FEDERAL ENERGY REGULATORY COMMISSION

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2013

Chairman Jon Wellinghoff

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

November 12, 2013

Letter from Chairman Wellinghoff

I am pleased to present the Federal Energy Regulatory Commission (Commission) Performance and Accountability Report for fiscal year 2013. This report was prepared in accordance with the guidelines set forth in Office of Management and Budget Circular Number (No.) A-136 and Part 6 of Circular No. 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

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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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Minimize risk to the public.

Objective 2.3: Reliability.
Provide for the reliable operation of the bulk power system through oversight of the development and implementation of mandatory and enforceable standards.

Management's Discussion and Analysis (Unaudited)

INTRODUCTION

In accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular Number (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) 2013 and 2012 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 2008 through 2013. 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 2013. Approximately 1,450 full time equivalents (FTEs) carried out the Commission's mission in FY 2013 using a budget of $289.3 million.

ORGANIZATIONAL STRUCTURE

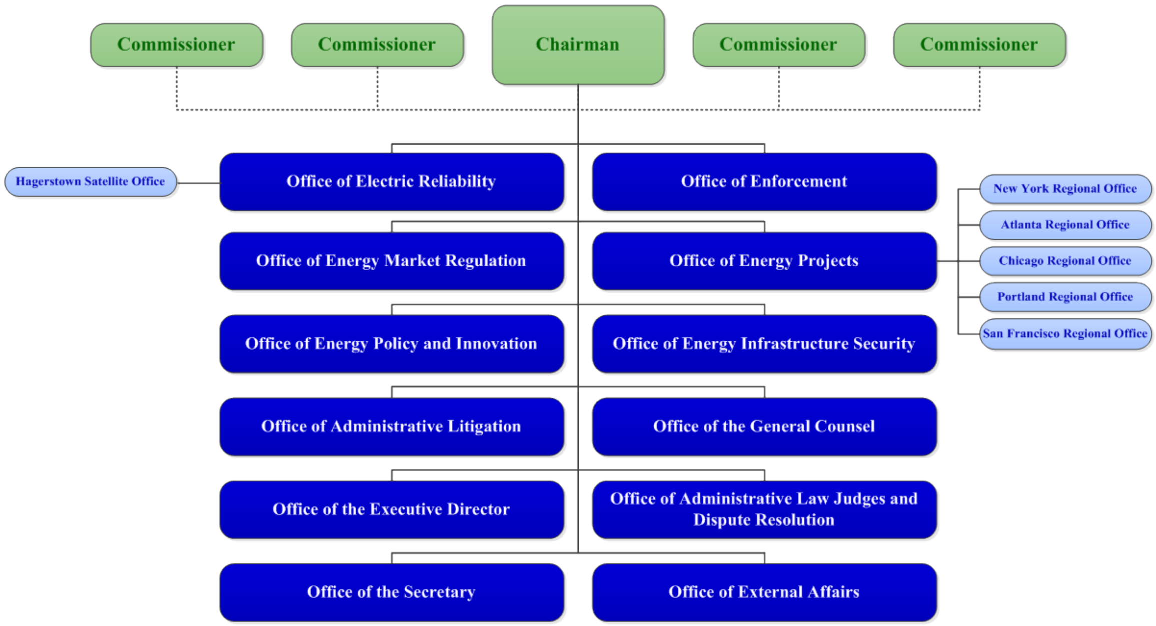
The Federal Energy Regulatory Commission is an independent regulatory agency within the U.S. Department of Energy (DOE). The Commission's statutory authority centers on major aspects of the Nation's wholesale electric, natural gas, hydroelectric, and oil pipeline industries.

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 twelve 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 and Dispute Resolution (ALJDR)

Resolves contested cases as directed by the Commission effectively, efficiently and expeditiously, either through impartial hearing and decision or through negotiated settlement, ensuring that the rights of all parties are preserved. Assists interested parties engaged in disputes together to promote consensual decision making through services such as mediation, negotiation and facilitation.

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 a timely, efficient and equitable manner while ensuring the outcomes are consistent with Commission policy.

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 Infrastructure Security (OEIS)

Provides leadership, expertise and assistance to the Commission to identify, communicate and seek comprehensive solutions to potential risks to FERC-jurisdictional facilities from cyber attacks and such physical threats as electromagnetic pulses.

Office of Energy Market Regulation (OEMR)

Analyzes filings submitted by electric utilities, and natural gas and oil pipelines to ensure that rates, terms and conditions of service are just and reasonable and not unduly discriminatory or preferential. Provides support to the Commission on matters involving market design relating to electric, natural gas, and oil pipeline services. Analyzes filings submitted by the Electric Reliability Organization (ERO) dealing with its budget, rules of procedure, and bylaws.

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 and distributed resources, smart grid and other advanced technologies.

Office of Energy Projects (OEP)

Fosters economic and environmental benefits for the nation through the approval and oversight of hydroelectric and natural gas pipeline energy projects that are in the public interest.

Office of Enforcement (OE)

Serves the public interest by guiding the evolution and operation of energy markets to ensure effective regulation and protecting customers through understanding markets and their regulation, timely identifying and remedying market problems, assuring compliance with rules and regulations, and detecting and crafting penalties to address market manipulation.

Office of External Affairs (OEA)

Responsible for communications and public relations of the Commission. Provides informational and educational services to Congress; federal, state and local governments; the news media and the public; and regulated industries, consumer and public interest groups. This office also is the Commission's liaison with foreign governments.

Office of the Executive Director (OED)

Provides administrative support services to the Commission including human resources, procurement, information technology, organizational management, financial, logistics and others.

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 all proceedings before the Commission, notices of proceedings are given, and from which all official actions are issued by the Commission. Promulgates and publishes all orders, rules, and regulations of the Commission and prescribes the issuance date for these unless such date is prescribed by 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 issued a revised plan in March 2013 as allowed by the GPRA Modernization Act of 2010. The Commission found during its review that the Strategic Plan continues to reflect appropriately the direction of the Commission. The full Strategic Plan can be found at www.ferc.gov.

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, and authorizing liquefied natural gas (LNG) facilities. 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.

The Commission has an important role in providing for the reliable operation of the bulk power system. Under section 215 of the Federal Power Act (FPA), the Commission certified, and now oversees, the ERO. The ERO develops and enforces mandatory reliability standards, subject to the review and approval by the Commission. Section 215 defines a "reliability standard" as including "requirements for the operation of existing bulk-power system facilities, including cyber security protection, and the design of planned additions or modifications..." These standards, if approved by the Commission, apply to utilities that own or operate the bulk-power system. The Commission also monitors system disturbances to identify near- and long-term issues affecting generation and transmission.

Spanning across these responsibilities is the Commission's commitment to the security of the transmission system, oil and gas pipelines, LNG facilities and hydropower infrastructure. With the newly created Office of Energy Infrastructure Security (OEIS), the Commission will leverage its existing resources in a coordinated manner to provide leadership, expertise, and assistance in identifying, communicating, and seeking comprehensive solutions to significant potential cyber and physical security risks to the energy infrastructure under the Commission's jurisdiction. Using the Commission's current authorities under the FPA, the Natural Gas Act, and the Interstate Commerce Act, the office will identify current and emerging defense and mitigation strategies for cyber and physical security threats to energy infrastructure.

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, and authorizing LNG facilities. 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 (RIDM) 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 oversees the development and review of mandatory reliability and security standards. The Commission achieves this through active involvement in the standards development process of the ERO and review of all reliability standards filed by the ERO. The Commission provides 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 standards. The Commission also joins or leads incident and alleged violation analyses and/or investigations following bulk-power system incidents or complaints. The Commission also tracks and reviews all alleged violations, mitigation plans, and proposed penalties and conducts ERO and regional entity performance reviews and audits.

With respect to protecting the energy infrastructure, the Commission will concentrate its efforts in four areas:

- developing recommendations for identifying and communicating mitigating alternatives for potential cyber and physical security threats to Commission jurisdictional energy infrastructure;
- offering assistance, expertise and advice to other federal and state agencies, and jurisdictional utilities, for identifying and communicating mitigating alternatives for cyber and physical security threats to Commission jurisdictional energy infrastructure;
- contributing to interagency and intelligence-related coordination and collaboration efforts with appropriate federal, state agencies and industry representatives on cyber and physical security matters related to Commission jurisdictional energy infrastructure; and
- conducting outreach to improve the exchange of information with private sector owners, users and operators of the energy delivery systems, regarding identification, communication and mitigation of cyber and physical threats to Commission jurisdictional energy infrastructure.

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 2013, 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 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 2013. 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 2008 through 2013 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 2013	Implement Final Rule as appropriate	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets (Docket No. ER11-4338-000).

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 2013	Monitor implementation and performance	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets. Further, the Commission on February 21, 2013, issued a Final Rule (Order No. 676-G) adopting Standards for Business Practices and Communications Protocols for Public Utilities.

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 2013	Monitor implementation and performance	Target Met. The Commission issued orders on the two remaining compliance filings associated with Order No. 755, Frequency Regulation Compensation in the Organized Wholesale Power Markets. Further, a filing by a regional transmission organization (RTO) not initially subject to Order No. 755 was made in FY 2013 and is pending Commission action. Further supporting this measure, the Commission issued Order No. 784, adopting the notice of proposed rulemaking (NOPR) on Third Party Provision of Ancillary Services; Accounting for Financial Reporting for New Electric Storage Technologies.

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 2013	Monitor implementation and performance	Target Met. On December 20, 2012 and September 19, 2013, the Commission issued orders on rehearing of Order No. 764, Integration of Variable Energy Resources. The Commission also extended the deadline for submission of compliance filings from September 11, 2013 to November 12, 2013.

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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 2013	Monitor implementation and performance	Target Met. The Commission held a meeting on Potential Improvements in Computational Models for Markets of the Future to Enhance the Efficiency of Independent System Operators (ISO) Markets in 2025 on May 2, 2013. The Commission also held a Technical Conference on Increasing Real-Time and Day-Ahead Market Efficiency Through Improved Software (AD10-12-004) on June 24-26, 2013.

