FEDERAL ENERGY REGULATORY COMMISSION

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2011

Chairman Jon Wellinghoff

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

Letter from Chairman Wellinghoff

I am pleased to present the Federal Energy Regulatory Commission (Commission) Performance and Accountability Report for fiscal year 2011. This report was prepared in accordance with the guidelines set forth in Office of Management and Budget Circular A-136 and Section 230 of Circular A-11.

This report details the progress the Commission has made in assisting consumers obtain reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. The strategic goals and objectives that support the Commission's mission are included on page *i* of this document.

The Commission has completed evaluations of its management controls and financial management systems and, based on these evaluations, I am providing a statement of assurance that the Commission meets the objectives required by the Federal Managers' Financial Integrity Act and that our financial systems conform with government-wide standards. In addition, I can provide assurance that the performance information contained in this report is complete and reliable and describes the results achieved towards our goals.

Sincerely,

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission

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The Federal Energy Regulatory Commission's Mission

Reliable, Efficient, and Sustainable Energy for Consumers

Assist consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means.

Goal 1: Just and Reasonable Rates, Terms and Conditions.

Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.

Objective 1.1: Regulatory and Market Means.
Ensure implementation of appropriate regulatory and market means for establishing rates.

Objective 1.2: Oversight and Enforcement.
Increase compliance with the Commission's rules and deter market manipulation.

Goal 2: Infrastructure.

Promote the development of safe, reliable and efficient infrastructure that serves the public interest.

Objective 2.1: Infrastructure Development and Siting.
Increase efficient infrastructure consistent with demand.

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Maintain the reliability of the electric transmission grid.

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Management's Discussion and Analysis (Unaudited)

INTRODUCTION

In accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular No. A-136 and Section 230 of Circular No. A-11, this report presents the Federal Energy Regulatory Commission's (the Commission, FERC) fiscal years (FY) 2011 and 2010 audited annual financial statements and program performance report. The financial section includes the Commission's audited balance sheets, statements of net cost, changes in net position, budgetary resources, custodial activity, and notes to the financial statements. The performance report section includes performance measurement data for fiscal years 2006 through 2011. Additionally, this report includes an overview of the Commission, including its mission and organizational structure.

This Performance and Accountability Report serves as a guide to the Commission's key initiatives and activities during FY 2011. Approximately 1,467 full time equivalents (FTEs) carried out the Commission's mission in FY 2011 using a budget of $298 million.

ORGANIZATIONAL STRUCTURE

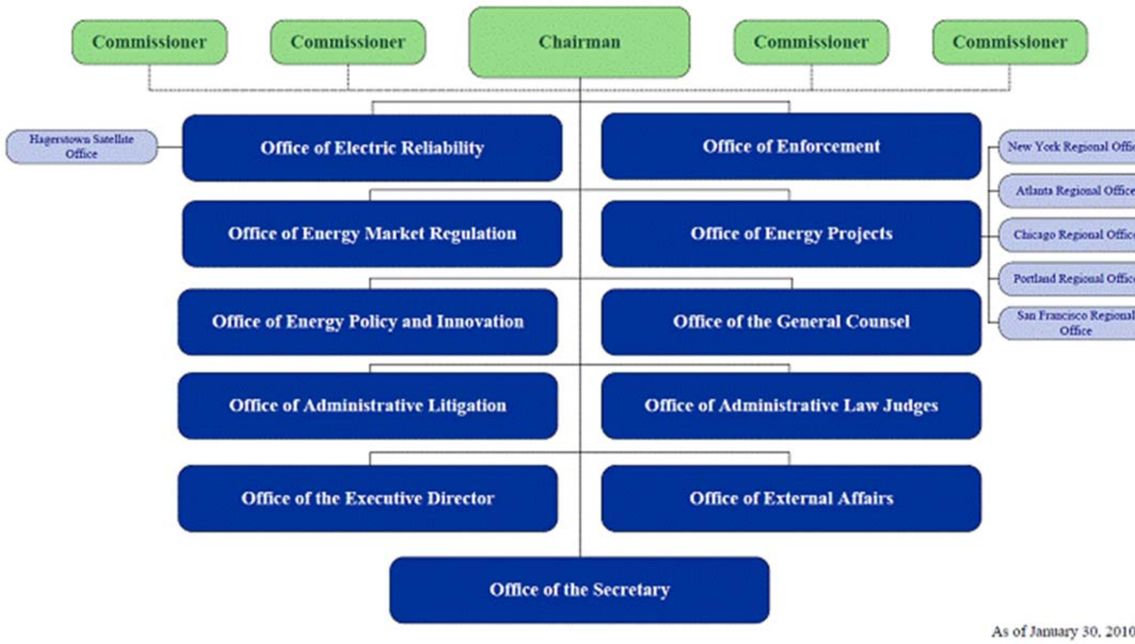
The Federal Energy Regulatory Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

The Commission was created through the Department of Energy Organization Act on October 1, 1977. At that time, the Federal Power Commission (FPC), the Commission's predecessor that was established in 1920, was abolished and the Commission inherited most of the FPC's regulatory mission.

FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve staggered five-year terms and have an equal vote on regulatory matters. To avoid any undue political influence or pressure, no more than three commissioners may belong to the same political party. One member of the Commission is designated by the President to serve as Chair and as FERC's administrative head. FERC's decisions are not reviewed by the President or Congress, maintaining FERC's independence as a regulatory agency, and providing for fair and unbiased decisions.

In addition to the Chairman and four Commissioners, FERC is organized into eleven separate functional offices; each responsible for carrying out specific portions of the Commission's responsibilities. The offices work in close coordination to effectively carry out the Commission's statutory authority.

An organizational chart, including a brief description of each office, is included below.



Office of Administrative Law Judges (OALJ)
Resolves contested cases as directed by the Commission either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved.

Office of Administrative Litigation (OAL)
Litigates or otherwise resolves cases set for hearing. Represents the public interest and seeks to litigate or settle cases in an equitable manner while ensuring the outcomes are consistent with Commission policy. The Dispute Resolution Service (DRS) is located within OAL and provides neutral, third-party assistance using alternative dispute resolution (ADR) methods to parties in regulatory and environmental conflict; trains staff and energy stakeholders in collaborative problem-solving tools to develop and ensure a reliable infrastructure.

Office of Electric Reliability (OER)
Oversees the development and review of mandatory reliability and security standards; ensures compliance with the approved mandatory standards by the users, owners, and operators of the bulk power system.

Office of Energy Market Regulation (OEMR)
Deals with matters involving markets, tariffs and rates relating to electric, natural gas, and oil pipeline facilities and services.

Office of Energy Policy and Innovation (OEPI)
Issues, coordinates, and develops proposed policy reforms to address emerging issues affecting wholesale and interstate energy markets, including such areas as climate change, the integration of renewable resources, and the deployment of demand response.

Office of Energy Projects (OEP)
Fosters economic and environmental benefits for the Nation through the approval and oversight of hydroelectric, natural gas, (including pipelines, storage, and liquefied natural gas (LNG) facilities), and electric transmission projects that are in the public interest.

Office of Enforcement (OE)
Protects customers through understanding markets and their regulation, timely identifying and remedying market problems, assuring compliance with rules and regulations, and detecting violations and crafting appropriate remedies, including civil penalties.

Office of External Affairs (OEA)
Responsible for all external communications with the public and media for the Commission.

Office of the Executive Director (OED)
Provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial, and logistic functions.

Office of the General Counsel (OGC)
Provides legal services to the Commission. Represents the Commission before the courts and Congress and is responsible for the legal aspects of the Commission's activities.

Office of the Secretary (OSEC)
Serves as the official focal point through which all filings are made for proceedings before the Commission.

STRATEGIC PLAN OVERVIEW

The United States has the world's most durable market economy, every sector of which depends vitally on energy. The Commission has an important role in the development of a reliable energy infrastructure and in the protection of wholesale customers from unjust and unreasonable rates and undue discrimination and preference. The Commission draws its authority from various statutes and laws, which are listed in Appendix A.

On September 30, 2009, the Commission submitted to Congress its updated Strategic Plan which will serve as a guide through fiscal year 2014.

The Commission's mission is to assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. To accomplish this, the Commission focuses on two goals:

Goal 1. Just and Reasonable Rates, Terms and Conditions: Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential.

One of the Commission's fundamental statutory responsibilities is to ensure that rates, terms and conditions for wholesale sales and transmission of electric energy and natural gas are just and reasonable and not unduly discriminatory or preferential. The Commission uses a combination of regulatory and market means to achieve this goal, including reviewing tariffs and making rate determinations. Oversight of the energy markets and enforcement of the associated laws, rules and regulations are essential complements to the regulatory and market means. The Commission uses a balanced approach in its oversight and enforcement efforts, including: educating affected entities about market rules and other regulations; promoting internal compliance programs; employing robust audit and investigation programs; and, where appropriate, exercising the Commission's civil penalty authority as a deterrent to violations.

Goal 2. Infrastructure: Promote the development of safe, reliable and efficient energy infrastructure that serves the public interest.

The Commission plays an important role in the development of a strong energy infrastructure that operates efficiently, safely and reliably. The Commission has siting authority that includes licensing non-federal hydropower projects, certificating interstate natural gas pipelines and storage projects, authorizing LNG facilities, and, in certain circumstances, permitting electric transmission lines. The Commission relies primarily on physical inspections of facilities to ensure the safety of LNG and non-federal hydropower facilities throughout the entire life cycle of a project: design review, construction and operation. Further, the Commission promotes efficient operation of energy infrastructure by encouraging, for example, the use of new technologies, and other procedures that may enhance economic efficiency.

Lastly, the Commission has an important role in maintaining the reliability of the electric transmission grid. The Commission established, and now oversees, the Electric Reliability Organization (ERO). The ERO develops and enforces mandatory reliability and cyber security standards, subject to the review and approval by the Commission. The Commission also monitors system disturbances to identify near- and long-term issues affecting generation and transmission.

As the Commission works to achieve its mission, its focus remains on five guiding principles: organizational excellence, due process and transparency, regulatory certainty, stakeholder involvement, and timeliness. Whether the Commission is adjudicating a rate filing, ruling on a permit application, or developing a new policy, it strives to meet these criteria as a means of ensuring that each of its actions is consistent with the public interest.

STRATEGIES FOR CARRYING OUT THE COMMISSION'S RESPONSIBILITIES

The Commission's two core functions are to ensure that wholesale electric and natural gas rates are just and reasonable and not unduly discriminatory or preferential and that energy infrastructure is developed in the public interest. To achieve these goals, the Commission will employ several strategies which are summarized below.

The organized wholesale electric markets represent one area in which the Commission relies on regulatory and market means to ensure that rates are just and reasonable and not unduly discriminatory or preferential. The Commission will establish rules that enhance competition by allowing non-discriminatory market access to all supply-side and demand-side energy resources. Improving the competitiveness of these markets is important because it encourages new entry among supply-side and demand-side resources, spurs innovation and deployment of new technologies, improves operating performance, and exerts downward pressure on cost. Notable benefits also stem from more broadly diversifying the fuels used to generate electricity. In executing its authority, the Commission will take steps to ensure a level playing field in jurisdictional markets for all types of resources.

In an effort to increase compliance with rules and to deter market manipulation, the Commission will promote internal compliance programs and self-reporting of violations by regulated entities. The Commission has provided guidance on elements of an effective compliance program and will review compliance programs as part of routine compliance audits. In addition, the Commission will further this strategy by giving companies credit against settlements if a robust compliance program was in effect when the violation occurred. In cases where a company is given a reduced civil penalty, the settlement agreement should be made known to the industry in order to encourage others to adopt and implement robust and thorough compliance programs.

In addition to the regulation and oversight of energy markets, the Commission aims to increase efficient infrastructure consistent with demand. The Commission is employing the use of incentive rates, the adoption of smart grid standards and other transmission-related activities to try to increase the number of electric transmission projects that incorporate advanced technologies. The Commission also supports an open and transparent electric transmission planning process in order to increase infrastructure efficiency.

A significant portion of the Commission's role in energy infrastructure development stems from siting authority that includes licensing non-federal hydropower projects, certificating interstate natural gas pipelines and storage projects, authorizing LNG facilities, and, in certain circumstances, permitting electric transmission lines. Throughout all of these processes, the Commission's goal is to expedite application processing without compromising environmental responsibilities or public participation. Reconciling these interests, however, remains a significant challenge. The Commission believes that issues are best addressed openly and early in the application process. The Commission encourages, and sometimes requires, project proponents to engage in early involvement of state and federal agencies, Indian tribes, affected landowners and the public.

To ensure that jurisdictional infrastructure projects are safe, the Commission performs a detailed safety analysis during its comprehensive review of a proposal for a new LNG or hydropower facility. The Commission also monitors and inspects these projects throughout the life cycle to ensure safety and security compliance. During construction, Commission staff engineers frequently inspect a project and once construction is complete, the Commission follows inspection schedules depending on the type of facility. In addition, all LNG and hydropower facilities are required to coordinate with federal, state and local agencies and develop emergency response plans. The Commission is working to develop and incorporate risk-informed decision making into the dam safety program.

This transition could have several positive impacts on the Commission's dam safety program including, among others, a better understanding of potential failure modes, a better understanding of the consequences of potential failure modes on life, health and property, and an improved ability to evaluate risk reduction alternatives.

To protect and improve the reliability and security of the Nation's bulk power system, the Commission will oversee the development and review of mandatory reliability and security standards. The Commission will achieve this through active involvement in the standards development process of the ERO and review of all reliability standards filed by the ERO. The Commission will provide extensive oversight of the ERO processes and compliance efforts to ensure firm, fair, and consistent implementation of, and compliance with, the approved mandatory reliability standards, including cyber and physical security. The Commission will also join or lead incident and alleged violation analyses and/or investigations following bulk-power system incidents or complaints. The Commission will also track and review all alleged violations, mitigation plans, and proposed penalties and conduct ERO and regional entity performance reviews and audits.

BUSINESS PLAN

The Commission's annual Business Plan details the activities and resources allocated to meet the Strategic Plan's goals and objectives. This increases internal accountability by enabling management to link individual office responsibility and budget resources to Commission activities. The Business Plan is an iterative process that helps to identify which activities are leading the Commission towards achieving particular goals and objectives. During FY 2011, the Commission reported actual FTE usage at a detailed activity level in its Business Plan, which improved offices' ability to organize and allocate resources effectively.

FULL COST RECOVERY

The Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates as authorized by the Federal Power Act (FPA) and the Omnibus Budget Reconciliation Act of 1986. The Commission deposits this revenue into the Treasury as a direct offset to its appropriation, resulting in no net appropriations.

PROGRAM PERFORMANCE OVERVIEW

The performance measurement data and other achievements included below constitute several of the Commission's key achievements during FY 2011. The performance measures and targets were taken from the Commission's FYs 2009 – 2014 Strategic Plan. A complete list of the Commission's performance measurement data for fiscal years 2006 through 2011 is included in the Performance Report section of this report.

GOAL 1: JUST AND REASONABLE RATES, TERMS AND CONDITIONS

OBJECTIVE 1.1: REGULATORY AND MARKET MEANS

Ensure implementation of appropriate regulatory and market means for establishing rates

STRATEGY 1

Establish rules that enhance competition by allowing non-discriminatory market access to all supply side and demand-side energy resources

Performance Measure 1		
Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated.		
Year	**Target**	**Result**
FY 2011	As appropriate, issue Notice of Proposed Rulemaking on further steps to eliminate barriers to demand resources, including steps identified in National Action Plan on Demand Response	Target Exceeded. On March 18, 2010, the Commission issued a notice of proposed rulemaking in Docket No. RM10-17-000, on Demand Response Compensation in Organized Wholesale Energy Markets, which proposed to eliminate a barrier to demand response resources receiving the same compensation as other supply-side resources selling into the organized wholesale electric market. The Commission was able meet the FY 2012 target ahead of schedule and issued the final rule, Order No. 745, requiring that demand response resources be paid the same market-clearing price as other resources was issued on March 15, 2011.

Performance Measure 2		
Best practices for demand response products and procedures will be explored and, as appropriate, implemented in organized wholesale electric markets.		
Year	**Target**	**Result**
FY 2011	As appropriate, issue Final Rule on best practices	Target met. The Commission issued Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, on March 15, 2011. Having identified a best practice used by some regional transmission organizations (RTOs) to compensate demand response resources at the same price received by other supply-side resources, such as generation, the final rule required all RTOs to pay comparable compensation to demand response resources in their own markets.

Performance Measure 3		
All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.		
Year	**Target**	**Result**
FY 2011	As appropriate, issue Final Rule on ancillary service products and procedures	Target not met. Until recently, generation resources provided all ancillary services used to support open access transmission services offered by transmission-owning utilities, RTOs and independent system operators (ISOs). New technologies, such as demand response and energy storage devices, are now available and capable of providing some needed ancillary services. A notice of inquiry was issued on Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies on June 15, 2011 (RM11-24-000). A notice of proposed rulemaking on Frequency Regulation Compensation in the Organized Wholesale Power Markets was issued on February 17, 2011. A draft final rule was submitted for the Commission's consideration on September 29, 2011. This will not have a negative impact on program performance.

Performance Measure 4		
Market reforms which will allow renewable resources to compete fairly will be explored and, as appropriate, implemented in Commission-jurisdictional markets.		
Year	**Target**	**Result**
FY 2011	Issue a notice of inquiry/notice of proposed rulemaking on market reforms, if appropriate	Target met. The Commission issued a notice of proposed rulemaking, Integration of Variable Energy Resources (RM10-17-000) on November 18, 2010.

STRATEGY 2
Promote operational efficiency in wholesale markets through the exploration and encouragement of the use of software and hardware that will optimize market operations

Performance Measure 5		
By FY 2014, efficiency in market operations will be enhanced through deployment of new software and optimization of hardware.		
Year	**Target**	**Result**
FY 2011	Pursue voluntary adoption of best practices by RTOs/ISOs; if appropriate, issue Policy Statement and/or a notice of inquiry/notice of proposed rulemaking	Target met. A technical conference exploring best practices was convened on June 28-30, 2011. At the conference, market operators and others discussed best practices, software improvements and optimization processes. This forum allows for the diffusion of knowledge of useful best practices, reports to a wide audience on improvements under development, and provides useful information that market operators can use to access improvements in their own operations based on the best practices of their peers.

STRATEGY 3
Develop and implement a common set of performance metrics for markets within and outside of ISOs/RTOs

Performance Measure 6		
By FY 2014, the performance of markets within and outside of ISOs/RTOs will be measured using a common set of metrics.		
Year	**Target**	**Result**
FY 2011	Explore and develop appropriate operational and financial metrics for non-ISO/RTO regions	Target not met. Commission staff has been engaged in a voluntary and collaborative process with a diverse group of non-RTO utilities to develop proposed operational and financial performance metrics for non-RTO regions. Outreach meetings were held in September 2011 with major industry organizations to discuss the proposed performance metrics. Following these outreach meetings, the proposed performance metrics will be issued for public comment. In FY 2012, Commission staff will issue a report that addresses the comments and recommends the final list of performance metrics. Participating non-RTO utilities will then issue their reports on these final metrics and Commission staff will issue a final report. While the final metrics were not issued during FY 2011, Commission staff is on schedule to issue final metrics in FY 2012 which will have no adverse impact on the program. Commission staff expects to release the final metrics and collect data from non-RTO utilities on these metrics by the third quarter of FY 2012.

In October 2010 Commission staff issued a report on the final metrics for RTOs and ISOs which satisfied the FY 2010 performance target. In December 2010, each of the RTOs and ISOs submitted a report with data for each of these metrics covering the period 2005-2009. Based on staff's analysis of this data, the Chairman issued a report to Congress in April 2011 to communicate the benefits of RTOs and ISOs and, where appropriate, identify possible changes to address any performance concerns.

STRATEGY 4
Promote broad participation, including the use of alternative dispute resolution services, in the Commission's processes and procedures

Performance Measure 7		
By FY 2014, appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.		
Year	**Target**	**Result**
FY 2011	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs	Target not met. The Commission was not able to meet this target due to the retirement of key management personnel during FY 2011. However, staff was able to make significant progress by meeting with 13 external stakeholder organizations. These organizations represent a broad spectrum of industries subject to Commission regulation. Their input was sought on new areas and types of issues where collaborative processes could foster the settlement of proceedings. Based on suggestions received in these meetings, staff prepared recommendations on additional issues and types of Commission proceedings where collaborative processes may be the most effective. Although the guidelines were not implemented in FY 2011, it will not have a negative impact on overall program performance.

OTHER NOTEWORTHY ACCOMPLISHMENTS IN OBJECTIVE 1.1: REGULATORY AND MARKET MEANS

- In FY 2011, the Commission completed the implementation of Order No. 714, which requires all public utilities, natural gas pipelines, oil pipelines and power administrations to file their tariffs, tariff revisions and rate change applications electronically. Further, the Commission staff completed scanning and archiving the paper tariffs filed prior to the implementation of Order No. 714. The adoption of an electronic tariff system provides for a more efficient document processing system as well as providing a user-friendly interface from which the Commission, its staff, and the public may retrieve and review tariffs. The Commission received over 700 electronic baseline tariff filings during FY 2011.

- In December 2010, the Commission completed its third five-year review of the oil pricing index established in Order No. 561 and set a new price index to calculate annual changes to ceiling levels for oil pipeline rates for the five-year period beginning July 1, 2011.

- In October 2010, the Commission issued Order No. 741, which required that the RTOs and ISOs reform their credit policies or demonstrate that their existing tariff satisfies the new regulations. This final rule balances the need for market liquidity with appropriate risk management, ensuring the safety of transactions within RTO and ISO organized markets. All RTOs and ISOs submitted compliance filings in June 2011, and the Commission issued orders conditionally accepting these filings in September 2011.

- In FY 2011, Commission staff drafted several rulemakings to increase transparency in electric markets. In one notice of proposed rulemaking, the Commission is seeking to require quarterly reporting by large entities not subject to Section 205 of the Federal Power Act. In another notice of proposed rulemaking, the Commission is seeking to improve the monitoring of interchange transactions by providing the Commission access to e-Tags which are used to schedule transactions in organized markets.

- The Energy Policy Act of 2005 (EPAct 2005) section 1252(e)(3) requires the Commission to prepare and publish an annual report, by appropriate region, that assesses electric demand-response resources, including those available from all consumer classes. In February 2011, the Commission published the fifth annual report. Consistent with the Commission's past practice, the report is based on a survey sent to more than 3,400 companies in the United States. More than 1,750 companies that serve 78 percent of the retail customers responded to the survey.

- In FY 2011, Commission staff achieved settlements which resulted in $200 million in annual savings and in addition, achieved a one-time savings of $535 million for American energy consumers.

- Commission staff negotiated a settlement which facilitated a utility's seamless transfer of membership from one RTO into another.

- 47% of calls to the Dispute Resolution Services Hotline were resolved through alternative dispute resolution processes.

- Commission staff provided training to land agents in a large natural gas pipeline company on negotiating effectively with landowners in difficult situations regarding pipeline siting and restoration.

OBJECTIVE 1.2: OVERSIGHT AND ENFORCEMENT
Increase compliance with the Commission's rules and deter market manipulation.

STRATEGY 1
Promote internal compliance programs and self-reporting of violations

Performance Measure 8		
By FY 2014, 70 percent of company compliance programs reviewed on Commission audits for the audit focus areas are found to be adequate to demonstrate a culture of compliance.		
Year	**Target**	**Result**
FY 2011	25%	Target met. The Commission found that 63% (5/8) of compliance programs were adequate to demonstrate a culture of compliance.

In FY 2011, the Commission completed the review of 8 jurisdictional companies' (companies) compliance programs as they related to the focus of the audits. In reviewing these compliance programs, the Commission found that 63 percent were found to be adequate to demonstrate a culture of compliance. The Commission is encouraged that jurisdictional companies have taken numerous steps on their own initiative to enhance their existing compliance programs based on the Commission's publicly issued audit reports. Further, the companies often update their compliance programs as they undertake corrective actions based on the results of the Commission's audit engagement.

