provisions. When Enforcement staff receives information concerning possible violations, such as allegations of market manipulation, abuse of an affiliate relationship, or violation of a tariff or order, Enforcement staff researches the issue presented and often consults other members of the Commission's staff with expertise in the subject matter of the inquiry. In some cases, Hotline calls lead to the opening of investigations by DOI.

In FY2025, Enforcement received 304 Hotline calls and inquiries, 297 of which promptly were resolved within the fiscal year either through advice provided by Enforcement staff, because the caller stopped responding to Enforcement staff's communications, or because the matter was already pending before the Commission and so Enforcement staff could not discuss it with the caller due to the ex parte rules. Enforcement staff also closed 10 Hotline matters that had been pending from prior years. Of the Hotline calls received in FY2025, seven remained pending at the end of the fiscal year.

Every year, a significant percentage of the Hotline calls and inquiries relate to subjects outside of the Commission's jurisdiction. Enforcement staff resolves these matters by advising the callers where they may find the information they need. Enforcement also receives a number of Hotline calls regarding contested matters pending before the Commission, which Enforcement staff resolves by directing them to the docketed proceeding.

H. Other Matters

In addition to its investigative work, DOI staff worked on other important matters in FY2025, including:

Collaboration with Other Commission Offices. DOI staff regularly coordinates with other Commission program offices regarding potential enforcement matters or enforcement-related policies and procedures. This includes working closely with the Office of Energy Projects (OEP)

³⁸ See 18 C.F.R. § 1b.21.

and OGC on pipeline certificate and hydroelectric licensing matters to ensure compliance with statutory and regulatory obligations, and the terms and conditions of pipeline certificates and hydroelectric licenses and exemptions. In addition, DOI staff works closely with OGC, OEMR, and OTRE regarding late filings submitted under sections 203 or 205 of the FPA. DOI staff also works closely with OGC and OEMR on evaluating refund reports related to the late filings. OGC and OEMR regularly consult with DOI staff when a qualifying facility submits a request for a declaratory order and/or a request for waivers of various provisions of Part 292 of the Commission’s regulations related to small power production and cogeneration under the Public Utility Regulatory Policies Act. Regulated entities can submit questions to the Compliance Help Desk to reduce their risk of subsequent findings of noncompliance and potential enforcement actions. In addition, OGC and OEMR confer with DOI staff for pre-filing meetings and/or regarding requests involving the Standards of Conduct under Order No. 717³⁹ or Affiliate Restrictions under Order No. 697.⁴⁰ OEP’s DHAC has authority over hydropower compliance matters until such matters are referred to Enforcement. DOI staff discussed potential dam safety and other violations with DHAC during FY2025.

No-Action Letters. Enforcement is one of several offices within the Commission that is jointly responsible for processing requests seeking a determination whether staff would recommend enforcement action against the requestor if it pursued particular transactions or practices. Among the various approaches for submitting a request, the “No-Action Letter” can be a useful tool for entities subject to the Commission’s authority to reduce the risk of failing to comply with the statutes the Commission administers, the orders, rules or regulations thereunder, or Commission-approved tariffs.⁴¹ Commission staff is generally available to confer on a pre-filing basis for possible “No-Action Letter” requests.

Paper Hearing Proceeding Related to 2015/16 MISO Auction Results. On June 16, 2022, the Commission issued an order on remand⁴² establishing paper hearing procedures in response to a 2021 decision by the United States Court of Appeals for the District of Columbia Circuit in *Public Citizen, Inc. v. FERC*.⁴³ That decision remanded two Commission orders that had ruled on three complaints from May 2015 regarding the results of MISO’s 2015/16 Planning Resource Auction (PRA) for Local Resource Zone (Zone) 4. In the remand order, the Commission established paper hearing procedures to address the issues raised by the D.C. Circuit’s opinion. Specifically, and as part of the procedures, the Commission directed Enforcement staff to provide an assessment of a market participant’s—Dynergy Marketing and Trade, LLC (Dynergy)—conduct during MISO’s 2015/16 PRA, including whether Dynergy’s conduct constituted an exercise of market power and/or market manipulation. Under the procedural schedule established by the Commission,

³⁹ *Standards of Conduct for Transmission Providers*, Order No. 717, 125 FERC ¶ 61,064 (2008).

⁴⁰ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, 119 FERC ¶ 61,295 (2007).

⁴¹ *See Interpretive Order Modifying No-Action Letter Process and Rev. Other Mechanisms for Obtaining Guidance*, 123 FERC ¶ 61,157 (2008).

⁴² *Pub. Citizen, Inc. v. FERC*, 179 FERC ¶ 61,185 (2022).

⁴³ *Pub. Citizen, Inc. v. FERC*, 7 F.4th 1177 (D.C. Cir. 2021).

Enforcement staff submitted a Remand Report on September 14, 2022. Between August and October 2023, Enforcement staff and the other parties to the proceeding made various filings, including answers, with the Commission. On June 6, 2024, the Commission issued an order establishing hearing and settlement judge procedures and consolidating the proceedings. On July 30, 2025, the parties agreed to settle the matter, and the Commission approved the uncontested settlement on August 27, 2025.⁴⁴ Under the settlement, Dynegy agreed to pay \$38 million to MISO, who will distribute it to the settling parties based on the extent to which they were a net buyer in the auction.

DIVISION OF AUDITS AND ACCOUNTING

A. Overview

The Division of Audits and Accounting (DAA) administers Enforcement’s audit, accounting, and forms administration and compliance programs to support the Commission’s mission to assist consumers in obtaining reliable and efficient energy service, at a reasonable cost, through appropriate regulatory and market means. DAA’s primary goal in conducting its audit, accounting, and forms administration and compliance activities is to enable the Commission to achieve its strategic objectives by assisting in the development of just and reasonable rates and providing knowledge and awareness of, and increasing compliance with, the Commission’s regulations and policies.

DAA’s audit program supports the Commission’s strategic objectives through public risk-based audits. DAA performs various types of audits that respond to the needs of the Commission, public, and industry, and advises the Commission on often complex compliance and other matters. The audit program serves as a resource for the Commission to examine risk areas within the regulated industries and inform the Commission’s actions regarding rates, regulatory accounting, tariffs, financial and operational transparency, policy initiatives, law, reliability, and other areas in the electric, natural gas, and oil industries. DAA audits also provide jurisdictional entities with an opportunity to work with DAA to evaluate and improve their overall compliance, identify potential areas of noncompliance before they escalate, and facilitate stronger compliance programs. DAA’s publicly issued audit commencement letters and audit reports provide valuable guidance and insight into areas of emphasis and concern involving industries regulated by the Commission.

DAA’s accounting program is a vital component of achieving the Commission’s strategic goal of establishing just and reasonable cost of service rates, terms, and conditions by: (1) overseeing the accounting and reporting of financial information affecting cost of service rates; (2) acting as the focal point for interpretive guidance concerning the Commission’s financial accounting and reporting rules, orders, regulations, and statutes; and (3) advising the Commission and industry on accounting and other financial issues. The accounting program facilitates the consistent reporting of financial information and ensures that a regulated entity’s operations are reported in a manner that most appropriately supports ratemaking analysis. DAA’s accounting program also provides accounting expertise to the Commission’s other program offices and assists in evaluating

⁴⁴ *Dynegy Mktg. & Trade, LLC and Ill. Power Mktg. Co.*, 192 FERC ¶ 61,181 (2025).

accounting and financial issues when implicated in proposed rulemakings and other Commission initiatives.

DAA's forms administration and compliance program supports the Commission's responsibility to ensure just and reasonable rates, terms, and conditions for consumers. DAA administers, analyzes, and ensures compliance with the filing requirements of FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q (gas and electric), 6, 6-Q, and 60; and FERC-61. The Commission forms provide valuable information to the public, the regulated community, and the Commission and support the development of regulatory strategies that focus on the competitiveness and efficiency of wholesale energy markets. DAA conducts outreach to and communication with the public regarding these compliance programs, with the goal of ensuring that all parties comply with the Commission's filing requirements.

B. Outreach and Guidance

DAA's programs, and DAA's outreach and guidance, inform the regulated industry, the public, and others about what constitutes effective compliance, accountability, and transparency. The goal of DAA's outreach is to provide jurisdictional entities with ample opportunity to achieve compliance and avoid noncompliance that may result in harm to jurisdictional customers and energy markets. DAA actively engages in regular outreach activities with industry trade associations, such as the American Gas Association (AGA), Edison Electric Institute (EEI), Interstate Natural Gas Association of America (INGAA), Liquid Energy Pipeline Association (LEPA), and Natural Gas Supply Association (NGSA), and encourages interested parties to contact DAA with any inquiries or concerns. As a result of these interactions, DAA considers opportunities to enhance the efficiency, transparency, and effectiveness of its audit, accounting, and forms administration and compliance programs. DAA also engages with state regulators, including through outreach activities with the National Association of Regulatory Utility Commissioners (NARUC), and with the public accounting firms that audit and certify jurisdictional entities' financial reports. Such outreach contributes to DAA's analysis of accounting, financial reporting, and market trends affecting jurisdictional entities and issuances of accounting guidance by the Chief Accountant.

DAA provides formal accounting guidance in response to accounting requests filed with the Commission. Informal accounting guidance may be requested and obtained from DAA via email (accountinginquiries@ferc.gov) and phone ((202) 502-8877). Informal guidance on issues related to the FERC financial forms may be obtained from DAA via email: Form1@ferc.gov (Forms 1, 1-F, and 3-Q (electric)); Form2@ferc.gov (Forms 2, 2A, and 3-Q (gas)); Form6@ferc.gov (Forms 6 and 6-Q (oil)); and Form60@ferc.gov (Form 60 (service companies)). Informal guidance on issues related to the EQR may be obtained via email (eqr@ferc.gov) and phone ((202)-502-8076). Informal guidance on all other compliance matters may be obtained through the Compliance Help Desk.⁴⁵

⁴⁵ Information about the Commission's Compliance Help Desk is available at <https://www.ferc.gov/about/contact-us/compliance-help-desk>.

C. Compliance

1. Compliance Programs

It is imperative that companies establish and maintain effective compliance programs. Such programs should foster a culture of compliance that begins at the executive level and permeates throughout the organization. Effective compliance programs increase the likelihood that jurisdictional companies will understand and follow the Commission's rules, regulations, and orders, as well as their own tariff provisions, both in letter and spirit. However, because each company is unique in terms of size, region, organizational structure, and other relevant characteristics, no two compliance programs are alike. Each company must tailor its program to the specific challenges it faces. Notwithstanding these differences, DAA has found that the strongest compliance programs include:

- A proactive program that:
 - Equips staff and management with sufficient training, education, tools, and other resources, such as well-publicized policies and procedures, to detect issues in a timely manner and to correct or prevent noncompliance;
 - Stays abreast of compliance trends by reviewing Commission orders and audit reports and evolves based on these trends and other developments in the industry.
- The active involvement of senior management to emphasize the importance of compliance and the allocation of funds necessary to maintain a robust compliance program.
- A designated compliance officer and compliance committee, charged with development and oversight of compliance activities and metrics, that assess program effectiveness.
- The active involvement of internal audit and monitoring functions to routinely assess compliance with tariff provisions and Commission rules, orders, and regulations, to foster a strong and sustainable culture of commitment to compliance on an enterprise-wide basis.
- A policy and culture of seeking guidance from the Commission as necessary to ensure compliance, including an effective process to self-report noncompliance identified through internal oversight activities.

DAA appreciates the time, effort, and cooperation that each company puts forth during an audit. A company's willingness to proactively assist DAA not only demonstrates its commitment to compliance but can reduce the time it takes to complete an audit.

2. Timely Remedy of Noncompliance

Equally important to a robust compliance program is the timely correction of noncompliance. Although an effective compliance program will often prevent noncompliance with Commission rules, regulations, and orders, any instances of noncompliance should be addressed immediately. Timely implementation of audit recommendations helps maximize their impact, demonstrates a commitment to compliance, and supports fair, competitive markets. DAA tracks every audit

recommendation it makes and works with each company until all recommendations have been fully implemented. The completion of this implementation phase is communicated by the Chief Accountant to the regulated entity in each audit. Further, the Commission's FY2022-2026 Strategic Plan encourages strong compliance programs and places emphasis on timely implementation of corrective actions within six months of audit completion.⁴⁶ In FY2025, 97 percent of DAA's audit recommendations were either fully implemented within six months, or for particularly complex recommendations, active and continuous steps had been taken to implement the recommendations six months after audit issuance.

3. Compliance Alerts

DAA continues to observe certain areas in which compliance has been problematic for some entities. DAA believes that highlighting these areas for jurisdictional entities and their corporate officials here will increase awareness of these concerns and facilitate compliance efforts. The topics presented below represent areas where DAA has found recurring compliance concerns or noncompliance of significant impact in recent years. DAA believes that greater attention in these areas will enable jurisdictional entities, including entities that have not yet been audited, to prevent noncompliance, thereby avoiding potential enforcement actions. To assist jurisdictional entities in gaining a better understanding of particular areas of noncompliance, docket number(s) for one or more recent audit reports or Commission orders are provided in the discussions below.