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 2013	Establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs	Target Met. Staff issued a report specifying performance metrics for regions outside ISO and RTO markets. The metrics in this report are a subset of the ISO and RTO performance metrics and therefore represent common metrics that are applicable to all regions.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013
OBJECTIVE 1.1: REGULATORY AND MARKET MEANS

- In FY 2013, the Commission issued a number of orders addressing filings to facilitate the integration of the Entergy, Services Inc. operating companies into the Midcontinent Independent System Operator, Inc. (MISO) regional transmission organization and markets, which is planned to take place in December 2013.

- In October 2012, the Commission conditionally approved Southwest Power Pool, Inc.'s (SPP's) Day 2 market proposal, the Integrated Marketplace, which includes day-ahead and real-time energy and operating reserve markets with locational marginal pricing, financial transmission rights, virtual transactions, and a revised market power mitigation plan.

- In FY 2013, the Commission addressed a number of challenging issues related to buyer-side market power mitigation in organized capacity markets, including in February, orders addressing exemptions for state-sponsored public policy projects, including renewable resources, in a complaint filed by New England States Committee on Electricity against ISO New England, Inc. (ISO-NE) and a related ISO-NE compliance filing and, in May an order addressing PJM Interconnection LLC's (PJM) proposed revisions to its provisions for granting exemptions to the Minimum Offer Price Rule.

- In May 2013, following an investigation under section 206 of the FPA, the Commission issued an order requiring reforms to the MISO transmission owners' formula rate protocols to ensure that the transmission owners provide adequate information to the Commission and interested parties to demonstrate that they are accurately implementing their formula rates.

- At its June 2013 public meeting, the Commission invited PJM, MISO, and the relevant state entities to discuss the difficult issues related to the capacity deliverability across the PJM and MISO seam and then urged that the region propose milestones. In September 2013, the RTOs submitted an informational filing to provide a description of, and schedule for, Joint and Common Market initiatives.

- In June 2013, the Commission approved the California Independent System Operator Corporation's (CAISO's) proposed implementation agreement to establish contractual terms under which CAISO will configure and expand its real-time energy market for use as energy imbalance service by PacifiCorp and its transmission customers across six states.

- In FY 2013, Commission staff developed the "2013 Annual Assessment of Demand Response and Advanced Metering Infrastructure" staff report. This report assesses electricity demand response resources, including those available from all consumer classes, as required by the Energy Policy Act of 2005 (EPAct 2005) section 1252(e)(3).

- A technical conference on Centralized Capacity Markets in RTOs/ISOs (AD13-7-000) was held September 25, 2013 to consider how current centralized capacity market rules and structures are supporting the procurement and retention of resources necessary to meet future reliability and operational needs in 19 states and the District of Columbia.

- On January 17, 2013, the Commission issued a notice of proposed rulemaking for Small Generator Interconnection Agreements and Procedures (Docket No. RM13-2-000). The NOPR proposed reforms intended to reduce the time and cost to process small generator interconnection requests and allow for more efficient interconnection of these resources to benefit customers.

- A technical workshop about Small Generator Interconnection Agreements and Procedures (RM13-2-000) was held March 27, 2013. This workshop is convened to give stakeholders the opportunity to discuss the proposed reforms to the pro forma Smart Grid Interoperability Panel and the pro forma Small Generator Interconnection Agreement and other related issues.

- In March 2013, the Commission issued a final rule amending the filing requirements for natural gas pipeline companies that choose to recover Commission-assessed annual charges through an annual charge adjustment (ACA) clause. Natural gas pipeline companies utilizing an ACA clause are no longer required to make separate annual tariff filings, but must now incorporate the Commission-authorized annual charge unit rate by reference to that rate, as published on the Commission's website.

- In July 2013, the Commission issued a final rule adding optional filing procedures for intrastate natural gas pipelines providing transportation service in interstate commerce pursuant to section 311 of the Natural Gas Policy Act of 1978. The new optional filing procedures permit uncontested filings to be approved sixty days after being filed.

- In May 2013, the Commission issued a final rule revising its regulations concerning the form, composition, and filing of rates and charges by interstate oil pipelines for transportation in interstate commerce.

- In July 2013, the Commission issued a final rule changing the reporting requirements for the Annual Cost of Service Based Analysis Schedule in the oil pipeline industry's annual report, the FERC Form No. 6. The modifications require reporting of additional financial information regarding the pipeline's investment or rate base, regulated cost of capital for debt and equity capital, and composite income tax rate related to the regulated provision for income taxes. The additional data will allow both the Commission and industry stakeholders to more accurately analyze the financial performance of the oil pipelines.

- Commission staff negotiated settlements resulting in cumulative annual savings of approximately $263 million and one-time savings of approximately $124 million for American energy consumers, including: natural gas pipeline proceedings which provide approximately $137 million in annual savings to the pipeline's customers; a settlement of an oil pipeline case that will result in savings of over $100 million over a five year period and a separate oil pipeline proceeding which secured approximately $17 million in refunds for the pipeline's customers.

- Commission staff fostered settlements which provide for the recovery of costs associated with seven new transmission projects that reflect the inclusion of five transmission rate incentives and will enable the integration and transfer of renewable energy across the Midwest.

- Commission staff facilitated fifteen settlements among various parties that had entered into short-term energy transactions in the Pacific Northwest during the Western energy crisis in 2001, ending a history of long, protracted litigation for these parties.

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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 2013	55%	Target Met. 90% (18 out of 20) of compliance programs found to be adequate to demonstrate a culture of compliance.

In FY 2013, the Commission completed the review of 20 jurisdictional companies' compliance programs as they related to the focus of the audits. In reviewing these compliance programs, the Commission determined that 90 percent of companies (18 out of 20) adequately demonstrated a culture of compliance. The Commission continues to see increased awareness of the benefits of strong compliance programs based on the Commission's publicly issued audit reports and outreach efforts encouraging stronger compliance. In particular, the Commission is encouraged by proactive measures to enhance existing compliance programs and a general increase in cooperation on audits.

Performance Measure 9		
By FY 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 2013	55%	Target Met. In 55% (10 out of 18) 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.

In FY 2013, the Commission finalized 18 settlements of investigations on a range of violations within the Commission's jurisdiction, for example, violations of the anti-manipulation rule, Reliability Standards, prior filing requirements, open access transmission tariff requirements, hydroelectric facility licenses, and other rules, regulations and orders. Commission staff also opened 16 investigations in FY 2013 and continued dozens of other investigations involving potential market manipulation and other Commission regulations and tariff violations.

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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 2013	80%	Target Met. 98% (47 out of 48) of audits planned using a risk-based approach.

During FY 2013, the Commission planned to conduct 48 audits of public utilities and natural gas pipeline companies. Of the 48 planned audits included in the Commission's annual audit plan, the Commission used a risk-based methodology to plan 98 percent of the audits (47 out of 48). In FY 2013, the Commission completed 29 audits which resulted in the issuance of 360 recommendations for corrective actions to public utilities and natural gas pipeline companies. During FY 2013, Commission audits resulted in $15 million in refunds and savings to utility ratepayers.

The use of a risk-based audit approach was key to maximizing the use of staff resources, while at the same time selecting audit candidates that pose the most risk of not complying with the Commission's statutes, orders, policies, rules, and regulations.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013
OBJECTIVE 1.2: OVERSIGHT AND ENFORCEMENT

- The Commission issued Order No. 770 to change the process for filing Electric Quarterly Reports (EQR) and adopting a web-based approach to filing EQRs. The new approach serves the public and enhances market transparency by upgrading the EQR software from an outmoded, ineffective, and unsustainable system. Market transparency is enhanced under the new software by ensuring that filed data is screened for formatting and errors before it is made public.

- In FY 2013, the Commission fully implemented the data collection regimen prescribed in Order No. 760 for five of the six organized markets; New York Independent System Operator (NYISO) requested and was granted additional time to comply. Each organized market submits to the Commission, on a daily basis, its latest data on relating to physical and virtual offers and bids, market awards, resource outputs, marginal cost estimates, shift factors, financial transmission rights, internal bilateral contracts, uplift, and interchange pricing. Since the beginning of the fiscal year, the Commission has collected over 2 billion lines of data. While much of this data is considered market sensitive and is not available to the public, the Commission is using this data to screen for improper behavior within the markets.

- In FY 2013, the Commission fully implemented Order No. 771 which required participants in electric markets to grant Commission access, on a non-public and ongoing basis, to the complete electronic tags (e-Tags) used to schedule the transmission of electric power interchange transactions in wholesale markets. This Order was implemented with minimal burden on market participants in that the organization that maintains the e-Tag clearance system adjusted the submission process to automatically include the Commission as a party on all e-Tags. The Commission was able to begin accessing and analyzing all new e-Tags on the rule's effective date of March 15, 2013.

- In January 2013, the Commission approved a settlement between OE and

Deutsche Bank, for a $1.5 million civil penalty and $172,645 in disgorgement that resolved an order show cause proceeding involving alleged violations of the FPA and the Commission's anti-manipulation rule and accuracy requirements.

- In March 2013, the Commission approved a settlement between OE and Rumford Paper Company, for a $10 million civil penalty and over $2.8 million in disgorgement, that resolved an order to show cause proceeding initiated in July 2012 involving alleged violations of the FPA and the Commission's anti-manipulation rule. Separately, in August 2013 the Commission resolved three related orders to show cause involving Lincoln Paper and Tissue, Competitive Energy Services, LLC, and Richard Silkman through issuance of penalty assessment orders confirming OE's findings of violations of the FPA and the Commission's anti-manipulation rule.

- In July 2013, the Commission approved a settlement between OE and J.P. Morgan Venture Energy Corporation (JPMVEC), resolving allegations of violations of the FPA, the Commission's anti-manipulation rule, and the CAISO and MISO tariffs concerning twelve separate JPMVEC schemes.

- In July 2013, the Commission resolved an October 2012 order to show cause proceeding against Barclays Bank, PLC and four of its traders by issuing a penalty assessment order confirming OE staff's findings of violations of the FPA and the Commission's anti-manipulation rule.

- In July 2013, the US Court of Appeals for the District of Columbia upheld a June 2011 Commission order granting summary judgment and assessing a penalty confirming OE staff's findings of violations after issuing an order to show cause in the Quntum Energy/Kourouma matter.

- In August 2013, the Commission issued an order to show cause in the BP America Inc. matter involving alleged violations of the Natural Gas Act and the Commission's anti-manipulation rule.