Performance Measure 9		
By 2014, 70 percent of compliance programs reviewed through investigations that involve a penalty are found to be sufficiently robust to merit credit to reduce the penalty.		
Year	**Target**	**Result**
FY 2011	25%	Target met. In 32% (32/100) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.

STRATEGY 2
Use a risk-based approach to plan and prioritize audits of jurisdictional companies

Performance Measure 10		
By FY 2014, 80 percent of the Commission's audit program will be planned using a risk-based approach.		
Year	**Target**	**Result**
FY 2011	60%	Target met. 85% (57/67) of the audits were planned by the Commission staff using a risk-based approach.

During FY 2011, the Commission's annual audit plan included 67 audits of public utilities and natural gas pipeline companies. Of the 67 planned audits, the Commission used a risk-based methodology to plan 85 percent of the audits.

In FY 2011, the Commission completed 55 audits which resulted in the issuance of 294 recommendations for corrective actions to public utilities and natural gas pipeline companies. Specifically, these audits resulted in $96 million in refunds and savings to utility ratepayers. The use of the risk-based audit approach was key to maximizing efficiency.

OTHER NOTEWORTHY ACCOMPLISHMENTS IN OBJECTIVE 1.2: OVERSIGHT AND ENFORCEMENT

- In FY 2011, the Commission upheld the litigated victories in two major manipulation cases. In April 2011, the Commission affirmed the initial decision of the administrative law judge (ALJ) and imposed a $30 million penalty against Mr. Brian Hunter. In May 2011, the Commission also affirmed the initial decision of the ALJ in the ISO NE/Blumenthal matter, consistent with staff's litigated position. Rehearings are pending before the Commission on both of these matters.

- The Commission opened nine new investigations and continues to investigate open cases involving possible market manipulation or tariff violations. In addition, the Commission launched two investigations into the rates charged by two interstate natural gas companies to determine whether unjust and unreasonable rates were charged to customers. The Commission's investigations stem from reviews of Annual Form 2 cost of service and revenue information submitted by interstate natural gas pipeline companies for 2008 and 2009. Both investigations resulted in uncontested settlements resolving all issues and providing benefits to the customers such as reduced fuel reimbursement percentages or revenue sharing arrangements with pipeline customers.

- In January 2011, the Commission issued an order that increases transparency in investigations by authorizing the Director of the Office of Enforcement to issue a public notice of alleged violation after staff preliminarily determines that a violation has occurred. Several such notices have been issued.

- In FY 2011, the Commission received 106 self-reports of violations. This level of self-reports illustrates the continued level of compliance by the industry.

- In FY 2011, the Commission's Enforcement Hotline received 122 calls, most of which resulted in informal resolution. Two hotline calls resulted in the Commission opening investigations.

- In FY 2011, Commission staff implemented a policy to reduce the burden on entities filing the Electric Quarterly Report (EQR) by limiting the requirement which will improve the accuracy of future EQR filings.

GOAL 2: INFRASTRUCTURE

OBJECTIVE 2.1: INFRASTRUCTURE DEVELOPMENT AND SITING
Increase efficient infrastructure consistent with demand

STRATEGY 1
Encourage new electric transmission facilities that advance efficient transmission system operation

Performance Measure 11		
By FY 2014, 50 percent of all new transmission projects will incorporate advanced technologies.		
Year	**Target**	**Result**
FY 2011	10%	Target met. Of the projects that met the criteria, 67% (10/15) incorporated advanced technologies.

STRATEGY 2

Support electric transmission planning through the use of open and transparent processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources

Performance Measure 12		
By 2014, all public utilities will implement open and transparent transmission planning processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources.		
Year	**Target**	**Result**
FY 2011	As appropriate, issue Final Rule on transmission planning process best practices	Target met. The Commission issued the final rule, Order No. 1000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, (RM10-23-000) on July 17, 2011.

In September 2011, Commission staff held three informational conferences to discuss the requirements of Order No. 1000 for transmission planning, nonincumbent developers, interregional coordination, and cost allocation. The first conference focused on compliance issues related to RTOs and ISOs. The second and third conferences focused on compliance issues related to non-RTO/ISO regions in the Eastern Interconnection and in the Western Interconnection.

STRATEGY 3

Promote efficient design and operation of natural gas facilities

Performance Measure 13		
By FY 2014, 100 percent of jurisdictional natural gas companies will be examined for feasibility of installing waste heat recovery systems.		
Year	**Target**	**Result**
FY 2011	40%	Target met. Commission staff examined a total of 40% of the Commission's jurisdictional natural gas companies (65 of 159) for feasibility of installing waste heat recovery systems. In FY 2011 specifically, Commission staff examined 32 companies.

In FY 2011, Commission staff met its target by examining 32 companies in FY 2011, for a total of 65 companies, or 40 percent, of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems. Staff considered any pipeline company that has a tariff on file with the Commission to be jurisdictional, resulting in 159 companies by the end of FY 2011. It is important to note that every year the number of jurisdictional pipelines change. This is due to new companies being created, existing companies merging, or the Commission finding a company, upon request, to be non-jurisdictional caused by changing circumstances.

Staff identified the pipeline companies, reviewed existing Electronic Bulletin Boards (EBBs) and FERC Form 567s, for information regarding feasibility of waste heat recovery projects, and entered the data into its database. Pipeline companies are not currently required to post information regarding waste heat feasibility on their EBBs, however, many of the companies do. Additionally, just as the total number of jurisdictional pipeline companies changes, the information on EBBs changes. These changes can be attributed to expansions on a system, abandoned facilities, as well as the operational history for a given pipeline. Staff is aware of these issues and made adjustments where necessary.

OTHER NOTEWORTHY ACCOMPLISHMENTS IN OBJECTIVE 2.1: INFRASTRUCTURE DEVELOPMENT AND SITING

- During FY 2011, the Commission completed environmental reviews of 357 natural gas pipeline projects, a 4 percent increase over FY 2010, resulting in the authorization of nearly 3.2 billion cubic feet (Bcf) of pipeline capacity and 165 Bcf of storage capacity. Because the environmental review process for these projects is often complex and lengthy, timely completion of National Environmental Policy Act (NEPA) documents and compliance programs are critical to the Commission's objective of increasing efficient infrastructure. On average, the Commission completed the NEPA documents on major projects 5.9 months after the filing of an application.

- The Commission conducted 540 inspections during construction of pipeline and LNG facilities. Through a variety of compliance programs, the Commission ensured that project sponsors maintained robust environmental compliance programs, independently monitored construction activities to protect the environment, identified corrective actions needed, and responded to stakeholder concerns.

- The Commission also established new procedures for Native American consultation and established project-specific contacts with 371 Native American tribes. In the advancement of the Alaskan Natural Gas Pipeline Act project, the Commission completed several key activities including attending the project sponsor's required open houses, meeting with agency and Native Alaskan tribal groups and issuing the Notice of Intent to begin the environmental scoping process.

- The Commission implemented the Small Hydropower Action Plan and successful FERC/Colorado Memorandum of Understanding (MOU) on small hydropower in FY 2011. Specifically, the Commission staff: 1) added information to the small hydro website to address stakeholder needs; 2) held webinars and outreach sessions to explain contents of the website, clarify qualifications for conduit or 5 megawatt exemptions, and dispel the myth that licensing takes too long; and 3) increased outreach with other states, such as Rhode Island, that have an interest in an MOU similar to Colorado's. As a result of this effort, Commission staff issued licenses and exemptions expeditiously, such as the Humphreys Project, which was issued in just over two months from application filing.

- The Commission continued to foster the orderly and environmentally sound development of hydrokinetic technologies. Specific activities included: 1) issued NEPA documents on the first wave project (Reedsport) and the first tidal project (Roosevelt Island); 2) worked with stakeholders to determine information needs for the first pilot projects (Admiralty Inlet and Cobscook Bay); 3) updated the FERC/Bureau of Ocean Energy Management, Regulation and Enforcement guidance to coordinate scoping and NEPA for proposed projects on the outer continental shelf; and 4) processed competitive preliminary permit applications for 105 sites spanning 850 miles of the Mississippi River. These activities promote the potential of this new industry by reducing barriers to its development in coordination with key stakeholders.

- The Commission also completed an MOU with the U.S. Army Corps of Engineers to coordinate evaluation of an unprecedented number of proposals to add non-federal hydropower at Corps dams. Early participation of Corps, as agreed to in MOU, should ensure issues and information needs are identified early and projects are processed expeditiously.

- In December 2010, the Commission approved two orders to further its efforts to get needed transmission built. The first order accepted the California Independent System Operator Corporation's revised transmission planning process designed to support development of new transmission facilities to meet state renewable portfolio standards and state and federal public policy goals. The second order accepted the Midwest Independent Transmission System Operator Inc.'s revised regional cost allocation methodology.

- The lack of adequate transmission facilities creates a significant barrier to trade between markets and among regions. To encourage greater investment in the Nation's transmission infrastructure, Congress directed the Commission in the Energy Policy Act of 2005 to adopt rules making incentive rate treatments available for electric transmission infrastructure investments that meet certain criteria, for example, if a proposed transmission project alleviates congestion. Incentive rate treatments granted pursuant to those rules include, for example, recovery of increased return on equity, recovery of 100 percent of construction work in progress, and recovery of prudently incurred costs for projects that are abandoned for reasons beyond the utility's control. In FY 2011, the Commission approved rate incentives for 15 projects, totaling 2,637 miles of new transmission and a $12.7 billion investment in infrastructure.

- On May 19, 2011, a Notice of Inquiry was issued on Promoting Transmission Investment through Pricing Reform, focusing on certain aspects of the Commission's transmission incentive regulations and policies, such as the factors the Commission should consider in evaluating an application for incentives, the obstacles faced by transmission developers, which incentives are best suited to addressing those obstacles, how the Commission should consider changes in cost estimates, and what other factors should the Commission consider in implementing the law.

- A technical conference was held March 15, 2011 to obtain further information to aid the Commission in considering issues related to the ownership of and priority access rights to new participant-funded transmission projects. In particular, staff explored with interested parties issues related to priority rights to use transmission infrastructure developed under various new business models in two specific contexts: independent and/or merchant transmission and generator lead lines were discussed. In both contexts, participants were encouraged to identify and discuss the appropriate balance between the Commission's requirements for open access and the needs of project developers. Participants were also encouraged to propose and discuss specific regulatory alternatives that are consistent with the Commission's open access policies and its statutory responsibility to ensure that rates, terms, and conditions of service are just and reasonable and not unduly discriminatory or preferential.

- On July 19, 2011, the Commission issued an order on the smart grid standards posted by the National Institute of Standards and Technology (NIST) as ready for consideration by the Commission. The July 19 order followed a technical conference convened by the Commission on January 31, 2011. The purpose of that conference was to obtain information to aid the Commission's determination of whether there is "sufficient consensus" that the standards posted by NIST are ready for Commission consideration in a rulemaking proceeding, as directed by section 1305(d) of the Energy Independence and Security Act of 2007. In the July 19 Order the Commission found that there is insufficient consensus to institute a rulemaking proceeding to adopt the posted standards and encouraged utilities, smart grid product manufacturers, regulators and others to actively participate in the NIST interoperability framework process.

OBJECTIVE 2.2: SAFETY
Minimize risk to the public.

STRATEGY 1
Incorporate risk-informed decision making (RIDM) into the dam safety program

Performance Measure 14		
By FY 2014, risk-informed decision making will be incorporated into the FERC dam safety program.		
Year	**Target**	**Result**
FY 2011	Portfolio Risk Assessment of FERC dam inventory	Target not met. In FY 2011 the Commission did not complete the Portfolio Risk Assessment; however, the screening level portfolio risk assessment tool was finalized.

The delay resulted from the separation of a key staff person who was integral to the risk-informed decision making program. This delay was resolved in June 2011; three full-time employees are now dedicated to this program and the effort is moving forward once again. Training is expected to occur in early FY 2012 and the assessment of FERC's inventory of dams will be completed during FY 2012. The Commission does not believe that the FY 2011 delays will negatively impact progress on the FY 2012 goal to determine if RIDM is consistent with FERC's regulatory process.

OBJECTIVE 2.3: RELIABILITY
Maintain the reliability of the electric transmission grid.

STRATEGY 1
Process reliability standards in a timely manner

Performance Measure 15		
By FY 2014, proposed Reliability Standards will be processed in a timely manner at least 80 percent of the time.		
Year	**Target**	**Result**
FY 2011	75%	Target met. 97% of proposed reliability standards have been processed with orders issued within 18 months.

STRATEGY 2
Monitor, audit, and enforce Reliability Standards

Performance Measure 16		
By FY 2014, Reliability Standards will be enforced effectively, resulting in a reduction of the frequency of repeat violations by at least 10 percent.		
Year	**Target**	**Result**
FY 2011	Track violations per entity	Target met. Through the tracking mechanism established in FY 2010, staff has been tracking violations per entity during FY 2011 to analyze the current rate of violations and establish a baseline rate. A report analyzing the collected data from Notices of Penalty filed by the ERO was completed by 8/31/11.

STRATEGY 3
Identify reliability parameters that affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid

Performance Measure 17		
By FY 2014, reliability parameters that could affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid will be finalized.		
Year	**Target**	**Result**
FY 2011	Track studies and identify or propose reliability parameters. Perform initial analysis to assess if they are feasible for the bulk power system	Target met. Commission staff performed and completed analyses on the Frequency Response study including identifying reliability parameters. The internal report on Frequency Response was issued in January 2011. The North American Electric Reliability Corporation's (NERC) Reliability Metrics Work Group adopted Frequency Response as a reliability parameter to track on a trial basis.

OTHER NOTEWORTHY ACCOMPLISHMENTS IN OBJECTIVE 2.3: RELIABILITY

In FY 2011, the Commission participated, or is currently participating in, the development and interpretation of Reliability and Critical Infrastructure Protection (CIP) Standards. In FY 2011, the Commission issued the following:

- The Commission directed changes to the definition of the term "Bulk Electric System" to help ensure consistency in identifying and registering components of the bulk electric system that are subject to the approved Reliability Standards across the country.
- The Commission approved four interpretations of the CIP standards and approved the Violation Risk Factors and Violation Severity Levels for current CIP standards.
- The Commission developed an order approving revisions to NERC's Rules of

Procedure to allow it to approve/rewrite standards to comply with FERC directives when ballots fail.

- The Commission and the North American Electric Reliability Corporation (NERC) issued a joint staff report making recommendations to help prevent a recurrence of rolling blackouts and natural gas curtailments experienced by customers in the Southwest during extreme cold weather in February 2011 (AD11-9-000). The task force found a majority of the electric outages and gas shortages were due to weather-related causes and inadequate winterization procedures, practices, and preparedness by both generators and gas producers.

- Following a November 2010 reliability compliance technical conference, the Commission initiated extensive pre-filing work with NERC to reduce its violation backlog through an "Administrative Citation" Notice of Penalty process. The streamlined format allows violations that had a minimal impact on the reliability of the Bulk-Power System to be filed as a single line on a spreadsheet, avoiding the preparation of as much as 50 pages of documentation for each Notice of Penalty.

- Commission staff concluded technical analyses on two Part 1b investigations: 1) Grand River Dam Authority (GRDA), (IN11-7-000), the result of which was a settlement with GRDA including a $350,000 penalty plus mitigation measures and compliance improvements; and 2) Western Electricity Coordinating Council (WECC), (IN11-1-000), which resulted in a settlement with WECC including a $350,000 penalty plus mitigation and reliability enhancement measures.

- In January 2011, the Commission's Office of Electric Reliability issued a study entitled "Use of Frequency Response Metrics to Assess the Planning and Operating Requirements for Reliable Integration of Variable Renewable Generation." The study developed and tested metrics to model the reliability effects on the nation's bulk electric system stemming from changes to the electric generation mix, including the integration of substantial amounts of renewable generation, and demand response. After the study was issued, Commission staff conducted considerable outreach with the electric industry on the value of this new tool in planning the future design of the grid.

- In FY 2011, the ERO filed 453 notices of penalty addressing 2,112 violations of Reliability Standards. The notices of penalty include 49 filings identifying 197 violations of Reliability Standards Critical Infrastructure Protection and cyber security for the bulk power grid. Each of the notices of penalty was reviewed and analyzed by Commission staff as required by law.

FINANCIAL PERFORMANCE OVERVIEW

As of September 30, 2011, the financial condition of the Commission was sound with sufficient funds to meet program needs and adequate controls were in place to ensure Commission obligations did not exceed budget authority. The Commission prepared its financial statements in accordance with the accounting standards codified in the Statements of Federal Financial Accounting Standards and with OMB Circular No.A-136, Financial Reporting Requirements.

Sources of Funds. The Commission receives an appropriation from Congress to fund its operations that is available until expended. The Commission's FY 2011 new budget authority was $298 million. There was no change in budget authority over FY 2010. Additional funds available to obligate in FY 2011 were $11.8 million from prior-year unobligated appropriations and $2.5 million of prior-year obligations that were subsequently de-obligated in the current year. The sum of all operating funds available to obligate in FY 2011 was $312.3 million. Separately, the Commission receives an appropriation from Congress to pay states the fees it collected for the occupancy and use of public lands. In FY 2010, a number of licensees raised issues regarding the fee basis of the FY 2010 assessment that resulted in significant increases to their respective charges. As a result, the Commission did not assess fees in FY 2010. However in FY 2011, the Commission decided to assess fees utilizing the FY 2008 fee basis until it makes a final determination on any new fee basis. Therefore, in FY 2011, the Commission assessed fees for both FYs 2010 and 2011, and the Commission requested a payment to the states appropriation from Congress for FY 2011 of $5.8 million covering both FYs 2010 and 2011.

Consistent with the requirements of the Omnibus Budget Reconciliation Act of 1986, as amended, the Commission collected fees to offset 100% of its budget authority in FY 2011.

Costs by Function. The Commission incurred costs of $315.9 million in FY 2011, which was an increase of $13.3 million over FY 2010. Approximately 72 percent of costs were used for salaries and benefits. The remaining 28 percent was used to obtain technical assistance for the Commission's principal regulatory programs, to cover operating expenses, staff travel, and reimbursable work. Salaries and benefits increased by $5.9 million since 2010 while the net effect on the other cost categories was an increase of $7.4 million.

Costs by Function (millions)

Costs	FY 2011	FY 2010
Salaries and Benefits	$229.1	$223.2
Travel/Transportation	3.8	3.6
Rent/Comm/Utilities	22.7	23.1
Contract Support	45.7	47.2
Printing/Supplies/Other	14.6	5.5
Total Costs	**$315.9**	**$302.6**

Audit Results. The Commission received an unqualified audit opinion on its FY 2011 financial statements. This was the eighteenth consecutive year the Commission has received an unqualified opinion. For FY 2011, no material weaknesses or significant deficiencies were identified by the audit.

Financial Statement Highlights. The Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements and footnotes appear in the financial section of this report.

Analysis of the Balance Sheet

The Commission's assets were approximately $70.9 million as of September 30, 2011. This is a decrease of $41 million from September 30, 2010. The assets reported in the Commission's Balance Sheet are summarized in the Asset Summary table.

Assets Summary (millions)

Assets	FY 2011	FY 2010
Fund Balance with Treasury	$54.6	$64.7
Accounts Receivable, net	9.0	39.4
Property and Equipment, net	7.3	7.8
Total Assets	**$70.9**	**$111.9**

The Fund Balance with Treasury represents the Commission's largest asset of $54.6 million as of September 30, 2011, a decrease of $10.1 million from the FY 2010 balance. The decrease is primarily from payments made from our disgorged profits and payment under protest funds in FY 2011. This balance represents appropriated funds, collected penalties and other funds maintained at the Treasury until final disposition is determined.

The Accounts Receivable, net has a balance of $9.0 million as of September 30, 2011. This balance represents the outstanding amounts due from either annual charges, civil penalties or other penalties issued by the Commission to entities under its regulation. The $30.4 million net decrease is primarily due to the accrual of unbilled land fees in the PY which were assessed and collected in the current year and the collection of outstanding PY disgorged profits receivables in the FY 2011.

The Property and Equipment, net was $7.3 million as of September 30, 2011, a decrease of $0.5 million from FY 2010. The balance is comprised of the net value of the Commission's equipment, furniture, leasehold improvements, and computer hardware and software. The $0.5 million net decrease is primarily due to the depreciation of assets throughout the year.

The Commission's liabilities were $50.5 million as of September 30, 2011. The Liabilities Summary table shows a decrease in total liabilities of $38.6 million from FY 2010. The decrease is primarily the result of the accrual of unbilled land fees in FY 2010 that were not assessed during the FY, for which the collections are due to other entities and a higher payroll accrual in FY 2010. The $50.5 million balance consists primarily of accrued expenditures for payroll, benefits and operating expenses.

Liabilities Summary (millions)

Liabilities	FY 2011	FY 2010
Accounts Payable	$18.7	$14.6
Federal Employee Benefits	3.8	10.7
Other Liabilities	28.0	63.8
Total Liabilities	**$50.5**	**$89.1**

The difference between total assets and total liabilities is net position. The Commission's net position was approximately $20.4 million as of September 30, 2011. The decrease in net position in FY 2011 compared to FY 2010 is the result of the amount of adjusted annual charges assessed by the Commission which impacted the cumulative results of operations and lower unexpended appropriations due to reduced capital purchases compared to FY 2010.

Net Position Summary (millions)

Position	FY 2011	FY 2010
Unexpended Appropriations	$30.1	$31.9
Cumulative Results of Operations	(9.7)	(9.1)
Total Net Position	**$20.4**	**$22.8**

Analysis of the Statement of Net Cost

The Statement of Net Cost presents the net cost of the Commission's two strategic goals as identified in the Commission's Strategic Plan. The purpose of the statement is to show, separately, the components of the net cost of operations that can be linked to the costs of program performance under the Government Performance and Results Act of 1993. Net costs by strategic goal are shown in the Net Cost of Operations table.

Net Cost of Operations

Operation	FY 2011	FY 2010
Just and Reasonable Rates, Terms, and Conditions	$0	$0
Infrastructure	0	12,573
Net Cost of Operations	**$0**	**$12,573**

The Commission's net cost of operations for FYs 2011 and 2010 were $0 and $12,573, respectively. The Commission is a full cost recovery agency and recovers all of its cost through the allocated annual charges to the entities that it regulates. In FY 2010, the Commission adjusted the impact of a prior-year revenue accrual, which resulted in costs being higher than revenue.

Analysis of Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in net position during the reporting period. Net position is affected by changes in its two components: Cumulative Results of Operations and Unexpended Appropriations. The decrease in net position in FY 2011 compared to FY 2010 is the result of the amount of adjusted annual charges assessed by the Commission which impacted the cumulative results of operations and lower unexpended appropriations due to reduced capital purchases compared to FY 2010.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources shows the sources of budgetary resources available and the status at the end of the period. It represents the relationship between budget authority and budget outlays, and reconciles obligations to total outlays. For FY 2011, the Commission had budgetary resources available of $318.1 million, the majority of which was derived from new spending authority. This represents an increase of $10 million over FY 2010 budgetary resources available of $308.1 million. The unobligated budget authority available at September 30, 2011 was $20 million, which is an increase of $8.4 million from the FY 2010 amount of $11.6 million.

The status of budgetary resources includes obligations incurred of $298.2 million, or 93.7% percent of funds available. Similarly, FY 2010 obligations incurred were $296.3 million or 96.1% percent of funds available. Total net outlays for FY 2011 were $(31.5) million, which represents an $11.2 million decrease from FY 2010 net outlays of $(42.7) million. The decrease from last year is a result of approximately $18 million in higher gross outlays due to increased budgetary resources and a $6.7 million increase in distributed offsetting receipts in FY 2011 compared to FY 2010 due to an increase in costs and the collections of those assessed cost.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity displays the total Custodial Revenue and the Disposition of Collections related to that revenue activity. This statement ensures that revenue billed and collected by the Commission on behalf of other federal agencies will not be reported twice as revenue on the consolidated government's Statement of Net Cost. In FY 2011, the Commission reported $27.9 million in custodial revenue as of September 30, 2011 compared to $54.5 million in FY 2010. The majority of the decrease over FY 2010 is due to fewer civil penalties billed in FY 2011 to entities under the Commission's regulation and higher accrual assessment of federal land fees reported in FY 2010.