ELECTRIC INDUSTRY

Allocated Labor. Companies have charged labor and labor-related costs to construction projects without using an appropriate cost allocation method or time tracking process to ensure capitalized labor costs have a definite relation to construction. General Instruction 9 and Electric Plant Instruction 4 of the Uniform System of Accounts (Public Utilities) require that labor overhead costs (both pay and expenses of employees) be allocated among construction, operations, maintenance, and other accounts based upon actual time engaged in these respective classes of work or a study of the time actually engaged during a representative period. DAA has observed that allocation methods were not based on actual time or a study of actual time; nor were the allocation results sufficiently monitored to ensure that costs charged were appropriately allocated to capital projects when employees: (1) performed activities that only supported the operations of the existing infrastructure; (2) spent a portion of their time performing construction-related activities and a portion on other jurisdictional activities; or (3) performed activities supporting both jurisdictional and non-jurisdictional activities (FA23-8-000, FA20-9-000, FA20-6-000, FA19-1-000).

Allowance for Funds Used During Construction (AFUDC). DAA audit activities continue to identify deficiencies in how jurisdictional entities have calculated AFUDC, resulting in excessive accruals on the entities' financial reports filed with the Commission. Under Order No. 561,⁴⁷

⁴⁶ See Strategic Plan, *supra* note 3, at 28 (Objective 1.2: Promote compliance with FERC rules).

⁴⁷ *Amendments To Unif. Sys. of Accts. for Pub. Utils. and Licensees and for Nat. Gas Cos. (Classes A, B, C and D) to Provide for the Determination of Rate for Computing the Allowance for Funds Used During Constr. and Revisions of Certain Schedule Pages of FPC Reports*, Order No. 561,

short-term debt is regarded as the first source of funding construction activities in the AFUDC calculation, and the short-term debt rate is derived using an estimate of the cost of short-term debt for the current year.

Common findings related to AFUDC include:

- Improperly using commitment fees associated with lines of credit in the calculation of the short-term or the long-term debt rate without Commission approval (FA22-5-000);
- Improperly excluding certain short-term debt or long-term debt amounts from the AFUDC rate calculation (FA23-8-000, FA20-3-000, FA20-1-000);
- Computing AFUDC on contract retention and other noncash accruals (FA20-7-000);
- Improperly determining the equity and long-term debt balances used in computing the AFUDC rate by (i) using monthly equity and long-term debt balances instead of prior-year-end balances (FA23-8-000, FA21-5-000, FA21-4-000, FA20-7-000); (ii) using Generally Accepted Accounting Principles amounts for the prior-year-end long-term debt and equity balances instead of FERC Form No. 1 balances (FA23-4-000); or (iii) using fiscal year-end balances rather than the calendar year-end balances reported in FERC Form No. 1 (FA20-3-000);
- Improperly including Account 216.1, Unappropriated Undistributed Subsidiary Earnings, and Account 219, Accumulated Other Comprehensive Income, balances as part of the equity component of the AFUDC formula (FA23-8-000, FA22-3-000, FA21-5-000, FA20-9-000, FA20-3-000, FA20-1-000, FA19-1-000);
- Improperly accruing AFUDC on inactive, suspended, and completed construction projects (FA23-6-000, FA21-4-000, FA20-1-000);
- Improperly compounding AFUDC on a monthly basis rather than a semi-annual basis (FA21-4-000, FA20-7-000);
- Incorrectly calculating and reporting Accumulated Deferred Income Tax on equity AFUDC (FA23-4-000); and
- Improperly calculating AFUDC on projects receiving incentive rate treatment that permits the projects' CWIP to be included in rate base, thereby twice recovering a return on the project costs (FA22-5-000).

Formula Rate Matters. A focal point of DAA's formula rate audits continues to be compliance with the Commission's accounting and FERC Form No. 1 (Annual Report of Major Electric

57 FPC 608, *reh'g denied and clarification granted*, Order No. 561-A, 59 FPC 1340 (1977), *clarification granted*, 2 FERC ¶ 61,050 (1978).

Utilities, Licensees and Others) requirements for costs that are included in formula rate recovery mechanisms used to determine billings to wholesale customers. DAA notes that certain areas of noncompliance could have been prevented with more effective coordination between jurisdictional entities' accounting and rate staffs to prevent the recovery of costs that should have been excluded from the formula rate. Additionally, formula rate audits in recent years have identified patterns of noncompliance in the following areas:

- Revenue Credits – Public utilities understated the revenue credits that were used to reduce the revenue requirements of their transmission formula rates by improperly excluding certain transmission-related revenues. Examples of such revenue credits may be related to pole attachment revenue or rental revenue, among other items (FA23-3-000, FA20-9-000, FA20-3-000);
- Income Tax Overpayments – Public utilities have incorrectly recorded in Account 165, Prepayments, income tax overpayments for which they elected to receive a refund and not apply such overpayments to a future tax year's obligation. This has led to excess recoveries through formula rate billings. These costs are properly recorded in Account 146, Accounts Receivable from Associated Companies, or Account 143, Other Accounts Receivable, as appropriate (FA23-3-000, FA21-4-000, FA20-9-000, FA19-8-000);
- Excess Accumulated Deferred Income Taxes (ADIT) – To address the tax effects of the Tax Cuts and Jobs Act of 2017 (TCJA), public utilities were required to adjust ADIT balances to reflect the change in the effective corporate tax rate from 35 percent to 21 percent. However, in some instances, utilities did not properly record excess ADIT related to the TCJA. Additionally, under certain formula rate tariffs, public utilities were required to neutralize the rate base impacts of these TCJA adjustments to ADIT balances; but in some instances, public utilities removed balances from the ADIT accounts but did not make the necessary adjustments to keep rate base neutral, leading to rate base being overstated and wholesale transmission customers being overbilled. In other instances, utilities improperly netted the excess and deficient ADIT related to the TCJA and recorded the amount that resulted from the improper netting in Account 254, Other Regulatory Liabilities (FA23-4-000, FA23-3-000, FA21-5-000, FA20-9-000, FA20-3-000);
- Internal Merger Costs – Public utilities have incorrectly included merger-related costs in wholesale transmission formula rates, resulting in the recovery of merger-related transaction and transition costs, including internal labor costs, from wholesale transmission customers. Public utilities should obtain Commission approval to recover such costs and otherwise should have appropriate controls and procedures in place to ensure that the costs are tracked and excluded from formula rates (PA24-5-000, FA23-4-000, PA23-2-000, FA22-4-000, FA21-6-000, PA20-2-000, FA19-8-000);
- Asset Retirement Obligations (ARO) – Public utilities included ARO amounts in formula rates without explicit Commission approval, including the asset component that increases rate base, the depreciation expense related to the asset, and the accretion expense related to the liability (FA22-5-000, FA21-3-000);

- Regulatory Assets – Public utilities included amortized regulatory assets in formula rate calculations without first obtaining the required Commission approval for recovery of the regulatory asset (FA22-5-000, FA22-1-000, PA20-2-000);
- Administrative and General (A&G) Expenses – Public utilities recorded nonoperating expenses and functional operating and maintenance expenses in A&G expense accounts, leading to inappropriate inclusion of such costs in revenue requirements produced by their formula rates. Examples of these costs include: employment discrimination settlement payments, lobbying expenses, charitable contributions, portions of membership dues associated with lobbying or donations, distribution system maintenance expenses, generation function costs, costs of services provided to affiliates, and payments of penalties (PA24-5-000, FA23-8-000, FA23-7-000, FA23-6-000, FA23-4-000, FA23-3-000, PA23-2-000, FA22-5-000; FA22-4-000, FA22-3-000, FA21-5-000);
- Fuel Adjustment Clauses – Prior to receiving Commission approval, public utilities improperly included costs in fuel adjustment clauses, such as non-energy costs and the amortization of regulatory assets (FA23-6-000, FA22-1-000); and
- Electric Vehicle (EV) Charging Stations – Public utilities included EV charging station costs in the wholesale revenue requirements produced by their formula rates (FA23-7-000).

Transmission Rate Incentives. The Commission has granted public utilities transmission incentive rate treatments as a means of promoting and developing a more efficient and robust transmission system. Recent audit activity has found that effective procedures and controls were lacking to ensure full compliance with the conditions of Commission orders approving transmission incentive rate treatments. Audit staff found that projects that did not qualify for the transmission incentive rate treatment were improperly included as part of the approved projects for the purposes of calculating the wholesale revenue requirement and resulting billings to customers (FA20-2-000).

Energy Markets. DAA’s energy market audits have focused on a range of topics, including ISO/RTO administration of day-ahead and real-time energy markets, and market participant trading activities, compliance with capacity supply obligations, and generation outage and derate submissions. On recent audits, DAA has identified discrepancies, inaccurate reporting, and various other inconsistencies in the generation outage data submitted by market participants. Noncompliance with requirements for reporting generation outages and derates to the ISO/RTOs may result in unjust and unreasonable rates for capacity, energy, and ancillary services, decreased reliability of the electric grid, and lead to incorrect assumptions being used in reliability and market studies performed by the ISO/RTO to operate its capacity, energy and ancillary service markets (PA22-7-000, PA21-2-000, PA20-7-000).

Open Access Transmission Tariffs. An essential goal of open access is to support efficient and competitive markets.⁴⁸ On recent OATT audits, DAA identified issues relating to improper sales

⁴⁸ See *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119 (Order No. 890), *order on reh’g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007)

from designated network resources (PA19-3-000); incomplete or inaccurate available transmission capacity or total transfer capability data posted on OASIS (PA23-10-000, PA23-3-000, PA20-1-000, PA19-3-000); failure to post load forecasts on OASIS (PA23-3-000), reasons for curtailments, and transmission service discounts (PA22-6-000); failure to post generator interconnection study timeline deviations, in-service date deviations, and the availability of interconnection restudies (PA23-10-000); improper posting of transmission service request study metrics reports (PA21-5-000) and quarterly transmission service metrics reports (PA23-10-000, PA22-6-000); and failure to host public meetings to review near-term and longer-term local transmission plans and post transmission planning content (PA23-10-000).

Preservation of Records. Emails are often used to address and communicate business decisions and activities, and in those circumstances, may be considered “records” within the scope of the Commission’s preservation of records regulations in 18 C.F.R. Part 125. A company’s general policies and procedures for record retention, such as a policy calling for the destruction of emails after a specified period, may result in instances of noncompliance when emails that may be considered records are not preserved for the time periods specified in 18 C.F.R. § 125.3 (PA23-10-000, PA21-2-000).

NATURAL GAS INDUSTRY

Comprehensive natural gas pipeline audits have evaluated compliance with the Commission’s accounting and financial reporting (FERC Form No. 2, Annual Report of Major Natural Gas Companies) requirements to ensure proper accounting and that transparent, complete, and accurate data is reported for use by all stakeholders in developing and monitoring rates. The audits also covered the administration and application of transportation services and rates among customers in accordance with approved gas tariffs. There have also been past audits with singular audit focuses, such as AFUDC, informational posting websites, capacity release, and more. In recent comprehensive natural gas audits, DAA has found noncompliance in the following areas:

Gas Tariff Provisions. Order No. 636⁴⁹ required that interstate natural gas pipelines maintain a tariff containing provisions regarding their services to effectively manage their systems. DAA’s audits have identified issues relating to noncompliance with natural gas pipelines’ FERC Gas Tariffs, including: (1) tariffs that were not updated to fully incorporate the Commission’s

(Order No. 890-A), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁴⁹ *Pipeline Serv. Obligations & Revisions to Reguls. Governing Self-Implementing Transp. & Regul. of Nat. Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636, FERC Stats. & Regs. ¶ 30,939 (cross-referenced at 59 FERC ¶ 61,030), *order on reh’g*, Order No. 636-A, FERC Stats. & Regs. ¶ 30,950 (cross-referenced at 60 FERC ¶ 61,102), *order on reh’g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), *order on reh’g*, 62 FERC ¶ 61,007 (1993), *aff’d in part and remanded in part sub nom., United Distrib. Cos. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *order on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997).

reservation charge crediting policy⁵⁰ for force majeure and non-force majeure events (FA19-9-000) or that erroneously calculated reservation charge credits (PA21-3-000); (2) penalty revenues that were collected from offending shippers and not properly refunded to non-offending shippers by the method prescribed in the tariff (FA19-9-000); (3) incomplete details in the tariff to explain a company's methodology used to adjust its company use gas percentage (FA21-1-000); (4) misapplying tariff provisions related to capacity allocation, capacity release, and customer activity website (FA23-10-000); (5) not posting and/or incorrectly posting certain required information on the company's Informational Postings website, such as information pertaining to contracts and pipeline capacity (FA23-10-000); (6) renewable natural gas standards that were posted on the company's website but not included in the company's tariff (FA23-10-000); (7) not including in the tariff a detailed explanation of the methodology used to adjust the monthly company use gas percentage (FA21-1-000); and (8) creditworthiness provisions that did not conform to Commission policy (FA23-10-000).

AFUDC and CWIP. As noted above in the Electric Industry compliance alerts, recent audit activity has shown deficiencies in how jurisdictional entities have calculated AFUDC, resulting in excessive AFUDC accruals above the maximum allowed by the Commission's regulations. Errors relating to natural gas pipelines' determinations of the short-term debt component and capital structure used in AFUDC calculations include: failing to include borrowings represented by the daily average net payable position of a company's corporate cash management program in the short-term debt component of its AFUDC rate calculation (PA21-3-000). Audits of natural gas pipelines also continue to find errors that directly impact, usually by inflating, the amount of CWIP, which causes excessive AFUDC as well as other negative effects. Such errors involving CWIP include:

- allocating overhead costs to construction projects (*i.e.*, CWIP) not based on actual time expended or on representative time studies (FA19-9-000);
- including unpaid contract retention accruals in CWIP balances when CWIP should only include amounts actually paid by the pipeline (FA23-10-000, FA21-1-000); and
- recording as CWIP contributions in aid of construction (CIAC) received from third parties (FA19-9-000).