- In November 2012, the Commission launched investigations into the rates charged by two interstate natural gas pipeline companies to determine whether the companies' revenues were substantially over-recovering the cost of providing services, resulting in unjust and unreasonable rates charged to customers. The Commission's investigations stem from its annual review of the cost and revenue information submitted by interstate natural gas companies in their annual financial report to the Commission, the FERC Form No. 2. These two investigations resulted in uncontested settlements resolving all issues and providing annual savings of $45 million to customers.

- In FY 2013, the Commission issued a Notice of Inquiry (NOI) on Enhanced Natural Gas Market Transparency on November 15, 2012 to seek comment on whether the Commission should obtain physical natural gas sales data directly from market participants.

- In November 2012, the Commission suspended JPMVEC's market-based rate authority to sell energy, capacity and ancillary services in wholesale electricity markets for six-months beginning April 1, 2013, for submitting false or misleading information to the Commission and CAISO in violation of section 35.41(b) of the Commission's regulations.

- In FY 2013, the Commission received 81 self-reports of violations. Staff reviewed every self-report promptly to determine if any warranted opening an investigation.

- In FY 2013, the Commission received 158 calls to its Enforcement Hotline, each of which received prompt attention. Two of these calls resulted in the opening of an investigation.

- In June 2013, the Commission authorized the proposed merger of Entergy Corporation and ITC Holdings Corporation as being consistent with the public interest and meeting the Commission's merger policy. The order also facilitated the complex integration of the new companies' transmission assets into MISO.

- In FY 2013, the Commission commenced 27 audits to ensure compliance with Commission regulations in the areas of formula rates, market-based rates, gas tariffs, transmission incentives, demand response, mergers, nuclear decommissioning, accounting, and reporting.

- The Commission completed audits of two major utilities involved with compliance with transmission incentive requirements and integrating significant alternative power generation in the western interconnect, Southern Californian Edison and Pacific Gas & Electric.

- In FY 2013, Commission staff has continued to perform surveillance and analysis of data relating to physical natural gas and electric power markets and related financial products by developing and implementing surveillance tools to detect potential manipulation, anticompetitive behavior, and other anomalous activity. Specifically, staff developed and routinely ran screening mechanisms for market data related to daily and monthly natural gas trading at over 80 hubs. Electric market screens for both organized and exchange traded markets utilizing incoming Order 760 related data, EQR data, and exchange data were also routinely run. Screen activities resulted in a number of Memorandum of Understanding (MOU) requests to other government agencies, fact finding outreach to market participants, and referral of matters for investigation to the Commission's Division of Investigation.

- In FY 2013, Commission staff identified potential subjects of nonpublic investigations, conducted forensic analysis of complex market data and information to assist in determining whether manipulation or other improper conduct occurred or is occurring.

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 2013	35%	Target Met. Of the 25 projects that met the criteria, 16 (64%) 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 FY 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 2013	Monitor implementation and performance	Target Met. In FY 2013, the Commission issued fifteen orders addressing all of the initial regional compliance filings. Also, Commission staff attended, in person and through teleconference, various Order No. 1000 open meetings held in each transmission planning region. At these meetings, staff provided assistance to public utilities, stakeholders and other interested parties regarding the interregional compliance requirements of Order No. 1000.

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 2013	80%	Target Met. Between FYs 2010 and 2013, Commission staff examined a total of 81% of the Commission's jurisdictional natural gas companies (129 of 159) for feasibility of installing waste heat recovery systems. In FY 2013 specifically, Commission staff examined 31 companies.

The Commission continued its efforts to explore ways to improve the efficiency in the design and operation of jurisdictional natural gas facilities. Between FYs 2010 through 2013, Commission staff examined 81 percent of the Commission's jurisdictional natural gas companies for feasibility of installing waste heat recovery systems. By the end of FY 2013, 25 jurisdictional pipelines have identified 75 stations that meet the initial requirements for feasibility. Commission staff also conducted quarterly reviews of Electronic Bulletin Boards to gauge participation across the industry, and reviewed the FERC Form 567, annual flow diagrams, to identify which companies have facilities that may be candidates for waste heat recovery efforts in future years.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013
OBJECTIVE 2.1: INFRASTRUCTURE DEVELOPMENT AND SITING

- In FY 2013, the Commission approved rate incentives for 6 projects, totaling 484 miles of new transmission and a billion dollar investment in infrastructure.

- The Commission issued 35 orders authorizing 3,210 MW megawatts of hydroelectric capacity, including 50 MW of new capacity and authorization of the first tidal energy device in the nation, which is now operating in Cobscook Bay, Maine. Thirty-four National Environmental Policy Act (NEPA) documents and 12 study plan determinations were also issued, including a study plan for the controversial Susitna-Watana Project, the first large, new dam proposed in the U.S. in decades.

- The Commission issued 449 environmental documents supporting the authorization of more than 3,800 Million cubic feet per day (MMcf/d) of natural gas pipeline capacity and over 56,000 MMcf of new natural gas storage capacity.

- The Commission approved the final design for the Sabine Liquefaction Project, the first LNG project authorized to export U.S. gas to both free-trade and non-free-trade agreement countries.

- In January 2013, the Commission issued a Policy Statement to clarify and refine its policies to facilitate the development of new merchant transmission projects and new nonincumbent, cost-based, participant-funded transmission projects. The Policy Statement provided more flexibility in the allocation of capacity for customers and transmission developers, while adhering to open access policies.

- In August 2013, the Commission accepted Lake Erie Clean Power Connector's application, inter alia, to sell transmission rights at negotiated rates on a 60-mile, 2000 MW high-voltage direct current merchant transmission project that originates in Ontario, Canada and terminates in Erie, Pennsylvania. This was the first filing submitted under the Commission's merchant policy statement (Docket Nos. AD12-9 and AD11-11).

- Technical conferences on Coordination between Natural Gas and Electricity Markets (AD12-12-000) were held February 13, 2013 and April 25, 2013. The February 13, 2013 technical conference solicited stakeholder input regarding information sharing and communications issues between natural gas and electric power industry entities while the April 25, 2013 technical conference focused on natural gas and electric scheduling, and issues related to whether and how natural gas and electric industry schedules could be harmonized in order to achieve the most efficient scheduling systems for both industries.

- On July 18, 2013, a NOPR was issued for Communication of Operational Information between Natural Gas Pipelines and Electric Transmission Operators (RM13-17-000). This NOPR intended to promote reliable service and operational planning by removing potential barriers to communication between interstate natural gas pipelines and electric transmission operators.

- The Commission hosted an information exchange with Canada on marine and hydrokinetic (MHK) technologies, and co-hosted a symposium with DOE on the findings of recent MHK research.

- The Commission continued to conduct outreach meetings with the hydropower industry. The focus of the recreation workshops was to assist licensees in completing the FERC Form 80 which is a compilation of recreation facilities and user data. The workshops also encouraged discussion on the development of recreational opportunities at FERC projects. The shoreline management workshop assisted licensees in dealing with increased pressures for development around FERC reservoirs in conjunction with environmental, safety, and security concerns. The workshops provided an educational forum to assist licensees in understanding the Commission's policies and how they can implement their licenses.

- The Commission established successful working relationship with other agencies to facilitate interagency cooperation, including a draft MOU with the California State Water Resources Control Board for the coordination of ILP pre-filing activities; an MOU with the USCG on interagency cooperation on MHK projects; two committees established by the American Petroleum Institute to develop guidelines for recommended practices for the design, operation, and integrity management of natural gas storage facilities; and the Communication Security, Reliability, and Interoperability Council to provide technical assistance to the FCC on MHK projects and subsea cables.

OBJECTIVE 2.2: SAFETY
Minimize risk to the public.

STRATEGY 1
Incorporate risk-informed decision making 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 2013	Finalize policy and technical guidelines	Target Met. Ten chapters finalizing the policy and technical guidelines on the use of Risk Informed Decision Making in the Commission's Dam Safety Program have been completed.

The Commission finalized ten chapters of policy and technical guidance to incorporate risk-informed decision-making into its dam safety program. This guidance was developed in an open, collaborative process with representatives of the hydropower industry, including FERC-regulated licensees. These guidelines will continue to enhance and evolve the dam safety program and we will better understand the potential failure modes of dams as well as understand the potential consequences these failure modes have on life, health, and property. Through the use of risk methodologies, the Commission will also improve its ability to evaluate risk reduction alternatives.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013
OBJECTIVE 2.2: SAFETY

- The Commission, in response to increased interest in LNG exports, established protocols and processes with the United States Department of Transportation (USDOT) and the United States Coast Guard (USCG) to address jurisdictional and regulatory issues and ensure proper oversight of non-conventional LNG liquefaction and storage facilities. In addition, based on sound engineering principles and peer review, the Commission validated the USDOT's LNG fire model to ensure the credibility of our safety review of LNG facilities.

- The Commission completed over 68 dam safety remediations costing licensees over $489 million; detected possible dam safety deficiencies at 539 dams, which are under investigation or remediation; and completed 2,150 dam safety engineering inspections, 8,370 engineering evaluations and studies, 170 independent inspection report reviews, and 110 Emergency Action Plan tests, all to ensure the safety of jurisdictional dams and the people who live and recreate at them.

OBJECTIVE 2.3: RELIABILITY
Provide for the reliable operation of the bulk power system through oversight of the development and implementation of mandatory and enforceable standards.

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 2013	80%	Target Met. 100% of filed reliability standards have orders issued within 18 months (includes regional and Critical Infrastructure Protection (CIP) standards).

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 2013	Identify number of repeat violations using NOPs	Target Met. The Commission developed a report, tracking and analyzing repeat violations.

STRATEGY 3
Identify reliability parameters that affect 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 goals of reducing carbon and increasing the penetration of renewable energy resources on the electric transmission grid will be finalized.		
Year	**Target**	**Result**
FY 2013	Present analysis to industry	Target Met. The Commission received and reviewed industry comments in response to the Commission-issued report on Frequency Response.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013
OBJECTIVE 2.3: RELIABILITY

- The Commission approved the ERO's filed definition of "bulk electric system" to help ensure consistency in identifying and registering components of the bulk electric system that are subject to the approved Reliability and CIP Standards across the country.

- The Commission directed the North American Electric Reliability Corporation (NERC) to develop Reliability Standards to mitigate the impact of geomagnetic disturbances (GMD) on the reliability of the Bulk-Power System.