CONTROLS, SYSTEMS, AND LEGAL COMPLIANCE

This section provides information on the Commission's compliance with the:

- Federal Managers' Financial Integrity Act of 1982;
- Revised OMB Circular No. A-123
- Federal Financial Management Improvement Act of 1996;
- Prompt Payment Act; and
- Debt Collection Improvement Act of 1996.

Integrity Act Statement

During Fiscal Year 2011, the Commission focused its efforts on assisting consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. In fulfilling this mission, the commission has pursued two primary goals. We have worked diligently to ensure that rates, terms and conditions for wholesale sales and transmission of electric energy and natural gas are just, reasonable and not unduly discriminatory or preferential. Moreover, we continue to promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest. We are progressing in each of these areas while we continue to improve our capabilities to meet the challenges of the energy issues confronting our nation.

To accomplish our goals, we must manage our resources efficiently and integrate our budget, performance measures, and management controls to improve performance and accountability. Our OMB Circular No. A-123 internal control program is helping us accomplish this by monitoring our financial, human capital and information resources to safeguard our assets, improve the integrity of our reporting, and use our resources more effectively in reaching our goals. Problems that impede our progress continue to be brought to the attention of management and resolved within the Commission at the appropriate level. The auditors' FY 2011 report on the Commission's internal control structure disclosed no material weaknesses and no instances of noncompliance with laws and regulations. We will continue to maintain a strong management control system.

The Commission's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). In accordance with OMB Circular No. A-123, Management's Responsibility for Internal Controls; we evaluated the effectiveness and efficiency of our internal controls over operations and our compliance with applicable laws and regulations as of September 30, 2011. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

In addition, the Commission assessed the effectiveness of internal controls over financial reporting, which includes the safeguarding of assets and our compliance with applicable laws and regulations in accordance with the requirements of OMB Circular No. A-123, Appendix A. The results of this assessment found no material weaknesses in the design or operation of our controls over financial reporting. The Commission can provide reasonable assurance that its internal controls over financial reporting as of September 30, 2011, are operating effectively.

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
September 2011

Federal Managers Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982 (Integrity Act) mandates that agencies establish controls that reasonably ensure that: (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses program, operational, and administrative areas as well as accounting and financial management. The Integrity Act requires the Chairman to provide an assurance statement on the adequacy of management controls and conformance of financial systems with Government wide standards.

Management Control Review Program

Managers throughout the Commission are responsible for ensuring that effective controls are implemented in their areas of responsibilities. Each office director and regional administrator prepared an annual assurance statement that identified any control weaknesses that required the attention of the Chairman. These statements were based on various sources and included:

- Management knowledge gained from the daily operation of agency programs and reviews;
- Management reviews;
- Annual performance plans; and,
- Inspector General and Government Accountability Office reports.

The Commission's ongoing management control program requires, among other things, that management control deficiencies be integrated into office action plans. The action plan process has provisions for periodic updates and attention from senior managers. The management control information in these plans, combined with the individual assurance statements discussed previously, provides the framework for monitoring and improving the agency's management controls on an ongoing basis.

FY 2011 Integrity Act Results

The Commission evaluated its management control systems for the fiscal year ending September 30, 2011. This evaluation provided reasonable assurance that the Commission's management controls achieved their intended objectives. As a result, management concluded that the Commission did not have any material weaknesses in its programmatic or administrative activities.

FY 2011 OMB Circular No. A-123 Results

The Commission evaluated its internal controls over financial reporting for the fiscal year ending September 30, 2011. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls are operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires each agency to implement and maintain systems that comply substantially with: (i) Federal financial management system requirements, (ii) applicable Federal accounting standards, and (iii) the U.S. Government standard general ledger at the transaction level. The FFMIA requires the Chairman to determine whether the agency's financial management systems comply with the FFMIA and to develop remediation plans for systems that do not comply. Our review of the Commission's financial management system in FY 2011 demonstrated that we fully comply with this act.

FY 2011 Improvement Act Results

As of September 30, 2011, the Commission evaluated its financial management system to determine if it complied with applicable federal requirements and accounting standards required by the Improvement Act. We found that the Commission's financial management system was in substantial compliance with the federal financial management system requirements, applicable Federal accounting standards and the U.S. standard general ledger at the transaction level. In making this determination, we undertook financial reporting tests of the system and reviewed entries at the transaction level, and determined compliance with Federal requirements and accounting standards required by the Improvement Act.

Prompt Payment. The Prompt Payment Act requires Federal agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. As of September 30, 2011, the Commission made 100% of its payments, that were subject to the Prompt Payment Act, on-time. The Commission incurred $0.00 in interest penalties in FY 2011, which was a decrease compared to the FY 2010 amount of $9,812. The agency made 100% of its vendor payments electronically in FY 2011.

Debt Collection. The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the Federal Government to service and collect debts. The agency goal is to maintain the delinquent debt owed to the Commission at year-end at less than two percent of its current annual billings. As of September 30, 2011, delinquent debt was $0.6 million, which were approximately two-tenths of a percent of its current annual billings. The Commission continues to aggressively pursue the collection of delinquent debt and continues to meet the requirement that all eligible delinquent debt over 180 days is referred to the U.S. Treasury for collection.

POSSIBLE FUTURE EFFECTS OF EXISTING EVENTS AND CONDITIONS

As of September 30, 2011, the Commission has no pending litigation or contingent liabilities.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared to report the financial position and results of operations of the FERC, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Commission in accordance with accounting principles generally accepted in the United States of America for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

IMPROPER PAYMENTS INFORMATION ACT (IPIA) REPORTING

The Commission has performed a review of its payments through September 30, 2011 and it has processed 99% of its payments without error. The Commission found only 75 erroneous payments out of 7,641 total payments. The value of those erroneous payments totaled $570,271 out of total payments of $75,063,492 for fiscal year 2011.

Financial Section

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

Office of the
Executive Director

Message from the Chief Financial Officer

I am pleased to present the Federal Energy Regulatory Commission's (Commission) comparative financial results for fiscal years 2011 and 2010. The accompanying financial statements and related notes fairly present the Commission's financial position and were prepared in conformity with accounting principles generally accepted in the United States of America, and requirements set forth in Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.

During FY 2011, the Commission continued to focus on achievement of its mission. This mission requires the Commission to assist consumers in obtaining reliable, efficient, and sustainable energy services at reasonable cost through appropriate regulatory and market means. Fulfilling this mission involves the pursuit of two primary goals. First, the Commission will continue to establish policies and processes which strive to ensure that rates, terms and conditions for wholesale sales and transmission of electric energy and natural gas are just, reasonable and not unduly discriminatory or preferential. Additionally, the agency will take appropriate action to continually promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest.

My organization has played a critical role in supporting this mission. We have worked closely with program officials to secure sufficient resources which directly support the accomplishment of these goals. The current economic climate calls for fiscal austerity in the execution of agency programs. My role as the agency's primary steward requires me to ensure our financial resources are utilized in the most efficient and effective manner. This Performance and Accountability Report effectively demonstrates the manner in which the Commission leveraged its limited resources to meet its stated objectives.

In addition to the contributions my organization made to directly supporting the agency's mission, there are additional achievements that I find noteworthy.

- The Commission obtained an unqualified opinion on its financial statements for the 18th consecutive year. In addition, it strengthened its internal control program by continuing on-going self-assessment efforts as required by OMB Circular No. A-123, Management's Responsibility for Internal Control. The Commission has reasonable assurance that its internal controls over financial reporting were operating effectively during FY 2011.

- The Commission collected over $334 million in offsetting receipts during the fiscal year. Financial management staff issued 100% of the related regulatory assessments electronically to jurisdictional entities and hydropower licensees. As a result of these efforts, the Commission exceeded statutory collection requirements to offset its annual appropriation by more than $36 million.

- The Commission awarded over 37% of its total contract dollars to small, women-owned and minority businesses. It exceeded its performance target by 2%. Additionally, in responding to accountability initiatives established by the President, the Commission has reduced its combined share of dollars obligated on high risk contracts by 11%. It exceeded the administration established target for FY 2011 of 10%.

Our keen focus on program performance and significant financial accomplishments demonstrate the high regard we have for accountability and public disclosure. This report demonstrates a lasting commitment to fulfill our fiduciary responsibilities to Commission stakeholders. I am proud of the role my organization has played in being effective stewards protecting the interests of the American public.

Charles Schneider
Chief Financial Officer
Federal Energy Regulatory Commission
November 4, 2011

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KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report

The Federal Energy Regulatory Commission and the
Inspector General, United States Department of Energy:

We have audited the accompanying balance sheets of the Federal Energy Regulatory Commission (the Commission) as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity (hereinafter referred to as "financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2011 audit, we also considered the Commission's internal control over financial reporting and tested the Commission's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on these financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that the Commission's financial statements as of and for the years ended September 30, 2011 and 2010, are presented fairly, in all material respects, in conformity with United States (U.S.) generally accepted accounting principles.

Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control Over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards,* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin Number (No.) 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The following sections discuss our opinion on the Commission's financial statements; our consideration of the Commission's internal control over financial reporting; our tests of the Commission's compliance with certain provisions of applicable laws, regulations, and contracts; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the Federal Energy Regulatory Commission as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federal Energy Regulatory Commission as of September 30, 2011 and 2010, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the Performance Report section and the Appendices of the Performance and Accountability Report are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Internal Control Over Financial Reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain additional matters that we will report to management of the Commission in a separate letter.

Compliance and Other Matters

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in *Federal Financial Management Improvement Act* (FFMIA), disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

The results of our tests of FFMIA disclosed no instances in which the Commission's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

* * * * * * *

Responsibilities

Management's Responsibilities. Management is responsible for the financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, and contracts applicable to the Commission.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2011 and 2010 financial statements of the Commission based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04, as amended. Those standards and OMB Bulletin No. 07-04, as amended, require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2011 audit, we considered the Commission's internal control over financial reporting by obtaining an understanding of the Commission's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting. Furthermore, we did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

As part of obtaining reasonable assurance about whether the Commission's fiscal year 2011 financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, as amended, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts, applicable to the Commission. However, providing an opinion on compliance with laws, regulations, and contracts, was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Commission's management, the Department of Energy's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 4, 2011

FEDERAL ENERGY REGULATORY COMMISSION

Balance Sheets

As of September 30, 2011 and 2010

(in dollars)

		2011		2010
Assets (note 3):				
Intragovernmental:				
Fund balances with Treasury (note 4)	$	54,600,682	$	64,730,901
Accounts receivable (note 5)		1,941		3,372,794
Total intragovernmental		54,602,623		68,103,695
Accounts receivable, net (note 5)		9,076,833		36,011,946
Property and equipment, net (note 6)		7,265,682		7,823,851
Total assets	$	70,945,138	$	111,939,492
Liabilities:				
Intragovernmental:				
Accounts payable	$	3,281,152	$	2,418,114
Other (note 7):				
Accrued payroll and benefits		606,598		1,835,569
Resources transferable to Treasury and other Federal entities		1,179,285		18,456,550
Workers' compensation payable (note 9)		583,653		581,363
Total intragovernmental		5,650,688		23,291,596
Accounts payable		15,467,725		12,196,686
Other (note 7):				
Accrued payroll and benefits		3,190,631		8,899,401
Collections due to states		1,566,870		5,693,477
Commitments and contingencies (note 11)		-		51,000
Revenue collected under protest		187,575		6,219,698
Refunds and other amounts due		89,089		188,125
Accrued leave (note 9)		14,053,693		14,184,567
FECA Actuarial Liability (note 9)		2,466,002		2,337,916
Resources transferable to other entities from disgorged funds		7,847,489		16,108,453
Total liabilities		50,519,762		89,170,919
Net Position:				
Unexpended appropriations - other funds		30,147,320		31,897,786
Cumulative results of operations - other funds		(9,721,944)		(9,129,213)
Total net position		20,425,376		22,768,573
Total liabilities and net position	$	70,945,138	$	111,939,492

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Net Cost
For Years Ending September 30, 2011 and 2010
(in dollars)

Program costs:	2011	2010
Regulation:		
Just and Reasonable Rates, Terms, & Conditions (note 14):		
Gross costs	$ 176,895,475	$ 167,223,279
Less: earned revenue	176,895,475	167,223,279
Net program costs	$ -	$ -
Infrastructure (note 14):		
Gross costs	$ 139,024,817	$ 135,410,599
Less: earned revenue	139,024,817	135,398,026
Net program costs	$ -	$ 12,573
Total (note 14):		
Gross costs	$ 315,920,292	$ 302,633,878
Less: earned revenue	315,920,292	302,621,305
Net program costs	$ -	$ 12,573

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Changes in Net Position
For Years Ending September 30, 2011 and 2010
(in dollars)

	2011	2010
Cumulative Results of Operations:		
Beginning balances	$ (9,129,213)	$ (4,017,948)
Appropriations used	299,750,466	286,237,887
Other Financing Sources (Non-Exchange):		
Transfers – out to Treasury without reimbursement	(315,885,244)	(307,502,383)
Imputed financing from costs absorbed by others (note 10)	15,542,047	16,165,804
Total Financing Sources	(592,731)	(5,098,692)
Net Cost of Operations	-	(12,573)
Net Change	(592,731)	(5,111,265)
Cumulative Results of Operations	$ (9,721,944)	$ (9,129,213)
Unexpended Appropriations:		
Beginning balances	$ 31,897,786	$ 20,135,673
Budgetary Financing Sources:		
Appropriations received	298,000,000	298,000,000
Appropriations used	(299,750,466)	(286,237,887)
Total Budgetary Financing Sources	(1,750,466)	11,762,113
Total Unexpended Appropriations	$ 30,147,320	$ 31,897,786
Net Position	$ 20,425,376	$ 22,768,573

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Budgetary Resources
For Years Ending September 30, 2011 and 2010
(in dollars)

		2011		2010
Budgetary Resources:				
Unobligated balance, beginning of period	$	11,791,937	$	8,389,692
Recoveries of prior year unpaid obligations		2,530,760		1,699,338
Budgetary authority				
Appropriation		5,790,138		-
Collected		298,034,503		298,017,863
Change in unfilled customer orders				
Without advance from Federal Sources		1,012		103
Subtotal		303,825,653		298,017,966
Total Budgetary Resources	$	318,148,350	$	308,106,996
Status of Budgetary Resources:				
Obligations incurred: (note 15)				
Direct	$	298,139,919	$	296,297,093
Reimbursable		35,516		17,966
Subtotal		298,175,435		296,315,059
Unobligated balances available and apportioned				
Apportioned		19,972,915		11,630,401
Unobligated balance not available		-		161,536
Total status of budgetary resources	$	318,148,350	$	308,106,996
Change in Obligated Balance:				
Obligated balance, net				
Unpaid obligations, brought forward, October 1	$	45,548,555	$	39,800,875
Less: Uncollected customer payments from Federal sources, brought forward, October 1		(39,935)		(39,832)
Total unpaid obligated balance, net		45,508,620		39,761,043

The accompanying notes are an integral part of these statements.

Obligations incurred net	$	298,175,435	$	296,315,059
Less: Gross outlays		(306,855,420)		(288,868,042)
Less: Recoveries of prior year unpaid obligations, actual		(2,530,760)		(1,699,338)
Change in uncollected customer payments from Federal sources		(1,012)		(103)
Obligations balance, net, end of period				
Unpaid obligations		34,337,808		45,548,555
Less: Uncollected customer payments from from Federal sources		(40,947)		(39,935)
Total, unpaid obligated balance, net, end of period	$	34,296,861	$	45,508,620
Net Outlays:				
Gross outlays	$	306,855,420	$	288,868,042
Less: Offsetting collections		(298,034,503)		(298,017,863)
Less: Distributed offsetting receipts		(40,279,404)		(33,583,397)
Net outlays	$	(31,458,487)	$	(42,733,218)

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Custodial Activity
For Years Ending September 30, 2011 and 2010
(in dollars)

		2011		2010
Sources of collections:				
Cash collections – annual charges	$	47,566,629	$	34,470,800
Accrual adjustment		(19,648,365)		20,031,461
Total custodial revenue (note 12)		27,918,264		54,502,261
Disposition of collections:				
Transferred to others:				
United States Army – Corps of Engineers		(9,288,982)		(4,450,406)
Department of Interior		(12,949,513)		(1,058,915)
United States Treasury		(19,456,212)		(35,239,228)
Various states		(5,831,575)		-
Decrease (increase) in Amounts Yet to be transferred		19,608,018		(13,753,712)
Net Custodial Activities	$	-	$	-

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2011 and 2010

(1) Description of Reporting Entity

The Federal Energy Regulatory Commission (the Commission) is an independent Federal agency that oversees key operating functions of the United States' natural gas and oil pipeline transportation, electric utility and hydroelectric power industries.

The Commission was created through the Department of Energy's (DOE) Organization Act on October 1, 1977. The Commission's predecessor, the Federal Power Commission (FPC), established in 1920, was abolished, and the Commission inherited a significant portion of FPC's energy agenda.

The Commission administers laws and regulations involving key energy issues. These include the transportation and sale of natural gas and oil in interstate commerce; regulation of electric utility wholesale rates and transactions; licensing and inspection of private, municipal, and state hydroelectric projects; and oversight of related environmental matters.

The Commission's main legal authority is derived from the Federal Power Act of 1935 (FPA), the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978, and the Public Utility Regulatory Policies Act of 1978.

On September 30, 2009, The Commission submitted to Congress its updated Strategic Plan which will serve as a guide through fiscal year 2014. As part of the update process, the Commission realigned its resources and activities with its key statutory authorities. This resulted in an updated mission statement and two strategic goals.

The Commission's activities are separated into the following two goals:

Just and Reasonable Rates, Terms and Conditions. One of the Commission's fundamental statutory responsibilities is to ensure that rates, terms and conditions for wholesale sales and transmission of electric energy and natural gas are just and reasonable and not unduly discriminatory or preferential. The Commission uses a combination of regulatory and market means to achieve this goal, including reviewing tariffs and making rate determinations. Oversight of the energy markets and enforcement of the associated laws, rules and regulations are essential complements to the regulatory and market means. The Commission uses a balanced approach in its oversight and enforcement efforts, including: educating affected entities about market rules and other regulations; promoting internal compliance programs; employing robust audit and investigation programs; and, where appropriate, exercising the Commission's civil penalty authority as a deterrent to violations.

Infrastructure. The Commission plays an important role in the development of a strong energy infrastructure that operates efficiently, safely and reliably. The Commission has siting authority that includes licensing non-federal hydropower projects, certificating interstate natural gas pipelines and storage projects, authorizing liquefied natural gas (LNG) facilities, and, in certain circumstances, permitting electric transmission lines. The Commission relies primarily on physical inspections of facilities to ensure the safety of LNG and non-federal hydropower facilities throughout the entire life cycle of a project: design review, construction and operation. Further, the Commission promotes efficient operation of energy infrastructure by encouraging, for example, the use of new technologies, and other procedures that may enhance economic efficiency.

Lastly, the Commission has an important role in maintaining the reliability of the electric transmission grid. The Commission established, and now oversees, the ERO. The ERO develops and enforces mandatory reliability and cyber security standards, subject to the review and approval by the Commission. The Commission also monitors system disturbances to identify near and long-term issues affecting generation and transmission.

Cost Recovery

As described below, the Commission recovers 100% of its annual appropriation from the U.S. Treasury (the Treasury) through annual charges and filing fees authorized by the Omnibus Budget Reconciliation Act of 1986 and other laws.

Annual Charges

The Commission recovers most of its administrative program costs through allocated annual charges to the entities it regulates, regardless of the number or type of services rendered to any particular entity during the year. The annual charge assessed in a fiscal year is based on an estimate of costs to be incurred during that year. Final program costs are determined from year-end accounting reports and time distribution reports by office and program. The difference in assessments that results from estimated versus final program costs is an adjustment to the following fiscal year's assessments. The authority and related implementation methods for the annual changes are summarized as follows:

Hydropower

Authority – Section 10(e) of FPA makes the general provision that licensees under Part I of FPA shall pay reasonable annual charges to compensate the federal government for the costs of administering Part I.

Implementation – The methods for assessing annual charges to hydropower licensees are codified at 18 Code of Federal Regulations (C.F.R.) Part 11. Costs are prorated based on capacity (municipal projects), on capacity and generation (non-municipal projects), or on a flat rate per horsepower under 1,000 (minor projects).

Gas, Electric, and Oil

Authority – Section 3401 of the Omnibus Budget Reconciliation Act of 1986 provides that the Commission shall "assess and collect fees and annual charges in any fiscal year in amounts equal to all of the costs incurred by the Commission in that fiscal year." It further provides that "fees or annual charges assessed shall be computed on the basis of methods that the Commission determines, by rule, to be fair and equitable."

Implementation – The methods for assessing annual charges to gas and oil pipelines and to electric utilities and power marketing administrations are codified at 18 C.F.R. Parts 382.201 – 203. Costs are prorated to gas pipelines based on volume transported and sold, to electric utilities and power marketing administrations based on energy sold, and to oil pipelines based on operating revenues.

Filing Fees

Filing fees are calculated annually. Regulated entities pay the current fee when filing with the Commission for a specific service. The fees are based on the average time spent to perform the particular type of service and the average cost per employee, including salary, benefits, and indirect costs. Fee structure and procedures are codified in 18 C.F.R. Part 381.

The Independent Offices Appropriations Act of 1952 (IOAA) authorizes agencies to prescribe regulations establishing charges for services, benefits, or items of value provided by an agency. In establishing a fee under the IOAA, the Commission must:

- Identify the service for which the fee is to be assessed;
- Explain why that particular service benefits an identifiable recipient more than it benefits the general public;
- Base the fee on as small a category of service as possible; and
- Demonstrate what direct and indirect costs are incurred by the Commission in rendering the service.

Section 3401 of the Omnibus Budget Reconciliation Act of 1986 also provides for fees and annual charges "computed on the basis of methods that the Commission determines, by rule, to be fair and equitable."

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared to report the financial position of the Commission and its net costs, changes in net position, budgetary resources, and custodial activity in accordance with accounting principles generally accepted in the United States of America applicable to federal government entities.

These financial statements have also been prepared in accordance with the form and content for financial statements specified by Office of Management and Budget (OMB) Circular Number (No.) A-136, Financial Reporting Requirements.

The financial statements include all activity related to the Commission's portion of appropriation (89X0212), including the budget authority allotted by DOE to other DOE agencies. In addition, the Commission receives small allotments from DOE appropriation (89X5105). Both of the Commission's appropriations relate to budget functional classification code 276, Energy Information Policy and Regulation.

Entity assets disclosed in notes 3 and 5 include those assets that the Commission has the authority to use in its operations.

Non-entity assets disclosed in notes 3 and 5 include those assets that result from the Commission's custodial billing activities for other federal agencies, including the U.S. Army Corps of Engineers, the Treasury and the U.S. Department of Interior.

(b) Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides the Commission with authority to use funds from the Treasury to meet its operating and capital expenditure requirements. The appropriated funds are not restricted to use in a specific fiscal year. All revenue from annual charges and filing fees is remitted to the Treasury when received.

(c) Basis of Accounting

The Commission's financial statements are prepared using the accrual method of accounting. The accrual method of accounting requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. The Commission also uses budgetary accounting to facilitate compliance with legal constraints and to monitor its budget authority at the various stages of execution, including allotment, obligation, and eventual outlay.

(d) Revenue and Financing Sources

As described above, the Commission receives funds for its operating and capital expenditures through an appropriation allotment from DOE. For financial statement purposes, the appropriation allotment is recognized as a financing source when operating expenses (primarily salaries and benefits), other than depreciation, are incurred and when capital assets are purchased.