Affiliate Transactions. Affiliate transactions, including a shared service provided by a parent company, are to be recorded in the account that matches the nature of the specific transaction and its associated cost, as required by General Instruction No. 14 in the Uniform System of Accounts, Transactions with Associated Companies. Audits have identified that some gas companies are recording *all* affiliate transaction costs to a single account (often Account 923 or 930.2), rather than dividing affiliate transaction costs among the appropriate nonoperating, operating and maintenance, or administrative and general accounts based on the specific natures of the affiliate transactions. Recording affiliate transaction costs in a single account can lead to recovering nonoperating expenses in cost of service; improper functionalization of operating and maintenance and administrative and general costs; improper rates for costs of service; and undermining the

⁵⁰ *Nat. Gas Supply Ass'n*, 135 FERC ¶ 61,055, *order on reh'g*, 137 FERC ¶ 61,051 (2011).

comparability of financial reporting results between one natural gas company and another (PA21-3-000, FA21-1-000).

General Accounting. Other common accounting findings include: (1) improperly classifying as operating expenses the nonoperating expenses associated with: donations, penalties/fines, lobbying activities (PA21-3-000, FA21-1-000, FA19-9-000) and membership dues (FA23-10-000, PA21-3-000); (2) misclassification of costs within general and administrative expenses and operating expenses as general and administrative expenses (FA21-1-000, FA19-9-000); (3) not consistently applying a property unit listing to replacements of utility plant (PA21-3-000); (4) improperly including in gas plant in service property that was not being used in operations (PA21-3-000); and (5) not timely ceasing depreciation of retired gas plant after receiving Commission approval for abandonment (PA21-3-000).

Reporting and Filing. Recent audits have found that some natural gas pipelines did not comply with the financial reporting requirements of FERC Form No. 2. Reporting was inaccurate or incomplete (required information and footnote disclosures omitted) for various schedules supporting financial reporting (PA21-3-000, FA21-1-000, FA19-9-000). Other reporting matters pertained to: (1) inaccurate reporting of balances within fuel retainage quantity filings (FA19-9-000); (2) failing to make required filings to show the inputs and calculations that support adjustments to company fuel use percentages (FA21-1-000); (3) not obtaining Commission approval for proposed journal accounting entries for merger-related transactions (PA21-3-000); and (4) filing proposed accounting entries under the wrong type of docketed proceeding (PA21-3-000).

Intrastate Pipelines Providing NGPA Section 311 Service. Audit findings relating to NGPA section 311 pipelines have concerned practices not authorized by the pipelines' Statement of Operating Conditions (SOCs), such as unauthorized rates and fees, gas retainage practices, nominating cycles and deadlines, and penalty calculations not authorized by, or that conflict with, such pipelines' SOCs, as well as not timely filing, or reporting complete information in, FERC Form No. 549D, or providing service to a shipper without a service agreement (PA23-1-000).

OIL INDUSTRY

DAA's oil pipeline audits have focused on accounting and financial reporting (FERC Form No. 6, Annual Report of Oil Pipeline Companies) with emphasis on Page 700 (Annual Cost of Service-Based Analysis Schedule) of FERC Form No. 6. Some audits have evaluated compliance with oil pipeline tariffs, specifically, a company's administration and application of transportation services and rates among customers in accordance with approved transportation rates in local and joint tariffs and other charges and procedures within rules, regulations, and tariffs.

An essential part of oil pipeline audits is an examination of the accounting and operating data reported on Page 700 of FERC Form No. 6. This Schedule requires each oil pipeline company to

report its total annual cost of service (as calculated under the Order No. 154-B methodology⁵¹), operating revenues, and throughput in barrels and barrel-miles for the current and previous reporting year. The amounts reflected on Page 700 represent only interstate service (i.e., Commission-jurisdictional) amounts, while the rest of FERC Form No. 6 includes both interstate and intrastate amounts. The information reported on Page 700 is used by the Commission and interested parties to evaluate interstate pipeline rates and facilitate the Commission's review of the five-year index.⁵² Oil pipeline audits have identified noncompliance in the following areas:

Carrier and Noncarrier Property. Carrier property represents assets used to provide interstate and intrastate transportation of crude oil and other petroleum products. This includes property that is inactive or not in current use but held for future use within a reasonable time under a definite plan for pipeline operations. Property or assets that are not used in carrier operations or not held with a definite plan for future use are considered noncarrier property and, as such, should be excluded from Page 700. Recent audits have found that oil pipelines have misclassified idled property that has no definite plan for future carrier use in Account 30, Carrier Property, rather than Account 34, Noncarrier Property. Related accrued depreciation should have been reclassified from Account 31, Accrued Depreciation-Carrier Property, to Account 35, Accrued Depreciation-Noncarrier Property. Oil pipelines also did not retire carrier and noncarrier property when it was no longer used and useful in carrier operations. These errors resulted in overstated carrier property and depreciation expense, which also overstated rate base and other inputs in the cost of service on Page 700 (FA22-2-000, PA21-4-000, FA20-5-000, FA19-10-000, FA19-4-000). Additionally, other instances where oil pipelines did not comply with Commission accounting requirements regarding carrier and noncarrier property include: (1) an oil pipeline understated carrier property and noncarrier property as a result of erroneously recording certain assets on the books of a nonregulated affiliate, and overstated carrier property and understated carrier expenses by treating the replacement of minor items of property as a capital investment instead of maintenance expense (FA22-2-000); (2) not maintaining a property unit listing to use in accounting for additions and retirements of carrier property (FA23-9-000, FA23-5-000); (3) improperly including dismantlement charges, for decommissioning assets, in carrier property accounts without Commission approval (FA23-5-000); and (4) crediting contributions in aid of construction to an account unrelated to the project (FA23-9-000).

Depreciation Rates and Studies. Under 18 C.F.R. Part 352, General Instruction 1-8, oil pipelines are required to conduct their own depreciation studies and to request approval of new depreciation

⁵¹ The Opinion No. 154-B methodology is the cost-of-service ratemaking methodology that the Commission uses for oil pipelines. See *Williams Pipe Line Co.*, Opinion No. 154-B, 31 FERC ¶ 61,377, *order on reh'g*, Opinion No. 154-C, 33 FERC ¶ 61,327 (1985).

⁵² Page 700 is used as a preliminary screening tool by shippers and other stakeholders to gauge whether an oil pipeline's cost of service substantially diverges from revenues generated by its rates. The Commission also uses the expense and barrel-mile data from this page to support its determination of its proposed oil pipeline transportation rate index adjustment for a five-year, forward-looking period. The current five-year index became effective in 2021 and is based on the Commission's evaluation of the increase in costs, on a dollar per barrel-mile basis, from 2014 to 2019, as reflected on Page 700 in oil pipelines' filings.

rates, or to change existing depreciation rates. In accordance with 18 C.F.R. Part 352, General Instruction 1-8(b), Depreciation Accounting – Carrier Property, companies are required to use the composite method of depreciation unless they receive specific approval from the Commission to use the component method. Recent audits have found that oil pipelines have not complied with these Commission regulations by: (1) using depreciation rates not approved by the Commission (FA23-9-000, FA23-5-000, PA21-4-000, FA20-5-000, FA20-4-000, FA19-5-000); (2) using the component method rather than composite method of depreciation without Commission approval or misapplying the component method of depreciation (FA20-5-000, FA19-10-000); and (3) using outdated and stale depreciation studies, leading to depreciation rates not aligning with the actual service lives of carrier property, and leaving certain asset groups with negative book values (FA19-5-000).

Operating and Nonoperating Expenses. The Commission’s accounting instructions in 18 C.F.R. Part 352 designate the 300 and 500 series of accounts as “Operating Expenses.” Expenses associated with charitable contributions, fines/penalties, and lobbying activities are nonoperating in nature, and should be recorded in Account 660, Miscellaneous Income Charges. Further, the 300 and 500 series of accounts are included on Page 700, line 1, Operations and Maintenance Expenses, of FERC Form No. 6, whereas nonoperating expenses are excluded from Page 700. Oil pipelines did not comply with Commission accounting requirements, specifically with regard to the misclassification of: (1) charitable donations, fines/penalties, and lobbying activities as operating rather than nonoperating expenses (FA23-9-000, PA21-4-000, FA20-5-000, FA19-10-000, FA19-5-000, FA19-4-000); (2) membership dues recorded to operating and maintenance expense, rather than in a general expense account, and the lobbying portion of those dues were not recorded as a nonoperating expense (FA23-5-000); (3) improperly recording the gain on the sale of an asset to an expense account rather than the accrued depreciation account (FA23-5-000); (4) misclassifications of crude oil transactions associated with sales and purchases of oil products and oil spills and leaks (FA23-9-000); (5) incorrectly recording the expenses associated with noncarrier property in operating expense accounts (FA23-9-000); and (6) incorrectly recorded state margin taxes as income taxes rather than pipeline taxes (FA23-9-000).

Equity Method of Accounting for Investments. The Commission’s long-standing policy on accounting for investments in affiliated companies has been to use the equity method of accounting rather than the consolidation method. The use of the equity method prevents investments in affiliated companies from being consolidated in the financial statement and ensures that their cost and revenue balances are not factored into the cost of service on Page 700. Oil pipelines improperly accounted for investments in wholly owned subsidiaries and joint ventures using the consolidation method rather than equity method of accounting, did not maintain records to support initial investments and net income and distributions of income, or engaged in other incorrect accounting for investments (FA23-5-000, FA19-10-000).

Pipeline Loss Allowance (PLA) and Gravity Shrinkage Deduction (GSD). Oil pipeline tariffs provide for the retainage of PLA and GSD from receipts of shippers’ oil on pipeline systems. PLA is retained to cover oil lost during transportation due to evaporation, measurement inaccuracies, and other operational losses. GSD is retained to cover density differences in an individual shipper’s oil compared to the density of the common stream of oil being transported in the pipeline. Oil pipelines incorrectly accounted for and reported activities associated with PLA and GSD,

which resulted in omitting the interstate portion of the revenues and expenses associated with these activities from Page 700 (FA23-9-000, PA21-4-000, FA20-5-000, FA19-10-000, FA19-4-000).

Capital Structure and Return on Equity (ROE). The Commission has used a two-step Discounted Cash Flow (DCF) model to derive the ROE for pipelines' cost of service since the 1980s. On May 21, 2020, the Commission revised its ROE methodology in Docket No. PL19-4-000,⁵³ recommending that oil pipelines derive an ROE based on an equal weighting of the results from the DCF model and Capital Asset Pricing Model (CAPM). The capital structure is used in conjunction with the ROE to derive an oil pipeline's return on rate base. The Commission has stated that a 100 percent equity capital structure is unacceptable and results in overstated capital costs.⁵⁴ When an equity ratio moves beyond generally accepted limits, pipelines should use a hypothetical capital structure consistent with Opinion No. 502. Oil pipelines calculated the weighted cost of capital using methods not supported by the Commission for determining ROE and capital structure (FA20-4-000) or inappropriately used an all-equity capital structure to calculate the weighted cost of capital to derive the return on rate base for Page 700 (FA19-10-000).

Reporting and Filing. Submitting FERC Form No. 6 is an annual regulatory reporting requirement that provides financial and operational information about pipelines. The Commission has other filing requirements: Order Nos. 634 and 634-A require oil pipeline companies that participate in cash management programs to disclose those programs to the Commission; Instruction for Carrier Property Accounts 3-11(c) requires approval of accounting entries for the cost of the acquisition of properties comprising a distinct operating system, or an integral portion thereof, when the purchase price exceeds \$250,000; General Instruction 1-6(g) requires Commission approval for a prior period adjustment to retained earnings; and General Instruction 1-3 requires oil pipelines to keep books on a monthly basis for all transactions. Recent audits have found that oil pipelines did not comply with these reporting and filing requirements: (1) FERC Form No. 6 reporting was inaccurate or incomplete (required information and footnote disclosures omitted) for various schedules (FA23-9-000, FA21-4-000, FA20-5-000, FA20-4-000, FA19-10-000, FA19-5-000, FA19-4-000); (2) oil pipelines inaccurately reported input balances, miscalculated cost of debt and equity rates, omitted interstate volumes, or misapplied interstate allocation percentages on Page 700 (FA23-9-000, FA23-5-000, FA22-2-000, FA20-5-000, FA20-4-000, FA19-10-000); (3) oil pipelines failed to file cash management agreements (FA20-4-000); (4) oil pipelines did not file journal entries with the Commission for approval for the purchase of distinct operating systems (FA19-10-000); and (5) an oil pipeline did not keep books on a monthly basis for affiliate transactions (FA22-2-000).

Oil Tariff Provisions. Oil pipelines did not comply with certain tariff rates and procedures; specifically, pipelines: (1) incorrectly applied prorationing procedures when allocating capacity

⁵³ *Inquiry Regarding the Commission's Policy for Determining Return on Equity*, 171 FERC ¶ 61,155 (2020).