- The Commission approved the ERO's proposed revisions to the Reliability Standard for Transmission Vegetation Management. This Standard was developed to require vegetation management practices that effectively protect against vegetation-related transmission outages.

- The Commission proposed to approve Version 5 of the ERO's CIP Standards, which pertain to the cyber security of the bulk electric system. CIP version 5 includes new cyber security controls and extends the scope of the systems that are protected by the CIP Standards.

- The Commission proposed to retire 34 requirements within 19 Reliability Standards that (1) provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards. The Commission also proposed to withdraw 42 Commission directives for the ERO to develop modifications to Reliability Standards. The directives at issue have either been addressed in some other manner, are redundant with another directive or provide general guidance as opposed to a specific directive.

- In FY 2013, the Commission reviewed 57 notices of penalty by the ERO addressing 1,095 violations of Reliability Standards.

- In November 2012, the Commission issued an order directing the NERC to develop and file by February 2013 written criteria for determining whether a NERC reliability activity is eligible to be funded under FPA section 215, so that the Commission can ensure that all NERC's activities funded pursuant to FPA section 215 are statutory. In April 2013, the Commission approved NERC's proposed criteria with modifications.

- Commission staff concluded the following audits of utility compliance with the reliability standards: (1) in PA11-21-000, an audit of PJM's compliance with CIP Standards and performance as a Transmission Operator and Transmission Planner; (2) in PA12-17-000, an audit of Bonneville Power Administration's compliance with CIP and bulk electric system operations and planning standards; and (3) in PA12-11-000, an audit of Salt River Project's compliance with CIP and bulk electric system operations and planning standards. These audits resulted in several recommendations of reliability enhancement measures, and the Commission is monitoring implementation by the entities.

- The Commission also finalized the NERC audit and settlement and monitored the progress of the implementation of over 90% of the audit report recommendations.

- In FY 2013, Commission staff completed three Regional Entity (RE) budget audits including the audits of the Midwest Reliability Organization (MRO), ReliabilityFirst (RFE), and the SouthEast Reliability Corporation (SERC). The REs have already implemented nearly all audit recommendations.

- In FY 2013, Commission staff issued expansive audit reports of two additional Regional Entities – the Western Electric Coordinating Council (WECC) and the Northeast Power Coordinating Council

(NPCC), which included not only budget areas but also operations under the ERO Delegation Agreements between the REs and NERC.

- The Commission opened 8 new investigations in FY 2013 involving potential reliability violations.

OTHER NOTEWORTHY ACCOMPLISHMENTS DURING FY 2013 IN GOAL 2

The Commission established the Office of Energy Infrastructure Security to leverage its existing resources in a coordinated manner to provide leadership, expertise, and assistance in identifying, communicating, and seeking comprehensive solutions to significant potential cyber and physical security risks to the energy infrastructure under the Commission's jurisdiction. It also uses the Commission's current authorities under the FPA, the Natural Gas Act, and the Interstate Commerce Act to identify current and emerging defense and mitigation strategies for cyber and physical security threats to energy infrastructure.

Through this new office, the Commission has already made several noteworthy accomplishments that support all three Objectives in Goal 2.

- The Commission staff has conducted modeling of power system facilities and convened meetings with the applicable industry owners and operators to review the results. In addition, staff discussed its modeling with the Department of Homeland Security to help it accomplish Section 9 of the President's February 12, 2013 Executive Order.

- The Commission staff performed two proactive on-site physical security reviews and, with Department of Defense, one reactive physical security review and provided detailed recommendations for security improvements to the infrastructure owners. In addition, staff has conducted one system network architectural review to address cyber vulnerabilities to prevent attacks and plans to conduct several more network reviews as requested by industry entities.

- The Commission staff has participated in more than twenty security threat briefings and presentations communicate potential cyber and physical security risks and mitigation strategies to the energy infrastructure under the Commission's jurisdiction. These briefings were performed in collaboration with Department of Homeland Security, Department of Energy, Department of Defense, Federal Bureau of Investigation, Nuclear Regulatory Commission, and others in the intelligence community as well as the State Commissions who also have jurisdictional oversight of the energy infrastructure.

FINANCIAL PERFORMANCE OVERVIEW

As of September 30, 2013, 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. Of the Commission's full appropriation of $304.6 million in FY 2013, $15.3 million was sequestered and identified as temporarily unavailable which resulted in the Commission's FY 2013 new budget authority being $289.3 million. Additional funds available to obligate in FY 2013 were $20.9 million from prior-year unobligated appropriations and $0.8 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 2013 was $311.0 million. Separately, the Commission receives an appropriation from Congress to pay states the fees it collected for the occupancy and use of public lands. The Commission's payment to states budget authority for FY 2013 was $3.0 million, which included a $0.2 million sequestered amount that was identified as temporarily unavailable.

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 2013.

Costs by Function. The Commission incurred costs of $305.2 million in FY 2013, which was a decrease of $5.2 million from FY 2012. Approximately 75 percent of costs were used for salaries and benefits. The remaining 25 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 to $227.8 million since 2012 while the net effect on the other cost categories was a decrease of $6.2 million.

Costs by Function (millions)

Costs	**FY 2013**	**FY 2012**
Salaries and Benefits	$227.8	$226.8
Travel/Transportation	2.8	3.8
Rent/Comm/Utilities	24.9	25.8
Contract Support	43.8	43.4
Printing/Supplies/Other	5.9	10.6
Total Costs	**$305.2**	**$310.4**

Audit Results. The Commission received an unmodified audit opinion on its FY 2013 financial statements. This was the twentieth consecutive year the Commission has received an unmodified opinion. For FY 2013, 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 $117.6 million as of September 30, 2013. This is a decrease of $66.7 million from September 30, 2012. The assets reported in the Commission's Balance Sheet are summarized in the Asset Summary table on the next page.

Assets Summary (millions)

Assets	FY 2013	FY 2012
Fund Balance with Treasury	$76.4	$163.6
Accounts Receivable, net	29.1	11.3
Property and Equipment, net	12.1	9.4
Total Assets	**$117.6**	**$184.3**

The Fund Balance with Treasury represents the Commission's largest asset of $76.4 million as of September 30, 2013, a decrease of $87.2 million from the FY 2012 balance. The decrease is primarily due to the following: a decrease resulting from a $104 million disbursement of the FY 2012 settlement of market manipulation to participating settlement parties, and an increase resulting in $2.4 million revenue under protest being higher due to hydropower licensees protesting a portion of the Commission's FY 2013 annual charges. It is also due to an increase of $15.3 million sequestered appropriated funds that were unavailable for obligation, and an increase in payments to states not yet disbursed in FY 2013 due to sequestration. 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 $29.1 million as of September 30, 2013. This balance represents the outstanding amounts due from annual charges, civil penalties or other penalties issued by the Commission to entities under its regulation. The $17.8 million net increase in FY 2013 compared to FY 2012 is primarily due to a higher outstanding balance for Hydropower administration receivables of $3.7 million and $14.2 million more in civil and other penalties imposed by the Commission.

The Property and Equipment, net was $12.1 million as of September 30, 2013, an increase of $2.7 million from FY 2012. The balance is comprised of the net value of the Commission's equipment, furniture, leasehold improvements, computer hardware and software. The $2.7 million net increase is primarily due to the on-going development of the internal software and related capital items.

The Commission's liabilities were $75.1 million as of September 30, 2013. The Liabilities Summary table shows a decrease in total liabilities of $90.8 million from FY 2012. The decrease is primarily due to the payment of $104 million in the disgorged funds disbursed in FY 2013. The decrease is offset by higher civil penalties of $14.5 million yet to be paid out. The $75.1 million balance consists primarily of accrued expenditures for payroll, benefits, operating expenses, and collected disgorged funds.

Liabilities Summary (millions)

Liabilities	FY 2013	FY 2012
Accounts Payable	$13.4	$15.0
Federal Employee Benefits	5.2	4.7
Resources Transferable to Treasury and Other Federal Entities	21.1	3.3
Accrued Leave	14.7	14.3
Other Liabilities	20.7	128.6
Total Liabilities	**$75.1**	**$165.9**

The difference between total assets and total liabilities is the net position. The Commission's net position was approximately $42.6 million as of September 30, 2013. The increase in net position in FY 2013 compared to FY 2012 is the result of fewer resources expended by the Commission in FY 2013 as compared to FY 2012 and the impact of current year billings offset by over collections in FY 2012.

Net Position Summary (millions)

Position	FY 2013	FY 2012
Unexpended Appropriations	$49.8	$37.6
Cumulative Results of Operations	(7.2)	(19.2)
Total Net Position	**$42.6**	**$18.4**

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 (GPRA). Net costs by strategic goal are shown in the Net Cost of Operations table.

Net Cost of Operations (dollars)

Operation	FY 2013	FY 2012
Just and Reasonable Rates, Terms, and Conditions	$(19,406)	$0
Infrastructure	(16,229)	0
Net Cost of Operations	**($35,635)**	**$0**

The Commission's net cost of operations for FY 2013 was ($35,635) as a result of unbilled prior year reimbursable costs. 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.

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 increase in net position in FY 2013 compared to FY 2012 is the result of fewer resources expended by the Commission in FY 2013 as compared to FY 2012 and the impact of current year billings offset by over collections in FY 2012.

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 2013, the Commission had budgetary resources available of $314.0 million, the majority of which was derived from new spending authority. This represents a decrease of $15.0 million over FY 2012 budgetary resources available of $329.0 million.

The status of budgetary resources includes obligations incurred of $292.6 million, or 93.2% percent of funds available. Similarly, FY 2012 obligations incurred were $308.1 million or 93.7% percent of funds available. The unobligated budget authority available at September 30, 2013 was $21.4 million, which is an increase of $0.5 million from the FY 2012 amount of $20.9 million.

Total net outlays for FY 2013 were $(305.7) million, which represents a $126.6 million increase from FY 2012 net outlays of $(179.1) million. The increase from last year is a result of approximately $11.1 million in lower gross outlays and a $115.4 million increase in distributed offsetting receipts in FY 2013 compared to FY 2012. The increase in distributed offsetting receipts was largely due to a $147.7 million increase in civil penalty collections in FY 2013 netted by $32 million less in excess appropriations.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity displays the total Custodial Revenue and 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 2013, the Commission reported $341.6 million in custodial revenue as of September 30, 2013 compared to $179.2 million in FY 2012. The majority of the increase over FY 2012 is due to the collection of higher civil penalties in the amount of $147.7 million charged to entities under the Commission's regulation for FY 2013 and subsequently transferred to the U.S. Treasury.