The Commission recognizes revenue for hydropower, gas, oil, and electric annual charges when earned. Annual charges are based on estimated current year program costs and adjustments from the prior year. At year-end, the Commission records a financial statement adjustment to accurately reflect the amount to be billed or credited to regulated entities based on the difference between the charges and the actual program costs for the year. The Commission adjusts the subsequent year's charge for such amount. Revenue is recognized for filing fees when received.

The Commission recognizes an imputed financing source for the estimated annual pension, life and health insurance costs in excess of contributions made by the Commission during the year. These costs will ultimately be funded by the Office of Personnel Management.

Reimbursable work agreement revenue is recognized when the related services are rendered.

Transfers-out represent receipts collected and remitted to the Treasury during the year and net accounts receivable that, once collected, will be returned to the Treasury, less any amounts due to regulated entities for the excess of estimated and billed costs over actual costs incurred.

(e) Fund balance with Treasury

The Commission does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the Treasury. The balance of funds with the Treasury represents appropriated funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services that have not been received and monies held in suspense until final disposition is determined.

(f) Allowance for Doubtful Accounts

The Commission calculates its allowance for doubtful accounts using historical collection data and specific account analysis.

(g) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Commission capitalizes property and equipment purchases (other than furniture and software) with a cost greater than $25,000 and a total useful life exceeding two years. The Commission capitalizes individual furniture purchases with a cost greater than $50,000 and bulk furniture purchases related to the acquisition of newly leased space or total renovation of existing Commission space with a cost greater than $250,000. The Commission also capitalizes commercially purchased or internally developed software with a cost greater than $100,000 and leasehold improvements over $250,000 that are related to initial move-ins, build-outs of newly leased space, and/or a complete renovation of already leased space. Depreciation is calculated based on an estimated useful life of 20 years for leasehold improvements, 10 years for furniture, 2 to 5 years for commercially purchased or internally developed software, and 5 years for all remaining assets. Expenditures for repairs and maintenance are charged to program costs as incurred.

(h) Liabilities

Liabilities represent amounts owed by the Commission as the result of transactions or events that have occurred as of year-end. Liabilities for which Congress has not appropriated funds are disclosed in note 9 as liabilities not covered by budgetary resources.

(i) Workers' Compensation Payable

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to cover federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for the Commission's employees under FECA are administered by the United States Department of Labor (DOL) and are ultimately paid by the Commission. The workers' compensation payable represents billings from DOL that are unpaid at year-end.

(j) Collections Due to States

The Commission disburses 50% of the fees it collects from licensees for the occupancy and use of public lands to affected states in the year following collection. These collections are initially deposited into the Treasury's miscellaneous receipts fund.

(k) Revenue Collected Under Protest

Revenue collected under protest is deferred and recorded as a liability until the protest is resolved.

(l) Accrued Leave

Annual leave is accrued as a liability as it is earned. The accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations. Sick leave and other types of nonvested leave are charged to expense as the leave is used.

(m) Disgorged Funds

The Commission seeks to detect abuses of market power or statutory or rule violations by investigating observed market anomalies, complaints, and referrals from regional transmission organizations and/or independent system operators, and by conducting both targeted and random audits. Once the Commission identifies violations, it applies remedies to mitigate the effects of market power, requires disgorgement of unjust profits where appropriate, and imposes civil penalties or other sanctions when available under existing laws. The Commission records disgorged funds as a liability until they are disbursed to appropriate entities.

(n) Net Position Accounts

Net position account balances consist of the following components:

Unexpended appropriations – Represents amounts of spending authority that are unobligated and available to the Commission, or obligated but not expended.

Cumulative results of operations – Represents the Commission's net results of operations since inception, including (1) the amount in the Special Receipts fund balance with Treasury, (2) the cost of property and equipment acquired that has been financed by appropriations, less accumulated depreciation, and (3) the amount of appropriated funding that will be needed in future periods to liquidate liabilities incurred through the current fiscal year. Funding for these items is generally received in the year that amounts become due and payable.

(o) Tax Status

The Commission, as a Federal agency, is not subject to Federal, state, or local income taxes, and accordingly, no provision for income tax is recorded.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Also affected are the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(3) Non-Entity Assets

Non-entity assets at September 30, 2011 and 2010 consisted of:

		2011		2010
Intragovernmental:				
Accounts receivable	$	-	$	3,338,427
Fund balances with Treasury:				
Collections due to states		1,566,070		271
Revenue collected under protest		187,575		6,219,698
Disgorged funds		12,730		1,022,448
Miscellaneous receipts held in suspense		89,089		188,125
Total intragovernmental assets		1,855,464		10,768,969
Accounts receivable, net		9,078,774		30,116,241
Total non-entity assets	$	10,934,238	$	40,885,210
Total entity assets		60,010,900		71,054,282
Total assets	$	70,945,138	$	111,939,492

(4) Fund Balance with Treasury

Fund balance with Treasury at September 30, 2011 and 2010 consisted of:

		2011		2010
Fund Balances:				
General:				
Appropriated funds	$	52,745,218	$	57,300,359
Other:				
Revenue collected under protest		187,575		6,219,698
Disgorged funds		12,730		1,022,448
Miscellaneous receipts held in suspense		89,089		188,125
Collections Due to States		1,566,070		271
Total	$	54,600,682	$	64,730,901
Status of Fund Balance with Treasury				
Unobligated balance:				
Available	$	19,972,915	$	11,630,401
Unavailable		289,959		7,551,945
Obligated balance not yet disbursed		34,337,808		45,548,555
Total	$	54,600,682	$	64,730,901

(5) Accounts Receivable, net

Entity and non-entity accounts receivable at September 30, 2011 and 2010 consisted of:

2011	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 522,253	$ 85,294	$ 607,547
Unbilled billings	49,776	-	49,776
Uncollected intragovernmental billings	-	1,941	1,941
Allowance for doubtful accounts	-	(23,304)	(23,304)
Total entity accounts receivable, net	572,029	63,931	635,960
Non-entity			
Uncollected billings	36,069	70,935,511	70,971,580
Unbilled billings	-	-	-
Uncollected intragovernmental billings	-	-	-
Allowance for doubtful accounts	-	(62,528,766)	(62,528,766)
Total non-entity accounts receivable, net	36,069	8,406,745	8,442,814
Total accounts receivable, net	$ 608,098	$ 8,470,676	$ 9,078,774

2010	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 489,510	$ 161,103	$ 650,613
Unbilled billings	5,258,613	-	5,258,613
Uncollected intragovernmental billings	33,438	929	34,367
Allowance for doubtful accounts	(468)	(13,053)	(13,521)
Total entity accounts receivable, net	5,781,093	148,979	5,930,072
Non-entity			
Uncollected billings	30,842	49,335,571	49,366,413
Unbilled billings	13,284,147	-	13,284,147
Uncollected intragovernmental billings	3,338,427	-	3,338,427
Allowance for doubtful accounts	(5,553)	(32,528,766)	(32,534,319)
Total non-entity accounts receivable, net	16,647,863	16,806,805	33,454,668
Total accounts receivable, net	$ 22,428,956	$ 16,955,784	$ 39,384,740

(6) Property and Equipment, net

Property and equipment and related accumulated depreciation at September 30, 2011 and 2010 consisted of:

	2011		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 5,173,374	$ 3,255,278	$ 1,918,096
Furniture	10,636,907	9,257,214	1,379,693
Leasehold improvements	11,713,238	7,807,004	3,906,234
ADP software	16,418,335	16,418,335	-
Construction in process	61,659	-	61,659
Capital assets	29,000	29,000	-
Total Property and Equipment, net	$ 44,032,513	$ 36,766,831	$ 7,265,682

	2010		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 5,311,666	$ 3,013,082	$ 2,298,584
Furniture	10,309,542	9,125,153	1,184,389
Leasehold improvements	11,251,405	7,152,585	4,098,820
ADP software	17,863,793	17,621,735	242,058
Construction in process	-	-	-
Capital assets	29,000	29,000	-
Total Property and Equipment, net	$ 44,765,406	$ 36,941,555	$ 7,823,851

(7) Other Liabilities

Other liabilities at September 30, 2011 and 2010 consisted of:

	2011		
	Current	Non-Current	Total
Intragovernmental			
Accrued payroll and benefits	$ 606,598	$ -	$ 606,598
Resources transferable to Treasury and other Federal entities	1,179,285	-	1,179,285
Workers' compensation payable	288,134	295,519	583,653
Total other intragovernmental liabilities	2,074,017	295,519	2,369,535
Accrued payroll and benefits	3,190,631	-	3,190,631
Collections due to states	1,566,870	-	1,566,870
Commitments and Contingencies	-	-	-
Revenue collected under protest	187,575	-	187,575
Refunds and other amounts due	89,089		89,089
Accrued leave	14,053,693	-	14,053,693
FECA Actuarial Liability	-	2,466,002	2,466,002
Resources transferable to other entities from disgorged funds	7,847,489	-	7,847,489
Total other liabilities	$ 29,009,364	$ 2,761,521	$ 31,770,885

	2010		
	Current	Non-Current	Total
Intragovernmental			
Accrued payroll and benefits	$ 1,835,569	$ -	$ 1,835,569
Resources transferable to Treasury and other Federal entities	18,456,550	-	18,456,550
Workers' compensation payable	295,519	285,844	581,363
Total other intragovernmental liabilities	20,587,638	285,844	20,873,482
Accrued payroll and benefits	8,899,401	-	8,899,401
Collections due to states	5,693,477	-	5,693,477
Commitments and Contingencies	51,000	-	51,000
Revenue collected under protest	6,219,698	-	6,219,698
Refunds and other amounts due	188,125	-	188,125
Accrued leave	14,184,567	-	14,184,567
FECA Actuarial Liability	-	2,337,916	2,337,916
Resources transferable to other entities from disgorged funds	16,108,453	-	16,108,453
Total other liabilities	$ 71,932,359	$ 2,623,760	$ 74,556,119

Resources transferable to Treasury represents future collections on accounts receivable that will be forwarded to Treasury upon receipt.

Revenue collected under protest represents monies that may be forwarded to the Commission or protesting entities once the protest is resolved.

Refunds and other amounts due represent monies that ultimately will be returned to entities due to overpayments of prior billings and other amounts due for miscellaneous activities, such as parking.

Resources transferable to other entities from disgorged funds represents monies that will be disbursed to specific entities in the future.

(8) Leases

The General Services Administration (GSA) enters into lease agreements for government buildings and maintains those lease agreements. The Commission pays GSA a standard level users charge for the annual rental of building space, of which Commission Headquarters is in Washington, DC and several other regional offices are located in various parts of the country. The standard level users charge approximates the commercial rental rates for similar properties. The Commission generally executes an occupancy agreement with GSA, which normally includes a requirement to give 30-120 days notice to vacate. Expenses incurred for building leases amounted to $20.7 million and $20.7 million for periods ended September 30, 2011 and 2010, respectively.

Real Property Operating Leases – Future Payments

Fiscal Year	GSA	Non-GSA	Total
FY 2012	$ 13,677,350	$ 53,354	$ 13,730,704
FY 2013	13,717,481	36,807	13,754,288
FY 2014	13,480,515	12,269	13,492,784
FY 2015	13,516,206	-	13,516,206
FY 2016	16,829,346	-	16,829,346
Beyond FY 2016	143,805,404	-	143,805,404
Total future minimum lease payments	$ 215,026,302	$ 102,430	$ 215,128,732

(9) Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources at September 30, 2011 and 2010 consisted of:

	2011	2010
Intragovernmental		
Workers' compensation payable	$ 583,653	$ 581,363
Total intragovernmental	583,653	581,363
Accrued leave	14,053,693	14,184,567
FECA Actuarial Liability	2,466,002	2,337,916
Total liabilities not covered by budgetary resources	$ 17,103,348	$ 17,103,846

(10) Pension Expense

Commission employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7% of their basic pay to the plan, and the Commission makes a matching contribution. For employees participating in the FERS program, the Commission makes a contribution of 11.7% of basic pay.

On January 1, 1987, FERS went into effect pursuant to Public Law 99 335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect either to join FERS and Social Security or remain in CSRS. FERS offers a savings plan in which the Commission automatically contributes 1% of employees' basic pay and matches any employee contribution up to an additional 4% of basic pay. For most employees hired since December 31, 1983, the Commission also contributes the employer's matching share for Social Security.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is, therefore, not disclosed by the Commission. Total pension expense paid by the Commission for both plans for fiscal years 2011 and 2010 was approximately $17.3 million and $15.9 million, respectively as of September 30th. For fiscal years ended September 30, 2011 and 2010, an additional $15.5 million and $16.2 million, respectively, of pension and life and health insurance expense was recognized by the Commission for amounts that will ultimately be funded through the Office of Personnel Management. This amount is also recorded as an imputed financing source.

(11) Commitments and Contingencies

The Commission has no contingent liabilities to report as of September 30, 2011 as compared to $51,000 as of September 30, 2010.

(12) Custodial Activity

The Commission currently bills regulated companies annual charges as a custodian for certain Federal agencies. These agencies include the United States Army Corps of Engineers, the Department of Interior's Bureau of Reclamation, and the Treasury. Accrual accounting is used to account for the Commission's custodial activities. The receivables are maintained by the Commission, and the collections are processed to each Federal agency on a monthly basis. In addition to the annual charges, penalty and administrative costs are assessed on past-due bills and remitted to the Treasury when received. For fiscal years ending September 30, 2011 and 2010, these custodial collections totaled approximately $47.6 million and $34.5 million, respectively. For fiscal years ending September 30, 2011 and 2010, custodial revenue totaled approximately $27.9 million and $54.5 million, respectively.

(13) Earmarked Funds

In accordance with the Federal Accounting Standards Advisory Board's Statement on Federal Financial Accounting Standards (SFFAS) No. 27, Identifying and Reporting Earmarked Funds, the Commission is required to report separately on the Balance Sheets and Statements of Changes in Net Position, the non-exchange revenue, other financing sources, net cost of operations and net position attributable to earmarked funds. In addition, the Commission must disclose the earmarked fund for which it has program management responsibility. The Commission's Collections Due to States fund meets the criteria for earmarked funds. The balances as of September 30, 2011 and 2010 were $1.6 million and $0 respectively.

Fund 89X5105 and 895105 pertains to the Use of Government lands. "Reasonable annual charges for recompensing the United States for the use, occupancy, and enjoyment of its lands or its other property will be fixed by the Commission." 18 CFR CH 1, part 11.2(a)

The Commission disposes of the charges arising from licenses in accordance with USC, Title 16, CH 12, Part I, Sec 810 "All other charges arising from licenses hereunder, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this subchapter, shall be paid into the Treasury of the United States and credited to Miscellaneous Receipts. 37.5 per centum of the charges arising from licenses hereunder for the occupancy and use of national forests and public lands from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such state"

The Commission bills out of the receipt account 895105, requests a warrant for the amount of the collections, which is used to transfer the collections into the expenditure account, 89X5105. The actual payments to the states are made from account 89X5105.

Since the earmarked funds managed by the Commission are custodial in nature, there are no equity balances to report on the financial statements as of September 30, 2011 and 2010.

(14) Intragovernmental Costs and Exchange Revenue

Costs classified as "Intragovernmental" represent the cost of goods or services obtained from Federal entities. Costs classified as "Public" represent the cost of goods or services obtained from non-Federal entities. Revenues classified as "Intragovernmental earned" are generated when the buyer and seller of services are Federal entities. Revenues classified as "Public earned" are generated when the buyer of services is a non-Federal entity.

Intragovernmental costs and exchange revenue at September 30, 2011 and 2010 consisted of:

	2011	2010
Just and Reasonable Rates, Terms, & Conditions		
Intragovernmental costs	$ 34,953,335	$ 33,574,618
Public costs	141,942,140	133,648,661
Total Just and Reasonable Rates, Terms, and Conditions costs	176,895,475	167,223,279
Intragovernmental earned revenue	20,168	18,391
Public earned revenue	176,875,307	167,204,888
Total Just and Reasonable Rates, Terms, and Conditions earned revenues	176,895,475	167,223,279
Infrastructure		
Intragovernmental costs	27,468,754	27,472,813
Public costs	111,556,063	107,937,786
Total Infrastructure costs	139,024,817	135,410,599
Intragovernmental earned revenue	51,362	20,440
Public earned revenue	138,973,455	135,377,586
Total Infrastructure earned revenues	139,024,817	135,398,026
Costs		
Intragovernmental Costs	62,422,089	61,047,431
Public Costs	253,498,203	241,586,447
Total Costs	315,920,292	302,633,878
Revenue		
Earned Intragovernmental Revenue	71,530	38,831
Earned Public Revenue	315,848,762	302,582,474
Total Earned Revenue	$ 315,920,292	$ 302,621,305

(15) Apportionment Categories of Obligations Incurred

Apportionment categories of obligations incurred as of September 30, 2011 and 2010 consisted of:

	2011	2010
Category A:		
Direct	$ 298,139,919	$ 296,297,093
Reimbursable	35,516	17,966
Total obligations incurred	$ 298,175,435	$ 296,315,059

Category A apportionments distribute budgetary resources by fiscal quarters.

(16) Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

The Commission had no differences between the Statement of Budgetary Resources and the Budget of the United States as of September 30, 2010. The statement can be reconciled to the President's budget by combining both of the budgets for Federal Energy Regulatory Commission (89-0212-0-1-176) and Payments to States under Federal Power Act (89-5105-0-2-806). The reconciliation as of September 30, 2011 is not presented, because the submission of the FY 2013 budget occurs after publication of these financial statements. The Commission's Budget Appendix can be found under the Department of Energy on the OMB website and will be available in February 2012 (http://www.whitehouse.gov/omb/budget).

(17) Undelivered Orders at the End of the Period

Undelivered orders are obligations made by the Commission for services and purchases that have not been received and accepted as of the balance sheet date. The amount of Commission budgetary resources reported as undelivered orders as of September 30th for fiscal years 2011 and 2010 were $10.3 million and $20.2 million, respectively.

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(18) Reconciliation of Net Cost of Operations to Budget

The objective of this information is to provide an explanation of the differences between budgetary and financial (proprietary) accounting. This is accomplished by means of a reconciliation of budgetary obligations and non-budgetary resources available to the reporting entity with its net cost of operations.

	2011	2010
Resources used to finance activities:		
Budgetary resources obligated:		
Obligations incurred	$ 298,175,435	$ 296,315,059
Less: spending authority from offsetting collections	(300,566,275)	(299,717,304)
Obligations, net of offsetting collections	(2,390,840)	(3,402,245)
Less: offsetting receipts	(40,279,404)	(33,583,397)
Net obligations	(42,670,244)	(36,985,642)
Other resources:		
Transfers-out, net of appropriations received	(17,885,244)	(4,615,912)
Imputed financing from costs absorbed by others	15,542,047	16,165,804
Net other resources used to finance activities	(2,343,197)	11,549,892
Total resources used to finance activities	(45,013,441)	(25,435,750)
Resources used to finance items not part of the net cost of operations		
Change in budgetary resources obligated for goods/ services/benefits ordered but not yet provided (+/-)	9,931,444	(8,370,229)
Budgetary offsetting receipts that do not affect the net cost of operations	40,279,404	33,583,397
Resources that finance the acquisition of assets	(732,895)	(5,237,132)
Payments to States	(5,790,062)	(33,332)
Total resources used to finance items not part of the net cost of operations	43,687,891	19,942,704
Total resources used to finance the net cost of operations	(1,325,550)	(5,493,046)
Components of the net cost of operations that will not require or generate resources in the current period:		
Components requiring or generating resources in the future periods:		
Increase in unfunded liabilities	(51,499)	3,360,948
Total components of net cost of operations that will require or generate resources	(51,499)	3,360,948
Components not requiring or generating resources:		
Depreciation and amortization	1,632,015	2,180,964
Other	(254,966)	(36,293)
Total components of net cost of operations that will not require or generate resources	1,377,049	2,144,671
Total net cost of operations that do not require or generate resources in the current period	1,325,550	5,505,619
Net Cost of Operations	$ -	$ 12,573

Performance Report (Unaudited)

INTRODUCTION

In accordance with Government Performance and Results Act of 1993, the Commission developed its Strategic and Business Plans, as well as its performance measures, to ensure it is fulfilling its mission. When comparing the planned and actual performance according to the guidelines set forth in Section 230 of OMB Circular A-11, the Commission:

- determined that its performance results are complete and reliable based on the fact that results are listed for every performance measure and target, that decision-makers use the information contained in the results "on an ongoing basis in the normal course of their duties," and that the information contained in the results are derived via internal tracking mechanisms; and

- identified no "significant or material" performance shortfalls based on the fact that none of the Commission's unmet performance measures or targets had an adverse effect on overall program performance.

The tables on the following pages include the Commission's complete performance measurement data for fiscal years 2006 through 2011.

As a result of the Commission's updated FY 2009 – 2014 Strategic Plan, which went into effect on September 30, 2009, the performance measures for fiscal years 2010 and 2011 are aligned with the Commission's current Strategic Plan. The Performance Measures for fiscal years 2006 – 2009 are aligned with previous versions of the Commission's Strategic Plan.

The Commission did not engage in an independent program evaluation during FY 2011.

PERFORMANCE DATA FOR ENERGY INFRASTRUCTURE: FY 2006 - 2009

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Develop strategic plan and timeline for transmission line siting group	By August 31, 2006	Target Met. The strategic plan and timeline were in place by August 31, 2006. Steps have been taken to establish a transmission line siting group including: the issuance of a Notice of Proposed Rulemaking to establish the necessary rules and regulations to process applications filed with the Commission and posting openings to fill these essential positions.
Issue final rules on mandatory pre-filing process for LNG terminal proposals	Within 60 days of enactment of EPAct 2005	Target Met. The Commission issued regulations on the mandatory pre-filing process for LNG terminal proposals within 60 days of the enactment of EPAct 2005. The Pre-Filing Rule was issued on October 7, 2005 in Docket No. RM 05-31-000, Order 665; the effective date of the rule was November 17, 2005.
Complete MOU with Secretary of Defense on coordination of LNG facilities affecting active military installations	By March 31, 2006	Target Not Met. Both DoD contacts retired or were transferred during negotiations. A new DoD contact was assigned in July 2006 and negotiations are underway again. This did not impact operations.
Issue reports to Congress on Alaska Natural Gas Pipeline	Reports issued in February 2006 and August 2006	Target Met. Reports issued February 1 and July 10, 2006.
Establish rules for transmission infrastructure incentives	Issue rules by August 8, 2006	Target Met. Docket No. RM06-4-000; Final Rule, Order No. 679, "Promoting Transmission Investment through Pricing Reform," issued July 20, 2006.
Identify requirements for establishing a communications system with transmission owners and RTOs on status of transmission lines	Issue report to Congress by February 4, 2006	Target Met. Report entitled "Steps to Establish a Transmission Monitoring System for Transmission Owners and Operators within the Eastern and Western Interconnections," submitted to Congress on February 2, 2006.
Establish process to review ERO proposed initial reliability standards	By March 31, 2006	Target Met. Developed a rulemaking process and timeline for addressing the initial reliability standards; the process and timeline were approved by the Commission in March 2006.