⁵⁴ *Williams Pipe Line Co.*, Opinion No. 154, 21 FERC ¶ 61,260, at 61,616 (1982) ("From a cost of capital perspective the 100% common stock theory is therefore unacceptable").

among shippers (PA21-4-000); and (2) accepted nominations not in the required written form (FA22-2-000).

D. Audit Matters

DAA's audits are risk-based and cover a variety of audit scope areas. The entities selected for an audit are not typically suspected of any wrongdoing. Rather, selections are based upon DAA's development of audit risk factors using publicly available information. DAA also consults with other divisions within Enforcement and other Commission program offices to inform DAA's risk-based methodology for selecting audit scope areas and audit candidates. DAA's audits are conducted pursuant to the FPA, NGA, NGPA, and Interstate Commerce Act (ICA) and respond to the needs and priorities of the Commission and the industry. Individual audits may contain multiple and different scope areas, but every audit includes a review of the audited entity's internal compliance program.

DAA's public audit reports detail each audit's scope, methodology, findings of noncompliance, and corrective recommendations, with the expectation that all jurisdictional entities will use this information to be better informed, avoid noncompliance, and improve internal accounting, financial reporting, and other procedures. Although not all audits result in findings of noncompliance, when they do, timely implementation of the audit report's corrective recommendations is expected. Timely implementation demonstrates an entity's commitment to improving compliance with the Commission's regulations and precedents and to reducing the risk of future noncompliance.

In FY2025, DAA completed 10 audits of public utility, natural gas, and oil companies covering a wide array of topics. The audits resulted in 63 findings of noncompliance and 260 recommendations for corrective action. Also in FY2025, DAA recognized an estimated \$79,554,938 in refunds and other recoveries from current and prior years' audits. Specifically, DAA directed \$9,354,938 in refunds to jurisdictional customers and prevented inappropriate costs estimated at \$70,200,000 from being potentially collected through future customer rates. These refunds and other recoveries addressed DAA findings concerning, among other subjects, the improper application of merger-related costs; lobbying, charitable donation, membership dues, and employment discrimination settlement costs; improper labor overhead capitalization rates; accounting for production-related or distribution-related expenses as general or transmission-related expenses; and compliance with the Commission's AFUDC regulations.

Besides these refunds and other recoveries, audit recommendations directed improvements to the audited companies' internal accounting processes and procedures, financial reporting for accuracy and transparency, website postings, and efficiency of operations. Collectively, these refunds, other recoveries, and recommendations prevented unjust charges in jurisdictional rates and provided procedural and process enhancements that benefit the jurisdictional entity, ratepayers and market participants. The 10 audits summarized below were completed in FY2025 and provide a sample of the types of findings and related

Feedback on Audit Process

Suggestions or comments related to DAA's audit process may be emailed to QualityAssuranceFeedback@ferc.gov. This mailbox is maintained by DAA's Quality Assurance specialist, and emails are treated as confidential.

recommendations DAA makes. No audit entity contested DAA’s findings or recommendations in FY2025. The audit entities agreed to revise accounting and reporting policies and procedures in the identified areas of noncompliance and, where directed, agreed to make refunds to Commission-jurisdictional customers. The complete audit reports, as well as prior year reports, are publicly available in the Commission’s eLibrary system.⁵⁵ In addition, a directory with copies of recently issued audit reports, arranged by calendar year of issuance and industry, can be accessed at <https://www.ferc.gov/audits>.

1. Formula Rates & Accounting

Duke Energy Progress, LLC (DEP), Docket No. FA23-6-000. DAA evaluated DEP’s compliance with the following: (1) Commission-approved fuel-adjustment clauses and formula rate or tariff recovery mechanisms used to recover fuel and purchased-power costs from wholesale customers through billing determinants; and (2) accounting and reporting requirements, prescribed for public utilities under 18 C.F.R. Parts 101 and 141, focusing on the transactions related to fuel and purchased-power costs. The audit identified 11 findings of noncompliance and made 62 recommendations that required DEP to take corrective action.⁵⁶

The 11 findings covered the following areas: (1) including fuel contract buyout costs in accounts that were inputs to DEP’s wholesale cost-based formula rates without obtaining required Commission preapproval; (2) improperly recording fuel handling costs, including storage costs, in Account 151, Fuel Stock, rather than separately recording such costs in either Account 152, Fuel Stock Expenses Undistributed, or Account 501, Fuel; (3) improperly allocating power production revenue credits to multiple functions, instead of assigning 100% of these revenue credits to the power production function; (4) misstating Account 518, Nuclear Fuel Expense, due to an incorrect application of inventory accounting procedures for auxiliary fuel – namely, using a single purchase order’s fuel price, rather than the required inventory average unit price, to determine fuel expense; (5) improperly accruing AFUDC on ineligible projects that were completed or ready to be placed into service; (6) improperly recording affiliate charges to DEP for distribution and customer-related IT systems in Administrative and General (A&G) expense accounts; (7) improperly charging labor costs of a registered lobbyist to Account 920, Administrative and General Salaries, rather than to Account 426.4, Expenditures for Certain Civic, Political and Related Activities; (8) improperly accounting for a building services expense in Account 512, Maintenance of Boiler Plant (Major Only), rather than Account 506, Miscellaneous Steam Power Expenses (Major Only); (9) not using Account 922, Administrative Expenses Transferred – Credit, to record administrative expenses from Account 920 and Account 921 that were transferred to construction projects or to nonutility accounts, and not properly disaggregating year-end salary accruals by utility function; (10) not properly following FERC Form No. 580 instructions and not reporting all required information in FERC Form No. 580 filings; and (11) not reporting all required information in FERC Form Nos. 1 and 3-Q filings.

Alliant Energy Corporate Services, Inc. (AECS), Docket No. FA23-7-000. DAA evaluated AECS’s compliance with the following: (1) cross-subsidization restrictions on affiliate

⁵⁵ The Commission’s eLibrary system can be accessed at elibrary.ferc.gov.

⁵⁶ *Duke Energy Progress, LLC*, Docket No. FA23-6-000 (July 25, 2025) (delegated letter order).

transactions under 18 C.F.R. Part 35; (2) service company accounting, recordkeeping, and FERC Form No. 60 reporting requirements under 18 C.F.R. Parts 366, 367, and 369; (3) accounting regulations in the Uniform System of Accounts (Public Utilities) and reporting requirements under 18 C.F.R. Part 141, focusing primarily on transactions with associated companies; and (4) preservation of records requirements for holding companies and service companies under 18 C.F.R. Part 368. The audit identified four findings of noncompliance and made 24 recommendations that required AECS and certain affiliates to take corrective action.⁵⁷

The four findings covered the following areas: (1) using an allocation method that improperly assigned general costs that benefited multiple affiliated companies to a single Commission-jurisdictional company; (2) improperly recording lobbying expenses (i.e., expenses associated with outside lobbying services and with membership dues earmarked for lobbying) in administrative and general expense accounts rather than in below-the-line Account 426.4, Expenditures for Certain Civic, Political and Related Activities; (3) incorrectly recovering a portion of Electric Vehicle (EV) charging station expenses through wholesale power formula rates; and (4) improperly recording certain charitable donations in the administrative and general account for office supplies and expenses.

Pacific Gas and Electric Company (PG&E), Docket No. FA23-8-000. DAA evaluated PG&E's compliance with the following: (1) approved terms, rates, and conditions of PG&E's transmission formula rate and wholesale distribution formula rate; (2) accounting requirements of the Uniform System of Accounts (Public Utilities); (3) reporting requirements of FERC Form No. 1; (4) preservation of records requirements; and (5) regulations governing nuclear plant decommissioning trust funds, Order Nos. 580, 580-A,⁵⁸ and 658.⁵⁹ The audit identified eight findings of noncompliance and made 37 recommendations that required PG&E to take corrective action.⁶⁰

The eight findings covered the following areas: (1) erroneously capitalizing labor and labor-related overhead costs to Account 107, Construction Work in Progress – Electric, using an allocation method that was not based on the actual time that employees were engaged in construction activities or on a study of the time actually engaged during a representative period; (2) improperly recording distribution-related lease payments and IT software maintenance payments in Account 566, an account for miscellaneous transmission-related expenses, and improperly recording transmission and distribution work pertaining to vegetation management in Account 566, rather than in the appropriate functional accounts; (3) improperly recording expenses for advertisements informing customers of wildfire safety programs and expenses for published notices regarding public participation in upcoming CPUC hearings in Account 923, Outside

⁵⁷ *Alliant Energy Corporate Services, Inc.*, Docket No. FA23-7-000 (Nov. 27, 2024) (delegated letter order).

⁵⁸ *Nuclear Plant Decommissioning Trust Fund Guidelines*, Order No. 580, 71 FERC ¶ 61,350 (1995), *order on reh'g*, Order No. 580-A, 79 FERC ¶ 61,320 (1997).

⁵⁹ *Modification of Nuclear Plant Decommissioning Trust Fund Guidelines*, Order No. 658, 111 FERC ¶ 61,279 (2005).

⁶⁰ *Pacific Gas & Elec. Co.*, Docket No. FA23-8-000 (Sept. 18, 2025) (delegated letter order).

Services Employed, improperly recording intervenor compensation payments required by the CPUC in Account 930.2, the account for miscellaneous general management expenses, improperly recording the portion of trade association dues associated with lobbying and with charitable contributions, and inappropriately recording monthly bank service fees and legal fees; (4) improperly recording compromise settlement payments relating to claims of alleged employee discrimination in Account 925, Injuries and Damages, instead of in Account 426.5, Other Deductions; (5) when calculating PG&E's AFUDC rate, improperly (i) including undistributed subsidiary earnings in the equity component; (ii) using month-end book balances, rather than year-end balances, in its methodology for calculating the long-term debt cost rate, (iii) calculating the long-term debt cost rate per 18 C.F.R. § 35.13, and (iv) excluding certain long term debt balances; (6) not properly tracking costs recorded to Account 252, Customer Advances for Construction; (7) improperly recording certain advance payments applicable to future accounting periods in A&G and O&M expense accounts, instead of in correct Account 165, Prepayments; and (8) not properly following certain FERC Form No. 1 instructions.

2. Mergers & Acquisitions

Alabama Power Company (Alabama Power), Docket No. PA24-5-000. DAA evaluated Alabama Power's compliance with the following: (1) conditions established in the Commission's April 22, 2020 and March 25, 2022 orders authorizing acquisition of jurisdictional assets; (2) the tariff requirements governing Alabama Power's FERC jurisdictional rates, including transmission formula rates, wholesale rates, and fuel adjustment clause charges; (3) accounting regulations in the Uniform System of Accounts (public utilities); and (4) financial reporting regulations in 18 C.F.R. Part 141, focusing primarily on the reporting of the costs associated with the two acquisitions. The audit identified five findings of noncompliance and made 26 recommendations that Alabama Power take corrective action.⁶¹

The five findings covered the following areas: (1) not tracking outside services costs, including expenses relating to legal, economic, and valuation services, relating to the acquisitions and failing to exclude these costs from A&G accounts that were Commission-jurisdictional rate inputs; (2) not tracking internal labor expenses relating to the acquisitions and failing to exclude these expenses from accounts that were Commission-jurisdictional rate inputs; (3) improperly recording lobbying expenses in Account 920, Administrative and General Salaries, and Account 426.5, Other Deductions, instead of recording these expenses in Account 426.4, Expenditures for Certain Civic, Political and Related Activities; (4) improperly recording donations, nuclear power expenses, customer accounts expenses, and customer assistance expenses in the A&G accounts for A&G salaries and outside services; and (5) improperly recording the lobbying portion of industry association dues in A&G accounts rather than in Account 426.4, improperly recording the non-lobbying portion of such dues in the A&G account for office supplies rather than in correct Account 930.2, and improperly recording donation and various other lobbying expenses in A&G accounts rather than in correct Accounts 426.1 and 426.4.

⁶¹ *Alabama Power Co.*, Docket No. PA24-5-000 (Sept. 3, 2025) (delegated letter order).

3. ISO/RTO Tariffs, Agreements, Rules, and Markets

MISO, Docket No. PA21-2-000. DAA evaluated MISO’s compliance with the following: (1) provisions of MISO’s OATT, business practice manuals, corporate bylaws, policies, and codes of conduct relating to MISO’s market administration obligations; (2) provisions of selected rate schedules and agreements; and (3) relevant Commission orders. The audit identified three findings of noncompliance and made eight recommendations that required MISO to take corrective action.⁶² The audit also identified four other matters with six related recommendations for MISO to consider implementing.

The three findings covered the following areas: (1) not complying with the Commission’s preservation of records requirements, particularly with respect to archiving and indexing records, and retaining and preserving records on electronic devices; (2) not timely posting certain required generator interconnection study data; and (3) not timely posting quarterly transmission service metrics on MISO’s OASIS during the audit period. The four other matters related to the following areas: (a) improperly approving fuel mix derates for generation resources that a market participant categorized as planned and forced despite the outages being economic in nature and not due to physical impairments of the resources; (b) not updating MISO’s Market Reports following the implementation of Value of Lost Load (VOLL) pricing for eight five-minute intervals during Winter Storm Uri; (c) not resolving certain instances when MISO’s automated energy must offer compliance reporting system identified a market participant’s resource as not meeting its daily energy must offer obligation; and (d) having preservation of records practices that did not ensure that emails that constituted records were properly identified, archived, indexed, and retrievable.