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;
- Debt Collection Improvement Act of 1996; and
- Improper Payments Information Act (IPIA)

Management Assurances

During Fiscal Year 2013, the Commission focused it 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 external auditors' FY 2013 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, 2013. 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, 2013, are operating effectively.

Furthermore, an evaluation of the financial management system for the Commission has also been conducted in accordance with federal guidelines. The results of the review indicate that the system conforms to federal financial management system requirements. The financial management system evaluation did not disclose any material weaknesses.

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
November 2013

Federal Managers' Financial Integrity Act of 1982

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 laws; (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 annual assurance statement on the adequacy of management controls and conformance of financial systems with Government wide standards.

Management Control Review Program.
Annually, 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 2013 Integrity Act Results.
The Commission evaluated its management control systems for the fiscal year ending September 30, 2013. 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 2013 OMB Circular No. A-123, Appendix A

The Commission evaluated its internal controls over financial reporting for the fiscal year ending September 30, 2013. 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 of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires each agency to implement and maintain systems that comply substantially with: (i) FFMIA system requirements, (ii) applicable Federal accounting standards, and (iii) the U.S. 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 2013 demonstrated that we fully comply with this act.

FY 2013 FFMIA Results.
As of September 30, 2013, the Commission evaluated its financial management system to determine if it complied with applicable Federal requirements and accounting standards required by FFMIA. 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 FFMIA.

Prompt Payment Act

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, 2013, the Commission made 99.4% of its payments, that were subject to the Prompt Payment Act, on-time. The Commission incurred $209.64 in interest penalties in FY 2013 and $0.00 in FY 2012. The agency made 100% of its vendor payments electronically in FY 2013.

Debt Collection Improvement Act of 1996

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, 2013, delinquent debt was approximately $6.7 million, which is approximately two 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.

Improper Payments Information Act (IPIA) Reporting

The Commission has performed a review of its payments through September 30, 2013 and it has processed 99% of its payments without error. The Commission found only 89 erroneous payments out of 6,350 total payments. The value of those erroneous payments totaled $2,367,150 out of total payments of $158,939,296 for FY 2013.

POSSIBLE FUTURE EFFECTS OF EXISTING EVENTS AND CONDITIONS

Certain hydroelectric licensees have filed appeals claiming the Commission erroneously accepted certain “other agency costs” (costs incurred by Other Federal agencies in administering Part I of the FPA component of the licensees’ annual charges) in its calculation of FY annual charges. In addition, certain licensees have filed appeals against their hydropower administrative annual charges to seek a partial or 100% municipal exemption. The combined liability of these appeals total $4.7 million and $2.2 million as of September 30, 2013 and 2012, respectively, and is included herein as revenue collected under protest. The FY 2013 liability is fully funded and therefore poses no adverse or material future effect on the Commission’s financial position.

In addition, the Commission has two Equal Employment Opportunity cases pending where the probability of success for the claimant is reasonably possible. The amount of monetary relief in one case could total $125,000, as of September 30, 2013. The amount of monetary relief in the other case could total $100,000, as of September 30, 2013.

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.

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 2013 and 2012. 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 2013, the Commission continued to focus on its statutory responsibilities. Through strict adherence to its primary mission, the Commission assisted 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 continued to establish policies and processes designed 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 took action to continually promote the development of safe, reliable, and efficient energy infrastructure that serves the public interest.

My organization focused on core responsibilities that supported mission accomplishment and maximized resource utilization. In this regard, we maintained a robust internal control environment which facilitated compliance with an extensive regulatory framework. We continued to implement innovative processes which optimized productivity and delivered required goods and services to our customers. Moreover, we have built and maintained a highly-skilled workforce that successfully executed operational and policy requirements. This strategic approach to managing our acquisition and financial functions has aligned my organization's efforts with the broader mission of the agency. This Performance and Accountability Report further demonstrates this vital alignment of resources to agency mission.

Additionally, I would like to offer the following achievements to demonstrate the effectiveness and efficiency of the Commission's acquisition and financial functions.

- The Commission obtained an unmodified opinion on its financial statements for the 20th 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 2013.

- The Commission collected over $304 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 its statutory collection requirements to offset its annual appropriation by more than $279 thousand.

- The Commission awarded over 27% of its total contract dollars to small, women-owned and minority businesses. 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 12%. This exceeded the administration's established target for FY 2013 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.

W. Doug Foster, Jr.
Chief Financial Officer
Federal Energy Regulatory Commission
November 12, 2013

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Federal Energy Regulatory Commission (the Commission), which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements 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 Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

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, 2013 and 2012, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis section be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Spending, information in the Performance Report section, the Appendices of the Performance and Accountability Report, the Letter from Chairman Wellinghoff and the Message from the Chief Financial Officer are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. 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.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 12, 2013

FEDERAL ENERGY REGULATORY COMMISSION
Balance Sheets
As of September 30, 2013 and 2012
(in dollars)

		2013		2012
Assets (note 3):				
Intragovernmental:				
Fund balance with Treasury (note 4)	$	76,415,467	$	163,574,245
Accounts receivable (note 5)		40,592		78,903
Total intragovernmental		76,456,059		163,653,148
Accounts receivable, net (note 5)		29,132,143		11,208,573
Property and equipment, net (note 6)		12,060,878		9,401,019
Total assets	$	117,649,080	$	184,262,740
Liabilities:				
Intragovernmental:				
Accounts payable	$	2,024,877	$	1,928,095
Other (note 7):				
Accrued payroll and benefits		876,171		845,903
Resources transferable to Treasury and other Federal entities		21,135,545		3,278,395
Workers' compensation payable (note 9)		777,328		698,925
Total intragovernmental		24,813,921		6,751,318
Accounts payable		11,408,629		13,052,291
Other (note 7):				
Accrued payroll and benefits		4,296,995		3,831,843
Collections due to states		3,064,076		-
Revenue collected under protest		4,677,480		2,249,253
Refunds and other amounts due		432,517		10,811,140
Accrued leave (note 9)		14,676,007		14,308,471
FECA Actuarial Liability (note 9)		3,884,643		3,042,357
Resources transferable to other entities from disgorged funds		7,834,759		111,847,489
Total liabilities		75,089,027		165,894,162
Net Position:				
Unexpended appropriations - other funds		49,840,825		37,566,059
Cumulative results of operations - other funds		(7,280,772)		(19,197,481)
Total net position		42,560,053		18,368,578
Total liabilities and net position	$	117,649,080	$	184,262,740

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Net Cost
For Years Ending September 30, 2013 and 2012
(in dollars)

	2013	2012
Program costs:		
Regulation:		
Just and Reasonable Rates, Terms, & Conditions (note 14):		
Gross costs	$ 166,209,235	$ 167,946,133
Less: earned revenue	166,228,641	167,946,133
Net program costs	$ (19,406)	$ -
Infrastructure (note 14):		
Gross costs	$ 138,997,815	$ 142,423,246
Less: earned revenue	139,014,044	142,423,246
Net program costs	$ (16,229)	$ -
Total (note 14):		
Gross costs	$ 305,207,050	$ 310,369,379
Less: earned revenue	305,242,685	310,369,379
Net Cost of Operations	$ (35,635)	$ -

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, 2013 and 2012
(in dollars)

	2013	2012
Cumulative Results of Operations:		
Beginning balances	$ (19,197,481)	$ (9,721,944)
Budgetary Financing Sources:		
Appropriations used	292,325,234	297,181,261
Other Financing Sources (Non-Exchange):		
Transfers – out to Treasury without reimbursement	(294,380,071)	(320,976,897)
Imputed financing from costs absorbed by others (note 10)	13,935,911	14,320,099
Total Financing Sources	11,881,074	(9,475,537)
Net Cost of Operations	35,635	-
Net Change	11,916,709	(9,475,537)
Cumulative Results of Operations	$ (7,280,772)	$ (19,197,481)
Unexpended Appropriations:		
Beginning balances	$ 37,566,059	$ 30,147,320
Budgetary Financing Sources:		
Appropriations received	304,600,000	304,600,000
Appropriations used	(292,325,234)	(297,181,261)
Total Budgetary Financing Sources	12,274,766	7,418,739
Total Unexpended Appropriations	$ 49,840,825	$ 37,566,059
Net Position	$ 42,560,053	$ 18,368,578

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION

Statements of Budgetary Resources
For Years Ending September 30, 2013 and 2012
(in dollars)

		2013		2012
Budgetary Resources:				
Unobligated balance, brought forward, Oct 1	$	20,897,888	$	19,972,915
Recoveries of prior year unpaid obligations		798,727		1,218,246
Unobligated balance from prior year budget activity, net		21,696,615		21,191,161
Appropriations		2,985,827		3,127,757
Spending authority from offsetting collections		289,313,760		304,686,540
Total budgetary resources	$	313,996,202	$	329,005,458
Status of Budgetary Resources:				
Obligations incurred (note 15)	$	292,564,533	$	308,107,570
Unobligated balances, end of year:				
Apportioned		21,431,669		18,367,126
Unapportioned		-		2,530,762
Total unobligated balance, end of year		21,431,669		20,897,888
Total budgetary resources	$	313,996,202	$	329,005,458
Change in Obligated Balance:				
Unpaid Obligations:				
Unpaid obligations, brought forward, Oct 1	$	36,415,201	$	34,337,808
Obligations incurred		292,564,533		308,107,570
Outlays gross		(293,662,537)		(304,811,931)
Recoveries of prior year unpaid obligations		(798,727)		(1,218,246)
Unpaid obligations, end of year		34,518,470		36,415,201
Uncollected payments:				
Uncollected pymts, Fed sources, brought forward, Oct 1		(117,909)		(40,947)
Change in uncollected pymts, Fed sources		71,850		(76,962)
Uncollected pymts, Fed sources, end of year		(46,059)		(117,909)
Memorandum (non-add) entries:				
Obligated balance, start of year	$	36,297,292	$	34,296,861
Obligated balance, end of year	$	34,472,411	$	36,297,292

continued on the next page

Budget Authority and Outlays, Net:				
Budget authority, gross		292,299,587		307,814,297
Actual Offsetting collections		(304,708,818)		(304,609,578)
Change in uncollected customer payments from Federal sources		71,850		(76,962)
Budget authority, net	$	(12,337,381)	$	3,127,757
Outlays, gross	$	293,662,537	$	304,811,931
Actual Offsetting collections		(304,708,818)		(304,609,578)
Outlays, net		(11,046,281)		202,353
Less: Distributed offsetting receipts		(294,674,362)		(179,321,698)
Agency outlays, net	$	(305,720,643)	$	(179,119,345)

The accompanying notes are an integral part of these statements.