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Issue report to Congress on operator training	By December 31, 2005	Target Not Met. Although a comprehensive study of the current state of control room operator training across the bulk power system of the United States was completed in early December, the report has not yet been sent to Congress. The Commission is currently involved in a comprehensive rulemaking related to ERO reliability standards which will include standards related to operator training. This did not negatively impact operations.
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	100%
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotested cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	➢ 94% ➢ 100%
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within one year of filing	100%
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 18 months of filing	100%
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected at least once every eight weeks	100%
Percentage of LNG import terminals inspected	100% inspected annually	100%
Percentage of LNG peak-shaving terminals inspected	50% inspected annually	50%
Percentage of ILP pre-filing notices for NOI/PAD and initial scoping document issued	85% within 60 days of NOI/PAD filing	100%
Percentage of ILP pre-filing scoping meetings and site visits completed	85% within 90 days of NOI/PAD filing	100%
Percentage of ILP pre-filing study plan determinations completed	85% within 315 days of NOI/PAD filing	100%
Percentage of final NEPA documents issued for ALP/TLP cases with settlement agreements	85% within 12 months	94%
Percentage of final NEPA documents issued for ALP/TLP cases without settlement agreements	85% within 24 months	94%

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Percentage of non-independent transmission provider open access transmission tariffs that have standard generator interconnection procedures in compliance with Order No. 2003 and small generator final rule	75% by September 30, 2006	Target Met. 100% compliance with Order No. 2006, "Standardization of Small Generator Interconnection Agreements and Procedures," issued May 12, 2005, was established through language contained in paragraph 544 of the Final Rule, as follows: "On the effective date of this Final Rule…the OATTs [open access transmission tariffs] of all non-independent Transmission Providers are deemed revised to include the Final Rule SGIP [Standard Generator Interconnection Procedures] and SGIA [Standard Generator Interconnection Agreement]." In accordance with other language in the same paragraph, no further amendment to include the SGIP and SGIA in a Transmission Provider's OATT is required until compliance is due in the Commission's pending rulemaking on Electronic Tariff Filings. Compliance with Order No. 2003 (large generator rule) was completed and reported on during FY 2005 (see previous results).
Percentage of cases for cost recovery, new services, or changes to existing services processed	➢ 100% of NGA section 4 cases in 30 days ➢ 100% of FPA section 205 cases in 60 days	Target Met. 100% of the more than 3,350 statutory cases were completed by the statutory action date.
Percentage of rate cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	➢ There were no Track I cases ➢ 90% of Track II cases in 47 weeks ➢ 94% of Track III cases in 63 weeks
Percentage of rate cases set for hearing that achieve partial or complete consensual agreement	75%	78%
Percentage of Commission Opinions issued once Briefs Opposing Exceptions to Initial Decisions are filed	90% within 12 months	Target met. 100% (10 of 10) Initial Decisions processed within 12 months of Briefs Opposing Exceptions.
Percentage of merit orders accepting, modifying, or rejecting timely filed cost recovery proposals for new infrastructure submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 96% of the 120 merit orders to resolve cost recovery proposals for new infrastructure were issued by statutory or requested date as applicable. In the case of gas pipeline certificate applications, contributed rate inserts to allow timely completion.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 45 days of license issuances.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	100%

FY 2006		
Performance Measurement	**Performance Target**	**Result**
Participation in NERC / industry reliability readiness reviews	➢ 100% of the Reliability Coordinators ➢ Large entities which represent 80% of the load served by all entities reviewed by NERC	Target Met. FERC participated in 100% of NERC's Reliability Coordinator reviews (5 of 5), and participated in 22 readiness reviews of large entities which represent 94.5% (125,503 MW) of the load served by all entities reviewed by NERC (132,796 MW).
Issue final rule on Electric Reliability Organization (ERO) certification and mandatory reliability standards enforcement	Rule issued by February 4, 2006	Target Met. Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of new RTOs or ISOs performing reliability functions included in Orders No. 2000 or No. 888, respectively	100%	No new RTOs or ISOs were established during the performance period.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred reliability costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 394 merit orders to resolve cost recovery proposals for reliability were issued by statutory or requested date, as applicable.
Percentage of merit orders accepting, modifying, or rejecting timely filed proposals to recover prudently incurred safety and security costs submitted (including time for hearing, ADR, or settlement judge participation)	95% by applicant request date	Target Met. 100% of the 20 relevant filings (i.e., oil pipelines) were completed by the statutory action date.
Percentage of high- and significant-hazard-potential dams inspected annually	100%	100%
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	100%
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	100%
Number of instances of unauthorized access to Critical Energy Infrastructure Information (CEII)	No instances	Target met. No instances.
Number of complaints from CEII requesters on inability to participate in a proceeding due to failure to obtain CEII in a timely manner	None	Target met. None.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Resolve Regulatory and Other Challenges to Needed Development		
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2007	Target Met. Reports were issued on January 31 and August 15, 2007.
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotected cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	Targets Met. ➢ 98% of unprotested cases were completed within 159 days of filing. ➢ 100% of protested cases were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 100% of cases of first impression or larger policy implications were completed within 365 days of filing.
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 480 days of filing	Target Met. 94% of cases requiring a major environmental assessment or environmental impact statement were completed within 480 days of filing.
Percentage of qualifying LNG plants inspected during ongoing construction activity	100% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants (6 of 6) where construction was occurring were inspected at least every 8 weeks.
Percentage of ILP pre-filing study plan determinations completed	85% within 150 days of applicant's filing of the proposed study plan	Target Met. 90% (9 out 10) ILP pre-filing study plan determinations were completed within 150 days of applicant's filing of the proposed study plan.
Percentage of infrastructure studies completed	➢ 100% for regional and issue-based infrastructure conferences ➢ 100% for Commission- and Congressional-directed studies	Targets Met. ➢ 100% of infrastructure studies completed for regional and issue-based conference. ➢ 100% of infrastructure studies completed for Commission- and Congressional-directed studies.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. Of the 18 projects that utilized the pre-filing process, 100% had final NEPA documents within 8 months of filing a complete application.
Timeliness of filings processed containing amendments to non-independent electric transmission provider OATTs	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 126 amendments to non-RTO/ISO OATTs completed within 60-day statutory timeframe.
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of applications processed for incentive rates under section 205 of the FPA	Processed by the statutory deadline for rate filings or the applicants' requested date, whichever is later	Target Met. 100% of the 11 statutory incentive rates cases were processed within statutory timeframes.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Process cost recovery cases within reasonable timeframes (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	➢ 100% of statutory cases addressed by Commission order within statutory deadlines ➢ 95% of certificate cases within 12 months or applicants' requested date, whichever is later ➢ 90% of cases set for hearing within 12 months of briefs opposing exceptions	Targets Met. ➢ 100% of all 3,164 statutory items, including cost recovery cases, were completed within statutory due dates. ➢ In certificate work, 97%, or 60 of 62 cases requiring rate inserts, were completed timely. Even in the cases that were unavoidably delayed—one due to Coast Guard involvement in approving LNG facility, and the other subject to environmental issues because the company did not use the NEPA pre-filing process—the rate analyses were provided to the lead Office within the required time period. ➢ 100% issued within 12 months.
Establish price volatility baseline	By September 30, 2007	Not Applicable. The Commission proposed to establish a price volatility baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff reviewed available price data and concluded that a price volatility baseline was not feasible. Because of the lack of available data, this performance measure has been discontinued. Program performance was not negatively impacted as a result of not establishing a price volatility baseline.
Establish out-of-merit dispatch baseline	By September 30, 2007	Not Applicable. The Commission proposed to establish an out-of-merit dispatch baseline. The first step in this process was to determine what information was available and reasonable to collect. In FY 2007, staff contacted transmission operators and found that their data is inconsistent across transmission systems and does not allow for meaningful analyses to establish this baseline. Because of the lack of consistent data, this performance measure has been discontinued. Program performance was not negatively impacted as a result of not establishing an out-of-merit dispatch baseline.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Assure Reliability of Interstate Transmission Grid		
Percentage of proposed reliability standards reviewed	100%	Target Met. Docket No. RM06-16-000; Final Rule, Order No. 693, "Mandatory Reliability Standards for the Bulk-Power System," issued March 16, 2007, in which the Commission approved 83 of 107 proposed Reliability Standards, and directed significant improvements to 56 of those standards. The Commission also required submission of further information in order to evaluate the adequacy of the remaining 24 standards. The initial 83 standards became mandatory and enforceable on June 18, 2007. In addition, the Commission approved 8 regional standards in Docket No. RM07-11-000; "Order Approving Regional Reliability Standards for the Western Interconnection and Directing Modifications," issued June 8, 2007.
Develop procedures to review the performance of the ERO	Complete by March 31, 2007	Target Met. Procedures were outlined in Docket No. RM05-30-000; Final Rule, Order No. 672, "Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards," issued February 3, 2006.
Percentage of NERC / industry reliability readiness reviews of Reliability Coordinators in which FERC participates	100%	Target Met. FERC participated in all 4 of NERC's Reliability Coordinator reviews.
Percentage of load served, included in NERC / industry reliability readiness reviews, in which FERC participates	50%	Target Met. FERC participated in 22 readiness reviews of large entities which represent just over 80% (332,244 MW) of the load served by all entities reviewed by NERC (414,101 MW).
Percentage of ERO penalty action rulings reviewed to prevent inappropriate rulings from going into effect by default	100%	No activity, as the standards only became mandatory on June 18, 2007, and no ERO proposed penalties were filed in FY 2007.
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of all high and significant hazard-potential dams were inspected annually.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of all high- and significant-hazard potential dams meet current structural standards or are undergoing investigation or remediation.
Percentage inspected annually: ➢ LNG import terminals ➢ LNG peak-shaving facilities	➢ 100% ➢ 50%	Targets Met. ➢ All 5 of the operating LNG import terminals were inspected. ➢6 of the 12 peak-shaving facilities were inspected.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of LNG facilities met all current safety standards or were subject to a compliance letter.
Percentage of EIS documents that contain sections addressing safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities	100%	Target Met. 100% of EIS documents contain sections relating to safety for Hydropower Projects, LNG Facilities, Gas Pipeline Projects and Storage Facilities.
Control access to Critical Energy Infrastructure Information	No instances of improper access or improper denial affecting national security or Commission proceedings	Target met. No instances.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).
Percentage of LNG facility authorizations that incorporate consultation with all appropriate agencies on security related matters	100%	Target Met. 100% of LNG facility authorizations incorporate consultation with all appropriate agencies on security related matters.

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final NEPA documents issued for ALP/TLP cases: ➢ with settlement agreements ➢ without settlement agreements	➢ 85% within 12 months ➢ 85% within 24 months	➢ Target Met. 100% of final NEPA documents (5 of 5) were issued <u>within 12 months</u> for ALP/TLP cases with settlement agreements. ➢ Target Met. 100% of final NEPA documents (16 of 16) were issued <u>within 24 months</u> for ALP/TLP cases without settlement agreements.
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 45 business days of license issuance date	Target Met. All licensing responsibility letters were sent out within 45 business days of license issuance date.
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	100% of projects inspected at least once every four weeks	Target Met. Of the 30 pipeline projects under active construction in FY 2007, 100% were inspected at least once every four weeks.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met. 100% (125 out of 125) amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe.
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2008	Target Met. Reports were issued February 19 and August 29, 2008.
Percentage of pipeline certificate cases with no precedential issues completed	➢ 90% of unprotested cases within 159 days of filing ➢ 90% of protested cases within 304 days of filing	➢Target Met. 94% of unprotested pipeline certificate cases with no precedential issues were completed within 159 days of filing. ➢Target Met. 100% of protested pipeline certificate cases with no precedential issues were completed within 304 days of filing.
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 97% of pipeline certificate cases of first impression or containing larger policy implications were completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or environmental impact statement completed	90% within 480 days of filing	Target Not Met. 75% (6 of 8) of pipeline certificate cases requiring a major environmental assessment or environmental impact state were completed within 480 days of filing. Bradwood Landing Project (CP08-365-000, et al, issued September 18, 2008) required additional time due to an unusually large number of environmental issues which resulted in processing delays beyond FERC's control. This project was the first new LNG import terminal and related sendout pipeline to serve the Pacific Northwest. Broadwater Energy Project (CP06-54 issued March 20, 2008) also required additional time due to novel environmental issues which resulted in processing delays beyond FERC's control. This project was the first floating terminal for the storage and delivery of liquefied natural gas in the United States. There were no adverse impacts as a result of these two delays.
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 87% of NEPA documents were completed within 8 months of determining a pipeline or LNG facility application was complete for projects utilizing the pre-filing process.
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction.
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of ILP pre-filing study plans determinations were completed within 30 days of the applicant filing a revised study plan.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Percentage of infrastructure studies completed	➢ 95% for regional and issue-based infrastructure conferences ➢ 95% for Commission- and Congressional-directed studies	➢ Target Met. 100% of regional and issue-based infrastructure studies were completed for regional and issue-based infrastructure conferences. ➢ Target Met. 100% of infrastructure conferences were completed for Commission- and Congressional-directed studies.
Encourage Investment and Effect Timely Cost Recovery		
Timeliness of processing complete applications for incentive rates	➢ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ➢ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later.	➢ Target Met. 100% (16 out of 16) statutory incentive rate cases were processed within the statutory timeframes. ➢ Target Met. 100% filed within 180 days.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	➢ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ➢ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ➢ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions	➢ Target Met. 100% (3,498 out of 3,499) statutory items, including cost recovery cases, were processed within statutory deadlines; only one filing missed its deadline by three business days ➢ Target Met. 96% (55 out of 57) of rate inserts were processed within the appropriate timeframe. ➢ Target Met. 100% filed within 12 months of briefs opposing exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target Met. All EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target Met. 100% of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target Met. 100% of financial accounting filings were completed within 60 days of filing date.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target Met. 99% of reporting requirement filings were completed within 60 days.
Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2007	Target Met. Order was issued on October 18, 2007.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target Met. 100% of Reliability Standards were remanded or approved within 18 months of filing. 100% of Cyber Security Standards were approved within 18 months of being filed.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	N/A. The ERO's submission is not due until July 2009. The Commission will review the performance of the ERO within 12 months of their submission.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	Target Met. Participated in 100% of ERO/industry reliability readiness evaluations of Reliability Coordinators (i.e., California-Mexico, Rocky Mountain-Desert Southwest, SPP, and ERCOT Reliability Coordinators).
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 11 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target Met. 100% (37 out of 37) penalty action rulings were reviewed to prevent inappropriate rulings from going into effect. They were accepted by operation of law, *Guidance on Filing Notices of Penalty*, 124 FERC ¶ 61,015 (July 3, 2008)
Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant-hazard-potential dams inspected annually	100%	Target Met. 100% of high- and significant-hazard-potential dams were inspected.
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	100%	Target Met. 100% of high- and significant-hazard-potential dams met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of peak shaving plants were inspected according to the biennial schedule.
Percentage of LNG facilities that meet all current safety standards or are subject of a compliance letter	100%	Target Met. 100% of the LNG facilities either met all current safety standards or received a compliance letter.
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	100%	Target Met. 100% of qualifying dams comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s).

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Control access to Critical Energy Infrastructure Information	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.
Incorporate Environmental Considerations into Commission Decisions		
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 business days of license issuance date	Target Met. All licensing responsibility letters were issued within 60 days of license issue date.
Percentage of final NEPA documents issued for ALP/TLP cases: ➢ with settlement agreements ➢ without settlement agreements	➢ 75% within 12 months of settlement filing date ➢ 75% within 24 months of REA date	➢ Target Met. 100% of final NEPA documents were issued for ALP/TLP cases with settlement agreements within 12 months of the settlement filing date ➢ Target Met. 100% of final NEPA of final NEPA documents were issued for ALP/TLP cases without settlement agreements within 24 months of the REA date
Percentage of qualifying, major, onshore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 98% of qualifying, major, onshore-pipeline projects were inspected at least once every four weeks during ongoing construction activity.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Resolve Regulatory and Other Challenges to Needed Development		
Timeliness of processing complete filings containing amendments to non-independent electric transmission provider OATTs	100% processed by statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 62 amendments to non-RTO/ISO OATTs were completed within the 60-day statutory timeframe
Issue Alaska Gas Pipeline Reports to Congress	Issue Reports in February and August 2009	Target Met. Reports issued in February and August 2009.
Percentage of pipeline certificate cases with no precedential issues completed	▪ 90% of unprotested cases within 159 days of filing ▪ 90% of protested cases within 304 days of filing	▪ Target Met. 96.8% of unprotested cases completed within 159 days of filing ▪ Target Met. 100% of protested cases completed within 304 days of filing
Percentage of pipeline certificate cases of first impression or containing larger policy implications completed	90% within 365 days of filing	Target Met. 94.7% of first impression cases completed within 365 days of filing
Percentage of pipeline certificate cases requiring a major environmental assessment or EIS completed	90% within 480 days of filing	Target Met. 100% of major cases completed within 480 days of filing
Percentage of NEPA documents completed for projects utilizing the pre-filing processes	85% within 8 months of determining a pipeline or LNG facility application complete	Target Met. 100% of NEPA documents completed for projects utilizing the pre-filing process within 8 months of determining an application was complete

FY 2009		
Performance Measure	**Performance Target**	**Results**
Percentage of qualifying LNG plants inspected during ongoing construction activity	90% of plants inspected every 8 weeks	Target Met. 100% of qualifying LNG plants were inspected at least once every 8 weeks during ongoing construction activity
Percentage of ILP pre-filing study plan determinations completed	75% within 30 days of applicant filing revised study plan for Commission approval	Target Met. 100% of determinations were completed within 30 days of applicant filing revised study plan for Commission approval
Percentage of infrastructure studies completed	▪ 95% for regional and issue-based infrastructure conferences ▪ 95% for Commission- and Congressional-directed studies	▪ Target Met. 100% studies completed for regional and issue-based infrastructure conferences ▪ Target Met. 100% studies completed for Commission- and Congressional-directed studies
Percentage of electric transmission siting cases completed	90% within 365 days of filing	n/a. One electric transmission case entered the pre-filing stage, but it was withdrawn.
Timeliness of processing complete applications for incentive rates	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 80% of declaratory orders filed for Commission action within 180 days of filing date or by applicant's requested date, whichever is later.	▪ Target Met - 100% of the 15 statutory incentive rate cases were processed within the statutory timeframes ▪ Target met; 100% (6 of 6) of declaratory orders related to incentive rates were filed within target dates.
Timeliness of processing cost recovery cases (including prudently-incurred expenses to safeguard and enhance the reliability, security and safety of the energy infrastructure)	▪ 100% of statutory cases processed within statutory deadlines or by applicant's requested date, whichever is later ▪ 90% of rate inserts for certificate cases processed within 30 days prior to lead office's target date for completion of pipeline certificate case ▪ 85% of cases that were set for hearing filed for Commission action within 12 months of briefs opposing exceptions	▪ Target Met - 100% of the 3,808 statutory items, including cost recovery cases, were processed within the statutory deadlines ▪ Target Met. Provided timely rate inserts for 94% (47 out of 50) of the cases that were targeted for completion by the lead office during the fiscal year ▪ Target not met; 50% (2 of 4) filed within 12 months of Briefs Opposing Exceptions.
Timeliness of verification of EQR submissions	Within 10 business days of filing due date	Target met. 100 percent of EQR submissions were verified within 10 business days.
Percentage of Accounting Inserts completed for inclusion in merit orders on cost recovery proposals for new gas pipeline infrastructure	95%	Target met. 100 percent of gas certificate accounting inserts were completed on time.
Percentage of financial accounting filings completed timely	75% within 60 days of filing date	Target met. 97 percent of financial accounting filings were completed on time.
Percentage of reporting requirement filings completed timely	75% within 60 days of filing date	Target met. 100 percent of reporting requirement filings were completed within 60 days.

Assure Reliability of Interstate Transmission Grid		
Timely approval of ERO/RE budgets and business plans	Complete by November 1, 2008	Target met. The draft order approving the 2009 ERO/RE budgets and business plans was issued in Docket No. RR08-6-000 on October 16, 2008.
Timeliness of processing proposed reliability standards	75% of filed proposed reliability standards are remanded or approved within 18 months, unless found incomplete	Target met. 100% of filed reliability standards have orders issued within 18 months.
Review the performance of the ERO	Complete within 12 months of the submission by the ERO of an assessment of its performance	n/a. ERO performance assessment filing was made on July 20, 2009 in Docket No. RR09-7-000, with a targeted completion date of December

FY 2009		
Performance Measure	**Performance Target**	**Results**
		2009.
Number of ERO Regional Entity compliance audits in which FERC participates	At least one in each of the eight regions	Target met. Participated on 8 Regional Entity audits, one in each region, by June 25, 2009.
Percentage of ERO / industry reliability readiness evaluations of Reliability Coordinators in which FERC participates	75%	N/A. The ERO/industry reliability readiness evaluations of Reliability Coordinators were discontinued in FY2009.
Percentage of load served, included in ERO / industry reliability readiness evaluations, in which FERC participates	35%	Target Met. Participated in 2 readiness evaluations which represented 78% of load served.
Percentage of ERO penalty action rulings reviewed or tolled to prevent inappropriate rulings from going into effect by default	100%	Target met. In FY 2009, 35 Notices of Penalty covering 83 violations were filed. All 35 were reviewed for appropriateness of the finding of violation and penalty and accepted by operation of law, with a public notice of each acceptance issued within the required period for Commission action.
Assess Notices of Alleged Violation and Sanction received from the ERO	Review 60% of Notices of Alleged Violation and Sanction received from ERO within two weeks of receipt for appropriateness of sanction	Target met. In FY2009, 149 Notices of Alleged Violations and Sanctions covering 579 alleged violations were submitted through the portals. Each was reported on and recorded routinely by way of (1) The Overview of Reliability Orders, Matters and Deadlines Chart, and (2) The Pending Case Report prepared by the Division of Investigations.
Timeliness of reporting to the Commission on ERO and Regional Entity audits	Within 120 days of the Commencement Letter	Target met. 100 percent (3/3) of Regional Entity audits reported to the Commission within 120 days.
Percentage of ERO and Regional Entity audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (20/20) of Regional Entity audit recommendations implemented in 6 months.

Protect Safety at LNG and Hydropower Facilities		
Percentage of high- and significant- -hazard-potential dams inspected annually	90%	Target Met. 90% of high- and significant- hazard-potential dams inspected
Percentage of high- and significant-hazard-potential dams that either meet all current structural safety standards or are undergoing investigation or remediation	90%	Target Met. 90% of high- and significant hazard-potential dams either met all current structural safety standards or are undergoing investigation or remediation.
Percentage of LNG peak-shaving facilities inspected biennially	90%	Target Met. 100% of LNG peak-shaving facilities were inspected
Percentage of LNG import terminals inspected annually	90%	Target Met. 100% of the LNG import terminals were inspected
Percentage of qualifying dams that either comply with EAP requirements or are conducting follow-up action(s) on outstanding item(s)	90%	Target Met. 90% of qualifying dams complied with EAP requirements or are conducting follow-up action(s) on outstanding item(s)
Control access to CEII	No instances of improper access or improper denial affecting national security or Commission proceedings	Target Met. No instances.

FY 2009		
Performance Measure	**Performance Target**	**Results**

Incorporate Environmental Considerations into Commission Decisions		
Percentage of final inspection reports completed	75% within 4 months of inspection	Target Met. 100% of final inspection reports completed within 4 months of inspection
Timeliness of issuing environmental licensing requirements	Licensing responsibility letters sent within 60 days of license issuance date	Target Met. All licensing responsibility letters sent within 60 days of license issuance date
Percentage of final NEPA documents issued for ALP/TLP cases: ▪ with settlement agreements ▪ without settlement agreements	▪ 75% within 12 months of settlement filing date ▪ 75% within 24 months of REA date	▪ Target Met. 100% within 12 months of settlement filing date ▪ Target Met. 100% within 24 months of REA date
Percentage of qualifying, major, on-shore-pipeline projects inspected during ongoing construction activity	90% of projects inspected at least once every four weeks	Target Met. 97% of qualifying projects were inspected at least once every 4 weeks.

PERFORMANCE DATA FOR COMPETITIVE MARKETS: FY 2006 - 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Review and propose revisions to OASIS standards	By June 30, 2006	Target Met. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 25, 2006.
Assess demand response	Issue annual report by August 8, 2006	Target Met. Staff report, "Assessment of Demand Response & Advanced Metering" (Docket No. AD-06-2-000) was delivered to Congress on August 4, 2006.
Issue final rule to implement PUHCA provisions of EPAct 2005	By January 31, 2006	Target Met. Final rule was issued on December 8, 2005.
Issue rules governing market manipulation in electricity and gas markets	By September 30, 2006	Target Met. The final rule (Order 670) was issued January 19, 2006 and an order denying rehearing was issued March 22, 2006 in Docket Nos. RM06-3, et al., Final Rule Prohibiting Energy Market Manipulation.
Movement toward competitive markets in each region, including greater interregional coordination of broader, more efficient, and non-discriminatory energy markets	Increase in: ➢ new, independent regional transmission providers ➢ coordination between RTOs or between RTOs and neighboring non-member utilities	Target Met. Some examples: ➢ In order to create a more seamless administration between the tariffs of the Midwest ISO's energy markets and the non-market operations of Mid-Continent Area Power Pool's (MAPP) members that do not belong to the Midwest ISO, the Commission approved MAPP's proposal to conform its Available Transfer Capability (ATC) calculation methodologies to provisions of the Seams Operating Agreement between MAPP and the Midwest ISO. ➢ The Commission approved proposed revisions to the SPP/Midwest ISO Joint Operating Agreement (JOA) and to the Congestion Management Process (CMP) which is incorporated in the JOA to align them more closely with the JOA and CMP of the Midwest ISO/PJM. ➢ Action was taken on Midwest ISO and PJM and their respective transmission owners' proposed revisions to the JOA for allocating to customers in each RTO the cost of new transmission facilities that are built in one RTO but provide benefits to customers in the other RTO (the so-called cross-border facilities).