Talen Energy Corporation and its subsidiaries, including Talen Energy Supply, LLC; Talen Energy Marketing, LLC; and Talen Generation, LLC (collectively, Talen Energy), Docket No. PA22-7-000. DAA evaluated Talen Energy’s jurisdictional wholesale electric market activity, including compliance with the tariffs of ISOs/RTOs and transmission owners in electricity markets in which Talen Energy participates. The audit identified three findings of noncompliance and made 14 recommendations that required Talen Energy to take corrective action.⁶³

The three findings covered the following areas: (1) submitting generation outage tickets to PJM’s electronic Dispatcher Application Reporting Tool (eDART) system that were not consistent with the operational status of Talen Energy’s generation resources, which may have impacted reliability and market studies performed by PJM to operate its day-ahead and real-time energy markets; (2) not properly reporting the operational status of certain generation resources in NERC’s GADS – namely, submitting maintenance outage events to GADS that should have been categorized as unplanned outages; and (3) submitting schedules to PJM’s day-ahead and real-time energy markets that, in certain instances, were inconsistent with outages and derates communicated to PJM and submitted to PJM’s eDART System.

As a result of the audit, Talen Energy agreed to perform reviews of outage and derate data;

⁶² *Midcontinent Indep. Sys. Operator, Inc.*, Docket No. PA21-2-000 (Apr. 10, 2025) (delegated letter order).

⁶³ *Talen Energy Corp.*, Docket No. PA22-7-000 (Sept. 8, 2025) (delegated letter order).

submit reports to DAA regarding instances where the data did not match the originally determined and reported outage/derate categorization of maintenance or resource energy offer schedules; update event reports in NERC's GADS system, as needed; and implement policies and procedures to ensure that information submitted is timely, accurate, complete, and consistent.

4. Electric Tariff

Portland General Electric Co. (PGE), Docket No. PA23-10-000. DAA evaluated PGE's compliance with the following: (1) the terms and conditions of PGE's OATT; and (2) the regulations regarding OASIS prescribed in 18 C.F.R. Part 37. The audit identified 11 findings of noncompliance and made 26 recommendations that required PGE to take corrective action.⁶⁴

The 11 findings covered the following areas: (1) PGE's postings for monthly and yearly capability in the OASIS available transfer capability (ATC)/total transfer capability (TTC) Monitor were not made publicly available; (2) not posting narrative explanations of the reasons for the unavailability of ATC when required; (3) not posting generator interconnection study timeline deviations and project in-service date deviations on OASIS during the audit period; (4) not identifying the availability of restudies related to two interconnection requests on PGE's OASIS list of interconnection requests; (5) not preserving certain emails that were classified as records and were required to be retained for four years; (6) not posting accurate metrics for interconnection feasibility studies' processing time in quarterly generator interconnection service metrics reports; (7) not timely posting quarterly transmission service metrics on OASIS within 15 calendar days of the end of the calendar quarter and not posting accurate system impact study costs; (8) not updating PGE's list of completed transmission service request studies posted on OASIS during the audit period; (9) not posting short circuit information on either PGE's OASIS site or on a password-protected website during the audit period; (10) not hosting a public meeting to review PGE's draft Near Term Local Transmission Plan in Quarter 3 of PGE's eight-quarter (i.e., two-year) planning cycle and not hosting a public meeting to review PGE's draft Longer Term Local Transmission Plan in Quarter 7 of its two-year planning cycle; and (11) not posting certain transmission planning content on its OASIS website.

5. Gas Tariff & Accounting

Kern River Gas Transmission Company (Kern River), Docket No. FA23-10-000. DAA evaluated Kern River's compliance with (1) its FERC Gas Tariff, including the rate schedules, terms and conditions, and service agreements; (2) the reporting requirements of FERC Form No. 2, Annual Report for Major Natural Gas Companies, under 18 C.F.R. § 260.1; and (3) the accounting requirements of the Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act, under 18 C.F.R. Part 201. The audit identified five findings of noncompliance and made 13 recommendations requiring corrective action.⁶⁵ The audit also identified one other matter.

⁶⁴ *Portland Gen. Elec. Co.*, Docket No. PA23-10-000 (June 16, 2025) (delegated letter order).

⁶⁵ *Kern River Gas Transmission Co.*, Docket No. FA23-10-000 (Sep. 29, 2025) (delegated letter order).

The five findings covered the following areas: (1) posting a Biomethane Operating Policy on its Informational Postings website, which laid out gas quality specifications for Renewable Natural Gas (RNG); however, the gas quality specifications in the Biomethane Operating Policy were not incorporated into Kern River's Tariff; thus, consistent with the Commission's Gas Quality Policy Statement,⁶⁶ they cannot be enforced; (2) misapplying certain tariff provisions for capacity allocation, capacity release, and its customer activities website; (3) not posting and/or incorrectly posting required information, including information pertaining to contracts and pipeline capacity, on its Informational Postings website; (4) improperly including unpaid contract retention amounts in its AFUDC rate calculation; and (5) incorrectly accounting for certain membership dues. The audit also identified one other matter: Kern River's Tariff provision regarding creditworthiness does not establish a ceiling on the amount of collateral required from a non-creditworthy shipper in accordance with the Commission's creditworthiness policy, which allows collateral up to three months' worth of reservation charges.

As a result of the audit, staff recommended that Kern River make an NGA section 4 filing to include the RNG quality specifications in its Tariff. Alternatively, it must remove the RNG quality specifications from its website or clearly state that they are not enforceable. Additionally, staff directed Kern River to update operating, accounting, and reporting policies and procedures in the areas of noncompliance and remove from its plant and operating expense accounts certain improperly recorded expenses, thereby preventing amounts from being inappropriately collected through future rates.

6. Oil Tariff & Accounting

Tallgrass Pony Express Pipeline, LLC (PXP), Docket No. FA23-5-000. DAA evaluated PXP's compliance with (1) its FERC oil tariffs, including the rate schedules and rules and regulations governing the transportation of oil and any other operations and charges associated with interstate movements; (2) the reporting requirements of FERC Form No. 6, under 18 C.F.R. § 357.2, including Page 700, Annual Cost of Service Based Analysis Schedule; and (3) the accounting requirements of the Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act, in 18 C.F.R. Part 352. The audit identified five findings of noncompliance and made 18 recommendations requiring Tallgrass to take corrective action.⁶⁷

The five findings covered the following areas: (1) PXP's Annual Cost of Service Based Analysis Schedule reported on Page 700 of its FERC Form No. 6 filings included various input and calculation errors, and inconsistencies with Commission guidance; (2) not filing and receiving Commission approval for depreciation rates that PXP used for calculating depreciation expense for certain carrier property accounts and not seeking approval from the Commission to include a

⁶⁶ *Pol'y Statement on Provisions Governing Nat. Gas Quality & Interchangeability in Interstate Nat. Gas Pipeline Tariffs*, 115 FERC ¶ 61,325 (2006), *reh'g dismissed*, 126 FERC ¶ 61,210 (2009) (Gas Quality Policy Statement).

⁶⁷ *Tallgrass Pony Express Pipeline, LLC*, Docket No. FA23-5-000 (Jan. 6, 2025) (delegated letter order).

dismantlement charge, for decommissioning assets, in several carrier property accounts; (3) not maintaining an appropriate written property unit listing to use in accounting for additions and retirements of carrier property; (4) incorrectly accounting for industry and trade association dues; and (5) accounting misclassifications and reporting errors, including (a) misstating drag reducing agent inventory balances in Account 17, Material and Supplies, and the associated expense in Account 330, Fuel and Power Expense, (b) improperly reporting activities related to joint venture investments in subsidiary companies under the consolidated method of accounting, instead of using the equity method of accounting required by the Commission, and (c) improperly recording the gain on the sale of an asset to an expense account rather than the accrued depreciation account.

As a result of the audit, PXP filed a new depreciation study to include depreciation rates that were previously not on file with or approved by the Commission; restated and footnoted Page 700 of its 2019 FERC Form No. 6 filing and footnoted certain balances in its 2024 FERC Form No. 6 filing; submitted journal entries supporting the reclassification of expenses; updated its property unit listing; and strengthened PXP's accounting and reporting procedures relating to the identified findings, particularly relating to Page 700 of its FERC Form No. 6 filings, thereby improving shippers', the Commission's, and other parties' use of Page 700.

Medallion Pipeline Company, LLC (Medallion), Docket No. FA23-9-000. DAA evaluated Medallion's compliance with (1) its FERC oil tariffs, including the rate schedules and rules and regulations governing the transportation of oil and any other operations and charges associated with interstate movements; (2) the reporting requirements of FERC Form No. 6, under 18 C.F.R. § 357.2, including Page 700, Annual Cost of Service Based Analysis Schedule; and (3) the accounting requirements of the Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act, in 18 C.F.R. Part 352. The audit identified eight findings of noncompliance and made 32 recommendations requiring Medallion to take corrective action.⁶⁸

The eight findings covered the following areas: (1) Medallion's Annual Cost of Service Based Analysis Schedule reported on Page 700 of its FERC Form No. 6 filings included various input and calculation errors, and inconsistencies with Commission guidance; (2) improperly recording certain nonoperating expenses, including costs for charitable donations and lobbying costs, in operating expense accounts, rather than recording these costs in a nonoperating expense account; (3) incorrectly recording the revenues and expenses associated with noncarrier property in operating revenue and expense accounts; (4) incorrectly recording certain crude oil transactions associated with pipeline loss allowance, sales and purchases of oil, and oil spills and leaks; (5) incorrectly recording certain transactions associated with the accounting for contributions in aid of construction, incidental revenues, and taxes other than income taxes; (6) not maintaining a written property unit listing for additions and retirements of its carrier property; (7) not preparing a depreciation study or obtaining approval from the Commission for its initial depreciation rates used to calculate depreciation expense from 2014 to 2018 and not including one account in its 2020 depreciation study; and (8) not properly following the FERC Form No. 6 reporting instructions and, therefore, not accurately reporting all required information.

⁶⁸ *Medallion Pipeline Co., LLC*, Docket No. FA23-9-000 (Sept. 25, 2025) (delegated letter order).

As a result of the audit, Medallion will file an updated depreciation study to include the missing depreciation rate that was previously not on file with or approved by the Commission; restate and footnote Page 700 of its 2019 and 2024 FERC Form No. 6 filings and footnote certain balances in its 2024 FERC Form No. 6 filings; submit journal entries supporting the reclassification of certain revenues and expenses; update its written property unit listing; and strengthen Medallion's accounting and reporting procedures relating to the identified findings, particularly relating to Page 700 of its FERC Form No. 6 filings, thereby improving shippers', the Commission's, and other parties' use of Page 700.

7. Pending Contested Audit Matters

Commonwealth Edison Company (ComEd), Docket No. FA21-5-000. DAA evaluated ComEd's compliance with the following: (1) approved terms, rates, and conditions of its transmission formula rate; (2) accounting requirements of the Uniform System of Accounts (Public Utilities) in 18 C.F.R. Part 101; (3) reporting requirements of FERC Form No. 1 under 18 C.F.R. § 141.1; and (4) the requirements in Preservation of Records of Public Utilities and Licensees under 18 C.F.R. Part 125. The audit identified 11 findings of noncompliance and made 61 recommendations that required ComEd to take corrective action.⁶⁹ ComEd formally contested findings 3, 4, and 7 (in part), which related, respectively, to the following: ComEd's accounting and transmission formula rate treatment of AROs and related costs; allocating labor overheads to construction using a methodology not based on either actual time or a study of actual time during a representative period; and recording in Account 930.2, Miscellaneous General Expenses, internal labor costs relating to manufactured gas plant (MGP) remediation.

On December 8, 2023, the Commission issued an order setting the ARO and MGP issues for paper hearing procedures and the labor overheads capitalization issue for trial-type hearing and settlement judge procedures.⁷⁰ On February 11, 2025, ComEd and Enforcement staff submitted an uncontested offer of settlement with respect to the labor overheads capitalization issue, pursuant to which ComEd agreed to revise its accounting for labor and labor-related overheads capitalization for the years 2024 and going forward to be consistent with time studies that will be conducted periodically and as necessary to be representative, and to reduce its plant balances by \$70 million to address and resolve all disputes about labor overheads in years 2017 through 2023.⁷¹ This is in addition to \$8,119,540 in refunds that ComEd agreed to pay after the audit report issued in 2023 that were separate from the contested proceeding described above. On April 4, 2025, the Commission approved the settlement.⁷²

⁶⁹ *Commonwealth Edison Co.*, Docket No. FA21-5-000 (July 27, 2023) (delegated letter order).

⁷⁰ *Commonwealth Edison Co.*, 185 FERC ¶ 61,179, at PP 23, 26 and ordering paras. (A)-(D) (2023).

⁷¹ *Commonwealth Edison Co.*, Docket Nos. FA21-5-000, FA21-5-001 (uncontested offer of settlement) (Feb. 11, 2025).

⁷² *Commonwealth Edison Co.*, 191 FERC ¶ 61,014 (2025).

Initial and reply memoranda have been filed with the Commission pertaining to the ARO and MGP issues, and those matters are pending before the Commission.