FEDERAL ENERGY REGULATORY COMMISSION
Statements of Custodial Activity
For Years Ending September 30, 2013 and 2012
(in dollars)

	2013	2012
Revenue Activity:		
Sources of Collections:		
Cash collections:		
Annual Charges	$ 32,977,829	$ 31,581,917
Other	294,386,000	146,701,529
Accrual adjustments	14,216,016	960,241
Total custodial revenue (note 12)	341,579,845	179,243,687
Disposition of Collections:		
Transferred to others:		
United States Army – Corps of Engineers	(8,343,409)	(7,872,888)
Department of Interior	(7,102,342)	(7,074,799)
United States Treasury	(308,854,069)	(159,748,981)
Various states	(3,064,009)	(3,086,244)
Decrease (increase) in Amounts Yet to be transferred	(14,216,016)	(1,460,775)
Total Disposition of Collections	(341,579,845)	(179,243,687)
Net Custodial Activity	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

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

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, 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 FY 2014. The Commission issued a revised plan in March 2013, as allowed by the GPRA Modernization Act of 2010. 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 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.

Cost Recovery

As described below, the Commission recovers 100% of its annual appropriation from the U.S. Department of the 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 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 OMB Circular 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 the shorter of 20 years or the life of the lease 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 37.5% 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 the 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, 2013 and 2012 consisted of:

	2013	2012
Intragovernmental:		
Fund balance with Treasury:		
Collections due to states	$ 3,064,009	$ -
Revenue collected under protest	4,677,480	2,249,253
Disgorged funds	-	104,012,730
Miscellaneous receipts held in suspense	432,518	117,083
Total intragovernmental assets	8,174,007	106,379,066
Accounts receivable, net	22,867,762	8,898,545
Total non-entity assets	31,041,769	115,277,611
Total entity assets	86,607,311	68,985,129
Total assets	$ 117,649,080	$ 184,262,740

(4) Fund Balance with Treasury

Fund balance with Treasury at September 30, 2013 and 2012 consisted of:

	2013	2012
Fund Balances:		
General:		
Appropriated funds	$ 68,241,460	$ 57,195,179
Other:		
Collections due to states	3,064,009	-
Revenue collected under protest	4,677,480	2,249,253
Disgorged funds	-	104,012,730
Miscellaneous receipts held in suspense	432,518	117,083
Total	$ 76,415,467	$ 163,574,245
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	$ 21,307,527	$ 20,779,978
Unavailable	15,479,472	-
Obligated balance not yet disbursed	34,518,470	36,415,201
Non-budgetary fund balance with Treasury	5,109,998	106,379,066
Total	$ 76,415,467	$ 163,574,245

(5) Accounts Receivable, net

Entity and non-entity accounts receivable at September 30, 2013 and 2012 consisted of:

	2013		
	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 6,102,608	$ 68,727	$ 6,171,335
Unbilled billings	98,050	-	98,050
Uncollected intragovernmental billings	-	40,592	40,592
Allowance for doubtful accounts	-	(5,004)	(5,004)
Total entity accounts receivable, net	6,200,658	104,315	6,304,973
Non-entity			
Uncollected billings	256,584	508,139,944	508,396,528
Allowance for doubtful accounts	-	(485,528,766)	(485,528,766)
Total non-entity accounts receivable, net	256,584	22,611,178	22,867,762
Total accounts receivable, net	$ 6,457,242	$ 22,715,493	$ 29,172,735

	2012		
	Annual Charges	Other	Total
Entity			
Uncollected billings	$ 2,214,609	$ 101,360	$ 2,315,969
Unbilled billings		-	
Uncollected intragovernmental billings	-	78,903	78,903
Allowance for doubtful accounts	-	(5,941)	(5,941)
Total entity accounts receivable, net	2,214,609	174,322	2,388,931
Non-entity			
Uncollected billings	479,279	70,948,032	71,427,311
Allowance for doubtful accounts	-	(62,528,766)	(62,528,766)
Total non-entity accounts receivable, net	479,279	8,419,266	8,898,545
Total accounts receivable, net	$ 2,693,888	$ 8,593,588	$ 11,287,476

In FY 2013 the Commission issued a Notice of Proposed Penalty against Barclays and its energy traders. Subsequently, the Commission recorded a $453 million Allowance for Loss on Accounts Receivable after Barclays and its energy traders elected to have the district court procedures of section 31(d)(3)(A) of the Federal Power Act (FPA) apply. Under these proceedings, the district court of the United States may rule to find Barclays and its energy traders not liable for the imposed civil penalty in whole or part. Until final determination of the district court, the Commission is not allowed under the FPA to collect any imposed civil penalties against Barclays and its energy traders.

(6) Property and Equipment, net

Property and equipment and related accumulated depreciation at September 30, 2013 and 2012 consisted of:

	2013		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 6,089,933	$ 4,471,667	$ 1,618,266
Furniture	11,500,547	9,731,969	1,768,578
Leasehold improvements	11,713,238	9,200,510	2,512,728
ADP software	19,442,500	16,699,141	2,743,359
Construction in process	313,035	-	313,035
Internal software developed	3,104,912	-	3,104,912
Capital leases	29,000	29,000	-
Total property and equipment, net	$ 52,193,165	$ 40,132,287	$ 12,060,878

	2012		
	Acquisition Amount	Accumulated Depreciation	Net
Equipment	$ 5,809,819	$ 3,675,552	$ 2,134,267
Furniture	11,500,547	9,489,000	2,011,547
Leasehold improvements	11,713,238	8,503,757	3,209,481
ADP software	16,238,259	16,238,259	-
Construction in process	2,045,724	-	2,045,724
Capital leases	29,000	29,000	-
Total property and equipment, net	$ 47,336,587	$ 37,935,568	$ 9,401,019

(7) Other Liabilities

Other liabilities at September 30, 2013 and 2012 consisted of:

	2013		
	Current	Non-Current	Total
Intragovernmental			
Accrued payroll and benefits	$ 876,171	$ -	$ 876,171
Resources transferable to Treasury and other Federal entities	21,135,545	-	21,135,545
Workers' compensation payable	78,404	698,924	777,328
Total other intragovernmental liabilities	22,090,120	698,924	22,789,044
Accrued payroll and benefits	4,296,995	-	4,296,995
Collections due to states	3,064,076	-	3,064,076
Revenue collected under protest	4,677,480	-	4,677,480
Refunds and other amounts due	432,517	-	432,517
Accrued leave	14,676,007	-	14,676,007
FECA Actuarial Liability	-	3,884,643	3,884,643
Resources transferable to other entities from disgorged funds	7,834,759	-	7,834,759
Total other liabilities	$ 57,071,954	$ 4,583,567	$ 61,655,521

	2012		
	Current	Non-Current	Total
Intragovernmental			
Accrued payroll and benefits	$ 845,903	$ -	$ 845,903
Resources transferable to Treasury and other Federal entities	3,278,395	-	3,278,395
Workers' compensation payable	115,272	583,653	698,925
Total other intragovernmental liabilities	4,239,570	583,653	4,823,223
Accrued payroll and benefits	3,831,843	-	3,831,843
Collections due to states	-	-	-
Revenue collected under protest	2,249,253	-	2,249,253
Refunds and other amounts due	10,811,140	-	10,811,140
Accrued leave	14,308,471	-	14,308,471
FECA Actuarial Liability	-	3,042,357	3,042,357
Resources transferable to other entities from disgorged funds	111,847,489	-	111,847,489
Total other liabilities	$ 147,287,766	$ 3,626,010	$ 150,913,776

Resources transferable to Treasury and other Federal entities represent future collections on accounts receivable that will be forwarded to Treasury upon receipt.

Revenue collected under protest represents monies that, once the protest is resolved, may either be recognized as revenue by the Commission or returned to the protesting entity.

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.

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 $22.2 million and $23.2 million for periods ended September 30, 2013 and 2012, respectively.

Real Property Operating Leases – Future Payments

Fiscal Year	GSA	Non-GSA	Total
FY 2014	$ 13,939,408	$ 12,269	$ 13,951,677
FY 2015	13,975,096	-	13,975,096
FY 2016	17,288,237	-	17,288,237
FY 2017	17,290,630	-	17,290,630
FY 2018	17,314,454	-	17,314,454
Beyond FY 2018	116,040,821	-	116,040,821
Total future minimum lease payments	$ 195,848,646	$ 12,269	$ 195,860,915

(9) Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources at September 30, 2013 and 2012 consisted of:

	2013	2012
Intragovernmental		
Workers' compensation payable	$ 777,328	$ 698,925
Total intragovernmental	777,328	698,925
Accrued leave	14,676,007	14,308,471
FECA Actuarial Liability	3,884,643	3,042,357
Total liabilities not covered by budgetary resources	$ 19,337,978	$ 18,049,753

(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 hired before January 1, 2013, the Commission makes a contribution of 11.9% of basic pay. For employees participating in the FERS-Revised Annuity Employees (RAE) program hired after January 1, 2013, the Commission makes a contribution of 9.6% 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. Public Law 112-96, Section 5001 of the "Middle Class Tax Relief and Job Creation Act of 2012, makes a significant change to the FERS program. Beginning January 1, 2013, new employees under FERS-RAE will contribute 3.1% of their basic salaries compared to 0.8% contributed by employees hired prior to January 1, 2013.

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 FYs 2013 and 2012 was approximately $17.9 million as of September 30, 2013 and 2012. Additionally, the Commission recognized $13.9 million and $14.3 million, respectively, of pension and life and health insurance expense as of September 30, 2013 and 2012, for amounts that will ultimately be funded through the U.S. Office of Personnel Management. This amount is also recorded as an imputed financing source.