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Increased presence at RTOs, to improve relationships with and knowledge of existing RTOs	Creation and staffing of an office at any new RTO within 6 months of commencement of operations (including establishment of virtual office processes)	No new RTOs were established during the performance period. All existing RTOs have either staff on location or a virtual office process in effect.
Percentage of filings to establish RTOs, ISOs, or Independent Transmission Companies (ITCs) processed	100% completed within 6 months of filing or before applicants' proposed effective date (whichever is later)	No filings were received to establish new RTOs, ISOs, or ITCs during the performance period.
RTO / ISO establishment of cost-effective market design elements per Order No. 2000	Within three years of commencement of operation, each approved RTO or ISO will implement (if cost effective): ➢ firm transmission rights ➢ resource adequacy approaches ➢ regional independent grid operation ➢ regional transmission planning process ➢ appropriate market monitoring and market power mitigation ➢ transparency and efficiency in congestion management ➢ spot markets to meet customers' real-time energy needs ➢ fair cost allocation for existing and new transmission	Target Met. With the exception of Southwest Power Pool (SPP), all RTOs/ISOs (PJM, ISO-NE, NY-ISO, Midwest ISO, and CAISO) have been operational over 3 years and all have implemented cost-effective market design elements. SPP has been operating as an RTO since November 1, 2004, and has received authorization during FY 2006 to commence a real-time energy imbalance market, as well as having received approvals for its market monitoring and mitigation plans.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Demonstrable improvements in regional competitive market transparency and independence	In each region of the country, there will be: ➢ RTO adoption of additional market-oriented features, programs or rules ➢ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ➢ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs	Target Met. During FY 2006, the Commission acted on a number of proceedings related to improving competitive market transparency and independence. Some actions by the Commission will have nationwide impact. In May 2006, the Commission issued a notice of proposed rulemaking (NOPR) proposing amendments to its regulations and the *pro forma* OATT to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. The NOPR aims to strengthen the OATT and address deficiencies that have become apparent since its adoption 10 years ago, particularly in the areas of available transfer capability calculation and transmission planning. In addition, the Commission approved four proposals by vertically integrated utilities (Duke, MidAmerican, Entergy, and Louisville Gas & Electric) to contract with an independent entity to serve as the independent coordinator of transmission (ICT). The ICT performs oversight over these utilities' transmission systems, including authority to administer utilities' OATT. Other actions taken on proceedings related to establishing new or revised market rules, rule changes in RTOs, and increased transmission independence were region-specific. For example: <u>East</u> In the New England area, the Commission issued an order accepting a proposal filed by ISO-NE and NEPOOL which included, most significantly, the addition of a locational component to the existing Forward Reserve Market and the coordination and optimization of pricing of energy and reserves in real time to be effective October 1, 2006, or later date. In addition, the Commission approved a contested settlement that provided an alternative to the Locational Installed Capacity mechanism called the Forward Capacity Market (FCM). The Commission found that the FCM, in conjunction with an interim mechanism, will provide the revenues needed by generators to preserve reliability in New England. The Commission also found that the forward looking nature of the FCM will provide appropriate price signals to investors when new infrastructure resources are necessary with sufficient lead time to allow that infrastructure to be put in place before reliability is sacrificed. (Continue on next page)

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
(continued from previous page) Demonstrable improvements in regional competitive market transparency and independence	(continued from previous page) In each region of the country, there will be: ➢ RTO adoption of additional market-oriented features, programs or rules ➢ improvement of open access tariff to reduce entry barriers or eliminate undue discrimination ➢ increase in the degree of transmission independence (ownership or control) from generation in regions primarily without RTOs	(Continued from previous page) With respect to the PJM area, the Commission issued an initial order on PJM's proposed reliability pricing model (RPM) designed to replace its existing capacity obligation rules. The Commission found the existing capacity rules to be unjust and unreasonable to ensure energy resources to meet reliability responsibilities, and established further procedures to resolve the remaining issues. At the same time, the Commission encouraged the parties to continue to seek a negotiated resolution, and offered the Commission's settlement judge procedures to facilitate these discussions. <u>Central</u> For the Midwest ISO region, the Commission approved the continuation of mitigation in Broad Constrained Areas; action on proposed revisions to real-time revenues sufficiency guarantee (RSG) payments; approval of revised rules defining less-than-seasonal financial transmission right (FTR) entitlements for network resources; approval of contractual arrangements related to the market monitor and balancing authorities; as well as offering guidance on Midwest ISO's future plans to implement ancillary service markets and an energy-only market. For the SPP region, the Commission provided guidance and approvals related to SPP's proposal to establish a real-time energy imbalance market. Regarding revisions to the OATT, the Commission approved various revisions to the Midwest ISO's creditworthiness provisions, reactive power requirements, as well as changes to the Midwest ISO *pro forma* interconnection agreement which reflect improvements or regional variations needed based upon its operational experience, including new pricing provisions. <u>West</u> In September 2006, the Commission conditionally approved the CAISO Market Redesign and Technology Upgrade (MRTU) market reforms and enhancements, such as a financially binding day-ahead market and more effective congestion management system. Elements of MRTU are intended to fix market design flaws, enhance reliability, better protect wholesale customers from price volatility and gaming, incorporate price-responsive demand in the markets, and encourage construction of new resources.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of section 203 applications processed	98% completed within 90 days of the comments filing date	Target Met. 100% of the 145 section 203 corporate filings were processed by target completion dates in FY 2006.
Issue final rule on RTO and ISO accounting to improve oversight of RTO and ISO costs	By January 31, 2006	Target met. A final order on RTO accounting and financial reporting was issued on December 16, 2005 in Docket RM04-12-000, Order No. 668.
Percentage of market-based rate filings processed	100% of new filings within 60 days of filing date	Target Met. 100% of the 534 market-based rate filings were completed by the targeted deadline in FY 2006.
Percentage of competitive energy markets and market institution cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	➢ There were no Track I cases ➢ 87% of Track II cases in 47 weeks ➢ There were no Track III cases
Percentage of competitive energy markets and market institution cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Percentage of applications filed by RTOs and ISOs to revise market rules to not inhibit demand response processed	100% within statutory deadlines	Target Met. The Commission processed all 5 filings involving demand response enhancements within the statutory deadlines: ➢ PJM submitted agreements to enhance demand response in the PJM region in a number of ways, including allowing demand resources to participate in PJM's ancillary services market by bidding into the PJM reserve markets. ➢ ISO-NE's Ancillary Services Market (ASM) Phase II will include measures allowing the owners of demand resources to bid their resources directly into the energy and reserve markets on an equal footing with generating resources. This change will establish the supporting market infrastructure that is needed to develop fully the potential for demand participation in the wholesale markets. ➢ NYISO's filing eliminated the sunset dates for NYISO's Day-Ahead Demand Response Program and its Emergency Demand Response Program. ➢ ISO-NE's proposal to establish a demand response reserve pilot program to test whether certain resources can reliably provide 30-minute and 10-minute Operating Reserve services. ➢ CAISO's MRTU tariff provides loads with demand response capability the opportunity to participate in the CAISO day-ahead, real-time, and ancillary services markets under comparable terms as supply.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Support development of robust customer demand-side participation in energy markets in areas where it does not exist	Meet at least annually to discuss demand response issues with appropriate state commission officials	Target Met. Held technical conference on demand response in January 2006, where state representatives, including several state commissioners from all regions of the U.S., participated on panels. Met with NARUC officials in January 2006 to discuss Commission demand response report and seek their assistance in the FERC demand response and advanced metering survey. Met in April 2006 with Midwestern state officials, primarily Illinois Commissioners, on the development of a regional demand response initiative. Discussed demand response report with state officials and Commissioners at various events including the NARUC Winter Meeting in February 2006 and an EPRI Summer Seminar on Energy Efficiency and End-Use Technologies in August 2006.
Percentage of proposed NAESB business practice standards rulemakings completed	➢ 100% of non-controversial rulemakings within 9 months ➢ 100% of controversial rulemakings within 12 months	Target Met. During FY 2006, the Commission issued a final rule adopting the Wholesale Electric Quadrant's controversial first set of business practice and communication standards within 12 months of receiving NAESB's complete proposal. Docket No. RM05-5-000; Final Rule, Order No. 676, "Standards for Business Practices and Communication Protocols for Public Utilities," was issued April 25, 2006.
Percentage of initial orders completed on third-party complaints	➢ 80% within 60 days ➢ 95% within 180 days	➢ 60-day target not met. 49% (28 of 57 {1 projected}) issued within 60 days. This was an internal deadline, not statutorily based, and did not have a negative impact on operations. ➢ 180-day target met. 95% (49 {1 projected} of 51 {1 projected}) issued within 180 days.
Percentage of initial orders completed on fast track third-party complaints	90% within prescribed time frame	Target Met. One filing was received and completed on time.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Employ Best Practices In Market Rules		
Timeliness of review of proposed market rules	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 358 filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates.

FY 2007		
Strategy		
Performance Measurement	Performance Target	Data Source
Percentage of proposed NAESB business practice standards rulemakings completed	➢ 100% of unopposed rulemakings within 9 months ➢ 100% of all rulemakings within 12 months	Targets Met. The Commission issued two NAESB business practice standards rulemakings during the fiscal year, both completed within 9 months of issuance of the notice of proposed rulemaking, as follows: Docket No. RM05-5-003; NOPR issued February 20, 2007; Final Rule, Order No. 676-B, "Standards for Business Practices and Communication Protocols for Public Utilities," issued April 19, 2007; and Docket Nos. RM96-1-027 and RM05-5-001; NOPR issued October 25, 2006; Final Rule, Order 698, "Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities," issued June 25, 2007.
Timeliness of applications processed on requests to encourage demand response in organized markets	Within 60 days of filing date or applicants' requested date, whichever is later	Target Met. All 15 filings were acted on within 60-day statutory due dates.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of review of filings to reduce or eliminate seams between organized markets	By the statutory due date or the applicants' requested date, whichever is later	Target Met. All 10 filings dealing with seams issues were completed by statutory due dates. In addition, two major orders were issued related to the California ISO's Market Redesign Technology Update (MRTU) addressing seams issues between CAISO and neighboring systems in the Western Interconnect. A technical conference was held on December 15, 2006, in Phoenix, Arizona, to address these western seams issues; and on March 29, 2007, a second conference was held in Washington, DC, to address eastern seams issues.
Assure Proposed Mergers and Acquisition Are in the Public Interest		
Percentage of merger authorizations upheld by the courts	90%	Target met. 100% of merger authorizations have been upheld by the courts.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of merged applicants reporting on compliance with merger conditions imposed by the Commission	100%	Target Met. 100% of the 9 merger applicants reported on compliance, *if* or *as* applicable, with the four types of conditions—summary, notice of consummation, proposed accounting entries, and additional conditions—imposed by the Commission. It should be noted that most of the "additional" conditions only require compliance in the event that the merger applicants subsequently take some specific action. For example, in 5 of the 9 mergers, the Commission imposed a "hold-harmless" condition, requiring that if the applicants seek to recover merger-related costs through jurisdictional rates, they must show offsetting merger-related cost savings. As of yet, none of the applicants have sought to recover any merger-related costs, so they haven't needed to make a compliance filing.
Timeliness of processing applications for the disposition, consolidation, or acquisition under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	➢ Within 180 days for non-major mergers ➢ Within 360 days for major mergers	Targets Met. ➢ 100% of the 100 non-major dispositions were completed within 180 days. ➢ 100% of the 9 major merger cases were completed within 360 days.
Address Market Power in Jurisdictional Wholesale Markets		
Revise open access transmission tariff	Issue final rule by June 30, 2007	Target Met. Docket Nos. RM05-17-000 and RM05-25-000; Final Rule, Order 890, "Preventing Undue Discrimination and Preference in Transmission Service," issued February 16, 2007.
Timeliness of processing initial market-based rate filings	Within 60 days of filing date or by applicant's requested date, whichever is later	Target Met. 100% of the 167 initial market-based rate applications were completed by the established target date.
Develop generation market power screens for electric market based rates	Issue final rule by June 30, 2007	Target Met. Docket No. RM04-7-000; Final Rule, Order 697, "Market-Based Rates for Wholesale Sales Of Electric Energy, Capacity And Ancillary Services By Public Utilities," issued June 21, 2007.
Act timely on complaints	80% within 60 days or, for fast-track cases only, within the designated timeframe	Target not met; 78%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	➢ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ➢ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later	➢ Target Met. 83% (40 of 48) filed within 60 days of the date of the answer. ➢ Target met. 98% (47 of 48) filed within 180 days of the date of the answer.
Timeliness of review of proposed RTO/ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met. 100% (410 out of 410) filings from PJM, ISO-NE, NYISO, NEPOOL, SPP, Midwest ISO, and California ISO were acted on by statutory due dates
Percentage of proposed NAESB business practice standards rulemakings completed	100% of all proposed rulemakings within 12 months of receipt of comments	Target Met. The Commission issued one NAESB business practice standards rulemaking. Docket No. RM05-5-005, NOPR issued April 21, 2008; Final Rule, Order No. 676-C, "Standards for Business Practices and Communication Protocols for Public Utilities," issued July 21, 2008 (three months later)
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines, or by the applicant's requested date, whichever is later	Target Met. 100% (10 out of 10) filings were acted on by statutory due dates.
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met. Participated in and/or facilitated 34 sessions in first quarter, 36 sessions in second quarter, 33 sessions in third quarter, and 28 sessions in fourth quarter.
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met. 100% (6 out of 6) filings dealing with border utility issues between markets were completed by statutory due dates.
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	➢ 100% processed within 180 days for non-major dispositions ➢ 100% processed within 360 days for major dispositions	➢ Target Met. 100% (142 out of 142) of non-major dispositions were completed by the statutory deadlines ➢ Target Met. 100% (7 out of 7) of major merger cases were completed by the statutory deadline.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met. 100% (156 out of 156) of initial market-based rate applications were completed by the established target date.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Employ Best Practices in Rules		
Percentage of initial orders completed on third-party complaints	▪ 75% filed with the Commission within 60 days of the date of the answer or by complainant's requested date, whichever is later ▪ 90% filed with the Commission within 180 days of the date of the answer, or by complainant's requested date, whichever is later	▪ Target met; 78% (28 of 36) filed within 60 days. ▪ Target met; 97% (35 of 36) filed within the 180 days.
Timeliness of review of proposed RTO/ ISO market rules	100% by the statutory due date or the applicant's requested date, whichever is later	Target Met - 100% of the 221 filings from PJM, ISO New England, New York ISO, Southwest Power Pool, Midwest ISO, and California ISO were acted on by the statutory due dates
Timeliness of processing cases that encourage demand response in organized markets	100% of statutory cases processed within statutory deadlines or by the applicant's requested date, whichever is later	Target Met - 100% of the 15 filings to encourage demand response were acted on by the statutory deadlines
Industry and state outreach to increase Commission awareness and understanding on emerging energy issues	Participate in and/or facilitate 10 sessions per quarter	Target Met - Participated in and/or facilitated 23 sessions in the first quarter, 24 sessions in the second quarter, 17 sessions in the third quarter, and 11 sessions in the fourth quarter of the fiscal year
Reduce Barriers to Trade Between Markets and Among Regions		
Timeliness of processing complete filings to reduce or eliminate border utility issues between markets	100% processed by the statutory due date or applicant's requested date, whichever is later	Target Met - 100% of the 8 filings dealing with border utility issues between markets were completed by the statutory due dates
Assure Proposed Mergers and Acquisitions are in the Public Interest		
Timeliness of processing complete filings for the disposition, consolidation, or acquisition, under section 203 of the FPA, of jurisdictional facilities (including transactions involving certain transfers of generation facilities and public utility holding company transactions, and issues of cross subsidization or encumbrances of utility assets)	100% processed within 180 days for non-major dispositions 100% processed within 360 days for major dispositions	Target Met - 100% of the 95 non-major dispositions and the 1 major merger case were completed by the established deadlines

FY 2009		
Performance Measure	**Performance Target**	**Results**

Address Market Power in Jurisdictional Wholesale Markets		
Timeliness of processing initial electric market-based rate filings	100% processed within 60 days of the filing date of a complete application or by applicant's requested date, whichever is later	Target Met - 100% of the 189 initial market-based rate applications were completed by the established target date
Revise and clarify Standards of Conduct	Issue Final Rule by December 31, 2008	Target met. Order No. 717 revising Standards of Conduct for Transmission Providers issued October 16, 2008, and became effective November 26, 2008.

PERFORMANCE DATA FOR ENFORCEMENT: FY 2006 - 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Reduce duplicative information requests through coordination with CFTC	50% reduction by September 30, 2006	Target met. Investigations coordinated with CFTC on all known cases of joint interest and there were no known duplicative information requests.
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. Verified within 10 business days.
Review EQR submissions for completeness and contact companies that make up at least 80% of reported revenue for incomplete submissions	Within 10 business days of submission	Target met. Contacted 100% of companies in the EQR database that had filed incomplete submissions within 10 business days of filing deadline.
Conduct follow up reviews of companies that make up at least 80% of reported revenue on exercise of market power or market manipulation	Within 60 days of final submission	Target Met. Conducted follow-up reviews of EQR filers that make up at least 80% of reported revenue for the third quarter of 2005 for market manipulation or exercise of market power within 60 days of final submission.
Timeliness of reporting to Commission on important market events	Analysis complete within 60 days of event	Target Met. Provided the Commission with seven presentations at open Commission meetings, 26 Weekly Market Reviews beginning in April 2006 reviewing weekly market developments and performance, and seven end-of-day summaries on market conditions during heat waves in the summer of 2006.
Percentage of Hotline calls resolved	60% within 2 weeks of initial contact	Target Met. Since October 1, 2005, 80% of hotline calls were resolved within two weeks of initial contact.
Percentage of non-environmental, non-tribal ADR processes (agreed to by parties) concluded	75% within 120 days (convening and process)	Target Met. The DRS completed 25 cases in FY 2006 that were non-environmental and non-tribal, and in which the parties agreed to pursue an ADR process. Of these, 22 were completed within 120 days after being referred the DRS (88%)

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Number of ADR requests and referrals to the Dispute Resolution Service	Minimum number of requests and referrals equal to FY 2004	Target Met. The DRS addressed 70 new requests or ongoing cases from a previous year, involving gas, electric, hydroelectric, oil, and pipeline matters. This represents a 29.6% increase over FY 2004
Favorable Dispute Resolution Service customer satisfaction	80% customer satisfaction rate	Target Met. For training given by DRS, customer satisfaction rate was 89%. For casework concluded in FY 2006, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Percentage of market manipulation cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	There were no Track I, II, or III cases
Percentage of market manipulation cases set for hearing that achieve partial or complete consensual agreement	75%	100%
Timeliness of reporting to the Commission on operational audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of operational audits were reported to the Commission within 120 days of Commencement Letters.
Percentage of operational audit recommendations issued and implemented	85%	Target Met. 100% of operational audit recommendations have been issued and implemented.
Timeliness of reporting to the Commission on financial audits	85% reported to the Commission within 120 days of Commencement Letter	Target Met. Since the beginning of the rating year, 100% of financial audits were reported to the Commission within 120 days of Commencement Letters.
Percentage of financial audit recommendations issued and implemented	85%	Target Met. 100% of financial audit recommendations have been issued and implemented.
Timeliness of reporting to the Commission on Standards of Conduct compliance audits	85% reported to the Commission within 120 days of Commencement Letter	No Standards of Conduct compliance audits were initiated during FY 2006.
Percentage of Enforcement investigations completed	75% within one year	Target Met. From October 1, 2005 to the present, 88% of cases were closed within one year (84% within 9 months and 60% within 6 months).

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Identify and Remedy Problems with Structure and Operations In Energy Markets		
Timeliness of verification of EQR submissions	Within 10 business days of submission	Target met. 100% verification within 10 business days.
Evaluate and improve the usefulness of EQR data	➢ Issue a data dictionary for all undefined fields with restricted entries ➢ Review the current EQR data structure and develop written recommendations for improvements	Targets met. Issued Final Order in Docket No. RM01-8-006 on September 24, 2007 which defined all EQR fields and improved EQR data structure.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Number of RTO and ISO MMU performance metrics	Increase over FY 2006	Target met. One new RTO and ISO MMU performance metric was developed in FY2007 (increasing the number of performance metrics from 11 in FY 2006 to 12 in FY 2007).
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. 100% acted on within 30 days.
Percentage of organized markets reviewed and market structure and operations problems or deficiencies identified	100% reviewed and reports completed identifying market problems or deficiencies, if any, and recommended solutions	Target met. 100% of organized markets reviewed in daily oversight meetings, including all RTO/ISO markets, NYMEX, ICE and other relevant markets. Results of continuing review communicated to Commissioners via Weekly Reports and to the public via the Market Oversight website and the State of the Markets Report. Seven major structure and operations problems were identified.
Timeliness of actions on problems or discrepancies identified in reviews of organized markets	With 6 months of completed report	Target met. Addressed all seven identified issues within six months of identification. Issues included: prices over $400 in West, lack of transparency for intrastate pipelines, lack of transparency for natural gas sales and purchases, need to clarify role of MMUs in RTOs, PJM/MISO transmission issues, CenterPoint data reporting, and Rockies Gas Prices.
Publish annual assessment of infrastructure and market conditions for each region	Complete by June 30, 2007	Target met. The State of the Markets Report was completed in February 2007 and detailed market and infrastructure issues for the country as a whole. In addition the Seasonal Assessment was published for electric power on May 17, 2007, specifically addressing summer 2007 and the new Market Oversight website provides updates and detailed information for each region on a monthly basis.

Establish Clear and Fair Processes		
Improve Forensic Audits and Investigations information technology tools	Implement capability to search e-mails and voice recordings by June 30, 2007	Target met. The capability to search voice recordings was implemented beginning in September 2006 and the capability to search e-mails was implemented beginning in August 2006.
Improve Forensic Audits and Investigations capabilities	90% of enforcement and compliance staff participate in forensics training and interviewing skills by June 30, 2007	Target met. 95% of enforcement and compliance staff received training on forensic interviewing and auditing. Classes were held in August 2005 and May 2006.
Timeliness of reporting to the Commission on operational audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of operational audits (24 out of 24 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of operational audit recommendations issued and implemented	90%	Target met. 100% of operational audit recommendations issued were implemented within 6 months.

FY 2007		
Strategy		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of reporting to the Commission on financial audits	100% reported to the Commission within 120 days of Commencement Letter	Target met. 100% of financial audits (43 out of 43 from 10/1/06 – 9/30/07) were reported to the Commission within 120 days of the Commencement Letter.
Percentage of financial audit recommendations issued and implemented	90%	Target met. 100% of financial audit recommendations issued were implemented within 6 months.
Conduct Investigations Promptly and Impose Penalties Where Appropriate		
Percentage of enforcement investigations completed	75% within one year of initiation	Target met. 94.8% of investigations were closed within a year of being initiated.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. 75% of Hotline calls were resolved within 2 weeks of initial contact.
Encourage Self-Policing and –Reporting of Violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 95% of regulated entities included in the annual audit plan were audited (74 out of 78).
Timeliness of responses to regulated entities seeking guidance and clarification on compliance issues	Within 60 days	Target met. Responded to 100% of regulated entities seeking guidance and clarification on compliance issues within 60 days.
Timeliness of completing recommendations on compliance issues raised by regulated entities	Within 180 days, where Commission action is required	Target met. 100% of recommendations to the Commission (where Commission action was required) were completed within 180 days of completing an investigation originated by a self report.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. The Pending Case Report is issued at the end of each month and reports on compliance issues (i.e., self reports) raised by regulated entities.