E. Accounting Matters

DAA administers the Commission's accounting programs established for the electric, natural gas, and oil industries as vital components of the Commission's mission of ensuring just and reasonable cost-of-service rates. The foundation of the Commission's accounting programs is the Uniform Systems of Accounts codified in the Commission's regulations for public utilities and licensees, centralized service companies, natural gas companies, and oil pipeline companies. In addition, the Commission issues accounting rulings relating to specific transactions and applications through orders and Chief Accountant guidance letters based upon a consistent application of the Uniform Systems of Accounts. This body of accounting regulations, orders, and guidance letters comprises the Commission's accounting requirements and promotes consistent, transparent, and useful accounting information used by the Commission and other stakeholders to set and monitor cost-of-service rates. DAA enables the Commission to achieve this strategic goal through careful consideration of the Commission's ratemaking policies, past Commission actions, industry trends, and external factors (e.g., economic, environmental, and technological changes, and mandates from other regulatory bodies) that impact the industries under the Commission's jurisdiction.

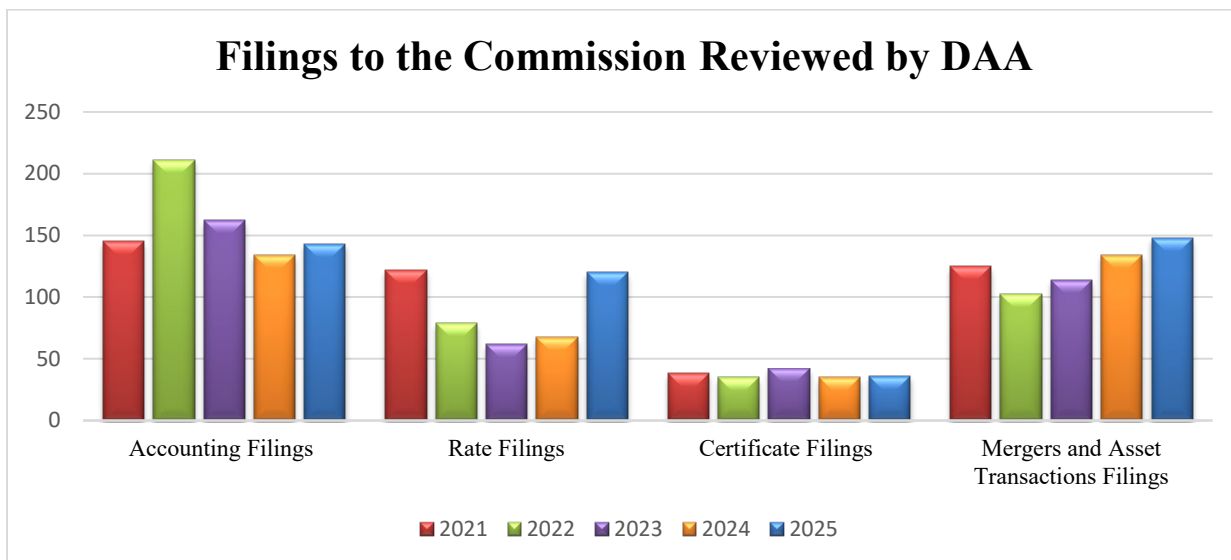
A substantial part of DAA's accounting workload involves coordination across various Commission program offices to provide regulatory accounting input and analysis on various types of filings made by jurisdictional entities. In addition, DAA assist in evaluating accounting and financial issues affecting jurisdictional entities. DAA also holds pre-filing meetings with jurisdictional entities seeking to make filings with the Commission to inform them of relevant accounting requirements. To better serve the Commission and other stakeholders in these capacities, DAA monitors and participates in projects initiated by the Financial Accounting Standards Board (FASB), Securities and Exchange Commission (SEC), Internal Revenue Service (IRS), and International Accounting Standards Board (IASB) to address issues that may impact the Commission or its jurisdictional entities.

DAA also receives accounting inquiries and provides informal feedback on the Commission's accounting and financial reporting regulations. These inquiries come directly from jurisdictional entities, industry trade groups, legal and consulting firms, and other industry stakeholders, as well as through the Commission's Compliance Help Desk, Office of External Affairs, Enforcement Hotline, and other Commission program offices. DAA encourages jurisdictional entities to also seek formal guidance on accounting interpretation issues to ensure compliance with the Commission's accounting and financial reporting regulations. Finally, a critical part of DAA's workload includes educating regulated entities and promoting compliance with the Commission's regulations through participation in various formal speaking engagements and industry accounting meetings.

1. Overview of FY2025 Filings Reviewed by DAA

In FY2025, DAA advised and acted on 447 proceedings at the Commission covering various accounting matters with cost-of-service rate implications, such as accounting for mergers and

divestitures, leases, asset transactions, early plant retirements, AFUDC, pensions and other postretirement benefits, AROs, regulatory assets and liabilities, and income tax matters, among others. These proceedings included requests for declaratory orders, natural gas certificate applications, merger and acquisition applications, electric and natural gas rate filings, and requests for accounting approval, waiver, guidance, and interpretation. In many of these cases, DAA served in an advisory role to other program offices in analyzing and identifying accounting and rate implications of those requests. Also, DAA continued efforts in advising the industry on accounting implementation matters resulting from the issuance of Order No. 898, which related to the accounting and reporting treatment of certain renewable energy assets, environmental credits, and computer hardware, software, and communications equipment. Over the past five years, DAA has reviewed 2,058 Commission proceedings to ensure proper accounting is followed and to advise the Commission of potential rate impacts.



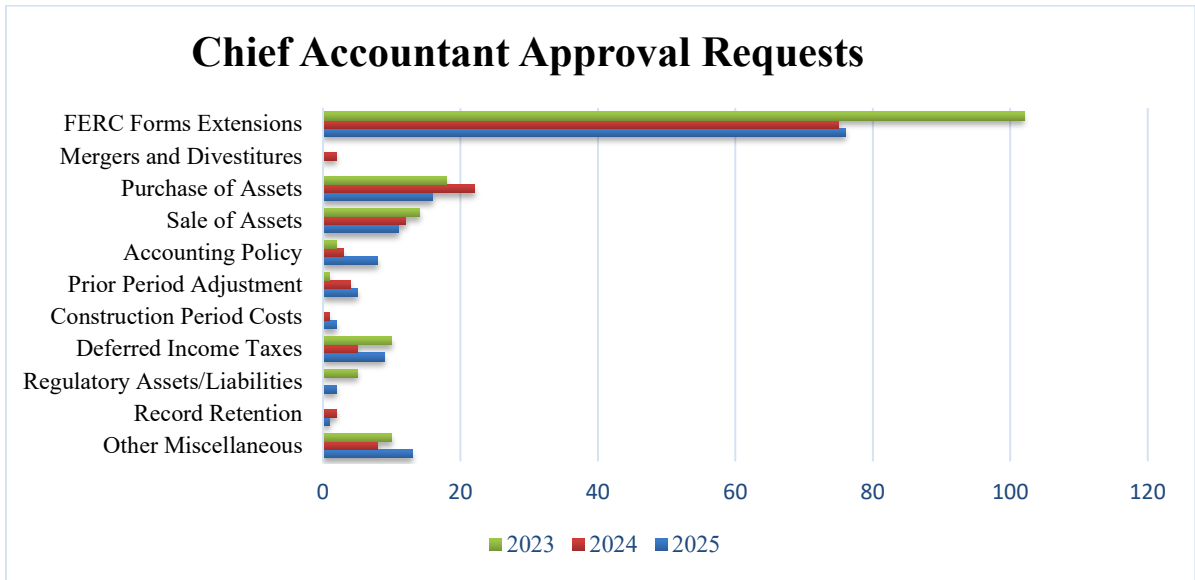
2. Requests for Approval by the Chief Accountant and Accounting Interpretations

In FY2025, DAA acted through the Chief Accountant’s delegated authority on 143 accounting or reporting filings requesting approval (or authorization, acceptance, acknowledgement, confirmation, or interpretation) of a proposed accounting treatment or financial reporting matter.⁷³ The topics covered in these filings addressed various issues within the Commission’s accounting and financial reporting requirements for electric, natural gas, and oil pipeline entities. Of note in FY2025, there was a continued high volume of accounting filings related to asset sales and acquisitions, similar to FY2024. These accounting requests also related to adjustments of ADIT, transfer of hydro facilities, contribution and distribution of plant assets, accounting for unusual or infrequent items, acquisition of carrier and noncarrier assets, premature plant retirements, certain significant prior period adjustments, transfer of newly constructed interconnection facilities, premature destruction or loss of records, modification of AFUDC rates, prepayments, and waiver

⁷³ The accounting filings are docketed in the Commission’s eLibrary with the “AC” docket prefix (AC Dockets) and “AI” docket prefix (for issuances of accounting guidance).

requests related to capitalization of transfer costs that are otherwise expensed under a certain program.

On September 12, 2024, the Chief Accountant issued a Notice of Proposed Accounting Release in Docket No. AI24-1-000 proposing and seeking comments on guidance on the accounting for the transferability of income tax credits related to certain energy projects due to the Inflation Reduction Act of 2022, which allows entities to monetize such credits via transfers to third parties. This proceeding is pending.



3. Rate Proceedings

In FY2025, DAA participated in 120 rate proceedings that predominately consisted of electric formula rate proceedings but also included natural gas and oil rate proceedings. DAA worked with other Commission program offices to discuss various accounting and financial issues and their effects on rates. Because many electric and natural gas rates are derived from accounting information in FERC Form Nos. 1 and 2, DAA sought to ensure that accounting information in the rate proceedings was presented consistently with the Commission’s requirements. DAA also worked with other program offices to enhance the transparency of financial information affecting formula rates so that all stakeholders had an opportunity to review the costs included in rates. Recurring areas of emphasis in DAA’s review of rate filings during FY2025 included stranded costs associated with early plant retirements; regulatory assets and related amortization; AROs; pensions and postretirement benefits other than pensions; taxes and tax credits; depreciation; leases; prepayments; capitalization of costs; capital structure and cost of service considerations; allocation of costs to production, transmission, and distribution; administrative and general expenses; and net operating loss carryforwards and ADIT.

4. Certificate Proceedings

In FY2025, DAA reviewed 36 natural gas pipeline certificate applications seeking various Commission authorizations, including to: construct, own, and operate new pipeline facilities; acquire pipeline facilities; abandon pipeline facilities in place, by removal or by sale; and operate

natural gas facilities. DAA continued to work with other Commission program offices to assist in the development of just and reasonable rates by reviewing construction costs and other items used to determine initial recourse rates, including operation and maintenance expenses, depreciation, taxes, and overall rate of return. In reviewing such information during FY2025, DAA's focus continued to be whether applicants followed Commission accounting requirements related to asset abandonment, construction, AFUDC, CIAC, regulatory assets and liabilities, leases, and AROs.

5. Merger and Acquisition Proceedings

In FY2025, DAA reviewed 148 applications from public utilities under section 203 of the FPA consisting of a combination of merger and divestiture transactions, and asset acquisition and sales transactions. The accounting review for merger transactions entails examining proposed accounting for costs to execute the transaction, costs to achieve integration and synergies, purchase accounting adjustments to assets and liabilities, and goodwill. DAA examines whether the accounting is consistent with any hold-harmless or other rate requirements discussed in a merger order. DAA also reviews accounting entries to determine that they provide enough transparency to the Commission and all interested parties for evaluating the impact on rates. For asset acquisition and sales transactions, staff conducts accounting reviews to examine whether applicants properly accounted for the purchase and sale of plant assets consistent with Commission regulations. The review focuses on whether jurisdictional entities maintain the appropriate original cost and historical accumulated depreciation of acquired utility plant and properly record acquisition premiums or discounts and gains or losses. DAA also consistently reminded jurisdictional entities to file accounting entries timely, within six months of a finalized merger or asset transaction, in accordance with Electric Plant Instruction No. 5 and the requirements of Account No. 102, Electric Plant Purchased or Sold.

6. Accounting Inquiries

In FY2025, DAA responded to 143 accounting inquiries from jurisdictional entities, industry trade associations, legal and consulting firms, other regulators, academia, other Commission program offices, and other stakeholders on various accounting and financial topics. Accounting inquiries are made through the Compliance Help Desk, the Accounting Inquiries phone line and email, or directly to DAA staff. Many accounting inquiries during FY2025 sought accounting and financial reporting direction on classification of certain costs, capital versus expense treatment of certain costs, operating and capital leases, sale-leasebacks, CWIP, ADIT, CIAC, adjustments to retained earnings, regulatory assets, early plant retirements, depreciation, allocation of O&M costs, expenses recorded to below-the-line accounts, accounting for income taxes, accounting for build to purchase transmission projects, cost of construction, AFUDC, Order No. 898⁷⁴ related questions (i.e., related to the accounting for renewable energy, environmental credits, and computer hardware, software, and communications equipment), transfers of assets, affiliate transactions, and vegetation management, among other topics. DAA responded to these accounting inquiries by providing informal accounting and financial reporting guidance based on Commission precedent and regulations, in addition to providing guidance to individuals on how

⁷⁴ *Acct. & Reporting Treatment of Certain Renewable Energy Assets*, Order No. 898, 183 FERC ¶ 61,205 (2023).

to find documents and regulations using the Commission’s eLibrary system⁷⁵ and Title 18 of the Code of Federal Regulations.⁷⁶ Such informal accounting and reporting guidance is not binding on the Commission and cannot grant waiver of a Commission regulation or order.