(11) Commitments and Contingencies

Certain hydroelectric licensees have filed appeals claiming the Commission erroneously accepted certain "other agency costs" (costs incurred by Other Federal agencies in administering Part I of the FPA component of the licensees' annual charges) in their calculation of FY annual charges. In addition, certain licensees have filed appeals against their hydropower administrative annual charges to seek a partial or 100% municipal exemption. The combined liabilities of these appeals total $4.7 million and $2.2 million as of September 30, 2013 and 2012, respectively, and are included herein as revenue collected under protest. The FY 2013 liability is fully funded and therefore poses no adverse or material future effect on the Commission's financial position.

In addition, the Commission has two Equal Employment Opportunity cases pending where the probability of success for the claimant is reasonably possible. The amount of monetary relief in one case could total $125,000, as of September 30, 2013. The amount of monetary relief in the other case could total $100,000, as of September 30, 2013.

(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 FY 2013 and FY 2012, these custodial collections totaled approximately $327.4 million and $178.3 million, respectively as of September 30th. For FY 2013 and FY 2012, custodial revenue totaled approximately $341.6 million and $179.2 million, respectively as of September 30th.

(13) Funds from Dedicated Collections

In accordance with the Federal Accounting Standards Advisory Board's Statement on Federal Financial Accounting Standards (SFFAS) No. 27 and as amended by SFFAS No. 43, 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, of operations and net position attributable to funds from dedicated collections. In addition, the Commission must disclose the fund for which it has program management responsibility. The Commission's Collections Due to States fund meets the criteria for funds from dedicated collections. The balances as of September 30, 2013 and 2012 were $3.1 million and $0 million, 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 funds from dedicated collections managed by the Commission are custodial in nature, there are no equity balances to report on the financial statements as of September 30, 2013 and 2012.

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(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, 2013 and 2012 consisted of:

	2013	2012
Just and Reasonable Rates, Terms, & Conditions		
Intragovernmental costs	$ 35,904,725	$ 35,620,037
Public costs	130,304,510	132,326,096
Total Just and Reasonable Rates, Terms, and Conditions costs	166,209,235	167,946,133
Intragovernmental earned revenue	57,525	65,474
Public earned revenue	166,171,116	167,880,659
Total Just and Reasonable Rates, Terms, and Conditions earned revenues	166,228,641	167,946,133
Infrastructure		
Intragovernmental costs	30,026,480	30,206,836
Public costs	108,971,335	112,216,410
Total Infrastructure costs	138,997,815	142,423,246
Intragovernmental earned revenue	48,107	55,524
Public earned revenue	138,965,937	142,367,722
Total Infrastructure earned revenues	139,014,044	142,423,246
Costs		
Intragovernmental costs	65,931,205	65,826,873
Public costs	239,275,845	244,542,506
Total costs	305,207,050	310,369,379
Revenue		
Earned intragovernmental revenue	105,632	120,998
Earned public revenue	305,137,053	310,248,381
Total earned revenue	$ 305,242,685	$ 310,369,379

(15) Apportionment Categories of Obligations Incurred

Apportionment categories of obligations incurred as of September 30, 2013 and 2012 consisted of:

	2013	2012
Category A:		
Direct	$ 292,527,564	$ 308,021,030
Reimbursable	36,968	86,540
Total obligations incurred	$ 292,564,533	$ 308,107,570

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, 2012. 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, 2013 is not presented, because the submission of the FY 2014 budget occurs after publication of these financial statements. The Commission's Budget Appendix can be found under the DOE on the OMB website (http://www.whitehouse.gov/omb/budget) and will be available in early February 2014.

(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 30, 2013 and 2012 were $13.3 million and $16.8 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.

	2013	2012
Resources used to finance activities:		
Budgetary resources obligated:		
Obligations incurred	$ 292,564,533	$ 308,107,570
Less: spending authority from offsetting collections	(305,435,696)	(305,904,786)
Obligations, net of offsetting collections	(12,871,163)	2,202,784
Less: Distributed offsetting receipts	(294,674,362)	(179,321,698)
Net obligations	(307,545,525)	(177,118,914)
Other resources:		
Transfers-out, net of appropriations received	10,219,929	(4,561,167)
Imputed financing from costs absorbed by others	13,935,911	14,320,099
Net other resources used to finance activities	24,155,840	9,758,932
Total resources used to finance activities	(283,389,685)	(167,359,982)
Resources (used to) or generating finance items not part of the net cost of operations		
Change in budgetary resources obligated for goods/ services/benefits ordered but not yet provided (+/-)	(3,468,508)	(6,493,767)
Budgetary offsetting receipts that do not affect the net cost of operations	294,674,362	179,321,698
Resources that finance the acquisition of assets	(4,852,735)	(3,803,906)
Payments to States	(2,907,745)	(3,127,757)
Total resources (used to) or generating finance items not part of the net cost of operations	283,445,374	165,896,268
Total resources used to finance the net cost of operations	55,689	(1,463,714)
Costs that do not require resources:		
Components requiring or (generating) resources in future periods:		
Increase in unfunded liabilities	1,288,225	946,405
Increase in exchange revenue receivable from the public	(3,641,200)	(1,187,846)
Total components of net cost of operations that will require or (generate) resources in future periods	(2,352,975)	(241,441)
Components not requiring or generating resources:		
Depreciation and amortization	2,196,719	1,668,570
Other	64,932	36,585
Total components of net cost of operations that will not require or (generate) resources	2,261,651	1,705,155
Total net cost of operations that do not require or (generate) resources in the current period	(91,324)	1,463,714
Net Cost of Operations	$ (35,635)	$ -

OTHER INFORMATION

FEDERAL ENERGY REGULATORY COMMISSION
Schedule of Spending (Unaudited)
For the Years Ended September 30, 2013 and 2012
(in millions)

	FY 2013	FY 2012
What Money is Available to Spend?		
Total Resources	$ 314	$ 329
Less Amount Available but Not Agreed to be Spent	21	21
Total Amounts Agreed to be Spent	**$ 293**	**$ 308**
How was the Money Spent/Issued?		
Personnel Compensation	$ 165	$ 167
Personnel Benefits	47	47
Benefits for Former Personnel	-	1
Travel and Transportation of Persons	3	4
Rent, Communication and Utilities	25	25
Printing and Reproduction	3	2
Other Contractual Services	42	45
Supplies and Materials	2	2
Equipment	3	6
Land and Structures	-	1
Grants, Subsidies and Contributions	3	5
Total Spending	293	305
Amounts Remaining to be Spent	-	3
Total Amounts Agreed to be Spent	**$ 293**	**$ 308**
Who Did the Money Go to?		
For Profit	$ 64	$ 63
Government	53	68
Higher Education	2	1
Individuals	174	176
Total Amounts Agreed to be Spent	**$ 293**	**$ 308**

The unaudited Schedule of Spending presents an overview of how and where the Commission spent its funding.

What Money is Available to Spend? summarizes the funds the Commission obligated during the fiscal year, the total amount agreed to be spent being equivalent to the obligations incurred shown on the Statement of Budgetary Resources (SBR). For FY13, $156,264 was not available to be spent for Payment to States; however that amount is not presented on the Schedule of Spending due to rounding.

How Was the Money Spent? summarizes the actual gross cash outlays for the fiscal year, the total spending being equivalent to the gross outlays shown on the SBR. These gross outlays are categorized by the OMB Budget Object Class definitions found in Circular No. A-11.

Who did the Money go to? summarizes with whom the agencies are spending money and is based on obligations incurred as shown on the SBR. Outlays are not always made in the same fiscal year in which funds are obligated resulting in carryover obligated balances that will be disbursed in subsequent fiscal years. These timing differences are shown as increases/(Decreases) in Amounts Remaining to be Spent.

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 Part 6 of OMB Circular No. 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 2008 through 2013.

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 through 2013 are aligned with the Commission's current Strategic Plan. The Performance Measures for fiscal years 2008 – 2009 are aligned with previous versions of the Commission's Strategic Plan.

The Commission did not engage in an independent program evaluation during FY 2013.

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PERFORMANCE DATA FOR ENERGY INFRASTRUCTURE: FY 2008 - 2009

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.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
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.
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.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
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.
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.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
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).
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

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

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

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

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.

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PERFORMANCE DATA FOR COMPETITIVE MARKETS: FY 2008 - 2009

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.

FY 2008		
Strategy		
Performance Measurement	**Performance Target**	**Results**
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.
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

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

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

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.

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PERFORMANCE DATA FOR ENFORCEMENT: FY 2008 - 2009

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.
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)

FY 2008		
Strategy		
Performance Measure	**Target**	**Results**
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.
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.

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

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

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PERFORMANCE DATA FOR SUPPORTING INITIATIVES: FY 2008 - 2009

FY 2008		
Performance Measure	**Performance Target**	**Results**
Number of ADR requests and referrals addressed by the Dispute Resolution Service (DRS)	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	➢ 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.

FY 2008		
Performance Measure	**Performance Target**	**Results**
	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 meeting requests within 3 business days of rendering a decision	State officials were also briefed on these issues. ➢ Target Met. Staff provided 19 notifications of outreach efforts 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 performance-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.

FY 2008		
Performance Measure	**Performance Target**	**Results**
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 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.

FY 2009		
Performance Measure	**Performance Target**	**Results**
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, 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	▪ 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 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 performance-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 - 2013

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.
FY 2012	As appropriate, issue Final Rule on further steps to eliminate barriers to demand resources	Target Met. On December 15, 2011, the Commission issued Order 745-A, Demand Response Compensation in Organized Wholesale Energy Markets order on rehearing.
FY 2013	Implement Final Rule as appropriate	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets (Docket No. ER11-4338-000).

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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 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.
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission has reviewed the filings made by six RTOs and ISOs to comply with Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets. The Commission determined that implementation of the Final Rule as proposed by five of the six RTOs and ISOs is appropriate, subject to additional compliance requirements in some instances, and issued orders on these five compliance filings. The Commission is determining whether implementation of the Final Rule as proposed in the sixth compliance filing is appropriate. Further, the Commission addressed other best practices by issuing a notice of proposed rulemaking on Standards for Business Practice and Communication Protocols for Public Utilities - Wholesale Electric Quadrant Demand Response Standards on April 19, 2012.
FY 2013	Monitor implementation and performance	Target Met. The Commission issued an order on the sixth and remaining initial compliance filing related to Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets. Further, the Commission on February 21, 2013, issued a Final Rule (Order No. 676-G) adopting Standards for Business Practices and Communications Protocols for Public Utilities.