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. 45 Weekly Market Reviews (WMR) were produced. In 2 other instances, market conditions were summarized at the Commission's monthly meeting. In addition to the 45 WMRs published, 13 special reports providing in-depth analysis of emerging market issues were also published.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. Actions on all significant issues were completed within 6 months.

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
Complete transition of consolidated reporting to a web strategy	Complete by June 30, 2008	Target Met. The transition of this web strategy was completed in March 2008 when the State of the Markets report was published to the Oversight page (http://www.ferc.gov/market-oversight/market-oversight.asp) on the external FERC website.
Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. The Commission was provided with a written memo and recommendations for each of the six settlements approved in FY 2008.
Develop and provide further guidance to the industry on FERC's expanded penalty authority	By September 30, 2008	Target met. The revised Policy Statement on Enforcement was issued on May 15, 2008.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target Met. 100% (30 out of 30)
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target Met. 99% (94 out of 95)
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target Met. 100% (37 out of 37)
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target Met. 100% (23 out of 23)
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target Met. 100% acted on within 30 days.
Percentage of enforcement investigations not including market manipulation issues completed	75% within one year of initiation	Target Met. 89% completed within one year of initiation.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target Met. 100% completed within two years of initiation.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target Met. 78% resolved within 2 weeks of initial contact.

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target Met. 97% (77 out of 79).
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target Met. All five requested no-action letters were all completed in less than 60 days.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target Met. Monthly pending case reports were issued for self-reports of compliance issues.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Identify and remedy problems with structure and operations in energy markets		
Regular monitoring of natural gas and electric markets with significant issues of market structure and operations identified	Weekly reporting of significant issues of market structure and operations	Target Met. The Division of Energy Market Oversight (DEMO) produced a Weekly Market Review (WMR) in 48 weeks during FY 2008. The weeks during which we did not publish a WMR occurred during holiday periods. These WMRs included 24 special reports that provided in depth analysis of emerging market issues.
Timeliness of actions on significant issues identified by regular monitoring of natural gas and electric markets	Within 6 months of completed report	Target Met. The Division of Energy Market Oversight completed all items within 6 months.
Fully implement the Research in Market Oversight (RIMO) program	Perform at least four RIMO projects per year	Target Met. The Division of Energy Market Oversight hosted staff of Italy's Regulatory Authority for Electricity and Gas. In addition, DEMO has hosted over ten foreign delegations and State Public Service Commission representatives in the Market Monitoring Center.
Establish clear and fair processes		
Apply current clear and fair processes to investigations during the fiscal year	Provide recommendations to the Commission for each proposed remedy and penalty with clear and consistent criteria	Target met. Submitted recommendations for civil penalties to be assessed on 16 subjects. Each recommendation included discussion of facts, analysis of applicable Policy Statement factors, and comparison to actions taken in similar cases.
Timeliness of reporting to the Commission on operational audits	Within 120 days of the Commencement Letter	Target met. 100 percent (19/19) of operational audits reported to the Commission within 120 days.
Percentage of operational audit recommendations issued and implemented	90% within 6 months	Target met. 99 percent (75/76) of operational audit recommendations implemented in 6 months.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Timeliness of reporting to the Commission on financial audits	Within 120 days of the Commencement Letter	Target met. 100 percent (9/9) of financial audits reported to the Commission within 120 days.
Percentage of financial audit recommendations issued and implemented	90% within 6 months	Target met. 100 percent (36/36) of financial audit recommendations implemented in 6 months.
Conduct investigations promptly and impose penalties where appropriate		
Timeliness of initiating or deciding action on MMU referrals	80% acted on within 30 days	Target met. Four MMU referrals were received and all were acted on within 30 days.
Percentage of enforcement investigations not involving market manipulation issues completed	75% within one year of initiation	Target not met. 41% of non-manipulation investigations completed in FY 2009 (9 of 22) were completed within one year. This target was missed due to circumstances surrounding two major market manipulation cases in which management was required to shift staff resources from non-market manipulation cases to these two high-profile market manipulation cases. This did not have a negative impact on the performance of the enforcement program. To the contrary, the successful outcome of these market manipulation cases demonstrates the strength of the Commission's enforcement program. The Commission has consistently met this target in previous years.
Percentage of market manipulation enforcement investigations completed	75% within two years of initiation	Target met. All market manipulation investigations completed in FY2009 were completed within two years.
Percentage of Hotline calls resolved	70% within 2 weeks of initial contact	Target met. DOI received 502 Hotline calls and closed 485 Hotline matters. 70.5% of the calls were resolved within two weeks of initial contact.
Encourage self-policing and -reporting of violations		
Percentage of regulated entities audited to ensure internal compliance programs and processes are in place	85% of regulated entities included in annual audit plan	Target met. 100 percent of regulated entities included in annual audit plan audited to ensure internal compliance programs and processes are in place.
Process complete requests for "No Action"	Within 60 days of receipt of final request	Target not met. Three out of four No-Action letters were issued in fewer than 60 days; the fourth was issued in 69 days. This did not have a negative impact on the program.
Timeliness of reporting on compliance issues raised by regulated entities	Reports completed monthly	Target met. Compliance issues raised by regulated entities are reported monthly as part of the DOI Pending Case Report.

PERFORMANCE DATA FOR SUPPORTING INITIATIVES: FY 2006 - 2009

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of summer interns hired into permanent positions	30%	Target Not Met. 14.3% of summer interns eligible to be rehired accepted offers of permanent employment. Conversions of summer interns have steadily declined since its high in 2003 with 33%. As EPAct of 2005 requirements have evolved, the need for skill sets not represented in the summer intern population has dictated hiring from other sources. This measure is omitted in 2007 and reduced in 2008 to 20%.
Implement entry-level Professional Development Program	Complete by September 30, 2006	Target Met. FERC Entry-Level Retention Program distributed to Program Offices in September 2006.
Percentage of minorities among senior-level positions (GS-14, GS-15, SL, and SES positions)	Increase over FY 2005	Target Met. Percentage of minorities among senior-level positions increased by 1% over FY 2005.
Implement Commission-wide Business Requirements guidelines	Complete by September 30, 2006	Target Met. Commission-wide Business Requirements Guidelines distributed to the Training Council in September 2006
Reliability of IT infrastructure	99% network availability rate	Target Met.
FISMA compliance according to the Putnam scorecard	Grade of "A"	Target Met. FERC received a grade of an "A" based on the Putnam scorecard for its most recent FISMA report which ended September 30, 2006.
Integrate the Business Plan, CPIC process, and IT architecture into the Commission's Enterprise Architecture	Complete by September 30, 2006	Target Met. DCIO's current CPIC process requires all requests to map to the FERC Business Plan. Pursuant to the CPIC process Information Technology (IT) projects are approved or denied based on a number of criteria one being whether or not it supports the Commission's mission. Approved IT projects generate a Control Board action producing document. The data from the approved CCN is used to update the IT architecture which is entered into the Commission's Enterprise Architecture through the use of the Metis tool.
Percentage of approved IT initiatives with supporting documentation per the Commission's CPIC process	100%	Target Met. The CPIC Investment Review Board approved 21 projects of which all 21 went through the CPIC review process. Therefore, 100% of the approved IT projects went through the CPIC approval process.
Establish earned value management schedule and cost performance indices for all major projects	Complete by September 30, 2006	Target Met. As implemented in FERC Capability Maturity Model Integration level 2 (CMMI-2) policies and procedures, EVM is used to measure progress on major projects and major phases of multi-phased projects.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Develop and implement automated Business plan	Complete by September 30, 2006	Target Not Met. Though Software development for Phase 2 of the Activity and Tracking Management System (ATMS) has been completed, the target was not met because extensive testing of Phase 2 due to integration with other eGovernment systems will push deployment to February 2007. Though Phase 2 will support business plan reporting that is integrated with the HR time reporting system (MAPS), that reporting will depend on requisite information (e.g. proper use of time reporting codes, MAPS data, etc.) input by FERC's program and other offices. And since full automation will require Commission-wide deployment (Phases 3 and 4) and additional reporting requirements definition and software development, the target will not be fully met until ATMS Phase 4. Since manual processes for business planning will remain in place until they are replaced by an automated Business plan, there is no impact on operations or program performance.
Percentage of qualified-procurements that are performance-based	100%	Target Met. Of the 676 actions awarded during the period, a total of 78 actions were identified as performance-based. All 78 of these actions were awarded under performance-based contracts.
Percentage of qualified-procurements that are advertised on-line	100%	Target Met. Of the 676 actions awarded during the period, a total of 4 actions qualified for on-line advertisement, and all 4 actions were advertised on-line with Federal Business Opportunities (fedbizops.)
Percentage of total procurement dollars awarded to small, women-owned, and minority businesses	5% increase over FY 2005	Target Met. In FY 2005, the Commission awarded 22% of its total procurement dollars to small, women-owned and minority businesses. In FY 2006, the Commission awarded 34% of its total procurement dollars to these entities which constitutes a 12% increase over the FY 2005 performance level.
Percentage of invoices paid via electronic funds transfer	99%	Target Met. During FY 2006, the Commission paid 99% of its invoices via EFT.
Percentage of payments in compliance with Prompt Payment Act deadlines	100%	Target Not Met. During FY 2006, the Commission processed 94% of its payments in compliance with Prompt Payment Act deadlines. The primary cause was the Commission's acceptance of invoices during the FY 2006 Continuing Resolution (October - December) which could not be paid. Since January, the Commission has processed 98% of its payments in compliance with Prompt Payment Act deadlines.
Percentage of payments made without error	100%	Target Not Met. During FY 2006, the Commission made 99% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Timeliness of collecting accounts receivable	90% of invoices collected by due dates	Target Met. During FY 2006, the Commission collected 94% of its invoice balances by the stated due date.
Complete and accurate annual financial statements	Unqualified opinion on audited financial statements	Target Met
Percentage of filings capable of being received electronically	95%	Target Not Met. 42% of all document types are currently capable of being received electronically. Meeting the target has been delayed because of two primary factors: 1) The Commission has been responsive to industry feedback regarding the most efficient way for tariff filings to be filed electronically and has extended the prototyping and discussion of proposed solutions; and 2) The Commission has delayed to improve infrastructure (supporting database, storage, server, and disaster recovery infrastructure). To mitigate the effects of the delay the Commission encourages the filing of non-eFiling-capable documents on digital media (CD, DVD); routinely accepts non-eFiling-capable documents electronically on an exception basis when requested by filers; and performs OCR and full-text indexing on documents submitted on paper. In addition, the Commission is actively planning and gathering requirements for an eFiling system release that will meet the target. Given the mitigation efforts, there have been no negative impacts on program performance or operations.
Percentage of Commission orders approved during open meetings issued	99% within 5 business days	Target Met. 321 agenda items were approved in open meeting during the rating period. All but 2 were issued within 5 business days.
Percentage of Commission orders approved by notational vote issued	99% within 1 business day of adoption date	Target Not Met. 933 agenda items were approved through the notational process. 40 items were issued after one day of adoption date; these were all issued on the following business day. Percentage is 96%. This is a remarkable accomplishment considering the significant increase in notational items during this appraisal period and the target did not change from last appraisal period. This did not have a negative impact on operations.
Percentage of legally required notices issued	95% within 3 business days of being posted on eLibrary	Target Not Met. This measure includes notices for electric rate filings prepared by the Secretary; notices for other industries are prepared by program offices. Number of electric rate notices during the appraisal period is 2,667. Of these, 632, or 76%, were issued three days after filing was posted on eLibrary. This target was not met due to staff shortages. However, no Commission proceeding or action was negatively affected.

FY 2006		
Performance Measurement	**Performance Target**	**Data Source**
Percentage of press releases on important agency actions issued	95% within 1 hour of order being issued	Target Met. In FY 2006, 90 out of 92 or 97.8% of press releases were issued within 1 hour of action being taken.
Percentage of responses to public inquiries	➢ 60% within 3 business days ➢ 100% within 5 business days	Target Met. In FY 2006, OEA responded to approximately 2,800 public inquiries. Over 90% of these inquiries were responded to within 1 business day of receipt. All public inquiries were responded to within 5 business days.
Percentage of agency actions and time-sensitive content posted on the FERC Internet Website	95% within 1 hour of order being issued	Target Met. In FY 2006, 3,159 of 3,201 or 98.7% of important agency actions were posted on the Commission's internet website within 1 hour of issuance.
Timeliness of notices to NEB (Canada) and CRE (Mexico) of FERC activities pursuant to Memorandum of Understanding	Within 1 business day	Target Met. The NEB and CRE are routinely notified of significant Commission activities that impact their respective countries through emails with summaries and links to these orders within one business day of the order being issued.
Timeliness of regional hearings or conferences email notifications sent to State officials and Governors	Within 1 business day	No regional hearings/conferences took place during the review period.
Submit FY 2005 Annual Report to Congress	Complete by June 30, 2006	Target Not Met. FY 2005 Annual Report has not been sent to Congress. The target was not met due to a significant change in the format of the Annual Report to improve the overall product by making it more targeted to the audience groups. The decision to re-format the Annual Report to track the agency's Strategic Plan resulted in a significantly more time-consuming review process and an extended period for obtaining the content for the Annual Report. There were no negative impacts on operations. The process for the FY 2006 Annual Report has already been initiated and the expectation is that the target will be met.
Submit FY 2005 international exchange and training activity data to U.S. Department of State	Complete by April 1, 2006	Target Met. FY 2005 international exchange and training activity data was sent to the U.S. Department of State in March 2006.
Submit FY 2005 FOIA Annual Report to Department of Justice	Complete by February 1, 2006	Target Met. FY 2005 FOIA Annual Report to the Department of Justice was submitted on January 27, 2006.
Submit FY 2005 Information Quality Agency Annual Report to OMB	Complete by January 1, 2006	Target Met. FY 2005 Information Quality Agency Annual Report was submitted to OMB prior to January 1, 2006.

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
Develop and implement a competency-based requirements framework	Complete by January 31, 2007	Target Met. Framework developed in January, 2007. Implementation ongoing with mainstream occupations.
Percentage of women and/or minorities among all positions	Increase over FY 2006	Target Met. FY 2007 percentage for women was 52.9%. Increased percentage over FY06 by 8% (FY 2006 - 44.5%). FY 2007 percentage for minority women was 20.6%. Increased percentage over FY06 by 1.1% (FY 2006 – 19.5%).
Improve retention ratio of entry-level new hires	Increase FY 2006 ratio by 10%	Target Met. Retention ration for FY 2007 hires was 100% (FY 2006 percentage was 95%).
Implement workforce planning tools	Complete by September 30, 2007	Target Met. Implemented Hiring Gap Spreadsheet and Personnel Status Report. Continue to prepare and publish the Human Capital Plan.
Timeliness of submitting Fair Act Inventory to OMB per Circular A-76 requirements	Complete by June 30, 2007	Target Met. FY 2007 FAIR Act was submitted to OMB 6/30/07.
Customers are satisfied with the use of eGovernment initiatives to interact with FERC	90%	Target Met. The customer satisfaction level for FERC eGov Services exceeds 96% based on data collected from the external users surveys.
Federal FTE time is mapped through systems to workload and strategic goals and objectives	Fully implemented by September 30, 2007	Target Not met. With the deployment of ATMS Phase 2 in February FY07 the following offices are fully able to map workload to strategic goals and objectives using an enterprise-wide system: OAL, OED, OGC, and OEMR (now OEMR and OER). For the following offices, some divisions are able to map workload to strategic goals and objectives using an enterprise-wide system while other divisions can map workload to strategic goals and objectives but must continue to use legacy, departmental, and/or cuff systems: OEA, OALJ, OE, OEP. Mapping of workload in terms of FTE time requires both a revision of budget reporting codes and development of a report that correlates information in the enterprise-wide workload tracking system with information in the FERC HR system. The complete implementation of all ATMS phases will take longer than planned due to contract staffing reductions from funding shortages under a yearlong FY 2007 continuing resolution and because the effort was underestimated. A detailed plan for ATMS Phase 3 is currently under review and the target may not be fully met in FY 2008.
Align Commission costs to strategic objectives	Complete by September 2007	Target Met. The FY2009 Budget Request has been structured to map both FTEs and the Commissions costs to strategic objectives and was completed on September 10, 2007.
Percentage of vendor payments made by established due dates	99%	Target Not Met. During FY07, the Commission processed 97.1% (1897 out of 1953) of payments in compliance with Prompt Payment Act deadlines. 37

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
		of the 56 late payments did not result in interest begin paid to the vendor. The failure to meet this target did not have an adverse affect on overall program performance.
Percentage of payments made without error	100%	Target Not Met. During FY 2007, the Commission made 99.7% of its payments without error. The failure to meet this target did not have an adverse affect on overall program performance.
Timeliness of collecting accounts receivable that offset the Commission's appropriation	95% collected by due dates	Target met. During FY 2007, the Commission collected 99.5% of its offsetting accounts receivable by their stated due date.
Financial statements that present fairly, in all material aspects, the Commission's financial position	Unqualified audit opinion on FY 2006 financial statements	Target Met. Unqualified opinion received November, 2006
Percentage of transactional case assessments or convening sessions concluded	75% within 20 days	Target Met. DRS completed 100% (41 out of 41) transactional case assessments or convening sessions within 20 days after being referred to the DRS.
Percentage of transactional ADR processes agreed to by parties concluded	75% within 120 days total (convening and process)	Target Met. Dispute Resolution Services completed 34 transactional processes or cases, both environmental and non-environmental in which parties agreed to pursue an ADR process. Of these, 31 were completed within 120 days after being referred to the DRS (91%).
Number of ADR requests and referrals to the Dispute Resolution Service	Increase number over FY 2004 (base year)	Target Met. DRS addressed a total of 79 new requests or ongoing cases from a previous fiscal year involving gas, electric, hydropower, and pipelines. This represents a 46.3 % increase over FY2004, in which there were 54 new requests or ongoing cases.
Favorable Dispute Resolution Service customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. The DRS requests customer feedback through evaluations of casework processes, and training sessions. For casework concluded in FY2007, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%. In training sessions during FY2007, participant ranking for Course Content averaged 90%, Course Materials averaged 88%, and Instructor Effectiveness averaged 94%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004 (base year)	Target Met. There were 65 active outreach projects in FY2007. This represents a 1.6 % increase over 2004 in which there were 64 projects. Note: The projects were both internal and external to FERC.
Ensure timely and effective communication to all stakeholders	➢ Issue 95% of press releases for important agency actions on the same day as the underlining action ➢ Post 95% of important agency actions on the same day as the underlining action ➢ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ➢ Develop webpages within the	Targets Met. ➢ In FY 2007, 80 out of 80 or 100% of press releases were issued within 1 hour of action being taken. ➢ In FY 2007, 3816 of 3820 or 99% of important agency actions were posted on the Commission's internet website within 1 hour of issuance ➢ In FY 2007, the office provided an

FY 2007		
Performance Measurement	**Performance Target**	**Data Source**
	assigned timeframe to enhance and support the Commission's initiatives and goals	initial and complete response to 2272 of 2791 or 81% of public inquiries at the time of receipt. ➢ In FY 2007, the Commission developed the following webpages in the assigned timeframe: Market Oversight, Electric Competition, OATT Reform, Blanket Certificates, Transmission Investment, Pipeline, Hydrokinetic Energy, MOU, Policy Statement, Hydro licensing, Annual Charges, Career, Media form, and FOIA form.
Enhance communication with National and International groups	➢ Respond to 50% of Official Congressional correspondence within 10 business days ➢ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlining action along with briefing offers where appropriate ➢ Provide timely and effective briefings to members of Congress ➢ Provide email notification of significant Commission actions to effected State regulatory agencies within 1 to 2 business days of the underlining action ➢ Accommodate visitation requests from delegations from various countries and organizations	Targets Met. ➢ 130 out of 205 pieces of official Congressional correspondence, or 63%, were responded to within 10 business days. ➢ In FY 2007, email notifications to members of Congress were sent out on 340 significant Commission actions within 1 to 2 business days of the underlining action. Briefing offers were made on appropriate items. ➢ In FY 2007, the Commission provided 38 briefings to members of Congress. ➢ In FY 2007, 178 email notifications to State regulatory agencies were sent out on significant Commission actions within 1 to 2 business days of the underlining action. ➢ In FY 2007, OEA hosted 71 visits from 75 countries and organizations.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 88% of cases set for hearing achieved partial or complete consensual agreement.
Percentage of cases set for hearing completed according to the established schedule	➢ 75% of Track I cases in 29.5 weeks ➢ 75% of Track II cases in 47 weeks ➢ 75% of Track III cases in 63 weeks	Targets Met. ➢ There were no Track I cases. ➢ 80% of Track II cases in 47 weeks. ➢ 88% of Track III cases in 63 weeks.
Issue well-reasoned initial decisions, based on facts, law, and Commission policies which are upheld in whole or in part	80% of initial decisions upheld in whole or in part	Target Met. 91% of initial decisions were upheld in whole or in part.