7. Continued Involvement with Industry on Accounting Implementation Matters Relating to the Issuance of Order No. 898

Order No. 898, issued on June 29, 2023, modified the Commission’s Uniform System of Accounts by creating new accounts for wind, solar, and other non-hydro renewable assets, establishing a new functional class for energy storage accounts, codifying the accounting treatment for renewable energy credits, and creating new accounts for computer hardware, software, and communication equipment.⁷⁷ DAA continued efforts in advising industry on numerous and nuanced matters that utilities should consider in implementing the changes in the Commission’s accounting and reporting requirements.

F. Forms Administration and Compliance

DAA staff administers and ensures compliance with certain Commission filing requirements. The Commission requires companies subject to its jurisdiction to submit financial statements, operational data, and annual and quarterly reports regarding jurisdictional sales. It uses these reports for various analyses, such as evaluations of whether existing rates continue to be just and reasonable. Other government agencies and industry participants also use them for a variety of business purposes.

1. Electric Quarterly Reports

Section 205 of the FPA, 16 U.S.C. § 824d (2018), and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35, require, among other things, that all rates, terms, and conditions of jurisdictional service be filed with the Commission. In Order No. 2001, the Commission revised its public utility filing requirements to require public utilities, including power marketers, to file EQRs summarizing the contractual terms and conditions in their agreements for all jurisdictional services (including market-based power sales, cost-based power sales, and transmission service) and providing transaction information (including rates) for short-term and long-term power sales

⁷⁵ The Commission’s eLibrary system can be accessed at www.elibrary.ferc.gov.

⁷⁶ The Commission’s regulations in Title 18 of the Code of Federal Regulations can be found at www.ecfr.gov.

⁷⁷ *See Acct. & Reporting Treatment of Certain Renewable Energy Assets*, Order No. 898, 183 FERC ¶ 61,205 (2023).

during the most recent calendar quarter.⁷⁸ The Commission extended the EQR filing requirement to apply to certain non-public utilities in Order No. 768.⁷⁹

In FY2025, the Commission received EQR submittals from more than 3,600 entities each quarter. DAA assessed whether sellers timely complied with the requirements set forth in the multiple orders regarding EQR filings and, through automated validations, whether the data was accurate. DAA also reviewed EQR issues that arose during audits and self-reports and reported jurisdictional entities that did not timely file their EQRs to OEMR for possible revocation of market-based rate (MBR) authority. In FY2025, 66 companies sought and were granted an extension of time to file their EQRs. Staff also assisted with about 225 unique EQR inquiries from multiple companies and data users. The Commission revoked MBR authority for 11 companies for failure to comply with EQR reporting requirements. Companies that identify errors or omissions in previously filed EQRs may elect to make a self-report. In FY2025, four companies made self-reports pertaining to previously filed EQRs.

In FY2025, DAA continued to work with information gathered during the public outreach sessions related to the EQR Reassessment and Modernization Project. On October 19, 2023, the Commission issued a Notice of Proposed Rulemaking (Docket No. RM23-9-000), which proposes to update and modernize the EQR data collection by revising the current EQR system design and filing requirements. During FY2025, staff also made updates to the EQR webpage including the FAQ section. In FY2026, these EQR activities will be transferred to and conducted by staff in DAS.

2. Financial Forms

DAA administers and oversees compliance with FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q (gas and electric), 6, 6-Q, and 60; and FERC-61. During FY2025, the Commission received an estimated 2,556 financial form submittals. As discussed above, on June 29, 2023, the Commission issued Order No. 898,⁸⁰ a final rule that amended the Uniform System of Accounts for public utilities and licensees to create new accounts for wind, solar, and other renewable generating assets; create a new functional class for energy storage accounts; codify the accounting treatment of

⁷⁸ *Revised Public Utility Filing Requirements*, Order No. 2001, 99 FERC ¶ 61,107, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, 125 FERC ¶ 61,103 (2008).

⁷⁹ *Elec. Mkt. Transparency Provisions of Section 220 of the Fed. Power Act*, Order No. 768, 140 FERC ¶ 61,232 (2012), *order on reh'g*, Order No. 768-A, 143 FERC ¶ 61,054 (2013), *order on reh'g*, Order No. 768-B, 150 FERC ¶ 61,075 (2015).

⁸⁰ *Acct. and Reporting Treatment of Certain Renewable Energy Assets*, Order No. 898, 183 FERC ¶ 61,205 (2023).

environmental credits; and create new accounts within existing functions for computer hardware, software, and communication equipment. The Commission also amended the relevant FERC forms to accommodate these changes and required that public utilities use the accounting treatment codified in Order No. 898 in all applicable filings starting with the first quarter of 2025.

DIVISION OF ANALYTICS AND SURVEILLANCE

A. Overview

The Division of Analytics and Surveillance (DAS) develops surveillance tools, conducts surveillance, and analyzes transactional and market data to detect potential manipulation, anticompetitive behavior, and other anomalous activities in the energy markets. DAS focuses on: (1) natural gas surveillance; (2) electric surveillance; and (3) analytics for reviewing market participant behavior. The analysts, data scientists, and economists in DAS identify market participants whose conduct may potentially call for investigation or further Commission action. They do this not only by conducting surveillance of and inquiries into the natural gas and electric markets, but also by reviewing market monitor referrals⁸¹ and Hotline complaints against the non-public data available to the Commission. This internal review process reduces burden on the industry by resolving some matters without the need for investigation. When an investigation is opened, DAS staff participates in investigations with attorneys from DOI, providing detailed transactional analyses, market event analyses, and subject matter expertise.

To perform these functions, access to high quality, relevant, and timely data is essential. Since the creation of DAS in 2012, the Commission has been enhancing its data collection through orders, agreements, and subscription services in a manner designed to minimize burden on market participants. In Order No. 760, the Commission directed the ISOs/RTOs to provide, on an ongoing basis and in a format consistent with how the data is collected in each market, critical information on market bids, offers, and market outcomes.⁸² On average, the Commission receives, on a non-public basis, approximately 39 gigabytes of data in more than 1,664 tables each day from the six organized markets combined. Each ISO/RTO database is different, and DAS is responsible for understanding the nuances of each database and preparing them for use in surveillance screens and analyses.

Similarly, pursuant to Order No. 771,⁸³ the Commission gained access to the electronic tags (eTags) used to schedule the transmission of electric power interchange transactions in jurisdictional wholesale markets by requiring that each covered eTag identify the Commission as a party authorized to review its contents. The Commission has access to approximately 20.4 million eTags and gains access to approximately 4,800 new eTags each day. The Commission

⁸¹ Specific examples of this review of Market Monitor referrals are included in DOI section F(2) of this report under “Illustrative Market Monitor Referrals Closed with No Action.”

⁸² *Enhancement of Elec. Mkt. Surveillance and Analysis through Ongoing Elec. Delivery of Data from Reg'l Transmission Org. and Indep. Sys. Operators*, Order No. 760, 139 FERC ¶ 61,053 (2012).

⁸³ *Availability of E-Tag Info. to Comm'n Staff*, Order No. 771, 141 FERC ¶ 61,235 (2012).

also routinely receives non-public physical electric and natural gas market data from the Intercontinental Exchange (ICE) and a subset of the Large Trader Report from the Commodity Futures Trading Commission (CFTC) through a Memorandum of Understanding. DAS staff continue to extensively use these data sources, EQR data, and data from a variety of subscription-based services.

B. Surveillance

As part of its surveillance function, DAS develops, refines, and implements surveillance tools and algorithmic screens to perform continuous surveillance and analysis of market participant behavior, economic incentives, operations, and price formation, both in the natural gas and electricity markets. In the context of surveillance, DAS seeks to: (1) detect anomalous activities in the markets; and (2) identify potential investigative subjects. When a surveillance screen trips or staff identifies anomalous behavior in a dashboard, staff conducts a series of analyses to gain information about the activity that caused it. First, staff evaluates the activity using available market data and information to determine whether there is a fundamentals-based explanation for the activity. Most often, staff finds such an explanation. However, when the follow-up analyses fail to explain the concerning behavior, staff performs a more in-depth review of the conduct, which may involve contacting the market participant to request additional information and discuss the conduct at issue. Staff classifies this heightened review as the opening of a surveillance inquiry. If, after conducting a surveillance inquiry, staff continues to be concerned that there is a potential violation, it will recommend that DOI open an investigation into the matter.

1. Enhanced Surveillance Matters

In addition to these ongoing surveillance efforts, DAS also closely follows market conditions so that when there are disruptive events, such as periods of unusually high prices in the wholesale natural gas or electricity markets or dramatic weather events that impact those markets, DAS is prepared to conduct enhanced surveillance surrounding the events. This enhanced surveillance may involve DAS: (1) seeking additional data from ICE and/or market participants to augment its normal data feeds; (2) conducting outreach to market participants, other federal agencies, or state regulators; and/or (3) developing new screening methods that utilize additional data or account for the changes in the markets caused by the ongoing event. Depending on the events under review, this enhanced surveillance may involve coordinated efforts by both the natural gas and electric surveillance teams. In FY2025, DAS did not open any new enhanced surveillance matters.

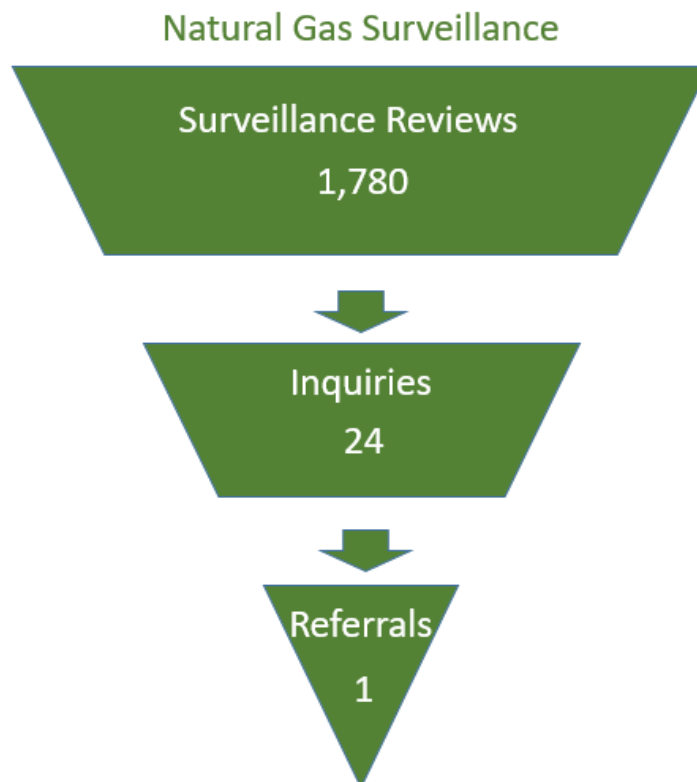
2. Natural Gas

DAS conducts surveillance and analysis of the physical natural gas markets to detect potential manipulation and anti-competitive behavior. Automated natural gas screens and dashboards cover the majority of physical and financial trading hubs in the United States, monitoring daily and monthly markets. These screens, dashboards, and data feeds alert staff to anomalous market conditions and market participant actions based on a review of supply, demand, pipeline utilization, operational notices, and physical and financial trading. Asset-based screens evaluate natural gas trading around infrastructure, including natural gas storage, pipeline capacity, and electric generation. In addition, DAS uses Large Trader Report data from the CFTC to weigh

potential financial incentives that might encourage a market participant to engage in a manipulative scheme.

In addition to its ongoing natural gas surveillance activities, DAS also fully migrated its natural gas surveillance platform to the cloud in FY2025. This migration allows DAS to use cloud-based tools for its advanced analytics, screens, and interactive dashboards while also accessing non-public and commercial data feeds. Through this migration, DAS grew its capabilities for advanced analysis, leveraging the cloud environment to build interactive applications and reports that enable staff to regularly perform analyses that previously required ad-hoc, bespoke analysis. With these new advancements and increased reliance on dashboards to augment the automated screens, DAS is no longer tracking and reporting the number of screen trips as it has done in previous reports.

In FY2025, staff ran automated screens and reviewed dashboards, on a regular basis, to examine market participant activity in the daily and monthly markets. DAS then considered the output and screen trips from natural gas surveillance screens and dashboards, compared the conduct that triggered the screen trips to conduct at other hubs, and evaluated whether a fundamentals or physical asset-based explanation existed for the activity. DAS also reviewed other observed anomalous market outcomes for potential concern. In FY2025, staff reviewed and dismissed most screen trips as consistent with concurrent conditions. Where concerns remained, staff classified specific screen trips and market activity as “surveillance reviews.” Staff documented 1,780 surveillance reviews that ranged in severity from low to high concern. When concerns persisted through more thorough review, DAS opened a surveillance inquiry, a more in-depth staff review of the specific trading behavior, which in some cases involves contacting market participants for additional information or to discuss the conduct at issue. In FY2025, DAS closed the two pending inquiries from FY2024 with no referral, opened 24 new natural gas surveillance inquiries, closed 20 of the FY2025 inquiries, and referred one matter to DOI for investigation. Four of the inquiries initiated in FY2025 remain open with DAS staff continuing its analytic work.