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.
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission issued Order Nos. 755 and 755-A, Frequency Regulation Compensation in Organized Wholesale Power Markets on October 20, 2011 and February 16, 2012, respectively. The Commission has reviewed the filings made by five RTOs and ISOs to comply with the Final Rule. The Commission determined that implementation of the Final Rule as proposed by three of the RTOs and ISOs is appropriate, subject to additional compliance requirements in some instances, and issued orders on these three compliance filings. The Commission is determining whether implementation of the Final Rule as proposed in the two remaining compliance filing is appropriate. Further supporting this measure, the Commission issued a notice of proposed rulemaking on Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies on June 21, 2012.

All resources that are technically capable of providing needed ancillary services have the opportunity to provide those services.		
Year	Target	Result
FY 2013	Monitor implementation and performance	Target Met. The Commission issued orders on the two remaining compliance filings associated with Order No. 755, Frequency Regulation Compensation in the Organized Wholesale Power Markets. Further, a filing by a regional transmission organization not initially subject to Order No. 755 was made in FY 2013 and is pending Commission action. Further supporting this measure, the Commission issued Order No. 784, adopting the notice of proposed rulemaking on Third Party Provision of Ancillary Services; Accounting for Financial Reporting for New Electric Storage Technologies.

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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.
FY 2012	Issue Final Rule on market reforms, if appropriate	Target Met. On June 21, 2012, the Commission issued Order No. 764, Integration of Variable Energy Resources.
FY 2013	Monitor implementation and performance	Target Met. On December 20, 2012 and September 19, 2013, the Commission issued orders on rehearing of Order No. 764, Integration of Variable Energy Resources. The Commission also extended the deadline for submission of compliance filings from September 11, 2013 to November 12, 2013.

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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.
FY 2012	Follow-up workshops on best practices implementation; issue Final Rule, if relevant	Target Met. On March 20, 2012, a workshop on best practices in software planning modeling was held. A Final Rule is not relevant for this performance measure. In FY 2011, it was determined that a technical conference would be more effective in furthering implementation of best practices than initiating a rulemaking proceeding. Without a rulemaking proceeding in FY 2011, pursuance of a Final Rule in FY 2012 was no longer relevant. Rather, staff held a follow-up workshop to identify best practices in the specific area of software planning modeling.
FY 2013	Monitor implementation and performance	Target Met. The Commission held a meeting on Potential Improvements in Computational Models for Markets of the Future to Enhance the Efficiency of Independent System Operators Markets in 2025 on May 2, 2013. The Commission also held a Technical Conference on Increasing Real-Time and Day-Ahead Market Efficiency Through Improved Software (AD10-12-004) on June 24-26, 2013.

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By FY 2014, the performance of markets within and outside of ISOs/RTOs will be measured using a common set of metrics.[1]		
Year	Target	Result
FY 2010	Explore and develop appropriate operational and financial metrics for ISOs/RTOs	Target Not Met. During FY 2010, Commission staff worked with RTO and ISO staff, stakeholders and other experts to develop standardized metrics to track the performance of RTOs and ISOs and transactions in the markets they administer. Proposed metrics were made publicly available for comment in February 2010, and Commission staff has reviewed comments submitted on the proposed metrics. While the final metrics were not issued during FY 2010, this had no adverse impact on the program. The Commission expects to release the final metrics in early FY 2011 and to collect data from the RTOs and ISOs shortly thereafter. These final metrics will measure performance with respect to a number of areas, including: reliability standards, customer costs, demand response market penetration, and transmission investment.
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.
FY 2012	Explore and develop appropriate operational and financial metrics for non-ISOs/RTO regions	Target Not Met. Beginning in FY 2011, 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. It has taken longer than anticipated for this group to organize and reach consensus on a list of proposed metrics. In February 2012, the draft metrics were issued for public comment with an extended comment period of 75 days, 45 days longer than the typical 30 day comment period. Commission staff expects to issue in FY 2013 a report that will recommend a final list of performance metrics. This will not have a negative impact on program performance.
FY 2013	Establish appropriate common metrics between ISOs/RTOs and non-ISOs/RTOs	Target Met. Staff issued a report specifying performance metrics for regions outside ISO and RTO markets. The metrics in this report are a subset of the ISO and RTO performance metrics and therefore represent common metrics that are applicable to all regions.

[1]The FY 2012 Performance Target reflects an adjustment made to the Commission's Strategic Plan as allowed by the GPRA Modernization Act of 2010.

By FY 2014, appropriate filings and issues will employ alternative dispute resolution and collaborative processes first.[2]		
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. The Commission staff will work diligently in FY 2011 to incorporate into the guidelines the external parties' feedback. Further, the Commission will make every effort to initiate the pilot in the second half of FY 2011 in accordance with the established target date.
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.
FY 2012	Implement rules setting forth guidelines/tariff provisions and initiate pilot programs	Target Not Met. No additional measures for consensual resolution were identified as feasible; therefore, this measure is no longer applicable. This will not have a negative impact on program performance.

[2]The FY 2012 Performance Target reflects an adjustment made to the Commission's Strategic Plan as allowed by the GPRA Modernization Act of 2010.

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%	Target Met. 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.
FY 2012	40%	Target Met. The Commission found that 67% (8 of 12) compliance programs were adequate to demonstrate a culture of compliance.
FY 2013	55%	Target Met. 90% (18 out of 20) of compliance programs found to be 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.
FY 2012	40%	Target Met. In 43% 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 2013	55%	Target Met. In 55% (10 out of 18) 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.
FY 2012	80%	Target Met. 88% (43 of 49) of the audits were planned by the Commission staff using a risk-based approach.
FY 2013	80%	Target Met. 98% (47 out of 48) of audits planned using a risk-based approach.

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PERFORMANCE DATA FOR INFRASTRUCTURE: FY 2010 - 2013

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.
FY 2012	20%	Target Met. Of the projects that met the criteria 68% (17 projects) incorporated advanced technologies.
FY 2013	35%	Target Met. Of the 25 projects that met the criteria, 16 (64%) 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 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.		
FY 2012	Implement Final Rule as appropriate	Target Met. The Commission in Order No. 1000 encouraged public utility transmission providers to engage in frequent dialogue with Commission staff to explore issues that are specific to each transmission planning region in preparing their compliance filings (which are due in October 2012). To facilitate that dialog, Commission staff identified regional meetings where public utilities intended to discuss compliance with Order No. 1000, and participated, by phone and in-person, at 173 of those meetings. Staff's participation was both to monitor the progress of each region and to act as a resource for public utility transmission providers and stakeholders about issues related to Order No. 1000. In addition, staff was available to answer questions and meet with public utility transmission providers and stakeholders that had specific questions about Order No. 1000 compliance.
FY 2013	Monitor implementation and performance	Target Met. In FY 2013, the Commission issued fifteen orders addressing all of the initial regional compliance filings. Also, Commission staff attended, in person and through teleconference, various Order No. 1000 open meetings held in each transmission planning region. At these meetings, staff provided assistance to public utilities, stakeholders and other interested parties regarding the interregional compliance requirements of Order No. 1000.

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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.
FY 2012	60%	Target Met. In FY 2012, Commission staff examined a total of 62% of the Commission's jurisdictional natural gas companies (98 of 159) for feasibility of installing waste heat recovery systems. In FY 2012 specifically, Commission staff examined 33 companies.
FY 2013	80%	Target Met. Between FYs 2010 and 2013, Commission staff examined a total of 81% of the Commission's jurisdictional natural gas companies (129 of 159) for feasibility of installing waste heat recovery systems. In FY 2013 specifically, Commission staff examined 31 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.
FY 2012	Determine RIDM is consistent with regulatory process	Target Met. As a result of the Screening Level Portfolio Risk assessment of the Commission's dams conducted in FY 2012, it was determined that RIDM could be incorporated into the Commission's dam safety program.
FY 2013	Finalize policy and technical guidelines	Target Met. Ten chapters finalizing the policy and technical guidelines on the use of Risk Informed Decision Making in the Commission's Dam Safety Program have been completed.

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.
FY 2012	75%	Target Met. 100% of filed reliability standards (including regional and CIP standards) have been processed with orders issued within 18 months.
FY 2013	80%	Target Met. 100% of filed reliability standards have orders issued within 18 months (includes regional and CIP standards).

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.
FY 2012	Track violations per entity	Target Met. The annual report analyzing FY 2011 data was completed on December 2, 2011 and an additional mid-year report was completed on July 30, 2012.
FY 2013	Identify number of repeat violations using NOPs	Target Met. The Commission developed a report, tracking and analyzing repeat violations.

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.
FY 2012	Track studies and identify or propose reliability parameters. Perform expanded analysis to assess if they are feasible for the bulk power system	Target Met. Commission staff tracked three studies identifying several reliability parameters and performed two expanded analyses to assess their feasibility. Specifically, staff 1) performed detailed technical analysis related to the Arizona-Southern California outages showing system operating limits, interconnection reliability operating limits, voltage collapse and special protection scheme reliability parameters were not appropriately considered; 2) tracked and conducted an expanded detailed analysis of the EPA regulations on the Bulk Power System and participated in the Commission-led technical conference; and 3) analyzed documentation and conducted a technical workshop on voltage coordination on high voltage grids to assess the feasibility of adjusting voltage reliability parameters.
FY 2013	Present analysis to industry	Target Met. The Commission received and reviewed industry comments in response to the Commission-issued report on Frequency Response.

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 2005 (PUHCA)
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
CAISO	California Independent System Operator
CIP	Critical Infrastructure Protection
DOE	Department of Energy
DRS	Dispute Resolution Service
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
ISO-NE	ISO New England
MISO	Midcontinent Independent System Operator
MOU	Memorandum of Understanding
LNG	Liquefied Natural Gas
NEPA	National Environmental Policy Act
NERC	North American Electric Reliability Corporation
NOPR	Notice of Proposed Rulemaking
NOI	Notice of Inquiry
NYISO	New York Independent System Operator
OMB	Office of Management and Budget
PJM	PJM Interconnection
RIDM	Risk-informed Decision Making
RTO	Regional Transmission Organization