FY 2008		
Performance Measure	**Performance Target**	**Results**
Number of ADR requests and referrals addressed by the Dispute Resolution Service	Increase number over FY 2004	Target Met. The DRS addressed 57 new ADR requests and referrals; 3 more than FY 2004.
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target Met. The DRS had a 90% (18 out of 20) success rate in assisting parties achieve consensual resolution of cases.
Favorable Dispute Resolution Service customer satisfaction for casework and outreach	80% customer satisfaction rate	Target Met. In trainings and workshops during the period, participant ranking for Course Content averaged 89% and Instructor Effectiveness 93%. For casework, all participants who completed evaluations gave the DRS staff favorable comments, for a satisfaction rate of 100%.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target Not Met. The DRS delivered or assisted with 37 outreach events, equal to the number in FY 2004. The DRS met all of the outreach needs and there were no negative program impacts.
Of ADR processes concluded, percentage that resulted in savings of time and/or money over traditional processes	75%	Target Met. 100% of participants who completed a survey indicated that the use of ADR resulted in savings of time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 91%
Ensure timely and effective communication to all stakeholders	➢ Issue 95% of press releases for important agency actions within 1 hour of action being taken ➢ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ➢ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ➢ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals	➢ Target Met. 95% (71 out of 75) press releases were issued within 1 hour of action being taken. ➢ Target Met. 100% (4,004 out of 4,005) important and time-sensitive actions were posted within 1 hour of action being taken by the Commission. ➢ Target Met. 74% (3,833 out of 5,149) of inquiries were provided a complete response at the time of the receipt of the request. ➢ Target met. 19 new web pages and/or sections on FERC.gov were developed within the assigned timeframe.
Enhance communication with National and International groups	➢ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ➢ Provide email notification of significant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ➢ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ➢ Provide email notification of outreach efforts (i.e., panel discussions, workshops,	➢ Target Met. 100% (61 out of 61) briefings were held and (318 out of 318) congressional inquiries were responded to within 10 business days of the request. ➢ Target Met. Email notifications concerning 292 significant Commission actions were sent within 1 to 2 business days of the underlying action. ➢ Target Met. 61 timely and effective briefings with members of Congress were held. Briefings on the top priority issues of cyber security; market manipulation; and transmission line siting were held within appropriate time frames. State officials were also briefed on these issues. ➢ Target Met. Staff provided 19 notifications of outreach efforts

FY 2008		
Performance Measure	**Performance Target**	**Results**
	conferences or other forums) to State Officials and Governors within 3 business days ➢ Respond to 80% of international delegation meeting requests within 3 business days of rendering a decision	within 3 business days, and within at least 30 days' notice of public meetings for two additional outreach items. ➢ Target Met. 82% (40 out of 47) of requests were responded to within 3 business days.
Maintain an effective recruiting program	➢ Recruit at least 3 students each from at least 4 target universities ➢ Increase new hires from recruiting program by 10 over FY 2007 ➢ Hire 20% of interns into permanent positions	➢ Target Met. A total of 19 students were recruited from 4 target universities. ➢ Target Met. 58 new hires in FY 2008; 41 more than FY 2007 ➢ Target Met. 36% (4 out of 11) of summer interns from FY 2007 hired in FY 2008.
Implement employee development programs	➢ Launch leadership development program ➢ Develop competency based training for mainstream occupations	➢ Target Met. The LDP was launched in October 2007. 15 candidates will graduate from program in February 2009. ➢ Target Met. A competency assessment tool for competency based training needs analysis was launched in September 2008 and will be included in the FY 2009 Central Training Fund prioritization.
Maintain an effective performance management system	➢ All employees receive training annually ➢ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ➢ High achievers are rewarded appropriately	➢ Target Met. FERC Non-Supervisory Employees received training in August and September 2008. ➢ Target Met. All FERC managers received feedback on ratings and training on meaningful distinctions during the corresponding rating cycle of their program office. ➢ Target Met. Report analysis shows that higher monetary awards are commensurate with higher performance ratings.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2007 baseline	Target Not Met. ➢ Women. The representation of women was 45.5% in FY 2008, a 7.4% decrease from FY 2007. ➢ Minorities. Overall, the representation of minorities was 32.7% in FY 2008, a 0.5% decrease from FY 2007.
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	➢ Unqualified audit opinion on financial statements ➢ Unqualified assurance assertion on internal controls	➢ Target Met. Unqualified opinion received November 6, 2008. ➢ Target Met. Unqualified assurance asserted over internal controls September 12, 2008.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	➢ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ➢ 100% of qualified procurements are performanced-based	➢ Target Met. 31% of total procurement dollars awarded to small, women-owned and minority businesses. ➢ Target met. 100% of all qualified procurements were performance based awards.
Full implementation of FERC's eGovernment initiatives	Completed by September 30, 2008	Target Met. eFiling 7.0 was completed by September 30, 2008. eFiling will increase the number of documents that can be submitted and provides a secure process for submitting Privileged and CEII materials. Also, ATMS 3.0

FY 2008		
Performance Measure	**Performance Target**	**Results**
		successfully developed the infrastructure to capture the tracking of all docketed and non-docketed work. Customer satisfaction with eGov services was over 90%.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Number of ADR requests and referrals addressed by DRS	Increase number over FY 2004	Target met. In FY 2009, DRS addressed 71 new ADR requests and referrals. FY 2009 results exceeded the results of the base year, FY 2004, by 17 requests/referrals. (In FY 2004 DRS received 54 total requests and referrals.)
Percentage of mediated or facilitated case that achieve partial or complete consensual agreement	75%	Target met. Of 18 cases DRS completed in FY 2009, all achieved consensual agreement through mediation and facilitation, resulting in a 100% success rate.
Favorable DRS customer satisfaction for casework and outreach	80% customer satisfaction rate	Target met. In FY 2009, customers for all casework and outreach services expressed favorable satisfaction with DRS. Of respondents to casework surveys, DRS received a 100% customer satisfaction rate. Of respondents to outreach surveys, DRS received a 91% customer satisfaction rate.
Number of outreach events (e.g., trainings, workshops, and presentations) to promote the use of dispute resolution skills	Increase number over FY 2004	Target met. In FY 2009, DRS delivered 24 outreach events, 13 more events than FY 2004's 11 outreach events. (In FY 2004, the DRS delivered 13 outreach events.)
Of ADR processes concluded, percentage that resulted in savings of time and/ or money over traditional processes	75%	Target met. 100% of respondents to casework surveys affirmed that involvement of DRS saved them time and/or money over traditional processes.
Percentage of cases set for hearing that achieve partial or complete consensual agreement	75%	Target Met. 90%
Ensure timely and effective communication to all stakeholders	▪ Issue 95% of press releases for important agency actions within 1 hour of action being taken ▪ Post 95% of important and time-sensitive agency actions on the Commission's internet website within 1 hour of issuance ▪ Provide an initial and complete response to 70% of inquiries at the time of the receipt of the request ▪ Develop webpages within the assigned timeframe to enhance and support the Commission's initiatives and goals	▪ Target met. In FY 2009, 42 out of 43or 99% of press releases were issued within 1 hour of action being taken. ▪ Target met. In FY 2009, 4066 out of 4066 or 100% of important agency actions were posted on the Commission's internet website within 1 hour of issuance. ▪ Target met. In FY 2009, the office provided an initial and complete response to 3476 out of 4753 or 73% of public inquiries at the time of receipt. ▪ Target met. In FY 2009, this office developed 11 out of 11 web page requests. All were completed on schedule.
Enhance communication with National and International groups	▪ Provide responses to 95% of Congressional inquiries and briefing requests by the date requested or by 10 business days from the date of the request ▪ Provide email notification of signifi-	▪ Target met. In FY 2009, External Affairs responded to 100% (211 out of 211) of congressional inquiries and briefing requests within 10 business days. ▪ Target met. In FY 2009, 165 email

FY 2009		
Performance Measure	**Performance Target**	**Results**
	cant Commission actions to Congress within 1 to 2 business days of the underlying action along with briefing offers where appropriate ▪ Provide timely and effective briefings to members of Congress and State Officials within the timeframe requested and initiate at least three briefings on top priority issues within timeframe appropriate to effect that issue ▪ Provide email notification of outreach efforts (i.e., panel discussions, workshops, conferences or other forums) to State Officials and Governors within 3 business days ▪ Respond to 80% of international delegation meetings requests within 3 business days of rendering a decision	notifications to members of Congress were sent out on top priority issues regarding significant Commission actions within 1 to 2 business days of the underlining action ▪ Target met. In FY 2009, 46 briefings for Congress and State Officials were conducted on priority issues of natural gas pipelines, transmission planning and integration of renewables, demand response, and cyber security. ▪ Target met. In FY 2009, email notifications were sent out simultaneously for 142 out of 142 (100%) Commission actions of interest to State regulatory agencies on significant Commission actions within 1 to 2 business days of the underlining action. ▪ Target met. In FY 2009, OEA responded to and coordinated 52 approved visits; 44 or 84.6% received responses within 3 business days.
Maintain an effective recruiting program	▪ Increase retention rate of new hires over FY 2008 ▪ Hire 20% of interns into permanent positions ▪ Implement a formal mid-career recruiting program by December 31, 2008	• Target Met - The annualized retention rate of new hires increased from 91.7% (144/157) for FY 08 to 92.1% (187/203) for FY 09. • Target Met - 34% (12 of 35) of interns from summer 2008 program were converted in FY 09. • Target Not Met. The formal four phase mid-level recruitment program strategy was launched on 6/1/09. No negative impact by the delay in meeting original date.
Implement employee development programs	▪ Launch competency based training program for mainstream occupations ▪ Develop competency based training for all occupations	• Target Met - Competency-based training needs assessment was conducted during April 2009. • Target Not Met. The implementation of competency based training for all occupations was deferred, pending the selection and acquisition of a learning management system which will not be available until FY 2011 due to resource constraints. Accordingly, FERC will reevaluate its employee develop program measures for FY 2010.

FY 2009		
Performance Measure	**Performance Target**	**Results**
Maintain an effective performance management system	▪ All employees and managers receive training annually ▪ Provide feedback to managers to ensure ratings reflect meaningful distinctions between performance ▪ High achievers are rewarded appropriately	• Target Met - all employees and managers received Performance Management Training • Target Met. Managers received feedback which explained meaningful distinctions between performance. • Target Met – The Commission's analysis identified that on average, FERC rewarded: o highly successful employees 31% higher monetary awards than fully successful employees; o outstanding employees 49% higher monetary awards than highly successful employees; and o outstanding employees with 96% higher monetary awards than fully successful employees.
Ensure appropriate representation of women and minorities at all levels within the organization	Increase over FY 2008 baseline	▪ Target Not Met - FY09 percentage for women was 44.6%. Decreased percentage from FY08 by less than 1% (FY08 – 45.5%). Modify target for FY 2010 and future years to be "Equal to or greater than Total Federal Workforce percentage." ▪ Target Not Met - FY09 percentage for minorities was 32.3%. Decreased percentage from FY08 by less than 1% (FY08 – 32.9%). Modify target for FY 2010 and future years to be "Equal to or greater than Total Federal Workforce percentage."
Maintain reliable financial management systems which generate accurate and timely financial information to support operating, budget, and policy decisions	▪ Unqualified audit opinion on financial statements ▪ Unqualified assurance assertion on internal controls	▪ Target Met – Received unqualified audit opinion on FY 09 principal statements 11/6/09. ▪ Target Met – Issued unqualified assurance assertion on controls in place as of 6/30/09.
Manage acquisitions in accordance with federal requirements and ensure process provides for the efficient use of Commission resources	▪ 25% of total procurement dollars awarded to small, women-owned, and minority businesses ▪ 100% of qualified procurements are performanced-based	▪ Target Met - 33% of total available procurement dollars were awarded to small businesses during FY09. ▪ Target Met - 100% of qualified FY09 procurements were performance-based acquisitions.

PERFORMANCE DATA FOR JUST & REASONABLE RATES, TERMS AND CONDITIONS: FY 2010 - 2011

Further barriers to participation by demand resources in organized wholesale electric markets will be identified and eliminated.		
Year	Target	Result
FY 2010	Evaluate ISO/RTO filings on barriers to demand response. Complete and submit National Action Plan on Demand Response	Target Met. In FY 2010, issued orders evaluating 6 filings submitted by RTOs and ISOs to identify barriers to demand response and to comply with other requirements of Order No. 719. Completed and published on June 17, 2010, a National Action Plan on Demand Response (Docket No. AD09-10)
FY 2011	As appropriate, issue Notice of Proposed Rulemaking on further steps to eliminate barriers to demand resources, including steps identified in National Action Plan on Demand Response	Target Exceeded. On March 18, 2010, the Commission issued a notice of proposed rulemaking in Docket No. RM10-17-000, on Demand Response Compensation in Organized Wholesale Energy Markets, which proposed to eliminate a barrier to demand response resources receiving the same compensation as other supply-side resources selling into the organized wholesale electric market. The Commission was able meet the FY 2012 target ahead of schedule and issued the final rule, Order No. 745, requiring that demand response resources be paid the same market-clearing price as other resources was issued on March 15, 2011.

Best practices for demand response products and procedures will be explored and, as appropriate, implemented in organized wholesale electric markets.		
Year	Target	Result
FY 2010	Perform outreach with ISOs/RTOs, demand response providers, and others; as appropriate, issue NOPR on best practices	Target Met. Engaged in outreach between October 1, 2009 and January 31, 2010 with RTOs/ISOs, demand response providers, retail industry, technology providers and state regulators regarding practices affecting demand response products and procedures. One of the best practices identified concerned the level of compensation paid to demand response resources participating in wholesale electricity markets. On March 18, 2010, issued a notice of proposed rulemaking (NOPR) entitled Demand Response Compensation in Wholesale Electric Markets (Docket No. RM10-17).
FY 2011	As appropriate, issue Final Rule on best practices	Target met. The Commission issued Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, on March 15, 2011. Having identified a best practice used by some RTOs to compensate demand response resources at the same price received by other supply-side resources, such as generation, the final rule required all RTOs to pay comparable compensation to demand response resources in their own markets.

All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.		
Year	Target	Result
FY 2010	Perform outreach to identify the need for modification or creation of additional ancillary services, and issue NOPR, as appropriate	Target Not Met. Engaged in outreach between October 1, 2009 and June 30, 2010 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. On January 21, 2010, issued a Notice of Inquiry seeking public comment on the extent to which reforms are necessary to ensure that wholesale electricity tariffs, including those governing ancillary services, remain just, reasonable and not unduly discriminatory (Integration of Variable Energy Resources, Docket No. RM10-11-000). The Commission received over 2,000 pages of comments from industry, state & federal agencies, and consumer interests, which are being analyzed by Commission staff to determine the need to modify existing, or create additional, ancillary services through a NOPR. Because of the large number of comments, more time is needed to develop specific proposals to include in a NOPR. Work on a NOPR proposal will continue into the FY11. Although the Commission did not issue the NOPR in FY10, it will not have a negative impact on achieving future targets or overall program performance.
FY 2011	As appropriate, issue Final Rule on ancillary service products and procedures	Target not met. Until recently, generation resources provided all ancillary services used to support open access transmission services offered by transmission-owning utilities, RTOs and ISOs. New technologies, such as demand response and energy storage devices, are now available and capable of providing some needed ancillary services. A notice of inquiry was issued on Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies on June 15, 2011 (RM11-24-000). A notice of proposed rulemaking on Frequency Regulation Compensation in the Organized Wholesale Power Markets was issued on February 17, 2011. A draft final rule was submitted for the Commission's consideration on September 29, 2011. This will not have a negative impact on program performance.

Market reforms which will allow renewable resources to compete fairly will be explored and, as appropriate, implemented in Commission-jurisdictional markets.		
Year	Target	Result
FY 2010	Perform outreach with industry and issue staff white paper identifying potential need for and types of market reforms	Target Met and Exceeded.Conducted outreach between October 1, 2009 and June 30, 2010 with RTOs/ISOs, storage and other technology providers, industrial customers, and research organizations. After the outreach was completed, the Commission determined a Notice of Inquiry could be issued in lieu of a staff white paper and still achieve the same purpose. On January 21, 2010, issued an NOI seeking comment on the integration of variable energy (renewable) resources (Integration of Variable Energy Resources, Docket No. RM10-11-000).
FY 2011	Issue a NOI/NOPR on market reforms, if appropriate	Target met. The Commission issued a notice of proposed rulemaking, Integration of Variable Energy Resources (RM10-17-000) on November 18, 2010.

By FY 2014, efficiency in market operations will be enhanced through deployment of new software and optimization of hardware.		
Year	Target	Result
FY 2010	Internal release of staff white paper; industry outreach, including technical conferences, to identify best practices	Target Met. Explored opportunities to enhance operational efficiency in jurisdictional markets through the deployment of new modeling software and optimization of market operations. Staff held three conferences in June 2010 to gather information from the public regarding modeling and software enhancements. On July 29, 2010, delivered a white paper to the Commission's Chief of Staff outlining opportunities for further work on this project.
FY 2011	Pursue voluntary adoption of best practices by RTOs/ISOs; if appropriate, issue Policy Statement and/or NOI/NOPR	Target met. A technical conference exploring best practices was convened on June 28-30, 2011. At the conference, market operators and others discussed best practices, software improvements and optimization processes. This forum allows for the diffusion of knowledge of useful best practices, reports to a wide audience on improvements under development, and provides useful information that market operators can use to access improvements in their own operations based on the best practices of their peers.

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By FY 2014, appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.		
Year	Target	Result
FY 2010	Develop guidelines/tariff provisions to apply to filings/issues amenable to consensual resolution	Target Not Met. During FY 2010, staff reviewed and categorized two years of recent Commission orders which set cases for consensual resolution/hearing. Internal dialogue with senior staff and program managers provided additional understanding into the types of cases which may be amenable to consensual resolution. Through these efforts, a baseline of the types of cases and issues that the Commission traditionally sets for consensual resolution/hearing was established. Following this internal communication, staff identified a list of approximately 30 external stakeholders who could provide valuable insight to the guideline development process. Acquiring the input from these external stakeholders has taken significantly more time than anticipated because the number of external parties is much higher than originally planned. The meetings that have occurred to date have been very productive and the Commission staff will continue to meet with the remaining parties throughout the first and second quarters of FY 2011. Although the Commission did not finalize the guidelines in FY 2010, it will not have a negative impact on overall program performance.
FY 2011	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs	Target not met. The Commission was not able to meet this target due to the retirement of key management personnel during FY 2011. However, staff was able to make significant progress by meeting with 13 external stakeholder organizations. These organizations represent a broad spectrum of industries subject to Commission regulation. Their input was sought on new areas and types of issues where collaborative processes could foster the settlement of proceedings. Based on suggestions received in these meetings, staff prepared recommendations on additional issues and types of Commission proceedings where collaborative processes may be the most effective. Although the guidelines were not implemented in FY 2011, it will not have a negative impact on overall program performance.

By FY 2014, 70 percent of company compliance programs reviewed on Commission audits for the audit focus areas are found to be adequate to demonstrate a culture of compliance.		
Year	Target	Result
FY 2010	10%	50% (2/4) of compliance programs were found to demonstrate an adequate culture of compliance. Because this performance measure is new for FY 2010, only audits that were started and completed in FY 2010 were included. In determining which audits would be included in the universe for this measure, the Commission developed general guidelines. In order to maintain consistency over time, only large, multi-scope audits will be included in this measure's universe.
FY 2011	25%	Target met. The Commission found that 63% (5/8) of compliance programs were adequate to demonstrate a culture of compliance.

By 2014, 70 percent of compliance programs reviewed through investigations that involve a penalty are found to be sufficiently robust to merit credit to reduce the penalty.		
Year	Target	Result
FY 2010	10%	Target Met. During FY 2010, 26 percent (20 out of 77) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.
FY 2011	25%	Target met. In 32% (32/100) of the relevant cases, the Commission found compliance programs in place at the time of the violation to be sufficiently robust as to merit credit to reduce or eliminate penalties.

By FY 2014, 80 percent of the Commission's audit program will be planned using a risk-based approach.		
Year	Target	Result
FY 2010	40%	Target Met. 55% (52/94) audits planned using a risk-based approach.
FY 2011	60%	Target met. 85% (57/67) of the audits were planned by the Commission staff using a risk-based approach.

PERFORMANCE DATA FOR INFRASTRUCTURE: FY 2010 - 2011

By FY 2014, 50 percent of all new transmission projects will incorporate advanced technologies.		
Year	Target	Result
FY 2010	5%	Target Met. In FY 2010, the Commission acted on 11 requests for incentives or negotiated rate authority for new transmission. Of those 11 requests, the Commission found one project (9 percent) which included advanced transmission technologies.
FY 2011	10%	Target met. Of the projects that met the criteria, 67% (10/15) incorporated advanced technologies.

By 2014, all public utilities will implement open and transparent transmission planning processes that include analysis and consideration on a comparable basis of proposed solutions involving any of generation, transmission, and demand resources.		
Year	Target	Result
FY 2010	Assessment of transmission planning process best practices, including the potential for collaborative decision making, and issue NOPR, as appropriate (Assessment includes how options to transmission are considered.)	Target Met. Upon review of more than 3,000 pages of comments and significant staff-led outreach, staff prepared recommendations for Commission consideration that led to the issuance of a NOPR on June 17, 2010 (Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000).
FY 2011	As appropriate, issue Final Rule on transmission planning process best practices	Target met. The Commission issued the final rule, Order No. 1000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, (RM10-23-000) on July 17, 2011.

By FY 2014, 100 percent of jurisdictional natural gas companies will be examined for feasibility of installing waste heat recovery systems.		
Year	Target	Result
FY 2010	20%	Target Met. In FY 2010, Commission staff examined 44 (20 percent) of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems.
FY 2011	40%	Target met. Commission staff examined a total of 40% of the Commission's jurisdictional natural gas companies (65 of 159) for feasibility of installing waste heat recovery systems. In FY 2011 specifically, Commission staff examined 32 companies.

By FY 2014, risk-informed decision making will be incorporated into the FERC dam safety program.		
Year	Target	Result
FY 2010	Develop action plan	Target Met. In FY 2010, the Commission developed and finalized its RIDM Action Plan which outlines the work efforts required over the next four years to incorporate RIDM into its dam safety program.
FY 2011	Portfolio Risk Assessment of FERC dam inventory	Target not met. In FY 2011 the Commission did not complete the Portfolio Risk Assessment; however, the screening level portfolio risk assessment tool was finalized.

By FY 2014, proposed Reliability Standards will be processed in a timely manner at least 80 percent of the time.		
Year	Target	Result
FY 2010	75%	Target Met. 96% of filed reliability standards have orders issued within 18 months.
FY 2011	75%	Target met. 97% of proposed reliability standards have been processed with orders issued within 18 months.

By FY 2014, Reliability Standards will be enforced effectively, resulting in a reduction of the frequency of repeat violations by at least 10 percent.		
Year	Target	Result
FY 2010	Establish tracking process	Target Met. The Commission developed in FY 2010 a database to track violations from Notices of Penalty filed by the ERO. As part of this process, the Commission determined the measurable parameters (e.g., what constitutes a repeat violation over a designated time period) to facilitate a determination as to the observed rate of repeat violations of the Reliability Standards.
FY 2011	Track violations per entity	Target met. Through the tracking mechanism established in FY 2010, staff has been tracking violations per entity during FY 2011 to analyze the current rate of violations and establish a baseline rate. A report analyzing the collected data from Notices of Penalty filed by the ERO was completed by 8/31/11.

By FY 2014, reliability parameters that could affect national goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid will be finalized.		
Year	Target	Result
FY 2010	Establish contacts and develop research, data collection and reporting processes	Target Met. In FY 2010, Commission staff established approximately 100 industry contacts across the nation and internationally. The Commission has led and participated in the efforts to conduct technical studies on Frequency Response, Electromagnetic Pulse and the potential impact of early Coal Plant retirements due to potential regulations. The research the Commission staff has done on complex and highly technical studies provide guidance and direction in establishing the parameters to protect and preserve reliability as industry integrates large amounts of renewable generation into the bulk power system.
FY 2011	Track studies and identify or propose reliability parameters. Perform initial analysis to assess if they are feasible for the bulk power system	Target met. Commission staff performed and completed analyses on the Frequency Response study including identifying reliability parameters. The report on Frequency Response was issued in January 2011. NERC's Reliability Metrics Work Group adopted Frequency Response as a reliability parameter to track on a trial basis.

Appendix A: Statutory Authority

Provided below is a listing of federal statutes applicable to the Commission. Links to these statutes are available on the Commission's website at www.ferc.gov under Legal Resources.

Electric, Hydropower, & General Statutes

Federal Power Act
Energy Policy Act of 2005
Energy Policy Act of 1992
Power Plant & Industrial Fuel Use Act
Department of Energy Organization Act
Electric Consumers Protection Act (ECPA)
Electronic Freedom of Information Act of 1996
Energy Independence and Security Act of 2007 (EISA)
Public Utility Holding Company Act of 1935 and 2005
Public Utility Regulatory Policies Act of 1978 (PURPA)
Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)
Information Technology Management Reform Act of 1996 (ITMRA/Clinger-Cohen Act)

Natural Gas Statutes

Natural Gas Act
Natural Gas Policy Act of 1978
Alaska Natural Gas Pipeline Act of 2004
Alaska Natural Gas Transportation Act of 1976
Outer Continental Shelf Lands Act of 1978 (OCSLA)
Natural Gas Wellhead Decontrol Act of 1989 (NGWDA)

Oil Statutes

Interstate Commerce Act
Oil Pipeline Regulatory Reform

Environmental and Other Statutes

Clean Air Act
Clean Water Act
Rivers and Harbors Act
Endangered Species Act
Wild and Scenic Rivers Act
Coastal Zone Management Act
National Historic Preservation Act
Fish and Wildlife Coordination Act
National Environmental Policy Act (NEPA)

Appendix B: Acronym Listing

Acronym	Full Description
ADR	Alternative Dispute Resolution
ALJ	Administrative Law Judge
Bcf	Billion Cubic Feet
CIP	Critical Infrastructure Protection
DOE	Department of Energy
DRS	Dispute Resolution Service
EBB	Electronic Bulletin Boards
EPAct 2005	Energy Policy Act of 2005
ERO	Electric Reliability Organization
EQR	Electric Quarterly Report
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FPC	Federal Power Commission
FTE	Full Time Equivalent
FY	Fiscal Year
ISO	Independent System Operator
MOU	Memorandum of Understanding
LNG	Liquefied Natural Gas
NEPA	National Environmental Policy Act
NERC	North American Electric Reliability Corporation
NIST	National Institute of Standards and Technology
NOPR	Notice of Proposed Rulemaking
OMB	Office of Management and Budget
RIDM	Risk-informed Decision Making
RTO	Regional Transmission Organization