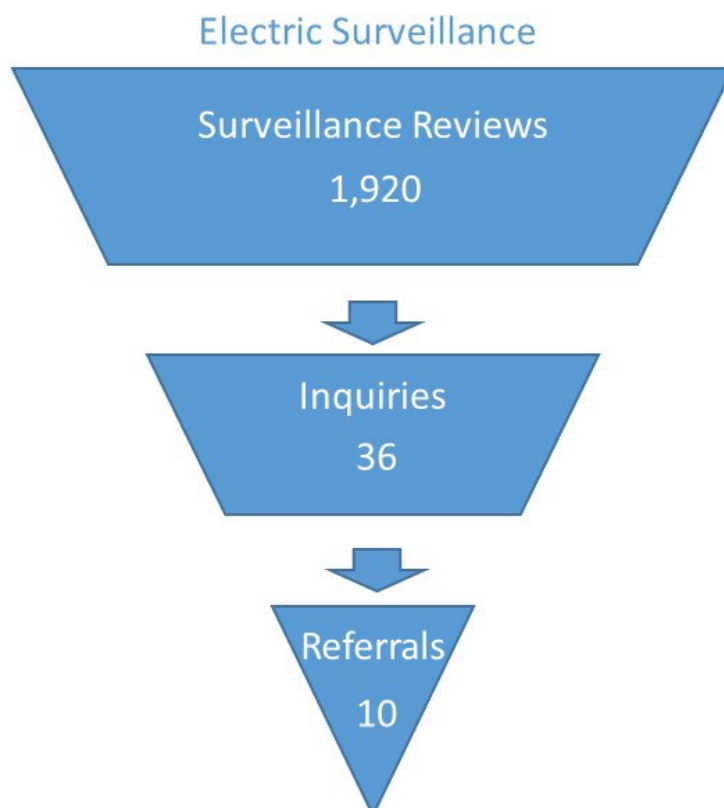
3. Electricity

DAS accesses data from a variety of sources to screen for anomalies and potentially manipulative behavior in the ISO/RTO markets and bilateral wholesale electricity markets. During FY2025, in addition to its core work, DAS focused on transitioning from static screens with defined trips to developing dynamic dashboards that allow greater flexibility in the detection of potentially manipulative behavior. Staff also ran monthly and weekly screens to identify patterns by monitoring the interactions between bids and cleared physical and financially-settled electricity products. These enhanced tools identify financial transmission rights and swap-futures that settle against nodes that are affected by transmission constraints where market participants also trade virtuals, generate electricity, purchase electricity, or move power between Balancing Authorities.

During FY2025, DAS undertook an effort to modernize and streamline its electric surveillance process using cutting-edge techniques. DAS began to utilize more advanced dynamic dashboards that have user-defined parameters rather than static screen trip metrics to enhance its ability to detect potentially manipulative behavior. Additionally, DAS transitioned all of its legacy code to newer and more agile code bases. DAS continued to refine its processes for screening to detect: (1) uneconomic virtual transactions by node, zone, and constraint; (2) potential day-ahead and real-time market congestion manipulation that would benefit financial transmission rights in the ISO/RTO markets, synthetic real-time financial transmission rights, swap-futures positions for physical load, and generation portfolios; (3) anomalies in physical offer patterns, particularly in non-price based parameters; (4) abnormal out-of-market payments; (5) irregularities in capacity

market sell offers; (6) loss making physical fixed-price offer strategies in bilateral electricity markets; and (7) anomalous behavior by energy storage and demand response resources. DAS also continued to bolster its tools to view patterns of behavior on a portfolio basis, across Balancing Authority borders and jurisdictional commodities. In addition to extensive work uplifting its codebase and enhancing its analytical tools, DAS also updated its methodology for the tracking of its surveillance workflow. Due to the increased use of dynamic dashboarding and more agile surveillance practices, electric surveillance is no longer tracking the screen trips category seen in previous annual reports.

Each month during FY2025, DAS ran and reviewed 160 electric surveillance screens and dashboards; monthly, hourly, and intra-hour sub-screens; and reports for over 44,000 hub and pricing nodes within the six ISOs/RTOs. Additionally, DAS screened non-ISO/RTO markets and cross-ISO/RTO portfolio trades for potential manipulation. In reviewing market participant activities and screen trips and, in some cases, after communicating with the ISO/RTO Market Monitors, DAS conducted 1,920 individual surveillance reviews in FY2025. From those surveillance reviews, DAS identified 36 instances of market behavior that required further analysis through a surveillance inquiry. Of the 36 electric surveillance inquiries, ten were referred to DOI for investigation, 21 were closed with no referral, and five remain open with DAS continuing its analytic work.



4. Illustrative DAS Surveillance Inquiries Closed with No Referral

Market Manipulation (Gas). DAS screens flagged a company's next day sales at a Western hub. The company sold, with high market concentration, at prices below other market participants, while holding short financial exposure at the hub for several months. After observing the physical sales accompanied by short financial exposures in excess of the sales volumes for several months, DAS contacted the company. Through calls and subsequent data responses, DAS learned of additional gas volumes acquired by the company from agreements with processors and producers. After accounting for the additional physical volumes, the large, short financial exposures no longer appeared to be speculative in nature. DAS closed the inquiry with no further action based on the provided explanation of company operations, the disclosure of additional purchased physical volumes, and the verification of large financial exposure as a hedge for the physical trading.

Market Manipulation (Gas). DAS screens flagged a company's physical, fixed price sales at a hub for delivery over a weekend at a significantly widened negative basis to nearby hubs. The company's sales occurred at prices below other market participants at the hub, and the company was only active in the fixed-price cash market in trading for the specific weekend's flow, absent at the hub in adjacent weeks. In addition, the company held large, short swing future exposures at the hub, and the company sold swing futures during physical trading for the weekend in question, significantly increasing its short exposure. DAS contacted the company and requested physical and financial transaction data. The company's narrative and data responses offered details on a supply agreement that allowed the company's regular customer to return unwanted gas. When the customer provided little advanced notice to the company of the customer's excess gas for the weekend and a Force Majeure notice at a storage facility affected injections at that potential destination, the company sold gas for the weekend at less favorable prices. With this new information, DAS closed the inquiry due to the short duration of the activity, explanation of the terms around its customer's supply agreement, and increased supply due to reduced storage injections from a Force Majeure.

Market Manipulation (Gas). DAS flagged a market participant for buying gas with large market concentration at increasing market prices above other market participants in next-month, bidweek markets at Northeast market hubs. The market participant held long financial exposures to the IFERC first-of-month index from short index future positions. DAS analyzed spreads and pipeline transport capacity in the region and found that the market hubs in question traded at premiums to other hubs. DAS found that the market participant had delivery capacity and engaged in next-day cash sales at higher prices than bidweek. DAS determined that the market participant's financial positions likely hedged index risk from pipeline deliverability. DAS closed the inquiry with no further action, and continues to surveil activity in the region.

Market Manipulation (Gas). DAS flagged a company for selling prompt month gas with high market concentration in consecutive bidweeks, while holding larger volume short financial basis positions that settled based off a composite index formed from trading at multiple hubs. The company predominantly sold at a discounted hub within the composite index, at prices below other participants at the hub. In a conversation with staff, the trader discussed physical length from production that could not be sold at a premium hub in the index due to a pipeline constraint between the discount and premium hub and a lack of sufficient firm pipeline capacity delivering to the premium hub. Staff confirmed the trader's assertion of pipeline constraints and verified

information from risk reports, trade data, and pipeline contract data that the company provided. DAS closed the inquiry considering the significantly greater volume of gas from production that was not sold in the bidweeks, a lack of high liquidity at the discount hub, and the hedging nature of part of the financial basis short positions.

Market Manipulation (Electric). DAS regularly analyzes uplift credits paid to generators and demand response providers, especially when uplift credits are relatively larger than those received by a similar peer group. In one example, a combined-cycle plant received more uplift than any other generator over the course of a month. The generator received uplift because it did not recover its offer price from the energy market during an operating day. DAS conducted a review of the generator's offer behavior and source of revenue and determined that most of the revenue came from the unit's duct-burner being committed and having an offer price at nearly twice its reference level. DAS conducted a phone call with the market participant and determined that the unit was offering near its costs and that it had not updated its reference levels with the RTO. The generator later reached out to its Market Monitor and commenced a reference level consultation. As a result, DAS closed the inquiry.

Market Manipulation (Electric). While conducting routine surveillance screening of non-RTO physical power trading, DAS saw that one market participant had a very high and unprofitable sell-side concentration at Palo Verde for one month, while holding a much larger benefitting financial short position. DAS was initially concerned that the market participant was attempting to drive down physical power prices to benefit its larger financial positions. DAS examined the company's behavior in other months and noted that this month was an outlier and that the company's traded volume weighted average price (VWAP) was similar to the market VWAP. DAS saw no suspect early trading or indications of framing. Additionally, DAS examined the behavior of all participants at the hub during the suspect month and noted low liquidity. Due to these reasons, DAS closed the inquiry.

Market Manipulation (Electric). DAS routinely screens for market participants potentially trading virtuals to benefit larger FTR portfolios. While conducting routine screening, DAS noted that one market participant was trading virtual load in SPP at both North and South Hubs while also having a much larger FTR position sinking at those same hubs. DAS further noted that all virtual trading in the relevant month was in the same direction and towards benefitting FTR positions. Further, the behavior was long-standing and ongoing. DAS was initially concerned that the market participant was attempting to drive up the hub prices to benefit a larger, leveraged financial position. DAS conducted enhanced analysis into the virtual and FTR behavior, along with associated generator behavior at FTR sources. Additionally, DAS conducted an inquiry phone call and spoke to the market participant to better understand the behavior. After requesting and reviewing data from the market participant, along with information learned from the surveillance phone call, DAS determined that the behavior was tied to physical power purchase agreements from associated generators and reflected a legitimate hedge. Thus, DAS closed the inquiry.

C. Analytics

During FY2025, DAS worked on approximately 70 investigations with DOI and 10 other matters involving inquiries or litigation. Some of these matters are discussed above in the DOI section. Many of the investigations in which DAS participated involved allegations of manipulation in the Commission-jurisdictional natural gas and electricity markets, or violations of tariff provisions that are intended to foster open, competitive markets. DAS staff's investigative activities generally include: (1) analyzing companies' portfolios, transactions, offer parameters, and other market actions; (2) identifying patterns of market activity that could indicate potential market manipulation or other violations and time periods in which they may have occurred; (3) assessing market conditions and other contextual information during periods of potential manipulation or other violations; (4) supporting DOI in taking investigative testimony; and (5) calculating the amount of unjust profits and market harm resulting from alleged violations to assist with determining appropriate disgorgement and a civil penalty recommendation under the Commission's Penalty Guidelines. Upon completion of the analytical process, DAS staff develops data-based explanations to inform the structure and substance of further investigation, settlement discussions, and recommended Commission actions. DAS staff also coordinates internally to refine and develop new screens to detect improper behavior discovered in prior investigations.

D. Market-Based Rate *Ex Post* Analysis

DAS conducts analytical reviews of wholesale electric MBR transactions to detect the potential exercise of market power. To accomplish this function in FY2025, DAS staff continued to develop, refine, and implement tools and algorithmic indicators to conduct ongoing analysis of transactional and other market data to ensure that jurisdictional rates remain just and reasonable and not unduly discriminatory or preferential. This *ex post* analysis evaluated transactions against market fundamentals at the time of execution, with the primary goal of identifying outcomes that may be inconsistent with expectations of a competitive market, and thus an indication of a potential exercise of market power. DAS staff also analyzed transactions for compliance with market mitigation rules and coordinated with other Commission program offices to determine whether to recommend that the Commission take action to remedy market power or compliance concerns. DAS also used these tools to assist in analyzing applications and filings for MBRs, and other docketed proceedings. During FY2025, DAS staff reviewed over 2.7 million transactions filed through the Commission's EQRs by all market-based rate holders selling wholesale energy in the bilateral markets. DAS staff routinely analyzed the combined results of 35 statistical indicators to detect potential instances of the exercise of market power within 59 geographic regions or market hubs.

As noted above, in FY2026, EQR administration will transfer from DAA to DAS in order to achieve process and technological efficiencies. The transfer will centralize EQR-related activities under a single management structure.

E. Data Management

During FY2025, DAS advanced two major data management and technology initiatives that began in FY2020. First, DAS completed development of a data warehouse designed to simplify Commission analyst use of Order No. 760 data. In FY2025, the data warehouse team partnered

with electric surveillance staff to migrate all end-of-month screening to using the data warehouse. Second, DAS – working with the office of the Chief Information Officer – accelerated the migration of routine and ad hoc analytical processes into the Commission’s cloud environment. This environment enables Commission analysts to develop state-of-the-art analytics tools and use powerful data platforms to analyze increasingly voluminous data assets. Over the past year: (1) gas surveillance migrated all of its analytical processes into the cloud, (2) electric surveillance began building screens in the cloud and successfully shifted a large portion of its work from on-premises systems, (3) the *ex post* and investigations branches initiated migration of their processes into the cloud, and (4) DAS data management staff migrated substantial portions of the Order No. 760 data warehouse into the cloud and remains on track to complete the full transition in FY2026.

APPENDIX A: OFFICE OF ENFORCEMENT AND REGULATORY ACCOUNTING ORGANIZATION CHART (CURRENT)

